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George G. Fenich  
*University of New Orleans*

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# CONVENTIONS, CENTERS, AND MEETINGS: ANALYSIS OF THE PAST DECADE

BY

DR. GEORGE G. FENICH, ASSOCIATE PROFESSOR

SCHOOL OF HOTEL, RESTAURANT, AND TOURISM ADMINISTRATION  
UNIVERSITY OF NEW ORLEANS  
NEW ORLEANS, LOUISIANA 70148

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## ABSTRACT

The convention, exposition, and meetings industry (CEMI) is not static; it changes over time. This article investigates CEMI and the centers that host it have changed over the past ten years. Aspects of the industry such as size, impact, and objectives are analyzed utilizing primary and secondary, data along with interviews with industry experts. One of the most significant findings is that, in spite of pundit's warnings, the industry has not reached saturation, and there is no sign that it will in the near future.

## INTRODUCTION

The hospitality industry in the United States is booming. People are traveling more, there are more business meetings, hotel and airline occupancies are increasing. As part of the hospitality industry, conventions and meetings are among the fastest growing industries in the country. (14, 7, 3). Further, conventioners spend more, per day, than any other type of tourist. All but the smallest cities have embraced the conventioner by building a convention center to attract them and service their needs. But, like most industries, the convention, exposition, and meetings industry (CEMI) is not static; it changes over time. The

question is, how does it change? This article addresses this question by investigating how convention centers and the meetings industry who uses them have changed over the past ten years.

## METHOD

The research at hand uses a three pronged strategy to explore the question. The first step is a review of the trade literature that compares 1986 and 1987 to the most recent two year period, 1996-97. The trade journals are analyzed in lieu of academic journals because of their currency; articles in academic journals take upwards of three years to be published while the trades do not touch subjects that are even a few months out of date. Periodicals reviewed in this research include *Meetings and Conventions*, *Meeting News*, *Tradeshaw Week*, *Trade Show and Exhibit Manager*, *Association Meetings*, *Convene*, *Expo*, *Association Meetings*, and *Association Management*. The perusal of these journals yielded a number of topic or themes that were covered, and thus of importance, in both time periods under investigation. They include: the size of centers; impact and spending; the impact of technology; rental rates; conventions versus public events; whether centers should be built or expanded; integration or convergence and; what the future

holds. While all are important, only the more global aspects of impact and magnitude will be addressed in this research.

The results of journal analysis set the stage for the other two parts of the research strategy. One is to use an empirical approach in comparing aspects of the two periods under investigation such as center size and economic impact. This is accomplished using the convention center listings published annually in *Meetings and Conventions* and collecting data on the size of every center in the U.S. along with the size of the single largest space. The data is statistically analyzed to ascertain a rank order of centers by size and by largest room. The results are shared by discussing the descriptive statistics for the average center, top ten, middle ten, and bottom ten centers. Statistical analysis is also done for meeting and convention attendance and spending.

The other subsequent research strategy includes interviews with industry experts addressing the issues of size and impact. Three interviews were undertaken with: David Ghitelman, Senior Writer for *Meetings & Conventions* (Ghitelman); John Swinburn, Senior Vice President, International Association of Exposition Managers (Swinburn); and Catherine Smith, Director of Sales, Morial Convention Center in New Orleans (Smith).

The format for the remainder of the article is as follows. Each of the topics will be addressed in turn. First, a comparison of journal coverage in the 1986-87 period is compared to coverage in the 1996-97 period. This is followed, where appropriate, by a discussion of the results of the statistical analysis. Thirdly, each interviewees thoughts and views on the topic or theme are added. The article concludes with a short projection of what the future might hold.

## SIZE

### Size of the Industry

The convention, expositions, and meetings industry (CEMI) follows the cyclical pattern of many businesses. Over the past decade, CEMI aggregate expenditures have risen and fallen approximately every two years, but in an overall upward trend. Total spending by CEMI went from \$31.4 billion in 1985 to \$37.4 billion in 1995 for a 20% increase. However, the trend line showed some volatility. For example, total CEMI spending dropped from \$31.4 billion in 1985 to \$28.9 billion in 1987 while 1993 spending topped 1995 spending by \$3 billion dollars. Thus there was a fluctuation from a low of just under \$29 billion in spending in 1987 to a high of just over \$40 billion in 1993.

