The Growth and Trends of Conference Centres: A Case Study of the UK

Introduction
The meetings incentives conferences and exhibitions (MICE) sector of the tourism industry has experienced tremendous growth throughout the world, with many cities having already invested in major MICE facilities. The first conference cited was held in 1896 in Detroit, Michigan when a group of businessmen first realised the economic value of hosting meetings (Gartell, 1991). However the growth of the MICE industry throughout the world did not occur until much later. In 1959 the Pollizer Committee enquiry investigated the lack of quality exhibition venues in Britain. The committee reported that trade exhibitions would play an increasingly important part in the promotions of export trade and that facilities for such activities should be of the highest standard (N.E.C. report, 1998). In 1980 the first convention bureau was built in London, this was the start of the major growth of the MICE sector in the UK.

Growth in the MICE industry has occurred on a global scale. In 1998 the UIA identified over 184 countries, which have held MICE events. The most rapid growth has occurred in Asia. Africa and Eastern Europe have recently entered the MICE market, the USA has the maturest MICE market. Since the 1980's the USA has experienced a decline in the number of international conferences hosted, from 19% to 12%. (ICCA, 1999). The USA has lost part of its market to newly developing MICE destinations such as Asia. The ICCA relative figures for the market share (%) per continent predict that in the year 2000, 56% of international meetings will be held in Europe, 15% in Asia, 11% in North America, 6% in South/Central America, 10% in Australia/Pacific and 2% in Africa (ICCA, 1999).

Previous Research
The MICE sector is an important generator of tourism expenditure, investment, foreign exchange earnings and employment. There is an inability to calculate the exact size of the MICE industry due to the lack of comprehensive accurate data. Many attempts to estimate the economic importance of the industry have proceeded in a rather piecemeal fashion and in some cases; the assumptions upon which they are based may be challenged.

As a consequence, it is difficult to estimate the size of MICE industry throughout the world, particularly in newly developing MICE regions such as Asia, Africa and Eastern Europe where the data collection is even more problematic than in developed MICE countries. Not all MICE venues have the technology or facilities to tabulate data on the number of events or conventions held, or the total revenue generated. In order to correct the deficiencies in the collection of data, definitions, methods of data collection and finding should be standardised and collated. However, in view of the rapidly developing industry, the time taken to carry out surveys and costs occurred. This will probably not take place for a number of years. This lack of present research and data collection is seen as a significant limitation to the long-term development of the MICE sector throughout the world.

Aims and Objectives
The overall aim of this paper is to identify trends within the UK conference industry. Using secondary sources, the paper reviews the growth and key characteristics of the UK conference market. This includes trends in opening of centre, the number of conferences held in the UK, and the average length of conferences. The costs and benefits of the UK MICE industry are also outlined. Specifically, the primary research explores the relationships between the year of opening the conference centre, the size of the conference venue, and ownership of the venue (public and private).

In pursuit of its aims, the paper is organised in the following way. The initial section shall concentrate specifically on the MICE industry in the UK. The second section of the paper identifies the methodology used to carry out the research on the UK MICE industry, followed by the results section. The results are discussed in order to identify general trends within the conference industry, and a number of conclusions are drawn.

Key concepts: an overview

It is essential that the key concepts used in this research are defined, as the different array of terms can lead to confusion. For this paper, a conference is understood to be a generic term for all meetings.

The Meetings, Incentives, Conventions and Exhibitions (MICE) sector consist of activities including conventions, trade shows, seminars, events, exhibitions and incentive travel (Dwyer & Forsyth, 1996). Lawson (1982) extends the number of activities included in the MICE sector to include workshops, symposiums, forums, panels, lectures, and colloquiums. Throughout this paper the MICE sector will predominantly refer to conference centres.

"Conference" — As far back as 1977, The British Tourist Authority define a *conference* as:

- a meeting held in hired premises;
- lasting a minimum of six hours;
- attended by a minimum of 25 people; and
- having a fixed agenda or programme.

In recent years the BTA have changed their definition of a conference. Between 1994 and 1997 the definition of a conference was restricted to a minimum of 15 delegates. In 1998 it was extended to include smaller meetings with between 8-14 delegates (BCMTS 1998).

