Future trends and issues affecting the UK meetings and conventions industry

Introduction
The conference and meetings market in the UK continues to grow, and is an important sector of business tourism. Increasingly, the conference and meetings market is seen as a means to stimulate business tourism activity throughout the low season in many tourist destinations, and is a significant income generator for hotels and other local supplier industries. The continued growth in purpose built convention centres and conference facilities in the UK confirm the extent to which this market sector is believed to be an area for potential growth. However, like all tourism sectors, the conference and meetings industry does not operate in isolation and is influenced by the broader business, social, technological, political and legal environments.

Focus of the research
This report comments on trends and issues that are likely to impact upon the UK conference and meetings market. The report draws on information collected from industry experts to ascertain their opinion on trends and issues that may influence the UK conference and meetings industry over the next five years. Competitive forces are also identified relating to specific regions and countries, new technology and other areas for competition.

Research Objectives
Through the use of a questionnaire, the industry experts were asked to identify the *key trends* in the broader business environment (business, social, technological, political and legal), and the *principal issues* that will affect the conference and meetings industry in the next five years.

In the context of the research, the term's *trend* and *issues* are defined as follows:

- *Trend* – general course, drift, or tendency
- *Issue* – difficulty or problem that has a significant influence on the way the industry functions, or on its ability to achieve a desired future.

Research Methodology
The research findings reported here are from a survey of UK experts that began in November 2000. The research used the 'Delphi' technique, which sought the opinions of industry experts and aimed to ascertain a consensus or agreement of views. Using a questionnaire, the study took place in three rounds, the last of which was completed in June 2001.

The first round asked the respondents to identify the key trends and issues that they felt would have a major affect on the UK conferences and meetings industry over the next five years. In the second stage, a survey was produced based on the various trends, issues and competitive forces identified in the first round by the panel of industry experts.

The respondents were then asked to indicate to what extent they agreed or disagreed with the perceptions of the group in relation to what trends and issues they felt would influence the UK conferences and meetings industry over the next five years. The extent of agreement was measured using a five point Likert scale with the following values:

1 = Strongly Disagree; **2** = Disagree; **3** = Neither Agree nor Disagree; **4** = Agree; **5** = Strongly Agree.

These responses were then used to produce an average level of consensus for the panel of experts. In the final round, respondents were asked to compare their responses with the average rating for each variable and they were given a final opportunity to change their answers. In each of the three stages respondents were invited to provide additional qualitative information on any of the issues.

The Sample
The experts included in the sample were drawn from a range of organisations in the conference and meetings market, which include:

- Destination marketing companies;
- Conference/convention bureaux;
- Industry associations;
- Leading academics;
- Conference venues; and
- Tourism associations

The experts were chosen on the basis of their experience in the industry and their current occupations. The intention was to capture opinions from experts in various organisations who are directly related to the conference business. The sample composition is shown in Table 1:

Table 1: Membership of the Delphi Panel

Membership	First Round	Second Round	Third Round
Destination marketing companies	2	1	1
Conference/convention bureaux	3	2	1
Industry associations	2	2	2
Leading academics	3	2	2
Conference venues	1	1	1
Tourism associations	1	0	0
TOTAL	12	8	7

Due to the complex questionnaire, unfortunately some of the respondents in the first round did not wish to continue with the following 2 rounds. This meant that the sample size declined over time.

Key Trends Influencing the UK Conference Market
The industry experts revealed the following trends in the broader environment as likely to impact upon the conference and meetings market in the UK in the next five years. These relate to the business environment, the social environment, the technological environment, and the political and legal environment.

Business Environment

Overwhelmingly, the key trends in the business environment that are likely to impact upon the UK conference market are improving facilities in conference venues, more competition due to an increase in the number of venues, and competitive prices from other destinations. The success and growth of the UK, the European, and the wider global economy is fuelling increased business in the conference industry, and as a consequence is stimulating the development of more venues and new locations.

The range of venues in the UK with conference facilities now includes urban and rural hotels, educational establishments, unusual venues (castles, stately homes etc.), purpose build conference centres, residential centres and multi-purpose civic and municipal halls. *The British Conference Market Trends Survey 2000* estimates there are 5,640 such venues in the UK. Not too surprisingly, the increase in the supply of facilities means that venues are forced to aggressively compete for business.

