

Jersey Shorecast Panel Predicts Bright Summer for Shore Businesses

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Atlantic City, N.J. — The 2023 summer season looks bright for the Jersey Shore, despite some continuing challenges presented by inflation, gas prices and ongoing labor shortages

That's according to a panel of local experts who spoke at the 15th annual Jersey Shorecast on May 10, sponsored by the Lloyd D. Levenson Institute of Gaming, Hospitality and Tourism (LIGHT) at the Stockton University School of Business.

The discussion was held at the Stockton University Atlantic City John F. Scarpa Academic Center and streamed online.

LIGHT Faculty Director Jane Bokunewicz moderated the discussion that included:

- Michael Brennan, chef at Cardinal, a contemporary American restaurant that opened recently in Atlantic City's Orange Loop District.
- Oliver Cooke, associate professor of Economics at Stockton and editor of the South Jersey Economic Review.
- Ben P. Rose, director of marketing and public relations for the Greater Wildwoods Tourism Improvement District and the Wildwood Convention Center.
- James Marota, director of sales – Atlantic City region, Caesars Entertainment and a 1993 graduate of Stockton.

"I think that last year was a banner year overall," Cooke said. "I think this was, in part, a continuation of some kind of COVID rebound effect. There's been a lot of fiscal stimulus provided over the last couple of years. I think last summer was very, very robust for everyone."

At the beginning of the discussion, Bokunewicz presented some numbers to support that statement — including a dramatic increase in total convention delegate spending and the full-year luxury tax in Atlantic City when comparing 2021 to 2022.

In 2021, total delegate spending for June, July and August totaled just short of \$35 million, while in 2022 that number was just short of \$50 million. Revenue from the luxury tax in Atlantic City went from \$35.4 million in 2021 to \$42.7 million in 2022. That also exceeded the \$40.9 million in pre-COVID 2019.

But Bokunewicz said not all the numbers are positive. The number of summer passengers through the Atlantic City Expressway Pleasantville toll from 2021 to 2022 dropped slightly (5,625,893 in 2021 to 5,315,419 in 2022).

“That was a sign that perhaps gas prices had some impact on summer visitations,” she said.

And while casino employment for July in 2022 (23,750) was up over 2021 (22,672), the total lagged behind the pre-COVID number of 29,141 — reflecting that the industry is still experiencing some labor shortages.

“Hotel operators reported that the housekeeping shortage was so severe that sometimes they couldn’t even fill the hotel because they couldn’t clean the rooms,” she said.

Following is a recap of the questions and some of the answers from the panel:

How did the local tourism industry perform in 2022?

Michael Brennan: I look at this from more of a hyper local perspective viewing Atlantic City, and specifically my little slice of the world in the Orange Loop. There I saw this great growth and a boom of people wanting to check out this little segment of Atlantic City. People are coming out after being kind of caged up for so long and wanting to explore different things.

James Marota: The consumer numbers were really good last summer from a convention sales perspective. We had some huge citywide conventions like the NAACP and the Pakistani Physicians Association over at Harrah’s. The city brought in two huge concerts — Phish and the Tidal Wave concert, which is coming back. So, all those things put together led to a really, really good summer last year.

Ben Rose: Coming out of the pandemic in 2021, Cape May County and the Wildwoods had a banner record year. And 2022 exceeded that, I think, by 12%. So, we saw that continued growth and explosion of tourism in southern New Jersey.

How would you describe the region’s current economic circumstances?

Rose: We think there’s still a lot of demand out there. We’re on pace right now to exceed 2022’s numbers, which is very, very exciting, in polling a majority of our hotels. There are some factors that I think could possibly influence spending, and that is, you know, the pressures of inflation. Gas prices, not so much. I think gas prices do not affect our tourism base at all. We’re still a tank of gas away from the majority of our visitor base. I think individual visitors’ spending while they’re on vacation could be affected this year.

We see a lot of new visitors coming into the market, and I think that’s a reflection on the airline prices and the hassle of flying. People are looking for a destination closer to home, and they’re also looking for experiences. They want experiences and, of course, the Jersey Shore has memorable experiences that people can take with them for a lifetime.

Marota: We’re off to a good start in the first quarter if you look at the brick-and-mortar numbers. Now, I think we’re up 6% over last year. My convention business for the first quarter for the three properties, I was up 60%. We broke 2019 records in 2022. We’re on pace to at least get to that number, and slightly ahead of it.

