

Chapter 1

Introduction to MICE Industry



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Objectives

1. Explain the basic knowledge and concept of the MICE industry.
2. Explain the characteristics of the MICE industry compared to the tourism industry.
3. Explain the unique characteristics of businesses in the MICE industry.
4. Explain the impacts of the MICE industry on different aspects as well as factors affecting the MICE industry.
5. Explain the details and functions of relevant organizations in the MICE industry.

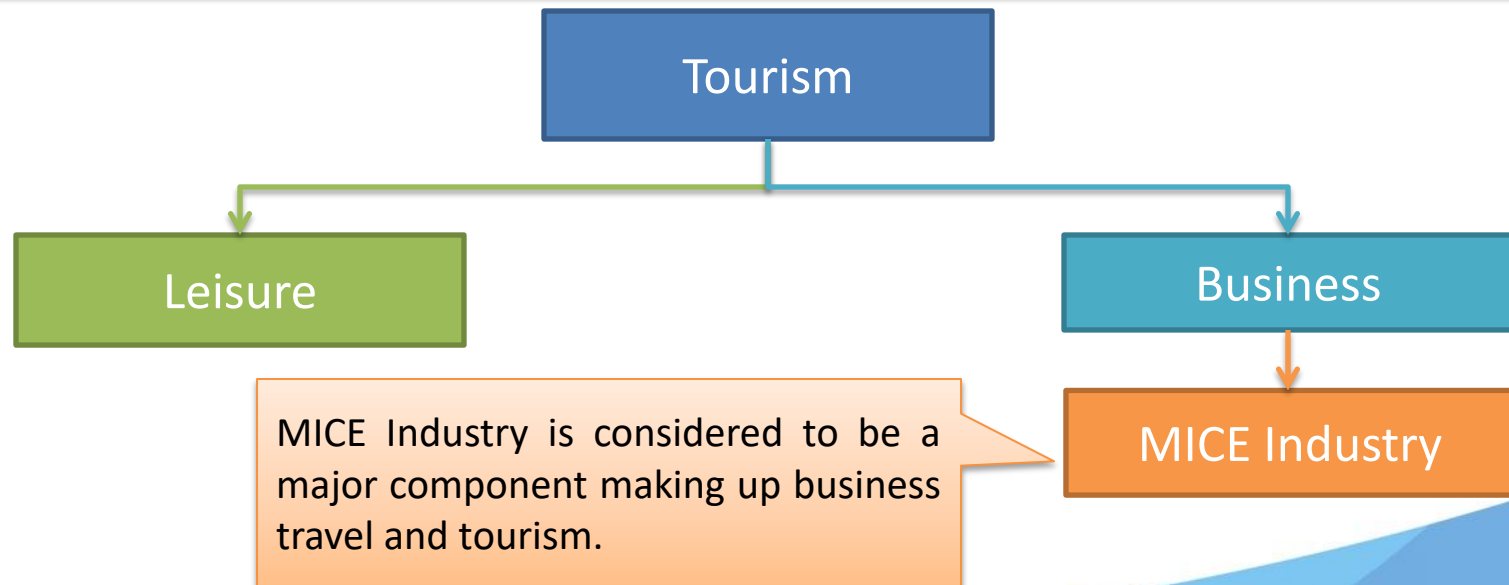


Business Travel

❑ General Knowledge of Business Travel

Business Travel:

"Business tourism is concerned with people travelling for purposes which are related to their work. As such it represents one of the oldest forms of tourism, man having travelled for this purpose of trade since very early times" (Rob Davidson, 1994).



Business Travel

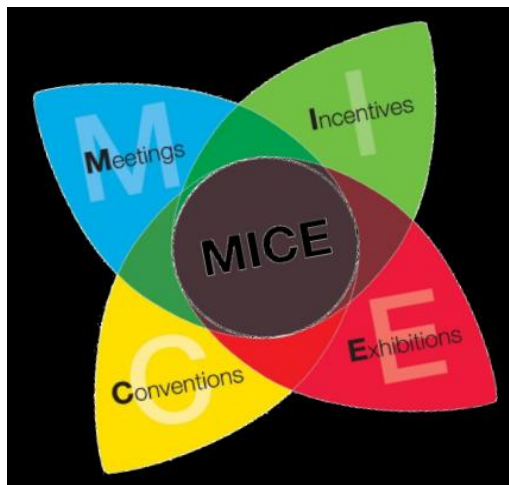
- ❑ Terms “business travel” and “business tourism” are commonly used interchangeably due to an overlap in their definitions.



