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## **JERSEY CONFERENCE CENTRE STUDY**

**For Jersey Conference Bureau**

**Amended June 2004**



# JERSEY CONFERENCE CENTRE STUDY

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## **KEY FINDINGS**

This report explores the implications of developing a new conference centre in Fort Regent in St Helier. It was commissioned by Jersey Conference Bureau and the study was carried out by The Tourism Company.

*Note that the study concentrates on the demand for large conferences (500+) and the following comments do not relate to the performance or potential of the business tourism sector as a whole in Jersey.*

### **Conference tourism is a valuable sector of tourism**

The conference sector is much sought after by destinations and venues everywhere. This is because:

- Conference tourism is discretionary and relatively footloose and so there is potential to grow market share
- It has potential for growth
- It is high spending and high impact.
- It tends to complement leisure tourism in terms of seasonality and makes use of surplus capacity.

For all of these reasons the conference sector is also highly attractive to Jersey.

Most conferences are quite small. Although it is estimated that 1.4m conferences took place in the UK in 2001, the vast majority of these are non residential and large conferences (500+ delegates) may amount to less than 7000 per year.

### **It is a very competitive market**

There is a lot of competition for the high spending conference and exhibition market and many destinations have invested large sums in new or improved facilities. A new conference centre typically costs from £40m upwards. Older, traditional centres in resorts are finding it hard to compete against the new purpose-built centres which have sprung up, particularly in the cities.

The main competitors for a Jersey conference centre will be UK conference centres competing for UK national association and UK corporate meetings. To a lesser extent it will also compete with centres in mainland Europe for the occasional international association meeting, and for corporate and national association meetings wishing to meet outside their own country.

## **Jersey starts from a relatively low base**

Conferences currently account for about 2% of Jersey's tourism. Most conferences in Jersey (as elsewhere) are quite small in size and on average there are only 5 conferences a year which attract more than 500 people and only one meeting with more than 1000 delegates. The majority of conferences originate from the UK and take place in hotels.

There are theoretically 7 venues in Jersey which can host meetings for over 200, four of which can take larger meetings of 500 or more. Fort Regent, the biggest facility which can theoretically take up to 2000 people, is now a 'last resort' venue and no longer able to compete effectively for major association conferences.

## **What outsiders think of Jersey as a conference destination?**

Conference buyers are aware of Jersey, and almost all have a positive image of the Island but do not see it as a serious contender for bigger conferences. This reflects the level of competition from other places and the range of choice open to conference buyers.

Jersey is seen to have some strengths for conferences. It is different, has a positive image, is perceived to be attractive and safe, is compact and manageable, has a good range of hotel accommodation, and has good access from the UK. However, it also has some significant drawbacks, which it needs to overcome; the lack of modern, good quality facilities for holding large meetings, the costs (or perceived costs) and difficulty of getting people to Jersey, and a low level of experience amongst clients which makes Jersey difficult to sell as an association conference destination.

## **Is there sufficient demand to justify a new conference centre?**

We undertook a postal survey of UK associations (a core market for any new centre in Jersey). This revealed a favourable response to the idea of a new conference centre in Jersey with 17% of respondents indicating they would be 'quite likely or very likely' to make use of it. (5% said 'very likely'). A similar response was obtained from our discussions with conference buyers. This suggests there could be a receptive audience for a new centre in Jersey although we need to be cautious about interpreting the response to a hypothetical proposal which no-one has experienced.

In the light of this response and the performance of other competing conference centres we think that Jersey might reasonably aim for a target of 26 large, national and corporate conferences a year. This is based on the assumption that Jersey can offer a facility of the right size, quality and price and that access issues are addressed. We cannot guarantee that Jersey would attract this number of events in practice, but in the light of experience elsewhere this doesn't seem unreasonable as a target.

We estimate that this could involve just under 20,000 delegates and inject an additional spend of around £8m into the local economy. This would more than double the existing contribution of conference visitors. This significantly underestimates the full economic impact because it takes no account of spending by conference organisers and no account of multiplier effects due to second and third round spending.

Few conference centres survive on conferences alone because there are not enough of them to fill the available capacity. Most centres have developed a complementary programme of exhibitions, entertainment and events which provide an opportunity to generate additional revenue, utilise the space more effectively and create community benefits. Fort Regent already has a growing events programme and from discussions with concert promoters we estimate that this programme could be expanded, given a new auditorium, by some 24 events a year. This is in addition to the 22 entertainment and 26 other events currently held in Fort Regent.

Taking conferences and events together and allowing for set-up and breakdown days this would give a utilisation of 186 days a year for the new centre. These figures need to be treated with caution. They are no more than a benchmark which Jersey might aim for if it had the right facilities in place and could address some of the issues and concerns about access.

### **What sort of facilities are required?**

Our research suggests that the starting point for the mix of facilities should be:

- An auditorium capable of seating c1200 in raked seating with potential for subdivision into smaller spaces
- A usable stage with dressing rooms to cater for events
- An exhibition space of at least 1000m<sup>2</sup>
- An area which can be used for catering/ banqueting or additional exhibition space of 1000m<sup>2</sup>
- 10 break out/smaller spaces with at least two rooms capable of accommodating 200 people
- Offices, press accommodation etc

Discussion with other centres suggest that it is very easy to get the design and mix of facilities wrong. Many centres initially made fundamental errors which it has taken years to correct. We believe the architectural feasibility study needs to be revisited in terms of the scale and type of centre proposed

### **The centre will require a public subsidy**

We have not re-visited the capital cost of creating the new auditorium and other facilities in Fort Regent. Our assumption is that the necessary money will be invested to create a competitive and workable centre. We have not made any assessment of whether £5m is adequate to achieve this aim and

we think this needs to be scrutinised carefully. It is worth bearing in mind that a new purpose –built centre would cost in the region of £40m and upwards. The Isle of Man have just spent £20m refurbishing their main conference facility.

We have made an assessment of the likely operating cost based on the current experience at Fort Regent and the experience of similar facilities elsewhere. We should emphasise this is 'back of the envelope' and not the result of an detailed business planning exercise. On this basis, at the levels of demand suggested above, we anticipate that the centre will require an annual subsidy of c £0.5m pa. This seems sensible in the light of experience elsewhere. It needs to be put in the context of the existing deficit at Fort Regent and the wider economic impact likely to be generated.

### **There are various management options**

It is highly unlikely that a commercial organisation would be interested in developing a conference centre in Jersey although a combination with a casino/ hotel could have potential and is worth exploring.

There are various management options. The centre could be managed by a States department, or through an arms-length company or under a management contract. Whatever route was taken the centre would almost certainly require continuing financial support from the States.

### **The arguments for going ahead**

A refurbished / re-launched conference centre at Fort Regent will require a significant capital injection by the States (estimated to be at least £5m) and an ongoing annual subsidy (c£0.5m) to operate it. There is considerable uncertainty and risk attached to this and the figures could be greater.

If successful, the payback will be a growth in conference business to Jersey which we estimate will generate an additional £8m direct spend in the Jersey economy each year. The real impact will be much greater than this because it takes no account of spend by conference organisers or of the multiplier effect.

The development of a new centre will be a powerful symbol of regeneration in Jersey. It is likely to boost the confidence of the tourism sector in general and could stimulate further private sector development.

The surrounding publicity will help to raise the profile of Jersey as a conference and business tourism destination and could stimulate a growth in smaller meetings as well which will benefit hotels and other venues.

Doing nothing is likely to mean that Jersey will gradually lose out to other more vigorous destinations. Conference business will gradually decline.



It is worth noting that the development of most major conference centres in destinations in the UK and elsewhere have largely involved a leap of faith. Few places if any seem to have regretted the decision once taken.

# 1. WHAT THIS REPORT IS ABOUT

In November 2002, Jersey Conference Bureau commissioned The Tourism Company to investigate the feasibility of developing a conference and events centre in Fort Regent. This report sets out our findings.

**It should be stressed that we are primarily concerned in this study with assessing the demand for large conferences (500 delegates and over) and that our comments relate to the potential of this sector not to the performance of Jersey in the business tourism sector in general.**

The study is based upon:

- A review of statistics and other research relating to the UK conference market
- An analysis of the existing conference business in Jersey, and site visits and interviews with the main conference venues and other key organisations.
- A review of the competition based on discussions with competitor UK conference centres and analysis of their performance and markets.
- Site visits and interviews with Bournemouth, Plymouth and Eastbourne
- A structured telephone survey of 30 conference organisers and placement agencies to ascertain their reaction to Jersey and the current proposals.
- A postal survey of 400 association conference buyers and organisers in the UK.
- Discussions with sports and arts promoters and media companies

A full list of the people we have spoken to and consulted during the course of the study is given in Appendix 1. We would like to formally thank all of these people for generously giving their time and expertise. Without this level of co-operation it would not have been possible to undertake the study.

The report is structured as follows:

Chapter 2 examines the nature of the UK conference market in general

Chapter 3 examines how Jersey is doing at present and its performance in the conference sector

Chapter 4 explores how conference buyers perceive Jersey

Chapter 5 looks at the competition and what is happening elsewhere in the conference sector

Chapter 6 pulls all this information together and comments on whether there is a market for the Fort Regent proposal

Chapter 7 examines the financial implications for operating a new centre

Chapter 8 reviews at the various options for managing the centre

## 2. THE UK CONFERENCE MARKET

This chapter provides an overview of the UK conference market, which is likely to provide the main source of conference business for Jersey in the foreseeable future. We also comment on the North European conference market.

Considering the level of interest it generates the conference market is not well documented. Definitions vary and data sources are not comparable and based on small samples. In this chapter we have mainly drawn on the British Conference Venues Survey (BCVS)<sup>1</sup> an annual survey based on returns from venues, and the UK Conference Market Survey (UKCMS)<sup>2</sup> an annual survey of conference organisers.

### 2.1 What do we mean by a conference?

Conference tourism is very diverse and encompasses a broad range of events of all sizes including training seminars, management meetings, sales conferences, AGMs and product launches. Meetings can last a few hours or may take place over several days. This diversity makes the conference sector difficult to pin down. A commonly accepted definition is that adopted by the BCVS which defines a conference as:

*'an out of office meeting of at least 4 hours duration involving a minimum of 8 people'.*

In this study we are primarily focusing on the market for larger conference events of 500+ delegates.

### 2.2 Conferences as a sector of business tourism

Business tourism falls into two broad categories:

- General independent business travel, usually referred to as non discretionary business travel. This refers to individuals travelling away from home to visit customers, supplies or visiting business colleagues etc. This is by far the biggest component of business tourism but it is generally accepted that it is difficult to influence this sector.
- Discretionary business travel consisting of people attending Meetings, Incentive travel, Conferences and Exhibitions – referred to as MICE for short.

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<sup>1</sup> British Conference Venues Survey. TEAM 2004 (Formerly known as British Conference Market Trends Survey)

<sup>2</sup> UK Conference Market Survey MIA 2004

There is a strong inter-relationship between the conference market and other MICE sectors. Large conferences, for example, often include an exhibition element and there is an increasing tendency to include educational or work elements within incentive travel. The ability of a conference venue and the wider industry to meet demand for these associated activities is an important consideration for any proposed developments.

An indication of the relative importance of conference tourism in the UK is given by the UK Tourism Survey (UKTS) and the International Passenger Survey (IPS). These suggest that a total of 3m overnight trips for conferences were made in 2003 (inbound and domestic) resulting in a spend of £1bn. This accounts for around 10% of all business tourism trips and spending. (Table 2.1)

Note that these figures take no account of day visits and would be considerably higher if day delegates and accompanying partners and spouses are taken into account. Previous research we have undertaken suggests that the UKTS probably underestimates the importance of conference tourism.

Table 2.1 Business and conference tourism 2003

	Business tourism		Conference tourism	
	Trips m	Spend £m	Trips m	Spend £m
Overseas	7.0	3445	0.75 <sup>(2)</sup>	472 <sup>(2)</sup>
Domestic	22.3	6142	2.20 <sup>(1)</sup>	561 <sup>(1)</sup>
TOTAL	29.3	9587	2.95	1033

Source: UKTS, IPS 2001. (1) includes exhibitions and conferences (2) 2001 figures

In economic terms, the value of the sector is very high. Conference delegates spend more than virtually any other sort of visitor, making this a very attractive market for destinations to pursue. British conference visitors, for example, have a daily average spend of £120 compared to £48 for holiday visitors.

The additional revenue coming into the area is not the only consideration. Utilisation of conference facilities on a year round basis can be crucial in supporting hotels and other tourist infrastructure and services such as transport, ground handlers, entertainment and restaurants. In addition to delegate spend there is also the spend of the conference organisers which supports specialist suppliers such as production companies, destination management companies (DMCs) and exhibition contractors.

### 2.3 The scale and nature of the conference market

A more detailed picture of the size and nature of the conference sector in the UK is given by the BCVS. This refers to all conferences whether they involve

an overnight stay or not and estimates that some 1.4 million conferences took place in the UK in 2003 generating a direct <sup>3</sup>revenue spend of £7.7 billion.

This is a huge number of conferences and needs some qualification. It should be noted that:

- **Residential conferences are in the minority.** The majority of conferences are day meetings and are often locally generated. Residential conferences account for only one quarter of events held in 2003, a figure which has stayed fairly constant.
- **The vast majority of conferences held in the UK are small.** The BCVS found that the average size of events in 2003 was 37 delegates. Nine out of ten UK conferences are for 100 delegates or less. Previous surveys suggest that large conferences of over 500 delegates account for less than 0.5% of the total (perhaps 6-7000 in total).
- **Most conferences are also relatively short in duration,** averaging at 2.7 days for residential and 1.3 days for non residential conferences.
- **Most conferences take place in hotels** which account for 58% of all events. (This underestimates the true figure, as many hotels are excluded from this survey).

Conferences complement the pattern of leisure tourism and a strong attraction of the sector is that it brings business in off peak periods for leisure tourism destinations.

- Whilst conferences are held throughout the year, they peak in spring and autumn with troughs during school holiday periods.
- The vast majority of conferences take place on weekdays with residential conferences tending to start at the beginning of the week and non residential conferences more likely to start mid way through the week.
- Conference delegates offer future potential for leisure tourism business. Four out of ten respondents in a survey of conference delegates in 1998 stated that they were likely to return to the destination on a leisure trip.

The UK Conference Market Survey (UKCMS) shows that location, value for money and access are the most important factors influencing venue selection and this is substantiated by recent surveys undertaken by The Tourism Company.

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<sup>3</sup> revenue to venues only, excludes delegate spend elsewhere

## 2.4 Conference venues

There are an estimated 3500<sup>1</sup> conference venues in the UK, encompassing a wide range of different types of facility. Many of these are small scale and for others, conferences form only part of their activity. Table 2.2 shows the market share held by different types of venue in the UK.

Table 2.2 Use of conference venues in UK

	Associations %	Corporate %
City centre hotel	52	84
Other hotel	13	21
Educational venues	31	5
Purpose-built centres	23	20
Multi-purpose venues	9	3
Unusual venues	5	11
Sporting venue	4	19
Res. conference centre	4	24
Other	11	10

Source: UKCMS 2004 . NB % add up to more than 100

**Hotels** cater for the bulk of the conference market and are particularly important for the corporate sector. Previous surveys suggest they predominantly cater for small meetings (50 delegates or less) although a number (eg the Metropole Group, Celtic Manor) have developed larger facilities which can cater for 500 delegates or more. It is uncommon in the UK for large conference facilities to be provided by the private sector.

