

2018 Member Survey

Benchmarks, Analysis and Insights

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Introduction

The annual AIPC Member Survey report analysis continues to identify and track multi-year trends impacting the convention and congress centre industry around the world. This study tracks revenue and attendance growth experienced by the membership, and further examines the impact of industry and economic issues on venue management and performance. New to this year's study is analysis of staff recruitment and retention as well as centre ownership and management structure.

AIPC conducted the survey of all members around the world between March and May 2018. The survey received responses from 120 member venues, which represents a 64% response rate. The report covers the following key areas:

- Growth, Revenue and Innovation
- Client Trends
- Investment: New Buildings, Expansions and Renovations
- Working with DMOs-CVBs and Hotel Partners
- Centre Ownership and Management Structure

Some of the key findings were presented at the AIPC Annual Conference in London, UK in July 2018. The study has been developed by AIPC in collaboration with Michael Hughes, Managing Director of Research & Consulting with Access Intelligence Research & Consulting. 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 and very often the total number of venues in each of the major regions of the world.

AIPC and Access Intelligence Research & Consulting thank all of the member respondents for their invaluable contributions to this study.

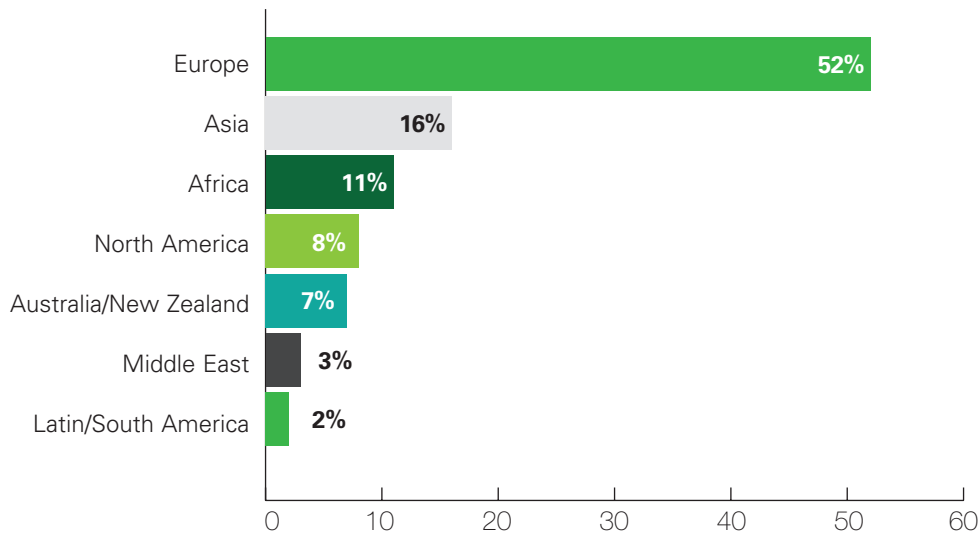
Executive Summary

Some of the key findings from the study, as well as an overview of the respondents, are presented in this summary.

- AIPC members report the strongest top-line revenue growth this decade. The global convention centre industry as represented by members experienced strong top-line revenue growth in 2017. The average year-over-year revenue growth increase was a robust 9.4%. The fastest growing region, by far, was Asia with over 19% growth in 2017.
- AIPC members are optimistic about the revenue growth outlook for this year. The membership is collectively forecasting an average of 6.8% gross revenue growth in 2018.
- The top three economic or political risk areas currently impacting convention centres are increasing event security risks, business disrupters (such as Airbnb and online hotel booking sites in particular), and increasing global or national security risks. These three areas are having an impact currently on about half of members around the world.
- Other headline grabbing issues like trade agreement changes and Brexit are not having a major impact yet, but many members think these could negatively impact centre business in the future. While only 26% of members say threats to trade agreements is impacting centre business currently, a significant 87% feel this issue has the potential for impacting business. Regarding Brexit, 15% of members are seeing an impact now, and 95% say this could have a negative impact in the future.
- Members are adding fewer new revenue streams. Twenty-three percent of members added a new important revenue source in the past year, and the percentage has gone down over the past few years. This is likely due to the fact that for most centres business has been moderate to strong, reducing the pressure to institute new revenue streams. It should also be noted, earlier this decade saw a particular focus on adding new revenue sources especially in the years following the economic downturn.
- In terms of adding innovations, 38% of members around the world implemented an important new operational, management or systems innovation over the past year. Most of the new innovations are related to internal management procedures and using technology to better manage vendors.
- National and International corporate meetings are the event and group category with the best growth outlook, according to the survey findings. By a significant margin, members collectively indicate they see National and International corporate meetings as the strongest client sector. A strong economy in most regions of the world usually translates into a healthy corporate events and meetings industry. The next strongest client category is association conference and meetings.
- A total of 79% of members indicated it is getting more difficult to find candidates with the necessary skills at various staffing levels. Worldwide, the key challenge area is finding good mid-level managers. The quotes below provide a few ways in which members are responding to staffing challenges and enhancing or streamlining talent recruitment, training and retention.
 - ☑ “Developed skills academy. Building relationships with colleges/universities for internships, practical training and part-time work opportunities.”
 - ☑ “Enhanced development training to grow incumbent staff. Increased liaison with specialist educational colleges. Enhanced industry engagement and development programmes for middle management.”
 - ☑ “Increased use of social media to alert new job opportunities and reduce payments to recruitment consultants by employing direct applicants.”
 - ☑ “More flexible part time scheduling, introduced a premium rate for key part time associates.”

Member Survey Response by Region

Fifty-two percent of the survey respondents are European members, 16% are from Asia, 11% are in Africa and 8% are based in North America.



More information on the key insights and the full survey results are provided in the remainder of the report.

I.) Growth, Revenue & Innovation

This section provides the findings on revenue and attendance growth along with the new revenue streams and innovations being added by members.

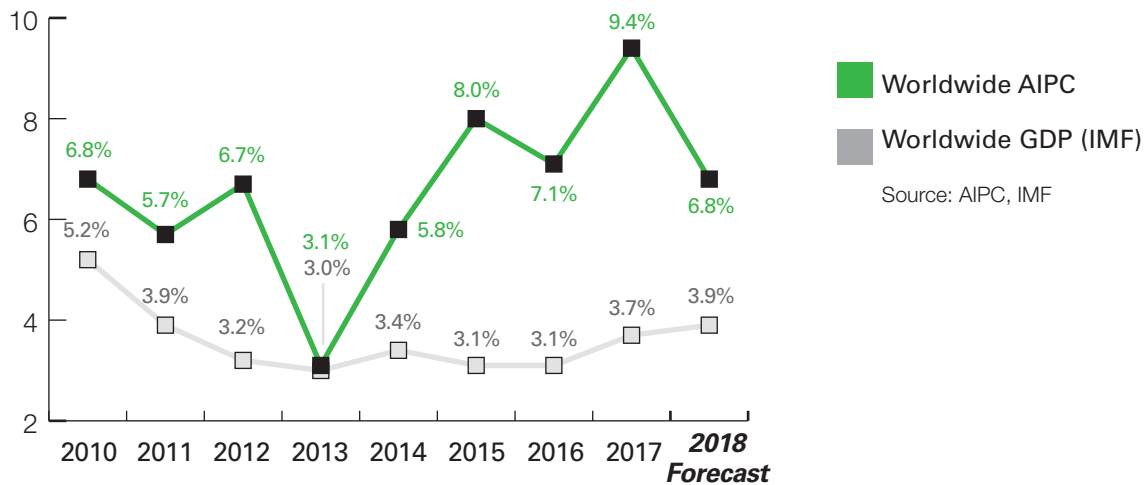
Worldwide Gross Revenue Growth 2010 to 2017 – and Expected for 2018

The global convention centre industry as represented by AIPC members experienced strong revenue growth in 2017. The average year-over-year revenue growth increase was a robust 9.4%. This has been the strongest growth quantified in this study this decade. The fastest growing region, by far, was Asia with over 19% top-line revenue growth in 2017. AIPC members are optimistic about business performance in 2018. The membership is collectively forecasting an average of 6.8% gross revenue growth in 2018.

