



*meet*  
**PHILADELPHIA**

**PHLCVB**  
Philadelphia Convention  
& Visitors Bureau

# WELCOME

**DOS Meeting**  
**February 21, 2023**





# MARIA GRASSO

Senior VP, Convention Division

PHLCVB





**Thank you to our host...**



**CYTO | PHL**  
**LEARN. MEET. CONNECT**

# 2022 Convention Sales Recap

HELD IN 2022:

**224**  
**TOTAL EVENTS**

**513,418**  
**CONSUMED  
ROOM NIGHTS**

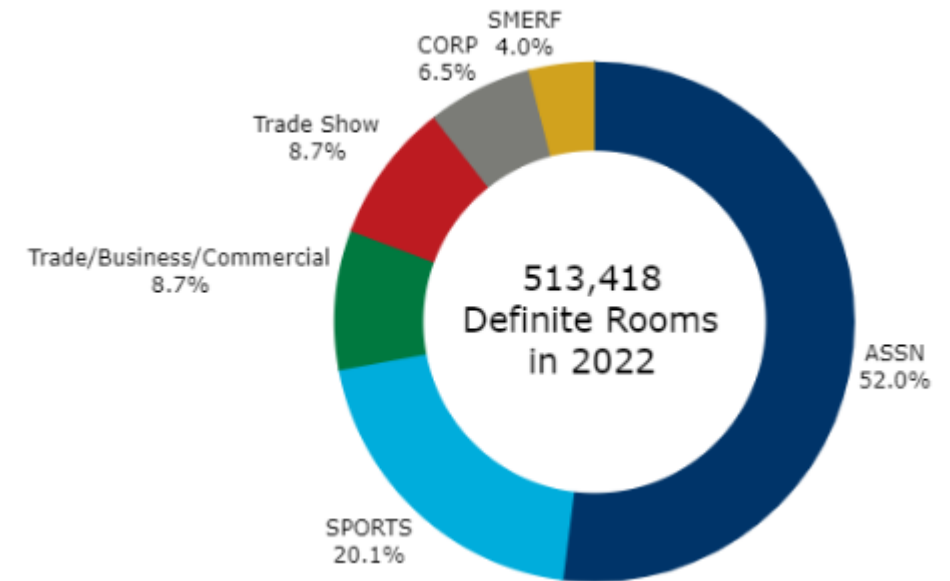
**19**  
**CITYWIDES**

**\$300M**  
**ECONOMIC IMPACT**

BOOKED IN 2022 FOR FUTURE:

**223**  
**TOTAL EVENTS**

**487,731**  
**ROOM NIGHTS**





# Convention Sales

HAPPENING IN 2023



**176**

**TOTAL EVENTS**

**494,325**

**TOTAL HOTEL ROOM NIGHTS**

**20**

**CITYWIDE EVENTS**

Expected to draw

**343,000**

**ATTENDEES**

**\$281.2M**

**ANTICIPATED  
ECONOMIC IMPACT**





# 2025 By The Numbers



## SIGNED FOR 2025

- 18 Events
- Including 4 Citywides
- 79,856 TRN



# Citywide Sales Strategy Project



Assessment  
Project Kick-  
Off 3/20/2023



Stakeholder  
Interviews



Workshop #1  
Workshop #2  
Final Summary



# NIK PEREIRA

Vice President, Sales

PHLCVB





# Partner Opportunities:

## INDUSTRY TRADE SHOWS

»» Meetings Industry Council | Denver, CO | Mar 2-3

»» ASAE Annual | Atlanta, GA | Aug 5-8

»» IMEX America | Las Vegas, NV | Oct 16-19

»» Holiday Showcase | Chicago, IL | Dec TBD



# Partner Opportunities:

## IN-MARKET SALES MISSIONS

- » Chicago – Week of April 17
- » DC – TBD-Targeting end of Q2
- » In-market Lunch & Learn





# ERIK EVJEN

**Director, Data Analytics & Insight  
Tourism Economics**







TOURISM  
ECONOMICS

AN OXFORD ECONOMICS COMPANY

# Can Travel Defy Economic Gravity?


Erik Evjen

Director of Data Analytics & Insights

Tourism Economics

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- 
- 1 National and regional travel trends
  - 2 Are we headed for a recession?
  - 3 How does this usually work and why will travel prevail?
  - 4 Philadelphia Outlook

# National travel spending above 2019 levels for 4<sup>th</sup> consecutive month

## National Travel Indicators

December 2022



Travel Spending  
(Tourism Economics)

↗ +3.1%

December vs. 2019

↘ -0.6%

YTD vs. 2019



Auto Trips  
(Arrivalist)

↘ -0.8%

December vs. 2019

YTD N/A



Air Passengers  
(TSA)

↘ -6.7%

December vs. 2019

↘ -10.2%

YTD vs. 2019



Overseas Arrivals  
(NTTO)

↘ -28.8%

December vs. 2019

↘ -40.7%

YTD vs. 2019



Hotel Demand  
(STR)

↗ +1.1%

December vs. 2019

↘ -2.3%

YTD vs. 2019



Short-term Rental Demand  
(AIRDNA)

↗ +33.3%

December vs. 2019

↗ +27.0%

YTD vs. 2019



# And all travel indicators continue to improve (including group demand!)

## Travel Indicators

% change relative to same month in 2019

	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22
Travel Spending (Tourism Economics)	-12 %	-6%	-5%	3%	0%	1%	0%	-3%	6%	3%	1%	3%
Auto Trips (Arrivalist)	-12%	-2%	-12%	6%	-2%	2%	-1%	-15%	6%	3%	-6%	-1%
Air Passengers (TSA)	-22%	-16%	-12%	-9%	-10%	-11%	-12%	-9%	-6%	-5%	-6%	-7%
Overseas Arrivals (NTTO)	-65%	-50%	-52%	-43%	-43%	-41%	-35%	-31%	-34%	-30%	-33%	-29%
Hotel Demand (STR)	-10%	-5%	-3%	0%	-2%	-2%	-3%	-4%	2%	0%	-1%	1%
Top 25 Group Hotel Demand* (STR)	-58%	-42%	-24%	-16%	-14%	-5%	-11%	-10%	-5%	-6%	-7%	-8%
Short-term Rental Demand (AIRDNA)	2 %	27%	11%	28%	29%	26%	22%	19%	29%	40%	31%	33%
National Park Visits (National Park Service)	1 %	5%	18%	8%	15%	-11%	-8%	-12%	-5%	2%	-4%	0%
Organic Web Sessions (Simpleview & Tempest)*	36%	43%	32%	33%	30%	26%	16%	12%	17%	24%	24%	19%

\*data from 300+ U.S. DMO/CVB destination websites

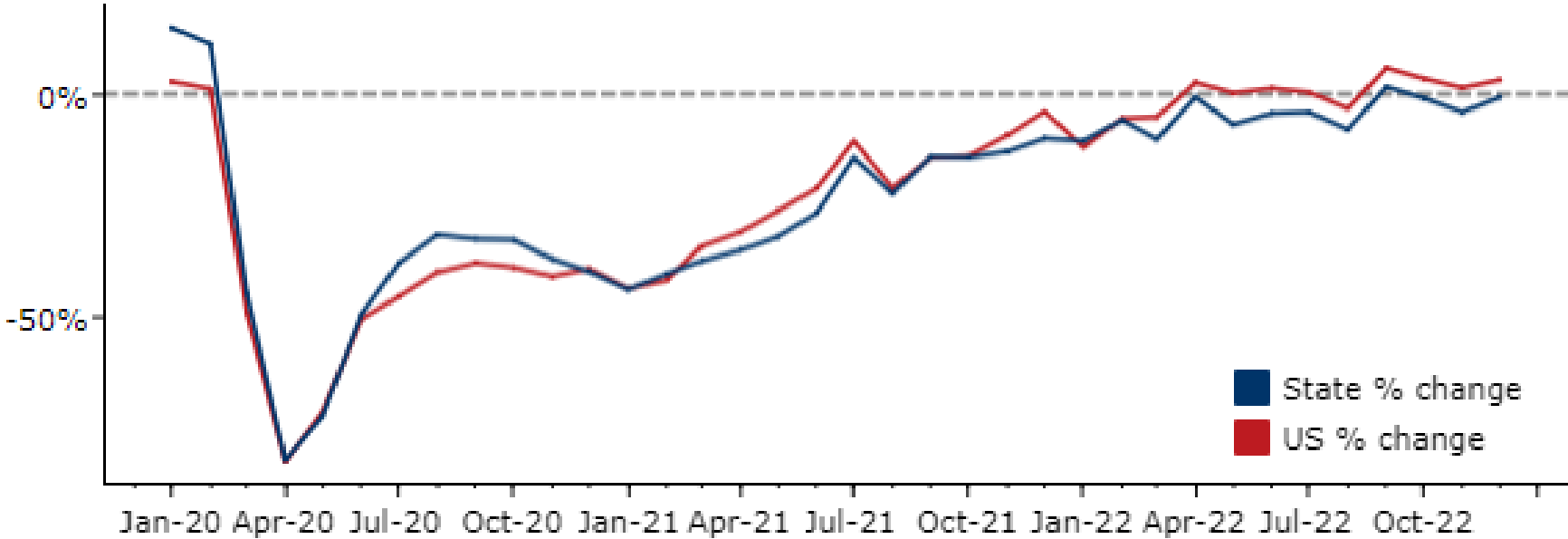
-65%  43%



# PA is recovering with the national trends

## Travel Spending by State

PA (state) vs US average, % change relative to 2019



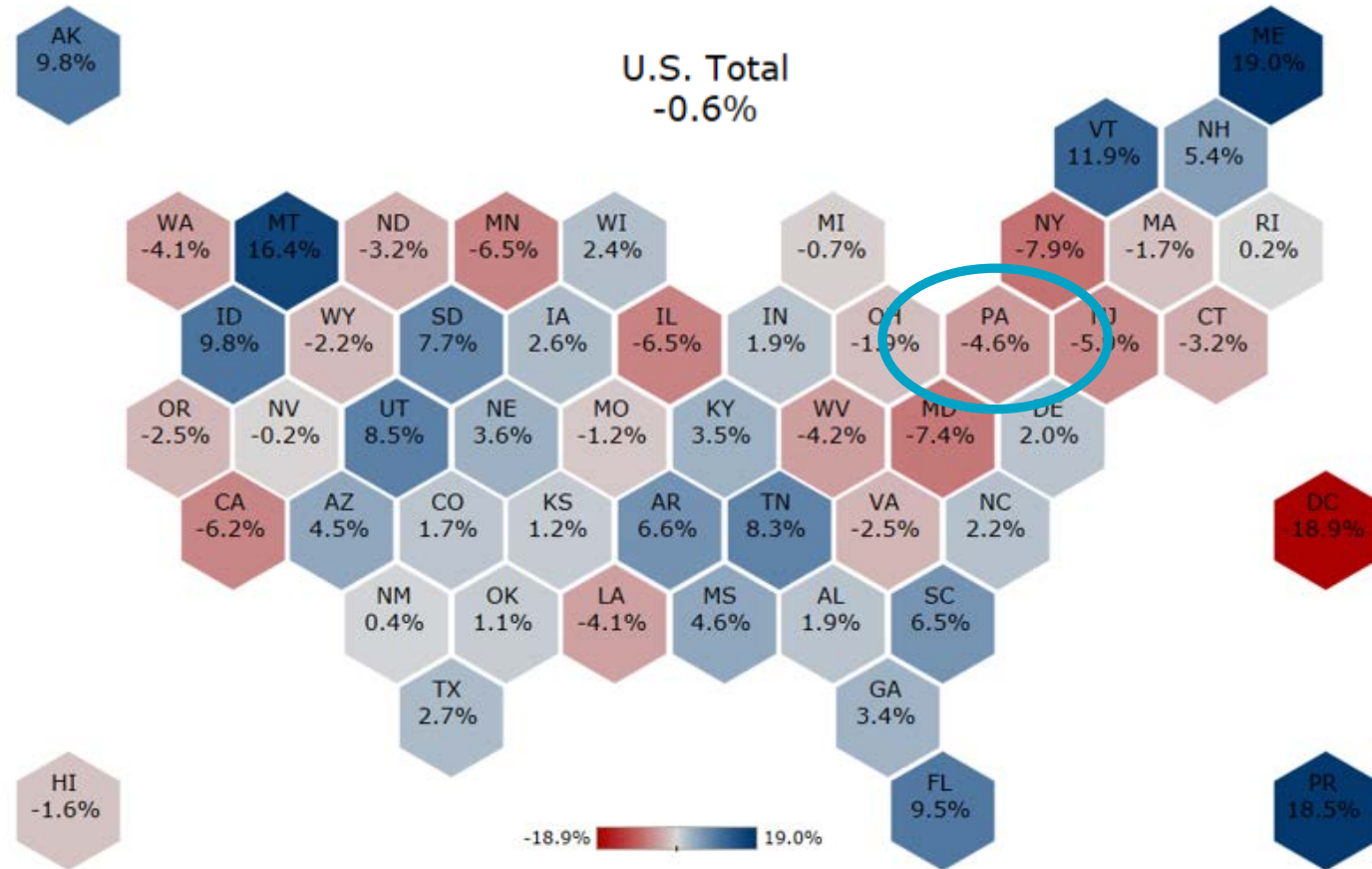
Source: Tourism Economics



# And is within touching distance of full recovery

## 2022 Travel Spending by State

PA (state) vs all states/territories and US average, % change relative to 2019



Source: Tourism Economics

# Workforce challenges continue

## Employment by Sector

December 2022, Philadelphia-Camden-Wilmington, PA-  
NJ-DE-MD

	Jobs	Jobs Gained/Lost vs. 2019	% Change vs. 2019
Total Nonfarm	3,033.1K	-0.1K	0.0%
Health Care and Social Assistance	553.7K	10.1K	1.9%
Professional and Business Services	497.6K	20.0K	4.2%
Government	332.0K	-13.6K	-3.9%
Retail Trade	300.2K	-2.7K	-0.9%
Leisure and Hospitality	252.9K	-22.1K	-8.0%
Finance and Insurance	183.0K	3.6K	2.0%
Manufacturing	181.7K	-2.6K	-1.4%
Other Services	121.1K	-2.2K	-1.8%
Wholesale Trade	120.3K	2.9K	2.5%
Information	50.4K	-3.1K	-5.8%

Philadelphia is lagging  
the national average  
of -4.3%

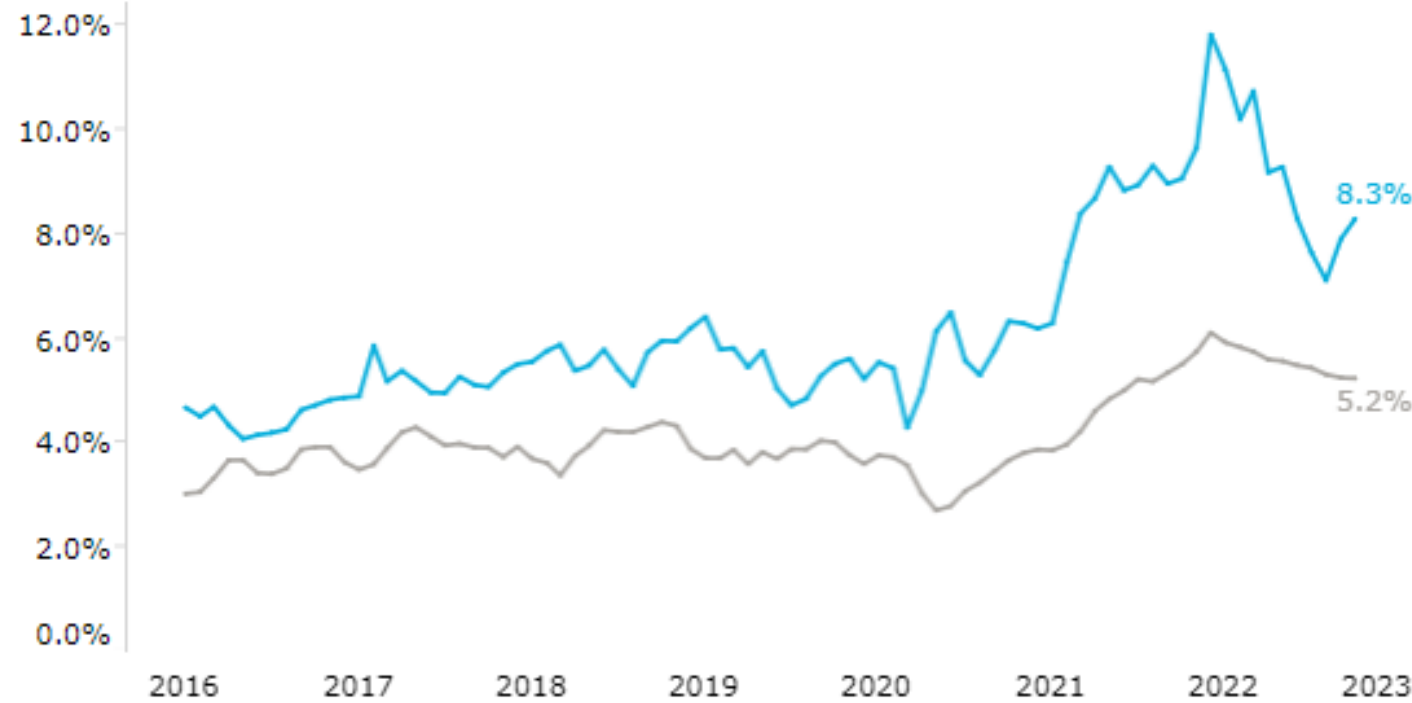
Source: BLS



# Job opening rate is improving but notably higher than the long-term average

## Job Openings Rate: Leisure and Hospitality vs. Total Nonfarm


Philadelphia-Camden-Wilmington, PA-NJ-DE-MD



The **8.3% open rate** in the leisure & hospitality industry represents **21.2K jobs**

Source: BLS, Tourism Economics

■ Leisure and Hospitality ■ Total Nonfarm

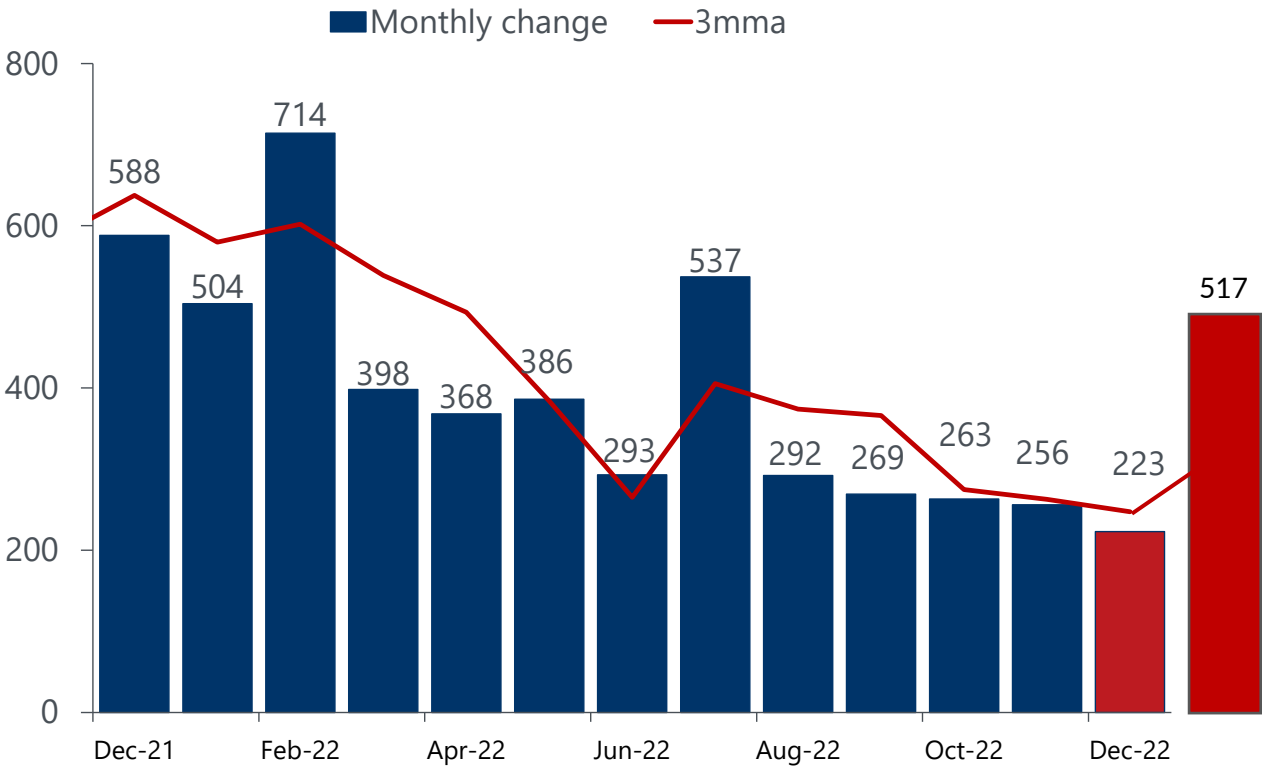
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# Job growth surprised on the upside in January

