

## **MICE Introduction**

### **Global MICE industry is projected to reach \$1,439.3 Billion, in 2025**

According to a new report published by Allied Market Research, the global MICE industry size was \$805 billion in 2017, and is projected to reach \$1,439.3 billion in 2025, registering a growth of 7.6% from 2018 to 2025. The term MICE in the context of travel is an acronym for meetings, incentives, conferences, and exhibitions.

The term MICE is more commonly known as the Meetings Industry, grew out of the travel industry, which evolved to coordinate the hosting, management and promotion of tourism businesses with strategic initiatives and could be for a professional trade organization, a training topic or a regional interest.

Under the guise of business tourism, MICE is a fast-growing segment of wider tourism industry, is considered as one of the biggest revenue generators in the travel industry - that can generate significant income for urban areas in countries around the world. However, in order to remain a top MICE destination, Western cape Province, and South Africa in general needs to continue to invest, develop and be promoted for having international standards, accommodation, quality of infrastructure, accessibility, and venues, as more and more destinations continue to invest in the sector.

Travelers attending MICE events are more and more mixing business with leisure tourism, whilst they are actually business travelers, who come to connect to different sectors of the tourism and hospitality industry and being signified as "Bleisure". As MICE crosses borders (regional and continental) and industries (from medical to

engineering), it is a rapidly evolving and pivoting industry. Maintaining competitiveness, profitability and attractiveness is a complex exercise that is critically dependent on understanding what is happening in the industry at a macro and micro level. The industry also expands into other periphery creative services that include show displays, directional signages, banners, kiosks/exhibit space, event photography, and AV/technical production; and event marketing and sponsorship management, group air fulfillment, on-site event logistics and staffing, supplier management, virtual meetings, and risk management services.

According to Allied Market Research, In 2017, the meeting segment has attributed the highest share of the overall MICE industry - primarily due to a significant Global rise in the number of (SME) Small and Medium-Sized Enterprise specifically, in the emerging economies. Moreover, an unprecedented surge in of travel and tourism as well as hospitality sector has further added to the growth of this segment.

Meanwhile incentive segment a management tool for rewarding and motivating sales representatives, dealers, distributors, production workers, support staff, and in some cases, customers is estimated to be the fastest growing segment in the event type segment during the forecast period.



Figure 1: Allied Market Research Report Global MICE Industry Opportunities & Forecast 2018-20125

### MICE and Tourism Value Chain

The MICE and Tourism value chain (Figure 2) defines the flow of value from buyers to service providers. The MICE industry truly consists of all parties involved in distribution and service provision. The development of the MICE industry would involve strategically bringing all these players into alignment with a central vision and goal. These players include:

- Online travel portals
- Travel agents
- MICE operators
- Destination management companies
- Transportation providers (air, sea, land)
- Accommodation and lodging providers

