



GEORGIA'S MICE TOURISM VALUE CHAIN ACTION PLAN

FINAL

Tuesday, September 11, 2012

This publication was produced for review by the United States Agency for International Development. It was prepared by Deloitte Consulting LLP.

GEORGIA'S MICE TOURISM VALUE CHAIN ACTION PLAN

FINAL

USAID ECONOMIC PROSPERITY INITIATIVE (EPI)

CONTRACT NUMBER: AID-114-C-10-00004

DELOITTE CONSULTING LLP

USAID/CAUCASUS

TUESDAY, SEPTEMBER 11, 2012

DISCLAIMER:

The author's views expressed in this publication do not necessarily reflect the views of the United States Agency for International Development or the United States Government.

DATA

Author(s): Harry Fine, MICE Tourism Consultant & Practitioner

Reviewed By: Zviad Kvlividze, Manufacturing & Services Component Manager

Alan Saffery, Manufacturing & Services Component Leader

Name of Component: Manufacturing & Services

Practice Area: Tourism

Key Words: Georgia, MICE tourism, international, convention bureau, business, events, Batumi, Tbilisi, destination, association, market, meetings, incentive, exhibitions, congress, hotel, travel, conference, city, membership

ABSTRACT

On the basis of the MICE Tourism Value Chain Assessment conducted by EPI in the first quarter of 2011, this action plan has been developed to provide guidance in developing Georgia's MICE Tourism Value Chain.

The document reviews the existing resources, facilities and expertise available, the potential markets, Georgia's competitive position and challenges and then provides both long term general recommendations and shorter term more concrete recommendations to develop the value chain.

The MICE Tourism consultant/practitioner summarizes that Georgia has significant potential for MICE tourism and highlights as a major activity the development of a National Convention Bureau.

ABBREVIATIONS

AV	Audio and Visual
BRIC	Brazil, Russia, India & China
BRICS	Brazil, Russia, India, China & South Africa
CSR	Corporate Social Responsibility
DMC	Destination Management Company
DMO	Destination Management Organization
ECM	European Cities Marketing
EIBTM	European Incentive & Business Travel Market
EPI	Economic Prosperity Initiative
GIBTM	Gulf Incentive & Business Travel Market
IAPCO	International Association of Professional Conference Organizers
ICCA	International Congress and Convention Association
IMEX	Incentives, Meetings, Events & Exhibitions
ISO	International Standards Organization
IT	Information Technology
MICE	Meetings, Incentives, Conferences, Exhibitions
MPI	Meeting Professionals International
NTO	National Tourism Organization
PCO	Professional Conference Organizers
SITE	Society of Incentive Travel Executives
USA	United States of America
USAID	United States Agency for International Development

CONTENTS

I.	EXECUTIVE SUMMARY	1
II.	APPENDICES.....	3
A.	BACKGROUND	4
B.	METHODOLOGY	6
C.	FINDINGS.....	9
D.	RECOMMENDATIONS	14

I. EXECUTIVE SUMMARY

Georgia has the potential for a bright future in the international MICE tourism market.

It is a small but distinguishable country among its larger neighbors, maintains close relationships with the US and Europe, and maintains an element of neutrality within a region with conflicts among neighbors (Turkey, Azerbaijan and Armenia). It has international chain hotels, has a high proportion of English speakers, and is unique in the way that it has undertaken a wide range of public sector reforms.

The great value food and wine, scenery, attitude and warmth of a very proud nation, history, abundance of smiling faces and safe, secure environment are all important factors for MICE tourism that many locals take for granted and therefore often ignore when promoting the overall picture of the country.

At its current stage of tourism maturity, emphasis must be placed on structuring and facilitating growth within the MICE tourism sector, creating greater international awareness of the country as a MICE destination, improving the MICE tourism infrastructure and increasing quality standards for MICE tourists.

The first step in developing the sector must be the creation of a National Convention Bureau. This Bureau will only be successful if it is supported by joint public and private sector funding, collaboration, cooperation and coordination. This is truly an industry that cannot exist without partnership. Once established, the Bureau will then be the trigger to implement a whole range of other actions aimed at growing the sector.

Throughout the process of MICE sector development, there must be consensus on realistic long term objectives and short term actions. MICE is not a business that can be turned on and off with a switch. It requires a long term viewpoint where facility and infrastructure developments are complemented by a structured plan, a desire to learn and a passion and commitment to put Georgia on the international map.

Initially, business will be generated from within Georgia and the surrounding countries, but then will spread internationally as access improves and Georgia's image and reputation become better known.

