

Assembly Committee Informational Hearing: **The Economic Power and Resilience of California's Tourism Industry**

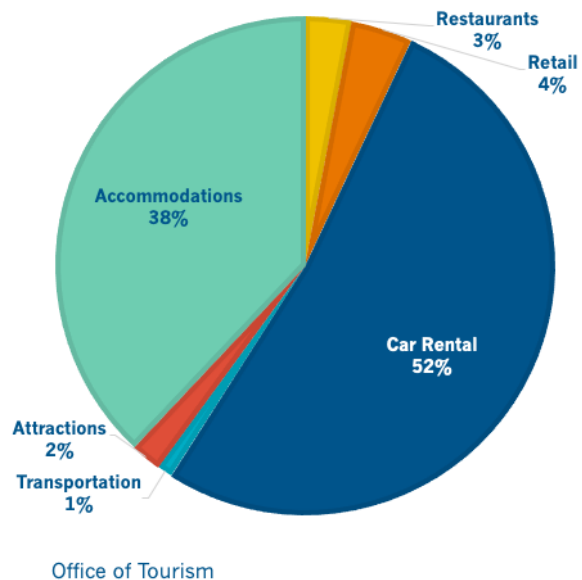
Oct. 14, 2020

- Madame chair, members of the committee, thank you for holding this hearing and for the opportunity to testify today.
- My name is **Caroline Beteta**, the president and CEO of Visit California.
- Today, I'd like to give you an overview of the **SIGNIFICANT ROLE TOURISM PLAYS** in California's economy and describe WHAT HAS BEEN LOST in the coronavirus pandemic.
- I'd also like to talk about the **IMPORTANCE OF SAFE AND RESPONSIBLE TRAVEL PRACTICES** and discuss what the future may look like amid some EMERGING COMPETITIVE DISADVANTAGES.



- To give the committee a little background, Visit California is the **statewide 501 C 6 nonprofit** formed more than 25 years ago to **INSPIRE LEISURE AND BUSINESS TRAVELERS from around the world to come to California.**

California's Tourism Investment



- The organization's marketing efforts are **FINANCED BY ASSESSMENTS ON MORE THAN 21,000 BUSINESSES**, based on the portion of income that comes from travelers.
- Tourism **BUSINESSES AGREE to these assessments**, and a **referendum is held every six years** to determine whether businesses wish to renew the program.

Board Leadership



- Visit California's marketing plans and operations are overseen by its board of directors, whose MEMBERS COME FROM THE TOURISM INDUSTRY.

