



## Targeting Market for MICE/Business Events Industry in Indonesia: A Case study in Makassar City of South Sulawesi Province

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### ABSTRACT:

Not many studies have explored target market in MICE Industry. This study is a descriptive analysis which explores the phenomena of business events market in a MICE destination of Indonesia. It was found that buyers of events (meetings and conventions) in government sectors tend to conduct their events in 3 star hotels while corporate sector tend to conduct their events in 4/5 star hotels. Events of exhibitions were mostly created by the event planners and they did not rely on buyers. Incentive travels and meetings were not the main focus of the destination and it needs further development to target a market in Indonesia.

Keywords: MICE Industry, Event Market, Buyers, Event Planners, Indonesia, Makassar

### I. Introduction

The so called globalization has expanded business in all fields and it has triggered all sectors to conduct business events or Meeting, Incentive, Congress and Exhibitions. The number of MICE events is increasing rapidly because there are many new ideas to develop new business and introduce products to the worldwide community through MICE events. It has been claimed that the MICE industry is one of the fastest-growing segments of the global tourism industry (Dragićević et al, 2011).

Indonesia has not yet become the main destination for MICE in Asia Pacific region. The International Congress and Convention Association (ICCA) noted that in 2012 Indonesia was in the eleventh rank in Asia Pacific and Middle East region in terms of number of international events, unlike neighboring countries such as Singapore (sixth rank), Thailand (seventh rank) and Malaysia (ninth rank). The MICE Industry in the country has actually grown since 1980's. The number of visitors and delegates of MICE events has increased with average expenditure US\$ 210 per day for each participant of convention. In comparison with leisure tourism, the average expenditure of tourists is US\$ 400 for seven to twelve days. The expenditure of visitors for business tourism is twice or triples than visitors for leisure tourism.

The prospect of MICE industry is very promising because the Indonesian government has seriously supported the development of the industry. The government through the ministry of tourism and creative economy (previously ministry of culture and tourism) has established two directorates related to MICE industry including Directorate of Promotion for Conventions, Incentives, Events and Special Interest under the General Directorate of Tourism Marketing; and Directorate of Development for Special Interest, Conventions, Incentives and Exhibitions under the General Directorate of Tourism Destination Development. The government should have the courage through its tourism strategies in developing MICE industry so that the industry can also become a new resource to increase national income in tourism sector.



The direction of MICE development policy is pretty obvious based on a national meeting of coordination in tourism sector dated February 12, 2007 in Jakarta. The President of Indonesia provided an instruction that the development of tourism must focus on the development of MICE industry and this industry should be seriously handled. The industry should also become the important part of the tourism development and alternative ways for Indonesia to grab the market of tourism in international level.

One of the strategies to develop the MICE industry in Indonesia is to establish MICE destinations. The government through the ministry of tourism and creative economy has decided ten destinations of MICE in Indonesia and these destinations are divided into two categories: main destinations and potential destinations. The main destinations consist of several big cities in Indonesia including Jakarta, Yogyakarta, Surabaya, Bali and Batam. On the other hand the potential destinations consist of several big cities which are also the gate of entrance for visitors to Indonesia including Medan, Padang/Bukit Tinggi, Makassar, Manado and Bandung.

Therefore, this article will describe the current existence of target market of business events in a destination of Indonesia. This article can be useful for the government to develop strategies in gaining market for business events and is also beneficial for business sectors to target their events in the future.

## II. Theoretical Background

The term of market has been used traditionally as a physical place where buyers and sellers meet each other to exchange goods and services. Kotler et al (2001) emphasize that a market in terms of marketer side tend to refer to buyers so that the market can mean a collection of facts taken from potential buyers of a certain product. Therefore, sellers can actually understand the needs of buyers toward a product they offer. By focusing on buyers, the market of the product can also depend on the ability of the product to reach the size of the market.

In marketing the product, establishing a target market of a destination is very crucial because the product of the destination cannot snatch the whole market which consists of different characteristics. The size of the market is also very large. Thus, the market of the destination should be targeted to gain proper buyers or customers and it would be easier for the marketer to communicate the product with the targeted market. Those who are the target market of the product possess four characteristics including interest, income, accessibility, and qualification so that a marketer should adjust marketing strategies based on the market characteristics (Kotler et al, 2001). If a MICE destination depends on mass market, it would be difficult for the destination to create an appropriate product that suits with the needs of each buyer.

