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Testimony to the New York City Council Economic Development Committee &
Cultural Affairs, Libraries, and Intercultural Intergroup Relations

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Good morning, Chairman Vallone, Chairman Van Bramer, and the members of the Committees on Economic Development and Cultural Affairs, Libraries, & International Intergroup Relations. My name is Fred Dixon, I am the President and CEO of NYC & Company. I am joined today by our Chief Marketing Officer, Nancy Mammana. We thank you for this opportunity to share the impact of COVID-19 on the City's tourism and hospitality industry, what NYC & Company has done to support the industry from the beginning of the pandemic, and our efforts to resuscitate the industry as we work towards economic recovery.

I would like to provide a quick background on who we are and what we do as an organization. NYC & Company is the official destination marketing and tourism organization for the five boroughs of New York City. We are also often known as the convention and visitors bureau (CVB). Our mission is to maximize travel and tourism opportunities throughout the City, build economic prosperity and spread the dynamic image of the five boroughs around the world.

We are a 501(c) 6, private, not-for-profit, member organization and represent the interests of nearly 2,000-member businesses and organizations from across the five boroughs. We are governed by an 85-member board of directors, which represents a diverse range of businesses from across the city. Our members range from hotels, cultural organizations, restaurants and attractions to BIDs and Chambers of Commerce. Together they fund about half of our operations. We also hold a procurement contract with the Department of Small Business Services to provide the City of New York with certain tourism marketing services.

In March of this year, along with everyone else, our world completely changed due to COVID-19. By the time April came, the NYC travel and tourism industry ground to a complete stop. The city that never sleeps went to sleep. The 400,000 direct and indirect jobs powered by the travel and tourism industry were thrown into limbo, upending the lives and businesses that make New York City so magical. Major events, meetings, conventions, sporting events, performances and concerts were postponed or canceled. Restaurants, retail stores, theaters,

cultural institutions and sports arenas shuttered. Hotels closed altogether or transitioned from welcoming guests to housing emergency and frontline workers.

Travel and tourism has long been a driver of economic prosperity and urban vitality for New York City. Last year marked the tenth consecutive year of growth in visitor spending, business revenues, job creation, new investments and city tax revenues. The pandemic response has taken a noticeable economic toll on our industry's businesses and workers.

Let me give you a brief overview of the economic costs of the pandemic and subsequent pause we endured due to it.

We can expect overall visitor spending in CY 2020 to drop by over two-thirds, even as there has been a small pick-up in weekend hotel stays. Last year, visitors spent over \$46 billion in the city. This year, despite a good beginning in January and February, that number is likely to drop to about \$16 billion as fewer visitors have fewer places and activities to spend money on. Additionally, hotel room demand, always a leading indicator, has fallen by about 68% since the start of the pandemic response in March 2020. At current occupancy levels, it will be off about 23 million room nights compared to CY 2019. Moreover, hotel taxes (HROT at 5.875% and \$2 fee) are likely to fall by almost \$500 million compared to CY 2019.

Given this reduction in visitation and spending, especially by over-night travel and international visitors since March, the city's Leisure & Hospitality sector has lost more jobs than the Information, Financial, and Professional & Business Services sectors combined. In August, L&H jobs were down 49% on average. That represents over 231,000 jobs in NYC, but some business sectors were even more hard hit.

Restaurants and bars, which rely on visitors for about one-third of their revenues, have been the most affected in terms of actual number of jobs (a loss of 144,200 jobs as of August, down over 45%). It was good news, that when seated dining became available, the restaurant sector added back 10,000 jobs between July and August this year.

On the other hand, the smaller in numbers Arts, Entertainment and Recreation sector has been harder hit. Six in ten jobs in the sector are supported by visitor spending. As a result, in August, the sector has lost 65% of its jobs, a continuing loss of 62,400 positions even as the city has begun to reopen for local residents. Driving much of this is the loss of jobs in the performing arts – down 70%, a loss of 31,700 jobs. Museums are still off by 44% even after beginning to open last month (but are still down over 6,300 positions).

Even as many hotels have continued to operate on a limited basis, there has been a loss of almost half the jobs in Traveler Accommodations, still down 24,000 positions in August. Therefore, it is evident the value that this industry brings to the city's economy but also the uniqueness of NYC.

On a personal note as CEO, I faced tough decisions for our organization. While dealing with the very early loss of one of our own to COVID, we had to assess our own fiscal reality as the city's destination marketing organization. In conjunction with Board leadership and our Executive team, we made difficult decisions that made us leaner and more nimble as the future remained uncertain for our industry and the city overall. Thus, we can relate to our industry partners and members, who faced similar challenges in order to survive. I have to say I am incredibly proud of our staff who quickly pivoted to support the industry and our partners in government, to ensure the city we love survives this pandemic and economic fallout while going through these immensely difficult changes at work and to their personal lives.

