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Key players

Asia-Pacific may have largely escaped the worst of the financial crisis that engulfed Europe and North America, but 2009 was still a traumatic year for the meetings, incentive, conference and exhibitions sector. As the industry meets for the 18th Asia-Pacific Incentives and Meetings Exposition (AIME) Justin Wastnage spoke with several of the industry's key players about their hopes and fears for the year ahead.



Elizabeth Rich
Chief Executive
Business Events Council
of Australia

"The economic slowdown of 2009 has proved, once again, that the old adage not to put all your eggs in one basket is as true as ever. You need a spread of event business – inbound and domestic, corporate, government and association."

Business events have taken a hit with the global financial crisis, although the effects have varied across the different sectors. Australian inbound convention numbers are down, but outbound convention numbers are up. Corporate meetings and training have probably felt the pinch most of all, followed by cutbacks in corporate incentives. The association market has proved once again the most stable in difficult economic conditions. Budgets have tightened and lead times have shortened even more.

The economic slowdown of 2009 has proved, once again, that the old adage not to put all your eggs in one basket is as true as ever. You need a spread of event business – inbound and domestic, corporate, government and association. A strong domestic business events market still underpins the industry in Australia. The slowdown has also reinforced the industry's need to prove the value of continuing to meet in, so that business events are not seen as easily expendable activities when budgets are cut.

Looking ahead to 2010, we will have to focus on value. More specifically, companies need to understand the potential of social media and virtual technology in business events to boost the value of live events, while being aware of social media fatigue – don't overdo it!

Further ahead, the anticipated increase in virtual events will see the rise of a service speciality sector within our industry. Hybrids of live and virtual events are expected to dominate.

For Australia, the big expansion opportunity lies in Asian regional meetings.



Edgar Hirt is the President of the International Association of Congress Centres (AIPC); and Managing Director of the Congress Center Hamburg

Q: How has the financial crisis affected your sector?

There was a lot of variation in different market sectors and parts of the world. In general, the extent of the impacts reflected the state of the regional and national economies, with those in areas hardest hit by the recession experiencing the biggest declines in convention and exhibition business. This was to be expected as we are a basically a reflection of the overall economy.

In terms of sector differences, we saw continuing strength in association meetings and more weakness in the corporate areas, which is natural as associations need to continue meeting in order to fulfill their mandates. However, while there were few outright cancellations amongst association clients, there were still issues around attendance and reductions in the kind of spending that clients were willing to do in areas such as food and beverage and staging, and this often had significant effects on centre revenues.

In addition, because many centres are government owned, we also saw impacts on the ability of many centres to maintain their marketing and facility development budgets. In fact, the debt incurred by government owners in the process of creating economic stimulation may well be one of the biggest concerns going forward.

Q: 2009 was a tough year – what have you learnt from this year?

We've learned that we are still vulnerable to broad based economic impacts and need to plan and manage our businesses in a more defensive manner. While this was an extreme event in terms of global impact, the fact is that the economy is cyclical and that we will see further recessions in the future. This needs to be addressed even as we see a return to economic recovery.

"The debt incurred by government owners in the process of creating economic stimulation may well be one of the biggest concerns going forward."

Edgar Hirt

Q: How can we act on this learning to approach the challenges for the year to come?

One very important element for convention centres is business diversification. Because different sectors and regions behaved so differently, a centre with a well diversified portfolio of business could maintain revenues more easily by rebalancing their business mix, assuming they had a variety of business types to draw upon. Centres that were heavily dependent on only a few markets had much more trouble doing this.

Q: What is your top tip for 2010?

I would advise centres to look for new ways to support and partner more effectively with their clients. Everyone is struggling a bit now, and an effort to accommodate the challenges many clients are facing – being more flexible, for example – will pay off in terms of better long term relationships when the crisis is well behind us.

Q: Looking at the decade ahead, where will the growth come from?

There will be a great deal of catch-up in the corporate sector as confidence returns to the market. They fell first and hardest, and will have a long way to go to return to pre-recessionary levels. At the same time, we can see a number of areas that relate to general trends in the global market – specialised services and the professions, for example – that will be experiencing tremendous change and needing meetings to help them respond.

As far as centre revenues are concerned, we expect to see a return to more investment by clients in their events as the economy stabilises, and will be looking to provide a greater range of services to earn new kinds of revenue.

Q: How has the Asia-Pacific region escaped the worst of the crisis?