US: Nonfarm payroll employment

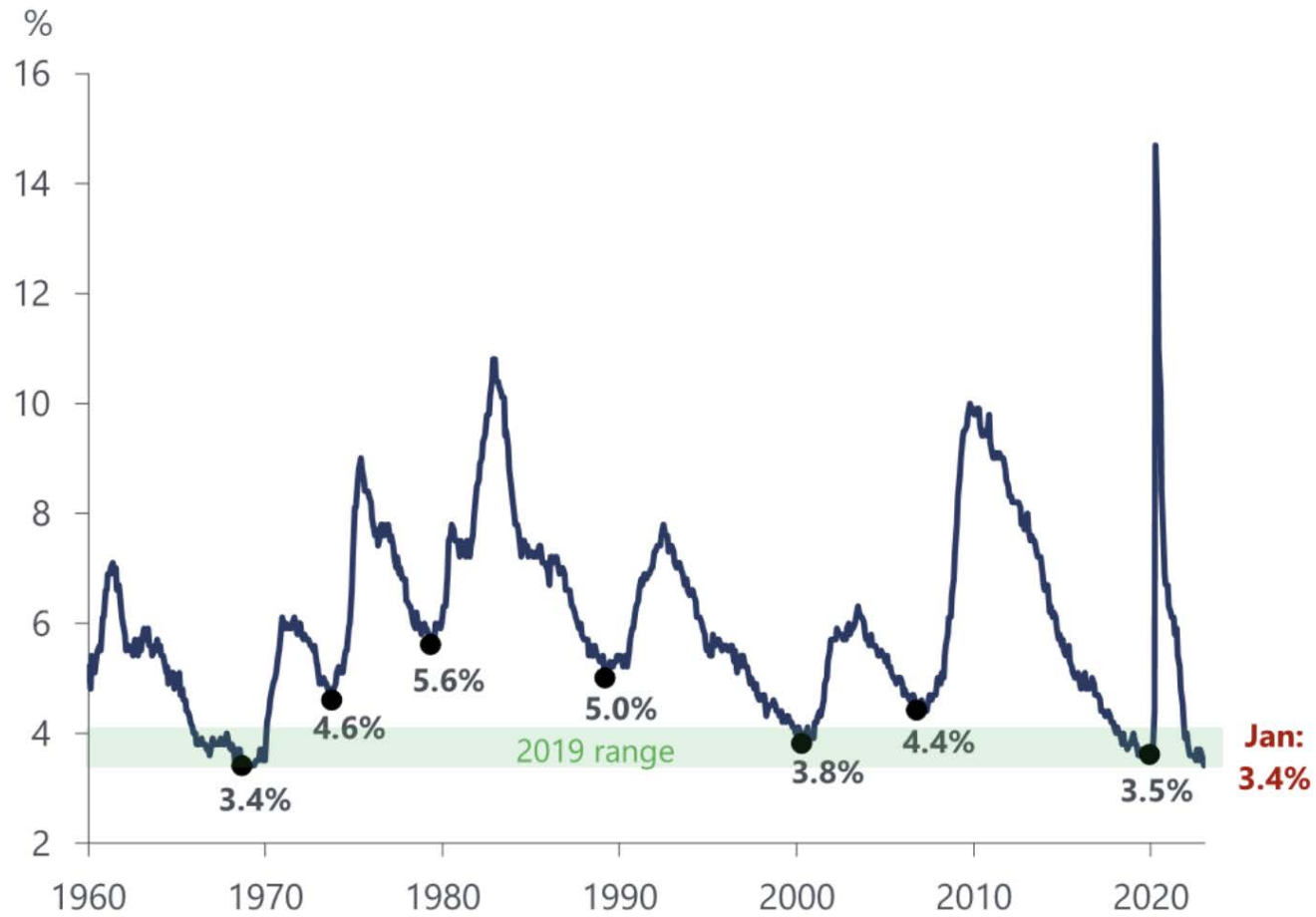
Thousand



Source: Oxford Economics/Haver Analytics

# Unemployment rate the lowest in 50 years

US: U-3 unemployment rate

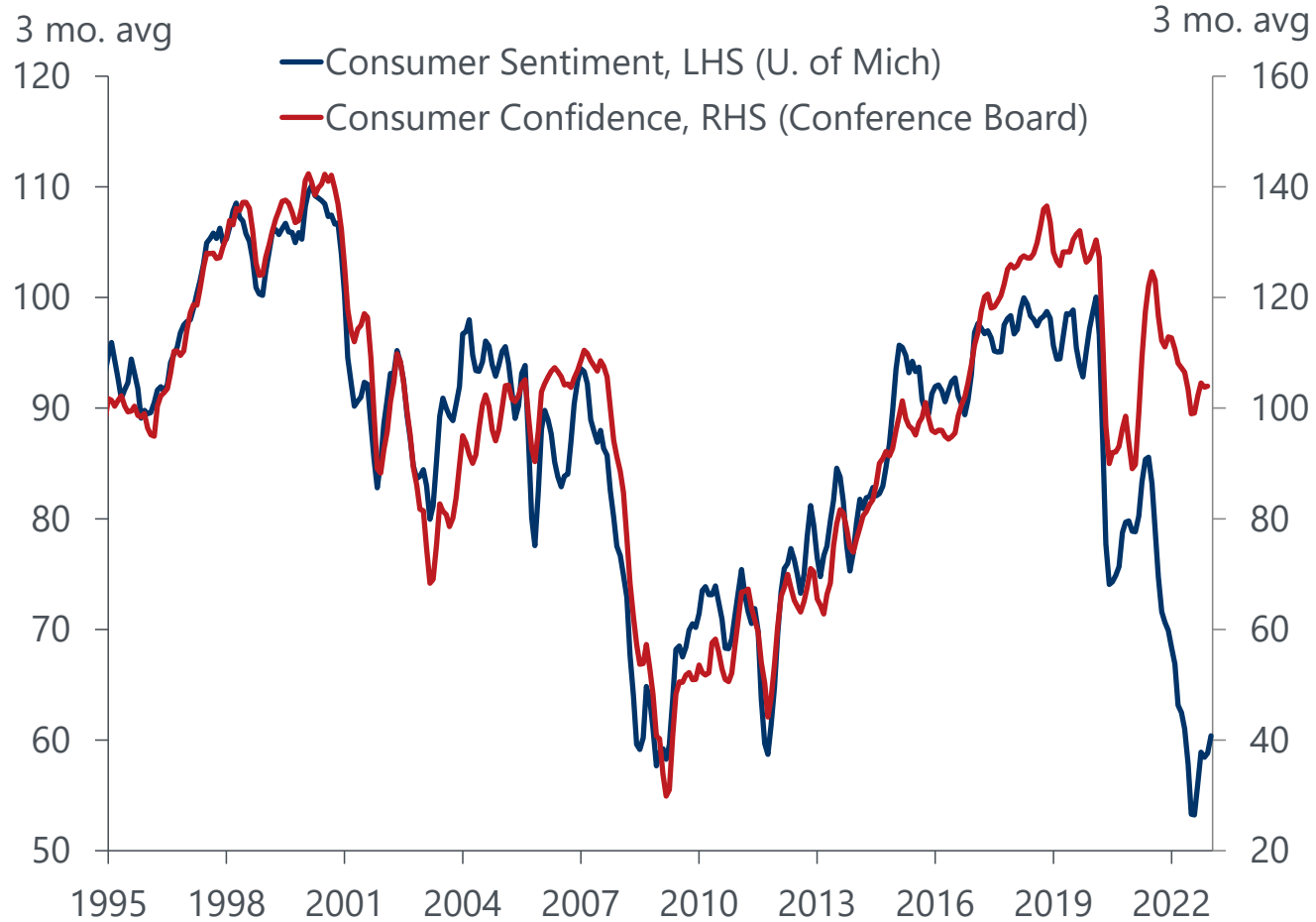


Source: Oxford Economics/Haver Analytics



# Yet, consumers are feeling uneasy

## US: Consumer surveys

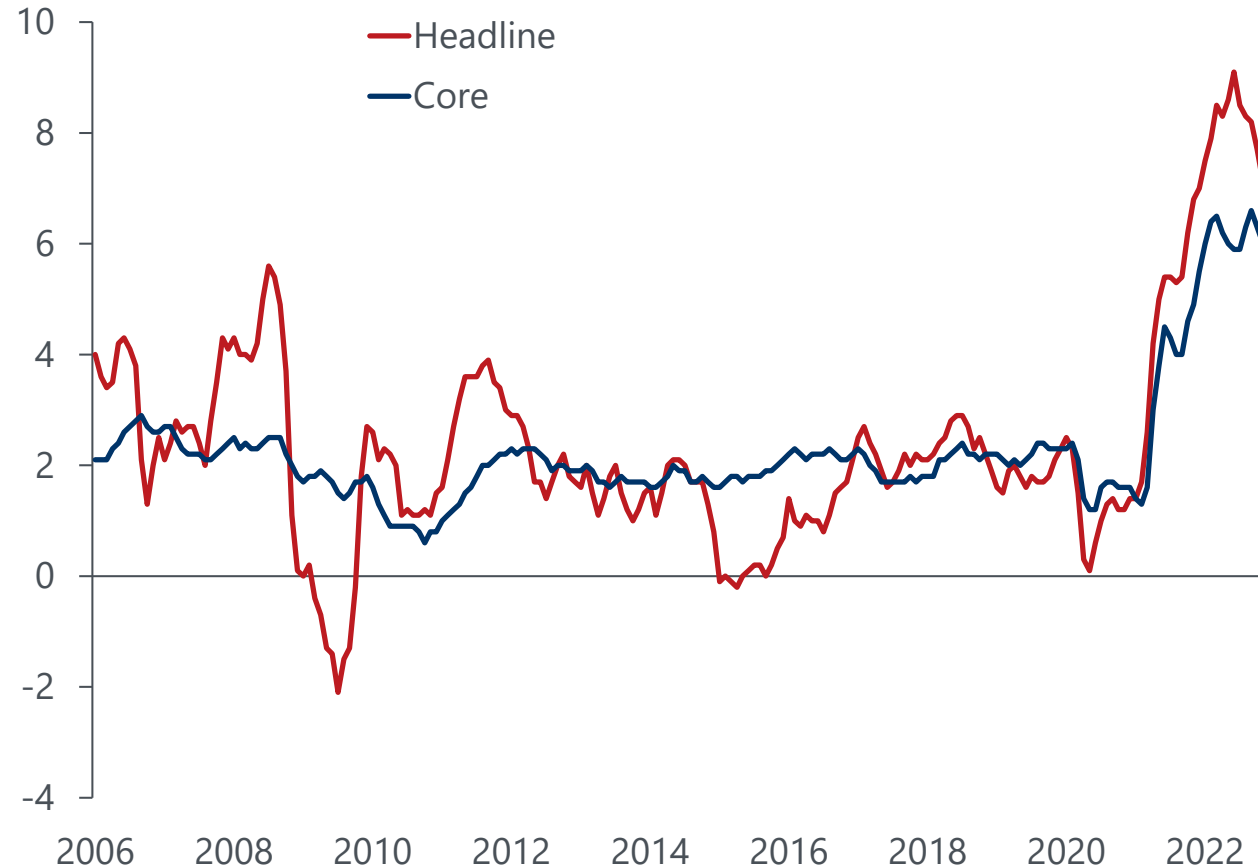


Source: Oxford Economics/Haver Analytics

# The culprit? Inflation

## US: Consumer prices

%, year



Source: Oxford Economics/Haver Analytics

Headline (6.5%)

Core CPI (5.7%)

- The average household is spending an additional \$400/month to buy the same goods and services as last year.

