

THE ROAD TO RECOVERY

THE GREATER WASHINGTON TRAVEL INDUSTRY FOLLOWING 9/11

In the months and years following the terrorist attacks that occurred on September 11, 2001, the Washington, D.C. region has struggled to recover. Most notably affected was our successful tourism industry, which suffered an immediate impact.

The road to rebuilding our tourism industry has not been smooth; locally, we've dealt with anthrax scares, sniper attacks, West Nile virus, and continuing Orange Alerts. Nationally, the tourism industry has suffered from an unstable economy, accounting scandals, SARS and the war with Iraq. Yet, after a reasonably calm summer in the Washington, D.C. region, is it safe to say that we've weathered the storm and are back on track for recovery?

To help answer that question, this paper compiles the research of many expert sources, and presents information on regional visitor and tourism trends. Data showing the comparisons between 2002 and 2003 are presented, and when appropriate, are placed against national figures. This paper also explores a growing segment of tourists who visit the Washington, D.C. area, and draws conclusions regarding the trends of local tourism, national tourism and consumer trends in general. Additionally, a summary of projects is presented which represent the current regional level of investment in visitor assets. Finally, this paper concludes with suggestions to ensure the continued growth and recovery of our regional tourism industry.

Summer 2003: The Return of Tourism

The return of public White House tours on September 16, 2003, spelled the accomplishment of an important milestone of recovery for the region. Yet, as we've seen before, it was not a simple return to normalcy, and accommodations were required for the new environment in which we live. White House visitors now must make reservations through their members of Congress instead of waiting in first-come, first-served lines, and must submit their name, date of birth and Social Security number to their U.S. Representative or Senator. As with so many other cases in the Washington D.C. region, being "back to normal" does not necessarily mean business as usual.

Nevertheless, the Washington, D.C. region continues to recover and resume its position as a top destination for tourists. A number of surveys which looked at trends in tourism over the summer of 2003 found Washington, D.C. to be a popular destination. For the Fourth of July weekend, Priceline.com's most booked destinations listed Washington in the 29th most booked position. Travelweb.com (created by five major chains including Hilton, Hyatt, Marriott, Six Continents, and Starwood in collaboration with Pegasus) listed Washington, D.C. as the ninth most popular destination.

The summer trends continued into fall, as the Washington, D.C. region enjoyed similar popularity over Columbus Day weekend. Priceline.com's *Top 50 Destinations* list for Columbus Day Travel, which is based on 30,000 actual hotel room requests, ranked the Washington D.C. area 16th in the list for the weekend of October 11-13 of this year. Washington D.C. fell behind several other cities such as Chicago, New York, Las Vegas, Boston and Orlando, but was ahead of Oahu, Maui, Paris, San Antonio, Seattle, Miami, Philadelphia, Baltimore and Los Angeles.

Overall, the summer of 2003 saw a positive resurgence of tourism in the region. It represented the first period since January of that same year that positive RevPAR¹ growth was achieved in the Greater Washington area. This recovery surpasses national trends which show only a moderate increase in summer travel between 2002 and 2003. Figure 1 below shows national RevPAR growth, with projections into 2004 and 2005. Figure 2 shows overall revenue growth in the region compared to national data.

Figure 1 – U.S. Lodging Industry RevPAR Growth Year-over-Year Change

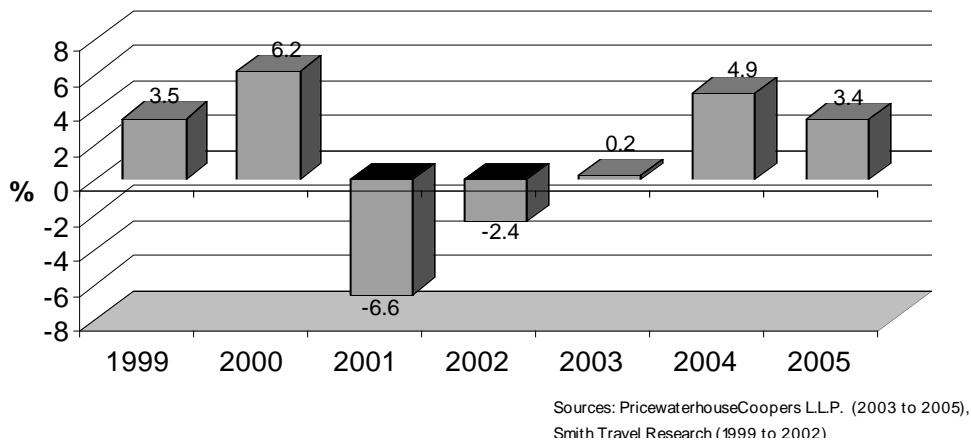
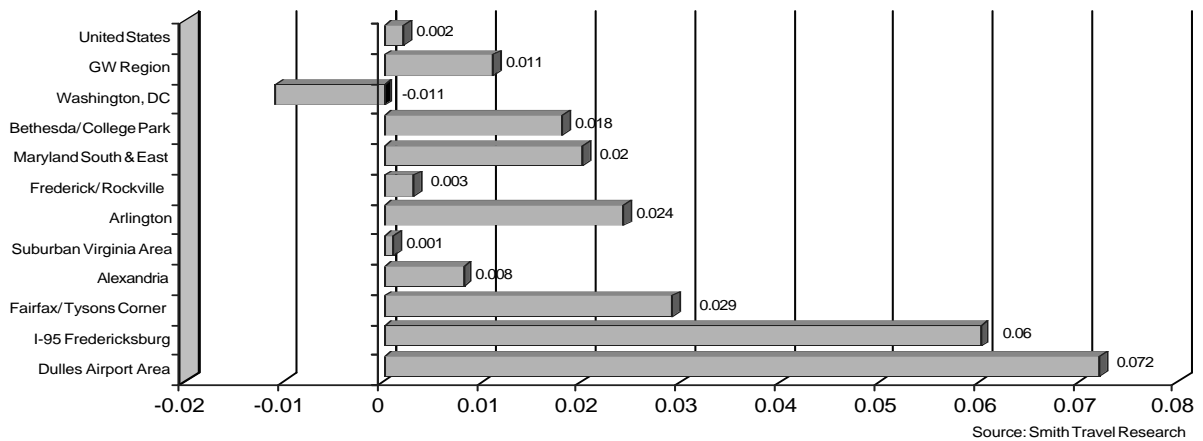


