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Trends Watch Report

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INTRODUCTION

The economic environment within which the meetings and events industry operates has evolved significantly this year, presenting contrasting characteristics according to which national markets are under consideration.

In 2015, steady growth in the world's advanced economies has been matched by declining rates of growth in the emerging economies, a reversal of the situation of a few years ago when the booming BRICS nations were fuelling the global recovery, not least in the demand they were creating for meetings and events.

Now, there is a general consensus that ongoing uncertainty is the underlying factor that unites all industries in their efforts to navigate the economic rises and falls in world trading conditions. Nevertheless, as this report highlights, a number of distinct patterns in demand for meetings and events may be discerned.

Despite the widespread uncertainty in the economic market environment, the general situation is one of overall global growth in the volume of meetings and events, reflecting – in the corporate market - increasing levels of business confidence, particularly in some of our key client sectors such as pharmaceuticals and information and communications technology.

This year's continuing growth is matched by guarded optimism for the year ahead. 'Guarded' optimism, because it is clear that a number of challenges lie ahead, not least from increasing volatility in world markets. Meeting those challenges successfully will depend more than ever upon the resilience, professionalism, ingenuity and innovative skills of the hundreds of thousands of men and women worldwide who are working tirelessly to lead our industry into the future.

Dr Rob Davidson

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THE GLOBAL ECONOMIC SITUATION IN 2015

This year has seen growing concern about the global economy, and about the situation in China in particular. The International Monetary Fund's (IMF) latest forecast for world economic growth in 2015 is 3.1 percent, down from 3.4 percent for last year. According to the Economist Intelligence Unit (EIU) the world economy will grow by 2.9 percent this year.

But within those global economic figures, there are wide variations in national performances. Boosted by lower oil prices, the world's advanced economies, including Western Europe, North America and Japan, are steadily improving, with an estimated growth rate of 2 percent for this year, an improvement on performance in the recent past. The US will be the best-performing rich-world economy in 2015, with growth forecast at 3.3 percent. But the Eurozone economy is finally showing signs of a sustained recovery, expanding by 0.5 percent in the first quarter of 2015 and 0.4 percent in the second quarter. The IMF predicts that the Eurozone will grow by a total of 1.5 percent this year. Within the Eurozone, some individual nations are showing clear signs of recovery. The Spanish economy, for example, will grow by more than 3 percent this year. And Italian business confidence is at its highest level since 2007.

But the world economy has been held back this year by slower growth in emerging markets. Most importantly, growth in China is slowing down. That country is expected to struggle to achieve its 2015 expansion target of around 7 percent. And of the other BRIC nations (Brazil, Russia and India), two are already in recession. The IMF expects the economy of Russia to shrink by 3.8 percent and 0.6 percent in 2015 and 2016 respectively, as a result of the dual blows of falling oil revenues and Western sanctions. This year, Brazil's economy will contract by 3 percent and then by 1 percent in 2016.

For emerging economies as a whole, growth for 2015 is 4 percent, the weakest since 2009 and almost half of the growth rate of 7.5 percent recorded for emerging economies in 2010. The gap between growth rates of advanced economies and those of the emerging economies is narrowing.

China's rapid growth provided a boost to nations such as Brazil, Russia and some African countries through creating buoyant demand for their oil exports and commodities. But the slowdown in China has exposed underlying weaknesses in such economies.

Emerging market corporate debt is a particular cause for concern. In the most recent edition of its twice-yearly global financial stability report, the IMF said that emerging market corporate debt had more than quadrupled from US\$4 trillion in 2004 to US\$18 trillion last year. China leads in terms of its level of indebtedness, but other countries including Turkey, Chile and Brazil are also at risk. Much of the rise in debt levels has been in sectors such as mining, oil and gas, where, according to the IMF, price falls have hit profits.

The situation has been exacerbated by the strength of the US dollar. Emerging market currencies have dropped by more than a fifth against the US dollar in the past year. Many Latin American economies in particular have been affected by currency volatility, but other currencies including the Turkish lira, the Malaysian ringgit and the Indonesian rupiah have also experienced sharp sell-offs.

According to the Economist Intelligence Unit, the fact that many of the major Latin American economies are large commodity producers has made matters worse, as the sharp fall in most

commodity prices since mid-2014 (aggravated by concerns about growth in China) has stoked market fears about the economic outlook in Latin America, which in many cases has deepened the sell-off of local currencies. In addition, the collapse in oil prices is hitting the region's main oil producers (Venezuela, Mexico, Colombia and Ecuador); but with global metals prices and agricultural prices also down sharply, metals producers such as Chile, Peru and Bolivia, and agricultural producers such as Brazil and Argentina, have been affected.

Needless to say, if the widely-anticipated rise in US interest rates is implemented, this is likely to create significant turbulence in emerging countries' financial markets, adding to the levels of uncertainty in the global economic situation.

Martin Sirk - CEO of ICCA (International Congress and Convention Association)



'2015 appears to have been one of those 'good in parts' years, at least as far as ICCA's specialist market - international association meetings - is concerned. Overall, the number of events still appears to be climbing, but attendances are varying enormously, and it seems to be the most global and general associations that are struggling the most against growing competition from regional and specialist events. However, for every negative anecdote we are hearing a good news story, so the overall picture is very mixed and difficult to evaluate. In part, the blame can be laid squarely on a volatile global economy, with Chinese ups and downs striking fear across the Asia-Pacific region and other BRICS countries, and emerging markets suffering from capital outflows, government cutbacks and increased uncertainty. For the future, we anticipate more and more destinations and companies will be adopting partnership philosophies and strategies, and looking for innovative ways to avoid the ever-more competitive open marketplace. After all, if you can create your own world-class events that support your economic development and intellectual capital objectives, why wait in line to bid?'

CORPORATE MEETINGS – PERFORMANCE OF KEY MARKET SECTORS

There is general agreement that, overall in 2015, companies' budgets for meetings and events have continued to grow, with an increased investment in human capital, training and strategic planning. This appears to have driven increased business across the board, including the corporate sector.

Evidence of this growth may be seen in the results of annual surveys of meeting planners. For example:

- The PCMA (Professional Convention Management Association) annual Meetings Market Survey showed that key indicators of the meetings industry's health — attendance, budgets, exhibitors, and revenues — were positive. Of the 500-plus planners who completed the survey, nearly half experienced an increase in attendance at their 2014 flagship event and 38 percent expected their attendance to grow in 2015.
- The MPI (Meeting Professionals International) Meetings Outlook Summer Edition revealed that meetings planners were feeling bullish on business conditions. 72 percent of the planners responding to the survey felt that general business condition would remain strong for the remainder of the year – a 7 percent increase over the proportion of planners who were of that opinion in the same survey one year previously. The same survey showed that attendance at meetings and events was expected to go up. 62 percent of the planners anticipated an increase in attendance at live meetings and events; while 57 percent anticipated that attendance at virtual events would go up.

