

Agenda
Louisiana Tourism 2010 Collegium
Pennington Biomedical Research Center
Baton Rouge, LA
November 28-29, 2000

NOVEMBER 28, TUESDAY

7:30-9:00 a.m. Registration and Continental Breakfast

Lobby

9:00-9:15 Welcome

Kathleen Babineaux Blanco, Lieutenant Governor
Main Auditorium A

9:15-9:30 Orientation to Process and Goals

Michael Liffmann, Louisiana Sea Grant College Program

9:45-10:30 “Trends in Tourism and Travel”

Dr. Suzanne Cook, Senior Vice-President
Travel Industry Association of America

10:45- 4:30 p.m. Focus group meetings

Group 1: Education and Training: Workforce Development and Customer Service

Seminar Room 322

Facilitator: Dr. Mark Bonn- Florida State University
Dedman School of Hospitality

Group 2: Product Development: Keeping Up With Changing Demand

Seminar Room 327

Facilitator: Dr. Marion Clarke- University of Florida
Florida Sea Grant College Program

Group 3: Marketing: What Needs to Happen?

Seminar Room 326

Facilitator: Mr. James Falk- University of Delaware
Delaware Sea Grant College Program

Group 4: Technology: Conducting Business in an Era of Rapid Innovations

Seminar Room 325

Facilitator: Dr. Bruce DeYoung- Oregon State University
Oregon Sea Grant College Program

Group 5: Quality of Life: Preserving Tourism Assets for the Future

Seminar Room 324

Facilitator: Dr. Thomas Potts- Clemson University

Strom Thurmond Institute of Government and Public Affairs

Group 6: Tourism Infrastructure: Essentials for [Maintenance] and Development

Lower Reception Area

Facilitator: Mr. Dewayne Hollin- Texas A & M University

Texas Sea Grant College Program

5:00- 6:30 p.m. Reception and Focus Group Poster Displays

Upper Reception Area

Sponsored by: The Lamar Corporation

(Note: Your opportunity to influence other focus group concepts!)

Dinner and Evening on Your Own

NOVEMBER 29, WEDNESDAY

9:00 a.m. Finalizing Recommendations

Seminar rooms

10:30 a.m. Presenting Initial Louisiana Tourism 2010 Strategies

Main Auditorium A

12:00 p.m. Lunch- "Putting It Together: Where Do We Go From Here?"

Main Auditorium B

1:15 p.m. Adjourn

1:30 p.m. Integration Team Meeting

Seminar Room 326

INTRODUCTION

This briefing report contains the background papers prepared for the Louisiana Tourism Collegium 2010 conference (Collegium) that is taking place on November 28-29, 2000 at the Pennington Biomedical Research Center in Baton Rouge. The Collegium, a “meeting of (tourism) peers”, was convened by Lieutenant Governor Kathleen Babineaux Blanco for the purpose of (a) discussing key issues likely to affect the state’s tourism industry in the next 10 years, and (b) identifying necessary public and private sector strategies to address these issues.

Six critical issues were identified by the Lieutenant Governor’s Collegium’s Planning Committee (Planning Committee). Background papers were then prepared during the summer of 2000 by the Louisiana Sea Grant College Program at LSU (Sea Grant), in close cooperation with the Planning Committee. In addition, input for the papers was provided by six out- of- state tourism and recreation experts that have been asked to serve as facilitators of the focus group discussions that are being held during the next two days.

Education and Training: Workforce Development and Customer Service

Facilitator: Dr. Mark Bonn, Professor, Dedman School of Hospitality
Florida State University

Product Development: Keeping Up With Changing Demand

Facilitator: Dr. Marion Clarke, Program Leader, Florida Sea Grant College
Program (retired), University of Florida

Marketing: What Needs to Happen?

Facilitator: Mr. James Falk, Program Leader, Delaware Sea Grant College
Program, University of Delaware

Technology: Conducting Business in an Era of Rapid Innovations

Facilitator: Dr. Bruce DeYoung, Professor, College of Business Administration
and Oregon Sea Grant College Program, Oregon State University

Quality of Life: Preserving Tourism Assets for the Future

Facilitator: Dr. Thomas Potts, Associate Professor, Strom Thurmond Institute of
Government and Public Affairs, Clemson University

Tourism Infrastructure: Essentials for Maintenance and Development

Facilitator: Mr. Dewayne Hollin, Coastal Business Management Specialist,
Texas Sea Grant College Program, Texas A & M University

The Planning Committee members are:

Mr. Danny Young, Executive Director, Louisiana Travel Promotion Association
Mr. Mark Northington, Research Director, Louisiana Office of Tourism
Mr. Hyatt Hood, Executive Director, St. Tammany Parish Tourist and Convention Commission and Louisiana Association of Convention and Visitor Bureaus
Mr. Michael Liffmann, Assistant Executive Director, Louisiana Sea Grant College Program
Ms. Sharon Calcote, Rural Tourism Coordinator, Louisiana Office of Tourism
Ms. Mary Wright, Acadiana To Go
Mr. M. Todd Jones, Research Associate, Louisiana Sea Grant College Program

Many individuals helped guide the Committee's work. Notable assistance was received from James Funk, Executive Director, Louisiana Restaurant Association and William Langkopp, Executive Director, Louisiana Hotel-Motel Association.

The Planning Committee also acknowledges the invaluable assistance provided to the Collegium process by Sea Grant's Bonnie Strate, and the following focus group recorders: Sharon Calcote and Elizabeth Groner (Louisiana Office of Tourism), Chris Deweese (Office of the Lieutenant Governor), Marilyn O'Leary and Elizabeth Coleman (Sea Grant), and Rosemary Crifasi (Louisiana Travel Promotion Association).

This briefing report also includes a Collegium agenda and a list of the 80 Louisiana tourism leaders that have been invited to attend focus group deliberations to define:

Existing challenges/critical topics that are likely to grow in significance and magnitude during the next decade, and

Possible recommendations or strategies that the public and private sectors can adopt to help meet these challenges.

Background Paper

Louisiana Tourism Collegium 2010

EDUCATION AND TRAINING: WORKFORCE DEVELOPMENT AND CUSTOMER SERVICE

1. Existing Situation

Tourism in general and the hospitality sector in particular has an extremely diverse workforce, and in some ways is more properly categorized as an area of economic activity rather than a discrete set of occupations. In fact, tourism encompasses an enormous range of different skills and occupations. The vast majority of the workers in this sector--over 3 out of 4 in 1998--were employed in service and administrative support occupations (*U.S. Department of Commerce, 2000*). Workers in these occupations have traditionally learned their skills on the job. By far the largest occupational group is "services" which accounts for nearly two-thirds of the industry's employment (housekeeping, building operation and maintenance, food preparation and other services).

Post-secondary education is not required for most entry-level positions. Yet, hotel operations and to a lesser extent restaurants are becoming increasingly complex, and greater emphasis is being placed on specialized training. Therefore, the demand for people with specialized skills--entrepreneurial and management, information technology and customer service/hospitality -- that are obtained in colleges, community and junior colleges, technical institutes, vocational schools, and high schools is increasing. Only a few vocational courses and apprentice programs are offered through trade associations, and some labor unions provide specialized skills training opportunities for their members.

Recruiting graduates with four-plus years of college education primarily fill entry-level management positions. Bachelor's and master's degree programs in hospitality and tourism management provide the strongest background for careers in fields such as lodging, food service, country club, resort, condominium, convention and facilities management. Graduates of these programs are highly sought by employers in the industry.

While some large segments of the hospitality sector, such as lodging and food service, have sector-specific skills and can be separated from other forms of economic activity and employment, many other hospitality sector operations incorporate a wide mix of activities and skills. For example, the various attractions that form the core of the tourism trade embrace skills and occupations ranging from management and operation of facilities such as amusement parks and attractions, state/national parks, zoos, historic homes, plantations, and museums to technical skills and occupations in forestry and wildlife management as well as outdoor recreation.

It is also important to note that today's tourism workforce includes a significant number of part time, seasonal and minimum wage positions. Volunteers are also heavily used, especially by publicly managed organizations.

Nationally, there is a widespread perception that the hospitality sector lags behind in the field of training. As a whole, it has a reputation for not being at the forefront of training, and as a consequence, employing a poorly educated and under-trained workforce. The perception arises because employment in the hospitality sector is characterized by (1) relatively low wages, (2) unsocial working hours and patterns of work, (3) poor or non-existent career structures, (4) informal recruitment systems, and (5) high levels of labor turnover.

But, as noted above, there are exceptions to the lack of training believed to exist throughout the industry. Colleges, for instance, prepare students for hospitality and tourism management positions and to serve as professionals at attractions. Nevertheless, those who observe the labor situation contend that to attract and retain workers, the industry should place greater emphasis on recruiting, skills training, and more incentives to retain key employees.

2. Likely Developments in the Next Decade

Increased competition and labor concerns will keep the hospitality industry on its toes. The primary food service labor pool, for instance, --traditionally 16-24 year olds-- has been shrinking for several years. At the same time the demand for workers in that age group has been growing. Until the pool of teenagers and young adults will once again grow by 2005, it is likely that the industry will expand its recruitment through alternative labor pools--the elderly and the immigrant populations.

In addition, the U.S. Department of Commerce projects employment in hotels, motels, and other lodging places to increase 18 percent over the 1998-2008 period, faster than the 15 percent growth projected for all industries combined. Job opportunities, they predict, will be concentrated in the largest occupations--chefs and cooks, hotel desk clerks, janitors and cleaners, including housekeepers.

These projected small labor pools are not equally prepared to work. Nearly seven out of 10 employers surveyed in 1998 said that high school graduates lack the skills to succeed at work. Edward E. Gordon notes that if businesses are to get the needed work force for success in the future, they must become more active in at least two ways: (1) by partnering with their local community and education system to create realistic career-preparation programs, and (2) by investing in training for their own employees and encouraging their participation in lifelong learning (*The Futurist, July-August 2000*).

These needs projections must also take into account other trends that are influencing labor force issues and the tourism sector. In international travel, a trend towards "seamlessness" and integrated businesses is emerging, where for example, tour operators integrate attractions, travel agencies, airlines, ground transportation, and accommodations within a single business operation. The skills demanded of an employee in this type of business are diverse. Franchising, sub-contracting or out-sourcing, and the increased use of information technology are also likely to change skill profiles. In terms of employment, more sub-contracting demands refocusing of the core competencies required by the industry. Reservation call centers, located far from the point of service delivery, require enhanced specialization in ancillary tasks such as voice usage and customer service. Also, consideration needs to be given to trends to "de-skill" some aspects

of the workforce through the use of pre-cooked items, standardized menus and automated cooking technology (*Hjalager and Baum, 1998*).

Tourism enterprises should also consider that the Baby Boom generation, where average life expectancies extend past 80 years of age, is not going to rush into retirement. In light of labor shortages and other problems with subsequent generations of workers, companies may decide not to push older workers, in whom they've invested training dollars, out the door. About 11 percent fewer Americans were born between 1966 and 1985 than those born in the two decades following World War II. Simply stated, there are not enough of the so-called Generation X'ers to replace retiring Baby Boomers. America's aging Boomers can fill some of these labor needs while they constitute a large and powerful segment of the consumer market, with a resulting demand for entertainment, travel, and other hospitality-time pursuits.

Experts note that the jobs created by this boom in the service sector of local economies will replace many of the low skilled or unskilled manufacturing jobs that the U.S. stands to lose, though not always at comparable wages. Researchers also note that this situation will require finding innovative ways for keeping older workers on staff but working out ways for the younger, but smaller, Generation X (and Y) to move up the corporate ladder. Companies, for example, may have to revise benefit plans, adding items that might appeal to older workers, such as extended bereavement leave or part-time work opportunities.

**LOUISIANA
WAGE AND SALARY EMPLOYMENT-KEY TOURISM SECTORS
(Thousands)**

Sector/Year	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
Eat. & Drink	.91.1	93.8	93.8	97.8	102.0	108.2	115.2	119.8	123.2	126.4
Hotels, etc.	23.1	23.3	22.9	22.8	22.6	23.4	23.9	24.7	25.3	25.7
Amusement	11.7	12.4	12.6	14.0	15.3	24.1	35.3	36.7	37.7	39.0
Museums, etc.	0.5	0.5	0.4	1.0	1.1	1.1	1.1	1.2	1.3	1.4

Source: U.S. Department of Commerce, Bureau of Economic Analysis

Training is, and will continue to be, a must. The Educational Institute of the American Hotel & Motel Association issued a report in 1997 entitled, "Training and Learning Issues for the Hospitality Workforce 2000". A hospitality student survey, conducted as part of the report, concluded that the hospitality workforce prefers access to computer-related equipment, live distance learning, interactive software, instructor demonstrations, and hands-on laboratory settings to advance their training.

3. Critical Issues for the State's Tourism Industry

Impending changes and serious needs exist in the workforce challenges that confront Louisiana's tourism industry. This Work Group on Education and Training is being convened as part of the Louisiana Tourism Collegium 2010 to focus discussions on the above noted and related issues, and more significantly to address possible solutions and strategies for Louisiana. Tourism, and the communities that rely on the sector, are going to have to become creative about training workers, retaining them, and ensuring that they obtain the skills necessary to enable their

businesses and the industry as a whole to successfully compete in the foreseeable future.

