



Switzerland.
meeting excellence.

Meetings Report Switzerland 2016.

Analysis of business meetings, 2011–2015.

MySwitzerland.com/meetings



May 2016, by Dr. Christian Dernbach

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PREFACE

The Switzerland Meetings Report of 2011 enabled the creation of the first solid foundation based on reliable data for making a sound analysis of the structure and importance of the meetings industry in Switzerland. This provided an assessment of the significance of conferences and large incentive events as well as an overall evaluation of the whole meetings, seminar and congress sector.

The new Switzerland Meetings Report 2016 allows for the first time a comparison of developments in the sector over a period of 5 years. As with the Swiss tourism industry as a whole, tougher international competition and the high value of the Swiss franc have left their mark on the meetings sector.

To set the scene: meetings continue to represent a large and pertinent segment of the tourism industry, and Switzerland remains strongly positioned as a destination.

The Switzerland Meetings Report delivers fundamental and important findings that are of great use for defining future strategies as well as for investment decisions.

We would like to take this opportunity to thank the partners of the Switzerland Convention & Incentive Bureau (SCIB) and their hotels, conference centres and event venues, who supplied us continuously with valuable data for the analysis. The production of the new Switzerland Meetings Report would not have been possible without their support.



Jürg Schmid
CEO, Switzerland Tourism

SUMMARY

Key findings, 2016:

- The tough underlying economic conditions for the Swiss tourism industry – notably the strength of the franc – also affect Switzerland as a meetings destination.
- In Switzerland, the sector is dominated by individual business events (“meetings”) that companies organize for their own staff and/or business partners. General events that extend beyond a single organization and address a broader audience, such as conferences and congresses – and which represent greater added value for the sector – continue to be less important in terms of numbers.
- The meetings sector is undergoing structural change:
 - Companies are increasingly booking their events direct. Associations, by contrast, continue to use specialist partners in the sector to organize their congresses and meetings.
 - The incentives business is growing and becoming increasingly international. Switzerland is well-positioned and is able to exploit new markets.
 - Business in single-day events is growing (+14% since 2011). This benefits Swiss cities above all.
 - Mountain regions are losing events because of their peripheral location.
 - The duration and size of multi-day events is falling slightly over a 5-year comparison. Alpine regions are showing the first signs that this trend has recently slowed down again.
- Structural change is squeezing the sector’s economic indicators:
 - Sales: the meetings industry generated sales (direct + indirect) in 2015 of CHF 1.8 bn. This represents a decline of 18 percentage points with respect to the start of measurements in 2011.
 - With 6.3 million overnights in 2015, the meetings industry accounts for 17.7% of Swiss hotel overnights (2011: 19%)
- Seasonal variation remains stable: meetings continue to be an important support in the tourism low season, and this is confirmed for the entire period under review.

INTRODUCTION

“A five-year comparison is possible for the first time.”

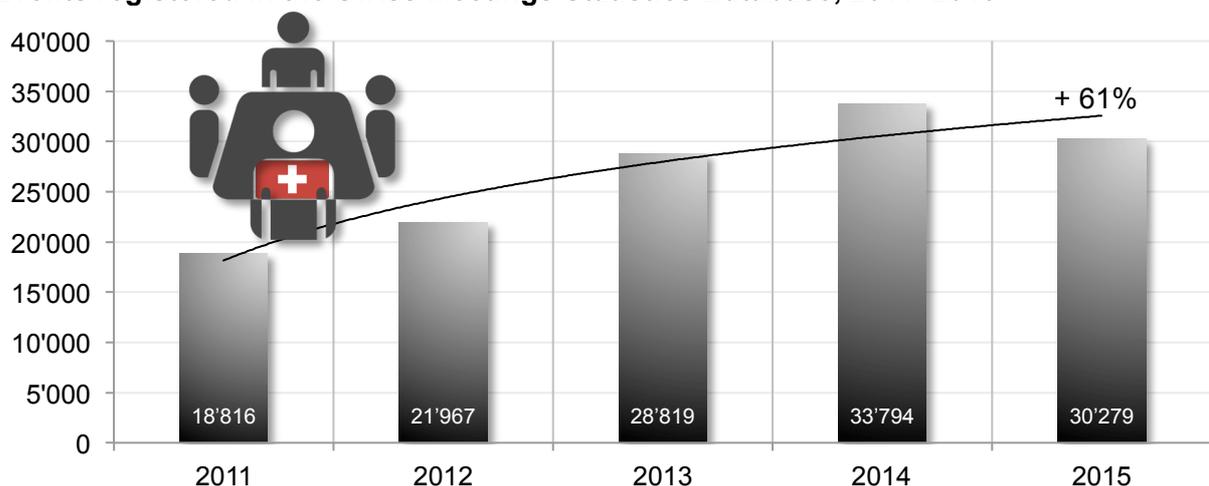
For five years now, the Switzerland Convention & Incentive Bureau (SCIB) has been collecting data on business events held in Switzerland and recording them in the Meetings Statistics Database (M-S-DB), in close collaboration with the meetings industry. When the survey began in 2011, the participating event locations, conference centres and hotels reported about 19,000 events throughout Switzerland, accounting for an estimated sales volume of CHF 2.2 bn and a 19% share of hotel overnights in Switzerland. Already then, the survey was

able to give an impressive evaluation of the importance of the meeting sector for the tourism industry in Switzerland.

Systematic continuation of data collection made it possible in 2013 to establish a valid 3-year comparison and to identify development trends for the first time. In addition it was possible, despite a slight decline, to prove the economic relevance of the meetings sector once again¹.

¹ 2013 sales volume: CHF 1.9 bn; share of overnights at Swiss hotels: 18%

Events registered in the Swiss Meetings Statistics Database, 2011–2015



Source: Meetings Statistics Database, 2011–2015

In 2015, the Meetings Statistics Database registered a decline for the first time in the number of events registered (-10.4% compared with 2014). In a 5-year comparison, however, the number of entries showed

impressive overall growth (+61%). In all, data from 133,675 events are available for the analysis of developments in the Swiss meetings industry.

The goal of the Switzerland Meetings Report 2016 is to show how MICE events in Switzerland have continued to develop over the past years. In addition, the economic effects are shown once again.¹

¹ on the basis of the extrapolation model used in previous years. Cf Switzerland Meetings Report 2011.

This technical analysis is supplemented by “qualitative insights”, in which experts from the sector address individual themes in the results and explore them with reference to examples and their own individual experience.

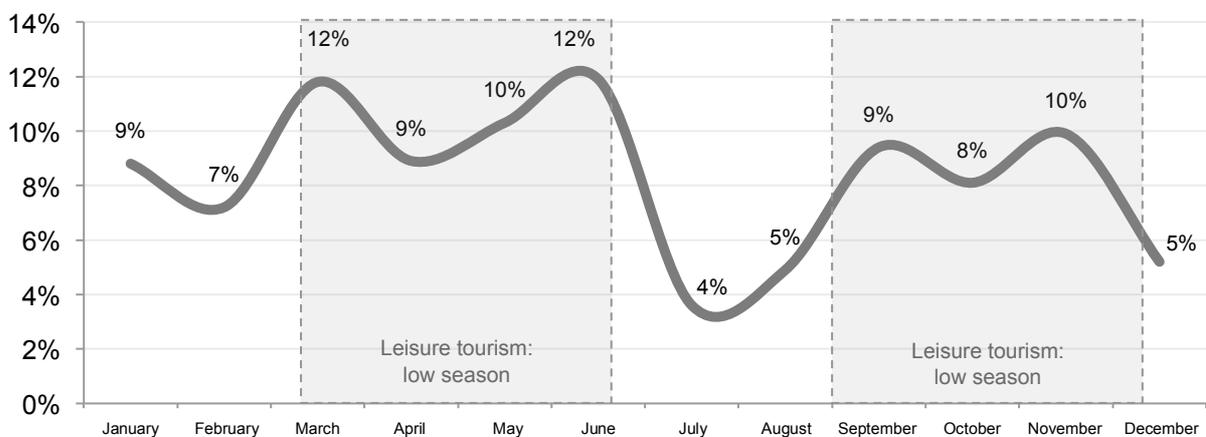
NUMBER, TYPE AND DURATION OF EVENTS

“Meetings are a support in the low season.”

