

THE CONVENTION CENTER IN SECONDARY CITIES

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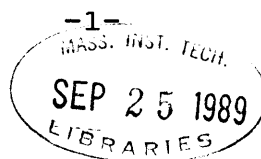
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ABSTRACT

The convention industry is promoted as a clean industry that brings new dollars to host cities. While convention attendees are certainly a lucrative market for major destination cities, their impact on secondary cities differs from those patterns found in the major destinations.

Our paper examines the users of convention facilities in both major destinations and secondary markets to discern which user groups would find secondary cities attractive and what their impact would be. Of the three major users: conventions and trade shows, consumer shows, and local events, secondary city convention centers have fewer actual convention bookings and a greater number of consumer shows and local events. Of the convention attendees, those who chose secondary cities are usually more budget conscious, so their expenditures are less than the national average and their economic impact on the town is correspondingly less. Consumer shows draw from the local population; their expenditures may be new to the downtown, but are not a net gain to the SMSA. Many of the local events could have been housed in hotels and provide little new money to the economy.

However, cities have a limited vocabulary of uses with which to promote the revitalization of their downtowns or their economies. The convention center does bring people into the downtown, when it is occupied. But even a booked facility is only occupied for a portion of its booked days, once move in and move out are accounted for. Businesses, hotels, restaurants, and retail stores cannot survive on convention traffic alone, it can only supplement their incomes. Thus a convention center may enhance a revitalization effort, but it cannot lead.

The convention center in the secondary city functions more accurately as a multipurpose hall. The rationale for its construction cannot be made on purely economic grounds, nor on the basis of revitalization. While a city may decide to provide public meeting space and not make a profit from it, (as it does with other public services like

museums, libraries, and concert facilities), the decision to do so is frequently clouded by the economics rather than the cultural benefits. The taxpayer should decide whether boat shows and other convention events are the kind of cultural activities they want their government to subsidize.

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INTRODUCTION

Increasingly, secondary American cities (those outside New York, Chicago, Atlanta, Las Vegas, Los Angeles, or other major destinations) are building or considering the construction of convention facilities. The convention center is usually seen as a sign of an emerging or a mature city. As well, it is seen as providing economic benefits, as being a catalyst for the revitalization of declining downtowns, and as being one of the amenities that government is responsible for providing.

However, convention centers nationally, and in secondary cities as well, lose money. In times when taxpayers are initiating tax limits and calling for increased government expenditures in schools or the rebuilding of the city's infrastructure, the rationale for losing money on a convention facility is more frequently questioned. Frequently voters reject bond referendums for their construction.

This paper examines the nature of the convention industry and the question of what benefits can be attained from the construction of a facility in a secondary city.

Chapter One of the paper gives an overview of the history and size of the convention business, focusing on the convention attendee and the convention facility. Chapter Two examines the various user groups and what they are looking for in selecting a destination - in an effort to understand which kind of cities would most benefit from their presence. Chapter Three examines the city's motivation for building these facilities - what do cities want and what do they get. Finally, Chapter Four provides a summary and a methodology of how a city might evaluate the costs and benefits of building a convention center.

CHAPTER ONE

OVERVIEW OF THE CONVENTION BUSINESS

1.1 History of the Convention Business

Twenty years ago, convention centers were mostly cheerless caverns of bare grey cement and dead white light. Many were government built civic centers headed by political appointees who functioned as little more than absentee landlords.

Things have changed. Beginning in the late 1960s and early 1970s, according to Len Rolston, president and CEO of the Greater Houston Convention and Visitors Council, convention centers became "people places" that went beyond four walls, a floor, and a ceiling.

"The industry had changed," explains Rolston. "There was heavier emphasis on education, and the newest convention centers provided space for ancillary activities, including breakout sessions and major meal functions with keynote speakers. We needed centers designed to accommodate all of the activities of a convention and trade show under one roof."

According to Don Walter, executive director of the

National Association of Exposition Managers (NAEM), the first truly modern center - in terms of exhibition space, accessibility and storage - was Detroit's Cobo Hall, which opened in the late '60s. "It marked a turning point. It was the forerunner of the convention centers across the country today," he says.

Cobo Hall was the first convention center built to accommodate groups of vastly different sizes. Its exhibit space could be divided into halves, or thirds. It also was unusual in that it had a large corridor for registration and receptions. And, perhaps most revolutionary, it had a second floor dedicated to meeting rooms.

Designers also began to think about increased traffic flow, and what it would take to allow large numbers of people to move easily from one area to another. Wide, well lit corridors, spacious elevators and escalators were some of the most obvious innovations.

"Today there's a demand for turn-key (completely equipped) convention centers," says Dan Graveline, director of the Georgia World Congress Center in Atlanta. "The days are over when a meeting planner was handed a key to the exhibit hall and told to turn out the lights when he left." The convention requires services beyond the rental of bare floor space. Registration, catering,

telephone, teleconferencing, and exhibit installation are some of the secondary services the convention center must be ready to provide.

Not only has the design of convention centers changed drastically but so has the use. A convention center is no longer used just for large national associations or political rallies with hundreds of balloons. Centers now host a wide variety trade shows, consumer shows, and local events. Circuses, graduations, banquets, meetings, exhibitions, and concerts all compete for space in the convention center. For secondary cities and many large cities, the convention center has become a multi-purpose hall.

1.2 Convention Industry Statistics

Over the past decade, the meetings and conventions industry in the United States has been booming. In 1980, according to the International Association of Conventions & Visitors Bureau (IACVB), 41 million delegates attended 87,000 conventions. In 1984, the IACVB estimated that 53 million delegates attended over 100,000 meetings. By the end of 1988, there were over 270,000 meetings with an attendance of over 67 million. These figures include conventions that range from well over 25,000 people to much smaller meetings of only 100 participants. The

meetings and conventions occurred in both hotels and convention centers.

There are about 28,000 membership organizations throughout the United States that sponsor meetings, representing nearly 27 million people who will attend a convention or trade show each year. About 42 percent of the organizations are national and will hold meetings in a different city each year, rotating throughout the country. While most regional meetings are constrained to locations central to their membership, they often rotate within their regional borders. Some organizations will have both regional and national meetings. However, of the total organizations, only 21 percent hold meetings in convention centers; 65 percent hold meetings in downtown hotels.

The conventions held can be extremely large and diverse. According to a 1988 Amusement Business survey of 15 centers, the largest convention in attendance was Super Shows, a sporting goods convention, with 77,571 attendees at the Georgia World Congress Center in Atlanta. The second highest attendance was 60,000 for the National Association of Home Builders at the Dallas Convention Center. The third and fourth highest attendances, 58,000 and 54,700, were reported from religious conventions at the Anaheim (California) Convention Center and at the Tarrant County Convention

Center in Fort Worth, Texas. Competition for these large shows is fierce, but would occur only between those large facilities able to accommodate their numbers. They would not be a market available to the secondary cities.

