AOT's FY2014 Domestic Consumer Positioning and Consumer Travel Planning

ARIZONA
GRAND CANYON STATE

FY14 Arizona Positioning and Travel Planning - Introduction

- **FY14 Perception/Positioning Research**
  - Portrait of the American Traveler, MMGY Global
  - Arizona's Image Research, Longwoods International
  - Arizona's Positioning Study, SMARI
  - Overall Strategy
- **Consumer Targeting**
- **Travel Planning**

Arizona's Competition

- Dream Destinations
- States with similar product offerings

FY14 Perception/Positioning Research

2013 Portrait of the American Traveler with Arizona Subset

MMGY Global/Harrison Group

Summary of Research:
MMGY Portrait of the American Traveler

Purpose	Reveal emerging trends in the travel climate and insights into the minds of American active leisure travelers
Methodology	Online survey of 2,511 individuals in households of $50K + HHI (approx. one third having $125K + HHI) and whom had taken one leisure trip of 75 miles or more that required overnight accommodations during previous 12 months
Audiences	Those with interest in Arizona represented 549 of the 2,511 respondents (22 percent)

Source: MMGY Global/Harrison Group

Demography

Demography	Interested in Arizona	Not interested in Arizona
White	84%	75%
Male	59%	50%
Married	69%	70%
Boomer (48-66)	40%	33%
Gen X (34-47)	30%	29%
Millennials (18-33)	23%	32%
College degree or higher	76%	74%
HH income $75,000-$124,999	38%	40%
HH income over $125,000	62%	60%
No children in HH	65%	57%

Source: MMGY Global/Harrison Group

Desirable Travel Attributes

Desirable Travel Attributes	Interested in Arizona	Not interested in Arizona
Beautiful Scenery	91%	85%
Safety of the destination	86%	82%
Time to relax and unwind	85%	82%
Place they have never visited before	84%	79%
Opportunity to eat different and unique cuisines	65%	63%
Visiting Architecture or Historical Sites	64%	62%
Participation in unique guest experiences that reflect local culture	61%	56%
Guided tours with access to local experiences that would otherwise be unknown or unaccessible	61%	56%
Vising a museum	58%	54%
Guided tours that allow you to experience local cuisin and customs	54%	50%
Hiking/Climbing/Other Outdoor Adventure	41%	38%
Playing Golf	22%	17%

Source: MMGY Global/Harrison Group

Word Associations

Word Associations, consider themselves to be…	Interested in Arizona	Not interested in Arizona
Intelligent	79%	66%
Friendly	77%	66%
Reliable	75%	68%
Honest	74%	69%
Loyal	68%	59%

States Interested in Visiting within the next 2 Years

Interested in visiting these states in the next 2 years (aided)	Interested in Arizona	Not interested in Arizona
California	66%	41%
Hawaii	58%	34%
Alaska	49%	21%
Florida	49%	39%
Colorado	45%	20%
New York	37%	27%
Nevada	30%	15%
Texas	27%	13%
New Mexico	22%	6%
Utah	20%	6%

Source: MMGY Global/Harrison Group

Destinations Interested in Visiting within the next 2 Years

Interested in visiting these destinations in the next 2 years (aided)	Interested in Arizona	Not interested in Arizona
National Parks	77%	58%
Hawaiian Neighbor Islands	75%	65%
Honolulu, HI	66%	60%
Phoenix/Scottsdale	61%	19
San Francisco	57%	45
Florida Keys	55%	49
San Diego	54%	39
Colorado mountain resorts	50%	35
Tucson	45%	16

Source: MMGY Global/Harrison Group

2013 Arizona Image Research

Longwoods International

Summary of Research: Arizona's Image Research, Longwoods International

Purpose	Provide strategic information regarding Arizona's image among U.S. leisure travelers in terms of identifying images factors and attributes that are important in destination selection and revealing Arizona's image as a travel destination versus key competitors
Methodology	Online survey of 999 individuals who had taken a day or overnight pleasure trip within the past three years and intend to take one within the next two years.
Audiences	• Southern California • IL, MN, MI • National (excluding the above areas and AZ)

