RESONANCE

Scottsdale Tourism & Events Situational Analysis

COMMISSIONED BY CITY OF SCOTTSDALE
IN PARTNERSHIP WITH EXPERIENCE SCOTTSDALE
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Contents

Overview

The *Situational Analysis* summarizes the assessment of the destination and the key findings from the destination assessment, visitor and resident survey, and stakeholder interviews.

As a destination, Scottsdale delivers an overall top-tier visitor expérience. Based on the destination performance analysis, connectivity, culinary experiences, sightseeing, and meetings and events are key competitive advantages. Outdoor activities represent a development opportunity to meet growing consumer demand for visitors to further enjoy the unique scenery and good weather conditions. In terms of consumer satisfaction, the quality of experiences in Scottsdale is greater than in other destinations across most categories.

Overall perceptions of Scottsdale by both visitors and residents are positive – it's perceived mainly as historical, clean, beautiful, safe, and welcoming. The majority of visitors have a good perception of Scottsdale as a place to visit, and residents also recognize the importance of tourism to the Scottsdale economy, and agree that the industry has a positive impact on community quality of life. A segment of the community share a negative perception of tourism, essentially linked to crowdedness, therefore, a long-term planning of tourism in the city is vital to improve and to grow the visitor experience while supporting overall quality of life.

Destination Assessment

SCOTTSDALE MARKET ANALYSIS

Shaping the quality and character of hotels, event venues, and events is an essential part of the tourism strategy to better understand current trends, and the impact of the pandemic on the industry to plan future opportunities for the destination.

SCOTTSDALE LODGING ASSESSMENT

SCOTTSDALE HOTEL INVENTORY

With over 12,500 hotel rooms, Scottsdale supports a high-quality hotel supply with over 50% of rooms falling within the Luxury or Upper Upscale Class. The table below shows the number of hotels in Scottsdale by class.

Scottsdale Lodging Market by Hotel Class

Class	Hotels	Rooms	% of Total Rooms
Upper Upscale	14	4,304	34%
Upscale	22	3,469	28%
Luxury	5	2,167	17%
Upper Midscale	14	1,571	13%
Economy	7	686	5%
Midscale	4	365	3%
Total	66	12,562	100%

Source: STR, Scottsdale Market Area

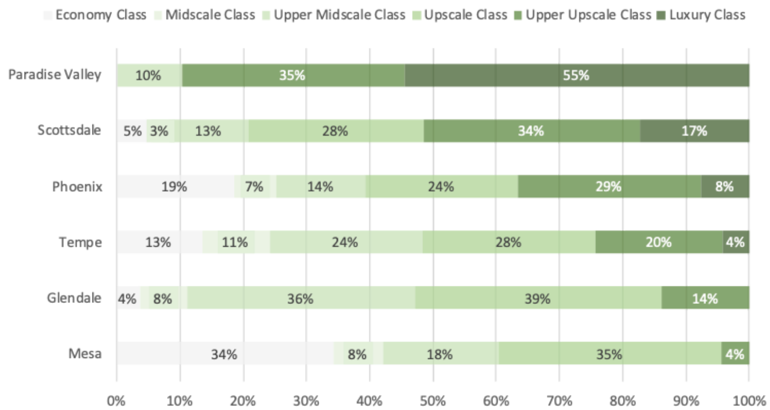
Scottsdale Lodging Market by Size

Size	Hotels	Rooms	% of Total Rooms
Greater than 500	3	2,130	17%
351-500	4	1,771	14%
251-350	4	1,254	10%
151-250	20	3,784	30%
51-150	33	3,555	28%
Fewer than 50 Rooms	2	68	1%
Total	53	12,562	100%

Scottsdale has 66 hotels and 80% of the hotel rooms are Upscale or higher. The majority of the hotels in Scottsdale offer between 51 and 250 hotel rooms, although the three largest hotels offer a combined total of 2,130 rooms. The quality of hotels in Scottsdale supports its brand as an upmarket tourist destination.

While Scottsdale has 10,000 fewer hotel rooms than Phoenix, it has more Luxury rooms and a comparable number of Upper Upscale rooms. Scottsdale has the second highest percentage of high-quality hotels of the six major hotel markets in the Phoenix Valley.

Room Distribution by Class



Source: STR, Scottsdale Market Area

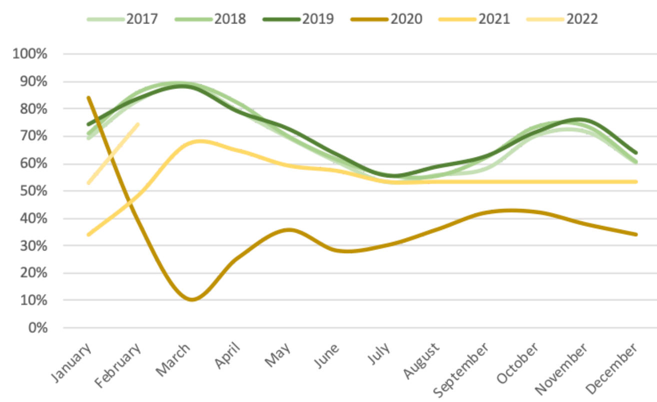
Paradise Valley has the highest concentration of luxury and upscale properties (90%), but Paradise Valley is adjacent to Scottsdale and most tourists do not perceive it as distinct from Scottsdale. The presence of high-quality resorts in Paradise Valley contributes to Scottsdale's image as a luxury destination. All other cities lack a similar concentration of high-quality properties.

Scottsdale has more large hotels than most other cities in the Phoenix Valley. Nearly 50% of hotels, and more than 70% of hotel rooms are larger than 150 rooms. The only city with a similar distribution of hotel rooms is Paradise Valley that has 85% of its hotels and 80% of its rooms in properties with more than 150 rooms. Scottsdale has three large resort hotels and four hotels with over 350 rooms.

SCOTTSDALE HOTEL OCCUPANCY, RATE, REVENUES

In the years preceding the pandemic, hotels in Scottsdale maintained consistently high annual occupancy rates achieving annual peak occupancy of nearly 71% in 2019. Occupancies fell dramatically during the pandemic in 2020 and 2021 and only partially recovered in 2021 to nearly 58%. Recovery from the pandemic began in earnest in March 2021, but successive waves of the COVID-19 pandemic continued to suppress travel for the remainder of the year. Year-to-date occupancies for the first two months of 2022 remain below pre-pandemic levels.

Citywide Hotel Room Occupancy (2017–YTD 2022)



Source: STR, Scottsdale Market Area

Citywide Annual Occupancy

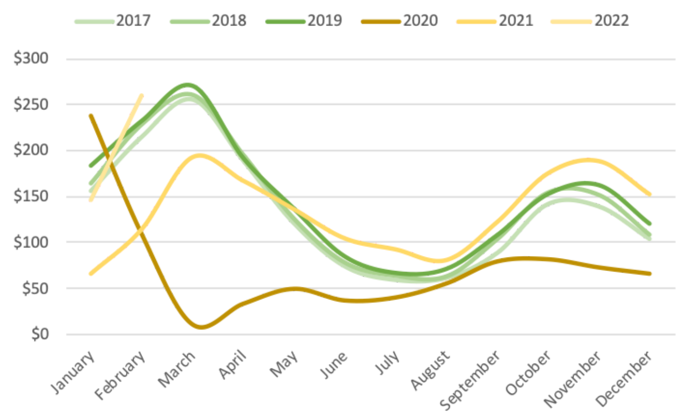
2017 – 68.3%
2018 – 69.9%
2019 – 70.9%
2020 – 37.5%
2021 – 57.9%

During normal years of operation, the market shows a consistent pattern of occupancy with peaks in the spring, low occupancies in summer and moderately high occupancies in the late fall. Leisure travel has led the recovery nationally, and Scottsdale is well positioned to take advantage of this trend. Average daily room rates ("ADR") remained remarkably strong during the pandemic with significant declines in March, April and May of 2021, the early months of the pandemic.

Unlike the pattern of recovery following previous recessions, ADR recovered faster than occupancy. This may reflect the fact that disposable income and savings increased during the recession, especially among the higher income populations that are predisposed to travel. Demand was constrained by self-imposed avoidance of travel and government restrictions on gatherings rather than by a decrease in income. Consequently, when pent up demand for travel occurred, hotels were able to exceed pre-pandemic price levels in 2021. In January of 2022, ADR achieved the previous high and in February of 2022 ADR was at record levels.

Revenue per Available Room ("RevPAR") is a standard industry metric that multiplies ADR by the Occupancy rate for any given period. As hotels seek to maximize revenue, they try to find the optimal combination of occupancy and rate. The figure below shows RevPAR for the City of Scottsdale from 2017 through year-to-date 2022.

Citywide Hotel Revenue per Available Room (2017–YTD 2022)



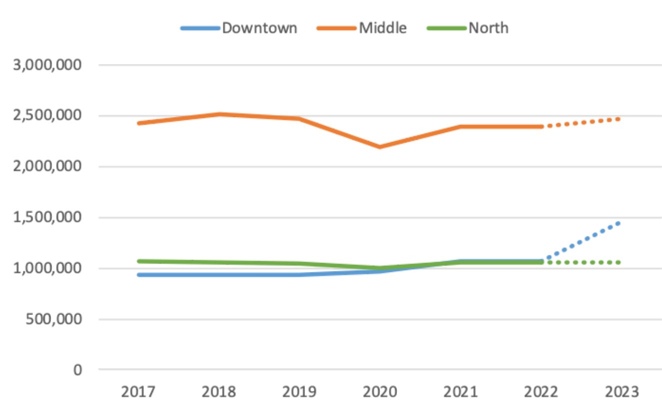
Source: STR, Scottsdale Market Area

High ADRs compensated for the loss of occupancy and RevPAR recovered to pre-pandemic levels by June 2021. Although they are welcoming fewer guests, hotels have been able to maximize revenues by maintaining high rates.

HOTEL SUPPLY TRENDS

The hotel room supply in Scottsdale has remained constant over the period from 2017 through 2022. The largest change in rooms came from some temporary hotel closures during the beginning of the COVID-19 pandemic; however, the majority of those returned to the market by June 2020. In addition to the STR data used to project existing supply, Build Central data was used to track new hotel construction in order to project future hotel supply.

