

National Events Outlook

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MEA is a national, independent not for profit organisation dedicated to fostering professionalism and excellence in all aspects of meetings management. It also promotes the value and effectiveness of meetings as an important high-yield sector of business travel and tourism. MEA offers Professional Development programmes, accreditation, recognition, disseminates information, provides a forum for its members to discuss current issues, and represents the industry to government.

1. THE IMPACT OF THE CURRENT AUSTRALIAN DOLLAR ON THE EVENT INDUSTRY AND IN PARTICULAR BUSINESS EVENTS.

- Business events are one of the highest yielding sectors in Australia's visitor economy. In 2009 the business events visitor expenditure was worth \$7.9 billion to the Australian economy. By 2020, this sector has the potential to contribute up to \$16 billion annually. (2020 Tourism Industry Potential – June 2011).
- International business events visitors contribute great value to Australia. They spend more per night during their visit, often extend their visit to regional parts of Australia and are likely to return to Australia for a holiday at a later date.

However:

- There is little doubt that the strength of the Australian dollar is hurting the Australian tourism industry hence business events.
- Australia's event industry will face increasingly tough times in a high Australian dollar world as will the Tourism Industry.
- The Tourism and Transport Forum has reported that the number of Australian's heading overseas outstripped international visitors in the past year. This is the biggest deficit in tourism data history, with 7.4 million trips out of the country and only 5.9 million trips inbound.
- In regard to conferences – the time lag in planning a conference, and arrival, means the full effect on international delegates coming to Australia still isn't showing up on current statistics but will most definitely in the future.
- As you are aware the Australian dollar has been as high as \$110 US cents, although it has dropped a little from there. It is also at a 28 year high against the Sterling. Against many currencies the

Australian dollar is the best-performing major currency in the past year. The strong dollar is encouraging many local conferences to plan off shore.

- Whilst the Australian dollar is so strong we can expect to see a further decline in conference and meeting numbers as the impact of the more expensive Australian dollar on our price competitiveness, relative to competing destinations becomes more widely noted.
- This is a major concern for the events industry and economists say there is no change in sight.

2. A SLOW RECOVERY FROM THE GFC (FOR SOME)

- Tourism Australia states that as the global economy recovered from the recession, business events arrivals into Australia grew by 19% on 2009 results. They believe with the fast growth of the professional industries and sales based economies across Asia, there is a great potential for Australia to attract greater numbers of business events visitors over the next decade, this is good news although we still have the problem on the high Australian dollar on these predictions.

THE IMPACT OF THE GFC

- The GFC had a major impact on the Australian Business Events industry. There was a significant decrease in total Business Events visitor expenditure — down by 18% (or \$1.8 billion in nominal terms) to \$7.9 billion in 2009.
- Total BE visitors decreased 9% (to 16.0 million) in 2009, with domestic overnight Business Events trips contributing most of this decrease, down 15% to 7.8 million.
- These results clearly reflect the tough economic climate brought on by the GFC with businesses reducing costs, which in turn affected spending on Business event travel.
- The GFC also contributed to the sharp 13% decrease (to 758,000) in international business events visitors to Australia in 2009.
- In Conclusion - Business events are recovering from the GFC but indications are they are teetering on the edge of a slippery slope – again! Our strong Aussie dollar has made it less attractive for international delegates to come. Where once they would put up with the long haul they are beginning to opt for destinations closer to home - usually the very much cheaper booming Asian MICE destinations where you can run a business event for perhaps up to 66% less cost than Australia (make that 66% plus the additional percentage after the carbon tax).
- Due to the GFC and the unexpected plethora of natural disasters combined with the high Australian dollar many of our industry practitioners across Australia have a long hard slog ahead of them.

3. SIGNS OF A CHRONIC SKILLS SHORTAGE IN THE EVENTS INDUSTRY

- There are fears that the Business Events Industry is currently in a skills shortage.
- We have many people wanting to work in the business events and events industry and there is certainly not a labour shortage.
- Strong indications from association members say that we are in a chronic skills shortage.
- Pre GFC it was virtually impossible to attract trained and skilled staff into the industry.
- Many practitioners within the industry would keep a firm hold on their skilled staff, not exposing them to out of the office activities for fear of “poaching” and skilled people could almost name their price.
- This settled down during the time of the GFC due to the fact that people were losing their jobs and needing to look for alternative work.
- Whilst some businesses are prospering and recruitment is again happening we are starting to see those telltale signs once again.
- Salaries creeping way beyond competency levels, complaints to the association of poor conduct in regard to our Code of Ethics and ethical recruitment.
- The events industry as a whole has little barriers to entry and does not have a healthy attitude to paying or training and education of staff.
- At MEA we are working hard to change this by creating an awareness of the pending skills shortage and how that can impact upon business.
- I often say no matter how much work our hard working Convention and Visitor Bureaus undertake or how supportive Tourism Australia is of business events, if we cannot service the conference delegate once we get them into Australia we have little hope of repeat business.

4. THE EFFECTS ON THE INDUSTRY OF THE CARBON TAX

- The carbon tax will, from July 2012, increase the cost of holding business events in Australia – regardless if the events are conferences, incentives, special events, training, awards programs etc.
- This will occur because almost all business events inputs will increase due to flow on effects of the tax and there will be no compensation package to offset them.
- The business events industry is made up of: Airfares both domestic and international; Accommodation; Transport services; convention venues; Australian made food and beverages; rubbish removal; printing and promotional items; internet costs; entertainment; a/v and staging; rates

and services; energy costs and above all Business Confidence. All of which are directly hit by a carbon tax.

