



# Business Tourism Trends

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

**August 2009**



# 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.

## KEY INSIGHTS THIS ISSUE

- ◆ Reports suggest that the recession and the bad publicity surrounding business-related travel are still affecting meeting planners' decisions. However, comparing reports from USA and Europe, it seems that the European market is less affected and the prevailing sentiment is that face to face meetings are crucial.
- ◆ There also seems to be mixed fortunes between the sectors, as while corporate meetings are still reported to be under pressure, government / public sector and association conferences are a more resilient market, albeit with cost constraints. Buyers are increasingly looking for keener deals and flexible arrangements they can tailor to their needs.
- ◆ The difficult market conditions are expected to continue into 2010, as decisions for meetings and incentives for next year are being made in the current climate. However, several surveys amongst the industry have found growing optimism for the coming year. Also, travel is seen as the most resilient of the incentive types, due to its attractiveness.
- ◆ The meetings and incentives industry is fighting back against claims of extravagance with carefully developed programmes. The focus is particularly on business and less on supplementary activities. One report also highlights the increased inclusion of volunteer or charity activities in event programmes. Buyers might welcome ideas of what they could include in their Scottish plans to "give back" and counter any accusation of excess.
- ◆ The demand for measurement to prove the value of meetings and incentives is still increasing and set to stay a feature of future buying decisions. There is a demand particularly for incentive programmes to deliver on both "soft" objectives such as team building and hard measures such as increased sales.
- ◆ The environmental impact of meetings continues to receive considerable attention including the development of industry standards.
- ◆ The Swine Flu outbreak underlined the need for suppliers (and CVBs) to provide up-to-date information on crisis situations. Reports suggest that people are able to deal with these situations provided they have reassurance and advice.

# Meetings market

## The view of US planners

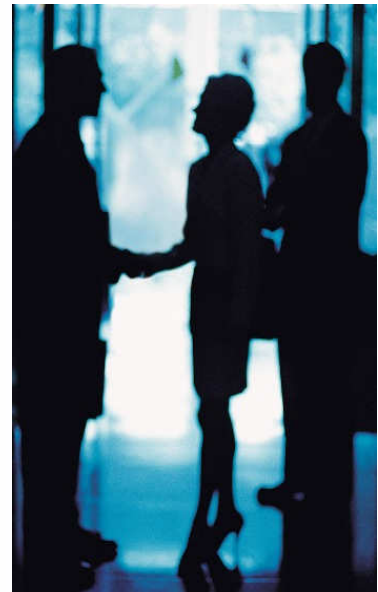
A survey of over 500 meeting planners was undertaken by PCMA (with American Express) in April and May. The responses reflect the various pressures faced by the meetings industry currently — 41% of respondents expected to cancel or postpone meetings due to the economy, 22% due to corporate downsizing and 8% due to the negative publicity surrounding meetings. Budgets for off-site meetings have been cut for many companies, and around half expect to book fewer in 2010. Attendance at meetings is also expected to decrease. The negative publicity is particularly affecting decisions on using premier hotels and supplementary activities / amenities for delegates. Association planners were less likely than corporate planners to expect cancellations or to cite the recession or bad publicity as a reason for changes of plans. For them, costs were the main reason.

PCMA, American Express, Y Partnership—Meeting Planner Intentions 2009/2010 Outlook—June 2009

## ...and congress organisers

A survey by the International Association of Professional Congress Organisers found that members' business levels (which had increased during 2008) were forecast to decline significantly in 2009 before recovering in 2010. Impacts of the downturn seen by members have included postponement of decisions / contracting and a drop in sponsorship and exhibition support. It is felt that meetings will play an important role in the recovery as they encourage innovation and improve motivation, amongst other benefits.

IAPCO



## Feedback from IMEX

The Chairman of IMEX reports greater than ever interest from countries around the world in attending the event and that a positive outturn of the recession has been suppliers developing new strategies and offers.

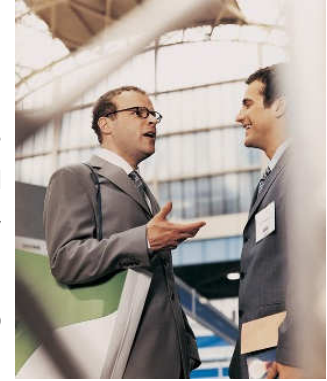
Recent research by IMEX found that the meetings industry is evolving into a “leaner and smarter” industry with buyers who have clearer objectives, shorter lead times and a strong drive for negotiation. They report that while there have been reductions in size, luxury, format, budget, duration and travelling distance, the number of meetings has held up. A survey of buyers at the event found that the majority were optimistic about the coming year.