**Multipurpose venues** are predominantly local authority owned and are used for a range of functions in addition to conferences. Fort Regent falls into this category. Facilities vary greatly in quality and many have drawbacks for conferences, such as too few break out rooms or limited catering; some are now very outdated and in need of investment. They tend to host high volume, low value conferences and were used by 9% of associations but only 3% of corporates. This type of venue is facing rising competition from purpose designed and refurbished facilities which are increasing choice and setting new standards within the industry.

**Purpose built venues** have become more prevalent in recent years and now dominate the field for the larger conferences. Examples include the ICC in Birmingham and Edinburgh. These offer state of the art facilities and are able to cater for the bigger, more prestigious events. Note both associations and corporates are making increasing use of these centres and this colours organisers' expectations.

**Universities and colleges** have also become strong competitors for large conferences, offering the advantages of budget accommodation, a wide range of meeting rooms and academic kudos. A limitation however is that they are usually only available during student vacations although they can offer large spaces and a wide variety of meeting rooms. They are particularly favoured by the association sector.

**'Unusual venues'** such as, theatres, historic houses and visitor attractions, and sports facilities have been driven into the marketplace by the need to seek new sources of income. Some are able to cater for large numbers and many offer purpose-built, attractive facilities. They tend to attract organisers looking for 'something different'.

## **2.5 Segmenting the market**

The conference market is very diverse but can be subdivided into three main sectors: associations (national and international); public sector organisations; and the corporate sector. These three markets differ in terms of the type of events held and the choice of venue and destination.

### ***The association sector***

This market includes meetings held by professional groups, trade unions, societies, clubs, political parties and charities. We estimate that this sector accounts for about 15% of the total UK market by volume. Associations often hold conferences on an annual or bi-annual basis and change location on a fixed rotation or by invitation. Locally based members of associations can be instrumental in encouraging an association to meet in that place.

Association events tend to be larger and last longer than average and lead times can be lengthy (several years for international events). Location and accessibility are important as members are often travelling from quite a wide area. Association conferences are increasingly accompanied by a trade exhibition which helps to generate income and often include leisure components such as pre/post congress tours and accompanying person's programmes.

Association conferences can be national or international in scope:

### ***International associations***

The Union of International Associations (UIA) estimates that 9124 international meetings were organised by associations in 2002 with just over 500 of these held in the UK. Most of these meetings are held in the major world cities such as Paris, Brussels, London, , Vienna, Singapore, and Copenhagen etc. This is a lucrative but fiercely contested market which is becoming increasingly global in scope. Europe still accounts for 57% of international events but has been losing its market share to other continents.

Currently, just under half (47%) of international meetings held in Europe rotate around the region with 45% rotating world wide. Competition has also risen within Europe due to new venue developments and the emergence of Eastern European destinations.

Research by ICCA provides further evidence on the profile of this market. The following figures relate to 2001.

- International associations cover a wide range of disciplines. Medical sciences account for 28% of international meetings, followed by the sciences (13%), technology (9%) and industry (9%).
- International conferences are much larger than national events, with an average size of 731 delegates in 2001. However, conferences of 1000 or more delegates account for just one fifth of the total and only 8% are for 2000 delegates or more.
- International conferences are longer than national events, often lasting 4-5 days, although rarely much longer.
- Most events are held in autumn and early summer. September is the most popular month for international meetings followed by June, May, July and October.
- Purpose built conference centres are the preferred venue type. Just under one third (30%) of international events are held in convention centres with in-house hotel facilities, with a further 28% using stand alone convention centres. Hotels (20%) and universities (18%) each account for approximately one fifth of the market, with only 4% of events held in other venue types.
- Lead times can be considerable from 4 years to as long as 10 years

This market has shown strong growth over the last three decades but appears to have plateau'd during the last couple of years. This is particularly true for Europe as a destination which is losing market share. ICCA research also suggests that international meetings have been getting larger since 1993, with average event size rising from 637 to 731 delegates between 1993-2001. However the survey indicates that events are also getting shorter, with the average duration of events declining from 4.7 in 1994 to 4.4 days in 2001.

### ***National associations***

There are approximately 7000 national associations in the UK, about half of which hold events on a regular basis. Association events can be large, with annual conferences having an average size of almost 400 delegates.<sup>4</sup> (UKCMS). In addition, many associations will also organise a range of smaller events. The seasonal pattern of association conferences reflects the market as a whole, with a preference for mid week events and for the shoulder seasons. April, October, November, September and May are the most popular months. Lead times for association conferences can be long, averaging at almost 14 months for UK events.

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<sup>4</sup> The following figures are taken from UKCMS, 2003/2004.



This market makes use of a range of venues including convention centres, hotels, universities and multipurpose halls, although the latter have declined in popularity. Factors influencing venue selection (in order of priority) are: location, price/ value for money, access (road and rail) and capacity. About one third of national association events are residential. Demand is usually for a range of different accommodation types as many delegates pay their own way.

UK cities are the favourite destinations for association conferences with London, Birmingham, Manchester, Glasgow, Edinburgh, Cardiff and Harrogate the seven most commonly used destinations. A number of resorts are also popular including Bournemouth, Blackpool, Brighton and Torquay. Evidence suggests that associations are becoming increasingly willing to try new destinations with one third choosing a different location each year. However, quite a high proportion (44%) use the same destination every year or every other year and 15% have a regular cycle of locations. Only 6% of national association events are organised outside the UK (UKCMS).

UKCMS suggests that this market expanded up to the year 2000 but has been static since then. In addition, the survey suggests that:

- Association events are becoming shorter. The mean length of events in 2003 was 1.6 days, dropping from 2.5 days in 2000.
- Association events are becoming increasingly international. Overseas delegates now account for 11% of the total compared to 3% in 2000.
- Annual conferences are becoming smaller. The average size of these events dropped from 452 to 397 delegates between 1998-2003. In contrast however, the average size of other association events has increased.

UK national association conferences are likely to be a key market sector for any conference facility in Jersey.

### ***The public sector***

This consists of events organised for central government agencies, local authorities, National Health Service, educational organisations and similar public bodies. This is a fairly stable market accounting for an estimated 1/5 of UK conferences. These events tend to be smaller than the association sector. It is the most price sensitive of the three markets and tends to be less willing to travel. Market demand is commonly for multi-purpose venues, residential centres, educational establishments and purpose built venues. This sector is not likely to show much interest in travelling to Jersey.

### ***The corporate sector***

Corporate events include training courses, AGMs, board meetings, sales meetings and product launches. This is the largest market sector accounting for two thirds of all conferences in 2001 (BCVS). These meetings are generally smaller than other types of conference with most events being for

under 50 delegates. International conferences can be bigger, although ICCA research suggests that well over 2/3rds (69%) of international corporate events are for under 250 delegates. Larger conference events are sometimes combined with an incentive travel package.

Corporate buyers often prefer to have all facilities, including accommodation, under one roof, and they are an important source of business for hotels and residential conference centres. Location, price, access (road and rail) and quality are the most important criteria for choosing a conference destination. London, Birmingham, Manchester, Edinburgh and Glasgow are the most popular destinations. Only 6% of corporate events are held outside the UK with France and Germany the most popular destinations. Lead times for corporate events are short, averaging around 5 months (UKCMS), and evidence suggests that they are becoming shorter still. The most popular months for corporate events are October, April, May, March, February and September.

This market is less price sensitive than the other sectors although value for money is becoming increasingly important. Corporate clients are more likely than associations to return to the same destination and can be a valuable source of repeat business for venues. However, it is a relatively volatile market and fluctuates according to the performance of the economy and political changes. Research also suggests that corporate events are becoming both smaller and shorter over time. UKCMS indicates that the mean number of delegates is 130, third since 1999 to 111 delegates with over two thirds of events now for under 50 delegates. The average length of events has also declined from 1.7 days in 1999 to 1.4 days in 2003 with the majority of events (84%) of less than 2 days duration. UKCMS suggests that the number of events has fallen since 1999 by a quarter.

## **2.6 The characteristics of large conferences**

In this study we are primarily interested in larger conferences of 500 or more. Unfortunately it is no longer possible to extract information about larger conferences from the BCVS but some tabulations from earlier years (1998) help paint a picture:

- Large conferences accounted for less than 1% of all conferences. It is estimated that in 2001 the total was 6-7000.
- Three quarters of large conferences were for 1000 delegates or less. Only 6% attracted more than 2000.
- The market was almost evenly split between association and corporate events. Government events accounted for 8% of the total.
- Two thirds took place in purpose built venues with a further 17% in multipurpose venues. They were much less likely to make use of hotels than conferences as a whole.

- The vast majority (82%) were non-residential although these lasted for an average of 2.6 days and will generate demand for accommodation.
- Events were held throughout the year, although half took place during the months of April, May, September and October.
- Over one third of large conferences had an associated exhibition.

## 2.7 The North European conference market

Europe offers a valuable source of inbound business tourism to the UK, accounting for ¾ of all business tourism visits. European business travel has boomed over recent years reflecting the strength of national economies. In terms of conferences, the Northern European countries are the most significant for the UK with Germany the largest market (second only to the US), followed by France, the Netherlands, Ireland and Belgium.

Table 2.3 Value of the conference market to Britain from major European markets - 2000

Country	Visits ('000)	Spend (£m)	Av. length of stay (days)	Av. spend per day (£)	Av. spend per visit (£)
Germany	103	37	2	148	357
France	85	33	3	147	388
Netherlands	63	31	2	233	486
Ireland	44	20	2	191	451
Belgium	39	13	2	184	338

Source: IPS 2000

Although most conferences are held within the home country, there are occasions when organisers look for an overseas destination. This may be for a 'change of scene' or 'new experience' or it may be a way of rewarding participants as part of an incentive trip. With the growth of international business, many companies also have business links overseas.

The UK has a number of strengths as a conference destination for Northern European markets. It offers relative ease of access, important given the rising demands on money and time for many organisations. Product strengths popular with European markets include the UK's culture, heritage and countryside and it is viewed by many as a 'classic' or 'prestige' destination to hold a business event. Threats for the UK however, include the strength of the sterling against the Euro and rising competition from new destinations and venues, both within Europe and further afield.

Despite this, evidence suggests there remains untapped potential to develop business and conference tourism from Europe to the UK. For example, a recent BTA survey of conference buyers in France found that 80% had not considered the UK for corporate travel in the past, but 72% were willing to do so. Awareness of many UK destinations outside London is low and there are opportunities for these regions to attract new business through offering accessible, high quality and creative products.

## **2.8 Future prospects for conference tourism**

The statistical base is quite poor. Whilst there is a general feeling in the industry that conference business has grown over the past decade and the UK tourism statistics appear to support this, the small sample sizes make it difficult to be sure. Evidence from the UKCMS appears to suggest that the picture is static at best.

Growth and structural changes in inter governmental organisations, international corporations, professional institutions and national bodies involving wide representation, all point towards a continuing demand for congresses, conventions and exhibitions.

Despite the development of video conferencing and the advent of the virtual conference (video conferencing now accounts for an estimated 1% of the meetings market) the demand for meetings on a face to face basis still appears to be strong. However 15% of associations and 54% of corporates now think that the need for face to face meetings may reduce. This proportion is increasing.

Within the conference market the corporate sector is the most volatile and has been hit by a downturn in the economy and the impact of September 11. The national association market is more stable although the mix of associations changes over time (eg less trade unions, more environmental organisations). The international association market has shown some modest growth but not in Europe.

All in all we expect to see the overall size of the market saying broadly the same over the next few years with potential for further growth in the long term. Competition, however, is increasing with new developments coming on stream in the UK and the emergence of new destinations overseas. Conference venues will have to work harder to compete.

The nature of demand for conference facilities and services has also been evolving. In particular, there has been:

- A growth in smaller, shorter and more intensive meetings. Organisers are looking for value for money and value for time
- Greater delegate participation and interaction resulting in demand for more break out facilities.

- Increasing demand for good quality and purpose designed facilities, including up to date technology.
- A decline in the practice of offering free venues to attract large conferences. The new purpose-built centres are looking to recoup their costs through charging more commercial rates.
- A move away from traditional resort destinations to purpose built facilities in urban areas.
- An increasing tendency to build exhibitions into larger conferences, partly as a way of financing the event.
- Progressively shorter lead times due partly to economic and political uncertainty.

## 2.10 Key points

- The conference sector is very diverse and rather ill-defined. It embraces a wide range of different types and size of meeting taking place in different venues, ranging from hotels to town halls to racecourses.
- Although conference visitors form a small proportion of business tourism they are much sought after because they are amongst the highest spending visitors, relatively footloose and are complement the seasonal pattern of leisure tourism.
- It is estimated that 1.4m conferences took place in the UK in 2003 but the majority of these are non-residential and generally involve small numbers of people. There are relatively few large conferences (over 500 delegates) taking place in the UK each year (probably under 7000 events)
- This is a highly competitive sector with lots of destinations and venues competing for business. Older venues are losing out to new purpose-built facilities and resort venues are losing out to cities.
- Conferences are usually segmented by type of organisation, commonly divided into international and national associations, public sector and corporate. UK national associations will be a key segment for the proposed centre in Jersey but relatively few take place outside the mainland.
- Overall, the demand for conferences appears to be relatively buoyant although there is little hard evidence to substantiate this. Some sectors have been doing better than others. The nature of conferences has changed with more emphasis on value for money.

### **3. THE CONFERENCE SECTOR IN JERSEY**

This chapter reviews the current situation in Jersey looking at the scale and nature of existing conference business and facilities, and the current use of Fort Regent.

#### **3.1 Conference tourism in context**

Conference visitors form a relatively small part of Jersey's overall tourism but they are nevertheless important because they tend to be high spending visitors, come out of season, and provide an additional market to exploit which is perceived to be growing.

To put this in context, in 2001 Jersey attracted an estimated 900,000 visitors including those on day trips. Around 1 in 7 (14%) of these were business or conference visitors; the same proportion as for the UK as a whole. Most business visitors arrive by air and originate from the UK whilst 62% stay overnight. On average, business visitors spend £130 per night in Jersey compared to £73 for staying leisure visitors.

Conference visitors are generally treated as a subset of business tourism although they are not necessarily generated by businesses and can in the case of incentive travel contain a significant leisure component.

An estimate of the volume and value of conference tourism is provided by the Jersey Conference Bureau (JCB). These statistics are compiled from membership returns and whilst not totally comprehensive give a pretty good picture of the overall size and importance of the sector. They relate to meetings of 10 people and over involving an overnight stay for a conference, incentive trip or exhibition.

The JCB figures indicate that in 2003, Jersey hosted 172 overnight meetings involving 13,000 delegates generating 41,000 bednights. On average each conference delegate spent £396 per person during their stay in Jersey (£128 per night) giving a total spend of just over £5m. Conference tourism is thus a small but nevertheless valuable niche market for Jersey, currently accounting for c.2% of total tourism spending.

#### **3.2 The characteristics of Jersey's conference tourism**

The key features of Jersey's conference business are set out below, drawing on information from JCB. Note that these statistics relate to residential conferences only and we have averaged figures for 2000 and 2001 to even out year on year fluctuations.

- Most meetings are quite small. The average size is 92 delegates, and 74% of meetings are for less than 100 people. Corporate meetings are much smaller than association meetings.
- 75% of meetings are from the UK
- The average duration of a residential conference is just over 3 nights
- Association conferences account for a minority (18%) of all meetings but they are important because they tend to be bigger and of longer duration. Thus they account for 47% of all delegates and 64% of all bednights
- The most popular times for conferences are March-June and Sep-Oct; few take place in July and August or in December
- Sales conferences and management meetings are the most popular type of conference and account for 57% of all meetings.

In terms of trends, the number of conferences has fluctuated from year with a high point in 1997 when there were 256 conferences generating 58,000 bednights (although this figure is thought to include some double counting and may be closer to 40,000). There is no long term overall trend apparent here although it does look as though the volume of corporate conferences has declined in recent years and this may reflect a more difficult economic climate which is causing businesses to cut back on meetings.