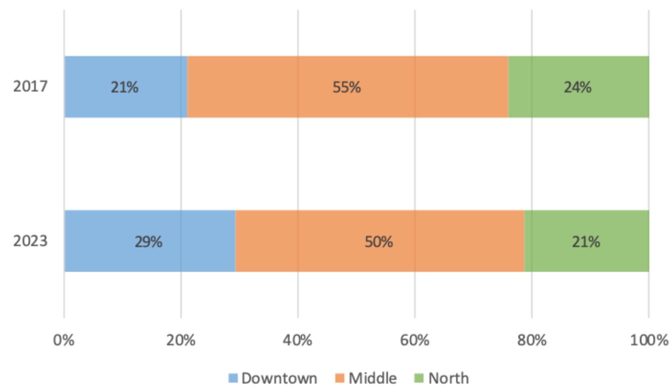
Available Room Nights by Submarket (2017-2023)



Source: STR, Build Central, Scottsdale Market Area

The middle submarket has historically been the largest in Scottsdale, with more available rooms than downtown and the north submarket combined. The projected increase in available room nights in 2023 downtown makes it the clear second largest lodging submarket, separating it from the smaller north submarket.

Share of Available Room Nights by Submarket



Source: STR, Scottsdale Market Area

The available room nights in the downtown submarket are expected to increase from 21% to 29% over the six-year period. The middle submarket shrank to 50% and the north submarket shrank to 21%. This illustrates the trend of hotel development in urban locations that appeal to younger travelers.

HOTEL MARKET CONTRIBUTION TO SCOTTSDALE ECONOMY

At its peak in 2019, the lodging market generated nearly $1.1 billion in direct hotel spending in the Scottsdale market. This is approximately one third of the annual tourism impact of $3.3 billion as estimated by the City of Scottsdale.

SCOTTSDALE HOTEL VISITOR SEGMENTATION

In Scottsdale, consumer demand for hotel lodging is comprised of three segments: 1) Transient—Independent travelers arriving for primarily for leisure stays and secondarily for business activities, 2) Group—convention, conference and social groups that book rooms in blocks, and 3) Contract—airline crews and other regularly occurring contracted business.

Segment	Pre-Pandemic[1]	Post-Pandemic[2]	Change
Transient	58.3%	79.5%	21.2%
Group	39.9%	18.0%	-21.9%
Contract	1.8%	2.5%	0.7%

Source: STR, HVS, Scottsdale Market Area

During the pandemic, the share of group demand fell from 39.9% to 18.0%, while the transient share of demand increased from 58.3% to 79.5%. This change reflects government restrictions on large gatherings and decisions of event organizers to cancel or postpone events. Group demand has been slow to recover and remains well below pre-pandemic levels as shown in the figure below.

Growth in group demand is crucial to achieving a full recovery of the hotel market. The pandemic's influence on the long-term future of group meetings has yet to play out. During the pandemic, large and small groups alike converted to online platforms and many groups resorted to hybrid meetings that occurred online and in-person. For large groups, these platforms for conventions and conferences proved to be unsatisfactory.

As restrictions have been eased, large group meetings have begun to return. While hoteliers report pent-up demand for large meetings, due to their long-term planning horizons, it may take several years for this segment of demand to fully recover. Some smaller groups may continue to substitute for on-line meetings, as the technologies for such meetings improved during the pandemic and use of these platforms became widespread. But the adoption of remote working by many businesses has also created new demand for in-person employee gatherings. While the purpose and mix of small group meetings has changed, it remains unclear whether the share of small group meeting demand will return to pre-pandemic levels.

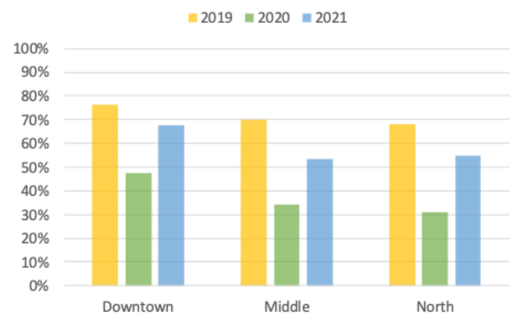
Individual business travel may also decline due to increased use of online platforms that replace the need to travel for business activities. Fortunately, the increase in leisure travel demand has filled in much of the lost transient business travel. With a small share of transient business travel, Scottsdale's hotel occupancy is unlikely to be adversely affected by reductions of individual business travel.

[1] *January 2018 through February 2020*
[2] *March 2020 through December 2021*

SCOTTSDALE HOTEL SUBMARKET ANALYSIS

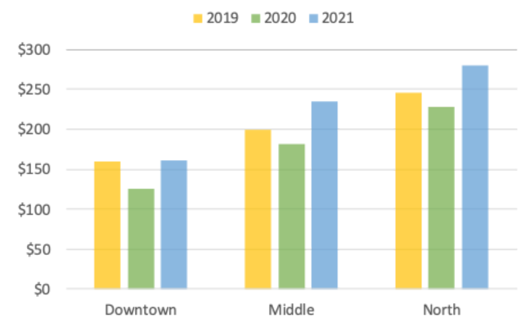
Closer analysis of Scottsdale hotels reveals differences in supply and demand among the three sub-markets: Downtown, Middle, and North sub-markets as defined by STR.

Scottsdale Submarket Occupancy



Source: STR, Scottsdale Market Area

Average Daily Room Rate (ADR)

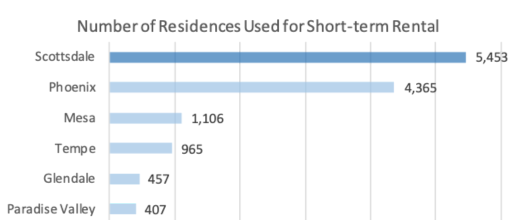


While the downtown submarket enjoys the highest occupancy, the north sub-market has the highest ADR and RevPAR. The pattern of recovery also differs among the sub-markets. Downtown occupancy, with more exclusive reliance on transient leisure and business travel, has recovered more but ADR has lagged. The middle and north sub-markets, with a higher dependence on groups, have shown a lag in occupancy recovery, but in 2021, ADRs exceeded pandemic levels.

SHORT-TERM RENTALS

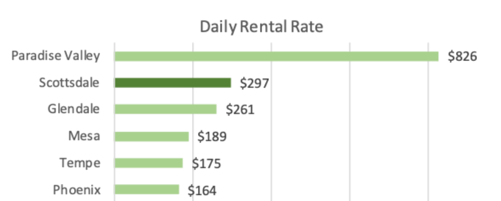
Approximately 5,500 residences have been offered for short-term rental at some point over the past year, which is roughly 4.6% of the 118,000 households in Scottsdale. Scottsdale has the most short-term rentals in the Phoenix Valley, with approximately 1,000 more properties listed than Phoenix, and 4,000 more than Mesa.

Phoenix Valley Number Short-Term Rentals



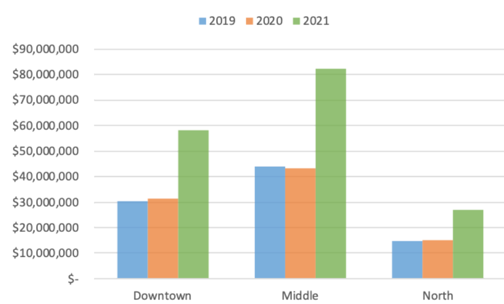
Source: AirDNA

Daily Rental Rate



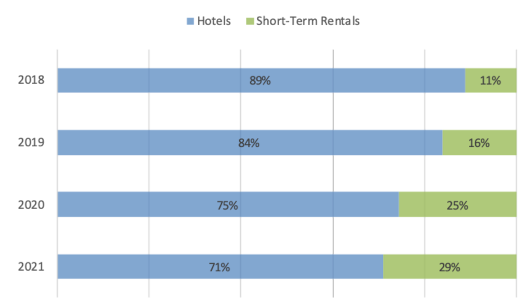
The size of each short-rental submarket was estimated from AirDNA and lodging tax collection data in order to produce estimates of the short-term taxable room revenue generated in each submarket. Total short-term taxable room revenue in Scottsdale grew from an estimated $90 million in 2019 to approximately $167 million in 2021. This increase in revenue occurred primarily in the middle and downtown submarkets, increasing by more than $39 million and $27 million respectively from 2020 to 2021. The sudden and dramatic increase of short-term rental revenue from 2020 to 2021 may reflect the impact of the COVID-19 pandemic as leisure travelers with health concerns sought more isolated lodging opportunities.

Short-Term Taxable Room Revenue by Sub-market



Source: AirDNA, City of Scottsdale

Lodging Tax Collections by Property Type



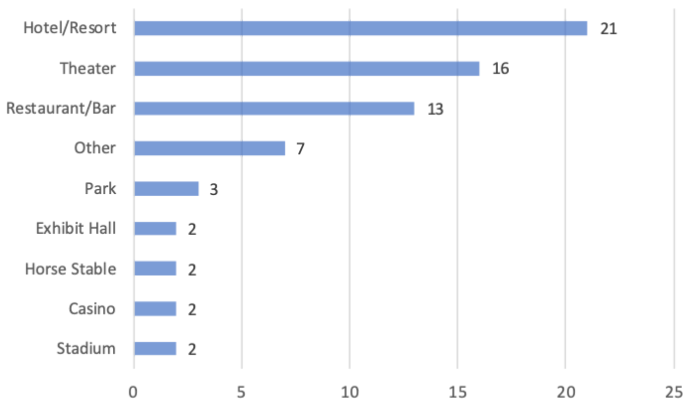
Source: City of Scottsdale

The share of lodging tax revenues generated by short-term rentals in Scottsdale has steadily been increasing from 2018 through 2021. In 2018 short-term rentals combined for 11% of total lodging tax revenues, but in 2021 that number jumped to 29%. It is unclear whether this increase in short-term rental usage is due to the COVID-19 pandemic, and the surge of leisure travel that accompanied the end of the pandemic. Business and group travel has yet to return to its pre-pandemic levels, two major markets that support hotel demand and would increase hotel tax revenue collections.

SCOTTSDALE VENUE ASSESSMENT[3]

Scottsdale features 68 venues that have sufficient capacity to host events. The venue types include hotels, theaters, restaurants, exhibition facilities, casinos, stadia, and other types of venues. Some event spaces include multiple venue types on the same site.

City of Scottsdale Venues



Source: City of Scottsdale

The most common types of event venues in Scottsdale are hotels, theaters, and restaurants. Among the set of other venues are the Scottsdale Airport Hangar, hotel pools, high school theaters, and a golf club. There are few parks that can host events, and outdoor venues in those parks are subject to weather constraints. Both exhibit halls are located in WestWorld, along with a separate horse stable and other amenities. Scottsdale Stadium and Salt River Fields support major league spring training programs and other events.

