

**Second Quarter 2011  
Marketing Report  
To The City of Branson**

**Branson/Lakes Area Chamber/CVB**

**August 23, 2011**

# Presentation Overview



- **2011 Economic Overview**
- **2011 Travel Industry Overview**
- **2011 Q2 Branson Update**
- **2011 Marketing/Initiatives**





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# Economic Outlook



# WARNING

**For safety, you should be in good health and free from high blood pressure, heart, back, nervous issues, hives, panic attacks, or other conditions that could be aggravated by viewing this presentation.**

**Expectant mothers should not view this presentation.**

# State of the Economy

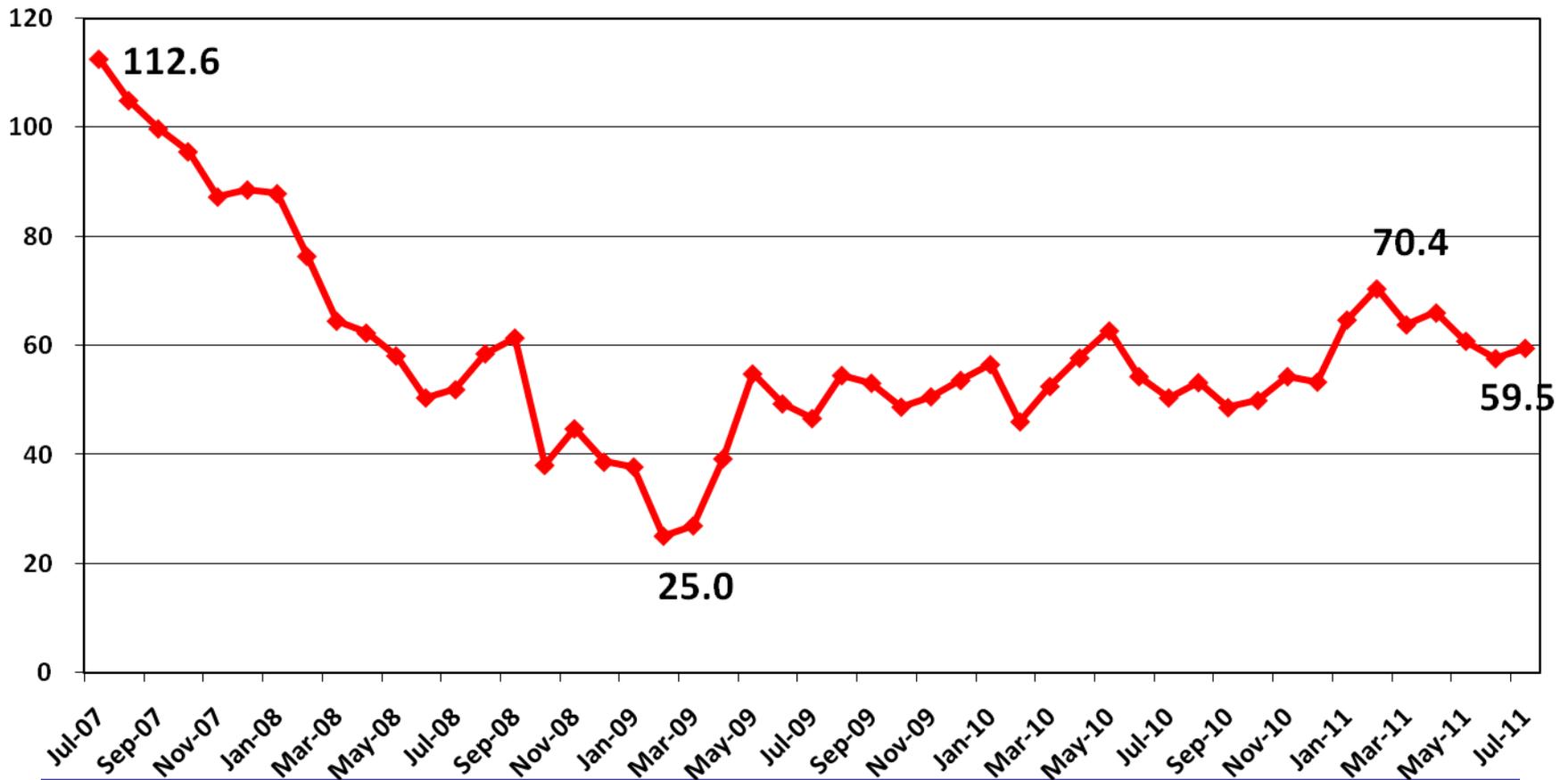
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- With the recession over, where exactly is that recovery everyone was talking about last year?
- Second quarter GDP grew by only 1.3% and consumer spending was up by only 0.1%-- astonishingly low by any account.



# Consumer Confidence

Consumer confidence remains perilously low. An index of 90 is required for sustainability and 100 is needed to represent growth. We now sit at 59.5.



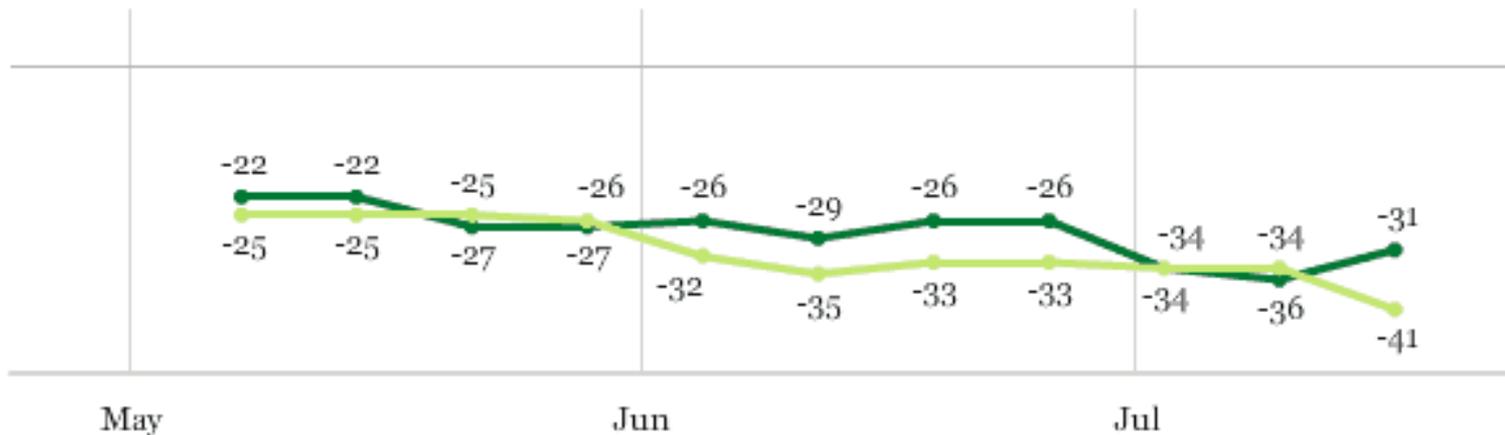
Source: The Conference Board

# Economic Confidence Index

Americans have begun to lose confidence in the economy again. Gallup data shows the figure is back to the level of March 2009—three months before the last recession ended.

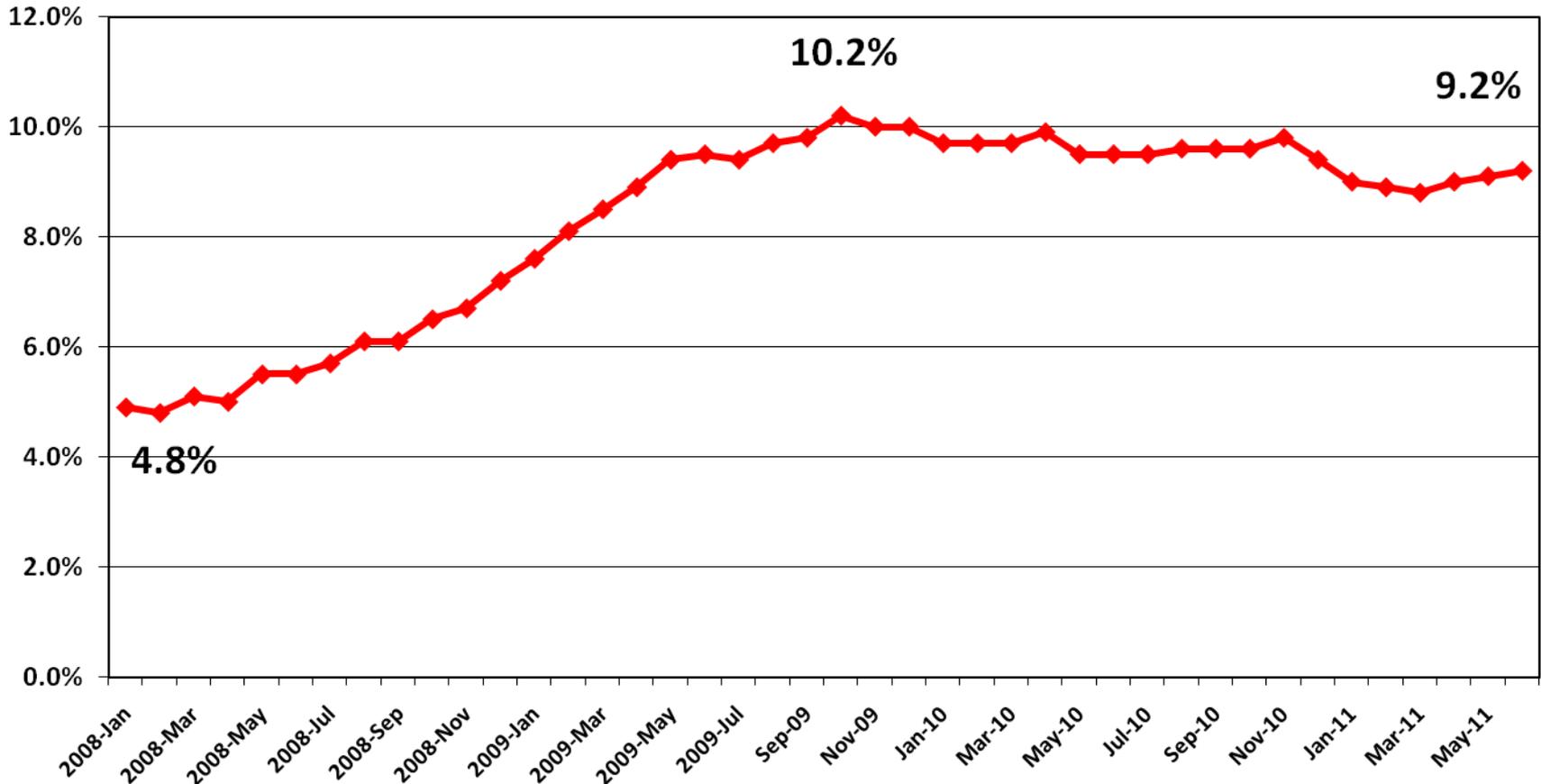
*Economic Confidence Index by Week, May-July, 2010 and 2011*

■ 2010 ■ 2011



# U.S. Unemployment Rate

U.S. unemployment remains high by historic standards.



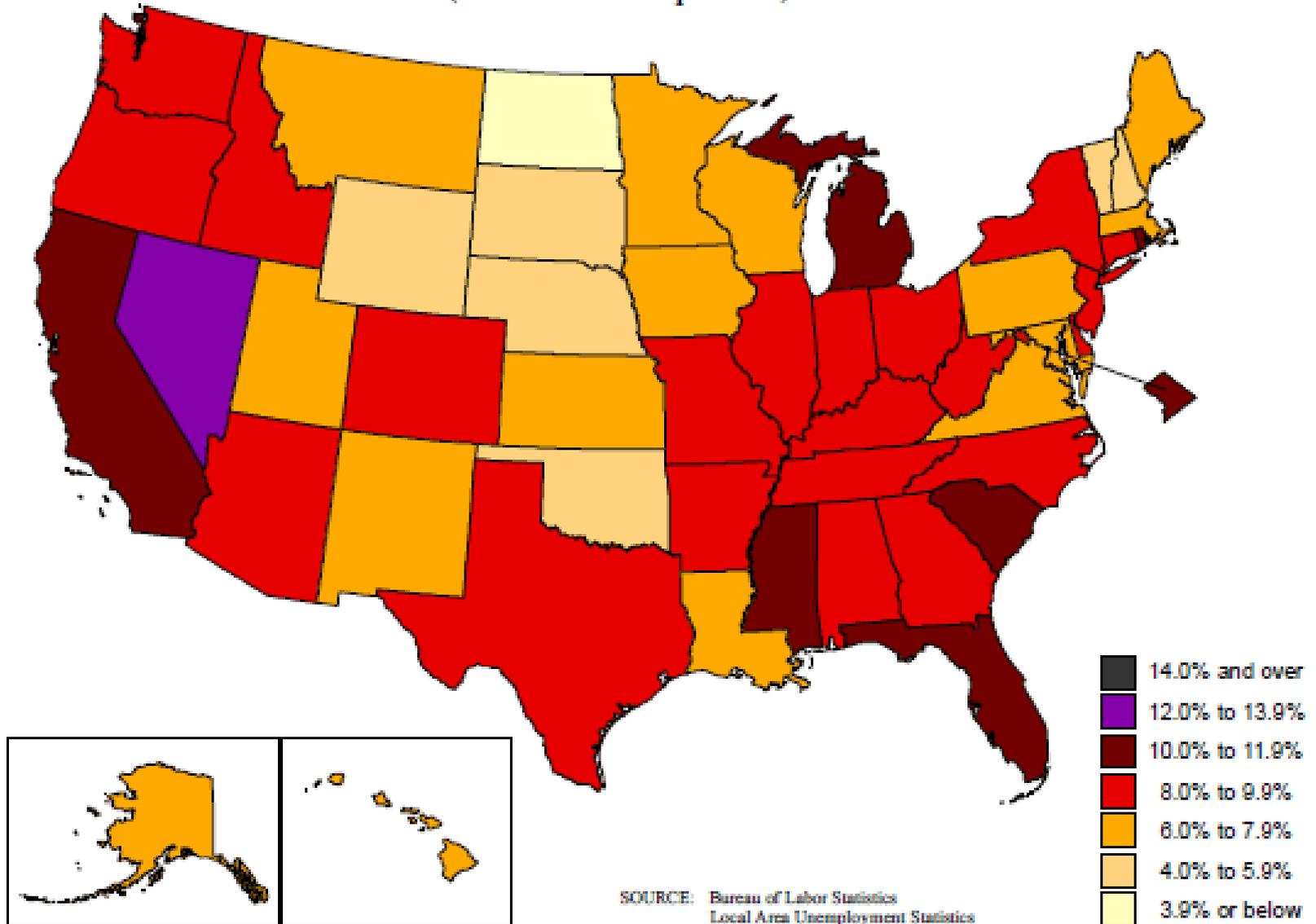
Source: Bureau of Labor Statistics

**Unemployment rates** vary by region of the country. But, the **West South Central**, South Atlantic and West Coast states continue to have the **highest unemployment rates** nationwide.



