TRENDS & SPENDS

The 2007 survey of meetings and incentive travel events staged by UK companies overseas via agencies

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CAT PUBLICATIONS

How many went where for how long in 2006?

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Managing Editor

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TRENDS & SPENDS

M&IT's annual Trends & Spends Survey examines activities of the major UK-based outbound specialist agencies.

29 agencies
849 OVERSEAS PROGRAMMES
209,000 ROOM NIGHTS.

PARTICIPATING AGENCIES

ALP tours
Archer Young
BCD Meetings & Incentives Ltd
BI Worldwide
Business Travel Team
Capital World Travel
CMM
Eventful Solutions
Grass Roots
Jack Morton Worldwide
Jarvis Woodhouse Events
Lotus Conferences
Lyndon Conference Consultants
Maritz
MCI UK
Olliver York Travel
Oxford International
Skybridge
Special Events (UK) Ltd
The Motivaction Group
The Travel Works
Travel Lines
Travel Solutions
Travel Works
Universal CIT
Vantage Point
World Events
Worldspan Group
Zinc

AVERAGE SIZE OF OUTBOUND GROUP

LONG HAUL	78 PAX
SHORT HAUL	90 PAX

AVERAGE DURATION OF EVENT

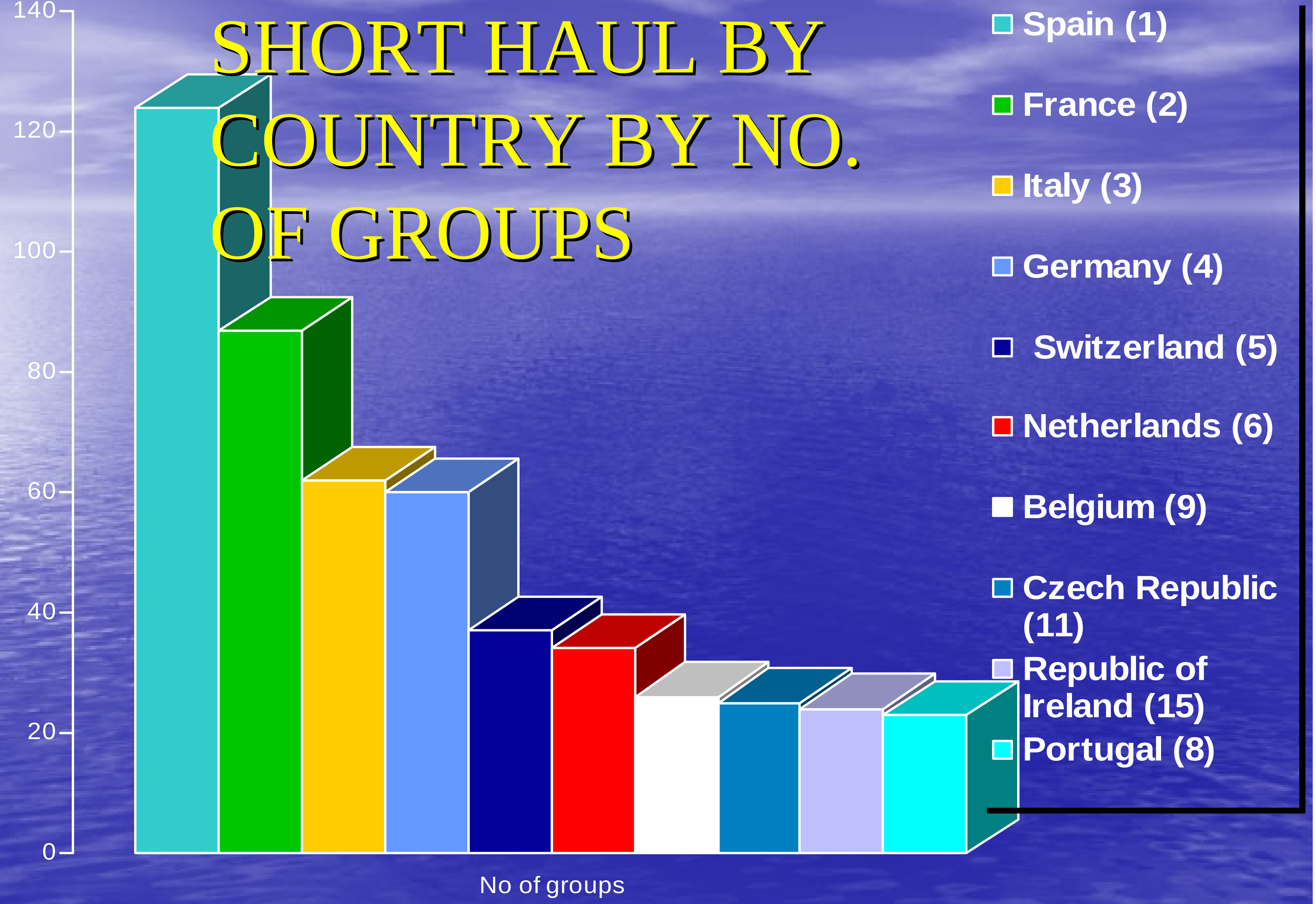
LONG HAUL (USA ETC)	3.8 ROOM NIGHTS
SHORT HAUL (EUROPE)	2.6 ROOM NIGHTS

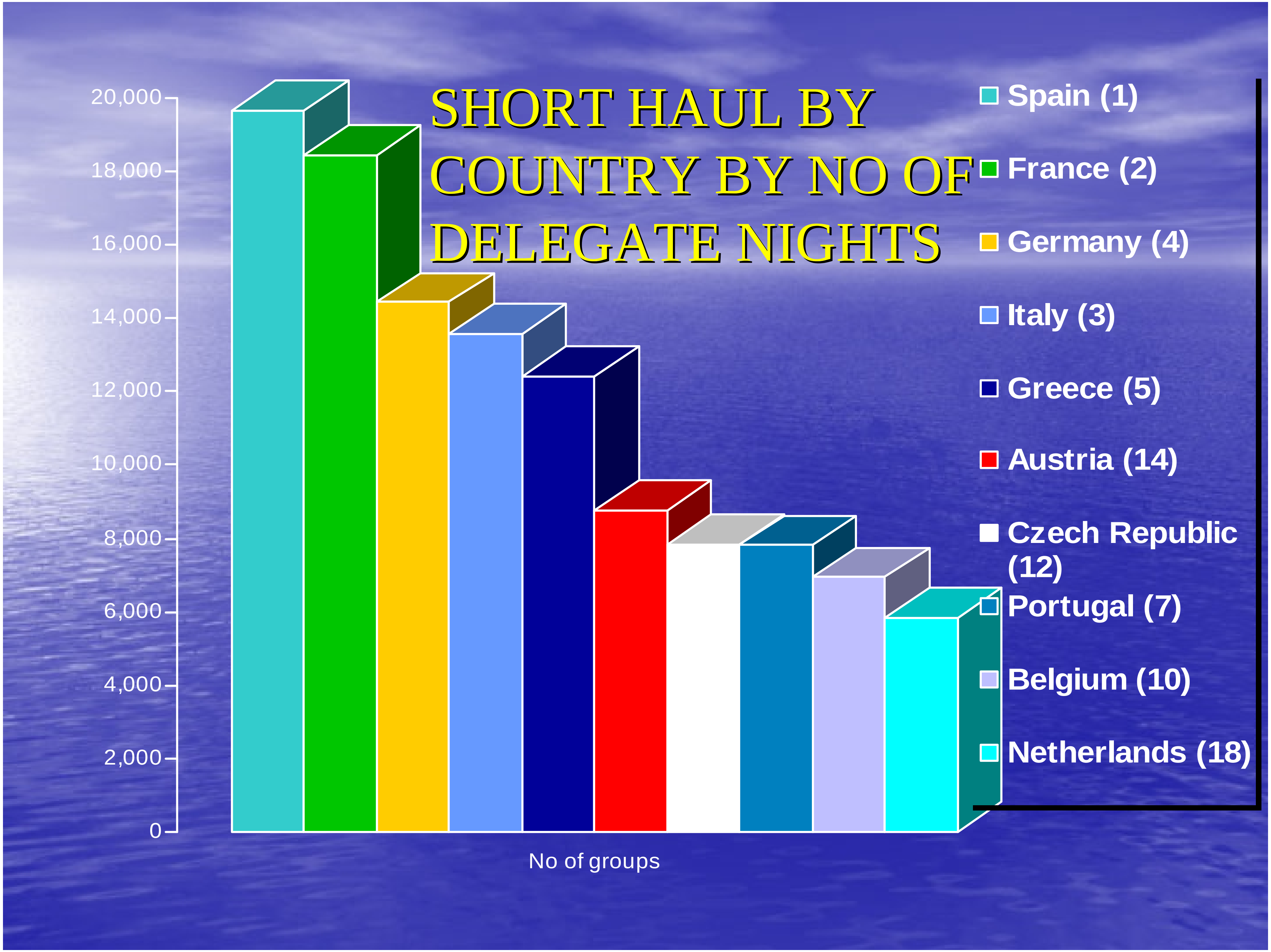
2006 UK TRENDS SURVEY RESULTS

	Groups	Participants	Nights
Long haul	209	16327	65504
Short haul	640	60441	144340
Total	849	76768	209844

