QUARTERLY IMEX BAROMETER OF BUSINESS TOURISM CONFIDENCE – OCTOBER 2008

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Global economic concerns prompt MICE sector 'adjustments' but not 'cutbacks'

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Over half of respondents expect the number of meetings they are planning to increase against a buoyant 2008, with only 5% more respondents than 2008 expecting budgets to be reduced. This is the main finding of the latest IMEX Quarterly Barometer (October 2008), the results of which are characterised as 'adjustments, rather than major cutbacks'. This piece of research focused on nine European and Scandinavian countries (plus Finland and Russia) in order to provide a comprehensive analysis of this major regional set of markets etc. Over 150 respondents participated representing a range of senior industry positions including: managing director; PCO; product manager; DMC; general manager; incentive travel manager; director of sales and marketing; association president; chief event manager; and event organiser to the board. Nearly two-thirds of replies were from specialist agencies and consultancies; approximately a quarter were from corporate buyers; and the balance comprised the associations sector.

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Each MICE Barometer features two indices that suggest how the industry views the year ahead. These follow:

Table 1(a): Likely numbers of meetings/incentives to be staged in the 12 months ahead compared to the last 12 months

	Europe* and Scandinavia (plus Finland and Russia)	**Europe/ Scandinavia/ Russia**		**Germany**	
	October	**July**	**April**	**July**	**April**
'Significantly' or 'Slightly' up	54%	64%	68%	59%	63%
No change	30%	23%	20%	26%	23%
'Slightly' or 'Significantly' down	16%	13%	12%	15%	14%

*** includes Germany**

Table 1(b). Likely budget for meetings/incentives in the 12 months ahead compared to the last 12 months

	Europe* and Scandinavia (plus Finland and Russia)	Europe/ Scandinavia/ Russia		Germany	
	October	July	April	July	April
'Significantly' or 'Slightly up'	*42%*	*52%*	*55%*	*50%*	*51%*
No change	35%	30%	28%	33%	34%
'Slightly' or 'Significantly' down	23%	18%	17%	17%	15%

*** includes Germany**

'cost-effective'

Clearly there is evidence, in this research region at least, of declining rates of growth, but not at all a serious decline in the predicted scale and value of the MICE market. There is still a strong expectation that there will be more events in the year ahead than during the year before, albeit with overall budgets unlikely to keep pace. Optimistic buyers (whether agencies, corporates, or association executives) highlight the advantages of their experience, new strategic partnerships, plus loyal clientele/members/delegates, whilst the less confident note the effect of weakening sentiment across many markets and organisations. Whilst a strengthening 'procurement ethos' seeks to drive savings at the same time as maintaining volume, the perception created in this poll is that meetings and incentives still matter, but are being rendered more cost-effective through greater selectivity in venue choice, attendees, duration, and travel charges. As one specialist put it 'business still goes on and our people still have to talk'.

Table 2 offers a structured ranking of those influences currently affecting the decision-making of buyers. Note the increasing relevance of anticipated Return on Investment from events, the possibility that some events are considered replaceable by electronic communication, and not least, the growing awareness of 'green' considerations.

	Europe* and Scandinavia (plus Finland and Russia) October	Europe / Scandinavia / Russia July	Europe / Scandinavia / Russia April	Germany July	Germany April
* *The growing costs involved in meetings/ incentives*	*1st*	*1st*	*1st*	*1st*	*2nd*
* *Uncertainty as to the real return on investment that these events represent*	*2nd*	*5th*	*5th*	*4th=*	*3rd*
* *The state of particular markets in which you operate*	*3rd*	*2nd*	*3rd*	*3rd*	*1st*
* *World economic/financial circumstances*	*4th*	*4th*	*2nd*	*4th=*	*4th*
* *Time constraints: delegates are away too long from their offices*	*5th*	*3rd*	*4th*	*2nd*	*5th*
* *A growing sense that Meetings/incentives might not be very environmentally -friendly*	*6th*	*8th*	*8th*	*9th*	*10th*
* *The growing scope to replace face-to-face events with virtual (or electronic meetings*	*7th*	*10th*	*6th*	*10th*	*8th*
* *Security issues caused by the threat of terrorism*	*8th*	*6th*	*9th=*	*8th*	*7th*
* *One-off factors internal to your organisation*	*9th*	*7th*	*7th*	*6th*	*6th*
* *Complications that arise from issues such as multi-culturalism, delegate preferences, etc.*	*10th*	*9th*	*9th=*	*7th*	*9th*

*** includes Germany**

fewer late bookings

A marked contrast between the July and October polls lies in the proportions identifying that their MICE bookings are becoming later … with the overall percentage down now to 56% from 70% (Europe/Scandinavia/Russia) and 71% (Germany). Explanations as to why events are planned later follow… and appear to emphasise the growing relevance of financial considerations.