Targeting a market is an initial stage for marketing a product and it also becomes the next stage to change the marketing strategies in reaching the market which is sizable. Fisk (2006) argues that employing target market as an initial stage to determine a competitive positioning of a product along with other competitors so that the product can grow its market based on the quality and capability of the product. Furthermore, if the target market noticeably experiences the decrease of buying capability of the product, the current target market can be the measurement to examine the weaknesses of the product and to develop strengths of the product. An organization can benefit from the existence of the current target market as a tool of evaluation to target new market or to create product diversification. The same notion has been emphasized by Kotler and Keller (2006) that a target market is a guideline in providing suitable product and the best services as well as in designing product which meets the demand of market.

Specifically, target market can determine the suitable audience of a product so that the target market also involves market segmentation. Market segmentation can be activities to recognize people with



differences of feelings, demands, behavior, lifestyle, number and composition and it is also a planned policy which maximally meets market demand by directing marketing efforts to a certain sub-group of consumers (Middleton and Clarke, 2001). Bowie and Buttle (2004) recommend that segmentation and targeting are based on two simple facts. Firstly, consumers possess a variety of expectation and requirements towards a product or service and therefore a business company should identify the differences of expectation and requirements into the similar needs and wants. Secondly, after identifying the similarity of needs and wants, the company should design and brand the product or service with any means which can provide customer satisfaction of targeted customers and can compete effectively with competitors.

Middleton and Clarke (2001) argue that segmentation in tourism can be defined as a process of dividing a mass market such as visitors and sectors of market into a sub-group or segment which aims at marketing management. This can mean that segmentation is a part of significant activity in marketing for grouping a wide range of customers based on the characteristics of visitors as the customers and a destination as the product. Jang et al (2002) also contend that market segmentation allows travel marketers to understand the needs and wants of different travel groups and to efficiently communicate with them. The grouping can effortlessly enable a destination to enter the market so that the marketing activities can be implemented effectively. The larger the range of the market the more efforts should be made. The more groups are divided the more efforts are also made to develop a quality of destination which can meet the characteristics of each group. Kotler et al (2001) suggest that segmentation is an initial stage to establish market targeting and eventually this can end up with market positioning. The target market is an evaluation of interest of market segments and selection of a segment or more segments that will be targeted by a destination. In the establishing the target market the destination should develop measurements of interests of segments so that the destination can select suitable segmentation.

Proper selection of customers in marketing a MICE destination can result in gaining prospective customers (Roger, 2007). Wootton and Stevens (1995) argue that understanding business tourism market aims at identifying characteristics and trends in segmenting customers. Customers including visitors and delegates of business events should be satisfied with products possessed by a destination. MICE Industry relies on events as the main products which can be the market of the destination. In turn, events rely on venues at the destination. This means that a destination must accommodate any kind of events to be held based on the needs and characteristics of the events. Stakeholders of MICE industry should be aware of the requirements of MICE products which consist of various segments of customers. Therefore, this awareness can be beneficial for the destination to develop tourism products leading to quality of MICE destination and in turn it will be useful for market positioning.

In terms of business events, segments which will be targeted for a destination include buyers or organizations that intend to hold an event in accordance with the types of event. McCabe et al (2000) and Roger (2007) describe that the customers of business events can be buyers in corporate sector, association sector and government sector. Corporate sectors tend to conduct events which aim at increasing sales and promoting their products. On the other hand, events of association sector may cover events which deal with improvement of professionalism of its members, annual meeting and improvement of knowledge and awareness of a certain issue. Events of government sector generally focus on quality development of human resources and capability development of the governmental institutions. Roger (2007) also differentiate market of MICE industry based on sectors such as oil, gas and petrochemicals; medical and pharmaceuticals; computing/IT and telecommunications; motor manufacturing and other manufacturing; financial and professional services; food, drink and tobacco; and travel and transport