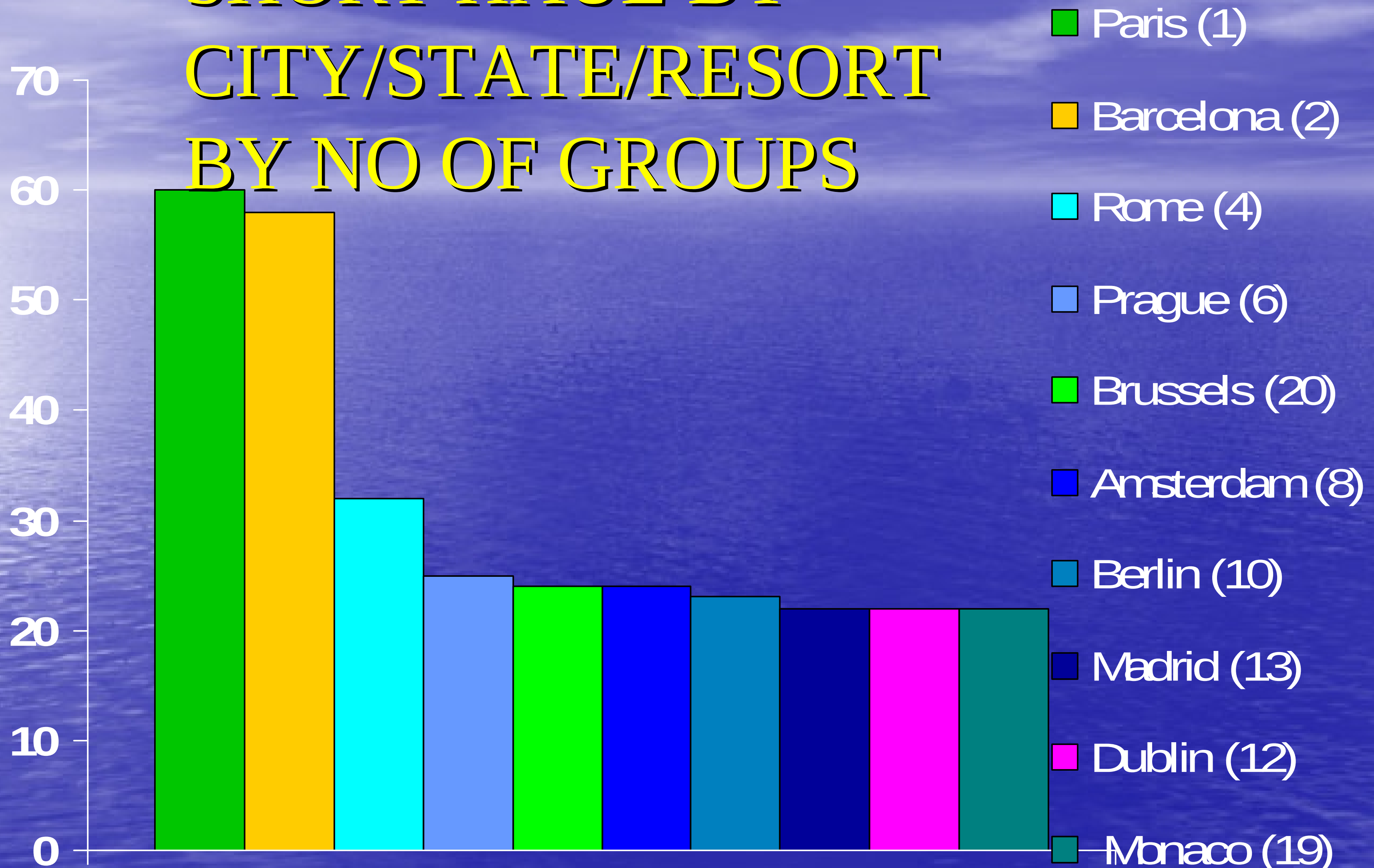
	Ave group size	Ave duration
Long haul	78	3.8
Short haul	90	2.6