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[3] *See Appendix for an assessment of major venues in Scottsdale.*

SCOTTSDALE EVENTS ASSESSMENT

EVENTS INVENTORY

WestWorld is the most common site for events to occur in Scottsdale, with twice as many as the second most common site, the Museum of the West. The Civic Center is the only other venue that hosts more than four events per year. Despite hosting the most events, only 14% of events at WestWorld received funding from TDC, and none of the events at Museum of the West received funding. Some of the other venues listed included Scottsdale Sports Complex, the TPC Golf Course, and MacDonalds Ranch.

Scottsdale Events by Venue

Venue	Event Frequency	Percentage Receiving TDC Funding
WestWorld	93	14%
Museum of the West	55	0%
Scottsdale Civic Center	18	39%
Old Town Streets	4	100%
Greasepaint Theater	3	0%
Old Town - Art Galleries	2	100%
Waterfront	2	100%
State Land - No. Scottsdale	2	100%
SCPA + Various	2	100%
Old Town Various	2	100%
North Scottsdale	2	0%
Notre Dame Prep	2	0%
Grayhawk Golf Club	2	100%
Scottsdale Stadium	2	50%
Old Town	2	0%
Other	22	45%
Total	215	22%

Source: City of Scottsdale

Scottsdale Events by Type

Event Type	Event Frequency	Percentage Receiving TDC Funding
Private Rental	58	0%
Equestrian	48	15%
Other	40	20%
Sports	28	29%
Arts + Culture	25	60%
Auto	6	50%
Food + Beverage	5	60%
Golf	2	50%
Western + Tribal	2	100%
Other - City	1	0%
Total	215	22%

The most common types of events are private rentals, which do not get funding from the TDC, followed by equestrian, other, sports, and arts and culture. Other event types include dog shows, home shows, as well as the Parada Del Sol. Arts and Culture events are the most common recipients of TDC funding, with nearly 60% of events receiving some funding.

Large Events in Scottsdale

Rank	Name	Venue	Receive TDC Funding
1	Waste Management Phoenix Open	TPC Gold Course	✓
2	Barrett-Jackson Car Auction	WestWorld	✓
3	Scottsdale Arabian Horse Show	WestWorld	✓
4	Arizona Bike Week	WestWorld	✓
5	Off Road Expo	WestWorld	✓
6	International Off Road UTV	WestWorld	✓
7	ArtWalk - Extended Hours	Old Town - Art Galleries	✓
8	Arizona Sun Circuit Quarter Horse Show	WestWorld	✓
9	Celebration of Fine Art	State Land - No. Scottsdale	✓
10	Russo + Steele Collector Automobile Auctior	State Land - No. Scottsdale	✓
11	Scottsdale Arts Festival	Scottsdale Civic Center	✓
12	Scottsdale Culinary Festival	Scottsdale Civic Center	✓
13	Goodguys Southwest Nationals	WestWorld	✓
14	ArtFest of Scottsdale	Scottsdale Civic Center	✓
15	Arizona Taco Festival	Talking Stick	✓
16	Parada Del Sol Parade	Old Town Streets	✓
17	Arizona Fine Art Expo	MacDonald's Ranch	✗
18	Waterfront Fine Art & Wine Festival	Waterfront	✓
19	Arizona Indian Festival	Scottsdale Civic Center	✓
20	Scottsdale Philharmonic	SCPA + Various	✓

Source: City of Scottsdale

The Waste Management Open is the largest event in Scottsdale, with more than twice as many attendees as the next largest event. Outside of the Waste Management Open, the next five largest events, and six of the seven largest events occur in WestWorld. Other common venues are the Civic Center and Old Town. The only large event that does not receive TDC funding is the Arizona Fine Art Expo.

SCOTTSDALE PERFORMANCE ANALYSIS

It is critically important to assess the supply-side of the destination in terms of both the quantity and quality of accommodations, infrastructure, events and experiences offered versus competing destinations in order to determine how well suited (or not) the destination is positioned to respond to current and potential future market trends.

METHODOLOGY

Resonance has developed a unique approach to assessing destinations and benchmarking the supply-side of tourism. Our innovative and proprietary approach to analyzing destinations based on our analysis of millions of online reviews provides destinations with a clear picture of both the quantity and quality of its experiences offered across more than twenty product and service categories.

Utilizing a combination of user-generated data collected directly from sources such as TripAdvisor, Airbnb and Yelp, Resonance has benchmarked both the quantity of travel and tourism infrastructure and quality of experiences offered by your destination versus competing regional and national destinations with a similar product offering and similar quantity of hotel rooms.

This approach examines the quality of destinations from the visitors' point of view to measure supply-side performance from one destination to the next, and is a valuable tool to better understand the competitive advantages—and weaknesses—of the destination. The detailed assessment reports on both the quality and quantity of experiences in each of the following categories:

1. CULTURE

The arts and culture:
i. Museums (TripAdvisor)
ii. Theaters & Concerts (TripAdvisor)
iii. Arts & Events (Yelp)

2. ATTRACTIONS

Fun attractions and experiences:
i. Amusement Parks (TripAdvisor)
ii. Zoos & Aquariums (TripAdvisor)
iii. Fun & Games (TripAdvisor)

6. OUTDOORS

Outdoor activities and adventures:
i. Outdoor Activities (TripAdvisor)
ii. Boat Tours & Water Sports (TripAdvisor)
iii. Nature & Parks (TripAdvisor)

7. CULINARY

The food experiences:
i. Food & Drink (TripAdvisor)
ii. Restaurants (Yelp/TripAdvisor)

3. SIGHTSEEING

The natural and built environment:
i. Sights & Landmarks (TripAdvisor)
ii. Sightseeing Tours (TripAdvisor)

4. NIGHTLIFE

Evening entertainment:
i. Nightlife (Yelp/TripAdvisor)
ii. Casinos & Gambling (TripAdvisor)

5. SHOPPING

Retail experiences:
i. Shopping (Yelp)

8. LODGING

Types of accommodation:
i. Hotels (TripAdvisor)
ii. B&B and Inns (TripAdvisor)
iii. Specialty Lodging (TripAdvisor)
iv. Vacation Rentals (Airbnb)

9. MEETINGS

Events infrastructure:
i. Largest Convention Center (Cvent)
ii. Number of Venues (Cvent)

10. CONNECTIVITY

Flight connections:
i. Direct Flight Connections (Google)

KEY STRENGTHS

Connectivity
Visitors directly benefit from the connectivity offered by Phoenix Sky Harbor Airport, Scottsdale is one of the most accessible national sun and desert destinations.

Culinary
Culinary experiences, mostly defined by the number of restaurants, is also an important feature in Scottsdale. The culinary offering and programming in Scottsdale is above other destinations with 1,284 restaurants listed on TripAdvisor. Scottsdale's culinary scene is growing into a foodie oasis in the Arizona desert, its south-western U.S., Mexican, Native American and Sonoran desert influences, is a revelation for many visitors.

Sightseeing
While Scottsdale is on par with most destinations in regards to sights and landmarks, it offers an extensive array of tours to experience.

Meetings and Conventions
In terms of capacity, WestWorld is a major city-owned asset to attract large events and conventions. With more than 130 meeting venues of at least 4,000 sq.ft. in size. The current offering and product diversity is key to attracting business events in Scottsdale.

Culture
Scottsdale is home to a number arts and events and museums, mostly centrally located. The development of performance venues in this area would only increase Scottsdale's position as a vibrant cultural destination.

Events
Scottsdale is clearly recognized for its arts and culture programming and events. The number and variety of events attract both locals and regional visitors according to both surveys.

Lodging
In Scottsdale, the proportion of quality hotels based on visitor ratings is high. Such results indicate a high level of customer satisfaction, and overall product standards.

KEY DEVELOPMENT OPPORTUNITIES

Shopping
When looking at the number of signature shopping experiences, the packaging and marketing of shopping destinations is an opportunity to further connect with visitors around unique experiences. The satisfaction levels of consumers are higher than the average of peer communities at 71% compared to 66%.

Outdoors
Despite having good weather, Scottsdale offers limited outdoor activities, and nature and parks. Based on current product and weather conditions, a focus on developing or facilitating access to outdoor experiences is an opportunity to connect with new audiences.

Perception Analysis

TRAVELER PERSPECTIVES

To better understand who the current Scottsdale customer is and what types of travelers the destination should market to in the future, a traveler study was developed in partnership with Resonance.

METHODOLOGY	
Sample	Total sample of 1,292 travelers, via Experience Scottsdale database (n=1,292)
Data Collection	January 17-31, 2022

The study was designed to:

- Assess the demographic and psychographic characteristics of previous visitors to Scottsdale, and explore previous visitor perceptions;
- Conduct a segmentation analysis of respondents to better understand the Scottsdale visitor;
- Identify the motivating factors that drove previous visitors to select Scottsdale as their destination of choice;
- Assess the quality and satisfaction with current services, accommodation and amenities throughout Scottsdale.

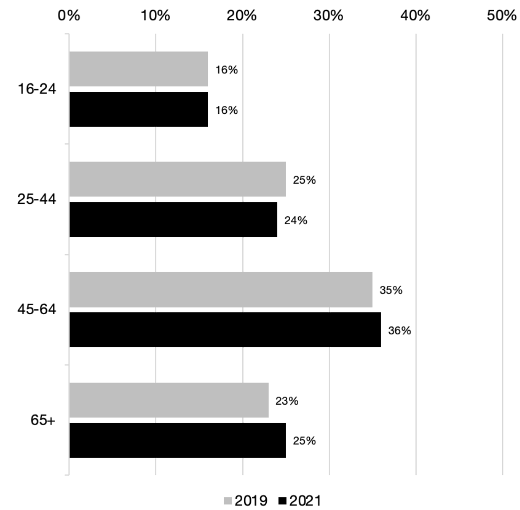
The following insights reflect opinions of past Scottsdale visitors to measure both perception and satisfaction levels as part of the study.

