



Fiscal Year 2006 Annual Report



Director's Letter



Travel and tourism continue to reach new heights in the United States, and it is no surprise that Arizona is holding its own as one of the top vacation destinations. In fact, last year was a record-setting year for the Grand Canyon State, with more than 31 million people coming to enjoy its great weather, amazing scenery and exhilarating experiences. This proves the unmistakable value of Arizona's tourism industry, since those visitors contributed \$17.5 billion in direct spending to the state economy.

At the Arizona Office of Tourism, our goal is to spread the word about what Arizona has to offer and keep visitors coming back. AOT works to create a positive experience for each person who travels here, whether they are residents exploring their own backyard or national or international visitors. In the last fiscal year, so many of our efforts paid off in a big way. AOT reached all 15 counties with funding for marketing plans that will showcase the diversity of each area, and we provided Rural Tourism Development grants for 13 organizations throughout the state. In addition, we took the Grand Canyon on the road to Chicago, enticing visitors from one of our key domestic markets to come and explore one of the Seven Natural Wonders of the World. We also reached out to a new target audience with AOT's Mystery Campaign, aimed at attracting Gen X visitors to the state, and continued to lure visitors from cold-weather cities to enjoyable Arizona.

AOT also embarked on a bi-national Geotourism MapGuide project with National Geographic, Bureau of Land Management (BLM) and the Sonora Office of Tourism. We partnered with these agencies to promote sustainable tourism throughout the Southern Arizona and Sonora regions. The project consisted of compiling a map of local attractions that exhibited strong geotourism characteristics. Geotourism is defined as tourism that sustains or enhances the geographical character of a place – its environment, culture, aesthetics, heritage, and the well-being of its residents. Approximately 80 Southern Arizona sites are on the MapGuide.

Of course, the most exciting news is that Arizona's travel and tourism industry is no longer in the recovery phase – with year-end 2005 numbers, we have officially surpassed the highs reached in 2001 and have moved into a new phase of growth and development. As we move forward with our plans and objectives for the future, I know that we will all continue to work together to forge a strong, unified industry that will make each year a guaranteed success.

Margie A. Emmermann

Margie A. Emmermann
Director, Arizona Office of Tourism



AOT Year in Review

- A record 31 Million domestic and international overnight travelers visited Arizona in 2005, spending \$17.5 billion.

DIRECT TRAVEL EXPENDITURES

9.9% increase 2005



- This equates to visitation that is five times the size of Arizona's population base and the Travel Industry pumping almost \$48 million directly into Arizona's economy everyday.
- Traveler spending generated 168,000 direct travel industry jobs in 2005 and the indirect effects of this powerful industry impact the livelihoods of thousands more Arizonans.

DIRECT TRAVEL EMPLOYMENT 1998-2005





AOT Mission

The Arizona Office of Tourism enhances the state economy and the quality of life for all Arizonans by expanding travel activity and increasing related revenues through tourism promotion and development.

AOT Vision

Lead the way in branding Arizona.

AOT Values

INTEGRITY. We will always, to the best of our ability, honor our commitments and carry out our work according to the highest personal and professional standards.

INNOVATION. We will be on the leading edge of our industry—using the latest research, marketing techniques, and technology to emerge as a leader in our field.

ACCOUNTABILITY. We are responsible to the people of Arizona for the effective, efficient, and appropriate use of our resources. We are committed to being good stewards of these resources.

QUALITY. We will strive to make every product, service, and interaction the best it can be.

CUSTOMER SERVICE. We highly value our customers. We will listen to them, be responsive to their needs and preferences, do our best to provide them with service that exceeds their expectations, and share our passion for Arizona with them.

RESPECT. We will demonstrate respect for each other, for our state, its lands and its people.

Goals

TOURISM PROMOTION. Strategically market Arizona tourism experiences to select target segments using customized messages and integrated delivery methods.

TOURISM DEVELOPMENT. Customize tourism development in cooperation with local communities.

Core Strategies

PEOPLE. Recognize, reward and value our people as our key assets.

RESEARCH. Enhance research capabilities as the foundation for understanding and reaching targeted visitors and maximizing R.O.I.

EDUCATION. Educate constituents in traditional and innovative methodologies to maximize economic impact through tourism.

PRODUCT DEVELOPMENT. Facilitate and enhance product development by providing technical assistance, education and resources for communities.

PROMOTION. Market the full Arizona experience through a unified message on a global scale.

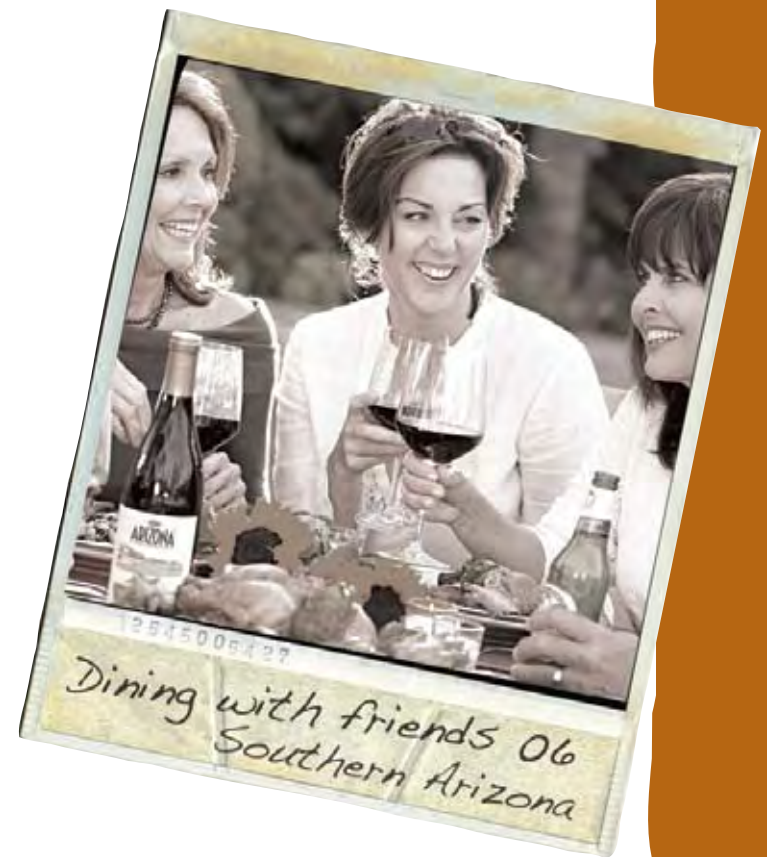
AOT Funding

In FY 06, the Arizona Office of Tourism continued with “performance-based” (formula) funding. This performance-based funding allowed AOT to compete more effectively with other states by strengthening AOT’s programs, adding necessary staff and launching programs in line with the Core Strategies. Because performance-based funding enabled AOT to build on previous success, AOT were empowered to grow the Arizona economy at an even more impressive rate.

In addition, the division is responsible for administering the Proposition 302 Maricopa County Grant, which is available to destination marketing organizations (DMO) within Maricopa County. The grant program provides funding for tourism marketing activities such as advertising, public relations and travel industry marketing.

Programs/Services

AOT has a team of partners committed to designing programs that meet the goals set forth in the agency’s mission. Through this commitment to Arizona, AOT has seen tremendous success during FY 06. Arizona attracts domestic (U.S.) and international visitors who travel to Arizona for pleasure (as leisure travelers) and for business. To effectively reach these markets, the agency conducts a comprehensive and collaborative program of work that involves every division and department in the agency to ensure maximum return on investment for the state.



Division Descriptions

Research and Strategic Planning

The Research division is based on the Three Es: Educate, Execute and Evaluate. Through these methods, the division drives the strategic goals of AOT and continually refines AOT's research capabilities through the use of technology to better understand and reach targeted visitors, with an overall goal of achieving the maximum return on investment. The division monitors tourism indicators, acting as a clearinghouse for tourism data in order to enhance marketing efforts and evaluate performance in reaching goals and objectives. Results of on-going and special research studies are available on www.azot.gov. AOT's internal Strategic Plan is also produced and managed under this division.

Advertising and Fulfillment

In order to implement AOT's strategic goals, the Advertising and Fulfillment division works to create a positive brand image for Arizona through a comprehensive schedule of advertising aimed at stimulating interest and motivation levels of potential travelers in key target markets and customer segments. The division also strives to convert "leads" or consumer inquiries generated by the advertising program into actual Arizona visitors in an efficient customer-oriented manner and fulfill requests for travel planning assistance, provides travel planning materials, disseminates regular correspondence for "opt-in" consumers and maintains comprehensive, informative Web sites to encourage extended visits to Arizona. In addition, the division is responsible for administering the Proposition 302 Maricopa County Grant, which is available to destination marketing organizations (DMO) within Maricopa County. The grant program provides funding for tourism marketing activities such as advertising, public relations and travel industry marketing.



Travel Industry Marketing

The Travel Industry Marketing division helps increase the state's share in the tourism marketplace by assisting tour operators and travel agents in developing new and/or expanding existing tour and travel programs. The division also assists Arizona destination marketing organizations and tourism suppliers in their efforts to target the travel trade. As part of AOT's effort to assist and motivate tour operators and travel agents to create and market group and individual tour packages throughout Arizona, division representatives attend trade shows, coordinate sales missions, conduct familiarization tours and fulfill collateral requests. In addition, the division provides follow-up assistance to tour operators to help facilitate the development of travel packages.

