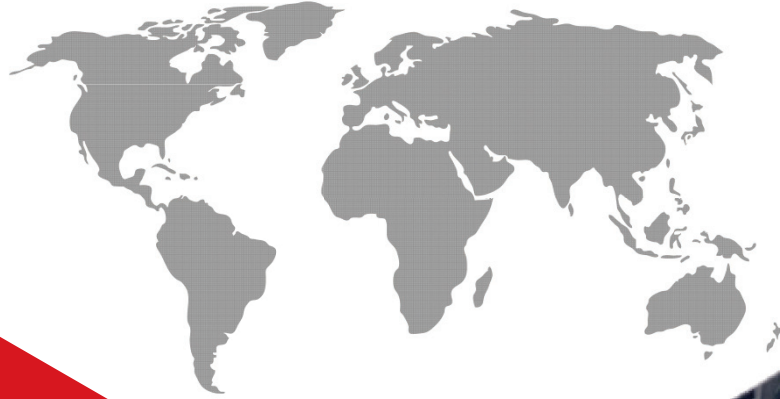




# THE GLOBAL MEETINGS & EVENTS EXPO

18-20 November 2014 • Barcelona, Spain



## EIBTM 2014

### TRENDS WATCH REPORT

BY ROB DAVIDSON

EIBTM Industry Analyst



#### IBTM Global Events



THE GLOBAL MEETINGS & EVENTS EXPO



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## INTRODUCTION

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Readers of this year's EIBTM Trends Watch Report will certainly notice the upbeat tone of confidence throughout the pages of this review of our industry's performance during the past 12 months and the outlook for 2015. That confidence is justified by the findings of most of the sources I have used in the compilation of this report, and it undoubtedly comes as a result of the improving situation in some key national economies this year. But it also reflects the fact that many in the meetings and events industry are already experiencing improving orders for future business.

And although our industry has not yet returned to pre-recession levels of activity, it is clear that, for now at least, we have navigated the economic downturn successfully and confidence levels have been rising as a consequence of that achievement.

Nevertheless, this has been a year in which the cautious optimism of many meetings and events professionals has increasingly been tempered by an awareness of risks arising from the impacts of geopolitical developments which may still present as yet unknown threats to the global economic recovery.

This report is designed to help you benchmark your own performance in 2014 and anticipate likely developments in the market in the year ahead.

I hope that you will find it useful as well as interesting.

**Rob Davidson**

**EIBTM Industry Analyst**

**Managing Director, MICE Knowledge**

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## THE GLOBAL ECONOMIC SITUATION IN 2014

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There was an unmistakable air of optimism at this year's World Economic Forum conference in Davos, Switzerland, for the first time since the global economic crisis. Delegates from many of the world's advanced economies had every reason to be cheerful, as year-on-year figures pointed towards growth, albeit at modest levels. And most forecasters were predicting higher rates of growth for 2015. But the performance of individual countries continued to vary widely, and most of the growth in the global economy was due to the performance of the emerging economies.

According to The Economist, the Euro-zone's feeble recovery since the spring of 2013 came to a halt in the second quarter of 2014, when GDP stagnated. There were some bright spots, but the Euro area was held back by poor performances in its three biggest economies. GDP fell in Germany, the biggest, and Italy, the third largest, by 0.2 percent; France, the second largest economy, stagnated. The weakness in the Euro-zone is arousing fears that the 18-country currency club may fall into deflation. Inflation fell to just 0.4 percent in July, well below the European Central Bank's (ECB) target of almost 2 percent. Even though the ECB adopted measures in June to foster activity - lowering interest rates and announcing a plan to stimulate bank lending to the private sector - it remains under pressure to do more to counter low inflation. Outside the Euro-zone, the UK economy was expanding at over 3 percent.

Many of those Davos delegates with the broadest smiles on their faces may have been Americans anticipating a remarkably successful year for their country's economy. The US economy grew at its fastest rate for two and a half years in the second quarter of 2014 after a broad-based pick-up in activity, boosting hopes of a sustained recovery. It was the best performance from the world's largest economy since the fourth quarter of 2011, driven by stronger export growth and business spending than previously estimated. Consumer spending, which accounts for more than two-thirds of the US economy, increased by 2.5 percent in the second quarter of 2014, and business investment in equipment rose by 11.2 percent (The Guardian). The Economist Intelligence Unit's Global Forecast confirms that the improvement in the US economy from April to June was broad-based, with consumer spending, fixed investment, net exports and government spending all recovering well, while the US labour market also performed very strongly this year. Closely associated with the improving US economy is the considerable strengthening of the US dollar - which may yet turn out to be this year's most significant financial development, with consequences for all of the world's economies and industries - including meetings and events.

But the performance of the world's emerging nations has been more mixed this year, with slowing rates of growth in some of them, particularly in former engines China and Brazil. Growth rates are still at levels that are enviable when compared with those of the developed economies, but are in some cases well below those of a few years ago, and as a result, growth projections for 2014-15 have been marked down for some of the major emerging market economies.

According to the International Monetary Fund, against the background of a slight slowing in the Chinese economy, the authorities there have resorted to limited and targeted policy measures to support activity in the second half of the year, including tax relief for small and medium enterprises, accelerated fiscal and infrastructure spending, and targeted cuts in required reserve ratios.

The Economist Intelligence Unit's observation is that the economy of India is accelerating again after a two-year lull, with the new, business-friendly government boosting investor confidence. But they add that they have yet to see evidence to suggest that India can return its economy to the 8 percent growth that it regularly achieved in the pre-crisis years.

Brazil's disappointing economic performance in 2014 is attributed to various causes: poor policymaking, low investment and capacity constraints (Economist Intelligence Unit) and tighter financial conditions and continued weakness in business and consumer confidence (International Monetary Fund). These weaknesses have held back investment and dampened consumption growth in Brazil this year.

The Russian economy is also slowing, due to the geopolitical tensions surrounding recent events in Ukraine. Tensions with the West over the crisis in Ukraine have scared away investors, weakened the rouble, and forced the central bank to raise rates. Deloitte notes that one response of the Russian industries has been a shift away from their dealings with the West and the forging of stronger trade links with China. Business transactions such as the recent \$US 400 billion Gazprom deal with China brings Russia closer to lucrative markets in Asia. Better economic relations with countries like China, India, Japan, and Indonesia might just hold the key to Russia's long-term economic progress. But even as the country taps opportunities in the East, it is clear that Russia needs to mend fences with the West for the sake of global economic and political stability. The Economist Intelligence Unit's estimate is that the Russian economy - already weak before the crisis - will grow by just 0.4 percent this year.

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



'2014 feels different to 2013. Different because the members of IACC seem to have moved from a feeling of stabilisation in the market, to one of planning for growth. Our members increasingly seem to be keen to represent a global community of conference centres at trade shows in preference to attaching themselves to destinations. IACC has more members who are currently in the build phase of a new conference centre or who have opened during 2014 than we have seen for some time. Investment is returning, including investment in the infrastructure and development of meeting environments. IACC conference attendee numbers are also growing, which tells us that members are increasingly prepared to invest in intelligence, staff development and innovations.'

Taking the world's economy as a whole, Asia will continue to provide the largest share of expansion, but attention is also increasingly focused on accelerating growth being experienced by many countries in the continent of Africa, particularly in the Sub-Saharan nations, with an estimated 3.6 percent growth rate in 2014 and 4.5 percent expected in 2015. Strong investment in the extractive industries and links to fast-growing economies in Asia are playing their part in boosting African economies. But Africa's attraction increasingly stems from its new middle class - people are its biggest asset. Half of all Africans are under 20, and are rapidly moving to cities: more than 40



percent of Africans now live in urban areas. One day, according to the EIU report 'Growing African Cities', the workforce could be as dynamic and vital as Asia's – especially compared with that of ageing Europe. With Chinese companies building roads and upgrading railways, ports and airports all over the African continent, many industries are experiencing rapid growth, including tourism. By 2017, the number of visitors to sub-Saharan Africa is set to reach 42 million. Clearly, a large proportion of them will be attending meetings and other business event.

To sum up the global economic situation as we approach the end of 2014, a quotation from Deloitte's Global Economic Outlook:

'The global economy appears to be settling into a new normal of modest growth in developed economies, stabilization of growth in emerging economies, and a decline in systemic risks emanating from policy mistakes. On the other hand, geopolitical risks appear to have reared their heads lately to a degree we haven't seen in some time. Troubles in Ukraine, Iraq, and the South China Sea have led to concern about the potential impact on economic outcomes'.

