

Panel Says Summer Successful, but Economic Challenges Remain

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Atlantic City, N.J. — While many southern New Jersey businesses appear to have weathered the COVID-19 pandemic and had a successful summer, a new set of concerns — labor shortages, higher gas prices and inflation — have all emerged to challenge companies in the future, according to a recent panel discussion of regional business leaders.

“Visitors are still coming to the Jersey Shore,” said Jane Bokunewicz, faculty director of the Lloyd D. Levenson Institute of Gaming, Hospitality and Tourism (LIGHT) in Stockton University’s School of Business. “They may spend a little less when they get here, but they are still looking at it as a good option.”

Bokunewicz moderated the Jersey Shoreview at Stockton Atlantic City on Oct. 19. The event featured four business leaders who recapped the summer season and looked ahead to southern New Jersey’s economic future.

The panelists for the event, which was sponsored by LIGHT, were:

- Michael Busler, professor of Business Studies and Finance at Stockton University
- Anthony Catanoso, president and principal owner of Steel Pier
- Emily Paul, president and CEO of the Cape May County Chamber of Commerce
- Jim Ziereis, vice president of hotel sales, Caesars Entertainment, Atlantic City region

Bokunewicz said overall the panelists reported positive results for the summer. Meetings and convention bookings were up, hotel bookings were up and Canadian tourists returned to the Jersey Shore. But higher gas prices and inflation definitely had some impact on visitation and spending.

Following are some of the questions asked to the panel and selected responses. The full event can be viewed on the LIGHT website at stockton.edu/light.

Q: How did summer 2022 measure up to preseason predictions? And did it meet, exceed or disappoint expectations?

Jim Ziείς: The volume was definitely there. We were absolutely packed. What we did see, however, was the tightening of the wallet. Inflation was real. The gas prices were real. So the spend was not as much as we anticipated.

Emily Paul: In Cape May County, it was similar. So far with the data we've seen through the end of June, we've exceeded expectations. We saw people maybe not staying as long, not spending as much, but the numbers show that we had more people coming down this summer. And then we're, of course, looking forward to a great fall season.

Anthony Catanoso: We saw the volume. We didn't see the spend. The interesting part was our more expensive, higher-end attractions, like the helicopter rides were up. We had a record Fourth of July. So it was very sporadic, but overall down a little bit. But we weren't disappointed.

Michael Busler: Fortunately, the weather this past summer was excellent. We had great weekends, plenty of sunshine and high temperatures, which drives everybody to the shore. The small business people that I've talked to tell me that their revenue is about 5 to 10% higher in 2022 than it was in 2019. Now that's good, except that prices were at least 10% higher in 2022 than back in 2019. So, in real terms, adjusting for inflation, their numbers were not quite as good as they appeared.

Q: Did you exceed the pre-pandemic levels, or were you still falling a little short?

Jim Ziείς: From the casino side we met it. From the meetings and convention side it was an exceptional year. The NAACP Convention took over the whole city and had a really positive impact.

Emily Paul: It's looking like we are going to exceed those numbers and those expectations. People prioritize things, especially when money is tight, and luckily that trip to Cape May is still high on the priorities list.

Anthony Catanoso: We're exceeding pre-pandemic, 2019, however, we had to do a price increase because the cost of goods has gone up.

Michael Busler: The business people I talked to told me that their costs were rising a lot more than they could pass along to consumers. Some even started charging a fee for using a credit card, looking for ways to try to get their revenue to cover their cost increases. Many people told me that they, too, had trouble getting materials. The restaurants told me they had to take some items off the menu because they simply couldn't get the food that they needed. So the inflation problem, I think, was a serious one. Unfortunately, I think it's going to get a little worse going forward too.

Q: How about gas prices. Did that have any impact in anyone's opinion?

Anthony Catanoso: Absolutely. We're a drive-to market. They were spending it on gas instead of spending on other things.

Emily Paul: Most of our people drive to Cape May as well. We pulled mostly from New York, Pennsylvania, those areas where people can always use a tank of gas to come down and visit us. But again, maybe people weren't spending as much, maybe weren't going out to restaurants as much. They were still coming down.

