

The China and Asia Meetings Industry Research Report 2008



China Incentive, Business
Travel & Meetings Exhibition

New Dates & New Venue
8-10 September 2009
China National Convention Centre, Beijing, China
www.cibtm.com

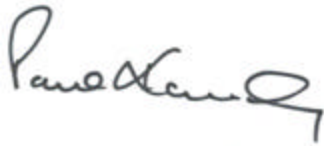


Preface

This second China and Pan-Asian study is being presented at a time of unprecedented turmoil in the global financial markets, with most economists predicting either recession or marked slowdown in many economies, including the hitherto strongest performing economies.

There is no better time to demonstrate the economic importance of the meetings industry (MICE) generated by those involved in the business of organising/planning of meetings; those in the supply chain such as hotels, venues, DMCs; and those in a representative capacity such as Convention Bureaux or city, regional or national tourist boards. This report demonstrates that the meetings business in China and Asia is growing and the predicted increase in outbound meetings from China is proven. Beijing is placed as the number one destination for new business for the second successive year, demonstrating Beijing's growing reputation for holding meetings.

Our research continues to play an important role in gathering data which does not exist elsewhere. CIBTM, when it resumes in September 2009 will, more than ever, provide the pivotal marketplace opportunity for those involved in the business of meetings in China and Asia to come together, to do business, to network and to learn. I look forward to seeing you there.



Paul Kennedy MBE
Group Exhibition Director, Meetings & Incentive Events
Reed Travel Exhibitions

Introduction

This research into the conference and events market in China and throughout Asia is being published at a time when the crisis in the global financial markets is pushing many of the world's leading economies into recession. However the research reflects the fact that the Asian countries are showing a much healthier picture, with China in particular predicted to show growth in the region of 9% in their economy, despite its own high inflation and dependency on buoyant export markets. India is also expected to maintain growth over the next two years of at least 7%, and other Asian countries such as Malaysia, Indonesia and Vietnam are predicted to show growth of around 5% (Source: Asia Monitor December 2008).

A report published by Goldman Sachs earlier this year predicted that the world's top economies are likely to change dramatically in the next 40 years, resulting as follows:

	Top economies 2008	Top economies 2050
1	US	China
2	Japan	US
3	Germany	India
4	China	Brazil
5	UK	Russia
6	France	Indonesia
7	Italy	Mexico
8	Spain	UK

It is interesting to see that China is predicted to become the world's number one economy, with India anticipated to rise to number 3 and Indonesia at number 6, with the growing economies of many Asian countries leading to increasing opportunities for conference and incentive business.

The report also predicted that by 2030 two billion new middle class' people will have been created throughout the world, led by India and China. Many of these will form the delegates of future conferences and incentive programmes as companies and associations are already targeting these countries for recruitment of future employees and members.

Clearly the focus on China during the Olympic Games in Beijing will have increased awareness of China's capabilities to host major events. The amazing spectacles of the opening and closing ceremonies will have boosted the reputation of the country as an events destination throughout the world. It is therefore extremely interesting to see the comments made by respondents to our research on the effects of the Olympics, which include positive and negative comments and comments from those who think the Olympics will have no long term effects on their conference and meetings business.

Many Asian countries, in particular China and India, are investing heavily in conference and event facilities with high numbers of conference centre developments in China (over 200 individual centres), India, Japan, Korea, and Malaysia. There are 28 exhibition centre developments in Asia underway which will add 0.7 million square metres to available space by 2010, with China alone increasing space by 445,000 square metres (Source: UFI). In addition there are significant hotel developments throughout Asia with the number of major group hotels set to increase substantially by 2010.

Asian countries are also generating significant demand for meetings space both within their own countries and elsewhere in the world. There are estimated to be 70,000 associations within India alone, a high proportion of which are holding regular meetings.

The interest in Asia worldwide is reflected in the increased number of international association meetings held in the continent with the total meetings held in Asian countries (2,052) having risen to 20% of the international association meetings held worldwide in 2007, compared to 15% during 2006.

Many Asian countries experienced increases in the number of meetings held, with Singapore's excellent reputation for hosting conferences and events enabling it to significantly increase its rankings as shown in the table below:

Asian country in top 40 destinations worldwide	Number of international association meetings 2007	Number of international association meetings 2006
Singapore	466	298
Japan	448	166
Korea Republic	268	185
China, Hong Kong and Macau	255	204
India	111	93
Thailand	89	68
Malaysia	79	52
Philippines	56	25

Source: Union of International Associations

Indonesia is also seeing steady growth and predicting 15% growth in inbound business for 2008.

