The UK & London Conference Market

Research problems within the MICE industry

The MICE industry is faced with many problems. There is a need to improve the collection of data within the MICE industry. The lack of coverage and reliability of statistics is seen as a crucial limitation to the future development of the MICE industry. One of the main reasons for the formation of the MRU is to provide some academic standards, and to form some clarity within the MICE research.

There is a lack of standardised terminology that often leads to confusion as different industry bodies used different definitions, and terms. Without international or national guidance, the collection of statistics is left to the various trade associations, which invariable only collect data on their members, leading to biased results. Numerous venues or service providers collect MICE statistics, however, not all MICE venues have the technology, finance, time or facilities to collect and analyse data. A range of different organisations, such as the ICCA, EVA, SITE, UIA, collects MICE statistics however, these statistics are not directly comparable due to different definitions and sample sizes have been used. It is a major problem that there is no single body for data collection due to the fragmentation of the industry. Within this paper there are contradictions on the size, scale and value of the industry, this is due to different organisations using different definitions and carrying out surveys on small samples of the industry, often restricted to members of their organisations. One of the aims of the MRU is to reduce such problems by not restricting the sample size of the surveys by members only.

The term ‘MICE’ is often used as a generic term. When examining 'MICE' data, often on closer inspection, the data actually refers only to the conventions and exhibitions market and often excluded for example the incentive sector. Definitions are often used interchangeably and indiscriminately, which makes it difficult to be precise about what actually is being measured. One of the aims of the MRU is to suggest new definitions that could be used on a worldwide scale.

The importance of business tourism in the UK as an income generator

Business travel is an important sector of the UK tourism industry. This sector, as defined by the British Association of Conference Destinations (BACD), includes tourists who attend conferences, trade fairs, exhibitions, incentive travel, corporate hospitality and business (or individual corporate) travel (BACD factsheet 3 September1999). Table one displays the number of business visitors and their expenditure in comparison to general tourists and tourists which visit friends and relatives. In 1997, the BACD estimated that 6.3 million overseas business visitors came to the UK, and spent a total of £3,501 million. UK residents took 15.4 million business trips in the same year and spent in total £2,475 million. The British Tourism Authority (BTA) predicts an annual growth rate for all visits to the UK at 7.3%, with a slightly slower growth rate of 6.1% for business tourism until 2010 (BACD Factsheet 4, September 1999. p.6). The given expenditure patterns and the envisaged growth within the sector, one can say that business tourism is an importance income generator to the UK’s economy.

Table 1 - The Purpose of Tourism

	UK Residents		**Overseas Visitors**	
	Trips in millions	Spending in millions	Trips in millions	Spending in millions
Holidays	70.8	£10,355	10.8	£4,555
Business	15.4	£2,475	6.3	£3,501
To visit friends/relatives	41.4	£1,635	5.2	£1,941
Other	6.0	£610	3.2	£2,247

(Tourism Facts and Figures: British Association of Conference Destinations: factsheet 21, September, 1999)

The overseas spending can be broken down into four difference categories. Table two shows the overseas earnings from the different categories of business tourism. Individual business visits from overseas tourists generate the greatest earnings for the UK at £2,698 million. Whereas conference tourists generate £4.75 million. According to the BACD figures incentive tourism generates £6 million more than exhibition tourists. The total current economic impact from business tourism (domestic and international) is estimated as being £12billion, which on the basis of present growth rates, could rise to over £16 billion by 2010 (BACD Factsheet 3 September 1999).

Table 2 - Categories of Business Tourism from Overseas

Category	Earnings for the UK
Conferences	£475 million
Trade Fairs & Exhibitions	£161 million
Incentives	£167 million
Individual Visits	£2,698 million

(BACD factsheet 3 September 1999)

For 1998, the International Passenger Survey (IPS) states that the numbers of overseas business visitors to the UK had increased on the previous year, to 6,882,000 (including individual business people). The IPS divides this number into meetings and exhibition visitors. Of the total business visitors, 320,000 attended trade fairs and exhibitions, while 922,000 attended conferences (including company meetings and large conventions). Overall this gives a combined total of 1,242,000 conference and exhibition visitors to the UK, which is equivalent to approximately 18% of the total number of UK business visitors. Revenues from international business visitors are estimated to account for approximately 20.4% of total international tourism revenue by the year 2010. (BACD Factsheet 3 Sept 99). This suggests that such visitors exhibit high levels of expenditure.