Media Relations and Communications

This division conducts programs to position Arizona as a premier vacation destination by generating positive media coverage in the state's domestic and international markets. By promoting Arizona through the use of media and promotional programs, AOT is able to reach its target audience with an objective third-person message. The division works with qualified domestic and international journalists to produce compelling stories about Arizona that persuade AOT's targeted visitors to travel to the Grand Canyon State. The division also produces public relations materials; represents Arizona at trade shows, media missions, and events; produces AOT's annual report and Marketing Plan; and works with the Public Relations Round Table, which meets quarterly to offer opportunities for Arizona tourism professionals to share ideas, success stories and media relations tactics.

Tourism Education and Development

The division works to strengthen AOT's partnerships throughout the state in order to enhance tourism promotion and development. The division also develops and executes educational and customer service programs designed to enable tourism organizations and Native American tribes around the state to attract visitors and provide them with a quality experience. The Tourism Education and Development Division oversees the agency's grant programs, including Teamwork for Effective Arizona Marketing (TEAM) and Rural Tourism Development, and is responsible for operating the Painted Cliffs Welcome Center and other visitor service programs.

Studies & Surveys

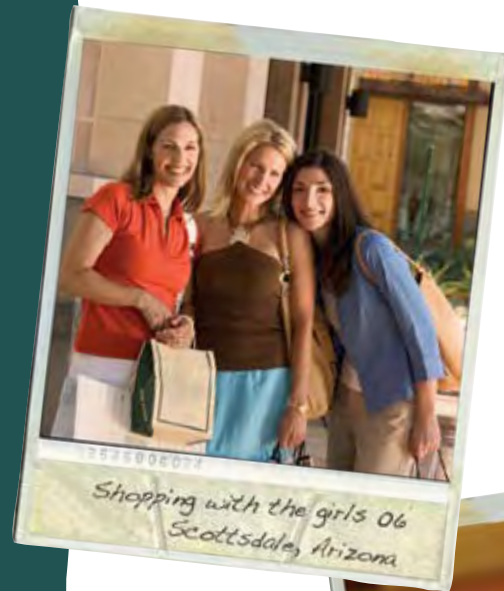


Pre-post Target Cities Campaign Advertising Awareness

The Target Cities Campaign is a part of AOT's national marketing campaign. The program focuses on certain cities across the nation to concentrate marketing initiatives. The Research and Strategic Planning Division conducted the Pre-post Target Cities Campaign Advertising study to evaluate the Target Cities program and its effectiveness. During the winter of 2006, a one-month, advertising campaign was conducted in the key target cities of Seattle, Minneapolis and Chicago. Additional research was conducted in Minneapolis to determine consumer awareness of Arizona as a travel destination both before and after the campaign. This assisted the Advertising and Fulfillment division in determining the effectiveness of the program.

Results:

- The campaign successfully raised consumer awareness of Arizona as a travel destination by increasing awareness a significant five points between the pre-and post-advertising campaign.
- Four out of 10 respondents (40 percent) aware of Arizona's advertising admit to a "very high" or "high" interest in Arizona as a place to vacation as compared to only 28 percent who were not aware – a statistically significant 12 point difference.



2006 Hispanic Market

AOT focused resources on understanding the growing Hispanic market in FY 06. Two research studies were conducted on the perception of Arizona among U.S. Hispanic travelers, and AOT analyzed its inquiry database to benchmark how far AOT penetrated this important market.

Results:

Arizona Hispanic Perceptual Mapping Report findings:

- Hispanic consumer's perception of Arizona:
 - ~ The majority of past visitors indicate being likely to visit in the future. This finding indicates that Arizona's tourism product is strong but that there is insufficient awareness of its assets.
 - ~ AOT is challenged with educating consumers and generating initial interest in visiting the state. Once this occurs, additional visitation will follow and lead to stronger word-of-mouth recommendations.
- Key motivators in the destination selection include:
 - ~ Viewing / exploring natural areas, e.g., viewing scenery, hiking & camping
 - ~ Experiencing the unique culture of the area
 - ~ Entertainment and nightlife
 - ~ Shopping
- One of the most important findings was that cost of a destination is quite important to this group.
- They want both natural settings with some amenities.
- Arizona can capitalize on one of its primary assets - the Grand Canyon. There is strong interest in visiting this natural wonder – and since it will allow people to see something they have never before seen, it will motivate them to visit.

eMarketer and Synovate study findings:

- Hispanic Market skews young
 - ~ 37.1 percent of U.S. Hispanic population is 19 years old or younger vs. 28.1 percent of the total U.S. population
- 57 percent of the Hispanic population live in AOT's top 10 markets
- High incidence of TV and Radio
 - ~ 85 percent of Hispanic media hours are spent with broadcast compared to 76 percent of the general market
- There is low internet penetration rates currently among the Hispanic Market, but the Internet is the fastest growing advertising medium in terms of dollars spent by companies looking to target the U.S. Hispanic population

Calendar Year 2005 Domestic Overnight Travel Segment

The Research and Strategic Planning Division annually tracks and analyzes data on domestic overnight visitors. This analysis helps the Advertising and Fulfillment division learn how to market to these visitors.

Arizona Domestic Overnight Business and Leisure Travel

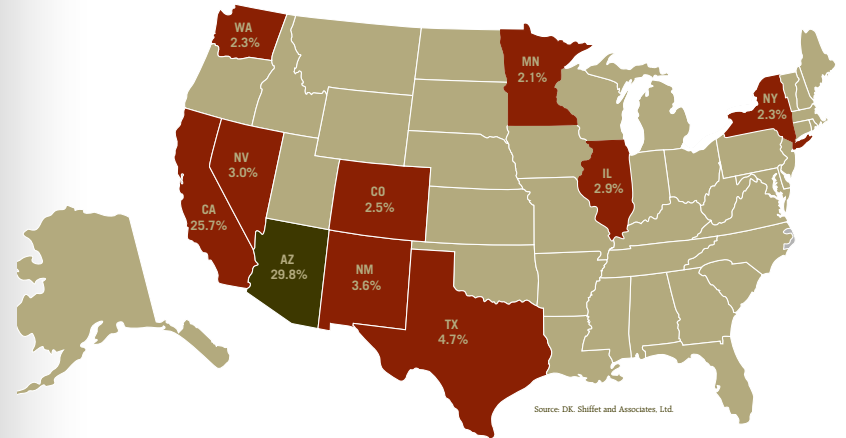


Results:

- In 2005, there were 29.1 million domestic overnight visitors, of which, 22.1 million were leisure travelers and 7 million were domestic overnight business travelers.
- Arizona's domestic overnight leisure travelers stayed an average of 3.9 nights in 2005, significantly longer than the U.S. average of 2.9 nights.
- In 2005, Arizona's domestic overnight leisure share of air travel was double that of the average U.S. overnight leisure destination (26 percent vs. 13 percent), reflecting AOT's focus on long-haul visitation.
- The top 10 states produced 80 percent of overnight leisure visitors to Arizona.

2005 Top 10 Originating States

(Percent Share of Overnight Traveler)



- Visitors in the 35-54 age group comprised the highest share of Arizona Overnight Leisure visitors (39 percent), followed closely by older visitors 55+ (37 percent) and younger visitors ages 18 – 34 (24 percent).
- The average household income for an Arizona domestic overnight leisure traveler in 2005 was \$72,100.
- Arizona domestic overnight leisure visitation saw an increase in the boomer and silent generation in 2005, which represents AOT's primary target market. These two generational groups contribute a relatively high share of dollars per trip, making them high value visitor on an individual trip basis.
- Arizona continued to attract a large share of travelers falling into the affluent Boomer segment.

Calendar Year 2005 International Travel Segment

The Research and Strategic Planning Division also tracks and analyzes data on international overnight visitors for advertising and marketing purposes.

Key International Markets			
	2003	2004	2005
UK	87,000	116,000	126,000
Germany	84,000	77,000	78,000
France	52,000	64,000	72,000
Japan	44,000	60,000	50,000
Mexico (air only)	68,000	42,000	42,000
Canada	299,100	356,300	422,800

Source: 2005 US Department of Commerce, 2005 Conference Board of Canada/Statistics Canada.

Results:

- Total visitation volume from international markets was relatively flat in 2005. However, Arizona did receive increased visitation from its top international target markets.
- Visitation from the U.K. increased 8.6 percent to 126,000 person-stays.
- Visitation from Canada increased 18.6 percent to 422,800 person stays.

Calendar Year 2005 Economic Impact of Travel in Arizona

The Research and Strategic Planning Division conducted a study in 2005 to gather information on the direct spending of overnight international and domestic visitors to Arizona. The study presented information on consequent jobs, employee earnings and taxes generated as a result of overnight international and domestic spending.

Results:

- Overnight international and domestic travelers spent \$17.5 billion in Arizona in 2005.
- This spending resulted in 168,000 direct jobs with a \$4.5 billion payroll, and generated \$2.1 billion in local, state and federal taxes.
- This represents a 9.9 percent increase in direct spending from 2004 to 2005, and a record year for Arizona tourism.
- In terms of Gross State Product (GSP) of export-oriented industries, the travel industry ranks second only to the micro-electronics industry, with a \$6.4 billion GSP.

Calendar Year 2005 Tourism Indicators

To provide the Research and Strategic Planning Division information in order to assess how the Arizona tourism market is performing in regards to Airport Passenger Traffic, State Park Visitation, National Park Visitation, Painted Cliffs Welcome Center Visitation, Lodging Performance, Gross Sales & Tourism Taxes, the division contracted with Northern Arizona University to collect data from these above mentioned agencies.

