Auckland as an International Conference City: Opportunities and Challenges

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ATTESTATION OF AUTHORSHIP

"I hereby declare that this submission is my own work and that, to the best of my knowledge and belief, it contains no material previously published or written by another person (except where explicitly defined in the acknowledgements), nor material which to a substantial extent has been submitted for the award of any other degree or diploma of a university or other institution of higher learning."

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Abstract

This study examines the opportunities and challenges Auckland will meet in establishing itself as an international conference destination. The New Zealand government has plans for building New Zealand's largest conference centre – the National Conference Centre in Auckland in order to cater for and capitalise on the global market. This would bring Auckland in line with international standards and enable the city to be capable of holding large-scale conferences. The research reviews literature regarding the conference industry and uses a discrete-choice set of twelve studies and three associations to analyse data. As a result, the research concludes that eight important criteria are used frequently and can be used to gauge the potential success of international conference cities. The results provide a starting point for a discussion on whether Auckland is suited, and can become an international conference city. The future of New Zealand's international conference industry depends on whether the country and the city can manage the challenges.

Chapter One: Introduction

The Chair of the British Association of Conference Destinations and Chief Executive, Edinburgh Convention Bureau, Sue Stuart stated that “the world has become a smaller place – horizons are widening and new cultures being absorbed daily” (Rogers, 2008d, p. xiv). The Chair of Association of British Professional Conference Organizers and Managing Director, Healthcare Events Ltd, Jonathan Wilson considered that “humans like meeting each other, that we enjoy sharing experiences, in person; and that we’d rather listen to, and participate, in a talk in the company of our peers than in isolation in front of a PC” (Rogers, 2008d, p.xiv). Today, people, enterprises and communities around the world, are linked closer than ever before thanks to the continual development of transport technology. Global issues, academic exchange, trade and commerce are just some of the topics people meet and communicate together on, discussing various challenges and solutions. The conference industry has risen to the challenge of facilitating these international meetings, providing appropriate services and facilities to accommodate. Tony Rogers, the Chief Executive of the British Association of Conference Destinations, Executive Director of the Association of British Professional Conference Organizers and the author of the ‘Conferences and Conventions: a global industry’ stated that “conferences and conventions are about bringing people together to communicate by sharing information and ideas, to motivate and inspire, to launch new products and disseminate the latest research, to negotiate in order to reach a consensus on the different challenges facing our world”(Rogers, 2008d, p.xvii).

With this in mind, international conferences can bring significant economic benefits to the host destination, and as such, have become big business with significant growth seen in recent years. Further still, the conference industry is being utilized as means of economic development. The New Zealand government is also aware of this positive trend, which has lead to plans for building New Zealand’s largest conference centre – the National Conference Centre in Auckland in order to cater for and capitalise on the global market. According to the Prime Minister of New Zealand, John Key (2010), details will be released ‘in due course’ regarding progress.

Auckland has played host to a range of domestic conferences in recent years along with small to medium sized international conferences, the standards required to host large conferences is lagging behind those required by the worldwide conference industry. Thus, the aim of this study is to examine whether Auckland can become a successful international conference city in a competitive environment. The objective is to explore the opportunities and challenges Auckland faces in attempting to achieve this goal. In order to achieve this, the research:

- Analyses the site selection criteria required for international conference destinations.
- Examines the factors facing Auckland in meeting the requirements to become an international conference city.
- Addresses limitations found in Auckland and the challenge of overcoming obstacles.

The following study provides an in-depth overview of the global conference industry and Auckland's place in this global industry. Requirements and factors common to the success of international conference cities are identified and discussed. The examples involved include: New Zealand's biggest competitor – Australia as well as Canada and the United States with their proven success factors in the international conference market. The main discussion of this study focuses around Auckland's ability to establish its presence in the international conference market. That is, does the opportunity exist for Auckland to become an established international conference city? What challenges confront Auckland in realising the objective of becoming an international conference city?

In order to answer these questions the research was split into two phases. The first phase in this study identifies where the relevant data is located. An investigation has revealed the following sources of information (Figure 1).

Figure 1: Sources of Information

Sources of Information	Examples
Online Databases	• Google Scholar • ScienceDirect
Specialized Databases	• Local government and council, such as the statistics New Zealand (*http://www.stats.govt.nz*) • International convention and exhibition centre: summary of findings of a feasibility study and supplementary research. • Influential conference associations and organizers, such as International Congress and Convention Association (ICCA); TIA (Tourism Industry Association New Zealand); TSA (Tourism Satellite Account)
Online News	• nzherald (*http://www.nzherald.co.nz*)

Academic Journals	• Journal of Convention & Event Tourism • Event Management
Academic Books	• Conferences and conventions: a global industry (Rogers, 2008) • Marketing Destinations and Venues for Conferences, Conventions and Business Events (Davidson & Roger, 2006) • Festivals, special events and tourism (Allen, O'Toole, McDonnell & Harris, 2008)
Other	• Newspaper columnists • Tourism and events experts • New Zealand government officers

The second phase analyses the data/literature in relation to the research questions. The research conducted investigates the common criteria inherent to the success of international conference cities, with results providing discussion on whether Auckland is suited, and can become an international conference city. The plan towards building the largest purpose-built conference centre in Auckland is as yet unspecified, and more updated information on this is expected early 2011 when the bidding process is announced. Therefore, the information will be tracked and renewed in order to provide timely and valid information and research throughout. The focus of this study is to address the validity of Auckland as an international conference city and ability to compete in the international market. Besides this Chapter (the Introduction), the chapter outlines are as follows:

Chapter Two looks at the background and essential concepts pertaining to the global conference industry. An overview of the international conference market is provided. This chapter also presents factors affecting demand within the industry, economic, technological, environmental, social and cultural impacts are all explored.

Chapter Three analyses how conference planers and organizers select conference sites and venues. The common elements involved in building checklists and the importance of site selection criteria are summarised with a checklist containing eight factors.

Chapter Four looks at Auckland and the country as a whole in relation to the current international conference industry. The plan to build the largest conference venue, the National Conference Centre, in Auckland has a number of implications and possibilities that Auckland, as a city, will need to contend with. Moreover, this chapter addresses the opportunities and attitudes of the relevant departments (such as the conference industry and tourism industry) as well as the New Zealand government and local community in developing the international market.

Chapter Five examines the international market and the challenges Auckland will face in moving forward with the construction of the NCC. This chapter focuses on the analysis of the eight key criteria determining Auckland's success. The question of Auckland's strengths and weaknesses is raised and in addressing these challenges, the degree of competition Auckland will face. This leads on to how many criteria Auckland currently meets and how many more are still required to be met in order to meet international standards.

Chapter Six provides concluding remarks and a series of recommendations as to the opportunities and challenges of Auckland becoming a successful international conference city in the global environment. These include a brief description of the eight factors that Auckland needs in order to be considered able to reach international standards as an international conference city.

Chapter Two: The globalized conference industry – where the world meets

2.1 Definition of the ‘conference industry’

The origins of today’s conference industry can be found in the political and religious congresses of earlier centuries, followed by business meetings. The current ‘conference industry’ is a much more recent phenomenon – for instance, the trade and professional association conventions in the USA. In Europe, the phenomenon started from the middle to latter part of the twentieth century (Rogers, 2008a).

“Conference is a generic term to describe a diverse mix of communications events” (Rogers, 2008a, p.2), which is also called meeting, incentive, convention and congress (Fenich, 2008). Recently, the term ‘meetings industry’ has been increasingly used over the term ‘conference industry’. The term ‘meetings industry’ comprises all of the above terminologies and provides greater inclusion in the market (ICCA, 2010). The term ‘conference’ is defined as ‘a participatory meeting designed for discussion, fact-finding, problem solving and consultation… an event used by any organization to meet and exchange views, convey a message, open a debate or give publicity to some area of opinion on a specific issue’ (Rogers, 2008a, p.20). That is, people meet together face-to-face, to exchange views, to build friendships and closer business relationships and to inspire better performance by individuals and organizations. Furthermore, though not generally limited by time, conferences are usually held over shorter durations and contained to specific objectives. The trend towards shorter meetings has steadily increased over the past decade. The average length of a meeting was 3.9 days during the period 2005 to 2007 (ICCA, 2009a; Rogers, 2008a).

2.2 The key organizer of the international conference - association

An association is an organized group which has come together through shared objectives, such as industry, professional, scientific, educational, or social reasons. An association typically holds events for the benefit of the association’s membership, such as annual conventions, world congresses, topical conferences, and topical workshops and seminars. Of the association meetings, conferences in particular, tend to be very large and range from several hundred to tens of thousands of participants (Fenich, 2008). The venues used for meetings include conference centers, civic and academic venues (Davidson & Rogers, 2006a).

The core associations found in the global conference industry can be divided between location and profession. For location, membership is comprised of people from different regions. Members attending conferences are gathered from local, state, regional, national and international markets for a common purpose. For profession, membership is comprised of people from the same industry, such as education and business (Fenich, 2008). The following are dates on which some of the principal conference industry associations were included (Figure 2):

Figure 2: Some of the Principal Conference Industry Associations

The Associations	Date Incorporated
International Association of Exhibitions and Events (IAEE)	1928
Convention Industry Council (CIC)	1949
Professional Convention Management Association (PCMA)	1957
Association Internationale des Palais de Congress (AIPC)	1958
International Congress and Convention Association (ICCA)	1963
European Federation of Conference Towns (EFCT)	1964
International Association of Professional Congress Organizers (IAPCO)	1968
British Association of Conference Destinations (BACD)	1969
Meeting Professionals International (MPI)	1972
Meetings & Events Australia (MEA)	1975
Association of British Professional Conference Organizers (ABPCO)	1981
Meetings Industry Association (MIA-UK)	1990

(Rogers, 2008a, p.4-5)

The decision-making process for association meetings requires a number of stages. Firstly, the board of directors, as stated in the association's constitution or bylaws, decide if a meeting will be held. Secondly, the decision makers need to decide on the location. Once a specific city has been selected, the third step requires the meeting planner to locate a suitable venue, based on site visits and inspections. The fourth step requires negotiating the financial elements and final details once the plan has been approved. The final step requires the supplier and the association to both sign a contract for the meeting which also sets in place specific requirements and details (Fenich, 2008).

2.3 An overview of international conference markets

According to Spiller (2002) the global conference industry has become one of the most successfully developed industries in recent decades. From 1999 to 2008, there has been substantial growth in the number of large international association conferences held annually around the world (Davidson & Roger, 2006). The quantity; size and frequency of conferences have grown dramatically with some cities and countries considering them as an important industry, such as Hong Kong (Qu, Li & Chu, 2000) and Singapore (MacLaurin, & Leong, 2000). According to the International Congress and Convention Association (ICCA) statistics (2009a), the number of meetings per year has grown with more than 3,000 events over the past 10 years (Figure 3). The ICCA has 900 member companies and organisations in 85 countries (ICCA, 2009b).

Figure 3: The number of meetings from 1999 to 2008

Year	# Events
1999	4,424
2000	5,101
2001	5,069
2002	5,898
2003	5,978
2004	7,147
2005	7,232
2006	7,648
2007	7,578
2008	7,475

(ICCA, 2009a, p.14)

A number of developed countries and main cities have met with great success in the international conference market. The ICCA has also released its rankings of the world's most popular countries and cities for hosting international association meetings (Figure 4). These rankings are based on 7,475 global meetings and conferences which took place in 2008. The United States ranked highest as the most popular country for international association meetings. Paris and Vienna took the number one spot for most popular cities (Whiteling, 2009). The 2009 rankings were based on more than 8,200 meetings; the United States and Vienna maintained their first placing, while Paris trailed a little, coming in third position. Japan and Singapore represented the Asia Pacific region in the rankings, managing to enter the 'Top 10'. Australia and New Zealand were absent from the 2008 'Top 10' destination list.

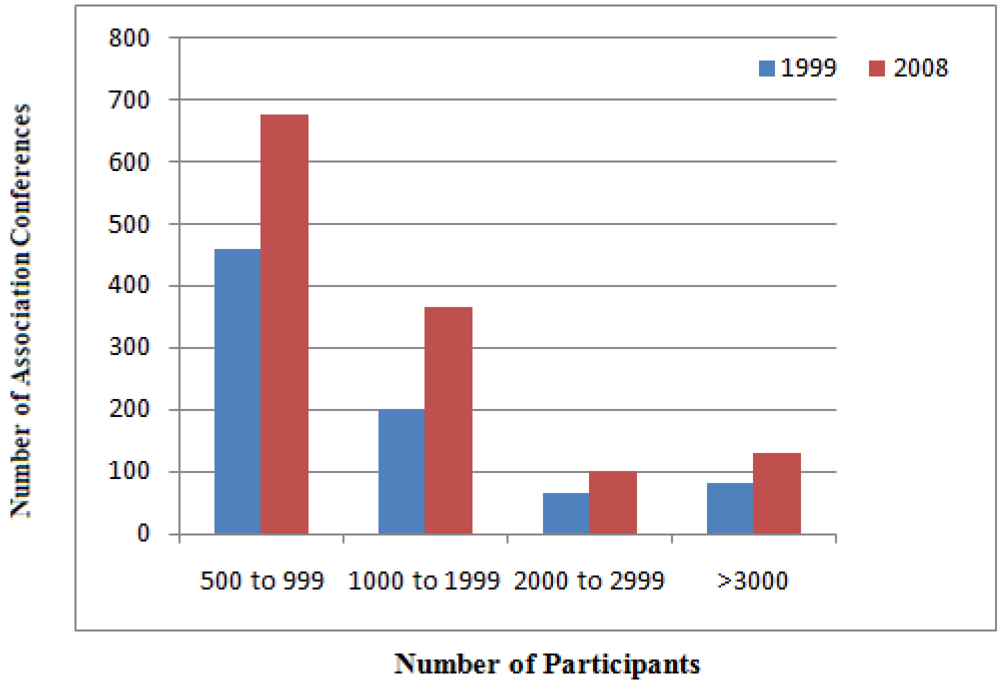
Figure 4: Top 10 Countries/Cities for International Association Meetings (2008)

Country	Number of Meetings in 2009	City	Number of Meetings in 2009
United States	507	Paris	139
Germany	402	Vienna	139
Spain	347	Barcelona	136
France	334	Singapore	118
United Kingdom	322	Berlin	100
Italy	296	Budapest	95
Brazil	254	Amsterdam, Netherlands	89
Japan	247	Stockholm, Sweden	87
Canada	231	Seoul	84
Netherlands	227	Lisbon, Portugal	83

(ICCA, 2009a, p.16)

In addition, according to ICCA (2009a, p.15) the estimated total number of delegates attending all 2008 meetings was 4.9 billion. This is an incredibly large number and its accuracy is questionable. The original report did not provide a specific explanation of how the figure was determined. By calculating the average number of participants and the number of meetings and conferences for 2008, it is suggested that a more realistic figure is approximately 4.7 million (638 participants x 7,475 meetings) (2009a, p.15 & p.14) and not 4.9 billion. However, the ICCA report did illustrate the number of larger international association conferences held annually for the period 1999 to 2008 (Figure 5). During this period, the number of meetings consisting of 500 to 999 delegates increased from 400 to 700, 1,000 to 1,999 delegates increased from 200 to 400 and over 3,000 delegates increased from 100 to 150. The number of international association conferences with delegates attending in numbers greater than 500 increased by 68% over the years 1999 to 2008. Further still, the number of conferences with greater than 3000 delegates attending increased 60% over the same period (ICCA, 2009a). The general trend for this market is one of expansion with huge potential as illustrated by the increase in meeting frequency and size.

Figure 5: International Association Conferences (> 500 delegates) – Global (1999 – 2008)



(Horwath HTL Ltd, 2009, p.9)

2.4 The outcomes and impacts of the conference industry

2.4.1 Factors affecting conference sector demand

- International economics and the hosting countries

The conference industry is no different than any other industry in that it is driven to a large extent by the trends of both national and global economics. During the recent economic downturn, which was felt around the world, a vast amount of business activity was affected. This included the cancelling of many conferences or where possible, reducing budget to ensure commitments were met. The number of delegates declined along with expenditure on food and beverage and venues were often changed to accommodate reduced budgets, impacting on the quality of services and facilities available, such as accommodation (Rogers, 2008b). In spite of that, a number of countries and cities are still expanding their markets and continue to invest in conference venues. In response to the economic depression during 2003 caused by the outbreak of Severe Acute Respiratory Syndrome (SARS), the government of Hong Kong provided financial support to the sum of HK$2 billion (US$406 million) to build a 100,000 square metre International Exhibition Centre at the airport, while the government of Singapore spent S$220 million (US$197 million) on building the Singapore Expo Centre (Business Asia, 2003).

Favourable foreign-exchange rates also impact on the global conference industry. A destination city with an exchange rate will likely attract more international conferences and meetings. Organizers and delegates will spend more thanks to the perception of the host city being good value for money. The opposite situation occurs when the exchange rate of an intended destination is higher than other currencies (Rogers, 2008b). However, the realisation that many conferences and meetings still go ahead during a recession is a welcome and positive factor for the industry. As mentioned previously, the number of meetings and delegates continue to grow, particularly in the areas of annual association meetings and conventions, new products and technology conferences, training and motivation gatherings for staff, albeit with reduced budgets.