In future the worldwide issues affecting the conference, meetings and events market likely to impact the market in Asia include:

- The global economic situation, consolidation of airlines, fuel costs and general inflation
- Environmental issues and concerns
- The rising importance of corporate social responsibility and human rights concerns
- Technological developments increasing 'virtual' meetings and electronic communications
- Threats from terrorism or epidemics reducing travel.

Despite these issues the results of this research show a very positive outlook for both the domestic and international markets in China and elsewhere in Asia.

Although the number of events held overall increased since last year, more events are now being held outside China with a reduction in those remaining in China from a mean of 4.2 per buyer respondent last year to 3.5 this year. The number of delegates attending events outside China also increased.

It is interesting to see that, since last year, when 70% predicted an increase in the number of events generated in China, this year's research suggests increases in both domestic and outbound business with 40% of buyers now anticipating that the number of events held in China will increase in the next 12 months, and nearly 30% anticipate increased events throughout the rest of the world. Other Asian destinations will also see an increase, albeit on a smaller scale than China.

The mean budget per buyer respondent was US \$1.1million with a reduction in the proportion being spent in China to 30% compared with 48% last year. Only 5% of buyers anticipate a reduction in budgets in the next twelve months, with 55% predicting increased budgets for China and 46% predicting increased budgets for events elsewhere in Asia. For suppliers the mean value of business in China is US \$2.1 million with 43% of business taking place in mainland China, and 18% elsewhere in Asia.

Beijing and Shanghai remain the most popular destinations within China. However outside of China Western and Northern Europe proved more popular than Thailand, and North America was more popular than Singapore. The spread of locations for events is extensive with locations outside Asia being used by over 50% of respondents.

Methodology

The research was undertaken during August 2008. Invitations to participate through an online questionnaire were sent out to Reed's qualified databases of international meeting planners and suppliers together with an extensive local database of buyers and suppliers throughout China and Asia. Respondents selected to complete the buyer or supplier questionnaire but could only complete one option.

A total of over 650 buyers and 148 suppliers responded to the invitation to participate. This is a higher number of respondents than participated in 2007 and represents a far wider geographic spread than last year. Data has only been compared where the sample was sufficient to allow meaningful comparisons to be made.

The target respondents for buyers represented all the following target sectors of the market:

- International associations and not for profit organisations
- Regional and national associations and not for profit organisations
- Corporate organisations
- Exhibitions
- Incentives
- Third party organisers responsible for organising events for any or all of the above sectors.

The target database for supplier respondents covered a wide range of activities from hotels and venues, to airlines, cruise lines, event management services and destination representatives.

The full results for buyer and supplier respondents are now outlined.

Research results for buyers

Of the 650 buyer respondents, 88% were based in the 12 countries shown in the table below. The remaining 12% of respondents were based in a total of 29 countries. A total of 70% were based in Asia, of which 56% were based in China.

Country in which respondent based	Percentage of Buyers
China	56%
India	6%
Germany	4%
United Kingdom	4%
Singapore	3%
United Arab Emirates	3%
Australia	2%
United States	2%
France	2%
Italy	2%
Malaysia	2%
Thailand	2%

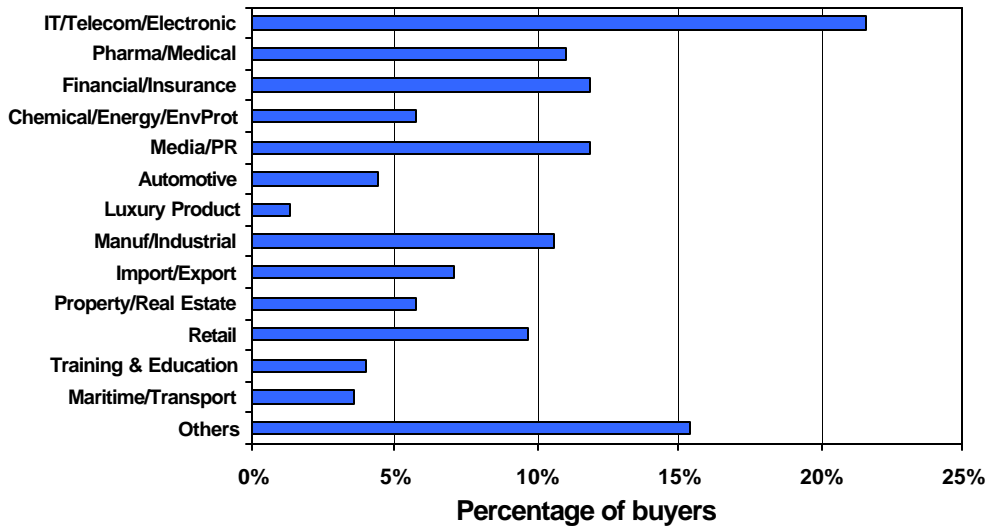
The varying types of buyer respondents are as follows:

