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**IN OUR
OPINION...**
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A 50 Year Industry Perspective





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Over the course of its 50 year history, AIPC has had to deal with many issues of critical importance to the future of the industry. Many of these have come to a head in the past few years as the pressures of international competition, economics, environment and industry change have combined to create higher expectations as well as unprecedented challenges.

It was for this reason that we decided to use the occasion of our 50th Anniversary to produce a series of articles on a number of key aspects of the industry, ranging from why we need to be able to define ourselves as a distinct sector to the role we play in economic development and how we need to cooperate with other industry colleagues in addressing the issues of the future.

Each of these articles has been informed by the collective experiences of AIPC members, as expressed in conferences and presentations over the past few years. Each is an effort to sum up what who we are and what we believe at a time when it is more important than ever to be able to define ourselves.

The articles contained in this set were prepared as “opinion pieces” to be placed in major industry publications, and they are, in fact, appearing in a number of trade magazines over the next few months as part of our 50 year anniversary program. However, we also believe they can play a useful role in providing members with concise statements which can be used in their interactions with members, colleagues, clients and owners

It is for this reason that we are providing them here, and we would encourage you to feel free to use them in any way that you feel would be of benefit to you as a member. There is a short introduction to each article which is intended to clarify the issues they were intended to address. We hope you will find them useful – and wish you a **Happy 50th Anniversary!**

“ TEN THINGS WE NEED TO EXPLAIN ABOUT OUR INDUSTRY ”

The first step in addressing our industry issues is communicating who we are and what we do. Yet even this simplest of tasks is compromised by the fact that few outside our industry know what it's all about, and we ourselves are often challenged to explain exactly what our role is and how we differ from other sectors with any real precision. This article is intended to address the question of how we can distinguish ourselves as something unique.

Whether we call it MICE, Business Tourism, M&IT, Business Events or any other of the myriad of names that serve to further confuse the identity of the industry we work in, the Meetings Industry is a distinct area of enterprise with its own unique markets, requirements and agendas. Above all, it is very different from tourism, with which it is often purposefully confused, usually for historic or financial reasons.

“So what?” you may ask. Does it really matter if anyone understands the unique properties and requirements of the industry? Is such an understanding of any practical importance in the face of all the other issues we face on a daily basis? To me the answer is an unreserved yes, and the reason is that in order to succeed in any business you and those you depend on for your working environment need to understand what business you are truly in and what factors control its success. You can hardly expect understanding and support from people who don't even know you exist – yet that is what we risk by being unable to identify with any precision just who we are and what we represent, let alone

expecting anyone outside the industry to be able to figure it out for themselves.

This is particularly true for governments, who although often heavy investors in the industry through things like their construction and operation of congress centres and subsequent involvement in managing and marketing them, may have an extremely limited idea of the dynamics, demands and challenges of the industry in which they are invested.

So here goes with ten things we need to explain about our industry if we are ever to convince others what makes it a truly unique area of business enterprise.

NUMBER ONE

It's Not Tourism:

Years of association notwithstanding, we really have relatively little to do with the leisure sector that makes up the bulk of the tourism product in most parts of the world. In fact, we're much more connected to the areas of business and economic development than tourism, with which we only really share (like almost any other business

area) a need for accommodation, transportation and other destination amenities.

This isn't just an academic issue; it is of very real and practical importance because of how we do business. We deal with different markets, need different messaging, have to address different decision factors and require different kinds of expertise for marketing and delivering the product successfully. We are typically business to business enterprises, not consumer driven as tourism is. And when we mix these factors up with the tourism agenda, we can put ourselves at a serious disadvantage.

NUMBER TWO

.... But It Supports Tourism:

Which brings us to issue number 2: while we are not *about* tourism, we nevertheless *support* tourism, in many different ways. First, meetings and conventions grow the visitor base by attracting people who are coming to attend their event rather than having chosen that destination exclusively on the basis of its own merits. As a result, these are typically incremental visitors

consisting of people who might otherwise not have come at all. And it's not just that they come, it's *when* they come - often at times of the year when other kinds of visitors won't. This all helps attract support the development and maintenance of tourism infrastructure such as hotels and attractions so that they are available to support other types of visits as well. The classic case is a resort community that can only support the hotel inventory they need to meet peak season demands by having off-season visitors as well - a role that convention delegates often play.