Economic development ecosystem

Governor Gavin Newsom

Lt. Governor's Interagency Committee on International Affairs & Trade

Assembly Committee on Arts,
Entertainment, Sports, Tourism and
Internet Media

CDFA

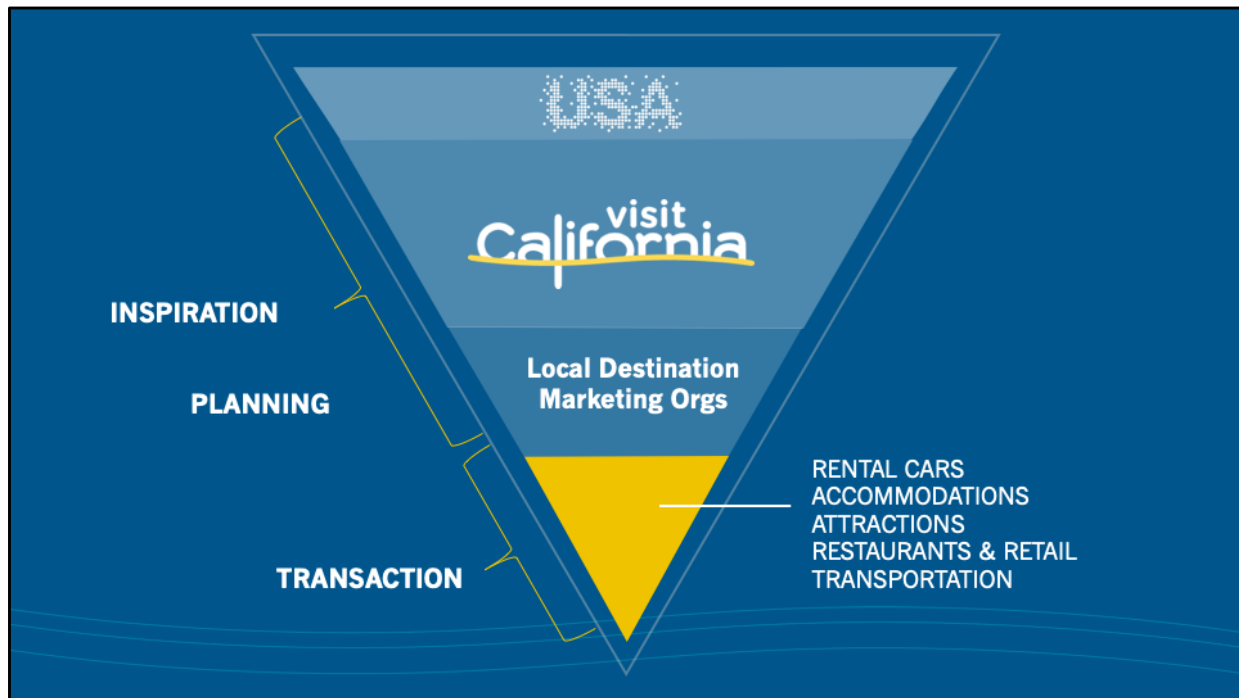
CAL
TRANS

visit
California

Go-BIZ

NATURAL
RESOURCES

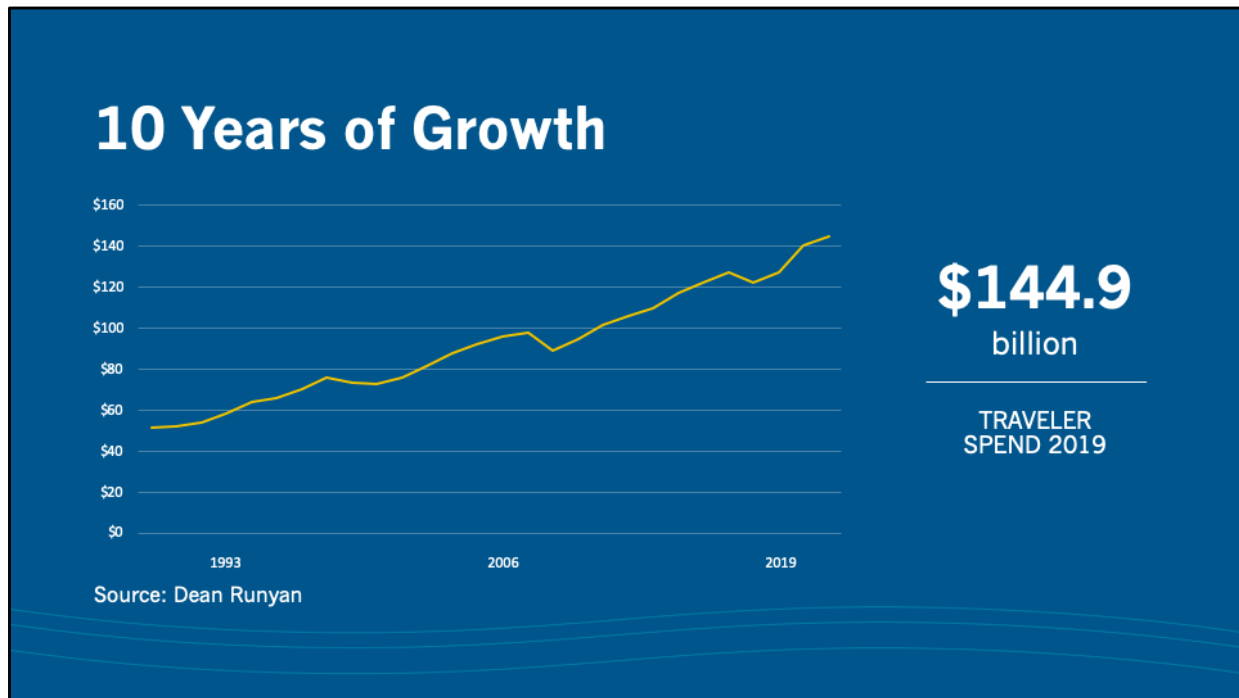
- Some members are **APPOINTED by the governor**, and the **OFFICE OF TOURISM** – a **division of Go-Biz** in the Governor's Office – works collaboratively with Visit California's marketing efforts.



- The organization works daily with hotels, restaurants, rental car companies, theme parks and about **300 LOCAL DESTINATION ORGANIZATIONS** to MAXIMIZE THE MARKETING REACH of the industry.



- It's important to know that **VISIT CALIFORNIA WAS BORN FROM CRISIS.**
- It was formed after **two earthquakes** -- Loma Prieta in 1989 and Northridge in 1994 – **shattered infrastructure and LEFT THE TOURISM INDUSTRY UNABLE TO REGAIN MARKET SHARE** without a vibrant marketing structure.
- Now, as **wildfires have become a seasonal event** that disrupt the lives of so many, Visit California **works closely with businesses to MEASURE IMPACT, COMMUNICATE WITH TRAVELERS and SUPPORT RECOVERY EFFORTS.**