	2010 Gross Revenue Growth Actual	2011 Gross Revenue Growth Actual	2012 Gross Revenue Growth Actual	2013 Gross Revenue Growth Actual	2014 Gross Revenue Growth Actual	2015 Gross Revenue Growth Actual	2016 Gross Revenue Growth Actual	2017 Gross Revenue Growth Actual	2018 Gross Revenue Growth Expected
Worldwide	6.8%	5.7%	6.7%	3.1%	5.8%	8.0%	7.1%	9.4%	6.8%
Europe	3.9%	5.2%	3.0%	2.8%	7.7%	7.9%	6.5%	8.5%	4.5%
North America	2.2%	5.3%	1.1%	-0.3%	-1.2%	6.9%	4.1%	6.8%	9.3%
Asia	26.1%	2.4%	17.8%	1.4%	5.2%	9.0%	22.1%	19.6%	7.3%
Australia/ New Zealand	9.3%	9.1%	10.1%	3.3%	2.7%	11.3%	2.3%	4.9%	2.2%
Africa	--	7.8%	36.7%	9.2%	15.6%	16.1%	3.3%	3.2%	18.6%

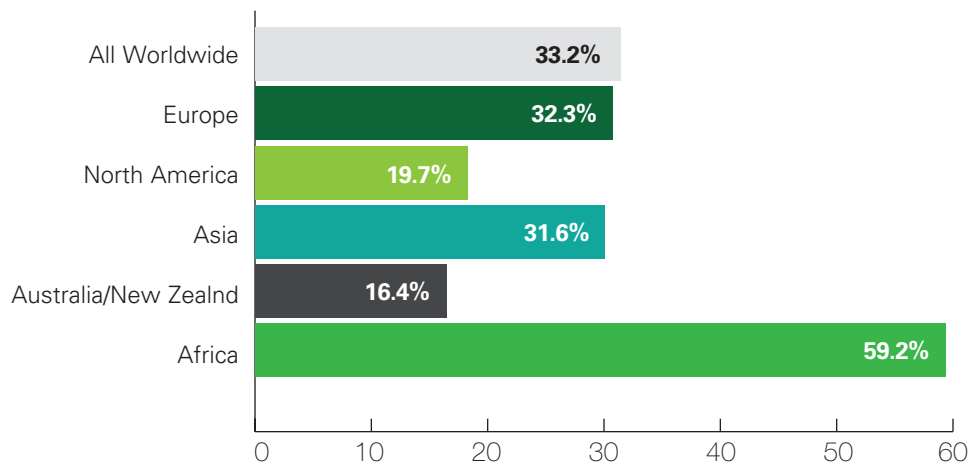
Multi-Year Trends: Centre Revenue Growth 2010 to 2017 with World GDP – and 2018 Forecast

The convention centre industry represented by AIPC members continues to grow much faster than worldwide GDP as tracked by the IMF. For 2017, the global economy expanded by 3.7% compared to average gross revenue growth of 9.4% reported by AIPC members.



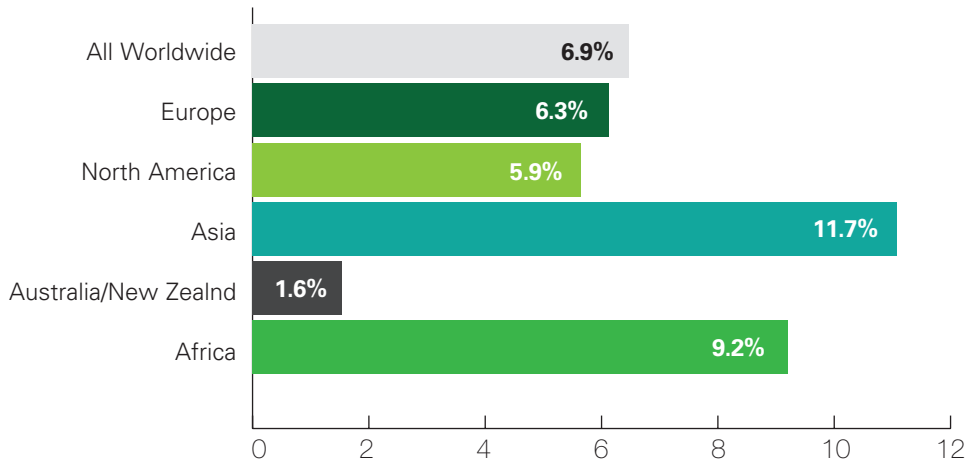
Overall Revenue Growth Percentage Growth 2012 to 2017

The member survey asked members this question: Looking back five years, by what percentage has your facility’s total gross revenues changed from 2012 to 2017? Over that five year period the fastest growing region was Africa with over 59% total revenue growth.



Revenue Growth Rate Outlook Over the Next Three to Five Years

A forecast question was also posed to members: By what percentage are you forecasting your facility's total gross revenues to change on an annual basis over the next three to five years? All regions except for Australia/New Zealand are expecting solid revenue growth on a percentage basis over the next three to five years.



Attendance Growth

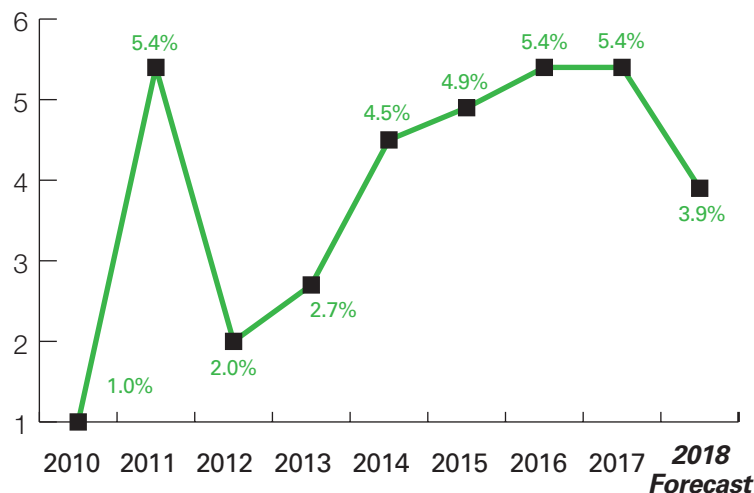
2010 to 2017 Attendance Growth and 2018 Forecast

Attendance growth was solid again in 2017 at 5.4% on average worldwide. This was the same exact growth rate, coincidentally, found in last year's member survey. For 2018, members are collectively expecting nearly 4% total attendance growth on average worldwide.

	2010 Attendance Growth Actual	2011 Attendance Growth Actual	2012 Attendance Growth Actual	2013 Attendance Growth Actual	2014 Attendance Growth Actual	2015 Attendance Growth Actual	2016 Attendance Growth Actual	2017 Attendance Growth Actual	2018 <i>Attendance Growth Expected</i>
Worldwide	1.0%	5.4%	2.0%	2.7%	4.5%	4.9%	5.4%	5.4%	3.9%
Europe	-0.8%	5.2%	0.3%	0.9%	4.6%	8.4%	5.6%	3.1%	2.3%
North America	-6.3%	6.8%	0.1%	-1.1%	5.1%	-0.8%	-0.9%	8.1%	9.5%
Asia	15.5%	2.8%	12.8%	13.0%	4.2%	-4.7%	17.5%	8.1%	12.1%
Australia/ New Zealand	6.7%	4.3%	-3.5%	0.7%	1.3%	3.7%	10.2%	8.6%	-0.9%
Africa	--	22.0%	10.0%	11.7%	11.0%	13.1%	-5.7%	11.6%	14.6%

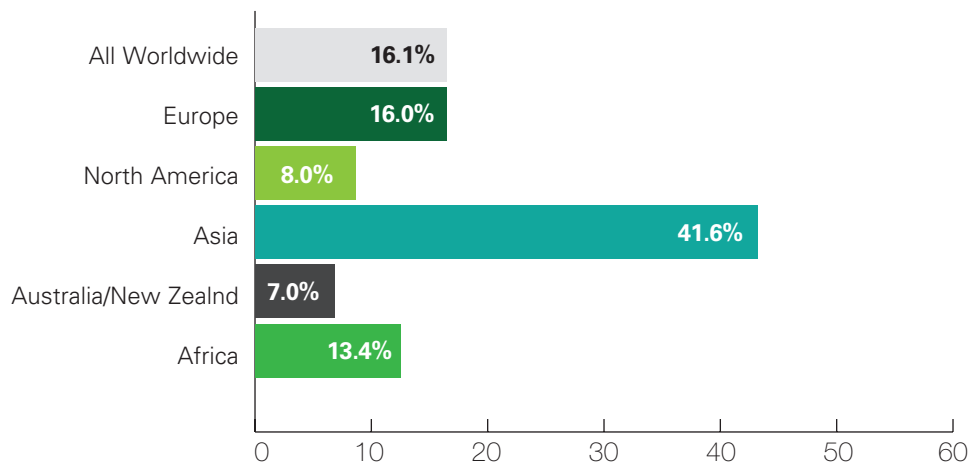
Worldwide Attendance Growth 2010 to 2017 with Forecast for 2018

The chart below tracks annual attendance growth going back to 2010 with a forecast for 2018. From 2014 to 2017 AIPC members have experienced on average fairly steady attendance growth within the range of 4.5% to 5.4% each year.