SHORT HAUL BY COUNTRY BY NO. OF GROUPS

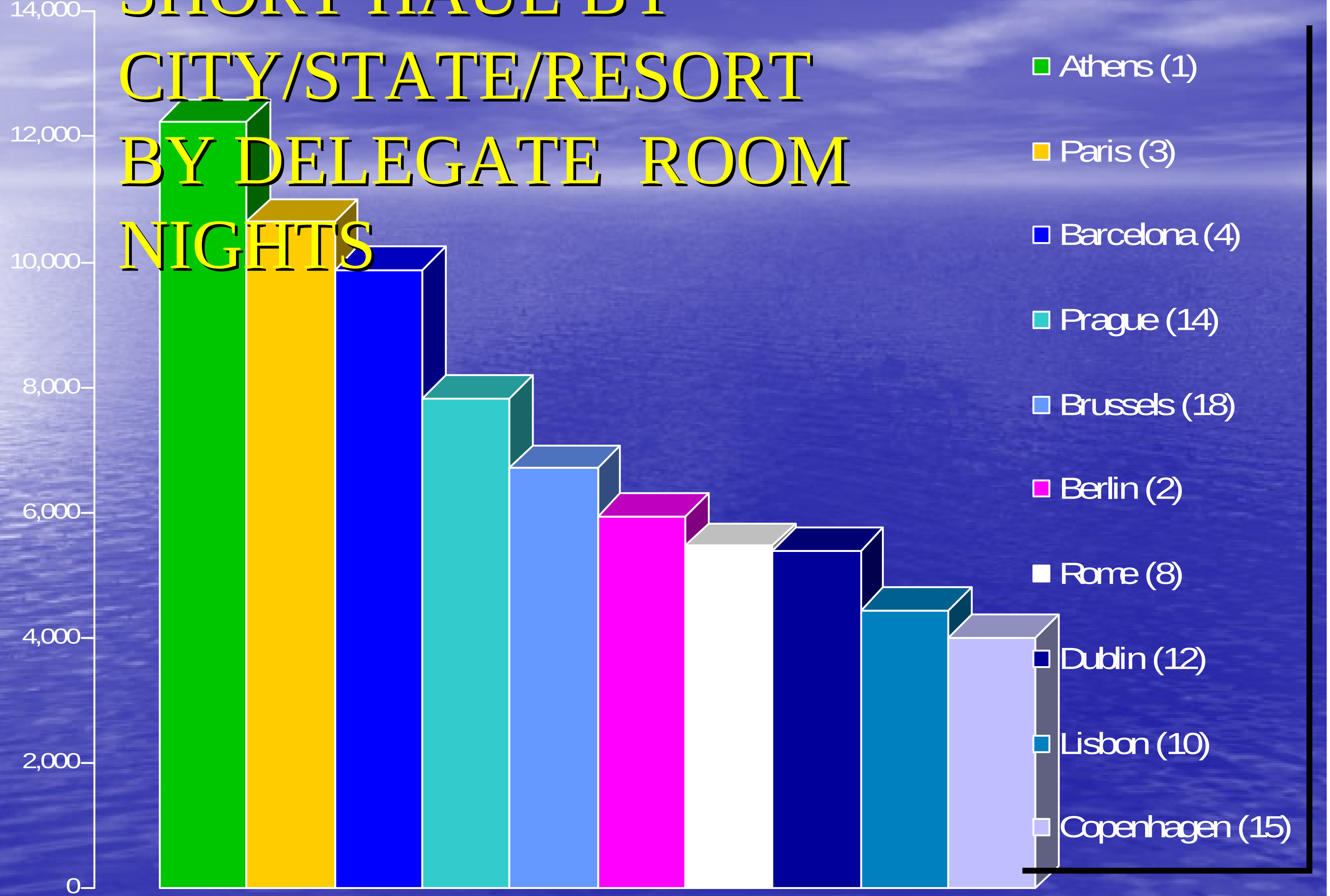



SHORT HAUL BY COUNTRY BY NO OF DELEGATE NIGHTS
20,000
18,000
16,000
14,000
12,000
10,000
8,000
6,000
4,000
2,000
0
No of groups
Spain (1)
France (2)
Germany (4)
Italy (3)
Greece (5)
Austria (14)
Czech Republic (12)
Portugal (7)
Belgium (10)
Netherlands (18)

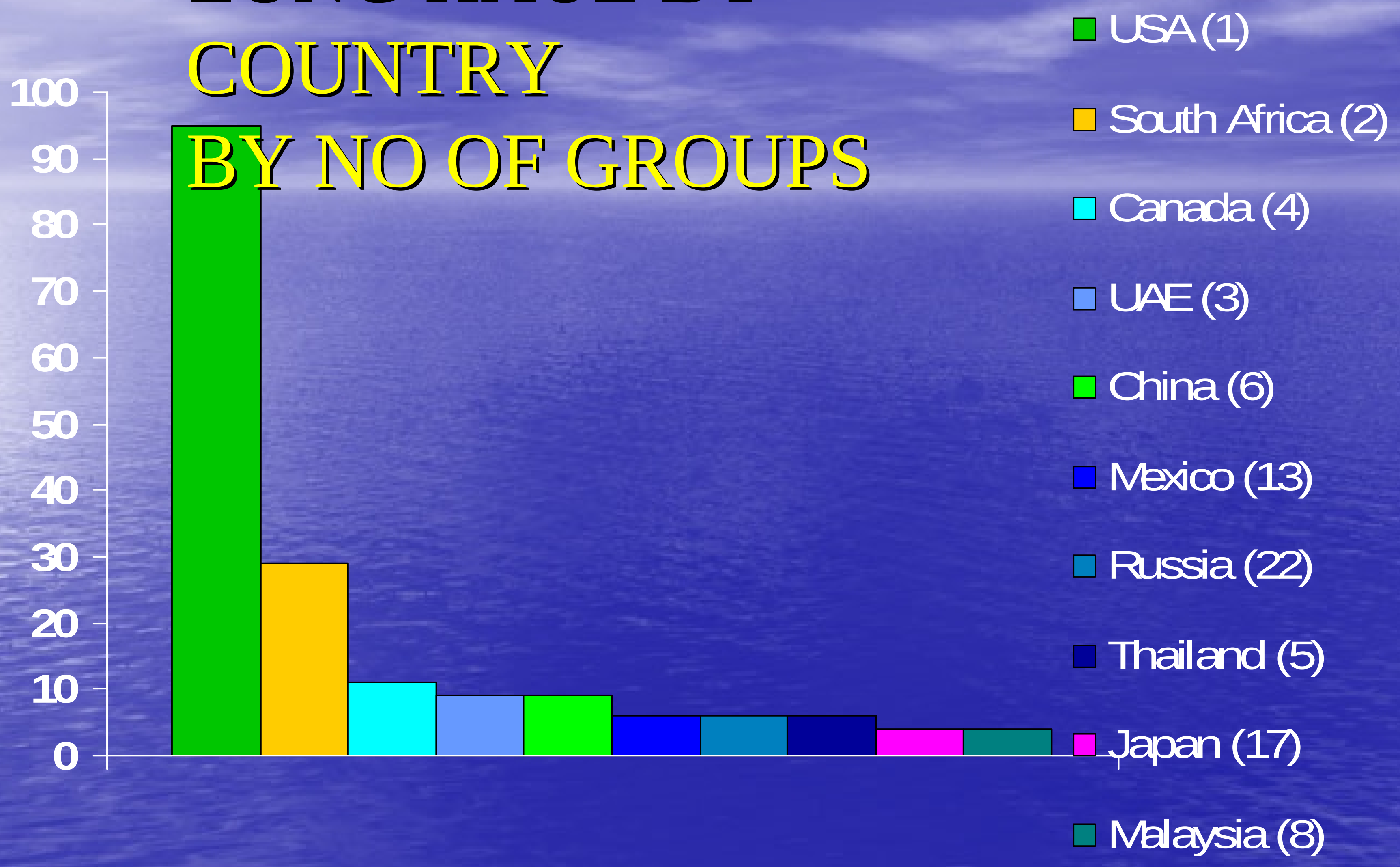
SHORT HAUL BY CITY/STATE/RESORT BY NO OF GROUPS