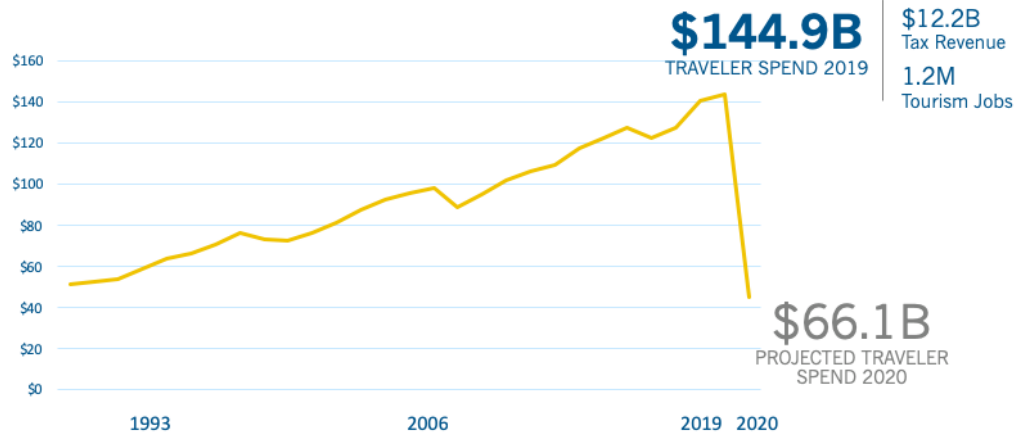
- Visit California has a **PROVEN RECORD OF BRINGING VISITORS TO CALIFORNIA**, with **BILLIONS IN INCREMENTAL SPENDING** attributed to our marketing program annually.
- 2019 marked the **10th consecutive year of economic growth** for California tourism.
- Research from Dean Runyan Associates showed **VISITORS SPENT \$144.9 BILLION LAST YEAR** and generated **\$12.2 BILLION IN STATE AND LOCAL TAX REVENUE** to fund vital local services for California residents.
- That tax figure includes about **\$3 BILLION IN HOTEL TAXES**, money that **funds municipal services across the state**.
- The industry employed **1.2 MILLION WORKERS**, from **restaurant chefs**

and rental car desk agents to hotel general managers and bell captains.



- When the **CORONAVIRUS HEALTH EMERGENCY** began in late winter and early spring, the **impact on the California tourism industry** was felt almost **immediately**.

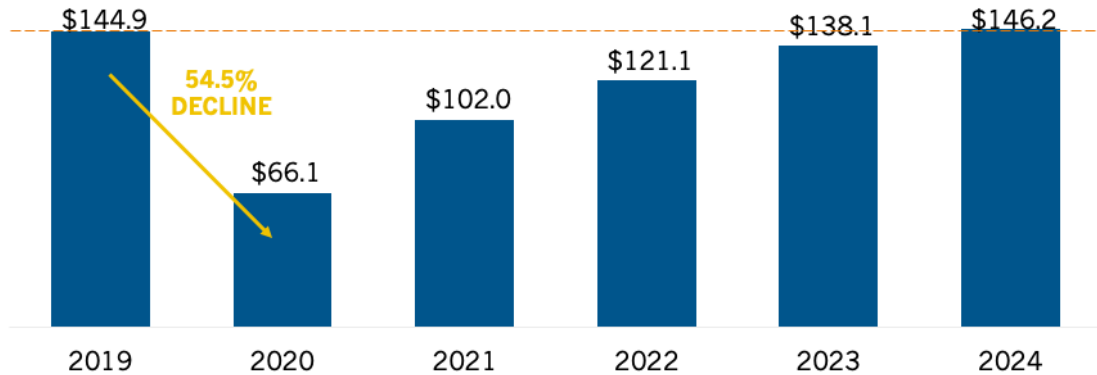
California Tourism's Record Growth Ends



Source: Dean Runyan Associates, Tourism Economics

- The shutdown **cut the state's TOURISM ECONOMY IN HALF**. More than **600,000 HOSPITALITY WORKERS lost their jobs**.
- That initial analysis was dire enough: The hit on California's tourism industry was **NINE TIMES WORSE THAN AFTER THE 9/11 ATTACKS**.
- Today, I can reveal that the latest California **research from Oxford Economics** shows the **BAD SITUATION THAT PRESENTED ITSELF IN MAY IS GETTING WORSE**.

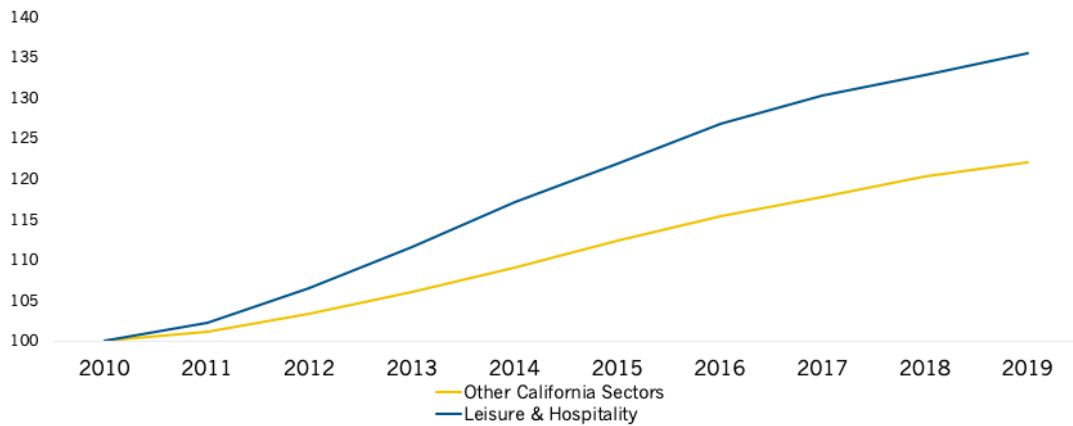
Travel Spending Forecast



Source: Tourism Economics, Sept. 25 Forecast

- **Visitor spending** is now **PROJECTED TO BE DOWN 54.5 PERCENT** from last year – from **\$144.9 billion to just \$66.1 billion**.
- Oxford now projects the **INDUSTRY’S RECOVERY WILL TAKE AT LEAST FIVE YEARS**.
- And that view is **based on the availability of a vaccine** early next year and **another round of federal stimulus**, two factors that remain in doubt.

