

Puerto Rico's Strengths

Puerto Rico Convention Center at night

**An Interview with Milton Segarra,
President and Chief Executive Officer, Meet Puerto Rico**

EDITORS' NOTE *In addition to directing the efforts of the Meet Puerto Rico staff and implementing policies set by the organization's board of directors, Milton Segarra works to maintain strong relationships with the organization's 270-plus member-suppliers, local business leaders, and elected officials. Segarra has just been appointed to the 2015-16 Board of Directors for the Destination Marketing Association International (DMAI) as well as being named a member of the DMAI Finance Committee. He has served as the Executive Director of the Puerto Rico Tourism Company and as the Secretary of the Department of Economic Development & Commerce, and held top management positions with Puerto Rico's top international hotel brands.*



Milton Segarra

ORGANIZATION BRIEF *Meet Puerto Rico (meetpuertorico.com) is a nonprofit organization established in 1962 to drive meetings, conventions, trade shows, and incentive groups to Puerto Rico. With headquarters in San Juan and representatives in New York, Chicago, Washington, D.C., Dallas, Miami, and Orlando, Meet Puerto Rico strengthens Puerto Rico's competitive position in the Americas and abroad by increasing awareness of the island's outstanding meeting facilities and services, and produces approximately \$100 million annually for the local economy.*

Puerto Rico has long been an exciting and dynamic destination. Would you talk about building the awareness and business in tourism for Meet Puerto Rico and how the vision was created?

We were originally called San Juan Puerto Rico Convention and Visitor's Bureau because at that time, more than 50 years ago, a group of local private businessmen and women decided that Puerto Rico had the merits and facilities to become a premier meetings destination.

We later changed the name to Puerto Rico Convention Bureau because we were working for the entire island.

As recently as two years ago, we stepped it up and decided on "Meet Puerto Rico" to be more precise. As soon as our name is heard, we're talking about how to get here.

One of the most important elements of this organization is that we have always been innovating and changing. We're always looking at opportunities that lie ahead.

The talented group of people that are part of this organization are top performers in their respective areas. This puts us in a position where we can say that we own the very important responsibility of making sure we deliver a comprehensive destination branding strategy to continually position Puerto Rico as one of the leading preferred destinations in America.

We have developed a complete set of plans, and strategic and innovative opportunities, to ensure we can comply with and deliver on what is expected from us, which is to make sure we contribute to our economy significantly through an economic impact that creates and maintains jobs, and develops the industry further.

At a time when the press has emphasized Puerto Rico's difficult financial position, have you had to shift the messaging?

It is one of the areas in which we have had to act immediately, and that has been part of the success we have been enjoying. We recognize how important it is to manage the actual financial situation that we are going through. On the other hand, I truly believe that our industry can be one of the key segments to make sure Puerto Rico can develop our economy further and make sure those financial situations can be solved.

The government and bondholders are talking, and I'm sure they will reach a win-win situation at some point, but that hasn't had an effect so far on the development of our industry.

To give an example, in this first quarter, we started our fiscal year better than ever before in terms of bookings. The number of groups coming to Puerto Rico from July to September was better than ever.

The momentum we've been driving in the past was sustained, no matter the seriousness of the news that was put out by the media.

Even so, we're keeping an eye on things. Our team and industry members get on the phone with our clients or we sit down in person and explain the entire situation. We can guarantee that when our visitors come to visit us, the experience, level of service, and expectations that they have for a destination like Puerto Rico will be there.

The actual financial situation is not affecting our ability to deliver a good experience.

Is the impact that travel and tourism have on an economy well understood?

I really don't know why but in many other places, people don't realize the importance of the industry. People want to invest in different places and move to other places – this is going to be the new era in hospitality and it will finally shine a spotlight on the industry. People will see this is only the business of people traveling, but the business of developing a country, a city, a territory, or a county into a better place to live, to work, and to generate economic development.

How critical is it for Puerto Rico to have a fully integrated marketing strategy and is that key today in order to be successful as a destination marketing organization?

It is one of the most important aspects – the integration of all of the services and all of the intellectual capital that we possess. This is not only in physical resources but also in people and delivery and, most importantly, how we attract new strategic partners, especially with all of the disruptions our industry has seen. It's an important component in that, if we don't deliver in that sense, our entire plan won't fall into place.