However, our industry derives a significant proportion of its corporate business from a small number of key market sectors that, between them, create a substantial source of demand for meetings venues and all of the other facilities and services that constitute the supply side of the meetings and events industry. Consequently, our annual performance is heavily dependent upon how these key market sectors themselves perform over the year. How have they fared in 2015?

Automotive

According to the Auto Industry Trends report released by PwC Strategy&, the worldwide automotive industry has enjoyed a period of relatively strong growth and profitability, and annual sales have reached pre-recession levels in some regions. But the market is characterised by considerable unevenness in global markets. Auto industry executives and experts tend to be optimistic about the US market, forecasting annualised sales in North America in the near term of a relatively robust 16 million cars, up from only 13 million in 2008. But sales have plunged in Russia and South America — they were down by about 25 percent and 15 percent, respectively, in August, year-over-year. Meanwhile, the Indian market's performance has been inconsistent. And growth in China — the world's largest vehicle market — has slowed.

On the positive side, in Europe, there are signs of recovery from a six-year sales slump. Last year was a turning point for the automobile industry in Europe. With a total of 12.6 million passenger cars registered, it marked the first positive annual result since the financial crisis began in 2007. This growth has been maintained throughout the first half of 2015.

European Automobile Manufacturers' Association (EAMA) figures show that over eight months in 2015, new passenger car registrations increased (+8.6 percent), surpassing 9 million units (9,056,539). All major European markets posted growth, but Southern European countries in particular are enjoying strong growth, with Spain (+22.3 percent) and Italy (+15.0 percent) posting double-digit percentage gains, followed by the UK (+6.7 percent), France (+5.9 percent) and Germany (+5.6 percent).

The continuing importance of the automotive industry to the European economy cannot be overestimated. EAMA statistics show an industry that continues to provide substantial levels of employment, generating tax and trade revenue. Despite the economic challenges facing the industry, Europe is still a major producer of motor vehicles of all types, producing almost a fifth of the world's total motor vehicles. Auto manufacturing is a vital contributor to Europe's industrial base, supporting 12.1 million jobs - of which 2.3 million are directly involved in the manufacture of Europe's cars, vans, buses and trucks - and representing nearly 10.4 percent of total manufacturing employment in the EU. The automobile industry is also a global player and a major exporter, with a €95.1 billion trade surplus.

Pharmaceuticals

The global pharmaceutical industry is one of the most intense 'knowledge driven' industries, and one that is continually in a state of dynamic transition, making it a natural client sector for conferences and events.

In terms of size, the industry is majorly dominant in the US and Asia Pacific region. Led by these markets, the total world consumption in sales of pharmaceutical products has displayed strong growth and is expected to grow further with expanding populations in emerging markets.

According to Market Realist, 3 factors are boosting demand for pharmaceutical products, worldwide:

- **Ageing populations:** Worldwide, the average human life span has increased substantially over the last few decades. However, more infections and diseases have come along with this growth in longevity. This has led to increased research on ageing populations. The goals are to prevent infections and maintain health so that these populations can enjoy better lives.
- **Changing lifestyles:** Hectic daily schedules have led to unhealthy eating habits, a lack of exercise, less sleep, and other problematic lifestyle choices. This has resulted in high obesity rates, poor digestion, and other physical problems. Health supplements have been introduced to remedy all of these issues, reduce the chance of getting sick, and meet daily nutritional needs through vitamins and minerals.

- **Increased income and chronic diseases:** The middle class has been growing in both the emerging and developed markets. People in these markets have more disposable income and expect better healthcare solutions. At the same time, chronic disease cases have risen in number, and this has made people become more dependent on medications and health supplements.

But in recent times, austerity measures across the world along with many countries imposing cutbacks on healthcare spending (particularly in Europe), have hit the pharmaceutical industry. Furthermore, the loss of patent for many blockbuster drugs during the years 2010-2015 is also having a major impact on the global pharmaceutical industry. However, generic manufacturers are benefiting from this and they are poised to capture a substantial portion of revenues with their generic versions of these drugs.

According to the Kable Pharmaceutical Industry Business Confidence Report for the first half of this year:

- Overall, 47 percent of pharmaceutical industry respondents state that the current economic condition is stable, while 33 percent of industry executives expect conditions to be favourable
- The highest percentage of pharmaceutical industry survey participants are either optimistic or very optimistic about company and industry growth prospects, at 76 percent and 64 percent respectively
- Industry respondents who operate in Europe were expecting the lowest growth in sales during January-June 2015
- Improving operational efficiency and customer retention are the key priorities of global pharmaceutical industry executives.

Construction

After many years of sluggish performance globally, the construction industry has returned to a growth situation this year. Price Waterhouse Coopers estimates 2015 growth to be 6.5 percent internationally. This is supported by the findings published in Timetric's Construction Business Confidence Report for the first half of 2015:

Overall, 37 percent of construction respondents state that they are operating in a stable economic environment, while 19 percent state that their current economic conditions are favourable.

- The majority of global construction industry respondents anticipate positive growth for both their company and industry over January-June 2015.

- Executives operating in Europe anticipate an increase of 3.5 percent and 2.4 percent in sales growth and staff headcount respectively in the first half of 2015.
- Improving operational efficiency and customer retention are the most popular priorities by construction industry executives in all regions.

But, once again, there are significant regional variations. According to Equipment Finance Advisor's Construction Market Trends for 2015, the developing economies in China and Southeast Asia have accounted for almost half of the global infrastructure spending since 2006, as opposed to Western Europe, which accounts for roughly 12 percent. As these developing economies continue to grow, driven by an accelerating urbanisation of China, India and Indonesia, higher demand will be placed on 'need-based' infrastructure development, including water resourcing, power generation, telecommunications and a transportation grid. All of this translates into greater opportunities for construction growth. In the US this year, a couple of potential growth areas are the institutional building market and commercial construction. The American Institute of Architects (AIA) predicts an 8 percent growth in commercial construction spending, primarily being driven by the hotel and retail industries. The same group estimates institutional spending to increase by 9 percent, supported by strong demand for schools.