What else do meetings and conventions do for tourism? Plenty. In these busy times, the majority of delegates attending events in an attractive destination will schedule some pre-or post-event time to enjoy the destination as a tourist. Visits by delegates create new exposure for a destination that often translates into return visits, perhaps with the family in tow. And major events such as international congresses help to build overall destination awareness through both pre-promotional materials and the "word of mouth" effect.

NUMBER THREE

It's Big Business – For a Lot of Reasons:

Globally, these kinds of activities generate tens of billions annually in any currency. But this has even more meaning at the local level, when you compare delegate spending with that associated with other types of travellers. While this varies in different parts of the world, it is typical that convention delegates generate three to four times the average per capita spending associated with leisure travelers. There are a number of reasons for this;

First, delegates are simply bigger spenders. Overall, they are further up the economic scale than the visitor average – more likely to be in the corporate or professional category. They stay, on average, in more expensive accommodation and eat in better restaurants – often because they are on corporate or professional expense allowances. And they may see attending a convention as a rare opportunity to indulge themselves a bit because they may have limited time in their schedules and at least part of the expense is being paid by someone else.

But there's more. Total delegate spending consists not only of what they're spending themselves but what others are spending on their behalf. For example, for every delegate there are a host of people organizing events, arranging meeting space and buying services to support their participation. At the same time, there are also exhibitors who show up and spend even more money in order to pitch products and services at those same delegates. Every one of these is directly attributable to that delegate being there – and collectively, they add up to a lot of money.

Economists point to two other features that make the benefits of meetings unique. The first of these is based on the fact that, by definition, delegates typically come from somewhere else. This means that much of the spending delegates do represents new money coming into the local economy from another region or country instead of simply the circulation of money that is already there. The second is what could be called the "efficiency of the sale". Convention organizers and facilities are essentially wholesalers who deal in larger units: while leisure visitors are typically sold

on an individual or family basis, the sale of a single convention can involve upward of thousands or even tens of thousands of visits for a destination. Clearly, this kind of return makes investment in the marketing of conventions a lot more attractive than the “one by one” sell associated with leisure visits.

And now, having spoken a lot about money, we get to the next point:

NUMBER FOUR

It's Not *Just* About Money!

As attractive as the financial returns are from the meetings business, these are, over the long term, often far outweighed by the broader community and economic development impacts the industry has. This where we need to think about the real role of meetings, and the outcomes this generates for those who host them.

Meetings and conventions essentially take place for the purposes of business, professional and scientific development. They are primary mechanisms for sharing knowledge and expertise, along with promoting commerce and business opportunities. So it's not

surprising that both the events themselves and the people who attend them have a lot to offer to the host community.

From an economic perspective, meetings and conventions attract people who are much more likely to be decision makers – and this can promote not only local business prospects but trade and investment potential as well. Events like these inevitably act as showcases for local products and services, if only because these will get exposure during the course of the events and the related social, educational and entertainment activities that take place around them.

From a professional development perspective, events in any area of discipline – particularly major national or international events – often attract literally the very best expertise in the world. For the community, this means access to this level of knowledge and experience right on their doorstep. In areas like medical practice, this can have huge implications for how local skills develop – which creates, in turn, big benefits for the quality of service in the local community.

NUMBER FIVE

It's Highly Competitive

The reason is simple; the benefits as outlined above are well recognized in many different parts of the world, and many different cities, countries and facilities are looking for “a piece of the action”!

There are two big results of this factor. The first is that competition amongst destinations and facilities worldwide is intense, and based not only on market factors like rates and returns but also on what the overall impact of delegates does for the local economy. The second is that clients know this, and increasingly, they are looking for recognition of the benefits their delegates bring in the form of discounts, incentives and sometimes straight cash investments as inducements to bring their business.

The impact of these factors varies depending on the supply / demand equation. But in a “buyer's market” such as we have had for the last few years (a direct result, incidentally, of the enthusiastic growth of capacity driven by the prospect of all the benefits outlined above) they can create a very unusual set of economics where the ability to

measure and assess indirect effects is often much more important than the usual “bottom line” calculation common to most businesses.

NUMBER SIX

It's a Mix of Private and Public Sector Interests:

Perhaps more than any other sector, the usual pattern in the meetings industry is a mix of public investment and private enterprise. On the one hand, you have core features such as convention centres which are typically government investments because of the need for “patient” investment in an environment where the return only occurs many years after the sale and the economics are such that benefits are widely disbursed (more on this later). On the other, you have suppliers and clients who typically have an intensely competitive, private sector orientation. Both are essential – but the interface can be most interesting.

