



MYRTLE BEACH AREA CHAMBER OF COMMERCE

Fall Economic Impact Assessment Study
Presented by Mike Travis/CEO – Equation Research
June 17, 2008

Equation
research

Primary Objective:

Evaluate and compare factors affecting tourism plans among:

- Consumers 300+ miles away (50% quota)
 - Consumers who live within 300 miles (50% quota)
- and
- Past visitors to the Myrtle Beach area (50% quota)
 - Prospective visitors to the Myrtle Beach area (50% quota)

Secondary Objectives:

1. Determine barriers to travel plans
2. Evaluate advertising awareness and impact among target audiences

Sample Specifications:

- 1) **List of residents qualifying through a series of screening criteria (provided by Survey Sampling International)**

Qualifications to participate in survey:

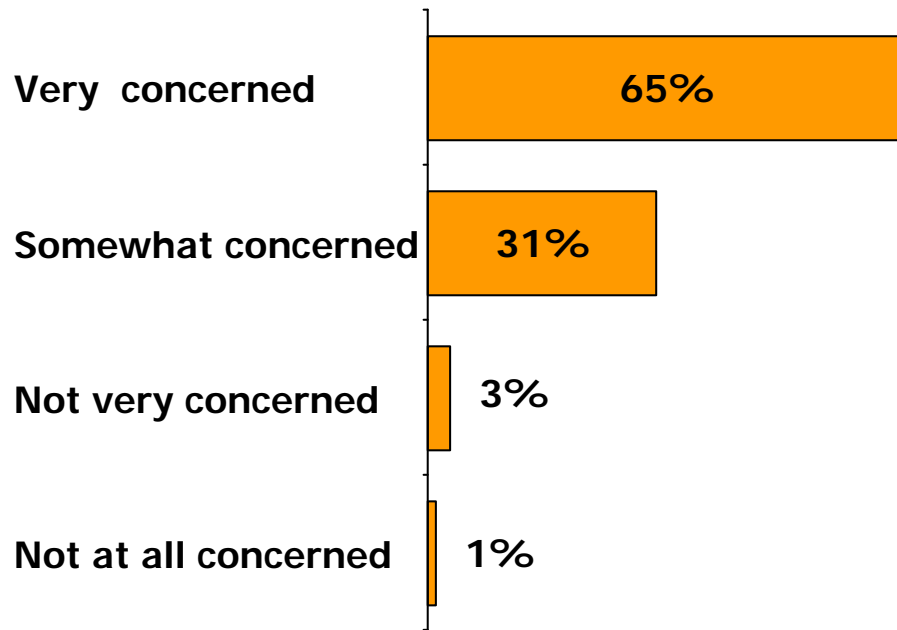
- **Age 25 – 54**
- **Live in NY, NJ, OH, PA, VA, KY, WV, GA, NC or SC**
- **Have taken at least 1 overnight trip for leisure in the past 12 months**
- **Plan to take at least 1 overnight trip for leisure in the next 12 months**
- **Be the primary or joint decision-maker when planning for leisure trips or vacations.**

Respondents were surveyed between May 30 – June 4, 2008. A total of 812 qualified surveys were received. *The margin of error for Total Respondents is +/- 3.4%.*

Q: What do travelers think about the economy today?

Consumers are worried about the economy.

Concern about Economy Today



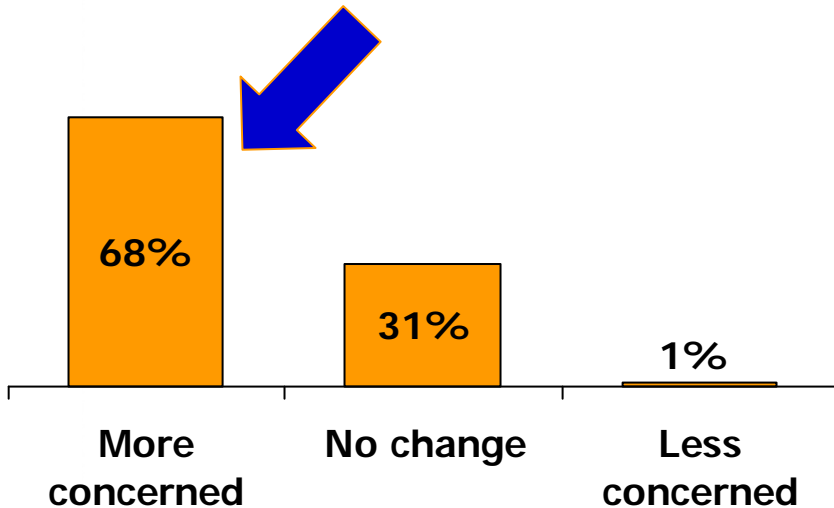
96% are concerned about the economy...

...and **62%** think it will only get worse in the next year!

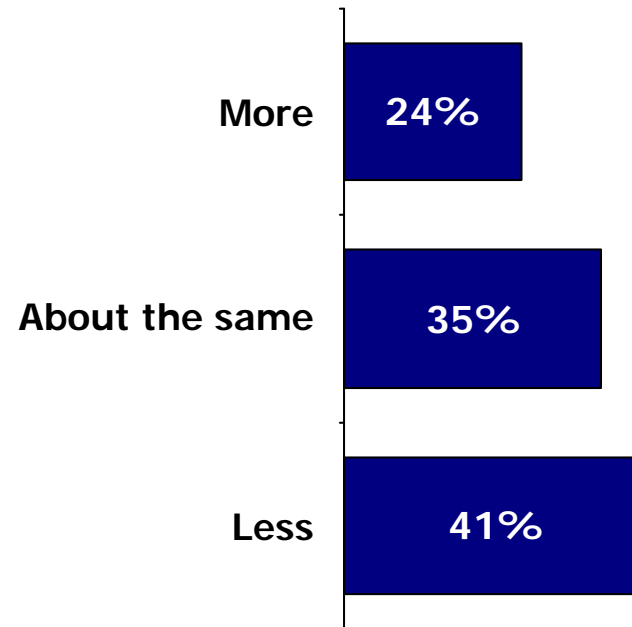
Consumers are more cost-conscious.

A sizable portion are spending less on leisure travel.

Costs Concerns vs. Past Year



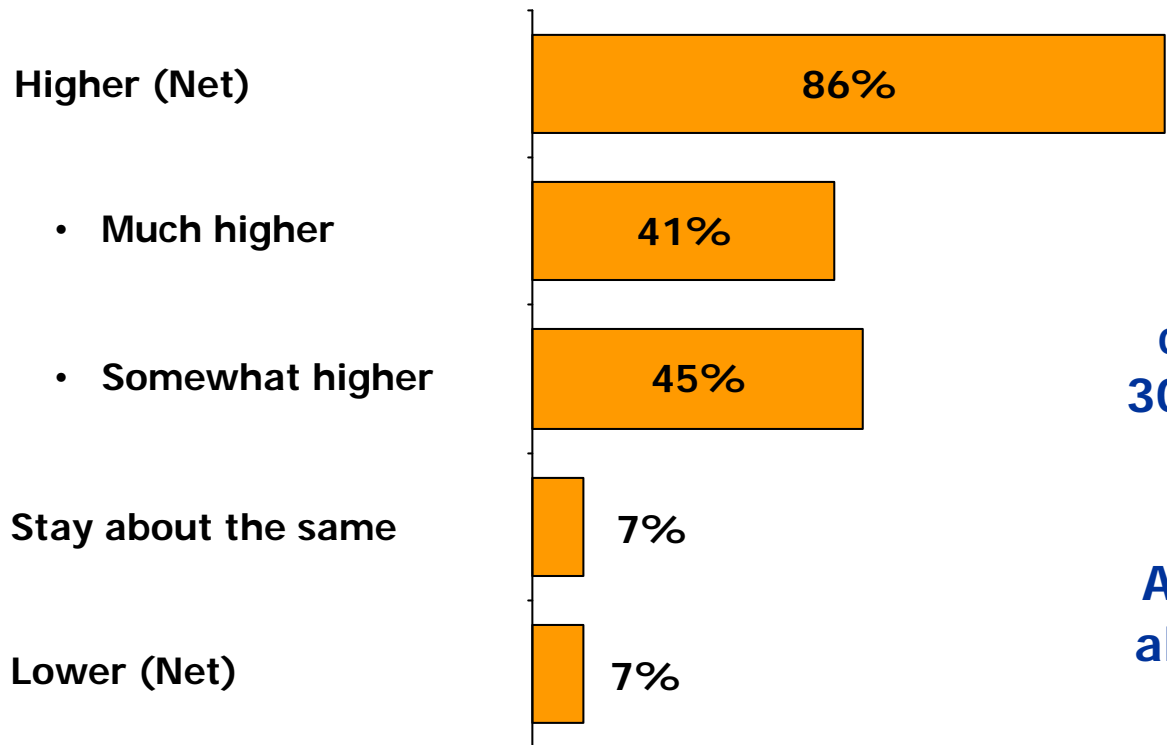
Leisure Spending vs. Past Year



Gas Prices in Next 6 Months

Consumers see gas prices continuing to rise over the next 6 months – 2 in 5 foresee much higher prices!

