

Asia's MICE Market

Future Winners and Losers

International Destination Competitiveness Forum



KOREA

Goyang, Korea

December 7, 2017

Focus

- 1 Competitive Environment**
- 2 Market Trends**
- 3 Difference between MICE and Tourism**
- 4 Why MICE is Important**
- 5 Future of Destination Development**
- 6 Community Support**
- 7 Importance of Brand**
- 8 Summary**

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Competitive Environment

Countries all over Asia are “getting it” and they are on the move.



Reinvention – MBS not enough, building new convention complex.



Gearing Up – New convention centres.



Capacity Building – TCEB is directly under the PM. New 5 MICE Cities program.



Trade Alignment – Meet Taiwan under TAITRA.



Expansion - new centres and new bureaus in Johor Bahru, Sabah and Penang



Multiple Destinations – Seoul and Busan won't be the only players.



Aspiration – Planning development of INACEB.



Internationalizing – Bureaus, integrated resort, exhibition facilities.



Relentless – Well financed bureaus and still expanding centres.



Waking Up – not yet, but when they do the whole game changes.



Asia's Exhibition Industry - 2015

Key Market Performance in the Regional Exhibitions Space

Exhibition Space Sales and Size of Economy for Key Asian Trade Show Markets

Ranking	Key Market	Space Sold (SQM) 2015	Share of Space Sold	GDP (MM USD) 2015	Space Sold SQM/GDP	Space Available (SQM) 2016	Space Sold/Space Available
1	China	11,186,000	56.81%	11,007,721	1.02	5,600,039	2.00
2	Japan	2,051,000	10.42%	4,123,258	0.50	358,649	5.72
3	India	991,750	5.04%	2,095,398	0.47	319,892	3.10
4	Hong Kong	964,250	4.90%	309,929	3.11	149,820	6.44
5	Korea	959,000	4.87%	1,377,873	0.70	308,368	3.11
6	Chinese Taipei	796,500	4.04%	528,000	1.51	154,818	5.14
7	Australia	593,500	3.01%	1,339,539	0.44	172,092	3.45
8	Thailand	572,750	2.91%	395,282	1.45	244,323	2.34
9	Singapore	343,750	1.75%	292,739	1.17	219,970	1.56
10	Malaysia	339,250	1.72%	296,218	1.15	75,842	4.47
11	Indonesia	238,250	1.21%	861,934	0.28	170,135	1.40
12	Macau	209,250	1.06%	46,178	4.53	76,715	2.73
13	Vietnam	182,500	0.93%	193,599	0.94	33,793	5.40
14	Philippines	177,250	0.90%	291,965	0.61	26,257	6.75
15	Pakistan	86,500	0.44%	269,971	0.32	37,191	2.33
	Average				0.84		2.48

