Communiqué

AIPC
EXCELLENCE IN CONVENTION CENTRE MANAGEMENT

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PRESIDENT'S MESSAGE

Ongoing Development Creates New Roles for Managers

One message that came through loud and clear in our recent Annual Conference in Liverpool was that the rapid growth of convention centre supply and the kind of competition that results is here to stay for some time.

The reason is simple: in a time when client expectations are increasing and new competitors are appearing practically every day, no centre can allow itself to fall behind and risk becoming non-competitive, and redevelopment is required. As various speakers pointed out, this creates a situation where expansions, renovations and technical upgrades will be a more or less continuous process rather than an occasional challenge. There are a number of important implications to this that we should be considering.

> ..."a centre is really a vehicle for collaboration, education and knowledge transfer–"

For one thing, we need to rethink our role as managers to some extent. To date, most of us have seen ourselves as operators first and only occasionally involved in things like project management, design development and so forth. But increasingly we will be expected to lead or at least manage those other roles – and we may not always have either the experience or the training to do that in an entirely knowledgeable way. This suggests we may want and need to think about how we can all work together to share experiences and gather resources that will help us through areas we may be less familiar with.

We also need to understand clearly that development is not just about construction – it also implies a new level of activity in such areas as finance, government relations and community interface. To build or renovate, we generally need significant investment, and the community and government support required in order to get it. That means paying more attention to how well we are seen in our communities; making sure our value equation is recognized and understood and that we have supporters in place who will be prepared to stand up when required to endorse the need we have to keep our facilities competitive.

Another thing we will have to think about is what all the resulting new supply of space is going to mean in a time when it is not clear that core business is growing as quickly. It means we may all want to think about how centres are used and what we can do in our respective areas to not just compete for existing business but look at innovative ways to create new business. Many centres are already looking at the development of new events that have potential in their communities; others are re-thinking their business priorities to include activities that may have been a lower priority in the past. Whatever approach is taken, it is clear that we need to broaden our view of business potential and look at being more in the way of event creators rather than just event accommodators.

Finally, I think we need to make sure that we're seen as something more than simply a support to the hospitality industry – a way to fill hotel rooms. As a number of speakers pointed out, a centre is really a vehicle for collaboration, education and knowledge transfer – as essential to the economic development process as a research facility or a laboratory. Seen in this light, we are a fundamental player in the new knowledge economy – and will be taken much more seriously as a result.

These are all things we should be embracing as an industry.

> "While more competition presents challenges, it also drives innovation and reinvention – and these all present exciting opportunities for us to adapt and diversify our roles and activities."

Edgar Hirt, AIPC President

Bob Prattey

Annual Conference 2010:
A Specialized Approach to Our Industry

AIPC's 2010 Annual Conference was an experiment in both content and format – an effort to take an in-depth look at a topic of collective interest, and a range of perspectives from global to practical that had a bearing on that topic. Initial reaction suggests that the innovative approach worked, providing the kind of focus that put both member expertise and global observations to the best possible use.

"We know that members value AIPC above all for the very clear focus we can deliver on the issues and opportunities of specific interest to convention centres themselves, and our intention was to make sure we delivered a program that would provide real value in that regard", said AIPC President Edgar Hirt. "Delegates to the Annual Conference are typically largely senior management, which means they have a different kind of expectation of what they should be able to both contribute and take away. We intend to deliver on that to the best of our ability because it is what distinguishes AIPC from the many other industry organizations with which we all interact."

A mix of European, North American and Asia Pacific presenters created a wide range of perspectives on conference topics, and presentations are all available for review via www.aipc.org for those who would like to refresh their memories. In the meantime, here are some of the Conference highlights:

How Are We Defining Success?

Speaker **Leo Jago** challenged Annual Conference delegates to question the traditional ways of measuring the success of a convention centre and to think about how we might document value in a way that better demonstrates our real role in the global economy. Professor Jago, formerly a professor at the University of Melbourne and now Acting Director of the DeHaan Institute at the Nottingham University Business School is a pioneer in the study of how the value of meetings outcomes can be calculated, and has recently published a paper on this subject in conjunction with the Business Events Council of Australia (BECA).

"The fact is that business events make key broad-based contributions to economies, but most of our efforts focus on their tourism contribution", said Jago. "As a result, this industry doesn't get the appropriate recognition or support – and a major effort is needed to assess the 'beyond tourism' value of business events in order to improve the appreciation of our value to the overall economy."

