



The Local Impact of Cutting Business Travel

The economic impact of decreasing business travel, amid the backdrop of baseless media and policymaker attacks, has a significant impact on communities across the United States:

- Two **Northern California** hotels, the Sheraton Pleasanton, a 170-room facility in Pleasanton and the Coliseum Suites, a 293-room hotel in Oakland, are facing foreclosures on mortgages for the properties. “The Tri-Valley market depends on corporate travel,” says Richard Swig, a principal executive with RSBA & Associates. “You have companies reducing travel and their business activity, but you also have companies going out of business entirely in this area.”
- The decline of corporate meetings in the **Green Bay, Wisconsin** area claimed its first victim with the announced closing of the Howard Johnson Hotel in Ashwaubenon due to the “bad economy.” The Greater Green Bay area has seen hotel occupancy drop 7.3 percent from the year before.
- The meetings and convention industry in **Las Vegas, Nevada** directly employs more than 46,000 Southern Nevadans, more than 75,000 indirectly. However, the city’s unemployment reached a 25-year high – 9.1 percent – in December 2008. Brenda Siddall, the authority’s vice president of finance, said room tax revenue was down 11.5 percent for 2008. In December alone, it dropped 25 percent.
- The **Atlanta** Convention & Visitors Bureau recently announced that the cancellation of Citigroup Inc.’s June conference has cost the city \$55 million. The convention planned for the Georgia World Congress Center was scheduled to bring 55,000 attendees to the city. Group business meetings are the backbone of Atlanta’s \$11.4 billion hospitality industry.
- The **Phoenix** Convention Center Department recently announced nearly \$7.3 million in proposed budget cuts due to the business convention and meeting bookings. The convention center’s budget depends heavily on excise taxes generated from business travel spending, including fees from taxi fares, hotel taxes and other hospitality services. The convention center will eliminate 37 jobs.
- A famous **upstate New York** resort, The Sagamore, will temporarily lay off up to 200 workers for the winter and close until March because of the economic downturn, but will consider group events if they make business sense. Other resorts in the area affected by the weak economy include the Fort William Henry Resort and Conference Center. The president and CEO of the Adirondack Regional Chamber of Commerce says that when you look at the resort economy, travel is where people are cutting back on expenses.

- Resorts in **Tucson, Arizona** are trying to fill vacant rooms, lowering their prices and offering special packages to try to lure travelers. In September, area resorts saw a 12 percent decline in occupancy and room demand and an 8 percent decrease in revenue per available room when compared with the same month last year. Resorts rely heavily on business conventions, and a decline in that travel is also pushing the occupancy rate down, said Michael Dominguez, a spokesman for Loews Ventana Canyon Resort. “Many businesses, already struggling with the economic situation, are waiting for conditions to improve before planning a big conference, he said. More than half of a large hotel's business can come from conventions and group meetings, resort officials said.
- The public outcry over corporate travel for meetings, events and incentives prompted the recent cancellation of a Wells Fargo subsidiary's meeting which had been planned at the TradeWinds Islands Resorts in **St. Petersburg Beach, Florida**. The event was worth between \$200,000 and \$250,000 and would have trained insurance agents – not entertained executives. Local travel officials have also reported that 106,000 fewer visitors spent at least one night in the country last year than in 2007.
- **San Diego, California** experienced fewer exhibitors at its Action Sports Retailer Trade show this year, and with fewer attendees came fewer elaborate parties. As a bellwether of the local economic climate, hotels, restaurants and nightclubs are uneasy about the rest of 2009 since conventions and other corporate events are a big part of their business. Robert Speck, regional director of sales and marketing for Hilton said conventions and corporate meetings account for as much as 70 percent of the annual business for large downtown hotels. A nightclub owner said he expects private events – which are tied to the convention business – might be down as much as 30 percent.
- The weak economy has taken its toll on hotels in **Fairfield County, Connecticut**, which reported occupancy rates down 14 percent in October 2008.
- After three strong years, **Chicago's** downtown hotels are facing tougher times as businesses cut travel budgets and tourists stay home. Because more businesses and groups are canceling meetings at hotels or spending less on food and drink, hotel owners are looking for ways to cut costs.
- The **Tampa**-area's hotel industry relies on convention and business meeting for hotel room sales, and the outlook is negative. Hotel demand for rooms in **Hillsborough County, Florida** declined in August 2008 for the 17th straight month. Hotel industry revenue also fell by 8.5 percent to \$28.2 million.
- **Miami-Dade County's** tourism bureau announced a plan to cut payroll by 3 percent to combat its worst budget crisis since the 2001 terrorist attacks. Goldman Sachs recently canceled a conference for hedge-fund managers at the Aventura Fairmont resort, a community in northeast Miami Dade County.
- In **Orlando**, 24 percent of jobs are supported by the visitor and tourism industry. Business travelers make up 13 percent of those visitors (over 6 million people per year). Most of them, 81 percent, stay in a hotel, two-thirds of which are high-end hotels.