



**CITY OF BEVERLY HILLS
STAFF REPORT**

Meeting Date: November 18, 2008
To: Honorable Mayor & City Council
From: Alison Maxwell, Director Economic Development and Marketing
Subject: Report of the October 2008 New York Sales Mission
Attachments: None

INTRODUCTION

This report provides Council with summary information on the New York Sales Mission undertaken October 21 – 23, 2008.

DISCUSSION

Background and Purpose of Mission

Since 1989, the Conference and Visitors Bureau (CVB) has led a successful trade delegation of local hotels and CVB partners to New York to promote Beverly Hills as a prime destination for business and leisure travel. Four years ago, an adjunct economic development trade mission was initiated as a joint venture between the Chamber of Commerce Economic Development Program and the City.

The goals for the Mission are fourfold. 1. To maintain existing relationships and establish new contacts with travel agents who book hotel rooms for leisure and business travelers. 2. To promote Beverly Hills as a leading destination to the travel media. 3. To establish stronger ties to luxury retailers headquartered in New York with store locations in Beverly Hills. 4. To develop relationships with unique new retailers and high end restaurants that would be a valuable addition to the BH mix.

In 2008 outreach meetings with New York investors, developers and commercial brokers were added as a new element.

Approximately *three-quarters* of the City's general fund revenues are derived from commercial activity. Approximately half the City's general fund revenues come from Transient Occupancy Tax (TOT) and Sales tax (i.e. consumer related spending from hotel stays, shopping and dining).

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It is evident that the City's retail and tourism sectors are a corner stone of Beverly Hills' economic base. However, the City's position as a major luxury travel and retail destination is constantly being challenged by new shopping and tourism destinations both within the United States and abroad. Therefore, it behooves the City to take proactive steps to ensure that its own retail and business community needs are met, that it stays front and center in the minds of travel bookers and media; and, that it is constantly aware of new retail, restaurants, hotel and other luxury business prospects.

Retaining top retail does not happen through paid advertising. It requires developing and nurturing relationships with top decisions makers; providing them with essential data and information about the Beverly Hills market; listening to their concerns and responding to them; and, ensuring that the City creates and maintains an environment and infrastructure where business can thrive. As leading business entrepreneur Donald Trump has said, there is no substitute for personal relationships in conducting successful business. This was never truer for Beverly Hills as it seeks to retain the investment of leading retailers in a highly competitive market.

New York is the single biggest source of business and leisure guests for Beverly Hills' hotels. New York City is the center of media, including the travel and lifestyle media, which is a critical component in promoting Beverly Hills as a prime travel destination. Moreover, New York travel agents book more business than agents in any other market and first hand personal contacts with them often yield immediate results.

In addition many of the US headquarters of our top retail stores are based in New York and, New York is often the first US base for many expanding foreign-based boutiques.

As such, it makes good economic development sense to have an outreach program to New York that focuses on the travel trade, travel media and meeting with existing businesses to understand their interests and how better the City can support them. Since many of our existing businesses are members of large corporate structures, it is especially important to have on-going dialogue with the corporate offices in New York where major decisions on expansion and investment take place.

The Delegations

The 2008 visitor marketing delegation included fifteen partners/sponsors. The attendees in New York included, for the first time representatives from all City principal hotels who were supported by the Conference and Visitor Bureau Executive Director and staff. A novel addition in 2008 was Essie (a well known maker of nail polish), who sponsored a special *Love Beverly Hills XX* nail polish (this will be available for sale in BH salons). This unique and creative twist added a beauty element to the meetings and increased appeal of the media events especially among "beauty" publications, along with traditional travel and leisure.

The Chamber of Commerce and economic development delegation included the Chamber president, the CEO plus one economic development staff. Also, the President and CEO of Geary's Tom Blumenthal supported the mission at his own expense, providing a valuable professional link with luxury retail companies. Also joining the delegation from the business community this year was Clif Smith, Publisher of the Courier. From the City, Mayor Brucker and Council Member Briskman attended, supported by the City Manager and Director of Economic Development and Marketing.

