

Economic Impact of MICE in Thailand

Summary Presentation



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What is MICE industry?

MICE stands for Meetings, Incentives, Conventions and Exhibitions

M

MEETING

A meeting of a number of people who work for a same company or group of companies. It is a general term indicating the coming together of a number of people in one place to confer or carry out a particular activity.

I

INCENTIVE

a modern management motivational tool to encourage or reward employees, workers, dealers, distributors, agents, sales representatives, etc.

C

CONVENTION

Meeting of a number of people who work for government or who are people in same or similar careers. It is a general term indicating the coming together of a number of people in one place to confer or carry out a particular activity.

E

EXHIBITION

Exhibition is taken as a mean to present products or services to the target audiences with the main objective of inducing sale and/or creating awareness.

Economic Impact Assessment in MICE Industry

Economic impacts are effects on the level of economic activity in a given area. In this study, the “effects” may be viewed in terms of:

	Measures of Economic Impact	Rational
Expenditure / Spending	It includes spending of event organizers, delegate spending, vendor spending, investment spending, and MICE employee spending	As many other countries are still using spending to capture the data for tourism & MICE industry , the results can be used for comparisons with other countries.
Value Added	It includes the sum of wage income and corporate profit generated in the study area. For this study, it includes VA of EOs, VA of vendors, VA of delegates spending, VA of vendor spending, VA of MICE investment, and VA of employee spending.	The results can be used to compare with other industries in the economy in terms of contribution to GDP.

For the purpose of this study, the following definition of value added is considered

Value Added (VA)
= Operating Surplus / Loss* + Remuneration + Indirect Taxes & Fees

** Refers to operating receipts less operating expenditure plus depreciation of fixed assets*

Calculation of Economic Impact By Expenditure: Definition

The economic impact of the MICE Industry is defined below

Tier of influence

Direct Impact	<ul style="list-style-type: none">▪ This is a calculation of the value measured in Thailand baht of expenditures by MICE segment industry visitors/delegates, exhibitors, and organizers.
Indirect Impact	<ul style="list-style-type: none">▪ This is a measure of the amount that suppliers which support the Thailand MICE segment industry spend on goods and services from third parties.
Induced Impact	<ul style="list-style-type: none">▪ This is a measure of impact of the spending by MICE segment - related employees in the local Thailand economy.

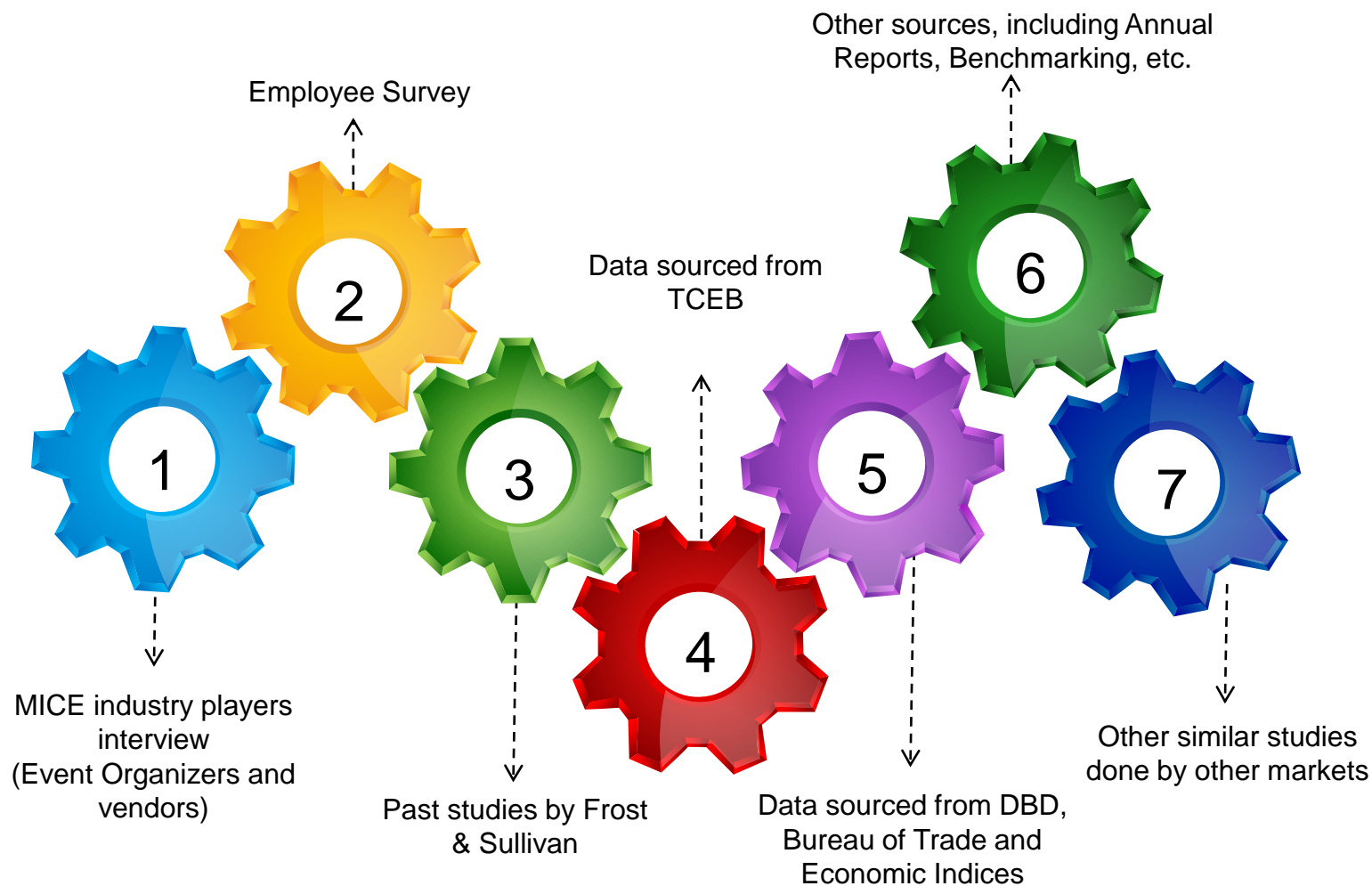
Economic Impact Assessment in MICE Industry