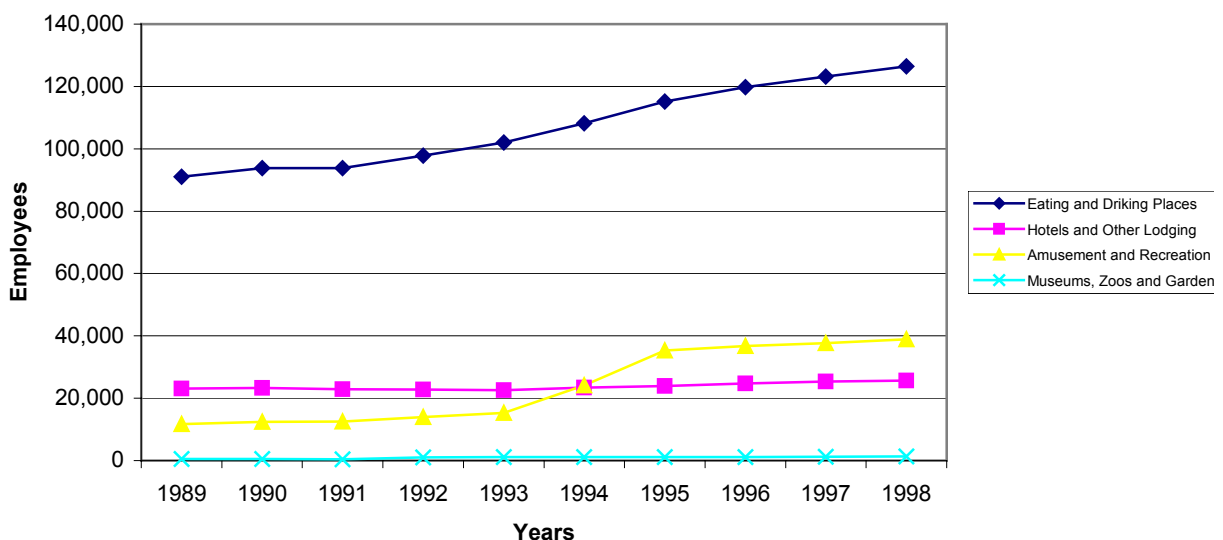
Over the last 20 years, the most common response for addressing more specific skills problems and other sector deficiencies has been to pursue initiatives aimed at increasing the supply of skilled employees available in the labor market. Apparently a strategy based on boosting the suite of skills, whether through full-time education or work-based training, has not produced the desired results. Thus, the response may need to be broader, since the reasons identified for poor recruitment and employment retention relate primarily to pay and conditions rather than skills. Skills undoubtedly play a part in promoting the success of the sector, but they will only have a major impact as part of wider strategy for change and upgrading in the industry.

In other states and nations where approaches to training in the hospitality sector appear more coordinated than in Louisiana, post-secondary education is coupled with a limited range of short (one, two or three day duration) training events, strongly marketed to the sector under user-friendly brand names and using internal certification programs. These work better than any attempt at blanket insistence on the use of standards. Such training would include classes in basic customer service, service quality, awareness of Louisiana products and services, and management skills.

4. Key Questions for Focus Group Participants

It is acknowledged that the state's labor problems and shortcomings transcend those of the tourism industry. In a March 2000 report the Louisiana Department of Labor conceded that "...Louisiana's disconnected workforce, education and training system does not turn out highly skilled workers fast enough to meet the expansion and replacement needs of the state's businesses and industries. Nor does it provide companies with access to cutting-edge training technologies and models to learn new skills" (*Louisiana Department of Labor, 2000*).

Key Louisiana Tourism Sectors Employment 1989-1998



The report goes on to state that emphasis will be given to the needs of employers in the shipbuilding, oil and gas, and petrochemical industries.

Thus, the initial questions are what, if anything, should be done to address the tourism industry's workforce challenges, and who should be charged with leading the effort? Is the existing situation described above an accurate assessment of the workforce situation in Louisiana's tourism industry? Should the Louisiana tourism industry's workforce problems receive increased attention from those in state and local government working to align the state's workforce and economic development efforts? If not, who then is responsible for addressing the industry's workforce challenges? If the tourism industry has to fend for itself, is it unified enough to be considering the multitude of required skills? Is institutional fragmentation a problem? If it is a problem, what should be done about it?

Some individuals within the industry argue that there are no genuine skill shortages, but that the situation reflects the sector's reputation for offering relatively poor employment. Is this the case in our state? Are the shortages confined to particular geographic areas—New Orleans, the big cities, and rural areas? Are they further confined to small, relatively specialized occupational areas? If so, what can and should be done about it? Has a critical appraisal of the skill requirements necessary to sustain the industry been conducted?

Has any particular sector of Louisiana's tourism industry begun experimenting with "innovative ways" for addressing future needs? Has the state's tourism community in general, and New Orleans in particular, begun concerning itself with these trends, and if so, what is being done?

Is there a need for a state and/or regional, cohesive and strategic model for sectoral tourism/hospitality training? If so, who should be responsible for the required action? Who can develop the vision, transmit it to the very heterogeneous and fragmented tourism community and secure their active participation in the delivery phase? What institutional structures or relationships currently exist that could develop answers to these questions?

The issue of funding for training is a major one. Are there models in other states and countries, which might apply to Louisiana's needs?

Are there any other critical workforce issues that the tourism industry in our state needs to address?

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Background Paper

Louisiana Tourism Collegium 2010

MARKETING: WHAT NEEDS TO HAPPEN?

1. Existing Situation

Marketing is the single most important focus of Louisiana's tourism industry and its state partner, the Office of Tourism (OT). Product development is a distant second. Tourism marketing became significant as early as the 1970s, but it did not become the prominent issue that it is today until the mid 1980s, when the state's economic downturn and a renewed interest in economic diversification strategies prompted Louisiana leaders to seriously explore ways to increase tourism revenues for the state. During the 1980s, tourism was viewed by many as an untapped opportunity, but tactically little could be done from a marketing standpoint, given the state's fiscal situation. Conditions for tourism marketing improved dramatically after 1990, when an alliance of state and local governments, private sector advocacy organizations, and key attractions succeeded in convincing the Louisiana Legislature to dedicate .03 percent of the state's sales tax collections for the OT's tourism promotion efforts. A five-member Louisiana Tourism and Promotion District oversees the expenditures of these funds.

Between 1994 and 1999, Louisiana was first in tourism growth among major destination states, according to a *TravelScope* report issued by the Travel Industry Association of America (TIA). During this period, Louisiana's tourism growth has been consistently above the growth in U.S. travelers and travelers to the West South Central region (Texas, Oklahoma, Arkansas and Louisiana), according to the TIA report. Positive news of this nature has provided the alliance with ample information for convincing the state Legislature to retain high levels of funding for tourism marketing programs. In 1993, the legislative appropriation was capped at \$12 million, and then raised to \$15 million in 1996, and eventually to \$16 million in 1998. Most recently, the industry lost its attempt to remove the cap, but obtained a \$1.5 million budget increase over the next four years.

The OT has the most significant role in marketing the state. Its primary goal is to "promote Louisiana with the purpose of increasing tourism, tourism-related revenue and tourism-related employment." According to OT's *1999-2000 Louisiana Marketing Report*, Louisiana's primary consumer target markets are families consisting of adults ages 25-54, with children living at home, and household incomes of \$35,000 + per year. Many are frequent travelers making four or more trips to the state per year. The state's secondary target markets are seniors, over age 55, with no children at home and having incomes over \$30,000 per year. African-Americans and Hispanics between the ages of 25 and 54 with household incomes of over \$25,000 are also secondary targets of the state's marketing efforts. Other domestic niche markets that are being pursued include adventure and cultural-historical travelers.

OT and Peter Mayer's promotional strategies involve national marketing through print advertising in consumer publications, and regional promotion through television advertising. Based on brand development indexing, that is, ranking markets by their propensity to supply

visitors to the state, media plans have been developed for Louisiana's top 20 major markets in Texas, Arkansas, Mississippi, Alabama, and west Florida. The primary out-of-state television markets range from San Antonio to the west, Oklahoma City and Little Rock to the north, and Atlanta to the east. Heaviest television promotion takes place in Texas (Beaumont/Port Arthur, Houston, and Dallas), Mississippi (Biloxi/Gulfport, Jackson, and Hattiesburg), Arkansas (Little Rock), and Alabama (Mobile).

Louisiana also promotes internationally in cooperation with representatives in Canada, Germany, the United Kingdom, France, Brazil, Mexico and Central America, and Italy.

There are other significant participants in Louisiana's tourism marketing efforts. In New Orleans, the New Orleans Tourism Marketing Corp. (NOTMC) is a public-private partnership, financed by the New Orleans tourism industry and the City of New Orleans. The organization markets the city to leisure travelers through advertising campaigns and focuses on attracting visitors during slow periods such as the summer and in December. NOTMC receives \$3.9 million each year from a special hotel tax, and the City of New Orleans provides an additional \$1 million per year for advertising campaigns to promote the city as a tourism destination. Originally, the City was to contribute \$2 million a year, but New Orleans was never able to come up with the full amount, and it was thus reduced to \$800,000 from the Economic Development Fund. Now that Harrah's Casino has reopened, efforts are underway to get the City to add dollars to NOTMC's efforts. Besides its direct marketing efforts, NOTMC gives \$1.7 million a year to other local tourism agencies and programs (*Times Picayune, November 1999*).

The Louisiana Travel Promotion Association (LTPA) is the umbrella association for tourism. It has nearly 1000 members and serves as the state's primary, private sector, marketing partner. LTPA and OT partner in the preparation of the state's primary, annual consumer response piece, the *Louisiana Tour Guide* and the listings for the state's official travel web site, LouisianaTravel.com LTPA also provides its members with opportunities to attend in- and out-of-state consumer and trade shows, assistance with the preparing, printing and distributing of brochures, advertising in selected publications, and training in all aspects of marketing and promotion.

All of the state's convention and visitor bureaus (CVBs) and most tourist commissions (TCs) conduct their own marketing (advertising, promotion, and publication of information) programs, most often in cooperation with attractions in their jurisdiction, the State, other bureaus, and/or the LTPA. Funding for these organizations is usually derived from lodging tax revenues, typically in the two to three percent range, that are to be used for "...the purposes of attracting conventions and tourists into the area of the jurisdiction of the commission, or as provided by the proposition dedicating the proceeds of the sales and use tax." Some local governments also contribute directly to parish marketing efforts, particularly in those areas where lodging taxes are not allowed.

Most private attractions dedicate portions of their budgets to marketing. In order to leverage these funds, most of them often partner with others, namely the LTPA, local bureaus/CVBs,

nearby attractions, etc. Louisiana's casinos conduct the most aggressive and well-funded private sector marketing campaigns. Their efforts resulted in gross gaming revenues that exceeded \$1.4 billion in fiscal year 1999.

Arguably, the sizable investment made by the state and others during the 1990s has paid off, although there are some concerns regarding some recent statistics. In a 1999 report to the Louisiana Tourism Development Commission, entitled, *An Analysis of Louisiana Tourism Advertising Promotion*, Professor William Oakland of Tulane University and Oakland Econometrics noted that tourism in the state had expanded by nearly 54 percent since 1988 (from 16.4 million in 1988 to 25.2 million in 1999). In 1998, the state experienced an uncharacteristic decline in total visitors (to 24.2 million), but by 1999 had nearly returned to the 1997 record level of 25.5 million. Figures for the first quarter of 2000 and beyond are equally auspicious. According to TIA, during that period, the state had nearly 12 million visitors, a ten percent increase over similar 1999 statistics. Dr. Oakland projects that Louisiana travel will grow to 26.6 million visitors by the year 2002, an increase of almost 10 percent over the 1998 level. The annual growth rate is projected to be slower based on a projected slowdown in national travel growth.

Nevertheless, the state's 1998 performance and small, but steady declines in visitor numbers during the 1996 through 1998 period at several major cultural and historical attractions (notably museums, plantations and other historical places) have been the subject of concern by many tourism leaders and attractions operators. Several of these leaders attribute this turn of events, in part, to reduced state marketing efforts on their behalf. They also attribute the overall growth in visitor numbers to increased attendance at the casino attractions.

Regardless of the causes for the 1996 through 1998 declines at these particular attractions, the lesson to be learned is that tourism is a dynamic industry and change is a constant. Louisiana cannot become complacent in its marketing (and product development) activities, and attractions must strive to remain competitive. All need to be on guard against formidable competition and adopt strategies designed to retain and increase the number of visitors, both domestic and international. Regional neighbors--Texas, Arkansas, Mississippi, Alabama, and Florida-- are the biggest competitors, and they too are investing substantial funds to attract visitors. The domestic travel budgets for these states for fiscal years 1990-91 and projections for 1999-2000 appear on the following page.

New Orleans, the state's primary destination, is a particular concern, despite its recent success as one the country's premier convention cities. According to Gary Esolen, the former Executive Vice-President of the NOMTC, New Orleans appears to have lost market share to the Mississippi Gulf Coast. He noted that although the number of overnight trips to the city increased to 11.1 million in 1998 from 11 million in 1997, there was a significant decline in the key segment of "marketable pleasure trips" by regional visitors. Those trips declined from three million in 1997 to 2.3 million in 1998. Although travel from Texas, Alabama and Tennessee increased, travel from Mississippi, Florida and other parts of Louisiana declined, which led Esolen to speculate that the Gulf Coast is siphoning some of the market share that New Orleans had held with little worry from nearby competitors (*Times Picayune, May 1999*).

Selected Domestic Travel Budgets
Fiscal Years 1990-91, 1998-99, and 1999-2000 (projected)

State	1990-91	1998-99	1999-2000 (proj.)	Percent Change (1990-2000)
LA	\$4.5 million	\$5.7 million	\$5.7 million	40%
AL	1.3	1.7	1.7	31
MS	0.3	2.3	3.0	1000
AR	3.4	5.4	5.4	59
TX	5.4	10.0	11.0	103
FL	3.8	9.8	11.4	200

Source: Travel Industry Association, 2000

2. Likely Developments in the Next Decade

The tourism marketplace is undeniably growing, changing and very volatile. Competition for visitors is intense and will only intensify with time. We'll continue to feel the pressure from the nearby states of Mississippi, Texas, Florida, Arkansas and Alabama. They too have sensed the opportunity for growth and continue to make major investments in their promotional budgets. On a percentage basis, most have exceeded Louisiana's rate of change. Mississippi's competition is indeed formidable, particularly, the Gulf Coast where resort communities that had gone bust in the 1970s and 1980s were converted into boom areas after dockside gambling was introduced in 1992.

