

eventia

the voice for the events industry

GREEN SHOOTS FORECAST BY BRITAIN'S LIVE EVENTS SECTOR

INTRODUCTION

The UK's business events sector is a major component of the national economy, worth in excess of £30 billion per annum and employing some 550,000 people. It embraces conferences and meetings, exhibitions and trade fairs, incentive travel and performance improvement, corporate hospitality and corporate events, and outdoor events. Like most areas of the national and global economies, it has suffered its share of difficulties over the past year or so. However, this is not simply attributable to world recession. The sector has also been influenced by a range of other factors: from environmental and sustainability pressures to changes in company procurement policies, from the continual developments in communications technology to the popularity of social media, from security threats to volcanic ash clouds, and many more.

This White Paper is published by Eventia as part of National Meetings and Events Week 2010 and the 'Britain for Events' campaign. The Paper reviews the current state of the sector, with a particular focus on conferences and meetings, incentive travel and performance improvement, and corporate hospitality and corporate events. It highlights emerging trends, identifies issues and opportunities, and underscores the importance and potential of the live events industry.

RECOGNISING THE IMPORTANCE OF FACE-TO-FACE COMMUNICATIONS

The media are often keen to portray live conferences and event attendance as a 'jolly'. However, the value of face-to-face communications and live events is continually confirmed by research and by the evaluations provided by return on investment (ROI) methodologies.

The 'British Meetings and Events Industry Survey 2010' (published in September 2010 by Conference And Travel Publications), for example, illustrates that the factors crucial to a successful and worthwhile event include:

- Content relevant to delegates' work and daily life
- Inspiring and original sessions/presentations
- Networking with peers/colleagues

With specific regard to meetings, in a global survey of 2,300 *Harvard Business Review* subscribers conducted by Harvard Business Review Analysis Services in 2009, virtually all survey participants (95%) said that face-to-face meetings are a key factor in successfully building and maintaining long-term business relationships. This reflects what many executives call the "high impact" of in-person communications.

A new study by Cornell Center for Hospitality Research, entitled 'The Future of Meetings: The Case for Face-to-Face', examines the complex issues surrounding the format of group meetings and events against a backdrop of an explosion in virtual meeting technology. The study notes that meetings can be completely virtual, completely face-to-face, or a hybrid of the two, with leading companies using all three formats. The

challenge for meeting planners is to decide which format is most effective for important business outcomes. Rather than rely on personal preferences or currently popular approaches, the study recommends that the decision in respect of meeting type is a strategic one that should rest on specific, scientific criteria. These science-based criteria help executives determine when face-to-face is the most effective approach to large group meetings and events. This decision is important because face-to-face meetings require the greatest investment of all meeting types, and thus carry the greatest expectations for a strong return on investment. The study concludes that face-to-face is most likely to be the best format in the following three business situations:

1. To capture attention, particularly when you want to initiate something new or different
2. To inspire a positive emotional climate, as a way to catalyse collaboration, innovation, and performance; and
3. To build human networks and relationships, realising that information can increasingly be shared virtually whereas the greater value is in people networks and relationships.

Commenting on the virtual v. face-to-face debate, Eventia says (in The Summer Eventia 2010 conference programme):

"Our industry is at a tipping point in the understanding and adoption of technology. Embracing the digital media age and appreciating its role within the fast-evolving media mix and then being able to harness that to engage audiences is more crucial now than ever before. The much-discussed hypothesis of whether 'virtual' will ever replace 'live' events is irrelevant. There is a place for both in a healthy, symbiotic business relationship.

Then, of course, there is the key component of delivering a return on investment and here, too, change is apparent and exciting. The revolution in integrated event technology that provides valuable intelligence and measurable results from event programmes will continue to evolve. The business card has come a long way. Our task is to demonstrate the absolute value of the meetings and live events industry as a quantifiable investment, not a frivolous cost."

EVENT SOCIAL IMPACTS

The benefits of meetings and live events are not just economic. Meetings and events have other positive impacts on society, contributing to health and wellbeing, education, social diversity, community spirit and cohesion, and civic pride. Events help to foster diversity in our local culture and heritage, providing opportunities for further destination expansion and growth. A new web site provides further information on the broader impacts and benefits of events. Visit: www.eventimpacts.com

VALUE AND VOLUME OF THE UK CONFERENCE AND MEETINGS MARKET

There are several annual studies providing volume and value, trends and projections data on the domestic conference market.