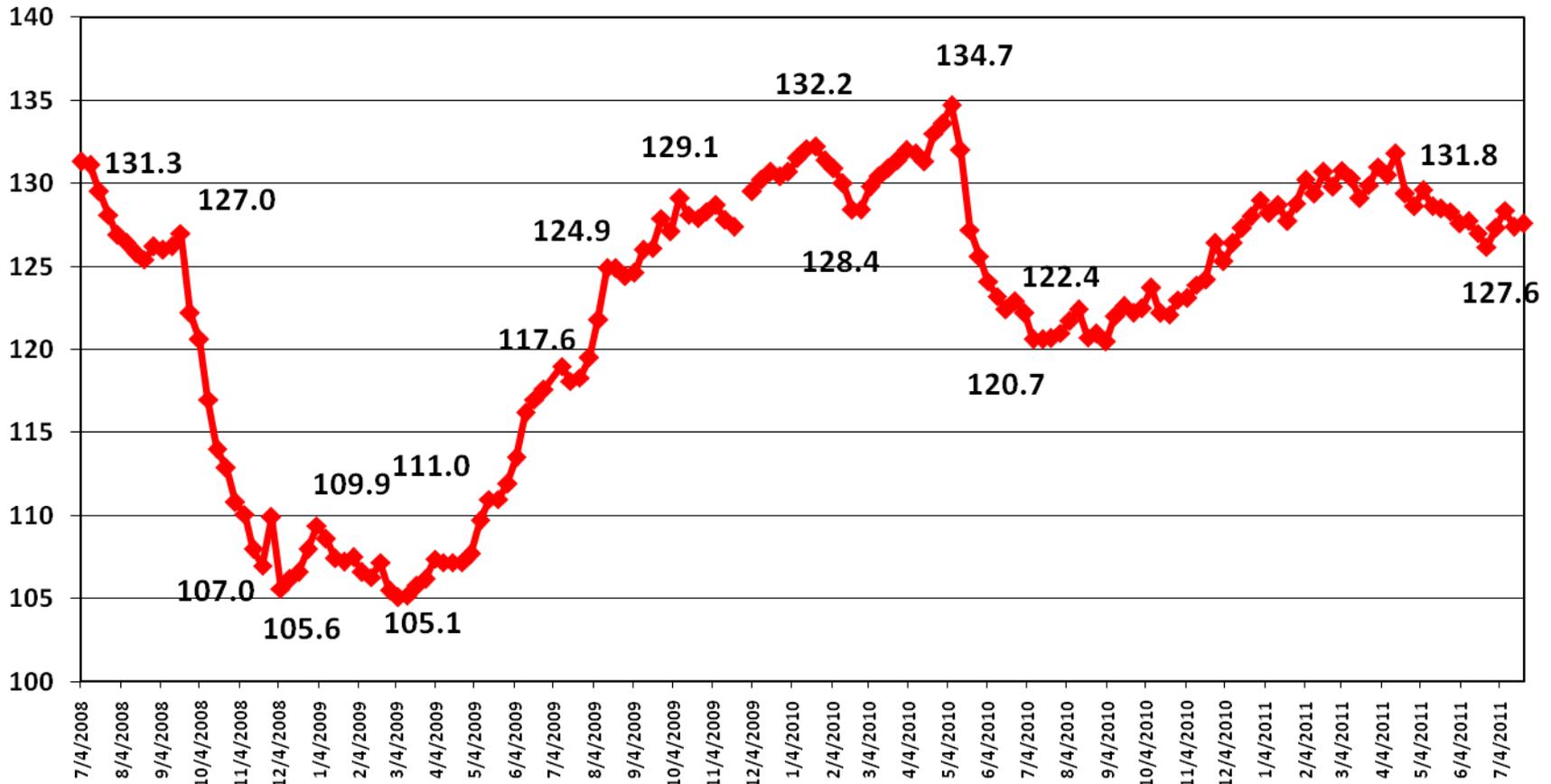
# Unemployment rates by state, seasonally adjusted, June 2011

(U.S. rate = 9.2 percent)



# Weekly Leading Index

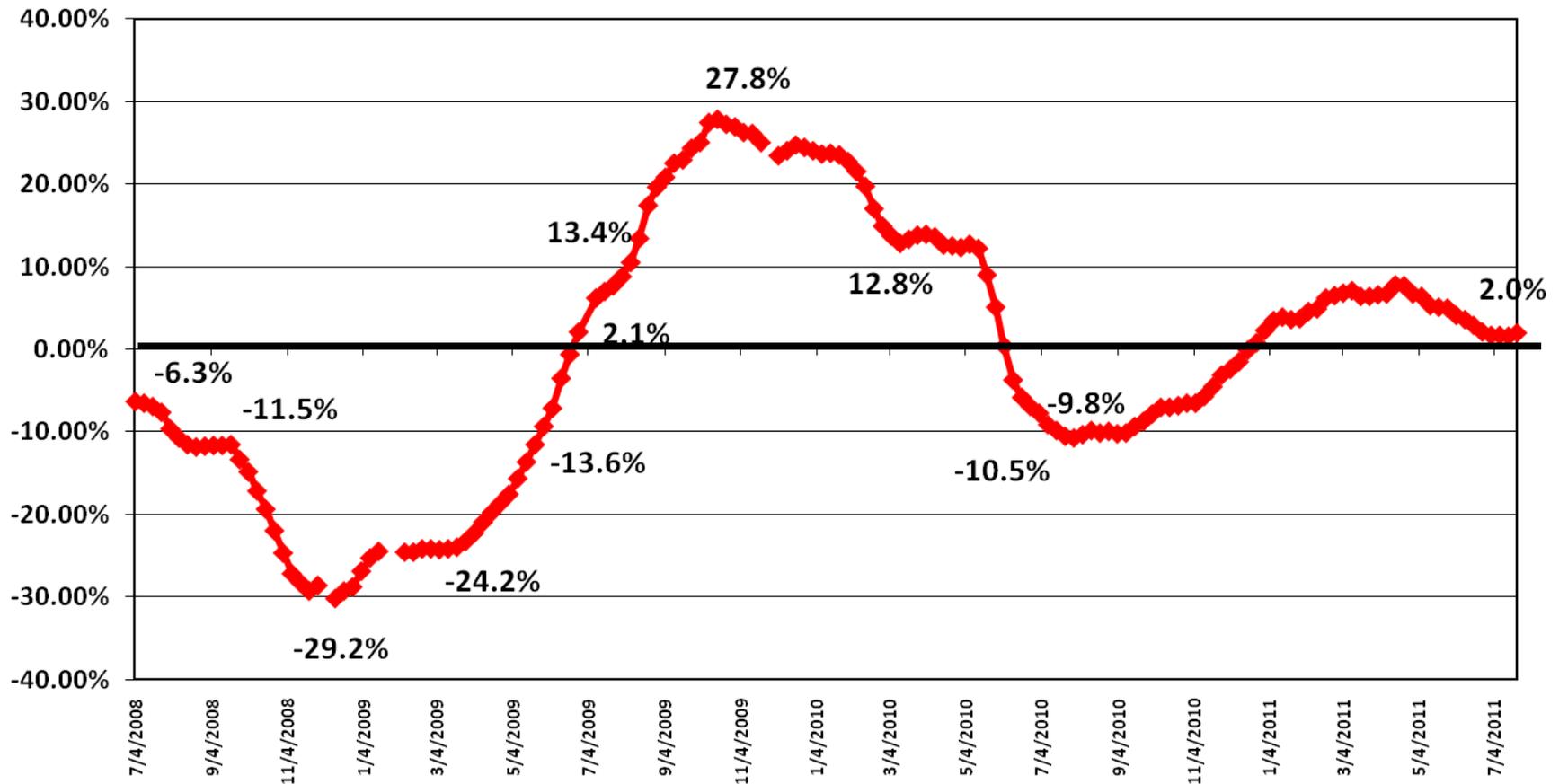
The WLI, which looked great at this time last year, has waned in recent months.



Source: Economic Cycle Research Institute

# Annualized Growth

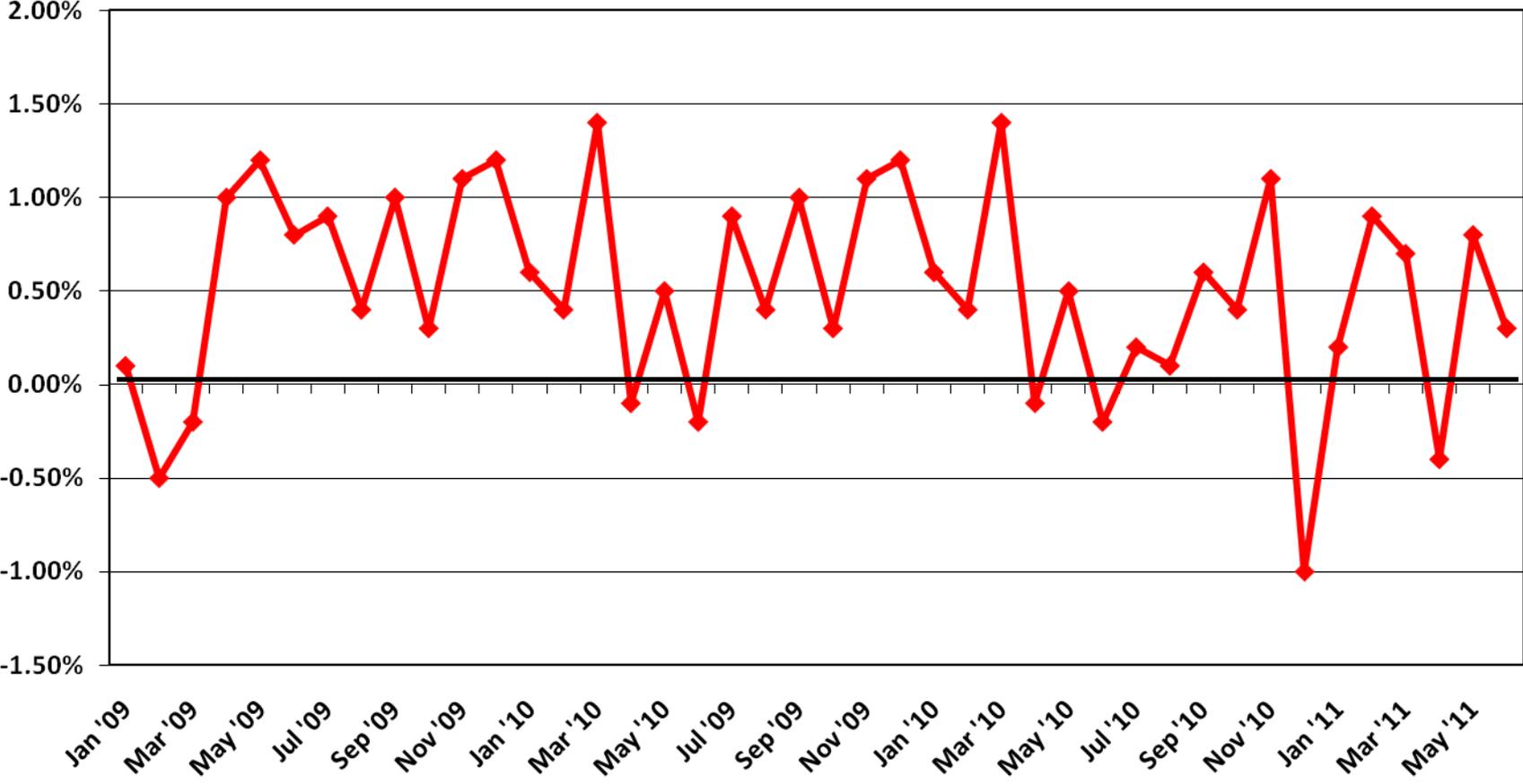
According to ECRI, annualized growth is now projected to be up by around 2%.