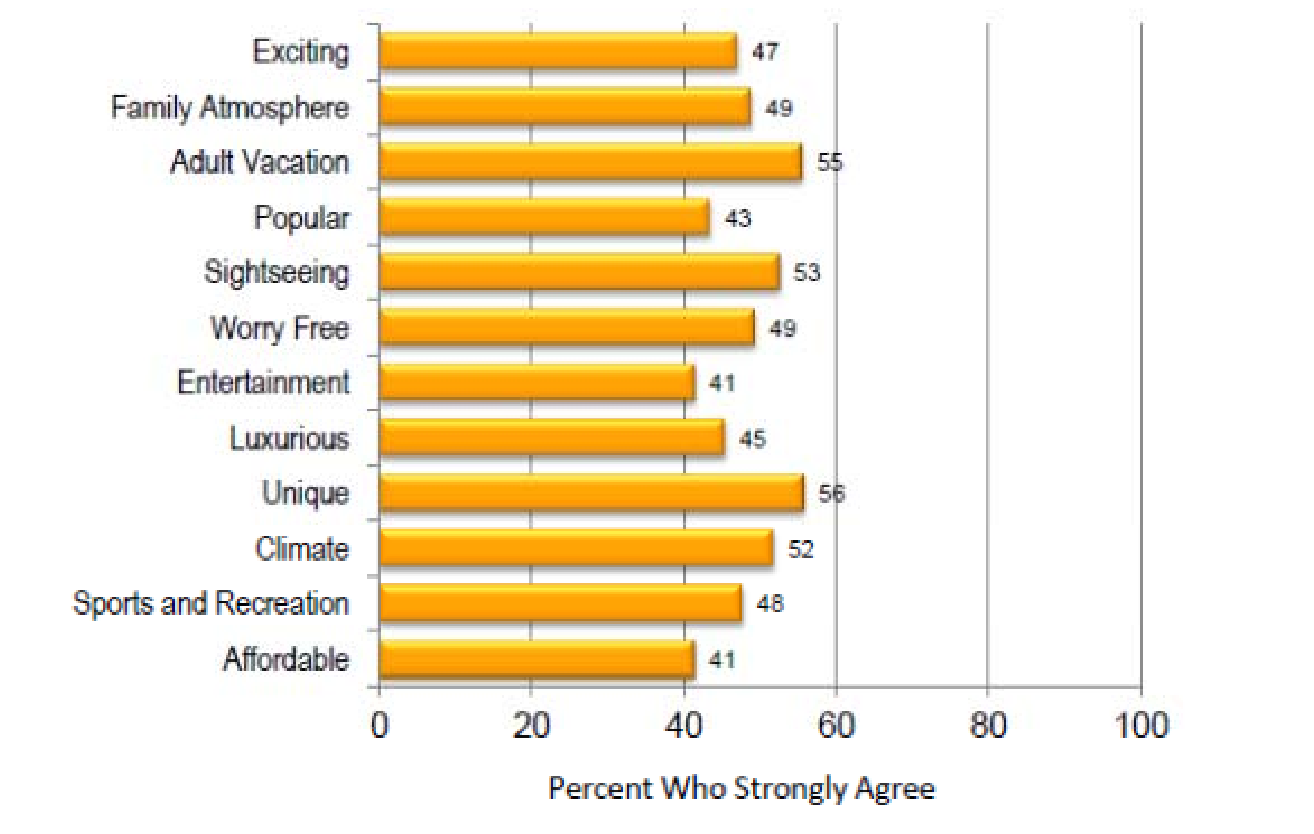
Source: Longwoods International

Arizona Travel Motivators

*Degree of association between each factor and whether Arizona is a place "I would really enjoy visiting."