Sectors in the MICE industry include:

- ❑ Trading
- ❑ Transportation
- ❑ Tourism
- ❑ Leisure
- ❑ Lodging
- ❑ Food and Beverage
- ❑ Meeting
- ❑ Information
- ❑ Financial Businesses

MICE Industry: Four Sectors



Multifaceted Industry

Meetings

Incentive Travels

Conventions

Exhibitions

MICE Industry and Policymakers

- ❑ Due to the MICE's multifaceted characteristics, the country's policymakers should recognize the importance of this industry in different aspects:
 - **Government Support:**

Economic advantage is the main reason why the government should support the MICE industry. This industry creates economic advantage in the form of revenue to the country both directly and indirectly. This outcome can be explained based on the Economic Theory of Multiplier Effect, which makes the industry very competitive and attractive to business people.
 - **Basic Infrastructure, Transportation and Access:**

This reflects a systematic planning with the aim for cost effectiveness by taking into account the demand for infrastructure.
 - **Human Capital:**

Human capital in the MICE destinations has been developed through employment.

Business Travel: Type and Definition

Meetings

Meetings:

- a meeting is a structured event where people gather for a certain purpose, such as for business
- most of them are organized by public or private organizations or non-profit entities
- the important factor for meeting to be defined as part of the tourism business is that it involves hospitality
- the activity organized far away from the organization itself

Incentive

Incentive:

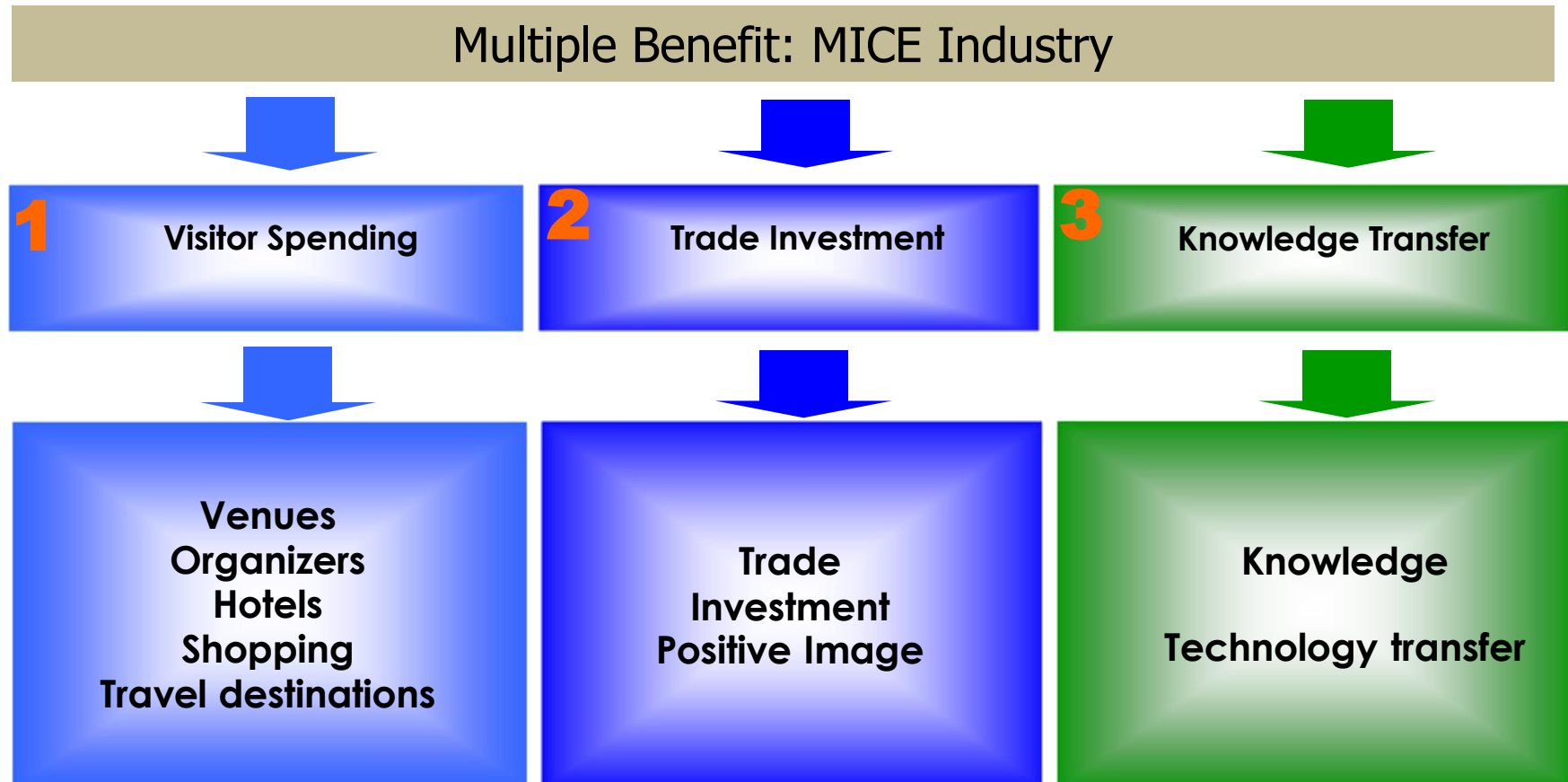
- an organizational incentive measure of giving rewards in the form of travel experience to the employees to increase their levels of performance
- The type of incentive travelers is different from that of ordinary travelers as there are other activities arranged in the itinerary by the organization to motivate employees to increase their levels of performance or sales