Projected Gas Prices in 6 Months



66% would NOT consider a trip over 300 miles if gas hit \$4 to \$5 per gallon...

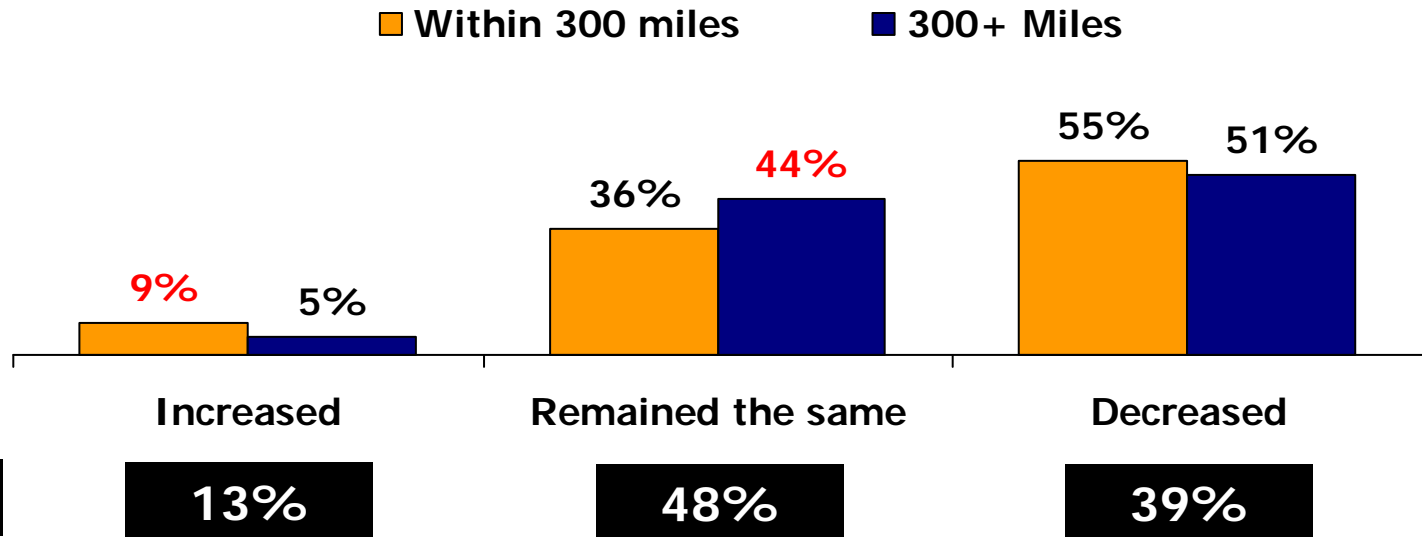
Another **19%** have already reached their breaking point!

Q: How has this affected leisure vacation plans?

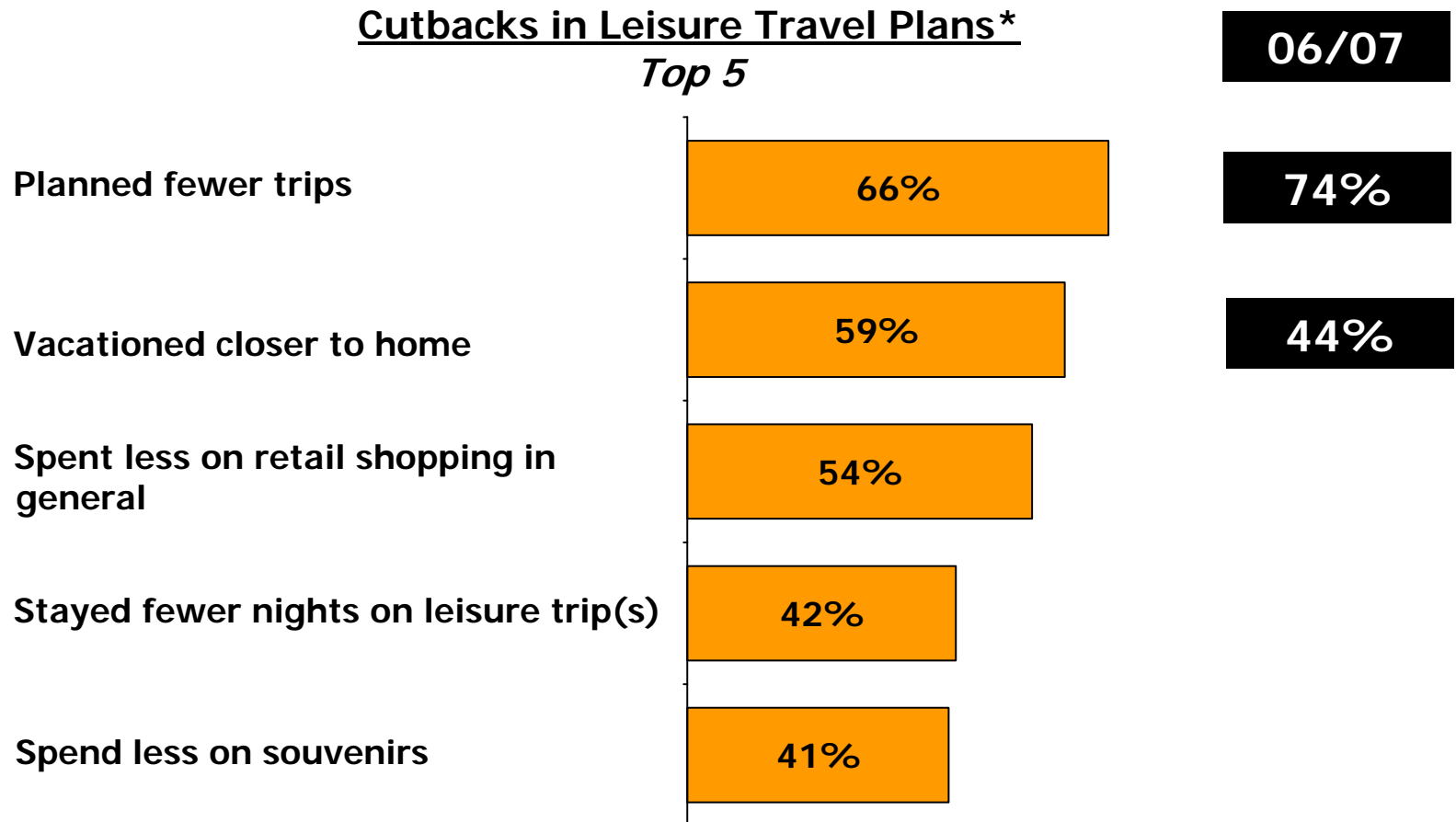
Change in Vacation Travel Patterns – By Sample Segment

The majority of travelers have cut back on their vacation plans, planning just 2-3 trips this Fall on average.