Figure 2 – Regional Revenue Growth 2003 vs. 2002 (8 months)



¹ RevPAR is defined as revenue per available room and is calculated by dividing the total room revenue by available rooms for a given period of time.

It can be surmised that the increase in summer travel was also affected by the end of the combat phase of the war in Iraq, which brought a return of visitors that was relatively higher than the prior year. Nevertheless, impressions of domestic uncertainty in the economy may have kept a lid on the potential robustness of that travel. Citing concerns over personal finances, a Harris Interactive nationwide poll reported that at the beginning of summer, 51% of American families said they were not taking a vacation during the summer and 7% had delayed plans.

This same study found a notable shift in attitude regarding deterrents to travel. For instance, travel deterrents such as terrorism, public health threats, general economic issues and job security took a back seat to family budgets for nonessential expenses. The poll also supported a growing trend of leisure travelers to make vacation decisions with less advance planning.

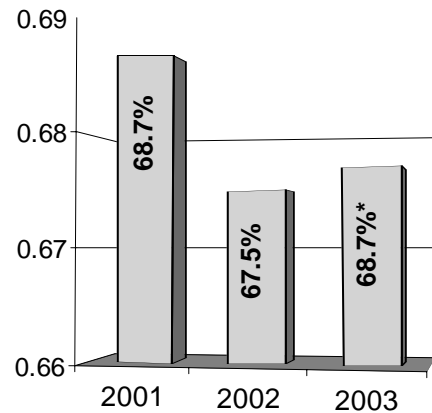
Yet, many Americans find vacations to the Washington, D.C. region an important part of the responsibility they feel to their nation. Of those Americans surveyed by Harris Interactive, 61% said experiences that center on American history or culture are important to their summer plans. 61% also reported that a driving destination was important, making Washington D.C. area a destination of choice for many in the mid-Atlantic region.

Getting and Staying Here

Further evidence supports the desire to drive to a vacation destination. In research conducted by the Travel Industry Association of America (TIAA) for AAA, national Labor Day travel levels were the highest in at least nine years. TIAA estimated 33.4 million Americans would travel 50 miles or more

from home this holiday, up 1.8% from last year. The previous high for Labor Day travel was 33.2 million in 1995. 4.8 million of these vacations occurred in the Northeast. Of the total Labor Day travelers, 46% expected to stay in a hotel or motel. Figure 3 shows the trend of nationwide summer travel and occupancy during the summers of 2001 through 2003.

