

UNIT II

The Buyers

According to Rogers (1998) buyers are defined as:

"Conference organisers and meeting planners who buy, or more accurately hire conference venues and related services in order to stage their events".

While talking about the demand-side of MICE tourism, Swarbrooke and Horner (2001) highlighted the importance of distinguishing customers as individuals who have different needs and as such different marketing strategies must be applied (Swarbrooke and Horner, 2001; Seaton and Bennett, 1996).

Customers: "Employers or sponsoring organisations who make decisions for employees travel, or give permission for employees to travel; employers or sponsoring organisations who usually pay the bill for the travel undertaken by employees or representatives".

Consumers: "Employees who actually travel and consume business travel and tourism services; employees and representatives who travel but do not usually pay the bills themselves".

However, sometimes the customer and the consumer can be the same person. For instance, a person may choose a venue, pay for the event and finally attend and consume tourism services (Swarbrooke and Horner, 2001). Thus, many writers have divided the demand-side into two distinct categories: the corporate buyer and the association buyer (Davidson, 1998; Oppermann and Chon, 1997; Weber, 2001). Moreover, in recent years, other categories of buyers have appeared such as public and entrepreneurial buyer (Rogers, 1998; 2003). Each of them are analysed in the following pages.

2.6.2 The Corporate Buyers

Corporate buyers work for corporate whose main purpose is to make profit (Roger, 2003; Davidson, 2007). The corporate market represents the largest market segment with 65% of all meetings, (Lawson, 2000). The major industries that organise business tourism events are Information Technology (IT), energy, medical, engineering, financial services, retail and wholesale distribution and travel and transport (Swarbrooke and Horner, 2001; Rogers, 1998; 2003).

Between the corporate and associations buyers, some differences may be found in terms of facilities, lead time and budget (Rogers, 2003). *First*, most of the corporate events are held in hotels (Lawson, 2000), others take place in purpose-built conference/ convention centres. However, civic venues and town halls do not attract corporate buyers as they are perceived as too "basic" for them (Rogers, 2003). In addition, another important variable is site selection for the event. The corporates usually hold their events close to the location of their businesses and headquarters (Weber, 2001) while the association one is much more flexible. *Second*, contrary to the association buyers the planning and stage of such events has a short lead time (Rogers, 1998; 2003; Weber, 2001). Lead time is defined by Davidson (1992) as "the period between deciding on a destination and the actual date of the event". Usually, few delegates participate in such events but their attendance most of the time is compulsory. *Third*, these business-related events attract lots of destinations due to the higher expenditure of the delegates rather than the association ones. Indeed, these events are funded by the company so they normally do not have to pay themselves, contrary to the association buyers (Shone, 1998). The following are the major types of events organised by corporate buyers.

- ▲ Annual general meeting (AGM)
- ▲ Product launch

- ▲ Board meeting/ retreat
- ▲ Sales conference
- ▲ Corporate hospitality/ entertainment
- ▲ Training course/ seminar
- ▲ Exhibition/ exposition
- ▲ Technical conference
- ▲ Incentive travel
- ▲ Team-building event
- ▲ Road show
- ▲ Symposium

Source: Rogers, 2003 (p.30)

2.6.3 The Association Buyer

The association buyers represent numerous associations such as professional and trade associations, voluntary associations and societies, charities, religious organisations, political parties and trade unions (Rogers, 2003; McCabe et al. 2000). They share common interests or businesses (McCabe et al. 2000) and during meetings they exchange ideas and information. In North America, the acronym "SMERF" is used to refer to these organisations (Rogers, 1998; 2003). It stands for Social, Military, Educational, Religious and Fraternal organisations.

Most of the association buyers are non-profit organisations, consequently the delegate's expenditure is lower than the corporate one but the number of attendees is much higher (Weber, 2001), and they stay longer than the corporate segments (Rogers, 1998). Concerning its lead time, it is much higher than the association one,

sometimes several years in advance. Due to the large number of participants, they are often held in purpose-built conference centres (Lawson, 2000; Rogers, 2003).