VISITOR PROFILE

DEMOGRAPHICS

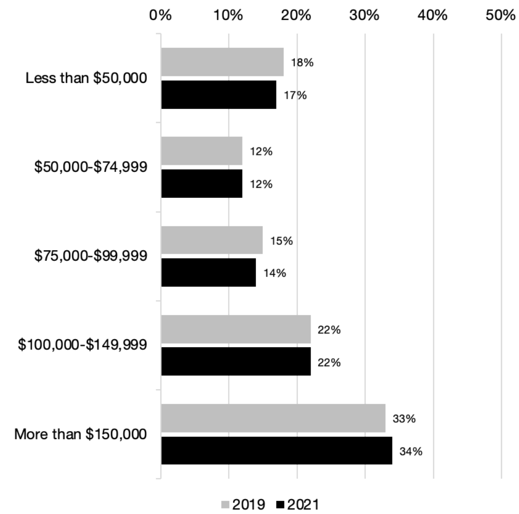
The 45-64 years old age group (35%) represents the largest visitor segment of survey respondents, followed by Millennials aged 25-44 years old (25%) and older generations aged 65 and above (23%). More than 1-in-3 visitors have a household income of more than $150,000, often referred to as affluent travelers.

Scottsdale Visitor Demographics



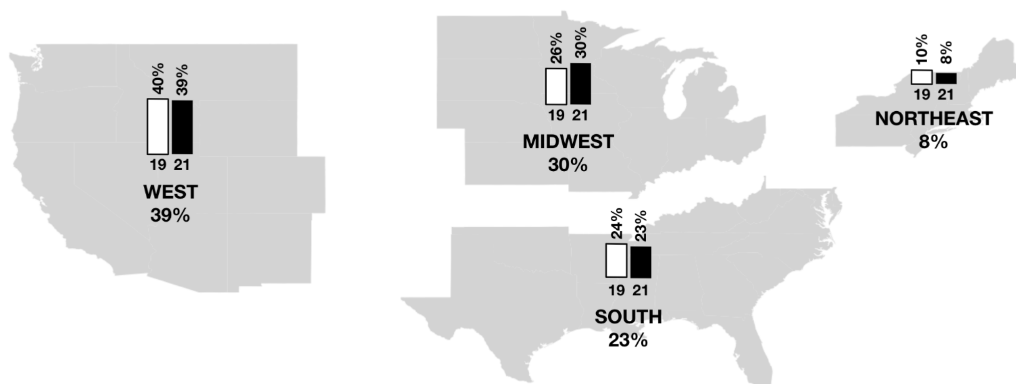
Source: Datafy

Scottsdale Household Income



On a national level, the West represents the principal feeder market, followed by the Midwest and the South, and finally the Northeast. The top 10 markets by state are in order of visitation: California, Arizona, Texas, Illinois, Colorado, Florida, Minnesota, Washington, New York, and Ohio.

Scottsdale Visitor Origin



Source: Datafy

More than half of visitors (58%) travel as couples, with 67% of visitors flying to the destination. Resorts (35%) are the preferred accommodation type – followed by hotels (23%) and rentals (15%).

PSYCHOGRAPHIC PROFILES

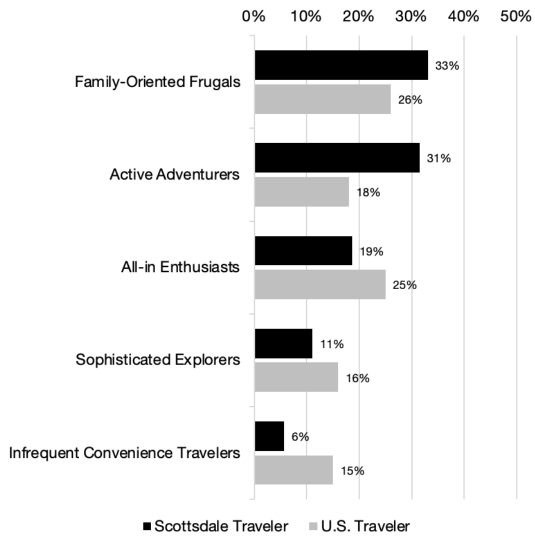
It's difficult to market to age groups on a generational basis because they're so big. More effective, then, is to identify psychographic segments, types of travelers who—regardless of age or gender—share similar travel, interest and spending patterns. Psychological profiles help focus on types of marketing that appeal to these segments and determine which segment is the best match for the current product offering.

The segmentation analysis used is both a behavioral and attitudinal segmentation based on the most important factors taken into account when deciding on a vacation destination, activities enjoyed while on vacation, and general attitudes towards vacations. The resulting segmentation solution identifies five key segments of varying sizes with distinct behaviors and attitudes resulting in different demographic profiles and trip characteristics.

Active Adventurers	Active Adventurers share a keen interest in outdoor sports, engaging with nature, and health and fitness activities. They take fewer vacations per year to farther destinations, and they aren't particularly interested in family or multi-generational vacations. Active Adventurers also enjoy athletic competitions and more extreme forms of leisure.
Family Oriented "Frugals"	Family Oriented "Frugals" take fewer and shorter trips that are close to home. As their name indicates, they're fond of family vacations with kids and multi-generational vacations compared to other travelers. They place greater importance on safety, cost and favorable climate, and they're very much beach people. They'd prefer that English be spoken and home currency accepted when traveling internationally, and fun attractions are their favorite activities. Clearly, this is a group that likes their vacations to be easy escapes.
Sophisticated Explorers	Sophisticated Explorers take fewer but longer vacations per year, with the highest average vacation spend, and are more likely to enjoy sightseeing, visiting cultural attractions, learning new things and attending cultural events. Exploring new cultures and traditions while on vacation is most important.
All-in Enthusiasts	All-in Enthusiasts are interested in taking most types of vacations, and everything is important when deciding on a destination. They're more likely to participate in most types of activities, and they go on vacations for many different reasons. Sightseeing, fun attractions, and learning new things are the top activities that they enjoy while on vacation. Shopping, nightlife and attending events are most prefered by All-in Enthusiasts compared to other types of travelers.
Infrequent Convenience Travelers	Convenience Travelers usually take shorter, less frequent trips per year that are close to home. Safety and spoken English is important to them when choosing a vacation destination. They are less likely to participate in all vacation activities, except dining & fun attractions. Dining, sightseeing and fun attractions are the top activities Convenience Travelers enjoy while on vacation. Like other types of travelers, dining is one of the top activities Convenience Travelers enjoy while on vacation.

Among Scottsdale visitors who participated in the survey, the largest segments are Family-Oriented Frugals (33%) and Active Adventurers (31%), followed by All-in Enthusiasts (19%), each respectively representing nearly 1-in-3 of Scottsdale visitors.

Scottsdale Visitor Profiles



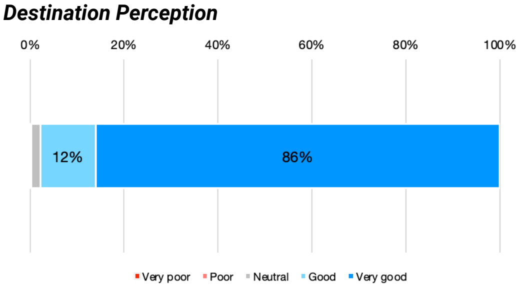
Source: Scottsdale Visitor Survey / U.S. Traveler Survey, Resonance

VISITOR PERSPECTIVES

<u>*SCOTTSDALE PERCEPTION*</u>

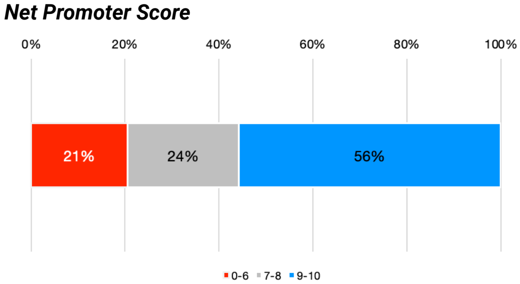
Overall perceptions of Scottsdale are very positive, with visitors describing Scottsdale as a very good place to visit. 86% of visitors award the destination an “excellent/good” rating. In fact, more than half (56%) of visitors are promoters (loyal enthusiasts) of the destination, while 24% act as passives (unenthusiastic visitors), and 21% as detractors (unhappy visitors).

Destination Perception



Source: Scottsdale Visitor Survey, Resonance

Net Promoter Score



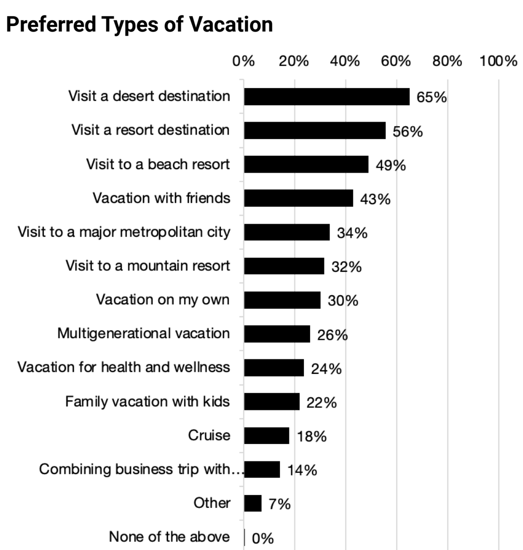
In terms of personality, Scottsdale is perceived mainly as:

1. Beautiful, clean
2. Fun, welcoming, vibrant
3. Safe, quality of life

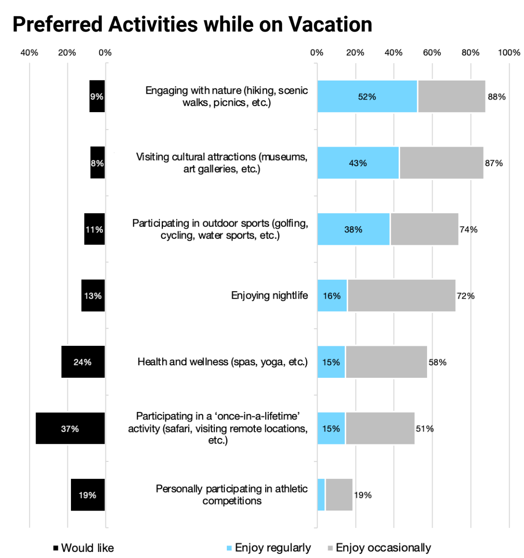
Scottsdale is also perceived as Western and historical. It is not perceived as boring or small. Overall perceptions also align with Scottsdale visitors' desire to visit a desert destination as the most popular type of vacation.

KEY DRIVERS

Among Scottsdale visitors, visits to a desert destination, a resort and beach destination are the top three types of desired vacations in the next 12 to 24 months, followed by vacation with friends. Scottsdale is a destination of choice relative to comparable regional and national destinations, Scottsdale visitors are most interested in visiting Scottsdale (75%), Phoenix (52%), and Sedona (44%) in the next two years.