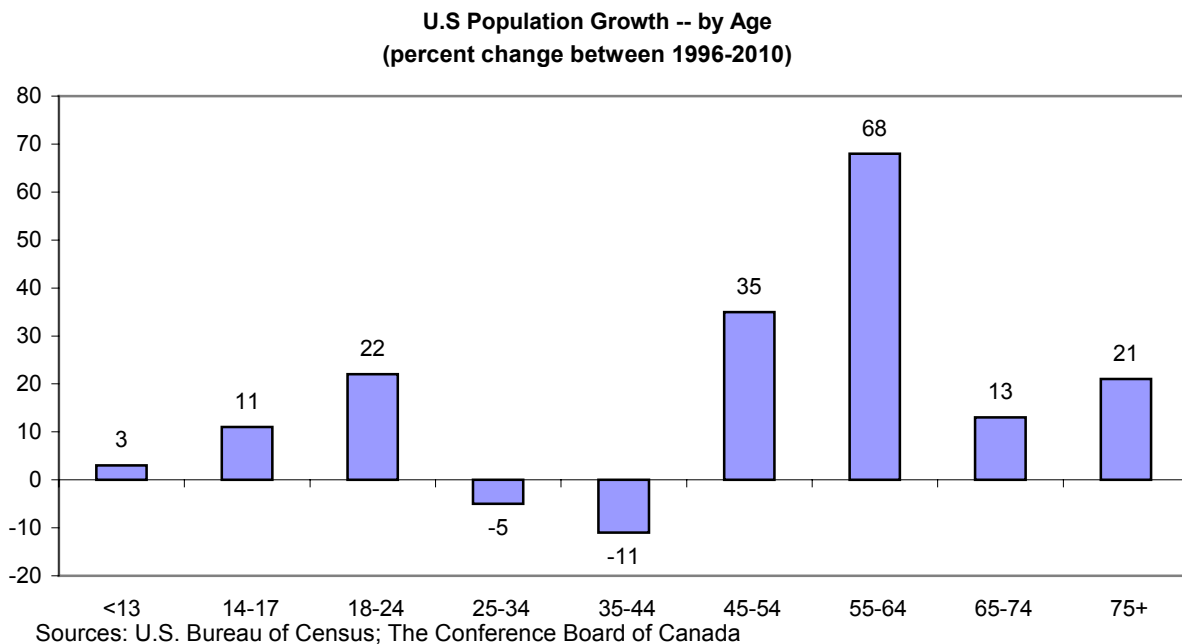
From all indications, Florida's tourism forecast is also very bright. "Visit Florida" is aggressively promoting the state, and the forecasts are for steady increases in visitation and revenues. In Texas, new attractions are being planned and built throughout that state, particularly close to the metropolitan areas that have traditionally helped supply Louisiana with about a fourth of its out-of-state visitors. Particular attention will have to be given to future developments in Texas that might result in casino operations that will compete with ours. Louisiana also competes with international destinations and 49 other states for international travelers. Economic and political developments in other countries are likely to affect the volume of inbound overseas travel. In some instances this could have negative implications for Louisiana's share and volume of international visitors. A current example is the Canadian and European situation with the relative weakness of the Canadian dollar and the Euro.

Although seven southern states are Louisiana's most significant suppliers of visitors, advertising efforts are also being directed at new markets. The NOTMC, for instance, has proposed recovering some of New Orleans' leisure travelers by promoting the city all year long, instead of mainly in the summer and December, traditionally the slowest months for local hotels and tourist attractions. More advertising will be directed to large national markets such as San Francisco, Los Angeles, Chicago, Washington, D.C., New York City, Philadelphia, Phoenix, and Baltimore. New, aggressive advertising campaigns are being planned by OT in markets such as Nashville, Raleigh, Charlotte, Tucson, and Albuquerque.

OT is also continuing its aggressive efforts toward overseas markets and has entered into partnership arrangements with diverse travel interests. For instance, promotional campaigns are underway or being planned with a worldwide consortium of AAA and Carlson-Wagonlit travel agencies. Through a partnership with Turbotrip.com, online hotel, motel, inns, and bed and breakfast reservation services are available to travelers.

A rapidly changing U.S. population picture will shape much of tourism marketing's future direction. The demographic changes are likely to affect the demand for certain tourist product lines, and Louisiana appears well positioned to capitalized on these changes. The Canadian Tourism Research Institute (CTRI) released a report in 1997, entitled, *Travel Forecast 2000*, and provided important perspectives on leisure travel for the first part of the 21st century. The future tourist will be a much more experienced traveler, more adventurous than earlier ones, and will expect more out of their vacations than past generations. Baby boomers seek not only "active relaxation" and entertainment when they travel, they also want to learn new things. And because there are so many, they will be pampered by providers. By the year 2016, "empty-nesters" who are mortgage and child-free will make up almost a third of family households. In addition, over the next 20 years or so, baby boomers stand to inherit as much as a trillion dollars from the previous generation. They will be looking for ways to spend the money, and most assuredly tourism markets will be deluging them with new products and services.

The country's population is aging and new immigrants are helping spur population growth. According to the U.S. Bureau of the Census, the nation's population is expected to grow from 264 million in 1996 to 300 million by 2010. A large portion of this growth will take place within the 45-54 and 55-64 age groups.



These same national demographic trends can be observed in Louisiana and its surrounding seven primary market states (Texas, Alabama, Mississippi, Arkansas, Oklahoma, Florida, and Georgia). See tables 1 and 2 below. These demographic changes are likely to shape tourism’s future and affect the demand for certain types of attractions and activities in Louisiana.

Table 1
Total Population Growth, by Age Group
Primary Market States, 2000-2010

Age Group	2000	2010	Change
18-34	14,249,197	15,370,531	7.87%
35-54	17,459,608	18,268,356	4.63%
55+	13,370,827	17,832,245	33.37%

Source: U.S. Bureau of Census; Louisiana Sea Grant College Program

Table 2
Total Population Growth, by Ethnic Group
Primary Market States, 2000-2010

Ethnic Group	2000	2010	Change
White, Non Hispanic	39,532,281	41,915,308	6.03%
White, Hispanic	8,286,644	10,635,909	28.35%
African American	11,440,890	13,283,839	16.11%
Other	1,662,377	2,142,702	28.89%

Source: U.S. Bureau of Census; Louisiana Sea Grant College Program

Many major sectors of the national tourism industry are hurriedly responding to these changes. The motor coach industry, for instance, is repositioning itself as it faces considerable competition from other modes of transportation, it seeks to appeal to new markets and reduce costs, and undergoes consolidation. Motor coach operators are feeling the effects of changing demographics. The new seniors—the leading edge of baby boomers—have needs and desires that are different from traditional tour clientele. Baby boomers have a greater interest in individual versus escorted tours. They are also looking for greater variety, new attractions, and new itineraries. In other words, they want an “organized independence” similar to that provided aboard cruise ships or at all-inclusive resorts.

Further indications of the motor coach industry’s interest in appealing to new markets appear in recent reports by the National Tour Association (NTA) that identify travel for disabled persons as an untapped U.S. and global market that will grow as baby boomers age. These operators are also closely monitoring developments in cultural and natural heritage tourism, which is also forecast to continue growing during the early part of this century because travelers are becoming more interested in being closer to the environment and learning about local peoples and their cultures. In addition to adventurous travel, there are some low risk types of travel that are also expected to do quite well among the well-traveled baby boomers. Gaming and cruising, in particular, are likely to become more popular as this generation ages and phases out of active travel. Louisiana appears to be favorably positioned to accommodate future traveler wishes. Surveys (see figure below) indicate that our main tourist product lines satisfy their current travel activity preferences.

SUMMARY TABLE– Travel Preferences of LA Visitors

Information technologies will continue to revolutionize the industry and affect the competitiveness of destinations, attractions, and the organizations that serve them (*Buhalis, 2000*). Tourism marketing, promotion, distribution, and coordination will continue to experience revolutionary changes, and those who fail to take advantage of these tools will lose market share and perhaps even suffer competitive disadvantages. The Internet, for instance, has already begun to reshape tourism marketing. Today, there are over 200 million persons (80 million in the U.S.) in the world with access to the Internet. And the numbers continue to grow. A recent Travel Industry Association of America report states that the number of online travelers has grown 190 percent from 29 million in 1996 to 85 million in 1999.

Online inquiries about Louisiana are also increasing at a very rapid rate. Mark Northington, OT's Director of Research, recently stated that online inquiries through LouisianaTravel.com would reach nearly 2.0 million during the current fiscal year. The website was created three years ago and has experienced phenomenal growth from over 700,000 inquiries during fiscal year 1997-98 to last year's 1.6 million. The number of online inquiries far surpasses the more traditional means of telephone and mail.

The demographic changes and technological innovations that are likely to affect tourism marketing in the coming decade are inexorable, and Louisiana has little, if any, control over these trends. Thus, the industry's biggest challenge will be adapting to these challenges and adopting the proper response strategies in a timely fashion. There is, however, one likely trend that the state's industry must seek to affect: funding for marketing efforts at the state and local levels. The industry's good fortune of the 1990s is being placed in jeopardy by the stark realities of (1) the state's woeful fiscal situation, and (2) local infrastructure [not always tourism-related] needs that are increasingly being funded from lodging tax revenues that have traditionally been dedicated to marketing and promotion.

There are some experiments with privatization of state and regional marketing efforts. Close public-private partnerships have recently been adopted in Virginia, California, and Florida. In Canada, Travel Alberta is example of an innovative, public-private approach designed to aggressively market tourism. Until 1995, the responsibility for promoting Alberta as a travel destination belonged to the provincial Ministry of Economic Development and Tourism. Then the government began contracting the job to a private organization known as the Alberta Tourism Partnership Corporation. Neither approach, however, proved completely satisfactory. After examining Alberta's 1998 tourism figures, and the level of investment being made by competitors, provincial officials came to the conclusion that it was time for a change in direction - not just an increase in funding, but a whole new structure to implement tourism marketing plans. The result was the creation of the Strategic Tourism Marketing Council (STMC), a joint venture between government and the private sector, which launched formally on April 1, 1999. The council's mandate: to combine the respective strengths of industry and government in an effort to attract more tourism - and more tourism dollars - to the province. Travel Alberta is the secretariat responsible for executing the strategies set by the STMC. As a reflection of its commitment, the province increased its tourism marketing budget, from \$8.8 million to \$16.4 million. Alberta tourism leaders emphasize that the public sector focuses on increasing awareness of the province as a whole, while the private sector is there "to close the sale" (*Strategy, June 2000*).

The U.S. and Canada models appear similar to the arrangements between the state and LTPA.

Public and private sector funds are combined under this umbrella organization and used for marketing and tourism development purposes.

3. Critical Issues for the State's Tourism Industry

State fiscal reform is a topic of intense discussion, and remains a priority issue for the Governor and the Legislature. Over the years, as Louisiana reduced its pre-1980s dependence on oil and gas severance taxes, it began increasing its reliance on other sources of revenue, namely sales, corporate, income and gaming taxes. For fiscal year 1999-2000 alone, sales and gaming taxes, accounted for over 45 percent of the state's general revenues. As the state seeks to cope with its projected fiscal problems, it is very likely that measures will be proposed that will affect the state's tourism marketing efforts.

For instance, Louisiana Tax Free Shopping will be scrutinized very carefully. The program was established in 1989 to refund state sales taxes to international visitors who shop in any of the more than 1,000 participating stores throughout the state. In 1999, visitors from 125 countries spent \$32 million on retail purchases statewide. A study by Robert Folse Jr., research director of the economic development group MetroVision Partnership, estimates that over its life the program has had a total impact of \$2.1 billion and produced \$303.9 million in tax-free shopping spending plus \$1.1 billion in spending on hotels and other tourist-related services. Tourism executives and international trade leaders express support for the program as giving Louisiana an advantage in marketing the state as a tourist destination in a highly competitive global environment.

Nevertheless, funding uncertainty and the need for stability will become a critical issue in years to come. The industry will be called on to help solve the problems. It will need to propose realistic measures. Does the industry have a plan of action in the event that tourism marketing funds are reduced by reform measures? Is there an alternative(s) to the dependence on state sales tax revenues that long term provides greater long term stability? Is privatization an opportunity worth exploring?

Local tourism marketing efforts are negatively being affected by their own success. Effective marketing during the 1990s lured more travelers, which in turn prompted the construction of more lodging establishments, and ultimately resulted in increases in state and local lodging tax revenues. These revenues had heretofore been used exclusively by CVBs and tourist commissions for the purpose of once again attracting visitors and fulfilling the marketing mission. In recent years a local trend has emerged, where local governments, strapped for capital outlay funds, have succeeded at redirecting marketing funds to other purposes, notably infrastructure construction, operation, and maintenance. Is this trend likely to continue and grow? Is it a bad or a good idea? Is there a concern among tourism marketers over increasing costs and reduced revenues? Can the tourism industry propose any alternatives for local governments to halt the diversion of these marketing dollars?

In the last four years, and despite the industry's overall growth trend, many of the state's private attractions experienced declines in the number of visitors. Much has to do with older product lines and competitive forces. Motor coaches, for example, are no longer the critical source of visitors. The motor coach industry is undergoing dramatic transformations, which in turn are

affecting many of the attractions that had come to depend on this trade. As a result of the general decline, many of the smaller, but valuable, cultural and historical resources could eventually be in danger, if funding for their preservation is not forthcoming from visitation revenues and endowment streams. What, if anything, should be done at the state and local marketing levels to insure that these resources are preserved? Should such attractions receive special attention or should the marketplace ultimately determine their fate?

Marketing often involves reconciling competing interests and broadening the focus of promotional efforts. For instance, certain areas of the state want more attention and coverage in advertising efforts, and cultural and historical attractions want more marketing funding dedicated to promoting their products. In New Orleans, some Magazine Street merchants complain that the NOTMC has not devoted enough attention to publicizing attractions outside the French Quarter, while some Quarter merchants feel just the opposite. As budgets begin to tighten, these “minor differences within the family” are likely to escalate, become more visible, and ultimately stress the industry’s unity. Is this an issue that will have to be addressed on a case-by-case basis or are there proactive steps that can be taken to prevent eventual conflicts?

Much of Louisiana’s future tourism growth will be determined by national and international economic factors that are well beyond the state’s control. Dr. Oakland’s 1999 optimistic forecasts notwithstanding, is there a need for contingency planning that would help cushion possible negative impacts? Several examples are provided to illustrate the point. What if the conventions’ market were to be negatively affected by a nation-wide recession. Our number one destination, New Orleans, is heavily dependent on this business and, under the current marketing emphasis “as conventions go, so goes the City.” Without conventions, the market would slump and become mediocre at best. How can marketing change to spread the risk and reduce the City’s vulnerability? Also, casinos have been an economic boon to Lake Charles, Shreveport and Bossier City, as well as the towns that host tribal casinos. What if Texas and/or Arkansas legalize casino operations or if east Native American tribes are successful at securing authorization to operate? Can Louisiana foresee any domino-type implications from the eventual opening of Cuba to U.S. mass tourism?

There are indications that the U.S. online population will nearly double between now and 2004, with the fastest growing demographic segment being the 55+ age group. This shift toward older and more demographically diverse users will mean that online tourism-related businesses will have to perform a balancing act that attracts new customers while at the same time maintaining their appeal to the early adopters. This dramatic increase will mean that Louisiana tourism marketers who have in the past avoided online campaigns will need to embrace the Internet or lose out to the competition.