- When conferences meet emergency situations

Looking back upon international crises over the past decade, major incidents which affected the conference industry included ‘September 11’, the July 7th 2005 London bombings, SARS and swine flu and more recently, natural disasters such as the Indonesian tsunami and Christchurch earthquake (“How the world changed after 9/11”, 2010). In 2001, the ‘9/11’ terrorist attack resulted in the postponement or cancellation of many scheduled conferences and meetings throughout the US. Approximately 37% of US associations experienced a decline in participation at their events due to the appalling act of terrorism and the economic recession, according to the Meetings Market Survey 2002 (Shure, 2002).

Another example can be seen in epidemics occurring in the host destination and which have the potential to impact globally, such as SARS and Swine Flu. The SARS virus had a major impact on the event industry in Asia, especially in 2003, with an estimated US$13 billion being lost in conference industry revenue. Hong Kong and Singapore incurred the greatest loss with conventions and conferences ranging from the catering industry through to information and technology being cancelled. April of 2003 witnessed the greatest drop in visitor numbers with a decline of 70% in both regions. Recovering the economic loss of the SARS event continues today. In addition to the impact on the conference industry, the tourism and aviation industries were also equally hit, which in turn affected international markets (Francis, 2009).

2.4.2 The economic outcomes and impacts

- Highlighting the positive outcomes and impacts

Economic benefits are one of the primary motivations for any industry (Davidson & Roger, 2006a). Increasingly, countries and cities which have hosted international conferences are recognizing the economic benefits they bring (Dwyer, Mellor, Mistilis, & Mules, 2000; Kim, Park, & Lee, 2010). For the global market, the estimated total income from all meetings, based on registration fees and total expenditure during conferences, as indicated through the ICCA database accounted for US$12 billion in 2008. The average registration fee per delegate per meeting was US$547.00 (ICCA, 2009a).

Furthermore, the conference industry brings economic benefits through the amount of expenditure by delegates, visitors, accompanying persons, organisers, sponsors, and others. For example, the top conference destination - the U.S.A, holds over one million meetings, conventions and exhibitions per year, generating US$122 billion from direct spending alone and creating an estimated $250 billion in economic revenue (Convention Industry Council, 2007). In the UK, there is an estimated 3,500 conference venues, according to the ‘British Conference Venues Survey’, which averaged 452 conferences per venue in 2005, which in turn equates to over 1.58 million conferences and meetings staged for the year.

The conference industry is a service industry which combines and benefits other industries, such as transportation, finance, trade and tourism (Jiang, 2010). France provides further examples where conference activities resulted in positive contributions to the local economy. The data presented in Figure 6 for the years 1999 to 2003, illustrates the direct and indirect economic impacts. Direct impacts arise from expenditure by conference centres in the local economy, such as delegates purchasing tickets for events. Indirect economic impacts come from expenditure by conference delegates on local services, such as hotels and restaurants. As can be seen, a positive trend is illustrated in relation to total economic impacts, which includes jobs sustained and number of delegates in attendance, over the last five years.

Figure 6: Economic Impact of Conference Activity in France

	1999	2000	2001	2002	2003
Direct & Indirect Effects (Euros)	558,000,000	670,000,000	626,000,000	644,000,000	596,000,000
Induced Effects (Euros)	853,000,000	1,020,000,000	958,000,000	985,000,000	912,000,000
Total Economic Impact (Euros)	**1,411,000,000**	**1,690,000,000**	**1,584,000,000**	**1,629,000,000**	**1,508,000,000**
Jobs Sustained	22,380	35,500	33,830	34,675	33,250
Number of Delegate Days	2,575,000	2,700,000	2,598,000	2,640,000	2,545,000
Number of Delegate Nights	1,911,150	2,300,000	2,150,550	2,193,560	2,117,300

(Rogers, 2008b, p.94)

In addition, conferences have the capacity to generate foreign exchange earnings, related investment and increased visitation, along with creating income and jobs (Dwyer, Mellor, Mistilis, & Mules, 2000). Delegates' spending boosts foreign exchange earnings for the destination when delegates come from abroad. Along with increased investment from visitation, conferences also generate a wide range of employment opportunities. Conference tourism in particular, includes the primary sectors of business and leisure activities (Ladkin, 2006). Events have the potential to enhance the tourism image of a destination with visitors attracted by the revitalised centres of an area creating long-term positive impacts on tourism and tourism investment (Ritchie & Smith, 1992; Allen, O'Toole, McDonnell, & Harris, 2008). Moreover, off-peak tourism increases in the area during a conference period, which in turn brings greater economic benefits to the destination (Rogers, 2008b).

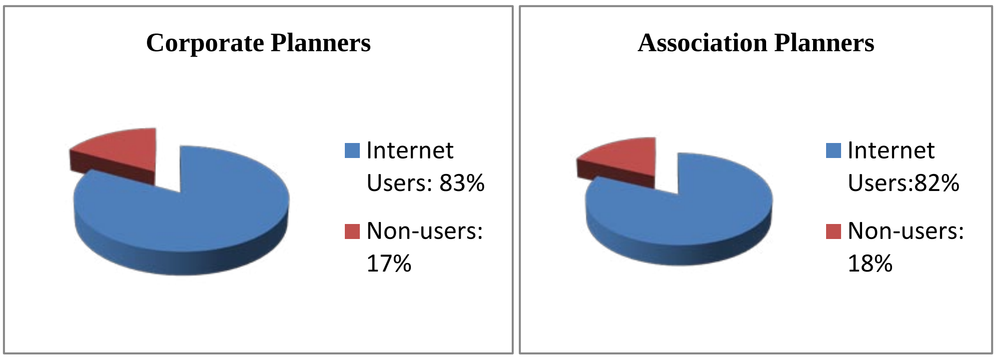
- Highlighting the negative outcomes and impacts

The industry does not only bring economic benefits to the host destination, but also significant hidden costs associated with the industry. Economic and social demands require both governments and local communities alike to invest more in infrastructure to achieve greater benefits (Rogers, 2008b). For example, a local government may have to improve roads, airports and other infrastructure elements in order to provide greater access and international appeal for a venue. The government may also have to provide tax breaks, investment incentives and other financial support to the developers in order to increase construction of venues and hotels. Thus, these investments may bring an 'opportunity cost' as the government may have to cut investment in other critical areas, such as education and health in order to fulfil its objectives. Furthermore, a large number of countries and cities around the world have to spend greater amounts on promotion and campaigns in order to attract greater numbers in foreign markets. This in turn places greater financial burden on tax payers and limits budget availability for other public infrastructure projects (Davidson & Roger, 2006a).

2.4.3 The technological outcomes and impacts

Information and Communication Technologies (ICT) and Internet applications have improved industry professionalism through greater efficiency. For example, event planners utilise email for RFPs (Request for Proposal), site selection through the internet which includes the use of search engines such as Google, along with pricing, catering and many other planning elements. Similarly, suppliers utilise the internet for marketing facilities and services (Lau, Milne & Johnston, 2004; Lau, Milne & Johnston, 2005). According to the Convention Industry Council 2007 report, 83% of corporate planners and 82 % of association respondents utilised the internet to plan meetings in 2006 (Figure 7), which was an increase over previous years (Convention Industry Council, 2007).

Figure 7: 2006 Internet Usage Among Planners



Convention Industry Council, 2007)

The continual development of new technology is an area the conference industry must embrace to develop and grow. Weber & Ladkin (2004) indicated that less formal paper presentations such as the use of projectors, is steadily being replaced by digital media, as is the registration process which is increasingly becoming an on-line affair, quickly adopted by supplier services. Further still, greater numbers of venues are being required to provide wireless technology (wi-fi), an estimated 47% of US associations requested wi-fi in the convention centres they used (PCMA, 2006). Although internet applications and teleconferencing were identified as trend setting technologies, on the basis of the 11th Meeting Market Study by the Professional Convention Management Association (PCMA) in the United States (2001), there was a strong consensus that new technology will not simply replace the direct personal contact provided for in meetings and conventions in the future. The traditional face-to-face interaction found at meetings and conventions is still regarded as the preferred means of communication, while emerging technology complements important business elements and activities, such as e-mail and information sourcing, as mentioned earlier.

The changing use of technology and technological advancements also contains negative aspects for the industry (Davidson & Roger, 2006a). For example, in the U.K., venues which have installed new Information Technology (IT), have often reported a lack of competent support from IT providers, which in turn reduce operating efficiency when technological difficulties arise. If a venue installs new or updated information and technology systems, but the staff are not provided with adequate and timely training, then the venue is simply not able to provide quality services to customers, and thus the ineffective use of technology places limits upon the conference facilities.

2.4.4 Other core positive and negative impacts

- The positive impacts of the industry on the environment, society and culture of the destination

Conferences provide opportunities to communicate and exchange culture, fostering business contacts, a source of continuing education, new technology, and other beneficial socio-cultural impacts (Dwyer & Mistilis, 1997; Smith, & Jenner, 1998； Dwyer et al., 2000; Kim, Park, & Lee, 2010). Moreover, the ideas which are presented and discussed during conferences enhance the sharing of views and the production of new intellectual capital (Davidson & Roger, 2006a).

Delegates expect a certain standard of quality surrounding any venue, this includes infrastructure and environment, anything less would be detrimental to the continued success of a conference location. The conference industry not only needs to maintain the quality of the environment, but must also contribute to environmental enhancement and conservation. For example, some heritage buildings could avoid being demolished through re-converting them into conference facilities. In addition, Cheung (1999) & Rogers (2008a) stated the conference industry has a lesser impact on the environment when compared to other industries, with more and more international conference organisations taking responsibility for environmental practices and moving towards ‘green’ meetings.

- Certain industry shortcomings

However, the conference industry also has a range of negative factors which can impact on the environmental, societal and cultural elements of a destination. Conference tourism can affect the environment through the volume of trips undertaken and the demands of business tourists for high quality accommodation and facilities (Rogers, 2008b). Nilsson and Küller (2000) pointed out travel behaviour can also create problems for the environment, such as vehicle emissions and noise pollution. Furthermore, a conference can impact on local communities, for example, no-go areas for residents which can reduce trade and revenue in areas for retailers and businesses. Similarly, the sheer number of delegates descending on a city can overload public transport and in unfamiliar surroundings, delegates can become the victims of crime (Davidson & Cope, 2003; Rogers, 2008a). Nevertheless most local communities recognize the wider economic benefits, but there is still some criticisms voiced from both delegates and local residents (Rogers, 2008a).

Chapter Three: The international conference site selection and criteria

3.1 Convention site selection

The convention industry has the ability to generate millions of dollars to the host destination. However, the convention market is highly competitive and as a result the host destination strives to reach the criteria for convention site selection in order to become a successful international conference city. The decision for convention site selection is made by the association meeting planners. The convention site selection is a process of choosing the optimal location for a convention or meeting based on accommodation, accessibility and availability for delegates as well as considerations as to costs, size, and other physical characteristics (Crouch & Louviere, 2003). In short, meeting planners choose a host destination and site for the meeting. In this way, crucial factors determining site selection, such as location, infrastructure, conference facility and essential criteria, are outlined for both parties to understand and agree upon (ICIS, 2010).

3.2 The checklist of selecting the site criteria

There are a number of studies relating to convention site selection with differing or inconsistent views pertaining to the importance and satisfaction of the various site selection factors. One aim of this study has been to collate and address this by summarizing criteria in order to illustrate trends and developments within the industry.

Westerbeek, Turner & Ingerson (2002) highlighted some factors such as political support and government intervention and the ability of convention management as being important to consider. Other authors also agree with this view, such as Bauer, Lambert & Hutchison (2001), Dunphy (2006) and Phelan, Kavanaugh, Mills & Jang (2009). Customer services such as front-desk presentation and professionalism of conference staff are also identified as being important in site selection (Comas and Moscardo, 2006; Chen, 2006). Ladkin (2006) and Breiter & Milman (2006) considered important elements in the specific site selection and satisfaction, such as consumers making decisions based on cost and expenditure, value for money, quality food and beverages and of course service. In addition, Comas and Moscardo (2006, p.117) stated:

> *A critical question for organizations and businesses involved in destination marketing and the provision of services for conferences and*

meetings are how associations decide where to hold their conferences and meetings. An understanding of these decision-making processes could provide valuable insights into how a destination can best promote itself to this sector.

Emery (2002) indicated that one of the important elements is bidding for events. Emery also stated the process of bidding for international events is becoming a regular component of strategic plans and policies of government officials world-wide. Further studies by Getz (2001) identified some critical success factors for winning events, such as strong partnerships, excellent presentations, treating each bid as a unique process, creating bigger and better facilities and increasing marketing resources.

In 1998 Crouch and Ritchie concluded that site selection factors could be categorized in to eight groups, as shown in Figure 8 below. The key factors cover facilities, policies, attractions and site environment.

Figure 8: Site Selection Factors

Category	Dimensions
Accessibility	• Cost – the monetary expense of transportation and access • Time – the duration/distance of travel involved and the opportunity cost of that time • Frequency – the frequency of connections to the site • Convenience – the scheduling convenience of the connections • Barriers – the extent of any travel formalities which inhibit travel such as visa, customs, etc.
Local Support	• Local Chapter – the extent of assistance and backing offered by the local chapter of the association • CVB/Convention Center – the extent of planning, logistical, and promotional support offered • Subsidies – the extent to which the destination offers to defray costs through rebates and subsidies
Extra- Conference Opportunities	• Entertainment – restaurants, bars, theatres, nightclubs, etc. • Shopping – malls, major department stores, low prices, etc. • Sightseeing – architecture, museums, monuments, attractions, parks, historical sites, local tours, etc. • Recreation – sports and activities either as spectator or participant • Professional opportunities – visiting local clients, negotiations, business deals, selling, making contacts, etc.
Accommodation Facilities	• Capacity – the number of rooms available and whether more than a single hotel is required

	• Cost – the cost of suitable accommodation at the site • Service – the perception of the standards of service • Security – the extent to which the hotels provide a safe and secure environment • Availability – are the facilities available when required?
Meeting Facilities	• Capacity – ability of site to provide suitable sized facilities • Layout – suitability of the facility layout and floor plan • Cost – the cost of the meeting space required • Ambience – the ability of the facility to create an appropriate atmosphere and environment • Service – the perception of the standards of service • Security – the extent to which the facility provides a safe and secure meeting space • Availability – are the facilities available when required?
Information	• Experience – has the site performed satisfactorily in the past • Reputation – what is the reputation of the destination among other meeting planners • Marketing – the effectiveness of the destination's marketing activities
Site Environment	• Climate – the desirability of the destination's climate • Setting – the attractiveness of the destination's surroundings • Infrastructure – the suitability and standard of local infrastructure • Hospitality – the extent to which the host organizations and community excel in welcoming visitors
Other Criteria	• Risks – the possibility of strikes, natural disasters, boycotts, and other possible adverse events • Profitability – the extent to which the site would produce a profit (loss) for the convention • Association promotion – would the site add credibility to the association and build membership? • Novelty – the extent to which the destination represents a novel location for the association's next convention

(Crouch & Ritchie, 1998, p.59-60)

Nelson and Rys (2000) indicated facilities, attractions, social and environmental factors as being important to site selection criteria (Figure 9), further still, service was rated as being the most important element when compared to other factors, such as the competence of convention staff. Security and safety rated the next highest in relation to importance when addressing criteria. Competitive hotel rates also ranked highly in the research. The findings also reveal that attractions, which included the availability of casino gambling and availability of water sports, were of little importance.

Figure 9: Composite List of Convention Site Selection Criteria

	Mean	Standard Dev.
Cooperative Convention Staff	6.29	1.15
Security and Safety	6.19	1.10
Competitive Hotel Rates	6.16	1.08
Availability of Meeting Rms	6.11	1.23
Competitive Rates for Exhibit Space	5.85	1.37
Hotel Rms Walking Distance	5.80	1.62
Quality of Food Service in C.C.	5.52	1.32
Affordability of the City	5.52	1.45
Attractiveness of C.C.	5.24	1.40
Convenient Ground Transport	5.13	1.65
Friendliness of Locals	5.01	1.52
City is Centrally Located to Members	4.73	1.78
Pleasant Climate	4.70	1.73
Exhibit Space Clomn Free	4.62	1.76
Favorable Tax Laws	4.54	1.73
Airport-Direct Flights	4.36	2.04
Site Seeing Opportunities	4.29	1.70
Reputation of Restaurants	4.22	1.68
Scenic Beauty of the Area	4.13	1.65
Hotel Rms w/in 5 miles	4.04	2.16
Good Shopping Opportunties	4.03	1.68
Desire to Hold Where Have Not Met Recently	4.03	1.99
Historical/Cultural Attractions	3.86	1.68
Avaliability of Quality Golf Course	3.85	2.06
Desire to Rotate Location Among Regions	3.82	2.25
Quality/Variety of Night-life	3.80	1.64
Luxurious/World Class Hotels	3.32	1.83
Quality Museums	3.28	1.68
Hotel Rms w/in 10 miles	2.72	2.02
Availability of Water Sports	2.39	1.55
Availability of Casino Gambling	1.63	1.17

(Nelson & Rys, 2000, p. 77)

Baloglu and Love (2001) emphasized the importance of attributes when selecting a destination for an annual conference and created a 5-point (1-5) scale, rating factors from ‘slightly important’ to ‘extremely important’ (Figure 10). There are 23 key attributes rated, which include facilities and infrastructure, social factors, services, technology, attractions and environmental factors. The results of the findings illustrate factors such as ‘capacity and quality of meeting facilities’, ‘quality of F&B facilities’, ‘capacity of hotel rooms’, ‘city reputation’, and ‘number of hotels within walking distance to the conference centre’, were all important factors to consider when reviewing site selection. Whereas ‘ease of local transportation’, ‘appeal of local attractions’, ‘Convention and Visitor Bureau (CVB) housing services’, ‘sponsorship from CVB’, ‘variety of Food and Beverage (F&B) facilities’, ‘entertainment’ and ‘climate’ rated as being less important (Baloglu & Love, 2001, p. 26).

