Institute for Systemic Management
and Public Governance

University of St.Gallen

The economic impact of MICE Tourism

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Central issues

- MICE-Tourism
  - definition and characteristics
- Importance of MICE-Tourism for destinations
- Case Studies Zurich and Davos:
  - characteristics of the two destinations
  - characteristics of the two convention centres
  - economic impacts of the convention centres for their destination
  - monitoring system for regional economic impacts
- Conclusions

Definitions and characteristics of MICE-Tourism

Definition of MICE

- ***MICE = Meetings, Incentives, Conferences, and Exhibitions***
- **Meeting** - general term indicating the coming together of a number of people in one place, to confer or carry out a particular activity. Frequency: can be on an ad hoc basis or according to a set pattern, as for instance annual general meetings, committee meetings, etc.
- **Incentive** - meeting event as part of a programme which is offered to its participants to reward a previous performance.
- **Conference** - participatory meeting designed for discussion, fact-finding, problem solving and consultation. As compared with a congress, a conference is normally smaller in scale and more select in character - features which tend to facilitate the exchange of information. The term "conference" carries no special connotation as to frequency. Though not inherently limited in time, conferences are usually of limited duration with specific objectives.
- **Exhibition** - Events at which products and services are displayed.

The acronym MICE is applied inconsistently with the “E” sometimes referring to Events and the “C” sometimes referring to Conventions. MICE is used to refer to a particular type of tourism in which large groups planned usually well in advance are brought together for some particular purpose.

Source: www.iccaworld.com

Segmentation of the MICE-sector

- Segmentation by the initiator of the meeting



Source: ICCA report 2009

- Segmentation by the number of participants
  - mega-events: more than 1'000 participants
  - congresses: 200-1'000 participants
  - meeting: 100-200 participants
  - symposium: 30-100 participants
  - seminars: up to 30 perticipants

Source: Gugg (1972) in Schreiber (2002)

ICCA-Statistics

- To be included, association meetings must meet the following criteria:
  - be attended by at least 50 participants
  - be organised on a regular basis (one-time events are not included)
  - move between at least 3 different countries
- Volume of the association meetings market:
  - 8'294 meetings with over 5.2 million participants
  - average: about 600 participants for each international meeting
  - 27% have attracted between 50 – 149 participants
  - total expenditure by delegates on all international meetings in the ICCA Association Database is over 13.5 billion USD
- Most popular countries:
  - U.S.A (595); Germany (458); Spain (360); Italy (350); United Kingdom (345);….
  - Switzerland (214, rank 12)
- Most popular cities:
  - Vienna (160); Barcelona (135); Paris (131); Berlin (129); Singapore (119)
  - Zurich (57, rank 30); Davos (less than 5)

Source: ICCA report 2009

Conventions in Switzerland*

- Total revenue: 623 million CHF (575 million €)
- Overnight stays: 1.902 million
  - 5.4% of all overnight stays in Switzerland
- Foreign participants:
  - 1.069 million overnight stays (56%)
  - total revenue: 374 million CHF (345 million €) (60%)
- average length of stay for foreign participants: 3 nights
- average expenditures per participant per night:
  - foreign participants: 324 €
  - swiss participants: 278 €

Source: Swiss Concention & Incentive Bureau
* Data for 2009

Importance of MICE-Tourism for destinations

MICE and destinations

- Destinations and regions have to compete for tourists, inhabitants and firms on a national and international level.
- Location quality as well as special offers for different segments of guests are important elements for the positioning of destinations.
- Positioning in an international market for business travellers is attractive for destinations because of its higher added value.

