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The Results of Convention Center Development
in Second-Tier Cities: Three Case
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Sherie Louise Brezina

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Resources


Major professor

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**THE RESULTS OF CONVENTION CENTER DEVELOPMENT
IN SECOND-TIER CITIES: THREE CASE
STUDY INVESTIGATIONS**

By

Sherie Louise Brezina

A DISSERTATION

**Submitted to
Michigan State University
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1999

ABSTRACT

THE RESULTS OF CONVENTION CENTER DEVELOPMENT IN SECOND-TIER CITIES: THREE CASE STUDY INVESTIGATIONS

Multiple case study methodology was used to evaluate the results of convention center development in second-tier cities. Three in-depth case studies were conducted: the SeaGate Convention Centre, Toledo, Ohio; the Rochester Riverside Convention Center, Rochester, New York; and the North West Georgia trade and Convention Center, Dalton, Georgia. The goals of the research were: (a) to better understand the results of convention center development in smaller markets, (b) to better understand the role of the feasibility study in the process, (c) to better understand convention center operations and performance, (d) to better understand the process of evaluating facility performance, and (e) to better understand how profit orientation affects the operation and/or mission of the convention center.

Cities across the country have embraced convention center development as a viable economic strategy for deteriorating downtowns. This researcher investigated the results of convention center development and convention tourism in three communities. The key findings of the research were that:

1. Feasibility studies are poor predictors of future facility event activity and financial performance.
2. The feasibility study is viewed by key decision makers as a public relations tool more than as a reliable source for judging probable future facility event activity and financial performance.
3. Facilities designed and built specifically to be convention centers were operating as civic centers, hosting mostly local public events.
4. The economic spin-off (i.e., hotels, restaurants, retail) from convention center development was less than anticipated.
5. Economic and political pressure to be profit oriented increased over time, changing management and marketing behavior to seek out high-revenue-producing, typically local events, informally changing the mission from the priority being placed on hosting convention and tradeshow events to the priority being placed on hosting "gate events" and banquets.
6. The decision to develop a convention center had as much or more to do with "politics" and city image enhancement as it did with economics.

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CHAPTER I

INTRODUCTION AND PROBLEM STATEMENT

Introduction

Since the end of World War II, many cities, large and small, in the United States have been losing population as well as employment opportunities. Cities have experienced the flight of the white middle class to the suburbs and a decline in manufacturing employment. Retailing has followed the flow to the suburbs and commercial strips in an effort to maximize profits. This trend has led to a decline in city revenues and an increased burden on city support services and other forms of relief such as welfare. The decline in population and employment has caused economic hardship for cities in the form of lower revenues and taxation. City revenues from both residential and commercial property taxes, along with sales taxes, have dwindled (Fenich, 1992).

Rather than try to bring residents back from the suburbs, cities often adopt a "what is good for business is good for the city" attitude and try to lure business investment dollars back to the central business district. To stimulate development/redevelopment, several urban-planning approaches have been used, including the development of office buildings, theaters, hotels, sports venues, and convention centers. Of the strategies employed, it is convention

centers and the conventions they host that seem to promise the most economic payoff for the least cost.

Benefits often purported by proponents of the convention center development theory of revitalization are that urban areas have the infrastructure in place to support convention activities, the industry is environmentally friendly, it provides employment for workers with low skill levels, the municipality has control over development and operations of the facility, it can be located in blighted areas providing renewal, and it can stimulate adjacent private development, increasing tax revenues and economic benefits to the municipality (Fenich, 1992). It is the development of convention centers as catalysts for city economic development that was the focus of this research.

Over the past 20 years, economic development strategies and, in many instances, downtown revitalization efforts for cities, counties, and states have undertaken the development of huge multi-million-dollar comprehensive convention centers. "A comprehensive convention center is a public assembly facility that is designed to host meetings and exhibits under one roof. It also has provisions for banquet, food and beverage and concession service" (Rutherford, 1990, pp. 78-79). Rutherford further defined comprehensive convention centers as a relatively recent phenomenon, occurring in the last 30 years. Before the 1960s, most cities built multi-purpose civic centers or specific-purpose venues for local audiences—theaters, arenas, auditoriums, stadiums, speedways, tennis facilities, horse tracks, and so on. Growth in the number of comprehensive convention centers in the past decade is shown in Figure 1.1.

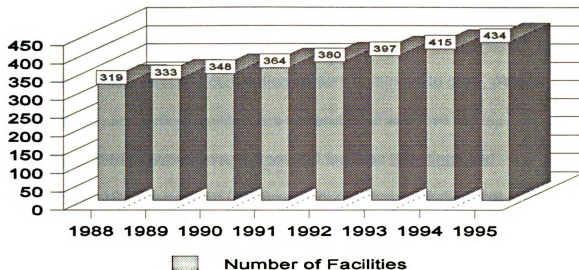


Figure 1.1: Projected growth of convention center facilities from 1988 to 1995. From *The Dollars and Sense of Convention Centers*, by G. G. Fenich. Unpublished doctoral dissertation, Rutgers University, 1992.

More than 400 of these large convention centers exist in the United States (Fenich, 1992; Ghitelman, 1995; Trade Show Bureau, 1993). Growth seems unabated as many existing facilities are adding more square feet, and new facilities are under construction or on the drawing board in many cities. The decision to construct these projects is fueled by increasing competition and strong challenges to the convention, exposition, and meetings industry. The huge capital outlay for the facilities typically is followed by decades of commitment to operating deficits that are paid for by local and state taxes.

Nationally, convention center space has boomed over the past two decades. In 1969, major convention centers covered 6.5 million net square feet of space; in 1980, 11 million net square feet of space; in 1990, 17.7 million net

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square feet of space; and in 1998, 24 million net square feet of convention space (Sanders, 1998).

The number of public convention centers continues to grow, despite records that indicate most facilities are underutilized and lose money (Ghitelman, 1995). Survey results from 450 facilities (Meetings and Conventions, 1995) supported Ghitelman's contention by finding that most facilities' operating expenditures exceeded revenues. The study indicated that 67% of facilities had operating expenditures exceeding revenues and that 11% more "hoped" to break even. Only 22% of the facilities operated in the "black." Convention centers that are underutilized and lose money can become political liabilities, dubbed "white elephants" by critical legislators, taxpayers, and the local press. The past decade of tightening budgets, cuts in municipal services, and increased user fees has made it more and more difficult for many cities to find the dollars to support these behemoth structures once they are constructed.

Convention centers generally funded by local governments and used to generate revenue for the city, local hoteliers, and merchants became popular civic projects in the 1960s and 1970s (Montgomery, 1995). "By the late 1960s, most major cities either had a convention center or desperately wanted one. After all, a center meant conventions and conventions meant visitors and money" (Migdal, 1991, p. 78).

Historically, convention centers existed primarily to service the community, and analysis of recent trends indicates that there is an increasing pressure for convention centers to be profit centers. Most of these facilities generate revenues through rental fees of exhibition and meeting room space. Other revenue sources include food and beverage

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catering, concessions, and vending, electrical, telephone, stage construction, lighting, plumbing, air and sound. (Montgomery, 1995, pp. 45–46)

According to Tiebal (cited in Rutherford, 1990), a challenge to the tradeshow and exposition industry is the issue of facility profit centers. Convention and exhibit facilities are being encouraged by their political environments to become profit makers or at least break-even concerns, as opposed to the conventional wisdom of the past that viewed convention and exhibit facilities as “loss leaders” for other businesses in the community (p. 3). It has been pointed out (Crystal, 1987, p. 50) that convention and exhibit facilities are easy targets for politicians to point to as money losers. They then demonstrate to their constituencies that they are being fiscally responsible by requiring centers to break even or turn a profit.

The history and operation of convention/exposition centers in Europe are much different compared to the United States. In Europe, building development typically is private. The facility is an exposition “show” producer, and rental rates are set to ensure a profit for the private business concerns. In the United States, private development is minimal because public ownership and subsidization by states and localities keep rental rates artificially low, making private financing and development unlikely. In the name of economic development, some secondary markets are further committing future taxpayer dollars by financing the development of support facilities such as headquarter hotels. Distinguishing between the economic benefits that the convention centers were originally developed to generate—hotels, retail, and eating

establishments to service the convention segment of the tourist industry—and the financial support by local and state tax dollars extracted with high political and economic costs has become increasingly difficult.

Why, then, are local and state decision makers willing to undertake the development of large convention centers?

Although there is very limited research directly related to the topic of convention center development and the decision-making process public officials can use, support for the development of a convention center often comes from various “interest” groups.

Typically, the hospitality industry and the chamber of commerce support convention center development to increase hotel occupancy and retail, transportation, restaurant, and entertainment sales. From a city-revitalization viewpoint, a convention center development may spark development of office space and possibly residential development to downtown cores that are void of retail significance.

Besides the promise of the infusion of dollars from convention delegates, secondary benefits often help justify publicly-paid-for convention center construction. Assumed benefits include:

1. More tax revenues from state and local sales taxes, hotel occupancy/bed taxes, food and liquor taxes, cigarette taxes, personal income taxes, and commercial property taxes.
2. New job creation in hospitality, construction, and retail industries.

3. Service-specific private business development in travel, restaurants, party planning, seminars, florists, caterers, and so on (Rutherford, 1990).

Critics (Barranger, 1997; Mills, 1991; Peterson, cited in Ghitelman, 1995; Sanders, 1998; Tabak, 1994) argue that the subsidizing-at-any-cost philosophy adopted by many cities is alarming and ask the rhetorical question: Why should governments be in the convention center business? Some industry consultants who generate convention center studies share these misgivings. In an interview, David Peterson, a well-known industry consultant with a background in economics, stated that he saw no theoretical justification for the government's role in the field (Ghitelman, 1995). He stated, "If nobody had ever started subsidizing convention centers, there wouldn't be any need for it. Only those centers where there was sufficient economic demand would get built. There's no reason to subsidize them except that everyone else does" (pp. 75-76).

Ghitelman also cited Edwin Mills, a professor of real estate at Northwestern University's Kellogg School in Evanston, Illinois, as doubting that the benefits of convention centers offset the cost to taxpayers and advocating that governments should start selling off their convention centers gradually over the next 10 to 20 years (p. 80).

In American Prospect, Barranger (1997) asserted that too many cities are adopting the "carnival city model" with its publicly-paid-for attractions (convention centers, stadiums, riverwalks, aquariums, and sometimes casinos) and that the market is saturated. The unpleasant side effect is that the carnival

city model requires constant and expensive upgrading to remain competitive and economically viable. To keep tourists coming back, the city must constantly reinvent itself. Barranger used Chattanooga, Tennessee, as an example of a carnival city model that is now continuously having to reinvent itself for the tourists. "Although local governments try to disguise public funding for these projects as taxes on tourists or special bond measures, inevitably money spent on these carnival attractions is money not spent on other, more worthy public investments" (p. 34).

The public policy decision-making process that leads to building a convention center usually includes five stages: (a) discussion, (b) feasibility study, (c) architectural drawings, (d) legislative approval, and (e) funding for construction (Major Exhibit Hall Directory, 1993).

The decision to proceed with a convention center project often is highly dependent on the findings of commissioned feasibility studies. These studies take market, physical, and organization factors into consideration and make estimates, projections, and forecasts as to the future success or failure of a proposed convention center project. Although feasibility studies are routinely undertaken to assist in the decision-making process, follow-up evaluation research on the accuracy of feasibility-study projections and findings is scarce to nonexistent (Sanders, 1998).

Heywood Sanders (1998) described the convention center development process as filled with political rhetoric of advantageous economics supported by a bulky and seemingly substantial "feasibility study." Produced by national

consulting firms, these studies provide the rationale for more local convention center space and the images of community benefits. According to Sanders, the promise of thousands of new convention goers who, without a sizable convention center, would hold their convention in another competitive city, as well as the potential for economic improvement and new jobs, is tempting to both public officials and the general public. Yet, the actual performance or results of the convention center investment rarely are examined.

According to Tabak (1994), "These reports, through sheer bulk and impressive-looking tables and charts, are clearly designed to impress the public officials who order them. What they don't do is withstand any sort of intensive scrutiny" (p. 28).

Many arenas, stadiums, and convention centers are built as public-works projects that carry a year-to-year debt service and operating loss. This loss-leader philosophy of development and operation is becoming harder and harder to sell to a fiscally conservative public and its public representatives who voice concern that the convention center should minimally break even in terms of revenues to expenditures for operations (Montgomery, 1995)..

In the mid-1980s, the literature began to chronicle the change in philosophy regarding convention center operations and finances. In an article entitled "The Evolution of the Industry" in Meetings and Conventions, Hosansky (1986) stated,

Taxpayers and their representatives need to be convinced that capital outlays for convention centers will repay the investment and generate the sort of economic activity the feasibility studies and promoters promise. It

is no longer the case that such facilities need to be loss leaders; they are under increasing pressure to be cost effective to the point of breaking even. (p. 57)

The building growth that was robust during the 1980s has continued into the 1990s, despite no growth in the demand for space in the past few years and rumors in the industry that a shake-up and downward spiral for business may be the future (Tabak, 1994). "Simply building a convention center in most cities is not an automatic guarantee that all the assumed benefits will immediately or even eventually accrue. This is especially true for cities that are not considered 'primary' markets for conventions and meetings" (Rutherford, 1990, p. 76).

Most of the more than 200 facilities built in the past 20 years have been constructed in secondary or even tertiary markets (Aud-Arena Stadium Guide, 1994; Tabak, 1994). Primary-market cities are those that have large, well-designed convention centers, large inventories of first-class hotels, good transportation, infrastructure, and an appealing city image. For this type of city, demand for exhibit space will almost always outpace supply. However, in these primary cities, the convention business often is just the icing on the cake for an already booming tourist market (Tabak, 1994). According to Quinn (cited in Rutherford, 1990), "Even the best planned convention centers in secondary markets may suffer from the relentless construction of competitive structures nationwide" (p.17). Facilities that are lacking in even one of the key criteria considered important to meeting planners (i.e., first-class hotel rooms, transportation, distance to airport, distance from hotel to convention center, facility design, city image, and so on) may be overlooked by major national and

international conventions. Facilities that cannot draw major convention business become "white elephants" and, according to Quinn (cited in Rutherford, 1990), an economic drain rather than providing the economic benefits discussed earlier.

According to Peterson (cited in Rutherford, 1990),

Sizing facilities in second-tier emerging cities is the most challenging because each 100,000 square feet affords additional opportunities for events during the peak season; consequently, the optimum building program will yield maximum delegates per square foot, for the minimum dollars (annual debt service and operating cost) per delegate. At some point, additional space will yield diminishing returns, meaning the proper size has been reached. . . . Many times the emphasis is on building all the budget will fund or the site will hold. The exercise becomes how much market will fit in the box, rather than how big to build the box to fit the market requirements. (p.16)

Another concern for decision makers once the facility is built is that the measure of a convention center's success does not follow traditional real estate development measures such as return on investment and operating profits. In feasibility studies, often-used industry performance indicators such as the number of hotel room nights generated as a result of a convention that could not be hosted in the city without the use of the convention center; the number of conventions hosted by the facility that are considered citywide; annual occupancy percentage; revenue-to-expenditure ratio; size (number of delegates) and number of conventions hosted; number of events hosted in slow or shoulder season; economic impact to the community based on the tourists; direct, indirect, and induced spending in an area; number of persons employed in the tourism industry; and enhancement of city image are estimated (Lundberg, 1994; Meetings and Conventions, various issues). However, there has been little

systematic research on and reporting of guidelines or standards on which public officials can, should, or do base judgments. Convention centers often have mission statements or operational objectives. Without any guidelines or standards of measurement, these objectives tend to be vague and difficult to operationalize. Research to document standards of measurement that decision makers can use to evaluate their convention centers' performance is needed.

One final aspect of convention center development and public policy decision making is that, once these facilities are constructed, the commitment to them is ongoing. The debt service may be 20 to 30 years, yet often long before the facility is debt free, necessary renovations or additional square feet are constructed to keep the facility competitive, which reestablishes bond debt. Public decision makers make long-term commitments of tax dollars without the necessary decision-making tools to evaluate those commitments in the long term.

Across the country, municipalities in large numbers, more than 150 in the past 10 years (Fenich, 1998), have adopted the convention center development strategy as a means of easing urban woes and sparking economic development. At the same time, more and more pressure is being placed on these facilities to perform financially. Does this affect the mission and objectives of the convention center? Is the facility behaving (operating) as a convention center, or does it more closely resemble the municipal civic centers of the past? What is the role of the feasibility study? How accurate are feasibility projections when compared to actual operations? Is the municipality reaping the economic rewards anticipated by developing the convention center, or is the convention center

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viewed as a drain on municipal resources? How are convention center operations evaluated? Answering these questions and discovering more about convention center operations and how convention center performance is evaluated by those involved in convention center decision making were the focus of this dissertation.

The significance of this research is that there has been very little postoperational evaluation of convention center operations, even less study of how decision makers, public officials, and facility managers evaluate the convention center development process and convention facility operations, and no study of how the trend of expecting convention centers to be financially solvent may be affecting the operations and/or mission of convention centers. This research contributes new information regarding convention center development strategy as a part of urban planning theory in secondary markets. The research may also contribute to the ever-present private-versus-public theoretical debate over the proper role of government and government subsidization of an industry.

Problem Statement

Cities across the country have embraced convention center development as a means of bringing in convention tourism and revitalizing deteriorating urban cores. These facilities cost millions of taxpayer dollars, and most operate at an annual loss to the city. Convention centers historically were built as “loss leaders” (i.e., the economic impact generated by the new construction,

convention-attendee spending, and spin-off business creation would more than make up for the yearly deficit cost to the city). Today, facilities are experiencing increasing political pressure to break even or make a profit, regardless of the positive economic impact that may be generated from convention center activity. This begs the questions: Does the new trend to be profit oriented change the nature of operations at the convention center? Is the emphasis on profit or revenues at odds with the mission of the convention center—hosting conventions? How is convention center performance being evaluated by public officials, decision makers, and facility managers? The specific goals of this research were: (a) to better understand the results of convention center development in smaller markets, (b) to better understand the role of the feasibility study in the process, (c) to better understand convention center operations and performance, (d) to better understand the process of evaluating facility performance, and (e) to better understand how profit orientation affects the operation and/or mission of the convention center.

The research involved an in-depth multiple case study analysis of three comprehensive convention centers chosen from a pool of approximately 20 convention centers that met the study-design criteria. Feasibility studies, industry publications, and academic journal articles were used to identify and select the most commonly named, discussed, estimated, and/or measured variables or criteria used as indicators of performance pre- and postdevelopment of convention centers. In each of the three case studies, feasibility study projections of performance for selected criteria were compared to the actual

convention center operating performance for these criteria once the facility was built. Further, in each of the case studies, interviews were conducted with public officials, decision makers, and facility managers to document how they evaluated or assessed the operations of the convention center in meeting its intended mission and what they believed to be the role and accuracy of the feasibility study and the study's projections. Each case study documents the operating objectives or mission of the facility and how these objectives were operationalized and measured. Finally, this research documents whether or not the convention center's operating and marketing behavior was congruent with the mission of the facility.

Objectives

The objectives of the research can be divided into two distinct areas. The first area of inquiry involved predictive accuracy of feasibility performance measures, and the second area of inquiry involved performance-viability evaluation. The following questions were addressed:

Predictive accuracy of feasibility performance measures:

1. What is the predictive accuracy of performance indicators in feasibility studies of convention centers when the estimated or projected performance indicators are compared to actual operating data once the facility is built and in operation?
2. Can areas of strength and weakness be identified with regard to the predictive accuracy of performance indicators in convention center feasibility forecasting?

Performance viability evaluation:

3. Once the facility is constructed and in operation, how is performance evaluated by public officials, decision makers, and building management? (Are the feasibility estimates used as performance indicators of success or failure of the convention center? What is viability, and how is it measured? How knowledgeable are public officials, decision makers, and building management about convention facility viability?)
4. Are the attitudes and expectations of facility performance by public officials, decision makers, and facility managers congruent with the mission statement and/or operational objectives of the convention center?
5. Does profit orientation affect the operations and/or mission of the convention center?

Delimitations

The focus of the study was on medium-size convention centers (50,000 to 250,000 square feet of exhibit space), built in emerging or secondary (not primary) markets. The case studies were of comprehensive convention center projects that:

1. Developed a new (not expansion of existing) convention center (for clear analysis and comparison of operating performance to original feasibility study).
2. Were built after 1980. (Facilities built before this date have been or need to be renovated or expanded to keep them competitive; building obsolescence becomes a factor for the facility.)

3. Had been in operation for at least 5 years. (This allows for a stable or typical operating posture to be studied.)

4. Were publicly owned and operated. (A majority of United States facilities are publicly owned, and the secondary data for research are easier to obtain than is private facility information, which often is considered proprietary.)

5. Were not in a capital city (these facilities have a built-in state association base and tend to compete for state/regional business rather than national conventions).

6. Facility found in an emerging, not primary market. (Facility development is built as a catalyst for economic development in an area through visitation of tourists to a community for convention and trade show events. Populations in the SMSA from 75,000 to 1.5 million were considered.)

7. Were medium-size facilities that had a main hall of at least 50,000 square feet, but not more than 250,000 square feet of exhibit space. (The majority of conventions and trade shows held in this country can be accommodated in a facility of this size.)

8. Were designated as convention centers as opposed to a multi-complex, multi-purpose civic center, exposition center, arena, dome, or stadium by using the term "convention center" in the official name and in marketing/promotion.

9. The convention center cases chosen for study had the feasibility work conducted by different consulting firms.

Basic Assumptions

It was assumed that the firms/organizations that conducted the feasibility analysis were selected by the government entities on the basis of their expertise, experience, and knowledge of convention center feasibility analyses and were paid accordingly. The assumption was also made that the firms or organizations that conducted the feasibility analyses used the best analysis techniques available. It was also assumed, from a thorough review of published literature, that if any follow-up evaluations had been conducted to ascertain the accuracy of specific analysis techniques, this information remained proprietary to the firm or organization. The intention of this study was **not** to indict the integrity of or give credibility to one firm or organization's feasibility study over another's. The purpose was to scrutinize, examine, and evaluate the predictive usefulness of convention center feasibility analyses for public officials in the decision-making process.

By comparing feasibility study forecasts to actual operating results, the research was intended to identify areas of strengths and weaknesses in feasibility forecasting for the convention center cases studied. The study findings might indicate the need for further study and refining of feasibility-analysis techniques used for convention center projects.

Limitations

The in-depth evaluation of individual case studies was chosen to gain information about the predictive use of feasibility performance indicators for

public decision makers and provide information with which to develop a model or guidelines that public officials may want to consider in judging their convention center's viability once it is in operation. Theoretical propositions may follow; however, the findings cannot be generalized to the population of convention centers.

The research was limited to public facilities and did not address the growing private convention center market. There are approximately 20 privately owned facilities in the convention center size range considered here. Most of these are operated by hotels or corporations such as Walt Disney World and casinos.

The cases that are presented are not geographically representative of the entire United States. The criteria used to select the case studies were developed to make the findings as relevant and as comparable as possible for decision makers in secondary markets who are acquiring or have acquired huge debt obligations for convention centers that may or may not be reaping the promised economic benefits for their communities. The screening process was as follows:

1. Identified all facilities with a main exhibit hall of 50,000 square feet but not more than 250,000 square feet (Major Exhibit Hall Directory, 1993).
2. Screened out all facilities built before 1980, private facilities, facilities other than convention-center designated, and those facilities in primary markets over 1,500,000.
3. Omitted facilities built after 1993 and those that did not have 5 complete years of operating information.

The remaining convention facilities comprised the study population. The selection of seven cases to study was proposed before the pilot study. After the pilot study was conducted, the cases thought to be able to be researched were narrowed from seven to three due to cost considerations and the time required to do in-depth case study research. The facilities chosen to be studied were in the following cities: Toledo, Ohio; Dalton, Georgia; and Rochester, New York. The selection of these cities was based primarily on their ease of access for the researcher, city image not based on tourism factors, and a geographic distribution of centers from the Midwest, the South, and the Northeast.

Major industry experts view management as one of, if not the most, important criteria to a convention center's performance. This researcher did not analyze what characteristics convention center managers might share. Rutherford (1990) systematically presented data on convention center managers' backgrounds, their buildings, and management issues.

The focus of this study was on using multiple case study methodology to discover more about convention center development in second-tier cities; to discover more about the role of the feasibility study in the process; to discover more about the operations and performance measures of convention centers; and to discover more about how public officials, decision makers, and facility managers evaluate the performance of the convention center. This involved performing heretofore not-conducted follow-up evaluation on feasibility study projections, and contributing to broad-based knowledge of how feasibility study outcomes are used in the public decision and policy process; using primary and

secondary data to evaluate operations, event activity, and performance of the convention center; and interviewing public officials, decision makers, and facility managers to ascertain how convention center performance is evaluated. An additional, broader aim of the study was to evaluate convention center operations and performance to see whether they followed the emerging trend of convention centers being profit oriented, and how/whether that affected the mission of the convention center.

CHAPTER II

LITERATURE REVIEW

A review of literature relating to convention center development, operations, and public policy decisions regarding such indicated that there has been limited direct research on the topic, but there has been very limited research on follow-up evaluation of convention centers, no published examination of the accuracy with which feasibility study projections mirror the actual operating performance, and little study and documentation of what convention center performance indicators local public officials, decision makers, and facility managers use to evaluate the success or failure of the convention center in meeting its operational objectives. The literature review is divided into distinct categories to adequately cover the complexities of the research and at the same time aid in understanding the subject. These categories are: (a) the changing city and urban planning theory; (b) convention center development; (c) convention center finance, management, and operations; (d) political framework for public decision making; and (e) case study research.

The Changing City and Urban Planning Theory

Cities have always had a plethora of financial, technical, and intellectual resources that have made them an important factor in the history of mankind (Gartrell, 1988). As transportation improved, cities became the hub of activity for geographic regions and as a place where people gathered to discuss the common good or interest. Trade associations and professional, religious, and fraternal organizations would congregate in the cities about membership and trading of goods (Montgomery, 1995). By the mid-1800s, these trade, religious, professional, and fraternal associations had begun to form and congregated in cities in North America (Gartrell, 1988). These were the beginnings of much of the convention activity that takes place in American cities today.

The changes that have taken place in American cities have been well documented (Urban Land Institute, 1980). Among the significant changes has been a shift in manufacturing, out of the downtown core to outlying areas where land and labor are cheaper (Judd, 1985; Winsberg, 1980). The shift of the middle-class population to the suburbs and the American economy toward services has exacerbated the problem of declining populations in cities (Frieden, 1989; Sternlieb & Hughes, 1979). Retailers have followed the movement of the population out of the city to the suburbs and into malls offering retailers greater profit potential (Cooper, 1979; Hummel, 1991).

Declining resident populations and loss of vital job-creating businesses created a financial burden in the form of decreased property taxes, corporate and business taxes, and income and sales taxes (Cooper, 1979). The financial

problems are intensified for cities, which, unlike businesses, cannot necessarily cut back on municipal services when tax revenues decline (Sternlieb, 1983).

Before the Reagan years and “new federalism,” the federal government returned large sums of money to local governments in the form of grants and revenue sources for capital and operating subsidies. This reversed under Reagan's administration, which put programs into place to discourage intergovernmental transfers for local and state government capital expenditures (Botner, 1989; Fainstein & Fainstein, 1989). Federal monies were no longer awarded just because a city asked and was put on a waiting list, but rather the local government had to be justified by what or how much the local government could finance (Peterson & Forbes, 1989). Local governments, when forced to use their own often-limited resources, placed an emphasis on those projects deemed to offer the greatest return on investment (Bingham, Hill, & White, 1990; Carnevale, 1988; Hinds, 1991).

The economic and physical deterioration of many American cities, neighborhoods, infrastructure, and finances is evidenced in recurring newspaper headlines and urban journals of the late 1980s and the 1990s (Fenich, 1992). The strategy often adopted by cities to counter these problems and stimulate new economic activity is “what is good for business is good for the city” and includes plans for office buildings, luxury housing, government offices, arenas, stadiums, and convention centers (Fenich, 1992). In this vein, cities have not directed efforts at bringing back the resident populations, but rather “the city's survival depends upon economic vitality and it is only through investment that the city can

raise the taxes necessary to provide both quality public services and jobs” (Judd, 1985, pp. 364-365). Thus, capital is redirected into the central city by coalitions of businessmen and government leaders in an effort to elevate the value of the central business district (CDB) (Holcomb & Beauregard, 1981).

The advocacy of the development of a convention center as part of urban planning and urban revitalization was evidenced in the literature as early as 1954. Gelfand (1975) stated that convention halls were among one of the goals of the Housing Act of 1954, catering to the business community. Holcomb and Beauregard (1981) contended that the early urban development grants (UDAG) were mainly hotel projects built to attract conventions and tourists to the city.

The urban plan often included transforming the image from deterioration to vitality. Blighted areas of the city were torn down to make way for new urban landscapes (Holcomb & Beauregard, 1981). Examples of a convention center strategy for redevelopment of blighted areas are the Jacob Javits Convention Center in New York City, built in an area referred to as “Hell’s Kitchen,” and New Orleans, where an abandoned dock front was utilized (Fenich, 1992). The new construction that follows creates the image of progress and vitality, stimulating opportunities for new investment and consumption (Molotch, 1976).

One of these strategies, convention center development, as evidenced in the preceding chapter, has been embraced in municipal redevelopment scenarios across the country. These megastructures are huge, high-profile, and clearly visible components of many redevelopment scenarios (Holcomb & Beauregard, 1981). “Various economic models contribute significant retail, transportation and

entertainment sales to attendees and delegates at conventions, meetings and trade shows" (Rutherford, 1990, p. 73). There has been a veritable explosion in the building of special-purpose facilities designed to make the planning and execution of conventions and tradeshow convenient and attractive to their managers and attendees (Rutherford, 1990). Before 1970, most facilities were public assemblies or civic centers that did double or triple duty as auditoriums, basketball arenas, or hockey rinks. Many of the facilities were dark, noisy boxes, in undesirable parts of town, and not very functional (Rutherford, 1990). Cobo Hall in Detroit, designed and developed in the late 1960s, was the first comprehensive convention center designed specifically to attract conventions and tradeshow to the city (Hosansky et al., 1986).

The lure of convention tourism, and especially convention center construction, has been the big theme of inner-city redevelopment schemes during the last 10 years (Major, 1993). Convention centers are built in hopes of enhancing and changing the poor image of the city (McGee, 1993).

Using a convention center as a centerpiece for revitalization, a city can consciously try to remold its image into one of progress and prosperity by attracting conventions and raising publicity and awareness levels.

Megastructures such as convention centers are important symbols in this new image (Holcomb & Beauregard, 1981). The enhanced image is seldom mentioned as being high on the priority list; economic arguments are usually brought forth, such as increased business and sales the center will bring to the city by bringing in convention visitors with a high propensity to spend money

(Oppermann, 1998). According to Fakeye and Crompton (1991), visitors to a city, while attending a convention, gain first-hand experience, which if they have never been to the destination before may effectively change their perceptions, enhancing the visibility and overall destination image. In a 1986 article by Curt Schleier entitled "Comeback Cities," of the six cities studied, all attempting to reposition themselves in the minds of the outside world, each had included a convention center strategy as a key ingredient in its redevelopment scheme.

With the degree of construction activity noted, cities of all sizes are jumping on the convention center bandwagon and hoping to reap rewards (Fenich, 1992). "Once associated with major cities, visions of economic renewal combined with civic pride have brought convention facilities to smaller cities" (McGuinness, 1982).

Breslow (1994) described the urban renewal and convention center boom in bleaker language:

Desperate for a fix, with industry having long since fled, the middle class continually flowing to the suburbs, and aid from the federal government and state governments cut, cities are desperate for sources of economic growth and tax revenue. Since most city residents have little spare cash, affluent tourists are a good bet for bringing in funds. And a lucrative form of tourism is conventions, sponsored by trade associations, professional organizations, and membership groups. (p. 12)

Although these projects are filled with risk, civic boosters often include powerful coalitions of backers, including business leaders, politicians, construction trade unions, and the hotel and restaurant industries. Business and conservative groups, who are quick to oppose spending government money for

the poor and downtrodden, have supported public subsidies for economic development ventures (Breslow, 1994).

Many writers have suggested that cities do not build convention centers solely to meet demand or for economic reasons, but as a matter of civic pride (Fenich, 1992).

Still others feel this civic pride is really a matter of staying competitive, and without a center or stadium a city is not keeping up or is not a world class city. . . . Thus, cities may not use financial logic alone in deciding to build a center, and this makes it more difficult to determine whether convention centers are an asset or a liability to their host municipalities. (Fenich, 1992, p. 35)

Convention Center Development

In studying the literature about convention center development, operations, and public policy decisions regarding convention centers and the role of feasibility studies in the process, most writers have come to the conclusion that the research is, in fact, scant. Abbey and Link (1994), in reviewing the research, concluded that research is limited on the convention industry and that the field is ripe for new research opportunities. Much remains unstudied in the convention segment of tourism. Research that may have been conducted is often proprietary and/or published by private consulting firms. However, in his book The Development and Management of Visitor Attractions, Swarbrooke (1995) dedicated an entire chapter to the development process and the role of feasibility studies. The adoption of Swarbrooke's visitor-attraction definitions and processes with regard to convention center development is both reasonable and rational, given that his definition of development is "the construction of new

buildings and structures for the purpose of attracting visitors" (p. 99), which is the key motivation for developing convention facilities.

The term "feasibility" study encompasses a wide range of types of studies that differ somewhat with respect to their purpose and content. However, the general goal of feasibility studies is clear: to test the potential viability of the proposed project as accurately as possible before a decision is made whether or not to go ahead with a project. Feasibility studies may have a number of objectives and can include any combination of the following:

1. Testing as far as possible the financial viability of the proposed attraction, which means calculating capital and operating costs and projecting visitor numbers and income.
2. Clarifying and refining the original concept to reconcile it with issues such as the market and financial viability and site availability.
3. Forecasting the likely nature and size of the target market or markets for the attraction. Whereas formulae exist for this purpose, such forecasting cannot be described as a precise science, given the large number of variables involved and the uniqueness of each attraction.
4. Providing support and justification for any applications for finance for the project that may be required, such as loans and grants.
5. Helping define the optimum site in terms of size, terrain, and accessibility.
6. Supporting planning applications to demonstrate that there is a market for the attraction.

7. Attracting potential sponsors, franchisees, and concessionaires who may be required.

8. Analyzing specific operational issues such as labor availability.

9. Identifying sources of potential financial assistance.

10. Providing useful marketing information (Swarbrooke, 1995).

According to Swarbrooke (1995), in writing on feasibility studies for attractions,

The consideration of the feasibility study as a systematic, logical, neutral tool for rational decision making is a fallacy. It is important to recognize that often feasibility studies are not carried out with a high degree of objectivity. In some cases, the study is designed to legitimize a decision that has already been made, based on other factors such as views of stakeholders. Furthermore, while a study should start with a clean sheet of paper, this is rarely possible in reality. The site, project location, or available capital may be predetermined.

Figure 2.1 is a stylized representation of the feasibility study process.

Preliminary concept → Rough concept → Market feasibility study → Revise concept → Identify location and site → Revise costs → Visitor number and spending projections → Financial evaluation → Identify sources of finance → Detailed design and planning, including phasing

Figure 2.1: Feasibility study process. From The Development and Management of Visitor Attractions, by J. Swarbrooke, 1995. Oxford, Butterworth-Heinemann.

The feasibility study typically contains a market feasibility study to determine whether a market exists for the idea or concept. Once the market is known, site selection and possible income figures may follow to determine the financial viability (Swarbrooke, 1995).

Feasibility studies are difficult to perform accurately, according to Swarbrooke (1995), for a number of reasons, including:

1. The market is constantly changing. Consumer preferences, uncontrollable external factors, and government regulation all change.
2. Comparisons of attractions are difficult due to differences in situations, making it difficult for operators to determine likely success or failure based on comparisons.
3. The gestation period for the development of attractions is so long that the assumptions on which the study is based relating to variables such as interest rates, staffing, and building costs may be out of date by the time work begins.
4. Many attractions, particularly those in the public sector, have complex sets of objectives, some of which are contradictory. There is therefore no simple objective such as profit against which to measure the potential performance of a proposed attraction.

Sanders (1998), in evaluating the convention center development process in a study of large convention center expansions, characterized the feasibility study as bolstering the positive rhetoric of promised new jobs and economic advancement with bulky and seemingly substantial research. These studies provide the rationale for more local convention center space and community benefits. Sanders (1994) also noted that:

The proposed local convention centers are technically not "feasibility studies," because they contain no substantive forecasts of revenues and expenditures. However, they do sustain the arguments of the convention-center promoters, with a remarkably similar set of arguments and analyses. (p. 72)

According to Sanders (1998), feasibility methodology for convention centers is very flawed. He cited flawed examples, including one study in which attendance estimates for a convention center were based on an increase of 65% more space, but the feasibility study projection simply had the new space filling with convention-goers because of the additional provision of space, not market-demand factors. No effort is made to estimate the effect of increasing competition between cities as more facilities are developed or on the drawing board. Typically, only the existing facility market is considered in the market competition, with little or no consideration given to facilities that are in the planning stages or being developed, often within driving distance to the city considering a new convention center. Feasibility studies, according to Sanders, are notorious for predicting increasing convention facility demand, and they negate any decrease in demand for other already existing facilities, city owned or private.

"To date, limited research has been conducted in the meetings area. The research that has been undertaken has been done by three different groups: (1) by the industry itself through meeting associations, (2) by trade publications within the convention field, and (3) by universities" (Abbey & Link, 1994).

Economic impact studies in travel and tourism are undertaken to determine specific activities' effects on the income, wealth, and employment of the residents of a given geographic area. The studies are conducted for cities, counties, towns, states, provinces, and nations, and for individual facilities (e.g., museums) and events (e.g., Olympic games). They often relate to an annual period, although seasonal and event impact studies are not unknown. The results indicate the contribution or cost of tourism activity to the economic well being of residents of an area, usually in monetary terms. (Frechtling, 1994, p. 359)

Limited research is available on the operations or economic impact of convention centers once they are operational. The economic impact studies that have been conducted typically were done before the development, usually as part of a feasibility analysis to determine the viability of developing a convention center. In discussing costs associated with developing a convention center, financing, cost overruns, site acquisition, operating expenses, opportunity costs, infrastructure costs, and ongoing police, fire, and grounds maintenance costs, Fenich (1992) stated,

Clearly the magnitude of these costs can be substantial and may be greater and more all-encompassing than has been previously believed. Exacerbating the impact of these costs is the fact that almost none of the economic benefits cited in previous studies can be substantiated (through documented empirical investigations) other than delegate expenditures, which was studied by the International Association of Convention and Visitor's Bureaus (IACVB) and may therefore be of lesser magnitude or even greater magnitude than estimated. (p. 68)

According to Fenich, the problem of unsubstantiated benefits, high costs, and voids in research leaves many questions unanswered regarding the use of convention center developing strategy.

