NYC 9/11 Public Portal Document

CRAIN'S, NOVEMBER 4-10, 2001

NYC puts out the welcome mat

Mounts extensive marketing blitz; will money last?

TOURISM

BY LOUISE KRAMER

For the next several weeks, television viewers within driving distance of New York will be barraged with commercials showing everything from supermodel Cindy Crawford at Bloomingdale's to a patriotic bald guy going to a downtown barbershop for a trim he doesn't need.

The ads are aimed at bringing tourists, and their money, back to New York City. In the past few weeks, the city's tourism industry has scrambled to put together an unprecedented number of advertis-

See **NYC** *on Page 38*

CITY_21MC100_011832479

NYC-WTC_000414525

NYC 9/11 Public Portal Document

NYC mounts big campaign for visitors

Continued from Page 1

ing campaigns and bargain travel packages as it tries to stem massive losses at hotels, restaurants, stores and cultural institutions.

"We have to say, 'Buy now; come now,' " says Cristyne L. Nicholas, chief executive of NYC & Co., the city's tourism marketing agency.

Ms. Nicholas has spent virtually every day since the attacks trying to scrounge together funding and donations for more marketing. "We are already about $1.5 million into our next year's budget, because this is our rainy day," she says.

The upcoming campaigns are likely to provide some boost to the tourism industry, which attracted 37.4 million visitors in 2000 and had been on track to bring in the same number this year. A feel-good commercial touting Broadway theater after the Sept. 11 terrorist attack helped reverse a dire drop in attendance in remarkably short order.

But many believe that much larger problems loom as New York's $25 billion tourism industry struggles to regain its footing.

The challenges for reversing widespread declines are daunting. None of the campaigns so far targets the international market, which represents close to 7 million visitors in a typical year. Nor do the current ads go after far-flung domestic travelers. California alone sends 850,000 visitors into the city. Marketing experts say it will be difficult to overcome the doubts of people who must spend more money to travel from longer distances, and who may be particularly worried about their safety.

Indeed, it's unclear what actions could help allay such concerns, some of which affect the entire nation. In New York, hopes rest on continuing the advertising and marketing campaigns. However, plans for long-term efforts will face a simple problem: lack of money.

New York City has always had a comparatively tiny tourism budget, a fact that now smarts more than ever.

17th in tourism spending

At $11.8 million, New York City's convention and visitors marketing budget last year ranked an astonishing 17th—behind St. Louis' $12.2 million budget and just a touch above the $11.1 million for Little Rock, Ark. Las Vegas had the largest tourism budget in the United States, $150.5 million, followed by Reno and Orlando, Fla.

"We have been able to get away with it for years," says Tim Zagat, chairman of NYC & Co. and co-founder of Zagat Survey, the publisher of influential hospitality guidebooks. "This is the first time we have needed to spend a serious amount of money."

Potential sources of funds include the city's 13.25% hotel tax and a $2-per-night surcharge, monies that now go to general city and state coffers. But trying to win those funds specifically for tourism marketing has been a losing battle for years.

> State officials insist they will spend the bulk of $40 million in funds to boost the city

At this point, city groups are working with minuscule budgets and donated services, airtime and ad space to create as much advertising noise as possible, and at lightning speed. The goal, now, is to stop the bleeding.

Losses in the tourism industry have mounted to more than $323 million since the attack, according to NYC & Co., based on calculations of lost revenues at hotels, restaurants, Broadway theaters, cultural organizations and tourist attractions. This comes on top of steep declines in visitor spending this year wrought by the economic slowdown.

Red, white and blue

The new advertising and marketing efforts include a package deal called "Paint the Town Red, White & Blue," which kicks off today and offers bargains at scores of hotels, theaters and restaurants. Television ads are being funded with a $3 million grant, provided by the city's Economic Development Corp., which had originally been earmarked for a promotion next winter.

Many applaud an unprecedented $40 million in funding for new tourism commercials via separate $20 million grants from New York state and the Port Authority of New York & New Jersey.

This money comes after years of griping by local tourism officials and business owners that the state's long-running "I Love New York" campaign has ignored the city in favor of other markets. Charles Gargano, chairman of Empire State Development, says the "lion's share" of the $40 million in new ad funds will be used to spotlight the city in coming months.

"The vast bulk of our efforts will be for New York City," he says.

The message needs to be loud. Despite Mayor Rudy Giuliani's constant refrain that the city is open for business and safe, not enough people are taking action yet, say hoteliers, restaurateurs and business groups.

The need for more marketing, even to locals, is so great that several business improvement districts are diverting precious funds out of next year's budgets that had been intended for events like outdoor music festivals. They're begging for in-kind services to pay for TV and newspaper ads.

Yesterday, Kirshenbaum Bond & Partners, a noted SoHo ad agency, began shooting a pro bono commercial for the Alliance for Downtown New York.

One hotel executive, Jeffrey Felshaw, director of sales and marketing for the SoHo Grand and the TriBeCa Grand, says he recognizes that there are long-term challenges facing the city's tourism market. But even if the promotions don't bring back hordes of tourists immediately, the myriad efforts now under way will help at least some travelers feel more comfortable venturing to the city.

"These will help a lot of our clients take baby steps to come back," he says. ■

CRAIN'S, NOVEMBER 4-10, 2001

CITY_21MC100_0118324480

NYC-WTC_000414526