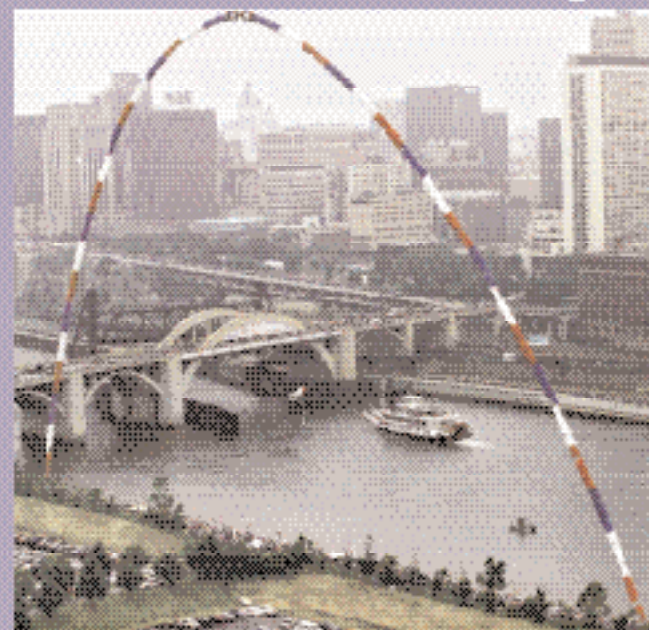


Annual Report 2004



SAINT PAUL

CONVENTION AND VISITORS BUREAU



“The world is a book, and those who do not travel read only a page.”

- Saint Augustine





From the Mayor

Dear Industry Partners,

The tourism and hospitality industry has enjoyed a significant recovery nationwide in 2004 and I'm happy to report that Saint Paul has shared in that positive resurgence. Hotel and occupancy rates are up substantially over 2003 and the City experienced an increase in visitors by hosting an amazing array of special events and festivals. We intend to build on this success through continuing hard work. Already we have added two great summer festivals at Harriet Island – the Rockin' Rib Fest in July and a new Minnesota American Indian Festival in September.

We will continue to invest in our city, but we also realize that it is essential to grow and form new partnerships which strengthen our tourism organizations and allow us to be more competitive. Cities across the country are not standing still, and we cannot afford to stand still either.

The merger of the Saint Paul Convention and Visitors Bureau and Saint Paul RiverCentre will allow us to better compete in today's extremely aggressive marketplace by streamlining administrative operations and investing in additional sales and marketing staff and programming. This merger, which was voted upon by the membership last year and approved by both boards of directors and the City Council, awaits only legislative approval. An implementation committee has been formed and is already meeting to discuss the merger process, including staff responsibilities and joint goals for 2005 and beyond.

We are delighted that Karolyn Kirchesler has joined us as President and CEO to lead these efforts. Karolyn's extensive sales and marketing background as well as her enthusiasm and optimism about Saint Paul make her the ideal candidate to forge new partnerships, embrace new programs and effectively lead our new organization into the future to reach our desired goals.

Together we will build a more vibrant Saint Paul and will dedicate the resources necessary to develop the convention facilities, services and marketing programs that will maximize our potential as a primary Midwest destination. Through dedicated partnerships, careful planning and the support of our members, we will be better together.

Randy C. Kelly
Mayor



Mission Statement

The Saint Paul Convention and Visitors Bureau markets the greater Saint Paul area to out-of-town visitors, advocates for visitor needs and links our community with visitors.

2004 Board of Directors: Staff:

Officers

| | |
|--------------------------------------|---------------|
| Chair | Chuck Paton |
| Saint Paul Hotel | |
| Treasurer | Mary Jo Woolf |
| Xcel Energy | |
| Secretary | Ed Christie |
| Forepaugh's | |
| Rep. to RiverCentre Authority | Robyn Hansen |
| Leonard, Street and Deinard | |
| Rep. to Joint Powers Exec. Comm. | Steve Harper |
| Radisson Riverfront Hotel Saint Paul | |

Board Members

Bruce Chesin – Holiday Inn Saint Paul East
William Cosgriff – Briggs and Morgan
Dave Fernald – Ecolab, Inc.
Susan Franson – Northwest Airlines
Ken Golder – Holiday Inn RiverCentre
Doug Hennes – University of Saint Thomas
Mark Berryman Hier – Minnesota Life
Kathy Lantry – Saint Paul City Council
Ricardo Lopez – Wildside Caterers
Gregory Mazanec – Saint Paul Pioneer Press
James McDonough – Board of Ramsey County Commissioners
Daniel Parker – White Way Cleaners
Terry Ployhart – 3M Meeting and Event Management
Joe Reid – RiverCentre Authority
Pam Wheelock – Minnesota Sports & Entertainment

Administration

Karolyn Kirchgesler – President & CEO
Jackie Jones – Executive Coordinator
Tammy Schlottke – Receptionist/Communications Coordinator