Change in Leisure Travel Patterns Past Year



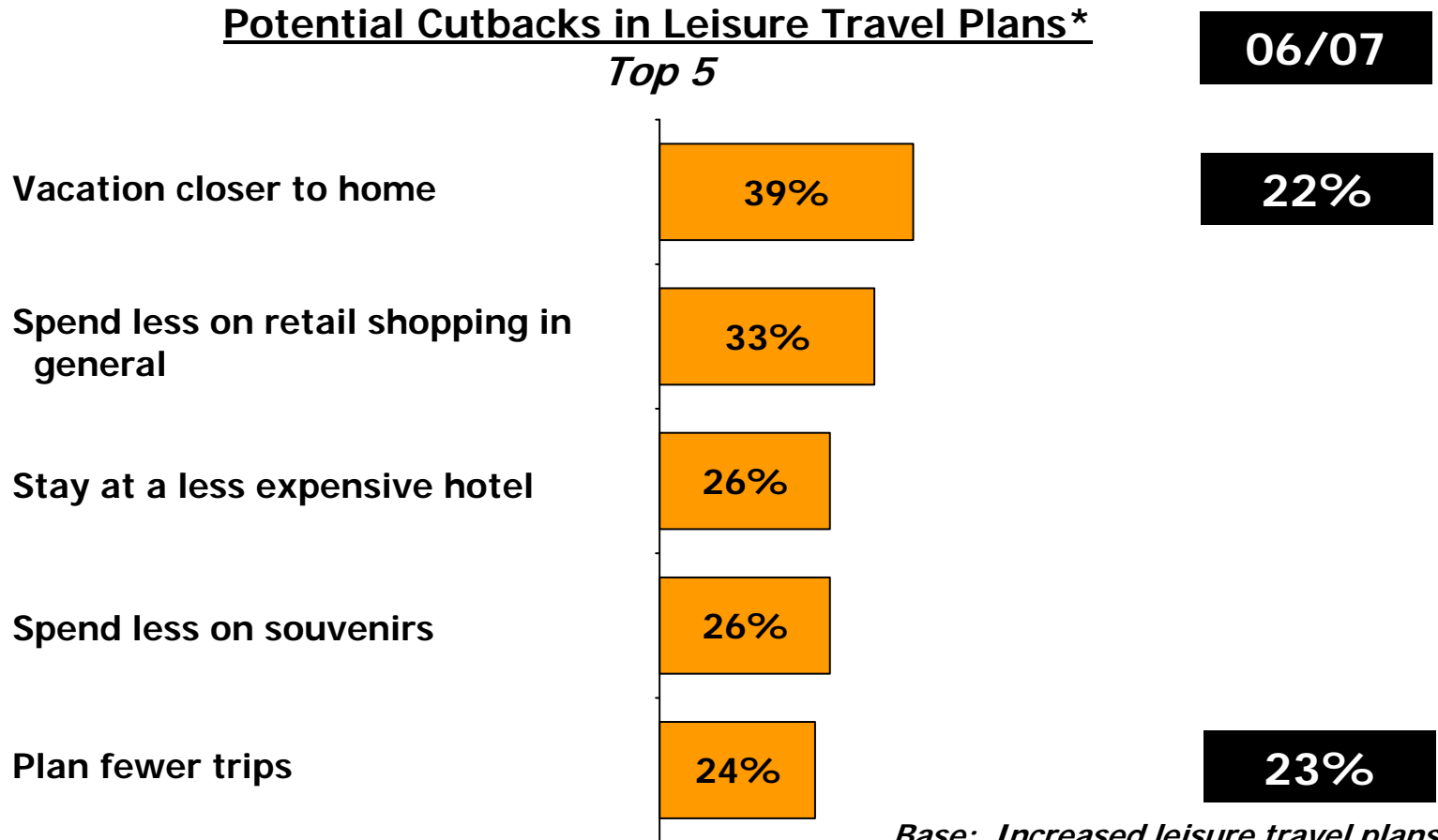
Fewer trips are the preferred way to cut costs!



*Base: Decreased leisure travel plans
Multiple responses allowed*

IF ... they had to scale back ...

Faraway destinations, shopping and hotels are likely targets!



Patterns of cutbacks & potential cutbacks for both points-of-view.

Cutbacks in Leisure Travel Plans

(By Total)

Cuts for those that did decrease (Top 10)

1. Planned fewer trips
2. Vacationed closer to home
3. Spent less on retail shopping (general)
4. Stayed fewer nights on leisure trip
5. Spent less on souvenirs
6. Stayed at less expensive hotel
7. Visited fewer attractions
- 8. Canceled one or more leisure trips**
9. Stayed with family members
10. Changed the vacation destination

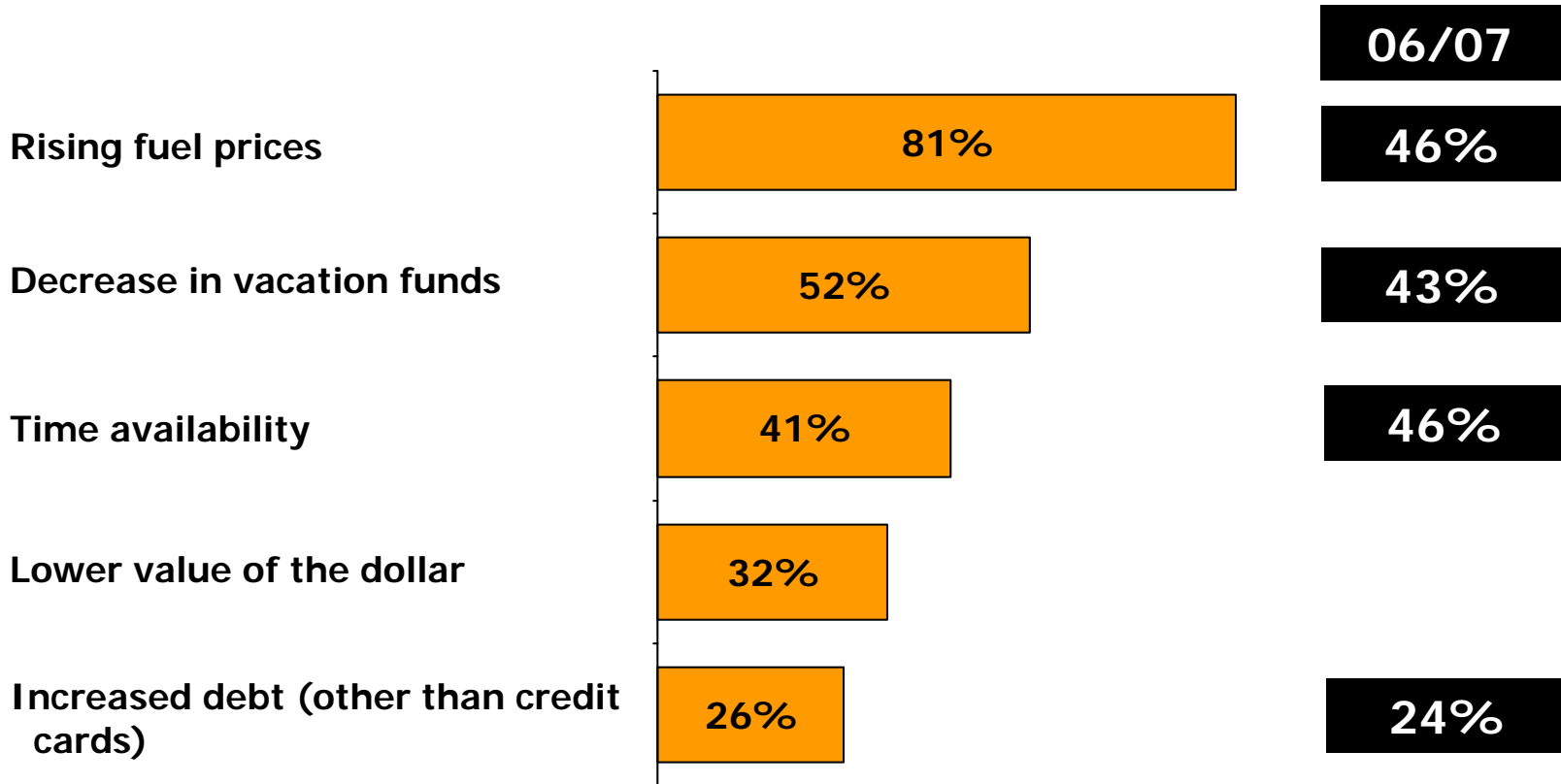
Possible cuts for those that did NOT Decrease (Top 10)

1. Vacation closer to home
2. Spend less on retail shopping (general)
3. Stay at less expensive hotel
4. Spend less on souvenirs
5. Plan fewer trips
- 6. Eat more meals in hotel / campsite**
7. Change the vacation destination
8. Stay fewer nights on leisure trip
9. Stay with family members
10. Visit fewer attractions

Rising fuel prices are the #1 barrier!

