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The characteristic of the meeting industry

The way to become a successful destination

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HÁSKÓLI ÍSLANDS

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Primary motivation for a community developing any industry is the economic benefits expected to result from that industry. Building up a competitive infrastructure and facilities is vital if a destination wants to be successful within any market and the meeting industry is no exception. The meeting industry or M.I.C.E (meetings, incentive convention and exhibitions) is defined as part of the tourism and hospitality, because of its major stakeholders have interest in tourism and utilise some the same assets to serve events like this.

The role of the meeting industry is to develop markets for buyers who seek service for all kind of events and to increase knowledge and experience among key players within all sectors. The benefits of an event like this to a local community can be defined in several ways. One factor could be the revenues received from the visitors, both participants and their accompanying persons; another factor could be creation of direct and indirect employment, and the third one could be the governmental taxations to mention only a few.

What does a destination need to be able to improve this sector within its region? They need competitive infrastructure, sophisticated business environment, stability both social and political and they need to be aware of their return on investment. The aim of this paper is to define the characteristic of the meeting industry. How it is evaluated and what is needed for a destination to become successful within this sector. The content of this paper is based on in-depth interviews taken with several international professionals in the period of September 2009 to May 2010, and additional data and literature they pointed out. The professionals selected all have long and respectful experiences within the industry worldwide. Table 1 describes the background of the interviewees.

Table 1. Background of the interviewees

Interviewee	Country	Gender	No of years in the industry	Type of business
A	Iceland	female	8	Tourist board
B	Ireland	male	20	International destination management company
C	Iceland	female	20	International venue finder
D	Germany	male	25	Convention Bureau / Airline
E	UK	male	30	International trade show
F	UK	male	20	Professional association
G	Iceland	male	30	Airline
H	Australia	male	30	Destination marketing organisation / Airline
I	Austria	male	20	Convention Bureau

Competitiveness of nations

It differs what makes a nation competitive. Authorities are responsible for building up sophisticated business environments for their industries to become capable to grow and develop. As Michael Porter says, nation's competitiveness is depended on the capacity of its industry to innovate and upgrade. Companies gain advantage, if they have strong domestic rivals, aggressive home based suppliers and demanding local costumers (Porter 1990).

Destinations can build up and participate on the international meeting market if it has assumptions to be competitive. According to one of the participants in this study, a destination needs three basic factors to reach a competitive advantage within this industry. The destination has to offer improved modern infrastructure, provide quality and be different.¹

Tourism in general has several motivators and according to Getz events are one of tourism most important motivators and figure prominently in the development and marketing plans of most destinations. The roles and impacts of planned events are of increasing importance for destination competitiveness (Getz 2008).

The Characteristic of the Meeting Industry

Sharing knowledge and experience in all science and scientific fields and different interest fields is vital and leads to the need for different events all around the world. The purpose of the different events have one thing in common: They are all to do with bringing people together, face to face, to exchange ideas, information, to discuss and in some cases negotiate, to build friendships and closer business relationships, to encourage better performance by individuals and organizations.

The ultimate objective of any meeting or event is to create value to its different stakeholders. For business meetings, the value is usually an increase in the net revenue from sales or a cost reduction, thus improving the profitability of the enterprise. For the non-profit organization, the ultimate value is the cause for which they exist, what they would write in their annual report when describing a successful year. In order to achieve the ultimate objective, every event has subordinate objectives, creating a path towards the ultimate measure of success (Meeting architecture 2009).

It is important to be aware of the different facets of this industry. The term used may vary and the events themselves have different formats and emphases, but the essential ingredients and objectives are the same (Rogers, 2008).

Figure 1 shows a typology of the main categories of planned events based primarily on their form – that is, obvious differences in their purpose and program. Some are for public celebration, while others are planned for purposes of competition, fun, entertainment, business or socializing. Often they require special purpose facilities, and the managers of those facilities target specific types of events. Professional associations and career paths have traditionally been linked to these event types.