Source: Scottsdale Visitor Survey, Resonance

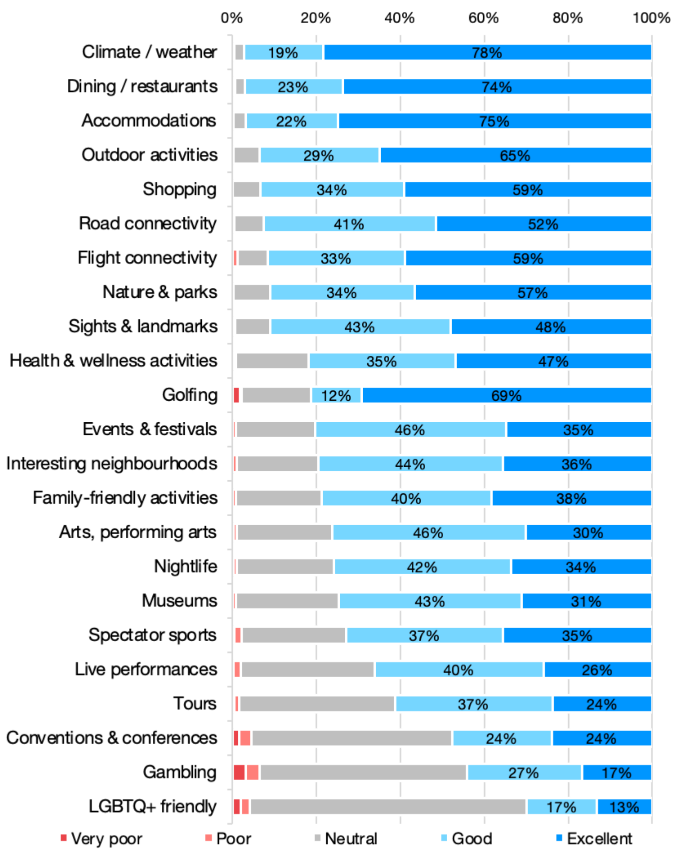


The main reason for the last trip to Scottsdale is leisure holiday/vacation (74%), followed by visiting family or friends (24%). Safety, cleanliness, character, recreational opportunities, and healthcare are the most important factors for Scottsdale visitors when choosing a city to visit on vacation. Engaging with nature and visiting cultural attractions are the top two activities that Scottsdale visitors enjoy while on vacation, while participating in a "once-in-a-lifetime" activity is the top activity travelers would like to try, as well as health and wellness experiences. Based on natural settings and current product offering, Scottsdale is well positioned to meet growing visitor aspirations.

EXPERIENCES

Beyond the weather, past visitors' key drivers when choosing a place to visit include accommodation, dining and restaurants, sights and landmarks, connectivity, and access to nature and recreation.

Scottsdale Quality Features



Source: Scottsdale Visitor Survey, Resonance

Scottsdale is recognized for its vibrancy, including the dining (rated by 74% of visitors as excellent) and shopping experience (59%). 3-in-4 visitors (75%) rate the quality of accommodation as excellent. The overall quality of outdoor experiences—from outdoor activities (65%) to nature and parks (57%), sights and landmarks (48%) to health and wellness activities (47%), and golf (69%)—is also a key aspect of the Scottsdale experience. In terms of the urban environment, Scottsdale visitors are highly satisfied with the level of cleanliness, safety, and road quality in Scottsdale, while factors such as traffic and homelessness are not critical compared to other cities.

COMMUNITY PERSPECTIVES

Today, understanding the aspirations of the local community with respect to how Scottsdale is perceived and positioned as a destination to live, work and play is critical to the success of the Tourism Plan.

The Community Survey explores how the quality of life for residents can be balanced with the quality of the visitor experience, and how communities can responsibly grow a tourism industry for the benefit of all. It also identifies key contributors to local quality of life and opportunities for the tourism industry to play a role in enhancing these elements of the destination.

METHODOLOGY	
Sample	Total sample of 2,339 Scottsdale residents
Parameters	Total (n=2,339), Scottsdale residents (n=2,028), Other (n=311)
Data Collection	January 24 - February , 2022

The study was designed to better understand:

- What do residents think of Scottsdale as a place to live?
- What are the most important attributes to resident quality of life?
- How do residents view the tourism industry and its impact on the community?

COMMUNITY PROFILE

More than one third of residents[4] (37%) interviewed also work in Scottsdale. The majority of opinions represent the perspectives of annual residents (92%), with nearly half (45%) living in Scottsdale for more than 20 years. 68% of respondents were female, compared to 32% male, with a minority living with children at home.

In terms of age, responses were divided by generation as follows: Millennials, 25-44 years old (14%); Gen X, 45-54 years old (13%); and Baby Boomers, 55-74 years old (56%).

[4] *While 2,339 respondents were surveyed, the following results represent the opinions of Scottsdale residents only.*

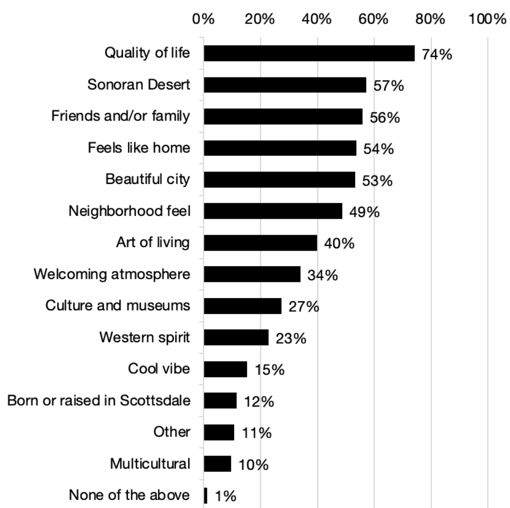
COMMUNITY PERSPECTIVES

SCOTTSDALE PERCEPTION

Scottsdale is perceived by its residents as being beautiful, clean, and safe. Its quality of life is also a common factor shared by the community. Scottsdale is also perceived as fun and vibrant, as well as Western and historical. On the contrary, Scottsdale is not perceived as progressive, sustainable, bureaucratic, open-minded, or boring.

Scottsdale is identified first and foremost for its living standards (88%) by the community and as a good place to raise a family (80%). The friendliness of the people in Scottsdale was named as secondary. According to the community, Scottsdale lacks diversity and multiculturalism. 3-in-5 residents (62%) share a strong sense of belonging to Scottsdale. The sense of belonging is principally attributed to the quality of life, followed by the Sonoran desert, friends and/or family, the feeling of being at home, and it's beautiful.

Community's Sense of Belonging



Source: Scottsdale Community Survey, Resonance

KEY DRIVERS

The overall access to the outdoors (nature and parks, and outdoor activities), the dining experiences, and health and wellness activities are the most important aspects when deciding to live/work/study in Scottsdale. Connectivity is also an important feature.

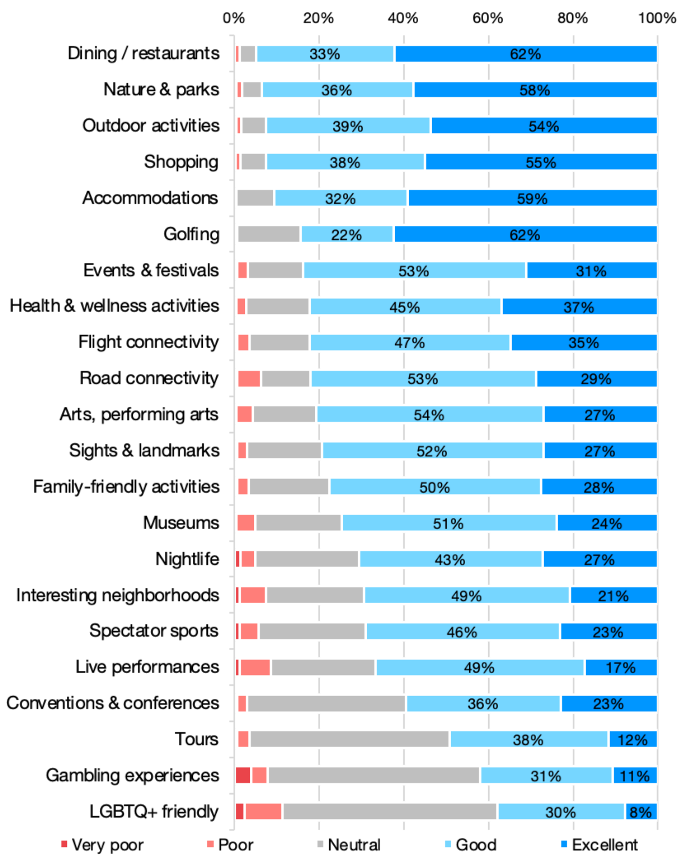
In comparison, gambling experiences, conventions, tours, and nightlife were the least important to residents in deciding to live/work/study in the area.

KEY EXPERIENCES

Residents are most satisfied with the dining experiences, nature and parks, outdoor activities, shopping, and golfing. The LGBTQ+ friendliness of Scottsdale was rated as relatively poor compared to other features.

When asked about the urban experience in Scottsdale, 66% of residents share a positive perception of Old Town, with 21% having a very positive opinion. 1-in-3 residents visit Old Town less than once a month, or 1-in-5 residents visit Old Town only a couple times each month.

Scottsdale Quality Features



Source: Scottsdale Community Survey, Resonance

QUALITY OF LIFE FACTORS

Overall the proximity to nature, including access to hiking and walking trails, parks and outdoor spaces is one of the top quality of life features. 58% and 60% of residents rate the proximity to nature and access to parks and nature as excellent, with 64% relative to the access to walking trails and paths. Scenic views and sunsets are also important factors to the community at 65%.

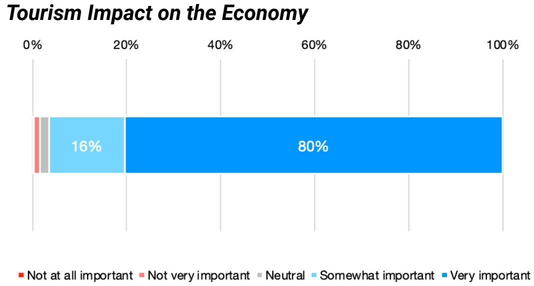
In terms of quality of life, location, climate, and cleanliness, and safety, position Scottsdale as a good place to live—and visit. The community recognizes Scottsdale's limited access to public transportation, and traffic levels. Crowdedness is also a challenge, especially in certain areas. When asked about the quality of activities and experiences, all types were highly ranked by the community, with active and passive outdoor activities ranked at the top.