Benefits for destinations by MICE tourism

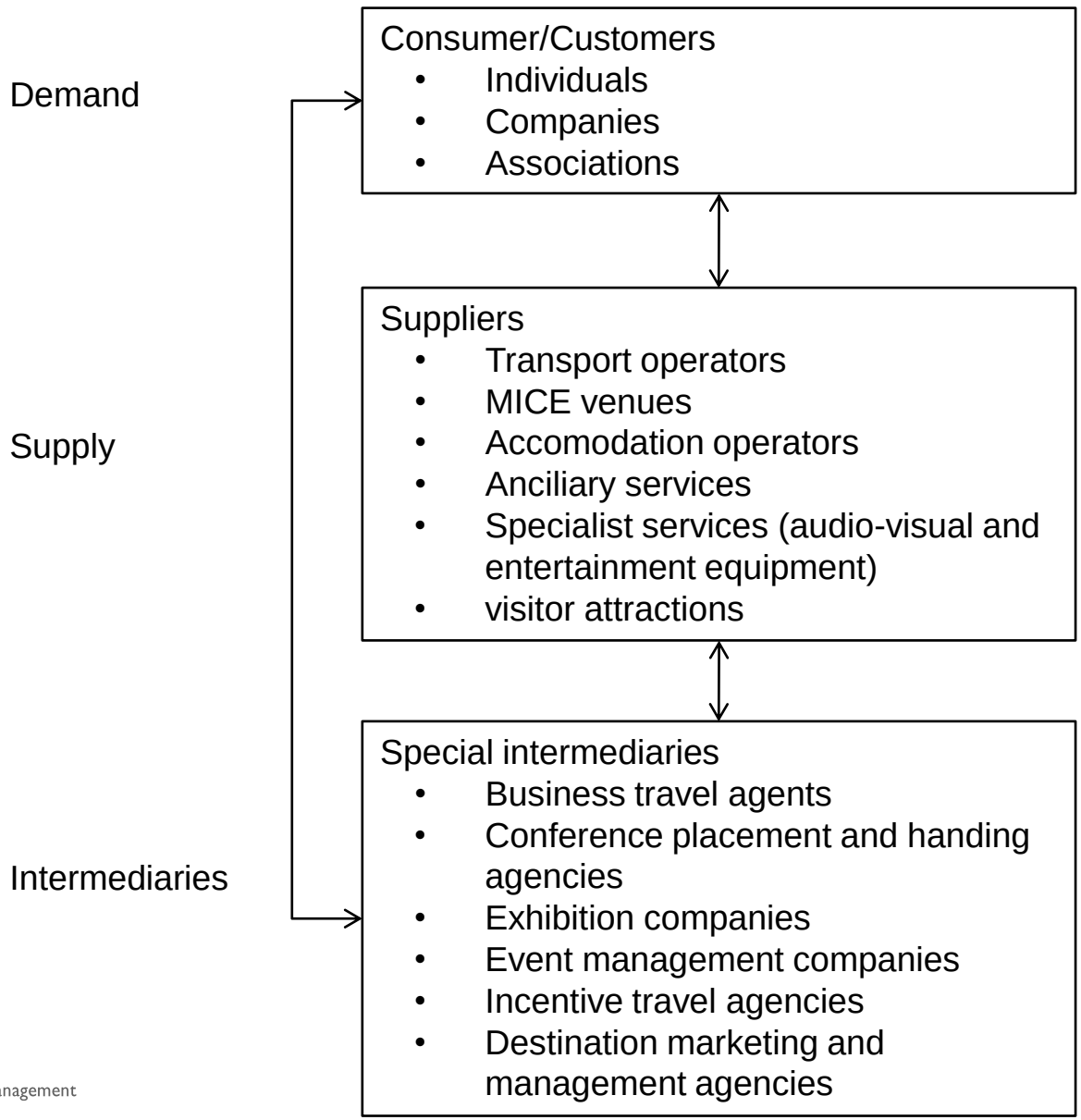
- well planned agenda in advance
- large (international) groups
- bid on by specialized “convention” bureaus
- process of marketing and bidding is normally conducted well in advance of the actual event, often several years
- MICE tourism is known for its extensive planning and demanding clientele
- greater profitability
- all year round activities
- future inward investment
- less environmental impacts
- **MICE seems to be an attractive segment for many destinations**