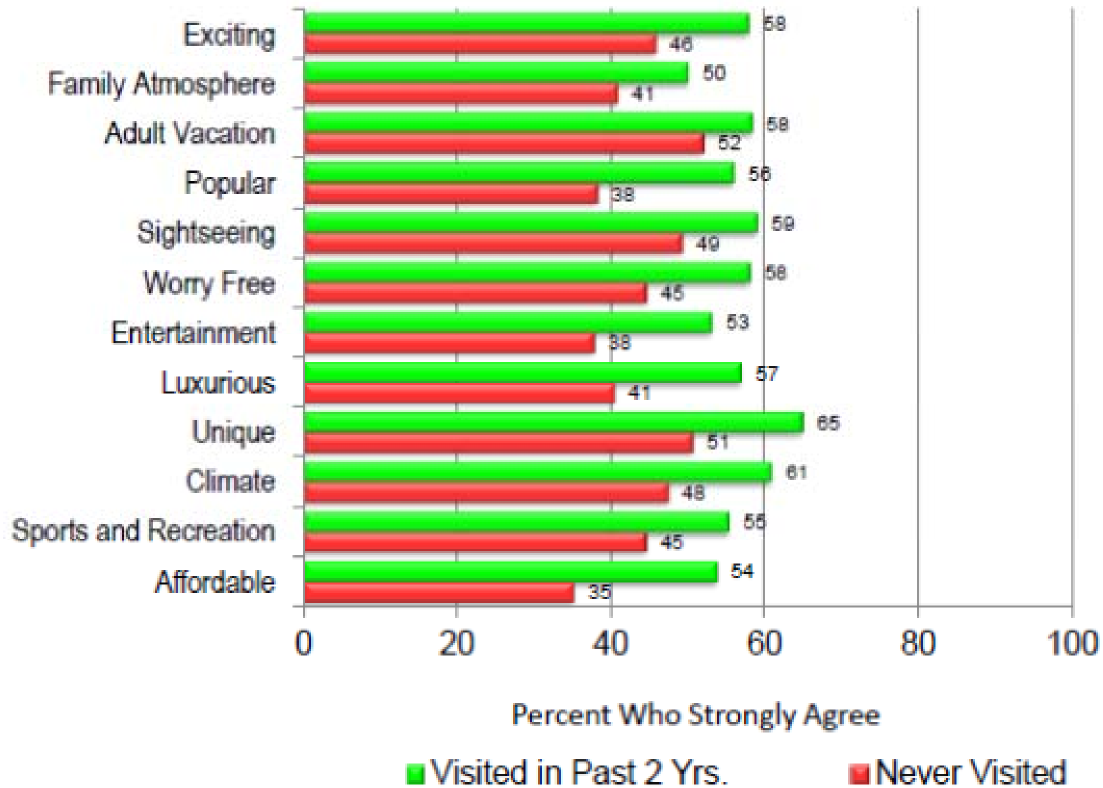
Source: Longwoods International

Arizona's Image by Travel Motivators



Source: Longwoods International

Arizona's Product Delivery



In all instances, respondents that visited in the past 2 years ranked the attributes higher than those that have never visited which means that
<u>Arizona does not have any product delivery weaknesses but an awareness issue</u>

Source: Longwoods International

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2013 Image and Positioning Research

Strategic Marketing Research, Inc (SMARI)

Summary of Research: Arizona's Positioning Study, SMARI

Purpose	Assess image, identify perceptions, investigate competitors, identify motivators, explore market difference and recommend how to position the Arizona travel product to consumers.
Methodology	Online survey of 1,035 individuals in households of $50K+ household income (HHI) with involvement in decisions regarding travel and whom had taken an overnight leisure trip in past year
Audiences	• Southern California • Midwestern core (MI, MN, IL) • Other areas nationally

Source: Strategic Marketing & Research, Inc.

Competitive Landscape – Current Standings

Arizona ranks in the
"middle of the competitive pack"
but mainly supported by "good" rating
which means….

