



Convention Center & Event Industry Outlook Rebound & Renewal



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Objectives

1. Convention Center Management & Event Producer Quotes

2. Insights

3. Convention Centers

4. Event Producers

5. Attendees

6. Outlook / Recommendations / Q&A

Data and insights are based on convention center management and event producer research conducted in Q2 2022. Attendee survey data from 2020 and 2021 is also included.

**Convention
Center &
Event
Producer
Quotes**

Convention Center Management

“More risk consciousness.”

“Staff will be the biggest challenge in the next couple of years.”

“The outlook is difficult to say. It is more how the new ways of working (e.g., home office) will impact the meeting industry.”

Convention Center Management

“It has made organizers and attendees realize that live meetings have **the best business-to-business success potential.”**

“Meeting levels will return fully to pre-pandemic levels, but participants will be more selective about which type of events they will attend. **Content will remain critical, and serendipity is key.”**

Convention Center Management

“Events can’t go just go back to the way they were pre-pandemic. Labor shortages and food supply chain need to be discussed in the early stages of planning and clients have accepted that.”

“Groups are eager to come back and are more open to suggestions for updating and changing events than they have ever been in the past. Things don't have to happen like they always have any more.”

Event Producers

“It will be a slow recovery and revenue will continue to be down for a few more years.”

“Labor shortages and inflation will continue to be challenges in the mid-term.”

“Most events will come back smarter, leaner and better focused on their customer needs. Some events may not return, especially those with were primarily educational sessions easily replaced by digital solutions. Others will come back stronger than before as attendees return to the experiences they missed.”

Event Producers

“I believe that people look at attending an event in-person now as **a fresh start**. Attendees of live events are **thrilled to be back** and relish the opportunities to meet in person once again.”

“There’s a need to design events to fully leverage the dynamics of in-person participation and find ways to **deliver extra benefits** to those who attend physically.”

“In-person events **will return to normal** in the next year.”

Insights

Insight #1: 2022 YTD vs. 2019 Attendance Recovery Percentage Average

We can generally say as of mid-2022 the events and meetings industry is about 70% back to 2019's attendance levels. In the convention center survey, the high response was 100% and the low was 30%. Both surveys received a wide-range of responses.

Average 2022 YTD In-Person Attendance Recovery vs. 2019

Convention Centers YTD June

71%

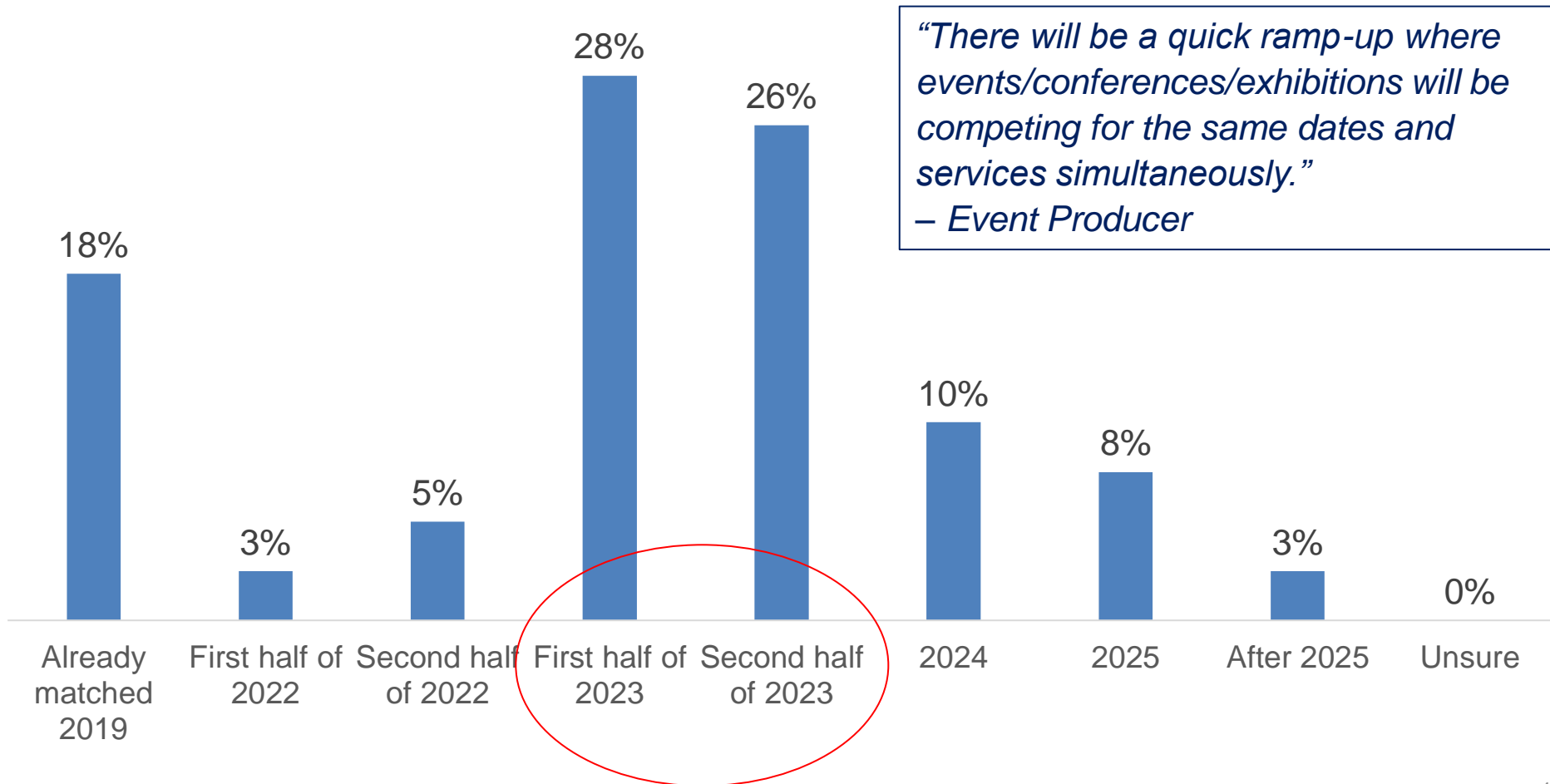
Event Producers YTD April/May

68%

If the pandemic waves of late 2021 and early 2022 hadn't happened the industry would likely be closer to 80%+ of 2019's attendance levels by now. Also, various surveys of attendees in 2020 and 2021 forecasted this level of return to in-person events (more on this later).

Insight #2: Convention centers on when bookings will reach 2019 levels?

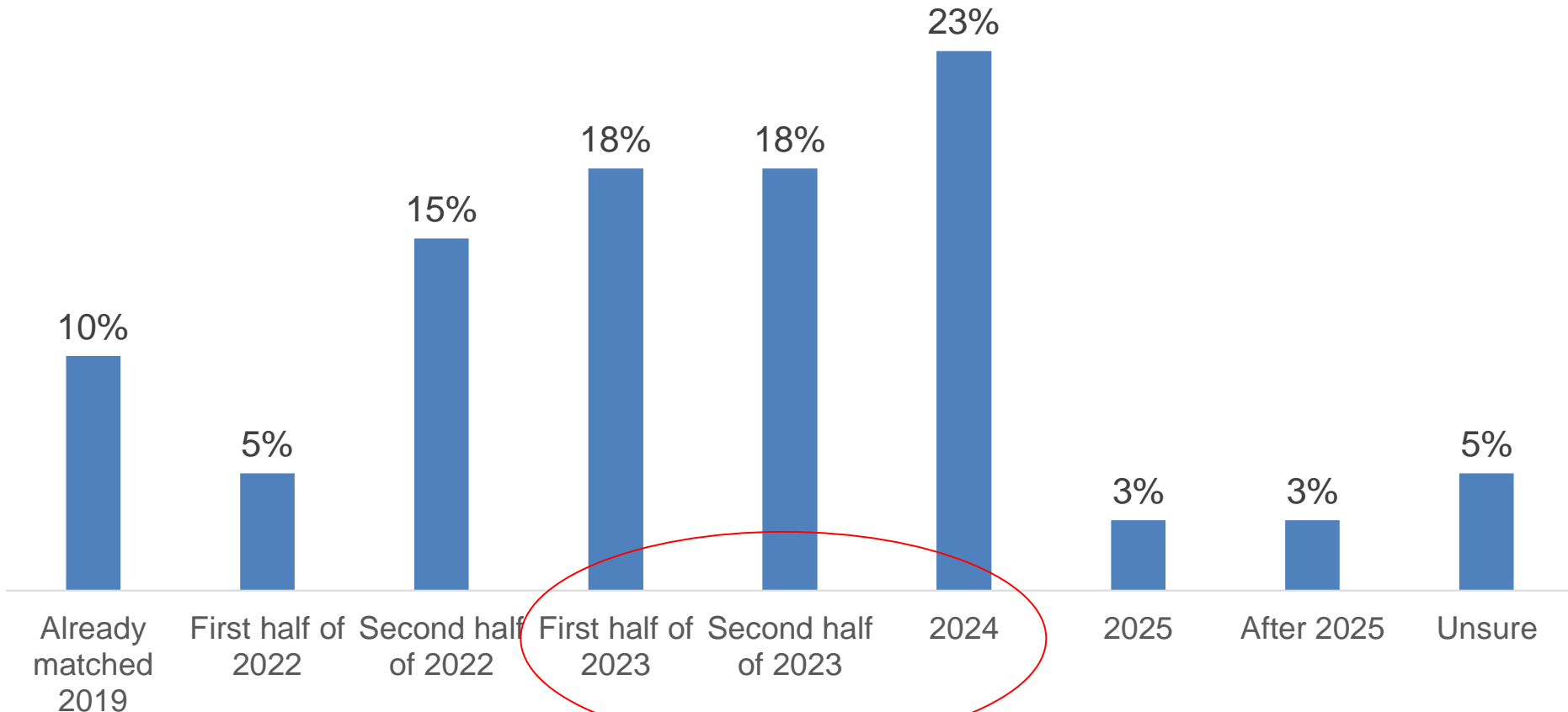
A total of 26% of convention center executives expect total bookings to be back to 2019 levels by the end of this year, or before – but the bulk (54%) say this will take through the end of 2023. This means that the pandemic’s impact will have been over about a four-year period (vs. 9/11 which was closer to a two-year impact).



Insight #3: Convention centers on when revenue will match 2019 levels?

