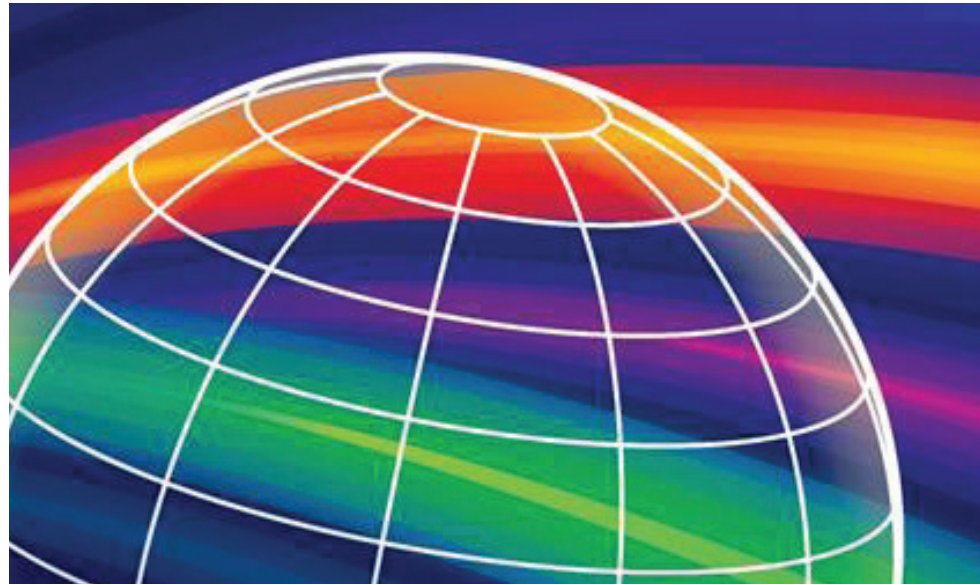


2012

The Road to Recovery

Member Survey



AIPC



The Road to Recovery

2012 Member Survey

Table of Contents

INTRODUCTION	3
EXECUTIVE SUMMARY	4
I.) GROWTH & REVENUE	8
II.) NEW BUILDINGS, EXPANSIONS & RENOVATIONS	18
III.) MARKETING & CLIENT TRENDS.....	23
CONCLUSION	31
APPENDIX I: REVENUE STREAMS WITH AN INCREASE OR DECREASE IN TERMS OF TOTAL REVENUE GROWTH EXPECTED IN 2012.....	33
APPENDIX II: CONVENTION, EXHIBITION & CONFERENCE MANAGEMENT TRENDS.....	37

Introduction

The convention and congress centre industry continues to rebound along with the global economy, although the pace of recovery differs significantly around the world and even within countries. As part of our ongoing series of studies, AIPC conducted the third annual member survey to analyze how these changes are impacting our industry. This new study *The Road to Recovery* further examines economic issues and the resulting impact on venue performance and management.

The data in this report provides comparative analysis of how the major regions of the world are responding to evolving industry conditions. In short, this survey presents the voice of the convention and congress centre management community and AIPC membership on many key issues.

In May and June 2012, AIPC conducted a survey that was sent to all members around the world. The survey received responses from 52% of member venues. The report covers the following key areas:

- Growth & Revenue
- New Buildings, Expansions & Renovations
- Marketing & Clients

A summary of the key findings was presented at the 2012 AIPC Annual Conference in Amsterdam.

It is important to note that even though the total number of responses in some regions is small, the survey data has high validity. A small number of responses in certain regions equates to a high proportion of AIPC members as well as total number of venues in each of the major regions of the world.

Some of the new research findings are compared to the results from the 2010 and 2011 studies. The survey and report was developed by AIPC in collaboration with Red 7 Media's Managing Director of Research & Consulting, Michael Hughes.

The report is developed for members to use as a resource throughout the year as specific questions arise to find targeted, detailed answers and benchmarks.

AIPC and Red 7 Media thank all of the member respondents for their invaluable contributions to this study.



Executive Summary

- Despite the uneven economic recovery around the world, the global convention and congress centre industry grew total gross revenue by 5.7% in 2011, according to the AIPC member survey respondents. This is lower growth than the 6.8% growth rate in 2010. This slower growth is in line with reduced economic growth worldwide.
- Australia was the fastest growing region in 2011 with 9.1% top-line growth, followed by Africa which expanded by 7.8%. Europe and North America also experienced good growth with 5.2% and 5.3% gross revenue expansion last year respectively. Asia reported a significant slowdown from substantial 26% growth in 2010 to only 2.4% growth in 2011, according to the reported results by members in the region.

2011 Revenue Growth & 2012 Forecast

	2011 Gross Revenue Growth Actual	2012 Gross Revenue Growth Expected
Worldwide All Regions	5.7%	4.8%
Europe	5.2%	4.8%
North America	5.3%	2.2%
Asia	2.4%	7.6%
Australia	9.1%	-2.0%
Africa	7.8%	18.7%

- For 2012 AIPC members are collectively forecasting 4.8% top-line revenue growth worldwide. Each region except for Asia and Africa are expecting slower revenue growth in 2012 compared to 2011. Europe is forecasting 4.8% revenue growth while North America is expecting only 2.2%. Asian venues see growth picking up to a rate of 7.6%. Australia which has been a strong performer is forecasting a collective 2% decline in 2012.
- In 2011 attendance at member venues collectively expanded by 5.4% worldwide. The strongest regions were Africa with 22% attendance growth and North America with 6.8% more attendees.
- For calendar year 2012, members are forecasting lower 3.8% growth for overall attendance worldwide. Attendance growth rates are typically a leading indicator. One area of concern is that for 2012 the North American venues are forecasting a 2.3% decline in attendance.

2011 Attendance Growth & 2012 Forecast

	2011 Attendance Growth Actual	2012 Attendance Growth Expected
Worldwide All Regions	5.4%	3.8%
Europe	5.2%	3.9%
North America	6.8%	-2.3%
Asia	2.8%	8.8%
Australia	4.3%	2.5%
Africa	22.0%	13.3%

- While overall growth has been good, analyzing the responses further shows that there are essentially two groups in the industry today. Fifty-six percent of members around the world see a moderate to strong recovery, while 44% see a weak recovery or no recovery at all.