- Hospitality providers
- Excursion planners

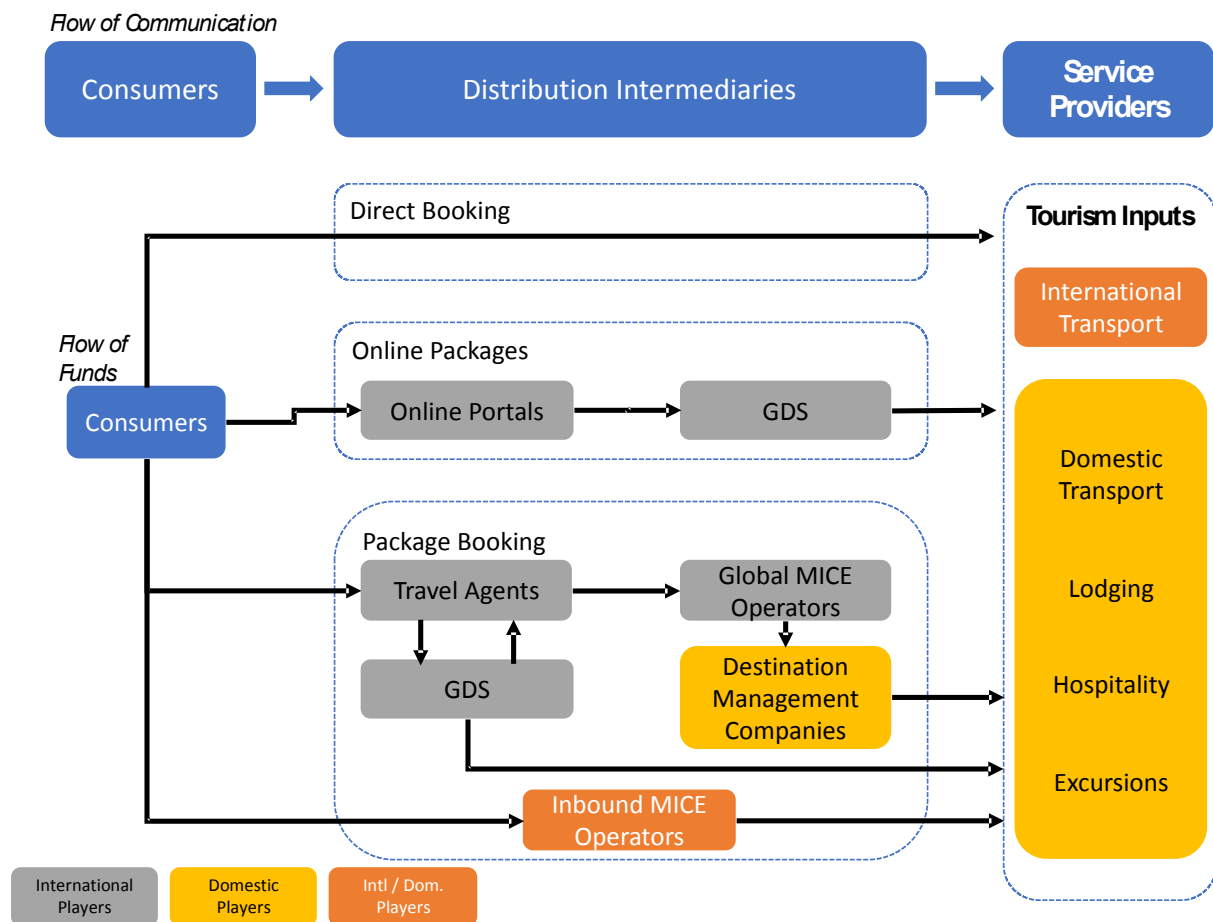


Figure 2: Mice and Tourism Value Chain – based on (World Travel & Tourism Council, 2018)

Supporting this is the data stating that there is an expected increase in average global hotel rates and airfare (3.7% and 2.6%, respectively), ultimately driven by a 5-10% forecasted growth in MICE demand (see Figure 3) . Increasing accessibility and economic strength is leading to a surge in small and medium sized meetings/events, with meetings hosting 101 – 500 attendees seeing a rise in demand.



Figure 3: Five Key Facts forecasted about the MICE industry (CWT Meetings & Events, 2019)

## **Strategic Insight – Key Travel Industry Megatrends**

The world is transforming. The scale, scope and complexity of change is unlike anything humanity has experienced before, shaking the foundations that society has accepted as the norm. These converging forces – or megatrends – present immense opportunities for those who recognize them and adapt their strategies.

MICE, Travel and Tourism is one of the fastest growing sectors, accounting for more than 10% of global GDP in 2017. Sustaining its growth and hitting industry forecasts, such as 1.8 billion international arrivals by 2030, will require the continuous innovation and reinvention across the sector. Leaders will need to foster a nimble outlook that can respond to new customer demands and expectations, the next revolution in data capabilities, and heightened business risks.

Through a global research and investigative initiative, the World Travel & Tourism Council has earmarked five transformative, interlinked travel megatrends that will shape the industry, and have an impact on the dependent MICE industry. (World Tourism and Travel Council, 2019)

- I. **Reality, Enhanced:** Hyper-connectivity, access to information and personalization have led to an experience-driven world fuelled by personal enrichment, self-direction and community
- II. **Life, Restructured:** Fluidity, autonomy and social engagement are driving the gig & sharing economy which in turn are redefining relationships, disrupting industries and creating new expectations for work and life

- III. **Data, Revolutionised:** Data, through IoT and machine learning, has become a driving force of the economy, enabling unprecedented personalisation and connectivity
- IV. **Power, Redistributed:** Power and demographic shifts from West to East, and nations to cities are redefining centres of influence and reshaping global markets, while individuals are becoming increasingly more mobile and demanding more accountability
- V. **Consumption, Reimagined:** As a response to escalating environmental risks, consumer awareness has translated into more ethical and resource-efficient lifestyles which are driving the decision-making of younger generations

## **Tactical Insight – Key MICE Industry Trends**

Within the wider travel and tourism industry, there are certain “Tactical” trends that are specific to the MICE industry. These should be considered the minimum criteria to meet for a successful MICE industry. (Hospitality Net, 2019) (CWT Meetings & Events, 2019)

### **1. A focus on Privacy:**

The global concern with data management and privacy has naturally spilled over into the MICE and travel industries. Ensuring that your technology infrastructure and policies are in line with growing legislation (e.g. the most famous of which is the General Data Protection Regulation or GDPR coming out of the EU) is absolutely critical. A growing number of meeting sponsors are asking questions related to communication and documentation privacy, and event/site cybersecurity. MICE planners should in turn ask such questions internally, and with their vendors.