I used to run different companies and we always prepared five-year plans. These include very important elements that we still have to do on a long-term basis. Today, with all of the changes, disruptions, and innovations that are coming into place daily, we need to have an innovation plan that is laid out on a yearly basis.

A strategic plan has to be a document that can be edited, and that isn't set in stone. It has to be flexible and provide space for new creations. We have to see the opportunity on the horizon to make sure we can execute on it. If we don't, someone else will, and we will be out of business.

You're focused on the East Coast as a key market but have you also prioritized different locations? How broad are your efforts in reaching new markets?

One of the beauties of this market segment – the meetings and convention segment for Puerto Rico – is that when we compare our source of business to the traditional leisure market, it's heavily dependent on the East Coast. When we do the same comparison for groups and conventions, the East Coast is still very relevant – close to one of every four groups are coming from the East Coast.

In meetings and conventions, we have been able to penetrate other important geographic areas of the U.S. such as the Midwest, the Southwest and, up to a point, the West Coast.

It provides more balance, so it's important to reach other markets. The traditional leisure segment is more oriented and dependent on the East Coast/Tri-State area, which is very different than other segments of the business mix in Puerto Rico.

When you look at new markets, how important is it to work with all of the parties necessary to make sure you have the right mix of airlift and accessibility as you continue to build demand?

Delegates, meeting planners, and executives from day one must be able to get to the destination of their choice as easily as possible. They prefer to go direct, maybe one stop. If we don't have that type of access, we're in trouble. Even though we're part of the U.S., people still need to fly here.

In Puerto Rico, we offer an average of 2,000 flights per week from international and national airlines, providing a good number of seats available at all price points, from major carriers to the newcomers in the industry.

Even though the airlines do a terrific job in the capacity discipline they undertake to handle their seats and to determine who now is a hub and who is not, because of the product, the assets, and the experience, Puerto Rico has always been able to deliver in the marketplace, especially in the U.S. We have the support of all of the airlines. There are more than 20 airlines flying to Puerto Rico on a daily basis, not only from the States but from Europe, South America, Mexico, and the Caribbean. It's an important competitive advantage to have this phenomenal access.

Is it well understood that there are areas beyond San Juan that are worth visiting in Puerto Rico?

San Juan is our capital city. It's very beautiful, it has Old San Juan, and people know it.

In Puerto Rico, people visit San Juan, but we also have the rest of the island to explore and to enhance their experience. It provides a unique experience that will offer the different tastes from San Juan to the West Coast and to the East Coast. This is one of the most important elements and unique factors we can present to visitors, delegates, and meeting planners.

Out of San Juan, there are unique attractions like the rainforest, bio bays, coffee plantations, haciendas, amazing beaches, stunning mountain views and, on top of that, great food, culture, and friendly people.

Are meeting planners still as important as they once were or has technology changed some of that demand?

Technology has changed it, but the meeting planner remains the most important figure in this equation.

There are a number of destinations competing for the same piece of business. Companies offer platforms for booking, and lead distribution and sourcing. However, the fact that there are great companies that are representing other clients, which are the third parties, has changed the entire landscape of how we do business.

It is important to make sure that we understand the role of each and every one. It is also important that they understand our role in this equation, and keep us relevant to those who, in many cases, have direct relationships with the clients and don't necessarily need an institution that does what we do on a normal basis. This is when we bring the additional value to the clients and delegates, because we own the brand and we own the knowledge of our destination. We can support and assist those meeting planners to make sure that they present the best option to their client. This is where the value really lies in our case.

In building the membership, how important is it to bring in different categories from both the corporate and civic sides? How broad are you looking to build your membership to get the full impact?

In our case, it's key. The fact is that most of our members are not hotels – we have everything from musicians to florists to decoration companies to audio-visual companies to destination management companies, so it's very diverse. This is the beauty of it. When somebody comes to Puerto Rico and asks for a specific service, we can present several options that we know will comply with the expectation of a client because we know our partners and members. It's important that we feel confident that we can bring to an association a group of local professionals that will help make sure that particular group is going to have total success here.

Within the Caribbean specifically, there are a number of destinations competing for this business. How challenging is it to get your message out when there is so much information available through so many other channels? How do you show what makes this destination truly unique?