Trends of MICE-tourism

- shorter booking-times – 30/45 days is now typical
- more cancellations of conferences
- groups are smaller
- participants tend to stay in the hotel for a shorter time
- number of participants in hotel conferences in Europe dropped by around 60% in the last 15 years
- meetings will gain importance, conventions are second followed by incentives and events

- market of MICE-tourism is changing
- companies are focussing on saving money
- "down to business"-approach

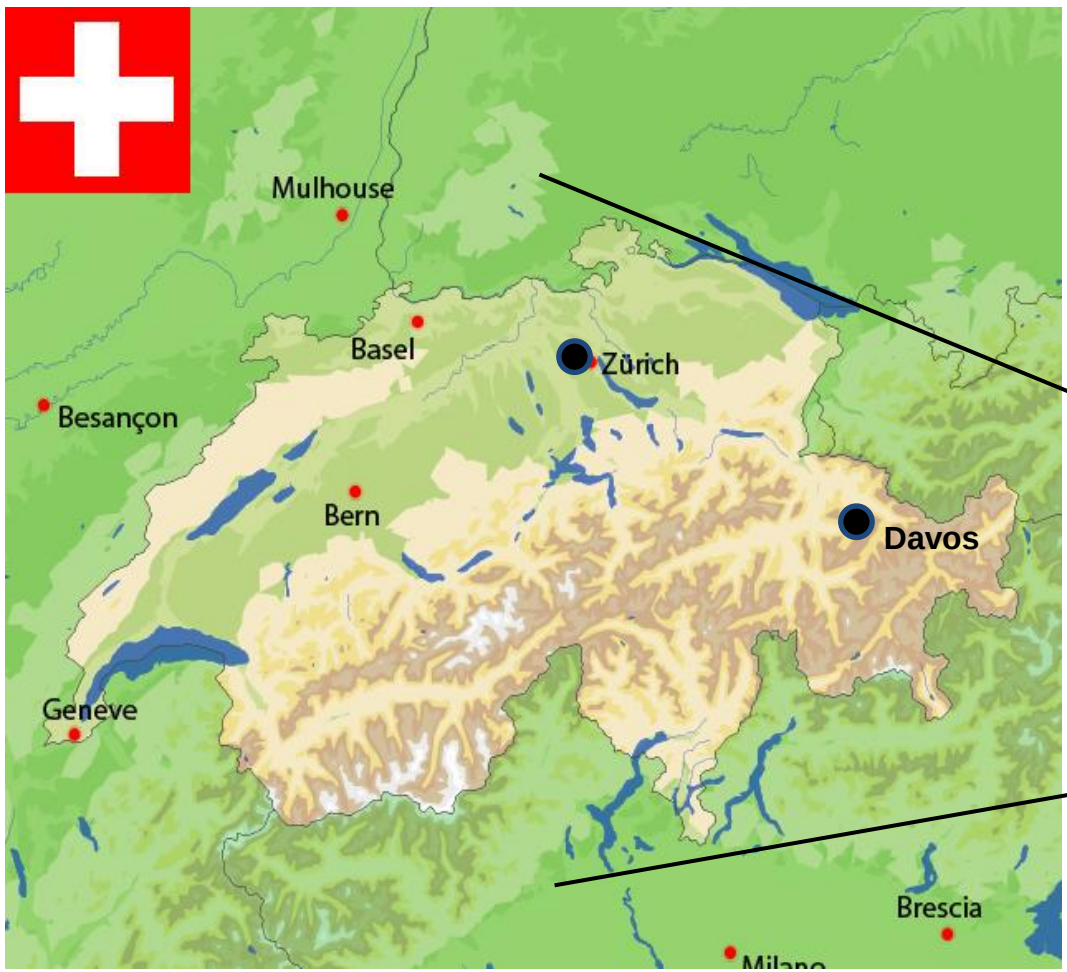
Stakeholders of the MICE-industry



Source: Girod 2009 (p. 22)

