



Pittsburgh was *the* place to be for hockey fans on New Year's Day this year. The 30,000 visitors who filled Downtown hotels during the National Hockey League's Winter Classic included those rooting for the Washington Capitals, the Pittsburgh Penguins' opponents for the game.

When Pittsburgh hosts major events, visitors pour in.
For the long stretches between, it's more of a trickle. A report on the region's many marketers
and their struggle to find year-round tourist love. by Christine H. O'Toole

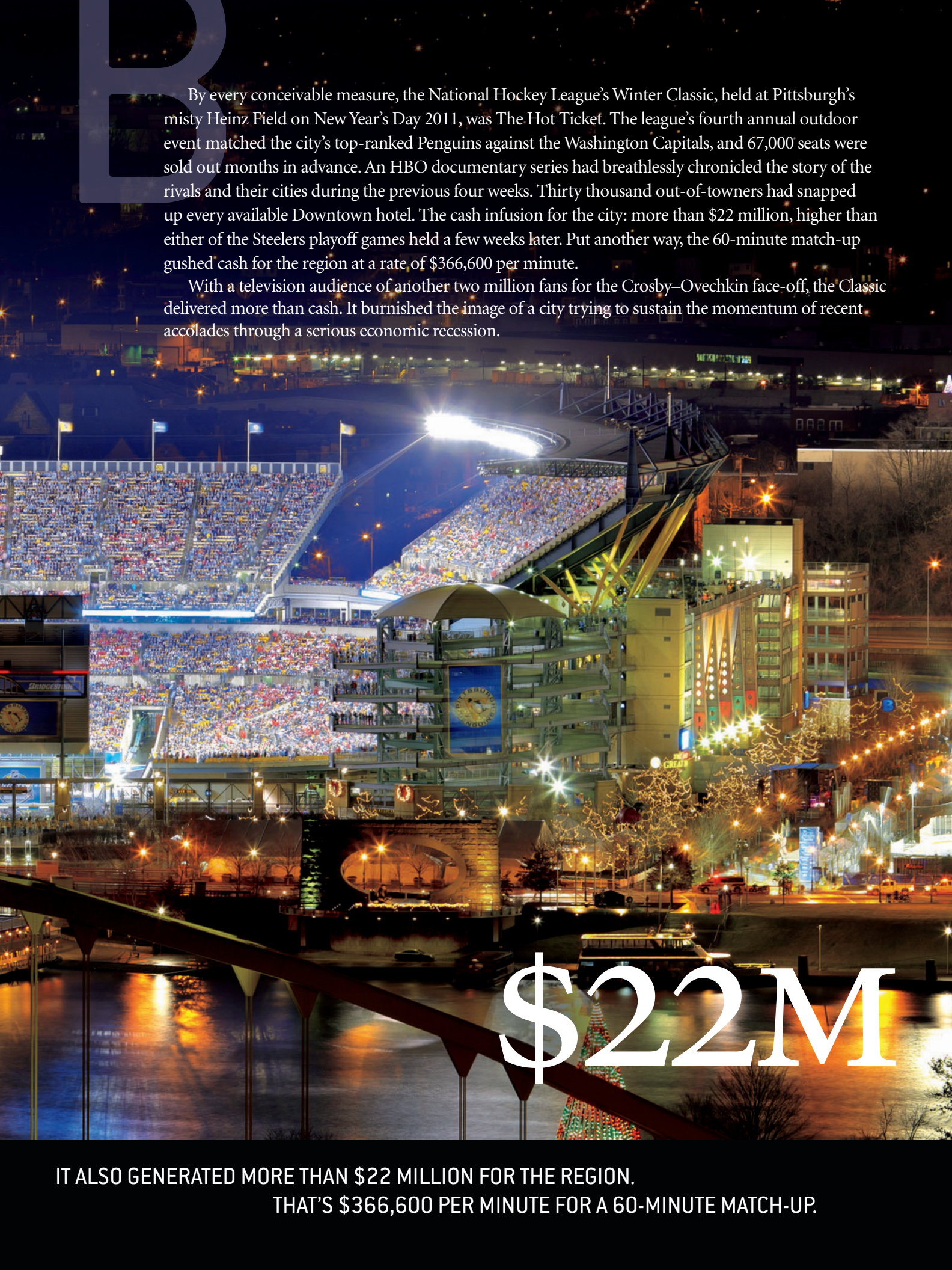
13

DESTINATION: PITTSBURGH





ECONOMY: THE WINTER CLASSIC NOT ONLY PACKED 67,000-SEAT HEINZ FIELD,



By every conceivable measure, the National Hockey League's Winter Classic, held at Pittsburgh's misty Heinz Field on New Year's Day 2011, was The Hot Ticket. The league's fourth annual outdoor event matched the city's top-ranked Penguins against the Washington Capitals, and 67,000 seats were sold out months in advance. An HBO documentary series had breathlessly chronicled the story of the rivals and their cities during the previous four weeks. Thirty thousand out-of-towners had snapped up every available Downtown hotel. The cash infusion for the city: more than \$22 million, higher than either of the Steelers playoff games held a few weeks later. Put another way, the 60-minute match-up gushed cash for the region at a rate of \$366,600 per minute.

With a television audience of another two million fans for the Crosby–Ovechkin face-off, the Classic delivered more than cash. It burnished the image of a city trying to sustain the momentum of recent accolades through a serious economic recession.

\$22M

IT ALSO GENERATED MORE THAN \$22 MILLION FOR THE REGION.

THAT'S \$366,600 PER MINUTE FOR A 60-MINUTE MATCH-UP.

Visitors can enjoy Pittsburgh's diverse hotel options, such as the luxury Fairmont Pittsburgh, top, and varied restaurant offerings, such as Olive or Twist, below, a Downtown martini bar, restaurant and lounge.

61,700

Photograph by Martha Rial for The Heinz Endowments
"Downtown Now Photography Project"

JOBS: TOURISM HAS BROUGHT 61,700 JOBS AND
\$4.7 BILLION ANNUALLY INTO THE REGION.



Photograph by Annie O'Neill for The Heinz Endowments
"Downtown Now Photography Project"

That momentum had peaked in September 2009, when international leaders descended on the city for a two-day visit. The G-20 Summit generated more than \$34 million in direct spending, booked 26,000 hotel room-nights and generated international media coverage, which marketing experts say would have been worth \$12 million if purchased as ad space.