Arizona's Overall Rating

- Improving familiarity will likely change a "good" rating to "excellent":

Overall Arizona Rating	Not familiar	Somewhat familiar	Very familiar
Excellent	8%	21%	56%
Good	41%	57%	36%
Fair	41%	18%	7%
Poor	10%	3%	0%

Likelihood to Visit Arizona	Not familiar	Somewhat familiar	Very familiar
Not at all likely	38%	14%	2%
Not very likely	40%	30%	15%
Somewhat likely	18%	36%	30%
Very likely	5%	19%	52%

- Those that are more familiar with Arizona are:
  - More likely to have a positive rating of Arizona;
  - Therefore, more likely to visit Arizona.

Perception of Arizona – Competitive Position

None of our competitors are viewed as more adult/cultural

What Arizona needs to Communicate?

- Arizona must continue to communicate about some of its key strengths, including scenery, national parks and weather.

- The opportunities seem to cluster in two categories – first, making the state seem more welcoming, exciting and fun; and second, promoting some of the more urban/developed areas and luxury options.

- Focusing on attributes within the differentiator group, especially as they appeal to adults, could be a good option for differentiating Arizona from the other competitive states that were clustered nearby.

How should we Position Arizona?

- We are currently clustered together with those competitors that offer a similar product.

- In order to set ourselves apart from these competitors and improve likelihood to visit, we need to reposition Arizona to be more inspirational and laid back.

Arizona's Positioning Strategy

How these Studies Compare against each other??

- **Competitive Standing** – "middle of the pack"
- **Overall Image Strengths** – scenery, easy to fly to, state/national parks
- **Competitive Image Strengths** – Old West, Native American, Outdoor Adventure, Affordable
- **Competitive Weaknesses** – Not Viewed as an Exciting/Fun Place to Visit
- **Travel Composition** – Opportunities with Adult Travelers

Source: Longwoods International, MMGY Global, Strategic Marketing & Research, Inc.

Encourage Adult Travel OR Family Vacations??

	%
Most recent trip to Arizona:	
Travel Composition - Adults	69%
Travel Composition - w/ Children	24%
Household Composition w/o Children	61%

Source: SMARI

Those interested in Visiting Arizona in the next 2 years:	
No Children in HH	65%
Taken a trip with spouse or another adult without children	73%

Source: MMGY

Additional considerations:

-Target Clusters (RUF – Experian Simmons Research)

- How our competitors are positioning themselves

AOT's FY2014 Domestic Consumer Strategy

- Attract Adult Leisure travelers;
- Showcase and promote the melding of cultures;
- Create a more appealing personality focused on Arizona as welcoming and fun;
- Position Arizona's brand and advertising as a place that is authentic and inspirational;
- Couple Arizona's personality with its product and feel of the state to create a motivating and meaningful brand;
- Characterize our destination as exciting with a sense of adventure.

Arizona's Domestic Consumer Targeting

Arizona's Demographic Opportunities

- Expanded Boomer set is still a relevant audience, but Older Boomers (55-64) will be deemphasized.
- Males play a more important role in the decision making process than in the past.
- AOT will consider Older Millennials in tandem with the Gen X group given their similarities

AOT's FY2014 Target Demographics

Primary (Younger Boomers)
- Age: 49-55
- HHI: $100,000+ (Emphasis on $125k+)

Secondary (Gen X, and Older Millenials)
- Age: 30-48
- HHI: $75,000+ (Emphasis on $100k+)

FY2014 Domestic Target Market Campaign

Target Markets:

Los Angeles & Chicago have been chosen as the primary domestic target markets for The Arizona Office of Tourism's consumer marketing activities.