Economic impacts are effects on the level of economic activity in a given area. In this study, the “effects” may be viewed in terms of:

	Spending	Value Added
Direct Impact		
<ul style="list-style-type: none"> Event Organizers Delegates 	<ul style="list-style-type: none"> EO Spending Delegate Spending 	<ul style="list-style-type: none"> VA of EO (PCO,PEO,DMC) VA of EO spending VA of delegate spending
Indirect Impact		
<ul style="list-style-type: none"> Vendors Investments 	<ul style="list-style-type: none"> Vendor Spending Investment Spending 	<ul style="list-style-type: none"> VA of vendor spending VA of investment spending
Induced Impact		
<ul style="list-style-type: none"> Employees of MICE industry 	<ul style="list-style-type: none"> MICE Employee Spending 	<ul style="list-style-type: none"> VA of employee spending
	Total Expenditures	GDP Contribution

Economic Impact Assessment in MICE Industry

The study used various data sources to capture the economic impact of the MICE activities in Thailand

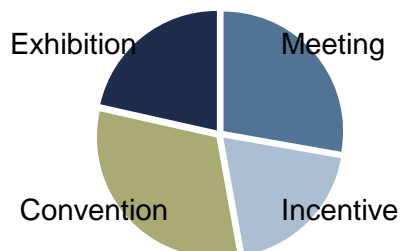


Summary

MICE industry in Thailand has contributed significantly to Thailand economy

Economic Impact

MICE industry in Thailand contributes **0.77%** of overall Thailand GDP



MICE Expenditure:
฿222.7 billion



MICE GDP Contribution:
฿113.5 billion

Other Impacts of Thailand MICE

Besides the quantitative benefits, MICE have contributed to Thailand in terms of networking, branding of Thailand and cross-industry skill sharing



Government Tax:
฿10.4 billion



Job Creation:
164,427 jobs



Networking
Opportunities



Branding of
Thailand



Industry Skill
Sharing

Source: Frost & Sullivan analysis

Summary

Below infographic shows major figures of Thailand MICE industry

Traveller Spending per Day

MICE travelers' spending per day is 3.5 times more than leisure travelers' spending per day

3.5 times



MICE Traveler

Leisure Traveler

MICE Traveler:

฿16,095.19

(spending per day)

Leisure Traveler:

฿4,616.49

(spending per day)