All of this points to the need for ongoing information that can only be collected through market research and planning. Marketing is much more than selling, and actual promotion should only take a fraction of the marketing resources that are actually expended. Funds need to be dedicated to research. Louisiana needs much more information about new and target markets, customer attitudes, and preferences. There are constant changes in the identity of visitors, their tastes, values, and interests. There are changes also in the kinds, types, and levels of competition; changes in the consumer culture, and of course, issues such as aforementioned political, economic and technological realities that are in constant flux. These data will contribute to the

development of new products, and help all remain “fresh” and competitive. Do the participants agree with this assessment or are the resources dedicated to research adequate? If not, what else is needed and what types of research strategies should be adopted?

Not only do we need more information, but we also should consider supporting and working toward the creation more regional alliances involving attractions and CVB/TCs. Smaller attractions and poorly funded bureaus and tourist commissions can ill afford to market by themselves. Most rely heavily on better-healed partners and marketing cooperative organizations such as the LTPA to help stretch scarce financial resources. But additional activism is needed. Such activism may take the form of more initiatives to package our tourism products and sell them to the travel industry. It is well recognized that packaging is an excellent approach and increases the success of sales. Do we do enough packaging in our state? If so, how can it be improved? If not, how can more packaging be stimulated?

4. Key Questions for Focus Group Participants

Funding uncertainty and the need for stability will become a critical issue in years to come. Is there a need for a plan of action in the event that tourism marketing funds are reduced by reform measures or are the monitoring and response programs that are in place satisfactory? Are there alternative(s) to the dependence on state sales tax revenues? Is privatization an opportunity worth exploring?

What, if anything, can be said or done to prevent the redirection of marketing and promotion funds for other purposes? Is this trend likely to continue and grow? Is it a bad or a good idea? Is it a concern? Can the tourism industry propose any alternatives for local governments—such as a tourism infrastructure bank with revolving loan mechanisms, etc to halt the diversion of these marketing dollars?

Many of the state’s private attractions have been experiencing declines in the number of visitors. What, if anything, can be done at the state and local marketing levels to help their situation? Should such attractions receive special attention or should the marketplace ultimately determine their fate?

What, if anything, can be said or done that encourages greater use of information technology by tourism enterprises? Should special attention be given to this issue or should the marketplace ultimately determine their fate?

Marketing often involves reconciling competing interests and broadening the focus of promotional efforts. For now, it’s not a big issue but as budgets begin to tighten, these pesky differences are likely to become more contentious, and stress the industry’s unity. Is this a concern, and if so, what can be done about it?

Much of Louisiana’s future tourism growth will be determined by national and international economic factors that are well beyond the state’s control. How can we stay on top of these situations? Are we devoting enough resources to such intelligence gathering? Are we doing enough tourism planning in support of marketing?

Have we done enough packaging of products and services? If so, are new approaches needed for improving it? If not, how can we stimulate packaging? what incentives can be provided?

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Background Paper

Louisiana Tourism Collegium 2010

PRODUCT DEVELOPMENT: KEEPING UP WITH CHANGING DEMAND

1. Existing Situation

Tourism products-attractions, special events, services, or other products of interest to visitors-are essential elements of Louisiana’s tourism development strategy. Arguably, attractions and events are the engines, which generate pleasure travel. Their importance increases when one considers the dynamic environment in which tourism operates. It is being redefined by changes in demographics, new technology, and intense national and international competition for the leisure dollar.

Louisiana’s tourism products appear to be in a favorable position from an overall consumer demand standpoint for many types of events and attractions. Cultural and natural heritage tourism will continue to grow during the next few years, because travelers want “learning-type” vacations. That is, they are interested in experiencing the environment and learning about local peoples and their cultures. However, the demand is different. Studies of the so-called “new tourist” observe that the kind of tourism products that will hold the most appeal are those that add value to an individual’s life experiences (*Poon, 1993*).

Old and New Tourists Compared

Old Tourists	New Tourists
Search for the sun	Experiencing something different
Follow the masses	Want to be in charge
Here today, gone tomorrow	See and enjoy, but not destroy
Just to show that you had been	Just for the fun of it
Having	Being
Superiority	Understanding
Like attractions	Like sports
Precautions	Adventurous
Eat in hotel	Try local fare
Homogeneous	Hybrid

Source: A. Poon, *Tourism, Technology, and Competitive Strategies*, 1993

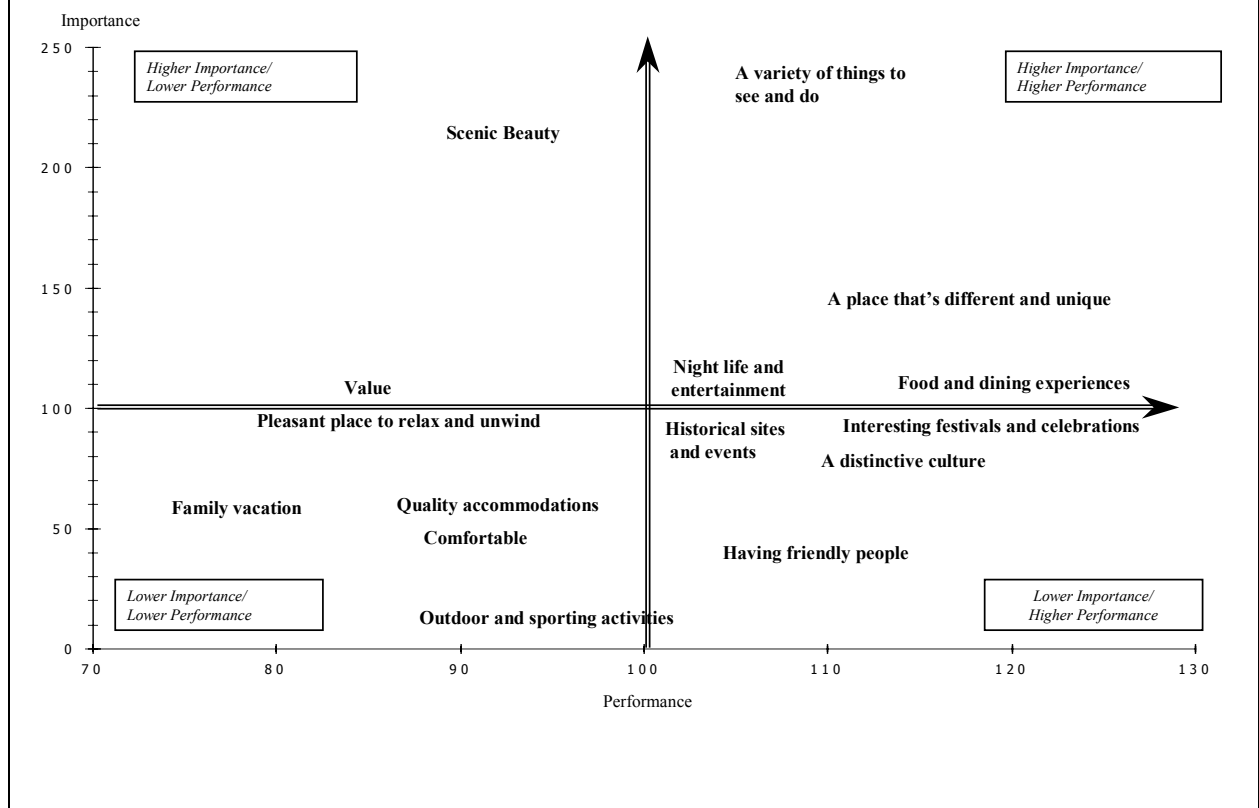
America is aging and that the number of persons ages 55-64 will almost double in the next 20 years. What do mature travelers like to do? The Travel Industry Association of America reported in 1998 that nationwide the top three activities among travelers 55 years and older were: shopping (41 percent), visiting historical places/museums (20 percent), and gambling (15 percent) (TIA, 1998). A Louisiana-specific study by TIA and the University of New Orleans concluded that gambling was the most popular activity for out-of-state mature adult visitors (28 percent), while 23 percent preferred shopping, and 16 percent visited historical places and museums.

Louisiana has a diverse tourism product mix to respond to these preferences. Our visitors have at their disposal historic sites, museums, and plantation homes; federal, state and local parks; zoos and aquariums; race tracks, festivals, casinos, golf courses, etc. The challenge will thus be one of developing quality new products and refreshing established ones to appeal to new travelers. Expanding the tourism product inventory can be a means for encouraging repeat visitation or attracting new visitors with differing interests. It can also help extend the time visitors spend at a Louisiana destination, reduce the peaks and valleys of seasonality, ease overcrowding of popular tourism resources, and add further value to the existing product mix (*Arizona Office of Tourism, 1995*). Visitors have reported enjoying what Louisiana has to offer, and the state has an overall positive opinion. In the last five years there have been few negatives, according to The Marketing Workshop, Inc.

	Year (Base Number)	<u>1995</u> (742)	<u>1996</u> (754)	<u>1997</u> (934)	<u>1998</u> (750)	<u>1999</u> (800)	<u>2000</u> (800)
		<u>%</u>	<u>%</u>	<u>%</u>	<u>%</u>	<u>%</u>	<u>%</u>
Attitudes*							
OVERALL POSITIVE OPINION OF LA.		47	48	51	51	51	59
Food and dining experiences		67	59	69	68	66	73
A place that's different and unique		63	60	68	66	65	71
A distinct culture		61	61	66	63	66	69
Night life and entertainment		57	53	60	60	59	66
Interesting festivals and celebrations		63	57	69	64	63	66
Having a variety of things to do and see		55	55	66	63	61	61
Having friendly people		51	50	55	58	56	61
Historical sites and events		50	51	56	58	54	60
Quality accommodations and lodging facilities		47	41	56	53	50	56
Scenic beauty		48	47	56	52	49	55
A place you would feel comfortable		44	42	48	47	44	55
A pleasant place to relax and unwind		43	41	48	46	44	53
Outdoor and sporting activities		32	34	39	35	38	37
Value for the travel dollar		31	37	39	38	39	36
A good place for family vacation		30	35	39	38	35	36
* - Percent rating "excellent" or "good"							
Source: The Marketing Workshop, Inc., 2000							

In addition, The Marketing Workshop, Inc's sample of 800 visitors was asked to comment on how Louisiana had performed when compared to the relative importance they placed on the key attributes and experiences cited in the table above. The graph on the following page shows that visitors to Louisiana in the year 2000 placed a great deal of importance in and were very satisfied with the quantity of tourism products that can be seen and done, Louisiana's uniqueness, night life and entertainment, and food and dining. Conversely, scenic beauty and value were very important to these visitors, but they were disappointed in not having found these attributes in Louisiana's tourism products.

Derived Importance vs. Performance



Source: The Marketing Workshop, Inc., 2000

In 1998, Louisiana Sea Grant conducted a survey of the state’s 320 public and private attractions, and the prevailing sentiment was one of satisfaction with the growth trend and optimism about the future (Louisiana Sea Grant, 1999). But this optimistic outlook was somewhat tempered by the concerns expressed by several cultural and historical attractions. They had legitimate concern about declines in the number of visits from motorcoach tours and/or walk-ins.

Louisiana has more attractions today than it ever had in the past! Approximately one-third of those that responded to the survey began operations after 1990. Another 25 percent began operations during the 1980s. Additional attractions have come on line in the last two years, particularly in the New Orleans area. This points to a dilution effect, in which the tourism “pie” has grown but is being shared by more “mouths”. This has meant smaller “slices” for many!

Many of the cultural and historical attractions are also concerned over competition from public attractions. Public attractions charge low or no admission. The Jean Lafitte National Historical Park and Preserve now has seven centers, there are 17 state parks and 15 historic sites, 18 national wildlife refuges, and the Kisatchie National Forest. In addition, many local attractions, such as parks, local museums and historic attractions charge little, if any, admission.

Some attractions have speculated that the decline or static attendance can be attributed to the rapid growth of the state's casino industry. Gambling has become a major industry in Louisiana, and as noted above, it is the number one activity for out-of-state mature visitors. Louisiana has more forms of legalized gambling than any other state, except Nevada. With the exception of horse tracks and off-track betting, all of the other forms of gambling have been introduced since 1988. In 1998, total revenues from the state's gambling industry were approximately \$2.2 billion, according to a UNO study. This compared to 1990 when total revenues were close to \$190 million. In 1998, non-local customers (tourists) that visited Louisiana for gambling purposes spent over \$675 million at the riverboat casinos alone. Most of this spending was in Lake Charles and Shreveport-Bossier City. UNO concluded that New Orleans and Baton Rouge have local casino markets, and Lake Charles and Shreveport-Bossier City primarily appeal to non-local markets. The study also concluded that in relative terms, the amount of money diverted by the riverboats from other Louisiana businesses was small (*UNO, 1998*).

2. Likely Developments in the Next Decade

The tourism marketplace is dynamic, and no tourism product can escape this fact. Competition for visitors is intense. Tourists expect and demand more partly because they have become more experienced. Their tastes, values, and interests are constantly changing and they have become sufficiently sophisticated so as to discern quality. Those seeking to experience natural and/or cultural heritage tourism products will not be satisfied with second-rate attractions or services and will demand authenticity and proper care of the resources. They want real-life experiences versus those that are contrived, staged, or merely superficial. This demand poses a serious challenge for older and dated tourism products. The tourism marketplace is truly a buyer's market, with many destinations and leisure options from which to choose. The demand for quality and value for the money is increasing, and we must strive to have the right products for the right markets.

For these reasons, Louisiana tourism leaders and attractions can ill-afford to become complacent and ignore demands for products and services. If so, we risk stagnation and eventual decline. All need to carefully evaluate product lines and either revitalize/refresh or reinvent them. If not, we risk serious decline. After all, tourism offerings, much like any other consumer-oriented product line, go through a life cycle: a period growth, a peak of maturity, and an eventual decline.

Tourism product line evaluation requires ongoing research and planning. In the coming years, the state, industry groups, and individual attractions will need to redouble efforts to investigate markets, customer attitudes and preferences.

Louisiana's many external competitors, especially the nearby states of Mississippi, Texas, Florida, Arkansas and Alabama have seen the opportunity for growth and made some major investments in their tourism promotional budgets. We compete with international destinations. The real cost of travel has decreased over the years, and travel to distant and exotic destinations

is now more accessible by special fares, packages, and incentive plans. Much of this is being driven by competitive pricing by airlines, cruise lines, hotels and resorts.