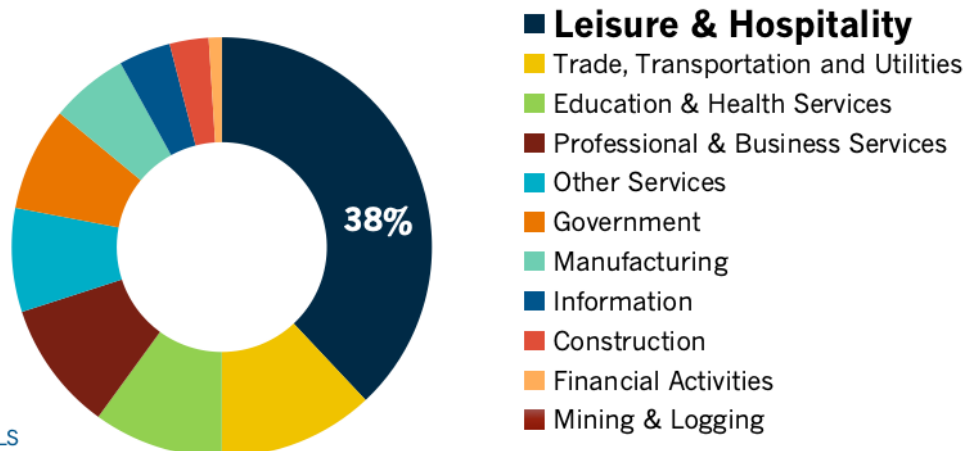
California Leisure & Hospitality Employment Outpaced Other Sectors



- Over the last decade, leisure and hospitality job growth has far outpaced other sectors in California.

Hospitality Share of Employment Loss

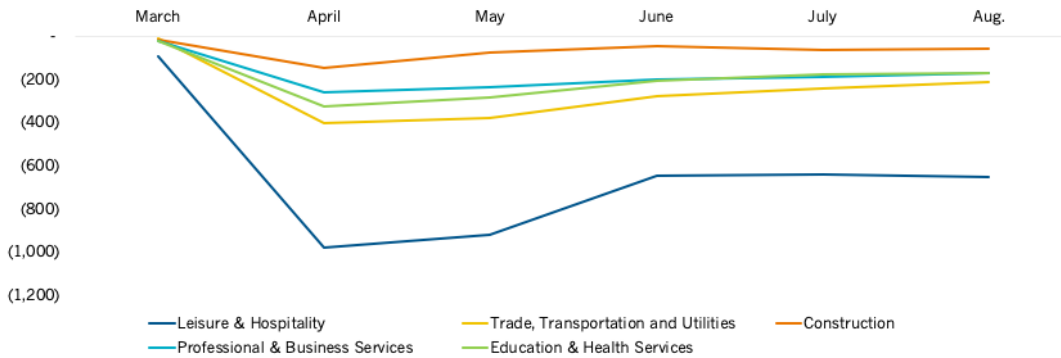
% of All California Jobs Lost Since February



Source: BLS

- Bureau of Labor Statistics information now shows that **ONE-THIRD OF LEISURE AND HOSPITALITY JOBS IN CALIFORNIA WERE LOST** between February and September.
- Nearly **4 IN 10 OF ALL JOBS LOST** in California during that period were **from the hospitality and leisure sector**.

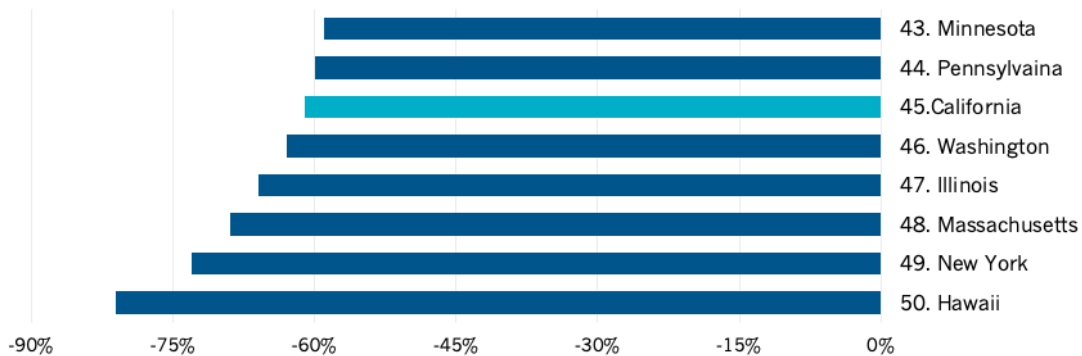
Hospitality Lost More Jobs, Slower Comeback Than Other Sectors



Source: BLS

- These numbers do not account for the recent LAYOFFS AT DISNEY and the recent round of job reductions at AIRLINES.
- Numerous tourism businesses have SLID INTO BANKRUPTCY OR GONE OUT OF BUSINESS. Others are hanging on by a thread.