Background to the research paper

Within the past two decades, the MICE industry has experience considerable growth in both size and strength throughout the world. During the same time scale the UK also experienced tremendous growth within this sector. The focus of this paper is to present a general examination of the London MICE industry, within the context of the overall UK sector. The aim is to demonstrate that London is a strong competitor as a MICE destination, as it strives to keep updating its conference technology, revamping existing venues, and build new facilities to keep in line with the pace of MICE development of the 21st Century. To set the scene, this paper will initially take a general examination of the size of the UK's business travel sector, this will be followed by a summary of the UK Conference and Exhibition industry, before taking a specific view of London's MICE industry.

The Importance of the UK as a Conference Destination

The UK has become a significant player in the global conference industry. For the year 2000, the International Congress and Convention Association (ICCA) estimated that the UK will hold 8.85% of the world's meetings, placing it second in the top ten countries by market share of global meetings. The USA will lose its number one position and shall be replaced by Australia. The September 2000 Olympic Games have generated tremendous popularity for Australia as a destination for MICE activity, thus promoting it to the number one position (see table below).

Table 1 - Market Share of Top 10 countries by number of meetings

Ranked for 1998	Country	1998	1999	2000 (rank)
1	USA	7.25%	7.37%	7.91% (3)
2	UK	6.08%	6.23%	8.85%
3	Spain	6.04%	4.73%	3.79% (8)
4	France	4.98%	4.24%	4.66% (4)
5	Germany	4.95%	5.68%	4.19% (=6)
6	Italy	4.31%	3.59%	4.43% (5)
7	Australia	4.12%	4.53%	9.33% (1)
8	Netherlands	3.93%	3.84%	4.19% (=6)
9	Japan	3.93%	3.64%	3.24% (9)
10	Austria	3.44%	2.09%	1.98% (10)
	Rest of the world	50.97%	54.06%	47.43%

(Source: International Congress and Convention Association (ICCA) 1999
Note: projections for 1999/2000 are an indication only, reflecting bookings before April 1999)

With an increasing number of convention centres opening, the 1990s witnessed an increasingly competitive market, which is still growing. As competition increases, UK towns and cities have to become increasingly competitive in order to win lucrative conference business.

The British Conference Market Trends Survey (1998) suggests that the greatest number of conventions (73%) is corporate, and that corporate delegates are the greatest daily spenders (£46). However, the association conferences hold the largest conferences, with an average of 83 delegates per conference, and have the greatest duration (1.63 days) (refer to table below).

Table 2 - Key Characteristics by Conference Type

	Association	**Government**	**Corporate**	**All events**
Estimated total conferences held in 1998	94,000	81,000	502,300	685,900
% of all conferences 1998	14%	12%	73%	100%
Average number of delgates per conference	83	45	38	45
Average daily delegate rate	£41	£33	£46	£44
Average duration of conferences	1.63 days	1.5 days	1.52 days	1.51 days

(Source: British Conference Market Trends Survey 1998 P.5)

The 1997 Exhibition and Conferences Market Report, published by Key Note (September 1997), state that international conference delegates spent on average £680 per visit, which is over 40% more than an average tourist visitor, (£480 per visit), and over 20% more than average business visitor (£552 per visit). On a spend per day basis they spent £154, almost three times as much as holiday visitors (£55) and almost five times as much as those visiting friends and relatives (£32) (cited in BACD factsheet 4 September1999. p.1).