Overall Attendance Growth Percentage Growth 2012 to 2017

Over the past five years, total attendance figures have expanded very significantly at member venues based in Asia. The region with the second largest total increase in attendance, according to members, has been Europe. The survey question was: Looking back five years, by what percentage has your facility's total number of event attendees and delegates changed from 2012 to 2017?



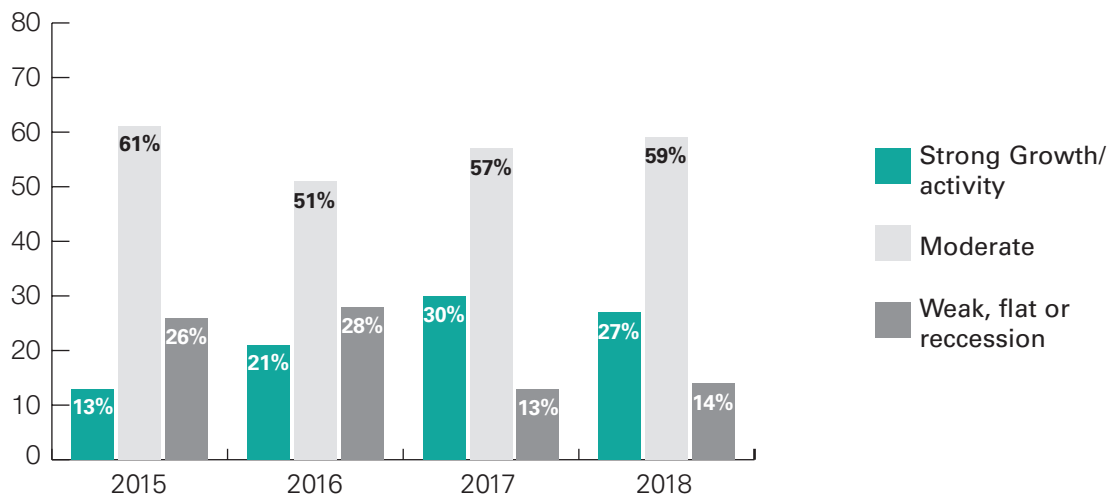
Strength of Regional Economy and Business Growth

Overall, most regions report strong to moderate economic growth. North America and Asia in particular both have over 40% of members indicating they are experiencing strong growth in their regional economies.

	All %	Europe	N. Amer.	Asia	Aus/NZ	Africa
Strong growth/activity	28%	23%	46%	42%	17%	21%
Moderate	58%	68%	54%	50%	58%	50%
Weak	7%	4%	0%	8%	17%	7%
Very weak, flat to no growth	6%	6%	0%	0%	8%	21%
Negative growth, recession	0%	0%	0%	0%	0%	0%

Multi-Year Trends: Strength of Economic Activity in Region 2015 to 2018

The chart below provides the regional economic growth sentiment for all members worldwide over the past four years.



Risks to Economic Growth in Region

Growth is strong in most regions, yet there certainly are risks to continued economic growth. While no single risk has been selected by more than 41% of members around the world, there is some concern about the length of the global economic expansion this decade and as well as government policies and political changes in both developed and emerging markets around the world.

	All %	Europe	N. Amer.	Asia	Aus/NZ	Africa
Overall economic weakness	41%	40%	42%	42%	67%	21%
Government policies including reduced spending	37%	30%	50%	38%	33%	57%
Political changes, instability	33%	35%	25%	25%	25%	43%
Changing government priorities	33%	27%	67%	38%	25%	50%
Unemployment	19%	17%	0%	21%	17%	57%
Other	17%	14%	25%	17%	33%	7%

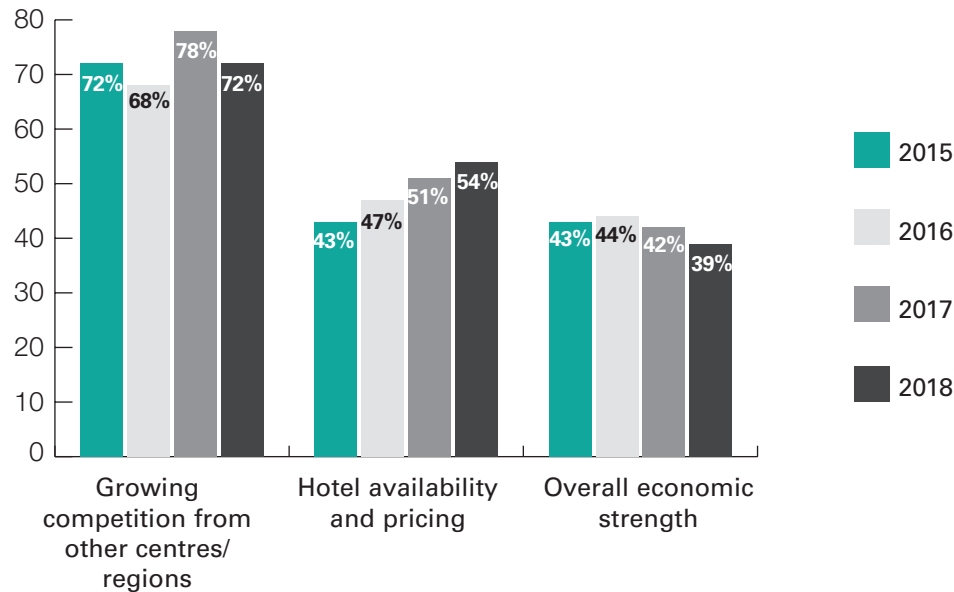
Centre-Specific Risks to Growth

The two main centre-specific risks, or what could also be called convention, event, meeting and exhibition (or even MICE) specific issues, are increasing competition from other venues and destinations, and rising hotel occupancy and room rates. These have been the top two risks identified in this study going back many years. In North America, the top issue, by far, is hotel availability and pricing. Members in Australia/New Zealand in particular see increasing competition as an issue.

	All %	Europe	N. Amer.	Asia	Aus/NZ	Africa
Growing competition from other centres / regions	72%	72%	62%	75%	92%	71%
Hotel availability and pricing	54%	59%	85%	21%	83%	50%
Overall economic strength	39%	37%	38%	25%	75%	36%
Air travel issues (pricing, availability, airlift, route access, etc.)	29%	22%	54%	33%	50%	36%
Changing government priorities	28%	24%	31%	25%	50%	43%
Government / corporate restrictions on meetings	16%	11%	15%	13%	25%	29%
Immigration or visa requirements limiting access	14%	14%	15%	17%	0%	14%
Replacement of events with online alternatives	12%	9%	8%	29%	8%	0%
Increases of corporations and individuals using digital media and communications	10%	8%	8%	33%	0%	0%
Sustainability concerns	5%	6%	8%	4%	0%	7%
Other	17%	13%	0%	29%	17%	36%

Multi-Year Trends: Risks to Centre Business Growth 2015 to 2018

Over the past four years the issue of hotel availability and rising hotel room rates has steadily increased, according to AIPC members.



Economic or Political Issues Impacting Centre Business

The survey asked this question: Over the past year have any of the following economic or political issues significantly changed your business performance, client bookings or growth outlook – and/or do you see these as potential future threats? The top three risk areas currently impacting convention centres are increasing event security risks, business disrupters (and Airbnb and online hotel booking sites in particular), and increasing global or national security risks. While only 26% of members say threats to trade agreements is currently impacting centre business, a significant 87% feel this issue with an all out trade war being the biggest risk, has the potential for impacting business in the future. Regarding Brexit, 15% of members see an impact now and 95% say this could have a negative impact in the future.