Traveler Spending per Trip

Despite the fact that leisure travelers are staying longer (9.85 days) than MICE travelers (5.28 days), MICE travelers are still spending more (THB 84,982.60) than leisure travelers (THB 45,472.43)

1.9 times



MICE Traveler

Leisure Traveler

MICE Traveler:

฿84,982.6

(Spending per trip)

Leisure Traveler:

฿45,472.43

(spending per trip)

Source: Frost & Sullivan analysis

Summary

Below infographic shows major figures of Thailand MICE industry (Cont'd)

Thailand MICE Figures



**Value Added
per Worker**

2.1 times

more Value Added
(GDP contribution)
than average worker

- MICE contributes more to GDP
- Comparing GDP contribution per worker, employees generated by MICE industry contribute 2.1 times more than average employees do in Thailand



Growth Rate

1.6 times

faster growth rate
than overall GDP
growth of Thailand

- MICE industry is fast-growing industry
- CAGR (Compound Annual Growth Rate) of MICE industry is 1.6 times higher than Thailand GDP growth rate (2009-2013)



**Corporate
Income Tax**

2 times

more corporate tax
pay compare to MICE
GDP contribution
rate

- MICE contributes more on tax
- Comparing GDP contribution of MICE and Tax contribution of MICE, MICE industry pays 2 times more tax than its GDP contribution



**Return on
Investment**

104.27 baht

=Economic Impact
(VA) / TCEB Budget

- As of 2013, per every 1 baht that TCEB spending, total 104.27 baht of GDP contribution was generated

Source: Frost & Sullivan analysis

Summary

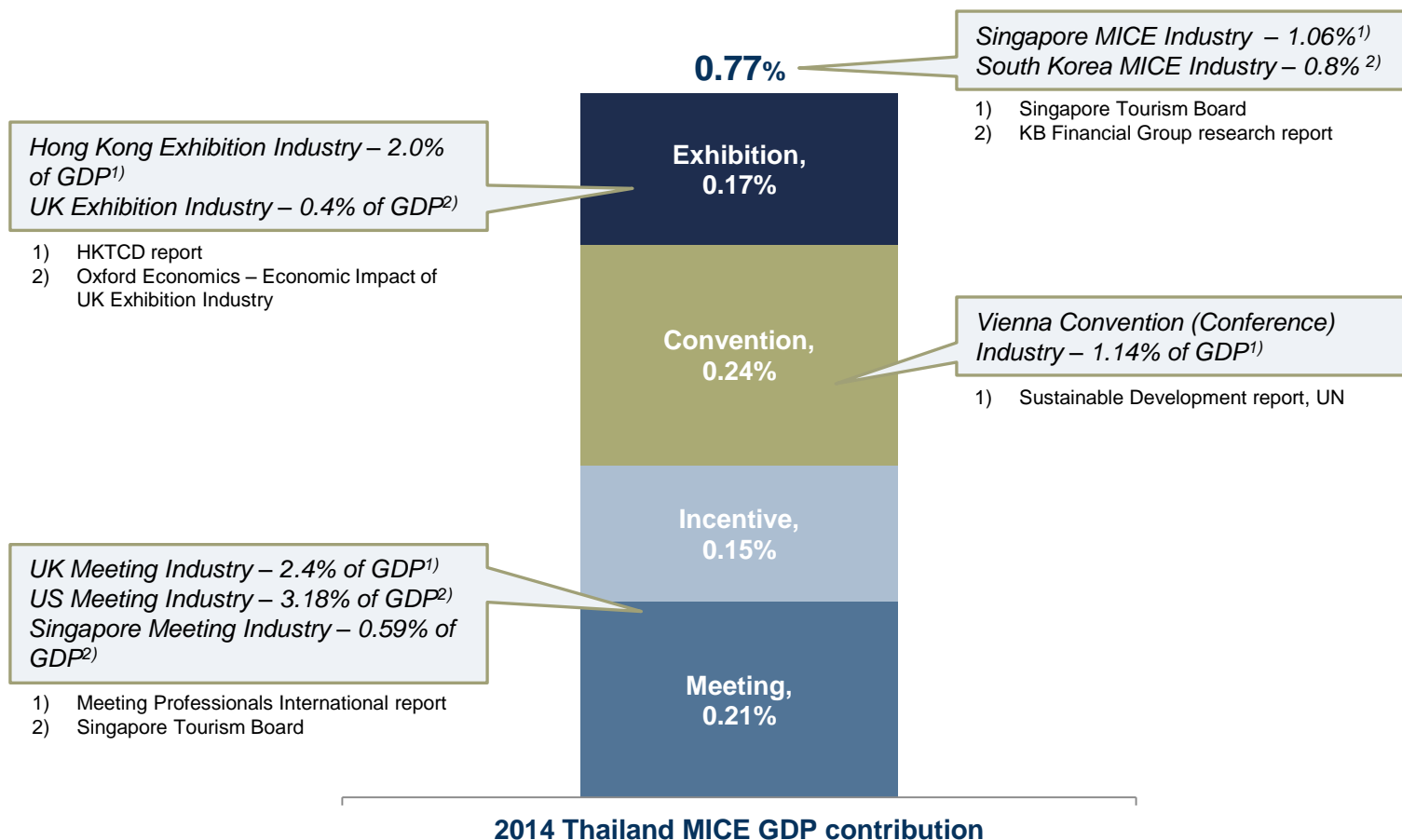
Below infographic shows major figures by M, I, C, and E segment