We are blessed with Puerto Rico. We have a beautiful product and can deliver a very good experience. But the other destinations can do this also. To communicate our particular experience is very difficult to do. It takes a lot of effort, resources, and the right execution to make it happen. When we have limited resources, it adds another level of burden into the process.

This is precisely why we have made a significant change over the past year. We have re-done our business model. In the past, we were a lead-generator, taking an order and trying to get business for Puerto Rico.

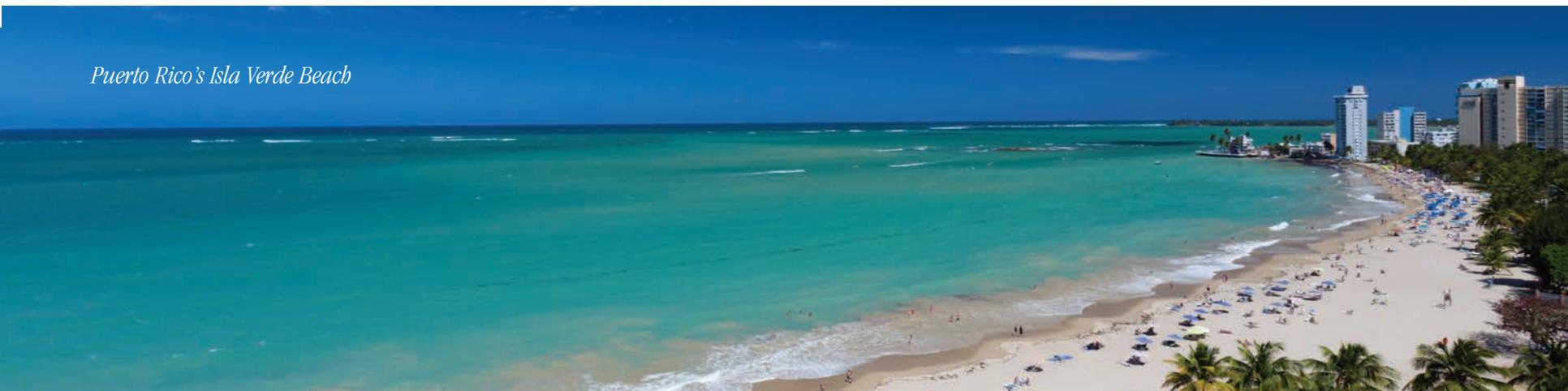
Today, we're becoming the specialists who book the business that no one else is taking care of. We're the specialists in that and we own that process. We have a branding division in which we generate new demand for Puerto Rico, so the single properties and other members of our organization, can get business. This allows them to deliver and run a profitable organization and business.

The third component is the strategic partnership we're in with our hotels and other members to assist them in closing business they are working to generate themselves. We also extend this strategic partnership to key organizations, some of which are part of the industry and some that are not. This adds value in that we generate the volume that is needed to create momentum and to get out the message we want to deliver. That is our format to make sure that Puerto Rico remains relevant and that people learn about the unique experience that Puerto Rico hand delivers.

Are you also focused on the numbers that measure these efforts to ensure that you are having the impact you desire?

We created a new set of metrics to make sure that we can assess our return on our investment and our performance, and we made a big decision. Normally, for the initial marketing organizations in our business, the primary metric is how many room nights we book to a destination. We

Puerto Rico's Isla Verde Beach



have moved away from that because, in the end, every effort we make is to ensure we generate economic impact in Puerto Rico.

We have shifted in a very organized way, from measuring how many room nights we sold last year to measuring the economic impact we have produced, and that should be valued in Puerto Rico.

In that sense, our economic direct impact on Puerto Rico is between \$100 and \$150 million, and we have the numbers and metrics to prove that based on worldwide accepted formulas and macroeconomic analogies. This can prove how effective we are in bringing economic impact to Puerto Rico.

You are results oriented, but also need to focus on vision and the future. How do you balance those?

The only way I have been able to do that is because I have an excellent team here. I have a series of colleagues whose expertise is second-to-none in their own fields, who are fully committed to this organization, and to our destination and country, and they understand the plan.

The only way I can move forward into this is because I have explained the plan and everyone has been part of its development, from top to bottom.

We recently had a strategic plan and innovation session review in which most of the people in our organization participated, because everybody has to be part of the solution and be an owner of our actions.

