

Trends in Tourism

■ Major factors influencing travel in 2003, and carrying over into 2004:

- Iraq conflict in Spring 2003 and continuing instability
- SARS outbreaks in Asia and Canada
- Elimination of State tourism budget in June 2003, placing entire responsibility for marketing California as a travel destination on the California Travel and Tourism Commission
- October 2003 fires in Southern California
- Lagging economic recovery nationwide
- Diminished presence of California in the competitive marketplace due to post 9-11 advertising shift from out-of-state to in-state

■ While US domestic travel improved in 2003, California continued to lag behind. As of June 2003, California domestic travel was down three percent compared to the prior year.

■ Overnight business travel was down 11.9 percent, heavily impacting the meetings and convention market. Companies continued to cut back on employee travel, sending fewer people to meetings, conventions and trade shows, substituting video conferencing and relying more heavily on e-mail. Due to corporate downsizing, there were fewer employees, period.

■ Nationally, business travel is projected to increase 4.2 percent in 2004, the first increase since 1999.

■ Leisure travel is expected to continue to outperform business travel in California in 2004. According to D.K. Shifflet and Associates, Ltd., overnight leisure travel forecasts which, in Fall 2003, reflected negligible growth in Spring '04 and Summer '04, have been revised (as of March 2004) to reflect a more optimistic Summer and Fall, up 3.1 and 5.2 percent respectively.

■ Even more dramatic news is that the outlook for travel to California from out-of-state has greatly improved. Weak consumer confidence levels and sharp declines reported in surveys of travel intentions toward the end of 2003 had produced gloomy forecasts of double digit drops in non-resident travel. Signs of a rebound strengthened as 2004 progressed. By the end of the first quarter, all projections had turned positive:

Spring '04, +6.9%, Summer '04, +6.3%, and Fall '04, +8.5%.

■ Length of stay has dropped slightly in recent years, due to the relatively higher proportion of day trips (51.6 % in 1999 to 57.1% in 2002) among California residents as people travel closer to home.

■ Average party size has increased slightly, possibly reflecting the post 9/11 increase in family and friends traveling together. School and family reunions, “girlfriend trips,” grandparents and grandchildren traveling together, and “traveling with pets” have been noted by trend watchers across the country. The size of the average traveling party in California grew from 2.3 to 2.4 in 2002.

■ By lifestage, the largest non-resident segments visiting California (2002) are households aged 18-34 traveling with children.

■ Overseas travel to the US began showing gains at the end of 2003, according to the U.S. Office of Travel and Tourism Industries.

- Western Europe, up over seven percent, showed the strongest growth among the major world regions in November. The euro is expected to enjoy a strong exchange rate against the dollar throughout 2004.

- Asian travel to the US grew one percent in November 2003, the first positive growth since January.

Local and State Tax Receipts Generated by Travel Spending
~ 2003 Projections ~

	(\$ millions)
Total Local	1,801
Transient Occupancy Tax	1,051
Local Sales	751
Total State	3,151
State Sales	2,190
State Gas Tax	436
Income Taxes	526
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Total	4,953



Source: California Tourism, Convention and Visitor Bureaus