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CORPORATE HOSPITALITY & EVENTS

AT THE CROSSROADS OF INNOVATION

BUSINESS DEVELOPMENT New horizons are opening up for the multi-billion-pound corporate hospitality and events industry as the UK faces challenging economic conditions, writes Peter Archer

■ Corporate entertainment is at a crossroads as companies re-think the future direction of their marketing strategies.

The economic slump saw a dip in business hospitality and events, but confidence is returning along with spending on entertaining clients and rewarding staff.

Analysts forecast an increase in spending which is likely to continue to gain momentum as long as the UK economy recovers.

Major events will further boost the corporate hospitality and events industry which, including knock-on business, contributes many billions of pounds to the national balance sheet.

The 2012 London Olympics, in particular, will take the capital's already mature corporate hospitality market to a new level.

The marketing promise of the Olympics is based on the proven premise that the shared experience of a major sports event provides the right environment to build or cement lasting business relationships.

But big brands are likely to be more discerning in the way they spend their marketing budgets and are expected to prefer less fizz for fewer bucks.

With pressure on finance, many companies are now careful about how they are seen to spend. Corporate hospitality may have turned

away from big glitz and glamour to discrete events flying under the radar, partly as a defence against hostile media coverage.

Caution has also accompanied the imminent enforcement of the UK's Bribery Act which critics complain is vague around what constitutes legal business hospitality and entertainment.

Furthermore, in a challenging business climate, clients invited to events are more selective and turn down lacklustre invitations as they are required to put in longer hours in the office.

Measuring return on investment is increasingly important and represents a real competitive edge if hos-

pitality providers can quantify business generated from expenditure.

Companies have always expected value for money but, with tighter controls on spending, hospitality and events are increasingly tailored to individual needs in special bespoke solutions. The personal touch is replacing off-the-shelf packages.

Combining corporate hospitality and events with latest technology and social media is increasing the impact of bespoke marketing campaigns. A very modern marketing mix is harnessing online technologies to facilitate two-way communications with customers and staff alike.

Live events, whether exhibitions, product launches, team-building exercises, staff reward schemes, trade shows, conferences or business hospitality, can be transformed to engage participants.

The use of popular social media sites has increased the life cycle and reach of marketing experiences which bear little resemblance to

conventional events.

Social media channels do not just promote events, they can enhance the experience, inform those taking part and provide a means of measuring how well the marketing message is getting across.

We have entered a communications age when clients, end-customers and company staff, equipped with smart, mobile technology, have the means to make their voices heard.

Indeed, they are offering valuable market data which can be utilised to fine tune campaigns and hospitality spending in a more cost-effective way.

Radio-frequency identification (RFID), for example, allows organisers to engage fully with their audience, link a live event to the virtual world and send it through cyberspace to millions around the globe, as well as collect data and analyse response.

Such innovations can help companies adapt to new market conditions and stand out from those who stick with more traditional strategies. ●

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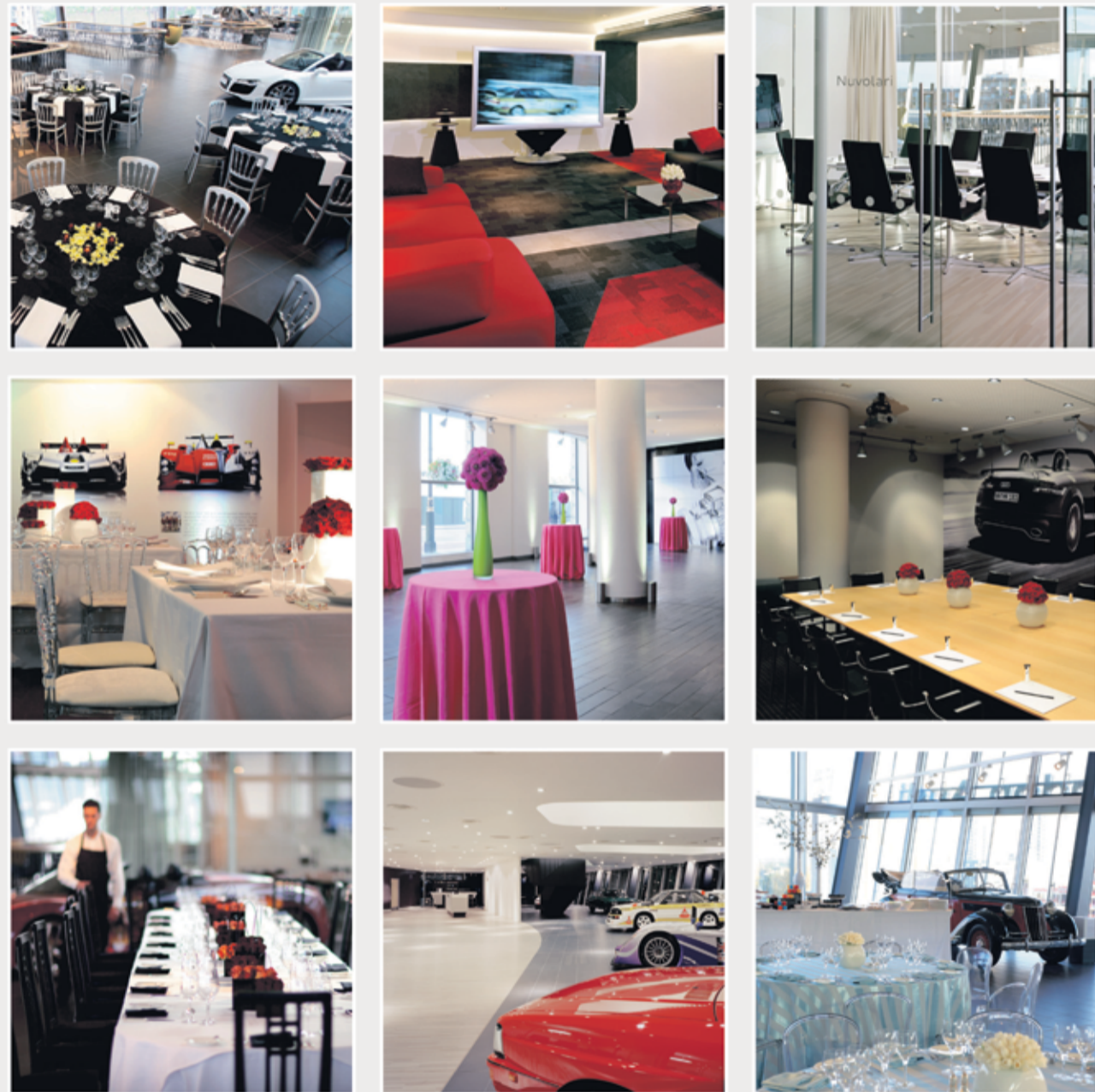


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GETTING THE MEASURE OF HOSPITALITY AND EVENTS

VALUE Assessing the impact of live events as a return on financial investment is the challenge in a value-for-money environment, writes Mike Fletcher

Ford has more reasons than most to celebrate. The Ford Motor Company was launched in England on March 8, 1911, so to mark its centenary year, the firm is staging a raft of customer, dealer and employee-focused events.

The company kick-started the party early with the launch of its next generation Focus, held over two weeks in February at the Magna Science Adventure Centre in Rotherham. According to Ford of Britain's experiential marketing manager Howard Kee, centenary activity, designed to thank dealers, employees and customers, will continue over the coming months and culminate with the brand's sponsorship of the UEFA Champions League Final on May 28.

On the day of the game, dealers from across Europe will be wined and dined at Wembley Stadium. Ford will also leverage public awareness of its sponsorship in the week leading up to the final with a free family festival of football, staged in London's Hyde Park.

In contrast, the Central Office of Information (COI) has fewer reasons to celebrate 2011. Following the Government's comprehensive spending review, the COI's live events department was cut from 16 to nine employees last year.

Those who remain, headed by director Simon Hughes, are respon-

sible for ensuring that the Coalition's messages get through and are understood via events such as public roadshows, workshops and conferences.

But, despite their differences in fortune, the events departments of Ford of Britain and the COI share two main commonalities. Both consider face-to-face communication as central to their business while freely admitting that their events cannot be accurately measured in terms of a return on financial investment.

Live events, in all their forms, are measured mainly against set objectives – namely engagement, education and word-of-mouth advocacy. "Cutting the number of events may save money in the short term, but our objective is to spread understanding and engagement," says the COI's Mr Hughes.

Ford of Britain is entrusting its centenary programme to the events agency, Imagination. Director of special events Richard Foulkes, who is also president of the UK's International Special Events Society, says: "Launching the Ford Focus wasn't solely about measuring an increase in sales following the event, it was mainly about assessing the message retention."

Rick Stainton is the managing director of integrated event production agency Smyle, which pro-

duces conferences and events for, among others, a range of IT and telecom clients. Mr Smyle also recently launched three Citroen models to the French carmaker's UK dealer network at the ICC Birmingham.