## CORPORATE MEETINGS - PERFORMANCE OF KEY MARKET SECTORS

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In the context of corporate events in particular, our industry's fortunes largely depend upon the performance of a number of key sectors in the economy, as the volume of meetings, product launches, incentive trips and training sessions generally reflects the levels of economic activity, innovation and profitability of these market segments. The Information and Communications Technology, Automotive, Pharmaceutical and Construction industries create considerable demand for business events of all types, and this section of the report will examine their individual performances over the past year.

### Information and Communications Technology

According to this year's KPMG Technology Industry Outlook Survey, a survey of US technology industry leaders in the US, the US itself is gaining momentum as the top market for revenue growth, followed by China. Revenue expansion in some emerging markets, a source of industry strength in recent years, has slowed due to economic and political changes. Reflecting favourable conditions in parts of Europe, the UK (at 42 percent, a sharp year-over-year increase) moved to third place on the revenue growth market list. In terms of actual revenue growth, data & analytics (D&A) is expected to become the leading source of technology sector revenue growth over the next two years, outpacing mobile and cloud revenue expectations. Positioned as a strategic enabler, D&A is helping companies to anticipate customers' needs and to increase operational efficiencies. Many companies are planning to invest in D&A to mine this data for actionable insights and to reinvent business models that will be competitive differentiators. Nevertheless, the growth of cloud and mobile revenue, paced by strong demand for apps and platforms, continues to exceed technology company expectations and to foster innovative products, services and business models.

Regarding employment in their sector, US technology industry leaders surveyed by KPMG believe that the US, India, and China will be the leading markets for technology jobs growth between now and 2016. But other countries with high expectations for employment growth are Canada, the UK and Germany.

Within Europe, much of the expansion of the ICT industry may be supported by investment from the US. According to the Financial Times, American venture capital groups are investing more into European technology start-ups, as US investors look to cash in on the rise of the continent's fledgling digital groups. Industry executives and investors have pointed to the relative lack of such 'growth' funding as a reason for why Europe's technology centres fail to produce as many large companies as Silicon Valley. The number of new ICT companies created in London, for example, has risen sharply over the past few years, but their potential to expand has been limited partly due to the lack of later stage funding available to UK tech start-ups. US funds have been stepping in to fill this gap.

Over the past few years, American capital has flooded into the European technology scene. In 2010, European start-ups received US\$ 808 million during growth funding rounds, either solely from US investors or through joint investments between American and European venture groups. By 2013, this figure had risen US\$ 1.9 billion and is projected to rise to US\$ 3.5 billion by the end of this year.



## Automotive

According to Euler Hermes, the China and the US alone account for more than 55 percent of global car sales. In 2013, car sales in China returned to double-digit growth and hit a record level of almost 18 million units sold. The country thus consolidated its place as the largest market in the world, a position held since 2010, and where Western manufacturers - via joint ventures with Chinese state-owned makers - have a 60 percent market share. In 2014, we expect growth to continue at around +10 percent in a market that will head towards 20 million vehicles.

**Figure 1. Year-on-year changes in the vehicles market**

|               | 2013            |                      | 2014            |                      |
|---------------|-----------------|----------------------|-----------------|----------------------|
|               | Growth Rate (%) | Units Sold (million) | Growth Rate (%) | Units Sold (million) |
| China         | +15.7           | 18                   | +10             | 20                   |
| United States | +7.5            | 16                   | +4              | 16.5                 |
| Europe        | -1.8            | 12.3                 | +3              | 12.6                 |
| Russia        | -5.5            | 2.8                  | -2              | 2.7                  |
| India         | -10             | 1.8                  | +4              | 1.9                  |
| Brazil        | -1              | 2.76                 | +3              | 2.85                 |

**Source: Euler Hermes/Anfavea**

Figure 1 shows the year-on-year changes in the vehicles market for key countries. Sales in the US increased by +7.5 percent to nearly 16 million units in 2013 and should grow more moderately in 2014, at around +4 percent for 16.5 million units sold. A salient point from 2013 is the recovery in the market shares of US manufacturers and the ongoing competitiveness gains by the US car industry. Once again profitable, US carmakers are replacing and strengthening their product range to boost their international development.

The European market hit bottom in 2013 with 12.3 million vehicles sold, down by -1.8 percent. Nevertheless, monthly data show signs of a rebound in 2014. With expected growth of +3 percent this year, the market could see a sales volume of 12.6 - 12.7 million units. While this incipient recovery is welcome, the level of sales in Europe is expected to remain very low compared with the 16 million annual sales in 2007. Problems of overcapacity and profitability for volume carmakers will therefore persist, especially as the trade war to preserve market shares will continue, as will its negative effect on margins.

After double-digit growth in the period 2010 - 2012, the Russian market fell by -5.5 percent in 2013, and a slight contraction of -2 percent is also expected for 2014. Aware of the limits of the Russian car industry, the government has announced subsidies of almost EUR 6 billion for research and development and support for employment in this sector.

India recorded a steep -10 percent fall in 2013, returning to 1.8 million units after three years also of strong growth. For 2014 Euler Hermes expected a recovery in the car market to get underway after the elections in May.

Finally, Brazil's car sales fell in 2013, ending a decade-long boom which saw that country's fleet of vehicles double to just over 80 million. With Brazil's high interest rates having a negative impact on car sales, the automotive market's recovery in that country is likely to be slow and gradual, but should have returned to positive growth by the end of this year.

### **Pharmaceutical**

The healthcare sector event spend depends to a large extent on their pipelines – bringing new drugs to the marketplace – and, if they do not have a strong pipeline, the need for associated business events will decrease, and this can happen irrespective of the economic climate. The creation of new drugs comes as a direct result of pharmaceutical companies' levels of investment in research and development (R&D), and that explains why the pharma sector invests more money in research than any other. According to KPMG International, 5 of the world's 10 highest R&D budgets belong to drug companies. Between 2004 and 2013 the total industry expenditure on R&D rose from US\$88 billion to US\$135 billion, and is forecast to reach US\$149 billion by 2018. At the same time, between 2004 and 2013, the estimated cost of bringing a new chemical or biological entity to market more than trebled. In recent years, however, the average number of annual US Food and Drug Administration (FDA) approvals for new molecular entities – a reliable indicator of innovation – has risen from 23 to 32, which is a promising sign. Arguably, regulatory authorities have helped by cutting back on red tape to simplify and speed up the approval process, particularly where therapies for serious diseases are concerned.

According to KPMG International's recent report, 'Growing the pipeline, growing the bottom line. Shifts in pharmaceutical R&D innovation', innovation is on the rise in pharmaceutical companies. Seventy percent of the senior R&D executives surveyed believe that their companies are enjoying a resurgence in research productivity, and over half are satisfied with their portfolio's ability to address unmet medical needs.

China is set to become a new force in drug development. The Financial Times notes that Beijing has made faster development of research-based pharmaceuticals a national priority – both to serve the growing health demands of Chinese society, and to challenge the dominance of western drug-makers globally. In the government's latest five-year plan, the sector was identified as one of seven 'pillar' industries to be promoted.

Compared to the US\$ 30 billion invested by the US government each year in fundamental drug research, the Chinese government invests less than Rmb 10 billion (US\$ 1.6 billion). There are signs, however, of the gap beginning to narrow. Between 2007 and 2012, Chinese investment in biomedical R&D grew at a compound annual rate of 33 percent.

Actual demand for pharmaceutical products is key to the success of companies in this sector, and this is under pressure in many Western nations. According to Euler Hermes, Europe remains under pressure to reduce its budget deficits, compounded to a large extent by recurrent losses in public health insurance regimes. The time is therefore for wholesale savings to be made in healthcare and, in particular, the pharmaceutical sector. For example, France has taken the same path as the UK and Germany and given preference to generics in overall medicine sales, in order to curb its greater consumption of pharmaceutical products (the prices of which tend to be higher the more recently they come on to the market). The choice to reduce healthcare spending is just as important in the

US, as its per capita spending on drugs is the highest in the world. On the other hand, it is widely believed that ‘Obamacare’ will generate +5 percent of additional demand for drugs in 2014 as a result of the expected 7 million newly-insured Americans.