This includes the 'UK Events Market Trends Survey' (UKEMTS), published by Eventia. It offers a vital insight into the current state of the industry from a supply-side or venue perspective. The 2010 Survey, published in July 2010, is based on data supplied by 413 reporting venues from across the UK, 12% of the venue universe.

The UKEMTS 2010 reveals that there were an estimated 1.32 million business events in the UK in 2009, slightly down on the figure of 1.37 million recorded for 2008. Hotels and

dedicated conference/training centres typically hosted more events than other venues (hotels an average of 443 events, and conference/training centres an average of 497 events) against an overall average for all venue types of 379 events. UKEMTS estimates the total value of the UK conference and meetings sector at £18.8 billion once the wider economic impact of events is taken into account (i.e. expenditure by delegates on transport, entertainment, eating out, shopping, etc.). Table 1 provides an analysis of the economic impacts, from which it can be seen that residential events (as opposed to day meetings) are crucial for generating benefits to local economies, accounting for 71% of all spend.

Some of the other key findings identified by the UKEMTS research include:

- Shorter lead times
- Tighter budgets and greater demand to achieve value for money
- Less catering spend by organisers (e.g. booking room only, avoiding meal times)
- Increased flexibility requested around venue contracts (partly allied to later booking), with minimal contracts and no cancellation fees demanded

Table 1

Volume and Value of the Business Events Market in the UK				
	Non-staying	Staying - Destination	Staying - Residential at Venue	Total
Delegates (m)	59.8	10.2	24.4	94.4
Delegate days (m)	86.2	14.8	49.2	150.2
Spend (£bn)	5.6	3.3	9.9	18.8
Share (% of market)				
Delegates (%)	63	11	26	100
Delegate days (%)	57	10	33	100
Spend (%)	30	18	53	100

Source: 'UK Events Market Trends Survey 2010'

Looking to the future, 65% of venues were planning product investments in 2010, with 9% budgeting an expenditure of over £1 million.

Complementary to the UKEMTS is demand-side research undertaken amongst conference and event organisers (the 'buyers'). This includes the previously mentioned 'British Meetings and Events Industry Survey 2010', based on interviews with over 600 organisers (318 representing corporations, 314 from associations, not-for-profit organisations and the public sector). It traces their event activity between the twelve-month period July 2009 – June 2010.

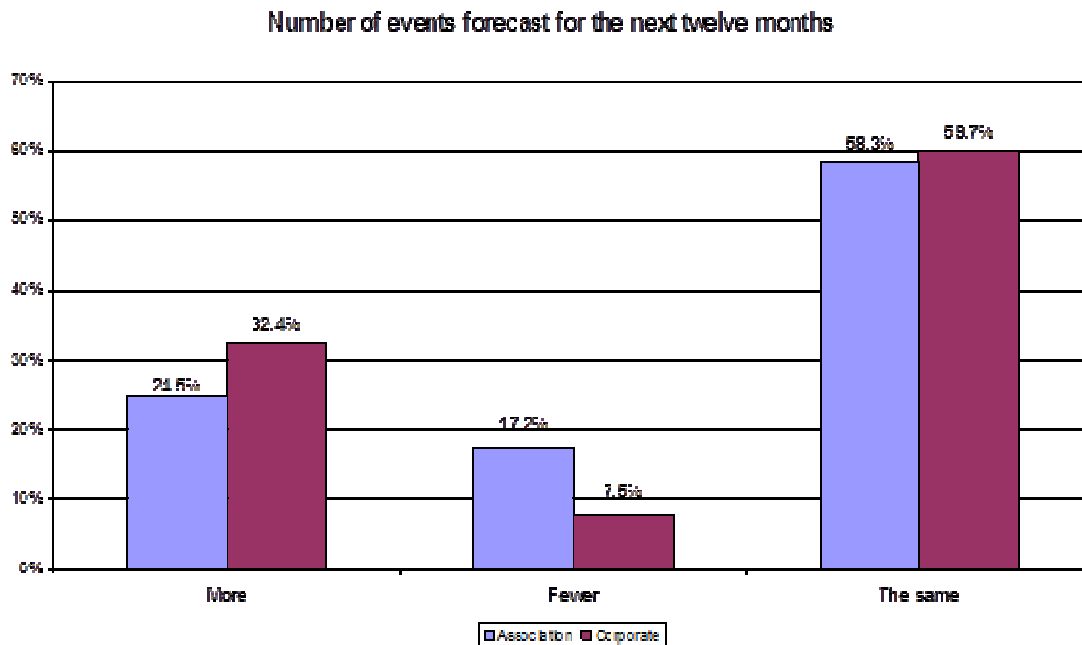
The results show reduced numbers of events and reduced budgets for events, perhaps not surprising as, for much of this period, the national economy was in recession. The mean number of events held per respondent is 22 for associations/not-for-profit organisations (compared with 24 in the previous twelve-month period), and 35 for corporates (compared to 42 previously). The average annual budget for events is £129,500 for associations/not-for-profit organisations and £187,700, both of which are