Strength of the Economic Recovery

	All Regions	Europe	North America	Asia	Australia	Africa
Strong recovery	7%	3%	6%	15%	10%	0%
Moderate recovery	49%	44%	75%	35%	60%	83%
Weak recovery	28%	29%	13%	35%	30%	17%
Very weak recovery, flat to no growth	12%	16%	6%	15%	0%	0%
No recovery, still in recession	4%	8%	0%	0%	0%	0%

- The survey asked for the perceived risks to sustained economic recovery. The top risks are considered to be the economy according to 59% of AIPC members, followed by competition (55%), and hotel pricing and availability (32%).
- The main revenue streams for venues are all seeing positive growth trends, at least when analyzing the overall worldwide responses. For example, 58% of members are expecting total exhibition and meeting space revenue to increase in 2012. The same percentage of members, 58% are also expecting total audio-visual and equipment revenue to increase in 2012. Fifty-one percent of members expect total telecommunications, internet and technology services revenue to increase in 2012.

- For the entire membership, the top three metrics used to measure success are venue operational profit/loss, total number of events, and total number of visitors.
- New building and expansion activity is slowing overall worldwide, while renovation activity is increasing. Comparing the 2010 to 2012 survey findings shows there is a trend to pursue more renovation projects than expansions around the world. For example, in 2010, 32% of members had expansion projects underway or planned. In contrast, today in 2012, 36% of members have a renovation project underway or planned. Still, 64% of member venues are planning a new development project or have one under way.

2012 AIPC Members Planning or Currently Developing/Constructing a New Build, Expansion or Renovation Project

	All Regions	Europe	North America	Asia	Australia	Africa
New build	16%	19%	9%	7%	17%	50%
Expansion	20%	15%	27%	29%	67%	0%
Renovation	36%	42%	27%	36%	0%	100%
No development plans	36%	38%	36%	29%	33%	0%

- Forty-five percent of the respondents say they added at least one new revenue stream in the past year. This is up from only 27% in 2011. Examples of new revenue streams from the survey responses include the following:
 - o Expanded, enhanced meeting and conference spaces and services
 - o Enhanced and improved audio-visual, telecommunications and IT services
 - o Advertising and signage income
 - o Upgraded food and beverage and catering services
 - o Hosting cultural exhibitions, entertainment and sporting events
- There is mixed pricing power around the world. Published prices are rising while more discounts are being offered. For example, 65% of members say their exhibition space pricing power has increased over the past five years, although 67% have engaged in more incentive and subvention activities over the same five year period. Separately, 88% of AIPC members say event clients are negotiating more today.
- Besides more negotiating, event producer clients are also changing in other ways. Eighty-two percent of members are seeing shorter booking windows, i.e., event producers booking venues closer to the event dates. Fifty-one percent say clients require higher-quality food and beverage.

- Attendees are also changing. According to members, attendees at their venues are displaying the following behavior: shorter event visits; shorter or less tourism-related activity/stays before/after events; and less spending on attendee-related services in venues such as food concessions or business centre.
- The majority of the survey response came from European members, followed by Asia and North America.

Regions	% Respondents 2012
Europe	53%
Asia	17%
North America	14%
Australia	8%
Africa	5%
Latin America	2%
Middle East	1%

I.) Growth & Revenue

Gross Revenue Growth 2011 & Expected for 2012

Despite the uneven economic recovery around the world and slowing growth in many regions, the global convention and congress centre industry experienced good growth in 2012 – 5.7% total gross revenue expansion, according to the AIPC member survey respondents. This was down from the 6.8% growth rate forecast in the same survey conducted in mid-2011.

2011 Gross Revenue Growth Compared to 2010

Region	2011	2010	% Change
All Regions	5.7%	6.8%	-1.1%
Europe	5.2%	3.9%	1.3%
North America	5.3%	2.2%	3.1%
Asia	2.4%	26.1%	-23.7%
Australia	9.1%	9.3%	-0.2%
Africa	7.8%	28.3%	-20.5%

The survey asked members for a 2012 calendar year growth forecast. Collectively the forecast is for lower growth in 2012 than 2011, 4.8%. But it is important to note that the member forecasts in 2010 and 2011 for full year growth were over 2% lower than actual growth each year.

Expected Gross Revenue Change 2012 vs. 2011

Region	%
All Regions	4.8%
Europe	4.8%
North America	2.2%
Asia	7.6%
Australia	-2.0%
Africa	18.7%

2011 Attendance Growth

In 2011 attendance at member venues worldwide collectively grew by 5.4%. The strongest growth was by far seen in Africa, with 22% more attendees than in 2010. The next fastest growing region by total attendance was North America with 6.8% growth.

Region	2011
All Regions	5.4%
Europe	5.2%
North America	6.8%
Asia	2.8%
Australia	4.3%
Africa	22.0%

Looking out to performance in 2012 attendance worldwide is forecast to grow by 3.8%. The fastest attendance growth is expected in Africa (13.3%) and Asia (8.8%). Attendance is a leading growth indicator. One area of concern is that for 2012 the North American venues are forecasting a 2.3% decline in attendance.

Expected Change in Total Attendance in 2012 vs. 2011

Region	%
All Reponses	3.8%
Europe	3.9%
North America	-2.3%
Asia	8.8%
Australia	2.5%
Africa	13.3%

Strength of Economic Recovery

The survey asked how members characterize the strength of the economic recovery. There are essentially two membership segments today – those seeing moderate growth, and a second group that is not. Fifty-six percent of centres are seeing moderate to strong recovery, while 44% see weak to no recovery, or recession. Seventy-five percent of North American venues indicate they are seeing a moderate recovery. Fifteen percent of Asian members say they are experiencing a strong recovery, although the same percentage say they are seeing very weak recovery, flat to no growth.

