

# Ten things we need to explain about our industry

(First of two parts)



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Whether we call it MICE, Business Tourism, M&IT, Business Events or any other of the myriad of names that serve to further confuse the identity of the industry we work in, the meetings industry is a distinct area of enterprise with its own unique markets, requirements and agendas. Above all, it is very different from tourism, with which it is often purposefully confused, usually for historic or financial reasons.

"So what?" you may ask. Does it really matter if anyone understands the unique properties and requirements of the industry? Is such an understanding of any practical importance in the face of all the other issues we face on a daily basis? To me the answer is an unreserved yes, and the reason is that in order to succeed in any business you and those you depend on for your working environment need to understand what business you are truly in and what factors control its success. You can hardly expect understanding and support from people who don't even know you exist – yet that is what we risk by being unable to identify with any precision just who we are and what we represent, let alone expecting anyone outside the industry to be able to figure it out for themselves.

This is particularly true for governments, who although often heavy investors in the industry through things like their construction and operation of congress centres and subsequent involvement in managing and marketing them, may have an extremely limited idea of the dynamics, demands and challenges of the industry in which they are invested.

So here goes with ten things we need to explain about our industry if we are ever to convince others what makes it a truly unique area of business enterprise.

## Number One: It's not tourism

Years of association notwithstanding, we really have relatively little to do with the leisure sector that makes up the bulk of the tourism product in most parts of the world. In fact, we're much more connected to the areas of business and economic development than tourism, with which we only really share (like almost any other business area) a need for accommodation, transportation and other destination amenities.

This isn't just an academic issue; it is of very real and practical importance because of how we do business. We deal with different markets, need

different messaging, have to address different decision factors and require different kinds of expertise for marketing and delivering the product successfully. We are typically business to business enterprises, not consumer driven as tourism is. And when we mix these factors up with the tourism agenda, we can put ourselves at a serious disadvantage.

## Number Two: .... But it supports tourism:

Which brings us to issue number 2. While we are not about tourism, we nevertheless support tourism, in many different ways. First, meetings and conventions grow the visitor base by attracting people who are coming to attend their event rather than having chosen that destination exclusively on the basis of its own merits. As a result, these are typically incremental visitors consisting of people who might otherwise not have come at all.

And it's not just that they come, it's when they come – often at times of the year when other kinds of visitors won't. This all helps attract support the development and maintenance of tourism infrastructure such as hotels and attractions so that they are available to support other types of visits as well. The classic case is a resort community that can only support the hotel inventory they need to meet peak season demands by having off-season visitors as well – a role that convention delegates often play.

What else do meetings and conventions do for tourism? Plenty. In these busy times, the majority of delegates attending events in an attractive destination will schedule some pre- or post-event time to enjoy the destination as a tourist. Visits by delegates create new exposure for a destination that often translates into return visits, perhaps with the family in tow. And major events such as international congresses help to build overall destination awareness through both pre-promotional materials and the "word of mouth" effect.

As attractive as the financial returns are from the meetings business, these are, over the long term, often far outweighed by the broader community and economic development impacts the industry has.



### Number Three: It's big business – for a lot of reasons

Globally, these kinds of activities generate tens of billions annually in any currency. But this has even more meaning at the local level, when you compare delegate spending with that associated with other types of travellers. While this varies in different parts of the world, it is typical that convention delegates generate three to four times the average per capita spending associated with leisure travelers. There are a number of reasons for this.

First, delegates are simply bigger spenders. Overall, they are further up the economic scale than the visitor average – more likely to be in the corporate or professional category. They stay, on average, in more expensive accommodation and eat in better restaurants – often because they are on corporate or professional expense allowances. And they may see attending a convention as a rare opportunity to indulge themselves a bit because they may have limited time in their schedules and at least part of the expense is being paid by someone else.

But there's more. Total delegate spending consists not only of what they're spending themselves but what others are spending on their behalf. For example, for every delegate there are a host of people organising events, arranging meeting space and buying services to support their participation. At the same time, there are also exhibitors who show up and spend even more money in order to pitch products and services at those same delegates. Every one of these is directly attributable to that delegate being there – and collectively, they add up to a lot of money.

Economists point to two other features that make the benefits of meetings unique. The first of these is based on the fact that, by definition, delegates typically come from somewhere else. This means that much of the spending delegates do represents new money coming into the local economy from another region or country instead of simply the circulation of money that is already there. The second is what could be called the "efficiency of the sale". Convention organisers and facilities are essentially wholesalers who deal in larger units:

while leisure visitors are typically sold on an individual or family basis, the sale of a single convention can involve upward of thousands or even tens of thousands of visits for a destination. Clearly, this kind of return makes investment in the marketing of conventions a lot more attractive than the "one by one" sell associated with leisure visits.

And now, having spoken a lot about money, we get to the next point:

### Number Four: It's not just about money!

As attractive as the financial returns are from the meetings business, these are, over the long term, often far outweighed by the broader community and economic development impacts the industry has. This where we need to think about the real role of meetings, and the outcomes this generates for those who host them.

Meetings and conventions essentially take place for the purposes of business, professional and scientific development. They are primary mechanisms for sharing knowledge and expertise, along with promoting commerce and business opportunities. So it's not surprising that both the events themselves and the people who attend them have a lot to offer to the host community.

From an economic perspective, meetings and conventions attract people who are much more likely to be decision makers – and this can promote not only local business prospects but trade and investment potential as well. Events like these inevitably act as showcases for local products and services, if only because these will get exposure during the course of the events and the related social, educational and entertainment activities that take place around them.

From a professional development

perspective, events in any area of discipline – particularly major national or international events – often attract literally the very best expertise in the world. For the community, this means access to this level of knowledge and experience right on their doorstep. In areas like medical practice, this can have huge implications for how local skills develop – which creates, in turn, big benefits for the quality of service in the local community.

### Number Five: It's highly competitive

The reason is simple; the benefits as outlined above are well recognised in many different parts of the world, and many different cities, countries and facilities are looking for "a piece of the action"!

There are two big results of this factor. The first is that competition amongst destinations and facilities worldwide is intense, and based not only on market factors like rates and returns but also on what the overall impact of delegates does for the local economy. The second is that clients know this, and increasingly, they are looking for recognition of the benefits their delegates bring in the form of discounts, incentives and sometimes straight cash investments as inducements to bring their business.

The impact of these factors varies depending on the supply / demand equation. But in a "buyer's market" such as we have had for the last few years (a direct result, incidentally, of the enthusiastic growth of capacity driven by the prospect of all the benefits outlined above) they can create a very unusual set of economics where the ability to measure and assess indirect effects is often much more important than the usual "bottom line" calculation common to most businesses. EVENTS

To be continued in the next issue.