- 52% of respondents were third party organisers
- 34% corporate organisers and
- 13% associations and not for profit sector organisers.

The highest proportions of third party organiser respondents were from travel agencies (105 respondents). This is to be expected as the pattern of supplier development in Asia is for travel agents to diversify into the meetings and incentives sector as demand grows. However there are now significant numbers of specialist operators as shown by the 101 respondents from incentive houses and 88 event management companies. There were fewer respondents from marketing services, venue finding agencies, independent meeting planners and PCOs (approximately 45 respondents from each type of organisation).

The major sectors represented by corporate organisers are shown in the chart that follows.

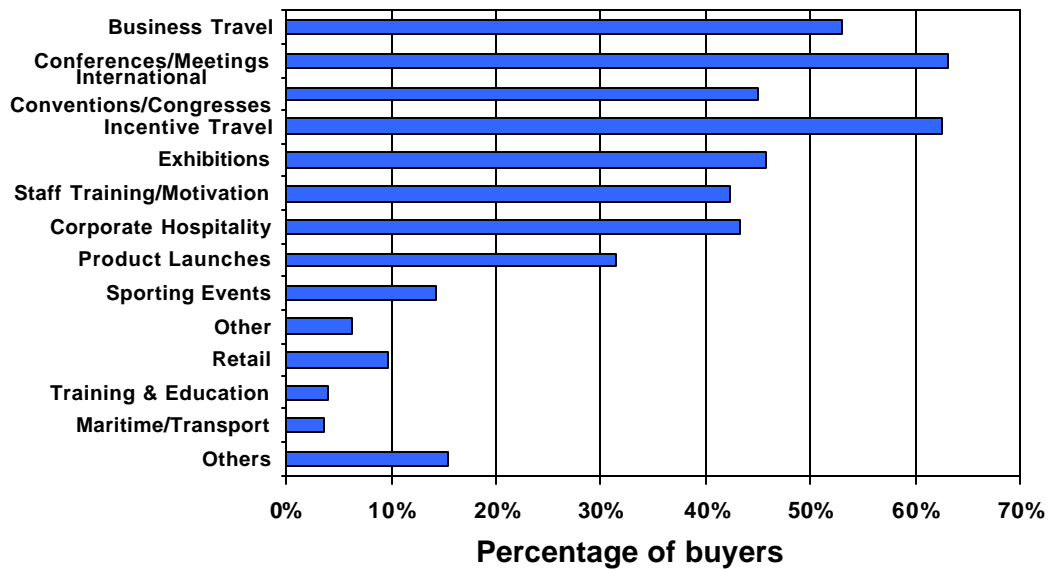
Buyers' nature of organisation - Corporate



Event types

The varying types of event for which respondents were responsible are shown in the chart below. 69% organise events directly and 31% organise events through an agency.

