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ACVB Hosts Hospitality Industry Round Table: Travel Post 9/11

ATLANTA (August 27, 2002) – On Aug. 22, the Atlanta Convention & Visitors Bureau (ACVB) assembled a panel of officials from local, regional and national travel organizations to discuss the impact of the past year on the industry as well as future projections.

The round table participants included:

- Spurgeon Richardson, president and CEO of the **ACVB**
- Dexter Koehl, vice president of public relations and communications, **Travel Industry Association of America (TIA)**
- Vicki Escarra, executive vice president and chief marketing officer, **Delta Air Lines**
- Ben DeCosta, aviation general manager, **Hartsfield Atlanta International Airport**
- Mark Woodworth, executive managing director of The Hospitality Group, **PKF Consulting**
- Paul Breslin, general manager, **Sheraton Atlanta Hotel** and president of the Downtown Hotel Council
- Sonny Horton, vice president of sales & marketing, **Stone Mountain Park**
- Dan Graveline, executive director, **Georgia World Congress Center (GWCC)**
- Laurie Rowe, tourism sales manager, **Georgia Department of Industry, Trade & Tourism (GDITT)**
- Bill Hardman, president & CEO, **Southeast Tourism Society (STS)**
- Alf Nucifora, chairman, **Nucifora Consulting Group**, who served as the round table moderator

The discussion began with how business has changed since Sept. 11. According to TIA, in the first 100 days after the terrorist attacks, travel was the first industry in the country to be affected. Since then, more than \$40 billion in revenues have been lost, more than 359,000 jobs – some 273,000 in the first 100 days – and payroll has dropped by \$6 billion. TIA predicts that business travel volume will not reach 2000 levels until mid-2003 and expenditures, 2004.

“It’s bad news, and the way the industry has handled it has been to make the best of it,” said Koehl. “The market has significantly changed, especially within the 300-mile regional market as people are choosing car versus air travel, taking shorter trips, trips closer to home and more trips with the family. The question remains – are these long-term changes or short term? That we don’t know.”

According to Escarra, “The events of Sept. 11 have forever changed the airline industry. We will not go back to the way we handled transportation prior to that.” Even though as an organization, Delta is healthier than most other airlines, the airline industry lost more than \$7.7 billion in 2001 and expects to lose \$5-6 billion by the end of 2002.

Hartsfield Atlanta International Airport, the world’s busiest, is feeling the passenger slump as well. “We went from 80 million passengers in 2000 to 75.8 million in 2001, and the first six months of 2002 are about seven percent less than last year,” said Ben DeCosta with Hartsfield. “On a positive note, our international numbers were up in the first six months of this year, and we predict to be flat by the end of 2002 and rebound in 2003.”

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In terms of hotels, Woodworth stated, “The good news is that the hotel industry, in general, is at the bottom, and next year will be a much better year.” Additionally, if history repeats itself, Woodworth predicts that Atlanta could lead the nation in the recovery. “Atlanta was a year ahead of the nation when things began to slow down, and we are likely to take lead again in the recovery, based on our past history. We came out of the early ‘90s recession with double-digit growth in the mid-90s. Another positive sign in Atlanta’s favor is that for the first time, the supply is at its lowest level in 30 years, which should allow the demand to catch up.”

According to Smith Travel Research, only one city in the Southeast has more rooms occupied on a nightly basis. Orlando has 56,000 per night compared with Atlanta’s 51,000, which is more than other top cities such as Chicago, Dallas, Miami and New Orleans. Only five cities in the nation have a higher room demand than Atlanta, and Atlanta is ranked third behind Las Vegas and Orlando in total number of hotel rooms available.

“Another reason Atlanta might rebound quickly is that we are not dependent on any one segment but have a good mix of business in the metro area – large groups and conventions, business travel, regional transient and leisure,” said Richardson. “While one segment might be down, such as the group business, we are still a great weekend escape for the regional visitor as well as an excellent special event city with events such as this year’s Men’s Final Four and next year’s NBA All-Star Game and Women’s Final Four.”

