

OPINION Daniel Tschudy

MICE-temperatures in the BRICS-states

This is an extract of a report, which appeared in Germany's *events* magazine: a status quo of the meetings and incentives industries in the BRICS states Brazil, Russia, India, China and South Africa.

To make it clear from the beginning: it was not that easy to get a feedback from all industry contacts approached. While, with the exception of Russia maybe, all five countries now have a well-functioning National Tourism Board, they do not have an established institution for the specific meetings, incentives and convention segments. There is however a selected group of individuals, opinion leaders, who exchanged with the world for decades, and who were indeed able and motivated to support the project. Here is an executive summary:

B as Brazil: Football and Olympic Games

The 2014 World Cup and the Olympic Games two years later (in Rio de Janeiro) provide ample motivation, adrenalin and investment to truly put Brazil on the global MICE-map. MPI found that in 2009 the 1'000 biggest companies in the country produced some 270'000 meetings; and that segment will grow further and substantially. The inbound-Incentive segment will have a harder time, since only Copacabana is really known in Europe and North America. The industry tries to offer new destinations (for examples the National Park Chapada Diamantina or Jericoacoara with its huge dunes) but that will likely not create new traffic from the Old World. As a consolidation though, both Argentina and Chile are strong markets for incentive groups to Brazil. It is a far more potential story in the congress business, although 75% of all international conventions presently go to Sao Paulo (placing that city at 23 in the ICCA-ranking). New convention centers are planned for Rio de Janeiro, Salvador, Brasilia, and as per latest information also for Goiânia und Fortaleza.

MICE-temperature of Brazil: 35,5°

R as Russia: only two players

Russia must have been the one BRICS-country hardest hit during the 2009 crisis. And that revealed some of the weakness in the industry:

- lack interactions with the global meetings industry
- and thus, a lack of training and education
- no national convention bureau
- often negative price performance comparison (high costs; bad service)

Local industry professional estimate the 'MICE'-relevant annual turnover at € 350 million, but the return on investments on each mandate are rather low, since about 2/3 of all corporate meetings in Russia are pure educational seminars with mostly less than 100 participants per event. Anyway, all business plays in Moscow and St. Petersburg only. As for the Incentive field, some locals hope for a 'Sotschi-effect' but the host city of the 2014 Winter Olympic games at the Black Sea is not being built for European movements, nor is it suitable for it (distance, infrastructure, brand). As for corporate meetings and events to Russia, it must be said that there is not a competitive agency available, and that is not of benefit to the sales and promotion efforts. It is easier to work directly with the few hotels aiming at those segments, such as the Swissôtel Krasnye Holmy in Moscow or the Grand Europa in St. Petersburg. No wonder, as for the congress segment, that 70% of all meeting facilities in Russia are part of a hotel.

MICE-temperature of Russia: 30,0°

I as India: there is lot's to do!

With its people, colours, emotions and languages, India is a sensational tourism destination and its brand „Incredible India“ is so true and very teasing. But having said this, the MICE target audiences is being marketed with the same slogan. And for incentives and meeting buyers, the slogan 'incredible' is not necessarily the one they want to hear. Yet India's industry still prefers to place 'beauty' ahead of reliability and efficiency, and often, precise 1-to-1 questions about technical equipment, operational timings or required infrastructure cannot be answered. The automatic reflex then is to refer to 'beauty' and often to react piqued if somebody doesn't want to hold it there. As for Incentives from the old World, India of course is quite a flight and then substantial ground transport hours away and that is a handicap to stay. What is acceptable to group tourism and to individual travellers, for example the quality of a transfer vehicle, can be a no for corporate movements. Same goes for overseas congress traffic to the country. Although ICCA led its 2010 annual congress participants to Hyderabad, it will take a while until substantial not-Asian international congress business moves to India. But, India is incredible and a wonderful destination to travel. That's one big mark.

MICE-temperature of India: 31,5°

BRICS facts & figures

| | Capital | Surface area | Inhabitants (in Mio.) | Population density; per km ² | GNI per capita 2009 | Unemployment rate 2010 | Economic growth 2009 | Economic growth 2010 (*) |
|---------------------|-----------|--------------|-----------------------|---|---------------------|------------------------|----------------------|--------------------------|
| Brazil | Brasília | 8'514'880 | 191 | 23,6 | US\$ 8'040 | 5,7% | - 0,2% | 7,4% |
| Russia | Moscow | 17'098'242 | 139 | 8,2 | US\$ 9'340 | 7,5% | - 7,9% | 3,5% |
| India | New-Delhi | 2'980'000 | 1'173 | 356,9 | US\$ 1'180 | 9,4% | 7,4% | 8,5% |
| China | Peking | 9'599'200 | 1'330 | 138,6 | US\$ 3'650 | 4,1% | 8,7% | 10,5% |
| South Africa | Pretoria | 1'219'090 | 50 | 41,0 | US\$ 5'760 | 24,0% | -1,8% (*) | 2,6% |

Figures: EU commission, Eurostat; (*), estimations

C as China: Beijing and Shanghai are ready!

China already received that huge learning experience which now lies ahead of Brazil: with the successful planning and implementation of the 2008 Olympic Games and the World Exhibition two years later in Shanghai, China learned on the fast track. And it created quite a powerful destination knowhow for incentives, meetings and congresses. Infrastructure helps, for example brand new highways, hug airport hubs, or, as in Beijing, a five-star hotel industry 55 hotels strong. China too lives actually from a few MICE-destinations in its country: In the Incentive field it is of course the Great Wall and the Forbidden City (both in and near Beijing), a bit of Xi'an with its Terracotta warriors, and then Shanghai and Hong Kong. Macau and Hainan, both with substantial growth rates of corporate groups' arrival from India and China, will very likely not be of interest to the West. As for conventions, Beijing will surely become a major global player, stimulated by the set-up of the China National Convention Centre (CNCC), the former media centre during the Games. Although less than 2 years in operations, CNCC already handled last year 663 events, including 14 international exhibitions and 54 international conferences. This motivates the local industry and it opened the country for know-how carriers such as MPI, ICCA and SITE, all of which have introduced local educational programs. There is still one problem to solve, a good command of English for more staff than just the project managers.

MICE-temperature of China: 36,0°

S as South Africa: is there life after Cape Town?

No doubt that over the last twenty years, Cape Town has done a superb PR and sales job. In fact, at times, potential clients around the world could think that Cape Town is sort of a country on its own, a bit like Monte Carlo or Hong Kong. This was a huge advantage for the Cape region and quite a handicap for the rest of the MICE-destination South Africa. And the World Cup, as smoothly as it was handled, was not really helpful here. Because the-today remaining visual impressions, beyond the football, are limited to one or two sensational stadiums (i.e. Green Point and Soccer City). So, Johannesburg and Durban have lots of work to explain to the world that, indeed, Incentives, Meetings and Conventions can be staged in their destinations and in a few others more. Incentives will continue to focus around Cape Town, and that's going to be hard to challenge. But the international congress community is fast taking notice of the efforts done at ICC Durban or in Sandton. Greater Johannesburg, anyway, is going to become a powerful destination in the corporate world; as the World Cup stimulated dozens of high-end venues to open and to focus not only on domestic demand, but on international clients as well.

MICE-temperature of South Africa: 36,0°

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