	Currently Impacting	Potential Future Impact	Differential
Increasing event security risks	55%	65%	-10%
Business disrupters i.e., AirBnB, online hotel booking	52%	65%	-13%
Increasing global or national security risks	49%	71%	-22%
Currency value fluctuations	47%	72%	-25%
Increasing cyber and data security risks	46%	67%	-21%
Bank/Financial institution solvency	27%	77%	-50%
Threats to trade agreements, globalization	26%	87%	-61%
New US “America First” implications	18%	92%	-74%
UK Brexit	15%	95%	-80%
US targeted immigration, travel restrictions	13%	94%	-81%

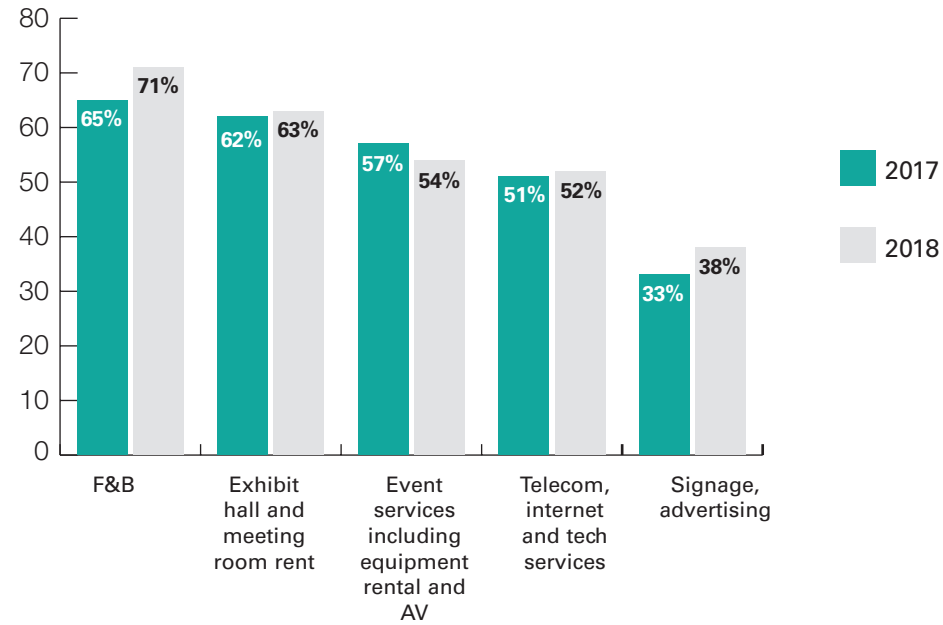
Other Major Economic or Geopolitical Issues

The survey asked a follow-up question: Are there other major economic or geopolitical issues or factors that you feel have or will introduce uncertainties for your centre business over the next few years? (Or if you see positive impact please note as well.) Select member write-in responses are below:

- “Associations: where are they going with memberships and remaining relevant in their respective fields.”
- “Compliance in certain industries (medical, finance); mergers.”
- “Credit rating downgrades, slow economic growth, national elections, environmental changes (drought and disease), political leadership changes at city level.”
- “Europe’s overall economic weakness.”
- “Fracturing of international relations; withdrawal from international trade agreements; ‘America First’ policies; changes in consumer purchasing habits (economic).”
- “Increased compliance in regards to pharma industry and MEDTECH.”
- “Oil price fluctuations. Regional instability.”
- “Other big European cities coming competing to attract associations or organizations.”
- “Protectionism.”
- “Stability in the Middle East.”
- “The new ethic laws in medical and pharmaceutical industry will be an issue.”
- “UK Brexit.”
- “Uncertainties in an election year.”

Revenue Streams Expected to Grow in 2018 vs. 2017

Good growth is expected in the key revenue areas of food and beverage, exhibit and meeting space rent, and event services. Two years of survey data are provided in the chart below.



Percentage of Members that Added a New Revenue Stream in the Past Year

Twenty-three percent of members added a new revenue source in the past year. Members in Africa and North America were the most likely to add a new revenue stream.

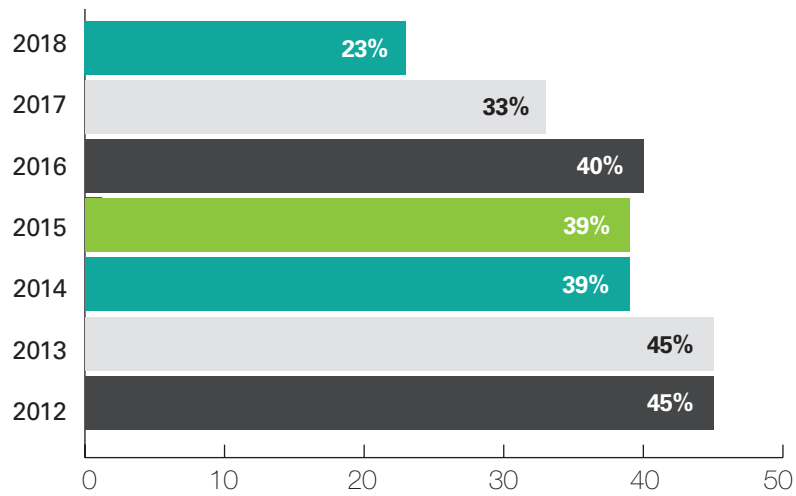
	All %	Europe	N. Amer.	Asia	Aus/NZ	Africa
Yes	23%	19%	33%	24%	22%	43%
No	77%	81%	67%	76%	78%	57%

For a number of years now there have been about ten key new revenue categories similar to the bulleted streams listed below. Examples of new revenue streams, often mentioned a number of times by members, include these ten areas:

- F&B related services
- Centre-owned events
- Audio-Visual services
- Digital signage
- Advertising
- Event security services
- Event management and production services for clients
- Registration
- Shuttle services, transportation
- Office space or other non-event rental

Multi-Year Trends: Centres that Added a New Revenue Stream 2012 to 2018

The multi-year data shows the percentage of members adding a revenue stream has decreased over the past few years. This is likely due to the fact that for most centres business has been moderate to strong, reducing the pressure to add new revenue streams. Earlier this decade saw a particular focus on adding new revenue streams.



Percentage of Members that Added an Innovation in the Past Year

Thirty-eight percent of members around the world implemented an important new operational, management or systems innovation over the past year. A significant 53% in Asia and 50% in Africa added a new innovation.

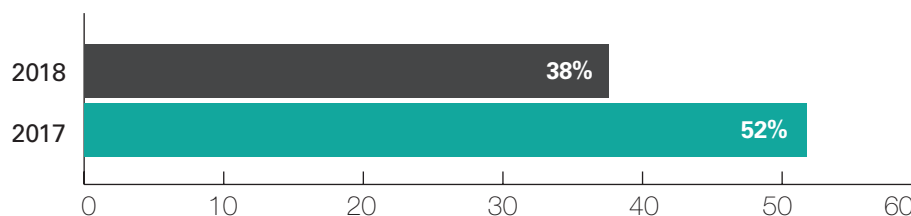
	All %	Europe	N. Amer.	Asia	Aus/NZ	Africa
Yes, added new innovation	38%	35%	27%	53%	22%	50%
No	62%	65%	73%	47%	78%	50%

Most of the new innovations added by centres are related to internal management procedures and using technology to manage vendors. Examples of new innovation areas mentioned multiple times in the survey include:

- Management organization
- Vendor management system
- Staff management system
- Security screening for labor
- Utilities management
- Security process review
- Online bookings service
- Sales and marketing changes

Multi-Year Trends: Percentage of Members with New Innovations 2017 & 2018

There is a meaningful drop-off in the percentage of members that added a new innovation between 2017 and 2018. Similar to the new revenue streams survey findings, strong booking and revenue trends may have reduced the need to innovate.



Top Areas of Innovation and New Ideas Focus

The focus is on the “Big Five” areas, which are, food and beverage, on-site experience, technology, AV and marketing. Management and operations are also key innovation areas. The survey question was: Where are you focusing your innovation efforts and new ideas?