For one thing, it creates some interesting tensions when government policy runs up against market dynamics. Many governments regard convention centres as just another public asset,

to be managed and maintained in the same way as any other government building. However, the client doesn't really care much about what government thinks in this regard; they just want to make sure they get the services and facilities they need and to negotiate the best deal possible.

Similarly, governments can have huge impacts on the industry without even knowing it's happening – somewhat like the elephant stepping on the mouse while going for a stroll. Decisions in areas like taxation, immigration, borders, security or transportation can be the life or death of the industry, but are often far removed from our sector and based on issues that have nothing to do with our needs or aspirations.

NUMBER SEVEN

The Economics are Unique!

One place where this impact is highly visible is in our unusual economics. Ours is an area where all is not necessarily what it seems; where operating deficits may be a sign of good business practices and some of the most important benefits can't be measured at all.

And nowhere is this as true as it is for convention centres.

The source of all this confusion goes back to the earlier point about direct and indirect benefits arising from meetings and conventions. Because the overall economic impacts of major events are so attractive, convention centres typically act as a "loss leader" for the greater economic benefits they generate in the community as a whole. Industry economics have simply adapted themselves to this reality to the point where raising facility rentals to the point where the facility is profitable (a good thing) may result in the loss of business that would have brought major spending into the community (a bad thing). Yet government owners are often unrelenting in their insistence that both should somehow be addressed.

Compounding this problem is the fact that events which deliver the best overall economic benefits are typically not those that deliver the best revenues for a facility – understandable, given the greater leverage that events delivering major economic benefits have in negotiating rates. So any discussion with the shareholder must

necessarily involve a broader range of issues than just immediate revenues, and the industry needs if anything to get better at documenting the indirect (and therefore less visible) economic factors involved.

NUMBER EIGHT

We're Vulnerable...

A lot of things can impact this industry, many of which are outside of our control. Global economics, political turmoil, pandemics and security issues can all bring things to a grinding halt on an international scale while tax policies, transportation issues or sudden changes in visa requirements can have the same effect on an individual country. We've seen both at work earlier this decade, where international events precipitated many different impacts, creating both winners and losers as events sought a "safe haven" and, in some cases, changed the way the entire industry works.

The reason for this is that our industry is dependent on many thousands of individual decisions. If the delegates don't come, or won't travel, the economic of the industry fall apart. Planners

are not about to take big risks on attendance – and will do everything they can to mitigate those risks. This means that our dependence on government decisions about everything from immigration policies to security measures can be matters of life or death to the industry – yet once again, few legislators even know we are an industry, let alone that we have unique needs and challenges!

NUMBER NINE

...But We're Resilient!

Having said that, as the events following the 9/11 security panic and the economic slump that accompanied it demonstrated, this is a very resilient industry. The fact is, people want and need to meet – and as a result, the rebound in delegate and business travel proved much quicker than for other sectors such as leisure. This was very important to those who were looking for any signs of economic optimism at a time when there wasn't a lot going around.

The pundits have been predicting the demise of face-to-face meetings for a very long time, victims, they said, of alternative forms of

communications such as web and satellite based technologies and the availability of faster and more detailed information content via the Internet. But meetings aren't just about content – they're about interactions, and the opportunity to make connections and validate relationships that are often needed to make any sense out of those other forms of communications.

In fact, there's a whole school of thought around the idea that as more and more communications takes place at a remote and impersonal level the few opportunities we have to connect through personal interactions will only become more important – and that means a healthy future for the meetings, conventions and exhibitions that make up our industry.

NUMBER TEN

It's Constantly Changing:

The final point is that everything in points one through seven is constantly evolving. This is an industry where change is rapid and extensive; where the mobility of many events creates global

expectations and these can change literally overnight.

What this means is that if we ever do succeed in communicating what our industry is all about to key decision-makers, the job's still not over. Each new development creates new challenges and opportunities for the industry – and new communications needs if we want to ensure our owners, shareholders and colleagues still understand how things work. In particular, we will have to keep a steady watch on how the economics of the industry work – how, for example, the balance is struck between the direct and indirect benefits that arise from events.

Like it or not, we're partners with many different groups and interests, ranging from governments to business communities to marketers – and our success depends on our ability to work successfully in a complex and ever changing environment.