	All Regions	Europe	North America	Asia	Australia	Africa
Strong recovery	7%	3%	6%	15%	10%	0%
Moderate recovery	49%	43%	75%	35%	60%	83%
Weak recovery	28%	30%	13%	35%	30%	17%
Very weak recovery, flat to no growth	12%	16%	6%	15%	0%	0%
No recovery, we are still in recession	5%	8%	0%	0%	0%	0%

Strength of the Economic Recovery, 2011 & 2012 Comparison

Compared to the 2011 survey the biggest fall-off is the percentage of members seeing a strong recovery, from 17% in 2011 to only 7% this year.

	2011 All Regions	2012 All Regions	% Change
Strong recovery	17%	7%	-10%
Moderate recovery	46%	49%	3%
Weak recovery	27%	28%	1%
Very weak recovery, flat to no growth	7%	12%	5%
No recovery, we are still in recession	4%	5%	1%

Risks to the Recovery

The survey asked “What are the remaining perceived risks to the recovery to your business in your region?” The top three risks overall worldwide are considered to be the pace of economic growth, rising competition, and hotel availability and pricing.

Some of the key regional differences on this issue are:

- The economy is seen as a key risk to Australia and Europe especially.
- North American venues are more concerned with hotel availability and pricing, and air travel issues than other regions.
- Both Asian and Australian venues are more focused on competition from other regions as a risk factor.

	All Regions	Europe	North America	Asia	Australia	Africa
The economy	59%	70%	38%	45%	78%	33%
Competition from other regions	56%	49%	44%	70%	89%	67%
Growing competition	54%	57%	56%	50%	22%	100%
Hotel availability and pricing	32%	27%	50%	40%	33%	33%
Energy costs	30%	32%	25%	30%	56%	17%
Government policies including reduced spending	29%	33%	13%	10%	44%	50%
Air travel issues (pricing, availability, airlift, route access, etc.)	28%	13%	56%	25%	78%	50%
Government / corporate restrictions on meetings	26%	30%	31%	10%	0%	33%
Changing government priorities	24%	27%	31%	20%	22%	17%
Unemployment	21%	21%	31%	20%	11%	17%
Immigration or visa requirements limiting access	12%	5%	44%	15%	11%	0%
Political changes, instability	11%	13%	6%	15%	0%	0%
Increases of corporations and individuals using digital media and communications	9%	14%	0%	5%	11%	0%
Replacement of events with online alternatives	7%	11%	0%	0%	0%	17%
Sustainability concerns	5%	5%	0%	10%	0%	0%
Security, immigration policies limiting international attendance	4%	2%	19%	0%	0%	17%
Other	6%	2%	13%	10%	11%	0%

Metrics Used to Forecast Growth

For the first time the survey asked what metrics and areas are used to forecast facility business and attendance outlook. Most all of the regions focus, understandably, on existing event and client bookings. Event and client booking pace is most important to North American venues when forecasting. Australia and Europe place more emphasis on overall economic growth in their regions when developing their forecasts.

	All Regions	Europe	North America	Asia	Australia	Africa
Existing event and client bookings	93%	94%	91%	93%	100%	100%
Event and client booking pace	56%	54%	82%	50%	33%	50%
Overall economic growth	56%	60%	46%	43%	83%	50%
Event and client inquiries, marketing activity	55%	68%	18%	43%	17%	100%
Destination marketing organization / tourism bureau information / expectations	22%	26%	36%	7%	0%	0%
Hotel bookings	6%	8%	9%	0%	0%	0%
Other	2%	0%	0%	7%	17%	0%

How Venue Management Success is Measured

For the entire membership again this year the top three success metrics are venue operational profit/loss, total number of events booked, and total number of visitors. The North American venues place more emphasis on economic impact, total number of booked hotel rooms, and visitor-related tax revenues. Total number of visitors is most important to venues in Europe and Australia.

	All Regions	Europe	North America	Asia	Australia	Africa
Venue operational profit/loss	90%	87%	100%	83%	100%	100%
Total number of events	73%	76%	82%	67%	50%	100%
Total number of visitors	63%	70%	55%	42%	67%	100%
Total economic impact	53%	46%	91%	33%	83%	50%
Impact on economic development in our city and region	38%	28%	55%	42%	67%	100%
Public relations, press coverage	35%	33%	18%	50%	50%	50%
Total number of booked hotel rooms	20%	4%	82%	17%	33%	0%
City and community service levels and impact	20%	20%	9%	25%	33%	50%
Limitation or reduction of operational revenue losses or payment from government owner entity	17%	11%	36%	8%	33%	50%
Performance of our proprietary event business	15%	20%	0%	17%	0%	0%
Visitor-related tax revenues	7%	0%	55%	0%	0%	0%
Hotel community occupancy levels	4%	0%	9%	8%	0%	0%
Not applicable – we do not formally measure	1%	2%	0%	0%	0%	0%
Hotel community gross sales or profit	1%	0%	0%	8%	0%	0%
Other	7%	7%	0%	17%	17%	0%

Venues that Added New Revenue Sources in the Past Year

Forty-five percent of member venues said they added a new revenue stream in 2011. This is up from only 27% in 2010 a sign of gaining confidence in the recovery and risk taking.

	All Regions	Europe	North America	Asia	Australia	Africa
Yes	45%	58%	33%	36%	33%	100%
No	55%	42%	67%	64%	67%	0%

Examples of new revenue streams pursued by members as outlined in their write-in survey responses include:

- Expanded, enhanced meeting / conference spaces and services
- Enhanced, improved AV services
- Enhanced, improved telecommunications and IT services
- Advertising and signage income
- Upgraded food and beverage, catering
- Hosting cultural exhibitions; entertainment and sporting events
- Changing pricing, package plans, value added
- Parking
- Security
- Cleaning services

Pricing Power 2011 to 2012

Forty-two percent of AIPC members say they have been able to raise their convention and exhibition space pricing in the past year, compared to 45% that have kept their published pricing the same. The Asian venues have the most pricing power currently while Australian venues have the least.