Nevertheless, in the past year there has been a -1.6 percent decline in sales of proprietary drugs alone at the global level. This is a consequence of the expiry of the patents of the pharmaceutical companies’ former star drugs, meaning that those drugs can be replaced by the much cheaper generics. Pharmaceutical revenues ‘at risk between now and 2018 - to the benefit of generic makers - have been estimated at US\$ 110 billion. As a result, Big Pharma is hastening to invest in emerged markets, where demand for pharmaceuticals is expected to grow by more than +8 percent in 2014.

Figure 2a above shows annual growth rates for drugs spending around the world, and it is clear that the greatest expansion of demand lies outside the mature markets for healthcare.

**FIGURE 2a. Breakdown of drugs spending**

| USD (billions)                     | 2013 | 2014  | Annual average growth |
|------------------------------------|------|-------|-----------------------|
| Unites States                      | 232  | 340   | 1%                    |
| European Union 5 (1)               | 143  | 145   | 0.3%                  |
| Japan                              | 114  | 115   | 0.2%                  |
| Rest of the World (China included) | 370  | 500   | 8%                    |
| World                              | 950  | 1,100 | 4%                    |

(1) Germany, France, United Kingdom, Spain, Italy

**Source: IMS, estimations Euler Hermes**

### **Construction**

Confidence is growing once again in the world of construction, even in the hard-hit European market. In the survey carried out for Timetric’s Construction Business Confidence Report Q3, overall, 43 percent of construction respondents stated that they are operating in a stable economic environment, while 28 percent stated that current economic conditions were favourable. The majority of global construction industry respondents anticipated positive growth for both their company and the industry as a whole over July–September 2014. Industry respondents from North America expected the highest growth in staff headcount and sales in that period.

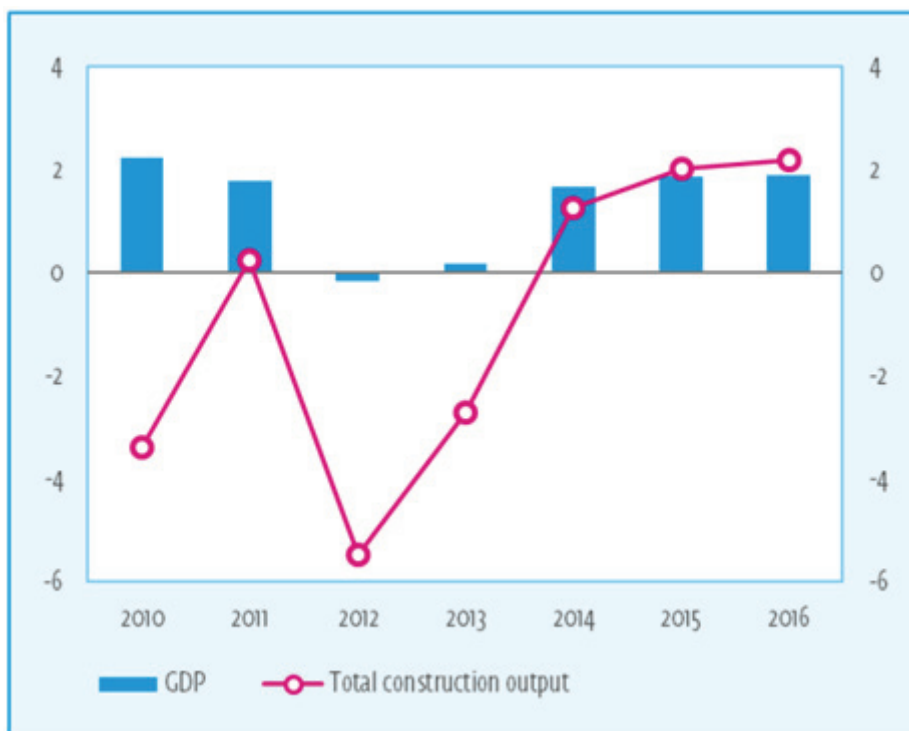
Figures published this year by Euroconstruct, the main network for construction, finance and business forecasting in Europe, suggest that the European construction market is finally reaching firmer ground. Aggregated construction output for the 19 Euroconstruct countries fell by 2.7 percent in real terms in 2013, extending the negative trend started in 2008. The latest forecast suggests that the decline in construction output finally bottomed out last year, and Euroconstruct expects investments to grow on average by 1.8 percent a year in 2014-2016. Nevertheless, there are major differences within the 19 countries. The Republic of Ireland and Poland could see an average growth

of 9 percent and 6 percent respectively in 2014-2016, measured at constant prices. The UK, Denmark and Hungary are also among the fast-growing construction markets, with average growth rates of 3-4 percent a year. At the other end of the scale are the Czech Republic and Spain where construction output looks set to remain at below 2013 levels.

It is mainly the building of new residential buildings that is contributing to the upturn in Europe, but the tentative recovery affects all sub sectors of the construction market. After a number of hard and turbulent years, this sign of stability and recovery is welcome. But the authors of the Euroconstruct report warn that the recovery is likely be a protracted one, as high unemployment and debt, low investment, tight credit, and financial fragmentation in the Euro zone continue to dampen domestic demand.

Euroconstruct’s forecast for the growth of Europe’s construction industry’s output is shown in Figure 2b

**Figure 2b. GDP and Total Construction Output from 2010 to 2016. Year to year change in %**



**Source: EUROCONSTRUCT (77<sup>th</sup> Conference)**

But in the long term, it is the developing world that will create most demand in the construction market – and consequently increased demand for construction sector business events. According to Global Construction Perspectives and Oxford Economics, the world construction market will grow by more than 70 percent between now and 2025 to hit US\$15 trillion, as significant opportunities open up in emerging Asian economies and demand for 270 million new homes as well as commercial premises and infrastructure drives the market in China and India. China, India and the US will account for around 60 percent of growth and just over half of the growth is expected to occur in emerging markets. China, which in 2010 overtook the US to become the world’s largest construction

market, will increase its global market share from around 18 per cent today to around 26 per cent over the forecast period.

The Middle East will also continue to be a major source of demand for construction. According to figures from the Middle East Economic Digest (MEED) cited in Deloitte's report, GCC Powers of Construction, the value of projects planned or underway in the GCC (Gulf Cooperation Council) countries are up over 13 percent compared to a year ago (8 April 2014). Saudi Arabia leads the way with over US\$1 trillion worth of projects planned or currently underway - up almost 19 percent compared to a year ago. The UAE comes in second with over US\$727 billion worth of projects planned or currently underway, up 9 percent compared to a year ago. With over US\$276 billion, Qatar comes in third, an increase of over 17 percent compared to a year ago.

Dubai has won the right to host the World Expo 2020, and the largest ever Expo site is set to be built in the Jebel Ali (DWC) area at a total cost of between US\$2 billion and US\$4 billion. The secondary infrastructure spend will be upwards of US\$8 billion, and will include construction opportunities in the transport, hospitality, retail and commercial sectors.

#### **Paul Miller- President of SITE (Society for Incentive Travel Excellence)**



'2014 has been a good year for incentive travel and the outlook for 2015 is positive, as the global economy improves and business travel is generally increasing. Companies that abandoned incentive programs during the economic downturn are re-introducing them, having recognised that incentive travel is an important business tool to motivate performance and to help achieve business results. Although demand and incentive budgets are increasing, rising hotel and air rates are requiring planners to be more thoughtful in planning their incentive programs. In order to obtain the best rates and availability, planners are having to book programs 18-24 months in advance.'

## ASSOCIATION CONFERENCES

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Some of the most important insights into the global association conferences market are to be found in this year's Marketing Challenges International's survey report, "Trends in International Association Meetings from North America", which covers trends in programmes, research and planning, and site selection for North American association events that have global meetings and events.

More than 40 percent of North American association executives surveyed for the report saw increased budgets and higher attendance at international events from the previous two years, and 91 percent of planners expect those budgets to increase or remain the same for their upcoming events.

