



Top Ten Travel and Tourism Trends 2006

Summary:

The US travel industry reported excellent news for 2005 after accomplishing a complete recovery from the downturn in travel since 2000. Overall demand was up and US travel expenditures rose 7.8%. Looking ahead to 2006, however, the pace of total travel spending growth will slow to 4.4%. Rising travel demand in 2005 (as well as increased fuel costs) pushed travel prices up enough to dampen demand in the coming year. Higher prices were key factors in the decline of TIA's Traveler Sentiment Index to a new low of 83.8 in October 2005. Consumer confidence indicators have shown reason for optimism about the 2006 travel industry. The Conference Board announced December's Index stood at 103.8, one of its highest levels in 3 years. In January, it jumped to 106.3. In February it dropped back to 101.7. This tells us that consumers are optimistic tempered by caution.

What's ahead for 2006? The outlook for most segments of the travel industry is positive:

- Leisure:** More moderate growth is forecast for 2006. Growth in domestic leisure travel will slow to 2% and international travel to the US will grow by 5.5% in 2006.
- Business:** Moderate growth in 2006 as companies balance increased travel expense with cost controls. Business travel will increase 1.5% in 2006.
- Meetings:** Are on the upswing. Corporate planners, third party planners and suppliers all forecast steady growth in both the number of meetings and average meeting spending.
- Group Tour:** Will grow as long as operators can customize tours for individual groups.

The increased travel demand in 2005 enabled travel suppliers to raise prices. In December 2005, TIA's Travel Price index showed airfares were up 6.4% vs. 2004 and hotel/motel rates had risen 3.3%. Higher prices are also forecast for 2006. Travel suppliers are turning in improved balance sheets, but consumers may find it harder to find travel bargains. Despite higher prices, and the fact that some consumers find it difficult to get away from work, statistics show that Americans are still traveling. Demand for air travel, RV travel and cruises is up as is overall museum and amusement park attendance.

The Internet is already the primary research and booking tool for many travelers. Research indicates that the access to information empowers consumers by giving them more choices. For destinations and attractions, this means heightened competition. Destinations and attractions must make sure that web-based resources, tools and programs are effective as well as integrated into overall marketing and communications plans.

1. Continued Growth in 2006 – but at a moderate rate

- According to TIA, 2005 leisure travel was up 4%, international travel to the US jumped 7% and business travel increased 1%. For 2006, TIA forecasts more moderate growth due mainly to higher travel prices. Leisure travel will be up 2% in 2006, and international travel to the U S will increase 5.5%. Business travel will grow 1.6%.

US Travel Expenditures (US Residents and Int'l Visitors)		
Year	US \$ Billions	% Ch. Vs. Prior yr
2001	550.9	-5.2
2002	540.3	-1.9
2003	555.4	+2.8
2004(p)	599.2	+7.9
2005(f)	645.9	+7.8
2006(f)	674.3	+4.4

Source: TIA

(p) = projected
(f) = forecast

Leisure Travel Volume		
Year	Person Trips (million)	% Ch. Vs. Prior Yr
2001	896	
2002	912	1.8%
2003	930	2.0%
2004(p)	943	1.4%
2005(f)	961	1.9%
2006(f)	979	1.9%

Source: TIA

Inbound Travel to the US		
Year	Number of Visitors (millions)	% Ch Vs Prior Year
2001	46.9	-8.4%
2002	43.6	-7.1%
2003	41.2	-5.4%
2004	46.1	+11.8%
2005	49.3	+7.0%
2006	52.0	+5.5%

Source: TIA

- Increased travel demand is reflected in hotel occupancy rates, which have now rebounded to 2000 levels.

US Hotel/Lodging (domestic)	
Year	Occupancy Rate
2000	63.3%
2001	59.7%
2002	59.0%
2003	59.2%
2004	61.3%
2005(f)	63.1%
2006(f)	64.1%

Source: Smith Travel Research, PricewaterhouseCoopers

- Through the first 11 months of 2005, US airlines carried 4.3% more domestic passengers than in 2004. International passenger volume was also up 9.4% through the first 11 months of 2005. Key destinations included Canada, Mexico, the Caribbean and Europe. Revenue passenger miles (RPMs) for the full year are expected to increase nearly 9%. (*Source: ATA, LA Times/Travel Advance*)

US Airlines		
Year	Domestic Enplanements (thousands)	International Enplanements (thousands)
2000	610,600	55,550
2001	570,126	52,003
2002	560,107	52,769
2003	592,412	53,863
2004	635,515	62,276

Source: ATA

- The percentage of adult Americans who have taken at least one trip of 75 miles from home has risen to the highest level observed since 1999, according to the Yesawich, Peppardine, Brown & Russell/Yankelovich Partners National Leisure Travel Monitor. According to the report, 58% of Americans took such a trip in the last 12 months.
- The Consumer Confidence Board reports that consumer confidence is up. At the end of 2005, December the Index stood at 103.8. One of its highest levels in 3 years.