lower than the 2009 survey. **However, the percentage change anticipated for the next twelve months is -1% for associations/not-for-profit organisations and +5.6% for corporates, a sign of renewed optimism in the corporate sector.**

Although the annual budgets for all events were lower, the average daily delegate rate paid increased to £47.40 for associations/not-for-profit organisations (from £43 last year) and £59.80 for corporates (£54 last year). The 24-hour delegate rates actually paid also increased to £135.60 for associations/not-for-profit organisations and £160.30 for corporates.

Projections for the number of events to be organised in the 12-month period to June 2011 also reveal greater optimism, as shown in Figure 1.

Figure 1

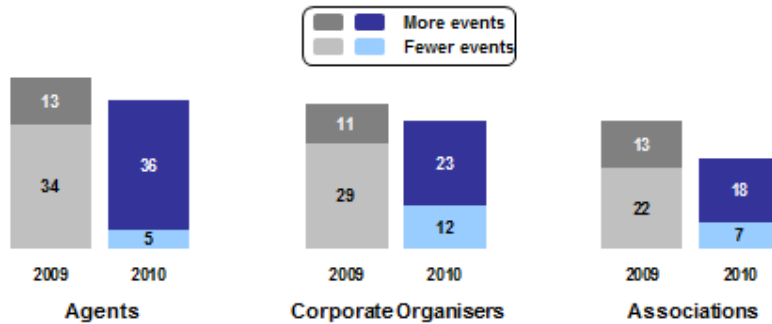


Source: British Meetings & Events Industry Survey 2010

Similar research among event organisers, published in August 2010 as the BDRG Continental 'UK Meetings Market Survey 2010' and based on 500 telephone interviews (200 with corporate organisers, 150 with intermediary/agency organisers, and 150 with association organisers), also confirms that the downturn has bottomed out and that there is some expectation of modest growth ahead. See Figure 2.

Figure 2

Anticipated year-on-year change in external event demand



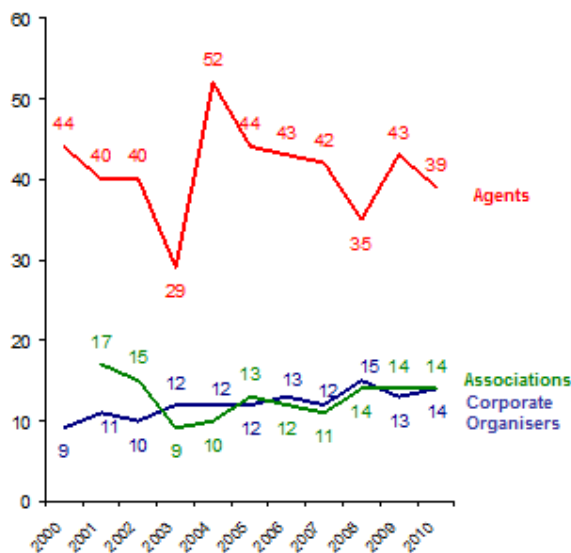
Overall, the outlook for demand is much more positive than in 2009 with a large reduction of bookers expecting to see their demand for external events fall in the coming 12 months.

In a nutshell, more bookers expect an expansion of demand than expect a reduction, but the plurality expect little change.

However, more alarmingly, the survey also finds that significant numbers of organisations have pulled out of the market. See Figure 3.

Figure 3

Average Annual Event Volume per Booker



At first glance, the impact of the downturn on demand for external events appears modest, with average volume of Corporate and Association events remaining almost unchanged.