The first step in that direction is to understand ourselves what makes this a distinct sector – and to then make an effort to communicate it to those who impact what we do.

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**GOVERNMENTS
AND CONVENTION
CENTRES:
RECONCILING
'THE ODD COUPLE'**
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The largest proportion of AIPC members are government owned, meaning that ours is an industry that is heavily influenced by policy decisions from a group that typically know very little about this area. This article was an attempt to outline the nature of the challenges this creates and suggest better ways to work together on common objectives.

RECENT surveys suggest that almost 70% of convention centres are owned by some level of government. Such a figure doesn't seem particularly significant until you realize it means that a large majority of centre owners are dealing in an area far removed from their core function as administrators of public policy, with many challenged to understand even how the industry works. At the same time, governments change, and over time and a number of different administrations the corporate memory fades, often leaving a situation where the current administration may not even remember with any real precision why they're in this business in the first place.

One of the consequences of this situation is the fact that the economics of convention centres are poorly understood by, if not a complete mystery to, many owners whose decisions will nevertheless hugely impact how effective their investments in such facilities on behalf of the taxpayer will be. None of this is consistent with the kind of good stewardship that governments are supposed to apply to public assets under their responsibility –

particularly when one aspect of that stewardship may require some form of ongoing subsidy or investment.

The situation can be just as difficult from the operator side. Few business operations (other than utilities) are put in this kind of position relative to government, and for good reason; the priorities and instincts of the political process do not lend themselves well to those associated with a market environment, particularly one that has to function in a challenging global business sector. At its worst, such a relationship can create the worst of all worlds, with centres having to deal with a wide range of political issues on the one hand while also having to perform in an intensely competitive private business environment on the other. The fact is, a convention centre's clients don't care who owns the facility, nor do they care what kinds of policy restraints the operator is dealing with; what they do know is that they want to get the best possible value for their event - and they have a world of choices available to them.

So why are governments typically owners?

Quite simply, because the economic of the industry have created conditions where a "patient" investor is required, and governments are amongst the very few that fall into this category. Consider that:

- Industry pricing is based on an understanding by event organizers that their events will deliver significant economic benefits to a host destination, and they expect recognition for that in the form of attractive facility rental rates. As a result, convention centres often operate for the greater economic benefits they create rather than profit centers in themselves. While some are able to generate an operating profit, very few can retire the capital cost of building them in the first place.
- When the returns do appear, they will be dispersed widely throughout the host community (based on delegate spending) rather than concentrated in a way that enables an operator to capture them. In fact, only governments are in a position to capture a part of the overall benefit through incremental tax returns resulting from convention related activity in the local economy.

- Major events book far in advance, which means something booked today may not deliver a return for five years or more – a period that few private investors can afford to contemplate.

- Convention centres and the events they host also directly address many other areas of government policy – economic, community and professional development, for example – that are of specific value to governments responsible for advancing these, but contribute little to a centre's bottom line and are no interest whatsoever to a private investor.

These circumstances suggest that this relationship isn't likely to change any time soon – in other words, we're stuck with each other. In fact, more governments around the world are recognizing the many and varied benefits that having a convention centre can generate, and are rushing to participate in an industry that can attract everything from investment and business development to new visitor revenues and global attention. If anything, this is increasing the need for each centre to compete more effectively and

efficiently, thus increasing business performance pressures to even higher levels.

So better than simply identifying the problems inherent in such a relationship is defining the conditions that would serve

“ **What an owner needs to do is focus on the net overall benefits, including incremental tax revenues, rather than just the operating bottom line.** ”

everyone’s interests, giving owners what they need to maintain accountability and the manager’s what they need to respond to both the owner’s and client expectations. Here are 5 pieces of advice we as the industry should be giving to government owners in order to help turn a potentially dysfunctional relationship into one where each party can get what they need to address their respective concerns;

First, the owner needs to clarify its objectives for their centre – or perhaps revisit them - understanding that they may not be what they seem or what was appropriate a few years back when the original investment was made. In the past, there was a tendency to think that centres were simply about generating visitor revenues, and measuring

their success along these lines. Today, many are recognizing that the role centres play in such areas as economic growth, new investment, professional and business development, and destination positioning are of far greater overall

value, even though they are more difficult to measure. Such broader objectives need to be specifically defined and prioritized as they will have a profound impact on the types of business pursued, the ways in which the community is engaged and how performance is measured.