Case Studies: Zurich and Davos

Four case examples

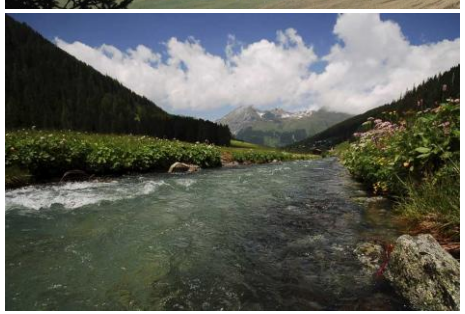




Characteristics of Davos destination

- Davos is Switzerland's highest Town
  - 1'560 meters a. s. l.
  - about 11'000 inhabitants
- top Winter destination
  - 6 different winter sports resorts with totally 305 km of slopes and
  - 114 km of cross-country skiing trails
- 1.4 Mio. overnight stays per year
- broad range of activities in winter and summer (700 km hiking trails)









Characteristics of Zurich destination

- Zurich is the biggest city and the economic, scientific and social centre of Switzerland
- High quality of life
- about 385'000 inhabitants
- Zürich is Switzerland's biggest tourist destination (2.6 million overnight stays per year – only hotels)
- wide variety of cultural and sporting opportunities to enjoy with
- various events and public festivals taking place throughout the year.









Convention Centre Davos

- opened 1969, expansion and modernisation in 2010 (investment: 35 Mio. €)
- one of the alp's most modern congress venues
- Capacity: up to 5,000 attendees, 34 high-tech rooms for 20 to 1,800 people
- all services under one roof
- World Economic Forum as the most prominent event



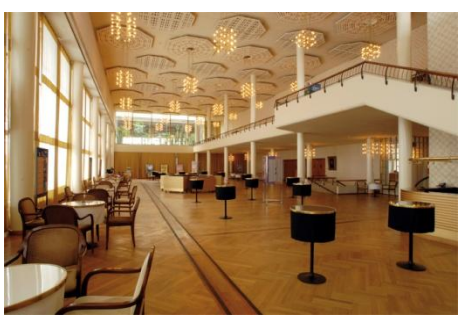




Convention Centre Zurich

- opened 1939
- same building with the "Tonhalle" (music hall)
- declared as a historic building
- very flexible for nearly any kind of event
- located in the city centre with the panoramic view of the lake and mountains
- Convention Centre Zurich benefits from the city's appeal as an important location for finance, business, tourism, culture, research and learning.

