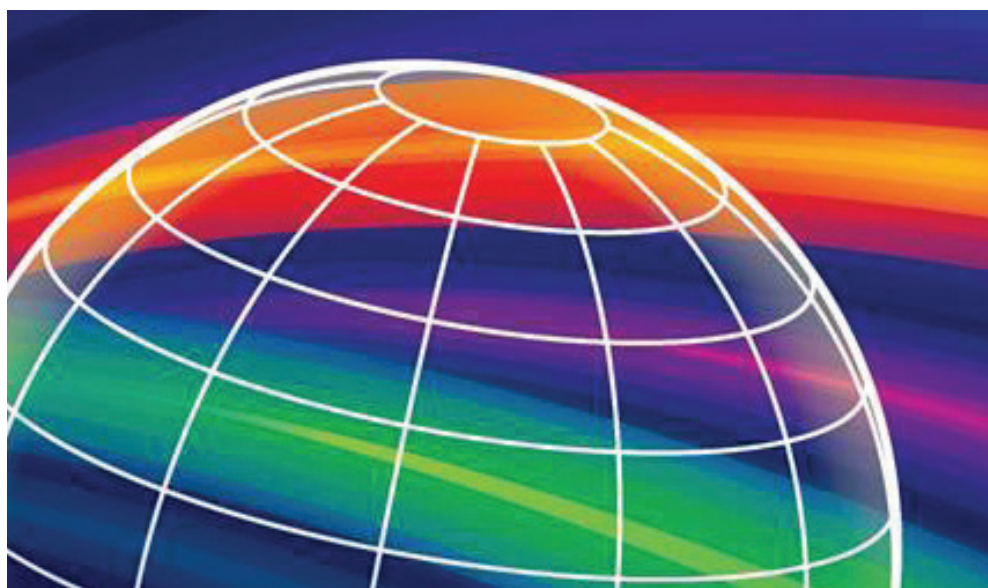


2013

# Convention Centres: Performance & Prospects Member Survey

**AIPC**





# Convention Centres: Performance & Prospects 2013 Member Survey

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# Introduction

As part of our ongoing series of studies, AIPC conducted the fourth annual member survey to analyze how important trends and issues are impacting the convention and congress centre industry. This new study ***Convention Centres: Performance & Prospects*** 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. The survey presents the voice of the AIPC membership on key issues.

In May and June 2013, AIPC conducted a survey that was sent to all members around the world. The survey received responses from 112 member venues for a 65% response rate. The report covers the following key areas:

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

New in this year's study is a separate survey of top event producers from around the world on their convention centre requirements. A summary of the key findings from both surveys was presented at the 2013 AIPC Annual Conference in Cape Town.

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 the total number of venues in each of the major regions of the world.

The survey and report was developed by AIPC in collaboration with Michael Hughes, Managing Director of Research & Consulting with Red 7 Media Research & Consulting. 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

There are many issues, challenges and opportunities impacting convention and congress centres around the world. Five of the most important key insights from this new survey are provided here in summary format.

## 1.) Strong Growth in 2012, but There's Concern About 2013

In an uneven global economy still recovering from the economic crisis, convention centres worldwide experienced good growth in 2012. According to the new AIPC Member Survey, convention and congress centres worldwide collectively expanded gross revenues by 6.7% last year. This is a 1% increase over the growth rate in 2011. Still there is caution expressed by venue managers. For 2013, AIPC members are collectively forecasting only 1.4% top-line revenue growth worldwide. Every region except for North America is expecting slower revenue growth in 2013 compared to 2012. In a good sign, for calendar year 2013, members are forecasting 2.7% total growth for overall attendance around the world.

## 2.) Significant Investment in Expansions & Renovation Projects

As a result of recent industry growth, changing event client requirements, increasing competition, and a lack of projects started during the economic downturn, centres and governments are investing in the industry. In fact, over 62% of members are expanding, renovating, or planning a significant investment project for their facilities. Thirty-three percent of AIPC members have a renovation project underway or planned, and 31% are expanding their facilities or are studying an expansion.

## 3.) New Revenue Streams

Leading centres are becoming more entrepreneurial and are adding new revenue streams. Forty-five percent of AIPC member venues added a new revenue stream in the past year. Some of the most common strategies are to launch or partner with other groups on new events. Many facilities are also expanding their signage, advertising and sponsorship opportunities to drive additional revenue. Venues worldwide continue to significantly expand their full range of event and meeting services.

## 4.) Client Negotiations

A persistent trend is that event managers are negotiating more with venues. Eighty-eight percent of venue managers say they are seeing increased negotiations and requests from event producers often for discounts and added value. And event producers agree. For example, the separate event management survey conducted as part of the new AIPC Member Outlook Study found a significant 76% of event management respondents saying they are increasing their negotiations with venues, hotels and destination marketing organizations.

## 5.) Event Producer Venue Needs Focused on Technology & Attendance Promotion

The new survey of leading event producers conducted as part of the 2013 AIPC Member Outlook Study Report found their number one venue-related need over the next few years relates to enhanced technology and telecommunications services and bandwidth. Other important changes expected are that 50% of event producers want venues, and presumably destination marketing organizations, to provide more attendance promotion assistance. And 44% say they will need more multi-function capabilities and flexibility from convention centres.

In short, in response to key event industry trends, centres and event producers are innovating together to better serve attendees -- primarily through technology and by enhancing the attendee experience. Both centres and event producers are responding to the explosive growth of attendee and delegate use of mobile technology to access and create content and information around meetings and events.

Additional key findings and more information on some of the five primary insights are provided below.

Convention centres worldwide experienced good growth in 2012. According to the new AIPC Member Survey, convention and congress centres worldwide collectively expanded gross revenues by 6.7% in 2012. This is a 1% increase over the growth rate in 2011. Asia was the fastest growing major region in 2012 with 17.8% top-line growth. African members collectively expanded revenue by an average of 36.7%, (although this is based on a small sample as only three members from the continent responded to the survey). Europe and North America experienced subdued growth with 3.0% and 1.1% gross revenue expansion last year respectively. Australia continued the multi-year trend of strong growth with a 10.1% revenue increase last year.

### 2010, 2011 & 2012 Revenue Growth with 2013 Forecast

|                       | 2010 Gross Revenue Growth Actual | 2011 Gross Revenue Growth Actual | 2012 Gross Revenue Growth Actual | 2013 Gross Revenue Growth Expected |
|-----------------------|----------------------------------|----------------------------------|----------------------------------|------------------------------------|
| Worldwide All Regions | 6.8%                             | 5.7%                             | 6.7%                             | 1.4%                               |
| Europe                | 3.9%                             | 5.2%                             | 3.0%                             | 0.1%                               |
| North America         | 2.2%                             | 5.3%                             | 1.1%                             | 3.3%                               |
| Asia                  | 26.1%                            | 2.4%                             | 17.8%                            | -1.8%                              |
| Australia             | 9.3%                             | 9.1%                             | 10.1%                            | 4.2%                               |
| Africa                | --                               | 7.8%                             | 36.7%                            | 23.3%                              |

For 2013 AIPC members are collectively forecasting sharply lower 1.4% top-line revenue growth worldwide. Every region except for North America is expecting slower revenue growth in 2013 compared to 2012. European members are collectively forecasting only 0.1% revenue growth. Asian venues are actually expecting a 1.8% decline in gross revenue in 2013.

In 2012 attendance at member venues collectively expanded by 2.0% worldwide. The strongest region was Asia with 12.8% attendance growth. For calendar year 2013, members are forecasting slightly higher 2.7% growth for overall attendance worldwide. Attendance growth rates are typically a leading indicator. North American venues forecast a strong jump in attendance from flat growth in 2012 to healthy 4.5% expansion in 2013.

### 2010, 2011 & 2012 Attendance Growth & 2013 Forecast

|                       | 2010<br>Attendance<br>Growth Actual | 2011<br>Attendance<br>Growth Actual | 2012<br>Attendance<br>Growth Actual | 2013<br>Attendance<br>Growth<br>Expected |
|-----------------------|-------------------------------------|-------------------------------------|-------------------------------------|--|
| Worldwide All Regions | 1.0%                                | 5.4%                                | 2.0%                                | 2.7%                                     |
| Europe                | -0.8%                               | 5.2%                                | 0.3%                                | 2.0%                                     |
| North America         | -6.3%                               | 6.8%                                | 0.1%                                | 4.5%                                     |
| Asia                  | 15.5%                               | 2.8%                                | 12.8%                               | 4.4%                                     |
| Australia             | 6.7%                                | 4.3%                                | -3.5%                               | 1.7%                                     |
| Africa                | --                                  | 22%                                 | 10.0%                               | 8.0%                                     |

While overall industry growth has been good, analyzing the responses further shows that there are essentially two groups in the industry today. Fifty-two percent of members around the world see a moderate to strong recovery, while 48% see a weak recovery or no recovery at all.