### **3.3 The demand for larger conferences**

Jersey is primarily a smaller meetings destination at present and is promoted successfully as such. In this study, however, we are primarily interested in the potential for generating larger meetings and events which could not be accommodated in the current venues. Relatively few large conferences take place in Jersey at present which is hardly surprising given the lack of suitable facilities. It also reflects the fact that there is increasing competition for large conferences from new purpose-built conference centres elsewhere and that the number of really large meetings is actually quite limited.

Table 3.3 shows the number of residential meetings for over 300 delegates which are thought to have taken place in Jersey over the past three years. Given the size of existing venues these are primarily restricted to the Hotel de France and Fort Regent with the former accounting for 80% of these. This information is not necessarily comprehensive and is sometimes difficult to check as venues are reluctant to reveal information about past clients.

Over the past three years Jersey has attracted 25 meetings with delegate numbers in excess of 300. Sixteen of these had more than 500 delegates and two had over 1000. The majority of the events (68%) were associations and almost all originated from the UK.

### **3.4 Enquiries and evidence of demand**

In the current year (2002) up to September the JCB had received 28 requests for quotations, 76 initial enquiries for information and 90 brochure requests. There is very little evidence of suppressed demand for conferences in Jersey or of venues having to turn business away due to lack of facilities or capacity.

### **3.5 Conference venues in Jersey**

Jersey Conference Bureau has around 40 members of which 23 provide venues for meetings, exhibitions or functions. Most of these venues, however, are only capable of hosting smaller meetings and functions. Whilst they would benefit from the additional business generated by a new conference centre they are not in the business of competing for large meetings.

The bigger venues on the Island, capable of hosting a meeting for 200 or consist of:

- Fort Regent
- The Opera House
- Jersey Royal Agricultural Showground
- Hotel de France
- Pomme D'Or Hotel
- De Vere Grand Hotel
- Hotel L'Horizon

Table 3.1 lists the main venues and their facilities. We have spoken to all these venues and discuss the facilities on offer and their usage in more detail below. Key points worth noting are as follows:

- There is limited capacity for larger events in Jersey. Only four venues (Fort Regent, The Opera House, JRAHS and Hotel de France) can host meetings of 500 or more.
- Whilst Jersey can accommodate larger meetings (>500) in practice, because of constraints on availability, the Hotel de France is really the only serious and active player in this market.
- The other hotels are restricted to a maximum of 200-250 delegates. These hotels are primarily focused on the corporate sector where meetings tends to be small, generally less than 100 people. Day meetings and corporate functions are the mainstay of their business.
- All the venues we spoke to are enthusiastic about the concept of a new conference facility even though some of the hotels don't see themselves as benefiting significantly. The main benefit is seen in terms of 'putting Jersey



back on the conference map sending a signal that the Island is open for business.

Table 3.1 Main conference venues in Jersey

	Rooms	Max capacity (theatre style)
Fort Regent	Queens Hall seats 1200, Gloucester Hall 1974, plus Don Theatre (120) and 5 smaller rooms	1974
The Opera House	Auditorium seating 625, plus rehearsal space and small meeting room	625
Agricultural Showground	Main hall, marquee plus 3 smaller rooms	1000
Hotel de France	4 rooms seat 400+ plus 15 other meeting rooms	1000
Pomme D'Or Hotel	2 rooms seat 220 plus 10 other smaller function rooms	220
De Vere Grand Hotel	2 rooms seating 248 and 240. 10 smaller meeting rooms holding 20-60.	248
Hotel L'Horizon	2 rooms seat 200, 130 plus 3 smaller meeting rooms	200

Source; the Tourism Company

### 3.6 Fort Regent

The largest conference venue is Fort Regent, a multi-use space, primarily used as a sports and leisure centre. Originally constructed as a Napoleonic fort built on top of an imposing rocky outcrop overlooking St Helier, the building was converted to house a sports and leisure complex in the 1970s. The building is owned by the States of Jersey and currently managed by the Sports and Leisure Department.

The spaces available for events and conferences comprise two sports halls:

- Queen's Hall, a flat floor circular building with balcony (574m<sup>2</sup>), capable of eating 1200 theatre style
- Gloucester Hall a rectangular space (1500m<sup>2</sup>) capable of seating 1974 theatre-style on removable seating.

Plus a series of smaller spaces

- Don Theatre, a small raked auditorium seating 130
- 2 board rooms seating 50 and 60
- 3 sports activity rooms which can be used as break-out rooms or dressing rooms

The primary function of Fort Regent is a sports complex and as a venue for occasional large pop concerts and entertainment events. Whilst (anecdotally) it attracted large association meetings in the past, the use for conferences has declined over the years in the face of competition from better facilities elsewhere and is now minimal. In 2003, it hosted 3 major conferences, although one of these only came about because of the fire at the Hotel de France. There was only one major conference in 2001.

The Fort has a number of drawbacks as a conference venue:

- The building is run down, feels like a municipal leisure facility and falls way below the quality of experience now expected by conference organisers and delegates.
- This is exacerbated by the shared use and common access with sports centre users.
- Catering is poor quality and not geared up to the expectations of the conference market
- There is a lack of breakout rooms and smaller spaces to support the main arenas. These are not self contained in a suite and some are sports activity rooms.
- Access from St Helier is poor and uninviting, particularly for pedestrians.

These drawbacks are well recognised by everyone concerned with the result that the facility is no longer heavily marketed as a conference venue. Although it is perfectly possible to stage a reasonable event in the Fort it is increasingly difficult to sell to conference buyers because of its poor ambience and facilities.

The building works rather better as a popular music and entertainment venue, where the venue quality is less of an issue, although the lack of dressing rooms and backstage facilities are a major difficulty for concert promoters. In 2002 there were 22 such events ranging from Jack Dee to the Jersey Symphony Orchestra to the Stranglers. These events were all staged in the Gloucester Hall and it is estimated that about half attracted more than 1200 people. A similar number of events took place in 2001 and the same pattern is likely to be repeated in 2003. This business has expanded significantly in recent years (only 8 events were held in 2000) and is largely generated by the activities of a couple of local concert promoters and the Sports and Leisure Department.

Other uses for the Queens and Gloucester Halls are for sports tournaments and events (26 events in 2002) and the odd exhibition or crafts fair.

### **3.7 Other significant conference venues**

#### ***Jersey Opera House***

This is a Victorian Theatre in St Helier (owned and managed by the Jersey Arts Trust) which re-opened after a major re-furbishment in 2000. It comprises a raked auditorium seating 625 with an adjoining rehearsal room and meeting

room capable of taking 50 people. They can offer full production facilities and up to date sound and lighting systems.

The prime use of the theatre is for drama productions and some comedy events and year round occupancy is 64%. At present they host 3-4 conferences a year, primarily day meetings for 300-350 people. Catering for large numbers is problematic and it can be difficult to fit conferences into their general events programme. However, they are keen to attract more conferences to earn some revenue, particularly during the eight dark weeks when there are no productions.

### ***Jersey Royal Agricultural Showground***

This facility, which opened in 2001, is operated by the Jersey Royal Agricultural and Horticultural Society. It is located 2-3 miles outside St Helier and includes an indoor hall of c900m<sup>2</sup> and an adjoining area which can take a 650m<sup>2</sup> marquee. The main hall can accommodate up to 1000 theatre-style and the marquee can accommodate 700 for a banquet. Other spaces include a conference room seating 120 and two smaller meetings rooms holding up to 20 people.

The main hall is fairly basic but is heated and lit. It is used for a variety of events including agricultural shows, antique/craft fairs and other local functions and events. It has proved to be a popular banqueting venue for local companies and hosted 12 events last year with over 400 guests. It has not been actively promoted for conferences but nevertheless attracted an association conference for 800 in 2002 and has a booking for a similar event of 1000 next year. Although it is heavily used at weekends there is spare capacity during the week and at winter weekends and they are interested in developing more conference business.

### ***Hotel de France***

Located in St Helier, this is the main conference hotel in Jersey with the widest range of facilities and the largest capacity outside Fort Regent. The hotel has 320 bedrooms although a fire has resulted in a temporary closure and the loss of some meeting and function rooms.

The largest conference room, (essentially a multi-purpose black box) can seat up to 1000 and there are normally (some are out of action due to the fire) three other rooms which can seat 400-600 delegates. In addition there are 15 other rooms with capacities of 20 to 250.

This is a busy and successful hotel with conferences accounting for a significant share of turnover. The majority of conferences are for meetings of less than 350 people. Corporate meetings predominate but the hotel attracts some association business. It is primarily of UK origin but there is also interest

from Germany, France and the Netherlands and the hotel thinks there is potential to develop this market further.

### ***Pomme D'Or Hotel***

Hotel with 140 bedrooms located in St Helier. It has 12 multi-purpose function rooms with capacities varying from 22 –220. There are two rooms capable of seating 220 theatre-style and four rooms which can seat 100.

The hotel does not actively pursue the conference business. Its facilities are primarily used by local companies for small training and day meetings and for social functions and dinners. Most bookings are generated locally. Residential conferences are a small part of their business, perhaps one a month and tend to be corporate events for 20-100 people lasting for 2/3 days. These are mostly from the UK with a few from France The hotel gets some bedroom business generated by events at Fort Regent and the Hotel de France.

### ***De Vere Grand Hotel***

This 118 bedroom hotel located in St Helier is part of the De Vere group and is one of the few group hotels in Jersey. It has two main multi-purpose function rooms capable of seating 248 and 200 theatre-style and 10 smaller rooms with capacities varying from 20-60.

Most meetings are day meetings. Residential conferences generate 8-15% of bednights. These are mostly corporate meetings, primarily from the UK. Most meetings are quite small with only around 10-15 meetings a year which comprise more than 100 people. Because the hotel is relatively small they are unable to give large room allocations for conferences. Their room rates are also relatively high. Because of this they don't feel they benefit hugely from big conferences

### ***Hotel L'Horizon***

The L'Horizon hotel is part of the Arcadia group. It has 107 bedrooms and is located x miles to the west of St Helier in St Brelade's Bay. Conference facilities consist of a multi-purpose main room which can seat up to 200 theatre-style and a smaller room that can take 130. There are three other rooms which can accommodate 10-30 people.

Most meetings are day meetings and social functions and dinners are an important source of business. Residential meetings are fewer in number, primarily from the UK, with a small number from France and Germany, and generally involving 50-100 people. Some bed bookings are generated by large events at the Hotel de France and Fort Regent.

## ***The Waterfront Hotel***

A new 220 room hotel of 4 star standard (preferred operator Marriott) is planned as part of the waterfront development in St Helier. This would have a multi-purpose function suite capable of accommodating up to 300 delegates.

### **3.8 Hotel accommodation**

In order to host large conferences you need an adequate infrastructure of hotels and guesthouses in place. The availability of accommodation at the right price and of the right quality is a key factor in the choice of a conference destination. There are two issues here which may constrain Jersey's ability to host conferences. The first is whether there are enough available bedspaces and the second is whether there are enough large hotels in the right location.

In 2001 Jersey had 109 hotels and 68 guesthouses which together provide some 6800 bedrooms. 90% of the rooms are in hotels and half of them are in the better quality hotels classified as 3-5 suns. A conference of 2000 people, assuming no double occupancy, would theoretically take up almost a third (29%) of the serviced bedrooms in Jersey.

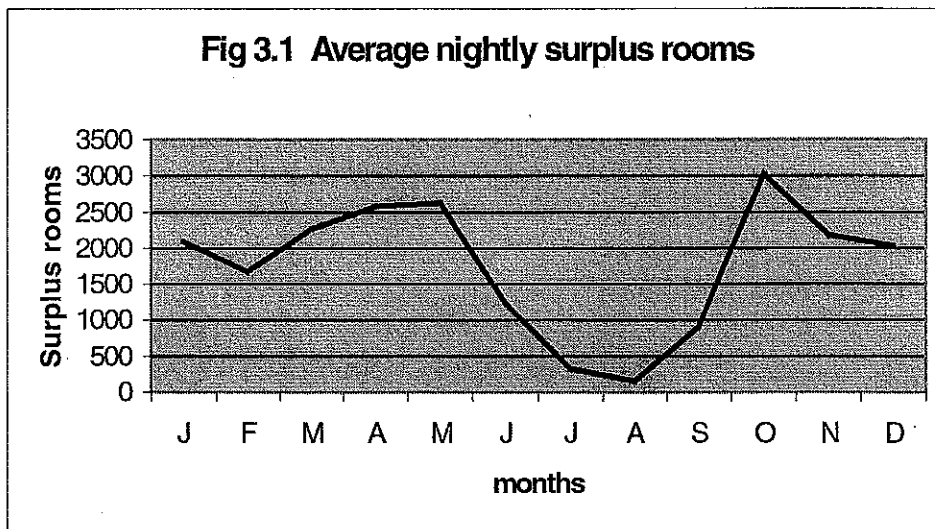
This capacity of around 3500 bedrooms of 3-5 sun level compares reasonably well with other conference destinations in the UK. (Table 3.2) However, 3-5 sun does not necessarily equate with 3-5 stars and mainland destinations have the flexibility to draw on accommodation outside the destination whereas Jersey is limited to the accommodation on island.

Table 3.2 Beds capacity in other destinations

Destination	Ensuite beds	3-5 star beds
Jersey	4000	3500
Harrogate	2465	1601
Belfast	1827	2362
Eastbourne	3800	634
Brighton	3232	2304
Edinburgh	12151	5486

Source: BACD

Fig 3.1 shows the average nightly spare capacity existing in Jersey accommodation on a month by month basis. The raw data are in bednights so we have divided by 2 to provide an estimate of surplus rooms. This table suggests that it would be theoretically possible to accommodate a conference for 2000 delegates in March-May and October-November although in practice this would be a difficult challenge in most of these months as it is rarely



possible to achieve much more than 95% occupancy. Hotels are also reluctant to take conference bookings for a few nights when there is the prospect of a week long holiday booking. The addition of the proposed Waterfront Hotel would help to ease the situation.

In terms of the size of hotels, the largest hotel in Jersey is the Hotel de France with 320 rooms and there are a further 9 hotels with over 100 rooms. Together these provide 1689 rooms although not all of these are located in St Helier.

This means that meetings of up to 500 can relatively easily be accommodated in the larger hotels in and around St Helier, although delegates may have to be split between hotels. This is common practice in almost all conference destinations and is not a problem as long as hotels are in reasonable proximity to each other and accessible to the main conference venue.

Large meetings of 1000 or over are more difficult to accommodate although Jersey is already doing this on occasion. These are most likely to be association conferences which are price sensitive and are often looking for a range of accommodation types and prices to provide delegates with a choice. Jersey is quite well placed to offer this.

We have not had any feedback from conference organisers to suggest that accommodation capacity is a problem but on the other hand Jersey attracts very few large conferences at present.