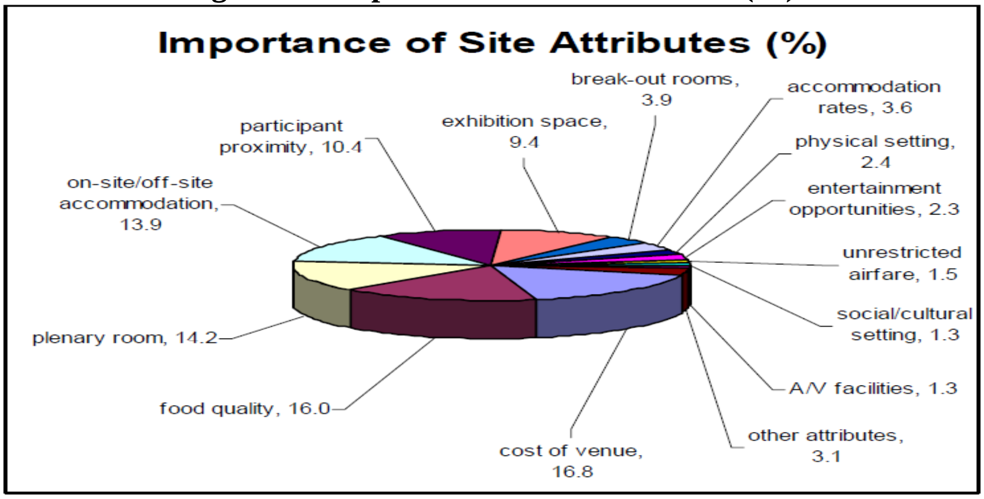
Figure 10: Importance of Convention Site Slection Critera

Attributes	Mean	Standard Dev.
Capacity of Meeting Facilities	5.00	.00
Quality of Meeting Facilities	4.62	.65
Safety and Security of Destination	3.77	.60
Affordability of Transportation to Destination	3.38	.65
Accessibility of Destination	3.69	.75
Availiability of Technological Resources	3.42	1.00
Quality of Exhibit Space	3.54	1.39
Quality of F&B Facilities	3.77	.73
Affordability of Exhibit Space	3.38	1.04
Ease of Local Transportation	2.31	.95
Hotel Room Capacity	4.77	.44
Appeal of Local Attractions	2.85	1.07
Quality of Hotel Services	3.62	.65
Affordable of F&B Facilities	3.58	.67
Affordable Room Rates	3.92	.86
Union Labor Requirements	3.38	1.04
CVB Housing Services	1.62	1.19
Sponsorship from CVB	2.15	1.41
Variety of F&B Facilities	2.62	1.19
City Reputation	3.77	.93
Entertainment	2.38	1.19
Number of Hotels within Walking Distance to Convention Center	3.77	1.30
Climate	2.85	.99

(Baloglu, & Love, 2001, p.27)

Crouch & Louviere (2003) provided 20 site attributes through examining the buyer behaivour of professional conference organizers for selecting the host destination. These factors contained location of the venues and cost of the venues, likewise, involving the areas of facilities, services and attractions (Figure 11). The results revealed that 12 of the 20 site attributes had a more significant impact on site choice, these included cost, food, accommodation, location and the quality of exhibition space. The authors also emphasized that in a competitive market, an attractive host site must not only offer the characteristics common to meeting facilities, but also provide strong elements in a broad range of alternative offerings (Crouch & Louviere, 2003).

Figure 11: Importance of Site Attributes (%)



(Crouch & Louviere, 2003, p.290)

Figure 12 below from Mair and Thompson (2009) provides an analysis of six factors and their importance in relation to 29 attributes, which comprise a total variance of 63.357%. Factor one represented 19.7% of the total variance with nine attributes, which illustrate the networking dimension. The networking element can affect attendance decision-making due to the nature of contact with other people, such as professional contacts and keeping in touch with friends. Factor two illustrates 10.93% of the total variance with seven attributes. The remaining three factors also illustrate the percentages of total variance in relation to the preferred requirements of conference attendants. Thus, research from the demand side can also provide an understanding of the necessary criteria towards the selection of an international conference destination.

Figure 12: Factors Analysis

	Dimensions					
	Networking	**Personal/Profession Development**	**Cost**	**Location**	**Time & Convenience**	**Health & Security**
Professional Contacts	0.791					
Global Community	0.780					
Making New Friends	0.756					
Involvement in the Association	0.740					
Meeting New Professionals	0.702					
Meeting old friends	0.674					
Meeting Like-Minded People	0.654					
Peer Reputation	0.645					
Generating New Business	0.599					

Interesting Topic		0.660				
Fulfilling Job Description		0.655				
Learning about New Subjects		0.634				
Financed by Employer		0.611				
Learning about New Research		0.611				
Professional Advancement		0.597				
Available Time of Work		0.515				
Cost of Accommodation			0.880			
Cost of Transport			0.836			
Cost of Conference			0.828			
Visiting Friends & Relatives				0.703		
Getting Out of Office				0.677		
Visiting the Surrounding Area				0.612		
Attractive Location				0.515		
No Holiday Data Clash					0.707	
No Conference Data Clash					0.684	
Accessible Location					0.597	
Health Enough to Travel						0.685
Available Medical Facilities						0.671
Safe Destination						0.606
Eigenvalue	9.188	3.36	2.186	1.57	1.315	1.043
Cronbach's Alpha	0.914	0.821	0.904	0.7196	0.696	0.746
Variance Explained	19.779	10.927	10.181	8.088	7.898	7.486

(Mair & Thompson, 2009, p.406**)**

Other factors recognized by different authors include the following:

- Leisure opportunities (Yoo & Chon, 2008);
- The size of the conference and the suppliers ability to offer products and services which cater for different types of demand (Fawzy, 2009);
- Concern for safety (Lawson, 2001);

- Peripheral Firms, such as travel agencies (Department of Investment Services & Ministry of Economic Affairs, 2007)
- Accessibility (Ladkin, 2006; Lawson, 2001)
- Information provision and service (Ladkin, 2006)
- Promotion (Rogers, 2006a, p.28)

3.3 The importance of site selection criteria

There are a number of studies which attempt to identify the importance of site selection factors and criteria, but which take an unsystematic approach (Crouch & Ritchie, 1998; Nelson & Rys, 2000; Baloglu, & Love, 2001; Crouch & Louviere, 2003; Mair & Thompson, 2009). Similarly, the majority of studies provided only limited discussion relating to site selection factors, with few listing and examining the criterion and relative influence in any depth (Crouch & Ritchie, 1998; Mair & Thompson, 2009). An analysis based on site selection literature, the discrete-choice set of twelve studies and three associations were used to analyse data from twelve dimensions (Figure 13). The twelve dimensions were then grouped into a set of primary categories defined along eight important criteria, which are used to address primary concerns. The Internet Corporation for Assigned Names and Numbers (ICANN) has their own site selection criteria and "all decisions relating to the selection of the location for the ICANN Meeting remain at all times solely within ICANN's discretion" (ICANN, 2010). Therefore, as shown in Figure 13, the eight dimensions were highlighted through different authors using different methods, these included conference facility, expenditure, environment, infrastructure, government support, entertainment opportunities, accommodation and human resource. Further discussion on site criteria are addressed in following sections.

Figure 13: Literature on Convention Site Selection Criteria

Authors (Year)	Dimensions											
	Human Resource	Accommodation	Conference Facility	Entertainment opportunity	Infrastru cture	Environment	Government Support	Expenditure	Promotion	Information	Professional Opportunities	Interesting Topic
Crouch & Ritchie (1998)	√	√	√	√	√	√	√	√	√	√	√	
Chacko & Fenich (2000)	√		√		√	√	√	√				
Qu, Li & Chu (2000)	√	√	√	√	√	√		√				
Nelson & Rys (2000)	√	√	√	√	√	√	√	√				
Baloglu & Love (2001);(2003)			√	√	√	√	√	√				
Kim & Kim (2003)			√	√	√	√	√	√				
Crouch& Louviere (2003);(2004)			√	√			√	√		√	√	
Chen (2006)	√	√	√	√	√	√	√	√				
Davidson & Rogers (2006d)	√	√	√	√	√	√		√		√	√	
Mair & Thompson (2009)		√	√		√	√	√	√	√	√	√	√
IEEE (2010)		√	√	√	√	√	√		√		√	
ICIS (n.d.)	√	√	√	√		√	√	√				
ICANN (2010)		√	√		√	√	√	√		√		
Frequency	7	10	13	10	11	12	11	12	3	5	5	1

3.3.1 Conference facility

The conference industry is mainly involved in providing venues and facilities for all sorts of events, exhibitions, conferences, conventions, meetings and symposia (Hicns, 2010). Conference venues are defined as "a conference venue must be an externally-let facility (i.e. not a company's own meeting rooms), and have a minimum of three meeting/conference rooms with a minimum seating capacity of 50 theatre-style in its largest room" (Rogers, 2003, p.23). Conferences require a closed environment in which the event can be held, with seating and other necessary requirements for delegates. In other words, the meeting venue is to provide these facilities to the conference market (Davidson & Rogers, 2006a). The key facility of course being the conference centre itself.

- Conference centre

Most international associations preferred choice of venue is the conference centre (Clark, 2004). A purpose-built conference centre is a very visible type of venue and is designed to host meetings and conferences. Most conferences are held with larger events in mind containing hundreds or even thousands of delegates (for example, venues such as the international convention centre in Birmingham – England and Melbourne Convention and Exhibition Centre- Australia). Convention centers are continuing to increase in size and capacity. It should be noted that, the term 'conference centre' is used to describe a building with meeting rooms and bedrooms, but no exhibit hall (Rogers, 2008c).

- Reasons for building conference centres

Various countries and regions promote themselves in order to attract the more lucrative national and international gatherings, which bring greater positive outcomes, such as economic, social and technological benefits. As mentioned, the conference industry has substantial direct and indirect impacts on local economies. An essential element of the conference industry is the marketing of quality event facilities (such as rooms, table and chairs) as well as other facilities (such as leisure facilities). In particular, dedicated-convention centres are built with the aim to obtain a return on investment in the competitive MICE market and to create more financial benefits, for example, the Hong Kong Convention and Exhibition Centre (Digance, 2002). Further still, investing in new and expanded venues can create more job opportunities (which is also one of the main social impacts) so the economy in the hosting countries and regions can be stimulated and improved. Whitfield (2009) also identified relationships between consecutive poor tourist seasons and increased competition for leisure spending, which has been discussed in the conference tourism sector.

- International conference centre investment

The 1990s, witnessed a rapid increase in investment, with the highest sustained investment period seen to date in the global conference industry (Rogers, 2008a). Figures 14 and 15 epitomise the huge scale of investment which has taken place. Examples can be found in Australia and the United Kingdom where newly-built and re-developed conference facilities have been constructed over the past couple of decades (these figures do not include facilities capable of staging very large conferences – more than 10,000 seats). Over the past 5 to 10 years, major investments have not been limited to Australasia, Europe and North America; large scale investment infrastructure can be seen throughout much of Asia, the Pacific Rim, the former East European countries, the Middle East and a number of African countries, especially South Africa (Rogers, 2008a).

Figure 14: Investments in Major Australian Convention Centers since Mid-1980s

Name of Centre	Year of Opening	Cost (AU$m)
Adelaide Convention Centre	1987 2001 extension completed	Not available 85
Sydney Convention & Exhibition Centre	1988	230
Canberra National Convention Centre	1989	Not available
Melbourne Exhibition & Convention Centre	1990 (1996 for Exhibition Centre)	254 (combined cost)
Melbourne Convention Centre	2009 completion of a new 5000-seat convention centre adjacent to existing facility	370
Brisbane Convention Exhibition Centre	1994 2009 completion of expansion programme	200 100
Cairns Convention Centre	1995 (Convention Centre extension opened in 1999); 2005 major refurbishment completed	Not available
Convention Centre South-Sydney	1999	60
Federation Concert Hall & Convention Centre – Hobart	2000	16
Alice Springs Convention Centre	2003	14.2
Perth Convention & Exhibition Centre	2004	220
Darwin Convention Centre	2008 including a 1500-seat main auditorium	Part of a 1 billion waterfront development project

(Rogers, 2008a, p.6)

Figure 15: Investments in Major UK Convention Centers since 1990s

Name of Centre	Year of Opening/Completion	Cost (£m)
International Convention Centre (Birmingham)	1991	180
Plymouth Pavilions	1992	25
Cardiff International Arena	1993	25
Venue Cymru (formerly North Wales Conference Centre) – major expansion scheduled for completion in 2007	1994 2007	6 10.5
Edinburgh International Conference Centre – major expansion is planned for completion in 2009	1995 2009	38 30
Belfast Waterfront Hall (Conference Centre & Concert Hall)	1997	32
Clyde Auditorium at the Scottish Exhibition & Conference Centre	1997	38
ExCel, London – plans for a £90 million extension are in the pipeline, for completion in 2009	2000	300
Manchester International Convention Centre	2001	24
The International Centre, Telford – major re-development	2002	12
Aberdeen Exhibition & Conference Centre – major re-development	2003	18
The Villa Marina, Isle of Man (major re-development)	2004	15
The Sage, Gateshead	2004	70
Bournemouth International Centre – major re-development	2005	22
Southport Theatre & Floral Hall complex – major re-development	2007	40
Arena & Convention Centre, Liverpool	2008	146

(Rogers, 2008a, p.7)

- Over-supply and market saturation, the depth of development

The early years of the new millennium has seen a rapid expansion of conference venues in an increasing number of destinations aiming to actively establish themselves in the market. A greater number of regions and countries are developing conference facilities and expanding and renovating venues to meet international standards in the hope of attracting greater numbers to their destinations. Additionally, the new entrants venturing into the market are providing 'competitive' venues in order to beat out other destinations (Davidson & Rogers, 2006c). For example, since 2000, China has seen tremendous investment by international hotel companies establishing a presence in major cities, which has lead to competitive pricing by venues in order to gain an advantage in the marketplace (Hultgren, 2010).

On the other hand, Sanders (2005) published the Realities of Convention Centres as Economic Development Strategy, which asserted the conference market was in decline. This in turn lead to several industry associations including the centre for Exhibition Industry Research and the International Association for Exhibition Management to issue their own reports, disproving Sanders findings and noting that information had been overlooked and data limited, which failed to address factors showing market expansion (Minton, 2005; Hazinski & Detlefsen, 2005). Hultgren (2010) also mentioned the industry has been challenged by the recent economic depression, although studies did take into account a number of projects and expansion plans yet to be completed or started. There are examples of both new and expanded convention centres in the USA, illustrating investment in facilities is continuing (Figure 16). Hultgren also pointed out that host destinations are continuing to invest in conference venues, and research should be based on a realistic view of the future of the conference industry. Thus it is important that investment goes towards exploring, developing, and sustaining the conference industry (Davidson & Rogers, 2006c).

Figure 16: Examples of New and Expanded Convention Centers

Name of the Centers	New/Expanding	Location	Year of Opening	Cost	Size/Capacity
Nashville Music City Centre	New	Nashville	2013	$585 million	1.2 million square-foot facility
Pennsylvania Convention Centre	Expanding	Philadelphia	2011	$777 million	One million square feet
San Diego Convention Centre	Expanding	the Unified Port of San Diego	2015	$752.7 million	Approximately 100,000 square feet
Irving Convention Centre	Expanding	Texas	2011	$137 million	20 conference rooms
Jacob K. Javits Convention Centre	Expanding	New York City	2013	$463 million	Increase of 80,000 square feet for exhibit space
Wilmington (N.C.) Convention Centre	New	Wilmington (N.C.)	Autumn 2010		Nearly 6,000 square feet of meeting space
Indiana Convention Centre	Expanding	Indianapolis	December 2010	$275 million	Adding 63,000 square feet of meeting space

(Hultgren, 2010)

3.3.2 Expenditure

In addition to the conference facility as mentioned above, the expenditure involved is also a key focus for the industry and needs to be considered by the host destination, conference planners and the delegates alike. The expenditure incurred by international conferences has an impact on the participation of international delegates, as well as conference planners when selecting a host destination (Kim, Cho & Chung, 2003). The local community and government must cater for the hosting of international conferences through such measures as the construction of conference facilities, improved infrastructure and promotion costs. One of the main reasons for taking this challenge is found in the economic benefits generated for the host destination. In addition, interrelated industries such as airlines, hospitality, entertainment and tourism businesses and of course the service industry are also impacted by international conferences (Kim, Cho & Chung, 2003). Thus, the local community and government must consider expenditure incurred by the conference industry and the need to have plans in place for future-proofing and sustainability.