The UK Exhibitions Sector

The Exhibition Venue Association (EVA) survey for 1999 represents two-thirds of all exhibitions recorded and includes the majority of large exhibitions in the UK. The EVA summary for 1998 states that the total number of exhibitions recorded in venues of 2000m2 or more was 843. The gross hall space occupied by the 843 exhibitions in 1998 was estimated to be 6.1 million m2, slightly less than the previous year's figures. The number of exhibitions occupying more that 6,000m2 of gross space was the same for 1998 as for 1997, at 268 (EVA, 1999). It is estimated that there were 10.994 million visitors to the 843 exhibitions in 1998, the highest number recorded to date. London hosted approximately one third of the exhibitions recorded in ten venues and the West Midlands hosted a quarter of all exhibitions recorded in five venues The total spend by exhibitors on exhibitions in 1997 is estimated to be £850 million (EVA, 1998). Table 3 shows that over 50% of the exhibitions were trade exhibitions.

Table 3 - The number of UK exhibitions (by sector), during 1996 and 1997

	1996		**1997**	
	Number	% of Total	Number	% of Total
Trade	403	57	491	58
Public (consumer)	255	36	310	37
Trade/Public	52	7	40	5

(Source: Exhibition Venues Association, Cited in Keynote 1998, P.10)

The Keynote 1998 marketing report suggests that the number of visitors to each attraction will differ from year to year depending on the popularity of exhibitions, fashion and changes in interests. For example, in 1997, there was a growth in the number of clothing, textiles, footwear, catering and food processing exhibitions compared to the number held in 1996. However, there was a decrease in the number of arts, culture, hobbies, recreation and sport exhibitions compared to the number held the previous year.

Table 2 (see table below) shows that the largest percentage of the total exhibitions came from the service and related industries (19.1%). However, the greatest percentage of visitors attended lifestyles, homes and giftware exhibitions during 1997.

Table 2 - Exhibitions by industry (number and % of total) and % of visitors in 1997

Industry Sector	**Number of exhibitions**	**Total % of exhibitions**	**% of visitors**
Arts, culture, hobbies, recreation and sport	154	18.3	16.3
Lifestyles, homes and gift-ware	86	10.2	19.7
Service and related industries	161	19.1	9.5
Automobile, aviation, marine and defence	51	6.1	14.6
Agriculture, livestock, forestry and fishing	55	6.5	15.1
Broadcasting, computers, electronics and telecommunications	83	9.9	4.9
Clothing, textiles, footwear	44	5.2	7.6
Industry, manufacturing and science	45	5.4	2.3
Catering, food production/processing and beverages	41	4.9	4.9
Medicine, healthcare and pharmaceuticals	53	6.3	1.2
Building, construction, mining and public services	26	3.1	2.1
Industrial/chemical processing	9	1.1	0.5
Energy, power and water	6	0.7	0.2
Maintenance, environment, conservation, Protection and security	27	3.2	1.2
Total	**841**	**100**	**100***

(Source: Exhibition Venues Association, Cited in Keynote 1998, P.15 - *may not sum due to rounding)

The UK Incentive Sector

The below figures promote the importance and the potential growth of the incentive industry within the UK. At present, the incentive industry has little coverage in academic research, as it is very difficult to establish precise figures on the size and value of the market. However, in 1993 the potential for the UK Incentive industry was highlighted by a report carried out on the behalf of SITE (Society of Incentives and travel Executives). The report stated that the UK and Irish incentive market are still at its infancy stage and has the potential to develop considerably. It has the potential to grow to a o1.5bn a year industry. The survey was carried out by interviews with 30 companies. The results showed that 48% of all companies interviewed uses incentive travel to motivate their employees (Travel Industry Monitor, November, 1993, p.6.).

O'Brien (1997) carried out a major survey on the incentive travel to the UK and Ireland. His main findings showed that the demand for incentive travel is strongly correlated with economic prosperity at both company and national level. In 1995 the inbound incentive travel market to the UK and Ireland was worth an estimated o184million a to the UK and £IR30million to Southern Ireland, (Figures quoted included hotel, ground travel arrangements and traveller's expenditure but exclude air transportation costs). The UK domestic incentive travel market is relatively small and was worth only £24m in 1995 O'Brien (1997). The US generates 50% of the entire inbound incentive travel market to the UK and Ireland. The average trip expenditure per US incentive visitor is £2,320 (O'Brien, 1997).