A glance at the distribution of events registered in the M-S-DB over the year in 2015 immediately reveals a “summer gap” in the months of July and August. Fewer than 10% of events take place in these summer months, traditionally important for tourism. The most important months for the meetings sector are March (12%) and June (12%), followed by May (10%) and

November (10%). When the months of April (9%) and October (8%) are included, it can be seen that a total of 61% of all events fall in the low season of the leisure tourism industry. As a result, the meetings sector is a key source of income for tourism service providers during parts of the calendar year in which sales are traditionally weaker.

Seasonal distribution of meetings, 2015

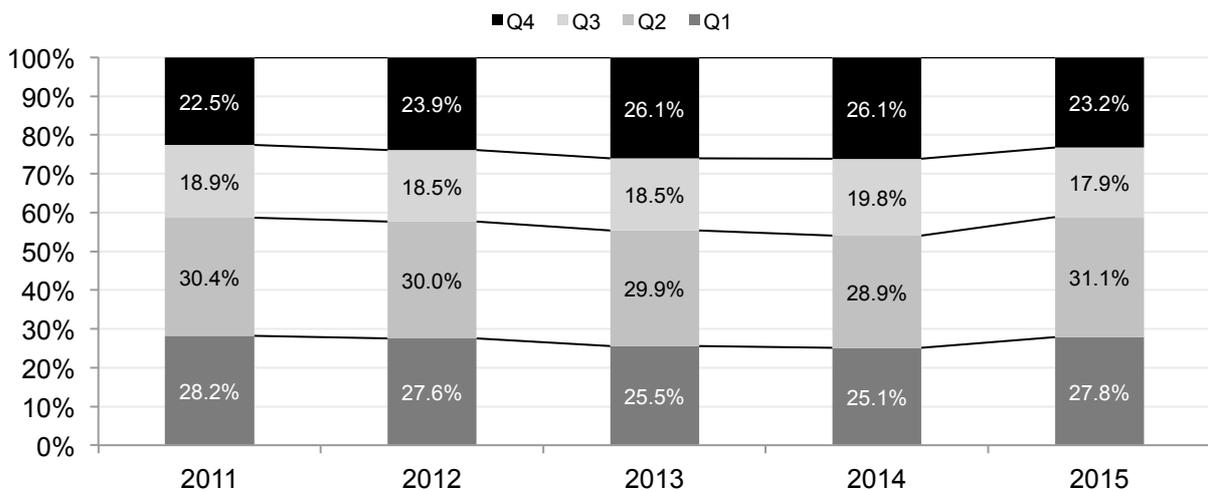


Source: Meetings Statistics Database, 2015

An extension of the analysis to the whole period under consideration shows that this distribution of meetings over the year is a long-term pattern. In a comparison of the five years surveyed, the distribution of meetings over the four quarters of the calendar year varies only minimally. Aside from minor shifts

(influenced by the varying dates of public holidays, school holidays and weekends), the anticyclical seasonal character of the meetings industry can be considered as constant.

Seasonal distribution of meetings, 2011–2015



Source: Meetings Statistics Database, 2011–2015

More than half (+/-58%) of meetings, then, take place during the first half of the year. The fourth quarter accounts for an average of 24% of the total. The third quarter, by comparison, can be considered the low season of the meetings industry in Switzerland. Not even one in five events takes place in this part of the year. The primary reason is the timing of the main general holiday period together with

the resultant shortage of available capacity, which could add to the cost of any events planned for this time of year.

The complementary seasonal cycles of the leisure and meetings sectors offer individual establishments in the Swiss hotel industry the opportunity to utilize capacities to the full and so maximise sales – regardless of the size of the business.

Business case: the hotel LeCrans***** in Crans Montana

“Top Level Management Meetings allow us – as a small, high-quality boutique hotel in the mountains – to stay open almost all year.” Paola Masciulli, Director, LeCrans Hotel & Spa

“The seminar hotel LeCrans is a small, premium establishment above Crans-Montana in Valais. The proprietors follow a coherent business model, having positioned LeCrans clearly as a luxury 5-star hotel since its opening in 2009. The secluded location in the Swiss mountains is presented as an attraction, for the business market as well as for leisure customers.

High-calibre business meetings are of strategic importance to the hotel, which prioritizes exclusivity. Here the focus is on “Top Level Management Meetings”, at which participants value the individual service and facilities of a

luxury hotel, also as business guests. The distinguishing feature of these kinds of business events is that they take place primarily on weekdays. Taken together with stays by individual guests at weekends, these Top Level Management Meetings ensure above-average occupancy levels for the hotel.”

Number of rooms and suites: 15

Meetings facilities: 15–20 people



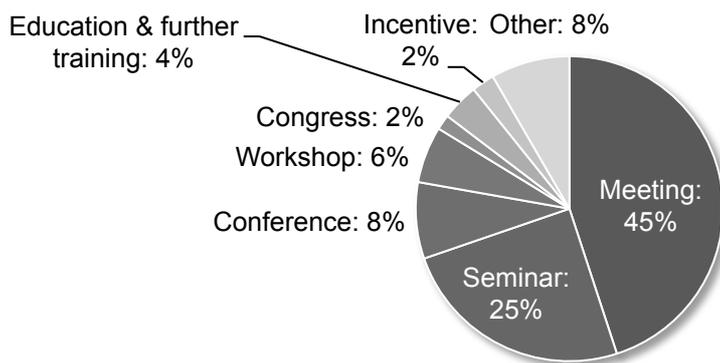
Type of events

“Almost every other meeting is a ‘meeting’.”

As different as the subject and content of different business events may be, when it comes to their form, a clear structure reveals itself once again in 2015. The prevailing type of event in Switzerland is the “meeting”. Together with seminars (25%), meetings account for no fewer than 70% of all events.

The proportion of conferences is just 8%, followed by workshops at 6%. Education & further training accounts for just 4% – yet such gatherings are still twice as numerous as congresses (2%) or incentives (2%).

Type of events, 2015

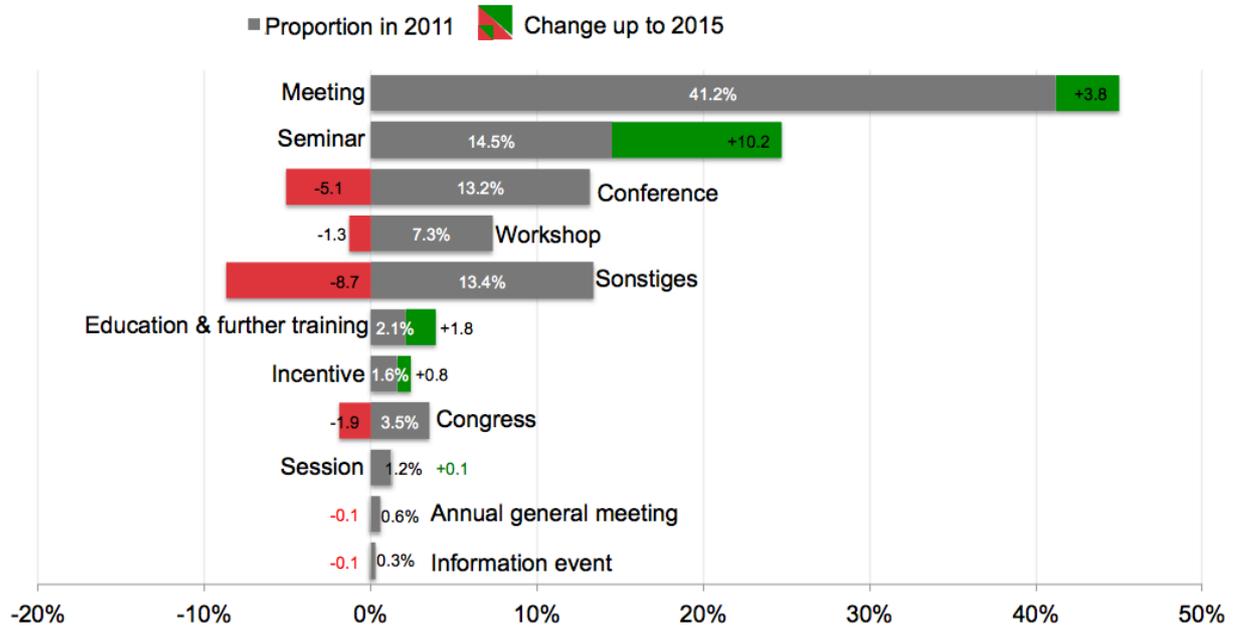


Source: Meetings Statistics Database, 2015

In Switzerland, then, the sector is dominated by individual business events that companies organize for their own staff and/or business partners. General events that extend beyond a single organization and address a broader audience (e.g. conferences and congresses) have only lesser importance. This has decreased further in past years, as analysis of data for 2011–2015 reveals. The share of conferences, congresses and workshops has

fallen over 5 years by 8 percentage points. Meanwhile business meetings have increased by 4 percentage points over the period under review. At the same time, events with a focus on sharing knowledge (seminars, education & further training) also show a clear gain (+12 percentage points). Incentives, too, are on the rise (+1 percentage point), even if their overall share of events is (for now) very small.