	All Regions	Europe	North America	Asia	Australia	Africa
Increasing	42%	38%	46%	67%	33%	50%
Eroding	13%	11%	18%	0%	50%	0%
Staying the same	45%	51%	36%	33%	17%	50%

Pricing Power Trends Since 2007

Over the past five years 65% of venues say they have increased their pricing. Twenty-six percent of member venues say their pricing has stayed the same in this five year period.

	All Regions	Europe	North America	Asia	Australia	Africa
Increased	65%	67%	55%	67%	67%	100%
Eroded	9%	9%	18%	0%	17%	0%
Stayed the same	26%	23%	27%	33%	17%	0%

Percentage of Venues Engaging in More Incentive or Subvention Activities 2011 to 2012

Although published pricing is increasing overall, just over half of venues are offering more incentive or subvention activities (i.e., rent reductions, added value services, cash incentives, and hosted functions, etc.) compared to last year, according to the study. The survey results suggest that North America is experiencing the most discounting.

	All Regions	Europe	North America	Asia	Australia	Africa
Yes	52%	47%	64%	55%	50%	50%
No	48%	53%	36%	45%	50%	50%

Incentive & Subvention Activities Since 2007

Since 2007, 67% of members say they are engaging in more incentive or subvention activities compared to five years ago. Eighty-two percent of the responding North American venues indicated they are providing more incentives and subvention activities with clients.

	All Regions	Europe	North America	Asia	Australia	Africa
Yes	67%	68%	82%	55%	67%	50%
No	33%	32%	18%	45%	33%	50%

Revenue “Movement” 2011-2012: Percentage of Venues Seeing Increasing Revenue Streams – All Regions

The table below provides the revenue sources with the largest percentage change based on increased revenues expected in 2012 compared to 2011. This analysis provides the “revenue movement” in terms of the percentage of all members experiencing growth by revenue category. This is one of the strongest signs of recovery for the convention centre industry. Collectively more members are expecting to see revenue growth in all of the 14 revenue streams tracked in the survey. Also, 58% of members are expecting total exhibition and meeting space revenue to increase in 2012.

2012	2011 % Venues with Increase	2012 % Expecting Increase	% Change
Exhibit hall and meeting room rent	53%	58%	+5%
Food/beverage sales or concessions	49%	56%	+7%
Other vendor commissions/revenue share	22%	28%	+6%
Audio-Visual and equipment rental	42%	58%	+16%
Exhibitor services	32%	39%	+7%
Telecom, internet, technology services	35%	51%	+16%
Parking revenues	24%	27%	+3%
Signage and/or advertising	19%	32%	+13%
Events owned/produced by the venue	19%	30%	+11%
Portion of hotel occupancy tax	7%	15%	+8%
Hotel reservation services	4%	11%	+7%
Direct government funding	7%	10%	+3%
Naming rights	5%	6%	+1%
Public/private partnership(s)	7%	13%	+6%

Revenue change breakouts by region are provided in the appendix to this report.

II.) New Buildings, Expansions & Renovations

A range of new development and investment themes are covered in this section of the study.

New Building & Expansion Activity

New building and expansion activity is slowing overall worldwide, while renovations are rising. Still, 64% of member venues are planning a new development project or have one underway. The table below presents the overall 2012 worldwide findings compared to the 2010 and 2011 survey results.

AIPC Members Worldwide Planning or Currently Developing/Constructing a New Build, Expansion or Renovation Project 2010, 2011 & 2012 – All Regions

All Regions	2010	2011	2012	2012 vs. 2011 % Change	2012 vs. 2010 % Change
New build	17%	12%	16%	+4%	-1%
Expansion	32%	25%	20%	-5%	-12%
Renovation	17%	23%	36%	+13%	+19%
No development plans currently	35%	40%	36%	-4%	+1

AIPC Members Worldwide Planning or Currently Developing/ Constructing a New Build, Expansion or Renovation Project 2012 – Regional Breakout

Only 29% of Asian venues say they have no development plans currently, compared to 38% and 36% in Europe and North America respectively. Sixty-seven percent of Australian venues say they have an expansion project currently underway or in planning stages.

	All Regions	Europe	North America	Asia	Australia	Africa
New build	16%	19%	9%	7%	17%	50%
Expansion	20%	15%	27%	29%	67%	0%
Renovation	36%	42%	27%	36%	0%	100%
No development plans currently	36%	38%	36%	29%	33%	0%

Will the New Development Project Improve Financial Performance or Provide Broader Economic Impact

The survey asked for the first time “Do you feel the expansion, new build and related investment will improve your venue’s financial performance, or that the main impact will be broader economic impact on the city and region?” Solid majorities in all regions feel their project will provide both improved financial performance and broader economic impact on their region.

	All Regions	Europe	North America	Asia	Australia	Africa
Improve venue financial performance	21%	24%	25%	25%	0%	0%
Impact broader economic impact on the city and region	9%	14%	0%	0%	20%	0%
Both improved financial performance and broader regional economic impact	70%	62%	75%	75%	80%	100%

Venue Areas in Most Need of Enhancement or Investment

The spaces and areas that need most improvement are meeting rooms, exhibit halls, and signage. Eighty-three percent of Australian venues indicate that their exhibit halls need the most enhancement or improvement. Sixty-seven percent of North American venues say their signage needs improvement.

	All Regions	Europe	North America	Asia	Australia	Africa
Meeting rooms	53%	59%	44%	50%	33%	100%
Exhibit halls	46%	39%	44%	58%	83%	100%
Signage	35%	24%	67%	42%	67%	50%
Pre-function spaces	26%	22%	44%	8%	67%	0%
Client-facing food service areas and restaurants	24%	22%	22%	33%	0%	100%
Kitchen(s)	22%	20%	33%	17%	0%	50%
Outdoor, outside areas	22%	24%	44%	8%	17%	0%
Ballroom(s)	20%	15%	33%	33%	0%	50%
Business centre	19%	22%	44%	0%	0%	0%
Venue connections and links to transportation, such as shuttle bus and taxi areas	18%	17%	22%	25%	0%	50%
Venue connections and links to hotels or other key buildings	18%	22%	22%	17%	0%	0%
Loading dock and related areas	15%	12%	22%	25%	0%	50%
Other concession areas and store-fronts	12%	2%	44%	25%	17%	0%
Other	11%	12%	0%	8%	0%	50%

If You Could Redesign Your Centre Today, What Changes Would be Made?