Information and Communications Technology

Worldwide IT Spending Forecast (Billions of U.S. Dollars)

	2014 Spending (million)	2014 Growth (%)	2015 Spending (million)	2015 Growth (%)
Devices	696	3.8	732	5.1
DataCenter Systems	141	0.8	143	1.8
Enterprise Software	317	5.8	335	5.5
IT Services	956	2.7	981	2.5
Telecom Services	1,626	-0.1	1,638	0.7
Overall IT	3,737	1.9	3,828	2.4

Source: Gartner

2015 has been a year of steady growth in spending on ICT products and services globally, with a commensurate growth in levels of business confidence in this sector. Earlier this year, the Gartner Worldwide IT Spending Forecast, the leading indicator of major technology trends across the hardware, software, IT services and telecom markets, estimated that worldwide IT spending was on pace to total \$3.8 trillion in 2015, a 2.4 percent increase from 2014. The table above indicates the breakdown of this spending by IT services and products, showing that in most cases, increased demand is anticipated for 2015.

As part of KPMG's 2015 Global CEO Outlook report, 102 technology c-suite executives were surveyed. They reported that despite the constantly evolving global business environment, they were feeling more confident in their growth prospects within the sector than they did last year.

Fostering innovation and implementing disruptive technologies are top strategic priorities for technology CEOs and a key strategy for growth. To achieve their growth objectives, over 50 percent of technology CEOs are devoting significant capital to new product development. Further, almost 50 percent are investing in the Internet of Things, machine-to-machine technologies, industrial intranets and other aspects of technology.

Cyber security is seen as one of the key issues having the biggest impact on technology companies today, with forty-four percent of technology CEOs regarding information security (cyber) risk as the biggest risk to their organisation. Cyber security is followed by disruptive technologies (53 percent) and global economic growth (49 percent).

The KPMG Technology Industry Outlook survey, identifies key trends including geographic expansion plans, emerging technology revenue streams, investment priorities, and risks to company growth.

Key insights from this year's survey include:

- Tech industry leaders expect the US and Canada to drive the highest revenue growth rates for their companies. China, in contrast, recorded a decline.
- Mobile retains the leading position in driving revenue growth.
- This year's results, point to a broader range of technologies that are driving revenue opportunities for the tech sector.
- Recognising the importance of information security to maintain customer trust, three-fourths of technology executives expect their companies to spend 1 to 5 percent of their revenue on IT security over the next year.
- Tech industry leaders identify the speed of economic recovery, new regulations, and tax-related legislation, as leading risk factors to their companies' growth.

ASSOCIATION CONFERENCES

A number of surveys of international meetings industry associations suggest ongoing expansion in association conference business this year, with expectations that 2015 will prove to be more prosperous than the previous year. For example:

- The IAPCO (International Association of Professional Congress Organisers) Annual Survey and Review revealed continued growth for IAPCO members and the meetings they organise. The number of association meetings continues to increase and has now reached 3111 compared with 2153 meetings in 2010. (Significantly, there has also been a rising trend in the number of governmental meetings over the same period, from 498 to 656, although last year's total did not quite reach the peak of 707 seen in 2011).
- AIPC (International Association of Convention Centres) members are most commonly venues that depend upon national and international association conferences as a significant source of revenue. The AIPC annual Performance and Prospects Survey for 2015 again confirmed that growth in conference centre business is outpacing that of the overall global economy. There was strong (5.8 percent) revenue growth worldwide, compared to 3.1 percent for the previous year. Europe experienced its strongest increase in revenue growth with a 7.7 percent increase vs. 2.8 percent the year before. Last year also saw the strongest attendance growth since 2011, with a world-wide average of 4.5 percent. Africa continues to be the fastest growing region of the world, with African centre members expanding gross revenues by over 15 percent in 2014.

Kevin Hinton - CEO of SITE (Society for Incentive Travel Excellence)



'Incentive travel has recovered globally and I'm happy to report that business demand for incentives is strong and expected to remain high in 2016. A well planned incentive programme that offers a unique, and memorable incentive travel 'experience' has once again become embraced for its ability to help companies inspire and motivate participants and realise meaningful business results. Our members around the world are experiencing this increase which while being driven by the economies in the US, UK and Germany, other countries such as Poland and China are making increasingly significant contributions. Incentive travel buyers are working with flat or slightly increased budgets. While the cost of airfare has been a primary concern earlier this year, the lower cost of oil is beginning to help as airfares are falling on some routes. With airfare having taken a greater share of the per person budget in recent years, this is a welcome trend. The stronger US dollar has also brought some new business to Europe in particular. With the global expansion of the cruise industry, incentives at sea have never been more popular or a possibility in so many markets, especially Asia.'

The Union of International Associations (UIA) undertakes annual statistical studies on the preceding years' international association meetings. This year's UIA International Meetings Statistics Report Total indicates year-on-year growth in the number of conferences in the UIA database, which increased to 428,369 from 408,798 in 2014. According to the same source, the top ten countries for meetings of international associations were as follows:

1. USA
2. Belgium
3. Singapore
4. Korea Rep
5. Japan
6. France
7. Austria
8. Spain
9. Germany
10. UK

Source: UIA International Meetings Statistics Report

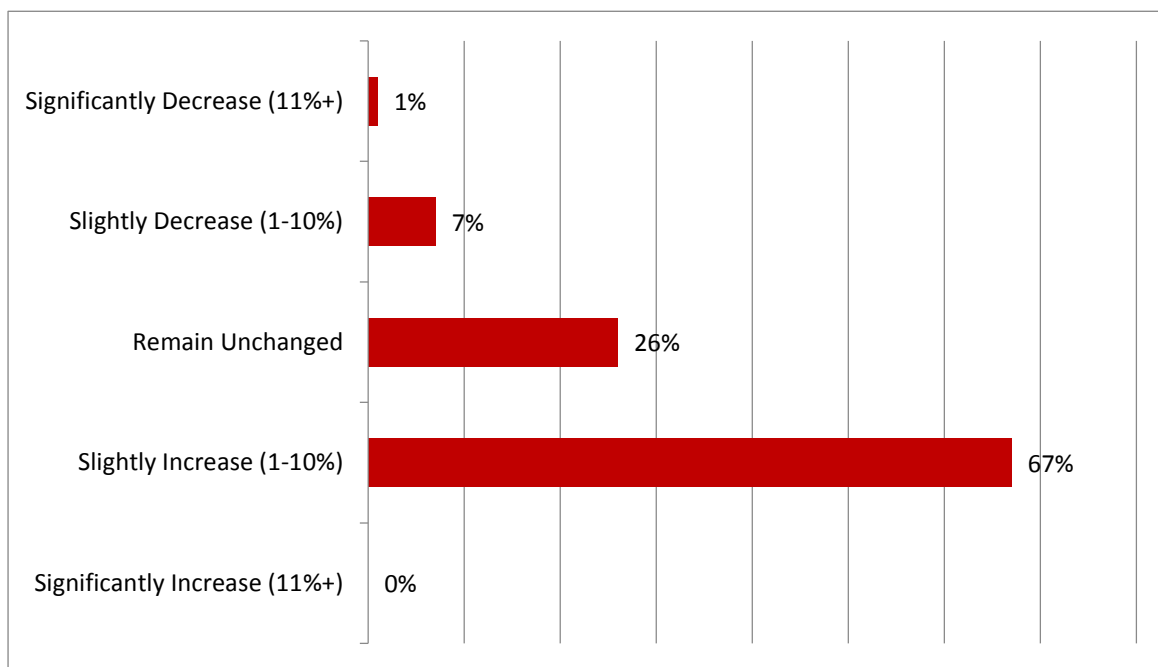
These are the same countries that appeared in the top ten places the year before, with only slight changes in the ranking order. Inevitably, there is considerable overlap with the top ten countries as listed in the findings of the latest ICCA survey, The International Association Meetings Market. Nevertheless, as the ICCA data is collected according to criteria that are different to those used by the UIA, there are dissimilarities between the two sets of results. For example, for 2014 while Korea, Austria, Belgium, and Singapore appear in the UIA top ten destinations, they do not feature in the top ten ranking of countries listed by ICCA for the same year (although Singapore appears in 10th place in the ICCA ranking of city destinations). Italy, China, the Netherlands and Brazil appear in the ICCA top ten, but not in the UIA list of the top ten countries for international association conferences.

