

ARE WE READY FOR AN ECONOMIC DOWNTURN?

AIPC president Edgar Hirt looks at the direct impact on the meetings industry and strategic steps to remain in the black



24

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 than 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 of annual conference or exhibition revenues to maintain ongoing operations. Fortunately, 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.

It's likely still too early to be anticipating economic recession – but not to be developing strategies for response. We live in a time of recurring economic cycles, so it's not a matter of if we need to be prepared but rather when.

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 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. ●

AIPC AIPC is an international association of 160 of the world's leading convention and exhibition centres around the world. Its mission is to support, encourage and recognise excellence in convention centre operation and management and it supports this mission with activities designed to assist members in improving their level of management expertise in such areas as operations, finance, technology, staff development, marketing, client relations and environment. It is based in Brussels, Belgium.

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