IMEX Global Data Exchange

Quarterly Barometer of Business Tourism Confidence: April 2008

MICE sector 'still confident' despite global financial turmoil

Worsening financial and economic circumstances in many parts of the world have not yet seriously affected the MICE sector which in many countries remains confident that the next 12 months will continue to show at least modest growth. The views of nearly 200 buyers are represented in this latest Barometer which compares opinions between three areas: Europe (plus Scandinavia, Russia and the Ukraine); Germany; and the USA.

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Many commentators within the meetings and incentive travel markets argue that this industry incorporates 'recession-proof qualities' because executives need to confer and talk, and because corporate productivity is measurably improved using motivational strategies. The first IMEX Barometer of 2008 appears to confirm this positive assessment.

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

	Europe/Scandinavia/ Russia/Ukraine	Germany	USA
'Significantly' or 'Slightly' up	68%	63%	48%
No change	20%	23%	31%
'Slightly' or 'Significantly' down	12%	14%	21%

Note: The figures for Europe etc. are broadly in line with those of the October-December 2007 poll, whilst USA figures have slipped a little

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

	Europe/Scandinavia/ Russia/Ukraine	Germany	USA
'Significantly' or 'Slightly up'	55%	51%	40%
No change	28%	34%	38%
'Slightly' or 'Significantly' Down	17%	15%	22%

Note: The figures for Europe etc. are actually slightly ahead of those for the October-December 2007 research, but the outlook in the USA has declined somewhat, but is broadly in balance.

A more nuanced interpretation of the decision-making influences that buyers experience are ranked in **Table 2**, with the hierarchy of responses as follows:

	Europe / Scandinavia Russia / Ukraine (April 2008)	**Europe / Scandinavia (Oct / Dec '08)**	**Germany (April 2008)**	**USA (April '08)**	**USA (Oct / Dec 2007)**
* *The growing costs involved in meetings/ incentives*	*1st*	*2nd*	*2nd*	*1st*	*6th*
* *Uncertainty as to the real return on investment that these events represent*	*5th*	*3rd*	*3rd*	*4th*	*9th*
* *The state of particular markets in which you operate*	*3rd*	*1st*	*1st*	*6th*	*2nd*
* *World economic/financial circumstances*	*2nd*	*4th*	*4th*	*3rd*	*4th*
* *Time constraints: delegates are away too long from their offices*	*4th*	*6th*	*5th*	*2nd*	*3rd*
* *One-off factors internal to your organisation*	*7th*	*5th*	*6th*	*5th*	*7th*
* *A growing sense that meetings/incentives might not be very environmentally -friendly*	*8th*	*9th*	*10th*	*10th*	*5th*
* *Security issues caused by the threat of terrorism*	*9th =*	*10th*	*7th*	*8th*	*1st*
* *Complications that arise from issues such as multi-culturalism, delegate preferences, etc.*	*9th =*	*8th*	*9th*	*9th*	*10th*
* *The growing scope to replace face-to-face events with virtual (or electronic meetings*	*6th*	*7th*	*8th*	*7th*	*8th*

One possible response to global economic difficulties has been a halt to a long-standing trend towards the later and later booking of meetings and other events. The proportion of buyers acknowledging that lead times are shortening has fallen to 63% (from 69%) in Europe/Scandinavia etc; and to 60% (from 82%) in the USA. A separate figure for Germany (not measured previously) is slightly higher, at 66%. A more nuanced assessment of the situation is offered in **Table 3.**

Table 3

	Europe/Scandinavia Russia/Ukraine		Germany	USA
	April '08	**Oct/Dec '07**	**April '08**	**April '08**
* *Waiting to see if the budget is still available*	*1st*	*1st*	*3rd*	*1st*
* *Reasons related to competitive pressures in our market*	*2nd*	*3rd*	*4th*	*3rd*
* *Reasons related to our internal decision-making*	*4th*	*2nd*	*1st*	*4th*
* *Too busy to start planning any earlier*	*5th*	*4th*	*2nd*	*5th*
* *Uncertainties over possible external events (terrorism; extreme weather, health scares)*	*3rd*	*6th*	*6th*	*2nd*
* Hoping for lower prices in venues	6th	5th	5th	6th

