



# PANDEMIC RECOVERY OFFICE

## Hospitality, Tourism, and Events Marketing Final Report

### **Submitted by State of Rhode Island Pandemic Recovery Office**

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<https://pandemicrecovery.ri.gov>

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## **Hospitality, Tourism, and Events (HTE) Marketing**

Project Identification Number: 10015

Pandemic Recovery Office Approval Date: June 30, 2022

Project Completion Date: September 12, 2023

Funding Amount: \$2,000,000

Project Expenditure Category: 2.35 Negative Economic Impacts: Aid to Tourism, Travel, or Hospitality

Problem Statement: Rhode Island hosted 21.6 million visitors in 2020, a 17.5% decline from pre-pandemic levels.<sup>1</sup> While the share of day visitors and leisure visitors increased, a drop in business travel negatively impacted mid-week hotel occupancy rates particularly in Providence, Warwick, and the Blackstone Valley. International travel was severely restricted through 2021, resulting in significant declines in visitation and spending by international travelers. The pandemic's impact to the Rhode Island Airport Corporation (RIAC) included:

- Passenger traffic declined by 96.9% year over year in April 2020, the lowest point.
- Of the nine airlines that serviced Rhode Island T.F. Green International Airport before the pandemic, four stopped flying there in 2020 (Delta, Frontier, JetBlue, and United). The airlines resumed service to the airport between June 2020 and March 2021.
- Passenger traffic in the calendar year 2020 was down 67% from 2019.
- Passenger traffic in the calendar year 2021 was down 42% from 2019.
- The earliest that passenger traffic is expected to reach pre-pandemic levels is 2024.<sup>2</sup>

The pandemic underscored tourism's importance to Rhode Island's economy and its potential moving forward. Marketing is a key tool to aid in that recovery. In 2021, Rhode Island's lodging sector sustained a 26% loss in sales compared to 2019. Lodging sales make up approximately 14% of visitor spending in Rhode Island, according to Rhode Island's tourism impact study, prepared by Tourism Economics.<sup>3</sup> Furthermore, direct visitor industry employment (related to spending by visitors to Rhode Island who spent the night or traveled at least 50 miles for a day trip) registered 28,412 in 2020, a 27.8% decline from 2019.<sup>4</sup>

Project Overview: The project targeted advertising in key gateway cities<sup>5</sup>, supported direct advertising for the state's tourism regions, and sponsored regional and event partnerships. The goal was to boost tourism and business travel to pre-pandemic levels. Promotion included digital marketing, billboards, radio, and an international marketing plan. Such programming aimed to

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<sup>1</sup> [Economic Impact of Visitors in Rhode Island 2020](#)

<sup>2</sup> [Passenger Numbers - Rhode Island T. F. Green International Airport | PVD \(flyri.com\)](#)

<sup>3</sup> [Economic Impact of Visitors in Rhode Island 2020](#)

<sup>4</sup> [Economic Impact of Visitors in Rhode Island 2020](#)

<sup>5</sup> Gateway cities are cities that have direct flights to Rhode Island T.F. Green International Airport and include Atlanta, Chicago, Washington, D.C., Baltimore, Detroit, Charleston, SC, Charlotte, Philadelphia, Raleigh-Durham, and Minneapolis-St. Paul.

increase mid-week hotel occupancy rates and visitation for inland regions. Funding was allocated as follows:

- *Rhode Island Airport Corporation* (RIAC), \$1,000,000: RIAC advertising included digital marketing, billboards, radio, and an international marketing plan with Brand USA.
- *Tourism Regions*, \$749,400: Direct grants were awarded to the state’s six tourism districts to engage in marketing campaigns.
- *Regional Marketing*, \$250,000: The Rhode Island Commerce Corporation (Rhode Island Commerce) used these funds for regional and event partnerships, increased public relations efforts, and other media.