However, according to NAEM, the largest shows are few. Of the 8,000 trade shows held last year, only 200 required more than 100,000 sq ft of exhibit space, and only 25 needed more than 300,000 sq ft. The 1987 Tradeshow Week Data Book indicated that of 3,063 trade shows which used more than 10,000 square feet of exhibit space, the highest percentage used between 10,000 - 25,000 sq ft (40.4 percent). The second highest (24.4 percent) ranged in size from 25,001 - 50,000 net sq ft.

Nevertheless, the size of a trade show is growing. The net square feet of exhibit space sold at trade shows has grown at an 8 per cent annual rate over the past six years. The number of new trade show exhibitors has also grown at a steady 7 percent rate over the same time period.

As well, conventions are increasingly being held in conjunction with trade shows, demanding facilities that can accommodate both functions simultaneously. The share of associations holding expositions has increased from 37 percent in 1982 to 50 percent in 1986. While many shows are constrained at their present size because exhibit

halls are not large enough, the movement within the industry is toward the larger show. (Rogers, Nation Cities Weekly, 1/25/88)

Yet the industry is relatively new, and the consequences of the expansion are not yet clear. For a decade now, the increase in trade show attendance has not kept pace with the increase in the number of show exhibitors or the number of shows. "We see a problem with traffic density," says William Mee, president of the Trade Show Bureau.

Additionally, the amount of time delegates spend at expositions has not increased, in spite of an increase in the size of the exhibits they have come to view. As an example, Howard Hamm, president of NAEM and vice president of George Little Management in New York, discloses a survey that he describes as "disquieting." It shows that, while one of the expositions produced by his company has grown more than 100 percent in 10 years, the amount of attendee time spent at the show has not increased at all. He suggests that higher travel and lodging costs may be keeping trade show stays by attendees from growing.

Another of the industry's concerns is that the proliferation of shows in many different fields is stretching the number of available attendees. According

to Hamm, "There are only so many dentists, so many plant engineers." The limit to the number of shows and conventions people will attend is not clear.

However, conventions are still considered to be a growth industry because of the proliferation of specialized groups and associations that feel the need to periodically bring people together to exchange information. Repeated personal contact is required. Many groups that used to have only one meeting a year now have two or three. Other groups now have regional meetings as well as national conventions.

The convention industry can also anticipate an increase in the number of international meetings. Most industry experts believe that more and more off-shore companies will be holding conventions in the United States in the future.

The affect of these trends on the secondary markets could be beneficial. A growth in the number of regional meetings would likely benefit the secondary city. Officials in small cities also project that a growth in attendance at regional meetings will occur as travel to the national meetings becomes more expensive. The secondary markets benefits from increased sensitivity to price; it is less expensive to sleep and eat in secondary markets.

While data exists showing tremendous growth in the number of associations, the number of exhibitors, and the number of attendees over the past decade, there is little data to explain the underlying causes of these expansions. Surprisingly, there is no data available that ties the growth in this industry to demographic trends or employment figures so that future growth could be projected.

The past decade has seen increases in the growth of office and professional employment as well as convention demand. But the baby boom expansion has been absorbed in the office market, and a decline in the rate of expansion is projected for it. It is likely that expansion in the convention industry will likewise not be a simple linear extrapolation of the past. Until the reason for the growth in the convention industry is more thoroughly understood, accurate projections for future needs will be difficult.

1.3 Convention Center Statistics

According to a 1988 study on convention center growth by Robert Black, founding publisher of Tradeshow Week, and issued by the Trade Show Bureau, the number of trade show and convention facilities in the United States increased from 222 to 305 in the period between 1980 and

1987. This represented an eight year growth rate of 37 percent or an average annual rate of 4.6 percent. During those same years, exhibit space square footage grew from 25.1 to 42.3 million sq ft, or an 8.4 percent average annual rate.

Black's study further suggests that the supply of convention center space is growing at approximately the same rate as demand. The average annual growth in number of attendees during the 1980-1987 period was 7.1 percent. The average annual growth in exhibiting companies was 5.9 percent.

But the convention center market is only apparently in equilibrium. Facilities in major metropolitan areas (like Chicago, New York, and Atlanta) are achieving maximum practical occupancy (65 to 70 percent) for conventions and trade shows. Meanwhile, most smaller centers in medium sized cities are operating at only 15 to 20 percent occupancy by conventions and trade shows. (Peterson, Urban Land, 11/88)

Nevertheless, convention center construction is moving into a boom period that may last well into the 1990's. Black's study projects an increase in convention facilities between 1988 and 1995 from 319 to 434. Tradeshow Week predicts that, by 1995, there will be about 400 convention facilities in the United States and

Canada with a total capacity of 76 million sq ft.

According to David Peterson, a partner at Laventhol and Horwath (L&H), one of the country's leading convention center consultants, "It's hard to think of a major city that isn't either building a convention center or expanding one." The International Association of Auditorium Managers (IAAM) reports that more than 100 facilities were under construction or being renovated or expanded in 1987 alone. Overall, industry analysts are predicting that 4.5 million square feet will be added either through expansion or new construction between now and the end of 1990. Since a convention center can cost anywhere from \$150 to \$300 per square foot, these facilities carry a price tag of more than \$2 billion. (McManamy, Engineering News Record, 3/24/88)

But not everyone is optimistic about the growth occurring in the convention center business. Casper, Wyoming's decision to build a convention center was based in part "on the fact that everyone else was building one - a bandwagon effect." Yet the center's director, Larry Dittloff, worries that "if we're not overbuilt nation wide, we're getting there real soon. What happens when every 20 miles there's a civic center, like we're seeing on the Eastern Seaboard?" (Doan, U.S. News & World Report, 8/30/82)

Yet the attraction of convention centers remains. "Many (cities) have built convention centers, encouraged first-class hotel construction, expanded convention bureaus, etc. The economic prize is great, but so is the competition." (Listokin, Real Estate Issues, Fall/Winter 1985) With so much competition, it becomes increasingly important for cities to understand what convention attendees want, and what they can offer their hosts.

CHAPTER 2

THE CONVENTION INDUSTRY:

WHY LOOK AT THE USER

2.1 Disaggregation of the Convention Center User

The meeting industry has over the past twenty years developed into a multibillion dollar business that attracts millions of users throughout the majority of American cities. This complex industry is highly segmented by different user groups with different needs. However, three general categories appear: (1) conventions and trade shows, (2) consumer shows, and (3) local events. Each group has different requirements for facilities, population size, hotel room supply, travel access, management skills, and city amenities. The demand for a particular convention center is generally a function of how the group's requirements can be met by the city, and what competing cities can offer.

2.1.1 Convention Centers And Trade Shows

In general, conventions are privately held meetings of professional groups and associations and commonly take place in hotels or convention centers. These meetings are attended by association members or affiliates for the

purposes of exchanging ideas, continuing education, and establishing contacts. A convention can range in size from a single meeting to a number of concurrent meetings over a period of several days.