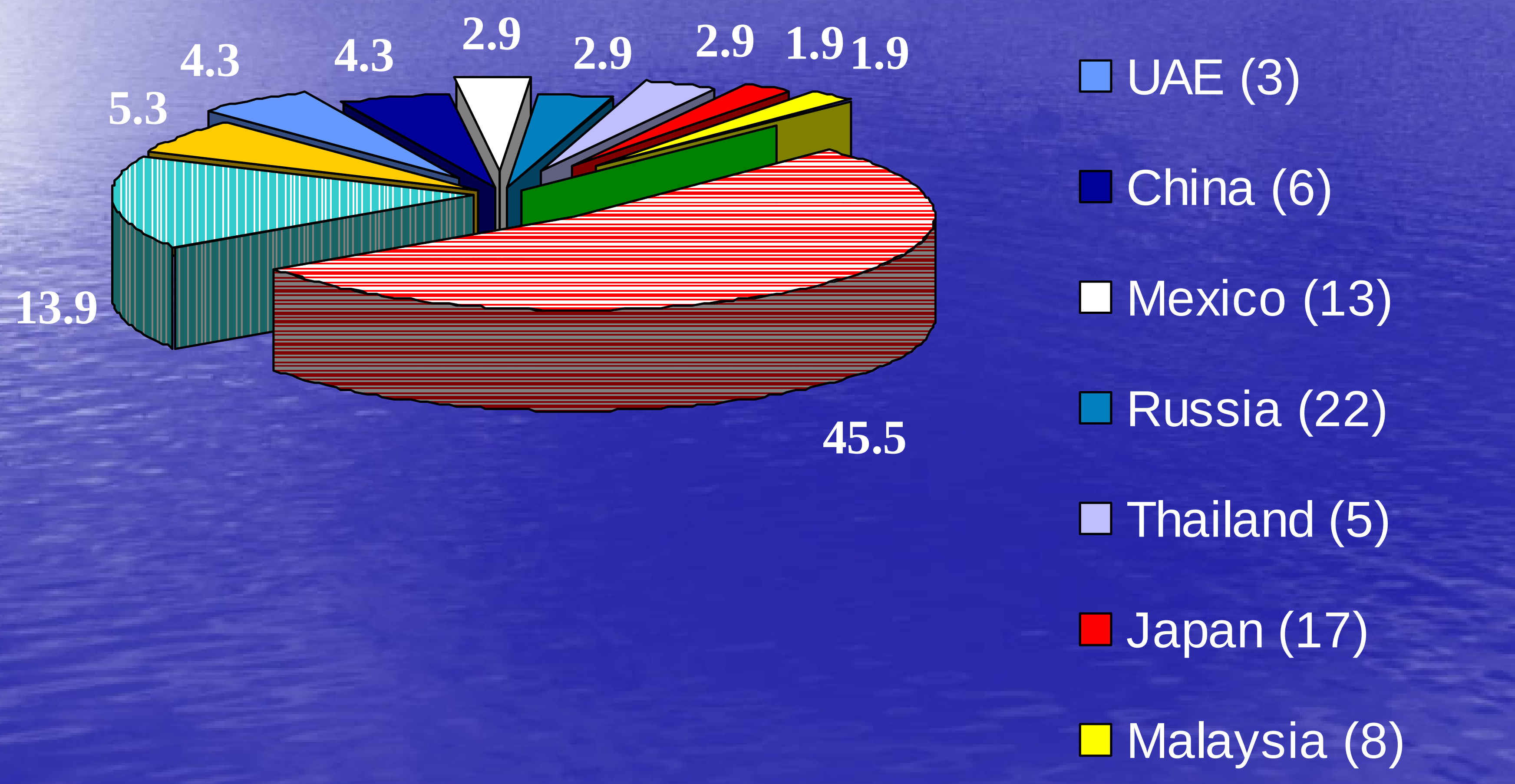
SHORT HAUL BY CITY/STATE/RESORT BY DELEGATE ROOM NIGHTS



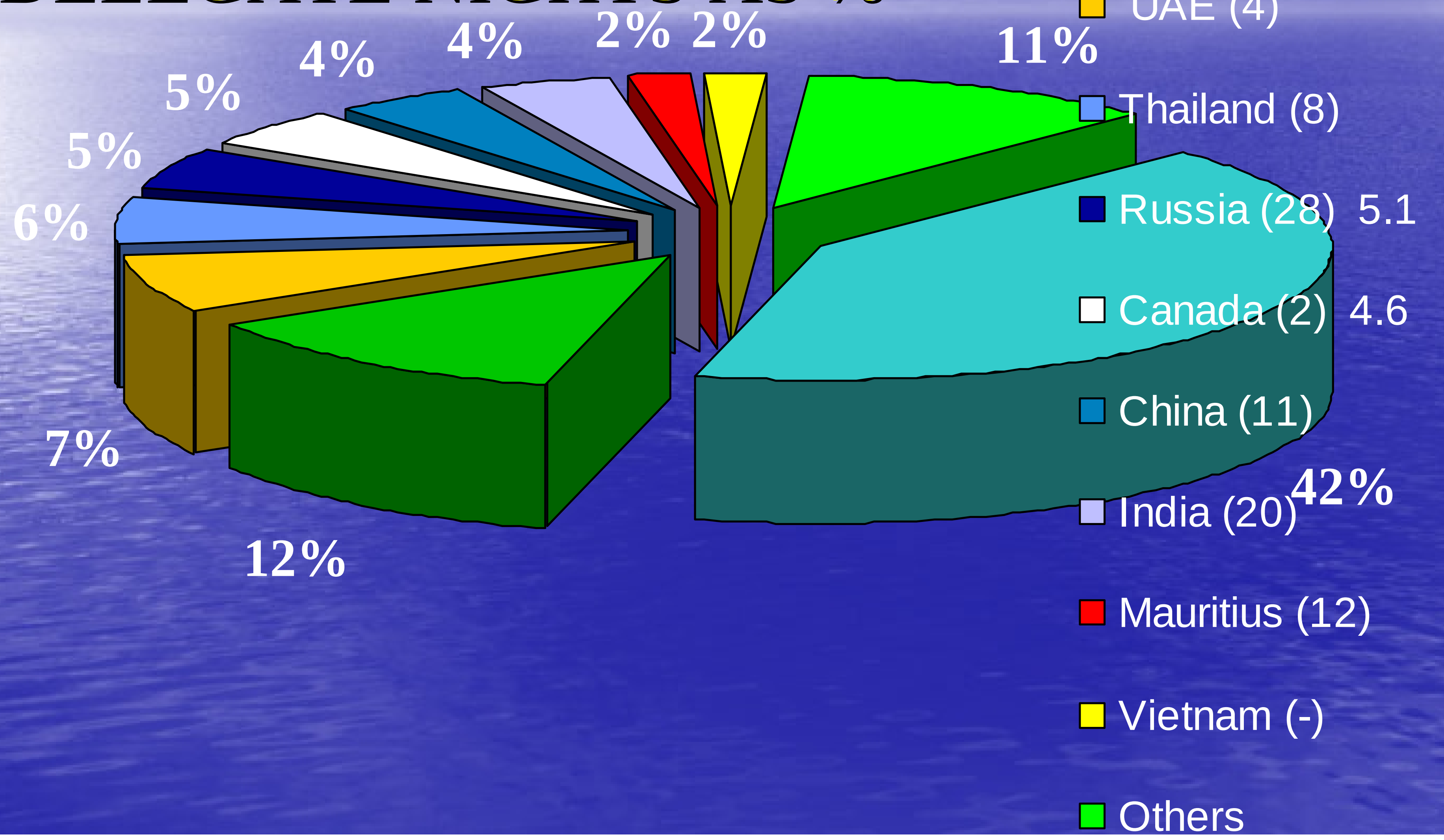
