



Destinations: Putting on the Ritz

By Gary Tufel -- Tradeshow Week, 12/8/2008

When a baseball player moves up from the minor league to the major league, he's in the top tier of his sport. Several up-and-coming cities are moving up in stature in a similar way, changing the way they've been perceived in the past. They might not be challenging the very top tradeshow destinations yet, but they're nipping at the heels of the Chicagos, Orlandos and Las Vegases of the world and grabbing a slice of the tradeshow pie, some for the first time, from Tier I cities.

They also are finding different ways to compete.

Several cities have been particularly active lately, expanding existing facilities, building new venues and hotels and constructing downtown entertainment and other attractions. That includes Los Angeles, which, after years of lagging behind regional cities such as San Diego, Anaheim, Las

Vegas and San Francisco in attracting tradeshows because of a deteriorating downtown and the lack of a viable nearby convention hotel, has invested megabucks in a major redevelopment effort – L.A. Live, which includes new restaurants, arenas, theaters and other attractions, as well as a long-sought convention center hotel.

According to Michael Krouse, senior vice president of convention sales for LA Inc., the LA convention and visitors bureau, the city, while not harboring delusions of grandeur, has set its sights on attracting pieces of the big players' tradeshow and meetings business – and, he added, it's working.

In October alone, Krouse said, the convention center booked seven events, accounting for 60,000 room nights and \$33 million in economic impact. And E3 Expo,

which after a few incarnations is back in 2009, has signed on for another three years.

And, despite what Krouse said were rumblings of cancellations of events in other cities, that hasn't happened in LA. Even though it can't compete with the top cities in terms of convention and meeting space, he added, there's a niche for LA that, because of the improvements that L.A. Live has provided, it is able to compete with cities it couldn't before.

Still, LA is anticipating a slowdown and has become more proactive in order to head it off. The sales team is marketing more aggressively, not because of any huge fall off, but in anticipation of that possibility, Krouse said. But, he added, LA has done so much groundwork, no slack-off in business is expected and some months already are fully booked.

The downturn even could benefit LA, Krouse said, because it offers a more economical alternative to places like Las Vegas. Although LA can't physically accommodate Las Vegas' biggest events, it can attract the smaller ones, and it's negotiating with some to do just that, he added, even though a hotel event that fit into one Las Vegas hotel would need three hotels in LA.

However, LA's most direct competition comes from such regional cities as San Diego, San Francisco and, to a lesser extent, Anaheim. San Jose, Calif., also makes the list, but Phoenix isn't big enough to be a concern, Krouse said, although its upcoming convention center expansion did get his attention. Even so, Phoenix can't compete with LA in terms of airlift, he added.

"San Diego is a problem for every city. Everyone wants to bring their event there, but many can't afford it and the facility needs to expand. But lots of organizers will cram their events in anyway," Krouse said.

For labor, services, bureau services and other elements, he added, "we were already a good deal

for meetings and tradeshow, so we don't have to change that aspect of our marketing." LA Inc. just hired a client services staffer and is putting its efforts more into its hotel services team than into its convention center team, according to Krouse.

However, LA does keep an eye on what Chicago, Orlando and Las Vegas are doing. The new hotel development downtown was done with the biggest tradeshow cities in mind, he said, because a convention center hotel was something LA lacked.

The city still is fighting the old perceptions, Krouse added, and will work with old-time planners who aren't open to bringing their events.

"I have to be aggressive and proactive," he said. "But LA is elevating to the level of San Diego and San Francisco, and we've added the pieces we were missing. Now we're perceived as a threat, and I love it. It challenges me and my team."

Phoenix also is bidding to move up, but it doesn't expect to break into the very top tier. That's okay with Kevin Kamenzind, senior vice president of

sales and marketing for the Greater Phoenix Convention & Visitors Bureau. He said although Phoenix's downtown footprint doesn't have the scalability of the big three tradeshow cities, the Phoenix Convention Center's (formerly known as the Phoenix Civic Plaza) \$600 million expansion, which will open in late December and give it nearly 900,000 square feet of exhibition and meeting space, will enable it to compete with the likes of San Diego.