He says: "Our clients focus heavily on retention of messages and look for evidence of behavioural change post-event. We demonstrate to clients that different people respond better to certain communication tools and then build an event around the objectives and the audience type."

Grass Roots EventCom manages an annual event budget of £250 million for clients in the pharmaceutical, technology and automotive sectors. Managing director Nick Bender says: "Objectives and outcomes need to be carefully defined. Our role as an agency is to help formulate the business case for holding an event by establishing the success factors."

In the wake of the 40 per cent cuts at the COI, Mr Hughes has put forward an event evaluation method in order to try and reduce the risk of lost messaging, and to demonstrate the depth of engagement achieved by live events.

"We will ask a core set of questions at all our events to provide data per event and also create a database of evaluation results to analyse trends," he says. ●

Face-to-face communication is central to business

WHY EVENTS MAKE TOTAL BUSINESS SENSE

COMMENTARY Izania Downie of Eventia, the trade body for the events and live marketing industry, offers advice on effective two-way communication with customers and staff in an increasingly technological age



Izania Downie
Eventia

As the recovery continues, so more opportunities will be presented and companies need to make the most of them. The problem or opportunity, depending on your outlook, is that you are now operating in a global marketplace, facing more competitors than ever. So what do you do? Shout louder than everyone else or engage?

Adding to the marketing cacophony that greets businesses and consumers alike simply means your message will not be heard. Businesses and consumers yearn to be engaged, informed and valued by the brands they choose.

Live events help you meet these demands and as such are a crucial part of the marketing mix. They offer direct two-way communication opportunities, enabling you to develop closer relationships with your customers and prospects, whether generating leads at a trade show, educating and informing them at a conference, converting them at a meeting or rewarding them for their loyalty through hospitality.

Furthermore, combining events with online technology and social media will increase the engagement potential of live events, extending their reach, longevity and effectiveness.

It is vital for any business to recruit and then retain the best talent available. In today's market of limited pay increases, most businesses need to

consider how they are going to best attract and develop the loyalty of their team members.

Effective staff communications play a vital role in achieving this, yet two recent studies suggest that companies need to improve considerably in this area. A recent YouGov survey revealed that 67 per cent of managers said they do not have face-to-face contact with their own boss. Furthermore, research by Taleo suggested 25 per cent of employees do not understand their company's vision and values, while 42 per cent are unclear of their personal career path and opportunities within their organisation.

Internal events hold the key to better employee communications and reward programmes, not only improving skill levels and staff motivation, but also driving innovation through ideas and making your people feel valued.

Finally, we work in organisations that are becoming increasingly dispersed, while serving an increasingly global market. More staff are working from home or out on the road, while clients span the world. With the key elements of our businesses being pulled further apart, events can help to bridge the gap.

Online and virtual-meetings technology helps businesses connect more frequently and efficiently with both remote staff and distant clients in ever more sophisticated ways, while annual global gatherings support these activities by providing the invaluable face-to-face engagement experience.

Live events are combining increasingly with technology to create the most powerful external and internal engagement tool the business world has ever seen. And not a moment too soon. ●

PEOPLE CONNECT IN MARKETING MIX



COMMUNICATION Live events are forcing their way into corporate marketing strategies as a new era of two-way engagement takes over. Ian Whiting reports

Marketing used to be so simple: an ad in a trade magazine, some direct mail and perhaps a stand at a trade show. Companies know traditional marketing isn't as effective as it was, yet many find it difficult to pull themselves away from it.

Live events, from exhibitions and product launches to conferences and hospitality, have been on the edge of the marketing mix for some time. But with both business and consumer audiences craving engagement, rather than merely being sold to, their time may well have come, particularly as live events are so compatible with digital communications.

"There is no more powerful connection than that made in person, and there's an equally irreplaceable efficiency of initiating, nurturing and maintaining connection through the many capabilities of digital technology," says Kim Myhre, senior vice president and managing director (Europe, the Middle East and Africa), at experience marketing agency

George P. Johnson.

"From initial contact with individuals to building connections and communities of interest, digital capabilities deliver the power of extended reach, expanded dialogue and enhanced community."

Business-to-business (B2B) communication used to be one-way traffic. Business communicators were fairly safe in the knowledge that, if they spoke, their audiences would listen.

"How life has changed," says Rupert Cheswright, head of experiential at events agency Line Up. "The web and social media have shifted audience expectations, and now they are demanding dialogue rather than a monologue. These days, everyone has a voice and everyone has the right to be heard."

"In the context of B2B communications, this means that events have an increasingly important role to play. When it comes to getting buy-in for new strategies and new products, the power of a face-to-

face experience, where audiences are active rather than passive, cannot be underestimated."

So if a live and digital communications mix is the future, how can companies integrate this into their overall marketing strategy?

"As with any other marketing activity, the starting point has to be identifying the overall business objectives," says Rob Allen, chief executive of experiential agency TRO. "These could include communicating organisational change to a range of stakeholders, motivating staff or supporting a new product launch by building awareness in the marketplace."

The great thing about events is that they can speak just as effectively to both internal and external audiences, and can also guide prospects and existing customers along the buying process, building increasingly stronger business relationships. If companies focus clearly on defining their target audience, then trade shows can be a great way to generate leads.

The power of people interacting is a growing force in marketing campaigns

A new breed of exhibition, such as those organised by easyFairs, helps concentrate exhibitors' minds on business by facilitating the setting up of pre-scheduled appointments before the event to maximise return. But this approach, along with thorough post-show follow-up, can be taken by any company, whatever the trade show.

Meanwhile, a series of conferences featuring educational seminars, new product information and networking can then engage business prospects and existing customers alike, building kudos and loyalty.

Finally, more focused smaller, even one-to-one meetings, can help seal the deal, with corporate hospitality the reward to customers for their continuing support.

"Corporate hospitality is a crucial part of the marketing mix, as it demonstrates a company's willingness to get to know people as people," explains Ted Walker, marketing director at hospitality giant Keith Prowse. "Through face-to-face time in an enjoyable and relaxed environment, companies can build a long-lasting rapport with their business associates, and develop a greater

and engaged them directly," says Lee Ann Daly, executive vice president and chief marketing officer of Thomson Reuters Markets.

"The live experiences we created with brand experience agency Jack Morton Worldwide, as a result of these conversations, provided an opportunity for our customers to engage deeply with Eikon, and a forum for us to gauge reactions and garner feedback which, true to the nature of the product, will contribute to its continued development."

The campaign wasn't just aimed at customers, but also at Thomson Reuters employees, as well as being a key awareness-raising exercise for the brand.

"We set four main objectives," explains Ms Daly. "First, engage and excite our sales force. Second, redefine market perception of our company. Third, raise awareness about Eikon and stimulate traffic to our campaign website. Fourth, create opportunities to experience Eikon."

A range of live activity was integrated into the campaign, from inspirational conferences for Thomson Reuters sales force to street team activity targeting financial professionals, culminating in major events in 14 cities showcasing the new product. So was it worthwhile? "Yes, from beginning to end our campaign over-achieved on its objectives," says Ms Daly.

Vauxhall's campaign, amid the economic downturn, to launch its new Astra was equally multi-faceted, meeting a number of marketing goals. Run by TRO, it encompassed a dealer conference, consumer roadshow and corporate hospitality event for its leading corporate fleet vehicle customers.

"This was a major launch at the end of a challenging year," says Vauxhall marketing operations manager Keith Michaels. "It was a very powerful and integrated combination of events which greatly contributed to strengthening our marketing strategy."

Both the Vauxhall and Thomson Reuters campaigns show not only how events can play a key role in the marketing mix, but also the flexibility they offer. More importantly, they provide the kind of meaningful two-way engagement that customers across the globe are now demanding. ●

These days, everyone has a voice and everyone has the right to be heard

understanding of their priorities and needs. It is also a cost-effective way of associating your brand with an iconic event."

The key to success in constructing a portfolio of events is to take a strategic approach with careful research carried out into the needs, desires and preferences of your target audience to make sure any activity is relevant, valuable and has real impact.

Thomson Reuters put its customers at the heart of its marketing campaign for Eikon, a desktop platform aimed at business and finance professionals. "We conducted hundreds of in-depth interviews to ensure we created a product that met their needs, and a launch strategy that addressed

TECHNOLOGY IS A TOOL TO BUILD BETTER EVENTS

SOCIAL MEDIA Online networking sites, mobile apps and the latest developments in technology are being used to engage and interact, as Mike Fletcher discovers

No industry can afford to ignore the profound effect technology can have. So says Mark Saxby, chairman of Eventia, the trade body for the events and live marketing industry. "Social networking will increasingly become a key tool in the marketing of businesses and events. And new technology will continue to help to engage audiences, allow for increased message retention and further assist the return on investment," he says, writing in the recently published British Meetings and Events Industry Survey.

Mr Saxby is, of course, correct. But social media usage around events has already outgrown its primary purpose to simply promote.