2

3



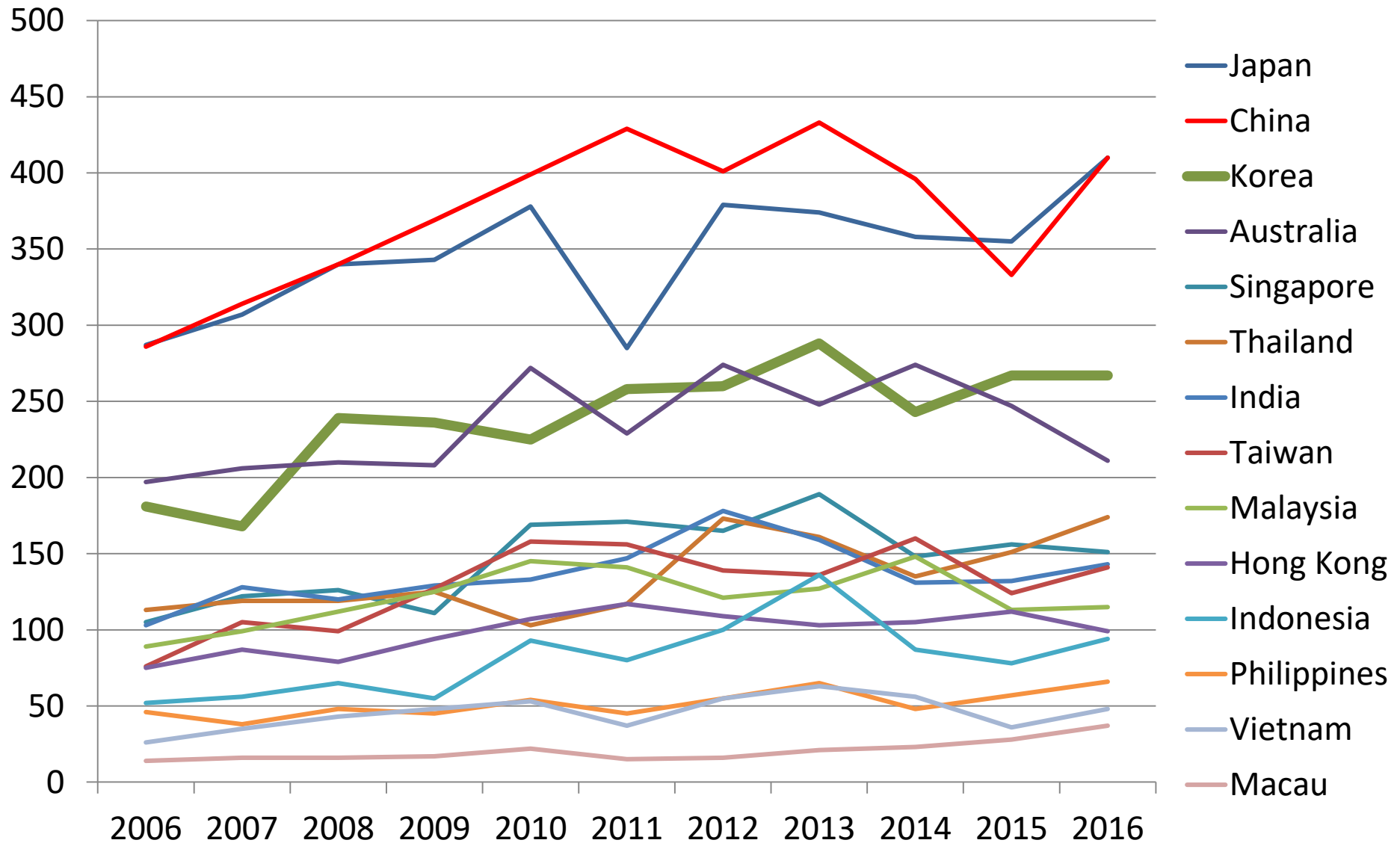
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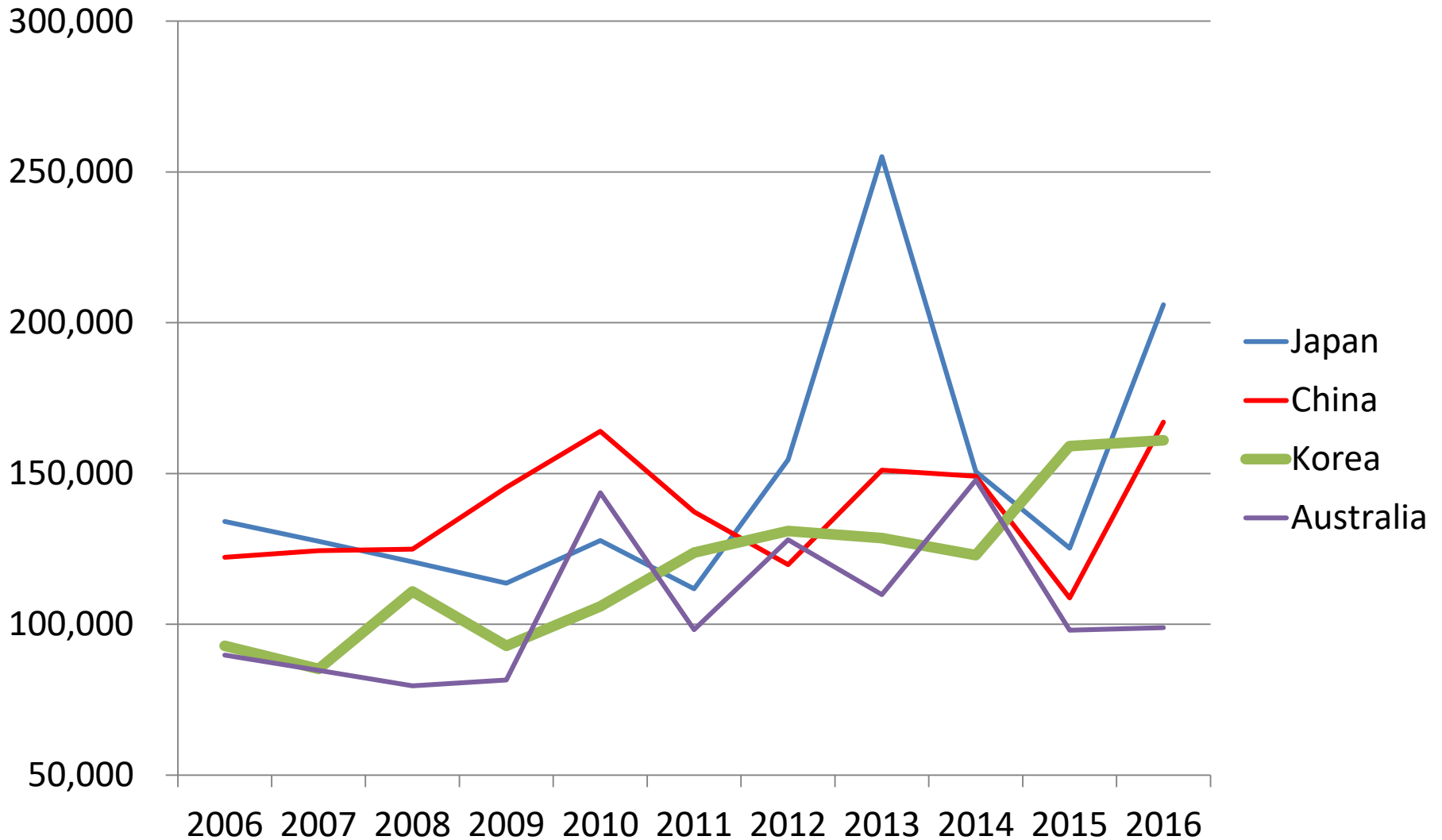
Source: GainingEdge research analysis; World Bank, 2016; UFI, July 2016

Number of International Conventions Occurring



Source: ICCA, 2017

Delegates at International Conventions



Source: ICCA, 2017

Strong Competition from the South

Asia's second-fastest growing economy after China (East-West Centre)

The ASEAN 5 (Indonesia, Malaysia, Philippines, Singapore and Thailand) attracted more FDI than China - \$128 B vs \$117 B in 2013 (McKinsey)

If ASEAN were a country it would have the 6th largest GDP in the World (IMF)

More than 50% of ASEAN's population is under the age of 30 - compared to 39% for East Asia and 34% for Europe (ASEAN and UN World Population Prospects)

AEC



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Asia - MICE

**\$150
Billion**

**Total MICE spend in Asia
Pacific, 2015**
(Not including NA & SA)

80%

**Came from within Asia
Pacific, so only 20%
sourced from outside
(USA/Europe/etc.)**

Source: ICESAP research 2016

Asia – Association Market

Country	HQs
Australia	193
Japan	188
Singapore	98
Korea	92
Hong Kong	71
Malaysia	67
India	63
China	53
Thailand	46
Philippines	40
Taiwan	33
New Zealand	30
Indonesia	15

Mostly rotating in East Asia

Want to help their members form international networks, expose their education and training content

Beginning to bring their association meetings offshore

NOTES:
Source markets for delegates.
Event promotion adds value.