### 3.9 Getting to and from Jersey

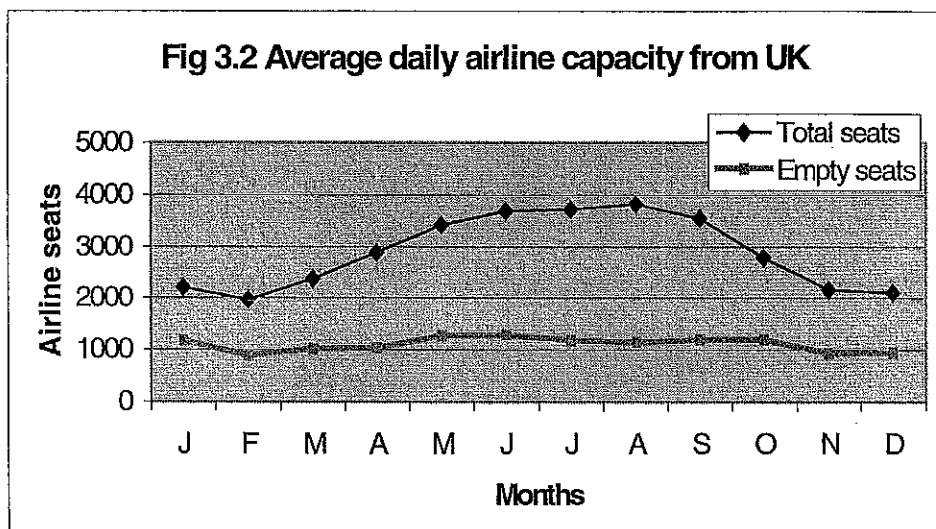
Another issue which may affect Jersey's ability to attract larger conferences is the capacity of existing transport links to the island and the perceived cost.

There is access by sea from the UK with fast ferry services to Weymouth, Poole and Portsmouth. This is a high capacity link and the Weymouth/Poole ferries can take 750 passengers and 180 cars, and offer three sailings a day with a journey time of 3 hours. These are convenient for people originating in southern England although it is estimated that ferries carry only about 10% of conference delegates. Condor Ferries are interested in playing a stronger role in catering for the conference market

Jersey has good air links to the UK with scheduled flights to 19 UK airports. Services to mainland Europe are more limited and restricted to Zurich, Paris, Brussels and Dinard. In 2001 the total air capacity to Jersey (including charters) was slightly over 1m passengers from the UK and just under 100,000 from mainland Europe. The average load factor was 60%.

Some of the airlines (British Airways and Flybe) have expressed strong reservations about the ability to bring in large conferences by air as there is not the spare capacity on scheduled flights and carriers cannot easily put on additional planes.

Fig 3.2 below plots the average daily air capacity from the UK and the average number of empty seats. This shows that bringing in more than 1000 delegates a day would be next to impossible and even this would be extremely difficult.



### 3.9 Getting to and from Jersey

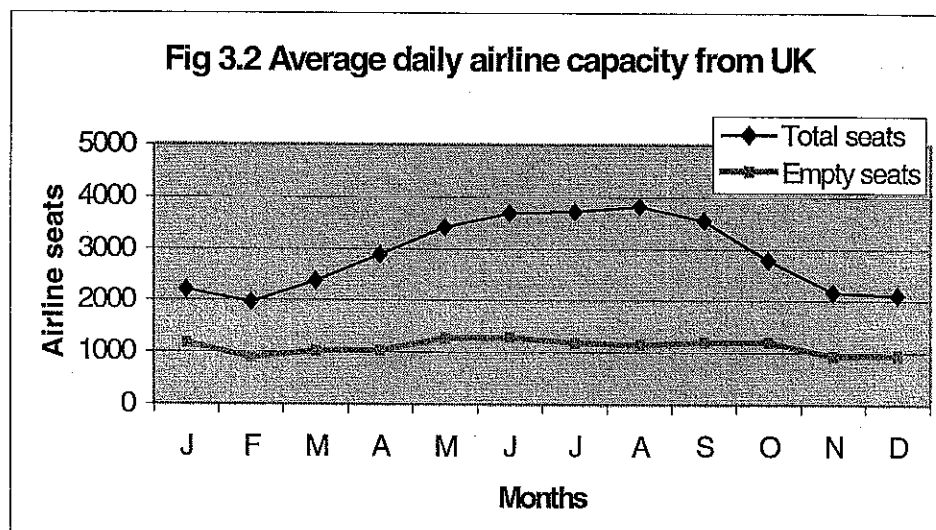
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One way round this is to charter aircraft and this has been done in the past by conference organisers. However, the fact that the plane has to fly an empty leg means that the costs of this option can work out higher than the normal group rate. This is more likely to be of interest to the corporate market and is probably essential to attracting conferences from mainland Europe.

Association conferences are likely to be more flexible than corporate conferences. Past experience shows that some delegates will be prepared to travel by sea and some will stagger their arrival and departure times. Not all will be coming from the same point of origin. In practice this means there is more capacity than first meets the eye and clearly, it has proved possible to hold sizeable conferences in the past such as the Watchtower conference. Nevertheless, air capacity constraints may rule out attracting large conferences to Jersey.

### **3.10 Key points**

- Conferences account for a relatively small part of Jersey's tourism (c2%) but they are high spending visitors and complement the pattern of leisure tourism. The numbers fluctuate from year to year but there is no marked trends in terms of growth or decline.
- The majority of conferences originate from the UK and about 1 in 5 are association conferences.
- Most conferences in Jersey are for less than 100 people and there are only five conferences a year which involve 500 or more people. In the past three years the largest meetings have been two conferences for 1000 delegates.
- There are only seven venues in Jersey which are capable of hosting meetings for more than 200 people. The largest venue, Fort Regent, can take meetings of up to 2000, three other venues can host meetings of 500-1000. In practice, only one of these (Hotel de France) is actively seeking conference business. There is little evidence of suppressed demand or of venues turning business away.
- Limited hotel accommodation and airline capacity mean that Jersey would struggle to host conferences of 2000. This is less of a problem for smaller meetings of 1000-1500 people.

Table 3.3 Large conferences in Jersey over 300 delegates

Month/year	Delegates	Duration	Venue	nationality	Organisation
3/00	330	3	HdF	UK	Corporate
4/00	600	5	HdF	UK	Association AGM
5/00	450	8	HdF	UK	Association
5/00	620	5	HdF	UK	Royal College of Midwives
5/00	740	7	HdF	UK	National Association of Head Teachers
6/00	600	5	HdF	UK	Association
7/00	330	5	HdF	UK	Association
10/00	650	4	HdF	UK	Association
3/01	500	4	HdF	UK	Association
4/01	335	4	HdF	UK	Corporate Sales conference
4/01	500	6	HdF	UK	National Association of School Masters and Women Teachers
6 /01	400	3	HdF	UK	Corporate sales conference
6/01	380	5	HdF	UK	Corporate sales conference
6/01	1000	?	FR	UK	Watchtower
10/01	500	3	HdF	UK	Rotary 1250. AGM
3/02	400	5	HdF	UK	Association
4/02	560	4	HdF	UK	Association Rotary 41 Club
4/02	300	3	HdF	?	Corporate
5/02	580	3	HdF	Non UK	Corporate
8/02	324	3	HdF	France	Corporate
6/02	1000	7	FR	British	Watchtower
10/02	920	3	FR	British	Rotary 1110
10/02	552	2	HdF	UK	Corporate
?	800	3	AHS		Association

?	800		FR		ROBA
5/03	500	2	HdF	British	Girl Guide Association
6/03	400	4	HdF	German	Architects Congress
?	1000	3	AHS		Assoc

Source: JCB

## **4. PERCEPTIONS OF JERSEY AS A LARGE CONFERENCE DESTINATION**

This chapter looks at the requirements of conference organisers, their perceptions of Jersey as a conference destination and their reaction to the Fort Regent proposals. It is based on structured interviews with conference organisers in 19 national associations and 7 commercial placement agencies who cater for both corporate and association clients. In addition we have spoken to two destination management companies (DMCs) and several concert promoters.

This is not intended to be a statistically representative sample; we have deliberately biased it in favour of organisations likely to hold larger events or who have previously been to Jersey. Conference organisers' requirements are also very diverse. Nevertheless it does shed some light on how potential customers may react to a new facility in Jersey.

Note that our comments here relate to perceptions of Jersey as a destination for large conferences and not to its success in hosting smaller meetings.

### **4.1 Feedback from conference organisers**

#### ***Size, duration and frequency of events***

Of the 19 associations interviewed, 16 hold conferences for over 500 delegates with 8 holding events for 1000 delegates or more. The maximum size of event was 1500. In addition, some associations also arrange a number of smaller events such as training courses or regional meetings.

Placement agencies are dealing with events of all sizes. The bulk of their business comes from smaller events of 50-250 delegates. However most also deal with some large events for over 500 people. Again, the majority of these bigger events are for less than 1000 delegates.

The large events (500+) tend to be the organisation's main annual or biannual conference. Most run for 3 or 4 days, although some can last up to a week. Nearly all have an associated exhibition and many include a gala dinner or banquet. Most organisers said that they do not actively encourage delegates to bring partners, although a small number do arrange partner programmes or other social itineraries.

#### ***Choice of destination***

Accessibility is by far the most important criteria for choosing a conference destination. Events either rotate around the UK or remain in a central location (usually Birmingham and the Midlands). Some associations also choose

destinations which have a particular connection for their members, such as a business hub or academic centre. The NASWT came to Jersey, for example, because their chairman at the time (Nigel de Gruchy) had connections with the Island.

Many commented however, that the availability of a suitable venue is the strongest determining factor in choosing a destination. Requirements for a specific type or size of facility (raked auditorium, large exhibition space etc) may narrow the choice quite considerably. Most are using purpose built facilities in UK cities and resorts for large events. Destinations commonly mentioned include Birmingham, Manchester, Edinburgh, Glasgow, Cardiff and London and the larger resorts, such as Brighton and Bournemouth. On the whole, cities are the favoured destinations due to their accessibility, facilities and vibrant atmosphere. Some associations expect to receive a subvention, however, which they feel they are more likely to receive from resorts.

### ***Experience and perceptions of Jersey***

. Six associations (less than half) have organised large events in Jersey in recent years and one agency has arranged a number of small events on the island. Overall, those who have used the island were very happy with the facilities available and reported no major problems concerning conference facilities or logistics. Two have been involved in an event at Fort Regent and one of these commented on a lack of break out rooms, exhibition space and access to the venue. Two organisers commented on the additional expense of transporting delegates to Jersey. Three associations have recently considered Jersey for a conference event but rejected it due to the lack of suitable meeting facilities.

Generally, there is a very low awareness of Jersey as a major conference destination. The agencies all hold information about the island on file and a number of consultees have seen the Jersey stand at Confex. Most consultees, however, had little detailed knowledge about the island's facilities and our overall impression is that Jersey is not really considered at present as a destination for big conferences.

Consultees were asked to comment on the strengths and weaknesses of Jersey as a conference destination. Perceived strengths of the island are that it:

- Offers 'something different'. Many delegates will not have been there before.
- Has an attractive and positive image as a leisure destination.
- Offers good opportunities for social and outdoor activities.
- Has a friendly and pleasant atmosphere.
- Is a safe destination.
- Has a compact and walkable centre.
- Ensures a captive audience (ie delegates can't escape!)

The two most commonly mentioned weaknesses were:

- Jersey's location and access. Many felt that the costs and logistics of travelling to Jersey were a significant drawback. This is felt to be both a 'real' weakness as well as a problem of perception. In other words, even if conference organisers are favourably disposed it still might be difficult to convince committee members, delegates and speakers of the benefits of travelling to Jersey.
- Low market awareness. Agencies commented that Jersey is not 'front of mind' as a conference destination. It is not on the 'shopping list' of potential locations suggested by their clients.

Other weaknesses mentioned included:

- Perceptions that Jersey is overseas but without the attractions of more 'exotic' destinations. If you are going abroad then you might as well go to Spain.
- The lack of modern, purpose built conference facilities.
- The lack of a vibrant and youthful atmosphere. Jersey is stuck in a time warp.
- Limited investment in the tourism infrastructure compared to other UK destinations, especially the cities.
- Jersey is not seen as politically correct with regard to social legislation and attitudes - a problem for some unions.

However, 1 in 3 associations interviewed said they might consider Jersey as a conference destination if it offered the right facilities. The main reason given for not considering Jersey is its location and the access problem. Three agencies believe they might make use of Jersey for conference events. However, many feel that Jersey is best suited to small meetings, (eg for senior management), or team building exercises based on leisure tourism facilities. Opinions are split about Jersey's competitor destinations, with some consultees believing Jersey to be in competition with other UK destinations (especially seaside resorts) and the remainder believing that Jersey is better placed to compete for overseas or international events.

### ***Reactions to the Fort Regent proposals***

Consultees were asked for their reactions to the Fort Regent proposals and to comment on the facilities that the venue would need to provide in order to meet their needs. As most have no experience of the Fort many found it difficult to comment. Overall, consultees are supportive of the proposals although some did express concerns about the Fort's joint function as a sports venue. A couple commented that sports and conference users would need to be kept separate and that the Fort should feel like a professional conference venue, not a sports hall. Someone commented that it smelt like a sports hall. A number of respondents also commented that they believe Jersey to be more suited to smaller, high spend events due to the nature of the product and travel logistics; a market in which Jersey already successfully operates.

### Queens Hall auditorium

Only 4 of the 19 associations would require an auditorium for over 1000. However opinion is split about the optimum size of the facility with about half suggesting that a 2000 seat auditorium would be workable as long as it could be subdivided into smaller spaces. The remainder feel that this would be too large for their purposes.

Half the agencies also believe that 2000 seats is sensible as long as the space can be subdivided. Reservations expressed about this size concerned the ability of the island's accommodation and air capacity to cater for this number of delegates.

A number of additional suggestions were made concerning auditorium facilities:

- Overall, the favoured seating option would be to have retractable raked seating, although some associations expressed a preference for flat floor seating in classroom style.
- A number said they would require the stalls area to cater for 8-900 people.
- Some suggested a facility to divide the hall into 3-4 smaller spaces.
- The need for a good sized stage and sufficient ceiling height for hanging equipment.
- Professional heating, lighting and sound systems.
- Translation facilities.

### Other facilities

In addition to the auditorium, buyers are looking for a range of other facilities. Many commented that the required combination of these facilities can be difficult to achieve in many existing venues.

- **Exhibition space.** This is seen as critical to association buyers. Consultees reported a need for anything between 800-3500m<sup>2</sup> of exhibition space.
- **Break out rooms.** Large association conferences require anything from 3 to 10 break out rooms of varying sizes. A number of these will need to cater for 200 people or more.
- **Catering.** Flexibility and quality are the key here. Daytime catering requirements are usually for a finger buffet and light refreshments. Many prefer catering services to be located within the exhibition hall, increasing the demands on this space. Many large conferences include an event dinner, requiring a banqueting hall and full waitress service. Some organisers however prefer to hold this event in an external venue. A number of organisers emphasised the importance of high quality and efficiency in catering.
- **Reception and circulation space.** A large conference requires considerable open space for the reception, registration and circulation of delegates.

- **Office facilities.** For example, an organisers office, press office, VIP lounge etc.
- **Access and unloading facilities.** Easy access for large vehicles and efficient unloading facilities are essential in order to cut the time and costs of set up.
- **Full disabled access.**
- **Tight security.** This has become an increasingly important factor. Some felt this might pose problems for a multipurpose venue.

#### External facilities and services

In addition to facilities within Fort Regent itself, organisers would also require the following external facilities and services:

- **Ample good quality bedspaces.** Ideally these would be within walking distance or a short taxi ride from the venue. Demand is predominantly for 3-5 star hotels, although there also needs to be a broad spread of accommodation types, as many delegates pay their own way.
- **Good access by air.** Organisers are looking for regular, direct and competitively priced flights from a range of UK airports. Organisers believe that the majority of delegates would want to fly and one association who had arranged a large event on the island estimated that roughly three quarters of delegates travelled by air. Several consultees commented that they would need to be convinced about the logistics and cost of travelling to the island before considering the venue.
- **Good range of social venues.** Companies and organisations participating in the event often look for good quality social venues (eg restaurants, hotels) for entertaining colleagues and clients.
- **Reliable transport in Jersey.** For example, regular and reliable transport from the airport.