	All %	Europe	N. Amer.	Asia	Aus/NZ	Africa
Food and beverage services	76%	71%	75%	82%	100%	75%
Client, attendee and exhibitor on-site/in-venue experience	73%	75%	92%	71%	56%	50%
Telecommunications and technology services	66%	63%	75%	71%	67%	63%
Audio-Visual services	61%	61%	25%	59%	89%	63%
Marketing and communications	59%	59%	75%	41%	67%	75%
Meeting rooms functionality and experience	47%	58%	25%	41%	33%	25%
Signage	47%	44%	42%	47%	56%	50%
Staff management	46%	46%	42%	41%	44%	63%
Strategic partnerships	46%	46%	58%	41%	22%	50%
Operations	35%	29%	42%	47%	33%	38%
Outdoor, outside areas functionality and experience	32%	29%	58%	18%	56%	25%
Exhibit hall functionality and experience	31%	24%	42%	53%	0%	50%
Pre-function spaces functionality and experience	28%	24%	67%	24%	22%	13%
Venue connections and links to hotels or other key buildings	22%	20%	33%	24%	11%	38%
Ballroom(s) functionality and experience	19%	12%	25%	24%	33%	25%
Venue connections and links to transportation, such as shuttle bus and taxi areas	18%	17%	17%	18%	0%	13%
Parking areas functionality and experience	14%	11%	8%	12%	22%	25%
Loading dock and related areas functionality and experience	13%	5%	17%	24%	22%	25%
Other concession areas and store-fronts	11%	8%	33%	12%	0%	13%
Vendor and supplier management	10%	5%	8%	12%	11%	38%
Other	5%	5%	8%	6%	0%	0%

Percentage of Centres with a Process for Generating New Revenue and Innovation Ideas – and/or for Rewarding or Recognizing Staff Ideas

Just over one-third of members have a systemic process for generating, and/or rewarding or recognizing, new revenue and innovation ideas. Australian/New Zealand and North American members most often have these processes and systems in place.

	All %	Europe	N. Amer.	Asia	Aus/NZ	Africa
Yes	37%	30%	42%	36%	56%	25%
No	63%	70%	58%	64%	44%	75%

Examples provided by members:

- “A strategic plan, updated annually, that includes new initiatives.”
- “Client satisfaction focus.”
- “Communication, discussing through internal forums, stronger internal PR.”
- “Constant review of feedback and sales trends - focus groups to improve service and introduce new ideas.”
- “Employee Ideas Scheme - Make a Difference. ‘MAD’ ideas have to improve the business, improve profitability, improve customer service, increase employee engagement.”
- “Evaluation of concept, Financial Feasibility study, appointment of partners where required, Implementation, Evaluation of Success against Feasibility Study.”
- “Idea meetings - whole staff invited.”
- “Incentive scheme for non-sales’ staff who introduce a new piece of business.”
- “Innovation committee.”
- “Innovation team and process.”
- “Laser focus - targeted marketing, focus on ‘who the customer is’”
- “Staff / operations workshop to generate new ideas.”
- “Strategic planning process with specific focus around innovation. There is a recognition system in place for rewarding new ideas.”
- “Technology and innovation watch team.”
- “There are no boundaries to hold us back. We are constantly thinking outside the box because the box does not exist for us. That’s creating a platform to float.”
- “THINK process - Idea, Business Case, Planning, Project, Launch, Review.”
- “We have a ‘Strategic Direction Team’ that is responsible for identifying and researching new revenue opportunities.”
- “We have an innovation process lead by a multifunctional team.”

- “We have revamped our employee recognition program to reward folks for great service and work product that improves the operation and bottom line.”
- “We innovate together with our partners and clients three times per year.”

New Revenue Streams and Innovations that Did Not Work

A new question was added in this year's survey to get a sense of new revenue ideas and innovations that were tried by ultimately did not work. The question: Over the past two to three years, please describe any new revenue streams or innovations you implemented that did not work, were abandoned or significantly changed.

Select Write-In Responses:

- "A la carte lunch restaurant."
- "Chauffeur services – very low uptake."
- "Cultural events."
- "Digital signage, there is a lot of resistance to paying for this. Re-working our rates to cover labour to set the screens rather than rental."
- "Hosted New Year's Eve event which was not repeated this past year. Too much competition with a declining market."
- "Introduced own exhibitions but has not worked so far."
- "Mobile application official supplier, iPhone charging docks."
- "On-site selling of concert tickets."
- "Our idea to have two official caterers has not worked out, so we skipped one."
- "Running a bar activation during sports events near the Centre. Not profitable."
- "Shuttle bus service, off side catering, office renting."
- "Some strategic partnership were not as successful as expected."
- "Time limits in marshalling yard and associated increased costs."

II.) Client Trends

This section of the report provides analysis of client trends and how their requirements and events and meetings are changing.

Event and Group Types with Best Growth Outlook

By a significant margin, members collectively indicate they see National and International corporate meetings as the strongest client sector. A strong economy in most regions of the world usually translates into a healthy corporate events and meetings industry. The next strongest client category is association conferences and meetings. The survey question was: What types of events and groups do you think provide the best opportunity for current or near-term growth?

	All %	Europe	N. Amer.	Asia	Aus/NZ	Africa
National or International corporate meetings	77%	80%	75%	63%	78%	75%
Association conferences and meetings	62%	61%	58%	44%	78%	75%
Association conventions with exhibits	57%	51%	83%	50%	67%	75%
Local corporate meetings	51%	42%	50%	50%	67%	88%
Exhibitions, trade shows and trade fairs	47%	32%	58%	81%	44%	50%
Entertainment events	37%	39%	17%	38%	78%	38%
Governmental events and meetings	37%	29%	17%	63%	56%	63%
Consumer and public shows	22%	20%	33%	19%	33%	38%
Sporting events	21%	20%	17%	19%	44%	25%
Other	11%	10%	8%	25%	0%	13%

A few of the regional differences of note are:

- The strongest segment in North America is association conventions with exhibits.
- In Asia, the top client sector are exhibitions, trade shows and trade fairs.
- In Australia/New Zealand there's a tie for the top sectors: National/International corporate meetings, association conferences and meetings, and entertainment events.

Multi-Year Trends: Types of Clients and Groups with Best Growth Outlook: 2013 and 2018 Comparison

The table below compares the findings to the question about the client and group segments with the best growth outlook from the 2013 member survey with the new findings.

	2013	2018
National and International corporate meetings	63%	77%
Association conventions with exhibits	67%	57%
Association conferences	61%	62%
Local corporate meetings	44%	51%
Government events	27%	37%
Exhibitions, trade shows	31%	47%
Entertainment events	32%	37%
Consumer shows	35%	22%

Event Format and Requirement Changes

Top event clients continue to upgrade their events, and with this comes new requirements for centre partners. Survey Question: What changes in event formats and requirements have you seen that may require a re-assessment of the facilities and services your centre currently offers, or at other centres you are familiar with?

Some of the key themes from the write-in responses include:

- Increased use of pre-function, atrium and outdoor spaces for a range of event activities.
- Need for venue and space flexibility and faster room set turn-arounds.
- Focus on enhancing the attendee experience.
- Different type of meeting and breakout room needs and uses.
- Requests for package offers from centres.

Select member quotes:

- "A need for more networking area and increased flexibility in set up."
- "Accompanying seminar spaces built within exhibitions, i.e., reluctance to use purpose-built rooms outside the exhibition hall."
- "Agency services are required. IT events which require an excellent IT infrastructure."
- "Attendees expecting a more immersive experience, getting closer to the thought leaders, help setting the agenda and desire for collaborative hands on learning experiences."

- “Clients want to bring in local restaurants and craft beer operations for pre dinner receptions. Clients are looking for larger pre-function spaces.”
- “Continued growth in dietary requirements. Increased use of WiFi and other IT services Increased request for Security services. Digital AV, LED screens etc.”
- “Customers are looking for experiences and non-traditional set ups.”
- “Events that require live streaming.”
- “Ever increasing demand for WiFi and associated bandwidth.”
- “Exhibitions are getting to be more ‘festival’ like in nature.”
- “Great demand for wifi bandwidth to accommodate multi devices.”
- “Greater number of break out rooms.”
- “Greater number of smaller event venues required.”
- “Huge threat from AR, VR, MR decreasing audience numbers. Some much more small, targeted events that huge events seem to disappear.”
- “Increase in conventions with educational and/or entertainment component.”
- “Increased use of pre-function space in innovative formats, more informal; Smaller exhibition areas, or only a few stands using public areas.”
- “Increasing demand for WLAN and event networks has led us to completely revise our offer in this area.”
- “Interactive meeting formats, more digital screens.”
- “It seems that clients ask for more cash catering facilities as part of congresses. In the past this was always paid for by organisers and a significant income stream. For cash catering the revenue maximisation is a lot more challenging but it seems to be a trend especially in the association sector.”
- “Just held an event where the client employed a delegate tracking device, primarily to see how many turned up to functions. This could lead to reduced catering numbers in the future. Increased demands on turnaround times for the space.”
- “More flexibility, less of exhibition and more of flexible meeting spaces.”
- “More flexible set-up of spaces, more foyer space for networking, WiFi.”
- “More flexible spaces including the ability to offer outside space. Increased technology requirements.”
- “More frequently clients come with their own technologies, furniture and manpower to operate their event.”
- “More parallel session, more individual working spaces needed, more electricity needed, more innovative experiences.”
- “More smaller breakout rooms are required and less larger plenary rooms. Also, seeing more exhibitions with attached conferences.”
- “More sophisticated security tools.”

