

Gay Tourism Outlook for Tourism 2009

By Jeff Guaracino, author of *Gay and Lesbian Tourism: the Essential Guide for Marketing*, and vice president of the Greater Philadelphia Tourism Marketing Corporation.

Introduction

Higher gas prices, exuberant airfare and new fees, and rising prices on everyday necessities mean that hoteliers are working harder to fill their rooms and to increase their revenue per available room in this struggling global economy. Hoteliers are luring customers with incentives from gas cards, food and beverage credits and even loyalty programs to off-set the higher costs of traveling.

Story

Considering the state of travel industry and changing travel patterns, is not a surprise to anyone that 2008 is optimistically predicted to be relatively flat. In some markets hotel general managers say they are being asked by corporate headquarters to lower their already budgeted occupancy levels.

As the economy dips, hotels and others within the hospitality industry are again turning their attention to what may be this year's shining star, the gay and lesbian traveler. They are loyal, resilient and as a group, they have more discretionary income when compared to other groups, almost \$800 billion. More, historically, they continue to travel even in tough economic times, even after 9/11.

2008 should prove to be another record year in gay travel, spurred in-part by the "gay marriage rush" (or civil union or domestic partnership) in the United States. An entirely new reason for gay travel is taking hold in states like California, Massachusetts, Vermont, New Jersey and in other countries like Canada, Mexico, United Kingdom, Denmark and Sweden. According to the newest research study by Community Marketing Inc., gay and lesbian travelers are spending \$64 billion a year on travel in the U.S., almost \$12 billion more than just two years ago. Community Marketing Incorporated and other research firms like Out Now Consulting in the UK are beginning to measure and the economy impact of gay marriage or civil unions in the travel industry.

Gay travelers spend money on their hotel stays if they have seen your hotel as part of a gay marketing campaign. The Greater Philadelphia Tourism Marketing Corporation (GPTMC) reports in its Gay Travel 2005 research study that gay visitors to Philadelphia, Pennsylvania who were wooed to the destination by the organization's \$300,000 "Philadelphia Get Your History Straight and Your Nightlife Gay®" marketing campaign spent nearly double on hotel stay and stayed longer than those gay travelers who did not see the marketing effort.

As for overall travel spending, a 2007 study by the Travel Industry of America in partnership with Harris Interactive® and Witeck-Combs Communications, Inc. found that gay men, whether traveling alone or in groups, tend to spend more on trips than lesbians and heterosexuals. Gay men traveling alone spent nearly a third more on their total trip expenses (\$800 on average) than did heterosexuals traveling alone (\$540 on average). Gay men traveling as a group spent \$3,070, which was more than reported by heterosexual groups (\$2,870) or lesbians traveling together (\$2,740). These figures should remain consistent in 2008.

The current state of the economy will also impact the gay travel outlook for 2008. Gay and lesbian travelers are not in a bubble. Gay travelers, like other groups of travelers, will be looking for value and for incentives for travel but put away your gas cards. Your marketing tactics for the general market traveler is just the beginning. Why? Because gay travelers now have greater choice of “gay-friendly” hotels, so what makes your hotel gay-friendly, gay-welcoming and how are you going after the business?

With more than two decades of experience in the gay travel market, more than 10,000 Kimpton customers have rewarded Kimpton Hotels & Restaurants with their loyalty and at least \$5 million because of the hotel’s gay marketing outreach. Hilton Hotel and Resorts, Hyatt Hotel and Resorts, Wyndham Hotel and Resorts and Starwood’s W Hotels are fighting for Kimpton’s gay market share and revenue in leisure, group, meeting, convention and yes, even commitment ceremonies.