We determined this based on the following factors:

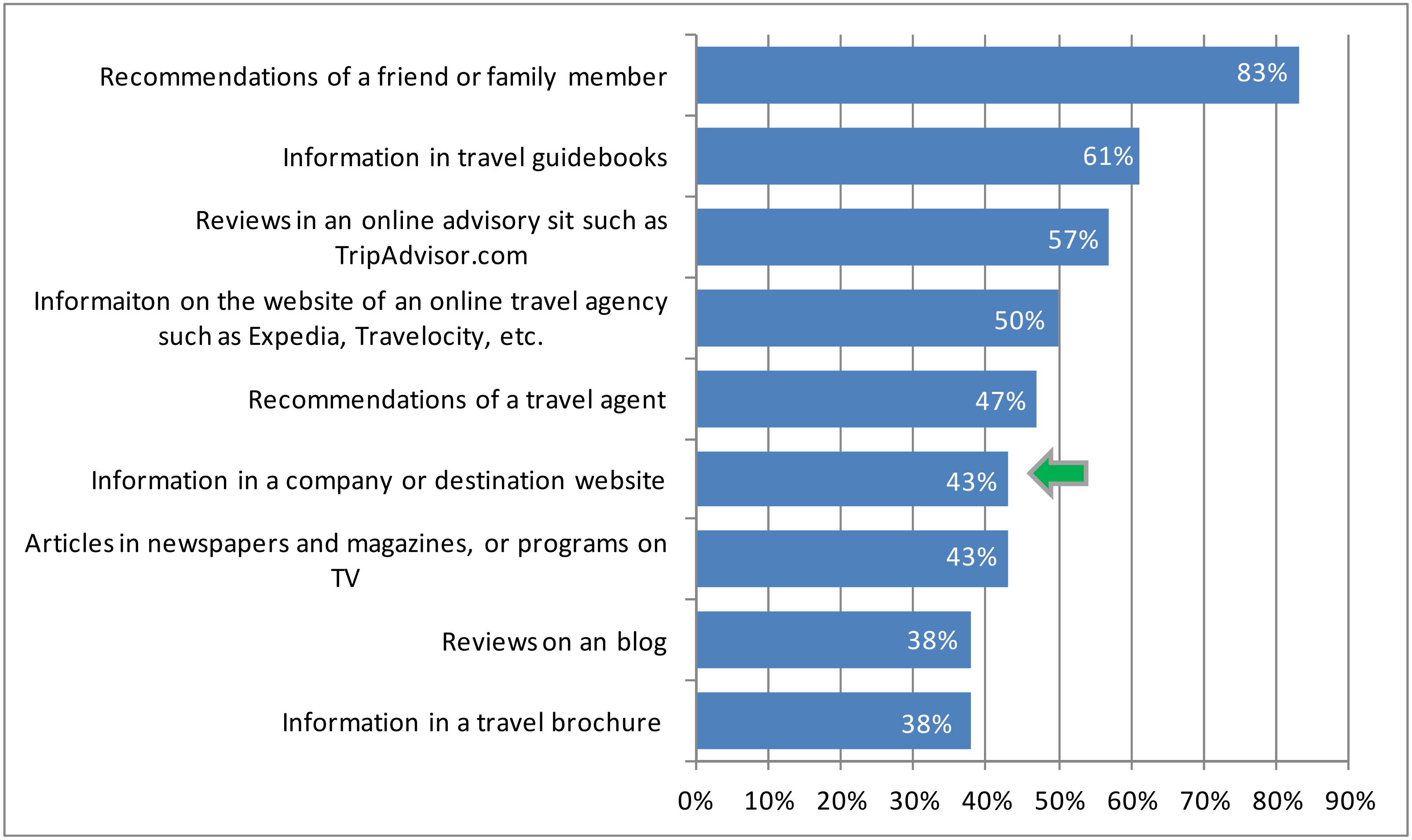
1. AOT's marketing budget;
2. Target city analysis ranking;
3. AOT Trade & media relations efforts
4. AZ partner's market preference.