At the industry level, economic impact figures often are generated by the convention center or convention bureau as a way to justify their subsidization by tax dollars. These studies often are criticized for overstating the impact of convention spending in the community and the multipliers employed. Fenich supported this conclusion in saying that

Even authors whose focus was academic (Var, Cesario, & Mauser, 1985) note the paradox that while the number of convention centers continues to grow, convention travel has received little research attention. They go on to say that the research has been carried out either by public relations officers or consulting firms which do not make their findings public.

Moreover, in large part the methods used by these organizations have been rather ad hoc, i.e., developed for a particular purpose but lacking general applicability. (p. 67)

Clearly, the tourism industry and the tourists who exemplify it are an important and integral part of the economic fabric of the United States. However, as bright as the hopes and potential of the tourism industry are, they pale when compared to one of its sectors—the convention segment (Fenich, 1992).

Conventions and convention spending are the fastest growing segment of the tourism industry. Conventions are a notably lucrative tourism niche for cities, and, as might be expected, convention delegates spend more than the average pleasure traveler. A conservative estimate would suggest that a city would need to attract at least two tourists for every conventioner to stimulate the same level of economic activity (Fenich, 1992).

Using a convention center facility as the centerpiece of revitalization creates the image of a vibrant downtown that will provide jobs, services, and goods both day and night. It is surmised that the benefits will accrue to the city as a whole (Holcomb & Beauregard, 1981).

Fenich (1992) capsuled the arguments that are made for using convention center development as the centerpiece of urban revitalization this way:

Tourism and its lucrative convention subsegment have the potential to be a significant contributor to the economic health of a municipality. Conventions and their convention centers carry with them the possibility of the greatest rewards with the least costs of all the possible strategies for economic development. The industry is considered to be “smokeless” and takes little out of the environment and, therefore, has few recognized negative externalities. It is one of the fastest growing segments of the U.S. economy in terms of both dollars generated and employment and, in the latter, employs individuals with relatively unsophisticated skill levels. Also, convention center development can become the focus of urban

revitalization and can stimulate additional development of support services such as hotels, restaurants, attractions, and retailing. Convention attendees appear to prefer to hold their gatherings in urban areas, and therefore, cities seem to have a comparative advantage over other locations in attracting this industry. (pp. 32-33)

With the aforementioned arguments, it is little wonder that convention centers are viewed like the white knight, arriving just in time to save the day, and cities seeing only the good side and ignoring or not investigating their bad side, i.e., costs (Fenich, 1992).

Sanders (1998), in the article "Convention Center Follies," gave impressive evidence of large-city convention center expansion projects that have not lived up to their projections. In Houston, the number of annual conventions and trade show events is about one-half of the feasibility study estimates, and its job creation no less modest. The Los Angeles Convention Center, with its recent 385,000-square-foot expansion, costing \$500 million, reports that, rather than boosting the attendance by two and one-half times, as was expected, it is essentially doing the same level of business as was done by the smaller facility. The Washington, D.C., facility is operating at nearly full capacity; however, only one-third of the events it hosts are nonlocal. The convention center is hosting significantly fewer conventions and trade shows than the feasibility study projected. Because the center is holding fewer conventions and trade show events, total hotel room nights are only one-fifth of what the center was projected to generate.

In Providence, the Rhode Island Convention Center has had a similar performance record. The center is generating just one-third the feasibility-

projected hotel room nights. The facility is active, but with local events. Philadelphia and Boston are both performing well below the feasibility projections in terms of delegate attendance at conventions (convention size), and this, in turn, generates fewer hotel room nights than projected. In Boston, which is in the predevelopment process of a second large convention center across town, when the current convention center closed for reconstruction and expansion, hotel room stays rose. No significant gains in hotel room occupancy were recorded when the convention center reopened for business. According to Sanders (1998), there is no evidence that the Hynes Convention Center has had a positive effect on Boston's hotel business. Sanders's research indicated that many of the large convention centers are filled to capacity with local events, have fewer delegates to conventions than projected, and as a result produce far less economic impact in terms of visitor spending and job creation than what was projected by the feasibility study.

According to Fenich (1992),

The literature would suggest that the process used by municipalities in making a decision to undertake a convention center strategy for revitalization is based more on local emotions than well-structured empirical analysis. The approach of the majority of research to date seems to focus only on the benefits and, to a large degree, ignores the disbenefits. This is particularly true of proprietary studies. (p. 56)

Fenich's (1992) research on convention centers indicated that the average public convention center costs about \$2.5 million a year to fund, including operating and debt service. The average annual deficit is more than \$800,000. Fenich's study results were based on a convention center operations mail survey, with 81 responses from a possible 333 identified convention centers (p. 127).

Besides the staggering costs of developing a facility, and the yearly operating deficits it generates, a third largely unaddressed cost when implementing a convention center strategy for revitalization is opportunity cost—that is, “the value or the next best use (or opportunity) for an economic good or the value of that sacrificed alternative” (Samuelson, 1985). For convention centers, this would include municipally financed housing, health care, or even investment in tourism promotions that attract visitors other than conventioners, and loss of property taxes on the convention center site. Likewise, infrastructure costs for improvements and additional fire and police protection over several decades rarely are figured into the cost of developing a convention center (Ghitelman, 1988).

Convention Center Finance, Management, and Operations

The fundamental role of legislatures in the development of convention centers is that of debate and passing legislation that authorizes some specified governmental agency within the state to build such a center. Stipulations for finance arrangements and facility governing are usually included in the legislation. The legislation also may provide the center with a charter that stipulates design, construction, operation, marketing, and promotion policy (Richter, 1989).

Although financing may be stipulated by enabling legislation, it may also be chosen by the operating authority from among many options. The most common forms are some form of state or municipal bond issue that relies on the “full faith and credit” of the issuing entity to generate the stream of revenues that

will retire the bonds and pay interest to investors. The most popular method is the use of hotel surcharges/taxes to retire state or municipal issued bonds (Rutherford, 1990).

In addressing management and facility operations, it is necessary to pay attention to the concept of what the facility is supposed to do. This usually is embodied in a mission statement that guides the selection of the management's activities on behalf of the owners of the facility. The policy-making board or authority for most convention centers represents the ownership of the facility. On behalf of the ownership, the board sets policy and direction for management to follow. With very few exceptions, convention centers usually are owned by the public and operated by some designated board or authority on behalf of the taxpayers of the state, region, or municipality. The policy-making authority will appoint (again, in various ways) an executive, managing director who may also be called president, chief executive, managing director, or some other title that indicates the focal point between the center operations and policy-making authority (Rutherford, 1990).

Political Framework for Public Decision Making

In the American tradition, a great deal of attention has been paid to the way in which decisions are made and the way in which decision-making processes are oriented toward majority rule. It might be argued that as a polity we have concentrated more on developing procedures for decision making than we have on evaluating the substantive outcomes that are produced when the procedures are implemented and effectively used (Richter, 1989).

Richter (1989) and many other pluralism theorists have assumed that the governmental structures and operating rules of the game are designed to achieve this vague concept called the "public interest." Much conflict, controversy, and political debate have focused on the means and outcomes that add to or subtract from the public interest.

Planners and politicians occasionally weigh out loud the distribution of political power in the decision-making process. Decision making in tourism tends to mirror the distribution of political influence generally (Ashford, 1976).

Richter (1989) is a political scientist who has investigated tourism policy internationally and has identified and documented large gaps in research with regard to policy in various tourism sectors. She has called for more subnational research on tourism policy in the United States.

Because convention tourism and the infrastructure developed around it by cities and states is a subsector of the broader term "tourism," related research and literature on tourism policy is included in this research review.

According to Richter (1989), tourism succeeds or fails largely as a function of political and administrative action and not as a function of economic or business expertise. Faced with a shortage of personnel with the requisite backgrounds, governments are forced to rely on the scarcely disinterested advice of the travel/hospitality industry.

Systematic, empirical studies are still quite rare and tend to be focused on easily measured quantitative criteria such as arrivals, expenditures, number of complaints, length of stay, and crime statistics. Even when whole policies of

tourism promotion are studied, the emphasis is on efficiency rather than net economic value. The reason, according to Richter (1989), is that it is easier to tabulate numbers than to measure contribution or cost of a policy. In addition, numerical studies are politically appealing in a probusiness, capitalistic nation. Using numbers gives an aura of simplicity as well as objectivity.

Richter (1989) called for other approaches to studying tourism at the local level. The unfashionable but ever-so-useful case study, undertaken at the local level, is desperately needed if an appropriate data base is to emerge. Such studies also have the heuristic advantage of being relatively inexpensive to develop and offer the tourism/political science student a hands-on experience in dissecting and analyzing a growing political topic in areas such as tourism and recreational land use possibilities (Richter, 1989).

Research Methods

Rovelstad (1982) made a prima facie case that the tourism industry as a whole makes less use of research than most other consumer-serving industries, and much of the research it does undertake does not employ the most modern technologies. Rovelstad was referring to applied research, which, by his definition, is research with the purpose of assisting management decision making, and it is done only if it is expected that the economic benefits will more than offset the research costs.

Most of the research related to tourism facilities in the United States is in the private domain and therefore is not publicly reported. A variety of techniques currently are used to analyze the feasibility of specific sites for prospective

hotels, restaurants, resorts, and similar facilities, which have high initial capital costs. Many are proprietary and largely confidential. Work on applications employing regression analysis and several site-specific and regional variables continues with some success (Rovelstad, 1982).

Beaman and Meis (1994) suggested that, for tourism research to be effective, a mix of both applied and basic social science research is needed. Although the dividing line between these two types of research is by no means always clear, they can be differentiated by purpose. Applied research aids in solving real-world problems, whereas basic research enhances our knowledge of a phenomenon.

Methods and specific techniques emerge from the approach selected. Typically, participant observation or field research and in-depth interviewing have commonly been associated with the qualitative approach, and surveys and experiments usually are quantitative.

A term often associated with methods is "triangulation." It is possible to combine the methods within an approach or to combine both qualitative and quantitative methods within a positivist paradigm. Reichardt and Cook (1979) suggested that combining methods is useful, particularly in evaluation, because a variety of needs requires a variety of methods. One method can build upon another, and methods have biases, so multiple methods can give more valid and reliable information. Examples of studies combining methods include Brandenburg et al.'s (1982) study of why people adopt recreation activities, Glyptis's (1985) study concerning attitudes toward women and sports, Samdahl's

(1988) study of the meaning of leisure, Glancey's (1986, 1988) studies of an adult softball team and of the play-world of auctions, Howe and Keller's (1988) study of the evaluation of therapeutic recreation symposia (Henderson, 1990), and Fenich's (1992) study of the dollars and cents of convention centers.

Case Study Research

Case study research is a comprehensive research strategy (Stoecker, 1991). It is an all-encompassing method, with the logic and design incorporating specific approaches to data collection and analysis (Yin, 1994). "The technical definition of a case study is an empirical inquiry that (1) investigates a contemporary phenomenon within its real-life context, especially when (2) the boundaries between the phenomenon and context are not clearly evident" (Yin, 1994, p. 13).

The case study is a separate research study that may or may not include observation (Clark et al., 1998). The approach requires its own research design, dependent on the questions the researcher seeks to answer. Problems with the case study often concern where to begin and where to end the case being analyzed (Clark et al., 1998). As a general guide, regardless of the complexity of the problem or process, once the issue or problem area is defined, the parameters of the unit of analysis, the case study should be clear (Clark et al., 1998).

Case study strategy should not be confused with qualitative research (see Schwartz & Jacobs, 1979; Strauss & Corbin, 1990; Van Maanen, 1988). A further note is that some researchers have delineated between quantitative research and

qualitative research, based on a different philosophy (Guba & Lincoln, 1989; Sechest, 1991; Smith & Heshusius, 1986).

An example of generalizations drawn from a case study is Richter's (1994) study of the 1982 World's Fair in Knoxville, Tennessee.

This revealed severe political problems which arose because of the speed at which the infrastructure was developed and which led the host community to be caught up in an inflationary spiral and housing squeeze which resulted from this development. A message perhaps for host cities seeking these large mega events. (Clark et al., 1998, p. 102)

Case studies can be single or multiple case study design, depending on the reason the subject was chosen and how much external validity is necessary. Single case studies work well for testing an already well formulated theory, or studying a unique phenomenon. Multiple case studies, whereby a number of case studies are investigated, may prove valuable in comparing and contrasting findings (Clark et al., 1998).

One cannot generalize from a case study in the same way one can from a statistical analysis. However, one can "test" theories already existing through a comparison of the results of the study, and the results of that comparison can strengthen the validity of the theories, help identify other cases, refine theory, or contribute to falsifying the theory (Clark et al., 1998).

Problems often associated with the case study include lack of rigor of case study research and sloppy work on the part of the investigator, allowing more room for investigator bias. These problems also occur in experimental research and survey research (Rosenthal, 1966; Sudman & Bradburn, 1982); however, they may occur with more frequency in case studies (Yin, 1994). Further, case

studies do not allow for scientific generalizations (Kennedy, 1976; Yin, 1994). Also, case studies often take a long time and result in massive, cumbersome documents (Yin, 1994). Finally, case studies are very difficult to carry out. The necessary skills for doing good case studies have not been defined (Hoaglin, Light, McPeck, Mosteller, & Stoto, 1982).

Yin's (1994) Case Study Research guides researchers in search of using the case study as a rigorous method of research. This revised edition further clarifies, through examples, the critical role of theory, both in designing the case study and in generalizing from cases. The use of triangulation as a rationale for multiple sources of evidence is advocated. The first edition of Yin's book (1984) received attention from those doing social and psychological investigations, evaluation research, and public policy studies, as well as business management and international studies. The use of the case study as a research tool in business schools developed. An appreciation of the complexity of organizational phenomena for which the case study method may be the most appropriate research method was recognized. According to Yin (1994), the case study is a preferred method when the "how" and "why" questions are being posed by the investigator, the investigator has little control over events, and when the investigation focuses on a contemporary phenomenon within some real life context. These are explanatory case studies. Descriptive and exploratory case studies also are useful. Regardless of the type of case study, investigators must exercise great care in designing and conducting case studies to overcome the traditional criticisms of the method (Yin, 1994).

Summary

The literature review documented an explosion in convention center development over the past 30 years on the part of cities across the nation, as part of an urban development strategy to revive deteriorating downtown cores. Various economic models attribute significant economic impact to convention center development and convention tourism. Other authors have suggested that convention center development is more about civic pride than economics.

The review of literature indicated a lack of research with regard to convention center development. The industry's reliance on feasibility studies without follow-up evaluation of their findings points to multimillion-dollar decisions being made by community decision makers with little assurance as to the accuracy of the performance projections. Limited research on convention center operations is available, with most operations research the domain of private consulting firms. Little or no research is available on follow-up performance evaluations of convention center projects. Large gaps exist in subnational tourism research, with the convention segment in dire need of both applied and basic research. Multiple case study analysis as a research methodology is a defensible choice for the study and explanation of convention center development, performance, and evaluation.

CHAPTER III

METHODS

As part of public policy making, public officials/decision makers across the country have developed convention centers as urban and economic revitalization approaches, commissioning feasibility studies to assist them in deciding whether or not to build multimillion-dollar comprehensive convention center projects. These megastructures cost millions of dollars, and in recent years have been under increasing political pressure to be profit oriented. This profit orientation or minimally break-even philosophy of operation has created a dilemma for the facilities because, historically, convention centers, in an effort to market the facility, have subsidized convention activity through low-rental-rate structures that did not cover the operating expenses of the facility.

The intention of this research was to gain a better understanding of the results of convention center development (and the role of the feasibility study in the process), convention center operations and profit orientation, and how convention center performance is evaluated. The methods employed include using primary and secondary data to investigate the feasibility study process, documenting feasibility study projections and comparing them to actual operating performance at the convention center, and using secondary data to compile and

document facility operating performance and event activity. In addition, interviews with decision makers, public officials, and facility managers were conducted to obtain information on how facility performance was evaluated. The method of choice was case study investigation.

Research Design

Case study research designs have not been codified. Unlike other research strategies, the potential “catalogue” of research designs for case studies has yet to be developed (Yin, 1994). In Case Study Research, Design and Method, Yin (1984, 1994) prescribed a basic set of research designs for doing single and multiple case studies to help investigators design more rigorous and methodologically sound case studies. The five key components of a research design that are especially important are: (a) the study’s questions; (b) its propositions, if any; (c) its unit(s) of analysis; (d) the logic linking the data to the propositions; and (e) the criteria for interpreting the findings (Yin, 1994). In this study, the researcher used Yin’s model of methodology to the extent possible in the research design.

Case study designs fall into four types: single case (holistic), single case (embedded), multiple case (holistic design), and multiple case (embedded design) (Yin, 1994). The research design for this study was an explanatory, as opposed to exploratory or descriptive, multiple-case study.

The evidence from multiple cases is considered to be more compelling than that from a single case study, which typically is chosen for its rare or unusual nature. In multiple-case research, each case serves a specific purpose

within the overall scope of inquiry. One considers the multiple cases as one would consider multiple experiments—that is, to follow replication logic.

Replication logic in multiple case studies calls for each case to be carefully selected so that it either: (a) predicts similar results (a literal replication) or (b) produces contrary results but for predictable reasons (a theoretical replication) (Yin, 1994).

An important step in all these replication procedures is the development of a rich theoretical framework. The framework needs to state the conditions under which a particular phenomenon is likely to be found (a literal replication) as well as the conditions when it is not likely to be found (a theoretical replication). The theoretical framework later becomes the vehicle for generalizing to new cases. (Yin, 1994, p. 46)

An illustration, adopted from the research of Yin, Bateman, and Moore (cited in Yin, 1984) for this research, is found in Figure 3.1. The initial steps consist of theory development, case selection, and the definition of specific measures. Each individual case study consists of a “whole” study, in which convergent evidence is sought regarding the facts and conclusions for the case; each case’s conclusions are then considered to be the information needing replication by other individual cases. Both the individual cases and the multiple case results were the focus of the report. Each separate case indicates how and why a proposition was demonstrated (or not demonstrated). Across cases, the report indicates the extent of the replication logic and why certain cases have predicted results and other cases have contrary results (Yin, 1994).

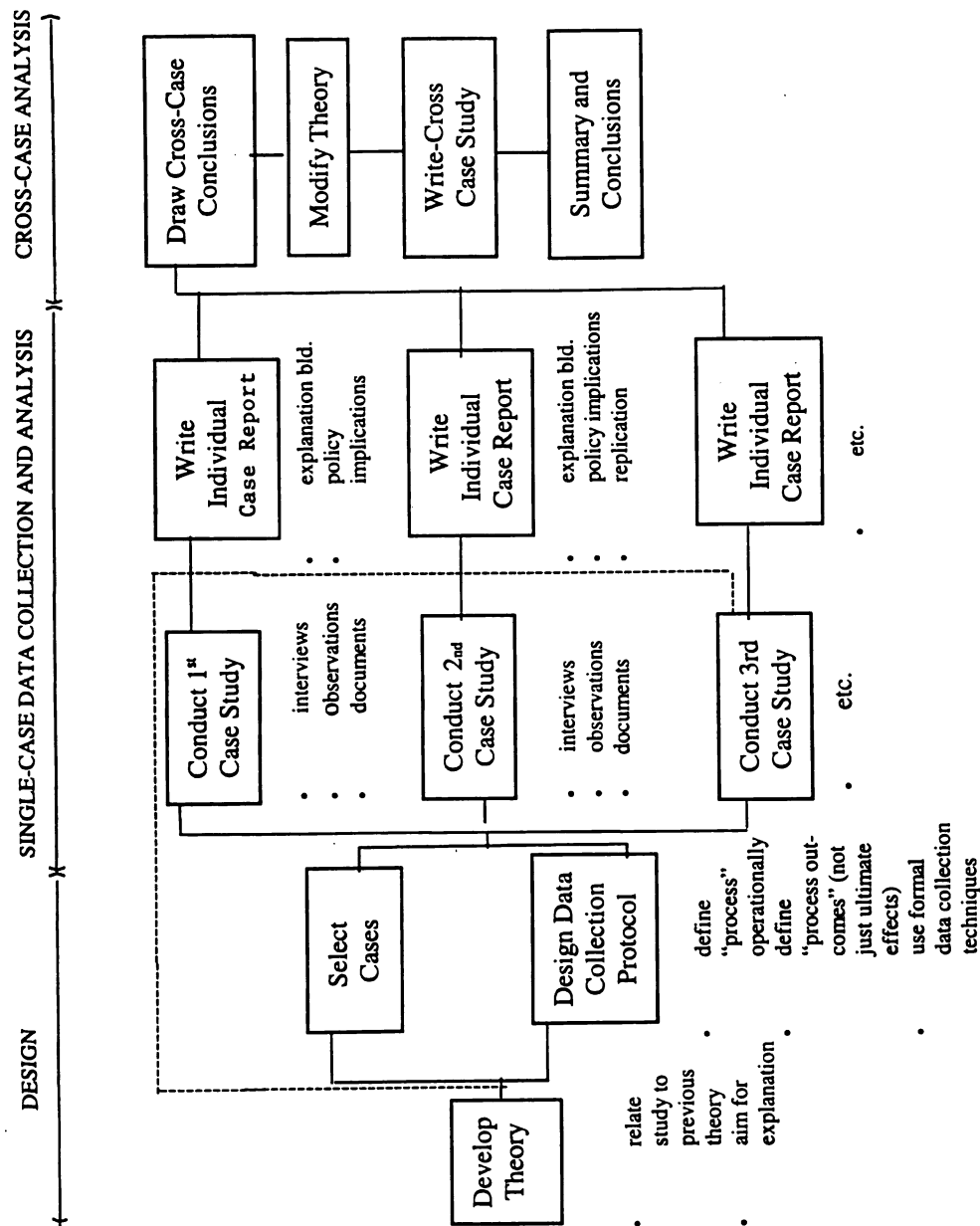


Figure 3.1: Case study method. Adapted from Case study research design and methods (2nd ed.), by R. K. Yin, 1994. Thousand Oaks, CA, Sage.

Study Questions

The heart of the case study method protocol is the study questions. The characteristics of the case study questions differ from those of the survey interview in two ways. The main purpose of the questions is to keep the investigator on track as data collection proceeds. The questions form the structure of inquiry and are not intended to be used as literal questions to be asked of interviewees. Each question is accompanied by a list of probable sources of evidence. Sources may include individual interviews, documents, or observations. Empty “table shells” also may be included to help the investigator identify exactly what data are sought, to ensure that parallel information is collected at the different sites, and to aid in understanding what is to be done with the data once they are collected (Yin, 1994).

The researcher sought to find answers to the following questions from case study investigations of public convention center projects.

Research Question 1: How close are the feasibility study estimates of key performance measures to the actual operating results?

Sources of data:

1. Convention facility director.
2. Convention center feasibility study.
3. Convention facility records of annual performance measures.

Strategies:

1. Create a table and compare feasibility projections/estimates of occupancy, event usage by size and type, revenues, expenditures, debt-service subsidies, and other contractual arrangements to a typical year of operation.

2. Analyze interview responses to performance-measure section Items

8a, 8b, and 9:

Item 8a: How important are the findings of the feasibility study in the development of convention facilities?

Item 8b: In your opinion, on a scale of 1 to 10, with 1 being *Not accurate at all* to 10 being *Extremely accurate*, how would you rate the estimates/projections given in feasibility-analysis studies for convention centers? Explain.

Item 9: Has the [city name] convention center's operating performance closely resembled the feasibility-study estimates of the facility's potential for performance? Explain.

Research Question 2: How has the development of the convention center contributed to downtown economic development?

Sources of data:

1. Community information—newspaper, city and county planning documents, Chamber of Commerce information and annual reports.
2. Planning and economic development reports and documents.
3. Interview responses to Items 5a, 5b, and 6a.

Strategies:

1. Compare downtown area/activity pre and post convention center development in central business district and/or in proximity to convention center.
2. Number of new and/or lost businesses reported from chamber, city planners, convention management, and interviewees.
3. Number/types of new buildings or businesses surrounding the convention center.

4. Review economic indicators of area's economic health—number of jobs, number of businesses, number of convention-quality hotels, number of restaurants, tax base, economic development, and/or chamber annual business reports.

Research Question 3: Are the attitudes and expectations for facility performance of public officials, decision makers, and facility managers compatible with the mission statement and/or operating objectives of the convention center?

Sources of data:

1. Interview responses to Items 2a, 3, 4, 10a, and 10b:

Item 2a: In your opinion, what is the mission or objective of the convention center?

Item 3: On a scale of 1 to 10, with 1 being *Does not meet the mission or objectives at all* and 10 being *Totally meets the mission or objectives of the center*, how do you rate the convention center?

Item 4: What specific standards of measurement do you use to evaluate the operating performance of the convention center?

Item 10a: On a scale of 1 to 10, with 1 being *Extremely unsuccessful* and 10 being *Extremely successful*, how would you rate the operating performance of the convention center? Explain.

Item 10b: In evaluating convention center performance, what do you consider the determinants of success for convention center operation and development?

2. Convention center/legislative-body documents regarding mission statement/objectives.

Strategies:

1. Compare the interview responses to questions regarding the mission or objectives to questions or standards of measurement and questions of

success or failure of development against the formal mission statement and/or objectives.

2. Analyze stated mission/objectives to operation and marketing practices, evidencing congruency or not.

Research Question 4: How do public officials, decision makers, and facility management evaluate operating performance of the convention center?

Sources of data:

1. Industry publications.
2. Convention center feasibility studies.
3. Review of literature, secondary data sources.
4. Interview responses to item 4:

Item 4: What specific standards of measurement do you use to evaluate the operating performance of the convention center?

Strategies:

1. Document interviewees' responses to performance questions with regard to the convention center.
2. Compare interviewees' responses to industry publication literature and feasibility study performance measures.
3. Analyze interviewees' evaluations of facility performance in relation to accepted industry standards.

Research Question 5: What are the determinants of success for convention center operation and development according to public officials, decision makers, and facility management?

Sources of data:

1. Interview responses to Items 7, 10a, 10b, and 11:

Item 7: Knowing what you know today, what, if anything, might be done differently in the development or operation of the convention center? Explain.

Item 10a: On a scale of 1 to 10, with 1 being *Extremely unsuccessful* and 10 being *Extremely successful*, how would you rate the operating performance of the convention center? Explain.

Item 10b: In evaluating convention center performance, what do you consider the determinants of success for convention center operation and development?

Item 11: Please discuss anything else you think is important to [city name] convention center development and operation with regard to operating performance or economic development.

2. Industry articles and publications on current industry practices of performance.
3. Literature review, secondary data from convention center studies.
4. Content analysis of local newspaper coverage of convention center.

Strategies:

1. Document the responses to Items 10a and 10b regarding success or failure and explanation given for rating.
2. Relate responses to Items 7 and 11 and 10a and 10b, looking for evidence of congruency and logic.

Research Question 6: Have the mission and objectives of the convention center changed over time?

Sources of data:

1. Interview responses to Item 2b:

Item 2b: Has the mission or objectives of the convention center changed over time?

2. Convention facility internal records.
3. Legislative body, city, and county documents.
4. Convention center annual reports (if available).

Strategies:

1. Document actual formal changes by statement and explanation.
2. Document informal changes re: interviews.
3. Document and analyze differences in responses to questions by position or relationship to convention center.
4. Analyze marketing and operation practices in relation to mission and objectives.

Research Question 7: How positive or negative do public officials, decision makers, and facility management believe public opinion is regarding the success or failure of the convention center?

Sources of data:

1. Interviewees' responses to Item 6b:

Item 6b: On a scale of 1 to 10, with 1 being *Extremely negative* and 10 being *Extremely positive*, how positive or negative is public opinion regarding the convention center's performance?
2. Content analysis of local newspaper-article coverage of the convention center.
3. Any previously conducted public opinion survey regarding the convention center.
4. Results of any initiatives, voting on referendums, or elected legislative body positions regarding facility operation or development.

Strategies:

1. Document explanations of the interviewees' perceptions of convention center development and how those relate to their perceptions of public opinion regarding convention center development and/or operation.
2. A rating system for the content analysis (+++ (3) extremely positive, ++ (2) very positive, + (1) positive, (0) neutral, - (-1) negative, – (-2) very negative, — (-3) extremely negative) was used to categorize newspaper print about the convention center. This analysis of content was subjectively judged by observation of the newspaper headline and the main content of the article. The analysis consisted of as many articles as were available in the study time frame (10 to 15 years of information). The results of the content analysis were then plotted on a time-series trend line documenting the positive/negative nature of reporting to the public about the project over time.
3. Observation by story type or topic also was analyzed, i.e., marketing, finances, budget, and so on.

Research Question 8: How similar or dissimilar are more recent (late 1980s to 1990s) feasibility studies of convention center projects to the feasibility studies conducted for these cases?

Sources of data: Current (1988-1998) feasibility studies from various consulting firms, obtained through inter-library loan.

Strategies:

1. Prepare a checklist/table to compare current scope, content, utilization, and financial estimate/projection techniques with past studies used in this research.

2. Compare the process and methods used in the more current studies with those of the older feasibility studies used in this research.

3. Document the difference between past feasibility studies for convention center projects and current feasibility studies.

Study Propositions

The study propositions in the case study direct attention to something that should be examined within the scope of the study. Propositions are more than the “how” and “why” queries reflected in the research questions. They reflect what should be studied, what important theoretical issues the study addresses and suggesting where to look for evidence. The following propositions were the underpinnings of this study and are followed by an explanation of how and where the evidence to analyze these propositions was found.

Proposition 1. The linkage between what the feasibility study estimates of performance projected prior to convention center development and actual post-development operating performance is weak. The data and analysis of Research Question 1 were used to support or refute Proposition 1.

Research Question 1: How close are the feasibility study estimates of key performance measures to the actual operating results?

Proposition 2. The positive or negative perceptions that community decision makers, public officials, and facility management have regarding the convention center development have very little to do with the convention center’s post-development operating performance. The data and analysis of Research Questions 1, 2, 5, and 7 were used to support or refute Proposition 2.

Research Question 1: How close are the feasibility study estimates of key performance measures to the actual operating results?

Research Question 2: *How has the development of the convention center contributed to downtown economic development?*

Research Question 5: *What are the determinants of success for convention center operation and development according to public officials, decision makers, and facility management?*

Research Question 7: *How positive or negative do public officials, decision makers, and facility management believe public opinion is regarding the success or failure of the convention center?*

Proposition 3. The attitudes and expectations of facility performance by public officials, decision makers, and facility management are incompatible with the mission statement and/or operational objectives of the convention center. The data and analysis of Research Questions 3, 4, and 5 were used to support or refute Proposition 3.

Research Question 3: *Are the attitudes and expectations for facility performance of public officials, decision makers, and facility managers compatible with the mission statement and/or operating objectives of the convention center?*

Research Question 4: *How do public officials, decision makers, and facility management evaluate operating performance of the convention center?*

Research Question 5: *What are the determinants of success for convention center operation and development according to public officials, decision makers, and facility management?*

Proposition 4. The development and operation of convention facilities in secondary or tertiary markets are fraught with postoperational difficulties rarely addressed in preoperational feasibility studies. The data and analysis of Research Questions 4, 5, 6, and 8 were used to support or refute Proposition 4.

Research Question 4: *How do public officials, decision makers, and facility management evaluate operating performance of the convention center?*

Research Question 5: *What are the determinants of success for convention center operation and development according to public officials, decision makers, and facility management?*

Research Question 6: *Have the mission and objectives of the convention center changed over time?*

Research Question 8: *How similar or dissimilar are more recent (late 1980s to 1990s) feasibility studies of convention center projects to the feasibility studies conducted for these cases?*

Proposition 5. Over time, economic and political pressures change the mission and objectives of the convention center from its original development and operation purposes. The data and analysis of Research Questions 3, 4, and 6 were used to support or refute Proposition 5.

Research Question 3: *Are the attitudes and expectations for facility performance of public officials, decision makers, and facility managers compatible with the mission statement and/or operating objectives of the convention center?*

Research Question 4: *How do public officials, decision makers, and facility management evaluate operating performance of the convention center?*

Research Question 6: *Have the mission and objectives of the convention center changed over time?*

Selection of Cases

The scope of the research was confined to:

1. Publicly owned and managed, comprehensive convention centers that were designed and developed for the main purpose of bringing national and regional conventions and trade shows to the area to provide economic benefits to the community and state. The majority of convention centers in the United States are publicly, not privately, developed. The majority of facilities are managed publicly, although the trend toward publicly owned, privately managed facilities has been growing. Excluding hotel exhibit space, five out of six facilities are owned by a city, county, state, or government authority (**Major Exhibit Hall Directory**, 1993, p. 268). The secondary data needed for the study were more

readily available because the information was “public,” not proprietary, as is often the case with privately owned or managed facilities.

2. All of the facilities chosen were designated as convention centers in the name of the facility. The name designation as “convention center” is significant because it indicates the main purpose of the facility in the name, as opposed to a multipurpose center or facility complex, which, by design and priority, encourages civic, sport, and entertainment use for local residents’ enjoyment. These “civic” facilities are part of the community’s cultural complexes and fill an important but very different function for the community than do convention center facilities.

3. The comprehensive convention centers selected for the study had been built since 1980. The boom in convention center development across the country started in the 1970s and has continued through the 1980s and 1990s. The building-obsolescence factor was a consideration in determining which facilities to include as possible case studies. Many facilities built before 1980 have had or are in the process of major renovation and expansion to keep them competitive. These facilities were not considered as possible cases for selection because closings that occur during facility renovations are disruptive and make the measures of performance before, during, and after the renovation unstable and not typical.

4. The facilities selected for the study were of average size or at least 50,000 square feet of exhibit space and no more than 250,000 square feet of exhibit space (considered medium-sized facilities in a categorization of small, medium, large, extra-large, and mega facility—more than 1 million square feet).

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The majority of conventions and trade shows held in this country can be accommodated in a facility of this size. Only a small percentage require extra-large or mega facilities of 500,000 to 1 million-plus square feet.

An inventory of exhibit facilities across the United States shows that: (a) 16 facilities offer 500,000+ square feet of exhibit space, (b) 116 facilities range between 100,000 and 499,000 square feet of exhibit space, (c) 40 facilities offer 75,000 to 99,999 square feet of exhibit space, (d) 45 facilities offer 50,000 to 74,999 square feet of exhibit space, and (e) 30 facilities offer 25,000 to 49,999 square feet of exhibit space. Hotels also offer exhibit/ballroom space, but these are generally privately held and were not the subject of this research study (Major Exhibit Hall Directory, 1993, p. 268).

5. The convention center must have been in operation for at least 5 years. The 5-year mark was chosen to allow for the facility to be over any initial-years marketing lags and operational difficulties and to be in a typical operating posture. This allowed facilities built through 1991 to be included in the study. The request for information from the facility on a typical year of events, revenue, and so on, was for the year 1996 for all facilities.

6. The facility must be in an emerging, not primary, market. The facilities in the primary markets typically are in the enviable position of demand outweighing supply. These convention centers, while having high economic impact from visitor expenditures as a result of events held in their facilities, are really icing on an already economically rich cake, supported by an exciting city image, infrastructure, support facilities, and convenient airport access.

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Convention centers in secondary or tertiary markets often are built as **catalysts** for economic development and increased economic benefits. In these **emerging markets**, the development of a convention center is hoped to further the **visitation** of tourists to the community through convention and trade show **gatherings**. It becomes the reason visitors come to the community.

As the market becomes more saturated with large convention centers, **competition** for convention groups increases. Huge exhibit halls in medium-size **cities** are no longer a unique offering. As a result, more and more of these **convention centers** are struggling to bring in the desired economic benefits the **facility** was supposed to bring to the area.

Given the above-mentioned considerations, the total number of facilities from 50,000 to 250,000 square feet of exhibit space, publicly owned and **operated**, is approximately 75. Excluding facilities built before 1980 and those **buildings** with fewer than 5 years of operating data, in secondary and tertiary **markets** the pool of potential convention centers for case study research is **approximately 20 facilities** (Meetings and Conventions, Gavel, Aud-Arena Stadium Guide, and Major Exhibit Hall Directory).

The following three convention centers were selected for case study **examination**:

North West Georgia Trade and Convention Center, Dalton, Georgia

Rochester Riverside Convention Center, Rochester, New York

Toledo SeaGate Convention Centre, Toledo, Ohio

The convention centers met the aforementioned delimitations, as well as the following important reasons:

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1. The pilot study led the researcher to decrease the number of cases to be studied from the seven originally planned to three, to allow for a more thorough investigation of each case and to meet time and financial considerations.

2. These convention centers were chosen because the cities in which they were located were within one to one-and-a-half day's driving distance from the researcher's home.

3. The cities represented three distinct geographic areas: the South, the Northeast, and the Midwest.

4. The cities were not tourism "dependent," and they had healthy, diversified economies. Convention center development was not the only opportunity available for economic development.

5. The facilities' main exhibition halls were similar in terms of square footage.

6. The feasibility studies for the convention centers had been conducted by different consulting firms.

The three convention centers also were chosen because of time and financial constraints on the researcher.

Instrumentation

Secondary and primary data were collected to achieve the depth of analysis needed to address the objectives of the study referring to the feasibility estimates and actual operating performance for each case. In-depth, face-to-face interviews were conducted to address the objectives referring to perceptions,

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attitudes, and opinions of public officials, decision makers, and facility management. Content analysis of the local newspaper print about the convention center was performed. Finally, secondary data/actual studies and, if needed, telephone interviews with firms/cities that recently had conducted convention center feasibility work were used to document current industry standards and practices for convention center feasibility studies.

The researcher used multiple sources of evidence in studying convention centers. Figure 3.2, adapted from Cosmos Corporation (Yin, 1994), depicts how the sources of evidence used in the research develop converging lines of inquiry, a process of triangulation. Multiple sources of evidence provide multiple measures of some phenomenon, addressing problems with construct validity (Yin, 1994).