Change in type of events, 2011–2015, in %



Source: Meetings Statistics Database, 2011–2015

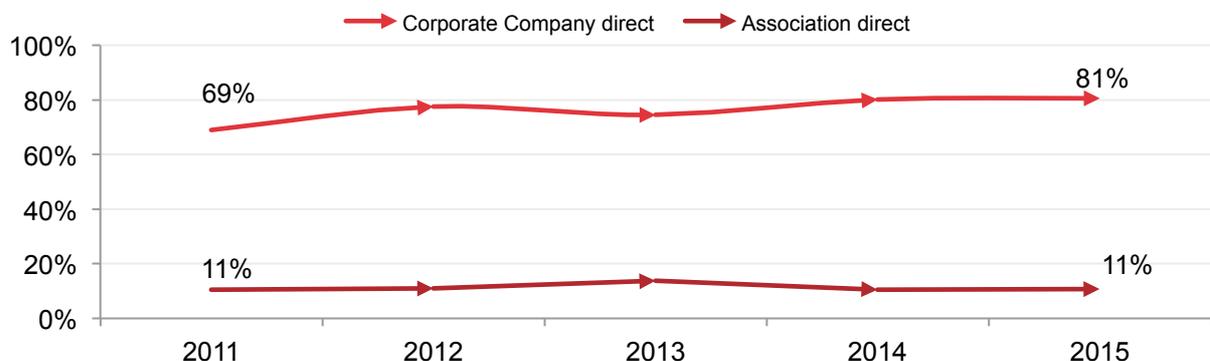
“Firms are increasingly booking ‘meetings’ direct.”

In addition to changes in market share of the various event types, analysis of the Meetings Statistics Database reveals other structural shifts within the niche markets for the different kinds of meetings. These concern primarily the structure of the sector.

As with leisure tourism, there is a direct-booking market within the MICE sector, too – in other words, clients book an event direct with the service provider.

In parallel, a significant share of meetings is booked via specialist agencies in the traditional way (on- & offline).

Evolution of MICE direct-booking market, 2011–2015, in %



Source: Meetings Statistics Database, 2011–2015

In 2011, about 80% of demand volume in Switzerland was generated by direct bookings – with 70% accounted for by the corporate company sector and 10% by associations. In 2015, it became clear that the proportion of direct bookings by companies has risen markedly and now represents about 80% of market volume. By contrast the proportion of direct bookings by associations has remained constantly low at approx. 11%. As a result, this sector can be regarded as almost completely dominated by agency business.

This represents an opportunity for Switzerland as a meetings location, since event organisers have the chance to discuss Switzerland's strengths and attractions as a meetings destination as they advise clients. Yet this also presents a challenge. Inasmuch as Switzerland is perceived as a premium destination because of its outstanding image* and high price level, meeting planners make correspondingly high demands of partners in the sector in Switzerland regarding quality of advice and service.

* Cf "Country Brand Index 2015", FutureBrand; and "Switzerland's Image in Europe 2014", FDFA.

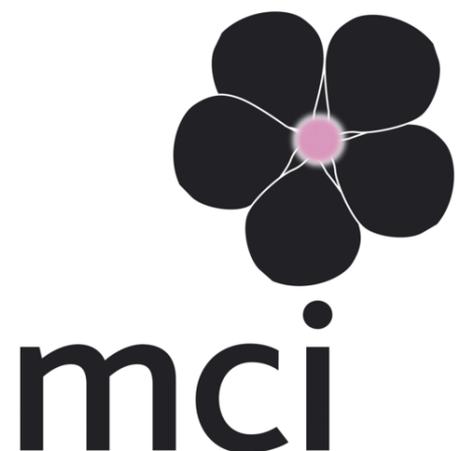
“Switzerland’s opportunity: excellent facilities, multilingual and quick to reach.”

“Switzerland has very many advantages to offer, particularly regarding international events. Switzerland can make use of its strength as a business location and centre of expertise, has excellent facilities and is multilingual, service-oriented, innovative, flexible and ready to try new things. And Switzerland is quick to reach from everywhere.”



Thomas Wüthrich – Managing Director, MCI, Nordic Countries

Thomas Wüthrich is a member of the Leadership Team of the meetings and events specialist MCI Group. As Regional Managing Director, he is responsible for the offices in Sweden and Denmark.



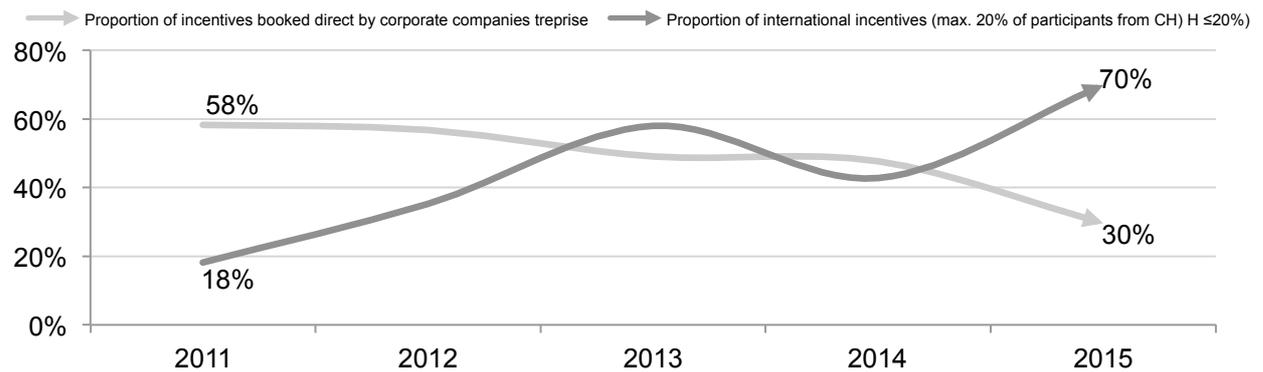
Analysis: structural change in the incentives sector

“Incentives – the growth market for agencies and travel specialists”

Since 2011, a clear trend towards the internationalization of events has become discernible. The proportion of events with an international mix of participants has risen over five years from 18 to 70 per cent. As a result, the incentives sector has not only grown in volume, but also changed structurally.

This is also visible in the proportion of incentives that are booked direct by the company concerned. In 2011, at a time when national events dominated the incentive sector, 58% of these were booked direct by the client company – well over half of the total.

Evolution of the incentives market in Switzerland



Source: Meetings Statistics Database, 2011–2015

Back then, agencies were responsible for about 40% of volume. Within the space of five years, this proportion has risen to 70% of incentive business overall, which represents an average annual growth rate of 14%. The share of incentives booked direct has fallen correspondingly to 30%. These developments are not independent: each has an impact on the other. The internationalization of the incentives market in Switzerland accompanies an increasing number of new clients, who do not have existing detailed knowledge of the local situation and possibilities – whereas existing clients often do. As a result, greater use is made of the advisory services of

professional meeting planners, who are able to introduce Switzerland's attractions during negotiations. It is especially encouraging that in the case of incentives, growth is taking place in an area of the meetings sector dominated by individual services, which generates high added value and is lucrative for the events industry. Detailed examination of the incentives sector therefore provides a fine example of how Switzerland is well-positioned in the meetings industry on the international level, too, and is able to exploit new markets. At the same time, professional support of B2B clients is becoming ever more important and is a key ingredient of success.