Michael Busler: Tony Marino puts out a report on South Jersey traffic. According to his report, in July and August, the number of cars going through the (Atlantic City Expressway) Toll Plaza at Pleasantville was down. So that leads you to believe that

some of these higher gas prices may have had some of an impact on travel, especially with day trippers.

Q: Were staffing levels a concern and the cost of labor?

Emily Paul: Earlier this summer we had two big wins with J-1 workers back this summer, and then there was the teen worker bill, which really helps a lot of the businesses down in Cape May County. But housing is definitely an issue where we didn't have places for them to stay. So you know that is going to be a challenge going into future summers where we just don't have the housing stock.

Anthony Catanoso: Housing is a big issue. Before we didn't have to worry about it. Now we do. There's a big shortage in Atlantic City. We had to get into the business of finding housing for them, which is very difficult.

Jim Ziείς: There was a shortage of about 600 housekeepers in the entire city collectively, and that prevents you from selling out 100% every night. And you're doing a lot of overtime at that point, too. So you know it's very tough on the workforce.

Michael Busler: Most of the small business people I talked to told me they never got up the full capacity in terms of staffing. They were paying much more than they expected to pay. And they were hiring younger people.

Q: Looking into the future, are there new challenges or new opportunities to consider?

Anthony Catanoso: I think the challenge for us being a seasonal business is the hourly wages going up. And you can't really pass that increase on to the consumer. We're creating our own marketing opportunities by creating the North Beach Association. We have to create our own marketing opportunities, and not just rely on Meet AC and the city itself to do the advertising for us.

Emily Paul: Last winter's numbers were really positive in terms of what we can do down the shore. I think everyone always thought of (the season) in just three months. It's now looking like seven months, maybe even more than that. We just have a lot more to offer year-round. So if we can continue that growth and continue that perception that Cape May County is more than just a summertime destination, I think that's going to be an opportunity for us to grow

Michael Busler: When the increase in the minimum wage was first passed a few years ago, I was very concerned that that was going to put some smaller businesses out of business. It turns out, because of the labor shortage the market wage is even higher than \$15 dollars an hour. So the minimum wage is really not having that much of an impact.

I'm a little nervous about the shoulder season this year. Typically, the shoulder seasons have been expanding, and they've been doing very well. But consumers are getting squeezed. Inflation is 8-9%, and unfortunately, it's going to get a little worse going into the fall. People are spending more on necessities. That gives them less discretionary income.

Q: Any more comments before we open it up to the audience?

Jim Ziείς: Personally, I'm a big Phish fan. Them being in town three nights, I was in my glory. But Friday and Saturday in July, we are maxed. Everybody is. If those beach

concerts could be midweek, this city would thrive. It would make such a difference, because you're going to have a great Friday, Saturday in July, anyhow.

Q: How do you feel new amusements and the water park slated to open at Showboat might impact tourism in the city?

Anthony Catanoso: The development that's happening at Showboat, specifically the water park, is critical for Atlantic City because it creates a more critical mass of family entertainment that I think, complements the whole casino experience. The city needs more of it. I think it increases the market. I think the pie grows. I don't think we are dicing it up. I think it grows with every new attraction that comes in.

Q: What factor did you operators find most challenging with regards to employment?

Emily Paul: I think the recruiting side is definitely difficult. There's a lot more competition out there. Do you want to do an online internship where you can make more money than you can working at the mom-and-pop store down the street? Sometimes that answer is yes. What we have heard from some of our small businesses is that they're increasingly hiring retirees. People in those demographics are a little more reliable. They're staying year-round.

Michael Busler: I think this labor problem is going to continue into next year, even if the economy slows down, and if it goes into recession, I still think the labor issue is going to be a problem going forward.

PHOTO: (credit: Mark Melhorn, Stockton University) From left, Jane Bokunewicz, faculty director of Stockton's Lloyd D. Levenson Institute of Gaming, Hospitality and Tourism (LIGHT); Michael Busler, professor of Business Studies and Finance; Anthony Catanoso, president and principal owner of Steel Pier; Emily Paul, president and CEO of the Cape May County Chamber of Commerce; and Jim Zierys, vice president of hotel sales, Caesars Entertainment, Atlantic City region. The members of the panel were part of the Jersey Shoreview discussion on the state of the southern New Jersey economy after the summer and heading into the fall shoulder season.

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