INCENTIVE TRAVEL

The upturn in the global incentive travel market noted in last year’s Trends watch report has continued in 2015, as evidenced by the findings of various market surveys.

For example, according to the Incentive Research Foundation’s Fall Pulse Survey, incentive travel professionals expect budgets for the year ahead to slightly increase, by between 1 percent and 10 percent, as seen in the table below. Only 8 percent expected budgets to contract.

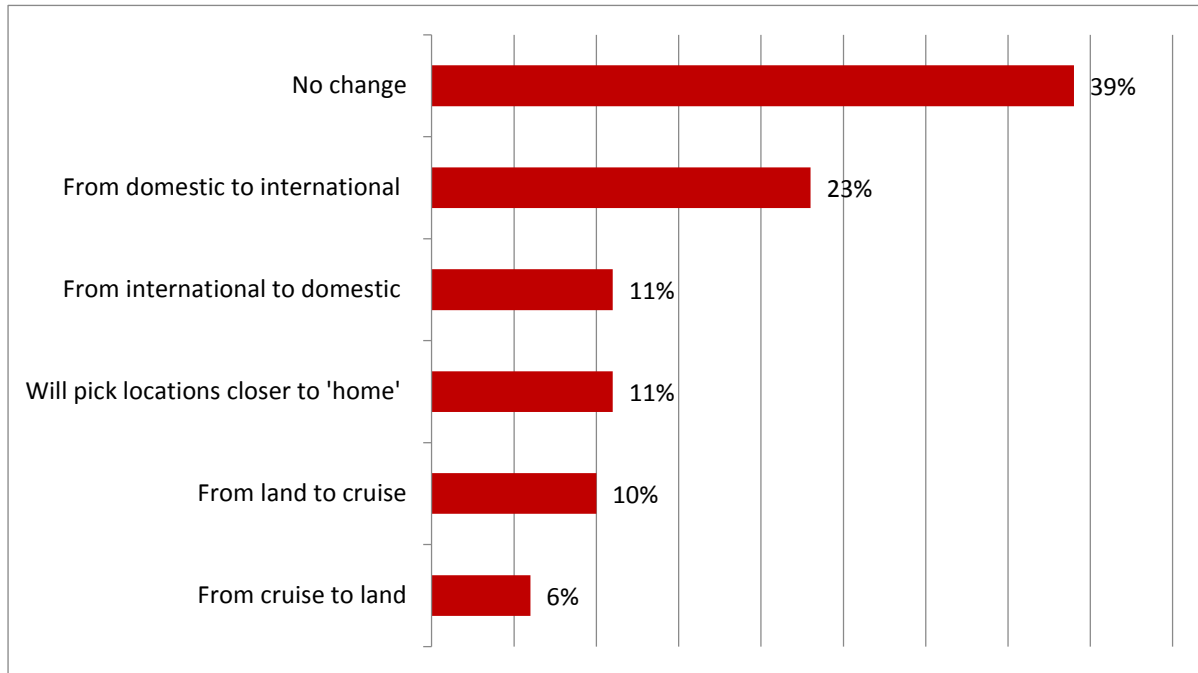
Anticipated Changes in the Coming Year With Regards to Incentive Travel Programme Budgets.



Source: Incentive Research Foundation’s Fall Pulse Survey

The same source also highlights a net change in incentive travel destinations moving from domestic to international – further evidence of the ongoing growth in confidence on the part of those corporate clients of the incentive travel market.

Anticipated Changes in the Coming Year With Regards to Incentive Travel Programme Destinations.