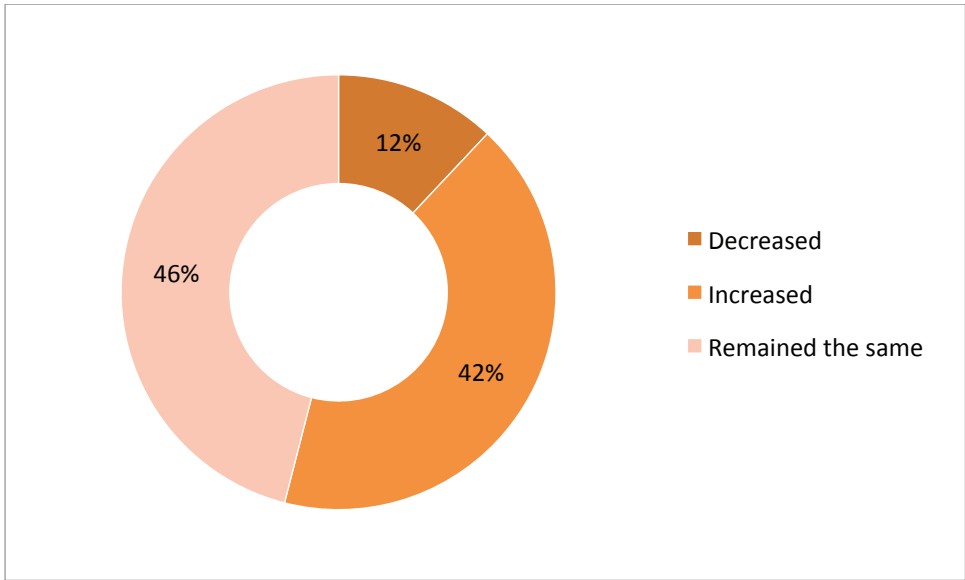
As expected, Europe dominates as the primary location for international meetings, though Asia has also made a strong showing in recent years and the Middle East appears to be firmly on the radar for future meetings. Marketing Challenges International noted that a significant percentage of association planners expressed willingness to repeat locations for their largest international events. Location and cost are the driving factors for site selection, though association planners showed less concern for destination reputation, suggesting that emerging destinations have a role to play in association meetings and events.

During the research and planning stages, convention bureaus and tourist boards are a crucial resource to planners, with 83 percent of the survey respondents reporting using their services in one way or another, including site visits (74 percent of respondents), marketing materials (52 percent), impartial advice (51 percent), venue finding services (45 percent) and bid support (45 percent).

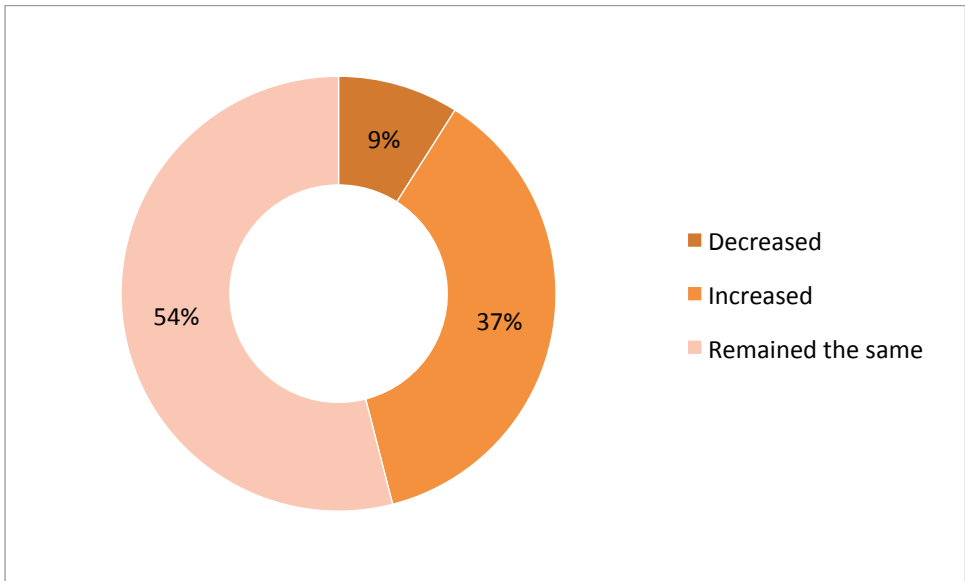
Among survey respondents, 88 percent reported that their events budgets have either increased or remained the same over the past two years, with an average budget increase of 14 percent (Figure 3). The outlook for this coming year is also positive: 37 percent of respondents expect that the budgets will increase for their next event. See Figures 3 and 4, below.

Average attendance at events has also increased or remained the same over the past two years, according to 77 percent of the respondents. Nearly 40 percent of respondents to the survey report an increase, while only 23 percent report a decline. What's more, the highest percentage of respondents (32 percent) has more than 1,000+ attendees at their largest meetings, and planners report that the average percentage of delegates that travel from the US to international meetings is 30 percent.

**Figure 3. Budget Changes for Associations from Previous Two Years**



**Figure 4. Expected Budget Changes for Associations for Next Int'l Event**

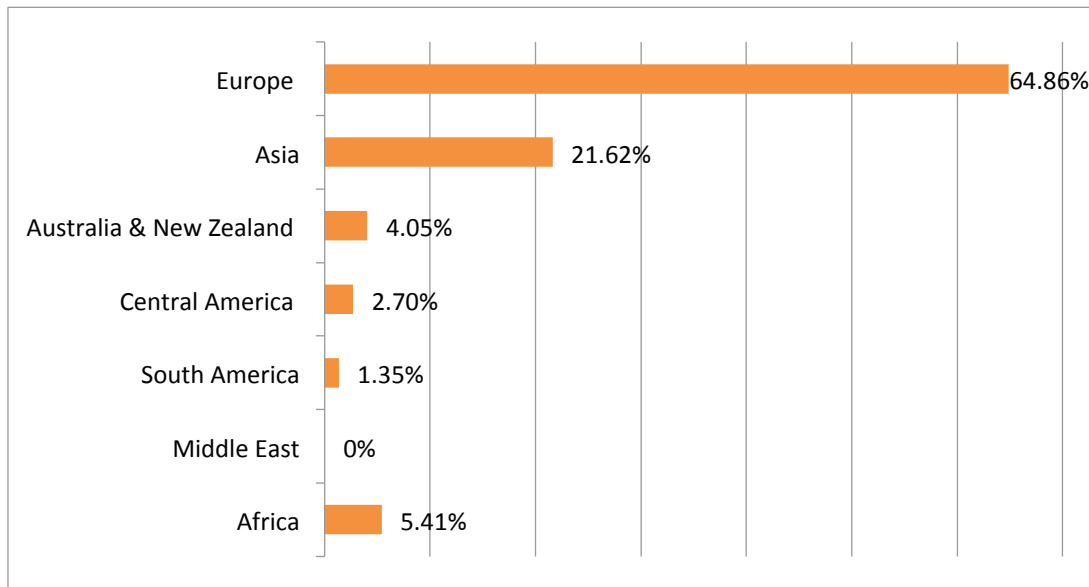


**Source: Marketing Challenges International: Trends in International Association Meetings from North America**

When it comes to site selection, Europe remains dominant in hosting international meetings: 65 percent of surveyed planners hosted their last international meeting there, with three-quarters of those respondents specifying Western Europe as the selected region. Asia was also popular among association planners: 22 percent of respondents hosted their last international meeting there. Among those respondents, 36 percent selected China, 21 percent selected Japan, and 29 percent

selected Southeast Asia, with a number of planners specifically listing Malaysia as the location of their last event. (Figure 5).

**Figure 5. Location of Last International Meeting**



**Source: Marketing Challenges International: Trends in International Association Meetings from North America**

For their next international meeting, nearly half (47 percent) of respondents are planning to host in Europe, with two-thirds specifying Western Europe as the region. Interestingly, a number of respondents specifically mentioned Turkey as the next meeting location. Approximately a quarter (24 percent) of respondents reported planning their next international meeting in Asia, with the specific location split relatively equally between China, Japan, India, and Southeast Asia. Other regions are piquing the interest of planners as well: although 4 percent of planners hosted their last meeting in Australia or New Zealand, 13 percent plan to host their next one in that region. Even though no planners held their last meeting in the Middle East, 4 percent report hosting their next meeting there.

Another valuable insight into how the destinations most frequently chosen for international association conferences is provided by the annual International Meetings Statistics Report published by the Union of International Associations. The most recent report shows Singapore, the US and the Korea Republic holding the top places in the country rankings and Singapore, Brussels and Vienna for the city rankings. The top 10 country rankings show little change from the year before, except for the re-entry of the UK into the top 10. In the city rankings Copenhagen left the top 10 and Busan entered it. Encouragingly, there is clear evidence of growth in the number of association meetings being held worldwide, as the total number of meetings in the UIA database for 2013 reached 408,798, a significant rise from the 392,588 meetings on the database for the previous year.