Comparison: MICE and Tourism Industry

MICE Advantages compared to Tourism Industry:

- MICE clearly determine quantity and type of travelers to the country due to the tendering process / a predetermined schedule of the business plan
- Fluctuation of operating performance of relevant businesses is at a low level due to the weather and other geographical conditions, which have little impacts on the decisions of hiring companies
- Seasonal Control and Employment
- High Possibility of Economic Added Value
 - *Visitor Spending*
 - *Trade Investment*
 - *Knowledge Transfer*
- MICE serves as the basis for product positioning at destinations with limited tourism resources or with other constraints which may obstruct tourism
- Creating good images to the country in terms of political security and economic reliability.

Comparison: MICE and Tourism Industry (cont'd)



Comparison: MICE and Tourism Industry (cont'd)

MICE

Target

- Meetings, conferences or incentive travels that are predetermined plans for
 - businesses
 - professional associations
 - Government
 - organizations

High Possibility of Economic Added Value

- Visitor Spending
- Trade Investment
- Knowledge Transfer

Tourism

Target

- Frequent Individual Traveler
- Repeated Tourist
- Retired Traveler
- Leisure Traveler

High Possibility of Economic Added Value

- Repeated travelers

Revenue: The spending on venue, accommodation, destination and expenses during and after the events means circulating funds in the economic system of the cities or countries hosting the events.

MICE Industry Background and Activities

MICE:

- ❑ A type of tourism in which large groups, usually planned well in advance, are brought together for a particular purpose: Meetings, Conventions, Exhibitions, or Incentive Travel
- ❑ In the US, the rise of association activities in the early 1900s led to the creation of its first convention bureau.
- ❑ Today, the MICE industry has grown to become one of most important contributors to travel and tourism industry revenue and national GDP throughout the world.
- ❑ MICE is a part of Tourism Industry that comprises of four components: Meetings, Incentives, Conventions, and Exhibitions



Types of Activities in MICE industry

Meetings: M-I-C-E

- ❑ An event where the primary activity of the attendees is to attend educational sessions, participate in meetings or discussions, socialize, or attend other organized events. There is no exhibit component to this event. (Source: CIC - Convention Industry Council)

Incentive Travel: M-I-C-E

- ❑ Incentive travel is a global management tool that uses an exceptional travel experience to motivate and/or recognize participants for increased levels of performance in support of the organizational goal. (Source: SITE - Society of Incentive & Travel Executives)

Conventions: M-I-C-E

- ❑ An event where the primary activity of the attendees is to attend educational sessions, participate in meetings/discussions, socialize, or attend other organized events. There is a secondary exhibit (exhibition) component. (Source: CIC - Convention Industry Council)

Exhibitions: M-I-C-E

- ❑ Exhibitions are market events of a specific duration, held at intervals, at which a large number of companies present a representative product range of one or more industry sectors and sell it or provide information about it for the purposes of sales promotion. Exhibitions predominantly attract the general public. (Source: Global Association of the Exhibition Industry หรือที่เรียกในชื่อย่อว่า UFI)

Types of Activities in MICE industry (cont'd)

Business Events

- ❑ 'Business event' is another term for MICE and has been used primarily in Australia to cover a wide array of meanings for this industry.
 - Any public or private activity consisting of a minimum of 15 persons with a common interest or vocation held in a specific venue or venues and hosted by an organization (or organizations).
 - Activity may include (but not limited to): conferences, conventions, symposia, congresses, incentive group events, marketing events, special celebrations, seminar, courses, public or trade shows, product launches, exhibitions, company general meetings, corporate retreats, study tours or training programs.