Jago said that we have traditionally measured a very narrow range of benefits and not even done a particularly good job of what we do measure. "There is substantial variability in assessment techniques that are employed, and this often leads to credibility problems with government. At the same time, evaluations tend to be macro in focus, dealing with a state, province, or country impact rather than city specific, which means they are often seen to be very large and meaningless in the context of a specific community. They also generally ignore the inputs required to generate the impacts, which must be considered in order to estimate true benefits in a credible manner". But it is in failing to measure the benefits that arise from the real reasons meetings take place that the greatest loss occurs, says Jago. "Many see the impact to only benefit hotels, convention centres and restaurants; however, tourism benefits are seen to be

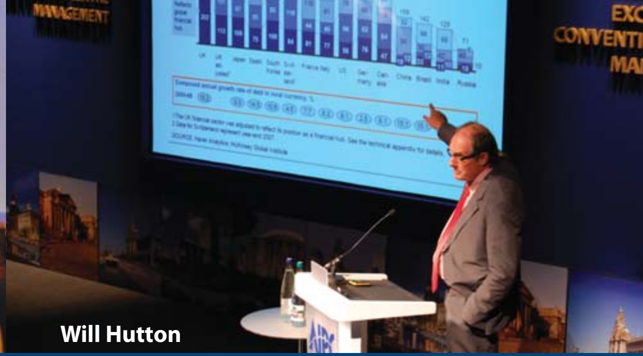
CONTINUED ON PAGE 6

Member Panel
Shares Development Experiences

While representing experiences gathered from a variety of different projects in widely different parts of the world, AIPC member panellists addressing the topic of "Lessons Learned" still came to surprisingly similar conclusions on the key elements of a strategy to successfully manage a major expansion or new construction project.

AIPC 2010


Hamish McRae


Will Hutton

Keynotes

Position Centres in the Global Future

While approaching their topics from divergent perspectives and differing on some of the specifics, the two keynote speakers for the 2010 Annual Conference identified many of the same factors as key elements in the future global environment in which convention centres will be working and competing for business and funding. The results were highly instructive in terms of helping delegates visualize many of the issues that will become of increasing importance – and offered some important insights into how centres may need to adjust their strategies for the future.

Together, these speakers created a solid and global context for the more specific discussions around how centres could and should prosper in a period of rapid change. In doing so, they helped set the stage for many of the centre-specific topics that followed.

Will Hutton, as one of the most influential voices on work, employment and organization issues in the UK - he spent four years as editor-in-chief of The Observer, has published a number of important books and is a governor and visiting professor at the London School of Economics – described a period of ongoing uncertainty and shaky economic recovery based on a failure of governments to address the root causes of the recent financial crisis. In particular, he focused on levels of both private and public debt in many countries as the factor that would shape the near-future in profound ways.

Hutton saw a need for more action to be taken in restoring the relationship between reward and actual productivity in place of the recent trend toward the accumulation of huge financial benefits from simply creating and manipulating new financial instruments. On the positive side, he identified a critical role for convention centres as economic drivers – in effect knowledge facilitators and generators in the same leagues as research institutions, and a need for centres to characterize and promote themselves in this regard during what can be expected to be a challenging time for centres interacting with government owners in a time of ongoing economic stress.

Hamish McRae took aim at how shifts in economic power and the development of new business activities and technologies would require corresponding adjustments in many sectors including that of convention centres. As one of Europe's foremost speakers on future trends in economics, business and society - he is the Economic Editor of The Independent and a council member of the Royal Economic Society - he is in demand around the world for his lucid insight into the current economic situation and how future trends are likely to affect business and governments.

McRae saw a shift in economic power from the west to the east as one of the major driving forces in future business activity. He also noted that there would be an inevitable acceleration of technology, with many areas now poised for fundamental changes in the rate of innovation and a "self-feeding" process wherein new developments accelerate change in adjacent fields at an ever-increasing rate. His advice was for a high level of attention to be devoted to how and where change is taking place as well as to look at other areas of enterprise for clues that centres can use to create their own innovations.

Leigh Harry, in his capacity of CEO of the Melbourne Exhibition and Convention Centre; Catherine Wong, Vice President, Operations of the Vancouver Convention Centre and Bob Prattey, Chief Executive, Arena and Convention Centre Liverpool all shared experiences gained in the management of three major developments under different conditions and with challenges that ranged from funding issues to a looming Olympic deadline.