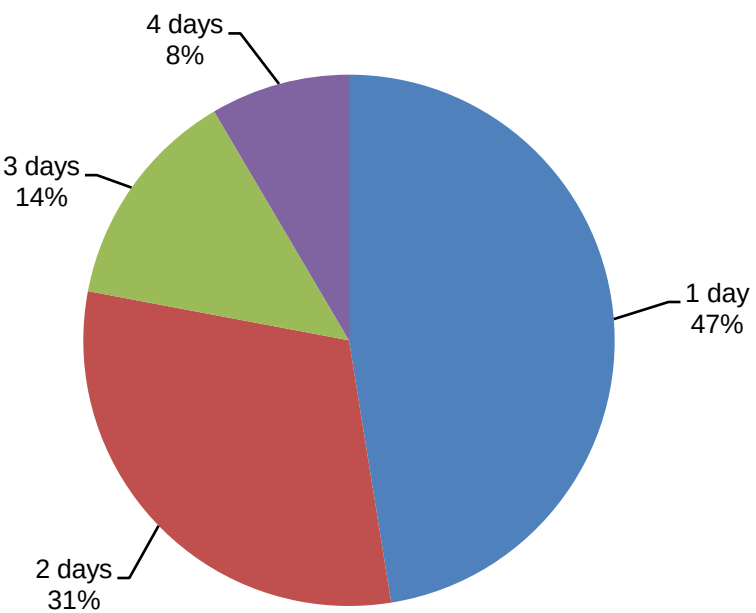






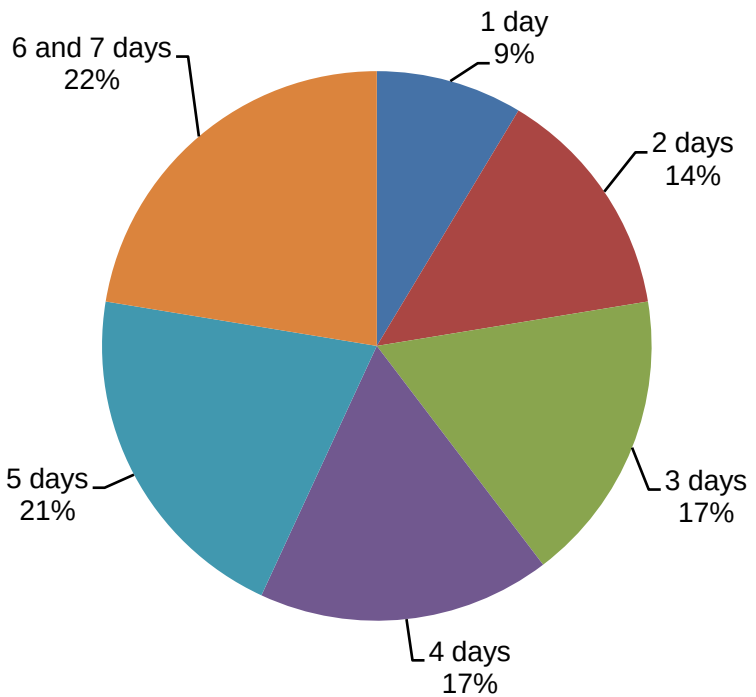
Congress duration

Zurich



n=118

Davos



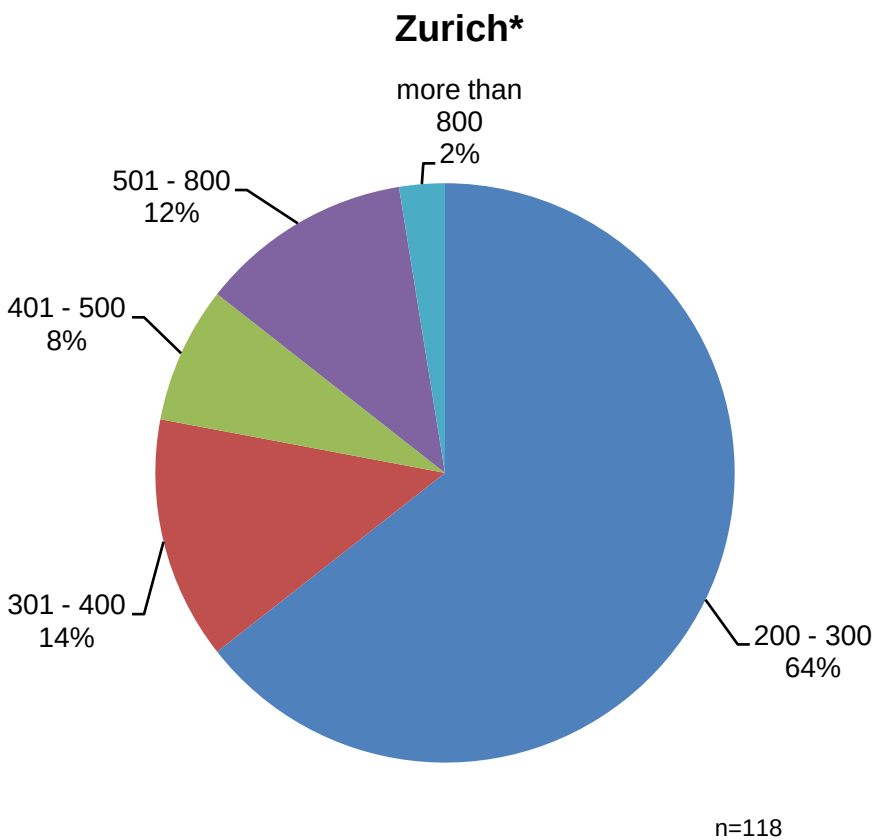