A MICE destination through hotels and congress/convention centers should satisfy the customers (meeting planners and attendees) by understanding their needs (Dragičević et al, 2011). This would



benefits the destination to target a market as the satisfaction is a powerful effort to attract other customers and current customers to revisit the destination. The needs of customers can be indentified through facilities management. A case study of Suntec Singapore International Convention and Exhibition Centers by Tay (2006) provides a clear picture of the importance of facilities development and management to meet customers' needs in order to attract buyers including foreign exhibitors, local exhibitors and local banquet events. On the other hand, meeting planners as significant angels to organize corporate and association meetings are also aware of the service excellence in order to meet the needs of customers as the market of events including corporations and associations (Toh, 2005).

### III. Methodology

This is a descriptive study which provides data about events market based on the context of Indonesia. Owing to the largeness of the country, this study was purposively focused on Makassar city located in South Sulawesi. This city is a growing destination of MICE and it has been selected by the government as one of the main MICE destination in Indonesia.

The data which were collected include number of events, types of events as well as venues of events in 2012. This study employed purposive sampling and the samples consisted of three hotels of 3 star hotel, two hotels of 4 star hotel, one hotel of 5 star hotel, one convention center and 2 Event Organizers/Professional Exhibition Organizers. The data were presented in percentage and were displayed using pie-charts. The data were analyzed descriptively in order to explain the phenomena of the existing market of events. Interviews were also conducted to obtain information related to quantitative data.

### IV. Result

South Sulawesi Province which is the entrance gate to Eastern Part of Indonesia Sulawesi possesses significant advantages for economic growth. These advantages have also impacted on the growth of business tourism which is currently developing rapidly in this region. Events of business tourism or Meeting, Convention and Exhibition of international, national or local levels are increasing. One of the indicators of is room occupancy of star hotels is increasing because of business events or MICE and sometimes it is difficult to find a venue to hold an event which can accommodate its delegates.

The target market of events for business tourism includes customers that will conduct their business events in the region especially in Makassar city as the capital city of the province. These events will benefit from the tourism products in the destination along with all facilities in to order to make the events in success. The target market will be discussed in the following analysis.

#### 1. Target Market of Convention and Meeting Events

Target market of convention and meeting events in Makassar city includes market segment in the following sectors:

- Government sector

The governmental institutions mostly conduct their events in the form of training sessions, and socialization of policies and projects. They tend to hold an event based on ability of budgeted funding which has been proposed a year before the event.

- Corporate sector

Corporate events mostly include business events which aim at developing business of any enterprises based on the area of the business.

- Association sector

Association events include conventions and meetings which can develop the capability of an organization and the skills of members of an organization.

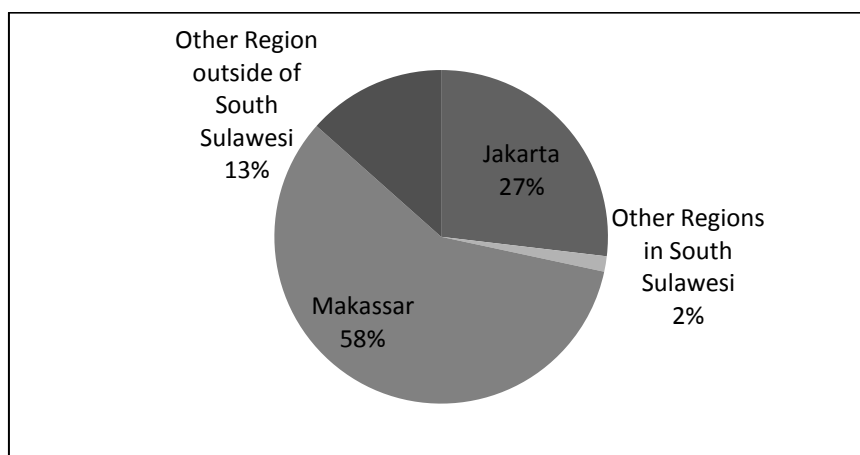


In order to describe the existence of business tourism market based on the characteristic of the region, this research has used two kinds of categories which are event market in three star hotels and event market in four/five star hotels.