International delegates and conference planners make decisions based on the cost and expenditure related to the host destination as well (Ladkin, 2006; Breiter & Milman, 2006). Delegates make decisions based on the cost of airfares and conference registration fees, in addition to accommodation prices, food and beverages, entertainment and of course service (McCabe, Poole & Weeks, 2000). Further still, delegates take economic factors such as tax and the exchange rate into account as well, in order to get an approximation of their intended spending. As conference planners are key to the success of conferences and would also take these issues in to consideration. Cost evaluation is a factor considered not only by delegates and planners but also by the local community and government, as pricing may also impact on businesses and spending. A host destination able to manage costs is an advantage in a competitive market (Nelson & Rys, 2000).

3.3.3 Environment

- Natural environment

To host a successful international conference, environmental factors cannot be ignored. Apart from the distance between the host destination and the delegates' place of origin, event organizers also need to consider the time and cost of travel in addition to potential terrorist risks natural disasters and epidemics, along with social and political issues

(Cosgrove, 2009). Environmental issues are of growing international concern. The conference industry is no different to any other industry when addressing environmental impacts such as climate change and carbon emissions. For example, climate change is associated with phenomena impacting on the rise of sea-levels and unpredictable weather patterns. The conference industry is a ‘people industry’ and as such, has a part to play in preventing human influences on the climate, an significant challenge to work with but necessary to undertake. Air travel in particular is viewed with significant concern; despite the fact air travel is responsible for only 2% of total global carbon emissions (BECA, 2007).

- Green meetings

Green meetings are being increasingly advocated by the conference industry as a means of protecting the environment. The Convention Industry Council defined a green meeting as: ‘incorporating environmental considerations to minimize negative impacts on the environment’ (CIC, 2004). A green meeting is not only being environmentally responsible, it can also bring economic benefits for the meeting organizer through saving money (CIC, 2004). For example, the use of recycled materials, collecting name badge holders to reuse for other meetings and creating a paperless environment: recycle, reuse and reduce (CIC, 2008). In addition, the CIC’s green meetings report also listed the ‘best practices for event suppliers’ and the green standards, covering nine areas in relation to the conference industry: accommodation, destination, meeting venue, on-site offices and transportation, food and beverage, exhibits audiovisual and production, communications and marketing, to reveal what level an event planner is at and what needs to be the established next (Goldman, 2010).

3.3.4 Infrastructure

- Accessibility

According to Collier (2003) infrastructure includes roads; airports and harbours, transport networks; electricity and water supplies; communication facilities; sewerage and waste disposal. These elements provide the basic necessities required to support the conference and maintain regular events. The accessibility and convenience of transport for example, is a necessary element for the conference industry, especially for international events (Pyo & Koo, 2002). Accessibility in relation to delegates includes ease of access to and from a conference site, travelling time, cost of transportation and effort (Go & Govers, 1999). Airlines and airports need to maintain and provide an expected level of quality and service, as most international conference delegates will be arriving by air. Once delegates have arrived at the conference destination, they need an effective local transportation network in order to travel between the conference site, hotels or business centre or tourist attractions, such as buses, trains and taxis (Sangpikul & Kim, 2009). In addition to public transportation, other factors such as traffic, destination signs and road construction are all part of the development supporting the conference industry (Sokcho, 2008).

Another concern can arise from the conference site being located beyond the city centre. Traveling to and from the conference site using public transportation may not be convenient if problems with traffic exist. For example, sky trains and subway systems, which are the most convenient public transportation for the inner city, may not be directly linked to conference sites or accommodation located outside of the city's centre. How effective a transportation system is for conferences may also affect the city's image as a successful host destination when compared to other competing cities such as Singapore and Hong Kong (Sokcho, 2008).

3.3.5 Government support

As mentioned above, the conference industry can bring the government and local community direct and indirect benefits, and government support and investment in the industry can also bring substantial rewards. The political influence of the conference industry is in the hands of the operators, some examples have been provided such as investing in infrastructure, conference facilities, research and statistics, marketing and promotion, especially in the beginning stages of exploring the market. Of course the industry cannot expect the government and community to take on the project without additional assistance. The industry must also work towards providing benefits no differently than other industries do. In addition, although the opportunity cost should be considered - the government can always change direction and invest in other assets, however with limited budget put aside for new investment, value for money and community benefit need to be considered, especially in the long term.

It is difficult to say to what extent the government should provide support. It is likely that most operators in the industry would like the government to be more sympathetic to funding requirements and investment in the construction of facilities. However, the government will likely need more time to come to grips with the industry and its complexities, as well as the industry understanding what the government is looking to achieve. For example, Bauer, Lambert & Hutchison (2001) mentioned the 1999 survey of the Meetings Industry Association of Australia (MIAA) asked members to rate the importance of membership benefits. The MIAA's role in promoting the interests of the industry to government was seen by 28% of respondents as 'somewhat important', 47% thought it was 'important', and 19% thought it was 'very important'. Only 6% thought that it was 'not important'. In addition, different political institutions have their own agenda which creates a degree of uncertainty in realising government and industry opportunities.

3.3.6 Entertainment opportunity

- Meetings or pleasure – conference tourism

It is common practice for business delegates to extend their trips to include additional time for leisure purposes and enjoying entertainment opportunities at the destination before or after meetings or conference dates. Rogers (2008a) stated that tourism can be broadly divided into two sectors, leisure tourism and business tourism. It is a common and popular phenomenon that people include holidays and participate in tourist activities, when traveling for the purpose of trading in distant markets and attending meetings to discuss specific issues (Davidson & Cope, 2003). Business tourism in particular, can involve a substantial leisure element. In 1993 the World Tourism Organisation (WTO) classified travel for business or professional reasons under the tourism definition (WTO, 1993).

Rogers (2008a, p.1) also pointed out that "conferences are part of the business tourism sector", as most conference attendees will consume leisure activities at the destination as well. Conference delegates and visitors will have spare time to visit places following meetings and business obligations. Social and cultural elements are frequently arranged during conferences to provide delegates with opportunities to relax and network together through various leisure activities. In addition, delegates may also be accompanied by a friend or family member(s) during the trip, who are free to enjoy tourist attractions and activities of the host destination during the conference. These friends and family members also provide word-of-mouth feedback to others on the destination, which can provide a positive spin-off for the host's tourism industry (Smith & Jenner, 1998; Barker, Page & Meyer, 2002).

For this reason, conference organizers are keen to provide delegates and guests with a pleasant, memorable experience while visiting the host destination, which can also assist in future inward investment. Conference tourism is primarily driven by economic goals at both national and regional levels with the principle objective to enlarge the 'market' and create a sustainable environment for continued hosting responsibilities. Delegates can be viewed as unpaid ambassadors arriving at a destination for a conference, who are in return provided with courtesy sightseeing trips, in the hope it will encourage participants to return on their own accord for further tourism. Some delegates will return for leisure purposes, bringing their families and partners for holidays. In addition, conferences also bring business tourists to the destination, with some deciding to set up their businesses or a subsidiary operation in the host destination after the trip. The economic opportunities can come from conference tourism, which in turn is derived from the conference industry (Morgan, Pritchard & Pride, 2006). Thus, the host government and community make every effort to foster conference tourism and entertainment opportunities through supporting funds into building infrastructure and other facilities (Hicns, 2010). This results in intense competition among the host destinations.

- Economic and social contribution of conference tourism

❖ *Savings*

Business tourists typically use the same services and facilities as leisure tourists. For example, most airlines provide options for business passengers as well as leisure passengers on most routes. Furthermore most accommodation provide services (such as rooms, food and beverage) for both leisure and business tourists. Facilities can be used as a concert hall one day and as a venue for an international conference the next. Other elements, such as infrastructure requirements, a safe environment, tourist publications and information (such as language and weather); financial services (such as foreign exchange), entertainment and shopping, are all relevant to both leisure and business tourism (Mann, 2000). Thus, it can be difficult to make a distinction between which services and facilities are used by either leisure or business tourists (Davidson & Cope, 2003; Ladkin, 2006).

❖ *Earnings*

"The convention industry is globally recognized for its valuable economic contribution to tourism destinations. It also has significant growth potential" (Dwyer, 2002, p.21).

The conference industry is growing and maturing at a rapid rate, and while conference tourism comes with a high price tag for high quality, it also provides greater returns, generating foreign exchange, income and employment opportunities. For example, within the United Kingdom, an overall estimate of £22 billion a year has been generated through business tourism, which accounts for between one-third and a quarter of the total value of tourism as a whole compared to the conferences and meetings sector, which brought in an estimated £10.3 billion in 2005 (Rogers, 2008b). Further still, overseas visitors attending United Kingdom conferences spent an average of £164 per day, whereas an average of £57 per day was spent in all other tourism categories. In addition, the British Conference Market Trends Survey (2001) estimated that conferences accounted for £7.3 billion in business tourism revenue, although assessments of the value of this sector vary (Rogers, 2003). As can be seen, the spending power of conference tourists is significantly greater (Rogers, 2006a).

It should also be noted the year-round nature of conferences and business tourism may lead to 'permanent jobs'. As for leisure tourism, the seasonal nature of the industry is reflected in the temporary status of employment. Conference tourism, in general, takes place year round. During peak season in the Northern Hemisphere, Spring through Autumn, the majority of larger conferences (such as national or international conferences) are held, but many smaller conferences and meetings (such as regional conferences) are still held during the off-peak Winter months, which prevents clashing between the demands of leisure and conference tourism, while bringing stability to employment and income (Crouch & Ritchie, 1998; Crouch & Weber, 2002).

3.3.7 Accommodation

- Roles of hotels

Hotels comprise over half of all conference venues and are a key element to the conference market sector. In most destinations, approximately 60-65% of total delegate expenditure on accommodation and food services is in hotels, even when the main venue for meetings is elsewhere due to greater capacity required for larger meetings than what a hotel can cater for (Lawson, 2001). It is important that international conference providers assist delegates with accommodation close to venues when major conferences are being held in a city (Roythorne, 2008). Larger hotels have invested heavily in the design and equipping of their facilities for conferences, such as the Germany Maritime hotel chain, which has made significant investments (Rogers, 2008c). The role of a hotel may vary for delegates depending on where the actual conference is being held. Large conferences may need to expand on the range of services and accommodation available to delegates, such as the provision of self-catered or serviced resort properties. One of the major considerations in selecting venues for such meetings is whether the appeal of the destination and attractions will result in a high attendance response from potential delegates (Lawson, 2001).

- Hotel classification and standards

"To meet the requirements of convention and conference organizers, the grading classification of the hotel is often critical" (Lawson, 2001, p.130). Most international hotel companies specify their own standards for branding and marketing purposes as well as most tourism authorities who use some form of grading or classification system. For example, business meetings are usually required to be graded 3-star or better. Accommodation requirements for delegates attending international meetings and association conferences are much greater than those needed for other events. Hotel grading provides the assurance there are enough rooms to cope with 150-200 or more delegates all arriving at about the same time. It is also important to ensure there is a close liaison between the hotels and main conference venue in relation to information provision, meal arrangements, leisure activities for accompanying persons and suitable means of transportation for transfers and tours (Lawson, 2001).

3.3.8 Human resources

Rogers (2008d, p.229) called the conference industry 'a people industry'. Both employers and employees in the conference industry are required to have very good interpersonal skills and enjoy mixing with a variety of people. A high standard of interpersonal and organizational skills is also required of buyers and suppliers in the industry. A variety of 'people' skills is required depending on the actual position occupied, such as conference administrator, event co-ordinator, conference organizers, conference manager, senior manager and head of convention bureau.

In addition, there are relative connections with other industries which are also required to have excellent professional skills to contribute to, and cater for a successful international conference (Davidson & Rogers, 2006b). For example, the tourism industry must ensure there are enough qualified people to work in this area. Employees should not only hold relevant certifications, but also have the appropriate training and work experience to cater for the expectations of international customers and different nationalities. There is also the difficult issue relating to a competitive international labour market, pertaining to staffing levels, long and anti-social working hours, low pay and job satisfaction. This in turn has an impact on the added value of a destination. Therefore, as with any industry, the challenge is to find the right people at the right time for the right job (Lather, Garg & Vikas, 2009).

Chapter Four: Current situation of international conference industry: New Zealand and Auckland

4.1 The National Convention Centre: Expectations

4.1.1 Incentive comments from…

The intended construction of the National Conference Centre has been promoted by a number of different voices including central government, local government, industry associations and business organisations:

The Prime Minister and Minister for Tourism of New Zealand, John Key, stated during a speech in October, 2010 "we want to attract as many of these events as possible to New Zealand…the Government is supportive of a national convention centre being developed in Auckland, and we will make an announcement on our progress in due course...this would create jobs in the short term during construction, but more importantly, it brings long term benefits to the tourism industry" (Key, 2010).

John Banks, the former Auckland mayor, said that the convention centre would be located in central Auckland near the Aotea Centre, with an international five-star hotel to be built in the precinct as well. Moreover the St James Theatre will be upgraded and restored to its former glory (Thompson & Binning, 2010).

New Auckland mayor, Len Brown, confirmed his commitment to building the world-class convention centre in Auckland along with other developments in his wish-list (Orsman, 2010).

Chief Executive of the Tourism Industry Association New Zealand (TIA), Tim Cossar stated, "A convention centre built to international standards in Auckland would attract a major new sector of business travellers, delivering direct economic benefits" (TIA, 2008).

Conventions and Incentives New Zealand (CINZ) CEO, Alan Trotter, said the New Zealand convention business was steadily growing and increasing by 20 percent each year (CINZ, 2006); "Conventions and incentives currently contribute $1 billion a year to the New Zealand economy. The international market accounts for about a quarter of that and we want to double that figure to $500 million" (CINZ, 2008).

Auckland Business Tourism manager, Anna Hayward**,** stated that Auckland could be a compelling destination and internationally competitive as a convention host (Auckland Business Tourism, 2009).

Of note is the fact that all public statements, to date, have been generally supportive and positive about the intended construction of the Conference Centre and it is difficult to find any dissent.

4.1.2 International convention and exhibition centre feasibility report

According to the feasibility study prepared for the Auckland City Council by Horwath HTL in June 2009, an estimated $500 million should be spent on construction of New Zealand's first international conference centre in Auckland and will be known as the National Conference Centre (NCC). Building is expected to commence in 2011, taking around three years to design and complete, with capacity for up to 5,000 delegates. This would bring Auckland in line with international standards and capable of holding medium to large-scale conferences, exhibitions and business events.

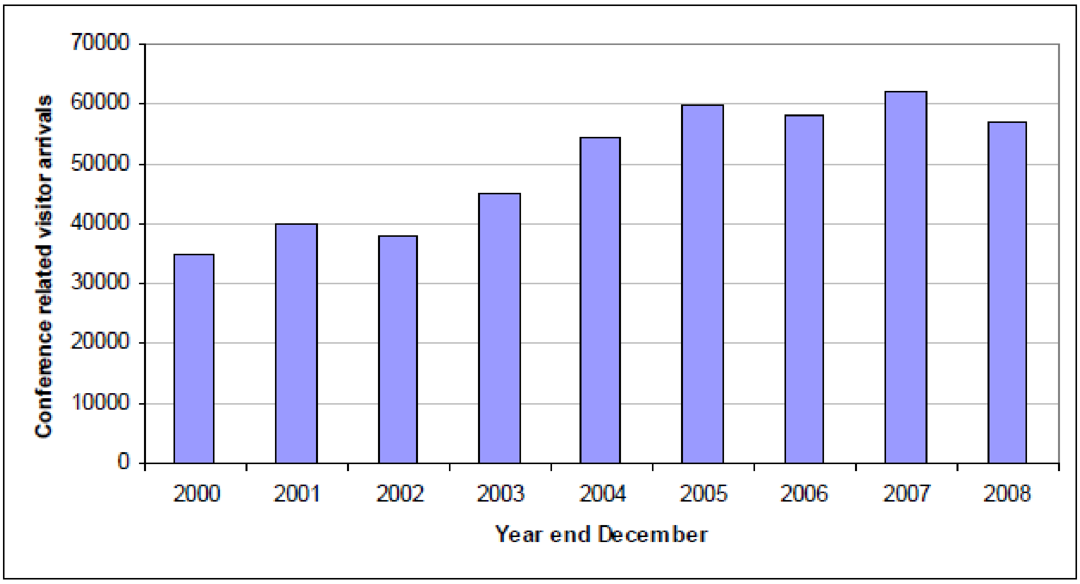
There are five potential locations for building the centre: THE EDGE (the Aotea centre), Sky City land on Hobson Street, Wynyard Point, the old railway station site on Beach Road and Bledisloe Wharf. If approved, Auckland City Council (now Auckland Council) will work with the government to set up a preferred CBD location (Gibson, 2010). Confirmation of the site location and more details of the centre were due in September of 2010, but was delayed till November. Updated information of the announcement will be released at the beginning of 2011 (Council News, 2010), which has resulted in sparse details being available in regarding the funding. As to the possible site, that will be discussed further in the next chapter.

