

ASSEMBLY ECONOMIC DEVELOPMENT & TOURISM
COMMITTEE MINUTES

Thursday, April 14, 1977 - 4:02 p.m.

MEMBERS PRESENT: Chairman Bennett
Mrs. Brookman
Mr. Hickey
Mr. Howard
Mr. Polish
Mr. Vergiels

MEMBERS ABSENT: Mr. Demers

GUESTS PRESENT: Robert Broadbent, Las Vegas Convention & Visitors
Authority
Rossi Ralenkotter, LVC & VA
Paul J. Christensen, LVC & VA
Roy Woofter, LVC & VA
Vicki L. Donaldson, LVC & VA
Paul King Titus, LVC & VA
Gil Flore
Chris Chrystal, KLAS-TV
Jack R. Petitti, LVC & VA
Roy Powers, Reno Convention Bureau
Mead Dixon

Mr. Bennett apologized to guests for the committee's tardiness and thanked the Las Vegas Convention & Visitors Authority for coming to Carson to give this presentation. He then introduced Mr. Robert Broadbent and thanked him for putting this presentation together so that the committee could have this input.

Mr. Broadbent stated that these slides and film would show what Las Vegas is doing to combat what might be the effect of Atlantic City on their economy and the gaming industry. He then introduced the other members of the LVC & VA and added that Mr. Paul Christensen would begin the slide presentation.

Mr. Christensen stated that Las Vegas owes its very existence to the tourist and convention delegate and the economy is dependent entirely on the influx of visitor dollars. He showed slides with a commentary which is attached as Exhibit A. These slides depicted scenes of Las Vegas, billboard advertisements and magazine advertisements.

He then showed a film which the Authority uses in fifty cities to inspire travel agents to recommend Las Vegas to their customers. He then turned the slide presentation over to Mr. Rossi Ralenkotter whose comments on marketing, revenue figures, future projections and Atlantic City begin on page 5 of Exhibit A. He also played a jingle that is currently being broadcast in the Las Vegas area.

At the end of the presentation Mrs. Brookman asked if Atlantic City was doing any promotional work. Mr. Ralenkotter explained that they had done some but that New Jersey had not yet set any guidelines or rules and regulations pertaining to hours and credit or types of gaming to be allowed.

Mr. Hickey asked if they made any projection of what would happen if Florida also legalized gambling. Mr. Ralenkotter stated that they felt if this should happen it would draw tourists from the east coast and the bahamas and that Las Vegas would have to step up their promotional efforts in these areas. In answer to Mr. Hickey's question as to what marketing areas would be directly affected that Las Vegas is reaching now, Mr. Ralenkotter listed the New York metropolitan area, Boston, Philadelphia and some of the Chicago and midwest areas because of low-cost airfare. He added that Las Vegas would have to advertise the entertainment-excitement package as well as competing on a dollar basis in the cost of travel.

In answer to Mr. Howard's question as to how many conventions had been lost to Atlantic City, Mr. Ralenkotter stated that they had not lost conventions but had lost some of the opportunity to sell Las Vegas. Mr. Howard then asked how they advertise their slow months of December and June and Mr. Ralenkotter answered that the majority of the hotels and motels do their own advertising for these slow months and that the Authority was more interested in bringing conventions to Las Vegas during these times.

In answer to a question of whether there were figures showing the business generated by the film shown to travel agents, Mr. Christensen stated that they knew how many reservations were made through their watts line but not how many were made by travel agents directly to hotels and motels.

Mrs. Brookman suggested that the Authority might consider the active use of direct phone lines to hotels at the airport in determining the number of persons coming to Las Vegas without reservations.

In answer to Mr. Polish's question about what percentage of people are coming from the east as compared to Los Angeles, Mr. Ralenkotter said that Los Angeles represented 50.2% of the market and the east coast was 11%, the bulk of which is New York City. Mr. Hickey asked how many of the advertising dollars were spent on national advertising and Mr. Ralenkotter explained that 60% of their visitors come from California and that the majority of their advertising is directed to them but 35% was national. Mr. Christensen added that each year they try to add one or two new target areas throughout the country. Mr. Broadbent added that they realize that the hotels are also advertising and they try to coordinate with their efforts.