Almost 6,000 delegates, who attended Cisco Live Europe at the ICC London Excel earlier this year, were able to interact with each other during the plenary sessions via a big-screen live Twitter

feed and the hash-tag CLEUR.

In addition, Ford of Britain is using social media before, during and after its events in order to track the conversation and generate online content. The car maker used a sustained Facebook campaign for its launch of the latest S-Max last year.

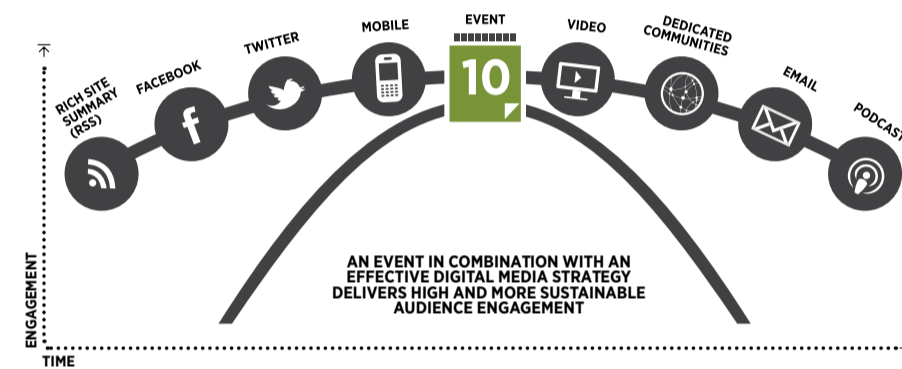
"Bloggers were invited to the event to drive coverage, and the conversation streams on Twitter were measured for peaks and troughs," says Ford of Britain marketing director Mark Simpson. "Social media channels didn't just promote the event, they informed, measured, enhanced and recorded it so that it could be relived again and again."

By integrating social media into event strategies, organisers can allow their audiences to decide on event content, pre-promote the event, share the event experience with delegates not able to attend, evaluate the event in real time and maintain the longev-

Social media has increased the life cycle of an event and its potential reach almost beyond measure

ity of the post-event experience. Social media has increased the life cycle of an event and its potential reach almost beyond measure.

Corbin Ball is a consultant who uses technology in order to save time and improve productivity. He says: "Online applications, such as Slideshare and Flickr, should be used to archive speaker presentations and event memories, making them freely available to delegates. A variety of mobile 'meeting apps' can also be employed to help integrate and enhance."



COMMERCIAL FEATURE

New world, new rules of engagement

With access to more information than ever, people are increasingly discerning in their brand selection. Businesses have a stark choice: engage or be missed

Imagine a world where the fundamental power to influence is shifting from the few to the many. Where social media, online communities, mobile technologies and a live event can propel a complete unknown to become an international singing sensation. Where children can use a smart phone before they can tie their shoelaces.

This is the world we live in. A world with more than five billion active cellular subscriptions, 600 million Facebook members and around 65 million tweets a day. Where soon more people will be watching YouTube than TV. And where hip hop star Kanye West summed up the change in the way people are making purchasing decisions, tweeting: "Don't ever try to sell me on anything. Give me ALL the information and I'll make my own decision," to his 2.5 million Twitter followers.

Understanding this change puts any marketer or business leader ahead of their competition and on the first step to harnessing the new rules of customer engagement. "It is no longer

enough to send out one-way messages. We need to start a dialogue and encourage our customers to communicate with us and each other," says Anthony Miller, strategic director at Active Network, Events.

Allowing customers to interact with each other and create a collaborative community gives them the power to influence and evolve a brand, providing a real sense of "ownership", which in turn drives advocacy.

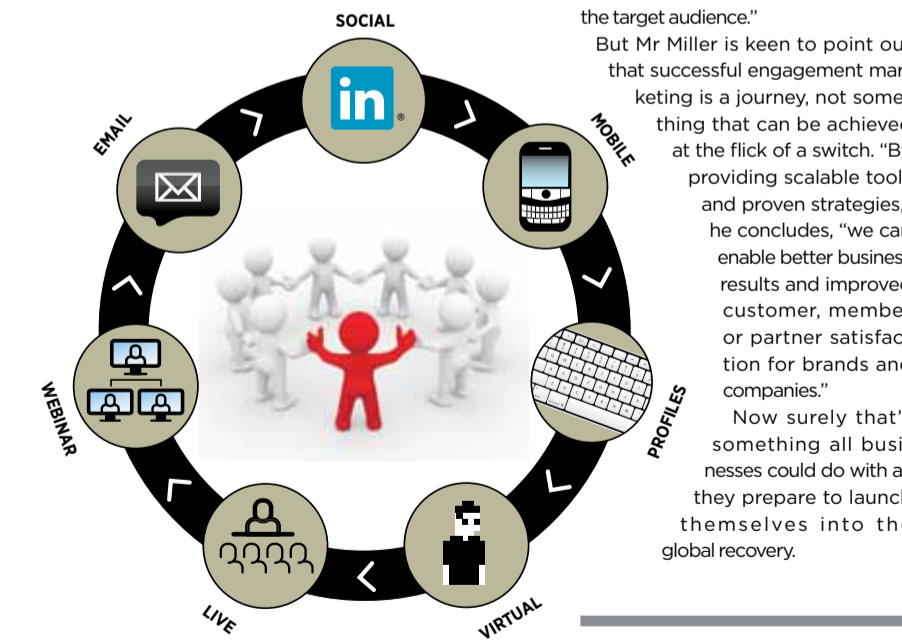
"Customers expect to be personally engaged, listened to, involved and valued," says Mr Miller. "We are now in the age of 'engagement marketing'."

Although engagement marketing is not a new concept, the new global market place and the emergence of Web 2.0 technologies mean it is coming into its own. Mr Miller defines it as: "The creation of a persistent mutually beneficial relationship between a brand and its audience through digital and live interaction." Engagement marketing supports traditional means of customer interaction, such as print media, events and meetings, with new digital tools

that help maintain the conversation and tap into customers' wants and needs. These tools include social media, online communities, mobile technologies, virtual events, webinars and email.

The new channels provide access to more data than ever and more ways to communicate. They allow business decisions to be based on behavioral data, enabling more targeted and personal messaging.

"In terms of a live event, we can use the data gathered within a community or online discussion group to inform the content or even the need for the activity, maximising its value," says Mr Miller. "We can then use data gathered about the attendees' actions at the event to assess the next most useful communication - perhaps a sales



The new channels provide access to more data than ever and more ways to communicate

In September 2010, Glasgow City Marketing Bureau teamed up with organiser Congrex UK to launch two bespoke mobile apps. These allowed 3,000 delegates attending the World Parkinson Congress (WPC) at the Scottish Exhibition and Conference Centre to download conference, speaker and tourism information to an iPhone, iPod or iPad. Eli Pollard, WPC manager, says: "These two apps put the WPC 2010 ahead of the curve."

However, the one shortfall of using a mobile app to enhance the event experience is a heavy reliance on delegates being willing and able to download it, and then start using it.

Radio-frequency identification (RFID) technology allows organisers to engage with 100 per cent of their audience, connect the live event with the virtual world and amplify to millions more, plus collect data and

analyse visitor behaviour.

Laura Moody, managing director of Blondfish, a supplier of RFID technology solutions in the UK, says: "When Smirnoff wanted to gain broader exposure of its Nightlife Exchange London party in November, they turned to us. We provided guests with the opportunity to share their Nightlife experience in real time with their friends on Facebook."

"Guests were given a wristband with their log-in data installed as they entered the event. So every time they saw, heard, sipped or experienced something they liked, they simply tapped their wristband on a Facebook 'like' pod and it registered the 'like' online. RFID technology allows amplification of event experiences instantly. Just as social media has done, it is changing the way we interact with events forever." ●

events, online communities, social media and persistent mobile apps that provide a constant interface to facilitate the dialogue.

"We provide organisations of all sizes with solutions to manage every stage of the conversation with their communities," says Mr Miller. "We can then integrate these with most of the common CRM systems to provide rich behavioural data that can be used to drive revenue to the business and value to the target audience."

But Mr Miller is keen to point out that successful engagement marketing is a journey, not something that can be achieved at the flick of a switch. "By providing scalable tools and proven strategies," he concludes, "we can enable better business results and improved customer, member or partner satisfaction for brands and companies."

Now surely that's something all businesses could do with as they prepare to launch themselves into the global recovery.

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Hospitality that works a treat is a strategic investment



Many people regard the "corporate hospitality jolly" as something belonging to a more affluent age – but they're missing out on an opportunity to build relationships, increase business and ultimately protect jobs.

For many people in business, corporate hospitality comes a long way down the list of priorities. This is a shame because used correctly it can consolidate and expand business relationships, win contracts, motivate staff teams – there are many solid business benefits to be found.