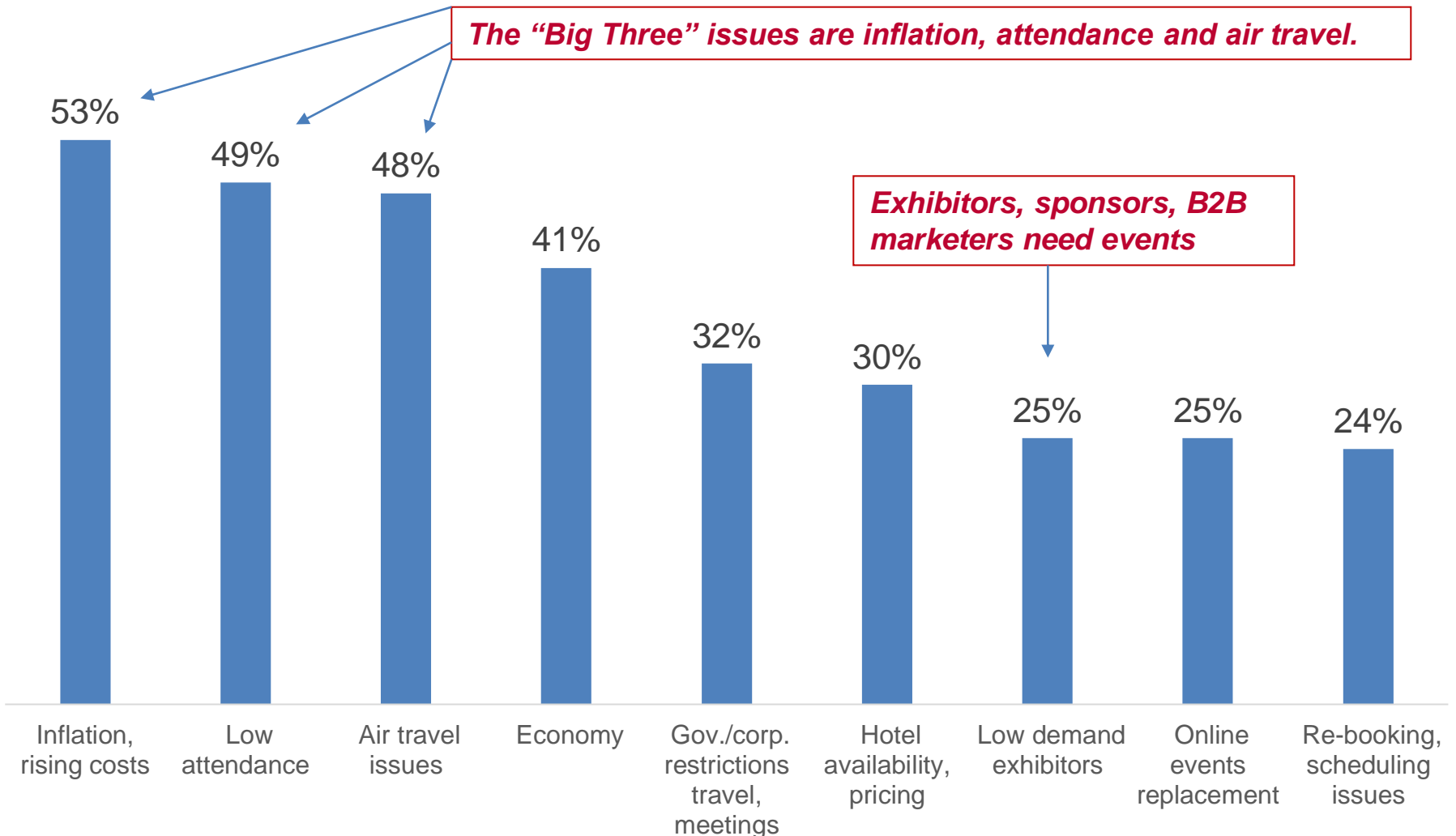
This data forecasts when convention center total gross revenue will be back to pre-pandemic levels. There's a wider range of expectations and an overall longer timeline expected for revenue recovery compared to the bookings rebound.

“The future will require a digitization jump in all procedures as well as services provided. Centers will have to be more multifunctional and flexible and look for new revenue streams.” – Convention Center Manager



Insight #4: Event producers' biggest risks to growth over next few years

It's a milestone, of sorts, that event producers are finally more concerned about another issue (inflation) besides low attendance when looking out at potential risks over the next few years.



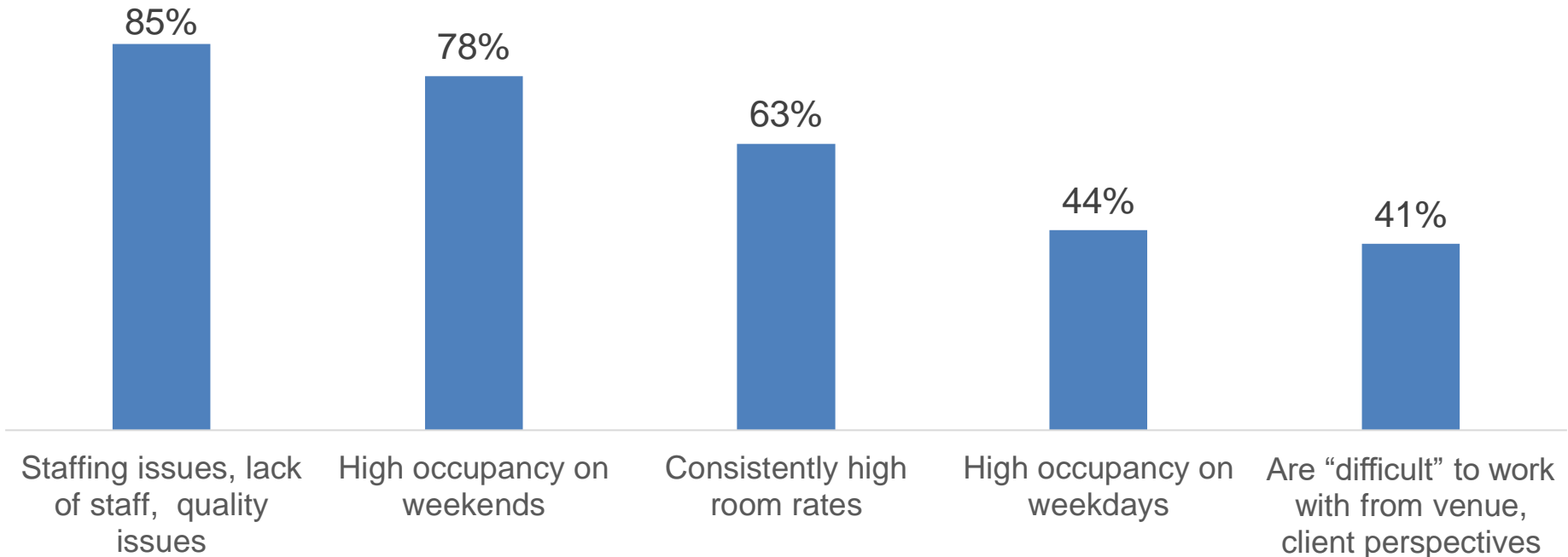
Insight #5: Convention centers on what's happening with hotels

Hotels in many markets have done well for over a year now. As always, destination, location in the city, and property-type are key. It's "good news, bad news" that hotels are basically getting back to normal. The only difference today is that staffing is such a challenge – and inflation.

The #1 destination site-selection factor for event producers is "hotel availability and capacity"

Top Five Hotel Issues Seen by Convention Centers

Besides lack of staff, hotels are getting close to back to "normal, business as usual"



"Hotel resource staffing issues have impacted some of the customer service we've been accustomed to." – Event Producer

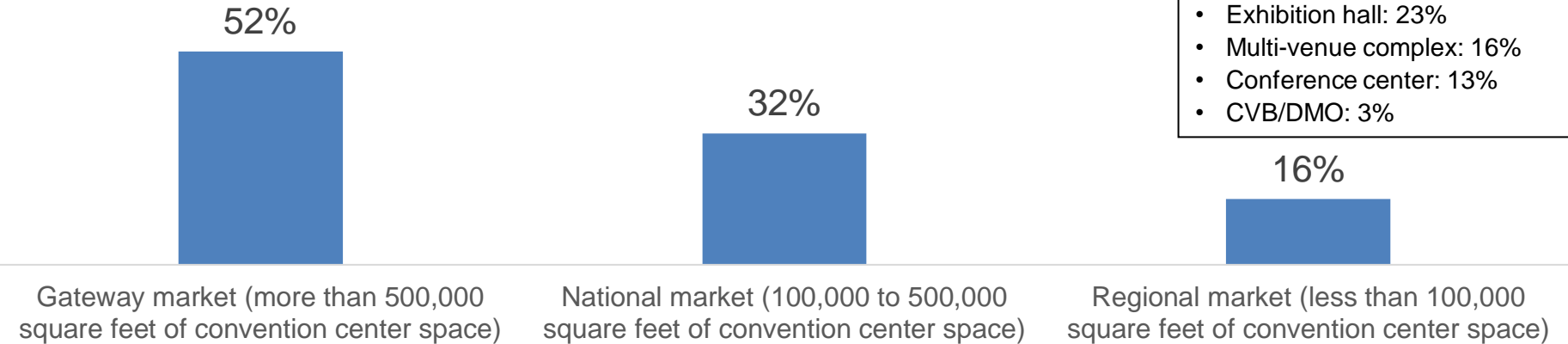
Convention Centers

About the Convention Center Survey Respondents: Type of Destination

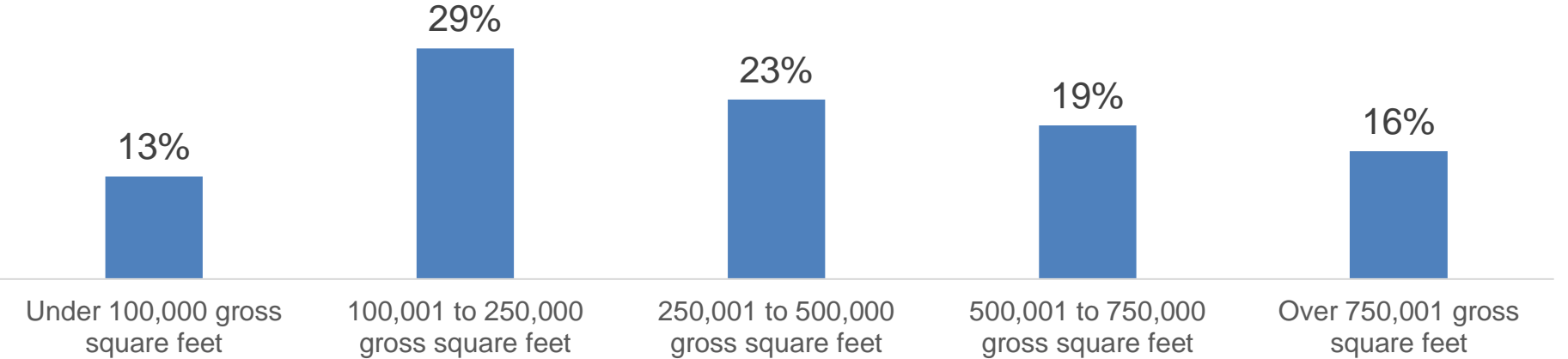
Destination Type: Gateway, National, Regional

