

Why Conference Venues Need to Adapt to Survive

Perhaps the greatest challenge that faces conference center managers today is retaining a share in a marketplace which is becoming increasingly competitive. This brings to light the challenges of revenues per meter and guaranteeing the continuing relevance of the space and, in some instances, the location itself.



The meeting business sector has experienced tremendous growth in the recent years. This has been through both new entries into this market and the expansion and renovation of the existing facilities. Ironically, this growth was able to continue right through the recent economic recession. This was largely due to the fact that there were many projects that were already underway and several governments saw the convention centers as a way of getting access to the many benefits this sector offers.

The effect of the increased competition has been that clients now have a wider variety of conference centers to choose from and the centers have been forced to compete harder for the available business. What we currently have is primarily a buyer's market, meaning that organizers and the people acting on their behalf can and do have a habit of using hard bargaining tactics. In many areas around the world, they look for discounts and incentives that are beyond anything we have witnessed in the past. This means that all the people in the meeting business sector have to find new methods of differentiating themselves. It also means that the centers that cannot deliver a high quality-product are finding it harder to attract the available business because clients now have so many good and affordable alternatives to choose from.

Events are also evolving constantly in terms of delegate expectations, formats and technology and the centers have to have the ability of responding to these changes, in most cases within the limitations of a fixed set of spaces. The key to the success of centers is increasingly the ability of them creating flexibility in both services and facilities that can be able to respond to the new demands.



There has also been a revolution in how the clients select destinations. Location decisions are normally the end result of a wide range of factors, like the attractiveness to delegates, quality and quantity of available accommodation, overall cost structure, safety and security and ease of access. In recent years, the two emerging factors affecting centers have been connectivity and technology and the quality of the experience that's offered in the center and the immediately surrounding area – this is important because most delegates spend most of their time in the center and its surrounding areas. The centers that can have the ability of responding to these factors have a better chance of attracting the available business.

Business practices are changing more rapidly in various ways that are creating different sets of approaches and relationships to delivering and booking events. For instance, the traditional accommodation booking methods have changed due to the wide availability of online alternatives and time frames in the booking cycle have been significantly shortened. All the above factors have an impact on things such as market strategies and business projections, place new demands on the convention center staff, which is then forced to adapt so that they can compete successfully.

In the current climate of more centers, increased client demand and ongoing budgetary pressures – and also attendee and exhibitor sophistication – the key to the survival of any facility is adaption.

Geoff Donaghy, who is the President of the International Association of Convention Centers (AIPC), has said that approximately 80% of the convention centers today are owned by government agencies and most governments in the world have been under significant pressures that have arisen from the recent financial crisis. This has in turn, put downward pressure on the revenues of the convention centers at a time when most governments are facing challenges in their finances – this means that the 'pure' economic principle based on the incremental visitor spending often is not enough to provide adequate ground for ongoing investment.



Geoff also said that centers are not just a means of generating visitor spend – they are more about what the events can do for the destination, from creating a broad economic influence to attracting new

investment and facilitating knowledge transfer. Essentially, the convention centers need to do a better job of underlining their broader role of supporting the development policies of the community and demonstrating how they are helping respond to most current urgent priorities of the government – and most centers are doing just that.

In spite of the challenges that are currently facing the meetings business sector, the sector is expected to improve as the economy improves. But, there'll be a lot of variability in the world. The technology, content and formats used by the convention centers will continue to develop and as a result they'll have to learn how to respond and adapt to these changes so that they can offer the best conference experience to the delegates. In future, the centers will also be facing more intense competition and will have to be ready to respond a number of unknowns. This means that not only will they have to create more flexible services and facilities, but they will also have to adopt a new attitude towards change.

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