	Meeting	Incentive	Convention	Exhibition	Average
 Total Expenditure (baht)	57.3 billion (2015, estimated)	45.9 billion (2015, estimated)	66.4 billion (2015, estimated)	53.1 billion (2015, estimated)	55.7 billion (2015, estimated)
 Total Value Added (VA, baht)	31.5 billion (2015, estimated)	22.0 billion (2015, estimated)	35.6 billion (2015, estimated)	24.4 billion (2015, estimated)	28.4 billion (2015, estimated)
 VA per Delegate (baht)	121,119.7 (2014, estimated)	81,794.2 (2014, estimated)	110,579.2 (2014, estimated)	138,840.4 (2014, estimated)	110,544.3 (2014, estimated)
 VA per Event (baht)	10.5 million (2014, estimated)	9.9 million (2014, estimated)	12.1 million (2014, estimated)	253.6 million (2014, estimated)	13.8 million (2014, estimated)
 Job Creation (jobs)	40,779 (2015, estimated)	33,047 (2015, estimated)	46,735 (2015, estimated)	43,865 (2015, estimated)	41,107 (2015, estimated)

Source: Frost & Sullivan analysis

Overall Economic Impact

Comparison with Global Benchmarks

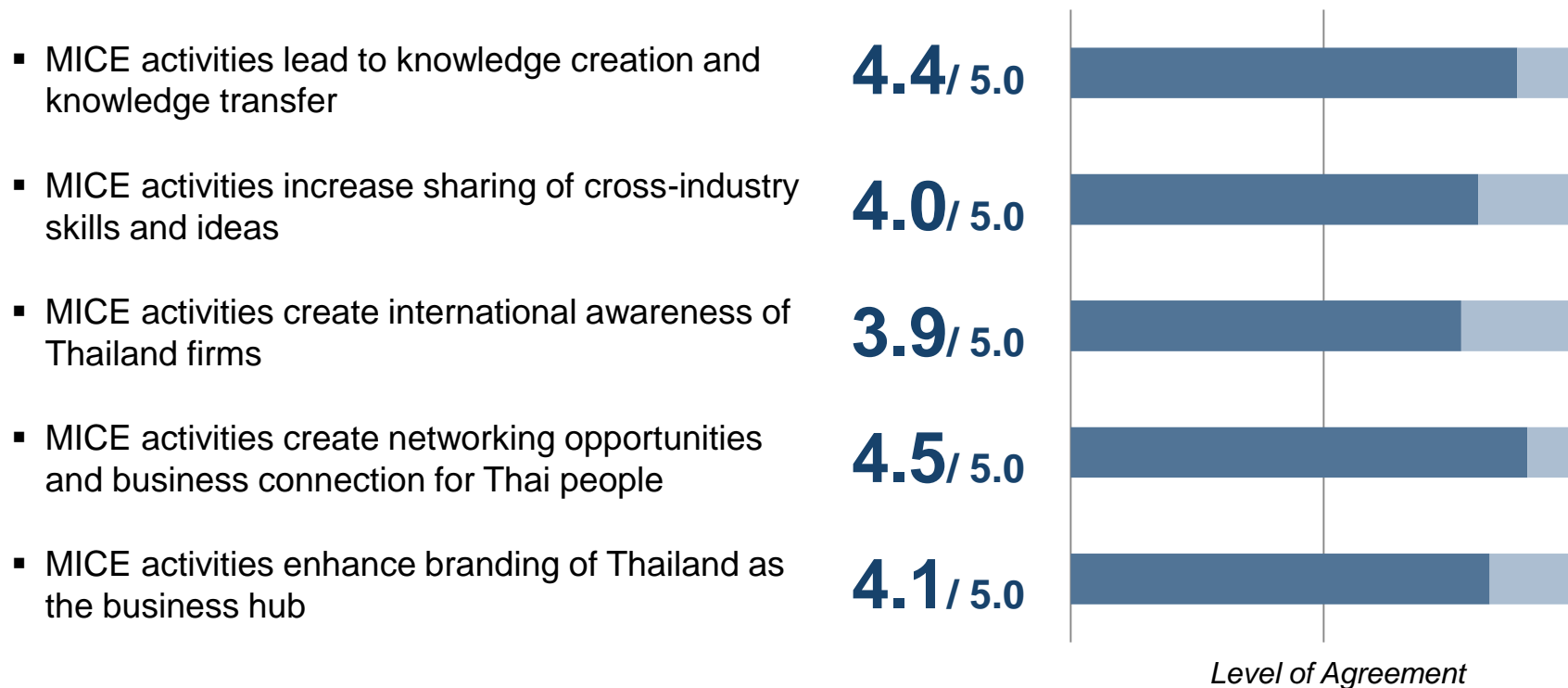


Source: Thailand national 2014 GDP data is based on Bank of Thailand database – Thailand Macro Economic Indicators, Frost & Sullivan analysis

Importance of MICE industry

Importance of MICE activities in Thailand

This slide shows the importance of MICE industry in Thailand economy. With the interviews with MICE industry participants, level of agreement on each factor was scored as below (scale from 0 to 5)



Source: Frost & Sullivan analysis