Spending by CEMI is broken out into three segments: association related, conventions, and corporate. The segment with the greatest spending is conventions, and ranges from almost \$13 billion in 1985 to almost \$17 billion in 1995, for a 25% increase. Again, there is fluctuation in spending with the low point occurring in 1991 at \$11 billion and the high in 1995, for an increase of about 35%. CEMI related spending by the corporate sector only increased by one billion dollars over the period, going from \$7.5 billion to \$8.6 billion while association expenditures increased less than \$1 billion, from \$11.2 billion in 1985 to \$12 billion in 1995. (Note: spending and attendance data is based on semi annual reports in *Meetings and Conventions*. Thus, 1995 is the most recent period for which data are available).

Attendance at conventions, expositions, and meetings also showed increases, but of a lower magnitude. Total attendance at CEMI functions rose from 71.5 million attendees in 1985 to 77.4 million in 1995 for only an 8%

increase. Again, there was volatility with peak attendance of 93.7 million in 1989 and a downward trend since then. In fact, attendance at association meetings dropped over the ten years from 18.2 million in 1985 to 15.1 million in 1995. Corporate attendance climbed from 39.8 million in 1985 to 58.4 million in 1989, was stable between 50 and 55 million for the next four years and then dropped to 49.3 million in 1995.

The pattern for the total number of meetings followed a pattern similar to attendance. In 1985 there were a total of just over 900,000 meetings held, which increased to 1.6 million in 1989 and then dropped to 983,600 in 1995. While the number of corporate meetings increased by 90,000 over the ten years the other two categories dropped: association meetings decreased by 10,000 while the number of conventions dropped by 1,500.

Additional analysis of the literature suggests that patterns of usage in convention centers has changed and that change helps to justify the endeavors of convention centers who have expanded their size. Associations, who are the largest users of convention floor space increased their gross square foot utilization to an average of over 92,000 gross square feet per convention in 1995. As importantly, the number of conventions using more than 200,000 gross square feet of space more than doubled in the two years ending in 1995, going from 5 percent of the associations to 12 percent.

### **Attendee Spending**

While the total impact of CEMI is important, so too is spending by individual attendees. Individuals attending a variety of meetings and conventions spent \$439 during their entire stay

in the host community and on a variety of things such as hotel rooms, food, entertainment, and transportation. This increased to \$478 in 1993 and to \$483 by 1995, which represents a 10 percent increase over the decade under study.

Even more interesting than the average spending by attendees, is their pattern based on purpose of the meeting. The greatest spending is generated by the convention segment, whose delegates had individual spending of \$940 in 1985 that rose to \$1,292 in 1995, or about 33%. At the low end were corporate meetings and events where individual spending rose less than 10 percent, from \$174 in 1985 to \$188 in 1995. Association related individual expenditures went from \$615 to \$794 over the ten years for a almost a 30 percent increase. The lower spending for corporate gatherings is not so surprising since those meetings may only last one day as compared to conventions that typically keep people in the host community for 3 to 4 days.

Analysis of the foregoing brings up some interesting questions. First and foremost is the relationship between spending and attendance. Since spending is increasing, but attendance is growing at a slower or negligible rate, this suggests that attendees are spending more. But with little growth in attendees, is the spending curve likely to level off soon? The decrease in attendees also begs the question, why? Attention now turns to what the expert panelists had to say on this subject.

### **Swinburn on Size**

I would not say that the size of shows has stabilized, a lot of them are growing still. But, increasingly, shows are looking at whether they have reached a realistic maximum in terms of

size in which it makes good sense to keep growing. They might look at re-configuring themselves as multiple events in different locations. There is a different philosophy from manager to manager, as to whether they want to keep growing bigger and bigger, and whether that serves their purpose best.

Conversely, should they limit the size and stay a size that they feel can be managed both by themselves, as well as attendees. Another issue is whether they should spilt up and look at developing their own shows into new shows and going into different markets. The jury is still out.

### **Ghitelman on Size**

Both booth space and the number of trade shows is increasing. You have whole new fields that did not exist ten years ago: for example trade shows with vendors for the Internet. You have convergence, cable TV and telephone that can both be in the same business, so they both have new products that people want to go to trade shows to see.

### **Swinburn Explaining Changes**

There has been a growing focus on measurable results from meetings. In the past, in particular Association related meetings, the announced focus has been education and communication but in fact a larger portion has been directed towards the more social interaction. It's still very important, but there is a growing concern that social interaction not supplant the real, fundamental purpose of the event. But when people attend the meeting or trade show, they are expected to get something of substance out of it, and something that's going to have an impact on the way they do business. People are

looking more at trade shows, conventions, and meetings as something that really is intended to have an impact. One concern is that if organizers cannot, somehow, measure the impact of an event on commerce, if in fact the event is intended to enhance commerce, then they will have some difficulties. On the trade show side, organizers are increasingly looking at auditing their trade shows, an outside audit of who's attending, what kind of people are actually present. In the past there may have been concern about lots and lots of bodies but no decision makers. They're looking to auditors to measure the attendance. That does not necessarily get at whether transactions actually take place. That is something likely to be a focus down the line. You are seeing, increasingly, organizers trying to establish events, or treating pieces of an existing event, and dedicating them to commercial transactions, putting buyer and seller together with the express intent that they will discuss issues that relate to commerce. They will leave with some sort of decision having been made. There is the intent that the trade show floor is the prime focus where the buyer sees what the seller has to offer, whether the transaction takes place there are whether the seeds of the transaction or sewn there and the decision takes place off the floor.