### 1.1. Event Market in Three Star Hotels

Three star Hotels have become the target of venues to hold events. The number of events can be used to analyze the market of events in this region. Furthermore, because of the limitation of accessibility to gain data from hotels, this research just employed data from three 3 stars hotels as samples of this study. The limitation was caused by most hotels are aware with their confidentiality to share data. Therefore, this study only describes the condition of events market based on percentage to be used for analysis. In addition, the data gathered can only describe two types of phenomena include target market based on origin of event buyers and sectors/fields of event buyers.

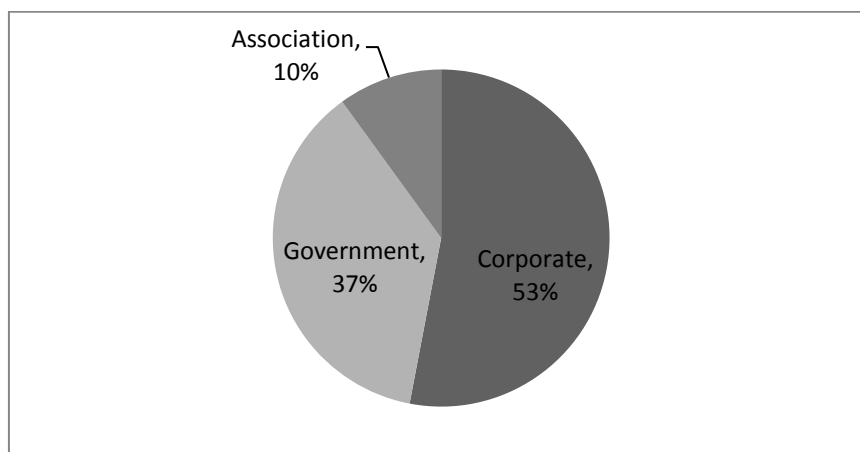
**Figure 1 Event Market Based on Origin of Event Buyers at 3 Star Hotel in Makassar**



**Source: Authors' Research**

The chart shows the existence of market in three hotels of 3 star hotels in terms of the origin of event buyers in 2012. It is obvious that the majority of meetings and conventions buyers originated from South Sulawesi itself (71%) where 58% buyers from Makassar and 13% buyers from other areas in South Sulawesi. The origin of event buyers was mostly from Makassar city because Makassar city is the capital city and business center in South Sulawesi Province. However, some organizations both government and corporate were also interested to conduct their events in three star hotels because venues and accommodation costs were affordable for them based on their budget.