There are four conference venues with capacity over 1,000 in the Auckland CBD area at present that shows in the Figure 17. The feasibility study also shows that there were 2.45million international visitors to New Zealand in 2008, of which 57,000 visitors (2.3%) indicated their main reason for visiting New Zealand was to attend a conference. Although growth started to plateau in 2005 with around 60,000 arrivals per annum, New Zealand’s international conference market experienced growth of 6.6% from 2000 to 2008, (Figure 18).

Figure 17: CBD Conference Venues with Capacity Over 1,000 (2010)

(Council News, 2010)

Figure 18: Growth in Conference-Related International Visitor Arrivals in New Zealand



(Horwath HTL, 2009, p.11)

The key international conference related visitor markets to New Zealand were Australia (59%), Asia (15%), Americas (10%) and Europe (8%). The feasibility study listed factors simulating growth in international delegate arrivals (Horwath HTL Ltd, 2009):

- Safety and security
- New Zealand's 100% pure marketing campaign
- Competitive airfares
- The conference and convention industry dedicated resources and placed greater focus on the international conference market, particularly the Australian market

- New and redeveloped conference facilities becoming established in the market, such as the Christchurch Convention Centre and SKYCity Auckland Convention Centre

Between 1999 and 2008, Auckland, Wellington and Canterbury hosted approximately 3,500 multi-day conferences. Auckland was the main destination playing host to conferences which included corporate meetings and association meetings. Auckland leads the conference market in New Zealand which also reflects the dominance of major hotels and hotel conference venues (such as the Langham and Hyatt Regency) along with the establishment of the SKYCity Auckland Convention Centre in 2004 and expansion of conference facilities such as THE EDGE also in 2004. The four figures (Figure 19 to Figure 22) shown below for the 1999 to 2008 period illustrate the conference market situation in New Zealand:

Figure 19: Overall Event Days in New Zealand (1999 - 2008)

	Conferences	Banquets	Trade Exhibitions	Public Exhibitions	Entertainment Events	Day Meetings	Total
Events	35	8	6	8	3	15	75
Average Length (days)	3.7	1.0	2.5	3.0	1.0	1.0	2.5
Event Days	128	8	15	24	3	15	193
Average Pack-in/out	1.1	0.5	3.0	3.0	3.0	0.5	2.3
Pack in-out Days	37	34	18	24	9	8	100
Potential Days Used	165	12	33	48	12	23	293
Days Used							250

(Horwath HTL, 2009, p.25)

Figure 20: Indicative Operating Cash Flow in New Zealand – Stabilised Year (1999 - 2008)

Revenue	$000s
Conference Revenue	13,329
Other Revenue	4,321
Total Revenue	17,650
Variable Costs	
Conference Costs	6,683
Other Costs	2,677
Total Variable Costs	9,360
Oveerhead Expenses	
Slaries& Wages	1,650
Sales & Marketing	2,000
Building Services & Maintenance	2,250
Other	1,000
Total Overhead Expenses	6,900
Asset Replacement Fund	**706**
Net Operating Cash Flow	**684**

(Horwath HTL, 2009, p.25-27)

Figure 21: International Visitors and Expenditure by Event Type in New Zealand (1999 - 2008)

Event Type	Visitors	Visitor Days	Expenditure $m
Conferences	17,466	166,685	72.0
Conference Exhibitions	2,518	20,453	9.2
Banquets	95	285	0.1
Trade Exhibitions - Attendees	1,454	12,156	3.5
Trade Exhibitions – Exhibitors	14	113	0.0
Public Exhibitions – Attendees	-	-	-
Public Exhibitions – Exhibitors	140	1,250	0.5
Total	21,686	200,941	85.4

(Horwath HTL, 2009, p.27)

Figure 22: International Visitors and Expenditure by Activity in New Zealand (1999 - 2008)

Activity	Visitors	Visitor Days	Expenditure $m
Event Participation	20,201	81,420	52.0
Accompanying Persons	1,485	6,260	1.2
Auckland Pre-post	16,822	33,644	9.0
Rest of NZ Pre-post	12,490	79,617	23.1
Total		200,941	85.4

(Horwath HTL, 2009, p.28)

4.2 New Zealand and Auckland conference industry

4.2.1 New Zealand conference industry

New Zealand is no different to any other country when it comes using events to improve infrastructure, increase employment opportunities, drive tourism, and create inward investments (Gnoth and Anwar, 2000). For instance, spending from foreign delegates can boost earnings for the local economy. The International Bar Association Conference which was held in New Zealand in 2004 provides an example of this; their six-day event contributed almost NZ$20million to the economy. Further still, 65% of delegates participated in pre or post-tour activities, with an average per-person spend of NZ$407.00 per day during this period (Davidson & Roger, 2006a).

The conference industry is largely associated with travel for businesses but also includes leisure purposes (Ladkin, 2006). New Zealand tourism offers high quality products and services, which include transportation, accommodation, attractions and activities, sales distribution and visitor services, both domestic and international (Collier, 2003). Furthermore, planned scheduling can have a marked impact on seasonality, reducing the disparity between summer and winter (Hunt, 2009).

As can be seen, an international conference can bring substantial economic benefits to the destination. The number of conferences in the Asia Pacific region increased by 124% in the period from 1980s to 1990s (Weber, 2000). New Zealand has a promising future for exploiting the international conference market due in part to global trends (Horwath HTL Ltd, 2009). According to the ICCA rankings in 2009, New Zealand is ranked at 43 (ICCA, 2009a). The New Zealand government said the country needs to capture its share of the 15,000 business conferences held annually around the world. Currently, New Zealand's share equates to an average of 38 international conferences per year. Thus, New Zealand could meet or improve standards in order to attract more international conferences (Committee for Auckland, 2005).

According to Rudman (2010) a truly international facility could bring in 22,000 extra overseas visitors and an extra $80 million. New Zealand has successfully hosted domestic conferences and small to medium sized international conferences, but is lagging behind the international markets, primarily due to a lack of infrastructure (NZ Convention Association, 2010). Currently there is no facility in New Zealand which can cater for large conferences consisting of more than 3,000 delegates (Ministry of Economic Development, 2009a). Christchurch and Auckland host the largest conferences with up to 2,500 delegates and there are smaller conferences hosted in other regions (NZ Convention Association, 2010).

4.2.2 Conference industry in Auckland

Auckland has the potential to act as an "all-round draw card for international visitors, business travellers and major events" (Hunt, 2009). As New Zealand's main gateway destination, Auckland is well positioned with international air connections and offers an excellent range of accommodation options, providing for the various needs of conference delegates. Conference facilities (such as the office supplies, restaurants and bars) are generally well located to support the infrastructure, allowing for greater convenience (Davidson & Roger, 2006).

4.2.3 New Zealand and Auckland conference market trends

The Convention Delegate Survey (CDS) and Convention Activity Survey (CAS) provide comparative analysis for Auckland's conference market in relation to the international market.

The CDS is the 'demand-side' component of the Convention Research Programme (CRP); the Convention Activity Survey (CAS) is the 'supply-side' component of the Convention Research Programme (CRP). The CAS involves more than 100 professional convention venues in the following 10 regions:

- Auckland
- Rotorua
- Taupo
- Hawke's Bay
- Manawatu
- Wellington
- Nelson
- Canterbury
- Queenstown
- Dunedin

A total of 1,621 delegates who attended a multi-day convention between 1 July 2009 and 30 June 2010 completed the CDS. The data from the CDS at some points collected expenditure data from multi-day convention delegates through an online survey. The CDS indicates that small sized meetings and corporate gatherings have been the core market in the CAS regions to date, followed by association meetings. In comparison with corporate meetings, association meetings were longer in duration (about 8 nights) with the majority of association meeting delegates coming from overseas, thus, generating increased benefits for accommodation, restaurants and tourism.

A key difference between domestic and international delegates can be identified in their interactions beyond conferences and meetings (Ladkin, 2006). For instance, domestic delegates will travel and stay in a particular region, which is positive for the regions' local economy, benefiting local tourism, accommodation, food and transport. International delegates are far more likely to travel beyond the host region, in order to experience tourist attractions and activities common to international visitors. The challenge for regions is therefore to identify opportunities and measures to increase the stay of international delegates within their region.

The greatest expense incurred by both local and domestic delegates is typically in registration fees, followed closely by accommodation, food & beverage and retail purchases. In comparison with international delegates, local delegates spend less on these aspects and of course less on tourism and airfares as well. Registration fees, accommodation, food & beverage, retail purchases, entertainment & activities are also part of the spend coming from international delegates; they also spend on tourism in other regions, as well as on domestic and international airfares. According to the CDS, registration fees are comparable with international airfares, with international delegates preferring to take the opportunity to travel domestically around New Zealand.

In summarizing delegate spending in the host region, from greatest to least expenditure; domestic delegates spent the most on registration fees, followed by accommodation and food & beverage. International delegates also spent the most on registration fees followed by accommodation and retail purchases. In addition, international delegates also spent money in other regions. Similarly, the sequential spending which contributed to the national GDP in the year ending June 2010 for the CAS multi-day conventions, were registration fees, accommodation and food & beverage respectively. Therefore, corporate meetings and domestic delegates provided greater returns for convention centers, hotels and restaurants. International delegates also provided positive returns for hotels, and significant income for the retail sector. The following list of coming international conferences illustrates the importance of developing new and current facilities to accommodate the growing the New Zealand market:

Figure 23: Lists of Hosting International Conferences in New Zealand 2011

Name of convention	Location	Estimated spending	Numbers of delegates	Numbers of delegate days
43rd International Paediatric Oncology Congress	Auckland	$6.3m direct spend	1,700	5 days (26 – 30 October)
The 18th International Symposium for Adapted Physical Activity	Christchurch	$2.5m direct spend	750	5 days (4-8 July)
Models 2011 (A computer science modelling conference)	Wellington	$1.4m direct spend	350	6 days (16-21 October)
International Neuropsychological Society Conference	SKYCITY Auckland Convention Centre	$1.4m	500 (4days)	4 days (6-9 July)

(Tourism Auckland, 2009; CINZ, 2008)

4.3 The National Conference Centre – a good start

4.3.1 Insight & inspiration

The potential to generate economic, environmental, technological, social and cultural benefits for the host destination through facilitating conferences is hugely significant. Should the recession continue to impact on countries around the world, many conferences and meetings will still continue to grow, which is a welcome and positive factor for the industry (Key, 2010). Furthermore, the conference industry is being employed as a solution to counter the economic downturn. Clearly the New Zealand government is aware of this positive trend, as noted in the comments made by various government officials and of course the NZ$250,000 allocated for the feasibility report and business case, plus the NZ$50,000 contributed by the Auckland City Council. An estimated $500 million will be spent on the construction of the National Conference Centre (Key, 2009).

As to international association conference market trends, the feasibility report (Horwath HTL Ltd, 2009) illustrates the global market increased significantly between 1999 and 2008, in particular, growth in the meetings of 1000 to 1999 delegates. An increase New Zealand could take advantage of through providing increased conference centre capacity. The most popular conference venues are hotels with meeting facilities (42%) followed by dedicated conference and exhibition centers (30%). Although hotels held a greater proportion of meetings, it doesn’t indicate a venue preference, more a capacity issue. Of the 7,475 international association conferences held in 2008, there were 50% rotated worldwide and 30% rotated within Europe only. With the National Conference Centre, New Zealand could begin targeting this market.

The Asia Pacific region also played host to an increasing number of international association conferences from 1999 to 2008, which in turn contributed to an increase in regional conferences and investment in the number of new conference centers during this period. The growth of conference activities in Asia has been assisted by considerable investment, expanding and creating new centers. When compared with Australia, New Zealand achieved a relatively low share of conference hosting during the 1999 - 2008 period, but actually managed a higher annual growth rate. In addition, China and India have revised their economic growth projections upward, and due to New Zealand's proximity to Asia relative to Europe, the opportunity to gain a positive footing in the Asian market holds far greater possibilities.

It pays to stay alert for when a favourable situation may present an opportunity, as the CINZ CEO, Alan Trotter said in 2008, New Zealand's goal in relation to the international convention market will be to bring in NZ$500 million a year to the New Zealand economy. When the NCC is fully operational, it is envisaged that it will provide significant benefits to both Auckland and New Zealand as a whole. The NCC will be the first conference facility built to an international standard in New Zealand. To date, all comments and news have been of a positive nature, due in part to the estimated profit generated by international visitors, local and regional use and further tourism-related income. With conferences taking place year round, it will also provide a boost for off-peak tourism. The proposed centre along with the conference industry will work towards increasing the number of high-yield tourists to Auckland and other regions. The centre would foster commercial links between international suppliers and buyers through actively targeting and securing conferences and events. The centre would also support the transfer of knowledge and innovation between international and local delegates ("Auckland super city begins", 2010).

In order to estimate the economic benefits, the centre's cost related factors need to be examined closely. The location of the centre has yet to be confirmed, however, the feasibility study (Horwath HTL Ltd, 2009) provided the cost assumption of the potential locations. The results of the cost-benefit analysis were summarized as: the benefits of the project exceed the costs over a twenty-year period on a net present value basis. The midtown option offers the greatest cost ratio benefit (Horwath HTL Ltd, 2009). Therefore the midtown option would be favoured as it would deliver benefits from increased tourism at the earliest date and with the lowest capital costs if the assumptions are considered realistic.

4.3.2 Conference tourism

Conference delegates and visitors often have spare time available for taking in attractions and sights when visiting the host destination, before or after meetings or conference dates. There is no question the conference industry could drive positive benefits to other industries to New Zealand as well, such as hospitality, transportation, tourism, the event industry and so on. Conference delegates and associates to New Zealand would more than likely spend time visiting attractions, no differently than tourists. The tourism industry is extremely important to New Zealand and one which New Zealanders. Economic outcomes derived from the tourism industry for the year ended March 2010 are as follows:

Figure 24: Key Results for the Year Ended March 2010

Key results	$ (billion)
Total Tourism Expenditure	$22.4 billion
International Tourism Contributed to Total Exports of Goods and Services	$9.5 billion
Domestic Tourism Expenditure	$12.9 billion
Tourism Generated a Direct Contribution to GDP	6.5 billion
Tourism Generated an Indirect Contribution to GDP	$8.6 billion
Full-time Equivalent (FTE) Employees are Directly Employed in the Tourism Industry	92,900 employees

(Tourism Satellite Account, 2010)

As indicated by the figures above, the tourism industry makes a significant contribution to the New Zealand economy.

Acting as the gateway to New Zealand, Auckland is a very popular tourism destination and provides both international and domestic tourists with excellent attractions and activities. It is common for conference tourists to extend trips beyond the location of the conference site. Australia provides an example through the survey of Sydney Convention and Visitor Bureau's 2001 report, which estimates 57% of delegates visiting Sydney also undertook pre-or-post- convention travel elsewhere in Australia, and an increase of 8% since 1999. Moreover, the Melbourne Convention Delegate Study shows that 58% of international delegates express that they would return to Melbourne in the next five years as leisure purposes (Horwath HTL Ltd, 2009).

The New Zealand government has definitive expectations in relation to the construction and establishment of an international conference centre. But with the recent global economic difficulties occurring, is this a favourable time to be undertaking such a project? Moreover, will Auckland reach the international convention site selection criteria? The following chapter will discuss these points further.

Chapter Five: Challenges faced and opportunities for Auckland

5.1 Recapturing the 'lost' market

New Zealand does not yet have a purpose-built facility which meets international standards for quality and size. Auckland's current conference capacity is limited to 1,500 delegates and Christchurch's capacity is limited to 2,500 delegates. The Committee for Auckland (2005) revealed that many opportunities have been lost due to the lack of capacity and facilities not meeting international requirements. Examples of 'lost' conferences include:

- World Congress of Paediatrics hosted in Cairns instead of Auckland, due to the lack of capacity in being not able to host 3,000-5,000 delegates;
- 2001 Union of Physiological Sciences Conference to Christchurch where they were able to cater for 2,200 delegates;
- 2003 Haematology Society Australia and New Zealand hosted in Christchurch due to Auckland's facilities not being considered suitable;
- 2002 Cardiac Society Australia and New Zealand convention hosted in Christchurch, although Auckland facilitated the event in 2001, there was no consideration to return unless a purpose built venue was developed;
- Due to the insufficient capacity of present centres, the International Bar Association (IBA) has amended their convention manual to exclude all cities without purpose-built integrated facilities following the disappointments of Auckland's venue space.

