

Ten things we need to explain about our industry

(Second of two parts)



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Whether we call it MICE, Business Tourism, M&EIT, Business Events or any other of the myriad of names that serve to further confuse the identity of the industry we work in, the meetings industry is a distinct area of enterprise with its own unique markets, requirements and agendas. Above all, it is very different from tourism, with which it is often purposefully confused, usually for historic or financial reasons.

"So what?" you may ask. Does it really matter if anyone understands the unique properties and requirements of the industry? Is such an understanding of any practical importance in the face of all the other issues we face on a daily basis? To me the answer is an unreserved yes, and the reason is that in order to succeed in any business you and those you depend on for your working environment need to understand what business you are truly in and what factors control its success. You can hardly expect understanding and support from people who don't

even know you exist – yet that is what we risk by being unable to identify with any precision just who we are and what we represent, let alone expecting anyone outside the industry to be able to figure it out for themselves.

This is particularly true for governments, who although often heavy investors in the industry through things like their construction and operation of congress centres and subsequent involvement in managing and marketing them, may have an extremely limited idea of the dynamics, demands and challenges of the industry in which they are invested.

So here goes with ten things we need to explain about our industry if we are ever to convince others what makes it a truly unique area of business enterprise.

Number Six: It's a mix of private and public sector interests

Perhaps more than any other sector, the usual pattern in the meetings

industry is a mix of public investment and private enterprise. On the one hand, you have core features such as convention centres which are typically government investments because of the need for "patient" investment in an environment where the return only occurs many years after the sale and the economics are such that benefits are widely disbursed (more on this later). On the other, you have suppliers and clients who typically have an intensely competitive, private sector orientation. Both are essential – but the interface can be most interesting.

For one thing, it creates some interesting tensions when government policy runs up against market dynamics. Many governments regard convention centres as just another public asset, to be managed and maintained in the same way as any other government building. However, the client doesn't really care much about what government thinks in this regard; they just want to make sure they get the services and facilities they need and to negotiate the best deal possible.

Similarly, governments can have huge impacts on the industry without even knowing it's happening – somewhat like the elephant stepping on the mouse while going for a stroll. Decisions in areas like taxation, immigration, borders, security or transportation can be the life or death of the industry, but are often far removed from our sector and based on issues that have nothing to do with our needs or aspirations.

Number Seven: the economics are unique

One place where this impact is highly visible is in our unusual economics. Ours is an area where all is not necessarily what it seems; where operating deficits may be a sign of good business practices and some of the most important benefits can't be measured at all. And nowhere is this as true as it is for convention centres.

The source of all this confusion goes

Having said that, as the events following the 9/11 security panic and the economic slump that accompanied it demonstrated, this is a very resilient industry. The fact is, people want and need to meet – and as a result, the rebound in delegate and business travel proved much quicker than for other sectors such as leisure.

back to the earlier point about direct and indirect benefits arising from meetings and conventions. Because the overall economic impacts of major events are so attractive, convention centres typically act as a "loss leader" for the greater economic benefits they generate in the community as a whole. Industry economics have simply adapted themselves to this reality to the point where raising facility rentals to the point where the facility is profitable (a good thing) may result in the loss of business that would have brought major spending into the community (a bad thing). Yet government owners are often unrelenting in their insistence that both should somehow be addressed.

Compounding this problem is the fact that events which deliver the best overall economic benefits are typically not those that deliver the best revenues for a facility – understandable, given the greater leverage that events delivering major economic benefits have in negotiating rates. So any discussion with the shareholder must necessarily involve a broader range of issues than just immediate revenues, and the industry needs if anything to get better at documenting the indirect (and therefore less visible) economic factors involved.

Number Eight: We're vulnerable.....

