



The IMEX Power of 10 Study – What Does the Next Decade Hold for the global Meetings Industry?

Executive Summary Critical Insights and Key Challenges 23rd May 2012

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Executive Summary

To commemorate the 10th anniversary of its IMEX in Frankfurt trade show in 2012, the IMEX Group commissioned Fast Future Research to undertake a study exploring the future of the global meetings industry over the next decade and to identify the key developments that have shaped the industry over the last 10 years. The goal is to help the business events industry shape its future in a highly uncertain global economy and a fast changing business environment.

The study is sponsored by the Imex Group, Fast Future Research, the German Convention Bureau (GCB), Messe Frankfurt, CPO Hanser and the Frankfurt Tourist Office.

Six sub-reports to be released

To enable the industry to embrace and act on the true scale and depth of the research, the full findings are set to be released and presented in six detailed sub-reports over the coming months. The first sub-report will focus on "The Big Picture - Reflections on Past and Future Factors." Thereafter other parts, such as "What will the Future Event Experience look like?"; "Maximising Learning and Value – The Role of Knowledge Management, Technology and Social Media"; "Event Ownership – Fresh Perspectives and Event Economics"; "Beyond Tourism – Evolution of the Industry Value Chain" and "Shaping the Future – Grand Challenges and Winning Scenarios" will be published over the next six months.

All of the interview transcripts and the best of the student essays will also be released over time.

The Imex Power of Study - Responding to Global Change

For the meetings industry, there has never been a more important time to take a step back and explore the drivers of change, opportunities and challenges that will shape the decade ahead and learn the lessons from the development of the sector over the last ten years. A 'perfect storm' of mega trends are combining to challenge every assumption and belief we have about how to succeed in global business and the industry must develop an effective response.

At the heart of global change is the recognition that economic and political turbulence is the 'new normal' – with massive shifts in wealth and power shaping the global landscape. At the same time society is ageing, and social attitudes are evolving with citizens and consumers demanding a greater say in everything that affects them and expecting higher levels of service and personalisation. Transformational developments in science and technology are touching and shaping every aspect of our lives and sustainability concerns are forcing us to rethink how we manage and reduce our environmental footprint.

The combination of powerful economic, political, social, technological and environmental forces is creating a complex and uncertain environment in literally every industry sector. As a result, business models are being reinvented and organisations are learning how to survive and thrive in this rapidly evolving economy. Foresight, strategic thinking, knowledge management, creativity, innovation, ecosystem thinking and a global talent pool are becoming the critical success factors driving business growth. In this constantly evolving operating environment, business events are seen as a powerful tool to facilitate knowledge sharing, motivate staff, accelerate internal change, create new networks and drive business growth. The Imex Power of 10 Report is designed to

explore these drivers and challenges and provide critical insights on the key implications, opportunities and questions they raise for the global meetings industry.

The study involved the largest ever global consultation on the future of the industry – drawing on interviews with over 100 leaders, respected practitioners, innovators, change agents and future thinkers from across the industry and related sectors. These insights were combined with extensive analysis of the findings from desk research, a student essay competition and the results of a global survey. The survey had 765 respondents from 68 countries on six continents and represents the full range of business sectors served by business events and a wide cross section of the meetings industry itself.

The report explores the key lessons learned from the evolution of the industry over the past ten years and examines critical drivers of change for the decade ahead. The priorities, needs and expectations of tomorrow's delegates and event owners are examined in detail along with an exploration of the resulting implications for the design and economics of events. An analysis is presented of the growing focus on learning and knowledge transfer along with the future impact of information technology, the internet and social media.

The report then goes on to look at emerging challenges and opportunities for each key stage of the 'industry value chain' – focusing on venues, hotels, convention bureaus, agencies, educators, consultants, transport providers and the associations that serve the sector. The key ideas emerging from the student essay competition are presented along with scenarios for the possible evolution of the meetings industry. Finally a set of grand challenges are identified for the sector to address if it is to realise its full potential in the decade ahead. The key insights and conclusions from the study are discussed below.

The Last Decade - How Did We Get Here From There?

