



Are you one of the Faces of Travel?

Hoyt Smith's Blog (KFDC 102.1)

April 16, 2009

The downturn in the economy has really hurt the travel industry worldwide and it has been especially hard on the convention and business travel segments. The U.S. Labor Department reports nearly 200-thousand travel jobs lost last year alone, my sister being one of those people. In an effort to turn things around the San Francisco Convention and Visitors Bureau has teamed up with the U.S. Travel Association to search for local travel professionals who can share the impact of tourism on the lives, jobs and community. The winner will pick up \$5,000 and become a spokesperson for the campaign.



Travel Sector Continues To Take Beating

WSB-TV (Atlanta)

April 16, 2009

The travel industry continues to take a beating as households and businesses continue to scale back on discretionary and travel spending, according to the latest "Beige Book" findings from the Federal Reserve.

Manhattan has been hit especially hard, with year-over-year declines in revenue down 33 percent in February and 35 percent in March, the Fed said. The figures reflect 20 to 25 percent drops in room rates and noticeably lower occupancy rates. Broadway theaters reported that attendance picked up a bit more than the seasonal norm from February to March, but it was still down 16 percent from a year earlier. With average ticket price little changed, total revenues were down 15 percent from a year earlier.

Along with New York, tourism spending in Minneapolis and San Francisco districts saw double-digit declines compared with the prior year, the Fed report said. Airline bookings in the Dallas district and hotel bookings in the Kansas City district also fell, and convention cancellations in the Atlanta district increased. Restaurants in the Kansas City and San Francisco districts posted dropping revenues, which prompted further layoffs and closures, the Fed said.

The good news? Mountain resorts in the Richmond district said ski season demand was on par with last year. Cruise liner companies in the Atlanta district said that deep discounting spurred more bookings. Visitor numbers were described as being relatively strong at some popular drive-to destinations, including several theme parks. And the National Cherry Blossom Festival in Washington, D.C., helped boost hotel bookings there, even though the rate was still 3 percent below normal, the Fed said.



Optimism in face of economy

The News Journal (DE)

By Dan Shortridge

April 16, 2009

REHOBOTH BEACH -- On a busy summer day, more than 200 of Jim Bellas' bicycles are on the streets and trails around Rehoboth and Lewes, simple and easy transportation for hundreds of vacationers at Delaware's beach resorts.

A good summer is make-or-break for his bike rental, tour and sales business on Rehoboth Avenue, which is only open weekends during the winter. For his business, the summer season is almost a full year crammed into 10 weeks.

Businesses owners like Bellas are preparing for the summer season on the heels of a down 2008 and an economy that has been sinking fast since.

Delaware hotel occupancy for the first half of 2008 was down 8.9 percent compared to 2007 -- a record worst than surrounding markets including Washington, D.C., Baltimore, the New Jersey shore, Philadelphia, Virginia Beach and Ocean City, Md. That drop in 2007 was 2.4 percent.

So far this year, occupancy is up at Delaware beach hotels, at least for weekend occupancy tracked by the Rehoboth Beach-Dewey Beach Chamber of Commerce. Occupancy was up 10 of the 12 first weekends of the year. Chamber officials credit good weather, holidays and special events for drawing visitors even during a downturn in the economy.

Through the economic gloom and doom, Bellas and other beach business owners and leaders are hoping for the best.

"It's going to be a good season," predicted Bellas, who has owned Bike To Go for nine years.

Nationally, the picture is mixed: Travelers are antsy but intrigued by the discounts that hotels and airlines have been offering. Nearly 30 percent of U.S. travelers who book online are thinking about canceling a leisure trip in the first half of the year, according to Forrester Research.

But the percentage of potential travelers who saw travel as affordable nearly doubled from October to March, according to the U.S. Travel Association.

Remaining cautious

From his perch as general manager of the popular Jungle Jim's waterpark in Rehoboth, Pat Irelan forecasts a positive summer, but one tempered with caution. Some businesses in Rehoboth have closed their doors since last year, and there's plenty of commercial space open along Del. 1.

"Everybody's kind of concerned," Irelan said. "It's obvious that some smaller businesses have been affected."

The positive outlook may cloud if the economy continues to slide and prospective vacationers' anxiety grows, said Andy Cripps, executive director of the Bethany-Fenwick Area Chamber of Commerce.

Despite the attractiveness of a few hours' drive to Delaware from nearby metro areas versus a budget-busting week in Hawaii, the battle still is going to be largely psychological -- fought in tourists' heads and hearts.

"If there are signs of a turnaround in the economy, that's going to help a lot," he said. "If it continues to be very uncertain, that's going to have a dampening effect."

With 8 million visitors to the state last year -- a \$1.5 billion industry -- tourism is a crucial part of the state's increasingly beleaguered economy, observers say.

"The growth of tourism helps secure the growth of our state," said Lana O'Hollaren, who runs the Rehoboth Beach office of marketing and communications firm Aloysius Butler & Clark.

Overall uncertainty was obvious at the Governor's Tourism Conference, an annual event held recently in Bridgeville.

Keynote speaker Bill Geist, a travel and tourism consultant, tried to pump up the crowd of about 130 with reminders of niche sectors that are doing well -- amateur sports events, grandparent-grandchildren travel, culinary tourism, women's business travel and spas.

"People made money in every recession and in the Depression," Geist said. "There is still money to be made out there."

Cripps agreed. "We don't feel like we're recession-proof, but we do feel like we have a good appeal," he said. "In a recession or tough times, people may think twice about the bigger trips -- Hawaii or Europe or the Bahamas -- but when it starts getting hot in the cities, they're going to look to a place to cool down."

Beyond the average getaway

Vacationing these days is less about the vacation and more about the experience that vacationers get, he said. For example, a rock concert aimed at baby boomers may be passé, but getting behind-the-scenes for the soundcheck would be a draw.

"Americans need to keep score," Geist said. "It used to be conspicuous consumption. Now we want to be at the water cooler on Monday morning and say, 'I've been someplace you haven't.'"

Shorter stays may hurt Bellas' rental business. In addition to single-day rentals, he also has quite a few people who rent bikes for their entire stay, tooling around the resorts by pedal power rather than going through the hassle of losing their parking space.

Businesses that rely on people getting out and about -- which is nearly every retail shop from Lewes to Fenwick Island -- say good weather is about on par with a good economy in determining a strong summer.

"If it's hot and dry, then we're packed," said Irelan, of Jungle Jim's. "Even the threat of a bad forecast can really hurt the numbers for that particular week."

Attendance at the waterpark has remained fairly steady over the last few years, between 1,200 and 1,500 people every day, he said.

At the Tanger Outlets, the parent company has relaunched a "best-price guarantee" strategy to bolster consumer confidence, said Amy Norgate, general manager of the Rehoboth outlets.

"They'll spend a little bit more, they'll feel more confident about their purchases, and they'll return and shop in more stores," she said.

Retailers are expecting a "really nice summer season," Norgate said. "Nobody's getting too aggressive, but because Rehoboth is a family destination, our product is a value-oriented product."



American Cites First-Quarter Lag In Corporate Travel

Business Travel News

April 15, 2009

APRIL 15, 2009 -- American Airlines today, as it reported a first-quarter loss of \$375 million, said revenue from corporate travel for the first three months of the year has lagged behind other passenger segments.

The carrier noted that mainline passenger revenue per available seat mile declined by 8.7 percent, while consolidated passenger revenues were down 17 percent for the first three months this year.

American CFO Tom Horton during a call with investors and media said, "Corporate account revenue continues to be challenged, with year-over-year revenue declines greater than the system average," though he did not specify the level of revenue declines for the corporate segment.

Still, American executives said the carrier is seeing some stabilization in demand. Horton noted, "For the moment, we're not seeing evidence of either improvement or further deterioration in the business."

President, chairman and CEO Gerard Arpey struck a more positive tone for the corporate traffic outlook in the second half of this year. "I think a lot of companies, if history is any indication, will not stay as hunkered down because travel is an integral part of their business, and so they need to have sales conferences, they need to go to conventions, they need to drum up business."

Arpey noted that corporate travel recovery hinges on broader economic health. "If the economy begins to pick up steam, which (Federal Reserve) chairman (Ben) Bernanke seems to think we're making some progress, that will bode well for traffic at the back half of this year," he said.

Meanwhile, Arpey in a memo to employees today said the carrier has "picked up some significant new corporate accounts in the last few months," despite the "slowing economy."



Travel down across America, in light of recent scandals

News 8 Austin

By Paul Brown

April 15, 2009

More than half of corporations have reduced business travel this year, in the wake of reports over well-publicized, lavish travel spending, and even that has hurt economies like Austin.

"It has become sensationalism to say that all meetings and events are boondoggles and junkets, which nothings further from the truth, it's a legitimate way we do business in America," U.S. Travel Association President and CEO Roger Dow said. "So it's washed over and many, many corporations that have nothing to do with TARP money are canceling their events because they don't want to be painted with that brush."

More than half of the country's corporations have cancelled such meetings. To combat the stigma associated with business related travel in today's tight economic market, the travel association has taken up a bit of lobbying.

"We've really stepped up the meetings with Congressional leaders and media, talking about the legitimate things that happen with meetings," Dow said. "I mean, it's not the fat cat with a cigar that gets hurt here, it's the employee who's a bellman or a maid who needs that to pay their rent."

Dow said the association has even met with President Barack Obama and Gov. Rick Perry to discuss the issue.

Dow also said Austin was a little better off than most cities.

"You've got a great thing here; you've got the university, you've got the State Capitol, and then you've got a great music and restaurant heritage and now some great hotels, and great hills and water," he said.

"Austin's probably been hurt half as much as the rest of the country."

Dow said he's an optimist and expects things to pick up, and rebound.

"There's a lot of pent up demand that's being held back by corporations," he said. "It's going to take the signals for them to say, 'OK we're going to see our way out of this.'"



Las Vegas Tough Times

RecentPoker.com

April 15, 2009

The troubled economic times which the US is currently battling through were again showcased in a USA Today article last week, which reported that between October 2008 and mid-March 2009 some 402 conventions and meetings scheduled for Las Vegas had been cancelled.

The gambling mecca has been among those hardest hit by companies either cutting back on expenditure on conferences or canning corporate jollies as precautionary PR moves.

The newspaper quoted statistics from the Las Vegas Convention and Visitors Authority, which revealed that the 402 cancellations cost the Las Vegas area's economy \$166 million - and that did not include lost gambling revenue! In Las Vegas, convention attendance totaled 583 168 people in February 09, down a worrying 35 percent from February 2008.

The Authority is working hard to provide its hotel partners, clients and the business community with the tools and incentives to "offer balance" to the discussion of meetings and business travel, USA Today reported.

"We have to ensure that the value and importance of the meetings and convention industry is made clear," Rossi Ralenkotter, LVCVA president and CEO, said in a statement to the newspaper. "It is essential that we work hard to continue to promote business travel to Las Vegas."

The LVCVA has launched a comprehensive, online toolkit to provide information and resources for clients and hotel partners to stay abreast of developments in the meetings industry. Clients can access statistics, client testimonials and other information showing the reasons events are successful in Las Vegas. Hotel partners were provided tools to promote group travel to the destination, as well as updates on developments in business and Congress on the industry.

For a sense of perspective, it should be noted that Las Vegas annually hosts some 22 000 meetings and conventions, which provide 46 000 jobs and \$8.5 billion in economic activity, the LVCVA said.



Las Vegas loses 402 conventions, meetings

Las Vegas Sun

April 14, 2009

Las Vegas has seen 402 conventions and meetings canceled from October to mid-March, USA Today reported.

The newspaper said Las Vegas and Orlando, the nation's top destinations for business events, respectively, have been among the hardest hit as the recession reduced convention activity. Compounding the problem, some companies have canceled events in order to avoid negative publicity over perceived extravagant spending.

Citing the Las Vegas Convention and Visitors Authority, USA Today said the 402 cancellations cost the Las Vegas area's economy \$166 million -- not counting lost gambling revenue.

The numbers are in line with convention attendance numbers from the LVCVA. In Las Vegas, convention attendance totaled 583,168 people in February, down 35 percent from February 2008.

Orlando has had 114 meetings scheduled for this year canceled as of late last month at a cost to the local economy of \$26 million, USA Today reported, citing the Orlando Convention & Visitors Bureau.

The LVCVA said last month it is working hard to provide its hotel partners, clients and the business community with the tools and incentives to "offer balance" to the discussion of meetings and business travel.

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"Recently, a prominent financial firm canceled a meeting in Las Vegas and moved it to another city because of the perception that Las Vegas is a 'fun' trip or an unwarranted extravagance. We admit, Las Vegas is more fun than any other place on the planet. Guilty as charged. However, serious business is done here every day. Las Vegas has been the No. 1 destination for meetings and conventions for many years now. We have more meeting space, more convention space and more hotel rooms in a concentrated area than any other destination in the world. It's the perfect infrastructure for successful meetings," the LVCVA said on the Web site.

The 22,000 meetings and conventions annually in Las Vegas provide 46,000 jobs and \$8.5 billion in economic activity, the LVCVA said.



Squawk On The Street

CNBC

April 14, 2009

<http://media.vmsinfo.com/locationservice-mediasever/StreamMedia?file=9%2BfspAbSGAWoES1n63xNWobmSdhWyRlkqTy%2BGRmEeDOkNturxnhNTriNo0TZpD6&index=1&mediaType=null&direct=true>

USA Today, DiscoverAmerica.com Launch Online Travel Photo Contest

Successful Meetings

April 14, 2009

The U.S. Travel Association has partnered with USA Today to launch an online photo contest promoting DiscoverAmerica.com, the Web site that it operates on behalf of the U.S. Department of Commerce for the purpose of promoting international travel to the United States.

Introduced last week, the so-called "Picture America Contest" asks USA Today readers to submit iconic images of America that they feel "capture the essence of the country and best represent it for international travelers." The U.S. Travel Association will use images from 10 finalists, including three winners, as part of a new Discover America marketing campaign that will promote U.S. destinations to overseas travelers.

Finalists will be selected by three judges, including Mick Cochran, director of photography for USA Today; David Griffin, director of photography for National Geographic magazine; and Bob Krist, an award-winning independent travel photographer.

From the pool of finalists, USA Today readers will get to vote for first-, second- and third-place winners, each of which will receive a trip prize from Travelocity and a \$500 American Express airfare voucher.

The grand prize winner will also receive an inkjet printer from Kodak.

Chicago Tribune

Corporate travel: 'AIG effect' causes companies to cancel \$1 billion in conferences

Chicago Tribune

By Roger Vincent

April 13, 2009

Shamed by images of wealthy corporate folks cavorting at the expense of ordinary people, U.S. companies canceled an estimated \$1 billion worth of conferences in the first two months of this year and trimmed back on others.

Hoteliers are calling it "the AIG effect," after the insurance company that took a public drubbing for spending freely on corporate perks despite its financial turmoil.

"Corporations don't want to have to report lavish spending to the board of directors, even if it wasn't really all that lavish," said Donald Wise, an investment banker who specializes in hotels.

It all started in September, when executives of AIG spent more than \$443,000 at the St. Regis Resort days after accepting an \$85 billion federal bailout.

Reports of the junket quickly dominated the news and became emblematic of the excesses that many believed had brought down the economy.

Hotels saw the effect right away. At the Mandalay Bay Resort and Casino in the business meeting mecca of Las Vegas, almost \$131 million worth of business events have been canceled this year, said Chuck Bowling, executive vice president.

With bookings dropping and self-denial replacing conspicuous consumption, the AIG effect is battering a hospitality business that already was suffering from a slowdown related to the recession.

Nearly 200,000 travel-related jobs were lost in 2008, and an additional 247,000 will be cut this year, according to the Department of Labor. More than 20 percent of companies have canceled events because of recent media and political attention, the U.S. Travel Association said.

To win back business, Ritz-Carlton Hotel Co. is offering to donate to charity 10 percent of the cost of a conference held on its premises. The hope is that meetings will seem less self-indulgent to corporate watchdogs and boards of directors.

"It helps to overcome the concern about holding a meeting in a luxury hotel during economic hard times, and matches with many companies' growing emphasis on corporate social responsibility," spokeswoman Vivian Deuschl said.

Laurence Geller, president of Chicago-based Strategic Hotels & Resorts, described a mood of "fear and paranoia" among his customers.

Bookings at the 19 hotels owned by Strategic are down about 20 percent, Geller said, and those customers who are coming are worried about being perceived as spendthrifts. Some have asked to have their company names removed from lobby signs directing people to events.

The company's hotel operators have laid off 1,250 people at 11 U.S. properties, Geller said.

The downshift runs counter to the industry's direction over the past several years, when hotels upgraded deliberately to attract the lucrative junket business, adding yoga rooms, elaborate spas and cutting-edge restaurants. Many made a point of adding "spa" and "resort" to their names.

Meetings brought in more than half of the annual occupancy of many resorts and are crucial to their survival, said Peter Yesawich, a travel marketer. In booming 2007, business travel amounted to \$240 billion, according to the U.S. Travel Association, although how much of that was related to corporate meetings is unclear.

The industry is trying to salvage its reputation with a public relations campaign and stepped up lobbying efforts.

The U.S. Travel Association estimates that the lodging industry lost \$1 billion worth of corporate meetings or incentive trips in January and February. In response, it has bought print and online advertisements.

It also put together what it calls a "war room," where public relations representatives stand at the ready to respond to what they perceive as unfair criticism of business travel. Representatives have lobbied Congress and the White House to ease proposed restrictions on junkets for companies that accept government financial aid.

Their claim is that face-to-face meetings are important to business. And they say that hotel maids and other low-wage workers have been hurt by the slowdown.

"Our message is, 'Hey, let's tone down the rhetoric,' " said Roger Dow, president of the U.S. Travel Association." If you want to lose a million more jobs, just keep talking."

Chicago Tribune

Travel discounts for the jobless

Chicago Tribune

By Hugo Martin

April 13, 2009

Pink slip travelers? Furlough tourists? Jobless vacationers?

Call them what you will, they are a surprising new target for travel bargains aimed at the unemployed, the furloughed and jittery workers fearful of being laid off.

Discounts are nothing new during tough economic times, but airlines, hotels, resorts and other tourism merchants are going a step further, exploring a market long considered tough to crack.

The deals began to surface in February with offers by JetBlue Airways and a British airline to refund fares for travelers who had recently been laid off. Since then, other businesses have jumped in with discounted ski lift tickets for furloughed California state employees, free hotel stays for recently laid-off workers and "job loss" insurance for cruise passengers.

Analysts and travel industry officials say the special discounts and other super-low travel deals may not generate a big enough uptick in revenue needed to pull the struggling travel industry out of the recession-fueled funk of the last year or so. But the deals, they say, may help ease the pain for travelers who would otherwise stay close to home and may help travel merchants struggling to fill empty hotel rooms, cruise ships and jetliners.

"Everyone wins," said Roger Dow, president and chief executive of the U.S. Travel Association, a national nonprofit umbrella group for the industry. "Is it the magic bullet that will turn things around for the industry? Maybe not, but it's a very nice step."

Deals for laid-off workers got under way after automaker Hyundai began its assurance program in January. Under the Hyundai deal, a car buyer who loses his or her job within 12 months of buying a car can return the vehicle to the dealership.

CruiseOne and Cruises Inc., a leading network of cruise retailers, borrowed the idea directly from Hyundai and announced in February the CruiseAssurance plan. The plan gives customers who book a cruise the option of canceling at any time, even during the cruise, if they are laid off.

Steven Hattem, vice president of marketing for the sister companies, said he believes the deal will give travelers peace of mind when considering whether to take a cruise vacation.

"With this, consumers can truly make a decision without the concern, 'Will I have a job or not?' " he said.

Companies that offer hotel deals for laid-off workers say the idea is not as crazy as it sounds. After all, a worker who has been laid off has the free time to take a longer vacation, they argue. Plus, a vacation may be just what a burned-out worker needs before finding a new job, they add.

"Lots of people get laid off with severance packages, so they have money," said Will Candis, a spokesman for Recreo Costa Rica, a luxury villa resort in Costa Rica that is offering a free night stay for

recently laid off workers who book four nights. "It may seem self-indulgent, but vacations are very rejuvenating."



U.S. Travel Association's "Meetings Mean Business" Campaign Launches "Faces of Travel" Initiative to Protect Jobs in Meetings & Conventions

Talbert Talks Travel

April 13, 2009

In an effort to save jobs in the midst of the uproar over corporate travel, the U.S. Travel Association (formerly TIA) launched a campaign to ensure that media and policy makers understand the importance of meetings, events and incentive travel. The "Meetings Mean Business" campaign is a comprehensive travel industry effort that includes grassroots organizing, paid advertising, and Internet marketing. On March 26, "Meetings Mean Business" launched a new initiative called "Faces of Travel." This initiative is designed to find the travel industry employee(s) who best embodies the character and hardworking spirit of the travel industry. The winner (or winners) will become the newest spokesperson for the industry, including interaction with the media and policymakers. To participate, industry employees are encouraged to submit a 45-60 second video telling why they are the "face of travel" and how business travel, meetings and events are important to them, their company and their community. Videos are to be submitted through www.MeetingsMeanBusiness.com/FacesofTravel. The contest began on Thursday, March 26 and will close at noon EST on April 24, 2009.

My Word: Business travel isn't frivolous — it's our lifeblood

Orlando Sentinel

By David G. Gabri

April 14, 2009

As residents of Central Florida, we understand the tremendous economic effect of tourism on our state.

What everyone might not realize is the significant economic effect on our community of the related sectors, which include meetings, exhibitions, events, conventions and incentive/recognition travel. Unfortunately, because of recent unprecedented negative political rhetoric and some media characterizations, business travel for these legitimate reasons is being demonized as excessive junkets. The effects are starting to decimate the hospitality industry, which is already reeling from the economic downturn.

We need to support this important industry. Not only are hotels and resorts being affected by the growing number of canceled meetings, conventions and incentive programs, but many other industries also are being affected: Food vendors, transportation companies, restaurants, retail establishments and attractions are experiencing tremendous revenue reductions because of these cancellations. And just think about the number of people who are losing jobs and the declining tax revenues to our communities.

I'm not referring to cancellations by just Troubled Assets Relief Program recipient companies, but by many other companies that simply fear the media will label them as irresponsible for conducting any kind of a meeting or program at a hotel or resort.

Companies receiving federal-relief funds need to spend their funds according to regulations and wisely, but we don't want to "throw the baby out with the bath water" by labeling all such travel as frivolous. This, unfortunately, has become a trend in the media, and by some irresponsible legislators, which has resulted in significant lost business for Orlando.

Training seminars, strategy meetings, professional conferences, brainstorming sessions and sales meetings bring people together to generate sales, drive profits and position a company or organization for long-term growth. Incentive/recognition trips motivate, recognize and reward companies' hard-working and highest-producing staff. The Orlando Sentinel should highlight these positive aspects, rather than focusing on the few instances when companies that have received federal funds are "discovered" meeting at a resort destination.