IMEX

# Meetings market

## Trends in European meetings

EFAPCO—the European Federation of the Associations of Professional Conference Organisers—claims that across Europe the economic situation has had mixed effects. They highlight that conferences in the government and associations sector have been less impacted, although for the latter, tighter budgets mean closer consideration of costs and extra activities. They suggest that businesslike destinations are being chosen over “exotic” locations to counteract the image of extravagance.



EFAPCO

## UK Buyers

A survey of members of the Institute of Travel and Meetings (UK & Ireland) found that over three-quarters of those buying business travel or meetings thought that their spend would continue to fall over the next year. However, a similar number thought that face to face meetings remain important going forward.

ITM

## Drop in UK day delegate rates

BDRC’s Meetings Benchmark Tracker has found an average drop of 17% in day delegate rates compared to the last 12 months. They have also seen a trend in venues unbundling their packages, so that buyers can choose what suits them. Buyers appear to be consolidating their spending amongst fewer venue brands. There has been a lower use of residential conference centres, due to the move to fewer residential meetings, such as training. Rather than trade down, buyers look to strike keener deals with their preferred venues. There is also consolidation on the agency side, with fewer key buyers booking more events.

BDRC / [www.mcmag.com](http://www.mcmag.com)

## Keep Britain Talking



In response to the difficult market conditions, the meetings industry in the UK, backed up by national and regional convention bureaux, is running a year long campaign to encourage meetings. Its three core messages are Buy Meetings, Buy British, and Britain Means Value. In Scotland, Macdonald Hotels & Resorts and the SECC have created Keep Scotland Talking which will target Scottish buyers through a media campaign.

[www.mia-uk.org](http://www.mia-uk.org)

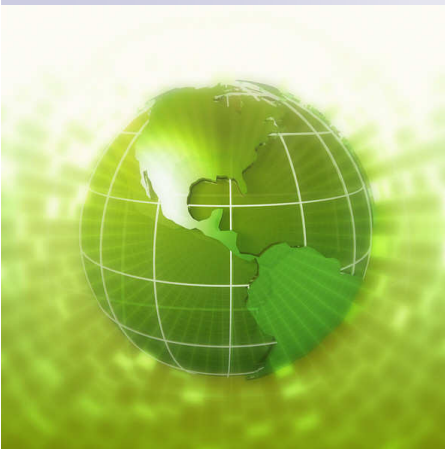
# Meetings market

## Swine Flu

Immediately following the outbreak of Swine Flu in Mexico, some US companies cancelled meetings and business travel to there and elsewhere. This was mirrored by other countries, including Australia where a conference on communicable diseases was cancelled! However the International Swine Flu Conference went ahead in August in Washington.

A survey by the Association of Corporate Travel Executives found many businesses were prepared to deal with the situation and reported few cancellations of business travel. This was attributed in part to recent experience in health emergencies, such as SARS. A survey by NBTA also found that, although non-essential travel to Mexico was being cancelled, the focus of travel managers was on providing information. In the UK, an ITM survey found that common responses to Swine Flu did not include cancellations but more tracking of travellers and provision of guidance

Various news sources / [www.acte.org](http://www.acte.org) / [www.nbta.org](http://www.nbta.org) / ITM



## Developing a measurement for Green meetings

A Convention Industry Council initiative, the Green Meetings and Events Practice Panel is developing voluntary standards of measurement to prove whether events are meeting their environmental responsibilities. The standards would consider transportation, accommodation, meeting venues, exhibitions, food and drink, communications, on-site offices, AV production and the destination. This would supplement the BS8901 currently used in the UK. The Panel aims to complete development by the end of the year.

[Www.meetingsnet.com](http://www.meetingsnet.com)

## Sustainable meetings

Again highlighting the interest in environmental issues, MeetGreen have released their State of the 2009 Sustainable Meetings Industry report. It highlights that the demand is coming from both consumers and planners that meetings should be “greener”. It also reports that in the economic crisis, companies have found that sustainable behaviour is also cost-effective. Their website gathers news on green issues from around the meetings world.