City leaders were ecstatic. The story of Pittsburgh's transformation in bioscience research and development, arts and culture, and green building had sparked the interest of a vast global audience, despite funding cuts that halved the 2009 marketing budget of the local convention and visitors' bureau. But the question that followed the afterglow persists: Why hasn't Pittsburgh kept the spotlight and translated the exposure into more visitors to the city?

Like the old adage of the blind men and the elephant, the answer to that question depends on whom you ask.

The cooperation that produced the economic and promotional successes heralded during the G-20 has been curiously missing in nurturing tourism long term. Without a defined local brand or national ad campaign, business and civic groups continue to segment their marketing message into categories: tourists, talent and business. VisitPittsburgh handles the first; colleges and other nonprofits address the second. The Allegheny Conference on Community Development, the strongest public voice on regional economic growth, embraces the third. The different emphases have made it difficult to establish a collaborative and integrated approach to promoting the region, a task already bedeviled by a lack of consistent financial support.

There have been a few examples of sector cooperation on a limited scale, and hosting the G-20 Summit did inspire the groups to coordinate their messages about the city—temporarily. But 21 months later, some Pittsburghers worry that the attention is fading, while tourism budgets remain critically low. Without a more focused effort to attract visitors to Pittsburgh, the region could miss the full potential of this revenue generator.

"We know opinions about the city have been changed. Writers from all over the world now have Pittsburgh on the radar. Our mayor was invited to speak about our success in China. Four national conventions came to Pittsburgh as a direct result. Business site visits have increased. But as good as the results of the G-20 have been, we have squandered a tremendous opportunity, in my view," says Joe McGrath, VisitPittsburgh's CEO. "Not totally and not for lack of trying, but for lack of resources. We should have been all over it, [with] a separate war chest. What happens next? Unless we can keep up the drive, we're yesterday's news."

Allegheny Conference spokesman Bill Flanagan agrees. "There's pent-up demand. People want to see the region promoted," he says. But while there's no shortage of groups to shoulder the task, from the Butler County Visitors Bureau to the Allegheny Conference, there's no consensus on a brand that fits all needs, or even if one is necessary.

Janet Sarbaugh, director of the Endowments Arts & Culture Program, puts the problem bluntly: "Who decides what gets promoted? There were and still are too many people involved. There hasn't been one place where informed leaders decide, 'This is Pittsburgh's big story for a year or two.'"