States with Biggest Tourism Losses



Source: Tourism Economics

- **THE PANDEMIC HAS HIT CALIFORNIA'S TOURISM INDUSTRY HARDER THAN OTHER STATES, PARTICULARLY IN OUR GATEWAY URBAN CENTERS** – Los Angeles, Orange County, San Francisco, San Diego.
- **BEFORE THE PANDEMIC, CALIFORNIA WAS THE COUNTRY'S TOP TOURISM ECONOMY. IT'S NOW AMONG THE WORST-PERFORMING: ONLY FIVE STATES HAVE LOST MORE VISITOR SPENDING SINCE MARCH.**
- **Recovery will be difficult, even for a resilient industry** such as tourism.

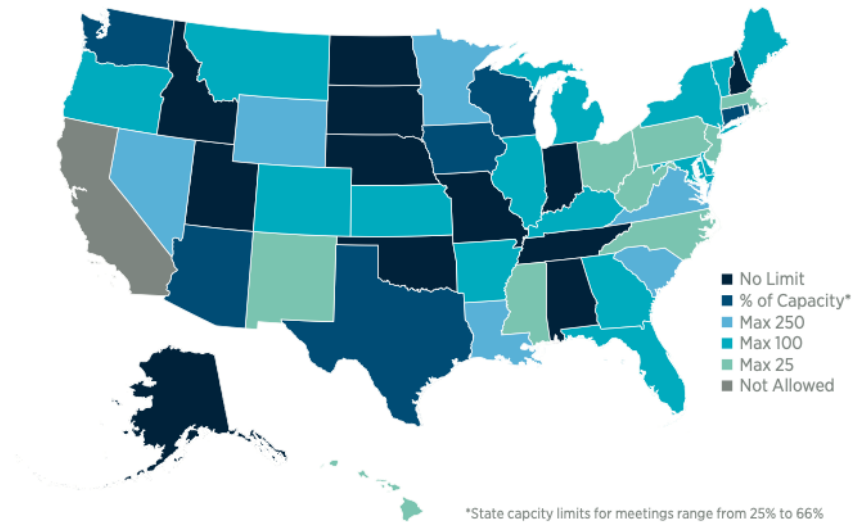


- Disneyland, Universal Studios, and other **ATTRACTIONS STILL AWAIT A GREEN LIGHT FOR SAFE REOPENING**

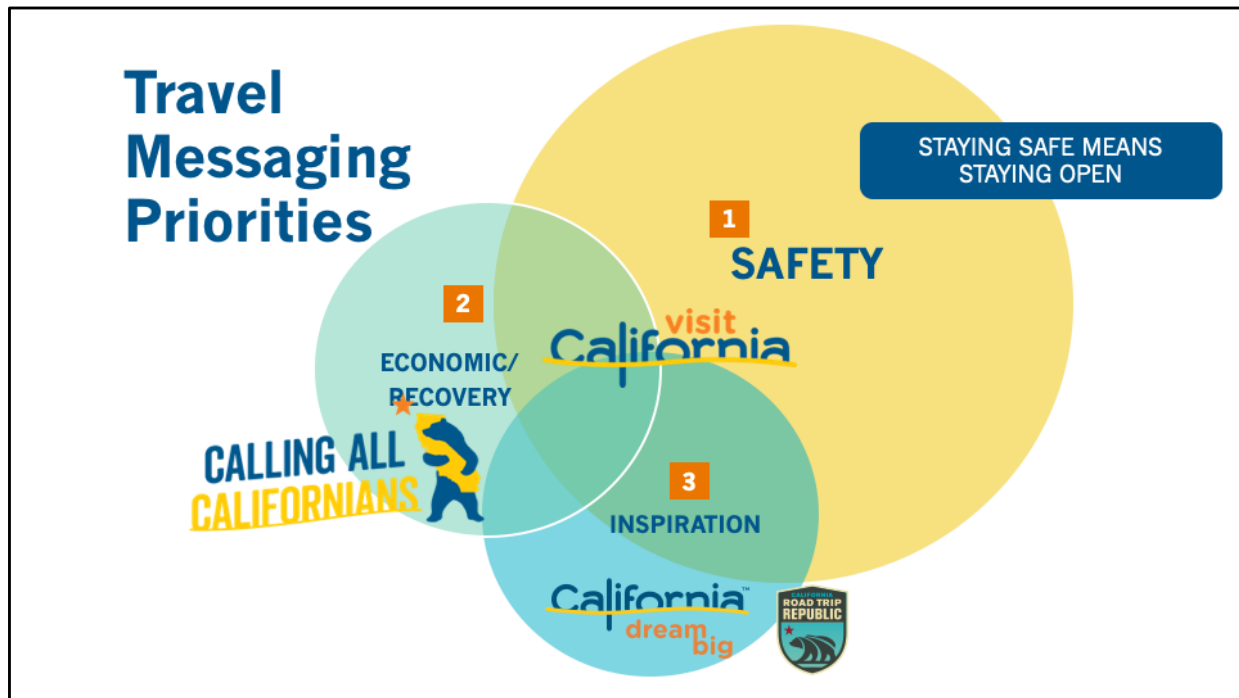


- **HOTELS hoping to regain some business meetings at REDUCED CAPACITY** have developed protocols used successfully in other states.