Source: ICCA Data, 2016

Asia – Incentive Market

Ten of the top twenty three \$Billion + markets are from the Asia/Pacific region:

- 2: China
- 3: Japan
- 4: Korea
- 9: Malaysia
- 12: Taiwan
- 15: Thailand
- 19: Australia
- 20: Philippines
- 22: India
- 23: Indonesia

Top 3 Product Categories = 81% of total

- 39% Wellness
- 25% Cosmetics & Personal Care
- 17% Household Goods & Durables

Source: Direct Selling News, Sept 2015

Incentives aren't going to Europe now – great opportunity for Korea

Snapshot Japan

- more business-like, less golf and sightseeing, more CSR, more corporate business outcomes – teambuilding, meeting component
- Was seeking Japanese in-bonders in market, now more open to local DMCs
- Build up alliances between Japanese ground operators and local DMCs

Biggest growth industry for Incentives is the network selling organisations such as Amway, Herbalife, NuSkin, Tupperware; this is coming out of China but also other Asia markets

Source: ICESAP research 2016

General trends in the Association and Incentive Markets:

Association

- Shorter
- Closer
- Specialising
- Risk adverse
- CSR



- More Asian regional meetings
- 2nd tier destinations
- Korea is safe
- CSR offering?



Incentive

- Shorter
- Closer
- Business elements
- Team building
- Less flashy
- Risk adverse
- CSR



- Focus on Asian movements
- 2nd tier destinations
- Korea is safe
- Product development?
- CSR offering?

TREND: Seeking Outcomes, not Destinations

- Member value
- Financial results
- Attendance
- Event/organisation brand strengthening



What it means for Korea

- Focus on delivery
- Strategies that add value

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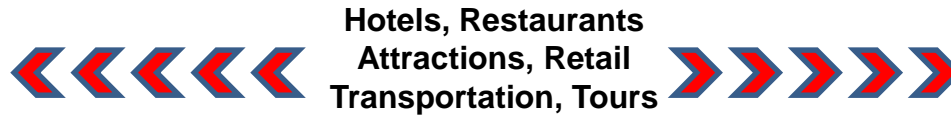
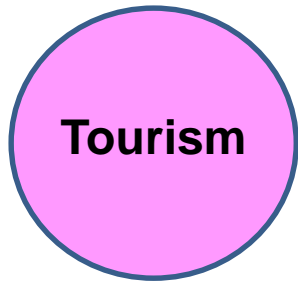
Winning destinations clearly understand the difference between MICE promotion and tourism promotion.

The Convention and Exhibition Industries have Almost Nothing in Common with Tourism

	Tourism	Conventions & Exhibitions
Participants	Tourists	Professionals / Business People
Participant Motivations	Fun / Self Actualization	Business / Networking / Learning
Purpose of Visit	Leisure	Work Related
Customer Needs	Bargains	High Level of Service and Product
Buyers	Tour wholesalers / Travel agents	Meeting Planners / AMCs / PEOs
Buyer Motivations	Fees & Commissions	Successful Meetings / Profitable Shows
Decision Criteria	Destination Appeal	Facilities / Business Links / Market Issues
Buyer Service Needs	Reservations / Itineraries	Housing / Registration / Event Services
Distribution Channels	Travel Agents / Tour Wholesalers / GDS	Corp and Association HQs / AMCs / PEOs
Supply Chain	Hospitality Industry	PCOs / DMCs / Venues / Event Suppliers
Market Approach	Advertising / Marketing / Packaging	Direct Sales
Securing the Business	Strategic / Marketing Oriented	Tactical / Sales Oriented
Size of Groups	Individuals or small groups	300 – 10,000 delegates
Main Economic Impact	Direct Spending	Trade and Investment



Comparing Supply Chains



Destination Management Companies

- Ground transportation
- Tours
- Team building
- Social programs

Exhibition Management Companies

- Stand building
- Drayage
- Storage
- Furniture rental
- Equipment rental
- Cleaning
- Event Marketing
- Exhibition halls

Event Management Companies

- Entertainment
- Decoration
- Costumes
- Props
- Graphic designers
- Lighting
- Sound
- Production
- Rigging
- Special effects

Professional Congress Organizers

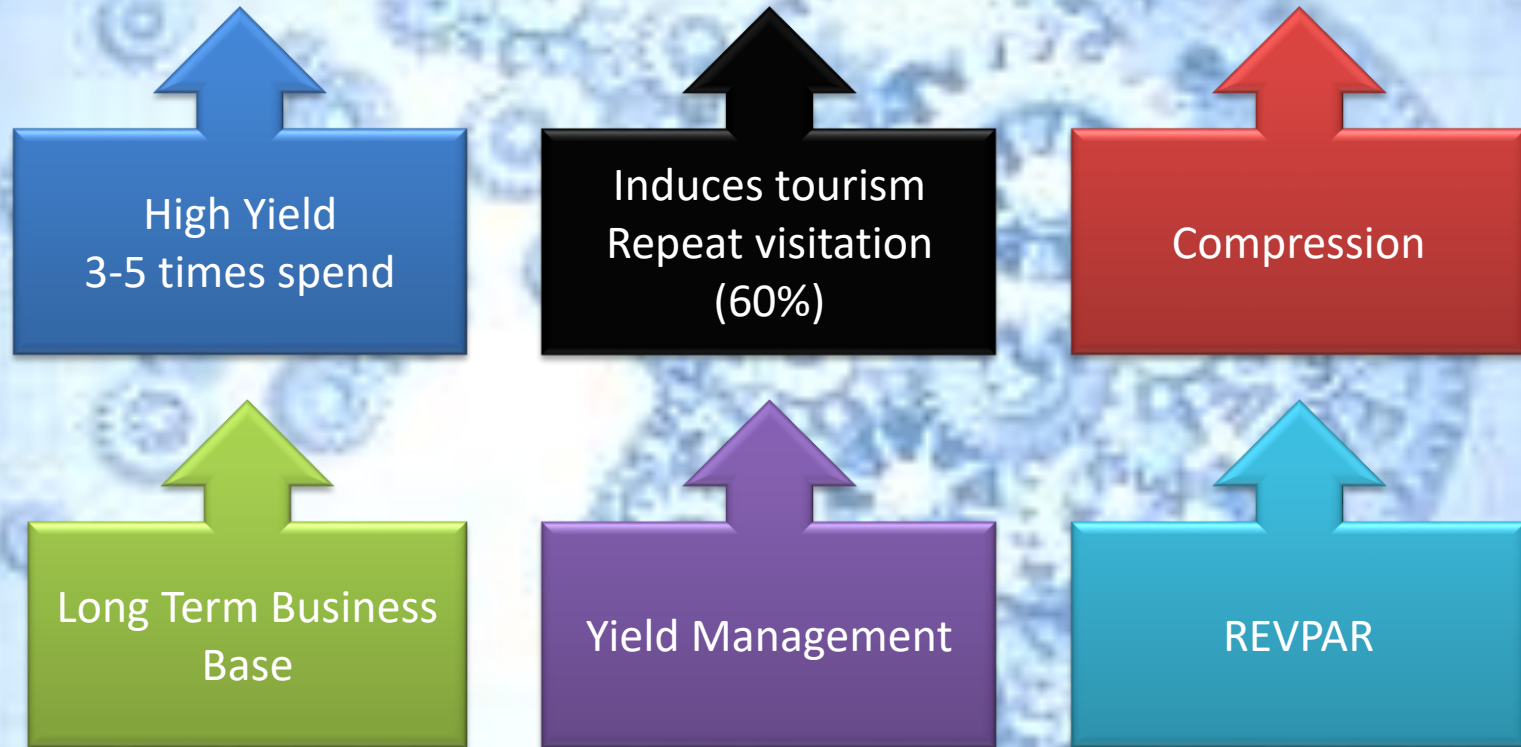
- Registration Services
- Audiovisual Services
- Catering
- Florists
- IT
- Interpretation
- Shipping
- Speakers
- Temporary staff
- Security
- Electrical
- Telecom / internet
- Sponsor development
- Credentials
- Printing
- Signage
- Photography
- Videography
- Teleconferencing
- Convention centres
- Venues