### **2. Exploring Cuisines:**

The general public (including conference guests) are increasingly concerned with their personal wellness and the food they are consuming. Canada and the UAE are 2 examples of countries which have recently mandated the publication of caloric and nutritional information of meals directly on menus. Guests want food that is fresh and locally sourced, in-season when flavour is most robust, presented in small bites, and enjoyed interactively-family style. With informed consumers comes increased demand for growing dietary restrictions or preferences well beyond vegetarian and gluten free. Paleo,



keto, pescatarian, vegan and religious dietary requests are just the beginning of specialized conference dining this year.

### **3. Social Media Blackout:**

There is a recent and growing reactionary movement to social media overdose. Travellers are increasingly staying away from social media, LinkedIn groups and numerous poorly constructed apps in favour of the reliable email and browser combo. In such an environment the personal touch (e.g. a phone call, or handwritten note) can stand out and ensure that the guest receives a memorable MICE experience.

### **4. Independents and Specialists:**

As the market gets crowded and more technically advanced, there is a push towards leveraging specialists and SMEs instead of turnkey solution providers. A robust MICE industry will have players addressing all concerns and technical requirements, no matter how small.

### **5. The Millennials**

As Millennials in the workforce are reaching critical mass, there is a paradigm shift occurring on what is considered “minimum-standard” for meetings. State-of-the-art technology, power sockets, free Wi-Fi with no strings attached and others are fast becoming the expectation. Content and knowledge needs to be delivered in an interactive and engaging manner, as organizers compete for attention. Personal/privacy focused meeting rooms are also important for personal conversations and sensitive phone calls.

## **6. Curated Experiences**

As more and more destinations are opening up to the travel and MICE industries, more capital and effort needs to be invested into building specialized, curated and unique experiences. In order to stand out from the myriad of destinations vying for the attention of the client, a unique experience has to be offered. The diversity and inclusion focused workforce desired a diverse experience that exposes them to new insights, cultures and knowledge.

## **7. Team Building for Millennials**

As new experiences are desired, the standard fare team building exercises need to evolve too. For example culinary team building is making waves as it exposes delegates to an opportunity to learn how to make a meal from a chef, but it also forces them to work with colleagues in a unique manner. Other examples of unique experiences include lip sync battles, live interactive dinner shows, wildlife tours, hiking excursions, skiing, mountain biking, petting zoos and go-cart races.

## **8. Outdoors and Nature**

Nature is to be incorporated into meetings, not only as a nearly mandatory expectation from millennials, but also as an opportunity to showcase what your destination has to offer. Hosting a strategy meeting on a river barge on a relaxed body of water can produce a stronger experience than a closed doors boardroom strategy workshop.

## **9. Expedient Follow Through**

Mass movement towards agile project management ideologies has led to growing importance on quick turnaround and communications, in addition to shorter credit periods for payment terms. The pressure is on for surgical precision and rapid fire delivery in order to maintain a competitive advantage.

## **10. Personal Wellness**

As corporate burnout becomes more frequent and visible, maintain a strict work/life balance is slowly becoming a stronger desire. This has carried through to the business traveller and conference guest. Creating a simulation of personal wellness and work/life balance while on the road can be an extremely strong attraction to potential conference guests.

## **Converting Ideas into ROI – Increasing Your Share of the Pie**

Meetings and events demand is expected to rise by 5-10% in 2019 and the average size of meetings will also increase. The global meetings and events industry can look forward to a buoyant 2019. On top of growing demand worldwide, global hotel rates are expected to rise 3.7%, and flight prices 2.6%. (CWT Meetings & Events, 2019)

The growth in MICE is echoed by the latest research from CVent claiming that planners holding six to 10 events offsite have increased from 15% to 28%. Meetings are also getting bigger. 80% of meetings have 21 to 500 attendees compared to 74%

in 2016. This means that the size and scope of corporate events are bigger. (Cvent, 2018)

Along with the increase in the number of attendees is the hike in budget for MICE. 52% of those polled in the Cvent research said that their budget had increased in 2018. Despite the bigger budget, event planners are still looking for ways to cut corners and make events super lean.

