New Realities in the Congress Market

In the wake of 9/11, most in the meetings and congress industry hoped that the impacts would be short-lived and that things would be largely back to normal within the year. Things didn't work out that way. The initial effects of event postponements and cancellations, delayed decisions and heightened security were quickly replaced by other, longer term effects: economic downturn, airline failures and lingering concerns about long distance air travel.

Now, as the world faces the prospect of even longer-term political instability, both congress centres and the organizations they serve are recognizing that turbulent times may be an ongoing fact of life, and are re-evaluating their plans and projections accordingly. In particular, they are questioning the kinds of changes that have taken place in the market and how their particular product or requirements have been affected by the new conditions and attitudes which have developed during this very demanding period.

A concerned industry has tracked changes and trends throughout this period in an effort to both identify and quantify the impacts. While there was a wide divergence of effects depending on when and where surveys were done, a number of general conclusions emerged:

First, not all destinations and sectors were impacted equally. Security became a big factor, particularly in terms of international events, with destinations perceived as safe and stable benefiting at the expense of those seen as less so. At the same time, corporate and other short-term events were hit harder than association conventions with longer decision periods. The biggest question for everyone came back to delegates; who would come and where were they prepared to travel?

Events requiring shorter travel distances, and which were accessible by road or rail, were less affected than those requiring long haul air travel. Areas such as Europe, for example, with a large internal market and multiple transportation options, experienced less impact than those dependent on overseas travel. Looking to the future, this pattern is likely to continue, with airline issues remaining one of the areas of greatest concern and airline failures, increased fares and reduced service still potential problems in many areas.

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Economic factors and corporate cutbacks have created changes in how meetings are handled, with many more meetings now organized by contracted meeting planners instead of in-house staff. Many feel this has resulted in an impersonal approach to decision making, which is based more on evaluation formulas and basic factors such as pricing. At the same time, decision periods are shorter, with many clients avoiding contracting until (or beyond) the last possible moment and centres having a correspondingly difficult time making any accurate business projections.

With a lot of construction already well underway before the terrorist attacks, expansion of convention centre capacity combined with a lack of growth in overall event business has created a “buyer’s market” in many areas. Cost-effectiveness is a more important factor than ever, and planners are more prepared to explore alternative meeting locations when there are financial incentives to do so.

There has been a continuing increase in the use of communications technology, particularly in the areas of connectivity and presentation technology, but this has now being accompanied by greater interest in remote meetings technology like web casting and video conferencing as planners explore ways to “hedge their bets”. To this has been added a heightened interest in security technology, with the ability to demonstrate good security systems becoming a key decision factor in many areas.

On the more positive side, meetings and conventions have shown themselves to be much more resilient that other forms of travel such as leisure. This has demonstrated the fundamental importance of meetings as an independent economic factor, and the need for continued investment in this area in times of turmoil. In fact, in many areas this sector is leading the resurgence in travel activity while leisure travel continues to languish.

What do these trends suggest for association executives and the facilities that host them? Here are a few things that suggest themselves;

First, it is now very clear, if it wasn’t before, that conventions add a valuable element of stability to a destination’s overall travel business prospects. The need and desire to meet can therefore be seen more than ever before as a way to even out variations in travel patterns, helping to maintain visits even when economic or political factors discourage other forms of travel. This is an important factor for communities to consider when deciding where to invest tourism marketing and infrastructure funding, and should provide some comfort to association executives wondering if anyone will show up to their events.

Secondly, safety and security are concerns that are here to stay. Delegate attendance is going to be heavily influenced by their perception of a secure environment for meetings and attendance, as always, is a critical part of the business equation for associations. And while there is a limit to what a facility can do about how secure its location may be perceived to be, it can certainly demonstrate that it has taken action to address security concerns.

From an association executive's perspective, the need is to clearly identify security expectations – and to ensure a facility is both aware of these and able to respond. At a more practical level, it's important to remember that a good security program can only be created through a working partnership, with the planner bringing knowledge of their group and the centre bringing knowledge of their facilities to the discussion. It's not enough for one party to expect that this aspect of the meeting is entirely in the hands of the other.

Finally, price-pressures and a more cost-driven market create both new pressures and new opportunities. Facilities with high overhead costs are less competitive, but can make adjustments in those costs if they know what the priorities are for a particular group. Congress centres that can demonstrate cost-effectiveness are now even more likely to get new business, and knowing this can help in any negotiations. The key for both facilities and association executives is to recognize that "cost" and "value" are not the same, and that there are many ways in which value can be created to balance the costs of a particular facility.

These are all factors worth considering when planning future tactics for the convention industry. But, as always, both buyers and sellers remain primarily interested in service quality, seamless delivery and an attractive, accommodating destination because this combination means fewer headaches and a better delegate experience. So the facilities that will benefit most under these new conditions will continue to be those that understand the need to combine a response to new trends with the traditional values of service, dependability and quality facilities – and association executives can use that recognition to their advantage when negotiating an agreement.

How does an association executive achieve the best value? The first step is in selecting a centre that regards management excellence as a fundamental part of their operation – and this is where organizations like AIPC, the International Association of Congress Centres, comes into play. AIPC's mission is to encourage and recognize excellence in congress centre management – and AIPC members subscribe to these principles in their respective facilities. Good management standards deliver much of what constitutes the "value" equation – and includes the ability to respond to new expectations such as those associated with security needs.

The political turmoil and security concerns of the last year and a half are not over – and in some ways, they may have changed the meetings and conventions scene permanently. But meetings will go on, and in a very real sense, may be the most important single catalyst in recovery of the travel industry as well as of improved international relations overall. Faced with this, those in the meetings industry, whether as facilities or their clients, have both an opportunity and a responsibility to make their business work. Those that succeed will be those that respond to the changes we've seen in a positive way – and in succeeding, they will pave the way for the future of the meetings industry.

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