Across the country, many cities, including Pittsburgh, are eyeing leisure tourism as an economic driver. The sector already contributes \$4.7 billion annually and 61,700 jobs to the region. Hotel guests pay taxes that fund county programs, including convention center costs and tourism.

Investment in an asset that will never leave town makes sense. But the economic argument for boosting tourism has gained little traction.

"I'm not sure the business community ever sees itself as part of the tourism effort," says Linda Dickerson, who chaired VisitPittsburgh's board of directors from 2001 to 2003. "They see that as a government purview—'not our job.' And it's complicated by the fact that a segment of for-profit enterprises benefits, and some nonprofits benefit."

Meanwhile, public funding for tourism, in the form of state grants, has been deeply slashed. Philanthropies might once again be expected to step into the breach. Local foundations, including Richard King Mellon, Benedum, Grable, Alcoa,

When the Endowments made a \$200,000 marketing grant to Pittsburgh International Airport last year, it was betting a second time on efforts to enhance the public profile of a gleaming but underused facility. In 2007, with passenger traffic at a low ebb following the removal of the USAirways hub, the foundation had made a grant of \$300,000 for airport officials to market available space to passenger

and cargo airlines. Among the positive results of that campaign was the city's 2009 announcement that Delta Airlines would offer a direct flight from Pittsburgh to Paris five days a week. Eagerly sought by an airport that had seen its last international flights depart in 2004, Delta's flight carried a two-year commitment. The new Endowments monies will help the airport authority generate interest in the flight throughout the region.

"Because of FAA guidelines, we are not allowed to use airport rates-and-charges dollars to promote a specific flight," explains authority director Brad Penrod. The latest grant gives the authority "a significant nest egg, to get exposure for a critical regional asset."

Penrod sees market potential to attract Cleveland passengers to Pittsburgh's overseas flight, since Continental ceased its Cleveland-to-Paris

flights in mid-2009. Publicity will include Cleveland airport billboards, and buys in the Pittsburgh and Cleveland media markets. Penrod believes advertising will insure that the two-year Delta agreement can be extended. "Usually after two years, it's a mature market, with little advertising needed," he says.

INTERNATIONAL ACCESS

Hunt and Pittsburgh, have all supported tourism with past grants. Between 1998 and 2007, the Endowments alone gave \$2.3 million in unrestricted funding to encourage cultural and heritage tourism efforts.

"The original hope was that [philanthropic] dollars would provide the time to build a strong cultural tourism effort and the leverage to attract long-term state investment," explains Sarbaugh. "Unfortunately, state support for tourism promotion agencies has now vanished."

Sustainable funding is the key to encouraging leisure travel, says tourism consultant Gary Esolen, who organized innovative programs for New Orleans and Philadelphia. "My gospel is, have a sizeable protected fund for leisure tourism," he insists firmly. "No bucks, no Buck Rogers."

Beyond Conventions: Marketing to Consumers

Until the 1990s, few American cities directed their marketing efforts to leisure travel. Convention and visitors bureaus concentrated on luring large meetings, building cavernous convention centers and booking groups years in advance. VisitPittsburgh's McGrath calls the meetings side of the business "forced tourism," since visitors follow their groups to a predetermined destination. In fact, conventions represent only a fraction of business travel, which in turn comprises just 16 percent of the global total. Leisure travelers represent 84 percent. (Even nationally, the United States has lagged far behind other nations in marketing to global visitors; President Obama signed a bill to create the first national tourist promotion agency, U.S. Travel, in 2009.)

One of the first cities to focus on leisure tourism as an economic generator was Philadelphia, with

the Pew Trusts as an essential early partner. Pew commissioned a 1994 report that pointed to hospitality as a replacement industry for the region. Intrigued by the potential for leisure tourism, the foundation made a \$6 million grant over three years to create the Greater Philadelphia Tourism Marketing Corp. The new nonprofit, separate from the city's convention and visitors bureau, had another \$3 million in funding from both the city and the state, thanks to the political clout of then-Mayor Ed Rendell.

"The city and state were committed in advance," recalls Pew Trusts' Managing Director Don Kimelman.

"Everyone agreed [the tourism marketing corporation] had to be sustainable. It had to have a revenue stream." The source: a dedicated hotel tax.