Three key factors were seen to have had the greatest impact in shaping the industry over the last decade by both our interviewees and survey respondents – namely the economy, the internet and delegate expectations:

- *The Economy* – In the survey, 65% identified the Global Financial Crisis (GFC) and economic uncertainty in the period from 2007-12 as the biggest single influencer
- *The Internet* – 52% highlighted the impact of the internet in changing buyer-supplier relationships and 51% emphasised its role in transforming pre- and post-event delegate engagement
- *Delegate Expectations* – 51% prioritised the impact of rising delegate expectations – particularly in relation to the use of their time, event quality and content and the Return on Investment (ROI).

Tomorrow's Agenda – Navigating the Next Ten Years

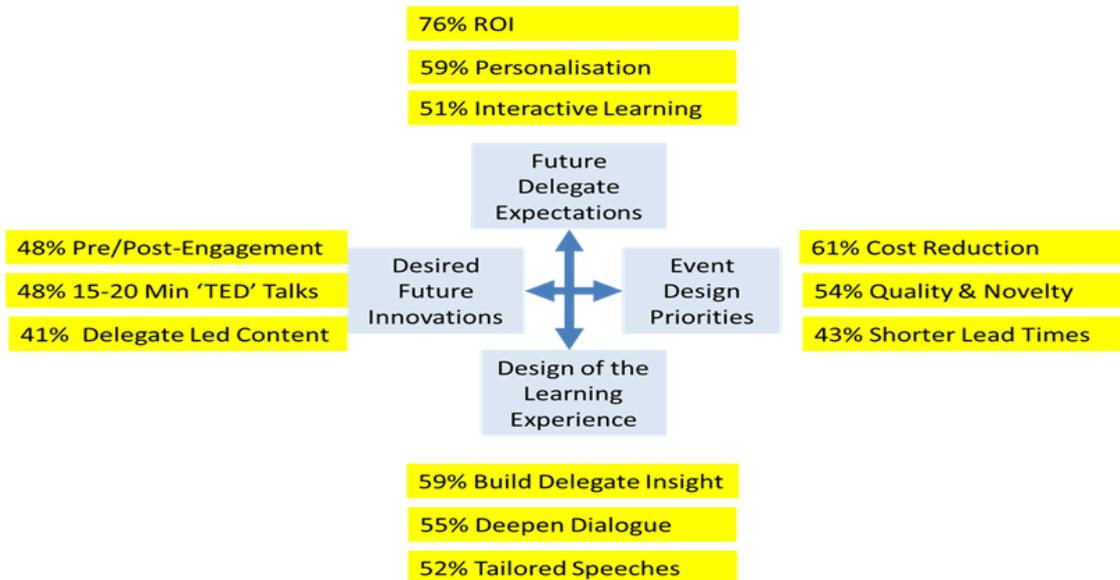
The macro environment is projected to remain a dominant factor with 71% expecting global economic uncertainty and instability to have an impact across the sector worldwide. A further 49% believe that we will start to experience the impact of improvements in the quality and cost of technology enabled alternatives to live meetings. Shorter and faster business cycles are expected to play a significant role by 47%, while 46% anticipate growing political and economic influence coming from Asia.

At the operating level, there is a very clear expectation that the industry will need to undergo both evolutionary change and more radical transformations in a number of areas if it is to keep pace with developments taking place in client sectors. Firstly, in order to address competition from the growing range of alternatives available to clients, there is a strongly held view that the live business events sector has to demonstrate and raise the perception of its direct value to those involved. 91% of survey respondents strongly agreed or agreed that *'To reduce its vulnerability to economic cycles, the business events industry must demonstrate a tangible return on investment for event owners, delegates, sponsors, exhibitors and other key stakeholders.'*

Secondly, there is also a strong consensus of the need to measure and communicate the strategic and macro-economic contribution business events play in facilitating the knowledge based industries and in driving the long term growth of local and national economies.

