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With inflation at a 41-year high, what will RI tourism look like this year?

Wheeler Cowperthwaite
The Providence Journal

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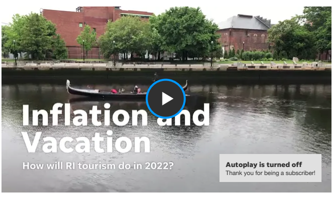
Inflation and Vacation
How will RI tourism do in 2022?
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Will inflation impact tourism in Rhode Island this summer?
Tourism this summer and inflation are set to collide. Gas prices are a part of the inflation equation that will likely change travel patterns. *Wheeler Cowperthwaite, The Providence Journal*

WESTERLY — When Tammi Dunlap's husband, Dave, retired in March, it meant the couple would begin their post-retirement plans — traveling across the country in their Kia Sorento, towing a small camping trailer.

They planned to visit their children and grandchildren in Arizona, a 2,500-mile trip each way. They would see family in Nashville, Tennessee, 1,026 miles away. And they'd vacation in Ohio, 675 miles away from their home in Westerly, camping along the way.

"Now, with the cost of gas, it's cheaper for us to fly, or drive our small car and stay in hotels, because we cannot afford the gas when pulling the trailer anymore," Tammi Dunlap said.

Visitors are already starting to fill the streets of Jamestown, as seen through the storefront of the East Ferry Deli. *David DelPoio/The Providence Journal*

Experts say 2022 is likely to be a banner year for tourism, even as gas prices have nearly doubled, threatening to reach $5 a gallon, as hotels and house rentals are quickly booking up in advance of the summer season.

Gas prices are just part of the inflation equation that will likely change travel patterns this summer, as eggs have seen a 22% increase in price, part of the 11% increase in the cost of food at home, according to the federal Consumer Price Index. Inflation hit 8.3% in April.

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Inflation will have a more insidious effect on both sides of the supply-and-demand equation. It could pack a one-two punch for restaurants as cost-sensitive patrons reduce how much they go out and while the rising prices in food will cut into restaurateurs' margins.

Officials expect tourism to rebound in 2022

Tourism officials are optimistic about tourism across the state, partially as a result of pent-up demand following the pandemic years of 2020 and 2021.

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"It's going to be a very strong year, and the reality is we've had many strong years," said South County Tourism Council President Louise Bishop. "Continued growth is the best way to describe South County."

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Gas prices get all the attention, since they are plastered on signs across the state, but they make little difference to most of the people who are in the South County drive market, a 900-mile radius that extends all through New England and into New York, New Jersey and Pennsylvania.

Philadelphia is a "big market" for southern Rhode Island, as is Washington, D.C., both less than a day's drive away, Bishop said.

Shops on Narragansett Avenue in Jamestown. *David DelPoio/The Providence Journal*

South County, measured by the tax income generated by hotels and motels, has been growing since 2015. One trend Bishop has seen, which started during the pandemic and has continued, is longer stays, from two nights to three and four.

Booking rates are up early in the season, which means people plan to drive to the southern half of the state, Bishop said.

Narraganset Chamber of Commerce Executive Director Peg Fradette said hotels and other lodging are filling up and the visitor center, which she runs, is getting a high volume of questions about what to do in town. High gas prices might shrink the distance people are willing to drive, making Narraganset a more desirable vacation destination.

'Overall boom of people booking' in 2021: New Englanders plan trips, calling it 'revenge travel'

On Block Island, the pre-bookings for hotels are "through the roof," Block Island Tourism Council Executive Director Jessica Willi said.

Willi said the island is poised to capture a big portion of the market of people who would normally take overseas vacations but are hesitant over safety concerns as the pandemic continues.

"They can still get that island vacation, and being that we're in that drive market, we're accessible to millions and millions of people," Willi said.

With five new restaurants opening downtown, Jamestown Chamber of Commerce Executive Director Joan Goldstein expects a bump in tourism from within Rhode Island, as people look for spots closer to home for day trips. *David DelPoio/The Providence Journal*

Jamestown Chamber of Commerce Executive Director Joan Goldstein said five new restaurants are opening in the downtown area and she expects it will help drive tourism from within Rhode Island as people look for spots closer to home for a day trip.

"Every year, tourism has been increasing and I think this year, we'll see that even more," she said.

What will inflation mean for restaurants?

Kevin Gaudreau, owner of KG Kitchen on Hope Street in Providence, is turning what was Simpatico in Jamestown into a new restaurant called Beech, which should be open by June 17.

In 2019, restaurants were doing "gangbusters," Gaudreau said. Then the pandemic came, along with government aid. By 2021, business was very good, he said, and 2022 could be the new high-water mark for the industry.

Kevin Gaudreau, owner of KG Kitchen on Hope Street in Providence, is renovating what was Simpatico in Jamestown into a new restaurant called Beech. *David DelPoio/The Providence Journal*

But restaurants are getting squeezed by their supply chain as material prices increase rapidly. Since April 2021, the cost of bacon has risen 18%, chicken 16% and beef 14%, and citrus fruits have risen 19%, according to the Consumer Price Index.