Our members in this region had the benefit of a relatively strong economy that seemed to

recover more quickly than many other parts of the world. Meetings and conventions are an inherent part of economic growth, that meant more activity in the convention centre area as well.

Q: What emerging trends are there for 2010?

Certainly competition will be even more intense as more facilities are developed and more destinations decide they want to engage in the industry. Technology will also be a big factor, as history has shown that new technology and communications modes generally enhance meetings more than competing with them. We can also expect to see significant changes in the expectations of centres as meetings become more complex and require an increasing variety of spaces and services to respond to this. In general, what we need is not so much to be able to anticipate every new trend but to make sure we are well positioned to deal with them as they emerge.



Martin Sirk
Chief Executive
International Congress
and Convention
Association (ICCA)

"My top tip for 2010 is to stick to what you do best, do as many favours as possible for your top clients and be optimistic – no one likes to be surrounded by misery!"

The international association meetings sector has been the least badly affected part of the MICE industry; in fact it's been quite robust. We've continued to recruit new member companies and organisations at a healthy rate. Our members were having to face cuts, so last year we took the conscious decision to invest in new public relations and marketing tools for them.

2010 is going to continue to be tough for the industry, but some markets will do better than others.

I think there is going to be a lot of turbulence in the small meetings market because some of the video conferencing products on the market are quite incredible now, and the quality is sure to increase.

Regional activity will mirror what happens in the wider economy – I suspect that Asia and Latin America will grow significantly quicker as China, India and Brazil drive their regional economies, but the primary convention locations of Europe and North America will also perform very well as their economies recover.

Countries like India, where ICCA will be holding its 2010 Congress, are still far behind in terms of their meetings infrastructure, so I predict that we are still likely to see incredible growth there in new convention centres and hotels, new airports and meetings service companies.

My top tip for 2010 is to stick to what you do best, do as many favours as possible for your top clients and be optimistic – no one likes to be surrounded by misery!

Key players



Rich Wise
Chief Executive
Wise Incentives

"You must understand your client and their business goals and objectives and work with them to achieve their goals using performance improvement or incentive programs. Be a good listener; give the customer more than what they ask for, in other words over-deliver with added value."

In the incentives field, clients are looking for value more than ever. Many incentive houses closed their doors in 2009, making the playing field a little less competitive; however this caused an increase in the number of independent, freelance planners going after the same business opportunities.

Ultimately, to make the cut, you must be very creative with program design, budgets and ways to bring added value to every client.

Looking to 2010, I would advise that you must understand your client and their business goals and objectives and work with them to achieve their goals using performance improvement or incentive programs. Be a good listener; give the customer more than what they ask for, in other words over-deliver with added value. Be sensitive to the current economic climate and deliver a program that also includes corporate social responsibility.

Technology will continue to be a strong market segment. Companies will still continue to offer incentive and sales programs but the days of 600-plus attendees are gone for incentives. We see a trend toward smaller and more intimate programs. Companies will continue to hold meetings and incentives as the face-to-face interaction and team-building that results cannot be replaced with webinars or teleconferences.

Most of all, be lean and mean with budgets without compromising the integrity of the incentive or meeting; corporate social responsibility and above all, creativity.



"Everyone loves to do business with people they like, but often we are reluctant to call in favours or ask for help."

Sandra Chipchase

Chief Executive
Melbourne Convention + Visitors Bureau

The last year has presented unprecedented challenges for the global business events industry. Delegate materialisation was challenged by the immediate impact of flailing economies on delegates' disposal income, threatening both attendance and the ability to 'splash out' on extras, such as pre- and post-touring, whilst those booking and attending incentive travel preferred not be seen to choose high-end destinations and experiences.

However, if the business events industry learnt anything from the global financial crisis, it's that we can, and will, move to act in the moment.

Last year was also a year where clients and suppliers had to change their approaches. Long-standing partnerships have been strained, alliances collapsed and rebuilt (often by the same parties) and simply staying profitable was a challenge. In 2009, adding value for money became the way, not a way, to do business – from airlines offering unprecedented deals, hotels offering add-on benefits and prices not seen for decades, and venues radically changing their policies on deposits, our industry moved quickly to make the most of a challenging situation.

From a Melbourne perspective, we acted to quickly adapt to the challenge. By employing strategies to target business with a short lead-time in those markets whose economies remained strong, and, by drawing on our market intelligence, we were able to continue growth, remarkably generating our fourth year of record results. Primarily we had to jettison pet projects and really focus on immediate return on investment.