Source: Economic Cycle Research Institute

# Index of Leading Economic Indicators

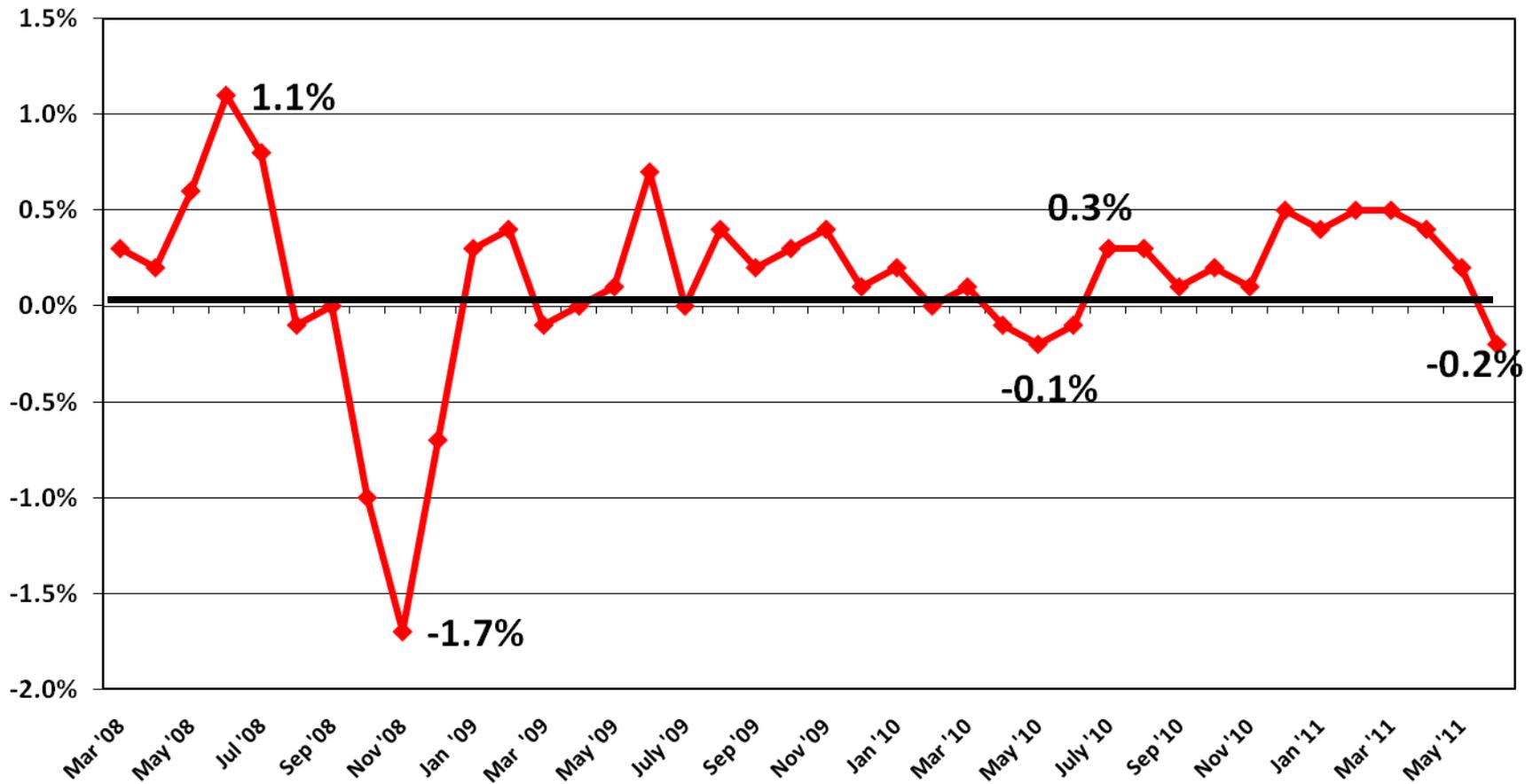
Recent figures from the Conference Board show mixed results that have been slightly positive in recent months.



Source: Conference Board

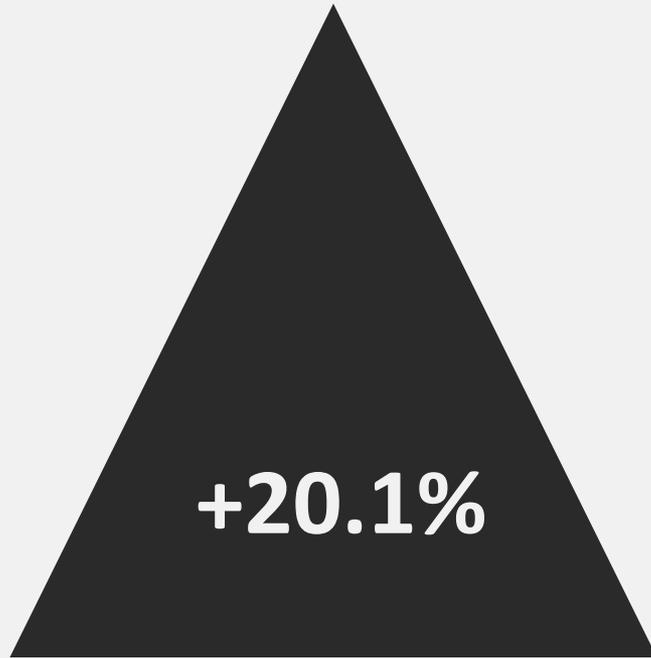
# Consumer Price Index- All Items

Consumer prices have been edging up consistently for the past year.

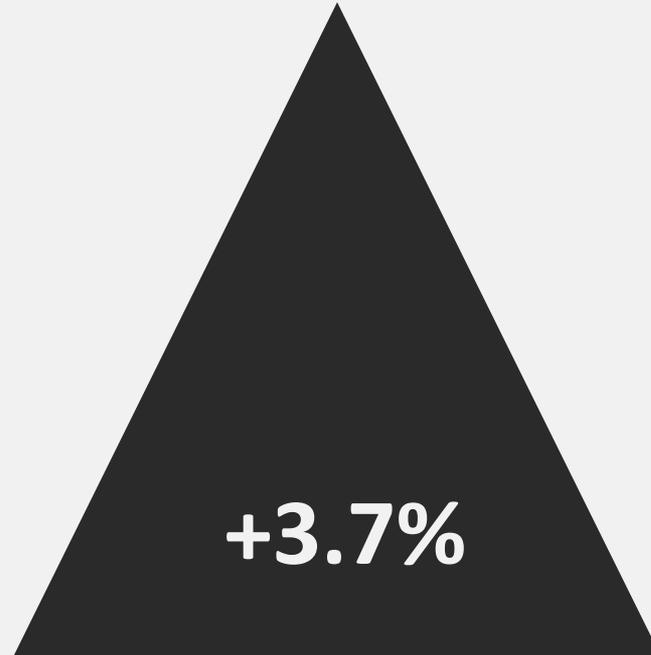


Source: Bureau of Labor Statistics

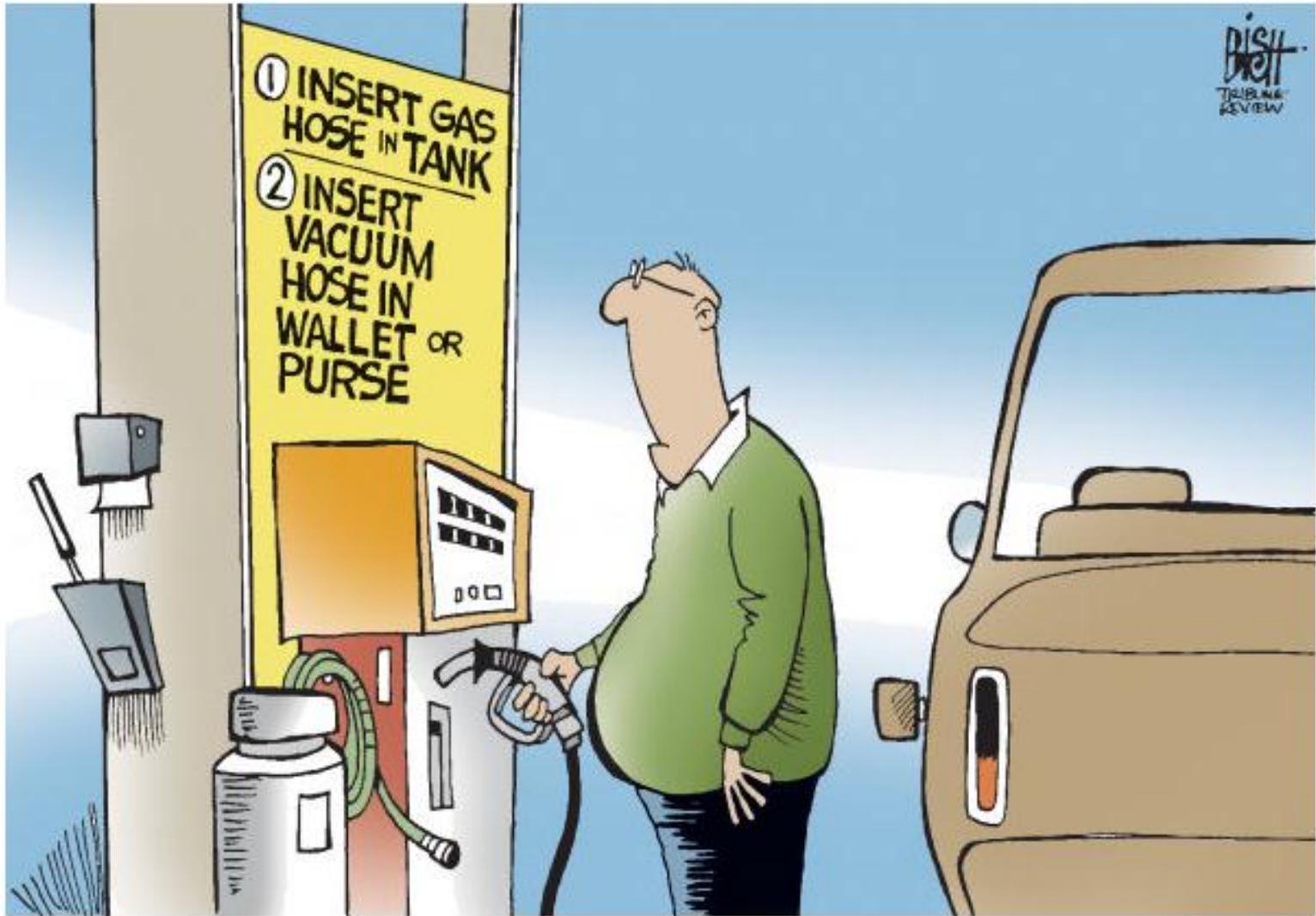
# Unadjusted Variance Last 12 Months



**Energy Prices**



**Food Prices**

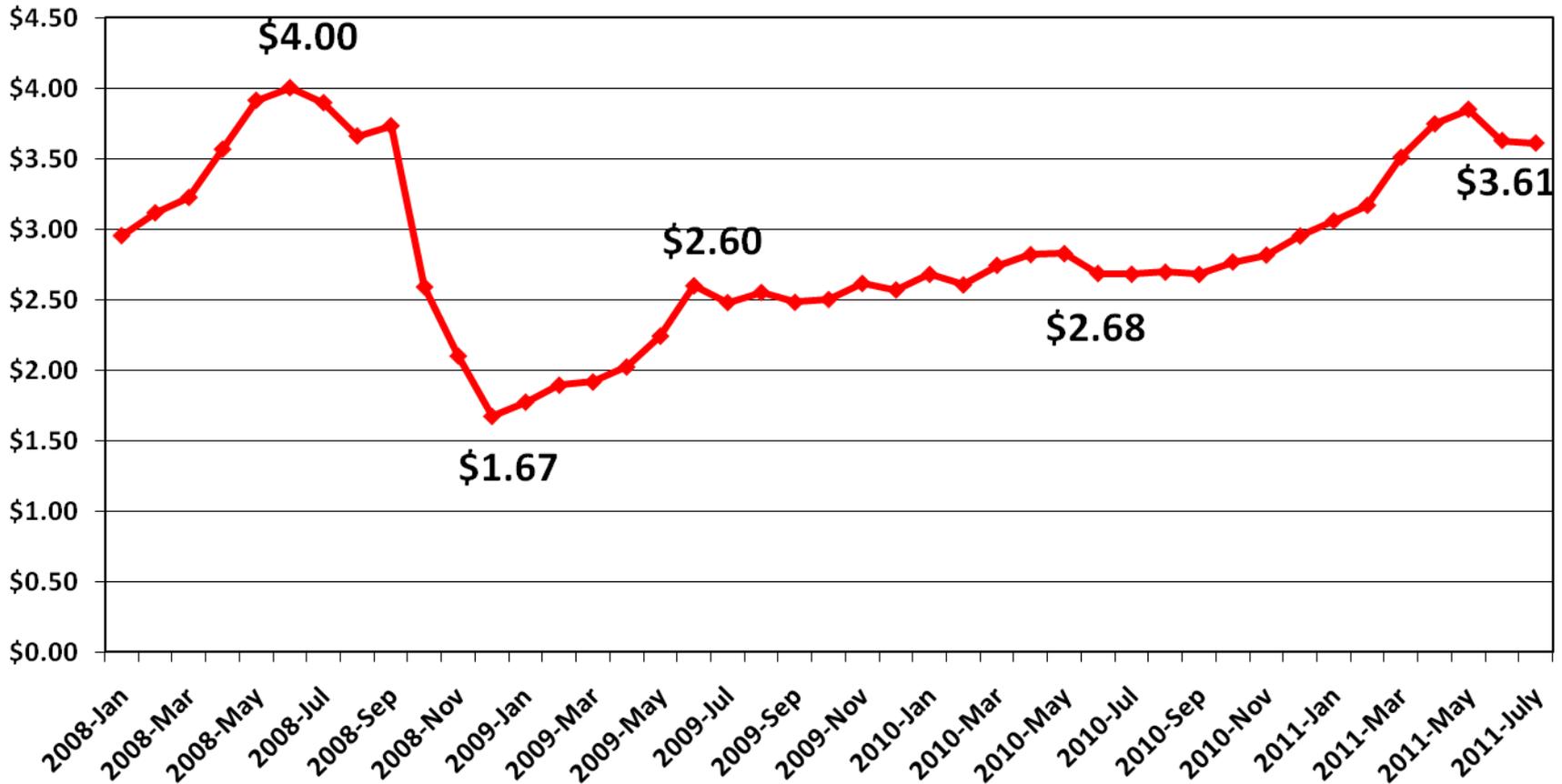


After falling to **\$3.54 a gallon** from May's \$3.98 peak, **gas prices** have unexpectedly **surged** the past several weeks to a national **average of \$3.70** —a **dollar higher** than levels a year ago.