I involve people, explain to them what I'm expecting, share our vision, and make sure they understand and accept it. I also listen to their perceptions, concerns, and recommendations so, in the end, we have the best of everyone's thinking.

Once we agree to everything, we all sign off and we execute. This is the way we've been doing it and it has been paying off.

How important has it been to have an engaged board that can offer outside-the-box ideas?

It has been extremely important. Starting with our Chairman and all of the members, I believe that the success of the board of directors of this organization starts with the way they're selected, because our membership selects at least one-third of our directors.

The others are the Puerto Rico Tourism Company, which is a government entity, and the state's director of tourism at the time is part of our board. It's important to have that relationship.

The remaining members are businessmen and businesswomen who are selected and presented as candidates for the board. They reflect different areas. We have bankers, academics, hoteliers, destination management companies, and government representatives. Overall, there are many different mindsets, which benefits the organization. We have an engaged board where everyone comes to the meetings and participates. They put their best foot forward and we're getting the best results because of their engagement.



The colorful streets of Old San Juan

They understand and support what we do but, most importantly, we understand the role of the board and they are given the space they need to guide us.

Puerto Rico has put a major investment into training their people and investing in talent. Is this a differentiator in the industry?

Because of our relationship with the U.S., our business model, and our knowledge of the way people like to be served and do business, we have a great point of reference.

But we are a tropical island in the Caribbean so we have to make sure we balance our attempts at executing effective business with how we deliver the authentic Caribbean experience when guests come down. We have to make sure we can act positively on both sides.

In terms of service, we cannot stop our efforts to improve. People need to be trained; they need to understand why we need to serve people. It's a culture.

In Puerto Rico, we like to serve people. We like to invite people into our house. We like to have them in our country because we enjoy making people feel at home.

The other day, a very important investor in Puerto Rico bluntly said, "Puerto Ricans are humble, we enjoy life, we are creative, and we really make things happen." This describes the way we do business and the way we live,

and it's a very special bond between those characteristics that make us unique. We have been able to deliver that through our service.

What is your message for those who hear negative press about the economic situation in Puerto Rico? What do you tell them today about the strength of the country and what should they know that they're not hearing because of the noise?

There is a basic message that, even though we realize and understand how serious the economic situation is, one of the solutions to make sure that Puerto Rico goes to the next level successfully will be the hospitality and tourism industry.

It's an important component and even though it represents less than 10 percent of our Gross National Product, it has the potential to increase to 15 or 16 percent. When the situation is this critical, it's this opportunity, that we need to step up. If we can continue to present Puerto Rico as a strong tourist destination and meetings and conventions locale, then people will understand that, regardless of the fact that like many other cities, or many other nations that have had difficulties with finances, it will not deter us or take us out of the equation as a competitive place to do business and enjoy a very nice vacation or group meeting. As long as we're successful in telling this story and helping people understand this reality, we have a chance to show how great we are. ●

Thoughts from key industry partners of Meet Puerto Rico

“Destinations need a voice to help express the opportunities that await groups, and Meet Puerto Rico has led the way in making the island both relevant and attractive to the meetings and travel markets.

My impression, and the groups my organization plans for, have had a 180-degree shift in our view of Puerto Rico. Meet Puerto Rico has become a partner to understand and to work closely with us as a destination for meeting and program success”

**Chris Gasbarro, President,
Creative Community Connections, llc (C3),
The World's First Gathering Agency**

“Meet Puerto Rico and PRHTA have had a long-lasting and successful relationship on behalf of the Tourism Industry of Puerto Rico. It dates back to 1962 when the CVB was created and is always working together with the common goal of positioning Puerto Rico as a worldwide preferred and renowned destination. The global evolution of the tourism industry throughout the years and the many challenges attached to it have forced destinations to re-evaluate their overall strategies. Here is where Meet Puerto Rico excels in keeping up with the industry trends and technology that it applies to attract and bring to Puerto Rico the valuable groups and convention business that is crucial for the current and future development of our industry in Puerto Rico.”