#### ***Interest in using Fort Regent as a venue***

Buyers were asked whether they would be more likely to consider Jersey as a conference destination if a new facility was developed within Fort Regent. Again, opinion was fairly evenly split:

- Half the association buyers would consider the Fort Regent for a conference if the venue and other facilities met their stated criteria. The other half would not consider Jersey under any circumstances, mainly due to its location.
- Four of the agencies said they might consider using the venue but commented that this would require a 'hard sell' to their clients. Two felt they would most likely consider it as an overseas destination.



## **4.2 Feedback from DMCs and Jersey venues**

We spoke to two destination management companies (DMCs) based in Jersey, one of which deals with the association sector and one mainly with corporate clients and incentives. They are primarily dealing with events of up to 400 delegates.

The strengths of Jersey as a conference destination are that it is a 'little bit different', 'like going abroad without the hassle' and that it is accessible from the UK, attractive and safe. There is also a good choice of hotels and restaurants.

The weakness is the lack of a good quality large scale venue. Fort Regent is no longer in the running for big association conferences because its facilities are so poor compared to competing venues. The logistics of getting large numbers to Jersey are also a problem although this is less of a problem for association conferences which are more flexible. One DMC had also chartered planes in the past which had worked well.

Both were very positive about the proposals for Fort Regent as long as they are developed to a high quality and the sports use is separated from the conference centre. A 2000 seat auditorium would be fine as long as it can be sub-divided into smaller spaces. Both felt that the hotel stock in Jersey could cope with demand.

The hotels and other venues we consulted were also very positive and enthusiastic about the proposals for Fort Regent. The feeling was that such a development would not only generate more business but would put Jersey firmly back on the conference map.

## **4.3 Feedback from concert promoters**

A conference centre would have to attract other uses besides conferences in order to generate income and make best use of the space. Discussions were therefore held with three promoters to gain feedback on the current and potential use of Fort Regent as an entertainment venue. Two of these promoters are based on Jersey and make regular use of Fort Regent. The third is based on the mainland and has been involved in organising one event at the Fort. Between them, they deal with a range of pop, light entertainment, comedy and dance acts.

### ***Jersey as a destination for events***

All three promoters emphasised the problems associated with attracting touring acts to Jersey. The logistics and expense of travelling to the island is a major obstacle, with artists often unwilling to take additional time out of their schedule. Selling Jersey and Guernsey on consecutive nights creates a more attractive package although the logistics of this are complicated. Market size

is also a limiting factor with a population of 85,000 Jersey. Summer visitors have made only a limited contribution to audience numbers in the past. Some of the bigger acts generate a small number of incoming visits from fan club members (eg 280 for Status Quo).

Jersey's promoters and venue managers are therefore having to work hard and take risks in order to attract events over to the island. Nevertheless, between them they have maintained a steady programme of well known artists to the island's venues including Chris de Burgh, Bob Geldolf, Peter Kay and Art Garfunkel.

### ***Experience of Fort Regent as an events venue***

The two Jersey promoters make regular use of the Fort Regent for pop, dance and light entertainment events and have found the marketing manager very supportive of their activities. Most of these events are held in the Gloucester Hall which works well for larger pop and dance events although not so well for smaller events or other types of performance.

The Fort, however, has a number of weaknesses as an events venue. These include:

- Availability, due to its primary use as a sports venue;
- Poor back stage facilities, especially dressing rooms;
- Limited access and unloading facilities for stage crews;
- Poor acoustics in the Queens Hall;
- Poor public access (pedestrian access, traffic congestion etc);
- Poor quality catering;
- A 'lack of atmosphere';
- A poor image amongst local residents.

### ***Feedback on the Fort Regent proposals***

The two Jersey promoters are very supportive of proposals to redevelop the Queens Hall. Their preference would be to aim for a capacity of between 1000-1500, providing they still have access to the Gloucester Hall. This would open up potential to attract a wider range of music and comedy acts. The mainland promoter felt that it would be advisable to aim for a 2000 capacity with the option of blocking off sections for smaller audiences. Between them they made a number of suggestions regarding appropriate facilities. These included:

- Retractable raked seating which can be quickly assembled/ dismantled. (There would also be a need for adequate storage).
- A stage size of between 40-60ft wide and 30-40 ft deep.
- Facilities for sound and light equipment and a ceiling height of between 20-35ft to allow for this.
- Improvements to the hall's acoustics. (The roof is felt to be a problem here).

- Dedicated back stage access with a freight lift etc.
- Good quality and efficient bars and catering (important to maximise event revenue).
- Improved pedestrian and vehicle access (eg Snow Hill lift)
- Better quality dressing rooms.

The two Jersey promoters are optimistic about the potential to bring new events to such a venue and estimate that between them they could attract about 24 events a year. Ideally they would be looking for the venue to take a share in the risk of these events. The mainland promoter would only consider using the Fort if the venue management agreed to share in the risk of the event.

#### **4.4 Key points**

- Whilst people are aware of Jersey and have a positive image of the Island it is not considered as a destination for major conferences by conference organisers. There is little detailed knowledge about facilities and it is difficult to find associations with recent first hand experience of holding large events in Jersey.
- Whilst the island is seen to have some strengths the two main drawbacks are the difficulties and cost of getting there and the lack of suitable conference facilities. Nevertheless, if the right facilities were there then up to a half of respondents say they would consider Jersey as a possible destination.
- Respondents stress the importance of getting the balance of facilities right. In particular the need for adequate exhibition space, break-out and smaller rooms, catering provision and a range of accommodation easily accessible from the venue.
- There is some interest in using Fort Regent as an entertainment venue and local promoters believe there would be a market for events in a new auditorium capable of seating 1000-1500 people, providing there is still access to the Gloucester Hall.

## **5. THE COMPETITION**

A new conference centre in Jersey will be in competition with other centres in Europe and the UK. This chapter discusses recent developments in this area and examines what the competition has to offer and how it is performing.

### **5.1 Conference centre characteristics**

The main competitors for a Jersey conference centre will undoubtedly be UK conference centres competing for UK national association and UK corporate meetings. To a lesser extent it will also compete with centres in mainland Europe for the occasional international association meeting, and for corporate and national association meetings wishing to meet outside their own country.

Most major European cities now boast at least one purpose built conference centre with many centres either having completed major expansions or having plans for further developments currently at feasibility or construction stage. These include:

- Palais des Congrès de Paris completed a five year expansion programme in 1999 which doubled the conference capacity.
- A major renovation/extension programme at the Brussels Palais des Congrès will last from May 2003 to late 2004. The new facility will target conferences from 300 to 2,000 delegates.
- Fiera Milano Congressi, which already accommodated up to 5,000 delegates, opened a new convention centre last January.
- Graz (Austria), Prague and Stavanger have also recently added convention facilities to existing centres while The Norway Congress Centre relocated to a new site in order to accommodate an expansion programme.
- New projects are currently being planned for Athens and Cordoba (Spain), with major expansions scheduled for Sophia, Lyon and Porte de Versailles (Paris).

Within the UK, conference business was originally the province of seaside resorts which had both large meeting spaces and the hotel accommodation to support it. However in the past twenty years most of the new investment in purpose-built facilities has taken place in the cities which are the only places which can command the resources required. As a result the cities are now the leading conference destinations.

The list of UK cities with existing centres including London, Brighton, Bournemouth, Harrogate, Edinburgh and Glasgow has recently grown with

new projects in Belfast and Manchester. A large number of destinations, aware of the economic benefits from the business tourism, are investing or considering investment in their conference product. Major expansions are planned or being discussed for; EICC, Edinburgh; Belfast Waterfront Hall and Aberdeen Exhibition and Conference Centre while the addition of further exhibition space at Harrogate International Centre is now complete. At a less "concrete" stage are proposals covering; Wembley, Bradford, Kings Cross/London, Blackpool, Liverpool, Leicester, Newcastle, Croydon, Southampton, Sheffield, York, Leeds, Dublin, Bristol and Swansea.

It is clear that there is a lot of competition out there and that older, traditional centres are finding it hard to compete against the new purpose-built centres that have sprung up and are continuing to expand. This is one reason why Jersey has gradually lost its larger meetings.

The following general points are worth noting:

- Large purpose-built facilities are expensive and are almost always developed by the public sector, (usually local authorities in the UK). There are some exceptions to this, but generally this is not an area in which hotel groups or the private sector have been active.
- A typical cost for building a 2000 seat conference centre with associated facilities starts at £40m. Often this investment has been supported with EU money (Birmingham) or urban regeneration funding (Belfast).
- Sometimes the facility is managed by the local authority but more often than not the management is undertaken by a separate company, operating to 'commercial' principles. However the public sector is often represented on the board.
- The motivation for developing these centres is economic development. Conference centres generate wider economic benefits but they rarely met their own running costs and can run up annual operating deficits of £1m or more.
- Most centres are multi-purpose and accommodate other events as well.
- Big is not better. Many recent centres (Edinburgh, Manchester) have been for an auditorium with a capacity of 1200 or less.
- A successful conference centre has to offer more than just an auditorium. Exhibition space is essential as are a series of smaller spaces (break-out rooms) and adequate space for catering. Space is also needed for offices, cloakrooms, parking and backstage facilities. Most centres fail to get this balance right initially.

## 5.2 Details of some competing centres

In the next few pages we provide some details about some of the centres against which Jersey will have to compete.

### ***Belfast Waterfront Hall***

Table 1 – Belfast Waterfront Hall

Hall	Seating Capacity
Main Auditorium	2,037
The Studio	380
Green Room	100
Canberra	60
VIP Suite	40
Exhibition	1,020m <sup>2</sup>

Source: Belfast Waterfront Hall

<http://www.waterfront.co.uk>

Belfast Waterfront Hall, which opened in January 1997, is the flagship development in a regeneration scheme on the banks of the river Lagan. The centre, close to the city centre, was built at a cost of almost £34 million. The majority of the cost was funded by Belfast City Council but the ERDF contributed £4.5 million.

On average, 120 – 130 conference events are hosted each year with a 50/50 split between association and corporate events. The centre is particularly strong in the medical meetings sector and currently, all the association conferences are national events while the majority of the corporate events are sourced from within Northern Ireland. Approximately 40% of all conference events attract over 500 delegates.

A further 485 concert/arts events are staged annually in the two auditoria.

The Centre benefits from additional meeting space in the adjacent Hilton International Hotel (187 bedrooms) but could benefit further if there were more breakout rooms and exhibition space within the centre.

## **Edinburgh International Conference Centre**

### Edinburgh International Conference Centre

Hall	Seating Capacity
Pentland Suite	1,200
Pentland Auditorium	600
Sidlaw/Fintry Auditoria	300
Lomond Suite	600
Tinto/Moorfoot/Kilsyth	200
Cromdale Hall	1,200m2

Source: Edinburgh International Conference Centre  
<http://www.eicc.co.uk>

Edinburgh International Conference Centre opened in September 1995 at a cost of £38 million, mostly funded by (the then) Edinburgh District Council (EDC), and sponsored by Edinburgh and Lothian Enterprise Limited {(LEEL) – now Scottish Enterprise Edinburgh and Lothian} and Lothian Regional Council (LRC – now defunct). The centre, like the Belfast Waterfront Hall, is the flagship development in a regeneration programme close to Edinburgh city centre and within walking distance of hotels, restaurants and attractions etc. The area has seen massive construction projects in recent years and is now the home for the city's thriving finance sector.

In the year to the end of December 2002, EICC will have hosted 145 events including; 10 international associations; 34 national associations; 3 international corporates; 56 national corporates; 38 stand alone banquets/award ceremonies and 4 Festival related events. 31 of these events attracted over 500 attendees.

While the number of international meetings at the centre has declined in the last few years the city regularly features in the top 20 international meeting destinations (ICCA list).

The centre lacks sufficient exhibition space for the growing size of supporting exhibitions with both national and international association meetings. An extension of the facility is scheduled for 2006.

## ***Bournemouth International Centre***

Table 2 – Bournemouth International Centre

Hall	Seating Capacity
Windsor Hall	3,700
Tregonwell Hall	1,200
Purbeck Hall	1,700
Bourne Lounge	250
Pavillion Theatre	1,518
Exhibition Space	2,523 m2

Source: Bournemouth International Centre

<http://www.bic.co.uk>

Situated on the seafront and close to the town centre the Bournemouth International Centre, along with its sister venues, The Pavilion Theatre & Ballroom and The Pier Theatre, offers a range of facilities for conferences, exhibitions, entertainment and leisure. The council built centre opened on 6 September 1984 at a cost of £19.6 million and a third hall was added in 1990 at a cost of £6.2 million. Bournemouth is one of the few seaside resorts that has invested in its conference facilities, although with a population of 250,000 it is a city in its own right.

60,183 delegates attended 54 conference events at the Bournemouth International Centre in the financial year to March 2002. The majority of these events, which includes conferences with related exhibition, attracted over 500 delegates. The Centre's policy discourages events of under 250 delegates. In addition to the conference events the multi-purpose centre also hosted 20 stand alone exhibitions and 204 entertainment days (over a number of auditoria).

94.5% of the conference events were from UK based associations e.g. the Police Federation Joint Central Conference (1,200 delegates + 1,300 media and guests) with the remainder coming from regional corporations e.g. Portman Building Society and Scottish & South Eastern.

Additional exhibition space is now required and negotiations are currently taking place to secure £9.8 million funding under the PFI scheme that could add a further 1,300 m<sup>2</sup>. The management team is aware that conference and exhibition organisers would prefer a self-contained venue that they did not have to share with the leisure visitors.



## **Manchester International Convention Centre**

### Manchester International Convention Centre

Hall	Seating Capacity
Main Auditorium	800
Palatine	250
Porters	150
Mancunian Suite	425
Great Northern Hall	1,900 m2 or 1,000
Exhibition Space (G-Mex)	10,350

Source: Manchester International Convention Centre  
<http://www.micc.co.uk>

Manchester International Conference Centre, adjacent to the existing G-Mex Centre and occupying a city centre site, opened on 1 May 2001 at a cost of almost £25 million. E.R.D.F grants accounted for approximately 40% of the cost with the remainder being funded by the city council.

42 events were staged at the centre in its first year to 1 May 2002. Of the 28 association events, one was from an international organisation. The remaining events were from local and national corporate organisations. The majority of events staged attract over 500 delegates as the Centre specifically targets meetings over this size.

Future bookings highlight the centre's strength in attracting national association conferences with British Medical Ultrasound Society visiting Manchester in December 2002 while proving the popularity of April as a favourite time for association conferences. The following organisations have confirmed events in April 2003; British Society for Rheumatology, Institute of Clinical Research, British Society for Colposcopy and the British Dental Association.

## **Harrogate International Centre**

### Harrogate International Centre

Hall	Seating Capacity
Main Auditorium	2,009
Royal Hall	865
Conference Suite	100
Kings Suite	300
Exhibition Halls	16,500 m2

Source: Harrogate International Centre  
<http://www.harrogateinternationalcentre.co.uk/>

The Harrogate International Centre was built adjoining an existing exhibition complex in 1982. Since then it has undergone a number of expansion programmes including the conversion of a supermarket to Hall G in June 1994 and the construction of a further 1,500 m<sup>2</sup> of exhibition space (Hall M) in 2002. The original capital cost was £32m which included a hotel and supermarket

In the last year the Centre hosted 49 conference events and staged 28 trade fairs. All 49 conference events attracted over 500 delegates and, like some of their competitors, the policy is to target the larger events and leave the smaller meetings for hotel conference facilities.

70% of the conference events are from the association sector, 10% from corporations and the remaining 20% come from the local government sector).