Second, the government owner needs to get the governance right. The single purpose, government owned corporation may well continue to be the favoured mechanism for managing a centre but it remains to determine how that corporation should best be governed and what mix of stakeholder representation is appropriate. Recognizing the extent of impacts created by centres, representation should include not only the immediately benefiting interests such as hotels and tourism organizations but also those such

as the business, academic and professional communities who not only have a stake in the outcome but whose members actually play a key role in attracting events to the centre in the first place.

As with all such entities, Board members should have their first allegiance to their governance responsibilities and the capabilities to match, not to the groups or sectors that have an interest in the results. As obvious as this is, it is too often overlooked in favour of including interest groups, with the predictable results that local politics can skew priorities that should instead be based on established business objectives.

Third, owners need to understand how industry economics work – and set realistic goals based on this knowledge. The meetings industry operates largely on the basis of generating overall and widely dispersed economic benefits in a host destination, and this may mean sacrificing direct revenues to the centre. What an owner needs to do is focus on the net overall benefits, including incremental tax revenues, rather than just the operating bottom line, and recognize that to some extent a centre must function

as a “loss leader” in a market where clients know only too well how much their events can generate for a community and are increasingly expecting some form of recognition in that regard.

Part of this understanding needs to be an acceptance that ongoing investment is simply part of remaining competitive in an ever-evolving market. No owner, if they want their centre to compete effectively, can simply build a facility and walk away; given the number of new and renovated centres that are emerging into the market, potential customers have a greater variety of choices than ever before, and unless a particular centre can deliver a competitive product, they might as well simply get out of the business.

Fourth, an owner should create a dedicated revenue source that enables the centre to participate in the economic benefits it creates. This kind of “feedback loop” is the best way to ensure consistency in funding, and enables centres to reinvest in new facilities and programs based on the success of their efforts. At the same time, it avoids a situation where they are

having to spend time that should be business related playing the politics of funding, or being “held to ransom” by outside organizations who can use political pressure to influence such funding.

The government owner should be the one to address the politics of funding, not the centre manager, yet many are left in this position through the owner’s failure to create a stable, proportional funding source. Such a source can be easily achieved through many government-controlled mechanisms ranging from assigning a portion of the incremental tax revenues generated by a centre’s business activities to incorporating functions or facilities (parking, theatres) that contribute to a centre’s bottom line.

Finally, the owner should create an arms-length relationship that separates to the greatest extent possible the politics from the business decisions. Clear objectives and business performance measures are the first step in this direction, as they clarify what is expected in business related terms. However, there will be a need to avoid the ongoing temptation to respond to political pressures from interest

groups and each of these carries a price in terms of market effectiveness. In the end, there will always be a need for flexibility – to accommodate non-market activities with overall importance to government policy, for example – but even these can be addressed without opening the door to ongoing interference to what should aspire to be a competitive business operation.

The public and private sectors have always had a challenging relationship, simply because they need to respond to different priorities, agendas and responsibilities. For this reason, most governments have in recent years tried to minimize their engagement in business activities. Convention centres and, by extension, the meetings industry, is one area where this has proven to be difficult to achieve. But by acquiring knowledge, clarifying expectations and creating conditions for success, government owners can go a long way to ensuring an effective operation, even in today’s challenging marketplace, while still meeting their obligations for what may be a very significant public investment.

“ CONVENTION CENTRES... WHERE’S THE REAL VALUE? ”

Part of the “identity crisis” centres often have is based in the fact that in many areas they are considered as simply an extension of the tourism industry. This article argues the point that centres are typically all about economic development and that this needs to be placed in context with the often only incidental interactions they have with tourism.

FOR most of its existence, the meetings industry has been something of an orphan, falling between the various sectors that make up more recognized industries and as often as not adopted by some other sector that has something to gain by association. Typically, this has been the tourism industry, but in this regard it only really shares a need for accommodation and other visitor services, which isn't very different from any other business activity.

But it does, in fact, have another, much more critical role – and it's ironic that at a time when the industry needs all the recognition and support it can get, this role has been largely overlooked both by the industry itself as well as by governments who need to understand how centres impact what is usually their top policy concern. This is the key part that meetings, conventions and exhibitions play in economic development – one that has been regularly ignored in favour of their much less significant role as a tourism product.

The fact is that conventions and exhibitions are all about economic development and only incidentally about tourism. They take place in order to promote things like professional and business development, academic and research exchange, technical and medical and technical advancement and cultural evolution, not simply to fill hotel rooms. Yet we continue to gauge our success – and the value of the industry – on measures that trivialize the real economic benefits a centre generates for the community.