### Strength of the Economic Recovery in 2013

|  | All Regions | Europe | North America | Asia | Australia | Africa |
|--|-------------|--------|---------------|------|-----------|--------|
| Strong recovery                        | 16%         | 11%    | 20%           | 39%  | 17%       | 0%     |
| Moderate recovery                      | 36%         | 27%    | 45%           | 31%  | 67%       | 75%    |
| Weak recovery                          | 23%         | 23%    | 30%           | 31%  | 8%        | 25%    |
| Very weak recovery, flat to no growth  | 14%         | 21%    | 5%            | 0%   | 8%        | 0%     |
| No recovery, we are still in recession | 11%         | 18%    | 0%            | 0%   | 0%        | 0%     |

The survey asked for the perceived risks to sustained economic recovery. The top risks are considered to be government policies including reduced spending according to 63% of AIPC members, followed by the slow economic recovery (52%), and unemployment (45%).

A more specific follow-up question was *What are the remaining perceived risks to the recovery specifically to your centre business?* The top three responses:

- Growing competition from other centres and regions, 68%
- Slow or weak business growth by event clients and venue users, 56%
- Hotel availability and pricing, 32%

For the first time, the APIC Member Survey has broken-out total operating revenue streams on a worldwide basis. The table below provides the overall average percentages for total gross revenues, excluding any government, tax or other owner payments or subsidies.

## Total Operating Revenue Breakout – Worldwide Average 2013

|  | All Regions |
|--|-------------|
| Facility Rent Exhibition & Meeting Space | 44.9%       |
| Food & Beverage                          | 23.9%       |
| Telecommunications & Internet            | 14.1%       |
| Exhibitor & Event Services, Production   | 4.1%        |
| Parking                                  | 2.5%        |
| Retail-Office Space Rent                 | 2.2%        |
| Other/Miscellaneous                      | 8.3%        |
| <b>Total</b>                             | <b>100%</b> |

As a result of industry growth, changing event client requirements and increasing competition, centres and governments are investing in the industry. For example, over 60% of AIPC members are expanding, renovating, or planning a significant investment in their facilities. Today in 2013, 33% of AIPC members have a renovation project underway or planned, and 31% are expanding or studying an expansion.

## 2013 AIPC Members Planning or Currently Developing/Constructing a New Build, Expansion or Renovation Project

|                      | All Regions | Europe | North America | Asia | Australia | Africa |
|----------------------|-------------|--------|---------------|------|-----------|--------|
| New build            | 15%         | 15%    | 9%            | 13%  | 22%       | 33%    |
| Expansion            | 31%         | 25%    | 46%           | 25%  | 67%       | 33%    |
| Renovation           | 33%         | 38%    | 36%           | 25%  | 11%       | 33%    |
| No development plans | 38%         | 41%    | 18%           | 50%  | 22%       | 0%     |

There is mixed pricing power around the world. Published prices are rising while more discounts are being offered. For example, 49% of centres say they have engaged in more incentive and subvention activities over the past year. The average percentage of venue clients that are asking for incentives is 37.6% worldwide. Separately, 88% of AIPC members say event clients are negotiating more today.

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

The majority of the survey response came from European members, followed by North America and Asia.



# I.) Growth & Revenue

## Worldwide Gross Revenue Growth Over the Past Few Years & Expected for 2013

In an uneven global economy still recovering from the economic crisis, convention centres worldwide are experiencing good growth. According to the 2013 AIPC Member Survey, convention and congress centres worldwide collectively expanded gross revenues by 6.7% in 2012. This is a 1% increase over the growth rate in 2011.

Asia was the fastest growing major region in 2012 with 17.8% top-line growth. African members collectively expanded revenue by an average of 36.7%, although only three members from the continent responded to the survey. Europe and North America experienced subdued growth with 3.0% and 1.1% gross revenue expansion last year respectively. Australia continued the multi-year trend of strong growth with a 10.1% increase in revenue last year.

### 2010, 2011 & 2012 Revenue Growth with 2013 Forecast

|                       | 2010 Gross Revenue Growth Actual | 2011 Gross Revenue Growth Actual | 2012 Gross Revenue Growth Actual | 2013 Gross Revenue Growth Expected |
|-----------------------|----------------------------------|----------------------------------|----------------------------------|------------------------------------|
| Worldwide All Regions | 6.8%                             | 5.7%                             | 6.7%                             | 1.4%                               |
| Europe                | 3.9%                             | 5.2%                             | 3.0%                             | 0.1%                               |
| North America         | 2.2%                             | 5.3%                             | 1.1%                             | 3.3%                               |
| Asia                  | 26.1%                            | 2.4%                             | 17.8%                            | -1.8%                              |
| Australia             | 9.3%                             | 9.1%                             | 10.1%                            | 4.2%                               |
| Africa                | --                               | 7.8%                             | 36.7%                            | 23.3%                              |

For 2013 AIPC members are collectively forecasting sharply lower 1.4% top-line revenue growth worldwide. Every region except for North America are expecting slower revenue growth in 2013 compared to 2012. European members are collectively forecasting only 0.1% revenue growth, and somewhat concerning is that Asian venues are actually expecting a 1.8% decline in gross revenue in 2013.

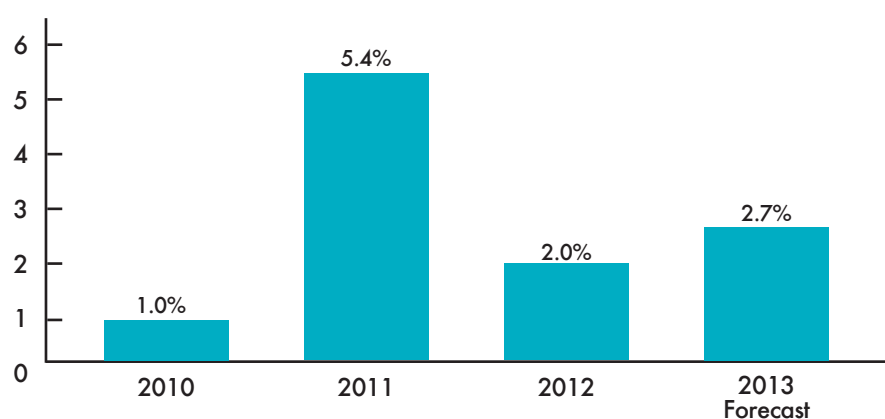
In 2012 attendance at member venues collectively expanded by 2.0% worldwide. The strongest region was Asia with 12.8% attendance growth. For calendar year 2013, members are forecasting slightly higher 2.7% growth for overall attendance worldwide. Attendance growth rates are typically a leading indicator. North American member venues are forecasting a strong jump in attendance growth from essentially flat expansion in 2012 to healthy 4.5% growth in 2013.

## 2011 Attendance Growth & 2012 Forecast

|                       | 2010 Attendance Growth Actual | 2011 Attendance Growth Actual | 2012 Attendance Growth Actual | 2013 Attendance Growth Expected |
|-----------------------|-------------------------------|-------------------------------|-------------------------------|---------------------------------|
| Worldwide All Regions | 1.0%                          | 5.4%                          | 2.0%                          | 2.7%                            |
| Europe                | -0.8%                         | 5.2%                          | 0.3%                          | 2.0%                            |
| North America         | -6.3%                         | 6.8%                          | 0.1%                          | 4.5%                            |
| Asia                  | 15.5%                         | 2.8%                          | 12.8%                         | 4.4%                            |
| Australia             | 6.7%                          | 4.3%                          | -3.5%                         | 1.7%                            |
| Africa                | --                            | 22%                           | 10.0%                         | 8.0%                            |

### Multi-Year Trends

#### Worldwide Attendance Growth 2010-2012 with 2013 Forecast



### Key Insight

Following very strong global attendance growth in 2011, reflecting the rebound following the 2009/2010 recession, attendance growth looks to be settling into a 2% to 3% range worldwide.