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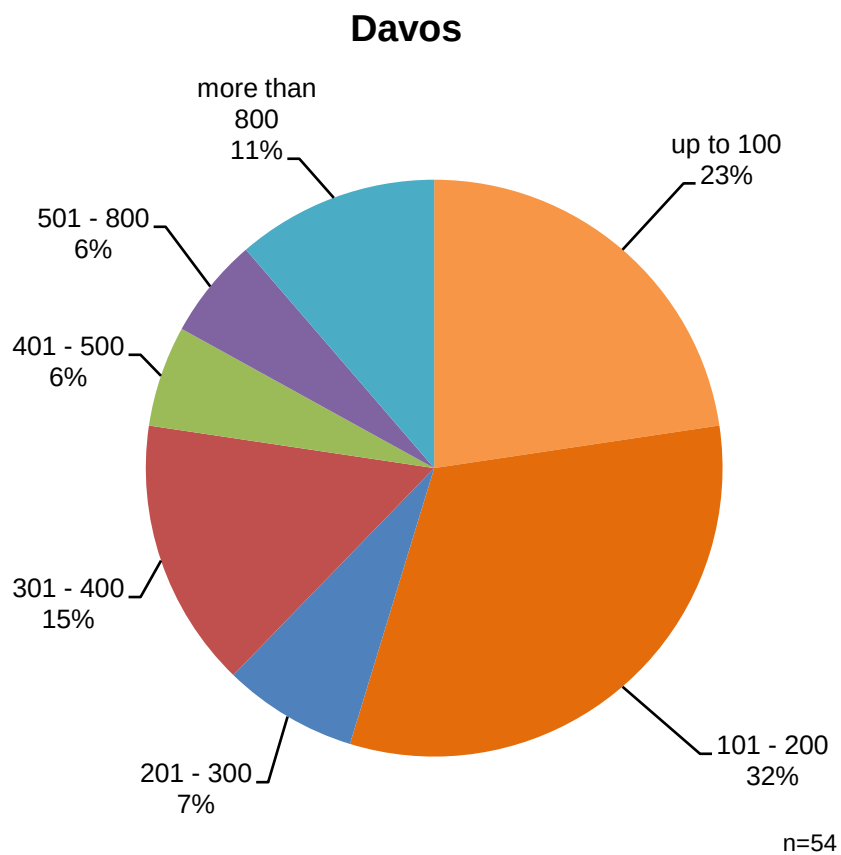
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Ø Congress duration
Zurich: 1.8 days
Davos: 4.1 days