The survey asked “If You Could Redesign Your Centre Today, What Changes Would You Make?” Centre space requirements appear to be changing as a result of evolving event formats and client expectations.

Key regional findings include:

- In North America, there is a desire to add more meeting space, according to 64% of venues in the region as well as more ballroom (55%) and pre-function space (46%).
- Seventy-five percent of Asian venues say they would design their venues to have more exhibit space.
- In Australia, 83% would like more pre-function space.

	All Regions	Europe	North America	Asia	Australia	Africa
More meeting space	57%	62%	64%	58%	50%	0%
More exhibit space	57%	60%	36%	75%	50%	50%
More pre-function space	39%	36%	46%	25%	83%	0%
More ballroom space	29%	19%	55%	42%	33%	0%
Less exhibit space	6%	5%	18%	8%	0%	0%
Less pre-function space	1%	0%	9%	0%	0%	0%
Less meeting space	0%	0%	0%	0%	0%	0%
Less ballroom space	0%	0%	0%	0%	0%	0%
Other	23%	21%	18%	25%	33%	100%

Some of the “Other” write-in answers include: More networking spaces, lounges, bar, restaurants; Non-conventional areas for meetings; Multi-functional and flexible areas; Larger pre-built auditorium; More adequate loading dock facilities; More truck marshalling space; and Storage.

Government Inclination to Invest in Centres

The survey asked “Do you feel that currently government is more or less inclined to invest in the convention and congress centre industry, especially in terms of facilities and infrastructure?” Only 18% of members worldwide feel that government is more inclined to invest, although 41% said the level is the same as over the past few years. The highest level of government interest is the regions with the most number of emerging market countries, Africa and Asia.

	All Regions	Europe	North America	Asia	Australia	Africa
More inclined to invest	18%	16%	9%	33%	0%	50%
Less inclined	41%	35%	64%	33%	67%	50%
Same level	41%	49%	27%	33%	33%	0%

III.) Marketing & Client Trends

This section of the report covers centre marketing and how event producers and clients are changing.

How Sales & Marketing Has Changed

The survey asked how members have changed their sales and marketing in response to market conditions. While “More Marketing Investment” is the number one approach, less than half of venues are doing this.

Key regional findings include:

- In Europe, 58% of venues are making more investments in marketing.
- North America, 64% say they have started pursuing other markets.
- Sixty-seven percent of Australian members are pursuing more local business alliances.

	All Regions	Europe	North America	Asia	Australia	Africa
More marketing investment	47%	58%	36%	33%	17%	100%
Started pursuing other markets	44%	40%	64%	33%	50%	50%
Switched tactics	41%	44%	36%	42%	33%	0%
Pursued local business alliances	35%	30%	36%	42%	67%	50%
Changed messaging	26%	28%	27%	25%	33%	0%
Changed CVB relations	19%	14%	27%	8%	50%	50%
Developed an “Ambassador” program	21%	21%	27%	8%	33%	0%
Joined a marketing alliance	18%	21%	9%	17%	17%	50%
Not applicable	9%	2%	9%	25%	0%	0%
Other	12%	12%	18%	0%	33%	0%

How Event Prouder Clients are Changing

Clearly, one of the main changes seen in clients is their inclination to negotiate more, and this has been a long-term trend. The two other main changes are shorter booking windows and higher-quality food and beverage requirements. All three of these trends are most pronounced in North America as well as in Africa.

	All Regions	Europe	North America	Asia	Australia	Africa
Increased negotiations	88%	91%	100%	75%	83%	100%
Shorter booking windows, they are booking closer to the event dates	82%	81%	100%	50%	100%	100%
Requiring higher-quality food and beverage	51%	52%	60%	42%	50%	100%
Requiring attendance promotion assistance	30%	26%	30%	42%	33%	50%
Asking for more Public Relations assistance and outreach to city and regional leaders	32%	33%	10%	42%	33%	50%
Focusing more on event design and ambiance	28%	24%	30%	33%	50%	50%
Longer booking windows, they are booking further from the event dates	8%	7%	0%	25%	0%	0%
Other	7%	7%	0%	0%	17%	50%

Other Ways Events Are Changing

A follow-up question in the survey was “How else are events changing?”

- Europe: 82% say they are seeing shorter events in terms of total number of days.
- Events are getting larger in terms of space requirements in both Australia (50%) and Asia (42%).
- In North America, 56% of venues are seeing events getting smaller in terms of overall space requirements.

In North America the strongest types of events are National or International corporate meetings.

	All Regions	Europe	North America	Asia	Australia	Africa
Shorter events in terms of total number of days	69%	82%	56%	25%	83%	50%
Event attendance is declining	36%	41%	44%	17%	33%	50%
Events are getting larger in terms of space requirements	35%	31%	22%	42%	50%	50%
Event attendance is growing	31%	26%	33%	50%	33%	0%
Events are getting smaller in terms of space requirements	22%	18%	56%	25%	0%	50%
Longer event day periods, daily hours	18%	15%	11%	25%	17%	50%
Shorter event day periods, daily hours	18%	28%	0%	8%	0%	0%
Longer events in terms of total number of days	3%	3%	0%	8%	0%	0%
Other	8%	13%	11%	0%	0%	0%

Event and Group Segments with the Best Current Growth or Near-Term Prospects

Associations receive the highest responses from members when considering the types of events that provide the best opportunity for current or near-term growth. These are followed by corporate meetings.