Best practice: incentive trip from Asia: AIA Singapore

“The organization of a trip like this cannot be rushed; everything was planned well in advance. Our services were in greater demand than ever, both as coordinator and adviser.”

Zürich Tourism Convention Bureau

“A large insurance company group from Singapore would like to reward its best employees with a 5-day trip. Switzerland offers itself as a destination, convinces the organizers and in due course delights participants.

This may sound simple, but putting the idea into practice is complicated. A project of this kind involves many more hours of organization than might be imagined at first. In late spring 2014, enquiries came in for available hotel rooms and dinner venues.

Date: September 2015
Hotels: Kameha Grand Zürich, Sheraton Zurich Hotel and Renaissance Zurich Tower

Destinations: Central Switzerland
(Engelberg, Titlis, Lucerne),
Bern,
Schaffhausen (Rhine Falls),
Appenzell,
Zurich

Our services were in greater demand than ever, both as coordinator and adviser – especially as several different agencies were making enquiries simultaneously to us and also direct to the hotels and venues for the incentive trip.

Next came site visits with local agency representatives. In the end Zürich Tourism, in collaboration with Switzerland Tourism and Kuoni Group Travel Experts, was able to submit a successful bid and bring the incentive trip to Zurich and the region.”

Source: Zürich Tourism, www.zuerich.com

Programme: group photo in Engelberg,
snow games on the Titlis with
lunch,
city tour in Bern,
shopping in Appenzell
gala dinner: Jucker Farm (Jona)

Participants: 1,074 persons
Overnights: 4,304
Added value: CHF 2.9 million (direct + indirect)



Business case: Switzerland in the ICCA ranking

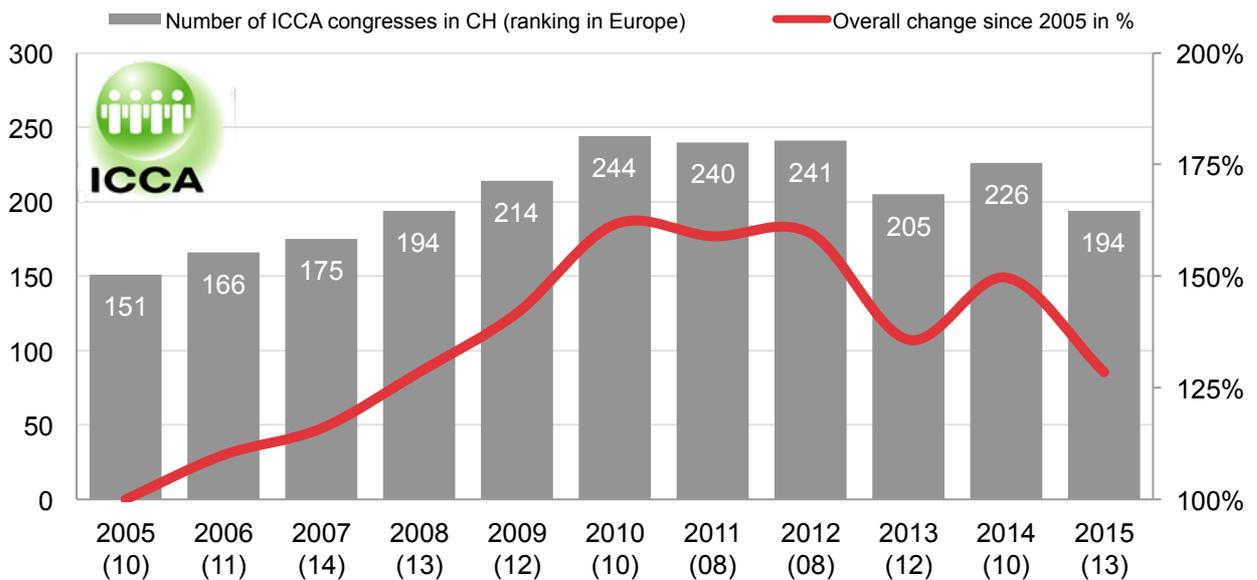
“Congresses are lucrative and competition is tough.”

In the field of congresses, on the other hand, the situation is relatively challenging. This is made clear by figures from the International Congress and Convention Association (ICCA). The organization records the distribution worldwide of association conferences that have at least 50 participants and rotate between at least 3 countries. A good ranking in the ICCA statistics proves Switzerland’s attractiveness for association meetings and improves the destination’s chances of being considered for future congresses.

*Source: ICCA statistics, 2010.

According to its own figures, ICCA bases its analysis on 24,000 such events taking place regularly. In 2010, the organization surveyed only 21,000 meetings*, which corresponds to an average growth rate of approx. 3% per year. This trend in market growth is just one reason why this is a fiercely contested segment of the market in which more and more destinations compete against one another for business. An analysis of the evolution in the number of ICCA congresses in Switzerland shows this dramatically.

Evolution of ICCA congresses in Switzerland, 2005–2015



Source: ICCA statistics, 2005–2015

In 2010, a total of 151 association congresses took place in Switzerland. This was sufficient to give the country an impressive tenth place in Europe. Five years later, 62% more of these congresses – a total of 244 – took place in Switzerland. Once again in 2010, Switzerland occupied tenth place in Europe, but since then has been unable to match this number of congresses. The long lead time of 2-4 years for these meetings is also striking. The figures for 2013, for example, two years after the so-called “franc shock”, show a big drop with just 205 congresses. The following year, 2014, registered an increase, but in

2015 the number of ICCA conferences fell once again, despite hopes that the decision of the Swiss National Bank (SNB) to peg the Swiss franc to the euro would lead to a steady recovery in demand. The SNB’s decision to unpeg the franc again in early 2015 has had consequences that will be possible to quantify only in the near future. However, the increasing international diversification of Switzerland as a destination for meetings offers the hope that markets that are less price-sensitive (e.g. in Asia) will at least dampen the effect of anticipated declines in European markets.

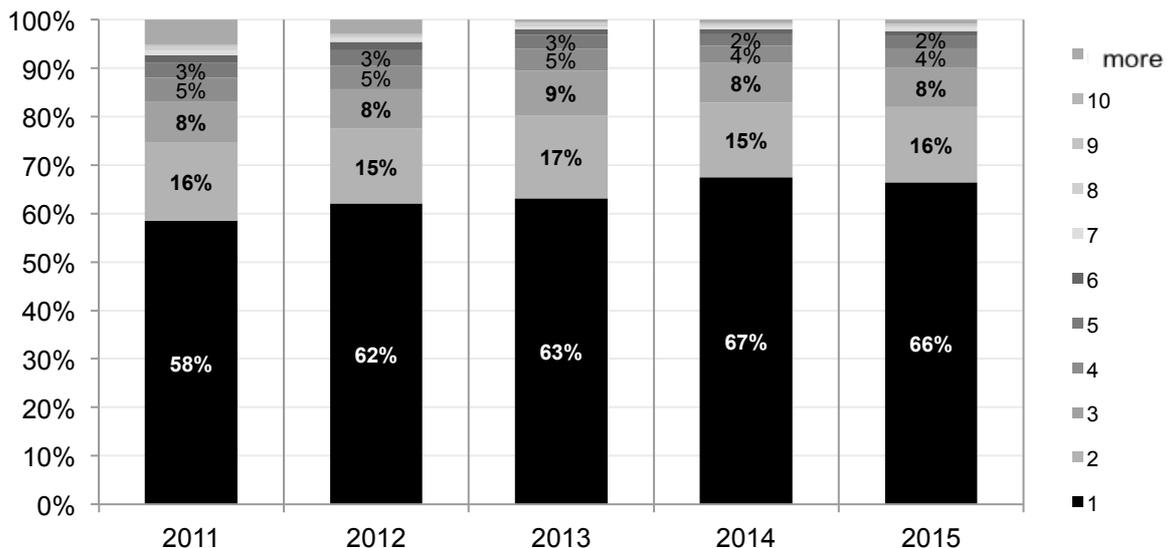
Duration of events

“Single-day events are gaining in significance.”