- “Need for more hotel rooms connected to convention center.”
- “Open public area for serving food and beverages.”
- “Packages, Packages, Packages.”
- “Plenary sessions on flat spaces.”
- “Restaurant/hotel driven-facilities which give event space for free or reductions.”
- “Security load-in procedures and attendee screening.”
- “Security requirements, use of pre-function spaces, large crowds of attendees in same space.”
- “Short lead time bookings. One stop shop at lowest possible prices with best quality.”
- “Small exhibitions needs adjustments of some of our areas that had not been used before for this purposes.”
- “Smaller breakout meetings, pop up meetings and less formal gatherings, sustainable/local catering. flexibility in room settings.”
- “Technology and digital assets are essential for delegate connectivity and overall experience.”
- “Technology is always a need for better and faster as well as the use of lobby/pre-function spaces by clients and shows is changing.”
- “Technology requirements (high density wifi, digital communications) and food and beverage expectations are higher.”
- “Trend of using outdoor facilities.”
- “We have seen more of a need for meeting space than exhibit space.”
- “We need more multi-functional spaces and improve the accessibility requirements for disable people.”

Challenging Client Demands and Requirements

A related question was posed to members to gauge the most challenging new client requirements and requests today. Survey Question: Please describe any new key client demands are you finding most challenging to meet given your current resources?

Some of the key themes from the comments:

- Shorter lead times.
- Focus on different and healthier F&B.
- Request for event management services from the centre.

Select quotes from members:

- “Budgets decreasing with expectations increasing.”

- “Changes to contractual terms and conditions. Late payments. Late submission of event information.”
- “Clients demands more details in the bidding phase, more calculation and more time in the bidding phase, shorter deadlines and shorter lead time.”
- “Clients require lunch area to be closer to meeting rooms.”
- “Constant innovations.”
- “Decreasing lead time for both bookings and provision of event requirement information.”
- “Delivery of agency services.”
- “E-payment, taxi management, concession and F&B requirement.”
- “Event Management is becoming more onerous as clients request more for less.”
- “Facility integrated with more hotel capacity, other types of entertainment, dining, etc.”
- “Food and Beverage dietary requirements.”
- “AV technology costs.”
- “Free wifi.”
- “Inclusive packages.”
- “Installing food trucks in the surroundings in order to provide food.”
- “IT and security.”
- “Lack of resources to purchase new furniture to address a growing trend.”
- “Large number of breakaway venues.”
- “Less fixed programmes, demand of flexibility.”
- “Lifestyle dietary requirements.”
- “Offering complimentary WiFi, faster internet connections, flexible connection paths.”
- “Out of the ordinary original F&B offering.”
- PCO service offered by the venue and ‘included’ in renting price.”
- “Requests for free space; or funding to support rental of space.”
- “Short lead times. Focus on reducing costs.”
- “Shorter lead times and more last minute changes.”
- “Space. The exhibitions expanding into conferences too requires more space than the venue can sometimes offer, hence expansion. F&B: More demands for flexible F&B offerings so moving away from standard DCP/ Menu packages. Creates more demands on in-house kitchen operations and the need for additional cafe/ad-hoc food service locations.”

- “The cost of electricity is rising yet attendees are requiring more electricity and are not willing to pay for it. Inability of clients to meet their debt obligations.”
- “The most challenging thing will be the IT infrastructure as high quality is still expensive.”
- “Wireless connectivity system (Wi-Fi). State-of-the-art equipment. Tailored customer service.”

III.) Investment: New Buildings, Expansions & Renovations

This section covers centres' major investments in new building projects, expansions and renovations. Also covered, as in past surveys, are the centre spaces and areas that most need enhancement or investment, and if government owners are more open to support these types of investments than in recent years.

New Builds, Expansions & Renovations

An investment and building boom is underway. Only 27% of members have no development plans currently. A significant 41% of Asian members are planning or are underway with a new building project.

	All %	Europe	N. Amer	Asia	Aus/NZ	Africa
New build	24%	22%	15%	41%	11%	0%
Expansion	28%	29%	42%	12%	33%	25%
Renovation	43%	51%	33%	18%	33%	63%
No development plans currently	27%	24%	25%	35%	33%	25%

Multi-Year Trends: New Builds, Expansions & Renovations 2013 vs. 2018

Centre industry investment in new building projects and renovations is increasing overall worldwide.

	2013 %	2018 %
New build	15%	24%
Expansion	31%	28%
Renovation	33%	43%
No development plans currently	38%	27%

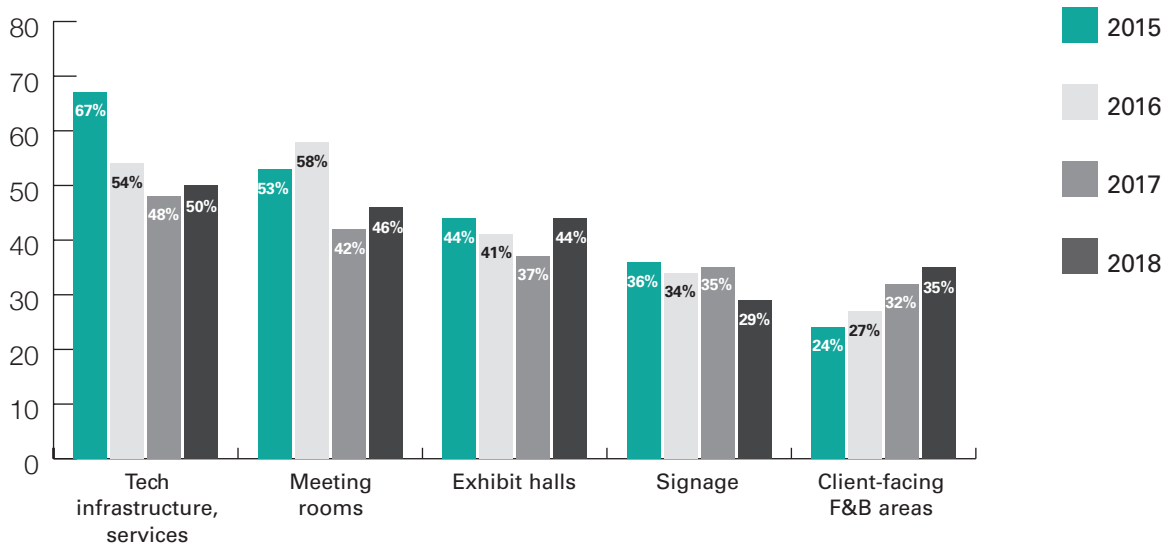
Centre Spaces and Areas in Most Need of Enhancement or Investment

Overall, technology and meeting spaces remain the building areas in the most need of investment worldwide. The strong economy, and rebounding exhibition industry, is prompting centres to assess their exhibit halls. Survey Question: Looking forward, which spaces and areas in your venue do you see in most need of enhancement or investment?

	All %	Europe	N. Amer	Asia	Aus/NZ	Africa
Technology infrastructure or services	50%	46%	42%	40%	50%	88%
Meeting rooms	46%	50%	42%	40%	63%	25%
Exhibit halls	44%	38%	42%	53%	63%	63%
Client-facing food service areas and restaurants	35%	39%	17%	53%	25%	38%
Signage	29%	23%	33%	47%	38%	25%
Ballroom(s)	28%	18%	50%	40%	63%	13%
Kitchen(s)	28%	27%	33%	40%	25%	25%
Pre-function spaces	25%	23%	50%	33%	25%	0%
Outdoor, outside areas	21%	20%	42%	7%	25%	25%
Venue connections and links to transportation, such as shuttle bus and taxi areas	17%	14%	17%	27%	13%	13%
Venue connections and links to hotels or other key buildings	15%	13%	17%	7%	25%	38%
Loading dock and related areas	14%	5%	8%	33%	25%	38%
Other concession areas and store-fronts	13%	13%	25%	13%	13%	0%
Business centre	7%	5%	0%	20%	0%	25%
Other	19%	21%	25%	7%	13%	13%

Multi-Year Trends: Centre Spaces and Areas in Most Need of Investment: 2015, 2016, 2017 and 2018 Comparison

The table below shows that technology and telecommunications are still the main areas that management feels needs the most investment – along with meeting rooms – although the three year trend shows F&B is gaining more attention.



