

# ASSESSING THE REAL VALUE OF CONVENTION CENTRES

**Convention centres bring a destination more than just tourism revenue. The industry needs to dig deeper and calculate its economic development worth to show its true value, says Rod Cameron, director of programming and international development for AIPC**

For most of its existence, the meetings industry has been something of an orphan, falling between the various sectors that make up more recognised industries and as often as not adopted by some other sector that has something to gain by association. Typically, this has been the tourism industry, but in this regard it only really shares a need for accommodation and other visitor services, which isn't very different from any other business activity.

But it does, in fact, have another, much more critical role - and it's ironic that at a time when the industry needs all the recognition and support it can get, this role has been largely overlooked both by the industry itself as well as by governments who need to understand how centres impact what is usually their top policy concern. This is the key

part that meetings, conventions and exhibitions play in economic development - one that has been regularly ignored in favour of their much less significant role as a tourism product.

The fact is that conventions and exhibitions are all about economic development and only incidentally about tourism. They take place in order to promote things like professional and business development, academic and research exchange, technical and medical advancement, and cultural evolution, not simply to fill hotel rooms. Yet we continue to gauge our success - and the value of the industry - on measures that trivialise the real economic benefits a centre generates for the community.

This has compromised the ability of convention centres to deliver on one of the most important benefits that meetings and conventions generate - the ability to shape and advance a region's economic development strategies.

## ECONOMIC DEVELOPMENT

So how do meetings, conventions and exhibitions address overall economic development goals? It's a long list, including such areas as:

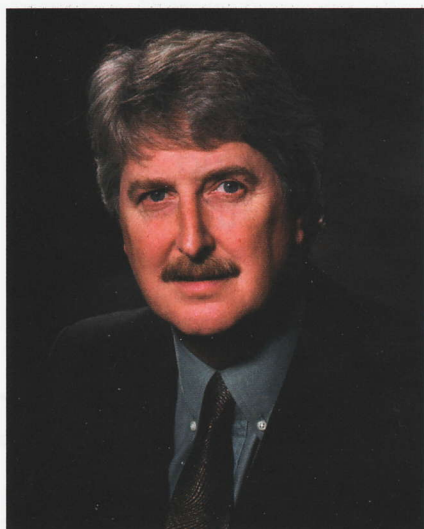
- Attracting international events that relate directly to areas of government economic priorities
- Creating forums for interaction between global investors and local businesses in a variety of areas
- Drawing business and professional visitors, creating destination exposure amongst a much more mobile, affluent and decision-making group that would not otherwise be likely to visit
- Attracting top professionals in any given field, which delivers global expertise into the host community

- Creating extensive opportunities for the exposure of local business, investment, research, and cultural products to a global audience
  - Advancing international co-operation and understanding by creating forums for high level exchanges and helping build relationships through direct, personal contact amongst participants
- This is not to negate the value that a centre has in generating benefits for the tourism sector but to underline the fact that the discussion shouldn't end there. If it does, the result will be an under appreciation and underutilisation of the broader objectives to be served. This is important because like any area of government investment, convention centres need to be assessed on the basis of what they return to the taxpayer investor and this can hardly be done effectively if a major area of significance is simply left out of the equation.

## MEASUREMENT

There has been a tendency to measure benefits on the basis of the immediate economic impacts that arise from delegate and exhibitor spending simply because this is the easiest to calculate. So by definition, much of the direct evaluation of a centre's effectiveness focuses on what they contribute to the tourism / hospitality sector - often simply the number of hotel room nights generated - ignoring the far greater value generated in overall economic development.

However, the fact that something is easy to measure doesn't mean it is the most valuable component, and the role that meetings, conventions and exhibitions play in promoting other areas of the economy almost certainly outweigh the more tangible spending benefits.



## WHY IS THIS A PROBLEM?

First, because it results in an underutilisation of the potential a convention centre has for performing a much greater service. A convention centre, and the events it hosts, can and should be a primary instrument of economic development for the government owner, because with the proper encouragement, it can selectively pursue the kinds of events that best correspond to the owner's policy objectives. This is almost never done effectively, simply because few owners see a centre in this light.

Second, it raises the question as to how a centre should be marketed, and who should be doing it. The most successful marketing of a centre (and thus the greatest overall return to the owner) will be achieved with a dedicated effort that fully recognises and prioritises the unique demands of the market as well as the broader opportunities associated with economic and business development.

## SPECIALISED MARKETING

One concern in this regard is whether the marketing of a convention centre really has anything to do with that of leisure tourism, which is a combination that sometimes comes about due to the way in which destination marketing is handled. Consider that:

- Conventions and exhibitions are a business-to-business sell, not the kind of mass market sell applied to the leisure side. Centres seldom, if ever, deal directly with the end user (the delegates) and their marketing must instead be based on what appeals to a meeting organiser whose priorities are typically very different from those of a leisure traveller
- A "leisure" image may not be what many planners are looking for as they make their site decision. We need to appeal to a market that increasingly understands the need for meetings to be seen as serious business, linked into academic, business and professional objectives and institutions, and as tourism messages are inevitably about leisure, they can sometimes actually provoke a negative reaction in this regard
- Decision makers, decision factors and business processes are all fundamentally different in the meetings market from those of the leisure travel sector, and the selling process needs to be adjusted accordingly

Quite simply, this means that the job of selling a centre - and of generating the full range of benefits



it can and should be generating in the overall economy - needs to take a specialised approach, and one that is based on an appreciation of the full range of objectives to be served. In most places, the economic development role will be one of the biggest priorities in the mix.

This is not to deny that there is a major destination component in the convention sell, but rather to make the point that it doesn't end there. Leisure attributes are only one part of what is an increasingly complex combination of factors that go into the site selection decision, and all must be addressed for a successful outcome.

We will need every economic justification we can get to meet the challenges of the future, and to do this we need to seize on every available argument to expand the perception of the importance centres have in addressing our economic and community interests.

## KNOW YOUR CENTRE'S ROLE

As long as centres exist, and remain competitive, they will continue to benefit the tourism sector by filling hotels and restaurants, supporting the creation of new hotel capacity and creating greater destination exposure. However, they can't do this - particularly in today's highly competitive

market - without ongoing investment, usually by government. Anything that can further justify this investment will benefit everyone, and that's why it's time we should all be embracing - and promoting - a better understanding of the broader role centres play in overall economic development.

Whether we like it or not, most governments place a much higher priority on economic development than they do on tourism, and as an industry it's time we took better advantage of the important story we have to tell in this regard. ●

**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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