When Mr. Bennett asked if their budget was adequate, Mr. Broadbent answered that it has been said that every dollar invested wisely in advertising brings back five dollars, that if they had more they would be able to bring in more. Mr. Christensen added that other

tourist areas are increasing their promotional dollars much faster than Las Vegas and this is a great concern each year. He also said that costs of production and media increase each year.

Mr. Bennett said he felt that promotion should be more aggressive and that the state should help to keep ahead of the competitive markets. Mr. Vergiels said he thought the Authority was doing an excellent job in bringing tourists to Las Vegas and he hoped they would be able to do more.

Mr. Broadbent stated that the LVC & VA was recognized throughout the country as having one of the best staffs but that they had done a poor job selling to their own people and appreciated this opportunity to relate what tourism and gaming means to the economy. He added that Nevadans should be made aware of this so that all can work towards making tourism a bigger and better success.

Mr. Howard stated that he thought the LVC & VA was doing their job well but that they lacked state participation and the state should realize that this is the package that carries the state of Nevada. He felt that more support should be given through the Department of Economic Development.

Mr. Broadbent stated that they had some marketing bulletins that he would have distributed to all the Assemblymen and Senators.

Mr. Bennett adjourned the meeting at 5:05 p.m.

Respectfully submitted,

Patricia V. Hatch

Patricia Hatch, Assembly Attache

LAS VEGAS MARKETING PRESENTATION TO THE ASSEMBLY
COMMITTEE ON TOURISM AND ECONOMIC DEVELOPMENT

Mr. Christensen:

Las Vegas owes its very existence to the tourist and convention delegate, and our economy is dependent entirely on the influx of visitor dollars. Our employment rate, tax structure, even the price of food is directly related to the number of visitors we host each year.

To better understand this relationship, let's trace a visitor's dollar from the point it leaves his pocket and enters the mainstream of our economy.

For the calendar year of 1976, our tourists contributed \$2.4-billion to our local resort industry in metropolitan Las Vegas. During that same time period, this industry directly employed over 60,000 local residents and produced over \$500-million in payroll. These payroll dollars were used to purchase local goods and services, to pay sales tax and fund local governments, and to generate new investments and construction for our area. Because of the flow of tourist dollars throughout our economy, and because of our dependence on tourism generated revenues, it's easy to see how a decrease or increase in the number of visitors we host each year will have a direct effect on all our residents.

The greater our visitor volume, the greater the salaries of our residents. And, as the number of visitors increase, the demand for hotel/motel rooms increase, resulting in more construction and-again, additional jobs for our community.

Our visitors are our livelihoods, and the successful promotion of our city in the travel and convention market is vital to our economy, and to our city's growth.

The Las Vegas Convention and Visitors Authority has been regarded as the focal point for tourism and convention sales since its establishment in 1959. In that time, it has assisted in establishing Las Vegas as a leading travel destination city, as the convention capital of the world, and it has played a vital role in the promotion of Nevada as a major resort state. The Authority has one objective--to support and expand our local economy with as many tourist and convention dollars as possible.

Crisis such as the 1976 labor strike, or the energy crunch of 1973, give a concise picture of the many functions of the Las Vegas Convention and Visitors Authority. Marketing research and analysis, advertising, tourism promotion and convention sales and solicitations are all utilized in an extensive effort to subdue or avoid any adverse reactions to a possible economic crisis.

On a year-to-year basis, the primary function of the Authority is to promote both conventions and tourism for the city, and to support and expand our visitor industries. The LVCVA implements the only nation-wide advertising campaign for the Las Vegas market area. This campaign, budgeted at \$2.2-million for fiscal 1976-77, is directed toward seven major target market segments and utilizes radio, billboard, and trade and consumer publications. Consumer publications, such as SPORTS ILLUSTRATED, NEWSWEEK and TIME are utilized for national coverage.