"Convention" — is defined as an assembly of persons for some common object, or for the exchange of ideas, views and information of common interest to the group. The term *convention* is widely used in America, Australia and Asia to describe the traditional form of annual or total membership meetings. Over 80% of associations in the USA hold an annual convention for their total membership and many companies provide similar opportunities for work-related and social purposes in attractive surroundings. These are meetings, which are often linked to incentive travel (Lawson 1982).

The MICE Industry in the United Kingdom

The MICE sector accounts for £12 billion of the total value (£37 billion) for leisure and business tourism generated in the UK (Scarborough Borough Council, 1998). According to the British Tourist Authority, the conference industry generates approximately 27% of the total income from tourism for the UK (BACT, 1996). The UK has between 4,000 and 5,000 MICE venues, with an estimated income generation of £2 billion (BCMTS 1998).

During the 1990s there has been a rise in the number of conference centres, which opened throughout the UK. There were 29% more conferences in 1995 than 1994, with an increase again in 1996. An increase in the number of delegates also occurred. Today most major cities have well-established conference bureaus, of which, many are part funded by the private and public sectors. Increasingly local authorities are recognising the value of the MICE business (White 1995).

The most recent findings on the UK conference market come from the British Conference Market Trends Survey (1998). The figures relate to both international and domestic conferences. During 1998, an estimated 658,900 conferences and meetings took place in Great Britain. The average duration of non-residential conferences was 1.24 days, while residential conferences lasted an average 2.37 days. The majority of conferences were corporate events (73%). On average 38 delegates attended corporate events, which spend on average £46 per day. The average number of conferences held by a venue was 160, although residential centres held on average 300. Purpose built venues held on average 259, and urban hotels 252. The average total revenue earned per conference (through daily rate charges) was £2,949, with average total revenue per delegate of £66.

The 1990s witnessed an increasingly competitive market that is currently still growing. As competition increases, UK towns and cities have to become increasingly competitive in order to win lucrative conference businesses. In today's climate there is great competition in the MICE sector throughout the world. Delegates chose to go to conferences overseas as other countries offer competitive conference packages, high tech facilities that often cannot be matched by the UK market. Additionally, flight times and prices have reduced, making it easier and cheaper to go abroad, especially as business class facilities are available on most flights. Many overseas countries have a competitive edge over the UK and particularly London because of their environmental quality, improved weather conditions and the cultural aspects offered to the delegates. However, the UK remains an attractive market for overseas visitors due to its cultural heritage. In addition, it must be pointed out that in the UK, it is domestic conferences that form the majority of the conference market.

London remains the dominant destination attracting more meetings than almost any other capital. This popularity is due to ease of access, and it is the world centre for finance, insurance, commodity trading and communications. Additionally London offers some outstanding conference facilities, including the Business Design Centre in Islington, Olympia, Wembley, the Barbican, Sedgwick Centre, St. James Court, and Elizabeth II Conference Centre.

Within the UK, the highest level of revenue was generated in London, with the average conference centre generating £343,574 in the first three months of 1998. This gives a projected average income for a typical London conference centre of over £1.37 million for 1998. When the UK multiplier is employed London generates approximately £1billion from conferences alone.

The growth in the MICE sector in the UK continues with much construction and a wealth of plans for improvements of purpose-built centres. Within London, the construction of the new ExCel exhibition centre should improve the chances of London holding some of the largest events in Europe, putting the UK firmly on the world's convention map.

The costs and benefits of the MICE industry in the UK

One of the reasons why the UK and other countries have invested into the MICE tourism sector is that it is least responsive to price changes and seasonality than other industry sectors. The MICE sector is potentially able to attract high spending, longer staying visitors to a destination.

There is a wealth of literature that explores the relative costs and benefits of the MICE industry (Dwyer & Forsyth 1997, Mistilis & Dwyer 1997). Fenich 1992 has summarised the costs and benefits relating to conference centre development. Fenich (1992) summarised the advantages and disadvantages of developing convention centres, which is shown in table 1.

Table 1- The advantages and disadvantages of conference centre development

Advantages	Disadvantages
Direct	**Direct**
Local government/private sector investment	High development costs
High level of delegate spending	High carrying costs
Increased employment	High operation costs
Indirect	**Indirect**
Economic gains to the local community	Losses in operations
Impact on occupancy hotel bookings	Infrastructure costs
Enhanced urban image	Opportunity costs
Redevelopment of blighted areas	Loss of property taxes
	Continuing costs for police, firemen
	High debt service

Source: Fenich, (1992, p.194) (modified)

Methodology & primary research

The primary research for this paper was collected using a sample of 64 conference centres in the UK. The information was collected to identify trends in ownership of UK conference centres, the changes in the physical size of conference centres, the capacity of the conference centres and the trends in the length of UK conferences. The research explores the relationships between the year of opening the conference centre, the size of the conference venue, and ownership.

