

Rebuilding Tourism in an Uncertain Environment

A White Paper prepared for the Sister City Summit

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This is a time of great challenge for the global tourism and travel industry. Companies are struggling to reclaim the growth and profitability of 2000, governments are confronting shortfalls in tax revenues, and consumers everywhere are changing their travel patterns as they face widespread economic uncertainty and concerns over security.

When the terrorism attacks occurred on September 11, 2001 the rhythm of travel was dramatically disrupted. Overnight, New York City experienced the unthinkable- hotels, stores, restaurants, attractions, museums, and convention centers echoed with silence. For an industry that thrives on movement, the sudden halt in travel created a zero sum reality (no visitors = no spending = no revenues = no taxes). Suddenly the City was without tourists, and there was a noticeable loss of vitality, power and pace. When added to the loss of economic stimulation, the City fully realized the importance of travelers to its continued wellbeing.

In a collaborative effort, private and public sector leaders created a marketing campaign inviting Americans to travel to New York to support the City's economy. Today, nearly 18 months after the attacks, domestic leisure travel has almost returned to normal. It is business and international leisure travel that remains in a decline. To address this challenge, the Sister City Program of the City of New York invited governmental leaders and inbound tour operators from New York's Sister Cities to come to New York to participate in a summit to discuss strategies for rebuilding international tourism. Among the topics for discussion at the summit are consumer trends and local government action.

Consumer trends

- Consumers are profoundly aware of the value that travel brings to their life experience and are unwilling to give up the right to travel. Yet, at the same time, they are determined to stay close to home and so have planned trips based on the distance from home. By balancing their desire to stay close to home, they have established regional travel as the driving force for tourism throughout the world.
- Consumers face rising uncertainty over a future that is beyond their control. The economy continues to contract while threats, tensions, and attacks escalate on a daily basis. In response, consumers are purchasing items that reinforce the joy of living and provide a sense of security in the home.
- Travelers now evaluate risk differently and as a result, they are making decisions that are changing the structure and fabric of international leisure travel. The most profound change is the shift in booking patterns. Uncertainty has created a "last minute" mentality that has diminished the reservation period dramatically. The compression of booking patterns shows little sign of abating even if uncertainty is tempered and the economy begins to recover.

- Consumers share the belief that one should never pay full price, and technology is helping them to achieve this. Consumers know that most travel products and services can be found on sale, and they will use every channel to find the best value. Their hesitancy to book travel because of uncertainty has developed an expectation that rates will be discounted the longer confirmation is delayed. It remains to be seen if the legacy of discounting is a decreased perception of quality and an alienation of loyal travelers.
- Consumers, regardless of income, expect value for their money. In this era of rising economic pressures, value must be clearly communicated in terms of price and packaging.
- Consumers lead increasingly complicated lives and look to the travel experience as the means to step away from complexity for a time. Therefore the travel industry is expected to communicate and delivery convenience, consistency, flexibility, concern and thoughtfulness if the experience is to be considered successful.
- Consumers are looking for “more” in every aspect of their life. Travelers demand authentic experiences, customized options, a broad selection of choices, and a sense of adventure and exclusivity.

Local Government Action

Policy development must focus on economic growth by stimulating renewed interest and awareness among international travelers. Policy issues that require immediate and sustained attention include recognizing the effects of travel-related impediments such as the processing of inbound travelers and airport security. There is an INS proposal to further restrict visitor entry by reviewing visitor visas on a case by case basis. This Federal issue may have the greatest impact on the City’s international tourism.

To support the private sector efforts in rebuilding tourism the public sector should:

- Work with state and national officials to increase the consistency of security checks from one airport to the next. The fact that new or modified security systems are often not properly tested reinforces the traveler’s apprehension about flying.
- Encourage comprehensive marketing research, planning and implementation by the tourism industry.
- Support efforts to develop a national travel promotion policy that would provide funding for promoting travel to the U.S.
- Invest a portion of tourism taxes (hotel, car rental, restaurant, attractions) in tourism-related development, infrastructure improvements, travel facilitation, and/or promotional activities.

Four factors will greatly determine the level of success any effort has on rebuilding international tourism arrivals to New York City: the social well-being or quality of life of local citizens; consistent security procedures at points of entry; the development and maintenance of the tourism infrastructure; and a sustained international marketing plan. Specifics that must be addressed include:

- Developing an intermodal public transportation system from JFK and LaGuardia airports to bring travelers inexpensively and easily to Manhattan.
- Assessing the impact of taxes on visitors.

- Developing a comprehensive international marketing and promotion strategy. In addition to advertisements, visits by the Mayor and other respected local personalities to major markets to raise NYC awareness.
- Elevating tourism as a crucial element of economic development. This will ensure that tourism is included in the city's planning, budgeting and development.

New York City is recognized as the premier tourist destination. The diversity of resources (cultural, financial, historical, human, physical and social) forms the basis of a seemingly never-ending tourism experience. The reputation of New York City as “the best of the best” is on display in the architecture, restaurants, theaters, stores and neighborhoods throughout the five boroughs. NYC offers a unique vitality that springs from the creative commotion generated by promise and ambition. This is the New York City that travelers envision, experience and remember. This is what draws people from every part of the world and is what brings them back again and again. This is the New York City that awaits international travelers.