2.6.4 The Public Sector Buyers

This segment of buyers often referred as "government" buyers, have lot of similarities with the association buyers (Rogers, 1998; 2003). Local authorities, central government departments, educational and health services (Swarbrooke and Horner, 2001) largely fall in this customer category. These buyers demand high infrastructure facilities and meeting services (Rogers, 1998). McCabe et al. (2000) stress that government buyers have high price sensitivity which results in low expenses and tight budget. They are non-for-profit organisations which do not spend lots of money even if the recent trends show higher standard bookings and higher expectations (Rogers, 2003). In addition, new trends show that they tend to use specialist intermediaries to plan their events (Swarbrooke and Horner, 2001).

2.6.5 The Entrepreneurial buyers

This type of buyers work as conference entrepreneurs (Rogers, 1998). They always keep an eye on the market trends by identifying "hot topics" (Rogers, 2003) which are debated by experts in conferences. At times such events involve high costs which may not be recouped at one go. Publishing houses, trade associations, academic bodies and independent conference organisers are generally the one which hold these conferences.

DEMAND-RELATED FACTORS OF BUSINESS TOURISM

Figure 2.3 illustrates the demand-side factors which stimulated the growth of business travel and tourism worldwide in the second half of the twentieth century.

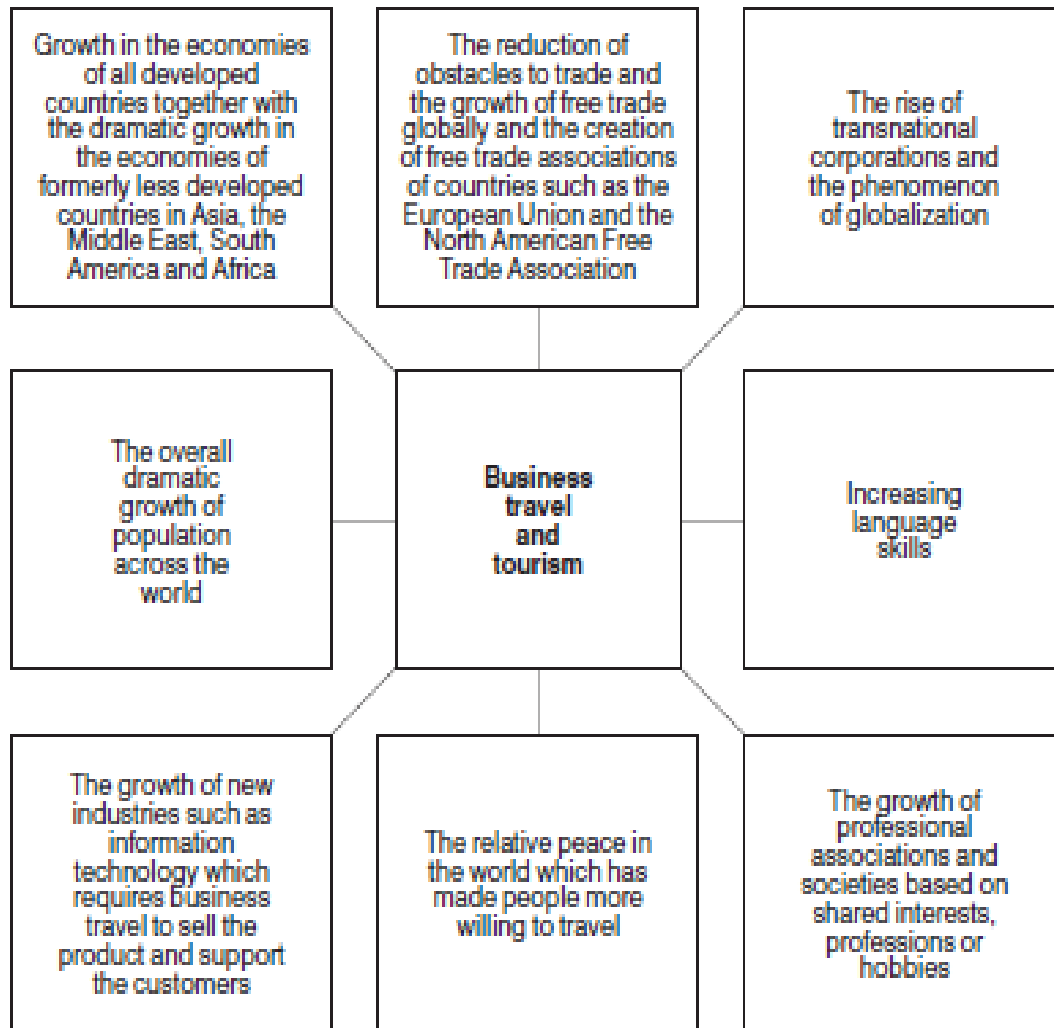


Figure 2.3 Demand-side factors in the growth of business travel and tourism, 1950–2000

Given the complexity of business travel and tourism, any attempt to seek to measure its volume is almost certainly doomed to failure. Data is collected on different bases in different countries and it can be a considerable time between the collection of data and its publication. Furthermore, much data is collected for commercial purposes and is never published.

There is also considerably more data available on conferences and meetings than on incentive travel or exhibitions, for example. This chapter, therefore, has a bias towards conferences and meetings, although it does endeavour to consider all types of business travel and tourism.

However, before we begin to look at the demand for business travel and tourism, in statistical terms, we need to say a few words about the nature of demand, in this field, in general. First, we need to recognize that demand in business travel and tourism has two dimensions, namely, the customer and the consumer.

Customers and consumers

A major difference between business travel and leisure travel is the fact that in the former, there is often a clear distinction between the customer and the consumer. This phenomenon is illustrated in Table 3.1.