**Miguel Vega, President,
Board of Directors, Puerto Rico
Hotel & Tourism Association**

“Having operated the Convention Center in Detroit during the city's bankruptcy, I see many similarities in the current situation in Puerto Rico. Most importantly, both convention facilities were fully funded during the financial crisis and the Puerto Rico Convention Center (PRCC) will continue to be fully operational. Bookings, in fact, increased during this period in Detroit due to assurances of the CVB – the hotels and management of the center (the same company at the PRCC) – that the government's problems would not affect operations and services support. The same approach is being taken in Puerto Rico with similar results. There are many opportunities for savings in Puerto Rico, particularly given the cost of operations at the Center compared to comparable facilities on the mainland – real savings that show organizers can take advantage of. Finally, the professional operations of the Center comes with the full support of SMG, the world leader in convention facilities management.”

**Thom Connors, Regional Vice President, SMG,
and General Manager, COBO Center**

“Puerto Rico is facing challenging economic times and, while tourism may not be a panacea, if you want to reinvigorate the Puerto Rican economy, it's a critical piece to its recovery. Oxford Economics recently released research providing credible evidence that communities with substantial and growing visitor economies tend to outperform their peers. The reason is that, in addition to attracting visitors, destination marketing drives broader economic growth by sustaining air service, creating familiarity, attracting decision-makers, and improving the quality of life in a place.

Milton (Segarra) and his team at Meet Puerto Rico have taken this to heart and have expanded the benefits of their work throughout their community. The biggest misconception about destination management operations is that they're a room-night producing machine. Milton and his team are proving that they're so much more, injecting much-needed economic revenue into the island. This innovative approach could not have come at a more important time for the people of Puerto Rico.”

**Michael D. Gehrisch,
Former President & CEO, Destination
Marketing Association International**

“Puerto Rico is an ideal destination for the meetings market, offering visitors an extensive array of experiences and unparalleled quality accommodation options. Our success in Puerto Rico is driven by the strength and recognition of our portfolio of nine hotels and resorts across the island, coupled with all the destination has to offer from top-notch convention facilities and leisure opportunities to exceptional dining and cultural attractions. For the U.S. market, the ease of travel, frequent airlift, and no passport requirement make the island an obvious choice.

Meet Puerto Rico has taken these advantages and elevated them through their innovative marketing strategies, promoting the destination and engaging meetings industry leaders with the right messaging to help drive growth. The team of professionals at Meet Puerto Rico are exceptional partners in ensuring our island, our hotels, and our people are top of mind across the globe.”

**Danny Hughes, SVP Sales & Revenue
Management, The Americas, Hilton Worldwide**

“Puerto Rico offers meeting professionals and meeting attendees world class services and experiences. Its magnificent cultural heritage is deeply embedded in all aspects of life and provides visitors with a diverse range of experiences. Puerto Rico competes on the world stage for meetings and events and should not be missed. Meet Puerto Rico is innovative in its approach to selling, servicing, and marketing to meeting professionals and attendees; its social media is second to none. Viva Puerto Rico!”

David Kliman, The Kliman Group

“For more than 50 years, Meet Puerto Rico has been the leader in promoting Puerto Rico for the very competitive group and conventions market segment. This market segment is fundamental to the success of the hotel and tourism industry on the island. In large hotels, this segment represents more than 20 percent of their market mix, which makes the difference between success and failure. In general, these groups and conventions are the essence of Puerto Rico's economy, because these dollars have a very broad distribution among all segments of the economy. The demand for rooms that these groups generate is not only concentrated during the specific period in which they visit Puerto Rico but beyond their visit, since many of these visitors will come back to vacation on the island.

Puerto Rico offers many attractions and has many advantages for these visitors. It displays a vast culture, history, architecture, and geography with easy access from North and South America, and with an excellent airlift that connects San Juan with many large cities in the Western Hemisphere. Its home port is the most active in the Caribbean, and its natural resources are a gem for ecological tourism. No passport is needed for U.S. visitors, and they enjoy the same currency, postal service, and communications available on the mainland, making it easier to travel to Puerto Rico.

Even though Puerto Rico's economy is going through a very difficult time due to its high debt and fiscal deficit, this negative factor is not affecting the service in the tourism industry in any way. Actually, the hotel sector is experiencing one of its best years with very high occupancy. The culinary side of Puerto Rico is unparalleled in the Caribbean; in fact, San Juan is the gastronomic capital of the Caribbean.

All of the above, together with a very well-led organization, and a great group of experts in selling the destination, make Meet Puerto Rico the most fit organization to sell the destination, together with the many international hotel brands that operate in Puerto Rico.”

**Raul Bustamante, Managing Director,
Condado Plaza Hilton**