

# MICE

MONTHLY REPORT

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# WORLD OUTLOOK

## '2016 Commercial Transportation Trends, Disruptions and Adaptations'

On balance, the commercial freight transportation and logistics industry has been relatively static since 2015. Profits have stagnated, despite declining fuel costs. This situation is rooted primarily in the changing needs of commercial transportation and logistics customers. Shippers' supply chains are becoming ever more complex, even in market segments where their needs have been relatively straightforward in the past. These changes reflect five main trends:

**01** The fracturing of supply chains, which increasingly feature a mix of offshore, nearshore, and onshore locations, and the expanding number of nodes in shipper distribution networks aimed at reducing delivery time to customers from days to hours.

**02** Rising recognition among shippers that transportation and logistics can yield a considerable competitive advantage for them; shipping is no longer a decision influenced solely by cost, but rather a strategic consideration based on factors such as customer expectations, sales volume, and product mix.

**03** Expanded availability of high-margin shippers selling valuable and sensitive products, such as specialty pharmaceuticals and fragile electronic equipment, that require exceptional handling, security, reliability, and tracking procedures from their transportation companies.

**04** The frequency and magnitude of disruptive events — storms and other natural disasters, labor strikes, and geopolitical uncertainties — that are causing shippers to reevaluate their procurement tactics and the efficacy of their logistics networks.

**05** The double-digit growth of e-commerce and the inroads that it is making in the business-to-business arena, where shipment complexity is higher and transparency and tracking requirements are greater.



These trends are creating new demand patterns for the commercial freight transportation and logistics industry. Shippers particularly seek carriers that can accommodate spikes in volume and maintain a high level of performance during disruptions. And they are looking for business-enhancing opportunities, such as digitally-enabled solutions that provide visibility into multiple vendors, greater price transparency, and a consumer-like user experience.

With the new trends, there are some new business models trying to catch these changing demands, which traditional businesses have to keep their eyes on and design appropriate strategy in the future. Examples of the new models are:

**1** Local network builders: Companies offering a centralized warehousing and expanded transportation service with a localized distribution structure, that exploits the benefits of speed and dynamic flexibility at a competitive cost. Currently, leading e-commerce retailers like Amazon.com are building such networks for their customers.

**2** Crowdsourcing fillers: Such companies leverage the fundamentals of social networks to offer shippers the supply chain flexibility and agility that they need to better manage surge capacity and network disruptions. This category includes firms like Cargomatic, which connects shippers and carriers through web and mobile apps.

**3** Startup simplifiers: These companies target new and small shippers that don't offer enough volume to warrant the attention of larger carriers. Their offerings often go beyond shipments to a broader set of logistics activities, such as website design and online channel management. ShipStation and uShip are two companies in this category.

**4** Big data manipulators: They use a strategy that harnesses digital capabilities and the power of analytics to satisfy shippers that require more consumer-like buying experiences and greater control over their shipments. When managed well, these services can also yield substantial cost savings for the carriers and logistics companies that provide them. These savings can be reinvested in extending their digital competence.

**5** Hybrid carriers: To balance the traditional divide between asset-light and asset-heavy models, creating a combined ground network that offers the best of both — a base load of fully controlled, owned equipment plus a portfolio of instantly available non-owned equipment that can be contracted to manage demand fluctuations.

Suggestion on how to respond to this changing environment is that we, regardless of types of industry including MICE, may develop a set of capabilities that address changing customer needs, that are sufficiently flexible to shift direction to match those changing customer preferences, and, importantly, that take advantage of the deep specialization that your firm excels in while greatly improving operating efficiencies to drive optimum performance:

# RISING INDUSTRY



'The global 3PL (Third-Party Logistics) market is set to grow at a **CAGR of 5.52%** over the period 2016-2020, due to advanced technology and rising demand for e-commerce'

3PL is a business process through which companies outsource their logistics and distribution functions to a service provider that specializes in handling logistics functions such as transportation, warehousing, and freight & forwarding. A logistics service provider that provides these services is called a 3PL provider.

The 3PL market is forecast to grow at a CAGR of 5.52% from 2016 to 2020 due to 2 factors: the advanced technology that strengthens the service, and the increase in internet penetration which supports the expansion of e-commerce in the retail sector (key customers on the demand side of the market).

The use of upgraded technologies in logistics service is likely to increase improvements to the service during the forecast period. Logistics

service providers have a range of services such as GPS-enabled transportation trucks for tracking, RFID for inventory tracking, bar coding, and management information system-related services. These IT-enabled services increase the efficiency of logistics services on scheduling transportation and delivery and inventory management.

However, one challenge that could hinder market growth is high operational cost and competitive pricing. The logistics market requires a capital-intensive infrastructure in terms of a large fleet of vehicles and containers at ports, technology-equipped warehouses specialized for storing different kinds of products, and skilled manpower. This of course will take effect on any industry that moves large quantity of goods across borders including goods for events like MICE.