# Average U.S. Gasoline Prices

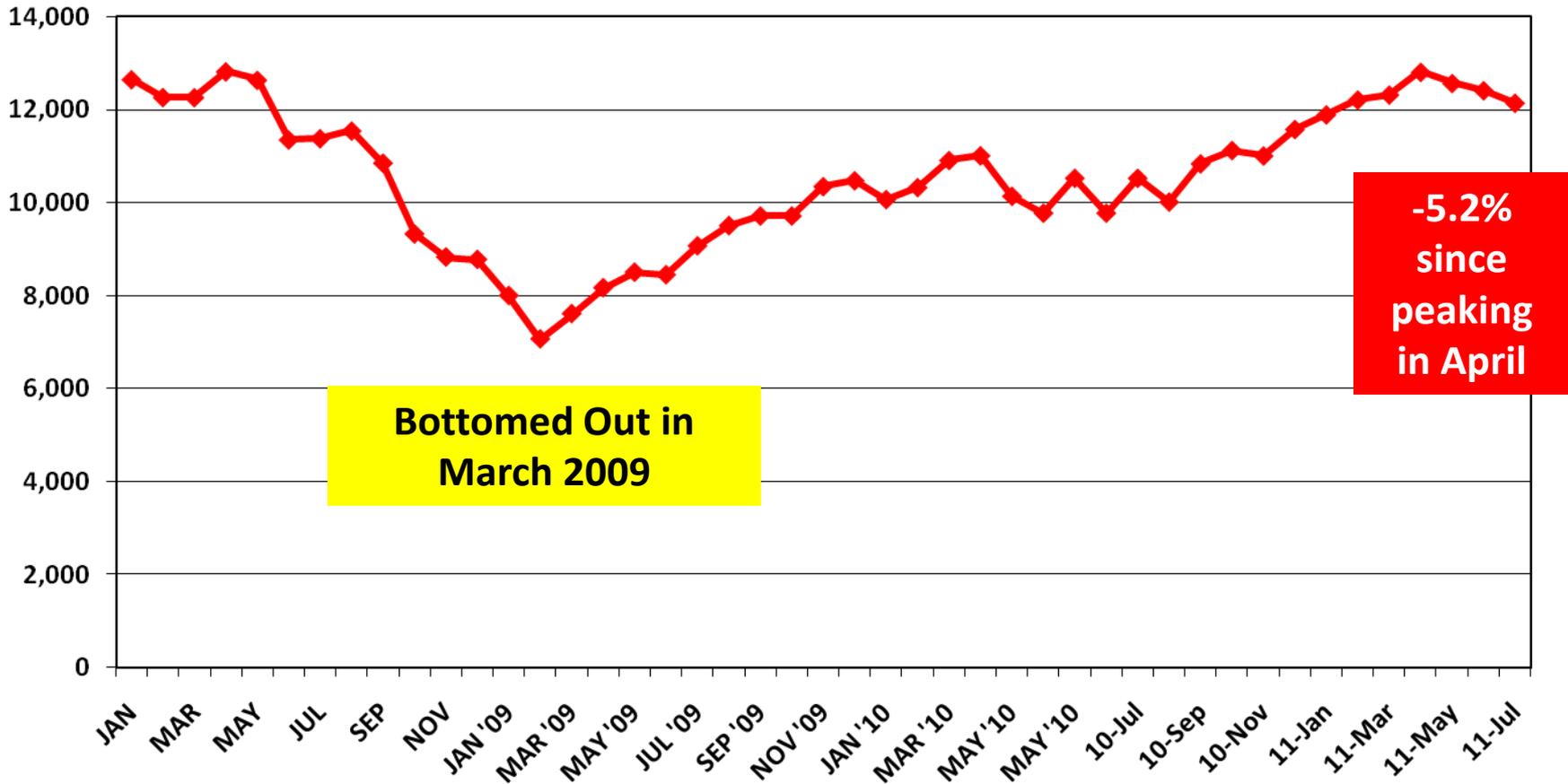
Gasoline prices have edged up since the fourth quarter of 2008.



Source: [http://tonto.eia.doe.gov/dnav/pet/hist/mg\\_rco\\_usw.htm](http://tonto.eia.doe.gov/dnav/pet/hist/mg_rco_usw.htm)

# Dow Jones Industrial Average

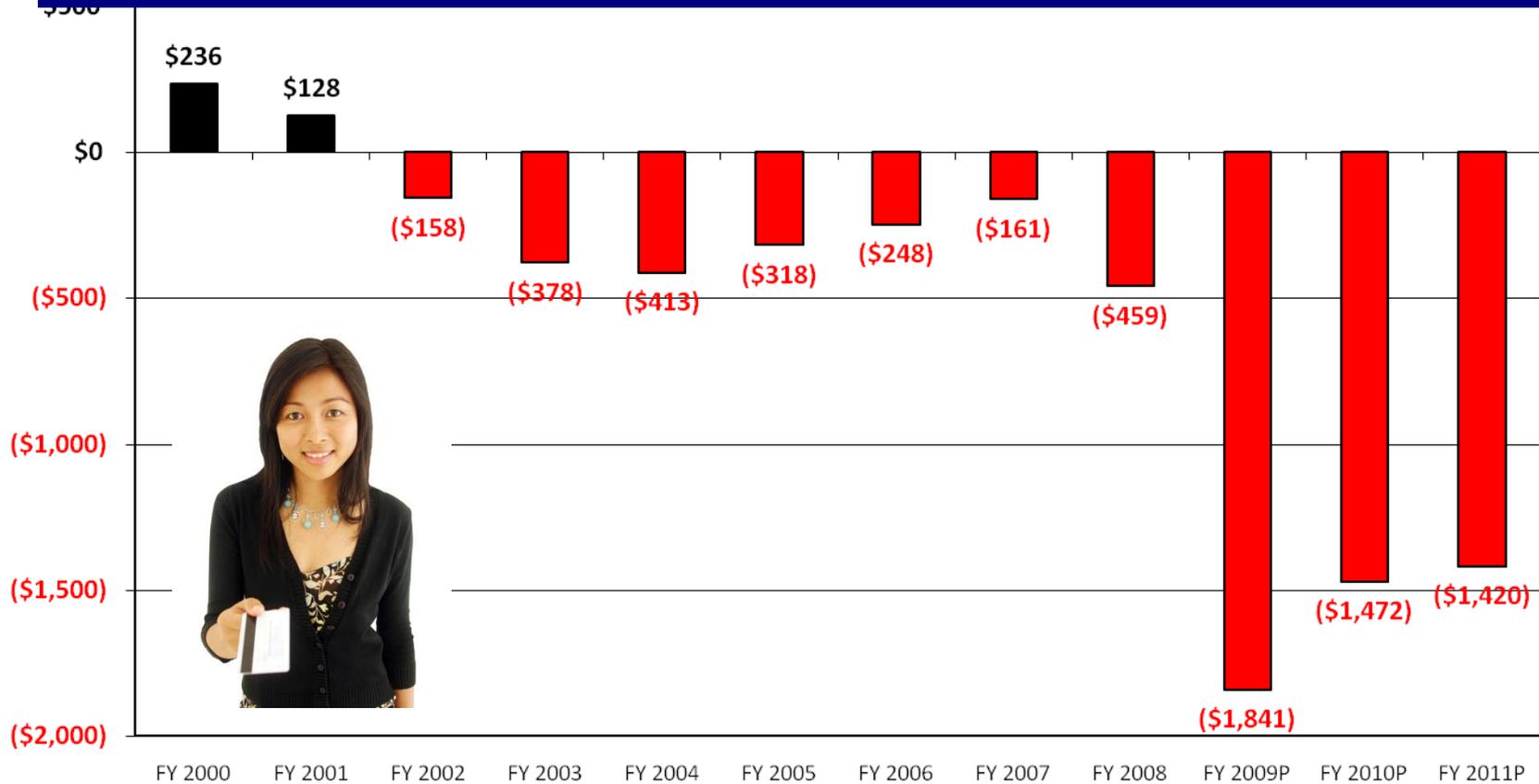
Thanks to steady increases in corporate profits the DJIA performed well in 2009, but has produced mix results over the past six months.



Source: Dow Jones Industrial Average

# And, Of Course, U.S. Debt Continues Growing

And, the fact remains that tax rates over the rest of our careers will likely reach lifetime highs to help pay down the deficit and stop services from declining to record lows.



Source: White House Projections

# Double-Dip Recession

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- Some now believe the U.S. has already entered a second recession.
- Home prices have fallen to 2002 levels—as high as 50% in parts of FL, CA, NV & AZ.
- 14 million people are still out of work—one-third of these have been jobless for more than 1 year. Experts believe the unemployment rate will not improve much until the monthly gain in jobs is consistently at 300k+. In May we added only 58k.

# Reasons Why Some Say We're in a Recession

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- **Inflation** Almost nothing damages consumer confidence as bad as a rapid increase in prices -- sugar, meat, coffee, cotton, gasoline & corn-based products.
- **Investments have begun to yield less** Some say the market may not be a friend to investors for quite some time.
- **The auto industry** Year-over-year monthly sales improved late last year and through April. Slow car sales are not just a sign of lagging confidence, they also may be a harbinger of tougher times ahead.
- **Oil prices** Oil prices are supposed to drop as the economy slows as they did in 2008-2009. That drop allowed consumers and businesses like airlines to more easily afford fuel. Recently though crude has moved back above \$100 and may be stuck there regardless of the economic situation. American budgets have been hurt which has led to a slowdown in driving which has historically led to declines in the retail sector as consumers reduce unnecessary travel to stores.

# Reasons Why Some Say We're in a Recession

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- **The Federal Budget** The first \$787 billion stimulus package may have saved some American jobs, but it did not improve the unemployment situation nor cause an increase in GDP. The deficit has caused a call for severe austerity measures which will almost certainly affect consumer spending as well.
- **China economy slows** US exports to China are key to the health of many American businesses -- as that rate slows it has a profound effect on tens of thousands of American companies and their employees.
- **Unemployment** Unemployment creates two immediate problems (1) People without jobs drastically curtail their spending and (2) the need for tens of billions of dollars every year in government aid to keep the unemployed from becoming destitute. That support has increased deficits and the domino effect is that cash-strapped governments need to make more spending cuts. It may be the biggest challenge the economy faces.

# Reasons Why Some Say We're in a Recession

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- **Debt Ceiling** The first by-product of debt reduction, or at least a slowdown in its growth, is a combination of higher taxes and a lower level of government services. A number of economists have pointed out that expense reduction alone will not drastically improve the U.S. balance sheet. Tax increases could keep the economic growth of the U.S. on hold for years.
- **Access to Credit** The lack of access to credit has hurt economic activity for both individuals and small businesses.
- **Housing** Housing is considered by many economists to be the single largest drag on the American economy, and the housing market has gotten much worse in the last two months. A report from The New York Federal Reserve published early this year reported a decline in total home equity of over 60 percent since 2006, negatively impacting Americans' ability to consume.

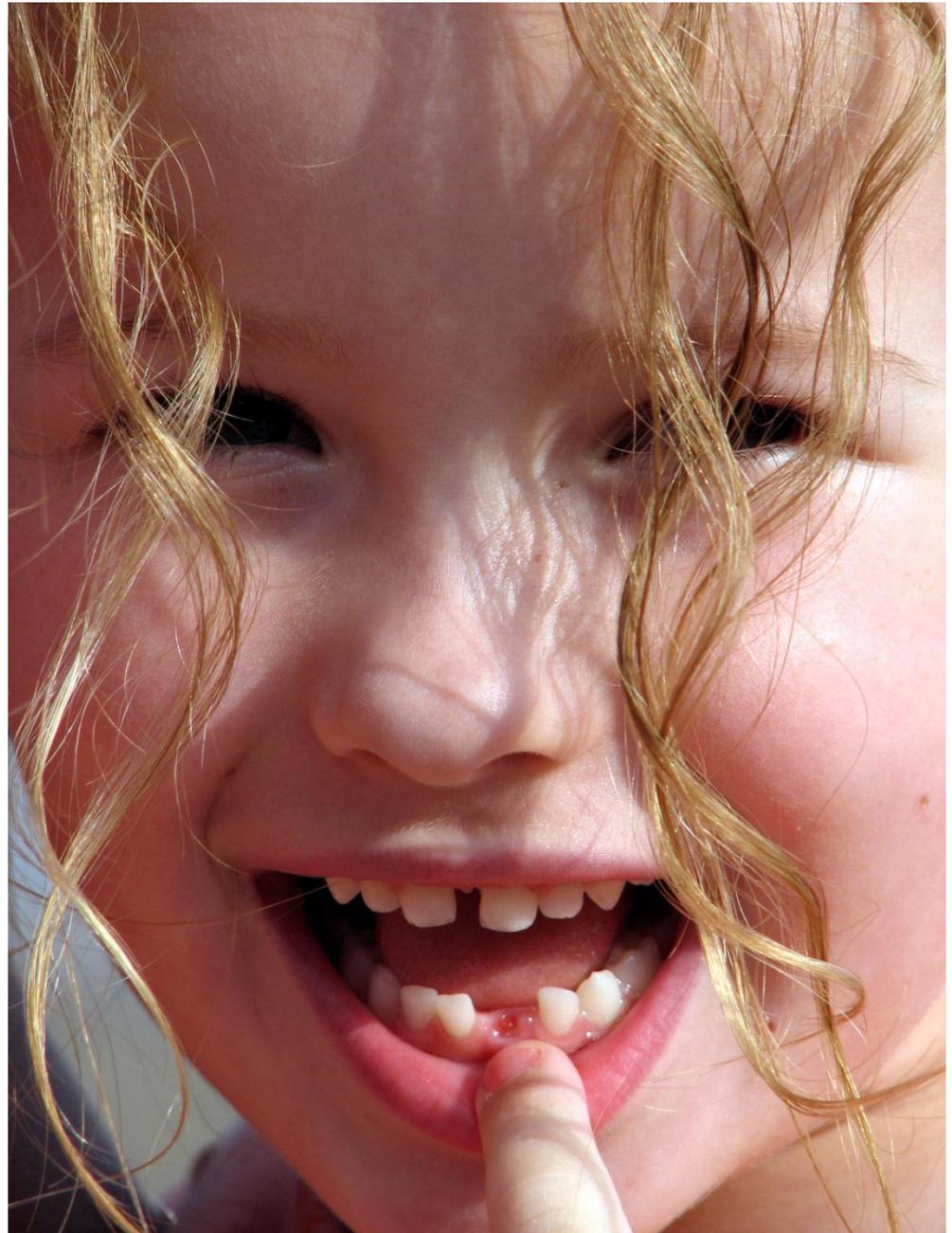
## **In this Dire Economy, Even the Tooth Fairy Has Cut Back**

Getting the Tooth Fairy to pony up in this sagging economy has been like pulling teeth.