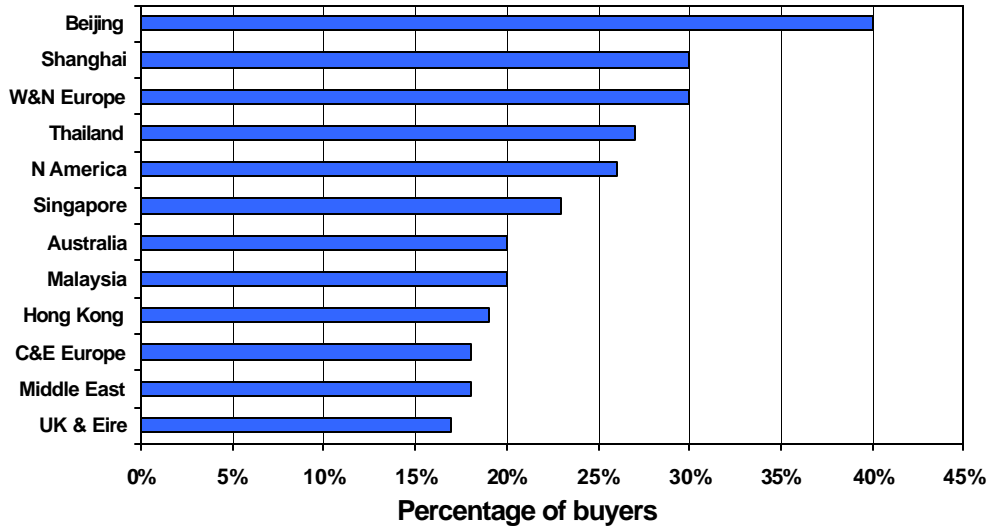
Respondents' involvement by event type



Keys areas in which events were held

The top 12 destinations worldwide for all respondents are as follows:

Event locations in last 12 months



The results for all areas in which respondents had held events in the last 12 months are shown in the table below.

Where held events in last 12 months	Number of buyer respondents (actual)	Percentage of buyer respondents
Mainland China	428	64%
Beijing	272	40%
Shanghai	201	30%
Guangdong	108	16%
Hainan	98	15%
Sichuan	74	11%
Zhejiang	70	10%
Far East (excl. mainland China)	189	28%
Hong Kong	128	19%
Japan	85	13%
Macau	81	12%
South Korea	61	9%
Taiwan	46	7%
North Korea	11	1.6%
South Asia	117	17%

India	94	14%
Sri Lanka	31	5%
Nepal	24	3.6%
South East Asia	261	39%
Thailand	184	27%
Singapore	155	23%
Malaysia	136	20%
Indonesia	106	16%
Vietnam	70	10%
Cambodia	49	7%
Philippines	35	5%
Rest of World	350	52%
Western and Northern Europe (excl UK, Eire)	202	30%
North America	172	26%
Australia	135	20%
Central and Eastern Europe	122	18%
Middle East	121	18%
UK and Eire	115	17%
North Africa	83	12%
Latin Americas	69	10%
Russia/CIS	65	10%

Number of events, duration, lead time and numbers of attendees

The mean number of events held in each of the above areas is shown in the table below, with an overall mean of 3.5 days:

Area	Mean number of events held in last 12 months
Mainland China	3.5
Far East (excluding mainland China)	3.1
South Asia	2.9
South East Asia	3.8
Rest of world	4.3

The average size of events held in each of the areas is shown below. For all areas the mean is 146 attendees:

Area	Mean number of attendees for events held in last 12 months
Mainland China	156
Far East (excluding mainland China)	143
South Asia	139
South East Asia	148
Rest of world	146

The average duration of events held in each of the areas is shown below. The average for all areas is 4.9 days:

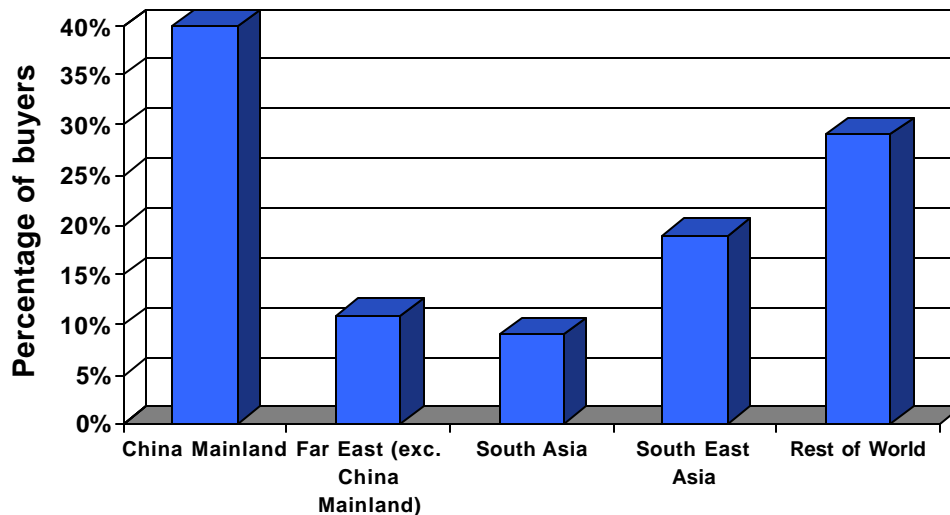
Area	Mean number of days for events held in last 12 months
Mainland China	4.2
Far East (excluding mainland China)	1.0
South Asia	6.2
South East Asia	5.5
Rest of world	7.6