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Travel Trade and Media Outreach

The travel and media outreach focused on three outreach events and back to back sales calls conducted by various members of the CVB delegation:

Media Open House – General Media

Tuesday, October 21

Attendance: 46 media including Travel & Leisure, Departures, Business week, Elite Traveller, Town & Country and ForbesLife

Media Open House – Conde Nast Exclusive

Wednesday, October 22

Attendance: 20 media including Conde Nast Traveller, Brides, Cookie, Allure, Vanity Fair, Glamour and Portfolio

Travel Trade Reception

Thursday, October 23

Attendance: over 150 top travel agents and trade partners

Sales Calls: Joint sales calls to top travel agencies were scheduled throughout the week. There were seven agency calls connecting with a total of 400 travel agents

Media Appointments: One-on-one desk side briefings were arranged for publications not in attendance at the open houses. Two briefings were held, one with the New York Times and one with Travel and Leisure.

Business Outreach Meetings

The retail economy in Beverly Hills remains stronger than some other regions and there continues to be very little retail space available for lease. Consequently, the economic development mission focused on retention and developing individual relationships with the senior executives from the luxury retail sector, and developing new relationships with investor/developers.

A total of 13 attraction and retention meetings were held with executives of leading retailers. These meetings proved to be extremely productive and resulted in a high level exchange of ideas. Each of the executives expressed their appreciation that the City should pay such close personal attention to the needs of its business community.

The level of the retention meetings this year was the highest it has been, including not just VP's but Presidents and CEO's of leading luxury stores and leaders of luxury holding groups. Notably, the City was able to meet with the President of Richmont and LVMH, representing two of three leading of luxury holding companies world-wide. Members of the team also, met and welcomed two newcomers to BH opening soon, Loro Piana and Fred Leighton.

Outreach meetings were held with two restaurants and one club that had shown interest or would be a good addition to the Beverly Hills mix. Field research and cold calls were made to a variety of independent stores to provide them insight into the Beverly Hills market; approximately eight such visits were conducted.

On Thursday, October 21 and 22, the Chamber and City hosted a lunch for executives of the many retail businesses in Beverly Hills whose headquarters or US headquarters are in

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New York. Attendance over both events exceeded 30 guests. To promote a more intimate and dynamic dialogue, this year two smaller luncheons were hosted instead of one large one. The meetings provided solid information about economic development projects and programs in the City. In particular, data from the 2007 Tourism Impact study was released and an overview of the many upcoming projects around the City.

New for 2008 were meetings with investor/developers and commercial brokers. The delegation had introductory meetings with the owners of LeFrak, Starwood Capital, and brokers from Grubb & Ellis. The LeFrak Company is an old family-owned company that own and have developed a considerable amount of land in New York and New Jersey. They now own two properties on Wilshire and have already held a follow-up meeting with the Mayor and staff in Beverly Hills. Starwood has a number of hotel concepts it is developing including a Baccarat luxury boutique hotel and a more urban, green and ecological concept. The broker meetings were informative on both sides, and provided the City with an opportunity to deliver its message of a "forward looking City that welcomes businesses and projects that are a good match for the BH brand".

Summary

The New York Sales Mission is an important element of a comprehensive visitor marketing and economic development program. It provides an opportunity to maintain existing relationships and develop new contacts with travel agents and bookers; to promote Beverly Hills as a leading destination to the travel media; to establish stronger ties to luxury retailers headquartered in New York with store locations in Beverly Hills; and provides an opportunity to develop new relationships with unique new retailers and high end restaurants that would be a valuable addition to the mix to BH.

City staff, Chamber and Council liaisons will be meeting to debrief on the trip on November 19, 2008 at the regularly scheduled Chamber/Mayor monthly meeting.

RECOMMENDATION

Receive report

Alison Maxwell
Approved By