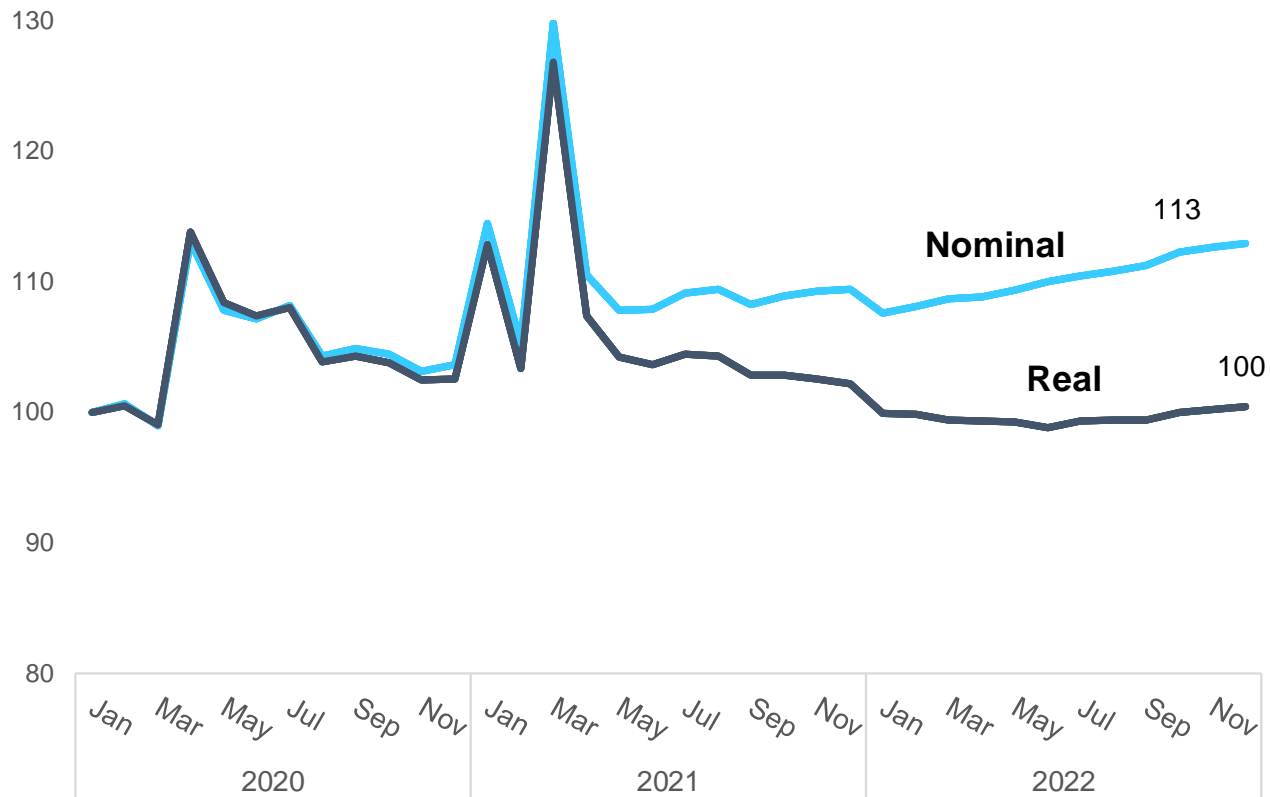
...Interest rate hikes will continue



# Inflation has taken a bite out of disposable income

## Personal income

January 2020 = 100

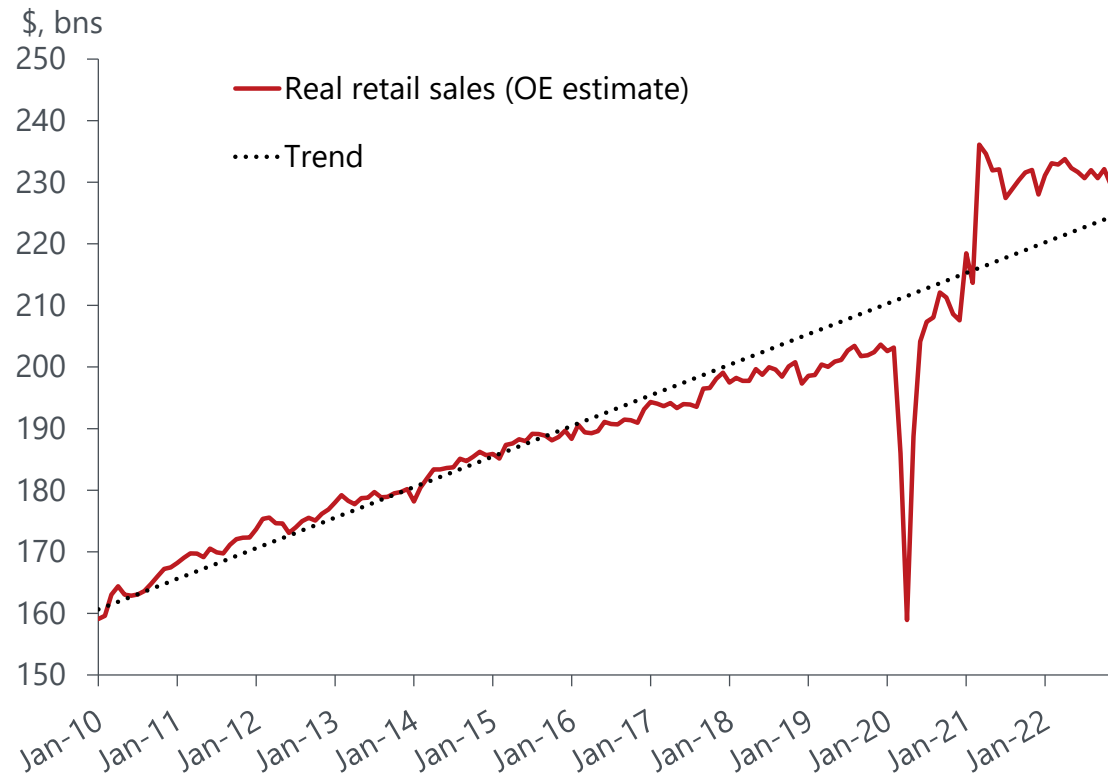


Note: Disposable personal income, seasonally adjusted

Source: BEA; FRED

# Prices took a toll on retail sales in December

## US: Retail sales

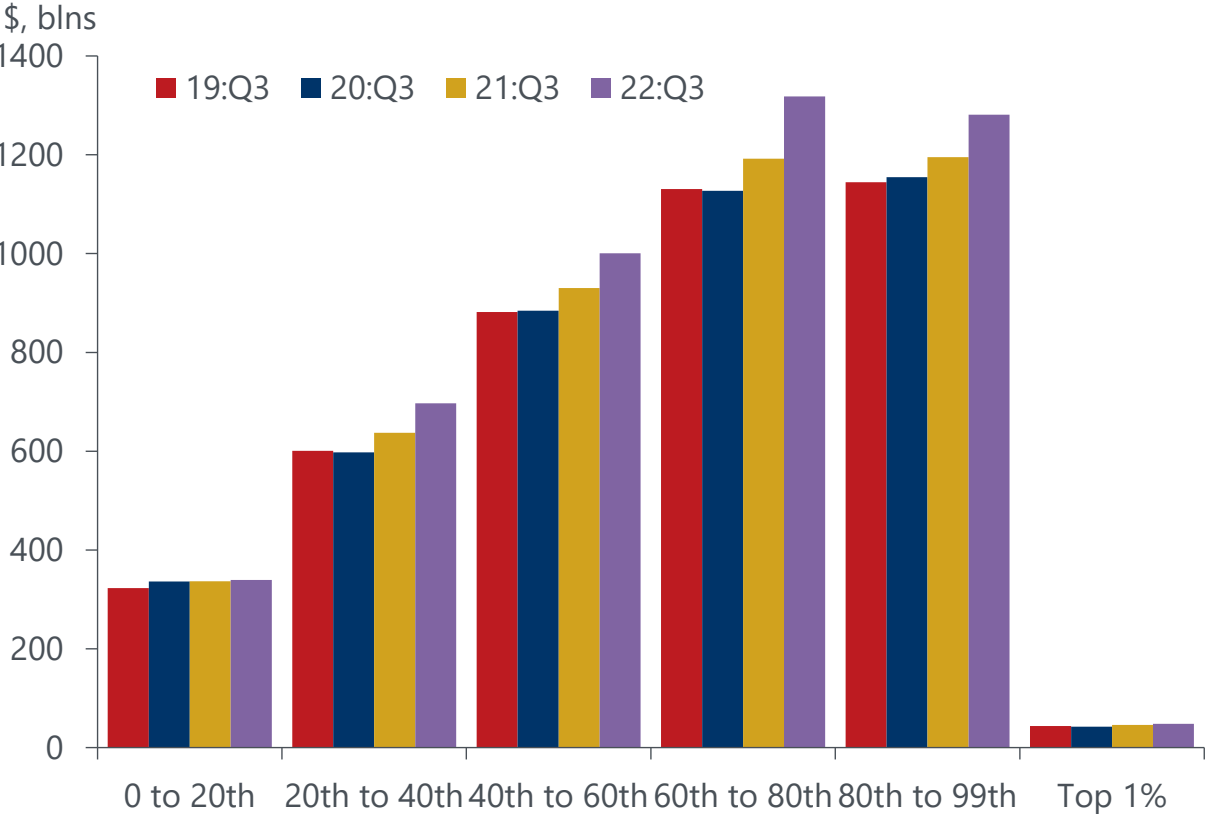


Source: Oxford Economics/Haver Analytics



# And households are taking on some debt

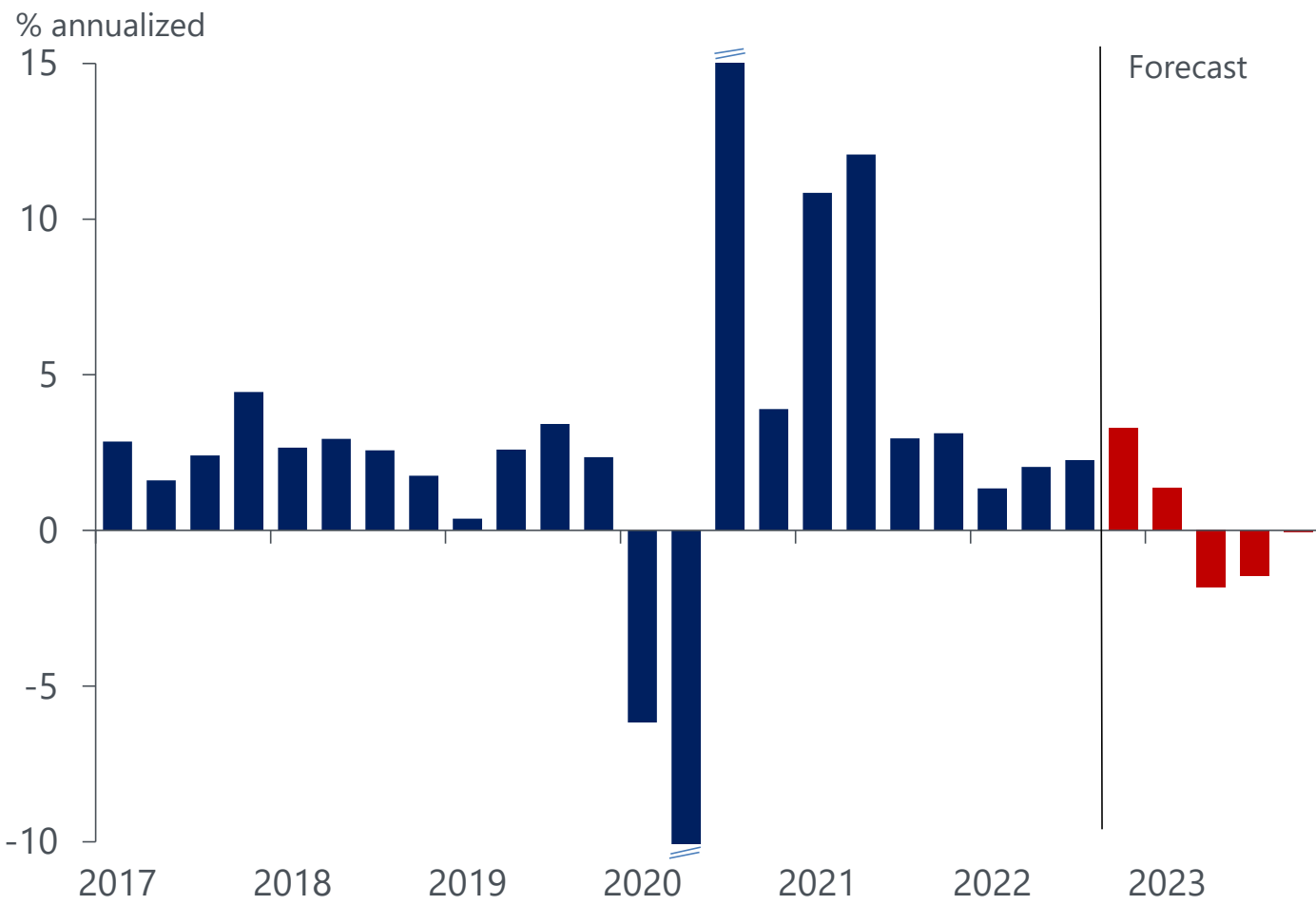
US: Outstanding consumer credit



Source: Oxford Economics/Haver Analytics

# So we expect consumers to retrench later this year

US: Real consumer spending

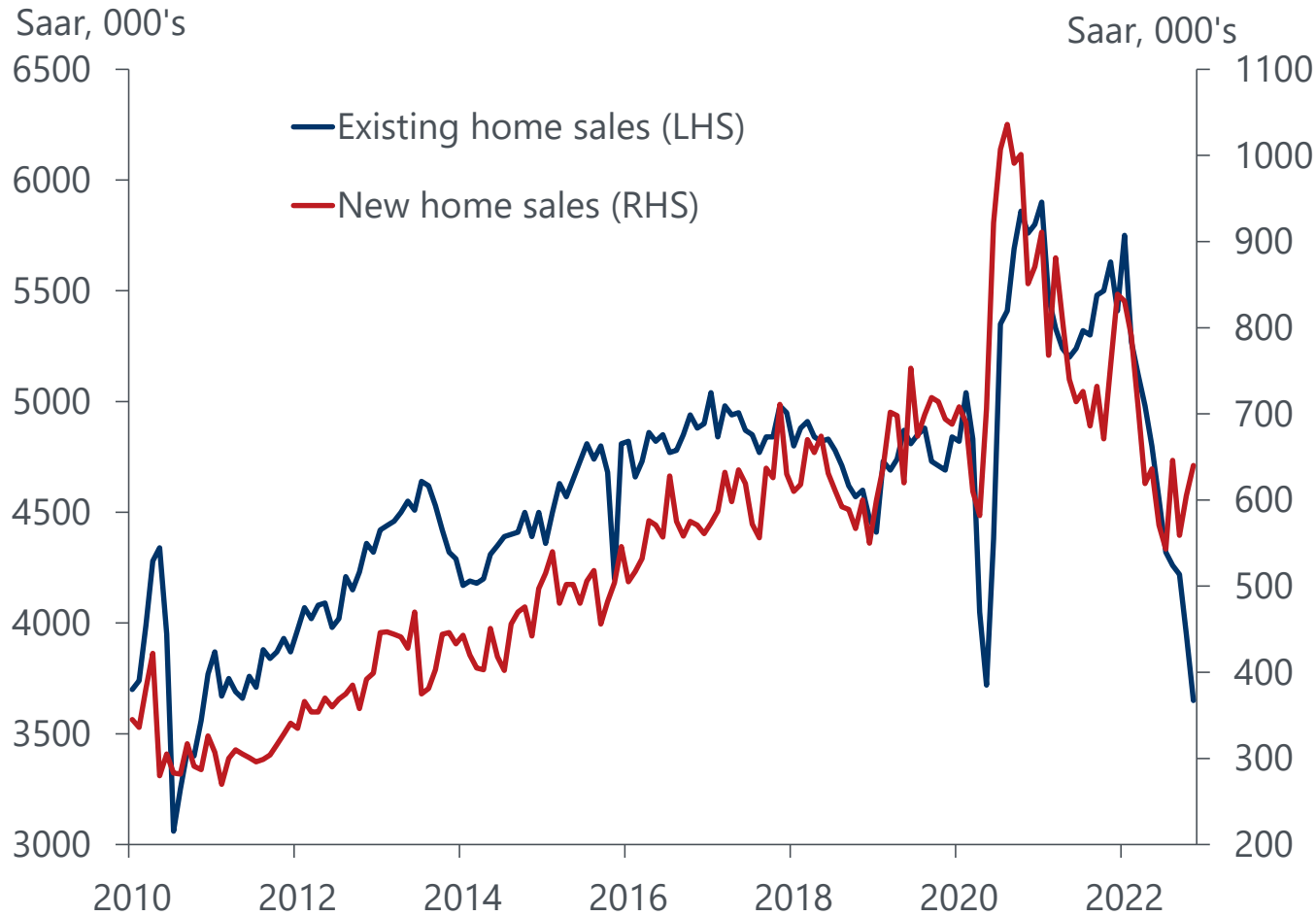


Source: Oxford Economics



# Housing market is already in recession

## US: New and existing home sales

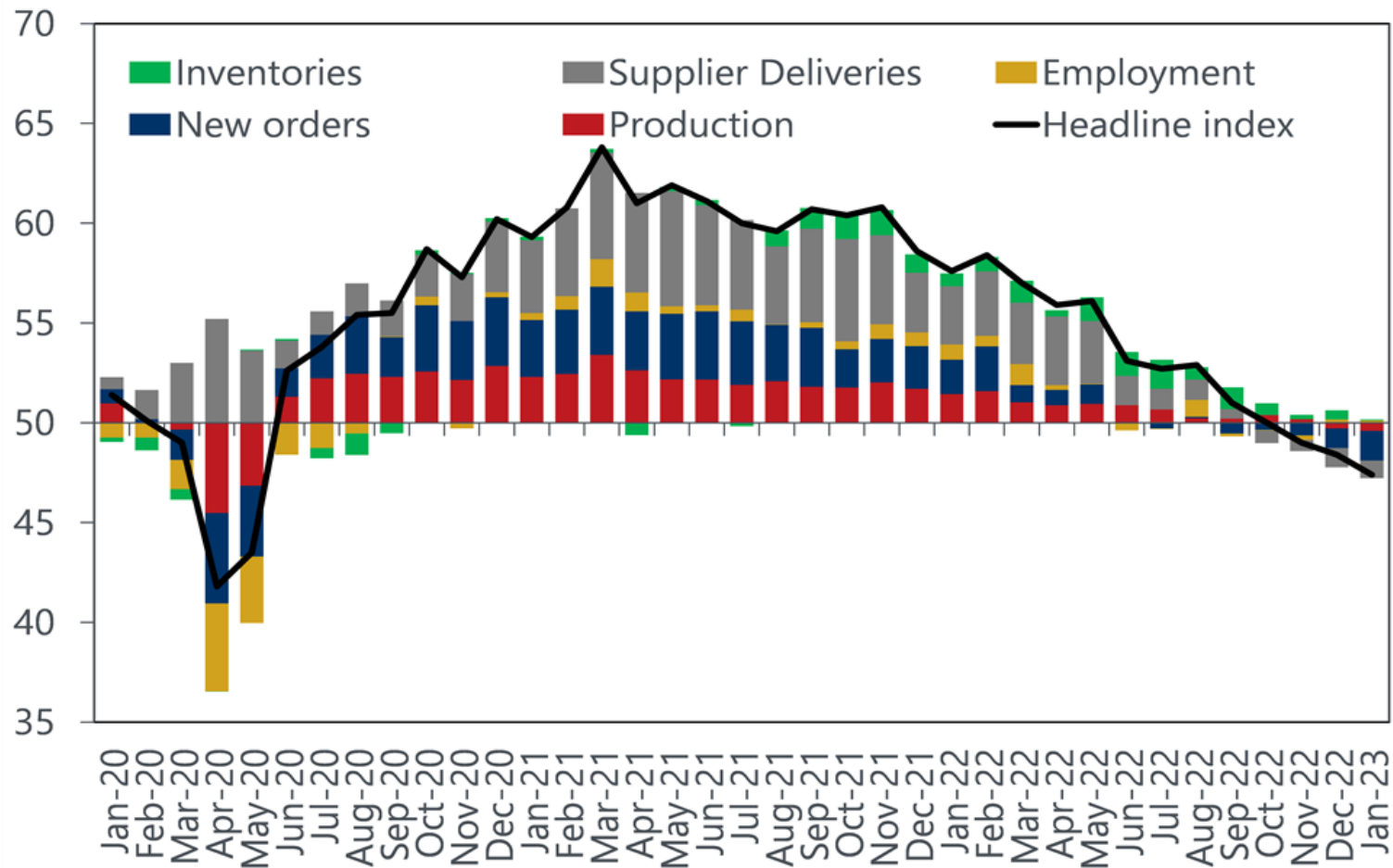


Source: Oxford Economics/Haver Analytics

# Manufacturing has also entered downturn territory

## US: Contribution to headline ISM Manufacturing

Index; above 50=expansion

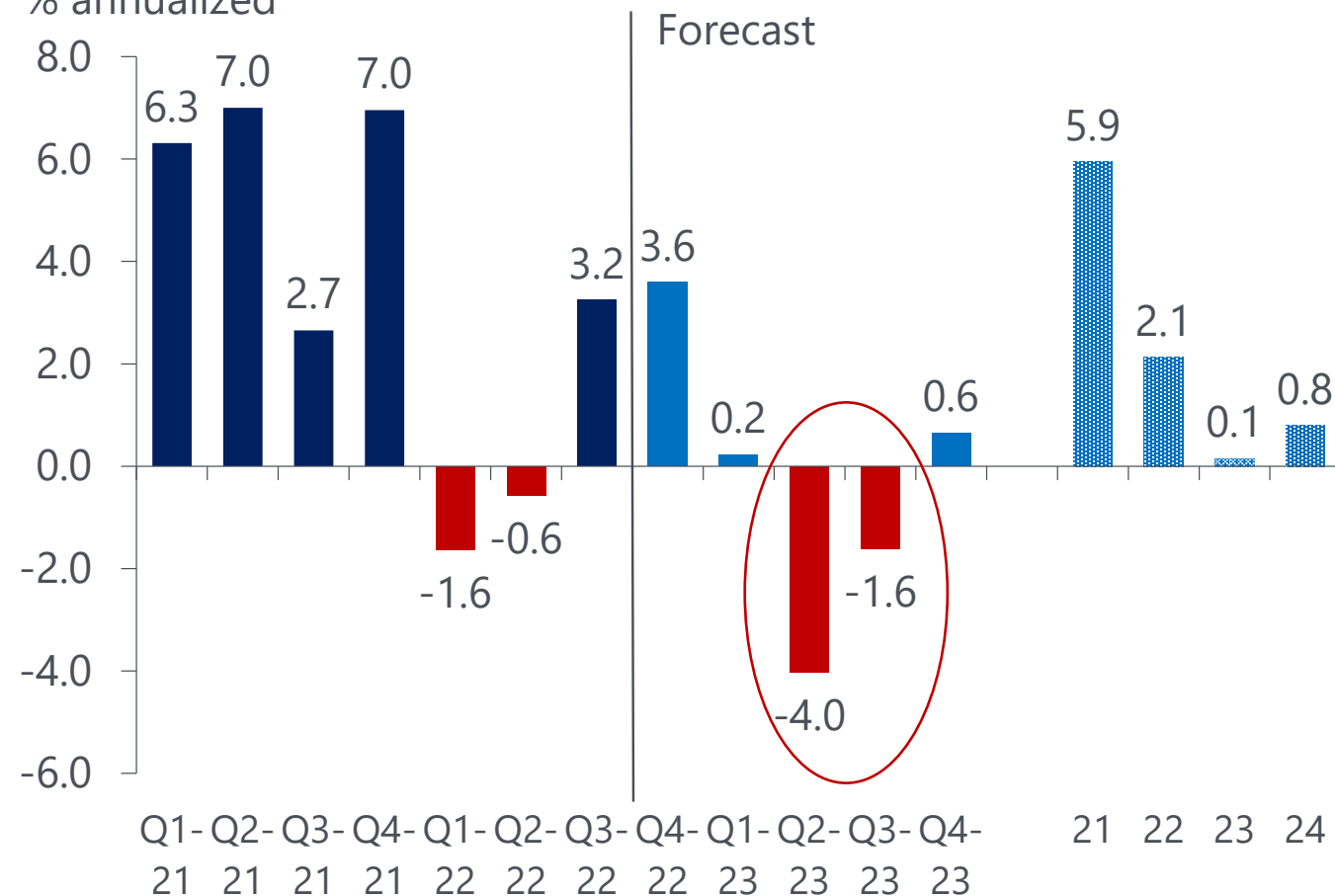




# We are headed toward a recession in Q2

## US: GDP Forecast

% annualized



Source: Oxford Economics/Haver Analytics

### Why?

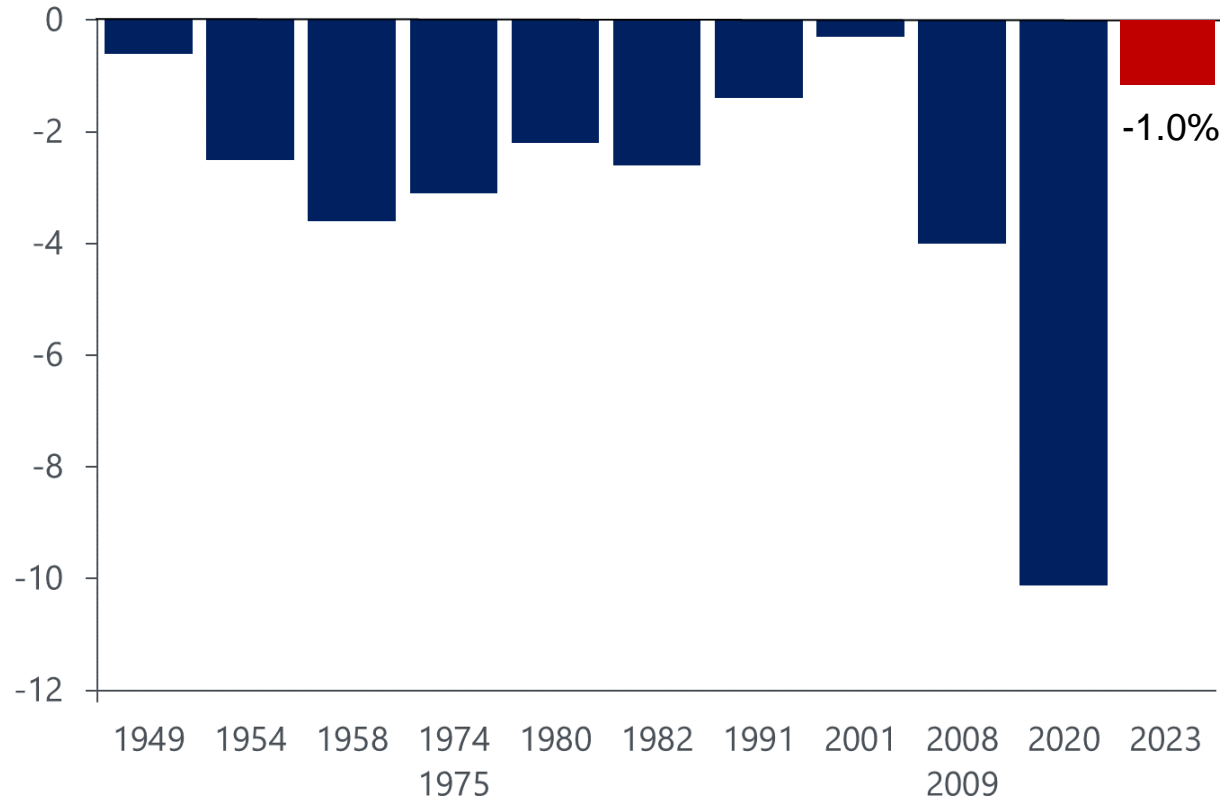
- Persistently high inflation
- Aggressive Fed monetary policy tightening
- Negative spill-over effects from slower global activity
- Weaker corporate earnings

...will weigh on consumers' and businesses' willingness to spend

# The recession will be mild by historical standards

## US: Peak-to-trough recessions since 1949

% change, peak to trough




Source : Oxford Economics/Haver Analytics

Unemployment will reach 4.7%

### Why so mild?

- Household balance sheets are in great shape and debt service burdens are low.
- Nonfinancial corporate balances are strong.
- State and local governments are flush with cash.

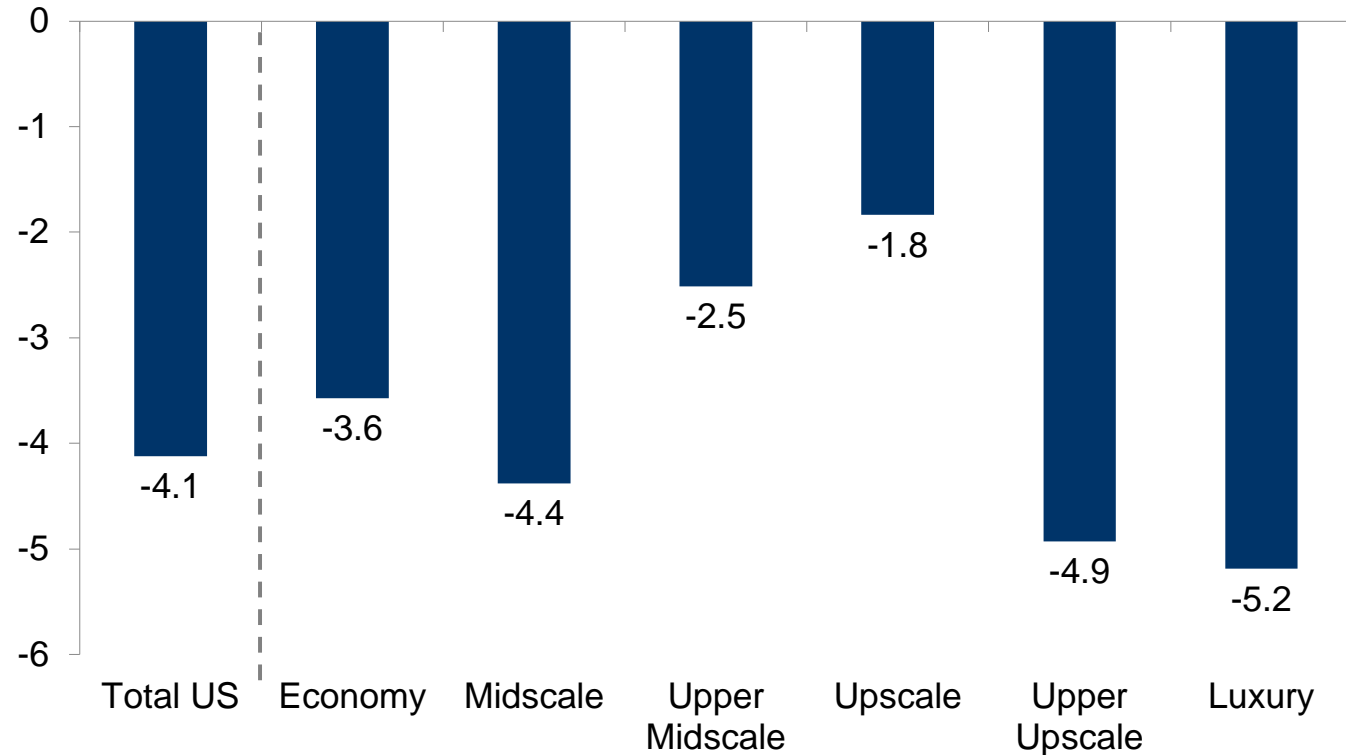


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# What is the usual relationship?

## Hotel demand response to GDP during recessions

% change in room demand from -1% change in real GDP, 1987-2019



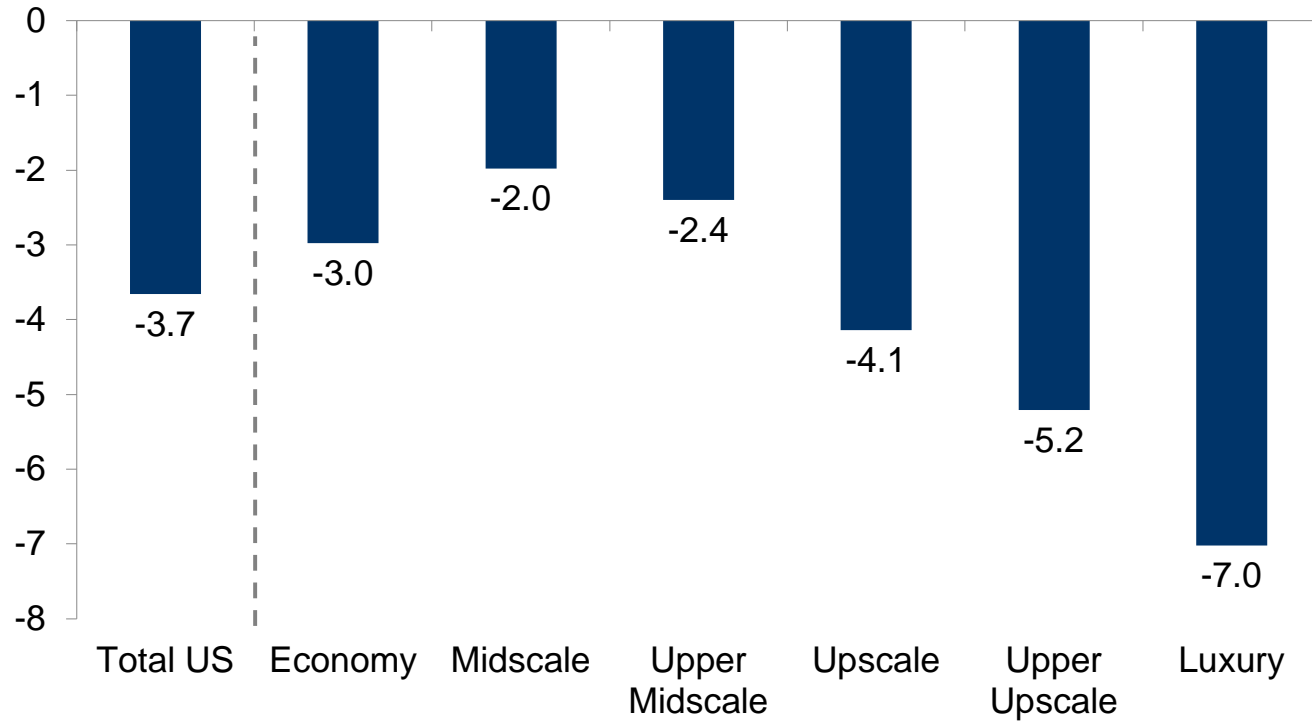
Over the past three recessions (not counting 2020), hotel demand fell on average 4x the rate of GDP.