	All Regions	Europe	North America	Asia	Australia	Africa
Association conventions with exhibits	71%	74%	46%	73%	83%	100%
Association conferences and meetings	61%	64%	46%	53%	67%	100%
National or International corporate meetings	54%	60%	73%	33%	33%	50%
Local corporate meetings	41%	46%	46%	33%	17%	50%
For-profit trade shows, trade fairs, exhibitions	36%	26%	46%	47%	33%	75%
Entertainment events	36%	44%	27%	27%	33%	25%
Governmental events and meetings	34%	34%	0%	40%	33%	75%
Consumer and public shows	29%	20%	36%	53%	17%	75%
Sporting events	10%	8%	27%	7%	17%	0%
Other	2%	4%	0%	0%	0%	0%

Partnering & Sharing Risk

In the category of new revenue streams and strategies, partnering with event producers and other organizations to launch events has been pursued or tried by 41% of member venues. Specifically the survey asked “Have you partnered with an event, group or other organization to run an event or activity in which your venue shared in the financial gains or potential risks?”

	All Regions	Europe	North America	Asia	Australia	Africa
Yes	41%	45%	46%	36%	33%	50%
No	59%	55%	54%	64%	67%	50%

Examples from the write-in survey responses include:

- Cultural exhibitions and events.
- Art shows and events.
- Entertainment and concerts.
- Consumer shows.
- Share of ticket sales with or instead of space rental.

How Attendees Are Changing

Attendees are also changing. According to members, attendees at their venues are displaying the following behavior: shorter stays and visits at events; shorter or less tourism-related activity/stays before/after events; and less spending on attendee-related services in venues such as food concessions or business centre.

The most pronounced regional differences are that shorter stays and visits at the events are most seen in Europe and Asia. North America is seeing more in terms of less spending on attendee-related services such as food concessions or business centre. Sixty percent of venues in North America say they are experiencing more booking outside of event or city-sanctioned hotel room blocks.

	All Regions	Europe	North America	Asia	Australia	Africa
Shorter stays and visits at the events	77%	81%	40%	83%	100%	100%
Shorter or less tourism-related activity or stays before or after events	58%	62%	50%	50%	60%	100%
Less spending on attendee-related services such as food concessions or business centre	46%	54%	50%	33%	40%	50%
More booking outside of event or city-sanctioned hotel room blocks	19%	11%	60%	17%	20%	0%
More spending on attendee-related services such as food concessions or business centre	17%	14%	20%	33%	0%	0%
Less booking outside of event or city-sanctioned hotel room blocks	14%	19%	10%	8%	0%	0%
Longer or more tourism-related activity or stays before or after events	4%	3%	0%	8%	0%	0%
Longer stays and visits at the events	3%	3%	10%	0%	0%	0%
Other	9%	5%	20%	0%	0%	50%

Working with Local Community Groups

A majority of venues are working more closely with local community groups than in previous years. This is seen the most in North America and Asia.

	All Regions	Europe	North America	Asia	Australia	Africa
Yes	61%	61%	73%	71%	67%	50%
No	39%	39%	27%	29%	33%	50%

Some of the key reasons for working with community groups are provided below from the write-in answers.

All Communities:

- To promote the need for more funding.

Academic Community:

- Attract more scientific events.
- Opportunity for interns.
- Increasing medical conventions.
- New ideas.

Business Community:

- Garner more corporate business and support.
- Actively support business groups to attract more business tourism.

Local Government:

- Driving the message of our impact related to tax generation, job creation and sales from our guests.
- Financial support from city government is critical factor for choosing the host city.

General Public:

- Raise awareness of the centre and its contributions; and increase visitors to our public events.

Hybrid Events: Face-to-Face with Virtual/Online Elements

A key trend in the events industry is the rise of hybrid events, meaning combining physical events with robust online and digital components. Fifty-three percent of centres are seeing more clients incorporating hybrid events that combine face-to-face and virtual/online elements. The impact of hybrid events is seen as positive for venues by 56% of members, although 38% are unsure of the impact.

	All Regions	Europe	North America	Asia	Australia	Africa
Yes, seeing more hybrid events	53%	59%	40%	58%	33%	50%
No	33%	25%	50%	25%	67%	50%
Don't know	14%	16%	10%	17%	0%	0%

Impact of Hybrid Events

	All Regions	Europe	North America	Asia	Australia	Africa
Positive	56%	54%	70%	58%	67%	50%
Negative	6%	2%	20%	8%	17%	0%
Unsure	38%	44%	10%	33%	17%	50%

Data on Hybrid Events from Event Producers

More associations and event producers are running hybrid events that combine face-to-face and online elements. A recent study by Red 7 Media Research & Consulting found that the average event's virtual show or webinar attendance spiked to 4,294 when held at the same time as their physical events. This compares to the average online participation of 1,269 when virtual events and webinars are held at a different time. Streaming keynotes and running webinars during event days should only enhance the brand and likely drive future attendance.

Conclusion

Over the past few years while there has certainly been economic upheaval around the world and a number of industry challenges, the convention and congress centre industry has displayed steady growth. Gross revenue expanded by 6.8% in 2010 and 5.7% in 2011. Still, according to the 2012 member survey, 44% of AIPC members say the economic recovery is weak or non-existent in their regions.

On top of concerns about the economy, there is growing competition in the form of new and expanded venues, aggressive hotel operators targeting the event and meeting business, and empowered clients that are negotiating more and asking for incentives and discounts. Another key trend is the rapid expansion and adoption of digital media and communications technology.

There are many other issues and trends – both positive and negative – impacting venue managers around the world. The table below quantifies write-in answers to this survey question: “What is the single most important new management approach, service, project, development or industry trend impacting your business this year?” The findings suggest there is no overall, single key concern, but that primary areas relate to sales and marketing, improving operations and processes, IT investment, and customer service.

AIPC Members’ Most Important New Management Approach, Service, Project, Development or Industry Trend

	All Regions Worldwide
Sales and marketing related	17%
Operational or process improvement	13%
IT investment	11%
Customer service	11%
Expanded spaces	9%
Partnering	8%
Special local factors, or major unique events	6%
Pricing and package plan changes	6%
Customer and client issues, trends	6%
New revenue strategies, launching own events	4%
Cost control	4%
Staffing, hiring	2%
Food and beverage enhancement	2%
Other enhanced services and/or new equipment	2%

Many of these areas and issues can be grouped to include changes related to event producer clients and end-users. A number of AIPC member comments on how clients are changing illustrate some of these key trends today.