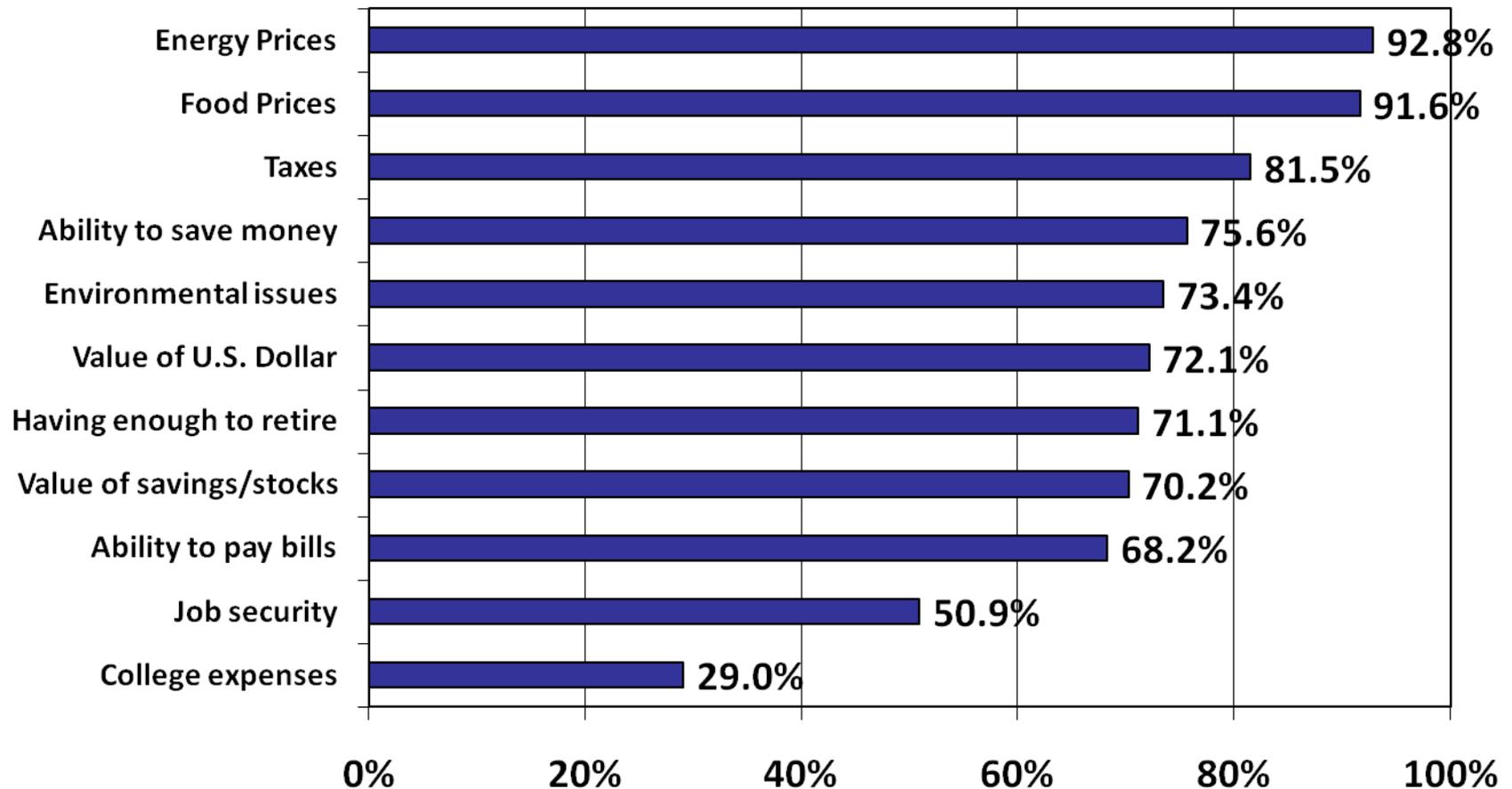
A recent survey found that the national going rate has seen a 40 cent decline this year:  
From \$3 to \$2.60.

What's worse? A full 10% of kids are reaching under their pillows ... and coming up empty. Compare that to last year when just 6% of kids found no reason to flash that toothless grin.

Source: "In this dire economy..." CNN.com, 8.2.11



# Issues of Greatest Concern



Source: Branson Barometer Survey, 2Q 2011



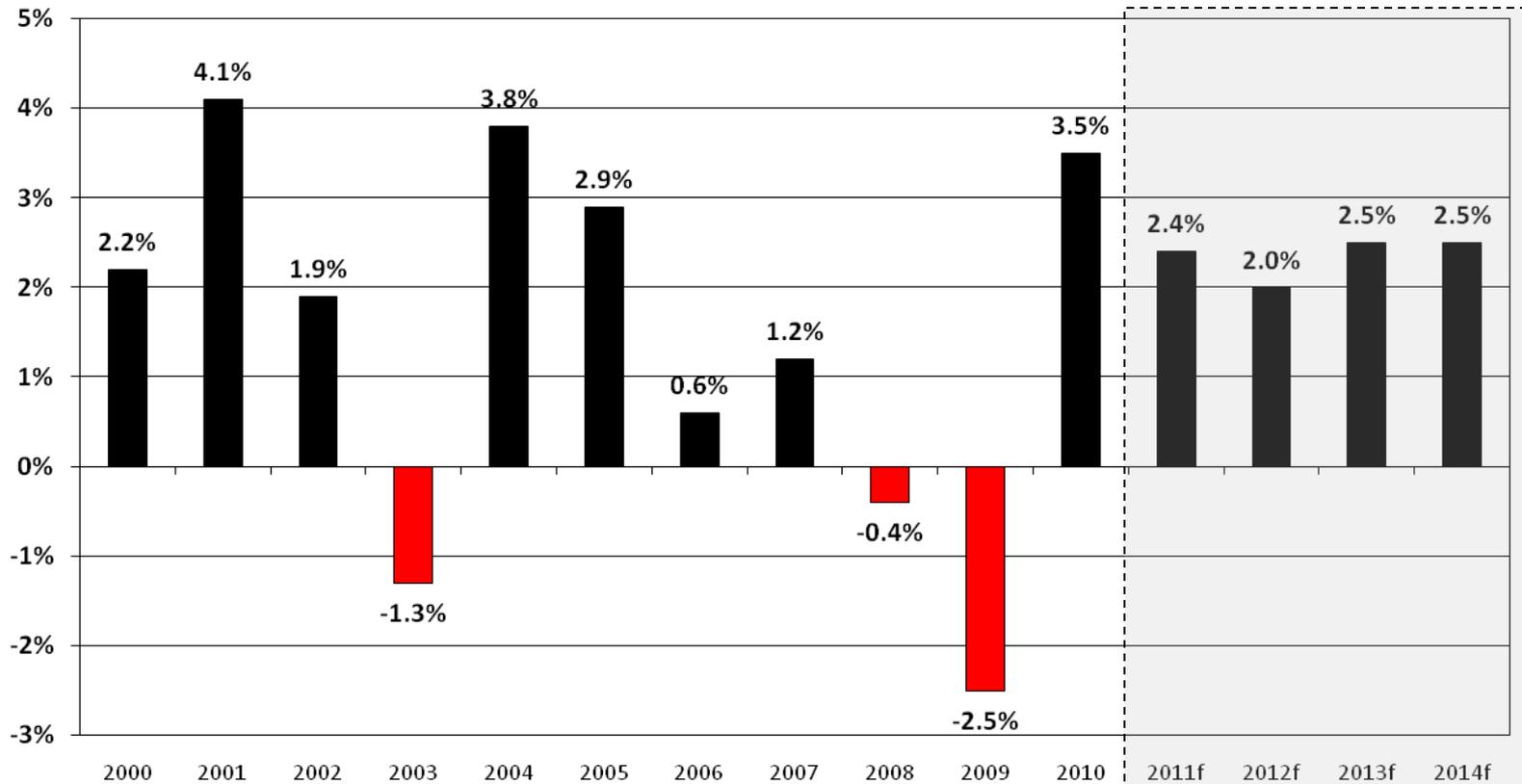
# Travel Industry Overview

According to the U.S. Travel Association,  
**travel prices are up 6.0%** this year and  
**leisure trips are expected to  
rebound 2.4%** while business trips will  
likely be up 1.2%



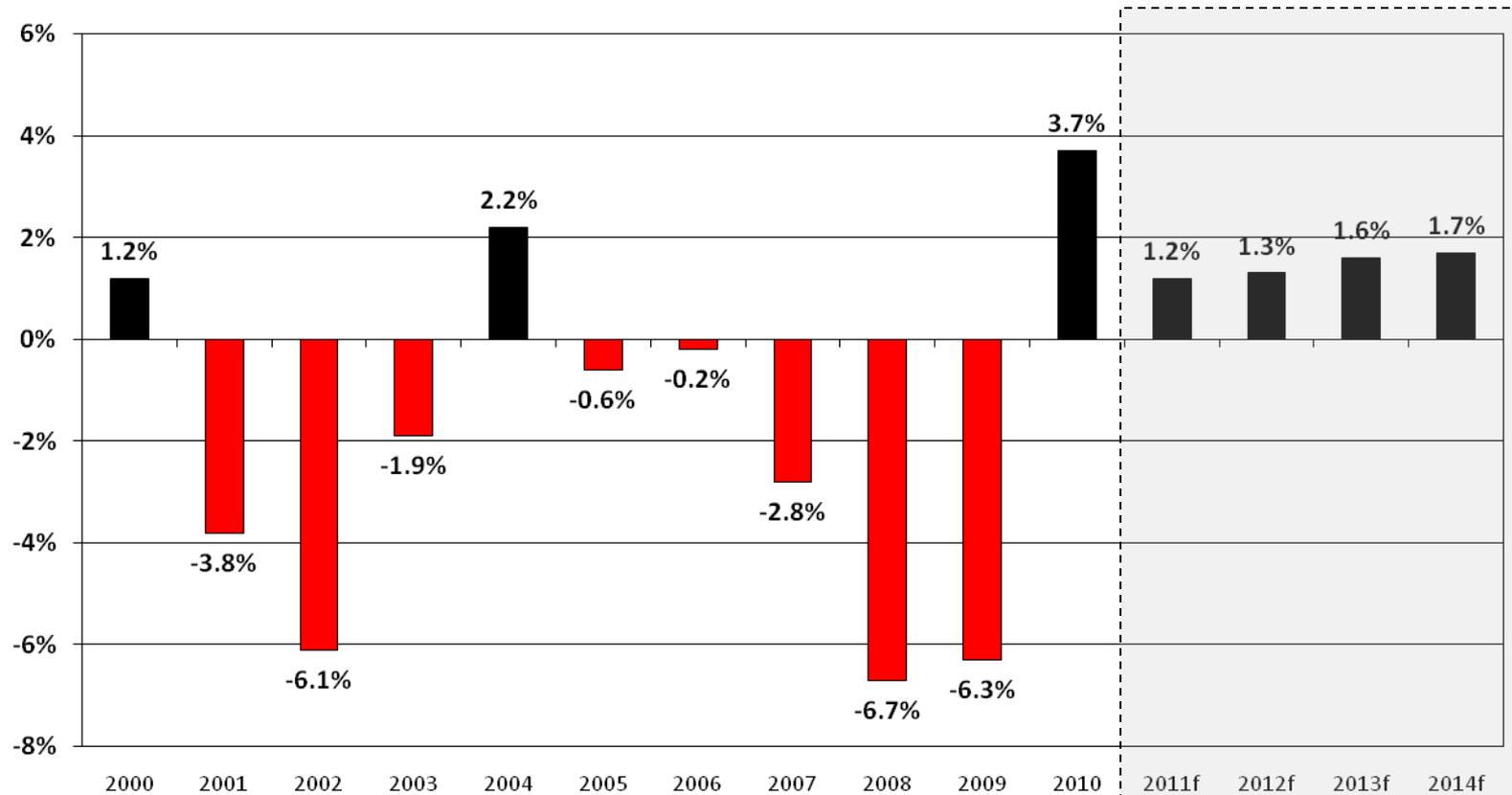
# Leisure Trip Forecast

This year industry experts expect leisure trips to increase by 2.4% and slow to +2.0% next year.



# Business Trip Forecast

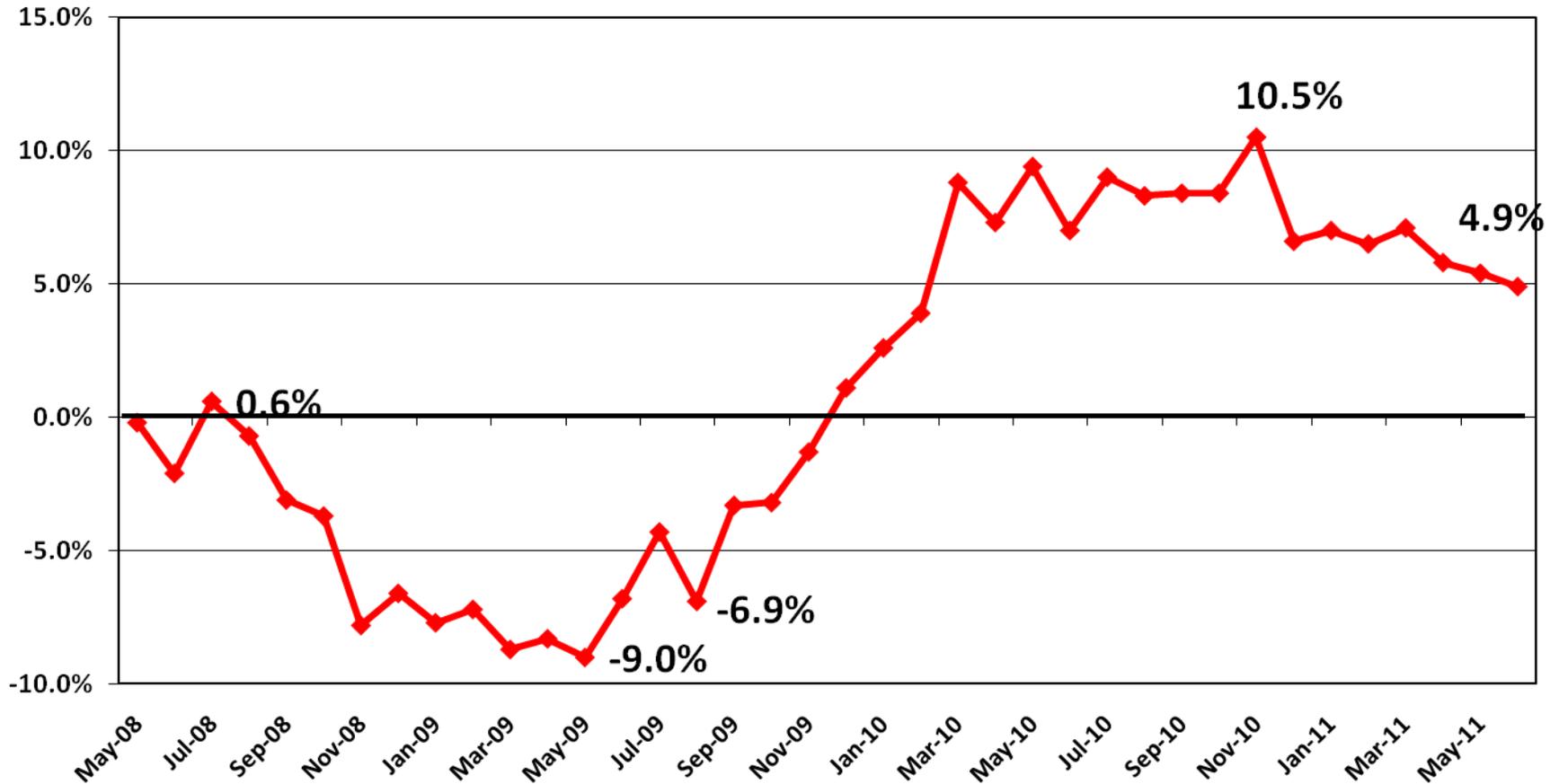
Business travel is expected to slow in 2011 to +1.2% after outpacing leisure travel last year.