Source: Tourism Economics

# Rates react most at the top end

## Hotel ADR response to GDP during recessions

% change in ADR from -1% change in real GDP, 1987-2019



For every 1% drop in GDP, total ADR falls **3.7%** while high-end properties are impacted the most

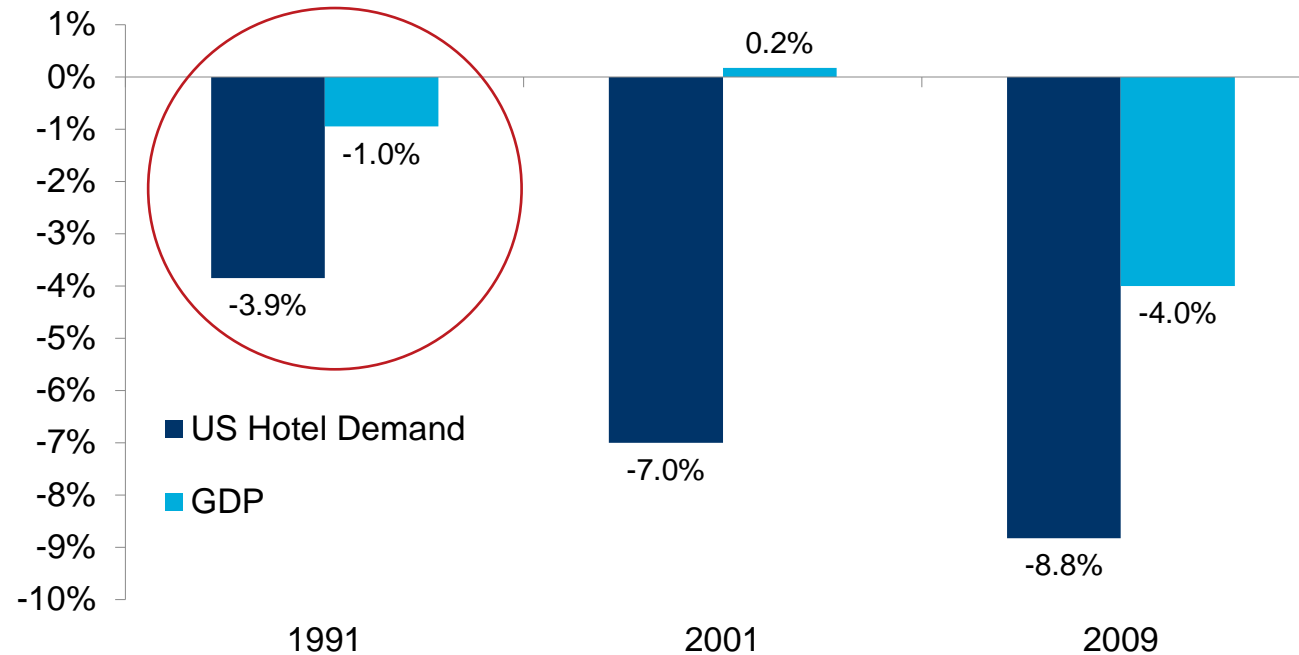
Source: Tourism Economics



# What have the last three “normal” recessions looked like?

## Hotel demand during recessionary periods

Year-over-year %, quarterly peak-to-trough



Source: STR, BEA

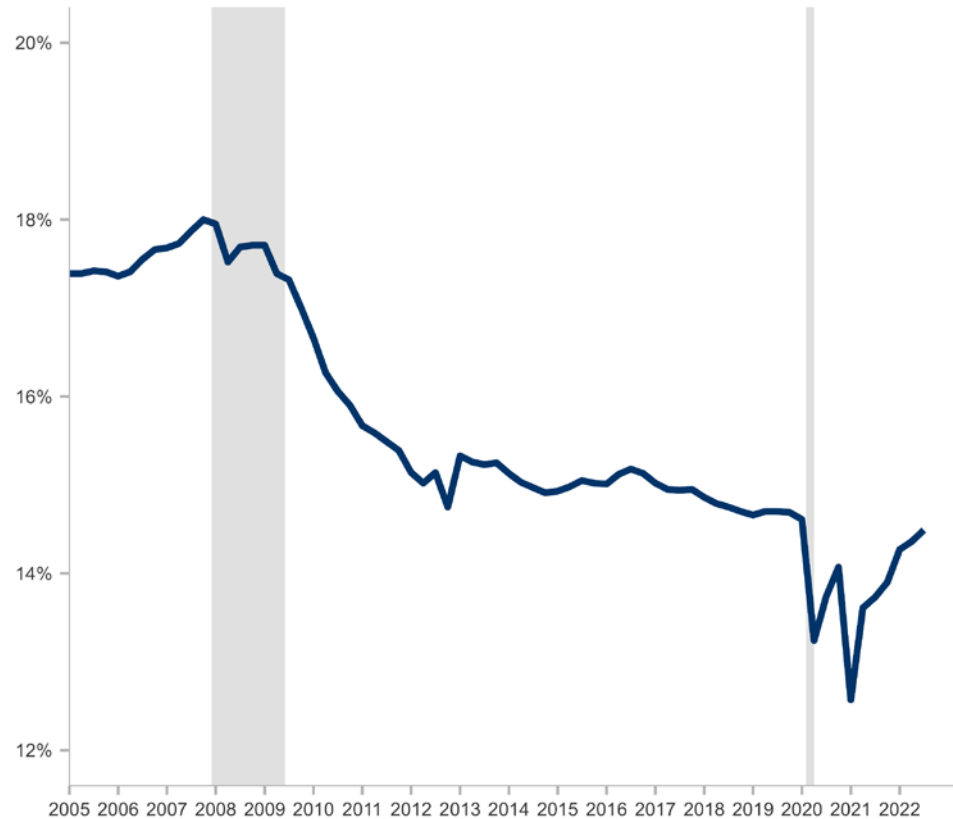
# Why the travel industry may defy economic gravity

1. US households are in a position of strength
2. Pent-up demand and prioritization of travel is real
3. Businesses are still restoring necessary travel
4. International still rebuilding

# Household balance sheets remain strong

## Household debt service

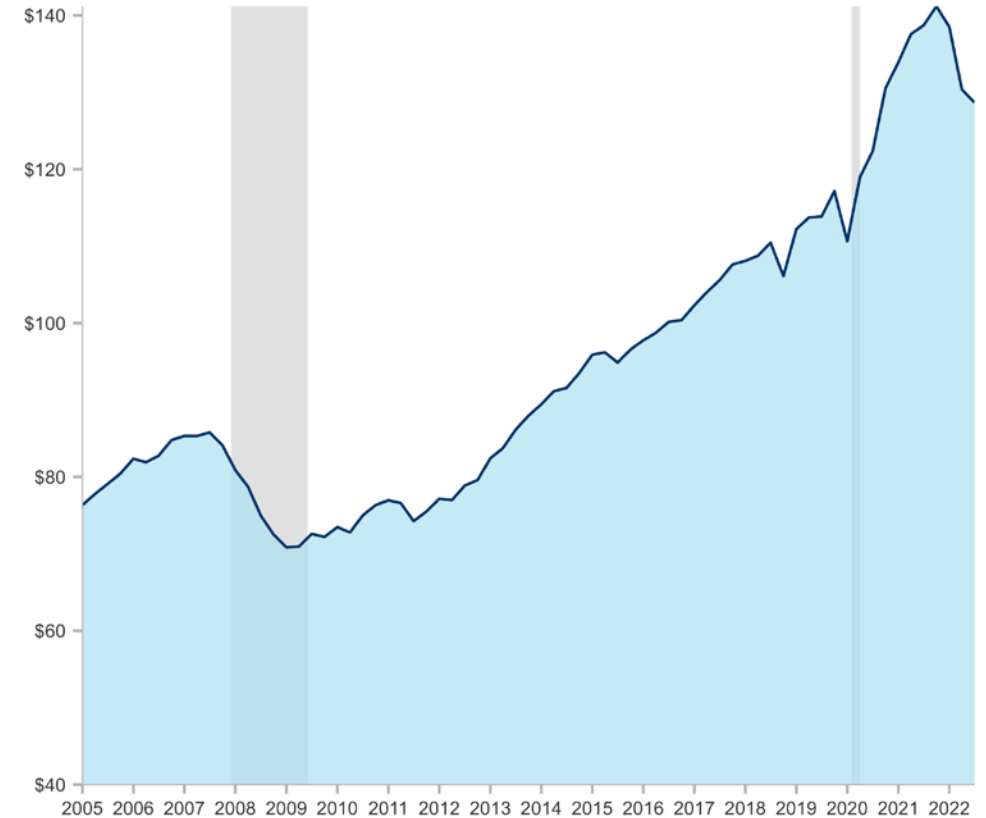
Financial obligations as ratio to disposable income



Note: Quarterly data through 2022Q3. Financial obligations ratio is the ratio of household debt payments, and payments such as rent and auto leases, to disposable income. Source: Federal Reserve, NBER

## Household net worth

In trillions, real

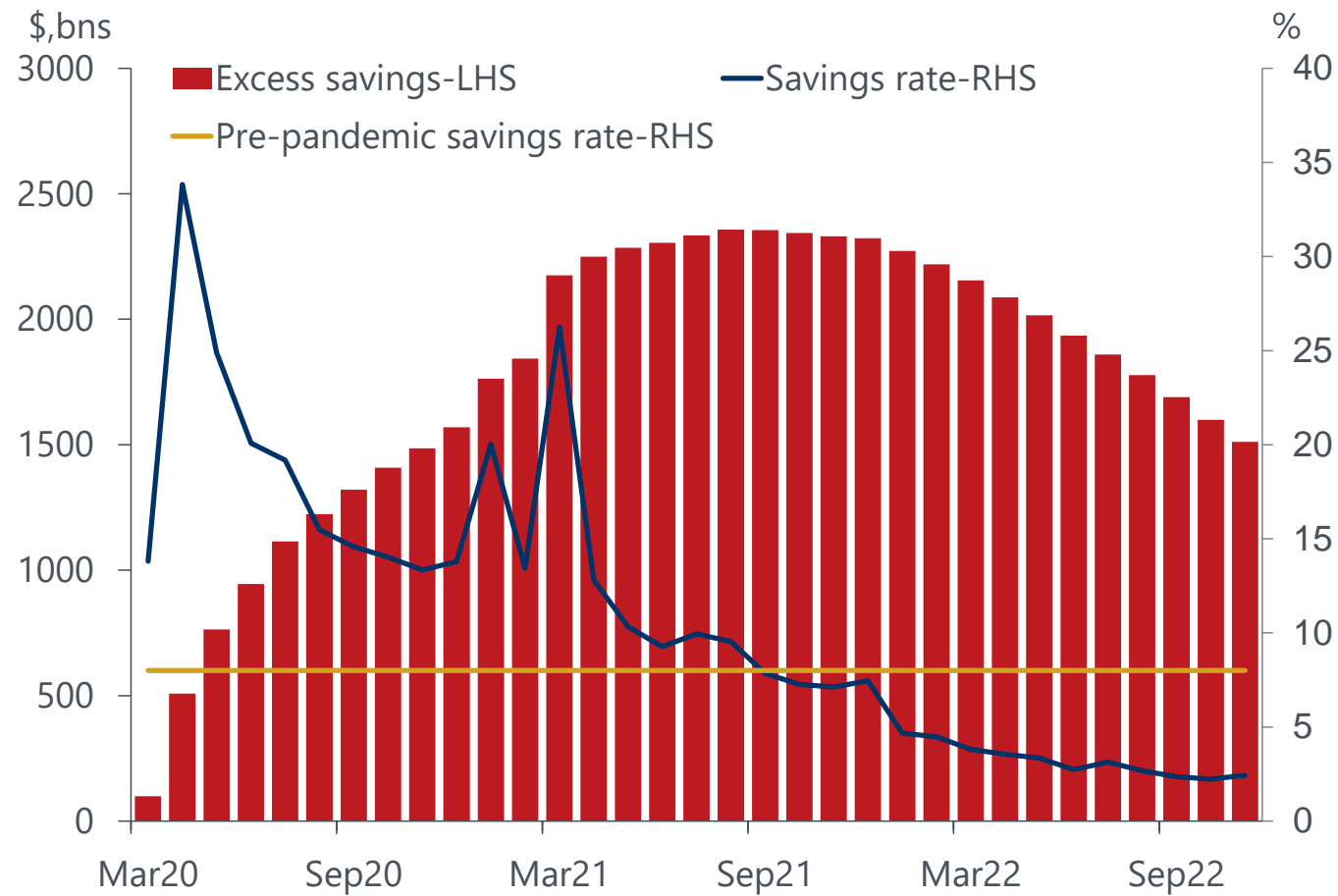


Note: 2020 dollars. Quarterly data through 2022Q3. Net worth of households and nonprofit organizations. Measures assets such as housing and financial assets, minus liabilities. Source: Federal Reserve, NBER



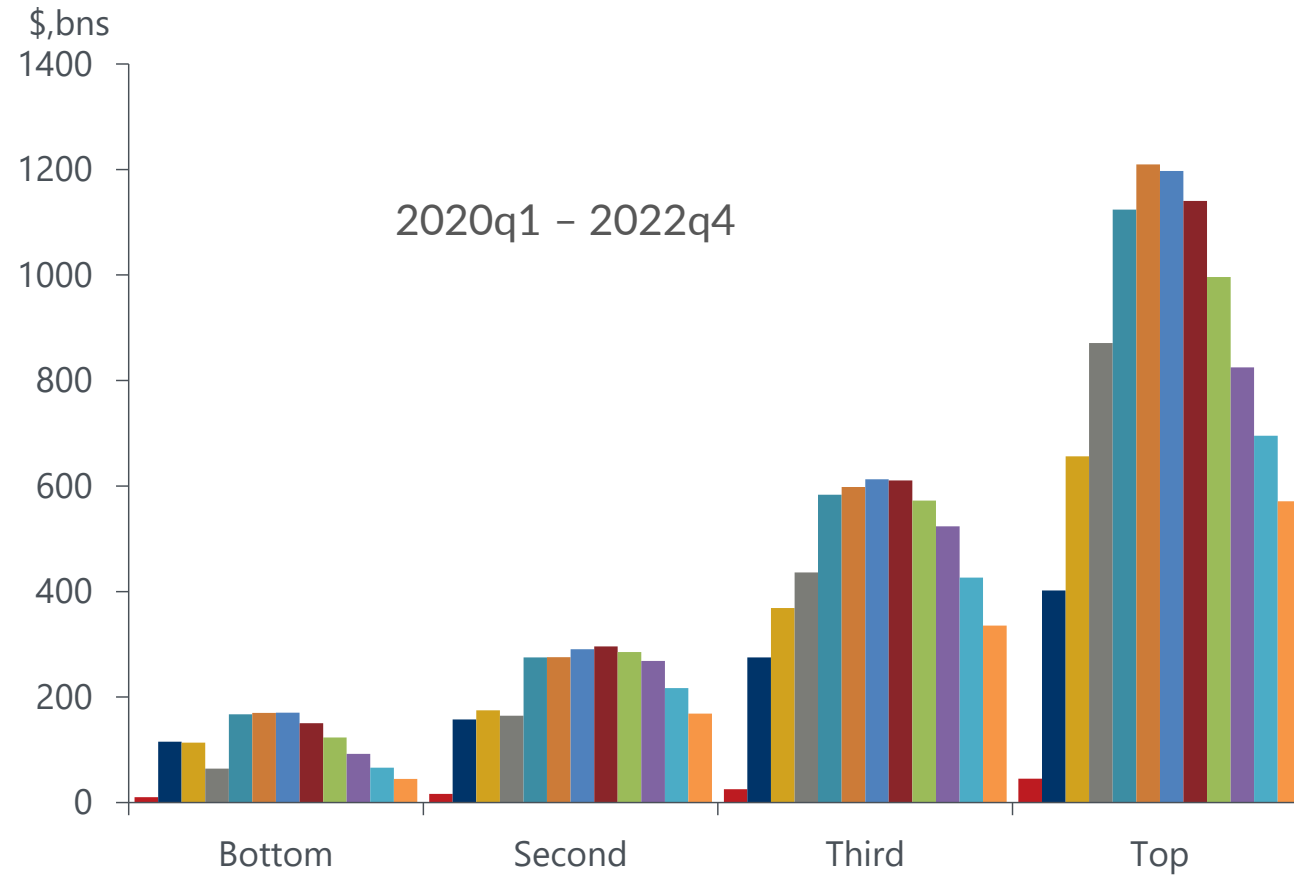
# Excess savings are buffer

US: Excess savings based on reported personal income data



## ... especially to high-end travelers

US: Excess savings by income quartile



Source: Oxford Economics/Haver Analytics

\$2.4 trillion saved during pandemic, now sits at \$1.2

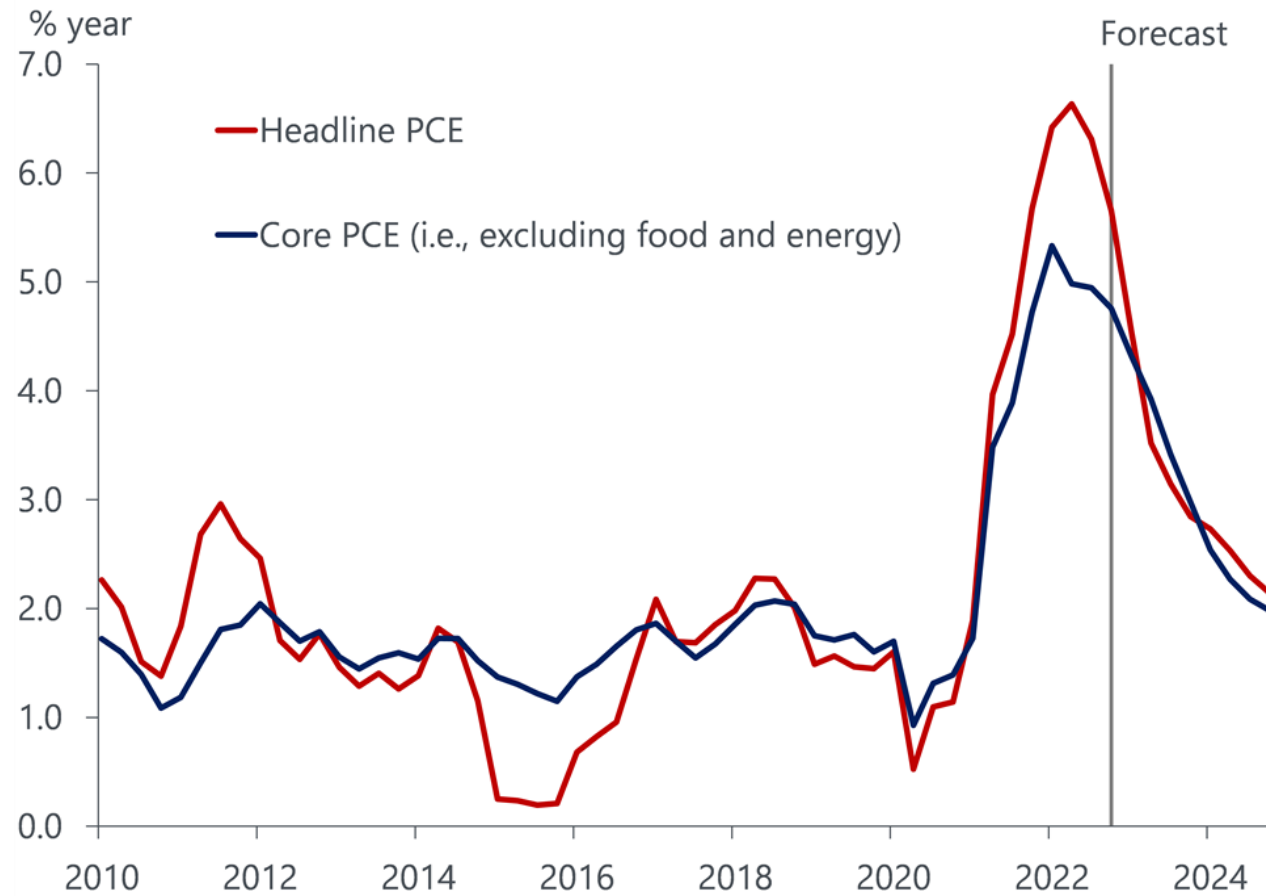
Households in the top income quartile hold close to half of excess savings

“While macroeconomic concerns continue to dominate the headlines, we are not seeing any signs of weakness in our business. ...consumers still have significant excess savings, with the majority concentrated in the top income brackets which gives us confidence the recovery in the lodging industry is sustainable.”

