

May 2010: IMEX Global Insights

New IMEX Global Insights Report reveals greater optimism for the year ahead

- Greater optimism about 2010
- Budget increases and more events predicted
- Pressure for cost-cutting and ROI
- Industry commits to CSR

After the first Global Insights Report was published by the leading meetings, incentive travel and events exhibition, IMEX, in November 2009, the second indicates increasing optimism among business directors, association leaders and agency directors.

The second IMEX Global Insight Report asked a standing panel of 60 senior meetings industry and corporate professionals for their views about the year ahead. They are more confident than before about the prospects for budgets to be increased, predicting that the number of meetings or events will start to rise again. However, many of them believe that keeping costs down and proving return on investment will remain important factors.

Budgets and spending set to rise

After facing the impact of an economic downturn, the panel is now more optimistic about prospects for business this year. 46.7% of them expect the number of meetings, events or incentives they organise to go up in 2010. This is an improvement compared to the IMEX Global Insights Report in November 2009 when just 33% said they expected it to be higher. In the latest findings, just over a third (36.7%) expect the number of events to stay the same and 16.7% expect them to go down.

The panel's optimism is reflected in their more positive predictions over budgets. In the latest findings, 46.7% say they expect their 2010 budget to be slightly higher than last year, a brighter picture than November 2009's report when just 19% foresaw a small rise in budgets. For the latest report, 3.3% say they expect budgets to increase "significantly". However, 20% expect their budgets to stay the same and 30% fear they will decrease slightly. Reassuringly, nobody expects their budgets to decrease significantly.

Compared to the last quarter of 2009, 60% of the panel say they now feel more optimistic and only 6.7% say they feel less optimistic. Another 13.3% say that their outlook has been little changed while 20% admit that they find it increasingly hard to predict what lies in store for the industry this year.

Cutting costs and proving ROI

The need to cut costs, or being instructed by clients to cut costs, has become the strongest influence on the panel's decision-making regarding meetings, events and incentive travel. It is of some degree of importance to 76.8% of respondents, with 42.3% saying it is of great importance.

Next in importance is the challenge of how to demonstrate and detail return on investment (ROI) in a way that their management understands. A third (66.6%) say this is of some degree of importance, with 12.5% saying it is very important, confirming that, alongside pressures to cut costs, the industry continues to face the challenge of showing that every penny spent has a provable return.

Complying with new company travel and expenses continues to be a factor influencing decision-making, with 58.4% of respondents citing it as having some degree of importance, although none says it is of great importance.

Uncertainty about the global economic outlook is an ongoing concern for many on the panel, with 53.6% saying it has some degree of influence on decision-making. 10.7% say it is of great importance. However, this does mean that over a third of the panel (35.6%) say it has little or no influence.

The least influential factor on decision-making is fear about security, according to the panel. While about a quarter (25.9%) say it has some influence, the majority – 62.9% - say it has little or no influence. For 11.1% it is not important at all. Similarly, only 30.9% feel that political uncertainty in either the home market or destination markets has some degree of influence on decision-making. For 24.1%, it has no influence at all.

Currency fluctuations are a factor in decision-making for 48.1% of the panel, with 3.7% saying it is of great importance and 7.4% saying it has no influence. On a similar level, 48.1% are influenced to some degree by the question of how to blend face-to-face meetings with virtual meetings and what the best mix is.

Many of those on the panel are influenced by rising supplier costs and fees, with 42.2% saying it plays some part in their decision-making. However, the same number say it has little or no influence.

Complying with new meetings and events policies is very influential on decision-making for 12% of the panel, but only 40% overall say it has some degree of importance. For 48% it is not important in their decision-making, with 20% saying it has no influence at all.

Some of the panel say that they are influenced by the need for themselves or their colleagues not to be out of the office for too long, but only 36.7% say this is of some degree of importance. For the majority – 56.7% - it has little or no influence.

CSR remains key

Corporate social responsibility (CSR) continues to be an important topic for the meetings and events industry, and 85.7% of the panel say this has become more important to their company over the past 12 months. Only 14.3% say it has not become more important, admitted that it is not a priority for the foreseeable future. But for the majority, the need to give back to the community and being socially responsible is recognised as important. 32.1% say they are fully committed to CSR and that it underpins everything that they do. Another 17.9% say they are currently developing CSR policies or guidelines and 36.7% say they understood the value of CSR but admit they did not have policies or guidelines in place yet.

With the volcanic ash cloud from Iceland threatening to disrupt flights, the panel was asked whether this would have a lasting legacy. Few were able to comment on this at the time although those who did respond (8.6%) said it would have no impact. One panel member commented that it would be “business as usual” after the backlog of flights was cleared but added that “contingency and crisis planning will need to be more mainstream in planning for events and articulated to clients, especially for speakers. Back-up and technology solutions and alternate speakers are a must.”

The upsides from the downturn

The panel was asked for their opinions on the upsides for the meetings industry in the context of the industry feeling "under attack" for much of 2009, both economically and from the media. For several, the challenges have led to a more "serious" approach to the necessity of meetings and events. One said the result was that it was now "necessary to have a purposeful outlook and also not to hold meetings unless necessary", while another said it led to "the necessity of re-thinking the importance of meetings". Another said the upside was that there was now "more energy and concentration on essentials" and a need to "consider the return [on investment] issue to present to CEOs". This more serious approach meant that skills and knowledge have become more important, with one panel member saying that "one of my ways of becoming fit for fight...is to pick up knowledge at IMEX and similar [events] to increase my knowledge".

One panel member came to a more philosophical conclusion, saying that the upside was that "all of us need to become more interested in the clients' point of view and look more deeply into things and their nature". Another went further: "It made us look at what we do and how we do it. Historically, change has not been quickly embraced in the events industry and we have carried on as always. The last 12 months have made us address that change."

With meetings and events under the spotlight, some panel members said that the upside of last year's tribulations was that "our industry values face-to-face time now more than ever since it is becoming more 'rare'" and that it gave "validation to the importance of face-to-face meetings". Another pointed out: "Demand for professional learning opportunities and the simple exchange of information, ideas and culture that human interaction can bring remained high. Indeed, scrutiny of the industry has brought about a discipline where one can be more certain than ever that if a meeting is planned and held, there were sound commercial, economic, environmental and social reasons for doing so."

Last year's challenges also had an impact on pricing, according to some panel members. "As a buyer, I had considerable leverage in negotiating contracts," one said, while another identified a "rethinking of supplier pricing strategies, mostly of hotels in cities like New York and Hong Kong". Another commented that there was "demand for greater transparency of costs".

Other upsides from the past year's problems included a move towards "smaller more intimate CEO-level events", one panel member noted. With CSR remaining high on the agenda, another commented that "meetings and conventions are more and more environmentally friendly". The economic downturn also meant that "some less efficient operators have gone, leaving the strong flexible players in the market," another said, adding: "That can only be good for everyone."

One of the most striking upsides from 2009 for some respondents was that the industry came back fighting, not afraid to shout about the importance of meetings and events. "On the advocacy front, it gave the industry the opportunity to tighten up its campaigning about the importance of the meetings sector," one panel member commented, adding: "Our sector globally could do much better in the area of reputation management." Another said that 2009 had resulted in the industry being "better prepared to articulate the value of meetings in driving business performance and profitability".

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