One of the main concerns put forward by the experts when considering the business environment is the strength of sterling against other currencies. The value of the pound is seen as a key factor in the ability of the UK to compete with overseas destinations, as currency exchange rates affect both the real and perceived cost of UK conference packages. If the pound is strong against other currencies, the UK products become relatively more expensive.

The business environment is also altering the characteristic of conferences and the way conferences are organised. Regarding the characteristics of conferences, the industry experts feel that industry conferences are getting shorter, with fewer delegates. This may be a result of increased pressure and workloads, which reduces that amount of time employees can be away from the office. Association events are attended by the largest number of delegates (average 79) and likely to last the longest (average 1.6 days). *(British Conference Market Trends Survey, 1999).*

In terms of the way conferences are organised, one of the main changes is an increase in relationship marketing. As relationship marketing is concerned with building long-terms relationships with customers, a range of tactics can be used to ensure repeat business. For example, conference packages can be tied to strategic alliances, joint ventures and vendor partnering. Venues are also concerned with generating extensive marketing databases of clients and delegates for long-term marketing purposes.

The trend for relationship marketing in the wider business environment is beginning to filter through to the conference sector. In addition, there are shorter lead times for conference organisation, largely as a result of on-line information and booking services. The affects of faster communication are generally altering the business environment as response times are shortened and communication is easier due to the variety of medium available. Opportunities for rapid communication are having a direct effect on the speed at which conferences can be organised. With shorter lead times, venues do not necessarily have the security of bookings a long way in advance of the event.

Customers needs are changing too, with time constraints increasing and higher consumer expectations. This results in shorter conferences where delegates expect a high quality of service. The conference business has to adapt for this new type of demand.

Table 2 shows the scores of the sample regarding trends in the business environment. There is a strong consensus of agreement regarding the increase in competition and the higher expectations of consumers and for faster communication in the business environment.

Table 2: Trends in the business environment

Trends in the business environment	**2nd Round Averages**	**3rd Round Averages**
Competition is increasing	4.88	4.88
The business is becoming increasingly global	4.50	4.75
Consumer expectations are higher	4.63	4.63
There is faster communication in the business environment	4.63	4.63
There are shorter lead times in conference bookings	4.38	4.50
Consumer needs are changing	4.25	4.25
Pricing is becoming more competitive	4.13	4.25
There is a need to improve facilities	4.38	4.00
There is an increase in relationship marketing	4.13	4.00
The conference business is dependent on the strength of sterling	4.00	4.00
There is a rapid growth of venues	4.00	3.88
There are inadequate infrastructure investments	3.66	3.75

The business is dependent on the success of the global economy	3.38	3.63
Conferences are getting shorter with fewer delegates	3.57	3.50
There are larger meetings with more breakout sessions	3.38	3.25
Meetings are becoming larger and more centralised	2.75	2.88

Social Environment

Trends in the social environment that will impact upon the conference and meetings market were felt by the experts to exist at two levels. At a very broad level, the continued growth in international travel will facilitate conference attendance. The rationale for this comment was that as more people undertake international travel as part of their regular leisure and business activity, the idea of attending meetings and conferences overseas is acceptable to increasing numbers of people.

In addition, the social trends of increased working from home means that as employees are isolated there is a need to meet and network. These changes in working patterns may mean that conferences become the opportunity for face to face gatherings from dispersed employees. This will have a positive affect on demand for conferences. At a specific level, the experts felt that proposed changes to the term structure for schools in the UK may potentially cause a dramatic change to seasonality patterns within the UK leisure tourism sector. This may have the effect of extending the holiday season, or making the season more dispersed and as a consequence, the conference market will face a reduction in the availability of venues and accommodation during peak season. Conference activity traditionally takes place in the low season for leisure tourism in resort areas, however, an alteration in the leisure season will result in the conference business competing with leisure tourism for accommodation and venue space.

Table 3 illustrates the score of the sample regarding trends in the social environment. Again, there is a strong consensus of agreement that there is a continued growth in international travel.