Figure 3 – Nationwide Summer Travel Occupancy: Memorial Day Through Labor Day

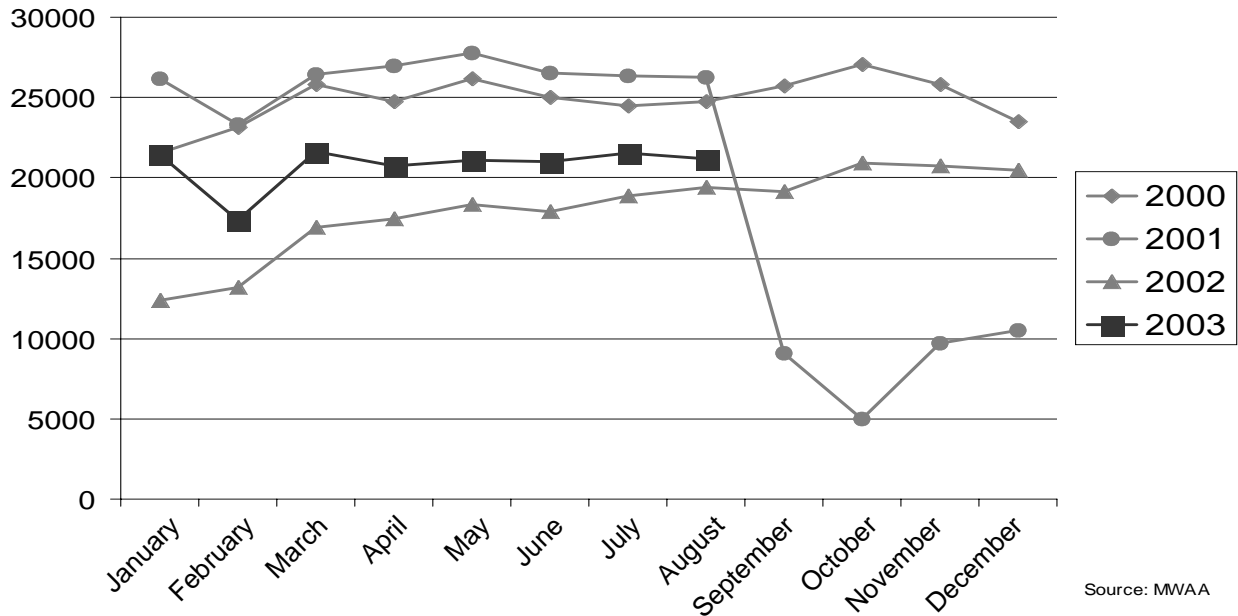


*Expectations

SOURCE: PricewaterhouseCoopers

Flying is still the travel option of choice for many, most notably among business travelers. The recovery of Reagan National Airport following a prolonged closure and restructuring, and a new business model from US Airways has created changes in the airline industry that are still evolving. Trends in 2003 show an increase over 2002, and a fairly steady, if gradual climb throughout the year. The only dip appeared in February of 2003, which is most likely due to the declaration of war in Iraq. For the first time in July 2003, passenger traffic neared rates seen in 2000. Other critical statistics on the aircraft operations and passenger traffic at Reagan National Airport are illustrated in Figure 4 and 5.

Figure 4 - Aircraft Operations at Reagan National Airport



Source: MWAA

Chart 5 – Passenger Traffic at Reagan National Airport



Source: MWAA

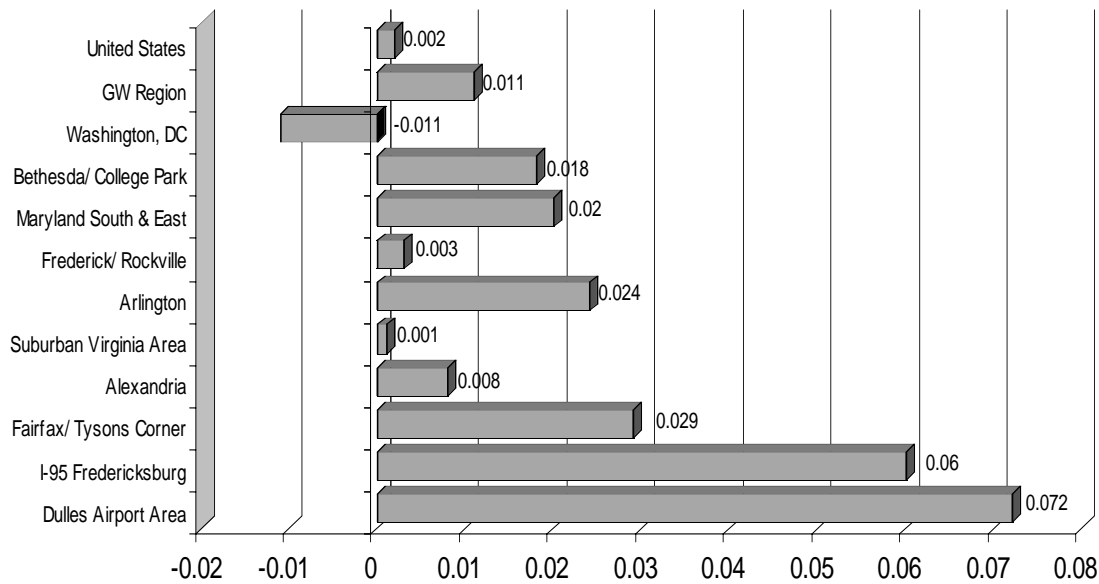
The Washington D.C. area enjoys a deep and varied hotel base, with enough options and locations to house visitors of every taste, style and budget. Washington, D.C. hotels account for thousands of jobs throughout our area; significant decreases in tourism and associated hotel stays caused drastic loss of jobs among hotel staff. Occupancy rates continue to rebound, and

are forecasted to return to pre 9/11 levels in 2004. A strong recovery seen by the lodging industry in late summer is expected to build momentum for increased lodging demand next year, according to PricewaterhouseCoopers, a leading lodging research firm. PricewaterhouseCoopers now forecasts RevPAR for the U.S. lodging industry to stabilize in 2003 at +0.2%

and then increase by +4.9% in 2004 and +3.4% in 2005. The emerging improvements in business travel activity coupled with the increase in leisure travel noted in the late summer contribute

to these expected upward trends. Figure 6 illustrates the breakdown of hotel rooms throughout the Washington, D.C. region. Figure 7 illustrates lodging trends throughout the U.S.

