



GCB

Meetings made in Germany

 German Convention Bureau

IMAGE AND BUSINESS OPPORTUNITIES FOR EUROPE AS A MICE DESTINATION EX CHINA

➔ EXECUTIVE SUMMARY



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Dear Reader

MICE professionals wanting to successfully work in different international markets need thorough market research and knowledge. With the following study, we are therefore taking a detailed look at China as a major source market for Germany and Europe. It aims to provide GCB members with relevant insights and recommendations that facilitate a more focused approach to tapping into the Chinese market and was commissioned by the “Strategic Alliance of the National Convention Bureaux of Europe”, an initiative that focuses on knowledge exchange between its members, with the long-term objective of maintaining Europe's position as the most popular meetings destination worldwide.

With best wishes,

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Europe has all the potential to appeal to the Chinese MICE market, it just needs to get its communications, content and destination marketing right ...

This, in a nutshell, sums up the key findings of the market report “Image and business opportunities for Europe as a MICE destination ex China“. The study was commissioned by the Strategic Alliance of the National Convention Bureaux of Europe in order to provide MICE professionals with insights and tools to effectively exploit China’s potential as a source market.

Status quo and main areas of improvement

European countries are currently facing a dilemma in the Chinese MICE market because although countries such as Germany are appreciated for their history, individuality and picturesque qualities, Chinese MICE agencies still do not believe that they are able to face the challenges of larger (100+) MICE groups. As interviews with market players show, European tourist boards are not perceived as being very supportive of Chinese MICE agencies, which results in Europe not using its full potential.

The fact that only very few European destinations have their own dedicated MICE representative in China amplifies this effect because Chinese MICE agencies have no equivalent contact to take up conversations with but need to talk to tourist board representatives instead. Then, there are simple but vital infrastructure requirements that are not sufficiently met by European countries, such as airport arrival signs in Chinese, fluent Chinese-speaking guides or hotels not offering the typical Chinese breakfast. Chinese MICE agencies are also not wholly convinced by the content on offer, i.e. only very few European countries tap into their potential to create programmes that do what incentive travel should, by definition, be doing and offer something above and beyond a normal trip. Last but not least, European destinations make only little use of mass media in order to address Chinese businesses and organisations to market their offers and create interest.

Actions to be taken

In order to address the above-mentioned issues, the report makes five key recommendations for European MICE market service providers:

1. **Communicate** and demonstrate your destination’s ability to deal with large groups without compromising its picturesque charm, e.g., using media, congresses or face-to-face meetings
2. **Invest** in relationships with Chinese MICE agents and offer fam trips, workshops and sales trainings including customised sales material
3. **Invest** in Chinese signing, guides and Chinese-friendly facilities
4. **Develop** high-end customised programmes that highlight a given country’s unique traditions, such as Germany’s stand-out engineering know-how
5. **Use** market-specific consumer channels such as WeChat to create a buzz about visiting Europe as a MICE destination





China's current MICE market situation

Two major types of MICE agencies characterise the market in China, each one with their own focus and mode of operation:

Big, state-owned agencies more or less monopolise large-size MICE travel and have good government relations which gives them operational advantages, e.g., with regard to visas and flight arrangements. Overall, they are not limited to specific destinations, usually work with dedicated divisions for industry sectors, such as pharmaceutical or insurance, and have a bigger influence on the destination choice because they know the political framework.

Medium-sized, privately owned agencies by and large only fulfil orders and have little or no influence at all on the destination choice. They get their key business from big agencies and work as their DMCs. Some of these smaller players, however, target the high-end MICE or customised travel market, with higher average budgets, more influence on decision-making and a greater need for "in-depth" travel products that revolve around special topics.

Looking at the current Chinese MICE market, it becomes clear that agencies are very keen on getting more support from convention bureaus and local experts, in particular during the proposal phase. There is a distinct dichotomy between what they want, i.e. highly specialised resources, and what they get, i.e. conventional, "run-of-the-mill" destination information material provided by tourist boards that cater for classic consumer travel needs (due to lack of dedicated MICE representatives):

Chinese MICE agencies first and foremost need innovative and themed travel products. This could, for example, be trips that focus on Germany's standing as a world-wide leader in the engineering industry. They want to be provided with professional training to better understand the local culture and be able to satisfy their clients, plus they look for contacts with and introductions to local companies and factories.