2. Lodging: Setting New Records in 2006

- It's a great time to be in the hotel business. The US lodging industry is set for another year of record financial performance. Occupancy levels reached 63.1% in 2005, and are projected to increase to 64.1% in 2006. Supply is growing, but just barely. The number of hotel rooms in the US increased less than 1% in 2005. More rooms will come online in 2006, but supply growth will remain well under 2%. As a result, hoteliers are enjoying healthy room rate increases. Average daily rates increased 5.3% in 2005 and are predicted to rise another 5.6% in 2006. RevPAR, which increased 7.8% in 2004, jumped 8.4% in 2005! The outlook for 2006 calls for another 7.3% rise in RevPAR. (Source: PricewaterhouseCoopers)
- Hotel industry profits will reach \$20.8 billion in 2005, nearly as much as it earned in 2000. Profits are expected to set a new high in 2006 as they top \$25 billion. (Source: PricewaterhouseCoopers)
- According to data released by Smith Travel Research and PricewaterhouseCoopers, all segments of the industry are sharing the wealth.

Percentage Change in RevPAR Vs Prior Year			
Segment	2004	2005	2006
Luxury	10.5	12.8	9.4
Upper Upscale	8.2	10.4	9.2
Upscale	8.8	9.9	6.7
Mid w/ F&B	6.0	7.6	5.8
Mid w/o B&B	7.2	11.3	9.8
Economy	4.7	6.8	5.6
Total US	7.8	8.4	7.3

Source: Smith Travel Research, PricewaterhouseCoopers

- Average daily rates for 2005 were \$90.67. For 2006, average daily rates will climb to \$95.31. (Source: PricewaterhouseCoopers)
- Supply growth has been constrained by a number of factors including rising construction costs, political/development red tape, shift of some inventory to condotels, and rising interest rates. According to a report by Ernst & Young, cities that will be most attractive for investment are Chicago, NYC, Washington DC, San Francisco, Boston, Dallas, Miami and Phoenix. (Source: ModernAgent.com)
- Hoteliers are using the profits to pay for recent renovations and upgrades to beds and bedding, and for such amenities as flat screen televisions, enhanced bath amenities, cordless telephones, sound systems and in-room exercise equipment. (Source: PricewaterhouseCoopers)

3. Airlines: Light at the End of the Tunnel

- 2005 marked the fifth year in a row of losses for US carriers. Estimates of the losses for 2005 total \$10 billion. In the past five years, US airlines have lost a staggering \$42 billion. However, there is good news! Many airline industry analysts are predicting that the worst may be over and 2006 may prove to be a transition year. Experts agree that the industry is highly unlikely to turn a profit in 2006, but losses are expected to drop as low as \$1.5 to \$2 billion. 2007 could find the industry back in the black. *(Source: ATA)*
- What's behind the cautious optimism? For the first time in 10 years, the four key economic drivers for the airlines are moving in the right direction:
 - First, capacity has been constrained. At the end of 2005, the US fleet is 20% smaller than it was in mid-2000. The airlines had 5% less seats available at the end of 2005 than at the start of the year.
 - Second, travel demand is rising. Demand grew 5% in both 2004 and 2005.
 - Third, operating costs are being reduced. The airlines have cut 160,000 jobs, and increased labor productivity by 30% since 2000. Fuel efficiency improved by 18%.
 - Finally, fares are beginning to recover. Business travelers are back. Although they may not pay as high a premium as they once did, business travelers tend to pay more than leisure travelers.
- Airfares, while higher in 2005, are still a relative bargain. 2005 domestic airfares averaged 19% below 2000 levels. To compare, consumer prices rose 13% over that same time period. *(Source: ATA)*
- The International Air Transport Association (IATA) agrees with the assessment, predicting continued losses in 2006 but the possibility of profits in 2007 or 2008.
- Fuel remains the wild card for the airline industry. In 2005, US airlines will consume about 19.5 billion gallons of jet fuel. An increase of 1 penny per gallon in the price of jet fuel is \$195 million in added operating costs. *(Source: ATA)*
- Since 2000, 19 airlines have filed for bankruptcy, including several of the "Big Six". The merger of US Airways and America West may not be the end of industry consolidation. Some analysts predict at least one additional merger will occur over the next 12 to 18 months. *(Source: ATA)*

Airline Domestic Share (11/2004 through 10/2005)	
Airline	Share
American	15.7%
Delta	13.5%
United	11.8%
Southwest	10.4%
Northwest	7.5%
Continental	7.0%
US Airways	5.4%
America West	4.0%
JetBlue	3.4%
Alaska	2.5%
Other	18.8%