Time Period:

January & February 2014

Destination Travel Planning

Arizona Travel Planning - Confidence in Information Source



Source: MMGY Global, 2013 Portrait of American Travelers w/ AZ subset

Arizona Travel Planning - Ideas and Inspiration

Interested in Visiting Arizona

Top Ten	%
Family/friends	59
Magazines	51
Television	51
Professional travel guide books	50
Travel brochures/direct mail	49
Destinations' websites	48
Internet search engines such as Google, Bing.com, etc.	48
Online visitor guides	45
Printed visitor guides	44
Social media such as Facebook, Pinterest, YouTube, etc.	40

Source: MMGY Global, 2013 Portrait of American Travelers w/ AZ subset

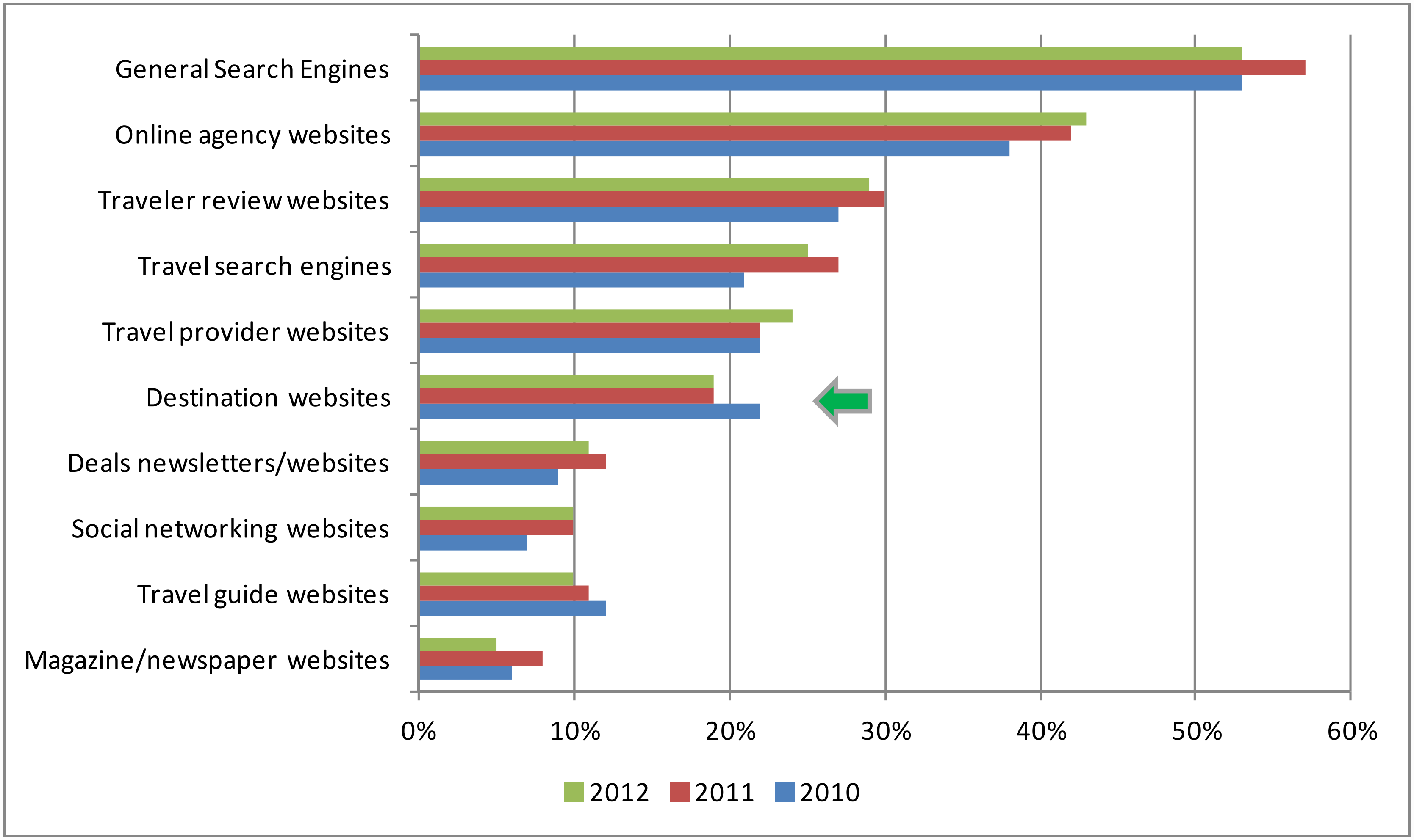
Arizona Travel Planning – Insight and Advice