(Source: Business Event Council of Australia)

Types of Activities in MICE industry (cont'd)

Meetings

- ❑ 'Meetings' in this context represent a collective meaning for the MICE industry corresponding to a widely held view among professionals that all MICE activities share a common trait, that is, they describe an opportunity to meet
- ❑ According to the World Travel Organization (UNWTO), the International Congress and Conferences Association (ICCA), and Meeting Professional International (MPI), meetings are defined as:

Activities based on the organization, promotion, sales and delivery of meetings and events; products and services that include corporate, association and government meetings, corporate incentives, seminars, congresses, conferences, conventions events, exhibitions and fairs.

MICE Industry: Economic and Social Impact

Positive Impact

Direct Contributions

Direct Revenue

Seasonality control and employment

Indirect Contributions

Transfer of Knowledge and Technology
from Overseas to Thai Operators

Promote, Support and Encourage SME
Export

Negative Impact

Environmental Impact

Pollution and greenhouse gases
emission

Waste from events

Biodiversity

MICE Industry: Economic and Social Impact (cont'd)

Positive Impact

Direct Contributions

Direct Revenue

- ❑ The MICE industry or 'business tourism', is known to generate higher spending per head compared to leisure tourism.
- ❑ In the case of Thailand, based on TCEB's 2014 report, it was found that in 2014 Thailand had 24,779,768 tourists and the revenue from tourism of 1,147,654 trillion Baht. Out of these numbers, there were 919,164 MICE travelers who could generate the revenue of 80,800 million Baht. This reveals that the proportion of the MICE travelers which accounted for 3.71% could generate revenue accounting for 70.4% of the total revenue from tourism. This statistical data serves as an empirical proof of MICE's quality visitors.

Seasonal Control and Employment

- ❑ The MICE industry generally reduces seasonality within the overall travel and tourism industry, as MICE volume usually occurs during the off-peak season.

MICE Industry: Economic and Social Impact (cont'd)

Positive Impact

Indirect Contributions

Transfer of Knowledge and Technology from Overseas to Thai Operators

- ❑ Attending conventions can expand the partnership pool for delegates who usually come from the same industry
- ❑ A particular country or area has an opportunity to hold international MICE events means a good opportunity for the MICE operators to learn new things from the event organizers or foreign professional companies.
- ❑ Attendees can learn new issues related to the industry they are operating through seminars or lectures by experts or specialists in the industry. Such knowledge may be used to improve the company performance or help the community to solve problems.

Promote, Support and Encourage SME Export

- ❑ MICE events are important tools for manufacturers, consumers and/or stakeholders in the supply chain to meet, purchase products and make business agreements or collaboration. This is the way to find customers and business network for SME businesses.

MICE Industry: Economic and Social Impact (cont'd)

Negative Impact

Environmental Impact

Pollution and greenhouse gases emission

- ❑ Pollution and greenhouse gases emission trail after every delegate and with the shipping of products to meeting venues or exhibition halls

Waste from events

- ❑ Hotels and meeting facilities are often forced to leave behind gigantic piles of waste consisting of plastics, paper, food, drink related waste, toiletries, along with unwanted or unused promotional giveaways

Biodiversity

- ❑ Biodiversity harm is also caused through any new investment or expansion of new facilities to meet with growing industry demands

Ecotourism

Ecotourism

- ❑ A program that provides a first-hand active experience of a place, ecotourism provides an educational experience that can help to develop visitor understanding and appreciation of the place visited and promotes appropriate behavior and a conservation ethic", employing various strategies to minimize negative impact and maximize local economic returns." (Bottril & Pearce, 1993; Scace, 1995)



Sustainable Meeting / Green Meeting

Sustainable Meeting / Green Meeting

- ❑ The challenging problems of the MICE business at present are climate change and global environmental change, which negatively affect business travel in various aspects.
- ❑ The emergence of the concept to fight against environmental deterioration is the beginning of sustainable development and sustainable tourism development (Mair and Jago, 2010) to maintain the MICE business or to retain the number of MICE travelers.
- ❑ To invent different measures to achieve such goals. Such measures include competitive advantage, image enhancement and responses to stakeholder pressure based on the concept of Green Business Events (Mair and Jago, 2010) to add value for the event attendees and promote good images to the events.
- ❑ In the view of the MICE operators, competitive advantage is the important driving force of green business events and serves as the value adding device.