Results:

Airport Passenger Traffic

(source: Individual Airports)

- Phoenix Sky Harbor International Airport recorded 41,204,011 passengers in 2005, up 4.3 percent from 2004.
- Tucson International Airport counted 4,130,321 passengers in 2005, up 9.5 percent from 2004.
- Grand Canyon National Park's counted 804,516 passengers in 2005, up 4.5 percent from 2004.
- Yuma International Airport recorded 121,809 passengers, up 2.1 percent from the previous year.

State Park Visitation

(source: Arizona State Parks)

- Visitation at Arizona's State parks remained relatively flat in 2005 with 2,267,246 visitors (+0.1 percent).
- Top Visited Arizona State Parks 2005
 1. Lake Havasu State Park
 2. Slide Rock State Park
 3. Patagonia Lake State Park
 4. Kartchner Caverns State Park
 5. Catalina State Park

National Park Visitation

(source: National Park Service)

- Arizona's National Parks welcomed 11,594,161 visitors in 2005, a slight decrease from 2004 (-1.3 percent)
- Top Visited National Parks 2005
 1. Grand Canyon
 2. Glen Canyon
 3. Lake Mead
 4. Canyon de Chelly
 5. Saguaro

Painted Cliffs Welcome Center Visitation

(source: Arizona Office of Tourism)

The Painted Cliffs Welcome Center is located on Interstate 40 on the Arizona/ New Mexico border. The center is equipped with brochures, maps and additional information that visitors can access to learn more about what to do in the Grand Canyon State.

- In 2005 there were 123,402 visitors, up 26 percent from 2004.
- The top 10 states a majority of visitors came from were California, Colorado, Florida, Illinois, Michigan, Missouri, New Mexico, Ohio, Oklahoma, and Texas.

Lodging Performance in Arizona

(source: Smith Travel Research)

- Demand for lodging in Arizona increased 5.5 percent over 2004.
- Lodging demand drove increases in occupancy rates in Arizona lodging which increased an average of 4.9 percent for the year to a rate of 65.9 percent.

- The average daily rate (ADR) for Arizona in 2005 was \$90.98, an increase of 7.3 percent over 2004.
- Arizona's average revenue per available room (RevPAR) was \$59.76, up 12.6 percent from the previous year.

Estimated Tourism Taxes in Arizona

(source: AZ Department of Revenue, NAU)

Estimated Tourism Taxes are based on the percentage of taxes generated from the tourism sectors which are based on the Tourism Economic Impact Model (TEIM) developed by the Travel Industry Association of America and adapted for Arizona by Northern Arizona University. These sectors include – lodging, restaurant/bar, retail, and amusements. The TEIM model produced the following percentages, which are used to figure gross sales attributed to tourism: lodging (95 percent), restaurant/bar (23.62 percent), retail (10.91 percent), and amusements (6.43 percent).

- Estimated tourism taxes for 2005 were \$540 million, an increase of 13.7 percent over 2004.



Advertising & Fulfillment

The National Campaign

To position Arizona as the choice destination for AOT's high-value visitor in FY 06, AOT created and placed an aggressive, targeted, national paid media campaign. It was developed through ad testing of numerous focus groups, perceptual mapping studies and demographic, psychographic and life-style characteristic analyses of visitors in AOT's key target markets.

Results:

- Focused on key attributes that are known about the state such as world-class golf, resorts and outdoor adventure in juxtaposition with elements that Arizona may not be as well known for such as world-class dining, shopping and nightlife.
- Introduced Arizona's key destination drivers to a more targeted audience, while concentrating on attracting affluent baby boomers to the state. AOT also focused advertising buys on key geographic markets, taking advantage of the ongoing trend toward shorter, more frequent vacations.
- Employed the most useful current technology and the Internet to build customer loyalty and maintain repeat visitors.

Branding Exercise/ Image and Perception Research

Building on the Image and Perception Research conducted in FY 05, AOT worked with the Greater Phoenix Convention and Visitors Bureau to develop a new branding architecture for the state of Arizona and its regions. This exercise involved a two-day brainstorming workshop with travel industry leaders from around the state, as well as in depth phone interviews with a larger group of decisions makers statewide.

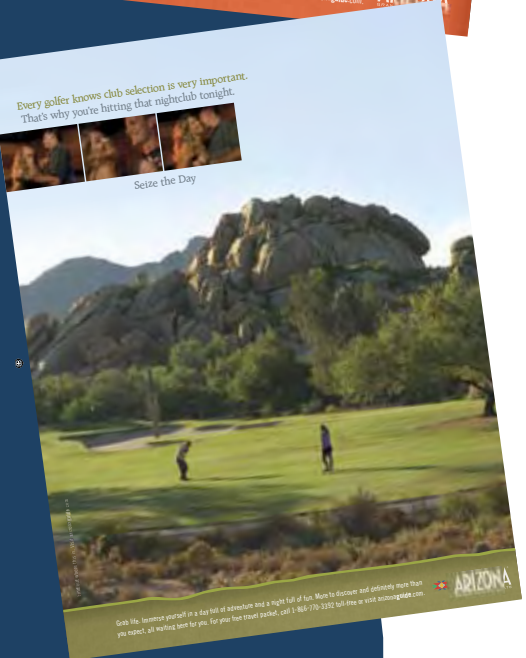
Results:

- A research-based branding architecture that provides a brand promise which is "Inspiring Unforgettable Southwest Moments."
- Four new brand dimensions the state and communities around the state can use to focus new campaigns. Unexpectedly Exhilarating Signature Scenery, Rejuvenating Open-Air Lifestyle, Timeless Discoveries and Vibrant Variety. Each community in Arizona can identify with at least one of these brand dimensions and apply it to marketing material.
- AOT utilized much of the information to improve AOT's Photo Library, enhance existing photography and looked to secure partnerships with other organizations to utilize more current and experience based footage of the state to highlight throughout marketing efforts.

Target Cities Campaign

For the fourth year, AOT selected key long-haul markets for the Target Cities Campaign. Building on the momentum of past Target Cities efforts, AOT consolidated marketing dollars for greater market saturation of three main long haul markets. The focus in FY 06 was on Chicago, Minneapolis/St. Paul, and Seattle. The FY 06 campaign took visual elements from the new national advertising campaign and created new headlines to capitalize on an effective cold weather message. Headlines such as: "Tee Times Recommended", "Snow Boots Optional" and "Blaze a Trail without the Help of a Snowplow" are just a few examples of the tongue and cheek appeal of the cold weather messaging in FY 06.

The campaign was supported by paid advertising, media relations and travel industry sales missions and captured the spirit and lifestyle that is synonymous with Arizona. Unveiled in cold-weather destinations during the winter months, the message leveraged the warm winter climate of Central and Southern Arizona. The campaigns ran in a variety of marketing mediums including TV, radio, print, outdoor and even coffee wraps.





In addition the campaigns were supplemented in Chicago and Minneapolis with guerilla marketing tactics. Street teams were assembled in both cities and stationed outside of densely populated areas such as sports venues and train stations to talk up Arizona and hand out lip balm which read “Kiss the Cold Goodbye” followed by a URL trackable to that city’s targeted marketing efforts.

The three cities were decided upon after considering a number of factors, including:

- Strength of presence of key target market segments within a number of potential 2005-2006 target cities.
- Non-stop flight availability and costs from potential target cities to and from Arizona.
- The amount of time visitors from target cities stay in Arizona.
- How much these visitors spend during their stay in Arizona.
- How the number of visitors fluctuates over the course of time.
- The temperature in potential target cities during Arizona’s high travel season.
- Cost per media in potential target cities.

The targeted cold-weather campaign activity occurred in a concentrated time period initially penetrating the market in November, and then returning for the month of January.

Results:

- More than 17,523 leads were generated through the Target Cities campaign.
- A preliminary cluster analysis of demographic, psychographic and the life-style characteristics at the house hold level showed an increase of leads generated from AOT’s target demographic, i.e. Boomers, a significant 22 percent.

International Campaign

For several years, AOT’s Travel Industry Marketing and Media Relations divisions have worked with the travel trade and media in key international markets to position Arizona as a premier travel destination. With increased funding in FY 06, AOT’s international marketing is building upon the consumer marketing begun in FY 05 with additional marketing dollars and focus for FY 06. AOT is continuing to reach out to consumers in the United Kingdom (UK), Canada and Mexico with an integrated campaign that complemented the efforts of these divisions.



UK: For the second consecutive year, AOT worked with British Airways on a consumer advertising campaign to make an impact on increasing flight bookings between the UK and Arizona.

Results:

- The campaign targeted more than 75,000 names in British Airways’ database that enhanced AOT’s 13,000 names as targets for this marketing effort.
- From April to May of 2006, the campaign, using direct mail pieces, online banner ads and posters, targeted passengers and promoted the non-stop London to Phoenix flights, highlighting the diversity of Arizona as a holiday destination.
- A joint Arizona and British Airways collateral piece was direct mailed to 90,000 consumers.

Canada: AOT capitalized on increased direct air service between key Canadian cities and Arizona on US Airways, Air Canada and WestJet.

Results:

- AOT generated more than 10,000 leads from its Canadian specific Web site, ArizonaTraveller.com, which is the site used as the call to action in all advertising placement. This number is up 13 percent from the previous year.
- Additional key cooperative advertising placement in the national newspaper Globe & Mail with the Greater Phoenix Convention and Visitors Bureau and Scottsdale Convention and Visitors Bureau provided editorial content and a sweepstakes offering which garnered 2,084 additional leads for Canada.