Table 3: Trends in the social environment

Trends in the social environment	**2nd Round Averages**	**3rd Round Averages**
There is a continued growth in international travel	3.88	4.50
The increase in working from home will increase the need to meet and network at conferences and meetings	4.00	3.88
The proposed changes to the term structure for schools in the UK will cause seasonality to alter and impact on the conference business	3.38	3.38

Technological Environment

There are a whole range of changes in the technological environment that are likely to impact upon the conference and meetings market in the next five years. These include:

- Use of new technologies to complement the conference industry. For example, on-line conference information programmes, personal conference programming, on-line booking facilities, the use of smart cards for conference delegates, multi-media software for presentations, and liquid crystal display (LCD) touch screens for the control of lighting, videos, projection and voice.
- Webcasts making convention programmes available to wider audiences;
- The availability of Video and teleconferencing;

- Greater demand and expectations from conference organisers and delegates;
- New IT opportunities being hampered by a lack of expert back-up support from IT providers and lack of IT training for venue employees; and
- E-commerce facilities provided by vendors and on-line booking.

The changing use of technology and technological advancements are seen by the experts as causing two main problems for the industry. The first one is low expertise in terms of new IT development opportunities. In other words, venues that are installing new IT discover it does not come with satisfactory back-up expertise required for efficient operation. This is seen as a fault of the IT providers, who are not able to provide efficient back-up and support facilities when technological difficulties arise.

Furthermore, there is a general fear of installing state-of-the-art technology when it comes without adequate training for staff. The lack of training in IT for venue staff results in the venue being unable to provide an efficient service to conference clients. Venue staff are not properly trained in how to use the IT equipment, and therefore are unable to demonstrate it effectively to conference clients.

The second problem the experts perceive concerning technological advancements is that different access to capital and technology affect competitiveness. Conference clients expect state-of-the-art technology to be installed in the venues, however, the cost of installing and constantly updating new technology is beyond the reach of many venues. As a consequence, due to the high costs of installing and updating new IT facilities, the technological developments favour the larger conference venues at the expense of smaller venues that have limited financial resources.

Table 4 illustrates the scores of the sample regarding trends in the technological environment. There is a strong consensus of agreement indicating there are greater demands and expectations for the provision of information technology resources from conference organisers.

Table 4: Trends in the technological environment

Trends in the technological environment	**2nd Round Averages**	**3rd Round Averages**
There are greater demands and expectations in terms of technology from conference organisers	4.88	4.88
There are greater demands and expectations in terms of technology from conference delegates	4.25	4.38
New technologies are improving the Conference industry	4.13	4.13
The differing access to technology affects competitiveness	4.00	4.13
Webcasts make convention programmes available to wider audiences	4.00	4.13
Video conferencing will increase in use	3.38	3.25

Political and Legal Environments

The principal political and legal trends that the experts perceive as likely to have an impact on the UK conference markets centre are government policies and support for the industry. Although it is not certain if or when government intervention will occur, the main ones identified are:

- Government support in terms of funding for national marketing campaigns to raise the profile of the UK. This would enable them to compete more effectively with Europe and other international destinations;
- Government funding in the form of grants for business developments and renovation;
- Subsidy of inbound trade and reduction of VAT on hotel beds; and

- VAT on accommodation and high petrol prices for overseas visitors makes the UK expensive.

- Finally, the issue of delegate safety is also of increasing concern for conference organisers and venues.

Table 5 shows the scores of the sample regarding trends in the legal and political environment. There is a strong consensus of agreement on the need for government support for UK conference destinations and facilities in order for them to compete with other European and international destinations.

Table 5: Trends in the legal and political environment

Trends in the legal and political environment	**2nd Round Averages**	**3rd Round Averages**
UK Conference destinations and facilities need more government support to compete with European and other international destinations	4.63	4.88
Government funding should be increased	4.38	4.38
Government taxes and petrol prices hamper competitiveness	4.25	4.25
UK Conference destinations need the reduction of VAT on hotel beds	4.13	4.25
Delegate safety is of increasing concern	4.13	4.13
The differing access to capital affects competitiveness	4.00	4.00

The broad trends in the business, social, technological, political and legal environments are identified as having a general influence on the conference and meetings industry over a five-year time span. Within these broad trends are a range of issues that the industry is facing.

