



AGENDA REPORT

Meeting Date: November 7, 2007
Item Number: B-1
To: Honorable Mayor & City Council
From: Alison Maxwell, Director of Economic Development and Marketing
Subject: REPORT OF THE 2007 NEW YORK SALES MISSION
Attachments: None

INTRODUCTION

This report provides Council with summary information on the New York Sales Mission undertaken October 23 – 25, 2007.

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 mix in Beverly Hills.

Approximately *three-quarters* of the City's \$160 million general fund revenue are derived from commercial activity. \$23.5 million comes from the Transient Occupancy Tax (TOT) representing the largest revenue source from a single business group. The TOT is the tax on hotel rooms paid by consumers, which is currently set at 14%. Currently, there are fourteen hotels whose guests support that revenue stream. In addition, the City

expects to receive approximately \$25.6 million in sales tax revenue this fiscal year, most of which will be generated through general retail activity i.e. shopping and dining.

A 2006 Retail Behavioral Study commissioned by Beverly Hills Chamber of Commerce found that visitors from outside LA County account for over 40% of the retail spending in Beverly Hills, or over \$590M in retail sales in 2006.

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 businesses prospects.

Retaining top retail does not happen just through public relations and advertising. It requires developing and nurturing relationships with top decision 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 many leading business entrepreneurs have 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.

But why is New York so important? New York is the single biggest source of business and leisure guests for Beverly Hills' hotels and the \$23.5 million it produces for the City. 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 (some eighty luxury goods retailers); and, New York is often the first US base for many expanding foreign-based retail stores and 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; and to identify and meet with new businesses that might be interested in Beverly Hills as a location to expand. 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 2007 visitor marketing delegation included thirteen business partners: Avalon, The Beverly Hills Hotel, The Beverly Hilton, Beverly Wilshire, Crescent, Luxe Hotel Rodeo Drive, Maison 140, Montage Beverly Hills, Mosaic, The Thompson Beverly Hills, along with Platinum by Midway and local retailers Madame Chocolatier and Jurlique. The attendees in New York included hotel General Managers, Directors of Sales/Marketing and PR Directors supported by Conference and Visitor Bureau staff.

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. From the City, the Mayor and Council Member Briskman attended, supported by the City Manager and Director of Economic Development and Marketing.

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 23

Attendance: 23 media including Departures, Town & Country, Diversion, Successful Meetings, Incentives, Hotel Business, Chocolatier and Modern Bride

Media Open House – Conde Nast Exclusive

Wednesday, October 24

Attendance: 14 media including Conde Nast Traveler, Gourmet, Bon Appetit, Allure, Self, House and Garden, and WWD

Travel Trade Reception

Thursday, October 25

Attendance: 150 top travel agents

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 is strong and is continuing to grow at a level greater than other areas in the region and there is very little retail space available for lease. Consequently, this provided the Chamber and City delegations with an opportunity to focus on retention and developing individual relationships with the senior executives from the luxury retail sector. This was achieved through a combination of individual meetings and the Mayor's Executive Luncheon.

Nine 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.

In addition to visits with existing businesses, meetings were held with three restaurants that had shown interest or would be a good addition to the Beverly Hills mix. Also, 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 25, the Chamber hosted a lunch for executives of the many retail businesses in Beverly Hills whose headquarters or US headquarters are in New York. The agenda of the meeting presented these business leaders with solid information about economic development projects and programs in the City. In particular, data from the Retail Buyer Behavior study was released; the new City branding program was presented and guests were treated to a preview of a virtual tour of the City that the CVB has commissioned that would provide visitors and prospective businesses the ability to take a virtual wander along the streets of Beverly Hills.

Intergovernmental and Other Activities

A new component this year was an intergovernmental exchange with New York City (NYC) government. The City delegation, along with the president of the Chamber, was hosted to a tour of NYC's new 311 call center. The 311 facility is an innovative technology program that provides easy personalized access to NYC services. It interfaces with the website and with the 911 call center for emergencies. As Beverly Hills moves forward with its own 311 concept, relationships and information from the NYC meetings will be invaluable.

Following the 311 tour, the delegation met with NYC Mayor Bloomberg and discussed areas of mutual interest including a variety of technology programs for creating smarter cities and better services; homeland security and other safety issues. Mayor Bloomberg invited Beverly Hills to join his initiative "Mayors Against Illegal Guns".

The delegation also toured the New York Stock Exchange.

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 in Beverly Hills.

City staff, Chamber and Council liaisons will meet to debrief on the trip, establish directions for future missions and follow-up from the 2007 meetings.

RECOMMENDATION

Accept report

Alison Maxwell
Approved By

KR for AJM