Now more than ever, meetings are critical to keeping businesses viable, strengthening our ailing economy and helping communities. Now is the time for us to create and support jobs, and not have them destroyed by political posturing or by negative media stories. If we all work together, we can grow our businesses, and build Florida's — and America's — economy.

David G. Gabri is president and CEO of Associated Luxury Hotels International and is based in Orlando.

The Washington Times

Travel execs fight Obama jibes

Washington Times

By Andrea Tomer

April 14, 2009

Businesses, already struggling to survive the perils of an economic downturn, are starting to push back against a growing public perception that business travel is wasteful and unethical.

Government efforts to curtail corporate travel by companies that receive federal bailout funds have demonized the meeting business and harmed the nation's hotel and travel trade, industry leaders say.

"Unfortunately, [the government] thought business travel was fair game," J.W. "Bill" Marriott Jr., chairman and chief executive officer of Marriott International Inc., said last week at a gathering of travel industry executives. "As part of their attacks on Wall Street and corporate greed, they unintentionally hurt the travel industry. Even businesses that weren't taking [Troubled Asset Relief Program] money canceled their meetings and paid the penalty fees because they were afraid of being the next target."

"The government shouldn't interfere with how businesses conduct their affairs, especially considering that their officials are traveling in the same way," Doug Weeks, president of the Association for Corporate Travel Executives (ACTE), said at his group's annual gathering in Washington. "How business is conducted should be left to the professionals, according to their own policies."

A recent survey by ACTE suggests that public opinion is having a big impact on business travel. Sixty percent of American businesses would avoid taking business trips to an exotic locale to avoid public backlash, even if the proposed location were cheaper, according to a March 30 poll.

Negative publicity about business meetings was a contributing factor in a 5.6 percent decline in business travel over the past year, according to statistics compiled by the U.S. Travel Association. Of course, the economic downturn isn't helping.

"The stimulus is aimed at creating jobs, yet many jobs are being eliminated because meetings are being canceled by the hundreds," said Kevin Mitchell, chairman of the Business Travel Coalition, an advocacy group based in Radnor, Pa. "This toxic environment created around the meetings has caused the hotel industries to lay people off. That is the perverse irony of the situation."

Merrill Lynch has cut back on the number of business trips it sends its star brokers on since it was bought by Bank of America in September. The brokerage raised the ire of government when it sent executives on expensive trips to a Ritz-Carlton resort in Florida after seeking federal bailout money. Financial services giant American International Group also antagonized Congress in September when it spent \$443,000 to send dozens of top-performing insurance agents and executives on lavish weeklong retreats at a pricey California resort. Days earlier, AIG had received \$85 billion in taxpayer money.

"You can't take a trip to Las Vegas or down to the Super Bowl on the taxpayers' dime," President Obama told a town hall meeting in Elkhart, Ind., in February.

Now businesses are worried about what could happen if they are forced to further curtail travel.

Meetings and events account for nearly 15 percent of U.S. travel, generating \$101 billion in spending each year, according to the U.S. Travel Association. Hotels, airlines, car rental companies and caterers are among the industries that are being affected by cancellations of business events and meetings. Almost 17 million people - nearly 1 in 8 U.S. workers - have jobs in the travel industry, according to U.S. Commerce Department figures.

The travel and tourism industry lost 200,000 jobs in 2008. The industry will lose an additional 247,000 jobs this year, according to the U.S. Department of Labor.

"In the past six months, hundreds of thousands of people in the travel industry have lost their jobs," Mr. Marriott said. "These were not the Wall Street fat cats taking government bailout money while redecorating their offices. They were housekeepers, bellmen and the people who book your corporate travel."

"Politicians are talking about an infinitesimally small number of businesses that are using government funding recklessly," said Mr. Mitchell, of the Business Travel Coalition. "The more they talk about it, the more executives at companies pull back because they are afraid they will be scrutinized and receive backlash about excess spending."

Businesses insist that face-to-face meetings are important. Although video chats and teleconferencing are beneficial, most business executives prefer face-to-face meetings.

"You can have all the technology you want to have, but there is no substitute for shaking someone's hand, watching their body language or having a conversation," said John H. Graham IV, president of the American Society of Association Executives. "There's not the opportunity to get people rallied or informed about the product being sold, and I believe meeting face to face would clearly impact business performance."

There are other reasons why businesses pay to send employees on expensive trips. Businesses use incentive trips to reward an employee's outstanding performance. If those trips are cut, not only do employees lose out on a reward, but their families lose, too.

"Just because Las Vegas is a leisure location doesn't mean that business can't be done," said Jeff Clarke, president of Travelport, a Parsippany, N.J., provider of travel technologies and services. "Las Vegas has one of the largest convention centers in the world and is one of the most affordable locations to conduct business."

The New York Times

More Hotels Facing an Uncertain Future

New York Times

By Martha C. White

April 13, 2009

Hotels have been struggling for months as businesses and individuals cut back on travel. But what was a bad situation is likely to turn worse as a rapidly growing number of hotels — including many high-end and luxury properties — are forced into bankruptcy or foreclosure in coming months.

Jim Butler, a hotel industry lawyer, said those who manage distressed hotel loans have told him that their workloads have jumped tenfold in recent months.

“Things seem to be accelerating,” Mr. Butler said, and predicted that before the recession is over, the number of hotels in bankruptcy or foreclosure could rise above the 2,000 or so reached in the industry’s last big downturn in the 1990s.

The names on the front of the troubled hotels are well-known management companies like Ritz-Carlton and InterContinental. But the owners of the hotels are investment groups, wealthy individuals or companies that specialize in lodging and are generally little-known outside the industry.

Many owners took out loans to finance new construction or renovations when hotel occupancy rates were up and credit was readily available — just the opposite of the situation now, as those short-term loans are coming due.

But it is the management companies that risk damage to their reputations since theirs are the featured names.

Guests, too, can be affected if a hotel is financially troubled. Even at high-end properties, in-room electronics and linens may be older or show more wear, and items like coffee or fresh flowers in the lobby may be eliminated.

“Hotels are doing things like closing the restaurant two nights a week or having the nightclub only open one or two nights a week,” said Molly Vincent, vice president of a destination and event management company in Las Vegas.

In some cases, guests may not even notice what they are lacking. If a hotel stops a project to add flat-screen TVs halfway through installation, for example, a traveler is not likely to know that.

Sometimes, quite literally, travelers can be left out in the cold. Steve Collins, president of a meeting site selection firm, had booked a 30-person leadership retreat at the Daufuskie Island Resort & Spa in South Carolina last November. When his group arrived, unaware of any financial problems faced by the hotel, they found that their reservations for a group of high-end, private condos had been replaced with standard room bookings.

“At that point, there was no option to cancel or move,” Mr. Collins said. His group stayed, but suffered poor housekeeping and food service, effects of the distressed property’s staff cutbacks. Two months later, in January, the hotel’s owners filed for bankruptcy and by March, the property was closed.

Unfortunately, that experience may be repeated, industry experts say, as hotels, especially luxury ones whose numbers grew rapidly, fall behind on their debt payments.

“Luxury is just getting killed,” said Bobby Bowers, senior vice president for operations at STR Global, a company that monitors and researches hotel performance. While occupancy and therefore room rates are down at every level of hotel, the drop is more pronounced at the higher end.

Since these hotels have greater fixed operating costs because of their extra services and larger staffs, they need higher occupancy rates just to break even. This is compounded by what many analysts have called the “A.I.G. effect,” as companies worry about public or regulatory scrutiny if their employees stay at lavish properties or hold events there.

Overseas, the picture is not quite as bleak, but analysts are concerned for what the future holds. In January, Real Hotel Group had its shares suspended on London's secondary stock exchange after revenue dropped by 34 percent. " I think there are certainly some nervous hotel owners, no question," said James Chappell, managing director for STR Global in London. At a recent hotel investment conference, Mr. Chappell said the consensus was that several international hotel owners were likely to become insolvent over the next year or so. He added that while the American hotel owners' woes had not hit their overseas counterparts yet, those companies were bracing for a rough year. "At the moment, I think they're kind of holding their breath," he said.

Although the troubled economy has hit hotels across the United States, some areas have it tougher than others. MGM Mirage and Harrah's Entertainment own 19 casino hotels on the Las Vegas Strip. Harrah's delayed construction on a hotel tower and has been able to refinance its debt over a longer period to reduce its payments. MGM recently sunk \$200 million into CityCenter, a mixed-use project under construction, after its development partner skipped a payment. Other Las Vegas properties are struggling, too. The Ritz-Carlton, Lake Las Vegas spent much of 2008 in Chapter 11 and was bought last month by its third owner in just over a year.

In Scottsdale, Ariz., two upscale properties entered foreclosure in January after being open for less than six months, and the historic Greenbrier Resort in West Virginia filed for Chapter 11 last month after losing \$35 million in 2008. In Chicago, plans for a 200-room Shangri-La hotel were scrapped.

Hotel managers embrace the phrase “business as usual” when talking about operating under the pall of bankruptcy or foreclosure.

Unfortunately, even if travelers paid top dollar in expectation of fine dining, solicitous service and high-end amenities, they have little recourse if their stay does not live up to their expectations. Alexander Anolik, a lawyer and author of “Traveler's Rights: Your Legal Guide to Fair Treatment and Full Value,” says guests can try bargaining down the room price, but there is no legal or industry standard for reimbursing travelers for curtailed or closed amenities.



Faces of Travel

SITE

April 13, 2009

Dear Travel Colleague:

As you know, in recent months we have aggressively promoted the value of meetings, events and incentive travel to counter damaging rhetoric coming from select policymakers and media. We should feel good about the progress we have made, but more remains to be done to drive home why travel matters.

To help personalize the messages and literally attach a face to the issues, the “Meetings Mean Business” campaign is launching today a new initiative called “Faces of Travel.” This initiative is designed to find the travel industry employee(s) who best embodies the character and hardworking spirit of the travel industry. The winner (or winners) will become the newest spokesperson for our industry, including interaction with the media and policymakers. With so many warm and engaging people involved in the travel community, we’re convinced they can be effective allies in helping communicate our messages.

‘Faces of Travel’ Details

To participate, industry employees are encouraged to submit a 45- to 60-second video telling us why they are the “face of travel” and how business travel, meetings and events are important to them, their company and their community. Videos should be submitted through www.meetingsmeanbusiness.com/facesoftravel. It’s no more complicated than posting on YouTube or Facebook, so give it a shot. We’re talking about serious issues, and we need people with energy, passion and enthusiasm to help communicate them.

All submissions must be made by Noon EDT on April 24, which gives everyone interested one month to put their best face forward.

Please share this message with other travel colleagues who may be interested in helping bring attention to the millions of hardworking Americans who make us proud to be part of this industry.

Sincerely,

Roger Dow
President and CEO
U.S. Travel Association



Meeting Business Is Still Soft

Front Desk

By Ed Watkins

April 13, 2009

Although a few signs point to an improving economy—or at least one in less of a tailspin—the meeting business is still taking it on the chin. This morning on CNBC, Starwood CEO Frits van Paasschen (or “van Passion” as CNBC referred to him on its website) said meeting cancellations at the company’s hotels are up by 50 percent.

And this story in the Orlando Business Journal shows that the Home of the Mouse is getting hit particularly hard. A survey by the local CVB of 15 hotels showed 114 cancellations worth 146,000 roomnights and \$26 million in revenues during the first quarter. Also, according to the story, the U.S. Travel Association says \$1 billion in meeting business was lost nationally in the first two months of the year.

Hotel companies are pulling out all the stops to incentivize travelers to get back on the road. These promotions may have an impact on individual business travel, but groups and companies—even ones in the hotel business—are uniformly rethinking their meeting plans and, more often than not, canceling or severely altering get-togethers of most any kind.

Winging It: Facing the 'new normal'

Philadelphia Inquirer

By Tom Belden

April 13, 2009

The brutal recession we're in has spawned some remarkable bargains in air fares and hotel costs this year as travel companies struggle against a sharp downturn, especially among business travelers.

But some of those who manage multimillion-dollar corporate-travel budgets are worried that many companies have made such drastic reductions that they're losing sight of why businesspeople travel in the first place. The budget cuts have been particularly acute in the number of business meetings companies are holding.

People in the travel business now have a fresh buzzword to describe what's happening. The term is new normal, meaning that airlines, hotels, conference centers, and car-rental companies are expecting their revenue has plunged to levels that could be typical for years to come.

The term was flying around last week at the annual education conference of the Association of Corporate Travel Executives (www.acte.org) in Washington. The conference draws both buyers, such as corporate travel managers and meeting planners, and industry suppliers, such as airlines and hotel companies.

I've attended this event off and on for more than 20 years and can't recall a time when there was more concern among both the buyers and the suppliers about what the economy is doing to curtail travel.

The travel-budget cuts started last fall but accelerated rapidly in January after members of Congress, the Obama administration, and the media pilloried American International Group and other companies receiving bailout funds for holding events at upscale resorts.

The politicians backed off their criticism after travel organizations banded together to protest, pointing out that business travel was not a frivolous endeavor and actually contributed substantially to economic activity.

Think about it: When a hotel is only half full and has to lay off housekeepers and waiters, that means fewer paychecks coursing their way through the local economy.

A survey done in late March by the association, answered by 110 corporate travel managers, found that fear of "perceived corporate excess" had prompted them to cancel meetings or move them away from destinations with reputations for frivolity.

Where did the meetings go? At least some of them went to cities where costs were actually higher, the association found.

Las Vegas has particularly suffered from the cancellation of meetings because of its reputation as a place where the fun never stops, despite having some of the country's lowest hotel and air-travel costs.

"This is a radical departure from good sense for the sake of political correctness," Doug Weeks, president of the association, said during the conference.

Weeks and other association officials said that by moving a meeting from Las Vegas to, say, San Francisco, many companies' 2009 travel and meetings budgets are likely to be spent more quickly, leading to fewer meetings' taking place.

Travel managers and business travelers themselves say that despite what non-travelers may think, there is no substitute for human interaction, whether it's at a conference for thousands or a gathering of a dozen employees of one company.

Susan Gurley, the executive director of the travel association, said there was real concern that companies could suffer "an intellectual depression" if they permanently reduced the size and frequency of face-to-face meetings.

In another survey, done for Egencia, the corporate-travel arm of the Expedia online travel agency, more than two-thirds of the 500 frequent travelers questioned said they'd had to cancel or delay a business meeting because of budget cuts.

An equal number of the travelers said they believed their jobs had suffered from a lack of face time with clients, prospects, or fellow workers.

Rob Greyber, senior vice president of Egencia, told me that the survey showed how acutely aware travelers were of the need to save their companies' money. Among other things, more travelers are sharing taxis and rental cars, staying in cheaper hotels, and taking one-day trips that avoid a hotel stay completely, he said.

"It's encouraging to us that employees are doing that," Greyber said.

"Business travelers understand they need to get the most out of every trip."

Whether we're at a "new normal" level of business travel will depend, of course, on the pace of economic recovery, both domestically and worldwide. The concern right now is that it will take a decade to climb out of this very deep hole.

But the travel business has been in these depressions before. Each time, resourceful people have found good reasons to get out of their offices on prospecting trips for new business. Remember, the recession of the early 1990s was followed by the dot-com boom.

In coming years, as just one example, the need to develop more renewable-energy sources and reduce global warming is expected to be a powerful driver of economic activity. And that in turn should spawn a whole new generation of business travelers.

Let's hope so.



Hawaii should be a gathering place, even in recession

Honolulu Star-Bulletin

April 12, 2009

The depth of Hawaii's problem hosting conferences during a recession has reached a new low with a flap in Minnesota about six criminal investigators attending a six-day session in Waikiki last month on organized crime. Increasingly, overseers of government and business unfairly see a red flag when Hawaii is mentioned as a destination.

Minnesota's public safety commissioner said the Metro Gang Strike Force investigators' trip to Hawaii "in these economic times ... is of concern," even though the \$17,000 used to pay for it came not from taxes but from property and money seized from criminal activities. The Minneapolis Star Tribune piled on, opining that "spending such a chunk at the Sheraton Waikiki does not suggest good stewardship."

The International Conference on Asian Organized Crime and Terrorism has been held annually for 30 years at various locations. A spokesman for the International Organization of Asian Crime Investigators and Specialists said it was held in Hawaii in 2005, in San Francisco last year and is scheduled for St. Paul, Minn., next year. Hawaii is a favorite midpoint host because participants come from the U.S. mainland, Asia, Europe and the Middle East.

Public anger at extravagant spending by companies receiving bailout tax dollars has extended throughout corporate America and created a sharp decline in travel to meetings in Hawaii, described as junkets. The state's tourism industry is suffering as a result and faces a huge challenge in trying to revitalize business travel to the islands.

The 442,000 business travelers to the state for meetings last year accounted for 7 percent of total visitors and 12 percent of all visitor spending. In the first three months of this year, 132 groups canceled meetings and incentive trips, costing the islands' travel industry nearly \$100 million in revenue.

Gov. Linda Lingle, 90 business leaders and the state's four mayors have urged President Barack Obama in a letter to oppose any measure that unfairly restricts companies receiving federal funds from using business meetings "as a legitimate business tool."

The stimulus bill approved by Congress requires companies receiving federal funds to have policies regarding "excessive or luxury expenditures," a term that the Treasury Department is now working to define. The Lingle letter defends conventions, meetings and incentives as "legitimate business tools" that shouldn't be regarded as excessive.

Wells Fargo Co., one of the companies that canceled a trip to Hawaii, already had canceled a Las Vegas trip after being criticized for misusing \$25 billion in bailout money. The company took out a full-page ad in the New York Times explaining that the employee recognition events weren't funded by the government, but the public has difficulty accepting such a distinction.

The Obama administration and other government officials shouldn't allow misplaced public outrage to sink the travel industry into an even deeper economic quagmire.



More companies meet virtually as conventions canceled

USA Today

By Gary Stoller

April 12, 2009

Recessionary times have forced a wave of cancellations of conventions and business meetings around the country, costing local economies billions in lost visitor dollars since fall.

Among the hardest hit are convention meccas Las Vegas and Orlando, the top two destinations for business events, respectively.

- Las Vegas has seen 402 conventions and meetings canceled from October to mid-March at a cost of \$166 million to the local economy, the Las Vegas Convention & Visitors Authority reports. That doesn't include lost gambling revenue.

- Orlando has had 114 meetings scheduled for this year canceled as of late last month. The Orlando Convention & Visitors Bureau says the local economy will lose \$26 million from the cancellations, with about 146,000 room nights at hotels lost.

Other cities have been hit, too. Attendance at major conventions in Atlanta is down 20% since October, and the number of business travelers for smaller meetings has been cut in half, says Lauren Jarrell of the Atlanta Convention & Visitors Bureau.

In addition to the recession, convention industry executives blame cancellations on businesses not wanting to look like they're splurging when share prices are down, they're laying off people or being bailed out by taxpayers.

"A double whammy has come down," says Geoff Freeman of the U.S. Travel Association, a trade group. "There's no doubt that all types of business travel are paying a heavy price, but meetings and events are paying the heaviest price."

Instead of traveling, many associations and companies have turned to "virtual" conventions or "Webinars," in which attendees meet via Internet hookup without leaving their offices or homes.

That's what about 500 members of the American Society of News Editors are doing instead of gathering in Chicago this month.

Hotels in the USA lost more than \$1 billion in the first two months of the year from event and meeting cancellations, the travel association estimates.

The dollar loss to local economies is greater when lost spending on meeting hall space, car rentals, restaurants and local attractions is rolled in.

Steven Hacker, president of the International Association of Exhibitions and Events, conservatively estimates lost convention and meeting revenue at \$10 billion since October. That's 10% of what usually is \$100 billion a year worth of revenue to the local economies of the USA and Canada.

Public Relations Rogue

Using PR to Turn the Tide Against “Junkets”

Public Relations Rogue

April 11, 2009

It's been interesting to see the PR counter-offensive by the U.S. travel industry against the tide of criticism against so-called business junkets. A couple of weeks ago I saw full-page ads in several major papers suggesting that cancelled meetings translate into millions of lost jobs. The “Meetings mean Business” campaign includes a major PR and advertising push, a new Code of Conduct for companies using taxpayer dollars, personal video vignettes, advocacy outreach, a robust website, etc. The campaign appears to be working, at least in terms of political leaders like Barney Frank and even President Obama urging caution in branding travel as ill-advised spending. This may help differentiate the egregious retreats by AIG and other TARP recipients from the legitimate trips by thousands of organizations investing in their staff.



CSPAN

April 11, 2009

Joining us this morning on our set here at C-Span is a Bill Marriott, the CEO and Chairman of Marriott International. Earlier this year, president Obama was talking about what many companies in corporations receiving bailouts are doing when they're traveling to conferences and meetings. He is quoted as saying they cannot get corporate jets on the taxpayers' dime. You have called this kind of thing as toxic rhetoric. You have called this kind of thing as toxic rhetoric. Why is this toxic rhetoric?

There have been unintended consequences of this. The collateral damage to the industry has been huge. A lot of companies who are not recipients have canceled. We had a medium-size to tell. We had 12 groups canceled. We're seeing a lot of cancellations around the country as a result of people being scared. They are scared to vote, these groups, for fear that they will be criticized. They are afraid the media will criticize as well. They are not tarp recipients. They should not be scared. They should go on with their business. We're trying to convince them to continue to hold these meetings. It is costing a lot of jobs. Last year, there were two hundred thousand jobs lost in the travel and tourism industry. This year, the forecast is for 250,000. After the toxic rhetoric, it could be as high as 350,000. The cost could be in the millions. It has been building.

What kind of response have you gotten?

The one I was most anxious to meet with was senator John Kerry from Massachusetts. He put out a piece of legislation called the taxpayer protection act for Tarp recipients. It basically said if you are a recipient, you should not be planning a meeting or entertainment events. You should be very careful about how you spend your Tarp money for meetings and conventions. This spiked additional cancellations of meetings. We talked to him and told him our Boston hotels were down 30% in revenue as a result of some of the conversations from Washington, he responded. He wrote an opinion piece and said he was in favor of travel and tourism. He realized the great effect that is having on our economy. He was in no way a foe of the industry and was in favor of it. I met with Harry Reid. He is extremely supportive. Las Vegas has been hurt very badly. He was very anxious. We are trying to get some guidelines published by the treasury as required by the Steelers program as to how the meetings should be held. The U.S. Travel Association has put out some guidelines. We're anxious to have those guidelines adopted.

Have you had any luck with the administration or the treasury?

They are understaffed. It is hard to get them to focus on this with everything else going on. We did meet with the president. The U.S. Travel Association set up a meeting for several CEOs. We went to the White House. We were fortunate to have a meeting with the president.



