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History of New Orleans Tourism Marketing Corporation

Tourism is New Orleans' leading industry and accounts for \$5.5 billion in annual revenue and more than 75,000 jobs...but it hasn't always been that good.

In the early 1980's, New Orleans tourism was prosperous. The City had a booming oil and gas economy, the 1984 World's Fair selected the New Orleans riverfront as its host, and a state-of-the-art convention center was in the works. Because of this synergy of developments, the City added 6,000 hotels (to the existing 12,000), increasing its capacity by 50%. Occupancy was up, restaurants were flourishing, and hotels were being constructed. In 1984, because of the World's Fair, hotel room revenues (as measured by the hotel tax) jumped by 50%.

By 1985, the City experienced an economic downturn when the oil market collapsed. New Orleans had overbuilt hotel rooms, and there was no contingency plan to fill these rooms. Occupancy citywide fell below 50% year-round, and many hotels fell into bankruptcy. As UNO economist, Dr. Tim Ryan, described the situation, "New Orleans economy had the flight path of a brick."

In the summer of 1985, forty-eight New Orleans business people gathered to discuss a major marketing program for leisure tourism and decided to work together on tourism marketing. Out of this meeting, a once fragmented industry put aside its differences to work toward a common goal: to attract the leisure tourist to New Orleans during its slow seasons. They did this with a small budget donated by the Tourist Commission for the production of ads, hotel room barter, and a regional print and radio campaign. By 1986, the marketing campaign had measurable results. Tourism was on the upswing.

The Marketing Committee, as it was then known, raised \$1 million for test campaign in tourism marketing in 1987-88. In 1988, New Orleans was the host for the Republican National Convention, a stellar event that put the City in the national spotlight for one exciting week. By 1990, the City opened Phase Two of the convention center, and the Aquarium of the Americas.

In 1991, the Marketing Committee was replaced by the New Orleans Tourism Marketing Corporation, an economic development agency created by the tourism industry in a public-private partnership with the City. Gary Esolen was named the first Executive Vice President of the Organization. Upon Mr. Elson's retirement, Sandra S. Shilstone was hired in March of 2000 as President & CEO of New Orleans Tourism Marketing Corporation. By City Council ordinance, NOTMC receives \$1 million from the City's general fund and revenues from a hotel room occupancy tax, which in 2001 is projected to generate \$4.3 million. The original City Council ordinance also outlines a percentage of allocated expenditures:

- 22.5% of all NOTMC funds go to the New Orleans Metropolitan Convention and Visitors Bureau to support the tourism department, group trade and public relations
- 7.5% goes to the Greater New Orleans Multicultural Tourism Network
- 5% goes to support the New Orleans Music and Entertainment Commission; New Orleans Film and Video Commission; and the NOTMC Festival Support Fund
- 5% is allocated for administrative expenses
- 60% is dedicated to pure marketing.

In addition to the funds outlined by City Council ordinance, NOTMC receives \$1 million from the Harrah's agreement with the hotel industry, and revenues generated by a Regional Transit Authority/hotel tax. The RTA receives 60% for rail projects. The Mayor's Office of Tourism receives 3.45% and NOTMC receives 36.55% of the revenues of which half is dedicated to the Ernest N. Morial Convention Center, and half is dedicated solely for tourism marketing.

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