Traditional tourism outlets also face stiff competition for the disposable dollar from other leisure products--recreation and other forms of entertainment, such as movies and sporting events. Activities such as shopping that were once considered a part of non-leisure time have become a leisure experience.

3. Critical Issues for the State's Tourism Industry

All of these conditions point to several issues of major importance to product development in Louisiana's tourism industry. The most significant is the state's and attractions' ability to respond to a fluid and competitive marketplace. The industry as a whole, and the individual attractions in particular, must remain current, vigilant, and able to recognize their product line's position in the market place every day. Attractions must strive to be consumer/visitor-oriented, not product-oriented. Many visitors come to Louisiana to learn more about our cultural heritage and the natural environment that is inseparable from it. Thus, historical, cultural and nature-based travelers, in particular, want quality, authentic products that do not jeopardize the resources which they came to visit and by extension, added value to their experience. We must identify and develop competitive products that are compatible with the state's culture, history, and natural heritage. Part of this process involves identifying and addressing barriers to development of new market niches. For instance, over 40 persons attending the Louisiana Travel and Tourism Summit in 1998 identified environmental, infrastructure, marketing, planning and education, and enforcement issues that threaten nature-based tourism development in various parts of the state.

Concern over competition has created an undercurrent of apprehension and uncertainty about the future among many of the state's attractions. They seek guidance on what actions to take. Who is responsible for adaptation? Can state government, the CVBs, LTPA or other organizations help individual attractions survive and thrive under these circumstances? Should the marketplace dictate the final outcome? If so, why?

On occasion, this apprehension seems to threaten industry unity. There remain some vestiges of strained relations between some attractions, their CVB/TC, the Office of Tourism, and LTPA. At the core of this conflict is the fact that some attractions continue to subscribe to the notion that tourism marketing is the purview of the state or CVB/TC. Ongoing education is essential before strained relations become disruptive battles among adversaries.

Tourism development has become a new mission for many state and federal agencies. Traditionally, they dealt almost exclusively with resource management issues, and the transition to a more public, development oriented arena has not been entirely smooth. Topics such as publicizing, competing with the private sector, and networking with other attractions remain quite controversial. Strategies need to be discussed that better integrate these properties in overall tourism marketing and visitor development efforts.

The state's gaming sector has grown remarkably in the last decade, and many communities have come to heavily depend on the sector's ability to attract visitors. In fact, many casinos and racetracks rely heavily on Texas visitors. It will be important to monitor what, if anything, takes place in that state in the way of gaming development in the next few years. Although the current sentiment in Texas is one of opposition to casino legalization, Louisiana should be concerned that if casino gambling were to be legalized in east Texas, much of the visitor spending in our border cities of Lake Charles, Kinder, and Shreveport-Bossier City could be eliminated.

4. Key Questions for Focus Group Participants

Are some elements of Louisiana's tourism product "at-risk"? Which ones? How and why are they "at-risk"? What can be done about this situation?

What do we know about the market readiness, quality and capacity of our tourism products?

What is state government's role in helping stimulate the development of such products? How can relations between private, state and federal attractions be improved? Who should take the initiative?

We depend on our natural and cultural resources as the base for our tourism product. How can we protect and preserve the product, while allowing it to be enjoyed by our visitors?

Do we need contingency thinking regarding the gaming industry and an eventual slowdown due to competition and/or an economic downturn?

What potential (right) tourism product opportunities exist that we have not explored? What's new on the horizon for travel in the next ten years? Have we adequately responded to the increasing demand for entertainment and attractions that are interactive and participatory? Are we being kid-friendly? TIA reports total travel with children is on the rise, particularly for business travel with children in tow.

Agricultural tourism has been discussed extensively as a niche for Louisiana, but not much appears to have happened in the last few years. Is this assessment correct? What, if anything, should be done to increase visitors to agriculture-related food tourism?

We have a very special event planned for 2003 to commemorate the Louisiana Purchase. What else needs to happen in the way of product development? Should we be thinking of other mega-events for the decade?

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Background Paper

Louisiana Tourism Collegium 2010

Quality of Life: Preserving Tourism Assets for the Future

1. Existing Situation

Tourism has become an integral component of Louisiana's economic development strategy. All cities and most smaller communities have turned to the industry to help diversify and expand their economies for the ultimate purpose of improving the quality of life of their citizens. Arguably, tourism has succeeded. Jobs have been created, entrepreneurial opportunities have abounded, most communities are more prosperous, community recognition and pride has increased, and many continue to believe that tourism development remains as "...a clean way to grow." This success is largely due to our state's unique cultural and historical heritage and remarkably diverse natural resources and features—marshes, swamps, rivers, bayous, lakes, forests, etc. All have served as cornerstones for what has become a quality, proud, and authentic tourism product.

Tourism's recent history in our state has indisputably been positive. Very few negative impacts have ever been identified, and there is continued widespread optimism about tourism's future in Louisiana. In effect, the industry remains in a "honeymoon" phase. During tourism's rapid growth in the 1990s, most of government and the industry's interest were in appealing to and satisfying the wishes of our visitors. Thus, the attention focused on the demand side—marketing and promotion of the tourism equation. Little attention was given to the resource base "that brought us to the dance" in the first place. Warning signs of discontent suggest that tourism can have both desirable and undesirable consequences (*Potts, 1998*).

In recent years, an increasing number of conflicts have emerged or become more visible. They appear to stem from a need to balance tourism's growth with (1) the preservation of those environmental, social and cultural assets that attract the visitors to our communities in the first place, and (2) the quality of life enjoyed by Louisiana's residents—the proud hosts and stewards of the resources.

Several recent examples of contentious issues involving tourism development can be seen in Kenner, New Orleans, Lafitte and several other communities. The Kenner City Council recently placed a moratorium on new motel construction based on possible sewerage system and traffic congestion problems. Residents living in our number one tourist attraction, the French Quarter in New Orleans, are concerned about tourism's impacts on the Quarter's "sense of place". Many disgruntled residents have organized and articulated feelings of having lost their home, neighborhood, and community, even as they enjoy new economic opportunities. Opposition to development in New Orleans' French Quarter continues to grow and efforts to preserve the area are intensifying. Most recently, the Vieux Carre Property Owners, Residents and Associates and other preservation groups criticized a proposed high-rise hotel in the 100 block of Bourbon Street (*Times Picayune, April 2000*). Similar concerns about preserving quality of life and the environment are also being voiced in fairly complacent, rural areas. In Lafitte, for instance, town

officials at the urging of local residents passed an ordinance designed to limit noise from airboat swamp tour businesses (*Times Picayune, May 2000*). Residents along the Pearl River near Slidell have expressed concerns over privacy problems involving some swamp tour operations. Anglers have protested the posting of signs at 16 Louisiana waterways with warnings about eating certain types of fish due to possible mercury contamination. The Tangipahoa River, a tourist attraction for a number of years, remains closed after 13 years as a result of high bacteria counts mostly attributed to upstream dairy operations.

It is also a well-known fact that some of our coastal resources are at-risk, not just from the well publicized coastal land loss problems, but also from unconstrained tourism growth that has aggravated environmental problems. Over the years, anglers, hunters, and boaters in coastal Louisiana have built thousands of recreational camps. Recently attention spotlighted the fact that waste disposal in these environments is a distinct problem. Solid waste is dumped, buried or burned, and most camps have individual sewage systems that leak into coastal waterways, jeopardize human health, and often prompt state officials to close oyster grounds. The problem is not limited to coastal Louisiana. Similar tourism-related pressures and poor waste management practices have been experienced at Toledo Bend and other north Louisiana lakes, as well as some of the rivers that flow into lakes Manchac and Pontchartrain.

While environmental protection aspects have been and remain a major challenge for the state, Louisiana has excelled at preserving its cultural and historical resources. Visitors to our state consistently rank historical places, museums, and cultural events as their preferred types of activities. Most of the credit must be given to countless private and public organizations throughout the state that over the years have collaborated to maintain, and in many instances improve the cultural heritage foundation that has helped make the tourism industry successful in our state. Cultural heritage-based tourism development efforts have been particularly successful in Acadiana, where preservationists and the tourism industry have collaborated to sustain the local culture while capturing the rural traditions, customs, foods, music, beliefs, history, and folklife in a way that can be fully experienced by visitors. Cultural heritage visitors are sophisticated and appreciate a fine blend of preservation and business development. They understand the fit between our communities and tourism, and require that our products be authentic and of high quality.

Despite the overall favorable situation with most cultural and historical resources, there are some valid sustainability concerns involving several key plantations, museums, and other historical places. Many have experienced recent declines in attendance as a result of a number of factors, namely consumer preferences, product life cycles, competitive forces, and changing demographics. The well-founded concern is that reductions in visitor-generated revenues to such attractions will result in their deterioration and consequent losses of valuable resources to the industry and state.

Downtown redevelopment and historical districts in the major cities, and 28 Main Street programs in smaller communities throughout the state have sought to improve quality of life by adding or improving attractions and businesses that cater to area residents and tourists. While we commonly perceive that many of these communities are great places to visit, their appeal to travelers is often limited. Tourists do not want to witness communities in decay. In too many

cases, key tourist access points have poor road conditions, are congested, have unsightly housing, trash, the run down landscaping, poor pedestrian access, etc. These conditions are not favorable for the communities or tourism development. The industry must consider becoming more actively involved in developing and implementing plans to enhance all of our communities. If the communities cannot continue to convey or lose the character that made them distinctive and attractive to residents (and visitors), then their—and the state's-- competitiveness as tourist destinations will be severely impaired.

In a related issue, tourists are exhibiting increased sensitivity toward visual pollution in the form of clutter, litter, poor and improper signage and most recently, telecommunications towers. Communities free from the tide of clutter and trash improve their aesthetic qualities, which in turn are good for tourism, business in general, as well as the environment. One topic of considerable controversy is signage. More is not necessarily better, and all parties must strive for a balance that safeguards from visual pollution and improves the community's appeal, while responding to the economic needs of the industry.

2. Likely Developments in the Next Decade

Worldwide, tourism is undergoing fundamental change, from the experiences and settings travelers demand to the regulations governments impose to protect environment and historical resources. Signs of these shifts are everywhere, from tourism industry statements on the value of the environment (*Cook and others, 1992*) to the increased demand for heritage-based—cultural and natural experiences. Many make a case for development of "sustainable" (versus "mass") tourism as the industry's new guidepost for dealing with issues of growth, quality of life, and resource (environmental and cultural) development. Under this concept, natural and cultural resources are used more prudently and sensitively than in the past, thus ensuring their, as well as the tourism industry that relies on them, continued survival.

Louisianians are becoming much more environmentally aware and active, and this trend is likely to accelerate. While this has positive implications for long-term quality of life improvements and tourism development as a whole, in the near term such activism is likely to create some conflict with tourism development interests. Note, for instance, the intense debates sparked by proposed golfing developments on state parks properties. Residents in southwest Louisiana and along the north shore of Lake Pontchartrain voiced their opposition to such plans, which prompted DCRT to revise its plans for the Audubon Golfing Trail.

Traditional measures for dealing with traffic congestion will continue to meet with considerable opposition. DOTD has proposed adding lanes to interstate highways and building new highways, but such ideas have often met with serious opposition, and community groups want alternatives. In the Baton Rouge area, for example, several community groups oppose a new, eastbound lane on I-10 on the grounds that their neighborhoods would be permanently damaged. Earlier plans to build a loop highway below the Baton Rouge area were also deemed as not acceptable to many community groups and environmental interests in the region. Several highway and other public works projects on the north shore of Lake Pontchartrain are also being opposed by many local groups.

Our lakes, rivers, swamps, marshes, and bayous are tremendous tourist attractions and the state has begun addressing water quality issues that will have favorable implications for the industry. Non-point and point sources of pollution are being identified and best management practices are being implemented. In the future, the waters of Toledo Bend, Lake Pontchartrain, Barataria and Terrebonne bays, and the Atchafalaya Basin will be cleaner and more appealing to visitors. Farm management practices will help scenic streams such as the Tangipahoa River, which is likely to reopen shortly for water-contact sports.

Sustainability is an attractive approach for action, but is difficult to implement practically or operationally. In the tourism context, "sustainable tourism" is frequently associated with discussions of "heritage tourism, "eco-tourism" and "nature-based tourism" (*McCool, 1995*). The notion is that visitors are allowed to enjoy an attraction, community or region in such a way that the local culture and environment are unimpaired (*Hill 1992*). The 180-mile Creole Nature Trail National Scenic Byway in southwest Louisiana is an example of such a regional attraction. (<http://pages.structurex.net/mosketer/creole.htm>)

Demand is growing for use of our lands and waters. It is quite possible that in the next decade Louisianians will experience capacity and access problems, adding further environmental stresses at some of the state's most popular outdoor tourist locations: state parks, smaller coastal and inland lakes, marshes, the Atchafalaya Basin, Toledo Bend, and the Kisatchie National Forest. Adverse publicity and serious, long-term negative effects on these resources are not in tourism's best interest. Closing or limiting access to these resources or allowing conflicts to go unresolved will also result in losses for the adjacent communities and for the urban centers such as Lafayette, New Orleans, Alexandria, Morgan City, and Lake Charles that serve as gateways to these popular tourist assets. After all, according to McCool and Martin (1994), tourism development is about "enhancing the quality of residents' lives by addressing economic, social, cultural and other benefits" of the industry.

The growing demand will also result in conflicts over resource allocation, and this is likely to affect tourism. Recreational fishermen, hunters, off-road vehicle users, and other recreational interests might at some point vehemently argue that the public resources are for local and state residents, not the visitors. Certain saltwater species have already been the subject of such debate and unless federal regulations change, tourism businesses such as charter boat operators and guide services will be severely affected. Hunters also are concerned over the reduced availability of lands on which to practice their sport.

Conflicts involving key historical and cultural features will merit great attention from the tourism industry. For instance, the present situation in the French Quarter is likely to change in the next decade. Tourism industry leader, Warren Reuther, Jr, recently endorsed a plan that would entirely ban buses and tourists' cars from the Quarter and allow it to function mostly as a pedestrian zone. Only residents would be allowed their vehicles. Mr. Reuther was quoted in the June 23, 2000 edition of the Times-Picayune as saying that the historic district has a bleak future unless stronger measures are taken to curb traffic pressure. Another leader, Gary Esolen, former executive vice president of the New Orleans Tourism Marketing Corporation, noted that one of the main challenges facing the industry is to "spread the benefits and spread the burdens" beyond the traditional tourism focus of the French Quarter and Canal Street. Such a dispersion would be

viewed favorably by preservationists and French Quarter residents who have complained for years that the city's most historic district is being overwhelmed by commercialism, and also by merchants in other neighborhoods who have complained they don't get a fair share of tourists' dollars (*Times Picayune, January 30, 2000*).