Source: Bureau of Transportation

4. Business Travel: Controlled Growth & Cost Containment

- A Robert Half Management Resources survey shows that 48% of employees travel for work less frequently that they did five years ago. Businesses have cut back on travel and instead rely on less expensive communications capabilities such as webcasts and videoconferences.
- Companies should expect to pay more for all components of a business trip in 2006. The National Business Travel Association (NBTA) predicts airfares will be up 6% in 2006. This is consistent with American Express' forecast of a 5% to 8% increases in domestic airfares. Hotels will also be raising rates. NBTA says companies can expect to see 9% higher hotel costs. American Express predicts increases will be in the 3% – 5% range on lodging rates. Car rental rates will also be up. Both NBTA and American Express foresee increases of 8% to 9% in 2006.
- More than 70% of financial executives surveyed by the Association of Corporate Travel Executives (ACTE) feel their companies have an accurate way of tracking travel expenditures, compared to 56% in 2003. 68% of companies that use online booking tools believe they have experienced significant cost savings. *(Source: ACTE, Travelocity Business and Get There)*
- Meetings are already a \$75.6 billion industry. Meeting Professional International (MPI) states that 2006 will be a third year of growth. How many more meetings will be held is another question. In its annual FutureWatch survey, MPI says that client side meeting planners predict a 7% increase in the number of meetings. Third party intermediaries foresee a 21% jump while suppliers are expecting a 10% increase. Estimates of the increase in spending per meeting ranges from 7% to 14%.
- Generation X will provide fertile ground for membership recruitment by associations over the next decade. At the peak of their careers, they will join professional and trade associations at a higher rate than did the baby boomers during their peak professional years. *(Source: William E Smith Institute for Association Research)*
- Businesses report to RTM that their focus is on cost-containment of business travel costs. This translates to new technologies for individual business travel (web and video conferencing) and consolidating meetings, negotiating lower prices for holding multiple-year meetings at the same destination, and other cost-containment measures.

5. Demographics: Multiple Frontiers of Opportunity

- The first baby boomers turn 60 in 2006. As they near retirement, what do baby boomers plan to do? Travel tops the list of desired retirement activities across all ages of boomers. Other popular interests are: spending time with loved ones/friends (42%); exercising more (42%); volunteering (37%); taking up a hobby (33%); acquiring new skills (29%) and taking classes (25%). (*Source 2005 Del Webb Baby Boomer Survey*)
- A Massachusetts research study concluded that 65% of boomers plan to work in retirement. (*Source: Cape Cod Times*)
- The aging population is not just a US phenomenon. By 2020, there will 700 million people over age 65 worldwide. (*Source: Deloitte & Touche*)
- Nomura Research Institute conducted a study of Japan's baby boomers to determine what retirement activities are of most interest to them. 70% of Japanese baby boomers want to travel, including overseas travel. It was the number one answer.
- Baby boomers are definitely not a homogenous crowd. A MetLife profile of Baby Boomers shows that the huge group does have numerous sub segments in age, race and interests. 17% of baby boomers are Black, 4% are Asian, and Hispanics represent 10%. There are also two distinct age groups within the boomer generation that are being studied for differences in buying behavior. Older boomers are those born between 1946 and 1955. Younger boomers were born between 1956 and 1964. (*Source: MetLife*)
- On the other end of the spectrum, youth/student travelers make up 24% of all international travelers worldwide. There is a growing student population, with more diversity, traveling in higher percentages, at earlier ages, on more expensive trips, using technology, demanding more from their travel experience, and going to destinations further away than did previous generations. (*Source: Student Youth Travel Association, SYTA*)
- According the US Census Bureau, between 1990 and 2000, the number of Americans with disabilities increased 25%, outpacing any other subgroup of the US population. Moreover, people with disabilities spent more than \$80 billion on travel in 1995, excluding the expenditures of their families, friends and escorts. (*Source: DiversityInc.com*)
- Demographers are identifying traits of the youngest age category as "Generation M" and tracking those under age 12. The "M" stands for multi-tasking and mobile. This is the generation that has grown up with IPOD, text messaging on their cell phones, and other forms of continuous and instant communication.

6. Time Poverty Drives 2006 Travel Decisions

- 30% of respondents to the Yesawich, Pepperdine, Brown & Russell/Yankelovich National Leisure Travel Monitor survey expect to take fewer trips in 2006. The number one reason: they are not able to get away from work.
- The National Leisure Travel Monitor also indicates that weekend vacations (4 days or less including a Saturday) represent 56% of all vacations taken by Americans.
- Expedia research shows that Americans, who have an average 12 vacation days per year, leave a total of 421 million vacation days unused. Nearly one third of respondents to Expedia's 2005 survey reported that they did not take all their vacation days.
- Yesawich, Pepperdine, Brown & Russell/Yankelovich report that in 2005, nearly half of Americans suffer from what they call "time poverty" – the generalized sense that people do not have enough time to do what they want, when they want. According to the research, "six of ten Americans say they don't have enough vacation time. In travel, they report the desire to simplify their lives by buying all-inclusive events. The consumer generally wants to pay one price for transportation, food, lodging, and attraction admissions. People want to buy bundled components because it simplifies transactions and makes travel planning easier".
- The survey also reported that 75% of all trips average 3 to 4 days and include a Saturday night stay over. Vacations are going to continue to get shorter. However, people are taking vacations more frequently and more impulsively.
- The reverse effects of this trend are also beginning to emerge. RTM has noted an increase in what we have termed "Sabbatical Vacations" - - in which consumers save up time and money for several years in order to do the "trips of a lifetime". These trips, such as hiking the Appalachian Trail, taking cooking classes in France, visiting distant destinations such as Australia or New Zealand, and other pursuits, require multiple weeks.