A lot of things can impact this industry, many of which are outside of our control. Global economics, political turmoil, pandemics and security issues can all bring things to a grinding halt on an international scale while tax policies, transportation issues or sudden changes in visa requirements

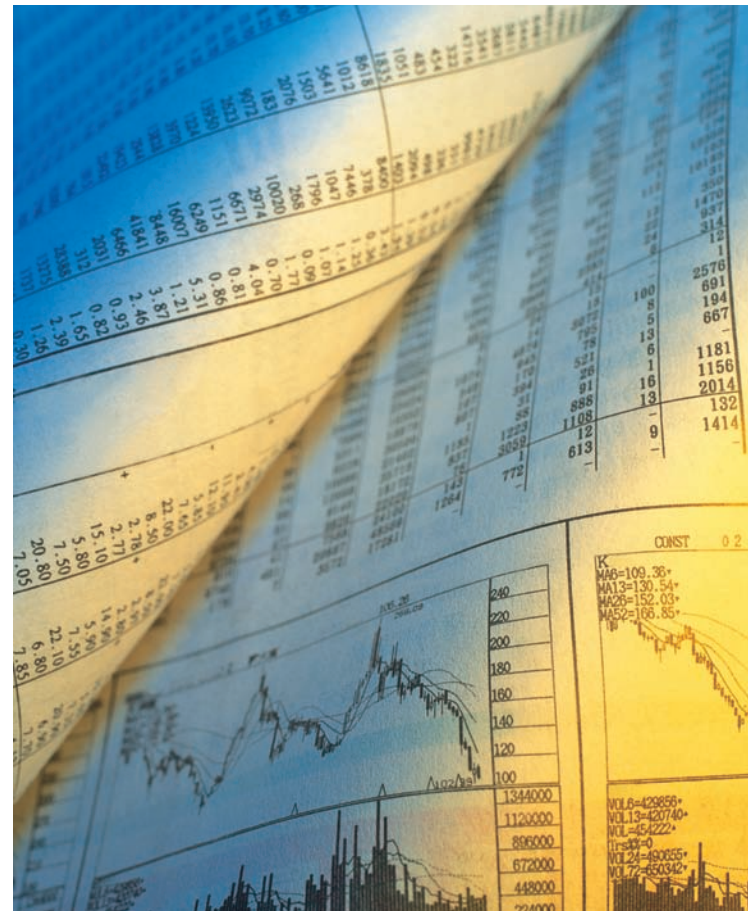
can have the same effect on an individual country. We've seen both at work earlier this decade, where international events precipitated many different impacts, creating both winners and losers as events sought a "safe haven" and, in some cases, changed the way the entire industry works.

The reason for this is that our industry is dependent on many thousands of individual decisions. If the delegates don't come, or won't travel, the economic of the industry fall apart. Planners are not about to take big risks on attendance – and will do everything they can to mitigate those risks. This means that our dependence on government decisions about everything from immigration policies to security measures can be matters of life or death to the industry – yet once again, few legislators even know we are an industry, let alone that we have unique needs and challenges!

Number Nine: But we're resilient!

Having said that, as the events following the 9/11 security panic and the economic slump that accompanied it demonstrated, this is a very resilient industry. The fact is, people want and need to meet – and as a result, the rebound in delegate and business travel proved much quicker than for other sectors such as leisure. This was very important to those who were looking for any signs of economic optimism at a time when there wasn't a lot going around.

The pundits have been predicting the demise of face-to-face meetings for a very long time, victims, they said, of alternative forms of communications such as web and satellite based technologies and



the availability of faster and more detailed information content via the Internet. But meetings aren't just about content – they're about interactions, and the opportunity to make connections and validate relationships that are often needed to make any sense out of those other forms of communications.

In fact, there's a whole school of thought around the idea that as more and more communications takes place at a remote and impersonal level the few opportunities we have to connect through personal interactions will only become more important – and that means a healthy future for the meetings, conventions and exhibitions that make up our industry.

Number Ten: It's constantly changing

The final point is that everything in points one through seven is constantly evolving. This is an industry where change is rapid and extensive; where the mobility of many events creates global expectations and these can change literally overnight.

What this means is that if we ever do succeed in communicating what our industry is all about to key decision-makers, the job's still not over. Each new development creates new challenges and opportunities for the industry – and new communications needs if we want to ensure our owners, shareholders and colleagues still understand how things work. In particular, we will have to keep a steady watch on how the economics of the industry work – how, for example, the balance is struck between the direct and indirect benefits that arise from events.

Like it or not, we're partners with many different groups and interests, ranging from governments to business communities to marketers – and our success depends on our ability to work successfully in a complex and ever changing environment.

The first step in that direction is to understand ourselves what makes this a distinct sector – and to then make an effort to communicate it to those who impact what we do. ^{Events}