

Semi-Annual Report to the CEDC

September 23, 2019



Performance Metrics

Final (Unaudited) - FY 2018-19



Team San Jose
Convention Center and Facility
Performance Results
YTD June 30, 2019

Economic Drivers: Measurements of success in supporting local and regional economic growth.

	<u>YTD Actual</u>	<u>YTD Budget</u>	<u>Variance</u>	<u>Annual Goal</u>	<u>% Achieved</u>	<u>% Annual Goal</u> <u>Achieved</u>
Estimated Visitor Spending (EEI)*	\$ 138,810,915	\$ 119,750,000	\$ 19,060,915	\$ 119,750,000	116%	116%
Future Hotel Room Nights Booked (Citywide)	177,039	160,000	17,039	160,000	111%	111%

Operating Drivers: Measurements of success relating to operating all facilities.

	<u>YTD Actual</u>	<u>YTD Goal</u>	<u>Variance</u>	<u>Annual Goal</u>	<u>% Achieved</u>	<u>% Annual Goal</u> <u>Achieved</u>
Customer Satisfaction	98%	95%	3%	95%	104%	104%
Response Rate	24%					
Theater Occupied Days	97%	86%	11%	86%	113%	113%
Gross Operating Revenue	\$ 63,037,522	\$ 44,029,415	\$ 19,008,107	\$ 44,029,415	143%	143%
Gross Operating Results	\$ 14,863,215	\$ 10,967,039	\$ 3,896,176	\$ 10,967,039	136%	136%

Occupied Days include move-in, move-out and performance.

* Formula is based on visitor spending and event type booked at the facilities managed by Team San Jose.

Dashboard Metrics

Final (Unaudited) - FY 2018-19



TEAM SAN JOSE JUNE 2019 HIGHLIGHTS

ECONOMIC IMPACT

	Direct Spending	
FYTD	\$138.8 M	
FYTD YOY	↑ 20.7%	
	Local Tax	
FYTD	\$6M	
FYTD YOY	↑ 7.7%	

OPERATING REVENUES

	F & B		Labor	
FYTD	\$27.8 M		\$19.6M	
FYTD YOY	↑ 0.7%		↑ 31.1%	
	Building Revenue		Other	
FYTD	\$9M		\$7.6M	
FYTD YOY	↑ 23.1%		↑ 34.2.1%	

VENUE ATTENDANCE

		
	1.4M	
	Total Venue Attendees	
	FYTD	FYTD YOY
Convention Center	873,379	↑ 8.2%
California Theatre	79,238	↓ 10.8%
Center for the Performing Arts	253,680	↓ 4.1%
San Jose Civic	155,367	↓ 7.8%
Montgomery Theater	43,132	↑ 12.2%


HOTEL INFO

	FYTD	FYTD YOY% Change
Occupancy	77.5%	↓ 1.3%
Average Daily Rate	\$201.16	↑ 5%
Revenue Per Room	\$155.93	↑ 3.6%

ROOM NIGHT BOOKING

		
	Future Room Night Sales	
FYTD	177,039	
FYTD YOY%	↑ 5.5%	

WEBSITE UNIQUE VISITORS

		
	SanJose.org	SanJoseTheaters.org
MONTHLY	180,639	51,946
FYTD	1.1M	784,368
FYTD YOY	↑ 25%	↑ 3.3%
	e-News Subscribers	
YOY	66,972	

SOCIAL MEDIA

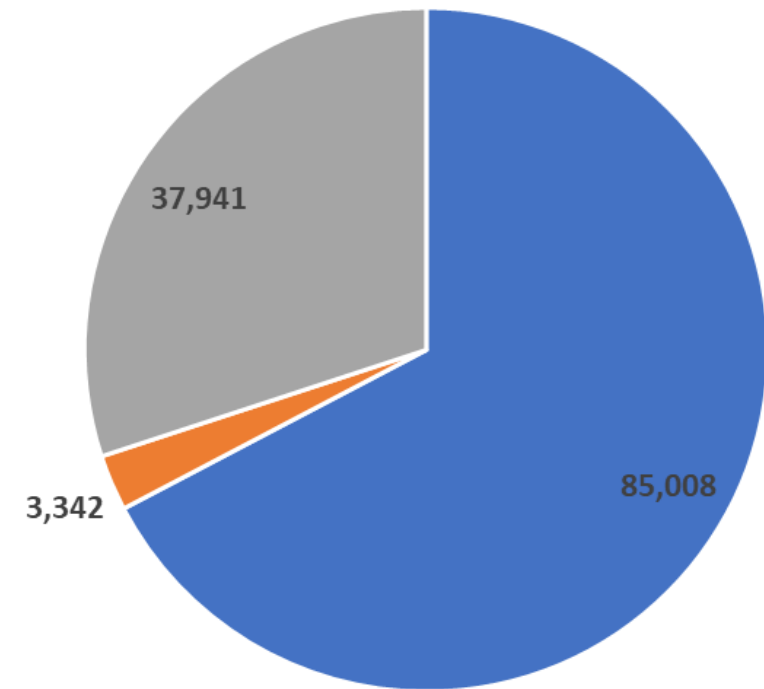
	29,513		4,350
Facebook Likes		Instagram Followers	
	7,821		558
Twitter Followers		Pinterest Followers	
	229		1,787
YouTube Subscribers		LinkedIn Followers	