"I understand I can't continue to be raising prices, because then I'd price myself out of the market," Gaudreau said.

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Gaudreau's restaurants rely largely on dishes made from scratch, including pasta and sauces. They fillet their own fish to keep prices down.

Customers, both locals and vacationers, are cost-sensitive. With the increased price of beef, Gaudreau will likely buy fewer of the most expensive cuts, and move them to daily specials from the menu.

"it's more about menu engineering and trying to create the most value," he said.

Kevin Gaudreau, owner of KG Kitchen on Hope Street in Providence, is turning what was Simpatico in Jamestown into a new restaurant called Beech, shown here under renovation. *David DelPoio/The Providence Journal*

Menus are getting smaller as restaurants are pulling more expensive ingredients to keep prices down, and often because the needed supplies just aren't coming in, said Rhode Island Hospitality Association President Dale Venturini.

Inflation and construction: Pawtucket soccer stadium cost rises to $124 million due to supply chain issues, inflation

One operator Venturini knows didn't get lemon juice in an order from a supplier, and had to change his menu for food and drinks accordingly.

"There are so many decisions that go into what a menu looks like," she said.

North Kingstown Chamber of Commerce Executive Director Kristin Urbach said she expects tourists will cut back on how often they eat out and opt for less expensive experiences.

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Holly Brooks said she has been experiencing the rise in costs while visiting Providence from Oregon with her boyfriend, Mike Roberts. While they've stayed on budget, they've noticed restaurants are more expensive than they expected, with smaller portion sizes. But it's the little things that are catching them.

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"We went to get coffee this morning, and for two coffees, it was $20, after the charges for oat milk and shots of espresso," she said.

Business trips increasingly become small vacations

One of the biggest shifts in the pandemic has been around around business travel, as those traveling for work increase the length of their stays to turn a work trip into a vacation and often bring along their family, Venturini said.

Rhode Island, as a whole, has a big advantage with its beaches and close proximity to population centers within 150 miles, the "reasonable amount of time" people are willing to spend in the car before they consider other forms of transportation.

Time to get away: 6 unique Airbnb stays around New England

Traveling in part on the company's dime seems to dovetail with the other trend identified in a recent American Hotel and Lodging Association survey, that 57% of those who responded said they are likely to take fewer trips, 54% are likely to take shorter trips and 44% are likely to postpone trips, as 90% of those who responded said gas prices and inflation are a consideration in their travel plans.

Providence has been slower to recover from the pandemic, but events are coming back, like Rhode Island PrideFest and WaterFire Providence, said Providence Warwick Convention and Visitors Bureau President Kristen Adamo.

"Rhode Island is great for the hub-and-spoke vacation," she said. "You pick a place and do little daytrips around it."

Lodging rates have risen steeply

For the Dunlaps, two major costs have made camper travel uneconomical: gas prices and the cost of campsites.

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Higher gas prices make towing the camper trailer just too expensive, as their gas mileage plummets to 8 to 12 miles per gallon from 23 to 28 miles per gallon without the trailer.

Rates for hotel and motel rooms have increased 23% the last year, according to the Consumer Price Index. It does not track the prices of private campgrounds.

"The cost of making reservations or even canceling is prohibitively expensive," Tammi Dunlap said.

Venturini said supply and demand is driving much of the increase in lodging costs, as are problems in the supply chain, but the labor shortage is also a factor, as housekeeping staff is increasingly hard to hire without increasing wages.

"I've seen general managers, normally in a suit and tie, in golf shirts, because they've just got done cleaning rooms," she said.

The beach bus lives: McKee says RIPTA will run special routes this summer, to the beach, after all

Patrick Brown, general manager of the North Kingstown Townplace Suites by Marriot, said 2021 was the best year his hotel has ever had.

"This year, we're just about there, but not quite as busy as we were last year," he said.

Last year, most of the guests were workers who needed to come in for projects sidelined in 2020 during the pandemic lockdowns, and the summer brought wedding traffic. So far this year, most of the bookings are by tourists.

His rates are up, too, and he gets a little pushback, but higher costs don't seem to be a surprise.

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"Across the board, prices are going up for a lot of stuff," he said.

The Dunlaps still like to frequent state-run campgrounds, especially the George Washington State Campground and the Charlestown Breachway campground, where their daily site costs $18.

"Within the last month, we calculated, if prices continued to rise, up to $6 a gallon – and some states the prices are there now – with those in mind, we said, 'This is prohibitive. We just can't do it.'" Tammi Dunlap said. "It cost us too much, and it's not in the retirement budget we had planned."

Reach reporter Wheeler Cowperthwaite at wcowperthwaite@providencejournal.com. Follow him on Twitter @WheelerReporter

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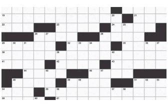

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