Membership Department

Lisa Tabor – Director of Membership & Community Relations

Sales Department

Julie Larson – Vice President of Convention Sales & Marketing
Barb Madigan – Assistant Director of Sales
Lorie Bushaw – Director of Convention Services
Shannon Hirstein – Convention Sales Manager
Tricia Mattes – Convention Sales Manager
Nancy Poechmann – Convention Sales Coordinator
Jane Lewis – Convention Sales *
Mary Wilkes – Convention Sales *

Tourism Department

Brad Toll – Vice President of Tourism
Tom Brock – Tourism Marketing Manager
Mark Dziuk – Tourism Group Sales Manager
Patrick Laurel - Internet and Publications Coordinator
Joe Falzone – Delivery Coordinator *
Herb Weber – Delivery Coordinator *

Interns

So Jung Kim – Hamline University
Julie Neidt
Abby Potter

* denotes part-time staff



From the Chair

Dear Members,

The past year is full of fabulous memories, as with the help of our members and community and civic partners, we celebrated many events that brought thousands of visitors and unprecedented media attention to Saint Paul. The chance to host the NHL All-Star Game across from the luminescent Winter Carnival Ice Palace was a once-in-a-lifetime opportunity, and Saint Paul took full advantage of the national spotlight as sports fans and media descended on Saint Paul not only to watch the game, but to experience the ambiance and hospitality of our city and the beauty of the ice palace.

The attention continued through summer as Saint Paul hosted the grand finale of Grand Excursion 2004, the largest riverboat flotilla in 150 years which brought 320,000 people to our downtown riverfront to greet a dozen majestic riverboats. And the fifth and final year of Peanuts sculptures drew an additional 600,000 people to town over the summer as children and visitors of all ages scampered around town photographing the 100 plus Snoopy Dog House statues that graced city parks and sidewalks. In August, meeting planners from around the country experienced Saint Paul as a convention destination, as they attended the ASAE Party in Rice Park and toured RiverCentre and the surrounding area. We were also privileged to provide volunteer support to Taste of Minnesota, the Winter Carnival and to the many other highlights of the festival year.

The year ended on a very high note, as we welcomed Karolyn Kirchgesler, our new President and CEO, who will lead our new organization with fresh ideas as we continue to improve our tourism product and attract new visitors for years to come. As Chair of the CVB, I look forward to your continued partnership as we forge ahead in this endeavor.

Chuck Paton
Chair of the Board





From the President

Dear Members,

Thank you for making my first few months as your new President and CEO so enjoyable. I am overwhelmed by the warm welcome I've received from the board of directors, our very capable staff, numerous community leaders, and from all of you, our members. If each visitor to Saint Paul is extended the same level of genuine hospitality I've enjoyed, I have no doubt that we'll have plenty of repeat customers for years to come.

Since my arrival here in December, I have been impressed by Saint Paul's historic charm and ambiance, as well as the wonderful attractions, restaurants, hotels and entertainment venues – everything that makes a city attractive as a convention destination. The five billion dollar investment the city has made in new convention and tourism facilities over the past six years demonstrates an understanding of the value and a commitment to the convention and tourism market. Plans to further enhance our product include the beautiful renovation of the landmark Saint Paul Hotel and in the greater Saint Paul area the addition of a new Hilton Garden Inn in Oakdale. These and other improvements to Saint Paul's riverfront and infrastructure will make our city even more appealing as a convention and tourism destination.

2005 promises to be a great year for Saint Paul with the eagerly anticipated merger of the Convention and Visitors Bureau and RiverCentre Authority. By combining the resources of both organizations and integrating our sales and marketing efforts, we will be able to streamline the sales process, increasing our competitiveness in the marketplace. We look forward to working with the great team that is already in place: Saint Paul Arena Company, Wildside Caterers and Xcel Energy Center. We salute their efforts and will continue to work closely with them to bring more major conventions, meetings, sports and event business to Saint Paul.

I look forward to leading the Bureau into the next year, and to working with all of our industry partners and members as we continue to improve our product and provide a seamless delivery of service to our customers and visitors. With all of your help and support, I know that we really can be better together.

Karolyn Kirchgesler
President and CEO

The Economic Impact of Tourism

In 2004, 11.44 million visitors came to the Saint Paul area.