Host earnings call, November 3, 2022

# Inflation remains high but should slow in the coming months

US: Headline and core PCE prices





# Wage growth is moderating

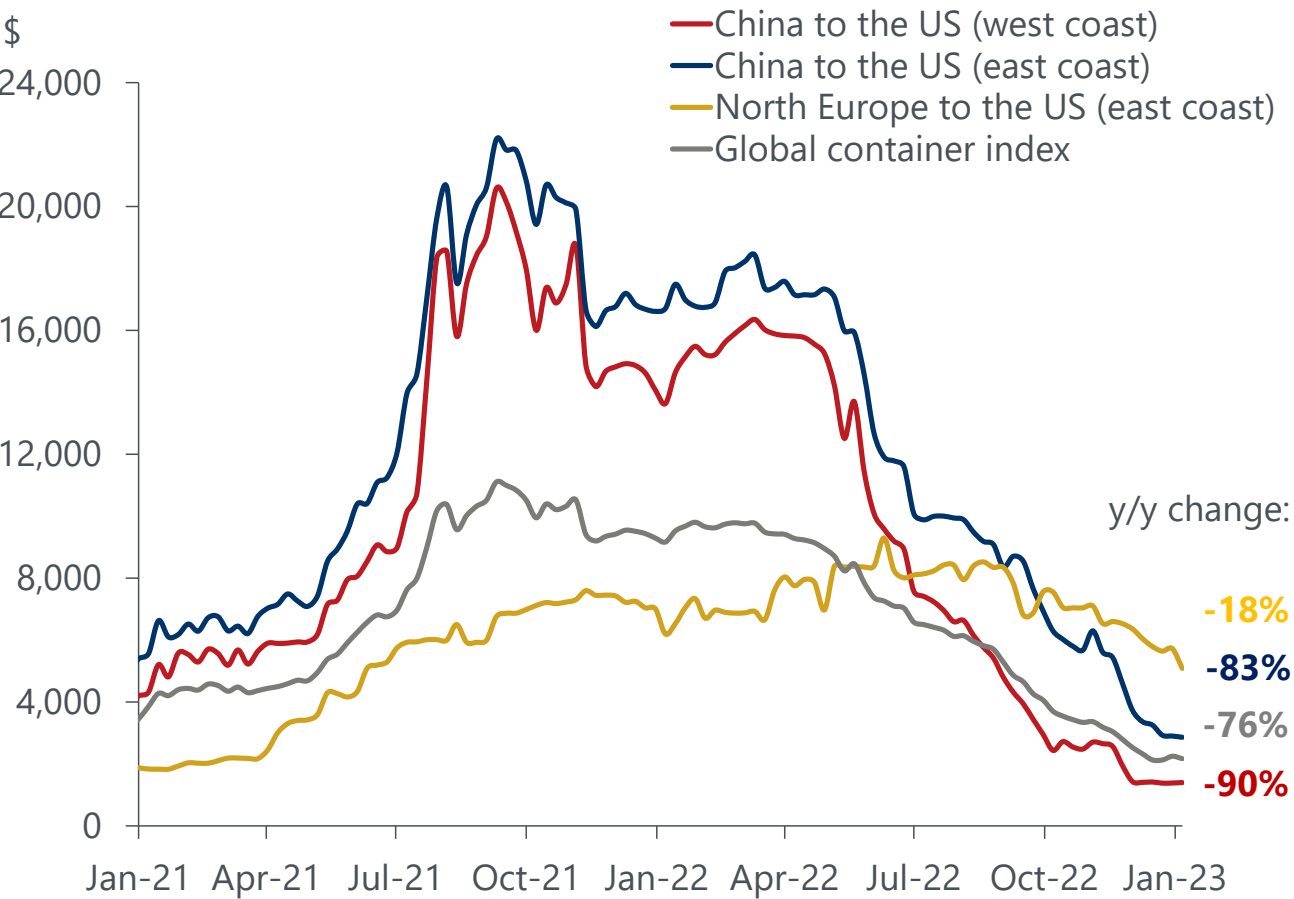
US: Stronger wage growth for lower wage workers



Source: Oxford Economics/Haver Analytics

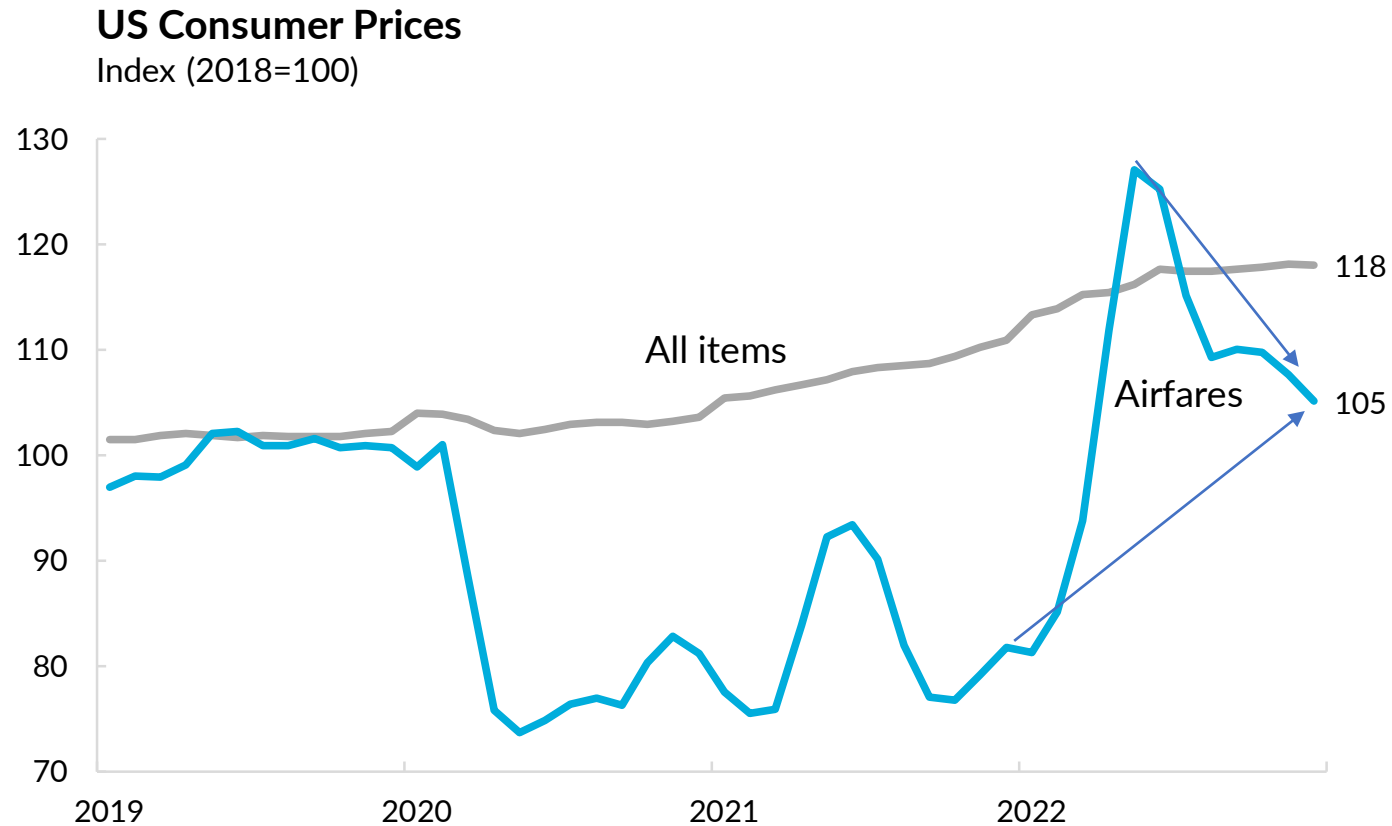
# Shipping costs continue to fall

US: The cost of shipping a container from...



Source: Oxford Economics/Freightos Baltic Index

# Airfares continue to fall from record highs



Sources: BLS

- Airfares in December were 19% below May 2022 peak.
- However, prices were 29% higher than a year earlier.

# Why the travel industry may defy economic gravity

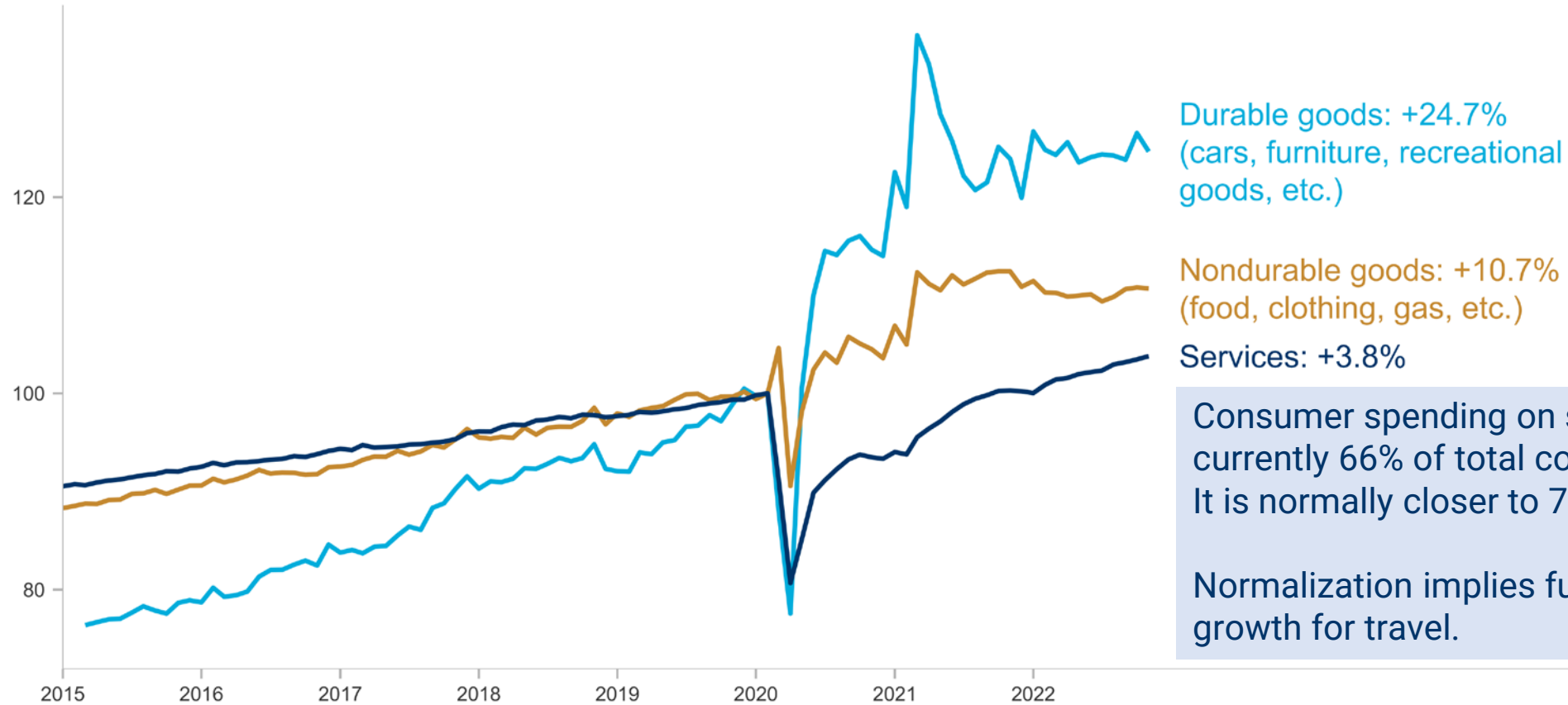
1. US households are in a position of strength
2. Pent-up demand and prioritization of travel is real
3. Businesses are still restoring necessary travel
4. International still rebuilding



# Spending continues to rise... for services

## Consumer spending, real

Index (Feb 2020=100), increase since February 2020 in labels



Consumer spending on services is currently 66% of total consumption. It is normally closer to 70%.

Normalization implies further growth for travel.

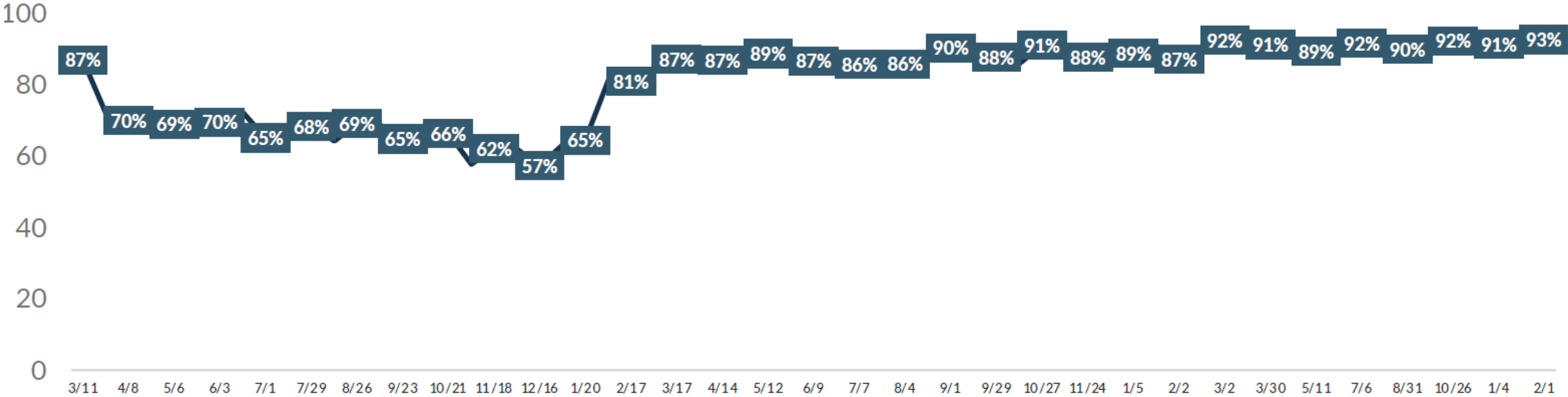
Note: Real. Seasonally adjusted monthly data through November 2022  
Source: Bureau of Economic Analysis

“As we look ahead to full year 2023, there is meaningful uncertainty about global economic growth. Lodging is a cyclical business, and it's not immune to downturns in the macroeconomic environment. To date, however, we have not seen signs of demand softening.”

Marriott earnings call, February 14, 2023

# And overall intentions to travel remain elevated

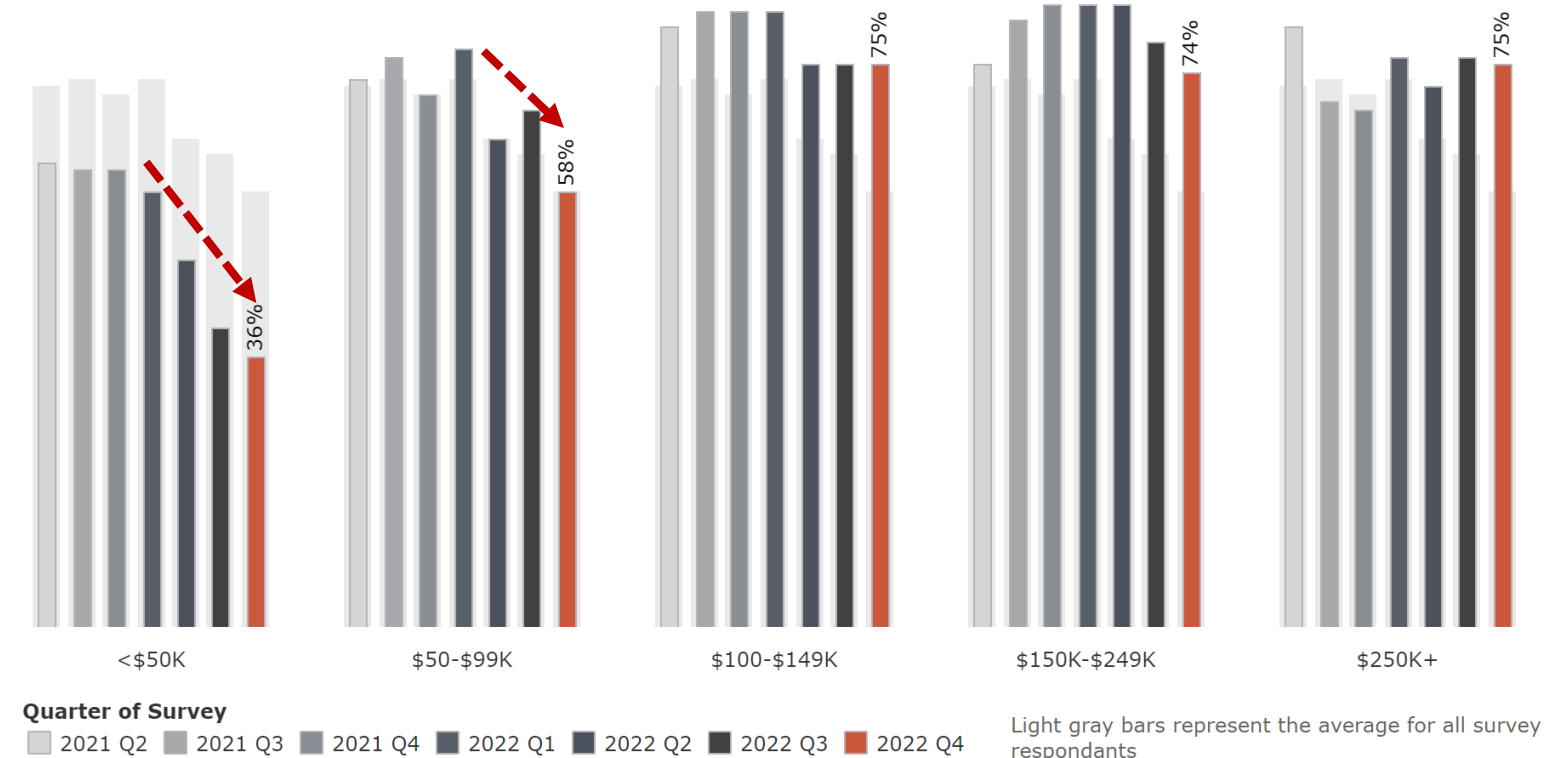
## Travelers with Travel Plans in the Next Six Months Comparison



Travel Sentiment Study Wave 70

# Slippage evident among lower income earners

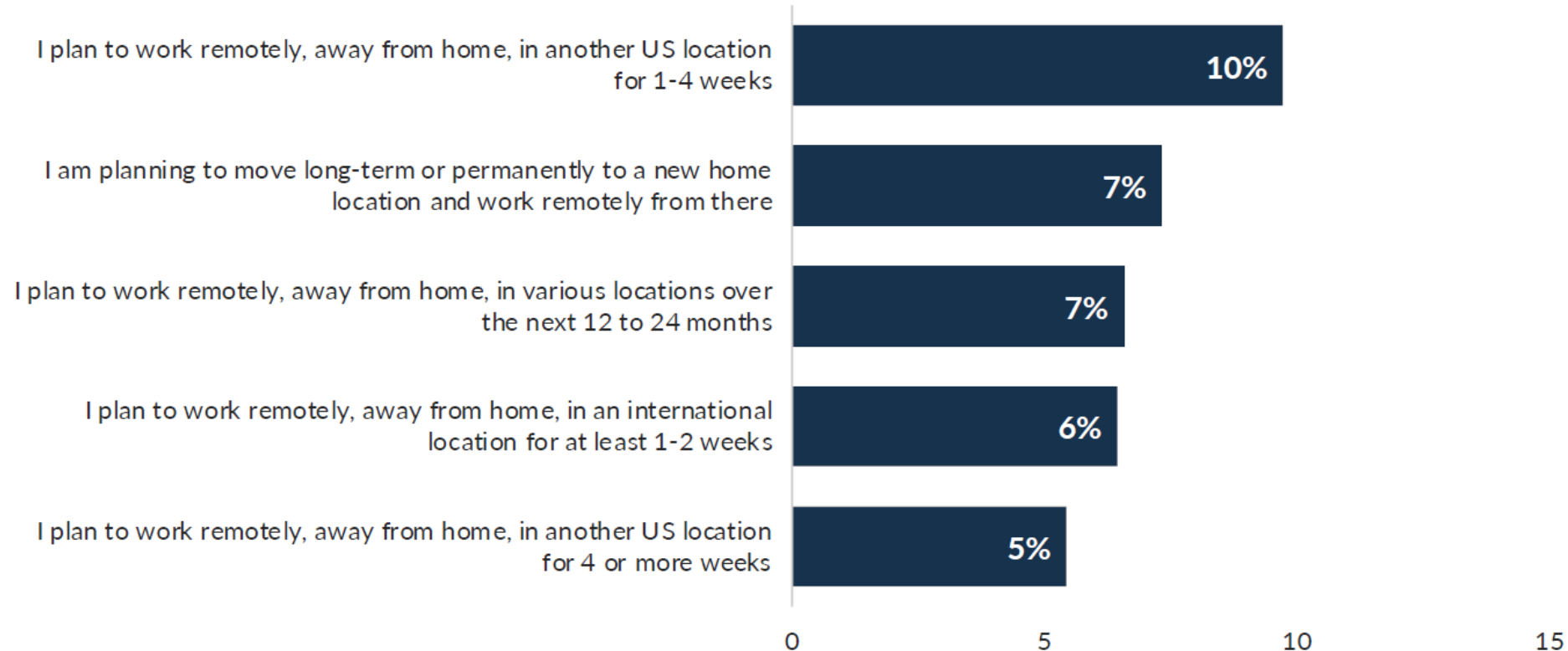
Planning Leisure Travel Within the Next 6 Months  
% of American Consumers





# 35% plan to travel... as they work remotely

Which of the following describes your remote work plans within the next 12-24 months?



Travel Sentiment Study Wave 70

Longwoods INTERNATIONAL | miles PARTNERSHIP

 TOURISM ECONOMICS

“There's been a permanent structural change in leisure demand because of the flexibility that hybrid work allows. This is not pent-up demand. It's the new normal.”

United Airlines earnings call, October 19, 2022

# Why the travel industry may defy economic gravity

1. US households are in a position of strength
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# Business travel intentions now exceed 2019

## Average expected trips versus 2019

Average monthly trips expected in next six months relative to pre-pandemic (2019=100%)



[q1&q2] How many times do you travel on average for business purposes?

Business Travelers Survey BASE: Q4 = 790; Q3 N = 1641; Q2 N = 2545

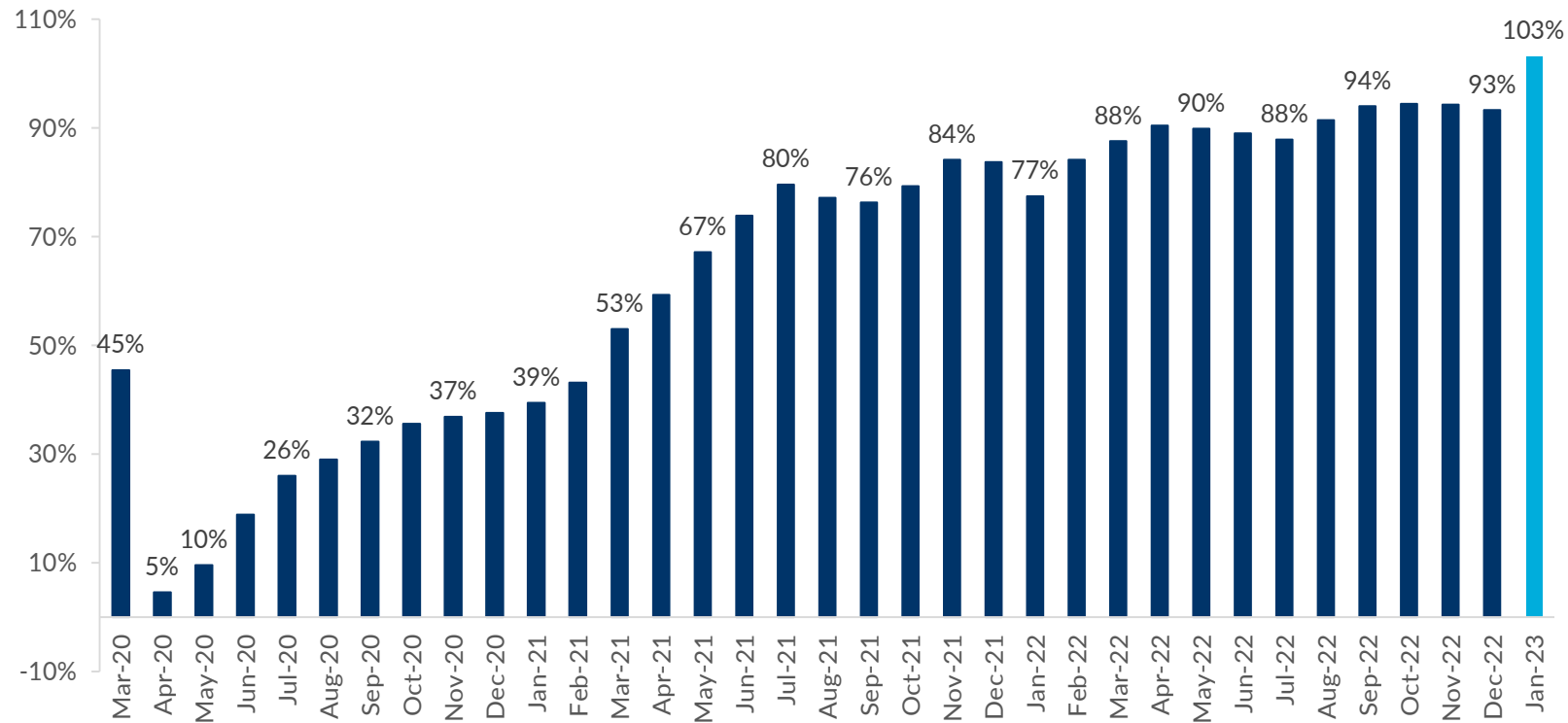
“Consumer demand remains healthy, with advanced bookings significantly ahead on both yield and load factor for each month of the March quarter compared to 2019. And in our recent corporate survey, results were positive with 96% of respondents expecting to travel as much or more in Q1 than Q4, led by financial services.”