The average lead time for events held in each of the areas is shown below. The average for all areas is 6.7 months:

Area	Mean number of months lead time for events held
Mainland China	5.5
Far East (excluding mainland China)	6.0
South Asia	6.8
South East Asia	10.3
Rest of world	4.9

Compared to last year when 70% of buyers were predicting more events in China, this proportion is now split between those expecting events outside China to increase significantly in the next 12 months, as shown in the chart overleaf, and 40% who now anticipate the number of events held within China to increase.

Where do you expect the number of events held to increase over the next 12 months?



Influences of the Olympics in Beijing

The Olympics were taking place in Beijing at the time the research was being conducted. 35 buyer respondents commented on the influences of the Olympics being held in China. 38% of the comments made were positive such as the benefits of infrastructure developments; increased awareness of capabilities in China; and opportunities created for increased levels of conference and events business. 26% felt the effects were negative, although these were mainly short term effects such as lack of availability this year (2008), rising prices, the volume of traffic and high security in Beijing making other events difficult. 35% were either not sure or felt they had no influence at all.

Budgets

For respondents whose budgets were under US \$10 million, the mean total budget was \$1.1million.

- 24% have budgets of up to US \$250,000
- 34% have budgets between US \$250,000 and \$10 million.
- 2.5% have a budget in excess of US \$10 million.
- 71 respondents said they have no direct responsibility for budget .

Significant amounts of these budgets are being spent in China and Asia with means of 30% spent on events in mainland China and 23% spent on events elsewhere in Asia.

- 55% expect the budget for events in mainland China to increase in the next 12 months and
- 40% do not expect the budget for mainland China to change.

- 46% expect the budget for elsewhere in Asia to rise and
- 48% think the budget for Asia (excluding mainland China) will not change.

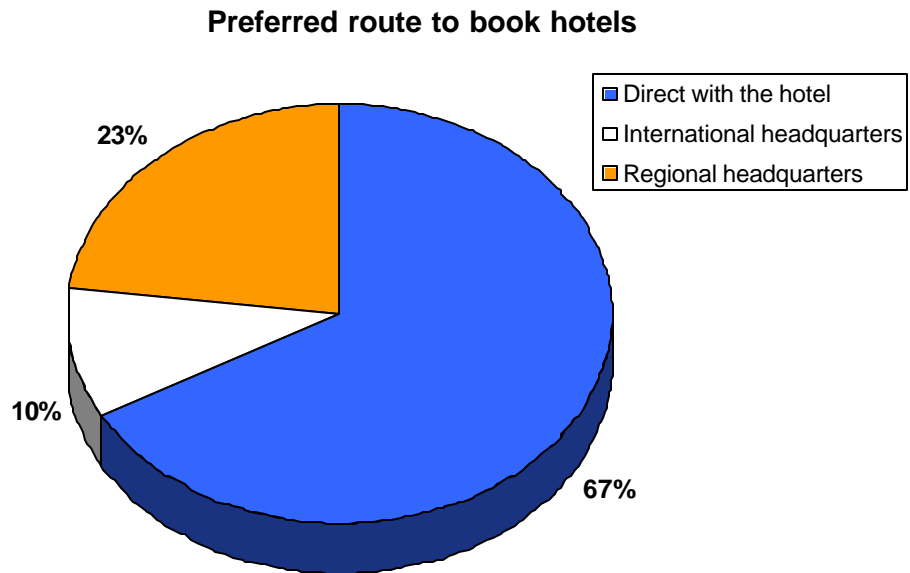
Influencing factors

The table below shows that cost and location remain the most important factors when organising an event. However security and safety is less of a priority this year, possibly because of all the measures put in place for the Olympics. Quality of accommodation, service and meeting facilities remain important.

