

convention & incentive marketing

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centre points



Start of a new era

By Carol Wallace,
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San Diego has a reputation of being one of the world's most beautiful convention and meeting destinations.

The San Diego Convention Center Corporation has added to this

expansion of the convention centre and created the Convention Center Corporation to run and market it. Since opening in 1989, the centre has become one of the region's

centre to primary groups and bookings 18 months out or longer, while the centre sales force sold it to secondary events within an 18-month period. In reality, this split responsibility didn't work as the centre had separate sales teams in different locations working at cross purposes and often duplicating activities.

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. It was a final step to make one organisation accountable while increasing efficiencies, providing the team with more control over business decisions that affect the centre, and saving the city money.

It was perfect sense given the bureau is a private membership organisation with no fiduciary

to make business decisions that directly influence our revenues and long-term strategic planning. Other cities have adopted similar models, and *Smart Meetings* found that now more than a quarter of convention centres (28 per cent) handle their own sales and marketing.

For clients, it has meant greater efficiency and superior service. Before the change, they worked with staff from both organisations, creating duplication of responsibilities and confusion about who handled what.

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 per cent increase over the previous year. That translates into \$1.1 billion in economic impact and \$33 million in tax revenues.

package by providing superior customer service, which has made us a top pick among meeting planners and convention travellers from around the globe. But our ongoing success requires us to keep finding new and innovative ways to fulfil our mission.

Budget constraints faced by the City of San Diego three years ago, and concerns about accountability, duplication of efforts between the Convention & Visitor Bureau and the centre, plus conflicting roles and responsibilities led to the City of San Diego deciding to shift all sales and marketing for the convention centre to the centre itself. 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 – especially for those marketing and running public amenities – to take advantage of opportunities for greater efficiencies and accountability.

Most US convention centres, about 87 per cent, are owned by 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 often provided by conventions.

The City of San Diego helped launch the development and

most powerful economic engines, generating billions of dollars in economic impact, helping spur the redevelopment of downtown San Diego and pumping more than \$270 million in tax revenues that pay for essential city services.

From the time the convention centre opened, it and the bureau had a shared role in its selling and marketing, a model that *Smart Meetings* magazine found to be in place in 41 per cent of convention and visitor bureaux.

The bureau sold the convention

responsibility to the city, while the Convention Center Corporation is a public benefit body created by the city with a board of directors appointed by the mayor and city council. The bureau is still responsible for marketing the destination, single-property hotel sales, travel-industry sales and convention services, and receives about \$8.8 million from the city for these activities.

Today, the centre is among the first in the US to be fully responsible for marketing and selling itself, and we have complete autonomy

This year, a record-breaking 1,066,297 room-nights were sold, representing a 16.5 per cent jump, a projected \$1.9 billion in regional economic impact and \$40.6 million in tax revenues.

Hotel occupancy rates increased from 72.4 per cent in 2005 to 73.5 per cent last year. Hotels also saw increases of 3.4 per cent in 2005 and 1.9 per cent last year, and the bureau reported a 3.2 per cent rise in overnight visitors and 5.8 per cent in attendance to attractions.

● AIPC, www.aipc.org

as it was

Losses predicted

Talk in the air about the possibility of expanding Sydney's convention and exhibition offering echoes what was happening in the city nearly 30 years ago.

In its May edition for 1978, *CIM* reported NSW State Government approval for a combined entertainment and convention centre at an estimated cost of \$40 million. No specific site had been chosen, nor architectural plans drawn up.

Premier Neville Wran said the centre would seat 12,000 people and the convention centre handle

3500. While "many" sites were under consideration, the government favoured one at Haymarket.

A feasibility study by a consultancy company on the need for such a venue in Sydney had conservatively forecast losses of \$1 million a year for a combined convention/entertainment centre. The "optimistic" forecast set the deficit in cash flow at \$34,600 for the convention centre and \$9000 for the entertainment centre.

CIM said there had been proposals from the private sector to be involved, and the premier supported a joint government/private enterprise undertaking.

One proposal, for a stadium at Darlinghurst to seat 15,000 people, with trade shows in a rotunda area, came from entrepreneur Harry M. Miller, who said a group of Sydney businessmen was willing to raise loan money for the state government to build and manage the centre.

Meanwhile, on the same page was an item about the Orthoptics Association of Australia heading off to Singapore for its annual conference.