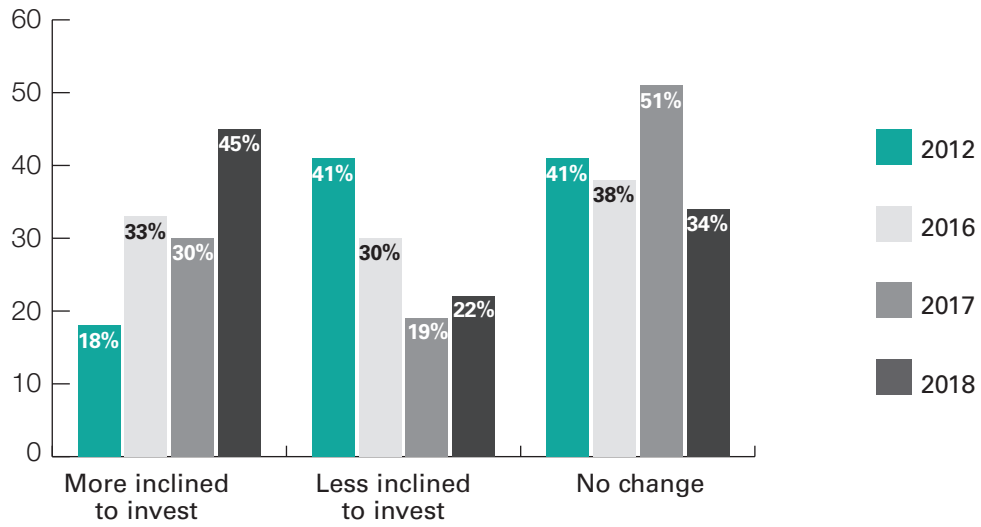
Is Government More or Less Inclined to Invest in Centres

Governments are becoming more amenable to support centre investments. Survey Question: Do you feel that currently your government is more or less inclined to invest in the convention and congress centre industry, especially in terms of facilities and infrastructure than a few years ago?

	All %	Europe	N. Amer	Asia	Aus/NZ	Africa
More inclined to invest	45%	36%	67%	59%	44%	50%
Less inclined to invest	22%	24%	8%	18%	22%	37%
No change	34%	40%	25%	24%	33%	13%

Multi-Year Trends: Is Government More or Less Inclined to Invest in Centres

Another sign of growth and confidence, governments are much more supportive of centre investment. Note the significant sentiment increase since 2012 shown in the table below.



IV.) Working with DMOs-CVBs and Hotel Partners

This section provides analysis of member relations with DMO/CVB and hotel partners.

How Has Centre DMO-CVB Partnership and Relationship Changed?

While 62% of members indicate nothing significant has changed in terms of the partnership and relationship with the DMO-CVB, there are four areas that between 10% and 19% of members have pursued in the past year:

- Made important changes to partnership or working agreement/arrangement with DMO-CVB
- Important staff changes related to DMO-CVB and Centre partnership or working agreement/arrangement
- Changed types of events and groups targeted by the Centre
- Changed the types of events and groups targeted by the DMO-CVB

North American members have been the most active in terms of making changes with their DMO-CVB partners. The survey question was: Over the past year, have any of the following roles or tasks changed in terms of your centre's partnership and relationship with the DMO-CVB?

	All %	Europe	N. Amer.	Asia	Aus/NZ	Africa
Made important changes to partnership or working agreement/arrangement with DMO-CVB	19%	24%	17%	13%	11%	14%
Important staff changes related to DMO-CVB and Centre partnership or working agreement/arrangement	15%	16%	42%	0%	11%	0%
Changed types of events and groups targeted by the Centre	11%	10%	25%	7%	0%	29%
Changed the types of events and groups targeted by the DMO-CVB	10%	10%	25%	0%	22%	0%
Important changes to Centre marketing and messaging strategy implemented or assisted by DMO-CVB	9%	8%	25%	0%	0%	14%
Increased the booking window period controlled by the centre	4%	4%	0%	7%	0%	14%
Decreased the booking window period controlled by the centre	2%	0%	8%	0%	0%	0%
No change, not applicable	62%	60%	50%	73%	67%	57%
Other	7%	6%	0%	7%	1%	29%

Hotel Partner Relations

Over the past few years centres have engaged with their hotel partners in a number of areas. Sixty-one percent of members have asked for hotel room rate decreases/discounts. And 51% of members worldwide say they worked with key hotel partners on destination and/or centre marketing and branding efforts/campaigns.

Survey Question: Over the past few years, which of the following have you pursued related with your hotels partners?

	All %	Europe	N. Amer.	Asia	Aus/NZ	Africa
Worked with key hotel partners on destination and/or centre marketing and branding efforts/campaigns	51%	60%	50%	27%	14%	67%
Communicated the competitive issues related to convention, exhibition and major event bookings	47%	46%	42%	53%	71%	33%
Asked for hotel room rate decreases/discounts	61%	56%	33%	80%	71%	83%
Asked for contributions or participation in incentive funds	15%	15%	33%	7%	14%	0%
Asked for more information related to their pricing formulas and booking decisions	13%	13%	8%	13%	29%	17%
Intervened on behalf of an event or group client related to hotel room block attrition issues or costs	41%	46%	50%	20%	57%	33%
Worked with owners/managers/investors to make the case for the need for more hotel properties or rooms	29%	33%	25%	27%	13%	33%
Other	14%	%	%	%	%	%

Challenges and Opportunities with Hotel Partners

Survey Question: What, if any, challenges or opportunities are you experiencing or exploring with your hotels partners?

Challenges – write-in responses:

- “Adding larger meeting spaces to compete with venue.”
- “Attractive pricing.”
- “Availability of rooms.”
- “Development of an understanding for the event market on the part of the hoteliers, in order not to lose events by missing hotel rooms.”
- “Enough bedrooms at peak times.”
- “Enough room block for groups.”
- “Few hotels close by.”
- “Flexibility and shorter lead times.”
- “High hotel prices.”
- “High occupancy, many hotels with low number of rooms.”
- “Hotel pricing models.”
- “Hotel chains are getting so focused on the daily rates that they forget to see the business in the future.”
- “Hotels are not giving block sizes needed.”
- “Lack of hotel blocks and more demand for program content to leave the centre for a hotel in exchange for a larger block.”
- “Lack of hotel room block avails for our clients. Competing for events and F&B components such as welcome functions and Gala Dinners.”
- “New Hotels coming on line is making existing hotels nervous about holding their rates.”
- “Potential of introducing bed tax as a different form of providing funding for high profile events which in turn will drive hotel prices up.”
- “Quality of existing product.”
- “Short term rentals/tracking of delegate stays.”
- “Some PCOs still work heavily with mark-ups.”
- “Still short-term focus and challenges in understanding the long-term business as well as price issues.”
- “Traditional leisure hotels need to understand MICE business.”
- “Understanding the revenue from international events.”

Opportunities – write-in responses:

- “Additional 4-Star hotels needed.”
- “Closer partnership to get the needed rooms in advance.”
- “Cluster opportunity with all actors in the chain.”
- “Collaborate for preferred rates; better partnership on marketing efforts; delegate boosting, bid support.”
- “Combined packaging opportunities.”
- “Communications between partners on bids.”
- “Create more exhibition-hotel cooperation modes.”
- “Greater collaboration for city-wide events.”
- “Grouping offers in low season period.”
- “Large diversity of offers.”
- “Methods of introducing hotel to clients.”
- “More collaboration with key hotels in the city.”
- “More hotel inventory.”
- “Partnerships and preferred rates for clients.”
- “Revenue opportunities through hotel booking contract.”
- “Setup a Business Alliance with surrounding precinct hotels to create joint opportunities.”
- “Softer hotel rate pricing will be beneficial in confirming business.”
- “Stronger co-branding.”
- “We created the Convention Park to gather MICE partners located walking distance: Meeting rooms, accommodation, restaurants, bars, culture.”