Phoenix's other recent additions include a new \$1.4 billion light-rail transportation system and the new Sheraton Downtown Phoenix – a 31-story, 1,000-room hotel located one block from the convention center. The Sheraton, which opened Oct. 1, is the largest hotel in Arizona and the first to be built in downtown Phoenix since 1976. Phoenix also boasts the new Arizona State University downtown campus, an expanding biomedical industry and a \$900 million privately financed, mixed-use development called CityScape.

The city can't match San Diego's footprint,

Kamenzind said, but the changes will enable Phoenix to compete better, even though it won't be for the mega-shows. The Phoenix CVB also is leveraging the city as a resort destination because, even after expansion, the convention center's exhibition space won't be contiguous. It will match Phoenix's room block capacity, though.

Kamenzind said Phoenix also plans to increase its marketing efforts.

“We saw this downturn coming – not to this extent, but we saw the sellers' market starting to slip and put leisure marketing money into tradeshow marketing because of the convention center expansion,” he said.

And Phoenix will continue to be aggressive, Kamenzind added, especially seeking events with 3,000 peak night rooms, such as medical groups' annual events. Phoenix even is using its status as a hub for both Southwest Airlines and US Airways to promote the fact that it is a cost-effective destination to fly to.

Kamenzind said some people might think this is a

terrible time to be opening an expansion, but because of advance bookings, the facility is looking at a very healthy 2009. He admits, however, that the future still is somewhat uncertain.

“We're very excited but cautious. But we're certainly now in San Diego's league,” Kamenzind added.

With tradeshows providing up to 50 percent of some associations' annual revenue and bylaw requirements for annual meetings, he said, the business is there, it's just up to Phoenix to get it.

In Indianapolis, Don Welsh, CEO of the Indianapolis Convention & Visitors Assn., said his city went from being a very good Double-A team to a solid Triple-A tradeshow city. With a new \$1.1 billion airport, the new Lucas Oil Stadium, which houses the NFL's Colts, and the expanded Indiana Convention Center, the city offers a big “wow” factor, he said.

Indianapolis now features 67,000 hotel rooms and four Marriott Hotels, with the largest being a 1,600-room downtown hotel. There are 5,000 hotel

rooms that feed directly into the convention center.

Lucas Oil Stadium offers an additional 140,000 sq. ft. of exhibit space on the stadium floor and two secondary exhibit halls with a combined 43,000 sq. ft. The stadium also offers 12 meeting rooms adjacent to the exhibit floor. By late 2010, the expanded Indiana Convention Center & Lucas Oil Stadium will offer a combined 749,000 sq. ft. of exhibition space.

“We are moving decisively into becoming a major-league expansion city,” Welsh said. However, he wasn't predicting that Indianapolis suddenly would compete directly with cities like Chicago. Customers will determine that, Welsh added – Indianapolis just is focusing on growing, and one new area is the pursuit of biomedical and life science events. But, he said, Indianapolis would compete for at least some events with Chicago, Boston, Seattle, San Francisco and Denver. “I don't say all of a sudden we'll go after Chicago or other cities – our new customers will determine who we will compete with,” Welsh added.

He also is banking on the city's geographical location, which puts 60 percent of the U.S. population within a day's drive, to help it ride out the economic storm and attract regional events. But, for those who would fly, there also is a new airport. Indianapolis also always has done well with religious and fraternal organizations, Welsh said, and despite what might be a slight drop in attendance, the groups still will meet.

Indianapolis has streamlined its sales efforts and is looking for even more visitors who drive to the city from the East Coast to fill both the large and smaller hotels in the downtown area.

“We need to create brand awareness and book more business,” Welsh said. “We have to differentiate ourselves from the other cities in the crowded Midwestern market.”