Importance of MICE industry (Cont'd)

Importance of MICE activities in Thailand

This slide shows the importance of MICE industry in Thailand economy. With the interviews with MICE industry participants, level of agreement on each factor was scored as below (scale from 0 to 5)

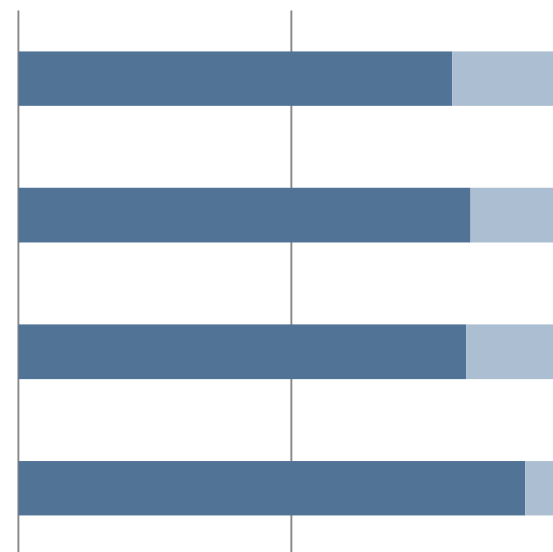
- MICE activities strengthen Thailand as a regional hub
- MICE activities lead to SME development in Thailand (through vendor programs)
- MICE activities create training opportunities for Thai talent (*e.g. Internships, on-the-job training*)
- MICE activities enhance Thailand's position as the tourism hub

4.0/ 5.0

4.1/ 5.0

4.1/ 5.0

4.6/ 5.0



Level of Agreement

Source: Frost & Sullivan analysis

Challenges and Opportunities of MICE industry in Thailand

Challenges

Despite the robust growth of MICE industry, it also faces some challenges that requires to be addressed

Venue

- Not enough venue
- Venues need better transportation system
(e.g. BTS link to BITEC)

Cooperation

- Integration/cooperation between government sector and private sector

Talent Crunch

- Language barriers
- Required more skilled labors

Recommendation

- Government investment or incentive policy for venue development is required
- Venue development plan with proper transportation system is required

- Thailand should have one stop service to provide all support to all related activities
- TCEB should be more active to coordinate with all related parties.