Mexico: AOT’s Spanish language campaign featured newspaper, magazine placements and billboards in the northern Mexico states of Sonora, Sinaloa and Chihuahua. The advertising focused on family fun, shopping and baseball and drove visitors to a special Spanish language travel Web site.

Results:

- The Spanish language Web site, www.visitaArizona.com, received more than 64,000 page views in FY 06.



Gen X Campaign

To capitalize on the emerging trend of marketing specifically to the Gen X audience, AOT created the “Escape” campaign. This campaign was targeted to the short haul Gen X traveler in Southern California and Las Vegas. This campaign utilized a more unique marketing approach by not mentioning the destination in the advertising, but rather appealing to the Gen Xer’s sense of curiosity to find out more about “EscapeSanDiego.com” or “EscapeLasVegas.com” for example.

The campaign also focused on neighborhoods in each city with the largest population of Gen Xers and the media vehicles included: online, postcards at local gyms, lenticular boards in shopping areas, bus wraps, coffee wraps and dry cleaning bags, all targeted to specific areas of the city. The call to action was a robust Web site built to appeal to this demographic featuring key places to go in Flagstaff, Phoenix, Scottsdale and Tucson along with special events and nearby towns that are worth the drive.

Results:

- Las Vegas Promotions:
 - ~ 7,326 visits to Web site from March 1 to April 30
 - ~ 9.14 percent click-thru rate from e-mail blasts (national average is around 0.5 percent to 1 percent)
 - ~ Significant increase in traffic to the Insider’s Guide Web site occurred from the e-mail blast on March 8 and March 9.
 - ~ Average between 5-7 page views per visit (national average is 1.1)
- San Diego Promotions:
 - ~ 18,181 visits to site from March 1 to April 30
 - ~ 16 percent jump in visitation occurred from the e-mail blast on March 8 and March 9
 - ~ 11.01 percent click-thru rate from e-mail blasts (industry average is around 0.5 percent to 1 percent)
 - ~ Average between 5-7 page views per visit (national average is 1.1)
- Orange County Promotion:
 - ~ 1,442 visits to site from March 1 to April 30
 - ~ 10.08 percent click-thru rate from e-mail blasts (industry average is around 0.5 percent to 1 percent)



Consumer Promotions

Samsonite

AOT conducted an in-store promotion with all Samsonite retail stores nationwide from November 15 through December 31, 2005. There were a total of 190 retail stores. The promotion included both sweepstakes and non-sweepstakes components. The sweepstakes featured a one-week vacation to Arizona including airfare on American Airlines provided by Samsonite and a six-night hotel stay at the Arizona Biltmore Resort and Spa, coordinated by the Greater Phoenix Conventions and Visitors Bureau.

Results:

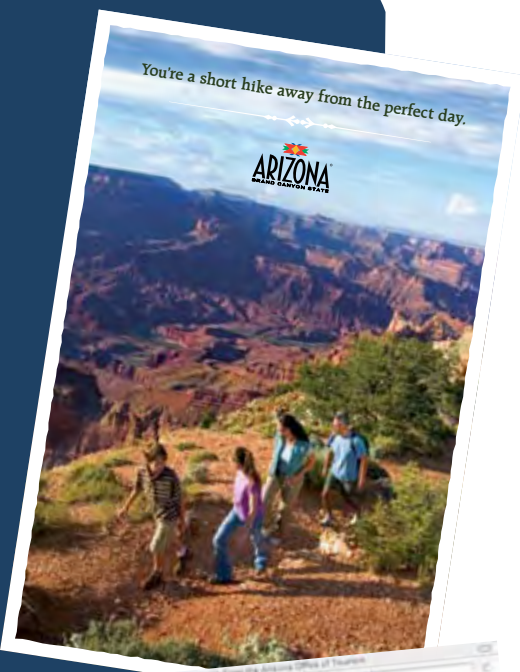
- Estimated in-store traffic of more than 1,000,000 for the promotion period.
- A total of 46,000 sweepstakes entries were made.
- Samsonite Web site experienced increased traffic to their url: www.samsonitecompanystores.com
 - ~ November 15-30, 2005 with 72,000 unique visitors
 - ~ December 1-31, 2005 with 198,000 unique visitors
- The Arizona Office of Tourism tracked activity through a unique URL: www.GetAwayToArizona.com gleaned 1,541 visitors to the Web site during the promotional period.

KSLX

AOT, in conjunction with KSLX radio station, held a free gas give-away on May 19th for to promote National Tourism Week. The free event gave listeners a chance to fill up their gas tanks. This event not only encouraged instate travel but also the importance of National Tourism week. The audience was instructed to listen to KSLX at 7:20 a.m. on May 19th when the secret gas station location was announced.

Results:

- The first 100 listeners were each allowed to fill-up with a maximum of 12 gallons of regular fuel for just \$1.
- KSLX personnel broadcasted live all morning from the Danny’s Carwash in Phoenix promoting AOT, National Tourism Week and the event.
- Goodie bags and AOT items were distributed to everyone that came by to the gas station.
- Media value, broadcast and print media combined, for the event was \$11,737.



Girls Getaway

In order to capitalize on the growing trend of women traveling with other women, the Arizona Office of Tourism used three female-skewed publications and the Women's Expo in Phoenix to showcase the state's offerings for women. AOT inserted a high-impact piece into three magazines- *Shape*, *The Oprah Magazine* and *More*. The high-impact insertions were two-sided full pages, printed on heavy stock paper, and contained a tip-on piece that could be easily removed and kept by the reader. The piece also promoted a girls getaway sweepstakes where each winner could choose three friends to take on a fabulous vacation.

Results:

- Total number of leads generated from the promotion: 5,989

Hit the Road AZ

In FY06, AOT developed an instate promotion that encouraged Phoenix and Tucson residents to visit rural parts of Arizona. AOT combined efforts with Best Western Hotels of Arizona to promote the sweepstakes. Best Western provided the accommodations on four vacation getaways- one for each region outside of Phoenix. AOT contacted each region and put together activities to promote a package experience for each prize. Best Western also used their connections with the Peak radio station and Kalil bottling company to extend the summer message. AOT purchased an aggressive media plan (print, radio, TV and online) in the metro Phoenix area. In addition, AOT paid for a gasoline giveaway promotion to create more interest in the sweepstakes. The call to action for the summer campaign was HitTheRoadAZ.com, where residents could enter the sweepstakes.

Results:

- Total number of leads generated from the promotion: 8,722
- Based on the total leads and cost per lead, this program was very successful in getting a good ROI. Best Western also had success in registering new members (768) and getting overnight stays from this promotion (437 total nights).

Sponsorships

As a tool to help increase brand awareness, AOT offered various sponsorships that positioned the state as a premier travel destination and brought high value visitors to the state, encouraging them to extend their stays beyond the event and travel throughout Arizona.

Sponsorships that AOT was a part of in FY 06:

- Arizona Highways Television
- Fiesta Bowl
- Insight Bowl
- PF Chang's Rock 'n Roll Marathon & Half Marathon

Interactive/ Web-Based Activity

In FY 06, AOT began work on a comprehensive redesign of AOT's Web sites in order to offer more functionality and a broader vision of what Arizona has to offer travelers. The addition of a Web Content Manager helped AOT optimize AOT's online message and more precisely meet the needs of visitors looking for travel information on the Internet.

Arizonaguide.com: AOT's consumer Web site is the key call to action in all of AOT's marketing efforts, whether directly or as a redirect from other URLs. For FY 06, arizonaguide.com had nearly 4,400,000 visits to the Web site, and nearly 29,000,000 page views with an average of almost 12,000 visits per day and nearly seven pages viewed per person. This highlights the fact that AOT's content rich consumer Web site is an important tool for the consumer in their travel planning to Arizona. ArizonaVacationValues.com, AOT's travel deals Web site had nearly 600,000 visits averaging 11,930 visits per day in FY 06 and nearly 2,100,000 page views.

Streaming Video: Streaming video is multimedia that is continuously received by, and normally displayed to, the end-user while it is being delivered by the provider. AOT worked to optimize online placement and build upon the momentum set in FY 05 with streaming video rather than the traditional advertising opportunities of banners, buttons and skyscrapers. Each placement rotated based on viewer behavior and response, which allowed AOT to significantly enhance AOT's response, measure advertising effectiveness and review post campaign results.

Results:

- Final results showed a sevenfold increase in click through rates of streaming video (700 percent) versus static banner advertising.





Trade Shows, Sales Missions and Media Missions



The Travel Industry Marketing and Media Relations divisions execute an aggressive and strategic schedule of trade shows and sales and media missions, with the ultimate goal of increasing Arizona's exposure to tour operators, travel agents and travel media. On a domestic and international basis, AOT organizes and participates in events that position Arizona as a premier travel destination and give our partners around the state the opportunity to share their message with these key audiences. The two divisions work together to develop a plan that is synergistic and complementary in order to enhance the return on investment for the State.

International:

United Kingdom

World Travel Market – London, Nov. 14-18, 2005

World Travel Market (WTM) is the premier global event for the travel industry and the largest travel show in the UK. The first two days of the four day show are reserved for invited product managers and decision makers from the major tour operators and qualified travel media. The final two days are open to travel agents, tour operator staff and travel students. AOT was joined by the Greater Phoenix, Scottsdale, Tucson and Flagstaff Convention and Visitors Bureaus, Westin Kierland Resort & Spa, Carefree Resort and Villas, Totem Pole Tours of Monument Valley and the White Mountain Apache Office of Tourism. McCluskey International had scheduled 30, 30 minute appointments with key tour operators to review their Arizona products.