To boost attendance and offer increased educational opportunities to the association members, many conventions now feature exhibits with products being marketed. Conventions with and without exhibits are considered "high impact" events since attendees normally stay several nights in the host city, generating hotel room expenditures. In addition to hotel expenditures, attendees purchase other goods and services while in the city such as food and beverage items, other merchandise, and transportation.

Like conventions, tradeshow s draw business travelers from out of town. However, the emphasis at tradeshow s is on manufacturers' exhibits rather than meetings. Tradeshow s involve extensive exhibit space and require good truck access to the exhibit floor to set up and take down the various exhibits. In comparison to conventions, tradeshow s tend to feature greater numbers in event attendance but a shorter average length of attendee stay.

However, tradeshow s are increasingly being held in conjunction with conventions. Meeting and convention planners have found that the attendees benefit by being

able to attend their professional meetings and see related products simultaneously. The exhibitors benefit by being able to show products to professionals within their industry.

The average out of town attendee of a convention center event stayed 3.8 days and spent \$126 per day or about \$478 per visit. Employees of the convention or trade show, exhibitors, and service companies that erect the booths and decorate and furnish the trade show area also spend considerable money. The total spending by attendees and traveling event employees amounts to an estimated \$527 per out of town convention delegate and \$788 per out of town trade show attendee, according to an L&H survey of more than 13,000 delegates and attendees.

Compared to the average U.S. traveler and especially the vacationer, the convention attendee displays a distinct, upscale socioeconomic profile with attendant travel and support expenditures. Relative to the vacation traveler, the convention attendee is 50 percent more likely to have graduated from college, twice as likely to be employed in a professional/managerial position, and earns \$25,000 or more (1977 dollars) one-third more often, according to the U.S. Travel Data Center.

Convention and tradeshow market segments are also distinguished by the origin of event attendees. The

large national organizations usually have regional, state, and county or local associations who also hold conventions. However, in general, the international convention and tradeshow category is a misnomer. The international classification is largely derived from the name of the association sponsoring the event. According to L&H, foreign members account for only two to twelve percent of U.S. headquartered international associations. For this reason, international conventions and tradeshow are largely synonymous with the national conventions and tradeshow in the U.S.

Merchandise mart type events are essentially tradeshow but are characterized separately because of the smaller amount of spending generated in the local economy. Buyers are the typical attendees and usually stay on the floor for only a few hours to place orders or see new products. These shows are only open to specific industry personnel in order to display and sell product lines. Examples of these types of shows include apparel and gift shows.

2.1.2 Consumer Shows

Consumer shows are ticketed events featuring exhibitions of merchandise for sale or entertainment. The primary difference between consumer shows and tradeshow is that consumer shows are open to the general

public. Tradeshows are restricted to representatives of the particular industry group hosting the event. Examples of consumer shows include flea markets, boat shows, car shows, recreational vehicle shows, and antique shows. Entertainment consumer shows include circuses, ice skating shows, concerts, and sports events.

Consumer shows occur most often in public assembly facilities such as hotels, convention centers, or civic centers, and normally attract large numbers of attendees. Depending upon the size, location, and type of merchandise being sold or entertainment being offered, consumer shows typically attract local residents and generate few new dollars to the local economy. Because they generate few hotel bed nights, they are considered low impact events.

However, the city does generate rent and taxes from the events. For example, in Baltimore, the Ringling Brothers and Barnum & Bailey Circus and Walt Disney's World on Ice drew 253,345 people to 38 performances of the two shows in 1988. The city earned \$660,000; approximately \$360,000 from gross rents and \$300,000 from taxes. Baltimore levies a 10 percent admissions tax on convention center ticket sales.

2.2.3 Local Events

Local events include graduations, banquets, civic meetings, school concerts, and private parties. Such events have been named SMERF events by L&H. SMERF refers to Social, Military reunions, Educational events, Religious groups, and Fraternal organizations. These users tend to be located within the SMSA of the convention center. Other local events would include business meetings or training programs too large to be held at local offices. They may use either convention center space or its meeting rooms.

2.2 Attributes Used To Select A Convention Center

The meeting planners who choose a convention destination are usually sales and marketing people, incentive travel agents, training program coordinators, a director or committee chairperson for an association, or the owner or president of a small company. For trade and consumer shows, the site selector is typically a representative of their respective industry or the promoter of the show. The host of local events usually selects the event location.

The following section explores six primary factors in selecting a facility: (1) facility requirements, (2) population, (3) hotel room supply, (4) access, (5)

facility management, and (6) city amenities. Each factor is explored in terms of what a particular user requires and in relation to the size of the host city.

2.2.1 Facility Requirements

Square Footage Requirements

According to Darrell Leo of Meetings & Conventions (M&C), for many convention planners, the first hurdle in selecting a center boils down to a single question: "Is your hall big enough to accommodate my show?" Size is the major factor determining big show bookings, according to a 1986 survey of managers of the nation's largest trade shows conducted for M&C. However, not all conventions and trade shows require tremendous square footage.

Figure 2.1, on the following page, gives an indication of the distribution of meeting space required by national, regional, and state organizations. From the chart, it is apparent that the majority of conventions require under 50,000 square feet of space and not large 200,000 square foot centers. According to L&H, state and regional conventions and multi-tradeshow and consumer show producers, predominantly require from 40,000 to 50,000 gross square feet. The average is approximately 80,000 square feet. National association planners surveyed by L&H prefer to have from 10,000 to

70,000 square feet of exhibit space.

 Fig 2.1 Distribution of the U.S. Meetings Market
 Requiring Exhibit Space

Gross Square Feet	Percent Distribution Of Meetings By Square Footage		
	National	Regional	State
0 - 20,000	63.3%	60.9%	84.8%
20,001 - 50,000	19.6	23.8	12.6
50,001 - 100,000	10.0	10.5	1.9
100,001 - 150,000	3.0	2.1	0.5
150,001 +	4.1	2.7	0.2
	-----	-----	-----
	100.0%	100.0%	100.0%
	=====	=====	=====

Source: Successful Meetings Databank, L&H

Yet, national conventions, large trade shows, and some consumer shows can require over 150,000 square feet of exhibit space. Centers large enough to host these events are found usually in primary cities such as New York, Los Angeles, Atlanta, and Chicago. The typical exhibit space of these centers is over 500,000 sq ft.

Building Configuration

The building configuration of most new convention centers includes an exhibit hall with movable partitions, a multi-purpose hall or banquet room with a higher degree of interior finish, and separate meeting rooms. There are no set rules for the size or ratio of one room to another. The building configuration is a function of the space required by the expected users.

Meeting planners and tradeshow organizers have strong preferences for interior design and layout of a convention center. In the optimum building design, the exhibit space should be column free and on one level. Additionally, the exhibit floor should feature drive on truck access from at least two separate entrances/exits to allow for simultaneous events. Any ballrooms should ideally be built adjoining the exhibit hall and able to open to it to allow for a maximum of contiguous exhibit space.