SOURCE: U.S. Travel Association; TIA.org as of 7.27.10

# Smith Travel Research

## U.S. Room Demand Variance



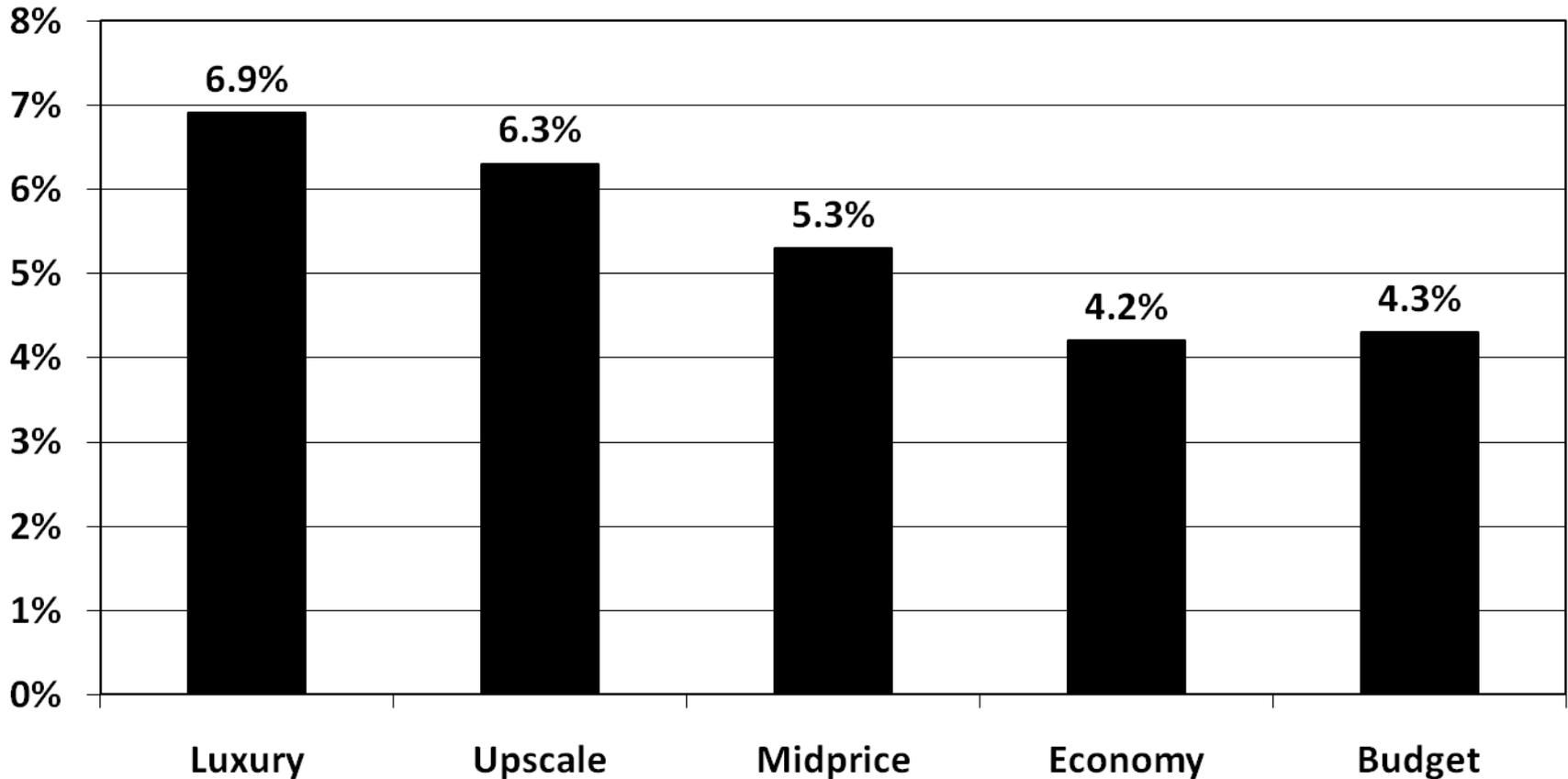
Source: Smith Travel Research

However, the **rebound is not universal**. **Luxury and upscale** hospitality **price points** are **performing much better** than mid-price, economy and budget price points.



# Smith Travel Research Room Demand by Price

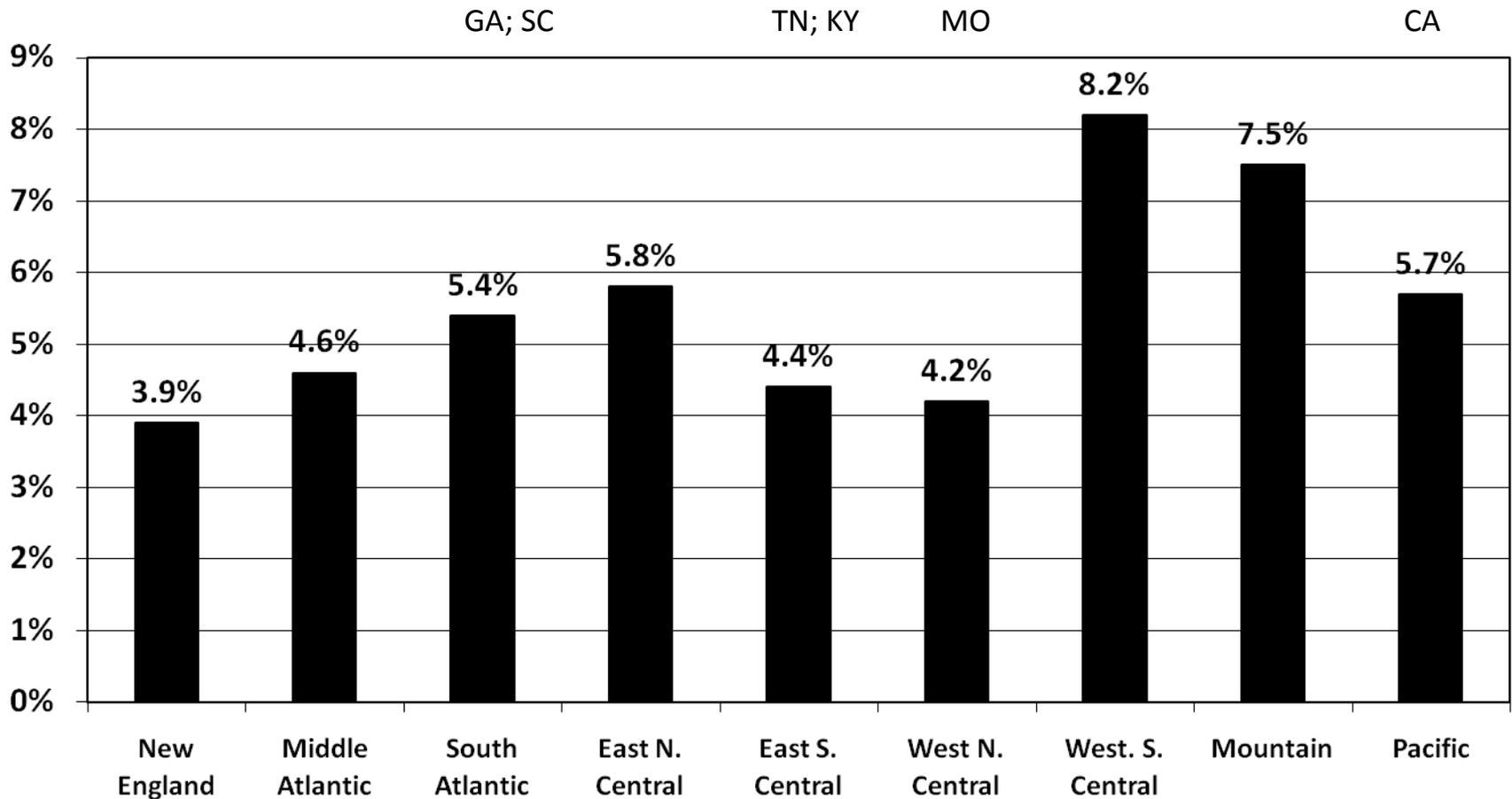
*YTD through June*



# Smith Travel Research

## Room Demand by Region

*YTD through June*



# Consumer Trends & Insights



# Value Remains in Vogue

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- In March, the Y-Partnership predicted that demand for travel services would “recover nicely in the year ahead,” and for most that has been true.
- However, they warned that despite recovering demand, “value would remain in vogue” this year. They warned that travelers are still focused on finding the best fares and best rates when planning and purchasing travel.



# Value Remains in Vogue

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- They reported that customers expect to find the best deals online and that drives their continued usage of the medium to plan travel.
- Interestingly, however, they say that family & friends (52%) and travel guidebooks (46%) still trump the internet (39%) as preferred sources of “ideas and inspiration” when planning travel.



# Americans Doing More **Work on Weekends**

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- Americans are using the weekends to get more done at home and on the job.
- 35% of workers work on weekends. On average, those who work weekends spend 5.5 hours on work.
- People are also spending more time on the weekends cooking and cleaning.
- Women have been more impacted than men. While women still work fewer hours per day than men (40 minutes), they have been closing that gap in recent years.
- That is, because of the economic situation, women have been taking on more of a breadwinner role in the family, and part of this is working more hours.

# Staycation Gives Way to “Workations”

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- Survey of 5,000 U.S.-based businesses by Regus: “Modern work pressures mean that more of us work during our vacations.”
- 50% of Americans said they work during their summer vacations.
- 75% said they’ll stay connected with the office “in some way” while on vacation.
- 66% said they will check and respond to email.
- 32% said they might attend virtual meetings while on vacation.
- 60% respondents say they take work home more than three times per week.



# Washington State Says No to Tourism

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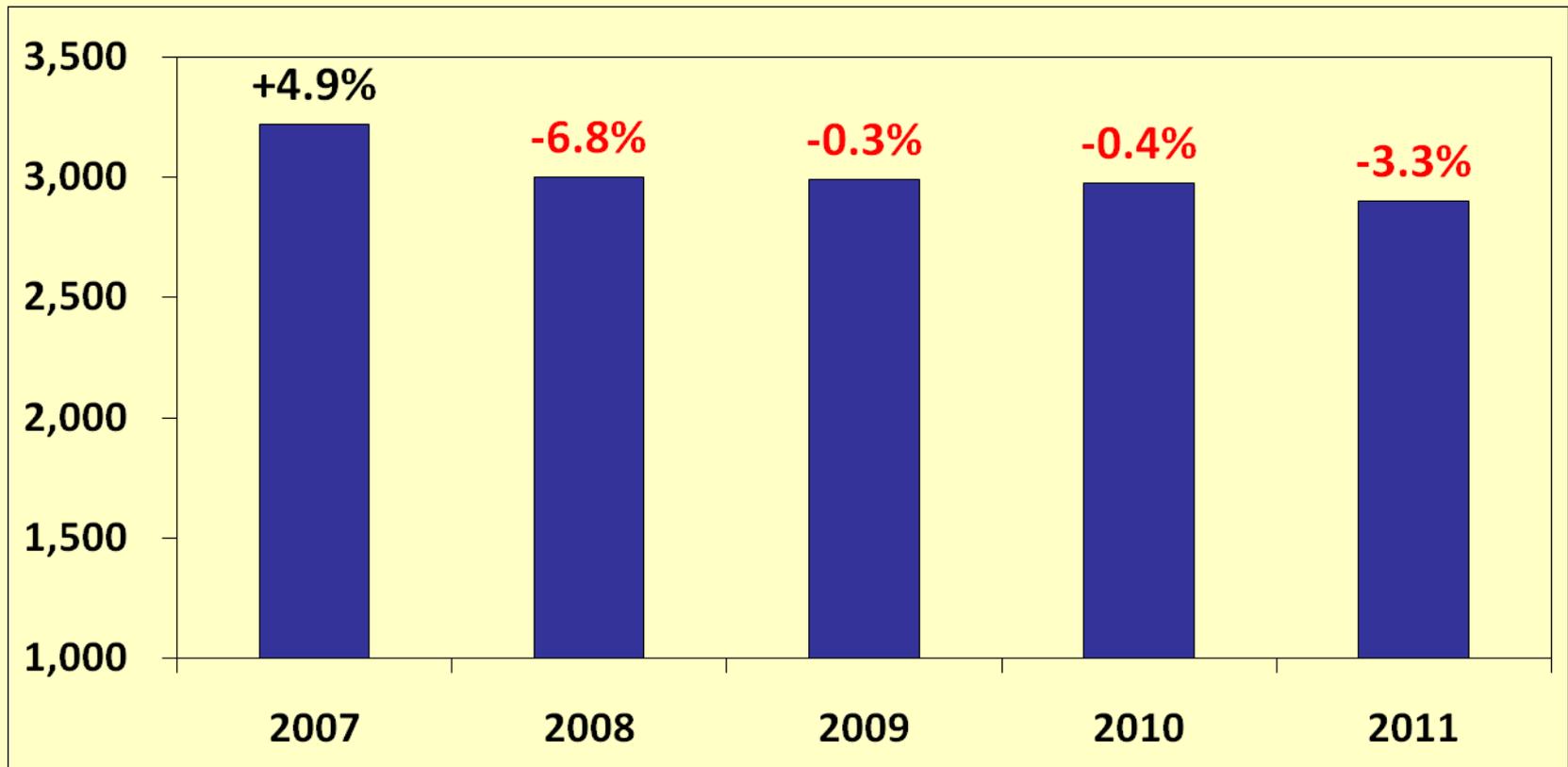
- In July 2011 the legislature in Washington state shuttered its tourism office, making Washington the only state in the nation that does not promote itself.
- They attributed the budget cut to purely having to make tough choices between financing programs like public education and paying for glossy marketing campaigns.
- The Colorado Tourism Office was also eliminated back in 1993 and did not resurface until 2000. “Our lesson to Washington is that it’s been 18 years since we went dark and we still haven’t gotten back to the national marketshare we once had,” said Al White, head of Colorado tourism.