However, the incidence of organisations meeting our qualifying criteria for the survey is lower year-on-year, indicating that while those that remain book a similar number of events, many organisations have withdrawn from the market.

LOCATION AND VENUE PREFERENCES

Destinations or locations for meetings, conferences and business events within the UK, in preferred order, are shown by the 'BMEIS' research to be:

1. London
2. Birmingham
3. Manchester
4. Edinburgh
5. Leeds
6. Glasgow
7. Cardiff
8. Nottingham
9. NewcastleGateshead
10. Coventry

City-centre hotels remain the most popular type of venue for organisers taking part in the 'BMEIS', followed by (in order) out-of-town (seaside/countryside) hotels, purpose-built convention centres, unusual venues, and dedicated conference/management training centres.

Factors influencing venue selection remain relatively constant, with location being paramount, followed by price/value for money, access (road, rail links), and capacity of conference facilities.

BDRC Continental's 'UK Meetings Market Survey 2010' similarly underlines the dominance of the city destinations but does also show the south coast of England accounting for a reasonable share of the market. The area encompasses the major resort destinations of Bournemouth, Brighton and Torquay, which are particularly strong in the association conference market. All feature in the top 20 destinations in the BMEIS research, and when taken as a composite by BDRC, they move up to fourth position (see Table 2).

The BDRC findings show who has booked the event or meeting: agents, corporates or associations. Agents comprise a variety of intermediary organisations, such as venue finding agencies, event management companies and professional conference organisers.

Table 2**Share of UK event volume by location**

	Agents	Corporates	Associations
London	38%	32%	26%
Birmingham	8%	6%	4%
Manchester	8%	5%	5%
South Coast of England	7%	6%	3%
Leeds	5%	4%	2%
Newcastle / Gateshead	2%	1%	2%
Edinburgh	3%	1%	3%
Cardiff	2%	2%	1%
Glasgow	3%	3%	3%
Liverpool	3%	1%	2%
Elsewhere in the UK	21%	37%	47%

Associations hold almost half of their events in provincial UK, a lot more spread out than the Agents, amongst whom almost 2 in 5 events are held in the capital.

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PRIORITIES FOR CONFERENCE AND EVENT ORGANISERS

The 'BMEIS' research summarises key priorities and concerns for conference and event organisers over the next twelve months. These are detailed in Table 3, which shows the percentage of respondents who have identified each item as being particularly important for them.

Table 3 – Priorities and Issues for Conference and Events Organisers in 2010

Priorities and Issues for Conference and Event Organisers over the Next 12 Months		Corporates %	Associations %
1	Reduced budgets/pressure to reduce costs	45	59
2	Producing interesting events with relevant content to the audience	46	51
3	Terms and conditions for venues and suppliers	47	41
4	Venues' cancellation policies	45	40
5	The economic climate affecting their organisation or market sector	28	38
6	Green/environmental issues	26	26
7	Corporate social responsibility (CSR)	33	18
8	Demonstrating return on investment (ROI) for their events	15	17

9	Video conferencing replacing live meetings	8	6
10	Virtual meetings and webinars replacing live meetings	5	5

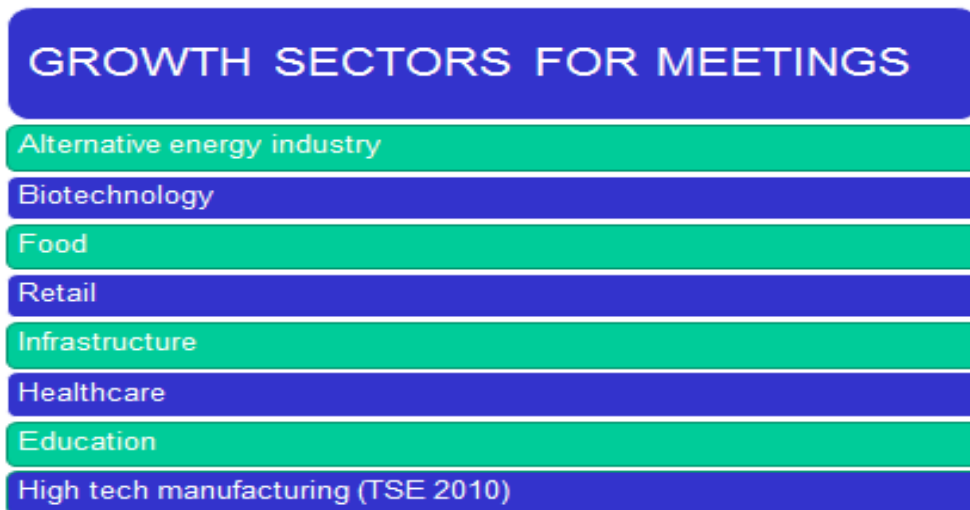
Source: 'British Meetings and Events Industry Survey 2010'

It can be reasonably argued that such issues and concerns for the buyer can, in many cases, offer marketing opportunities to suppliers, be they destinations, venues or other suppliers. Venues that price competitively and also offer added value have a chance to attract new business.