Community infrastructure plays a central role in building strong neighborhoods. Scottsdale road and air connectivity is appreciated by residents, as well as employment opportunities, while the startup ecosystem and entrepreneurial support are considered to be limited. Scottsdale's sustainability initiatives are considered as limited by the community.

THE IMPORTANCE OF THE TOURISM INDUSTRY

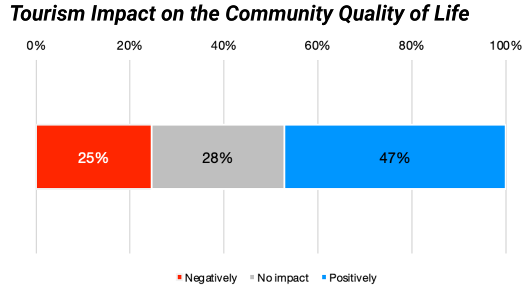
Scottsdale residents recognize the importance and benefits of the tourism industry, even though only 6% of respondents work in the leisure and hospitality industry. 87% of them recognize that the COVID-19 pandemic has had a medium to high impact on the industry. According to the community, tourism is very important to Scottsdale's economy, with 3-in-4 residents (80%) sharing the same opinion, and an additional 17% considering the industry as somewhat important to the economy. Nearly half of residents (46%) believe tourism has a positive impact on their life as a resident, while 1-in-4 (26%) a negative impact, including crowdedness.

Tourism Impact on the Economy



Source: Scottsdale Community Survey, Resonance

Tourism Impact on the Community Quality of Life



Future Trends

Around the world, the tourism sector is undergoing transformation as consumer behaviors and values shift. What visitors value and where they spend their time and money is changing in response to the lasting impact of the pandemic. Destinations that explore and understand these shifts can act now to adapt operational models, improve product and service development, channel marketing budgets, and prepare for what's next.

KEY MACRO TRENDS

LONG COVID-19

There is growing acceptance that Covid-19 will not be defeated and will become long-term endemic (other than China), driving unprecedented uncertainty, constraints, and limits on international travel.

ECONOMIC CHANGE AND INFLATION

The economic impact of COVID has been enormous on the industry. While household savings, stock markets and residential real estate values surged during the pandemic – resulting in the most rapid rise and growth of wealth among the most affluent households in the U.S. and Canada in an entire generation – higher labor costs, disrupted supply chains and growing demand are fueling inflation and causing prices to rise.

DEGLOBALIZATION

After decades of increasing globalization both in trade, capital flows but even people to people movements, based on current events, it is widely accepted that the global economy and tourism will never be the same as before – global trade is contracting and global supply chains are unraveling.

CLIMATE CHANGE

Ambitious new greenhouse gas emissions reduction targets by 2030 along with more frequent extreme environmental events are increasing global urgency to adapt to climate change by implementing sustainable and competitive operating practices.

ACCELERATED DIGITIZATION

Widespread adoption of digital tools is driving the rising need for digitalization across the industry to improve the customer experience and better understand behavioral and consumption patterns.

INDUSTRY TRENDS

REDUCED BUSINESS TRAVEL

A slow recovery in business travel and events will reshape the sector in major urban centers and continue to have an impact on airlines.

DIMINISHED WORKFORCE

Labor and skills shortages across all hierarchies are a major challenge that will limit supply and increase costs and prices.

SUPPLY CHAIN DEGRADATION

The COVID-19 pandemic has increased uncertainty and challenges for businesses that already have to manage complex supply chains in today's global economy. The inconvenience of travel and the level of quality of experiences will have a negative effect on the attractiveness of travel and the overall opinion of consumers about travel.

LIMITED INTERNATIONAL TRAVEL

In 2021, international traveler numbers were 27% of 2019 levels. This is expected to improve to 69% in 2022, 82% in 2023, 92% in 2024 and 101% in 2025.

HIGHER COSTS

Reduced availability of flights, hotels, and activities in popular destinations and increased operational costs are leading to higher prices and record rates in some destinations. The requirement for Covid screening also considerably increases the cost of international travel.

REDUCED CAPACITY OF DMOS

The speed and impact of the pandemic has created real uncertainty for most destinations. Due to reduced funding from the hotel tax and government regulations affecting travel, the DMOs are changing their priorities for tourism development.

MARKET TRENDS

DOMESTIC TRAVEL

In the context of growing uncertainties overseas and restrictions on international travel, Americans have been taking more trips within their own states and country.

RESPONSIBLE TRAVEL

The pandemic has enhanced the desire to connect in meaningful ways with places visited and foster local regenerative economy, while socio-environmental consciousness towards travel is also on the rise.

HEALTH & WELLBEING

Safety, hygiene and wellbeing have all taken center stage during the pandemic as travelers seek more personal enrichment in more controlled travel environments.

ACCESSIBLE ADVENTURE

For many travelers, the freedom of wild and wide-open spaces has been the perfect antidote to confinement, driving visitation to national parks and other nature-based destinations, even in traditional off-seasons.

PHYGITAL EXPERIENCES

From esports to larger than life digital art exhibitions, electronic experiences are becoming a part of the physical world.

LUXURY BOOM

Affluent travelers are eager to spend their money on leisure trips leading to a rebound of this segment, while the increase in savings is driving demand for ‘luxury’ level experiences.

GREAT RESIGNATION & RETIREMENT

More older workers are retiring than ever before, suddenly conscious of the urgency of time and the unpredictability of life. The decision to retire will open up an extended period of leisure travel—opportunities for extended stays and more frequent vacations.

REMOTE WORK AND RESIDENTIAL TOURISM

Work from home is becoming work from any home as remote working continues to be a reality for many people. Innovative platforms have helped consumers adapt to a different working environment. As a result, remote workers are increasingly a new visitor segment in many regions.

Key Issues & Opportunities

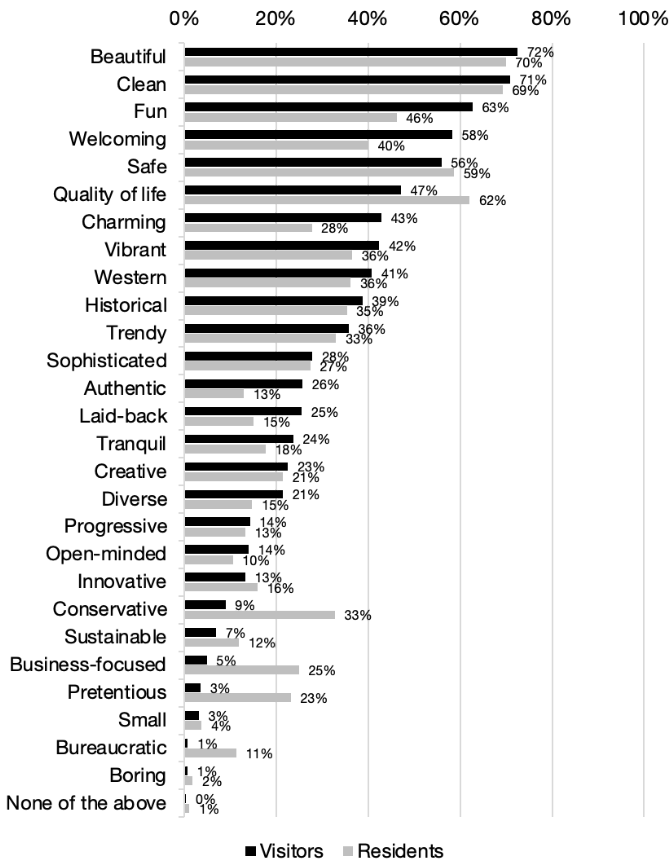
Emergent findings and potential directions with respect to a long-term tourism strategy for Scottsdale are summarized to guide future recommendations, as well as indications in terms of positioning and product development.

SCOTTSDALE PERCEPTION

Both visitors and residents share a similar perception of Scottsdale. On the other hand, Scottsdale is as progressive, sustainable, bureaucratic, open-minded, or boring. Based on the research, Scottsdale is considered to be a desert and western destination.

KEY TRUTHS	
Scottsdale is Beautiful	Visitors and residents both agree that Scottsdale is a beautiful and charming city, marked by its scenery as well as its overall cleanliness.
Scottsdale is Vibrant	Scottsdale is perceived as fun, vibrant, and welcoming with a safe urban environment and a diverse population, and family-friendly.
Scottsdale is Liveable	Scottsdale is recognized as a safe and liveable city with a stunning quality of life.

Perception of Scottsdale by Residents and Visitors

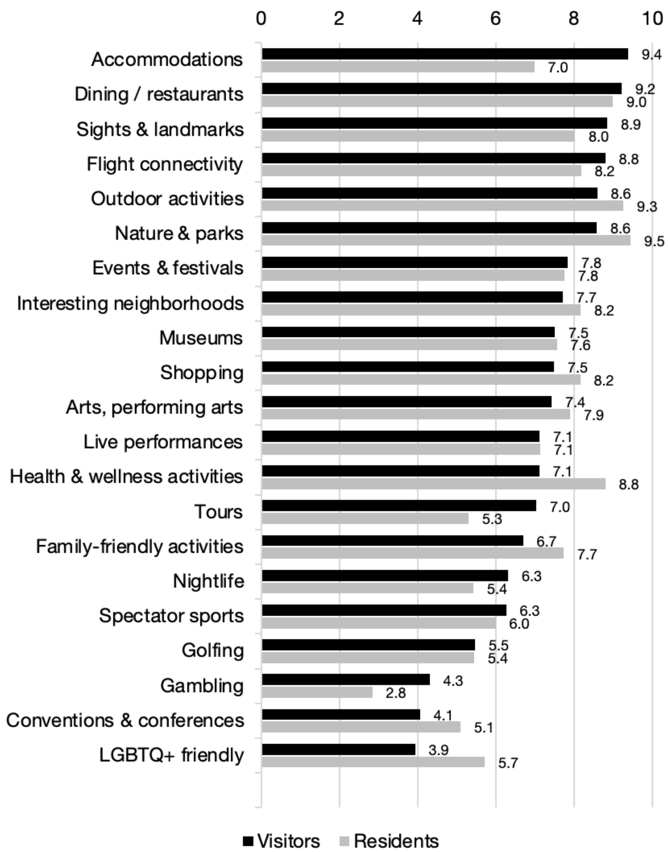


Source: Scottsdale Visitor/Community Survey, Resonance

KEY FEATURES

Both residents and visitors share similar drivers. Accommodation, dining experiences, sights and landmarks, flight connectivity, and nature and parks are the most important drivers for previous Scottsdale visitors when choosing a destination to visit. By interest, accommodation and sights and landmarks are especially important to visitors. While outdoor activities and health and wellness activities are important to visitors, these are more important to residents.