## Strength of Economic Recovery

The survey asked how members characterize the strength of the economic recovery. Sixteen percent say they are experiencing a strong recovery and 36% a moderate recovery. On the question of how centres are seeing the strength of the economy in their regions, there is a mixed message worldwide. More centres are seeing a strong recovery – but also more indicate the recovery is weak or their regions are still in recession. The strongest recovery is seen in Asia. The region collectively expressing the weakest recovery is Europe, according to the survey results.

### Members Characterize the Strength of Overall Economic and Business Recovery in Their Region

|  | All Regions | Europe | North America | Asia | Australia | Africa |
|--|-------------|--------|---------------|------|-----------|--------|
| Strong recovery                        | 16%         | 11%    | 20%           | 39%  | 17%       | 0%     |
| Moderate recovery                      | 36%         | 27%    | 45%           | 31%  | 67%       | 75%    |
| Weak recovery                          | 23%         | 23%    | 30%           | 31%  | 8%        | 25%    |
| Very weak recovery, flat to no growth  | 14%         | 21%    | 5%            | 0%   | 8%        | 0%     |
| No recovery, we are still in recession | 11%         | 18%    | 0%            | 0%   | 0%        | 0%     |

## Multi-Year Trends

### Strength of the Economic Recovery 2011 to 2013 Worldwide Comparison

The multi-year recovery has been uneven and the past three years of AIPC survey data indicate this trend.

|                                       | 2011 | 2012 | 2013 |
|---------------------------------------|------|------|------|
| Strong recovery                       | 17%  | 7%   | 16%  |
| Moderate recovery                     | 46%  | 49%  | 36%  |
| Weak recovery                         | 27%  | 28%  | 23%  |
| Very weak recovery, flat to no growth | 7%   | 12%  | 14%  |
| No recovery, still in recession       | 4%   | 5%   | 11%  |

## Risks to the Recovery

The survey posed this statement: *The global economy is considered to be growing and recovering from the significant economic downturn in many areas, although each region of the world and market is responding at different rates.* Then the survey asked *What are the remaining perceived risks to the recovery in your regional economy?* The top risk to the recovery worldwide is seen as government policies including reduced spending and this is most pronounced in North America and Europe.

## Remaining Perceived Risks to the Recovery in Your Regional Economy

|  | All Regions | Europe | North America | Asia | Australia | Africa |
|--|-------------|--------|---------------|------|-----------|--------|
| Government policies including reduced spending | 63%         | 71%    | 74%           | 31%  | 67%       | 25%    |
| Economic recovery                              | 52%         | 49%    | 68%           | 62%  | 50%       | 0%     |
| Unemployment                                   | 45%         | 53%    | 42%           | 15%  | 25%       | 50%    |
| Changing government priorities and focus, etc. | 37%         | 26%    | 47%           | 69%  | 50%       | 50%    |
| Energy costs                                   | 28%         | 21%    | 32%           | 54%  | 58%       | 0%     |
| Political changes, instability                 | 22%         | 18%    | 32%           | 15%  | 50%       | 25%    |
| Other  | 10%         | 8%     | 11%           | 23%  | 8%        | 0%     |

The issues of changing government priorities and focus, and rising energy costs are of most importance to venues in Asia and Australia.

A more specific follow-up question was: *What are the remaining perceived risks to the recovery specifically to your centre business?* The top three responses:

- Growing competition from other centres and regions, 68%
- Slow or weak business growth by event clients and venue users, 56%
- Hotel availability and pricing, 32%

The most competitive markets are Australia and North America.

### Remaining Perceived Risks to the Recovery Specifically to Centre Business

|  | All Regions | Europe | North America | Asia | Australia | Africa |
|--|-------------|--------|---------------|------|-----------|--------|
| Growing competition from other centres / regions                                 | 68%         | 63%    | 80%           | 69%  | 83%       | 50%    |
| Slow or weak business growth by event clients and venue users                    | 56%         | 64%    | 45%           | 69%  | 17%       | 75%    |
| Hotel availability and pricing   | 32%         | 29%    | 60%           | 23%  | 33%       | 0%     |
| Government / corporate restrictions on meetings                                  | 31%         | 36%    | 20%           | 23%  | 42%       | 25%    |
| Air travel issues (pricing, availability, airlift, route access, etc.)           | 31%         | 26%    | 45%           | 8%   | 67%       | 75%    |
| Changing government priorities and policies, etc.                                | 29%         | 24%    | 30%           | 46%  | 42%       | 25%    |
| Immigration or visa requirements limiting access                                 | 10%         | 6%     | 35%           | 8%   | 0%        | 25%    |
| Increases of corporations and individuals using digital media and communications | 6%          | 7%     | 15%           | 0%   | 0%        | 0%     |
| Sustainability concerns  | 6%          | 7%     | 5%            | 0%   | 8%        | 0%     |
| Replacement of events with online alternatives                                   | 3%          | 4%     | 0%            | 0%   | 0%        | 0%     |
| Other  | 6%          | 5%     | 5%            | 8%   | 8%        | 0%     |

## Metrics Used to Forecast Growth Outlook

Not surprisingly nearly all venues use existing bookings as their primary outlook gauge, and event and client inquiries are also important. When analyzing the approach to forecasting in the various regions interesting differences are seen. 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 although client inquiries and marketing activity are of lesser importance when compared to Europe, Asia and Australia. Overall economic growth is a factor to Asian venues in their forecasting process.

|  | All Regions | Europe | North America | Asia | Australia | Africa |
|--|-------------|--------|---------------|------|-----------|--------|
| Existing event and client bookings   | 96%         | 96%    | 100%          | 82%  | 100%      | 100%   |
| Event and client booking pace  | 71%         | 68%    | 93%           | 73%  | 80%       | 33%    |
| Event and client inquiries, marketing activity                                 | 68%         | 73%    | 27%           | 73%  | 80%       | 100%   |
| Overall economic growth  | 44%         | 44%    | 33%           | 55%  | 50%       | 33%    |
| Destination marketing organization / tourism bureau information / expectations | 21%         | 16%    | 33%           | 46%  | 20%       | 0%     |
| Hotel bookings   | 6%          | 3%     | 33%           | 0%   | 0%        | 0%     |
| Other  | 2%          | 1%     | 0%            | 0%   | 10%       | 0%     |

## Percentage of Facilities with a Gross Profit, Net of Debt Service or Loan Payments for Past or Current Construction or Development

Just over half of AIPC members worldwide say their venue realizes a gross profit on an operational basis, excluding debt service or loan payments for construction or development projects. The least profitable region is North America.

|     | All Regions | Europe | North America | Asia | Australia | Africa |
|-----|-------------|--------|---------------|------|-----------|--------|
| Yes | 53%         | 58%    | 33%           | 53%  | 38%       | 67%    |
| No  | 47%         | 42%    | 77%           | 47%  | 62%       | 33%    |

## Expense Areas Seeing Increased Costs Over the Next One to Two Years

Worldwide the top three areas seeing the most cost increases are repair and maintenance, salaries and benefits, and sales and marketing. Key regional differences include:

- Europe is the region with the smallest percentage of respondents indicating they see salary and benefit cost increasing, 49%.
- North America sees the most increase in sales and marketing costs and expenses.
- Asia, Australia and Africa are experiencing the most increases in food and beverage costs.
- In Australia a significant 86% of venues say they are seeing increased expenses related to telecommunications.

|                               | All Regions | Europe | North America | Asia | Australia | Africa |
|-------------------------------|-------------|--------|---------------|------|-----------|--------|
| Repair and maintenance        | 80%         | 75%    | 75%           | 100% | 86%       | 100%   |
| Salaries and benefits         | 61%         | 49%    | 75%           | 88%  | 100%      | 67%    |
| Sales and marketing           | 55%         | 51%    | 67%           | 63%  | 57%       | 33%    |
| Utilities                     | 50%         | 36%    | 67%           | 75%  | 100%      | 67%    |
| Food and beverage costs       | 47%         | 31%    | 58%           | 63%  | 100%      | 100%   |
| Equipment and supplies        | 44%         | 40%    | 50%           | 50%  | 57%       | 33%    |
| Event services delivery costs | 36%         | 24%    | 58%           | 50%  | 86%       | 33%    |
| Telecommunications            | 35%         | 26%    | 42%           | 63%  | 86%       | 33%    |
| Insurance                     | 32%         | 22%    | 50%           | 38%  | 86%       | 0%     |
| Contractual services          | 32%         | 24%    | 50%           | 63%  | 43%       | 33%    |
| Professional services fees    | 17%         | 13%    | 25%           | 38%  | 29%       | 0%     |
| Professional management fees  | 9%          | 6%     | 8%            | 38%  | 14%       | 0%     |
| Other                         | 3%          | 2%     | 8%            | 0%   | 14%       | 0%     |