7. Attractions: Dividing into Winners and Losers

- Nationwide attendance at the 50 largest theme parks increased 4.2% to 176 million in 2005. This marked a second straight year of attendance increases. Worldwide, amusement park attendance was also up in 2.5% in 2005. The outlook for 2006 remains positive, especially since industry leader Disney's 18-month anniversary celebration will continue into 2006. (Source: *Amusement Business, Economics Research Associates Theme Park Insider*)

Top Ten Parks in North America			
Rank	Park	Attendance (millions)	% Ch. Vs Pr Yr.
1	Magic Kingdom at Walt Disney World	16.1	+ 6.5%
2	Disneyland (Anaheim)	14.5	+8.5%
3	Epcot	9.9	+5.5%
4	Disney- MGM Studios	8.6	+5.0%
5	Disney's Animal Kingdom	8.2	+5.0%
6	Universal Studios Florida	6.1	-8.5%
7	Disney's California Adventure	5.8	+3.6%
8	Universal's Islands of Adventure	5.75	-8.5%
9	SeaWorld Orlando	5.6	+0.2%
10	Universal Studios Hollywood	4.7	-6.0%

Source: *Theme Park Insider (Amusement Business Survey)*

- A recent report on Visual Arts by the Rand Corporation indicates that recent growth in museum attendance is a function of population growth and higher level of education levels rather than successful efforts by museums to attract larger and more diverse audiences. Underlying social trends such as increasing population diversity, changing leisure patterns, and more competition from other entertainment venues, suggest that new growth will not come easily.
- Overall attendance at Chicago museums was up 2% in 2005, but nine of the city's ten largest museums reported a decline in attendance. An article in the Chicago Sun-Times notes that a special exhibit at the Museum of Science pulled in 1.8 million visitors, but at the expense of other museums. The Chicago figures represent a national trend – overall attendance is up coast-to-coast but, given a burst of new museum construction, individual museums are seeing their numbers decrease as museum-goers have more options. According to Ted Silberberg of Lord Cultural Resources Planning and Management, Inc, 1500 museums have opened in the US in the past few years, bringing the total to 16,500. Competition for visitors includes museums in other cities as well as electronic games and increasingly sophisticated home entertainment centers. (Source: *Chicago Sun-Times*)

- Recent research by the Ralph and Goldy Lewis Center for Regional Policy Studies focused on Museum Attendance in Southern California. The study found that demographics have a significant impact on museum attendance. For example, museum attendance by whites increased over the past 20 years, while rates for Latino attendance have dropped over time. Museum attendance by income groups has remained stable with the exception of the high-income groups, where museum attendance increased over the past 20 years. The survey also found that museum attendance by age had changed significantly since the 1980s. Today, 54% of seniors report the highest museum attendance. In 1984, middle aged and younger residents had the highest attendance.
- Living History museums also report declining attendance. Williamsburg Park's ticket sales were down 5% in 2004, following a 9% drop in 2003. At the Jamestown Settlement, attendance fell from 521,000 in 1992 to 423,000 in 2004. Old Sturbridge Village made its first staff cuts in recent memory. High gas prices coupled with today's kids losing interest in demonstrations are blamed for the declines.
- Programming is key to boosting museum attendance. Museums such as Rockford Illinois's Discovery Center attribute growing attendance to successful traveling exhibits. In contrast, Denver's Rocky Mountain News annual State of the Arts report showed that nine of 13 institutions surveyed reported losses in attendance. Lack of good quality programming was a theme among groups that showed declines. Biggest losers were Denver Art Museum, Opera Colorado, and the Denver Center for Performing Arts. Gainers included the Children's Museum of Denver, the Colorado Symphony Orchestra and the Denver Zoo. (Source: *Rockford Register Star, Rocky Mountain News*)
- Indoor waterparks are the fastest growing segment of the waterpark industry. In 2005, 23 indoor water park resorts opened in the US and Canada. Another 23 are expected to open in 2006. Indoor waterparks are still concentrated in the Midwest, which is home to about half of all US indoor waterparks. However, recent growth show that 23% of these resorts are now located in the Northeast. Revenues have jumped as well. By the end of 2006, the industry is expected to post sales of \$4.8 billion, up from just \$700 million in 2000. (Source: *World Waterpark Association, New York Times*)
- RTM's analysis of this data is that the "fun, new, animated" type of attractions are doing well, while the "static, boring" museums and attractions continue to do poorly.