That this is misunderstood by both government and much of the industry itself is understandable, given the traditional tendency of the tourism industry to perpetuate the notion and the fact that the two are in some areas lumped together administratively for the sake of convenience. However, it has compromised the ability of the meetings sector to deliver on one of the most important benefits that meetings and conventions generate – the ability to shape and advance a region's economic development strategies.

So how do meetings, conventions and exhibitions address overall economic development goals? It's a long list, including such areas as:

- Attracting international events that relate directly to areas of government economic priorities
- Creating forums for interactions between global investors and local businesses in a variety of areas
- Drawing business and professional visitors, creating destination exposure amongst a much more mobile, affluent and decision-making group that would not otherwise likely to visit
- Attracting top professionals in any given field, which delivers global expertise into the host community where it is available to enhance local professional development and expertise
- Creating extensive opportunities for the exposure of local business, investment, research, and cultural products to a global audience
- Advancing international cooperation and understanding by creating forums for high level exchanges and helping build relationships through direct, personal contact amongst participants

This is not to negate the value that a centre has in generating benefits for the tourism sector but to underline the fact that the discussion shouldn't end there. If it does, the result will be an under appreciation and underutilization of the broader objectives to be served. This is important because like any area of government investment, convention centres need to be assessed on the basis of what they return to the taxpayer investor, and this can hardly be done effectively if a major area of significance is simply left out of the equation.

So why has this broader role been largely ignored? Because it isn't one that lends itself to direct measurement. There has been a tendency to measure benefits on the basis of the immediate economic impacts that arise from delegate and exhibitor spending simply because this is the easiest to calculate. So by definition, much of the direct evaluation of a centre's effectiveness focuses on what they contribute to the tourism / hospitality sector - specifically the number of hotel room nights generated – ignoring the far greater value generated in overall economic development.

However, the fact that something is easy to measure doesn't mean it is the most valuable component, and the role that meetings, conventions and exhibitions play in promoting other areas of the economy almost certainly outweigh

Second, it perpetuates the idea that centres exist to serve only one sector – the tourism industry – and skews their focus in that direction. This has resulted in many areas in a situation where the marketing of a centre is left by CVB's which

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the more tangible spending benefits. In undervaluing such a contribution there is an unfortunate tendency to discount it in favour of more readily calculated measures such as direct spending.

Why is this a problem?

First, because it results in an underutilization of the potential a convention centre has for performing a much greater service. A convention centre, and the events it hosts, can and should be a primary instrument of economic development for the government owner, because with the proper encouragement, it can selectively pursue the kinds of events that best correspond to the owner's policy objectives. This is almost never done effectively, simply because few owners see a centre in this light.

are at best preoccupied by other priorities and at worst ill-equipped to deal with a very different market than the consumer base they are used to dealing with. It's hard to imagine making the right decisions about business priorities if your view of a convention centre is that it simply exists to fill hotel rooms.

The most successful marketing of a centre (and thus the greatest overall return to the owner) will be achieved with a dedicated effort that fully recognizes and prioritizes the unique demands of the market as well as the broader opportunities associated with economic and business development. This is not possible unless the real role of a centre is understood and addressed in the way it is to be utilized as an economic driver.

It's also impossible if a centre is sold as a tourism product, which can and often does result if this role is put into the hands of an organization that has other priorities and / or skills. Consider that:

- Conventions and exhibitions are a business to business sell, not the kind of mass market sell applied to the leisure side. Centres seldom, if ever, deal directly with the end user (the delegates) and their marketing must instead be based on what appeals to a leisure traveler.
- A “leisure” image is increasingly irrelevant to with what many planners are looking for as they make their site decision. We need to appeal to a market that increasingly understands the need for meetings to be seen as serious business, not a junket, and as tourism messages are inevitably about leisure, they can actually provoke a negative reaction.
- Decision makers, decision factors and business processes are all fundamentally different in the meetings market from those of the leisure travel sector, and the selling process needs to be adjusted accordingly

● In a leisure / business mix, particularly in a political environment, the business events side of the equation is seldom a top priority. For one reason, the leisure side of the equation simply has a lot more lobbying capability than the meetings component which may be represented by a single centre – generally owned by government anyway - and a handful of suppliers. This means that in a mix of leisure and meetings sector priorities, the leisure side will always get the bulk of the investment.