### **SIZE OF CENTERS**

Another major issue, that was alluded to in the review of the literature presented earlier, is the size of centers themselves. The size, in gross square feet, is one of the primary ways of comparing centers, is how they identify themselves, and how they determine which events they can accommodate as well as the other centers with whom they compete. If association users, as suggested earlier, are using more floor space, has the average center grown

to meet that need? Or, are there some centers that are growing while others stagnate? Is it simply a matter of the big getting bigger? Further, convention planners have identified size of the center as a major decision making factor in selecting sites, and this has not changed over the ten years under study. Further, a rationale put forth by some of the largest centers for building or expanding is the need to be able to host the largest shows.

### Empirical Research

While the basis for this section of the article is the literature, the approach to analysis differs from the previous section. Here, the Annual Directory issues of *Meetings & Conventions* along with *Meeting News* serve as the basis. Data was collected, at the beginning and end of the period under study, that included: name of the center, location, gross size of the center, and size of the largest single room. Statistical analysis was then undertaken to determine the average size at the two points in time, the ten largest centers, the ten average centers, and the ten smallest centers, using the two size criteria mentioned. Since the two periodicals used different methodologies for collecting their information at the beginning and end of the period, no reliable comparison could be made regarding the number of centers. Other research has suggested that the number has increased from around 300 at the beginning of the period to over 350 today, with some researchers suggesting a greater magnitude of difference. However, there is no disagreement about the fact the number of centers has increased.

It was found that in 1986, the average (mean) center contained 123,566 gross square feet of space and increased by just under 10 percent to 134,563 in 1996. Representative of these

average sized centers in 1986 included the Birmingham-Jefferson Civic Center in Alabama, the Hara Arena Conference and Exhibition Center in Dayton (OH), and the Oakland/Alameda County Coliseum in California. While the latter was still representative of the middle grouping in 1996, the others had dropped off and were replaced by the likes of the David Lawrence Center in Pittsburgh, the Tulsa (OK) Convention Center and the St. Paul Civic Center.

The grouping of the ten largest centers followed a similar pattern, with the same two centers topping the list at both time points; McCormick Place in Chicago along with the International Exposition Center in Cleveland, both with over 1.5 million square feet. Many others were also on the list at both times including the Las Vegas Convention Center, the Georgia World Congress, the Javits Center in New York, and Cobo Hall in Detroit. Newcomers to the 1996 top ten included the public convention facilities in Orlando and New Orleans and the Sands Expo Center in Las Vegas, a privately operated facility. At the low end, we see centers with as few of 2,000 square feet in 1986 and 3,100 in 1996. It is interesting to note that none of the smallest ten centers on the 1986 list were still there on the 1996 list, they had all increased in size. Further, the mean size of the smallest ten centers had not changed over the ten years, it was constant at around 8,000 square feet.

The other size factor that is important for convention planners is the volume of the single largest room. Today, there is an emphasis on having the convention or trade show held on one contiguous floor so as to maximize the flow of attendees. The average, single largest room at a convention center in 1986 was 71,124 square feet and that increased to 104,584 by 1996. This increase of almost 50

percent dwarfs the 10 percent increase in the overall size of centers, thus supporting the premise that users desire facilities with exhibit space one on floor. In 1986, the top ten largest spaces varied from 300,000 to 800,000 square feet while by 1996 this ranged had moved upward to vary from 500,000 to about 1,000,000 square feet. Interestingly, many of the top ten centers for 1986 were still on the list in 1996, but all had increased their space. For example, the Morial Center in New Orleans opened in with 300,000 square feet and had increased to 700,000 by 1996. Similarly, the Las Vegas Convention Center went from 460,000 feet in its largest room to over 880,000 and the facility in Orlando went from 300,000 to 733,000. At the low end of the scale, the largest single room at some centers was tiny, hovering around 1,600 square feet. This does not even qualify as a small ballroom (40X40 feet).