Destinations and airlines along with hotels are competing for the gay travel expenditure. This past May in Las Vegas at the International Gay and Lesbian Travel Association hosted its 25th Anniversary convention where large and small hotel chains are sending representatives to grow their gay and lesbian tourism business. For Vegas, IGLTA was essentially this mega-destination’s grand coming out party. The Las Vegas Convention & Visitors Authority along with MGM/Mirage and Harrahs’ Entertainment hotels wooed travel professionals from around the world by showing off their properties with sponsored events, professional development sessions and hosting travel journalists. Southwest Airlines, SAS Airlines and American Airlines, to name a few, have increased their efforts this year to winning over the gay and lesbian traveler.

Kimpton Hotels, seeing increased competition for gay travelers, is not taking anything for granted. Kimpton is demonstrating that gay travelers are a segment built over time with trust, experience and a solid record of giving back to the gay, lesbian, bisexual and transgender (GLBT) community. Hotel Executive arranged for this exclusive interview with Alan Baer, Senior Vice President, Kimpton Hotel & Restaurants and his outlook for 2008:

With more hotels are copying the gay-friendly message, what marketing tactics is the Kimpton group engaging in to lure the gay traveler to your hotels in 2008 to keep the Kimpton brand competitive?

For Kimpton, we have always understood that it takes more than just placing a few “gay-friendly” display ads to win the hearts of the LGBT community. We’re popular with the LGBT community, because Kimpton is an active partner with the community – sponsoring dozens of events and partnering with key LGBT professional organizations. Kimpton is also the first hotel company to receive a 100% on the Equality Index from the Human Rights Campaign in 2004, and the only hotel company to maintain that perfect score.

Do you find the American gay traveler different than a European gay traveler and in what ways are they similar or different? Some companies are beginning to advertise in the U.K. for the first time, is Kimpton advertising in the U.K. to tap into the strength of the British Pound.

Kimpton has been active in the UK for a number of years and we just started marketing in Europe. Obviously, with the changes in the dollar, the European market will become increasingly important to our hotels. Already in cities like San Francisco, the number of European visitors to our hotels are increasing significantly.

Have you been able to track at least \$5 million in revenue to the gay and lesbian traveler, how are you tracking this revenue?

Tracking revenue from the LGBT market is difficult for all travel companies. Obviously, you cannot just ask every customer about their sexual orientation. We allow our Kimpton InTouch customer loyalty program members to self-identify their interests, including, but not limited to, gay and lesbian travel. Over 10,000 of our customers have shared that information with us, and those customers generate over \$5 million in revenue annually. We know that that figure is just a small percentage of our actual revenue from the community, as many of our LGBT customers do not self-identify. However, developing a mechanism that proved ROI has been very helpful to justify expansion of the program.

Your front desk and concierge staff are very well trained as evidenced by my recent visits. Does your hotel have a specific training program that addresses the “what to and the what not to do” with gay travelers?

All Kimpton employees attend diversity training that includes addressing LGBT concerns. Our diversity training is about treating every guest with respect and as an individual. While we do include specific LGBT information, the basic lessons of mutual respect apply to everyone.

Do you engage in a strategy for gay meetings, conventions and sporting competitions?

Kimpton already serves dozens of LGBT meetings every year, and we actively try to reach gay and lesbian meeting planners. Since our hotels tend not to be large convention hotels, we are often perfectly sized for more intimate meetings popular with gay groups. Perhaps more importantly, being identified as a gay-friendly company influences the

decisions of gays and lesbians who are responsible for booking meetings for their own businesses. Over the years we have won many contracts not only based on the fiscal value we bring to the group, but also the core values our company represents.

Kimpton is expanding in Philadelphia and in other cities, when a Kimpton comes into a new market, what is its strategy to engage the local GLBT community to build a relationship.

One of the advantages of being so popular within the gay and lesbian community is that when we open in a new city, the community has already contacted us and wants to be part of the Kimpton experience. In Philadelphia for example, we are already being contacted by LGBT charities and are already providing donations for charity events. Just this week we were contacted by a Board member of a Philadelphia LGBT organization who has a personal and business Kimpton InTouch membership. Providing that donation to his organization is a smart move, not only to build community, but also because we are able to directly track business associated with our LGBT InTouch members. Being involved in the community is a smart business decision.