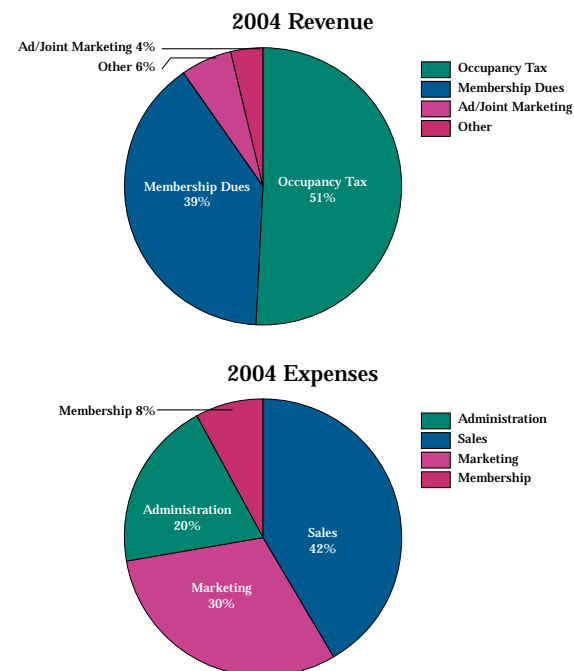
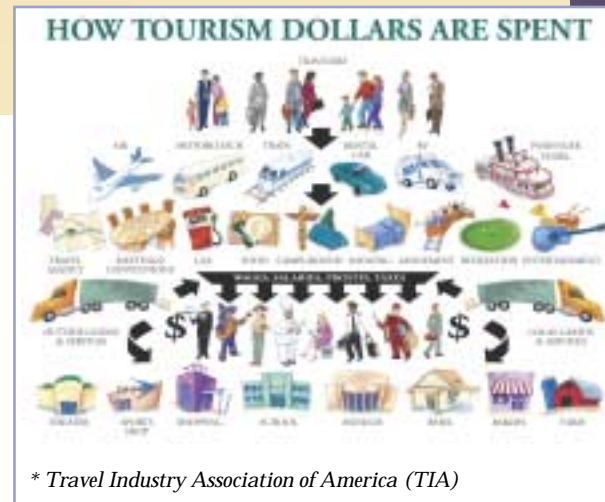
- 9.52 million leisure travelers
- 1.56 million business travelers
- 0.28 million international travelers
- 0.08 million other

In Minnesota, the leisure and hospitality industry is projected to add more than 46,000 jobs between 2002 and 2012, a growth rate of 19%, making it the second fastest growing industry in Minnesota. Tourism jobs are in a range of businesses, from small, family-operated resorts to major corporations such as Carlson Companies and Northwest Airlines. Positions range from entry level to executive.

Overnight visitors to Minnesota who were on pleasure trips and who paid for lodging spent an average of \$236 per trip, per party, per day. Minnesotans traveling within the state averaged 3.2 nights per trip, while non-Minnesotans averaged 4.4 nights per trip. Almost half of all overnight pleasure visitors to Minnesota select the Twin Cities as their destination.

FUNDING

The Saint Paul CVB is funded by a room occupancy tax, membership dollars and advertising sales. In Saint Paul, lodging properties are assessed a 6% lodging tax on sleeping rooms sold. Of that 6%, 95% of the first 3% is directed to the SPCVB. Of the remaining 3%, 10% is directed to the SPCVB. In 2004, the amount of occupancy tax going to the Saint Paul CVB totaled \$1,386,754.



According to the Minnesota Department of Employment and Economic Data, every \$1.00 invested in tourism marketing returns an estimated \$4.60 in new state and local taxes, \$20.40 in wages and \$53.00 in gross sales.

Conventions and Meetings

Add to the Economic Vitality of a Region

"Our 2004 Star of the North Meeting, held April 23-26 at RiverCentre in Saint Paul, drew a record crowd of 9,214 attendees! We greatly appreciate everything you and the entire hospitality community did to make our event a good experience for our attendees and exhibitors."

Dianne Blake
Director of MDA Meetings
Minnesota Dental
Association

"From the moment we contacted you about searching for meeting space in Saint Paul we knew that we were in good hands. Your response was quick, thorough and professional. Thank you for guiding us through the initial contact phases with hotels and meeting up with us personally as we toured the Radisson Riverfront Hotel".

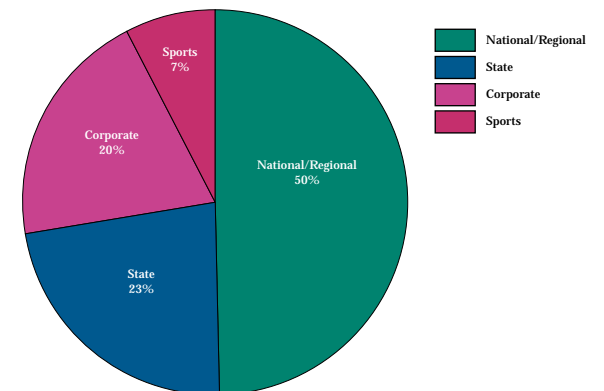
Beth Beutell
National Meeting Planner
Boston Scientific