Oliver Cooke: If you kind of look across the entire metropolitan area, employment is up first quarter this year relative to last year, somewhere around 5%, and in many cases, most importantly, in the kind of leisure and hospitality industries it’s often closer to 6 to 8% year on year. That’s a pretty good indicator that local businesses are feeling pretty confident about what the summer shore season is going to look like.

Inflation and higher gas prices were a concern in 2022. Do you feel they will have an impact on 2023 summer tourism?

Brennan: We get a large portion of our produce brought in from out-of-state lines, so every cent, every dollar that gets tacked on to bringing a product in-house to either a restaurant or a casino adds to the end price. So, what I think we're looking at now is the prices are settling as far as gas, but this is going to be the norm. We see these incremental (price) increases. We're going to continue to see that.

Rose: That's one of our concerns also. Right now. The perception is the southern Jersey Shore is an affordable vacation destination. And looking at the inflationary pressures right now of rising prices on food, rising prices on a hotel. We may get to a point where that perception is no longer valid. Right now, prices are up, and that is a detriment to a family vacation.

Marota: I agree with you 100%, but I think if you have a good product, people are still going to come.

Cooke: Yes, inflation has been high, but it's actually been slowing significantly. Last summer it was up around 9%, I believe, in July. Now it's closer to 5%.

Labor shortages were a concern in 2022. Do you feel that will have an impact on 2023 summer tourism?

Marota: Not just here. I think nationwide hospitality, industry, labor has shortages. I think it's going to be an ongoing problem. Not just a 2023 problem. We're doing some things around the properties to help combat that. We've added self-kiosk check-ins, online check-in. You can check into your hotel room on your phone. Housekeeping is still an issue. I think we're in a better place, labor-wise, but it's an ongoing problem.

Brennan: As an industry we really have to assess why these shortages are happening. What is the reason for it? And then, ultimately, we need to assess a way that's going to make it feasible and sustainable to go on in the future, because, as it stands right now for smaller independent restaurants it's very difficult, if not impossible, to be able to hit these margins that'll actually turn a profit.

Rose: The higher labor costs and the lack of the J-1 Visa students is a major concern. We're still trying to overcome those issues. But the industry is resilient, and they're innovative, and they've figured a way to get around some of those issues, and they'll continue to work harder to provide the services to the visitor. But labor is still an issue.

Bokunewicz: We tell our prospective students, if you want to get a job guaranteed when you graduate, take a hospitality program, because there's so many opportunities out there. So, it's a good time to be a student graduating right now because everybody wants you.

Do you anticipate anything else impacting performance this summer? What will the impact be?

Brennan: Obviously, one of the biggest concerns is always going to be climate change, whether that be any type of disease that's going through crops, anything that's going to cause a wrinkle in our food chain is going to have a direct reflect on the broader economy.

Marota: With only having 90 days of the summer, the weather plays a big factor into it.

Rose: We always say the difference between a good season and a great season is the weather, and you can never predict that. But I think we've been through enough that we

know how to react to major pressures that come on board. So, I think we're in a good position. Let's hope for great weather.

Looking into the future, are there new challenges/new opportunities to consider in 2023?

Rose: We've gone further out in our marketing efforts than ever before because we understand that people are concerned about flying. So, we've expanded our marketing all the way into Ohio, of course, up into Canada, because Canada is open right now all the way down into southern Virginia and up to southern New England. So that market has expanded from the traditional tri-state area. New people are looking at us. They're looking at the Jersey Shore for vacation opportunities, and we just have to convert those to visitors.

Marota: From my perspective with conventions, we're trying to leverage some of our relationships with our Las Vegas properties to bring new customers into the area. I think future challenges we're going to have — for the city — is gaming in New York City. That's a major one that should have us concerned a little bit. We need to be proactive.

PHOTO: (Credit: Mark Melhorn/Stockton University)

From left, Jane Bokunewicz, the faculty director of the Lloyd D. Levenson Institute of Gaming, Hospitality and Tourism (LIGHT) at the Stockton University School of Business; Michael Brennan, chef at Cardinal in Atlantic City; Oliver Cooke, associate professor of Economics; James Marota, director of sales – Atlantic City region, Caesars Entertainment; and Ben P. Rose, director of marketing and public relations for the Greater Wildwoods Tourism Improvement District and the Wildwood Convention Center.

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