This year, more than ever, using your networks will be crucial. Everyone loves to do

business with people they like, but often we are reluctant to call in favours or ask for help. Make the effort to reconnect with contacts you have let lie or maybe even neglected. You'll get excellent market intelligence, sales leads, top advice and, most of all, you'll rekindle friendships. You'll wonder why you've left it so long to pick up the phone.

Attracting and retaining the right staff will be a major trend in 2010; the buyers' market of 2009 will change as the global economy improves, demanding an increased focus on looking after good staff in order to keep them from moving on. This will be particularly so when it comes to Generation Y staff, who are keen to seek new vocational experiences at regular intervals.

Also, the green agenda and focus on corporate, social responsibility (CSR) will be proved not to have been boom-time fads. Many old guard industry figures postulated that the financial crisis would be the kiss of death to environmental initiatives as they would be seen as a luxury, and would become irrelevant in tough economic times.

As a leader in the green business events space, the Melbourne Convention + Visitors Bureau has been developing new products and services. I am glad that we stood our ground, and our position has been vindicated – clients, even in times of crisis, see CSR and environmentally-sustainable events as a core to their businesses.

We won business throughout last year as a direct result of this focus, and 2010 will be no different. If your company doesn't embrace sustainable practices, you'll be left behind.

"There was damage inflicted on the overall image of meetings in various places where they came to be seen as an unnecessary extravagance in a time of crisis. The real irony is that meetings are a key element in stimulating economic recovery."

Leigh Harry

President
Joint Meetings Industry Council

The meetings industry was affected in a number of ways, but with distinct differences in various parts of the world depending on how hard the underlying economy was hit. There were certainly direct financial impacts, as events were either reduced or actually cancelled in response to financial constraints.

However, there was also damage inflicted on the overall image of meetings in various places where they came to be seen as an unnecessary extravagance in a time of crisis. There was a real irony to this, as meetings were in fact a key element in stimulating economic recovery, which was what governments and the business community wanted.

We also saw impacts from government decisions, which generally served to make a bad situation worse. In some cases, meetings and related travel were cancelled as a restraint measure, thereby demonstrating that governments themselves did not attach a lot of importance to their role. At the same time, there were cuts in infrastructure developments and marketing at a time when the local industry really needed them.

Overall, however, I think the industry demonstrated remarkable resiliency, and that's a very encouraging sign for the future of both the industry and the other sectors it supports. For example, even now there are signs that meetings-related travel is helping prop up hotel and airline activity in a time when other forms of travel are still lagging.

I think we've learned that we need to be more strategic in our planning and make a greater investment in anticipating and



addressing the possibility of this kind of impact in the future. We will always react to some extent to the state of the overall economy, but as a long term business I believe we can do a better job of coming up with ways to ride out the down cycles.

We also need to be able to work better together as an industry. Ours is a sector with many different components and we don't always work as well as we could at issues of collective interest. This puts us at a disadvantage relative to other industries that have a more integrated approach, and that becomes an important factor when you're competing with those other sectors for attention and resources.



Joyce DiMascio
Head of Business
Events Australia
Tourism Australia

"The business events sector is not a market in which one size fits all. To be successful we have to continue to look for areas of innovation and partnership."

The business events industry has been impacted by the global economic crisis, with many corporate meetings and incentive (C&I) trips cancelled or postponed in 2008 and 2009. In the C&I sector, events have tended to be held closer to home and with significantly shorter lead times. While we saw a decrease in business arrivals to Australia throughout 2009, our industry partners are indicating that there is much more activity in the market with strong signs of improvements ahead. The association sector has been more resilient, continuing to meet for annual congresses. Sponsorship for these events has been impacted, however and will be under pressure for some time yet.

2009 was a tough year which is why it was important that Australia stayed visible both in terms of its marketing and business relationships. That's why Tourism Australia continued to market actively through our trade events programs and marketing communications. Our partners, who are at the front line of the sales process, have also learnt the value of working with each client on a very individual basis and on understanding the pressures facing each client and coming up with product, price and service level solutions.

The business events sector is not a market in which one size fits all. To be successful we have to continue to look for areas of innovation and partnership. This may sound like a cliché but it's true. It's important to stay ahead of trends and understand that business confidence is still not uniformly strong in the countries and sectors that our clients come from. As growth improves in 2010, Tourism Australia and our partners will be looking ahead to how we can position Australia as strongly as possible to build Australia's share of the global business events market. This is why we are developing new projects, including our cooperative partnership with industry to grow Australia's footprint in the association events sector.