

BUILDING A *destination profile*

Edgar Hirt, president of the International Association of Congress Centres (AIPC), looks at the vital role convention centres play in destination and investment marketing, and asks why the industry doesn't shout about it more often?

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At first glance, the economics of a convention centre can look a little odd. Few ever recover their capital cost. Many lose money on the bottom line and need to be subsidised. And those that do make an operating profit may do so at the expense of the broader economic benefit they might otherwise generate.

The overall economic benefit generated by conferences, conventions and related exhibitions far exceeds any potential bottom line profit by the centre itself – and governments, who are typically the owner, are in the best possible position to capture a portion of that resulting benefit via incremental tax revenues. Clients know that, and negotiate accordingly. That's why those who generate the largest economic benefits get the best rates – and why local events or others that generate relatively small amounts of non-resident spending pay higher rentals.

But what is probably the biggest benefit of all is seldom even understood, let alone calculated – and that is the role that a centre and the events it hosts play in generating new business and investment.

Most cities or regions that are serious about attracting new business and investment to their communities organise programmes to promote what makes them a good place to locate and invest, and then work hard at getting this message out to decision makers. A key part of any such promotion is encouraging potential investors to come and experience that city, and to see first hand what makes it an attractive location. The big problem is how to get busy professionals and executives to find the time for a visit – and how to create a positive impression of the destination in the first place.

But that's exactly what convention centres do – and typically they pay for the vast majority of the process with the revenues generated from the audience themselves.

Why this factor has never figured more prominently in the thinking of centre owners is a bit of a mystery, until you realise that it has one problem: it doesn't lend itself to direct measurement. As a result, it's often simply ignored. The value of something as obvious as the role that major events play in building destination profile, to the longer term benefit of a city, seems to be well understood when it comes to a single, high profile event like the Olympics or a World Exposition, but seldom recognised in connection with the activities of a convention centre which – unlike a single event – is doing the same job, year after year, and typically with a much more important audience.

In practice, most centres manage a balance of business activities that combine good revenue generators with those that create greater economic benefit, and manage to achieve both an acceptable operating bottom line and the broader economic generation that is often the more important objective. However, managers are still regularly faced with the question "Why can't you make more money?" from those who don't understand the full range of potential benefits that are available from different strategies for centre operation.

Few would question the wisdom of committing money to a programme to attract new business and investment to a destination. It's about time the industry recognised how convention centres do exactly that, often far more effectively than other kinds of investment promotional activities, and figured that into its financial equations. ●



AIPC is an international association of more than 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. For further information please contact: marianne.de.raay@aipc.org or visit www.aipc.org