Results:

- The time spent at the WTM generated 10 qualified accommodation leads.
- Five leads were generated for Arizona itineraries.
- Three leads were generated for area attractions.

Trade Awareness Campaign and FAM Trip:

September – December 2005

In September/October 2005, AOT carried out a six-week advertising campaign in the UK trade publication Travel Weekly, which is circulated to 23,000 UK travel professionals. The campaign featured a different region of Arizona each week and the readers were encouraged to link through to a specific micro-site, where they could answer region-specific questions to enter a competition to win a place on a FAM trip to Arizona.

Results:

- The prize winners from the six-week campaign arrived in Arizona on December 5, 2005 for a five-night FAM trip around the state.
- The 11 prize winners were travel agents from across the UK and had successfully answered the trivia questions, which had been provided by the sponsoring regions.
- In addition to experiencing the Greater Phoenix and Scottsdale area, the FAM trip also visited Tucson and Flagstaff, the remaining sponsors.



Germany

Southwest USA Consumer Shows: November 2005 – March 2006

Get it Across Marketing, AOT's trade representative in Germany, attended seven consumer shows over 33 days on behalf of Arizona, Utah and New Mexico. These shows attracted between 24,500 and 200,000 people each depending on the city. A sweepstakes drawing was held for flights, rental cars and overnight packages in the Southwest region. Follow-up mailings are executed by selected German tour operators for each city, utilizing the information given on the sweepstakes entry forms, which were filled in by consumers specifically requesting additional information on Arizona and the surrounding area. Consumer shows are a very popular way for the German traveler to obtain information on potential new vacation destinations.

Results:

- Cologne: November 2005 – Distributed 450 German language Arizona visitors guides and 300 Arizona maps
- Manheim: January 5-8, 2006 – Collected 1,500 sweepstake forms and distributed 600 German language Arizona visitors guides
- Stuttgart: January 14-22, 2006 – Distributed 2,000 German language Arizona visitors guides and collected 4,500 sweepstake forms
- Luxemburg: January 19-26, 2006 – Distributed 600 German language Arizona visitors guides and collected 1,500 sweepstake cards.
- Hamburg: February 5-12, 2006 – Distributed 600 German language Arizona visitors guides and collected 1,600 sweepstake entries.
- Munich: February 18-22, 2006 – Distributed 900 German language Arizona visitors guides and collected 2,200 sweepstake forms.

ITB – Berlin March 2006

The 40th ITB, which took place from March 8-12, 2006 welcomed a total of 162,823 visitors, a 14.5 percent increase over 2005. The number of trade visitors rose by 12.6 percent to 94,553. During the weekend, when the fair was open to the public, a total of 68,270 consumers were registered at this event in the Exhibition Halls, a 17 percent rise compared with the previous year. For the first time, the format of ITB included three trade days and two consumer days. This year's event also showcased a more open and welcoming design of the Discover America pavilion. Both the trade and consumers commented on the new layout and felt like America was open and welcoming business from international markets once again.

AOT was joined by representatives from the Greater Phoenix, Scottsdale, Tucson and Flagstaff Convention and Visitors Bureaus, Best Western Grand Canyon Squire Inn, Westin Kierland Resort & Spa, Carefree Resort & Villas and the Sheraton Wild Horse Pass Resort & Spa.

Results:

- During the five-day trade show, the Arizona delegation had 27 prescheduled appointments with German, Austrian and Swiss tour operators.
- Generated 19 trade leads with requests for hotel and resort information.
- Four requests for Arizona familiarization tours were generated.
- Generated six requests for Arizona collateral.
- In addition, the delegation met with more than 35 German, Austrian and Swiss travel writers at the Arizona booth and hosted a media reception which was attended by nearly 40 top travel media.



Germany/Switzerland Sales Mission – April 2006

AOT coordinated a five-day sales mission to Germany and Zurich, Switzerland in April 2006. Travel Industry Marketing Manager Hylton Fothergill was accompanied on the mission by the Scottsdale CVB, Tucson CVB, Flagstaff CVB, Antelope Canyon Tours from Page/Lake Powell and Carefree Resort and Villas in Scottsdale. The sales mission started in Frankfurt and continued to Cologne, Munich and finished in Zurich.

Results:

- Over the course of five days, the Arizona delegation conducted training for 78 reservation staff personnel and product managers.
- In addition, 385 guests attended the high-energy and interactive evening functions in each city.

Canada

WestJet Sales Mission – Calgary, Alberta – August 23-24, 2005

As a result of the new air service provided on WestJet from Calgary, Alberta, AOT led a state delegation of nine convention and visitors bureaus to Calgary to educate WestJet sales, product and reservation staff on Arizona and its travel product offerings. In addition, WestJet sales staff accompanied the Arizona delegation on sales calls to more than 30 travel agencies in the Calgary vicinity. Arizona and WestJet also hosted an evening event to educate area travel agents on Arizona offerings and WestJet's products and services, including their 12 percent commission promotion. More than 90 travel agents attended this event that featured refreshments, a trade show, an Arizona presentation and three grand prize Arizona getaways with airfare provided by WestJet.

Results:

- WestJet's successful entry into Arizona has resulted in additional flights from Calgary to Phoenix as well as plans form new air service from Winnipeg to Phoenix.
- Although WestJet's service is seasonal, Arizona has seen an increase in frequency within the season.
- WestJet also introduced their brand new vacation packages that will feature several Arizona hotel properties in their inventory.

Arizona Hockey Night – Toronto – January 14, 2006

Even the warm Arizona hospitality couldn't melt the ice at the Air Canada Centre in Toronto on Jan. 14, 2006 as AOT and the Scottsdale and Phoenix CVBs hosted 50 travel trade and media professionals to a Toronto Maple Leafs game, as they took on the Phoenix Coyotes. Ontario is Arizona's number one Canadian market, and that is largely due to the tremendous amount of support Arizona receives from the travel trade and media in this market. The first-ever "Arizona Night" was intended to thank them for their continued support of Arizona's travel industry and their role in the amazing spike in Canadian visitation to Arizona.

Results:

- Several of the top Canadian tour operators were in attendance.
- Travel editors of four of Canada's major daily newspapers.
- As an added bonus, AOT arranged for Wendel Clark, a highly-revered former Toronto Maple Leafs Captain, to show up at the event, take pictures with all of the VIPs and even autograph some Arizona hockey pucks.
- This was the first AOT event in Canada with 100 percent attendance and not a single no show!



Western Canada Media Mission – Vancouver, Calgary, Edmonton – February 20-24, 2006

Canadians in the Western provinces have a strong connection to Arizona and supply a large percentage of the state's Canadian visitation. Vancouver, Calgary and Edmonton are the three largest media markets in western Canada, and each year AOT's Media Relations Division alternates organizing media missions in eastern and western Canada. AOT was joined by representatives from the Greater Phoenix, Scottsdale and Tempe Convention and Visitors Bureaus for four days of appointments with the top consumer and travel trade media in each market.

Results:

- During the media mission, the delegation met with 26 journalists, sharing story ideas and the latest Arizona travel news.
- As a result of the media mission, nearly half of the writers have already visited Arizona, sent a staff writer to Arizona or written a story about the Grand Canyon State.
- Prior to the start of the media mission, AOT's Director of Media Relations and AOT's Canadian representative also participated in the Travel Media Association of Canada's annual media marketplace, meeting with about 15 writers.

France

French Sales and Media Mission – Paris, March 13-14, 2006

Because French visitation to Arizona increased 23 percent from 2004 to 2005, AOT put France on its radar screen as an important emerging market and signed on as a presenting sponsor of a media and sales mission to Paris being organized by the Metropolitan Tucson CVB. The mission was conducted after the ITB trade show in Berlin and all of the

exhibitors in AOT's booth also participated in the Paris event. The French visitor tends to travel to Northern Arizona, focusing on the Grand Canyon and Page/Lake Powell. Meetings with the French operators confirmed that there is a definite interest in Arizona, but a lack of awareness of what Arizona has to offer, hence the shorter stays. By increasing Arizona awareness, AOT's goal is to increase the length of stay and subsequently the total spending. For example, if the current number of visitors extended their visit by just one extra day and maintained their average daily spending, it would impact the Arizona economy by \$5.8 million.

Results:

- The Arizona Workshop Luncheon in Paris was attended by 37 tour operators and travel agents and 10 travel writers.

Mexico

Arizona Cardinals Football Game – Mexico City – October 2, 2005

The Arizona Cardinals were part of the first-ever NFL game held outside the United States when they took on the San Francisco 49ers on October 2, 2005 at Azteca Stadium in Mexico City. The Cardinals kicked off their season with a win in front of an NFL record-setting crowd of 103,467 fans. Twenty-one of those fans were guests of AOT at a private event for the top tour operators, travel agents and travel media in Mexico City.

Results:

- The football game provided an excellent opportunity to thank the Mexican travel industry for their support of Arizona and also gave AOT the chance to bring a little bit of Arizona into Mexico's most important market.



Arizona Showcase – Hermosillo, October 5-6, 2005

AOT organized the 8th Annual Arizona Showcase in Hermosillo, Sonora from October 5-6, 2005. AOT was joined by 22 Arizona partners, including destination marketing organizations, hoteliers, shopping entities and more. The first day of Arizona Showcase is comprised of a trade event, designed to give the 47 travel agents and 23 media in attendance information on the latest and greatest tourism news in Arizona. As a new facet to the program this year, AOT introduced the “Buenos Dias Arizona” presentation at the trade event. This presentation featured Barbara Jackson, AOT’s representative in Mexico, as the “host” of a talk show about Arizona. Her presentation was accompanied by video footage of several of the Arizona Showcase partners. The second day of Arizona Showcase is focused on consumers, as AOT organizes a charity luncheon and fashion show, featuring the latest styles from Arizona’s top shopping destinations, modeled by Hermosillo residents.