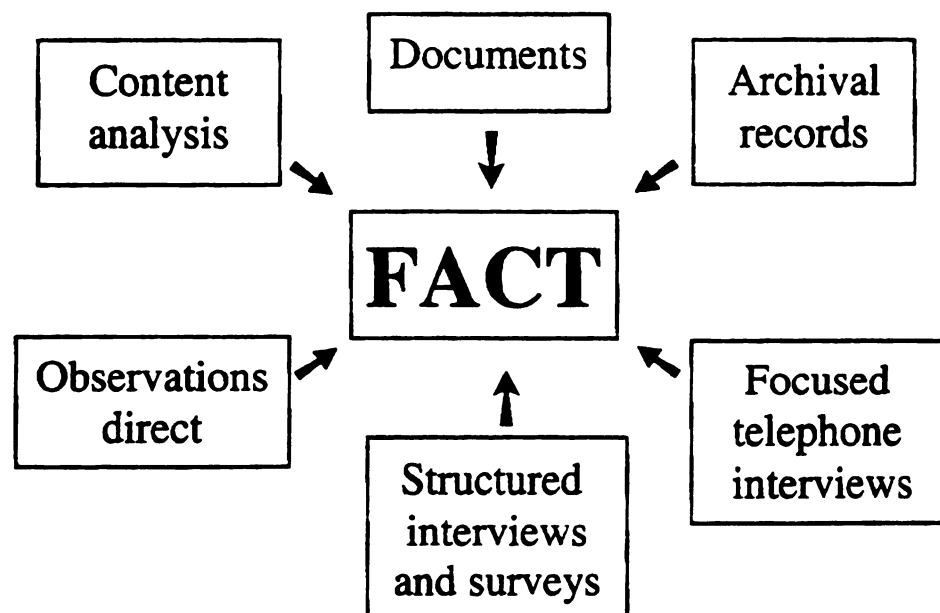


Figure 3.2: Convergence of multiple sources of evidence in convention center case study (single study). From Case Study Research Design and Methods (2nd ed.), by R. K. Yin, 1994. Thousand Oaks, CA, Sage.

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Data-Collection Methods

The scope of this research required primary and secondary research. In-depth, face-to-face focused interviews were the primary method of information gathering. Letters of introduction and a copy of the questions posed to each participant may be found in Appendixes A and B, respectively. The interviewees were selected by position and by reputation or relationship with the case.

In each city, the initial interviews were set with the facility director, the mayor and/or city administrator, the city planner and/or economic development specialist, and a public official elected to the governing legislative body, convention visitors' bureau (CVB), or chamber of commerce. The interviews were sought with the highest-level persons in these offices or those persons' recommendations of the "best" or more knowledgeable individual in that office to interview regarding the convention center. At the close of the interview, the interviewee was told who was scheduled for interviews and was asked for suggestions of three or four other persons in the community who needed to be interviewed to gain a better understanding of the case.

From the suggestions of the initial interviewees, those names appearing most often as suggestions to interview were targeted as participants, and interviews were scheduled with them. This process is commonly referred to as interview by reputation. The expectation was that between 5 and 12 face-to-face interviews were necessary in each city. The cut-off was determined when no new information or viewpoints were coming forth in the investigation and the information being received became repetitive.

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The secondary data necessary to investigate the study questions and to provide multiple sources of evidence to assist in the analysis of the interview information came from the following sources:

1. Feasibility studies. These studies are conducted before construction. Many of the cases and documents are 10 to 15 years old. However, as they are considered part of a public project, the documents are, by law, kept for public record and review by the government body. Preliminary investigation revealed that these documents may be found in one or all of the following:

- a. City, county, or state libraries.
- b. City/county planning commission libraries, or department libraries.
- c. Budget, finance, economic development, planning, and convention center departments typically are issued copies of the feasibility study during the project-review phase. The availability of these documents usually is determined by the department that retains them.

2. Industry information. Various industry publications provide information about convention center facilities and trends. These include Trade Show Week's Major Exhibit Hall Directory, Aud-Arena Stadium International Guide, Urban Land Institute Publications, and Meetings and Conventions, Introduction to the Convention, Exposition and Meeting Industry (Rutherford, 1990).

3. Community information. The following sources provide community information: newspaper archives, city or county directory, city telephone book, budget and finance reports, convention center calendar of events, event-usage

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records at the convention center, convention center mission statement and objectives, annual reports, internal department marketing/operating records, and chamber of commerce and city annual reports.

4. Performance evaluation measures. Performance evaluation measures used in the study included the following:

Event use by type: Computed by adding (a) the number of conventions; (b) number of tradeshow; (c) number of public consumer shows; and (d) number of "other" events.

Average event duration: Length of the event, does not include move-in/move-out days.

Total convention/tradeshow delegate days—number of attendees x event days.

Event days by type: Number of events x days of event for each event type, convention, tradeshow, public consumer show days.

Average convention/tradeshow event size: Number of attendees or delegates to events, and/or physical characteristics.

Annual attendance, all events: Number of persons using facility each day added for each event all year.

Building occupancy: Total square feet of exhibit space used for each event multiplied by the number of event days divided by the total exhibit space in the building by 365. Exhibition-space occupancy is used to gauge convention center performance because the meeting rooms often are granted free of charge in proportion to total exhibit space rented to convention and trade show groups (Peterson, 1989).

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Annual revenues-to-expenditures ratio: Annual operating revenues divided by annual operating expenditures. This ratio indicates the amount of operating revenues the facility generates, compared to the operating costs. The difference, if negative (loss), is the annual operating deficit, which public tax monies are pledged or required to cover. A ratio of 1.0 is the break-even point of revenues to expenditures.

5. Community development measures: Support facilities (hotels, restaurants in surrounding area), area appeal factors (hotels, airports, climate, area image, transportation, and recreation), organizational/political structure, marketing promotion organizations, community development initiatives, and private-sector involvement.

Validity and Reliability Concerns

The research design of a study represents a logical set of statements and requires certain logical tests. Four tests are common in social science research. Yin (1994) identified several tactics for dealing with these tests in case study research. According to Yin, an important revelation is that there are several tactics to be used in dealing with these tests, and they should be applied through the subsequent conduct of the case study. In the present case study research, several of the aforementioned tactics were used to maximize quality control by design.

Construct Validity

Ensuring construct validity involves establishing correct operational measures for the concepts being studied. The case study tactic used multiple

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sources of evidence and established a chain of evidence in the data-collection research phase to increase construct validity.

Internal Validity

Internal validity is established in explanatory or causal studies only, and not in descriptive or exploratory studies. It is used in establishing a causal relationship, whereby certain conditions are shown to lead to other conditions, as distinguished from spurious relationships. The case study tactic used explanation building in the data-analysis research phase to increase internal validity.

External Validity

Ensuring external validity involves establishing the domain to which the findings from the study can be generalized. The case study tactic used was replication logic in multiple-case studies in the research design phase to increase external validity.

Reliability

Establishing reliability involves demonstrating that the operations of a study, such as the data-collection procedures, can be repeated, with the same results. The case study tactic used to address reliability was to use a well-developed case study protocol and develop a case study data base during the data-collection research phase.

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CHAPTER IV

THREE CASE STUDIES AND CROSS-CASE COMPARISON OF FINDINGS

Case Study One: The SeaGate Convention Centre in Toledo, Ohio

Description/Background

Facility. The SeaGate Convention Centre opened in 1987 in downtown Toledo. The facility has 75,000 square feet of column-free exhibit space and 21 meeting rooms (see Figure 4.1). The facility operates as a 501 (c)(3) nonprofit operation. Thirty full-time and 75 part-time staff are employed by the center. The University of Toledo owns and operates 30% of the space, predominantly the meeting rooms. Two hotels flank the convention center, and together they have 622 available rooms. The parking lot under the facility has 700 spaces, and several public parking lots are within walking distance of the SeaGate Convention Centre.

Location. Toledo is a midwestern city that has experienced an economic turnabout in the past few years. Toledo is the seat of Lucas County and has a metropolitan-statistical-area population of 600,000. Located on the western edge of Lake Erie, the Toledo area has a strong manufacturing base of glass, plastics, primary metal, fabricated metal, and automotive assembly, parts, and

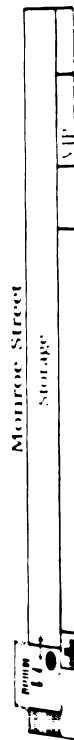


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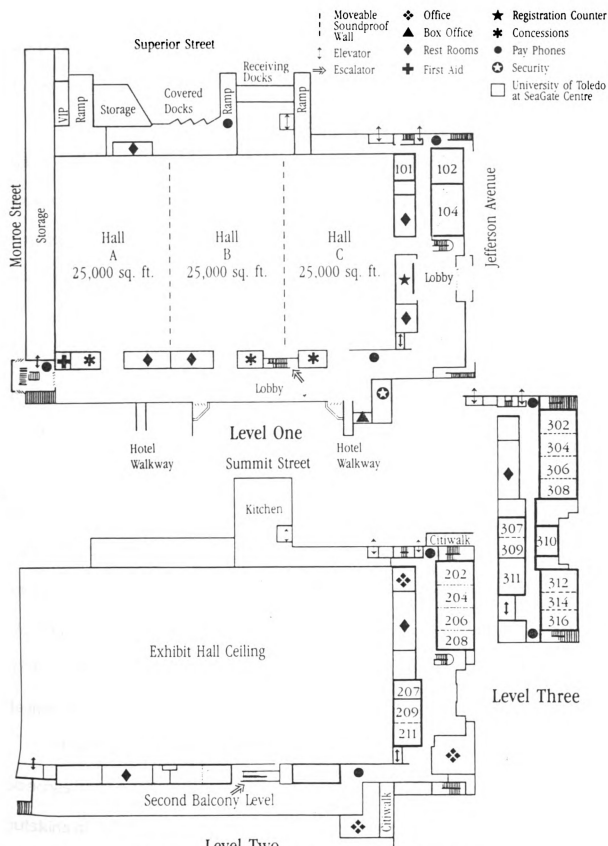


Figure 4.1: Floor plan of the Toledo SeaGate Convention Centre.

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production. Jeep, Dana Corporation, Owens Illinois, Inc., Owens Corning Corporation, Tunova Corporation, and Libby, Inc., all have headquarters in Lucas County. The area also has 13 financial institutions.

Approximately one-third of the population of the United States resides within 500 miles of the county. Northwest Ohio is strategically located for interstate, rail, and seaport access. The area is serviced by two airports: Toledo Express, 30 minutes from downtown, and Detroit Metropolitan Airport in Michigan, 50 minutes away. (See Figure 4.2)

Climate. The climate of Toledo is characterized as moderate due to its mid-continent location and close proximity to Lake Erie. The area experiences moderate rainfall, snowfall, and temperatures. The average annual temperature is 58.6°F.

Culture and recreation. Toledo's Museum of Art displays both traveling and permanent exhibits. The Center of Science and Industry (COSI) opened in 1997, one block from the convention center. The Toledo Zoological Gardens is ranked among the top-10 zoos in the country. A recently renovated theater, the Valentine, in downtown Toledo is home to the Toledo Opera, ballet, and theater. Toledo's symphony is nationally recognized. Toledo has two semi-professional teams. They are the Mud-hens baseball team and the Storm hockey team.

The Maumee Bay State Park, 1,860 acres of land on Lake Erie, has beaches, public golf courses, and a resort and conference center on the outskirts of Toledo. Lucas County has 17 private and public golf courses and has hosted both PGA and LPGA tournaments. The availability of rivers, lakes,

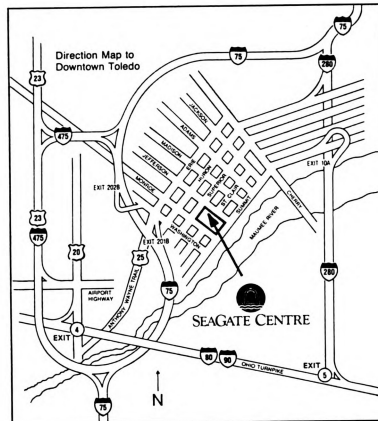


Figure 4.2: Map of Toledo.

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and quarries makes sailing, boating, swimming, fishing, waterskiing, and ice skating popular activities.

The city is an hour's drive from Cedar Point Amusement Park, Dearborn Village, and the Henry Ford Museum. Toledo residents enjoy a relatively low cost of living, and Toledo leads the state of Ohio in per capita income growth.

Organization. SeaGate Convention Centre is a public facility in Toledo, costing \$42 million to build. The University of Toledo owns the meeting-room portion, and the Toledo-Lucas County Convention and Visitors Bureau (TLCCVB), comprising SeaGate Convention Centre and the Greater Toledo Convention and Visitors Bureau (GTCVB), owns the rest of the facility. In the early 1980s, the TLCCVB incorporated as a private 501(c)(3) not-for-profit corporation to build and manage the SeaGate Convention Centre. When the bonds that financed the facility are paid in full, Lucas County will own the portion of the facility now owned by the TLCCVB.

The GTCVB is housed in the SeaGate Convention Centre. It represents and markets northwestern Ohio and components of the travel and tourism industry in northwestern Ohio. The GTCVG employs 10 full- and part-time individuals.

Financing. The financing for construction of the SeaGate Convention Centre was not a traditional pattern of local government financing. "Lucas County contributed eight million to purchase land where the facility is located. *The* city of Toledo was prohibited by section 79 of the Toledo City Charter from *funding* the construction of a convention center. An attempt to repeal the *legislation* was turned down by city voters" (Citizen Study, 1996, p. 3).

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The TLCCVB Board of Trustees set a precedent in the state of Ohio when revenues from the hotel/motel tax, which before 1985 had been the main source of funding for the CVB, were dedicated to making payments on the bonds that financed facility construction. The dedication of this tax cannot be changed until the bonds are retired (the year 2014) or are financed with another revenue stream. The revenues from the tax are used to pay off the bonds, with the residual revenue distributed between the SeaGate Convention Centre and the GTCVB. The residual does not cover both the operating deficit of the SeaGate Convention Centre and the promotional expenditures of the GTCVB (Citizen Study, 1996, pp. 3-4).

A "gentlemen's agreement" was reached between the county and city to fund the SeaGate's deficits in the first 3 years of operation. The agreement was never formalized, and as political leadership changed in the city from a city manager to a strong mayor form of government, so too did the city and county's commitment to the facility. Since 1990 there has been no subsidy from the City of Toledo or Lucas County for the operating deficit. Cash reserves were used to cover the deficits. The GTCVB suffered, having no dedicated, consistent funding source with which to market Toledo and the convention center. In addition, Radisson Hotels defaulted on a Urban Development Action Grant (UDAG) loan repayment, and the TLCCVB Board wrote off \$7.4 million in debt. This \$7.4 million plus interest would have been direct bond retirement, freeing the hotel/motel tax from debt commitment. A recent review of the SeaGate Centre's financial condition predicted it would be broke if measures were not taken to correct funding for the center.

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Interviews Conducted

Using the interview by position and reputation process, six interviews were conducted in Toledo, Ohio. (See Appendix C, Interview Responses, Question 1.)

Study Questions

Research Question 1: How close are the feasibility study estimates of key performance measures to the actual operating results?

Table 4.1 provides a comparison of the SeaGate Centre's actual operating performance, in a stabilized year of activity, to the feasibility study projections of performance for event use, event duration, event days by type, total delegate days, and convention/tradeshows size.

The facility's performance for event use by type indicates that the facility **was** hosting 36 more conventions, 2 more tradeshows, and 5 more consumer **shows** than the feasibility projections for these events on an annual basis (see **Figure 4.3**).

The average event duration or the number of days each event occupies **the building**, excluding move-in and move-out days, was 2.5 for conventions, **1 day less** than the feasibility study projection; 3.0 for tradeshows, **1 day less than the feasibility study projection**; and 2.25 for consumer shows, **1.25 days less than the feasibility study projection**.

Event days by type or the number of days the facility was occupied, by **types** of events, was 125 days for conventions, **77 more days than the feasibility study projection**; 39 for tradeshows, **3 more than the feasibility study projection**;

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and 32 days for consumer shows, 2 more than the feasibility study projection, for a total of 82 additional event days in these types of categories (See Figure 4.4).

Table 4.1: Toledo SeaGate Convention Centre—Projected versus actual operating performance in a stabilized year of operation.

Performance Measure	Feasibility Projections	Actual Performance	Difference	Difference (%)
Event Use by Type				
Conventions	14	50	+36	+257%
Tradeshows	11	13	+2	+18%
Consumer events	8	13	+5	+62%
Total	33	76	+43	+130%
Average Event Duration				
Conventions	3.50	2.5	-1.00	-29%
Tradeshows	4.00	3.0	-1.00	-25%
Consumer events	3.75	2.5	-1.25	-33%
Event Days by Type				
Conventions	48	125	+77	+160%
Tradeshows	36	39	+3	+8%
Consumer events	30	32	+2	+6%
Total	114	196	+82	+72%
Total Convention/Tradeshow Delegate Days	76,985	58,438	-18,547	-24%
Average Convention/Tradeshow Size	3,079	927	-2,152	-70%
Annual Attendance, All Events*	–	–	–	
Building Occupancy	59%	64%	5%	
Annual Revenues to Expenditures Ratio	.56	.61	+.5	

*This information is not available.

The total annual delegate days for conventions and tradeshows was **58,438**. This was 18,547 less than the feasibility study projection.

The average convention/tradeshow delegate size was 927. This was **2,152** less than the feasibility study projection.

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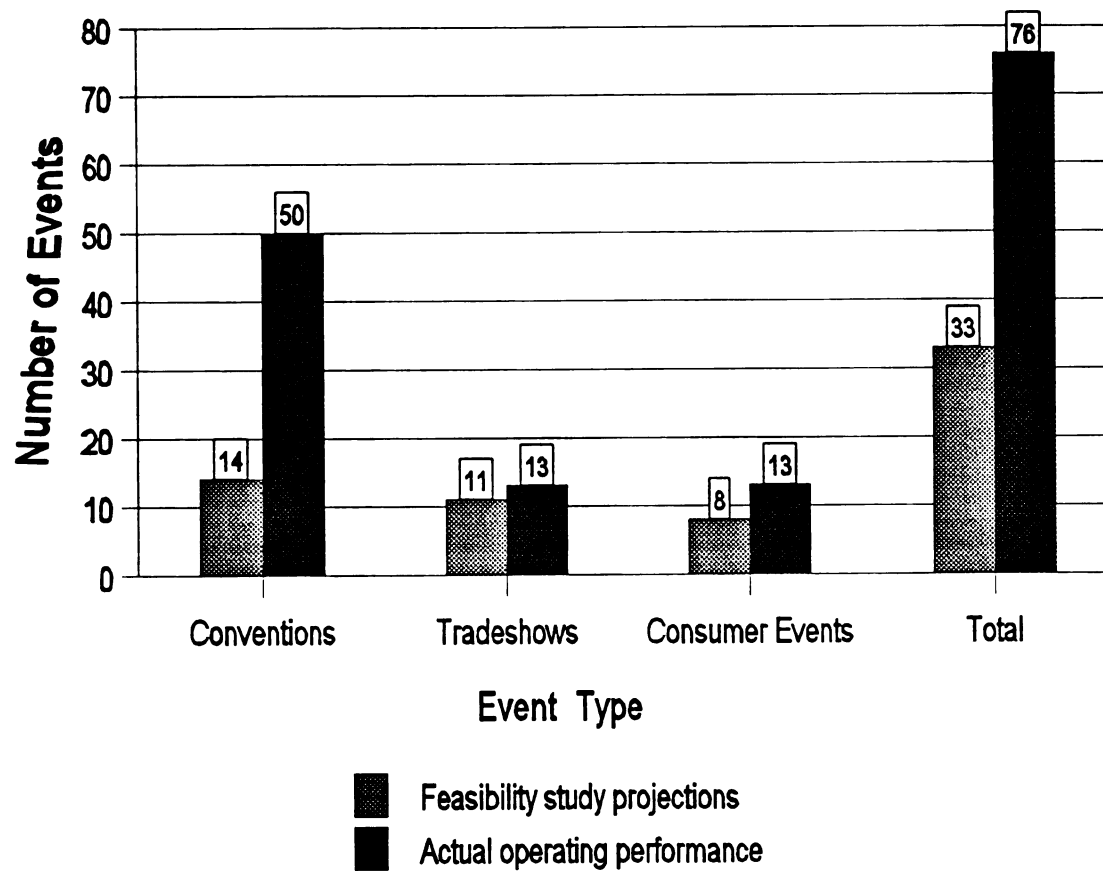


Figure 4.3: Toledo SeaGate Convention Centre event use by type: Projected versus actual operating performance in a stabilized year of operation.

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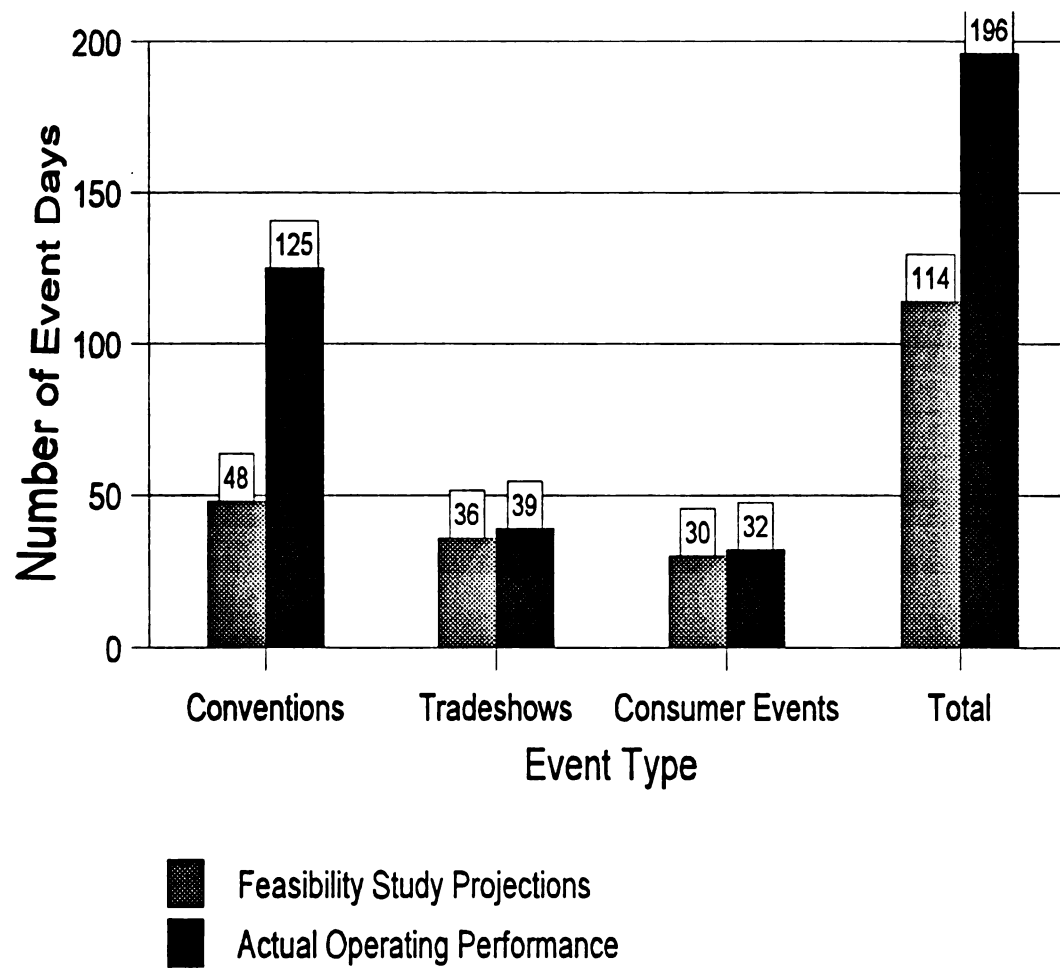


Figure 4.4: Toledo SeaGate Convention Centre event days by type: Projected versus actual operating performance in a stabilized year of operation.

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The findings from the data in Table 4.1 indicate that the center hosted more convention, tradeshow, and consumer show events than the feasibility study estimated; however, these events were shorter and had fewer delegates in attendance. This performance suggests that the convention center hosted many small-size events that may not have required more than 25,000 to 50,000 square feet of space. The majority of the conventions held at the facility were not exhibit-intensive. The events were predominantly state or regional events, as indicated by the short average duration of the shows. Activity reports of events at the center support this finding.

Building occupancy and revenue-to-expenditure ratios suggest that a considerable number of entertainment, sport, and “civic” events were hosted by the facility.

The feasibility study performance projections for the facility were much different from the actual facility operating performance, except with regard to building occupancy and building revenues to expenditures. The feasibility study projected three building-size scenarios, recommending that Option C, a 100,000-square-foot facility be built. The study cautioned that if a facility was built with less than the 100,000 square feet of exhibit space, with at least 800 hotel rooms available nearby, the facility would not operate at the optimal levels needed for the city/county to realize significant economic benefits.

The facility size developed was Option B, 75,000 square feet of exhibit space and 500 hotel rooms available nearby. This facility attracts few national conventions, which have the most economic impact, and hosts many

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conventions that do not have exhibits, or limited exhibits. These events are less economically significant than conventions that have exhibits. Many of the events hosted at the convention center could be hosted by a large hotel facility as they do not require large exhibition square footage.

The interview responses to Questions 8a and 8b (see Appendix C) in the performance measures section suggest that the decision makers, public officials, and facility management often viewed most feasibility performance projections with suspicion. Several of the responses to questions about the feasibility study made reference to its political purpose as a public relations or sales tool to convince and to help educate the public to the need to build the convention center that the leaders in the community wanted to build. One long-time government leader's response to the question about feasibility studies' accuracy stated, "The job of the consultant is to be selected; the job of the leader is to lead" (4T, Question 8b).

None of the respondents interviewed believed that the operating performance feasibility projections resembled the facility's actual performance, with the exception of the building director, who indicated that the operating shortfall predicted in the feasibility study was accurate.

Research Question 2: Has the development of the convention center contributed to downtown economic development?

The information used to answer this question came from a variety of sources, including community economic reports, interview responses, newspaper and magazine articles, and on-site observation.

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Toledo, Lucas County, and the state of Ohio are experiencing new vitality. Strong state, regional, and local economic initiatives are showing results. A few years ago, Ohio was dubbed a rust-belt state, losing both corporations and people to the South and West. Toledo and Lucas County are benefitting, adding 3,423 new jobs and \$245 million in new public and private capital investments committed to expansion and redevelopment projects. Several of the projects are near SeaGate Convention Centre and have the promise of adding appeal to the area as a meeting destination (Toledo Regional Growth Partnership, 1996) (see Table 4.2).

The information collected indicates that the SeaGate Convention Centre is an important piece to downtown Toledo's economic revitalization. The waterfront area where the convention center is located is experiencing much growth and change. However, it is difficult to point to the convention center as the stimulus as opposed to a contributor to that growth. The major development created in anticipation of the convention center's tourism/convention draw—the Marketplace—failed. Additional convention/business hotel rooms did not materialize as expected in the years following the convention center opening.

Five of the six persons interviewed thought that the convention center had contributed to downtown economic growth and revitalization (see Appendix C, Question 6a). The most frequently cited examples were the COSI museum and the stadium. The dissenting viewpoint is expressed by attributing the growth to good economic times, the opening of the Owens Corning world headquarters across the street, and the waterfront location. The interviewees rated the city of

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Table 4.2: Downtown economic activity indicators for Toledo, Ohio.

Positive	Negative
Center of Science and Industry (COSI), one block from convention center, opened in 1996 in closed marketplace space; includes diner	Marketplace retail development next to center to invigorate downtown and cater to convention/tourism business closes after just 2 years
Two new micro-breweries opened in 1996 in downtown area	No additional convention hotel development near convention center; available rooms for convention business approximately the same as before center was developed
Strip of buildings across from convention center entrance is being revitalized as businesses	Owens Corning headquarters has its own training facility rooms, no longer requires convention center space
Owens Corning's world headquarters recently opened new building across from convention center on the waterfront	Several downtown restaurants have closed over the past few years, without replacement
Valentine Theatre renovation	Night-life entertaining activity downtown very minimal; city appears to close down for nights and weekends.
Downtown beautification/riverwalk development	Convention Center appears "tired," not well maintained for age of facility
Three extended-stay hotel properties to open downtown	Toledo downtown area relatively clean for a city, visually very typical of a medium-sized midwestern city. Concrete, glass--void of much vegetation or green area
Best Western takes over Riverview Inn next to Convention Centre	Convention Centre recessed on block, not prominently featured
Libby Glass opens within walking distance of Convention Centre	
New stadium proposed behind SeaGate	
University of Toledo part owners of Center continues to grow	
Economic development plans to develop entertainment/warehouse district downtown	

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Toledo's image before convention center development was an average of 4.6 on a scale of 1 to 10, and is an average of 8.5 today (see Appendix C, Questions 5a and 5b). From the explanations given, this improvement in image of downtown is seen at least in part by decision makers, public officials, and facility management as due to the convention center development and activity it houses in the downtown area.

Research Question 3: Are the attitudes and expectations for facility performance of public officials, decision makers, and facility managers compatible with the mission statement and/or operating objectives of the convention center?

Interview responses to Questions 2a, 3, 4, 10a, and 10b, as well as convention center documents, were used to answer and analyze this question.

According to the SeaGate Convention Centre's 1997 Strategic Marketing Plan Blueprint for the Future, "The stated purpose of the convention center continues to be to attract new convention and tourism dollars to the city and region, and create new civic opportunities within the community." The report states the mission as:

1. To serve as an organization dedicated to the excellence in its operation and service delivery.
2. To serve as a catalyst for economic development and stability for Toledo and Northwest Ohio.
3. To serve as a positive force for the community identity and city image.

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Interview responses to Question 2a regarding the mission and objectives of the convention center (see Appendix C) varied. An admixture of the most-often-cited responses includes providing a facility for conventions, tradeshow, and special events; creating activity downtown; and enhancing the image of Toledo to outsiders.

The rating of the convention center in meeting its mission (Question 3, see Appendix C), on a scale of 1 to 10, yielded an average rating of 8.1, with a response range of 5 to 10.

The responses to Question 4—What specific standards of measurement do you use to evaluate the operating performance of the convention center?—were varied (see Appendix C). Activity and mix of events were the most frequently cited standards used to measure operating performance of the convention center. In rating operating performance for the convention center (see Appendix C, Question 10a), the average rating among respondents was 7.25 on a scale of 1 to 10, with a range of 5.5 to 9.

In response to Question 10b—In evaluating convention center performance, what do you consider the determinants of success for convention center operation and development?—the building director specifically mentioned meeting the stated mission of the convention center.

The responses suggest that the decision makers, public officials, and facility director believe that the SeaGate Convention Centre is meeting its mission by positively promoting the city, and hosting conventions, tradeshow, and special events. The respondents placed an emphasis on profit-loss ratios

when considering the success of the convention center's performance, rather than activity type and numbers of delegates to conventions or tradeshow.

Research Question 4: How do public officials, decision makers, and facility management evaluate operating performance of the convention center?

The performance indicators frequently cited in convention facility literature, strategic plans, and feasibility studies are (a) the number of conventions booked per year by type—national, regional, and state; (b) the size of the convention in terms of delegates and exhibits; (c) the average length of stay for conventioners; (d) the number of hotels and hotel rooms used by the convention group; (e) the annual building occupancy for conventions/tradeshows and other events; (f) the revenue-to-expenditure ratio; (g) the subsidy or profit margin; (h) client evaluations of service; (i) the operations-to-budget personnel ratio; (j) revenue-production resources such as catering, equipment rentals, and so on; (k) contractual services; (l) union relations; and (m) public/political support.

The responses to the interview survey question—What specific standards of measurement do you use to evaluate the operating performance of the convention center? (see Appendix C, Question 4)—varied. Mix of events and activity were the most frequently cited specific standards of performance.

Interviewees' average rating of the convention center's operating performance (see Appendix C, Question 10a) was 7.25 on a scale of 1 to 10, with a range of 5.5 to 9.

Research Question 5: What are the determinants of success for convention center operation and development according to public officials, decision makers, and facility management?

Convention facility literature, industry insiders, and governmental organizations frequently use some or all of the following criteria to determine operation and development success for a convention center: (a) the economic impact or economic spin-off created by facility activities on the community, (b) the generation of hotel room nights, (c) the amount of bed tax generation, (d) city image/landmark, (e) revenue generator, (f) the number of convention and tradeshow events hosted per year, and (g) user evaluation surveys. These performance indicators differ significantly with the handful of privately owned and operated convention centers that use profitability and service to customers as measures of success (Ghitelman, 1995).

The interview responses to Question 10b—In evaluating convention center performance, what do you consider the determinants of success for convention center operation and development?—the most frequently cited determinant was building occupancy, followed closely by financial performance, i.e., profit/loss or revenue generation. As noted previously, respondents gave the convention center an average rating of 7.25, on a scale of 1 to 10, on the success of the operating performance of the convention center (see Appendix C, Question 10a).

Survey Question 7—Knowing what you know today, what, if anything, might be done differently in the development or operation of the convention center? Explain—gave respondents the liberty of using hindsight in assessing

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the operation and development process of the convention center. Respondents were allowed to elaborate on the positive, negative, success, or failure issues about the process if they so chose. The most common responses fell into the following categories: financing, ownership, and marketing (see Appendix C).

Research Question 6: Have the mission and objectives of the convention center changed over time?

The formal stated mission of the convention center had not changed since its inception. The 1997 Strategic Marketing Plan for the SeaGate Center clearly stated the continued mission of the center:

SeaGate states its purpose is to attract new convention and tourism dollars to the city and region, and create new civic opportunities in the community.

The mission statement for the 501 (c)(3) not for profit corporation, formed to build and manage the facility is and remains:

- * to serve as an organization dedicated to excellence in its operation and service delivery
- * to serve as a catalyst for economic development and stability for Toledo and Northwest Ohio
- * to serve as a positive force for community identity and city image. (p. 2)

The Strategic Marketing Plan states the goals to accomplish the mission are as follows:

Goal 1: "To build SeaGate Convention Centre's financial self-sufficiency each year." This is accomplished through more communication and partnership with local hospitality providers, booking six new conventions that drive 250-plus hotel rooms on peak nights, targeting financially attractive events to increase profitability, increase banquet and concession revenues, and attend seven marketing promotion trips to association meetings to target to meeting planners.

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Goal 2: "To build a customer-focused service delivery system that will reinforce SeaGate staff as important members of the service team, and will strengthen their knowledge about client needs." This is accomplished through soliciting user experience feedback, boosting service evaluation surveys from 30% to 70%, and instituting employee morale-development incentives, updating promotional materials, and developing a website.

Goal 3: "To establish SeaGate Convention Centre as a key catalyst aiding economic development in downtown Toledo, in Lucas County, and in Northwest Ohio." This is accomplished through increasing media coverage, undertaking public relations awareness efforts in the community, producing a bi-monthly calendar of events, and planning a 10-year birthday party celebration for the facility.

In analyzing the stated mission of the facility in relation to the stated goals, especially in terms of priority, the first goal relates to economic self-sufficiency for the facility, not creating the most economic benefit to the community. The emphasis on financial self-sufficiency significantly impacts the financial operations decisions and marketing decisions of the facility management and staff. Conventions and tradeshow in public facilities cost centers money to host, rather than producing additional revenues. In the past, this was looked at as the cost of doing business in a highly government-subsidized industry that made up these tax dollars on economic gains realized through the business brought to town by convention delegates. Sport and entertainment events have the opposite effect on the center. The facility has the

potential to make money, producing a better-looking bottom line; however, the economic benefits reaped throughout the rest of the community are minimal.

In reviewing news articles and convention center budget documents, and interviewing the facility director, it was learned that most of the improvements and investments made to the facility have been for retractable sport seating and banquet amenities. This is further indication, along with the building director's comments and other interview responses, that activity downtown, not necessarily the type of activity, is a major goal, not expressed in the formal mission. The financial incentive to host sporting events is evident in the move to provide the equipment needed to host sport events, even when monies for routine maintenance and operations are not adequate.

Goals 2 and 3 do correspond to the stated mission.

Question 2b was: Has the mission or objectives of the convention center changed over time? In response to this question, four respondents said the mission or objectives had changed over time. One respondent said "No," and another answered, "I don't know." Four of the six respondents mentioned the change in the mix of activities at the SeaGate Center.

Research Question 7: How positive or negative do public officials, decision makers, and facility management believe public opinion is regarding the success or failure of the convention center?

Participants were asked, How positive or negative do you think public opinion is of the convention center's performance? (Question 6b). The average response by those interviewed was 4.9 on a scale of 1 to 10. Two respondents did not give a numerical value but did state that public opinion was changing or

had changed from negative to more positive in the past few years. By comparison, the public officials', decision makers', and facility managers' average rating of the center's operation performance was 7.25 on a scale of 1 to 10.

The respondents' view of performance success or failure of SeaGate was significantly more positive than how they thought the general public viewed the performance success or failure of the convention center. In elaborating about this question, several of the respondents voiced an opinion that because the city residents voted down funding for the convention center and the community leaders built it anyway, many of the residents were negatively predisposed toward the center, and even the best possible performance of the center would not change their opinion from negative to positive.

Other indications of the community's opinion toward convention facility development were the voting down by the public of two separate referendums to tax the citizens and build a convention center. A city statute specifically limits the City of Toledo's ability to use any city tax money to fund convention center development. The county built the center, dedicating all future hotel bed tax revenues to pay off the bond.

A review of the newspaper articles found in the Toledo Blade since the opening of the convention in center in 1987 indicated that the headlines and content of the coverage of the center had become more and more critical over time. The focus of most articles was on the convention center's financial problems (see Appendix F).

Research Question 8: How similar or dissimilar are more recent (late 1980s to 1990s) feasibility studies of convention center projects to the feasibility study conducted for this case?

The following studies were compared and analyzed for scope, content, process, projection, and reporting characteristics to the Toledo feasibility case study: Savannah, Georgia; Aurora, Colorado; Providence, Rhode Island; and Pensacola, Florida. (Broward County, Florida, and Nashville, Tennessee, were included to compare the Toledo study with other feasibility studies conducted in the same time frame—the early 1980s.) (See Appendix E.) The results yielded the following observations. The Toledo convention center feasibility study is very similar in methodology, process, projections, and reporting characteristics to more recent feasibility studies.

Propositions

Proposition 1: The linkage between what the feasibility study estimates of performance projected prior to convention center development and actual postdevelopment operating performance is weak. The information collected and analysis of Research Question 1, depicted in Table 4.1, supported Proposition 1 for the following reasons.

1. The case study research indicated that the estimates of performance for event use by type was underestimated by 43 events (130% more) in the feasibility study compared to actual performance.
2. The case study research indicated that the average event duration was overestimated by at least 1 day (29% less) for conventions and tradeshow

and 1.25 days (33% less) for consumer shows in the feasibility study compared to actual performance.

3. The case study evidence indicated that the average event days by type of event was underestimated by 82 event days (72% more) for conventions, tradeshow, and consumer shows in the feasibility study compared to actual performance.

4. The case study research indicated that the average convention/tradeshow size was underestimated by 2,152 delegates (70% less) in the feasibility study compared to actual operating performance.

5. The case study research indicated that building occupancy was estimated in the feasibility study at 59%, whereas the actual building occupancy performance was 64%.

6. The annual revenue-to-expenditure ratio was estimated in the feasibility study to be .56, whereas the building's average actual performance was .61.