**Figure 2 Event Market Based on Types of Event Buyers at Three Star Hotels in Makassar**



**Source: Authors' Research**

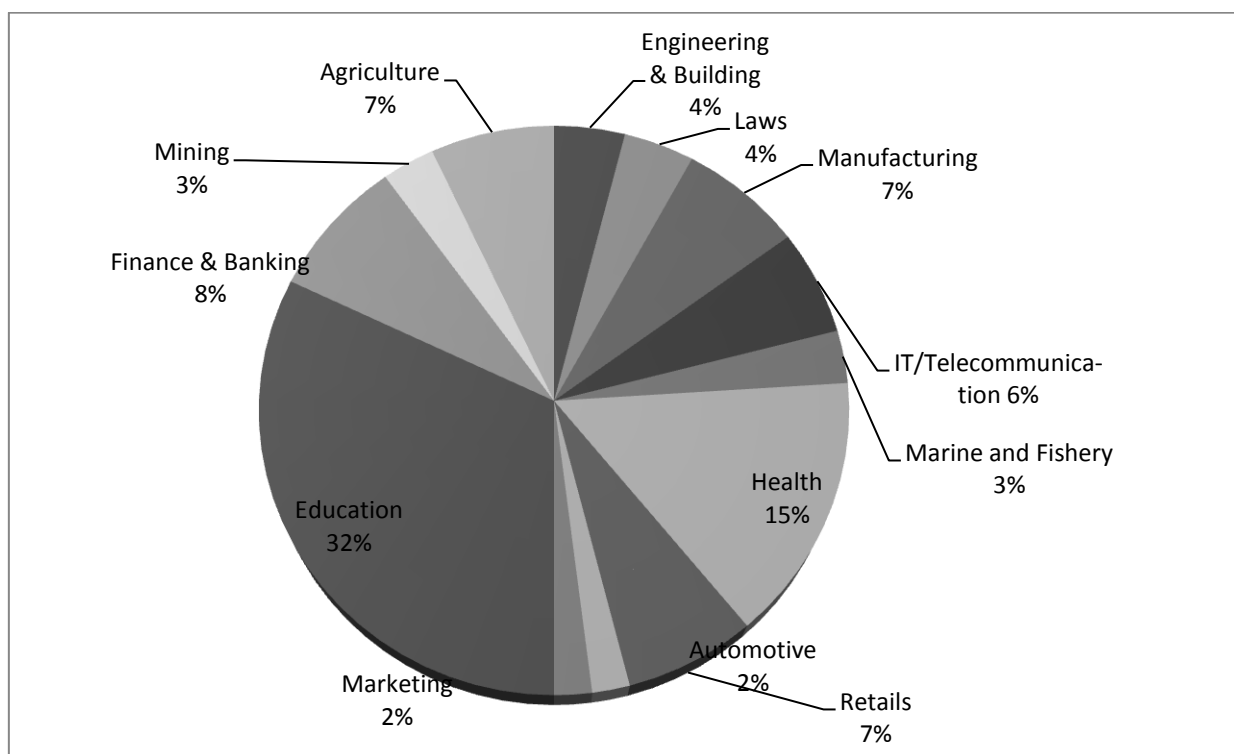


The chart shows the existence of event market based on types of event buyers including government, corporate and association in 2012. The chart indicates that most of event buyers were from government sector accounted for 53% of events. Based on the survey that most of the events include training and kinds of socialization meetings which were used to socialize policies or regulations newly set by any governmental institutions. Furthermore, corporate sector was in the second place accounted for 37% of events. They conducted meetings with their business partners in order to increase sales of their products, both services and goods. The percentage of events for association sectors was small, only 10%.

## 1.2. Event Market in Four/Five Star Hotels

Four/five star hotels are choices for either event buyers or event organizers to hold business events in large scale. Most of the event buyers or event organizers in all sectors chose venues at four/five star hotels for their events because of maintaining image of the events. The data were collected from two four star hotels and a five star hotel as samples of the study. Because of the characteristic of the data gained, the analysis only includes events market based on origin of event buyers, types of event buyers and type of events based on field.