In December 2009 a journalist was invited to a Paul McCartney concert. He was excited enough that he and his wife had been asked along to a prized gig which had sold out in four minutes flat; he was even more delighted, though, to see that some of the corporate places had gone to a warehouse manager and his family.

That employee is likely to go on to become one of the most ardent advocates of that company and colleagues would, no doubt, start to put in extra effort and become more productive on the off-chance that they would be first on the list next time. Exactly what every excellent employer wants.

This is a good example of corporate hospitality working well. In part this is because it started off with an objective – to build relationships both internally and externally. Engaging in scattergun

hospitality – a football match because a sales manager has a favourite team – might just deliver the goods, but it probably won't.

Much better is the targeted, considered piece of entertaining offered by people like IMG. The objective can vary – getting to know a client better, winning a contract, celebrating a milestone, thanking a supplier or an employee are all valid ideas.

The first step is to research the client. Where, for example, do they live? An invitation to Wimbledon might go down well with London-based clients but will someone make the journey down from Edinburgh for the day for a tennis match and do they even like tennis? This doesn't stop a lot of companies becoming overwhelmed by an impressive name and booking anyway.

A professional hospitality company will take a more consultancy-like approach. One of the main concerns should ideally be the likelihood of getting the client to attend – there are few things worse than throwing scarce resources at a lavish event and finding the customer simply doesn't turn up. This might be because they weren't motivated to attend because they work long hours and weekends, or have family commitments.

IMG takes these things a step further and can carry out research on your behalf, as well as offering you exper-

rienced advice. Like any professional business we want to know whether we delivered, but businesses can go a stage further and check against specific criteria – have clients been influenced by the day in terms of your brand, and will the day mean any extra business coming in? There is no problem with asking and everything to be gained from finding out.

Another thing that needs to be right is the standard of the actual hospitality. The cliché is that a lot of work goes into making things look effortless, and so it is on a corporate event. The seats have to be right, the entertainment and refreshments need to be in the right place (on site is ideal, nearby is acceptable) and up to standard. This isn't something a customer will find by sticking a pin in the Yellow Pages or Googling.

You can prove this. Take the FA Cup Final. Googling "corporate hospitality, FA cup final" throws up thousands of results. The fact is, however, that only one company – IMG – is the official provider of hospitality at this event as Wembley Stadium's exclusive sales agent.

Not that this needs to be a disaster. There are many reputable hospitality companies. However, there are others – small, unauthorised companies – which may not be able to get good tickets and book seats behind a pillar, for example, followed by a restaurant booking some distance away. This doesn't happen

every time, but it's been known – like companies which don't supply ordered tickets, are not contactable for a refund and effectively vanish.

The right seat at the right event can work spectacularly well. "I thought the day [at the BNP Paribas Tennis Classic] was really excellent, as did my guests," says Dallas McGillivray, of business consultancy Fleming McGillivray Company Ltd. "The food and beverages were excellent, and the catering staff were very polite and helpful. Thank you for a great day." Your business can't buy good feeling like that.

The right seat at the right event can work spectacularly well

There isn't a short cut to good quality hospitality that makes sporting and other events pay off. Clients need to ask themselves a few questions before they start:

- Is the provider authorised to offer the event under discussion?
- Will the hospitality provider sit down for a fee-free meeting to discuss the desired outcome from a hospitality event and do everything to ensure the occasion delivers?

- Can the company tell us about similar events they have hosted and their positive outcomes?
- Is the provider asking enough questions about the clients who will be entertained or are they focusing on the people who will be footing the bill?
- Is something longer-term than a one-off going to be more beneficial? As exclusive hospitality agent for Club Wembley, IMG has the flexibility to offer arrangements lasting years, offering all the benefits of familiarity with a venue and its staff over time, confidence in the quality of the service and certain knowledge that the end client will be delighted.

No reputable company should be put off by any of these requests. The end result should be an engagement with a client, getting some rare face-time and increasing business with them. This can increase revenues and will outweigh the expense of the event itself.

"Using hospitality as a business tool, especially in times of recession, has proved to be a successful strategy for many companies," says Heath Harvey, director of Club Wembley. "Club Wembley is a longer term purchase than many companies in the UK are used to, but those who join us know that their hospitality spend is guaranteeing them a fantastic range of events at one of the world's greatest venues for the next eight years. And all this with no hidden price increases along the way."

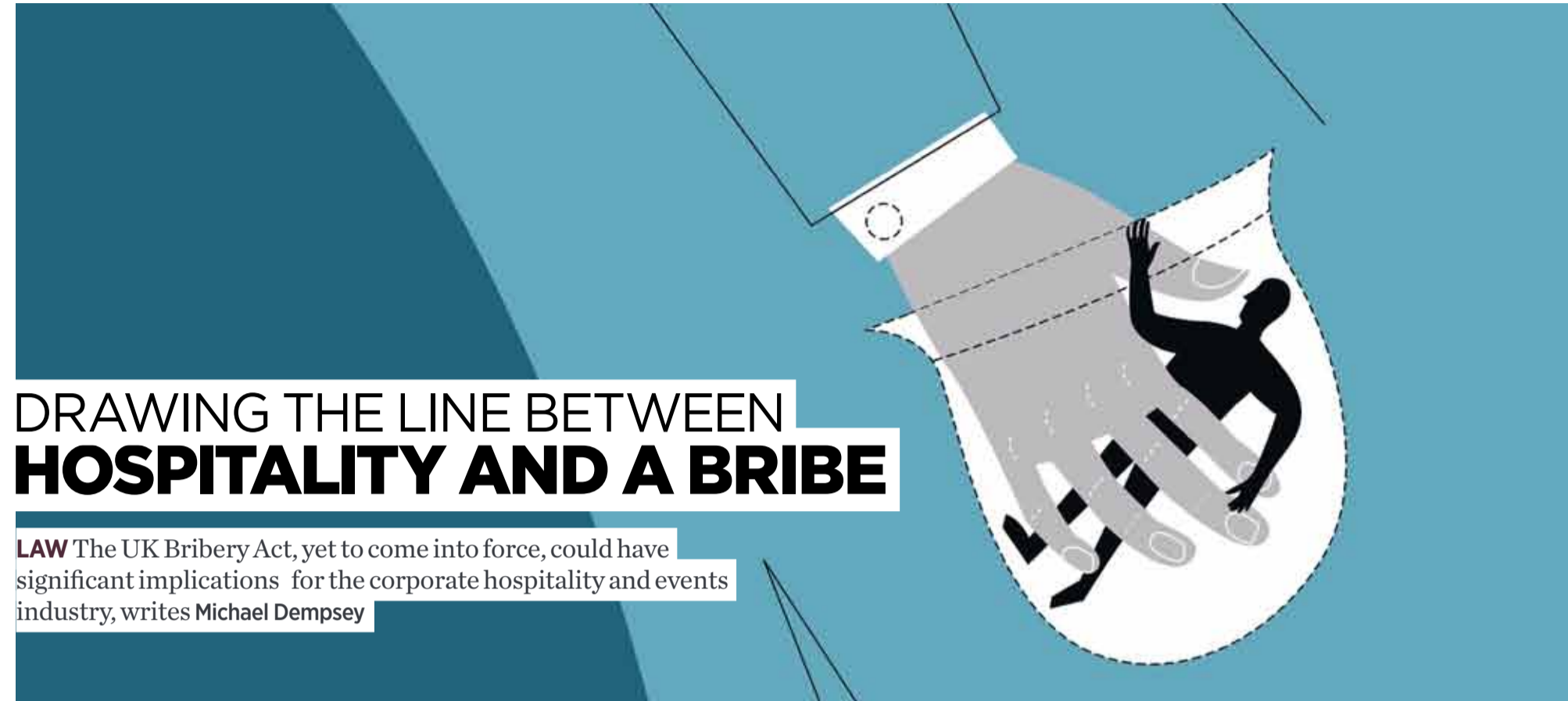
It's not just Wembley, of course. "IMG owns and manages many different events, as well as having access as an authorised sales agent to some of the biggest hospitality events in the UK calendar over the next few years," says IMG Senior Vice President Jonathan Cocke. "With such an extensive portfolio, we are able to work with our clients to advise them on the most suitable hospitality options for them based on their company profile and business needs, while optimising the impact of their hospitality budgets."

It is as a strategic investment that corporate hospitality is best understood. Use it carefully, target it professionally and it should be one of the tools that makes a business grow. This, then, is far from the "hospitality jolly" critics would have UK plc believe. It's a solid plan to keep business strong.

And if you have to enjoy a bit of footie at the same time, well, nobody said life was going to be easy.

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IMG plans to host a free-to-attend hospitality open day in London for hospitality buyers and events managers. Please visit www.imgevents.co.uk/opendays to register your interest and receive further information.