[www.meetgreen.com](http://www.meetgreen.com)

# Meetings market

## Corporate Social Responsibility

The NBTA has developed a CSR Toolkit to provide travel and event managers with information on “responsible travel management” including how to calculate their carbon footprint and the use of virtual meetings.

NBTA

### Giving Back

A survey of meeting planners by Meetings & Conventions magazine found that more organisations are including a volunteering or charity element in their events. This could take the form of giving money to local causes, volunteer work, food donation or a benefit event. Reasons for this include being seen to do the right thing, boosting delegates’ morale and countering negative publicity about the cost of events.

Meetings & Conventions



### Meetings Month

In August, American Express Business Travel launched Meetings Month to provide information and assistance on issues such as managing meetings and maximising ROI.

It is hosted on [www.businesstravelconnexion.com](http://www.businesstravelconnexion.com), Amex’s online community.

### Measuring meetings

A Meetings & Conventions survey confirmed the trend that meeting organisers are under more pressure than ever to justify holding events and prove their value. Measures that are being used are delegate / client satisfaction studies, cost savings assessments and ROI.

Meetings & Conventions

### Discounted air travel for meetings

Delta Airlines has relaunched a discount scheme to attract meetings and incentive travellers, called Delta Meeting Network. It offers group discounts including one free ticket for every 40 bought.

Various news items



# Incentives

## The SITE Index

The SITE International Foundation announced a programme of research which will track the trends that affect the incentives industry and their impacts, as well as analysing buyer behaviour and providing forecasts. First outputs will be released in later 2009, with the first annual results in 2010.

Www.siteglobal.com May 2009

## Incentive industry outlook for 2009

The Incentive Research Foundation's latest Pulse Survey asked incentive travel buyers and suppliers in February for their views on the year ahead. Cuts in budgets and number of qualifiers were expected, as respondents felt the economy had a significant negative impact on their plans. Amongst the things foreseen at that time were a move to domestic from international destinations, reduction in days, number of rooms and on-site inclusions. However, more than half respondents were unlikely to change from a travel incentive to another type, and sensitivity to the adverse publicity surrounding business "extravagance" was slightly less compared with a survey in late 2008. The IRF also reports a disconnect between the goals companies have for their incentive programmes (e.g. team building, customer loyalty) and the need to measure ROI in terms of increased sales etc. Organisers and incentive providers are increasing expected to deliver both. Three-quarters of their survey respondents (buyers in various industry sectors) did not outsource the organisation of incentives and these buyers are found in many departments including sales and marketing, operations and human resources.

The IRF also released findings from their study of buyer behaviour in 6 industry sectors— computers / electronics, pharmaceuticals, automotive, banking, telecoms and insurance. Again these highlighted the range of management positions involved in incentive organisation, the limited number of companies outsourcing the organisation to agencies, the decrease in budget expected in 2009 and the lesser impact of this on travel incentives as opposed to other types. Across all sectors, the key goals for incentives were building customer loyalty and starting and maintaining relationships.

IRF March and May 2009



## IMEX—incentives

Around half of 1000 hosted buyers interviewed at IMEX said that incentives matter more than ever for reasons such as the importance of motivating both high and medium level staff to meet targets and the greater than ever need to beat the competition. Other buyers felt that incentives are under pressure due to costs and the appearance of extravagance. However, many took a middle position, feeling that incentives are still important but that care has to be taken in their planning and results must be measurable.

IMEX

# Destination / CVB news

## Association of Asian convention bureaux

8 Asian convention bureaux have re-launched the Asian Association of Convention and Visitor Bureaux, to generate more MICE business for Asia. The CVBs involved are from China, Hong Kong, Korea, Macau, Malaysia, Philippines, Singapore and Thailand. They will share marketing resources, information and training.



## British DMOs research

Findings from Eventia research amongst British Destination Marketing Organisations included that around half of the organisations were responsible for both business tourism and leisure tourism promotion. The private sector plays an important role as partners for many. Almost all target UK associations, followed by UK corporate and public / governmental meetings. Under half have international associations as a key target. The majority of respondents stated that limited resources was their biggest challenge in 2009, followed by the economy and competition.