Rethinking the Event Experience

Strong views were expressed across the interviews and survey responses on the need to create more powerful delegate centred educational experiences that took genuine account of the latest thinking on adult learning. The diagram below highlights the key findings from survey questions on the evolution of the event experience. To bring about such changes suggests greater emphasis on new roles – with 86% of respondents in some level of agreement that *"A decade from now, the most important roles for live events will be the event designer, learning architect and digital strategist."*



The Future Event Experience – Key Priorities of Survey Respondents

Event Owner Priorities

For in-company events, associations and commercial organisers there is a common challenge around balancing event costs against the rising participant expectations for a combination of a quality learning experience, demonstrable ROI and strong personalisation. For corporate events the

challenge of delivering compelling experiences to a multi-generational, globally distributed and culturally diverse audience was identified as an increasing challenge – placing a strong focus on the need for effective hybrid event design solutions. The two highest ranked future drivers of the design of corporate events were:

- Serving multiple goals for an event e.g. motivation, education, external relationship building and PR (56%), and
- Experimentation with new formats to accelerate learning, creativity and change (55%).

For commercial conference and exhibition organisers in particular, the key priorities are the need to become ever faster in spotting and responding to market trends, developing the capacity to respond to the opportunity to 'geo-clone' successful events and take them into multiple markets and the pressure to innovate on business models in an uncertain economic climate.

For associations, alongside the need for business model innovation, many highlighted the strategic role of events in helping to differentiate and position the brand, along with their increasing financial importance in the association revenue mix and the growing desire to turn conferences and events into a launch platform for year round revenue flows. The two highest ranked drivers for future association event design were:

- Using the event as a genuine platform to bring new ideas to members (51%), and
- Tailoring, customisation and personalisation of the individual delegate experience (50%).

The Economics of Business Events

The pressure to control costs is evident for all categories of event owner and is expected by many to increase. There is also widespread acknowledgement that the term 'value for money' has increasingly become synonymous with 'lower cost' – despite industry efforts to promote the addition of value adding service elements as an alternative to cost cutting. The three most commonly cited future cost control tactics for event owners were:

- Closing unprofitable meetings (64%)
- Running shorter events (49%), and
- Co-location of events with other organisers to share venue costs (48%).

The quest for new revenue sources is highlighted as a priority particularly by associations, with 89% of respondents agreeing to some extent that '*The key strategic challenge for associations and commercial event owners over the next decade is to turn their events into platforms for year round engagement and revenue generation*'. The three key tactics considered likely to be the most popular to generate additional revenues for associations and commercial event owners were:

- Learning from sectors like sport on attracting sponsors and exhibitors (45%)
- Making the event the launch platform for year round revenue generation opportunities (45%), and
- Premium pricing options within an event - offering exclusive extra features and benefits (44%).

Knowledge Management, Technology and Social Media

Effective deployment of information and communications technologies and use of social media are seen as central to the future evolution of every aspect of the industry. They were also highlighted as critical areas for capability development if the sector is to keep pace with customer and participant expectations. One of the biggest challenges is the trend for delegates to want to interact through and exchange content via an ever-widening array of personal devices. The technology developments expected to have the biggest impact on live events over the next decade were:

- Mobile apps that help delegates, speakers and exhibitors connect, interact and share knowledge (71%)
- Free Wi-Fi, and (65%)
- Streaming video to remote audiences (56%).

Perhaps the most complex but potentially rewarding challenge is the growing desire to extract and exploit the knowledge generated through structured and unstructured exchanges such as presentations, group discussions and corridor conversations. The issue of event knowledge management was expected to rise in prominence in the years to come, with 55% ranking the use of knowledge portals to capture content from attendees, speakers and virtual participants as the highest priority tactic to maximise the value of knowledge exchange through events.

Over three quarters of respondents (76%) agreed or strongly agreed that 'A decade from now, event owners, event agencies and venues will be differentiated by the quality of the tools they provide for knowledge capture, dissemination and the measurement of learner outcomes'.

Many felt that whilst the industry was generally slow to adopt new technologies, there has been a relatively rapid embrace of social media across the sector. There was widespread expectation that it would be deployed across a range of activities from marketing through to connecting speakers and delegates, with the most likely projected uses being:

- Pre-event targeting, marketing, 'buzz creation' and communications (63%)
- Providing instant delegate feedback on sessions (60%), and
- Encouraging community engagement before, during and after the event (55%).