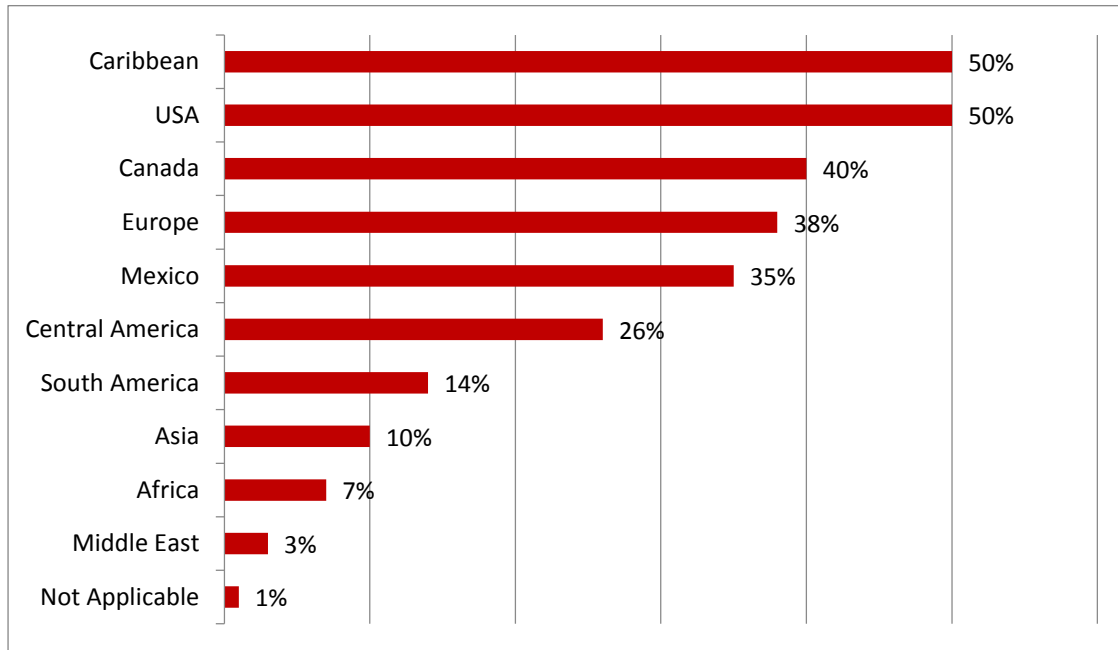


Source: Incentive Research Foundation’s Fall Pulse Survey

Nevertheless, continuing a trend identified in previous surveys, the involvement of companies’ procurement departments in the purchase and design of incentive travel programmes appears to be growing. While 55 percent of the respondents to the Incentive Research Foundation’s Fall Pulse Survey anticipated No Change with regards to the involvement of Procurement for incentive travel programmes in the coming year, 43 percent agreed that Procurement would increase by some degree in the year ahead.

In terms of the countries and regions likely to be used as destinations for incentive travel in the year ahead, the table below indicates:

Destinations that will be used for incentive travel programmes in the coming year



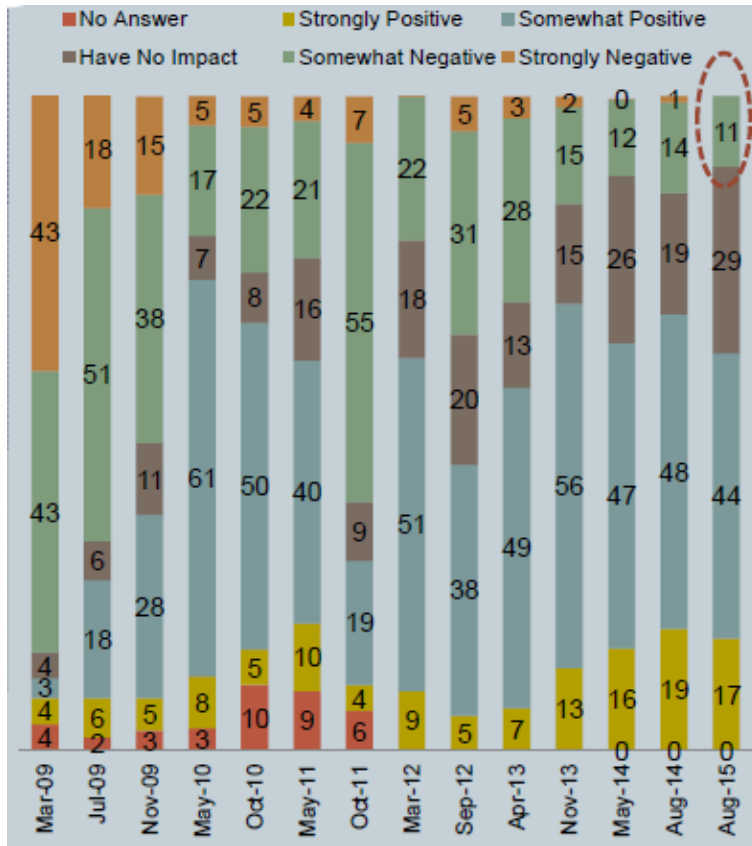
Source: Incentive Research Foundation’s Fall Pulse Survey

The percentages roughly reflect those indicated by incentive travel professionals in last year’s Incentive Research Foundation’s Fall Pulse Survey, with the exception of Central America, which has seen a 7 percent increase in the proportion of the incentive programmes expected to be held there.

One possible explanation for the more upbeat mood in the incentive travel market is given in the table below, which shows respondents’ answers to the question of how they perceive the impact of the state of the economy on their ability to plan and implement incentive travel programmes.

By August of this year, the percentage of those who consider economic conditions to have a ‘Somewhat Negative’ or ‘Strongly Negative’ impact in 2015 had fallen to 11 percent, versus 15 percent in 2014. There has been a commensurate increase in the proportion of respondents who consider the effects of the economy to be neutral or ‘Somewhat Positive’, rising to 73 percent, compared with 67 percent one year previously.

The perceived impact of the economy on ability to plan and implement incentive travel programmes



Source: Incentive Research Foundation’s Fall Pulse Survey

Philippe Fournier- President of JMIC (Joint Meetings Industry Council)



‘Industry advocacy at all levels remains JMIC’s number one priority and that demands credible measures that enable us to demonstrate the value of meetings and events in terms of broader societal priorities. Following our major conference on that topic in Paris in May, our focus has been on developing a consistent framework and platform for case studies that identify and articulate these values in a way that can be credibly communicated to key stakeholders. Our success in achieving this will in turn determine how well we are able to demonstrate the importance of the industry into the foreseeable future.’

REGIONAL VARIATIONS

As the global economy continues to advance at an uneven rate, depending upon which world region is under consideration, the performance of the meetings and events industry has also varied along broad geographical zones this year.

Europe

In Europe, this year's sluggish economic growth has meant that a significant rise in spending on corporate events has remained elusive as companies have looked to control costs and procurement departments have increasingly had an impact on the events industry, with a focus on driving down costs.

Nevertheless, for larger meetings, including the conferences of national and international associations, the picture is more upbeat. This may be seen in the fact that this year European convention centres have outperformed the rest of the world, recording the strongest increase in revenue growth in 2015. The AIPC's (International Association of Convention Centres) Performance and Prospects Survey for 2015 found that Europe's growth in revenue was 7.7 percent, compared to the global average of 5.8 percent.

Europe continues to excel in attracting the conferences of international associations. As may be seen in the table below, out of the top 20 countries for international meetings in 2014, the latest year for which statistics are available, 11 were in Europe; and out of the top 20 cities for international meetings, 14 of them were European destinations.

Geoff Donaghy - President of AIPC (International Association of Convention Centres)



'With competition amongst centres remaining the number one challenge facing centre managers, AIPC members are focusing on new ways to distinguish their products and diversify their business opportunities. At the same time, performance data is showing that overall centre business growth has outpaced increases in GDP for a number of years, which positions us as leading indicators in a global economy still facing many uncertainties and a hesitant recovery. Together, these make good arguments for regarding our facilities as economic drivers in their respective communities and countries – arguments we need to become much more effective in advancing to governments looking to invest in the pursuit of stable economic growth.'