What does not seem to play an important part in choosing a convention center is a facility's exterior architecture. Most respondents to an M&C survey said that "the beauty of a building makes no difference to them whatsoever." However, other trade groups believe that a city must have an attractive facility. Meetings and conventions would certainly require a higher level of finish than tradeshow and consumer shows. Consideration of the particular market the center is attracting and the architecture of the neighborhood in which the center is located would impact the decision on what level of exterior finish the center should provide.

Event Services

Meeting planners expect convention centers to offer

services such as booth cleaning, equipment rental, telephone installation, and electrical services. Equipment rental would include tables, chairs, lighting, stages, microphones, and other audio-visual equipment. While some users do not require advanced communications capabilities, others expect state-of-the-art facilities, including telephone lines, high quality lighting, and soundproofing.

While many event services are contracted out to professional event service firms, others are provided in house. Convention centers have found that providing these services can not only increase competitiveness, but can be profitable as well.

2.2.2 Area Population

The population of a city is often a critical factor in selecting the location of a convention, tradeshow, or consumer show. Heavily populated cities frequently have better amenities, such as restaurants and entertainment attractions, allowing them to attract the larger conventions and trade shows. Also, associations are usually headquartered in larger cities and thus hold their conventions there.

The media reach to a surrounding population, as measured by the Area of Dominant Influence (ADI), is

critical to consumer show producers. The ADI refers to the area covered by local television, radio, and newspapers. The level of media coverage is important to event promoters to allow for economies of scale in advertising. In addition, greater concentrations of population offer consumer shows greater potential to market their products. The consumer show producers interviewed stated that before they enter a new market, they conduct detailed economic and demographic analysis to determine the potential success of a show. If they believe the market is not significant, they will not book the destination.

Due to the high local attendance required by local event organizers, a sizable market population should be proximate to a new convention center. Concerts and other local events are dependent on local and regional population bases. However, for corporate meetings or training programs, the population has little impact on center selection.

Certain tradeshow are dependent on the local population rather than attendees traveling to the show. The Henry Davis Tradeshow, a travel industry show, requires that people must live in the city or near the convention center location, in order for the company to select that city. "They need population foremost," according to Ms. Harper. The company pulled out of

Houston because the city lacked a local population base at night, which is the time her show runs. Merchandise mart type shows are dependent on the population base of the community as well.

2.2.3 Hotel Rooms

For a city to be considered a candidate for a large convention or tradeshow it must have a sufficient hotel room supply. Meeting planners place most importance on the number of hotel rooms in the immediate vicinity of the convention center. Having a large supply within walking distance is a bonus as attendees do not have to worry about shuttle service, public transportation, or the unspoken concern of drinking and driving. Boston's Hynes Convention Center earns good marks, with over 5,000 rooms within blocks of the Center.

Additionally, the quality of the hotels rooms is important. Conventioneers and business travelers require first class hotel accommodation. In primary destinations, these hotels are usually located downtown, supporting the downtown location of the convention center. In the secondary city, fewer first class hotels are located downtown. The hotels and motels located on the suburban corridors are not only difficult to access from the convention center, but frequently do not have the amenities required by the convention delegate.

Figure 2.2 exhibits a distribution of the number of hotel rooms used in the U.S. for conventions. It highlights that a low percentage of conventions require over 2,000 rooms.

 Fig 2.2 Distribution of US Meeting Activity by Attendance

Delegates	Hotel Rooms	Percent Distribution of Conventions by Attendance		
		National	Regional	State
1 - 500	1 - 385	71.5%	68.5%	69.1%
501-1,000	386 - 770	11.4	13.9	16.3
1,001-2,000	771 - 1,539	7.1	7.3	8.2
2,001-3,000	1,540 - 2,308	2.8	2.9	2.5
3,001-4,000	2,309 - 3,077	1.6	1.6	1.0
4,001-5,000	3,078 - 3,846	1.7	1.3	1.0
5,001+	3,847 +	3.9	4.5	1.9
		100.0%	100.0%	100.0%

Assumes: 1.3 delegates per room

Source: Successful Meetings Databank, L&H

A city with a supply of at least 1,000 rooms will be able to compete for over 80 percent of the convention business. However, that would require a city with an average occupancy of 65 percent, before any convention business, to have a total supply of at least 2,850 rooms to satisfy convention generated hotel room demand. Many secondary cities have much fewer rooms.

The total supply of rooms in an area available during peak occupancy periods is also important. Generally, July through December is the highest occupancy

period for hotels. The majority of conventions are held in the spring and fall. When demand overlaps it can create a problem. For example, at the planned convention center in Portland, Maine, conventions would most likely occur during the busy autumn and summer tourist seasons, when hotel occupancy levels are already approaching 80 percent, thus creating a room shortage. While the total supply of rooms in Portland is about 2,000, only 500 of these are downtown. Even if suburban hotels were made available by bus, meeting planners would prefer to avoid shuttling attendees to the site if at all possible. It not only increases the cost, but delegates feel "left out" of the convention ambience.

A hotel in the secondary city could make a cost benefit decision regarding the profitability of forsaking expected guests by committing space in advance for conventions. However, if one of the city's objectives in promoting the convention business is to generate increased tourism, that goal will be thwarted by an inadequate supply of hotel rooms.

Many second tier cities can not hold major conventions because of the lack of hotel rooms and the smaller size of the convention center. They must attract the regional and state shows that generally require fewer hotel rooms. Consumer shows do generate a limited hotel demand from the exhibitors, but population is more

important to the producer than the number of rooms available.

Local events have relatively low demand for hotel rooms unless they use the hotel for the event. In many cases, the hotels are actually competing with convention centers for the small 5,000 to 10,000 square foot SMERF user. Local event planners are often offered a high amenity package with discounted room rates at full service hotels with banquet facilities.

2.2.4 Access

Access to a convention center is essential to attendees. Access does not only refer to air travel but to parking facilities, highway networks, public transportation, and facility access.

Proximity to the airport and the number of scheduled flights are key factors for national and regional conventions and trade shows. The closer a convention center is to the airport the higher the rating given by meeting planners. Boston's Logan airport is within five miles of the Hynes Convention Center, an important plus for attracting convention business to Boston. Those cities seeking out-of-town attendees must also have convenient air travel connections from throughout the country. Hub cities, like Chicago, Atlanta, Los Angeles,

and New York, that are serviced by many airlines with frequent flight schedules are highly rated. Usually secondary cities not only have inferior schedules, but are more expensive to travel to by air as well.

Consumer shows and local events are not as dependent on air travel for their success. They are more concerned with parking because the shows draw large crowds and the majority arrive by car. The site must have adequate space either on or adjacent to it to accommodate parking for event attendees. According to L&H, a convention center with 100,000 sq ft of exhibit space, hosting an event for 3,500 attendees would require approximately 1,000 parking spaces. Surface on-site parking would occupy roughly 300,000 sq ft, or about 6.9 acres of land.