- Manpower development plan for MICE industry (e.g. training, certificates)
- Language (English) education curriculum

Source: Frost & Sullivan analysis

Challenges and Opportunities of MICE industry in Thailand

Opportunities

Thailand has abundant tourism resources, geographical location and low cost that help the growth of MICE industry

Geographical Location

- Centre of ASEAN
- One of the center of Asia's transportation hub

Infrastructure

- Unique cultural heritage with good hospitality
- World-class MICE venues

Low cost

- Compared to competitor countries including Singapore or Malaysia, cost of traveling is low

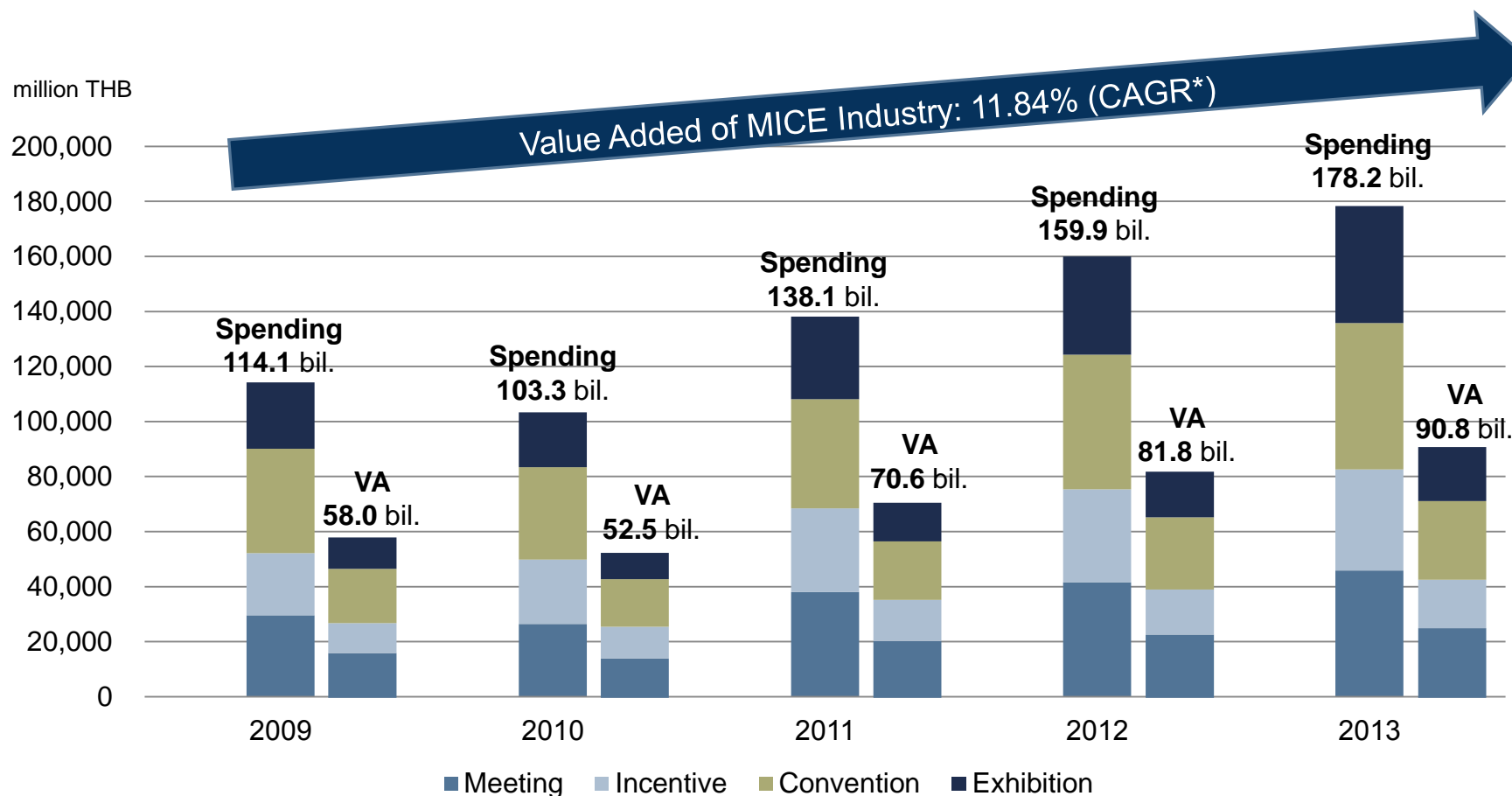
Strategic Direction

- Continuous investment on infrastructure especially on transportation system for MICE delegates
- As China and other emerging countries including Vietnam and Myanmar is growing as a MICE destination, Thailand should start positioning itself as the creative or value added event destination
- Increase in manpower cost can slow down industry growth: Thailand requires to invest more on human resource development and start focusing on high value services (no price competition)

