

Outlook changeable

NO ROBUST RECOVERY, BUT GROUNDS FOR OPTIMISM IN THE SECOND AIPC OUTLOOK SURVEY



The results of the second AIPC member outlook survey documents changes and progress during a period of uncertain economic recovery. The survey flags modest gains in business activity and confidence levels but no overall robust recovery. The survey, carried out in conjunction with Red7 Communications, demonstrates significant regional variations.

With a 70 per cent response rate from 170 AIPC member centres, the survey provides a geographically comprehensive picture of global convention centre conditions.

Key findings this year included:

- The majority of centres in Europe and North America reported only modest revenue growth (2-3%) in 2010, although Australia and Asia indicated stronger growth during this same period (9.3% and 21.6% respectively). Asian centres have much more optimistic expectations of future business revenues and price increases than other regions.
- Associations remained the strongest business sector in most areas, with some increases in corporate business corresponding to the strength of the recovery in various areas.
- Centres noted a number of changing business practices, including more negotiations, shorter booking times and slower overall business growth than in previous recoveries. Respondents also noted an increasing expectation for discounts and incentives, although



this was much stronger in North America and Australia than among European centres.

- New construction and planning has slowed somewhat, with a shift toward renovation/refurbishment of facilities. However, the growth in supply has still been greater than any increase in convention and exhibition business, which suggests the intensity of competition will continue. The most new building and expansion activity reported was in Australia. Centres in Europe and North America see their respective governments as less inclined to invest in new facilities than previously.
- The areas of greatest increase in client demand/expectation reported by centres include more and higher quality meeting rooms; higher levels of technology and more variety and quality in food and beverage offerings
- The jury is still out on the impact of virtual meetings, with many centres seeing them as largely complementary to existing activities and others seeing

them as competitive.

- In general, centres identified three major challenges to business growth: increasing competition from new facilities, an uncertain economic recovery and potential increases in transportation costs. However, there were significant regional differences, with North American centres most concerned about costs.
- Government policy changes were also identified as a potential threat in most areas, including decisions to reduce investment and/or discourage meetings among their own staff.
- Seventy per cent of centres report they are putting more emphasis on community, government and business relations.

The AIPC survey will continue to track the progress of business conditions and the impacts they are having on centre performance and practices. For further information please contact marianne.de.raay@aipc.org or visit www.aipc.org