The city must decide to either buy additional land for parking, which can be expensive in downtown, or build structured parking, likewise an expensive alternative. It is possible to share parking with office users for entertainment events that usually occur at night, or consumer shows that occur on the weekends. While conventions and tradeshow will occur during normal working hours, their parking demands are less intense. However, commonly heard from convention planners is that you can never have too much parking.

The highways and public transportation

infrastructure are more important to the consumer show and medium-to-small convention or trade show producer, than to the local event and large convention and trade show user. When highway and public transportation is important, traffic congestion is a strong negative in ranking potential sites. The second tier city does not usually have the traffic problems associated with larger cities, but it has limited highway networks and limited public transportation.

The last access attribute often discussed among convention planners is facility access. Access roads to the center should allow for exhibition move-in and move-out, loading docks, private vehicular and pedestrian access as well as bus and taxi loading areas. Facility access is a plus for all users regardless of the size of the convention center.

2.2.5 Management

The one universal concern for all users is competent management of the convention center. Management is the one factor that can make a marginal convention center a success or ruin an otherwise well planned center. The management staff is expected to develop good rapport with convention center users, have knowledge of the industries involved, and show good follow-through.

Management must serve both the producer of events and the attendees. Producers look to management to help plan all aspects of a given function including date selection, catering, set-up, and publicity. "Service and sensitivity" are the keys to success according to interviewed meeting planners. Events are complex, with problems frequently arising at the last minute or even during the show. Management must be available to take care of these emergencies. For many event planners, their work of the entire year is on show for the three days of the convention. Since their evaluation is based on the success of the convention, management's ability to make the event successful is highly important to the event planner. Many meeting planners have not returned to a convention center due to poor management.

From the attendees' perspective, operators should provide a clean, up-to-date facility with a sufficient number of rest rooms and quality food. The number one complaint from attendees of conventions, trade shows, and consumer shows is the lack of food choice and poor taste. The industry understatement is that "not everyone likes cold hot dogs."

Although the operator has a captive audience, providing high quality food is a problem due to the occupancy swings of a center. The high overhead needed to staff food service for the average three days a week

of occupancy in a successful center limits the ability of management to provide a varied menu. However, several of the larger convention centers, the Moscone Center in San Francisco and McCormick Place in Chicago, are beginning to provide better menus, serving delicacies such as Beluga caviar and steak tartare. According to the McCormick operator, "we serve the best hot dog in Chicago".

The facility manager is not only responsible for the daily operations of the center, but for the marketing program to generate bookings as well. The marketing program is not necessarily set to maximize the net operating income, but instead to generate the greatest economic impact for the city.

L&H describes the "balancing act between out of town use and local use as tenuous." In many cities, the public is told that a new convention center will be available for local use. In fact, during the first years of operation many centers court SMERF events who do not require a long lead time while they seek conventions whose longer lead times will provide bookings in future years. As more conventions are booked, less emphasis is placed on the local events that helped support the convention center in the start up phase.

Most convention centers are directed to reserve

space as far away as one to four years for conventions and tradeshows. These events generate the greatest number of hotel room nights and have the greatest economic impact. According to the Boston Convention and Visitors Bureau, commitments to consumer shows are permitted up to one year in advance, and commitments to local events occur only three to six months in advance.

The producers of consumer shows and family shows are beginning to fight against such "discriminatory" booking practices. Bob and Chip Hart have been running public shows in Cincinnati for 30 years and claim that they can not book space over several months in advance even though they are a proven success. They claim, correctly, that out-of-town shows are given priority.

Mike Wilson, president of the Greater Cincinnati Convention & Visitors Bureau, counters that the employment base is detrimentally affected by the public show because the hotel service-based industries are not used. According to industry observers, the question of who should have priority, if anyone, will eventually lead to litigation.

This issue may be resolved when improved recording systems are implemented for measuring the number of hotel rooms used by consumer shows. Unlike conventions and tradeshows, consumer shows do not use the Convention and

Visitors Bureaus (CVB) to book their rooms, and hotels do not ask why they are there. Thus there is no tracking mechanism to quantify the dollars spent by consumer show attendees on hotel rooms. While the debate continues on the economic impact, no industry analysts argue that consumer shows are actually more profitable to the cities than the convention and trade show, who bring in documented hotel room revenue.

2.2.6 City Amenities

Perhaps the most controversial aspect in choosing a destination is appraising the city in which the convention center is located. But categorizing the amenities a city must offer to attract conventions and tradeshow, consumer shows, or local events is very subjective. In fact, L&H does not attempt to factor in such amenities when they rank cities against one another. They believe that access, population, and hotel room supply are the most important determining factors.

The professionals interviewed all believed that for a city to have a successful convention center it must have a certain "basket of goods," or convention infrastructure. Cities that are already considered destination or gateway cities have a clear advantage in terms of the public's willingness to stay there. Those with regional recognition, like Portland, Maine, may have

an opportunity to expand their tourist market nationally with a convention center.

Particular city amenities that may be important to a site selector include museums, aquariums, art galleries, historic districts, waterfront access, parks, theaters, specialty shopping, quality restaurants, and the relative proximity of these items to the convention center. Cities have a direct capacity to develop amenities such as museums, while private parties would have to build, over time, a base of restaurants or shops. Although convention and trade show attendees increasingly expect to find good quality hotel rooms, specialty shops, and high quality restaurants nearby, most of the market support for these businesses comes from nonconvention sources.

The different convention center users value amenities differently. The larger national conventions place more importance on available amenities than consumer shows or concerts. The large associations favor entertainment oriented cities, whose amenities may encourage attendees to stay an extra day at the show.

Trade shows do not necessarily seek city amenities. While organizers interviewed believe that a city's ambience may be important in attracting attendance, they do not want entertainment to be a distraction to their

show. Thus it is not a strong factor in their selection process.

One city amenity that several meeting planners mentioned was the aggressiveness of the local CVB. Due to the increase in competition between cities to attract conventions and other events, many of the city CVBs actively solicit the meeting planners and event producers. Meeting planners have received mugs, paper weights, fancy boxes, and complimentary familiarization trips ("fam" trips) from various cities. Vancouver, Atlanta, and Pittsburgh have actively used these types of promotions.

The advice given by meeting planners to all users, from the large association to the small wedding party, is to "take advantage of the CVB in order to receive their in-house services." One might not receive a price discount on convention space but other packages such as having the Mayor as a keynote speaker or a banner welcoming a group to the city can be arranged. The CVB promotes the city's amenities, and can arrange access to them for convention center users.

CHAPTER 3

THE CONVENTION CENTER: WHAT IT DOES FOR THE CITY

3.1 Economic Impact

One of the primary issues in contemporary cities involves the revitalization of business districts and neighborhoods. A broad coalition from within cities of business leaders and government officials believes that the survival of cities depends on their economic vitality. Through investment and economic stimulation, cities as a whole will benefit as jobs and tax revenues increase. In turn, this will provide a higher quality of public services for everyone and will create jobs which can alleviate low incomes and poverty.

