

Quarterly IMEX Barometer of Business Tourism Confidence

The MICE market in the western world continues to grow in terms of the number of events that are planned, but the squeeze on budgets revealed in recent polls continues to bite in Europe, where questions about the cost and return on investment of corporate and association events remain high on the agenda of organisers. There is new evidence that the trend towards shorter-notice meetings may now be being driven by the anticipation of lower prices in venues. There has been a noticeable increase in interest in environmental issues.

The pattern of continuing expansion in the European market for international meetings and incentive travel is being maintained, but is reflected largely in the increasing number of events taking place, and not in equivalent budget growth. This insight emerges from the latest IMEX Quarterly Barometer of Tourism Confidence (incorporating the views of buyers in nine European countries, plus Scandinavia). The poll records proportions of 67% anticipating 'significant' or 'slight' growth in the volume of events (compared to 62% in the previous quarter), though with the percentage reporting 'no change' in the size of their budgets for the next 12 months rising from 51% to 69%. The situation in the USA and in Russia is dealt with below, whilst a recent IMEX study separately considers demand in emerging markets (Emerging Markets: October 2006).

Europe

It is a scenario that is confirmed by buyers in Europe when asked to rank those factors which represent the most important influences on their decision-making. As with recent research, the two identified most strongly are 'the growing costs of meetings and incentives', and 'uncertainty as to the real return on investment' that such events represent; again ranking third are concerns about the time spent by delegates away from their offices. Continuing to rise slightly in importance are considerations concerning the new emphasis on multi-culturalism in business tourism (in sixth place out of ten factors), and on concerns about the environment (up to seventh place from last). The debate that electronic, or virtual, meetings could

replace face-to-face events has become less relevant, as have fears about security (now in tenth place).

North America

The situation continues to be rather more bullish in North America, where the proportion predicting 'significant' or 'slight' growth in the number of their events in the next 12 months has reached 71% (up from 68%); and increased budgets are forecast by 64% (up from 62%). The factor of 'world economic circumstances' now has equivalent importance in the ranking of key issues to concerns over the cost of events, whilst the question of time constraints for delegates also rates more highly as a concern. The environment as a decision-influencing factor has risen to eighth from tenth place, whilst security concerns rank more highly across the Atlantic (in fifth place) than they do within Europe.

Russia

The spotlight placed by this Barometer on Russia as an emerging economy identifies subtle differences in opinion from the situations described above: there is much more emphasis on the state of the particular market (first in the ranking of key factors), and also in the recognition of one-off factors relevant to that organisation (ranked second). Cost concerns are not especially high on the agenda, but in contrast to European countries is the importance attached to issues related to multiculturalism (fourth place in the hierarchy of factors), and the environment (fifth). Most buyers in Russia anticipate growth for the year ahead, both in the number of events that they will stage, and in the budgets involved; these circumstances they explain owe to economic buoyancy, increased knowledge and awareness of the MICE sector, and to the growth in business opportunities generally in many parts of the country.

last-minute bookings

The IMEX study again addressed the question of whether the trend towards short-notice bookings is continuing, and the answer in Europe is a definite yes. Here the proportion acknowledging this pattern has risen to 68% (up from 58%), but is largely unchanged in North America, at 77% (down from 80%). However, in both regions there has been a shift in the ranking of suggested explanations, with the contribution of lower tariffs in venues now seen as more important (Table 1).

Table 1: Why are MICE bookings becoming later? (selected examples)
(Figures in brackets relate to the previous Barometer)

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

‘irritations’

Frustrations expressed in the work of event organisers are identified in every Barometer with such ‘irritations’ in this study noticeably dominated by what may be called ‘communications’. Examples include: ‘getting hotels to reply quickly to RFPs’ ... ‘dealing with constantly changing personnel in hotels’ ... ‘descriptions of venues which differ markedly from realism’ ... and ‘the disparity between initial quotes and final accounts’. This is summed up by one buyer as a ‘general need for higher levels of professionalism in the industry’ ... adding that ‘there is still a gap between attitudes and knowledge in some destinations, and standards to be found elsewhere’. Taking UK organisers as a case-study two particular challenges stand out because of the strengths of the argument expressed. Comments a buyer: ‘the hardest part is getting a final decision ... it’s Catch 22 ... you want to plan earlier, but it takes ‘management’ longer and longer to decide. I say ban Human Resource departments’. Meanwhile, an association manager writes, ‘there is European

legislation according to which venues are not allowed to force the client to use in-house AV. The consequence is that venues now enclose the AV cost in the room rental, and whether or not you use their AV, the room rental remains the same. EU legislation should ensure that venues offer 'inclusive' and 'exclusive' of AV prices to clients.'

green issues

Questioned as to their attitudes to green issues, buyers continue to present arguments for and against action by the MICE sector. Nevertheless, there is a sense that attitudes are increasingly moving in favour of a worthwhile response even if doubt exists as to what form it should take. Representative of the comments of decision-makers not in favour of intervention: 'we have very little scope to make a difference' (Austria); and 'it's all band-wagon stuff, I'm afraid – there's too much dangerous hot air created on this topic by politicians because there's very little a group of incentive winners can do to minimise global warming and climate change' (UK). Typical of the views of those supporting an engagement with the environment include: 'I think we should all consider more webcast conferences etc., and would do if the cost for such services was lower' (UK); and 'we MICE pros should definitely start to do things to tackle this problem' (Greece).

multi-culturalism

Finally, there may be evidence that buyers are approaching the topic of multi-culturalism far more pro-actively. Whilst this theme will be explored by IMEX in a separate survey, a characteristic opinion arising from this poll included: 'I will simply not stand for any form of racism and all cultures are adequately catered for by checking with venues in advance. I always expect delegates to respect the customs and people of the country they are visiting' (UK). Other points were: 'anticipating cross-cultural considerations is a vital part of my work' (Austria), whilst a number of planners drew attention to the need to make financial provision for delegates hoping to attend from less well-off countries.

As an example of how a conference can mark its conclusion in the host community in a socially responsible way, one buyer reported making a donation to the country's air ambulance service.

- Ends.