Figure 6 – Hotel Rooms in Greater Washington Region



Source: Smith Travel Research

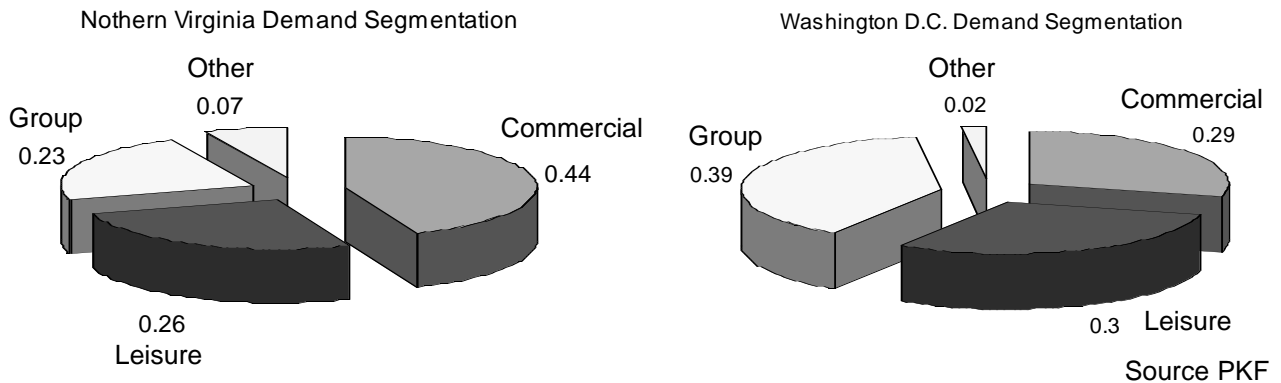
Figure 7 – U.S. Lodging Industry Forecasts

	HISTORY				FORECAST	
	1999	2000	2001	2002	2003	2004
Occupancy Level (%)	63.2	63.4	59.7	59.2	59.1	60.7
Percentage Change From Prior Year						
Average Daily Rooms Sold	3.2	3.4	-3.5	0.8	1.3	3.9
End-of-Year Room Supply	3.5	2.6	1.9	1.7	1.2	1.3
Average Daily Rate	4.3	5.5	-0.9	-1.5	-0.3	1.8
Revenue per Available Room	3.5	6.2	-6.6	-2.4	0.2	4.9

Leisure travel continues to be an important component of the total business mix in both Washington, D.C. and Northern Virginia. One third of visitors to the Washington D.C. region

and one quarter of visitors to Northern Virginia are leisure travelers. Nearly half of all travelers coming to Northern Virginia are business travelers. Figure 8 below illustrates the mix.

Figure 8 – Leisure travelers as a component of the total business mix in July 2003



Travel and Tourism Trends

Randall Travel Marketing, a top travel research organization, has compiled the top ten travel trends for the industry. Notable expected changes in the tourism economy include new marketing uses of technology, intense consumer research, and scientific economic tracking to ensure maximum economic impact from each possible market segment. It is becoming clearer that the economics of tourism and travel cannot be left to chance. Consumers in all segments report they seek safety, fewer hassles, more personal comfort, and more nurturing travel experiences. Consumers are actively comparing options, investigating and choosing wisely while putting a strong emphasis on value.

Top Ten Trends

1. Flat growth in overall travel and tourism revenues.
2. Primary travel concerns include safety, personal comfort and value.
3. Business travel will continue to decline, with an associated affect on convention and meetings markets.
4. Leisure travel will enjoy sporadic increases, but changes will be evident in trip planning and selection.

5. Last minute travel will increase; consumers will have shorter planning periods.
6. Technology use will increase in travel planning and purchase.
7. Family travel will increase.
8. Travel marketing organizations (airlines, lodging, attractions, DMOs, etc.) will be forced to reinvent themselves, and become more focused on intense research of all travel segments to help continue driving growth.
9. Time continues to become one of the most precious commodities for consumers and drives travel and tourism behavior.
10. Leisure travelers will look for more intimate travel experiences; those that allow total immersion in a culture, destination, or experience.

Source: Randall Travel Marketing

Consumer Trends

Many consumer trends, of course, drive tourism trends. Futurist Faith Popcorn regularly provides insight into the top consumer trends to be mindful of in today's marketing world. Three trends recently cited are of particular interest as they support Randall Travel Marketing's Top Ten Travel Trends outlined above. The three noted consumer trends are:

1. **99 Lives:** Too fast a pace, too little time, causes time to become the new money: people would rather spend money than time.
2. **Anchoring:** Reaching back to our historical and spiritual roots, taking what was secure from the past in order to be ready for the future.
3. **Clanning:** A desire to belong to a group that represents common feelings, causes or ideals, and validates one's own belief system.

These consumer trends: an increase in the value of time, an interest in our historical roots, and a desire to find commonality between each other and within our nation, should contribute to an increased interest in travel to the Washington D.C. region. Additionally, the ease and speed of getting to Washington, whether by car, train or plane, creates value in the eyes of consumers who are faced with a decreased amount of time available for leisure activities.