Fox Business

April 10, 2009

Tracey Weber from Travelocity: To be fair there are companies that have abused how they should think of business travel, but business travel is extremely important to our economy and there's a lot of data out there. Now, the USTA has meetings, business campaigns and a website, lays out a lot of that data. I think that people don't really fully appreciate what an important piece of our economy the travel industry is. Not sending the bankers and salespeople, instead punish the bell hops, the door men, the cleaning people, the people that need it the most that get hurt. Right, but is that a fair statement? I don't know about that, but I think you don't want to say, put you on the political hot spot. The good thing from all this, is the consumers win because of our great deals. Because the hotels are less full and the airplanes are less full, great deals out there.



Marriott Defends Travel Industry

Travel Agent Central

April 10, 2009

Ending the "toxic" anti-business travel rhetoric in Washington, D.C. got a solid boost from and appearance by Bill Marriott Jr., chairman and CEO of Marriott International, on C-SPAN today. Marriott not only offered a strong defense of the economic importance of travel and tourism but the job-producing benefits of meetings and conventions to communities, such as Las Vegas and New York City. Marriott also said he is hopeful that Congress will act on the industry sponsored Travel Promotion Act. The Act is designed to encourage more international visitors to the U.S.

Marriott said that the "unintended consequences" of the "toxic rhetoric" was adversely impacting the industry and warned that the industry could lose as many as 350,000 jobs due to the decline in demand.

"Group business has been hammered" Marriott said, with 2009 promising to be a tough year. He forecast a rebound in 2010, however, and noted that leisure travel demand was good. He noted one unintended consequence of the rhetoric was the adverse impact on travel companies who were not part of the Federal Troubled Assets Relief Program (TARP) programs.

Marriott has taken a leadership role in advancing the travel and tourism industry's interests including job creation and has worked closely with the U.S. Travel Association to build awareness of the industry's contributions.

AIG's long reach: The ripple effect on the travel industry

Accountingweb.com

April 10, 2009

If the AIG debacle seems to have calmed down while Congress is in a long spring recess, think again. The ripples are being felt everywhere. The Los Angeles Times reported this week that U.S. companies have canceled about \$1 billion worth of conferences already this year, further battering the hospitality industry which was already suffering the effects of the weakened economy. Are CEOs trying to avoid the images of corporate pirates frolicking in bathtubs full of champagne and caviar while the "little people" are forced out of their homes?

Last September people were stunned by the images of AIG executives spending \$443,000 at California's Dana Point St. Regis Resort – days after the company had their hands out to accept a taxpayer-funded federal bailout of \$85 billion. It didn't take long for the news to fan into public outrage. And boom... hotels began to feel the pinch immediately as events that had been in the planning for a long time were suddenly called off. The Las Vega Mandalay Bay Resort & Casino has seen cancellations of business events worth \$131 million in the first couple of months of 2009, Executive Vice President Chuck Bowling told the Los Angeles Times. The Times also reported that the L.A. Four Seasons has seen a 15 percent reduction in meeting business.

The problems the travel industry is experiencing seem to be feeding on themselves. The U.S. Travel Association attributes the cancellations to the political attention and the media's relentless focus on lavish business expenditures, mostly for upper level managers, while unemployment numbers continue to rise. The onslaught of negative press that has made companies afraid to schedule meetings at luxury hotels is adding to the job loss totals as the lack of business conferences and other meetings – on which the hospitality industry relies for survival – have resulted in 200,000 jobs cut last year, and according to the U.S. Department of Labor, the anticipated loss is another quarter million this year.

In an effort to turn public sentiment around, the Ritz-Carlton Hotel Co. has started a program to donate ten percent of the cost of conferences held on the premises to charity. A spokeswoman for the hotel chain said they hope this will focus attention on the Ritz-Carlton's social responsibility and lessen the concern about holding meetings there. Laurence Geller, the president of the company that owns Ritz-Carlton, told the Los Angeles Times that he's noticed a sense of "fear and paranoia" among his customers. "It's a fear of being outted in public."

The U.S. Travel Association has put together what they call a "war room" to, among other things, lobby Congress and the Obama Administration to ease their proposed restrictions on junkets for companies that take financial aid from the fed. The point they are trying to put across is that a lot of lower wage workers, like hotel maids, are being hurt by the meeting cancellations.

The Association's president, Roger Dow told reporters, "Our message is 'Hey, let's tone down the rhetoric. If you want to lose a million more jobs, just keep talking.'"

MEETINGSNET

Meeting Pros Reach Out to Massachusetts Lawmakers

Meetingsnet

April 9, 2009

A small group of politicians and event industry leaders gathered for a breakfast meeting on the final day of NEMICE, the annual meeting of the New England Chapter of Meeting Professionals International, to discuss how meetings and events can be part of the economic solution and get the message out to corporations that it is safe to invest in events.

David Rich, senior vice president of program strategy/worldwide for George P. Johnson, North Easton, Mass., led the briefing, held at the Boston World Trade Center. Rich recapped the challenges facing the meetings industry, including the media's negative portrayal of corporate events (particularly those held by companies receiving federal bailout funds), and presented data from GPI's "EventView 2009: North America" study detailing the business benefits of meetings.

Rich commended the U.S. Travel Association's ongoing efforts to curb the rhetoric against meetings and events but stressed that there is still more work to be done. "U.S. Travel has done a great job of showing the economic impact of meetings and events," he said. "Now we need to focus on the business reasons for holding events and their ability to help companies grow sales." Rich then opened up the discussion to the group and asked for feedback on how to spread the message to legislators, media, and the public.

"While presenting data on the economic impact of events is a good start, what we are seeing from national politicians is really a revulsion against excess," which is to be expected in such trying economic times, said Betsy Wall, executive director of the Massachusetts Office of Travel and Tourism (representing Massachusetts Gov. Deval Patrick). "It's useless to throw your arms up and complain about the media," she continued. "Instead, focus on the fact that these meetings are not excessive." In order for this message to resonate with politicians, you will need to "sell them on the merits of meetings and events," she said.

State Rep. Tom Sannicandro, D-Mass., also spoke up, urging those in attendance to include state legislators in any efforts to move the industry forward. "We are people who can shape policies and public discourse, so include us in your conversations and in your processes as you try to move ahead in this regard," he said.

Before leaving, the group signed a wall set up in the exhibit hall intended to show President Obama and national lawmakers that "meetings mean business." The wall, which was created by Krisam Group and Global Event Partners, will be set up next at MPI's World Education Congress in Salt Lake City, July 11-14, to collect additional signatures before it is delivered to the White House.

Participants in the meeting were

Jason Palitsch, representing state Sen. Michael Moore, D-Mass.;

Michael Carson, president, MPI New England;

Vicki Cimino, spokeswoman for the New Hampshire Division of Travel and Tourism Development;

Betsy Wall, executive director of the Massachusetts Office of Travel and Tourism;

Bruce MacMillan, president, Meeting Professionals International.

A Sure Bet

Successful Meetings

By Andrea Doyle

April 9, 2009

Despite what the president and press think, gaming destinations are great for meetings—here's the case in their favor.

We've all read about companies like Wells Fargo that hastily canceled plans to host a Las Vegas employee conference after lawmakers in Washington learned about the trip and lashed out. Then there was Goldman Sachs, which moved its meeting from Las Vegas to San Francisco.

Las Vegas is not taking these cancellations lying down. In reaction, it ran "An open letter from Las Vegas," as an ad in the Wall Street Journal.

"Recently, a prominent financial firm canceled a meeting in Las Vegas and moved it to another city because of the perception that Las Vegas is a 'fun' trip or an unwarranted extravagance," the ad states.

"We admit, Las Vegas is more fun than any other place on the planet. Guilty as charged. However, serious business is done here every day. Don't get us wrong. We don't think taxpayer dollars should be spent on any unnecessary expenses. But at a time when America is getting back to basics, there is no room for playing the perception game. Las Vegas has been doing business for decades and has the track record to prove it. That's the reality," it continues.

Jeremy Handel, a spokesman for the Las Vegas Convention and Visitors Authority (LVCVA), says the convention bureau is about to get even more active. It will launch a \$1 million ad campaign targeting CEOs in addition to its normal audience of meeting planners.

Advertising is just one way Las Vegas is fighting back. The LVCVA sales staff has had more than 1,000 face-to-face sales calls and is conducting in-market sales missions with its resort partners to encourage businesses to continue to conduct their meetings in the city.

"Las Vegas has been working hard to assure planners that there is value in the destination and that meetings are still vital to their business success," says Rossi Ralenkotter, LVCVA's president and CEO. "The situation is not unique to Las Vegas; it is an industry-wide issue impacting many destinations. While there have been a few high-profile cancellations, the vast majority of our clients have expressed their support for Las Vegas and are eager to bring their programs here. It is important to make sure that we are all reinforcing the message that the meetings industry is an important element of doing business and is an economic stimulus for the nation and specifically for Las Vegas."

Negative publicity aside, corporations have been having successful meetings and incentives at casino properties for years. Easy access, first-rate accommodations, meeting space, entertainment, and dining abound. Plus, planners report that casino resorts are extremely cost-effective.

Jason Fullman, learning manager with Mercedes-Benz USA, planned a departmental meeting for 85 at Mohegan Sun in Uncasville, CT, last October.

"We were able to negotiate a great room rate. Plus, 70 percent of our group was coming from the New Jersey area and was able to drive to the meeting," he explains. For those who flew in, a reasonably priced shuttle was arranged with Mohegan Sun's help to and from airports in Providence, RI, and Hartford, CT, says Fullman, who is based in Costa Mesa, CA.

The training meetings Fullman plans help dealers improve performance through education, which is important even in a down economy.

"We're a training organization and we have to have meetings to discuss our plans, although we may have to do things differently. Maybe meet for shorter periods of time or at the corporate headquarters. We're still figuring it out as the economic temperature rises and drops," explains Fullman.

He was impressed by all Mohegan Sun offers. "There is something for everyone. Great amenities, food selection, activities, and great meeting space. Plus you don't walk into a casino, you walk into a hotel lobby. The casino is off to the side, and you have to [make an effort to] go there. You don't see the casino nor do you hear the casino, but it's there for those who want it," says Fullman.

Lake Tahoe Stressing More for Less

Today's uncertain economy has meeting planners thinking about value. "As meeting and incentive budgets are scaled back, the competition for meeting dollars has intensified," says Steve Lowe, director of sales for Harrah's and Harveys Lake Tahoe. "Price is what you pay. Value is what you get."

He points out that at Harrah's and Harveys Lake Tahoe value includes a 10 percent room tax, no mandatory resort fees, convenient airport access, and food and beverage that is priced lower than the industry average.

"Meetings stimulate not only the people who attend them, but the local economy as well. Bringing people together is an investment in the future that benefits both the company and its employees," says Lowe. "Creative meetings and retreats often result in new ideas to help companies survive and even thrive in times of economic hardship. There is nothing better than a change of scenery to bring out the best in employees: a round of golf, a day of skiing, a mountain bike ride; plus, these activities encourage cross-generational synergy." Lake Tahoe offers these recreational activities in a serene setting along with all the excitement of casino gaming.

In a Class of Their Own

"First-tier cities are very expensive, and second- and third-tier cities don't have the offerings found at casino resorts," says Dorothea Heck, director at D. Lawrence Planners, LLC, a meeting and trade show consulting company, as well as at Destination A.C., Atlantic City's only destination management company. "A casino destination may not be a first-tier city, but it features vast offerings and five-star-level properties at a value."

Today's casino properties have been built, and older properties renovated, with the needs of meeting groups in mind. In most cases, convention space is as far from the casino floor as possible.

"If they prefer, a meeting group can have a productive meeting at a casino resort and never take a step on the casino floor," says Larry Huttinger, also a director at D. Lawrence Planners and Destination A.C. "Today, gaming is so widely accepted. Think about it. Over 40 states have some form of gaming today."

According to the 2008 State of the States: The AGA Survey of Casino Entertainment, released by the American Gaming Association, gross gaming revenues continued the modest but steady growth exhibited in past years to total \$34.13 billion in 2007, a 5.3 percent increase. The survey also reports that 54.5 million adult Americans went to casinos in 2007.

In addition to visiting casinos in greater numbers, Americans continue to show strong support for casino gaming. More than 80 percent of those surveyed believe casino gaming is acceptable for themselves or others.

For those groups looking to cut costs, midweek offers the best deals, as casino traffic usually peaks on the weekends.

"Casinos offer a real value opportunity for meetings, especially between Sunday and Thursday. Groups can get very good sleeping room and meeting room offers, as this is not the casino resort's sole source of revenue," says Heck. "The group has the benefit of a five-star property at a real value. Plus, if they are looking for big-name entertainment there is the opportunity to piggyback on entertainment the casino is providing at a reduced cost."

Putting on a first-rate event is almost second nature at casino resorts that feature highly skilled entertainment crews with stagecraft that rivals Broadway's. "There is such a vast talent pool to tap into. They are already well versed in lighting, staging, and sound," says Huttinger. "Plus, standards are extremely high in the technical area as well as food and beverage. At a property like the Borgata, a group can have a first-class dine-around without ever leaving the building."

Vegas Equals Value

Las Vegas resort executives say given the current economic climate, it is time to emphasize the destination's value.

"Las Vegas is a very economical place to have a meeting. There is unbelievable meeting space, it's easy to fly in and out of, and it is just an attractive option for meeting groups," says Christine Duffy, president and CEO of Maritz Travel.

This year, the Las Vegas Convention Center (LVCC) is celebrating its 50th anniversary. In April 1959, community leaders realized their vision of Las Vegas becoming a leading convention destination when the 90,000-square-foot exhibit hall opened and hosted the World Congress of Flight. Since then, the LVCC has grown to more than three million square feet and regularly hosts more than 1.5 million delegates per year, resulting in approximately \$2.5 billion in non-gaming economic impact.

"Las Vegas has invested a great deal in the facilities, service, and amenities that provide a successful atmosphere for meeting planners. Research has shown that events that move to Las Vegas from another destination attract more delegates and get more business done. The value that can be found in holding meetings in Las Vegas is hard to match in other destinations," says Ralenkotter. "Las Vegas is a place where you will get serious business done. Because our entertainment options are geared toward the nighttime, planners and attendees spend their day focusing on business and can enjoy the amenities of our destination at night. Planners can often save the expense of evening functions because there are so many options that delegates will want to experience on their own. We are confident in the brand of Las Vegas and the competitive advantage we provide to meetings and conventions."

Atlantic City's Ready to Roll

Although Atlantic City is feeling the effects of the economic slowdown, it is faring better than other destinations. "We're lucky we're so close to our key feeder areas. It's not all gloom and doom," explains Jeffrey Vasser, president of the Atlantic City Convention & Visitors Authority. "For 2010, 2011, and 2012, our convention bookings are up. We just have to get through 2009, which is certainly soft. We plan to keep marketing the fact that there are other things to do than just gaming in Atlantic City."

And the options are expanding. There has been more than \$1.5 billion in new investment in the city during the past year alone. New developments include Atlantic City's first boutique hotel, The Chelsea; The Water Club at Borgata, which features 800 guest rooms, a two-story spa, and 18,000 square feet of meeting space; the Chairman's Tower at the Trump Taj Mahal; the Waterfront Tower, a new 964-room tower at Harrah's, where new restaurants and other non-gaming amenities have also recently debuted; the Courtyard by Marriott; Qua Baths and Spa at Caesars; and upgrades at the Tropicana. There is new express train service from New York, and new daily direct air service from Boston on Spirit Airlines.

From the desert in Nevada to the coast of New Jersey, planners are finding gaming destinations still suit their meetings and incentives.

CASINO DESIGN NO CRAP SHOOT

Paul Steelman, owner and CEO of Steelman Partners, one of the world's leading casino designers, has worked on more than 3,000 casino- and entertainment-related projects in a career that spans 32 years. Having designed some of the most unique and successful properties in Las Vegas, Atlantic City, and elsewhere in the United States, as well as Asia, Europe, and South America, Steelman works closely with casino developers and operators to create one-of-a-kind gaming and entertainment destinations.

Successful casinos, he says, have their own identity and sense of place— their own character. What elements are kept in mind when creating casino resorts? "Movement, excitement, making the customer look and feel great, cost, convenience, comfort. Emotional touch points that include making the customer feel like James Bond," says Steelman. "Natural lighting, blurring the lines between the outside and interior, and golden intoxicating lighting are also important."

He is not surprised that casino resorts are a popular meeting spot for business conferences. "It is only natural that a place with an entire tourist infrastructure is also well suited to accommodate business meetings of all sorts," says Steelman.

Junking the business junkets

San Jose Mercury News

By Roger Vincent

April 9, 2009

Shamed by images of wealthy corporateers cavorting at the expense of ordinary people, U.S. companies canceled an estimated \$1 billion worth of conferences in the first two months of this year and trimmed back on others.

Hoteliers are calling it "the AIG effect," after the insurance company that took a public drubbing for spending freely on corporate perks despite its financial turmoil.

"Corporations don't want to have to report lavish spending to the board of directors, even if it wasn't really all that lavish," said Donald Wise, an investment banker who specializes in hotels.

It all started with a kind of Marie Antoinette moment in September, when executives of AIG spent \$443,000 at the St. Regis Resort in Dana Point, just days after accepting an \$85 billion federal bailout.

Reports of the junket quickly dominated the news and became emblematic of the excesses that many believed had brought down the economy. Outrage grew, as people who might or might not understand credit default swaps easily envisioned fat cats eating fancy food, playing golf and getting massages on their dime.

Hotels saw the effect right away. At the Mandalay Bay Resort & Casino in the business meeting mecca of Las Vegas, almost \$131 million worth of business events have been canceled so far this year, said Chuck Bowling, executive vice president. The Four Seasons hotel in Los Angeles has taken a 15 percent hit in its meeting business.

With bookings dropping and self-denial replacing conspicuous consumption, the AIG effect is battering a hospitality business that already was suffering from a slowdown related to the recession.

Nearly 200,000 travel-related jobs were lost in 2008, and an additional 247,000 will be cut this year, according to the Department of Labor. More than 20 percent of companies have canceled events because of recent media and political attention, according to the U.S. Travel Association.

To win back business, Ritz-Carlton Hotel is offering to donate 10 percent of the cost of a conference held on its premises to charity. The hope is that the meetings will seem less self-indulgent to corporate watchdogs and boards of directors.

Laurence Geller, president of the company that owns the Ritz-Carlton Laguna Niguel in Orange County, and the Hotel Del Coronado in San Diego County, among others, described a mood of "fear and paranoia" among his customers.

Bookings at the 19 hotels owned by Strategic Hotels & Resorts are down about 20 percent, Geller said, and those customers who are still coming are worried about being perceived as spendthrifts. Some have even asked to have their company names removed from lobby signs directing people to events.

"It's a fear of being outed in public," he said.

The company's hotel operators have laid off 1,250 people at 11 U.S. properties, Geller said.

The downshift runs counter to the industry's direction over the last several years, when hotels upgraded deliberately to attract the lucrative junket business, adding yoga rooms, and elaborate spas — and many made a point of adding "spa" and "resort" to their names.

Meetings brought in more than half of the annual occupancy of many resorts and are crucial to their survival, said Peter Yesawich, a hotel marketer. In 2007, business travel amounted to \$240 billion, according to the association, although how much of that was related to corporate meetings is unclear.

The U.S. Travel Association estimates that the lodging industry lost \$1 billion worth of corporate meetings or incentive trips in January and February. In response, it has bought print and online advertisements.

It also put together what it calls a "war room," where public relations representatives stand at the ready to respond to what they perceive as unfair criticism of business travel. Representatives have lobbied Congress and the White House to ease proposed restrictions on junkets for companies that accept financial aid from the federal government.

Their claim is that face-to-face meetings are important to business. And they say that hotel maids and other low-wage workers have been hurt by the slowdown in business travel.

"Our message is, 'Hey, let's tone down the rhetoric,' " said Roger Dow, president of the U.S. Travel Association. "If you want to lose a million more jobs, just keep talking."

Meetings, Dow said, have been unfairly vilified — just because of the easy symbolism.

"You cannot photograph a large salary or bonus, but you can take a photo of a golf course or a beachfront hotel," he said.

The New York Times

With More Rooms Empty, Hotels Seek to Cut Worker Pay

New York Times

By Charles V. Bagli

April 9, 2009

With the city's hotels in the midst of a sudden slowdown in business, operators are seeking wage cuts and other concessions from the unions representing 27,500 bellhops, housekeepers and waiters.

But the unions are drawing a line across hotel lobbies, from the high-end Carlyle to the more budget-minded Ramada Inn, saying they see no need to bend now that operators are cutting rates in an effort to fill vacant rooms with tourists, executives and other travelers. It is far too soon to judge the financial health of the industry, said Peter Ward, president of the New York Hotel and Motel Trades Council, an alliance of hotel unions.

"They had 10 years of magnificent, never-ending upside: record profits and record occupancy," Mr. Ward said Thursday. "Now, they've had just 100 bad days, and a bunch of these big tough capitalists are crying for relief. They want to take it out on dishwashers and room attendants."

Housekeepers at unionized hotels make \$803.93 a week and are due for a 3.5 percent wage increase in July, which would bring their pay to \$832.07, union officials said. Dishwashers make \$781.42 a week, which is to increase to \$808.77 on July 1. Bellhops make comparable wages; waiters' wages vary depending on tips. The Carlyle is among 20 hotels in the city that asked an arbitrator for help in reopening union contracts over the last week, although they have yet to make specific demands. Others include the Courtyard Times Square South, the Paramount Hotel, the Jolly Hotel Madison Towers, the Holiday Inn SoHo and the Radisson Lexington.

No one believes that the city's hotel industry is immune to the recession. There are fewer foreign travelers in the city, and corporations are slashing travel budgets and demanding bigger discounts. So hotel operators, like construction companies, newspapers and City Hall, want their union employees to accept wage and benefit cuts and more flexible work rules.

"There certainly needs to be some concessions," said James McBride, managing director of the Carlyle, where the average room rate is still more than \$600 a night.

Mr. McBride said that business for the first two months of the year was off by 18 percent at the Carlyle over the same period last year. Occupancy at another luxury hotel, the Four Seasons, dipped below 50 percent in the first two months of the year, from 67 percent a year ago, according to hotel analysts.

"We're looking at everything," said John Fitzpatrick, chief executive of the Fitzpatrick Hotel Group and chairman of the Hotel Association of New York City. "We have to try and save costs everywhere. But he said it was "a little premature" to discuss specific concessions hotel owners have in mind.

The average occupancy rate at New York City hotels in the first two months of this year was 61.8 percent, down from 73.5 during the same period last year, according to Smith Travel Research, a national hotel research firm. At the same time, the average daily room rate dropped to \$196.30, from \$232.25.