## Revenue Streams that Experienced an Increase or Decrease in Terms of Total Revenue Growth from 2011 to 2012

In 2012 the top area in terms of increases in total gross revenue worldwide was event services including equipment rental and audio-visual services. The table below provides a complete breakout of revenue streams for 2012 for all the AIPC member respondents. The survey simply asked if venues experienced an increase or decrease for various key revenue streams.

|  | Increased | Decreased | Stayed the Same | Not Applicable |
|--|-----------|-----------|-----------------|----------------|
| Event services including equipment rental and AV     | 56%       | 18%       | 23%             | 3%             |
| Food/beverage sales or concessions                   | 52%       | 27%       | 17 %            | 5%             |
| Exhibit hall and meeting room rent                   | 48%       | 31%       | 18%             | 2.9%           |
| Telecommunications, internet and technology services | 47%       | 10%       | 38%             | 5%             |
| Other vendor commissions/revenue share               | 33%       | 12%       | 33%             | 22%            |
| Signage and/or advertising                           | 27%       | 7%        | 41%             | 25%            |
| Parking revenues                                     | 23%       | 10%       | 39%             | 28%            |
| Events owned/produced by the venue                   | 19%       | 7%        | 24%             | 50%            |
| Portion of hotel occupancy tax                       | 5%        | 5%        | 10%             | 80%            |
| Direct government funding                            | 4%        | 10%       | 18%             | 68%            |
| Public/private partnership(s)                        | 3%        | 3%        | 13%             | 81%            |
| Naming rights  | 2%        | 0%        | 8%              | 90%            |



## Revenue Streams Expected to Increase or Decrease in Terms of Total Revenue in 2013 Compared to 2012

For 2013 exactly half of AIPC members expect their exhibit hall and meeting room rent total revenue to increase, and this is the strongest revenue area closely followed by event services.

|  | Increase | Decreased | Stay the Same | Not Applicable |
|--|----------|-----------|---------------|----------------|
| Exhibit hall and meeting room rent                   | 50%      | 26%       | 22%           | 3%             |
| Event services including equipment rental and AV     | 49%      | 18%       | 30%           | 3%             |
| Food/beverage sales or concessions                   | 47%      | 26%       | 23%           | 4%             |
| Telecommunications, internet and technology services | 39%      | 14%       | 42%           | 5%             |
| Parking revenues                                     | 30%      | 9%        | 34%           | 28%            |
| Signage and/or advertising                           | 29%      | 11%       | 37%           | 23%            |
| Other vendor commissions/revenue share               | 28%      | 21%       | 30%           | 22%            |
| Events owned/produced by the venue                   | 28%      | 9%        | 16%           | 47%            |
| Public/private partnership(s)                        | 9%       | 3%        | 12%           | 75%            |
| Portion of hotel occupancy tax                       | 6%       | 3%        | 10%           | 81%            |
| Direct government funding                            | 4%       | 7%        | 20%           | 69%            |
| Naming rights  | 3%       | 0%        | 7%            | 90%            |

## Revenue “Movement” 2012-2013: 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 2013 compared to 2012. This analysis provides the “revenue movement” in terms of the percentage of all members experiencing growth by revenue category.

| Revenue “Movement” 2012-2013: % of Venues Seeing Increasing Revenue | 2012 Venues w/Increase | 2013 Expecting Increase | % Change   |
|---|------------------------|-------------------------|------------|
| Exhibit hall and meeting room rent                                  | 48%                    | 50%                     | <b>2%</b>  |
| Food/beverage sales or concessions                                  | 52%                    | 47%                     | <b>-5%</b> |
| Other vendor commissions/revenue share                              | 33%                    | 28%                     | <b>-5%</b> |
| Event services include equipment rental, AV                         | 56%                    | 49%                     | <b>-7%</b> |
| Telecommunications, internet and technology services                | 47%                    | 39%                     | <b>-8%</b> |
| Parking revenues  | 23%                    | 30%                     | <b>7%</b>  |
| Signage and/or advertising  | 27%                    | 29%                     | <b>2%</b>  |
| Events owned/produced by the venue                                  | 19%                    | 28%                     | <b>9%</b>  |
| Portion of hotel occupancy tax                                      | 5%                     | 6%                      | <b>1%</b>  |
| Direct government funding   | 4%                     | 4%                      | <b>0%</b>  |
| Naming rights   | 2%                     | 3%                      | <b>1%</b>  |
| Public/private partnership(s)                                       | 3%                     | 9%                      | <b>6%</b>  |

### Key Insight

The revenue movement percentage in the table on this page suggest that core revenue stream growth is soft, while newer and other areas are growing faster, at least on a collective basis around the world.

To develop an overall analysis of AIPC member revenue streams related to centre operations, the members were asked to provide a percentage breakout in terms of their Total Gross Operating Revenues for 2012 or their most recent fiscal year. The average revenue breakouts are provided for the major regions of the world in the table below.

### Total Operating Revenue Breakout

|  | All % | Europe | North America | Asia  | Australia | Africa |
|--|-------|--------|---------------|-------|-----------|--------|
| Facility Rent Exhibition & Meeting Space | 44.9% | 48.8%  | 30.5%         | 60.5% | 22.2%     | 32.0%  |
| Food & Beverage                          | 23.9% | 17.6%  | 38.6%         | 18.0% | 47.9%     | 28.0%  |
| Telecommunications & Internet            | 14.1% | 14.5%  | 15.5%         | 5.5%  | 13.8%     | 15.0%  |
| Other/Misc.                              | 8.3%  | 9.4%   | 5.6%          | 7.5%  | 5.7%      | 10.0%  |
| Exhibitor & Event Services, Production   | 4.1%  | 4.0%   | 5.4%          | 3.0%  | 4.7%      | 3.3%   |
| Parking                                  | 2.5%  | 1.9%   | 3.0%          | 2.7%  | 5.5%      | 4.7%   |
| Retail-Office Space Rent                 | 2.2%  | 3.9%   | 1.4%          | 2.8%  | 0.0%      | 7.0%   |

### Pricing Power

Fifty 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.

### Is Published Convention and Exhibition Space / Hall Pricing Increasing or Decreasing Compared to Last Year

|                  | All Regions | Europe | North America | Asia | Australia | Africa |
|------------------|-------------|--------|---------------|------|-----------|--------|
| Increasing       | 50%         | 37%    | 69%           | 63%  | 80%       | 67%    |
| Decreasing       | 5%          | 9%     | 0%            | 0%   | 0%        | 0%     |
| Staying the same | 45%         | 54%    | 31%           | 37%  | 20%       | 33%    |

#### Key Insight

Facility rent for exhibition and meeting space drives the highest percentage of total venue revenue at facilities in Asia. Food and beverage accounts for the highest percentage of revenue in Australia compared to the other major regions of the world.

## Percentage of Venues Engaging in More Incentive or Subvention Activities

The survey posed this question: *Are you engaging in more incentive or subvention activities (i.e., rent reductions, added value services, cash incentives, hosted functions) compared to last year?* Key regional differences found in the survey include:

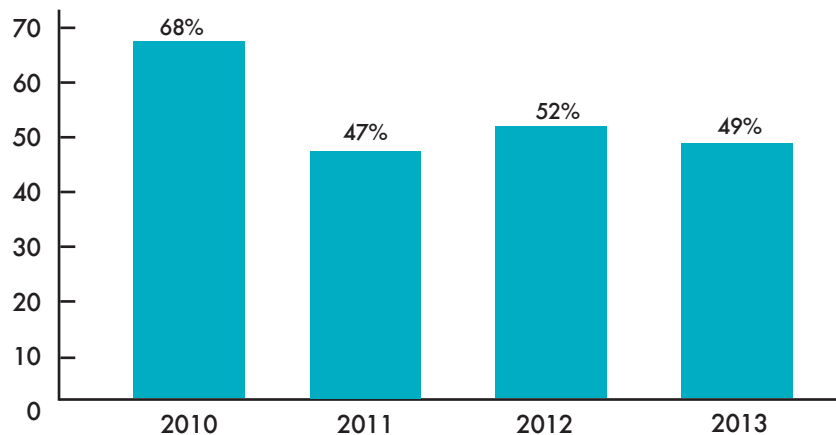
- In Australia 80% of venues are engaged in more incentive or subvention activities.
- Europe is the region with the smallest percentage of centres that say they are seeing increased incentive or subvention activity.

|     | All Regions | Europe | North America | Asia | Australia | Africa |
|-----|-------------|--------|---------------|------|-----------|--------|
| Yes | 49%         | 43%    | 54%           | 50%  | 80%       | 67%    |
| No  | 51%         | 57%    | 46%           | 50%  | 20%       | 33%    |

### Multi-Year Trends

The percentage of venues worldwide that are offering more subvention activities and discounting looks to be stabilizing at around 50%.