The empirical analysis just presented, suggests that, in fact, convention centers are getting larger, the new ones are bigger and the existing ones are expanding. More notable is the obvious trend towards more convention space on a single floor. The questions that remain are: will the trend continue? How big can centers get? Is the increase a result of new and bigger centers being built or more from expansion of existing centers. These questions are addressed by the industry panel.

#### **Ghitelman on Size**

Basically the most striking thing is that they (convention centers) are big, and getting bigger still.

Some better known centers may not have existed ten years ago. New Orleans may not have had the convention center, the facility in

Orlando did not exist. These are two of the larger centers and New Orleans is now expanding, Orlando is planning to expand. In Boston, the Hynes Convention Center was completely redone. They are now looking to build a completely new center with the belief that they can have two successful centers in Boston. I can't think of any other city that has two centers that are operating successfully. There is a plan to expand the Javits center in New York.

#### **Swinburn on Size**

Ten years ago, size was not necessarily a major problem, but it was a problem that was beginning to crop up. There were frequently issues relevant to whether facility A can accommodate our needs, because our educational programs are growing, our needs for meetings space are getting larger, and the venues were not necessarily equipped to handle them. As that change was beginning to take place, it wasn't an overnight change, it happened incrementally. I think the venues, as they were being expanded, renovated, and developed took those kinds of issues into account. It just was beginning to become a problem,

#### **Smith on Size**

Many different elements come together to drive size, and conversely size helps to accommodate some of the changes that have occurred over the last ten years. For example, the Morial center opened in 1985 with 300,000 square feet, we expanded it to 700,000 square feet in 1991, and in 1999 we will open the third expansion that will bring it 1.1 million. It was very important that we exceed the one million square foot mark. It was a competitive issue

with other centers around the country but it was also as result of the fact that many of the conventions that we had hoped to book, needed size in those numbers. Both the practical and psychological, or image, issues have impacted the decision to exceed one million feet, it depends on which customer you talk to. Bigger is not always better. The purpose of the center is to drive economic activity which is tied directly to how many conventions we can book, back to back. To do that, you want to have enough space to have one convention moving in, while the next convention is actually showing, open, has the sleeping rooms filled, the taxis busy and the restaurants busy, and have enough space for another group to be leaving us. So you always have, in motion, the coming and going of bodies. We want to use a rolling concept of one in, one running, one out. Thus, we don't necessarily want to have each show at one million square feet because then we would have days when the hotels have nothing coming or going.

## **EXPANSION**

The literature posits that ten years ago, almost every notable city, large or small, was either building a convention center, or planning to. There were exceptions, those that had recently built a center and were expanding it. During 1986-87 a number of new centers opened including: the Nashville Convention Center, The Jacob Javits Center (NY), The Arlington Convention Center (TX), the International Exposition Center in Cleveland, and a host of others. Expansion was planned or occurring at: the Miami Beach Convention Center, the Cervantes Center in St . Louis, the Dayton Convention and Exhibition Center, and some others.

While there has been some suggestion that building of new centers subsided during the decade while expansion continued, analysis of data shows mixed results. In the last year or so a number of new centers have been built including: the Atlantic City Convention Center with almost half a million feet of space; the Honolulu Convention center with a unique screw shape; the Madison (WI) Center with 40,000 feet of exhibit space; the center in Hot Springs (AK) is slated to open in mid-1998; the Pueblo (CO) center; the Greenville (NC) center is to be completed by late 1999; and others. Expansion appears to match, or exceed the pace of new center construction. There are expansions under way or completed at the centers in Baltimore, Chicago (McCormick Place will total 2.2 million feet), Fort Lauderdale (FL), Memphis, Milwaukee, New Orleans (over 1 million after expansion), Orlando (over 1 million after expansion), Saint Paul (MN), San Antonio, Arlington (TX), Toronto, and others. Thus, it would appear that the building and expansion of convention centers continues, unabated. But is there a limit? Is it better to build? Or to Expand? The experts will address this issue.

## **Ghitelman on Building New vs. Expanding Existing**

We are seeing, in the current economy, the building of new centers, the project in Boston is for a completely new center in another part of town. In Washington there is a project that will probably break ground this year, that is a new center, a few blocks north of the current center. You will see more and more of that, if the economy continues to expand. There were a lot of centers that went up in the late eighties, there was a subsequent falling off in the early 90's that parallels the economy, and now there is a lot of building happening. A lot of it has to



do with the time it takes to build a structure, particularly the political-financial structure. It is very rare for voters to approve a new center.

Fort Worth may be an exception. More and more it is being done through quasi- public or state, rather than local entities. So no one sees where the money is coming from. The early 90's saw more expansion than building. But some of the new centers have been in the works for years: the new Atlantic City center and the Honolulu center are examples. You have current expansion at the McCormick center in Chicago, the Morial center in New Orleans, Orlando is expanding: those are the "biggies."