Source: Frost & Sullivan analysis

Historical change of Total Economic Impact

Total Economic Impact of MICE in Thailand (2009-2013)

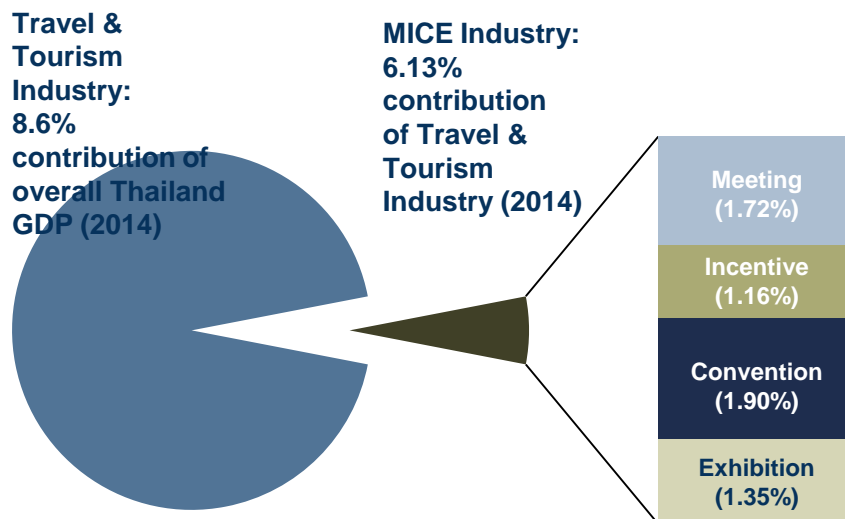


*Compound Annual Growth Rate

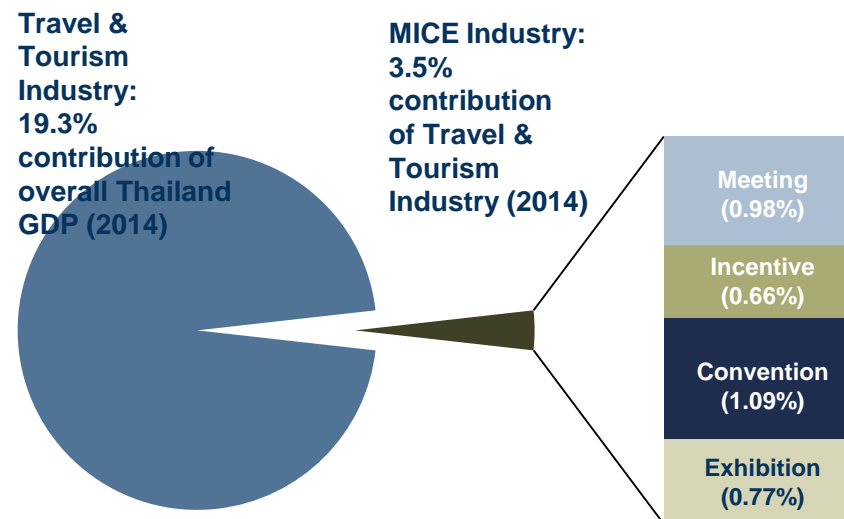
MICE GDP Contribution

MICE Contribution in Travel & Tourism Industry

Direct Impact



Total Impact



Source: World Travel & Tourism Council report, Frost & Sullivan analysis

Conclusion

Estimated direct, indirect, and induced impact of Thailand MICE industry in 2015

Summary	Direct	Indirect	Induced	Total
Spending (baht)	131,893,889,554	75,543,539,856	15,274,645,284	222,712,074,695
GDP (baht)	82,531,200,659	26,452,567,387	4,538,774,962	113,522,543,008
Tax (baht)	7,234,706,073	2,727,166,697	405,783,669	10,367,656,440
Employment (jobs)	112,064	43,127	9,236	164,427

Source: Frost & Sullivan analysis

Karthik Rajan

Vice President,
Public Sector & Government
Practice

M: +65 92276307

E: krajan@frost.com