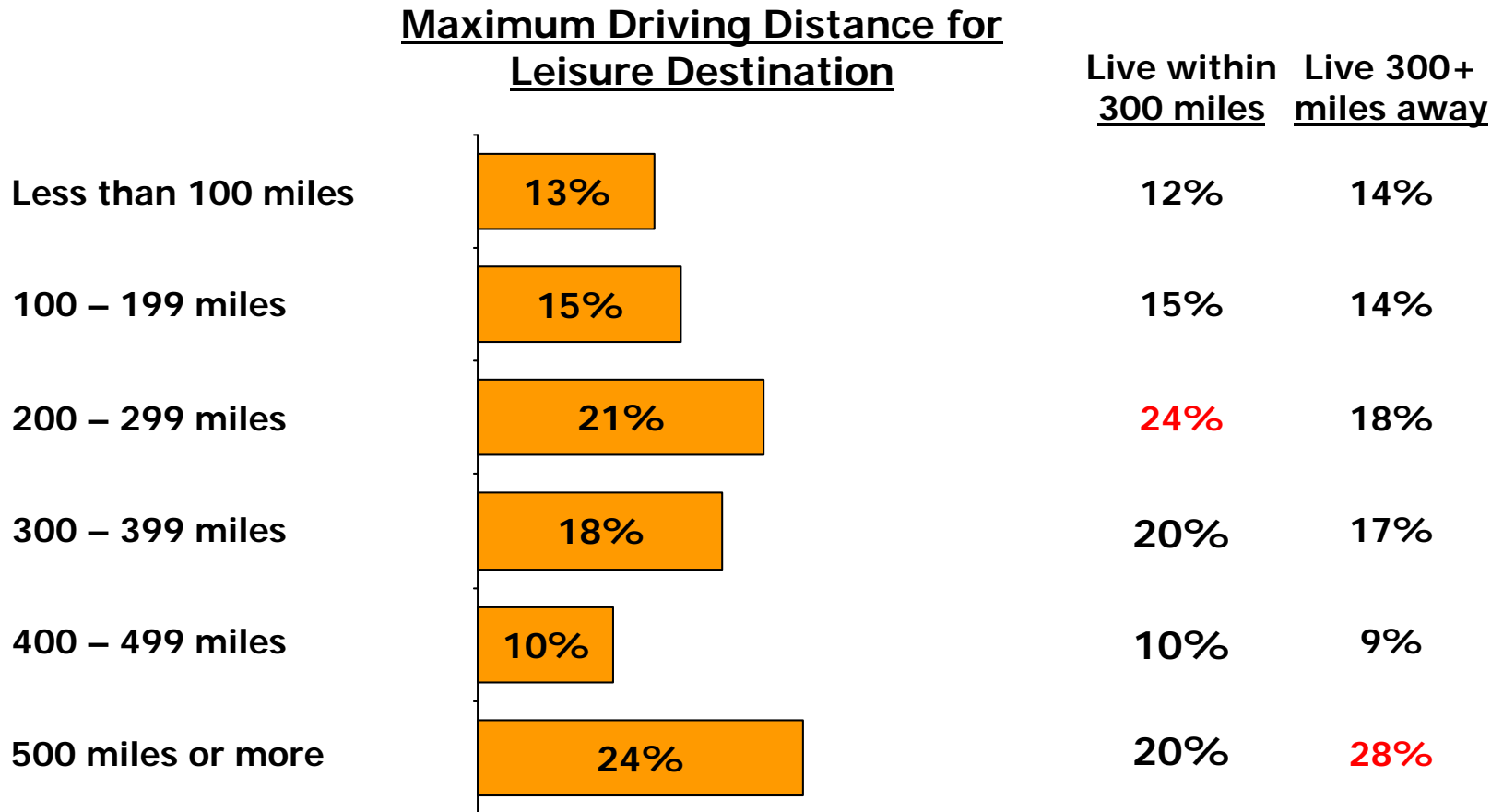
78% say the price of gas has impacted their leisure travel plans this year

Factors Affecting Vacation Plans



Maximum Driving Distance for Leisure Vacation

On average, travelers are willing to drive about 330 miles to reach a leisure destination.



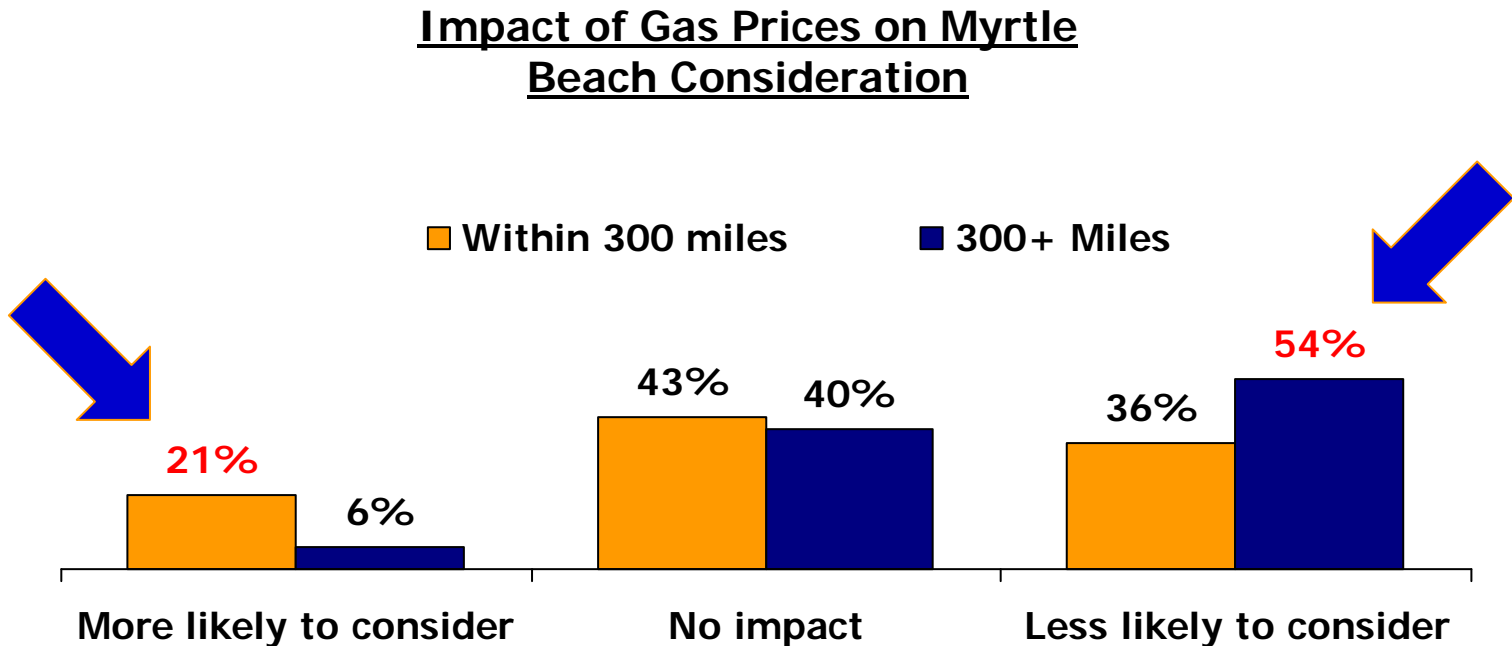
Question #38:

“With gas prices at an all-time high, how does this affect your likelihood to consider the Myrtle Beach area as a leisure vacation destination?”

Impact of Gas Prices on Myrtle Beach Consideration

High gas prices have a noticeable effect on travelers' consideration of the Myrtle Beach area.

- 19% of those that saw advertising are more likely to consider the Myrtle Beach area



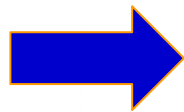
Now, let's take a closer look at Myrtle Beach.

Most Desirable U.S. Vacation Destinations

Myrtle Beach is unequivocally the #1 vacation destination!

Most Desired U.S. Vacation Destinations

Top 5 – Aided



Myrtle Beach

34%

06/07

21%

Orlando

29%

39%

Outer Banks

25%

24%

Hilton Head Island

24%

Daytona Beach

18%

46% list Myrtle Beach among their top beach destinations on an unaided basis...

...**3X** higher than any other destination in the country!

Most Desirable U.S. Vacation Destinations (cont.)

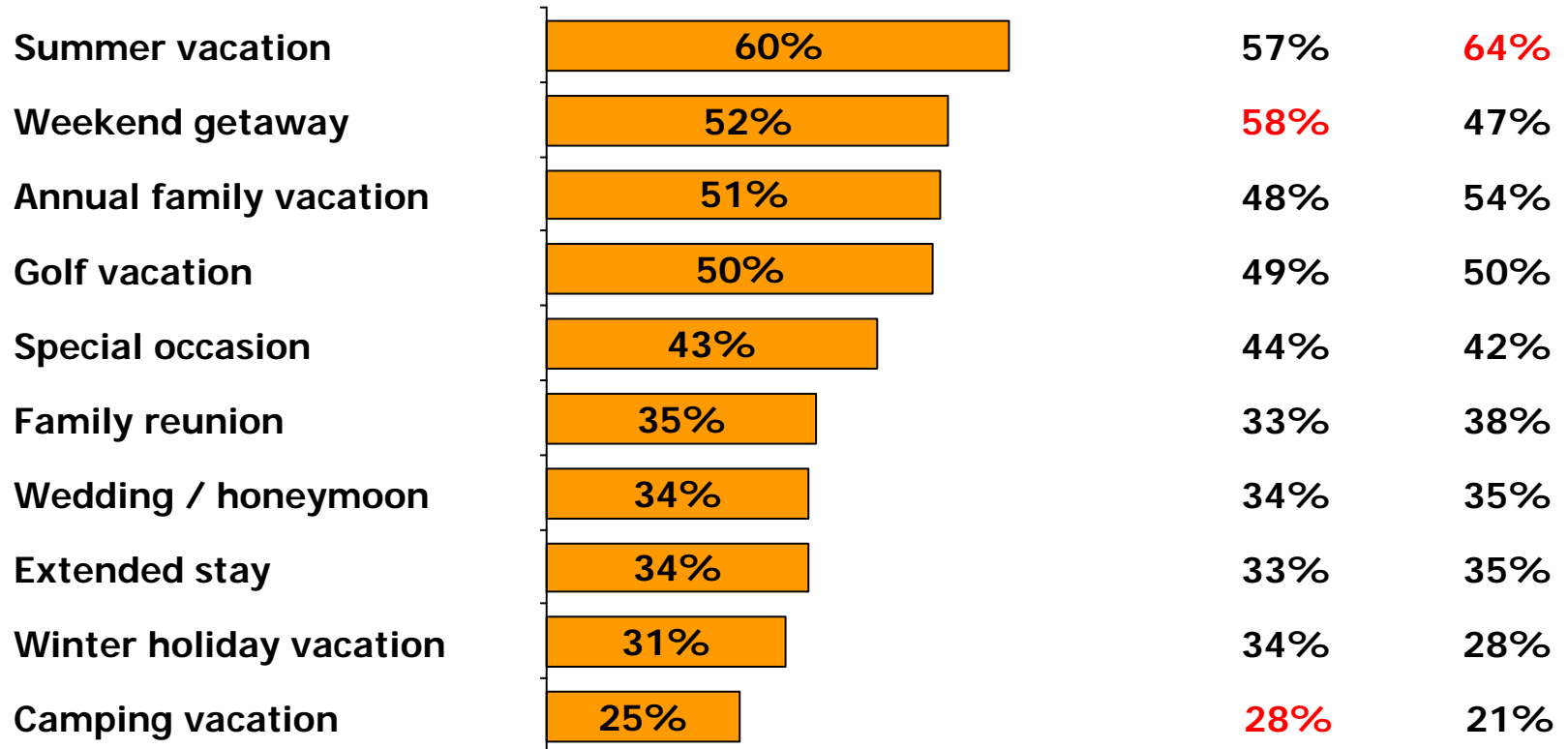
Without a doubt, past visitors and those exposed to the advertising like what they see!