# Branson 2011

## 2<sup>nd</sup> Qtr. YTD Performance

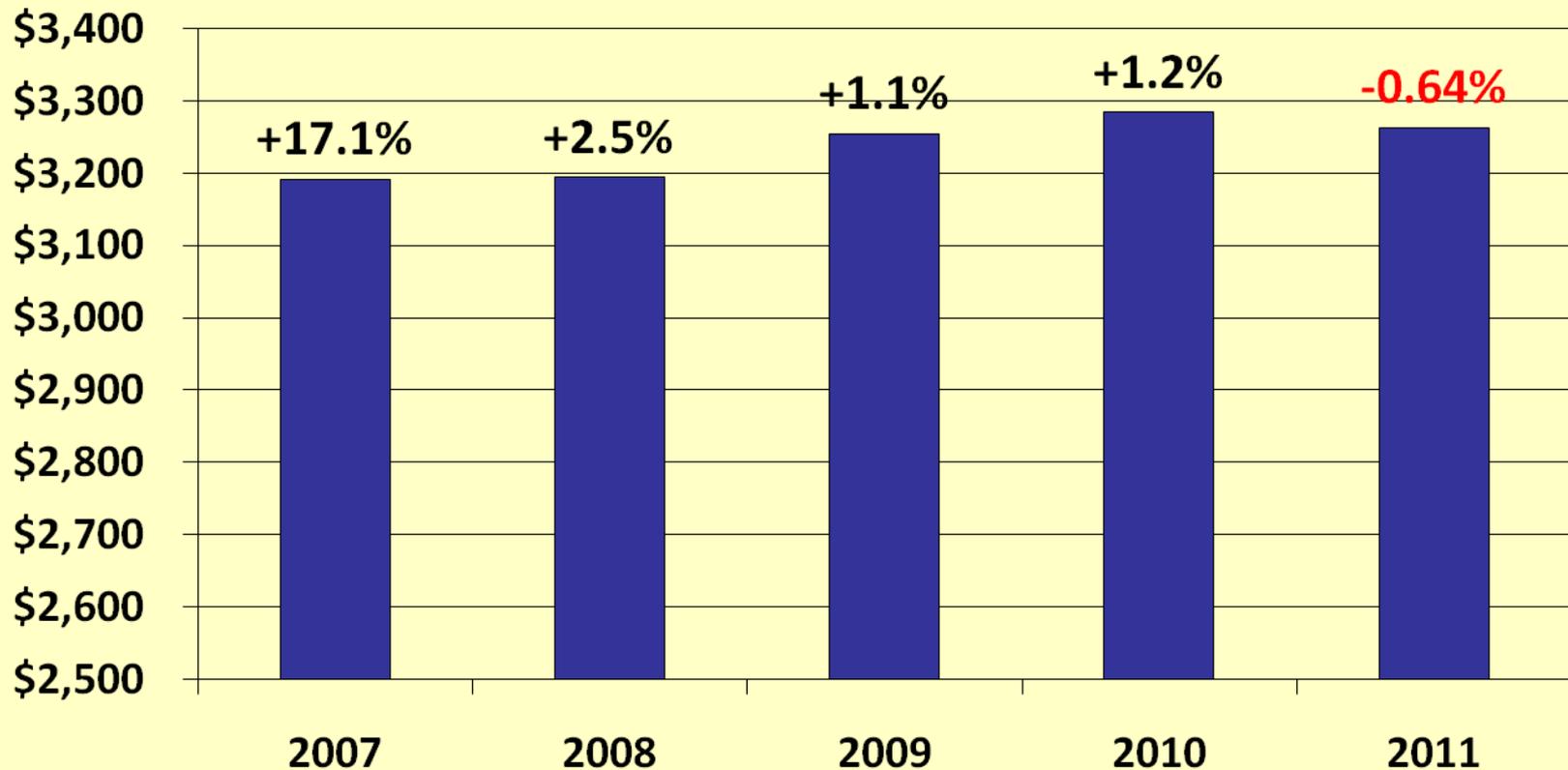


# Branson Visitation YTD through June 2007-2011



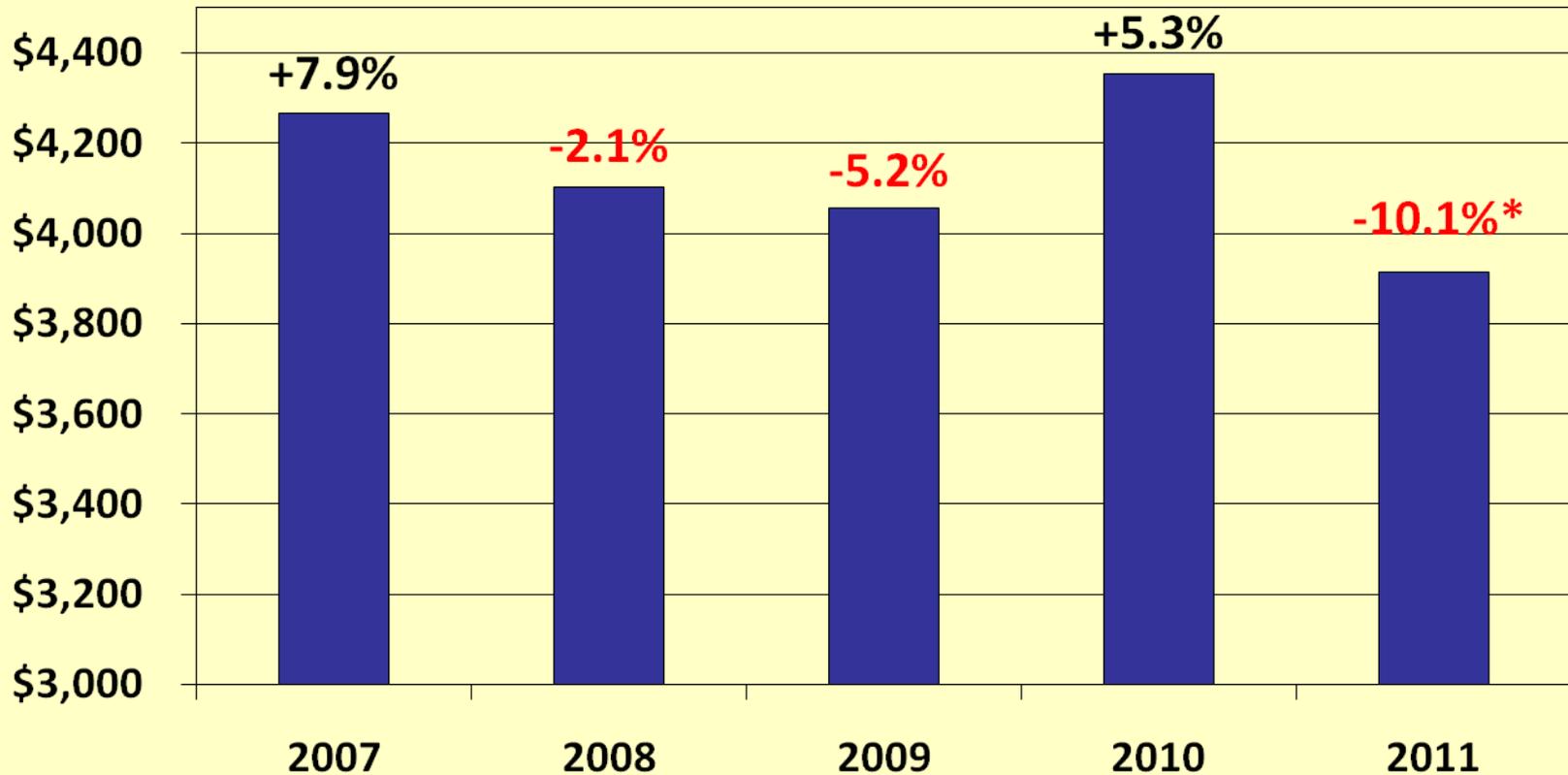
Source: H2RMarket Research based upon STR, regional tax collections