For this reason, the New Zealand government plans to build a national convention centre, which meets international standards seating 4,000 delegates, in order to recapture the 'lost' market. The question is though, will building an international conference centre be effective in capturing the 'lost' market and does Auckland provide the infrastructure, resources and site criteria required to make it work? Site selection criteria for hosting international conferences were addressed in the previous section. The following sections discuss the challenges Auckland faces in establishing the city as an international conference site based on convention site selection and global criteria as outlined previously.

5.2 The National Conference Centre (NCC)

The location of sites hosting large events, such as the Olympics and Rugby World Cup, requires considerable thought given to the people affected by such venues and the construction which goes on around them. With appropriate consultation and discussion, the host country and wider community can benefit from the investment and value such a venue can provide. The New Zealand government realizes that without a convention centre meeting international standards the country will simply continue to fall behind in the international conference industry.

5.2.1 The 'world-class' facility

The New Zealand government is in the initial planning stages of establishing the largest purpose-built conference centre in Auckland - the NCC has already spent NZ$300,000 on preliminary stages (NZ$250,000 for the feasibility report and business case plus NZ$50,000 contribution from the Auckland City Council, as previously mentioned), which demonstrates a willingness from the government to making this happen and eagerness to compete in the international market. The confirmed location of the site along with investors and details regarding the centre was due in September of 2010. The announcement was then put off till November with updated information released at the beginning of 2011 (Council News, 2010).

5.2.2 Meeting advanced international standards

The construction of a conference centre intended to meet international standards needs to consider the following factors:

- Internal factors:

Facilities should have the ability to offer products and services which cater to a variety of demands as well as providing capacity for meetings, quality facilities, technological resources (such as information provision and service); competent management and convention staff and accessibility. This would bring Auckland in line with international standards with the potential of course to aim higher, in holding medium to large-scale conferences, exhibitions and business events.

- Location
    - ❖ CBD fringe

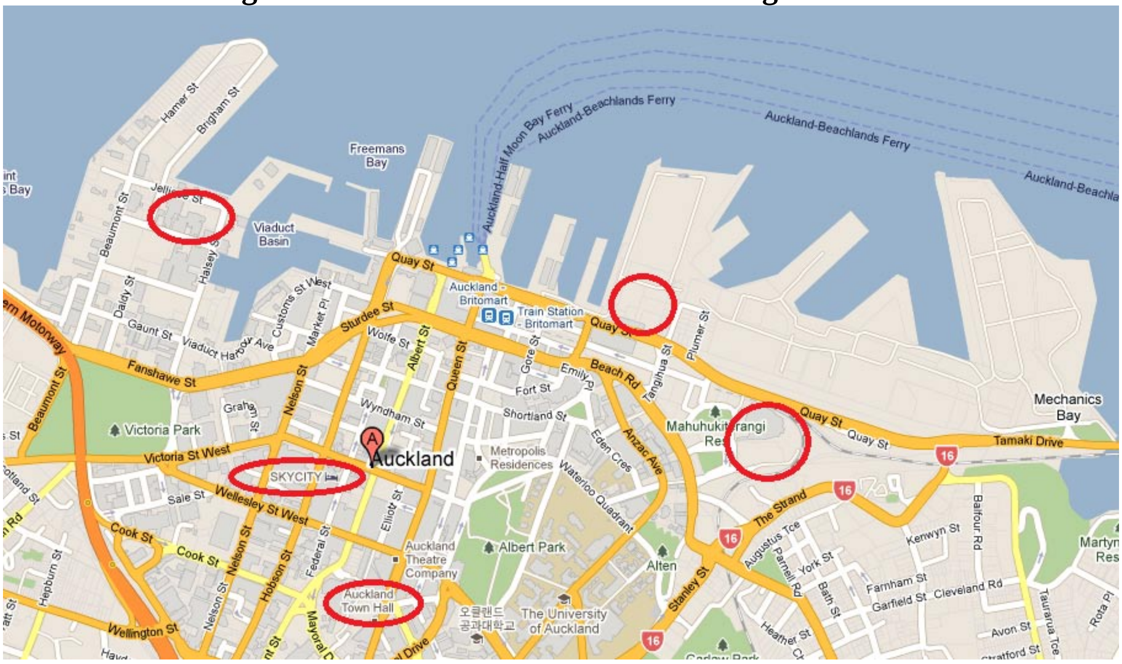
The CBD fringe includes Wynyard Point and the rail yard site adjacent to Vector Arena. Wynyard Point is an area which will see significant redevelopment and therefore has appeal in terms of size and potential for a site location (including flexibility for future expansion). This potential area will leverage off the proposed Marine Events Centre if the centre is located at the Lighter Quay end of the precinct. The rail yard site has potential to regenerate this rundown area, but would require substantial preparation, including the construction of a platform above the rail lines. The disadvantage however, is the relative distance from most hotels and public transport links when compared to midtown and waterfront locations. Bledisloe Wharf also provides a potential location, although it is currently unavailable.

- ❖ Auckland & the Central Business District (CBD) precinct

The Central Business District (CBD) is located near the harbour. Queen Street is the major commercial thoroughfare and offers retail shopping, restaurants, nightlife, apartments and hotels located throughout. The CBD starts at Queens Wharf on the Auckland waterfront, adjacent to the Britomart transport centre and the downtown ferry terminal. Auckland airport lies 21 kilometers from the city centre and is a major airline hub in New Zealand serving a mass of domestic and international visitors each day.

The CBD option would mitigate the issue of distance from most hotels and public transport links, but it does have implications in relation to development timeframes. The CBD precinct is in close proximity to the majority of Auckland's hotels, public transportation and car parks. However, the area is crowded with workers, residents, students and visitors as well as other construction sites. Therefore, building the centre in the central business district will likely mean the demolition of existing buildings in order to generate enough space to meet its objectives.

Figure25: Five Possible Sites for Building the NCC



(Google Maps, 2011)

5.3 Expenditure

5.3.1 New Zealand economic challenges

Local economies are a key focus all around the world and countries are working towards finding solutions for improvement and sustainability. The conference industry is considered one of those solutions. There is little doubt the New Zealand government also recognizes the enormous benefits from this industry. The importance of establishing an international conference centre in New Zealand has been clearly acknowledged by both central and local government in addition to the convention industry and the tourism industry.

It is generally acknowledged that a purpose-built venue would not only bring benefits to the Auckland region, but also other regions, while offering long term benefits for New Zealand. Thus, both the central government and the Auckland Council have initiated the relevant policies to support conference facilities and infrastructure to meet the challenges of the international conference market. In addition, Auckland tourism industry stakeholders unanimously support the development of an international standard conference centre in Auckland to attract high yielding visitors. It is estimated that a convention centre of suitable scale would bring NZ$67 million GDP to Auckland per annum (Auckland Region Council, 2008).

The Tourism Industry Election Manifesto was a statement intended for all political parties and candidates contesting the 2008 general election. The statement outlined the top priorities for New Zealand tourism for the next election term with actions sought from the incoming government in relation to the industry (Figure 26). Number three on the list maintained that investing vital infrastructure, including a NCC to reduce seasonality and increase spending from visitors to New Zealand is a priority.

Figure 26: The Top Priorities for New Zealand Tourism

(Tourism our industry New Zealand's future, n.d.)

It has to be acknowledged however that there are risks associated with developing the centre. The current global recession presents questions in relation to the centre being able to attract enough international conferences. However with an operational target of five to ten years, current economic conditions are unlikely to have any significant impact. Risks and uncertainty associated with the global economic outlook will always be present and New Zealand is not immune to this.

The economic performance of New Zealand is the most pressing issue at present. Prime Minister John Key in the state of the nation speech mentioned that "New Zealand has been through a recession and a global financial crisis" (The Press, 2011). "Growth over the last decade was built on all the wrong things - debt, consumption, and government spending." In the press, Mr. Key also said that New Zealand is now borrowing $300 million a week as the economy recovers, which the country will not be able to afford long term. "The theme of this year's budget is going to be savings and investment" Mr. Key also mentioned the importance of increasing national savings and reducing foreign borrowing. There has also been discussion on the viability of partially selling assets, such as Mighty River Power and Meridian. In addition, the government expects to acquire $33 billion of new net assets over the next five years, which includes new schools, operating theatres, ultra-fast broadband and major investments in the state highways and other transport infrastructure. The NCC would also require considerable government expenditure (The Press, 2011). During this period, the opportunity cost should also be considered in relation to vital assets being acquired, based on limited funds. This is the longer-term challenge.

5.3.2 Super Auckland

New Auckland Mayor Len Brown is committed to making Auckland a 'world-class city and economic powerhouse' (One News/NZPA, 2010). The specifics relating to this objective include government plans to invest $7.5 billion over a five-year period to build and upgrade roads, schools, hospitals, housing and telecommunications (O'Sullivan, 2010) as well as improvements to cruise ship port facilities and other components of key infrastructure, such as sewerage and clean water systems (TIA, 2010). These key components also involve basic elements for selecting an international conference site.

In addition to infrastructure investment, subsidies are also an important element for a new centre to attract conferences. A new centre would require appropriate subvention policies in order to establish a sufficient sales and marketing budget. While these details are not currently available, any proposed development cannot be considered in isolation and would therefore require the implementation of an agreed marketing plan once site selection is finalized.

5.3.3 Goods and Services Tax (GST) & personal tax rate

October the 1st 2010 saw New Zealand's GST rise from 12.5% to 15%, with personal tax rates reduced in May in order to offset extra costs. The increase in GST could affect the price setting of goods and services as well as New Zealand's relative competitiveness with other international destinations. However, fiscal issues are not specific to New Zealand and relate to economies worldwide. The increase in GST may influence how much visitors spend in New Zealand, and to some degree, the initial decision to come here.

5.3.4 Spending in New Zealand

International conference delegates and visitors consume goods and services once arriving in New Zealand. The New Zealand economy entered a recession in early 2008 and domestic activity slowed sharply throughout the 2008 year, as high fuel and food prices along with interest rates reduced domestic consumption (The Treasury, 2010). Increased prices affect the level of consumption of both overseas and local people. For instance, New Zealand is a food-producing nation, but as the cost of food items increased, people were forced to pay international prices, reducing consumption. Dairy products such as cheese saw a dramatic drop in local consumption as prices continued to rise. New Zealand offers little in the form of inexpensive living to both residents and visitors.

5.4 Environment

According to the Mercer 2010 quality of living survey, Auckland has been ranked the fourth best city in the world to live and the best city in the Asia-Pacific region, out of a total of 221 cities (City Scene, 2010). Auckland has the perception of having a quality environment which works well with the 100% pure New Zealand branding: beautiful landscape, a variety of biodiversity, quality air and oceans. Environmental care is important to local communities. However, Auckland’s positive environmental image is being damaged by increasing urban development, transportation problems and infrastructure issues failing to keep up with population growth (“Auckland’s natural environment”, 2010).

New Zealand is not without environmental issues. Problems are often unpredictable, such as the constantly evolving issues surrounding New Zealand’s ‘carbon footprint’. This has the potential to become increasingly problematic for international delegates making a long haul trip to New Zealand (excluding delegates from Australia) as travel costs rise through increasing carbon taxes and related issues impacting air travel. Climate change presents further problems with very real and significant issues in relation to both environmental and economic progress (Ministry of Economic Development, 2009b).

New Zealand has become much more aware of issues relating to climate change and the environment in recent years. Conflict between environmental protection and the development of land and resources is a continuing area of debate. The issue here is the impact of infrastructure and superstructure on the New Zealand landscape. The New Zealand Tourism Strategy 2015 suggests the tasks of developing and promoting resources need to include efficiency initiatives and environmental management systems, in order to achieve international benchmarks to ensure protection and sustainability (“*Tourism NZs future*”, n.d.).

The New Zealand government has planned to allocate $225 million in new funding for research and development to advance green technology in order to sustain the natural environment, create jobs and enhance quality of life. Visitors who come from heavily industrialised nations are especially interested in New Zealand’s environmental protection and management methods (Burdon, 2010). It would be fair to say that New Zealand’s natural resources have suffered less from the pressures of development, when compared to other industrialized countries, due to its relatively small population. Auckland and New Zealand are well placed to capitalize on the environmental marketing of business and development, which includes the international conference industry.

5.5 Current state of Infrastructure in Auckland

Infrastructural issues are a long term issue for the New Zealand government, with failings impacting on other industries. The government has continued its focus on rebuilding or expanding infrastructure, such as airports, roads, and public transportation. Issues with a growing population affect traffic, population, energy and development of a city.

5.5.1 Airport

Auckland airport is one of New Zealand’s most important infrastructure assets and caters for over four million visitors each year. International passengers account for 70% of visitors entering the ‘main gateway’ of Auckland. The airport offers direct flights to many hubs and cities worldwide as efficiently as local transfers. The airport has a capacity of about 45 flight movements per hour. Separation distance from the main runway does pose a problem, although measures are being taken to resolve the problem.

The project has however been delayed till the end of 2010 after consultation with airlines and a review of capacity management options (Auckland airport, 2008).

5.5.2 Transport networks

There are many options for public transportation in the Auckland central city area available to locals and tourists, such as trains, ferries, buses and taxis. There are little issues to contend with in relation to accommodating small and medium sized conferences and visitors in Auckland city. However, the heart of Auckland would struggle with public transportation, with extensive challenges faced should an international conference be accommodated (New Zealand Government, 2010).

For example, bus networks stretch across Auckland city, but the central terminal for most bus routes is located at the bottom of town. Should visitors like to explore beyond the city centre after the conference, he/she has to take a bus from downtown (if the option is available from the CBD area) to the destination, and then returning to the city must rely on deciphering timetables, bus numbers and routes to ensure a successful return trip. In addition, Auckland's taxi service is largely phone based with limited taxi stands available beyond the city. International delegates and visitors coming to New Zealand for the first time, with English as a second language would also struggle without the assistance of guides.

5.5.3 Traffic issues

There are many countries beyond New Zealand which face growing road and transportation issues. New Zealand by comparison has yet to meet population issues demanding enough to make a change. The New Zealand government has put in a series of plans to try and resolve traffic problems. These aspects help to show a greater understanding of the possibilities an international conference centre brings (New Zealand Government, 2010).

5.5.4 Infrastructure investment

There is a strong connection between growth rates and infrastructure investment, and unfortunately a history of under-investment has existed in New Zealand (National Infrastructure Plan, 2010). Although Auckland does well when compared with other regions, the city still has some distance to go to be considered as having a strong infrastructure environment when compared internationally. The challenge is therefore to improve economic performance by improving the performance of the infrastructure sector.

The importance of infrastructure investment was highlighted in the Tourism Industry Manifesto for the 2008 General Election and was listed as one of the sector's top priorities. Central to that investment was the development of a NCC, improvements to cruise ship port facilities and other components of key infrastructure, such as roads, sewerage and clean water systems (Ministry of Economic Development, 2010). The Wynyard Quarter for example is progressing and will be completed in time for the Rugby World Cup 2011 and the Gateway Plaza is also progressing and will be completed in 2011 ("Auckland's natural environment", 2010a).

5.6 Government support

The New Zealand government realizes the country needs to exploit the international conference market and construction of the NCC is the first step to achieving this. Although preliminary plans for the NCC are in place, consultation with the community and further commitment from the government is required before moving forward. There also needs to be firm investment strategies in place along with site confirmation and marketing concepts, which could all take some time to finalise.

According to the Committee for Auckland (2005) the NCC has not yet materialised for many reasons, these include:

- The need for a united view on exactly what is required;
- The need for engagement with government and industry champions;
- A finalised decision on location;
- The need for government involvement in funding the major capital investment required.

As indicated above, a key reason the NCC has yet to materialise is due to funding.

In addition, a Ernst and Young study in 2000 predicted the NCC would operate at cash deficit of approx $400,000 in 'Year 1', but cash positive by 'Year 2' (before rates, rental and depreciation). By year 5 and year 10, revenue is estimated to reach to 17% and 20% respectively (Figure 27).

Figure 27: Calculated for the Conference Centre (Exhibition Centre Excluded)

	Year 1	Year 5	Year 10
Revenue	4,548	13,946	22,409
Variable Costs	3,055	9,347	14,889
Gross Operating Surplus	1,493	4,599	7,520
Fixed Expenses	1,660	1,594	1,910
FF&E Provision	227	697	1,120
Net Cash Operating Surplus	(395)	2,308	4,490
% Revenue	(9%)	17%	20%

(Committee for Auckland, 2005)

With positive projections and a plan to establish New Zealand's presence in the marketplace, it could be considered that the time is right to start building an international scale centre to accommodate large size meetings. The report however does not illustrate how the centre would achieve year 10 revenue. Further still, there are no solutions or provisions provided should the centre not reach the projected profit. As the saying goes anyone can open a shop, but it takes hard work and planning to keep it open and make it profitable.