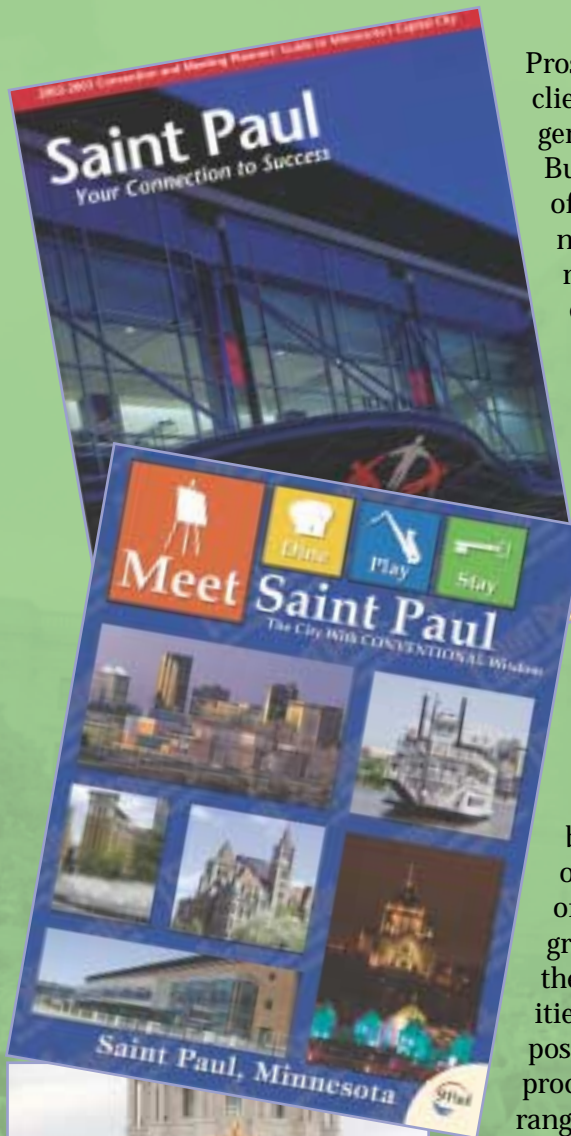


2004 was a remarkable year for high profile conventions and groups hosted starting with NHL All-Star Weekend in February, Minnesota State High School League (MSHSL) and Western Collegiate Hockey Association (WCHA) in March, Antiques Roadshow and Star of the North in June, Grand Excursion in July, Luis Palau in August, World Cup of Hockey in September and Search Institute in November. A special thank you to Minnesota Sports & Entertainment, Saint Paul RiverCentre, and Xcel Energy Center, who we worked with in partnership to bring many of these events to Saint Paul.

As evidenced above, the meetings and conventions market is a strong and significant part of the economic vitality of our community. According to the International Association of Convention & Visitor Bureaus (IACVB), the average convention delegate spends approximately \$266 per day, with the majority of this (77%) being spent on lodging and food and beverage. In addition to hotels and meals, delegates also spend money on retail, tours and sightseeing, admission fees and local transportation.

2004 Room Nights Booked





Luis Palau Festival

Prospecting and qualifying potential clients is the essential first step in generating group business.

Bureau sales staff utilize a variety of methods to uncover group business leads – everything from reviewing the most updated directories of meeting planners to telemarketing, sales missions, backyard marketing campaigns, planner familiarization tours, industry trade shows, direct mail campaigns, and utilization of strategic advertising opportunities. With budget constraints in 2004 being a concern, we put our marketing dollars to use in ways that would generate the most impact for the city. We hosted several board meetings, which combined with local and national familiarization tours, resulted in 116 meeting planners taking a look at Saint Paul and our facilities.

Once Bureau staff uncover a potential piece of business, it has been qualified and there is a level of interest, a sales lead is sent to all of the member properties in the greater Saint Paul area. Through the Bureau, hotels and meeting facilities will then submit their bid proposals to the meeting planner. This process provides the planner with a range of facility options and prices. These proposals, along with the services provided by the Bureau, help to entice business into Saint Paul.



Best Buy Holiday Leadership meeting



Minnesota Dental Association

Congratulations Saint Paul!

For the fourth year, Saint Paul has been recognized as a top destination by Facilities & Destinations Magazine, a national publication based in New York, geared toward the meetings and convention market. Cities are nominated by an association of meeting planners, and voted for by subscribers to the magazine. Criteria for the 2004 Top Destinations Awards are based on the attractiveness of the community and also on the quality of its convention center, professionalism of staff, hotel accommodations, special promotions and services and accessibility.



Each piece of business brings with it a specific number of room nights. Room nights are defined as the total number of sleeping rooms needed for a particular conference or meeting. For instance, a 3-day conference that has 500 attendees and utilizes 400 sleeping rooms per night would have a total of 800 room nights. (400 room nights x 2 nights = 800 room nights).

Using the calculation method provided by IACVB, this particular group would have an economic impact to the local economy of \$212,800. This figure is conservative as it does not take into account the dollars spent by those coming in to attend the conference just for the day.