Thus cities actively promote growth and become involved in a search for businesses that will create new economic opportunity. The promotion of tourism is a natural outgrowth of this effort. Clean and lucrative, the tourist industry has few negatives. And of the tourist trade, the convention delegate spends the most and is the most highly sought after. Thus, the convention center is constructed to a large extent to bring the lucrative convention business to town.

In "The Case for Tourism: Political Coalitions and Redevelopment in the Central Cities", Judd and Collins write that the acquisition of a convention center in the 1960's was similar to the acquisition of a rail line in the 1860's. Cities felt that in order to survive, they had to have a facility available. The question is, to what extent is this an effective strategy in secondary cities.

3.1.1 Operating Losses

Publicly constructed convention facilities usually lose money.

No convention center makes an operating profit. The nature of the exposition market and convention center competition depresses rental rates at the facilities and forces most centers to keep rental rates close to what others charge. (Rogers, Nation's Cities Weekly, 1/25/88)

Competition between cities for what is perceived as the lucrative convention trade is intense. Cities bid among each other on rental rates and additional services in order to attract conventions. The center itself is seen as a loss leader, as milk might be in a grocery store, bringing convention attendees into the community in the hopes of capturing their related purchases.

As Trudie McNulty, Director of the Convention and

Visitors Bureau in Portland says, "the convention business isn't the building, it's the city, the restaurants, the souvenirs, and the hotels." Her job is to put "heads in beds" by bringing the convention to town. It is hoped that the money is made up in the spin-off purchases that ripple through the community.

Because the convention center is operated at a loss, the private sector, except in rare instances, will not build them. Since the private sector broadly benefits, and taxes can capture that broad benefit, it is thought more appropriate for the public sector to construct the facility. Cities, counties, and states are all involved in the construction of convention centers.

While the financing varies between facilities, a common feature is that the bonded indebtedness is usually guaranteed by the governmental entities that are thought to capture the benefits. For example, the Orlando Orange County Convention/Civic Center's \$42M costs are financed through long and short term revenue bonds guaranteed by a 2 percent resort tax. Boston's Hynes Convention Center's \$234M costs were financed by state backed general obligation bonds, where the primary source for funding the bonds comes from the state hotel room occupancy tax. \$41.5M of the New Orleans Convention Center's \$93M costs came from local bonds that would use the hotel/motel tax to fund the debt service. The state contributed \$30M, as

the center would be used for the 1984 Louisiana World's Fair, with UDAG contributing the remaining \$17.5M. The Washington State Convention and Trade Center's \$152M costs came from \$126M state general obligation bonds, because the benefits of the room tax accrue at the state level. Only \$26M came from city funding.

While the Santa Clara Convention Center \$33M costs came from the redevelopment agency, its operating expenses come from a ground lease to adjacent hotel operators. Since hotel expenditures account for roughly half a delegate's expenditures, it appears to be logical that a hotel room occupancy tax could serve as a method of having the delegates fund the space they occupy.

The money spent on construction and operating expenses is not insignificant. Rarely does the rental income cover operating expenses, much less debt service. The question for the governmental entities then is, how great are the dollars they will receive? Are these really sufficient? If not, will the other benefits make up the difference?

3.1.2 Delegate Spending

Delegate spending varies widely between cities, both because the cost of travel related services differs and because in some cities, a wider array of convention

oriented specialty and high fashion shops are located near the convention center. Thus, the use of an average delegate expenditure for anticipating the delegates impact could be misleading for the secondary city.

However, the secondary city usually differs from the primary cities in regard to cost; the secondary city is cheaper. Hotels, restaurants, and labor are all less expensive in the secondary city. Consequently, secondary markets tend to get more budget conscious delegates, who spend less.

When meetings of groups who are not price sensitive occur in secondary markets, their impact is less because they do not need to spend as much to receive the same level of quality as they would get in the major city.

Additionally, the secondary city will draw regional meetings and trade shows. The average length of stay at regional meetings is 3.2 days, while national meetings average 4.4 days. Events of national scope also involve much higher spending than regional and state meetings. Per attendee spending at national events is approximately double that at state and regional events.

Furthermore, the secondary city has fewer hotel rooms than the primary destination. The convention industry is usually used to either fill hotels or extend

the tourist season into the shoulder seasons. Because the major destinations have so many rooms, even a small percentage vacant can accommodate a convention. But this strategy is less effective in secondary cities. There, because the number of available rooms are few during the most desirable seasons, hotels may not need the delegates during peak seasons and may be unable to accommodate them. Although the convention center may be used for other events, it is not used to attract convention activities during the peak season.

During the shoulder seasons, which are less desirable times, prices are lower in hotels, and the economic impact of the convention is less. The wealthy delegates would be more likely to choose a secondary city during the better season, when hotels may be unavailable, while the secondary city finds the major destinations bidding in competition for delegates to fill their shoulder season as well. Whereas in the major city the convention center works to supplement the hotels, in the secondary markets, negatives can be compounded.

Additionally, in the secondary city, fewer actual conventions are booked and the convention center is used more as a civic center and multipurpose hall. Convention center architects confirm this by stating that secondary city convention centers are designed to accommodate a greater variety of events, from boxing to concerts. The

need to accommodate diverse activities with telescoping seating or more elaborate meeting rooms makes the facility more expensive per square foot than the single purpose hall. In exchange for this premium, what are the economic impacts of events other than conventions?

Secondary cities use their facilities for consumer shows and local events, which draw from the local community and the region. Although some attendees can be shown to come from out of town, and to use hotels, most come from the SMSA. Their spending on entrance fees and restaurants is a shift from other entertainment available in the region. In the same way that stadiums are shown to shift entertainment expenditures, gate and consumer shows compete with movies and other local attractions. Although this may represent a shift in income from the suburbs to the city, it is not a net increase in regional income.

In addition, there is a great temptation for the convention center to compete with hotels for smaller meetings. The hotels are usually quite worried about this potential competition. As part of their agreement to support the facility, the convention center's booking policy usually mandates that conventions generating the maximum hotel stays be given priority, even when these pay less than alternative bookings for the space. But with operating losses to justify, convention centers

increasingly look to accommodating local events that could take place in hotel ballrooms or to supplementing their incomes by providing catering that competes with hotels.

Convention delegates generate spending beyond the host city. Many delegates travel from the host city to the region for vacations or business in either pre or post convention travel. The economic benefit is thus spread throughout the state.

Convention center advocates also suggest that delegates once made familiar with a region are more likely to return with their family to the area for vacations. Some advocates have suggested that delegates are more likely to relocate their businesses once they have become more familiar with an area. While this logic may be appealing, no studies indicated a correlation between conventions and this behavior. It would seem likely that other factors aside from the convention itself would be more important in determining a family's vacation destination and certainly in deciding on the relocation of a business.