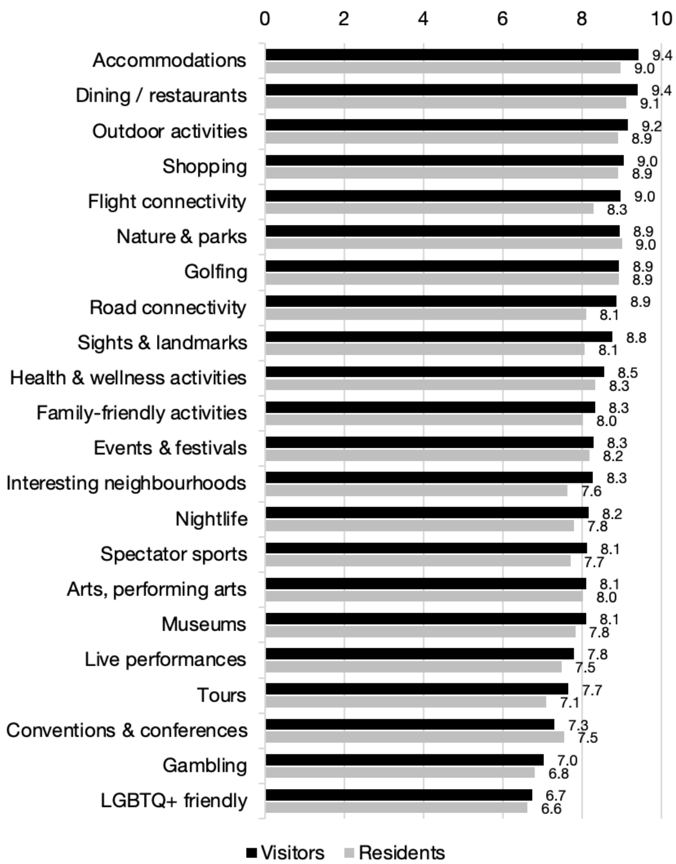
Most Important Features to Visit/Live in Scottsdale



Source: Scottsdale Visitor / Community Survey, Resonance

Overall, visitors and residents rate accommodation options, dining experiences, outdoor activities, shopping, and golfing highly.

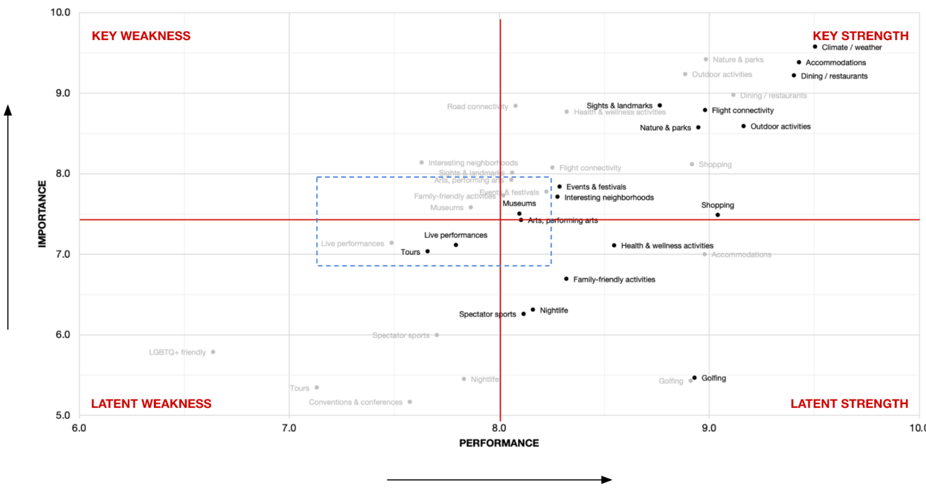
Quality of Experiences in Scottsdale



Source: Scottsdale Visitor / Community Survey, Resonance

The key driver analysis determines what's important from the perspective of both visitors and residents, and their level of satisfaction. The chart plots both results in a traditional quadrant chart to visually represent areas of strength that should be maintained, opportunities to be capitalized upon, growth opportunities where performance should be evaluated, and lower priority areas that should be monitored but not necessarily focused on.

Key Driver Analysis[5]



Source: Scottsdale Visitor / Community Survey, Resonance

Scottsdale's performance in most categories is above average both with residents and visitors. Arts, live performances and museums are development opportunities based on the level of importance for both residents and visitors, especially as some of these also drive quality of life in Scottsdale. In addition to existing destination assets, they add to the variety of experiences enjoyed by target groups such as "All-in Enthusiasts".

Based on future trends and current performance, outdoor activities and health and wellness are destination features to enhance and develop to meet a growing demand from "Active Adventurers" and attract a larger segment in the near future.

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[5] *Key Strength: high importance and strong performance, Latent Strength: low importance but strong performance, Latent Weaknesses: low importance and weak performance, Key Weaknesses: high importance but weak performance.*

Appendix

Venue Assessment

WESTWORLD

WestWorld is located in north Scottsdale, off of the 101 Freeway, and is the largest event venue in Scottsdale. While it is a multi-use facility, WestWorld is most known for its equine events. It also hosts a wide variety of event types including car shows, consumer shows, and sports events. The two largest and most renowned events are the Barrett-Jackson car auction and the Scottsdale Arabian Horse Show.

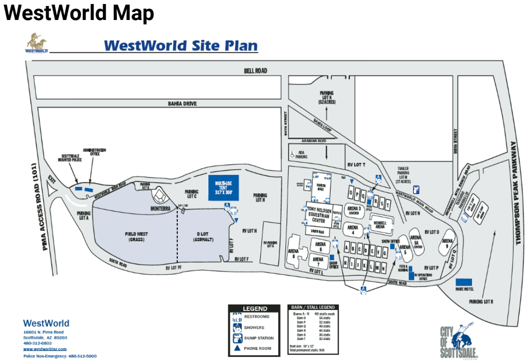
In 1982, Scottsdale entered a long-term agreement with the U.S. Bureau of Land Management to lease its site. This lease restricts development of the land to agricultural, equestrian, and other park-related uses. Westworld vertical infrastructure includes two main exhibit halls, an equestrian center, and a variety of outdoor arenas and barns for horse shows. It also offers a large multi-use tent, the Monterra catering facility, and large grass and asphalt parking lots that can be used to host events. The following figure summaries the main function spaces at WestWorld.

WestWorld Building Program

Event Space	Function Areas (square feet)	Permanent Seats
Indoor		
Tony Nelsson Equestrian Center	120,000	3,400
North Hall	117,000	
South Hall	37,000	
Total	**274,000**	
Outdoor		
Multi-Use Tent	120,000	
Fields	873,000	
Warmup Arenas	Varies	

Source: WestWorld

WestWorld Map



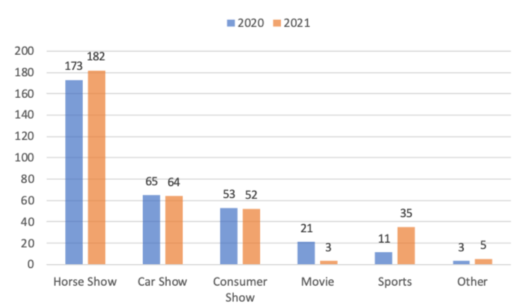
Westworld offers two main exhibit halls that are connected to the main equestrian center, also known as the Equidome. This layout enables the facility to host large exhibit and consumer shows, or equestrian events that require a large amount of contiguous exhibit space as well as horse stables and arenas. The entire indoor facility is air conditioned, which enables it to host events during the summer in Scottsdale. The outdoor portion of WestWorld is limited by the weather, but is used for youth soccer, as well as large car shows, polo events, and bike shows. WestWorld does not offer any indoor ballroom or meeting space. It is designed primarily as a horse event facility, where it is one of the most popular in the nation.

WestWorld's campus accommodates the large number of horses and cars that accompany some of the events, as well as the peak parking needs. Most events at WestWorld occur within the indoor portion of the facility. The immediate adjacency and connectivity of the exhibit halls to the equestrian center make it easy for event attendees to move between the facilities. The connectivity also enables the entire facility to be climate controlled, which allows the facility to host events year-round.

WESTWORLD EVENT DEMAND

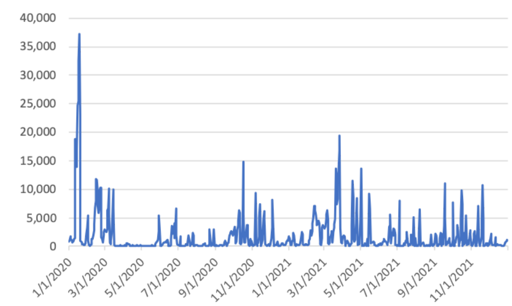
WestWorld hosted a total of 73 events in 2021. During the pandemic year in 2020, unlike most large exhibition and event venues, WestWorld maintained a high level of activity with 66 total events. Horse shows make up the majority of event days. Some of these events are massive multi-week car and horse shows, while some consumer shows take a single day. Based on a sample of locational data, using anonymous tracking data from cell phones, WestWorld WestWorld attracted 921,000 visitor days in 2019 compared to 654,000 in 2021 during the pandemic, with 88% of visitors to WestWorld located from outside Scottsdale.

WestWorld Event Days (2020-2021)



Source: WestWorld

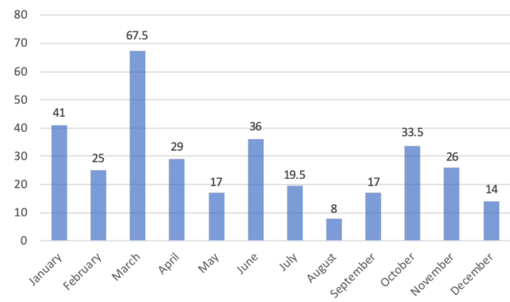
WestWorld Daily Visitation



Source: Placer.ai

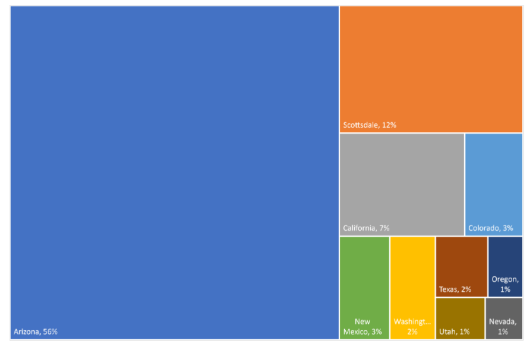
The peak visitation to WestWorld came during the 2020 Barrett-Jackson car show with a total of over 210,000 visitor days during the event. Due to the pandemic, the 2021 Barrett-Jackson show attendance fell to less than half of the prior year attendance as the show moved from January to late March.