DRAWING THE LINE BETWEEN HOSPITALITY AND A BRIBE

LAW The UK Bribery Act, yet to come into force, could have significant implications for the corporate hospitality and events industry, writes Michael Dempsey

The Bribery Act was born out of a laudable aim. The idea was to give British prosecutors a tool to pursue corrupt practices in a global economy where other nations, primarily the United States, were making the running in anti-corruption laws. However, the resulting legislation has been slammed for a lack of precision, leaving many lawyers concerned about which activities might trigger a bribery charge. And corporate hospitality is high on the list of legitimate functions that could be hit.

The problem lies in distinguishing between reasonable hospitality and a bribe. In theory, anyone who signs off on an expenses sheet will shortly be legally responsible for making that distinction.

According to the Ministry of Justice, the Act does not threaten "reasonable and proportionate hospitality or promotional expenditure". The basis for interpreting hospitality as a criminal act is that the recipient is intended to act improperly, says Lord Tunnicliffe, the Ministry's

spokesman in the House of Lords. But he goes on to declare that "lavish or extraordinary hospitality" may well lead to a conviction punishable with a ten-year prison sentence.

So the official line from the Min-

Corporate hospitality is high on the list of legitimate functions that could be hit

istry of Justice can be summed up as "don't panic". But this apparent reassurance may have come too late. Brian Kirsch, managing director of industry insurance broker Events Assured and chair of the regulation committee for industry body Eventia, thinks that a lack of clarity in the Act has contributed to a wave of fear in the hospitality sector. "People are over-reacting to a badly drafted piece of legislation," he says.

Mr Kirsch points out that there is a high bar for prosecutions. "The Act seems to say that the intent to bribe should be evident to both parties involved and there has to be a public interest in prosecuting." But this has not filtered through to the entire hospitality sector, where a degree of paranoia around this new law may begin to deter event organisers.

Eventia has joined a long queue of organisations petitioning the Ministry of Justice for greater clarity. This clamour for more precision in an Act that expects businesses to demonstrate "adequate procedures" in place to deter bribery, without stipulating exactly what those procedures should be, has led to repeated delays in the legislation.

This law's formal enactment was originally scheduled for October 2010 and was then postponed to allow for official guidance to be published in January 2011. The guidance date itself was then put back at practically zero notice.

By late February the Ministry had still not published the guidance. But it was promising a three-month notice period after the guidance arrives to allow businesses to embed new procedures before the Act is finally enacted in law.

This official meandering has not impressed the legal profession. Robert Rhodes QC, a barrister who has studied the Act in detail, warns that we should not expect too much from the

guidance. "I don't think it will be sufficiently fact-based," says Mr Rhodes.

While he stresses that obvious incentives to win business, such as generous cash allowances and premiere travel arrangements for spouses, would attract the wrath of prosecutors, Mr Rhodes fears that the hospitality industry needs to watch its step. "It is all a question of degree; there will be a massive amount of grey areas."

What should a corporate events organiser do in the face of this impending law? Mr Rhodes is against anyone pulling in their horns for fear of prosecution. "If no one has ever complained about your hospitality practices then you should continue as before," he says.

Jeff Hunter, a veteran of the events sector who has just launched the Capstone Advisory consultancy, thinks that the plus side of the Act is a chance to build robust procedures into a business. And some of the danger zones are pretty obvious. "If you are involved in a tendering process, you don't want to send out hospitality invites to the senior executive who is judging the bids," he says.

His one profound caveat concerns the vain notion that only big businesses need to heed the Act. "You don't have to be a FTSE 100 company to have to comply," says Mr Hunter.

The last word belongs to the Ministry of Justice, where a spokeswoman seeks to reassure a nervous industry. "We recognise that reasonable and proportionate hospitality or promotional expenditure is an established and important part of doing business. There is no intention to clamp down on such expenditure," the official says.

It can only be hoped that, by the time the Act finally comes into force, the world of corporate hospitality is willing to take the ministry at its word. ●

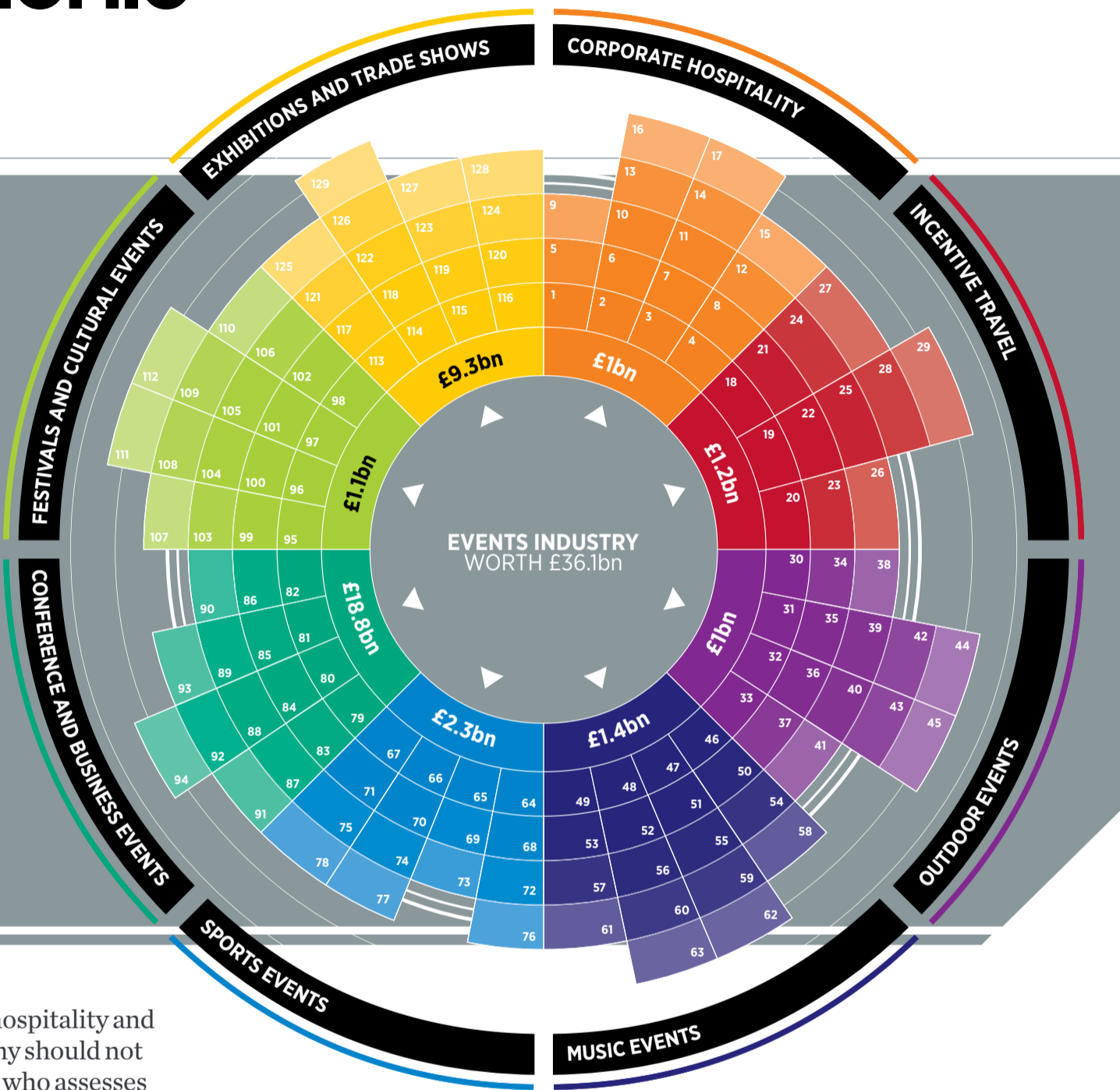
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EVENTS AND HOSPITALITY ARE AIDING ECONOMIC RECOVERY

Events and hospitality form a broad industry considered to be the UK's fifth largest and collectively worth £36.1 billion. The positive economic impact of staging an event is felt throughout a far-reaching supply chain of predominantly UK businesses



ECONOMY The value of the corporate hospitality and events industry to the national economy should not be underestimated, writes Mike Fletcher who assesses the sector's worth to the Treasury and UK plc

According to lobby group the Business Visits and Events Partnership (BVEP), the core of corporate hospitality and events contributes £36.1 billion to the annual British economy. BVEP chairman Michael Hirst says: "It's a vibrant part of the visitor economy but also has an active role in the creative industries, trade development and in encouraging cultural appreciation." According to industry association Eventia, the conference and business events market alone contributes £18.8 billion. This includes spending at venues and in the wider destination by delegates and organisers before, during and after an event. Eventia arrived at this figure after conducting its 2010 UK Events Market Trends Survey, based

on data supplied by 403 venues throughout the UK. Further key findings show that 94 million people attended an estimated 1.32 million events in 2009 and that hotels currently hold the majority (61 per cent) of all business events in Britain. The BVEP calculates that exhibitions, conferences, meetings, corporate hospitality and incentive travel, together form an economic contribution of £30.3 billion. The remaining £5.8 billion is made up from sports events (£2.3 billion), music events (£1.4 billion), festivals and cultural events (£1.1 billion), plus other outdoor events (£1 billion). All these events contribute significantly to tourism, creative enterprise, trade and export development,

as well as to the exchange of information and knowledge, and to community cohesion. By bolting on the hospitality sector's far-reaching services, such as restaurants, contract catering, hotels and other accommodation providers, consultancy Oxford Economics estimates that the overall economic impact could be closer to £46 billion. Mike Kershaw, chairman of event services firm the Concerto Group, says: "Events are one of the most efficient means of keeping money within the UK economy. Retail spend has maybe a three or four-time multiplier before it leaves the country. But spending money on an event will see transactions multiply along a more extensive and predominantly British supply chain. With

20 per cent VAT on every transaction heading back into government coffers, plus the amount of people being kept in employment, the hospitality and events industry should be championed, when instead it is often thought of as frivolous." In an independent study carried out last year on behalf of the British Hospitality Association (BHA), a trade body which includes event management within its representation, Oxford Economics determined that the wider hospitality and events industry directly contributes 2.44 million jobs and another 675,000 jobs through multiplier effects along the supply chain. Two-thirds of these multiplier jobs involve the production of food, beverages, tobacco, agriculture and business services.