**Figure 3 Event Market Based on Field of Events at Four/Five Star Hotels in Makassar**

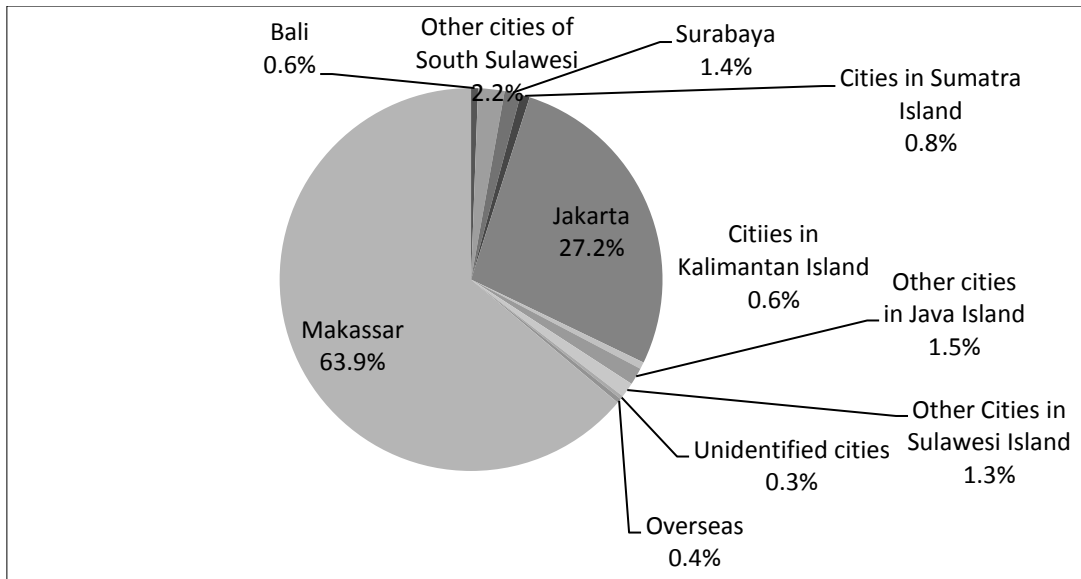


**Source: Authors' Research**

The chart shows the existence of event market based on types of event field in 2012. The chart indicates that most events conducted in four/five star hotels were in the field of education accounted for 32% followed by field of health accounted for 15%. Furthermore, the percentages of events in the fields of finance/banking, mining, manufacturing and agriculture were almost the same accounted for 7% to 8%. In terms of meetings and conventions, the percentage of events in the field of IT/Telecommunications was small, 6%. The smallest percentage of event market based on types of events was marketing and automotive, accounted for 2% respectively.



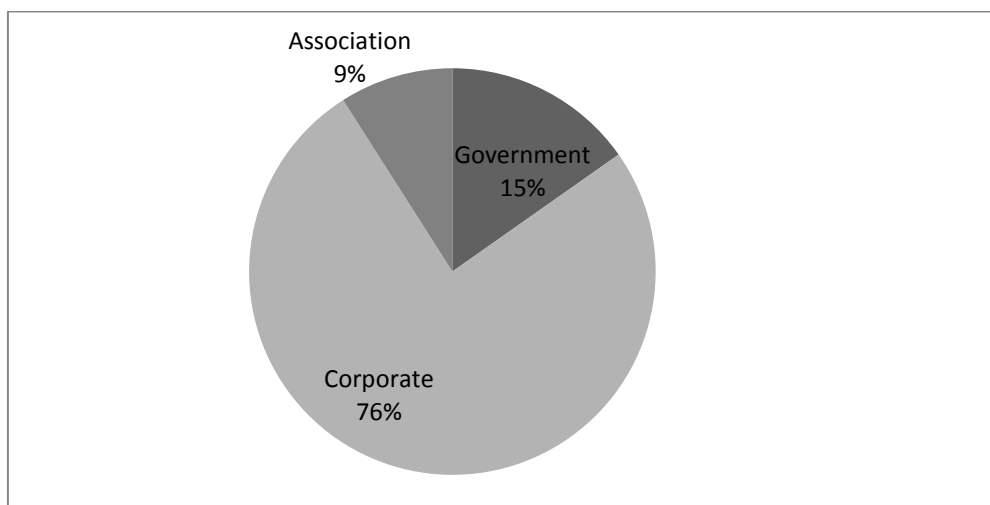
Figure 4 Event Market Based on Origin of buyers at Four/Five Star Hotels in Makassar



Source: Authors' Research

The chart shows event market based on origin of event buyers at four/five star hotels in Makassar in 2012. It is clear that the largest percentage of event market based on origin was Makassar (capital city of South Sulawesi) accounted for 63.9%. Furthermore, because Makassar is the central point of Indonesia which connects other areas between west part of Indonesia and east part of Indonesia, central government and head offices of corporate enterprises located in Jakarta tended to conduct their events in Makassar. It would be easier for them to meet up with their clients and branch offices and to conduct meetings and conventions in Makassar. The percentage of event market based on origin of event buyers from Jakarta was 27%. Event market for international events was still far beyond the expectation because the percentage was very small, 0.4%. Most international events were owned by the international organizations and foreign embassies in Indonesia.

Figure 5 Event Market Based on Types of buyers at Four/Five Star Hotels in Makassar



Source: Authors' Research

The chart shows the existence of event market at 4 and 5 star hotels based on the types of buyers of events in Makassar in 2012. It is clear that buyers of corporate sector (765) were the largest buyers to choose 4/5 star hotels for their events. It was identified that buyers of corporate sector wanted to conduct their events because the image or prestige of their business and availability of budget. The percentages of buyers from government sector and association sector were small, 15% and 9%



respectively. Most central government institution (headquartered in Jakarta) were the main market for 4 and 5 star hotels because the events would be officially opened by higher rank of officers who required 4 and 5 star hotels for their accommodation.