Amongst the key conclusions presented were:

- **The importance of "keeping control" of the project in the face of a wide array of political, logistical and construction challenges**
- **A need to get good community support early in the process in order to carry the project through the inevitable challenges that will arise**
- **Making sure you have your priorities straight and are in a good position to evaluate the impacts that program changes and cost-cutting measures may have on the project outcome**
- **Accept the need for ongoing political management as government priorities and concerns change throughout the course of a project**
- **Look to the long term and fight hard for those elements of the project that will have implications for the future operational and financial viability of the completed project.**

A common theme was the need to be prepared for a variety of unexpected challenges, however well things may be planned, and to have both the staff resources and the strategies required to respond to these. All panelists also noted the paramount importance of communications at all levels in order to maintain a firm grip on any developing issues to be addressed.

With the large number of existing and anticipated projects amongst AIPC members, this was all good and well received advice!

Architects Create "Do It Yourself" Design Program

In an unprecedented approach to actually engaging delegates in the process of design development, senior architects from highly regarded LMN and Populous led a session in which participants carved up conceptual responsibilities to arrive at a design concept for a hypothetical convention centre in exactly 1.5 hours! Designed to demonstrate how centre business, functionality and site conditions lead to final design, the session put many of the issues identified in other parts of the conference program to work in creating design solutions.

Groups of delegates explored the possibilities for a design concept by taking on the task of defining priorities for each type of function space within a conceptual centre and their conclusions were incorporated into an evolving design via a computer assisted design program.

As the design evolved, **Rafael Vinoly, Partner, LMN Architects** converted

it immediately into a "hard" form via a sophisticated computer design application so participants could see how various decisions influenced the overall configuration, and confront issues that arose in the process of achieving a fit between all the desired elements. The resulting process created a small scale version of the kind of design decisions that ultimately create a final program for a centre.

Said **Todd Voth, Senior Principal, POPULOUS,** "The process was similar to what we have used in our own sessions for a number of years which we call the "Imagine That" workshop, where identified industry issues are translated into design solutions by a group comprising both architects and industry representatives. We've found it helps us keep up to date about evolving issues while enabling managers to see how the design process actually works." **Chris Eseman, Partner with LMN Architects** concurred with the value of this kind of engagement. "When the client can see how form is directly related to the issues being addressed and the alternatives that are available to create solutions, they are in a much better position to work with us in getting the results they need".

Plan Now for Upcoming AIPC Professional Development Opportunities!

Once again this year, AIPC will be staging a series of professional development programs specifically designed to meet the needs of centres managers and their staff. With dates now scheduled, it's time to decide which of your team should be taking advantage of these opportunities to upgrade their knowledge and share the benefits of our collective member experience. Here are the next offerings:

AIPC FACILITY OPERATIONS SUMMIT

AIPC Facility Operations Summit

Barcelona
November 28-29, 2010

Held in conjunction with the EIBTM trade show, this session brings together operations and event managers from around the world in a two day program designed to address key operations issues and strategies while accessing new expertise in areas of collective interest.

AIPC ACADEMY

AIPC Academy

Brussels
February 6-11, 2011

The pre-eminent professional development program for international convention centre management training, the AIPC Academy offers a full curriculum in all key areas of centre management and helps develop broader managerial expertise amongst the members of your centre team.

AIPC SALES AND MARKETING SUMMIT

AIPC Sales & Marketing Summit

Frankfurt
May 22, 2011

A "must attend" session for sales and marketing managers who need to keep up on the latest market developments, and an opportunity to exchange perspectives and strategies with other centres from around the world.

Space is limited for all these events, so get additional information at **www.aipc.org** and register now while there are still places available!

Centre Members Define Industry Future

In a comprehensive survey that benefited from an overwhelming response rate of over 70%, AIPC members provided the raw materials for a highly focused view of how changing expectations and evolving building requirements will impact the kinds of facilities we will need to meet the future demands of our clients and a changing mix of business.

The survey was developed as a way of helping to create a context for subsequent conference sessions on everything from facility design to performance evaluation. Carried out in partnership with **Michael Hughes, Managing Director of Research and Consulting for Red 7 Media**, the survey was intended to establish a benchmark for a number of the topics and discussions at the Annual Conference by indicating the kinds of issues that delegates would likely be facing in the years ahead.