“It’s not a pretty picture,” said Joseph Spinnato, president of the Hotel Association.

The industry’s problems are compounded by the prospect of 10,000 new hotel rooms in 2009 and 2010.

“We’re in this classic economic model where we’ve got declining demand because of the economy and added supply,” said John Fox, a hotel consultant with PKF Consulting.

Mr. Ward said nearly 4,000 hotel workers have been laid off since the beginning of the year. He is not eager to make concessions and be hit with additional layoffs in the future. Under collective bargaining agreements, owners can, under certain conditions, ask to reopen a contract. Mr. Ward, in turn, can ask to look at their books.

This all comes as a bit of a shock for an industry that has enjoyed a record-breaking number of years in which hotels were essentially full for more than 250 days a year. The occupancy rate dropped below 80 percent in only 3 of the last 12 years, making New York hotels the envy of the national industry.

That allowed hotel operators to raise their average room rates by 63.9 percent, to \$276.18, from 2003 to 2009.

Even today, New York hotels are among the best performing in the 25 largest markets in the country. But during the real estate boom, some hoteliers expanded or refinanced, thereby increasing the debt on their properties, which is now causing them problems.

Hotel owners, said Mr. Ward, have embraced a business model predicated on “unsustainable room rates and occupancies.”

“This is a cyclical industry, and they’re not prepared for the bumps in the road,” Mr. Ward said.

Hotel operators are working with the city on a new marketing plan that could include a nine-city tour of European capitals by Mayor Michael R. Bloomberg to drum up interest in New York. Airlines, which had refused to offer discount packages in the past, are now willing to do so, Mr. Fitzpatrick said. Mr. Spinnato said he remained optimistic about the future in the face of consumer reluctance to spend money on travel. “We need to turn that around,” he said.

At the same time, he acknowledged that if wages were cut for hotel workers and other Americans, they would “spend less money.” But, he added, “I think it’s premature to get into those issues at this time.”



The New Face of Big Business: You

ABC

By Alice Gomstyn

April 9, 2009

As tales of corporate excess continue to roil the public, some companies hope to appeal to cynical consumers with an image very different from that of the bonus-bearing, jet-setting CEO: Rank-and-file employees are taking center stage.

When business suffers, employees "can put a true face on the people that pay the price," said Geoff Freeman, senior vice president of public affairs for the U.S. Travel Association.

The travel industry is among the latest to try to shift the spotlight onto the hard-working masses. The industry contends that public pressure to cancel business trips threatens hundreds of thousands of jobs. Among the most notable examples is Wells Fargo, which recently received \$25 billion in government funds, putting the kibosh on its Las Vegas retreat after public outcry in February.

"There's been a lot of public anger & directed at CEOs," Freeman said. "What we've seen in our industry, victims of that anger are not the CEOs & it's the people that make the travel industry unique and vibrant: hourly wage workers, meeting planners, small businesses."

To wit, the association, which represents myriad hotel chains and theme parks, is asking travel industry employees to apply to become their "Faces of Travel," spokespeople who will meet with policymakers, talk to the media and possibly appear in advertisements.

A video posted on the association's Web site features "Ricky," a hotel doorman in Washington, D.C., who says he relies on his job to pay his bills and feed his family. (Watch Ricky's video below.)

Emphasizing the roles of everyday employees is a legitimate strategy for companies under attack, experts say.

"The billionaires flying around on private jets are few and far between but, nevertheless, when the economy is bad, there is this tendency to think of corporations in the most despicable ways possible," crisis management expert Eric Dezenhall said. "There is something to be said for reminding the public that a corporation is just a collection of very normal individuals."

Saturn Dealer Says 'We're Still Here'

For automaker Saturn, those normal individuals include its auto dealers. A campaign rolled out last month features narratives by dealership owners like Todd Ingersoll of Connecticut.

Ailing parent company General Motors, which has been kept afloat by billions in government aid, announced plans earlier this year to stop making new Saturn models by 2011. Among Saturn fans, hope remains that the company will be spun off into an independent entity.

In the meantime, in a national commercial, Ingersoll touts the company's new models and reassures customers that Saturn "is still here."

"Saturn's a car company that was founded on doing things differently," he says in the commercial. "And, more importantly, it's the way we still are."

Other ads in Saturn's campaign included dealers talking about fuel efficiency and building the cars that Americans want.

Saturn flew Ingersoll out to California to film the spot. On his flight there, Ingersoll told ABCNews.com, he had his dealership employees and other Saturn workers on his mind.

"You've got to give up some of your time to help the greater good, to get everybody selling cars," he said.

Real or 'PR Fluff'?

Employee-centered campaigns can backfire and the recent Saturn push has garnered mixed reviews.

"The performances are swell and you believe that these people are speaking from their hearts and all that, but there's no way to watch these ads without concluding, 'Yes, we're still here but not for very long,' which does Saturn no good," said Bob Garfield, an advertising critic for the magazine Advertising Age.

Garfield reserves stiffer criticism for oil and chemical companies, which have featured employees in ads long before the latest recession.

"These are just so transparently manipulative and disingenuous that they're doing themselves no good by putting out this PR fluff," he said. "The majority of people cannot be fooled by what I believe are transparently disingenuous claims to folksy do-gooderness."

Exxon Scientists Talk Fuel Efficiency

Long at odds with environmental groups and others, oil and chemical companies have responded by "misrepresenting the scale and scope" of their public relations-friendly efforts while downplaying less popular pursuits, Garfield said.

"I wish I had a dollar for every company that put an employee in a lab coat and showed them improving crop yields worldwide ... while glossing over the fact that they're mainly covering the world with Saran Wrap."

Amid concerns about skyrocketing oil prices last year, oil giant Exxon Mobil began a new campaign featuring scientists discussing new technologies designed to increase fuel efficiency.

Company spokesman Alan Jeffers said that while it was difficult to quantify what percentage of the corporation's 80,000 employees were working on the initiatives described in the commercials, Exxon has devoted "a significant effort around energy efficiency."

Jeffers also said the company hasn't tried to hide the fact that the majority of its work centers on oil and gas.

"We acknowledge that all of the energy sources will be very important in meeting the energy challenges the world faces," he said.

Inspiring Employees

Bringing ordinary employees into the promotional fold doesn't always mean big advertising campaigns.

Employees who believe in their company's products can have a substantial effect on sales just through word of mouth, said Steve Mooney, a managing director at the marketing firm Jack Morton Worldwide.

"Once you've got somebody passionate about a brand, they'll recommend it 17, 18 times; that becomes a geometric multiplier by which word of mouth spreads very quickly," he said.

Mooney's firm has worked with various corporate giants, including Bank of America and Verizon, to inspire their employees to become advocates for their brands, known in marketing circles as "brand passionates."

"They'll push harder, talk about it more and really affect the strength of your brand," he said.

The goal is also to boost employee morale within an organization, he said, which can improve performance and lower turnover.

If a company can't get its employees excited about its products, experts say, it'll be that much harder to appeal to the public.

Dezenhall said he expects to see more companies rolling out employee-centered campaigns. "There seems to be an undercurrent of the need to reassure people that the everyday person is being factored in," he said.

That contrasts with years ago, he added, when "you could really hype the glamour."

Hawaii makes a case for business travel

San Jose Mercury News

By Hugo Martin

April 8, 2009

Hawaii suffered one of its worst months for tourism in 18 years and has appealed to the state's most famous native son — President Barack Obama — to help turn its fortunes around.

Hotel occupancy rates dropped to 75 percent in February, traditionally the state's busiest month for tourism. It was the lowest level seen since occupancy dropped to 69.7 percent during the Persian Gulf War in 1991, according to Smith Travel Research.

The firm said the rates for February had ranged from about 80 percent to 88 percent over the past five years. The average daily room rate — another key measure of the industry's health — dropped 12.4 percent in February from the same month in 2008.

Because of the recession, Americans have held tight to their travel dollars. Hawaii's problems are compounded by an increasingly hostile attitude toward business travel, particularly when major corporations are laying off hundreds of workers and accepting government bailouts.

In 2008, business travel, such as conferences, conventions and business incentive programs, accounted for about 7 percent of tourism in Hawaii, or 442,000 visitors, according to state officials.

In a letter to Obama last month, Hawaii Gov. Linda Lingle and 95 government leaders, business owners and tourism officials urged the president to block any policies that would limit business travel in the future.

Lingle said 132 meetings and business trips had been canceled so far for this year and next, representing a loss of 87,003 room nights. The cancellations amount to a loss of \$58.8 million in direct revenue and the loss of 694 full- and part-time jobs in the state's tourism industry, according to the letter.

"In this period of economic downturn when our government and businesses are striving to restore economic stability, the last thing we should do is implement policies or encourage behavior that jeopardizes any industry," the governor wrote.

Contributing to what many tourism officials see as the vilification of business travel, Northern Bank Trust became an example of improper spending in February when it hosted clients and employees at a golf tournament at the Riviera Country Club in Los Angeles after accepting \$1.6 billion in taxpayer assistance. In response, Sen. John Kerry, D-Mass., introduced legislation barring such expenditures for companies receiving taxpayer dollars.

Marcia Wienert, the Hawaii governor's tourism liaison, said the state's tourism industry had been hurt by companies that had not accepted government money but had canceled trips for fear of a negative perception.

"Those are the residual effects that were unintended but are having huge impacts on our economy," she said.

Hawaii's tourism leaders have launched a campaign pushing the message that workers who attend meetings in Hawaii are happier, more productive and more focused afterward.

"If you make the decision to cancel your trip to Hawaii or go elsewhere, ultimately that can affect your bottom line," said Mike Murray, vice president for corporate meetings and incentives for the Hawaii Visitors and Convention Bureau.

The Miami Herald

South Florida hotels see no bottom in tourism decline

Miami Herald

By Douglas Hanks

April 8, 2009

The tourism industry continues to worsen in South Florida, with hotel taxes dropping faster in February than in January and recovery proving more difficult than it was after the 2001 terrorist attacks. In Miami-Dade, South Florida's largest lodging market, tax revenues from hotel guests plunged 24 percent in February after a 17 percent drop in January.

"For me, it was no boat show," said Kevin McLaney, general manager of the Ocean Five Hotel in South Beach. February's Miami International Boat Show usually brings a windfall to hotels. Other big events -- including December's Art Basel fair -- also drew fewer visitors this winter and spring.

Broward saw a similar trend, with February tax revenues down 20 percent over a year ago compared with January's 16 percent drop.

The numbers confirm what hoteliers have been saying: They can't yet detect a bottom in a tourism decline that is now outpacing the fallout that followed the September 2001 terrorist attacks.

WAITING, WATCHING

While hotel tax revenues dropped much further in the months after 9/11, South Florida hotels were recovering by February. That's not the case this year, with February posting the biggest decline yet in the wake of the autumn stock-market crash.

A strong spring break has some market watchers hoping March numbers will show improvement. That report should be available in the next two weeks. Also raising expectations is a foreign travel expo known as Pow Wow, which comes to Miami Beach in May and is expected to fill about 20,000 hotel rooms.

But with the annual summer slowdown in tourism looming, hotels are bracing for one of their worst years in memory.

"Without a doubt, rates are dropping. And I truly in my heart don't believe it's creating any new demand," said Fred Euler, general manager of Weston's Hyatt Regency Bonaventure resort. "I think everybody is hunkered down, believing it's not really going to turn around in 2009."

In Miami-Dade, one of the country's most expensive hotel markets, room rates dropped twice as quickly in February as in January -- down 14 percent to \$180 a night. That's just below where rates were in February 2006, according to Smith Travel Research.

But the deals didn't keep the rooms full. Occupancy dropped 11 points in Miami-Dade to 73 percent.

Though far worse than a year ago, the numbers show just how many people continue to travel during the worst economic crisis in at least a generation. In Miami-Dade, seven out of every 10 hotel rooms were full in February.

In Broward, the figure was closer to eight out of 10 -- roughly on par with the 83 percent occupancy level of a year ago. In fact, Broward's decline comes mostly from cheaper hotel rooms, with rates down 12 percent to \$144 a night.

Even without the economic crisis, hotels would face a tougher landscape in 2009 with the reopening of the Fontainebleau and Eden Roc, along with large newcomers like the Epic in downtown Miami. Smith Travel reports a 10 percent increase in Miami-Dade hotel rooms compared with a year ago, meaning more competition.

STADIUM ISSUES

Aside from being a key barometer for South Florida's largest industry, Miami-Dade's hotel taxes have attracted extra attention because of their role in the Marlins stadium debate. About 90 percent of the county's \$442 million construction debt for the new ballpark would be funded with hotel taxes over the next 40 years.

Though typically available by the first of the month, February's hotel-tax numbers were made public Wednesday morning -- the day after county commissioners gave final approval for the stadium bonds.

"This information was available. And I'm pretty sure it was withheld," said Commissioner Carlos Gimenez.

Gimenez said he requested February's numbers before Tuesday's commission meeting but was told by county tax collectors that the report was not ready for release. On Wednesday morning, the tax collector's office released six elaborate spreadsheets containing detailed information about the five special taxes that Miami-Dade collects at hotels and restaurants.

In an e-mail Wednesday evening, County spokeswoman Victoria Mallette noted that the tax data was released to Gimenez within 24 hours of his request. She said that because the ongoing tourism downturn was well known during the stadium debate, February's numbers were not likely to change perceptions.

Miami-Dade County Manager George Burgess has until July 1 to decide if tourism has worsened to the point that hotel taxes will not be able to fund the stadium debt. He has proposed two financing plans that would use between \$1.8 billion and \$2 billion of hotel taxes to pay off stadium bonds through 2049.

February's decline means hotel taxes have dropped \$2 million for the budget year that began in October. That 13 percent drop is better than the 21 percent decline in the same five-month stretch that followed the 9/11 attacks. But while the dip has not been as deep as the post-9/11 stretch, February's numbers suggest recovery will take longer.

February was the first month during this financial crisis when the decline in hotel tax revenues was larger than the monthly declines posted in the wake of the terrorist attacks.

"I don't see, at this point, a light at the end of the tunnel," said Stuart Blumberg, president of the Greater Miami & the Beaches Hotel Association.

In Letter to Obama, Hawaii Officials Mourn Meetings, Plead Action

Successful Meetings

April 8, 2009

In a letter sent to his attention last week, Hawaii Gov. Linda Lingle, Lt. Gov. James R. "Duke" Aiona, Jr., Hawaii's four county mayors and 90 other industry stakeholders explained to President Barack Obama the importance of conventions, meetings and incentive rewards (CMI) to the Hawaiian economy and asked him to oppose any legislation that would unfairly penalize companies for holding legitimate business events there.

"The economic challenge facing our nation has imposed a significant impact on domestic and international travel," Hawaii officials wrote. "Hawaii's economy is largely dependent on tourism and the drop in activity has resulted in dramatic declines in our economy with a corresponding impact on businesses, including closures and job losses."

According to the letter, CMI business travelers accounted for 7 percent of total visitor arrivals to Hawaii—or 442,000 visitors—last year.

"In this period of economic downturn when our government and businesses are striving to restore economic stability, the last thing we should do is implement policies or encourage behavior that jeopardizes any industry," officials continued, "especially one that has such far-reaching impact on communities across America."

So far this year, officials reported, 132 groups have cancelled meetings and incentive trips to Hawaii, representing a total loss in direct revenue of \$58.8 million and an overall economic impact to the state of \$97.6 million.

While some cancellations were likely a matter of budget, tourism representatives expressed concern that many might have been the result of fear over the recent public backlash against meetings and events by Congress and the media, members of which have publicly chided companies such as AIG and Wells Fargo—recipients of federal bailout money—for their meetings expenditures.

"Visitors who come to the islands for conventions, meetings and incentive rewards are a very important part of our visitor mix," Hawaii officials concluded in their letter. "There has been great concern, therefore, about the adverse effects caused by the well-intentioned efforts to address the problem of corporate excess and business travel for the companies who have received emergency funding from the government. It has caused a further downturn in CMI travel, especially for Hawaii, where we have struggled to position our islands as a place to do business, as well as a leisure vacation destination."



The Perfect Storm

Successful Meetings Magazine

By Andrea Doyle

April 2009

**This article also appeared in Successful Meetings on April 9, 2009.*

For its part, the U.S. Travel Association has unleashed the “Meetings Mean Business” campaign defending meetings and events. A Web site (www.meetingsmeanbusiness.com) has been created to help with grassroots mobilization.

<http://www.nxtbook.com/nxtbooks/nielsen/sm0409/#/24>



Street Signs

CNBC

April 8, 2009

AIG's five hundred thousand dollar executive getaway to California last fall made corporate conferences and trips a bad word in Washington. 442,000 business travelers visited Hawaii last year. There have been 132 cancellations in the state, IBM, Hewlett-Packard, AT&T among people who have canceled. I'm not asking you to comment on those individually. But is there in this administration's eyes a difference between Vegas, which is not that far from anybody, and Hawaii or Guam or Puerto Rico which is kind of far from anybody.

As somebody who has benefited from the junket to Hawaii, I get the appeal. I understand why companies want to go back even if they're linked to a legitimate business purpose. I talked to an administration official in treasury today who says the president believes in legitimate purpose trips as well. If you look, Erin, at the financial guidelines set out by the president in early February, it contemplates disclosure of some of these trips but that they would be approved in cases where that is approved by the board of directors, not by administration. So long as they can be linked to legitimate business trips like marketing incentive.

You've heard the same thing from Barney Frank on Capitol Hill. It is possible that there's a gap between what the perception of the stance is and what it is. Governor, what do you say to that, it is one thing to say, you don't want to be involved but when you use the word outrage to describe some of these things but then say it is your business, as long as you say marketing, that's okay. That's kind of talking out both sides of your mouth.

Well, again, it all goes down to what your purpose is. We know that meeting and incentive travel is a business tool that if used effectively, it not only strengthens business relationships and networking but it helps connect our employees and consumers and of course what better way to grow your business than to give an incentive for your employees to say if you increase your sales, you increase our business of profits, you get a trip to Hawaii. And at the same time you're doing business. In Hawaii we've worked hard to position ourselves to be a market where we not only do business meetings but we do leisure travel. But like anywhere else, you have some down time and whether it's Miami or Las Vegas and you do what the locals do. Likewise here in Hawaii.

So in Hawaii, are you doing any specific incentive to try to get these big companies to start spending money again, so many of which have canceled trips to Hawaii?

Yes, we have. We've increased our marketing outreach to the west coast, to North America, and we've also done a little more in Asia and, of course, to all of our business partners to let them know that we're here. We've heard this so much and I've heard this myself. I've heard a lot of business executives say when they come to Hawaii because of the atmosphere here; it seems to be that they're much more creative and innovative in their thought. And as a result of that their businesses have flourished. So we are open for business here in Hawaii.



Optimism in face of economy

The News Journal, DE

By Dan Shortridge

April 8, 2009

On a busy summer day, more than 200 of Jim Bellas' bicycles are on the streets and trails around Rehoboth and Lewes, simple and easy transportation for hundreds of vacationers at Delaware's beach resorts.

A good summer is make-or-break for his bike rental, tour and sales business on Rehoboth Avenue, which is only open weekends during the winter. For his business, the summer season is almost a full year crammed into 10 weeks.

Businesses owners like Bellas are preparing for the summer season on the heels of a down 2008 and an economy that has been sinking fast since.

Delaware hotel occupancy for the first half of 2008 was down 8.9 percent compared to 2007 -- a record worst than surrounding markets including Washington, D.C., Baltimore, the New Jersey shore, Philadelphia, Virginia Beach and Ocean City, Md. That drop in 2007 was 2.4 percent.

So far this year, occupancy is up at Delaware beach hotels, at least for Jersey shore, Philadelphia, Virginia Beach and Ocean City, Md. That drop in 2007 was 2.4 percent.

So far this year, occupancy is up at Delaware beach hotels, at least for weekend occupancy tracked by the Rehoboth Beach-Dewey Beach Chamber of Commerce. Occupancy was up 10 of the 12 first weekends of the year. Chamber officials credit good weather, holidays and special events for drawing visitors even during a downturn in the economy.

Through the economic gloom and doom, Bellas and other beach business owners and leaders are hoping for the best.

"It's going to be a good season," predicted Bellas, who has owned Bike To Go for nine years. Nationally, the picture is mixed: Travelers are antsy but intrigued by the discounts that hotels and airlines have been offering. Nearly 30 percent of U.S. travelers who book online are thinking about canceling a leisure trip in the first half of the year, according to Forrester Research.

But the percentage of potential travelers who saw travel as affordable nearly doubled from October to March, according to the U.S. Travel Association.

Remaining cautious

From his perch as general manager of the popular Jungle Jim's waterpark in Rehoboth, Pat Irelan forecasts a positive summer, but one tempered with caution. Some businesses in Rehoboth have closed their doors since last year, and there's plenty of commercial space open along Del. 1.

"Everybody's kind of concerned," Irelan said. "It's obvious that some smaller businesses have been affected."

The positive outlook may cloud if the economy continues to slide and prospective vacationers' anxiety grows, said Andy Cripps, executive director of the Bethany-Fenwick Area Chamber of Commerce. Despite the attractiveness of a few hours' drive to Delaware from nearby metro areas versus a budget-busting week in Hawaii, the battle still is going to be largely psychological -- fought in tourists' heads and hearts.

"If there are signs of a turnaround in the economy, that's going to help a lot," he said. "If it continues to be very uncertain, that's going to have a dampening effect."

With 8 million visitors to the state last year -- a \$1.5 billion industry -- tourism is a crucial part of the state's increasingly beleaguered economy, observers say.

"The growth of tourism helps secure the growth of our state," said Lana O'Hollaren, who runs the Rehoboth Beach office of marketing and communications firm Aloysius Butler & Clark.

Overall uncertainty was obvious at the Governor's Tourism Conference, an annual event held recently in Bridgeville.

Keynote speaker Bill Geist, a travel and tourism consultant, tried to pump up the crowd of about 130 with reminders of niche sectors that are doing well -- amateur sports events, grandparent-grandchildren travel, culinary tourism, women's business travel and spas.

"People made money in every recession and in the Depression," Geist said. "There is still money to be made out there."

Cripps agreed. "We don't feel like we're recession-proof, but we do feel like we have a good appeal," he said. "In a recession or tough times, people may think twice about the bigger trips -- Hawaii or Europe or the Bahamas -- but when it starts getting hot in the cities, they're going to look to a place to cool down."

Beyond the average getaway

Vacationing these days is less about the vacation and more about the experience that vacationers get, he said. For example, a rock concert aimed at baby boomers may be passé, but getting behind-the-scenes for the soundcheck would be a draw.

"Americans need to keep score," Geist said. "It used to be conspicuous consumption. Now we want to be at the water cooler on Monday morning and say, 'I've been someplace you haven't.'"