Key Issues Influencing the UK Conference Market
The industry experts reveal the following principal issues that the UK conference and meetings market has to address in the next five years to ensure continued growth and competitiveness. These issues are considered to be difficulties or problems that will have an impact upon the way in industry will operate, or will hamper future growth. They can be broadly described as human resource issues, issues of quality, business, investment and cost issues, and issues related to marketing and selling the product.

Human Resource Issues

The industry experts identified a number of areas for concern relating to human resource management. These are:

- A lack of skilled human resources in the conference industry;
- A need for better terms and conditions of employment for staff which would attract and retain higher quality of staff. Thus, easing problems relating to the recruitment and retention of staff;
- The need for improved education and training of staff;
- Lack of foreign language expertise at UK venues which can cause problems for international delegates, therefore reducing the attractiveness of UK venues for international meetings;
- Low rates of pay compared to other service industries; and
- The need to create a career structure and professional status.
- These areas for concern are clearly inter-related. They suggest a need for the industry to evaluate educational opportunities, training for staff, skill development and career prospects in the conference and meetings market, and pay and image of the industry. Improvements in these areas would result in the industry being able to recruit and retain high calibre employees. Given that employees are an essential component of the service product, there is a need to effectively train, develop and motivate conference staff.

Issues of Quality

The notion of quality was raised in relation to issues that may hinder the development of the industry. Specifically the issues are:

- Quality of facilities and available accommodation; and
- Quality of service

Quality is seen as being of prime importance with increasing competition, and the UK conference and meetings market needs to provide a quality product at least in line with other countries. The Asia Pacific region and Australia were cited as countries where the quality of infrastructure, service and accommodation was perceived to be high in relation to the UK.

Business, Investment and Cost Issues

In order to remain competitive and to develop further growth, there are a number of business, investment and cost issues to be addressed. These are:

- Strength of sterling in relation to the Euro;
- Investment in facilities and transport infrastructure;
- Sponsorship of conferences;
- Growth of in-house conference facilities;
- Decreasing hotel group margins; and
- Value for money

There is a call for both public and private sector investments in the sector for it to remain competitive. Conference businesses do not feel they can address all of the above issues without government intervention.

Marketing and Selling Issues

It is considered vital for the competitiveness of the industry to have a strong marketing base. Issues that will influence the industry relating to this area are:

- Direct flights and easy transport access out of the UK means that UK venues have competition from overseas venues;
- On-line booking and the need for websites for promotion;
- A reduction in overseas marketing of the UK due to budget constraints;
- Fragmentation of UK market due to regional segmentation; and
- The importance of representation at international exhibitions by industry representatives. As many initial contacts and decisions are made at international venue trade fairs, it is vital that the UK is represented by organisations such as the British Association of Conference Destinations (BACD) or the British Tourist Authority (BTA).

Finally, there were calls for improved and more industry research in order to fully understand the nature of the conference industry. This includes market research and improved industry statistics. The industry is critical of its own research and there is a recognition that more needs to be done to collect effective industry statistics.

Table 6 illustrates the scores of the sample in relation to the key issues influencing the UK conference market. A strong sense of agreement was shown in relation to the need for investment in facilities and transport infrastructure, the need for improved education and training for staff and the need to improve the quality of service provided.

Table 6: Key issues influencing the UK Conference Market

Key Issues Influencing the UK Conference Market	2nd Round Averages	3rd Round Averages
Investment in facilities and transport infrastructure	4.75	5.0
The need for improved education and training of staff	4.75	4.88
Improved quality of service	4.75	4.88
Improved recruitment and retention of staff	4.63	4.75
The quality of facilities and accommodation	4.50	4.63
The lack of skilled human resources	4.50	4.63
Improved rates of pay	4.50	4.63
The need to create a career structure and professional status	4.50	4.63
Better terms and conditions of employment for staff to attract and retain higher quality staff	4.38	4.63
Improved industry research	4.50	4.50
The strength of sterling in relation to the Euro	4.25	4.50
Meetings and conferences must be value for money	4.38	4.38
On-line booking facilities	4.13	4.25
Increased overseas marketing efforts	4.13	4.25
The need for more direct flights from abroad	4.00	4.13
Continued representation at international exhibitions by BACD and other industry representations	4.00	4.13
The lack of foreign language expertise at UK venues	3.88	3.88
Hotel Group margins	3.38	3.63
Sponsorship of conferences	3.38	3.50
The growth in in-house conference facilities	3.25	3.25
Fragmentation of the UK market due to regional segmentation	3.13	3.00