Greater Washington Region Invests in Visitors Infrastructure and Attractions:

Throughout the Washington, D.C. region's drive towards recovery, private entities, government, and non-profits have continued to invest in our visitor assets, ensuring that the region is poised to offer visitors the memorable travel experience they expect. Additionally, as travel rates return to pre-9/11 levels, the region will be prepared to welcome a resurgence of visitors.

In addition to hotels, restaurants, and retail shopping that is being developed to serve the visitor industry in the Washington, D.C. region, the investment in visitor arts, historic, cultural, and entertainment facilities is phenomenal; an estimate conducted by the Greater Washington Initiative of major projects sets expenditures in the range of \$3.1 billion dollars. The wealth of projects coming to fruition,

scheduled to open soon and planned for the near future are an indication that positioning the region as a premier destination for visitors is a top priority.

The following list of 28 attractions represent the region's continued emphasis on improving and expanding its visitor assets.

1. **Washington Convention Center (2002):** The new 2.3 million square foot center opened in March of 2002 and is expected to generate 3 million additional visitors to the area annually. The delegates, attendees, exhibitors will help support hotels, restaurants and shopping throughout the region.
2. **Steven F. Udvar-Hazy Center (2003):** The Smithsonian Institution's National Air and Space Museum is building a new museum for the display and preservation of its collection of historic aviation and space artifacts. Eventually, over 200 aircraft and 135 spacecraft will be on display. At the December 15, 2003 opening, approximately 80 aircraft and 60 large space artifacts will be on exhibit.
3. **Air Force Memorial (2006):** The memorial, overlooking the Pentagon and occupying a three-acre parcel at Arlington Naval Annex, will feature three soaring curved stainless steel spires. The highest will ascent 270 feet above the site. Key elements of the memorial include a bronze Honor Guard, inscription walls and a memorial park and parade ground overlooking the nation's capital. Completion is scheduled for 2006.
4. **World War II Memorial (2004):** This is the first national memorial dedicated to all who served during World War II. The memorial, established on the mall between the Lincoln and Washington Monuments by the Arlington-based American Battle Monuments Commission, will honor all

military veterans of the war, the citizens on the home front, the nation at large, and the high moral purpose and idealism that motivated the nation's call to arms. It will be dedicated on May 29, 2004.

5. **John F. Kennedy Center for the Performing Arts (2013):** In need of administrative space and rehearsal facilities, the Kennedy Center has selected Rafael Vinoly to design new spaces, and to extricate the Center from a knot of free-ways that have isolated it since it was built in 1971. His concept reshapes the eight-acre corridor, located east of the Center, into a boulevard flanked by curving steel buildings and inlaid with a cascading fountain, bringing the center into pedestrian and visual linkage with the city. Project completion is slated for 2013.
6. **The Corcoran Gallery of Art:** Founded in 1869, it is Washington's oldest art museum, and its only college of art and design. Final approval has been given to architect Frank O. Gehry's design for the second and final wing of the Corcoran. The new design doubles the space of the Corcoran College of Art and Design as well as the Museum of Art.
7. **Pentagon Memorial (2005):** This new memorial commemorates the September 11, 2001 terrorist attack on the Pentagon and the 184 lives that were lost in both the Pentagon and American Airlines flight 77. The memorial is scheduled to be completed and dedicated in the fall of 2005. It is situated on 1.93 acres adjacent to the West Side of the Pentagon and will be open to the public. The site will be most accessible from Arlington's Pentagon Metro Station.
8. **National Archives (2003, 2005):** After a two-year renovation, the National Archives reopened to the public on September 17, 2003. Visitors can view the Constitution, the Bill of Rights, and the Declaration of Independence; the renovations make these historical documents more accessible than ever. Additionally, a new exhibition was unveiled that chronicles the creation of charters of freedom, a collection of documents from the 18th century, and their impact on the course of history. \$100 million in public and private funding made the renovation possible. By the end of 2005, the newly refurbished rotunda and document viewing area will be joined by 12,000 square feet of new exhibit space, a conference center, a learning center and a 275 seat theater.
9. **The Phillips Collection (2004):** The Phillips Collection, an internationally famous museum founded in 1921 by Duncan Phillips was the first museum dedicated to modern art. A new center for studies in modern art is being added to the Phillips, and is slated to be finished in 2004.
10. **National Museum of the U.S. Army (2009):** This newly created museum will tell the story of the Army and the relationship between this branch of the armed services and the citizens of the United States. Fort Belvoir in Virginia has been designated as the site for the museum. The anticipated opening in June 2009 will coincide with the United States Army's 234th Birthday.
11. **U.S. Capitol Visitors Center (2005):** Construction has already begun on a new facility which will provide visitors with an enhanced experience of Washington, D.C. through exhibits, displays of historic documents and documentary presentations. The Center will be finished in 2005.
12. **National Museum of the American Indian (2004):** Scheduled to open in 2004 on the National Mall in Washington, this Smithsonian-affiliated museum will house one of the finest and most comprehensive collections of American Indian cultural

materials in the world. Its collection will include more than 800,000 objects and 86,000 photographic images.