Number of participants





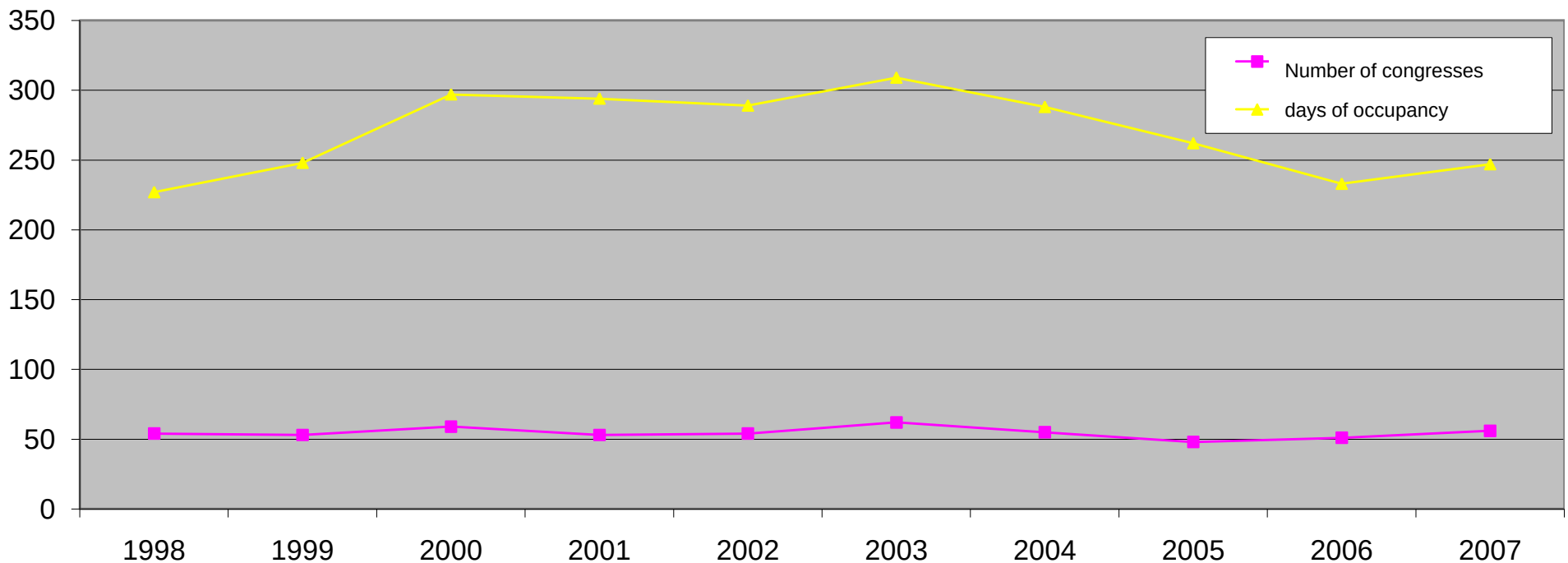
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Ø Number of participants
Zurich: 345
Davos: 350