The conclusions were diverse, and included;

- Respondents expected significant industry revenue growth in 2010 – 4% global revenue growth, and from 1% to 2% in event and attendance growth. The largest proportion of this growth was anticipated in Asian countries with some – in particular Latin American countries – expecting further reductions.
- On pricing, the survey indicated that published rates are holding or in some cases actually increasing, but noted that top clients are negotiating more and / or asking for incentives.
- There has been a heavy focus on new revenue and services in response to the impacts of the recession. Primary new revenue sources were shown as expansions and space increases, technology, including wireless, internet and AV; food & beverage, including more catering, concessions and food courts and event services.
- Secondary sources were identified as booking more entertainment-related events, launching their own events (usually entertainment-based), signage and advertising, package offers, registration, parking and event management services.
- While 91% reported that profitability was a key factor in their reporting responsibilities, only 57% indicated that they generate a gross profit (excluding debt service)

Respondents expected significant industry revenue growth in 2010 – 4% global revenue growth, and from 1% to 2% in event and attendance growth.

- Managers saw their role changing in the future with more emphasis on areas such as more in-depth management structure reviews, a continued focus on revenue and profits (or minimizing loss); a greater role in sales and marketing and an increasing involvement in managing expansions and related development projects.
- In spite of the recession, there continues to be a building boom, with almost 60% of venues having a new build or expansion project underway or opened in the past three years. Primary reasons given for building were demand from events that need a larger space at 39%, a need to add new technology features and services (17%) and updating aging facilities (16%).
- Only 23% of funding for expansions and redevelopment came from the private sector (via P3"s or otherwise) with the vast majority coming from various forms of government funding, including issuance of debt such as bonds.
- Primary technology and service interest is in wireless internet access; higher quality, high-tech meeting rooms; and environment conditions (HVAC, lighting, etc.), in some cases to meet sustainability expectations.
- Primary client trends and requirements are increased negotiations; shorter booking window; and demands for higher-quality F&B.
- Centres saw facility "flexibility" as the primary requirement for the future, but had many different interpretations of how this should be defined, including faster event turnaround, serving a more diverse mix of business, increasing speed and reducing expense (less labor intensive), enhancing creativity and reducing limitations, and providing a higher level of client service. Also referenced were having the ability to handle last minutes changes and bookings, the ability to host multiple events and multi-functionality. Flexibility in services and financial / business matters was also seen as of growing importance.
- While 86% of centres indicated they had "green / sustainability" programs", only 36% had a recognized design certification. Community and market expectations (in that order) were cited as the overwhelming reasons for "green" program development.

The presentation concluded with a series of shifts in how centres function based on the results of the survey, with some changes suggested that would have important implications for centre managers. The results also suggest areas for more in-depth analysis that can be completed as a follow up.

Initially prepared for presentation at the Annual Conference, the complete survey is now being finalized and will be provided to AIPC members as soon as it is available.

2010 Apex Award Goes to Valencia

The hard – fought 2010 edition of the AIPC Apex Award for "World's Best Convention Centre" was awarded to the Valencia Convention Centre at an Award Presentation in the Historic Liverpool Town Hall. Valencia took the honours after prevailing in a competition with record numbers of competitors and client references as the importance and prominence of the Award continues to grow in the industry.

"We are delighted that our colleagues from Valencia have received this honour and is clear that they have set a proud example for centres in Spain", said AIPC President Edgar Hirt. "It demonstrates the high level of performance that is now being demonstrated in this area and provides an example against which other centres can be assessed".

The AIPC Board also recognized the two runners-up to this year's award; the Bregenzer Festspiel- und Kongresshaus and the Congress Centre Sofia. "These centres also deserve recognition along with the overall winner, given how competitive the results were amongst the 27 finalists", said Hirt. "We also consider the entire range of competitors to be winners in the sense that the process of analysis creates a valuable insight into how their customers regard the various aspects of their operation, and this is information that centres can use to further enhance their operations".

Previous Apex Award winners have been the the Vancouver Convention Centre in Canada – who won on two occasions; the Centre des Congrès de Québec in Canada; the Congress Centre Sofia of Bulgaria; the Cairns Convention Centre in Australia; the Bilbao Conference Centre and Concert Hall.Euskalduna in Spain, the Congress und Messe Innsbruck in Austria and the Melbourne Exhibition & Convention Centre in Australia.