In November 2022, Rhode Island Commerce launched a targeted, integrated marketing campaign to attract visitors from the competitive four-hour drive market. In January 2023, regional tourism organizations received subawards to be used on advertising media in support of regional tourism drive market initiatives. Rhode Island Commerce also deployed air service destination marketing programs on behalf of RIAC, targeting select gateway cities. The campaigns began in December 2022 and, with pre-purchased media extended through June 2023.

Financial Overview: All program payments can be found on the [Pandemic Recovery Office’s website](#) by filtering the “Project” box for “Hospitality, Tourism, and Events Marketing.” The table below shows planned expenditures by fiscal quarter and actual expenditures by fiscal quarter.

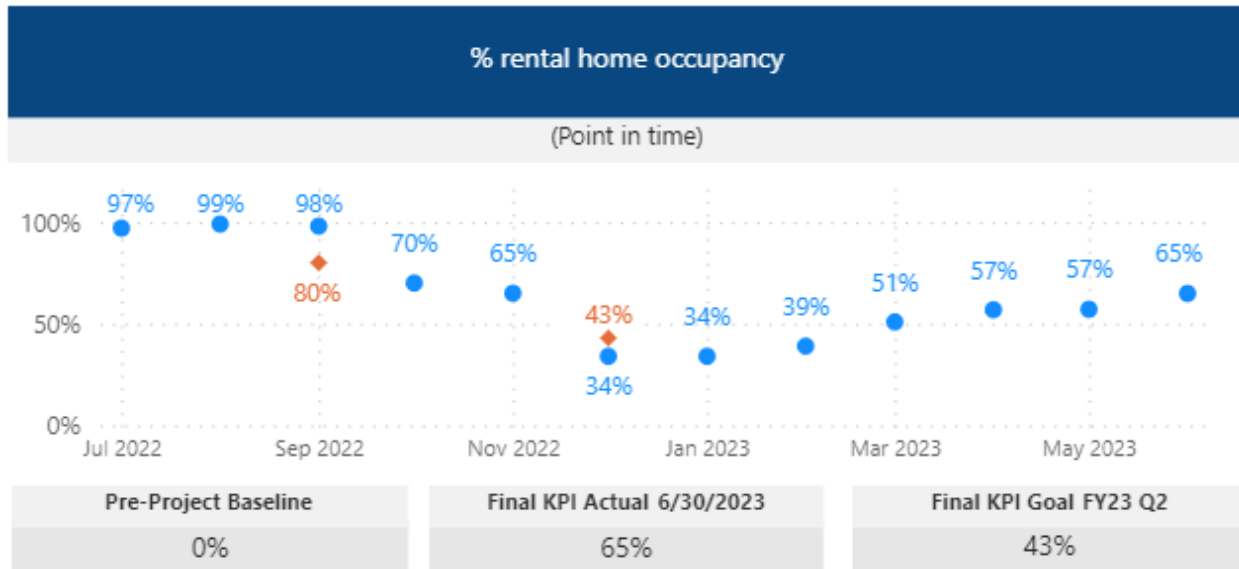
<b>Fiscal Year Quarter</b>	<b>Planned Expenditures</b>	<b>Actual Expenditures</b>
FY 2023 Q1	\$1,374,813	-
FY 2023 Q2	\$625,187	\$1,250,000
FY 2023 Q3	-	\$750,000
FY 2023 Q4	-	-
<b>Total</b>	<b>\$2,000,000</b>	<b>\$1,999,999.53*</b>

*\*At the conclusion of the project, Rhode Island Commerce had 47 cents remaining that were remitted to the State.*

Key Performance Indicators: The following are the key performance indicators based on quarterly goals and monthly data collections.