LONG HAUL BY COUNTRY BY NO OF GROUPS



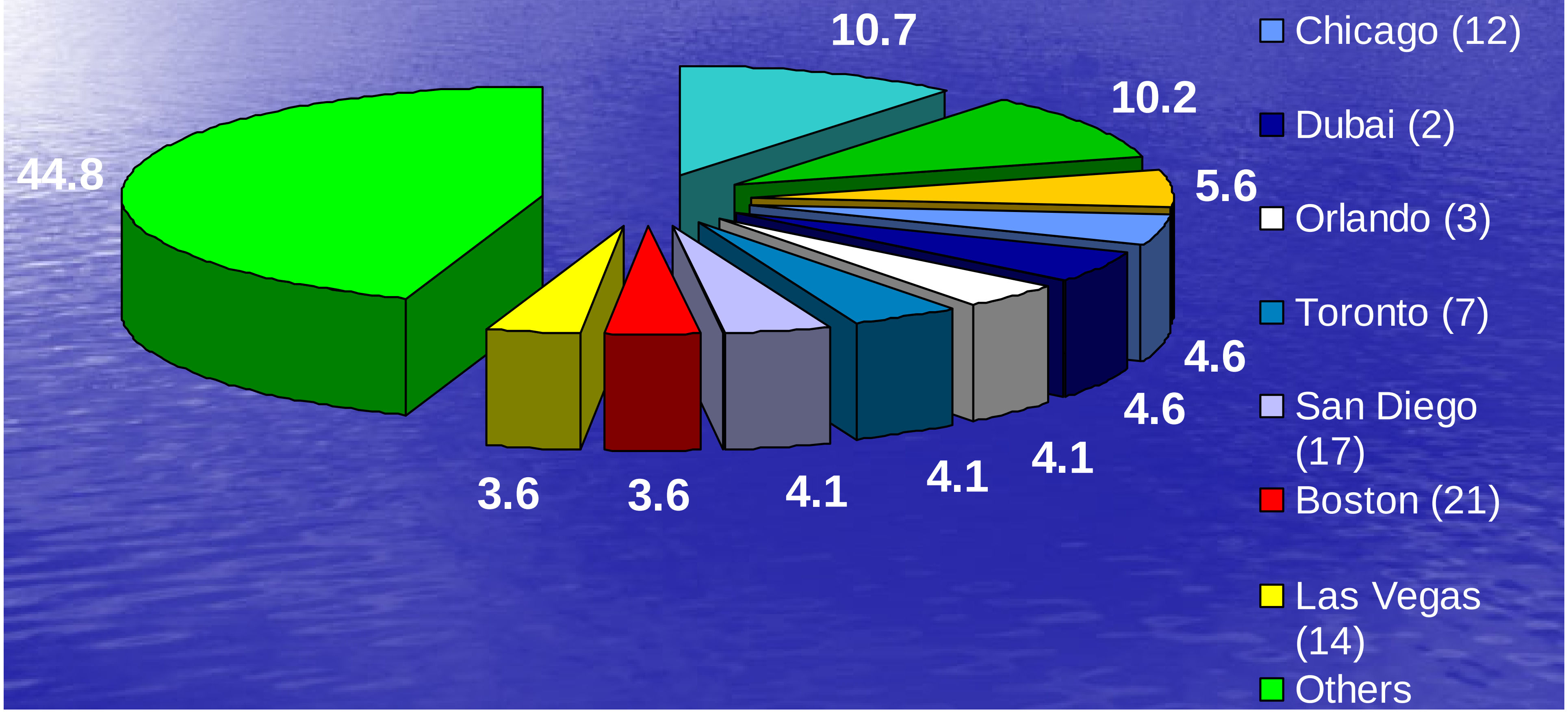
LONG HAUL BY COUNTRY BY