GROWTH SECTORS FOR MEETINGS

Event organisers and suppliers to the events sector need to be monitoring continually where there is potential for growth in the economy and, conversely, which sectors may be in decline. Futurist Rohit Talwar, speaking at The Summer Eventia 2009 conference, made projections for growth sectors over the coming years, summarised in Table 4. Cris Tarrant of BDRC Continental, speaking at an events industry forum in September 2010, suggested that business confidence was strongest in sectors with greater export focus: manufacturing, communications, energy, finance and retail. He recommended that venues and suppliers would be wise to segment these market opportunities.

Table 4



Source: *Futurist Rohit Talwar*

INCENTIVE TRAVEL AND PERFORMANCE IMPROVEMENT

A 2009 report by the US Travel Association in conjunction with Oxford Economics USA found that nearly 80% of executives indicate that incentive travel has a significant impact on employee morale and job satisfaction. It showed that more than 70% believe that incentive travel has a real impact on employee performance – and a happy workforce is a productive workforce.

Historically, incentive travel has been experienced by groups of qualifiers. In recent years, however, there has been an emerging trend for winners to select the time and

sometimes even the location of their reward, thus turning the reward into a private holiday with partner and/or family. This trend currently applies to about five per cent of incentives, but there is no indication that this figure is increasing. Employers generally prefer to structure the rewards as group experiences, so that the perception of being part of an elite 'achievers' club' can be maintained.

The traditional method of rewarding a few top performers to encourage others to aspire to such heights is giving way to a broader strategy of motivating sales teams through inspirational events that unite, entertain and reward whole teams. The increased financial burdens created by tax and national insurance implications, added to the growing value placed by executives on quality time at home, are also contributing to a trend towards different types of motivational programmes which reach wider audiences.

One of the more recent trends among incentive travel programmes is the incorporation of a socially worthwhile activity, where award winners can give something back to the communities they visit. Social legacy activities can considerably enhance the image of individual companies and the business tourism industry as a whole, by demonstrating their social awareness and desire to make a difference. This is particularly important at a time like the present, when the economic climate means that media and company shareholders are alert to corporate events that appear too lavishly funded.

The most popular incentive destinations for groups travelling from the UK, according to 'Meetings & Incentive Travel' magazine's 'Trends and Spend Survey 2010' (published May 2010) are Spain, France and Germany as short haul destinations and the USA, China and the United Arab Emirates as long haul destinations. The survey found a small decrease in business placed with long haul destinations (296 such trips in 2009 compared with 324 in 2008), but an increase from 807 to 889 in incentive trips to short haul destinations. Other key findings were:

- Average duration for long haul events in 2009 was 3 nights, down from 3.9, with group sizes reduced from 93 to 62
- Short haul figures also followed the trend for smaller groups and shorter stays, with average size dropping from 129 participants to 75 and duration from 2.4 nights to 2.3

A survey undertaken among readers of 'Conference & Incentive Travel' magazine and published in October 2009 adjudged Cape Town to be the 'Best Incentive Destination', followed by Dubai and New York.

The 2010 Grass Roots Meetings Industry Report noted that agencies saw 25% of incentives on their books cancel in early 2009, but that since August 2009 the number of enquiries has risen steadily. In the first two quarters of 2010, corporates have continued to invest in incentives. The trend seems to be fewer days out of the office, but this has not stopped the shorter-stay exotic incentive trips taking place.

The London 2012 Olympic and Paralympic Games provide a great opportunity to showcase Britain as an incentive destination and to grow inbound incentive trips for Britain after the Games.

