

Tomorrow's Congress and Convention Centres

We offer highlights from a major survey of global convention centre managers undertaken by research and consulting company Red7 Media and presented by MD Michael Hughes at this summer's Association of International Convention Centres' (AIPC) Congress in Liverpool.



**EXCELLENCE IN
CONVENTION CENTRE
MANAGEMENT**

Throughout May and June 2010 Red7Media conducted an executive level survey covering congress and convention centre trends. The survey was sent to all AIPC members and about 150 non-members around the world. The response rate from members was 71 per cent.

Key themes emerging from the research include centres reporting an average four per cent global revenue growth, on 1-2 per cent event and attendance growth.

Pricing rates were reported as holding or increasing, although top clients were negotiating more and asking for incentives.

Other trends picked up included an increase in focus on new revenue and services.

Management roles are changing and the building boom shows no sign of slowing, with 59 per cent of venues having a new build or expansion project underway or opened in the past three years.

Primary technology and service interest is in wireless internet access; higher quality, high-tech meeting rooms; and environment conditions (HVAC, lighting, etc.).

Primary client trends and requirements are increased negotiations; shorter booking windows; and higher-quality food and beverage.

In terms of ownership structures, Government, at various levels, continues to play the majority role. Although, the paradox is that 52 per cent of centres replying are privately managed.

Revenue is expected to grow faster than bookings and attendance when the full figures for 2010 are known. The three categories are reportedly up, respectively, 4.2, 1.4 and 1.6 per cent. However, Africa and Asia are most

optimistic with double-digit predictions, European respondents predict a more modest revenue rise of 2.4 per cent and the US is even gloomier with a forecast of revenues moving up just 1.4 per cent.

In terms of number of events held in the centres surveyed, Latin American respondents are expecting a drop of 7.5 per cent, the USA 2.4 per cent and Europe expecting no change.

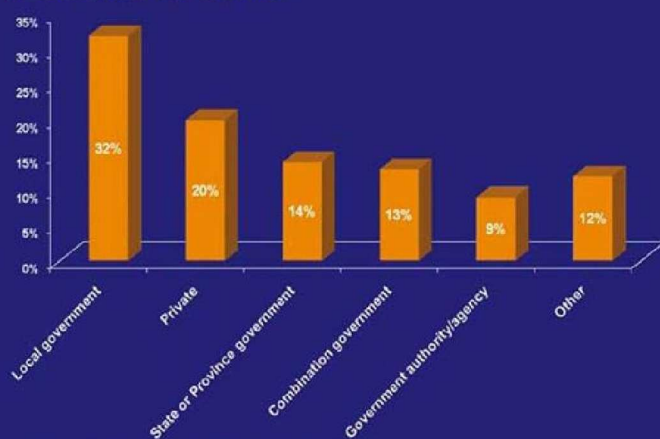
Australia and Asia lead the optimists, forecasting 6.8 and 12.8 per cent increases in number of events held.

The global total, nevertheless, rounds up into negative territory of an overall - 1.4 per cent drop in expected number of events.

Attendances at events are expected to mirror the regional differences in the previous two categories, with Asia the most optimistic (11.5 per cent); Europe is 2.5 per cent and the USA 1.2 per cent. Latin America posts a drop in expected numbers of the order of 10 per cent.

Sixty one per cent of respondents report they have added new revenue streams, mainly through expansions, more food and beverage outlets and event services.

Ownership Structure



Survey Question 3. What is the ownership structure of your venue?

Secondary sources of revenue mentioned include:

- Booking more entertainment-related events
- Launching own events usually entertainment-based
- Signage and advertising
- Package offers
- Registration
- Parking
- Event management

To the question: 'Does your facility business turn a gross profit, net of any debt service or loan payments related to past or current construction or development?' 57 per cent answered Yes. And 61 per cent said they received no government subsidies or loans.

In measuring overall success, the primary metrics were, in order:

- 1.) Venue operational profit/loss (mentioned by) 91%
of respondents
- 2.) Total number of events 73%
- 3.) Total economic impact 63%
- 4.) Total number of visitors 57%
- 5.) Public Relations 36%

Secondary factors, in order were:

- Performance of proprietary event business 20%
- Total number of booked hotel rooms 19%
- Hotel community occupancy levels 10%
- Visitor-related tax revenues 9%
- Hotel community gross sales or profit 3%
- Other 14%

Pricing trends

To the question of whether convention hall space pricing is increasing or eroding, 34 per cent said 'increasing', '53 per cent answered 'no change' and 12 per cent noted 'price erosion'.

Over two-thirds of respondents are engaging in more client incentive activities (i.e. rent reductions, added value services, cash incentives, hosted functions).

Hughes notes the survey results show a slight slowing of the building and expansion boom, but says the responses showed there was "no doubt there is continual facility growth".

To the question 'What were your primary responses to the recent global recession and financial crisis?' the graph showed the following:

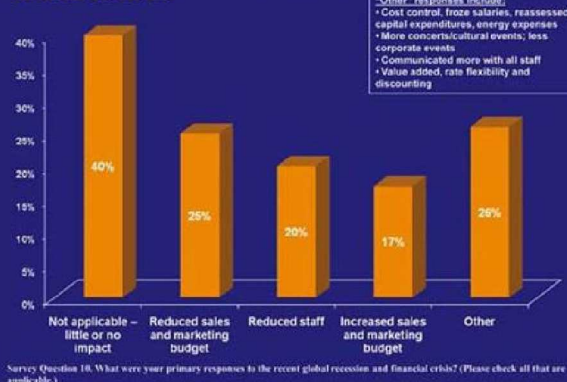
Ideal new features to increase profitability were ranked, in order:

- Primary Responses
- Additional exhibition space
- Additional meeting space, multi-functional space
- Auditoriums
- Ballroom(s)
- Technology, wireless
- New kitchen and F&B space

Limiting factors

Factors limiting centre managers' abilities to carry out expansion and renovation include: Lack of funding (29 per cent); lack of government support (27 per cent) and land availability (17 per cent). The

Primary Responses to the Global Financial Crisis and Recession



general economic situation was named as a factor by 15 per cent of respondents.

Green

Great strides appear to have been made in projecting an environmentally friendly image and design, with 86 per cent of venues reporting green/sustainability programmes in place, although only 36 per cent had recognised certification in place.

Community and market expectations were identified as the two greatest drivers

towards sustainable practices and policies.

However, 68 per cent reported that Green policies had no discernible affect on gaining business.

On the client side, the association market for conferences and meetings was the strongest sector, above corporate or government meetings.

Centre business and operation trends

Finally, research showed centre managers will become more commercially minded.

Centre Operation Trends Today and Tomorrow



Centre Business Trends Today and Tomorrow