Aware that their clients (association organisations in particular) require flexible break-out facilities, the centre is to start Phase 1 of a meeting room expansion programme in May 2003. This facility, which will cost in excess of £2 million, will add divisible meeting space for up to 800 delegates.

### ***Royal Dublin Society***

Royal Dublin Society, Dublin

Hall	Seating Capacity
Main Hall	4,500
Shelbourne or Industries Halls	2,500
Serpentine Hall	1,000
Concert Hall	900
Pavilion (exhibition space)	10,546m <sup>2</sup>

Source: Royal Dublin Society  
<http://www.rds.ie>

The Royal Dublin Society was founded in 1731 to promote the development of agriculture, arts, science and industry in Ireland. The 40 acres site at Ballsbridge, close to Dublin city centre and within walking distance of many of the city's best hotels, comprises three separate complexes. While the above figures quote seating capacities of up to 4,500 this would be in an area that would normally be used for exhibitions.

£2 million was invested in the conference facilities in 1998 and the venue can comfortably seat up to 1,000 delegates in a purpose designed conference area with a mixture of tiered and flat floored seating.

Of the 108 conference events hosted at the centre in the last year 15% were from national associations and the remaining 85% were from corporate,

religious and government organisations. None of the events were international and attendance figures averaged 600 – 700.

The RDS operates under a Royal Charter and is self financing with no grant aid, subvention etc. In the absence of a purpose built conference centre in Dublin, the RDS will continue to attract the larger conferences that cannot be accommodated anywhere else in the city.

### ***Riviera International Conference Centre, Torquay***

#### **Riviera International Conference Centre**

<b>Hall</b>	<b>Seating Capacity</b>
Main Auditorium	1,500
Burdett Room	200
Grace Murrell Suite	200
Grace Murrell Suite (4)	20-80
The Forum (exhibition)	1700m2

Source: Riviera Centre

<http://www.rivieracentre.co.uk>

The Riviera Centre, situated on a seafront site in Torquay, is a multi-purpose venue hosting conference and leisure activities. The land for a conference centre was bequeathed by a private hotel owner and the building was opened in 1987. The council owned property cost £22m and received European grant aid.

In its last financial year the Centre hosted 362 events of which 163 were local council meetings. Of the remaining 199 events, 80 were residential and 48 of these were associations. 29 of these were for more than 100 delegates and 11 attracted more than 500 people.

The Centre which receives grant funding from the local authority, generated an economic impact of around £5m and hosts an average of 2 exhibitions. The main difficulty to overcome is the industry perception that Torbay is difficult to access. This is countered by a healthy level of repeat business once clients have visited and used the facilities.

## **Lille Grand Palais**

### Lille Grand Palais

Hall	Seating Capacity
Zenith	5,000
Vauban	1,500
Pasteur	500
Eurotop	300
Exhibition Area	20,000 m2

Source: ICCA Membership Directory

<http://www.lillegp.com>

Situated less than 5 minutes from the rail station, Lille Grand Palais is ideally placed to capitalise on the excellent connections by TGV and Eurostar to; Brussels (38 minutes), Paris (1 hour) and London (2 hours).

The centre opened in 1994 at a cost of approximately £41 million. Ownership is quite complicated with both public and private sector shareholders. The local authority owns just over 60% with a variety of banks and other organisations holding the rest. (it has proved impossible to get any more details from Lille)

## **6. DEMAND FOR A NEW CONFERENCE CENTRE IN JERSEY**

This chapter draws on the information and analysis in the preceding chapters to examine the implications for the Fort Regent proposals.

### **6.1 Jersey starts from a low base**

Our analysis of the existing situation indicates that in the large conference sector, Jersey starts from a low base. Although over 150 residential conferences take place each year these are mostly quite small, in relative terms, and there are only a handful of larger conferences. With the exception of the Hotel de France which is a successful conference hotel, Jersey has few facilities capable of hosting larger conferences (500+) and those that do exist are constrained by availability or limited facilities. Fort Regent is now a 'last resort' venue and no longer able to compete effectively for major association conferences.

There is little evidence that this situation is going to improve without some intervention. Indeed, the level of investment in existing and purpose-built centres elsewhere suggests that Jersey will continue to bump along the bottom in conference terms unless something changes. Jersey is not alone in this as there has been a widespread move away from traditional resort and seaside conference destinations to new facilities in the cities

Discussions with a number of conference buyers and organisers support this view. Whilst people have positive feelings about Jersey and are quite likely to have received information about it, Jersey is not viewed as a serious contender for major conferences and rarely makes it onto people's long list of possible destinations.

### **6.2 Strengths and weaknesses of Jersey**

Having said this there is a generally positive reaction to Jersey and it does have some strengths as a conference destination:

- It offers something a bit different. The fact that delegates may not have been there before adds a certain interest. For UK delegates it is going abroad but without the problems of currency and language.
- It has a positive image and is seen as attractive, pleasant, safe and friendly
- It is compact and manageable. Delegates can't easily escape or get lost.
- It has good access from the UK .

- It has a good range of hotel accommodation to suit all pockets, particularly important for association conferences.

It also has some drawbacks, however, raised by almost all of our consultees. Jersey will have to work hard to overcome these: They include:

- The lack of modern, good quality facilities for holding large meetings
- The costs (or perceived costs) and difficulty of getting people to Jersey
- The low level of experience of Jersey as a conference destination amongst clients which makes it difficult to sell.

### **6.3 The conference sector is attractive but highly competitive**

The conference sector is much sought after by destinations and venues. Conference tourism is discretionary and relatively footloose and so there is potential to grow market share. It tends to complement leisure tourism in terms of seasonality and makes use of surplus capacity. It is also high spending and has a significant economic impact.

A key strand of Jersey's tourism strategy is to diversify its tourism offer and expand into new markets where there is growth potential. The conference sector fits the bill perfectly.

However, the following facts need to be borne in mind:

- Whilst there are a large number of conferences taking place each year (1.4m in the UK), the vast majority of these are small, non residential and take place in hotels. There are less than 7000 meetings attracting 500 or more delegates and even less with 1000+.
- There has been a tendency for meetings to become shorter and more value driven
- Whilst conferences are generally considered to be a growth area with good long term prospects most sectors appear to be static at present.
- This is a highly competitive area with lots of venues and destinations investing heavily to attract business.

### **6.4 Potential markets for Jersey**

Given the characteristics of Jersey, the primary market opportunities for a new conference centre will be :

- UK based associations
- UK companies

The larger meetings will tend to be the associations. The corporate sector tends to prefer hotel facilities and the meetings are generally smaller. Only about 6% of UK association meetings are organised outside the UK so Jersey will need to sell itself as part of the UK, but offering something different.

Other secondary markets which have some potential, but are likely to be smaller in volume and more difficult to reach, include: (roughly in order of importance):

- National associations based in mainland Europe
- Major companies based in mainland Europe
- International associations

The latter are only likely where Jersey has some particular connection or relationship which it can exploit.

In addition to conferences a centre will also need to attract other activity. Even if successful it is unlikely that conferences and meetings will fill more than a fraction of the available days and there are inevitably low points at Christmas and in the summer. Concerts, sports events, exhibitions and entertainment are all likely to be part of the eventual programme. This will provide an opportunity to generate additional revenue streams and will also generate community buy-in and support.

## **6.5 How much conference business might a new centre win?**

### ***What the associations say***

To try to get a clearer handle on the potential demand for a new conference centre in Jersey, we carried out a postal survey of UK-based associations. This sector is the most likely group to generate large meetings for a conference centre in Jersey and forms the mainstay of business at most centres in the UK.

Questionnaires were sent to 400 associations, known to hold larger conferences, and selected at random from the BACD database. Some 112 responses were received, a response rate of 28%, which is good for a postal survey of this nature. The questionnaire and summary of results are attached at Appendix II.

The 112 associations which responded hold 763 conferences a year (excludes those under 250 delegates) and of these, 30% are for conferences of 500+. Only a small proportion of conferences (4%) exceed 1500 delegates which supports the findings quoted elsewhere in this report.

Of the 10 conference centres we asked about, the most frequently used were Birmingham ICC, Harrogate IC, and the Brighton Centre, each of which had been used by around 1/5 of the respondents. Interestingly, the least well used centres were Dublin and Belfast both overseas destinations for these mainland-based associations. This may suggest a reluctance of associations to hold meetings abroad.

We asked which of these conference centres people were likely to use in the future. The results broadly reflect past use, Birmingham comes out top

followed by Manchester, Bournemouth and Harrogate. Brighton looks as though it might be losing ground to the new centre in Manchester.

Respondents were then asked to indicate the likelihood of using a new centre in Jersey providing it met their requirements in terms of size, quality and price. There was a very positive response to this with 57% of respondents saying they would consider using a centre in Jersey and 17% (included in the above) indicating they would be quite likely or very likely to make use of it. (see Table 6.1) These results are broadly in line with the response we gained from the structured interviews with conference buyers and organisers.

Table 6.1 Which of these centres might you use in the future?

	Numbers of responses					
	Highly unlikely/Def. not	Unlikely	Possible	Quite likely	Very likely/Definitely	No response
<b>Jersey</b>	<b>19</b>	<b>25</b>	<b>45</b>	<b>13</b>	<b>6</b>	<b>4</b>
Birmingham	20	14	28	4	18	28
Edinburgh	21	19	17	5	9	41
Manchester	13	19	23	1	20	36
Belfast	26	19	11	2	5	49
Eastbourne	16	29	11	3	4	49
Bournemouth	15	16	22	5	16	38
Harrogate	16	21	18	7	16	34
Dublin	27	17	12	1	2	53
Torquay	17	24	19	1	8	43
Brighton	17	15	27	6	6	41

Source: The Tourism Company. Association Survey. Total sample 112.

Respondents expressing a positive reaction to the idea of a Jersey Conference Centre (ie possible to very likely) appear to be similar to respondents as a whole. They hold a similar range of meetings and show a similar pattern of use of existing conference centres.

To give an overall indication of where Jersey fits in the pecking order we have converted these responses into an index (quite likely scores 1, very likely scores 2) which reflects the propensity to use a centre - the higher the score the greater the interest from respondents. (Table 6.2)



Table 6.2 Propensity to use centres in the future

	Weighted score	% saying very likely
Manchester	41	18%
Birmingham	40	16%
Harrogate	39	14%
Bournemouth	37	14%
<b>Jersey</b>	<b>25</b>	<b>5%</b>
Edinburgh	23	8%
Brighton	18	5%
Torquay	17	7%
Belfast	12	4%
Eastbourne	11	4%
Dublin	5	2%

Source: Association Survey. TTC

Finally we asked what would deter people from using a conference centre in Jersey. By far the most common response (43%) was transport costs followed by location/ accessibility (29%). (Table 6.3). Note that for some associations the lack of a local membership/constituency is a problem.

Table 6.3 Deterrent to using new facilities in Jersey

Deterrent	%
Travel costs	43
Location /distance/accessibility	29
Cost of site/facilities/accommodation	11
Inappropriate layout/size/facilities	9
Ease/flexibility of transport to Jersey	7
No membership in Jersey	5
Lack of suitable accommodation	4
Non response	14

Source: The Tourism Company. Association Survey

Just over a third of respondents made additional comments . It is worth noting that 9% of respondents made unsolicited and favourable comments about Jersey suggesting that there is a core of people who would be receptive to a new development.

### ***How do we interpret these results?***

This positive reaction to the idea of a new centre in Jersey (Tables 6.1, 6.2) is very encouraging but it needs to be tempered with reality. We think it gives a misleading impression of the likely level of enthusiasm for Jersey for the following reasons:

- People who were less disposed to Jersey were probably less likely to complete and return the questionnaire. If we had achieved a 100% response rate then we believe Jersey would have come further down the list.
- We were asking people to compare a hypothetical centre in Jersey with real places elsewhere. This probably works to Jersey's advantage as people have experienced the negative aspects of other centres but may be giving Jersey the benefit of the doubt.
- We were asking people to assume that Jersey could provide facilities of the right size, price and quality. It is unlikely, however, that a new centre would be able to satisfy everyone on these counts so people might not be as enthusiastic in practice as in theory.
- Finally, it is in conference buyers' interests to encourage new centres to be built. They get the benefits and don't have to consider the cost.

In the light of the above, we need to be cautious about how we treat these results.

#### ***How much business might a new centre attract?***

Our estimates of levels of business at other UK conference centres are set out in Table 6.4 below. Centres are circumspect about releasing this sort of information and it is not always clear that one is comparing like with like, especially on the non conference events which vary very considerably in their make-up from ice shows to pop concerts to trade shows. Some centres have a policy of only going for the larger events which restricts numbers.

**Table 6.4 Performance of other centres**

	Int'l Assoc	Nat Assoc	Corporate	Other	Comments
Belfast	0	60	60	485*	40% 500+, *arts events
Edinburgh	10	34	59	42*	*banquets etc. 31 x 500+
Bournemouth	0	51	4	200+*	*Exhibs/entertainments. Majority 500+
MICC	1	27	14		Majority 500+
Harrogate	0	44	5	28*	Conf 500+ *Trade fairs
Dublin	0	16	92		Avge 600-700
Glasgow*	5	16	35		*1998/99
Torbay	0	29	32		
Brighton	0	23	2	106*	Concerts/exhibitions
Eastbourne	0	15-25	1		Max 1400, Majority 350+
<b>Average</b>	<b>1</b>	<b>32</b>	<b>30</b>		

Source: The Tourism Company

As we have seen there has been a positive response to the idea of a new conference centre in Jersey but we think it is unlikely that Jersey could hope to match the figures in the table above.

- We are talking about a refurbished centre not a brand new 'state of the art' facility. Torbay is more the model not Birmingham.
- Most of the centres in the above list are located in major cities with a large population, easy access to a large domestic market and good communications. They are not small islands.
- Most offer an extensive range of halls and can accommodate more than one meeting at a time.

Given this, and the feedback from the survey (Table 6.2) we think Jersey would do well to reach half the average number of association conferences achieved by these centres and it would do less well on corporate business because of its location. As a working assumption, we suggest a target of 16 national associations and 10 corporate events a year might be a realistic target to aim for. Assuming, an average duration of 3 days for each event to allow for break-down and set-up, this would mean the centre would be in use for 78 days a year for conferences and associated events. Most of these events would be between 500-1000 delegates and only a minority would be for 1000+

On top of this there would be an opportunity to use the auditorium for pop concerts, sports and other entertainment events. Concert promoters have indicated to us that they could use the new auditorium for an additional 24 events a year over and above the 22 entertainment and 26 other events currently being held in the Fort. If we assume this is the case, it would result in a further 108 days use allowing extra days for set-up and break-down.

All in all this would give a utilisation of 186 event days a year, ie approximately 50% utilisation of the centre. These figures need to be treated with caution. They are no more than a benchmark which Jersey might aim for if it had the right facilities in place and could address some of the issues and perceptions about difficulties and cost of access.

## **6.6 What type of facility is required?**

The initial Fort Regent proposal envisages:

- a raked auditorium with fixed seating capacity of 2200
- breakout rooms 6x10, 5x40, Don Theatre (140)
- 1500m<sup>2</sup> exhibition space/sports hall ground level Queens Hall
- banqueting space for 150 Queens Hall balcony

Our analysis and consultations suggests that the above mix of space is not quite right. We think the auditorium is too large and there is not enough space for catering and lack of smaller spaces. It is important to get this right if the centre is to maximise its potential. Discussions with other centres suggest that many misjudged the mix of facilities initially and have subsequently had to put

this right. The most common complaint is not enough exhibition space, break out rooms and poor catering provision.