The most important influencing factors when placing an event		
	2008 % Considering it most important	Position in 2007
Total cost	74%	1
Location	71%	2
Quality of accommodation (hotels)	67%	5
Quality of service	66%	4
Security / Safety	61%	3
Time of year	59%	8
Quality of meeting venue facilities	56%	6
International air routes	51%	N/A
Availability of venues / hotel rooms	50%	7
Transport availability in destination	48%	N/A
Visa Process	48%	N/A
Infrastructure of the destinations	46%	9

Hotel preferences

The majority of buyers prefer to book meetings and conferences direct with the hotel as illustrated in the following chart.



Research results for suppliers

Over 60% of the 148 supplier respondents were based in China as shown in the table below. This outlines the top twelve countries in which suppliers were based. In total supplier respondents represented 27 countries, with 77% based throughout Asia including mainland China:

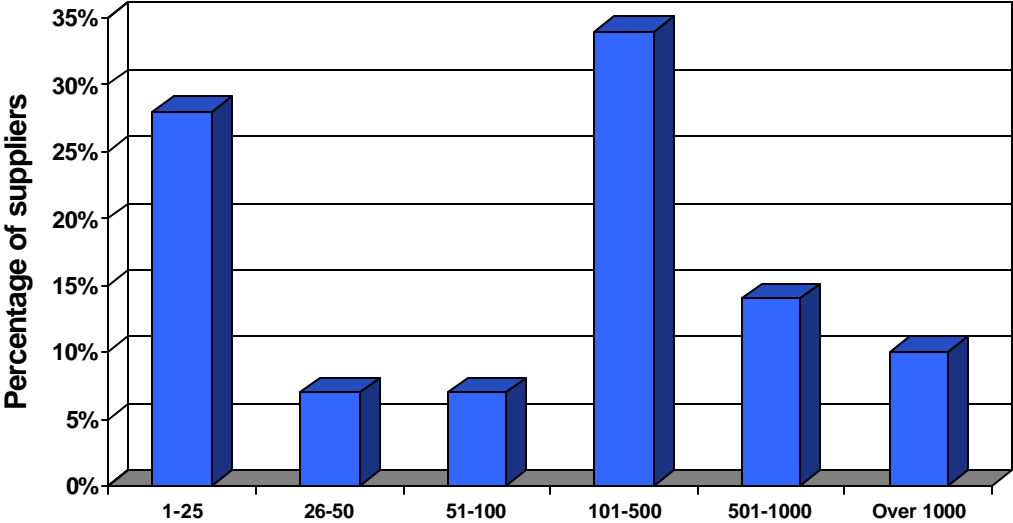
Country in which respondent is based	Percentage of Suppliers
China	61%
United Arab Emirates	4%
Singapore	3%
Spain	3%
France	3%
Hong Kong	3%
India	3%
Egypt	2%
Germany	2%
Taiwan	2%
Thailand	2%
Australia	1%

The 148 supplier respondents were made up of the following types of organisation:

Supplier group	Percentage of respondents
Hotels	18%
Destinations	14%
Event management services	8%
Event support services	7%
Conference venues	7%
Cruise lines	6%
Technology	6%
Media	5%
Car rental services	5%
Others	24%

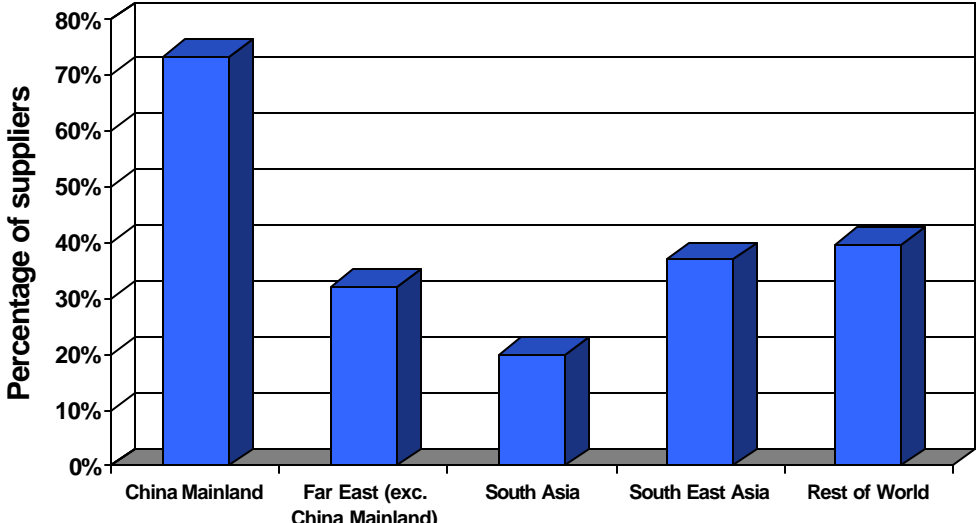
The chart below shows that the majority of suppliers' organisations had fewer than 500 employees, with a mean number of 402.