#### 2010 to 2013: Percentage of Centres Offering More Discounting



The percentage of clients that are asking for incentives is 38% on average worldwide. The percentage that receive some type of subvention or discount is 32%.

### Percentage of Overall Event Clients and Prospects Asking for Significant Incentive or Subvention; and Percentage of Clients Provided with an Incentive or Subvention

|   | All Regions | Europe | North America | Asia | Australia | Africa |
|---|-------------|--------|---------------|------|-----------|--------|
| % Clients Asking for Incentives or Subvention, etc. | 38%         | 36%    | 40%           | 34%  | 53%       | 35%    |
| % Clients Receiving Incentives or Subvention, etc.  | 32%         | 34%    | 34%           | 10%  | 30%       | 22%    |

### Venues that Added New Revenue Sources in the Past Year

The survey asked *Have you added any new revenue sources (facilities, services or events) in the past year?*

|     | All Regions | Europe | North America | Asia | Australia | Africa |
|-----|-------------|--------|---------------|------|-----------|--------|
| Yes | 45%         | 39%    | 33%           | 88%  | 88%       | 0%     |
| No  | 55%         | 61%    | 77%           | 12%  | 12%       | 100%   |

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

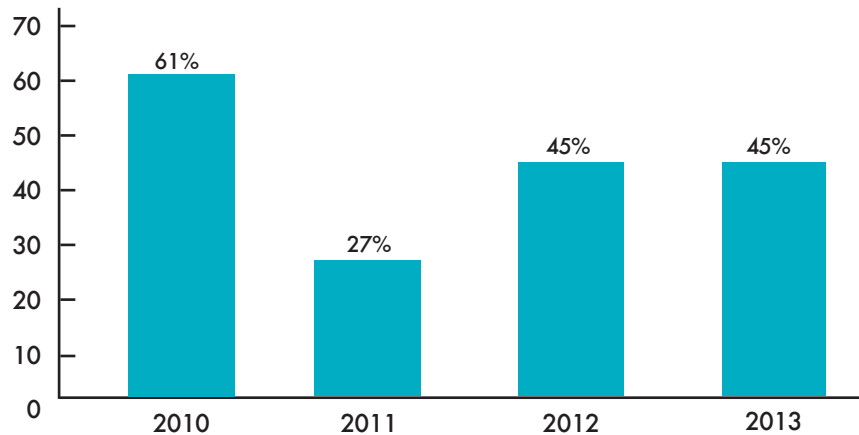
- New events owned by venue
- Sponsorship and advertising
- Signage
- Enhanced F&B, new concessions
- Exhibitor and event management services
- Office space lease rental
- Parking
- Permanent space lease to top corporation

#### Key Insight

Asia and Australia have been the most aggressive in the past year in terms of the percentage of venues adding new revenue streams.

## Multi-Year Trends

### 2010 to 2013 Centres that Added a New Revenue Source



## Most Important New Management Approach, Service, Project, Development or Industry Trend

The survey asked for feedback on the single most important new management approach, service, project, development or industry trend impacting centre business this year. Some of the key verbatim responses are broken-out by the major regions.

### Africa

- Flexibility and increase value added services.
- Industry trends: Decreasing number of delegates, decreasing spend on F&B.

### Asia

- Austerity measures imposed by central government on our major client base.
- Continued pullback of government meetings, in light of budget uncertainties and tightening of protocols for government meetings.
- Naming rights.
- New branding and aggressive marketing.
- Shorter lead times.

### Australia

- Changes to Government policies and corporate alliances.
- Cost minimization.
- Risk sharing events/co promotion.

### Europe

- Addition of a new building.
- Being into economic recession for too long time.
- Brand image change.
- Client relationship building, Empowerment of all staff at all levels.
- Commercial expansion, international market, revenue and risk sharing models.
- Competitors reducing rental, clients' expecting the same for less money.
- Construction of new centre.
- Creation of a new sales sub-department for development of new markets.
- Decision to in-source catering: food & beverage provided as own business increases remarkably our revenues.
- E-commerce for exhibitors' services, captive portal, app and information on going events, digital signage, marketing alliance with corporate partners, wellness area and training during the events.
- Finding new business models.
- Focus on big clients.
- Improvement of services.
- International association conferences.
- Invitation and payment from countries for political conferences.
- Keeping the Centres facilities and services up to date and relevant to clients needs.
- More active sales.
- More demanding clients.
- New competitors regionally which are originally sport arenas and culture arenas are now competing in the exhibition and event /conference industry.

- Offering same quality for less budget.
- Outsourcing of services.
- Partnership with the client.
- Price negotiations.
- Re-branding project, face-lifting of our webpage.
- Reduction in levels of F&B spend.
- Searching for clients for the first year of the centre functioning.
- Shortened reservation/booking periods.
- The current economic situation.
- We are obliged to be more competitive, not only on room rental, but also on different services.

#### North America

- Customizing every contract to support each and every event.
- Increased flexibility with client special request (excluding price concessions).
- More and more customers are asking for 0 meeting rental costs. We are more focused on international business and developing local host partnerships.
- More focused efforts on international markets.
- New 1,000 room hotel development that will be connected to convention centre.
- New technological products.
- Signing multi-year agreements with annual conventions and shows.
- Strategic planning.
- Strategic vision and goals.
- Subsidies.



## II.) New Buildings, Expansions & Renovations

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

As a result of industry growth, changing event client requirements and increasing competition, centres and governments are investing in the industry. For example, over 60% of AIPC members are expanding, renovating, or planning a significant investment in their facilities. Today in 2013, 33% of AIPC members have a renovation project underway or planned, and 31% are expanding or studying an expansion.

### 2013 AIPC Members in Europe, North America, Asia, Australia and Africa Planning or Currently Developing/Constructing a New Build, Expansion or Renovation Project

|                      | All Regions | Europe | North America | Asia | Australia | Africa |
|----------------------|-------------|--------|---------------|------|-----------|--------|
| New build            | 15%         | 15%    | 9%            | 13%  | 22%       | 33%    |
| Expansion            | 31%         | 25%    | 46%           | 25%  | 67%       | 33%    |
| Renovation           | 33%         | 38%    | 36%           | 25%  | 11%       | 33%    |
| No development plans | 38%         | 41%    | 18%           | 50%  | 22%       | 0%     |

### Multi-Year Trends

#### AIPC Members Worldwide Planning or Currently Developing/Constructing a New Build, Expansion or Renovation Project 2010 to 2013 – All Regions

Expansion activity is picking up. One-third of members are renovating or refurbishing.

| All Regions                    | 2010 | 2011 | 2012 | 2013 |
|--------------------------------|------|------|------|------|
| New build                      | 17%  | 12%  | 16%  | 15%  |
| Expansion                      | 32%  | 25%  | 20%  | 31%  |
| Renovation                     | 17%  | 23%  | 36%  | 33%  |
| No development plans currently | 35%  | 40%  | 36%  | 38%  |

## Spaces and Areas in Most Need of Enhancement or Investment

The survey asked: *Looking forward, which spaces and areas in your venue do you see in the most need of enhancement or investment?* The areas that need most improvement are meeting rooms, signage and exhibit halls. Signage is seen as a particularly important area in need of enhancements in North America. Sixty-three percent of Asian venues indicate their exhibit halls need more investment and upgrades, likely including expansions.