The Authority's reservation office is a well-used service provided for travel agents across the nation.

The WATs line was installed for the exclusive use of our travel agents in an effort to reduce the city's regret factor. This service allows one-call confirmation and instant information on room availabilities in the Las Vegas area. In 1976, our reservations office booked 156,276 room nights, handled 32,677 reservations and booked 112,071 people. Total revenue handled through this office totaled \$16,810,650 in 1976.

Brochure room activity is another indicator of market trends for Las Vegas. The Las Vegas Convention and Visitors Authority stocks some 1.3

million pieces of promotional literature and in 1976, 1,260,592 brochures were mailed to travel agents, tour wholesalers, incentive travel companies and the public at large, including some 138,825 hotel/motel IT packages.

The travel agent industry is considered a prime market for Las Vegas. Recent studies have shown the travel agent a determining factor in destination selection for 60% of their clients and that 46% of our visitors arriving in Las Vegas by air have made arrangements through a travel agent.

The Authority recently began a series of travel agent "Frontal Attack" promotions geared to promoting our city as a leading tourist destination. To date, this program has reached 8,871 agents in 50 cities across the nation, and is scheduled for an additional 20 cities during 1977 and 1978. The Authority utilized this frontal attack program in its first international tourism promotion in Mexico and Canada, the leading producers of foreign visitors to the city. Basically, the program consists of a 15 minute film presentation, which hard-sells the Las Vegas area, and a cocktail reception. What makes this presentation unique, however, and contributes to the extremely high attendance figures in each city, is the participation of a well-known sports figures supplied by SPORTS ILLUSTRATED. Celebrity name athletes appear at each frontal attack presentation, and combined with the advertising mileage the city receives

through SPORTS ILLUSTRATED, the program has proven to be a successful means of merchandising our advertising dollars. At the present time, some 94 athletes, including Bob Griese, Roger Staubach, Carlton Fisk and Tony Perez, have taken part in our travel agent promotions.

Mr. Ralenkotter:

In this time of increasing competition among convention destinations, Las Vegas has retained its position as "Convention Capital of the World" and convention sales is an important portion of the Authority's functions. In 1976 Las Vegas hosted 325 conventions, with total delegate attendance of 367,322 and a total revenue of \$97,343,450. Conventions booked for future dates during 1976 totaled 429, with anticipated attendance of 864,426 and anticipated revenues of \$247,340,280.

The basis of any advertising, promotion or sales effort implemented at the LVCVA is supported by detailed analytical research data. A direct result of these marketing endeavors is the quarterly publication, the Marketing Bulletin, which contains factual marketing information pertaining to the visitor and convention industries of the Las Vegas market. This publication is utilized by the sales and marketing staff of the Las Vegas hotel/motel industry as both a sales and reference tool, and its mailing list today exceeds 1,200.

To analyze the various trends of our unique market, the Las Vegas Convention and Visitors Authority conducts week-end and monthly occupancy

surveys of both hotels and motels in the Las Vegas area. These facts are utilized to compute visitor volume counts, average city-wide occupancy levels, advertising campaigns and convention sales efforts.

Knowledge of consumers is paramount to developing effective advertising themes. In order to understand the demographics and psychographics of the Las Vegas visitor, our marketing department has implemented a quarterly visitor profile study. 1,000 interviews are conducted each quarter based on a sub-sampling technique that relies on modes of transportation.

This consumer analysis has shown us that 30% of all visitors to the Las Vegas area are new customers, 70% are repeat customers and 34% of these visitors have visited the city two or more times. 95% of those interviewed enjoyed their visits, listing gaming and entertainment as leading inducements to vacationing in the city. The 5% who did not enjoy their visits listed overbooking, poor service and employee impoliteness as reasons for dissatisfaction.

As a result of this marketing research, the Board of Directors of the LVCVA along with the Chamber of Commerce have instigated a local "courtesy campaign." Utilizing the theme "Love Visitors", a full scale advertising

program was designed to educate top and middle management as well as service personnel within the resort industry of the need and benefits of courtesy to our visitors.