Atlanta’s convention business is still off approximately 10 percent. “Business was in a down cycle before the events of Sept. 11, which just accelerated it,” said Graveline. “It wasn’t the loss of events or activities that hit us, but that suddenly our large events became small ones with less attendees and less exhibitors staying for shorter amounts of time. We’re recovering, but not recovering as fast as we would like, and we have a unique challenge with bringing on a 50 percent increase of new product and inventory with our Phase IV expansion. Getting back to where we were before the recession leaves us a significant amount of space to fill. But, the good news is that when the business comes back, we will have plenty to offer.”

According to the state of Georgia and the Southeast Tourism Society, the tourism industry is still strong and is, in fact, leading the recovery efforts in some parts of the region.

“The diversity of the state reacts differently,” said Laurie Rowe with GDITT. “While Atlanta’s numbers are down, due to its dependence on business travelers and conventions, the more rural areas of the state have seen an increase in visitor numbers and expenditures. The North Georgia mountains have seen a 1.4 percent increase and the coastal region, a 7.5 percent increase.”

“The majority of the cities in the region are considered second tier and rural, and these destinations have actually benefited from the change in travel patterns – driving instead of flying, shorter trips and increased family outings,” said Hardman. Asheville, North Carolina was cited as a high drive-market destination where tourism has increased. Immediately following Sept. 11, the city experienced a nine percent increase in visitors from 2000, and a 14 percent increase from July 1, 2001 to June 30, 2002 over the previous year. The city also expects a five to six percent visitor growth over the next six months.

Local attractions have also benefited from the new closer-to-home trends. According to Horton, business at Stone Mountain Park has been strong due to the opening of new product at the park, Crossroads, and with the help of an increase in local visitors. “Even though our tourist market (+300 miles) is down, our core market (0-100 miles) is up 48 percent along with our neighboring market (100-300 miles), which is up 15 percent,” said Horton. “We attribute that to our new product – which also contributed 300 new jobs to the economy – and the fact that we reallocated marketing funds to our core market.”

The panelists agreed on whether it is safety issues or the economy that continues to keep airline traffic down. "All of our research tells us that by Dec. 2001, only four to five percent of travelers were not flying for security reasons. The economy is clearly the factor," said Koehl. However, when asked about the repercussions if the country goes to war or if there is another attack, Koehl replied, "All bets are off. All research and current predictions are out the window."

According to Escarra, "Our research tells us that reasoning quickly moved from security to economy, particularly with business traffic, along with long lines or the hassles of flying. Fortunately, through working with officials at Hartsfield, Atlanta doesn't have as much of an issue as smaller airports."

"Long lines have been a big focus at Hartsfield," said DeCosta. "We currently have a guarantee that you will get through security in 10 minutes, and there have only been a few instances in recent months that our lines have reached 15 minute waits."

Panelists were asked to comment on steps their organizations are taking to increase business. The consensus was continued discounts and packaging.

"Airline fares are the lowest they've been in 30 years, and we will continue to offer discounts for the leisure traveler," said Escarra. "We've also had great success with our campaigns with marketing partners such as American Express and their double and triple miles programs. Consumers will continue to see incentive programs like these."

"Hotels are a tremendous value right now and will continue focusing on the most loyal customers with brand programs like Starwood's Preferred Guest program focusing on servicing your best customers," said Breslin.

"For the first time this year, we began packaging the Atlanta product for a better value and convenience to the consumer," said Richardson. "We will continue with new marketing initiatives such as the successful Downtown Restaurant Week that brought thousands of reservations to downtown restaurants and our personality campaign asking metro-Atlantans to explore their own hometown as a destination. We have the opportunity to build on all market segments with future special events, packaging and new tourism products such as the Georgia Aquarium, as well as the expansion of the GWCC, to bring more large and mid-sized meetings to the city."

Established in 1913, the ACVB is a private, nonprofit organization created exclusively to market metro Atlanta and Georgia as the premier conventions, meetings and leisure destination in the regional, national and international marketplace and to favorably impact the Atlanta economy through conventions and tourism.

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