After the debut of the city's first advertising campaign, targeted at consumers in major East Coast cities, hotel occupancy soared by 39,000 room-nights in one year.

"Hotels said, 'This is working.' They saw it," says Kimelman. The following year, the local hotel association led the campaign for a 1 percent addition to the city's hotel occupancy tax, dedicated to the tourism marketing corporation's efforts. The increase sailed through the state legislature. It has now grown to 8.2 percent, while the city has increased leisure travel by 75 percent, from 6.5 million visitors in 1997 to 11.4 million in 2009.

The hotel tax softens the sting of reduced state funding. The Greater Philadelphia Tourism Marketing Corp. continues to market the overall region, creating promotions tied to blockbuster exhibits, restaurant weeks and annual events. Foundations, including the William Penn Foundation, continue to generously fund special projects.

The Endowments' interest in cultural tourism pre-dated the Philadelphia effort. It was stirred by a 1997 McKinsey report that recommended marketing the region's cultural attractions. The next year, an Endowments grant for \$250,000 helped establish a local Office of Cultural Tourism, headed by the former marketing director for the Pittsburgh Symphony, Tinsy Lipchak. Local funders, including the Richard King Mellon and Alcoa foundations, pitched in early; others, such as the Benedum and Pittsburgh foundations, followed with support.

"Both VisitPittsburgh and the foundations thought that there should be a period of time where the potential fit [of the two efforts] was tested," recalls Sarbaugh. "It was modeled on cultural tourism programs in other communities that also were housed in visitors and convention bureaus."

With a modest budget of \$1.5 million for five trial projects, Lipchak devised itineraries centered on the arts, particularly high-profile museum exhibits. Early efforts included the 1999 Carnegie International and 2000's "Aluminum by Design," both staged by the Museum of Art. The strategy gained momentum in 2001 with "Pittsburgh Shines!" Centered on a 16-week art exhibit, the promotion pulled record crowds to the Museum of Art, bringing an estimated \$2.5 million in visitor spending.

The carefully tracked results showed that 15 percent of exhibit patrons came from out of town and prompted confidence that leisure visits were worth the investment.

Lipchak's office formally merged with VisitPittsburgh in 2004 as its division of tourism and cultural heritage. Although the Endowments' support continued through 2007, Lipchak was preoccupied with future funding.

"How are we going to support cultural tourism when foundations aren't involved?" she remembers worrying. As the impact of the recent recession continues, the question has remained, and change in state leadership hasn't helped matters. On March 9, newly elected Gov. Tom Corbett eliminated funding for the region's major state grants from his proposed budget. That leaves the region scrambling to replace a source that had yielded \$3.1 million a decade ago.

Following Philadelphia's example of using a hotel tax increase to provide additional income could be a possibility. VisitPittsburgh's portion of the Allegheny County hotel levy, now generating \$6.3 million a year for the agency, has grown steadily, as the city's hotel occupancy rate outperforms cities of similar size. Since most of the 7 percent tax defrays convention center costs, an increase in the tax for cultural tourism could offer needed revenue.



HOST CITY

Major special events have been a big draw for visitors — and tourism revenue — in the Pittsburgh region. Among those that the city has hosted are:

2005	Summer National Senior Games	\$ 35 MILLION
	CITGO Bassmaster Classic	29 MILLION
2006	All-Star Major League Baseball Game	52.3 MILLION
2007	U.S. Men's Open	59.8 MILLION
	East Coast Volleyball Championships	8.1 MILLION
2008	East Coast Volleyball Championships	12 MILLION
	USA Track and Field's Region Junior Olympic Track & Field Championship	4.2 MILLION
2009	Forrest L. Wood Cup / FLW Outdoors (fishing tournament)	40.6 MILLION
	G-20 Summit	35 MILLION
2010	U.S. Women's Open	30 MILLION
	NCAA Division 1 Women's Basketball Championship (1st/2nd Rounds)	3.76 MILLION

Source: VisitPittsburgh — These figures encompass local and out-of-town spending, including any ticket sales (if relevant), hotel room rates and average meal prices for destination, as well as expected local transportation costs and ancillary spending. Out-of-town spending is estimated using industry standards determined by Destination Marketing Association International, the world's largest association of official destination marketing organizations.