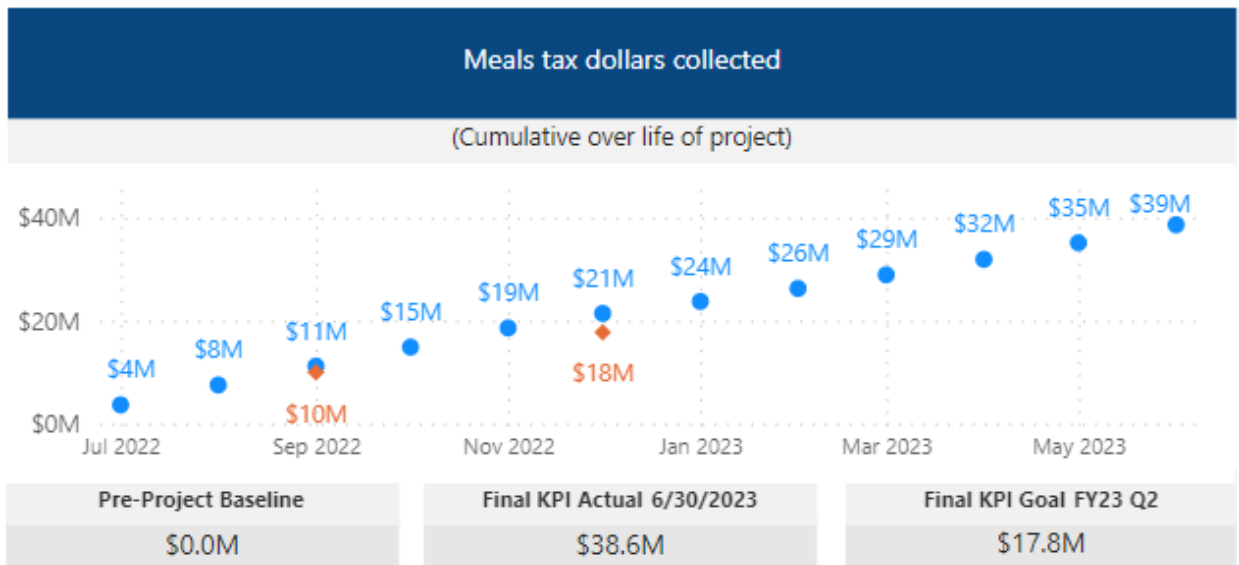
**Legend:** ● Actual KPI Value Reported    ◆ Quarterly Goals

