

EMERGING MARKETS – December 2007

Emerging Markets Dialogue – Number Four

Introduction

For the fourth consecutive year IMEX invited a panel of MICE specialists from so-called 'emerging markets' to provide business intelligence and insights from their countries. On this occasion the research involves two elements: a round-up from six countries representing appropriate parts of the world (Brazil; Egypt; Indonesia; Mexico; Poland; and Romania); and second, a more in-depth analysis of the situation in Russia. The range of job titles of those responding included; CEO; Key Account Director; General Manager; Vice-Director; Managing Director; Incentive Manager; Head of Marketing; Contract Manager; and General Secretary. Industries represented (in addition to all facets of business tourism) include: pharmaceuticals; cosmetics; oil and lubricants; engineering; construction; and financial services. The analysis was undertaken at a time when certain 'advanced' economies were experiencing financial turmoil in contrast to continuing buoyant conditions in many emerging markets.

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General observations

Significant social, economic, political and cultural changes in respective countries continue to encourage the expansion of the MICE sector. An assessment in **Indonesia** identifies key drivers as being the development of new jobs in the service sector; more open-mindedness to other cultures; and learning from foreign marketing. A respondent in **Mexico** draws a distinction between home-grown companies which prefer destinations within the country, and international enterprises choosing to travel worldwide. Underlying economic growth and the influence this has on levels of marketing activity is offered as an explanation in **Brazil** and **Egypt**. A respondent in **Romania** highlights the role of foreign investment bringing a new style of work, marketing and management – and in particular the contingent effect this has on competition. Commentators in **Poland** mention the impact of a new 'innovativeness' and 'open-mindedness' in society, underpinned by the acknowledged democracy and sense of security in the country. Reference is made also to global investment in **Poland** and the consequent need to invest in knowledge, training and motivation.

Overall a considerable majority (78%) in these emerging markets expect MICE growth to continue.

Russia

Respondents in **Russia** highlight the following factors as boosting demand within the meetings industry (verbatim comments): 'stability'; 'positive economy'; 'progress, rampant development'; 'greater acceptance that companies can now stage events out of Russia'; 'improved cultural exchange between countries'; 'the emergence of specialist incentive companies to handle motivation programmes'. Overall almost all planners (89%) in Russia expect MICE growth to continue.

overseas choice

Research respondents revealed those overseas destinations considered most desirable by delegates in their country, and which products have most appeal. Illustrative of their appraisal are the following: reference in **Mexico** is made to the appeal of Paris, New York, Madrid, Rome, and Canada, and to the need both for security/safety and a diet with which the participants are comfortable; in **Egypt**, to the appeal of Malaysia, China, Russia, Thailand, South Africa and Brazil, and the attractions of shopping, entertainment and team-building options; in **Brazil**, to the appeal of European capitals, main cities in the United States, and to Buenos Aires ... in all cases focusing on 'amazing' services and venues; in **Romania**, to the appeal of France, Austria and Mediterranean countries and a preference for 'imitating experiences enjoyed in the West'; in **Poland**, to the appeal of key US cities plus Brazil, the Far East (generally), and Mexico, and with a special accent on culture, history and sampling the American lifestyle. Meanwhile, buyers in **Russia** note the appeal of 'exotic' destinations (Mexico, Singapore, Egypt, South Africa, Japan, Bali, the Dominican Republic as well as short-haul European and Scandinavian cities), with sought-after benefits including 'sunshine, adventure, luxury, relaxation, wellness, the unusual, and a fashionable image'.

problems

Ten challenges or problems referred to most consistently by buyers in emerging markets when selecting overseas destinations are: 'visas; language; coping with our mentality; culinary preferences; religion; time zones and flight times; climate; allowing for spontaneous change and flexibility in day-by-day arrangements;

'obtaining low prices that reflect our spending power'; and 'guaranteeing good service'.

trends

Finally, respondents were invited to report on trends that they note or anticipate. These are listed below (verbatim comments, with respective countries):

- *'accelerating search for fresh ideas, but without any budget increase'* **(Egypt)**
- *'concern about the environment now counts for more'* **(Mexico)**
- *'MICE planners are working more closely with procurement managers in order to get better deals and more professional delivery'* **(Brazil)**
- *'few clients in our country even mention the environment'* **(Brazil)**
- *'no importance at all is attached by delegates to the environment'* **(Romania)**
- *'a growing interest in attending sporting events, and to visit unknown destinations such as Dubai or Jordan'* **(Poland)**
- *'the introduction of meetings offered within the context of a cruise .. plus the appeal of wild 'untouched' destinations such as Madagascar'* **(Poland)**

Russia

From the perspective of Russia identified trends include: 'shorter, more intensive meetings'; 'a preference for programmes not offered by anyone else'; 'a growing concern for the environment'; and 'concern about destination professionalism'.

In conclusion it is manifest that 'emerging markets' now increasingly display characteristics similar to meetings and incentive travel sectors elsewhere. That this is likely to become even more the case is suggested by a Russian agency who observed that *'this market has only just started. As the economy continues to grow our companies are ever more eager to display their prowess on the world stage and this scenario inevitably boosts the business events sector.'*

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