NUMBER OF GROUPS AS %



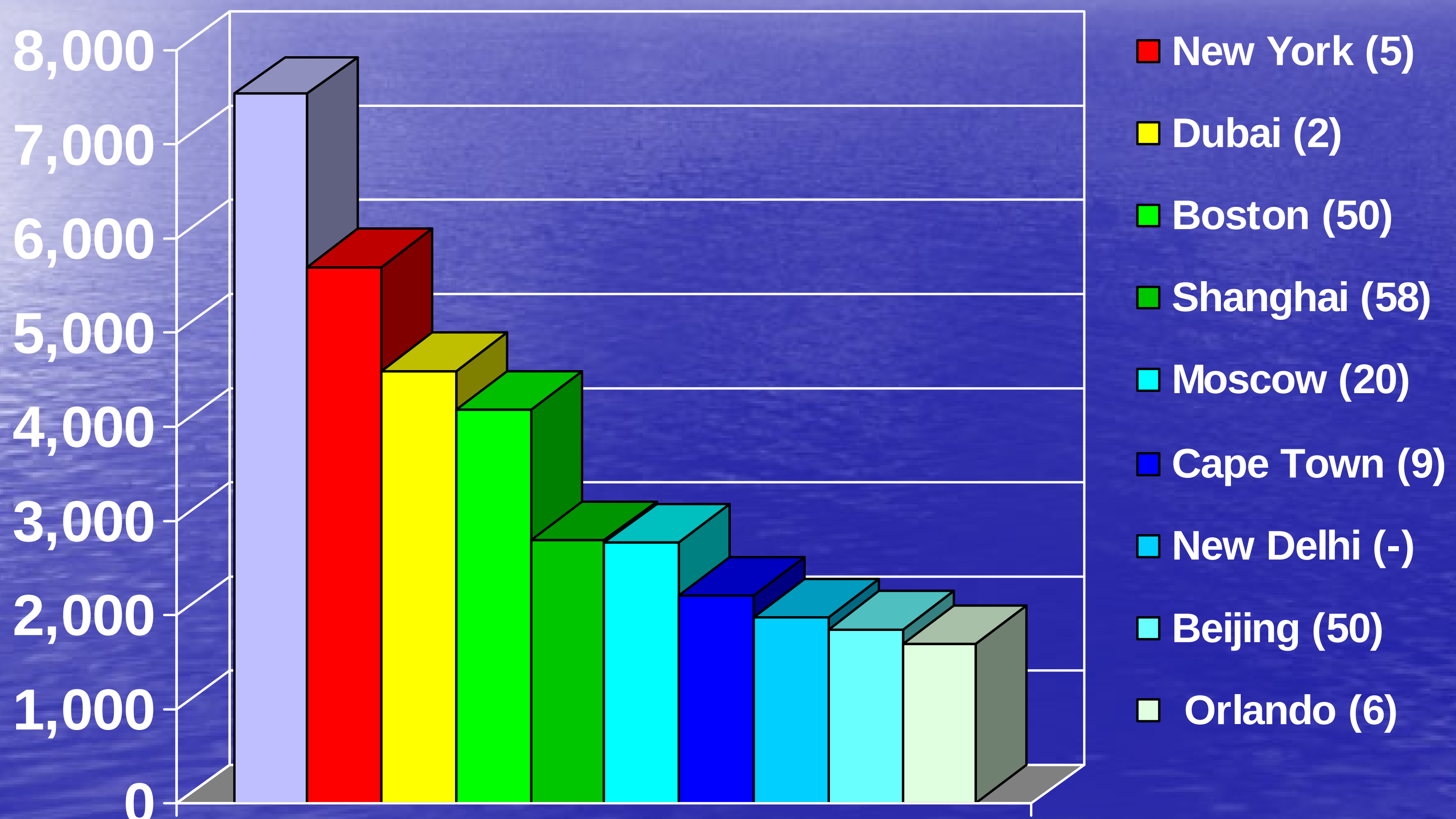
LONG HAUL BY COUNTRY BY NUMBER OF DELEGATE NIGHTS AS %