### 1. Rental home occupancy



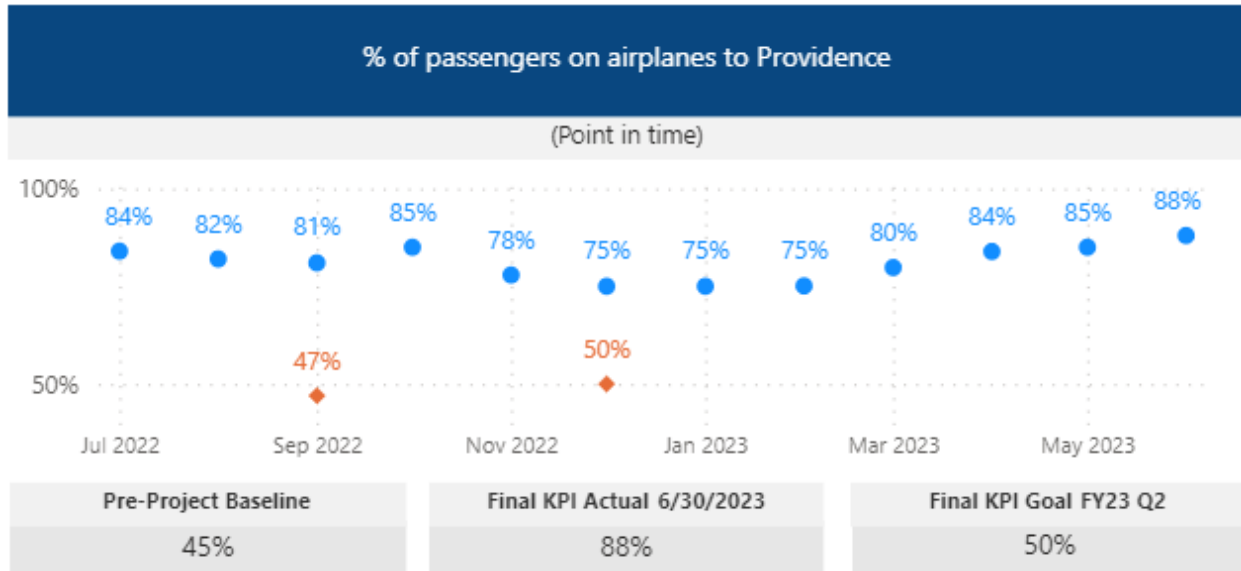
*AirDNA provided occupancy data.*

### 2. Meals and beverage tax revenue



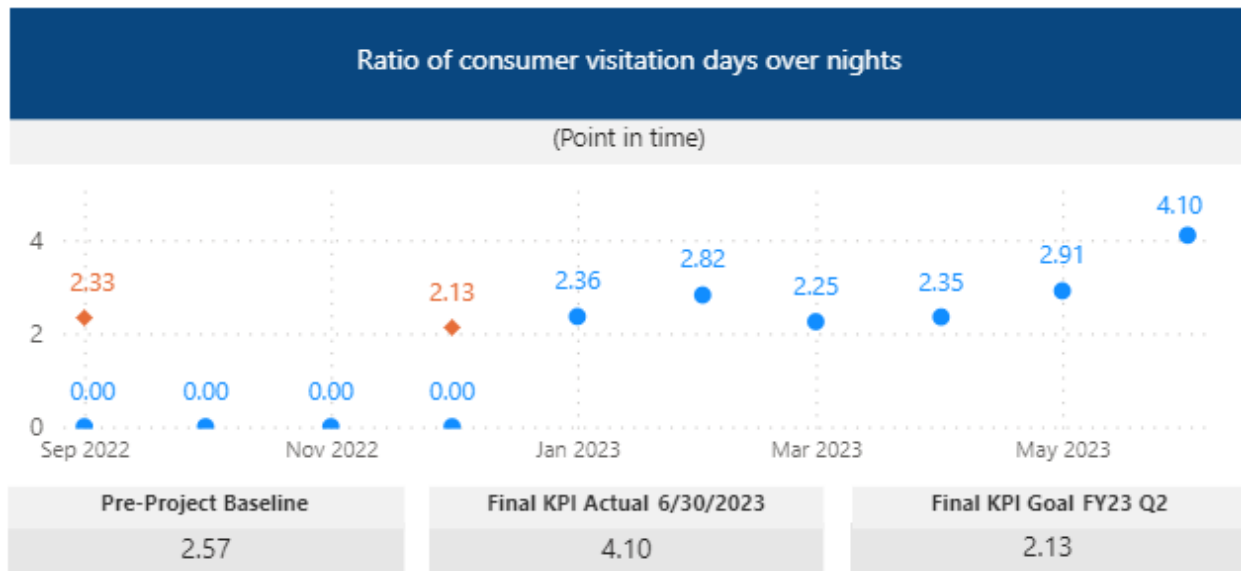
*The State has a 1% local meals and beverage tax.*

### 3. Airplane load factor



*This measure is a percentage of total seats filled on all flights to Rhode Island T.F. Green International Airport.*