**Figure 6. UIA Top International Meeting Countries and Cities.**

Top international meeting countries 2013 (extracted from Table 1.2, A + B column)

| Country        | Number of Meetings | Percentage of all meetings |
|----------------|--------------------|----------------------------|
| Singapore      | 994                | 9.4%                       |
| USA            | 799                | 7.5%                       |
| Korea Rep      | 635                | 6.0%                       |
| Japan          | 588                | 5.5%                       |
| Belgium – tied | 505                | 4.8%                       |
| Spain – tied   | 505                | 4.8%                       |
| Germany        | 428                | 4.0%                       |
| France         | 408                | 3.8%                       |
| Austria        | 398                | 3.7%                       |
| UK             | 349                | 3.3%                       |

Top international meeting cities in 2013 (extracted from Table 1.3, A + B column)

| City      | Number of Meetings | Percentage of all meetings |
|-----------|--------------------|----------------------------|
| Singapore | 994                | 9.4%                       |
| Brussels  | 436                | 4.1%                       |
| Vienna    | 318                | 3.0%                       |
| Seoul     | 242                | 2.3%                       |
| Tokyo     | 228                | 2.1%                       |
| Barcelona | 195                | 1.8%                       |
| Paris     | 180                | 1.7%                       |
| Madrid    | 165                | 1.6%                       |
| Busan     | 148                | 1.4%                       |
| London    | 144                | 1.4%                       |

**Source: UIA International Meetings Statistics Report for the Year 2013**

(Meetings taken into consideration include those organised and/or sponsored by the international organisations which appear in the Yearbook of International Organizations and in the International Congress Calendar, i.e. the sittings of their principal organs, congresses, conventions, symposia, and regional sessions grouping several countries, as well as some national meetings with international participation organised by national branches of international associations).

## INCENTIVE TRAVEL

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Two key surveys this year point to a resurgence in the use of incentive travel and fairly upbeat expectations for the future of this sector of business events. Although the majority of the participants in both surveys were US-based, the findings are relevant much more widely, given the size of the US incentive market: US companies spend \$240 billion a year on incentive travel, and a sizeable proportion of that is spend in destinations outside their own country.

SITE International Foundation's most recent Index Annual Survey demonstrated that optimism about the overall use of motivational travel experiences is at a four-year high, with 48 percent of respondents saying that its use will increase or substantially increase in the next 6 months - a marked increase over past years. When questioned about their expectations for the use of incentive travel over the next 1 to 3 years, the mood was even more positive, with 87 percent believing that it will increase or substantially increase.

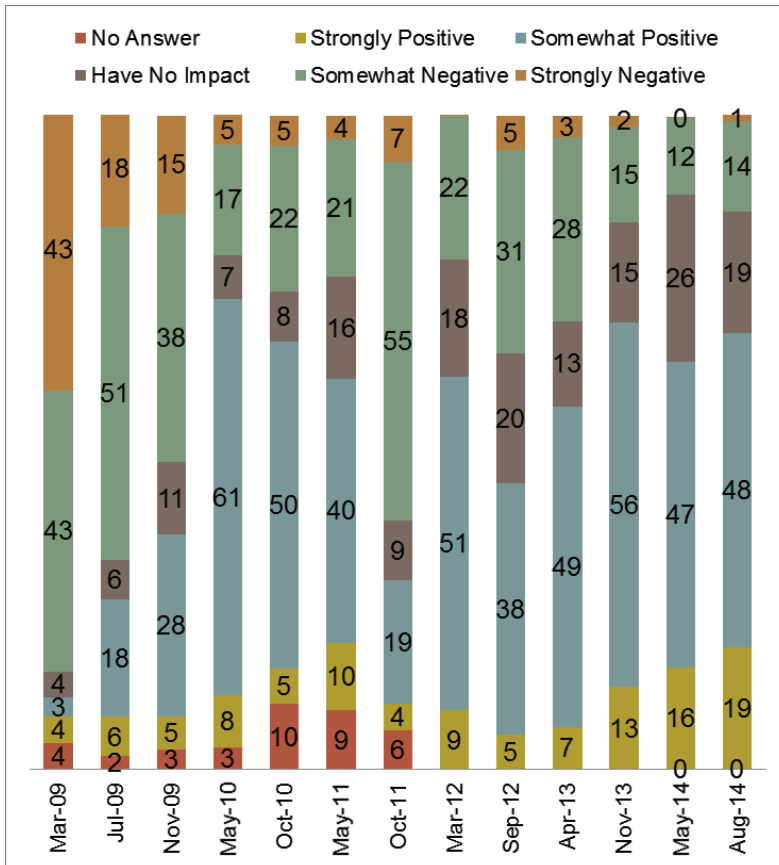
Those incentive travel professionals who participated in the Incentive Research Foundation (IRF) Fall Pulse Survey, conducted in August of this year were equally upbeat about the prospects for this sector. Two-thirds of them were positive or strongly positive about the impact that the economy will have on their ability to plan and implement incentive travel programmes. As Figure 7 shows, the percentage of respondents considering the impact of the general state of the economy to be strongly positive / somewhat positive for incentive travel rose to 67 percent in August 2014, from 63 percent in May of this year. The Figure shows that since the Pulse Survey of September 2012, the general trend has been for more respondents to consider that the state of the economy is creating a favourable rather than a hostile environment for incentive travel.

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



'JMIC's top priorities in 2014 were to better align meetings industry measures and messages with those of other global travel-related organisations and to improve our ability to document and communicate the broader range of values associated with this sector in the areas of economic, academic and professional development. Upcoming actions will include the pursuit of a more consistent and rigorous value measurement process in cooperation with international agencies whose endorsement will reinforce industry credibility, as well as ways to more effectively break through to larger government and community audiences whose attitudes will influence the future of the industry through their investment decisions.'

**Figure 7. In the coming year, what impact will the economy have on your ability to plan and implement incentive travel programmes?**



**Source: Incentive Research Foundation Fall Pulse Survey, 2014**

Further evidence that improvement in the state of the national economy can feed through directly into a boost for incentive travel comes from the C&IT State of the Industry Report, conducted in the UK market. That research also provided evidence of a resurgence in this sector. More than a quarter of the UK agencies (27 percent) surveyed said they have seen an increase in incentive activity in the past 12 months. The increase in incentives is partly down to some clients introducing incentives for the first time, while other corporates are returning to incentive activity after a break during the recession, and some are increasing their budgets.

A few other quantitative findings from the IRF survey are also worthy of note:

- There appears to be an overall majority expectation that most incentive travel budgets will either remain unchanged (47 percent) or slightly increase (37 percent) in the coming year.
- In terms of the average length of incentive trips and number of participants, the survey found that even though the length of these trips is generally not increasing, the number of programmes decreasing in size and duration has steadily dropped.

- Despite all of the talk about the increasing popularity of individual incentive travel rewards, 95 percent of corporate users that responded to the IRF survey stated they do not anticipate a change in strategy moving from group trips to individual travel packages.
- Another topical theme – the involvement of Procurement and Purchasing professionals in the buying of incentive travel was included in the survey, which found that although 52 percent of respondents did not expect this to change, 32 percent expected it to increase moderately and 12 percent expected it to increase significantly.

The findings of the SITE International Foundation survey point to two other key trends for incentive travel:

- There has been an increase in the percentage of respondents who see the use of Return on Investment / Return on Objectives for incentive travel growing: 63 percent believe it will rise in the next 6 months, as opposed to 54 percent who gave that same response in last year's survey.
- There is also a strong collective belief that the inclusion of business meetings and other similar components in motivational events will grow: 55 percent see this growing in the next 6 months, and 77 percent expect to see this trend in the next 1 - 3 years. Both are larger percentages than one year ago.