|   | All Regions | Europe | North America | Asia | Australia | Africa |
|---|-------------|--------|---------------|------|-----------|--------|
| Meeting rooms   | 49%         | 47%    | 50%           | 50%  | 44%       | 100%   |
| Signage   | 43%         | 38%    | 70%           | 38%  | 33%       | 67%    |
| Exhibit halls   | 42%         | 36%    | 50%           | 63%  | 56%       | 67%    |
| Client-facing food service areas and restaurants                                  | 40%         | 43%    | 40%           | 38%  | 22%       | 0%     |
| Ballroom(s)   | 28%         | 19%    | 50%           | 50%  | 33%       | 67%    |
| Pre-function spaces   | 24%         | 23%    | 50%           | 38%  | 11%       | 0%     |
| Outdoor, outside areas  | 23%         | 19%    | 30%           | 25%  | 44%       | 0%     |
| Business centre   | 16%         | 19%    | 30%           | 13%  | 0%        | 0%     |
| Venue connections and links to hotels or other key buildings                      | 16%         | 9%     | 40%           | 25%  | 11%       | 0%     |
| Kitchen(s)  | 14%         | 11%    | 10%           | 25%  | 11%       | 33%    |
| Venue connections and links to transportation, such as shuttle bus and taxi areas | 11%         | 4%     | 40%           | 13%  | 11%       | 0%     |
| Loading dock and related areas  | 11%         | 4%     | 30%           | 25%  | 0%        | 33%    |
| Other concession areas and store-fronts   | 9%          | 4%     | 40%           | 13%  | 11%       | 0%     |
| Other   | 13%         | 13%    | 10%           | 13%  | 11%       | 0%     |

## 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?* The Asian members see the most interest from their governments to invest currently.

|               | All Regions | Europe | North America | Asia | Australia | Africa |
|---------------|-------------|--------|---------------|------|-----------|--------|
| More inclined | 18%         | 17%    | 27%           | 38%  | 0%        | 33%    |
| Less inclined | 37%         | 35%    | 46%           | 25%  | 44%       | 67%    |
| Same level    | 45%         | 48%    | 27%           | 38%  | 56%       | 0%     |

## Main Service and Technology Areas Requiring Investment Over the Next Two Years

The primary service and technology areas that will require investment over the next few years are listed by region below. These are based on write-in survey responses.

### Africa

- Invest in Virtual Meetings/webcasting equipment and facilities.
- Wi-fi infrastructure and bandwidth.

### Asia

- Invest in Cloud computing and additional WiFi infrastructure.
- IT Infrastructure upgrade, meeting facility upgrade.
- IT, Mobile APP. AV equipment upgrade.
- New security system; new trade exhibit hall; new medium sized room with seating capacity of 1,500.
- Public WIFI.
- Technology capabilities to support hybrid meetings, mobile applications and seamless connectivity between unrelated venues (e.g., convention centre to hotels and/or other venues to include arenas in the general vicinity).

### Australia

- AV
- Investing heavily into digital marketing service.
- Maintenance of existing buildings, training staff.
- Upgrade of existing IT, signage systems to match new in extension. Change management software systems to cater for new business processes.

### Europe

- AV.
- Continuous technology investments.
- Digital advertising systems.
- Digital Signage AV/IT.
- Energetic efficiency.
- F & B services Telecom IT.
- Hybrid events AV.
- Internet facilities.
- IT.
- IT/Wifi and some refurbishment work.
- Meeting Technology e.g. projectors, sound systems.
- Meeting technology, investment in hybrid events, investing in new furniture.
- Mobile apps.
- Mobile technology for interactive meetings, video conferencing.
- New meeting rooms and facelift for main hall facility.
- New technology - the time windows of new investment become shorter and shorter due to new technology and innovations. Clients demand more.
- New wifi antennas, accreditation system.
- Overall agency services ancillary revenues.
- Refurbishment, ensuring our venue is at the leading edge of technology.
- Sales and marketing.
- Perfecting the WiFi conditions for clients implementation of "green" aspects in the daily business.
- Technical equipment. New types of training for the staff.
- Update digital signage.
- Video & IT technology.
- We are focusing on prospecting a new congress hall which will require, not only interiors as furniture but the latest technology solution.
- Wi-Fi.
- Wi-Fi and AV system.
- Wifi upgrades.

### Latin America

- AV updating, internet service increasing.
- Wireless internet service.

### North America

- Customer services, ecommerce, Wi-Fi.
- Expanded internet service w enhanced wifi in building.
- Free public WiFi.
- Guest Services.
- WiFi infrastructure investment, DAS investment and new installation.

## III.) Marketing & Client Trends

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

### How Sales & Marketing Has Changed

The survey asked how members have changed their sales and marketing in response to market conditions. Switched Tactics is the number one approach, followed closely by pursuing other markets. Reviewing the regional breakouts finds:

- Switching tactics has been most common in Asia.
- A significant 77% of North American venues are pursuing other markets, although only 39% are making more marketing investment.

|                                   | All Regions | Europe | North America | Asia | Australia | Africa |
|-----------------------------------|-------------|--------|---------------|------|-----------|--------|
| Switched tactics                  | 58%         | 59%    | 46%           | 75%  | 67%       | 33%    |
| Started pursuing other markets    | 57%         | 49%    | 77%           | 50%  | 67%       | 67%    |
| More marketing investment         | 42%         | 42%    | 39%           | 50%  | 33%       | 67%    |
| Changed messaging                 | 38%         | 41%    | 31%           | 25%  | 33%       | 33%    |
| Pursued local business alliances  | 32%         | 27%    | 46%           | 38%  | 44%       | 33%    |
| Developed an "Ambassador" program | 24%         | 24%    | 39%           | 25%  | 11%       | 33%    |
| Changed CVB relations             | 22%         | 27%    | 23%           | 0%   | 11%       | 0%     |
| Joined a marketing alliance       | 18%         | 24%    | 23%           | 0%   | 0%        | 0%     |
| No change, not applicable         | 5%          | 5%     | 0%            | 13%  | 11%       | 0%     |
| Other                             | 6%          | 5%     | 7%            | 13%  | 11%       | 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. Asia in particular is seeing strong opportunities related to association conventions with exhibits. National or International corporate meetings are seen by North American members as the strongest client area. The consumer show market looks to be the strongest in Asia and North America.

|  | All Regions | Europe | North America | Asia | Australia | Africa |
|--|-------------|--------|---------------|------|-----------|--------|
| Association conventions with exhibits            | 67%         | 70%    | 47%           | 82%  | 70%       | 67%    |
| Association conferences and meetings             | 61%         | 58%    | 47%           | 64%  | 90%       | 100%   |
| National or International corporate meetings     | 63%         | 58%    | 80%           | 64%  | 60%       | 67%    |
| Local corporate meetings                         | 44%         | 41%    | 53%           | 55%  | 50%       | 0%     |
| Governmental events and meetings                 | 27%         | 15%    | 27%           | 46%  | 50%       | 67%    |
| For-profit trade shows, trade fairs, exhibitions | 31%         | 29%    | 27%           | 55%  | 30%       | 33%    |
| Consumer and public shows                        | 35%         | 26%    | 60%           | 64%  | 40%       | 0%     |
| Sporting events                                  | 14%         | 13%    | 13%           | 9%   | 40%       | 0%     |
| Entertainment events                             | 32%         | 33%    | 13%           | 9%   | 80%       | 0%     |
| Other  | 5%          | 4%     | 7%            | 0%   | 10%       | 0%     |

## Are More Event and Group Clients Incorporating Hybrid Events that Combine Face-to-Face and Virtual/Online Elements

Forty-two percent of AIPC members around the world are seeing more clients incorporating hybrid technology elements at their events, and a majority see this as a positive for the industry.

|            | All Regions | Europe | North America | Asia | Australia | Africa |
|------------|-------------|--------|---------------|------|-----------|--------|
| Yes        | 42%         | 47%    | 27%           | 50%  | 0%        | 67%    |
| No         | 43%         | 40%    | 46%           | 38%  | 78%       | 33%    |
| Don't know | 16%         | 13%    | 27%           | 12%  | 22%       | 0%     |

## Is the Impact of Hybrid and Digital Events, Remote Meetings and Event Technology Positive or Negative to Centres?

|          | All Regions | Europe | North America | Asia | Australia | Africa |
|----------|-------------|--------|---------------|------|-----------|--------|
| Positive | 57%         | 57%    | 64%           | 50%  | 67%       | 67%    |
| Negative | 10%         | 12%    | 0%            | 13%  | 11%       | 0%     |
| Unsure   | 33%         | 32%    | 36%           | 38%  | 22%       | 33%    |

### Key Insight

A majority of centres feel the growth of hybrid and digital elements tied to live events is positive for the industry, although one-third are unsure.