Shorter stays may hurt Bellas' rental business. In addition to single-day rentals, he also has quite a few people who rent bikes for their entire stay, tooling around the resorts by pedal power rather than going through the hassle of losing their parking space.

Businesses that rely on people getting out and about -- which is nearly every retail shop from Lewes to Fenwick Island -- say good weather is about on par with a good economy in determining a strong summer.

"If it's hot and dry, then we're packed," said Irelan, of Jungle Jim's. "Even the threat of a bad forecast can really hurt the numbers for that particular week."

Attendance at the waterpark has remained fairly steady over the last few years, between 1,200 and 1,500 people every day, he said.

At the Tanger Outlets, the parent company has relaunched a "best-price guarantee" strategy to bolster consumer confidence, said Amy Norgate, general manager of the Rehoboth outlets.

"They'll spend a little bit more, they'll feel more confident about their purchases, and they'll return and shop in more stores," she said.

Retailers are expecting a "really nice summer season," Norgate said. "Nobody's getting too aggressive, but because Rehoboth is a family destination, our product is a value-oriented product."



Federal Criticism Galvanizes Industry

Meetings & Conventions

April 2009

Leaders of the meetings industry say they aren't going to take it anymore.
<http://mcmag.texterity.com/mcmagazine/200904/>



Business and beaches an inconvenient mix for Hawaii

Honolulu Star-Bulletin

By Cynthia Oi

April 8, 2009

The letter stated the obvious: All the lip in Washington about corporations that took federal bailout money then gave out unseemly bonuses and resort-trip rewards to its bigwigs could put a whole lot of hurt on Hawaii tourism, particularly the segment known in the industry as CMI or "convention, meeting and incentives" travel.

Truth be told, CMI as well as travel to the islands by individual tourists had already been falling off the cliff before the ruckus of oh-so-righteous indignation bounced around Capitol Hill, before the White House said "no, you can't" to the clueless corporate kahunas tone-deaf to the outrage and economic anxiety of Main Street taxpayers.

The tumble in tourism has sucked revenue from the state's treasury, grown a fast crop of unemployment and shuttered restaurants, shops and retailers, both flamboyant and humble, while catching other connected businesses in the ebb tide.

Something had to be done to pump blood into the faltering heart of the economy.

So state leaders, including county mayors and the governor, and industry officials wrote a letter to the president and members of Congress.

Don't, the letter pleaded, pass any laws that could hold back incentive trips and business meetings anymore than the images of fat cats lounging on white sand beaches currently have.

If the letter sounded somewhat needful, it was. And if the argument seemed somewhat familiar, it was that, too, though the circumstances were slightly different.

Poor, poor Hawaii. As the paradise of the Pacific, the 50th state has always had to battle against its beauty.

Conferences held here have forever been regarded as junkets, even when serious business is conducted. No matter how intensively the industry and state officials have tried to market the islands as a convenient East-West meeting place, as a venue for thoughtful or scholarly forums and summits, the hardened notion of Hawaii is that it's merely a delightful playground.

That's because the state has simultaneously been sold as idyllic, warm and fuzzy, the land of aloha. The split personality doesn't quite mesh.

But the industry and local politicians could not sit idle as Washington looked to rein in what a mob of angry Americans saw as extravagances on their dime. Even though many of the recent corporate cancellations weren't necessarily about possible legislative restrictions — and maybe more about economic reality — the situation demanded high-profile reaction.

So they wrote a letter.

I don't mean to put down the effort. It's just that as a small scattering of islands with few assets other than militarily strategic location and pretty landscape, Hawaii has little else to leverage.

We are unable to control the outside forces that constantly batter our shores. Tourism is sustained only by the health of a global economy and global stability. The number of military people stationed here brings in the money, but not like in other states that have large-scale defense manufacturing industries.

Hawaii has no major agricultural output, no substantial high-tech industry despite tax credits and other incentives. Attempts to jump-start research and development in renewable energy haven't yet taken hold and may not until the nation regains its financial footing.

Business travel groups will have a half-day conference next month to talk about how to get CMI going again and about how to improve duo-branding of the islands. It would be best if there were no mai tais at poolside.

Los Angeles Times

Hawaii, suffering tourism drop, appeals to Obama

Los Angeles Times

By Hugo Martín

April 8, 2009

**This article also appeared in the Chicago Times on April 13, 2009.*

Hawaii has suffered one of the worst winters for tourism in recent years and has appealed to the state's most famous native son -- President Obama -- to help turn its fortunes around.

Hotel occupancy rates in the winter were the lowest in at least five years, and in February -- traditionally the state's busiest month -- the rate dropped to 75%. That was the lowest level since 1991, during the Persian Gulf War, when it fell to 69.7%, according to Smith Travel Research.

The firm said Tuesday that the rates for February have ranged from about 80% to 88% over the last five years. The average daily room rate -- another key measure of the industry's health -- dropped 12.4% in February from the same month in 2008.

Because of the country's stubborn recession, Americans have held tight to their travel dollars. But Hawaii's problems are compounded by an increasingly hostile attitude toward business travel, particularly when major corporations are laying off hundreds of workers and accepting government bailouts.

In 2008, business travel, such as conferences, conventions and business incentive programs, accounted for about 7% of all tourism in the state, or 442,000 visitors, according to state officials.

In a letter to Obama last month, Gov. Linda Lingle and 95 government leaders, business owners and tourism officials urged the president to block any policies that would limit business travel in the future.

Lingle said that since Jan. 1, 132 meetings and business trips had been canceled for this year and next, representing a loss of 87,003 room nights. The cancellations amount to losses of \$58.8 million in direct revenue and 694 full- and part-time jobs in the state's tourism industry, according to the letter.

"In this period of economic downturn when our government and businesses are striving to restore economic stability, the last thing we should do is implement policies or encourage behavior that jeopardizes any industry," the governor wrote.

Obama himself may have contributed to what many tourism officials see as the vilification of business travel during an Indiana town hall meeting in February.

Asked about corporate spending and the federal bailout, the president said: "You can't get corporate jets, you can't go take a trip to Las Vegas or go down to the Super Bowl on the taxpayer's dime."

Later, the White House tried to clarify the statement, saying the president encouraged travel, except for companies accepting government bailout money.

Northern Trust Corp. became an example of excess when it hosted clients and employees at a golf tournament at the Riviera Country Club in Pacific Palisades in February after accepting \$1.6 billion in

taxpayer assistance. Afterward, Sen. John F. Kerry (D-Mass.) introduced legislation barring such expenditures for companies receiving taxpayer dollars.

Marcia Wienert, the governor's tourism liaison, said Hawaii's tourism industry has been hurt by companies that have not accepted government money but canceled trips for fear of a negative perception.

"Those are the residual effects that were unintended but are having huge impacts on our economy," she said.

In response, Hawaii's tourism leaders have launched a campaign pushing the message that workers who meet in Hawaii are happier, more productive and more focused afterward.

"If you make the decision to cancel your trip to Hawaii or go elsewhere, ultimately that can affect your bottom line," said Mike Murray, vice president for corporate meetings and incentives at the Hawaii Visitors and Convention Bureau.



Corporate travel is in retreat, thanks to AIG

Global Travel Industry News

April 7, 2009

The bailed-out AIG's lavish junket has led U.S. companies to cancel \$1 billion in conferences so far this year.

Hoteliers are calling it "the AIG effect," after the insurance company that took a public drubbing for spending freely on corporate perks despite its financial turmoil.

"Corporations don't want to have to report lavish spending to the board of directors, even if it wasn't really all that lavish," said Donald Wise, an investment banker who specializes in hotels.

It all started with a kind of Marie Antoinette moment in September, when executives of AIG spent \$443,000 at the St. Regis Resort in Dana Point just days after accepting an \$85-billion federal bailout. Reports of the junket quickly dominated the news and became emblematic of the excesses that many believed had brought down the economy. Outrage grew, as people who might or might not understand credit default swaps easily envisioned fat cats eating fancy food, playing golf and getting massages on their dime.

Hotels saw the effect right away. At the Mandalay Bay Resort & Casino in the business meeting mecca of Las Vegas, almost \$131 million worth of business events have been canceled so far this year, said Chuck Bowling, executive vice president. The Four Seasons hotel in Los Angeles has taken a 15% hit in its meeting business.

With bookings dropping and self-denial replacing conspicuous consumption, the AIG effect is battering a hospitality business that was already suffering from a slowdown related to the recession.

Nearly 200,000 travel-related jobs were lost in 2008, and an additional 247,000 will be cut this year, according to the Department of Labor. More than 20% of companies have canceled events because of recent media and political attention, the U.S. Travel Assn. said.

In February alone, local hotels lost reservations for events that would have filled 95,000 rooms, according to the Los Angeles Convention and Visitors Bureau.

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To win back business, Ritz-Carlton Hotel Co. is offering to donate 10% of the cost of a conference held on its premises to charity. The hope is that the meetings will seem less self-indulgent to corporate watchdogs and boards of directors.

"It helps to overcome the concern about holding a meeting in a luxury hotel during economic hard times and matches with many companies' growing emphasis on corporate social responsibility," spokeswoman Vivian Deuschl said.

Laurence Geller, president of the company that owns the Ritz-Carlton Laguna Niguel and the Hotel Del Coronado in San Diego County, among others, described a mood of "fear and paranoia" among his customers.

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The firm's hotel operators have laid off 1,250 people at 11 U.S. properties, Geller said.

The downshift runs counter to the industry's direction over the last several years, when hotels upgraded deliberately to attract the lucrative junket business, adding yoga rooms, elaborate spas and cutting-edge restaurants -- and many made a point of adding "spa" and "resort" to their names.

Meetings brought in more than half of the annual occupancy of many resorts and are crucial to their survival, said Peter Yesawich, a hotel marketer. In booming 2007, business travel amounted to \$240 billion, according to the travel association, although how much of that was related to corporate meetings is unclear.

Now that business is dwindling -- fast, said Mehdi Eftekari, general manager of the Four Seasons Hotel in Los Angeles.

"Group sizes are getting smaller, and their budgets are getting smaller," said Eftekari, who typically books rooms and events for law firms, insurance companies and pharmaceutical firms. Those who do meet have been cutting back on the pricier menu options, such as serving "chicken salad instead of duck salad." The industry is trying to salvage its reputation with a public relations campaign and stepped up lobbying efforts.

The U.S. Travel Assn. estimates that the lodging industry lost \$1 billion worth of corporate meetings or incentive trips in January and February. In response, it has bought print and online advertisements in USA Today, Roll Call and other publications.

It also put together what it calls a "war room," where public relations representatives stand at the ready to respond to what they perceive as unfair criticism of business travel. Representatives have lobbied Congress and the White House to ease proposed restrictions on junkets for companies that accept financial aid from the federal government.

Their argument is that face-to-face meetings are important to business. And they say that hotel maids and other low-wage workers have been hurt by the slowdown in business travel.

"Our message is 'Hey, let's tone down the rhetoric,' " said Roger Dow, president of the U.S. Travel Assn. "If you want to lose a million more jobs, just keep talking."

Dow, a former sales executive at Marriott, said junkets were an important way to motivate employees, particularly high-earning salespeople.

Not long ago, he said, Marriott sent its people to such desirable spots as Hawaii, Cancun in Mexico and London. During one trip to Los Angeles in 2002, sales reps and their guests were driven in limousines to the Kodak Theatre, where a fake Oscars show had been set up. The sales reps were treated like celebrities, walking on a red carpet as a swarm of actors pretended to be paparazzi and fans.

Meetings, Dow said, have been unfairly vilified -- just because of the easy symbolism.

"You cannot photograph a large salary or bonus, but you can take a photo of a golf course or a beachfront hotel," he said.

Bailout rules could dampen business travel

Alaska Journal of Commerce

By Rob Stapleton

April 7, 2009

Proposed federal legislation placing restrictions on companies that have received bailout money could diminish business and convention travel to Alaska.

Sen. John Kerry, D-Mass., introduced Feb. 24 the Taxpayer Protection and Corporate Responsibility Act, which would prevent any business that received money under the Troubled Asset Relief Program from paying for travel, meetings, gatherings, parties or conventions.

"This could mean a huge hit to the hotel and hospitality industries here in Alaska," said Buddy Whitt, government affairs representative with the Alaska Business Travelers Association. "This could have a domino-type effect on meetings already booked."

Businesses that violate the terms of the proposed legislation would be forced to pay back the money spent, in addition to a fine of \$100,000.

Officials at the Anchorage Visitor and Convention Bureau are monitoring the legislation.

"That could bar some business travel. Some delegates could no longer travel to association-type conventions," said Julie Saupe, president and CEO of the Anchorage Visitor and Convention Bureau. Business travel nationally creates 2.4 million jobs, injects more than \$240 billion into the national economy annually and generates \$39 billion in federal, state and local tax revenues, according to the National Business Travelers Association.

Sens. Kerry, Chris Dodd, D-Conn., and Dianne Feinstein, D-Calif., as well as Reps. Elijah Cumming, D-Md., and Carolyn Maloney D-N.Y., have all introduced legislation seeking to place greater limits on TARP recipients' executive pay and company spending, particularly in the meetings, event and incentive travel programs, according to the National Business Travelers Association.

As far as Alaska is concerned, Sen. Mark Begich is paying attention to the details.

"Senator Begich supports the overall goals of the Kerry bill to ensure taxpayers' money is used wisely," said Begich spokeswoman Julie Hasquet. "He has repeatedly questioned actions of companies receiving TARP funds for extravagant bonuses and parties. We need to protect taxpayers' investments and watch these funds closely. However, Senator Begich wants to work with Senator Kerry to make sure our already-hurting visitor industry doesn't get unduly harmed by this bill."

"There are many legitimate conferences to locations such as Anchorage's new convention center, which he wants to encourage," Hasquet added.

She said that Begich also is working to help the visitor industry recover through supporting the Travel Promotion Act, an expanded visa waiver program to streamline international visitor traffic, and investing money from the economic recovery package in visitor facilities.

Alaska hotels rely on business travel. Whitt said his company, Westmark Hotels, takes in nearly 40 percent of its revenue through corporate travel.

"This (legislation) only applies to businesses that have gotten the funds," Whitt said. "But still, it is scaring the industry and scaring big business."

Nationally the sentiment is that the restrictions may increase losses to the industry.

"If passed, I don't need to tell you the profound impact on the business travel industry and the nation's economy it would have," said Kevin Maquire, president of the NBTA. "This legislation would not only impact the affected companies, it would have a chilling, immediate impact on all companies. This hurts travel managers, hotels, airlines and rental cars."

Maquire estimated that unemployment would jump from 7.6 to 8.2 percent without the jobs generated by meetings and conventions.

On a local level, ACVB's Saupe says that only a few individual business travelers will likely be affected.

"We have not catered to the corporate meeting-type travel, but mainly the association and tradeshow conventions," Saupe said. "We have only seen one cancellation, and that was not related in any way to this issue."

Saupe added that bookings in Anchorage's two convention centers are as strong as last season, and are expected to have more than \$100 million in economic impact to the city.

SmartBrief

AIG blamed for drop in corporate travel

SmartBrief

April 7, 2009

In the first two months of 2009, companies have canceled as much as \$1 billion worth of corporate conferences and meetings and reined in others, leading to what hoteliers have dubbed "the AIG effect," after the mammoth insurance company was scorned publicly for taking taxpayer rescue funds and then spending hundreds of thousands of dollars on corporate retreats. "Corporations don't want to have to report lavish spending to the board of directors, even if it wasn't really all that lavish," said Donald Wise, an investment banker who focuses on hotels.



On The Money

CNBC

April 7, 2009

Michelle Higgins, practical travel columnist for the New York Times: Las Vegas is a major convention destination. What's happening right now, hotels are calling it the AIG affect. Because corporations don't want to necessarily go places they may be seen as spending lavishly, so they're cutting back. That means there are great deals for vacationers who want to step in and fill those rooms.

THE POLITICO

Tourist-town members push back

Politico

By Daniel Libit and Andie Coller

April 7, 2009

Las Vegas has long promoted itself as a place for furtive fun.

You know: What happens there is supposed to stay there.

But with Washington on high alert for the next instance of outrage-worthy corporate self-indulgence, Rep. Dina Titus (D-Nev.) finds herself trying to promote the sensible-shoes side of Sin City.

“You can stay at first-class rooms on the Strip for \$100 a night or less,” she said.

Meanwhile, Rep. Alan Grayson makes this boast about his Florida district: “If you’re looking for champagne spouts, that’s not Orlando.”

“I think that there is a fundamental distinction that is very important to this issue,” said Grayson, a Democrat. “The distinction is between extravagant travel and legitimate business needs. Central Florida doesn’t offer people extravagant travel. It is built around inviting and welcoming the middle class.”

As members head off to spring recess, those who hail from tourist-friendly districts are confronting an economic double-whammy. Not only is there less money in Americans’ pockets, but the recession has fostered an air of competitive austerity in Washington. This D.C. Chaste-Off has found tourism and travel to be a particularly attractive witch to hunt.

In February, President Barack Obama took a backhanded slap at Vegas in a warning to taxpayer-funded companies: “You can’t get corporate jets,” the president said. “You can’t take a trip to Las Vegas or go down to the Super Bowl on the taxpayers’ dime.”

After the president made his remarks, Titus said, a number of firms canceled long-planned events in Las Vegas. Goldman Sachs decided it was worth paying a hefty penalty to pull its previously scheduled convention out of the city and move it to the previously scorned city of San Francisco.

Rep. Shelley Berkley (D-Nev.) said she’s heard whispers that government agencies have since become reluctant to hold previously scheduled conventions in Las Vegas.

In an attempt to iodize the waters, Berkley led a pro-travel special order in the House a couple of weeks ago. Before that, the Nevadan took to the floor to decry the way in which her district had been given the piñata treatment.

“Stop bad-mouthing Las Vegas, and stop telling businesses and major companies to stay away from Vegas,” she told her colleagues. “You are hurting our economy; you’re forcing major layoffs of employees in the hotel industry. Hundreds of thousands of Nevadans depend on the tourism and convention business for their livelihood.”

Berkley said her job has always made her a “walking chamber of commerce,” but she’s been forced to step up the ambassadorial and diplomatic efforts of late.

The job is “not only promoting Las Vegas,” she said, “but helping to correct misconceptions. I have had members of Congress asking me what hotel I live in, as if Vegas is not a thriving community of 2 million people. And I was astounded.”

Del. Donna M. Christensen knows the feeling.

As the nonvoting delegate from the Virgin Islands, the Democrat has watched tourism fall off dramatically, particularly in St. Thomas, where much of the corporate retreating takes place.

Who dares risk an island getaway today?

“Of course, if they went to Chicago or outside of Maryland, the criticism wouldn’t be as much than if they went to the Virgin Islands,” said Christensen. “It’s as though we are not part of the U.S. that needs our economy to be held up as well.”

Even getting members to travel to places like the Virgin Islands or Puerto Rico is difficult because of the chance that such a trip would be ascribed the j-word: junket. This is not necessarily a new phenomenon, but the current climate has made it worse.

“Although it is a great place to get away and have your meetings and your retreats and have a little downtime with family, it is always cast in a negative light,” Christensen said. “Even my own press picks it up and calls it a ‘junket.’”

Christensen went so far as to say that Washington needs to “let up” on its vilification of the corporate jet.

“I can see them complaining about lavish parties,” she said, “but if a person needs to be in a place at a certain time, it is very difficult to do that with commercial travel.”

She accepts that in times such as these, certain companies shouldn’t be retreating to places like the Virgin Islands.

“I can’t excuse using bailout money to take a trip to us,” said Christensen. “They’ll have to find a place close to home.”

But for other cases, she seeks a happier medium.

Recently, a company from Denmark came to the Virgin Islands for a corporate retreat, and the travelers spent a good portion of their downtime painting local school buildings and engaging in other community service work. Christensen said this can be a model to help American companies visit the islands unscathed.

Rep. Sam Farr (D-Calif.), co-chairman of the Congressional Travel and Tourism Caucus, said the industry “has always had a hard time in the political world because it is so taken for granted” and because the stakeholders aren’t always a “collective bunch.” Think Vegas vs. Orlando, or airlines vs. trains.

Even though Obama's admonishments may put a damper on corporate travel, Farr said the tremendous international interest in his presidency may help the industry by making the United States a destination for more foreign visitors.

"We've got more going for us at this moment than any country in the world," he said. "And we have to seize this opportunity to allow visitors to get in here and be treated with respect and not get harangued for visas."

The Travel Promotion Act, sponsored by Rep. Bill Delahunt (D-Mass.) and Farr's co-chairman, Rep. Roy Blunt (R-Mo.), would have supported foreign advertising for U.S. travel and made the visa process easier. It cleared the House last year but never made it into law. Sponsors are working on the measure again now.

Farr said it's Congress' burden to educate Americans about the importance of travel. At the very least, Berkley is hoping that Washington will cool it on the anti-tourism rhetoric.

After Obama's Vegas slam, she phoned White House chief of staff Rahm Emanuel to take issue. Since then, she said, the administration has been much more positive in its tone. Furthermore, Berkley thinks the concerns expressed during the consideration of the recent special order have resonated in Congress.

Berkley won't mention names, but she said she's heard from "a number of my colleagues" who told her they'll be visiting Las Vegas during the break. They've asked her for restaurant recommendations and the like.

"Like any other American, they know a good deal when they see them," she said.

Tourism spending shrank by 1.6% for N.J. last year State's tourism haul shrank by 1.6% last year

Press of Atlantic City

By Erik Ortiz

April 7, 2009

Atlantic, Cape May and Ocean counties remained the state's biggest recipients of tourism spending in 2008, taking in almost \$20 billion, according to preliminary data provided by state tourism officials.

While the haul shows how critical tourism remains to the regional shore economy, collectively the three counties took in about 6.5 percent less than the \$21.4 billion earned in 2007.

According to the data, Atlantic County was again No. 1 for tourism, earning \$11.8 billion and capturing about 33 percent of tourism spending due primarily to visitors going to Atlantic City. Cape May County came in second with \$5.06 billion in tourism-related spending, and Ocean County placed third with \$3.1 billion.

Cumberland County in 2008 ranked next to last for its tourism haul, earning \$92.3 million, down from \$95.5 million in 2007.

Across New Jersey, tourism revenue fell last year by 1.6 percent to \$38.8 billion, from a record \$39.5 billion in 2007, for which tourism officials have blamed the economic downturn and cutbacks in personal discretionary spending. Overall, the industry managed to generate \$7.7 billion in federal, state and tax revenue last year.

Tourism officials are pleading with Gov. Jon S. Corzine to not cut funding for tourism promotion and marketing in the fiscal year 2009 state budget. He has proposed reducing funding to \$7.5 million from \$10 million last year.

"We understand the governor has some tough decisions to make in this economy, but tourism is a revenue generator, which is something the state needs more than anything right now and in the foreseeable future," said Marilou Halvorsen, president of the New Jersey Travel Industry Association.