Two-thirds of meetings held in 2015 were single-day events. This is also the category that shows the highest growth rate over a five-year comparison (+13.8%). An additional 16% of events lasted 2 days, while 3-day events accounted for 8% of the total. As a result, 2- and 3-day events show they have maintained their significance over time.

A similar claim can be made for 4- and 5-day events. Their combined share of 6% in 2015 is comparable to the figure revealed in the first survey in 2011 (8%). A different result can be seen for long events, however. In 2015, the proportion of events lasting more than 5 days was 4% – while in 2011, this figure was as high as 10%.

Duration of events (in days), 2011–2015



Source: Meetings Statistics Database, 2011–2015

This shows a structural change in the meetings sector in Switzerland. On the one hand, the meetings sector has been unable to compensate for exchange rate-related cost disadvantages and so has acquired fewer of these events, which are cost-intensive for clients. On the other hand, the growth in single-day events in parallel with the decline in longer events suggests that clients are increasingly substituting long meetings with

multiple single-day events. This increases their flexibility and can prove highly cost-effective, as expenditure on overnight accommodation, catering and supporting programmes is saved. These often service-intensive costs are therefore balanced against transport costs (travel to and from the event), which will accumulate for a series of single-day events. The fall in price of crude oil, however, has led to petrol & diesel

being cheaper than they have for 15 years*. The cost of airline tickets has also fallen (e.g. Lufthansa: -3.9% since 2014). By contrast, the cost of hotel accommodation has fallen less dramatically (-4% since 2014).**

This shift in cost advantages towards transport services may now, however, have reached its limit. Because of the high proportion of tax and duty in the price of petrol

* Source: TCS Switzerland 2016

**Source: Hotel Price Index 2015; hotels.com

and kerosene, this cannot sink indefinitely.***

Alongside these external economic influences, an additional trend within the industry is affecting the nature and thereby the duration of events, among other factors: compliance. In times of stagnating and diminishing budgets, “soft factors” receive greater attention that was the case in the past.

***Source: TCS Switzerland 2016.

Alongside this point it should be mentioned that in many companies, transport costs are accounted for under general expenditure. Opting for single-day meetings over longer events therefore takes further pressure off dedicated meetings budgets.

Business case: the implications of compliance

“The tourist attractions are counter-productive in marketing for meetings.”

Prof. Dr. Hans Rück, Hochschule Worms University of Applied Sciences

“In recent years, the issue of compliance – the observance of laws and rules – has become increasingly important in commercial practice. This particularly concerns the field of meetings, conferences and congresses: here, the impression must not be given that the tourist attractions of the meeting location and supporting activities possible there are a priority. In such cases, marketing and sales must focus arguments strictly on the purpose of the event and emphasise accordingly the

advantages of the location’s meeting facilities.

It is therefore advisable to separate marketing for meetings and conferences from marketing for incentives, the other major component of business travel. While it is permissible with incentives to place the spotlight on Switzerland’s tourist attractions, this is counter-productive for the marketing of meetings and conferences.”

LAW

REGULATION

POLICY

COMPLIANCE

“Not all meetings are becoming shorter.”

An analysis of changes in the average duration of the various types of meetings shows that the general statement “the duration of events is decreasing” can be elucidated further. The trend applies more to some types of meetings than others, because of their general purpose and content.

In 2015, annual general meetings (AGMs) had the longest average duration* (4.3 days), followed by information events (3.9 days), incentives (3.7 days) and congresses (3.9 days). At the lower end of the scale, sessions and workshops lasted an average of just 1.6 days.

Evolution of average duration of different meeting types (in days), 2011–2015

| | 2011 | 2012 | 2013 | 2014 | 2015 | Change 2015/2011 |
|------------------------------|------|------|------|------|------|------------------|
| Annual general meeting | 3.2 | 4.4 | 3.0 | 3.9 | 4.3 | +36% |
| Information event | 3.3 | 4.4 | 2.5 | 3.7 | 3.9 | +21% |
| Incentive | 2.5 | 3.0 | 3.0 | 2.7 | 3.7 | +46% |
| Congress | 3.9 | 3.5 | 3.1 | 3.0 | 3.3 | -15% |
| Education & further training | 2.8 | 2.4 | 2.5 | 2.2 | 1.9 | -34% |
| Seminar | 1.3 | 2.2 | 1.8 | 1.8 | 1.8 | +44% |
| Conference | 2.4 | 2.2 | 2.0 | 2.0 | 1.8 | -24% |
| Meeting | 2.7 | 2.3 | 1.9 | 1.8 | 1.8 | -34% |
| Session | 2.5 | 2.1 | 1.4 | 1.3 | 1.6 | -37% |
| Workshop | 1.5 | 1.6 | 1.5 | 1.3 | 1.6 | +3% |
| Other | 2.6 | 1.7 | 1.6 | 1.6 | 1.5 | -42% |

Source: Meetings Statistics Database, 2011–2015

In 2011, congresses still topped these rankings. By 2015, this kind of event had shortened distinctly (-15%). The same is true of conferences (-24%), meetings (-34%), education & further training (-34%) and sessions (-37%). Conferences in particular are showing a continual trend to shorten, while the duration of meetings has levelled out since 2014 at an average of 1.8 days. By contrast, it is encouraging to see that some types of events are nonetheless getting longer. AGMs, currently the longest type of event, show an increase in duration of 36%

(2015 vs. 2011), although over the years since 2011 this trend has been erratic. A similar picture emerges in the case of information events, which have also managed to increase their average duration (+21%), although there have also been marked reductions in duration over time. The greatest increase in duration, however, is for incentives. This strong growth trend is nonetheless comparatively recent (2015 vs. 2014); the years 2011-2014 were characterized instead by a gentle rate of increase.

*AGMs often take place in combination with congresses or other events; here the M-S-DB shows the overall duration.

Overall there are signs pointing to a reversal in the trend and to a lengthening of events. Three types of events – congresses, workshops and sessions – that show an overall reduction in duration since 2011 all display once again a clear increase in duration from 2014 to 2015.

Congresses, so important for the prestige of a destination, showed an increase in duration of 10% in 2015 compared with 2014.

A successful example of this is the 14th European Congress of Sport Psychology – FEPSAC 2015.

“Record participation despite the strong franc”

“The charming old city of Bern and the unique experience of swimming in the river Aare constituted the framework for the scientific programme. 714 attendants from 57 countries from all continents made this congress the biggest in the history of FEPSAC.

Six keynote lectures, 81 symposia, 38 workshops and 8 special sessions, as well as over 400 poster presentations, covered basically all topics within sport psychology and different domains of sport, physical activity and exercise.“

This is a "congress to remember" – both scientifically and socially!

Roland Seiler, Congress President
Olivier Schmid, Congress Manager
Barbara Oesch, Congress Secretary and the organising team Photographs by Martin de Bruin



REGIONAL DISTRIBUTION

“Meetings favour urban regions.”