The purpose of this campaign is to eliminate visitors dissatisfaction and to develop employee service and courtesy as a major selling point for the future of Las Vegas. The program involves total community participation, and has been budgeted at an annual figure of \$140,000.

Our city has held an enviable position in the tourism and convention industries and projections over the next five years indicate the city will continue to enjoy its success as a leading destination. Visitor volume projections show a steady increase, with 13,259,653 visitors a year anticipated by 1981. Dollar revenue over a five-year period shows a projected total of \$4,987,636,777 and gaming revenue shows a steady rise to \$1,968,413,686 by 1981.

The Las Vegas Convention Center recently expanded its facilities with the addition of a 70,000 square foot meeting room complex, and a 200,000 square foot Exhibit Hall, which will officially open this June. This expansion allows Las Vegas to offer associations over 18 acres of single level meeting and exhibit space, and makes the Las Vegas Convention Center the largest convention facility under one roof in the nation. With a total of 700,000

square feet, our bargaining position in the highly competitive convention industry has been greatly increased.

Competition for the tourist dollar is at an all-time high. Tourism has been determined as the third leading retail industry in the nation, and cities that once considered tourism as supplemental to their economy are now demanding their share of the market. As the cost of travel increases, many states are promoting "Stay-at-home" vacations, advising the tourist to budget his travel dollar. Even private enterprise encourages the purchase of household goods in place of a family vacation.

Competitive destinations throughout the world are becoming more aggressive in their marketing and advertising programs. Currently, the small island of Maui has an advertising budget of \$2.5-million, and Bermuda, Jamaica and Canada all enjoy multi-million dollar media budgets. The Las Vegas budget is nowhere near these figures, therefore, it is necessary that we try to get the most mileage from our advertising and marketing dollars.

Competition within today's convention industry is fierce. Every large city in the nation offers convention facilities, and almost every resort town has added these facilities to their accommodations. Cities

such as Pittsburgh, Tulsa and Cincinnati, which are usually not regarded as convention sites, are building convention centers, and leading convention sites are expanding their facilities at an alarming rate. New Orleans, for example, with its Super Dome covering four-city blocks, has become a prime competitor within a short time.

The most recent development within the convention industry is the emergence of Atlantic City as a competitive convention and gaming destination. This is the only city that poses direct competition to Nevada both as a convention site and as a gaming resort: 25 major conventions have committed dates to Atlantic City since the passage of the gaming referendum there--including both old and new business, and including conventions which were considering Las Vegas as a future convention site before gaming was legalized in New Jersey. In 1976, Atlantic City hosted 359 conventions. These conventions generated \$76,510,600 in revenue, and drew 382,553 convention delegates.

Presently, Atlantic City offers associations 516,778 square feet of exhibit space, and 36 meeting rooms. Plans are already underway to expand this facility. Proposals for a 1,000 room hotel and a 650-room hotel have been accepted, and the city is considering proposals to upgrade all of the city's 10,000 existing rooms. Eastern, National and Northwestern have applied for service to Atlantic City, and the potential market population totals 46.6 million people.

Atlantic City is a direct and immediate challenge to Las Vegas' position as a leading convention site. More important, Atlantic city is a test market. If gaming proves successful and lucrative in New Jersey, cities throughout the nation are soon to follow in approving gaming referendums. As it stands, Atlantic City does not draw heavily from our leading market areas, but widespread approval of legalized gaming poses a definite threat to our industry--and our economy.

Las Vegas holds an enviable position in the visitor/convention industry. We have an indisputable edge over other resort/gaming destinations, and we can enjoy a number of years before other areas have the facilities and room inventories to become truly competitive. In that grace period, we also have the ability to secure our position--through aggressive sales and marketing programs, through sound marketing practices and solid marketing research data, and through the implementation of comprehensive and creative advertising and promotion campaigns. We are aware at all times of changing trends of the industry, and we have the ability to keep abreast and even ahead of them. So to sum it up, we are confident, but aware, of our future and we are committed to a continued growth in both our visitor and convention industries.