8. Internet: #1 Source of Travel Planning & Purchasing

- 79 million Americans, (78%) used the Internet to find travel or destination information in 2005, up from 65% in 2004. The TIA survey also found that 82% of those that research their trip online, also buy online.
- According to PhoCusWright, 7 million more Americans purchased travel online in 2005 than the previous year. The PhoCusWright's survey also forecasts that online leisure/unmanaged business travel markets increased by 25% in 2005 – and totaled more than \$65 billion. PhoCusWright predicts that by 2007, online sales will surpass \$93 billion mark and represent 30% of total market.
- The online travel agency business is very concentrated. The top four US travel distribution companies, Expedia, Sabre, Cendant and Priceline.com control 97% of the US online travel agency market. (Source: PhoCusWright)
- The Yesawich, Peppardine, Brown & Russell/Yankelovich National Leisure Travel Monitor indicates that 56% of survey respondents use the Internet as the sole source of information used for travel planning. 23% use travel agents and the Internet. Only 10% of respondents relied solely on travel agents.
- Many consumers feel empowered by online research tools, according to Jupiter Research. Some 37% of Internet shoppers conduct intensive research, visiting three or more sites per travel product. Another 20% visit just one or two sites. Frequent flyer points are an important motivator for online air purchases.
- The Jupiter survey also suggests business travel will be a primary driver of the growth in online travel sales. Increasingly sophisticated booking tools and increased business traveler compliance with company booking policies will double the size of the online managed business travel market to \$31.5 billion by 2010.
- Use of travel agents continues to decline. Only 31% of survey respondents to a recent TIA survey reported using a travel agent to make travel plans in the past year, down from 39% the previous year.
- Forrester Research predicts that travel will remain the number one online retail category and grow to \$119 billion by 2010. (Source: Hotelmarketing.com)
- US travelers may soon be able to surf the Internet in flight. United Airlines is considering investing in the equipment to make this possible. The added capability will not be free, however. A recent study by Forrester Research indicates that US passengers will use the service if priced at \$25/flight. Foreign carriers such as Lufthansa are already enjoying this new revenue stream by charging passengers \$29.95 a flight or \$9.95 per half hour. (Source: Money Magazine, Forrester Research)
- Not long ago, in-room Internet access was way down the list of extras that business travelers wanted in a hotel. Now it is at the top of the list. In a recent Business Travel Executive survey, 100% of travel managers ranked high speed Internet access as very important or important among criteria used to select hotels. (Source: New York Times). The trend holds outside the US as well. A new Forrester Research report shows that the number of Western European online bookers soared 33% in 2005.

9. Packaged Travel: Requires Custom-Fitting

- The 2005 United States Tour Operators Association (USTOA) member survey shows that the number of customized tours sold has increased from 14% in 2002 to 56% in 2005.
- “Gone are the days of the sold out per capita tours. Almost gone are the days of the traditional group tour packages. The trends that I’m witnessing (both currently and for the next five years) are specific affinity groups.... “ (Source: *Karen Eylon*)
- Twenty four percent of international travelers worldwide are youth/student travelers. Student/Youth Travel showed double digit increases in both the number of travelers (13.7%) and revenues (13.4%) between 2003 and 2004. Top Student/Youth segments for Group Travel are educational and music/performance travel. Other key group travel segments include sports & leisure, summer/teen, language, and high school graduation travel. (Source: *Student and Youth Travel Association (SYTA)*)
- According to SYTA statistics, 52% of student tour operator revenues are generated by the Grade 9 – 12 age group. Grades 6 – 8 generate 28% of revenues and post high school to age 25 represent another 10%.
- USTOA’s 2005 member survey shows that 55% of respondents reported increased sales in student travel. Although 45% of respondents reported student travel sales were flat, no respondents reported a decrease in sales of student travel.

10. Cruises/RV: Continued Strong Demand

- 46% of active leisure travelers are interested in taking a cruise (Source: *Yesawich, Pepperdine, Brown & Russell/Yankelovich Partners National Travel Monitor*)
- Cruising continues to grow in popularity. Passenger growth has averaged 8%/year from 1980 through 2004. In the US alone, there are now 29 ports. The industry expects 30 million people will book a cruise within the next three years. The industry has increased its appeal to a broader maker of young vacationers, families and specific niche markets. (Source: *CLIA*)

Year	Passengers (thousands)
2001	6,906
2002	7,640
2003	8,195
2004	9,107
2005(p)	11,000
2006(p)	11,880

