

## Emerging Markets Dialogue – Number Three

### Introduction

For the third consecutive year IMEX invited a panel of MICE specialists from so-called 'emerging markets' to provide business intelligence and insights from their countries. Respondents from 19 countries (up from ten in 2005) have shared their views. The range of job titles of those responding included: President; CEO; Corporate Travel Manager; General Manager; Executive Director; Sales and Marketing Manager; Project Co-ordinator; Head of Outgoing Travel; Events Manager; DMC; and Managing Director.

Economic indicators for emerging markets continue to demonstrate – generally, though with exceptions – significant levels of growth. Such expansion applies to GDP (often in the range from 5% to 10%); industrial production (5% to 20%); consumer prices (2% to 10%); the balance of trade (2% to 100%+); foreign currency reserves; plus the value of respective stock markets (2% to 40%). It should be stressed again that this is a broad picture, and there are variations, and short-term fluctuations; as an example, key buyers in **Hungary** identify an 'economic downturn attributable to previous growth being too rapid'.

It is a snapshot of economic success that does much to explain the increasing impact that these countries are having on global demand for meetings and incentive travel, although further explanations also apply.

### factors

In **India**, for instance, the MICE specialists draw attention to the liberalisation policies of the central Government and the increased wish of companies to introduce their staff and dealers to business practices around the world. Political stability, as in **China**, is considered an essential pre-requisite for social and economic development. The engagement of **Bulgaria** with the EU from January is expected to accelerate demand for outbound meetings and incentive travel. A significant trend towards globalisation within the country is cited as a factor within **Croatia**, where one expert noted 'changes are taking place every hour'. In **South Africa** the emphasis is also placed on the changing national mindset and social attitudes as evidenced by more

and more ethnic people becoming participants in MICE programmes (including teambuilding). Within **Latvia** it is noted that growing competition between increasingly internationalised companies is driving the demand for innovative outbound projects. In **Romania** the recent growth in the business tourism sector owes to increased levels of foreign investment, and therefore the added presence of multinational companies in the market. Buyers in **Brazil** note the increased awareness of motivational travel as a technique to boost sales performance. The cumulative value of such cultural, economic, political, and social advantages is perhaps well exemplified by **Poland**, where outbound demand is now fast-expanding. The increased opportunities for travel using low-cost airlines is an important consideration that is highlighted in **India**.

### **problems**

Balancing such optimism, however, are considerations like the relative shortage of experts in the MICE sector (according to respondents in **Argentina** and **South Africa**). In addition, problems with language for those travelling overseas are often mentioned as a challenge (e.g. by organisers from **Brazil; Latvia; Mexico**); and with diet (e.g. **China; India; South Africa**); the cost of food (e.g. **Turkey**); cultural differences (e.g. **Serbia and Montenegro**); visas (e.g. **Russia**); religion (e.g. **Brazil**); and not least, challenges related to etiquette, and ethics, for those who may be unseasoned travellers (e.g. **South Africa**). In a number of markets (e.g. **Czech Republic**), agencies are already worried about the growth in self-booking by corporate clients using the internet.

### **contrasting preferences**

Previous emerging market profiles from IMEX have highlighted the inevitably contrasting preferences of outbound meetings delegates and incentive participants. Whilst traditionally the **South African** traveller has sought sun, sea, and sand, some argue that the new trend is in favour of 'skiing and cold destinations, plus countries with historical significance': cited examples include Austria, USA, UK, Netherlands and Australia. The promise of good weather matters to incentive winners in the **Czech Republic**, with destination preferences currently including the Caribbean, Cuba, and Central America. From **Russia** there is demand for fully-inclusive arrangements with appealing destinations said to include Malta, China, Vietnam, Israel, Turkey, and Tunisia. A leading incentive specialist in **Egypt** emphasised the

need to sample new experiences in favoured destinations which were identified as Turkey, Greece, France, Germany, Italy, and USA. Participants from **Brazil** are attracted particularly to Barcelona and Switzerland in Europe (or Spain and Italy for those from **Mexico**), with delegates from **China** potentially interested in other Asian countries (e.g. Japan, Singapore, Thailand), plus Austria, Australia, and notably, Paris. Cheapness and good value prices can affect demand (e.g. for those travelling from **Turkey**, but such participants still expect very high standards of service). In general, however, the favoured approach is best summed up by an expert in **Ukraine**, who highlighted the importance of 'new impressions and cultural knowledge, a favourable climate, options for good venues combined with corporate pursuits, plus a strong sense of liberalisation in the country concerned'; and by a buyer in **Poland**, whose incentive groups look for 'sightseeing at famous attractions, luxury boutique hotels, and theme evenings in extraordinary venues booked for private use'. Also a **South African** specialist noted the unstoppable search for 'something completely different – off-the-wall, and bizarre', or in the words of a buyer in **Brazil**, 'fancy and unforgettable destinations, coupled with aggressive pricing'.

### **future growth**

Asked how they viewed demand for outbound MICE tourism in the future, almost all buyers in emerging markets (over 80%) expressed confidence that growth will continue, (e.g. 'growth will be continuous' says an expert in **China**), but in other cases with reservations or qualifications. As an example, a **South African** decision-maker identified the probability of 'smaller group sizes as corporates cut their budgets and the government interferes with tax requirements'. In **Bulgaria**, an expert recognises that 'meetings have to become more professional, and more intense, because working time is limited'. In **Hungary** key buyers currently identify 'a modest economic downturn attributable to previous growth being too rapid'. Inward investment continues to fuel growth in the **Czech Republic**, but buyers note the constraining effects of companies booking at shorter notice, wanting higher standards at the same cost, and demanding an appraisal on ROI. In a number of countries the evolution of the combined incentive and meeting (for reasons both of tax and corporate perception) is noted.

## green concerns

Attitudes towards the environment and the likely future relevance of the 'green differentiator' are split evenly between those who think such factors will matter, and those who don't. Among contrasting typical comments: a company in **South Africa** which notes the 'importance of being perceived as green and eco-friendly when publicly marketing an event'; whereas the matter has been 'largely irrelevant' hitherto in **India**, but may now be becoming more important'. In **Russia** a specialist argues that the answer varies 'according to the work and image of the client'; whilst similarly, in the **Czech Republic** 'the answer depends on the background of the delegates involved', and eco-sensitivity is still considered 'optional, not a must'. Elsewhere green concerns are labelled 'very important' (**Brazil**) ... 'high priority' (**Hungary**) ... 'much more care' (**Egypt**) ... 'not a factor' (**China**) ... 'yes, a worthwhile source of added-value to a programme' (**Bulgaria**) ... 'not important' (**Serbia and Montenegro**) ... 'of medium relevance' (**Turkey**) ... 'of little consequence' (**Morocco**) ... 'very important' (**Argentina, Latvia, and also Ukraine**). A final comment from **Poland**: 'it is becoming a must to choose a destination, region, and hotels where taking care of the local environment is now standard practice.'

To sum up: most emerging markets are characterised by bullish and upward trends. In a phrase, the majority would argue: 'our time is now'.

- Ends.