[www.Eventia.org.uk](http://www.Eventia.org.uk)

## Middle East Meetings Industry

A report was released by GIBTM of research into the Middle East meetings industry. Of the 22 destinations across the region, Dubai holds the top position in terms of both events held and buyer satisfaction. Egypt and Abu Dhabi complete the top three in terms of volume and Oman and Abu Dhabi in terms of satisfaction. The popularity of the region is increasing due to economic factors, its offerings and its accessibility, particularly for other Middle East countries and India.

[www.gibtm.com](http://www.gibtm.com)

## Berlin claims best attendance

The Berlin convention office claims that association meetings held there attract most participants. This is based on ICCA statistics which puts Berlin ahead of Barcelona, Paris and Bangkok.

[www.meetpie.com](http://www.meetpie.com)

## UIA International Meeting statistics

The Union of International Associations has released its statistics for association meetings in 2008. They report that the top ten countries for international meetings were:

- ◆ USA, France, Singapore, Japan, Spain, Germany, Netherlands, Italy, Belgium and UK (a 3% share)

Top cities for meetings are:

- ◆ Singapore, Paris, Brussels, Vienna, Barcelona, Tokyo, Seoul, Budapest, Copenhagen and London

Union of International Associations

# Business travel

## **Business travellers balance cost vs. convenience**

A survey by the National Business Travel Association found that many European business travellers are maintaining normal levels of travel despite the downturn. The value of face to face meetings is a key reason behind this, although there are pressures to cut costs. It is a challenge to balance this need with the desire for convenience when travelling on business. Solutions have included opting for cheaper travel, airline and accommodation options.

The survey found that telephone and video conferencing are seen as a complement to personal meetings, while webinars and virtual meetings have low levels of usage. A company's green policies are also a factor in travel decisions with some changing to public transport or car sharing. Although rail is answering this need in Europe, it is less popular amongst British business travellers due to a perception of lack of convenience.

[www.NBTA.org](http://www.NBTA.org)



## **The value of business travel**

The IHS Global Insight Report for Egencia and NBTA values global business travel at \$929billion. USA is currently the largest market with 28% of spending although this share will drop with the faster growth of the Chinese (currently second largest), Japanese and South Korean markets. Europe as a whole is the second largest region after North America.

[www.NBTA.org](http://www.NBTA.org)

## **Business travel in the UK is maintained**

The Barclaycard Commercial Business Travel Survey for 2009 has found that many business travellers in the UK expect to do the same amount of business travel in 2009 as in 2008. Business class and first class travel was also slightly up amongst respondents. Despite the economic situation, face to face meetings and networking are seen as crucial for business success and are considered more effective than virtual meetings or tele-conferencing. However, use of budget hotels has increased and low-cost airlines make up 3 of the top 4 airlines used for business travel, with British Airways in top spot.

[www.barclays.com](http://www.barclays.com)



# Useful info sources

## Organisations

[www.ITM.org.uk](http://www.ITM.org.uk)—Institute of Travel and Meetings (UK & Ireland)

[www.efapco.eu](http://www.efapco.eu) —European Federation of the Associations of Professional Conference Organisers

[www.IAPCO.org](http://www.IAPCO.org) —International Association of Professional Congress Organisers

[www.mia-uk.org](http://www.mia-uk.org) —Meetings Industry Association

[www.acte.org](http://www.acte.org)—Association of Corporate Travel Executives

[www.nbta.org](http://www.nbta.org)—National Business Travel Association

[www.siteglobal.com](http://www.siteglobal.com)—SITE International Foundation

[www.theirf.org](http://www.theirf.org)—Incentive Research Foundation

[www.imex-frankfurt.com/dataexchange.html](http://www.imex-frankfurt.com/dataexchange.html)

[www.Eventia.org.uk](http://www.Eventia.org.uk)

[www.uia.be](http://www.uia.be)—Union of International Associations

[www.gibtm.com](http://www.gibtm.com)—Gulf Incentive, Business Travel & Meetings Exhibition

## News sources

[www.BTNOnline.com](http://www.BTNOnline.com)—Business Travel News

[www.mcmag.com](http://www.mcmag.com)—Meetings and Conventions Magazine

[www.meetingsnet.com](http://www.meetingsnet.com)

[www.meetgreen.com](http://www.meetgreen.com)

[www.businesstravelconnexion.com](http://www.businesstravelconnexion.com)—Amex community

[www.meetpie.com](http://www.meetpie.com)