LONG HAUL BY CITY/STATE/RESORT BY NO OF GROUPS AS %



LONG HAUL: BY CITY/STATE/RESORT BY DELEGATE NIGHTS



FINANCIAL BENCHMARKS

UK EVENT ORGANISERS

2007 SURVEY

HIGHLIGHTS

- Turnover up 5.7 %
- Gross margin up 6.7 %
- Gross margin % up to new high of 26.5 %
- Pre-tax profit up 5.2 % but still woefully low
- Staff cost up 3.5 %
- Gross margin/£ staff cost down 2.6 %
- Gross margin/employee down 1.6 %
- Staff employed up 6.4 %
- smaller agencies outperforming full service agencies

Financial Highlights

	15th Survey	Change
Turnover (£m)	£ 720	+ £ 39
Gross margin (£m)	£ 191	+ £ 12
Gross margin %	26.5%	+ 0.2%
Pre-tax profit (£m)	£ 20	+ £ 1
Pre-tax profit %	2.8%	£ Nil
Average staff cost (£)	£35,765	+£1,200
Gross margin/£ staff cost	£1.51	-(£0.04)
Gross margin/employee	£58,045	- (£934)

State of the Industry

- Good growth in turnover and margins
- Salary costs and increased staff numbers erode growth in margins
- Full service agencies have lower margins and higher staff costs than smaller agencies
- Consolidation through takeovers

Top agencies by turnover (£'m)

1 Grass Roots	144
2 Maritz Europa	70
3 Capital Incentives	57
4 Motivcom	46
5 BSI Holdings	43
6 Jack Morton Worldwide	41
7 Gardiner-Caldwell	34
8 Carlson Marketing	33
9 Banks Sadler	23
10 THA	20

Top Agencies by gross margin (£m)

1 Grass Roots	31
2 Maritz Europa	17
3 Carlson Marketing	16
4 Motivcom Plc	10
5 Jack Morton Worldwide	10
6 Gardiner-Caldwell	10
7 Reed & Mackay	9
8 BSI Holdings	8
9 Skybridge	7
10 Richmond Events	6

Top agencies by pre-tax profit (£m)

1 Grass Roots	5.5
2 Gardiner-Caldwell	3.7
3 World Events	3.1
4 Adelphi Group	2.9
5 Reed & Mackay	2.6
6 Motivcom	2.0
7 BSI Holdings	1.3
8 Turner Agency	1.3
9 Capital Incentives	1.1
10 Russell Organisation	0.8

Full service agencies pre-tax (£m)

1 Grass Roots	5.5
2 Motivcom	2.0
3 Capital Incentives	1.1
4 Skybridge	0.4
5 Maritz Europa	0.4
6 BI Worldwide	(0.2)
7 Carlson Marketing	(3.7)

Top agencies by GP/£ paycost (£)

1 Gray Dawes Travel	2.72
2 Adelphi Group	2.54
3 Principal Promtions	2.40
4 Ultimate Events	2.27
5 Rapier Design	2.25
6 Turner Agency	2.19
7 Conference Creations	2.18
8 Vantage Point	2.18
9 Hillgate Incentives	2.10
10 Conference Care	2.03

Full Service agencies GP/£ paycost (£)

1 Capital Incentives	1.96
2 Skybridge	1.94
3 Motivcom	1.80
4 Grass Roots	1.74
5 Maritz Europa	1.59
6 Carlson Marketing	1.47
7 Bi Worldwide	1.37

BUYING TRENDS

- **Too many briefs to too many agencies – increases costs**
- **Lead times too short – increases costs**
- **Move to bigger agencies – increases costs**
- **Procurement matters – even in the non-profit sector! (Price sensitive…)**
- **Buying direct – agency or DMC or neither?**

BUYING TRENDS

- **Security and risk-assessment**
- **Volumes are up**
- **More events**
- **Duration down**
- **Size down**
- **Average agency margins remain low**
- **Profits are up but only because overheads are down**

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TREND$ & $PEND$

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