Results:

- Nearly 900 consumers attended the fashion show, including the Governor of Sonora’s wife.
- Overall, Arizona showcase generated more than \$25,000 in media coverage for Arizona.

Mexico Sales Mission – Queretaro, Guanajuato, Leon – June 12-16, 2006

AOT and Phoenix Sky Harbor International Airport coordinated a sales mission to Mexico, visiting the cities of Queretaro, Guanajuato and Leon. AOT was joined by representatives from the Greater Phoenix, Tempe, and Scottsdale Convention and Visitors Bureaus and Westcor Shopping Centers. Mexican travelers still rely heavily on travel agents for researching and booking vacations, so it important to keep the travel professionals up to date on the latest Arizona travel product.

Results:

- During the four-day mission, the Arizona delegation hosted 197 travel agents at four breakfast seminar presentations.

CVA Tradeshow – Mexico City and Guadalajara – January 16-20, 2006

In 1999 California, Vegas and Arizona launched CVA, their own travel tradeshow focused solely on these three destinations. Now – six years later – CVA is a success, combining several important elements including destination seminars, one-on-one business appointments with top Mexican tour operators and a luncheon fashion show for trade and media in the two most important cities in Mexico: Mexico City and Guadalajara. In FY06 Arizona has its largest delegation to date with 16 attendees representing 12 different companies.

- The 6th Annual CVA
- 16 delegates from Arizona met with 858 travel agents and 43 tour operators
- Total of 61 delegates were attendance
- A total of seven leads were generated

SeeAmerica Media Marketplace & Arizona Breakfast – Mexico City, February 16-17, 2006

The SeeAmerica Media Marketplace in Mexico City is held each year in conjunction with the Expo Vacaciones trade show. The media marketplace attracts more than 50 writers from Mexico’s top trade and consumer publications. AOT was joined by the Greater Phoenix and Scottsdale Convention and Visitors Bureaus in exhibiting at the media marketplace. In order to have a stronger Arizona presence and take advantage of already being in Mexico, the Arizona delegation also hosts a media breakfast to share the Arizona message.

Results:

- More than 20 travel writers attended the breakfast, and as a result, several writers have already visited and/or written about Arizona.



Japan

JATA World Travel Fair – Tokyo, September 2005

After not attending for several years, AOT returned to Japan Association of Travel Agents – World Travel Fair in September 2005. JATA-WTF is the largest travel trade show in Japan, bringing together Japanese buyers and suppliers from all over the world. Arizona's booth featured a photo gallery of the Grand Canyon State and was located adjacent to the other western state of New Mexico, Utah, Wyoming and South Dakota. In addition to the trade show, the venue is also open to consumers over the weekend. In 2005 there were 67,297 general public visitors in attendance and 36,907 travel trade and media.

Japan Sales Mission – Tokyo, Osaka, Nagoya – October 23-29, 2005

AOT's representative in Japan was joined by three Arizona suppliers; Sedona-Oak Creek Chamber of Commerce, Scenic Airlines and Trailhandler Tours, for a three-city sales mission. Over the course of six days, the delegation met with 120 travel agents in Tokyo, 40 agents in Osaka and 35 agents in Nagoya, for a total of 195 agents, a 10 percent increase over the previous year. During the sales mission, AOT focused on the "Crystal Highway" including Sedona, Flagstaff, Meteor Crater and Petrified Forest National Park. Using Phoenix as a gateway was also promoted, as were the Grand Canyon, Lake Powell, Antelope Canyon, Monument Valley and Route 66. Another major push was the "World Heritage Tours" which include the Grand Canyon.

Domestic:

Los Angeles Media Marketplace – Los Angeles, CA – October 20, 2005

Each year, AOT's Media Relations Division alternates between New York City and Los Angeles in organizing media marketplace events for Arizona's travel industry. These are the two biggest media markets in the U.S. and many of AOT's partners would not have the resources to enter these markets without events such as the media marketplace.

Results:

- AOT was joined by 19 partners from around the state to meet with area travel, lifestyle and culinary journalists to spread the word about what's new and exciting in the Grand Canyon State and promote fresh Arizona story ideas.
- More than 60 journalists attended the event and several Arizona partners saw immediate results from their efforts at the marketplace.

Travel Classics West – Scottsdale – November 17-20, 2005

The Arizona Office of Tourism and the Scottsdale Convention and Visitors Bureau (CVB) hosted the Second Annual Travel Classics West at The Phoenician Nov. 17-20, 2005. The conference, among the nation's most prestigious educational and networking opportunity for working writers, has been taking place in Hudson Valley, New York, for more than 10 years and has become so popular that it commands a large waiting list. AOT and the Scottsdale CVB worked with the conference organizer to secure the first Travel Classics West conference in 2004; the 2005 conference marked the second annual Travel Classics West conference. The conference has consistently attracted 15 top-quality editors as speakers and panelists to assist 35 pre-screened professional writers hone the craft of effective travel writing. The 2005 attendees included leading editors from AARP, Arizona Highways, Art & Antiques, Country Living, Distinction, Golf Connoisseur, Golf Living, Links, McMurry (publishers of Ritz-Carlton magazine), Robb Report, Shelter Interiors, Travel + Leisure, Travel + Leisure Golf and Via. AOT and the Scottsdale CVB worked together to host these 50 writers and editors to pre- and post-conference trips whenever possible to help further their first-hand experience of the destination. More than 20 of the writers spent extra time exploring other areas of the state and gathering story ideas.

Results:

- Arizona articles written attendees over the first two years have already garnered the state coverage in more than 45 articles with more than 4.1 million in circulation and an equivalent advertising value of more than \$600,000.



IMAX Road Show – Chicago, IL - January 16-19, 2006

In an effort to support AOT's Target Cities campaign, the Travel Industry Marketing and Media Relations divisions executed a large-scale, highly successful campaign by showing the IMAX film, "Grand Canyon: The Hidden Secrets," in Chicago, one of Arizona's most important domestic markets. AOT worked with sponsors including US Airways, the National Geographic Visitor Center in the Grand Canyon and IMAX as well as CVBs from around the state. The film was shown at two locations – Woodridge, a suburb of Chicago and at Navy Pier in downtown Chicago. The day time showings were reserved for school age children and the evening showings were for the general public as well as a select group of travel industry VIPs.

Results:

- The screenings were at near capacity, entertaining nearly 1,800 children and adults over two days.
- Attendees of the public showings registered to win a trip to Arizona including airfare and hotel accommodations.
- In addition to the screenings, the trade delegation visited more than 80 travel agencies in the Chicago area to promote Arizona travel product and the media relations delegation met with travel writers from top publications such as The Chicago Tribune.

Southern California AAA Sales Mission – February 14-17, 2006

AOT participated in a sales mission with several Arizona Convention and Visitors Bureaus targeting AAA Travel offices with AAA of Southern California. The week began with a visit to the call center in Costa Mesa. AOT joined representatives from Chandler Tourism, and the Flagstaff, Mesa, Scottsdale and Tempe Convention and Visitors Bureaus in celebrating Valentines Day and Arizona's birthday with a catered lunch and a mini trade show for the call center staff of approximately 150 people.

Results:

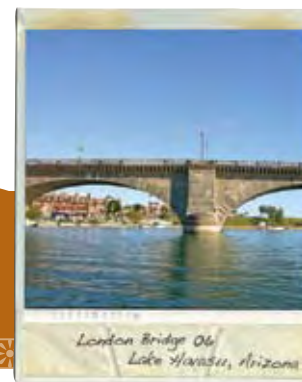
- The delegation distributed materials from their respective organizations as well as held a prize drawing and one lucky winner received a trip to Arizona including hotels, dinner theater, shopping money, Spring Training tickets and a gas card to get them here and around the state!
- The rest of the week, the Arizona delegates visited AAA Travel offices by splitting into three teams.
- In all, the delegation provided new Arizona information to more than 400 travel agents and auto travel representatives at 60 AAA Travel offices in southern California.

Society of American Travel Writers Freelance Council Meeting – Flagstaff, Williams, Page – May 15-19, 2006

AOT was the medallion sponsor of the Society of American Travel Writers (SATW) Freelance Council annual meeting, which was organized by the "Arizona Rocks" communities of Flagstaff, Williams and Page. This prestigious conference brought together nearly 50 of the nation's top freelance writers for a business meeting, and more importantly, some quality time to explore the Grand Canyon State. During the conference, the group visited each of the host communities and experienced some of the amazing activities you can do in each area. In addition, AOT organized pre-and post-conference familiarization tours around the state, giving the writers an opportunity to explore other areas of Arizona.

Results:

- In total, 40 writers extended their stay in Arizona to explore areas such as the Navajo Nation, Sedona, Prescott and Greater Phoenix.
- To date, 30 articles have been generated as a result of hosting the SATW Freelance Council, totaling nearly \$275,000 in advertising equivalency value and reaching nearly 2 million potential travelers.



Familiarization Tours

The Travel Industry Marketing and Media Relations divisions each conduct a series of “familiarization” or FAM tours throughout the year, introducing tour operators, travel agents and travel media to Arizona tourism product. The Travel Industry Marketing Division conducts FAM tours with tour operators and travel agents to either train their staff on the Arizona product they are selling, or introduce them to new Arizona experiences in order to increase their Arizona business. The Media Relations Division hosts qualified travel writers on FAM tours around the state on both a group and individual basis, organizing more than 100 itineraries each year.