1 Interviewee A

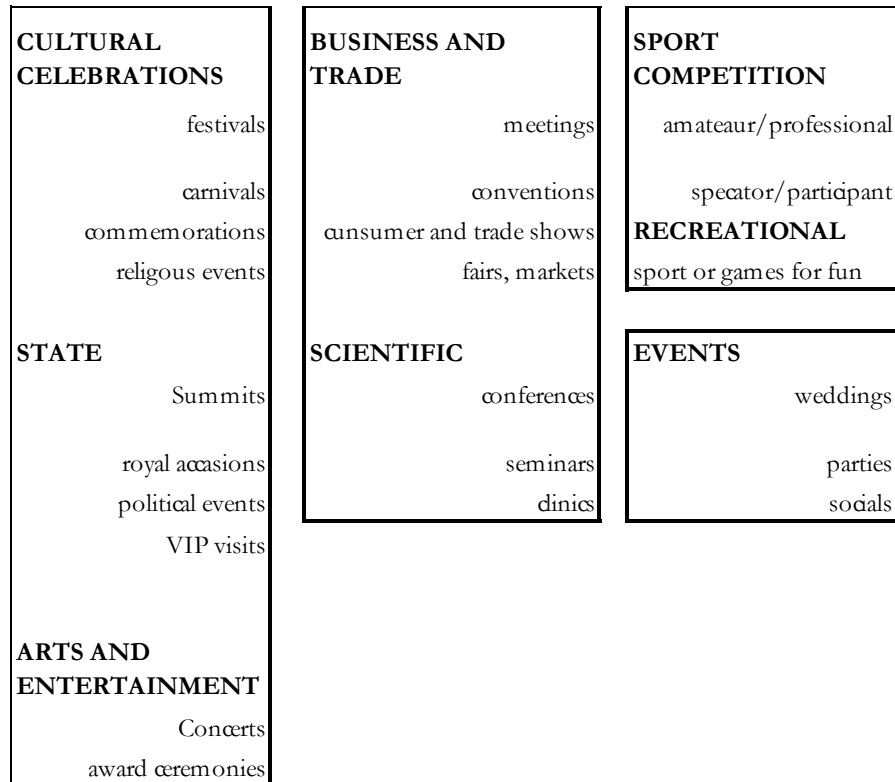


Figure 1. Typology of planned events (Getz, 2008)

When looking at the characteristics of this industry we are talking about conferences, corporate meetings, training meetings, exhibitions and other kind of events as listed here above. To be able to realize better the landscape within this field, figure two shows a diagram of the international meeting market.

Since there are different types of associations and corporations who are organizing an event or a meeting, it leads to special needs based on what kind of meeting or event should be organized. Which again require special knowledge on behalf of the suppliers.

To build up successful events there are various kinds of service organizations, which are involved in the service chain when receiving a conference in town and therefore it can have a great multiply effects for a community. The attendees are coming from different places, they use transport, they need meeting facilities, they need accommodation, they use social facilities and their attention can be on shopping.²

To fulfil those needs, the destination has to offer the right infrastructure and have sophisticated business environment to attract the attendees.

² Interviewee B

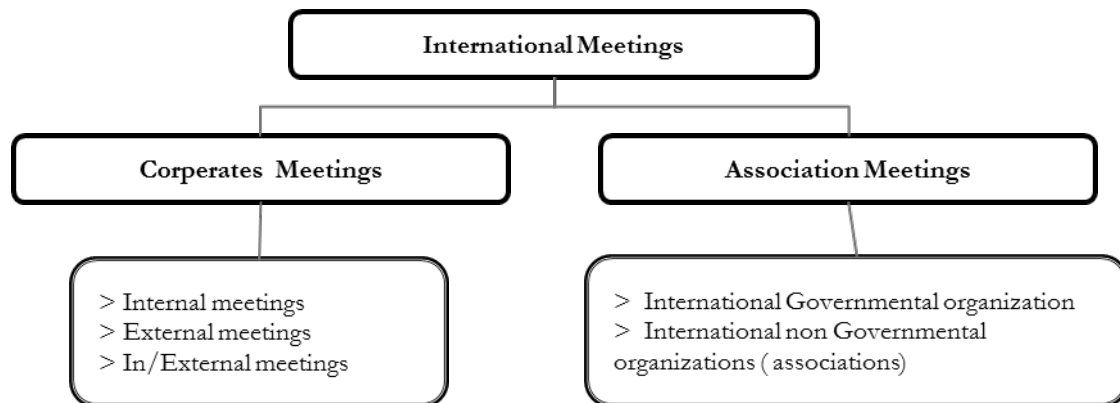


Figure 2. Diagram of the international meeting market: Source: ICCA Statistical report 2009

The Destination Benefits

The effective functioning of the meeting market depends on the interaction of the two forces; demand and supply. Where the buyers of conferences represent the demand-side stakeholders and the supply-side stakeholders are those offering the facilities and services required for the successful operation of such events (Davidson, 2007).

The benefits of an event like a conference or an incentive to the local community are numerous and varied. The most significant of these are direct and immediate economic benefits derived from delegate expenditure, which create direct and indirect employment; income and profit for business; taxes for the government cultural and professional exchanges; access to the international and national leaders; providing education; and professional development and it is strengthen the positioning for the city, industry or the country. The value of these events to the community can be seen also in the number of destinations willing to bid for these events.