## How Events Are Changing

A follow-up question in the survey was *How else are events changing?* Seventy percent of members see events getting shorter in terms of the total number of show days. Regional differences include:

- Eighty-eight percent of Australian venues say event attendance is declining.
- Sixty-three percent of Asian members say in general events are getting larger in terms of space requirements.

|   | All Regions | Europe | North America | Asia | Australia | Africa |
|---|-------------|--------|---------------|------|-----------|--------|
| Shorter events in terms of total number of days           | 70%         | 78%    | 46%           | 50%  | 88%       | 67%    |
| Event attendance is declining                             | 36%         | 36%    | 9%            | 13%  | 88%       | 67%    |
| Events are getting smaller in terms of space requirements | 34%         | 39%    | 9%            | 38%  | 25%       | 67%    |
| Event attendance is growing                               | 27%         | 20%    | 46%           | 50%  | 25%       | 0%     |
| Events are getting larger in terms of space requirements  | 27%         | 22%    | 27%           | 63%  | 13%       | 33%    |
| Shorter event day periods                                 | 26%         | 34%    | 9%            | 25%  | 13%       | 0%     |
| Longer event day periods                                  | 13%         | 17%    | 9%            | 13%  | 0%        | 0%     |
| Longer events in terms of total number of days            | 3%          | 5%     | 0%            | 0%   | 0%        | 0%     |
| Other   | 9%          | 7%     | 9%            | 0%   | 25%       | 33%    |



## How are Client Business Practices and/or Behavior Changing

The top three are:

- Increased negotiations, 88%
- Shorter booking windows, they are booking closer to the event dates, 86%
- Requiring more technology, telecommunications and internet services, bandwidth, 81%

|   | All Regions | Europe | North America | Asia | Australia | Africa |
|---|-------------|--------|---------------|------|-----------|--------|
| Increased negotiations  | 88%         | 88%    | 73%           | 100% | 88%       | 100%   |
| Shorter booking windows, they are booking closer to the event dates                   | 86%         | 87%    | 64%           | 88%  | 100%      | 100%   |
| Requiring more technology, telecommunications and internet services, bandwidth        | 81%         | 78%    | 82%           | 88%  | 88%       | 100%   |
| Requiring higher-quality food and beverage  | 40%         | 30%    | 55%           | 75%  | 50%       | 67%    |
| Asking for more Public Relations assistance and outreach to city and regional leaders | 34%         | 32%    | 36%           | 75%  | 25%       | 33%    |
| Requiring attendance promotion assistance   | 29%         | 27%    | 46%           | 38%  | 25%       | 33%    |
| Focusing more on event design and ambiance  | 27%         | 23%    | 36%           | 38%  | 25%       | 67%    |
| Longer booking windows, they are booking further from the event dates                 | 5%          | 7%     | 9%            | 0%   | 0%        | 0%     |
| Other   | 1%          | 2%     | 0%            | 0%   | 0%        | 0%     |

### Key Insight

Some of the regional differences in how client business practices are changing include:

- A significant 75% of Asian venues say they are seeing events requiring higher-quality food and beverage.
- The same percentage of Asian members (75%) say their clients are asking for more public relations assistance.
- 46% of North American venues see their clients asking for more attendance promotion assistance

## Centre & Event Producer Comparison

### How Event Management Business Practices are Changing, According to Centre & Event Managers

The #1 event management business practice change is to negotiate more, say both centres and event producers.

|  | Centres | Events | <i>Difference</i> |
|--|---------|--------|-------------------|
| Increased negotiations   | 88%     | 75%    | <b>+13%</b>       |
| Requiring more technology, telecom, bandwidth                                      | 81%     | 57%    | <b>+24%</b>       |
| Requiring higher-quality food and beverage   | 40%     | 22%    | <b>+18%</b>       |
| Asking for more Public Relations assistance and outreach to city, regional leaders | 34%     | 44%    | <b>-10%</b>       |
| Requiring attendance promotion assistance  | 29%     | 38%    | <b>-9%</b>        |
| Focusing more on event design, ambiance  | 27%     | 44%    | <b>-17%</b>       |

### Percentage of Venues Partnering with an Event, Group or Other Organization with Shared Gain or Risk

Asian venues are the most likely to partner with an event producer or client to run an event or share in the risk. This approach is the least common in Australia.

|     | All Regions | Europe | North America | Asia | Australia | Africa |
|-----|-------------|--------|---------------|------|-----------|--------|
| Yes | 41%         | 41%    | 46%           | 63%  | 25%       | 33%    |
| No  | 59%         | 59%    | 54%           | 37%  | 75%       | 67%    |

## New Types of Events Seen Over the Past Few Years

### Africa

- Increasing religious events.

### Asia

- Confex events.
- Evening or after-hours high-energy mixers.
- Special events-weddings, family reunions.
- Talk concerts (speech & fun / more audience involved communication events).

### Australia

- Increase in music festivals and concerts.
- Sporting events.
- University Examinations.

### Europe

- Comedy Shows Town Hall meetings.
- Concerts.
- Cultural events (concerts).
- Events with specific sustainability demands.
- Live integration of internet applications (social media etc) in events.
- More interaction among attendees enabled by moderator and technology.
- More Musical Entertainment.
- More small urban-exhibitions.
- More technology based, pioneer festival, communication and programme is geared to digital natives.
- Public concerts.
- Niche market trade shows.
- Hybrid events.
- Parties, concerts, modern art exhibitions.

### North America

- Dance and fitness competitions More unique fundraising events.
- Film.
- More Innovation Conferences, Increase in International Conference around Energy, Medical, Marine.

## What Changes in Event Formats and Requirements May Require a Re-Assessment of the Facilities and Services Centres Offer

### Africa

- Greater number of breakaway sessions requiring increasing number of smaller venues
- Set up and sitting styles and more space requirement.

### Asia

- Corporate team building sessions/sports.
- Increasing demand for more complex and increase IT & AV services is pressuring us for more investment in this area.
- Meeting content delivery/requirements for Gen Y attendees is very different – requires more immersive, participatory environments that traditional conference sets. Also requires more private space for informal small groups.
- More niche exhibitions that requires less exhibition space but more conference facilities.

### Australia

- IT use is ever increasing and requires ongoing investment.
- Less catering included in client contract e.g., lunches, banquet - with these now being offered as optional extras to delegates.
- More concurrent rooms required.

### Europe

- Breakout rooms.
- Changes in food and beverage; cheap packed lunch.
- Clients are asking for more interactive events, with creative solutions for set-up and chilling areas.
- Entertainment events have very different requirements and also a different business model from the usual congresses, exhibitions.
- Events require more lounges and hospitality areas.
- Events with not only exhibition or conference, but also growing B2B areas, parallel conferences with very different layouts, growing importance of the B2B space and less importance of the classical conference. Growing importance of the social media to develop the pre-conference, discuss the interest of the exhibition and conference.
- Events with specific sustainability demands.
- Grazing style eating habits, more technologically savvy delegates demanding always on access, shorter meeting periods.
- High flexibility required, open spaces for networking.
- Larger Ballroom areas.
- Mobile device use interactive events.
- More and more rooms with bigger capacities implication of the city.
- More break-outs with large capacities.

- More but smaller meeting rooms required, large plenary rooms less required, large rooms must be flexible to increase fill rate.
- More cozy foyer areas required for networking.
- More flexibility in meeting room lay out and more foyer space furnishing for individual client needs.
- More flexibility is required but our new spaces are built considering an high level of flexibility.
- More networking opportunities required.
- more open networking areas.
- New meetings formats Chill out and gala dinners ambience settings IT.
- The new exhibition hall or the extension of our existing exhibition capacities are common requirements from our clients/potential clients.
- WIFI and other technology has to be up dated, new investments necessary.

#### North America

- Flexibility.
- Groups would like to bring in their own food and beverage sponsors.
- Local Events are increasing in size justifying the need for a larger convention centre. Infrastructure and local Universities provide an advantage when targeting International Conferences that profile our province's core competencies.
- More flexible spaces.
- Much more casual formats proliferating.
- Increasing religious events.

## IV.) Event Management Survey

This section of the report provides a new component of the study. In the Spring and Summer of 2013, Red 7 Media Research & Consulting conducted a separate survey of top event producers from around the world on their convention centre requirements today and over the near term.

### What do Event Producers Need from Venues Today?

The recent Red 7 Media survey of leading event producers found their number one venue-related need they expect over the next few years is enhanced technology and telecommunications services and bandwidth. Other important and interesting changes expected are that 50% of event producers want venues, and presumably CVBs, to provide more attendance promotion assistance. And 44% of show managers say they will need more multi-function capabilities and flexibility from convention centres.