Based on meetings and interviews with public and private sector stakeholders in Georgia, observation of Georgia's MICE tourism promotion in Barcelona, a review of a wide range of documents and site visits to attractions and facilities, it is recommended that:

- A Georgian National Convention Bureau be created as soon as possible, with a qualified, ambitious professional leader appointed as Director. Appointment of the 'right person' as Director of the Bureau is crucial to the way Georgia is seen and perceived in the international MICE market.
- The Bureau is jointly funded from public and private sources. There are two distinct phases in this process. 1) Establishment of the Bureau as a credible working entity, which should be funded by GNTA with support from corporate sponsors (including banks, industrial conglomerates, breweries and national business organizations who wish to be involved and associated with a body which will greatly enhance Georgia's international profile and reputation) and 2) Funding from the private sector where companies will pay annual membership fees. These fees together with funds from GNTA and corporate sponsors will provide the finance for marketing and promotional activities.

- In due course, and after the Georgian National Convention Bureau has been set up and been running for some considerable time, city Convention Bureaus in Tbilisi and Batumi be established, if and when the capacity for such organizations exists.
- Consideration be given to building a multipurpose congress center in Tbilisi.
- Consideration be given to creating a national exhibition center in Batumi.
- The image of Georgia in the MICE market reflect Georgia's overall positioning in the tourism market, and this positioning reflect the current advantages, aspirations and challenges of Georgia as a travel destination
- The links between general economic activity and MICE tourism activity be clearly recognized and developed.
- Events be created within Georgia as an effective way to develop short term MICE business.
- Outside venues be identified and developed for MICE activities.
- Domestic transportation companies (specifically coach companies) and catering companies provide the quantity and quality of services conforming to recognized international standards.
- Suppliers in the MICE market be fit for purpose, receive training and be encouraged to join relevant international associations for the benefit of the country, their companies and the individuals employed.

II. APPENDICES

- A. BACKGROUND**
- B. METHODOLOGY**
- C. FINDINGS**
- D. RECOMMENDATIONS**

A. BACKGROUND

DEFINITION OF MICE TOURISM

MICE is an acronym for Meetings, Incentives, Conventions and Exhibitions. It is a business-orientated tourism segment involving obligatory (or non-discretionary) travel. Incentive travel is usually provided to employees or dealers/distributors as a reward and therefore tends to be more leisure-based.

THE GLOBAL MICE MARKET

The global MICE tourism industry is estimated to be worth more than \$30 billion per year with more than 50 million trips taken annually for MICE purposes. For some countries, for example Singapore, MICE tourism constitutes over 30% of annual tourism receipts.

The main source markets are the major industrialized countries of Western Europe and North America. However, with much publicity, the so called emerging BRIC economies of Brazil, Russia, India and China are making a dramatic impact in the MICE market. BRIC has now grown into BRICS with South Africa growing quickly as an outgoing MICE market.

GEORGIA'S MICE TOURISM POTENTIAL

Georgia has the potential to become a more important player in the global MICE market for a number of reasons. Foremost among these is that it is seen as a relatively small country standing up to its larger neighbor, Russia, so there is a lot of goodwill towards the country which will hopefully be translated into more business and MICE events. The close relationship between Georgia and the USA is significant from a business/MICE perspective as many of the companies that hold conferences and run incentive travel programs are ultimately owned by American companies and their views and disposition towards a country has a massive influence in the choice of destination.

Georgia can benefit from the frosty relationship between two of its neighbors, Armenia and Azerbaijan, which means that it is the natural and logical place to meet and indeed do business in the South Caucasus. Hotels are of international standard, Georgia is a safe and secure country, most people speak English, value is good and the quality of the food/wine together with the warmth and welcoming nature of its people make this a destination that will attract visitors.

Georgia is a leader among countries in the CIS and further afield in terms of reforming its public sector and business environment. The Government has received numerous requests to host delegations examining these reforms and has hosted several conferences on reform topics to share experience. The volume of MICE tourists these reforms have generated is believed to be extensive.

On the negative side, international air access is limited, flight arrival/departure times are not ideal, flight costs are quite high, there is no congress center and there are no truly iconic tourist attractions that one has to visit or experience.

However, there is certainly enough on the positive side to put together a persuasive case for MICE visitors to consider Georgia for future events. Currently, it is a new and largely unknown country. One needs more international publicity and generally, if overall tourism increases, so will MICE tourism.

Georgia exhibited for the first time on the international stage at EIBTM in Barcelona in November 2011. Despite a number of aspects which could be improved upon and, where lessons have been learnt, it was a very successful show and a number of Georgian DMCs secured business directly from the event. Georgia's next appearance at an international MICE show will be at IMEX in Frankfurt at the end of May 2012¹.

¹ The report was originally written prior to this event taking place.