Top International Meeting Countries/Cities in 2014

Top International Meeting Countries			Top International Meeting Cities	
Ranking	Country	No. of Meetings	City	No. of Meetings
1	USA	858	Singapore	850
2	Belgium	851	Brussels	787
3	Singapore	850	Vienna	396
4	Korea Rep	636	Paris	325
5	Japan	624	Seoul	249
6	France	561	Tokyo	228
7	Austria	539	Madrid	200
8	Spain	513	Barcelona	193
9	Germany	439	Bangkok	189
10	UK	354	Geneva	173
11	Netherlands	350	Berlin Amsterdam	167
12	Italy	330	Dubai	136
13	Switzerland	328	Busan	132
14	Australia	287	London	125
15	Thailand	280	Copenhagen Sydney	120
16	Canada	228	Stockholm	112
17	China	193	Lisbon	106
18	Sweden	189	Istanbul	104
19	Finland	169	Helsinki	102
20	UAE	153	Budapest	95

Source: UIA International Meetings Statistics Report

One thing that the UIA statistics reveal is the strength of secondary cities in Europe and beyond. For example, in the case of France of the 561 international association conferences held in that country, only 325 were held in the capital. The same may be said in the case of Germany and Berlin: more than half of the international association conferences held in Germany took place in secondary cities. These examples and other demonstrate that it is not only the capital cities that helped secure a great number of events and a good position in the rankings for these countries.

Nevertheless, when all types of meetings are taken into account, it can be seen from the following table that Berlin is an example of these European cities that have experienced steady growth this year.

Berlin Convention and Meetings Figures for January –June 2015

	2014	2015
Participants	4.75 million	4.82 million (+1.5%)
Events	61,000	62,000 (+1.5%)
Overnight Stays	3.2 million	3.3 million (+3%)

Source: ghh consult GmbH on behalf of visitBerlin

In order to meet the demand for conference centres with the capacity to host such meetings, the supply of new venues in Europe is continuing to expand. For example, the Viparis Group is preparing to open a new meetings venue at Paris Expo Porte de Versailles in 2018, which will be Europe's largest convention centre.

The US

The balance of supply and demand in the US meetings market shows marked differences to the situation in Europe. According to the GBTA and CWT 2016 Global Travel Price Outlook, in the US, where hotel supply is up, with almost 100,000 new rooms added in 2015, demand for meetings continues to grow at up to quadruple the rate of supply. That means that the US is currently experiencing a suppliers' market, with pricing power set to remain in the hands of hoteliers until the second half of 2016. Accordingly, meeting planners are responding by increasing lead times for larger events and using strategic meetings management strategies to help mitigate price pressure.

It is interesting to speculate how the US meetings market will be affected by the 12-nation Trans-Pacific Partnership trade pact between the US and Asian countries (although four of the 12 members are in Latin America: Chile, Columbia, Mexico and Peru). Designed to lower trade barriers among the US and 11 nations around the Pacific Rim and to strengthen macroeconomic cooperation between them, it is likely that this trade-pact will lead to a boost in demand for inter-governmental meetings. For example, the International New York Times recently reported that the 12 countries were already discussing a possible arrangement for senior finance ministry and central bank officials to meet periodically.

Africa

According to the American Express Meetings & Events report, Emerging Africa - Exploring Meetings on a Changing Continent, Africa has become a global hot spot for business development, with the number of planned hotel openings up 40 percent in 2015 compared to 2013.

More than half of respondents to the survey indicated that interest in Africa as a destination for meetings and events is increasing. Across Africa's regions Southern Africa and North Africa are the most highly-regarded by meetings professionals. For those surveyed for the report, Southern Africa is the most attractive of the five African regions, and is considered to exemplify those qualities most important to a meetings planner's requirements in terms of infrastructure and facilities. However,

some concerns over safety related to crime continue to persist. North Africa rates high when it comes to desired activities and attractions, its relevant infrastructure and facilities, technology and amenities to support meetings and events, including convention centres and hotels.

However, for those meetings professionals surveyed for the Amex study, the Central, East and West Africa regions present a number of challenges as potential destinations for business events, including deficiencies in infrastructure and amenities, as well as concerns over terrorism and crime.

The Middle East

This year's collapse in the price of oil has resulted in a significant drop in oil export receipts and fiscal income for many Middle East nations. And although most of the oil-exporting countries are quite resilient, having built up stores of wealth over the last decade that will give them some room for manoeuvre, they are now intensifying efforts to diversify their economies. For example, the Kingdom of Saudi Arabia has developed Centres of Excellence in a number of cities, focusing on specific economic activities. UAE, Bahrain and Qatar have also invested in developing competitive positions in sectors such as finance, tourism, and education. Most are also focusing on meetings and events as a potential source of revenue and employment, and in 2015 the meetings industry infrastructure in the Middle East has continued to grow.

For example, opening in 2016, the new Oman Convention & Exhibition Centre (OCEC) is set to become an iconic landmark for Muscat and the Sultanate of Oman. Amongst its features are a tiered auditorium seating 3,200 people and more than 22,000 square metres of column-free exhibition space. As venue manager of OCEC, AEG Ogden is tasked with positioning the Sultanate of Oman – in collaboration with the Oman Ministry of Tourism – as a serious contender to host international and regional congresses and to attract exhibitions that would not have been possible if not for the development of the venue and its supporting precinct. OCEC is working in close collaboration with the Ministry of Tourism on a number of promotional activities including attendance at the major global business convention and meetings industry tradeshows. One of the first major events that it will host is the 3-day International Medical Tourism Exhibition & Conference (IMTEC Oman), on the 28th of March 2016.

China

With an estimated growth rate of 7 percent for 2015, China's economy is expanding at its slowest pace in a quarter century. But even with the slowdown it is growing faster than most industrial nations and this is reflected in ongoing expansion in the demand for business travel and business events of all types. Despite the lower annual growth rate, China is still expected to surpass the US as the world's top business travel market by 2017. According to statistics released by the Global Business Travel Association Foundation (GBTA), business-travel spending in China is expected to increase 14 percent in 2015 and 16 percent in 2016, as their economic engine continues to move forward at a phenomenal pace, producing double-digit business travel spending growth.

In order to satisfy this expansion in demand, the meetings industry is responding by opening more upscale hotels. The JW Marriott Hotel Macau and the Sheraton Shanghai Jiading opened in March, the Sofitel Sanya Leeman Resort opened in April, and the Sheraton Zhuhai Hotel opened in May. Three Ritz-Carlton properties were projected to open in China by the end of this year.

