

## QUARTERLY IMEX BAROMETER OF BUSINESS TOURISM CONFIDENCE

- December 2008

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**Not all 'doom and gloom' as resilient MICE sector finds 'positives'**

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Good news around the world may be in short supply as the economic downturn continues but the outlook for the meetings and incentive travel sectors remains reasonable, and certainly not pessimistic. The message is that business life goes on, and MICE events are good for corporate productivity, executive performance and team morale. The latest IMEX Quarterly Barometer, conducted in January, incorporates the views of over 140 respondents representing nearly 20 countries (across Europe, plus Scandinavia, Finland, Russia and Latvia). Job titles reflect the seniority of those replying, for example: ceo; director of sales; partner and executive director; congress organiser; meetings and events consultant; executive secretary; association president; agency owner; managing director; and director, external communications.

The majority of answers (90%+) are those of MICE planners (companies, associations, agencies, DMCs, PCOs, consultants, incentive houses, event communications specialists, etc.), with suppliers accounting for the balance (hotels, congress centres, transportation etc.).

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Each IMEX Quarterly Barometer incorporates two forecasts for the year ahead. These follow:

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

	<b>Europe and Scandinavia (plus Finland, Russia and Latvia)</b>	<b>Europe and Scandinavia (plus Finland and Russia)</b>
	<b>January 2009</b>	<b>October 2008</b>
<i>'Significantly' or 'Slightly' up</i>	31%	54%
<i>No change</i>	44%	30%
<i>'Slightly' or 'Significantly' down</i>	25%	16%

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

	<b>Europe and Scandinavia (plus Finland, Russia and Latvia)</b>	<b>Europe and Scandinavia (plus Finland, and Russia)</b>
	<b>January 2009</b>	<b>October 2008</b>
<i>'Significantly' or 'Slightly up'</i>	26%	42%
<i>No change</i>	40%	35%
<i>'Slightly' or 'Significantly' down</i>	34%	23%

**'keeping calm'**

Important plus points characterise these analyses. First, the volume of forecast events is expected to grow, according to nearly a third of respondents, and more than a quarter still expect their overall budgets to be increased. Second, and perhaps most significant, 'no change' is predicted in these two measurements by at least 4 in 10 of the industry specialists. Given the

much talked about problems being experienced in other industries it can surely be judged that anticipating the status quo or better by at least two-thirds of a cross-sector sample is relatively good news. Extracting statistics separately for the German market suggest added reasons for 'keeping calm'. The percentages predicting 'no change' in the 12 months ahead compared to the last 12 are hovering around 50% for both indices, and budget forecasts expecting growth exactly match those expecting a decline. Verbatim comments (with country of source) explaining the insights described above include:

- *'we have event schedules that we intend to stick to every year'*  
**(Germany)**
- *'bookings were already in place for 2009'* **(Germany)**
- *'no client has yet cancelled'* **(UK)**
- *'if we lose business we deliberately go out and get more'* **(France)**
- *'only non-essential events are being cut'* **(Spain)**
- *'unfortunately we see some of our bookings being re-scheduled for 2010'* **(Italy)**
- *'demand is keeping up because we have been receiving more attractive prices'* **(Russia)**
- *'our work relates to institutions and government organisations and this continues unaltered'* **(Switzerland)**
- *'same number of events, but a smaller overall budget'* **(Sweden)**
- *'the key to keeping our programme is to demonstrate that we know how to cut costs in this economic climate'* **(Italy)**
- *'same number of conferences, but fewer delegates attend'* **(Finland)**
- *'our association events calendar has been planned a long time ahead and is not for changing'* **(Switzerland)**
- *'you win some, you lose some'* **(UK)**
- *'clients fear the recession, but actually are even more worried about over-reacting and cutting back too much on internal communication and motivation'* **(Netherlands)**
- *'a reluctance amongst companies to commit too far in advance results in many more short-notice requests'* **(UK)**

**Table 2** summarises the importance attributed to ten possible influences that currently affect the decision-making of respondents.

	Europe and Scandinavia (plus Finland, Russia and Latvia) January 2009	Europe and Scandinavia (plus Finland and Russia) October 2008
* <i>The growing costs involved in meetings/incentives</i>	1 <sup>st</sup>	1 <sup>st</sup>
* <i>Uncertainty as to the real return on investment that these events represent</i>	6 <sup>th</sup>	2 <sup>nd</sup>
* <i>The state of particular markets in which you operate</i>	4 <sup>th</sup>	3 <sup>rd</sup>
* <i>World economic/financial circumstances</i>	2 <sup>nd</sup>	4 <sup>th</sup>
* <i>Time constraints: delegates are away too long from their offices</i>	3 <sup>rd</sup>	5 <sup>th</sup>
* <i>One-off factors internal to your organisation</i>	10 <sup>th</sup>	9 <sup>th</sup>
* <i>A growing sense that meetings/incentives might not be very environmentally -friendly</i>	5 <sup>th</sup>	6 <sup>th</sup>
* <i>Security issues caused by the threat of terrorism</i>	8 <sup>th</sup>	8 <sup>th</sup>
* <i>Complications that arise from issues such as multi-culturalism, delegate preferences, etc.</i>	7 <sup>th</sup>	10 <sup>th</sup>
* <i>The growing scope to replace face-to-face events with virtual (or electronic) meetings</i>	9 <sup>th</sup>	7 <sup>th</sup>