How Are We Defining Success

CONTINUED FROM PAGE 2

more frivolous and have lower credibility than benefits from other sectors. And until recently, not even those in business events themselves promoted the additional benefits of the sector".

He feels that this value must be comprised of four elements of the equation: first, the value to attendees; secondly, the value to employer organisations; third, the tourism value (which is largely under control, but needs standardisation) and finally, the comprehensive value to the economy. It is the latter which has proven so difficult to measure with any real precision as the benefits are typically spread over a long period of time.

A recent study in Melbourne underlined both the challenge and the opportunity. It tracked the results of 4 business events held in Melbourne over a subsequent 2 year period, producing a full economic evaluation at the end of each event. A major feature was a follow up with key stakeholders for each event at 6 monthly intervals in order to document the flow-on benefits. As Jago noted, this was an extremely time-intensive project and illustrated the effort that would be needed to carry iut such an approach on a larger scale.

"However, the fact that it may be challenging doesn't lessen its importance", he said. "Without such measures we will be left with estimates that we know undervalue our value our contribution and we shouldn't let that happen".

San Diego Gears Up for AIPC 2011

As well documented in a presentation at the General Assembly, next year's AIPC Annual Conference destination will be a major departure – literally – for many members. Taking place in San Diego, California, it will be the first AIPC Annual Conference to be held in the United States for many years and reflects the growing interest that many US centres are taking in the international scene.

"Although we have had a number of very active US members for many years, our conferences have tended take place in other parts of the world", said AIPC President Edgar Hirt. "It is timely that we will be holding the 2011 conference in San Diego, where we have a very committed member, particularly in a year where two major international trade shows – IMEX America and AIBTM – will both be launched in the US."

The conference will run from June 27 – July 1 at the San Diego Convention Centre, and the program will be designed to take full advantage not only of the insights and information available through one of the most prominent and successful centres in the North American market but the highly attractive surroundings of this legendary southern California destination. "The San Diego Convention Centre is a case study in the successful interface between a centre and its surroundings, and offers many valuable lessons as to how such a relationship can be structured in other areas. We expect this conference to be a valuable learning experience for our members and look forward to a very unique event".

WELCOME TO OUR NEW AIPC MEMBERS!

CONVENTION CENTRE DUBLIN

Nick Waight
CEO

The Convention Centre Dublin (CCD) is Ireland's new world class purpose-built international conference and event venue. Recognized as the first carbon neutral international convention centre, the CCD is an iconic building located right in the heart of Dublin configured to accommodate conferences from 8 to 8,000 participants in 22 purpose-built meeting rooms. Spaces include a 2,000-seat auditorium, 4,500 square meters of exhibition space and banqueting facilities for up to 5,000 guests.

The centre combines an experienced management team with an extensive range of support services and technology, including advanced audio-visual and lighting systems as well as Wi-Fi enabled halls and meeting rooms. **"As Ireland's first purpose-built convention centre, we are proud to offer our clients a world-class service,"** said Nick Waight, CEO. **"We are very passionate about offering our delegates an exceptional experience so we have set ourselves a goal of being the best convention centre in Europe by 2014, and we have joined AIPC as it will help support this goal through its commitment to encouraging and recognizing excellence in convention centre management. Being a member will provide a good platform to network, learn and share best practices with like-minded members".**

LONDON CONVENTION CENTRE, CANADA

Lori Da Silva
CEO and General Manager

London is Canada's 10th largest city, located in Southwestern Ontario, Canada, a region bounded by two of the Great Lakes. London today has a vibrant, knowledge-based diverse economy with world class health care, university and research facilities and a desirable quality of life with short commutes, tree-lined streets and lots of nearby fresh water beaches.

The London Convention Centre is located in the downtown core and features 5853 sqm of event space including a grand ballroom of 3066 sqm which seats 2,000 for dinner, a tiered theatre for 300 and 10 additional salons and boardrooms accommodating from 10 to 500 delegates. It is connected to the Hilton London, annually hosts over 400 events from local socials to international conferences and enjoys a stellar reputation for exceptional personal service.