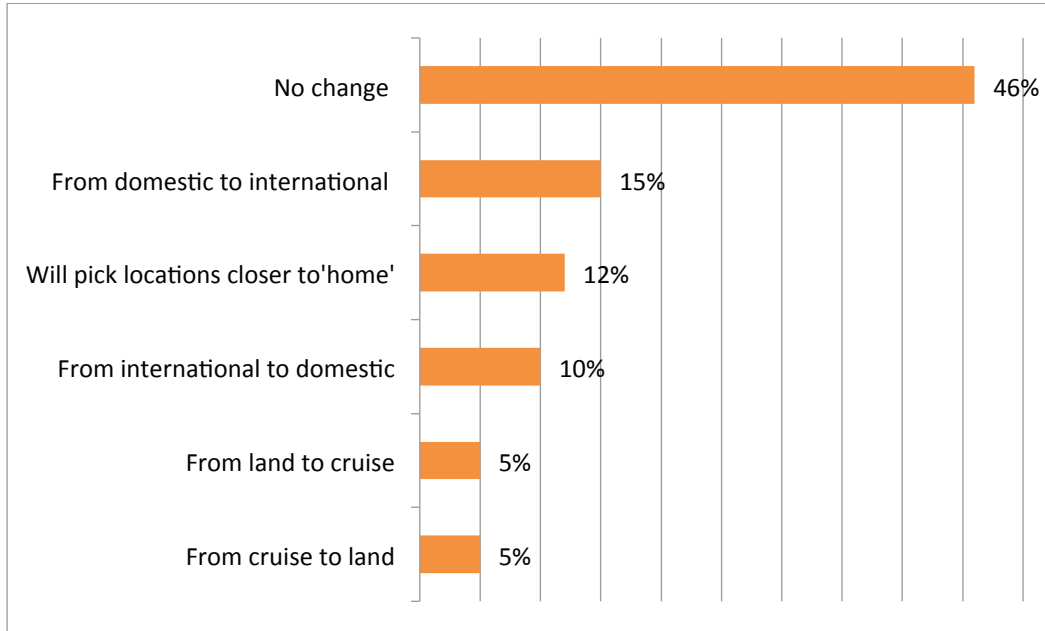
**Geoff Donaghy - President of AIPC (International Association of Convention Centres)**



‘While global economic prospects are still wavering, 2014 will go down as the year that AIPC members recorded the first solid growth indicators since the start of the last global recession. The recovery is now being led by corporate business that is contributing to the ongoing strength of the association market which sustained business through the challenges of the past 5 years. Other issues to be reckoned with– beyond the strength of the overall economic recovery – include increasing global competition and concerns around government policies, particularly as they affect ongoing facility investment and the participation of government employees in meetings and conventions.’

Regarding the all-important question of trends in the type of destinations being chosen for incentive trips, the IRF survey found that almost half (46 percent) of respondents had no intention of changing, but the next largest category (15 percent) anticipated changing from domestic to international destinations (that is, outside the US). Although this is offset to some extent by those respondents anticipating a change in the opposite direction, there has been a significant decrease in ‘From international to domestic’ switches since 2010. See Figure 8.

**Figure 8. Anticipated changes in the coming year, with regards to incentive travel destinations**



**Source: Incentive Research Foundation Fall Pulse Survey, 2014**

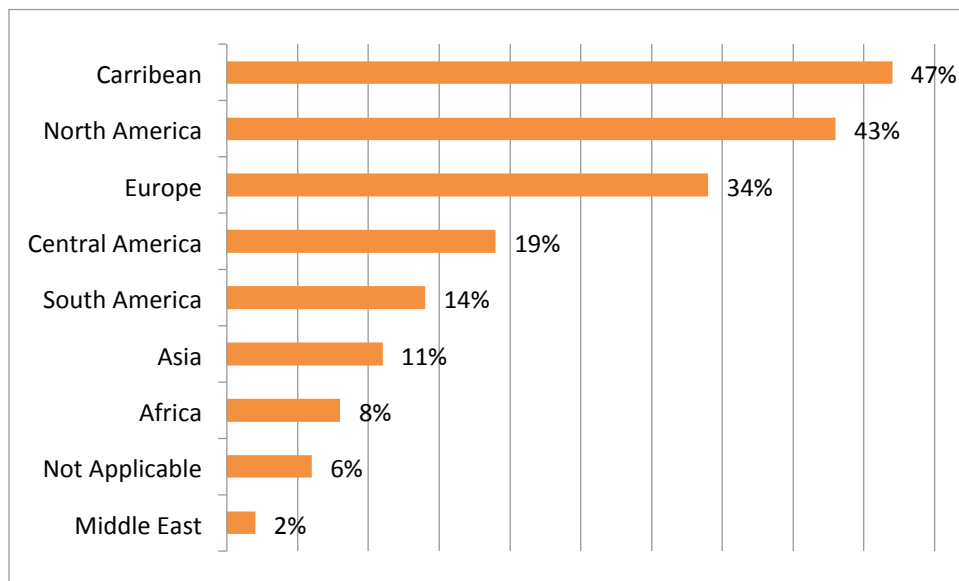
**Michel Neijmann - President of IAPCO (International Association of Professional Congress Organisers)**



'The Annual Survey of IAPCO members showed limited growth in the number of meetings they organised in 2013, and we expect this trend to continue throughout 2014. The number of full time staff however showed a decrease in 2013, and we can only hope that 2014 will show an increase in jobs available in IAPCO member companies. The meetings industry as a whole is showing a positive turn-around, despite the very slow recovery from the worldwide economic recession. IAPCO's ever growing commitment to education and quality standards will certainly contribute to the global realisation of more and better meetings.'

The following Figure indicates the world regions being selected for incentive trips in the year ahead, by participants in the IRF survey.

**Figure 9. In the coming year, which geographic regions will you choose as destinations for your incentive travel programme(s)?**



**Source: Incentive Research Foundation Fall Pulse Survey, 2014**

In the same survey taken two years ago, 53 percent of the respondents indicated that North America was their chosen region for incentive travel programmes. The change to this year's figure of 43 percent suggests that they are becoming more adventurous in their choices of destination.

The C&IT State of the Industry Report also noted that agencies were becoming more adventurous in terms of the destinations they are using for incentive travel:

*'Those that travelled to Europe before are venturing further afield to mid-haul destinations such as Istanbul, Morocco and the Middle East, while those who were travelling four to five hours' flight time are now considering long-haul'*

Finally, the IRF survey highlighted a number of emerging destinations that would be popular in the coming year, including China, Bali, Vietnam, Argentina and Peru, noting that such countries' appeal is based on the fact that they offer 'authentic experiences, intriguing cultural traditions and recent improvements in hotel and travel infrastructure'.

## REGIONAL VARIATIONS

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While it is useful to present a global picture of trends in the meetings and events industry, it is equally important to review developments in specific world regions and to compare their respective performances. Below, supply and demand in some of the world's key regions for business events are highlighted.

### Europe

It is difficult to make generalisations about a continent as diverse as Europe, in particular for a year in which the economic performances of national economies have been considerably varied. Against a background of uneven rates of economic recovery, Germany and the UK are among those that have led in terms of the strength of their performances, and their meetings and events industries fully reflect this.

For example, in this year's C&IT State of the Industry Report, CWT's Meetings & Events managing director for the UK & Ireland is quoted as saying:

'Interest and inflation rates are stable and people are spending again, which is reflected in this sector. We're seeing that budgets are coming back and delegate numbers increasing'.

The same source noted that 92 percent of the Top 50 agencies operating in the UK are forecasting growth this year.

But the countries of the southern half of Europe are not standing still. One indication that they are determined to improve their competitiveness in the meetings and events market is the fact that this year has seen the creation of a number of new convention bureaus in the Mediterranean countries. For example, a Costa Brava Centre Convention Bureau has been created in order to promote Spain's Costa Brava as a destination for business events as well as leisure tourism. Similarly, in 2014, the new Italia Convention Bureau was founded - a body tasked with coordinating the promotion of Italy as a destination for all kinds of events from foreign markets. The project was sponsored by Confesercenti-Assoturismo, Confturismo-Confcommercio, Federalberghi, Federcongressi&eventi, Federturismo-Confindustria - all of the Italian associations representing tourism and congress companies.

In terms of supply of venues for meetings and events in Europe, in particular hotels with meetings facilities, Advito notes that the relatively small amount of new capacity opening in 2014 is failing to keep pace with booming demand in first-tier cities such as London, Paris and Barcelona. As a result, demand is pushing up rates in these destinations.

The GBTA Foundation Carlson Wagonlit Travel Global Travel Price Outlook maintains that hotel prices in Eastern Europe will begin to recover in 2014 after falling (in US dollars terms) 7 percent in 2012 and 2 percent in 2013. This trend will be driven in part by an increase in meetings and events activity in the region as meeting planners look to the relatively cheaper Eastern European markets to host their events.