Survey conducted in June 2022 received 43 responses

- Type of Venue/Org.:**
- Convention center: 90%
 - Exhibition hall: 23%
 - Multi-venue complex: 16%
 - Conference center: 13%
 - CVB/DMO: 3%



Convention Center Exhibition Space



What's Working Well – and Not Working – During the Industry Re-Start

Working Well

- Excitement to return to in-person
- Good client collaboration, overall flexibility
- Health protocols communication, execution
- Technology platform adaptation



“Most of the time, facilities have been very helpful providing feedback on what has worked well in their venue, and examples from other programs.” – Event Producer



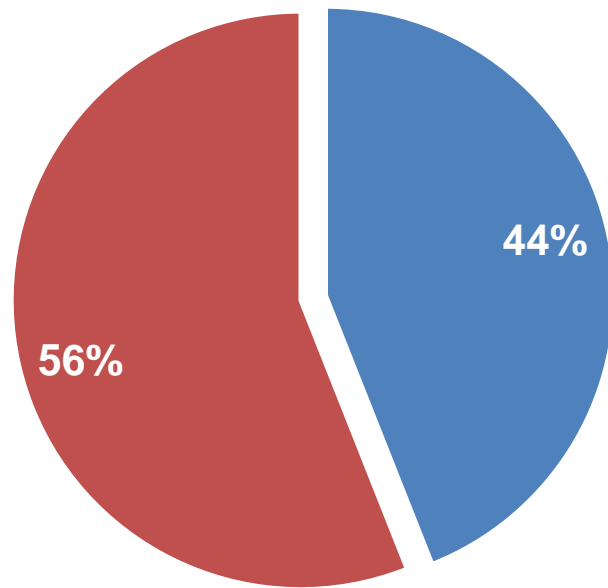
Needs Improvement

- Venue and client staffing issues
- Late client decision making and changes
- Inflation and cost surprises
- Uneven attendance levels
- Some client negotiations and information sharing still challenging

Venue Operations and Management Innovations Over the Past Year

Just under half of convention centers added an important innovation over the past year. Most have been related to management software, lighting and digital signage.

Venue Innovation Added?



■ Yes ■ No

Destination Differences

Gateway: 71% added innovation

National: 18%

Regional: 25%

Key themes in responses:

- Venue, HR, sales management software
- LED lighting
- Digital signage
- Touchless platforms
- Security systems
- Facility certifications
- *“We are looking at making our processes digital where possible.”*



Venue Technology and Digital Communications Investments and Upgrades

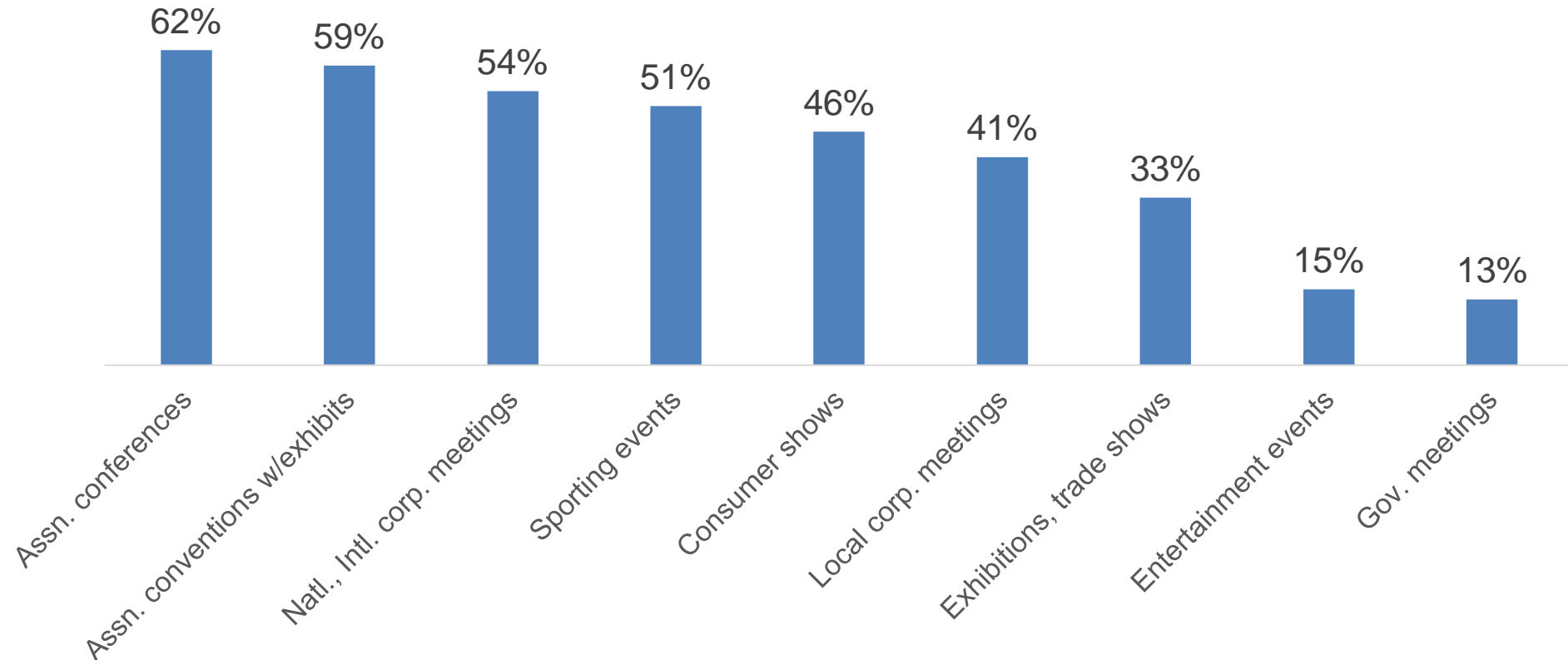
LED lighting and displays have received the most venue tech-related investment in the past year, followed by new staff hires in these tech and digital communications areas. ***There's been a little bit of hype. Some venues have mentioned they made these investments recently, but client demand has been mixed. Yet, others say differently.***

	%
LED lighting, screen displays and/or graphic walls	41%
New staff hires	34%
Telecommunications capacity/connections for live broadcast	31%
Ballroom and meeting room or other space AV enhancements	24%
Video cameras	24%
Partnered with new or different AV or digital content partners	21%
Video and sound editing equipment and software	14%
On-site support by professional technicians	14%
Studio space for A/V, digital content, virtual event, etc. for content production	10%
Other specialty studio lighting systems	10%

“We put a studio in during covid however removed due to lack of use.” – Convention Center Manager

Event and Group Client Segments with Best Near-Term Outlook

Another indicator of “normal” growth outlook – the top client segments are associations and large corporate meetings, which is typical of industry growth periods.



Destination Differences, Top Three Client Segments

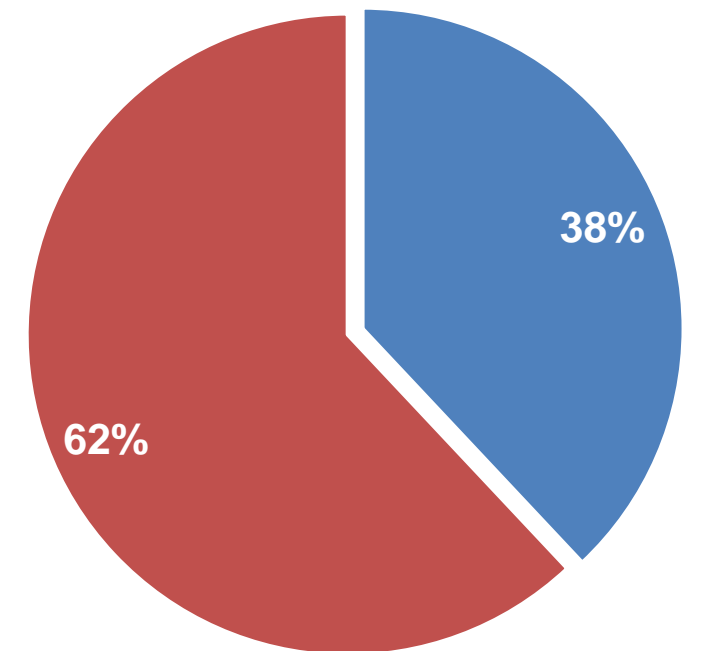
Gateway: 1. (tie) Assn. conventions w/exhibits; Consumer shows; 2. (tie) Assn. conferences; Sporting events

National: 1. Natl./Intl. corp. meetings; 2. Assn. conferences; 3. Assn. conventions w/exhibits

Regional: 1. Assn. conferences; 2. (tie) Assn. conventions w/exhibits; Natl./Intl. corp. meetings; Sporting events

Are More Discounts Being Offered? And New Sales and Marketing Initiatives

More Incentives & Discounting



■ Yes, offering more discounts and incentives

■ No

Destination Differences

Gateway: 50% discounting more

National: 18%

Regional: 50%

Sales initiatives that are working

- Working closely with destination partners and stakeholders
- More communication, collaboration with event and group clients
- Digital advertising, video and personalized communications
- Getting back on the event management and association event circuit
- More flexible deposit and contractual terms
- Discounts and incentives

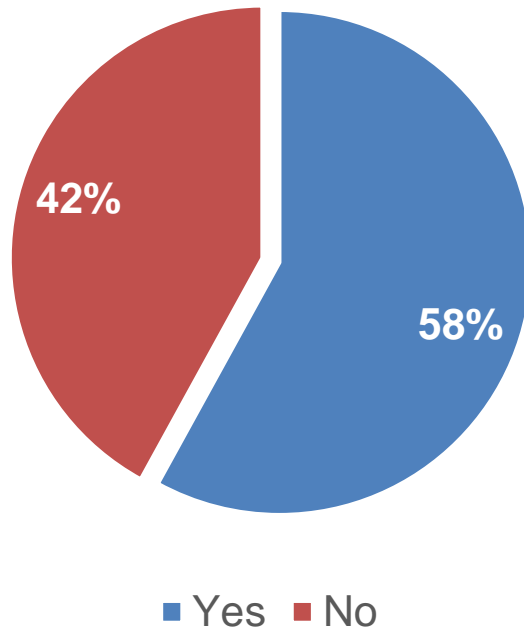
Sales & Marketing Initiatives... What's Working Well – Quotes

- “***Closer alignment*** and support with destination partners.”
- “Collaborative efforts and ***reducing the cancellation risk to event planners.***”
- “***Last year we focused on health and safety. Now we are shifting back to pre-pandemic messaging*** about our customer service and the venues.”
- “More digital advertising. ***More personalized, targeted communication.***”
- “***New videos*** highlighting newer amenities and developments to the destination.”
- “***Pushed out deposits to future years*** as opposed to take forfeited deposits.”
- “***Reaching/participating in international events*** (specifically European) to attract more business and continued increase in online investment in advertising.”