In 2004, the Bureau recorded 104,307 total room nights picked up as a result of our efforts in soliciting and bidding convention business. Of these, 50% represented national and regional business, 23% state association business, 20% corporate and 7% was sports related. It is important to note that these figures do not include business that booked directly with a hotel or venue and did not utilize the Bureau's system for generating a room lead. It also does not include any leisure business booked. In 2004 the Bureau sent out 406 leads, representing 418,833 room nights for future years. Not all leads issued will result in booked business for the region, as several destinations are often vying for the same piece of business.

In August 2004, the Greater Minneapolis CVB hosted the 2004 American Society of Association Executives (ASAE) Annual Meeting and Exposition. ASAE is the world's leading membership organization for the association management professional. Of the 3,300 association executives who attend this conference, 82% of them have decision making power regarding where a conference or meeting will be held. As part of the conference, the Saint Paul CVB hosted a special "Party in the Park" for a targeted group of 100 meeting planners. Saint Paul's rich 'gangster history' provided the theme for this special event. Bureau sales staff have already seen a return on their investment as party attendees have begun to book business in our fair City.



ASAE Party in the Park



Convention Services

The Saint Paul Convention & Visitors Bureau provides a variety of support services to individuals that are looking to bring their group business to the region. The SPCVB commitment is to help the meeting planner create an efficient and successful event. While there is a minimal fee for some of the services, a majority are provided at no charge.

Preplanning Convention Program Assistance

- formal services presentation to your planning committee to share ideas
- customized “Promote Saint Paul” program including script, promotional DVD, brochures, stickers and a traveling display to help introduce Saint Paul

Web Site Link

- complimentary link to visitsaintpaul.com

Maps

- customized parking maps and downtown area map

Media Resources

- assistance with press releases, complimentary use of media database and online photo gallery

Connections to Convention Suppliers

- service leads to all qualified suppliers and a copy of our services directory

Visitor Information/Restaurant Services

- staffed information kiosk on site and restaurant reservation service
- copies of our Visitor & Vacation Guide, Calendar of Event, maps, Fun Pass

Convention Alert

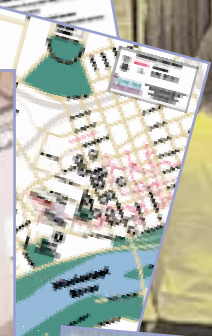
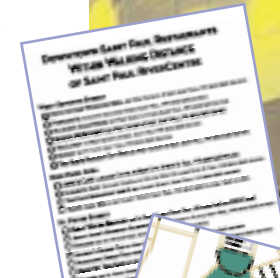
- sent to members of the Saint Paul hospitality community so they will be ready to make your group feel welcome

Delegate Housing

- computerized housing service includes customized reservation form complete with map of hotels and facilities

Post Convention Wrap-Up

- includes surveys for planners/delegates, hotel reports and re-booking assistance



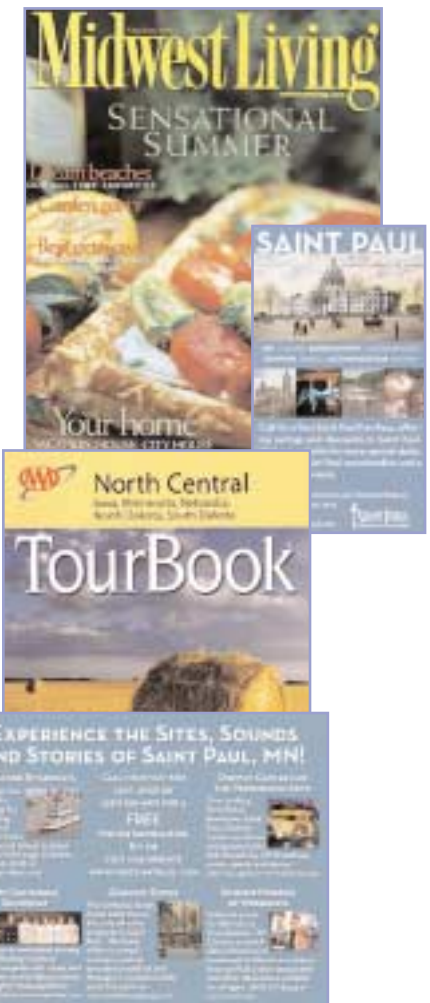
Marketing to the Leisure Traveler

Establishing a market presence and image is critical to success in attracting leisure travelers. The Explore MN Tourism Office establishes an overall image of the State, while the local Convention & Visitors Bureaus go a step further to establish a brand identity for their particular destination.

There are a number of travel publications and marketing opportunities that exist, so Bureau's have to be very conscientious in determining which mediums will provide the best return for the dollar. While the Internet continues to be a major factor in generating requests, in 2004, the Saint Paul CVB also advertised in a number of publications. Those publications that generated the most interest from potential visitors include Midwest Living Magazine, Midwest Vacation Guide, and joint marketing programs undertaken with our tourism partners in Minneapolis and some of the surrounding suburbs.