### 4. Ratio of overnight visitors to daytime visitors

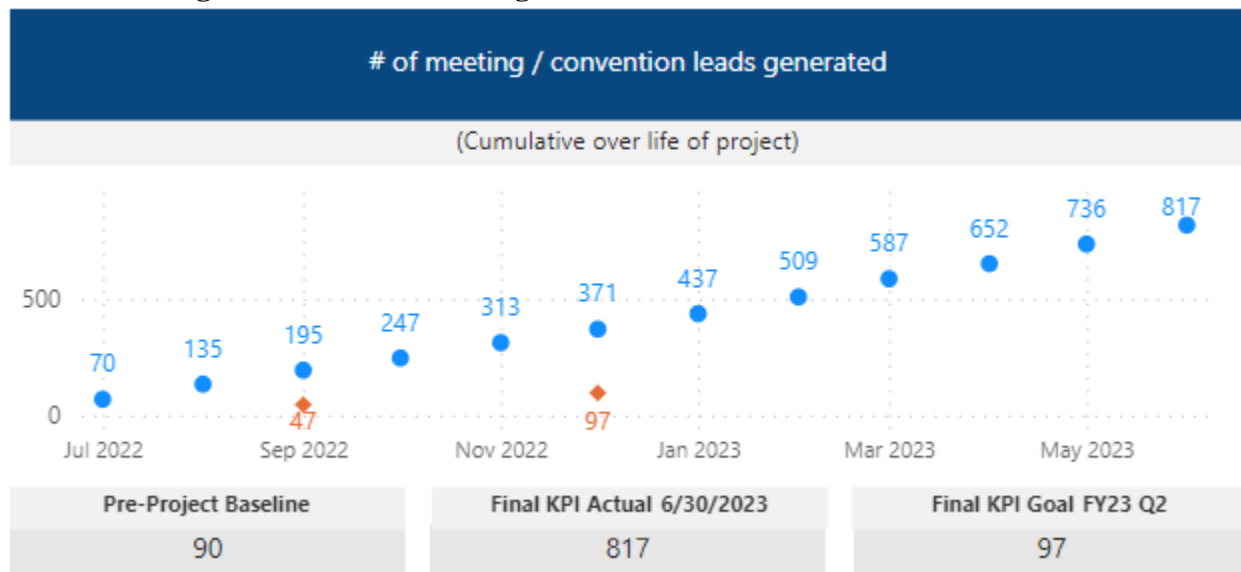


*This measure is the ratio of visitors to Rhode Island that stayed overnight to those that did not.*