Competitive Forces Influencing the UK Conference Market
The industry experts identified a number of competitive forces that may challenge the UK's position in the international conference and meeting marketplace in the next five years.

Specific Destinations

In relation to specific destinations, competition is seen as coming from most of the world's continents. The European Union countries, Eastern Europe, The Middle East, Asia, the USA and Australia are all considered as destinations that could win trade from the UK. Each of these regions has different competitive threats.

Competition from the EU is seen as arising due to its close proximity to the UK, and the relative lower cost of many of the countries due to the strength of Sterling. Eastern Europe is again seen as low cost, and has the advantage of being a new destination that can offer a new type of travel experience.

The Middle East has promoted itself as a new and exotic destination, with high quality services and accommodation. The Asian conference products are good value for money for long haul destinations, with a reputation for excellent service and many new state-of-the-art conference venues. North America is benefiting from low cost airfares from Europe, and has a reputation for quality venues and service. Australia has enjoyed a high profile in recent years with the Sydney 2000 Olympics, and is again seen as offering a high quality product.

In terms of particular countries, Ireland was singled out as a destination that could challenge the position of the UK conference market in the near future, largely as a consequence of its proximity to the UK. Ireland is under the spotlight as a growing economy with the potential to develop its conference market, and the establishment of new venues. The investment in marketing and facilities demonstrated by new destinations is seen as a serious threat to the competitiveness of the UK.

Table 7 shows the score of the sample regarding the destinations competing with the UK Conference Market. There is a consensus of agreement that Ireland and other European Union countries are the UK's main business competitors.

Table 7: Destinations competing with the UK Conference Market

Competitive Destinations	**2nd Round Averages**	**3rd Round Averages**
EU Countries	4.25	4.25
Ireland	4.13	4.13
Asia and the Far East	4.00	4.00
Eastern Europe	3.63	3.88
Australia	3.50	3.38
Middle East	3.13	3.25
USA	3.13	3.25

Specific Technologies

Competition for the UK conference market is seen as arising from developments in technology. The increased use of technology means that various conference destinations operate within a global market, as new destinations become accessible through technological developments. Key technological areas that act as a competitive force are:

- Increased use of the Internet for information means that trade exhibitions are not as busy as in previous usual as clients can research and communicate through the web. Buyers are using websites for research rather than having to attend exhibitions;
- Video conferencing and business communications reduces the need for face to face meetings;
- An increased willingness from delegates to utilise and expect state of the art technology;
- Broadband Internet access - British Telecom's monopoly of telecommunications is hampering the UK's progress. This is due to slow adaptation of broadband facilities that determine access, and high cost.

Table 8 illustrates the score of the sample regarding the new technologies influencing the UK conference market. There is a strong consensus of agreement relating to the importance of the internet and availability of on-line booking. However, the experts felt there is little evidence at present to suggest that new technologies are a serious substitute for face-to-face meetings. This issue has been a concern to the industry for a number of years, but has not yet been proved to be the case.

Table 8: New technologies influencing the UK Conference Market

New technologies	**2nd Round Averages**	**3rd Round Averages**
There is little evidence of new technologies being a serious substitute for conferencing face-to-face	4.25	4.25
The internet	3.88	4.00
On-line booking	3.88	4.00
E-commerce facilities provided by vendors	3.63	3.88
Broadband internet access. British Telecom's monopoly of telecommunications is hampering the UK's progress	3.63	3.63
Increased/ improved travel	3.50	3.63
The willingness to utilise new technologies	3.25	3.63
Buyers use internet for research - exhibitions are quieter	3.13	3.38
Video conferencing	3.25	3.25

Other competitive forces

In addition to destinations and technologies that are seen as competitive forces for the UK, there are a range of other issues that are areas for potential competition. These can be summarised as:

- Economic;
- Human resource issues;
- Infrastructure;
- Marketing; and
- Inadequate and/or incompatible statistics
- In terms of economic issues the value of sterling in relation to other destinations is seen as a threat. The value of sterling has a direct impact upon perceived and real value for money for the product, which in turn affects demand.