13. **Arlington International High Tech Conference Center (2009):** Slated to open in 2009, this 260,000 square-foot facility will have 104,000 square-feet of public rentable space. The Conference Center is expected to attract visitors, delegates, attendees, and exhibitors which will help support hotels, restaurants and shopping throughout Arlington.
14. **Martin Luther King, Jr. National Memorial:** This memorial, located near the Tidal Basin in Washington, D.C., will be on a four-acre site adjacent to the Franklin D. Roosevelt Memorial, and on a direct line between the Lincoln and the Jefferson memorials. At this time, the projected date for completion has not yet been determined.
15. **Strathmore (2005):** The Music Center at Strathmore in Montgomery County, Maryland is anticipated to open in 2005. This Center will include a magnificent, world-class 2,000-seat concert hall, as well as a music education center with rehearsal halls, classrooms and studios.
16. **The City Museum (2003):** The City Museum, operated by the Historical Society of Washington, D.C., tells the story of the people who built Washington, D.C. and the history of its neighborhoods and communities. The 60,000 square-foot museum includes exhibition and educational space, a multimedia theater, a research library, reading rooms, a café, and a museum shop.
17. **National Museum of the Marine Corps and Heritage Center (2005):** Currently housed in the USMC History and Museums Division at Quantico, priceless artifacts that show the role of the Corps in the nation's history will now have a permanent home that offers better preservation and public visitation. To be located at Quantico, 30 miles south of Arlington, Virginia, this state-of-the-art center is slated to open November 10, 2005.
18. **Newseum (2006):** Originally located in Arlington, this new, six-level, 215,000-square-foot interactive museum of news will contain three times as much exhibition space in its new location in Washington, D.C. It is scheduled to open in late 2006. The Newseum's previous site is attracting interest from both existing and newly created museums that recognize the value of this region, the visitor audience, and the purpose-built space located in Rosslyn.
19. **Arlington Heritage Center:** This Center, a joint effort between the Black Heritage Museum and the Arlington Historical Society, will be a combined, focused facility with space for memorials. The planned site is slated to be located at the former Arlington Naval Annex.
20. **Montgomery County Conference Center (2004):** The conference center will house a 23,000 square-foot ballroom, and 13,000 square-feet of meeting rooms, classrooms, board rooms and a 130-seat amphitheater. In addition, it will include 20,000 square-feet of public open space which can be used for exhibit, reception and other pre-function purposes. It will be completed in December 2004.
21. **Arlington Visitors Orientation Center (2003):** Assisted by a grant from the U.S. Department of Commerce, Economic Development Administration and the leadership of the Arlington County Board, this regional visitors orientation center opens and is dedicated on October 22, 2003.

22. **American Film Institute (2003):** The AFI Silver Theatre and Cultural Center in Silver Spring, Maryland opened in 2003 in a rehabilitated and expanded state-of-the-art theatre complex with three theatres, a café, film-based retail, reception and exhibition areas.
23. **National Museum of African American History and Culture (2011):** Proposed to open by 2011 on a prominent site, the museum will house a permanent collection of artifacts and historical materials showcasing over 400 years of African American History and culture, and will be funded through a federal/private partnership.
24. **Signature Theater (2005):** This Arlington theater, which has grown from a local theater company to one of national importance over the last 10 years, will soon be housed in a new Signature Theater complex, located within the existing Shirlington entertainment district. It is slated for completion in 2005.
25. **Mount Vernon Estate and Grounds (2007):** A new museum and orientation center complex will be added to the estate, designed to bring visits to the first president's home into the multi-media age. Visual and aural excitement along with the impressive history of George Washington will offer a complete experience to a new generation. Completion is scheduled for 2007.
26. **Arlington Skating Center (2004):** Serving the dual purpose of an NHL practice facility and community ice rink, this facility will be the practice rink for the Washington Capitals and well as a public skating facility and a tournament home for leagues of all ages. It is scheduled to open in late 2004.
27. **Smithsonian American Art Museum and National Portrait Gallery (2006):** These

two adjacent facilities, currently located in the 1840 Patent Office Building are scheduled to reopen to the public on July 4, 2006, following a massive renovation.

28. **Shakespeare Theatre (2006):** A second theater will be added to the current Landsburgh Theater, both located in Washington, D.C. near the MCI Center. Scheduled to open for the 2006-2007 season, this 800-seat performing arts center will provide an expanded venue for this national classical theatre company.

The Historic/Cultural Traveler: A Growing Segment

A recent study by the Travel Industry Association of America and Smithsonian Magazine shows continued and growing interest in travelers' desire to experience cultural, arts, historic and heritage activities. The Greater Washington area's existing and planned facilities in this category should prove extremely influential to the leisure traveler. Regarding the historic/cultural traveler, William S. Norman, President and CEO of the Travel Industry Association of America says, "The sheer volume of travelers interested in arts and history, as well as their spending habits, their travel patterns and demographics, leaves no doubt that history and culture continue to be a significant and growing part of the U.S. travel experience. This is a market to which the travel industry needs to pay close attention in the future."