The British Association of Conference Destinations estimate that inbound incentive travel has been growing at approximately 5% a year for the past three years. The UK should maintain its high share of incentive visitors because of its unique cultural, heritage, scenic, and sporting infrastructure (BACD factsheet 4 1999).

MICE Organisations in London

One of the key factors behind London's success as a MICE destination is that the capital has its own convention bureau, 'London Convention Bureau' (LCB). It provides information and advice on MICE organisers, as well as providing information for anyone planning a MICE event, offering to organise site inspections, and bid documents for large international conventions. The LCB had eight major convention venues around London, 11 exhibition centres and have over 150 convention hotels which are associate members of the organisation (Convention & Exhibition 2000).

London is also a member of many leading international MICE organisations such as; the American Society of Association Executives (ASAE); the British Association of Conference Destinations (BACD); the European Federation of Conference Towns (EFCT); the International Congress and Convention Association (ICCA); the Meeting Professionals International (MPI); the Professional Convention Management Association (PCMA); the Society of Incentive Travel Executives (SITE) and the Union of International Associations (UIA) (cited in Convention and Exhibition 2000). All of which contribute to providing an outstanding MICE sector in London.

The MICE Industry in London

London is the world's third most popular international convention destination city hosting major international exhibitions and conferences. Intra-nationally, the top 10 conference destinations and the value of conference business within the UK are displayed on the following table.

Table 1 - UK Conference Destinations

Rank	Destination	Value of Business £*
1	London	2 billion
2	Harrogate	108 million **
3	Brighton & Hove	80 million
4	Bournemouth	65 million
5	Edinburgh	41.1 million
6	York	41 million
7	Glasgow	38.9 million
8	Cardiff	28 million
9	Perthshire	21 million
10	Newcastle	16.8 million

*Ranked in terms of revenue reported for 1998
**Combined conference and exhibtion revenue (cited in Roberts, 1999 P.3)

London remains a key destination attracting more meetings than almost any other capital worldwide. The value of conference business in London is approximately £2billion. London attracts approximately 60% of the total overseas convention visitors to the UK (IPS, 1997 cited in BACD, factsheet 4, 1999). The top five conference destinations outside London are Harrogate, which generates £108 million through a combination of conference and exhibition revenue, followed by Brighton and Hove, which generate 80 million from conferences alone. The value of business from conventions in Bournemouth is £65 million, £41.1 million in Edinburgh, and £41 million in York.

Factors Influencing London's Success as a MICE Destination

There are numerous reasons why London is so successful at holding MICE events which are outlined below. The following section will consider the key reasons for this success. London's popularity is due to many factors, such as the ease of access by air, many headquarters of international companies being located in the capital. London is the world centre for finance, banking, insurance, commodity trading, fashion, arts and culture to name a few. A number of facilities in the capital are constantly being refurbished and improved and new facilities are being built. London may be the third most popular destination for holding a conference internationally, but the capital is losing valuable international exhibitions to foreign competitors due to the lack of space within the city.

Transportation and Communications

London is easily accessible by mainland Europe and the rest of the world, via its five international airports and the channel tunnel. It is continuing to update and improve its transportation services to attract even more trade. For example, the new Heathrow Express rail service connects Heathrow Airport to Paddington Station in approximately 15 minutes. "*There are plans for the further development of Kings Cross railway station. Which already links mainland Europe via the Eurostar, making Kings Cross a gateway to Europe*" (Roberts, 2000a, p.30). New piers and passenger ferry services on the river Thames are helping to create a river highway, reducing congestion on the roads and underground. Since the opening of the Jubilee line extension in 1999, Greenwich is now the largest underground station in Europe.

The Millennium Landmarks
The Millennium has fuelled development projects throughout the city, all popular with visitors and MICE tourists. Many of the new venues have conference/meeting facilities and incentive programmes to attract corporate functions. Two of the most famous new landmarks are the British Airways Millennium Wheel, the largest Ferris wheel ever built at £750 million, and the Millennium Dome. The Millennium Wheel, referred to as the London Eye, opened in February, Somewhat delayed, and bookings for corporate events seem to be popular. Another Millennium landmarks is the Millennium Bridge which is the first pedestrian only bridge for a century, located on the north side of the Shakespeare Globe and the Tate Gallery of Modern Art, which opened in May 2000 on the South Bank.