Table 3.1 The distinction between the customer and the consumer in business travel and tourism

<i>Customer</i>	<i>Consumer</i>
<ul style="list-style-type: none"> ● Employers or sponsoring organizations who make decisions that employees will travel, or give permission for employees to travel ● Employers or sponsoring organizations who usually pay the bill for the travel undertaken by employees or representatives 	<ul style="list-style-type: none"> ● Employees who actually travel and consume business travel and tourism services ● Employees and representatives who travel but do not usually pay the bills themselves

While this is clearly a gross simplification of the situation it is still valid and helps

explain one of the key perceived characteristics of the business travel and tourism market, namely the idea that business travel is less price elastic than leisure travel because, often, the business traveller him or herself is not paying the bill. However, this generalization does not apply to the self-employed, who constitute a significant proportion of the business travel and tourism market.

At the same time the customer and consumer can often be one and the same person or body. For example, the scientific committee of an international association conference will be both customer and consumer. They decide on the conference venue, pay to attend the event, and then attend and consume a range of travel and tourism services in so doing.

Motivators

The motivators for business travel will be different for the customers and consumers and perhaps in relation to different types of business travel. Let us look at some hypothetical examples to illustrate this point.

The managing director of a UK-based food company books a stand for the company at a trade fair in France. He wants to raise the profile of the company and increase sales in France, as cheaply as possible. He selects Mr 'A' to represent the company at this event because he speaks good French. Mr 'A' also has a taste for French food and wine and sees this as an ideal opportunity to indulge in both at the company's expense! He also sees it as an ideal opportunity to make contact with French companies to help him get a job in France. He spends lots of money but devotes little time to selling his own company's products.

Playtime Inc., a young computer games company decides to take staff on an incentive travel trip to help with team-building and to encourage staff to work harder in the future. The company does not explain this to the staff, who therefore think the trip is a reward for past efforts which, to be honest, have not been that great. The staff see this trip as a 'freebie', a perk, some fun at the company's expense. Not surprisingly, the trip is not a great success.