## 2. Market of Segmentation of Incentive

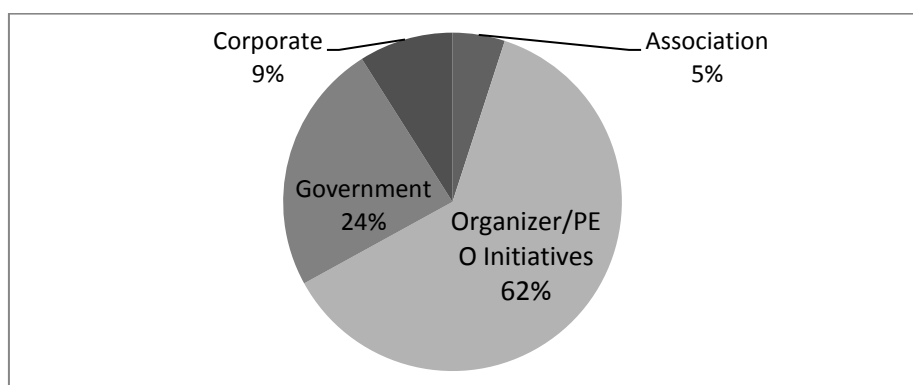
In general South Sulawesi is counted as one of the incentives destination in Indonesia. However, it has not been attracted by corporate enterprises from other provinces. Based on the surveys in several event organizers and hotels, the number of events for incentive was only one to three events annually. Most of the events were from the field of banking and other associations related to hobbies such as automotive. Cultural attractions have become the main reason for them to visit the region for incentive travel activities.

## 3. Target Market of Exhibition

Makassar is one of the main destinations for MICE Industry and it has attracted event buyers and exhibition planners. Makassar is one of the main choices for exhibition planners/organizers to conduct their events because Makassar is the center of business of all industries in eastern part of Indonesia generally and in South Sulawesi Province specifically. The number of exhibition events has increased rapidly in Makassar and there has been a variety of events from different fields such as technology, real estate, education, industry, construction, automotive and tourism.

Exhibition events can be any kind of events which are the initiatives of event organizers or professional exhibition organizers and any kind of events which are requested by any business organizations, association or governmental institutions. Most events are conducted in malls because it would not need an extra effort to promote the events as visitors of malls can directly visit the exhibition venues in the center of the malls. The existing market of exhibition in Makassar city can be described based on data gathered from 2 big professional exhibition organizers that always hold a number of exhibitions annually.

Figure 6  
Market of Exhibition Based on Types of Event Buyers in Makassar



Source: Authors' Research

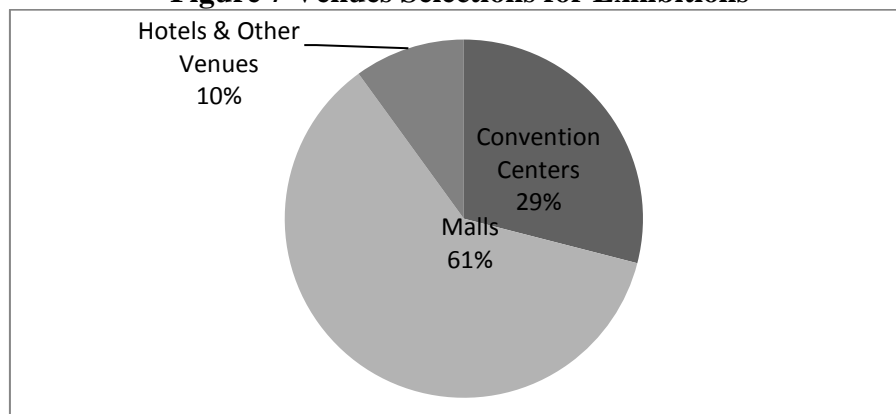
The chart shows the market of exhibition based on types of event buyers in Makassar in 2012. It is clear that most exhibition events conducted in Makassar were initiated by event organizers of Professional Exhibition Organizers, accounted for 62%. Based on interviews, the exhibition planners/organizers had to create their own events in order to make business in exhibition sector because there were only few events to be organized from buyers of government, corporate and association. They tend not to depend on regular events and as the result they designed and conducted exhibition events based on the needs of the local community. However, these events depend on sponsorship from the government, corporate and association sectors. Furthermore, the percentage of events conducted by the government sector was quite significant, almost a quarter (24%). The





percentage of events conducted by corporate and associations were small (below 10%), 9% and 5% respectively.