# MICE TRENDS

## 'Top 5 Interesting Event Design Trends in 2016'



In the event industry, organizers are always searching for new ways to create engaging, memorable and enjoyable experiences for attendees. Attendees' expectations change and that, combined with advances in technology, leads to new trends emerging each year. In this issue, we will take a look at five of the top event design trends for 2016.

**01 Paperless Events:** It's a totally win-win situation which can both reduce costs and help to make companies more environmentally friendly. Research has shown that some 60% of all paper handouts are thrown away anyway, so it's clearly time to go digital. One suggestion is to email documents to attendees in advance, or to put important information on a USB stick with event branding instead.

**02 Beacon Technology:** The continued popularity of smartphones has ensured that beacon technology is a major trend this year. Beacons are low-powered transmitters which sense nearby devices. When coming to events, they can be used to notify those in the vicinity when a speech is about to begin, or the technology can be paired with Facebook or LinkedIn to let attendees know who is around them, facilitating networking.

**03 Event Apps:** Event design extends beyond the design of the actual event itself into designing event apps. Research from TechCrunch shows that app usage has increased by 63% over the past two years, and 85% of smartphone use now takes place within apps. Designing an event app allows attendees to become actively involved, provide instant feedback, and check in extremely quickly.



**04 Contactless Payment:** Another interesting trend emerging this year is the rise of contactless payment methods, including contactless credit and debit cards, as well as payment through mobile wallets like Apple Pay, PayPal and Android Pay. In addition to providing attendees with a greater range of choice when paying for goods and services, allowing contactless payment at your event can help to reduce queues and keep things moving.

**05 Event Streaming:** Live streaming of events has been a topic of contention for several years, with opponents suggesting it will lead to reduced attendances. However, this year, many event companies are coming to realize that the benefits of using apps like Snapchat or Periscope to stream their events far outweigh the cons. Positives include the ability to reach a far wider audience and to generate online chat through social media.

MICE industry in Thailand has started to apply some, if not all of these design trends to their events and found them effective in engaging participants and sure will continue to use them in upcoming events.

# ASIA'S MICE UPDATE

'ASEAN Ports  
Moves to  
New Wave of  
Expansion'



While the global shipping industry may not be in such good shape, the attendees at the 14th ASEAN Ports & Shipping 2016 tradeshow and conference in Bangkok see a bright future for the shipping industry in ASEAN.

However, ASEAN ports need to upgrade their infrastructure in order to handle ever-increasing ship sizes. There is a demand for new and upgraded ports across the ASEAN bloc, most notably in Vietnam, Cambodia, Indonesia, Myanmar and the Philippines.

This changing environment will also positively affect companies in related business sectors such as marine fender systems, water solutions, port cranes and lifting equipment.

Another major contributing

factor to the increased optimism of many exhibitors is the steady relocation of manufacturing operations from China to Vietnam, Cambodia and Myanmar. Consequently, these destination countries are upgrading and expanding their ports at all levels, as well as looking to develop new facilities, while demonstrating a willingness to spend in order to secure premium equipment.

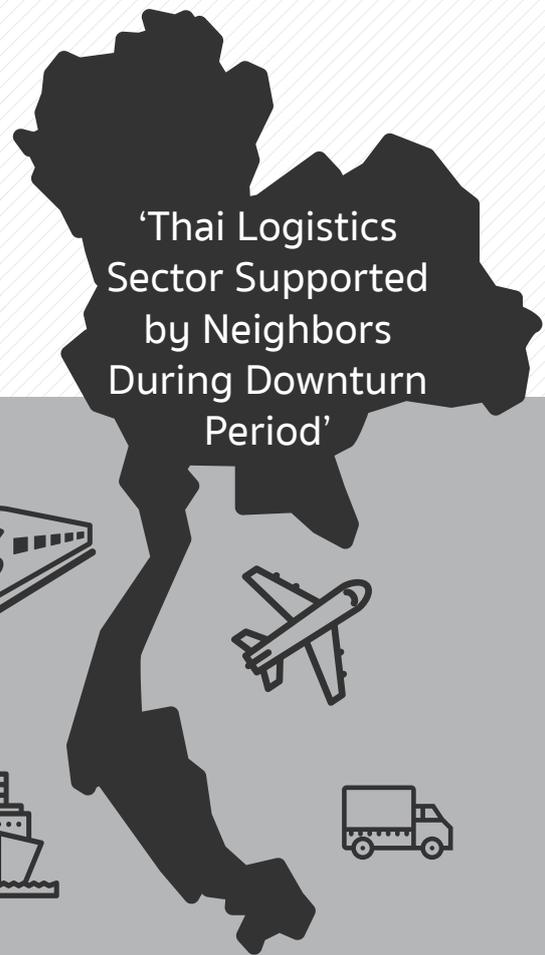
Another driver is that Indonesia and the Philippines, two of the fastest-growing ASEAN countries, are both archipelagos and require substantial investment in domestic shipping infrastructure in order to connect their component islands. According to the World Bank, about 90% of Indonesia's external trade is transported via its 300 or so seaports, with inter-island

shipping still the primary means of moving goods through these ports, rather than rail or road freight.

