

Financial crisis overshadows meetings industry

In the wake of the financial crisis the meetings industry faces slowdown, with events being postponed or cancelled. Here's a first stock-taking.

■ **Red light.** The financial crisis is already affecting the economy in certain areas. Profit warnings abounded on the stock markets in the past few weeks. For example, the SAP software group reacted to the crisis with drastic and immediately effective cuts: All non-customer-related meetings will now be held in-house or replaced by video conferences, consultants may only travel on second-class rail tickets to meet customers. "Worries about the development of the financial markets led to a very sudden and unexpected decline in our business just before the end of the third quarter," explains the world's fourth-largest software manufacturer. For corporate business in the meeting industry this is a first serious signal that we may be facing hard times.

Leigh Harry, President of the international meetings industry association ICCA, is still a bit wary about interpreting these signs. "In relation to corporate meetings I would expect there to be some reduction of activity both in the number and frequency of meetings. International Association and governmental meetings on the other hand are usually planned on a much longer time scale."

On the other hand, Leigh Harry points out that shifts in the business may benefit some regions: "In certain parts of the world major changes in exchange rates are taking place which will make these destinations more attractive, so it is difficult to be specific about impacts at this stage."

In any case, MPI Asian Meetings and Events Conference will be postponed. Originally slated for 24 to 25 October in Singapore, the organisers opted for a new date fearing that delegates would not come. MPI gave the following reasons for rescheduling the 2009 conference: "The escalating economic uncertainty in North America, Europe and Asia is impacting the expected international attendance." At the same time MPI assures: "We remain committed to Asia-Pacific as a region of growth for the 21st century." Christian Mutschlechner, head of Vienna Convention Bureau, comments on the financial crisis as follows: "We are alerted." The effects on normal tourism are completely underestimated in his opinion and there will be a decline for long-haul destinations. In the traditional meetings segment he expects no major shifts. "But you have to be careful, the crisis is still so unreal, it is not understandable, as a lack of trust is always irrational." Psychology in the financial sector was like a dog: "One gesture - and everything changes." Simultaneously Mutschlechner sees an opportunity to improve one's own product in times of crisis.

In Basel it was also the psychological factor that was the driving force. The organisers of Global Energy Basel have decided to postpone the convention-cum-fair. It should have taken place from 12 to 14 November for the first time at Congress Center Basel, supported, among others, by the World Economic Forum and UN Global Compact. The reason is the "tense



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Der deutsche Software-Konzern SAP **streicht ab sofort alle Meetings** ohne Kundenbeteiligung.

The German software company SAP has cancelled all meetings **without customers.**

situation on the world markets." Jonas Scharf, head of the venue Congress Center Basel: "Under these circumstances we could no longer guarantee for our speaker quality. The cancellation of one speaker had a kind of snowball effect on the others. Hence, the current cancellation of the event was the lesser evil. Own events always mean a certain risk."

As senior managers can only make very short-term plans at present due to uncertainties on the market, this kind of event could not be staged for the time being according to a press release.

Edgar Hirt, President of the International Association of Convention Centres (AIPC), fears an interaction between the sluggish world economy and other factors that may slow down the business: "I think we need to recognize the synergy that may develop between global economic problems and other issues such as concerns about the 'carbon footprint' associated with travel." Such combinations of issues could well create problems that neither would produce on their own.

The financial crisis is also making agencies in the meetings business wary. Roger Tondeur, President of the MCI Group: "I am shocked by how heavy it hit, but we have not felt it in our business mix very much. I have not seen massive cancellations yet like we had with the Gulf War or with 9/11." Still, Tondeur admits: "Right now I hope that we don't stand in front of a collapse. That's what I'm afraid of, but it's an unreasonable fear. Of a recession itself, I am not that afraid of. Yes, we have some cancellations, but those are mainly the events that are kind of prestige events." But if a company offered training on new products, it couldn't cancel meetings or it would go broke. AIPC President Edgar Hirt also expects not so many cancellations but more austerity.

"What we will certainly see is organisers 'tightening their belts'. So what is more at risk than the events themselves is the attendance they attract and the kind of spending they devote to programming." That would be critical to both organisers and centres. In any case, software manufacturer SAP is cutting costs not only for meetings but on all levels: "For Christmas we have been told not to send greeting cards by post but e-mails," reveals a consultant, who doesn't want to be named.

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