### late bookings decline

A trend in the October Barometer is slowing but continuing, namely that there are fewer people booking events at short notice. Whereas three months ago the proportion acknowledging that their MICE bookings are becoming later was 56% (down from a figure of 70% at the previous Barometer), the new percentage is 50% (Europe, Scandinavia, Finland, Russia, Latvia), although a little higher at 61% for Germany (down from 71%. Explanations as to why events are planned later follow (**Table 3**):

**Table 3. A ranking of reasons that explain why MICE events are booking later**

	Europe and Scandinavia (plus Finland, Russia and Latvia) January 2009	Europe and Scandinavia (plus Finland and Russia) October 2008
* <i>Waiting to see if the budget is still available</i>	1 <sup>st</sup>	1 <sup>st</sup>
* <i>Reasons related to competitive pressures in our market</i>	5 <sup>th</sup>	4 <sup>th</sup>
* <i>Reasons related to our internal decision-making</i>	4 <sup>th</sup>	2 <sup>nd</sup>
* <i>Too busy to start planning any earlier</i>	3 <sup>d</sup>	5 <sup>th</sup>
* <i>Uncertainties over possible external events (terrorism; extreme weather, health scares)</i>	6 <sup>th</sup>	6 <sup>th</sup>
* <i>Hoping for lower prices in venues</i>	2 <sup>nd</sup>	3 <sup>d</sup>

### irritations

The Quarterly Barometer for January again invited examples from respondents as to what frustrations, or 'irritations', they wish to see debated within the industry. Illustrative examples follow (verbatim comments, with country of origin):

- *'extra work caused by last minute changes of plan ... unqualified staff ...having to pay airline penalties even when cancellations are well in advance, not short-term'* (all **Germany**)
- *'too many decision-makers'* (**France**)

- *'lower prices resulting in smaller commissions'* **(UK)**
- *'no clear figures or evidence for meetings ROI'* **(Greece)**
- *'having to chase suppliers for RFPs and answers – there is a need for better training and management'* **(Hungary)**
- *'cutting through the sheer mass of MICE information'* **(France)**
- *'poor co-ordination of suppliers to this market'* **(Russia)**
- *'amateurs who think they are professionals'* **(Norway)**
- *'difficult negotiations with hotels – especially the chains – not just for rates, but also over deposit and cancellation policies'* **(Italy)**
- *' need for regulation and accreditation to help avoid irritations in the first place'* **(Sweden)**
- *'lack of co-operation from hotels towards DMCs'* **(Portugal)**

#### **'macro-trends'**

There were fewer detailed responses than usual to questions centred on macro-trends within the MICE sector, i.e. social responsibility, the environment, multi-culturalism. This may suggest that the industry is pre-occupied with immediate business needs leaving buyers less time to engage in these important, but less demand-focused considerations. Nevertheless, the examples that follow indicate the depth of involvement of key players in the industry and that these issues remain firmly on the longer-term agenda (verbatim comments and country of source):

- *'yes, we are now planning for greener events'* **(Spain)**
- *'environmental responses are now the key demand for my clients'* **(Switzerland)**
- *'we must all avoid being wasteful and decadent'* **(France)**
- *'we prepare well in advance for multi-cultural diversity, especially food requests and activity programmes'* **(Italy)**
- *'we always leave an educational legacy related to health promotion'* **(France)**
- *'we pay to offset travel-related emissions'* **(UK)**
- *'green considerations should now be mandatory in this industry'* **(Italy)**
- *'there is a lot we can do for the climate by changing our approach and arranging for more sustainable alternatives'* **(Germany)**

- *'understanding and responding to the preferences, customs and habits of people, especially from Asia and the Middle East, helps us all to downsize the gap between developed and other countries ... in turn helping trade, industry, tourism, and the alleviation of food poverty'* **(Sweden)**

**unconvinced**

On the other hand there are those who remain unconvinced: 'I don't believe in global warming' ..... 'we try to avoid cultural mixing wherever possible because it rarely brings an advantage' .... 'responsibility campaigns still suffer because corporate self-interest dominates' .... 'the climate lobby has brought about a popular fallacy which has gained the moral high ground without any proof'.

Finally, questions relating to purchasing and the use of the web can now be compared over three successive surveys:

**Table 4(a) Do you view the increasingly widespread practice of centralised procurement of meetings and incentives as being good for the industry?'**

	<b>January 2009</b>	<b>October 2008</b>	<b>July 2008</b>
<i>'Strongly agree'</i>	9%	10%	11%
<i>'Agree'</i>	28%	37%	29%
<i>'Neither Agree nor Disagree'</i>	40%	35%	38%
<i>'Disagree' or 'Strongly Disagree'</i>	23%	18%	22%

**Table 4(b): 'Do you envisage that the internet will become a more powerful component of the MICE booking process (research ... online RFPs ... web bookings etc?)**

	<b>January 2009</b>	<b>October 2008</b>	<b>July 2008</b>
<i>'Strongly agree'</i>	25%	34%	23%
<i>'Agree'</i>	51%	40%	42%
<i>'Neither Agree nor Disagree'</i>	6%	19%	20%
<i>'Disagree' or 'Strongly Disagree'</i>	18%	7%	15%

**cautious optimism**

To sum up: many in the MICE sector still currently appear to view 2009 with cautious optimism. Some excellent and professional industry organisers clearly are being challenged by the downturn, but equally there are countries, sectors, markets and specialists which remain busy, even if it is not quite business as usual.

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**IMEX would like to thank those industry experts who responded so thoroughly and professionally to this research. The next Quarterly Barometer will appear in April.**