Los Angeles Times

Corporate travel is in retreat, thanks to AIG

Los Angeles Times

By Roger Vincent

April 7, 2009

Shamed by images of wealthy corporateers cavorting at the expense of ordinary people, U.S. companies canceled an estimated \$1 billion worth of conferences in the first two months of this year and trimmed back on others.

Hoteliers are calling it "the AIG effect," after the insurance company that took a public drubbing for spending freely on corporate perks despite its financial turmoil.

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Reports of the junket quickly dominated the news and became emblematic of the excesses that many believed had brought down the economy. Outrage grew, as people who might or might not understand credit default swaps easily envisioned fat cats eating fancy food, playing golf and getting massages on their dime.

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Nearly 200,000 travel-related jobs were lost in 2008, and an additional 247,000 will be cut this year, according to the Department of Labor. More than 20% of companies have canceled events because of recent media and political attention, the U.S. Travel Assn. said.

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Meetings brought in more than half of the annual occupancy of many resorts and are crucial to their survival, said Peter Yesawich, a hotel marketer. In booming 2007, business travel amounted to \$240 billion, according to the travel association, although how much of that was related to corporate meetings is unclear.

Now that business is dwindling -- fast, said Mehdi Eftekari, general manager of the Four Seasons Hotel in Los Angeles.

"Group sizes are getting smaller, and their budgets are getting smaller," said Eftekari, who typically books rooms and events for law firms, insurance companies and pharmaceutical firms. Those who do meet have been cutting back on the pricier menu options, such as serving "chicken salad instead of duck salad."

The industry is trying to salvage its reputation with a public relations campaign and stepped up lobbying efforts.

The U.S. Travel Assn. estimates that the lodging industry lost \$1 billion worth of corporate meetings or incentive trips in January and February. In response, it has bought print and online advertisements in USA Today, Roll Call and other publications.

It also put together what it calls a "war room," where public relations representatives stand at the ready to respond to what they perceive as unfair criticism of business travel. Representatives have lobbied Congress and the White House to ease proposed restrictions on junkets for companies that accept financial aid from the federal government.

Their argument is that face-to-face meetings are important to business. And they say that hotel maids and other low-wage workers have been hurt by the slowdown in business travel.

"Our message is 'Hey, let's tone down the rhetoric,' " said Roger Dow, president of the U.S. Travel Assn. "If you want to lose a million more jobs, just keep talking."

Dow, a former sales executive at Marriott, said junkets were an important way to motivate employees, particularly high-earning salespeople.

Not long ago, he said, Marriott sent its people to such desirable spots as Hawaii, Cancun in Mexico and London. During one trip to Los Angeles in 2002, sales reps and their guests were driven in limousines to

the Kodak Theatre, where a fake Oscars show had been set up. The sales reps were treated like celebrities, walking on a red carpet as a swarm of actors pretended to be paparazzi and fans.

Meetings, Dow said, have been unfairly vilified -- just because of the easy symbolism.

"You cannot photograph a large salary or bonus, but you can take a photo of a golf course or a beachfront hotel," he said.



Defending business travel in a recession

USA Today

By David Grossman

April 7, 2009

I loathe meetings. That's one reason I left the corporate world to work independently, but I know meetings are essential to facilitating commerce. Businesses must travel and hold meetings even in a recession (or perhaps especially in a recession) in order to survive and thrive. It's unfortunate that business travel and meetings have been the targets of sharp condemnation in the current economic downturn.

"Travel is the lifeblood of most companies," says Kevin Mitchell, chairman of the Business Travel Coalition. Mitchell is disturbed by the "reckless behavior" of some in Congress who have chastised business meetings "across the board in a very dramatic fashion" because a few companies abused their Troubled Asset Relief Program (TARP) funds.

"At a time when we are totally focused on creating jobs it is irresponsible rhetoric," says Mitchell, who feels this unwarranted attack is causing job losses in hotels, restaurants and many other industries dependent on business travelers.

The groundswell of criticism has put business travel on the defensive in many companies at a time when everyone is cutting expenses. It's not just the large companies we hear about that are cutting back. Small companies, which account for 70% of air travel spending in the U.S., are more likely to cut travel in an economic downturn because they often lack the capital reserves of large companies. Jean Covelli of The Travel Team, Inc., a travel management company based in Buffalo, argues that companies should view business travel as an investment in the future rather than a cost.

While there is clearly a tendency for companies to cut travel budgets in tough economic times, short-term savings in travel could have long-term detrimental effects. Rick Wakida, a global travel manager based in the San Francisco area, says many companies tend to cut travel "X%" in every department across the board because it is easier to administer. "A better approach would be to allow or limit travel based on trip purpose," according to Wakida.

"Whether the economy is in recession or doing well, cash flow is what really sustains companies," Wakida says. There are many business travel objectives, but Wakida believes each trip results in a cash flow to the company somewhere down the line. Direct sales trips might generate the most immediate cash flow, trade shows and external networking/meeting opportunities are more likely to generate cash flow at a future date, while internal meetings and team-building sessions might only produce cash flow in the very long term. Wakida says each trip should be evaluated by the cash flow it generates as well as its contribution to the bottom line. "It just seems like a more analytical approach to travel budgets," than imposing a "travel freeze" or cutting travel by a specific percent across the board.

At Moog, Inc. in East Aurora, N.Y., February travel was down 8-10%, according to Kathy Hall-Zientek, manager of travel services. But while some groups reduced travel, others involved in high-value acquisitions are traveling more, so Zientek expects her numbers to even out over the next few months.

Rather than cutting the volume of travel directly, Zientek is seeking other ways to reduce costs. "As a travel manager you have to be extremely creative," she says. Zientek is implementing new quality control software that monitors airline ticket prices before and after ticketing. Zientek is very excited about the additional cost savings she hopes to achieve with this software (from Cornerstone Information Systems).

Zientek is also focused on marketing the Travel Services group and educating travelers on the cost benefits her department can provide. Zientek now reports travel spending by group, so each of Moog's five internal groups can now dissect their expenditures and compare it with the others to better monitor costs. Moog also began housing long-term contractors in leased, furnished apartments rather than hotels. "It has been extremely cost effective," Zientek says.

Although group and meeting arrangements are handled by individual departments, Zientek also recently began offering to review each contract before it is signed. So far Zientek has captured additional savings on three contracts that have come through her office for a second analysis. All of these cost-savings initiatives allow Moog to reduce costs without affecting the number of trips.

Covelli believes companies can lower conference and meeting costs by reducing food spending and eliminating entertainment or other lavish expenses. She believes companies should put metrics in place to evaluate business travel. For example, for a sales call, how many times does the sales person go on the road to close the deal? For a manufacturing project, how many people must travel to complete the project in a timely fashion and how much time is saved by travel vs. remote Web sessions or videoconference calls?

"If a travel-related initiative does not allow for results in some form, then simply move on to the next measurable travel initiative," says Covelli. "Before, nobody measured anything, and now everything is measurable."

Arbitrarily cutting business travel can have adverse impacts in other ways. "There is always the issue of what your competition is doing," according to Mitchell. If your competition has more face time with customers, your company could be in trouble. "As a travel manager, I would be benchmarking my company's competitors and trying to find out what they are up to in terms of sales and marketing and customer acquisition," says Mitchell.

Canceling meetings already scheduled may also be problematic. Some meetings are planned as much as a year ahead of time and there may be stiff penalties for canceling. "In some cases, it would cost almost as much to cancel the meeting as to hold the meeting because of the penalty costs," says Wakida.

Finally, there is the issue of employee morale, particularly when it involves incentive travel. "It is a reward to the employees for prior services," Wakida says, "You are taking away something they have earned as part of their compensation," which may make employees less motivated to perform well in the future.



Squawk on the Street

CNBC

April 6, 2009

<http://media.vmsinfo.com/locationservice-mediaserver/StreamMedia?file=9%2BfspAbSGAWoES1n63xNWobmSdhWyRlkqTy%2BGmEeDPTLQFiG%2FewWOJbWn9qtOEa&index=1&mediaType=null&direct=true>



World Business

CNBC

April 6, 2009

You know companies receiving government funds can't spend a dime these days without a public outcry. The scrutiny is dealt a devastating blow to the hotel industry with business travel sinking to painfully low levels. A reported two hundred thousand jobs in the industry were lost in two thousand eight and another two hundred and forty seven thousand expected to be slashed this year.

Joining us this morning is the chairman and CEO Loew's Hotels Jonathan Tisch. He joins us here on set to talk about this notion that somehow you can't do business in a hotel without getting in trouble.

About six weeks ago correlate with a lot of rhetoric coming out of our nation's capital and they really had a significant negative impact on the tourism industry. Members of Congress were saying that and then the confusion was TARP companies versus any other company that wasn't taking money from the government or from the taxpayers. And CEOs were just retreating. They were going into a bunker saying I won't have the meeting. I don't want to have our name on any board in the hotel resort or otherwise....We were being demonized as an industry....when you combine that with obviously low consumer confidence. Our industry is under siege right now and it's not just about the CEO but about the individuals who make the beds to put the food on your plate.

Bill Seeks to Limit Compensation, Not Incentives

Corporate Meetings & Incentives

April 6, 2009

The Pay for Performance Act of 2009 passed the House of Representatives last Wednesday, giving the Treasury Department the power to define what constitutes “unreasonable and excessive” compensation at companies that have received federal bailout money. In a move that has been cheered by the U.S. Travel Association and other observers, Rep. Barney Frank, D-Mass., chairman of the House Financial Services Committee, has gone on the record to say that the bill is aimed at controlling compensation, not meetings or performance-based incentives.

Frank was asked for the clarification on the House floor by Rep. Shelly Berkley, D-Nev., who explained her request with this statement: “Over the past few months, legitimate business travel for meetings, events, and incentive programs has dramatically decreased across the country, particularly in my district of Las Vegas. The decline is due in part to the state of our economy but also to the perception that Washington is seeking to limit these legitimate business practices. This negative perception has created an environment where every business in the United States is beginning to question whether or not they should hold a meeting, event, or incentive travel program.”

In his reply, Frank said that the bill “deals only with compensation, not with travel. Any incentive that was performance-based would be fully allowed.”

The bill must now pass the Senate.



Worldwide Exchange

CNBC

April 6, 2009

Time to find out what's coming up on Squawk Box. We're going to keep an eye on this rally. We'll check into the hotel industry with Loew's CEO and president Jonathan Tisch.



Squawk Box

CNBC

April 6, 2009

As you know, companies receiving government cash can't spend a dime these days without public outcry. The scrutiny has dealt a devastating blow to the hotel industry, with business travels sinking to painfully low levels. A reported 200,000 jobs in the industry were lost in 2008. Another 247,000 expected to be slashed this year. Joining us this morning is the chairman and CEO of Loews hotels Jonathan Tisch.

THE WALL STREET JOURNAL.

The American Plan

Wall Street Journal

By Candace Jackson

April 4, 2009

Forget Bhutan or Sicily. This year's trendy travel destinations are Gettysburg, Pa., and Yellowstone Park.

To lure recession-strapped travelers, tour operators who have long specialized in trips to places like Vietnam or China are scouring the U.S. for closer-to-home alternatives. Last year, a typical Go Ahead Tour trip took travelers to Egypt, with visits to mosques in Cairo, a cruise down the Nile and photo ops at the pyramids. Since February, though, Go Ahead has also been advertising a five-day Civil War history trip, with stops at Philadelphia's Liberty Bell and a night in Gettysburg. Ciclismo Classico, which focuses on cycling trips in Italy -- its 15-day "Grand Tour d'Italia" hits six regions -- recently added a week-long bike tour of the Berkshire Mountains in Massachusetts, which can include visits to a Shaker village and an antique car museum.

Tour operators say bookings for 2009 trips overseas have declined by as much as 40% this year. Market researcher IbisWorld predicts that global tourism revenue will decline 3.7% in 2009, as travelers stay closer to home. Travel companies say they hope close-by itineraries that still feel exotic will appeal at a time when people are eager to save money -- or at least avoid the appearance of traveling lavishly in an economic crisis.

Jo-Anne Kopycinski, a sixth-grade teacher from New York City's Staten Island, has traveled with Go Ahead to Croatia, Scandinavia and Germany in recent years. Back in January, when she began to plan this year's vacation, she inquired about Go Ahead's domestic options. With the economy struggling, the 48-year-old teacher says, "I wanted to keep the money here. It's not the year for me to go overseas."

Ms. Kopycinski booked Go Ahead's 12-day "America the Beautiful" tour, with stops in Salt Lake City, Yellowstone National Park and Denver. She says it's a trip she probably could have arranged on her own, renting a car and researching hotels. In the end, though, she decided to avoid the hassle. "On my summer vacation I want to be pampered a little bit."

When Classic Journeys opened 14 years ago in La Jolla, Calif., it sold only overseas tours with unusual extras, such as a trip to England where clients arrive at Stonehenge at sunrise, before it opens to the general public. In Sardinia, tourists meet a local shepherd who serves them lunch around an open fire. The company first added a few North American trips in the wake of 9/11, says Edward Piegza, founder and president. Last spring, reviewing results of a questionnaire about where customers wanted to go on their next vacation, he noted a bump in requests for U.S. trips.

The result: 25% of the company's 2009 catalog is made up of North American itineraries, up from 15% in 2008. Options include a trip to Montana's Glacier National Park, with guided nature walks to view elk and moose, and a meeting with a member of the local Blackfeet Native American tribe, who discusses its history and music.

Barbara and Bart Klion, a retired couple from Hartsdale, N.Y., have gone with Classic Journeys to places such as Scotland, Hungary and the Czech Republic. The couple has been cutting back at home and seeing

fewer Broadway shows, and for their vacation this year they plan to avoid Europe. They're considering Nova Scotia. "It's like eating oatmeal in the morning," Ms. Klion says. "It's just comforting."

"Comfort travel" is what John Stachnik calls it. The owner of Mayflower Tours, based in Downers Grove, Ill., and chairman-elect of the United States Tour Operators Association, he says tour companies have to be nimble to survive various crises -- whether earthquakes, economic recessions or fears of terrorism. "If people don't want to go north, I take them south. If people don't want to go east, I take them west," he says. His business this year has experienced a 40% decline in international bookings and a 5% increase in domestic bookings.

To sell tourists on the idea of paying for a guided tour to a place that doesn't pose linguistic or cultural challenges, many companies get creative. Some draw up quirky itineraries with visits with local farmers or behind-the-scenes tours of local museums, which wouldn't be easy for travelers to arrange on their own.

Natural Habitat Adventures The company runs an eight-day "Canyons & Beyond" tour of the Southwest, including guided hikes through the Grand Canyon and Bryce and Zion national parks. Along the way, travelers stay in historic park lodges. Trip runs May through September. Cost: \$3,195, including all meals.

Last fall, Butterfield & Robinson, which usually runs luxury bike trips in Europe and Asia, began advertising a trip to west Texas, near the Mexico border, featuring scenic bike rides through the desert where javelinas roam -- and discussions about some of the area's immigration challenges. "There's sort of a ripped-from-the-headlines aspect," says Chris Mark, the company's director of trip planning and operations. This part of Texas is so remote that "it really doesn't feel like the U.S., in a way," he says. Travelers there are well advised to carry a passport, even though they never cross the border, in case they are stopped by border patrol, Mr. Mark says. So far, he hasn't had any takers.

Some companies specializing in specific regions have merged with others as a hedge against changing conditions. Austin-Lehman Adventures, of Billings, Mont., which sells trips in South America, Africa and the U.S., plan to add a trip to South Dakota's Badlands next year. In November, it acquired Euro Bike, a 34-year-old company that runs tours in Western Europe. Dan Austin, director of Austin-Lehman, says that despite all the company's exotic offerings, such as camping in the Galapagos, tours of national parks are among the company's best-sellers this year.

Deborah Lewis, president of Bredeson Outdoor Adventures, in Bridport, Vt., says two-thirds of the company's trips now are within the U.S., up from half a year ago. "Existing customers of mine are saying, 'You know, we're going to stay in the States this year,'" she says. North American travel isn't always cheaper than overseas travel, though. A private six-day tour in Europe, with meals and stays in four- or five-star hotels, can cost \$2,400 a person, Ms. Lewis says, compared with the six-day trip in British Columbia she arranged this summer that will cost \$2,800 a person.

Fort Worth hotels, events buck national meeting trends

Fort Worth Business Press, TX

By Aleshia Howe

April 6, 2009

With AIG's lavish executive business trips still fresh in memory, national and local meetings and events organizations have been forced to step up their marketing efforts to let businesses know it's still OK to meet.

And Fort Worth is no exception.

Following the announcement of its Hometown Heros program about six months ago to encourage local meetings, the Fort Worth Convention and Visitors Bureau launched its Keep it in Fort Worth effort to drive home the message.

"We're aggressively making sales calls on BNSF, Pier 1, RadioShack, Lockheed Martin, Chesapeake; if you have to have that training program or national sales meeting, have it in Fort Worth. Re-invest in your community," said David DuBois, president and CEO of the Fort Worth CVB.

The local efforts follow a string of campaigns launched by the U.S. Travel Association such as its Keep America Meeting campaign that combats what DuBois called a misconception that all business conventions and events were bad – a message travel industry professionals across the nation say some government leaders have spread while berating AIG executives for the mis-use of TARP funds.

"All of us support that because we're taxpayers and we don't want money wasted. The recession is going to have an affect, we just want to minimize the rhetoric coming out of D.C.," DuBois said.

Despite that fight on a national front, DuBois said Fort Worth has fared well in recent months thanks to its low profile.

"We're very fortunate in Fort Worth because when you announce you're going to have a meeting or event in Fort Worth, it's not over the top," he said. "We know the city of Fort Worth is over the top in terms of being an awesome destination, but when you say to your CEO that you want to bring in 200 salespersons in a two-day meeting to strategize ... in Fort Worth, nobody is going to say that's too over-the-top. That's too glamorous."

For that reason, Fort Worth already has booked two new sizeable events, including the Society of Incentive Travelers, which chose Cowtown over Maui and San Juan, DuBois said.

"That's a coup," he said. "... We won them because we're a secondary, high quality city."

During the past 18 months, the Fort Worth hotel rooms have increased 20 percent from 10,000 rooms to 12,000 rooms. The downtown Fort Worth hotel scene alone has seen a 96 percent increase in inventory thanks to a new Embassy Suites, Sheraton and Omni.

But DuBois said demand has kept up pace and convention rooms booked increased from 129,000 in 2007 to 258,000 in 2008 while 2009 looks to be on track for 300,000.

According to the latest figures from Nashville, Tenn.-based Smith Travel Research for the 12-month period of March 1, 2008, to Feb. 28, 2009, U.S. hotel occupancy was at 59.4 percent while Fort Worth saw occupancy of 65 percent and downtown Fort Worth boasted 62 percent.

For total volume of rooms, or number of rooms actually sold in the same 12-month period, Smith reported U.S. demand down 2.9 percent, Fort Worth demand up 3.2 percent and downtown Fort Worth demand up 22.2 percent.

In the first two months of 2009,

U.S. demand was down 7.5 percent, Fort Worth demand grew 1.6 percent and downtown Fort Worth demand leaped up 43.1 percent.

DuBois accredited the opening of the January opening of the Omni Hotel in Downtown as well as the downtown Sheraton hotel for growth in interest in downtown hotels.

“They were able to book new meetings and conventions in their hotels that this city has never been able to accommodate,” DuBois said of the Omni and Sheraton.

In the first two months of 2009, DuBois said 70 percent of the Omni and Sheraton businesses booked were new to Fort Worth.

“We’re keeping our fingers crossed through the rest of the year ... I truly doubt we’ll keep up that kind of pace otherwise we’ll have one heck of a Kool-Aid party at the end of the year,” he said.

DuBois predicted a 20 percent to 25 percent increase in downtown hotel demand for 2009 overall and a 3 percent to 4 percent increase for Fort Worth.

“We’re pretty blessed to be running significantly ahead of U.S. occupancy even with our increase in inventory,” DuBois said. “We are in a recession in Fort Worth, but we are doing much better than the U.S. [and] we are out-pacing and doing a better volume of business than any other city in the Metroplex.”



Fear of public perception raises business travel and meeting expenses

My Useful Travel Products

April 6, 2009

Fear of public perception raises business travel and meeting expenses - TravelDailyNews.com
A new survey conducted by the Association of Corporate Travel Executives (ACTE) indicates fear of perceived corporate excess is forcing corporations to pass up on great deals for meeting facilities with easy access to air transportation - while

Hospitality industry suffers as corporations cut back - Miami Herald

The travel industry, hit hard by the public uproar over lavish company getaways, has been pushing back, and its message is essentially this: You say junket, we say jobs. In a lobbying effort spearheaded by the U.S. Travel Association, industry.



Hawaii asks Obama to bring back business travelers

Associated Press

By Jaymes Song

April 5, 2009

**This story also ran in USA Today on April 6, 2009.*

Tourism industry leaders in Hawaii coping with the sharp downturn in business travel are seeking help from a native son — President Barack Obama.

Gov. Linda Lingle, 90 business leaders and Hawaii's four mayors wrote Obama last week urging him to oppose any measure restricting companies that receive federal funds from using business meetings "as a legitimate business tool."

As the economy faltered and federal aid recipients came under fire for sponsoring gatherings at flashy destinations, 132 groups and companies canceled meetings and incentive trips to Hawaii in the first three months of this year. The state's economy lost an estimated \$98 million as a result. Other popular destinations such as Las Vegas, Florida and Arizona are seeing similar cancelations.

"This has had a huge effect on the economy in the areas and jobs in the industry," Hawaii tourism liaison Marsha Wienert said.

Fearing Congress will pass legislation that further weakens the lucrative conventions, meetings and incentive travel market, the industry has launched a campaign to change perceptions of business travel.

Hawaii has a large stake in the campaign's success: Some 442,000 business travelers visited the state last year to attend meetings, accounting for 7 percent of total visitors and at least 12 percent of all visitor spending, said Michael Murray, who heads corporate meetings for the Hawaii Visitors & Convention Bureau.

"It's a very lucrative market," Murray said.

Industry leaders blame this year's drop-off on the media and legislators' response to spending by companies that have received federal bailout funds. But the industry had been dealing for a year with companies tightening their budgets in tough economic times by the time business travel became a political issue this winter.

Hawaii has rolled out a flurry of incentives, programs and deep discounts in hopes of luring back companies. The convention bureau even launched a Web site with special offers that touts the islands as a place for business.

"The pace of bookings have fallen off the edge of the world," Wienert said. "That's why we have all these incentives out there right now."

Fortune 500 companies long used trips to the islands to reward top employees. Some would book entire resorts, rent out golf courses and host extravagant parties. As recently as 2007, for example, Toyota

Motor Sales USA, paid \$500,000 to rent out the lower campus of the University of Hawaii for a private concert by Aerosmith for 6,000 dealers and their guests.