NYC & Company played a vital role in connecting, convening, and supporting critical sectors of the economy from the earliest days of the pandemic. That responsibility addressed five key areas: supporting City relief efforts; providing advocacy support to the industry; driving immediate local spending through online platforms; making sure we continue to book group and event business for future years while still planning recovery efforts for the industry. From developing virtual opportunities to support NYC restaurants, retail, and cultural communities to assisting the City's Office of Emergency Management in finding hotel rooms for healthcare workers, NYC & Company continued to be a trusted resource and a pillar of strength for the industry.

Our online platforms of Virtual NYC, Shop in NYC, Dine in NYC, and most recently NYC Virtual Field Trips and NYC Virtual Site visits for event organizers served the immediate need of keeping residents and audiences around the world connected to our city through virtual content as stay at home orders were put into place. This allowed us to keep NYC's restaurant, retail, and cultural sectors top of mind and gave opportunities for consumers to continue to support business and institutions they loved. As lockdowns began to ease, we pivoted to encourage real engagements, launching a new promotion in support of artists, the creative community and the arts and cultural sector with All In NYC: Public Art Edition. Focused on outdoor experiences it highlights free, public art throughout the five boroughs as a way to begin safely exploring neighborhoods again. As racial unrest enveloped our country, we stepped up and created new content and messaging for our newsletters, website and social media channels dedicated to support for black-owned businesses - restaurants, venues, and retail shops - throughout the city. We continue that effort today and are expanding it as we go forward.

Falling under the Deputy Mayor of Housing and Economic Development's portfolio, we made sure our industry partners received the latest updates from the city and confirmed to her office what was happening on the ground as it pertained to tourism businesses. I was invited to support the Deputy Mayor along with Commissioners Casals and del Castillo on the Mayor's Arts, Culture, and Tourism Advisory Sector Council.

Even working as a leaner organization today, NYC & Company remains dedicated to revitalizing the city's economy. We rely heavily on our government and industry partners to do so. Therefore in June, we brought together key stakeholders from across the boroughs including public health partners to establish The Coalition for NYC Hospitality and Tourism Recovery. The first objective of the Coalition was to create a tourism recovery plan and on July 7th we released "All In NYC: The Roadmap for Tourism's Reimagining and Recovery." Utilizing our strength as the city's destination marketing organization, major components of this plan included our ongoing revitalization campaign, *All In NYC*; our health initiative, the *Stay Well NYC* Pledge; tactics for our renewed commitment to diversity and inclusivity, especially in lifting up NYC's BIPOC (Black, Indigenous, People of Color) communities; and how putting hyperlocal exploration, along with staycation messaging, will be at the forefront of our initiatives until a time when domestic, and ultimately, international travel resume. From the onset, we have worked closely with NYCEDC and Small Business Services to engage businesses both big and small to join in this important effort.

I will now turn it over to our Chief Marketing Officer, Nancy Mammana, to discuss in more detail the All In NYC campaign.

[Nancy Mammana speaks.] Good morning and thank you for the opportunity to share our work. All In NYC, our new revitalization campaign platform, launched alongside our coalition's recovery roadmap on July 7th. It is designed to help New Yorkers reconnect with the city they love and remind them that New York City remains the greatest city in the world. This deceptively simple tagline and idea embodies how New Yorkers feel about our city and is a reminder of all it has to offer. The overall campaign objective is to revitalize New York City by inviting locals first, and ultimately visitors, to reengage with the five boroughs we know and love. The campaign is being implemented in phases with a full funnel strategy: Awareness first; followed by our Vibrancy campaign— Neighborhood Getaways (citywide offers to encourage safe exploration). Later, it will be followed by a Tourism Campaign with timing TBD (first to encourage safe domestic travel then international when borders reopen and travel restrictions allow).

We released the All In NYC Business Tool Kit to the public on July 30. As of yesterday, 200 businesses have gone All In by downloading it. This exclusive tool kit helps business go All In on the City's comeback by adopting the campaign's branding and rallying cry. It includes comprehensive brand guidelines, custom digital and print assets, and more details on our All In NYC: Opening Up social media initiative designed to promote user generated content created by locals and businesses.

This initiative showcases personal stories of New York City's signature resilience by asking residents and people who do business in NYC to post videos and photos where they open up about how they are All In on NYC and use our hashtag, #AllInNYC. This content shares how they are getting back to work and reopening their doors, as well as what has given them hope over the last few months, how they will responsibly welcome back guests and why they are proud to call NYC home (or the home of their business). As of this week, the total number of #AllInNYC hashtags is over 3,175 with 475 businesses that have contributed more than 850 stories and counting about how they are open and All In for NYC.