3.1.3 The Multiplier

Convention delegate and tourist spending certainly provides new dollars to host cities. The convention

center advocate argues that dollars are respent and ripple through the community. Through the use of a multiplier, the full economic impact of the convention spending on the community can be ascertained. The magnitude of the multiplier varies greatly in various reports in relation to the size of the city. There is reason to suspect that smaller communities would be less able to retain the spending for successive rounds, so bigger cities tend to have higher multipliers. As well, the multiplier would vary depending on the boundary of the region, depending on whether one is looking at state or city impact. The larger region would have a higher multiplier. While much energy can be spent searching for the appropriate multiplier, it may be virtually impossible to find a number that is in any way precise. It is more likely that evaluating the economic impact with a multiplier is unnecessary and misleading.

While it is undoubtedly true that delegate spending will stimulate indirect economic activity, the same would be true of any new business or industry. They all create spin-off spending that ripples through the local economy. To the extent that the facility is used, spending on the convention center may be preferable to military spending, but to suggest that tourism is any different from other business is misleading. It is misleading in part because the facility costs and operating deficits are not factored in as opportunity costs. The money spent, if

not spent by government on the convention center, would either have been spent elsewhere and created businesses that could have generated spin-offs or have been spent by the taxpayers and likewise have generated new business and related spin-offs. All spending has ripple and trickle down effects. No literature suggests that tourism would be greatly more efficient than alternatives.

The use of the multiplier is unnecessary.

The discipline of the market is a far more rigorous and accurate test of the businesses worth. However, all too often, the businesses conduct market analysis and economic impact studies to demonstrate that government subsidies to their private business are in the public interest. In addition, government officials rely on multiplier analysis to assure the public that the government is making a profit in return for its subsidization of private business. (Heartland Policy Study, No.21, 7/22/88)

This has happened in the convention industry. The multiplier is used to suggest that the impact merits the losses. Easily ignored is the fact that all business generates multipliers. There is no reason to expect that government or the convention industry is more effective at spending money than the local taxpayer.

Aside from the multiplier issue, the size of the industry must be kept in perspective with the economy of the host city.

Estimates of expenditures by convention delegates ... must be kept in perspective. For example, the Richmond, Va, Convention and Visitors Bureau reports that, in 1980, the area hosted 278 conventions with a total of 261,229 delegates. The economic impact was placed at \$47M - a substantial sum in absolute terms but still less than one percent of total personal income in Richmond SMSA. (McGuiness, Planning, 11/82)

Yet, the introduction of a convention center that attracts some convention business can be a stimulus to the local economy. However, it is important that its contribution be kept in perspective in order to realistically assess its impact.

3.1.4 Jobs

Convention spending not only means new dollars to a city, it also means new jobs. The extent to which these jobs are desirable is a subject of debate and would depend on the employment needs of the particular region.

Young, a British economist and member of the London Tourist Board and Convention Bureau maintains that tourism jobs are low paying, offering only subsistence wages. Further, these jobs do not increase the overall wage income of the city appreciably or provide much income tax revenue. He suggests that because the work is

unpleasant, the turnover is high and the labor force as a whole is unimproved. Moreover, because turnover is high, it is likely that workers will have trouble supporting their families and will require welfare services from government. Thus, not only do cities gain little but they may even wind up subsidizing tourism and convention related jobs.

Others will disagree.

Low skilled jobs account for 65% of employment in the food service and lodging industry. (U.S. National Tourism Resources Review Commission, Vol.1, 1973)

These figures leave 35% for skilled labor within the food service and lodging industry. Additionally, jobs other than hospitality are generated from the convention and tradeshow industry. The production of meetings requires such skilled services as audio visual presentations and meeting planners. The erection of exhibits requires electricians, carpenters, communications installers, and drivers as well as laborers.

Yet hospitality certainly receives the majority of convention spending. But even if one were to accept the argument that many hospitality jobs are low skilled, the jobs still provide employment opportunities for people who otherwise may be unemployed. Young people starting in the workforce, part time people raising families, as well as people with low skills could find employment

opportunities within the hospitality industry.

3.2 Revitalization

Aside from the economic impact of the convention industry, cities want convention centers because of the activity they bring to the downtown. Many cities are faced with old and obsolete downtown buildings. The floor plates of the older buildings are not efficient for modern office needs. The broken up land ownership patterns make it difficult to assemble parcels in an optimal manner for new construction. Parking and access are difficult for modern retailing activities.

The reprogramming of historic downtown for tourism is appealing to city planners. The old buildings have a history and charm that visitors find interesting and desirable. In mid-sized cities, the first class business hotels that convention delegates desire are usually located downtown. Transportation and infrastructure create good regional access to the downtown. The convention center seems a natural complement to a strategy to bring people into the city.

The downtown convention center (Rockford), designed by Paul Rudolph, is generally acknowledged to be one of the best-run centers in Illinois, yet Doug Logan (the manager) expects it to lose \$1M this year. "I tell people 'Yes, we have a deficit, and yes, it's worth it.' Last May the one millionth patron came

through the doors, that's a million people who otherwise would not have chosen to come downtown." (Henderson, Planning, 11/82)

The traffic from convention delegates and gate show attendees is the primary reason that revitalization efforts in the downtown can be assisted through the introduction of a convention center. Yet the convention center is a difficult neighbor at best. Its architecture requires large blank walls at the ground floor to surround the exhibit hall. Large truck loading facilities must also compete for ground level access. The large amounts of parking can make the siting of convention centers problematic and access from adjacent business difficult. While careful siting and clever architecture can mitigate the street level problems presented by convention centers, the convention center is not immediately a pleasant, active neighbor.

Additionally, most major convention centers with more than 100,000 sq ft of exhibit space do not achieve high occupancies. Even those that achieve higher occupancies are occupied by attendees for only a portion of their booking. For exhibits and trade shows, a two to four day move in for a three to five day show may be followed by a one to two day move out. Convention meetings would require less down time, but in either case the occupancy cannot be continuous. So area merchants find a feast or famine of traffic if they were to rely on

the convention facility alone. The convention center can supplement a business's customer base, it cannot support business on its own.

A representative of the Greater Springfield Chamber of Commerce echoes the thought of many: Anyone who has a business downtown will say their business has been helped by having convention center visitors here. But you can't say this building or that building has come as a result of it." (Henderson, Planning, 11/82)

The convention center consequently does not make a good trailblazer into declining or peripheral areas. It can assist, but it cannot lead development.

The amount of commercial development that will spring up around (or can be supported by) convention centers is usually overstated. Conversely, the degree to which the success of convention centers depends on nearby commercial development (hotels, shops, and restaurants) is too often overlooked and, at best, understated. The result is disappointingly low occupancies for convention centers and the frequent failure of dependent commercial enterprises. Most of the market support for hotels, restaurants, and shops near convention centers (must) come from nonconvention sources. (Peterson, Urban Land, 9/88)

The city has other options to use to promote revitalization of their downtown. Housing, transportation infrastructure, parks, parking, tax incentives, low interest loan programs, museums, aquariums, and festival marketplaces are among the many

that are used as part of a revitalization strategy. The convention is just one of many of the possibilities, but it is one that requires that other amenities already be in place. Convention delegates do not want to travel to desolate city centers, and active downtowns cannot survive on the convention center alone.