B. METHODOLOGY

The consultant, in preparation for the assignment, undertook background reading prior to travelling to Georgia. Additionally, and as part of his Scope of Work, he spent 1.5 days working with the Georgian delegation attending the EIBTM MICE tourism fair in Barcelona in November/December 2011.

The consultant visited Georgia between February 19 and March 4, 2012, and during his stay visited Tbilisi, Batumi, and Kakheti, examined major hotels with conference facilities and held meetings with numerous public and private stakeholders, either individually or collectively. In total, 47 individuals from 27 organizations were met. It was important during the visit to experience authentic Georgian culture and hospitality; the wine, food, music, etc. At the same time, the consultant wanted to understand if the Georgians really wanted to really embrace the MICE market or become involved just because it was the fashionable thing to do.

The consultant wishes to emphasize the following important points that form the basis of his recommendations:

- The consultant's role is to provide an approach and logical way forward that it is hoped Georgian stakeholders will buy in to. How Georgia markets itself on the international MICE stage has to be up to Georgians. It must be done their way and in their own style, not just cloning what other countries have done.
- The first step in developing the MICE tourism sector – creating a National Convention Bureau - must be done not only because it is the right thing to do but because Georgians also think it is the best way to proceed.
- There needs to be a catalyst to make this vital first step of establishing the National Convention Bureau.
- The necessity to “sell Georgia first” is really important and must be realized by the various MICE stakeholders. This is the most effective way to increase Georgia's slice of the international MICE pie.
- Employing the ‘right’ person to lead the National Convention Bureau is vital as that person will be seen as the face of Georgia in the international market. If that person makes a good impression it will be of immense help in selling Georgia.

MEETINGS HELD

Organization	Representatives
Department of Tourism & Resorts of the Autonomous Republic of Adjara	David Kikava Mamuka Berdzenishvili Nino Jintcharadze Tamar Mgeladze
Expo Georgia	Kaha Gvelesiani Nino Gamrekeli
Georgian National Tourism Administration	Maia Sidamonidze Ana Ivanishvili
Marriott Tbilisi	George Togonidze Nana Kostava
American Chamber of Commerce in Georgia	Betsy Haskell Kate Sidamonidze

Betsy's Hotel	Stephen Johnson Roland Sandadze
Georgian Association of Guides	Giorgi Dartsimelia
Tbilisi City Hall	Zviad Archuadze Eka Burdiladze
Tbilisi City Hall (New Tbilisi Project)	Sergo Kavtaradze Giorgi Khabashvili
Georgian Events	Mariam Kubusidze
Caucasus Travel	Maya Katsashvili Maia Khubuluri
Sheraton Metechi Palace Hotel	Tamuna Guledani
Holiday Inn Tbilisi	Valeri Chekheria Giorgi Mindiashvili
BTL	Maya Bibilauri Anna-Maria Adamia
Chateau Mukhrani	Peter Svaetchin Elene Otashvili
Radisson Blu Iveria Hotel	Atakan Turhan Nina Asatiani Sophia Meskhi
Tchkonia Invest	Michael Bachiashvili
Tricolor	Nino Gegeshidze Nino Tkeshelashvili
Shota Rustaveli State University	Dr. Rostom Beridze Kurt Heinz Reitz
Georgian Inbound Tour Operators Association	Ia Tabagari
Travel Shop	Nick Manjgaladze
Universe Business Group	Roman Badalyan
Batumi Invest	Lela Putkaradze
Sheraton Batumi	Omar Subasi
Georgia Palace Hotel	Elene Demchenko Lela Tsulukidze
Radisson Blu Batumi	Fikret Yksel
Kobuleti Vocational College	David Mchedlishvili Tamar Kaikatsishvili

LOCATIONS VISITED

Region	Sites/Attractions/Facilities
Tbilisi	Marriott Tbilisi Courtyard Marriott Tbilisi Radisson Blu Iveria Tbilisi

	Betsy's Tbilisi Sheraton Metechi Palace Hotel Tbilisi
Kakheti	Telavi Alaverdi Monastery Schumann's Winery Kvareli Lake & Resort Kvareli tunnel, Winery Khareba and Saperavi restaurant Sighnaghi Pheasants Tears Wine Bar Bodbe Monastery
Batumi	Radisson Blu Batumi Sheraton Batumi Era Palace Batumi Intourist Palace Batumi Hotel Galogre Batumi Georgia Palace Hotel, Kobuleti

C. FINDINGS

PARTICIPATION AT EIBTM MICE TOURISM EXHIBITION

From observations made and discussions held with the organizations and companies from Georgia participating at the EIBTM MICE tourism exhibition in Barcelona, it appeared that for first participation, the results were encouraging. In fact, some of the DMCs have already received enquiries and business from the exhibition.