Arizona State Parks FAM – September 26 – October 1, 2005

AOT hosted six travel writers on the Arizona State Parks FAM, which made a loop through the some of the best State Parks in the Grand Canyon State. Lost Dutchman, Boyce Thompson Arboretum, Homolovi Ruins, Slide Rock and Red Rock State Parks were just some of the stops visited along this route. Participants were from publications such as Mexico’s La Reforma newspaper and the UK’s Travel Trade Gazette.

Results:

- To date, articles resulting from this FAM total \$87,827 in advertising equivalency value.

Cruisin’ Route 66 & the Colorado River FAM – November 7-12, 2005

AOT hosted six travel writers on the Cruisin’ Route 66 & the Colorado River FAM, which gave participants the opportunity to go back in time and explore the kitsch & kicks along Historic Route 66. Stops along the way included the towns of Seligman, Kingman and Oatman, followed by a cruise down the Colorado River and visits to Hoover Dam and Lake Havasu City.

Results:

- To date, articles resulting from this FAM total \$184,458 in advertising equivalency value.

International Media Golf Shootout – November 28 – December 4, 2005

Every other year, AOT organizes the International Media Golf Shootout, alternating locations between Phoenix/Scottsdale and Tucson. The 2005 Golf Shootout brought together nearly 25 golf and travel writers from Mexico, Canada, Germany, Japan, UK and the U.S. for a week of golf and destination research in Phoenix and Scottsdale. AOT worked closely with the Phoenix and Scottsdale Convention and Visitors Bureaus to create an unforgettable experience for these writers, full of story ideas and angles that translated into positive media coverage about the entire state. The Sheraton Wild Horse Pass Resort & Spa and the Westin Kierland Resort & Spa both provided the warm and gracious hospitality for which Arizona is known, and each of the golf courses the group played offered a new perspective on Arizona’s amazing golf product.

Results:

- To date, articles that resulted from the Golf Shootout total \$476,466 in advertising equivalency value.



St. Thomas Mission 06
Yuma, Arizona



Antique Shopping 06
Glendale, Arizona



Sailing at Tempe Towne Lake 06
Tempe, Arizona

Discover the Valley's Downtowns FAM – February 2-6, 2006

AOT hosted eight travel writers on a tour of the “Valley of the Sun,” showcasing the many exciting cities that make up Greater Phoenix, each with its own unique personality. Participants explored the galleries of Old Town Scottsdale, the excitement of college town Tempe, the big-city bustle of central Phoenix and the antique charms of Glendale. Writers on this tour were from publications such as the Toronto Sun and AAA Highroads.

Results:

- To date, articles resulting from this FAM total \$206,494 in advertising equivalency value.

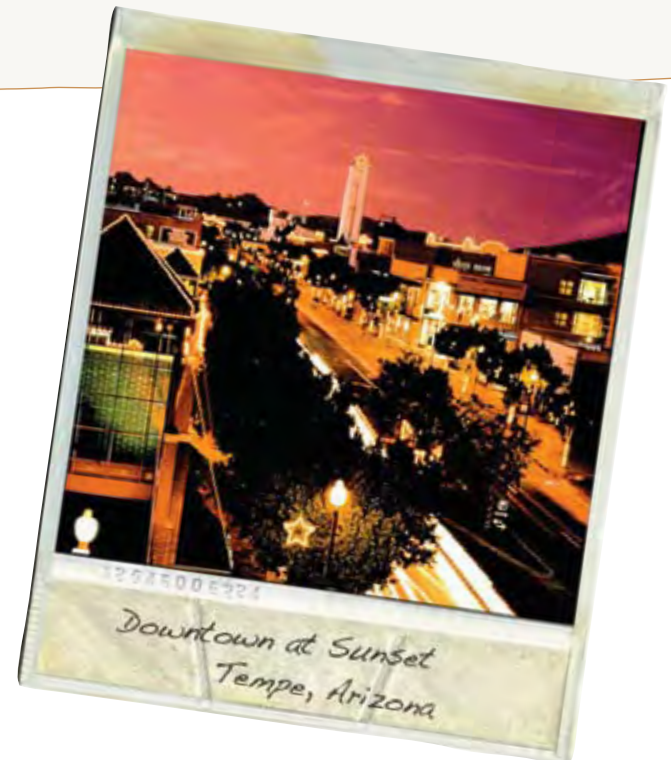
Canyons of Northern Arizona FAM – April 24-29, 2006

AOT hosted eight travel writers on the Canyons of Northern Arizona FAM, featuring some of the most beautiful canyons on earth. Participants spent three days exploring the beautiful Grand Canyon through hiking and traveling by motorcoach and learning about the history and unique architecture that complement the natural beauty of the canyon itself. The itinerary also included visits to Antelope Canyon and Marble Canyon near Page, and Walnut Canyon near Flagstaff. On the way back to Phoenix, the tour took in one last site - Oak Creek Canyon in Sedona.

Arts, Culture & Cactus FAM Tour – April 27-30, 2006

AOT's Travel Industry Marketing division hosted six AAA travel agents on a familiarization tour entitled “Arts, Culture & Cactus” on April 27-30, 2006. All six agents were from the Eastern United States (Pennsylvania, New Jersey, New York and Washington DC) and only one of the six had visited Arizona before. This very well-received familiarization tour visited Chandler, Tempe and Yuma and

highlighted attractions such as the Desert Botanical Garden, ASU Art Museum, the Zelma Basha Salmeri Gallery and Yuma Crossing State Historic Park. This was the first AAA/CAA (Canadian Automobile Association) FAM Tour of Arizona conducted by AOT as a part of their new AAA/CAA FAM Tour program in order to support the domestic market.



Downtown at Sunset
Tempe, Arizona

Arizona in the News

Arizona in the News

AOT's Media Relations Division is charged with generating positive publicity positioning Arizona as a premier travel destination and educating Arizona residents about the importance of the tourism industry. The success of this charge is measured by the "advertising equivalency value" of the publicity generated by the division. Therefore, the division calculates the value of what it would cost to place paid advertising in the publication where Arizona coverage appears, which provides the advertising equivalency value of the earned media. Industry experts often consider earned media, or publicity, to be of more value than paid advertising and it is a vital component of any marketing plan.

Editorial media coverage provides incredible return on investment, and is often considered more valuable than paid advertising. In FY 06, the Media Relations Division generated coverage with a daily advertising equivalency value of \$62,474.

Publications

Arizona Holiday Guide

The Arizona Holiday Guide complements the existing Official State Visitor's Guide by offering a wealth of information tailored to help UK consumers plan a holiday in the Grand Canyon State. The guide includes sections on key regions, attractions, accommodations and traveler's tips, as well as details of UK tour operators that offer tour products in Arizona. The Arizona Holiday Guide is published bi-annually with the 2006/2007 edition having been published in January 2006.

Results:

- The total circulation was 81,000 copies, of which 65,000 copies are being distributed at consumer shows and as fulfillment for individual consumer requests received via telephone and online.
- The remaining 16,000 were distributed through the January 2006 and February 2007 editions of Selling Long Haul, which is a travel trade publication that is distributed to more than 7,500 travel agencies and tour operators in the UK and Ireland.

E-Newsletter: Canadian Cactus News

Canadian travel industry representatives and travel media now receive up-to-date information on destination news and special travel deals around Arizona and it is delivered right to their desktop. In July 2005, the first Canadian Cactus News e-newsletter went out to travel agents, tour operators, travel writers and a host of other travel industry representatives in neighboring Canada.

Results:

- The monthly electronic newsletter features special deals for travelers, new things to do and see, hot travel tips, links to featured travel partners and trivia quizzes for monthly prizes making this an interactive and popular newsletter for our friends in the Great White North.
- Canadian Cactus News now reaches more than 2,700 travel industry readers and will continue to be distributed in FY 07.



Arizona in the News

French Language Fulfillment Piece – Guide de Vacances

AOT produced its first-ever French-language publication, Guide de Vacances, in FY 06. It was developed to attract the French market and French-speaking Swiss and Canadian markets.

Results:

- The inaugural edition had a print run of 25,000 which were distributed at sales missions and tour operator events in France and Quebec, through Visit USA France, and by direct mail to travel agents at Mondial du Tourism 2007, an annual consumer travel show that attracts more than 100,000 attendees.

Spanish Language Fulfillment Piece – Visita Arizona

Visita Arizona is the primary Spanish-language fulfillment piece for the Arizona Office of Tourism. This 28-page brochure is targeted specifically at the Mexican visitor and focuses on things they are most interested in such as shopping, spectator sports and medical services.

Results:

- With a circulation of 20,000, Visita Arizona is distributed at trade and consumer shows, during sales missions and to individuals who request additional information either online or in response to the Arizona Office of Tourism's advertising campaign in the Northern Mexico states of Sonora, Sinaloa and Chihuahua.

Japanese Language Fulfillment Piece - W'est

W'est is an annual Japanese-language publication that focuses on the western United States including Arizona, Utah, Wyoming, New Mexico and South Dakota.

Results:

The edition had a print run of 120,000 for FY 06. Fieldstar International, the Arizona Office of Tourism's Japanese representative, distributes this publication to key travel trade representatives and consumers both in Japan and in the U.S. Additionally it is distributed at seminar presentations and travel shows such as JATA, Visit USA and Pow Wow.