5.7 Entertainment opportunity

The conference tourism industry brings benefits to Auckland and other regions in New Zealand. However despite positive factors such as Auckland's rich cultural heritage and the country's 100% pure New Zealand brand, there are still challenges to face and overcome. It is common for conference delegates and visitors to extend their stay (usually by a couple of days) for leisure purposes at the destination, following meetings and business obligations. Delegates may also be accompanied by a friend or family member(s) during the trip. Therefore Auckland needs to ensure quality attractions and activities are available to delegates and visitors. In such cases, delegates and visitors often take part in short-term tours around Auckland and its surrounding regions. This in turn requires the standard of services and facilities to be brought up to international levels, in addition to the requirement for greater human resources in tourism industries and the need to assess both quality (qualifications and ability of employers and employees) and quantity (enough numbers of employers and employees). By implementing these factors and providing greater marketing and information to delegates prior to their making business travel arrangements, the result could be greater numbers of tourists to Auckland and New Zealand, with a long-term goal to see delegates and visitors returning for further holidays and businesses opportunities.

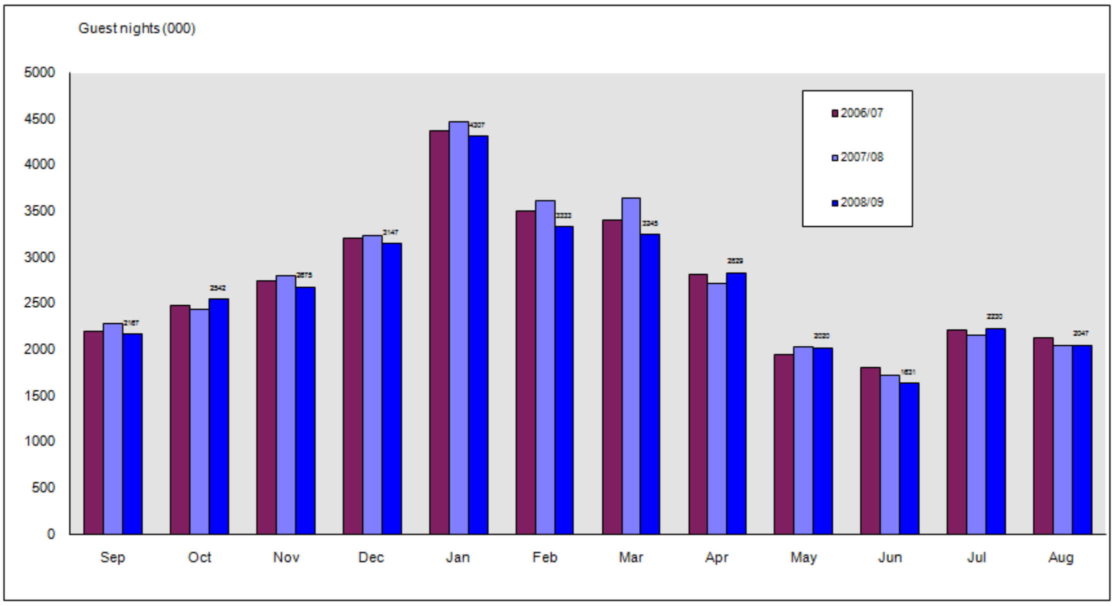
By attracting an increase in international delegates and visitors, expenditure would need to be increased in areas such as infrastructure and facilities among other necessary elements. As mentioned, environmental issues also affect the tourism industry and are an international challenge faced by various host destinations. Greater understanding and public awareness needs to be addressed in order for the population to find agreement and move forward with a shared common goal for the environment.

5.8 Accommodation

Most international conference delegates would stay in hotels. An international conference destination should provide world-class hotels; quality hotel service; quality food and beverages and hotels within walking distance to the conference centre. New Zealand has a wide variety of accommodation to provide tourists with and is able to offer world-class standards with many well-known hotel chains operating, such as the Hilton and Stamford Plaza. In addition, the international conference industry typically operates during the off-peak season: May and June. There are some issues that should be considered as to the construction of an international conference centre, such as the guest nights, origin of guest and occupancy rates. The following section illustrates and discusses the current situation and outlook of commercial accommodation - hotels in New Zealand, Auckland region and Auckland CBD in particular.

5.8.1 Current state of hotels in New Zealand

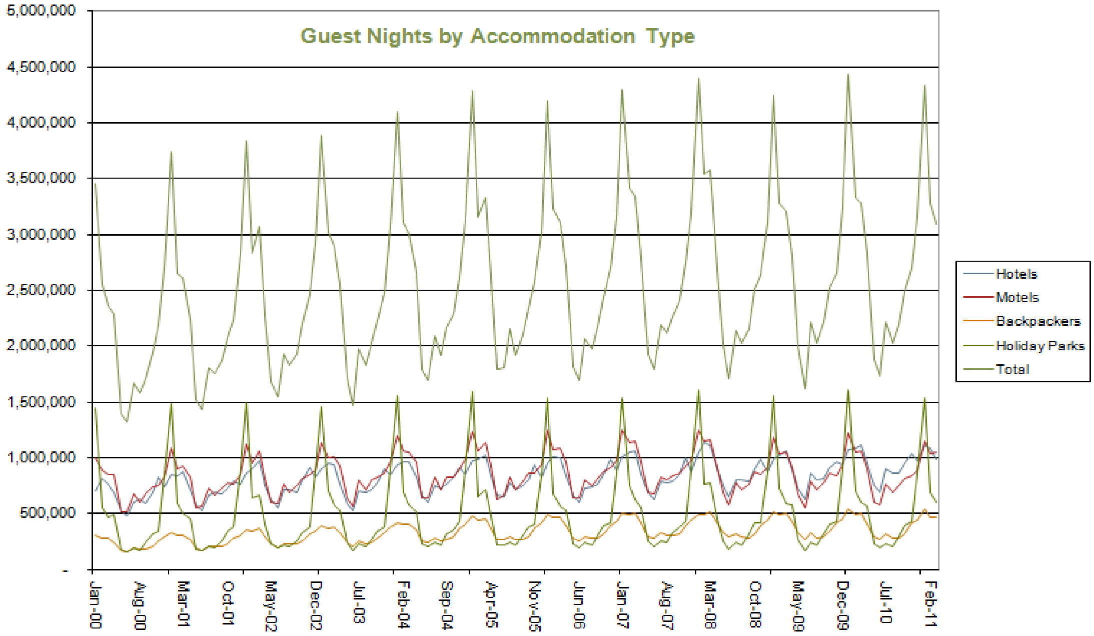
Figure 28: Total Guest Nights in New Zealand (2006 - 2009)



(Statistics New Zealand, 2009)

Figure 28 shows the total guest nights throughout the whole of New Zealand. As can be seen December, January, February and March were the ‘peak’ months from 2006 to 2009. April to November is indicated as the ‘low’ months, with the two ‘lowest’ months in the season being May and July (Commercial Accommodation Monitor, 2011).

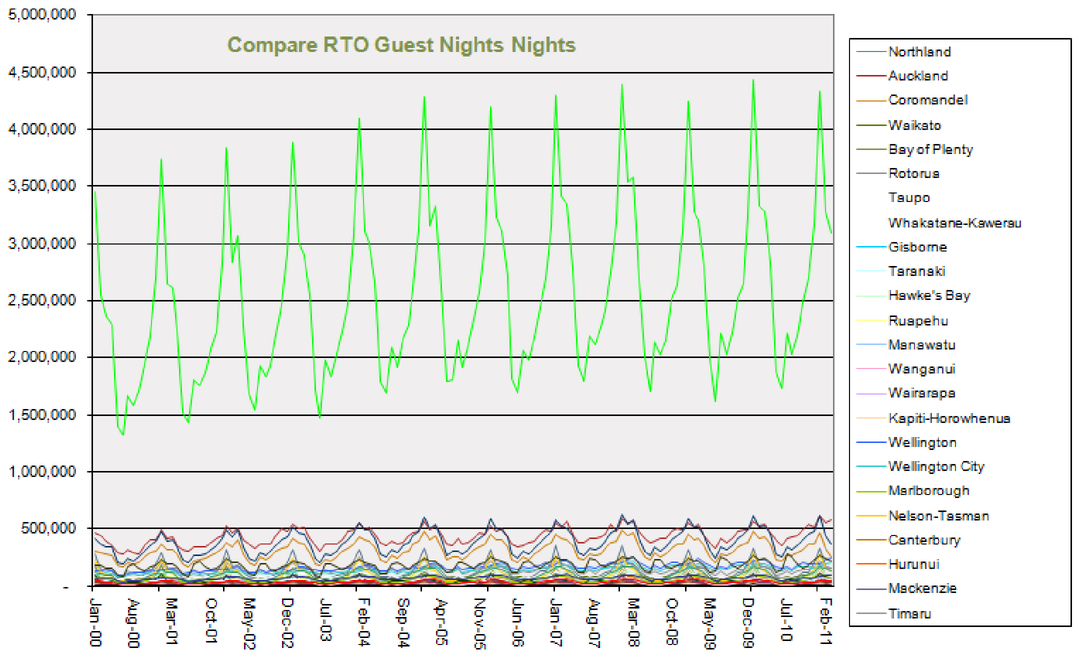
Figure 29: Guest Nights by Accommodation Type in New Zealand (2000 - 2011)



(Commercial Accommodation Monitor, 2011)

According to the Commercial Accommodation Monitor (CAM), the accommodation types include hotels, motels, backpackers and holiday parks. Figure 29 presents the trend of guest nights by accommodation type throughout New Zealand from 2000 to 2011: most guests selected hotels in short-term commercial accommodation.

Figure 30: Compare RTO Guest Nights in New Zealand (2000 - 2011)



(CAM, 2011)

Figure 30 illustrates the situation of guest nights in New Zealand by Regional Tourism Organization (RTO). As can be seen, Auckland and Wellington are the most popular destinations for guest nights. The green curve is the total trend.

5.8.2 Current state of hotels in Auckland region

According to the Commercial Accommodation Monitor: the hotels data in Auckland region for May and June 2010 as provided by Statistics New Zealand are presented below (2011):

- Guest nights

May 2010:

The guest nights in hotels reached 241,763, an increase of 8.8% when compared to May 2009.

June 2010:

The guest nights in hotels reached 214,165, an increase of 8.4% over the previous year.

- Origin of guests

May 2010:

Auckland received 178,768 international guest nights, which was 13.8% higher than in 2009.

Auckland received 225,677 domestic guest nights, which was nearly same as in 2009 (0%).

June 2010:

Auckland was 140,688 in international guest nights, an increase of 2.7% from 2009.

Auckland was 215,028, an increase of 9.2% over the previous year.

- Occupancy rate

May 2010

Hotels in Auckland had the higher occupancy rate with 62.22% than the previous year (56.23%).

June 2010:

Hotels in Auckland had the occupancy rate of 56.45%, up to 3.12% in 2009.

5.8.3 The outlook for increasing room yield

The demand and occupancy growth for Auckland hotels is positive. As indicated, hotels are a popular accommodation type for both international and domestic guests. Even during the off-peak season, hotel occupancy maintains demand with around half the rooms filled, in other words, demand for the hotel market in Auckland is relatively high, particularly amongst world-class hotels during peak season. The conference industry however, typically operates during the off-peak season. This allows for large numbers of international conferencing tourists to be accommodated more readily, avoiding occupancy issues during peak season. The conference industry therefore provides a means to increase the profitability of hotels during the low season.

The plan to accompany the NCC, with a 5-star hotel in the central city area will go further towards accommodating the increase in delegate numbers. Moreover, there are 48 hotels (3 to 5-star) recorded in the Auckland city area: 8, 5-star hotels; 30, 4-star hotels and 10, 3-star hotels (Tripadvisor, 2011). Currently Auckland central hotels have capacity to cope with 150-200 or more delegates each. In relation to numbers there is capacity for 7,200 (48×150) to 9,600 (48×200) guests in hotels in the CBD area. The NCC would accommodate up to 5,000 delegates. If conferences are held during the off-peak season, around 50% of (3 to 5 stars) hotels in the CBD area will be available at least.

Should Auckland become a popular destination with the centre hosting several conferences at a time, Auckland central hotels will need to ensure they can accommodate the large number of delegates attending. As accommodation is part of the conference package, hotels need to be aware of pricing in order to gain business, as well as considering some free services such as wireless internet connection. Not all Auckland hotels provide this service, and even less provide it free.

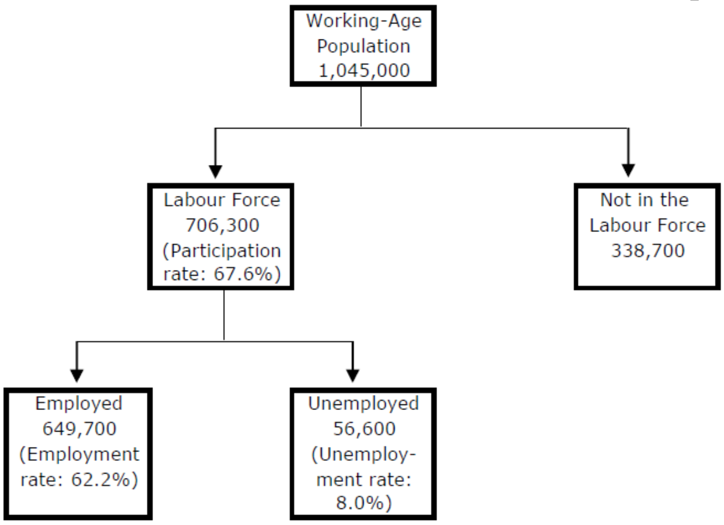
5.9 Human resources

As the previous chapter mentioned, the conference industry is a ‘people industry’ with excellent people skills and professionalism required of both employers and employees. So, what is the current situation of the Auckland labour market? Are there enough people in the workforce suited to the industry?

5.9.1 *Auckland labour market*

The Auckland regional council area has a population of 1,303,068. According to Auckland's labour market September 2010 quarterly report, the working-age population in the region consisted of 1,045,000, with a labour force of 706,300 (the participation rate accounted for 67.6%). The employed population consists of 649,700 (62.2%) with a total of 56,600 (8%) unemployed. In the region, the average participation rate of the labour force stood at 67.6% (national average participation rate: 68.1%), which is down from 68.4% on the previous year. In addition, the unemployment rate in Auckland increased to 8.0% for the year to September 2010 (national average: 6.6%) from 6.2% the year before.

Figure 31: The Labour Market in Auckland for the Year to September 2010



(HLFS, Statistics New Zealand, 2010)

5.9.2 *Education*

The positions specific to the conference sector pertain to education, learning programmes, training and continuing professional development courses (Phelan, Kavanaugh, Mills & Jang, 2009). In an effort to meet conference industry demands for a more qualified workforce, some hospitality and tourism undergraduate programs in New Zealand have implemented courses offering students industry qualifications. There are eight universities and a variety of colleges, institutions and training courses available in New Zealand, and three universities in Auckland, which cater to both local and international students, providing professional knowledge and skills for people to enter the industry with.

There are conference courses (such as event design and event planning) available at the universities and other educational institutions in Auckland, such as the University of

Auckland Business School and Auckland University of Technology's hospitality and tourism undergraduate studies. These courses have specific papers which include event planning management, public relations communication, and event design, to name a few.

New Zealand has 35% of the population living in the Auckland region, which is the largest urban area in the country. The working-age population in Auckland accounts for 80% and the unemployed population sits at around 56,600 (8%). In addition, Auckland is becoming increasingly cosmopolitan: British, Polynesian, Asian and people who from all around the world now call Auckland home. The conference industry could benefit from this growing multicultural workforce, who in turn benefit through sound employment opportunities when coming to New Zealand. The growing multicultural element also injects colourful traits and enhances Auckland's reputation both locally and abroad with events like Diwali, the Chinese Lantern Festival and so on, which also provide unique points of interest in relation to venue selection.

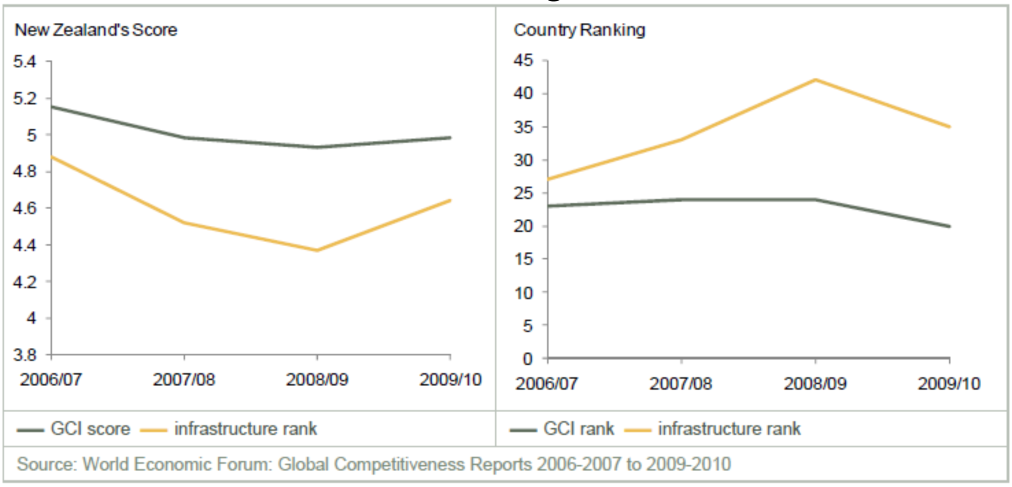
However, the current quality of the conference industry workforce, particularly when viewed on an international scale, lacks the professional knowledge and skill base required. This is due in some part to the fact New Zealand has not played host to any significant number of international conferences, meaning practical skills are lacking. There are of course people who have gained experience from working in the industry overseas, and who could progress to management positions and provide guidance to others interested in making a career from the industry in New Zealand. As the central government plans to build the NCC in four to five years time, there is an opportunity for people to gain qualifications and improve skills in order to secure future employment. There is also an opportunity to gain experience in the current industry as venues expand and develop locally to take advantage of a growing market.