## The US

As would be expected from a country experiencing a period of strong economic growth, the mood in the US meetings market has been extremely positive this year. The findings of PCMA Convene Magazine’s most recent Meetings Market Survey of more than 400 association, independent and corporate planners - largely PCMA’s own members – showed that 41 percent expected growth in 2014. The proportion of respondents expecting their budgets to increase in 2014 over 2013 was 32 percent – double that of the proportion who expressed the same expectation in last year’s survey.

Interestingly – and bucking the trend in other world regions - the average lead time reported for large meetings actually grew slightly from 2.4 to 2.6 years.

But while most survey respondents said that leading meeting indicators were improving, many listed situations negatively affecting certain sectors, including more rigid guidelines for medical meetings and policies that cut into government employee attendance as well as climbing hotel costs and airfares affecting all meetings.

Michelle Russell, editor in chief, of Convene Magazine summed up the findings as follows:

‘On the whole, meeting professionals are optimistic about the year ahead ... And despite the fact that meeting budgets with an exhibition component held steady over last year — and nearly one-third of respondents expected to have a larger budget to work with this year — the majority continue to be asked by management to trim meeting expenses. Doing more with less seems to be a given for many’

In terms of the destinations they were planning to use this year, 42 percent of respondents (up from 39 percent in last year’s survey) reported that they would be holding meetings outside the US. The destinations most likely to be considered for meetings held outside the US are indicated in Figure 10.

**Figure 10. PCMA Survey: Destinations most likely to be considered for meetings held outside the US.**

|                       | 2014 Survey | 2013 Survey |
|-----------------------|-------------|-------------|
| Canada                | 82%         | 70%         |
| Western Europe        | 44%         | 36%         |
| United Kingdom        | 42%         | 34%         |
| Asia                  | 42%         | 38%         |
| Eastern Europe        | 39%         | 25%         |
| Mexico                | 35%         | 28%         |
| Caribbean and Bermuda | 34%         | 27%         |
| South America         | 28%         | 25%         |
| Australia/Pacific Rim | 28%         | 21%         |
| Africa                | 20%         | 13%         |

**Source: PCMA Convene Magazine’s Meetings Market Survey 2014 and 2013**



For the domestic US meetings market, rising demand but static supply means that venue rates are growing, according to Advito. Rates in the US have returned close to the previous record levels of 2007-08. It is a now sellers' market in almost all destinations, especially in high-demand cities such as New York, Chicago, Los Angeles, Miami and San Francisco

Yet, Advito's research suggests that even though they are in a strong position, US suppliers – mainly hotel properties - are still nervous about raising rates too quickly. For now, they are keeping headline rate increases moderate but growing revenues through additional charges: e.g. energy, meeting space rental charges, which are common in Europe, but until now at least, not in the US.

A final indication of the buoyant position of the US meetings market comes from the US Bureau of Labor Statistics which, in its Occupational Outlook Handbook, says that it expects employment opportunities for meeting, convention and event planners to grow by 33 percent from 2012 to 2022 – 'much faster than the average for all occupations'.

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



'Whilst it is still very early days in terms of collecting our 2014 statistics on international association meetings, anecdotal feedback from ICCA members and everything we have observed this year would indicate this should be another year when this segment of the meetings market will prove to have experienced robust growth, at least in terms of the number of meetings, if not necessarily in the financial health of all the events themselves (things are still tough in many economies). Our own growth in membership is as strong as we have experienced in any previous year, well distributed across all regions of the world, further suggesting that more and more destinations and companies are including international associations within their mix of business objectives.'

#### **Asia**

As the economic performance of many Asian countries continues to outstrip those of other regions, Asia is asserting its position as a key destination for meetings and events as well as a growing source of demand.

The situation in China in particular is evolving fast. The findings of this year's China MICE Buyers Report, launched at CIBTM in Beijing, showed that the meetings and events market in that country has matured considerably in a short space of time and has begun to function much more like business events markets in other regions. Price has become much more important as a factor taken into account by buyers when choosing destinations and venues for their events. Part of the reason for this new pragmatic approach on the part of buyers is undoubtedly the Chinese government's austerity drive, which has had an impact on the market for government meetings.

Although such meetings are still among the top source markets for China's business events industry, the country's industry players are now seeing stronger potential in the corporate and association meetings segment.

Speaking earlier this year during a training session hosted by the MICE Committee China Association of Travel Services in Shanghai, The Alliance of China Conference Hotels, deputy director, Wu Shaoyuan, said: 'The number of corporate meetings are on the rise for the past few years while government meetings are seeing declines'. In addition, Wu drew attention to association meetings as a segment with high potential for development, highlighting the benefits this segment could bring to industry players:

*'With China's rapidly ageing population, there are more medical and academic congresses addressing such topics as ophthalmology, osteology and odontology. Such meetings also pave for greater mobility to rotate across Chinese destinations; plus the long preparatory period required for such meetings gives ample sales and marketing opportunities for meeting planners, PCOs and ground handlers, providing higher revenue and a common winning situation for all players' (HQ magazine).*

One interesting response to the opportunities created by China's ongoing appeal as a destination for international association conferences has been the adoption of the convention bureau model as a means of winning such events. One example of such an initiative was seen this year in Hangzhou, where the Hangzhou Tourism Commission (HTC) is taking steps to establish a convention bureau to ensure the destination does not lose its number three ranking in China.

Speaking at an industry roundtable discussion in August, Roger Shu, MICE manager of HTC, said:

*'There were 15 international meetings in Hangzhou in 2013 and the city ranks number three in China with about 10,000 delegates. Our target is to reach 25 international meetings in three years' time. With a CVB, Hangzhou will be in a stronger position to influence decision-makers to hold association meetings from Europe, and to attract more incentive business to the city. Hangzhou's needs for a CVB like Singapore, like Hong Kong, and to professionalise the industry are being highlighted to the city's mayor, and we hope the bureau can be set up by next year' Source: HQ magazine*

Meanwhile, all over Asia, the opening of new venues in 2014 has added to the choice open to meetings and events planners. Advito notes the opening of significant new meeting space throughout Asia, and in China and India in particular, but indicates that meeting organisers are also exploring new destinations such as Vietnam, Indonesia and Cambodia.

According to Advito, venue rates have continued to rise moderately in Shanghai and Beijing this year, but new supply is helping buyers' negotiations in other mainland Chinese cities. The same source notes, however, that rates are rising fast in Singapore.

New supply is also being added in that other Asia power-house for the meetings and events industry, South Korea, where the year-end will see the opening of the MICE Cluster in Seoul, an initiative that will provide a one-stop shop for accommodation, conventions, shopping and leisure in the district of Gangnam. Launched by Coex Convention and Exhibition Center and Korea International Trade Association, the cluster will bring together 12 business and tourism facilities in an integrated complex that spans 200,000 square metres. The project aims to position Seoul as a premier

destination for meetings and business travel, similar to Melbourne's convention district and the Marina Bay Sands integrated resort in Singapore.

### **Middle East / Africa**

The Middle East / Africa region has asserted itself this year as a source of demand for meetings and events, but also as a destination. The findings of the 2014 Middle East Buyers Report, launched at GIBTM in Abu Dhabi indicated a robust intra-regional market for meetings, with Dubai emerging as the GCC country most widely chosen by respondents for such events, with 66 percent of the buyers reporting having held meetings there in the past 2 years. Other Middle East destinations frequently used by the planners were Qatar and Oman, followed by Bahrain and Kuwait.

But it is equally clear from the findings of the report that Middle Eastern planners are regularly looking at destinations well beyond their own region. Just under 70 percent of respondents reported that they had used European destinations for their events in the past 2 years, with France, Spain, Austria, Italy and Turkey (in that order) being the most popular countries; almost 50 percent had held events in Asian countries, with Malaysia, Thailand, India and Sri Lanka (in that order) being the most popular countries; and almost 30 percent had chosen North American destinations for their meetings and events.

Expansion of meetings facilities also continues this year in the Middle East / Africa region. According to the August 2014 STR Global Pipeline Reports, this region reported 628 hotels under contract, totalling 147,454 rooms. Among the key markets in the region, Jeddah, Saudi Arabia, reported the largest increase in existing supply (+115.7 percent) if all 7,396 rooms under contract open. Four other markets reported more than 50 percent expected room growth: Riyadh, Saudi Arabia (+113.0 percent with 10,095 rooms); Doha, Qatar (+79.7 percent with 10,828 rooms); Lagos, Nigeria (+63.3 percent with 2,397 rooms); and Muscat, Oman (+55.6 percent with 3,006 rooms).