Most Desired U.S. Vacation Destinations

	<u>Live within 300 miles</u>	<u>Live 300+ miles away</u>	<u>Saw Advertising</u>	<u>Did Not See Advertising</u>	<u>Past Visitors</u>	<u>Prospects</u>
Selected Myrtle Beach for Beach Vacation (Unaided)	52%	41%	54%	40%	61%	32%
Selected Myrtle Beach (Aided)	36%	33%	39%	31%	40%	29%

Distant residents give Myrtle Beach high ratings for summer vacations, while those closer praise it as a weekend getaway.

Myrtle Beach – Vacation Ratings
Summary of "Excellent / Above Average" Live within 300 miles Live 300+ miles away

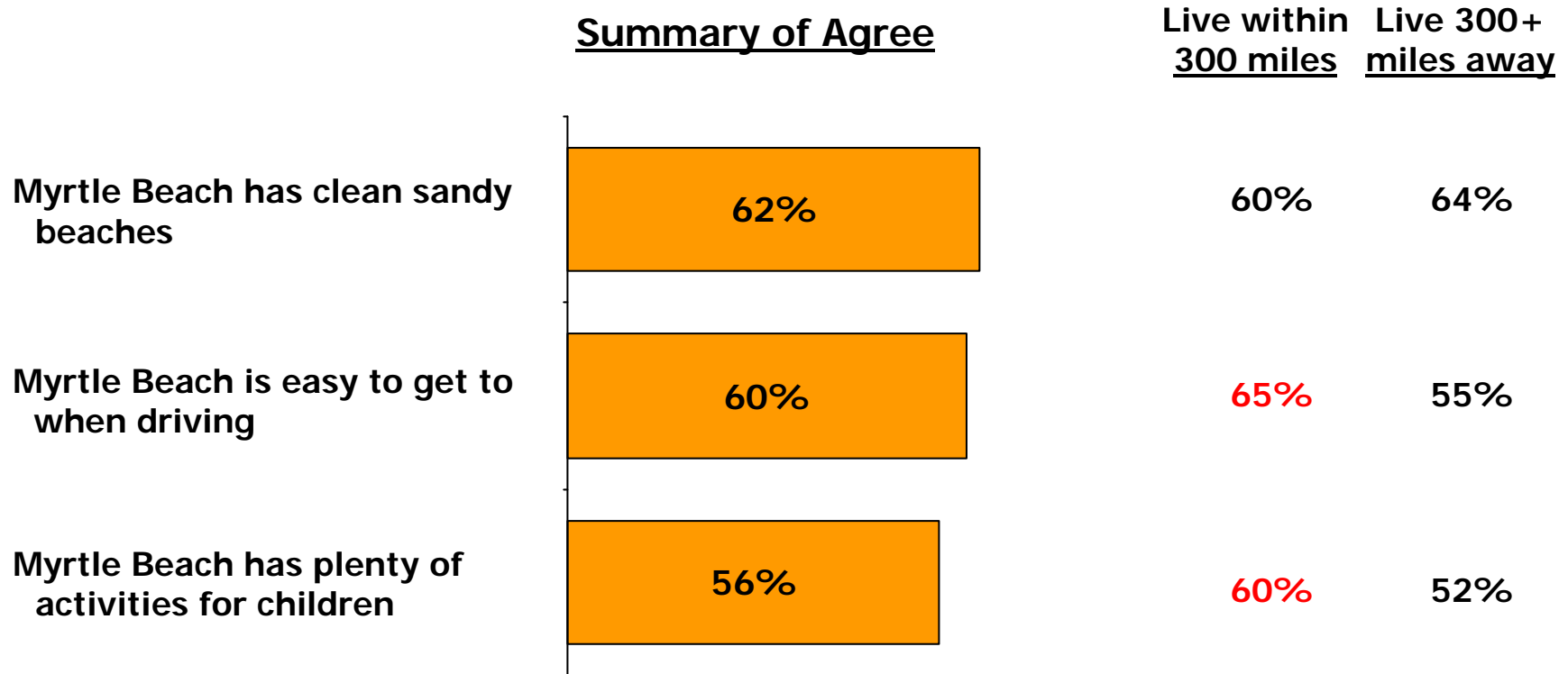


Undoubtedly, the ad campaign has had a tremendous impact on Myrtle Beach ratings.

Myrtle Beach – Vacation Ratings

	<u>Saw Advertising</u>	<u>Did Not See Advertising</u>	<u>Past Visitors</u>	<u>Prospects</u>
Summer vacation	70	53	68	53
Weekend getaway	63	45	58	46
Annual family vacation	60	44	61	40
Golf vacation	60	42	61	38
Special occasion	51	37	51	35
Family reunion	41	31	43	27
Wedding / honeymoon	39	31	38	30
Extended stay	41	28	42	25
Winter holiday vacation	36	26	39	22
Camping vacation	32	19	31	18

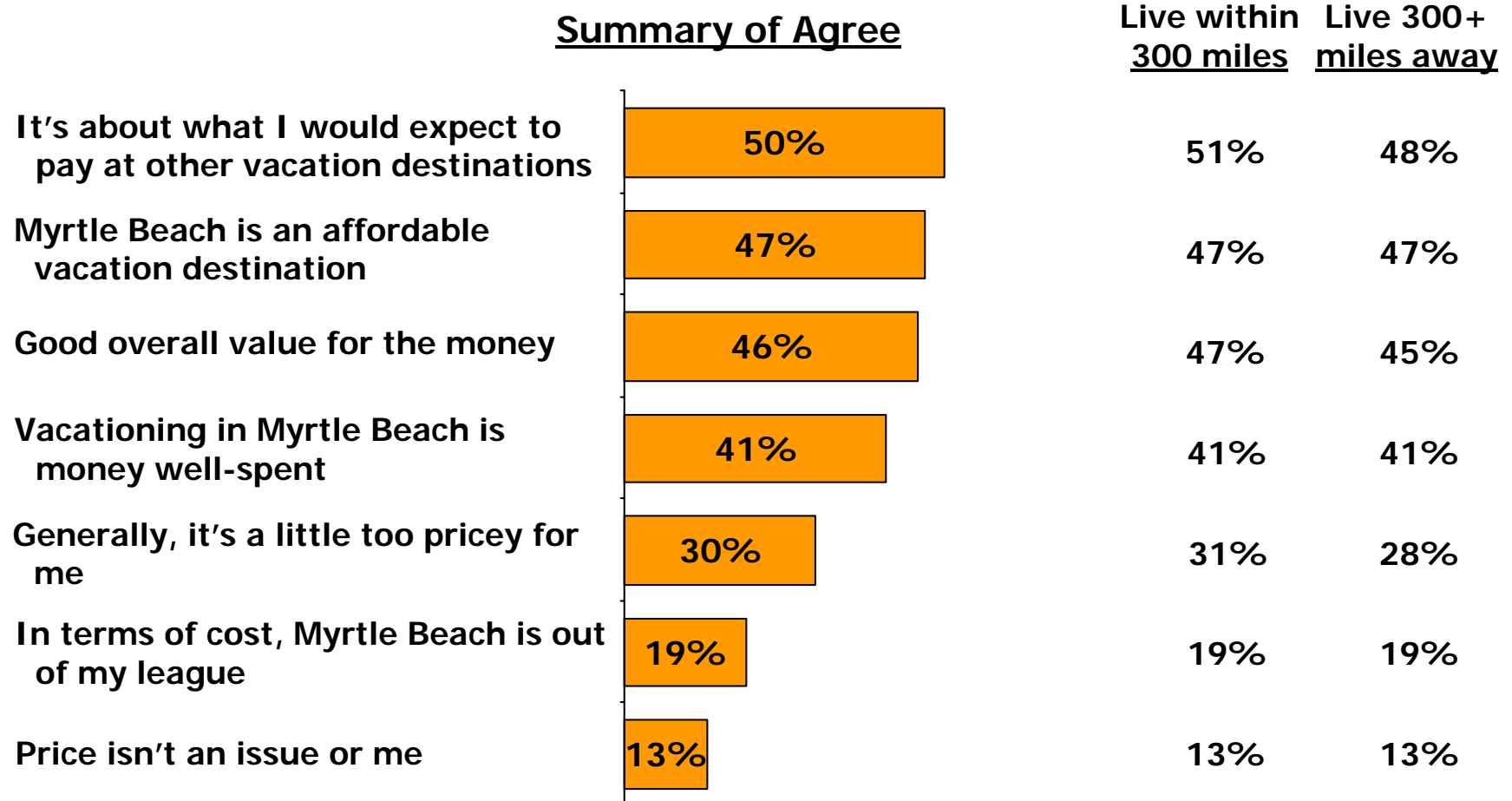
Despite living farther away, most distant travelers agree that Myrtle Beach is an easy driving destination.