The head of the Philosophy School at Newton University gives permission for Dr Socrates to attend the International Symposium on German philosophers and their work, in Acapulco. This conference is part of Dr Socrates' staff development and is designed to help her keep up to date with developments in her field. It is also intended to give her an opportunity to network and raise the profile of the university's new MA in the Philosophical Aspects of Mobile Phone Use. Dr Socrates has other ideas, however, and prefers to spend most of the conference discussing the philosophy of coastal tourism, on the beach, with an attractive male philosopher from the University of Nether Hampton!

All three scenarios illustrate the potential for a gap in the motivators of customers and consumers in the different areas of business travel and tourism.

The structure of demand

Business travel and tourism demand has a number of dimensions. Clearly, in its simplest sense it is the number of people travelling for business purposes in a particular region, country or worldwide.

However, this total demand can be subdivided in a number of ways, as can be seen from Figure 3.1.

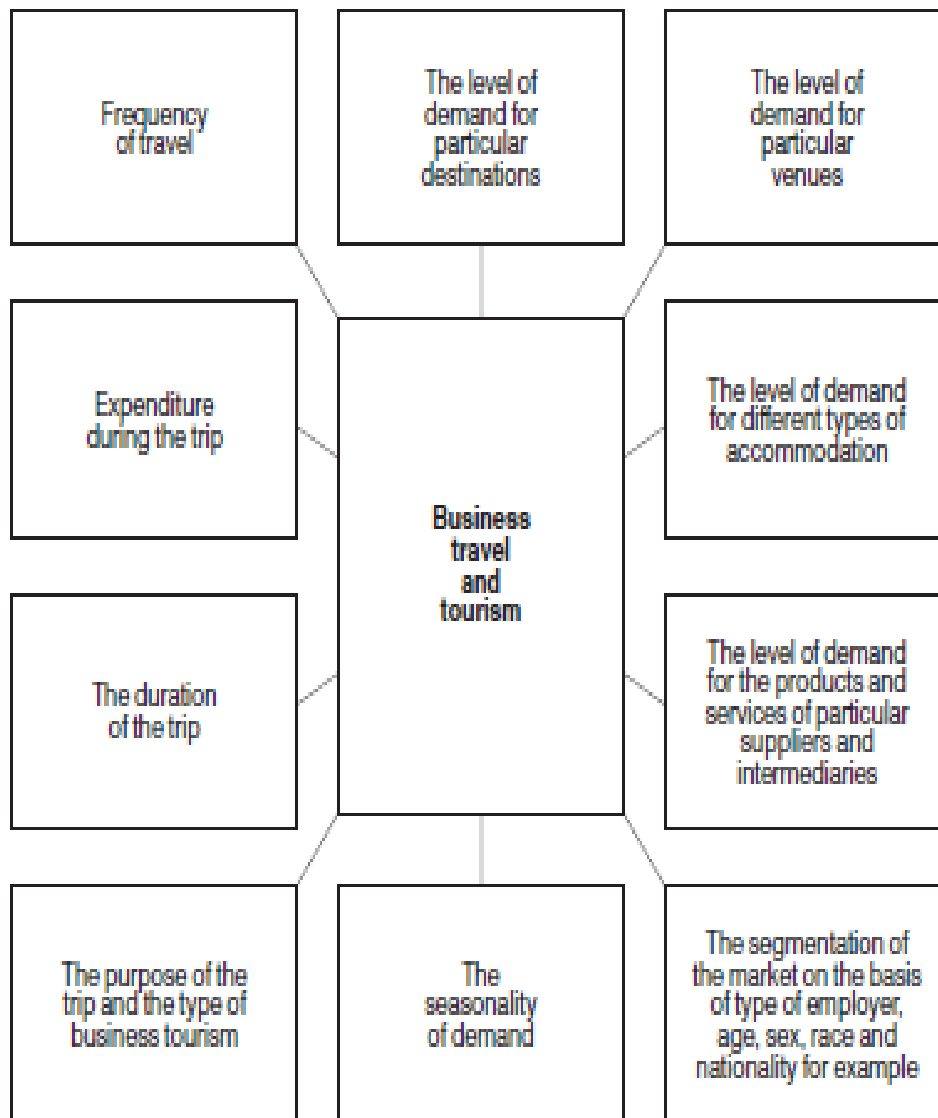


Figure 3.1 Dimensions of demand in business travel and tourism

The factors which influence business travel and tourism demand

Business travel and tourism demand is influenced by a broad range of factors found in both the generating region and the destination. These are summarized in Figure 3.2. The factors outlined in Figure 3.2 tend to focus on the forces that will influence demand between a specific generating region and a particular destination. It also gives an indication of the factors that will influence demand overall in any particular generating region.