Quite simply, this means that the job of selling a centre – and of generating the full range of benefits it can and should be generating in the overall economy – needs to take a specialized approach, and one that is based on an appreciation of the range of objectives to be served. In most places, the economic development role will be one of the biggest priorities in the mix.

This is not to say that there's no role for CVB's – in today's highly competitive market, all elements of the equation need to pull together, and there's no doubt that the

destination is still a big part of the sell. But participating in a process is not the same as dominating it. As noted, there's a real need to recognize that selling a convention is not the same as selling leisure, and these days in particular, any one or agency that can't make the distinction is not only less effective but potentially detrimental to the process.

This kind of view should not be seen as substituting one set of priorities for another but rather as expanding the definition of how a centre generates value for the community. Such an objective should be supported by all industry sectors, as everyone will benefit from the kind of solid investment that a wider appreciation of those benefits can create. We will need every economic justification we can get to meet the challenges of the future, and to do this we need to seize on every available argument to expand the perception of the importance centres have in addressing our economic and community interests. This, and not some jurisdictional agenda, should be everyone's objective.

As long as centres exist, and remain competitive, they will continue to benefit the tourism sector by filling hotels and restaurants, supporting the creation of new hotel capacity and creating greater destination exposure. However, they can't do this – particularly in today's highly competitive market – without ongoing investment, usually by government. Anything that can further justify this investment will benefit everyone, and that's why it's time we should all be embracing – and promoting – a better understanding of the broader role centres play in overall economic development.

Whether we like it or not, most governments place a much higher priority on economic development than they do on tourism, and as an industry it's time we took better advantage of the important story we have to tell in this regard.

“ INDUSTRY CHALLENGES ARE SHARED BY ALL ”

Some of the greatest challenges facing centres today are those that threaten the ongoing success of the industry as a whole. This article suggests that it may be time for all sectors of the industry to concentrate on these larger issues in an organized and cooperative way instead of dwelling of whatever differences in perspective may exist between them.

WHILE convention centres and their corporate and association clients may have their differences of opinion from time to time, we both share one overriding priority - and that is ensuring the ongoing role of meetings as a primary

“We both share one overriding priority - and that is ensuring the ongoing role of meetings as a primary vehicle for professional and business development.”

vehicle for professional and business development. Without this, clients cannot deliver the level of participation they need to meet their organizational and financial responsibilities. At the same time, suppliers like centres need a successful industry in order to fulfill the expectations of their respective communities, not just in terms of event revenues, but for the role they play in community and economic development.

So in looking to the future, it's clear that what are the most important business priorities for one group are also likely to be those of the other, and any concerns for the future are largely shared concerns. This means we need to be looking for better ways to address them

together instead of focussing the majority of our energies on the interactions we have with each other.

As the pre-eminent organization representing convention and congress centres world wide,

AIPC and its members have been identifying future challenges for the industry through a series of surveys and workshops, the most recent being on the occasion of our 50th Annual Conference in Singapore. While this is essentially a convention centre perspective, it is clear that the highest priorities are those issues that will impact both centres and clients alike, and can best be addressed with a combined effort. Here are some of the concerns we believe we share;

● **An uncertain economic outlook:** It's axiomatic that the fortunes of the meetings industry tend to track the economy, both directly (as in the corporate meetings area) and indirectly (as in the case of association meetings which, while booked well in advance, can still

suffer from lower attendance and spending during an economic downturn). Lower attendance and / or cancelled events result in damage to everyone's interests, including both the centres and destinations that host events and the organizers who have to deal with the impacts of reduced participation and revenues.

Such an effect may have an even greater impact than simply the immediate reductions in participation and income. If meetings are reduced even temporarily their role can be eroded in ways that have lingering effects. For example, replacement activities like remote meetings may become more established and prove difficult to reverse even when economic conditions improve.

● **Sustainability: the other edge of the sword:** First it was environmental impact, defined largely on the basis of pollution and waste management. Then this expanded into energy management. Sustainability was a broader definition still, incorporating many other aspects of the impacts a meeting or exhibition might have. At each stage, centres responded

dutifully and, in the vast majority of cases, effectively, to the point where "green meetings" packages are now virtually universally available, even if not consistently used by clients.