### Event Management Survey Question: What Event Producers Will Need from Venues Over the Next Few Years?

|   | % Events |
|---|----------|
| Enhanced technology and telecommunications needs, bandwidth                     | 56%      |
| More attendance promotion assistance  | 50%      |
| More overall multi-function capabilities and venue flexibility                  | 44%      |
| Improved overall event and venues experience ambience, aesthetics               | 38%      |
| More exhibit space required   | 35%      |
| Improved signage and way-finding  | 35%      |
| Enhanced audio-visual services needs  | 35%      |
| More meeting room space   | 33%      |
| Improvements in access to transportation at venues (taxis, shuttle buses, etc.) | 33%      |
| Higher quality meeting rooms  | 27%      |
| More parking  | 27%      |
| Higher-quality food and beverage services                                       | 23%      |
| More green and environmental sustainability initiatives                         | 23%      |
| More general session space  | 13%      |
| More ballroom space   | 10%      |

Source: Red 7 Media Research & Consulting

The survey of event producers asked where they will be increasing their investment to meet changing attendee needs over the next few years. The number one response is more attendance promotion, selected by 61% of event producers. This is followed by the need to provide more event information and content before, during and after events, which was selected by 52% of event producers.

### Event Management Survey Question: Where Will Your Organization Have to Invest to Meet Changing Attendee Expectations?

|   | % Events |
|---|----------|
| Attendance promotion  | 61%      |
| Event information and content before, during and following the events               | 52%      |
| Educational sessions and activities   | 50%      |
| Venue technology and telecommunications, bandwidth                                  | 48%      |
| Networking events   | 46%      |
| Overall event design, experience, ambiance and aesthetics                           | 46%      |
| Special events and entertainment  | 35%      |
| Audio-visual services   | 30%      |
| Food and beverage functions   | 28%      |
| Hotel related areas, e.g., size of room blocks, overall quality of properties, etc. | 17%      |

Source: Red 7 Media Research & Consulting

Here in their own words are comments from event producers on what they would like to see from convention centres in response to their changing venue requirements.

- “Be flexible to accommodate our needs which may be different from the other market segments.”
- “Cross fertilize ideas from other sectors.”
- “Make an effort to understand the audience and what is important and necessary for them.”
- “More flexibility with the hours for build and breakdown.”
- “Offer suggestions and share ideas on what worked well with other groups. Help promote the event to stakeholders in their local area.”
- “Provide better ambiance in public space, seating, etc.”
- “Reduce the component of hotel room reservations as a part of the equation.”
- “Strengthen bandwidth and provide lower-priced or complimentary internet service.”
- “Try to come up with a complete conference package including space, lodging, A/V, and F&B to minimize negotiation time and allow for savings through combined negotiation.”

To summarize, event producers want additional venue bandwidth, help with attendance promotion, and more flexibility related to facility functionality, rules and pricing. Event producers on their own will be investing more in attendance marketing, developing more content and information around their events, and enhancing their educational offerings.

### Event Management Survey Question: What Event Producers Will Need from Venues Over the Next Few Years?

|   | %   |
|---|-----|
| Event attendance is growing                               | 53% |
| Events are getting larger in terms of space requirements  | 45% |
| Event attendance is declining                             | 33% |
| Shorter events in terms of total number of days           | 27% |
| Shorter event day periods                                 | 14% |
| Longer event day periods                                  | 12% |
| Events are getting smaller in terms of space requirements | 8%  |
| Longer events in terms of total number of days            | 8%  |
| Other   | 8%  |



### Event Management Survey Question: How are your event management business practices changing?

|   | %   |
|---|-----|
| Increased negotiations with venues, hotels and CVBs                                   | 76% |
| Asking for more public relations assistance and outreach to city and regional leaders | 45% |
| Focusing more on event design and ambiance  | 43% |
| Requiring attendance promotion assistance   | 39% |
| Shorter booking windows, booking closer to the event dates                            | 31% |
| Longer booking windows, booking further from the event dates                          | 29% |
| Requiring higher-quality food and beverage  | 22% |

### Event Management Survey Question: Which of the following best describes your organization?

|   | %   |
|---|-----|
| Association with a convention, conferences or meetings    | 49% |
| For-profit trade show / exhibition / trade fair organizer | 31% |
| Professional convention management organization           | 6%  |
| Corporate meeting planner                                 | 4%  |
| Conference producer                                       | 4%  |
| Special event owner/planner                               | 4%  |
| Consumer show producer                                    | 2%  |

**Event Management Survey Question: How do you classify your organization’s largest, most significant recurring event?**

|   | %   |
|---|-----|
| Convention/Conference with exhibit component    | 47% |
| Exhibition/Trade Show/Trade Fair                | 41% |
| Convention/Conference without exhibit component | 6%  |
| Consumer Show                                   | 4%  |
| Other   | 2%  |

**Event Management Survey Question: What country or region are your main offices located in?**

|                             | %   |
|-----------------------------|-----|
| United States               | 52% |
| Europe                      | 24% |
| Asia                        | 10% |
| Australia/New Zealand       | 6%  |
| Canada                      | 4%  |
| Latin America/South America | 2%  |
| Middle East                 | 2%  |
| Other                       | 4%  |

**Event Management Survey Question: Is your largest, most important event anchored to a particular location, or does it rotate?**

|  | %   |
|--|-----|
| Anchored to particular city, region or country | 58% |
| Rotates Nationally                             | 32% |
| Rotates Regionally                             | 10% |
| Rotates Internationally                        | 4%  |

**Event Management Survey Question: What types of facilities do you typically book for your largest, most important event?**

|                    | %   |
|--------------------|-----|
| Convention Centres | 78% |
| Convention Hotels  | 32% |
| Conference Centres | 22% |
| Resort Hotels      | 6%  |
| Other              | 14% |

# Conclusion

There are certainly many challenges and opportunities impacting convention and congress centres around the world. To reiterate, some of the most important findings from this new study and the survey of event producers are summarized here:

## **1.) Strong Revenue Growth Experienced in 2012; but There is Concern About 2013**

Centres worldwide collectively expanded gross revenues by over 6% in 2012. Still there is caution expressed by venue managers. For 2013, members are forecasting only 1.4% top-line revenue growth worldwide. Every region except for North America is expecting slower revenue growth in 2013 compared to 2012. In a good sign, for 2013 members are forecasting 2.7% total growth for overall attendance around the world.

## **2.) Investment in Expansions & Renovation Projects Continues**

As a result of recent industry growth, changing client requirements, increasing competition, and a lack of projects started during the economic downturn, centres and governments are investing in the industry. In fact, more than six out of ten members are expanding, renovating, or planning a significant investment project. More specifically, 33% of AIPC members have a renovation project underway or planned, and 31% are expanding their facilities or are studying an expansion.

## **3.) Nearly Half of Members Launched a New Revenue Stream in the Past Year**

Leading centres are becoming more entrepreneurial and are adding new revenue streams as 45% of member venues added a new revenue stream in the past year. Some of the most common strategies are to launch or partner with other groups on new events. Many facilities are also expanding their signage, advertising and sponsorship opportunities to drive additional revenue. In short, venues worldwide continue to significantly expand their full range of event and meeting services.

#### 4.) Client Negotiations

A persistent trend is that clients are negotiating more. Eighty-eight percent of venue managers say they are seeing increased negotiations and requests from event producers for discounts and added value. And the separate event management survey found a significant 76% of event producers saying they are increasing their negotiations with venues, hotels and destination marketing organizations.

#### 5.) Event Producer Venue Needs Focus on Technology & Attendance Promotion

The new survey of leading event producers found their number one venue-related need over the next few years is expected to relate to enhanced technology and telecommunications services. Other important changes expected are that 50% of event producers want venues to provide more attendance promotion assistance -- and 44% say they will need more multi-function capabilities and flexibility from centres.

The global economy and the event industry is continuing to expand slowly and recover from the significant economic downturn. But the page has turned roughly five years after the start of the sharp downturn and recession. In response to a number of years of recovery and key industry trends, centres and event producers are innovating together to better serve attendees, primarily through technology and by enhancing the attendee experience. Both centres and event producers are responding to the explosive growth of attendee and delegate use of mobile technology to access and create content and information around meetings and events. Leaders in both the centre and event communities know they need each other to continue to innovate and grow.



**AIPC**

EXCELLENCE IN  
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