Benefits to a destination can also include new business development, induced investment, net benefits/costs to local communities and the long-term benefits to tourism promotion of the destination (Dwyer 2002).

Timing of the organisations is a very important factor. The visitors, who are attending these events, are mostly doing so during shoulder or even low season in each country and mostly in connection to their work or professional field. That confirms that these events or meetings are coming into different destinations for different purposes and are maximising the usage of different resources of the destination.³

The event tourism is primarily driven by the goal of economic benefits, but there is a need to examine outcomes and impacts at the personal and societal levels, and also in terms of cultural and environmental change (Getz, 2008).

One of the participants in this study stated that these events are making huge influences and is like a driving force for the business and scientific world. To be able

³ Interviewee B

to be aware of the impact of this industry, data collection is vital and without it, it is difficult to make sensible and right decisions. Therefore it can be said, that the statistics are the basic fuel for improvements of the infrastructure of the industry.⁴

The Evaluation

It is difficult to assess the value of the meeting industry. Most countries are only estimating the value of this industry, based on information drawn from national and or local surveys. This is not enough as Tony Roger informs, when calculating the economic impact of the meeting industry number of factors must be taken into account, which apply to the tourism industry as whole:

“... The value of tourist expenditure represents only a partial picture of the economic impact. The full assessment of economic impact must take into account the other aspects, including the following:

- Indirect and induced effects
- Leakages of expenditures out of the local economy
- Displacement and opportunity cost”

(Rogers, 2008)

The way the professional organizations process the data results in the industry always working with data that is at least two years old and therefore not accurate enough. When thinking of the technical development now days, it is unfortunate that none of these associations are producing up to date figures for the industry which each and everyone can use to benchmark its own business, to evaluate, or to measure its return on investment⁵

Measurement of the economic impact of tourist spending is affected by using multiplier analysis. Various types of multiplier exist, and it is important to use the correct multipliers for specific functions, such as those measuring the additional revenue or employment for an area arising from tourist expenditure.

According to one of the participants of this research, the multiplier might be different depending on the destination. The more exotic the destination the economic influence can be reached since it is usually more expensive to travel to those destinations.⁶

According to Roger, the formula used to calculate the net impact of conferences and similar events are complex and resource intensive to administer. For these reasons, many industry professionals, required to give account of the value of conference and business tourism to their city or area, tend to use the ‘gross’ figures rather than the ‘net’ impact figures i.e. to the total gross expenditure calculated by multiplying:

- Number of delegates/attendees
- Delegate spending
- Number of days /duration of the event
- Any additional days

⁴ Interviewee A

⁵ Interviewee E

⁶ Interviewee C

- Additional members of the group
- Organizers spending'

(Rogers, 2008)

In relation to the infrastructure needed for the meeting and event industry, most state governments have invested large sums, particularly in the provision of high quality convention centres as well as transportation system etc. Therefore, it is vital for governments to make their strategy and objectives clear and be aware of what they want to gain by building up their competitiveness within the international event market.

Every destination needs to know their return on the investment and that needs to be clarified.⁷ Nevertheless, how is it gathered? Moreover, how do these researches compare from one destination to another? According to this research, there are several professional associations and organizations that collect data, make evaluation on their results, and publish. These results vary greatly from country to country. All interviewees in this study agree that the information these associations are publishing, are only indicators as they are not accurate enough.

According to some of the interviewees like those from the UK, Australia and Austria, their destination marketing organisations are building up close relationship with their educational institutions who have been managing those researches on regular basis, benchmarking their results and reaching more and more success within the industry and their community.

When looking at the world as whole, comparison becomes difficult, since the nations and or the associations are using different definitions and criteria, which causes unbalance in figures and gives different results.

Terminology

To be able to collect the data from all nations around the world who are active within the industry, measure it and make it comparable, the nation's needs to follow and be in sync as to how to define the data clearly and use the same terminology. Terminology is a subject, which has to be examined thoroughly before the total evaluations will be made. Two of the interviewees said:

We have had problem in our terminology, one term, in English it is the meeting Industry. What is the meeting industry? When we hear meetings, it can be six persons on a board meeting, or it can be 30 thousand delegates attending conference in Las Vegas. But back to explain. What is behind? Is probably the first problem we have? It is very important to have clear terminology and never try to explain, use one term (Interviewee D).