Source: CLIA

- Cruisers book well in advance. 69% book at least 4 months ahead. Just 20% take 1 to 3 months. (Source: CLIA)
- 77% of USTOA's members reported an increase in cruise tour packages were up in 2005. Of those respondents, 45% indicated growth in sales of between 10 and 25%.
- Cruises are increasingly catering to families that travel. More than 1 million children under the age of 18 took cruises with their families in 2004. Carnival alone is expected to host 500,000 kids in 2005, a 300% increase over the past eight years. (Source: Travel Trade)
- US ownership of RV's has reached record levels. Nearly 8 million American households own at least one RV – a 15% increase over the past five years. Although retail sales of RV's were down 3.5% in the first 8 months of the year, 2005 is expected to be the second best year ever for RV sales. The typical RV owner is 49 years old, married, owns a home and has an annual household income of \$68,000. (Source: RVTravel.com, RVIA)
- Historically, highest RV ownership rates are for consumers between the ages of 55 and 64. 10% of American households in that age range own an RV. Sales are expected to remain strong as more and more baby boomers swell the ranks of the 55 to 64 age group. By 2010, 8.5 million American households (out of approximately 150 million) are projected to own an RV.
- Baby Boomers aren't the only buyers. Research by RVIA shows that increasingly, Gen Xers are joining the ranks of RV enthusiasts. (Source: RVIA/Harris Interactive)
- RV rentals are also popular. In 2005, RV rentals jumped 36% and now represent a \$350 million industry. Owners and renters combined, RV enthusiasts now number 30 million. (Source: RVIA)

Other Trends to Watch & Noteworthy News:

Pet Travel

- According to a 2002 TIA survey, 14% of all adults (29.1 million) say they have traveled with a pet on a trip of 50 miles or more, one-way in the past three years. Dogs are the most common type of pet to take (78%).
- BringYourPet.com reports that 78% of its survey respondents stay at designated pet-friendly hotels at least once per year. The March 2005 survey also found that 64% of pet travelers would be more likely to lengthen their stay if given the opportunity to travel with their pets. 39% say it is "difficult to find pet friendly lodging".
- Although the TIA survey showed that most Americans that travel with pets do so by automobile, concern over the safety of pets traveling aboard airlines led the FAA to adopt a rule in 2003 requiring airlines to submit monthly reports on the loss, injury or death of an animal during transport. (Source: New York Times)
- Starting in June 2005, the government requires airlines to report any complaints they receive from passengers about animal mistreatment or neglect. To be in compliance with the Safe Air Travel for Animals Act, passed in 2000. (Source: Humane Society)

Youth Sports Travel

- More than half of all youngsters aged 6 to 17 are members of at least one organized sports team. This totals 26.3 million participants. *(Source: Sporting Goods Manufacturers Association)*
- Households with organized youth team sport members have an average annual income of \$74,500. One third of all households with organized youth sport players have incomes of \$75,000 or more. *(Source: SGMA)*
- An early (1999) survey of travel spending associated with youth sports indicated the following amounts spent by the participants. *(Source: College Sports by Charlie)*
 - Soccer tournaments: \$50 – \$250 each.
 - Basketball \$60 to \$210 per month for out of town games
 - Traveling baseball teams \$10 - \$100 per week
- Parents that travel to attend games represent a growing sub-segment of the sports travel segment. According to TIA, more than 52 million US adults attended an organized sports event, competition, or tournament as either a spectator or participant while traveling.
- Kids are now traveling overseas in search of specific instruction that can give them a competitive edge. There are companies whose sole focus is booking kids into international sports camps. *(Source: Internet Sports Travel)*

Family Reunion Travel

- According to the Gale Group, there are more that 200,000 family reunions in the US each year, attended by 8 million people.
- Reunions Magazine reports 73% of reunions have 50 or more attendees and 35% have more than 100. 6% have more than 200 attendees. 74% of reunions last two days or less. 19% last from three to five days and 7% last six or more days. *(Source: Reunions Magazine)*
- 85% of reunions occur in June, July, and August. *(Source: Reunions Magazine)*
- 64% of families expect to use a hotel or resort for their next reunion. *(Source: Reunions Magazine)*

Grandparent/Grandkid Travel

- According to the 2005 Yesawich, Pepperdine, Brown & Russell/Yankelovich Leisure Travel Monitor, four out of ten active travelers are grandparents going with their grandchildren or extended family on vacation.
- There are currently 70 million grandparents in the US – about one third of American adults. This number is expected to soar to 115 million by 2010. *(Source: Travel Trade)*

Nature Travel

- Nature travel is of key interest. According to the 2005 Yesawich, Pepperdine, Brown & Russell/Yankelovich Leisure Travel Monitor. National Parks claimed top destination billing with 66% interest by leisure travelers, followed by Hawaiian Islands (63%), Honolulu (58%), Florida Keys (53%), Colorado and Lake Tahoe (tied at 46%).
- The WTO estimates that nature tourism generates 7% of all international travel expenditure. Growth estimates for nature travel range between 10% and 30% per year since 1993.
- A survey of North American ecotourists showed that:
 - 82% were college graduates
 - 60% preferred to travel as couples rather than with families or alone
 - 50% preferred trips lasting 8 to 14 days
 - Top responses for important elements of the trip were 1) wilderness setting, 2) wildlife viewing, 3) hiking/trekking
 - Ecotourism was defined in this study as nature/adventure/culture oriented travel. (*source: WTO*)
- According to a University of California Survey, 56% of respondents participated in farm/ranch-specific tourism. When wineries and nature tourism activities were added, the percentage increased to 69%. 65% of respondents were “very interested” or “interested” in nature tourism. (*Source: University of California Small Farm Center*)