- “Clients are seeking better value for services, especially IT.”
- “Customers ask for same kind of spaces, but expect more comfortable facilities with various on-site services as lounges, technical possibilities, state-of-the-art restaurants and cafes, etc.”
- “Increase in the demand for break-away spaces, parallel meeting rooms and network spaces. Conferences are becoming more interactive and the spaces need to respond to this.”
- “Clients require more direct service, including more active participation in the design of event logistics. Clients are much more reactive to hot-button issues, and much less proactive in terms of anticipating changes and re-positioning their events. They want solutions now to problems they didn’t know they had.”
- “Centres are increasingly having to provide more for less. Clients are negotiating much harder on the areas that directly affect them and this is usually around the services provided by the centre. Organizer fees, hotel rates, etc. seem to be less affected.”

In 2012 economic growth rates are slowing around the world, and most top venue executives are expecting lower revenue and attendance growth rates in the near-term. But they are still expecting growth. The industry is on the Road to Recovery. The issue is that the road is starting to feel long. The journey is a multi-year process.

It is also important to emphasize how there are ongoing differences in performance and priorities in various regions of the world. As many of these differences are driven by regional economic trends and issues, the industry can expect further shifts in the future as economic fortunes move in different directions. Some of the major regional differences are most pronounced in these areas – the level of competition within countries and regions, the facility investment and development cycle and level of government support; pricing power, client mix, approach to marketing and client service, and how venue success is measured. These shifts and changes will continue to be tracked by AIPC to provide a further source of insights.

Appendix I: Revenue Streams with an Increase or Decrease in Terms of Total Revenue Growth Expected 2011 to 2012

Survey Question: Which of the following revenue streams do you expect to see an increase or decrease in terms of total revenue in 2012 compared to 2011?

Exhibit Hall and Meeting Room Rent

	Europe	North America	Asia	Australia	Africa
Increase	54%	60%	83%	33%	100%
Decrease	14%	40%	8%	50%	0%
Stay the Same	28%	0%	0%	17%	0%
Not Applicable	5%	0%	8%	0%	0%

Food & Beverage Sales or Concessions

	Europe	North America	Asia	Australia	Africa
Increase	48%	50%	75%	67%	100%
Decrease	16%	50%	17%	17%	0%
Stay the Same	32%	0%	0%	17%	0%
Not Applicable	5%	0%	8%	0%	0%

Other Vendor Commissions/Revenue Share

	Europe	North America	Asia	Australia	Africa
Increase	28%	30%	27%	17%	100%
Decrease	8%	40%	0%	0%	0%
Stay the Same	45%	10%	0%	50%	0%
Not Applicable	20%	20%	73%	33%	0%

Audio-Visual and Equipment Rental

	Europe	North America	Asia	Australia	Africa
Increase	57%	50%	58%	83%	100%
Decrease	9%	30%	8%	0%	0%
Stay the Same	30%	10%	17%	17%	0%
Not Applicable	5%	10%	17%	0%	0%

Exhibitor Services

	Europe	North America	Asia	Australia	Africa
Increase	36%	40%	42%	33%	100%
Decrease	12%	30%	0%	17%	0%
Stay the Same	38%	10%	25%	50%	0%
Not Applicable	14%	20%	33%	0%	0%

Telecommunications, Internet and Technology Services

	Europe	North America	Asia	Australia	Africa
Increase	50%	30%	58%	50%	100%
Decrease	10%	50%	8%	33%	0%
Stay the Same	33%	10%	0%	17%	0%
Not Applicable	7%	10%	33%	0%	0%

Parking Revenues

	Europe	North America	Asia	Australia	Africa
Increase	17%	20%	58%	67%	0%
Decrease	17%	0%	8%	0%	50%
Stay the Same	41%	10%	0%	17%	50%
Not Applicable	26%	70%	33%	17%	0%

Signage and/or Advertising

	Europe	North America	Asia	Australia	Africa
Increase	28%	20%	42%	33%	50%
Decrease	5%	10%	8%	0%	0%
Stay the Same	50%	30%	8%	33%	0%
Not Applicable	18%	40%	42%	33%	50%

Events Owned/Produced by the Venue

	Europe	North America	Asia	Australia	Africa
Increase	31%	10%	46%	33%	0%
Decrease	0%	0%	0%	0%	0%
Stay the Same	36%	10%	18%	17%	0%
Not Applicable	33%	80%	36%	50%	100%

Portion of Hotel Occupancy Tax

	Europe	North America	Asia	Australia	Africa
Increase	10%	30%	18%	0%	0%
Decrease	0%	10%	0%	0%	0%
Stay the Same	18%	0%	9%	0%	0%
Not Applicable	73%	60%	73%	100%	100%

Hotel Reservation Services

	Europe	North America	Asia	Australia	Africa
Increase	10%	0%	18%	0%	50%
Decrease	2%	0%	0%	0%	0%
Stay the Same	20%	0%	0%	0%	0%
Not Applicable	68%	100%	82%	100%	50%

Direct Government Funding

	Europe	North America	Asia	Australia	Africa
Increase	8%	0%	25%	0%	0%
Decrease	5%	30%	0%	0%	0%
Stay the Same	25%	40%	8%	50%	100%
Not Applicable	63%	30%	67%	50%	0%

Naming Rights

	Europe	North America	Asia	Australia	Africa
Increase	8%	0%	9%	0%	0%
Decrease	0%	0%	0%	0%	0%
Stay the Same	29%	10%	9%	0%	0%
Not Applicable	63%	90%	82%	100%	100%

Public/Private Partnership(s)

	Europe	North America	Asia	Australia	Africa
Increase	13%	10%	18%	0%	50%
Decrease	5%	0%	0%	0%	0%
Stay the Same	24%	0%	9%	67%	0%
Not Applicable	58%	90%	73%	33%	50%

Appendix II: Convention, Exhibition & Conference Management Trends

This appendix provides an overview of key issues and trends impacting leading convention, exhibition and conference producers. The research and data is from Red 7 Media studies and reports conducted in 2011 and 2012.