China is also improving its conference venue infrastructure to accommodate growing demand for meetings spaces. For example, development is underway to add accommodation facilities to the Hainan International Convention and Exhibition Centre, located around 20 km west of the centre of Haikou, on the north coast of Hainan Province. Work has begun on the construction of a hotel complex on an artificial island which will become part of the convention centre. Situated in the sea less than 100 metres to the north, this circular, 6-acre island is where a hotel complex and marina will be built. The 108-storey, 300-metre-tall luxury hotel is expected to cost 28 billion yuan.

Latin America

This year's growth in the Latin American meetings and events industry has been partly due to the region's close business and cultural ties to the US, which make Latin America especially attractive for US-based meeting groups. Adding to the convenience of the region for the American market is the fact that there is no jetlag involved in travelling between the US and Latin America since they share time zones. And speaking English is rarely a problem since most major Latin American cities have bilingual populations. As more US-based companies extend their global reach, many are establishing offices in Latin America's key markets, including Mexico, Colombia, and Brazil, and holding meetings and conventions throughout the region.

Economic developments this year have meant that the contribution of service industries such as the meetings and events sector has become more significant to the economies of Latin American countries, most of which are large commodity producers that have been negatively impacted by the sharp fall in commodity prices in 2015. And although the weaker currencies of many countries in Latin America have made imports more expensive, they have also made this region more competitive as a meetings destination, price-wise.

As a consequence, all Latin American countries are making sustained efforts to attract meetings and events – in particular Mexico, Colombia, Panama, Brazil and Argentina, according to Eli Gorin, an expert in the Latin American meetings industry. The meetings industry infrastructure of Brazil, for example, has benefited considerably from the construction of facilities in preparation for next year's Summer Olympics in Rio de Janeiro. The President of Embratur, the Brazilian tourist board, lists these as improvements to transport hubs throughout the country, the modernisation of Brazil's telecommunications sector as well as the addition of new hotels and meetings facilities.

TRENDS IN CHANGES IN THE DESIGN OF MEETINGS AND MEETINGS VENUES

This year, we have seen further challenges to traditional models of meetings and events design, as well as radical innovations to the design of meetings venues, to satisfy the evolving demands of the market. Forward-looking venues are adapting their offer to meet the evolving demands of new-generation meeting planners and attendees.

Meetings design

In the past 12 months, there have been extensive moves towards designing meetings to be much more multisensory and immersive, confirming a trend identified in the white paper produced by Jack Morton Worldwide: 'What people will want from brands in 2015' - moving away from designing purely visual brand experiences towards more immersive events. Neuroscientists and cognitive psychologists tell us that the more participants' senses are stimulated, the more memorable the meeting experience will be for them, because more parts of their brains are activated, which in turn helps them to absorb and retain information more effectively.

This year has seen more conference and events destinations marketing themselves on the basis of their recognition that attendees don't just want to look or hear; they want to stimulate their senses of touch, smell and taste when they visit a destination. For example, London & Partners, the official convention bureau for the UK capital, has launched a promotional campaign positioning the city as a world-leader in the trend towards the design of highly innovative and immersive multi-sensory meetings and events:

'London's vibrant creative scene - and the incredible talent it attracts from all around the world - is one of our greatest success stories. And in recent years, that surge of creative energy has radically transformed how corporate events are designed and delivered in this city, leaving behind the old-school, stale, PowerPoint-led events and making way for a brave new wave of extremely immersive, interactive, multi-sensory events that create genuine buzz, engagement and excitement in attendees'.

<http://conventionbureau.london/why-london/senses-multisensory-report>

Sight is one of the most important of the five senses, and meeting planners are increasingly taking into account how the appearance and decoration of venues have a direct impact upon the success of the events they organise. The IACC (International Association of Conference Centres) report on Top 10 Meeting Tech Trends for 2015 shows that their members' meeting rooms have seen radical makeovers in terms of design, colour and creative seating options. New developments in technology have allowed venues and organisers to instantly change the look and feel of a meeting room with user controllable LED mood lighting, high-tech furniture groupings and more.

Meetings venues

The Event Manager Blog Event Industry Trends Report predicted that in 2015 traditionally static events would become immersive experiences, 'drenching' attendees in order to engage them fully and provide them with more relevant and compelling experiences. One method employed with this

goal in mind is the use of 'drag and drop' venues - reusing or reinventing existing spaces such as refurbished containers or old buses and train carriages to create a unique conference experience. The growing popularity of such venues lies in their creative, charismatic character that makes the event more personal and memorable.

The emergence of 'drag and drop' venues should be seen against the background of the expanding supply and diversification of meeting venues worldwide, at a time when a growing number of new types of venues are challenging the traditional suppliers of meetings space. Unusual, unique, non-traditional venues are increasingly the preference for innovative meeting planners in search of novelty. This year, we have also seen the impact of the 'sharing economy' and the Airbnb effect in the meetings industry. Although the hospitality industry has, understandably, not welcomed Airbnb with open arms, in 2015 we have seen the rise of intermediaries such as SnapEvent (www.snapevent.fr), a start-up that put events planners in touch with people who have homes or parts of their homes (a roof terrace, a garden, workshop, etc.) that they want to rent out as venues for meetings and other events.

Although currently representing only a tiny proportion of the global supply of meetings facilities, the undoubted popularity of 'drag and drop' venues and the inexorable attraction of the sharing economy, particularly for new-generation meeting planners and attendees, means that the rise of such venues may well be the beginning of a long-term trend.

Mark Cooper - CEO of IACC (International Association of Conference Centres)



'This has been a successful year, in particular for our members in North America. For the third year running, those IACC members have improved occupancy, and rates are stronger than the previous year - significantly so for IACC's corporate meeting venue operators (venues providing residential meeting facilities for one company). We can deduce from this that corporate customers are investing significantly in training and meetings and their use of member venues. It is encouraging to see clear signs that this important sector of the meetings industry is being invested in by our members, and not only in the physical infrastructure of their facilities. We are also seeing a greater number of our members attending learning events and conferences, investing in their own education and innovation, which will result in a skill-enhanced workforce to prepare for increased demand within the small meetings segment in the coming year'

OUTLOOK FOR 2016

The economic outlook

This Trends Watch report began by contrasting the steady growth in the world's advanced economies with the declining rates of growth in the emerging economies. This trend is expected to continue into the year ahead.

The IMF expects advanced countries' economies to grow at a rate of 2.2 percent in 2016, up 0.2 percent on this year's performance; and the same source predicts that the Eurozone will grow by a total of 1.5 percent this year and by 1.6 percent in 2016.