Adventure/Extreme Sports Travel

- 75% of children’s camps now offer extreme/adventure sports activities, such as rock climbing and whitewater rafting. (*Source: SportsS.P.I.N./American Camping Association*)
- The fastest group of wall-climbers is between 40 and 50 years old. (*Source: SportsS.P.I.N./Toronto Star*)
- Travel to the Antarctic Peninsula increased 308% from 1993 to 2005. In 2004/5, 27,325 visited the area. (*Source: Pacific Asia Travel Association*)
- Interest in adventure travel is increasing. National Geographic Adventure reports that circulation in 2004 and 2005 increased 31%. The magazine attributes the increases to consumer interest in multi-sport itineraries and adventure travel. Readers have a median age of 40.4 and median household income of \$72,729. Nearly 48% are college graduates and 41% are in managerial/professional careers. Paid circulation is 525,000. (*Source: AdventureTravelNews*)
- Recent surveys by the Adventure Travel Trade Association & Michigan State University reveal an optimistic outlook for the adventure travel industry. Key findings:
 - Culture and ecotourism play important roles in the definition of adventure travel.
 - Motivation for taking an adventure trip increasingly includes seeking enriching experiences through travel. The most sought after

characteristics of an adventure travel vacation are “location” and “activities”. Although still rooted in action-based activities such as hiking, biking, kayaking, etc., today’s umbrella of adventure travel also encompasses “soft nature” activities like bird watching and walking. Ideas such as discovery, education, cultural learning, and volunteerism have become important qualifiers when planning a trip.

- Activities that those planning to take an adventure travel vacation are most interested in are hiking (35%), water-related activities such as scuba-diving, snorkeling, or surfing (17%), kayaking/rafting (11%), climbing/mountaineering (11%), cultural activities (8%), and biking (5%).

Shopping

- Mall of America has announced plans to double in size. Construction on a \$1 billion expansion will begin in the fall of 2006. The expanded mall will include an ice rink, 1500 hotel rooms, and a concert hall. The enlarged complex is expected to attract 60 million visitors a year. The expanded retail and entertainment complex is designed to appeal to international conventioners and family vacationers alike and to be completed in late 2007.

Airports

- Airports are trying to leverage their captive audience. Travelers have no choice but to arrive earlier for flights and are spending more time in airport terminals. In 2004, Americans spent \$750 million on apparel, shoes and other merchandise in 50 largest US airports. Some of the more successful stores are high-end retailers. Airport stores typically outsell their mall counterparts, but have the advantage of being open up to 16 hours per day. Competitive pricing (vs. mall locations) and security are considered the key to successful airport retailing. (*Source: Money USA Today*)
- New 2007 proposed Federal budget will double the fees for aviation security from \$2.50 per flight to \$5 for nonstop trips. The fee will be capped at \$10 per round trip. The proposed increase on non-stop trips could raise an estimated \$41.3 billion a year for the Transportation Security Administration. (*Source: Reuters*)
- An ACTE survey shows that travelers are willing to pay up to \$99 per year for participation in a program that has a separate security line for subscribers and guarantees a minimum amount of secondary examination. Meanwhile, work continues on the development of a Registered Traveler Program, which the TSA hopes to rollout later this year. (*Source: Business Travel Executive*)

Spas

- The spa industry is a \$40 billion business worldwide, but its rapid growth phase may be coming an end. The number of new spa openings in the US has slowed to just 12% last year, down substantially from a peak of 50% in 2000. Expect spas to expand promotion of travel concepts such as honeymoon spas, romantic spa vacations, mind/body/spirit holidays and medical/spa travel. Men now generate 25% of total spa revenues. (*Source: Spa Finder, MSNBC, Forbes.com*)

Potential Threat: Avian Flu

- Airports and airlines are on high alert as they gear up for an outbreak of the avian flu among humans, a much-feared event that would put travelers and travel-industry workers on the frontlines of the fight against the disease. Many of the industry's new pandemic-prevention programs were spawned by the spread of SARS, which emptied hotels and forced flight cancellations in East Asia and North America in late 2002 and 2003. Airlines, airports and hotels are working to stop a bird flu pandemic before it starts. *(Source: San Francisco Chronicle)*