Inflation an Issue? (Yes!)

Inflation is getting close to being a major issue for convention centers. For some, it already is. It's another "good news, bad news" situation that inflation is now the #1 top risk to growth according to event producers – even more concerning than low attendance.

Is Inflation an Issue?



Where's the most inflation:

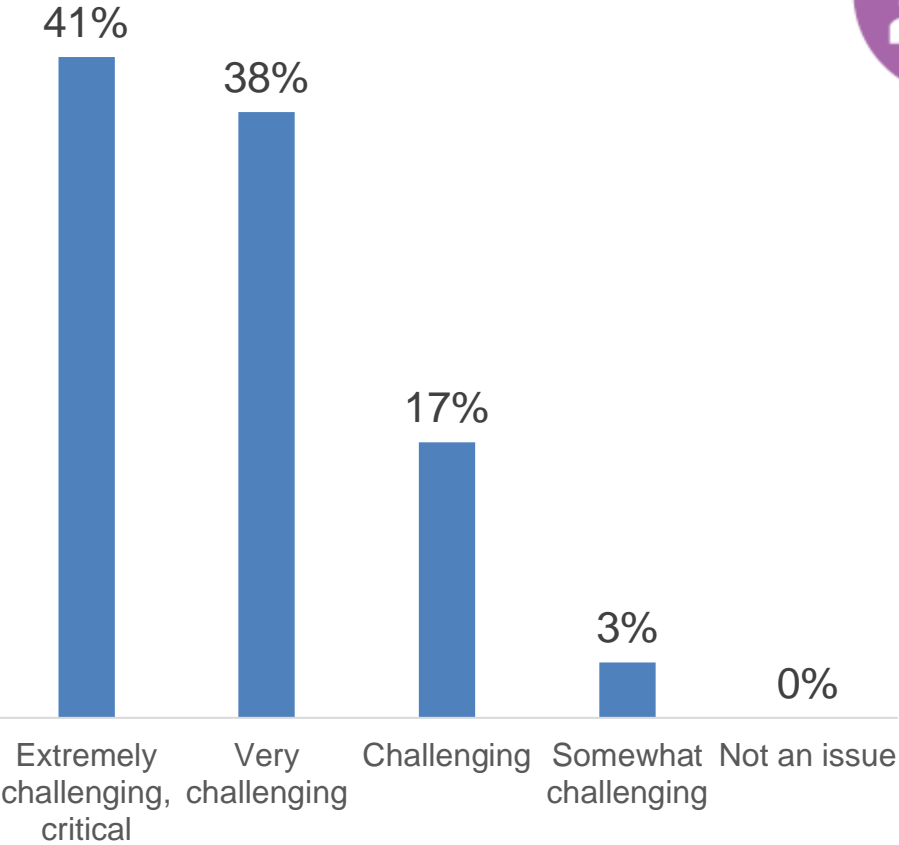
- Staffing costs, temporary labor
- Housekeeping, security labor
- Energy and utilities
- F&B
- *"Inflation has hit all our cost areas."*

-
- *"Food costs are skyrocketing." – Event Producer*
 - *"Rising costs will slow down recovery." – Event Producer*

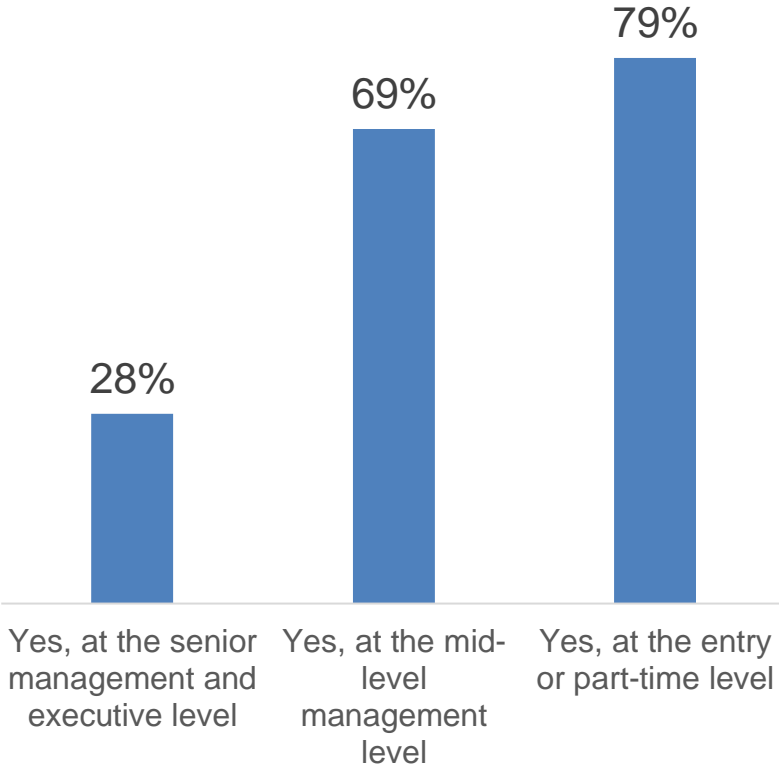
Labor Market Issues

Nearly 80% of convention center executives say staffing is extremely or very challenging.

How Challenging is Staffing



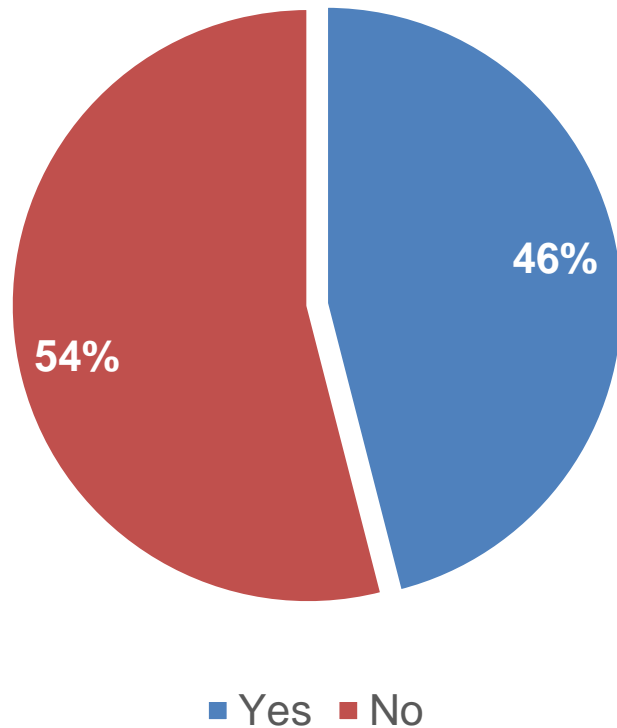
Challenges by Role Levels



Staffing Recruitment and Retention Initiatives

Nearly half of convention centers are undertaking specific recruitment and retention initiatives, most with a focus on technology and/or increased pay and benefits.

Added Staffing Initiative Recently



Common Hiring and Staff Initiatives:

- Using software and technology to streamline the process
- Increased pay, benefits and schedule flexibility
- Focusing on employee engagement and culture
- Using social media to promote job opportunities
- Partnered with job fairs
- Improved training

How Can the Industry Stay Relevant?

Key themes in written responses:

- Focus on customer service
- Review/change business and operational models
- Focus on staff recruitment and retention
- Better communicate value of the industry to businesses/organizations and potential hires



Select quotes:

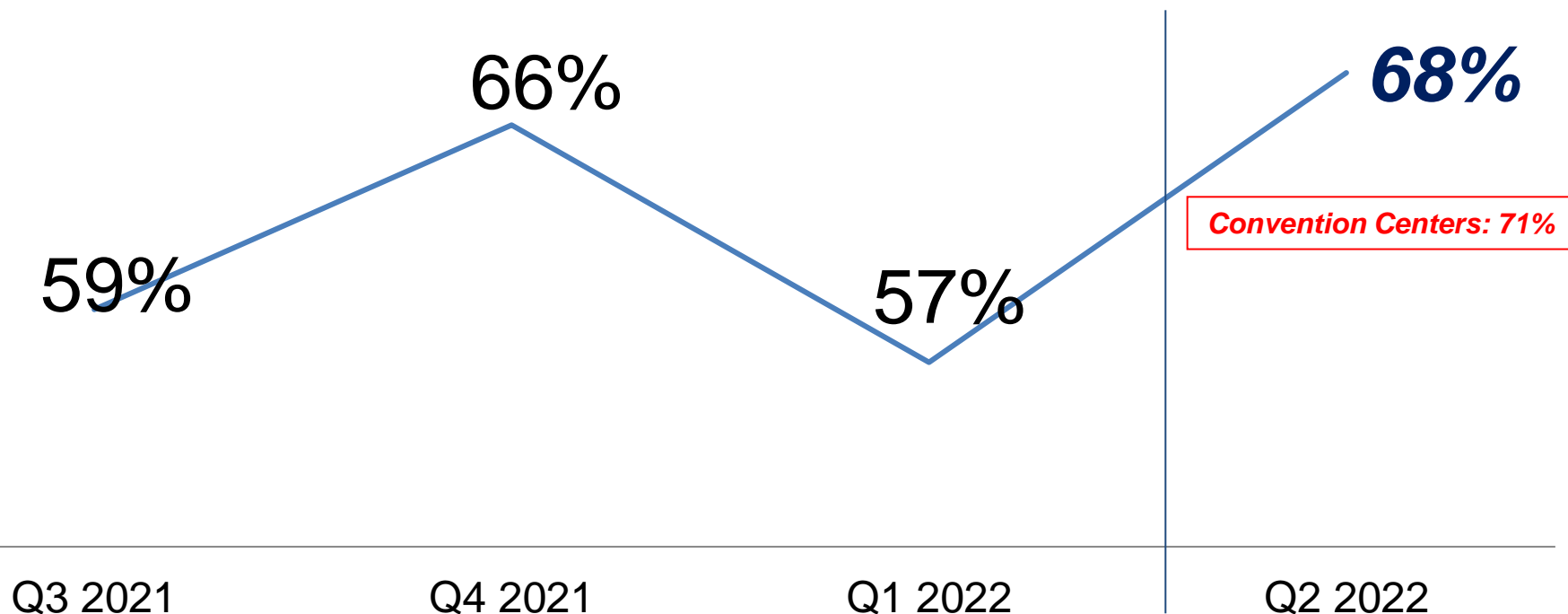
- “Be flexible, look for new opportunities, ***kill it on service*** as everyone is suffering in that area.”
- “Break from the past models of operation and focus foremost on ***solving client pain points***.”
- “Continue adapting to latest trends and ***marketing the value*** of live in-person events.”
- “Create ***cohesive messaging about the resiliency of the industry*** and create an image that speaks to and attracts a younger generation.”
- “Make sure we’re ***listening to our customers and observing the behaviors of attendees*** to find opportunities to add value.”