The 2009 G-20 Summit demonstrated Pittsburgh's ability to host vital international talks between President Barack Obama, right, and world leaders such as Turkish Prime Minister Recep Tayyip Erdogan, center. Journalists from around the globe told the story of the region's transformation from industrial center to pacesetter in advancing innovations in the arts, bioscience and sustainability.

3,500

IMAGE: THE 2009 G-20 SUMMIT BROUGHT MORE THAN 3,500 JOURNALISTS TO PITTSBURGH TO TELL THE STORIES OF THE REGION'S TRANSFORMATION.

Flanagan says, however, that pushing for such a change would have to be led by hotels, not the Allegheny Conference—“It’s not on our agenda,” he contends—while VisitPittsburgh’s McGrath believes that Allegheny County’s controversial alcohol tax has made the hotel industry wary of new levies.

Even Pennsylvania’s former deputy secretary for tourism won’t bank on the prospect. “I don’t see that deal today,” Mickey Rowley says frankly. Any regional hike would have to be approved by the state legislature, now preoccupied with an overall revenue crisis.

Events and Messages

Individuals with marketing expertise would argue that another essential ingredient for boosting tourism is defining a coordinated message. “You need a single message that’s clear and concise and applicable to all audiences,” says Reynolds Clark, vice chancellor at the University of Pittsburgh and a former VisitPittsburgh board member. “There’s a mystique to it, but if you pull that off, you have success.”

But the Pittsburgh region falls short in this area as well. Efforts to create the region’s magic message go back at least a decade. In 2003, a blue-ribbon local panel with representatives from 120 firms deliberated for months on a branding statement for the region. The resulting declaration, praising “connected individuality,” was widely derided. “Brand balderdash,” thundered a Post-Gazette editorial. The \$200,000 project failed to resolve the so-called “image gap” between outsiders’ perceptions of Pittsburgh and its reality.

By contrast, Cleveland’s community effort to define its brand, launched three years later, moved beyond research to action. With seed money from the Cleveland, Gund, and other local foundations, the Cleveland Plus Marketing Alliance debuted in 2007. Three organizations—the Greater Cleveland Partnership, the regional chamber of commerce; Team NEO, a business attraction effort; and Positively Cleveland, the region’s tourism agency—pooled funds with corporate sponsors to fuel the project, with a \$1.7 million annual budget.

Rick Batyko, who directs the regional marketing project, says that the “Cleveland Plus” brand benefits all three outreach efforts.

“It’s a global economy. Cleveland alone, or one entity’s talent or tourism effort, isn’t enough any more,” he says. Batyko reports to the directors of the three founding organizations, guiding internal efforts and the work of outside agencies. The alliance has helped boost positive national media coverage and employment. With dedicated ongoing funding, it also has given northeast Ohio the lion’s share of the state’s total tourism revenue: 36 percent.

Meanwhile, though the regional branding effort in southwestern Pennsylvania stalled, a string of high-profile events kept Pittsburgh in national headlines. From 2005 through 2009, the Bassmaster Classic pro fishing tournament, Major League Baseball’s All-Star Game, the “Glass!” blockbuster art show, national Steelers and Penguins championships, golf’s U.S. Open, the city’s 250th anniversary and the G-20 Summit built the region’s tourism revenue, briefly, to the highest in the state.

Bill Flanagan, who served as chair of a cooperative marketing effort dubbed Events Pittsburgh, still believes in the power of one-off national events to create a positive image for the city. He took the helm of the new effort in 2005, drawing support from the Allegheny Conference, the state and foundations.

“I’m biased, but look at those five years,” Flanagan says. “I’m a believer that big events equal national television coverage.” He credits collaboration among the Allegheny Conference, VisitPittsburgh and other partners as helping to refine key messages about the region. The high-profile activities also drew willing corporate sponsors. “An annual event platform can give value to the sponsor, more so than [giving money to fund] an ad campaign,” he says. “There’s less interest in a brand and more interest in strategically targeting companies that are good matches” for individual projects.

Pitt’s Clark agrees. “Over time, corporate giving has gotten more targeted. In the past, corporations had deep roots; their leadership grew up here. Newer Pittsburgh is more diversified.”

In 2009, Events Pittsburgh went dormant, succumbing to the same root problem frustrating VisitPittsburgh: a lack of ongoing funding. “You need core operating support, but government doesn’t support that function. It’s a conundrum,” Flanagan sighs.