5.10 International comparisons & competitive challenges

As online communication and video conferencing become more common place, there is a risk that some meetings and conventions will move to a more electronic environment, although it is unlikely to replace the personal interaction and relationship building which meetings provide, or the physical requirements of trade shows. It would also be difficult for video conferencing to cater for durations and time zones with international conventions averaging four days in length, let alone catering to the volume of delegates in attendance. For these reasons it is unlikely electronic mediums will impact on meetings and conventions in any significant way.

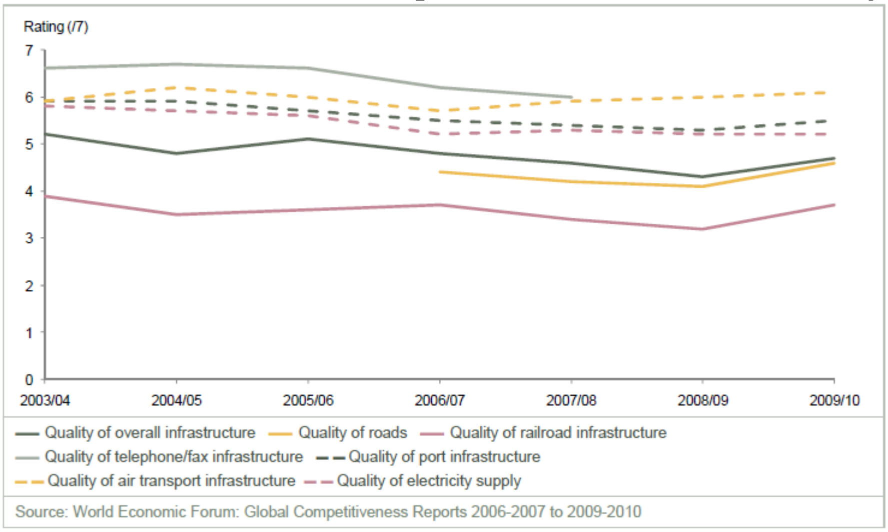
New Zealand is ranked 20th out of 133 countries in terms of the competitiveness index, with a score of 5 by the World Economic Forum Global Competitiveness Report (2009-2010). With infrastructure as one of the 12 elements measured contributing to competitiveness, New Zealand ranks 35th internationally with a score of 4.6. (2008 was ranked 24th and 2009 was ranked 42nd). According to the Committee for Auckland (2005), major competitors for New Zealand and Auckland include Sydney, Melbourne, Perth, Adeldide, Brisbane and other Asia Pacific. Furthermore, the convention market distribution is Europe 62%, Asia 16% North America 10%, as to Australia and Pacific regions only 4% (Committee for Auckland, 2005)

Figure 32: New Zealand's Global Competitiveness and Infrastructure Score and Ranking



(New Zealand Government, 2010)

Figure 33: New Zealand's Global Competitiveness Infrastructure Survey Ratings



(New Zealand Government, 2010)

Australia

Australia is the largest competitor for New Zealand due in part to the relatively small distance between the countries. The international conference market in Australia takes on a positive outlook with an established conference industry growing across the country. According to the Sydney Convention Delegate Study (1999), international delegates in Sydney spent an average of 6.9 days and an average of AU$801 per day. The study however does not list details of the expenditure. By comparison, international tourists spent on average AU$86 per day. A total of 79% of delegates were first time visitors to the country, prior to attending the convention, only 36% had considered visiting Australia. Following the conference, delegates said they would seriously consider returning within the next 5 years. In addition, the Perth Exhibition Centre and Melbourne Exhibition Centre have greatly benefitted from the economic returns and job opportunities the industry provides. The key 'secrets to success' of these centres, which are summarized through the study: are their central locations and international reputation; excellent and flexible exhibition infrastructure and transportation; a large number of hotels and government support for the industry (Committee for Auckland, 2005).

Figure 34: Convention Centers in New Zealand and Australia

Venue	City	Location	Largest Plenary Space (pax)	Capital Cost
ASB Show Grounds	Auckland	Suburbs	3000	Unknown
The Edge	Auckland	CBD	2256	$203.5m
Sky City Auckland Convention Centre	Auckland	CBD	1500	$65m
Gold Coast Convention Centre	Gold Coast	CBD fringe	6020	AU$167m
Sydney Convention Centre	Sydney	CBD fringe	3500	Unknown
Perth Convention and Exhibition Centre	Perth	CBD	2600	AU$220m

(Horwath HTL Ltd, 2009)

Canada and United States

Canada and the United States were ranked in the top 10 countries in 2009 for international association meetings; however, convention centres are facing tough times with an economic slow-down affecting numerous countries. Many existing facilities are not operating at or near full capacity, but usage of facilities has continued during recent years, despite the economic downturn. For example, the Vancouver Convention Centre annual report from the B.C. Pavilion Corp. shows the non-resident delegate days generated by the centre from 2007 to 2010 as below:

- Non-resident delegate days by the end of fiscal 2007: 173,547;
- Non-resident delegate days by the end of fiscal 2008:147,119;
- Non-resident delegate days by the end of fiscal 2009: 126,799;
- Non-resident delegate days by the end of fiscal 2010: 128,390.

Therefore, as the industry matures in these countries, the questions are: Is the industry oversaturated? Can a new convention centre compete (Penner & Sun, 2010)?

Chapter Six: Conclusion

Though the modern conference industry is still relatively young, the global conference industry has become one of the most successfully developed industries in recent decades. The quantity, size and frequency of conferences have grown dramatically with some cities and countries considering conferencing as an important industry to their economy due to the millions of dollars and significant employment generated. Wider benefits are also seen in the tourism and hospitality industries. Although some authors make the assertion the conference market is in decline, such opinions have yet to hinder the development and investment in conference facilities, due in part to the fact people still prefer to meet face-to-face to exchange views, build friendships and closer business ties and to inspire better performance. Furthermore, as the economic, technical and cultural exchanges between nations continue to grow, so do the numbers of people meeting to make opportunities happen.

There are plans in place to build New Zealand's largest conference centre – the National Conference Centre in Auckland. This decision is step one for the New Zealand government in exploring the international conference market. The aim of this study was to examine whether Auckland can become a successful international conference city in a competitive environment. The objective was to explore the opportunities and challenges Auckland will face in attempting to achieve this goal in order to do this, the research:

- Analyzed the site selection criteria required for international conference destinations;
- Examined the factors facing Auckland in meeting the requirements to become an international conference city;
- Addressed limitations found in Auckland and the challenge of overcoming obstacles.

Secondary research has been used to examine these questions. The research conducted investigated the common site selection criteria inherent to the success of international conference cities, with results providing discussion on whether Auckland is suited, and could become an international conference city. As planning for the centre is still underway and much more has yet to be formalised, the gathering of definitive information has been a challenging task.

Ultimately the host destination strives to reach the criteria for convention site selection in order to become a successful international conference city. There are a number of studies relating to convention site selection with differing or inconsistent views pertaining to the importance and satisfaction of the various site selection factors, however, there is no systematic approach to identifying the importance of site selection criteria so far. After reviewing the comprehensive analysis of site selection literature, eight important criteria were identified as being crucial to success. A brief description follows below and includes the opportunities and challenges of becoming an international conference city in relation to Auckland's current standing in the global environment.

Conference facility

The NCC is progressing along the development path, with NZ$300,000 funding provided for a research and feasibility report. This is an indication the proposed NCC is being looked at as a serious option with potential economic benefits being realized in the process. The opportunity cost should also be considered in order to assist in setting budgets to acquire vital assets. However, as there is no benchmark by which to assess the NCC, that is, there is no international conference facility in New Zealand, it is difficult to say which opportunities are applicable or even attainable. With strong potential for growth the conference industry could be seen as being a good investment asset. The internal and external factors of the proposed centre must meet 'world-class' standards in order to compete with other destinations. The preferred location of the centre is in Auckland's CBD area. Being the economic hub of New Zealand and the gateway to the rest of the country, there are clear advantages for the centre to be based in Auckland over other regions. Especially in the midtown area of Auckland, which offers greater convenience in relation to transportation, facilities and hotels.

Expenditure

Local and international economic challenges affect the expenditure behaviour of both government and international delegates. The NCC has not yet materialised and one of the reasons for this is the need for government involvement in funding the major capital investment required. New Zealand is still being impacted by the recent recession and the government is advocating the political theme of savings and investment. Although the NCC and various other developments are in the planning process, there is still a degree of uncertainty surrounding the progress of this development. Even if the NCC could be built sooner, more is required to provide further and on-going support.

New Zealand’s GST increase and foreign exchange rate also have a flow-on effect in relation to how much money international delegates and visitors will spend in New Zealand (Collier, 2003). The increase in GST could impact the price setting of goods and services as well as New Zealand’s relative competitiveness with other international destinations. Moreover New Zealand's exchange rate always plays a role in the perceived value as a host destination. With the NCC yet to be built, another consideration to take in to account will be the pricing of registration fees and the impact the centre will have in a competitive market.

Environment

Environmental factors cannot be ignored and by international standards New Zealand is recognized as having a quality environment. The potential for terrorism, natural disasters and epidemics are not perceived risks associated with Auckland. Thanks to this, New Zealand and Auckland offer a great natural environment and positive social environment for the international conference market. However, this does not mean New Zealand can ignore environmental issues. With growing international concern around such issues as climate change and carbon emissions, New Zealand and Auckland need to take a pro-active stance on global warming in order to demonstrate to the international conference industry that the country is taking up the challenge, rather than a wait and see approach which will receive little support. Positive action on these issues will only provide greater appeal for New Zealand as a destination and is important when negative issues such as geographic location are raised. In addition, green meetings are gaining support in the industry and are an area New Zealand can capitalize on thanks to existing environmental promotion and longstanding reputation.

Infrastructure

Infrastructure provides the basic necessities required to support conferences so delegates have accessibility and convenience to conference venues, transportation and so on. Auckland International Airport for instance, is the largest and busiest international airport in New Zealand. However, more development is needed if it is to compete with other international destinations and the comprehensive airport services they provide. Further still, Auckland would currently struggle with public transportation and traffic issues, should an international conference be accommodated in the CBD area. Though the New Zealand government has already made a series of plans to build, rebuild and expand on infrastructure, the problems which exist are long term issues for the government and local community with failings impacting on other industries. Under-investment in New Zealand has been an on-going problem; the expansion of Auckland's highway system is a clear example, with some areas of development being decades behind schedule.

Government support

Government support is crucial to the development of an international conference site. But in addition to the significant investment required, other factors such as community support and appropriate policy (such as capital investment, site location, and infrastructure) all need to come together to move forward. Large-scale construction can be achieved efficiently when government and community support is agreed upon. It has to be said that economic benefits are a key element in local community and government decision making with any investment in new development. The New Zealand economy is still working its way out of recession and issues such as government debt, increasing unemployment are all working against the positive factors surrounding the proposed NCC. Just how much support the local community and the government are prepared to give has yet to be seen. To make this happen the local community and the government need to take strong positions in support of the NCC as competition is fierce and aggressive tactics need to be employed when competing in an international environment. In addition, Goods and Services Tax (GST), commodity prices, pricing of the conferences cannot be separated from the government, thus the government should make an effort to being more competitive power to be the international conference city.

Entertainment opportunity

There is no doubt the conference industry can bring benefits to the tourism industry. Conference delegates typically have a higher education and income, which is a positive factor to the host destination, and would prompt a country like New Zealand to seek out business opportunities to capitalise on the economic benefits delegates offer. The establishment of the NCC would not only benefit Auckland but the country as a whole, positioning New Zealand in international markets and opening the door for greater tourism to other regions. Moreover, the host country's off-peak tourism season is typically its peak season for conferences, which also allows for greater accessibility to attractions and activities. As the majority of conferences and meetings are held during the off-peak season, any increased business for the tourism industry at this time would be welcomed. However, expenditure would need to be increased in order to propel both the conference and tourism industries in to greater trade. As mentioned, the requirement for greater human resources within the tourism industry needs to be addressed in order to compete effectively in the market. In addition, the environmental issue is also an international challenge faced by various host destinations.

Accommodation

Hotels are a necessity for delegates who travel long haul to international conference destinations. The international conference industry typically operates during the off-peak season, and while Auckland is a popular tourism destination, the industry would benefit from any increased occupancy during the down time. In order to host an international conference, the location site must be able to accommodate large numbers arriving at the same time. According to data from Statistics New Zealand (2009) and Commercial Accommodation Monitor (2011), the Auckland hotel occupancy rate remained at relatively high levels throughout, even during the off-peak months: 62.22% in May 2010 and 56.45% in June 2010. Auckland CBD is not able to accommodate up to 5,000 delegates even during the off-peak months if the NCC will be located in this area. Although current plans include an international five-star hotel to be built close to the NCC, it wouldn't be built specifically for conference delegates and therefore can't be seen as a single solution to any occupancy issues.

Delegates expect to stay at comfortable hotels, which are typically graded three-stars or better in terms of quality. New Zealand hotels are ranked through the Qualmark assessment standards, while differing quality assessments are used globally. Ideally an agreed international standard of assessing hotels would provide greater assurance to planners and delegates alike. Some factors of course are quite difficult to grade or standardize and may require understanding in terms of ethnic and cultural differences. Time spent at international conferences observing differences would help to gain a better understanding of how standards could be implemented. Ideally hotels should be located in areas which cater for business activities, meal arrangements, leisure activities for delegates and accompanying persons and suitable means of transportation for transfers and tours. Although the exact location of the NCC has not been confirmed, the CBD area would be the obvious choice as it caters to all necessary requirements.

Human resources

The conference industry is a ‘people industry’ and delegates are not only in contact with staff employed in the conference industry, but also other industries, such as hospitality and tourism, thus a variety of ‘people’ skills is required depending on the actual position occupied. One challenge the NCC faces is in employing key staff to specific roles. There is little in the way of qualifications specific to the conference industry, there are related courses but until there is an industry recognized standard in New Zealand, it will be a matter of on the job training in many cases. A positive aspect in relation to Auckland is its increasingly cosmopolitan population which adds to a diverse workforce capable of providing greater understanding and communication through staff. The development of the NCC will assist in the creation of more specific qualifications relating to the conference industry, while developing new employment opportunities and skills for workers.

In summary, the international conference industry is still in the early stages of sustainable development for New Zealand, and Auckland has really only begun its journey in becoming a truly international city. A new council structure for greater Auckland is in place and the coming together on issues relating to transport, statutory requirements, environment, and government spending will need to be addressed before the city can mature and share a common goal

In its current stages of growth, Auckland would struggle to meet the global criteria required to capture a share of the competitive international market. Should the government wish to support the construction of the NCC, a broader plan would need to be considered to bring Auckland in line with the facilities and infrastructure considered standard for international cities. With the Rugby World Cup being staged here later this year (2011), efforts to bring Auckland in line with international expectations and catering to large numbers has already begun. For the purposes of the NCC this development would need to continue with long term objectives for a sustainable future. The Rugby World Cup may kick-start development, but more is required to provide the continual services the NCC would aim to supply. The conference industry is continual whereas the Rugby World Cup is for a couple of months. Prospects for the NCC look bright, but a unified effort is required to make any dent in the competitive world of the conference industry.

Based on findings and research on the international conference industry, and the potential for uncertainty around government support and development required, it is suggested Auckland would struggle on the international conference market scene. The long established US, UK and European markets would be more than a match to compete with and the relative distance between New Zealand and these markets place more obstacles than solutions in terms of competition.

However, although Auckland would likely struggle if competing in a truly international market, it does have the resources and infrastructure to compete in a more local market. The Australian and broader Asia-Pacific region are prime markets for Auckland to develop further and compete in, particularly China with its seemingly continual growth. New Zealand and Auckland already cater to these markets through tourism, exports and education to name some key areas. New Zealand is not unfamiliar to the Asian-Pacific market and nor the Asia-Pacific markets with New Zealand. With increasing tourists, business and new residents exploring New Zealand, a redefining of the international conference market specific to the NCC in Auckland could re-focus objectives and more importantly, criteria. If the market is redefined, then criteria can be as well. Auckland can continue on the path to becoming a great international conference city, but rather than developing infrastructure, resources and facilities around the requirements of one particular industry, perhaps redefining the understanding of an international conference market in relation to Auckland and build new criteria to fit markets which are more aligned to the future and growth of New Zealand.

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