

Senate Community, Economic & Recreational Development Committee
Hearing on Tourism
Remarks by Lynn Burkholder, Project Director, Pennsylvania Tourism Partnership
November 19, 2013

(Slide 1) Good morning and thank you for the opportunity to speak to you about tourism and the Pennsylvania Tourism Partnership, which we refer to as the PTP, for short.

As a marketing professional who has worked in Pennsylvania tourism for more than ten years and through three different administrations, I am excited to be a part of such a promising initiative for our industry and the Commonwealth of Pennsylvania.

(Slide 2) You have already heard how critical tourism is to the economic well-being of Pennsylvania. Tourism creates visitor experiences which help to solidify Pennsylvania's position on the map of places to visit, work and live. The tourism industry is broad-based and far-reaching. It is hotels, meeting facilities, attractions, cultural institutions, recreation and much more. Tourism impacts restaurants, transportation, retail, agriculture and manufacturing.

(Slide 3) Tourism, like other industries in the Commonwealth, is affected by the economy, increased competition for fewer consumer dollars and budget cuts at the state and local levels. While the state of Michigan spent \$25 million dollars in 2012 to drive \$18 billion in visitor spending, Pennsylvania spent about \$3 million to drive more than \$37 billion. The average state tourism budget in 2012 was \$14.5 million. The lack of resources for tourism promotion will hurt the industry and its ability to create and sustain jobs and revenue. Pennsylvania tourism is also facing a brand crisis, with no compelling, consistent brand in the market for several years, and it lacks a strategic approach to marketing.

While tourism sales are rising slightly year over year, Pennsylvania's national ranking as an overnight destination compared to other states is falling. Pennsylvania's growth rate for hotel stays has been weak relative to states with strong marketing programs. According to Smith Travel Research, the average growth in hotel room revenue so far this year is greater than six percent. Pennsylvania's growth rate is roughly two percent.

The slight annual increases in tourism sales are attributed to the strength of visitPA, the marketing efforts of Pennsylvania's Destination Marketing Organizations and tourism partners, the influx of business attributed to the Marcellus Shale and the fact that Pennsylvania is an easy drive from major metropolitan areas, like New York and New Jersey, home to 9% of the total US population. The bulk of the growth in visitor spending is primarily related to price increases for gas and lodging.

(Slide 4) The burning question is how much more tourism could do to benefit the Commonwealth with an investment in branding, marketing and product development at the state level. Strengthening Pennsylvania's position as a domestic travel destination is a priority of the new public/private partnership. The PTP will leverage industry knowledge and funding sources to reinvigorate tourism marketing and promotion.

The newly created Pennsylvania Tourism Partnership (PTP) is intended to engage the public and private sectors in a collaborative effort that will enhance and strengthen tourism marketing. This will be accomplished by developing a long-range marketing plan, a compelling brand for tourism and sustainable funding sources to support the priorities outlined in the plan.

The PTP is a collaborative effort that includes the Department of Community & Economic Development (DCED), the Governor's Office, the Pennsylvania Association of

Travel & Tourism (PATT) and Team Pennsylvania Foundation (TEAM PA). Working together, DCED's Tourism Office and the PTP will develop consistent branding, promotion and marketing of Pennsylvania as a premier tourism destination.

(Slide 5) The PTP exists within Team PA for up to three years, operating under its 501(c)3 charter. Initially, the PTP is being funded with operational seed money from DCED. These funds are primarily used by Team PA for operating expenses the first year. Additional funds for brand development and marketing will come from the private sector and matching funds from DCED. For FY 2013-14, DCED has committed up to \$1 million in matching funds on a 1-to-1 basis. The PTP will also work with PATT to explore long term, sustainable sources of funding for tourism marketing and promotion.

(Slide 6) A public/private partnership for tourism marketing has been in the works for over a year and the industry has been engaged through the process, including an industry survey and other research completed by DCED as well as meetings at the Governor's residence. In July, DCED signed a Memorandum of Understanding with Team PA and I was hired as Project Director in August.

For the current fiscal year, my efforts in conjunction with Diane McGraw, the team at DCED and PATT are focused on forming a Steering Committee to further develop the Partnership including its organizational structure and governing bylaws, raise additional seed money and facilitate the development of a brand and strategic plan for PA tourism.

(Slide 7) The 17-member Steering Committee will be comprised of business and industry professionals from across the Commonwealth and representatives from key government agencies, including DCED, DCNR and Agriculture. The industry has nominated individuals to sit on the Steering Committee for the Governor's Office and DCED to review and approve. Efforts to form the Steering Committee have been underway for several weeks, with a goal of having the committee established by January.

(Slide 8) The tourism industry has desired a more collaborative approach to marketing for several years. Now Pennsylvania is on the verge of making this historic partnership a reality. The PTP will allow the industry a larger role in determining its future, which will help insulate the Commonwealth's tourism brand and marketing priorities from political change every four to eight years. Greater consistency and continuity will result in more effective and efficient use of marketing resources at the state, regional and local levels, leading to a stronger return on investment.

(Slide 9) Greater alignment across the tourism industry through PATT and stronger collaboration with state government through the PTP will position Pennsylvania tourism to overcome challenges and capitalize on future economic opportunities. This translates into more revenue and jobs, which are good for everyone.

(Slide 10) To the professionals working in tourism, the message is simple. Reinvesting in tourism promotion is a smart business decision that is long overdue. Yet, we have not done a very good job of getting this message across to key stakeholders, like you, in a

position to influence the future of tourism in Pennsylvania. Recently, I attended a professional development conference hosted by PATT. A tourism colleague from Texas spoke these words, which eloquently says it all...

*Build a place where people want to visit,
and you'll build a place where people want to live.*

*Build a place where people want to live,
and you'll build a place where people want to work.*

*Build a place where people want to work,
and you'll build a place where business has to be.*

*Build a place where business has to be,
and you'll build a place where people have to visit.*

Thank you for your time and attention this morning, and I look forward to continued dialogue with regard to Pennsylvania tourism and the new public/private partnership.

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