Making Do vs. Making Progress

Recent shifts in the agenda of the Allegheny Conference have focused its efforts more narrowly on jobs, rather than on amenities, and its regional marketing committee was dissolved in 2008.

Dennis Yablonsky, the CEO who arrived the next year to implement a new three-year strategic plan, explains that the organization's marketing is more targeted, less "general purpose."

"It's two layers: delivering a message about the region as a place to work and to live, and specifically, continuing our efforts on talent attraction and business attraction and retention," he says. Yablonsky notes that the conference worked closely with VisitPittsburgh's communications staff during the G-20 and its aftermath, scheduling media events in New York and Washington, D.C., and co-sponsoring a media tour that highlighted economic good news and the opening of CONSOL Energy Center, the Penguins' new downtown arena. But as his membership begins deliberation on the next strategic plan later this year, he says it will look to the business community for recommendations concerning future marketing efforts.

At VisitPittsburgh, the leisure tourism promotional model is "pay to play," says Lipchak. Attractions such as the Pittsburgh Zoo, the Children's Museum and Phipps Conservatory pool their marketing dollars with the tourism agency to maximize media buys in other markets. Last summer's campaign, targeting Cleveland and other nearby towns, lured 11 percent more visitors from those areas, Lipchak notes. The current "Pittsburgh

is Art" campaign, reprised from last year, will invite influential national and international art writers for tours of private and public art collections here.

And with state government support for tourism in free fall, VisitPittsburgh's bootstraps approach—sharing out-of-town advertising and promotion costs with local attractions, aggressively pursuing news coverage, and extending its reach through its website and social media—is the type of guerrilla marketing that makes sense in tough times, says emerita board member Dickerson.

"When you're in the budget situation that this community faces, you need to make every penny count," she says. She believes that collaboration, not centralization, should drive the regional marketing effort. "It's less about who controls the brand and more about who interprets that for an audience segment," she argues.

Meanwhile, Pittsburgh continues to collect laurels for its sports teams, its economy and its quality of life. In the absence of events that devastate tourism—witness Hurricane Katrina, the Gulf oil spill or 9/11—there's little pressure to change tactics, to do more to draw visitors.

Tourism "is an invisible industry until disaster strikes," says Meryl Levitz, who engineered the turnaround in Philadelphia's leisure tourism.

Pittsburgh's fragile tourism infrastructure looks sound for the moment, as long as it is not scrutinized too closely. But with debates continuing about promotion approaches and funding sources, the status quo may not be good enough—especially in the longer term—for "America's Most Livable City." *h*

A visitor stepping to a Downtown Pittsburgh curb to hail a cab may wave awhile. Unlike in larger cities, passengers can't be assured of getting a ride merely by beckoning with a hand. While cabs wait at more than a dozen taxi stands around town, strangers who want transport to Oakland museums or from late-night South Side clubs often can't find them, leading to complaints for Pittsburgh Transportation Company, operators of the Yellow Cab service.

Jamie Campolongo, CEO of the company and a board member of VisitPittsburgh, has heard the complaints, but says they're fewer of late.

"The magic number is one cab for each 1,000 residents," he says, citing standard trade group formulas. "For Pittsburgh [with a population of 308,000], we're reasonably well served," with 325 Yellow cabs in the fleet and another 35 to be deployed this year. Campolongo points out that small cities with outsized convention traffic, like Las Vegas,

can support bigger fleets.

Pittsburgh is unlikely to attract similar numbers until a major convention center hotel adds Downtown hotel rooms.

The state Public Utilities Commission, VisitPittsburgh and the Pittsburgh Downtown Partnership have advocated simple signage and awareness campaigns to connect passengers and cabbies, but Campolongo says there's a familiar problem: lack of funding. "To do it right, \$20,000 or \$30,000 would be nothing," he argues.

Satellite dispatching, using cabs' GPS, has improved the company's response rate considerably, Campolongo says. Cellular hailing, successfully launched in London, will someday allow Pittsburgh customers with GPS-enabled phones to let their cell phones find the nearest ride.

PITTSBURGH: ALL HAIL



6.3M

FUNDING: VISITPITTSBURGH'S PORTION OF THE ALLEGHENY COUNTY
HOTEL TAX GENERATES \$6.3 MILLION A YEAR.



Photos by Joshua Franzos

VisitPittsburgh uses its county tax revenue to promote the city and popular venues such as Heinz Hall, above, and the Children's Museum of Pittsburgh.