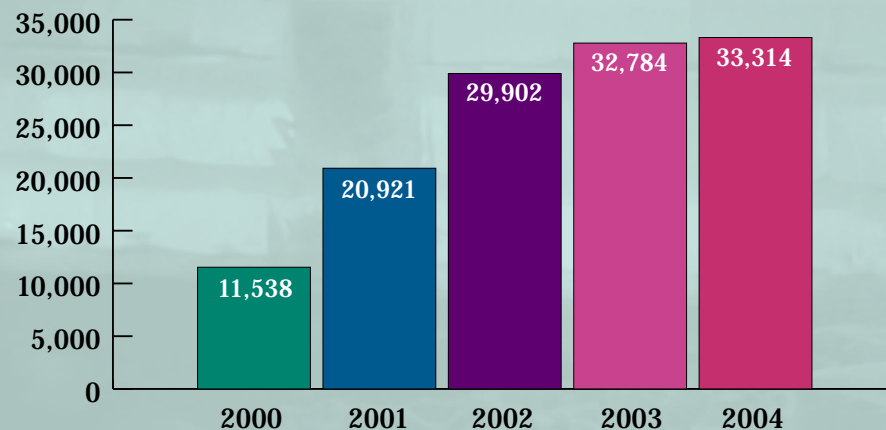
Each U.S. household would pay \$889 MORE IN TAXES without the tax revenue generated by the travel and tourism industry.

Source – Travel Industry Association of America





Visitor Inquiries





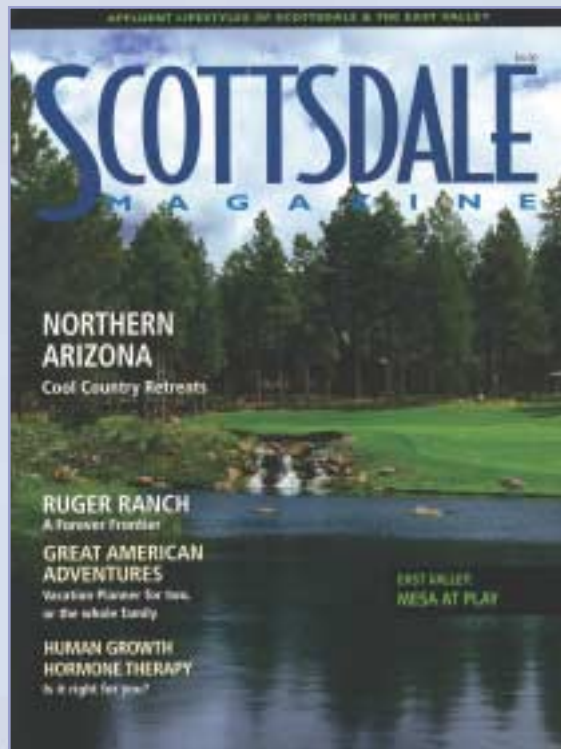
A behind the scenes look at how Saint Paul carved an ice dream and budding reputation as an event destination



Due to the Bureau's efforts, Saint Paul was featured in Aftenposten, one of Norway's largest publications



The travel media plays a very important role in promoting vacation opportunities to the public. Establishing positive working relationships with travel writers is the key to effectively promoting the region. Using these contacts, the Bureau has been successful in generating editorial coverage about the region and creating a greater awareness among potential travelers of the tourism resources that are available in the area. The amount of coverage generated by an article often has a much greater impact than a paid advertisement, both in terms of cost of investment and the end product because travel writers are considered a source of credible information. In essence, travel writers are seen as individuals who are unbiased in "reviewing" their experience for the reader, much like an entertainment writer reviewing a theater production. Unlike paid advertisements that can make almost any claim, a travel article is seen as more legitimate because it is written by an objective "outsider."



Every \$1 invested in tourism marketing returns an estimated \$4.60 in new state and local taxes, \$20.40 in wages, and \$53.00 in gross sales.

* Source - MN Office of Tourism

Saint Paul "Doghouse Days of Summer" was featured in this May/June issue



Bureau staff provided assistance information and photographs to 312 members of the travel media. In addition to working with local newspapers, TV and radio stations, the Bureau reached out to publications whose interests run the gamut – from *Courier* and *Destinations* Magazines to *Epicurian* and *National Geographic Traveler* to *Successful Meetings* and the *St. Louis Post Dispatch*, Saint Paul story ideas were being marketed to media nationwide. In addition, the Bureau hosted numerous members of the national and international travel media who participated in familiarization (FAM) tours. A FAM tour gives participants the opportunity to experience first hand what the Saint Paul area has to offer. These efforts result in articles being written and published throughout the world.