Number of people working in organisation



It can be seen from the chart below that suppliers' clients are spread throughout Asia and the rest of the world. However over 70% had clients in mainland China.

Geographical location of key clients

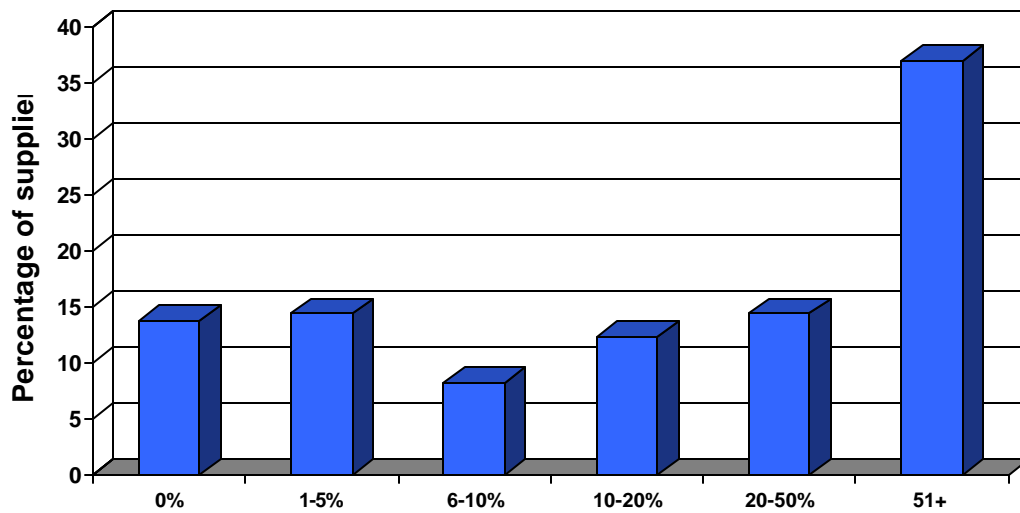


68% of supplier respondents had corporate clients, with the financial services/insurance, IT/telecommunications, pharmaceutical/chemical and automotive sectors predominant.

61% had third party organisers as clients with travel agencies, incentive houses, event management companies and destination management companies most frequently mentioned.

The chart below shows that for over half the supplier respondents more than 20% of their business is actually taking place in mainland China. The mean percentage for all respondents is 43% in mainland China, and 18% elsewhere in Asia. This represents a significant level of business in value terms with a mean value of business in China of US \$2.1 million.

Percentage of business taking place in Mainland China



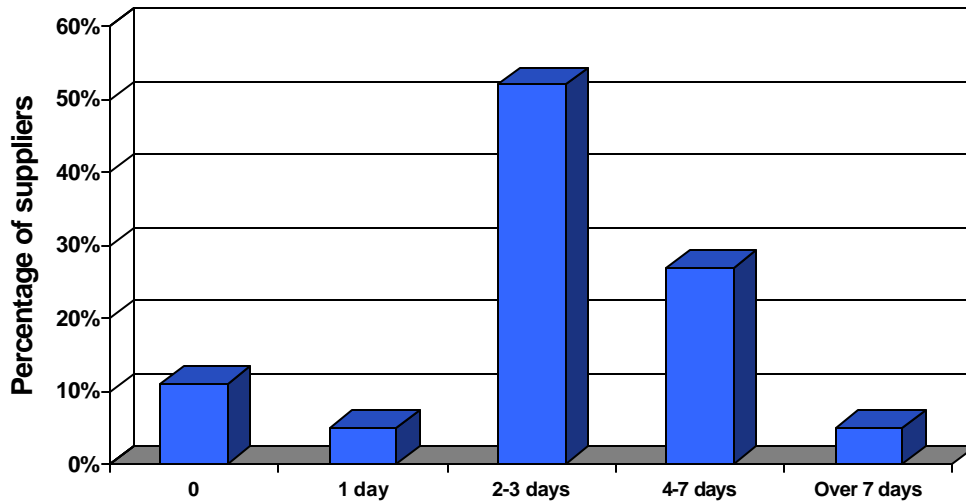
The mean number of events hosted in China/Asia in the last 12 months was 2.3 although 23% of respondents had hosted more than 10 events.