Delta Airlines earnings call, January 13, 2023



# We did it, Air travel nationally elevated in January

## Air Passenger Volume % of 2019 level



Philadelphia is  
right behind the  
national average  
at 5% behind 2019  
levels in Jan-23

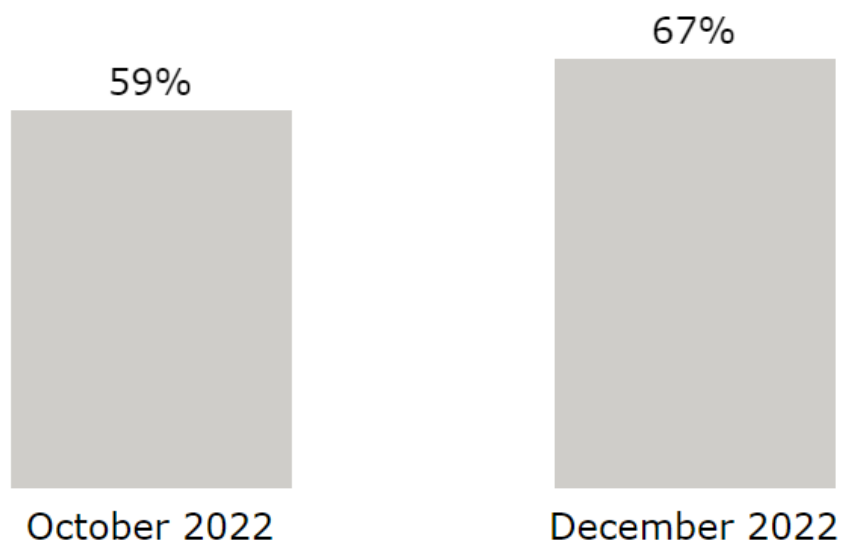
Source: TSA

# Group bookings showing strength

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## Event Planner

% Of meeting planners who expect to plan more in-person meetings in 2023 than in 2022



"More" responses

Source: Northstar Meetings Group and Cvent (Meetings industry PULSE survey), as of December 2022

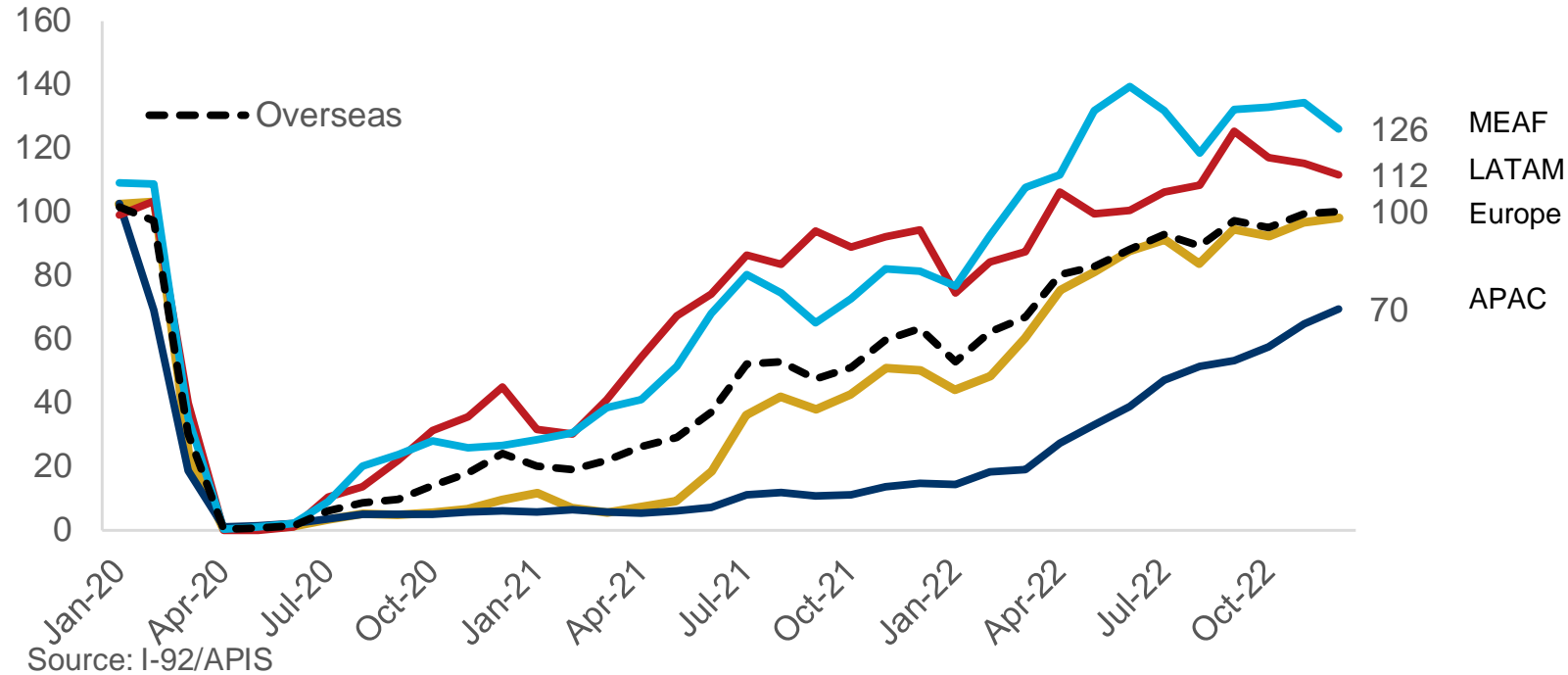
# Why the travel industry may defy economic gravity

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# US outbound is already recovered

## US Outbound Travel to Global Regions

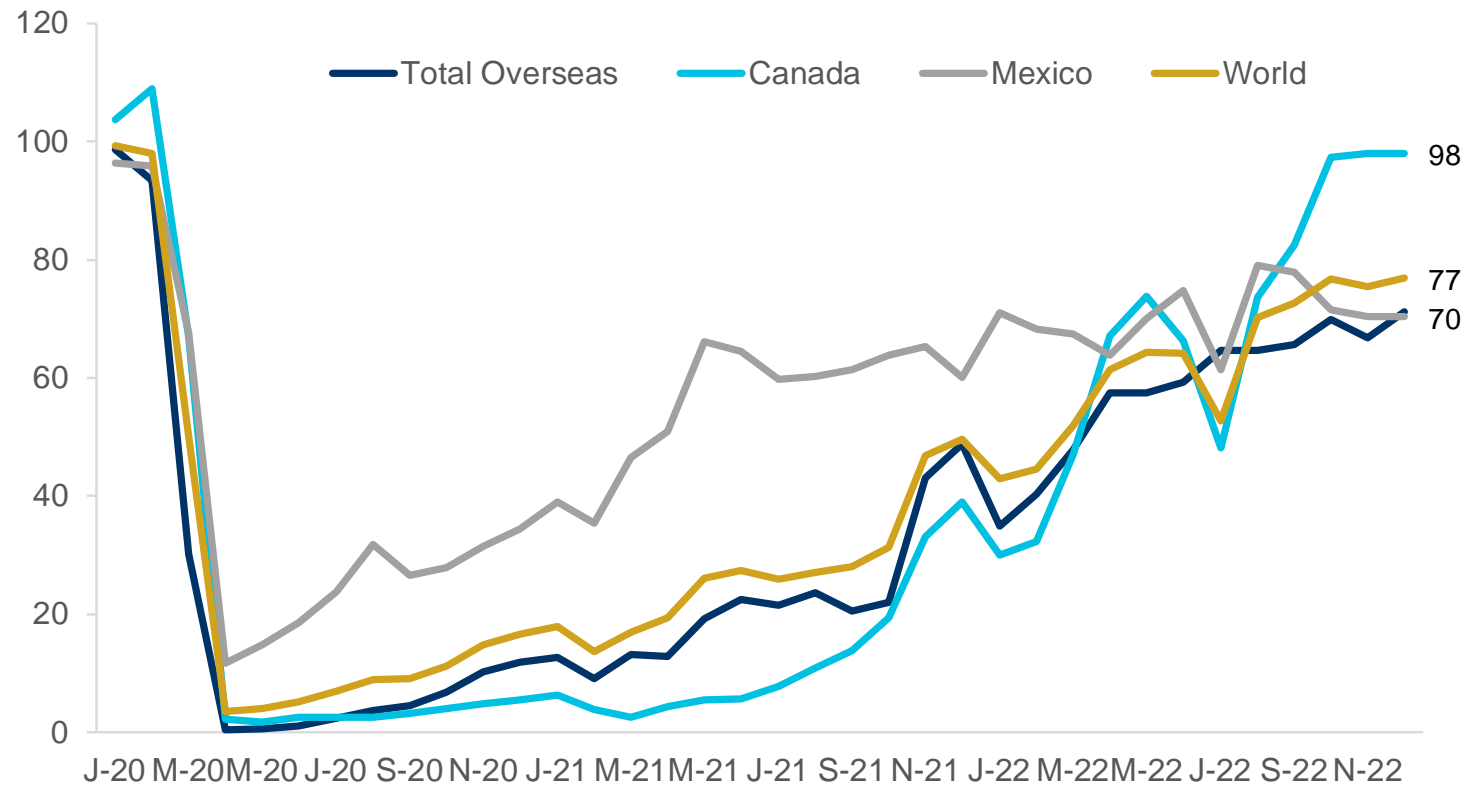
Index (2019 = 100)



# But international inbound is gaining momentum

## International visits to USA

2019 = 100 (same month comparison)



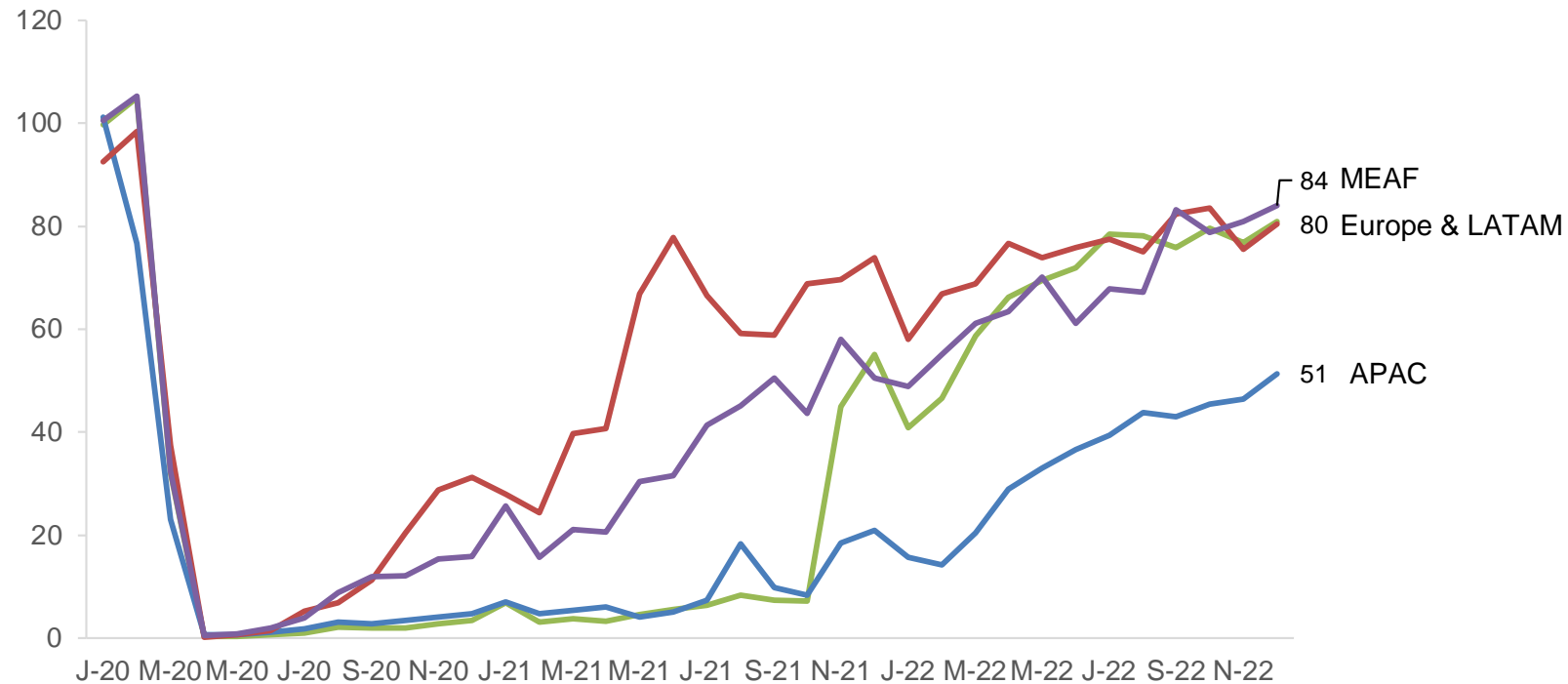
Source: NTTO



# Asia lagging but showing signs of life

## International visits to USA

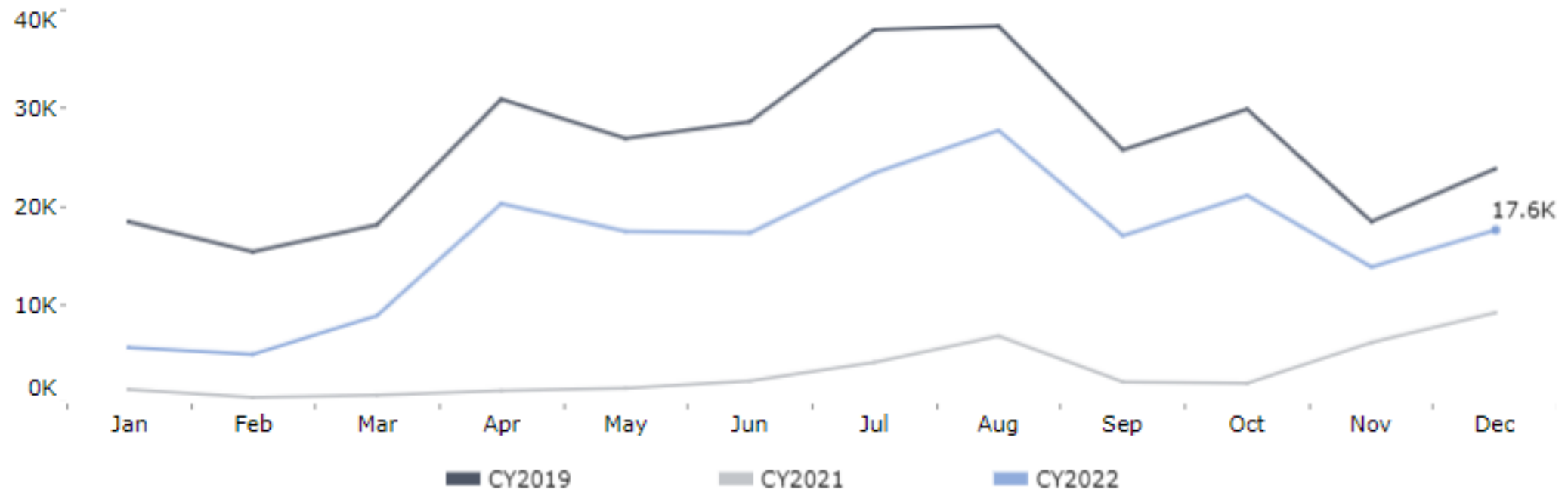
2019 = 100 (same month comparison)



Source: NTT

# Overseas visits to PHL is improving (and seasonality is back!)


## Overseas Visits to Philadelphia



Source: NTTO

“This is our best-ever post-holiday booking period with broad strength across all entities and travel periods. Demand for domestic and short-haul international travel continues to lead the way. We expect a strong demand environment to continue in 2023 and anticipate further improvement in long-haul travel international travel this year”

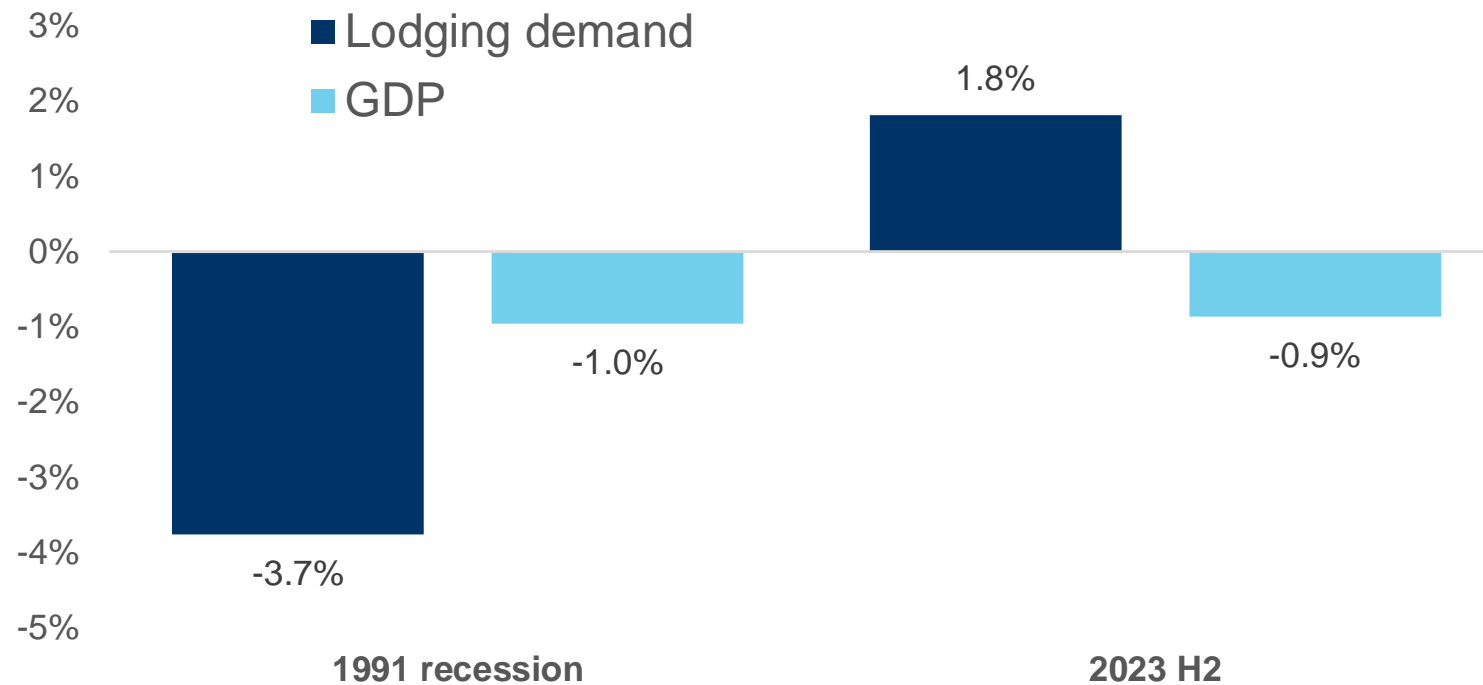
American Airlines earnings call, January 26, 2023

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# Our 2023 forecast defies economic gravity

## GDP and hotel demand

Change peak-to-trough



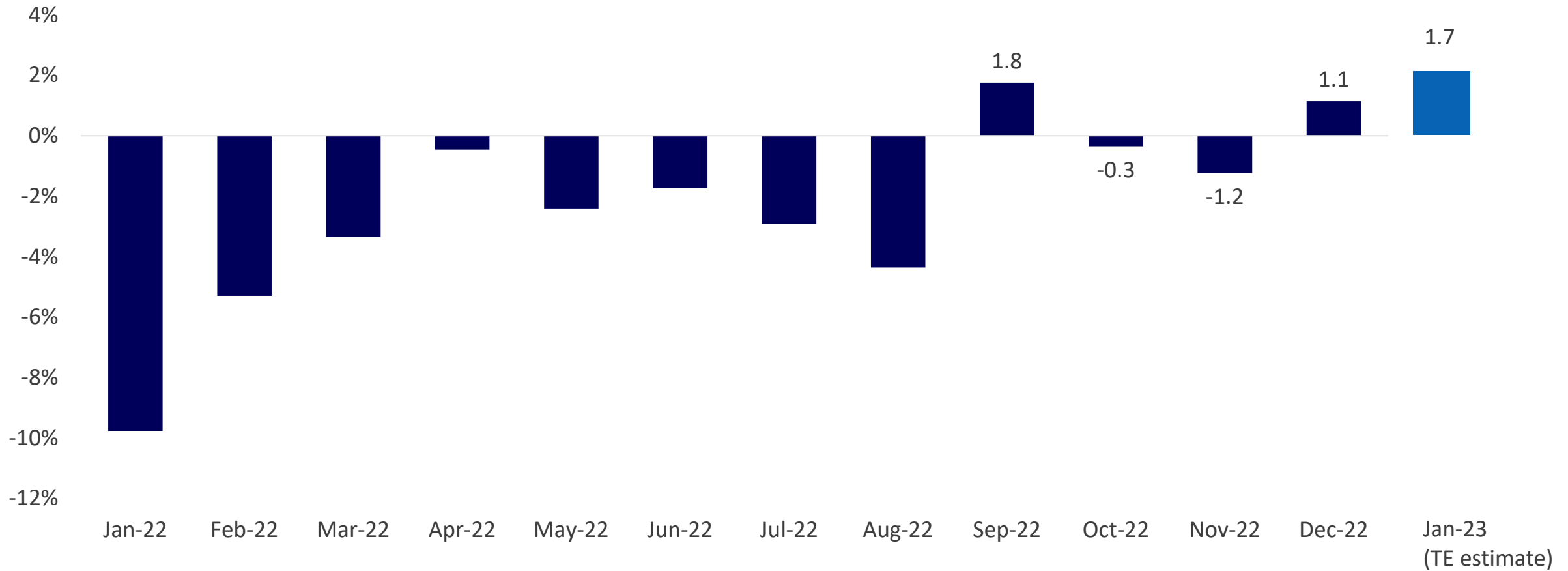
Note: For 1991, graph shows change in lodging demand and GDP in 1991 Q1 relative to 1990 Q1, based on seasonally adjusted data. For 2023, graph shows the forecast change in lodging demand in the second half of 2023 relative to the second half of 2022.