Event Producers

Recent in-person event attendance compared to 2019 – the average recovery as of Q2 2022 has been 68%, compared to an average of 57% tracked in Q1

A diverse group of event producers surveyed in Q2 2022 indicate on average that their 2022 in-person event attendance has reached 68% of the level in 2019. This is up from the 57% reading in the first quarter of 2022. *There is a very wide range of differences by event type, industry and location.*

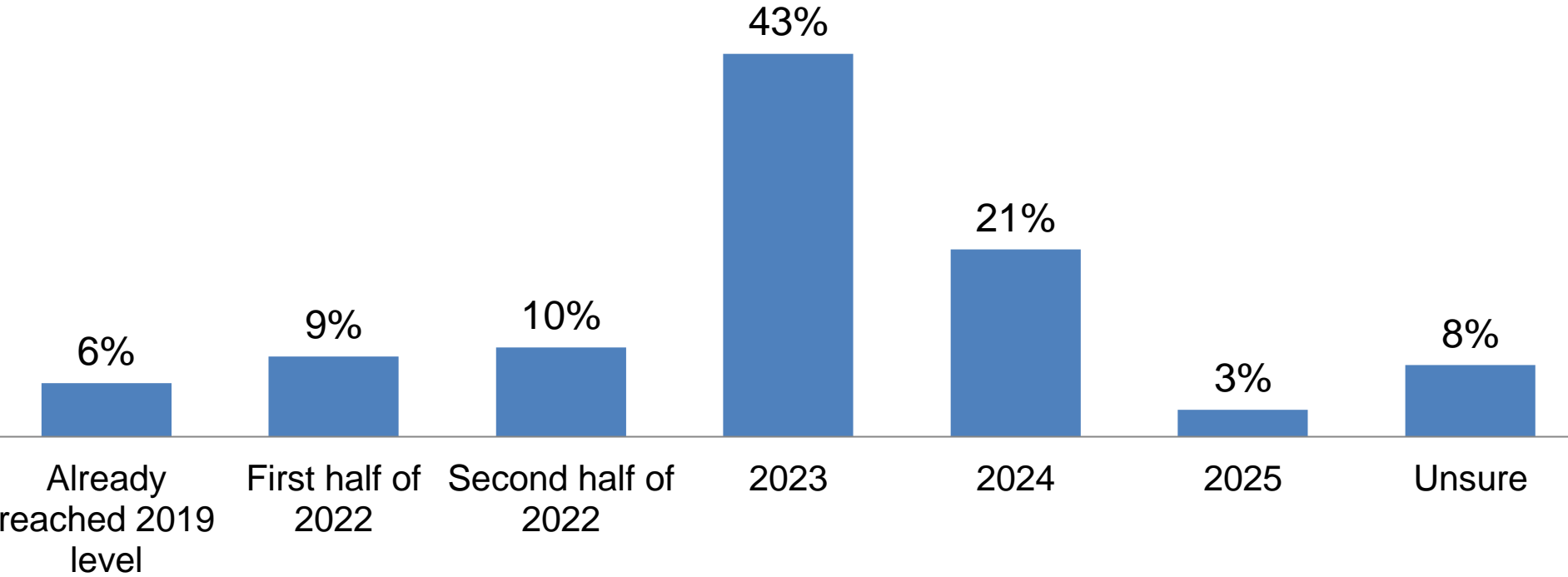
Average In-Person Attendance Recovery vs. 2019



When is in-person attendance expected to recover to 2019 levels?

While a total of 25% of event producers say their attendance has or will have recovered back to 2019 levels by the end of 2022, the largest segment (43%) expect to see a full recovery by the end of 2023. ***“There will be more focus on content before events, and greater experiences during events.” – Event Producer***

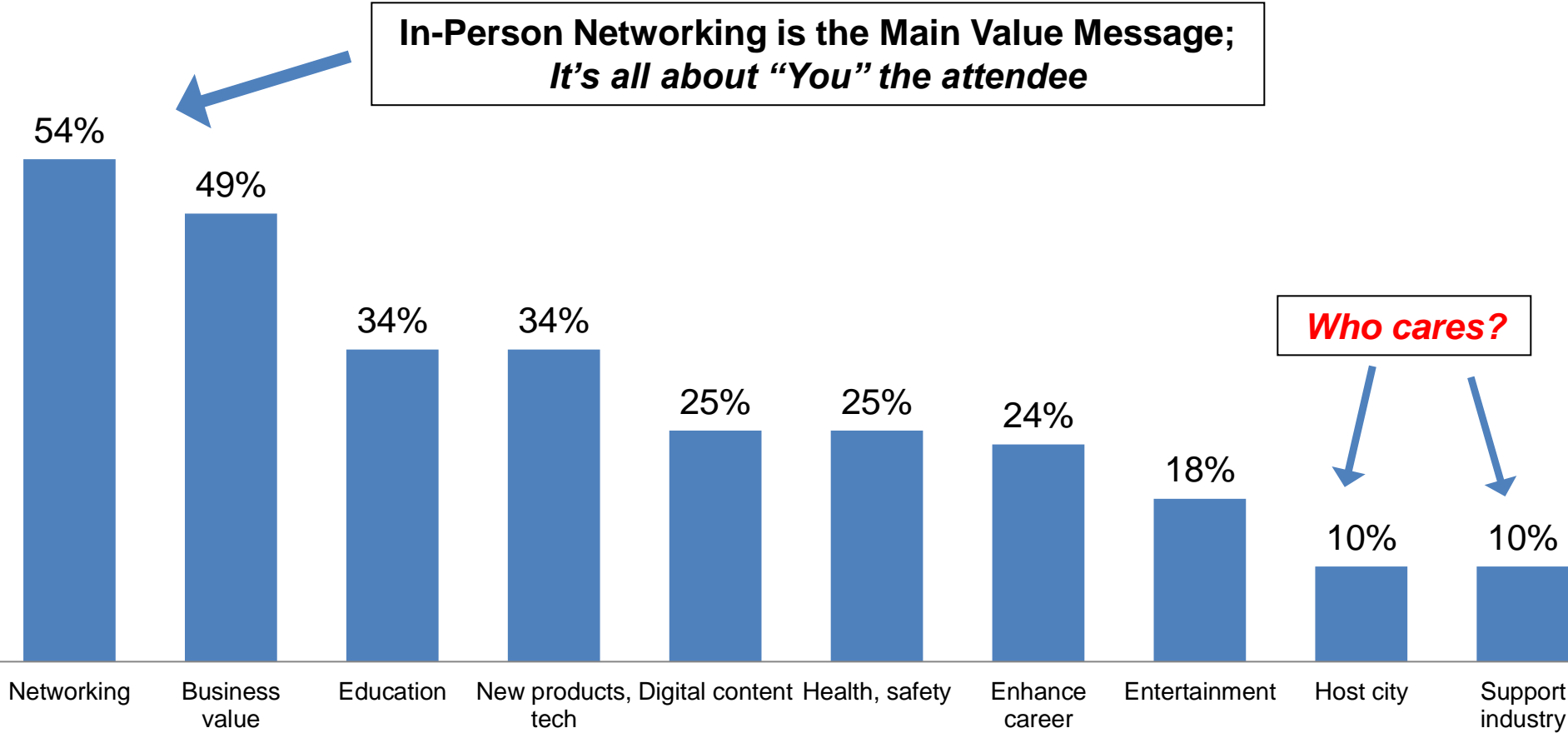
When Live In-Person Attendance is Expected to Recover to 2019 Levels



Source: Access Intelligence Research & Consulting Q2 2022; 107 survey responses

Event Producers' key attendance marketing themes and value elements

Access Intelligence asked event management teams how they changed their attendee marketing messaging. The primary changes have been to focus on the value of in-person networking and promoting the overall business value of attending.

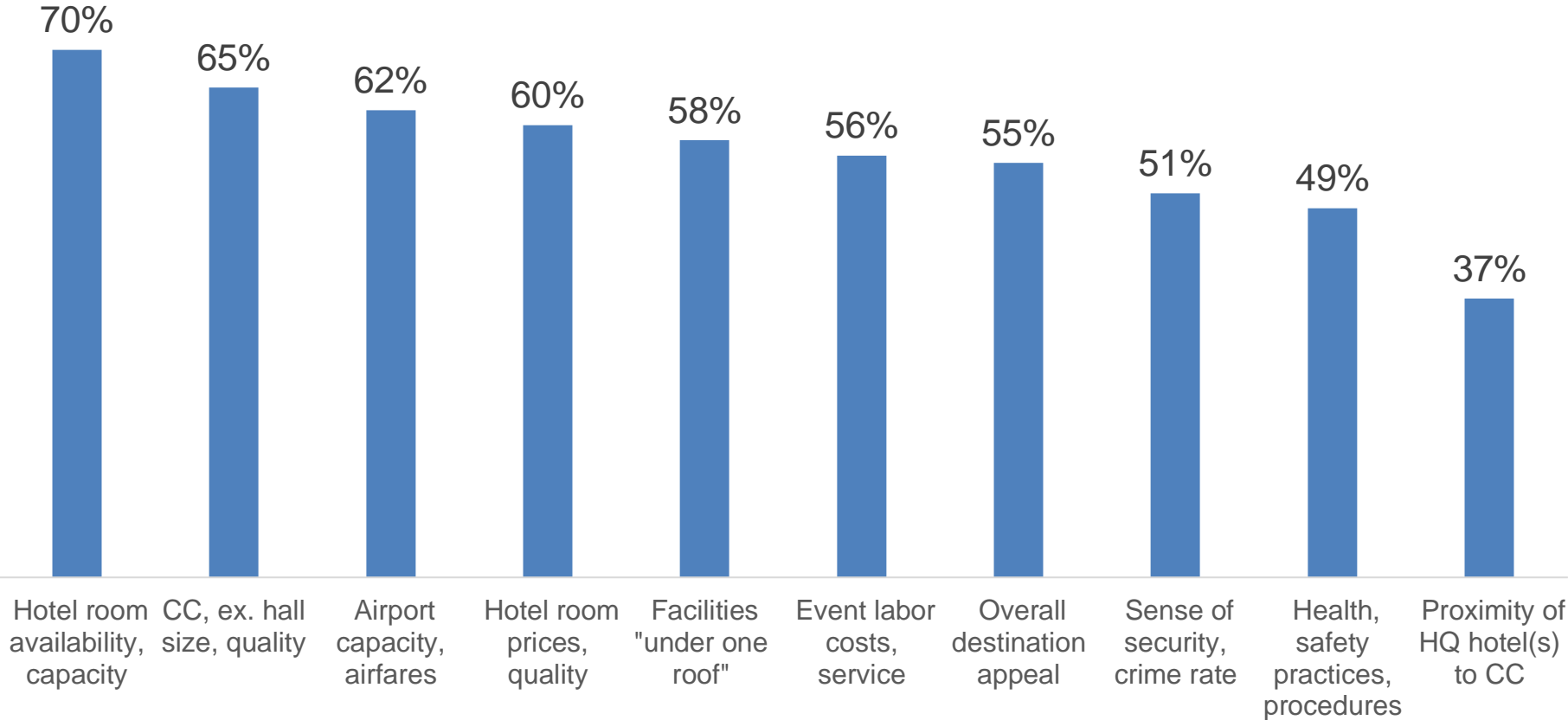


Source: Access Intelligence Research & Consulting Q2 2022

How event producers are selecting host cities

Hotel room availability and capacity is the top host city site-selection factor today. Site-selection can be influenced by a complex web of factors.