Interested in Visiting Arizona

Top Ten	%
Family/friends	66
Travel review sites such as TripAdvisor, Yahoo Travel, etc.	49
Professional travel guide books	49
Internet search engines such as Google, Bing.com, etc.	48
Online visitor guides	47
Destinations' websites	46
Printed visitor guides	41
Travel brochures/direct mail	36
Magazines	35
Blogs	35

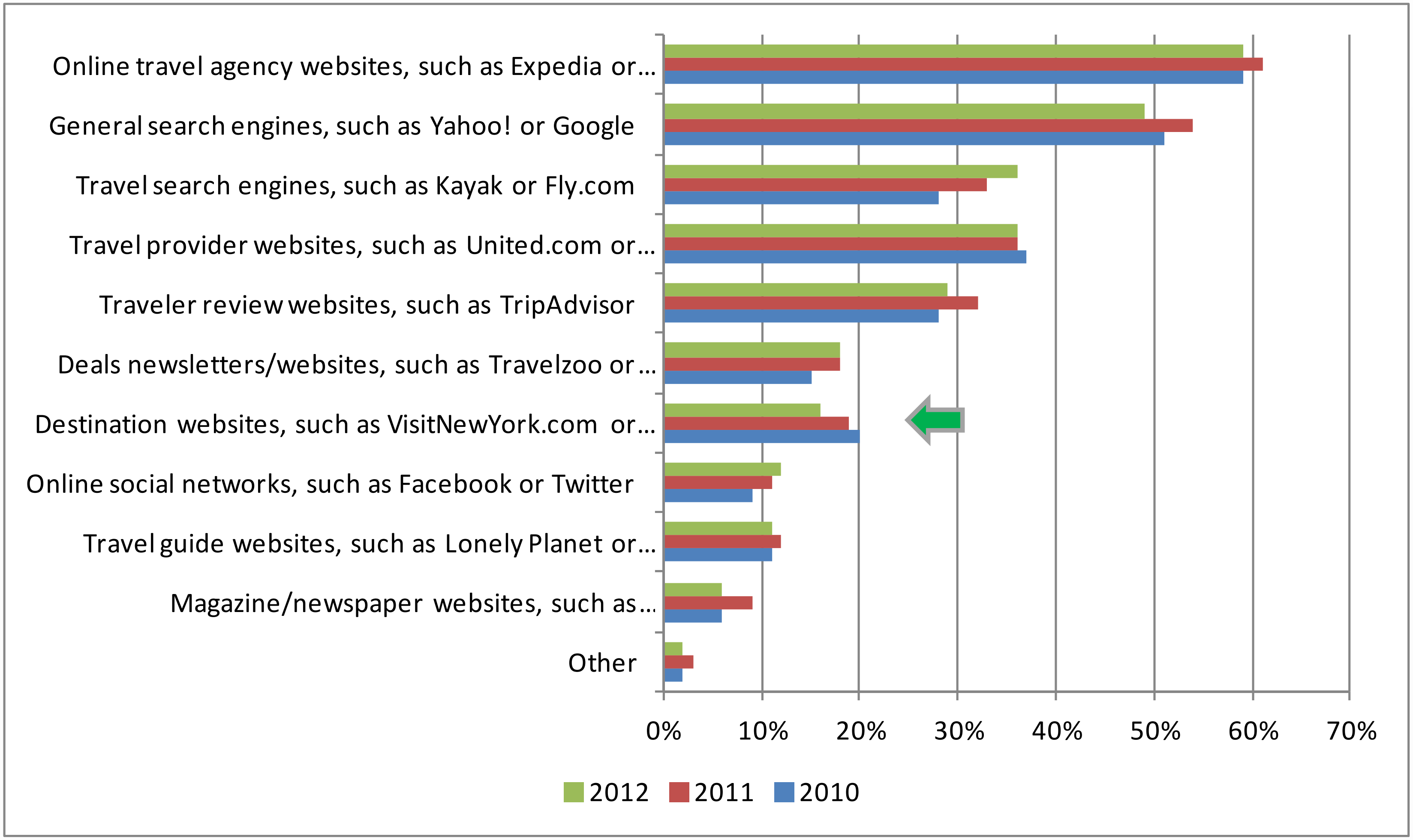
Source: MMGY Global, 2013 Portrait of American Travelers w/ AZ subset