Sales Dashboard

Market Segmentation of Future Citywide Room Nights Booked

Future Citywides Booked	FYTD	%FYOY
Count	26	- 31.6%
Rooms	126,291	0.3%

Lead Generation	FYTD	%FYOY
Event Leads Entered	1,197	0.6%
Room Night Leads Entered	1,346,277	- 12.9%



■ High Tech (Corp + Assoc) ■ Association ■ SMERF / Sports

TSJ Annual Sales and Marketing Plan

FY 2019-20



Overview

- Team San Jose is pleased to provide this overview of our FY 2019 – 2020 Sales & Marketing Plan
- Operating as Visit San Jose, we seek to increase visitation to San Jose through activities including: Convention & Event Sales; Marketing programs directed at: Convention Attendees, Bleisure and Leisure Travelers; Public Relations activities that increase the awareness of San Jose as a travel destination; initiatives to increase attendance in TSJ managed theaters; and managing the Merchandising of the San Jose / Visit San Jose mark.
- All strategies and tactics are research driven with the goal of assisting in meeting and exceeding Team San Jose's five performance measures



Research & Industry Trends

California Travel Outlook

- In 2018, visitation to California grew by 2.8% with domestic growth at 2.8% and international growth at 3.3%
- For 2019, overall visitation is expected to grow by 2.3%
- There are other indicators that signal a growing but slowing trend for most of 2019
- International growth will slow slightly to 3.2% and domestic visitation will slow to 2.3% growth in 2019
- Overall spending is expected to grow by 4.1% in 2019 after growing by 5.4% in 2018

Source: Tourism Economics, California Travel & Tourism Forecast, May 2019

Research & Industry Trends

San Jose Domestic Travel Trends - 2018

- San Jose outpaced state domestic travel growth in 2018 at 2.9%
- San Jose had 19.6 million person trips in 2018, 6.3 million were overnight and 13.3 million were day trips
- Total overnight trip spend was \$1.03 billion, an 8.1% increase over 2018
- 46% of overnight trips originated within CA (the state average was 66%)

Source: Longwoods International, Travel USA Survey, August 2019

Research & Industry Trends

San Jose International Travel Trends - 2018 & 2019

- San Jose also outpaced state growth in international travel in 2018 at 4.1% and is forecasted to do so again in 2019 at 4.7%
- San Jose had over 973,500 international visitors in 2018, with 450,100 coming from overseas
- Projected total international visitation for 2019 is 1.02 million with 456,500 coming from overseas
- After several years of fast growth, visitation from China is expected to remain flat for 2019
- Spending grew by 6.0% in 2018 and is forecasted grow by 8.4% in 2019 - although volatile international markets could impact this projection
- Total Spend of \$856.3 million in 2018 and projected spend of \$928.2 million in 2019

Source: Tourism Economics International, Global City Travel, May 2019

Research & Industry Trends

Meetings and Events Outlook

- Meetings professionals are leary of a potential slowdown in the coming year with 45% anticipating favorable business conditions (vs. 66% last year)
- Likewise, forecasted attendance growth at events is 1% in 2019 (vs. 2.8% in 2018)
- Trends:
 - Social Issues Impacting Destination Selection for Meetings with nearly 50% indicating that local stances on certain issues could factor into the decision to place a meeting
 - Sustainability and Green Initiatives continue to be a significant trend for meeting planners with 62% indicating that their organizations had changed purchasing behaviors or processes within the last year to make them more sustainable.