Summarising current trends in the incentive travel and performance improvement sector, Aileen Reuter, Marketing Director, Grass Roots, comments:

'Companies that have undergone restructuring are inevitably left with staff unsure about their futures. As a result, they need to look at how to restore morale and get the best from a slimmed-down workforce. This firmly puts motivation programmes back on the corporate agenda and overseas incentives are proven to work extremely well, being seen to signal an escape from daily life and create a real sense of anticipation – which leads to all-important discretionary effort.'

Whilst they may seem incongruous against a background of corporate cost-cutting, a well thought through travel incentive is often self-funding and not staged for frivolous purposes. When it comes to 'wow' factor, this will always be on the agenda for celebratory, recognition and experiential events. These types of events need to be memorable and, in particular, recognition events need to be aspirational, which means experiences that are out of the ordinary – ones that money can't buy.'

CORPORATE HOSPITALITY, CORPORATE ENTERTAINMENT, CORPORATE EVENTS

There is no regular research undertaken to assess the overall volume and value of the corporate events segment to the UK, although an estimate of £973 million made by MBD Ltd in August 2009 is felt to be a reasonable by many working in the segment. This total represented a contraction of 6% over the previous year. MBD forecast that the market will, however, grow steadily in the next few years to reach a value of £1.205 billion by 2014, a cumulative increase of 24% compared with 2009.

During the economic recession, there was a noticeable trend towards non-public events and entertaining 'under the radar' and away from the glare of a public event. This has been accelerated by recent media exposés of company directors on corporate days out but, on the flipside of the coin, by companies recognising the need to client-interface and protect their own brand reputation and image.

The relative growth in participation-based events, including motor racing and clay pigeon shooting, that dominated the 1990s has also slowed as the novelty of such activities has worn off and companies have retreated to the safer and more reliable hospitality events. Companies are also concentrating on the key events in the social calendar (e.g. Wimbledon, Royal Ascot, Chelsea Flower Show) and the smaller peripheral events have all seen further decline in their business.

Lead times are increasingly shorter. In Summer 2010, 35% of raceday hospitality bookings at Royal Ascot were being made less than eight weeks prior.

Tailoring an event to appeal to the senior management that brands would like to attract is now evident. This can be seen in a sustained demand for more experiential events, often at a premium, such as the players' lounge at Twickenham, with four or five players coming straight off the pitch (after a rugby international match) for a question and answer session.

Hospitality buyers now focus on entertaining fewer and more senior clients with a trend towards greater justification and control of spend on hospitality, demanding more innovative solutions and demonstrable value-for-money.

This increased cost control is often as a result of the procurement policies of large organisations, attempting to centralise their buying practices in order to monitor spend and improve purchasing. Many organisations have created approved supplier lists (of widely varying lengths!) as part of this process, and seek to ensure financial probity in the purchasing process.

The genuine value of a happy and loyal workforce has not been lost on most of the UK's leading businesses. At times of redundancies, the challenge is to strike the right balance between maintaining morale and avoiding criticism for discretionary spend in a hard market.

Outside of the Christmas market, summer fun days involving the whole family remain popular, but the overall trend is towards rolling entertainment into conferences and internal communication events where greater value can be achieved.

Research consistently proves that the main motivator for work is not money, so the value of maintaining a happy workforce should never be overlooked!

There are signs of a strong recovery in the staff entertainment market, by as much as 30% in mid-2010, with bookings for Christmas 2010 looking buoyant.

CHANGING THE PERCEPTIONS AND PROFILE OF BUSINESS EVENTS

Rod Cameron of the Association Internationale des Palais de Congrès (AIPC), writing in 'Conference+Meetings World' magazine (June 2010), urges that, in order to promote a better understanding of the meetings and business events industry, a number of issues need to be addressed:

- *Firstly, we need to emphasise the role that meetings play in economic, professional and educational development and downplay the leisure aspect. There has never been a greater opportunity for the industry, as the world continues to look at the course the recovery will take, and to search for any activities that can promise support in this regard. But to achieve this, we need to be taken more seriously*
- *Secondly, we need to enhance both the content and perceived value of meetings in order to give planners and delegates the arguments they need to justify their investment of time and resources*
- *In particular, we need to put more emphasis on the ability to demonstrate measurable outcomes that will resonate with increasing corporate concerns about return on investment (ROI).*

He concludes: *The fact is, nobody holds a meeting in order to fill hotel rooms, that's simply a by-product, and yet most of our current industry measures relate to what delegates spend, not what they actually accomplish. This trivialises meetings in the eyes of those who see them as engines for business and professional progress.*