However, this is a highly generalized picture and specific factors will influence the demand for particular forms of business tourism such as incentive travel and training courses. Let us now look at how the market can be subdivided and segmented.

Segmentation

It is possible to segment the business travel market in many ways, as can be seen from Figure 3.3.

The growing segments in the market appear to be:

- _ business travellers from newly industrialized countries such as South Korea or Taiwan
- _ business travellers from Eastern Europe where political change has led to growth of business tourism
- _ female business travellers
- _ people taking incentive travel packages
- _ frequent travellers
- _ long-haul business travellers.

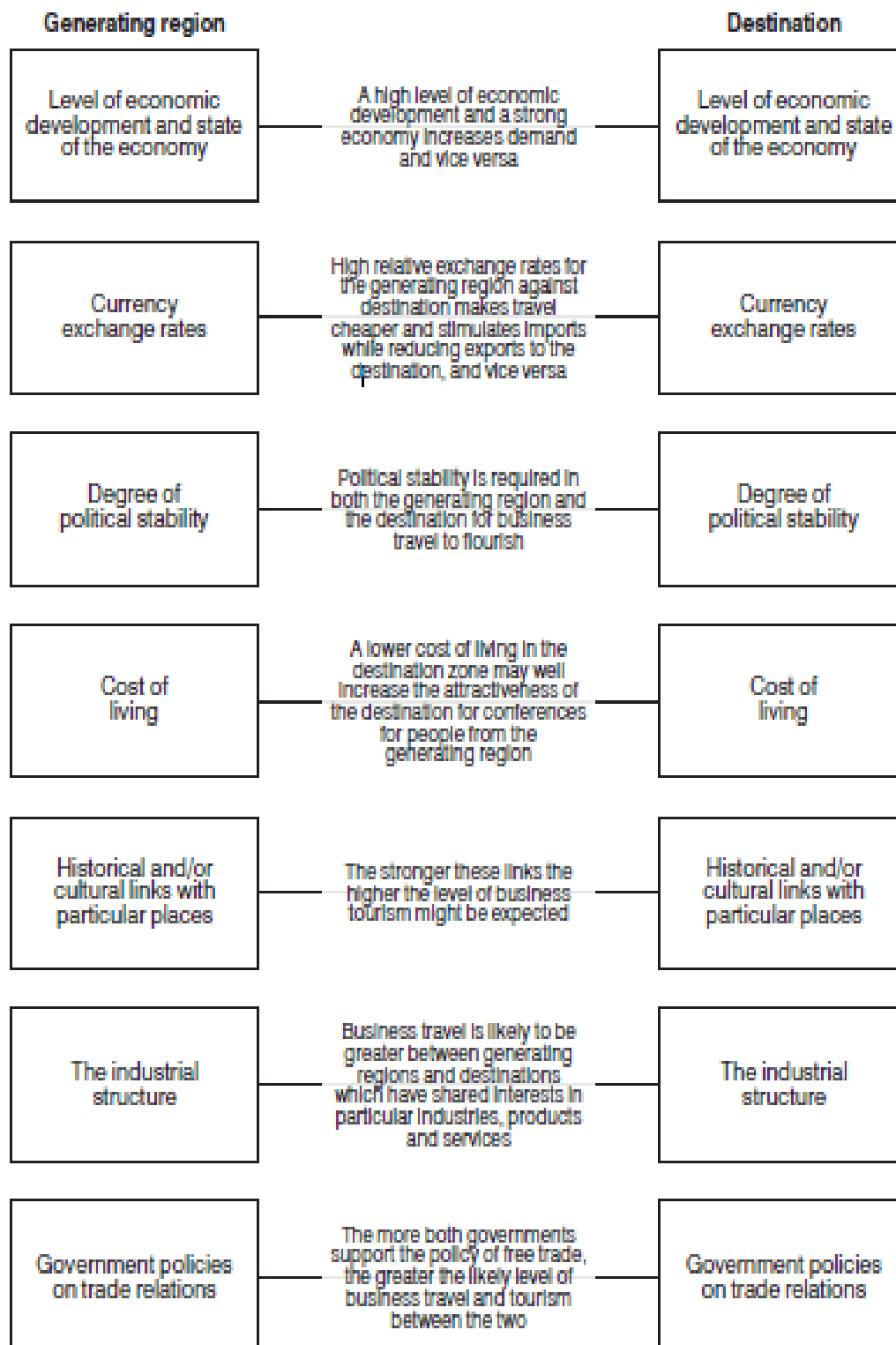


Figure 3.2 Factors influencing demand in the generating region and the destination

Firstly, buyers of MICE travelers usually are professional associations or corporations. Looking at that, it's easy to understand that MICE is a strong and inseparable intersection of the Tourism and Events industry. Large groups always traveled on business.

Secondly, in modern times, DMO's (Destination Marketing Organizations) and DMC's (Destination Management Companies) proved the power of MICE tourism. Through the last decades, they generated long-term economic growth and development to their destinations. Look at Singapore, for instance. It is continuously cited in the 1st position of Meeting City ranking of Union of International Associations (UIA). It's calculated that over 800 conventions take place in the city-state every year. In other words, that represents 8.5% of all the top international events in the planet.

In conclusion, MICE business model thrive by keeping up to date with corporate and entrepreneur tendencies. And that also includes selecting appealing destinations. For instance: cities like Orlando, Florida (FL) and Chicago, Illinois (IL) are ready to hold over 200 corporate conferences every year.

If we talk about Europe, research reports say that the beautiful and charming cities of Germany, for instance, generate an annual turnover of 290 billion Euros. In Spain, it generated 178 billion Euros in 2018, representing 14,6% of the country's GDP. It's an incredible growth rate that brought Spain to the Top 10 tourism market economies in the world, with China, Japan, Hong Kong, USA, France, Italy, India, Germany and United Kingdom. So it means that the events segment is bringing development, money and structure to these venues, businesses, governments, etc.

