

POOLING RESOURCES

CAROL WALLACE OF SAN DIEGO CONVENTION CENTRE DISCUSSES INNOVATIVE MARKETING CHANGES THAT HAVE POSITIVELY AFFECTED THE FACILITY'S BOTTOM LINE

San Diego has a reputation as one of the world's most beautiful convention and meeting destinations. The San Diego Convention Centre Corporation (SDCCC) has added to this package by providing superior customer service which has made us a top pick among meeting planners and convention travellers from around the globe.

In 2004, budget constraints faced by the City of San Diego and concerns about accountability, duplication of efforts between the Convention and Visitor Bureau and SDCCC, and conflicting roles and responsibilities led to a decision by the City of San Diego to shift all sales and marketing for the Convention Centre to the SDCCC. This change, I believe, may be the beginning of a new era in North America in which cities will be re-examining their sales and operations models.

The majority of U.S. convention facilities – some 87 percent – are owned by government municipalities. Nearly all receive public funding, which is considered a wise investment given the enormous economic impact, tax revenues from tourism or hotel room night taxes and

redevelopment benefits that convention facilities often provide.

The City of San Diego helped launch the development and expansion of the convention centre and created the Convention Centre Corporation to operate, manage and market the building. Since opening in 1989, the centre has become one of the region's most powerful economic engines, generating billions of dollars in economic impact, helping spur the redevelopment of downtown San Diego and pumping more than US\$270 million in tax revenues that pay for essential city services.

From the time the Convention Centre opened, the centre and the bureau had a shared role in selling and marketing the building, a model that *Smart Meetings* magazine found to be in place in 41 percent of convention and visitor bureaus. The bureau sales team sold the Convention Centre to primary groups and bookings 18 months out or longer while the centre sales force sold the building to secondary events within an 18-month time period.

In 1995, the separate sales teams were combined in one location with joint reporting responsibilities to both

organisations. When the city officially transferred responsibility to the centre for its entire marketing operation in 2004, it came as no surprise. The decision by the city was a final step to make one organisation accountable while increasing efficiencies, providing the centre team with more control over business decisions impacting the facility and to save the city money.

The move by San Diego leaders made perfect sense given that the bureau is a private membership organisation, with no fiduciary responsibility to the city while the Convention Centre Corporation is a public benefit corporation, created by the city with a board of directors appointed by the mayor and city council. The bureau remains responsible for marketing the destination, single property hotel sales, travel industry sales and convention services and receives approximately US\$8.8 million from the city for these activities.

Today, the centre is among the first facilities in the U.S. to be fully responsible for marketing and selling itself, and we have complete autonomy to make business decisions that directly influence our revenues and long-



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term strategic planning. Other cities have adopted similar models and *Smart Meetings* magazine found that now more than a quarter of convention centres (28 percent) handle their own sales and marketing. For clients, it has meant greater efficiency and superior service, since prior to the change customers worked with staff from both organisations creating duplication of responsibilities.

The fiscal success of the change has been dramatic as reflected in the centre's year-end results and other measures for the destination. In FY05, the first year of the new model, 915,000 future room nights were sold, a 34 percent increase over the previous year. That translates into US\$1.1 billion in economic impact and US\$33 million in tax revenues.

This year, a record-breaking 1,066,297 room nights were sold representing a 16.5 percent jump over last year, a projected US\$1.9 billion in regional economic impact and US\$40.6 million in tax revenues for the city. Hotel occupancy rates increased from 72.4 percent in 2005 to 73.5 percent in 2006. Hotels also saw increases of 3.4 percent in 2005 and 1.9 percent in 2006, and the bureau reported a 3.2 percent increase in overnight visitors and 5.8 percent in attendance to attractions. ■

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