69% expect the number of events they host in China/Asia to increase in the next 12 months and 22% think the number will stay the same.

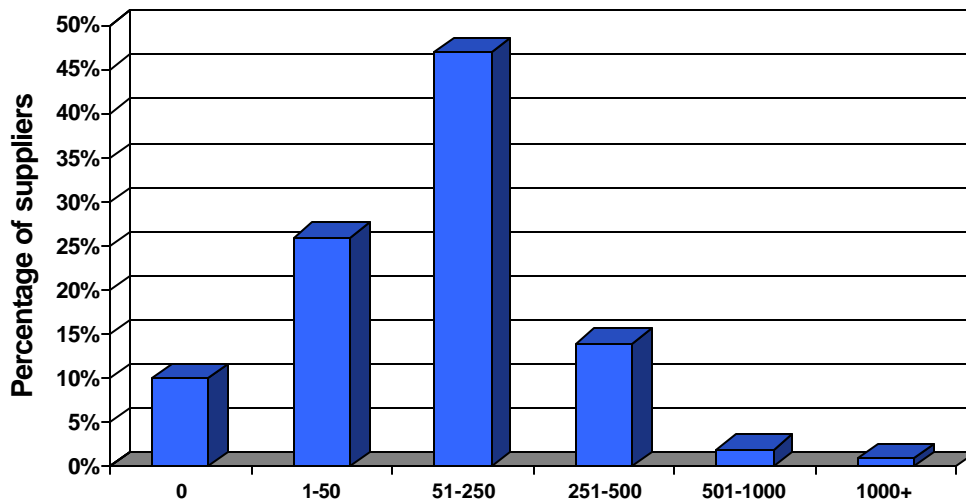
The mean duration for events hosted is 3.3 days. The chart overleaf shows that the majority of events last between 2 and 3 days.

The average size of events hosted is 165 attendees. 75% of respondents were hosting events for less than 250 attendees.

Average duration of events hosted in China/Asia



Typical number of people attending events in Asia/China



Factors of influence in event organisation

Suppliers' views of the top ten influential factors on organisation of events in China and Asia are as follows. Priorities remain very similar to last year although it is interesting to see that quality of service is a lower priority indicating that some improvements may have been experienced since last year .

	Influential factor	Percentage of respondents	Position in 2007
1	Location	61%	1
2	Total cost	58%	2
3	Quality of meeting facilities	55%	5
4	Quality of accommodation	51%	4
5	Quality of service	50%	3
6	Availability	46%	6
7	Infrastructure	45%	8
8	International air routes	42%	N/A
9	Security/safety	42%	7
10	Time of year	40%	9

Effects of the Olympics

Over 70% of the supplier respondents commented on the effects of the Olympics in Beijing. Nearly half of the comments made were positive including increased levels of business; more awareness of the capabilities in China; raised standards and improved infrastructure. 31% of comments were negative including increased costs; decreased business levels; and restrictions in travel around the city and country.

Developing new business

91% of supplier respondents are interested in developing new business from mainland China, with the key areas of interest as follows:

1. Bohai rim region - Beijing, Tianjin, Liaoning, Hebei, Shangxi, Shangdong, Central Inner Mongolia
2. Yangtze River delta – Shanghai, Jiangsu and Zhejiang
3. Pearl River delta – Guangdong, Fujian and Hainan
4. West of China – Sichuan, Chongqing, Ningxia, Gansu, Qinghai, Tibet, Xinjiang, Yunan, Guangxi, Guizhou.

87% of suppliers are interested in developing new business elsewhere in Asia, with the key areas of interest as follows:

1. Singapore
2. Japan
3. Hong Kong
4. Malaysia
5. South Korea

86% of supplier respondents are interested in developing new business with corporate clients, 69% with third party agencies and just 29% with the not for profit sector.