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Winning destinations clearly understand that hosting MICE events is about building knowledge and creative economies – not just filling hotel rooms.

Benefits for Hospitality Industry

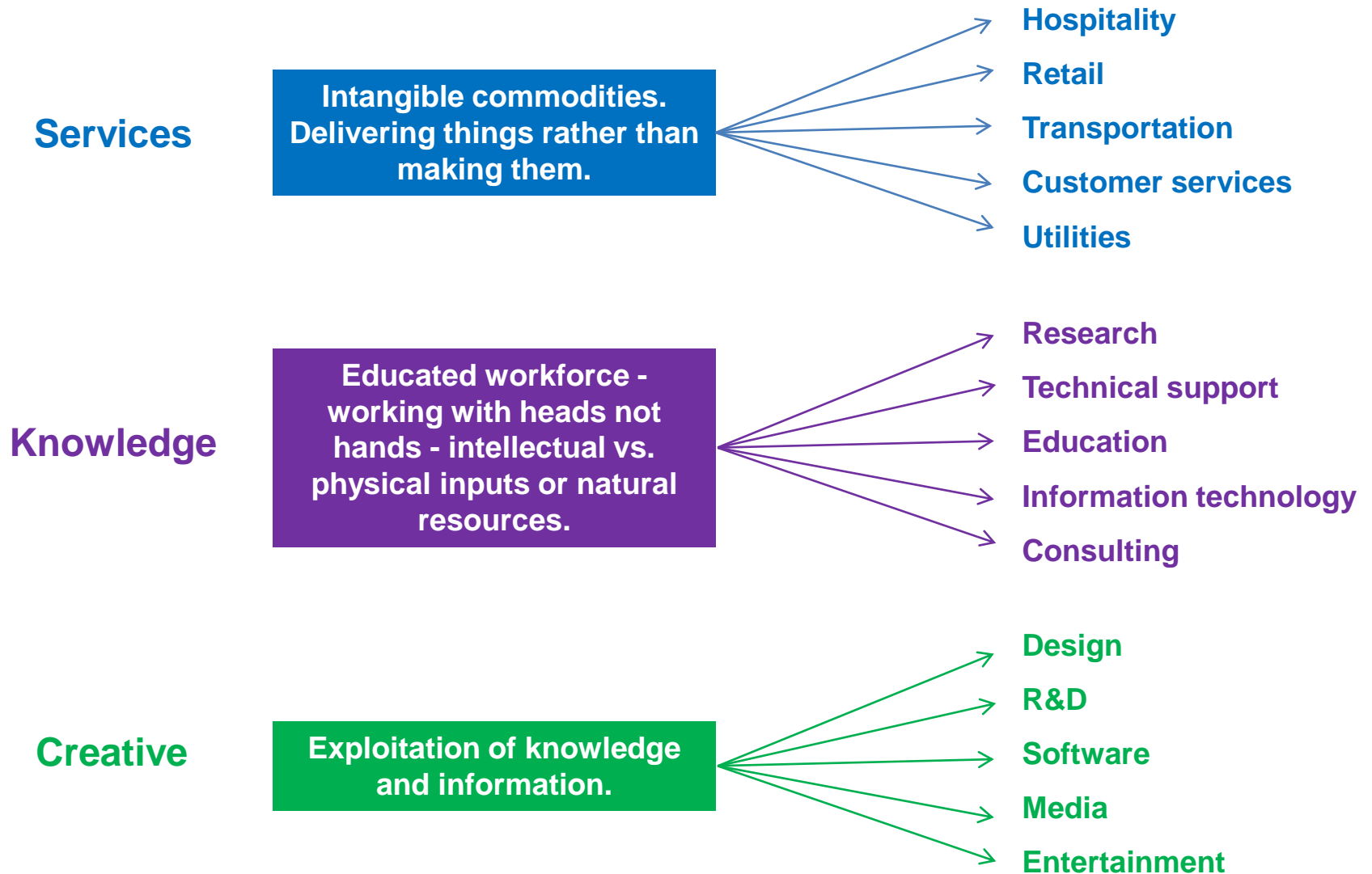


**Is a more diverse economy good for the
hospitality industry?**

A Short History of Economic Revolutions



Knowledge and Creative are Higher Levels of a Service Economy



TREND: Quality vs Quantity

Visitors or Knowledge & Creative Economy?