A remarkable 81%, or 118 million, of U.S. adults who traveled in the past year are considered historic/cultural travelers. These travelers spend more money on their trips compared to the average U.S. trip. When polled, most historic/cultural travelers agree that trips where they can learn something new are more memorable to them. 26% feel that a leisure or vacation

trip away from home is not complete without visiting a museum, historic site or landmark, and 17% state that attending a cultural event or arts performance is a necessary part of their vacation. Virginia ranks sixth in the top states visited by historic/cultural travelers.

Historic/cultural travelers most often use the Internet and Web sites to research, gather travel information, and to book travel arrangements. The following section looks at the impact that the Internet and other electronic distribution channels will continue to have on the tourism industry.

Impact of Electronic Distribution Channels

According to Forrester Research, the Internet is expected to account for \$96 billion in retail sales in 2003 in the United States, of which some 30% will be for travel. Travel services – including airline tickets, hotels, and car rentals – will account for some \$27 billion dollars in online sales this year, a 37% increase over the prior year. The survey indicated that despite the bursting of the dot-com bubble, Internet e-commerce remains on a strong growth track. Nevertheless, industry analysts report that the popularity of online travel companies and their stocks may be waning. Lorraine Sileo, analyst with PhocusWright, a Connecticut-based consultant to the e-travel industry, has stated she “suspects the party is definitely winding down.” While growth is expected in 2004, total industry sales are expected to grow at a slower pace, about 21% to \$34 billion. Top reasons for this slowdown of growth point to the consolidation of top sites vying for market share, in an arena that lacks customer loyalty.

It is important to note that although growth is expected to slow, growth will still occur. The Internet continues to be a tool many travelers use when planning both leisure and business travel. Electronic distribution channels

represent a necessary marketing pipeline, which the tourism industry must learn to use effectively, to maximize their audience reach.

The top six Internet sites for hotel transactions include:

1. Expedia.com
2. Travelocity.com
3. Orbitz
4. Hotels.com
5. Priceline.com
6. Hotwire

Internet sites which consumers use to book travel will continue to account for a sizable number of transactions not made directly with a property or hotel chain. Together with Hotels.com, Expedia accounts for over 70 percent of online hotel bookings. The next wave of growth for online travel sites is a strong, but evolutionary growth, with a strengthening of brand identity. Additionally, online travel organizations will seek ethnic markets, including Hispanics and Asian-Americans. According to Ethan McAfee, analyst with Capital Crossover Partners, “Expedia and Hotels.com have the strongest brand appeal now, Priceline is losing market share because customer satisfaction is by far the worst. Expedia has better technology and a stronger management team.”

The Center for Hospitality Research at Cornell’s prestigious School of Hotel Administration reports that by 2005, an estimated 1 in 5 hotel bookings will be made online, up from 1 in 12 in 2002. It is important to note that hotel bookings online likely represent only a fraction of the amount of use of the Internet for travel research. For every room booked online, an equal or greater number of consumers have shopped online and conducted the transaction using the telephone.

Cornell research tells us that third-party sites were viewed initially by hotels as a means to clear the inventory of unsold rooms through a discounted distribution channel. Now, however, hotel sites are competing with the third party sites. The traditional travel agent is also using the Internet to create value for clients.

The Internet is becoming increasingly user intimate, screen oriented, and content rich. This form of distribution makes booking hotel services more efficient and responsive than telephone-based approaches, according to the Cornell study. Additionally, because the Internet allows the user unrestricted access to all pricing plans, the threat of electronic distribution is the “risk that consumers will come to view hotel services as commodities to be purchased only according to price.” Differentiation of product and barrier to entry premises must be the foundation of a hotel or destination sell, otherwise each becomes a commodity and attempts to become the low cost producer.

Pricing integrity, necessary for profitability, must return to the formula. The Internet has the potential to deliver visually rich and personalized content. If the message that consumers receive is essentially a price-only message, the value-added aspect of hotel selection is compromised. Customers will tend to now use those low, wholesale driven prices as their benchmarks for future pricing expectations. Future increases to RevPAR need to see a strong contribution from increased average daily rates. Cornell’s researchers predict the following to occur:

1. Expect hotel chains to challenge the current major online retailers and wholesalers
2. As demand improves, rising occupancy will reduce the markups required by wholesalers. Individual property managers will have to take rate increase action based on individual market realities.

3. Hotel property and chains will have success in building business on their Web sites, but not at the expense of online travel agencies. Leisure travelers prefer having the wide selection available through third-party online retailers.
4. Hotels’ commission payments to intermediaries will give way to pay-for-performance programs aimed at shifting market share and providing other value-added services.
5. Chains will challenge travel agencies on service and sales to the small and medium-size enterprise market as a way to continue growing.
6. Distribution will become increasingly more complicated and new products and players will emerge. Armed with sophisticated information and rising occupancy, hotels will slowly but steadily gain improved, but never complete, control over their pricing and inventory.

Recommendations for Growth

Based on the information cited in this document, the Arlington Convention and Visitors Service has compiled a number of recommendations for our industry as we seek to continue our trend of recovery since 9/11.