V.) Centre Ownership and Management Structure

Does Centre Ownership Have Special Access Provisions

A new question to the survey was: If your Centre is owned by a Government entity, does the owner have any special access provisions or the ability to supersede event and group clients if the facility is deemed required for any of the following reasons or circumstances?

Twenty-three percent of members indicate that if there is a National security need the government can use the centre and supersede event or group client bookings or other venue uses.

	All %	Europe	N. Amer.	Asia	Aus/NZ	Africa
National security	23%	23%	25%	21%	44%	0%
Natural disasters	22%	18%	50%	14%	33%	0%
Government owner has general priority booking option for any facility usage	14%	5%	17%	29%	11%	33%
Political meetings	10%	11%	8%	14%	11%	0%
Overflow space for government functions	7%	2%	8%	7%	0%	33%
None of the above	47%	55%	42%	43%	33%	50%
Other	14%	11%	0%	21%	11%	17%

Centre Ownership and Management Models

Survey Question: Which of the following best describe your centre's ownership and management model?

	All %	Europe	N. Amer.	Asia	Aus/NZ	Africa
Special Purpose organization (Corporation, Authority)	30%	26%	75%	31%	22%	14%
Contracted Private Venue Management	25%	23%	0%	44%	44%	14%
Direct Management by Government or City Department	19%	17%	33%	25%	0%	29%
Private Ownership and Operation	18%	23%	8%	25%	0%	0%
Other	17%	17%	0%	0%	9%	43%

Has Centre Ownership and Management Model Changed Over Past Five Years?

Only 18% of members indicate the management structure of the centre has changed over the past five years or is under review currently. The survey question was: Has this management structure changed over the past five years, or is it under review?

	All %	Europe	N. Amer.	Asia	Aus/NZ	Africa
Yes	18%	16%	33%	19%	11%	14%
No	82%	84%	67%	81%	89%	86%

VI.) Staffing

New in this year's survey were a number of questions on the important issue of staff recruitment, training and retention.

Is it More Challenging to Recruit and Retain Employees than Previously?

One-third of members see recruitment and retention as a major challenge. African and North American members are the most challenging labor markets in terms of recruitment and retention issues. The survey question: Are you finding it more of a challenge to recruit and retain suitable employees in your centre than previously?

	All %	Europe	N. Amer.	Asia	Aus/NZ	Africa
Extremely challenging, critical	11%	6%	17%	13%	11%	29%
Very challenging	24%	26%	25%	20%	22%	29%
Challenging	26%	24%	17%	60%	11%	0%
Somewhat challenging	26%	31%	33%	7%	44%	0%
Not at all challenging, not an issue	14%	13%	8%	0%	11%	43%

Is it More Difficult to Find Needed Skills at Various Staffing Levels?

Worldwide, the key challenge area is finding qualified mid-level managers. Centres in Australia/New Zealand and Asia look to have the most challenges in finding mid-level management staff. The question was: Are you finding it more difficult to get the skills you need at various staffing levels?

	All %	Europe	N. Amer.	Asia	Aus/NZ	Africa
Yes, at the senior management and executive level	24%	17%	25%	33%	44%	43%
Yes, at the mid-level management level	51%	47%	25%	73%	78%	57%
Yes, at the entry or part-time level	35%	30%	58%	33%	22%	43%
No	21%	30%	25%	0%	11%	0%

Do You Have New Initiatives or Systems to Help with Recruitment, Training or Retention?

Not quite half of members have recently undertaken new initiatives or implemented systems to enhance or streamline their talent recruitment, training or retention efforts. African and North American members have been the most likely to implement new staffing initiatives or systems.

	All %	Europe	N. Amer.	Asia	Aus/NZ	Africa
Yes	43%	36%	58%	47%	33%	86%
No	57%	64%	42%	53%	67%	14%

New Initiatives or Systems to Improve Talent Recruitment, Training or Retention

Survey Question: Have you undertaken any new initiatives or implemented new systems to enhance or streamline talent recruitment, training or retention? If so, what are they?

If yes, please describe:

- “Developed skills academy. Building relationships with colleges/universities for internships, practical training and part-time work opportunities.”
- “Employee suggestion program, working with trainees.”
- “Employees recruit employees.”
- “Employer branding - ‘We Want More’ campaign to recruit new staff.”
- “Engaged more educational institutions.”
- “Enhanced development training to grow incumbent staff. Increased liaison with specialist educational colleges. Enhanced industry engagement and development programmes for middle management.”
- “Increase hourly rate, personal care programme.”
- “Increased use of social media to alert new job opportunities and reduce payments to recruitment consultants by employing direct applicants.
- “Introduce apprenticeship for Event Services Department.
- “Investing in training and respectful scheduling.”
- “Linkedin and recruitment fairs.”
- “More flexible part time scheduling, introduced a premium rate for key part time associates.
- “Online learning suite of blended professional development programs. Onboarding, “Micro learning sessions.
- “Prioritised promotion internally. Spent more on advertising vacancies externally for more senior positions.
- “Recruitment from educational institutions who sent trainees.
- “Social media is used to assist in recruitment.

- “Speed interview, social media (LinkedIn, Facebook).
- “Sponsoring MPI scholarships.
- “Staff are assigned to various international events and peer-to-peer training to enhance their skills and knowledge in Conference Services.
- “Strategy to promote corporate culture and values on the web, including enhancing the importance of our staff and their work.”
- “Talent programme to retain and develop talented resource. Development plans have had an increased focus.”
- “Training programs AIPC format in particular.”
- “Use of LinkedIn Recruiter, we have to go out and find BDM’s, Chefs and Tradespeople, less likely to respond to job ads.”
- “Using outside recruiters more frequently, implementing more internship programs, more recruiting on campuses and career fairs.”
- “Working with local College on student experience with us.”

Conclusion

AIPC members have been experiencing the strongest growth this decade. Nearly all event and client sectors are healthy. The best performing sector with the strongest outlook, according to members worldwide are major national and international corporate meetings. Event management clients continue to require more individualized and customized services from centres, and centres have been responding by continuing to evolve into higher value service providers.

While event and group bookings and overall centre business has been strong, of course there are challenges impacting centres. Here are select member quotes on what they see as their main risks and challenges:

- “Competition.”
- “Labor shortage, lack of skilled labor.”
- “Lack of joint/coordinated marketing of conference business. Private sector needs to play more critical role.”
- “Economic transition from traditional manufacturing to innovation.”
- “Where are associations going with memberships and remaining relevant in their respective fields.”

Events and Major Meetings Look to Be Internet-Proof

Another bigger picture response to the challenges faced by convention and congress centres in this environment, and one of the trends fueling the strong MICE industry performance, is that events and major meetings are increasingly being seen as benefiting from the growth of the internet. Most all other marketing, media and educational channels are being disrupted by the expansion of the internet. Just a few of the reasons why the MICE sector is immune from internet disruption include:

- Business people, professionals, consumers, fans, hobbyists, etc. need and like to meet in-person.
- Many professionals need continuing education credits to advance in their careers.
- Most associations have to meet as part of their mission.
- Corporate event and experiential marketing has grown significantly this decade, providing one of the most effective channels to get close to customers.
- Events are used by associations, event producers and corporations to generate online content for various marketing uses.
- Events provide authentic, real experiences – and events are fun. In fact, events, exhibitions, conventions and meetings are the original social media.

It is true that online hotel booking services and Airbnb are impacting hotels and event producers in terms of room block management. The main value of the event and meeting industry can be stated in two words: networking and marketplaces. Networking is so critical to business people today – no other marketing medium comes close to providing the value of face-to-face networking. Networking is the number one reason why attendees attend events, exhibitions, conventions and meetings, based on many surveys conducted by Access Intelligence and other organizations.

Resulting from this strong industry growth is that centre investment and expansions are increasing. In short, today is a very good business period – but it is late in the economic growth cycle, with a number of potentially impactful situations emerging. For example, while only 26% of members say threats to trade agreements is impacting centre business currently, a significant 87% feel this issue has the potential for impacting business in the future. Regarding Brexit, 15% of members see an impact now and 95% say this could have a negative impact in the future.

It is important to point out that most centre issues are external, such as political changes, or growth-driven (e.g., high hotel occupancy and rates impacting group room blocks).

Venues and events are in a good business environment, and have been for a number of years. Disruptions happening in other marketing, media and educational channels caused by technology, as well as empowered customers and business-people, seem to be, overall, benefiting the venue and events industry.



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