7. The profile of the event activity in comparing the feasibility study performance indicators to actual performance for conventions, tradeshow, and consumer shows at SeaGate Centre was composed of more events of the local and state nature, using more event days, for less than average duration, and having fewer attendees than projected in the feasibility study. The building occupancy and annual revenue-to-expenditure ratio closely resembled actual performance; however, the makeup of what constitutes the occupancy and revenue/expenditures is very different. This building-event profile indicates a

facility that is underperforming in terms of intended economic impact on the community as a result of the types of events SeaGate Centre actually hosts, compared to the building event profile projected in the feasibility study.

In analyzing the interviewees' responses to the performance section of the survey (Questions 8a, 8b, 9, 10a, and 10b, Appendix C), the responses suggest that the interviewees were unaware of what the feasibility study projected for performance and did not view the study projections of performance as important to how the facility was performing. The importance of the feasibility study is the way it can be used in public relations, in public policy, and as a sales tool for the unaware public. The feasibility study is viewed as a necessary part of the political process a community goes through to build a convention center.

Proposition 2: The positive or negative perceptions that community decision makers, public officials, and facility management have regarding the convention center development have very little to do with the convention center's post-development operating performance. The information gathered and analysis of Research Questions 1, 2, 5, and 7 support this proposition, with the exception of the facility's financial performance, for the following reasons:

1. Public officials, decision makers, and facility management rated the city image as significantly more positive than it was before convention center development, boosting the city's image from an average rating of 4.6 to an average rating of 8.5 on a 10-point scale since the convention center was developed.

2. Four of the six persons interviewed believed the convention center contributed positively to the growth and revitalization of downtown Toledo.

3. The interviewees' average operating performance rating was 7.22 on a 10-point scale.

4. The interviewees' perception of how the public rated the convention center's operating performance averaged 4.93 on a 10-point scale, which was significantly lower than their own 7.22 rating of performance.

5. The interviewees suggested it was the lack of "knowledge" about the benefits of the convention center to the local economy that accounted for the difference between their own opinion of the convention center's performance and their view of the public's perception of that performance.

6. Given the feasibility study projections, the SeaGate Convention Centre is overperforming in terms of convention business brought to the area. However, because the events are dominated by small state conventions, the economic impact generated as a result of the events hosted at the facility is less than anticipated. Convention occupancy is relatively high, at 45% of annual event occupancy.

7. Most of the decision makers', public officials', and facility managers' positive or negative ratings of the convention center development had more to do with financial viability, downtown image enhancement, and marketing than with the actual operating performance measures, such as types of activities or business conducted at the center.

8. A content analysis of the local newspaper headlines and story content since the SeaGate Centre's opening showed a trend from generally positive newspaper reporting about the center to very negative reporting in the past few years (see Appendix F), with concentration of the facility's financial problems. The facility director suggested that the relationship with the media was changing from negative to more positive. He and others who were interviewed believed the negative coverage over the past few years had continued to flame an already disgruntled public with respect to the convention center.

Proposition 3: The attitudes and expectations of facility performance by public officials, decision makers, and facility management are incompatible with the mission statement and/or operational objectives of the convention center. The findings and analysis of Research Questions 3, 4, and 5 support Proposition 3 for the following reasons:

1. The attitudes and expectations expressed in the interviews with public officials, decision makers, and facility management overwhelmingly considered the center's operating self-sufficiency as critical to meeting operating objectives and goals. Marketing efforts and building financial-outlay decisions were being made to bring the facility closer to break-even revenue-to-expenditure ratio. The facility director stated that it was his responsibility to close the gap between operating revenues and expenditures, and he believed keeping his job depended on it.

2. The newspaper articles continued to run stories of the convention center's financial vulnerability, with headlines like "SeaGate Going Broke; Taxes

Called an Option" and "SeaGate Could Cost Neighbors" (Toledo Blade, March 22 and March 30, 1996).

3. Cooperation for Effective Government (CEG) released a study in 1996 detailing the financial crisis the convention center was in and predicted it could run out of cash within 12 months if changes in the funding of its operations were not made. The CEG recommended that, in the meantime, the county should pay for two-thirds and the city one-third of the proposed \$500,000 annual subsidy to operate the center (CEG Study, 1996).

4. The findings from Research Questions 3, 4, and 5 suggest the paradoxical situation with which the convention center and convention management are presented: The more convention and tradeshow the center hosts, the more operational debt it will generate. Yet, this continues to be the stated mission of the center, and management is charged with and being held responsible for reducing the gap between revenues and expenditures with a priority of breaking even.

5. The mission statement does not address the financial viability of the facility or self-sufficiency, and yet this emerged as the number-one marketing priority for the facility in the 1997 marketing plan. The attitudes and expectations of public officials, decision makers, and facility management interviewed were that, in general, the facility was meeting or exceeding expectations, except with regard to financial performance. This reflects the curious position of the facility, which, in fact, is underperforming in operations for the type of conventions and tradeshow it was intended to host, but actually

doing better than expected in terms of financial performance as presented in the feasibility study.

Proposition 4: The development and operation of convention facilities in secondary or tertiary markets are fraught with postoperational difficulties rarely addressed in preoperational feasibility studies. The data and analysis of Research Questions 4, 5, 6, and 8 support Proposition 4, as do a number of secondary information sources, for the following reasons:

1. The interviewees suggested that the biggest postdevelopment, unanticipated difficulty not addressed in the feasibility study was the financial problems and funding difficulties the facility faced.

2. The feasibility study did provide a number of possible financing options that had been used in the construction and operation of other convention centers. Toledo did not use any of the recommended courses of action and, in fact, enacted a new state law to allow for the bed-tax dollars collected countywide to fund the construction of the facility. The facility had no formalized or dedicated source of operating money, and, to date, no entity has stepped up to the plate to assume this role.

3. The CEG report was commissioned to address the long-term prospects for the convention center's financial viability. The report concluded that unless changes were made and monies found to support the facility, it might go broke within a short period.

Proposition 5: Over time, economic and political pressures change the mission and objectives of the convention center from its original development

and operation purposes. The findings from Research Questions 3, 4, and 6 support Proposition 5 in the following ways:

1. The facility has received increasingly negative newspaper-article coverage about its financial position.
2. The most recently hired facility director saw his success and the building's performance tied to financial returns from the activity at the facility.
3. The emphasis has changed from SeaGate's being viewed as a convention/tradeshow venue to a more flexible, multipurpose facility hosting sport events and local banquets.
4. The city continues not to financially support the facility operations.
5. Self-sufficiency and breaking even were the expectations of those interviewed.
6. The above-mentioned attitudes reflect a growing debate in many communities—that these huge facilities should now pay their own way, even though that might not have been the original concept. In a 1995 article in Meetings and Conventions magazine on private versus public convention center funding, Ghitelman suggested that there is a strong argument for private funding and that, for many cities, a return to supply and demand should be the determinant, with those communities with sufficient demand relying on the private sector to build profitable centers. Some privately owned centers do exist and claim to be profitable. With management contracts to private groups growing, selling off these huge financial burdens may be the next wave of activity for cities that can find takers (Ghitelman, 1995).

Case Study Two: The Rivergate Convention Center in Rochester, New York

Description/Background

Facility. The Riverside Convention Center opened in August 1985 in downtown Rochester, New York. The facility has 100,000 square feet of exhibit and meeting facilities, a 49,275-square foot Exhibit Hall, a 10,000-square foot ballroom that can be used for exhibits, and 25 meeting rooms (see Figure 4.5). The facility is linked to hotels, shopping areas, and a second-floor walkway, which is especially useful during Rochester's cold and snowy winters. A \$40 million state grant built the center. Rochester Riverside Convention Center is operated as a nonprofit corporation separate from the city government. The center employs a full-time staff of 20 to 25 people. An additional 200 part-time workers are used for food preparation and service. The convention center took over the food service operation from Ogden, a contracted food service, after 3 years of operation. Three hotels connected to the center by overhead walkways provide 1,200 convention-quality hotel accommodations.

Location. Rochester is the third largest city in New York state, with a population of 231,636 in the city and a Standard Metropolitan Statistical Area (SMSA) of 996,557 (see Figure 4.6). Rochester has a strong manufacturing base of telecommunications, automotive products, biotechnology, polymers, pharmaceuticals, and office equipment. Rochester dominates the world of high-technology imaging and options. Bausch & Lomb, Inc., Eastman Kodak, Xerox, the Gleason Corporation, Frontier Corporation, and Wegmans Food Markets are

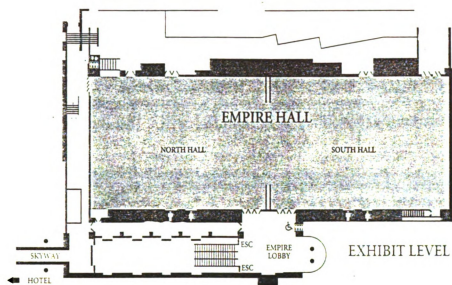


Figure 4.5: Floor plan of the Rochester Riverside Convention Center.

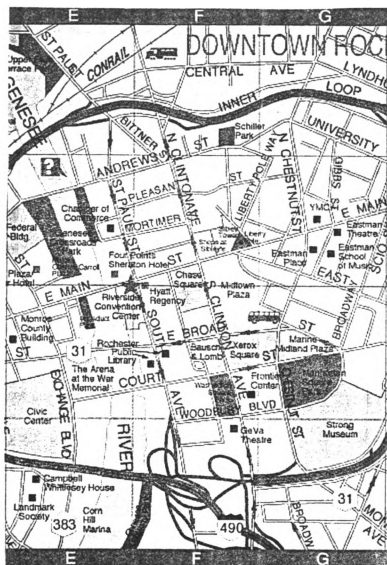
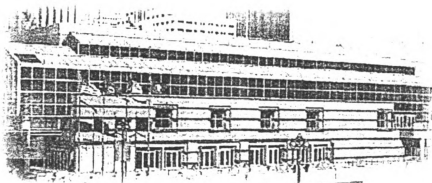


Figure 4.6: Map of Rochester.

headquartered in Rochester. Greater Rochester has 15 colleges and universities, including the University of Rochester and the Rochester Institute of Technology. Rochester is also home to several big and small local and regional financial institutions. Direct, extensive road and train networks cut through Rochester, connecting it to the Northeast. The New York State thruway is the major east-west corridor. Rochester International Airport is just 10 miles outside of the city. Extensive water and rail transportation networks include the Barge Canal, St. Lawrence Great Lakes Seaway, Amtrak, and Conrail rail systems.

Climate. Due to lake effect, Rochester experiences few days over 100°F. in the summer and averages 5 days below 0°F in the winter. Rochester experiences heavy snowfalls periodically. Daily maximum temperatures range from 60°F in July to 16°F in January. The average annual temperature is 56°F.

Culture and recreation. Rochester has a long history with golf, establishing one of the first public golf courses in the United States in 1899. There are more than 30 public, private, and semi-private golf courses throughout the Rochester area. The Erie Canal and Genesee River provide opportunities for paddle-boating and tour-boating, as well as fishing charters. The beaches on Lake Ontario provide summer recreation activities, wineries, and theater.

Cultural and heritage offerings include the following: The Memorial Art Gallery at the University of Rochester houses major art exhibits; the Eastman House, an interactive museum of photography and film; Rochester Museum and Science Center; the National Women's Hall of Fame; Seneca Park Zoo; Strong Museum History Center; the Eastman School of Music; and the Rochester Philharmonic

Orchestra. In recent years, Rochester hosted the Ryder's Cup, an international golf championship, and the International Congress on Education for the Deaf.

Organization. The convention center is operated by the city as a 501 (c)(3) nonprofit organization. The center currently has a director who has been in position since the center opened in 1985. Rochester's promotion arm for conventions, the Convention and Publicity Bureau, has been in existence since 1932, much before most American cities had such bureaus.

Financing. The facility was built with a state grant of \$40 million, and it carries no debt. The city and bed-tax revenues, along with fees generated by the facility, pay for operating and maintenance costs. The center has run significantly higher deficits than anticipated. The facility took over the food service operation in an effort to push its catering service and make more revenue.

Interviews Conducted

Using the interview by position and reputation process, five interviews were conducted in Rochester, New York. (See Appendix C, Interview Responses, Survey Question 1.) Rochester had a closed or limited environment in terms of relationships and positions involved in the convention center. This may be due to the long duration of the director, who has been there since the facility's opening, and the designed autonomy with which the center operates.

Study Questions

Research Question 1: How close are the feasibility study estimates of key performance measures to the actual operating results?

Table 4.3 is a comparison of Rochester Riverside's actual operating performance, in a stabilized year of activity, to the feasibility study projections of performance for event use, event duration, event days by type, total delegate days, and convention/tradeshow size.

Table 4.3: Rochester Riverside Convention Center--Projected versus actual operating performance in a stabilized year of operation.

Performance Measure	Feasibility Projections**	Actual Performance	Difference	Difference (%)
Event Use by Type				
Conventions/tradeshows*	38	28	-10	-26%
Consumer events	6	25	+19	+316%
Total	44	53	+9	+20%
Average Event Duration				
Conventions/tradeshows	3.4	3.5	+ .1	+3%
Consumer events	5.0	NA		
Event Days by Type				
Conventions/tradeshows	130	98	-32	-25%
Consumer events	30	NA		
Total	160	—	—	
Total Convention/ Tradeshow Delegate Days	106,350	73,263	-33,057	-31%
Average Convention/ Tradeshow Size	818	2,616	+1,798	+220%
Annual Attendance, All Events	135,350	275,446	+140,096	+104%
Building Occupancy	43%	78%	0.35	
Annual Revenues to Expenditures Ratio	.48	.81	+ .33	

Note. NA = Not available.

*The Rochester facility records and feasibility study are not broken down into separate convention and tradeshow categories, so they are combined in the table.

**The feasibility study projected a low utilization and a high utilization building operation performance. A midpoint between the low/high utilization projections was used in this table.

The facility's performance for event use by type indicates that the facility was hosting 28 conventions/tradeshows. (Rochester's facility does not distinguish in its record-keeping between conventions and tradeshows, nor did the feasibility study. Conventions and tradeshows are combined into one event category in the table.) This is significantly fewer than the projected 38 (26% less) annual convention/ tradeshow events projected in the feasibility study, using the midpoint of the low/high utilization projections (see Figure 4.7).

The average event duration or the number of days each event occupies the building, excluding move-in and move-out days, was 3.5 for conventions and tradeshows. The feasibility study projection was 3.4 days for conventions and tradeshows. The average number of days for consumer shows was not available from the facility's records. The feasibility study projected 5 days for public consumer shows.

The event days by type was 98 for conventions and tradeshows. The feasibility projections were 130 event days. This was 32 (25% less) fewer event days than feasibility study projections. Numbers were not available for public consumer shows. The feasibility study projected public consumer shows at 30 event days, using the midpoint of the low/high utilization projections (see Figure 4.8).

The total annual delegate days for conventions and tradeshows was 73,263. The feasibility study projected 106,350. This was 33,087 fewer annual delegate days for conventions and tradeshows than projected in the feasibility study, using the midpoint of low/high utilization projections.

The average convention/tradeshow delegate size was 2,616. The feasibility study projected the average convention/tradeshow delegate size

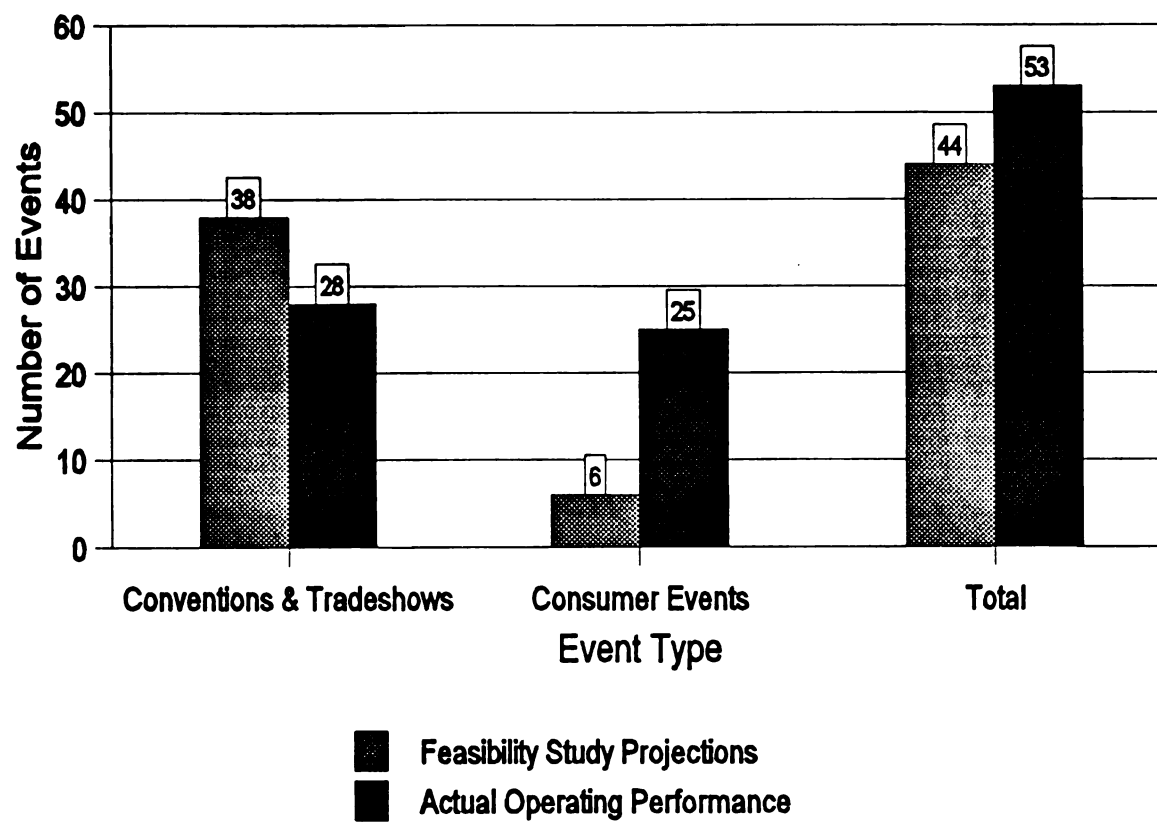
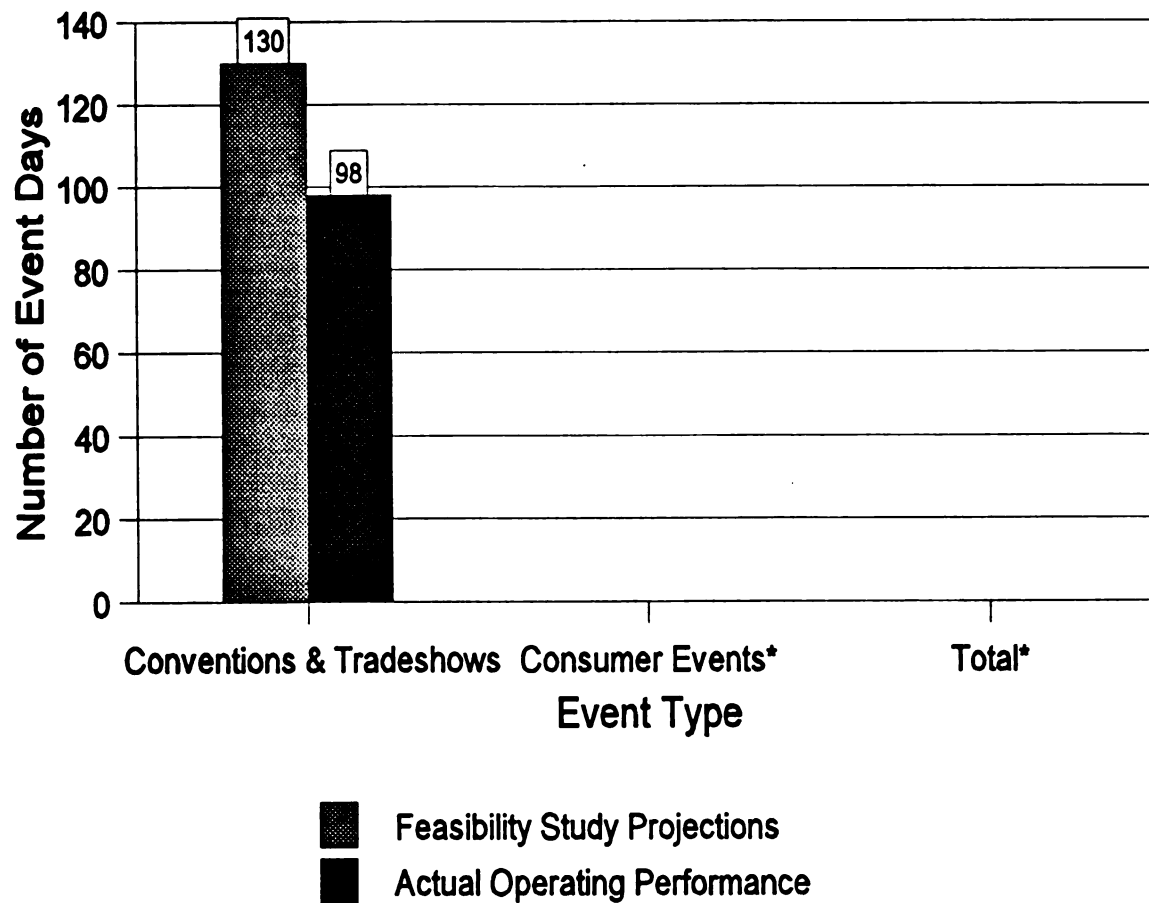


Figure 4.7: Rochester Riverside Convention Center event use by type: Projected versus actual operating performance in a stabilized year of operation.



*Data not available.

Figure 4.8: Rochester Riverside Convention Center event days by type: Projected versus actual operating performance in a stabilized year of operation.

(national, regional, and state) in the 818 range, using the midpoint of the low/high utilization projections. The actual operating performance was significantly higher, 1,798 delegates per convention more, on average.

The Rochester Center keeps annual attendance figures. In 1992, the annual attendance was 275,446. The feasibility study projections of annual attendance for all events was 135,350, using the midpoint of the low/high utilization projections.

Building occupancy, according to the facility director, averages 78% annually. The feasibility study projected a 43% building occupancy.

The annual revenues-to-expenditures ratio was .81. The feasibility projections estimated the annual revenues-to-expenditures ratio to be .48.

The findings from the data in Table 4.3 indicate that the convention center was hosting fewer conventions and tradeshow than the study projected and hosting a great many more consumer events and corporate meetings. The conventions and tradeshow that the center was hosting had a significantly higher average number of attendees than the feasibility study anticipated. The make-up of the event mix accounted for the significantly higher annual attendance number, the higher-than-anticipated revenues-to-expenditures ratio, and the significantly higher building occupancy. The small number of conventions and tradeshow hosted by the facility allowed for more available days for high-revenue-producing events to be held in the facility. The corporate meetings and private events increased banquet and catering revenues for the facility.

The feasibility projections that most accurately reflected operating performance at Rochester Riverside Convention Center were the average event

duration and the total number of convention and tradeshow attendees. The actual performance revealed that the facility hosted far fewer conventions and tradeshows than the feasibility study projected. However, the conventions and tradeshows the facility did host had far more delegates in attendance. The higher attendance may have been the result of marketing efforts to host more regional or national conventions than state meetings.

Interview responses to questions about performance measures.

Responses to Questions 8a, 8b, and 9 (see Appendix C) in the performance measures section of the survey suggested that decision makers, public officials, and facility management viewed feasibility performance projections as part of the political process, to make a case for funding the convention center or to gain public support to build a facility.

Of the respondents who rated feasibility study accuracy on a 10-point scale, the average rating was 6.5, with a range from 6 to 7. Those interviewed indicated they did not perceive the projections to be particularly accurate and often viewed them with suspicion, indicating that they believed there is a tendency of study findings to be positive toward building the center, and a perception that the smaller the facility, the less accurate the feasibility study findings may be.

The responses to Question 9 indicated that those interviewed believed the facility's operating performance closely resembled the feasibility study estimates of future performance.

Research Question 2: Has the development of the convention center contributed to downtown economic development?

The information used to answer this question came from a variety of sources, including community economic reports, interview responses, newspaper and magazine articles, and on-site observation.

Rochester, New York, home to many corporations' world headquarters, has had a diversified economy for many years. The recent years of overall U.S. economic vitality have added to its growth. The Rochester Riverside Convention Center opened in downtown Rochester in 1986 as part of a revitalization plan for the downtown area. The downtown area, while certainly not dead, was suffering, as many central cores of downtowns were, from a demise of retail, replaced by a service and commerce center. The promised new headquarters hotel that was originally scheduled to open in conjunction with the convention center's opening did not open until 6 years after the facility opened, impeding the facility's marketing efforts to recruit large national and regional convention business for several years. What finally brought the hotel to the downtown area took a private-public partnership created to develop the hotel, as opposed to market forces brought about by the opening of the convention facility. (See Table 4.4.)

The information collected and on-site inspection of the Rochester Riverside Convention Center indicates that the center was built in the middle of the downtown economic hub, along the Genessee River and main street. This placement suggests that location in the downtown area was favored over potential for expansion of exhibition space. The city's growth and revitalization is more active in the surrounding downtown communities of the city. The midtown area, including the midtown mall, is suffering and scheduled for

Table 4.4: Downtown economic activity indicators for Rochester, New York.

Positive	Negative
Center linked to rest of city by overhead walkway network	Center not enough reason for private developer to open a headquarters hotel
Hyatt Hotel opened in 1992	Urban flight—over the years, the city has shrunk from 330,000 (1950) to 230,000 (1990)
Center in walking distance to 1,200 rooms	Lost important retail anchors
Center located on river and river walkway network	City has history of racial strife
Area around center active; no boarded-up storefronts	Midtown struggling
City neighborhood revitalization and growth taking place in downtown pockets	Limited committable convention-quality rooms near center
Business districts outside of downtown flourishing	
Community college downtown	
Numerous entertainment night spots	
Multicultural atmosphere	
Good bus transportation	
Strong museum, heritage and arts facilities and programs	
Center manages own food service and catering operation	
More than 100,000 international visitors per year	
International airport	
1.5 million conventioners come to town each year	
Strong leadership, business climate, largest per capita export city in U.S.; world headquarters to several huge corporations	

closure. The opening of the Hyatt Hotel, across the street and connected by the over-street walkway, was started and then abandoned in 1987 and left as a vacant shell until 1992, when it took a partnership of 10 private and public entities to finish building the hotel. This is a testimonial to the community, city, and business leaders' determination to support the convention center and midtown. The need for a public/private partnership to develop the hotel is also testament to the "risk" associated with developing hotel properties in downtown areas. Regardless of proximity to a new convention facility and the potential for large convention activity, no single developer from the private sector could be persuaded to build the hotel.

The convention center is an important addition to the midtown area, assisting in the linkage of midtown via the river walkway system to the rest of the downtown area. It is difficult to point to the convention center as an economic-revitalization stimulus for private-sector investment in the immediate area surrounding the convention center.

The interviewees' responses to the economic development/public perceptions section questions on the survey indicated that the respondents thought the downtown was changing. There were both positive and negative characterizations of types of changes. The respondents also had mixed reactions to the role the convention center had played in the economic change.

The interviewees rated Rochester's image before convention center development as an average of 5.3 on a scale of 1 to 10, and an average of 6.2 at present (see Appendix C). All but one respondent answered that the

convention center had added “value” to the downtown area. The dissenting respondent expressed the viewpoint that “the change in downtown to a more negative image had nothing to do with the convention center but other economic problems with the downtown area.”

Research Question 3: Are the attitudes and expectations for facility performance of public officials, decision makers, and facility managers compatible with the mission statement and/or operating objectives of the convention center?

Interview responses to Questions 2a, 3, 4, 10a, and 10b, as well as convention center documents, were used to answer and analyze this question.

According to a February 6, 1997, internal convention center document, and reprinted from the original October 3, 1984, document, the Rochester Riverside Convention Center’s mission statement is as follows:

The mission of the Rochester Riverside Convention center is to serve as a catalyst in the generation of increased and maximum economic benefits to the City of Rochester and Monroe County and to act as an enhancer of the City and the County’s image internationally, nationally, regionally and locally. This is accomplished by implementation of an aggressive marketing/sales policy of prioritized selling to the convention, tradeshow and meetings industry, with emphasis beyond the primary goal being given to booking a reasonable mix of events intended to maximize revenues while enhancing the quality of life in the community. All endeavors are conducted in a highly professional, enthusiastic manner, with aggressive pursuit and rapid, thorough follow-up as standard operating procedure. (p. 1)

Interview responses to Question 2a regarding the mission and objectives of the convention center (see Appendix C) had a common thread of providing a facility for outside business (conventions) and a place for local business/ educational meetings and a source of civic pride.

The rating of the convention center in meeting its mission (Question 3, see Appendix C), on a scale of 1 to 10, yielded an average rating of 9.2, with a response range from 7 to 10.

The responses to Question 4—What specific standards of measurement do you use to evaluate the operating performance of the convention center?—were varied (see Appendix C). Activity level and occupancy were most frequently cited. In general, interviewees were very positive with regard to the facility's operating performance, although the standards of measurement used to assess performance varied from one interviewee to another.

In rating the convention center's operating performance (Question 10a), the average rating among respondents was 8.75 on a scale of 1 to 10, with a range from 8 to 10.

Respondents also were asked: In evaluating convention center performance, what do you consider the determinants of success for the convention center operation and development? (Question 10b). The responses were varied and included attention to detail, type of business hosted, attendance, good food service, economics, and maximizing profits.

The responses given suggest that decision makers, public officials, and facility management were very positive toward the Rochester Riverside Convention Center. They believed that it was meeting its mission and performance goals.

Research Question 4: How do public officials, decision makers, and facility management evaluate operating performance of the convention center?

The performance indicators frequently cited in convention facility literature, strategic plans, and feasibility studies are: (a) the number of conventions booked per year, by type—national, regional, and state; (b) the size of the convention in terms of delegates and exhibits; (c) the average length of stay for conventioners; (d) the number of hotels and hotel rooms used by the convention group; (e) the annual building occupancy for conventions/tradeshows and other events; (f) the revenue-to-expenditure ratio; (g) the subsidy or profit margin; (h) client evaluations of service; (i) the operations-to-budget personnel ratio; (j) revenue-production resources such as catering, equipment rentals, and so on; (k) contractual services; (l) union relations; and (m) public/political support.

The responses to the interview survey question—What specific standards of measurement do you use to evaluate the operating performance of the convention center? (see Appendix C, Question 4)—varied significantly. No specific performance measure was cited by most or many of the interviewees.

Interviewees' average rating of the convention center's operating performance (see Appendix C, Question 10a) was 8.75 on a scale of 1 to 10, with a range from 8 to 10.

Research Question 5: What are the determinants of success for convention center operation and development according to public officials, decision makers, and facility management?

Convention facility literature, industry insiders, and governmental organizations frequently use some or all of the following criteria to determine operation and development success for a convention center: (a) the economic

impact or economic spin-off created by facility activities on the community, (b) the generation of hotel room nights, (c) the amount of bed tax generation, (d) city image/landmark, (e) revenue generator, (f) the number of convention and tradeshow events hosted per year, and (g) user evaluation surveys. These performance indicators differ significantly from the handful of privately owned and operated convention centers that use profitability and service to customers as measures of success (Ghitelman, 1995).

The interviewees responded to Question 10b—In evaluating convention center performance, what do you consider the determinants of success for convention center operation and development? The most frequently cited determinants were number of attendees, financial performance (i.e., profit/loss), economic impact, and food service. As noted previously, respondents gave the convention center an average rating of 8.75, on a scale of 1 to 10, on the success of the operating performance of the convention center (see Appendix C, Question 10a).

Survey Question 7—Knowing what you know today, what, if anything, might be done differently in the development or operation of the convention center? Explain—gave respondents the liberty of using hindsight in assessing the operation and development process of the convention center. Respondents were allowed to elaborate on the positive, negative, success, or failure issues about the process if they so chose. The most common responses fell into the following categories: ownership/operations, financing, and complementary support facilities in place (see Appendix C).

Research Question 6: Have the mission and objectives of the convention center changed over time?

The formal stated mission of the convention center had not changed since the building's inception in 1984 (Rochester Riverside Convention Center, 1997). Refer to the section on Research Question 3.

In response to Question 2b—Has the mission or objectives of the center changed over time?—two respondents answered “Yes.” Another four respondents said, “No.”

From interview information and newspaper articles, it was found that the stated formal mission of the convention center had not changed. However, if the mix of hosted events and operational emphasis of the center is studied, it can be seen that a shift in emphasis has occurred since 1983, with more and more emphasis placed on financial performance. Indicators of the shift include the facility's taking over the contracted-out catering and food service operation to boost revenue from hosting banquets. The control of the revenue-producing contracted-out catering and food service operation led to a marketing push to host more large catered events such as weddings and corporate dinners and fund-raisers, which tend to be local events. With the opening of the Hyatt Hotel to serve as convention meeting headquarters, the facility should be experiencing an increase in the number of national or regional conventions that it hosts. This has not happened. The facility is averaging three additional conventions per year since the hotel opened. The size of these meetings is larger than projected by the feasibility study, although the average size of the meetings has not grown since the hotel opened. This might suggest a marketing strategy that prioritizes large local catered events in order to improve revenue-to-expenditure ratios.

A review of statements made to the press in the local newspapers from promoters for development and later in the interviews with facility management indicated that the convention center should at least break even in the near future. This has yet to be accomplished, more than 10 years after the opening. Yet it continues to be a stated goal. The gap between revenues and expenditures is narrowing, and it could be argued that this is the result of the facility management shifting orientation and efforts to pursue more lucrative revenue-producing, locally oriented (nonconvention and tradeshow) events. The evidence suggests an informal change in the mission of the facility over time.

Research Question 7: How positive or negative do public officials, decision makers, and facility management believe public opinion is regarding the success or failure of the convention center?

Participants were asked, How positive or negative do you think public opinion is of the convention center's performance? (Question 6b). The average response by those interviewed was 8.12 on a scale of 1 to 10, with a range from 6.5 to 10. One respondent did not give a numerical response, stating that public opinion was neutral" (see Appendix C, Question 6b). The public officials, decision makers, and facility management had about the same view, although their rating of average performance was slightly less—8 on the 10-point scale.

In elaborating on this question, the need to educate the public to the convention center's benefits to the community was stated. Also mentioned was the community pride associated with the convention center and the recent facility award it had received. Interviewees tended to discuss this question in terms of their own use experience with the facility; very little was said about "public" reaction or rating.

A review of newspaper articles indicated that coverage by the local paper, the Rochester Democrat, of the convention center, other than the occasional listing of events or openings, was minimal on an annual basis. The paper carried coverage during the yearly budget allocation from the city, usually highlighting the convention center's deficit. There were several articles over the years covering the development of the Hyatt Hotel, which frequently mentioned the convention center. The center is not proactive in soliciting or using the newspaper for public relations efforts, according to the interview with the facility manager, who has been director since the building opened. This might partially account for the lack of newspaper space given to the center's operations.

Research Question 8: How similar or dissimilar are more recent (late 1980s to 1990s) feasibility studies of convention center projects to the feasibility study conducted for this case?

The following studies were compared and analyzed for content, process, projection, and reporting characteristics to the Rochester Rivergate feasibility case study: Savannah, Georgia; Pensacola, Florida; Aurora, Colorado; and Providence, Rhode Island. (Broward County, Florida, and Nashville, Tennessee, were included to compare the Rochester study with the feasibility studies conducted in the same time frame, the early 1980s.) (See Appendix E.) The results yielded the following observation. The Rochester Convention Center feasibility study is very similar in methodology, process, projections, and reporting characteristics to more recent feasibility studies.

The Rochester Riverside Convention Center, because it eventually was paid for, in part, by the state of New York UDAG funds, commissioned two feasibility studies, which were done within two years of one another and by

separate consulting firms. The two studies were very similar in terms of content and process, and the projections were consistent in terms of events, event types, duration, and revenues to expenditures.

Propositions

Proposition 1: The linkage between what the feasibility study estimates of performance projected prior to convention center development and actual postdevelopment operating performance is weak. The information collected and analysis of Research Question 1, depicted in Table 4.3, supported Proposition 1 for the following reasons.

1. The case study research indicated that the mix of events the facility hosted was much different from the feasibility projections. The facility hosted far fewer conventions and tradeshow and many more public consumer shows, private events, and corporate meetings than projected by the feasibility study.

2. The case study research indicated that the annual attendance figures for the facility were much higher than projected as a result of hosting more consumer public and local private events.

3. The case study research indicated that the building occupancy was significantly higher than projected as a result of hosting more events than the feasibility study projected.

4. The case study research indicated that the economic impact to the area was less than projected due to hosting fewer conventions and tradeshow and more locally oriented events.

5. The case study research indicated that the conventions and tradeshow events that were hosted by the facility had an average delegate attendance count more than twice as large as the feasibility study projections.

In sum, as shown in Table 4.3, the feasibility projections, using the midpoint of the high or low scenario projected: (a) overestimated convention and tradeshow events by 10 events; (b) underestimated consumer events by 19 events; (c) accurately projected convention/tradeshow event duration at 3.4 days—actual performance was 3.5 days, a negligible difference; (d) overestimated event days for conventions and tradeshow events by 32 days; (e) overestimated delegate days for conventions and tradeshow events by 33,087 delegate days; (f) underestimated convention and tradeshow average delegate event size by 1,798 persons; (g) underestimated total annual event attendance for all events by 140,096; (h) underestimated building occupancy by 35%; and (i) underestimated the revenue-to-expenditure ratio by 33%.

In analyzing the interviewees' responses to questions 8a, 8b, 9, 10a, and 10b in the survey performance section (see Appendix C), the responses suggested that the interviewees viewed the feasibility study as very important to the process of building a convention center, especially to obtain public support for the idea. In discussion, several of the respondents voiced their belief that the feasibility findings had a tendency to be biased toward development, so the projections should be viewed with caution.

Proposition 2: The positive or negative perceptions that community decision makers, public officials, and facility management have regarding the

convention center development have very little to do with the convention center's postdevelopment operating performance. The information gathered and analysis of Research Questions 1, 2, 5, and 7 support this proposition, with the exception of the facility's financial performance, for the following reasons:

1. Public officials, decision makers, and facility management rated the city's image as more positive than it was before convention center development, boosting the city-image rating from an average rating of 5.3 to an average rating of 6.3 on a 10-point scale.

2. Although they were not in total agreement about whether the downtown was changing in a positive or negative direction (see Appendix C), most of the interviewees agreed that the convention center was an important link in the midtown revitalization effort.

3. The interviewees' average operating performance rating was 8.75 on a 10-point scale.

4. The interviewees' perception of how the public rated the convention center's operating performance averaged 8.1 on a 10-point scale, which closely resembled their own performance rating of 8.75.