Overall, event producers' key challenges today relate to growing quality attendance, driving revenue in a slow economy, and integrating social media into their communications programs and marketing.

Top Convention & Exhibition Producer Issues & Concerns

- Improve attendee experience: according to 94% of event producers
- Improve event ROI: 90%
- Expand customer engagement: 85%
- Increase overall attendance: 83%
- Drive higher quality attendance: 77%

Source: Red 7 Media Research

Key Themes Impacting Leading Convention & Exhibition Producers

An overall key theme impacting the event industry is the goal of connecting physical event groups and audiences with online communities of clients, users, prospects and influencers – or at least better linking the experiences of physical events with online communications and interactions. Technology is being used to link these seemingly different communities into one. A key opportunity is to focus on more and better content, information and communication links before, during and after the event. This allows for attendees in particular to better manage their event-related information, content and what they learned at the event, and enhance their overall experience. For example, a marketing executive with a leading IT company recently told Red 7 Media that the biggest opportunity for their event programs is to foster “better, more meaningful and relevant connections with customers” both online and at their events.

How Events & Event Producers are Changing

Major events such as conventions and exhibitions have certainly been impacted by new technology and changes in the economy, marketing and media. In a way it can be said that events have changed significantly over the past few years. But in another way, they really haven't changed much at all.

Events were hit hard in the recession and the recovery has been uneven, with individual show performance tied to the underlying health of the industry they serve. Still, few major events or event companies have been canceled or shut-down over the past few years. Providing a marketplace that brings buyers and sellers together in an exhibit floor surrounded by education, information and networking – and possibly some entertainment – is a strong business model.

Overall the key issues impacting the industry today are not that different from the concerns ten or even twenty years ago, with some exceptions. The impact of social media for example was not a key topic until about three or four years ago. Also, the contemporary convention center design of the 1990s and 2000s with improvements in quality, ambiance and technology is still the norm. Exhibit booths are more open in format than they used to be, and exhibitors have been using lighter, less costly materials for years. Exhibitor ROI has been a top issue of discussion for decades.

Some of the important changes impacting major events are outlined below.

Strategic Shift to Attendees: Event producers say improving the attendee experience is their number one focus and concern. This is slightly more important than improving ROI for exhibitors, according to a recent Red 7 Media study. Generally, what event producers are doing to enhance the attendee experience include adding content, information and networking; improving the event environment and ambiance; and making the registration and logistical processes more efficient.

Event producers are still very concerned with exhibitor sales and results. It is just that there has been significantly increased focus on attendees over the past few years.

Attendance Marketing: One of the biggest event management changes is the shift to digital and electronic marketing and communications. Attendance marketing has changed significantly over the past ten years. The last three to four years alone have seen an explosion in the use of social media to communicate information and build an online community around events.

For decades direct mail and print advertising were the workhorses to promote conventions and exhibitions. Today there are many different approaches and strategies. In fact, Red 7 Media research has identified nearly 30 different mediums, media and tactics used by event producers to drive attendance. Direct mail is not going away completely. Many event producers say that the most effective approach is the combination of email and direct mail, and

other methods. But the shift to digital has been significant.

Social Media: It is no secret that social media is gaining rapidly in importance. In fact, close to 90% of event producers are using at least one social media platform today, up from about 30% just a few years ago. Facebook and Twitter are mainly being used to increase brand awareness, build an online community, and supplement other communications. While social media has become very important, still only 3% of event producers say it is the most effective approach to promote attendance with the highest ROI, in a recent survey.

Hybrid Events: More associations and event producers are running hybrid events that combine face-to-face and online elements. A recent study by Red 7 Media found that the average event's virtual show or webinar attendance spiked to 4,294 when held at the same time as their physical events. This compares to the average online participation of 1,269 when virtual events and webinars are held at a different time. Part of the thinking is that broadcasting events such as the Olympics and World Cup has not hurt their actual attendance levels, in fact it helped increase interest in attending the live events. Streaming keynotes and running webinars during event days should only enhance the brand and likely drive future attendance.

Event Duration: One of the most pronounced changes is that events are getting shorter in terms of the number of event days. This has been a long-term trend. Major shows used to be four or even five days, but for years it has been more common to see three day shows. One of the reasons for this is that attendees are simply not staying as long. A recent survey of top convention center managers found that three out of four say that attendees are not staying as long at events and in the city compared for a few years ago.

Working with Cities and Venues: CVBs and venues say they are seeing shorter booking windows, meaning event producers are booking cities, hotels and venues closer to the event dates. This is not a dramatic shift but events are taking longer to make site-selection decisions. In terms of working with venues and on-site issues, event producers are negotiating in more depth and detail. Additionally, about half of events are enhancing their food and beverage offerings. About one-third of event producers are also asking CVBs and venues for more public relations assistance, outreach to city and regional leaders, and attendance promotion assistance. Certain events are also more focused on the look and feel of their events and are spending more time and money on event design and ambiance.

Additional Event Producer Trends

Even the largest, highest profile conventions and exhibitions with tens of thousands of attendees are actually niche events. Their performance is closely tied to the underlying growth trends in their industry and the segments they serve. The uneven economic recovery is reflected in event producer comments.

Overall, Red 7 Media is seeing that there is caution holding back strong attendance growth and event producers are trying not to pass on cost increases to exhibitors and attendees.

During the depths of the downturn attendance held up better than exhibitor participation. We are now seeing that corporations and their exhibit and event marketing programs are healthier than the more diverse and wider attendance base in many sectors. Show producers were focused for a number of years on keeping exhibitors in their shows. Now the shift is to driving quality attendance. Some of the key trends related to driving attendance according to show producers are reflected in these verbatim comments:

- “(We are focused on) increasing senior executive awareness.”
- “More effective use of social media.”
- “Growing attendance from regions near the destination by promoting daily conference registrations and providing group transportation options.”
- “Getting younger members to understand the importance of attending and participating in their annual organization’s business meeting.”
- “Personal invitations from peers.”
- “International attendance.”
- “Shifting member mentality that it would benefit them to personally pay to attend the conference and not rely on their employer to pay for attending.”



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