The Industry Value Chain

78% of respondents agreed or strongly agreed that *'The biggest challenge for the business events sector over the next decade is to prove that it is a vital contributor to economic development and the knowledge economy and not just a branch of tourism.'* There is a clear recognition that achieving such a goal requires collaboration across all sectors of the industry and for each player to see themselves as part of a connected ecosystem or 'value chain'.

Many industry sectors have embraced the notion of value chain thinking to explore how the components of the sector fit together and collaborate to enable the creation and delivery of value to the end customer. The Power of 10 research suggests that the timing may be right for the meetings industry to start looking at itself and innovating in such a holistic manner. The goal is to optimise across the end to end processes of event delivery rather than focusing just on each player's specific responsibility. There was a clear role identified here for the industry associations in the analysis of industry value chains and then in driving innovation across the entire ecosystem of players involved.

The key priorities identified for each major component of the value chain were:

- *Venues* - Staying up to date with new and emerging technologies that could add value for customers (55%) and developing truly flexible and responsive service offerings (55%)
- *Hotels* - Increasing the flexibility of how meeting spaces and public areas can be used (61%) and ensuring block room booking prices are competitive with rates available from the internet (51%)
- *Convention Bureaus* - Adopting a multi-channel approach to promoting the destination (55%) and increasing the quality and range of support offered to event owners, meeting planners and delegates (51%)
- *Event Agencies* - Providing strong proof of return on investment (57%) and launching innovative new products and services (52%)
- *Educators, Consultants and Researchers* - Introducing ideas and approaches that challenge and extend current industry thinking (61%) and encouraging the industry to think about how to enhance its entire 'value chain' (52%)
- *Transport Providers* - Offering competitive travel pricing for high attendance events (64%) and implementing on-board Wi-Fi (52%).

The industry value chain is itself expected to evolve and follow a similar development path to other industries, with 84% agreeing to some extent that *'In the face of intense competition, over the next decade, we will see the industry value chain consolidate with a few strong global players emerging in each key sector'*.

Industry Development 'Beyond Tourism' and the Role of the Associations

There is a clear sense that the industry needs to work hard on several fronts if it is to position itself as a genuine enabler of the knowledge economy and multiplier of economic growth. Part of the challenge, as highlighted earlier, is to differentiate itself from the travel industry. The travel sector is, rightly or wrongly, perceived by many to deliver little long term economic impact in terms of creating a highly skilled workforce, generating new knowledge and intellectual property or improving a nation or city's international competitiveness. Hence the challenge is for the meetings industry to start to adopt the behaviours, long term thinking, strategic development approaches and measures of long term economic impact that are widely used by the sectors it serves and which command respect from politicians, economists and industry analysts.

There is clearly a growing emphasis on measuring the long term economic impact of events, as pioneered by the likes of the Australian meetings industry with their studies on the benefits of business events *'Beyond Tourism'*. These benefits include attracting inward investment, generating knowledge economy jobs, securing research funding for academic institutions, building up the local research base, creating opportunities for local businesses, developing new knowledge networks and raising the city profile.

In order to move to a more strategic footing, a range of future orientated development, research and advocacy actions were proposed for the industry as a whole, with the highest ranking options being:

- Increasing the level and quality of strategic thinking and long term planning (54%)

- Positioning the industry as an engine of economic development (53%), and
- Proving the long term and broader economic impact of meetings – e.g. impacts beyond tourism that help grow the local knowledge economy (52%).

For the meetings industry associations, there is a clear sense that they should be leading the drive towards more future focused long term thinking and capability development and evolving from 'platforms for information' to 'platforms for interaction'. At the same time, given the expectations of continued economic pressures on members, there is a widely expressed need to differentiate themselves from each other and provide tangible returns on the investment in membership fees.

Many expect that the notion of membership fees could all but disappear over the next decade. Should this happen, the expectation is that the associations will have to adopt a more transactional and micro-payment approach – charging for each activity undertaken and seeking sponsorship and endowment funding for every major initiative. In such an operating environment, the association's own events will become even more important as a differentiator of their positioning and added value, as a major source of revenue and a platform for driving future revenue streams.

