



Business Tourism Trends

A summary of recent news and research on business tourism, focusing on meetings, conferences and incentives.

August 2010



Introduction

Business Tourism Trends is a regular update which draws together some of the latest news and research on business tourism, including market trends, buyer planning / booking behaviour and competitor destinations.

The reports and news items which have been used in this update have been referenced under each item and are all freely available from the publishers' websites. A list of useful websites is given at the end. The next issue will be available in December.

If you have any feedback or suggestions about this resource, or if you would like to be alerted to the next issue please email claire.banbury@visitscotland.com.

KEY INSIGHTS THIS ISSUE

- On a global scale, many business travellers have been down-trading and cutting costs whether private or public sector.
- The changes in UK Government have caused concern for the UK meetings and events industry.
- The tables below provide domestic (UKTS) and international (IPS) figures for business tourism 2010 to date (with the percentage change from 2009 in grey).

Please note Quarter 2 figures will be available in October 2010.

Business tourism statistics (domestic)	Q1 2010 Jan - Mar	% change Jan-Mar 2009	Q2 2010 Apr - June	% change Apr-June 2009
Total Visits/trips (000's)	600	+ 12.0%	378	+3.4%
Total Nights (000's)	1,419	+ 8.5%	883	-13.8%
Total Spend (£m)	145	-20.7%	88	-26.1%

Source: UKTS

Business tourism statistics (international)	Q1 2010 Jan - Mar	% change Jan - Mar 2009
Total Visits/trips (000's)	64	-26.5%
Total Nights (000's)	421	+33.7%
Total Spend (£m)	36	-5.5%

Source: IPS

- Transport and accommodation providers have had to change their strategies as the downturn hit. Airlines have cut business travel seats, and accommodation providers seek to provide value-added solutions.
- Virtual technology is changing the way in which businesses communicate.

Meetings market

The global meetings and events market is transitioning

The Meeting Professionals International (MPI) and AMEX annual 'FutureWatch' research highlights trends and competitive factors which shape the meetings and events industry. According to the research conducted early in 2010, the global meetings and events market is transitioning into an era of creativity, flexibility and strategic relationship building. Planner and supplier trends suggest that meetings will take place closer to home and CSR is going to continue to grow in importance in the sector as companies have to demonstrate a strong, sustainable commitment to effective CSR programmes.

The MPI Business Barometer in June found that business conditions are improving and that shorter lead times are the most mentioned trend.

Source: [MPI](#)

IMEX Meetings Industry Outlook Report 2010

The report provides an overview of decision-making factors, ROI strategies and buying challenges in the meetings industry at present. As many reports suggest, cost-cutting is at the forefront of everyone's mind. Suppliers are required to be more flexible in their costing and in the hospitality industry, businesses are becoming very competitive as they realise they need to provide cheaper venues and more facilities and services in packaged formats.

76% of survey respondents felt that venues had been flexible enough in their responses to changing market needs. Examples of flexibility cited include adjusted rates, concessions, different options, responding more quickly, negotiating less, new payment methods, and allowing last minute changes in attendance numbers. Particular areas where there was a lack of flexibility, were the price in some instances or refusal to be flexible on minimum numbers/cancellation or deposit policies.

Event and meeting organisers are changing the content and planning to add more value by undertaking pre-event research to find out attendee preferences, easier registration methods and the use of speakers and presenters. It is also becoming more important to include more networking opportunities and increase the use of social media.

Source: [IMEX](#)



Optimism about the year ahead

The panel of 60 senior meetings industry and corporate professionals who were surveyed for the IMEX Global Insights are optimistic about the prospects for budgets to be increased in the year ahead, and that the number of meetings or events will start to rise again. However there is awareness that there will be an ongoing requirement to keep costs down and to provide a return on investment. 46% stated that they expected their 2010 budget to be higher than last year and 20% believed it would stay the same. 30% thought it would decline.

66% believe that being able to demonstrate and detail ROI in a way that their management understands is of some degree of importance. Just 12.5% stated that it is very important. Generally, this proves that the pressures to cut costs are making staff aware that money spent is increasingly under scrutiny, and that there must be a provable return.