US Travel Planning – Destination Selection Phase



Source: 2013 PhoCusWright Inc. - US Consumer Travel Report Fifth Edition

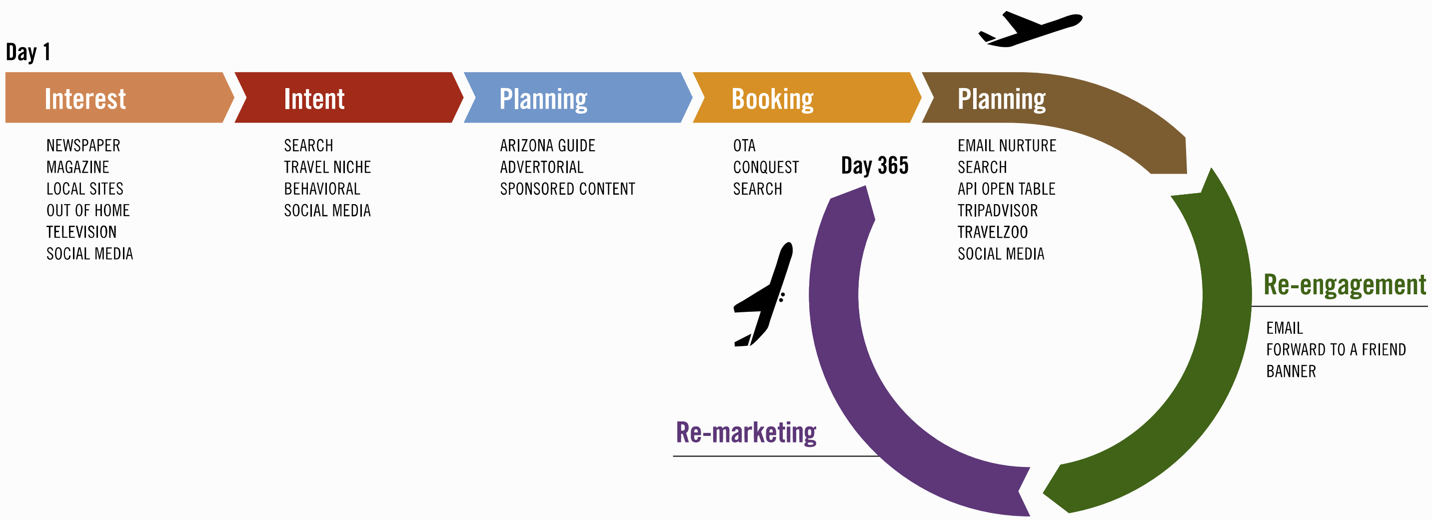
US Travel Planning – Shopping Phase



Source: 2013 PhoCusWright Inc. - US Consumer Travel Report Fifth Edition

AOT's FY14 Consumer Flow

AOT 2014 Campaign Strategy
Consumer Flow



Thank you!