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[ICVA seeks extra \\$15 million to market enlarged Indianapolis convention space](#)

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The [Indianapolis Convention & Visitors Association](#) says it needs more sales and marketing firepower to fill an expanded convention center and adjacent hotels. That means asking the 's Board-one of ICVA's primary sources of funds-for a budget increase of up to 50 percent at the worst possible time.

ICVA says it needs an extra \$3 million to \$5 million per year over the next three years, a request CIB may be hard-pressed to grant as it struggles with serious operational shortfalls at Lucas Oil Stadium and Conseco Fieldhouse.

ICVA President Don Welsh promises the increased investment in sales and marketing initiatives will more than pay for itself in the form of additional revenue from sales, hotel and other taxes. And the economic impact, in terms of direct visitor spending increases, Welsh said, will be more than 20 times the capital outlay. "We have 85 years of history behind us," said ICVA Vice President Matt Carter. "We are very sure we can hit these projections."

Longtime CIB member Pat Early said he has faith in ICVA's projections and is generally supportive of the initiative, but doesn't know where the money would come from.

"We're having a dialogue with the governor, state legislators and mayor, trying to get this figured out," Early said. "The bottom line is, we're trying to get as many people to visit Indianapolis and spend money as we can."

Welsh said the money ICVA is requesting is crucial to market the "new Indianapolis," including the midfield airport terminal, Lucas Oil Stadium, an expanded convention center and the massive JW Marriott hotel complex under construction.

"Even among people who have been to our city, the awareness of the recent changes we've made is not where it needs to be," Welsh said.

But Welsh concedes that economic times are tough. He and his staff will settle for increasing the budget by about one-third-or about \$3 million annually-for three years.

"We realize the timing of this requested budget increase is lousy," Welsh said.

That's because CIB is contending with a \$43 million shortfall due to operational expenses at Lucas Oil Stadium and a proposed lease negotiation with the Indiana Pacers for Conseco Fieldhouse. Last week, CIB cut \$6 million from its own budget, bringing the expected shortfall to \$37 million.

But ICVA has challenges of its own. Namely, an increasingly competitive convention market. The volume of U.S. convention space has grown from 40.4 million square feet in 1990 to 68.4 million this year, according to industry publication Tradeshow Week, and a fierce fight is on the horizon to make those investments pay.

ICVA not only has additional space to fill with a larger convention center, it also has to recoup business it will lose during the construction phase and because the cost of holding a convention here will generally grow along with the expansion.

Some groups the city currently draws will be priced out of the market. Welsh said the existing client base could shrink up to 20 percent as a result, but ICVA officials insist the upside to having an expanded convention center outweighs that factor. Additional marketing muscle is critical to maximizing the upside, Welsh said.

#### **Funding sources?**

Where additional money for ICVA will come from is difficult to say. CIB has no authority to raise taxes or otherwise generate revenue. So it will look to the City-County Council and/or the Legislature for support.

"I don't know of any state initiative right now to get funding for the ICVA at this point, but you never know what could happen between now and April," said Sen. Luke Kenley, R-Noblesville, a key fiscal legislative leader.

Kenley said he understands ICVA officials' argument for the funding, but that the task of finding it is complicated by the crumbling economy and competing interests in the General Assembly.

City-County Council President Bob Cockrum, a Republican, said one potential source is a 0.25-percent tax on the income of people who work in Marion County but live in other counties.

"What the ICVA has been able to do with a relatively small budget and small staff has really been phenomenal," said City-County Councilor Joanne Sanders, Democratic minority leader. "We lose sight of the fact that this is an economic development issue as much as a taxing issue. These initiatives bring jobs in the hotel, restaurant and other hospitality and tourism sectors in our city."

But even ICVA supporters like Sanders admit this funding might have to be delayed if it's not seen as an immediate, essential concern.

ICVA will soldier on without the funding, but the result could be that part of the expanded convention center, not to mention space in downtown hotels and restaurants, sits empty the next few years, Welsh said.

### **ICVA's shrinking budget**

Seventy percent of ICVA's revenue comes from its contract with CIB to oversee the city's convention and tourism industry. That funding relies on ICVA's getting a percentage of city hotel tax money that flows to CIB. In asking for more money, ICVA is essentially asking CIB to raise the percentage of that tax that is paid to ICVA.

The other 30 percent of ICVA's funding comes from sources such as city coffers, member dues, in-kind contributions, and hotels that use ICVA as a central booking service.

ICVA's 2008 expenses were \$11.6 million, with about 67 percent of that already going toward sales and marketing. As it stands, that budget will decrease to \$10.1 million in 2010—due primarily to a decline in hotel room sales tax income from its contract with CIB.

"What we need is a bridge to get through the next three years," Welsh said. But he added that the need for additional marketing dollars is probably permanent if Indianapolis is to reach its potential as a convention and tourism destination.

Welsh, who was recruited away from Seattle's convention bureau last year, wants to hire seven employees to bolster his 21-person sales staff. He also wants to buy more TV, radio, print, billboard, direct mail and other types of advertising in markets such as Chicago, Cincinnati and Louisville. Welsh has led an effort to launch a branding campaign with the tag line, 'Raising the game,' and a new Web site that will be up and running in early March at [www.visitindy.com](http://www.visitindy.com).

### **Big payoff**

With \$3 million, ICVA projects it can book 150,000 to 200,000 additional hotel room nights through 2014, based on study results from Pennsylvania-based [IHS Global Insight](http://www.ihsglobalinsight.com), a research and market forecasting firm. According to the same study, the additional \$3 million a year in marketing firepower will reap \$115 million to \$160 million annually in direct convention and tourism spending from 2009 to 2014.

And perhaps most important to city and state officials, the \$3 million investment would reap increases of \$14 million in lodging, food and beverage taxes, and \$39 million in state sales-tax increases from out-of-state visitors. The study projected an even stronger return if the annual marketing budget were increased \$5 million.

"The additional \$2 million allows us to increase our focus on leisure travelers, and that brings a more immediate return," Welsh said.

While the projections look good, advertising experts said pushing the image of a city as a tourism destination can be difficult.

"Every major metro area is trying to sell itself in this way," said Bob Gustafson, a Ball State University advertising professor who formerly worked on the state of Illinois tourism account. "The travel and tourism market is extremely difficult right now. Indianapolis has the infrastructure; they just need to be careful they execute the right campaign to make this a lucrative move."