The BVEP says that there are some 550,000 people employed by more than 25,000 businesses with a core remit to stage or supply events. These businesses include event management agencies, venues, suppliers and destination management companies. "The sector is resilient and events provide real recreational and motivational opportunities for communities," says BVEP's Mr Hirst. "During the recession, for example, while corporate meetings inevitably fell back in line with lower levels of business activity, attendance at UK festivals, sporting, cultural and music events grew by up to 20 per cent." The BHA says that, with the wider total of 2.44 million jobs representing around 8 per cent of total employment,

The hospitality and events industry should be championed, when instead it is often thought of as frivolous

this makes the hospitality business the UK's fifth biggest industry in employment terms, ahead of other broad sectors, such as financial services, transport and construction, and puts it on par with the education sector. Like the BVEP, the BHA is also focused on forming closer links with government to achieve a shared goal of sustainable economic growth. "Given the right framework, there is real opportunity for hospitality jobs in Britain to rise to 2.76 million by 2015 and 3.09 million jobs by 2020," says BHA chief executive Ufi Ibrahim. "Hospitality and events create jobs at local level and impact upon regional regeneration schemes. At a time when the Government's spending review has led to redundancies and other job losses, here is an industry that really can make a difference," she says.

At the end of last year, the BHA put forward a partnership proposal to government which asks for, among other things, a permanent Cabinet committee for hospitality and tourism. Ms Ibrahim says: "Our fragmented industry is affected by policy decisions taken across many government departments. By engaging senior cabinet ministers, this will help to ensure that the decisions of individual departments do not hinder David Cameron's pledge to make Britain one of the top five tourist destinations in the world as well as the industry's potential contribution to job creation across the UK."

In June 2010, the opening of the UK capital's International Convention Centre, the ICC London ExCeL, immediately created 1,000 new jobs in this regeneration area of east London.

The venue's director of conferences and events James Rees anticipates that a further 3,200 local jobs will be created as a knock-on effect of the ICC by the end of this year. "The build represented private investment of £165 million but the projected economic benefit stands at £1.6 billion by the end of 2011," he says.

Both the ICC London ExCeL and the Queen Elizabeth II Conference Centre in the heart of Westminster work closely with convention bureau Visit London to pitch for large international congresses, which bring delegates to the UK from all over the world.

Ernest Vincent, chief executive of the QEII Conference Centre, estimates his venue contributes

around £200 million a year to the visitor economy.

"The role events play in the development of the tourism industry needs much more recognition and encouragement. It can readily be one of the engines to rebalance our national economy," he says.

But it's not just purpose-built venues that rely on the full impact of event spending. Visitor attractions, heritage venues, museums, art galleries, stadia and a host of other dual-use facilities all depend heavily on the business of events.

The Concerto Group's Mike Kershaw says: "Where would London's museums be without the revenue generated from holding corporate and private events? At the Government's door with cap in hand, that's where. The business model for hotels doesn't stack up with beds alone. They all need conference and banqueting business to survive. And I don't believe there is a single restaurant in London that could exist without hosting corporate dining and events."

Mr Kershaw is backed up by Lisa Hatswell, corporate sales manager of the EDF Energy London Eye and head of marketing consortium Unique Venues of London (UVL). "Our 73 members collectively generated £68 million from events held in 2010," she says. "With a mixture of charities, free public attractions and heritage sites, many rely on a secondary-events revenue stream to maintain their architecturally renowned buildings, grounds or exhibits." Kensington Palace, Hampton Court Palace, the Victoria & Albert Museum and ZSL London Zoo are all UVL members.

Charlotte Winship, events manager at Kensington Palace, which is managed by independent charity Historic Royal Palaces, says: "In hiring venues like ours, clients are providing valuable support to the conservation of our country's heritage. We receive no government or Crown funding and therefore rely on income derived from visitors, donors and venue hire. All revenue received from venue hire directly contributes to the conservation of Kensington Palace."

Next year, events and hospitality will play a major role in the 2012 Olympic and Paralympic Games. It's reassuring to know that not only does Britain already have a gold-medal-standard industry but that its impact is also helping to drive the country's economic recovery. ●

KEY Spending money on an event will see transactions multiply along extensive supply chains. Examples of the building blocks that make up these chains, which reach far into British business, are outlined below

EVENTS INDUSTRY WORTH £36.1bn



A WOW-FACTOR EXPERIENCE TO ENGAGE THE CORPORATES

TRENDS In the fight for brand differentiation, experiential marketing can pack the punch required to get both business-to-business and internal audiences reeling, writes Ian Whiting

In an effort to drive home brand values to consumers and stand out in an increasingly crowded global market, the last decade has seen the emergence of a new marketing discipline. Called experiential marketing, it seeks to get people to “live” a brand by creating an immersive environment that stimulates the senses. Typical campaigns, like Smirnoff vodka’s popular UR The Night, are based around one or a series of highly creative live events, supported by other marketing activity to promote the experience in advance and then show the world just how much fun the invited audience had. Online technology, for example, is a great way to amplify such events, which drive word-of-mouth advocacy – by far the most powerful form of marketing.

However, while many brand owners are reaping the benefits of engaging with their consumer audience in this way, companies have been far slower to adopt experiential marketing for business-to-business and internal communications purposes.

“Just like consumers, today’s business audiences want an experience that wows the senses and inspires,” says Ian Irving, director at experience agency Experience This. “And these are the very reasons that experiential tactics are making their way into the world of corporate communications.”

According to Tom Everett, head of

employee communications for Best Buy Europe, many employees and business customers now expect to be able to interact with companies and brands in many spheres, particularly in the digital environment.

“This shift means companies need to adopt new strategies to reach people who are constantly connected, but only partly attentive,” he says. “The forward-thinking ones have been quick to cotton on to this shift in communication and the more successful have begun to use the online community-experience strategy as a way of galvanising people or as a powerful facilitator for change.”

Dom Robertson, managing director at creative marketing agency RPM, says: “People will use Facebook and Twitter to spread the word about what they’ve seen or done, and these channels become crucial to expanding the lifespan and power of experiential activity.” And, of course, the more people who share the experience with others, the greater the reach and the better the return on your investment.

Rather than simply bombarding business customers and staff with corporate or sales messages, delivering a more creative experience engenders deeper understanding, promotes dialogue and encourages meaningful participation.

“By doing this, brands and organi-

sations gain greater credibility, not only with the people they directly involve, but also with those who hear about the story,” says Mr Robertson. “Much of this is related to the perceived level of integrity brands have; are they walking the talk, are they doing what they say?”

Sam Jordan, managing director at brand consultancy Dave, agrees that what you do has always been more important than what you say. “With the explosion in social media this is truer than ever,” he says. “In an instant, each of us can get hundreds of trusted reviews and exposés of corporate practices can spread like wildfire. None of this is controlled directly by the brand owner. Therefore, organisations must use positive experiences to educate an audience and genuinely engage with them – and that’s equally true of internal team exercises or live customer events.”

It’s common for companies to focus their efforts on their external market, rather than their employees. But no matter how effective this is, if the internal team are not on brand, the wrong corporate messages will be sent out. Put simply, how engaged an employee is with your brand or organisation has a direct correlation to both performance and profitability. Engagement can increase sales, advocacy and loyalty. In the face of tough economic times, com-

panies need to reassure their staff, and maintain both morale and belief in the future of the business. “Companies that adopt such strategies are more likely to weather the tough economic climate as they stand a better chance of keeping their employees,” says Best Buy Europe’s Tom Everett. “This engagement not only leads to continued productivity but also, ultimately, to advocacy, which in turn encourages customer loyalty.”

Just like consumers, today’s business audiences want an experience that wows the senses and inspires

According to Ian Irving at Experience This, the most effective experiential ideas are free-flowing, multi-experience environments. “Creating immersive brand environments that use interactive technology, such as mobile devices to share information and network, are incredibly powerful,” he says.