5. The interview responses indicated that the center was viewed very positively by public officials, decision makers, and facility management in terms of operation and fulfilling its mission. The Rochester Riverside Convention Center is a public facility; however, it is quite autonomous in its operation and management. The "players" sphere of those who are involved with the convention center operation is minimal. During the interview process, it was

clear that the facility manager, who has been the director since the facility opened, was looked to by community leaders, as well as the director himself, as the only person really necessary to talk to regarding convention center operation. The director, speaking for himself and the convention center board he led, viewed the convention center as more than meeting its operation goals and fulfilling its mission to the community.

6. The convention center operated an event mix much more closely associated with the profile of a traditional civic center than a convention center, with the bulk of the events serving the local and corporate public. The convention and tradeshow business that the facility was designed and developed to bring in, occupied the building only 6% to 7% (56 days) of the 365 annual event days in the exhibition center.

7. A content analysis of the few articles that had been written about the center indicated that the articles tended to highlight the convention center's deficit financial position year after year (see Appendix F). The articles can be characterized as neutral to mildly positive in tone. The facility director indicated that news coverage was not something he sought for the center. The facility operated quite autonomously.

Proposition 3: The attitudes and expectations of facility performance by public officials, decision makers, and facility management are incompatible with the mission statement and/or operational objectives of the convention center. The findings and analysis of Research Questions 3, 4, and 5 support Proposition 3 only in part, for the following reasons:

1. The attitudes and expectations expressed in the interviews with public officials, decision makers, and facility management indicated that these individuals believed that the center was performing well and meeting its mission.

2. The operating and marketing policies and decisions appealed predominantly to a mixture of events, among them local public, high-revenue-producing events for the center.

3. Since the center's inception, the goal as stated by management has been to break even. However, the director maintained that this should not be the focus of convention center operation as facilities are not meant to make a profit but to be economic generators for communities. Events such as conventions in effect "cost" the center revenues, to the benefit of the larger economy.

4. The mission statement for the facility addresses a mix of events to produce revenue as part of the marketing strategy, following a priority placed on the booking of conventions and tradeshow.

Proposition 4: The development and operation of convention facilities in secondary or tertiary markets are fraught with postoperational difficulties rarely addressed in preoperational feasibility studies. The data and analysis of Research Questions 4, 5, 6, and 8 support Proposition 4, as do a number of secondary information sources, for the following reasons:

1. Interviews and newspaper articles suggested that development of a nearby or connected headquarters, convention-quality hotel was extremely difficult and an unanticipated problem for the convention center. This

significantly changed its marketing strategy in the first 5 years of operation from marketing to national, regional, and state convention business to filling the facility with public consumer shows and corporate meetings that did not require large blocks of hotel rooms. The difficulty in getting the hotel developed resulted in a number of what might be classified as negative news articles involving the convention center. The hotel facility finally was funded and developed by a public-private partnership after the hotel remained a vacant shell across from the convention center for 4 years. The marketing efforts of the convention center were not resulting in more conventions being hosted since convention-quality hotel rooms became available, indicating that other local events already in place may have become the facility's (unstated) priority.

2. Rochester used \$40 million in state UDAG funds to develop the convention center. Thus, other than the yearly operational deficit, it did not "owe" on the facility.

Proposition 5: Over time, economic and political pressures change the mission and objectives of the convention center from its original development and operation purposes. The findings from Research Questions 3, 4, and 6 support Proposition 5 in the following ways:

1. The facility is increasingly "profit concerned." According to the director, he feels, as do many directors across the country, the pressure to perform financially, which at a minimum means breaking even or achieving equal revenues to expenditures for operation. The center was built under the philosophy that convention centers are not supposed to make money, much like

a park or a museum, but they are an investment in a downtown area for image and economic benefit to private businesses in the community.

2. The bookings suggest a facility that is very aware of the need to produce revenue. The stated desire for more autonomy by management is a desire to be freed from government regulation, so as to be able to be more cost efficient and profit oriented.

3. These indicators suggest less emphasis on attracting more and marketing to “cost” burden events such as conventions and tradeshow. One way the facility has been particularly aggressive has been through its catering and food service operation, to the point that it quite possibly competes with area hotels and caterers for the area’s local banquet business. This is often a point of contention in many communities.

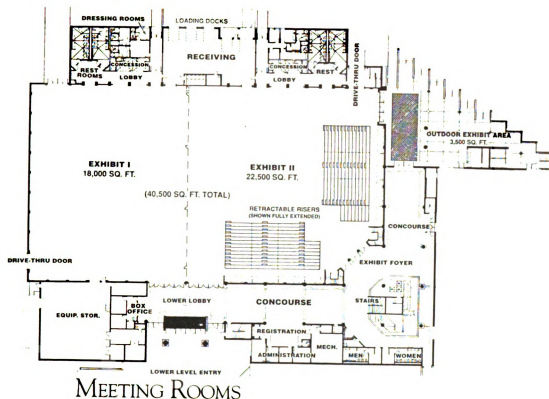
Case Study Three: The North West Georgia Trade and Convention Center in Dalton, Georgia

Description/Background

Facility. The North West Georgia Trade and Convention Center opened in September 1991 in Dalton, Georgia. The facility has 143,000 gross square feet on two levels, a 40,400-square-foot column-free exhibit space on the lower level, a 10,800-square-foot banquet space that can also be used for exhibits, and 12 meeting rooms. The facility also has a 3,500-square-foot outdoor exhibit area, a 247-seat lecture hall theater, and an outdoor terrace adjacent to the banquet hall as prefunction space (see Figure 4.9).

EXHIBIT HALL/ARENA/OUTDOOR EXHIBIT AREA

LOWER LEVEL



MEETING ROOMS

LOWER LEVEL

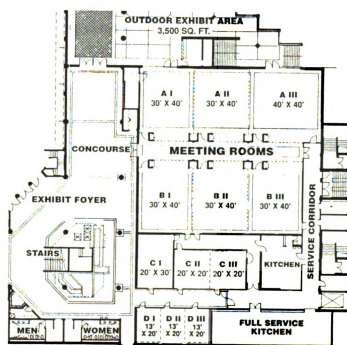
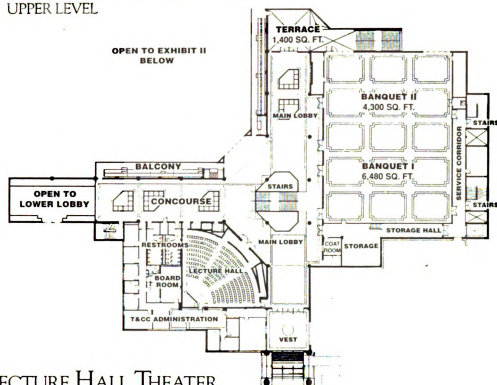


Figure 4.9: Floor plan of the North West Georgia Trade and Convention Center.

LODGING & BANQUET FACILITIES

UPPER LEVEL



LECTURE HALL THEATER

UPPER LEVEL

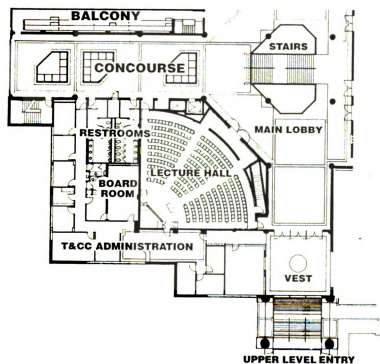


Figure 4.9: Continued.

The facility is located on a mountainside overlooking the city of Dalton. It employs 27 full-time employees. The Greater Dalton area has more than 150 restaurants and 1,900 motel rooms, with 1,200 rooms proximate to the trade and convention facility. The accommodations closest to the facility, and used by those attending events at the center, are interstate motels, not convention-quality hotels.

The original architectural drawings show a convention hotel next to the center and the kitchen to service the center in the hotel. Although the city and center have pushed for a brand-name convention-quality hotel next to the center, to date the prospects for such a development have not materialized and are unlikely in the near future. The bulk of the money to build the \$17 million facility came from the State of Georgia Assembly. A five-member advisory authority oversees the budget and operations of the center for the city and county commissions, who split the annual operating costs of the facility.

The cost to develop the trade and convention facility in Dalton, Georgia, was significantly less than that of the facilities developed in Toledo and Rochester. This difference is attributable to several factors: (a) the land for the convention center site was donated to the city; (b) the facility's exhibition area is on two floors, rather than one continuous span; (c) the facility does not have a full-service kitchen on site; (d) the construction of the facility was nonunion; (e) wages and materials in this part of the country are lower than in the Northeast or Midwest; and (f) the design of the facility was not constrained by site specifications found in placing facilities in downtown cores.

Location. Dalton, a city of approximately 23,000 people, is located in Whitfield County; the county has a population of 79,000 people (1997). The community slogan is "Dalton, the carpet capital of the world." The community is headquarters to the world's carpet industry, a multi-billion-dollar industry. The carpet mills employ more than 40,000 workers in the Dalton area. Other major employers are Shaw Industries, Hamilton Medical Center, and Con Agra Poultry. The industry mix is dominated by a 50% manufacturing base. The average household income for the city and county is approximately \$45,000 per year. The Dalton transportation network is connected directly to Interstate 75 and U.S. 41. Other interstates within 30 miles of Dalton are I-24, I-65, and I-59. Atlanta's Hartsfield International Airport is 90 minutes away; Chattanooga's Lovell Field is 30 minutes north and services the community. Norfolk/Southern Railway and CSX Rail provide Dalton with commercial service.

Dalton is home to Dalton College, a state two-year college that serves the community and also offers undergraduate and master's degrees on its campus through West Georgia and the Medical College of Georgia. The city is located in the foothills of the Blue Ridge Mountains. The location is 30 miles southeast of Chattanooga, Tennessee, and 90 miles northwest of Atlanta, Georgia. The North West Georgia Trade and Convention Center is located on a mountainside; markedly visible from I-75, it overlooks the city of Dalton. The center backs up to the Chattahoochee National Forest (see Figure 4.10).

Climate. The average annual temperature in the Dalton area is 60°F. The average temperature in July is 78°F, and in January it is 41°F. The humidity

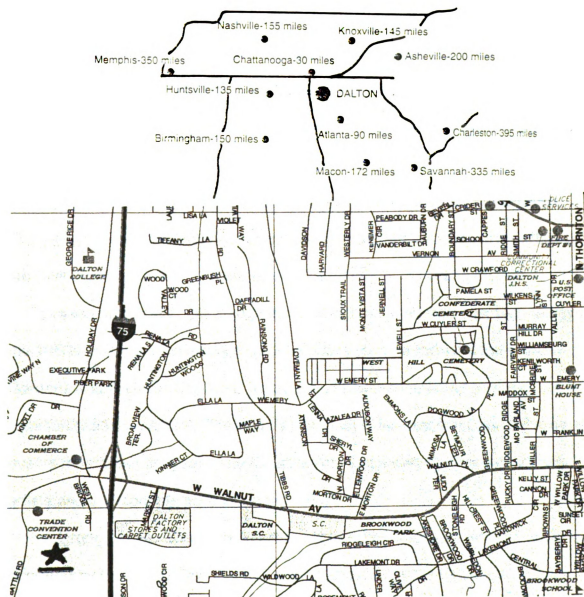
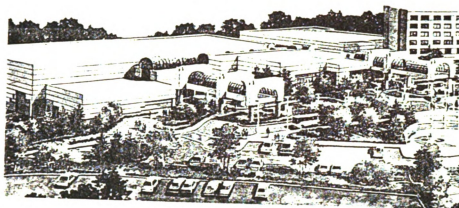


Figure 4.10: Map of Dalton.

ranges from 50% to 60% in cooler months and 80% to 90% in warmer months. The elevation in Whitfield County is 710 feet. The community has four distinct, yet mild, seasons.

Culture and recreation. The Dalton-Whitfield County area has award-winning recreational facilities, including tennis and racquetball courts, parks and playgrounds, golf courses, swimming pools. The nearby state parks, lakes, and national forests provide hiking, camping, fishing, boating, rafting, and canoeing opportunities. Dalton's Park and Recreation Department was recognized in 1990 with the Best in State award. Dalton has operated a model recreation program since the 1950s. The Creative Arts Guild, the Dalton-Whitfield County Commission for the Arts, is the oldest local community agency in Georgia. The Dalton area is in both Cherokee Indian history and Civil War history. Whitfield County was the starting point of Andrew Jackson's well-known Trail of Tears. Thirty-two Civil War markers commemorating important activities and battles of the Civil War can be found in the area. The history of the craft of tufted bedspreads, which later led to rug making and, combined with new technology in the 1950s, spawned the modern carpet industry, can be found in the Crown Gardens and Archives Museum. Theater and ballet companies provide community performances. The area is also host to several festivals and special events throughout the year. The Creative Arts Guild's annual festival attracts artists and craftspeople from around the world.

Organization. The North West Georgia Trade and Convention Center is operated by the City of Dalton and the Whitfield County Commission. The convention center reports to the North West Georgia Trade and Convention

Center Authority. This Authority comprises five members: the city administrator, the county administrator or a county commission representative, and three other appointment members from the community at large. The facility director, hired by the Authority, reports to them on matters of budget and operations of the center. The center and its site belong to the City Building Authority until all bonds expire. At that time, the city and county will have joint ownership of the facility and the site. The city and county split the annual operating cost of the facility as part of a 50-year agreement. The county pays its share to the city. The facility is unique in that it has the separate but on-site Dalton-Whitfield County Convention and Visitors Bureau (CVB) in its lobby. The personnel and operating costs of the CVB are part of the facility's annual budget appropriation.

Financing. The facility cost nearly \$17 million to develop. The initial plans projected a \$12-million cost of development. The State of Georgia Assembly provided an \$8.2-million grant, followed by an additional \$6-million supplement to cover cost over-runs. The local governments floated a \$10-million revenue bond, of which \$3 million was pledged to the center; \$2.4 million of this went toward development costs. The facility was first planned as a carpet trade mart and presented as such to the state legislature. The carpet industry's powerful lobby is credited with getting the Georgia Assembly, for the first time ever, to allocate money to a local center.

Two hundred thirty-eight of the nation's 350 carpet mills are located in six northwestern Georgia counties. All previous facility projects, like the Georgia World Congress Center in Atlanta and the Jekyll Island facility, are state owned. After the money was allocated, the plans for the facility changed from housing

permanent carpet displays to hosting conventions, tradeshow, concerts, church retreats, and wrestling matches. During the year or two before the facility was developed, the carpet industry's marketing strategies significantly changed, and this change affected the need for a Dalton carpet mart. The carpet industry's marketing efforts moved away from a twice-a-year "show" mentality to a 12-month-a-year marketing sales strategy. This eliminated the need for permanent display showrooms.

The facility feasibility study assumed the use of the facility by the carpet industry. The feasibility study's utilization projections included use of the facility by the carpet industry. The city and county share the annual operating cost of the facility, which in a typical year has a revenue-to-expenditure ratio of .47. The city and county pick up the deficit, which is approximately \$650,000 to \$700,000 per year.

Interviews Conducted

Using the interview by position and reputation process, nine interviews were conducted in Dalton, Georgia. (See Appendix C, Interview Responses, Question 1.)

Study Questions

Research Question 1: How close are the feasibility study estimates of key performance measures to the actual operating results?

Table 4.5 is a comparison of North West Georgia Trade and Convention Center's actual operating performance, in a stabilized year of activity, to the feasibility study projections of performance for event use, event duration, event days by type, total delegate days, and convention/tradeshow size.

Table 4.5: North West Georgia Trade and Convention Center—Projected versus actual operating performance in a stabilized year of operation.

Performance Measure	Feasibility Projections*	Actual Performance	Difference	Difference (%)
Event Use by Type				
Conventions	7	18	+11	+157%
Tradeshows	3	3	—	—
Consumer events	3	12	+9	+300%
Total	13	33	+21	+162%
Average Event Duration				
Conventions	3.6	2.8	-.80	-22%
Tradeshows	3.6	2.0	-1.6	-44%
Consumer events	2.0	2.8	+.80	+40%
Event Days by Type				
Conventions	27	50.4	+23.4	+87%
Tradeshows	9	6	-3.0	-33%
Consumer events	6	33.6	+27.6	+460%
Total	42	90.0	+48.0	+114%
Total Convention/Tradeshow Delegate Days	22,030	20,500	-1,530	-7%
Average Convention/ Tradeshow Size	575/575	350/500	-225/-75	-39%/13%
Annual Attendance, All Events	36,813	178,631	+141,818	+385%
Building Occupancy	16%	50%	34%	
Annual Revenues to Expenditures Ratio	.32	.47	.15	

*The feasibility study projected a low-level and high-level utilization for the facility. The numbers in this table reflect the midpoint between the low and high utilization projections.

The facility's performance for event use by type indicates that the facility was hosting 18 conventions and 3 tradeshow events. This is significantly more conventions than the projected seven annual conventions, using the midpoint of the low/high utilization projections. The number of tradeshow events held annually (three) is the same as projected in the feasibility study (see Figure 4.11).

The average event duration or the number of days each event occupies the building, excluding move-in and move-out days, was 2.8 for conventions and 2.0 days for tradeshow events. The feasibility study projection was 3.6 days for conventions and another 3.6 days for tradeshow events. The average number of days for consumer shows was 2.8 days. The feasibility study projected 2.0 days for public consumer shows.

The event days by type was 50.4 (87% more) for conventions, 6 (33% less) for tradeshow events, and 33.6 (460% more) for public consumer shows. The feasibility projection was 27 convention event days, using the midpoint of the low/high utilization projections. This was 23.4 more event days than feasibility study projections. The feasibility study projection was 9 tradeshow event days. The actual performance was 6 tradeshow event days. This was 3 fewer tradeshow event days than the feasibility study projected. The feasibility study projection was 6 for consumer show event days. The actual performance was 33.6 consumer-event event days. This was 27.6 fewer event days than the feasibility study projected (see Figure 4.12).

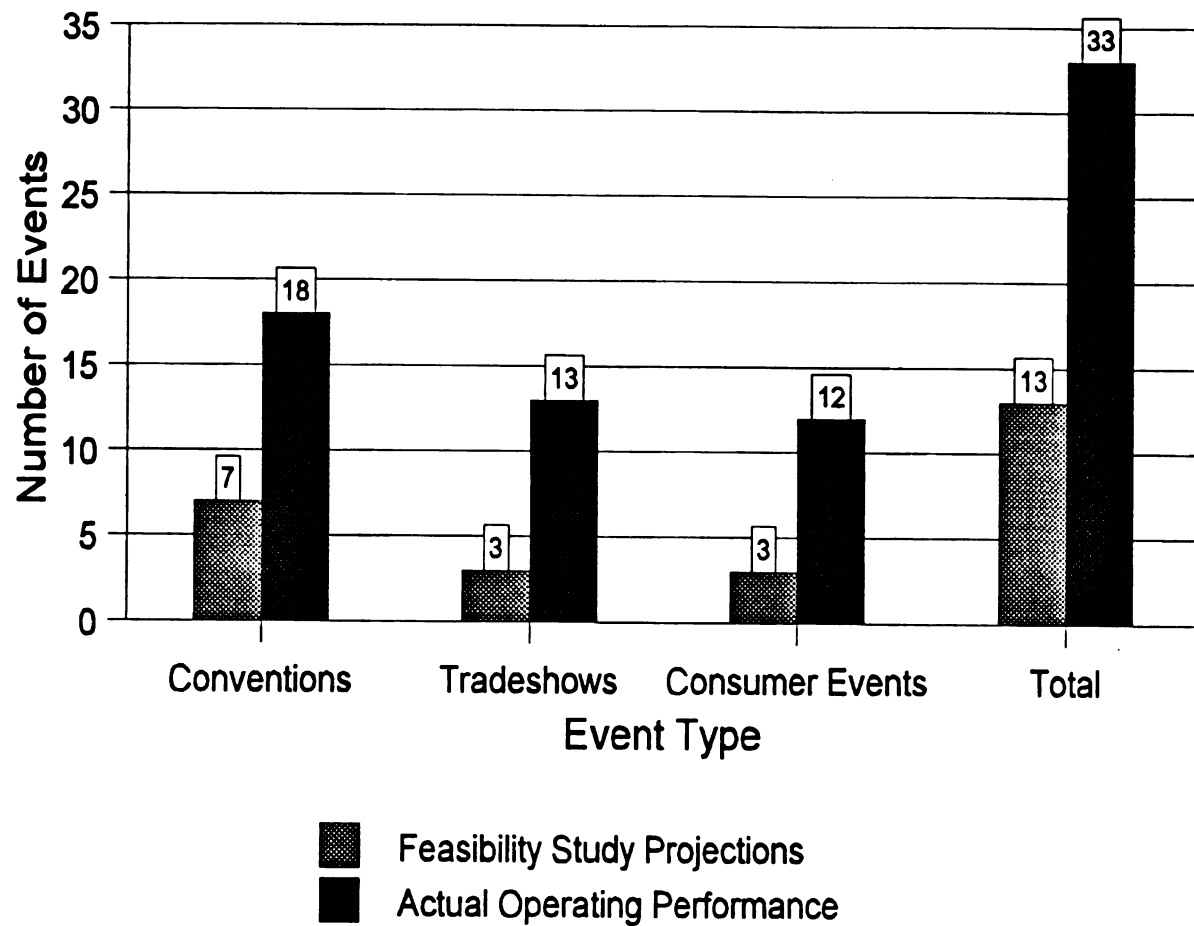


Figure 4.11: Dalton North West Georgia Trade and Convention Center event use by type: Projected versus actual operating performance in a stabilized year of operation.

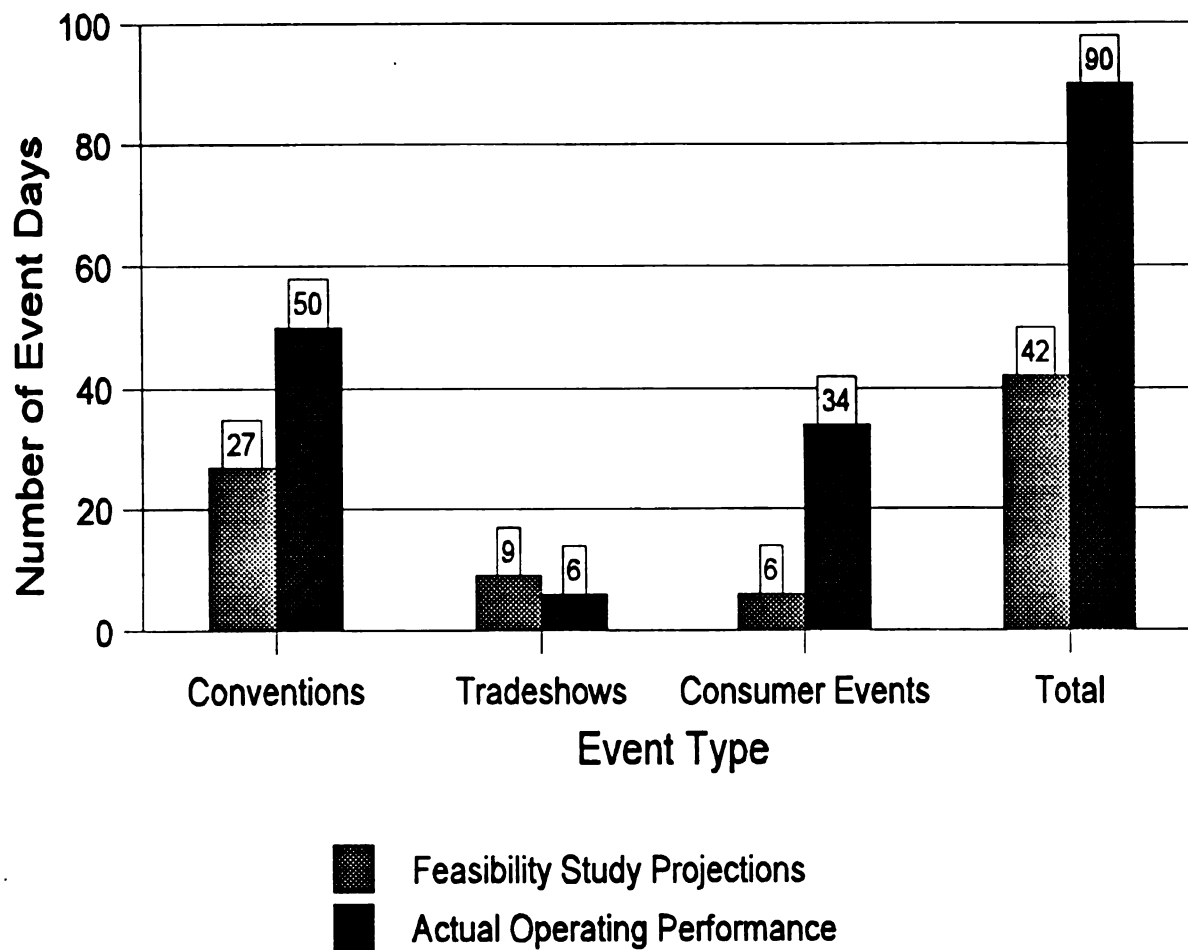


Figure 4.12: Dalton North West Georgia Trade and Convention Center event days by type: Projected versus actual operating performance in a stabilized year of operation.

The total annual delegate days for conventions and tradeshow was 20,500. The feasibility study projected 22,030, using the midpoint of the low/high utilization projections. The total annual attendance performance figures fell within the feasibility study projection range.

The average convention delegate size was 350, and the average tradeshow delegate size was 500. The feasibility study projected the average convention delegate size (national, regional, and state) at 575. The actual operating performance was 39% lower for conventions, approximately 225 fewer delegates, and 13% lower for tradeshow, approximately 75 fewer delegates.

The North West Georgia Trade and Convention Center keeps annual attendance figures. In 1996, the annual attendance was 178,631 for all events. The feasibility study projections of annual attendance for all events was 36,813, using the midpoint of the low/high utilization projections. The actual operating performance for annual attendance was approximately 141,000 (385%) higher than the projections. This number is plausible because of the much higher than projected public consumer shows hosted by the facility and the large entertainment events the facility has hosted.

The building counts all events in its event totals and does not separate out the events held in the main exhibition hall. In a telephone conversation with the city manager of Dalton, he reviewed his Convention Board Authority notes and estimated the main exhibit hall's annual occupancy for all events at 50%. The feasibility study projected 16% building occupancy.

The annual revenues-to-expenditures ratio was .47. The feasibility projections estimated the annual revenues-to-expenditures ratio to be .32.

The findings from the data in Table 4.5 indicate that the convention center was hosting more conventions and tradeshow events than the study projected and hosting a great many more consumer events. The conventions that the center was hosting had fewer attendees, on average, than the feasibility study anticipated. The projections were close for the number of tradeshow events and the average number of delegate days for tradeshow events. The make-up of the event mix accounted for the significantly higher than anticipated annual attendance numbers for all events. The convention center was hosting many more consumer shows, entertainment events, and conventions than projected in the feasibility study.

The feasibility projections that most accurately reflected operating performance at the North West Georgia Trade and Convention Center were the average event duration and the total number of tradeshow events and tradeshow delegate attendees. Actual performance revealed that the facility hosted more conventions and tradeshow events than the feasibility study projected. However, the conventions the facility did host had fewer delegates in attendance, and they stayed for less time (event duration). The facility routinely booked from 65% to 75% of its business from within Whitfield County, and about 25% to 35% from outside Whitfield County. The high attendance reflects the use of local events that are attracting primarily local attendees.

Interview responses to questions about performance measures.

Responses to Questions 8a, 8b, and 9 (see Appendix C) in the performance measures section of the survey suggested that decision makers, public officials, and facility management viewed feasibility performance projections as important in securing state monies and part of the political process. But as the feasibility

study recommended not building the center, and it was built, the study's projections were viewed as inaccurate, a bad study, or irrelevant due to changed circumstances in the carpet industry.

Of the respondents who rated feasibility study accuracy on a 10-point scale with 10 as high, the average was 6.5, with a range from 5 to 7.5. In discussion, comments about feasibility study accuracy ranged from "It was fairly accurate in hind sight, but at the time, did not think so" and "went ahead and built the facility anyway," to "not accurate" and "not accurate; the operation was exceeded."

The responses to Question 9 were mixed and evenly divided. The interviewees' responses fell into three categories, with three not knowing, three responding that the projections were close to accurate, and three responding that the facility was not meeting expectations and that the operating performance did not resemble the feasibility study estimates of future performance.

Research Question 2: Has the development of the convention center contributed to downtown economic development?

The information used to answer this question came from a variety of sources, including community economic reports, interview responses, newspaper and magazine articles, and on-site observation.

Dalton, Georgia, is undeniably the carpet capital of the world. The original impetus for building a facility was to build a permanent carpet mart or trade center that would house permanent exhibits and have space when not using the exhibition floor to lease to other outside events. The location of the trade center that could be seen from the I-75 corridor, which sits high on a mountain bluff, was considered because the land was given to the center and it was highly visible,

showcasing Dalton's prominence as a carpet center. A downtown location was never really considered until well into the planning and development phase, when the carpet industry drastically changed and no longer conducted its business on the tradeshow floor. By that time, it was too late to realistically consider changing the site to a downtown location. The area around the I-75 corridor has seen tremendous growth, with several highway motels, an outlet mall, and new restaurants, as well as the convention center, being developed in the past 10 years. The downtown proper was struggling, as many small cities have been, with businesses closing and no new ones taking their place. The city has a "Mainstreet" program in place to help in the revitalization effort. The lion's share of the I-75 activity, including the convention center business, stays in that area about two miles from the downtown core. Some residual business, from people stopping to visit the mall or at the convention center, makes its way downtown. The condition of the downtown is of concern to the community at large. (See Table 4.6.)

The interviewees' responses to the economic development/public perceptions section questions on the survey indicated that the respondents thought the downtown was facing challenging times and that the Convention and Trade Center, while certainly not hurting downtown, was not doing much to improve it. There was some discussion in a few interviews that the Downtown Development Authority's working jointly with the convention center had been positive for downtown.

The interviewees rated the City of Dalton's image before convention center development as an average of 5.8 on a scale of 1 to 10, and an average of 7.6 at present (see Appendix C). The response range was quite large, from 2.75 to 8.

Table 4.6: Downtown economic activity indicators for Dalton, Georgia.

Positive	Negative
Highly visible to thousands of people passing by on I-75 north-south corridor	No convention hotel-quality rooms next to center
40,000 people per day get off at the exit where the trade and convention center is located	New motels near highway developed for interstate traffic and outlet shopping tours and patrons
Convention and Visitors Bureau housed in center, enabling lines of communication and showcasing center	Carpet industry no longer uses permanent showrooms
Center has support of chamber, carpet industry, and some key politicians	Downtown area not reaping significant benefit of convention trade center business; most of it stays near interstate
Facility design is flexible, allowing for mixed uses	Downtown area suffering; nightlife and entertainment activity minimal
Facility is modern and well maintained	Downtown retail closing with no replacements, augmented by retail outlet mall development
Retail outlet mall provides close-by, within-walking-distance activity to convention and tradeshow attendees	Difficult to find operations and unskilled labor who will work for the wages the center can offer due to the carpet industry's higher-paying wage structure. Almost no unemployment; carpet industry has to import from other countries to get enough workers
Several new chain restaurants have been developed at this interstate exit, providing additional dining choices to attendees	The Convention and Trade Center has been a political issue since its consideration. Public has not necessarily supported its development or operation. It became a central issue in a county commission election
Walking/running paths at nearby college provide attendees with additional fitness activity	No kitchen on site
Active downtown development authority organizations	
Stable city and county administration	
Very healthy local economy; very little unemployment	
Strong carpet lobby to go to state on Dalton's behalf	

In discussion, the convention center was not specifically cited as contributing to a better image for Dalton.

Research Question 3: Are the attitudes and expectations for facility performance of public officials, decision makers, and facility managers compatible with the mission statement and/or operating objectives of the convention center?

Interview responses to Questions 2a, 3, 4, 10a, and 10b, as well as convention center records and documents, were used to answer and analyze this question.

According to a September 22, 1997, internal convention center budget request document sent to the budget committee, the North West Georgia Trade and Convention Center's mission statement is as follows: "To make a significant economic and cultural impact on the Northwest Georgia community through impeccable commitment to constant improvement and excellence in customer service and operating efficiency" (North West Georgia Trade and Convention Center, 1998, p. 27).

Interview responses to Question 2a regarding the mission and objectives of the convention center (see Appendix C) had a common thread of providing a facility space for industry, outside business (conventions), and the community, as well as enhancing the economic base through activities.

The rating of the convention center in meeting its mission (Question 3, see Appendix C), on a scale of 1 to 10, yielded an average rating of 7.2, with a response range from 4.5 to 8.

The responses to Question 4—What specific standards of measurement do you use to evaluate the operating performance of the convention center?—were varied (see Appendix C). Activity level (from conventions to wrestling), management and marketing, and finances—breaking even were most frequently cited. The need for a hotel and kitchen was also mentioned as a missed business opportunity. The interviewees were tentative with regard to the facility's operating performance, and the standards of measurement used to assess performance differed considerably from one interviewee to another.

In rating the convention center's operating performance (Question 10a), the average rating among respondents was 7.9 on a scale of 1 to 10, with a range from 6 to 9.

Respondents also were asked: In evaluating the convention center performance, what do you consider the determinants of success for the convention center operation and development? (Question 10b). The responses were varied and included hotel bed tax collection (hotel room use) and economic development. Also mentioned were facility designed for flexibility, number of meetings, ambitious management, community acceptance and satisfaction, and repeat use.

The responses given suggest that decision makers, public officials, and facility management were moderately positive toward the North West Georgia Trade and Convention Center. They believed that it was meeting its mission , but not necessarily its performance goals so far.

Research Question 4: How do public officials, decision makers, and facility management evaluate operating performance of the convention center?

The performance indicators frequently cited in convention facility literature, strategic plans, and feasibility studies are: (a) the number of conventions booked per year, by type—national, regional, and state; (b) the size of the convention in terms of delegates and exhibits; (c) the average length of stay for conventioners; (d) the number of hotels and hotel rooms used by convention groups; (e) the annual building occupancy for conventions/tradeshows and other events; (f) the revenue-to-expenditure ratio; (g) the subsidy or profit margin; (h) client evaluations of service; (i) the operations-to-budget personnel ratio; (j) revenue-production resources such as catering, equipment rentals, and so on; (k) contractual services; (l) union relations; and (m) public/political support.

The responses to the interview survey question—What specific standards of measurement do you use to evaluate the operating performance of the convention center? (see Appendix C, Question 4)—varied significantly. No specific performance measure was cited by most or many of the interviewees. Several of the responses (see Appendix C) concerned measures often cited in industry publications and convention center literature as standard indicators of performance, as specified in the preceding paragraph.

Interviewees' average rating of the convention center's operating performance (see Appendix C, Question 10a) was 7.9 on a scale of 1 to 10, with a range from 6 to 9.

Research Question 5: What are the determinants of success for convention center operation and development according to public officials, decision makers, and facility management?

Convention facility literature, industry insiders, and governmental organizations frequently use some or all of the following criteria to determine operation and development success for a convention center: (a) the economic impact or economic spin-off created by facility activities on the community, (b) the generation of hotel room nights, (c) the amount of bed tax generation, (d) city image/landmark, (e) revenue generator, (f) the number of convention and tradeshow events hosted per year, and (g) user evaluation surveys. These performance indicators differ significantly with the handful of privately owned and operated convention centers that use profitability and service to customers as measures of success (Ghitelman, 1995).

The interviewees responded to Question 10b—In evaluating convention center performance, what do you consider the determinants of success for convention center operation and development? The most frequently cited determinants were categorized as amount of event activity, management-community relations, and economic impact. As noted previously, respondents gave the convention center an average rating of 7.9, on a scale of 1 to 10, on the success of the operating performance of the convention center (see Appendix C, Question 10a).

Survey Question 7—Knowing what you know today, what, if anything, might be done differently in the development or operation of the convention center? Explain—gave respondents the liberty of using hindsight in assessing

the operation and development process of the convention center. Respondents were allowed to elaborate on the positive, negative, success, or failure issues about the process if they so chose. The most common responses fell into the following categories: ownership—city/county, education of community up-front, labor shortages due to the carpet industry's more competitive wages and salaries, and complementary support facilities in place (hotels and kitchen) when facility is built.

Research Question 6: Have the mission and objectives of the convention center changed over time?

The formal, written mission of the convention center had not changed since the building's inception in 1991. Refer to Research Question 3, Dalton case study.

In response to Question 2b—Has the mission or objectives of the center changed over time?—five respondents answered “Yes.” Another two respondents said, “No,” and two said they did not know.

From interview information and newspaper articles, it was found that the stated formal mission of the convention center had not changed. However, several interviewees in discussion indicated that the center was just finding its mission and objectives, since the impetus for building the facility and seeking state funds had been very political and, in fact, had changed significantly during the development process. The evidence suggests an informal change in the mission of the facility over time.

Research Question 7: How positive or negative do public officials, decision makers, and facility management believe public opinion is regarding the success or failure of the convention center?

Participants were asked, How positive or negative do you think public opinion is of the convention center's performance? (Question 6b). The average response by those interviewed was 6.1 on a scale of 1 to 10, with a range from 4 to 8.5. In discussion, several respondents indicated that community attitude toward the project had been "cool" in the beginning and during its first few years of operation. New management was brought aboard to foster better community relations, and some respondents believed there was improved public opinion toward the convention and trade center.

By comparison, the public officials, decision makers, and facility management gave an average performance rating of 7.9 on a 10-point scale, with a range from 6 to 9. Their own perceptions of the facility's operating performance were higher than they perceived the general public's perceptions to be. In elaborating on their responses to this question, the need to educate the public to the convention center's benefits to the community was stated. Also cited was the community's predisposition that the facility never had their support, so they were judging it on bottom-line revenues to expenditures; many people, therefore, considered it to be a white elephant.

A review of newspaper articles indicated that the topics most often covered by the local Dalton paper, the Daily Citizen News, were the financing of the center's development, the political snags and posturing over the facility by elected local and state politicians, and the direct cost of the facility to local

taxpayers on a yearly basis. The rate-structure-reduction proposal for local groups was also covered in the newspaper. The facility, according to the marketing director, had not actively courted the local news media in a campaign to educate the public as to the economic and social benefits the facility provided to the community, except in relation to public events it was hosting.

Research Question 8: How similar or dissimilar are more recent (late 1980s to 1990s) feasibility studies of convention center projects to the feasibility study conducted for this case?

The following studies were compared and analyzed for content, process, projection, and reporting characteristics to the North West Georgia Trade and Convention Center feasibility case study: Savannah, Georgia; Pensacola, Florida; Aurora, Colorado; and Providence, Rhode Island. (Broward County, Florida, and Nashville, Tennessee, were included to compare the Dalton study with the feasibility studies conducted in the same time frame, the early 1980s.) (See Appendix E.) The results yielded the following observation. The Dalton feasibility study is very similar in methodology, process, projections, and reporting characteristics to more recent feasibility studies.