As ports grow increasingly busy in several countries, labor costs will inevitably rise. Hence, the growing need to invest in automated equipment to create more efficient and reliable infrastructure has also provided business opportunities.

Additionally, port service expansion is also focused on "green" and "sustainable" solutions, which means coastal monitoring services are now becoming more important. Although in an initial stage, a clear indication of this came with the recent opening of the Teluk Lamong port in Surabaya, Indonesia's first comprehensively 'green' freight handling facility.

# THAILAND'S MICE UPDATE



Feedback from attendees at Asia Warehousing and Cold Chain Shows in Bangkok reflects a view that the Thai economy is struggling and political uncertainty looks to be a long-term issue. Successful companies in the warehousing and cold storage sectors are those which offer cost-saving goods and services and bring in business from the faster-growing economies nearby like Myanmar, Vietnam and Cambodia.

Currently, the rising cost of labor, compounded by a shortage of skilled workers, is a common regional problem in various industries including logistics. This is pushing customers in the sector towards investing in automated systems and higher quality machinery, reducing their overall dependence on workers.

Honeywell Systems (Thailand), part of US multinational Fortune 100 Honeywell, has been selling barcode management systems for warehouses in Thailand for the past five years over which period the company has enjoyed good growth as customers focus on reducing costs to maintain their financial status in the long-run. In addition, Menam Mechanika, a local Thai company that provides integrated systems solutions

for new warehousing and cold chain storage facilities, has also found the market increasingly open. Veerachai Tintansup, the company's Sales Manager, says: "Menam Mechanika started operations in 2002. When we first began, our customers didn't know anything about automated operating systems. Now though, our customers are much more familiar with the concept. More companies are automating than ever before." Soon enough, this automation will be mandatory for other smaller-scaled companies in Thailand.





# UPCOMING EVENTS

| Segment    | Event   | Destination   | Date                     |
|------------|---|---|--------------------------|
| Meeting    | Deloitte Global Indirect Tax Conference (Singapore)   | Millennium Hilton, Bangkok  | 7–12 November            |
| Incentive  | Usana Korean 2  | Centara Grand Mirage, Pattaya   | 23 – 26 November         |
|            | 2016 Summer Festival Incentive Trip   | Hilton Phuket Arcadia Resort & Spa, Phuket                            | 18 – 26 November         |
|            | 2016 Wrigley (China) Sugar Hero Meeting   | Holiday Inn Chiang Mai, Chiang Mai                                    | 30 November – 4 December |
| Convention | The 2 <sup>nd</sup> World Irrigation and The 67 <sup>th</sup> International Executive Council | Chiang Mai International Convention and Exhibition Center, Chiang Mai | 6–12 November            |
|            | The 8 <sup>th</sup> ACPID 2016  | QSNCC, Bangkok  | 7–10 November            |
|            | The 5 <sup>th</sup> International Gem and Jewelry Conference (GIT2016)                        | The Zign Hotel, Chonburi  | 8–9 November             |
|            | The 26 <sup>th</sup> FAPA Congress 2016   | BITEC, Bangkok  | 9–13 November            |
|            | The 21 <sup>st</sup> ASPR Congress 2016   | QSNCC, Bangkok  | 12–15 November           |
|            | The 15 <sup>th</sup> IAU Conference 2016  | Chulalongkorn University, Bangkok                                     | 13–16 November           |
|            | The 9 <sup>th</sup> Asia Pacific Conference on Algal Biotechnology (APCAB 2016)               | Century Park Hotel, Bangkok   | 15–18 November           |
|            | Tourism and Hospitality International Conference (THIC ) 2016                                 | Prince of Songkla University, Surat Thani                             | 17–19 November           |
|            | The 16 <sup>th</sup> FERCAP International Conference  | Chulalongkorn University, Bangkok                                     | 20–23 November           |
|            | The 13 <sup>th</sup> Annual International Feng Shui Convention (IFSC)                         | S31 Sukhumvit Hotel, Bangkok  | 25–27 November           |
|            | The 3 <sup>rd</sup> International Congress on Advance Materials (AM2016)                      | Centara Grand at Central Plaza Ladprao, Bangkok                       | 27–30 November           |
| Exhibition | Bus & Truck 2016  | BITEC, Bangkok  | 3–5 November             |
|            | In-cosmetic Asia 2016   | BITEC, Bangkok  | 8–10 November            |
|            | Sign Asia Expo 2016 / Bangkok LED & Digital Sign 2016   | IMPACT, Bangkok   | 10-13 November           |
|            | ITU Telecom World 2016  | IMPACT, Bangkok   | 14-17 November           |
|            | PEA presents EcoLightTech Asia 2016   | QSNCC, Bangkok  | 23-26 November           |
|            | The Grand METALEX 2016  | BITEC, Bangkok  | 23-26 November           |
|            | ASEAN Bangkok-China Import-Export Commodities Fair 2016                                       | IMPACT, Bangkok   | 25-27 November           |
|            | 3D Printing + Rapid Prototyping Expo 2016   | BITEC, Bangkok  | 28-29 November           |