Source: STR, BEA, Tourism Economics



# Hotel room demand in recovery territory

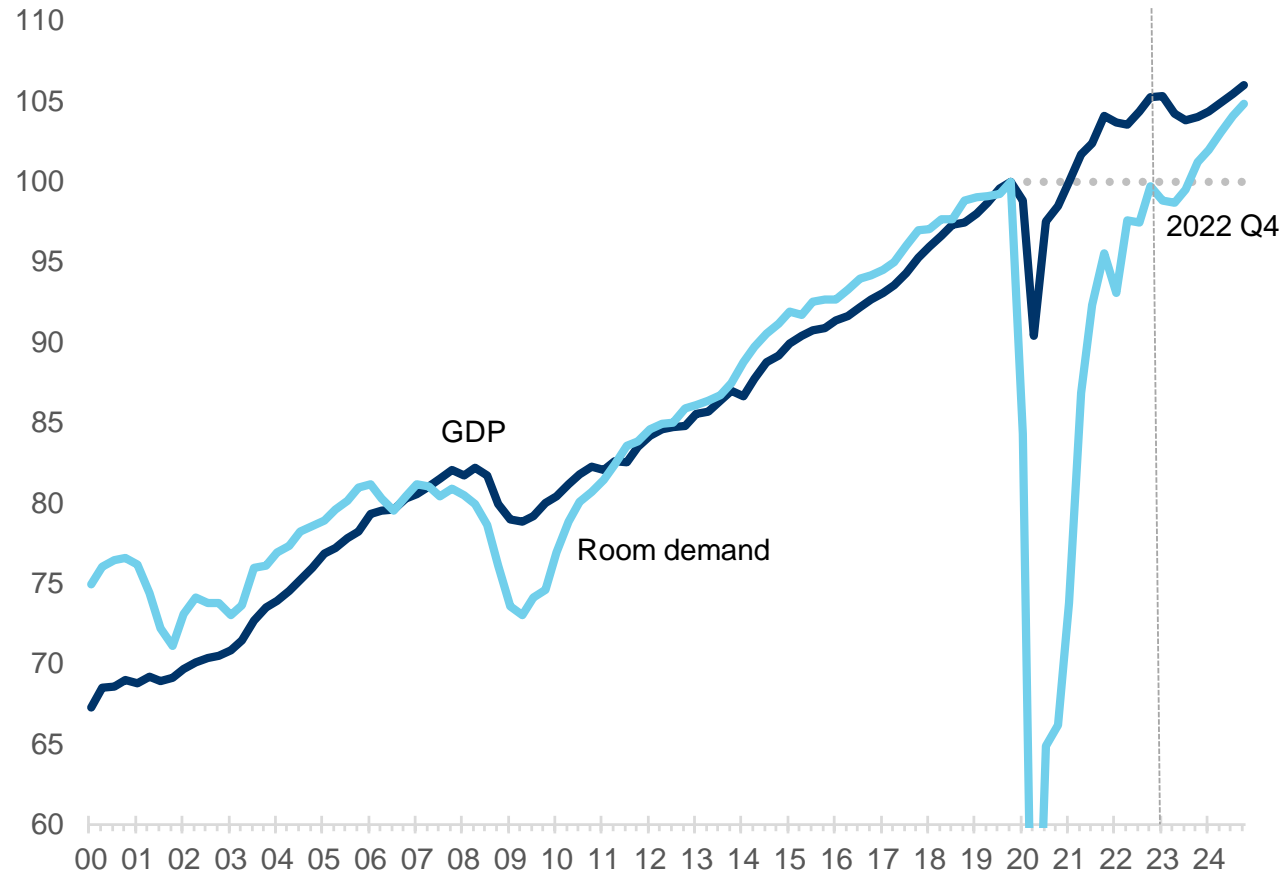
Total U.S., room demand % chg. to 2019, Jan 2022 – Dec 2022



# Room demand is still below the economic trend

## GDP and hotel room demand

Index (2019 Q4 = 100)



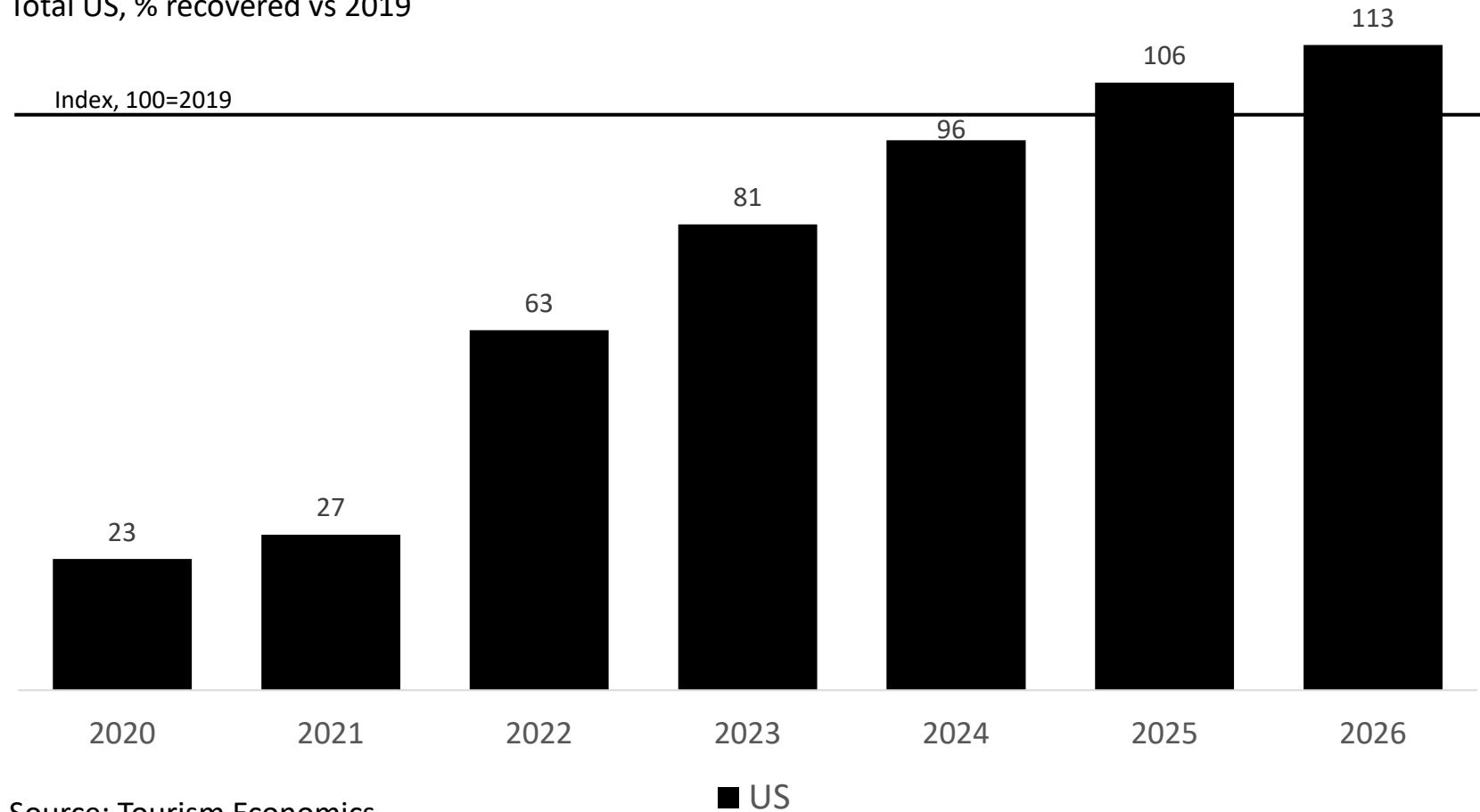
Note: Real GDP, seasonally adjusted.

Source: BEA; STR; Oxford Economics

# International visitation will continue to grow

## International Visitation Forecast

Total US, % recovered vs 2019



Source: Tourism Economics

# Room revenue to fully recover in 2023

## Lodging Forecast, Center City Philadelphia

Performance Metrics	2019	2022	2022 % Change YOY	2022 % Change vs. 2019
Occupancy	76.4%	56.4%	+38.5%	-26.1%
ADR	\$201.82	\$216.47	+19.5%	+7.3%
RevPAR	\$154.15	\$122.16	+65.5%	-20.8%
Room Revenue	\$718.0M	\$621.6M	+76.4%	-13.4%

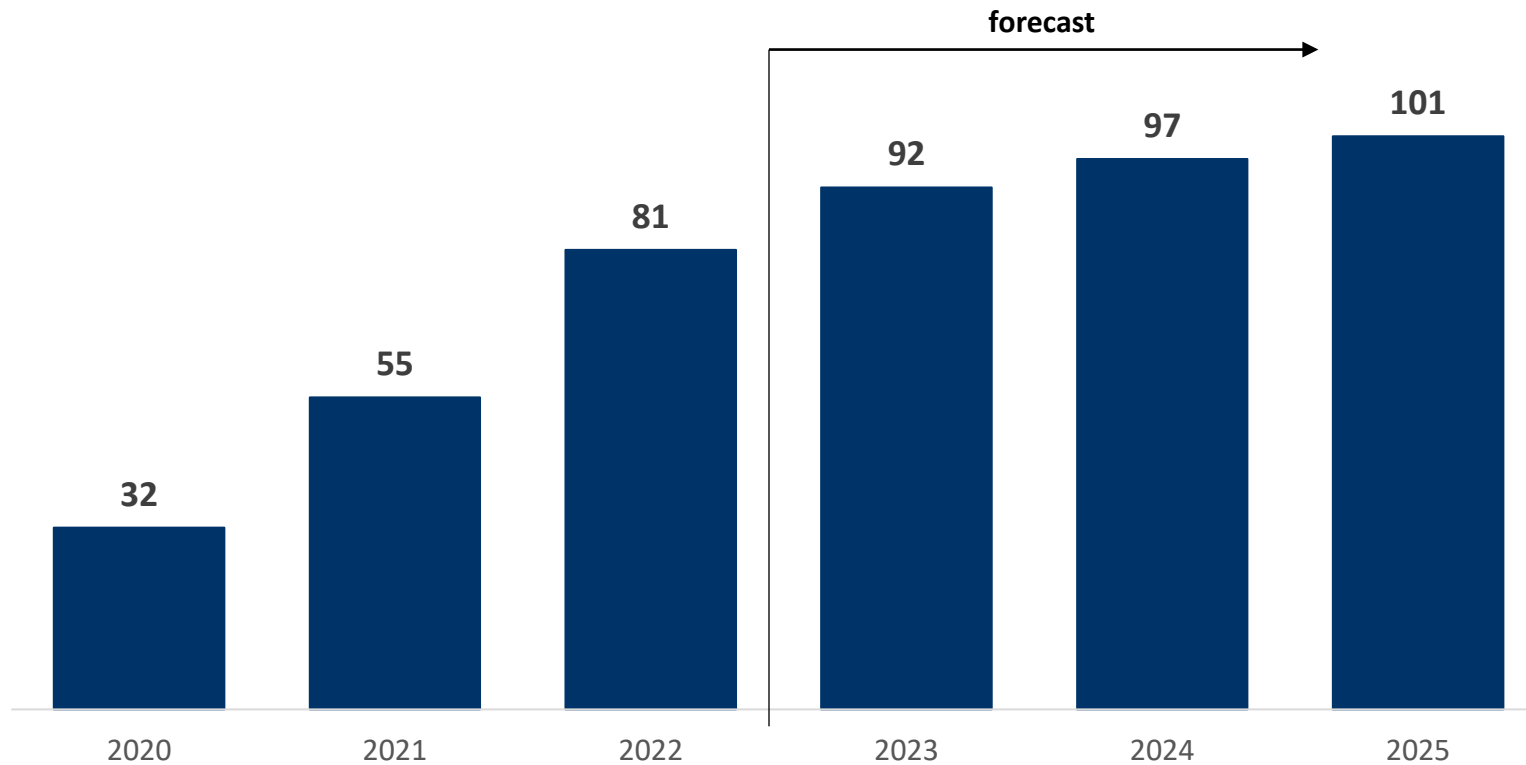
2023 (f)	2023 (f) % Change YOY	2023 (f) % Change vs. 2019
62.9%	+11.4%	-17.7%
\$226.34	+4.6%	+12.1%
\$142.27	+16.5%	-7.7%
\$737.6M	+18.7%	+2.7%

Source: STR (history) and Tourism Economics (forecast released February 2023)

# Hotel demand within 10% of full recovery

## Hotel Demand

Center City Philadelphia, % recovered vs 2019 (index, 100=2019)



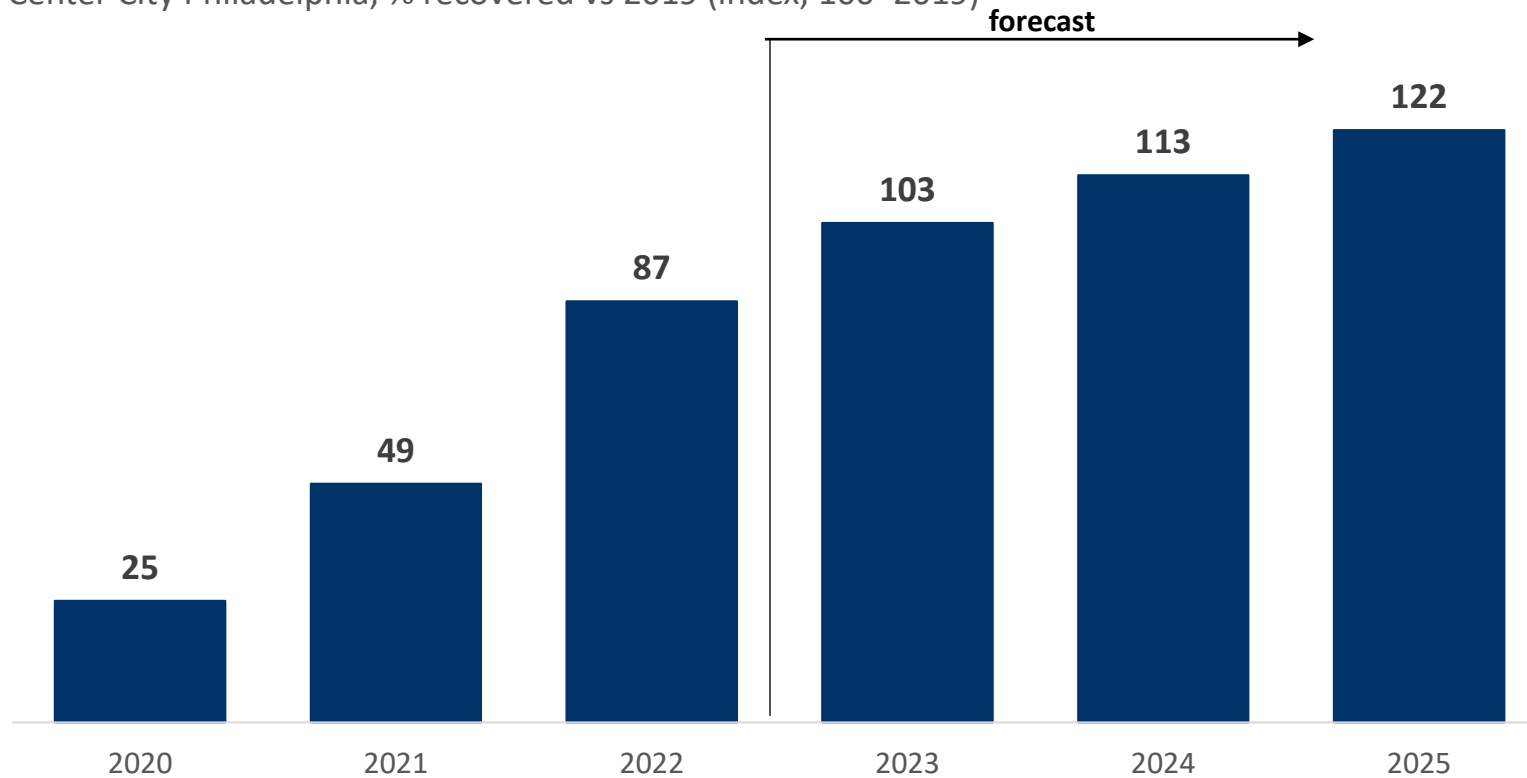
Source: STR (history) and Tourism Economics (forecast released February 2023)



# But room revenue to fully recover this year due to strong ADR

## Hotel Room Revenue

Center City Philadelphia, % recovered vs 2019 (index, 100=2019)

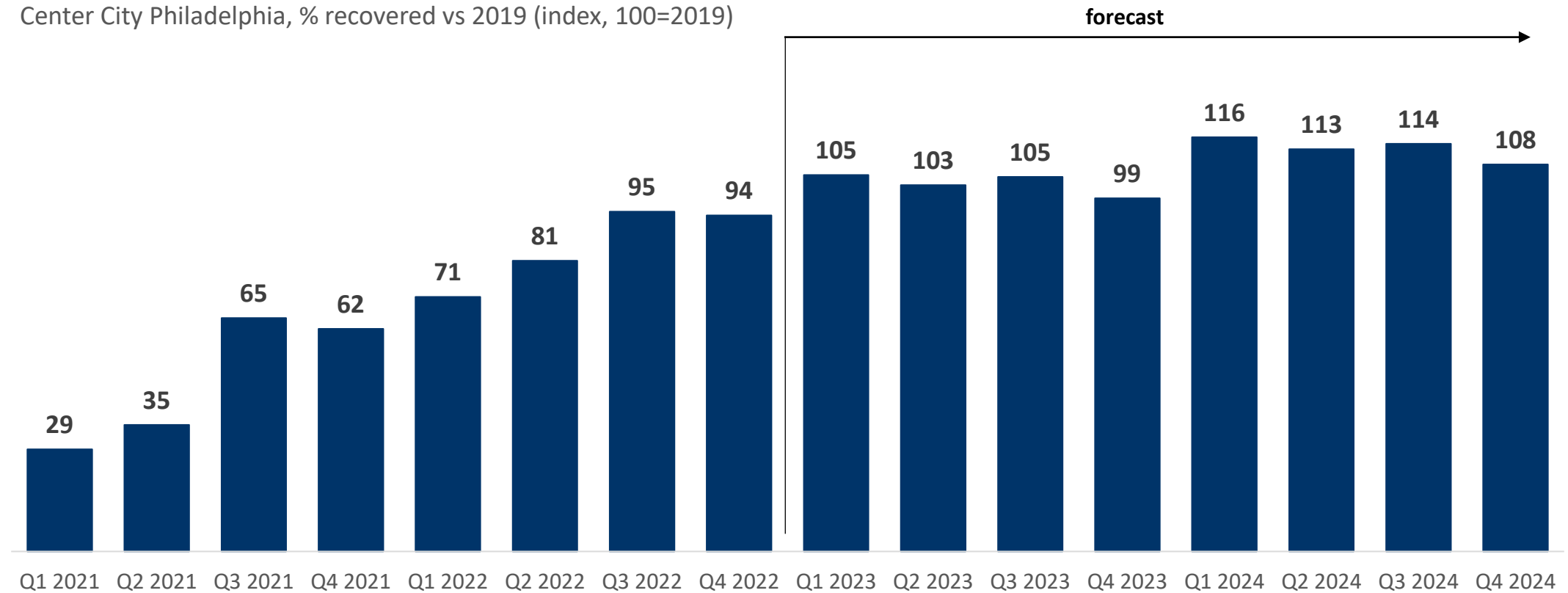


Source: STR (history) and Tourism Economics (forecast released February 2023)

# Room revenue to fully recover in Q1 2023

## Hotel Room Revenue

Center City Philadelphia, % recovered vs 2019 (index, 100=2019)

