

# Are we ready for an economic downturn?



International Association of Congress Centres (AIPC) president Edgar Hirt looks at the conference climate in the credit crisis.

With recent turmoil in global financial markets and increasing concerns of an economic recession, people in every sector are once again considering what a business downturn might mean to their future prospects. Whether short or lengthy, any kind of economic reversal requires a strategic response by those involved – and those of us in the convention centre business are no exception.

Certainly, much of the business we accommodate tracks the economy to some extent. Meetings, conventions and exhibitions are all heavily influenced by the state of the economy, and businesses struggling with economic reversals are always looking for ways to cut back expenses. But recent experiences during the last economic downturn suggest that this sector may be a lot more resilient than might be expected, for a number of reasons.

First, many major events such as international congresses and conventions are booked well in advance. This means that they may actually 'straddle' periods of economic downturn such that conditions may be good when they're booked and good again by the time they are actually held, regardless of what happens in between. In a rapidly changing world, there's not much point in cancelling an event that will take place three or four years into the future based on conditions today. This was certainly the case for events booked earlier this decade, and is likely fresh in the minds of event organisers.

Second, even those event organisers who typically book in the shorter term – corporate organisers, for example – recognise that a period of lowered economic activity is not the time to be pulling out of the market – if anything, it is the reverse. Many corporations and sectors have seen in recent years just how important human relationships are to the kind of confidence required in a world where so many transactions are done via the Internet, and are realising that conferences and exhibitions provide the best possible opportunity to build this. In fact, it can be argued that participation in such events is a much more efficient means of maintaining market contact than alternatives such as individual sales calls. In this respect, meetings and exhibitions may not only be a marketing imperative but actually a source of economy as well.

Third, convention delegates themselves have proven to be much more resilient in their business travel that in other forms of travel such as leisure. Business travel recovered much faster after the last economic downturn than did other types of travel, with much of that recovery actually

being led by delegates and other business travellers, presumably because they recognised the importance of business and professional development to improving their business prospects. In fact, it can be argued that business travel provided the impetus for air carriers to start expanding capacity after the turmoil in the early part of this decade, which in turn led to a resurgence in leisure travel.

However, if the previous experience is anything to go by, what would likely suffer in a prolonged recession is event attendance rather than the actual cancellation of events themselves. This would obviously have an effect on event economics, which is a big factor for organisers, many of who rely heavily on annual conference or exhibition revenues to maintain ongoing operations. Fortunately,

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this is an area where centres themselves can really help.

Centre managers are experts in creating the kind of space and service flexibility needed by organisers concerned about how any particular event may unfold. They can also help address any requirements there may be to come up with ways to achieve economies and at the same time, attract more attendance. All of these may become much more important factors in a time of slower economic growth – and all are areas where a good partnership between the convention centres and those involved in organising events can help tremendously.

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Like every other business sector, the meetings industry would likely find itself having to respond to any kind of economic downturn, whether it be short or prolonged. But unlike many other sectors, this is one where recent experiences and a good level of discussion and partnership between venues and organisers can mitigate the impacts to a very great degree. The fact that the benefits arising from meetings, conventions and exhibitions are likely to be even more important in a recession, should it come to that, is a big motivator to get all the parties together and keep the momentum going.

We've done it before and, sooner or later, we'll be called upon to do it again!

*Edgar Hirt is president of the International Association of Congress Centres (AIPC) and managing director of CCH, Congress Center Hamburg  
For further information, please contact  
marianne.de.raay@aipc.org  
www.aipc.org*