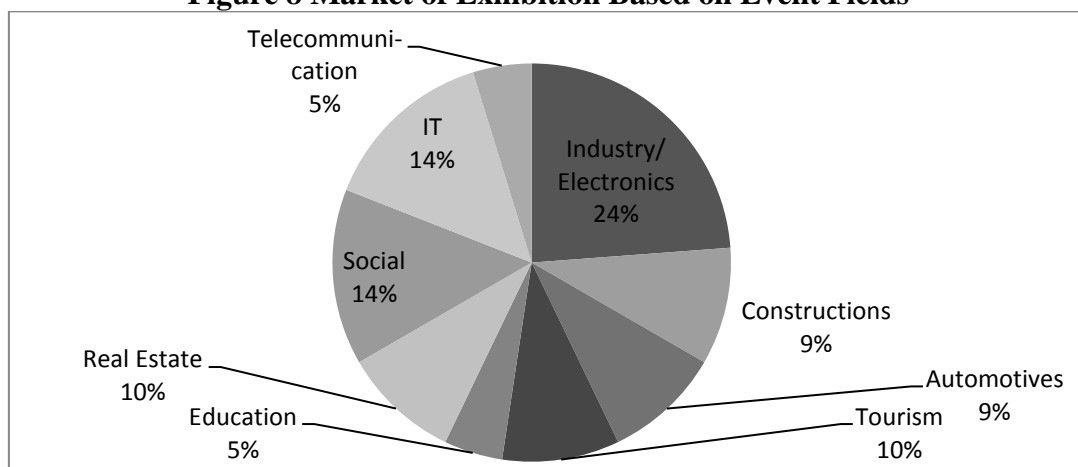
**Figure 7 Venues Selections for Exhibitions**



**Source: Authors' Research**

The chart shows the percentage of events conducted in Makassar based on types of venue selection in Makassar city in 2012. The percentage of events which were conducted in malls was large (more than half) accounted for 61%. Furthermore, the percentage of events conducted in a convention center (Celebes Convention Center) was small, 29%. The percentage of exhibition events conducted in hotels and other venues was the smallest accounted for 10%.

**Figure 8 Market of Exhibition Based on Event Fields**



**Source: Authors' Research**

The chart shows the percentage of exhibition events market based on field of events in Makassar in 2012. In terms of exhibition events, the percentage of exhibition events of industrial products and electronics was the largest amongst other fields accounted for 24% followed by exhibition of IT and Social events. Industrial products include furniture, handy craft and manufacturing goods. Electronics exhibition includes products of televisions, air conditioning, DVD Players and etc. IT exhibitions include computers, laptops, mobile phone and other accessories of computers and mobile phones. Social exhibitions include wedding expo/exhibition. The percentage of exhibition in tourism was 10% and the exhibitions include travel mart, travel fair, and table tops.

## V. Conclusion

The target market of events in South Sulawesi especially Makassar city has shown a significant growth because there have been many events in all fields conducted by either by buyers (government, corporate and association) or event planners. There is a tendency that venues of 3 star hotels are



dominated by events (conventions and meetings) from government sector. On the other hand, venues of 4/5 star hotels are dominated by events conducted by corporate sector. In terms of exhibition events, most events are dominated by initiatives of event planners/organizers which create their own events and are not based on request of corporate sector and government sector. The incentive events are rarely conducted because South Sulawesi is not the main market.

The packaging of MICE products including events as the main products, attractions, venues, accommodation, catering and so on should be intensively and creatively designed so that those products provide a variety of offer to prospective customers. Efforts to market incentive events are recommended to be more concentrated by government because this province can offer a variety of attractions which are suitable for incentive. This can be done through motivating event planners both in and outside Makassar in order to grab buyers especially corporate sector as the market of events.

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