Average WestWorld Event Day Seasonality



Source: WestWorld

WestWorld Visitor Origin



Source: Placer.ai

The most popular times to use WestWorld is in March and January, when the large car shows occur, and the least popular times are the summer. Equestrian events occur year-round, providing a strong base of demand. When equestrian demand dips in summer months, WestWorld books a variety of other uses including a 4th of July celebration, consumer shows, sports, and movie events. 88% of visitors to WestWorld come from outside Scottsdale, representing a larger spending power.

In 2021, WestWorld attracted 12% of visitors from Scottsdale and 56% from the rest of the state of Arizona. Western states (18%) generate the most out of state visitors followed by Central states (7%), Mid-Western states (5%), and Eastern states (4%). Locational data does not capture international visitation since it only tracks data available in the US, but certain shows such as Barret Jackson and the Arabian Horse Show have significant international attendance.

WESTWORLD BENCHMARK

WestWorld ranks as one of the premier equestrian facilities in the US, attracting a number of international and national horse shows including the Scottsdale Arabian Horse Show, the Arizona Quarter Horse Sun Circuit, the Arizona Quarter Horse Fall Championships, and the National Reined Cow Horse Event. To assess venue performance, six major equestrian facilities were identified based on the amount and types of function space, arena capacity, and the number of arenas.

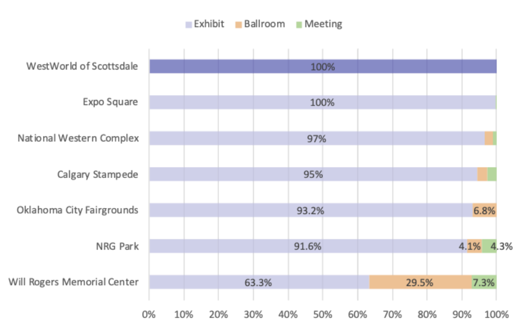
Equestrian Facilities

Name	Location	Function Space (sf)
NRG Park	Houston	1,153,005
Expo Square	Tulsa	565,620
Oklahoma City Fairgrounds	Oklahoma City	422,972
Calgary Stampede	Calgary	410,278
Westworld of Scottsdale	**Scottsdale**	**249,100**
National Western Complex	Denver	233,857
Will Rogers Memorial Center	Fort Worth	188,090
Average		460,417

Source: HVS

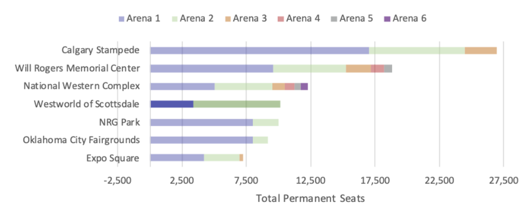
Westworld has the fifth-most total function space among the set of seven venues. It has approximately 175,000 square feet less than Oklahoma City, but 60,000 more square feet than Fort Worth. Unlike most exposition centers, WestWorld lacks ballroom, meeting, or other multifunction space. This limits it capacity to host a wider variety of events.

Venue Function Space Distribution



Source: HVS

Venue Arena Capacity

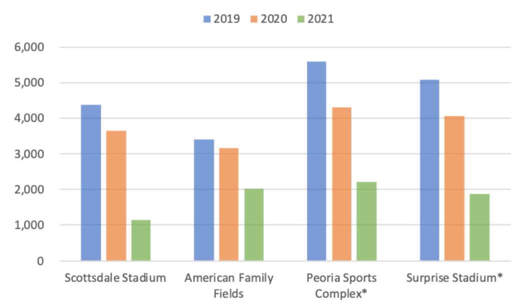


WestWorld has a relatively small seating capacity in its primary arena, with only 3,400 seats in the Equidome. The secondary Wendell Arena is quite large compared to other second arenas, but it lacks climate control which limits its use. The Calgary Stampede main venue is the largest in the set, holding up to 17,000 attendees. It is supported by two smaller secondary arenas. The National Western Complex in Denver has the most arenas, with six, but only two are large enough to host a major event. National rodeos and bull riding events require large arena seating capacity. Consequently, WestWorld only hosts a small state rodeo and does not compete for national bull-riding events.

SCOTTSDALE STADIUM

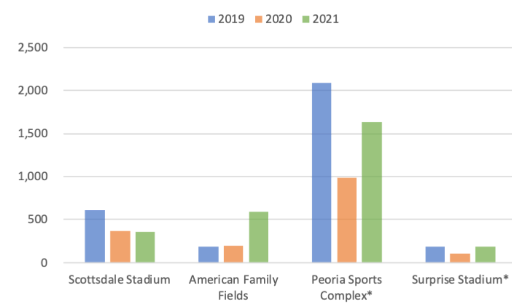
By using locational data, the level of visitation[6] to Scottsdale Stadium was analyzed, and compared to similar Spring training stadiums venues in the region, including American Family Field in Phoenix, Peoria Sports Complex in Peoria, and Surprise Stadium in Surprise.

Average Visitation during Spring Training



Source: Placer.ai

Venue Arena Capacity



Peoria Sports Complex and Surprise Stadium both host two separate MLB teams for Spring Training, and so host twice as many games as American Family Field and Scottsdale Stadium, which only host one team. This increases the average daily attendance, as there are twice as many games on site as the other two stadiums. Scottsdale Stadium did have a higher average visitation than American Family Field in 2019 and 2020, but fell below in 2021 when COVID restrictions were in place.

Peoria Sports Complex has the highest average attendance outside of Spring Training, across all three years of data. They host regular events like RV Shows, baseball, and softball tournaments, as well as movie nights, which support regular visitation outside of Spring Training. Scottsdale had the second highest average out of Spring Training attendance in 2019 and 2020, but was surpassed by American Family Fields in 2021.

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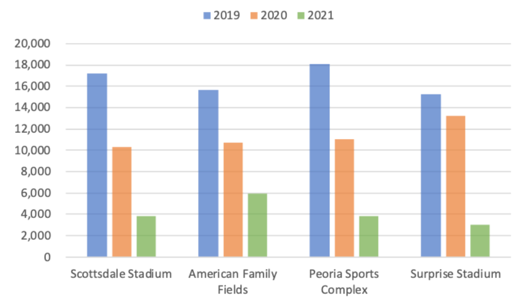
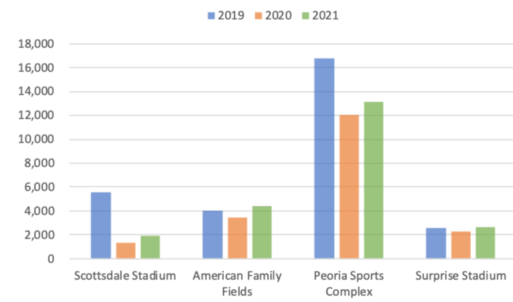
[6] *The 2020 Spring Training season ended early on March 12, and the 2021 season had fewer games and restrictions on attendance in each stadium.*

Maximum Visitation during Spring Training



Source: Placer.ai

Maximum Visitation during Non-Spring Training



The impact of COVID-19 can be seen in this figure, as maximum visitation peaked in 2019 in all venues, dropped by about 40% in 2020 because the season ended before peak visitation usually occurs, and dropped further in 2021 as attendance caps were put in place. In 2019, Scottsdale Stadium had the second-highest maximum occupancy.

The Peoria Sports Complex is the most successful in hosting large events, including during the COVID-19 pandemic. The days that the peak visitation occurred on include July 4th when Peoria hosts an All-American Festival, as well as a baseball tournament in October. In 2019, Scottsdale had the second highest out of Spring Training attendance, but that dropped below the other two stadiums in 2020 and 2021.

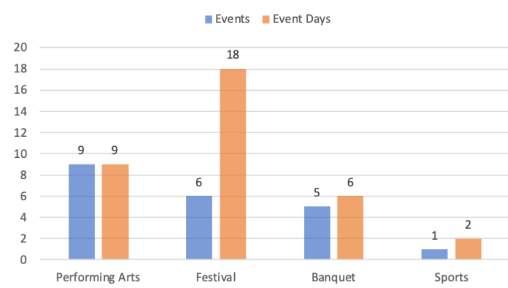
There are limitations on Scottsdale Stadium uses, including noise ordinances that limit nighttime events. This restricts the types and timing of events that the stadium can host during seasons when the evening is the only time that is comfortable to be outside. These restrictions reduce the ability of the stadium to host events. The addition of the 10,000 square foot ballroom will improve the event hosting capability of the stadium, but the large concert, movie and festival events still require outdoor space.

CIVIC CENTER

The Scottsdale Civic Center is a public park in downtown Scottsdale that is home to the City Hall, Public Library, Center for the Performing Arts, and the Museum of Contemporary Art. Recent plans for improving the Civic Center include improving the infrastructure and utility connections, increasing the amount of green space, as well as adding multiple performance spaces. The space could also host outdoor exhibits, as well as movie nights, fitness classes, workshops, and other community activities.

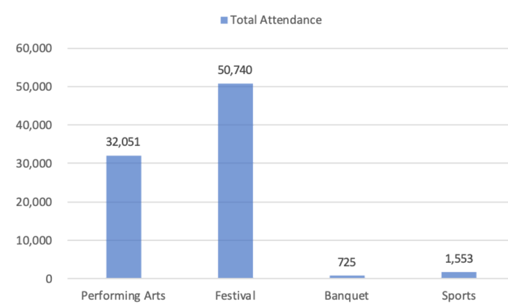
Due to weather, the Civic Center is only comfortable for events from September through March. However, the facility still hosts more than 20 events per year, and 35 event days.

Civic Center Event Usage (2019)



Source: City of Scottsdale

Civic Center Attendance (2019)



Festivals and performing arts events are the biggest attractors for the Scottsdale Civic Center. These include The Arizona American Indian Event, ArtFest, and the Asian Festival. Popular performances include the Sunday A'fair, a free concert series put on by the Scottsdale Center for the Performing Arts.

As a result of planned improvements, event usage at the Civic Center is anticipated to increase. The new performance stages and enhanced green space will make the venue a popular place for events in downtown Scottsdale.