Initial address list

In order to obtain a definitive address list a number of sources were utilised. The major sources of addresses were collected from the "Venue: The World-wide Guide to Conference and Incentive Travel Facilities 1998/99", which contains information on over 4000 venues throughout the United Kingdom. Venues are listed in order of major town's, with separate sections for exhibition and conference centres, unusual venues, hotels, academic and management training centres and hotels in the surrounding area.

Due to time and financial constraints to reduce the size of the mail drop, only the venues under the section of "Exhibition centre and conference centres" were used. All other venues within other sections were dismissed due to lack of clarity of the initial use of the facilities. A total of the 215-conference centre addresses were established from the 'Venue Directory'.

The postal questionnaire

The postal questionnaire was sent to 215 conference centres in the UK. The questionnaire comprises three sections; the first section (questions 1-2) seeks information from the respondent, including questions concerning the respondent's responsibilities. This was to establish whether or not an appropriate individual (i.e. the conference manager) had completed the questionnaire.

The second section, questions 3-7, identifies the name and location of the centre for future reference. This section also collected data concerning the date of opening, cost of construction, and whether or not refurbishment or extensions to the centre had been undertaken, and the ownership of the conference centre.

Section three (questions 8-16) identifies the size of conference centre expressed as the total conference floor space, number of auditoria and meeting rooms as well the maximum capacity for delegates. This section also identifies staffing levels for the centres, with regards to full and part time employees, the number of events undertaken in the financial year of 1997-8 and the estimated percentage of delegates who were local/non local.

The survey allocated one month for completion from, the 15 th June to 15 th July 1998 inclusive. The 215 questionnaires, with a further 215 returning stamped addressed envelopes and covering letters were sent out at the beginning of this period.

To those conference centres that had not returned their questionnaire, a telephone reminder was undertaken. A second questionnaire with covering letter and a stamped addressed envelope was sent at the beginning of July 1998, with a further three weeks returning period. After this period no more questionnaires were returned. With the total survey population being 215, and the number of useable questionnaires returned being 64, the return rate of useable questionnaires was 29.8%.

Data analysis

The questionnaires returned completed and considered useable were coded and entered into SPSS (version 6.0) for analysis.

Results - General Characteristics

Although the questionnaires were completed, it is important to establish whether an appropriate individual has completed the questionnaire. To this effect, the corporate responsibility of the respondent was requested and the results are shown in table 2.

Table 2 - Respondents responsibility (N=64)

Responsibility	Number of respondents Citing responsibility (%)
Conference Manager	18 (28.1)
Director	7 (10.9)
Events Manager	7 (10.9)
General Facilities Manager	7 (10.9)
Operations Manager	6 (9.3)
Sales / Marketing Manager	6 (9.3)
Exhibitions Manager	1 (1.5)
Other	12 (18.7)
Total	**64 (99.6)**

Note; Percentage does not add up to 100 due to rounding.

The largest number of respondents stated that they were Conference Managers. This was followed by Director, Events Manager and General Facilities Manager each having seven respondents. The 'Other' category was composed of a number of responsibilities including accountant, administrator and partner, all of the responsibilities disclosed could be considered as relevant with respect to their ability to give accurate, informed responses to questionnaire.

Date of conference centre opening

The growth of the conference centre industry in the UK began in the 1960s. From the 1960s until the 1980s the industry experienced steady growth. The 1980s and 1990s experienced rapid growth, which peaked in the 1990s with 24 centres opening.