For Mr Everett, experiences work best when they are part of a wider campaign of activity and often as the catalysts for change or community.

IMG’s English Heritage Picnic Concert

“Practically speaking, this can be as simple as running a large event and creating an associated digital community before and after, using social networking tools,” he says. “This allows people to anticipate, participate and then remember the experience with people they met throughout an event.”

He cites the example of the Best Buy Europe Ball as how to successfully motivate employees and strengthen supplier relationships. “We created a giant party for all employees and the difference in 2010 was that we gave our staff the chance to co-create the event. Through a participation-led campaign, we selected a committee of employees to work with our creative agencies to design and publicise an event that would appeal to our diverse workforce,” he says. “Not only did employees have a hand in the design, but they also became positive advocates for the event, building communities on Facebook and encouraging participation before and after.”

“The result was an immensely successful party, attended by both employees and suppliers. The event created stories and a community that has lived on long after the lights went up.”

In this way, experiential can deliver competitive advantage. But it’s not enough to say it, you need to demonstrate it and experiential has come a long way in terms of delivering measured results.

“There is much discussion around the measurement and evaluation of live marketing and there is also much talk of the science around this,” says Mr Irving. “So let’s just get one thing straight – if your audience is there in front of you and you take the time and initiative to ask questions, capture opinions and collate data during the experience, you can measure the impact. But there is life beyond the live event, so you need to ensure that you always engage your audience both pre and post-event. This helps with the evaluation of the emotional and behavioural impact your event has had.”

In short, if you’re not engaging your staff and suppliers in this way, you’re missing out. And, if you don’t start soon, you’re going to be chasing your competition’s coat tails. ●

DRIVING FORWARD WITH HIGH-PROFILE SPORT SPONSORSHIP

Golfer Luke Donald at this year’s Accenture Match Play Championship



BRANDING For some businesses, the recession meant keeping a low profile in corporate entertaining, but major sporting events could see a return of glitz and glam, as Jessica Twentyman reports

For international accounting and consultancy firm Deloitte, the London 2012 Olympic Games represents an unprecedented opportunity to promote its brand on home turf at a time when the eyes of the world will be watching.

“Our involvement in this event is a source of huge pride to us,” says Annabel Pritchard, London 2012 sponsorship director at Deloitte. “The firm has been intimately involved in providing a wide range of services to the London 2012 organising committee, so it’s a very public statement of our capabilities as a firm and an amazing platform for sponsorship,” she says.

By the time the Games open next year, staff at Deloitte will have committed around one million hours of consultancy time to the event’s official organising committee. To date, they have already spent some 275,000 hours advising on everything from procurement strategies to programme management. “No other professional services firm has ever been involved in the organisation and staging of an Olympic Games to this extent,” says Ms Pritchard.

In return, as part of its sponsorship package, the Deloitte name will appear all around the Olympic Park, recognising the firm’s contribution to the event. The company will also provide hospitality during the Games to a number of its most valued customers and prospects.

In the longer term, says Ms Pritchard, the sponsorship deal will provide Deloitte with an unparalleled “super credential”, which will be used to convince would-be clients worldwide that the firm has the expertise to tackle even the most complex of projects.

Could this mark a more general return to more high-profile branding for other companies in their corporate hospitality and sponsorship activities? During the recent economic downturn, many have taken a step back from such publicity, say industry watchers. But, as the recovery kicks in, events like the 2012 London Olympics and the 2014 football World Cup in Brazil could see the triumphant return of many organisations who wish to achieve the same kind of exposure as Deloitte.

At the heart of recent reticence has been fear of media scrutiny, according to Richard Foulkes, special events and production director at London-based communications agency Imagination, and president of the UK chapter of the International Special Events Society. “We’ve seen a definite lack of confidence, not in spending money, but in being seen to spend it,” he says.

The good news is that many companies now recognise – perhaps as a result of the downturn – that if they do not spend money on motivation and marketing at high-profile events, they risk business growth, he says.

Of course, not every corporate hospitality investment needs to be high-profile. Staging an event that is memorable, rather than lavish, has become more important to many companies, says Timmon Whitehead, managing director at special events company White Rhino.

Such companies are looking for something “a bit different”, he says. For example, White Rhino lays on treasure hunts for clients, in which participants travel Italian Job-style in Minis, armed with clues, Ordnance Survey maps and hand-held GPSs (global positioning systems).

But as business confidence returns, it is likely that sponsorship and branding will start to take centre stage again. In many cases, however, it will be couched in slightly different terms, with the emphasis on highlighting a firm’s commitment to social responsibility and community involvement.

Many hospitality companies, for example, report that they are now being asked more frequently to bear their clients’ corporate social responsibility (CSR) goals in mind when arranging events and to provide packages that offer a mix of sponsorship and hospitality.

It is not just sporting events that offer corporates the opportunity to promote both their brands and their ethical credentials. In January, mining giant Rio Tinto chose Australia Day to announce that it is to sponsor the forthcoming Australian Season at the British Museum, a programme dedicated to indigenous Australian art and biodiversity.

“As a company headquartered in the UK, but with many employees and operations in Australia, we have strong connections with both countries. The themes and motivation of Australian Season resonate strongly for us,” says Rio Tinto’s chairman Jan De Plessis.

In fact, in a recent survey of corporate events organisers conducted by the Business Visits and Events Partnership (BVEP), corporate social responsibility came fifth in a list of their ten most pressing concerns, behind financial criteria, such as terms and conditions and cost reduction.

These days, it seems, corporate hospitality and sponsorship are as much about being seen to do good, as showing customers a good time. ●

If companies do not spend money on motivation and marketing at high-profile events, they risk business growth



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TOP SPORTS EVENTS SCORE WITH BUSINESS CLIENTS

SPORT Business hospitality in the sporting arena is a successful marketing strategy for big-name companies. Kevin Roberts reports on how the sector bounced back from recession

The shock waves from the 2008 collapse of global financial services giant Lehman Brothers were felt way beyond the Square Mile and Wall Street.

Along London's Uxbridge Road, staff at Cavendish Group experienced their own tumbleweed moment as the world of corporate hospitality came to a temporary standstill.

"The phones more or less stopped ringing. I had never known it so quiet," says Cavendish chief executive Chris Bruton, a hospitality sector veteran who has worked on most of the major sporting events in the UK and around the world.

"The City spent a lot of money on hospitality so the instability was bound to have an impact. Lehman Brothers alone took 50 people a day to Wimbledon which, in itself, is a massive order."

In fact hospitality took a classic double hit right on the chin. The banking collapse was just one manifestation of economies in decline.

With businesses across all sectors reporting losses and staff being laid off, every element of corporate spending came under the most intense scrutiny.

And hospitality was a sitting target. When times are tough, nothing is more certain to unleash a torrent of public, media and shareholder anger than the idea that money is being spent on "a bit of a jolly for the boys". But that was two-and-a-half years ago and the sector has since demonstrated a remarkable resilience.

"There's no doubt the business is coming back. For the first time in two years we are struggling to keep up with enquiries," says Mr Bruton.

While that is good news for the companies and thousands of staff employed in sports event hospitality – a field in which the UK is widely considered to be a world leader – the impact of economic downturn is certain to shape the future of the industry.

The hospitality sector may be undergoing a period of change and

re-assessment but one thing is for sure: it is built on the proven premise that the shared experience of a major sports event provides an environment which is conducive to building business relationships.

Some companies were so committed to the results delivered through hospitality at sports events that their response to the financial crisis was to operate by stealth. Branding was removed from chalets and company names disappeared from table plans but the shared hospitality experience continued.

For Investec, the specialist bank and asset manager which includes England Rugby's autumn internationals and the Epsom Derby in its global sponsorship portfolio, events are central to its marketing strategy.

"Ours is a people-orientated business and we make a significant investment in events, ranging from get-togethers for four people to major sports events where we entertain hundreds," says Raymond van Niekerk,

The shared experience of a major sports event provides an environment which is conducive to building business relationships

Investec's head of global marketing. "We focus our hospitality round the events we sponsor because we are able to entertain our guests in a branded environment and that adds something to the occasion.

"When we take people to rugby or a day's racing, we want them to remember it as a day with us – not just a day at a sports event.

"Most of our events are co-ordinated in-house and our challenge is to ensure that every one is out-of-the-ordinary, in keeping with our

brand. Our rule is that we never do the same thing twice."

At last year's England v New Zealand Investec International at Twickenham, guests not only had some of the best seats in the house for the game but enjoyed a sophisticated pre-match entertainment programme delivered by former England rugby stars Martin Bayfield and Matt Dawson, and former F1 driver Mark Blundell.

The format linked the screening of a specially recorded Top Gear-style

Looking for a Unique Entertainment Venue?

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video segment, in which the players recorded lap times around a test track in Surrey, with an opportunity for guests to compete in Formula One simulators for a brand new BMW.