There are many factors which influence the final decision to book at present and these include: the global economic outlook and currency fluctuations which are of great importance during the decision making process. Interestingly, according to the panel, political uncertainty either domestically or in the destination market has very little influence. 'Rising costs associated with suppliers' plays some role however it is not critical.

Corporate social responsibility is increasingly important throughout the meetings and events sector and 85.7% of respondents stated that this has become more important to their company in the past year.

Source: [IMEX](#)



Meetings market

The North American Meetings Market: Outlook 2010/2011

The research carried out by PCMA, AMEX and YPartnership took place during April and May 2010 and looks at intentions regarding planning and hosting off-site meetings and conventions. The findings below suggest that there is optimism within the meetings industry about a growth in meetings towards the end of 2010.

- There is a net increase in the number of off-site meetings planners expecting to book in 2010 and 2011, versus 2009.
- There has also been a net increase in expected attendance at off-site meetings in 2010 and 2011, versus 2009. Those businesses who said that they intend to book fewer meetings next year, gave the economy as the main reason.
- Those who do intend to book more meetings, are no longer so concerned about negative publicity, which is associated with upscale property choices or destinations.

Source: [PCMA](#)

The UK meetings and events industry is still cautious

The MIA Pathfinder Report conducted in Spring 2010 found that day conferences, 24-hour conferences and events business is either at the same level as last year or now on the increase. However, whilst the results suggest there is an increase, the growth is very slow. The report also highlights that the number of delegates attending events is increasing. There has been a slight increase in video-conferencing usage and just over 50% of respondents stated that they plan to invest in the technology in the future. Value for money, access and quality are drivers going forward particularly for those from the charity, association and not for profit clients sector. At the time of the research, the key concern for respondents was the uncertainty surrounding public sector spending and how this would affect the industry.

Shortly after the new government administration came into power, MIA conducted a survey to see how the industry was affected by the change in government. The survey of 1180 venues found that 58.4% had received cancellations in public sector bookings within the first two weeks of the cuts announcement. Those who had not received cancellations had been warned by government clients that reductions in bookings are likely to take place. 35.7% of venues also stated that government clients had been renegotiating confirmed or agreed rates.

Source: [MIA](#)

Predicting future challenges

Earlier this year, the Melbourne Convention and Exhibition Centre partnered with some of the leading players in the meetings, travel and leisure industries to contribute to a 'strategic foresight' study called 'Convention 2020'. The ongoing research which is being undertaken by Fast Future Research, looks at possible future major challenges faced by the industry - including economic fluctuations, environmental issues, social attitudes, technological changes and political shifts. The results of phase one of the study show that the biggest current barriers to event effectiveness are the cost of attending, poor organisation and a lack of focus in the design. Furthermore, the quality of content, interaction, technology and networking were seen to be the main drivers of an effective and exciting event.

Future challenges that the industry envisage include...

- Cost pressures deterring attendance at events and investment in alternatives to live events.
- More specialist events or even more free/low cost evenings in low cost venues
- Events will need to offer strong price-based incentives to attract the right delegates
- More event technology - live video streaming, social media and more downloadable material via mobiles.
- Ethical and environmental factors will increasingly form part of the decision to attend an event.

Source: [MPI](#)



Incentive Travel

The Incentive Industry Trends 2010 : Spring Pulse Survey

The survey focuses on trends within the Incentive Industry, particularly looking ahead, to obtain views on economic conditions. Respondents are much more optimistic about being able to implement incentive travel programs in 2010 compared with last year, and do not foresee the economy impacting on their plans to implement non-cash incentive programs or incentive travel programs. The core issue is budget considerations as 45% of respondents stated that they have reduced budget for incentive travel programs in 2010 as a result of the economic situation last year.

Almost half of respondents stated that they anticipate no change with regard to travel program destinations - 42% felt that they would need to change their incentive program from international to domestic destinations.