These points are reinforced by Leigh Harry, President of the Joint Meetings Industry Council (JMIC – an international body representing the major international trade associations), Chief Executive of Melbourne Exhibition & Convention Centre and

President of the International Congress & Convention Association (ICCA), who says (IMEX-Frankfurt 2011 newsletter – July 2010):

The most recent 'image crisis' was a direct result of our industry being seen by many as more closely related to leisure than economic and professional development. We are challenged by the fact that our greatest value is difficult to measure, that is, what meetings actually accomplish such as professional and technical advancement, new investment, innovation and technology transfer. These are the real reasons meetings and conventions take place.

He argues that the meetings and events industry should be thought of as a key component in the global knowledge economy, rather than as a branch of tourism.

CONCLUSION

Mark Saxby, Eventia Chairman, reinforces the importance of demonstrable ROI and the continuing need to create a higher profile for the benefits of live, face-to-face events. He writes:

Given pressures on budgets, the more we can demonstrate ROI and ROO (return on objectives) and the positive commercial effect of live, face-to-face events the better. In doing so, we will ensure that all stakeholders in our industry benefit. We need to raise the profile of events to show that, as a strategic communications tool, either on a stand-alone basis or as part of an integrated communications campaign, they are a tool that governments, organisations and businesses cut and ignore at their peril. Instead live, face-to-face events should be used to realise their objectives and achieve success. Evidence is increasingly coming to the fore to support this and we must maintain the momentum and continue to get the message across.

As part of this process, there is an increasing recognition that content is king. Exemplary logistics and skilfully chosen venues can help to make or break an event. At the end of the day though, in nearly every case, it is content that will serve most to deliver the ROO/ROI. To this end we will need to see an increase in the industry of marketing and communications experts and, of course, graduates of the future will need these skills to enter the industry, as well as administration and organisational skills. We must continue to develop ties with the universities and educational establishments to make sure they are up to speed with the industry's future needs.

REFERENCE SOURCES

1. 'UK Events Market Trends Survey 2010', priced at £175, may be ordered from Eventia (email: sarah.malkin@eventia.org.uk or visit: www.eventia.org.uk).
2. 'British Meetings and Events Industry Survey 2010', priced at £175 (or £150 for PDF version), Conference And Travel Publications (visit www.meetpie.com/bmeis)
3. 'BDRC UK Meetings Market Survey 2010' – visit www.bdrc-continental.com or call (tel) 020 7400 1000
4. For Harvard Business Review visit: www.hbr.org or call: 001 212 872 9283
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6. 'Grass Roots Meetings Industry Report 2010' (4th edition), priced at £95. Visit: www.grassrootseventcom.uk.com
7. 'The Return on Investment in US Business Travel' – Oxford Economics USA (September 2009). Visit: www.ustravel.org

8. 'UK Corporate Hospitality Market Research Report', published by MBD. Visit: www.mbdLtd.co.uk

An in-depth analysis of the UK events sector is also available free of charge from the web site of the UK's Business Visits & Events Partnership. Entitled 'Britain for Events', the 100+ page report can be downloaded as a PDF from: www.businessvisitsandeventspartnership.com

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ABOUT THE AUTHOR

This White Paper has been written by Tony Rogers on behalf of Eventia. Tony Rogers is a consultant specialising in conferences, business visits and events, and venue/destination marketing and management. He established his own consultancy, Tony Rogers Conference & Event Services Ltd, in 2009. For more details visit www.tony-rogers.com or email: tony@tony-rogers.com

About Eventia

Eventia is the authoritative voice for the events industry. They represent experiential marketing and communications agencies, conference and incentive travel organisers, performance improvement experts and corporate hospitality providers. As part of their ongoing commitment to ensuring every voice is heard, they also represent suppliers, corporates, associations and public sector organisers.

Visit their website: www.eventia.org.uk

Follow Eventia on twitter: @Eventia

Further Information

Tracy Johnson, Marketing Services Director tracy.johnson@eventia.org.uk

tel +44 (0)121 212 1400

The voice for the events industry

Eventia 5th Floor Galbraith House, 141 Great Charles Street, Birmingham B3 3LG

T +44 (0)121 212 1400 **F** +44 (0)121 212 3131 **E** info@eventia.org.uk **W** www.eventia.org.uk