



Horwath HTL

North America Next

Emerging destinations eye massive market for international events

By Michel Couturier

The emerging economies of Brazil, Russia, India and China (BRIC), the Gulf region, the “Tigers of Asia” and South Africa continue to dazzle other developed nations. A recent article in *The Economist* reinforces this notion, pointing to JP Morgan estimates of several Asian nations 7 percent GDP growth over the previous year in Q2 of 2009.

This impressive economic growth exhibited by groups of emerging nations is giving way to the development of the meeting and convention industry. New state of the art convention centers are standing prominently as symbols of urban revitalization. Financed privately or through national funds, the centers are huge but not always full.

While the local, national and regional markets are the obvious ones to target, emerging destinations have favored the European market over the North American market. Europe is the home base of the majority of international associations, and is a market that should be prioritized. For many, it is also easier to approach due to cultural and business ties. However, the North American market cannot be ignored because it is deemed too difficult, vast or expensive.

Tremendous business opportunities exist for emerging destinations. A rational approach will guide them through the long-term, helping them to realize concrete results. To rise to the challenge, managers of DMOs will not only need marketing and sales skills but an appreciation of building community relations. The economic development agency of their nation will be their primary ally in these expansive endeavors. Together they will be able to define the market segments to target, and provide hard facts on “how” and “why” one does business in their destination. Industry ties will further facilitate the understanding of the marketplace while strong relationships with partner agencies of the nation in North America will provide additional support.

Nations Building

Economic growth has fueled the construction of meeting, convention and exhibition facilities. From deluxe hotels with large ballrooms to state the art convention centers and exhibition halls, the major new economic centers are now equipped with some of the best meeting facilities in the world.

Take a look at the Hyderabad International Convention Centre (India), the China National Convention Center (Beijing), Abu Dhabi National Exhibition Company (United Arab Emirates), the Cape Town International Convention Centre (South Africa) and IMPACT (Bangkok, Thailand). Privately owned or funded by local authority, the new and high tech meeting facilities have become impressive icons that illustrate the economic success of the respective regions.

Building them for prestige, strategic real estate development, or simply to satisfy a local demand is easy. Making sure that they are running at high occupancy rates is a tougher task. In the industry, there is a saying, "Once you have completed the plans, you start marketing the facility." Some have done it, most have not. The marketing and sale of the venues are afterthoughts. Yet, they are the key ingredients to assuring the financial success of the venues. Local demand is never sufficient to guarantee an income stream that covers operational expenses, let alone the heavy debt that generally sits on the books.

As marketing and sales strategies are implemented, the local, national and regional markets are the obvious ones to first target. Individuals at most venues then look to the European market--a long distance market but a market easily understood due to close cultural ties, traditional business exchanges, and potential association and corporate business. However, North America, particularly the United States, should not be ignored and is worth targeting.

Executives at most "new" destinations seem to become shy when targeting the North American market. A single market with more than 300 million inhabitants spread over a territory over 9.1 million square kilometers is huge. When looking at the meeting and convention industry the numbers are staggering. The report *Groups and Meetings: Market Opportunity Redefined* published by HSMIA and PhocusWright in 2007 estimated that the group and meeting revenues were projected to reach US \$164.1 billion in North America. The market is projected to grow to US \$175 billion by 2008. With over 45,000 associations, the U.S. market is daunting. Aside from the size of this massive market, marketing and sales strategy is sometimes influenced by preconceived ideas--American associations are not allowed to travel abroad; Americans are afraid to come to our region; Americans prefer to stay at home.

Sound Strategies

How do you efficiently approach this vast and sometimes mysterious market? Leaders at emerging destinations must adapt a rational approach based on research and experience. The good news is that research regarding the North American market is readily available, making it easier to narrow marketing and sales initiatives. Future Watch, the International Meeting Planners Survey, GlobalPlanner and the MPI Business Barometer, as well as association trade publications, such as *One+* and *Convene*, are just a few of the excellent resources.

Trade research also provides important data. Equipped with reliable numbers on the meeting and convention industry, the international destination marketers need to gather statistics on the trade between the U.S. and their respective country. A country's economic development agency is the best source for securing this information. Identifying the key economic clusters is imperative as it will help find the major associations and corporations to target.