U.S. Meetings Size Limitations



- Of note, meetings of some size are PERMITTED IN EVERY OTHER STATE.



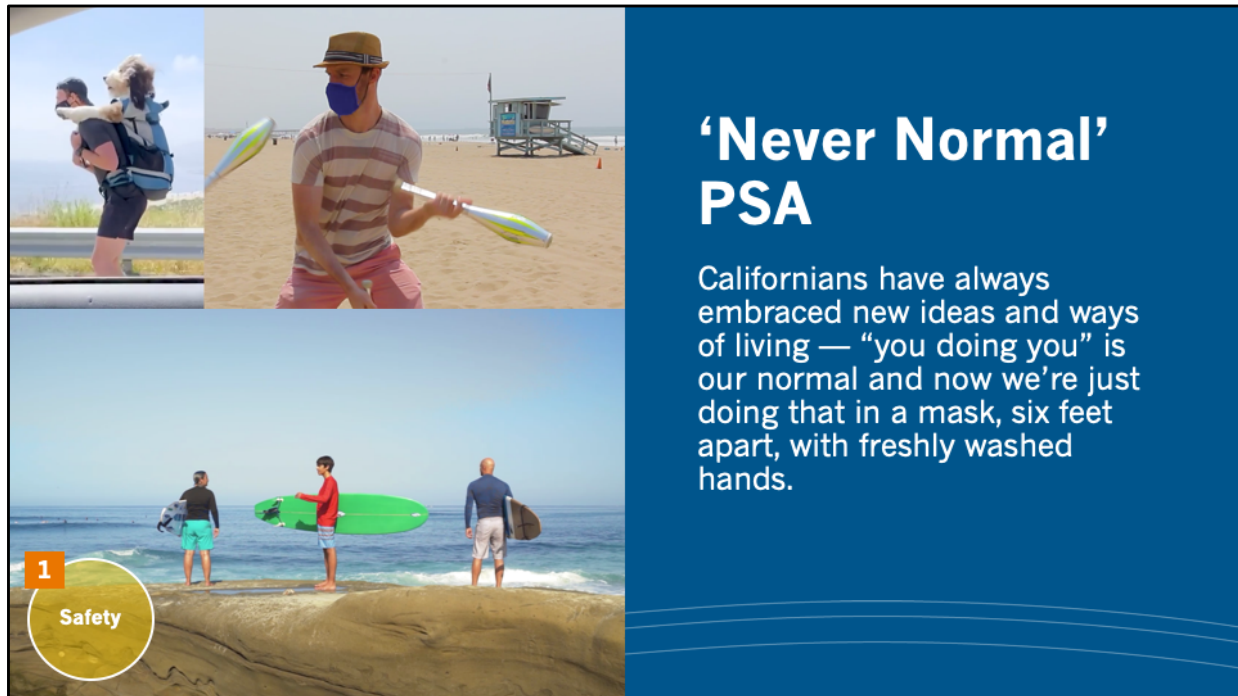
- Research shows **CALIFORNIANS ARE CAUTIOUS**, but that a **majority are already traveling**.
- Visit California's **limited marketing** program is **FOCUSED SOLELY IN-STATE**, the **first time we have marketed to California residents** since the aftermath of the September 11, 2001 terrorist attacks.
- It is based on **TWO IMPORTANT MESSAGES** for consumers:
- Number one: **If you do travel, do so SAFELY and RESPONSIBLY.**
- Number two: For residents willing to venture out, **TRAVELING IN CALIFORNIA IS A MODERN-DAY ACT OF PATRIOTISM** to support your fellow Californians by contributing to the economy.
- **SAFETY** – for **workers, travelers** and **local residents** -- has been at the heart of the tourism industry's approach since the pandemic emerged this spring.



- Industry **segments pivoted immediately** to develop **SAFETY AND SANITATION PROTOCOLS** designed to allow for reopening in as safe an environment as possible.
- *Witnesses following my presentation will talk more about those efforts.*
- Tourism and hospitality **companies embraced FACE COVERINGS and DISTANCING** policies early on.
- **WORKERS** often find themselves **enforcing those rules**, sometimes in uncomfortable situations.



- Visit California developed a **RESPECT CALIFORNIA RESPONSIBLE TRAVEL CODE** and shared it across the state, with tourism companies and consumers.
- The code **encourages people heading out to do their homework** about the situation at their destination, and to be **RESPECTFUL AND SAFETY-CONSCIOUS** when they get there.



‘Never Normal’ PSA

Californians have always embraced new ideas and ways of living — “you doing you” is our normal and now we’re just doing that in a mask, six feet apart, with freshly washed hands.