Table 3 - Decade of conference centre opening in the UK

Pre 1960s	1960s	1970s	1980s	1990s
4	3	12	21	24

From 1960 to 1998, 64 conference centres were opened. In the 1960s, there were 3 (4.7%) and in the 1970s, 12 (18.8%). It was during the 1980s that the UK experienced a rapid rise in the number conference centres being opened, with 21 or 32.8% centres opening during this decade. Of these 21 conference centres the vast majority, 15 (71.4%), opened between 1985 and 1989, causing a period of economic prosperity within the UK. In the 1990s, more centres have been opened in the first seven and a half years, up to the closing date of the questionnaire than in the entire decade of the 1980s. During the 1990s, 24 conference centres opened (37.5% of the survey responses). Differentiating between the initial half of the 1990s and the latter half of the 1990s, it can be seen that 14 (58.3%) conference centres were opened in the first five years of the decade, while 10 have opened from 1995 to mid way through 1998. This may reflect the economic recession.

Ownership

Table 4 shows the ownership of the conference centres in the UK.

Table 4 - Conference centre ownership in the UK

Local authority	50.0%
Private Ownership	34.8 %
Joint Ownership	6.1 %
Other	9.1 %

In the UK local authorities own 50% of convention centres, compared to 34.8%, which are owned by the private sector. The 'other' category includes those owned by charities.

During the 1960s to 1980s a high proportion of conference centres were owned by the public sector. However by the 1990s this pattern had changed, and now a greater number of conference centres are owned by the private sector. During the 1980s Local Authorities gave the largest number of grants to convention centres (41.1%). This occurred during a period of political belief that such public funding would create economic regeneration of blighted areas. The 1990s have seen a reduction of Local Authority funding (23%) due to a change in the UK Government policies. The 1990s can be seen as an era of private funding.

Table 5 - Decade of Conference Centre Opening / Ownership in the UK

		Ownership				
		Public	**Private**	**Joint**	**Other**	**Total**
Decade Of Opening	<1960's	3	1	0	0	**4**
	1960's	3	0	0	0	**3**
	1970's	5	7	0	0	**12**
	1980's	12	6	1	2	**21**
	1990's	9	8	3	4	**24**
	Total	**32**	**22**	**4**	**6**	**64**

An important part of a conference centres income may come from a Local Authority subsidy. However 69.6% of the respondents stated they received no such grant. The centres in the UK that did receive a grant received between £108,000 and £20 million from their Local Authority.

The expansion of conference centres in the 1980s was from Local Authorities (Public Ownership) with 12 conference centres (57.1%). This compares to 6 (28.5%) conference centres, which are privately owned. The 1990s have seen an increase in the proportion of privately owned centres at 33.3% compares to 37.5%, which are publicly owned. The 1990s represent a decade of increased private funding.

Two conference centres, which opened before 1960, both received a Local Authority subsidy. During the 1960s, three convention centres opened, of which none of them received local authority subsidy, whereas of the 17 conference centres opened in the 1980s seven of them (41.1%) received such a grant. This proportion reduces to just 23% for the 1990s. Please note that only 44 respondents completed this question. This data support the theory that conference centres were established and/or supported by Local Authority finances in the 1980s, while the 1990s is an era of private funding.

Table 6 - Decade of Conference Centre Opening / Local Authority Subsidy in the UK

		Local Authority Subsidy		Total
		Yes	**No**	
Decade Of Opening	<1960's	2	0	**2**
	1960's	0	3	**3**
	1970's	2	7	**9**
	1980's	7	10	**17**
	1990's	3	10	**13**
	Total	**14**	**30**	**44**

Note: 20 not completed

Size of conference centre

The survey findings indicate that throughout the 1970s the majority of conference centres had a total exhibition floor space of 4,000 square metres (sq. m) or less. The 1980s were a decade of 'large centres' defined as being 4,000 sq. m or larger. The 1990s were a decade of smaller centres with 78.6% of the responding centres having a floor space of 4,000 sq. m or less.

Cost of conference centre
The costs of building a conference centre range between £335,000 and £186 million, with the average cost on construction being approximately £20 million. This can be compared with research by Scarborough Borough Council (1998), which states that the cheapest conference centre opened in the UK between 1991 and 1997 and cost £6 million. However the most expensive centre cost £180 million. This research shows that the largest number of conference centres (13 or 39.4%) cost over £10 million to construct. However 11 centres (33.3%) cost under £2.5 million to construct. The 1980s had twice as many centres being constructed which cost £10 million or more than those costing under £2.5 million. The 1990s have seen the construction of cheaper conference centres (8 centres costing below £5 million and only 5 costing over £10 million).