In order to leverage these macro movements in the industry, in addition to the travel megatrends and MICE industry trends, the following would be considered MICE critical success factors.

### **1. Plan Ahead**

As MICE grow in numbers, last minute events are doomed to fail. Planning ahead is key. The best time for booking meetings and events activity for small groups is 30+ days out, while for large groups the sweet spot is 75+ days.

Outside of these booking windows, buyers are giving up 5-10% in potential savings. Marketing needs to be constructed around these critical time frames.

Marketing should be pushed not only through digital channels, but through your more “traditional” avenues (e.g. tradeshow such as the Global MICE summit, radio, partnerships, awards)

### **2. Make use of technology**

Traditional sit-down conferences and events are a thing of the past.

Technology will also play a major part next year. Meetings and events now demand more engaging experiences and more targeted learning thanks to rapid innovation in this space.

Augmented reality, virtual reality, artificial intelligence, social media to drive engagement, ad-hoc apps and microsites are some of the technologies that will proliferate across the meetings and events industry. New technology also creates smarter ways of monitoring ROI and ROE. We are seeing voice-command activation and text chatbots moving to hotels and events, and soon we will be using simple and natural voice commands to assist and guide us through our event and trade show journeys, as forecasted by Jill Anonson, events strategy advisor for ITA Group

### **3. Think out of the box**

The use of unusual outdoor spaces like treehouses, rooftops and even islands, along with creating a more festive atmosphere, will be key trends for 2019. There will be a growing demand for unorthodox spaces and activities, particularly in the mature incentive markets in the US and Europe. Suppliers want to make the experience more memorable. Hotels are investing in their meetings and events capabilities.

For example, TD Media recently held its HR Executive Summit in a co-working space in Bangkok. Participants claimed that the unconventional location created an intimate ambience more conducive to learning. Content

will also experience a major shift. 2019 will see further development of new formats: engaging attendees in content creation through questionnaires and involving them in the identification of topics and choice of speakers.

In 2019, those will be less likely to be chosen on the strength of their celebrity status. TED Talks has sparked a whole new way of presenting information, emphasising knowledge, business insight and emotional connection to the audience.

#### **4. Save money without compromising quality**

As the audience and participants increase, budgets for events also spike.

Although the budget increases, event producers and managers are still looking for ways to save every penny. 90% of planners would hold an event at their second choice of potential venues for just a 1% cost savings. (Cvent, 2018)

Costs and discounts still mean a lot to event planners when choosing for a venue. However, event planners will not compromise the quality of the event.

Even when suppliers cannot cut down the costs significantly, they can still bag events by “improving their proposals, ensuring clear, accurate pricing and honest negotiations; offering and promoting unique experiences on the property and in the local area; giving planners more value with extra amenities; and enriching the venue’s atmosphere to provide a standout experience.”

#### **5. Optimize the digital experience**

As event managers are handling more events, they rely heavily on digital tools to streamline the process like sourcing events, searching venues, and contacting suppliers. Event managers design bigger and more expensive events and they often rely on online tools such as social media, search ranking, and venue websites to search and choose locations.

This means that events planners rely on the internet to shop for possible venues for their events. Therefore, making your hotels and spaces searchable online is an important step you should take for planners to find you. This can be done by digital marketing and advertising as well as improving your search results ranking.

Event managers are also armed with mobile devices for venue shopping. Mobile use doubled year-over-year, while tablet use tripled. Laptop or desktop use slightly decreased by 11%, but still trump the use of mobile devices.

It is most likely that event planners conduct most of their work in their laptops and desktops then use their smartphones and tablets to make small changes and make calls to merchants. Event planners fine-tune their events on-the-go using their mobile devices.

## **6. Rethinking Space design**

Meeting space itself is shifting. According to IACC's most recent global "Meeting Room of the Future" report, 72 percent of member venue executives say more planners are requesting changes in meeting space design. The venues are also fielding more requests for "homey" settings for events,

including sofas, comfy chairs and other furniture, as well as unique outdoor venues - "It's all about making a comfortable environment for connecting and creative collaborating, and that is something we'd expect to continue into the next few years."

## **7. Smart & bespoke Crisis Management**

Planners are negotiating contracts with bespoke force majeure clauses, and tailoring attrition and cancellation policies to the unique challenges they might face in a destination. A crisis-management plan is no longer a 'nice to have,' but a mandatory part of any organization planning and designing events," says Banfield. Rather than burying it in the fine print, planners are prominently pointing out risk information -- such as cautions about the Zika or Ebola virus, the likelihood of hurricanes or government issued travel warnings.