Facilities in London
London offers many conference facilities, venues ranging from purpose-built convention and exhibition facilities in museums, theatres, livery halls and stately homes to other unusual, often historic, venues. London hotels offer a huge choice of meeting facilities and banqueting facilities. The three largest convention facilities in London in descending order are Earls Court, Olympia and Wembley. London has 18 convention hotels that can hold plenary sessions for over 750 delegates. The following hotels; Paragon, Stakis London Metropole, Royal Lancaster, Grosvenor House, London Hilton on Park Lane, and Hyde Park Inter-Continental offer over 1,000sqm of column free conference space.

However there are problems with capacity in the capital. There is a tremendous shortage of exhibition space and hall capacity in London, which is proving to be a problem for the capital. London cannot host some of the largest international exhibitions and therefore exhibition organisers are choosing other destinations. The Evening Standard (3rd February 1999 p.37) reported that, "London is losing out to other European cities in the lucrative business tourism market, with the capital having a lack of big enough conference centres. Britain's £12bn share of the business tourism market has declined from 9.5% to 6.6% in recent years." At present, large exhibitions are going to other regions in the UK, such as Birmingham NEC, or they are finding destinations overseas. Some of the largest exhibition space can be found in Europe, for instance, in Italy, Germany and France. The largest exhibition venues are located in Milan, Frankfurt, Paris, and Dusseldorf. Milan, for example, has three and a half times more exhibition space that London.

The table below lists 19 European cites which have exhibition centres, and London ranks number 17. According to the European Major Exhibition Centres Association (EMECA), the total capacity of London's exhibition facilities is only 104,500sqm (facilities over 2000sqm in size). BACD (Sept, 99) stated that Paris Expo has 212,000 sqm and Paris Nord has 164,000sqm. When comparing the number of delegates that purpose built convention centres can cater for in Europe and the UK ranks poorly. Purpose built convention centres located in Berlin, Lille and Vienna are capable of hosting plenary sessions for 6000 delegates at a time. London's largest venue is the Wembley Conference Centre which can seat 2,700 at any given time (Greaves 2000, p.53). However, attempts are being made to turn this situation around, and make London one of the major destinations for large exhibitions.

Table 1 - EMECA exhibtion centres, total gross exhibition are Sq.m, hall capacity, 1998

City	1997	1998
Barcelona	141 000	141 000
Basle	142 800	142 800
Birmingham	158 000	158 000
Bologna	135 000	150 000
Brussels	114 362	114 362
Dusseldorf	203 900	203 900
Frankfurt	290 280	291 532
Leipzig	106 600	139 600
London	104 500	104 500
Lyon	92 657	92 657
Madrid	102 600	102 600

Milan	362 991	372 215
Munich	125 000	155 000
Nuremberg	133 000	133 000
Paris	212 140	226 000
Paris - Nord	164 058	164 058
Utrecht	181 380	170 207
Valencia	198 295	198 295
Verona	108 200	108 200
Total	**3 076 863**	**3 168 026**

(Source: European Major Exhibition Centres Association (EMECA) cited in TTI 2000)

The London Elections

The BACD stated that representation of the UK as a destination for conferences could be improved through the support and involvement of Government bodies. At present, the industry lacks a strong profile in commercial and political circles. The knock-on effect is that there is a lack of funding and development grants provided by the UK government (BACD factsheet 8, sept'98).

The London elections took place in May 2000, with many of the standing candidates agreeing that London is in need of a new, larger conference venue which can cater for the large international events. According to Glenda Jackson "having a conference centre is not only important as far as maintaining the economy is concerned, but it is necessary if London is to be seen as a gateway to the rest of the UK and Europe" (Nicholson 2000a). Liberal Democrat candidate Susan Kramer also agrees that there is a need for an international Conference centre in London, having seen the benefits Chicago gained from its pivotal role in business travel (ibid).