Table 3. A ranking of reasons that explain why MICE events are booking later

	Europe* and Scandinavia (plus Finland and Russia)	Europe / Scandinavia Russia		Germany	
	October	July	April	July	April
* *Waiting to see if the budget is still available*	*1st*	*2nd*	*1st*	*6th*	*3rd*
* *Reasons related to our internal decision-making*	*2nd*	*3rd*	*4th*	*1st*	*1st*
* *Hoping for lower prices in venues*	*3rd*	*4th*	*6th*	*3rd*	*5th*
* *Reasons related to competitive pressures in our market*	*4th*	*1st*	*2nd*	*4th*	*4th*
* *Too busy to start planning any earlier*	*5th*	*5th*	*5th*	*2nd*	*2nd*
* *Uncertainties over possible external events (terrorism; extreme weather, health scares)*	*6th*	*6th*	*3rd*	*5th*	*6th*

*** includes Germany**

'irritations'

A dimension to each Quarterly Barometer is the scope offered to buyers to express those frustrations, or 'irritations', that they feel should be discussed by the industry. Characteristic examples follow (verbatim comments, plus country of source):

- 'clients who still expect higher quality for always lower prices' **(Netherlands)**
- 'slow responses from suppliers … and indecisive clients, even when they are booking at very short notice!' **(Belgium)**
- 'promised standards not delivered by suppliers and which therefore need constant checking and re-checking' **(UK)**
- 'I am always looking for more detailed information from conference industry suppliers' **(Finland)**
- 'too many suppliers offer only standard, not customised, programmes and fail to invest in potentially new relationships' **(Italy)**
- 'increased fuel charges' **(Spain)**

- ‘the varying prices offered in hotels when booking through different booking systems’ **(Germany)**
- ‘too many ‘on demand’ events being requested at very little notice, without a budget and not included in our annual marketing plan’ **(Germany)**

‘macro-trends’

Buyers also offered examples of how they are viewing, or responding to, various ‘macro-trends’ within the sector, with characteristic verbatim comments as follows:

- ‘we invite students to meet our experts during congress to discuss issues that they feel matter’ **(Germany)**
- ‘a problem is that too much green activity in this industry is pure window dressing’ **(Belgium)**
- ‘a green meetings policy in our industry should now be mandatory’ **(Portugal)**
- ‘in response to increasingly multi-national events we now only employ culturally-sensitive staff’ **(Germany)**
- ‘I think it is time that our industry avoided handing out so many wasted giveaways’ **(Netherlands)**
- ‘we always return part of the profits from our event for use by local welfare institutions’ **(Portugal)**
- ‘never forget that arranging greener meetings usually means more work and expense’ **(Germany)**
- ‘we now work to minimise travelling times from hotels to the conference centre in each destination’ **(Finland)**
- ‘our small but meaningful initiatives include making sure that bus engines don’t run while they are waiting for delegates, and also to minimise the use of air-conditioning’ **(Italy)**

Finally, two further questions first introduced in the July research are now presented for comparative purposes:

Table 4(a): 'Do you view the increasingly widespread practice of centralised procurement of meetings and incentives as being good for the industry?'

	October	July
'Strongly agree'	10%	11%
'Agree'	37%	29%
'Neither Agree nor Disagree'	35%	38%
'Disagree' or 'Strongly Disagree'	18%	22%

Table 4(b): 'Do you envisage that the internet will become a more powerful component of the MICE booking process (research … online RFPs … web bookings etc?)

	October	July
'Strongly agree'	34%	23%
'Agree'	40%	42%
'Neither Agree nor Disagree'	19%	20%
'Disagree' or 'Strongly Disagree'	7%	15%

To sum up: a resilient MICE sector currently seems (unsurprisingly) to be placing extra emphasis on achieving better value for money and increasing efficiency, whilst not overlooking its wider obligations to the environment, social responsibility and technology.

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IMEX would like to thank those buyers who responded so thoroughly and professionally to this research. The next Quarterly Barometer will appear in January.