Yet, eventually opening up additional neighborhoods to tourism will create additional friction, because tourism, according to Esolen "either preserves or devours the things it celebrates." Esolen believes that New Orleans' hospitality industry "is moving a little more toward the preservation side" by embracing more long-range planning, more controls on short-term rentals in the Quarter, and a deliberate effort to spread the burdens of tourism- zoning, traffic, parking and the protection of residential areas-to other neighborhoods.

Maintenance and protection of natural and cultural settings should be a major preoccupation of Louisiana's travel industry in the years to come. Degradation of these resources will diminish the quality of visitors' experiences, and ultimately result in the loss of interest in a particular area, and perhaps the state as a whole. All trends point to the fact that the role of natural environments and cultural heritage sites will only grow in importance for the industry (*Travel Forecast 2000,1997*).

Louisiana's tourism industry will have to broaden its mission and expand it beyond merely focusing on delivering tourism services--lodging, transportation, attractions, food and retail sales. There are emerging concerns about the growing industry that need to be proactively addressed. Ignoring such concerns will be negative and delay the inevitable. The industry must begin to answer vital questions about tourism products, their appropriate scale and type of development, whether they are sustainable (in the sense that they do not jeopardize the natural and cultural resources). Quality of life concerns for local residents stemming from controversial items such as airports, sewerage systems, automobile traffic, etc, must also be addressed. A delayed approach would be questionable at best, negligent at worst, in this era of rapid change, when the future is no longer a straight-line projection of the past.

3. Critical Issues for the State's Tourism Industry

Patrick Long, a business professor at the University of Colorado's Center for Sustainable Tourism was recently quoted as saying, "...if you allow tourism to get out of hand, you're going to get a negative reaction...Culture, as with the economy and the environment, is dynamic. In terms of sustainable tourism I would argue that perhaps what we are trying, or perhaps should be trying to do, is to extend, where appropriate given certain economic, social, and environmental objectives, the life-span of a destination and/or tourism product and keep options open by careful maintenance of the resource base for future use..." (Hall, Centre for Tourism and Leisure Policy Research, 1995)

The over-riding critical issue thus becomes how much change is acceptable? Hunt (1993) argued that the tourism industry should care both for visitors and for the places they visit: "the communities in which we live." Clearly, if Louisiana's tourism industry is to fully embrace the concept, it will have to become much more active in arenas that have heretofore not been viewed as the purview of the industry. The industry can no longer focus the majority of its energy on

marketing and promotion.

Another issue involves greater public participation in tourism planning, and more meaningful interaction with key state and federal agencies, and environmental and civic organizations on resource management and conservation matters. Potts (1998) argues that tourism planners should learn from past experiences. Negative perceptions of tourism development often begin with a failure to engage local residents in the planning process. Their exclusion from the process can ultimately lead to tourist dissatisfaction and declines in visitations. Murphy (1985) strongly emphasized the need for resident involvement in the tourism planning process before “key, and often irreversible decisions are made.”

There has also been very little meaningful coordination and planning directed at tourism conflict resolution. State and federal resource management agencies seldom coordinate with the Office of Tourism (OT), whose primary mission it is to “promote and assist expansion of tourism and the tourism industry in Louisiana.” It wasn’t until the mid-1990s that OT’s sister agencies within the Department of Culture, Recreation and Tourism--the offices of Cultural Development (OCD) and State Parks (OSP)-- began playing more significant roles in tourism development matters. Both OCD and OSP are primarily resource management agencies.

Natural resources management agencies, such as the state departments of Wildlife and Fisheries (DWF), Agriculture and Forestry, and Environmental Quality, and federal National Parks Service, Fish and Wildlife Service, Corps of Engineers, Environmental Protection Agency, etc. have not, for all intent and purposes, been involved in Louisiana tourism development matters. Several manage attractions, but planning and implementation take place independently, often with little or no communication or coordination. There are exceptions. In the early 1990s, a short-lived Recreational Fisheries Development Commission within DWF explored charter and guide fishing development opportunities, and last year, the Department of Natural Resources took the state lead concerning tourism-related developments in the Atchafalaya Basin. The Office of Tourism and LTPA were involved in the DWF Commission, and OT is a partner in the Atchafalaya efforts.

Hosts’ quality of life issues such as the environment, congestion, noise, etc. are of great relevance to tourism. Community support is a necessary precondition for tourism development, and valid concerns over issues such as health, safety, traffic, preservation, and environmental stresses are shared by residents and tourists alike. Local tourism industry leaders will need to consider becoming more involved in advanced community planning and other proactive measures. The industry can ill-afford to stand on the sidelines and only become involved in after-the-fact damage control activities. It is in the industry’s best interest to help the host communities address and mitigate possible negative, undesirable impacts. Tourism, for instance, should become much more directly involved in local Main Street programs.

Conflicts are inevitable considering the growing volume of visitors to our state. Tourism will be cited as creating or exacerbating problems for many communities. Problems are often expressed through community discontent over money. Consider, for example, the following recent “Letter to the Editor” of the Times-Picayune:

“Here we go again! New Orleans is still in need of additional accommodations for tourism, conventioners, etc. For all the supposed economic impact tourism brings to this city, it cannot even repair its sidewalks, its potholed streets, furnish adequate street lighting, dispose of blighted property in a timely fashion, and provide litter collection and grass cutting. Instead of spending money for additional convention space, the city of New Orleans should first direct its efforts and resources into providing a better quality of life for its own citizens” (*The Times-Picayune*, June 20, 2000).

Good stewardship and a focus on the future involve developing an intense sensitivity for possible adverse quality of life impacts for our residents. If Louisiana is to continue building on its tourism successes, it must take care of business at home. There is a need for a vision/plan to preserve, conserve, while thinking about development. Leadership and coordination are essential for this to take place.

Admittedly, such involvement beyond the industry’s “comfort zone” is difficult. Louisiana is not used to an approach that asks fundamental questions about visions for our communities, and whether changes brought about by development affect the visions. Tourism interests must consider whether the affected communities can absorb such changes, and also help identify what tourism can do to help communities and the environment. Thinking along these lines is controversial because the result might, for instance, prevent or diminish some traditional uses of natural resources, and affect the people who have been traditionally benefiting from those uses. It is possible that powerful economic forces entrenched in the current direction might be reluctant to open dialogue. This is coupled with the fact that the industry is averse to venturing too far from the comforts of marketing and promotion.

But soon, like tourism in other states, Louisiana’s tourism industry will come to a crossroads in development. It is likely to face controversies about sustainability and compatibility with environmental protection and other quality of life issues involving many of the communities that today serve as tourism destinations, particularly in the larger cities like New Orleans.

4. Key Questions for Focus Group Participants

Louisiana is an excellent natural and cultural travel destination. We have been experiencing outstanding growth in the last few years. Are there any looming environmental threats that could jeopardize further growth? Are cultural travelers likely to continue coming to the state? What can the tourism industry do, at the state and local levels, to help our communities and the environment?

Does the tourism industry need to get more involved in preserving natural resource or should that be left entirely to the resource management agencies? How about cultural and historical heritage? What form should this involvement take?

Should the tourism industry tackle quality of life concerns in Louisiana? Should this involvement be at the state level? Limited to local involvement? Should a strategy be devised to do this? What role should state government, namely DCRT and the Lieutenant Governor’s Office play?

What agencies or organizations are more inclined to take an expansive view of their mission? What agency, for example, addresses the mission of enhancing the livability of the communities that are dependent on the tourism industry? Is this a possible role for the Lieutenant Governor?

Does Louisiana need to develop and promote a sustainable tourism strategy?

We have some successful downtown revitalization and Main Street efforts. Is the tourism industry doing as much it can to help address these types of community development efforts? What else can or should be done?

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Background Paper

Louisiana Tourism Collegium 2010

TECHNOLOGY: CONDUCTING BUSINESS IN AN ERA OF RAPID INNOVATIONS

1. Existing Situation

Better, faster, and cheaper technology is dramatically transforming the travel and tourism industry. Furthermore, the pace of this transformation has accelerated. The time required to adopt new technology is compressing. It took 41 years for “pagers” to reach 10 million customers, 38 years for the telephone, and seven years for personal computers. 10 million consumers adopted the Internet in three years (*CyberAtlas, 2000*).

Travel, according to the Conference Board of Canada, is the perfect product for on-line sales using electronic commerce (e-commerce). It is estimated that one quarter of all Internet sites are travel-related, and that more than 2000 similar sites are being added each month. According to Business 2.0, a Jupiter Communications study, on-line spending for leisure travel swelled from \$274 million in 1996, to \$911 in 1997, surged to \$2.1 billion in 1998 and is projected to increase eight-fold, to over \$16 billion by 2003.

Technological change is accompanied by worldwide growth in the number of travelers. Today’s travelers are far more sophisticated, have relatively advanced education, possess substantial discretion in their spending decisions, and are rapidly gaining experience with the use of such technologies. Experience and confidence will make them more analytical, skeptical, and very demanding as they gather information and make decisions about travel choices and related purchases. It is thus very likely that use of on-line technology for travel and tourism purposes will continue to expand briskly.

We also find ourselves in an era where American consumers, in particular, but those in other developed nations as well, value their leisure time more than ever before. Many balance extraordinarily long workweeks with the pressures of family, hobbies, sports, and simple relaxation. People are scrambling to reduce the amount of time they must invest in the more tedious, and often costly, aspects of making travel arrangements. Automation makes this task easier. The Internet, for example, offers prospective travelers with a way to easily research information that in the past was difficult and time-consuming to obtain. In the past, gathering information often required assistance from travel agents and other consultants. Today’s travel agents are no longer the exclusive gatekeepers of travel information. In fact, it appears that in the future, working with an agent will become a traveler’s decision based on service or choice, rather than one of necessity. Nearly half of today’s on-line users have used the Internet to make travel plans or reservations in the last year. It is rapidly becoming America’s primary medium for acquiring travel information and booking reservations.

The U.S. travel industry estimates that \$6.0 billion in travel revenues were booked on-line in 1999, and projections call for such transactions to rise to nearly \$12 billion by 2002. The Travel Industry Association of America reports that in 1999, nearly 45 percent of U.S. adults (up from 16 percent in 1996) use the Internet. The percentage of U.S. travelers using the Internet is even

higher, 53 percent in 1999 compared with 19 percent in 1996. Sixty-four percent of frequent travelers used the Internet, a figure that has almost tripled since 1996.

The travel industry is experiencing other changes that are likely to affect and be affected by technological innovations. Travel suppliers (airlines, attractions, hotels and eating establishments) are experiencing the effects of lengthy trends toward deregulation, consolidation, privatization, and internal restructuring. As a consequence, the industry's business infrastructure, relationships, management, distribution channels, and traveler loyalties are also undergoing radical change. Those with information technology advantages are better positioned and able to enhance productivity, lower costs, and improve customer service. Radisson Hospitality Worldwide Services is a case in point. Fifty-seven percent of Radisson's reservations are made through computerized-services, and 43 percent through toll-free services. They are seeking to improve their bottom-line by moving the toll-free services to the Internet in order to reduce the cost per reservation transaction from \$5.00 to \$3.00 (*TIA, 1999*).

Another segment of the lodging industry that is experiencing remarkable change due to advances with information technology is the bed and breakfast (B&B) sector. Bed and breakfast innkeepers, responding to a 1999 national survey conducted by the public relations firm DDM, Inc., reported that the Web accounted for 38 percent of their guests—almost as many guests as the next three most important sources combined (39 percent). In St. Francisville, several area innkeepers recently estimated that 70 percent of their guests had used the Web for B&B research and contact purposes. Nationally, innkeepers have reported that the Web has become the most important source of new guests. Nearly 67 percent of the guests who visit a specific B&B for the first time report that they found and researched the B&B on-line. There is a distinct trend known as “look-to-book”. B&Bs are finding the medium to be cost-effective, because it levels the playing field and generates new business. Consumers, in turn, appreciate the medium's convenience to do research, initiate contact, check availability, and make a booking (*DDM, 1999*).

2. Likely Developments in the Next Decade

The Internet is rapidly becoming the preferred source of travel information. Internet users now exceed 100 million adults in the United States, about half of the nation's adult population. Worldwide, this year the number of people with Internet access will reach over 300 million, up almost 80 percent from 1999 (*U.S. Department of Commerce, 2000*).

It is thus likely that future travel information will be mainly distributed through electronic means versus postal or other delivery networks. Fewer brochures will be printed. Third parties for reservations and other arrangements will have to find new ways to remain competitive. The Office of Tourism in Arizona observes that since consumers will be expecting to receive information faster and process reservations more quickly, that “destinations that meet these growing demands will be at a competitive advantage” (*Arizona Office of Tourism, 1995*).

Not only will our destinations need to retain the competitive edge, but Louisiana's attractions will also have to remain on guard and very proactive on the technology front. Technology will increase competitiveness, and in most instances level the playing field for marketing of tourism

enterprises, but is also likely that additional developments will further shorten product life cycles, and reduce the time periods in which advantages can be sustained. Casinos are a good example of this phenomenon. They are a relatively new (1993) tourism product in our state, yet are very concerned about the competitive inroads being made by on-line gambling. The American Gaming Association, which represents Louisiana's commercial casino entertainment industry at the national level, has noted that Internet gambling has seen explosive growth since the introduction of the Web in 1995. A gaming industry analysis estimated that Internet gambling revenues in 1998 exceeded \$650 million, more than double the amount from the previous year. That same year, U.S. casinos had gross gambling revenues of \$22.3 billion. The Association is concerned and seeking Federal legislation that would prohibit gambling businesses, regardless of where they are located, from using the Internet or any other interactive computer service to take bets or wagers from individuals in the United States (*American Gaming Association, 2000*).