### **The African Context & MICE Industry**

In a recently published report by the HQ Association Magazine, Africa is ready to capitalise, working for its slice of the growing global (MICE) pie, and has carved its position as a rising destination for corporates and international event planners. The report highlights the following destinations and significant factors:

#### **1. Increased Airlift across the continent**

Flight access to and connectivity on the African continent has improved drastically in 2018. Ethiopia Airways, Kenya Airways and Rwandair with opening new routes to USA and Europe, have opened up new destination choices such



as Victoria Falls, the Masai Mara and Africa's Mountain Gorillas, have all become more accessible to international MICE travellers as a result of these new ambitious connections. Not lagging behind are also the Intra-African airline connectivity has also increased, approximately five per cent year-on-year, in 2018 with the establishment of 70 new routes and 30 more intra-continental routes in the pipeline.

## **2. New African destinations and improved infrastructure**

Rwanda has been hard at work to position itself as a MICE destination of choice.

Uganda has also indicated it is keen to explore the MICE market further.

According to the article, both Rwanda and Uganda offer unique products and services for MICE travellers and buyers, with the possibility to experience a trip to the Mountain Gorillas a favourite programme highlight. One of the greatest advantages of opting for Rwanda is that the condition of the roads is very good, the travel distances are relatively small and the infrastructure is great. This means gorilla trekking has become more accessible to MICE travellers, who want to visit the gorillas after their meetings are done and dusted. Meanwhile, Uganda offers more affordable gorilla trekking options with permits and mid to high end extensive range of accommodation.

## **3. South Africa TOP of MICE Choice**

However, South Africa will continue to be a destination of choice for MICE organisers and has been rated the number one meetings destination in Africa by the ICCA (International Congress and Convention Association). The country also ranked 34th in the world as a MICE destination. MICE industry attracts approximately by some estimates one-million international delegates to South

Africa annually. As per the CTCC there are around 211,000 national, regional and international meetings, conventions, and conferences hosted in South Africa each year. The favourable exchange rate as a major incentive, and organisers with larger budgets can add a lot more bells and whistles to their events and South Africans offer by far the more sophisticated infrastructure and are best service providers.

#### **4. Hyper-personalisation & Unique Venues**

There has been an increasing trend for hyper-personalisation, with tailor made solutions, to match the client needs and company values. Immersive and unique experiences and out of box venues are easy to establish in Africa as its operating environment never fails to present opportunities to exceed expectations.

With a vast array of exceptional locations, from a meeting on the Blue Train to a convention at the new Zeitz Museum in Cape Town, or meetings out in the middle of the wilderness, as part of a mobile safari camp, or never tiring on top of the Table Mountain as the perfect venue.

#### **5. Unique Corporate Social Responsibility ideas**

As the custodians of the Global Sustainability Development Goals, sustainability and corporate social responsibility will continue to be another primary focus in 2019. The war on single-use plastic to glass jugs during the meetings are the trend, the continent offers a host of opportunities for delegates who want to give back to focus on people, planet and profit. E.g. the Kruger National Park, delegates can embark upon a conservation safari with the Elephant Collaring Project. They can lend a hand by fitting specific elephants with GPS-enabled satellite collars that help identify habitual crop raiders and assist in combating

human-wildlife conflict. A MICE delegate will love the value adds of sleep-outs under the stars, surprise morning bush breakfasts, sophisticated safari dining and tailor-made menus with catering services.

Counting just the financial benefits that MICE tourism can bring to a destination, it also helps to put an end to the seasonal nature of a destination hence the RoI is spread over and above the holiday periods, generating benefits which are clearly and evenly spread creating a year round, more stable job market.

It is now a proven fact that *for the SAME product and service*, the average daily spend of a business traveller, as opposed to standard tourist, is double and in some cases even triple, whilst more than 20% will either extend or return back to the destination with family and friends a later stage – hence expanding the circle of repeat high-end customers.

Based on these findings, the MICE industry is doing extremely well, with budgets on the rise and a need for larger event spaces. This presents hotels and venues with opportunities and challenges in equal measure, especially with the need to differentiate and stand out from the competition.

These facts reveal the importance that **MICE tourism** has for the destinations that encourage it. In order to position yourself as a destination for meetings and to compete at international level with other destinations, it is essential to have an action plan, create good infrastructures in travel connections, accommodation and event celebration as well as being able to provide other necessary services.

Public and private services should work together, create synergies and support initiatives that are proposed by professional event's organisers.

End report.