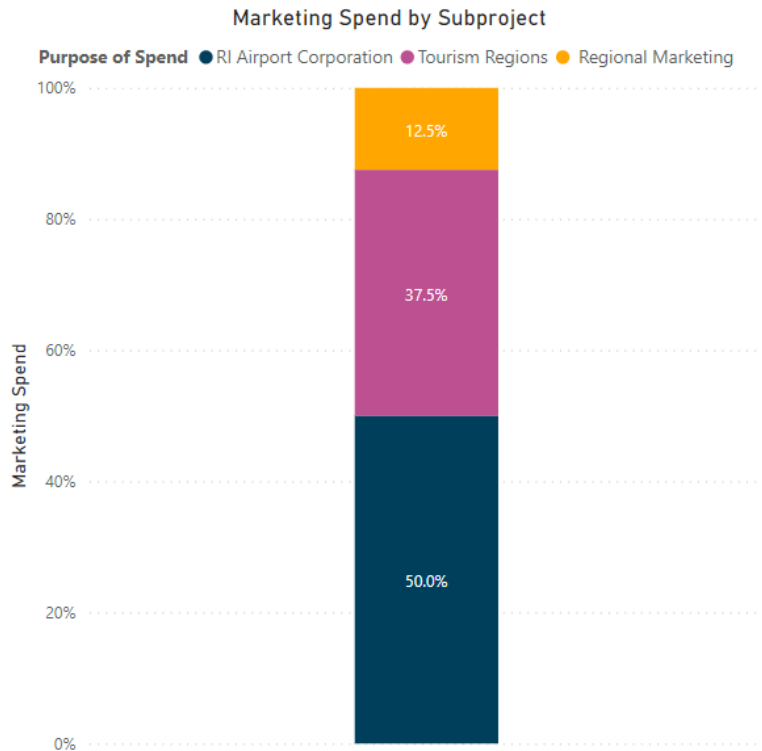
### 5. Daily hotel occupancy rate



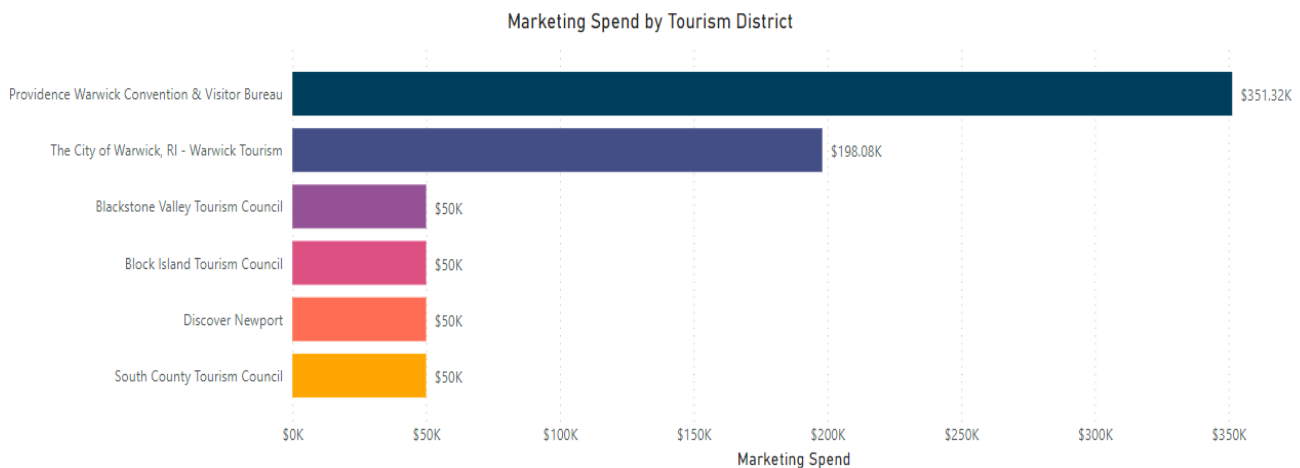
### 6. Meeting and convention leads generated



Auxiliary Information: The chart below shows programmatic spending. Half of the funds promoted regional tourism across the state, with almost 40% going directly to regional tourism agencies.



The bar chart below shows the amount of spend by tourism district. Award amounts were determined by the difference between each district’s 2019 state hotel tax collection and the 2022 state hotel tax collection. The *Providence Warwick Convention and Visitors Bureau* and *Warwick Tourism* sustained significant losses in hotel tax revenue, and thus, received larger awards. The four remaining regions experienced an increase in hotel tax revenue in the three-year period, and each received a \$50,000 award.



For the purposes of the below analysis, monthly Consumer Price Index for All Urban Consumers<sup>6</sup> values were used to convert nominal meals tax revenue collected as a KPI to real meals tax revenue generated for the State between July 2022 and June 2023 (State Fiscal Year 2023), expressed in June 2022 dollars. The nominal total of meals tax revenue collected in this time was \$38,620,204 and the real total of meals tax revenue collected in this time was \$38,211,459.26, indicating that some of the revenue growth in this KPI was due to inflation albeit only modestly.

Month	Nominal	Real (June 2022 Dollars)
July 2022	\$3,668,392.00	\$3,668,825.36
August 2022	\$3,863,966.00	\$3,865,792.50
September 2022	\$3,656,871.00	\$3,650,747.63
October 2022	\$3,698,567.00	\$3,677,456.23
November 2022	\$3,722,929.00	\$3,705,421.75
December 2022	\$2,811,857.00	\$2,807,252.63
January 2023	\$2,320,703.00	\$2,298,525.34
February 2023	\$2,518,768.00	\$2,480,849.17
March 2023	\$2,651,975.00	\$2,603,431.55
April 2023	\$2,992,400.00	\$2,922,838.44
May 2023	\$3,233,107.00	\$3,150,016.83
June 2023	\$3,480,669.00	\$3,380,301.83
<b>Total</b>	<b>\$38,620,204.00</b>	<b>\$38,211,459.26</b>

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<sup>6</sup> [U.S. Bureau of Labor Statistics](#)