- In Conclusion:
 - There will be a raft of small increases on almost all business events inputs. Each of these impacts will add up here and there. What will the cumulative impact be and can it be passed on to business event consumers?
 - The tax starts in July 2012 and I suspect it will be a year or two before we see the real impact. As an estimate it seems that typical conference budget will see combined business input rises of around 3% or \$30 per person (based on a typical \$1000 registration fee) on top of any CPI increases in that period. This is on top of whatever personal cost increases that a delegate/guest experiences.
 - It does not sound much but if the worst case scenario occurs – that it acts as a catalyst to catch up for all the other rises the industry has absorbed as a result of the GFC then we could easily see that figure double or treble that. And yes it will need to be passed on to the client who won't be compensated in any way.

5. THE CHANGING FACE OF SPONSORSHIP

- With increased spending, sponsors have increased their expectations and for event managers to achieve competitive advantage they need to focus on what those expectations are.
- Essentially sponsors have objectives that fit into one or more of these areas; to increase product or corporate awareness, to develop product or corporate image, to drive sales, or to develop market position.
- In other words now more than ever they are seeking a return on their investment.
- This means that to secure sponsorship the event manager needs to give consideration to how that can acquire the right sponsor through target marketing and an understanding of the segmentation process where the contribution of research in order to achieve success cannot be underestimated.
- An audit of what the event has to offer is required not just in terms of what benefit package a sponsor may gain but also in relation to the target markets that the potential sponsor may gain.
- Building relationships in sponsorship cannot be underestimated and is a time consuming and on-going process.
- The critical importance of exploiting event sponsorship rights with support marketing activities is now front of mind of most potential sponsors.
- In conclusion – sponsors are now more discerning, more time, effort and sometimes money needs to be put in at the onset to ensure the best possible outcome for the sponsor. This is a long process, time consuming and a must.

6. TECHNOLOGICAL CHANGES WITHIN THE EVENTS INDUSTRY

- Savvy events professionals need to embrace technological changes including virtual events as a complimentary addition to their offering, to keep them ahead of the game in an era of change.
- Busy, budget-constrained delegates who can't make live events are already being offered the opportunity to participate virtually, in hybrid events.
- As the name suggests, hybrid events combine the best of both worlds, the live and virtual, and are so far proving very successful. There's nothing particularly ground-breaking about them; they simply draw upon existing tools such as social media and webinars to build a multi-faceted event experience, capable of overcoming challenges such as time and money.
- Attendees to virtual events don't need to leave the comfort of their desks, which saves their employers a tidy sum in expenses and wasted hours due to travelling, with the added benefit of enabling attendees to dip in and out of exhibitions at their convenience.
- But the delegates aren't the only ones feeling the pinch – exhibitors are under financial pressure as well. Demand for comprehensive delegate tracking and reliable measurement of ROI is on the rise as organisations re-evaluate their event expenditure. Virtual events are becoming an increasingly tempting alternative as they offer a controlled environment where performance can be easily measured.
- Advances in technology also play in favour of the virtual event. High-quality graphics, powerful software platforms and increasing broadband capabilities can enable delegates to intuitively navigate a rich virtual world. They can customise their appearance, and have increasingly life-like interactions with other delegates and staff on stand and emotions can be conveyed, all in real time.
- Just another area we must keep abreast of.

7. PROFESSIONAL STANDARDS WITHIN THE INDUSTRY INCLUDING THE NEW GOVERNMENT INITIATIVE OF TQUAL ACCREDITATION

- MEA has two accreditation programs that are the AMM (Accredited Meetings Manager and AIMM (Accredited In-House Meetings Manager). Work is currently being undertaken in the area of Special Event Management and Audio Visual.
- Our view is to have an accreditation program running for each sector of our industry by the end of 2012.
- There are numerous accreditation programs within the tourism industry and as much at MEA we welcome the introduction of the T Qual Accreditation program.

- The Australian Government has been working with the States and Territories and with the Australian tourism industry to develop a National Tourism Accreditation Framework (NTAF). On 11 May 2010, as part of the National the Australian Government announced funding of \$5.5 million over four years to support the implementation and operation of the NTAF.
- The NTAF provides an umbrella framework under which existing quality and accreditation programs can apply for TQUAL Accreditation. This would allow accreditation programs to co-brand with a common national TQUAL mark and standard oriented to building consumer purchasing preference and corresponding market benefit for accredited participants.
- The NTAF is being run as a co-operative initiative with;
 - Tourism Quality Council of Australia comprised of an independent chair, Commonwealth, State and Territory government and industry representatives Tourism Australia responsible for the NTAF brand, including the development and implementation of a marketing strategy.
 - RET providing administrative, secretariat and policy support.

8. AN INTERNATIONAL STANDARD IN SUSTAINABLE EVENT MANAGEMENT

- SO 20121 is a 'management system' standard.
- With extensive global stakeholder engagement and involvement, the resulting document will be a standard event organisers can follow to systematically address sustainable development issues in the event planning cycle.
- Rather than a checklist or how-to guide, the standard encourages the implementation of processes and systems to ensure sustainable development issues and potential impacts are identified, stakeholders engaged, objectives set and met, and a continuous improvement cycle embedded.
- Integral to success is the overarching commitment by the organisation's top management to sustainable development principles and their directive to its implementation in event management. Important also is that the team producing and running the event has skills and knowledge in sustainability and how it can be applied in action in event production.

9. In Conclusion

- The business events industry has a long road ahead of it.
- There is lots of positivity amongst the practitioners, also lots of nervousness around how much longer can we be resilient.
- You can see from today just some of the challenges we face, at the same time we are predicting some positive changes in the upcoming years.