“Very Important” Host City Selection Criteria – Top Ten

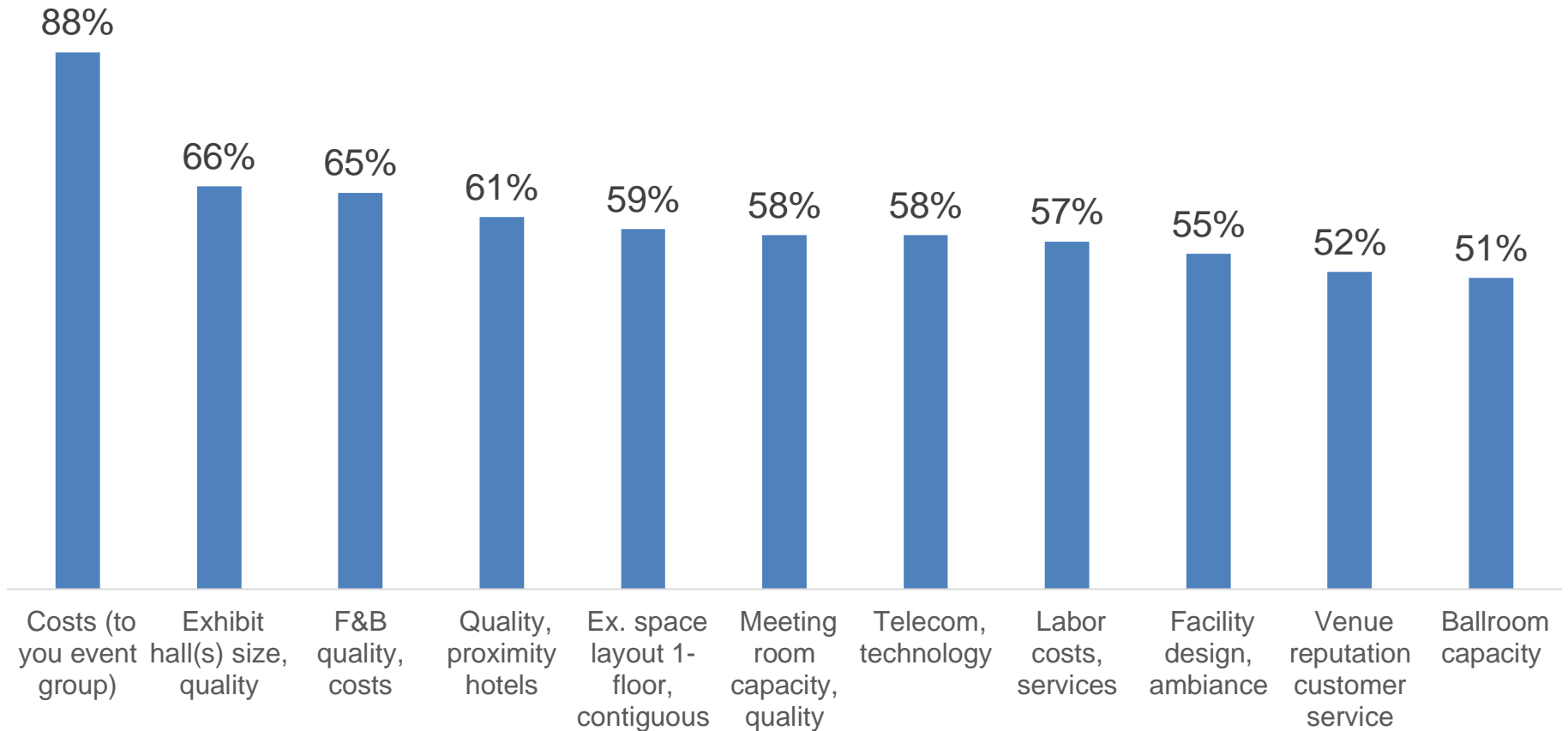


Source: Access Intelligence Research & Consulting Q2 2022

How event producers are selecting venues

Event producers and meeting planners are very focused on costs when selecting venues today.

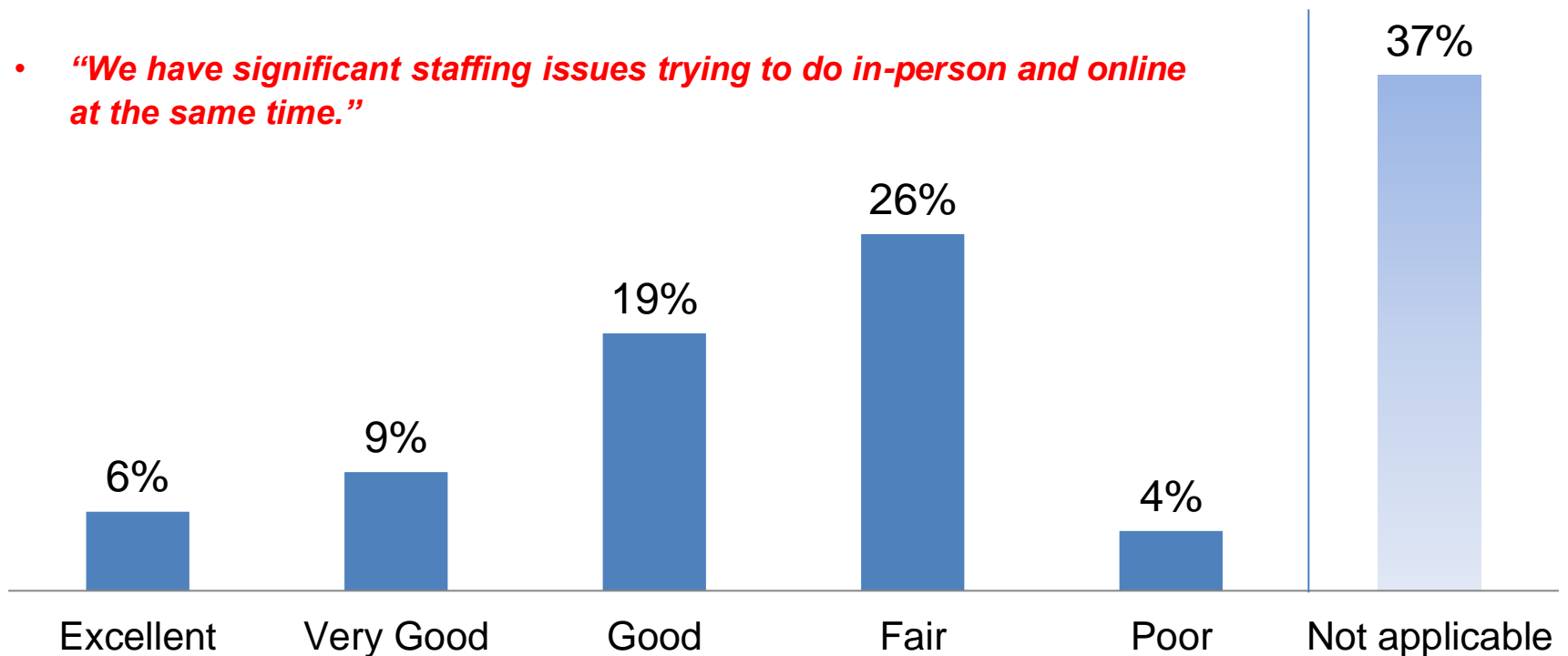
“Very Important” Venue Selection Criteria – Top Eleven



How well are hybrid event models working?

Hybrid event models are working “fair” to “good” for most event producers. Yet only a total of 15% of the respondents say their hybrid model is “very good” or “excellent.” Hybrid models, while here to stay for many, helped events survive, but adds complexity with what’s basically a “second event” requiring a different skill set. Event producer quotes:

- ***“Hybrid services have proven to be very expensive.”***
- ***“Once our state was fully open, there was very little interest in virtual elements.”***
- ***“We have significant staffing issues trying to do in-person and online at the same time.”***

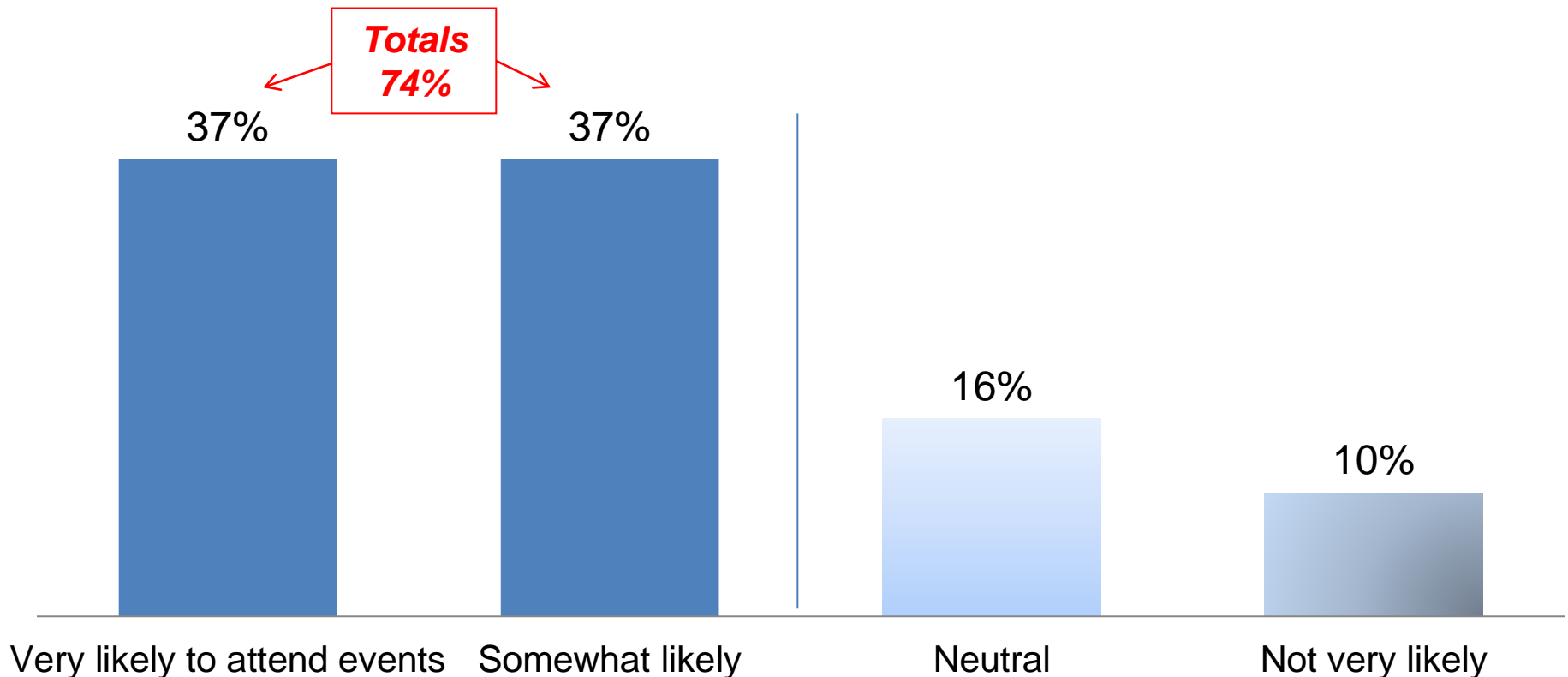


Attendees

March & April 2020 Survey of Event Attendees: How likely are you to attend a live event once COVID-19 restrictions are lifted?

