

Business Travel, Conventions Revving Back Up

By Karen Pearlman

While leisure travel has rebounded strongly in 2022, local tourism officials say business travel and convention business is also starting to perk up. But a full recovery may still be two to three years away.

The San Diego County Regional Airport Authority reported nearly 4 million passengers flew into San Diego International in the first quarter of 2022. That number compares favorably to 2021 and 2020, when the pandemic caused a sharp decline in travel to the San Diego region.

In 2019, pre-COVID-19, 25.2 million total passengers – about 1.1 million international passengers and 24.1 million domestic passengers – flew into San Diego.

Total passenger numbers at SAN dropped sharply – to 9.2 million – in 2020 and then rose to 15.6 million in 2021.

So far in 2022, the numbers are moving in a positive direction. According to the Airport Authority, January saw 1.1 million total passengers fly into San Diego while the numbers increased to 1.2 million in February and 1.7 million in March.

Officials say those figures are expected to increase significantly as the pandemic eases and more normal travel patterns return. Also expected to boost international air traffic at SAN: German carrier Lufthansa kicked off new service at the beginning of Q2.

The San Diego Convention Center Corporation said for its upcoming fiscal year 2023 (July 1, 2022 through June 30, 2023), the Convention Center has more than 90 events booked, including Comic-Con, annually one of the largest draws.

That's extremely good news for the Convention Center, which was not able to hold any events during FY '21 because of the pandemic but did provide housing for 1,300 homeless individuals as a part of the county of San Diego's Operation Shelter to Home in 2020.

The Convention Center also was a federal emergency intake site in 2021 for migrant children as part of Operation Artemis.

Convention Center Expects Busy FY '23

Maren Dougherty, executive director of marketing and communications for the San Diego Convention Center Corporation, said that in FY '23, the group is expecting more than 740,000 attendees booking 711,000 hotel room nights, which would result in an estimated \$711 million in direct attendee spending.

Rip Rippetoe, president & CEO at San Diego Convention Center, said that the economic impact created by bookings of trade shows and events have a ripple effect across the community, "bringing new dollars to town and not just recirculating money."

The result of the coming conventions is expected to boost the region's economic impact by as much as \$1.2 billion, with \$25.2 million in hotel and sales tax revenues to the city of San Diego.

"The revenue for retail, for hotels, for attractions, for restaurants translates into thousands of jobs for the local economy," Rippetoe said. "And that benefits into tax revenue for the city, primarily going to the General Fund to pay to pave roads, for infrastructure, for police and fire service. All those things that as a community we expect a city government to take care of."

But even as more business travelers are expected to visit San Diego County, the numbers are still not on par with those seen before the pandemic.

According to the San Diego Tourism Authority, convention goers and hotel meeting visitors stay longer and spend more money on average than leisure visitors, making business travelers the backbone of the region's tourism economy.

Hopeful Indicators

Julie Coker, president and CEO of the San Diego Tourism Authority, said that all indications show that business travel is coming back.

While hotels continue to reach capacity levels on weekends with those traveling for leisure, Coker said there has been a gradual pickup of hotel stays on Mondays, Tuesdays and Wednesdays, which is indicative of meeting and convention attendees.

"Meetings and conventions are major revenue drivers for our local tourism industry and given San Diego's dual role as a major leisure destination, we are well-positioned to capitalize on the trend of travelers mixing business and family vacations," Coker said.

Among other things, the pandemic opened the eyes of many businesses that employees can work remotely. But Coker said "there is nothing like walking around and talking to colleagues in person" after attending meetings and presentations.

"People are excited to be out and talking face to face," Coker said. "You can't stress enough the importance of connecting with peers over coffee, on breaks, at lunch and in between sessions. And then talking about how what speech you heard might play out in your organization. You can't do all of that virtually."

Daniel Kuperschmid, area vice president and general manager at Grand Hyatt San Diego, said that the number of people staying in San Diego for leisure purposes has been on the rise since last summer.

Kuperschmid said that group visitors, those here for meetings and conventions, are starting to return in a “strong way.” He cited a meeting earlier in the spring that drew a near historic 5,000 attendees.

“In general, our groups are picking up at full block and the balance of the year looks very strong in this regard,” he said. “But next year is a little softer than we’d like and what we traditionally see.”

Meetings are booked a few years out and because of COVID-19 and state mandates with closures and the unknown of how that would play out in California, San Diego was challenged in 2020 and 2021, losing out on hosting business meetings to other sites like Las Vegas and Indianapolis, he said.

Chip Rogers, president and CEO of American Hotel & Lodging Association, said that the pandemic and upgrades in technology together changed the travel landscape for the foreseeable future.

“Business travel has changed dramatically,” Rogers said. “It won’t be back in full force for a couple more years. On the flipside, ‘bleisure’ (the mix of business and leisure travel) is on the rise and San Diego could be considered one of the best places for that, with all that the city has to offer business travelers. It is probably one of the best examples of bleisure because San Diego lends itself to some incredible leisure activities.”

Rogers said he is becoming more optimistic about where business travel is headed, citing a March survey by Morning Consult on behalf of the AHLA that showed that 77 percent of business travelers say it is more important than ever to bring back business travel.

Marketing Strategies

Looking to expedite the return of the business traveler the San Diego Tourism Authority has increased its investment this year substantially with more in ad campaigns and public relations pitches to get the word out that the region is open for events.

Visit California, the statewide organization for tourism marketing, is also planning to spend millions promoting meetings and conventions as well through a “Meet What’s Possible” branding campaign.

The group has invested \$4.5 million, via state stimulus funding, to focus on the professional meetings and events industry, seeking to highlight California’s sustainability and innovation.

Visit California President and CEO Caroline Beteta said, Meet What’s Possible extends an open invitation to meeting planners and convention attendees across the world to consider California’s “dynamic blend of destination attributes, from state-of-the-art facilities and well-appointed venues to the iconic attractions and trademark experiences that are uniquely California.”

The group has assembled a coalition of destinations and campaign partners to jointly market and promote the state as premier events destination, including the San Diego Tourism Authority.

“Meetings and events play an integral role in California’s economy, and in close concert with (our partners), we look forward to charting a path towards a powerful recovery,” Beteta said.