Propositions

Proposition 1: The linkage between what the feasibility study estimates of performance projected prior to convention center development and actual postdevelopment operating performance is weak. The information collected and analysis of Research Question 1, depicted in Table 4.5, supported Proposition 1 for the following reasons.

1. The case study research indicated that the mix of events the facility hosted was much different from the feasibility projections. The center hosted many more consumer and public entertainment events than projected by the feasibility study. Further, the facility hosted almost triple the number of conventions anticipated. The number of tradeshow hosted by the center matched the number of tradeshow projected in the feasibility study.

2. The case study research indicated that the annual attendance figures for the facility were much higher than projected as a result of hosting more consumer public and local private events.

3. The case study research indicated that the building occupancy was significantly higher than projected as a result of hosting more events than the feasibility study projected.

4. The case study research indicated that the economic impact to the area was slightly higher than the feasibility study projected due to the facility's hosting more convention events than projected. The facility also hosted more public local events that produced a small economic impact from hotel room nights generated by event organizers, entertainers, and outside suppliers who stayed overnight.

5. The case study research indicated that the conventions and tradeshow that were hosted by the facility had an average delegate attendance count smaller than the feasibility study projections.

6. The case study research indicated that the convention, tradeshow, and consumer events were shorter in duration than projected by the feasibility

study. Because the facility had more convention events, but they had fewer attendees and the duration of the events was less than projected, the economic impact of hosting more convention and tradeshow events than projected was quelled.

In sum, as shown in Table 4.5, the feasibility projections, using the midpoint from the high or low scenario presented: (a) underestimated convention and tradeshow events by 11 events; (b) underestimated consumer events by 9 events; (c) overestimated convention and tradeshow event duration by 22% and 44% respectively; (d) underestimated consumer event-day duration by 40%—actual performance was 2.8 days; (e) underestimated event days for conventions by 23 event days (or 87%); (f) overestimated tradeshow event days by 3 event days (or 33%); (g) accurately estimated total delegate days for conventions and tradeshows as 22,030 delegates, using the midpoint—the actual performance indicated 20,500 convention and tradeshow delegate days; (h) underestimated convention and average delegate event size by 225 people (or 39%) and underestimated tradeshow event size by 75 people (or 13%); (i) underestimated total annual event attendance for all events by 141,818 (or 385%); (j) underestimated building occupancy by 34%; and (k) underestimated the ratio of revenues to expenditures by 15%.

In analyzing the interviewees' responses to questions 8a, 8b, 9, 10a, and 10b in the survey performance section (see Appendix C), the responses suggested that the interviewees viewed the feasibility study as very important to getting state money for the development and as contributing to general ideas

regarding a facility. Several respondents said outright that the feasibility study findings were inaccurate or that they dismissed the results because the carpet industry's marketing focus changed from permanent showroom displays and would not want to be the main occupants of the center, and this change was not reflected in the study. The study did not recommend going ahead with the development. However, the community proceeded and built the center, so the nonpositive recommendation and findings of the feasibility study did not dissuade the decision makers from going forward with the project. In discussion, more than one respondent commented that the community had always felt removed from the convention center process, and the facility had never had wide community support. The feasibility study findings, and subsequent ignoring of the results, only helped further erode public support for the project. One interviewee offered the view that the feasibility projections were fairly accurate, in hindsight.

Proposition 2: The positive or negative perceptions that community decision makers, public officials, and facility management have regarding the convention center development have very little to do with the convention center's postdevelopment operating performance. The information gathered and analysis of Research Questions 1, 2, 5, and 7 support this proposition for the following reasons:

1. Public officials, decision makers, and facility management rated the city's image as more positive after development than it was before the

convention center was developed, boosting the city-image rating from an average rating of 5.8 to an average rating of 6.3 on a 10-point scale.

2. The interviewees' comments with regard to the convention center's impact on downtown economic growth were divided as to the influence the convention center had had on the downtown area. Those answering "No" pointed to the growth really happening and thriving by the Interstate exit and the downtown losing retail to the shopping outlet/convention center area. Those answering "Yes" pointed to the tremendous growth of restaurants, shops, and hotels near the Interstate, which had a spill-over effect on the downtown area. The economic development of the downtown area was viewed as a joint effort of the Downtown Development Authority and the convention center.

3. The interviewees' average operating performance rating for the trade and convention center was 7.9 on a 10-point scale.

4. The interviewees' perception of how the public rated the convention center's operating performance averaged 6.1 on a 10-point scale. This was lower than their own rating of the facility's performance—7.9 on a 10-point scale.

5. The interview responses indicated that the center was viewed somewhat positively by public officials, decision makers, and facility management. There was some discussion and comment regarding the center's not yet fully meeting its mission. The reasons most often cited were the lack of a convention-quality hotel and in-house kitchen facility—that is, autonomy in its

operation and management. The facility's deficit became more of a political issue each year that the facility did not break even.

6. The convention center operated an event mix much more closely associated with the profile of a traditional civic center than a convention center, with the bulk of the events serving the local and regional public. Once the bottom fell out in terms of the local carpet industry's use for the facility, the facility's marketing strategy switched from a trade mart emphasis to conventions being the priority. Convention and tradeshow business, which the facility was designed and developed to bring in, occupied the building 6% to 7% (56 days) of the 365 annual event days in the exhibition center.

7. A content analysis of the articles that had been written about the center indicated that the articles had centered on the support facilities the convention center needed to be competitive and successful. The politics regarding the annual funding of the convention center deficit between the county and the city also had made news. Because of the predominantly public events the facility hosted, the local paper also carried coverage of these events, or at least a photograph with a caption. The newspaper coverage of the convention center can be characterized as neutral to quite positive in tone (see Appendix F).

Proposition 3: The attitudes and expectations of facility performance by public officials, decision makers, and facility management are incompatible with the mission statement and/or operational objectives of the convention center.

The findings and analysis of Research Questions 3, 4, and 5 support Proposition 3 only in part, for the following reasons:

- 1. The attitudes and expectations expressed in the interviews with public officials, decision makers, and facility management indicated that these individuals believed that the center was performing well, with the potential to hold more events.**
- 2. The operating and marketing policies listed a priority booking system for the exhibit hall. Carpet events and conventions and tradeshow had first priority; multiple-day public consumer shows had second priority; local, multiple-day events had third priority on space; and single-day events had fourth priority.**
- 3. The mission statement is general, without measurable performance objectives. It is: "To make a significant economic and cultural impact on the Northwest Georgia community through impeccable commitment to constant improvement and excellence in customer service and operating efficiency" (North West Georgia Trade and Convention Center, 1998, p. 27).**
- 4. The mission statement for the facility does not address mix of events or priority of events in order to achieve its mission. In discussion, many statements were made that indicated the facility was not meeting its mission yet, but there was promise that it would. The reasons given for being hopeful was that management changes had been made, and a possible hotel in the future next to the convention center would help bring in convention business.**

Proposition 4: The development and operation of convention facilities in secondary or tertiary markets are fraught with postoperational difficulties rarely addressed in preoperational feasibility studies. The data and analysis of Research Questions 4, 5, 6, and 8 support Proposition 4, as do a number of secondary information sources, for the following reasons. Interviews and newspaper articles suggested that development of a nearby or connected headquarters, convention-quality hotel had been extremely difficult and an unanticipated problem for the convention center. The marketing strategy for the convention center had to change its focus from the carpet industry to conventions and tradeshow, and the center did not have a headquarters hotel, which often is required by convention groups. The difficulty in getting the hotel developed resulted in a number of negative news articles involving the convention center. The facility's "free land" donated to the center caused much conflict in terms of political heat for the center during the development process. The lack of an in-house kitchen facility had hurt the center, in terms of revenue collections and marketing, in hosting conventions that needed catering, and in hosting large local events that required catering. The facility had a much higher annual occupancy number and higher event numbers than projected by the feasibility study for the convention center. However, this occupancy was below average by industry standards; depending on the source used, facility size, and location, industry average occupancy ranges between 59% and 72%.

Proposition 5: Over time, economic and political pressures led to change in the mission and objectives of the convention center from its original development and operation purposes. The findings from Research Questions 3, 4, and 6 support Proposition 5 in the following way.

The facility in Dalton has had its mission change several times from inception. Originally, it was billed as a carpet mart and was sold that way to the Georgia State Assembly, from which it received funding. Circumstances changed, and it became a trade and convention center, without the addition of a nearby convention-quality hotel, no in-house catering facility, and increasing attention to the budget deficit it has yearly. It has rededicated itself to be more and more of a multipurpose civic center, hosting a large number of public, revenue-producing, and entertainment events for the local residents of Dalton.

Cross-Case Comparison

Description/Background

Information presented in Table 4.7 permits a comparison of each city and facility, with regard to attributes important to attracting conventions and tradeshow to an area.

Facility. Each case represents a medium-size convention center in a second-tier city for conventions and has, at least in part, the requisite amenities to host convention business. The facilities opened between 1983 and 1991, and the operation data are from 1996.

Table 4.7: Comparison of each city and facility, with regard to attributes important to attracting conventions and tradeshow to an area.

Facility	Size (GSF)*	Hotel Rooms	Org.**	Full-Time Employees	Region of U.S.	Airport	Amenities	Population
Toledo, OH	103,000	622	501(c)(3)	30	Midwest	50 min.	Restaurants Shopping Museums River University	600,000 SMSA***
Rochester, NY	100,000	1,200	501(c)(3)	20-25	North	20 min. east	Restaurants Shopping Arts/culture Museum Beaches Lake Erie River Universities	996,500 SMSA
Dalton, GA	143,000		City	27	South	30 min.	Outlet mall Fast food Interstate University Parks/trails	79,000 SMSA

*GSF = gross square feet.

**ORG = organization.

***SMSA = Standard Metropolitan Statistical Area.

Location. The facilities included represent the northeastern, midwestern, and southern regions of the United States. Two of the facilities are in the downtown core, and one is on the outskirts of the downtown area, near the interstate.

Climate. All three areas are considered to have moderate climates. However, Rochester, New York, can have extreme snowfall from the lake effect, and Dalton, Georgia can be quite humid in the summer.

Culture and recreation. Toledo and Rochester are larger than Dalton and have well-developed and supported cultural, arts, and entertainment offerings. Dalton has a model park and recreation community and has outdoor recreation offerings because of its Blue Ridge Mountain access.

Organization. All three facilities are publicly owned. Toledo and Rochester are governed by Convention Authority Boards that have a 501 (c)(3) nonprofit corporation status. Dalton's convention center has a convention authority, which is funded and managed by the City of Dalton. In Dalton, the city and the county split the cost of running the facility, and both will own the facility after 50 years. Toledo shares the facility meeting rooms with the University of Toledo.

Financing. The SeaGate Convention Centre was financed by special legislation that allowed the hotel/motel tax to pay the special revenue bonds to finance the construction of the facility. The University of Toledo had a \$10 million grant given to it by the state to finance a convocation center as part of the financing package. Cost to build the center was \$42 million.

Rochester's Riverside Convention Center was financed with a state grant. The cost to build the facility was \$40 million.

The North West Georgia Trade and Convention Center was paid for, in large part, by the State of Georgia. The City of Dalton did float a revenue bond and pledged \$3 million of that to the center. The cost to build the facility was \$17 million.

Study Questions

Research Question 1: How close are the feasibility study estimates of key performance measures to the actual operating results?

A comparison across the three cases is presented in Table 4.8, which gives the percentage difference in each performance measure category between what the feasibility study projected and what has occurred in actual operation at each facility. The last column is the average difference for this performance measure category when the differences are averaged across all three cases. This table indicates the percentage difference. The percentage difference under or over the feasibility projection when compared to actual operation has both positive and negative implications for the operation, marketing, and economic impact of the facility on the community.

Comparing the feasibility study projections to actual operating results and comparing these findings in a cross-case comparison for each performance measure yielded interesting findings. The feasibility study projections or estimates of performance were poor predictors of event use by type in all three cases and poor predictors of actual attendance at all events in all three cases.

Table 4.8: Comparison of the percentage differences between the feasibility study projections and the actual operating performance, by performance measure category.

Performance Measure	Toledo	Rochester	Dalton	Average % Difference for Three Cases
Event Use by Type				
Conventions	+257%	+26%	+157%	+146%
Tradeshows	+18%	+26%	0%	+15%
Consumer events	+62%	+316%	+300%	+226%
Total	+130%	+20%	+162%	+104%
Average Event Duration				
Conventions	-29%	+3%	-22%	-18%
Tradeshows	-25%	+3%	-44%	-24%
Consumer shows	-33%	-	+40%	-
Event Days by Type				
Conventions	+160%	-25%	+87%	+91%
Tradeshows	+8%	-25%	-33%	-22%
Consumer shows	+6%	-	+460%	+233%*
Total	+72%	-	+114%	+93%**
Total Convention/Tradeshow Delegate Days	-25%	-31%	-7%	-21%
Average Convention/ Tradeshow Size	-70%	+220%	-39%/-13%	+110%/101% ***
Annual Attendance, All Events	-	+104%	+385%	+245%****
Building Occupancy	+5%	+35%	+34%	+25%
Annual Revenues to Expenditures Ratio	+5%	+33%	0.15	+1.18

*Toledo and Dalton only.

**Toledo and Rochester only.

***The very high overestimation of Rochester's average convention/tradeshow size should not diminish the significant underestimation of Toledo and Dalton's average convention/tradeshow size.

****Rochester and Dalton only.

The feasibility study projections or estimates of performance were fair predictors of event days by type in all three cases, fair predictors of building occupancy in all three cases, good predictors of total convention delegate days in all three cases, and good predictors of annual revenue-to-expenditure ratios in all three cases.

In analyzing the projection differences, one of the most critical findings was that, in all three cases, the feasibility study projections for the performance measures involving conventions were significantly different from the actual operating performance. The feasibility study underestimated the number of conventions at the SeaGate Convention Centre by approximately 257%, underestimated the number of conventions at the Rochester Riverside Convention Center by approximately 26%, and underestimated the number of conventions at the North West Georgia Trade and Convention Center by approximately 157%.

The research findings shown in Table 4.9 indicate that, for all three facilities, the number of event days for conventions and tradeshow was not close to capacity when compared to the days available for convention and tradeshow event day bookings.

The feasibility study projections, when compared to actual operating performance for consumer shows, were weak for all three facilities. The feasibility study projections underestimated consumer shows by 62% at the SeaGate Convention Centre, 316% at the Rochester Riverside Convention Center, and 300% at the North West Georgia Trade and Convention Center in Dalton.

Table 4.9: Annual convention and tradeshow event day occupancy.*

	Number of Event Days	Percentage Occupancy
Toledo	168	46%
Rochester	98	27%
Dalton	56	15%

***The most often used industry standard for optimal occupancy for a convention facility is 70% of maximum (365 days) or approximately 265 days).**

The feasibility study projections were weak in projecting average convention/tradeshow size. The feasibility study projections, when compared to actual operating performance, underestimated the size in Toledo by approximately 70%, underestimated the size in Dalton by 39%, and overestimated the size in Rochester by 220%. Average convention/tradeshow size is an important number for convention center development because it indicates requirements of groups for convention-quality rooms and meeting room facilities.

The underestimation of the number of consumer events in all three facilities is further reflected in the annual attendance figures for the Rochester and Dalton convention centers. The feasibility projections averaged a 104% underestimation for Rochester and a 385% underestimation for Dalton. Toledo did not keep annual attendance records for all events, but because there were more than double the number of consumer shows than projected by the feasibility study, similar higher building attendance results than projected by the feasibility study could be expected.

The feasibility study projections came much closer to actual operating results when estimating average event duration, tradeshow projections, and convention/tradeshow delegate days. The building occupancy projections, when compared to actual operating results, were very close for Toledo's SeaGate Convention Centre, coming within a 5% difference. With regard to occupancy, the Rochester Riverside Convention Center had a 35% difference between the feasibility study's projections of performance and actual operating performance. The North West Georgia Trade and Convention Center had a 34% difference between actual performance and the feasibility study's projection.

The feasibility study projections for the annual revenues-to-expenditures ratio underestimated the facilities' revenue projections in all three cases. This was due largely to the projection of fewer revenue-producing consumer events.

Interview responses to questions about performance measures.

Responses to Questions 8a, 8b, and 9 (see Appendix C for each case) in the performance measures section of the survey suggested that, in each case, decision makers, public officials, and facility management viewed feasibility study performance projections as important in securing funding and as part of the political process. The public officials, decision makers, and facility management viewed the feasibility study as a necessary step in the process of ultimately developing the convention center. The responses regarding the accuracy of feasibility study performance projections ranged from 4 to 7; no respondent gave the feasibility study a rating higher than 7 for accuracy.

The responses to Question 9, concerning whether the interviewees believed the facility's operating performance closely resembled the feasibility study estimates of future performance, differed across the three cases. A synopsis of the responses follows. Concerning the Toledo SeaGate Convention Centre, respondents indicated that convention operations did not resemble the feasibility study's estimates of performance. At the Rochester Riverside Convention Center, the perception of interviewees was that the convention center's operating performance closely resembled the feasibility study performance projections for the facility. Dalton respondents indicated that the feasibility study was inaccurate to begin with since the study was for a very different facility than was built. Further, they said the operations did not resemble the feasibility study's performance projections.

Concerning the accuracy of the feasibility study projections (Question 8b), the interviewees average rating was 5.3 for Toledo, 6.7 for Rochester, and 6.5 for Dalton. These ratings reflect a sentiment that was voiced by many of those interviewed in all three cases—that the feasibility study projections were more about getting the convention center developed than about accuracy of performance projections for the proposed facility (7.5). In discussion, comments about feasibility study accuracy ranged from "It was fairly accurate in hindsight, but at the time, [we] did not think so," to "Went ahead and built the facility anyway," to "Not accurate," to "The operation exceeded expectations."

The responses to Question 9 were mixed and evenly divided. The interviewees' responses fell into three categories. Three respondents said they

did not know, three responded that the projections were close to accurate, and three said the facility was not meeting expectations and that the operating performance did not resemble the feasibility study estimates of future performance.

Research Question 2: Has the development of the convention center contributed to downtown economic development?

The information used to answer this question came from a variety of sources, including community economic reports, interview responses, newspaper and magazine articles, and on-site observation. In Rochester and in Toledo, retail shopping businesses continue to close, and the cities are struggling to keep the downtown areas alive after 5 p.m., when a majority of the people who work downtown leave for the suburbs and the city closes up. The convention business from delegates has not been enough to reverse this trend in downtown areas. Dalton acknowledges the change in the central core from retail center to a government services and business commerce center and has promoted more retail development along the interstate corridor through outlet shopping and restaurant development. The convention center is built in the same vicinity, along the interstate about two miles from city center. The spill-over effect on the downtown area from convention and tradeshow delegates to the convention center has been minimal. In each case, the area immediately surrounding the convention center is in a redevelopment, or in Dalton's case a new development, stage fostered by community economic development initiatives. Each of the three communities studied has worked to take advantage

of its natural resource attributes in planning the convention center location. Toledo and Rochester both chose site development along the large, scenic rivers that run through their cities, and Dalton chose a very visible site high on the Blue Ridge Mountain that overlooks the city. For most of the 1990s, these communities have been in a growth and prosper stage with the rest of the U.S. economy and are economically robust. The communities are not typical tourism economies, but instead are manufacturing based, each having world headquarters corporations in their communities. While most of the persons interviewed in each city believed that the convention center has had a positive impact on their communities, it is difficult to directly point to the convention center development as the catalyst for growth in the area, and not just the expanding economy in general. In each case, the convention center has not brought the anticipated economic gains in the immediate vicinity of the convention center. And certainly, the gains that have been made have been slower in coming than anticipated in all three cases. In each case study, the facility has had significant problems in attracting a convention-quality hotel to open next to the convention center. In each case, the convention center development alone was not enough to entice a private developer to come in and build a hotel adjacent to the convention center. Each facility opened without the necessary complement of quality hotel rooms needed to attract conventions to a facility. The communities had hoped to open their convention facilities at the same time as a new convention-quality hotel opened up next to them, but this did not happen for many years, and in Dalton's case it still has not happened.

The role of the convention center in economic revitalization for the downtown in each case was viewed by public officials, decision makers, and facility managers as important in improving the image of the city and providing meeting space for outside and local publics. The majority of those interviewed rated the image of the city as higher after the convention center was built than before it was developed.

The average interview rating before the convention center was built was 4.6 for Toledo, 5.3 for Rochester, and 5.8 for Dalton. The average rating of the city at the time of the interview (after the convention center was developed) was 8.3 for Toledo, 6.2 for Rochester, and 7.6 for Dalton. Although not all of this better image making can be attributed to the convention center, most of the respondents indicated that at least in part the improved image had to do with the convention center development.

Research Question 3: Are the attitudes and expectations for facility performance of public officials, decision makers, and facility managers compatible with the mission statement and/or operating objectives of the convention center?

Interview responses to Questions 2a, 3, 4, 10a, and 10b, as well as convention center records and documents, were used to answer and analyze this question.

Interview responses to Question 2a regarding the mission and objectives of the convention center (see Appendix C for each case) had a common thread from case study to case study of providing space for outside groups, conventions, and tradeshow and providing space and entertainment for local

groups and enhancing the economic base through activities held at the center. In each case, the deficit was a point of concern and contention to public officials, decision makers, and facility management. This concern to at least have the facility break even on operations can be at odds with the stated mission of bringing in outside convention and tradeshow events that do not generate the revenue for the building that public shows, corporate meetings, and entertainment events generate. On the other hand, convention and tradeshow events, which generate low revenue for the facility, have a much greater economic impact on the community than public tradeshow, corporate meetings, or entertainment events.

When there is great concern for the financial viability of a facility, the facility suffers from not meeting the expectations of the performance in the eyes of decision makers, public officials, facility management, and often the public, even though it may in fact be fulfilling its stated mission. From interviews, documents, news articles, and observations, financial viability seems to be of growing importance in all three of the cases studied.

In comparing the case study results from interviewees' responses to the rating of the convention center in meeting its mission (Question 3, see Appendix C for each case), on a scale of 1 to 10, the results were an average rating of 8.1 for Toledo, 9.2 for Rochester, and 7.2 for Dalton,

The responses to Question 4—What specific standards of measurement do you use to evaluate the operating performance of the convention center?—were varied (see Appendix C for each case). Activity level,

management and marketing, and finances—breaking even, economic impact, and hotel room nights generated were some of the most frequently cited answers from case to case. With regard to operating performance, the standards of measurement used to assess performance differed considerably from one interviewee to another in all three cases.

In rating the convention center's operating performance (Question 10a), the average rating among respondents was 7.3 for Toledo, 8.8 for Rochester, and 7.9 for Dalton on a scale of 1 to 10.

Respondents also were asked: In evaluating the convention center performance, what do you consider the determinants of success for the convention center operation and development? (Question 10b). The responses were varied, and the most frequently cited determinants across all three cases can be categorized into general areas of: hotel bed tax collection (hotel room use), economic impact and development, financial operations, community relations, and management.

The responses given suggest that decision makers, public officials, and facility management in all three cases believe that the facility is meeting its mission. In the cases of Toledo and Dalton, the performance goals are viewed as yet to be fully realized. Rochester rated high on both meeting its mission and performance.

Research Question 4: How do public officials, decision makers, and facility management evaluate operating performance of the convention center?

The performance indicators frequently cited in convention facility literature, strategic plans, and feasibility studies are: (a) the number of conventions booked per year, by type—national, regional, and state; (b) the size of the convention in terms of delegates and exhibits; (c) the average length of stay for conventioners; (d) the number of hotels and hotel rooms used by the convention group; (e) the annual building occupancy for conventions/tradeshows and other events; (f) the revenue-to-expenditure ratio; (g) the subsidy or profit margin; (h) client evaluations of service; (i) the operations-to-budget personnel ratio; (j) revenue-production resources such as catering, equipment rentals, and so on; (k) contractual services; (l) union relations; and (m) public/political support.

The responses to the interview survey question—What specific standards of measurement do you use to evaluate the operating performance of the convention center? (see Appendix B, Question 4)—varied significantly. No specific performance measure was cited by most or many of the interviewees. Several of the responses (see Appendix C for each case) concerned measures often cited in industry publications and convention center literature as standard indicators of performance, as specified in the preceding paragraph. No set of preferred performance measures or standards of measurement typically used to evaluate a convention facility's operating performance can be drawn from the responses. Different standards are used by each individual in evaluating performance, and because the typical profit/loss measurement used in the private sector may or may not be an appropriate standard, the criteria used are

not clear. There does not seem to be a priority among the standards of performance cited by most of the respondents in each of the three case studies.

Research Question 5: What are the determinants of success for convention center operation and development according to public officials, decision makers, and facility management?

Convention facility literature, industry insiders, and governmental organizations frequently use some or all of the following criteria to determine operation and development success for a convention center: (a) the economic impact or economic spin-off created by facility activities on the community, (b) the generation of hotel room nights, (c) the amount of bed tax generation, (d) city image/landmark, (e) revenue generator, (f) the number of convention and tradeshow events hosted per year, and (g) user evaluation surveys. These performance indicators differ significantly from the handful of privately owned and operated convention centers that use profitability and service to customers as measures of success (Ghitelman, 1995).

The interviewees responded to Question 10b—In evaluating convention center performance, what do you consider the determinants of success for convention center operation and development? Each case's public officials, decision makers, and facility management had differing views as to the determinants for success of the convention center. The most frequently cited determinants across cases were categorized as amount of event activity, financial performance, and economic impact.

Survey Question 7—Knowing what you know today, what, if anything, might be done differently in the development or operation of the convention

center? Explain—gave respondents the liberty of using hindsight in assessing the operation and development process of the convention center. Respondents were allowed to elaborate on the positive, negative, success, or failure issues about the process if they so chose. Each of the respondents gave answers that were specific to their facility's development experience and ongoing operations. The most common responses across case studies fell into the following categories: ownership—city/county—and management—public or private—of the facility, education of community from the beginning regarding the purpose and benefits of facility, convention-quality hotel development needed to open at same time as center, financial arrangements and considerations, and money for marketing.

Research Question 6: Have the mission and objectives of the convention center changed over time?

In each case, the formal written mission of the facility had not changed. Upon examination of the marketing priorities and operation behavior of the facilities, as well as from interviews with management and convention authority board members, it was evident in each case that informal changes had occurred to the mission.

In response to Question 2b—Has the mission or objectives of the center changed over time?—the interviewees indicated that:

Toledo respondents: Four of the six respondents acknowledged that a change in the mission had occurred over time.

Rochester respondents: Four of the five persons interviewed did not think the mission had changed.

Dalton respondents: Five respondents answered, "Yes." Another two respondents said, "No," and two said they did not know.

In each case, whether the public officials, decision makers, or facility management believed that the stated mission of the facility had changed or not, the evidence from financial concerns, marketing, and operations behavior suggests an informal change in the mission of the facility over time.

Research Question 7: How positive or negative do public officials, decision makers, and facility management believe public opinion is regarding the success or failure of the convention center?

Participants were asked, How positive or negative do you think public opinion is of the convention center's performance? (Question 6b). The average response by those interviewed was 5.0 for Toledo, 8.1 for Rochester, and 6.1 for Dalton, on a scale of 1 to 10.

By comparison, the public officials, decision makers, and facility management gave an average performance rating of 7.3 for Toledo, 8.8 for Rochester, and 7.9 for Dalton, on a 10-point scale. Across the cases, the public officials, decision makers, and facility management rated the facility higher in performance than they believed the general public would rate the facility. In each case, comments were frequently made about the need to educate the public to the benefits of the convention center to the community.

A review of newspaper articles across cases indicated that the topic most often covered by the local papers was the budget, which usually highlighted the

facilities' deficit financial position year after year. This "negative" coverage was viewed as a problem for many of the public officials, decision makers, and facility management interviewed in each of the cases.

Research Question 8: How similar or dissimilar are more recent (late 1980s to 1990s) feasibility studies of convention center projects to the feasibility studies conducted for these cases?

Recent feasibility studies are similar to the Toledo, Rochester, and Dalton case studies when comparing such studies for content, process, projection in terms of utilization, revenues-to-expenditures financial information, and recommendations. Very little change has occurred in the research methods used to make projections of facility performance and produce convention center feasibility and market studies over the past 10 years. (See Appendix E.)

Propositions

Proposition 1: The linkage between what the feasibility study estimates of performance projected prior to convention center development and actual postdevelopment operating performance was weak. The information collected and analysis of Research Question 1, for the Toledo, Rochester, and Dalton case studies depicted in Tables 4.1, 4.3, 4.5, and 4.8) supported Proposition 1 for the following reasons.

1. The case study research indicated that in each case the mix of events the facility hosted was much different from the feasibility projections.
2. The error of feasibility estimates with regard to convention events ranged from approximately a 26% underestimate of the number of events in Rochester to a 257% underestimate of the number of convention events in

Toledo. The average convention event underestimate error by the feasibility study was 146%. Tradeshow events were much closer in estimation; there was a range from 0 to 26% underestimation, with an average 15% feasibility study underestimate error in the number of tradeshow events held.

3. Higher building occupancies and more consumer events were hosted in each facility than projected by the feasibility study projections.

4. Depending on the case, the average percentage differences either overestimated or underestimated convention events and either underestimated or overestimated convention delegate attendance. Underestimating or overestimating convention delegate attendance, if these differences are substantial, significantly impacts the realized economic value of the convention center to the community.

Proposition 2: The positive or negative perceptions that community decision makers, public officials, and facility management have regarding the convention center development have very little to do with the convention center's postdevelopment operating performance. The information gathered and analysis of Research Questions 1, 2, 5, and 7 support this proposition for the following reasons:

1. In each case, public officials, decision makers, and facility management rated the city's image as more positive after development than it was before the convention center was developed,

2. Each facility's mix of events suggested that the facilities are operating more as a "civic center" than as convention centers.

3. In all three cases, the convention center had not produced the predevelopment-anticipated effects of drawing new lodging, retail, and entertainment offerings to the immediate area around the convention center.

4. From case to case, each individual used different standard measurements of performance to assess the facilities' operating performance. No set standards of measurement for performance could be drawn from the responses given. However, one measure did surface as a central concern, that being the operating deficit associated with all three facilities.

5. The public officials, decision makers, and facility managers rated their facilities in varying positive degrees on operating performance and believed that their facilities were successful and fulfilling the mission of a convention center.

Proposition 3: The attitudes and expectations of facility performance by public officials, decision makers, and facility management are incompatible with the mission statement and/or operational objectives of the convention center. The findings and analysis of Research Questions 3, 4, and 5 support Proposition 3 only in part, for the following reasons:

1. In reviewing and comparing the three cases, the attitudes and expectations expressed in the interviews with public officials, decision makers, and facility management indicated that many of these individuals believed that the centers were performing well.

2. Rochester was believed to be meeting both its mission and operating performance goals and rated high on the successfulness of the

convention center, with a 8.8 rating out of 10. Toledo and Dalton were thought to be meeting the mission but not necessarily the operating performance goals.

3. In analyzing the mission statements and operations of each case, each statement placed a high priority on convention business. The attitudes and expectations of several people interviewed indicated they placed a high value on financial viability or expressed a break-even mentality about the facilities' operation. These attitudes and expectations are incompatible, at least in theory, with placing priority on the convention and tradeshow business that costs the facility to host.

4. In all three cases, the rental rate structure of the facility supported the formal mission statement. The rental rates for conventions and tradeshow were set artificially low (daily rate does not cover daily operating expenditure) for the facility to be able to compete successfully for a convention and tradeshow marketplace that is heavily subsidized by local governments that cover yearly deficits. The rates for all other events were higher and allowed the facility to break even or profit from the events hosted.

Proposition 4: The development and operation of convention facilities in secondary or tertiary markets are fraught with postoperational difficulties rarely addressed in preoperational feasibility studies. The data and analysis of Research Questions 4, 5, 6, and 8 support Proposition 4, as do a number of secondary information sources, for the following reasons:

Interviews and newspaper articles suggested that development of a nearby or connected headquarters, convention-quality hotel had been extremely difficult and an unanticipated problem for the convention centers in all three case

studies. In Rochester, this was achieved, but through a 10-member community partnership and six years after the convention facility opened. Toledo does have a quasi-convention-quality hotel next to the center; however, this hotel is used primarily by the world headquarters corporate offices of Owens Corning company across the street. A new owner has taken over a hotel that stood vacant on the corner next to the convention center for nearly two years. Dalton has several motels around the center but has yet to attract a nearby convention-quality hotel. The problems of not being able to attract a convention-quality hotel were not addressed in any of the three cases' feasibility studies. This finding indicates that prospective conference-type hotel investors were far less enthusiastic about these facilities' potential as viable convention centers than were those who promoted their development as convention facilities.

Potential problems surfacing as a result of ownership and financing have plagued both the Toledo and Dalton facilities. These ownership problems were not foreshadowed in the feasibility studies.

Proposition 5: Over time, economic and political pressures have led to change in the mission and objectives of each convention center from those initially projected. The findings from Research Questions 3, 4, and 6 support Proposition 5 in the following way.

In each case, the facility has had rising pressure placed upon it the longer it is in operation to be profit concerned or at least financially viable (break-even). This changes the priorities in marketing and operations to be revenue driven. Management makes decisions to host high-revenue-producing events. This is reflected in the marketing efforts to attract local events to use the facility and the

expenditure of operating and capital outlays to pay for equipment and amenities necessary to host these events, such as additional telescopic seating, draping for the facility for banquets, additional staging, and so on. Producing revenue to lower the yearly deficit became a main concern of management of the facility. As mentioned earlier, revenue-producing conventions and tradeshow are rare and are not compatible, in theory, with a facility that focuses on financial viability or break-even revenue-to-expenditure operations.

CHAPTER V

SUMMARY AND CONCLUSIONS

Summary

Background

Public investment in convention centers continues to grow in small, medium, and large metropolitan areas, despite records that indicate that most facilities are underutilized for the purpose for which they were developed-- convention and tradeshow use. Most facilities suffer significant annual losses, and many facilities are rendered obsolescent long before their debt service is retired.

Proponents of convention center development are typically from the hospitality/business sector of a community and city government officials who hope a convention center will infuse new life into deteriorating downtown cores. The promise of additional jobs in the hospitality, construction, and retail sectors; more tax revenues; and an enhanced city image is the rationale used to support building a convention center. Expansions are often justified as keeping up with the existing competition from other cities that have developed bigger, improved convention center models. This advocacy position is strengthened with the recommendation of a commissioned feasibility study to develop or expand a convention center.

Critics argue that the market is saturated and that new convention centers and expanded existing centers simply split the pie into smaller and smaller pieces, thereby placing additional financial stress on existing facilities. Opponents of building more and more exhibition space accuse cities of adopting, in effect, a “carnival city model,” in which future taxpayer dollars are pledged for paying for convention centers, stadiums, hotels, aquariums, riverwalks, and sometimes casinos that require huge outlays of capital and require constant and expensive renovation to remain competitive and economically viable.

The decision to proceed with a convention center often depends on the findings of a commissioned feasibility study. The estimates and projections regarding the potential market, the competitive environment, financial performance, and expected economic impact to the area are used to forecast the facility's future success or failure in attracting convention and tradeshow activity to the proposed convention facility. These routine feasibility studies have had very limited scrutiny in terms of follow-up evaluation research of the studies' findings and the projections' predictive value. Complicating the postdevelopment evaluation of a facility's success or failure in meeting its mission is that there has been very little systematic research and reporting of the guidelines or standard measures public officials, decision makers, and facility managers use to evaluate the convention center's operating performance.

Review of Objectives

The researcher examined two distinct areas of inquiry, using case study analysis. The first area of inquiry was the predictive accuracy of the feasibility

performance measures. This was achieved by comparing the feasibility study projections of the proposed facility's operations to the actual operating performance of the facility once it was built and in operation. The second area of inquiry involved the performance evaluation of the convention center operation by public officials, decision makers, and building managers. Public officials, decision makers, and facility managers were surveyed as to their use of the feasibility estimates as a gauge to measure and evaluate the operation performance of the convention center and their confidence in the estimates provided in the convention center feasibility study. The researcher examined the attitudes and expectations of facility performance by public officials, decision makers, and building managers in relationship to the formal mission statement and objectives of the convention center. Finally, the researcher used information from the interviews and convention facility operation documents to evaluate profit orientation and, if present, its possible effects on the operation and/or mission of the facility.

Review of Methods

The researcher sought to find answers to a set of questions by employing case study investigations of public convention center projects which drew upon multiple sources of evidence. Documents, archival records, secondary data, internal documents, newspaper articles, face-to-face interviews using a focused survey instrument, and direct observation were used. The research questions were:

1. How close are the feasibility study estimates of key performance measures to the actual operating results?

2. How has the development of the convention center contributed to downtown economic development?
3. Are the attitudes and expectations for facility performance of public officials, decision makers, and facility managers compatible with the mission statement and/or operating objectives of the convention center?
4. How do public officials, decision makers, and facility managers evaluate operating performance of the convention center?
5. What are the determinants of success for convention center operation and development according to public officials, decision makers, and facility managers?
6. Have the mission and objectives of the convention center changed over time?
7. How positive or negative do public officials, decision makers, and facility managers believe public opinion is regarding the success or failure of the convention center?
8. How similar or dissimilar are more recent (late 1980s to 1990s) feasibility studies of convention center projects to the feasibility studies conducted for these cases?

It was answering these eight research questions that was the focus of the case study investigations.

The underpinnings of the study were set forth in five study propositions for each case that addressed what should be studied and important theoretical issues that the study addressed. The five propositions were:

1. The linkage between the feasibility study projections of performance prior to convention center development and actual postdevelopment operating performance is weak.
2. The positive or negative perceptions that community decision makers, public officials, and facility managers have regarding the convention center development have very little to do with the convention center's post-development operating performance.
3. The attitudes and expectations of facility performance by public officials, decision makers, and facility managers are incompatible with the mission statement and/or operational objectives of the convention center.
4. The development and operation of convention facilities in secondary or tertiary markets are fraught with postoperational difficulties rarely addressed in preoperational feasibility studies.
5. Over time, economic and political pressures lead to changes in missions and objectives of convention centers from those on which feasibility studies are based.

The three cases studied were: the SeaGate Convention Centre, Toledo, Ohio; the Rochester Riverside Convention Center, Rochester, New York; and the North West Georgia Trade and Convention Center, Dalton, Georgia. In addressing the research questions and propositions through case study investigation, the dissertation findings provide (a) a better understanding of the results of convention center development in smaller markets, (b) a better understanding of the role of the feasibility study in the process, (c) a better understanding of convention center operations and performance, (d) a better

understanding of the process of evaluating facility performance, and (e) a better understanding of how profit orientation affects the operation and/or mission of the convention center.

Review of the Findings

Research Question 1. In the three convention center cases examined, Toledo, Rochester, and Dalton, it was found that the feasibility study estimates of key performance measures for the proposed facility, when compared to the actual operating performance of the developed facility, were poor predictors of operating performance. The feasibility study estimates, when compared to actual operating performance, underestimated and overestimated key performance measures; it was difficult to define the direction or degree of error found in each performance measure category. The finding of the three cases analyzed is that the actual facility utilization performance did not resemble the projected feasibility studies' utilization and performance projections.