Current MICE Industry

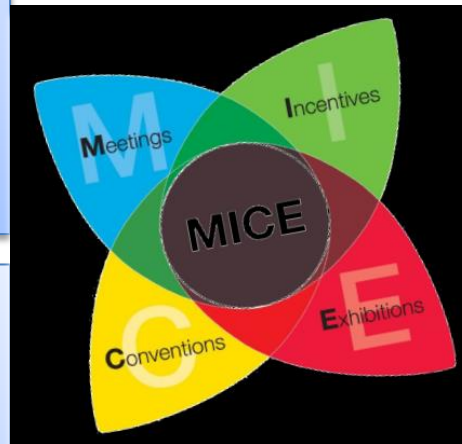
Meetings (M-I-C-E)

Statistical data collected in different regions worldwide during 2006-2015:

- the regions with the highest and lowest numbers of meetings is Europe
- USA had the highest number of meetings; Thailand ranked 27th (2015 ICCA Statistics Report)

Conventions (M-I-C-E)

- ICCA data takes into account international meetings segmented into corporate or association meetings.
- International corporate meetings consist of internal and/or external meetings.



Incentive Travel (M-I-C-E)

- ❑ IRF mentioned that confidence in incentive travel remains intact, as many studies have stressed its power to drive employee engagement and promote company performance; yet fragile since it can crumble as soon as the market is hit by negative news.

Exhibitions (M-I-C-E)

- UFI has collected statistical data on exhibitions worldwide (UFI, 2014).
- It was found that there are about 31,000 exhibitions per year with the exhibition venue of 124 million sq.m., 4.4 million exhibitors and 260 million attendees or delegates.

Factors Influencing Future MICE Industry at Destination

Political Factor

Political Stability

- ❑ The political conflicts can be controlled by the policymakers, or the level of conflicts does not create the feelings of threats to business travelers.

Continuous of Power of Policy Maker

- ❑ Although the MICE industry generates economic value to the local areas or country, the policymakers should give continued attention to the MICE industry. Thus, the countries have been recognized by the global society as leading MICE event organizers.

Investment in Conducive Infrastructure

- ❑ To invest in conducive infrastructure to facilitate the MICE industry in the form of public and private investment including big convention complexes or transportation infrastructure, such as airports, roads or other basic facilities.

Factors Influencing Future MICE Industry at Destination

Political Factor (Cont'd)

Link Between Private and Public Sectors

- ❑ The public sector which serves as the policymaker at the national level must be linked to the private sector in the tourism industry to jointly make a plan to promote the MICE marketing at the international level

VISA System

- ❑ The visa system affects the difficulty or ease of exiting or entering the country. If the international relations are good, or if the travelers are in the same community, it will be easier for them to travel.

Factors Influencing Future MICE Industry at Destination

Economic and Business Factors

- ❑ The outcome of economic development on the MICE industry can be explained through number, size, diversity and quality of meeting venues, transportation infrastructure, entertainment complexes, and restaurants
- ❑ During the past few years, both the US and EU economies have been experiencing a persistent global economic slowdown that has had a direct impact on every facet of the corporate world and associations. Costs have become a leading priority when organizing MICE events.
- ❑ Return on investment (ROI), measuring benefit against meeting cost, is now required for most meetings.

Sociocultural Factors

- ❑ Cultural richness is one of the factors adding value to the business. Cultural norms in various forms, such as demonstration of how to eat local food, national performances or local exhibitions, may attract the tourists to revisit in the future.
- ❑ Friendliness of the employees and local people is another important factor that can create satisfaction to the business travelers.

Factors Influencing Future MICE Industry at Destination

Technological Factor

- ❑ As budgets become tighter, incorporating technology that allow for video conferencing and virtual meetings are increasingly seen as a cost effective option when holding MICE events.
- ❑ In an effort to cut costs, but maintain a personal feel, the industry is experiencing a rapid growth in hybrid meetings (combination of traditional face-to-face meetings and video conferences).
- ❑ Meetings and conventions that do not require being present at a physical location are easy to imagine, but possibilities also stretch to trade shows and exhibitions as 'virtual events'. Virtual events mainly serve as a good substitute for recession-prone exhibitors and attendees
- ❑ The growth in e-commerce and advancements in payment security for internet-transactions ensures that virtual events can generate sales safely and conveniently thus increasing their popularity.