Africa's supply of major meetings venues will take a major step forward this December, with the opening of Nigeria's first dedicated international convention centre, the Calabar International Convention Centre, with a total capacity of over 5000. From the spacious foyers, the delegates will enjoy spectacular views on the Calabar River. The first commercial events are expected from early 2015.

### **Australia**

The business events industry is important for Australian tourism, with spending by delegates attending business events in Australia currently worth AU\$ 13 billion, for the year ending June 2014. Since the launch of the Business Events 2020 strategy in 2010, total delegate spend has increased by 44 percent from AU\$ 9 billion, putting the sector well on track to achieving its target of AU\$ 16 billion annually by the end of the decade.

However, this year much of the business events data for Australia has indicated a general softening across key measures (spend, number of business visitors, number of nights spent in Australia), despite growth in some inbound markets such as Japan. Business Events Australia attributes this in part to the fact that competition in this market is becoming fiercer as the supply of new business events destinations means an even greater offering of new choices to customers.

Nevertheless, Australia has been stepping up its efforts to win new meetings and events business this year. For example, in May Business Events Australia led a delegation of 16 industry partners to Singapore, Malaysia and Indonesia, which succeeded in generating 21 leads for the Australian business events industry.

**Ignasi de Delàs - President of ECM (European Cities Marketing)**



‘The last two years have turned out to be positive for the meetings industry in Europe. The trends confirm a real recovery and increased demand after the turmoil of the European economic crisis. The improvements are more regular within the non-corporate segment, with increases in the number of meetings and attendance levels; but the corporate segment is still growing significantly. This is very encouraging news for European cities. The ECM Monitor states that between 50 and 70% of ECM members believe that all meetings industry segments will grow compared to the last quarter of 2013. ECM will also keep on improving its initiatives to support its members in emerging markets and especially India.’

## OUTLOOK FOR 2015

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### The economic outlook

The latest forecast from the International Monetary fund is that, after growing at a rate of 3.3 percent this year, world economic growth should increase to 3.8 percent in 2015. But this is two-tenths of a point lower than its previous estimate.

The IMF has a more optimistic view of the US economy, which it expects will grow 2.2 percent this year, up from an earlier forecast of 1.7 percent. Its forecast is for 3.1 percent growth in the US next year.

Oxford Economics also predicts that the global economy will fare better in 2015, but at a more moderate rate, 3.1 percent, up from 2.6 percent in 2014. Its regional variations are shown in Figure 11.

**Figure 11. Regional economic growth forecasts 2014-2015.**

|                   | 2014 | 2015 |
|-------------------|------|------|
| North America     | 1.6% | 2.9% |
| Europe            | 1.5% | 1.6% |
| Asia              | 4.4% | 4.2% |
| Latin America     | 1.4% | 2.4% |
| Middle East       | 3.5% | 3.7% |
| Africa            | 3.5% | 3.8% |
| Southwest Pacific | 3.2% | 3.1% |

**Source: Oxford Economics, August 2014**

As weaker trade and investment have softened growth in emerging markets, Oxford Economics has lowered its 2015 forecast for these countries from 5.1 percent to 4.7 percent. It even forecasts China's economy to slow – to 7 percent in 2015 - as it reduces its reliance on investment and exports. This is practically identical to the IMF's prediction for China's growth in 2015, 7.1 percent.

Outlooks for growth in the Eurozone economy in 2015 vary between 1.3 percent (IMF) and 1.2 percent (EIU), but are in any case modest, when compared with other world regions.

Nevertheless, there are pockets of optimism which should not be overlooked. According to the Economist Intelligence Unit, by 2015 Egypt's economy should improve as business confidence returns following the election of that country's new president. A solid performance in Gulf Cooperation Council countries, driven by infrastructure investment and higher oil production, will also support growth. Another success story is likely to be Sub-Saharan Africa, with accelerating growth from an estimated 3.6 percent in 2014 to 4.5 percent in 2015 reflecting strong investment in the extractive industries and links to fast-growing economies in Asia. Commodity production in that region will continue to rise, but with it will come greater exposure to volatility in prices.

### **The meetings and events industry in 2015**

Forecasters are practically unanimous in their predictions that 2015 will witness continuing growth in meetings, events and business travel generally. Advito, for example, predicts that in some world regions – the US and parts of Europe – there will be more of a sellers' market, thanks to growing demand and little new supply. As a consequence, late bookers will increasingly be challenged by non-availability and high rates. This is likely to put pressure on lead-times.

The GBTA Foundation Carlson Wagonlit Travel Global Travel Price Outlook notes that business travel spending reached US\$ 1.1 trillion in 2013 and is expected to advance by 6.9 percent and 8.6 percent in 2014 and 2015, respectively. Growth in business travel will be led by expansion in emerging markets.

For meetings and events in 2015, the GBTA Foundation Carlson Wagonlit Travel Global Travel Price Outlook makes the following forecasts, with particular emphasis on the corporate market for meetings and incentive travel:

- Compliance will be a shared concern, regardless of industry or geography
- There will be more domestic meetings
- Mid-priced hotels that still offer core M&E onsite services will be the most popular
- Booking lead times will become shorter (although this may vary by region. Lengthening lead times in the US have already been mentioned)
- Clients will become more focused on reducing required deposits, except for large meetings
- Social technology use (e.g. dedicated apps per meeting) will gain in popularity (64 percent of corporate event planners in C&IT's survey said that they were considering creating a mobile app for their events in 2014. This has grown from just 23 percent in C&IT's State of the Industry report in 2010)

To this list may be added the ever-growing involvement of procurement departments in the meetings and incentives purchasing process, as the pressure on companies to buy better continues, putting pressure on events and all marketing areas. One challenge presented by the involvement of procurement professionals is that their work is primarily focused on driving bottom-line discount, which does not take into account the important creative and branding side of events. In many world regions, procurement's understanding of the highly creative side of events is still limited

In terms of how meetings- and events-related costs will evolve the various world regions in 2015, the GBTA Foundation Carlson Wagonlit Travel Global Travel Price Outlook makes the following predictions:

|                                       |   |
|---------------------------------------|---|
| <b>Asia Pacific</b>                   | Modest attendee cost and group size increases   |
| <b>Europe, Middle East and Africa</b> | Group sizes remaining flat, and slightly lower attendee costs   |
| <b>Latin America</b>                  | The highest expected per-attendee cost. Increases, and moderately increasing demand (due to high inflation) |
| <b>North America</b>                  | Modest increases in per-attendee spending and group size  |

In terms of risk factors, both Advito and GBTA Foundation Carlson Wagonlit Travel highlight a number of potential disruptors of meetings and events activity in 2015:

- The Russia / Ukraine crisis could affect European and Russian economies, by threatening Russian growth and trade with Europe. There could be potential knock-on risks from short-term spikes in energy prices
- Eurozone deflation could provoke another recession in the region, as falling prices would lead to the expectation of future price drops, causing consumers and businesses to delay spending
- Burgeoning local government and corporate debt in China could result in a hard landing for the Chinese economy, with serious worldwide consequences
- Oil shocks: concerns over potential supply disruptions resulting from geopolitical events such as the conflict in Syria could result in oil price instability
- The Ebola virus outbreak, which has already spread to Europe and the US, might extend its reach and have an impact of international travel

## CONCLUSION

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This report has highlighted the key developments in the global meetings and events industry during 2014, with particular emphasis on quantitative and qualitative changes in demand in this market.

As ever, the situation varies from region to region, as the world's economies progress at different paces, contrasting developments in mature markets with advances in emerging economies.

Reference was made earlier in this report to the World Economic Forum at Davos, one of our industry's most high-profile events. It is worthy of note that the theme of last year's conference was 'Resilient Dynamism'. As we move forward into 2015, these are precisely the qualities that the meetings and events industry will be called upon to demonstrate: resilience – the ability to remain strong and successful in the face of challenges; and dynamism – energy, and a strong desire to progress through vigorous activity.

Our past performance as an industry suggests that in the year ahead we will once again use these qualities of resilience and dynamism to rise to the challenge of surviving and thriving in an ever-evolving world.



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