This is basically what the industry has seen over the past 24 months... about one-third of people were never worried about crowds (too much), one-third were more cautious but open to safe gathering, and a final third is much more cautious.

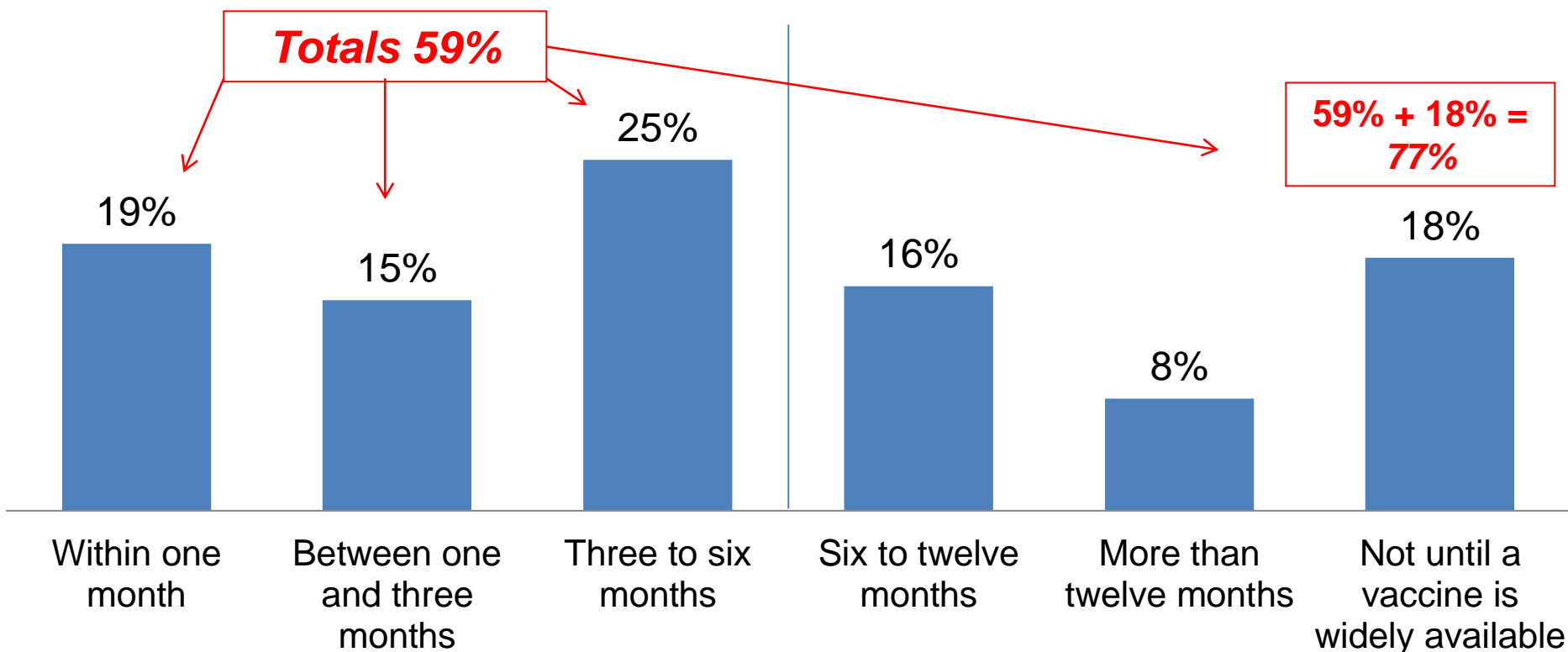
Attendee Survey Data from right when pandemic hit U.S. – March/April 2020



Attendees/consumers on when they would attend events – Data from Jan. 2021

A total of 34% of consumers said they would need up to three months after pandemic restrictions were lifted before attending an in-person event and experience again. Twenty-five percent indicated they felt they would need between three and six months.

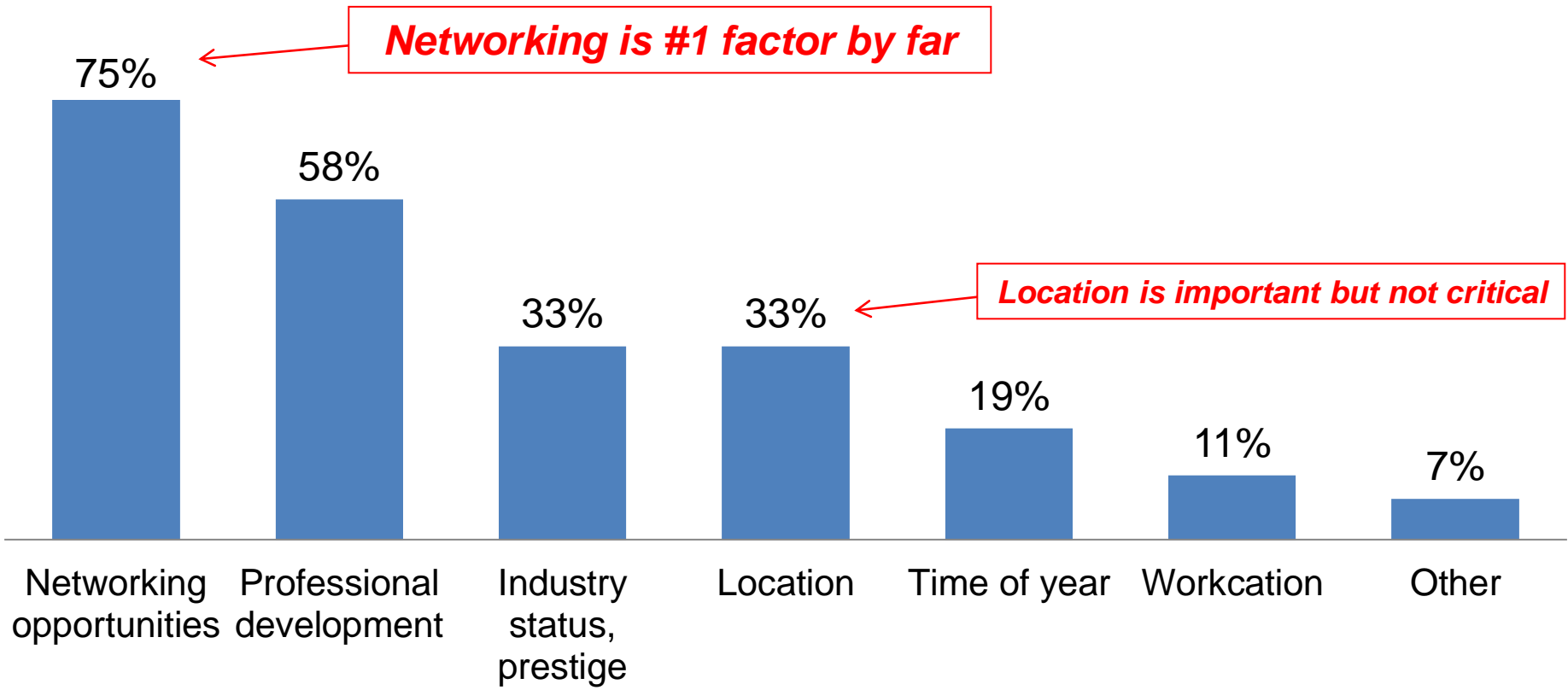
When Attendees and Consumers Would be Willing to Attend In-Person Events Again After Restrictions are Lifted (survey conducted in January 2021)



Most important factors that drive businesspeople/professionals to attend

As long as networking is important and simply cannot be fully replicated online, in-person business and professional events will be important.

Why Attendees Attend In-Person Events and Meetings



Source: Access Intelligence Research & Consulting 2020; over 200 responses

Consumer / Event Attendee Quotes

“Our family focus is now on experiences vs. objects.” - 2020

“It's hard to replace the assurance of being able to touch and feel a product before purchase.” - 2021

Outlook

Recommendations

Q&A

Event producers have just a few big picture concerns

- ✓ Expecting steady pace of attendance rebound/recovery with variances by industry sector
- ✓ Inflation, rising event management costs and labor issues
- ✓ Adding more value to on-site elements and experiences
- ✓ Balancing hybrid and digital content with live in-person
- ✓ **Simply focused on securing a steady recovery – and getting back to “normal”**

Convention Center Management Big Concerns

Low attendance and uneven recovery

Still re-scheduling postponed events

Uncertainty about the future of client demand and attendance

Still facing need for investments – now with high inflation

Staffing challenges

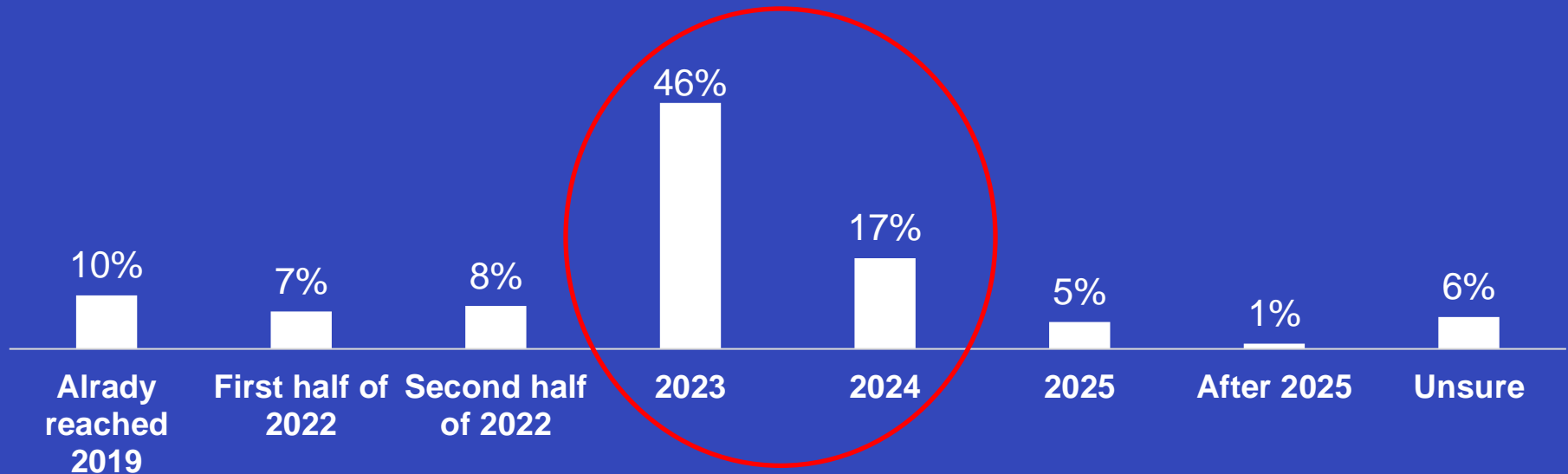
On-going need to adapt venue design and service offerings

Typical challenges (and opportunities) in any market cycle:

- client relations/negotiations/changes
- key City partner relations; mixed relations with hotels
- new revenue streams and business models
- competition increasing again...