Chinese MICE market trends

Such needs are underpinned by the fact that the MICE market in China is getting more and more mature and the differences to general travel are becoming increasingly obvious. In this context, a number of trends come to the foreground:

The so-called "travel and business theme" focuses on staff and company improvement. Or, as one general manager of a privately owned MICE agency expressed it: "Incentive travel is not just visit and play. The company hopes employees to learn and harvest something through the travel and understand enterprise value as well as create a sense of belonging." Therefore, MICE travel needs to address the need for training and improving staff skills as well as cater for the interest in new technologies and potential investment options via co-operations with local companies, factories and research centres in order to establish study and communication platforms. Likewise, visiting renowned universities and schools, learning about sustainable and eco-friendly business operations or insights into the traditional European culture of family businesses are real incentives. Germany, in particular, is perfectly equipped to satisfy these needs.

Another trend worth noting are government-led initiatives, such as China's "One belt, One Road" project, aiming at making central Asia more connected to the world. Such promotions facilitate increased communication between China and European countries, such as Germany or the UK, and they are increasingly popular in a business and industry 4.0 context.

China's anti-corruption efforts

Chinese president Xi Jinping's anti-corruption drive, which has been a defining feature of his presidency, has also changed the MICE market. On the plus side, the MICE market, as a result, becomes more professional, regulated and mature, mainly because MICE agencies win their clients through market competition instead of government relationships and also because non-governmental demands, instead of the support by government departments, now raise market standards.

At the same time, the anti-corruption programme has also resulted in fewer Chinese delegations travelling to Europe and such government-related clients with unlimited budget used to be the key target for European countries. There are also fewer clients from the pharmaceutical industry (GlaxoSmithKline corruption scandal) and finance industry clients due to stricter government controls.



Choosing Europe – motivators and barriers

Europe has a number of vital advantages that put it ahead of global competitors and increase its attractiveness for the Chinese MICE market.

For instance, the deputy general manager of a privately owned agency pointed out that while the budgets for Europe and the USA are similar, the former is particularly appreciated for its rich cultural offerings. Another interviewee stressed that “with regard to attractiveness, Europe is definitely No. 1 across the world.” (director of MICE dep./general manager, privately owned agency)

Variety and individuality, history and a rich cultural heritage, beautiful nature, world-class shopping with many home-grown world-famous luxury brands, an aspirational lifestyle and education, an overall affluent society and high-living standards as well as very good value for money are certainly the most important drivers for Europe as a MICE destination ex China.

Aspects that put up barriers to increased Chinese business mainly revolve around issues such as security (e.g., in the context of recent terrorist attacks), VISA procedures, special Chinese taxes for consumption abroad or the perceived lower service level resulting from stricter European labour legislation and the fact that certain Chinese consumer needs (e.g., kettle in hotel room, Chinese breakfast) are not sufficiently catered for.

European countries top-of-mind

Among all European countries, Germany, France, Italy, Switzerland, the Netherlands, Spain and the UK are the top selections for Chinese MICE travel decision-makers. Out of those, Ger-

many, France and Italy are the ones that are mentioned most in comparison. All of them are traditional and well developed countries and leading locations for trade fairs and exhibitions.



increase activities



increase support



European values



enhance awareness



create products

The way forward for Europe

MICE travel is a growing industry in China as more and more companies start recognising the value and benefits of incentive travel. At the same time, Europe is paying more attention to the Chinese MICE market and compared to the USA as the main competitor is a more attractive proposition because of its cultural offers and more varied travel options.

Actions to be taken

In order to exploit this competitive advantages, European countries need to

- ➔ increase their promotional activities in China
- ➔ increase the support offered to Chinese MICE agencies
- ➔ increase the promotion of classic European culture, history and landscapes
- ➔ enhance the awareness and recognition of European offers, e.g., fam trips for MICE agencies to experience local resources and products, regular communication with agencies via workshops and roadshows (incl. participation in MICE product development), and professional training
- ➔ develop new MICE travel products to attract more business, especially from the smaller, high-end MICE agencies with higher budgets

The last recommendation in particular has a lot of potential: On the one hand, it entails diving deep into typical European features, be it specific towns, folklore or culture, and on the other, it's all about launching products that add value to the client's business and provide a so-called "mental value" by matching the theme of the respective MICE group. In this context, Germany is well positioned and can offer anything from heritage companies that are hundreds of years old via the world's leading automotive industry and renowned universities to exemplary craftsmanship: "Some clients propose a specific theme and ask the agency to recommend a destination. For example, when they propose craftsmanship we usually recommend Germany." (vice general manager, privately owned MICE agency)

Research set-up and sample

The report looked at senior decision makers in private and state-owned MICE agencies in Shanghai and Beijing. All 20 respondents have direct client contact. Interviews took place at the respondents' workplace and lasted approx. 60 minutes.

Source: TNS Nipo on behalf of the Strategic Alliance of the National Convention Bureaux of Europe

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