This approach and willingness to invest beyond lunch and an admission ticket is indicative of how hospitality is evolving. Today it is all about the experience.

Chad Lyon-Cachet, chief executive of Sportsworld, agrees. "The world has moved on and the demand is for an experience, not simply an event," he says. "Sports hospitality works because it provides an opportunity to share an experience, perhaps even a moment in history. It is not just about the game but about the people you met and the great time you had."

For Sportsworld, creating the event experience is, in many respects, about attending to what might be considered minor details.

"You can never guarantee the weather or the standard of play in a tennis match, but you can control other key elements of the experience, from the way guests are welcomed and the professionalism of hostesses to the decor and branding around facilities, and the quality of the catering," says Mr Lyon-Cachet.

In today's more discerning and competitive hospitality environment it is not only quality but flexibility which counts.

David McCallum, sales director at Sodexo Prestige, which provides catering services for some of the biggest sports events, including top-hole golf, is looking ahead to this year's Open Championship at Sandwich.

"Years ago a guest would have their ticket and if the food was OK that was fine. Now people expect to rave about the food and service. There is a real premium on quality and at Sandwich, as we do elsewhere, we will be creating menus using the best of local produce and we are in discussions with local celebrity chefs about their involvement in creating dishes," he says.

"There's also a move towards guests having greater choice in planning their day. We've responded by developing the Clubhouse concept which enables guests to choose when they eat from a rolling breakfast, brunch, lunch and afternoon tea service."

The Open, like Wimbledon, Ascot and the other major events of the English Season, remains a hot ticket, less susceptible than others to the fluctuations of the hospitality market.

"Clients have had to be more selective, focused and accountable

about their spend, and it has been the middle-level, less well-known events which have suffered most," says Mr McCallum.

But at the top end are the major events, the hard-to-get tickets for world-class sport which form the basis of invitations which guests are pleased to receive and proud to accept. These are the events which deliver the hugely valuable commodity – time with a client in a relaxed and memorable environment.

So the big questions remain – does it work and how do you measure success?

While not every company has developed a method of monitoring and assessing the impact of their hospitality spend, Raymond van Niekerk says Investec conduct a guest survey by e-mail within two or three days of the event.

"It's current, short and sweet," he says. "We ask people to rate various elements of the experience and any rating which is less than brilliant is worrying for us. This information is supported by the experience of the people who work in our business who are out there working with clients and are the first to get their feedback. They see how it translates into strong business relationships." ●



© Getty Images

LONDON PREPARES TO ENTERTAIN THE CORPORATE WORLD IN 2012

OLYMPICS The Olympic movement will embrace the corporate hospitality market in London next year, creating a wealth of opportunities for international and local companies, as Ashling O'Connor reports

■ If Lance Forman's plans for catering to executives on a day out at the 2012 Olympics come to fruition, it will be a prime example of how businesses in London are set to benefit from the first home summer Games for 64 years.

The owner of the eponymous salmon smokery, established in the East End in 1905 and now boasting a restaurant with unrivalled views of the Olympic stadium, has an ambitious vision.

It involves guests sipping champagne and canapés in a proposed new 20,000-square-metre space tailored for up to 8,000 corporate clients.

The distance to the stadium is the same as its radius with the River Lea in between and Mr Forman has had discussions about mooring a flotilla of Sun Seeker yachts along its banks. The plans also include a nightclub, television studios and a giant TV screen measuring 100 metres by 20 metres.

The existing venue, with a capacity of 800 people, has already hosted events for the London Olympic organising committee (Locog), Olympic sponsors Atos Origin, Visa, Coca-Cola and related companies such as McAlpine, which built the stadium, and the Olympic Delivery Authority, the quango responsible for the construction of the 500-acre Olympic Park.

Like many London businessmen, Mr Forman, whose company was originally located on the site of the stadium before being subject to a compulsory purchase order, sees a once-in-a-lifetime opportunity.

A heady mix of the cream of serious international business networkers and the best performers in world sport is landing on the doorstep of

UK plc. London, home to globally renowned sports events such as Wimbledon, is a mature corporate hospitality market, but the Olympics will take it to a whole new level.

The challenge will be to meet the demand. The official on-site market – excluding 2012 sponsors – is limited to about 1 per cent of the 9 million tickets available for the Olympics under a programme managed by Prestige Ticketing, for the domestic market, and Jet Set Sports, for the international market, including hotels and flights. An additional source of corporate tickets is Thomas Cook, but the travel agency is expected to largely cater for the family holiday market.

The programme run by Prestige, a joint venture owned by former England rugby player Mike Burton and French group Soxedo, is an Olympics first. Never before has the International Olympic Committee (IOC) sanctioned the sale of tickets to the local corporate hospitality market.

At previous Games it was only global sponsors such as Adidas, Coca-Cola, McDonald's and Samsung, each paying the IOC on average \$100 million per four-year cycle, that were afforded space at Olympic venues for entertaining clients and staff and running promotional activities.

Next year, it will be possible for individuals or companies to buy access to a triple-decker temporary building on the Park, which will seat a maximum of 3,000 people tasting the "best of British cuisine" with ingredients supplied by local producers.

Purchasers of a minimum order of ten tickets, which go on sale on March 15, are guaranteed a top category seat at their chosen event. Prestige

is bundling less popular events with the most popular. This means, for example, that anyone wanting to buy a hospitality package – with all its frills of champagne, canapés and dinner – for the hottest ticket at the opening ceremony would need a budget of £270,000, making it the most expensive corporate package in Olympic history.

Perhaps reflecting the level of excitement about the first London Olympics since 1948, the top-priced corporate tickets, which put the Games in the league of the NFL Super Bowl, do not appear to be a deterrent.

London is a mature corporate hospitality market, but the Olympics will take it to a whole new level

Ahead of the March 15 sale date, Prestige has had 4,000 registrations of interest from companies and individuals. Tony Barnard, marketing director, says: "There is interest across the board and all around the UK, and from people who don't usually do hospitality."

"The FTSE 500 companies are there and we've had strong interest from the legal, media and IT sectors, but we have had a number of inquiries from SMEs [small and medium-sized enterprises] who perhaps just want a table of ten."

Prestige says the multi-ticket bundling policy is designed to prevent companies from cherry-picking the best events, which include the track

cycling, swimming and athletics, leaving the less popular events – such as handball and hockey – with blocks of unsold seats. It is also paying a £25 levy on packages to subsidise the donation of more than 125,000 tickets to schools in London and around the UK.

"Seventy-one per cent of our packages are £995 or under. You couldn't go to the second week of Wimbledon for that and this is a once-in-a-lifetime event," says Mr Barnard. "We are breaking new ground and this corporate hospitality will be the best that anyone has ever seen."

The scale of the Olympics, combined with one of the world's most cosmopolitan cities, is what excites sponsors. "The Olympics are the greatest show on Earth and they're right on our doorstep," Steve Marks, media manager for Adidas, an Olympic sponsor and merchandise licensee, says. "It's an open house on our brand and the biggest platform we have."

While the opportunities for corporate hospitality within Olympic venues are limited, the possibilities outside them are "unlimited", according to David Hornby, managing director of Why Not, whose clients include Red Bull and Anschutz Entertainment Group (AEG), the operator of the O2. "Beijing and Athens were difficult, but in London people will be able to find ways to tap into the atmosphere without actually being on the finish line," he says. "Corporate hospitality is simply spending good, precious time with stakeholders in an inspiring environment. So companies could even create an experience for clients without any tickets by booking a room beside the river during the opening ceremony or buying lunch

before free events such as the triathlon and the road cycling." In light of the recession, companies are seeking cheaper ways to entertain clients. Mike Martin, managing director of Paragon Hospitality, says: "Like with the World Cup, the best option may be a private screening away from the Olympic Park. The difference is that it [the event] will be going on down the road." Even Olympic sponsors, who will have a guaranteed presence on the Olympic Park, are likely to use central London to entertain clients, suppliers, staff and the media. Most have yet to finalise their plans, but Visit London, the official visitor agency, reports an increase in demand for its services ahead of the predicted influx of business travellers, drawn to London not only by the Olympics but a summer of sport and public celebration that includes the Queen's Diamond Jubilee. These requests include sourcing locations for a house or a corporate base and hospitality venue, where companies can water and feed guests in exclusive comfort between Olympic events, as well as stage parties after them. About 450 venues, including the Natural History Museum and the Tate, have signed up to a fair-pricing charter. "A lot of international brands, such as US internet giants, are looking at entertaining clients while creating a footprint in a market they haven't yet cornered," says Zanine Adams, head of event solutions for Visit London. The diversity of London means there should be a solution to suit all corporate entertainment needs. ●

Double world record holder, Jamaican sprinter Usain Bolt looks set to be a major attraction at the 2012 London Olympic Games which will be a showcase not only for athletes but also for enterprising businesses that take the opportunity to promote their brands

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