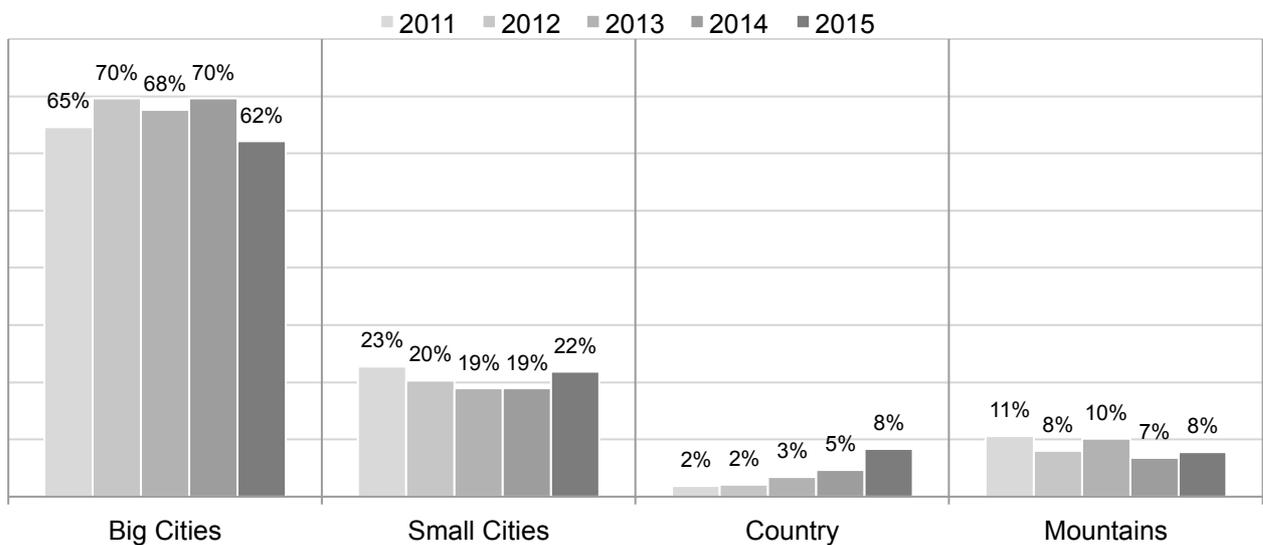
Generally speaking, Switzerland can be divided into four regions for functional purposes. One of these consists of the country’s five major metropolitan districts (Basel, Bern, Geneva, Lausanne and Zurich), henceforth designated as “Big Cities”. All other urban areas, meanwhile, are included in the category of “Small Cities”. A further distinction can be made between alpine

regions (“Mountains”) and rural areas (“Country”), which consist of large parts of the Swiss Plateau and Pre-Alpine regions and are characterized by peripheral structures*.

Already back in 2011, results showed that the meetings industry is concentrated in urban regions.

*See map in Appendix

Regional distribution of events, 2011–2015



Source: Meetings Statistics Database, 2011–2015

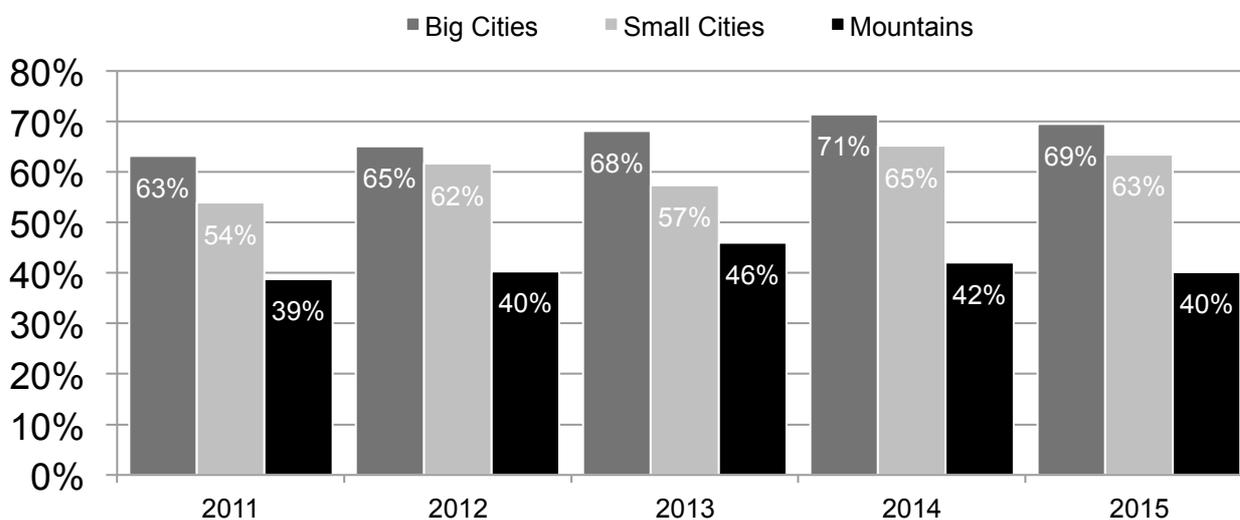
Back then, 88% of all meetings industry events in Switzerland took place in the cities. This proportion has not changed fundamentally in the past five years. In 2015, the proportion of meetings held in an urban setting was 84%, representing only a slight decline. Within urban regions, a shift in

favour of smaller cities can currently be discerned. Their share has climbed 3 percentage points to 22% (comparing 2015 with 2014), while big cities registered a decline over the same time span of 8 percentage points.

Country areas are experiencing a marked increase. Their share of the M-S-DB has quadrupled in the past years and now accounts for 8%. As a result, the category has caught up with the mountain regions, whose 8% share represents a decline of 3 percentage points in comparison with the baseline measurement of 2011. At the current stage it is not possible to establish conclusively whether this shift in favour of peripheral regions is a purely statistical effect, resulting from increased awareness among cooperating partners of the importance of registering their events in the database, or whether there really has been strong growth.

A supplementary examination of the duration of events in the various zones – alongside their regional distribution – shows that the proportion of day events makes a crucial difference to variations in regional share. While the proportion of day events in alpine regions has remained roughly constant, the cities show comparatively greater fluctuations over the course of time. Here, too, an overall upward trend can be seen. In big and small cities alike, the share of single-day events has risen (+7 percentage points for the Big Cities, +9 percentage points for the Small Cities).

Proportion of single-day events by region, 2011–2015

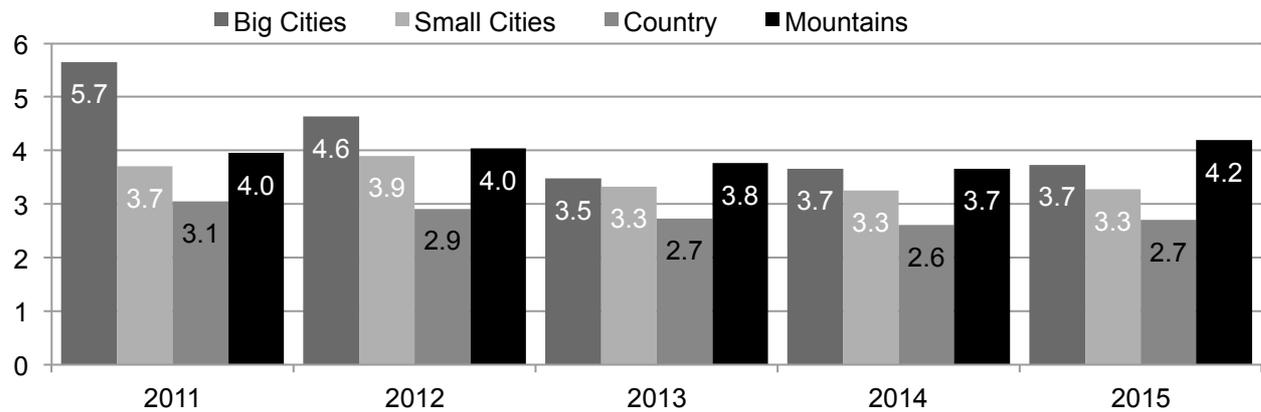


Source: Meetings Statistics Database, 2011–2015. Because of inadequate data, the "Country" category does not form part of the analysis

The data show how the cities above all benefit from the growth of single-day events in Switzerland. At the same time, shifts can be ascertained in the area of multi-day meetings.

All regions display a trend towards a shorter average duration of events – although this process has recently slowed down again.

Average duration of multi-day events (in days), 2011–2015



Source: Meetings Statistics Database, 2011–2015

In the large cities, the average duration of multi-day events has fallen by one third since 2011. In the smaller cities, the change is markedly smaller at -11%. Since 2014, however, the average duration has levelled off again, so here it is possible to speak of a stabilization of the situation. Mountain regions, meanwhile, have experienced a positive evolution in figures

again since 2014 (+14% 15/14). This may be viewed as further indication that it has been possible to halt the downward trend. It remains to be seen whether this is a temporary or lasting effect and what consequences the unpegging of the Swiss franc to the euro in January 2015, for example, will have in future.

