

Even giants have to be nimble and reinvent themselves, says Rod Cameron of congress centres

They are imposing, made of stone and worth millions... but lately they have looked surprisingly fragile and subject to strong financial pressure. In a market stressed by huge financial strain, congress centres do indeed have to reinvent themselves and question their business models. We discuss this transformation with Rod Cameron, Director of Programming and International Development for the International Association of Congress Centres (AIPC). Interesting times lie ahead...

Business models seem to be evolving in congress centres. Why?

Industry economics had a real shake-up during the recession and many traditional industry business models simply don't work as well anymore. There are more suppliers; functions have in many cases been contracted out; clients face reduced attendance and event revenues; and [they] want more for less from their suppliers. Centres have often been the ones making concessions but their owners (often local governments) are facing financial pressures. The whole issue of centre finances needs a good re-thinking.

Is sharing the financial risk with their clients a model you think may grow?

Risk-sharing is getting a lot of attention because when finances are under stress everyone needs a chance to improve on their return, not just one party. It also gives all players a greater motivation to perform and to explore strategies like attendance-building that in the end benefit everyone.

Have congress centres started trying different strategies, such as producing their own events and organising their own conferences?

Many centres already have—and some have been doing it for years. Centres are very aware of demand in their respective areas, so they are often in the best position to see a gap in the product offering. If there are no private organisers prepared to step in, a centre may see this as a business opportunity—particularly if they can schedule it at a time of availability in their facilities. Today's centres are often highly flexible, and can easily

accommodate entertainment, consumer, cultural and even sporting events, as well as traditional congresses and exhibitions.

Are these changes the result of the current economy? Or are they part of a deeper trend... perhaps a problem of low profitability for these huge investments?

Centres have usually been seen as a "loss leader" where the investment is made to generate returns in the overall community—the reason why so few centres are privately owned. The problem comes when centres are unable to get the funding they need to re-invest and remain competitive. This has always been an issue, but it becomes more of a challenge when those beneficiaries—governments in particular—face greater financial issues.

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With the bad economy, why don't congress centres seek more income by increasingly getting exclusive providers or integrating more services? Will this trend continue?

This is not just a function of bad times: In most areas, it is a fundamental part of the financial equation of a centre because it generates revenues that can augment

the rental income, which is becoming a lot tougher to get. The problem is that there are clients who want free rein to bring in their own suppliers either to reduce costs or to get a share of that revenue. Again, this is an area that needs a balanced approach—it's simply not realistic to expect that centres can or should operate in a non-economic manner so others can profit. In addition, there are very real concerns around quality control, safety and security. A centre has to have control over who operates in their building because they are ultimately responsible for what happens there.

Risk-sharing (between centre and organiser) is getting a lot of attention because when finances are under stress, everyone needs a chance to improve their return

Rod Cameron will give the session "Centre - client relations: new realities; new models" at Seminar Room 3.14, 09:00-10:00