While the extent and pace of technological change is challenging to most and disconcerting to many, these technological innovations are taking place at a time of unprecedented worldwide prosperity and very little unrest. It is also a time of major demographic changes that are likely to affect and be affected by the innovations. In the next decade, we'll experience a major demographic transition as the baby boom generation ages, which is expected to have positive implications for leisure travel. Most of tomorrow's retirees will be competent in electronic technologies, and thus Web-literate. The indications are that, barring any major financial catastrophe of global proportions, the vacation travel market will nearly double in the next five to ten years (*Canadian Tourism Research Institute, 1997*).

The Internet is not the only technological developments expected to affect the travel and tourism industry. Some refer to it as a "system of information technologies" that also includes satellite communications, videotext/viewdata, digital telephone networks, electronic funds transfer, smart cards, satellite printers, virtual reality, video brochures, image communications, and integrated communications networks (*Caribbean Futures, Ltd., 1997*).

The George Washington University Forecast on Technology and Strategy (GWU) predicts that the integrated communications networks will take the shape of portable information devices combining data analysis of the personal computer, the networking of the Internet, the images of television, and the conveniences of the telephone. GWU predicts that 30 percent or more of the population of industrialized countries by 2003 will use such devices. Individuals will be able to make telephone calls, send e-mail, watch video, transmit documents and data, and conference (*George Washington University, 1998*).

Teleliving is "...life in the post-PC world". According to the July-August 2000 issue of "The Futurist", information devices will enable us to summon a constant stream of information summoned at the touch of a finger. Intelligent networks are being developed to interact with one another.

Although the quality of phone calls over the Internet is imperfect, consumers are increasingly attracted to Internet telephony because of the lure of free or extremely cheap calls. About 15 million Americans now use Internet-based voice communication, up from five million a year

ago. As the market grows, about two dozen companies have begun offering online voice communication. Internet telephony is relatively simple, requiring an Internet hookup, headphones, and/or a microphone. Companies are working to improve the quality of Internet telephony. Within five years Internet telephony will represent at least 15 percent of long-distance traffic in the U.S. compared with about one percent currently (New York Times, 6 July 2000).

Another innovation that is likely to affect travel and e-commerce in general is the passage of a recent law on electronic signatures. Analysts expect it to be a boon by greatly reducing administrative costs and the time taken to complete online transactions.

3. Critical Issues for the State's Tourism Industry

“Technological innovation is capturing the imagination of industry leaders in nearly every segment of the U.S. and world economies. It is becoming an essential element in global competitiveness. Technological development both inside and outside the travel and tourism industry could potentially impact how the U.S. travel industry conducts business and how consumers access and use travel information. Developments could also dramatically affect the consumer's destination choices, and ultimately their decision whether or not to travel.”

*Arizona Office of Tourism
White House Conference on Travel and Tourism
Washington, D.C. October 1995*

The pace and scope of the technological changes that are taking place, particularly information delivery, are very challenging and demanding. Louisiana's tourism industry-both the public and private sectors- must be able to remain at the forefront. Louisiana must commit to using technology that can aid in its efforts to not just retain, but also increase its market share. From a technology preparedness perspective what can Louisiana do to best position itself for these changes?

The Web will continue to depersonalize our knowledge about the users of our information and services. Where once we had frequent telephone conversations with travelers or toll-free calls to request information, now they surf our Web pages. It is difficult to determine whether travelers are finding the information they desire and are leaving the Web sites satisfied. How do we go about “closing the feedback loop” and insuring that we have satisfied customers?

Despite rapid increases in online use by travelers, the readiness of tourism enterprises to interface with these virtual clients is lagging. For instance, nationally, tourism leaders believe that less than 10 percent of coastal recreation and tourism enterprises are presently using information technology and e-commerce strategies. What is the situation like in Louisiana? This situation is critical for the smaller enterprises, which already operate on the margin. How do we accelerate the adoption of information technology and e-commerce innovations?

The Web offers opportunities for public and private enterprises to co-market on line. Hotels, attractions, restaurants, auto rental companies have an outstanding opportunity to collaborate, package, and in many instances, integrate their marketing efforts. How then can Louisiana's

public and private enterprises collaborate in such marketing? Are there some opportunities for demonstration efforts involving public attractions and private enterprises?

Whereas our attention has focused on the Internet and information technology, what other aspects of this revolution merit attention on the part of the travel and tourism industry?

4. Key Questions for Focus Group Participants

What public and private sector, technology-based strategies, should Louisiana's tourism industry adopt and pursue to increase its tourism market share? How much of a financial investment is needed?

What can be said about Louisiana's presence on the web? Its communities? Its attractions? How do we keep the presence fresh? What are the budgetary implications?

What can be done to continue simplifying the traveler's decision-making process? Are there any implications from increasing use of on-line booking?

How are we using technology to satisfy tourists once they get here? Low power radio, connectivity, interactive?

Are we using technology to interact with our visitors once they have returned home? Are we making sure they were satisfied with their Louisiana experiences?

Technology has enabled us to collect detailed information about an individual's preferences and behavior. Are we using these databases as marketing tools with which to target existing and potential customers?

What kind of technological developments are taking place in the hospitality sector of the industry that might affect infrastructure needs?

Are there opportunities for public attractions and private enterprises to collaborate in co-marketing on-line? Can you suggest some demonstration projects efforts involving these parties? Are Louisiana tourism businesses and organizations transacting business and exchanging information on the Web? How can this be facilitated?

Most of the information technology discussions revolve around use of the Internet. Is anyone in Louisiana's tourism industry looking into technologies such as smart cards, satellite global positioning systems, etc. to insure that we are among the winners in this race?

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Background Paper

Louisiana Tourism Collegium 2010

TOURISM INFRASTRUCTURE: ESSENTIALS for MAINTENANCE and DEVELOPMENT

1. Existing Situation

“Building roads, bridges, transportation services and water disposal systems are as important as developing and advertising the tourism product itself. Tourism development is dependent on public infrastructure for access and operation.”

Arizona Office of Tourism, 1995

Tourism development is inextricably linked to public infrastructure. Historically, destinations and tourist attractions only achieved significance when they became readily accessible to visitors, and the facilities and services were deemed more than adequate by travelers. We can deduce that if the infrastructure is or were to become inadequate, tourism would suffer because most travelers would go to more accessible travel destinations.

Most tourism infrastructure investments are public. All levels of government invest in the physical, public works framework that supports and maintains tourism activities. The framework’s primary components are (1) the transportation system, i.e., highways, roads, bridges, airports, rail and port facilities; (2) modern conference and convention centers and arenas that enhance the state’s competitiveness for large meetings, expos, concerts and sporting events; (3) state and national parks and public museums; (4) water supplies and waste water treatment, as well as public utilities and telecommunications networks.

The private sector also invests substantial capital in the tourism infrastructure, notably for facilities and services such as lodging, restaurants, attractions, etc. Public investments often support new or expanding private tourism facilities in the hope that future employment, income and taxes will justify the public expense.

Much like the rest of the nation, Louisiana has a substantial backlog of public infrastructure needs to support the demands of both local and visiting populations. Public infrastructure has not kept pace with growth, and the repair and maintenance of older facilities has often been neglected. The quality of our public facilities and services must be outstanding if Louisiana’s destinations and attractions are to meet visitors’ expectations and ultimately result in repeat visits. By most accounts, public infrastructure, particularly the transportation component and municipal water and sewerage systems, continues to deteriorate, primarily due to inadequate financial resources in state and local governments. Most other states face similar predicaments, but most other states don’t rely as heavily on tourism as Louisiana.

The Department of Transportation and Development (DOTD) reports extensive work and many improvements during the last few years, but many of Louisiana's main highways and roads

remain in urgent need of repair, require clean rest stops, are still littered and lacking good directional signage. A modern, well-maintained highway transportation system is critical to Louisiana's tourism industry, particularly when one considers that nearly 70 percent of the state's out-of-state visitors live within a 500 mile radius and travel to the state by car, truck, camper or RV (*Travel Industry Association of America, 1997*). In addition, most people within Louisiana use highway travel to visit in-state destinations, attractions and special events.

Highway construction, designed to upgrade the quality of interstate highways through the state, is taking place at a faster pace, and will continue for the foreseeable future, along stretches of I-10 (Lake Charles, Acadia/ Lafayette parishes, Baton Rouge and New Orleans), I-12, and I-20 in Shreveport/Bossier City. But DOTD officials warn that more delays are likely if funding does not keep up with the growing number and size of highway construction projects. In 1997, then DOTD district administrator Bruce Easterly recently noted that Louisiana had highway and bridge needs that exceeded \$6.0 billion (*The Advocate Online, August 2000*). Earlier information stated that nearly 27 percent of Louisiana's roads were deemed in poor to mediocre condition (compared with 17 percent of all highway miles in the United States), and 38 percent of our bridges needed repair or replacement (*Federal Highway Administration, 1997*).

The brunt of the negative impacts caused by poor highway conditions, traffic congestion, and construction delays are felt at local and regional levels, but they will eventually have statewide implications. For example, tourists entering Louisiana from the west and destined for New Orleans confront the Calcasieu River Bridge at Lake Charles, arguably a four-lane bottleneck on a six-lane freeway (*DOTD, 2000*). One hundred miles east the tourists encounter a similar situation on I-10 in Baton Rouge, where three lanes beyond the Mississippi River Bridge merge into one. The I-10 problems affecting the Lake Charles area are being addressed at this time, but possible solutions for Baton Rouge's situation are still being planned and debated. In the New Orleans area, I-10 and I-610 projects that were scheduled for completion in 2007 are being delayed due to funding and won't be completed until 2009 (*Times-Picayune, September 2000*).

However many other U.S. and state highway projects are underway in the state, and are likely to improve access for tourists. The state's Transportation Infrastructure Model for Economic Development (TIMED) was established by Louisiana voters in 1990 to help finance highway, bridge, port and airport projects around the state. In 1998, the 4-cent gasoline tax was extended to pay for 14 additional major bridge and highway projects around the state.

Rest stops are a part of the highway system, and state tourism leaders and Governor Foster have lamented the conditions at the state's 34 rest areas. Some will be closed in the near future, and efforts are underway to improve poor conditions in others. An article in the December 1, 1998 edition of the Times Picayune (T-P) concluded that some rest areas have "...clogged toilets, grimy sinks and graffiti." The state's 10 Welcome Centers are also being renovated or rebuilt, and two new ones will be constructed on I-10 at Butte La Rose and I-49 north of Alexandria.

The highway litter issue is also being addressed at the highest state level. The state's First Lady, Ms. Alice Foster, has formed Keep Louisiana Beautiful, Inc. (KLB), a not-for-profit organization to assist the state in litter reduction efforts. Its mission is to "promote personal, corporate and

community responsibility for a clean and beautiful Louisiana.” It has a master plan for a three-pronged attack on litter focusing on education, enforcement and clean up.

Overall, the signage situation improved dramatically during the last decade, but there is concern over efforts to privatize the Tourism Oriented Directional Signs (TODS) program, now administered by DOTD. TODS are not designed for advertising, but to direct people from the highways to attractions and other places of business. Tourism interests worry that once the program is privatized, costs for participation may rise and thus exclude smaller operations. A different type of signage problem affects many communities that stress their scenic and cultural attributes. Visual pollution and negative perceptions are often created by low quality, makeshift directional signs that are erected by businesses at what are believed to be strategic highway and road locations. Signage should be consistent and professionally constructed.

Airports, notably the New Orleans International Airport (NOIA), play a significant role in tourism development and require extensive infrastructure investments. One in five out-of-state visitors traveled by air according to the UNO study. In 1999, according to the Office of Tourism, 5.6 million passenger enplanements took place at Louisiana’s metropolitan airports, an increase of four percent over similar 1998 figures. Nearly 80 percent of this volume was at NOIA, which has been on a steady growth trend since 1992, when annual passenger enplanements totaled slightly over three million. Tourism has been a major factor for this accelerated rate of growth. Between 1998 and 1999, all other metropolitan airports experienced enplanement declines (*Office of Tourism, 2000*).

By most accounts, NOIA needs more room. The airport’s 1,600 acres makes it among the smallest major airports in the country. Further expansion at the existing location will require the full collaboration of the neighboring communities. Kenner and St. Charles Parish, in particular, cite a variety of negative impacts associated with a proposed expansion, including safety concerns, noise pollution, traffic congestion and wetlands deterioration. State and local leaders have thus been intensely debating whether to build a new, regional airport at another location or to expand at the existing location.

Louisiana-based cruise shipping also continues to grow and create infrastructure needs in New Orleans. The Port of New Orleans (PNO) is completing a \$15.0 million project to the Julia Street terminals. The cruise ship terminal has 2,600-linear feet of river frontage, parking for 275 cars, a 28,000-square-foot baggage area and a 30,000-square-foot check-in and waiting area. The investment appears to be a sound one considering that research indicates that this type of tourism’s growth will continue (*Canadian Tourism Research Institute*). Cruise passenger shipping in New Orleans has increased exponentially since 1993. Reports show that the number of passengers boarding the two international carriers and one riverboat line increased from 40,000 in 1993 to 336,000 in 1999. Carnival Cruise Lines will expand its capacity by 38 percent when it moves the *Inspiration* to New Orleans in September 2000. This addition is expected to increase cruise ship passengers in the area to approximately 555,000 (*Times Picayune, July 11, 2000*).

Less than four percent of the 1997 out-of-state tourists arrived at the Union Passenger Terminal in New Orleans aboard Amtrak and Greyhound. Amtrak currently operates 34 trains a week on five active tracks serving approximately 190,000 passengers a year, while Greyhound operates 64 buses a day serving 336,000 passengers a year.

In recent years, Louisiana has become a major national and international convention site primarily due to substantial public investments in the Ernest Morial Convention Center (EMCC) in New Orleans. Business at the EMCC has grown dramatically since it first opened in 1985. With the completion of the latest phase, the center now has 1.1 million square feet of contiguous exhibit space and a conference center auditorium. Early on, the EMCC attracted smaller meetings, but with the added space it now targets larger conferences. Additional expansion plans are discussed below.

Higher costs in New Orleans have enabled other state cities with sizable meeting facilities to compete for hosting smaller, regional and state conferences and conventions. In virtually every city, new or upgraded convention centers and other major meeting facilities have either been recently completed or are under construction. During the 1990s, major projects were completed in Houma, Alexandria and Kenner.

