QUARTERLY IMEX BAROMETER OF BUSINESS TOURISM CONFIDENCE JULY 2008

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MICE sector remaining resilient to many economic concerns

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Despite almost daily media predictions of economic downturn in a number of European countries, and across the Atlantic, plus growing concerns about the immediate future in others, this latest quarterly MICE sector poll reveals only relatively modest challenges to the business outlook. To the contrary, respondents in some markets remain remarkably confident. The views of over 180 leading buyers are represented within this Barometer which compares opinions within three areas: Europe – excluding Germany (plus Scandinavia and Russia); Germany; and the USA.

The profile of those replying continues to suggest seniority in decision-making, with typical job titles including: president; ceo; event planner; association programmes co-ordinator; pco; dmc; director of marketing and communications; meetings planner; incentives and events manager; and consulting manager. Represented corporate sectors include IT; financial services; pharmaceuticals; and automobiles; whilst approximately 1 in 12 replies was from an association/federation.

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Two measurements that offer support for the interpretation that the meetings and incentive travel sectors are holding up well are forecasts for the year ahead both for the anticipated numbers of MICE events likely to be organised, and the probable budgets for the same duration. Findings follow:

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

	Europe /Scandinavia /Russia		Germany		USA	
	July	**April**	**July**	**April**	**July**	**April**
'Significantly' or 'Slightly' up	64%	68%	59%	63%	44%	48%
No change	23%	20%	26%	23%	33%	31%
'Slightly' or 'Significantly' down	13%	12%	15%	14%	23%	21%

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

	Europe /Scandinavia/ Russia		Germany		USA	
	July	**April**	**July**	**April**	**July**	**April**
'Significantly' or 'Slightly up'	52%	55%	50%	51%	39%	40%
No change	30%	28%	33%	34%	37%	38%
'Slightly' or 'Significantly' Down	18%	17%	17%	15%	24%	22%

Whilst it is true that the tables suggest reduced increases in growth in the volume and value of demand, the decline in each case is marginal, and largely offset by those anticipating no change. Proportions expecting a downturn in these indices for their future events also remain much as before. Whilst the more pessimistic identify contributory factors such as the cost of air travel and worsening economic sentiment, the more optimistic highlight the proven advantages that arise from delegates meeting in person, and from incentive travel winners securing incremental sales.

Table 2 offers a more textured assessment of those influences affecting the decision-making of buyers.

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

Whilst this ranking reveals broad consistency over the last quarter, region by region, points of note include the awareness of time restraints affecting delegates; the notably ‘greener’ attitudes of US planners; and the continued dismissal by buyers of the notion that electronic or ‘virtual’ events can be a substitute for get-togethers in person.

Planners in all markets continue to acknowledge the shorter lead times of the events that they organise. Despite a slowing in this trend reported in the last Barometer the current proportions making later bookings have risen to 70% in Europe/Scandinavia/Russia (up from 63%); 71% in Germany (66%); and 75% in the US (60%)

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

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

'irritations'

Each quarterly Barometer encourages respondents to identify those irritations or issues that they experience in their work and which serve as agenda items for industry discussion. A selection of these comments follows (with country of source):

* *'the unreliability and slow response times of some suppliers'* **(UK)**
* *'I think the meetings industry should listen more carefully to the needs of corporate clients'* **(France)**
* *'clients who make really late decisions, then want immediate answers often for up to six destinations'* **(Italy)**
* *'the under-appreciation and use of communications technology in this industry'* **(Switzerland)**
* *'obtaining competitive airfares and airline capacity for the MICE sector'*

(Ireland)

* *'unrealistically enormous expectations for a small budget'* **(Poland)**
* *'the complexities and inconsistencies of VAT throughout Europe'* **(Holland)**
* *'slow payment terms by clients'* **(Russia)**
* *'some parts of the world need to train staff in this sector to far more professional standards'* **(Sweden)**
* *'wasted work on too many tenders that don't lead to business'* **(Germany)**
* *'rising hotel prices in the Middle East and Asia, and increased difficulties in getting sufficient bedrooms'* **(Germany)**
* *'venues looking for short-term profits rather than long-term partnerships'* **(USA)**
* '*working within a limited budget that allows too little scope for flexibility in selecting destinations and services'* **(USA)**

macro-trends

With each passing Barometer researched during the worsening economic outlook there seem to be higher proportions of buyers who prove less willing to take industry macro-trends (global warming; social responsibility; multi-culturalism) fully into account in their MICE event planning. That said, those who do engage with these issues taken them really seriously, as the following verbatim comments suggest:

* *'this industry should by now automatically take environmental awareness into account when planning events'* **(Netherlands)**
* *'staging greener meetings should become our mission'* **(Portugal)**
* *'at the very least we should select eco-minded venues in order to offset our excessive use of fossil fuels'* **(Spain)**
* *'we now feel our role is to alert participants to the carbon cost of their involvement in events'* **(Hungary)**
* *'I believe the environmental dimension to meetings and incentives is about to take off because there are now so many sustainability programmes in place'* **(Netherlands)**
* '*I foresee a demand for electronics to replace some smaller meetings'* **(Germany)**
* *'there is no hiding place any longer for companies undertaking green initiatives solely for image or marketing purposes'* **(Germany)**

* *'green options are always now included in every planning discussion with clients'* **(USA)**

social responsibility

Examples of social responsibility initiatives undertaken (often as a 'legacy' gesture) by international events include: *'providing books for schoolchildren in Zambia'; 'helping disabled people to refurbish their community venue'; 'helping a township in South Africa';* and *'donating 5% of our annual profits to charities'.* In the context of multi-cultural planning the most frequently cited projects relate to diet, religion and dress. One buyer notes that '*it is no longer unusual for us to stage events involving Christians, Jewish people and Muslims'*, whilst another reports *'profiling the entire audience in advance in order to benchmark and respond to identified cultural preferences and differences'.*

Finally, this Barometer introduced two additional questions that are reported here and will be tracked in future surveys.

Procurement

First, buyers were asked whether *'you view the increasingly widespread practice of centralised procurement of meetings and incentives as being good for the industry?'.* Across all markets 11% say they 'strongly agree'; 29% 'agree'; 38% are 'undecided'; and the balance 'strongly disagree' or 'disagree'.

Second, the buyers were asked whether '*you envisage that the web will increasingly become a more powerful component of the MICE booking process?'.* Across all markets 23% say they 'strongly agree'; 42% 'agree'; 20% are 'undecided' and the balance 'strongly disagree' or 'disagree'.

The overall conclusion emerging from this study is that of an industry continuing to look forward even if confidence is a little more fragile than hitherto. The findings do not suggest that the MICE sector currently is being damaged in any lasting way.

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IMEX would like to thank those buyers who responded so thoroughly and professionally to this research.