Armed with a statistical overview of the meeting and convention industry in North America and having identified the key industries to be targeted, the emerging destination DMO can begin to define a marketing strategy.

However, emerging destinations must appreciate that their approach to the North American market has to be long-term. Conducting one promotion or attending a trade show is not enough to generate business. It takes time to develop awareness of a new destination. Also, markets, such as the association market, have a mid to long-term decision process. According to *Successful Meetings*, 34 percent of meeting planners have a lead time of 12 to 17 months to plan an international meeting, while 16 percent had over 24 months or more. Some international congresses are planned 10 years in advance.

Recognizing Opportunities

The association market has been the most resilient market during times of crisis (post 9/11 and recession). This market is mid- to long-term, and is divided into two major segments—trade and professional. Easily identified by industry, these associations have very defined decision-making procedures. A third segment should also be recognized—Association Management Companies (AMCs). According to H. Bland Connor, CAE, in *Associations Now*, “AMCs are adding value for an ever-increasing number of associations and association members.”

A tougher market, corporate meetings and events is a short-term market, sometimes last-minute. Although recently bashed by the media and the government, the corporate meeting industry is showing some resiliency but it is subject to business conditions. Increase in exports towards emerging economies from the U.S. as reported by *The Wall Street Journal*, will most likely fuel an increase in corporate meetings in these destinations.

The corporate market is serviced by a wide range of intermediaries, including meeting management firms, independent meeting planners, site selection firms, online meeting management firms, production houses, among others. The corporate meeting market has become extremely fragmented. One must target each intermediary and the final client: the corporation. Decision-makers are not easy to find in a corporation. Procurement departments have complicated the selling process. Preferred programs with suppliers and a need to control costs often affect the final decision.

In recent months, corporations have been trying to limit costs by bypassing intermediaries and booking direct. It is too early to tell if it is a temporary trend to minimize cost during a recession or a new permanent trend that will affect the marketing approach of the corporate market.

Going Global

With headlines, such as “Emerging countries may also be driving the global economy,” in *The New York Times*, it is obvious that emerging destinations are playing a major role on the world stage, and are positioned to grow their meeting and convention industry. The North American market presents great potential. It is the second most important market for Vienna and Barcelona.

Meetings and conventions are business events. A DMO must demonstrate that aside from the state of the art venues, hotel accommodations and transportation, it will bring business to the

organizers--whether reaching potential new members for international associations, providing a forum to address health and social issues of the country of region, offering a platform to introduce new technologies or creating a marketplace for buyers.

A DMO must develop a very close relationship with its economic development agency, whose staffers can help a DMO highlight key industry clusters. The economic development agency must become a true partner of the DMO: exchanging vital information, coordinating presentations to key associations, releasing news on trade that include meeting and convention news, and advertising in partnership.

As part of the preparation work, a DMO must keep track of all the national associations that represent the major economic sectors; and the key nationals that are members of international associations. The DMO must enjoy privileged relations with professors and deans of domestic universities. They will become ambassadors for the destinations and will be instrumental in attracting international congresses.

Targeting the North American market is a long- term proposition. A DMO has to educate the marketplace. Close relations with members of the meetings community take time to forge. The key market segment, the association, is a mid- to long- term business.

A constant presence in the marketplace is a must for a DMO. Meeting planners need support 24/7. They are under tremendous pressure; the 18th Annual Meetings Market Survey organized by PCMA indicates that 33 percent of association planners plan over 20 meetings per year, and 49 percent plan 11 or more meetings per year. The DMO must be present to help them whenever needed.

On equal footing, a DMO has to segment and prioritize its market targets. It is easy to do with the information collected from the economic development agency, matched with the database of associations and corporations in North America. The implementation of the marketing strategy must also be thorough with sets of KPIs and ROIs clearly identified to be able to evaluate the results of each action.

Finally, emerging DMOs should further grow their network of contacts with government officials and diplomats in North America. Ambassadors and Consul Generals are official “ambassadors” of the destination, and are usually very interested in helping market their home country.

Emerging destinations have a real business opportunity to grow their market share, they need to plan for it, and work hard, but it will be worth it.

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