Statistics show that there are very few conferences which require a seating capacity of 2000+. None of the conference organisers/buyers we spoke to organised meetings of this size and Jersey has not handled a meeting of this size for many years. Even if it were possible to attract such conferences to Jersey we have some doubts as to whether the airlift or hotel accommodation is there to support this.

We believe it would make more sense from the point of view of conferences to aim for an auditorium to accommodate somewhere between 1000-1500 people. Even so it is important that this space is designed so that it can be subdivided or used to accommodate smaller meetings of say 400- 500 and 800-1000 because these are likely to be more numerous.

A larger auditorium might make more sense for concerts. However, as long as the Gloucester Hall remains available for concerts the promoters with the most experience of operating in Jersey suggest the best size for the new auditorium would be c1200 capacity and that this would open up new possibilities. This fits in well with our view about the size required for conferences.

The original proposal envisaged fixed seating in a raked auditorium. This is the ideal but it may make more sense in the Fort Regent situation to go for retractable seating. This is the case in centres such as Plymouth and Bournemouth and considerable advances have been made in recent years to the sophistication and comfort of these systems. It would certainly provide much greater flexibility and make better use of space. We think it is worth investigating this further.

In terms of other facilities, we suggest there is a need for:

- An exhibition space of at least 1000m<sup>2</sup>
- An area which can be used for catering/ banqueting or additional exhibition space of 1000m<sup>2</sup>
- An adequate stage for concerts and dressing rooms
- 10 break out/smaller spaces with at least two rooms capable of accommodating 200 people
- Offices, press accommodation etc

The environment and atmosphere of the centre is important. It has to project a business-like image and offer an appropriate quality in terms of décor and furnishings. It cannot hope to succeed in this competitive market if it has the look and feel of a community sports centre. We believe it is important that the conference centre can be separated out from the leisure use with its own dedicated entrance.

## 6.7 Wider economic impacts

We have suggested that 16 association and 10 corporate meetings a year might be a reasonable target to aim for in the new centre.

Drawing on figures from the BCMTS we suggest that these events might be distributed as follows:

Size	No.
500-750	14
751-1000	10
1001+	2
Total	26

Multiplying by the mid-range figure in each size category gives a total of 19,700 delegates. The average spend per stay for conference delegates in Jersey was £396 and applying this to the above total gives a figure of £7.8m. This figure takes no account of spend by accompanying visitors which might add a further 5% to the figure.

In broad terms, therefore, we are saying that if a new conference centre in Jersey was able to attract 26 large conferences than it would bring an something like an additional £8m into the Jersey economy (2001 prices). This would more than double the existing contribution of conference visitors which stands at around £5m. Total direct tourism spend in Jersey currently amounts to around £250m pa.

In practice, this understates the likely economic impact:

- It takes no account of spend by the conference organisers in Jersey on venue hire, specialist support services, transport etc. this can be substantial.
- It may not take account of all the spending on transport, some of which may benefit Jersey businesses.
- It takes no account of multiplier effects caused by second and third round spending.

These figures only relate to spending by conference delegates. We have not taken into account any spending associated with the additional entertainment and sports events which a centre might generate. Some of this will be spend by Jersey residents which would have taken place anyway but a proportion will be additional spend.

A further impact, again more difficult to quantify, is the impact that a new conference centre would have on the conference and business tourism sector in general. At present Jersey has a relatively low market share of conferences. A new conference facility might help Jersey break out of this, by raising the profile of Jersey, relaunching Jersey as a conference destination and signalling that it is a serious player with a range of good quality facilities. This may not only generate additional larger meetings but may also stimulate the growth of smaller meetings which would bring new business for hotels.

## 7. FINANCIAL IMPLICATIONS

This section of the report is concerned with exploring the financial implications of operating a new conference and events centre in Fort Regent. In other words will it require an ongoing subsidy, cover its running costs or make a profit? We have assumed the capital cost of developing a new centre is defrayed from other sources and concentrate solely on the annual operating costs and income which a centre is likely to generate. This assumes that the centre will be developed to an appropriate standard, has the right mix of facilities and is competitive with centres elsewhere.

Again, the figures and estimates in this chapter need to be treated with caution. This should be seen as no more than an illustration of the likely outcome. It is not a finely tuned business plan based on an evaluation of specific and detailed proposals.

Our starting point has been the existing SLR budget for Fort Regent which is based on actual experience of operating the Fort as a sports and leisure complex. We have adjusted these figures in the light of our forecasts of future demand (outlined in the previous chapter) and we have also drawn heavily on detailed operating information kindly supplied by conference centres in Bournemouth, Plymouth and Eastbourne. Our assumptions are spelled out in detail below. Because the financial information from the other centres is sensitive we have used it to inform our judgement but have not reproduced it in full.

We have evaluated two scenarios:

**Option A** assumes that the Fort is vacated by SLR leaving an empty shell. A new conference centre is created within the Fort utilising part of the building whilst the rest is mothballed pending some future (ideally income earning) use.

**Option B** assumes that a new conference facility is developed within the Fort and run in tandem with the existing SLR sports operation. This would require both a redistribution and a reduction in sports/leisure use. It would also be necessary to separate out sports users from conference and events users.

For both options we have assumed the following pattern of use as discussed in the previous chapter.

Table 7.1 Existing and proposed use

	Current business	Future demand
Conferences	3 conferences	16 associations 10 corporate day meetings
Events	26 sports/community events 22 concerts	26 sports/community events 46 concerts

## 7.1 OPTION A – Conference and events use only. Income assumptions

### *Room hire for conferences*

Most larger conferences will hire several rooms over 3-4 days thus potentially generating a reasonable income at current room hire rates. However, it is common practice at most conference centres to attract large conferences by offering a subvention or subsidy to reduce hire costs. Because of this the direct income from conferences is less than one might first expect. The average net room hire charge for Bournemouth, Plymouth and Eastbourne is broadly similar and works out £5400 per conference. We have applied this figure to the target of 26 conferences in Jersey giving a figure of £140,400.

Jersey currently spends £30-50,000 per year on subvention. If we are simply looking at the income for Fort Regent then we should add this sum to the room hire charges. We have added £40,000 to allow for this.

It is unlikely that Jersey will attract many, if any, public/trade exhibitions but we have made an allowance for these under other events. There will also be a few one day meetings from organisations which don't wish to use a hotel facility. These will be relatively small in size and make use of the meeting rooms. We have assumed one per week on average generating an additional £15,000pa.

This brings total conference income to £195,400

### *Concerts*

Most of the current income from concerts comes from hire of facilities to event promoters. Fort Regent, in common with most venues, doesn't take a risk in terms of promoting events and we have assumed that this policy continues.

We have assumed 46 events at an average room hire charge of £3000. These are almost always one night events and build-up and break-down costs are included in the hire fee. This gives a total of £138,000. This is not out of line with other centres and is considerably less than Bournemouth.

### ***Room hire from other events***

There are currently 26 other events such as antique fairs, sports tournaments, exhibitions etc. Many of these are community orientated, and low key. Some will transfer to other venues but there may be scope for developing new ones.

Some centres earn a significant income from this source. We have assumed that the number stays the same and that these earn a modest income of £1200 per event giving a total of £31,200.

### ***Catering***

Some centres out-source catering on contract whilst others operate it in-house. There is no consensus as to which is the most profitable route. For simplicity we have assumed that all catering for concerts and events is contracted out to preferred suppliers and that the centre takes a 15% commission on turnover. In practice a more complicated profit share arrangement would be established.

We have calculated catering income on the basis of 20,000 delegates spending £20 per head for lunch and refreshments, 5000 spending £50 per head on banqueting 30,000 concert goers spending £5 per head on refreshments and 10,000 others spending £3 per head. This gives a commission income of £124,500.

This is more or less in line with Plymouth and Eastbourne although considerably less than Bournemouth.

### ***Other services and licensing***

There are a range of other possible income sources.

#### Booking fees.

Some centres earn significant sums from charging commission on accommodation booking generated by the centre and commission on ticket sales for events and concerts. Some centres are making c£100,000 from this activity. 20,000 delegates staying for an average of 3 nights could generate a significant accommodation booking commission for Fort Regent. Sales of event tickets would be on top of this.

#### Re-charging of services

There is scope to make a profit on re-charging of electricity, labour, equipment hire, telephones etc. Fort Regent currently charges concert promoters £700-£1200 for out of hours staffing although this does little more than recoup costs.



## Parking

Most of the centres are earning significant income from parking charges. Fort Regent currently receives £65,000 income from the adjoining multi-storey. Whilst this is really moving States' income from one pot to another it would make sense to allocate parking charges generated by conferences and events to the centre.

## Commissions and licenses

Bournemouth makes a good income out of charging suppliers to become preferred or sole providers. Florists, taxi companies, AV companies etc can all elect to become favoured contractors for a fee plus a commission on sales. This may only be feasible if the centre generates enough activity to make it worthwhile. Nevertheless, there is scope for some income generation here.

We have assumed that from all of the above sources the centre might generate £125,000.

Adding together all the above income sources gives a total gross income of £614,100.

## **7.2 OPTION A Expenditure assumptions**

### ***Staffing costs***

The key issue here is in striking the right balance between essential in-house staff and contracted staff for specific functions. Currently, Fort Regent employs 55 staff working on a shift basis to keep the centre open 6 days a week. With only the conference and events elements to support and a utilisation of around 50%, staffing levels could be reduced.

We estimate that something like 30 permanent staff might be required as indicated below. This is broadly in line with experience elsewhere. Assuming the average wage level remains the same as now this would result in a wage bill of £780,000.

Director  
Admin support 2  
Conference manager + 2  
Entertainment manager + 2  
Finance /operations manager +4  
Box office staff (8)  
Technical services (6)  
Security (2)

## ***Marketing***

Marketing costs would include direct marketing costs of venue eg direct mail, fam trips, attending trade fairs, creating and maintaining a web site, promotional print (with private sector), membership of BACD, Green Book and other directories etc. There would also be some promotion of events usually in collaboration with promoters.

We have assumed that the Jersey Conference Bureau continues to play a major role in marketing Jersey as a conference destination although in many centres the function is combined. This could result in some economies of scale.

We have allocated a figure of £30,000pa for marketing. This is significantly more than is spent now although not as much as other centres.

## ***Office/administration***

To include stationary, printing, tickets, photocopying, telephone charges, computer servicing etc. We have allowed £20,000, not dissimilar to the amount currently spent by Fort Regent.

## ***Energy/utilities***

To include gas, electricity, water etc. Current usage at Fort Regent is £215,000 pa before re-charges but this includes the relatively high costs of the swimming pool. On the basis of other centres we have allocated £75,000.

## ***Rates/rent***

Fort Regent currently pays a sum of £5,000 pa. and we assume this continues.

## ***Cleaning***

To include cleaning contracts, consumables, equipment etc. Current costs are approx £40,000 and we have assumed this will stay roughly the same with less floor area but higher standards. This is a similar figure to Eastbourne.

## ***Maintenance/repair***

Current maintenance costs at Fort Regent are very high (£459,000) which includes maintenance of the pool. External grounds, buildings and pool maintenance, external grounds, buildings, decoration and technical equipment.

Maintenance of the new conference centre will be much less than this as it will be new build and we are not including the pool or those parts of the building not in use. In the light of the experience at other centres we have assumed a figure of £150,000. This does not include maintenance of the external grounds.

## **Insurance**

Existing insurance costs are £21,000 pa. and we have assumed this stays the same.

## **Security**

Existing security costs are £15,000 pa and we assume this stays the same.

Totalling all these costs gives a figure of £1,136,000 and an annual operating deficit of £521,900. (see Table 7.1)

Table 7.1 Option A Financial appraisal

	£
<b>INCOME</b>	
Room hire conferences	195,400
Concerts	138,000
Other events	31,200
Catering commission	124,500
Services/commissions	125,000
<b>TOTAL</b>	<b>614,100</b>
<b>EXPENDITURE</b>	
Staffing	780,000
Marketing	30,000
Office/admin	20,000
Energy/utilities	75,000
Rates/rent	5,000
Cleaning	40,000
Maintenance/repairs	150,000
Insurance	21,000
Security	15,000
<b>TOTAL</b>	<b>1,136,000</b>
<b>OPERATING DEFICIT</b>	<b>521,900</b>

### **7.3 OPTION B – Conferences and events run in tandem with sports use**

For this option we have assumed that a new conference centre is created in Fort Regent focused on the Queens Hall. Conferences and events are given priority in this area but sports use continues in the rest of the building, space permitting. The Gloucester Hall could remain as a joint-use space. This would require a substantial remodelling of the space as the two activities would need to be separated out to a greater extent than before. It would also result in a loss of some sports capacity which would have to be replaced or moved somewhere else.

We have examined the financial implications of this option using the 2002 Fort Regent budget as a starting point and based on the following assumptions:

- SLR continues to operate Fort Regent
- Conference and events use is expanded along the lines set out in Option A and generates the same level of income.
- Income from dry sports activity is reduced by a third due to the reduction in space but income from other sources stays the same.
- Staffing costs increase marginally by around 10% to allow for the additional activity on conferences and events.
- Marketing budget is increased as are administrative costs.
- Maintenance costs are reduced slightly because of the investment in the new conference centre.
- Insurance, security, rates remain the same.

On the basis of these assumptions the costs of running Fort Regent fall by £146,000 whilst the income increases by £161,000. This reduces the overall operating deficit from £1,078,000 to £771,000.

This takes no account of the cost of replacing the sports provision displaced by the expanded conference and events operation.

#### **7.4 Summing up the financial implications**

This analysis suggests that operating Fort Regent solely as a conference and events centre (Option A) is likely to require an annual operating subsidy of around £0.5m. This assumes the development of a new auditorium and associated facilities and that the unwanted parts of the building are mothballed.

This result does not seem out of line with the figures gleaned from other centres. (see Chapter 8) Few conference centres make an operating surplus, and where they do so it is generally because they are successful exhibition or entertainment venues. Edinburgh is something of a special case and is able to attract high value conferences because of its special status. Jersey is not well placed to develop as a major entertainment centre or exhibitions venue because of its relative isolation and low resident population.

If the conference centre is combined with a (reduced) sports function then the centre operates at an even greater annual deficit £0.77m. However, this is an improvement over the existing situation where the annual deficit for operating

Fort Regent as a sports and leisure complex is more than £1.1m. This suggests the States might be able to save money by increasing the emphasis on conferences and events, although we must emphasise that this is very much a 'back of the envelope' calculation and it takes no account of the cost of replacing the lost sports facilities elsewhere.

## 8. MANAGEMENT OPTIONS

This chapter looks at the different ways in which a new conference centre in Jersey might be operated and managed.

### 8.1 Different business models

Conference centres are hybrid and complex animals almost always run in association with other facilities such as leisure centres, theatres, concert halls, exhibition arenas and hotels. Some are purpose-built whilst others have just evolved over time. Because of this diversity, operational structures and procedures vary quite widely and are often tailored to the local situation.

Nevertheless, it is possible to distinguish three broad business models:

- Operated within the local authority structure
- Operated independently but with public sector support or involvement
- Private sector led operations

We expand on these below drawing on the experience of various conference centres in the UK. (see Fig 8.1) Understanding the financial implications of these different options is made quite difficult by the different accounting procedures and conventions adopted.

#### ***Local authority run centres***

This is the most common model for traditional conference centres, especially those in resorts which have evolved over many years. Examples include Eastbourne, Bournemouth, and Torquay.

Typically these are multi-purpose sites with a mix of theatres, leisure uses and conference facilities. Most have a community function as well as serving conference or exhibition visitors. Many have invested in new buildings to refresh or extend facilities over the past decade.