With regard to human resource issues, there is a perceived lack of training of staff, and poor organisation of some conferences as a result of poor service quality. The suggestion is there is a lack of motivation by employees in the conference industry, which is further compounded by poor careers prospects and a perceived lack of attractiveness of the conference profession as a career.

Turning to infrastructure, the UK stock offers little flexibility of venue space compared to other destinations. It is likely that convention centre development will make improvements to the UK infrastructure, but the issue of flexibility of space remains real for many of the hotels and established conference venues.

The marketing of conference destinations and venues is also seen as a potential area for increased competition. Aggressive marketing by other destinations combined with their often-higher levels of funding and support than the UK means that the UK increasingly struggles to compete.

The competitiveness of UK destinations is seen as being further constrained by the lack of reliable statistics for the industry. With some notable exceptions, statistics on the conference market are not readily available, and therefore much of the value of the industry is based on estimates. If a clearer understanding of the value of the industry were known, it would assist in making the industry credible.

Finally, the natural desire to try somewhere new, the appeal of foreign destinations and the emergence of new locations and venues works against established destinations. To this effect, older venues and more established destinations have to constantly struggle to find new markets and develop new products.

The competitive forces identified are similar to those stated as key issues that will affect the industry. This confirms the consensus of agreement from the experts that these factors will influence the future of the conference and meetings industry.

Table 9 illustrates the scores of the sample regarding other competitive forces. There is a strong consensus of agreement regarding the competitiveness of the UK due to the strength of sterling in relation to other destinations. The sample also indicated a strong consensus of agreement relating the problems of poor investment in facilities and international marketing, especially when compared to other destinations who have been able to adopt aggressive marketing policies with higher levels of financial support from their respective governments.

Table 9: Other competitive forces

Other competitive forces	**2nd Round Averages**	**3rd Round Averages**
Value of sterling in relation to other destinations	4.63	4.88
Poor investment in overseas marketing and facilities	4.50	4.50
Aggressive marketing by other national conference destinations - often with higher levels of funding than the UK	4.50	4.50
Perceived value for money	4.13	4.25
Inadequate/ incompatible statistics	4.13	4.13
Overseas Convention Centre development	4.00	4.13
Rapid economic growth of other countries	4.13	4.00
Lack of training for staff	4.00	4.00
Foreign appeal of international destinations	4.00	3.88
'New' locations/ venues	4.00	3.88
To develop the industry using the principle of sustainability	3.50	3.63
The natural desire to try somewhere new - works against established destinations	3.50	3.50
Flexibility of venue space offered by the UK compared with other destinations	3.38	3.50
Safety of delegates	3.25	3.13
Poor organisation of some conferences	3.00	2.88

Future Prospects

The future of the UK conference and meetings industry is clearly dependent on a range of external influences. These influences are not unique to the conference and meetings industry, but affect many tourism businesses and services. In an increasing competitive global marketplace, the conference and meetings industry will have to adapt to change and respond to external influences for survival.

In order to remain competitive, the UK conference and meetings industry needs to respond to a number of challenges that will face the industry in the near future. These responses are:

- To upgrade conference venue infrastructure and to develop new products.
- To invest in human resource development for the industry in order to become an attractive career option, and to improve employee motivation.
- To implement and utilise new technologies that facilitate the successful organisation and delivery of conferences and meetings.
- To continue to invest in marketing strategies that will raise the profile of the UK conference and meetings industry overseas.
- To lobby government for support in terms of funding and investments.

Whilst a large amount of conference business is generated from the domestic market, the UK cannot afford to ignore the future trends and issues that may influence the industry if it wishes to expand and become a significant player in the international conference scene.

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