The interviews conducted with public officials, decision makers, and building managers in all three case studies revealed that the utilization projections given in the feasibility studies were not perceived to be particularly accurate. The rating given to feasibility forecasting accuracy averaged 6.3 on a scale of 1 to 10 for the three cases. The community leaders interviewed clearly indicated that they recognized the weakness of feasibility study projections; however, many of these community leaders indicated that the value of the feasibility projections is not the accuracy of utilization and/or performance projections, but rather the feasibility study is part of the political, public relations, and financing process that is necessary to develop a convention center. The

price tag for these “political” feasibility studies with performance utilization projections that are often inaccurate ranges from \$25,000 to nearly \$100,000. The average cost for the feasibility work in the case studies reviewed was \$40,000 to \$50,000.

Research Question 2. In each of the three cases, the contributions the convention center had made to downtown economic development were mixed. In each instance, the convention center was viewed by a majority of those interviewed as an additional positive asset or offering for the community.

In Toledo, Rochester, and Dalton, the convention center had not yet provided the anticipated economic spin-offs hoped for in the predevelopment phase of the convention center project. A particular source of friction in all three cities had been the development of a nearby headquarters convention-quality hotel to complement the exhibition facility. The hoped-for private development of hotel properties did not materialize until several years after the convention center opened in Rochester and Toledo, and Dalton has yet to see a convention-quality hotel be developed.

The downtown areas for Toledo, Rochester, and Dalton have been metamorphizing over the last decade into service and business centers, with little new retail, residential, or after-hours entertainment offerings in the vicinity of the convention center. The development of the convention centers did not seem to be reversing this trend.

It could be argued that Toledo and Rochester are actually embracing what critics call a “carnival model” of revitalization. Riverwalks, stadiums, cultural attractions, and infrastructure improvements have been developed or

are on the drawing board in the area immediate to the convention center, with the hope of giving the downtown core a booster shot to immunize the city against further deterioration. The convention center, an integral part of the plans, has not produced the promised economic benefits that proponents and often convention center feasibility studies use to justify convention center development.

Dalton, on the other hand, has adopted a philosophy that the downtowns of today are government and business service centers, void of much retail or entertainment. In keeping with this position, the convention center was built two miles from the city center on a mountain, just off the interstate, in an area of rapid restaurant, motel, and outlet retail development. The anticipated spillover effect of this convention center on the downtown area was minimal, and this appears to have been the result.

Research Question 3. In the three cases, Toledo, Rochester, and Dalton, the attitudes and expectations expressed by public officials, decision makers, and building managers were often incompatible with the stated formal mission of the convention center. To many of those interviewed, the concern over the facility's annual financial performance and the need for the facility to break even outweighed the concerns as to the type of utilization occurring at the facility. None of the facilities' mission statements include financial performance goals in terms of breaking even or revenues exceeding expenditures for operations. The mention of bringing in business with economic impact is considered. There are no specific objectives for day-to-day operation costs. Most of the persons interviewed in all three cases were aware that most convention centers run an

annual deficit. The average deficit figure is well over \$800,000 annually (Fenich, 1992). The facilities studied averaged an annual deficit of more than \$550,000. There seemed to be the expectation, or at least hope by many of the public officials, decision makers, and facility managers interviewed, that their particular facility would be able to overcome its deficit position and break even financially.

Research Question 4. In all three cases, the public officials, decision makers, and facility managers did not consistently express the same performance measures as indicative of the facility's success or failure. The standards of measurement most frequently mentioned by those interviewed, across cases, were heads in beds or hotel room nights and economic spinoff. These are measurements typically used in feasibility studies and industry literature; however, all interviewees used their own measurement standards, assigning their own weight or priority to evaluate convention center performance.

Research Question 5. In all three cases, the people interviewed rated the facility quite high in terms of operational success, an average score of 8 on a scale of 1 to 10. The determinants of success most frequently cited were heads in beds, economic impact, and financial performance. The difficulty with this finding is that the order of magnitude or agreed-upon measures of success to use in evaluating the convention center's success vary from one person to another, and there is no consensus among those involved with the convention center as to what are the appropriate performance measures to use.

Research Question 6. In each case studied, Toledo, Rochester, and Dalton, the stated mission and objectives had remained formally the same since the building was opened. In each case, although not stated in the formal

mission, annual financial performance had become more and more of a concern over time, with breaking even or getting as close to breaking even between revenues and expenditures becoming an objective of facility managers. This is borne out in the marketing behavior and event bookings at the facilities that are trying to host more and more revenue-producing events.

Research Question 7. The public officials, decision makers, and facility managers in the three cases analyzed, Toledo, Rochester, and Dalton, perceived that public opinion toward the convention center's success was lower than their own opinion of the success of the convention center. The most often cited reason for the disparity was the need to educate the public about the benefits of a convention center to the local economy and the role of the media in repeatedly printing stories that focus on the convention center's financial plight.

Research Question 8. In reviewing more recent (late 1980s to 1990s) feasibility studies for convention centers across the country and comparing them to the SeaGate Convention Centre, the Rochester Riverside Convention Center, and the North West Georgia Trade and Convention Center feasibility studies, no significant changes have occurred in the way that feasibility studies are conducted. Also, the methods used to calculate and project event utilization, marketing, financial information, and site recommendations are similar from study to study.

Proposition 1. The research clearly indicates that for the three cases examined, Toledo, Rochester, and Dalton, convention center feasibility study estimates of performance with regard to event utilization, when compared to projections of how use of these facilities would be distributed, varied markedly

from how they are actually being used. The degree of disparity between the projected operating performance and actual operating performance was substantial for facility utilization/activity. Conventions and tradeshow were projected to be the dominant use; however, community events turned out to be the dominant use. The interviewees' doubts about the accuracy of the feasibility study estimates of facility uses were supported by the findings from this study.

Proposition 2. In all three convention center cases, the public officials, decision makers, and building managers who were interviewed perceived the facility to be performing well, all but financially, and were quite positive in their attitudes toward the center. As the research has shown, the facilities studied were not performing well in terms of their intended missions. The centers were hosting significantly more local and public revenue-producing events than anticipated. The conventions and tradeshow that are being held in Toledo and Dalton are significantly smaller in size and delegate attendance than had been projected, and in Rochester, fewer conventions and tradeshow are being hosted than anticipated; however, they are of a larger delegate size than projected.

In all three of the selected case studies, Toledo, Rochester, and Dalton, the facilities were functioning much more like a "civic center" than a convention and tradeshow facility. This postoperating performance regarding event utilization has not negatively affected the public officials', decision makers', and building managers' perceptions of the convention centers' operating performance. Conversely, the facilities all have better revenues to expenditures or debt ratios, largely as the result of the many local and public revenue-

producing events. These facilities' average annual deficit is less than the industry average. This did not positively affect the public officials', decision makers', and building managers' perceptions of facility finances.

Proposition 3. In part, the attitudes and expectations of facility performance by public officials, decision makers, and facility managers are incompatible with the stated formal mission statements of the facilities, which do not include statements with regard to yearly financial, break-even goals. Over time, in all three cases studied, the financial performance or revenue-to-expenditures ratio has taken on more and more significance as the operational objectives of the facilities have changed over time and they have become more and more focused on financial operational viability.

Proposition 4. In each of the three selected case studies, a major stumbling block to marketing and hosting large convention and tradeshow events has been the needed, concurrent development of a convention-quality hotel, to act as headquarters for the meetings held at the convention center. This scenario was not "considered" in the feasibility studies. Another problem that was not addressed by the convention center feasibility studies is the difficult political and financial problems a facility can endure, brought on by the organizational environment or convoluted ownership of the convention center. As demonstrated in the three cases, a convention center can serve several different government bodies, with none wanting to take financial responsibility for the facility or facility marketing.

The detail of the feasibility study, except in a passing statement or two, did not address the need for a dedicated source of marketing funding for the

convention center. Other than describing the different types of management structures found in convention centers across the country, the feasibility studies provided little direction as to the management structure that works best or may work best in a particular situation.

Proposition 5. The missions of the convention centers studied changed over time from the original development and operating purpose of hosting large convention and tradeshow activity. Activity and financial viability have become more and more important to the facilities studied. Pressure is brought to bear on managers to make the facility at least "break even." In the cases studied, the pressure can come from local newspaper coverage of the facilities' financial position and as issues in elections of local representatives.

Discussion of Findings

The case studies of the Toledo SeaGate Convention Centre, the Rochester Riverside Convention Center, and the North West Georgia Trade and Convention Center are certainly not a basis for making broad generalizations to the larger population about the accuracy of convention center feasibility study projections. Nor can the evaluation process and criteria that the political official, decision maker, and building manager interviewees from these case studies used to determine the success or failure of a convention center operation be generalized to the larger population of community public officials, decision makers, and building managers. This research, along with other recent research on large-city, large convention center expansions, brings up several implications worth noting and potential directions for future research in the convention center development process and evaluation of convention center operations.

Literature

The literature is divided on the economic benefits a convention center brings to a given community. The argument centers on the spending of public funds on large convention facilities to bring in outside visitors and stimulate economic growth in the private sector, as opposed to spending the public funds on other public needs like education, transportation, police protection, and so on.

Proponents of convention center development use estimates of increased economic impact, job creation, and positive image for the area to propagate the merits of new convention center development. Often proponents advocate locating the center in the downtown area as a "fix" for lagging and deteriorating urban cores. The feasibility studies paid for and conducted by major national consulting firms or economic consultants provide the prodevelopment camp with studies that project continued expanding convention center space demand well into the next century. The feasibility study typically forecasts economic gains through a series of chains of multiplications that turn visitors into dollars for the community. The projected number of new annual convention visitors is multiplied by the presumed average stay, then by the average daily spending, and finally by a "multiplier" intended to capture the economic impact of dollars that are "re-spent" within the community (Sanders, 1998).

Opponents, or those not enamored of the projected convention center economic-benefits argument, have become more critical in recent years. This criticism has been leveled as local community governments have become more and more financially strained to provide basic government services to residents,

as recent research provides evidence that convention centers deliver far less economically than promised by the feasibility studies, and as in a number of cases the expenditure of hundreds of millions of public dollars has had almost no effect on individual communities. Critics contend that feasibility studies focus on building space requirements large enough to generate the big economic-impact numbers needed to justify the public investment, rather than to fit the likely market area. These studies compare building the facility to a no-build scenario of "zero economic impact." Opportunity cost is not considered. No attention is given or proposed to comparing other alternative investments or returns for the public investment dollars (Sanders, 1998).

In his report on large convention center expansions, Sanders (1998) cited impressive evidence that large convention centers, often presented as the best examples of convention center operation and economics, are functioning well below expectations, hosting fewer conventions and tradeshow, hosting conventions that are smaller in delegate attendance than projected by the feasibility studies, and as a result are generating fewer hotel room nights.

The Current Research

This case study research indicated that Toledo's, Rochester's, and Dalton's convention centers, in smaller cities and in emerging, not primary tourist/convention markets, have had similar experiences to the large cities that have expanded their convention centers. These facilities, which were built to attract convention and tradeshow business to the area, are very similar to the larger convention centers that Sanders (1998) reported on, from the standpoint that all three of the convention centers studied are used a majority of the time as

civic center complexes for local events. The conventions and tradeshow in all three of the facilities studied have less economic impact to the area than expected, either from having less delegate attendance (are a smaller size) than projected in the feasibility studies or from hosting fewer convention events than projected. The convention centers studied often host conventions that do not necessarily require the large exhibition space and in many cases could easily be accommodated in a medium to large hotel with meeting room and ballroom space.

The research findings indicated that, for all three facilities, the number of event days for conventions and tradeshow was not close to optimal capacity (265 days or 70% occupancy). Toledo's convention/tradeshow usage was 168 days or 40% of available capacity, Rochester's convention/tradeshow usage was 98 days or 27% of available capacity, and Dalton's convention/tradeshow usage was 56 event days or 15% of available capacity.

The results of the interviews with public officials, decision makers, and building managers illustrate the complexity of convention center performance evaluation. Given that the convention centers studied are underperforming in convention and tradeshow utilization, it is interesting that in all three cases a majority of those interviewed perceived the convention center as meeting its mission and functioning well operationally, except for the yearly deficit.

The standards of performance used to judge the convention center's operation are not clear, consistent, or prioritized, varying from individual to individual interviewed. The comments regarding performance objectives and measures ranged from "the facility is a loss leader and is never expected to

break even and/or make a profit” to “the facility should strive to break even and make an annual profit.” The interviewees revealed an understanding and appreciation of many of the industrywide and feasibility study performance measures leading to economic benefits for a community. However, there was no consensus on which performance measures are to be adopted to gauge facility performance or what priority is placed on which industrywide performance measures to use for a particular facility.

The interviewees’ responses to questions concerning the convention center feasibility studies’ accuracy for performance measures indicated that most of those interviewed—public officials, decision makers, and facility managers—regarded the projections with suspicion. On average, they gave Question 8b, concerning the accuracy of convention center feasibility study projections, one of the lowest average responses (6.1) of any of the items they were asked to rate on a scale of 1 to 10 (see Appendix D).

When the information from the comparison of feasibility study utilization projections to actual operating performance and the information from the interviewees are considered together and analyzed, the research supports one of the underpinning propositions of the study: The convention center feasibility study is much more about policies and process than about utilization projections that are accurate and can be relied on as guidelines for facility size, design, and marketing decisions.

Across the cases, the interviewees highlighted that the feasibility study findings are used by advocates of convention center development to make the public argument for development of a large convention facility with public funds.

The numbers provided by the feasibility study are used to project new job creation in the construction and operation phase, additional visitor spending in the community, and an enhanced community image to compete for convention business with other cities across the country that have similarly sized facilities.

The process of developing the convention center can become politically heated, with ramifications of this public discourse felt long after the convention center is built and in operation. The Toledo case study analysis revealed that the convention center project was a "political hot potato" from its inception. The project was pushed by key elected officials. In two referendum votes, citizens of Toledo defeated the proposition of monies being spent on convention center development or operation. The county, with the use of special legislation from the state to use hotel bed tax revenues from the area, built the convention center in downtown Toledo. The funding situation limited the size of the facility that could be constructed, and in the drive to build a convention center, a smaller facility was developed than had been the optimal size recommended by the feasibility study. Since its inception, the Toledo SeaGate Convention Centre, while actually performing at the highest level of utilization for conventions and tradeshowes of the three cases analyzed, has suffered the most negatively from not having a dedicated source of funding for operations from year to year. It is viewed as a facility that is often resented by the citizens of the community who voted it down.

Rochester's development history is perhaps more typical of the development process for convention centers. It was part of redevelopment initiatives for revitalizing downtown urban cores in the 1980s. There was less

local opposition to the convention center, in part because the majority of the funding was to come from Urban Development Action Grants from the state of New York. The convention center was viewed as an important link to stimulate business for hotel, entertainment, and retail businesses. Other than a delay in getting a complementary headquarters hotel built across the street from the convention center, the convention center has not suffered from a negative image within the community at large. The Rochester center has a high level of overall utilization. The actual convention and tradeshow events and attendance at those events is below the number of conventions and tradeshow projected by the feasibility study for the Rochester Riverside Convention Center. Of the three facilities studied, Rochester appears to have the most potential, due to its size, reputation, and complementary facilities, to host the most convention and tradeshow business.

In Dalton, the strong carpet industry lobbied to get a trade center built with state funding. When the carpet industry did an about-face in response to new marketing strategies that did not require large permanent showrooms, the process of getting state funding was already rolling. Community leaders joined with the carpet industry in the request, changing the facility from a trade center to a convention and trade center facility, with the focus of bringing in outside visitors to the northwest Georgia area. The Dalton facility is one of few examples in the country in which a feasibility study's findings did not support construction of the facility. But the community built the convention and trade center anyway. The Dalton facility's utilization for conventions and tradeshow

was the lowest of the three cases analyzed. However, it is hosting several more conventions and tradeshow than the feasibility study projected it would.

As these cases indicate, the reasons city and business community leaders have for advocating the use of public taxpayer monies for the development of large convention centers vary from city to city. In all three of these cases, the convention center was advocated as using the public investment of funds by city/county government to spur new private investment in an area proximate the convention center. In all three of these cities, the convention center is viewed by those interviewed as contributing to an enhanced city image. However, the economic spinoff from the convention center has been less than anticipated.

Feasibility Studies

The implications from the research regarding convention center feasibility studies is that the studies done for Toledo, Ohio; Rochester, New York; and Dalton, Georgia, convention centers were not good predictors of convention center utilization by event type, event size, or event duration. The facilities' activity and attendance rates are higher than projected because of the large number of local events these facilities are hosting and not convention and tradeshow business for which the facility was designed and financed to accommodate.

In the cases of Toledo and Rochester and to a lesser extent Dalton, many of the local events held at the convention center are in competition with those held at other public and private facilities in the area. Many of the smaller-sized conventions that are hosted would fit as well in a private hotel or conference

center. This displacement was not part of the feasibility study's economic impact projections. From a review of other feasibility studies conducted during the same time frame as the feasibility studies that were done for Toledo, Rochester, and Dalton, and from reviewing convention center feasibility studies conducted in more recent years as well as recent literature reviews of convention center research by Sanders (1998) and Fenich (1992), the following observations emerge:

1. The feasibility study methods used for the cases analyzed were typical and not unique, albeit the feasibility research recommendation in Dalton did not favor development of the convention and trade center.
2. The methods used to develop convention center market feasibility studies have remained relatively unchanged over the past two decades. The consulting firms and economic consultants continue to make estimates based on an ever-expanding convention/tradeshow market and to recommend facilities of a size necessary to create the large economic impact numbers communities need to justify the convention center development. The feasibility studies reviewed did not consider a competitive market-share analysis of what happens as additional facilities (that may already be approved and in the planning or development process) are added to the marketplace, further slicing the convention and tradeshow business into small pieces. Little or no attention is given to the displacement of existing businesses in a community, or the opportunity cost of investing the public monies elsewhere. The feasibility studies provide the community with minimal information details on ownership,

management, marketing, and financial issues, which often plague convention facilities once they are developed.

Conclusions

The convention center boom over the last two decades continues, undaunted by the proliferation of larger and larger and more and more convention facilities spread over more of the country. Conflicting reports as to whether or not the convention and tradeshow market is growing, stagnating, or perhaps declining abound. During the same time frame, public-sector involvement shrunk and city budgets shrunk in cities across America, often significantly cutting basic services. Convention center developers, armed with positive feasibility study findings projecting great economic benefits of additional jobs and tourism dollars and an enhanced city image, continued to grow unabated, even in cities where other capital needs and basic services were often not being met. Although often portrayed by negative images and reports in local newspapers, and less than enthusiastic citizen support, communities such as Toledo, Rochester, and Dalton have been able to muster political resources at the local and state levels to develop convention centers.

The findings of the three case studies of convention center development in emerging markets of Toledo, Rochester, and Dalton indicated that:

1. Actual performance is much different from the utilization projections by the feasibility studies for conventions, tradeshow, and consumer events.
2. As a result of the difference in activity between the projected and actual performance, the anticipated economic benefits (job and tourism dollars) to the city or area have fallen short of expectations.

3. Public officials, decision makers, and facility managers are suspicious of feasibility study utilization projections and do not view the projections as particularly accurate.

4. The feasibility is viewed by public officials, decision makers, and facility managers as part of the political and public relations process, more so than as a guideline upon which to develop building and marketing strategy.

5. The evaluation criteria used to assess the convention center's operating performance varied from individual to individual. Typical industry standards and criteria were mentioned, but absent was the priority as to how these standards or measures should be used to evaluate convention center operations.

6. Public officials, decision makers, and facility managers had a positive attitude toward the convention center and believed the center was meeting its mission and objectives. The overwhelming concern to those interviewed was the financial viability of the center, more so than the types of utilization activities.

7. The stated mission of the convention center has remained the same. However, as the facilities get older, more and more concern is voiced and pressure is put on facility managers to break even financially. As this occurs, the facility evolves more and more into a civic center that hosts occasional conventions and tradeshow, rather than the other way around.

8. Convention center feasibility study methodology and reporting have remained relatively unchanged over the past two decades. If large convention centers are not living up to their economic expectations (Sanders,

1998), then the findings of this multiple case study research on smaller, emerging-market convention center developments may be illustrative of a larger, inherent problem with convention center feasibility study methods and reporting. This research found very large differences between projected facility utilization for conventions, tradeshow, and consumer shows and actual operating performance once the convention center was developed and in operation.

Although some of the differences may be attributable to management and marketing decisions not studied here, the differences are significant enough to question the current practices and the value of performing feasibility studies in the convention center development process. The interviewees tended to view the feasibility study as a public relations tool and to be used for political purposes by those advocating convention center development in the community.

9. The trend to have the convention center be profit oriented or at least break even was validated in each of the three cases studied. This profit orientation has changed the event activity and marketing of the convention center and may covertly be encouraging the use of the facility as a "civic" center with profitable "gate" events over convention and tradeshow events that "cost" the facility to host.

10. In all three cases, the decision to develop a convention center, although based on economic projections, had much more to do with "politics" and city image enhancement than with economics.

Urban Policy Implications for Using Convention Center Strategy in Smaller Markets

Small and medium-sized cities have jumped on the bandwagon of developing convention centers as an economic catalyst to urban revitalization. The risk for smaller cities is high, both economically and politically. The money pledged to support the convention center's capital and operating costs is significant in proportion to the local government budget, and the convention center project often becomes a political battleground for local elected officials. To further complicate matters, the decision makers often rely on feasibility studies to be both public relations tools for the project and the definitive guide to future facility performance.

The case studies of Toledo, Rochester, and Dalton indicate that communities considering the development of a convention center as an economic catalyst may do well to recognize from the outset these factors:

1. Most public convention centers do not break even.
2. There is increasing political pressure on convention center managers to break even.
3. If being profit oriented or breaking even is a goal, this needs to be incorporated into the mission statement.
4. Most convention centers host a majority of civic events and only a small number of actual convention events.
5. For the most part, convention centers are a net economic benefit to the community, although probably much less so than economic forecasts project (Fenich, 1992).

6. Private-management, private-ownership facilities are on the rise and indicate profitability and a possible long-term future trend for the industry.

7. A majority of all conventions (75% or more) can be held in hotel properties (Abbey & Link, 1994).

8. Recent research on destination appeal (Fenich, 1992; Oppermann, 1991) suggests that the key to destination selection by convention meeting planners may be the city itself, which was rated as much more significant than the availability of a convention facility. This suggests that decision makers need to consider the entire city's destination appeal. Simply building a convention center does not automatically bring convention and tradeshow activity to an area.

9. Facility performance guidelines and desired event activity levels should be determined from the beginning, upon which to make management/marketing decisions and judge convention center performance.

10. Political leaders need to recognize that the convention center may not be just about economics, but may be fulfilling other social needs of the city, such as image enhancement, keeping up with competition in other cities, or providing a public facility for the community. This may help in deciding whether this is the best use of taxpayers' money.

11. Finally, if the goal is to develop a convention center regardless of the cost to the taxpayers of the community, one lesson from centers already built may be that, to get a public project completed, overestimate the benefits and underestimate the costs, and keep touting high economic benefits by boosting numbers (Breslow, 1994; Fenich, 1992).

Recommendations

Recent studies and this research have begun to document the flawed projections of future event utilization found in convention center feasibility studies. The research findings suggest that new convention center feasibility study methodology, process, and reporting may need to occur in order to get more accurate performance projections that communities can use with confidence, as guidelines for the development and postdevelopment standards of measurement upon which to evaluate convention center operating performance.

The trend over the past 10 years for facilities to be profit oriented is changing the objectives and operations of convention centers across the country. This study documented the focus on performance at convention centers to be financially viable. This creates a dilemma for management and may be undermining the mission of the facility to market and host conventions and tradeshow. Public officials, decision makers, and facility managers need to clearly establish how convention center performance will be evaluated and operationalized, realizing that promoting a profit orientation may be undermining the larger mission: hosting conventions and tradeshow.

The cases studied in this research bring up several questions for communities considering building a convention facility. The first and most obvious is: What is the community really building this facility for? Is it truly to be a dedicated convention and tradeshow facility, or is the facility more likely to be operated as a civic center? How much subsidy and for how long is the community willing to pay for this facility? What are the true costs, the realistic

benefits, and likely outcomes for the community in building a convention facility? Is it possible to offer incentives to private developers to build an adequate-size facility that meets the community's needs? If breaking even is a goal, what are the advantages and disadvantages to private or public management of the facility? And finally, in hiring a consultant to do the feasibility projections, is the document to be used as a public relations tool, or is the expectation that the feasibility study provides realistic projections of the facility's performance level once in operation? Answering some of these questions at the beginning of the development process would help the community end up with a facility it both wants and can afford.

Research on convention centers' development, operations, and marketing and management is scant. The findings of this case study research and cross-comparisons raise additional research questions that need to be answered, using the larger population of convention centers across the country. Questions that should be investigated include: What percentage of convention center building occupancy is really being used for conventions and tradeshow as opposed to local events? What type of management ownership works best? Can convention centers meet their mission and break even financially? What does the addition of new facilities and square footage do to the market at existing facilities?

The lack of research on the convention and meetings industry provides a myriad of opportunities for research. This study's findings are a small step toward a better understanding of the results of convention center development in second-tier cities within the context of urban and economic development. The

three case study investigations support earlier research of the most-often-given political, economic, and social arguments used by community leaders in support of or against convention center development. The research sheds new light on the role of the feasibility study in the convention center process. The study provides for a better understanding of how communities evaluate the success or failure of convention center development and operations. Overall, the research findings contribute to a better understanding of the convention and meetings industry, a significant subsegment of the tourism industry in need of study.

APPENDICES

APPENDIX A

LETTERS OF INTRODUCTION

MICHIGAN STATE
U N I V E R S I T Y

To Whom it May Concern:

This is to introduce Sherie Brezina, a highly qualified individual, pursuing a doctorate degree in Park, Recreation and Tourism Resources from Michigan State University. Ms. Brezina has convention facility working experience and teaches tourism courses. Her research involves case studies of convention centers in emerging, secondary markets. Toledo, Ohio and the Seagate Convention Center is one of three cases being studied.

The purpose of the research is to gain perspective on the role of the convention center in downtown economic development or revitalization and to document measures of performance used to evaluate the convention center through interviews with public officials, decision makers and facility management. There is a paucity of research and evaluation of convention facilities outside of that conducted by private research firms for a fee. We believe this research will further the understanding of convention center development and operations related to performance measures. A list of questions the study seeks answers to is attached.

In the interest of time, Ms. Brezina has designed the study to be a focused question interview format and should not require more than a half hour of your busy day. Given your experience and expertise your responses to the questions poised are extremely important. We appreciate your voluntary agreement to participate in the study by conducting the face to face interview with Sherie Brezina. Your desire to refuse to answer specific questions or expound upon others will be strictly respected. In the interest of confidentiality, individual names of participants will not be used in the written report.

Please feel free to call me if you have questions or would like to confirm this information (517) 353- 0793. On behalf of the Park, Recreation and Tourism Resources Department and Michigan State University we thank you for your time and providing our student, Sherie Brezina with this research experience. Please let Ms. Brezina know if you would like a copy of the report findings.

Sincerely,



Dr. Donald Holecek, Professor
Dissertation Committee Chair

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Sincerely,



Dr. Donald Holecek, Professor
Dissertation Committee Chair

APPENDIX B

INTERVIEW QUESTIONS

Interview Questions

City _____ Person's Name _____
Title/Relationship _____ Date _____ Time _____

1. Please provide a brief sketch of your relationship with the development and/or operation of the _____ convention center.

Mission/Objectives

2. A. In your opinion, what is the mission or objective of the convention center?
B. Has the mission or objectives for the convention center changed over time?
3. On a scale of 1 to 10, with 1 being *"Does not meet the mission or objectives at all"* to 10 being *"Totally meets the mission or objectives of the convention center,"* how do you rate the convention center?
4. What specific standards of measurement do you use to evaluate the operating performance of the convention center?

Economic Development/Public Perceptions

5. A. On a scale of 1 to 10, with 1 being *extremely negative* and 10 being *extremely positive*, how would you rate the image of [City Name] prior to the development of the convention center?
B. Using the same scale, what rating would you give the city image today?
6. A. How has the convention center contributed to downtown economic growth and/or revitalization?
B. On a scale of 1 to 10, with 1 being *extremely negative* and 10 being *extremely positive*, how positive or negative is public opinion regarding the convention center's performance?
7. Knowing what you know today, what, if anything, might be done differently in the development or operation of the [City name] convention center? Explain.

Performance Measures

8. A. How important are the findings of the feasibility study in the development of convention facilities? Explain.
B. In your opinion, on a scale of 1 to 10, with 1 being *not accurate at all* and 10 being *extremely accurate*, how would not rate the estimates/projections given in feasibility analysis studies for convention center? Explain.
9. Has the [City name] convention center's operating performance closely resembled the feasibility study estimates of the facility's potential for performance? Explain.

10. A. On a scale of 1 to 10, with 1 being *extremely unsuccessful* and 10 being *extremely successful*, how would you rate the operating performance of the convention center? Explain.
- B. In evaluating convention center performance, what do you consider the determinants of success for convention center operation and development?

Other Considerations

11. Please discuss anything else you think is important to [City name] convention center's development and operation with regard to operating performance or economic development.
12. These are the persons/positions I have plans to interview:
-
- Please give me three or four other individuals' names that I should interview to have a complete understanding of this particular case:
-
-

THANK YOU VERY MUCH!

APPENDIX C

INTERVIEW RESPONSES

Interview Responses—SeaGate Convention Centre, Toledo, Ohio

1. Please provide a brief sketch of your relationship with the development and/or operation of the _____ convention center.
- 1T Economic Development Office. Indirect relationship with center. The building brings in visitors. This has economic impact on downtown and economic developments.
 - 2T President of Chamber. No direct relationship. Chamber used to run marketing end; now separate.
 - 3T Member of Convention Board. Appointed by the city. Convention center and CVB merged. Current mayor's suggestion to interview for city's input.
 - 4T County Administrator since 1984; facility opened in 1986.
 - 5T Former Mayor, former CVB Director. Proposed convention center in 1972.
 - 6T President and CEO of convention center and CVB. Hired in 1991 to run facility.

Mission/Objectives

- 2A. In your opinion, what is the mission or objective of the convention center?
- 1T To promote city. Development new attraction opportunities, sell city resources. Integral component to downtown marketing of city. Provide entertainment to community.
 - 2T Provide location to business groups, large gatherings and tradeshows. Accessible location to community, asset in selling city.
 - 3T Provide facility for conventions, tradeshows, special events. Marketing end to promote community to outsiders.
 - 4T Economic catalyst to downtown and area. Aid identity and help in revitalization of Toledo effort. Regional gathering point.
 - 5T Show off city. Help with revitalization of downtown. Spin off dollars economically into the community.
 - 6T Activity at any cost; don't worry about revenues.
- 2B. Has the mission or objectives for the convention center changed over time?
- 1T I don't know.
 - 2T I have not noticed a change.
 - 3T Evolved . . . interest in space use and economy has changed. Bookings up, generating more activity at the convention center.
 - 4T Role changed. Convention center did not "save" Portside Festival Marketplace from closing. Urban center has changed.
 - 5T Has changed . . . type of events held . . . more sporting events to keep it financially secure.
 - 6T Yes; be an activity generator for downtown; put heads in beds. Second is economic spinoff.

3. On a scale of 1 to 10, with 1 being *"Does not meet the mission or objectives at all"* to 10 being *"Totally meets the mission or objectives of the convention center,"* how do you rate the Toledo SeaGate Convention Centre?

1T	6.5
2T	10
3T	10
4T	5 (oversold)
5T	7.5
6T	10

Average response 8.1 on a 10-point scale, with a range of responses from 5 to 10.

4. What specific standards of measurement do you use to evaluate the operating performance of the convention center?

1T	Activity downtown, number of events.
2T	I don't measure. Increased use in appropriate fashion, mix of events, this has expanded.
3T	Bookings, activities, convention/tradeshows activity. Effectiveness of marketing operations.
4T	Compare against other Ohio convention centers. Budget and money going out. Management is turning around financially.
5T	Not designed for multipurpose use; mainly for convention use—conventions and tradeshow business.
6T	Activity, occupancy. Currently 645. Hotel occupancy and daily rate up.

Economic Development/Public Perceptions

- 5A. On a scale of 1 to 10, with 1 being *extremely negative* and 10 being *extremely positive*, how would you rate the image of Toledo prior to the development of the convention center?

1T	Not here, I don't know.
2T	I wasn't here, but my view is Toledo's image is better from national exposure in print publications and increased attractiveness of downtown.
3T	4 to 5, 4.5
4T	7
5T	5
6T	2

Average response 4.6 on a 10-point scale, with a range of responses from 5 to 10.

5B. Using the same scale, what rating would you give the city image today?

- 1T 7 or 8, 7.5
- 2T 10
- 3T 8 or 9, 8.5
- 4T 7
- 5T 9+
- 6T 9+, very positive image

Average response 8.3 on a 10-point scale, with a range of responses from 7 to 10.

6A. How has the convention center contributed to downtown economic growth and/or revitalization?

- 1T Serves as an anchor for downtown. Baseball center is being considered behind center.
- 2T Brings in people to spend money at restaurants, COSI Museum. Economic generator, residential re-growth downtown, some converted apartments. Occupancy rates at hotel and center up. Baseball stadium's location linked to convention center. Has brought in business to revitalize downtown area.
- 3T Political system changed to strong mayor form of city management. Mayor's top three projects are downtown. Convention center, hotels, and businesses led to two other hotels being built downtown.
- 4T No. Hotels like Radisson, next to convention center, built because of Owens Corning world headquarters across street.
- 5T Important part of puzzle. Area cleaned up aesthetically better. Opening of COSI.
- 6T Yes. New stadium, Riverwalk investment, farmers' market, micro-breweries, sports arena. Create activities through conventions.

6B. On a scale of 1 to 10, with 1 being *extremely negative* and 10 being *extremely positive*, how positive or negative is public opinion regarding the convention center's performance?

- 1T 5
- 2T 4
- 3T 5.5 to 6
- 4T 5
- 5T Positive, changing as people move downtown. Public has not seen value of a convention center.
- 6T Was negative, complete reversal, multitude of activity is positive, media now behind convention center.

Average response 5.0 on a 10-point scale, with a range of responses from 4 to 5.75.

7. Knowing what you know today, what, if anything, might be done differently in the development or operation of the Toledo convention center? Explain.
- 1T Advertise resources to local organizations to extend regional marketing campaign. More event planning.
 - 2T Fund differently. Do referendum, build bigger facility, better educate the public.
 - 3T Section 79 prohibits city from being involved in center's financing. More action on city's part to put money into CVB for marketing center.
 - 4T Do funding and construction differently. Only way at the time . . . city pushed it, county built it, city has not lived up to its end.
 - 5T Happy with it; great facility.
 - 6T County should have assumed ownership and operate as department and hire management company to operate. Money being spent to cover deficits could then be used to market facility.

Performance Measures

- 8A. How important are the findings of the feasibility study in the development of convention facilities? Explain.
- 1T Made to order. Political momentum builds, project develops a life of its own.
 - 2T Look at options, possible uses, performance markets, location, etc. Identifies the need to build in the community.
 - 3T Most feasibility studies viewed with suspicion. Who's paying may determine what study says. Marketing, financial packages, and models help. Feasibility studies can be objective.
 - 4T Did not read at time. Always knew feasibility study is part of the public relations process.
 - 5T Very important. Needed to convince public, part of sales process.
 - 6T Very important. Important to render an independent judgement, not just those that hired them . . . Has to be done, size, organization, location recommendations important.
- 8B. In your opinion, on a scale of 1 to 10, with 1 being *not accurate at all* and 10 being *extremely accurate*, how would you rate the estimates/ projections given in feasibility analysis studies for convention center? Explain.
- 1T Do not want to answer.
 - 2T 7—Extremely important. Identifies detractors and supporters. Fund-raising awareness. Lousy and good studies, make client happy, find a way to recommend building.
 - 3T 5—To me, very important. Studies tend to be optimistic. Usually need to be updated by the time released. Can't predict economic up/downturns very well.
 - 4T Lots of assumptions in small print. Pushed to limit, outcome/results often predetermined due to the politics of the process, so not accurate. Consultant's job is to be selected. Leader's job is to lead.
 - 5T 5—Average accuracy.

- 6T 4—In Toledo's case study, projections overly optimistic in convention market. Sizing, infrastructure overly ambitious. Leaders wanted center built anyway.

Average response 5.3 to a 10-point scale, with a range of responses from 4 to 7.

9. Has the Toledo convention center's operating performance closely resembled the feasibility study estimates of the facility's potential for performance? Explain.

- 1T Falls short. Budget shortfalls. Feasibility study more rosy picture than what has happened.
2T I don't know that. Always in financial trouble.
3T Has exceeded expectations. Prior to five years ago, in financial trouble.
4T Did not look at financials. Findings different than actual.
5T Facility has taken time to meet projections/estimates.
6T Operating shortfall was accurate; built as pure convention center.

- 10A. On a scale of 1 to 10, with 1 being *extremely unsuccessful* and 10 being *extremely successful*, how would you rate the operating performance of the convention center? Explain.

- 1T 7—Could be better, more selling opportunities locally. No mismanagement.
2T 6—Because of financial constraints.
3T 8-9, 8.5—Well managed, operated; design good. Needs to be bigger.
4T 5.5—Operations limited due to inadequate funding for marketing. Room to do more.
5T 7-8, 7.5—Getting better all the time.

Average response 7.3 on a 10-point scale, with a range of responses from 5.5 to 9.

- 10B. In evaluating convention center performance, what do you consider the determinants of success for convention center operation and development?

- 1T Access to local development, local government and business support, cost to user, recreation and entertainment activities available.
2T Occupancy, revenues/expenditure ratio for upkeep and maintenance. Good service, flexibility.
3T Use, heads in beds, repeat business.
4T Occupancy, profit, loss, type of events, outside events, large public events for community.
5T Number of people from outside the community; heads in beds. Economic spin-off, profitability/subsidy levels.
6T Operating revenues. Meeting mission statement, image in community.

Other Considerations

11. Please discuss anything else you think is important to Toledo convention center's development and operation with regard to operating performance or economic development.

- 1T Revitalization of downtown; incentives for new business.
- 2T Terrific improvement on entire city's look over past years.
- 3T Market facility, city/county, funding needed. Revision of hotel/motel tax from 2% to 4%.
- 4T Work on being a "host" community. Need more support from community to financially support.
- 5T Challenging process we are still in.
- 6T Replace state law needed; need two boards—one for CVB, one for Centre.