Take a Regional Approach

As the information cited in this paper indicates, the Washington, D.C. region is a highly integrated area, with no single jurisdiction’s tourism market succeeding or failing on its own. Our region’s visitor assets are widely spread across many locations, including Washington, D.C., Virginia and Maryland, and our top-notch transportation system makes it easy for visitors to get anywhere quickly and easily. Our airports and train stations, no matter where they are located, receive passengers who

may or may not stay within the borders of that city or state. Business travelers who fly into Reagan National Airport may take the Metro to another stop in Arlington, cross the river to Washington, D.C. or even travel to Bethesda.

Any traveler coming to the Washington, D.C. area most likely has two characteristics. First, they are likely to visit numerous jurisdictions in the region during their stay. Regardless of the ultimate purpose of their trip, visitors are likely to cross jurisdictions for business or pleasure, and will patronize establishments across our region. Second, the visitor has limited time. Certainly, this is the case for most business travelers. But leisure travelers are affected by heavy time constraints as well. As our consumer trends have indicated, time is the new money. People have less and less time to plan, and take, vacations.

Given the integrated nature of our area, the ease and likelihood of visitors to cross jurisdictions, and the high value of time, a regional approach to the delivery of information is recommended to reach visitors coming to the Washington, D.C. area. Visitors need a single, trusted, integrated source of information from which they can plan their trip, whether for business, pleasure or both. This source of information should provide resources and information on various jurisdictions in our area, be easy to access and contain unbiased content.

Know Your Customer

For many years, the Washington, D.C. region enjoyed popularity as a destination without the need of deep customer research, strategic marketing campaigns, and heavy analysis of its industry. After all, the Washington, D.C. region was unique in its offerings; no other city in the United States, and even the world, could offer its combination of history, modern amenities, business, political and legislative power centers, entertainment, and ease of transportation.

However, after being a direct target of the terrorist attacks on 9/11, the world began to look at the Washington, D.C. area slightly differently. In the days that followed, the area – and those who were in it – were seen as targets, at risk and unsafe. Gladly those days are long gone, and for the most part, the general population no longer shies away from travel to our region. However, some lingering caution, new challenges in travel, and consumer and business trends have conspired to make our recovery longer than we would have liked.

Today, our customer is different, and we must respond to them differently. Our consumer base has different concerns, different goals and evaluates their travel purchases more carefully than ever before. They no longer travel to Washington, D.C. just because its Washington, D.C. Today's visitors expect more, have more demands, and want different things from a vacation. To reach this changed customer base, and to speak to them in a meaningful way, we must closely study and analyze our traveler segments to effectively communicate tailored messages. The results of these studies should be directed marketing campaigns based on tourism and consumer trends, with a specific emphasis on our previously identified sector of historic/cultural travelers.

Maximize Your Assets

To continue attracting visitors to the Washington, D.C., especially the historic/cultural traveler segment, the Washington, D.C. region should continue its emphasis on the support of visitor assets to maintain our status as a destination of choice. Our world has indeed changed, and in many cases, in ways we are still becoming accustomed to. Nevertheless, the results of 9/11 have not been all bad. We've seen a new emphasis on our national pride, and a renewed interest in our collective heritage as Americans. The Washington, D.C. region has unparalleled

assets to offer visitors seeking these types of travel experiences.

Few other cities offer as many visitor assets as can be found in our region; in fact, very few destinations are regional in nature. Most are far more limited in their scope, with less to see, and fewer ways to get there. Even fewer offer the combination of business and leisure assets found in the Washington, D.C. region. It is imperative, then, that our area continues to emphasize, invest in and expand its rich variety of visitor assets, to continue to set our area apart from other destinations. For the Washington, D.C. area to remain a destination of choice for both leisure and business travelers, our visitor assets must meet the high expectations of our consumers.

Your Message, Your Voice

As we have seen, the proliferation of electronic distribution channels can be both an asset and in some cases, a detriment, to the travel industry. While Web sites offer unparalleled ways to reach and communicate with travel consumers, third-party Web sites often dilute the differentiation that many of our hotels rely on, reducing the decision process to a mere comparison of prices.

Our region's travel industry must harness the Internet effectively to maximize its assets and

deliver the types of messages that it wants to send to travel consumers. To rely on third party Web sites only risks the continued reduction of differentiation, and the perceived uniformity of our hotel base.

Likewise, the Internet is also an effective way to distribute regional information to large numbers of people. Information cited in this paper indicates a continued increase of usage of the Internet for travel planning, both leisure and business. Our region can harness this technology to deliver powerful, effective and timely messages in an efficient fashion to this audience who is already familiar with – and in many cases seeks – information in this format.

The Arlington Convention and Visitors Service would like to thank the many professional organizations that contributed information and research to this report. The Greater Washington Region has a strong visitors industry and is weathering a nation's tumultuous environment as well as, and in some cases, better, than other destinations. Our sincere gratitude is extended to the thousands of people employed by the tourism and travel industry who provide personal, genuine and exemplary service every day to our visitors. These employees are our region's ambassadors, and the means by which the Greater Washington area will continue to flourish as a destination of choice.



Arlington Economic Development
Arlington Convention and Visitors Service