

## **IMEX Global Data Exchange: April 2006**

### **Quarterly IMEX Barometer of Business Tourism Confidence**

**The proportion of MICE buyers predicting 'significant growth' over the next 12 months in the number of events that they stage, and in the size of their annual budgets, has grown since the end of 2005. But costings for events remain under fierce scrutiny and concerns about Return on Investment (ROI) are high on the agenda.**

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There is unlikely to be a downturn in the volume of MICE bookings, or in the size of MICE budgets during the next 12 months, and to the contrary, there are signs that some expansion is possible in each case. This positive sentiment emerges in the latest IMEX Quarterly Barometer of Business Tourism Confidence which was enlarged to embrace the opinions of decision-makers in 17 countries in Europe (EU and non-EU countries), involving a new higher total of around 250 respondents. For the second consecutive quarter a small focus group involving North American buyers was also arranged.

The optimism arises from the finding that over 1 in 4 (27%) of buyers expects 'significant growth' in the number of events that they will hold, and nearly 1 in 3 (30%) foresees 'significant growth' in the size of their annual budgets. Both percentages are higher than equivalent responses at the end of last year, with the proportions anticipating 'slight growth' in each respect in the coming year also up. Numbers expecting 'no change' have consequently dropped in each case.

#### **'growing costs'**

In ranking those factors that they feel most strongly affect their decisions, buyers in Europe have again placed 'the growing costs of meetings and incentives' in the top spot (up from number two). Catching the eye is the elevation to second place of the factor 'uncertainty as to the real return on investment of MICE events'. This suggests that organisers are having to bear greater scrutiny in terms of event cost and benefits, and to have to work harder to justify their portfolio of activities.

'Security considerations' remains the third most important criterion, followed by the 'state of their particular markets' (down in ranking), and fifth, 'world economic uncertainties'.

## **North America**

The second successive quarterly assessment of buyers' opinions in North America produced broadly similar findings to before. The analysis (46 respondents, mainly from the USA) again points to a large majority predicting 'significant' or 'slight' growth in the number of events they will book/influence (70% in total, compared to 72% three months ago). However, many more anticipate some budget growth this year (74%, compared to 61% before). One senior US commentator concludes that such optimism 'reflects a continued growth in the economy, and an accelerating return to normality after 9/11. The result is a pent-up demand for destinations outside the country'. Unsurprisingly the 'world economic outlook' is again seen as the dominant influence on MICE decision-making. Concerns over 'growing costs of meetings and incentives', and 'time constraints' because delegates are away from their offices, continue to rank highly, again ahead of 'security worries' arising from potential terrorism. Whereas in North America the proportions confirming the trend towards shorter-notice booking has grown (71% in the last survey, to 80% now), these figures remain considerably higher than those reported in Europe (42% before, 49% now).

## **frustrations**

Concerns raised by decision-makers represent an important dimension to each Barometer poll, and there is a perception that the volume of such frustrations is growing, and that the issues expressed are mattering more. There is little difference between the points identified in Europe, and those made in North America.

Briefly, the most common challenges are reflected in the following verbatim comments: 'the lack of understanding and commitment towards meetings and incentives from upper corporate management, whose unreasonable expectations and indecision makes the planner's job more difficult'; 'the loss of loyalty amongst clients towards agents – it is becoming a street market and the quality of services is declining as a result'; and the 'increasing inability of suppliers – notably hotels and airlines – to be flexible towards prices and contractual terms. The consequence is

that threats are having to be made at a senior level that the business may have to be taken elsewhere'. Another regularly-expressed view is that 'bookings are made even later, and then changes are requested, and even cancellations, and often all the work in advance is wasted.'

### **disloyalty**

Further continuing irritations include: difficulties in finding venue space at short notice (e.g. same month bookings); insufficiently trained hotel staff which creates the problem of having to balance client expectations with the service standards now offered by suppliers; and the growing disloyalty of long-term clients who switch to shopping around excessively (e.g. in some cases calling for tenders from up to 30 agencies!), and also using the internet more, or going direct to suppliers. Some venues are also warned that their uncompromising yield management policies are introducing unnecessary complications for those buyers having to respond to very late booking requests. The fairness levels of some competitors was also felt to be increasingly questionable. Many MICE buyers report that their staff are experiencing raised levels of working stress because of such factors.

Also mentioned in passing are delays in processing visas; variations in contracts between countries; the relatively rare use of English as the business language in some areas within southern Europe; and the constant requirement to find new destinations.

An important recommendation from a MICE expert in the US is that 'the meetings industry ought to be established on a level with other professions ... with planners being elevated into the boardroom and the strategic planning process'.

### **'environment'**

Not every meetings/incentive travel organiser is yet convinced that the industry ought to be doing more for the environment. One comments, 'we must beware of superficial or merely feel-good initiatives'; another suggests that 'other industries are far worse polluters than ours'. One view is that 'worthwhile green gestures by MICE organisers are incompatible with strengthening corporate emphasis on saving money'. On a more positive note is a commonly held view that 'because the

hospitality sector is such a huge player, both in numbers and global impact, we should be leaders in bringing these issues forward'.

More MICE buyers are reporting socially responsible initiatives which are undertaken to coincide with their events (particularly by associations, and especially by US planners). Recent examples include help given to recovery projects in Tsunami and hurricane-devastated areas; the financing of scholarships and making donations to schools; and the provision of voluntary labour for short-term projects.

*Ends.*