12. These are the persons/positions I have plans to interview: mayor or his designee, county administrator, economic development official, CVB head or board member, chamber head, city council representative. Please give me three or four other individuals that I should interview to have a complete understanding of this particular case.

- 1T Tom Latchem, President of Regional Growth Partnership
- 2T Private-sector people on board.
- 3T Joe Moran, president of Downtown Toledo
- 4T Harry Kessler, Jim Hazelman, past politicians during process; Ed Bismark, vista capital.
- 5T Tom Latchum; Barney, past director now in Indianapolis; Lewis Sacksby, retired.
- 6T Rich Thielan, Joe Moran, Mark Visoske, Sandy Isenberg, Pres. of Board, Jim Hartney Port, Ed Seike.

Interview Responses—Riverside Convention Center, Rochester, New York

1. Please provide a brief sketch of your relationship with the development and/or operation of the _____ convention center.

- 1R President of the Greater Rochester Visitors Association, Inc. Serve on board of the Association, work closely with the Downtown Convention District, which is made up of three hotels across river from convention center, hotels connected to convention center, and the Convention and Visitors Association.
- 2R Project coordinator for the city on the convention center development; have worked on downtown development since 1967.
- 3R Executive director of the convention center since it opened.
- 4R County legislator for Monroe County. Selected as president of the Convention Center Board.
- 5R Staff for Economic Development Department of city, which was the agency responsible for developing the convention center.

Mission/Objectives

- 2A. In your opinion, what is the mission or objective of the convention center?

- 1R Dual purpose—provide central, quality meeting place downtown for business and public shows, and is the cornerstone of the collection of properties (hotels included) for outside visitor business. Facility excellent source of civic pride for city.
- 2R Not all the same—build activity downtown, put Rochester back in competition for convention business, part of renewal of downtown revitalization of midtown.
- 3R Bring in new convention and tradeshow business.
- 4R Provide (needed) component of visitor industry in Monroe County. Provide top-notch facility for business, education, and community gatherings.
- 5R Attract people to Rochester to meet and spend money; economic benefits, conventions.

- 2B. Has the mission or objectives for the convention center changed over time?

- 1R We more clearly recognize Rochester's "niche" in national marketing due to convention centers and hotels. We can compete; facility is competitive.
- 2R No comment.
- 3R No—has changed.
- 4R Can't comment on this; probably, no.
- 5R No.

3. On a scale of 1 to 10, with 1 being *"Does not meet the mission or objectives at all"* to 10 being *"Totally meets the mission or objectives of the convention center,"* how do you rate the convention center?

1R 9—Very high—excellence in management, excellence in physical environment, cleanliness, etc. We are number one for last three years; have won top award [for] convention center in New York state.
2R 10—Very high.
3R 10
4R 7—Always need improvement.
5R 10

Average response 9.2 on a 10-point scale, with a range of responses from 7 to 10.

4. What specific standards of measurement do you use to evaluate the operating performance of the convention center?

1R We are number-one rated in New York state—won award.
2R Tough to say—very positive.
3R Number of events/dollars to community.
4R Capacity, occupancy level, room tax collected.
5R Bookings per year/quality of service.

Economic Development/Public Perceptions

- 5A. On a scale of 1 to 10, with 1 being *extremely negative* and 10 being *extremely positive*, how would you rate the image of [City Name] prior to the development of the convention center?

1R 5
2R 8.5
3R 2
4R 6
5R 5

Average response 5.3 on a 10-point scale, with a range of responses from 2 to 8.5.

- 5B. Using the same scale, what rating would you give the city image today?

1R 6—Convention center added value.
2R 4—Nothing to do with convention center; problem with downtown. Economic base strong to begin with and remains so.
3R 5
4R 8
5R 8

Average response 6.2 on a 10-point scale, with a range of responses from 4 to 8.

- 6A. How has the convention center contributed to downtown economic growth and/or revitalization?
- 1R Other area apart from downtown has revitalized; a lot invested in core. Waiting for outcome. [No]
 - 2R Downtown has changed. I don't know. [Don't know]
 - 3R Has, by the number of hotel rooms—Hyatt, Sheraton Crown, Radisson to become Plaza, Historic Development designation, evening activity in area. [Yes]
 - 4R Overall, yes. New hotel construction, area around convention center impacted. [Yes]
 - 5R Public shows bring people downtown regularly. Hyatt struggling, starting to do better. Skywalks to midtown plaza, connection via convention center and hotels. Positive for retail merchants. [Yes]

- 6B. On a scale of 1 to 10, with 1 being *extremely negative* and 10 being *extremely positive*, how positive or negative is public opinion regarding the convention center's performance?

- 1R 7
- 2R 6.5
- 3R 10
- 4R NA—can't rate; part of life, neutral; no one calling.
- 5R 9

Average response 8.1 on a 10-point scale, with a range of responses from 6.5 to 10.

7. Knowing what you know today, what, if anything, might be done differently in the development or operation of the [City name] convention center? Explain.
- 1R Educate the public; educate the media to benefits.
 - 2R Space restricted due to site. Had to make trade-offs, but end result worked.
 - 3R Hasn't got political operating authority. Privatize the way it is organized. Is different than any other center and assists in independence and flexibility.
 - 4R Self-sustaining financially would be nice.
 - 5R I don't know. Hyatt or other hotel there when facility opened.

Performance Measures

- 8A. How important are the findings of the feasibility study in the development of convention facilities? Explain.
- 1R Feasibility is necessary for early stages.
 - 2R Major factor in plunging head, defines what you are trying to build. Necessary to have people support it; political.

- 3R Depends who does the study—expert/nonexperts. Strong feeling [that] if taxes are to go up, government needs to substantiate what they are planning on doing. Gives parameters of project.
- 4R No, vast.
- 5R Very important—basis for decision making.

8B. In your opinion, on a scale of 1 to 10, with 1 being *not accurate at all* and 10 being *extremely accurate*, how would you rate the estimates/ projections given in feasibility analysis studies for convention center? Explain.

- 1R 7—Consistently lead to positive. If you don't do it, can't build it. Is a formidable tool.
- 2R NA/gives perspective.
- 3R 6—Overall, major buildings. They are accurate, more so than for smaller buildings in second-tier markets.
- 4R NA/can't assess.
- 5R 7—Depends on consultants—how qualified (some are not that).

Average response 6.7 on a 10-point scale, with a range of responses from 6 to 7.

9. Has the Rochester Riverside Convention Center's operating performance closely resembled the feasibility study estimates of the facility's potential for performance? Explain.

- 1R Yes, as far as I know. [Yes]
- 2R I don't know.
- 3R Has closely resembled in type of event days. [Yes]
- 4R I can't assess.
- 5R I don't know. Perception is that it has; management works so well.

10A. On a scale of 1 to 10, with 1 being *extremely unsuccessful* and 10 being *extremely successful*, how would you rate the operating performance of the convention center? Explain.

- 1R 9
- 2R I don't know
- 3R 8
- 4R 8
- 5R 10

Average response 8.75 on a 10-point scale, with a range of responses from 8 to 10.

10B. In evaluating convention center performance, what do you consider the determinants of success for convention center operation and development?

- 1R Attention to detail, quality of food, high maintenance standards, maximize profits, well-trained employees, thread political needle.
- 2R Financial operation; number of people and number of heads in beds.

- 3R Number of attendees, dollars generated, perception of facility to public.
- 4R Economy, economics, not economic impact.
- 5R Attendance, type/quality of business, good food service, good design, flexible building.

Other Considerations

- 11. Please discuss anything else you think is important to [City name] convention center's development and operation with regard to operating performance or economic development.
 - 1R Always positive/constructive participation in tradeshow (with CVA). Convention center gives rise to dissatisfaction about concentration of efforts on downtown; written in executive study.
 - 2R Difficult project; city/state/county two clients to serve city and state agency. Time frame quick on a complex site. Hyatt perspective also tough to get built.
 - 3R Goes back to objectives. Fills void in community. Major corporate functions brought here because of facility being here—Xerox, Kodak, Ryders Cup, PGA.
 - 4R No
 - 5R Part of downtown development plans, 1977 to 1987. Design controversial; objections have died down since development.
- 12. These are the persons/positions I have interviewed or plan to interview: mayor or his designee, county administrator or a representative, economic development official, CVA head or board member, chamber head, city/county representative, facility director. Please give me three or four other individuals that I should interview to have a complete understanding of this particular case.
 - 1R Tom Mooney, Chamber president.
 - 2R Tom Ryan, former mayor; Susan Forbes, former economic development commissioner.
 - 3R Pete Lawson, Hyatt, HSMA representative.
 - 4R Nothing
 - 5R Fashun Ku; Tom Mooney, Chamber; Greg Marshall, CVA

**Interview Responses—North West Georgia Trade and
Convention Center, Dalton, Georgia**

1. Please provide a brief sketch of your relationship with the development and/or operation of the _____ convention center.

- 1D Executive Director of CVB, trade center employee, 1 year in position, 2-1/2 years as CVB assistant.
- 2D County administrator, facility jointly owned by city and county.
- 3D Chairman of NorthWest Georgia Trade and Convention Center Authority.
- 4D Executive Director of Downtown Development Authority (14 years).
- 5D Chamber, Vice-President of Business Services and Industry Council.
- 6D Assistant to city administrator for 16 years.
- 7D Mayor of Dalton for 10 years.
- 8D Director of Marketing and Sales, assistant director of facility.
- 9D Carpet and Rug Institute executive.

Follow-up telephone interviews with city administrator of 7 years.

Director of Marketing and Sales and Assistant Director of facility (new).

Note: Director position "in search process" while in Dalton and in follow-up telephone interviews.

Mission/Objectives

- 2A. In your opinion, what is the mission or objective of the convention center?

- 1D Provide meeting space; bring in outside associations.
- 2D Enhance economic base.
- 3D Bring carpet meetings "back" to Dalton (however, industry has changed).
- 4D Provide place for community; bring in outside groups.
- 5D Serve region business; state-of-the-art technology and space; bring in big conventions.
- 6D Broader horizon for industry, convention business, outside people.
- 7D Economic impact to Dalton.
- 8D Bring in groups that generate hotel sales.
- 9D Civic center, place to host tradeshow.

- 2B. Has the mission or objectives for the convention center changed over time?

- 1D Don't know.
- 2D I don't think so. [No]
- 3D Changed mission due to change in carpet manufacturing marketing. No longer need a permanent exhibit space. [Yes]
- 4D Just beginning to define right; responding with special events. [Yes]
- 5D Objectives have stayed the same—new partnering happening. [No]
- 6D Promote industry and trade. [Don't know]
- 7D Mission changed prior to opening from carpet emphasis to economic impact to downtown from outside events. [Yes]

- 8D Yes—new management to promote new mission—conventions and tradeshow, second carpet, third local events.
- 9D Yes; changed from regional carpet showroom.

3. On a scale of 1 to 10, with 1 being *"Does not meet the mission or objectives at all"* to 10 being *"Totally meets the mission or objectives of the convention center,"* how do you rate the convention center?

- 1D 8
- 2D 4.5
- 3D 7
- 4D 8
- 5D 8
- 6D 8
- 7D 7.5
- 8D 8
- 9D 6

Average response was 7.2 on a 10-point scale, with a range of responses from 4.5 to 8.

4. What specific standards of measurement do you use to evaluate the operating performance of the convention center?

- 1D Convention center misses business; do not have attached hotel. People don't realize potential/lack understanding.
- 2D Use of facility—not near capacity for hotel/motels. Best drawing card is wrestling.
- 3D Budget, expenses, number of events, different groups, annual figures.
- 4D Conventions, dollars spent, economic indicators.
- 5D Business and industry market. Problem—no kitchen.
- 6D Monthly report/calendar of events, budget.
- 7D Management/marketing orientation.
- 8D Need hotel, full-service kitchen.
- 9D Service provided balanced to cost—breaking even/bottom-line numbers.

Economic Development/Public Perceptions

5A. On a scale of 1 to 10, with 1 being *extremely negative* and 10 being *extremely positive*, how would you rate the image of [City Name] prior to the development of the convention center?

- 1D I don't rate.
- 2D 4—No hotel/motel, restaurant
- 3D 8
- 4D 6.5
- 5D 7
- 6D 5
- 7D 5.5

8D 2.75
9D 7.5

Average response 5.8 on a 10-point scale, with a range of responses from 2.75 to 8.

5B. Using the same scale, what rating would you give the city image today?

1D 7
2D 5.5
3D 8.5
4D 8
5D 8
6D 8
7D 8
8D 7
9D 8

Average response 7.6 on a 10-point scale, with a range of responses from 5.5 to 8.

6A. How has the convention center contributed to downtown economic growth and/or revitalization?

1D I don't think so. [No]
2D No—more outlet stores, additional businesses, motels, hotels.
3D Yes—joint efforts positive, working with DDA.
4D Yes—joint project—benefits downtown.
5D No—supported by downtown demographics
6D Yes—attracted hotels, restaurants,
7D Yes—hasn't hurt it; have to work all the time
8D Yes—I-75 exit explosion of stores, restaurants, hotels—not downtown.
9D No—Not much for downtown; I-75, new restaurants, hotels, public shows

Yes = 5; No = 4

6B. On a scale of 1 to 10, with 1 being *extremely negative* and 10 being *extremely positive*, how positive or negative is public opinion regarding the convention center's performance?

1D 8.5
2D 4—Never had big community support.
3D 5—Many people "never" have set foot in center. "Aloof feeling way up on the hill."
4D Community fairly positive.
5D 7—Some still negative.
6D 6
7D 7.5—"Started at about 3; now 7 or 8."
8D Improved—more positive over last year and a half.
9D 4.5—Negatively based on bottom line; don't indicate reason.

Average response 6.1 on a 10-point scale, with a range of responses from 4 to 8.5.

7. Knowing what you know today, what, if anything, might be done differently in the development or operation of the [City name] convention center? Explain.

- 1D New hotel; full-service catering kitchen.
- 2D Hotel, proper land, no strings—careful preplanning, don't hurry.
- 3D Addition of kitchen; educate community that bottom line profit/loss is not indicative of whether it is beneficial to community.
- 4D Contract for hotel.
- 5D Kitchen and hotel property; negotiate better land deal.
- 6D Build adjoining hotel, restaurant in planning stage.
- 7D On-site hotel a must.
- 8D Kitchen, hotel, more marketing money in budget.
- 9D Kitchen—better realistic marketing budget over get go—educate community to benefits.

Performance Measures

- 8A. How important are the findings of the feasibility study in the development of convention facilities? Explain.

- 1D I don't know.
- 2D Did not have community support—feasibility study meant nothing in building it. Study said No.
- 3D Circumstances changed dramatically; findings were irrelevant.
- 4D Important for general idea; help convince public, but political process.
- 5D Real important to get state money.
- 6D 4/10.
- 7D Important for state grant.
- 8D Completely inaccurate—difficult to address.
- 9D Don't know.

- 8B. In your opinion, on a scale of 1 to 10, with 1 being *not accurate at all* and 10 being *extremely accurate*, how would you rate the estimates/ projections given in feasibility analysis studies for convention center? Explain.

- 1D NA.
- 2D It was pretty accurate (our answer then was it wasn't a good study—was justification—built anyway).
- 3D Study was irrelevant to what was developed; not accepted, but operation has exceeded expectations according to estimates.
- 4D 7/10.
- 5D Not accurate.
- 6D I don't remember one being done.
- 7D 7.5
- 8D 5
- 9D Don't know.

Average response ($n = 3$) of 6.5 on a 10-point scale, with a range of responses from 5 to 7.5

9. Has the Dalton convention center's operating performance closely resembled the feasibility study estimates of the facility's potential for performance? Explain.

1D NA.
 2D I think projections are close—not sure.
 3D Don't know.
 4D Numbers for use, types of events different
 5D Close to operating performance; now more different.
 6D Not doing as well as projected; want more/longer conventions. Desire to be more of community center.
 7D Hasn't met expectations yet.
 8D No, I don't think so.
 9D Don't know.

- 10A. On a scale of 1 to 10, with 1 being *extremely unsuccessful* and 10 being *extremely successful*, how would you rate the operating performance of the convention center? Explain.

1D 9
 2D Made progress; long way to go. Big deficit, excess of \$1/2 million.
 3D 7
 4D 8
 5D 8
 6D 9
 7D 7.75
 8D 8
 9D 8

Average response 7.9 on a 10-point scale, with a range of responses from 6 to 9.

- 10B. In evaluating convention center performance, what do you consider the determinants of success for convention center operation and development?

1D Location, flexibility, exhibit space.
 2D Sales tax collection, economic impact (hotel/motel needed).
 3D Facility well designed, good location; good for promotions, banquets.
 4D Economic development/number of people.
 5D Number of meetings—business and industry
 6D Ambitious management; intent use.
 7D Satisfaction and acceptance of community, economic impact.
 8D Management relationship in community—repeat business. Evaluations of groups toward facility; new ideas.
 9D Room use, occupancy rate, types of events; out of turn people, economic report.

Other Considerations

11. Please discuss anything else you think is important to [City name] convention center's development and operation with regard to operating performance or economic development.

- 1D Customer service orientation as key. Nonunion hall—focus more on outside.
- 2D Pretty much discussed.
- 3D Need to proceed with Carpet Museum—package what we have locally.
- 4D Discussed most—limited time.
- 5D More collaboration better. Six or seven carpet industry leaders got together and wanted trade center built, feasible or not.
- 6D Joint city/county project difficult to do.
- 7D Parking problems/kitchen, political philosophy divides, slows down process. City//county _____.
- 8D Skilled workers had to keep hotels/restaurant. _____. Budget.
- 9D Education process of community _____.

12. These are the persons/positions I have interviewed or plan to interview: mayor or his designee, county administrator or a representative, economic development official, CVA head or board member, chamber head, city/county representative, facility director. Please give me three or four other individuals that I should interview to have a complete understanding of this particular case.

- 1D Sounds like you have most positions covered.
- 2D Phil Foster, legislature; Harold Brooker, Chair, County Commission
- 3D Smith Foster; Rick Meyers; Erwin Mitchell, legal counsel; Normal Brickett, CEO hospital; James Brown, state appointment.
- 4D Don Cape, utilities; Chris Gosswich, planning commission; Ray Elrod.
- 5D Randal Merrit, Trade Center Authority; Kathryn Wise, CRI; Teresa Davis; Wanda Ellis.
- 6D Leonard Whaley, county administrator; Jerry Albertson, Convention Authority member; Bob Seaton, planning; Faye Martin, clerk; Deforest Paris.
- 7D Leonard Whaley.
- 8D Ann Walker, Convention Authority Board; Kathryn Wise.
- 9D Wanda Ellis, Floor Covering Institute; Smith Foster, Masterpiece Finishes.

APPENDIX D

SUPPLEMENTARY TABLES

Table D1: Individual responses with ratings: Toledo respondents.

Respondent	Question						
	3	5A	5B	6B	8B	10A	Average Rating Response
1T	6.5	NA	7.5	5	NA	7	6.5
2T	10	NA	10	4	7	6	7.4
3T	10	4.5	7	5.75	5	8.5	6.8
4T	5	7	7	5	NA	5.5	5.9
5T	7.5	5	9+	NA+	5	7.5	6.8
6T	10	2	9+	NA+	4	9	6.8
Average question response	8.1	4.6	8.3	5.0	5.3	7.3	

Mean response = 6.8

Average question response = 6.4; response range = 5.9-7.4

Table D2: Individual responses with ratings: Rochester respondents.

Respondent	Question						
	3	5A	5B	6B	8B	10A	Average Rating Response
1R	9	5	6	7	7	9	7.2
2R	10	8.5	4	6.5	NA	NA	7.3
3R	10	2	5	10	6	8	6.8
4R	7	6	8	NA	NA	8	7.3
5R	10	5	8	9	7	10	8.2
Average question response	7.3	5.3	6.2	8.1	6.7	8.8	

Mean response = 7.3

Average question response = 7.4; response range = 6.8-8.2

Table D3: Individual responses with ratings: Dalton respondents.

Respondent	Question						
	3	5A	5B	6B	8B	10A	Average Rating Response
1D	8	NA	7	8.5	NA	9	8.1
2D	4.5	4	5.5	4	NA	6	4.8
3D	7	8	8.5	5	NA	7	7.1
4D	8	6.5	8	NA	7	8	7.5
5D	8	7	8	7	NA	8	7.6
6D	8	5	8	6	NA	9	7.2
7D	7.5	5.5	8	7.5	7.5	7.75	7.3
8D	8	2.75	7	NA	5	8	6.2
9D	6	7.5	8	4.5	NA	8	6.8
Average question response	7.2	5.8	7.6	6.8	6.5	7.9	

Mean response = 7.0

Average question response = 7.0; response range = 4.8-8.1

APPENDIX E

COMPARISON OF FEASIBILITY STUDY REPORT CHARACTERISTICS AND PERFORMANCE MEASURES OVER TIME

Table E1: A comparison of feasibility study report characteristics and performance measures over time.

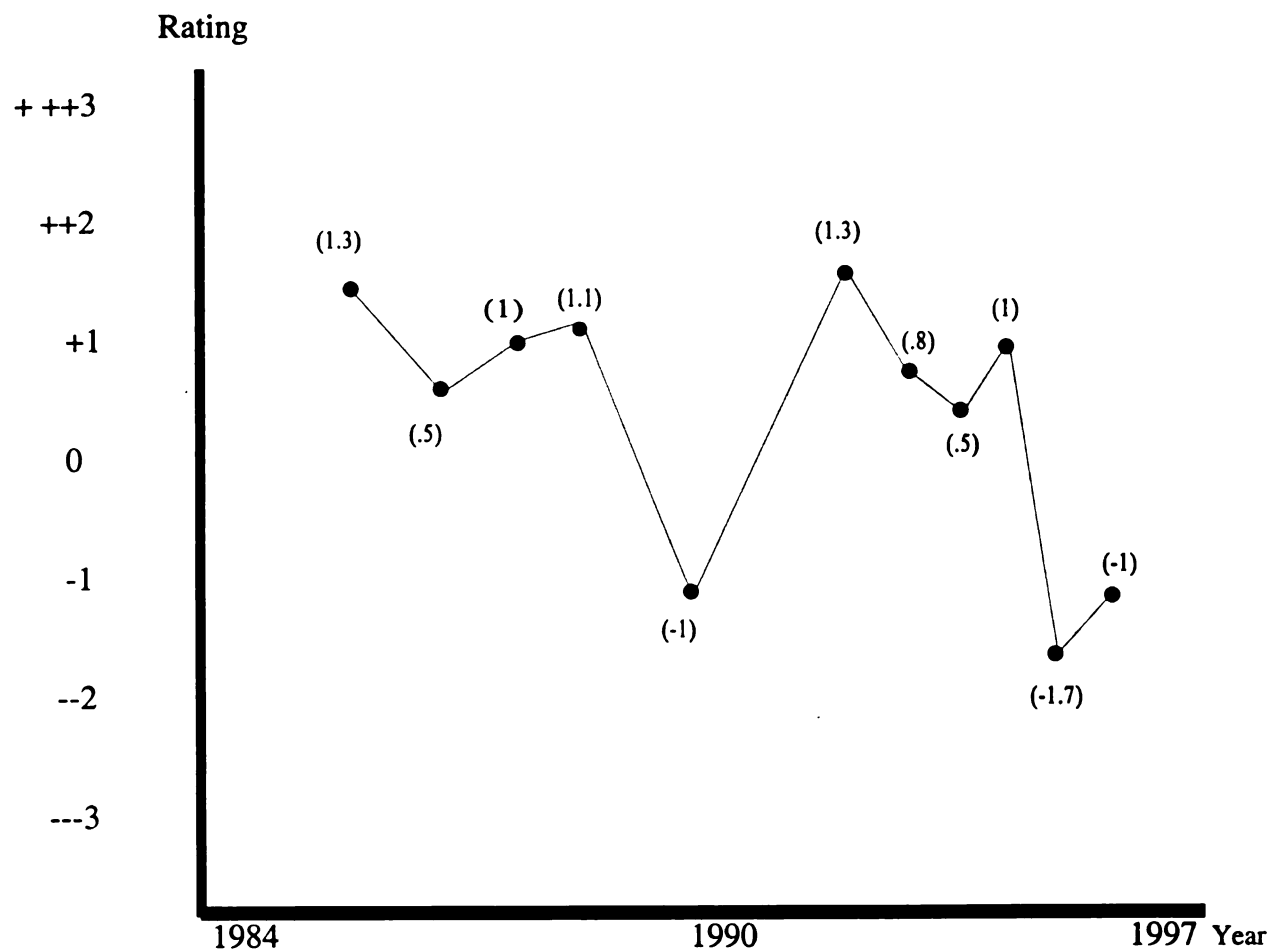
Content/ Scope	Toledo, OH 1981	Rochester, NY 1982	Dalton, GA 1986	Savannah, GA 1988	Providence, RI 1989	Aurora, CO 1997	Pensacola, FL 1998	Nashville, TN 1980	Broward County, FL 1982
Executive summary	X	X	X	X	X	X		X	
Market area assessment	X	X	X	X	X	X	X	X	X
Competitive market analysis	X	X	X		X	X	X	X	X
Telephone surveys, past/potential users	X	X	X	X	X	X	X		X
Recommended facility size	X	X	X	X	X	X	X	X	X
Utilization projections	X	X	X	X	X	X		X	X
Management/staffing requirements		X	X	X	X			X	X
Financial perform- ance estimates	X	X	X		X	X			X
Economic and fiscal impact analysis	X	X	X	X	X		X	X	
Area tourism growth analysis				X					

Table E1: Continued.

Content/ Scope	Toledo, OH 1981	Rochester, NY 1982	Dalton, GA 1986	Savannah, GA 1988	Providence, RI 1989	Aurora, CO 1997	Pensacola, FL 1998	Nashville, TN 1980	Broward County, FL 1982
Development mechanisms	X	X				X		X	X
Alternative site analysis	X	X					X		X
U.S. convention market trends	X	X					X	X	

*Broward and Nashville studies were conducted in the same time frame as the case studies for Toledo, Rochester, and Dalton.

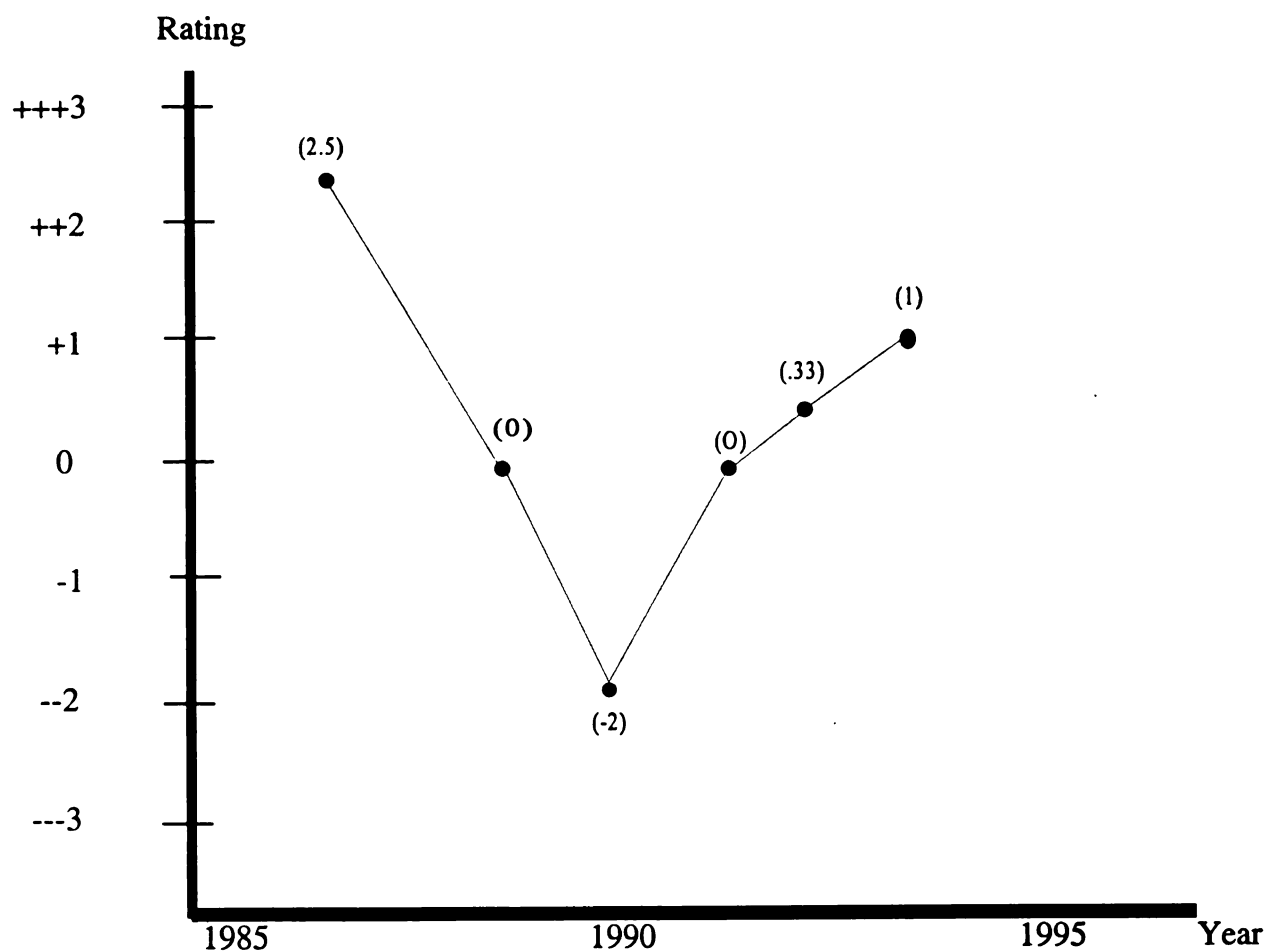
APPENDIX F
CONTENT ANALYSIS RESULTS



Average rating of articles for year plotted
Based on 43 Newspaper Article Headlines and Content

Legend	
(3) +++	Extremely Positive
(2) ++	Very Positive
(1) +	Positive
0 0	Neutral
(-1) -	Negative
(-2) --	Very Negative
(-3) ---	Extremely Negative

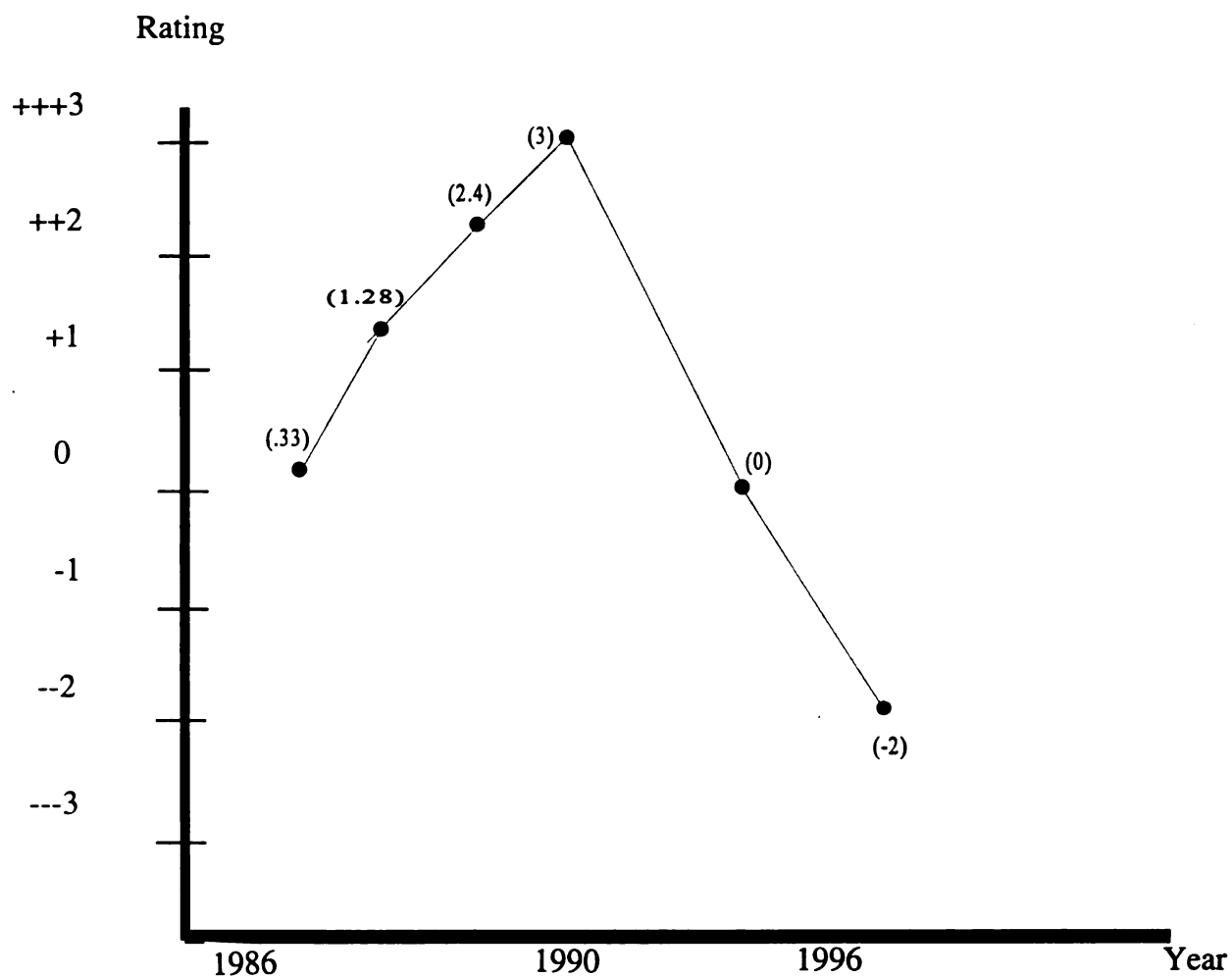
Figure F1: Rating of Toledo SeaGate Convention Centre newspaper article headlines.



Average rating of articles for year plotted
Based on 10 Newspaper Article Headlines and Content

Legend		
(3) +++	Extremely Positive	
(2) ++	Very Positive	
(1) +	Positive	
0 0	Neutral	
(-1) -	Negative	
(-2) --	Very Negative	
(-3) ---	Extremely Negative	

Figure F2: Rating of Rochester Rivergate Convention Center newspaper article headlines.



Average rating of articles for year plotted
Based on 23 Newspaper Articles and Headlines

Legend		
(3) +++	Extremely Positive	
(2) ++	Very Positive	
(1) +	Positive	
0 0	Neutral	
(-1) -	Negative	
(-2) --	Very Negative	
(-3) ---	Extremely Negative	

Figure F3: Rating of Dalton North West Georgia Convention and Trade Center Newspaper Article Headlines.

Table F1: Ratings of newspaper article headlines: Toledo SeaGate Convention Centre.

Rating	Newspaper Article Headline	Date
++	Entire 10 Acres for Convention Center Bought	1984
+	Convention Center Set for Takeoff—Convention Center History	1984
++	Bond Package for Convention Center Sold	1985
+	Convention Site Sold to County	1986
+	SeaGate Centre Is Top Choice of Name Panel	1986
+++	Toledo's Newest Jewel	1987
++	SeaGate Centre Readies for march 27 Dedication	1987
+++	Ohio Convention Centers: 1988 Economic Impact	1988
0	Convention Centers Lose Money, But Boost Cities	1989
0	Fiscal Crunch Bears Down on SeaGate	1990
+++	SeaGate Centre Turns 5 and 1 st Monthly Profit	1992
+	Deal Near on Convention Center Seats	1992
0	SeaGate Seeks \$1 Million Loan for Arena Seats	1992
--	Convention Center Faces Tough Sell on Local Funding	1992
+	SeaGate Centre Means Business, Says Chief	1992
++	Prep Basketball—SeaGate's Debut Deemed a Success	1994
++	Religious Groups Bring More Business to SeaGate	1995
--	Convention Bureau Not Satisfied With City's Contribution	1995
-	SeaGate Plight's Remedy Sought	1996
---	SeaGate Going Broke; Taxes Called an Option	1996
-	SeaGate Could Cost Neighbors	1996
-	SeaGate Space Called Problem for Convention	1997

Source: The Toledo Blade, Toledo, OH.

Table F2: Ratings of newspaper article headlines: Rochester Rivergate Convention Center.

Rating	Newspaper Article Headline	Date
++	It's Center Stage for the Riverside—\$40 Million Project Opens With Fanfare—and Hopeful Talk	1985
+++	A New Center of Attention—Expectations Are High for City's High Tech Hall That Opens This Week (p. 2) It Opens Friday to Great Expectations, But Faces Fierce Competition.... (p. 3) And Some Local Merchants Fear It'll Take a Bite Out of Business	1985
-	Ryan Targets Food Profits—Would Use Catering Service Money to Reduce Convention Center Deficit	1988
--	Convention Center Still Losing Money	1989
+	Millionth Patron Cited Down by Riverside	1989
-	Ryan Asks Funds for Center Deficit	1990
+	Convention Center Shows Improvement	1990
++	Revenues Up At Convention Center	1991
-	Convention Center Shows Deficit	1991
+	Convention Center Attendance Up, But Falls Short of Record	1993

Source: The Democratic Chronicle, Rochester, NY.

Table F3: Ratings of newspaper article headlines: North West Georgia Trade and Convention Center.

Rating	Newspaper Article Headline	Date
+	Trade Center Details Come to Light	1986
-	Fought for Trade Center—Murphy Takes Senate to Task	1986
+	Dalton Could Support a Facility If Not Proposed Trade Center, Study Shows	1986
++	Now Up to Senate, House OKs Funds for Center	1987
+++	Senate Committee OKs \$5.8 M for Center	1987
+++	Convention/Trade Center a Reality; State to Provide \$8.23 Million Grant	1987
++	Harris to Budget Funds for Dalton Carpet-Trade Mart	1987
+++	Center a "Foregone Conclusion"	1987
++	Dalton Picks Possible Site, Greets Tom Murphy	1987
+	Harris Asks for Dalton Project in Budget	1987
+	City Accepts Trade Center Grant	1987
-	Murphy Presses on for Carpet Center	1987
+	County Signs Center Contract	1988
+++	Work at Trade Center Site Going Ahead of Schedule	1989
++	Plans Unveiled for Dalton's \$12 Million Convention Center	1989
++	Earth Is Being Moved for North West Georgia Trade Center	1989
+	Contractor Found to Build Trade Center	1990
-	Dalton Carpet Mart Looks More Like Civic Center	1990
-	Commission Supports Trade Center But Chairman Reviews Ongoing Problems With Facility Policies	1993
--	Trade Center Head Disappointed With Budget	1993
---	Commissioner Questions Trade Center's Budget	1993
--	Financing Snags Plans for Trade Center Hotel	1993
0	Rep: Lower Local Trade Center Rates Not a Sound Idea	1993

Source: The Daily Citizen News, Dalton, GA.

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