Our new Vibrancy campaign, All In NYC: Neighborhood Getaways, launched September 15 and is running in NYC, the Tri-State area, and the Northeast Corridor, with media running on local Broadcast TV, Taxi TV, Facebook, Instagram, Google Search and Programmatic digital advertising as well as in out of home media through JC Decaux and Link NYC. This program is the first of its kind, designed to suit the current moment. It's an invitation to New Yorkers and drive-market visitors to safely rediscover NYC with nearly 200 participants to date. This program evolves NYC Restaurant Week® and NYC Must-See WeekSM into our largest program to date, with:

More offerings: Hotels, restaurants, retailers, attractions and cultural institutions may participate, offering a platform for the breadth of NYC businesses open right now.

More inclusion: For the first time, we are opening the program to businesses that are not currently members of NYC & Company, to ensure support to all sectors throughout the five boroughs.

More time: Instead of the usual two or three weeks, the program will run through the end of 2020, and potentially extend into early 2021.

More flexibility: The program will provide further support by offering businesses the ability to create their own offer(s) with minimal guidelines, as well as the opportunity to change those offers along the way.

More targeting: We've improved the functionality on NYCgo.com to facilitate deeper exploration by neighborhood, with the goal of encouraging participation in multiple experiences during one trip or outing. Our advertising efforts will also target New Yorkers more specifically, especially in the program's early stages, before expanding into the tri-state area and Acela corridor. Its important to note, that all of our messaging and creative reinforce the importance of public health and safe exploration especially mask-wearing and social distancing in compliance with our Stay Well NYC Pledge.

Additionally, our All In NYC: Neighborhood Getaways tool kit is now available for use. Mastercard®, our global partner, will support the program through a robust digital media campaign as well as a compelling statement credit offer. Registered cardholders will be eligible to receive up to \$100 in statement credits from qualifying participating businesses in the program. The credit provides \$10 back for every \$20 spent on experiences (which include dining, retail, cultural organizations and attractions), or \$25 back on every \$100 spent on hotels (which is great encouragement for Stay-cations), up to \$100 in statement credits per cardholder. Participation in the program is free for busiensses and sign-up is a simple process on our website. We welcome additional businesses to participate at any time.

We are also now producing a series of video portraits featuring New Yorkers in the business community who embody the spirit of All In. Through interviews conducted via Zoom and socially distant shoots of their places of business, the series tells stories of people who demonstrate resilience and compassion for their communities, reinforcing the foundation of the five boroughs. We will be releasing these in waves of 5 videos each (one per borough) in paid social media, starting this week.

Lastly, we were required by contract with the City to utilize our international JCDeceaux out-of-home (OOH) media allocation and we therefore launched NYC Misses You Too in Australia, Mexico, Peru, Spain and the UK this summer, to keep the City top of mind for future visitors, while acknowledging our current global reality.

We would like to thank Chairman Vallone for providing a terrific All In NYC video spotlighting his district. We hope you will join him in providing your own personal social media posts showing your commitment to being All In for NYC and enouraging businesses and organizations to be All In as well. We would be happy to send the link to the tool kit afterwards. I will now turn it back over to Fred.

[Back to Fred Dixon] Thank you Nancy. As you can see, NYC & Company has gone All In for NYC to boost our industry and stimulate demand from the

audience at hand using a targeted hyperlocal approach while bracing for unpredictable months ahead. While a significant number of small businesses, attractions, cultural and hotels either remained open or are struggling to open now, there are still integral segments of our industry that can not or have not been able to reopen including many of our city's most storied sectors like Broadway, performing arts, nightlife, music and sports venues, in addition to large-scale public events and major conventions and tradeshow.

Until the public health guidance and protocols are released so these sectors can safely reopen, a full economic recovery will be virtually impossible to attain. Without these vital demand generators, the full allure of NYC as a destination will remain absent.

For those of us watching the national and global picture on travel and tourism, we know that this will be a long road back and especially challenging for large city destinations. We understand this is a marathon not a sprint and are steeled for the long fight ahead to recovery. In the meantime, we believe demonstrating the strength and vitality of New York City through the All in NYC campaign will maintain the integrity of the city's brand, so when it is safe to do so, our 67 million annual visitors will begin to return and be welcomed once again to experience our city's rich and diverse offerings.

In regards to Proposed Intro 1773-A, while we appreciate the intent of this bill, given the city's current fiscal situation, it is our understanding that creating a new Mayor's Office would generate unplanned costs for the city. Therefore, it would make compliance by the Administration and NYC & Company impossible. However I would defer to the Administration to discuss the state of resources available with the City Council. From my organization's standpoint, the proposed office seems duplicative to what NYC & Company has always done and continues to do even in the pandemic, so we will continue to focus on our published recovery roadmap.

I said at last year's hearing that tourism is often the forgotten economic engine for the city. These hearings provide an opportunity to display briefly the accomplishments of the tourism industry and NYC & Company, and how all in we are for New York City. Thank you for allowing us this time to testify. Nancy and I are happy to answer any questions you may have.