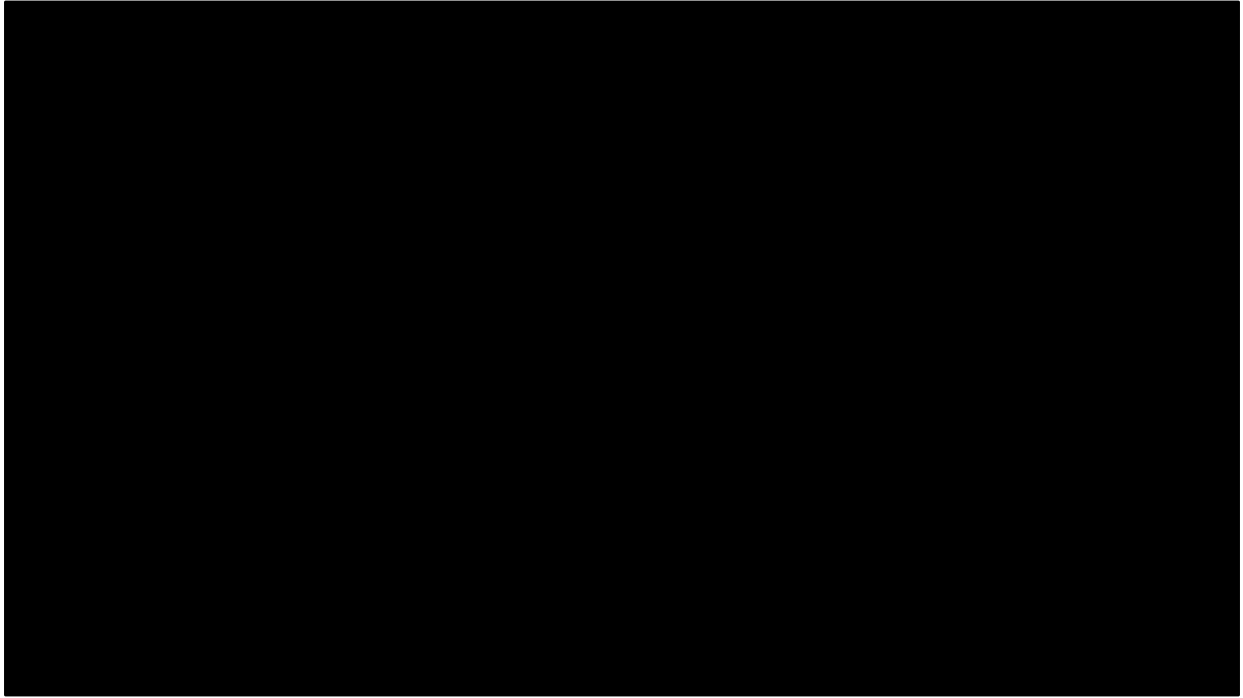
- A **new Public Service Announcement**, airing in partnership with the California Broadcasters Association, **ENCOURAGES SAFE TRAVEL and maintains Visit California’s SIGNATURE INSPIRATIONAL TONE.**
- It’s called **NEVER NORMAL.**
- Let’s watch it now...



VIDEO
"Never Normal PSA" (0:30)