What it means for Korea

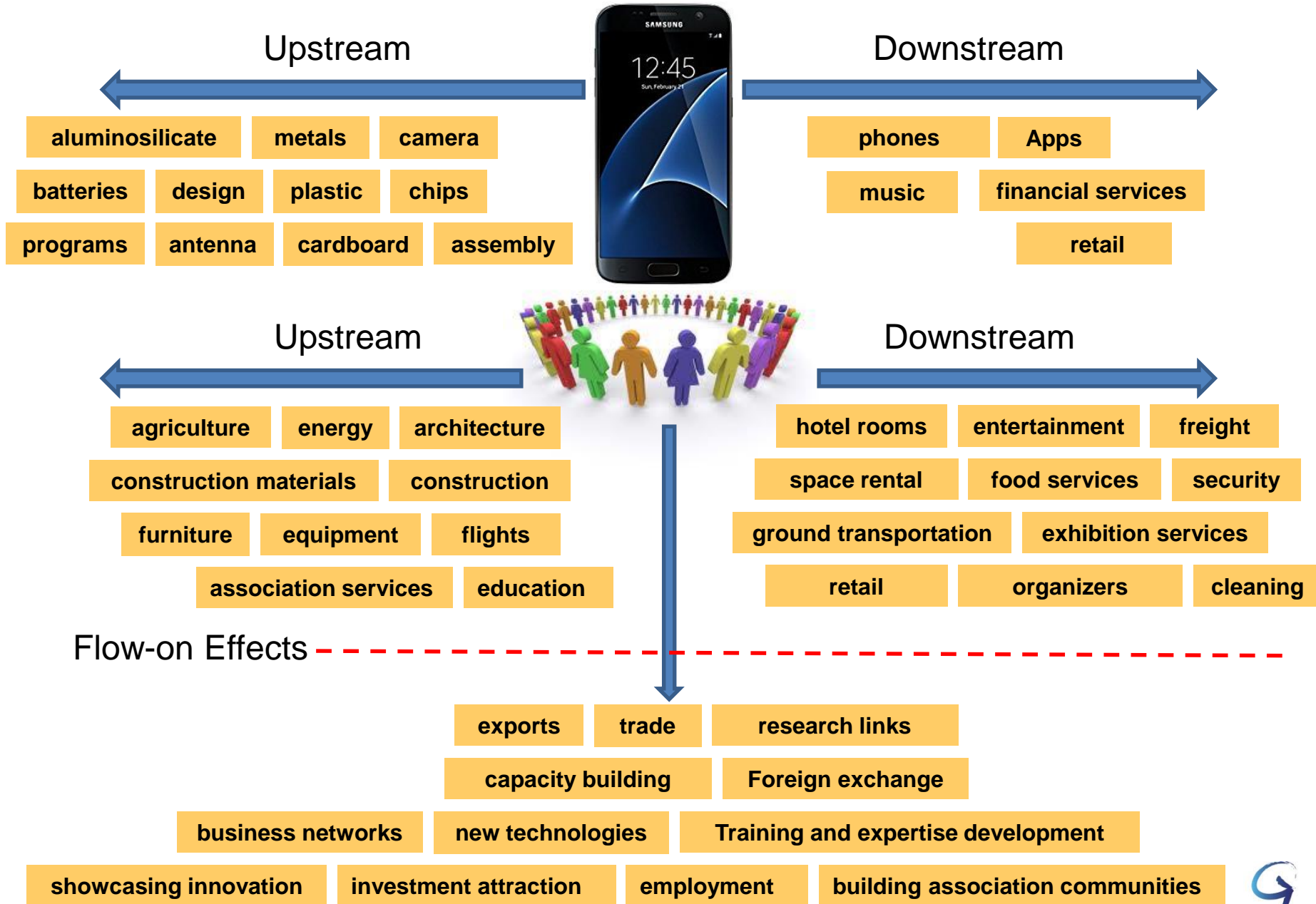
Emphasis on global trade
and intellectual
engagement

“Beyond-tourism benefits”

What Conventions and Exhibitions Really Mean



Conventions vs. Phones



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Winning destinations clearly understand
what the future of destination
development is all about.