"The London Convention Centre serves two key economic interests," states Lori Da Silva, CEO and General Manager of the LCC. **"One is the direct contribution to our economy by hosting conventions and secondly, is to showcase our regional industries to the world to help attract new industry to London. Joining AIPC was a natural for us. To be exposed to so many facilities from around the world and share best practices offers a tremendous learning opportunity as we are after all a knowledge sharing industry."**

COEX, SEOUL, SOUTH KOREA

Sung-won Hong
President and CEO

Located in the heart of the capital at the World Trade Center Seoul, Coex is Korea's primary convention center, and a major contributor to the country's stunning meetings industry growth over the last 10 years. Coex is a national landmark, a successful host to countless international conventions and a hugely popular local entertainment complex, welcoming an average of 100,000 guests each day. It also features an extensive and growing sustainable operations program.

Coex's four main halls total more than 35,000 sq. meters of show and plenary space, and its 54 meeting rooms can be divided into over 90 different areas. This flexible design allows Coex to host over 2,000 events each year, ranging in size from 50 attendees to 10,000 or more. Conference facilities include two state-of-the-art auditoriums, a grand ballroom divisible into five sections and a historic circular summit hall. It sits atop Asia's largest underground mall, which contains three five-star hotels, 250+ shops and restaurants, Seoul's only city airport terminal, two popular performance theaters, and two high-end office towers with many major multinational firms.

President and CEO Sung-won Hong says, **"Though Coex is already a strong leader in the Korean MICE industry, we would like to increase the proportion of our international events and take our brand to a more global stage. Knowing the strength of AIPC's global network, we've joined looking to benefit from contact with the best of the conference industry, as well as take part in AIPC's blossoming quality standards program."**

BEDOUK Meetings & Events Media

AN INTERVIEW with Simone Sfeir

Director of Sales, Bedouk Meetings & Events Media

Bedouk is a long-term, key player in the meeting industry. How did you achieve this position?

First, we have learned a lot through our years of experience and have the back-up support of a 800-member leading professional press group covering areas such as the automotive, retailing, insurance & finance sectors, and of course the meeting industry. In each area we operate in 4 specific activities: publishing, online services, trade shows & conferences, as well as software.

Our expertise in the meeting industry has been developed during the past 27 years in the French market, and for more than 13 years now we have also been active in the international market.

Bedouk Meetings & Events Media provides top search tools to MICE professionals looking for hotels, congress centres, convention bureaus, DMCs, PCOs, and other suppliers in the meeting industry. Guides, Trade shows & Events, Magazines, e-newsletters and of course websites comprise the diverse range of services dedicated to corporate, association and agency buyers.

We have strived to work with most of our clients on a long-term basis and we have continued to adapt to the evolutions of the market.

How have your products developed in order to meet clients' new needs?

One of our best assets is our plurality: Bedouk does not only propose advertising in our guide or through our web-based interactive search engine, we also try to analyse the meeting industry through a rich editorial content and offer internauts inspiration and ideas.

Our brand new website is the perfect example of our constant evolution. Launched a few months ago, it gives easy access to industry-relevant news and articles about the meeting sector, as well as practical advice to help meeting planners in their day-to-day activity. Thanks to an intuitive approach and simpler navigation options, the new website echoes consumer travel sites, a model generally more attractive & user-friendly than the typical B2B websites.

Aside from our web developments, we have also moved forward with the evolution of our e-newsletter which will soon feature a completely new design and content. The new e-newsletter provides both meeting planners and suppliers with news and trends, explores issues like sustainable development, highlights choice MICE destinations and venues, and focuses on major moves within the sector. It will also give meeting planners practical tips to optimize their research process through our venue finder service and online RFP system, for instance, and allows them to access special promotions.

As a comprehensive observer and actor within the meeting business, what is your perspective of the market? Were you impacted by massive budget cuts?

Worldwide meeting planners have increasingly high expectations, especially of convention centres, which are challenged to develop design and technological amenities to improve the attendee experience. Delegates need more creativity and connectivity, and convention centres are more challenged than ever to provide flexible and packaged offers.

It is also obvious that the global downturn came with unprecedented consequences and generated budget cuts on the sides of both meeting planners and suppliers. Fortunately the congress segment has been quite stable and therefore has not been as impacted as other business areas. From an advertising point of view we are quite positive. Why? Because this crisis was a strategic occasion for our clients to rethink the business, redefine their objectives, and reconsider investments. With our cross-media packages and free-of-charge added values, we are able to display good results and therefore maintain lasting relationships with our partners.