Advertising has a strong positive effect on travelers' perception of Myrtle Beach.

	<u>Saw Advertising</u>	<u>Did Not See Advertising</u>	<u>Past Visitors</u>	<u>Prospects</u>
Myrtle Beach has clean sandy beaches	70	56	75	48
Myrtle Beach is easy to get to when driving	67	54	74	46
Myrtle Beach has plenty of activities for children	69	46	74	38

Many travelers agree Myrtle Beach is a solidly affordable, good value.

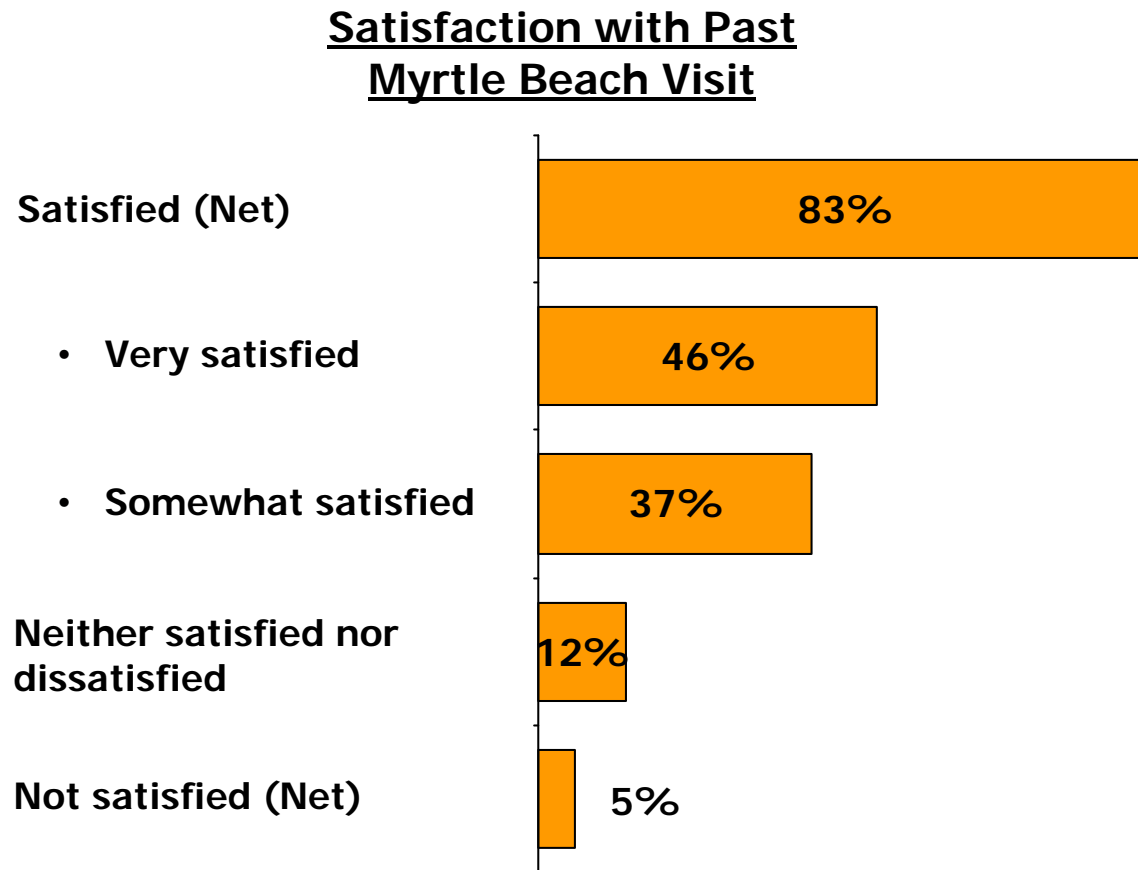


The ad campaigns reinforce Myrtle Beach's position as an affordable leisure destination.

	<u>Saw Advertising</u>	<u>Did Not See Advertising</u>	<u>Past Visitors</u>	<u>Prospects</u>
It's about what I would expect to pay at other vacation destinations	58	43	65	34
Myrtle Beach is an affordable vacation destination	56	40	63	31
Good overall value for the money	58	37	61	31
Vacationing in Myrtle Beach is money well-spent	50	35	56	27
Generally, it's a little too pricey for me	31	28	30	29
In terms of cost, Myrtle Beach is out of my league	20	19	16	23
Price isn't an issue or me	14	12	14	11

Satisfaction with Myrtle Beach Visit

Past visitors to the Myrtle Beach area walk away feeling satisfied.

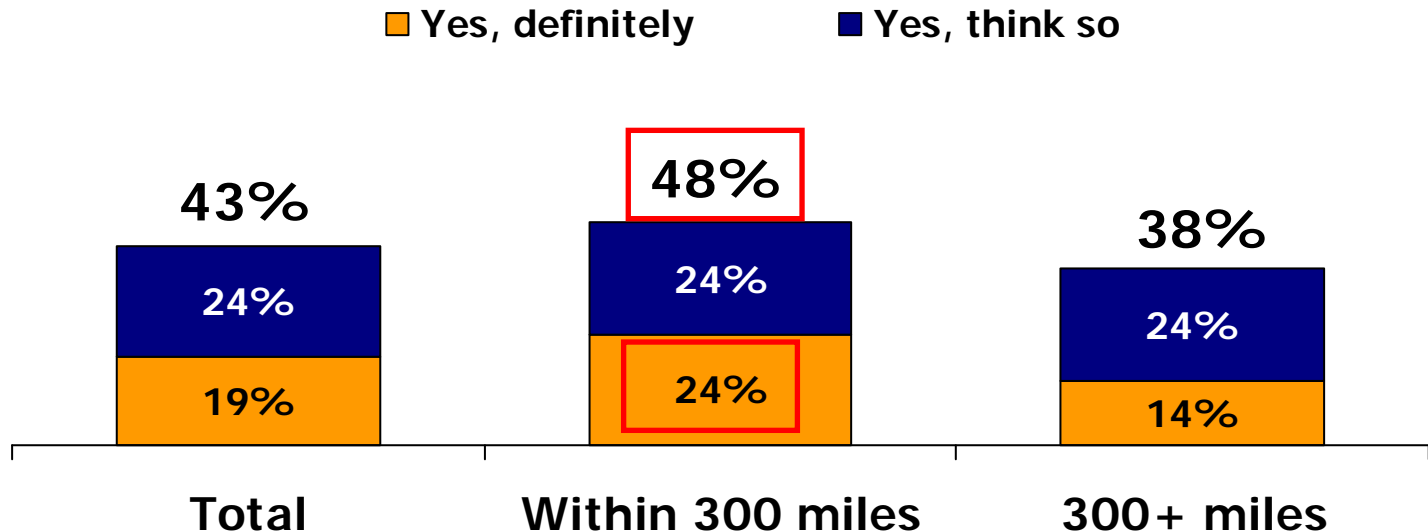


Q: Are travelers seeing advertising for Myrtle Beach? What effect is it having?

Over 2 in 5 travelers have recently seen advertising for the Myrtle Beach area.

52% of Past Visitors have seen advertising for the Myrtle Beach area.