# City of Branson Sales Tax YTD through June 2007-2011



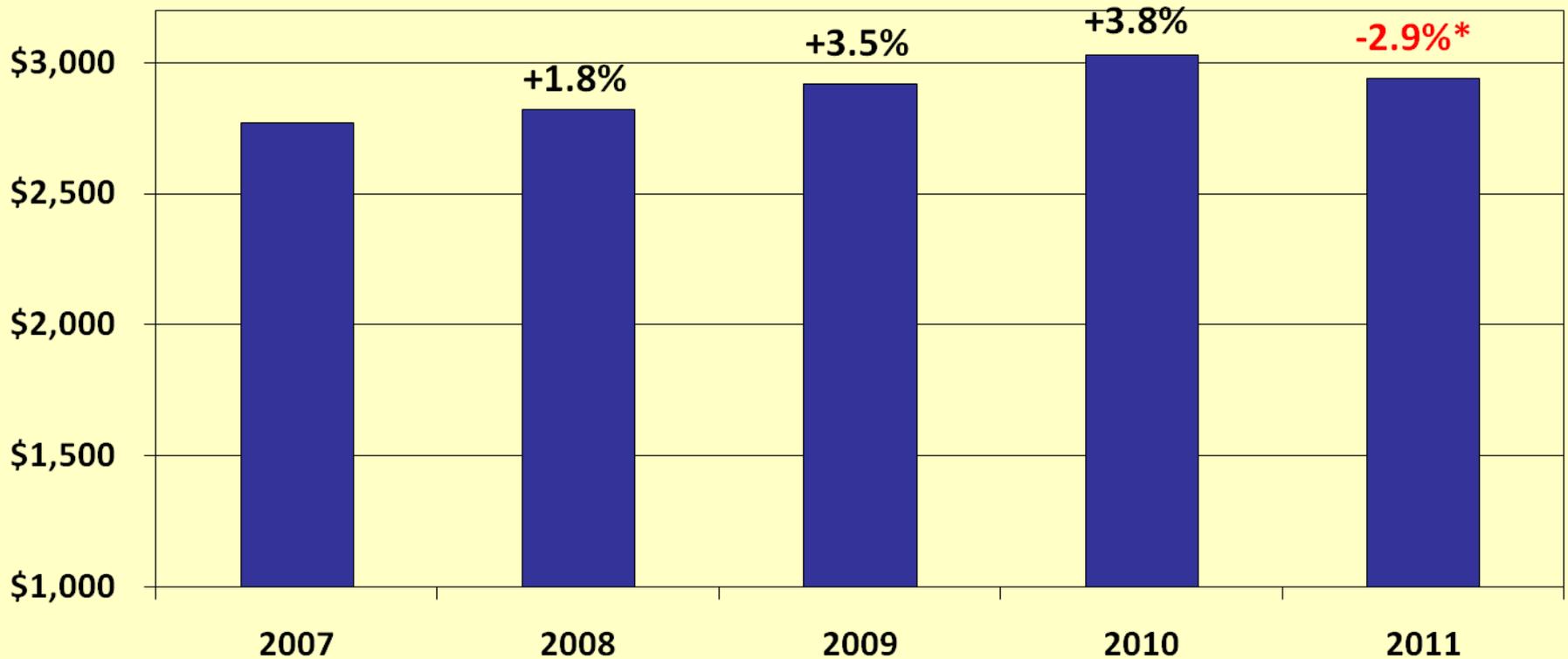
Source: City of Branson

# City of Branson Tourism Tax 2nd Quarter YTD 2007-2011



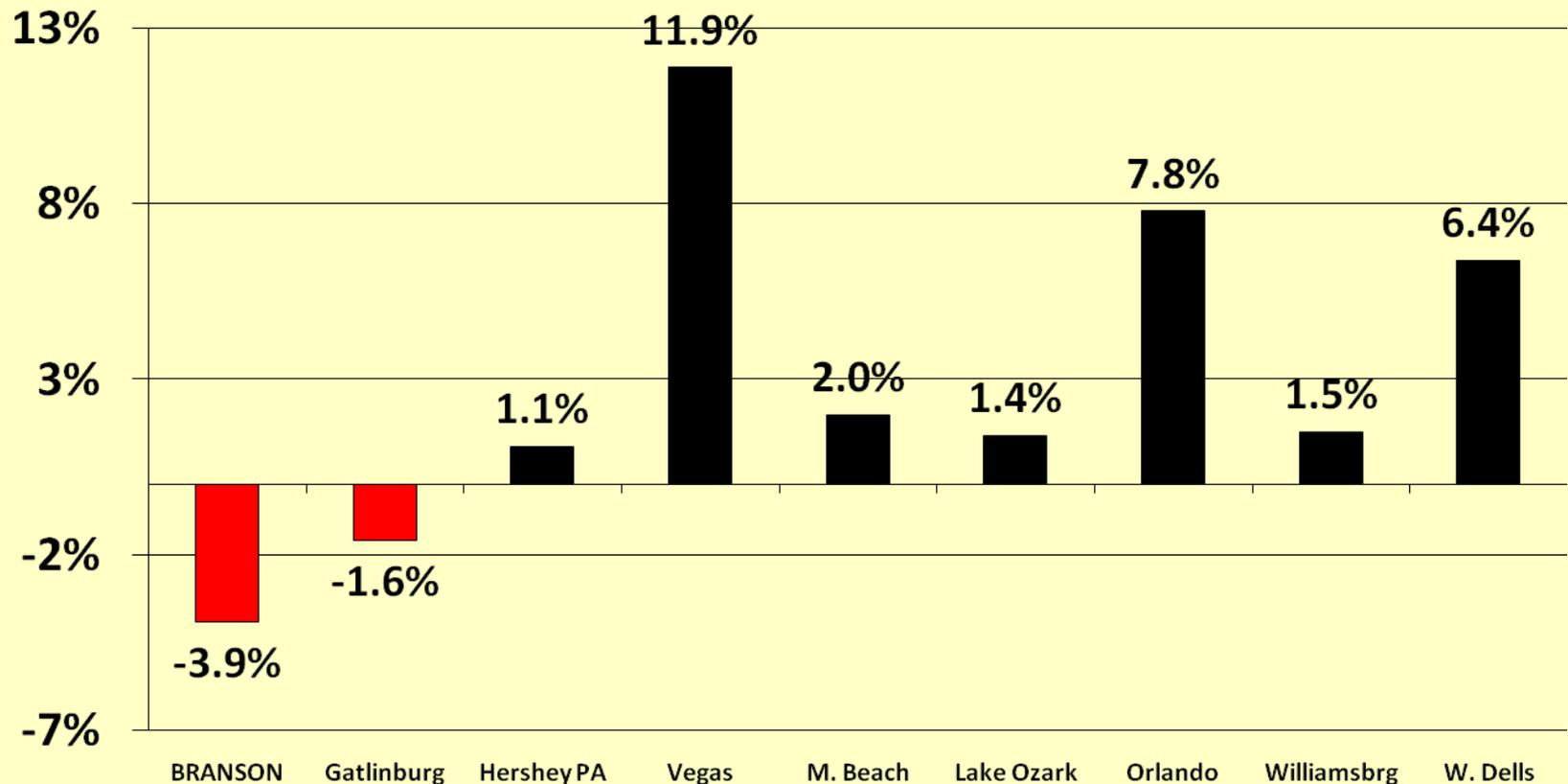
Source: City of Branson \* skewed to due modified December 2010 collection date

# TCED Tourism Tax 2<sup>nd</sup> Quarter YTD 2007-2011



Source: TCE D \* skewed to due modified December 2010 collection date

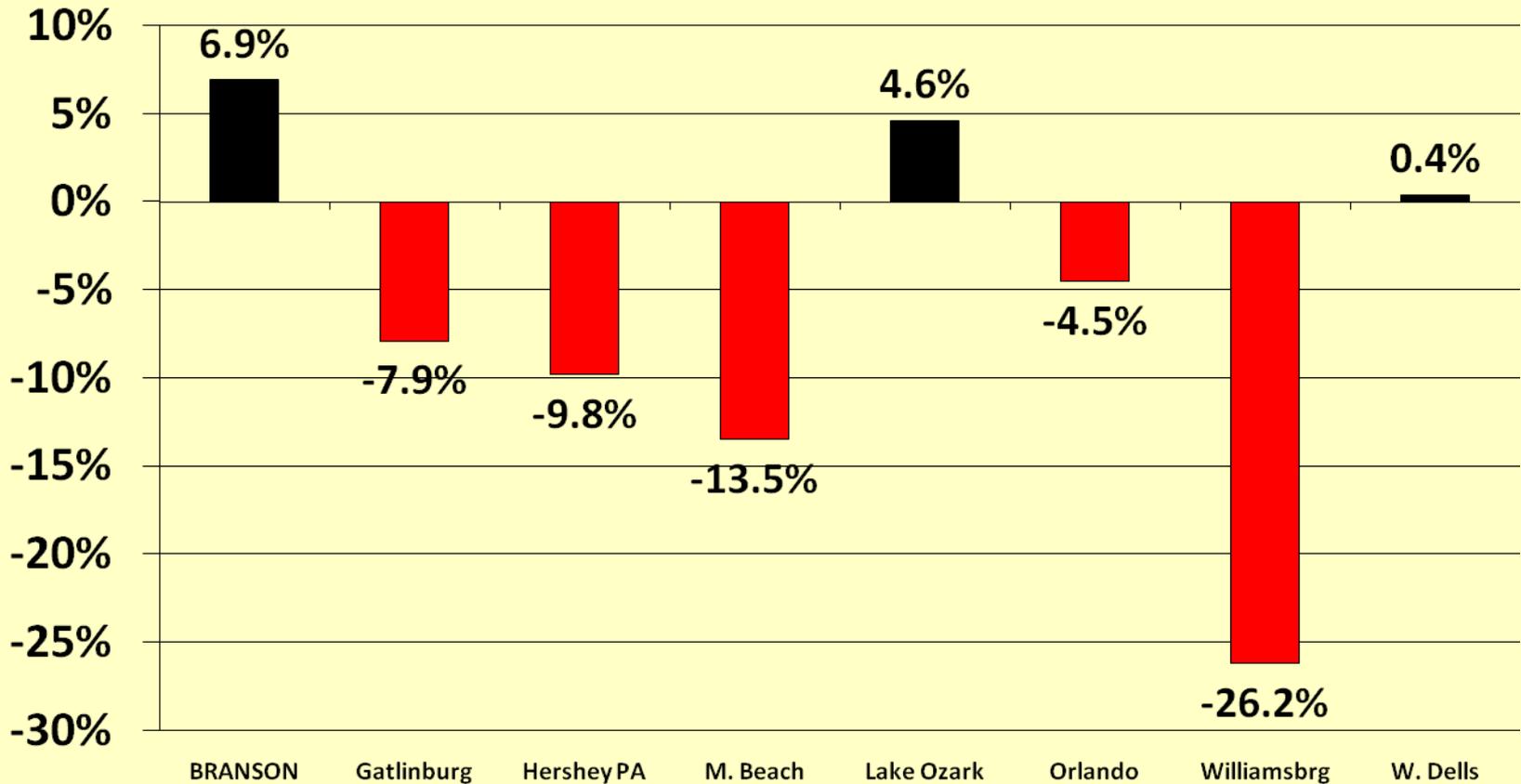
# Direct Competitors 2nd Quarter YTD Room Demand



Source: Smith Travel Research

# Direct Competitors

## 2008-2010 Room Demand Variance



Source: Smith Travel Research

**Why?** Branson was likely taken out of many travelers' consideration set when the floods and tornado hit in the Spring. The Missouri River flooding didn't help... and the summer "heat dome" has not been kind, either.

Once removed, it is difficult to make it back into a consideration set.

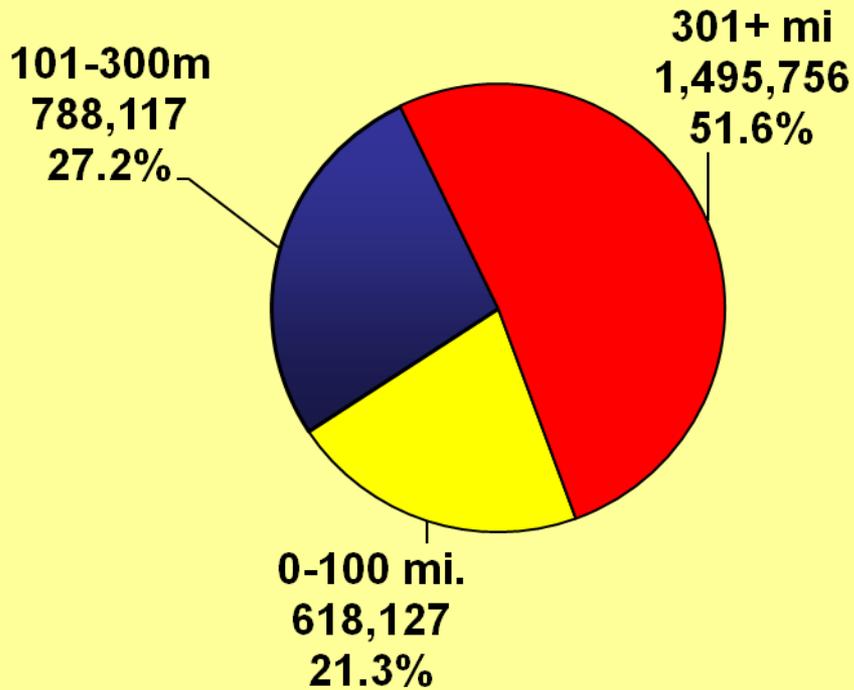


# Branson Visitor Profile



**What else** do we **know**  
about Branson visitors in **2011**?

# June 2011 Visitation by Distance



Source: BLACC/CVB Research Committee;  
Marketsource Research Center

# 2011 Market Growth Thru June 2011



<b>Core Markets (0-100 mi.)</b>	<b>+6.4%</b>
<b>Primary Markets (101-300 mi.)</b>	<b>+3.3%</b>
<b>Outer Markets (301-650 mi.)</b>	<b>-3.0%</b>
<b>National Markets (650+ mi.)</b>	<b>-15.6%</b>
<b>OVERALL VISITATION</b>	<b>-3.3%</b>



# 2011 Market Growth Thru July 2011



<b>Core Markets (0-100 mi.)</b>	<b>+5.0%</b>
<b>Primary Markets (101-300 mi.)</b>	<b>+1.0%</b>
<b>Outer Markets (301-650 mi.)</b>	<b>+5.0%</b>
<b>National Markets (650+ mi.)</b>	<b>-18%</b>
<b>OVERALL VISITATION</b>	<b>-3.1% (preliminary)</b>



# YTD June 2011 vs. YTD June 2010



	<u>2011</u>	<u>2010</u>
• <b>Spending per Party</b>	<b>\$862.37</b>	<b>\$819.84</b>
• <b>First-Time Visitors</b>	<b>22.0%</b>	<b>25.8%</b>
• Length of Stay	3.86	4.17
• Satisfaction	4.46	4.44
• Families	38.7%	39.0%
• Average Adult Age	55.7 yrs.	57.4 yrs.

# 2011 Summer Incremental Spots June 20 - August 7



**Come to BransonNow:**

**Jim Stafford**

(6 Outer Markets/National)

**Come to Branson Now:**

**Paul Harris**

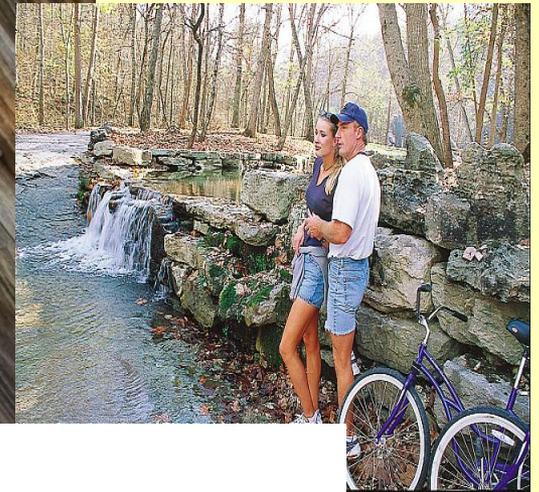
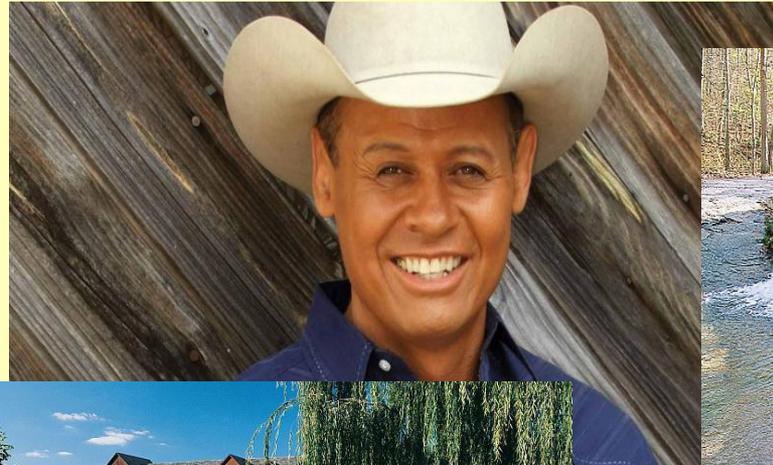
(5 Primary Markets)



# 2011-2012 Strategic Plan



**Execute strong brand strategy with Sterling Group (brand image), Camelot Communications (media), and Latitude/Richards Group (new creative agency) to drive new visitation to the Branson/Lakes area.**





# Branding Update

**Our updated brand strategy is to more clearly position Branson as a *wholesome, intimate and authentic alternative to Las Vegas, Orlando and other tourism destinations* in order to appeal to Boomer couples, younger adults and families (by season -- Spring Break and Summer).**





# The Branson Position

bonding

wholesome

intimate

variety

welcoming

fun

entertainment  
that brings us  
together

# 2012 Creative

# latitude



# BRANSON

# It's Your Show

[explorebranson.com](http://explorebranson.com)



*"must see"*

See things you've never seen and catch up with Friends you don't see often enough. Branson's unique shopping destinations are perfect for picking up some fall color. And our spas, restaurants, and, of course, shows make sure you and your friends find exactly what you're looking for—a great time together.

Plan your perfect trip at [ExploreBranson.com](http://ExploreBranson.com)  
BRANSON brings you CLOSER



A scenic view of a large, calm blue lake. The water is a deep, clear blue, reflecting the sky. In the background, there are rolling hills covered in dense green forest. A small island or peninsula is visible in the middle distance. In the foreground, the right side shows a rocky, sloping shoreline with some green vegetation and trees. The overall atmosphere is peaceful and natural.

**Thank you.**