Source:[IRF](#)

The re-emergence of incentive travel

The pressures of the recession led to a dramatic decline in the incentive travel industry in 2009. In 2010, particularly in the US, companies are now starting to invest in incentive travel again. Industry executives expect incentive travel to accelerate in 2011, as workers reach the targets that would qualify them for rewards. However, in some cases recovery may never happen. The scrutiny of expenses is too much, especially as there is an element of public judgement about how money is being spent in post-recession times. Many incentive trips are reflecting the new frugality, as companies try to travel 'smart'. Whilst it is unlikely that companies will be as frivolous, companies are still recognising the need for this investment in order to keep the workforce motivated, and the performance levels at the top.

Source:[USAToday](#)

Cost-savings at the forefront

The meetings and incentives management arm of Egencia recently published the results of survey it conducted across 200 travel managers. The results showed that the main focus for meetings and incentives programs in 2010 is identifying cost saving opportunities which will in turn improve ROI on meeting spend. Visibility is one area which Egencia identified as being important to get a hold on as visibility into total meetings spend allows companies to analyse whether supplier spend is being appropriately distributed.

Source: [TravelDailyNews](#)

Changing tactics

According to the Incentive Research Foundation, 29% of incentive professionals polled in a June survey are considering a switch, either temporarily or permanently from group travel programs to individual awards this year. Among other findings: 44% of respondents indicated that procurement and purchasing involvement with incentive travel programmes will increase in 2010.

Source:[Meetings-Conventions](#)

Business travel news

The National Business Travel Association recently released a comprehensive report analysing the current state of global business travel spend and growth projections over the next five years. The report reveals that **business travel spend across the world fell by 8.8% in 2009**, the largest drop the industry has seen since the recession in 2001, and following the events of 9/11. According to the report, although the 2008-9 recession was the worst since World War II, the recession in 2001 saw a greater decline in business travel of around 11.5% and this massive decline was felt globally.



A recent business travel survey by Orbitz found that the number of people going on business trips, and the amount of trips, is increasing. Yet there is a significant trend towards spending less. The survey has revealed that there is a shift in the style of business travel that is now taking place. According to the survey, tougher schedules have led to people returning earlier than before from business trips, and the economic climate has led to some companies making cost-savings wherever possible - sometimes even offering their employees a financial incentive to do this. The survey of 850 travellers found that 70% are motivated to save money. Apart from cutting down on hotel stays and flights, many business people have been using their own cars to get about. 91% of business travellers stated that they tend to book their own trips, and are therefore directly responsible for saving money which is reflected in their behaviour.

Source: [Tourism Review](#)

The concern for airlines, travel agencies, hoteliers and entertainment companies is that the financial crisis has now led to a permanent reduction in spend on business travel. The cost of travel is an aspect of a business that can be controlled, and this realisation across businesses spreads concern in the travel industry as there is little ability to raise prices. Business travellers have either traded down to the economy cabin, or moved to budget carriers instead. and hoteliers are trying to retain their rates by providing 'added value services' as part of their negotiated rates with the inclusion of internet access, parking spaces and breakfast.

Source: [TravelMole/TravelDailyNews](#)

Key markets

- There is optimism that the business travel industry may be able to recover quicker than anticipated and this is reflected in many of the reports that have recently been released. **The recovery is likely to be quicker in Asia, Latin America and the Middle East which reflects global travel trends as a whole. China** was the only nation to grow business travel in 2009, by 8.5%.
- **North American** and **European** markets are expected to be fragile. According to the research, recovery is expected in some countries between 2010 and 2014. Furthermore, a bimonthly Business Barometer conducted in June 2010 found that EU respondents are more concerned about their economic future compared to their North American counterparts who are expressing optimism. Source: [Airline News Resource](#)
- According to the US Office of Travel and Tourism Industries (OTTI), the average total trip cost for a **US international business travellers** in 2009 was \$3,868. 72% stayed in hotels and 64% travelled alone. Average number of room nights per trip was 8.8. Source: [Business Travel Destinations](#)
- There has been speculation about how the UK Government's drastic approach to debt reduction and the overall rapidly shifting international landscape will affect the meetings and events sector. A global exhibitions Barometer Survey conducted by UFI found that key issues which businesses believe they will be faced with in the coming year are the state of the national/regional economy, global economic uncertainty and internal management challenges. Source: [Meetings Review](#)
- The **German** business travel sector is confident that there will be an upturn in business travel by the end of the year. Only 10% of companies felt that there would not be a recovery in the sector. Companies are now cutting costs, and are seeking cheaper travel alternatives. Many are also making more use of web, video and teleconferencing facilities as a means of reducing their costs - some companies are even utilising this shift in behaviour as a way to improve internal communications. Source: [TravelMole](#)