These centres are operated under the auspices of a local authority department, are staffed by local authority officers and fall directly under the control of a local authority committee or cabinet. In some instances (Eastbourne) the responsibility is split between several council departments reflecting different functions and interests. This is similar to the existing arrangements at Fort Regent.

Although these facilities generate a substantial income they are almost always subsidised by the local authority. The level of subsidy varies according to the scale and nature of the centre and the business mix (some activities are more profitable than others) but is typically in the range of £0.5m- £1m pa. (For comparison, the existing operation at Fort Regent is a net cost of c£1m pa to

Fig 8.1 Different business models for conference centres

**Eastbourne**

Conference centre consists of Congress Theatre (capacity 1700) built in 1967 linked to Winter Gardens containing two halls of approx 1000m<sup>2</sup> each and other spaces. Owned and operated by Eastbourne BC with all staff employed by local authority. Three council departments are involved in operating the centre all reporting to the same director. Catering managed in-house. Annual subsidy to entire complex of c£0.5m.

**Bournemouth International Centre**

Bournemouth International Centre built in 1984 containing Windsor Hall (capacity 3700), other multi-purpose halls and leisure pool. Managed by arms length trading department of the local authority reporting to the Chief Executive. Annual subsidy to BIC of c.£0.5m.

**Plymouth Pavilions**

Owned by Plymouth City Council and built in 1991. Comprises arena (capacity 2,500), seminar suite, leisure pool and ice rink. Managed by separate company under umbrella of the theatre trust with public/private sector Board. Contracted to deliver a range of services but operationally independent from local authority with own staff. Annual subsidy of c£1.4m.

**Harrogate International Centre**

Long standing major exhibition complex with new purpose-built auditorium (capacity 2000) added in 1982. Further exhibition hall added in 2000. Owned by local authority. Now run as arms length trading division reporting to Board comprising local authority members and private sector. Staff are local authority employees. The centre has made a net surplus over the past three years and pays a rent to the local authority. This is primarily due to exhibitions which are profitable.

**Manchester International Convention Centre**

A new 800 seat conference centre opened in 2001 adjoining seminar centre, concert hall and exhibition centre. Owned and financed by Manchester City Council with EU grants. Leased to and operated by G-Mex (a company owned partly by Manchester local authorities) which operates the exhibition centre. The City Council is represented on the Board. Overall, the operation makes a surplus, primarily because of the income from exhibitions.

**Edinburgh International Convention Centre**

EICC opened in 1995, funded by a range of public sector bodies including Edinburgh City Council. Comprises auditorium (1200 capacity), exhibition hall and other meeting rooms. Operated by EICCLtd an independent company with a Board of City Council appointees and private sector. Objective is to generate revenue for the City. The centre was running at a loss (0.75m in 2001) but is now breaking even. Success is due to Edinburgh's ability to attract high yield and prestigious. There is no subvention from the City.

the States) None of the centres generate enough income to service debt charges.

Most authorities operate a subvention policy where they subsidise the cost of hiring facilities to attract large conferences for the economic spin-off they generate. This is more common in the case of traditional resort authorities which typically have a subvention fund of up to £100,000, although in some instances this can be as much as £1m. Essentially the subvention is a paper transfer between budget holders and departments rather than a physical payment.

The aim of these centres is not to make money but to provide a community service in the case of sports facilities or to attract wider economic benefits in the case of conferences. To achieve these wider objectives the local authorities feel they need to retain overall control

### ***Arms length management with public sector support***

This is the most common model for the new breed of purpose-built conference centres particularly in the cities. Examples include Manchester and Edinburgh, whilst Plymouth and Harrogate fall somewhere between this option and the previous model.

Typically, these centres have been constructed with public sector funding and are owned by the local authority. Management and operation of the centres, however, has been passed to independent companies which operate them on commercial lines (although not necessarily for maximum profit) and employ their own staff. The local authorities have a seat on the Board but do not have overall control.

These centres may still require an annual subsidy or subvention from the local authority in order to break even. However this is affected by business mix and nature of the facility. Thus in the case of Manchester the operation is run by GMex Ltd which cross-subsidises the conference operation with income generated from the more lucrative G-Mex exhibition centre. In the case of Edinburgh the EICC has been running at a loss since opening (£765,000 in 2000) but is expected to break even in 2003. This is primarily because Edinburgh is able to attract prestigious and high yield events. Harrogate also makes an annual surplus which again is down to income generated by exhibitions. By way of contrast, Plymouth Pavilions which is run as a separate company under the auspices of the theatre trust gets an annual grant of £1.4m from the City Council towards its running costs. None of these centres are in a position to meet debt charges.



## Private sector conference centres

Examples of large purpose-built conference centres developed and operated by the private sector are few and far between indicating that conference facilities alone are not generally commercially viable.

The commercial facilities that do exist tend to fall into one of the following categories:

- Multi-purpose arenas used for a mix of exhibitions, pop concerts, banqueting, conferences and sporting events. There are 15 major arenas in the UK with a floor area of over 5000m<sup>2</sup>. A typical example is Cardiff International Arena developed in 1993 by Brent Walker and now owned by Clear Channel Entertainment. This has a large open hall plus a suite of conference rooms. Conferences account for about a quarter of its use.
- Conference and exhibition facilities grafted on to existing facilities such as football clubs and race courses. This is big business for places such as Epsom and Cheltenham Race courses with the conference facilities drawing on existing infrastructure.
- Hotel driven developments. Most hotels have relatively small conference facilities with a typical capacity of up to around 200. A handful of hotels (of which the Hotel de France is one) have specialised in this market and developed more significant facilities. Well known examples include the Celtic Manor, (Newport, S Wales) and the Brighton Metropole. These hotels provide large, flat floor, spaces which can be adapted to host a variety of conferences, product launches, exhibitions, dinners and functions. The large spaces are supplemented by a large number of smaller rooms.

### ***Celtic Manor***

*Privately owned 5 star 400 room resort hotel in South Wales adjoining M4. Parkland setting with 3 championship golf courses. Main function room can seat 1500 plus 24 other meeting rooms.*

## 8.2 Options for a new centre at Fort Regent

### *Developing the centre*

It is highly unlikely that a commercial organisation would become involved in developing a new conference facility at Fort Regent. Few conference facilities are developed as a commercial proposition and the absence of a substantial resident population or large and accessible catchment area to support an ongoing programme of exhibitions, events and entertainment makes this even less likely in Jersey.

One possibility of attracting funding is through some form of planning gain where in return for permission for housing, office development or perhaps a hotel, a developer makes contribution towards the costs of developing the rest of the site. Developing this site for housing or offices will be difficult given the nature of the site and its status as a protected monument. Hotel development on the swimming pool site is a possibility and would be a good fit with a conference centre. However, given the past difficulty of attracting new hotel development to Jersey, it seems unlikely that a developer would be prepared to pay a premium for the opportunity and may well require the site to be provided at an advantageous price.

An interesting possibility is the idea of a casino / hotel operation. This would be a good fit with a conference and events venue and offers greater potential for generating enough surplus value to support the development and continuing operation of a conference facility. Blackpool is developing a major plan for the regeneration of the resort based on casino related developments anticipating the proposed relaxation of the gambling laws in the UK. Having said this there are many examples of seaside resorts in the UK which have had casino operations for many years (Margate) without generating much visitor interest.

In the absence of the above, the development of a conference centre will almost inevitably require State's funding.

#### *Operating and managing the facility*

Our illustrative projections (Chapter 7) suggest that the proposed facility is most likely to make a loss. The extent of this will vary according to how successful the centre is in attracting business, how efficiently it is run, and the mix of business and activities. Whilst, ideally the aim should be to at least break even it is also important to bear in mind that the object is not to generate income per se but to generate wider economic benefits for Jersey. Taking small meetings from hotels would help boost income but is only moving existing spending around.

The management of the centre is unlikely to be attractive as a commercial proposition. The alternatives are to:

- Manage in-house as part of a States department such as SLR, as happens with Fort Regent at present. Given that the existing operation of Fort Regent is already subsidised by the States, grafting the conference operation onto this may be relatively painless.
- Set up an independent company to manage and operate the centre with the States being represented on the Board. The company would be given a specific remit by the States but otherwise would be allowed to run the centre as it saw fit. This is likely to require an ongoing contribution from the States although a single-minded company may be able to operate the centre more efficiently.

- Bring in a management company to run on behalf of the States to operate the centre for a management fee under a service level agreement. For example, NEC Ltd (part of the company running Birmingham's conference, exhibition and event facilities) takes on the management of conference facilities elsewhere.

## APPENDIX I      CONSULTTEES

Jersey Tourism	David de Carteret
Jersey Conference Bureau	Hamish Reid, Jennie Kostan
Jersey Hospitality Association	Gerald Fletcher
Sports and Leisure, Fort Regent	Vic Bourgoise , Colin Stanyer
Pomme D'or	Robert Mackensie
L'Horizon	
Grand	Tim Brooke
Hotel de France	John Vibert
Jersey Opera House	Ian Stevens
Jersey Royal Agricultural Society	James Godfrey
Incentive and Conference Specialists	Carole Oliver
On Stage Events	Paul Causer
Destination Specialists	Margaret Devoy
Positiv	Warren le Seur
Kennedy Street Promotions	Jim Colston
Condor ferries	Steve Bailey
British Airways	Bob Little
British European	Ian Taylor
Association of Anaesthetists	
British Association of Urological Surgeons	
British Society for Haematology	
British Society for Rheumatology	
Chartered Institute of Physiotherapy	
Institute of Clinical Research	
Law Society	
MS Society	
National Association of Pension Funds	
National Association of School Masters and Women Teachers	
NASUWT	
National Union of Journalists	
National Union of Teachers	
Radio Academy	
Royal College of Midwives	
Royal Institute of Chartered Surveyors	
Royal Town Planning Institute	
Society of Endocrinology	
Trade Union Congress	
CFM	
CIM	
Conference Connections	
Hampton Medical Conferences	
Oxford Conference Management	
Venues Etc	
Venue Research group	

Belfast Waterfront Hall	
Edinburgh ICC	
Bournemouth ICC	Steve Smith
Manchester ICC	
Harrogate IC	
Eastbourne Conference Office	Dianna Lumsdaine, Gavin Davis
Dublin Conference Office	
Plymouth Pavilions	David Pearce
Channel TV	Sharon Campbell, Rowan Sullivan
Isle of Man Tourism	Geoff LePage
Bravo TV	David Clarke
Sheffield Crucible Theatre	Graham Morris
Sports Network	Andy Ayling
Sports Resources Group	Alan Pascoe
Yes Sport	Jack Davidson
Matchroom	Barry Hearn
	Ben Bendilow
Professional Darts Corporation	Tim Derby
B Sky B	Chris Haynes
Wembley PLC	James Froomberg
IMG	Richard Fitzgerald

## APPENDIX II ASSOCIATION SURVEY

### JERSEY CONFERENCE CENTRE STUDY

1. Name of association: .....

2. How many conferences/meetings did your association hold in 2002?

No of delegates:	No of conferences per year:
250-500	
501-1000	
1001-1500	
over 1500	

3. Which of the following conference centres have you used in the past 5 years or so?

Birmingham ICC	<input type="checkbox"/>	Bournemouth ICC	<input type="checkbox"/>
Edinburgh ICC	<input type="checkbox"/>	Harrogate IC	<input type="checkbox"/>
Manchester ICC	<input type="checkbox"/>	Royal Dublin Society	<input type="checkbox"/>
Belfast Waterfront Hall	<input type="checkbox"/>	Riviera Centre Torquay	<input type="checkbox"/>
Eastbourne (Devonshire Park)	<input type="checkbox"/>	Brighton Centre	<input type="checkbox"/>

4. Which of these centres might you use in the next 5 years?

	Highly unlikely / definitely not	Unlikely	Possible	Quite likely	Very likely / definitely
Birmingham ICC	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Edinburgh ICC	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Manchester ICC	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Belfast Waterfront Hall	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Eastbourne (DP)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Bournemouth ICC	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Harrogate IC	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Royal Dublin Society	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Riviera Centre Torquay	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Brighton Centre	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

5. If Jersey was able to provide conference facilities of the right size, quality and price – how likely would you be to make use of it in the future?

	Highly unlikely / definitely not	Unlikely	Possible	Quite likely	Very likely / definitely
Jersey Conference Centre	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

6. **What would deter you from using new facilities in Jersey?**

7. **Any other comments (please continue overleaf if you wish).**

***Thank you for your help. All replies will be treated in the strictest confidence.  
If you would like to be entered into the prize draw, please give your name and contact  
details below.***

**Name:**

**Contact details:**

**FAX BACK ON 0207 642 5115**

## Jersey Conference Centre Study

The analysis comprises of feedback from 112 associations

**How many conferences/meetings did your association hold in 2002?**

No of delegates	No of conferences per year
250-500	526
501-1000	190
1001-1500	10
over 1500	27
No response	10
<b>Total</b>	<b>763</b>

- 69% of conferences held in 2002 were between 250-500 delegates
- 1% of conferences held in 2002 were between 1001-1500 delegates

**Which of the following conference centres have you used in the past 5 years or so?**

Conference Centre	No of conferences
Birmingham ICC	24
Edinburgh ICC	13
Manchester ICC	16
Belfast Waterfront Hall	5
Eastbourne (Devonshire Park)	10
Bournemouth ICC	16
Harrogate IC	23
Royal Dublin Society	0
Riviera Centre Torquay	12
Brighton Centre	21
No response	48
<b>Total</b>	<b>188</b>

- 13% of associations had used Birmingham ICC in the past 5 years
- 0% of associations had used the Royal Dublin Society over the past 5 years



**Which of these centres might you use in the next 5 years?**

	Highly unlikely/definitely not	Unlikely	Possible	Quite likely	Very likely/definitely	No response
Birmingham ICC	20	14	28	4	18	28
Edinburgh ICC	21	19	17	5	9	41
Manchester ICC	13	19	23	1	20	36
Belfast Waterfront Hall	26	19	11	2	5	49
Eastbourne (DP)	16	29	11	3	4	49
Bournemouth ICC	15	16	22	5	16	38
Harrogate IC	16	21	18	7	16	34
Royal Dublin Society	27	17	12	1	2	53
Riviera Centre Torquay	17	24	19	1	8	43
Brighton Centre	17	15	27	6	6	41

- 18% of associations are very likely to use Manchester ICC in the next 5 years
- 40% of associations are highly unlikely or unlikely to use the Royal Dublin Society over the next 5 years.

**If Jersey was able to provide conference facilities of the right size, quality and price - how likely would you be to make use of it in the future?**

	Response
Highly unlikely/definitely not	19
Unlikely	25
Possible	45
Quite likely	13
Very likely/definitely	6
No response	4

- 40% of associations would "possibly" use a conference centre in Jersey
- 17% of association would "definitely not" use a conference centre in Jersey

### What would deter you from using new facilities in Jersey?

Deterrent	Responses
Travel costs	48
Location not appropriate/distance/accessibility	32
Cost of site/facilities/accommodation	12
Inappropriate layout/size/facilities	10
Transport to jersey - ease and flexibility	8
No membership in Jersey	6
Lack of suitable accommodation	5
Not appropriate	5

- The main deterrent of associations using Jersey as a conference destination is cost of travel.

### Other comments

Comment	Responses
Positive comments towards Jersey as a conference destination	10
Venue must be of appropriate size/have appropriate facilities	8
Only use large hotels/universities	5
No membership in the area	2
Jersey has a bad perception as a holiday destination/tax haven	2
Conferences are not held in the UK very often	2
Have no interest in conference venues	2
Needs appropriate transport infrastructure	1
Would require a familiarisation trip	1
Cost of transportation is biggest issue	1
A complete purchase of hotel, flight, conference would be helpful	1