As with every IMEX Barometer poll, buyers are invited to identify what might be termed their 'frustrations' or 'challenges' and which they offer as a contribution to an industry agenda for discussion and possibly change. A selection from this research follows (with country of source):

* *'un-cooperative airlines; entry delays and visa complexities'* ***(UK)***
* *'untargeted emails prior to trade shows and poor follow-ups by standholders'* ***(Germany)***
* *'getting venue answers to RFPs within the requested time'* ***(Italy)***
* *'no- show delegates at association events, and no apologies'* ***(UK)***
* *'clients taking our proposed rates and going to competitors aiming to undercut us'* ***(USA)***
* *'failure of clients to define their objectives'* ***(Holland)***
* *'It's getting harder to attract sponsorship for association conferences'* ***(Germany)***

* *'having to cope with the external influence of non-expert colleagues who should not get involved in actual organising'* ***(Sweden)***
* *'getting better information on congress centres … and trying to move large groups to destinations with few incoming flights but suitably large convention facilities'* ***(Ukraine)***
* *'the single-minded focus by suppliers on annual increases in prices rather than securing long-term relationships'* ***(Norway)***
* *'always there is an initial sense of urgency for complicated proposals; then there is the long delay while decisions are taken; and finally the frantic rush to make agreed arrangements. It's time for a more strategic approach to meetings organisation that places more value on the time of planners'* ***(USA)***
* *'prices that bear no relation to the value of the offered product … being too expensive, lacking flexibility, offering poor service, and cynically driven only by a desire for quick money'* ***(Germany)***

It is arguable from the reactions of survey respondents that global warming concerns are becoming less of a priority. If true this may owe to more immediate worries about corporate and association finances, or because extensive media coverage has perversely introduced a degree of fatigue towards the issue. Verbatim comments were as follows (with country of source):

* *'our industry cannot become too engaged with a problem, the effect of which will be long-term rather than in the near future'* ***(Italy)***
* *'I am worried that too few green initiatives are sufficiently sincere and are mere gestures'* **(UK)**
* *'this is not our problem – our industry contributes negligibly to climate change compared to other industries'* ***(Germany)***
* *'a commonsense and monitored approach to environmental change is overdue as we have all tended to over-react'* ***(USA)***
* *'what can we do if our clients dismiss the issue as 'irrelevant to their search for profit?'* ***(Holland)***

On the plus side a significant minority of MICE buyers is taking green issues more seriously. Their responses include: 'we use only environmentally-friendly giveaways' (**(USA)**; 'we think far more carefully about the destinations we book' **(Germany)**; 'we increasingly target off-season times in destinations in order to lesson the impact' **(UK);** 'we re-cycle more and try

to use public transport' **(Italy)**; and 'we go further than mere carbon neutrality to implement
wholly-green events' **(Norway).**

Finally, opinions were sought on the currently 'hot' topics of how meetings and incentives should engage with the issues of social responsibility and multi-culturalism. Characterising the more positive and imaginative approaches to the former is the case-study offered by a German agency: 'we have organised several 'social events' as an alternative form of teambuilding, notably the renovation by delegates of two orphanages. It was a great success.' In respect of M/C the same specialist commented: 'if, for example, you have participants from, say, 25 countries then literally every single facet of your event must be multi-culturally- driven'. An American venue-finder/planner noted: 'we are increasingly sensitive to cultural variations and respond appropriately to the differing diets, religious observances, holiday and festival dates, and to the need to engage a spectrum of speakers reflecting relevant ethnicities'.

There is a sense that these latter two challenges at present are being tackled more seriously than are the questions surrounding global warming; perhaps the human implications they embrace seem more pressing and immediate?

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