Economic importance of the meetings sector

The meetings industry in Switzerland is undergoing a structural change. On one hand, the strength of the franc and low transport costs are leading to an increase in the proportion of single-day events. At the same time, the average duration of events is falling. The growth from Asia and other distant markets that has stabilized overnight figures in Switzerland overall during the past five years has also revealed its impact on the meetings sector – but only after a delay.

All this has a direct impact on the economic effects of the meetings sector on the tourism industry. In line with the statistical and extrapolation methods used in the baseline year 2011, an extrapolation has been made for the proportion of hotel overnights in Switzerland for this year, too. This is supplemented by an analysis of the direct and indirect sales volumes triggered by meetings.

* Cf Switzerland Meetings Report 2011

Proportion of overnights due to the meetings industry

“Nearly one in six of all hotel overnights is generated through meetings.”

In 2011, a projection for the number of overnights due to the meetings industry could be made for the first time based on details of events recorded by partners in the sector. With 6.6 million overnights, it was possible to demonstrate a share of overall volume of 18.6%. The 2015 figures yielded a volume of 6.3 million overnights, which represents a decline of -4.6%.*

An analysis of the regional distribution shows that the large cities have escaped this negative tendency. Over a 5-year comparison, they gained 32,300 overnights (+1%).

By contrast, the small cities show a marked decline of 293,000 overnights (-12%).

Mountain regions also demonstrate losses (-112,600 overnights / -13%). Country areas, meanwhile, show strong growth with an increase of 73,000 overnights – although the total volume of 122,000 overnights remains low compared with other categories. Overall, the proportion of hotel overnights in Switzerland due to the meetings sector has fallen slightly to 17.7% (-0.9 percentage points).

*The 5-year comparison includes only data suppliers whose data are available in the M-S-DB for the entire period of analysis. Newer arrivals in the market are not included.

Change in hotel overnights generated by meetings, 2011–2015

| Region | Change in overnights 2011-2015 | | |
|----------------------------|--------------------------------|-----------|-------|
| | 2011 | 2015 | in % |
| Big Cities | 3'251'197 | 3'283'504 | +1% |
| Small Cities | 2'437'639 | 2'144'198 | -12% |
| Mountains | 860'655 | 748'090 | -13% |
| Country | 48'723 | 121'775 | +149% |
| Meetings OVERALL | 6'598'214 | 6'297'567 | -4.6% |
| Share of ON OVERALL | 18.6% | 17.7% | -0.9 |

Source: Switzerland Tourism extrapolation based on the Meetings Statistics Database, 2011-2015

Despite the declines in the volume of overnights in the small cities, the meetings sector once again shows its high importance for the tourism industry in urban areas in 2015. Here, the sector's share of overnights in

the big cities amounts to 32%. Compared with 2011, this represents a small decline of 2 percentage points; the sector managed to maintain its level compared with 2013.

In contrast, the smaller cities demonstrate a continuation of the downward trend of preceding years. Here, the share of overnights due to the meetings sector now amounts to 33%, which represents a decline of 6 percentage points compared with the baseline year 2011. In comparison with the intermediate results in 2013, too, the figures show a recent decline of 2 percentage points. This corresponds on one hand with the increase in single-day events, and on the

other is a sign of the fact that events have shifted from Switzerland's towns and smaller cities to the centrally located major metropolitan areas. The competitive situation between urban municipalities appears, then, to be intensifying further. The five major cities' central location and proximity to airports and key international traffic routes is therefore becoming an increasingly potent competitive advantage.

Proportion of overnights due to meetings by region, 2011–2015

| Region | Proportion of ON due to meetings | | |
|---------------------|----------------------------------|------|------|
| | 2011 | 2013 | 2015 |
| Big Cities | 34% | 32% | 32% |
| Small Cities | 39% | 35% | 33% |
| Mountains | 5% | 5% | 4.9% |
| Country | 1% | 6% | 3.6% |

Source: Meetings Statistics Database, 2011–2015

In the mountains, the proportion of overnights due to the meetings sector has remained virtually constant over the period under review. While the number of overnights at Alpine hotels generated by meetings has fallen, this accompanies a general decline in figures for overnights in the Swiss mountains. At the same time, the increasing international demand for incentive events in Switzerland can be interpreted as a positive sign for mountain regions, as in Switzerland such events are disproportionately associated with Alpine areas*.

*Cf Switzerland Meetings Report 2011.

In country areas, the events industry shows an increase in significance over the years. While the proportion of total revenue from overnights due to meetings has fallen with respect to 2013 (-2.4 percentage points), it remains markedly higher at 3.6% than the share recorded in the 2011 baseline year of 1% (+2.6 percentage points). This can certainly be seen as providing confirmation for continuation of the “Inspiring Meeting Hotels” marketing cooperation introduced by Switzerland Tourism and the sector, whose overnights also showed positive growth in 2015.**

**Cf HESTA, Swiss Federal Statistical Office 2015

Evolution of sales in the meetings industry

“Structural change is squeezing sales.”

The meetings industry, like tourism in general, operates across different sectors. It has an impact on many other areas of the economy beyond the pure accommodation sector. This factor makes it difficult to define precisely the measurable economic effects that can be attributed directly to the staging of events. As a result, an extrapolation model was previously developed which shows the overall economic impact of the meetings industry based on the indicator “sales”.*

*Cf Switzerland Meetings Report 2011.

This measurement was updated in 2014 and is continued in the current report. The basis for this, as in previous years, is the Event Impact Calculator, developed by Oxford Economics and adapted to the situation in Switzerland in collaboration with Switzerland Tourism and the meetings industry. This calculation tool makes it possible to carry out a plausible estimate of the local direct and indirect economic impact of any meeting.

Business tool: the Event Impact Calculator from Oxford Economics.

“The Event Impact Calculator enables us to assign a financial value to the work of the Convention Bureau.”

Anja Loetscher, Director, Geneva Convention Bureau

“The Event Impact Calculator (EIC) delivers localised data and figures in order to evaluate the direct and indirect economic impact of meetings. The online tool, developed by Oxford Economics, is flexible and easy to use. Once key data relating to an event are inputted, the software determines, on the basis of the input parameters, a set of economic figures for each planned meeting. These include direct and indirect sales

generated, number of jobs supported, sales according to economic sectors affected and number of overnights generated.

The Event Impact Calculator allows us to evaluate the potential and possible Return on Investment (ROI) of an event before we apply as a destination to host it. This is important in order to be able to draw up a financially viable bid.

In addition, the calculations allow us to demonstrate the importance of an event for the city, the canton and the individual service providers. And last but not least, this enables us to assign a financial value to the work of the Convention Bureau.”



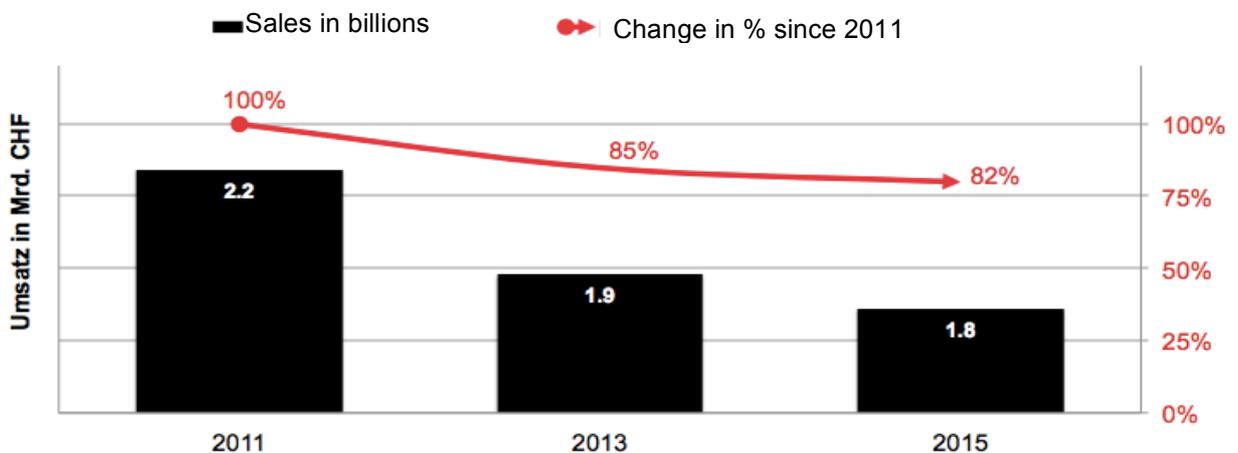
Anja Loetscher,
Director, Geneva
Convention Bureau

“The falling number of overnights has a major impact.”