Source: Meetings Professionals International, Summer 2019 Edition of Meeting Outlook, May 2019

Meetings & Events Sales

Overarching Strategy

- Execute a comprehensive review of current sales deployment and restructure based on most recent history of demand and opportunities
- Emphasize generation of room nights for weekends through direct solicitation of new business and targeted requests to shift patterns
- Monthly meeting with hotel community to strategize on plans & actions for near and long term
- While maintaining focus on high occupancy of the convention center, partner with local hotels to increase volume of bureau business booked directly into local hotels
- Look for layering opportunities to increase usage of ballrooms and smaller rooms in convention center while exhibit hall is occupied, especially on load-in and load-out days
- Focus on Chicago and Washington D.C. as association markets of opportunity
- Continue to emphasize a direct sales strategy through a robust tradeshow & in-market events program

Meetings & Events Sales

Tradeshows & Events

- Reviewed 2018/19 FY events calendar to determine maximum exposure for the destination and modified for the upcoming year. Will attend 30+ tradeshows and events targeting meeting planners and decision makers. Continue to evaluate all tradeshows and events for ROI.
- Expand on success of multi-day sales missions targeting the local Bay Area corporate market & execute a multi-day sales mission to the Washington DC area.
- Association emphasis on continued destination education and robust events schedule to maintain awareness of San Jose with planners. Bi-monthly events in market targeting Washington, DC planners are scheduled for FY 2019/20. Additional customer events in Chicago targeted to association market are scheduled.
- San Jose specific client events being conducted in conjunction with major industry tradeshows at ASAE Annual Meeting, PCMA Annual Meeting and MPI WEC.
- Renewed SAP Center shared suite and utilize for hosting local customers and clients in San Jose for their meetings.
- Continue to keep a strong presence at key major industry tradeshows: IMEX; PCMA Annual Meeting; ASAE Annual Meeting; MPI WEC; Connect; and XDP.

Marketing and Public Relations

Goal

- Generate incremental overnight visitation and spend during hotel need periods to benefit residents through decreased taxes and direct visitor spending

Key Initiatives

- Use new algorithmic/AI occupancy predictor to define hotel need periods and target potential visitors based on intent to travel, cultural affinities, business travel to area and location
- Serve value driven and event-based messaging to create urgent, short-term reasons to visit when there is most opportunity for hotel occupancy growth
- Key earned media story lines: Silicon Valley/Innovation; natural beauty/soft adventure; quality and diversity of cultural assets; makers movement; food and wine; family-friendly; proximity to best of Northern California

Marketing

- Key Targets
 - Meeting Planners
 - Bleisure Travelers
 - Targeted Leisure Travelers
- Focus on specific hotel need periods through digital platforms to target Meeting Planners, Bleisure and leisure travelers showing intent to travel and affinity relationships
- Partner attractive hotel rates with local events to drive conversion during these need periods
- Continue in-house content creation specifically for YouTube and initiate stronger SEO strategy, to provide area information to targeted groups searching for online information on our area
- Shift Meeting Planner targeting to align with new Sales strategy focused on in-house hotel business and medical and technology associations planning weekend meetings

Public Relations

- Build and maintain media relationships across local, feeder and national markets to promote San Jose as a travel destination and to serve as a resource to media writing about San Jose.
- Through these efforts, we will showcase a vibrant San Jose that aligns with Sales and Marketing targets and strategies. There are several avenues by which we will achieve this:
 - One-on-One media appointments
 - Hosted press trips
 - Influencer engagement and sponsored visits
 - Being a resource for journalists – from suggesting relevant story angles, assisting with photo and video, and connecting the appropriate interview and contract requests

Theater and Venue Event Marketing

- Expand national marketing efforts to promoters and artist agencies to acquire new concerts/performances and continue booking momentum with current clients
- Enhance regional awareness to promote San Jose historic theater district as a destination for arts and entertainment to drive attendance at events during hotel need periods
- Work with resident Arts and Cultural Partners to maximize available usage days and to provide increased access to community arts organizations for additional programming
- Leverage assets of our theater/convention campus for special and corporate events

San Jose Merchandise

- In partnership with the City's Office of Economic Development, Visit San Jose launched a retail initiative featuring merchandise with OED's brand "Mark" for San Jose
- Visit San Jose offered the merchandise in the following locations:
 - Visit San Jose website through new online store
 - San Jose McEnery Convention Center at UPS store
 - SJ Made (various market locations)
 - Bobo Designs (San Pedro Square Market pop-up shop)
 - Hudson News at SJC
 - National College Football Championships pop-up shop outside of Convention Center
- Through all outlets, Visit San Jose sold over 1200 items
- Planned expansion for FY 19/20 includes new merchandise online and in Hudson News, including San Jose artist offerings for the first time