Competitor activity

International destinations who could be fierce competition in the future...

Abu Dhabi, South Africa, Beijing, Baltimore and Brazil. These predictions are based on trends in the large association market. Destinations that proactively target this resilient market segment are weathering the current economic storm better than those who focused on big budget corporate meetings.

Emerging international destinations today have the following in common: strong value for their currency, investments in hotels and conference facilities, and focus on excellent service.

Source: Tourism Review

Singapore is the world's 'Top International Meeting City'

The Union of International Associations (UIA)'s, International Meetings Statistics 2009 report, has ranked Singapore as the leading business events destination. Brussels and Paris came second and third respectively.

The USA, Singapore and France were ranked the top 3 international meeting countries in 2009.

Source: UIA

VisitLondon's new Business Tourism Group

The group formed earlier this year with an aim to build on the Olympics legacy, and secure future bids for large conferences, conventions and sporting events. Research by VisitLondon with meetings and events venues found that there is an emotional element to the choice of destination, not just the accessibility of getting there. Planners look at how welcoming a destination is and the 'feeling' of being wanted.

The activity has led to the development of a policy and strategy document, which explains the value of meetings and the wider economic benefit of business/event travel. The document presents a 5 strand strategy to attract larger city wide events ranging from product, consistency in the 'Welcome' message and understanding the value of the sector through research.

Source: MIA

Domestic competition

York and Scarborough are becoming popular destinations for events and conferences, due to their wide ranging facilities, and the area is being promoted through sales calls, e-marketing, familiarisation trips and PR campaigns. The partnership between the two areas is being supported by Welcome to Yorkshire.

Liverpool Convention Bureau has partnered with a climate fund for the North West, which aims to encourage conference organisers to compensate for their carbon impact, by donating to a range of carbon-reduction projects across the city. In order to do this, when booking, organisers will be asked by LCB if they would like to contribute money depending on how many delegates are attending. The projects that will be funded in this way will include solar panels and energy efficient boilers in local halls and schools.

Source: [MIA](#)



Useful resources

Almost all of the information featured in this newsletter is available freely from the website sources provided. Below are links to some of the key reports and websites.

- **Convention 2020 research**
<http://www.imex-frankfurt.com/documents/Convention2020Phase1SurveyReportMarch2010.pdf>
- **FutureWatch 2010 highlights**
<http://www.mpiweb.org/About/Press/FutureWatch2010Release>
- **IMEX Meetings Outlook Report 2010**
http://www.imex-frankfurt.com/documents/Meetings_Outlook_May10.pdf
- **IMEX Global Insights report**
http://www.imex-frankfurt.com/documents/GlobalInsightsurveyreport_May10.pdf
- **IRF Spring Pulse Survey**
<http://theirf.org/research/content/6004967/spring-2010-pulse-survey/>
- **Oxford Economics USA - The Return on Investment of U.S. Business Travel**
http://www.ofcnfoec.org/exhibit_hall/USTASTudyKey%20Messages.pdf
- **Meetings Industry Association Pathfinder Report - A quarterly snapshot of trends from Buyers and Venues: Spring 2010**
- **Tourism Review—Meetings getting greener**
<http://www.tourism-review.com/travel-tourism-magazine-green-meetings-event-providers-exploring-the-environmentally-friendly-strategies-category1262>
- **PCMA Meeting Planners Intentions Survey: North American Meetings Market: Outlook 2010/2011**
<http://www.pcma.org/x9616.xml>