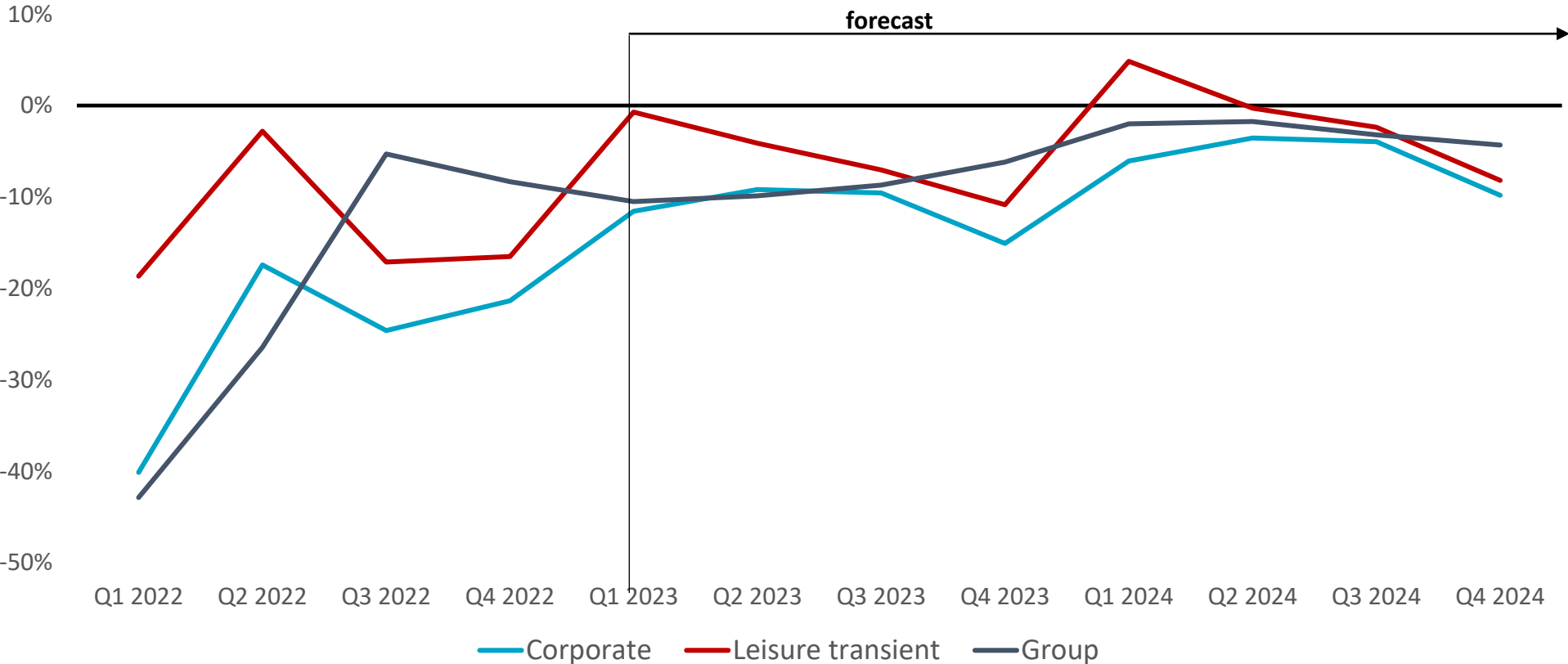


Source: STR (history) and Tourism Economics (forecast released February 2023)

# Market mix to start normalizing

## Hotel Demand by Segment

Center City Philadelphia, % change relative to 2019



Source: STR (history) and Tourism Economics (forecast released February 2023)

# And all key segments expected to reach 1M room nights in 2023

## Hotel Demand Segmentation

Center City Philadelphia

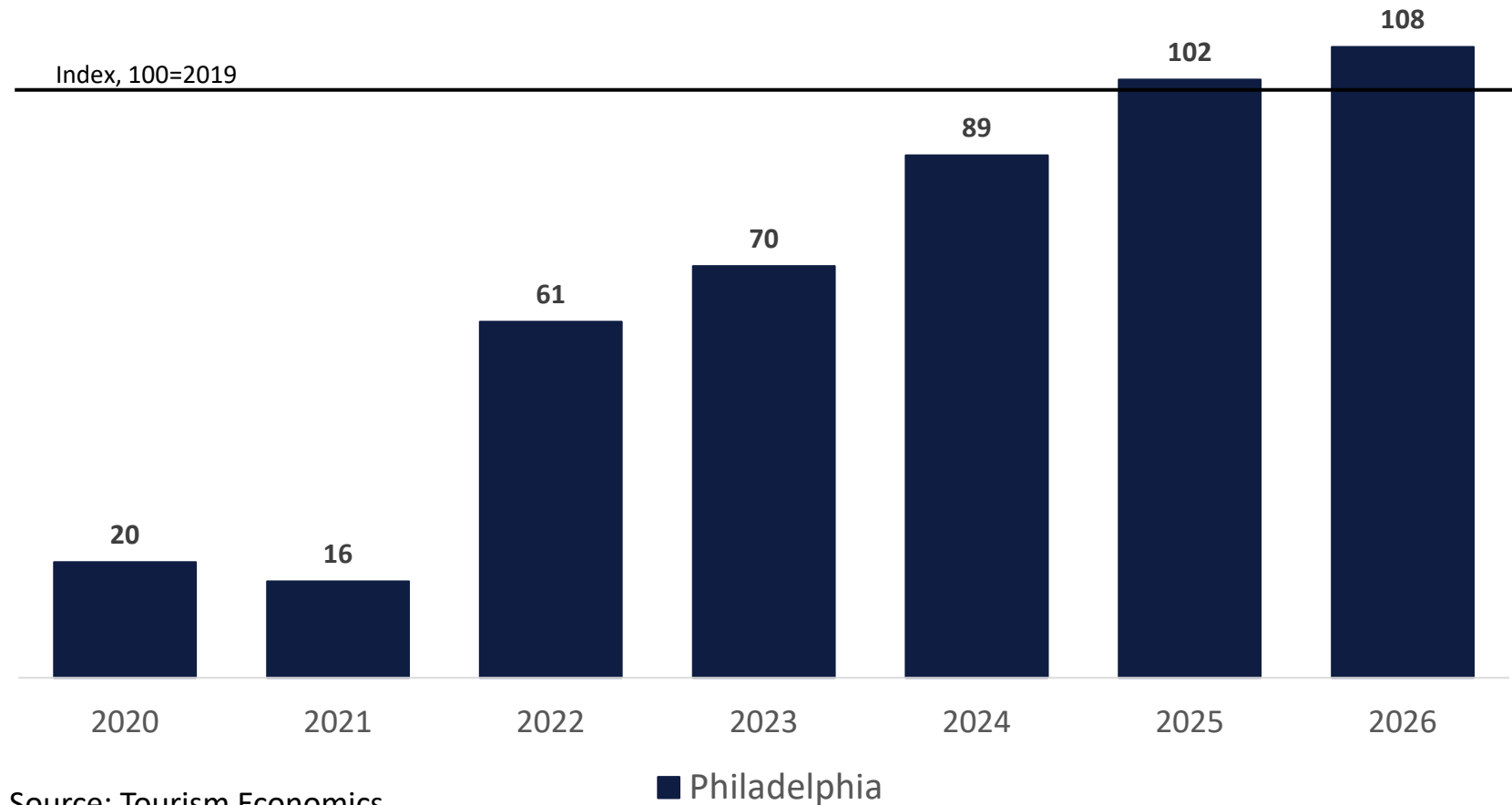
	2019	2020	2021	2022	2023	2024	2025
Hotel room night demand (in thousands)							
Total	3,557.7	1,149.0	1,945.9	2,871.6	3,259.1	3,440.8	3,598.8
Business transient	1,156.9	412.9	614.1	860.9	1,026.4	1,090.0	1,133.7
Leisure transient	1,119.9	473.2	890.9	974.0	1,051.6	1,097.6	1,156.8
Group	1,134.6	193.2	368.1	902.8	1,035.2	1,102.8	1,155.0
Contract	146.3	69.6	72.9	133.9	145.9	150.3	153.3

Source: STR (history) and Tourism Economics (forecast released February 2023)

# International visits to fully recover by 2025

## International Visitation Forecast

Philadelphia, % recovered vs 2019

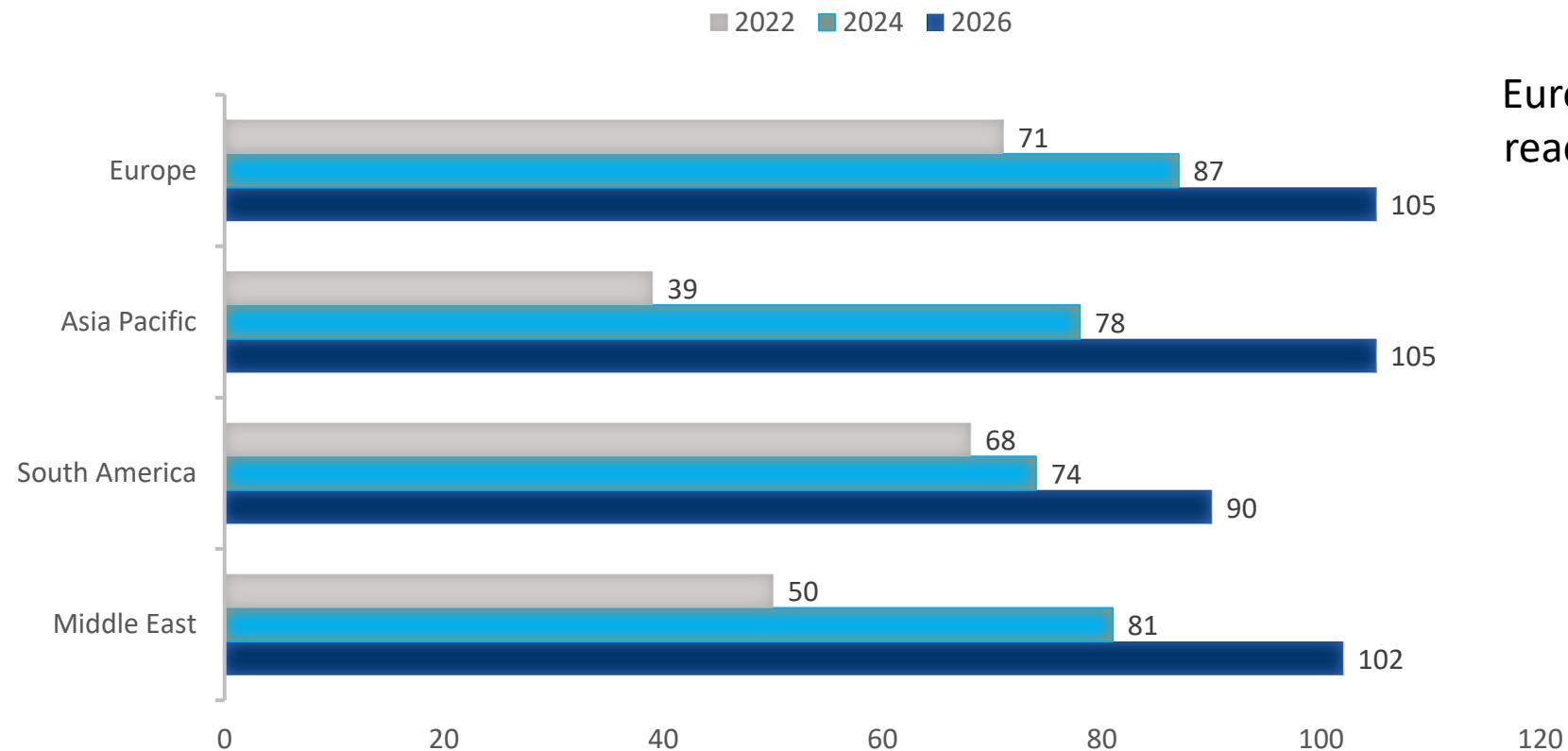


Source: Tourism Economics

# And....overseas travel to PHL is clawing its way back!

## OVERSEAS TRAVEL TO CHESTER COUNTY AND THE PHILADELPHIA REGION FROM KEY MARKETS

TOP SOURCE MARKETS BY WORLD REGION, % RECOVERED TO 2019 (INDEX, 2019=100)



Europe will lead the recovery –  
reaching 87% of 2019 levels by  
2024

Source: Tourism Economics (forecast released in December 2022)



“As we look to the year ahead, acknowledging macroeconomic uncertainty, we expect system-wide top line growth of 4% to 8% versus 2022. We expect performance to be driven by continued growth in all segments and aided by easy first quarter comps due to Omicron, meaningful recovery across Asia and solid growth in U.S. urban markets as group business continues to recover.”

Hilton earnings call, February 9, 2023

# Wrapping this up

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## **A mild recession is likely in 2023**

Inflation and higher interest rates will leave a mark, but strong balance sheets should limit the downside

## **Usually, this would imply a substantial retrenchment in travel**

The 1% drop in GDP would historically room demand to drop 4%. The latest forecast defies this norm.

## **Four reasons travel is uniquely positioned for this downturn**

- Momentum is still evident
- Households (and businesses) are in a fiscally strong position
- Pent-up demand is prioritizing travel
- Business travel – both group and transient – continues to rebuild

## **Local travel outlook**

Recession fears may hamper demand growth, but Center City Philadelphia is well positioned to continue its recovery as all three segments are bouncing back and international visitation improves.



# Thank You!

Erik Evjen  
Director of Data Analytics & Insights  
Tourism Economics  
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# CHRISTINE SPENCER

Sr. Director of Marketing  
PHLCVB







**PHLCVB**  
Philadelphia Convention  
& Visitors Bureau

# PHLCVB MARCOM

Marketing, Communications, Content & Partnerships

**Come for  
Philadelphia.**  
*Stay for Philly.*





**Today:**

- 1. Strategy & Approach**
- 2. New Campaign**
- 3. Partnership Program**





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# Strategy & Approach

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Philadelphia.**  
*Stay for Philly.*



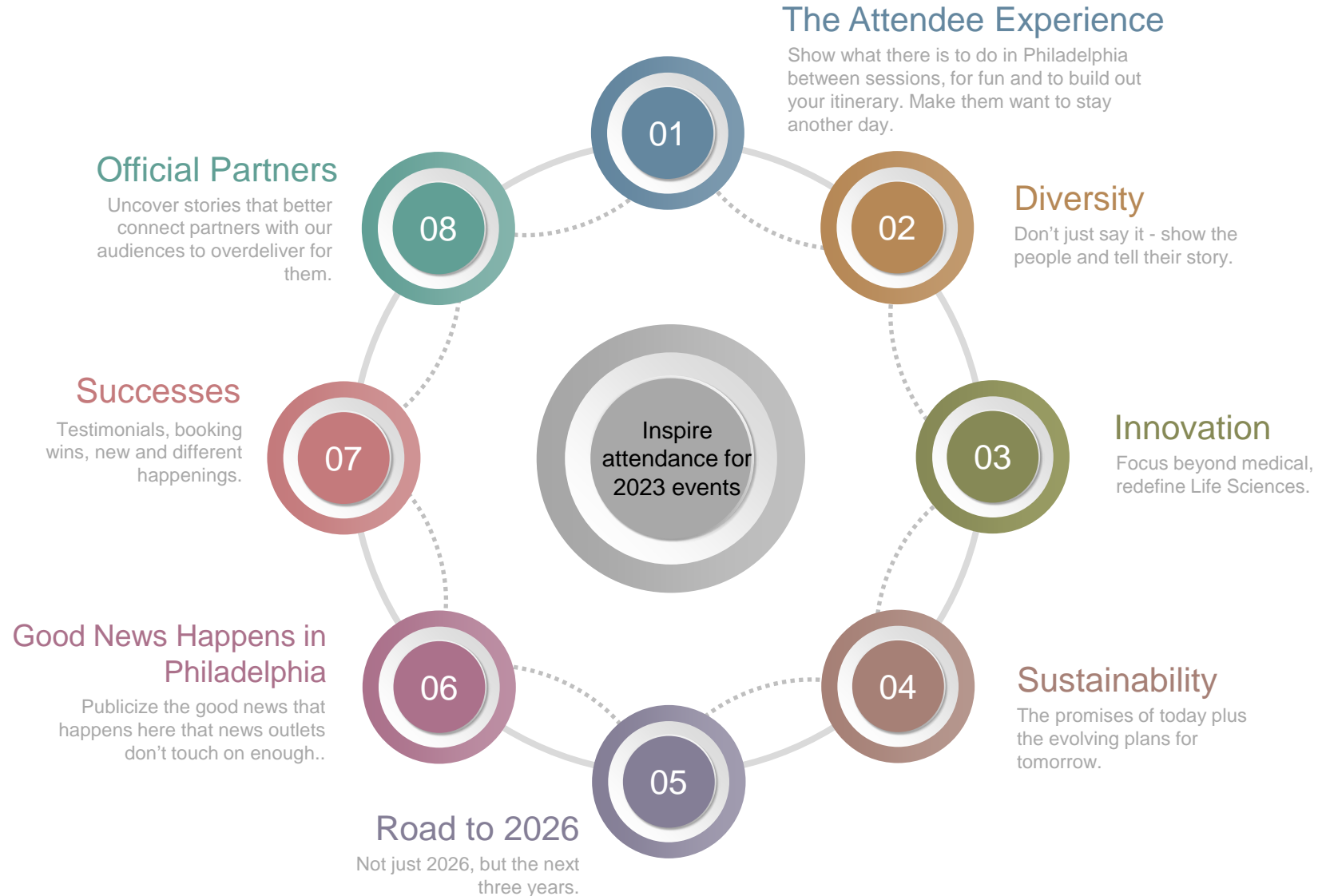
2023 Marcom Mission	Inspire travel to Philadelphia that generates room nights by attracting large events and tourism from overseas markets		
Focus	Marketing the destination for events	Build attendance for secured events	Global Tourism
Audiences	Promoting Philadelphia: Meeting planners & key decision makers	Secured events: Potential attendees coming from event's core markets	UK, Germany, France, India, China + Australia, Netherlands & Italy
Sub Audiences	Association, Corporate, SMERF, Tradeshow / Stages of RFP / Meeting planner associations	B to B to C: Work with event organizers to reach potential attendees Social B to C: Direct to attendee	B to B to C: Tour operators, tradeshows, media, education, consumers
Achieved by	Securing future meetings, conventions & sporting events	Inspire attendance for 2023 events	Attracting visitors from key overseas markets
Engagement Areas	Business media publications, LinkedIn, paid digital placements, non-traditional outlets, tradeshows, sites & fairs	Facebook, Instagram, Reels, short form video for paid placements	Co-op & paid media campaigns, PR, social, fam tours
Objectives	Flood storylines with good news from our city and our partners that make planners want to have Philadelphia on their priority list	Detail the attendee experience and the people behind the events so people will want to come to the event here	Drive consumer demand for booking vacations to Philadelphia based upon inspiring imagery and stories
Value Prop	<b>No other destination is more welcoming, hard working or surprising following your visit.</b> <b>Come for Philadelphia, Stay for Philly.</b>		

# Meetings, Conventions & Sporting Events - Booking

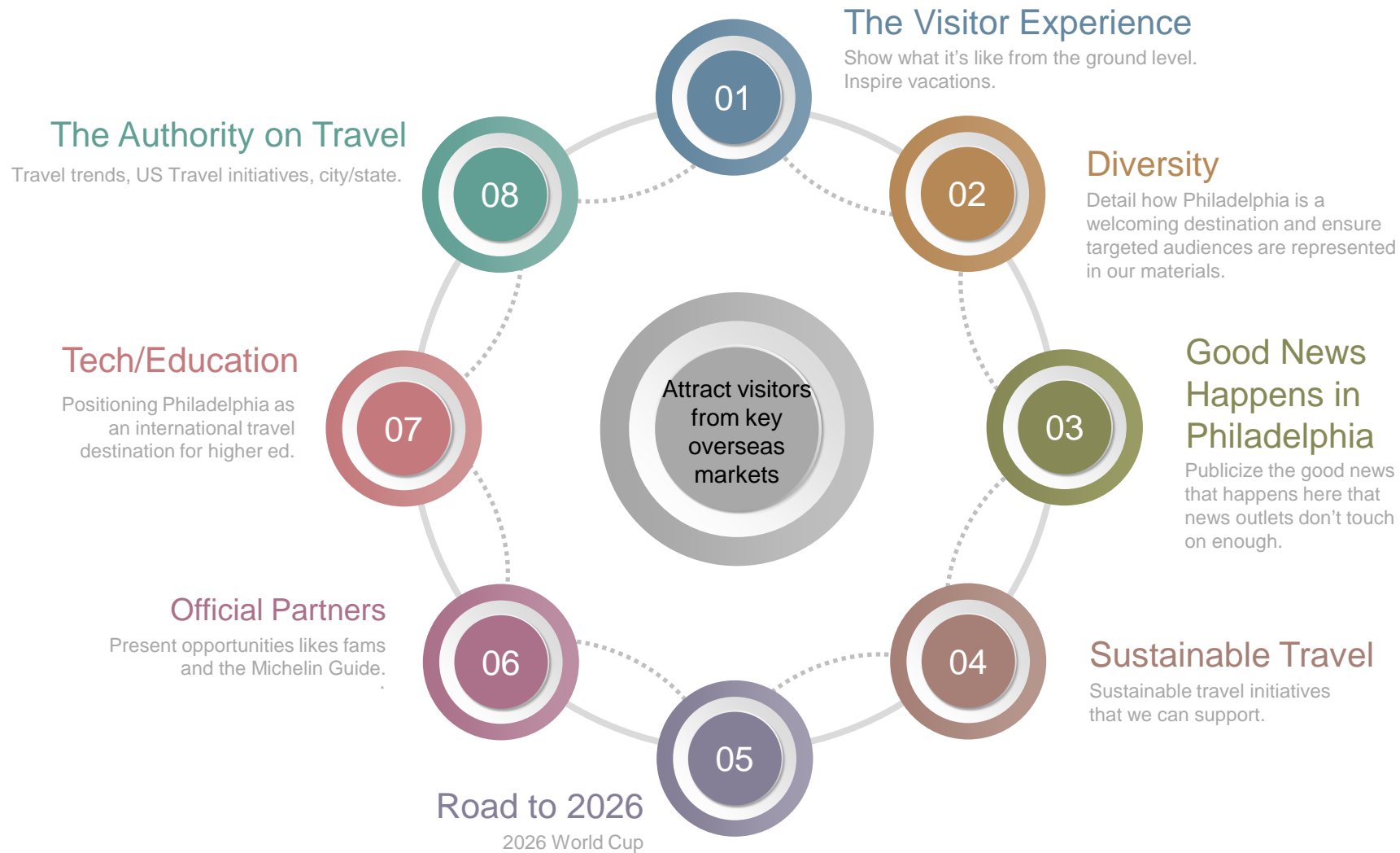


# Meetings, Conventions & Sporting Events - Booked

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# Overseas Tourism







**PHLCVB**  
Philadelphia Convention  
& Visitors Bureau

# The New Campaign

**Come for  
Philadelphia.**  
*Stay for Philly.*



**Come for  
Philadelphia.**  
*Stay for Philly.*



*Come for the*  
**HISTORY.**  
*Stay for the*  
**ADVENTURE.**



**Come for  
Philadelphia.**  
*Stay for Philly.* ←

**PLAN YOUR AMERICAN ADVENTURE**  
**DiscoverPHL.com**

**PHL**CVB  
Philadelphia Convention  
& Visitors Bureau



# New Campaign

- » **DiscoverPHL.com**
- » **Discover Philadelphia social**
- » **Paid media campaign :**
  - » More creative forthcoming
  - » \$250k trade & business ad spend this spring
  - » Promotions & new tactics
  - » Trade show booth enhancements







# BRIAN RIGGS

President  
CYTO PHL





THANK *You!*

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