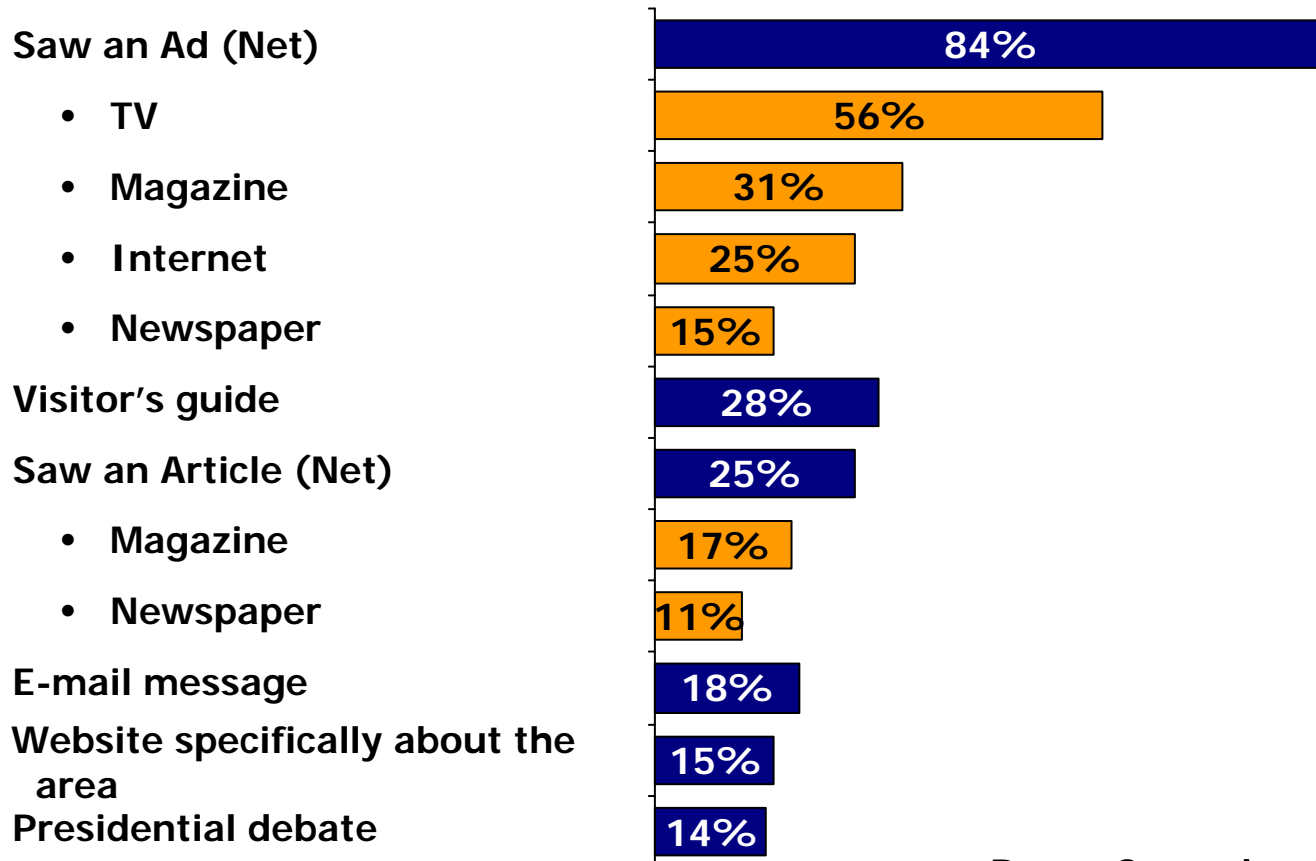
Advertising Awareness (Past 6 Months)



Sources of Advertising Awareness

TV ads are most adept at getting the message out.
Other ads, as well as the visitor guide, are also effective.

Sources of Advertising Awareness



Base: Saw advertising for MBA

What They Remember about the Advertising

“It seems like a great place to take the family.”

“Sandy beaches.”

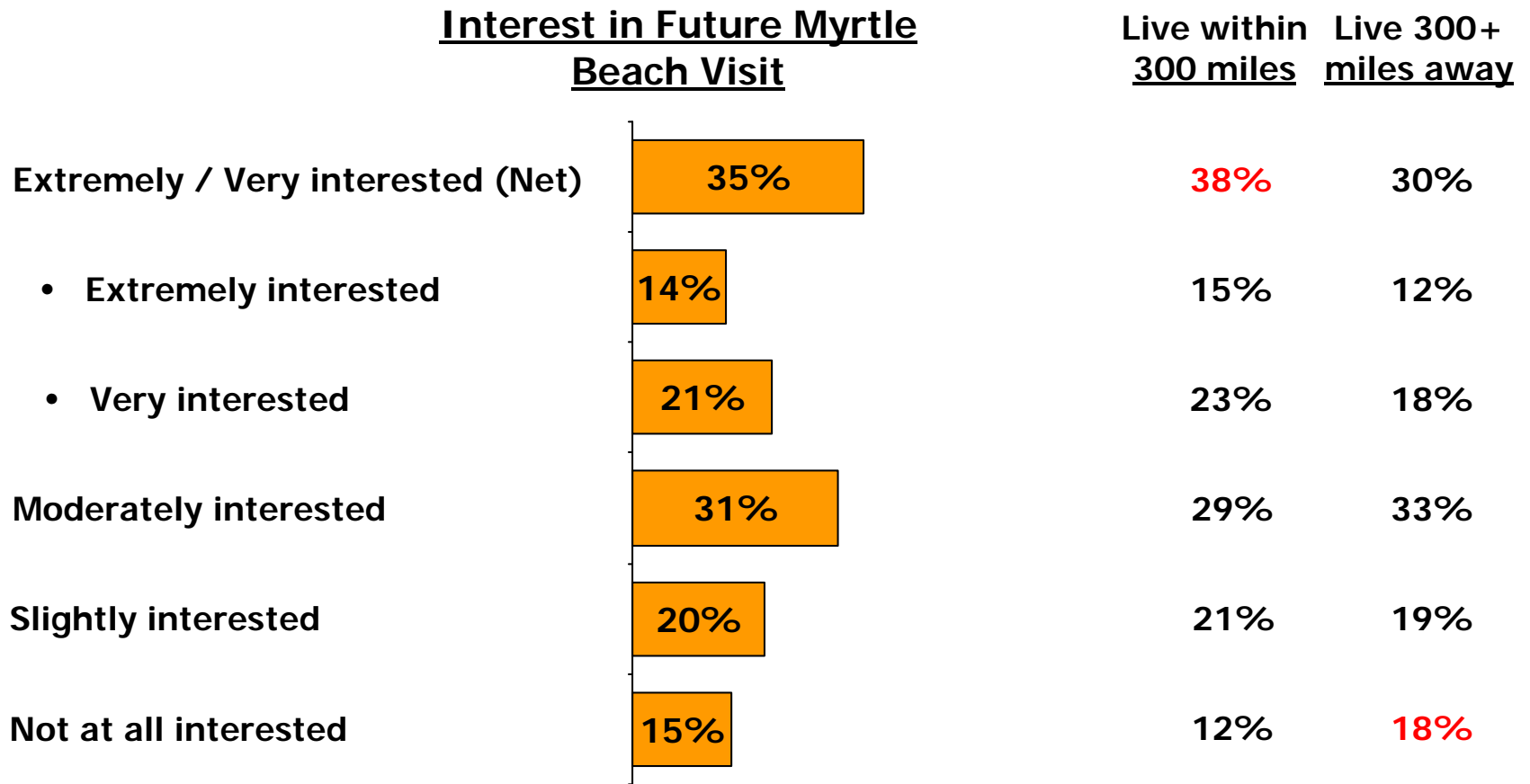
“Clean, family oriented, great golf, beautiful beaches, nice hotels...”

“The beautiful shore, the family attractions, and great golfing.”

“It's got great vacation selections as far as places to stay, things to do.”

“Lots of affordable hotels, great beach, lots of fun activities for all ages, great shopping.”

Travelers want to come to the Myrtle Beach area.



Travelers that have seen the advertising want to visit the Myrtle Beach area.