“I have no forecast to work in any other industry”, says Paula Lewis, Marcomm professional that organized events to brands such as Visit Florida and Choose Chicago.

That pretty much sums up how professionals in the field are in love with what they do. “The order here is: this industry is relationship driven. So it’s about understanding what makes people make decisions and with which frequency, what brings them happiness and what motivates them. Their psychological psyche **makes** MICE industry a perfect place to continue to grow personally and professionally,” she continues.

After all, we can say the meeting and the tourism industries are walking entirely hand-in-hand. They ignite and model each other in a cycle that, when successful, can transform places. Because of that, businesses are increasingly incorporating experiences to their marketing strategy. But who are these traveler and what they look for?

Reasons why MICE professionals and brand delegates love live events

Networking

It is a must to maintain an updated network of contacts and good relationships you your peers. And corporate events are excellent opportunities to meet experienced MICE professionals, visitors and other MICE delegates. Creating connections, learning and keeping up with best international standards are a vital part of this industry.

Brand awareness

Corporate events strengthen the positioning of companies and increase their power within the market in which they operate. In other words, social gatherings, parties, conferences and celebrations are responsible for showing the public that business is going well. Leading associations, such as Meeting Professionals International (MPI), take these opportunities to show off their best workforce and how they have a vibrant community.

It is worth mentioning that the projects that are well positioned, are more likely to approach and retain customers, as they are well regarded by the public. It means that, in addition to notoriety for the market itself, the company also stands out before the competition and gains credibility with potential customers.