Those days are gone.

Among the 132 cancellations was a Wells Fargo Co. corporate meeting booked at the sprawling 3,543-room Hilton Hawaiian Village Beach Resort in May. In February, the bank abruptly canceled a Las Vegas trip after criticism that it was misusing \$25 billion in bailout money.

"Let's get this straight: These guys are going to Vegas to roll the dice on the taxpayer dime?" said Rep. Shelley Moore Capito, a West Virginia Republican who sits on the House Financial Services Committee. "They're tone deaf. It's outrageous."

The Vegas trip was to have come on the heels of an announcement that Wells Fargo lost more than \$2.3 billion in the last three months of 2008.

Wells Fargo declined comment on the Hawaii cancellation and instead pointed to a full-page ad that ran in The New York Times Feb. 8, in which President and CEO John Stumpf said that Wells Fargo's employee recognition events were not funded by the government and that media coverage of the issue was "one-sided."

"Make no mistake, companies that have received taxpayer assistance must be held to a different standard and conduct their business in a transparent and responsible manner," said Roger Dow, CEO of group.

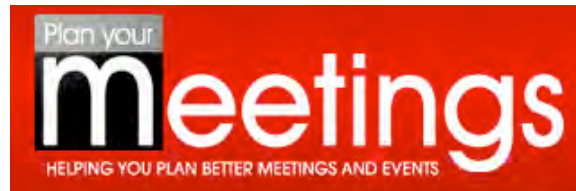
"But the pendulum has swung too far. The climate of fear is causing a historic pullback of business meetings and events, with a devastating impact on small businesses, American workers and communities."

Several other companies have canceled Hawaiian trips, including IBM, Hewlett-Packard, LPL Financial and AT&T, said Hilton Hawaii Vice President Gerard Gibson.

"I want to believe that things will get better. But quite frankly, Mr. President, Hawaii is in trouble," Gibson wrote in a personal letter to Obama Feb. 19. Gibson said his Hawaii properties had lost \$12.4 million worth of business.

Hawaii has dealt with an image problem for years, however.

"We have to convince people we're a serious place where business can get done," said John Monahan, president and CEO of the visitors and convention bureau. "We're never going to fool anyone that Hawaii isn't Hawaii. That brand is built so well, we don't really need to talk about sun, sand and surf any more."



Are you the face of travel?

Plan Your Meetings

By Kristi Casey Sanders

April 3, 2009

A campaign is afoot to find an articulate spokesperson for the meeting, convention and business travel industry who can interact with the media and tell a compelling story about what meetings mean to people in the hospitality industry and local communities.

The contest, organized by Meetings Mean Business, is open until April 24. If you're interested in applying to be the new "Face of Travel," read the guidelines [here](#). Applicants are asked to submit a short 45-60 second video in which they introduce themselves, say where they work, and explain what meetings mean to them and their community as well as why they think they should be the new face of the travel.

All entries will be made available on a special YouTube channel created for the contest.

PYM wishes all applicants the best of luck! Let us know if you enter the contest, and we'll embed your vids in a special post.

Top Congressional Leader: Incentive Travel Okay

Successful Meetings

By Leo Jakobson

April 3, 2009

The head of the House committee overseeing bailed out banks explicitly states support for incentive travel.

The Congressman spearheading legislative moves to limit compensation to executives of companies that have accepted federal bailout funds formally stated his support for incentive and meeting travel on the floor of the House of Representatives on April 1.

Rep. Barney Frank (D-Mass.) chairman of the House Financial Services Committee, had a formal conversation with Rep. Shelley Berkley (D-Nev.), who represents Las Vegas, read into the record regarding a bill on executive compensation for Troubled Asset Relief Program (TARP) fund recipients.

The colloquy began with Rep. Berkley reciting the damage done to the meeting, event and incentive travel business by the perception that congress felt TARP recipients were wasting taxpayer dollars by engaging in any type of business travel, and that false perception was causing even executives of financially sound companies to ban such travel as well.

A video clip of the colloquy is available on the U.S. Travel Association's website under the heading, "Major Win: Washington Changing Tone Toward Business Travel." The meat of it, for incentive planners, is excerpted below.

Rep. Berkley: "I would like to clarify with the chairman that nothing in this bill or the amendments to be offered today would discourage or limit the use of meetings, events or incentive travel organized by a company that serve legitimate business purposes, is that the Chairman's understanding?"

Rep. Frank: "Yes, this bill deals with only with compensation, not with travel. Any incentive that is performance based would be fully allowed. In general, if you sold a certain number of things, you'd win a trip, that would be allowed. Specifically, it does not deal with travel for the business, and it would allow performance based [Frank's emphasis] incentives for this or any other purpose."

MANAGEsmarter

U.S. Travel Association Launches Nationwide Search for 'Faces of Travel'

Manage Smarter

April 3, 2009

As part of its Meetings Mean Business public awareness campaign, the U.S. Travel Association has launched a nationwide search for spokespeople that represent the role that travel and hospitality play in the American economy.

Part of a new "Faces of Travel" initiative, they'll be used to humanize the impact of mass meeting and business travel cancellations, which are becoming a reality in light of recent criticism of business meetings by the media and by Congress. Because they fear negative publicity, companies are canceling meetings and travel, according to the U.S. Travel Association, and hurting local economies in the process.

"When business travel decreases, the unintended victims are the American workers and the communities that rely on travel for jobs and tax revenue," U.S. Travel Association President and CEO Roger Dow said in a statement. "It is time to give those workers a face in our skewed national discussion. Travel—and the millions of jobs it creates in cities and towns across the country—is a solution to America's economic challenges."

In order to find its "Faces of Travel" spokespeople, the U.S. Travel Association has invited travel industry employees to submit 45- to 60-second videos in which they're describing why travel is important to them, their company and their community, and how they help strengthen the U.S. economy by doing the job that they do.

Videos will be screened and then broadcast publicly on a dedicated YouTube channel. One or more submissions will be chosen, and the winner—or winners—will become a spokesperson for the U.S. Travel Association, interacting with reporters, policymakers and other stakeholders on behalf of the travel, hospitality, meetings and incentives industries.

MANAGEsmarter

BREAKING NEWS: Top Congressional Leader: Incentive Travel Okay

Manage Smarter

April 3, 2009

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Garden State's tourism industry looks to stimulate business in '09

Daily Record

By Michael L. Diamond

April 3, 2009

ATLANTIC CITY -- New Jersey's tourism industry isn't recession-proof, after all.

The industry generated \$38.8 billion last year, down 1.6 percent from 2007, as visitors contended with record-high gasoline prices and a slowing economy, the New Jersey Division of Travel and Tourism reported Thursday.

The report came as tourism officials try to convince Gov. Jon S. Corzine to change course on his proposal to cut the industry's promotional budget for the coming fiscal year.

"We have to grow our way out of this situation," said Noreen Bodman, executive director of the Jersey Shore Destination Marketing Organization, a group that promotes tourist attractions in Monmouth and Ocean counties. "We believe arts, history and tourism are a good way to grow the economy."

Bodman was one of about 300 tourism officials attending the New Jersey Governor's Conference Tourism, an annual event showcasing New Jersey attractions and highlighting the industry's economic impact.

The stage was set for this year's conference to be a tense affair. Tourism business owners, who once thought warm, sunny weather could overcome a poor economy, last year learned otherwise. And Corzine isn't sparing the tourism industry from budget cuts.

Corzine was scheduled to speak to the group, but he was a no-show. Secretary of State Nina Mitchell Wells, who oversees the tourism office, took his place.

"There was a conflict in the governor's schedule and he couldn't attend," Corzine spokesman Robert Corrales said.

Wells, delivering the results of the economic impact report by the consulting group Global Insight, said the tourism industry remains a juggernaut. It created more than 350,000 jobs last year.

But the industry apparently took a hit when gasoline prices last summer soared above \$4 a gallon.

For example:

- The number of visitors traveling more than 50 miles fell to 70.9 million from 74.1 million in 2007, or 4.3 percent.
- Out-of-state visitors spent \$25.1 billion last year, down 5 percent from 2007.
- Visitors spent \$3.1 billion in Ocean County, down 5.9 percent. And visitors spent \$1.8 billion in Monmouth County, down 6.4 percent.

"We are facing some tough economic times and tough competition from neighboring states," said Marilou Halvorsen, chairwoman of the New Jersey Travel Industry Association and a spokeswoman for Jenkinson's Boardwalk in Point Pleasant Beach.

Tourism officials may have to make do with a smaller marketing budget. New Jersey is facing a \$7 billion budget deficit. Corzine has proposed cutting tourism promotion from nearly \$10 million to nearly \$7.5 million, or 25 percent.

That money is funneled to regional organizations, such as the Jersey Shore Destination Marketing Organization, which partner with contributions from the private sector to promote local businesses.

Corzine's proposal has run into a technicality: The money comes from a hotel tax that went into effect in 2003. The legislation required the state to dedicate at least \$9 million a year from the tax to tourism. If not, the tax would expire.

The Corzine Administration has argued that a tax whose revenue is dedicated to a particular cause in future budgets is unconstitutional, said Sen. Jeff Van Drew, D-Cape May.

But Van Drew disagreed. He said the tax gained support only because tourism business owners were told they would finally have a revenue source to promote the industry; the state has a moral obligation to see it through.

If the funding isn't restored, Van Drew said the issue could wind up in court.

"This whole argument is over \$1.5 million," Van Drew said. "It just isn't worth the money" to fight the industry.



Historic Triangle businesses and attractions are hoping to attract more visitors

Daily Press

By Tyra M. Vaughn

April 3, 2009

WILLIAMSBURG — Bob Harris isn't making any bold predictions about tourism in the Historic Triangle this year.

After a challenging 2008 tourism season for James City County, Williamsburg and York businesses and attractions, Harris said he's keeping his thoughts about travel to the region to himself.

"I'm just going to see how things play themselves out," said Harris, vice president of tourism for the Greater Williamsburg Chamber & Tourism Alliance. "I'm excited about this year's tourism season, but don't want to make any predictions."

Despite remaining mum on his opinions about the tourism season, Harris will share what industry experts are saying about the 2009 season.

"They're saying more people are interested in traveling than they were a few months ago because they think it's more affordable," Harris said.

Nationally, the U.S. Traveler Sentiment Index, which uses a 100-point scale to measure consumer interest in travel, rose to 90.2 in February from 78.2 during last October, Harris said.

The U.S. Travel Association said consumers think they can get good deals on vacations as travel suppliers offer discounted fares and rates to bring in business.

Local economist Roy Pearson agrees and said Historic Triangle tourists will be looking for bargains. He said this might provide a slight increase in tourism revenue over last year.

"People are still going to be cautious and pessimistic about spending, but travel will be a little better this year because of the deals," Pearson said.

Local attractions are doing what they can this year to drive tourists to their sites.

Busch Gardens officials said they hope new attractions such as Sesame Street Forest of Fun and Christmas Town bring in new visitors to the park.

"We've only heard good things from the public about the new attractions that will be opening," said Kevin Crossett, Busch Gardens spokesman. "We're really excited about the season."

CW officials are touting programs such as Revolutionary City, the reconstruction of the Charlton Coffeehouse on Duke of Gloucester Street in the historic area and events surrounding their 30th anniversary of African-American programming.

CW spokesman Tom ShROUT said officials are also hoping a public service announcement about Colonial Williamsburg will bring visitors to the living history museum.

Harris said the alliance is reaching out to prospective travelers through its Web site and social networking sites, such as Twitter and Facebook. The goal is to reach out to travelers in places that are within a day's drive of Williamsburg, such as Washington D.C.

"We're really doing everything we can to let people know we're here and that we're a good destination to travel to," Harris said. "We want people to know that Williamsburg is open for business and we're ready for visitors."

2008 tourism revenue

- Meals tax: \$16,704,537
- Room tax: \$9,487,640
- Sales tax: \$21,390,568

Source: Greater Williamsburg Chamber & Tourism Alliance



Obama urged to support business travel to isles

Honolulu Star-Bulletin

By Allison Schaefer

April 3, 2009

Citing an economic loss of \$97.6 million to Hawaii this year since business travel came under federal scrutiny, Gov. Linda Lingle has asked President Barack Obama to oppose any measure that unfairly restricts companies' ability to use conventions, meetings and incentive (CMI) travel as a legitimate business tool.

Lingle's letter, sent Tuesday and signed by other key politicians and members of Hawaii's visitor industry, provides the first account of the staggering losses sustained by the state since business groups began canceling Hawaii trips.

"The current atmosphere that brands legitimate CMI travel as excess has resulted in 132 group cancellations of meetings and incentive trips to Hawaii so far this year and next, representing a loss of 87,003 room nights," Lingle said in her letter.

So far, Hawaii has lost \$58.8 million in direct revenue; however, Lingle said the state's total impact is much higher and includes the elimination of some 694 full- and part-time jobs.

"Hawaii's businesses and residents cannot afford to suffer such continued losses that can and should be avoided," she said.

State Tourism Liaison Marsha Wienert said Lingle's numbers came from a survey conducted last month and that Hawaii is vulnerable to more cancellations.

Through February, Hawaii's MCI market had fallen 27.5 percent to 79,647 visitors from a year-ago 109,902, said Daniel Nahoopii, chief of the tourism research branch for the state Department of Business, Economic Development and Tourism. Market share also shrank from 9.3 percent of Hawaii's total visitors during the first two months of last year to 7.8 percent this year, he said.

Business travel to Hawaii began falling last year as the recession hit and has stalled further since Obama and Congress asked companies that received emergency government lending to develop business travel guidelines. Now, Hawaii's government officials and visitor industry members fear that the state could be hurt further if Congress restricts travel for companies that are part of the Troubled Asset Relief Program (TARP).

"President Obama has eased his comments recently, but there is still a lot of rhetoric in Congress," Wienert said. "If restrictions are passed, it would be terrible, another nail in the coffin."

Successful leisure destinations like Hawaii and Las Vegas have been the hardest hit by the backlash, she said.

"It's because we've done such a good job positioning ourselves as a leisure destination. I mean, no one would fault anyone for a corporate meeting in Omaha," she said.

Hawaii needs to get across the message that while the image of travel is glamorous and fun, there are legitimate reasons for business and reward travel, said Lorena B. Horiuchi, program chairwoman for the Hawaii Business Travel Association.

"Business travel shouldn't be vilified," Horiuchi said. "TARP was meant to stimulate the financial sector, but it's negatively impacted business travel and Hawaii's economy."

A discussion on how Hawaii can get past the unintentional consequences of TARP on business travel will take place at a half-day conference sponsored by HBTA. Shane Downey, government relations manager for the National Business Travel Association, will be the keynote speaker at the event on May 6 from 8 a.m. to 11 a.m. at the Royal Hawaiian Hotel, Horiuchi said.

Jerry Gibson, vice president and area director for Hilton in Hawaii, said Hilton properties across the islands have lost millions due to government recommendations. If Wells Fargo had not canceled, it would have brought 11,000 room nights to Hawaii next month, Gibson said. LPL (Financial), IBM and Hewlett-Packard, among others, have canceled events, too, he said.

"We are still in an economic downturn, so people are thinking about whether they should travel," he said. "Hopefully, President Obama will read the letter that we sent and reconsider several of his positions."

Los Angeles Times

Travel industry woos those with plenty of leisure time: furloughed and laid-off workers

Los Angeles Times

By Hugo Martín

April 3, 2009

Pink slip travelers? Furlough tourists? Jobless vacationers?

Call them what you may, they are a surprising new target for travel bargains aimed at the unemployed, the furloughed and jittery workers fearful of being laid off.

Discounts are nothing new during tough economic times, but airlines, hotels, resorts and other tourism merchants are going a step further, exploring a market long considered a tough one to crack.

The deals began to surface in February with offers by JetBlue Airways and a British airline to refund fares for travelers who had recently been laid off. Since then, other businesses have jumped in with discounted ski lift tickets for furloughed California state employees, free hotel stays for recently laid-off workers and "job loss" insurance for cruise passengers.

Several businesses are reporting a positive response to the travel deals. More than 810 state employees have taken advantage of \$30 lift tickets offered at the Squaw Valley ski resort for workers who have been furloughed for one or two days a month under Gov. Arnold Schwarzenegger's budget cuts.

To get the discount, which is 62% off the regular lift ticket price of \$79, visitors to the Lake Tahoe-area resort simply need to show a state employee identification or a pay stub.

"We hope it will bring people to Squaw Valley who would not otherwise come," said Savannah Cowley, a spokeswoman for the ski resort.

Don Wilcox, a middle-management state employee from Sacramento, took advantage of the discounted lift tickets twice in the last few months. On both ski trips, he brought along fellow state employees.

"In a time when there is a lot of bad news, it's a nice thing to do," Wilcox said of Squaw Valley's discount program.

Analysts and travel industry officials say the special discounts and other super-low travel deals may not generate a big enough uptick in revenue needed to pull the struggling travel industry out of the recession-fueled funk of the last year or so.

But the deals, they say, may help ease the pain for travelers who would otherwise stay close to home and help travel merchants who are struggling to fill empty hotel rooms, cruise ships and jetliners.

"Everyone wins," said Roger Dow, president and chief executive of the U.S. Travel Assn., a national nonprofit umbrella group for the industry. "Is it the magic bullet that will turn things around for the industry? Maybe not, but it's a very nice step."

America's travel industry employs more than 7.7 million workers and generates more than \$740 billion in spending annually, according to the association.

Although discounted travel deals have made this a great time to score ultra-low fares for airline tickets, hotel rooms and cruise packages, the worsening economy continues to keep potential travelers at home, clinging tightly to every extra vacation dollar.

A travel industry forecast projected a drop in overall travel expenditures in the U.S. of nearly 3% this year over last year and an even steeper decrease of 5.6% in business travel.

Taking their cue from Squaw Valley, a handful of hotels in the Reno-Tahoe area launched a similar campaign in February for furloughed California state employees, who could get a free night's stay when they booked a room at a participating hotel.

The furlough deal remains in place at Squaw Valley and at the Reno-Tahoe hotels. State workers are no longer required to take furlough days without pay on the first and third Friday of each month, but most still must take one floating furlough day per month.

Although the deals sound clear-cut, many come with restrictions.

Deals for laid-off workers got underway after Hyundai Motor America began its assurance program in January. Under the Hyundai deal, car buyers who lose their jobs within 12 months after taking delivery can return the vehicles to the dealerships without damaging their credit rating.

CruiseOne and Cruises Inc., a leading network of cruise retailers, borrowed the idea from Hyundai and in February unveiled the CruiseAssurance plan. The plan lets customers who book a cruise the option of canceling at any time, even during the cruise, if they are laid off.

Steven Hattem, vice president of marketing for the sister companies, said he believed that the deal would give travelers peace of mind when they consider whether to take a cruise vacation.

"With this, consumers can truly make a decision without the concern, 'Will I have a job or not,' " Hattem said.

Companies that offer special hotel deals for laid-off workers say the idea is not as crazy as it may seem. After all, a worker who has been laid off suddenly has the free time to take a longer vacation, they note. Plus a vacation may be just what a worker needs before hitting the streets to find a new job.

"Lots of people get laid off with severance packages, so they have money," said Will Candis, a spokesman for Recreo Costa Rica, a luxury villa resort in Costa Rica that is offering a free night's stay for recently laid-off workers who book four or more nights. "It may seem self-indulgent, but vacations are very rejuvenating."

Such discounts and deals sound like a bargain for travelers, but they don't always work as planned for the companies that offer them.

When the U.S. military led a coalition of nations to invade Iraq in March 2003, Squaw Valley tried to do its part for the war effort by giving free lift tickets to all active members of the military as long as the war continued. Six years later, American troops remain in Iraq and, to date, the ski resort has given out more than \$4 million in free lift tickets.

"It was an act of good faith," Cowley said. "And it's been worth it."

Travel website and Blog

US Travel Association Launches Nationwide Search for 'Faces of Travel' - Successful Meetings

Travel Blog

April 2, 2009

As part of its Meetings Mean Business public awareness campaign, the U.S. Travel Association has launched a nationwide search for spokespeople that represent the role that travel and hospitality play in the American economy.

Part of a new "Faces of Travel" initiative, they'll be used to humanize the impact of mass meeting and business travel cancellations, which are becoming a reality in light of recent criticism of business meetings by the media and by Congress. Because they fear negative publicity, companies are canceling meetings and travel, according to the U.S. Travel Association, and hurting local economies in the process.

"When business travel decreases, the unintended victims are the American workers and the communities that rely on travel for jobs and tax revenue," U.S. Travel Association President and CEO Roger Dow said in a statement. "It is time to give those workers a face in our skewed national discussion. Travel—and the millions of jobs it creates in cities and towns across the country—is a solution to America's economic challenges."

In order to find its "Faces of Travel" spokespeople, the U.S. Travel Association has invited travel industry employees to submit 45- to 60-second videos in which they're describing why travel is important to them, their company and their community, and how they help strengthen the U.S. economy by doing the job that they do.

Videos will be screened and then broadcast publicly on a dedicated YouTube channel. One or more submissions will be chosen, and the winner—or winners—will become a spokesperson for the U.S. Travel Association, interacting with reporters, policymakers and other stakeholders on behalf of the travel, hospitality, meetings and incentives industries.

SmartBrief

Analysts: Business travel to recover more slowly than leisure

SmartBrief

April 2, 2009

Though the FAA is predicting an overall recovery in airline traffic beginning next year, some analysts believe the crucial business travel segment will take longer to bounce back. Ken McGill of Global Insight cites the "AIG effect" in reducing business travel and says the market could remain off its peak for four years. Airline consultant Michael Boyd echoes that view, predicting the recovery in business travel won't begin until 2011 or later.

PACIFIC BUSINESS NEWS

Hawaii leaders ask Obama not to restrict business travel

Pacific Business News

April 2, 2009

Hawaii government, business and visitor industry leaders have sent a joint letter to President Barack Obama urging him to oppose any measures that would restrict companies from using conventions, meetings and incentives rewards as business tools.

Gov. Linda Lingle's office said the letter emphasizes the important role of such travel in sustaining and expanding Hawaii's visitor mix.

"In this period of economic downturn when our government and businesses are striving to restore economic stability, the last thing we should do is implement policies or encourage behavior that jeopardize any industry, especially one that has such far-reaching impact on communities across America," Hawaii officials wrote in the letter.

The letter was signed by Lingle, Lt. Gov. James "Duke" Aiona Jr., the four county mayors, 90 representatives from visitor industry organizations, chambers of commerce, hotels, airlines, visitor attractions and businesses across the state.

Companies that have received emergency funding as part of the federal government's economic recovery efforts have been scrutinized for business travel and that has caused an increased downturn in business and convention travel nationwide.