Yet, tourists do support restaurants, cultural programs, and recreational opportunities that are in turn available to everyone. Tourism, it is argued, improves the community's quality of life by increasing the options available to it. The convention center, if properly conceived, can assist in the revitalization effort.

3.3 Prestige

Most people want to believe that they live in a community that is desirable. It is hard for people to accept that others would not want to spend a weekend in a place where they live for 365 days a year. Thus the building of a convention center has become a matter of community pride and urban ego. To be a destination city for conventions has become a mark of urban maturity.

Yet some population sectors do not want visitors, or the growth and the congestion they inevitably bring. The tourist undoubtedly puts a strain on the town, regardless of whether there is a convention facility. Besides the

lines at restaurants, tourists congest the streets, and use the police and fire fighters, and the water and sewage facilities, just as residents do. Increasingly, residents are saying they want to remain undiscovered.

Neighborhood groups are also vying for the limited resources of the city. They are skeptical that the deficits needed to operate convention centers are justified. They fear an increase in taxes to support the facility and a decrease in funds available for neighborhood projects. Where referendums were held on building convention centers, they lost. (Crystal, Meetings & Conventions, 11/88)

Just as with many prestige items, not everyone agrees on the same fashion. Are there other options that would confer the prestige and economic advantage of convention facilities? In secondary markets, would investment in education better attract skilled employment? Would investment in parks, bike trails, recreational facilities, or theatres better enrich the community than a convention center?

CHAPTER 4

CONCLUSION

The convention center industry is promoted as a clean industry that brings new business travel dollars to host cities. Yet the convention center functions more as a multipurpose hall than as a simple convention facility in the secondary city.

The users of this multipurpose facility have different impacts on the city. The economic impact of a convention center in a secondary city will be less than in the major destination. There will be fewer conventions and the convention attendees will spend less. When hosting consumer shows and local events, the expenditures will be shifts from other entertainment options available to the public, rather than new money to the community.

While the convention center will bring people to its functions, the shift of activity to the area surrounding the convention center is not pronounced. The extent to which it will aid revitalization is dependent on the amount of activity already existing in the area. The convention center can supplement business, but it will not support business on its own. Thus the convention center can not lead a revitalization effort, but it can follow and contribute to a strategy promoting the reprogramming of

downtowns. The extent to which it encourages the use of downtowns and symbolizes a vital and maturing city can also be beneficial to the overall image of the city.

Certainly a city can provide public meeting space and not be expected to make a profit from it. Government does not make money on libraries, museums, or concert facilities. However, these are conscious decisions taxpayers make to receive these cultural benefits. The discussion regarding the convention center in secondary cities is frequently clouded with the economic benefits it will confer on the area, which are often more elusive than initially thought.

More accurately, the convention center's benefits are partly economic, partly cultural, and partly symbolic. A more informed discussion should occur in secondary cities before the subsidy of a convention facility is granted the convention business.

The secondary city should carefully examine the needs of the potential user groups and how the city might meet them:

(1) Does the city need additional meeting space for local events? Frequently convention centers find themselves competing with existing hotels and other public facilities. Conflicts over booking policies can be avoided

by carefully considering the center's impact on existing and future private sector development. These users may help fund the center, but they do not represent new money to the town.

(2) Does the city need additional space for consumer shows? While studies were begun in the spring of 1989 to determine the economic impact of consumer show attendees and were not available at the writing of this paper, most industry analysts feel that the economic impact of the consumer show is less than that of the convention. Consumer shows do draw from the immediate region, so even if the spending in the town is large, it may only represent a shift from other entertainment opportunities.

(3) Does the city truly have a demand for additional convention and trade show space? The competition from convention centers in other cities in the country makes it increasingly important for a city to be realistic about its desirability as a convention destination. A city must already have certain amenities to be able to attract convention and tradeshow business from other destinations.

A sufficient population is required to have a critical mass that can support amenities desired by delegates. It is unwise for the city to assume that new hotels or other businesses will open just because a convention center is constructed. Hotels and other businesses will fail if they

rely solely on convention traffic.

While assessing their desirability, cities must also examine other alternatives that might be employed to promote economic growth and downtown revitalization. Investments in education, research parks, and industrial parks are among many alternative that can promote economic growth. Investments in parks, transportation infrastructure, housing, festival marketplaces, museums, or aquariums can assist downtown revitalization.

It is particularly important to consider alternatives because the convention business is more than a building. It is a business. Management of the facility is critical. Lead times in the convention industry are long: two years and more (some conventions book 20 years in advance). Consistency and dependability are important. Thus the relationship between management and meeting planners is paramount in determining where groups go in the increasingly competitive convention and meeting industry. Cities are recognizing the level of expertise that is required and are more frequently turning over the facilities to private management firms. Although they may generate more bookings, they will also cost more money. Cities must be willing to make a long term commitment to the convention industry beyond the construction of the facility. This commitment becomes increasingly difficult as governmental administrations change and cities face

changing budgetary criteria.

Another question arises that convention center advocates should consider: Why should an industry of business travelers and tourists be subsidized by taxpayers with the loss leader of convention floor space in the first place? The argument usually made is that the attendees make up for the losses with their expenditures, not that the tourists or conventions need the subsidy. The convention industry is not impoverished, nor is its attendee. Is it necessary for governments to subsidize business meetings? And if so, is it wise for local governments to compete with one another? Would it not be prudent for government to control the supply of convention facilities so that rents can be maximized?

The bidding war to attract the conventioneer should be done by the hotels, since they receive by far the greatest share of the convention dollar. In cities with a large number of hotel rooms, it is possible for the hotels to subsidize the loss leader of the convention center. There, even a high occupancy rate will still find sufficient rooms to run a 1000 bed convention through the center. Normal hotel occupancy rates can be enhanced by the convention center. In turn, even if the center gives away the space, if a portion of the hotel bed tax is dedicated to supporting the convention center,

the city may come out even.

However, in the secondary markets, there are insufficient hotels to use the added room nights to fund the deficits alone. A larger coalition must be assembled to support the facility. The need for the multipurpose nature of the facility becomes more critical.

It is important for a city to not only analyze its needs, but the demand for its facilities. Very little is known about what drives the convention industry and what the saturation point may be for convention center space. Many cities may find they have well designed facilities that will be under utilized and a drain on the city's resources because demand may simply not continue to grow.

Not every city needs to be a convention destination, nor should they be. Many cities may examine their amenities and the options available to them, and determine that they are ready for and indeed need a facility. For others, the building of a convention center may be premature.

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