Renovation to conference centres
In addition to the building of new convention centres, existing facilities can be re-furbished to compete with the more modern facilities of the 1990's. The majority of conference centres in the sample had not undertaken any such refurbishment or extension. However 18 conference centres had undertaken refurbishment, of which, 11 centres (61.1%) had done so during 1996 to 1998. During the same period 7 new conference centres opened. These results can be compared to Tagungs-Wirtschaft (1992) findings which show that 42% of all (from a survey of 70 conference centres) have been extended at one time or another, some of them even twice. There research suggests that they were not adequately dimensioned in the first place or that actual demand was wrongly assessed.

Conference centre infrastructure
The average conference centre will have two auditoria, with an average capacity of the largest auditoria of approximately 1,600 individuals and the average number of meeting rooms being 17. Overall the typical conference centre will have a total exhibition floor space of 5,971.98 sq. metres and an average maximum capacity with regards to delegates of 1,910. Based on these findings, the characteristics of the typical UK conference centre can be established, which are shown in table 7.

Table 7 - The minimum, maximum, mean for auditoria, meeting rooms, total floor space and number of delegates of a typical UK conference centre

Variable	Minimum	Maximum	Mean
Number of Auditoria	0	14	2.07
Maximum Capacity of Largest Auditoria	0	12,500	1,645.20
Number of Meeting Rooms	1	510	17.25
Total Conference Floor Space	93	100,000	5,971.98
Maximum Number of Delegates	50	15,500	1,910.40
Total Number of Conferences 1997-98	1	2,900	200.94
Total Number of Business Meetings 1997-98	0	1,440	144.90
Total Number of Trade Shows 1997-98	0	60	5.59
Total Number of Public Exhibitions 1997-98	0	100	11.43
Total Number of Performances 1997-98	0	922	63.80
Total Number of Other Events 1997-98	0	1,000	86.94
Average Number of Days Per Conference	1	5	1.57
Number of Full-Time Employees	2	297	44.58
Number of Part-Time Employees	0	600	39.03

With regards to the number of conferences held in the financial year 1997-98 a typical conference centre will host 356 events, each lasting on average 1.5 days. In order to undertake such events the staffing levels will be on average 44 full-time employees and where required the centre will employ an additional 39 part-time staff.

The majority of centres employ relatively few full-time employees. Approximately 31% of responding centres employ ten or fewer such individuals, with 63% employing 30 or fewer and approximately three quarters (74%) employing 40 or fewer individuals. This suggests that the actual conference venue itself is not a significant employer. Conference centres do not directly employ high numbers of people compared to the size of the building. Greater numbers of people may be employed indirectly due to the employment multiplier as many industries will supply and service for the conference centre.

With regards to part-time employees, 20.3% of conference centres who responded stated they employed three or fewer part-time individuals, with 56.2% employing 20 or less. However 26.5% employ over 40 part-time individuals. Conference centres either utilise part-time employees extensively or there is minimal use of them.

Conference delegates

The findings relating to conference delegates show that 37 (62.7%) of centres responding state that the majority of delegates were considered local (60%), leaving 37.3% of centres having a majority of non-local delegates. This is a reflection of the nature of the domestic market.

The average length of a conference is between 1 and 1.9 days of which 75% of all delegates are local. This would suggest that the turn over of delegates is high, as they do not stay long at the conference. To generate more money to the local economy the conference centre should promote conferences to non-local delegates who are more likely to stay in the host community for longer. Countries such as Singapore have a high rate of international delegates, which stay longer in the host community. Therefore the UK should consider greater overseas marketing to encourage long stay overseas delegates. Due to the large number of delegates attending conferences for a short period of time a trough peak trough pattern in occupancy may occur. To reduce this, the marketing of conference centres to increase number of conferences is required.

Conclusion

The research identifies that the UK has a mature and extensive MICE industry. Since 1970s there has been considerable growth in the UK MICE industry, and also in the number of conference centres built. Those conference centres built in the 1980s were characterised by local authority ownership, having large exhibition space, defined as being over 4,000 square metres, and costing over £10 million to construct. They were often developed as loss leaders to attract further business to an area. The 1990s saw a shift to smaller privately owned centres that are run as commercial enterprises. Typically, they have less than 4,000 square metres, and cost less than £5 million in construction costs.

The research concludes that with the expansion of both the quantity and size of conference centres, there is a danger that too many centres will be established leading to over capacity within the industry. This increased competition may also lead to a reduction in both prices and profit margins.

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