The highest ranked priorities for meetings industry associations at a national, regional and global level were to:

- Position the industry as a key enabler of the knowledge economy (57%)
- Drive up levels of quality and professionalism across the industry (52%), and
- Scan future trends, developments and emerging issues (47%).

There was almost universal support (97%) for the view that 'The most successful meetings industry associations over the next decade will be those that are highly effective in driving member adoption of long term thinking, encouraging innovation and introducing new business models'.

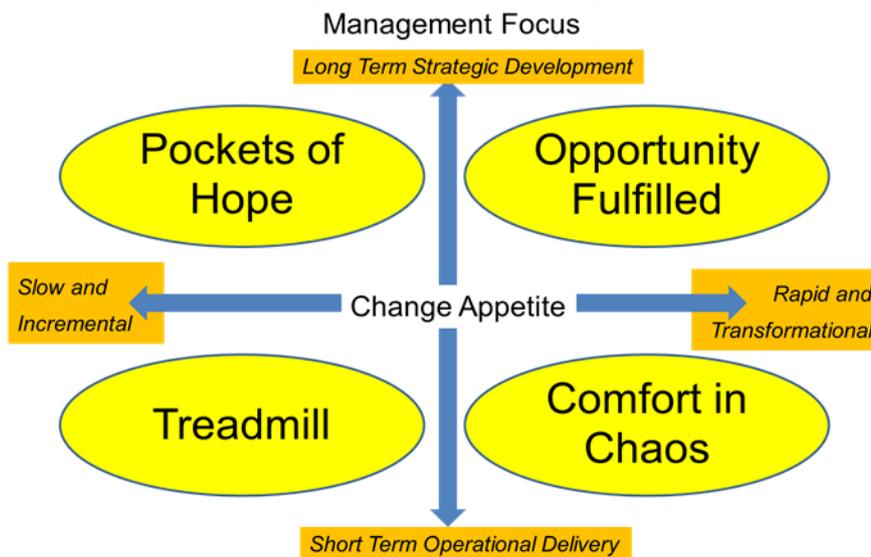
Future Industry Scenarios

Given the complex and powerful set of driving forces, sectoral challenges and expectations outlined above, there are many possible scenarios or 'storylines' of how the global meetings industry could develop over the next decade. What is clear is that there will not be a single future for the industry globally. The industry is likely to follow different development trajectories in countries and cities around the world and in the sub-sectors that form the overall ecosystem or value chain. As part of the analysis, to help evaluate these different possible development paths we explored alternative ways in which these drivers, challenges and expectations or 'future factors' could combine and play out.

Using a futures research approach known as the 'driving force model', we identified the two drivers which could have the biggest impact on the industry's success in the coming decade and over which there is the greatest uncertainty. These were:

- *Management focus* – spanning from short term operational delivery to long term strategic development
- *Change appetite* – ranging from slow and incremental to rapid and transformational.

Exploring the possible interaction of these two primary drivers results in four possible scenarios which are summarised below. There is no 'best case scenario' here and different players may find attractions in any one of the four scenarios. The scenarios should be viewed as possible storylines to help us explore the interplay between diverse forces rather than predictions or forecasts. By exploring and rehearsing the future in this way the aim is to help the industry prepare for a range of possible futures and think through the longer term consequences of current decisions.



Meetings Industry Scenarios for the Next Decade

Treadmill – In this scenario, the pressure to fight today’s fires and find tomorrow’s revenue streams leaves the industry running to stand still. Operational excellence becomes harder and harder to deliver as client requirements change and service providers struggle to keep pace. Rapidly evolving client strategies and business needs demand that service providers invest time and energy in truly understanding these expectations and requirements – but many lack the resources to be able to invest effectively in building sustainable client relationships. The value premium is taken by consultancies, advertising firms and experience agencies that step into the creative solution space. This leaves many industry players fighting it out for the provision of increasingly commoditised facilities and logistics activities.

Comfort in Chaos – Across the industry, several players become adept at optimising for the short term and responding to rapidly changing client needs and shrinking planning timeframes. The use of third party 'cloud based' software tools enables them to react rapidly and rework business processes in the face of client demand. The needs of today are used as a justification for ignoring the future and talent investment is focused on responding to immediate priorities. The operating environment for such players is one of almost permanent chaos, with high levels of stress and constant staff turnover a common feature.

