

**Quarterly IMEX Barometer of Business Tourism Confidence
June 2005**

**Demand accelerates significantly as the effects of 9/11 finally fade away
and corporate confidence returns, but short-notice decisions prevail**

Budgets that are becoming more realistic, the return of client optimism, an increasing sense of economic prosperity, and the final fading away of the destabilising effects of 9/11. These are among the explanations for a significant market upturn offered by those responding to the latest IMEX Barometer of Business Tourism Confidence survey, conducted in May. Around 200 key decision-makers in a dozen countries were asked for their opinions.

The result is the most buoyant 12-month overall outlook for meetings and incentive travel since the regular IMEX polls began a year ago, and represents something of a transformation of mood since the beginning of 2005.

demand will grow

Findings this quarter indicate that nearly 76% of buyers and agencies expect that their demand will grow during the next year. Over 18% forecast that this will be 'significantly up', with that of the balance, 'slightly up'. This combined total contrasts with equivalent recent proportions of 69% (July 2004), 63% (November 2004), and 60% (February 2005). The underlying pattern holds also for budget forecasts with the combined figure for anticipated growth currently running at 55%, also a new high.

Further explanations offered for the apparent turn-around include the 'renewed popularity of the MICE industry in corporate circles', revitalised 'business strategies for sales growth', and the perception that companies are 'planning further ahead'. Most commentators agree however that final decision-making will still be at 'short notice', defined as around 12 months for large events, and often only a matter of weeks for those involving dozens of participants. For the latter there is a sense that demand can be 'impulsive'.

'irritations'

Such 'urgency' is not always to the liking either of agencies or venues because it makes advance planning more difficult. This remains the number one frustration voiced by industry insiders, but further irritations are commonly identified, namely:

- the varying tariff policy of hotels towards leisure travel, and incentive travel groups
- overly aggressive marketing to buyers by venues, hotels and destinations worldwide
- the continuing trend towards shopping – or 'hopping' – around by clients, solely on the basis of price, not the overall value or quality of a proposal
- for those in the Association sector, the inflexibility of hotels towards cancellations, and contracts
- the slowness of some DMCs and hotels to reply with proposals and quotations
- the excessive ease, according to agents, with which clients can approach hotels and get exactly the same tariffs and/or commission as intermediaries
- clients who circulate a business offer to half-a-dozen agencies and then book direct
- PCOs that force an Association to use their software rather than that which more accurately recognises the idiosyncrasies of the association market
- inconsistency of service delivery by hotels, for example, in the treatment of VIPs
- insufficient training of staff at venues in respect of the special nuances and needs of the MICE sector

These comments should, however, be discussed within the optimistic framework of business expansion. For many, such challenges and talking points are being viewed as opportunities for the market to make further progress against a positive background of anticipated growth.

innovation

On the other hand, a more serious concern may be that nearly 1 in 4 (23%) now specifically mention, adversely, the growing costs involved in staging meetings and incentives. That said, the buyers appear to be excited about the new destinations and new programmes that are emerging in the sector. Their frequently cited requirement is for accelerating levels of *innovation*, whether interpreted as re-branding and packaging, or fresh locations and products, or novel experiences and opportunities. It is the continuing capability of this industry to re-invent itself that buyers acknowledge is the basis of its sustainable growth.

Ends.