But there's a real question of where this path can lead if taken to an extreme. The fact is that the only way to completely eliminate the environmental impacts of a meeting is to not hold it in the first place, and this kind of consideration needs to be balanced against the very real benefits a meeting or convention delivers in terms of economic and social progress. The problem is that this kind of balance often gets lost in a situation where the pendulum swings as far as it has in the sustainability debate, and there is a very real responsibility for those of us in the industry to address that balance issue as regularly as possible.

● **Impacts on travel arising from increasing concerns about the "carbon footprint" of delegates combined with fuel cost increases associated with the spike in oil prices:** These impacts are threatening enough on their own,

but when combined with economic uncertainty they become even more of a concern. Such factors as the “carbon footprint” can be cited as a way of rationalizing travel restrictions that are really more about cost saving measures, just

“All these factors should be of concern not just to suppliers but to organizers as well... they all have the potential to reduce event participation, which does not serve the interests of either group.”

as security concerns served as a proxy for cost saving measures resulting from a soft economy earlier this decade.

Again, there is a need to make sure that sustainability concerns are balanced with an appreciation of the important role meetings play in advancing business and professional interests or all our “greening” initiatives may become counter productive. One issue that we may have to deal with this respect is the near-total absence of economic measures that can calculate the economic benefits associated with the kind of professional and business advancement a meeting creates.

Without this we are reduced to having to use vague, qualitative measures of value to argue against the hard measures available to other sectors and that are increasingly being developed for the sustainability debate.

● **A shrinking work force:** Demographics don't look particularly encouraging in many parts of the world for an industry that can be very labour intensive. The dwindling supply of specialized and experienced event staff means an expanded effort is needed to recruit, train and retain good people at a much higher rate. This is a concern shared again by both centres and clients alike; when client organizations such as associations have reduced resources, they often need to look for higher levels of support from a centre, and this may be coming at precisely the same time that centres themselves are struggling to maintain qualified staffing levels. In the end, it's in everyone's

interests to deliver the best possible event experience in order to encourage attendance, and to the extent that this requires capable, qualified human resources, we should all be looking more intensely at what it takes to develop such skills and how we can compete more effectively with other sectors looking to attract the same people.

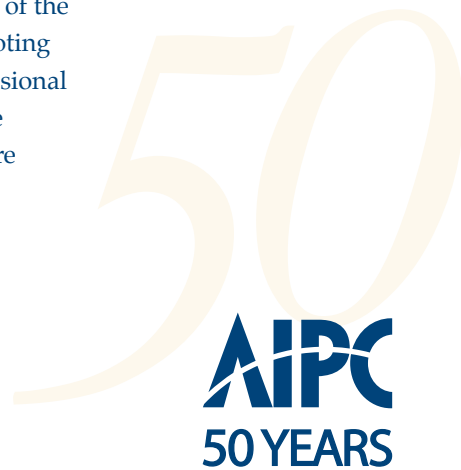
● **Alternative communications technologies:** Although we've been denying this one for years, we can't and shouldn't count it out yet. While most agree on the fundamental importance of “face to face” encounters, the technology for remote meetings is improving significantly at a time when the challenges to travel are increasing as outlined above. Combine this with a “new generation” of delegates raised on the Internet and teleconferencing of the future may become an irresistible option, at least for some types of meetings. Most in the industry would agree that the goal should be to work at how such technology can be used most effectively to enhance meetings rather than replace them. But this has definitely taken a back

seat in terms of priorities relative to more attention to traditional meetings activities and formats. It's likely time to make this a real focus and make sure we are utilizing the full potential the technologies offer to enhance the value associated with face to face events.

Any one of these issues could have a significant impact. However, it is the combination of them occurring at the same time that could have the greatest impact – the combined effects of economic conditions, sustainability concerns and new technology, for example. We need to be looking at the long term of our industry with the same kind of intensity applied by other sectors, and we need to be doing it together.

As much as we've advanced in both our thinking and the available technical resources in recent years, the fact remains that the basic format of meetings and conventions has evolved very little for a long time. If anyone should have the capability to “get in front” of how this area evolves it should be those most experienced and directly involved – in other words, those of us in the industry.

All these factors are areas that should be of concern not just to suppliers but to organizers as well. They all have the potential to reduce event participation, which does not serve the interests of either group. As a result, they are areas we should be addressing collectively, particularly in terms of reinforcing the fundamental importance of the meeting experience in promoting business, cultural and professional advancement to those whose decisions will affect the future of our industry.



OPINION ARTICLES BY

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