

Quarterly IMEX Barometer of Business Tourism Confidence: Europe and North America

The sector remains broadly positive according to the latest Quarterly IMEX Barometer of Business Tourism Confidence. The opinion survey was undertaken amongst 500 key contacts in October 2004; although more meetings and incentives planners and agencies are reporting frustrations and irritations in their work as the market becomes increasingly 'short-termist' and 'cost-conscious'.

Nearly one-third (27%) approached in an IMEX poll of event organisers from 12 European countries and North America identified 'last-minute decision making' as increasingly common. Nearly two-thirds (61%) noted the growing 'want more – pay less' mentality that characterises many businesses today.

The problems that arise range from time that is wasted in searching for available venues to trying to maintain the quality of meetings/incentives when faced with lower budgets.

Still positive

The previous Barometer (July 2004) recorded that 22% of buyers were predicting for the year ahead that their meetings/incentives demand would be 'significantly up', with 47% forecasting growth that could be 'slightly up'. Equivalent proportions now are 19% and 44% respectively. Only 7% anticipate a decline.

Parallel figures for planned changes in corporate budgets for meetings and incentives in 2005 suggest a similarly balanced position. Whereas 12% anticipated 'significant growth' in expenditure, and 41% 'slight growth', in the survey carried out in July, the current proportions are 10% and 39%.

encouraging

Factors identified as encouraging demand include a residual degree of catching up of events postponed during 2003 plus the advantageous influence on travel costs of 'no-frills' airlines. Conversely, the stronger 'purse-strings mentality' of business organisations

noted above was a common explanation for the expected minimal rise in budgets. A typical observation is that 'big companies have suddenly discovered their purchasing power'. This factor may explain why the percentage anticipating a slight decline in the funding of meetings/incentives for the coming 12 months has risen to 9%, up from 6%.

Subtle changes have also taken place in the hierarchy of issues that buyers acknowledge are now affecting their decision-making, and the emphasis is now much more budget-focused. Whilst 'managing costs' remains as the most relevant factor, up from fourth to second place is the topic of 'world economic/financial circumstances', and up from sixth to third place, is the question of tracking the 'real return on investment that meetings/incentives represent'.

The perception that business tourism is becoming a more complex and challenging market has prompted a high number of comments from survey respondents.

problems

Examples of these irritations provide a useful agenda for the industry to consider. For instance, some corporate buyers note the increasing need to discuss every stage of the event with a tax lawyer. They also bemoan the fact that terms and conditions in hotels vary so much around the world. Problems identified by agency executives include the scenario that more buyers appear to play one agency off against another, and some now negotiate directly with suppliers. There are others who call for urgent (and complicated) proposals (often involving up to five destinations) and then are tardy in their response. Both categories of event organiser believe that airlines have become far less supportive of the MICE market. It is a frequent observation that the brochures and electronic promotional material presented by venues too often 'stretches reality'.

Such frustrations aside, a consensus prevails that the continued globalisation of business, together with the emergence of new markets (e.g. China, India and Russia), are already proving to be significant drivers for the international meetings and incentive travel sectors for 2005 and beyond.