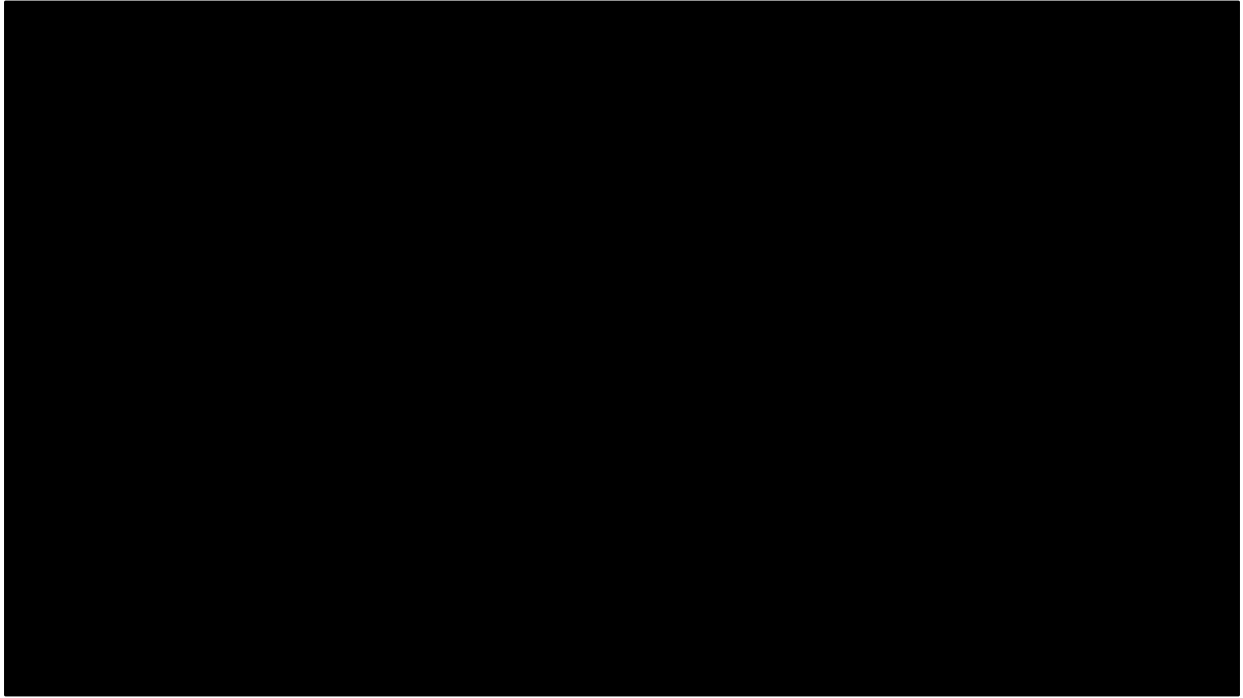


- We also developed **videos delivering the key message** that staying **SAFE MEANS STAYING OPEN** with “Safe Travels, California”
- These videos are **working hard to support key industry segments**: **RENTAL CARS, HOTELS** and **RESTAURANTS/WINERIES**.
- Let’s watch them now ...



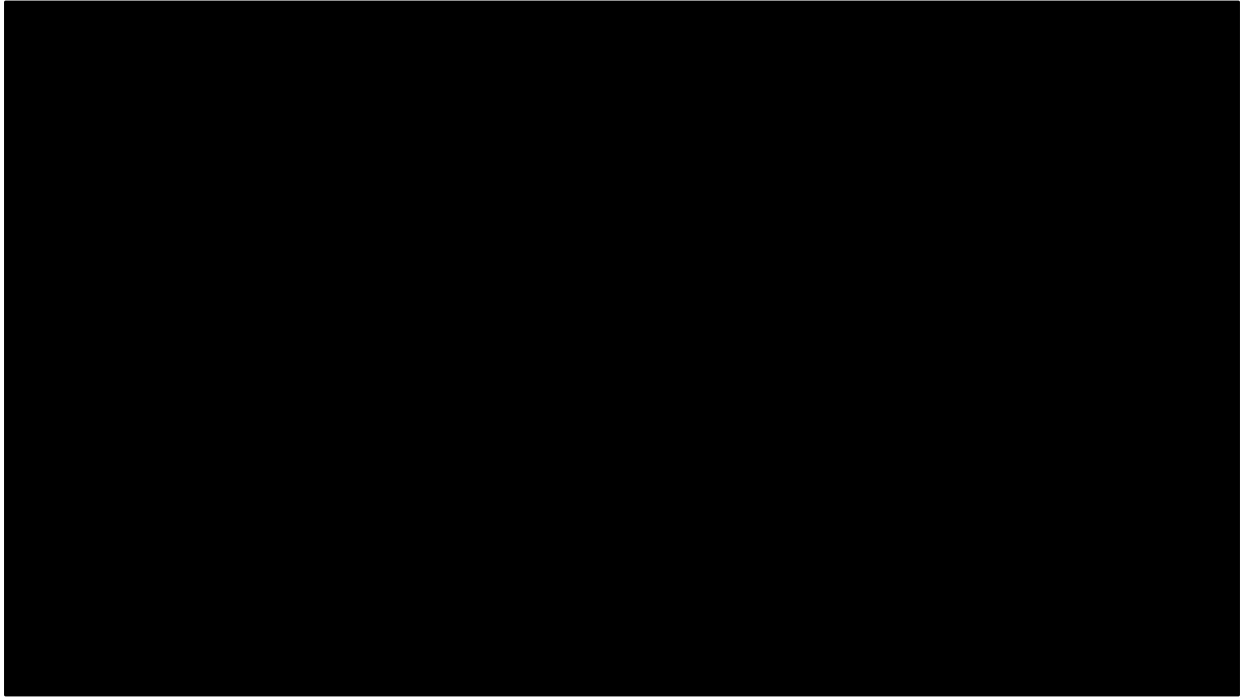
VIDEO

"Safe Travels, California" - HOTELS (0:30)



VIDEO

“Safe Travels, California” – RENTAL CARS (0:30)

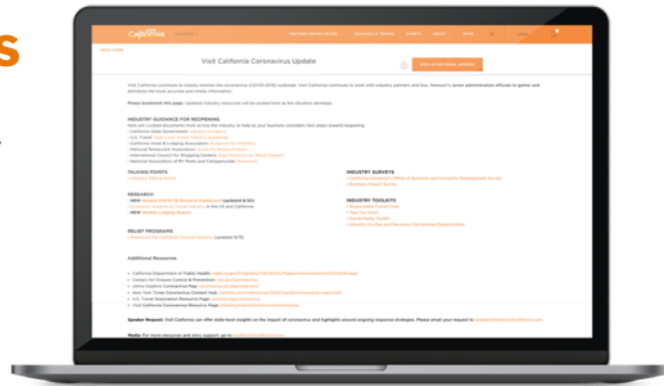


VIDEO

“Safe Travels, California” – RESTAURANTS/WINERIES (0:30)

Industry Communications

- industry.VisitCalifornia.com/Coronavirus
- Weekly Industry Emails



- I'd like to conclude with our ongoing industry communications, posted at industry.VisitCalifornia.com/coronavirus.
- We're sending **WEEKLY EMAIL UPDATES**.



- Again, **THANK YOU for the opportunity to testify**, and I'd be happy to answer any questions.