* the limit for Zurich was more than 200 participants

Development of congresses in Davos 1998-2007

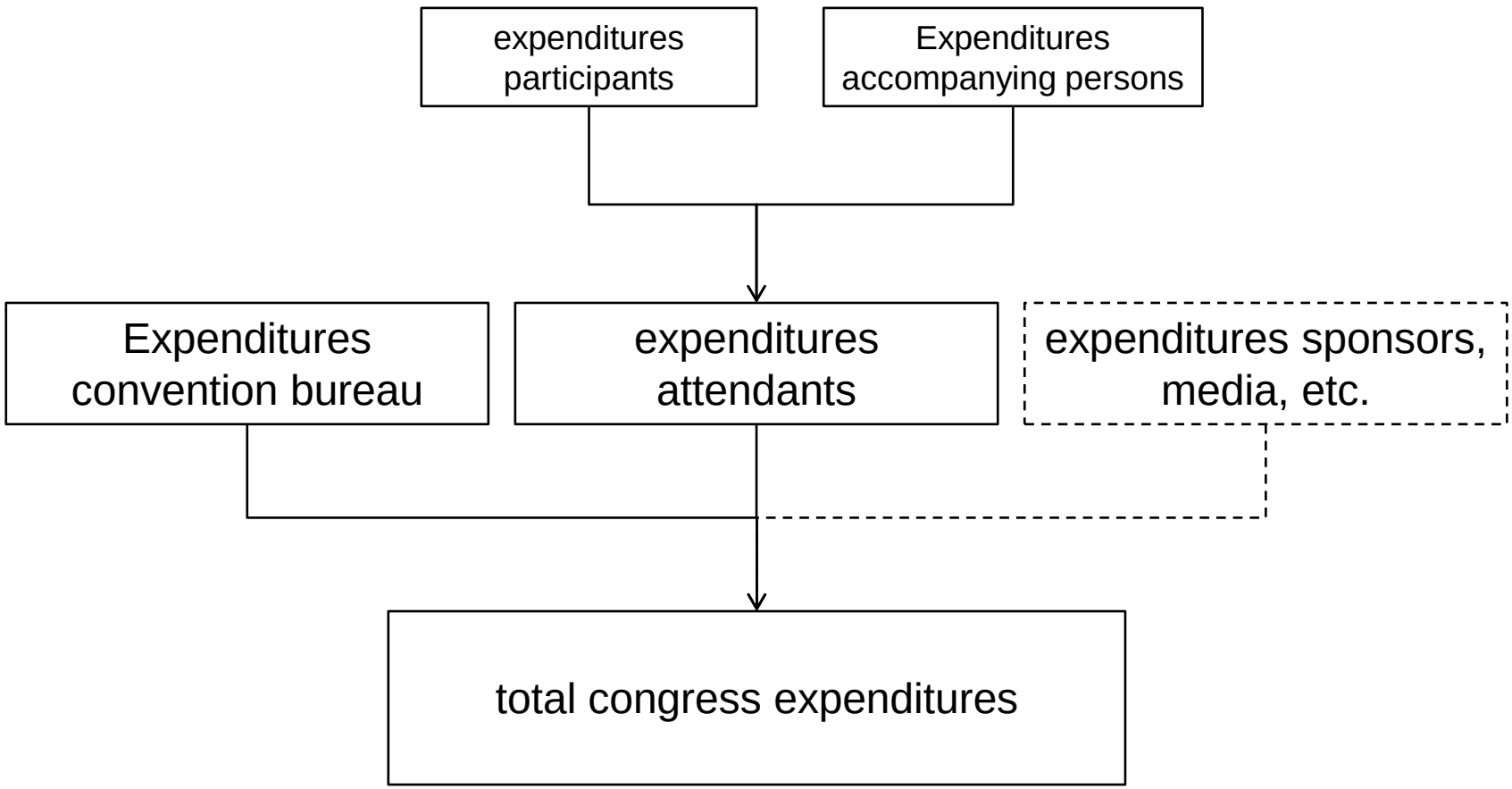


number of congresses is constant,

days of occupancy is decreasing

➔ trend of shorter time-duration

Relevant expenditures for regional economic impact



Participant's expenditures

	expenditures for each participant during his stay
Köln	468 €
München	657 €
Düsseldorf	490 €
Essen	298 €
Hamburg	409 €
Leipzig	265 €
Germany in general*	651 €
Switzerland in general**	324 € (for each day)

Source: Penzkofer, Ifo-Institut, div. Publikationen
*Source: ghh consult
**Source: Swiss convention

Regional economic impact - Davos

- total turnover: 53 million €
  - hotels and restaurants: 39 million €
  - share of the five biggest conventions: 55%
- total added value: 48 million €
  - retailer, services, etc.: 30 million €
- about 113'000 overnight stays
- about 600 jobs
- **Congress center Davos is an important economic factor for the city!**
- **Many branches benefit!**

General assumptions

- The economic effects of a congress can vary in a broad range.
- The participant's as well as the organiser's expenditures depend on the kind of the congress.
- The amount of expenditures are influenced by the following indicators and depend on them:
  - Duration of the congress
  - Congress venue
  - share of accompanying persons
  - kind of event
  - sector/branche

Indicators for monitoring the economic impact of MICE tourism

	participant's days	duration 5%	venue 10%	kind 20%	acc. persons 40%	sector 25%	∅ expendi-ture for each participant	total expendi-tures
Congress 1	1200	A	C	C	A	A	290	**350'000 €**
Congress 2	480	C	C	C	A	A	305	**150'000 €**
Congress 3	740	C	C	B	A	C	350	**250'000 €**
Congress 4	1200	C	C	A	A	A	245	**300'000 €**

Conclusions

Conclusions

- The relative and the absolute economic impact of MICE tourism depends on different parameters.
- Not only the number of events or participants are responsible for a high economic impact.
- Crucial parameters for the relative economic impact of MICE tourism
  - size and conditions of the destination
  - economic structure of the destination
  - tourism supply of the destination

- Economic impact of MICE tourism is relatively low on a big and attractive destination like Zurich but could become a more important factor for rural destinations like Davos.