Professional development

The corporate events work on the development of the professionals already working in the company, through lectures, congresses and training opportunities. The great advantage is in the technical improvement of employees, who can use their knowledge to improve production processes. The development of professional skills also occurs when the company launches a new work organization, or proposes different management methods. Thus, instead of tiring training, the event can be the ideal environment to communicate something, in a friendly way, about the work of employees.

Encourage teams and co-workers

Lack of motivation is one of the problems that most affects companies in Brazil. In addition to compromising productivity, demotivation also has negative

consequences for the employee, such as increased stress, Burnout syndrome and even depressive conditions. Therefore, corporate events can function as a motivating action, especially when aligned to meet the wishes of employees. It is important to listen to what employees have to say, as they feel valued and, consequently, improve productivity.

Who are MICE travelers and what they look for:

“MICE is a very particular type of tourism. It’s probably the most customer-centric industry,” states Tracy Fuller, President of InnovativEvents and Event Heroes. She completes: “And to understand the client’s needs, you need to interpret beyond what they say.”

MICE events are useful for a no number of occasions. Let’s say: a company that spies their competitors must be present to the events where they’ll be. Not spying in an illegal way. It’s a compromise of keeping up with the latest trends and not staying left behind.

Another example of frequent MICE traveler is the solo expert that is going to prospect clients for their consultation services. These visitors are clearly attending to events to execute this particular activity. Thus, creating the possibility of exchange of information among this number of people is fundamental. Each one of these agents need to be in mind when planning incentive trips.

Sometimes, reasons people gather can also be Ideology. After all, what could be better for our ego than finding people who think like us? We, human beings, tend to look for belonging and a sense of community. So that can also be considered an Incentive Travel or a Meeting, as these participants are after a specific objective.

Above all, the secret to be highlighted here is: who's the client? For the Event Planner, DMC, PCO, or Live Marketing Agency, the customer is a corporation or association in the pursue of having a successful event organized. For the event itself, the customer to take in consideration is the larger audience, composed by the attendees and visitors.

Audience types

In a general way, a good beginning is to clearly know how these travelers differ from leisure tourists.

	 LEISURE TOURIST	 MICE TRAVELER
CLIENT	Families, couples, friends or solo travelers.	Corporations and associations
AUDIENCE AND MOTIVATION	People on vacation	Business travelers looking for networking, deals and learning
SUPPLY CHAIN	Inbound tour operators Outbound tour operators Travel agencies Personal travel advisors Online portals and travel agencies	Business travel / MICE tour operators Incentive travel houses Professional Congress Organisers (PCOs) Exhibition/event management companies Corporate travel agents Destination Marketing Organisations (DMOs) Convention bureaus
PRODUCTS	Accommodation Attractions Tours Excursions Transportation Restaurants Shopping	Accommodation Meeting facilities Special venues, e.g. sporting venues or museums Technology Transportation Catering Entertainment

MICE travelers also usually spend 17.5% more than leisure tourists. That includes expenses on lodging, hotel booking, food & beverage, facilities, air tickets and ground transportation to and from the congress they'll attend. But as well, their demands and expectations might also be one level higher.

Key takeaways

Incentive travel, whether they're large events or exclusive meetings, involve a lot of prior arrangement. So it can increase the value, predictable satisfaction and revenue for clients, agencies, suppliers, vendors and destinations.

Usually, we're speaking about decision-makers here. However, don't take it for granted. When planning a MICE, aim to start from the beginning, asking yourself the 5 W's and the 2 H's first:

- **5 W's: What, to Whom, Why, Where and When.**
- **2 H's: How? How much ?**

These are the most fundamental questions for common problem solving you'll need to sort out when you start planning any MICE event. That's the only way to reach goals, meet expectations and build up real, branded, rich and memorable experiences.

And whether you're planning to break in the industry or are a experienced professional, there are also great resources on professional trade organizations and associations websites, such as IAPCO – International Association of Professional

Congress Organizers. They have tons of updated info to help event pros and students to keep up to date.