When will the industry recover and what will it look like?

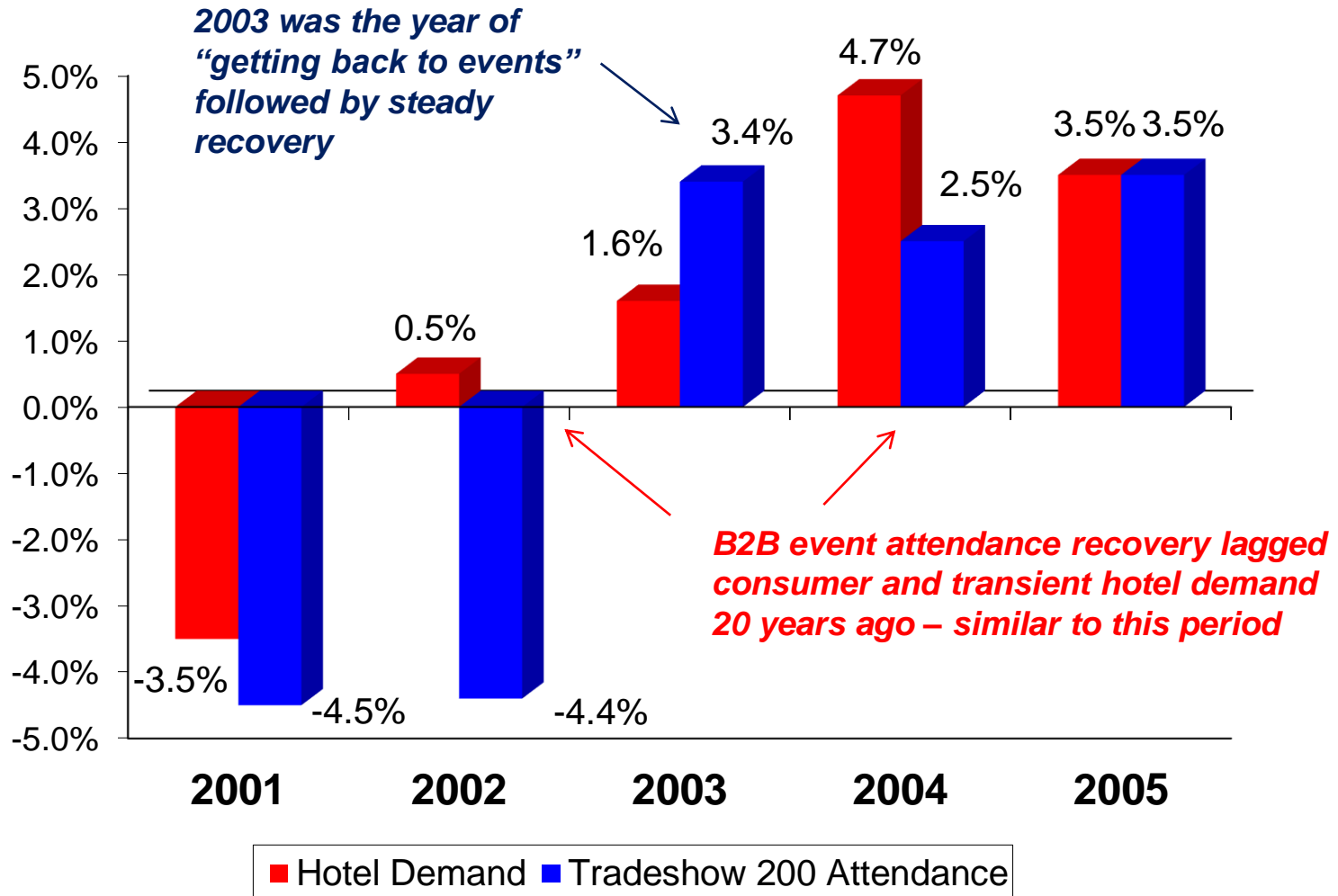
Convention Centers Combined with Event Producers on Recovery Outlook: *Centers on Bookings and Event Producers on Attendance*



- The industry will continue to rebound and eventually look and feel normal in 18 to 24 months. It will happen gradually, and we may not even notice the change.
- Big Question Still: *What's the impact of "work from home" on attendance?*
- But then the traditional challenges will emerge again – strong competition, need for more revenue streams, technology and investment projects and costs... as one venue manager noted: *"We need to renew our offer constantly."*

U.S. hotel demand compared to major convention and exhibition attendance growth rates 2001 to 2005 – largest 200 conventions and exhibitions

9/11 Impact on Attendance: 2001 to 2005



Recommendations

Understand still more time to recover and heal is needed – take this time to reevaluate your target markets, sales strategies and communications

Be proud of how your center provided community assistance during pandemic – and effectively remind stakeholders

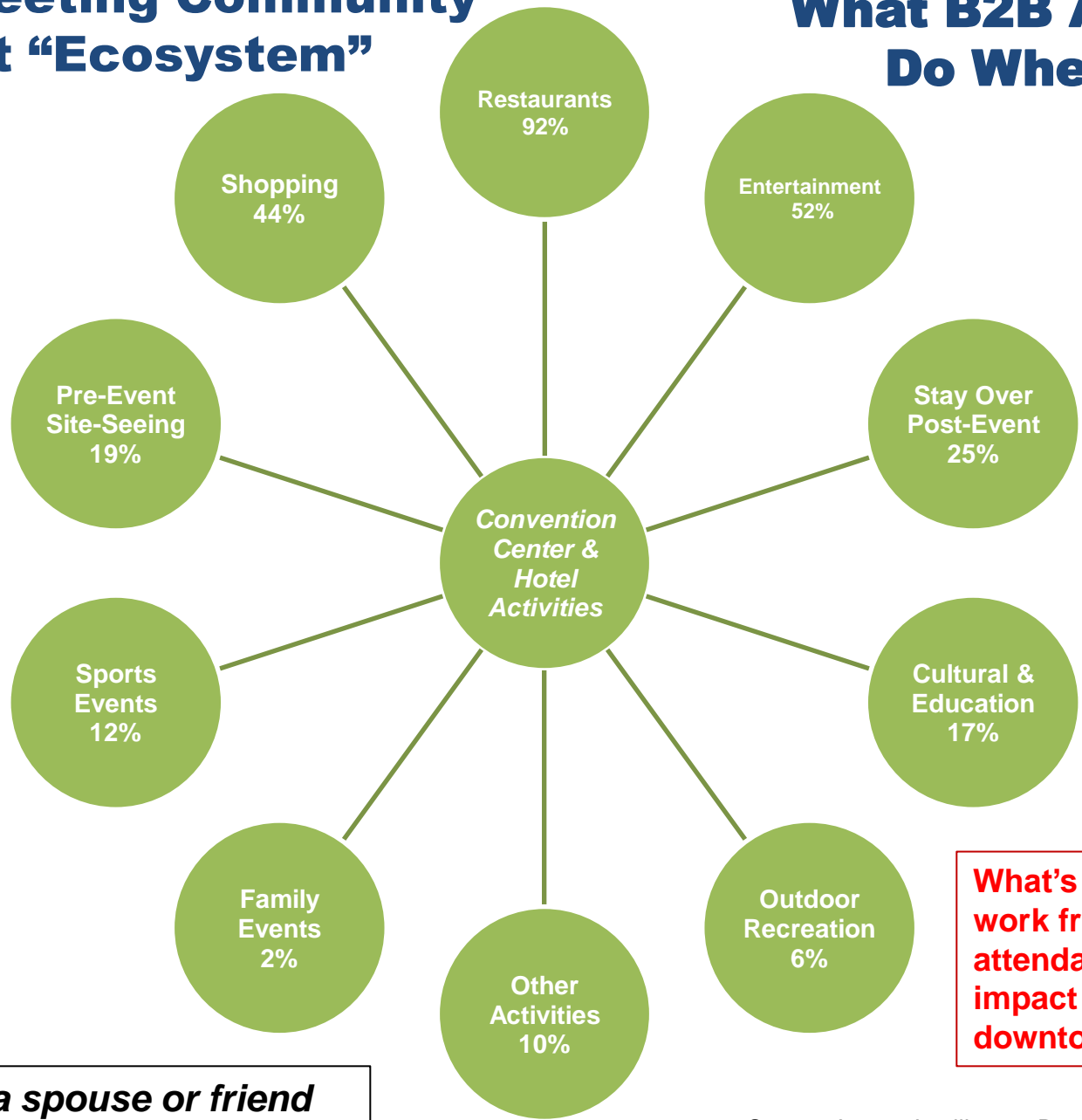
Soon events will start to get “strategic” again, and innovate besides adding technology and take some risks – and then entertainment and F&B will come back as well

There’s risk that the rebound could happen quicker than expected

Focus on core marketing and operations playbooks and city partner, vendor partner, and client relationships – *tend to the “ecosystem”*

Event & Meeting Community Impact “Ecosystem”

What B2B Attendees Do When in Town



What's the impact of work from home on attendance – and impact on City downtowns / CBDs?

17% bring a spouse or friend

**Remember, events
and meetings are not
an industry as much
as a mode of human
communication**

**Why will
important live,
in-person events
get back to
normal?**



Well, most all the real important ones.



This is why.

P.S. Also, why they're internet-proof.

P.S.S. You can do this with your friends at your house – but it's much more fun at a convention center.

Q & A