Visitors Services

Arizona Welcome Centers

AOT operates two official state Welcome Centers in Arizona – The Painted Cliffs Welcome Center (PCWC) on Interstate 40 in Lupton and at AOT's downtown Phoenix offices.

- In FY 06, The Painted Cliffs Welcome Center welcomed 127,996 visitors. This is the most visitors the welcome center has received in a fiscal year since it opened in 1994.
- The previous record fiscal year was in FY 00 when the visitor center had 110,774 visitors.
- The welcome center in the front lobby of AOT's office assisted more than 1,200 visitors.
- AOT also finalized the layout design of the Needle Mountain Welcome Center, which is anticipated to open in FY 09 and assisted the Arizona Department of Transportation with interpretive trail text and photos for the Needle Mountain Rest Area.

Visitor Centers

AOT works with 62 Local Visitor Information Centers (LVICs) throughout the state to provide Arizona travel information and personal assistance to visitors. In order to ensure that these centers are providing a quality experience to visitors, AOT operates the Visitor Center Inspection Program, which assists visitor centers by providing recognition for outstanding service and suggestions for improvement when necessary.

- The 62 designated local visitor information centers are run and operated locally by chambers of commerce or convention and visitors bureaus. Collectively, the centers serviced more than one million visitors in FY 06. This is a record number since AOT has tracked visitation at the local visitor information centers.
- In FY 06, AOT implemented a universal guest register pilot project for Arizona LVICs. By having a uniform and consistent method for collecting visitor information AOT plans to provide a valuable analysis to LVICs of their visitors. It would also provide a larger picture of visitors to Arizona, and even regional profiles.
- AOT evaluated all 62 Local Visitor Information Centers to ensure that the centers are complying with the set of operational standards and requirements.
- AOT also reinstated three local visitor information centers (Bisbee, Page and Quartzsite).



Workshops and Training

AOT provided professional workshops in communities across Arizona. By providing training to regions and organizations across the state, AOT can help ensure that visitors to Arizona have experiences that will provide long-lasting, positive memories, which will translate into repeat visitors.

Grand Impressions

Grand Impressions workshops reach out to front-line tourism industry employees, conveying the importance of customer service in the travel industry and offering general information about Arizona attractions, enabling these employees to become ambassadors for the state. For the first time, AOT's Grand Impressions workshops did not specifically focus on general customer service, but focused on hosting and customer service when dealing with international visitors.

Results:

- AOT secured the services of Krista Rahe of Rahe Hospitality Services. Krista has an extensive background in dealing with international customer service programs and has provided training for the Salt Lake Olympics and the G-8 Summit. At the Grand Impression workshop her presentation focused on hosting and customer service when dealing with international visitors.
- In FY 06, five Grand Impressions Workshops were conducted in the following Arizona communities: Bullhead City, Holbrook, Payson, Mesa and Sierra Vista.
- More than 180 participants took part in the workshops.

AOT on the Road: A Tourism Community Outreach Program

Since its inception four years ago, Community Outreach has become one of AOT's most important programs. The goal of Community Outreach is to educate the tourism industry in communities around the state about how to become involved in AOT's marketing programs and how to develop their own programs. Representatives from each of AOT's divisions attend the workshops, covering topics such as consumer advertising, public relations, research and strategic planning, travel industry marketing, product development, TEAM grants and visitor information services.

Results:

- Six AOT on the Road workshops were conducted in Patagonia, Florence, Williams, Heber Overgaard, Yuma and Fort McDowell Indian Reservation.
- FAM tours were organized in each of the communities for AOT staff.
- A new element was added in FY 06 where guest speakers presented information from the State Historical Preservation office and best practices from designated marketing organizations (DMOs) around the state which includes Bisbee, Sedona, Gila River Indian Community and PACT. Guest speakers included two from the State Historical Preservation Office, Eric Vondy and Bob Frankenberg. The DMOs were Donna Harris, former City of Bisbee Tourism Director, Jennifer Wesselhoff Sedona Oak Creek Canyon Chamber of Commerce, Susan Schepman Prescott Area Coalition for Tourism, and Urban Giff Gila River Indian Community.
- A total of 149 attended the workshops.



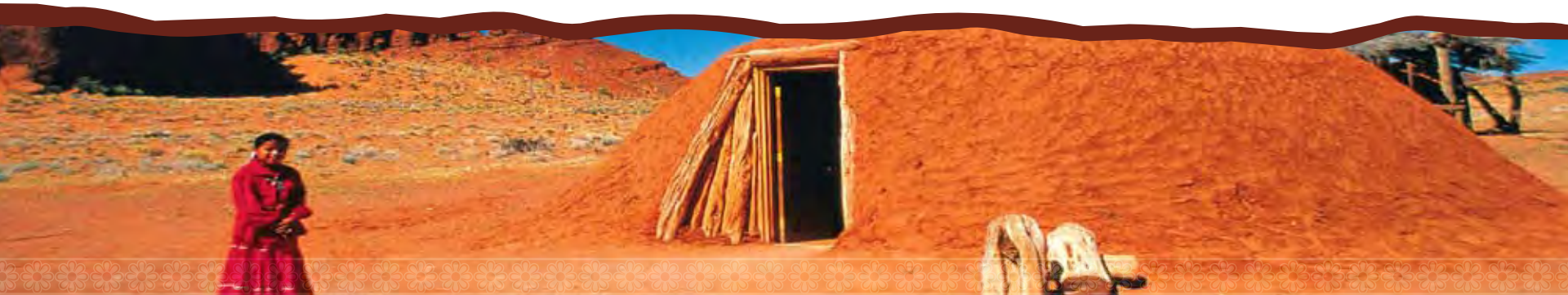
Native American Marketing Programs

Native American Marketing Programs

AOT has enhanced its efforts to integrate and promote Native American tourism and activities throughout the Agency, as well as to provide technical assistance and product development consultation to Tribes. In FY 06, AOT continued to strengthen its relationship with the Tribes through various efforts.

- **Arizona Tribal Tourism Development Seminars**
A unique "Train-the-Trainer" format designed to provide a core group of trainers with specifically developed curriculum comprised of a Power Point presentation, training manual and activity book. The material was developed to allow trainers the flexibility to further customize the program to meet cultural and community needs. In FY 06, 21 individuals representing 10 Tribal communities were trained to offer the Customer Service workshop. As a result of the training, three workshops were offered in Tribal communities to 34 individuals.
- **Survey of Visitors to Arizona's Tribal Lands**
This onsite intercept survey of visitors to Tribal lands was completed in FY 06. Seven Tribes and one Tribal enterprise participated. Individual Tribal presentations were made to two participating Tribes and to the AOT Tribal Tourism Advisory Committee.

- **AOT on the Road: Native American Community Outreach**
This workshop is specifically tailored to address the tourism needs of the Tribal tourism community. The workshop provides an opportunity for AOT to highlight grant opportunities and provide technical assistance to the Tribes. This year's workshop was held on the Fort McDowell Yavapai Nation and had 24 attendees.
- **Tribal Tourism Advisory Committee (T-TAC)**
The T-TAC serves in an advisory capacity to the Arizona Office of Tourism and the Native American Tourism Development Manager to enhance the marketing efforts and cultural experiences offered to Arizona's visitors. The committee provides an effective method of communicating with Tribal communities. T-TAC provides critical input on program planning and communicates AOT program opportunities to Tribal programs encouraging participation.



Grant Programs

TEAM

The Teamwork for Effective Arizona Marketing is a matching grant program offered to statewide destination marketing organizations, statewide tourism base associations and tribal entities. The program provides participant with the opportunities and guidelines designed to assist with the development of innovative and effective tourism program projects at the local and regional level. The TEAM matching grant program saw an incredible increase in participation in FY 06, and AOT's instatement of formula funding allowed AOT to increase the award amount to meet the increased applicant needs.

Results:

- A total of \$1,419,753 in matching grant funding was awarded to a total of 73 participants. That is an increase of 20.7 percent in TEAM funding from FY 05
- Number of individual applications increased by 13 from FY 05
- Number of approved applications increased by 9 percent
- Created new opportunities for trade advertising in two international markets; Japan and the United Kingdom through the EZ Advertising program. This program is a cooperative advertising program within the TEAM program. AOT pre-selects publications, and negotiates rates to offer to the applicants.
- Conducted six TEAM certification workshops in Mesa, Flagstaff, Pinetop/Lakeside, Parker, Phoenix and Tucson with a total of 214 attendees.
- Only grant program that is in all 15 Arizona counties.

ICE

The Information Center Enhancement Program (ICE) has been created to help the designated local visitor information centers enhance their services. Visitor centers serve as a point of pride for the community in which it is located and assist with marketing and promoting the area's attractions, recreational opportunities, and hospitality amenities.

Results:

- In FY 06, AOT awarded more than \$13,000 in Information Center Enhancement (ICE) Grants to 11 designated Local Visitor Information Centers throughout Arizona. Five of the 11 recipients received money to improve their brochure racks. Two centers received money to enhance information center signage. Other funded projects include, implementation of an outdoor information mechanism, upgrading of seating and chairs, uniforms, and display cases.

Governor's Rural Tourism Development Grant

The Rural Tourism Development Grant Program (RTDGP) was introduced in FY 06 at the Governor's Conference on Tourism. The objective of the RTDGP is to provide coordinated funding for rural economic development through tourism to strengthen the regional and local economies and expand tourism in rural communities throughout Arizona.

Results:

- In FY 06 AOT awarded more than \$500,000 to 13 different communities.
- Monies were used by communities for tour enhancements, signage, marketing packages, restorations, and repairs.