However, according to the Economist Intelligence Unit's global forecast, the next 18 months are likely to remain a difficult period for emerging markets, owing to low global commodity prices, the start of a global monetary tightening cycle, weak exports and unavoidable economic reform. Of the BRIC (Brazil, Russia, India, and China) economies, only Indian policymakers will be feeling optimistic about the next year and a half, with Brazil and Russia struggling to escape recession and the Chinese government attempting to cool their economy at precisely the correct speed. But, the EIU believes, the emerging-market malaise will extend beyond these major economies to countries such as South Africa, Indonesia, Turkey, Nigeria and Mexico, which are all expected to record disappointing growth. That will leave the global economy looking to North America and, increasingly, Europe and Japan, for momentum.

As always, predictions may be derailed by any number of events beyond the immediate economic considerations. All industries, including our own, are vulnerable to potential developments that might substantially change the business operating environment in the year ahead.

The latest Economist Intelligence Unit Risk Snapshot lists a number of risk scenarios on a 25-point scale of risk intensity - a product of their probability and their potential to damage companies' capacity to operate at target profitability. The most probable risks perceived by the EIU are:

- "Grexit" is followed by a euro zone break-up **20/25**
- A commodity price slump and investment crunch in China entrench the emerging-market slowdown **20/25**
- Russia's intervention in Ukraine escalates, leading to cold war-era tensions **16/25**
- Global monetary policy divergence leads to extreme currency volatility **16/25**
- The rising threat of jihadi terrorism destabilises the global economy **12/25**

The outlook for the meetings and events industry

Despite the apparent challenges presented by the fluctuations in the market environment within which our industry operates, most surveys of meetings and events professionals suggest a real expectation of healthy growth for the year ahead.

One of the most authoritative sources of predictions for the performance of our industry is the American Express Meetings & Events Global Meetings Forecast. For 2016, Amex predicts that the positive economic trends seen in some world regions, combined with the global expansion of companies will drive continued growth for the meetings industry. Across all regions, the number of training and internal meetings is expected to experience high levels of growth as companies continue to invest in bringing their employees together for face-to-face meetings.

According to the Meetings & Events Global Meetings Forecast, in North America, 2016 points to continued increases in all meeting types across the region, further fuelling the increased activity seen in 2015. Training and internal meetings are expected to continue to experience strong growth and rise more than any other meeting type next year. As the number of meetings is predicted to increase, attendee levels in North America are also expected to trend upwards. As a result of recent economic growth, companies are renewing their focus on employee-centric meetings by planning a greater number of incentive meetings and special events next year; however, meeting planners are also implementing processes to ensure the right audiences are in attendance to further maximize their returns on their meetings investments and increase compliance. Although respondents are optimistic about growth, the length of meetings is predicted to remain largely unchanged in 2016. While overall programme spend is expected to rise, marking the largest forecasted spend increase in three years, budgets remain tightly controlled.

In Europe, survey respondents indicate meetings activity growth from 2015 with small upward trends expected throughout the region next year. With the number of predicted meetings expected to be stable to slightly higher, the region will continue its steady course. Unlike last year's forecast which predicted small regional declines, survey respondents from the United Kingdom and Germany show strong optimism across the region, expecting similar to slightly higher increases across all meeting types. In France, predictions vary widely by meeting type, with planners most optimistic about increases in conferences and trade shows, while a small number of others predict small declines in training meetings and product launches. Additionally, the size of meetings and events is slowly increasing for most meeting types across Europe. While doing more with less was the mantra for 2015, doing more with a little bit more is the new mantra for 2016, a welcome change for the industry. Compared to last year, budgets are expected to continue growing, as companies across Europe are likely to spend more on their meetings programs in 2016.

Similar to other regions, meetings activity in Asia Pacific is predicted to experience growth next year, with small increases across all meeting types. Diversity continues to persist throughout the region with Indonesia and South Korea building out their infrastructures and enhancing tourism, thus contributing to the expected meeting activity increases within the region, while Australia and Japan are already well established. As a unique destination, China remains a top focus for global companies due to the size of its economy and the prevalence of manufacturing; however, other locations throughout the region are emerging as appealing destinations for a wide range of meeting types. Compliance continues to be a top priority for the region as activities ramp up in countries including China, Japan and Korea; consolidation of services becomes increasingly more important;

and meeting planners look to ensure they are adhering to regulatory requirements. Unlike the 2015 predictions, Australia stands out with a higher number of expected meetings than the regional average and the largest average numbers of attendees for sales and marketing meetings globally. Furthermore, while meeting planners last year predicted meeting spend to remain stable, meeting spend is now expected to trend upwards through 2016. Meeting planners across Asia-Pacific, with the exception of Australia, are also leaning towards shorter meetings compared to North America and mirror the length of predicted meetings in Europe.

Central and South American respondents also expect meeting activity to increase across all meeting types, as meeting owners look to use meetings and events as a driver of revenue growth in 2016. The positive trend that began in 2015 is expected to persist next year as a result of economic growth in some countries, global sporting events attracting greater attention to specific countries in the region and the development of travel and meeting infrastructures across the broader region as a whole. Attendee levels and the length of meetings in 2016 are expected to remain stable. Similar to North America, overall meeting spend is predicted to increase more in 2016 than in 2015, with a 1.4 percent rise in spending, as companies invest further in their meetings programs.

In terms of the costs associated with meetings and events, the GBTA (Global Business Travel Association) and CWT (Carlson Wagonlit Travel) 2016 Global Travel Price Outlook predicts that across the globe, only modest increases are expected in cost per attendee per day and group size, with the exception of Asia Pacific which will see a 5 percent increase in cost and an 11 percent increase in group size. Strong demand from China and India is seen as the major driver for the region's increasing cost and group sizes. North America will also see a 4.5 percent cost per attendee per day increase, with food and beverage pressures continuing to be a significant driver of costs.

CONCLUSION

It is clear that 2016 will bring its own set of challenges for the worldwide meetings and events industry, and many of those will result from the anticipated fluctuations in the global economic environment. But it is worth reminding ourselves that some of the widely predicted economic conditions are in fact favourable to our sector – for example, the continuing low price of oil and the low inflation rate. The cyclical rising and falling of GDP growth is normal in a market economy, and it would appear that the fundamentals in most economies are fairly sound.

It is clear that next year will also present our industry with a number of opportunities for expansion, as well as opportunities to adapt our facilities and services to the requirements and preferences of the growing population of Millennials who are set to become the majority of the producers and consumers in the meetings and events industry.

With characteristic ingenuity and innovation, we will seize those opportunities with both hands.

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