Factors Influencing Future MICE Industry at Destination

Technological Factor (Cont'd)

Social Media, Mobile and Tablets' Applications

- ❑ Use of social media has become so common in marketing for almost every type of products and services that it cannot be overlooked as it remains one of many underlying factors that has shifted behavior and challenged traditional marketing campaigns.

Internet Access

- ❑ Research from FastFurture presented in 2011 also pointed out that 73% of the exhibitors and delegates surveyed strongly agreed that meeting facilities should provide free access to Wi-Fi service and considered one of the main criteria in venue selection.

Key Stakeholders



Convention and Visitors Bureau (CVB)

Association

Corporate

Incentive House

Professional Convention Organizer (PCO)

Destination Management Company (DMC)

Professional Exhibition Organizers (PEO)

Venues

Other Supporting Organizations

Key Stakeholders (Cont'd)

Convention and Visitors Bureau (CVB)

- ❑ CVB acts as a center body to facilitate growth whether it is government or privately owned to solicit visitors and MICE events into the country
- ❑ CVB play as an intermediary between MICE visitors or organizers and qualified local providers
- ❑ A CVB's role is to represent the country by investing in marketing efforts to support the MICE industry of the country it represents
- ❑ In Thailand, the Thailand Conventions and Exhibitions Bureau (TCEB) is the only CVB

Association

- ❑ Associations are usually not-for-profit organizations and can be formed at a national, regional, or even international level
- ❑ Once these associations set their schedule to hold conferences, all of the related work is delegated to specialized service providers called Professional Conference Organizer (PCO)

Key Stakeholders (Cont'd)

Corporations

- ❑ Corporations are organizations established to generate profit and provide financial return to their owners
- ❑ The main purpose is to communicate with their employees or clients
- ❑ Lead-time to organize meetings is also much shorter than association meetings
- ❑ Normally, companies do not invest in an event or conference management division and rather solicit this expertise from external service providers, such as, Destination Management Company (DMC)

Professional Conference Organizer (PCO)

- ❑ A Professional Conference organizer (PCO) specializes in planning and managing congresses and conferences for associations that would like to hold a scheduled conference but do not wish to undertake the bulk of the work

Incentive House

- ❑ Incentive houses usually coordinate with corporations in shaping incentive programs that can help a company reach its goals
- ❑ Incentive travel programs are very specific both in terms of size and program details that must be specifically catered to an individual company

Key Stakeholders (Cont'd)

Destination Management Company (DMC)

- ❑ A DMC is a local service organization that provide consulting services, creative events and exemplary management of logistics based on an in-depth knowledge of the destination and the needs of the incentive and motivation markets

Professional Exhibition Organizer (PEO)

- ❑ A Professional Exhibition Organizer (PEO) usually handles every aspect of hosting an exhibition from start to finish
- ❑ Another major role is to plan coordinate and manage the exhibition, which may also include selecting proper subcontractors and other service providers to delegate the tasks needed in organizing exhibitions

Venue

- ❑ Venues are now one of the most important factors influencing the decision to host a MICE event
- ❑ Venues suitable to host MICE events are hotels, conference hotels, conference centers and exhibition halls

Key Stakeholders (Cont'd)

Other Supporting Organizations

- ❑ Supporting organizations refer to both national and international organizations whose roles directly or indirectly support the MICE industry
- ❑ Locally many private associations directly support Thailand's MICE industry,



- ❑ There are other international organizations or associations are formed to support and assist stakeholders within the worldwide MICE industry,



- ❑ Their roles range from lobbying and representation, establishing codes of practice within the industry and setting compatible standards for service providers to follow

Review Questions

1. What is the MICE industry and how can the policymaker in the public sector take part in promoting such industry?
2. When compared to the tourism industry, what are the advantages of the MICE industry?
3. Please give a detailed explanation of MICE industry background and types of businesses.
4. Please give a detailed explanation of the contribution of the MICE industry and factors affecting the MICE industry at destination.

Chapter Activities

1. Follow the news from various media, particularly online resources, about meeting and exhibition venues, what's going on at such venues, and the details of meetings or exhibitions held in the venues in order to understand the overview of the MICE industry.
2. Carry out a group discussion about the information in 1. Each student needs to express their opinions on details of the event in various aspects based on the chapter topics.

Reference :



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