Lingle's office said the effect has been difficult for Hawaii, which continues to position the state as a place to do business as well as a leisure and travel vacation destination. So far this year, 132 groups have canceled meetings and incentive trips to Hawaii, representing a total loss in direct revenue of \$58.8 million and an overall economic impact to the state of \$97.6 million.

U.S. Travel Association Launches Nationwide Search for 'Faces of Travel'

Successful Meetings

April 2, 2009

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Message on travel needs new direction

Atlanta Journal Constitution

By Jeff Clarke

April 2, 2009

Hotel occupancy in downtown Atlanta — a major convention city — fell 20 percent in December. In Orlando — a favored spot for business gatherings — the number of conventions and trade shows during the last six months of 2008 declined 25 percent from the year before. With an 11 percent decline in visitors in December, cab lines in Las Vegas have all but disappeared.

These are some of the bellwethers of the U.S. travel economy. They reinforce the fact that travel and tourism, which accounts for 10 percent of U.S. GDP, is in the midst of its worst recession since 9/11.

Yet even in this challenging environment, members of Congress and the administration have made statements critical of business travel. Although directed at a handful of companies receiving emergency federal loans, their comments have had a chilling effect on all businesses, betraying a poor understanding of the role that travel plays in the American economy.

The U.S. Travel Association reports business travel alone generates \$240 billion annually in spending, 2.4 million jobs and \$39 billion in federal, state and local tax revenue. The beneficiaries of this economic activity are not just the airline and hotel industries but also cab drivers, waiters and waitresses, cleaning staff, bellmen, flight attendants and travel managers. Their wages support local economies.

The travel and tourism industry is one of the most important engines of economic activity in the U.S. Travel-related employment totaled 8.6 million in 2007, according to the U.S. Department of Commerce. Department data show that every two direct tourism jobs generates an additional indirect tourism job.

Actions that discourage travel will only add to the revenue and job losses that have hit all segments of the travel industry. The Department of Labor reports that the U.S. lost nearly 200,000 travel-related jobs in 2008. The Department of Commerce predicts 247,000 more job losses this year.

The debate in Washington should not be between business travel and no business travel. Instead, it should be about responsible business travel.

Businesses — including our own — have already taken steps to reduce business travel and meetings in order to save costs. We find great value in business travel, particularly when it enables our business leaders and employees in far-flung offices around the globe to work more effectively together and with our customers and suppliers. It's an investment in our business. But in a deep recession, cutting back on travel is the prudent thing to do.

The debate around business travel raises an even larger point, and that is the federal government's role in promoting travel to the United States.

Even in the midst of a global recession — particularly in the midst of a global recession — Washington can do more to encourage international travelers to visit America.

Today, the U.S. is one of the few developed nations without a national organization responsible for promoting travel and tourism — and it shows in our travel statistics. As large as our travel economy may be — and it's the largest in the world — it could be larger.

U.S. Travel estimates the decline in travel to America since 9/11 has cost 46 million visitors, \$140 billion in lost visitor spending and \$23 billion in lost tax revenue. Had we tracked global travel trends during this time, the U.S. economy would have created 340,000 more jobs in 2007.

To reverse this decline, Travelport and our industry organizations are aggressively supporting the “Travel Promotion Act.” It would create a public-private partnership to promote travel to the United States and communicate U.S. security and entry policies. It would be funded through private sector contributions and a fee on international travelers who use the Electronic System for Travel Authorization (ESTA) — that is, citizens of countries whose travelers do not need a visa to enter the U.S.

We also need to make travel easier by developing more effective, efficient air travel security. Increased funding for technology and staff at U.S. air and land points of entry is another important step in making it easier to travel to America.

What happens in Vegas — or Orlando, Atlanta, Chicago and New York — affects the entire U.S. economy. The efforts we make today to promote responsible business travel along with travel and tourism overall will protect and create jobs while ensuring a robust recovery once the economy improves.



CSPAN

April 2, 2009

Shelly Berkley, Democratic Rep. from Nevada: During the past few months legitimate business travel for meetings, events and incentive programs has dramatically decreased across the country especially in my district of Las Vegas. The decline is due in part to the state of our economy, but also to a perception that Washington is seeking to limit these legitimate business practices.

This negative perception has created an environment that every business in the United States is beginning to question whether or not they should hold a meeting, an event or incentive travel programs. As you know, Mr. Chairman, every canceled meeting or event means less business for the hotels, conference centers, restaurants, small companies across the country that cater to business travelers.

Hardworking middle-class Americans, like those in my district, and I have 10.5% unemployment, not the CEO 's, are people who ultimately pay the price of companies continuing to cancel business meetings and incentive travel. I would like to clarify with the chairman that nothing in this bill or the amendments to be offered today would discourage or limit the use of meetings, events and incentive travel organized by a company to serve legitimate business purposes.

This bill deals only with compensation, not with travel. Any incentive that was performance based would be fully allowed if by selling a certain number of things you earned a trip, that would be allowed. So in general, it specifically does not deal with travel for the business and it would allow performance-based incentives for this or any other purpose. I thank the gentleman for clarifying the legislation and the language, and I yield back the balance of my time.

The New York Times

Hard Times? Time to Take Off

New York Times

By Michelle Higgins

April 2, 2009

WHEN Suzanne Schaefer was laid off from her position as a recruiting manager in the New York office of Lehman Brothers in November, she did the things most people do in her situation. She revised her résumé. She contacted headhunters. She commiserated with friends and consulted mentors.

And then she went on a two-week vacation to Vietnam.

“For years I’d been working hard — 60 to 70 hours a week, not being able to take a vacation,” said Ms. Schaefer, 33, who cashed in her frequent-flier miles for the flight and took advantage of a 15 percent discount that Intrepid Travel, an Australian-based tour operator, has been offering to people who were recently laid off, bringing the total cost of the trip to just \$1,500. “I started realizing, hey, when else do you have more than a week and a half to go somewhere?”

Next on her list: South America.

Ms. Schaefer isn’t alone. As the world economy tanks and stories of financial despair abound, a surprising number of travelers (some who are still collecting paychecks and some who are not) are deciding to take advantage of the recession’s inevitable effect on the tourism industry. Some airfares are at the lowest level in years, and hotels are scrambling to fill rooms by cutting rates 40 percent or more.

Just like the vulture investors who swoop down and take over troubled companies at a fraction of their former market values, these vulture vacationers are finding that there are some incredible deals out there for people who can still afford to take advantage of them.

That’s why Dennis Weber headed to China in February for a 10-day tour of Beijing, Xian and Shanghai. Mr. Weber, a 60-year-old slate roofer from Conestoga, Pa., took advantage of a trip organized by Friendly Planet Travel, based in Jenkintown, Pa., that included 12 meals, guided tours and flights to, from and within China. The total cost: about \$1,400. “If I was going to do this on my own, the airfare alone would have turned out to be \$1,475,” Mr. Weber said.

Mr. Weber, a longtime stock investor who says he made decent profits before the market turned south late last year, explained that the continuing downturn in share prices persuaded him to divert his money elsewhere. “My thought was some of the best investments I could make would be to spend my money on travel right now,” he said in a recent phone interview.

Certainly, the low prices being offered provide plenty of incentives for people who feel that they would rather live it up than put their money into a 401(k) that may only plummet in value over the next year.

The average one-way domestic coach ticket bought in advance was \$106 in early March, down about 20 percent from \$135 in early July, according to Harrell Associates, a consulting firm that tracks airfares. In some cases, fares have dropped more than \$100 in just a few weeks. A March flight to London from Chicago on United, for example, was \$475.60 on March 4, down from \$629.90 the month before, according to the airfare tracking site Yapta.com. A flight to San Juan, P.R., that same month from New

York on JetBlue dropped to \$258, just two weeks before the trip from \$374.20 in February and \$424 in January.

As hotels cut prices to entice travelers, average room rates have come down about 20 percent, to \$180 in the Caribbean; about 25 percent, to \$119 in Europe; and 32 percent, to \$108 in Australia and the Pacific islands, according to the latest data available from Smith Travel Research.

Starwood Hotels and Resorts is offering 50 percent off the next night to customers who pay the normal rate at hotels across North and South America, bringing a two-night stay at the W New York to \$343, for instance. A four-night stay at the Atlantis Resort in the Bahamas, normally from \$390 a night or \$1,560, can now be had for about \$1,000. Travelers who book an air-inclusive package through the Nassau Paradise Island Promotion Board can also get a \$200 rebate. The Red Mountain Resort & Spa in St. George, Utah, is offering a signature package for \$199 a person a night that includes lodging, three meals a day, hikes and fitness classes.

Even the Four Seasons, which has long maintained a no-discounts policy, is offering three nights for the price of two in dozens of popular cities around the globe including New York, London and Bangkok. Some individual Four Seasons hotel promotions are even lower, like the Miami Nice package, which offers two nights for \$299 a night, down from standard rates of normally \$375 and up.

Meanwhile, the dollar has strengthened against many foreign currencies, making places like New Zealand, where the U.S. dollar has been buying about 40 percent more from a year ago; India, where the dollar is up about 25 percent; and Britain, where the pound recently fell below \$1.40 — its lowest point in seven years — even more of a bargain.

TRAVEL agents say that a kind of carpe-diem attitude is beginning to take hold among some customers, as travelers weigh whether to hold off on spending in case the economy worsens and that money is needed down the road or to cash in now while they can on that trip to Thailand or to that luxury resort in Mexico.

“People are saying, ‘Well look, if I’m not going to retire at 69, I’m going to take that walking trip in Tuscany,’ ” said Barbara Banks, director of marketing at Wilderness Travel, an adventure travel company based in Berkeley, Calif.

Like so many Americans who saw their portfolios sink when the economy turned, Susan Minor, a federal worker in Washington, said, “I did take a big hit.” But with no children and a secure job, she is taking advantage of travel deals while she waits for her retirement savings to bounce back.

For her birthday in July, Ms. Minor booked a two-for-one cruise deal on a 10-day Arctic tour from Adventure Life, a small tour company based in Missoula, Mont., and is splitting the rate — \$5,395 not including flights — with a friend.

Christen Duong, 28, from San Francisco, who founded a company that builds travel applications for mobile devices about two years ago, before the economy soured, said, “I’m not taking leisure spending lightly. But at the same time, some deals are too good to pass up.”

After spotting a \$299 four-day package to Honolulu that included airfare, Ms. Duong jetted off to Hawaii with her boyfriend for Presidents’ Day weekend. After taxes, the trip, offered by Pleasant Holidays, based in Westlake Village, Calif., came to just \$330. “It was a no-brainer,” she said. “To me it was the cheapest airfare, plus a free hotel.”

Some travelers are taking advantage of discounts to go places they have long dreamed of at once-in-a-lifetime prices. Maureen Meixner, a psychotherapist from Lakewood, N.J., had wanted to visit the Galápagos Islands for years. “It was on my bucket list,” she said. So when she saw that Adventure Life was offering \$1,200 off seven-night Galápagos cruises, she knew this was the year to go. “It was, well, why not?” said Ms. Meixner, who traveled with her husband, Arthur; his brother, Bernard; and her sister-in-law, Diane, in February, paying \$3,495 each for the cruise.

Vincent Orza, dean of the Meinders School of Business at Oklahoma City University and an avid cruiser, has sailed on more than 70 cruises with his wife, Patricia, and daughter, Alixandra, sometimes as an onboard lecturer. But he had never taken a Seabourn cruise because of the high cost of the luxury line.

“It’s always been one of the priciest ones out there,” he said.

So when he heard that Seabourn was offering as much as 50 percent off, he not only jumped at the offer, he also booked two. For the back-to-back cruises, which sail along the Côte d’Azur of France and the Spanish islands, beginning and ending in Monte Carlo, Mr. Orza paid about \$6,100 a person — more than half off the brochure price of \$14,280.

Some vacation vultures can’t help feeling a pang of guilt when planning a trip while many others are losing their jobs. But the guilt isn’t significant enough to keep them home.

“I feel sort of bad where we’re going for three vacations, and you read these sad stories in the paper,” said Paul Kovac, an 82-year-old retired electrical mechanic from Sycamore, Ill., who has plans with his girlfriend, Dorothy Shultz, 77, to visit Central Europe, Greece and Hawaii this year, with Cosmos, a budget tour operator based in Littleton, Colo.

Last month the couple spent five days in Las Vegas after finding a deal too good to pass up: hotel, airfare and tickets to a Cirque du Soleil performance all for less than \$500 each.

“We couldn’t refuse,” said Mr. Kovac, who said past trips to Las Vegas have run the couple upward of \$1,400. “Everybody is hurting, so there are great prices.”



Outlook For US Airline Business Travel Remains Grim

CNNMoney.com

April 1, 2009

CHICAGO -(Dow Jones)- A sharp slowdown in business travel, the best moneymaker for major airlines, will cut into U.S. carriers' profits this year, and the picture doesn't look much better for 2010.

According to the Federal Aviation Administration, overall domestic air passenger traffic will fall nearly 9% this year, while international bookings are expected to decline by 2.4%. The FAA expects to see travel growth return in 2010. But business travel may take longer to recover.

Business travel, which accounts for most first-class and business-class ticket sales, has suffered from deeper cutbacks than leisure travel, as companies face a global recession. Even when trips aren't canceled, employees increasingly are moving to economy class seats.

Airline consultant Michael Boyd estimates that trans-Atlantic passenger revenue, mainly driven by business travel, is down 15 already this year compared with 2008. He said he thinks airlines will need to keep shrinking capacity this year and into 2010, as passenger demand remains weak and costs, especially for fuel, keep rising. "Growth is not in the picture," he said.

Ken McGill, travel analyst at Global Insight, said in a presentation this week that he believes the U.S. economy will start growing early in 2010, spurring more interest in leisure travel. But business travel, hard hit by falling corporate profits amid dried-up credit markets, will take longer to turn around. There's also what he calls the "AIG effect," including public scrutiny of corporate spending, and the potential "vilification of business travel spending."

The U.S. government's fiscal stimulus plan should increase some business spending for travel, McGill said, but he predicted that the number of business trips for the next four years will be sharply lower than the peak year, in 2008. Overall travel prices are expected to bottom out in mid-2010, he said. During 2008, he said, "falling prices will more likely result in a shift in spending rather than additional spending or trips."

Boyd, who heads The Boyd Group in Evergreen, Colo., said the first sign of a travel turnaround will emerge when consumers start booking more trips to Las Vegas. He said he doesn't expect that market to pick up until 2011, with an upswing in business travel to come even later.

If travel demand were to pick up next year, U.S. airlines, which have substantially downsized in the past year, would be unable to fill the demand, Boyd said. "That would be great for the airlines, but tough for passengers," and would limit business travel growth.

Meanwhile, Boyd said, carriers like Delta Air Lines Inc. (DAL), American Airlines, a unit of AMR Corp. (AMR), and Continental Airlines Inc. (CAL), have adequate liquidity to weather turbulence this year, and the flexibility to ground more aircraft if fewer passengers are flying.

MEETINGSNET

The Good Fight

Corporate Meetings & Incentives

By Sue Hatch

April 1, 2009

In late February, Northern Trust gathered employees and clients in Los Angeles for a golf tournament and headline entertainment. When reports of the event surfaced, the Chicago-based bank, which received \$1.5 billion in federal bailout money, joined AIG, Wells Fargo, and other financial institutions on the firing line for holding events deemed inappropriate for companies shored up by the government's Troubled Asset Relief Program.

The Northern Trust event became a lightning rod, bringing prominent legislators to the bully pulpit to rage against unseemly use of taxpayer funds, but also galvanizing industry leaders to fight back against negative perceptions.

Among the lawmakers speaking out was Rep. Barney Frank, chairman of the House Financial Services Committee, who with 17 colleagues, sent a letter to Northern Trust's chief executive demanding repayment of entertainment expenses. Separately, Sen. John Kerry, D-Mass., introduced legislation to prevent companies that have received TARP funds from hosting, sponsoring, or paying for conferences, holiday parties, and entertainment events during the year in which they receive funds, unless they get a waiver from the Secretary of the Treasury.

The industry has responded on numerous fronts, with a major push coming from a coalition of industry organizations, led by the U.S. Travel Association. In early March, the coalition unveiled the "Meetings Mean Business" campaign. Its Web site, www.meetingsmeanbusiness.com, offers resources such as sample letters to legislators and a link to a recommended meetings and events policy for companies receiving taxpayer bailout funds. (See box above.)

The campaign also has a paid advertising component, which placed a full-page ad in USA Today. More are expected to follow. The ad challenged readers to dial-down the anti-meeting rhetoric: "Want to lose one million more jobs? Just keep talking," read the headline. Ten top hotel companies also banded together to run ads on prominent Web sites read by U.S. legislators.

During a conference call with hotel companies, convention bureaus, independent planners, media, and others, Roger Dow, president and CEO of U.S. Travel, said the Meetings Mean Business campaign will address the three "Vs" of meetings and incentives: Value to business, Value to the community, and the Victims of cancellations. The industry coalition hopes ultimately to convince the Treasury Department to use its model meetings and events policy as the basis for regulating meetings at companies receiving emergency government lending, to quiet negative rhetoric, and to defeat bills that aim "to become the nation's meeting planner," Dow said.

Dow said that a "grassroots army," is needed for the effort. "It's time for our industry to stand up and be heard," he said.

One organization that took him to heart was the Spokane (Wash.) Regional Convention and Visitors Bureau, which hosted a rally in March that drew over 200 elected officials, business owners, and industry employees. Participants wore pins and carried signs that said, "Meetings Mean Business."

Keep It Home

Nick DeBenedictis, chairman of the Philadelphia CVB, also took action. In a March 5 editorial in the Philadelphia Daily News, he called on businesses to meet locally. “This is the year to bring, or keep, meetings and conventions home in Philadelphia,” he wrote. “Meeting-related activities stimulate the economy and help maintain and increase jobs in the hospitality industry — restaurant staff and hotel housekeepers to valet and taxi drivers and everyone in between — affecting the people who need to stay employed during challenging economic times.”

The New York Times

Conference Industry Fights Wave of Cancellations

New York Times

By Susan Stellin

March 30, 2009

**Also appeared in the Miami Herald on April 6, 2009.*

The travel industry, hit hard by the public uproar over lavish company getaways, has been pushing back, and its message is essentially this: You say junket, we say jobs.

In a lobbying effort spearheaded by the U.S. Travel Association, industry representatives have met with President Obama, released a flurry of statistics about the economic contribution of meetings and events (\$101 billion in spending, one million jobs) and have even established a “rapid-response war room” to address “false accusations against legitimate travel activities.”

“It’s causing a huge unintended consequence — namely, all those organizations that have received government assistance, and many that haven’t, are canceling meetings like crazy because they don’t want to be seen as excessive,” said Roger Dow, president and chief executive of the travel association.

The public anger started to rise last fall, when the American International Group held a luxury retreat for employees shortly after getting \$85 billion in bailout funds. Since then, banks that received federal money have found themselves in the cross hairs.

According to the travel association’s survey of hotel companies representing a fifth of the market, \$220 million in room revenue was lost in January and February from event cancellations. Starwood Hotels and Resorts Worldwide said it has booked 40 percent less group revenue at its company-operated hotels so far in 2009, which has meant eliminating 6,000 employees, a 10 percent cut in staff.

“Our cancellations are up 50 percent,” said Frits van Paasschen, Starwood’s president and chief executive. “And when a group cancels, they leave a considerable amount of money on the table.”

The travel industry is lobbying against a Senate measure that limits “luxury” spending for corporate travel by companies that have received federal bailout money. And it has been working with the Treasury Department, which, as part of the bailout legislation, has been asked to determine what qualifies as an “excessive” or “luxury” expenditure.

“If there’s steak served at a meeting, is that excessive?” Mr. Dow asked. “If there’s golf, is that excessive? It’s a matter of how you define excess.”

Toward that end, the U.S. Travel Association and other industry groups have come up with their own guidelines on how to make sure events serve legitimate business objectives.

These are among their suggestions: requiring a written business case for events that cost more than \$75,000, making sure that at least 90 percent of those attending incentive programs are not senior executives from the host organization and — for events attended only by top executives or board members — requiring participants to pay for “nonbusiness-related activities.”

“These guidelines are the very, very broad basis of smart meetings management,” said Bill Connors, executive director of the National Business Travel Association, which helped write the document. “A big component is, does the meeting have a purpose for the corporation?”

One question raised by the industry’s campaign is how much of the business they are losing is the result of the “A.I.G. effect” as opposed to companies simply cutting back on spending.

As evidence that perception is playing a role in decisions about whether and where to hold a meeting, Mr. van Paasschen of Starwood cited clients who had shifted events from Las Vegas to more expensive destinations like San Francisco. When meetings do take place, discretion is the new mandate.

“We had a group meeting at one of our hotels, and our client didn’t want the name of their firm on their name tags,” he said. At another event, he said, extra security was hired to keep journalists away.

Luxury hotels have been hit especially hard. Bill Marriott, chairman and chief executive of Marriott International, gave one example in a recent entry on his blog: 32 event cancellations at the Ritz-Carlton, Half Moon Bay in California in the last four months.

But a comment posted by one reader captures just how conflicted many people feel about companies spending money on luxurious travel when they are cutting staff.

“As a Marriott shareholder, I want to see our hotels and resorts full,” wrote Hank Mancini, a manager for a medical device company in Irvine, Calif. “On the other hand, it does not seem reasonable to me for a business to spend on something that is not necessary if employees are being laid off or having benefits reduced.”

One of the areas most likely to be deemed unnecessary is incentive travel — trips to resort destinations that reward top-performing staff or a firm’s best clients.

Christine Duffy, president and chief executive of Maritz Travel, which plans these types of events for clients, said her company lost nearly \$150 million in revenue because of canceled programs from mid-October to Jan. 1 — 23 percent of its annual revenue.

“What we’ve never seen before is this A.I.G. effect, where people are just outright canceling programs,” she said.

Ms. Duffy said most incentive trips were not for senior-level executives and did not involve Super Bowl-type events. Rather, she said, many involve independent sales agents for companies like automotive dealers or kitchen cabinet manufacturers, and she argued that they did have measurable benefits in terms of product sales, employee loyalty and customer retention.

“These trips have been a mainstay of lots and lots of businesses,” Ms. Duffy said. “Unfortunately, I think it’s something that’s not well understood by the general public.”

While the benefits of some events can be difficult to measure, there is research supporting the case for incentive travel.

Scott Jeffrey, an assistant professor of management sciences at the University of Waterloo in Canada, has found that incentive trips pay off in terms of increased employee loyalty, lower turnover and better performance.

“The real thing that these travel events do for employees is show them that they’re valued,” Mr. Jeffrey said. “And at the end of the day, that’s what you want — employees who are committed to the organization. If they’re only committed to the paycheck, they can be bought away.”