Based on these, it appears that there is no limit as to how large a convention center or trade show can get. Some companies think some shows are getting too large. IBM pulled out of COMDEX, the largest trade show. The trade show industry says things are getting better and better. It may be possible, at some level, that the bubble may burst. But, apparently it (trade shows) is an effective way to market.

#### **Swinburn on Building New vs. Expanding Existing**

I do think it is the case of building new centers more than expanding, although there has been a tremendous amount of expansion as well. I think it is going to continue, although, for a number of years I have thought there was going to be a point at which there was a real shakeout in the market place and, thus far, I have been wrong. I don't see a real slowdown. Right now there is the international exposition center that is being contemplated in Kissimmee Florida. It is a mammoth venue that amazes me there will be business to fill it. I've felt for a long time that something was going to happen which would essentially knock a number of venues out of the market place of doing convention business and they would be used for some

completely unrelated purpose since they could not make money from conventions. But that has not happened yet.

#### **THE FUTURE**

An analysis of changes over a historical period, as is done in this research with the late 1980's compared to the late 1990's leads to one additional question: what will happen in the future. How will the industry change? Will centers continue to expand? Is there a limit to the current growth? The literature has not addressed these two aspects of CEMI. Thus, the question is addressed by panel members.

#### **Ghitelman on the Future**

The business very much parallels the general economy, sometimes it is a bit ahead, sometimes a bit behind. So if the economic expansion stops, you'll have a lot of empty space. If it continues, things will be crowded, people will build more space and more groups will go to second tier cities trying to find affordable locations. Their idea is a conscious decision to have a convention in a more affordable, second tier city like Birmingham or Madison Wisconsin. New York is a place people want to go to, Philadelphia is struggling to become a place people want to go to. Birmingham has a long way to go. Baltimore is a city that has made itself very attractive to conventions. You could argue that it has not done a whole lot for people who live in Baltimore, other than tourist industries.

#### **Swinburn on the Future**

There seems to be no limit as to how big centers can get, I would have once thought

there was. But they seem to be getting bigger and bigger all the time. The very big ones are adding more space. For a while they were adding more space because the shows were outgrowing them. They can't afford to be locked out of shows because of their size. Now, it's rare that a venue is growing because it is going to lose a show, at least the very large venues. Instead they are looking at losing business they may not have lost had they had additional space. So, as opposed to very large mega-events, they're looking at the opportunity to have multiple events, simultaneously. That's what is driving some of the large expansions.

### Smith on the Future

There is currently a frenzy to add convention space, and I wonder whether anyone can guarantee the growth of this industry to keep up with the increases in space. More importantly, are we all prepared to, not only expand our centers, but to expand the size of the hospitality community, the hospitality infrastructure, to keep pace? Convention centers, as an entity, are not the make to break; you need to have the hotel rooms, the infrastructure, the service and labor, the transportation issues met. When you ask if there is a limit I ask in response, for whom?

### CONCLUSION

The research at hand looked at the conventions, expositions, and meetings industry to ascertain how, and to what degree, it changed over the decade ending in the late 1990's. A review of the literature brought to light eight aspects of this industry that have experienced change, and this article then focused on the two most global aspects: size and impact. Further analysis was

accomplished using statistical analysis and interviews with a panel of CEMI experts.

It was found that during the decade CEMI has continued to exert itself as a significant part of the hospitality industry. Virtually every aspect of CEMI has seen increases. The number of events, attendance, aggregate spending, and the number along with size of convention centers have all increased. While these increases, particularly in terms of attendance and spending, has not been linear but rather vacillated up and down, the overall pattern was still upward. The most significant change has been in the size of convention centers, and to a greater degree the size of the single largest space in a given center. This suggests that users of these venues are desirous of having their events on a single, contiguous floor, rather than spread through various levels, or different buildings.

The research at hand also addressed the future. The literature review found mixed predictions about what might occur over the next ten years. Some prognosticators in the press saw a saturation of the market, others predicted that centers and shows could get no bigger. The expert panel, however, all had a similar expectation: there is no end in sight. The panel saw the increases in all aspects continuing with some suggestion that the growth, or flattening, would follow the robustness of the economy. Thus, if the economy continues to churn along, CEMI would too. If we go into a recession, the growth curve of CEMI would flatten. It is interesting that, during the recession of the early 1990's, CEMI was affected very little.

What does the future hold? No one really knows. But this article puts forth some evidence about what might happen, based on historical analysis and predictions by industry experts.

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