Group Travel Market

Travel is an activity that lends itself well to a group experience. Typically, the group tour passenger is looking for a wide variety of experiences including scenery, shopping, history and culture, education, dining, gaming or even outdoor adventure. Group tours can be as short as a few hours or as long as several days.

There are generally two target markets: the tour operator and the group leader. The tour operator is an independent company whose primary business is to put together tour itineraries and market them to individuals and pre-formed groups. The group leader typically represents church groups, retirement centers, travel clubs, recreation programs, and other similar organizations. Also, group leaders tend to be volunteers.

The Saint Paul Convention and Visitors Bureau markets to tour operators and group leaders at industry trade shows, through the use of familiarization tours, direct mail campaigns, telemarketing and advertising in industry trade publications.

In 2004, the Bureau recorded 416 motorcoach groups who visited Saint Paul. Of these, 108 stayed overnight in member hotels, generating 3,860 room nights. 308 motorcoach groups participated in day trips only. The total number of attractions and restaurants visited by all motorcoach groups was 814.

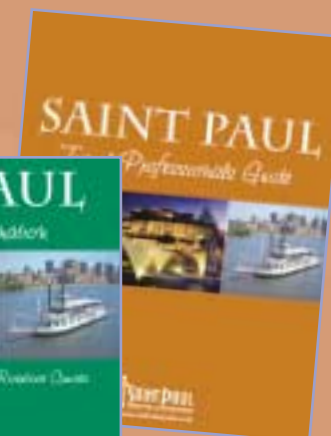
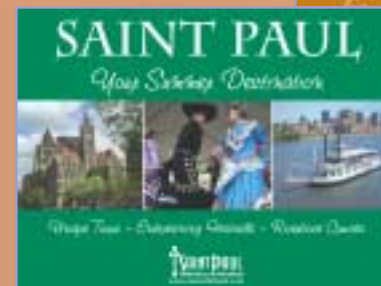
According to the American Bus Association, a fully-loaded charter or motorcoach tour, making an overnight stay, contributes an average of \$5,000-\$7,500 per day to the local economy in expenditures including meals, lodging, shopping, admission fees, souvenirs, and local taxes.

"As a tour operator, I view convention and visitor bureaus as a vital link between dreams and reality. I dream up a tour, a theme or a desired experience, then I look to the CVB to do everything necessary to make it happen - from making introductions and recommendations to sometimes providing a little elbow grease of their own. I also like doing business with friends - a familiar face I know that only makes promises he can keep. In the highly competitive Twin Cities market, Mark has given Saint Paul a personality and a face."

Clayton Whitehead, CTP
Vice President
Sports Leisure Vacations
Sacramento, California

I just wanted to let you know how much we appreciate your great service. From the itinerary planning, follow-up phone calls, the direct mail pieces - you do a great job. Mark, we are especially thankful for all your time and effort in helping us with ideas and suggestions. All of our groups have thoroughly enjoyed their experiences in Saint Paul and that is a result of your efforts. You're probably one of the best CVB contacts I've every worked with! You really know what tour groups are looking for - you make life so easy!

Jeanne Burke
Director Tour Development
Village Tours
Wichita, Kansas



Visitsaintpaul.com

In 2004, the Saint Paul Convention and Visitors Bureau web site received more than 1.3 million page requests and was viewed by approximately 94,000 unique users. The Bureau web site includes a number of popular features. It gives the online traveler an opportunity to customize their own visitor guide. As the consumer travels through the site, they can click on their favorite attractions, restaurants and other options to add to their guide, and then print it or send it to a friend. Online users can also download a copy of the Bureau's popular Fun Pass and print it for discounts at a number of Twin Cities attractions. Other great deals include "Special Concert Offers at the X" (Xcel Energy Center), and the "Skate into Great Rates" section that lists great weekend rates at hotels in downtown Saint Paul.

In addition to being a valuable resource to the online traveler, visitsaintpaul.com highlights Bureau members to the thousands of consumers who visit the web site annually. Members are able to access their member listing to update contact information or change the listing content. All members are able to access a confidential convention calendar which lists upcoming meetings, conventions and special events with contact information for each listing. Members are also able to put special deals on the Bureau's site to draw more customers to their businesses



Online leisure travel planners tend to use the Internet about 16 hours per week. Six in 10 online planners have booked travel online at least once in the past year. Those who book leisure travel on the Internet spend an average of \$2,146 per year online for travel products and services.

** Source – E-Travel Consumers: How they Plan and Book Leisure Travel Online*

Of the leisure trips online travelers are planning, 37% are for entertainment/vacation purposes and 34% are to visit friends and relatives. 46% of trips planned online are taken by a car and 41% by air travel. Over half of these trips (59%) include a hotel/motel/bed & breakfast stay.