DESTINATION

NEXT



Opportunities



#1: Engagement

Interacting with and leveraging the new marketplace



#2: Brand Building

Growing and sustaining the destination brand

#3: New Business



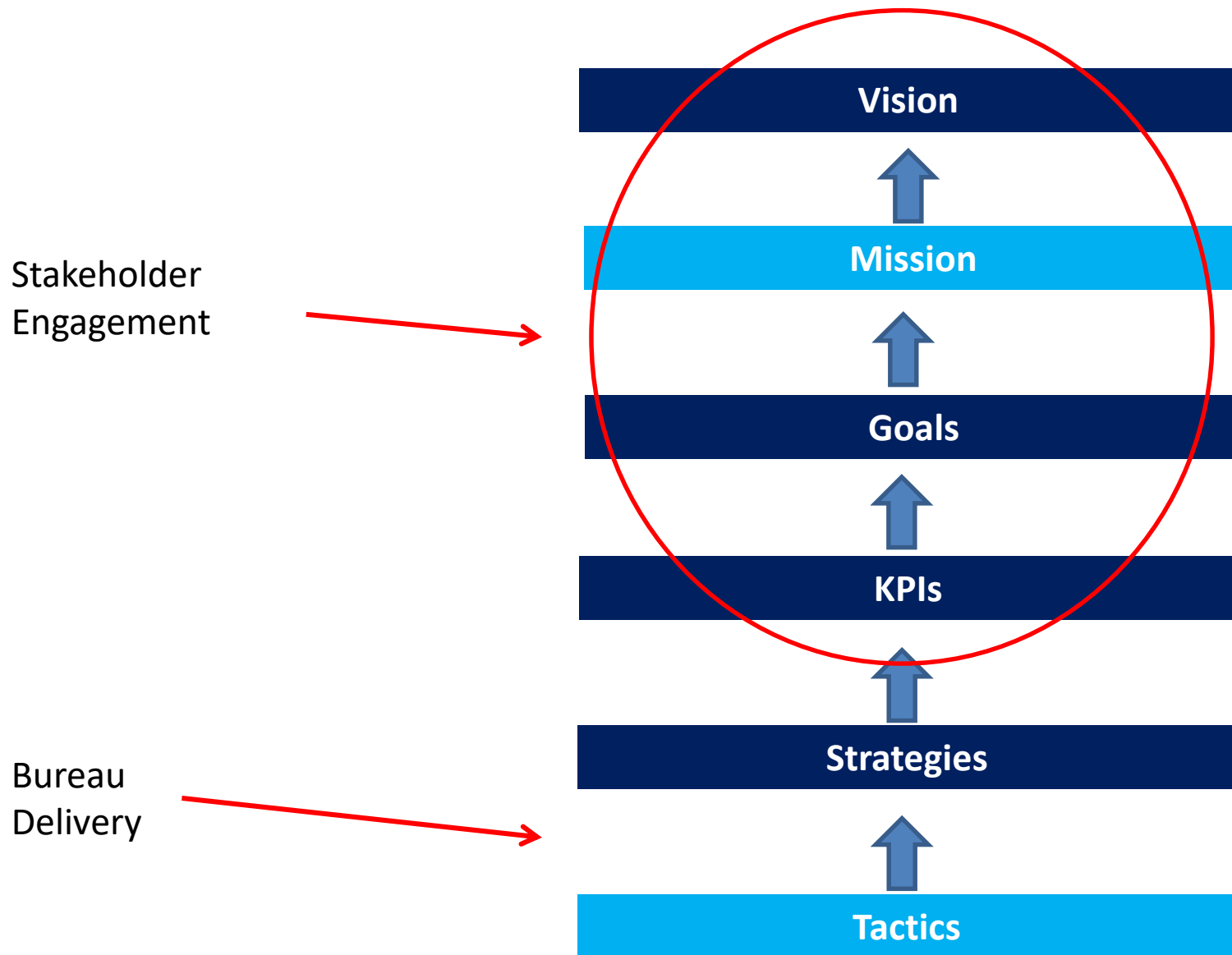
Model

Evaluating and evolving the DMO business model

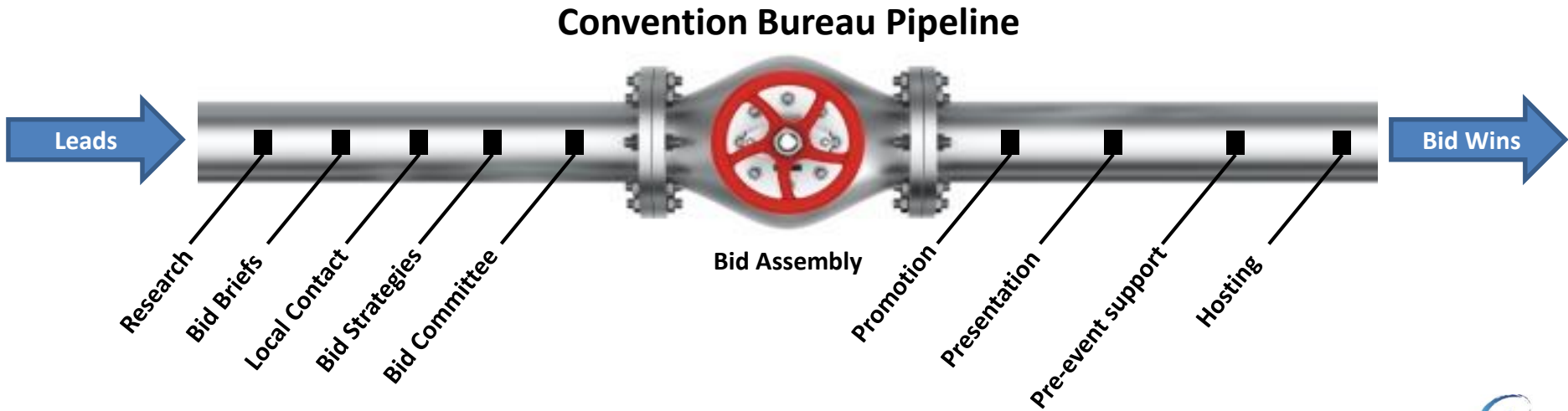
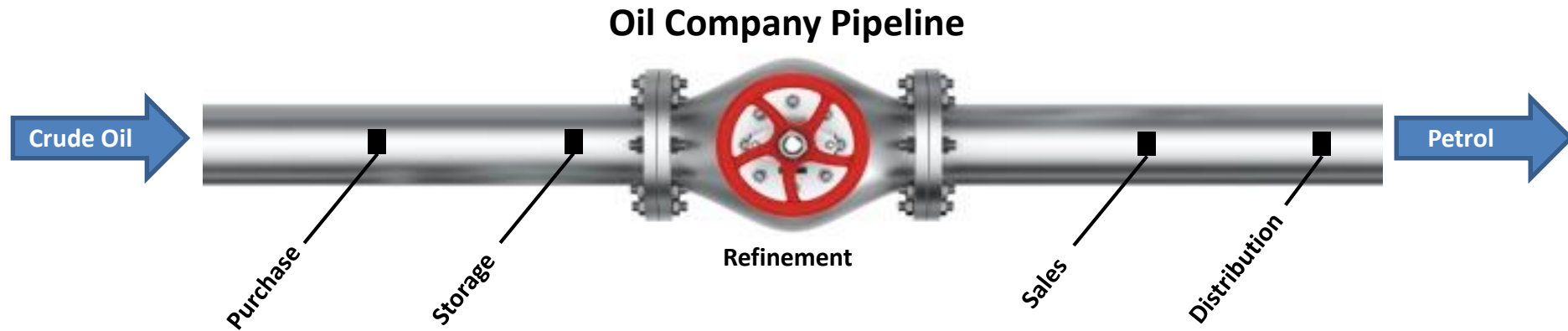
Destination Strength Variables



