

## Quarterly IMEX Barometer of Business Tourism Confidence

\* \* \*

**The underlying MICE trend of recent months persists: the number of meetings and incentive travel events continues to grow, but noticeably without equivalent increases in the available budgets. There is a strong sense that corporate procurement strategies are the main cause, and are containing or driving down costs. The industry is also being challenged by shorter and shorter lead times for decision-making and booking. These findings characterise demand on both sides of the Atlantic.**

\* \* \*

Recent IMEX polls have reflected a return to confidence amongst MICE buyers in Europe and in North America, and this pattern continues. What additionally emerges in the latest Quarterly Barometer of Business Tourism Confidence, however, is the squeezing, or at least freezing, of budgets for meetings and incentive travel. The views of a total of over 150 respondents in European countries are summarised in the analysis, plus a further 60 in a third consecutive focus group undertaken within the USA and Canada. In addition, and as a pilot exercise for emerging markets, a selection of opinions are recorded for comparative purposes from buyers in Brazil.

### **cost management**

The strongest message arising from the research is the extra emphasis that is now being placed on cost management. European decision-makers report an expansion in the number of events that they arrange that is roughly in line with the previous quarter (a combined total of 60% referring to 'significant' or 'slight' growth, compared to 62% before), but without equivalent increases in the size of their overall budgets. Hence the combined growth total for expenditure (whether 'significant' or 'slight') has dropped from 63% to around 45%, with a higher proportion (51%) reporting 'no change' (compared to 36% last quarter).

With this trend in mind it is therefore not a surprise that the ranking of factors reported by buyers as influencing their decision-making continues to focus on financial issues. The highest two listed concerns remain 'the growing costs of

meetings and incentives' and 'uncertainty as to the real return on investment' that these represent. It is unlikely to be a coincidence that the only major change in the listings is for a new influence at number three, namely 'time constraints' – the worry that delegates 'will spend too long away from their offices'. This has risen from sixth position, and replaces concerns about 'security issues'. (Note: the survey took place before the latest conflict in the Middle East).

Considerations such as multi-culturalism, the potential to replace face-to-face meetings with electronic communication, and concerns about the environment (an additional option on the hierarchy) remain relatively low on the list of priorities.

### **North America**

The European pattern is echoed by the IMEX research in North America (where 15% of respondents were from Canada). Across the Atlantic around 7 in 10 (68%) again predict growth ('significant' or 'slight') in the number of meetings that they will arrange, but with anticipated budget expansion slipping to 62% from 74%, and with 11% actually forecasting a decline in overall spending. The detailed ranking of influences on decision-making is again topped by the topic of cost, but this issue is now only marginally ahead of concerns about the event ROI which has climbed above doubts concerning 'world economic circumstances'.

It is argued by some that the higher cost of flights, arising from the escalating price of fuel, is a prime reason for declining budgets for individual events. On the other hand far more buyers (agencies and corporates) identify the ever-strengthening involvement of procurement specialists in the decision-making process.

### **emerging market**

Brazil was selected to provide a small test case to use to make comparisons with an emerging market, and future Barometers will question more buyers in such fast up-and-coming countries. Briefly, a majority of these Latin American specialists report 'slight' growth both in the number of events, and in the scale of their budgets, and also identify costs as their number one influence in decision-making, though with security issues in the number two spot, and 'time constraints' at number three.

## last-minute demand

This IMEX quarterly poll again addressed the topic of the increasingly apparent lateness in decision-making and booking – acknowledged by 58% of buyers in Europe, up from 49%, and as in the last survey, again by around 80% of decision-makers in North America. Additionally, however, the research sought a ranking of reasons for this trend, as is summarised in Table 1.

**Table 1: Why are MICE bookings becoming later?**

Country	All European replies	Austria	Germany	Italy	Spain	Sweden	UK	Brazil	North America
Hoping for lower prices in venues	5 <sup>th</sup>	2 <sup>nd</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	6 <sup>th</sup>	4 <sup>th</sup>	6 <sup>th</sup>	5 <sup>th</sup>	5 <sup>th</sup>
Waiting to see if budget is still available	4 <sup>th</sup>	5 <sup>th</sup>	6 <sup>th</sup>	2 <sup>nd</sup>	4 <sup>th</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>
Uncertainties over possible external events	6 <sup>th</sup>	6 <sup>th</sup>	4 <sup>th</sup>	6 <sup>th</sup>	5 <sup>th</sup>	3 <sup>rd</sup>	4 <sup>th</sup>	6 <sup>th</sup>	4 <sup>th</sup>
Too busy to start planning any earlier	2 <sup>nd</sup>	3 <sup>rd</sup>	1 <sup>st</sup>	5 <sup>th</sup>	3 <sup>rd</sup>	6 <sup>th</sup>	2 <sup>nd</sup>	1 <sup>st</sup>	2 <sup>nd</sup>
Reasons related to internal decision-making	1 <sup>st</sup>	1 <sup>st</sup>	3 <sup>rd</sup>	1 <sup>st</sup>	2 <sup>nd</sup>	5 <sup>th</sup>	1 <sup>st</sup>	3 <sup>rd</sup>	1 <sup>st</sup>
Reasons related to competitive pressures in our market	3 <sup>rd</sup>	4 <sup>th</sup>	5 <sup>th</sup>	4 <sup>th</sup>	1 <sup>st</sup>	1 <sup>st</sup>	5 <sup>th</sup>	4 <sup>th</sup>	6 <sup>th</sup>

The chart suggests that a broadly similar weighting of factors in each market explains the emphasis on later and later booking, though with slight variations by country. Perhaps surprisingly, cost issues or security concerns seem rarely to be of especial consequence, with key factors instead largely relating to the workings and nature of the organisation concerned.

## 'irritations'

Next, the Quarterly Barometer reports (as always) on the latest concerns (or 'irritations') that are raised by MICE buyers. Some examples follow: 'our clients no longer take into account the quality of an agency's work for the previous event – loyalty has gone – and instead, open up the contract to new agencies' (Spain);

'customers request proposals from many suppliers, but give no explanation for selecting those that they prefer' (Brazil); 'ever-changing dates and numbers of participants' (Germany); 'the cost-first approach is lessening the appreciation for true customer service' (Canada); 'not every venue will pay a commission' (UK); 'a pretence that certain delegates are VIPs and deserve privileges at low cost' (Italy); 'delays in getting answers from senior management' (Sweden). One association planner bemoaned the trend for her participants to use the internet to compare pricing for hotels and flights with those presented in the programme. A particularly telling set of frustrations noted by a leading US events planning agency include: 'the ever-increasing costs of proposals and answering RFPs that are ill-prepared and leave much open to guesswork; the growing inability to have in-person conversations in this industry and to have to communicate via technology; and the ever more apparent absence of even minimal courtesy from clients'. This expert goes on (contentiously) to argue that the industry should do more to qualify sources of business on the basis of how well or not they treat suppliers.

#### **CSR**

Finally, a growing number of buyers (whether from associations, corporate meetings, or incentives) drew attention to the importance of Corporate Social Responsibility (CSR) in their decision-making for international events. This issue will be explored in further IMEX polls, but examples include supporting a Mayan community schools project in Mexico (by an American event); and a major donation by a Swedish company in a Tsunami-affected area of Thailand.

*The next Quarterly Barometer of Business Tourism Confidence will be published in October.*

- Ends