Pockets of Hope - Under this scenario the industry becomes increasingly fragmented. Some players and locations pull away from the pack and develop innovative long term strategies, build effective learning and knowledge management solutions and create a constant stream of new business models to respond to ever changing economic circumstances. Whilst many others see the value of such approaches, fear of the unknown, political constraints or a lack of talent means they only embrace change in a cautious and piecemeal manner.

Opportunity Fulfilled – Here the industry succeeds in decoupling itself from the economic cycle by proving its value and positioning itself as a core business activity for firms and associations. Investment in talent recruitment and development pays off in helping the sector move from selling space and capacity to delivering business solutions. Serious research is undertaken that helps drive innovation across the value chain, capture the return on investment for delegates and event owners, prove the lasting economic impact of meetings beyond tourism, improve the learning experience and maximise knowledge capture.

Conclusion - Ten Challenges for the Next Decade

So, given the vast array of factors shaping the industry's future and the range of possible scenarios, opportunities and challenges that are emerging, where should we start – what should we focus on? Through the research we have identified ten critical challenges for the industry to address in its quest to be seen as a vital enabler of business growth and a critical engine of economic development. These are summarised below:

1. ***Evolving a distinctive industry persona*** – The heart of the challenge lies in differentiating the design and delivery of business events as something very distinct from the range of travel and tourism related services which may form part of the meeting experience
2. ***Establishing universal economic impact models*** – Legacy is the new black. With fierce competition for public sector funds and private sector investment, destinations and individual events have to demonstrate that they deliver the greatest long term economic benefit for all of the key stakeholders.
3. ***Proving relevance and value*** – The industry is desperately keen to decouple itself from the overall economic cycle and hence must prove that it can actually help firms counter market uncertainty. Of particular importance is development of the tools and mechanisms that demonstrate the return on financial, physical and emotional investment for sponsors, exhibitors and delegates.
4. ***Thinking and acting strategically*** – The sector has to be as strategic as those it seeks to serve. This suggests a far greater focus on long term strategy, forecasting, resource planning, research and development. This also means developing a radar system to anticipate challenges and building the strategic thinking and management capabilities required to respond effectively. At present the industry doesn't really do a long term forward look or systematic long term forecasting – these are becoming priority actions.
5. ***Nurturing agility and flexibility*** – In the face of rapid and continuous global change we have to expect shorter lead times, constantly evolving event agendas and a far greater desire to adapt their design in real time. This implies the need for innovative mindsets, agile business models and far more flexibility in how we can use physical and human resources. As a result, for venues and hotels, two of the highest priorities identified in the survey are increasing the flexibility of

how meeting spaces and public areas can be used and the need to develop truly flexible and responsive service offerings.

6. *Personalizing and deepening the learning experience* - At the event design level there is a clear focus on the need to innovate on the learning experience and increase the level of personalisation. This in turn places a real emphasis on looking at the latest research on adult learning and constant interaction with past and potential delegates.
7. *Experimenting with business models and revenue streams* – In the face of increasing pressure on costs, delegate price sensitivity and rising expectations around the event experience, the search is on for new ways of generating income in and around events and of sharing the risks between the key partners. In order to maximise their value potential, events must increasingly be seen as the launch platform for year round activities that can generate a stream of revenues for the event owners.
8. *Adopting value chain thinking* – Many of the challenges faced by the industry are centred on improving the end to end meeting experience and proving the long term value of business events. Both require genuinely collaborative and innovative responses that cut across the various sub-sectors involved.
9. *Acquiring, retaining and developing talent and embracing diversity* – The industry talent pool has to be as capable and diverse as the sectors and markets it serves. To attract and retain the best talent, careers in the meetings industry have to be seen to as attractive, stimulating and rewarding as those in the sectors with which we compete.
10. *Developing tomorrow's leaders and managers* – To survive and thrive in a turbulent environment demands managers and leaders who are comfortable with thinking in terms of multiple scenarios, challenging and abandoning long cherished assumptions and beliefs and who are supportive of constant innovation and experimentation as critical enablers of business growth.

##ENDS##