** Source – E-Travel Consumers: How They Plan and Book Leisure Travel Online*

83% of those online who use the Internet to book reservations do so for at least one-half of their travel bookings. 82% of online travel bookers say they bought airline tickets for a trip taken in the past year, 67% booked overnight lodging accommodations, and 40% made rental car reservations.

** Source: TIA, Travelers Use of the Internet 2004*

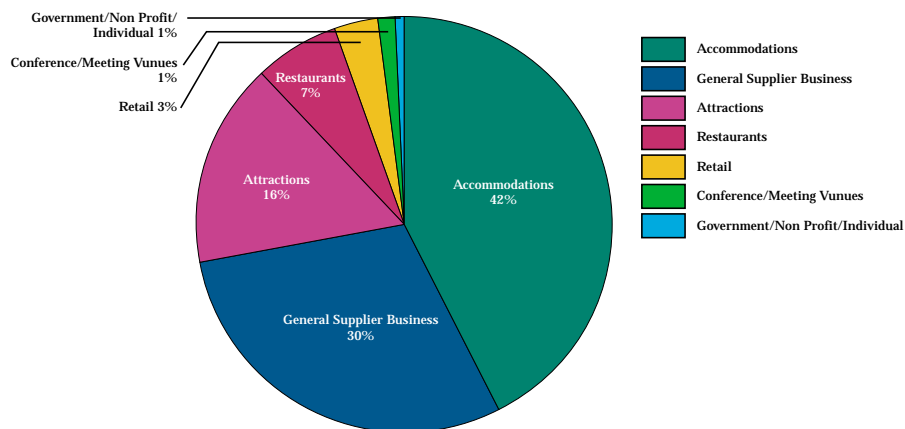


We couldn't do it without you!

The Saint Paul Convention and Visitors Bureau would like to acknowledge and thank our 348 members for your support in 2004.

- Contributed \$176,262 through your dues to market Saint Paul and our member businesses to visitors, meeting planners, tour operators and local citizens
- Donated more than \$82,600 in goods and services
- Sponsored and hosted 27 meetings and events

Membership Type



"Working with the Saint Paul Convention and Visitors Bureau has been central for our success. As a business that relies heavily on word-of-mouth, we find the St. Paul CVB offers a multitude of opportunities to get involved, network and spread information about our theatres to businesses in other related industries. I would suggest that any CVB member looking to increase you group tour business work with Mark's leads! Those leads have consistently been a great resource for us."

Erin Farmer
Marketing/Audience Development Director
Brave New Workshop

"When the Fitzgerald Theater expanded its focus on group sales in late 2004, the Saint Paul Convention and Visitors Bureau opened its doors with enthusiasm, leadership, resource availability and quality service. From a warm and informative introductory meeting, to an encyclopedia's worth of resources, to a friendly 'hello' with each phone call, the SPCVB team became an active partner in our planning and marketing process."

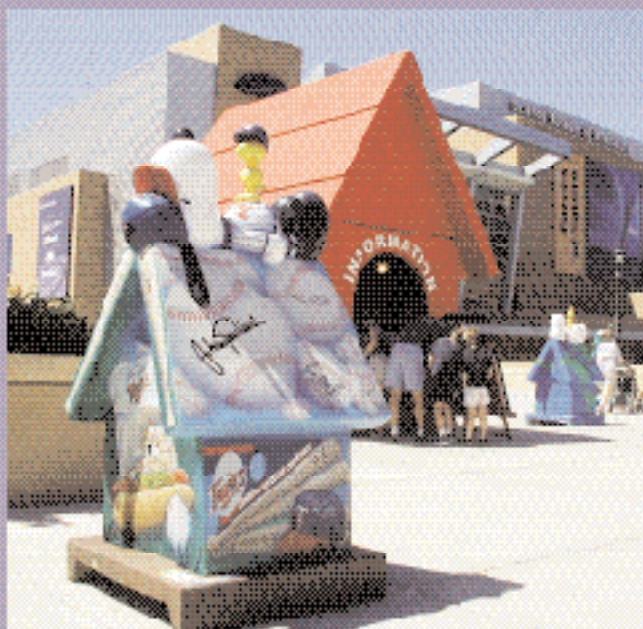
Cindy Rae Dainsberg
Community Relations and Group Sales Manager
The Fitzgerald Theater



“Twenty years from now you will be more disappointed by the things you didn't do than by the ones you did do. So throw off the bowlines, sail away from the safe harbor. Catch the trade winds in your sails. Explore. Dream. Discover”

- Mark Twain





The Saint Paul Convention and Visitors Bureau markets the greater Saint Paul area to out-of-town visitors, advocates for visitor needs and links our community with visitors.

The Saint Paul Convention and Visitors Bureau
175 Kellogg Boulevard West, Suite 803, Saint Paul, MN 55102
(651) 296-4800 or (800) 827-8101 Fax (651) 296-4800
www.visitstpaul.com