

Mike Leven bullish on Las Vegas group demand

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Story Highlights

A little more than half (56%) of corporate meeting planners cancelled one or more events during 2009.

The Venetian will do 850,000 group roomnights during 2011, compared to 700,000 group roomnights during 2008.

A number of high-profile corporate events, including one for Google, bodes well for the company's prospects during 2012.

A little more than half (56%) of corporate meeting planners cancelled one or more events during 2009, according to a survey conducted by Meetings & Conventions. No U.S. hotel group market was hurt more than Las Vegas in the wake of the AIG effect, President Obama's remarks, plus the Great Recession.

A total 95,000 Las Vegas convention roomnights were lost during February 2009 alone, according to the Las Vegas Convention & Visitors Authority. One major Las Vegas casino resort claimed US\$131 million in business events cancelled during the first quarter of 2009.

So, given all the recent talk about strong group demand returning nationwide, I thought now was a good time to return to the Las Vegas scene and check on results to date.

I had a speaking engagement booked in the city, and while there I looked up Mike Leven, my dear friend and colleague of more than 40 years who now serves as president and COO of Las Vegas Sands Corporation. Mike and I were a couple of young hotel sales managers back in the mid-'60s—Mike in Boston and me in Los Angeles.



I figured the Sands Las Vegas properties would serve as a good benchmark. After all, the Venetian and Palazzo casino resorts together boast more than 7,000 rooms, 320 meeting rooms and 2.25 million square feet of event and exhibition space when combined with the Sands Expo and Convention Center.

I also knew Mike would level with me. I knew he would tell me if Las Vegas was, in fact, experiencing strong in-year and future group bookings, in particular, from the corporate meetings and incentives market.

"The Venetian will do 850,000 group roomnights this year."

"That represents a huge increase from the 700,000 group roomnights of 2008 and 2009," Mike said.

Mike said conventions at the Venetian—primarily group roomnights consumed Sundays through Thursdays—represent 30% of the property's total business.

"We do 30 trade shows a year. That's a lot in any year," Mike said.

Mike maintains Las Vegas was a Friday-to-Sunday destination prior to the Venetian generating meetings, conferencing, incentives and exhibitions business upon its opening in 1999.

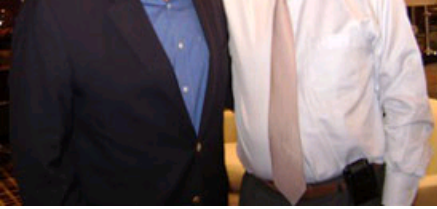
The Venetian mix of business, according to Mike, is still heavily skewed toward corporate: 60% corporate meetings and events; 30% trade shows, conventions and associations; and 10% "other."

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"Corporate meetings and events are very strong, even stronger for '12."

"We have two huge corporate programs on the books for 2012. One is for Google, involving 11,000 sales



David Brudney and Mike Leven

managers; another is six to seven back-to-backs with Hewlett-Packard."

The Venetian is experiencing a compressed booking window right now. Everything the Venetian books today is within a three-year lead-time window, and 20% of all group bookings

are in year for year, Mike said.

Mike expects total group roomnights to grow from 850,000 to one million by 2014.

"Vitaly important ... Vegas would be dead without groups."

I asked Mike what's different about the new group business on the books: "Group demand is pretty much the same as in past years, but room rate is lagging behind '07 and '06," he said.

"Room rates are down due to the competitive environment here in Vegas. Groups are pre-conditioned to negotiate on the rate. Banquet revenue has actually improved—(it) has not been greatly affected."

When asked whether there was much difference between group and leisure room rates, Mike said, "Our leisure rate is much higher—20% higher—due to higher demand on weekends and no third parties involved."

While data on business mix for all 150,000 rooms in the Vegas market is not available, occupancy citywide has surpassed 85% year to date, according to Scott Russell, senior research manager, [Las Vegas Convention & Visitors Authority](#).

Looking inside the group numbers, Russell reported visitor per trip non-gaming total spend is higher: convention delegates spent US\$798 on average and trade show delegates sent US\$1,059. Russell added convention and trade show visitor length of stay is 3.9 nights.

(For those interested, you can find additional information about convention delegates in the convention and visitor authority's "[2010 Visitor Profile Study](#)" for overall visitor demographics or our "[Market Segment Breakout](#)" which has a more detailed look at convention visitors compared to others.)

"Our Macau property is doing well."

I couldn't end my visit with Mike without asking about Sands' resort casinos in Asia. "Group business is primarily Asian based. There is some spillover to our 1-year old property in Singapore. Group bookings are short-term for both. There is no negative perception by groups booking a gaming facility, but Macau might have some booking restrictions by the government of China."

So what makes [Las Vegas Sands](#) different?

"We are developers, first of all," Mike said. "We are world-class specialists—the world's leading integrated resort development company. We provide it all: MICE event venues, banquets and food-and-beverage outlets, entertainment and shopping."

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