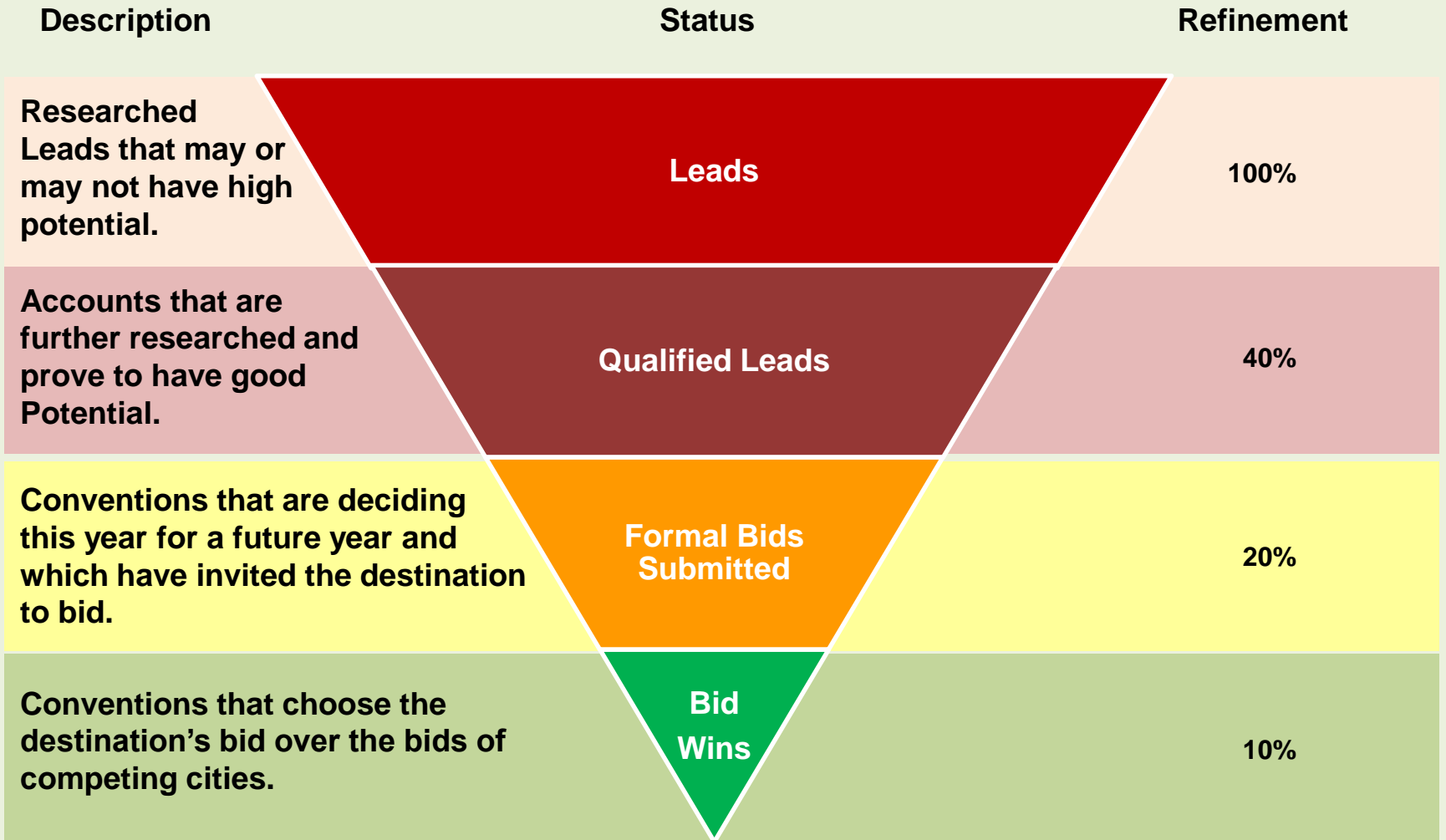
Vertically Integrated Strategic Plan for MICE



Building a Bid Factory



The Bid Funnel – from Leads to Bid Wins



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Winning destinations need to address the
“community support” success factor.

Community Support & Engagement Variables



Community Support & Engagement

Relative
Importance

Perceived
Performance



1st

10th



2nd

3rd



3rd

2nd



4th

4th

**Government
Commitment**

Unified Effort

Sophisticated CVB

Engagement



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Winning destinations have developed a clear brand proposition.

Destination Strength

Relative
Importance

Perceived
Performance



Brand

1st

7th



Destination Performance

2nd

1st



Accommodation

3rd

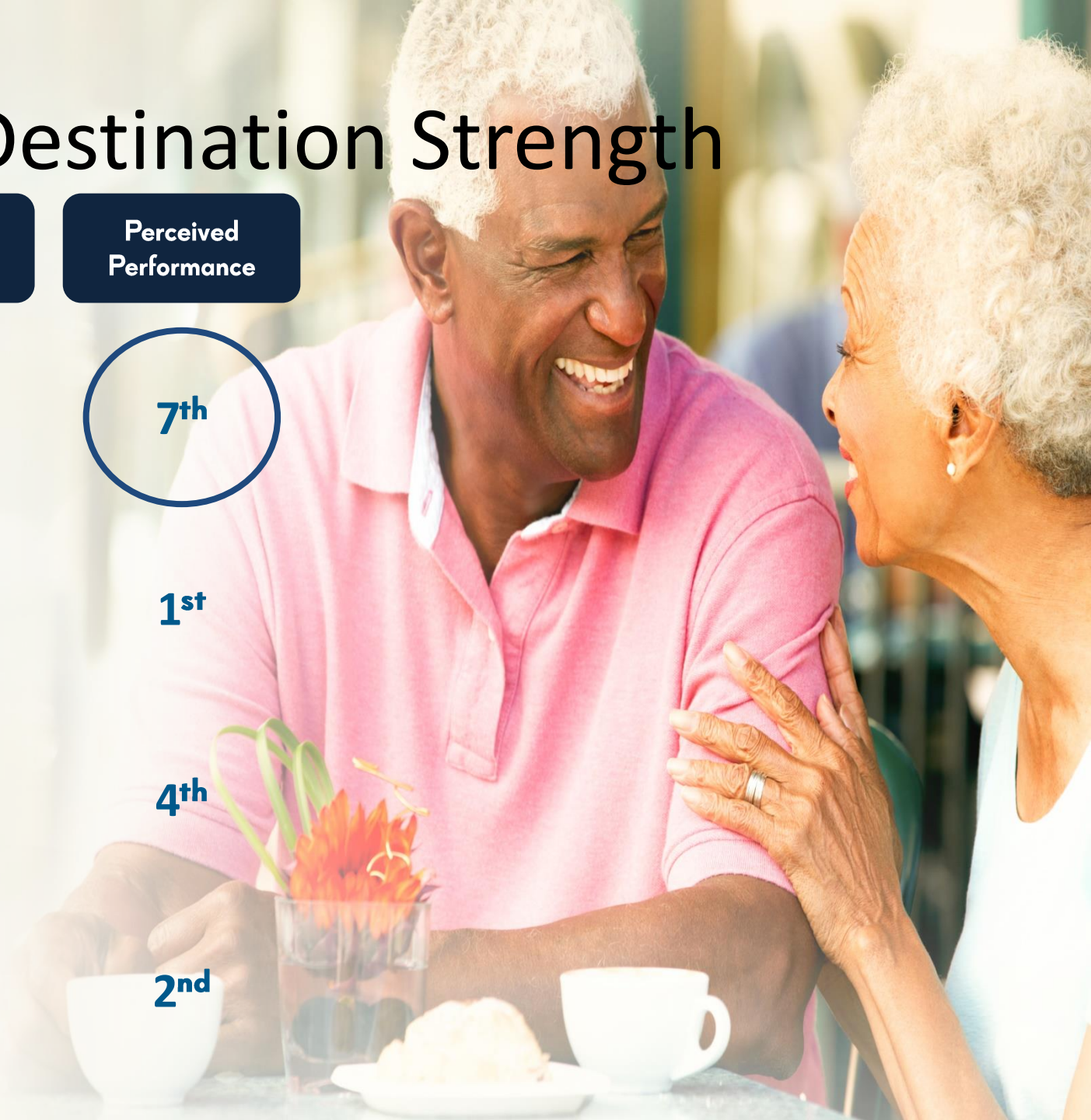
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Attractions and
Entertainment