International Travel

- The UN World Tourism Organization (UNWTO) predicts worldwide arrivals will grow by 4% in 2006. Although that is slower than the 5.5% growth in 2005, the WTO is optimistic about a continued recovery. "Despite various terrorist attacks and natural disasters, the recovery of tourist arrivals worldwide, which started in 2004, continued firmly through 2005," the UNWTO said. The organization also noted three uncertainties that could cause a major disruption in international travel: terrorism, energy costs, and avian flu. *(Source: UNWTO)*
- International arrivals to the US were up 8% through the first ten months of 2005, compared to the first ten months of 2004. Projections for the full year will total a 6% increase over 2004, and mark a second year of increases. *(Source: Office of Travel & Tourism Industries)*
- The Office of Travel and Tourism Industries forecasts a 6% increase in international arrivals in 2006. In 2007, arrivals are projected to reach a new high, finally surpassing 2000 arrivals.
- According to TIA, the United States' market share of total world travel international tourist arrivals was 6% in 2004, unchanged versus 2003. However, as USA Today reported, US market share was 8.3% just ten years ago. There are a number of reasons cited for the decline, including increased competition from new destinations, security and visa hassles and a tarnished US image abroad. What does a decline like this cost? According to TIA, every 1% increase in share would mean \$1.2 billion in additional spending and 146,000 new jobs!

Year	Number of Visitors	Ch. Vs Prior Year
2000	51.2 million	6%
2001	46.9 million	-8%
2002	43.6 million	-7%
2003	41.2 million	-5%
2004	46.1 million <i>(projected)</i>	12%
2005	49.1 million <i>(projected)</i>	6%
2006	52.1 million <i>(projected)</i>	6%
2007	54.8 million <i>(projected)</i>	5%
2008	57.7 million <i>(projected)</i>	5%

Source: Office of Travel & Tourism Industries

Note: historical figures have recently been revised to reflect Banco De Mexico and Statistics Canada figures for Mexico and Canada.

- Canada and Mexico are the largest markets for international travelers to the US. In 2004, the top overseas markets were the UK, Japan, Germany, France and South Korea.

Country of Residence	2004 Total Arrivals
Canada	18.4 million
Mexico	13.3 million
United Kingdom	4.3 million
Japan	3.7 million
Germany	1.3 million
France	.8 million
South Korea	.6 million

Source: Office of Travel & Tourism Industries

- The hotel industry leveraged economic fundamentals to post strong gains in revPAR worldwide. RevPAR for Middle Eastern hotels increased 21% in 2005, as average room rates rose 23% and occupancy rates hit an all time high of 70%. Asia Pacific hotels recorded revPAR increases of 9.2%, as international visitation to the region rose 7.4%. Europe's hotels boosted revPAR by an average of 4.5% in 2005. The best performing regions were in the East Mediterranean and Central and Eastern Europe. The outlook for 2006 includes a slight slowdown in occupancy and growth. (*Sources: Deloitte & Touche, LLP, UN WTO, Hotels Magazine*)
- Passenger traffic on the world's airlines rose 7.6% in 2005 and load factors averaged 75.1%. Although European and Asia Pacific airlines posted profits, the US airlines' \$10 billion in losses contributed to the industry's global US \$6 billion loss. In 2006, IATA forecasts a 5% to 6% increase in both freight and passenger traffic and an industry-wide loss of US \$4 billion.

Region	Passenger Traffic Growth (2005 vs. 2004)	Load Factor
Africa	9.9%	68.6%
Asia/Pacific	6.3%	72.7%
Europe	6.4%	76.4%
Latin America	11.4%	72.6%
Middle East	13.1%	73.6%
North America	8.9%	79.5%
Industry	7.6%	75.1%

Source: International Air transport Association (IATA)

Top U.S. Tourism Destinations:

- In 2004, the latest year for which figures are available, there was no change in the top ten states where domestic travelers spent the most money. Florida and Pennsylvania saw the highest percentage increases vs. 2003.

Top Ten States by Domestic Traveler Spending (in \$ billions)			
	State	2004	Ch. vs. 2003
1	California	\$61.07	3%
2	Florida	\$42.89	7%
3	Texas	\$31.47	1%
4	New York	\$27.73	4%
5	Illinois	\$21.60	4%
6	Nevada	\$19.32	3%
7	Pennsylvania	\$15.24	6%
8	New Jersey	\$14.73	3%
9	Georgia	\$14.52	3%
10	Virginia	\$13.90	8%

Source: Travel Industry Association of America

- International traveler spending was down in nine of the top ten states in 2004. Only Nevada did not post a decrease. Three states, including Florida, California and Massachusetts experienced double digit declines in international traveler spending.

Top Ten States in International Traveler Spending (in \$ billions)			
	State	2004	Ch. vs. 2003
1	Florida	\$13.37	-15%
2	California	\$10.49	-12%
3	New York	\$7.71	-8%
4	Hawaii	\$5.42	-8%
5	Texas	\$3.12	-2%
6	Nevada	\$2.02	0%
7	Washington DC	\$1.40	-6%
8	Arizona	\$1.38	-6%
9	Illinois	\$1.37	-9%
10	Massachusetts	\$1.25	-31%

Source: Travel Industry Association of America