Everyone's definition of meetings is different, from UIA to ICCA in terms of assets...then you know that each and individual organization does their own survey, (Interviewee F)

This diversity of definition for meetings is one of the main problems causing the difficulties in collecting data. If the parameters are definitive in detail there should not be any problem in building up an effective procedure to follow.⁸

Education and Coordination between the Sectors

To improve and develop the industry as well as the community, people have to be educated about the difference between general tourism and business tourism – the

⁷ Interviewee D

⁸ Interviewee E

MICE sector, and it is assumed that the key range of people that have to be educated are the politicians.⁹

The importance also lies in getting the community to understand the benefits of building up a good infrastructure, not only a competitive factor for the destination on the market but also improving service to the capital, since very few destinations have large enough domestic product to fill the facilities available.¹⁰

As per the interview with the former CEO of the one of the professional associations, it is important to build up a good cooperation or understanding of the politicians. To be able to do so the data has to be accurate and produce figures the politicians need to be aware of and can publish. The relationship between the politicians and the industry is very important and needs to be built on reliability. One country can have many destinations that benefit from the meeting industry and if one is doing fine, it influences the state itself. Because the impact felt on local level and is a bottom up approach:

...we made a big mistake, many years ago, that we tried to get it, to the national politicians, the ministers, particularly. That it is not where the impact felt, the impact is felt on local level, so it is bottom up approach not from the top and down... (Interviewee F)

Support and Awareness

The lack of effective and standardized information about the total impact of the meeting industry is causing a lack of awareness by the authorities and other industries. The industry itself is to blame for this. It is important that the industry in general shows the good work they are doing to ensure improvements of the infrastructure. By working more closely together and sharing data, it is possible to reach a stronger awareness and get more support in different ways, not only in increased amount of money.¹¹

As already pointed out it is different from nation to nation how the impact of this industry is evaluated although the benefits are obvious. Due to this difference it is difficult to benchmark or to compare between regions or nations and according to one of my interviewees, who emphasizes that when the total impact is evaluated, it has to be realistic, from destination to destination and broken down to international and national attendees.¹²

By developing the interaction between the authorities and the industry, building up an effective data and educating key people about the characteristics of the sector, the industry in general will reach much deeper awareness and support.¹³

The figure 3 shows the importance of the interaction between key factors within this industry. If the interactions are improved by presenting the right figures reflecting the results then the public sectors give this part of the travel industry more weight and keep on investing in it. That leads to an increased number of customers interested in coming to this particular destination for a meeting or an event and this will finally lead to increased business by the private sector etc.

⁹ Interviewee E

¹⁰ Interviewee E

¹¹ Interviewee D

¹² Interviewee B

¹³ Interviewee B

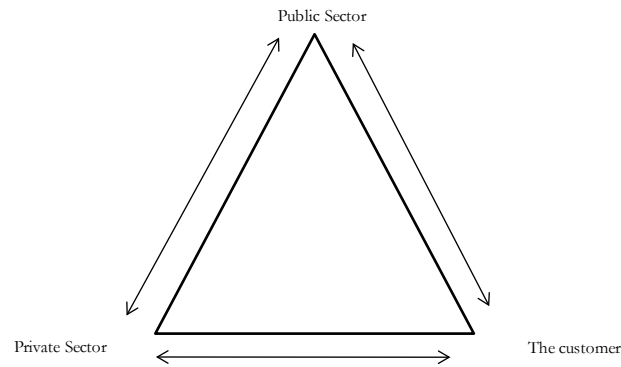


Figure 3. Interaction between different sectors

Conclusion

This paper has emphasised the characteristics of the meeting industry – M.I.C.E. , how it is evaluated and how a destination can become successful within this industry.

The role of the meeting industry is to develop markets for people who seek service for conventions and events and to increase knowledge among key players both in the public and private sector. This different events can make influences on different levels, it has impact on the economy, it can influence the business development and as well the professional development of the participants.

The participants of this research all agreed on the importance of this industry for every destination, although all acknowledge that the indicators used to estimate the volume of the industry are different and conducted by several professional associations and organisations. This, in their opinion, is producing inaccurate data and needs to be improved as well as normalised and standardised.

The purpose of accurate figures is to ensure that all the players, both public and private, are able to use them as a managing tool to measure their outcome and get a clear view of the impact, both on the micro and macro stage.

When a destination is not focusing on this fundamental issue, collecting data, it is hard for it to reach awareness and to become respected. As seen in this article the importance of evaluating this industry correctly as well as building up effective interactions between the public and private sectors is a fundamental requirement. The meeting industry requires substantial public sector investments to underpin the infrastructure needed for the industry, in order for it to be able to compete in this global market. Therefore, it is essential for the industry to be able to demonstrate to its government its economic value.

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