Interest in Future Myrtle Beach Visit

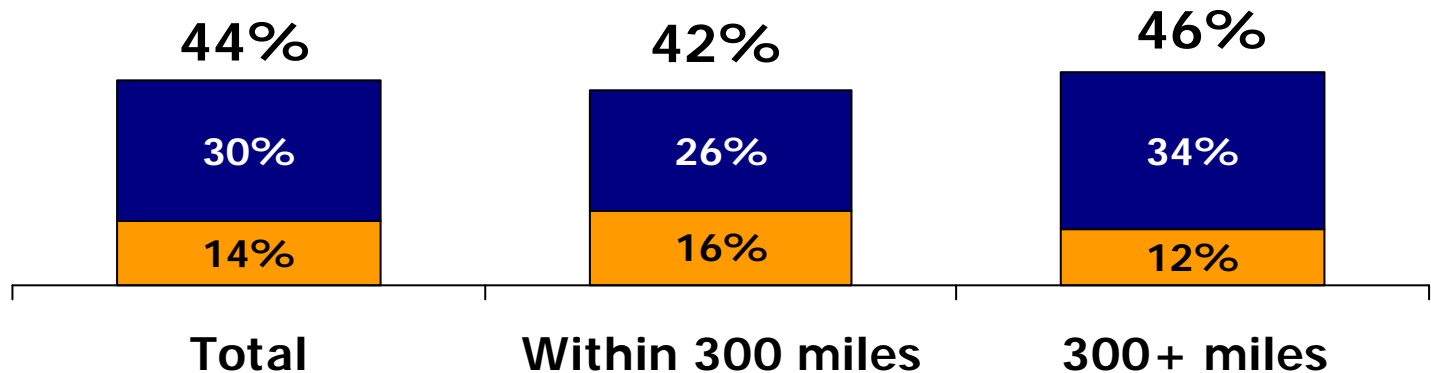
	<u>Saw Advertising</u>	<u>Did Not See Advertising</u>	<u>Past Visitors</u>	<u>Prospects</u>
Extremely / Very interested (Net)	44	26	42	27
• Much more interested	20	8	17	10
• Somewhat more interested	24	18	25	17
Moderately interested	31	31	31	31

Advertising increases interest in Myrtle Beach.

- 3 in 10 say the ad(s) made them more likely to think of Myrtle Beach as a leisure destination.

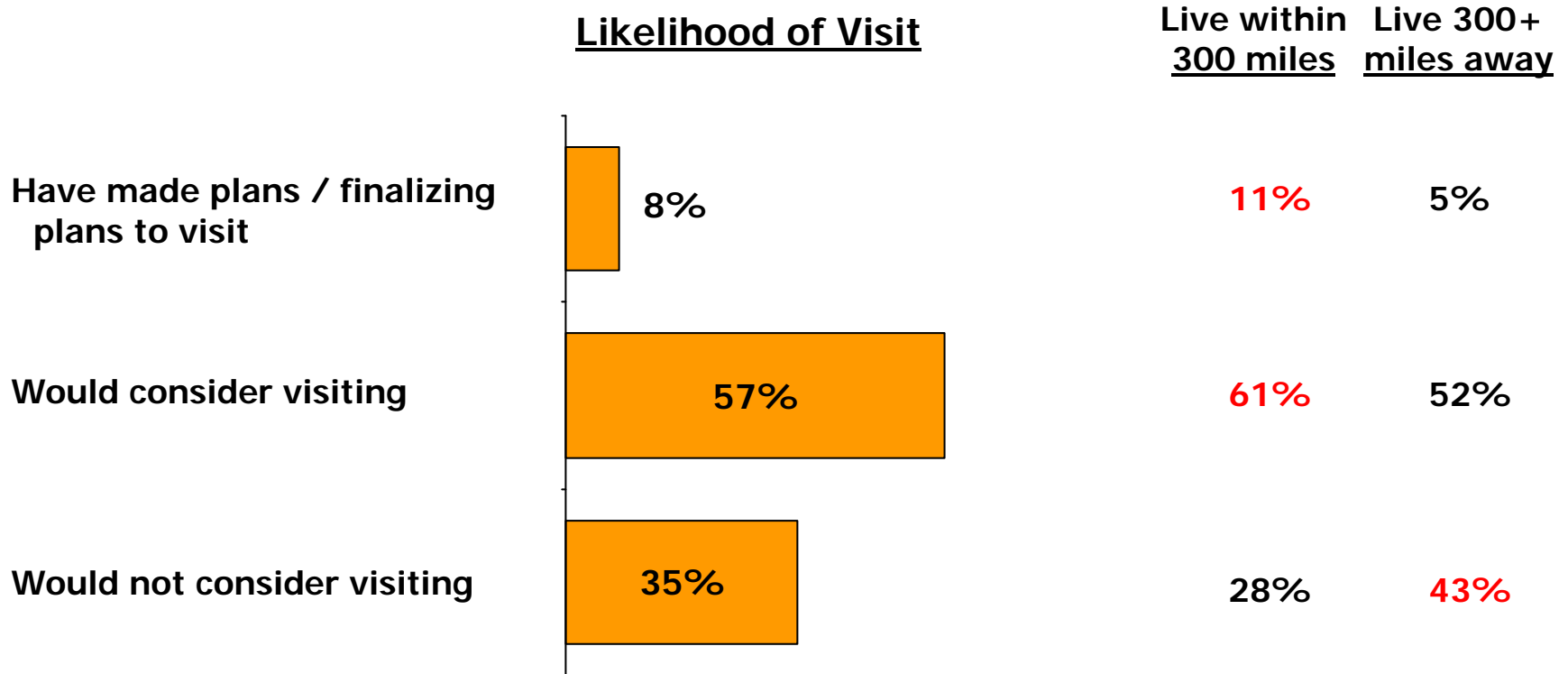
Advertising Impact – Interest in Visiting Myrtle Beach

■ Much more interested ■ Somewhat more interested



Likelihood to Visit Myrtle Beach Area – Next 12 months

Most travelers would consider Myrtle Beach as a vacation destination – especially those living close by.



Past visitors and those exposed to the advertising are most likely to make plans to visit the Myrtle Beach area.

Likelihood of Visit

	<u>Saw Advertising</u>	<u>Did Not See Advertising</u>	<u>Past Visitors</u>	<u>Prospects</u>
Have made plans / finalizing plans to visit	14	3	14	2
Would consider visiting	63	52	58	55
Would not consider visiting	23	45	28	43

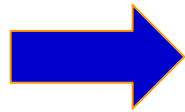
Q: So how can we get travelers to come to Myrtle Beach?

Incentives to Increase Destination Consideration

Give 'em gas!

A gas card is the most popular incentive for travelers.

Incentives to Increase Likelihood of Consideration



Free fuel purchase

76%

"Stay 2 nights, get 1 night free" hotel stay

58%

Discounted travel packages

55%

Discounted air fare

46%

Discounted entertainment packages

38%

Free kids admission to shows / attractions

25%

Discounted spa / resort packages

25%

Discounted rental car rates

24%

"Kids eat free" at participating restaurants

21%

Buy 1 round of golf, get 1 round free

8%

Travelers exposed to the advertising are especially open to free gas and discounted travel packages.

Incentives to Increase Likelihood of Consideration

	<u>Saw Advertising</u>	<u>Did Not See Advertising</u>
 Free fuel purchase	82	73
 "Stay 2 nights, get 1 night free" hotel stay	61	56
Discounted travel packages	61	51
Discounted air fare	49	44
Discounted entertainment packages	40	36
Free kids admission to shows / attractions	27	24
Discounted spa / resort packages	28	23
Discounted rental car rates	26	21
 "Kids eat free" at participating restaurants	23	19
Buy 1 round of golf, get 1 round free	10	6

Q: So what does this tell us?

Summary Findings

1. Without a doubt . . . the economy has travelers on the defensive – and many are cutting back on leisure spending.
 - Everyone is concerned about the state of the economy, and consumers are pessimistic for the future.
 - Consumers are more concerned about costs, and many are cutting back on leisure expenses.
 - Fewer trips, closer destinations, and decreased spending are the primary ways travelers are cutting back costs.

2. Gas prices continue to plague travelers.

- Rising fuel costs are the #1 barrier to travel, and consumers only see gas prices continue to rise in the near future.
- \$5 per gallon is the maximum threshold for many consumers – 85% would NOT consider a trip of 300+ miles at that point.

3. 300 miles seems to be the magic number.

- On average, consumers are willing to drive a maximum of just over 300 miles to reach a vacation destination.
- Residents closer to the Myrtle Beach area are significantly more likely to consider it as a leisure destination vs. those living farther away.

4. Despite the economic challenge, Myrtle Beach is in a strong position to attract visitors!

- Nearly half list Myrtle Beach among their top beach destinations – 3x MORE than any other destination in the country!
- Myrtle Beach receives excellent ratings overall, especially as a summer vacation hotspot.
- 3 in 5 travelers agree that Myrtle Beach is easy to get to when driving – even those living 300+ miles away!
- Myrtle Beach is increasingly being seen as an affordable destination that offers good value.

5. The word is getting out – and travelers are taking notice!

- Advertising awareness is strong for Myrtle Beach, especially among those living within 300 miles.
- Television ads do an exceptional job at getting the message out.
- Magazine and Internet ads are also strong, as is the visitor's guide.

6. Advertising increases traveler interest in the Myrtle Beach area.

- Residents exposed to the advertising cite a significantly higher interest in visiting Myrtle Beach – 75% are at least moderately interested.
- Exposure to advertising gives travelers a significantly more positive perception of the Myrtle Beach area.

7. With future travel looking down, incentives **NEED** to be an integral part of a marketing strategy.
 - Give them gas! No other incentive has as much persuasion power to travelers given today's gas prices.
 - Hotel specials and discounted travel packages are also attractive to travelers.
 - Consumers that saw the advertising are especially receptive to free fuel offers and discounted travel packages – seize this opportunity!



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