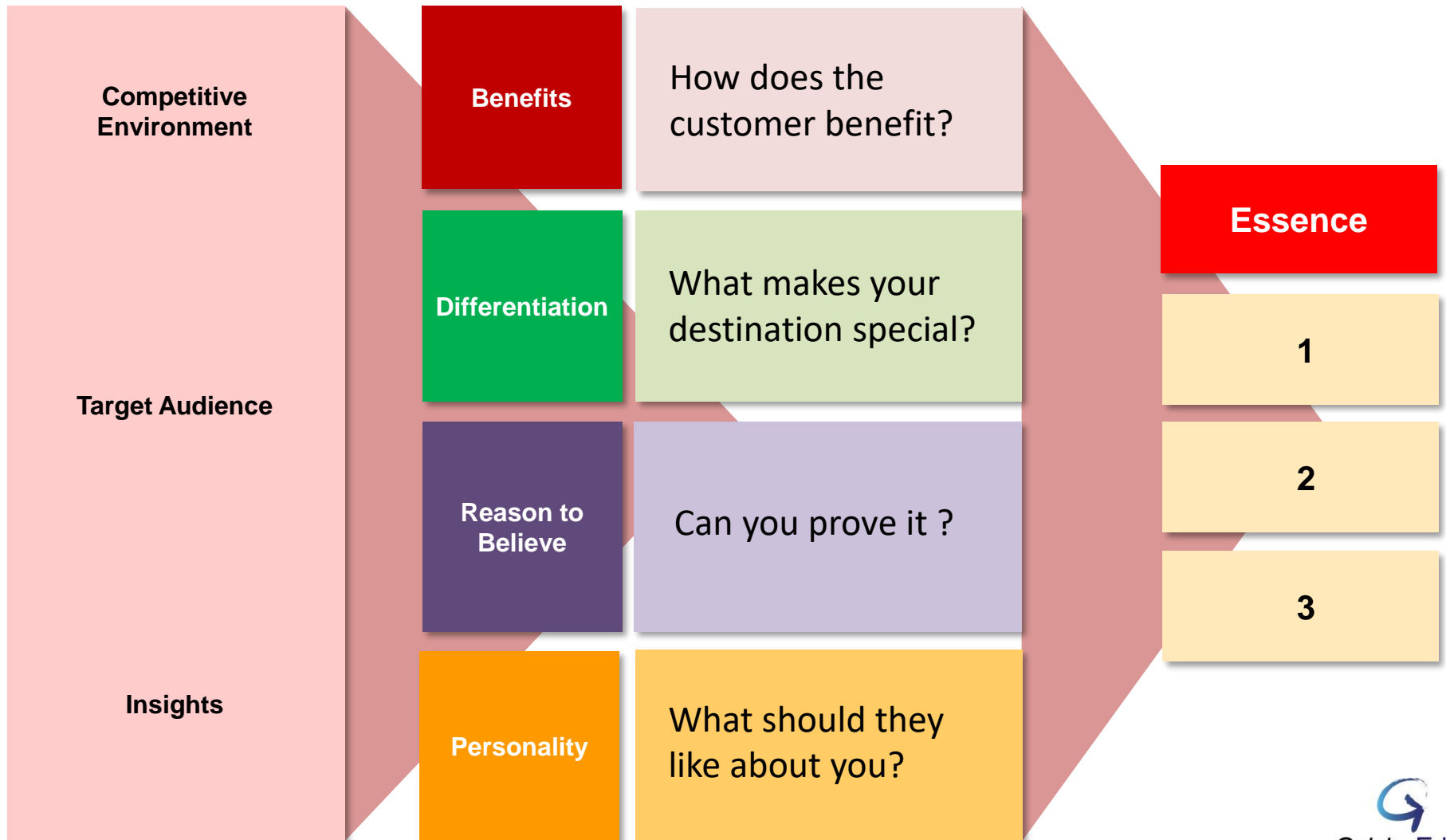
4th

2nd



Brand Development

Recommended "Brand Wheel" Approach



TREND: The Brand

Brands and co-brands



Japan.
Endless
Discovery.



Japan. Meetings & Events
New ideas start here



What it means for Korea

Changing world of branding

- Delivery vs. Communications
- Capacity building



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Is yours a winning destination?

Different Realities for DMOs

Strong Community Engagement



Global Scenario Plots to Date



Where most Korean bureaus are?

Where all Korean bureaus need to be.

Customers Want to Work Through Strong Convention Bureaus

- Client Expectations
 - One stop shop
 - Impartial advice
- Destination Information and Support
- Coordinating Bids
- Liaison with Government / Airlines
- Non-Commercial / Independent / Unbiased

Economic Transformation



Trade & Intellectual Engagement



Business Events



Convention Bureaus

Summary: The future belongs to the focussed

Ingredients of success	Winners	Losers
1. Clear strategy as an industry	✓	?
2. Business (not leisure) focus	✓	?
3. Bid factory (convention bureau)	✓	?
4. Stronger international networks	✓	?
5. Capacity building – industry and associations	✓	?
6. Product development - delegate experience	✓	?
7. Business brand communications	✓	?
8. Brand delivery emphasis	✓	?
9. Whole of government support (global strategy)	✓	?
10. United industry	✓	?