Excel

The most significant development on London's exhibition venue scene is Excel, the new international exhibition centre now being built at a cost of £200 million at Royal Victoria Docks. "Excel is 12 times the size of Wembley Stadium" (Roberts, S. 2000a.p.30). Excel will have 65,000m2 of column free exhibition space, 12,400m2 of conference, meeting and banqueting rooms, a DLR rail station and parking for 5,000 cars. Shelton (2000) reported that talks with developers are been held, suggesting that six on-site hotels' representing a potential investment of £100 million, may be located on the Excel site. Talks are taking place with major hotel chains such as Holiday Inn, Marriott, Accor, and Hilton Hotels. "The new hotels and on-site facilities, combined with local hotels, could extend capacity in the area to as high as 4,650 rooms-the biggest such concentration in London", claimed Shelton (2000, p.7). A planned second phase will extend capacity by 75%. Numerous events are already booked to take place once the first phase opens in autumn 2000.

The London Borough of Kensington and Chelsea is running a regeneration programme to improve the facilities of the Earls Court area. However, the conference facilities will not be extended for another two years, Earls Court Olympia will continue with its £60m six-year venue improvement programme (Greaves 2000). There are rumours that Wembley's future as a conference and exhibition centre is safe (according to its owners) and may even be extended as part of plans to bring an international conference centre to London (Roberts, 2000b). Other conference centres in London have also recently experience alterations, for example, the Queen Elizabeth II Conference Centre, which has a seating capacity of 1100, has recently undergone refurbishment. In 1999, the Business Design Centre in Islington added an extra 1,000 sq.m of conference and exhibition space to existing facilities.

Numerous hotels that have conference/meeting facilities are undergoing refurbishment. Many hotels are constantly upgrading their facilities to keep pace with the latest technology and conference organiser's requirements. Several new hotels with conference and banqueting facilities have opened in the past two years including the Metropolitan, One Aldwych, the Chelsea Village Hotel (adjacent to the Chelsea Football Club), and the Marriott in the former County Hall building next to the Thames. Moreover, recent refurbishment has taken place at the Millennium Gloucester.

The largest development for a hotel expansion in London is taking place at the Stakis Metropole Hotel and Conference Centre, costing £90 million and opening in autumn 2000. Once completed, it will offer the largest hotel and conference facility within the UK, with 1,073 bedrooms and 40 meeting rooms, two of which hold 1,000 diners. This development should attract large international conventions to the city.

With numerous world-class facilities already in construction and other, yet to be announced, projects which are still on the drawing board, for example the proposed convention centre at Kings Cross, this will ensure that investments are constantly being made to update UK facilities

Conclusion

At present, the MICE sector throughout the UK is successful in generating large amounts of capital for the economy. The success of the UK market looks set to continue for at least another decade. However, it is apparent that there is a need for larger exhibition space is the capital. Insufficient purpose-built facilities are preventing the UK as a whole and London as a MICE destination responding to the international demand. BACD (factsheet 6- Sept 1998) stated, "it is perhaps, inevitable that, with the substantial increase in competition from around the world, there would be some erosion in the UK's market share." However, there are warning signs suggesting that the UK's MICE sector may decline if certain actions are not taken. To prevent this, the recently appointed London Mayor Ken Livingstone, and the Labour Government, should provide capital and greater support for the MICE sector. Money is needed to improve facilities and infrastructure, and providing adequate training for people who work in the MICE industry. Greater academic research is needed on the MICE industry in general and on the capital in particular. London also needs a better co-ordinated and commercially driven marketing campaign to promote London as a MICE destination. New exhibition facilities such as Excel, and convention hotels such as the Stakis Metropole Hotel are steps forward in the right direction. However, more expenditure is needed in London and larger facilities are required if the capital is to maintain its position as a leading conference destination. The proposed plans for development at Kings Cross is much needed, however it is up to the Government for greater support so that the MICE industry can proceed to grow in the United Kingdom.