When the measurement and extrapolation method developed in 2011 is applied to the year 2015, it delivers a figure for verifiable sales (direct + indirect) of CHF 1.8 bn. This represents a decline of 18 percentage points with respect to the start of measurements in 2011. As price levels and inflation showed only minimal change during the period of analysis, the decline can be the result primarily of volume effects.

Here the declining number of overnights, which generate a large proportion of sales per participant, has a major impact. Additional factors include the decline in participant numbers, the shorter duration of meetings and the increase in number of single-day events, which are reducing revenue in the sector. Compared with the baseline year of 2011, sales in the meetings sector have fallen by 18 percentage points.

Evolution of sales in the meetings sector in Switzerland, 2011–2015

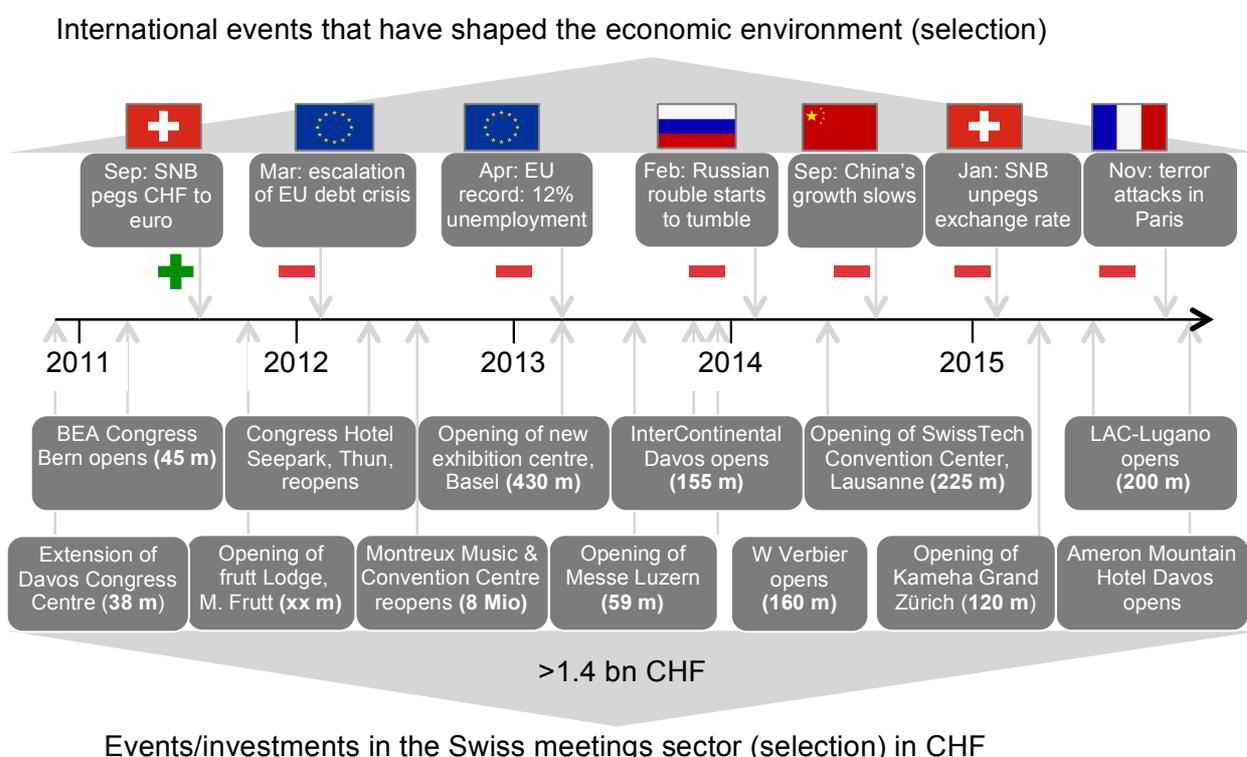


Source: Calculation by Switzerland Tourism based on the Meetings Statistics Database, 2011-2015

Here it should be pointed out that the international competitive environment has a decisive influence on which meetings take place in Switzerland, how long the events last and how many people take part. The general political and economic framework for marketing Switzerland as a destination for

meetings and congresses has become considerably tougher in recent years. The following diagram shows some of the major developments in the competitive environment alongside key events in the meetings industry, in chronological order:

Events in the int'l competitive environment and the Swiss meetings sector, 2011–2015



Source: Switzerland Tourism

The diagram shows only a selection of events on both sides. It is clear, however, that the meetings industry in Switzerland has made proactive use of the economically difficult period and invested intensively in Switzerland's attractiveness as a meetings destination. It is in the nature of investments that they develop their full impact only over

the course of time. This will have a positive, stimulating effect on future development and offers the opportunity to market Switzerland even more strongly as an innovative and top-quality destination for meetings. Among other developments, the trend towards individually marketed, one-off events in the area of business meetings will have a future

impact on the size of events in Switzerland. A characteristic feature of this type of event is size, with up to 50 participants.

Correspondingly demand is concentrated on small, individual meeting facilities, which are often made available in hotels in the form of event rooms.

In conclusion, the following summary of planned openings for the period to 2017 and beyond shows that Switzerland's meetings industry has positioned itself well for the future:

New openings, 2017–2019 (selection):

Bürgenstock Resort

Description:

Complete renovation

Facilities:

4 hotels (Waldhotel, Bürgenstock Hotel, Palace Hotel, Taverne 1879), total of 382 rooms, 60 residence suites. 2,200 sq. m of meeting space, with a capacity of up to 900 people

Investment: CHF 500 million

Giardino Grindelwald*****

Description:

New hotel of the Giardino Group, part of the "Bergwelt" development

Facilities: 70 rooms

Investment: CHF 100 million

25hours Hotel, Zurich

Description:

Design hotel in the Europaallee district by Zurich main railway station

The Circle – Hyatt Regency & Hyatt Place,

Zurich Airport

Description:

Zurich Airport AG is undertaking Switzerland's largest building project, with 180,000 sq. m of usable floor space. Hyatt Hotels will operate a Hyatt Regency and a Hyatt Place with total floor space of about 45,000 sq. m, 550 rooms and a conference area accommodating 1,500. Construction begins in 2015

Investment: CHF 1 bn

New visitor centre for Chocolats Camille

Bloch in Courtelary

Description:

The Authenti-Cité project consists of two sub-projects: enlargement of the production and logistics site, and a new construction to house offices and a visitor centre with shop and café.

Facilities:

The Chocolats Camille Bloch visitor centre covers an area of 1,700 sq. m with a café seating 55

Total investment: CHF 30-35 million

Renovations, 2017 (selection):

Grand Hotel Regina*****, Grindelwald

Description:

Complete renovation

Facilities:

130 rooms and 56 luxury apartments, 1,600 sq. m spa area

Investment: CHF 100 million

Hotel Valsana in Arosa

Description:

Complete renovation. The hotel is closed for 30 months (from April 2015)

Facilities:

40 rooms, 9 serviced apartments and 10 holiday apartments. Wellness area. Restaurant with large sun terrace

Grace Hotel, Engadin St. Moritz

Description:

the former Hotel Margna, total conversion into a luxury hotel

Facilities: 36 rooms and suites, and several serviced apartments

Lake Side, Zürich

Description:

From winter 2016/2017, comprehensive renovation and conversion of Lake Side including conference facilities, restaurant and terrace

Capacity:

1,000 people, with mobile annex up to 1,500 people

APPENDIX

Map of Switzerland's 4 geographical zones