State and national parks and historic sites, along with public museums and access to our natural heritage features are part of the public attractions infrastructure that helps attract tourists and requires sizable investments for construction, maintenance and operation. Notable quality changes have taken place since 1995 in the Louisiana State Parks system. Sizable infrastructure and personnel investments have led to major improvements, but the system remains behind its southern peers. The improvements are reflected in attendance figures. In 1999, the 33 state park facilities that include recreational sites, historic sites and the State Arboretum welcomed 1.7 million visitors reflecting a 17 percent increase over 1998. The most visited sites in the system included Bayou Segnette, Chicot, Fontainebleau, and Sam Houston Jones state parks.

Seven sites comprise the National Parks Service's Jean Lafitte National Historical Park and Preserve (JLNHPP). It was established to preserve significant examples of the cultural resources of Louisiana's Mississippi Delta region. In 1999, nearly 1.3 million visitors went to park centers in Barataria, the French Quarter, Chalmette, Thibodaux, Charenton, Lafayette and Eunice. The Cane River Creole National Heritage Area was established in 1994, but remains closed to the public until the structures--all located in the vicinity of Natchitoches-- are preserved and rehabilitated.

Major efforts are underway to improve public access to the Atchafalaya Basin. DNR's Atchafalaya Basin Program (ABP) is just beginning and has enlisted many partners from federal and state agencies (including DCRT), as well as local groups and organizations. Several projects will be undertaken shortly, including a Welcome Center at Butte LaRose, improvements to Lake End Park and land acquisition for an interpretive center at Lake Palourde in Morgan City, planning for an RV park at St. Martinville, a bridge and observation tower at Cypress Cove, and planning to upgrade all boat launches and Belle River landing.

Driving and bicycling trails are also attracting more visitors. The Creole Nature Trail National Scenic Byway in southwest Louisiana is one of only 60 in the nation, and is one of the area's main attractions. Bicycling enthusiasts in the greater New Orleans area enjoy the Tammany Trace near Abita Springs and I-12, and Lakeshore Drive linear park along the south shore of Lake Pontchartrain. Bicycling is also popular along the hilly roads of the Felicianas, and mountain bike enthusiasts use trails in north Louisiana, particularly the Lincoln Parish Park. Despite concerted efforts on the part of these bicyclists to have more trails dedicated to their interests, the statewide response has been somewhat negative.

Statewide, boating access is quite satisfactory due to the large number of boat ramps and marinas that have been constructed in the coastal zone in the last 20 years. The Sabine River Authority has also been extremely active with projects designed to improve recreational fishing and other forms of tourism on Toledo Bend and its vicinity. Pier fishing is limited to several freshwater locations and coastal piers in Cameron and Grand Isle.

Finally, it is important to recognize that tourism growth can place additional hardship on already strained local infrastructure. For instance, Kenner added three motels in the past three years, and at least three more are to be constructed soon. Local officials are concerned that additional motels might clog Kenner's sewerage system and add to traffic congestion, and as a result they are considering a moratorium on new motels. In nearby Bay St. Louis, Mississippi, a federal judge recently voided three permits for new casinos, arguing that the three complexes would "...do significant harm to an area already struggling to manage the enormous residential and community development spawned by the casino industry" (*Times-Picayune*, August 11, 2000).

2. Likely Developments in the Next Decade

Tourism-related public infrastructure needs will continue to increase, particularly if the growth experienced by the state in the last decade continues. If Louisiana is to remain competitive, then transportation systems, public facilities and services will have to be a top, tourism industry priority. Roads and highways are seldom built solely for tourism purposes, but the potential for tourism development in upgrading existing facilities and creating new ones is a significant factor.

The TIMED program will continue for the foreseeable future and substantial other public investments will be made to upgrade the interstate highway system. But more funds are urgently needed for DOTD to adequately maintain the 17,000-mile road network. In addition, bold plans call for additional four-laning of U.S. highway projects throughout the state, and major efforts are underway to extend I- 49 via US 90 to the south and north to Arkansas. Other major highway projects that would affect the state's tourism industry involve improvements to US 165 through central Louisiana, access to Toledo Bend via Louisiana 6, Grand Isle on Louisiana 1, and converting Louisiana 10 in the Florida parishes to the four-lane, Zachary Taylor Parkway with a new, Mississippi River bridge crossing near St. Francisville. No plans to address traffic congestion in Baton Rouge have been finalized.

In New Orleans transportation alternatives are being explored. Some business leaders are advocating rail as the answer to the New Orleans area's traffic congestion, contending that trains

are a cheaper solution than highways. Amtrak estimates a cost between \$15 million and \$100 million per lane mile to build highways, and about \$2 million per mile for high-speed rail construction (*Mason, 2000*).

Two major commuter rail projects are under consideration for the New Orleans area. One is a magnetic levitation train and the other is a conventional, light rail line. The Regional Transit Authority (RTA) is also developing a 4.7-mile streetcar project in downtown New Orleans. Consideration is also being given to a Gulf Coast Regional High Speed Rail Corridor that would connect Houston to Pensacola. The RTA plans to redevelop the existing Union Passenger Terminal (UPT) into a multimodal transportation center. The City of Lafayette proposes to renovate the old Southern Pacific depot by purchasing the property to make it an intermodal facility for Amtrak and other transit.

From a tourism perspective, the single most controversial public infrastructure issue involves the New Orleans airport situation. A study will be conducted to explore the feasibility of a new, \$1.2 billion regional airport on 25,000 acres, which would combine rail, river, air and highway transportation between Baton Rouge and New Orleans. National and regional transportation analysts are predicting growth in the volume of air traffic accompanied by continued and often worsening aircraft and automobile traffic congestion. Alternatives to such a location include expanding at the current location although it has many shortcomings, or building a new regional facility in nearby Mississippi.

In the Monroe area, a \$36 million transportation center was recently proposed that would replace the existing Monroe Regional Airport terminal before the end of the decade. The proposal would bring airport, bus, Amtrak and cargo terminals under one roof.

Royal Caribbean's plans to operate a mega-ship out of New Orleans for a six-week trial period in 2002 is the latest sign of the continued expansion of the cruise ship industry. Even after the recent upgrades to the Julia Street Terminal, the PNO advocates building a larger cruise ship terminal, which could be located in the French Quarter or upriver from the Ernest N. Morial Convention Center. The expansion of the cruise sector will be accompanied by intensified competition for the business. The Port of Houston, for instance, plans to build five berths for ships on 100 acres, a space that can accommodate more than a dozen ships each week. Houston also plans to set aside another 100 acres for private recreational development, including hotels and restaurants.

The highly competitive nature of convention centers, meeting places, and sports arenas will require upgrading and many communities will seek new construction. The most notable is the fourth phase of the Morial Convention Center, which involves expansion on 37 acres of riverfront land. This phase will consist of a separate building of at least 500,000 square feet of exhibit space, making it even larger than the 400,000 square-foot, third phase that opened in early 1999. The 37 acres also could include space for a public-private partnership to build the nation's largest convention hotel outside Las Vegas, a 2,300- to 2,500-room building with 200,000 square feet of meeting and exhibit space.

Other cities with new convention facilities scheduled to come online in the near future include Slidell, Shreveport, Baton Rouge, Lafayette, Bossier City, and Natchitoches.

In 1999, the Office of State Parks completed a Master Plan through the year 2012. The Plan recommends \$49 million to acquire and develop new and existing historic sites, \$34 million for state preservation areas, and \$269 million for state parks. The Plan makes a case for the investment based on the economic as well as quality-of-life contributions that accrue to the state as a result of the entire parks system. A number of improvements (cabins, fishing access, swimming pools, campgrounds, etc.) are planned for 18 existing sites, but much ultimately will depend on state appropriations. Funding will also be critical for three new parks that are being planned for south Toledo Bend, Bogue Chitto, and Palmetto in Vermilion Parish.

The State Parks situation emphasizes the need to maintain and renovate existing infrastructure and build new infrastructure to improve access to nature-based tourism areas. Many areas of the state have excellent potential for nature-based, tourism activities, but underfunding, poor access and disrepair must be addressed before potential can be realized. Although there has been some improvement, quality signage is urgently needed for rural roads and attractions. Standards for signage need to be established. Perhaps state experts could draft templates, to be adopted at local and parish levels. In many areas, existing signs and their placement create an eyesore.

3. Critical Issues for the State's Tourism Industry

Traditionally, Louisiana's tourism leaders have focused on demand aspects—marketing and promotion. But the industry cannot ignore and must be proactive on the supply side—infrastructure--of the tourism equation. Improving transportation, developing park systems, building and upgrading convention facilities, etc, are as important as product development and marketing. Clearly, the magnitude of Louisiana's infrastructure needs is tremendous, and the situation is only likely to worsen with time, unless the funding and policy issues can be resolved. Tourism may well have to compete for funds with other key economic sectors and with the very communities that it serves.

Louisiana's approach to tourism infrastructure planning and development has been piecemeal at best. There is no single, coherent policy that the industry can endorse. In fact, plans put forth by DOTD, aviation boards, local government, CRT, etc. often conflict. Can or should a unified tourism infrastructure development policy be formulated? If so, who should take the lead?

It is in the industry's best interests to build new strategic infrastructure alliances with other, non-traditional tourism interests. Tourism has historically focused on infrastructure issues that affect its immediate competitiveness. Future efforts should also be directed at supporting infrastructure projects that revitalize destinations and improve the quality of life within our communities. After all, the major goal is Louisiana's economic vitality and a proud, satisfied citizenry.

The tourism industry might also consider state and regional infrastructure priorities. Some of the needs are more pressing than others and warrant immediate attention and resolution. Other needs

might also be significant, but not nearly as urgent. The state and regional priorities could thus be supported by a larger alliance comprised of tourism and other business and community interests.

Funding is arguably the single-most critical issue. New and innovative financing methods need to be explored. Nationally, infrastructure is changing from a public sector monopoly to include greater private participation. Public-private funding partnerships, for example, are being considered for the fourth phase of the Morial Convention Center, and privatization of some public facilities might be considered. Additional tax incentive and loan programs should also be explored.

Other states and countries have experimented with infrastructure banks where selected projects are financed and the proceeds used to fund additional projects. In 1998, Louisiana voters approved a constitutional amendment that would create a state infrastructure bank to secure federal participation and fund capital improvement projects. The tourism community could look into the implications of and tourism opportunities for such a mechanism.

Several states have implemented tourism infrastructure grant programs. For instance, Illinois has a *Tourism Attraction Grant Program* that uses statewide hotel/motel generated sales tax receipts to build a \$3.0-\$4.0 million coffer and make grants to communities, counties, non-profits, and for-profits for the development and improvement of attractions. Montana's *Tourism Infrastructure Investment Program* provides between \$150,000-\$200,000 each year for bricks and mortar projects sponsored by non-profit and public entities.

Looking into new financing mechanisms becomes even more significant when one considers how hotel-motel generated, state sales tax rebate funds have been diverted in some communities for non-tourism related infrastructure projects. So-called local enterprise funds are channeled into communities by the state Legislature for economic development purposes. The most heavily affected by these decisions are the smaller CVBs and tourist commissions that use these rebate monies for operations. The larger CVBs use local hotel-motel receipts for operations, and are thus not as vulnerable when local leaders dedicate such funds for "other economic development purposes," such as operations of and improvements to convention and meeting facilities. If this issue is as significant as it appears, then the industry should take the lead with proactive alternatives for funding versus the damage-control practices that have characterized efforts to date.

Are new infrastructure projects being explored that will affect Louisiana's tourism landscape in the next decade or so? Louisiana was very fortunate in the 1970s and 1980s, when visionary and often ridiculed leaders pursued the building of two major tourism complexes in New Orleans, the Louisiana Superdome complex and the Morial Convention Center. Undisputedly, these two projects have been a boon to the state's tourism industry. Other visionary projects have made significant impacts around the state, including the Toledo Bend complex which only recently became a major tourism destination in western Louisiana. In this competitive environment, Louisiana will need to look for tourism icons that are key travel motivators. Parks and golf courses seem to be at the top of other states' and Louisiana's agendas at this time. Perhaps there

are other quality icons that will ensure vacation experiences that exceed expectations. What do today's visionaries foresee?

The State Parks Plan is ambitious and designed to serve the needs of our residents and visitors for the next decade or so. The Plan recognizes that State Parks' holdings need to be better distributed around the state to reflect a demand for parks in close proximity to the state's urban centers and with major highway access. A stable funding base is critical to enable the orderly acquisition and development of holdings.

Tourism growth is seldom accompanied by sufficient local infrastructure improvements to handle it. We do very little planning. The fact is that tourism growth makes a direct impact on public resources. Long term effects, frequently negative, must be investigated in advance and properly mitigated. Kenner's moratorium on hotel development is an excellent example of such a situation. A Jefferson Parish Council member was quoted in the *Times-Picayune* as saying, "You keep building and building, and somewhere down the road someone can't flush their toilets. I'm not saying we don't want any more hotels, but we just want to know what kind of effect the ones we're building now are having on our sewerage and streets" (*Times-Picayune, May 18, 2000*).

The New Orleans International Airport debate should be of great interest to the state's entire tourism industry, not just the local and regional groups that are involved in the current discussions. Expansion or new construction decisions will have profound implications, particularly if the new facility is ultimately located in Mississippi. The Airport is the second-next to highways—most significant gateway for travelers to and from Louisiana.

4. Key Questions for Focus Group Participants

What is the state of Louisiana's tourism infrastructure? We know about highways and roads, but is the remainder deteriorating more rapidly than we are restoring or replacing it? Are systems being expanded rapidly enough to accommodate likely demands?

Is our infrastructure in shape to cope with growth? The problems transcend the tourism industry, but what, if anything, can the industry do to help ease local conflicts? Who should take the lead?

Is it important that Louisiana have a unified tourism infrastructure development policy? If so, who should take the lead? What would be a logical next step?

Is there a need for tourism industry to rally and recommend state and regional infrastructure priorities? If so, what would be the most effective mechanism(s) to accomplish something of this nature? Who should take the lead?

What do Louisiana's tourism leaders in the year 2000 envision as the next major infrastructure projects that will help sustain tourism growth well into the next decade? What do the leaders envision as our largest public infrastructure challenge that might result in a decline in the next decade unless it is addressed?

Infrastructure is all about money. What can be done to provide stable funding bases for tourism bricks and mortars projects? Operations and maintenance? State parks? Should we look into tourism infrastructure building programs like the ones in Illinois and Montana? Are there any other arrangements that appear to have worked elsewhere? Is privatization part of the answer? If so, what aspects? Who should take the lead?

What, if anything additional, should the tourism community do to resolve the New Orleans International Airport situation? Who should take the lead?

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