There was a good mix between public and private sector representation within the Georgian delegation; the Georgian National Tourism Administration, Tbilisi City Hall, the Department of Tourism & Resorts of Adjara and DMCs. All exhibitors were serious, knew what they were talking about and participated in a professional manner. The stand was well located and attracted a good flow of traffic.

However, some of the exhibitors struggled with time keeping. When the show opened, few were ready to do business. This meant that some pre-planned appointments were missed which worked to the advantage of those who were there because they were able to pick up other appointments. The stand lacked some good visuals and a coherent common theme. The stand did not have anything special to attract passing visitors (unfortunately, the wine that was sent over had got stuck somewhere in customs). The stand would have benefited from a display board showing clearly who was on the Georgian stand, ideally listing the exhibitors by category; national tourist administration, local tourist departments, hotels and DMCs. A Georgian MICE tourism presentation should have been available for visitors to take away in a format other than a brochure; CD or flash drive.

Considering Georgia has only recently picked up the MICE tourism segment, it was a good first show, particularly considering the absence of a convention bureau.

GEORGIA VISIT – GENERAL OBSERVATIONS

The consultant traveled to Georgia with Georgian Airlines. Unfortunately, the flight was not very impressive. Minimal flight information was given and the inflight magazine lacked even a basic map showing the route.

Accommodation was provided in the Courtyard Marriott in Tbilisi, the Sheraton and Radisson Blu hotels in Batumi and Solomon Hotel in Signaghi. The latter accommodation was a small property in a country town but was perfectly comfortable for an overnight stay. The hotels in Tbilisi and Batumi were excellent.

The consultant travelled to Georgia with no preconceived ideas about what to expect and really enjoyed the experience; good hotels, excellent food, superb wine, stunning scenery and warm welcoming people. Georgia has a safe environment in which to do business and run MICE events. All the people met were intelligent, articulate in English and keen to develop the MICE market. The positive attitude and passion for the country are significant factors in securing MICE tourism.

International air access is a challenge, there is no convention center and currently no National Convention Bureau. Hotels are of a high standard but more are needed particularly in Tbilisi with the specific requirement for good larger 4-star properties with meeting facilities.

There is also a need to promote internationally and create an image for the country. Hotel costs are quite high but other ground costs are reasonable. With the creation of a National

Convention Bureau, the various strands within the MICE sector can be brought together and the country can be marketed as Brand Georgia.

There is a wide range of DMCs and some were very impressive. However, there needs to be greater awareness of factors such as insurance, health and safety, risk assessments and quality standards, which are significant when international clients choose their local suppliers for an event.

The ease of setting up as travel agent or DMC without any license or guarantee of minimum standards is a problem, as is quality of local transportation (especially coaches in Batumi), and the lack of standards for outside catering.

However, clients are always looking for new destinations and as the country becomes more involved with MICE events it is likely that many things will change for the better very quickly.

MICE business is likely to come firstly from within the country, then from Georgia's neighboring countries, and then from Western Europe and North America for larger international meetings, conventions and incentive travel programs. Also, as more international companies do business in Georgia, this will generate more demand for meetings and conferences.

GEORGIA VISIT – GENERAL ASSESSMENT

ASSESSMENT OF MAJOR MICE TOURISM FACILITIES AND SERVICES

Georgia's major MICE facilities are those within the hotels and the exhibition facilities at ExpoGeorgia. Maximum capacity for meetings in hotels is therefore 400 theater-style at the Sheraton Metechi Palace Hotel in Tbilisi and 570 theatre style at the Sheraton Batumi Hotel. However this doesn't mean that MICE events of this size can easily be held in these properties. Accommodation would have to be found in nearby hotels unless the conferences or events were just day-long. Of course, space would also be needed for breakout sessions, tea/coffee breaks, receptions, lunches and dinners. Consideration must also be given to how busy the hotels are at times when meetings are planned. In Tbilisi, hotels enjoy quite high levels of corporate, government and diplomatic business on a year round basis, whilst in Batumi, business is very seasonal.

As a considerable amount of meeting business is generated by the government and various ministries for the domestic market, the need for accommodation would be less than for other types of international and corporate meetings.

There are other larger facilities such as the Tbilisi Concert and Event Hall which can accommodate up to 2,000 for meetings but they are not custom built for MICE events, their prime role is for cultural events and they have busy schedules booked well in advance. Their role would be for formal opening and closing ceremonies with the serious meetings taking place elsewhere.

Tbilisi needs more hotels (it is acknowledged that a number of hotel projects are in the pipeline) and certainly a custom-built multipurpose conference center with, ideally, a major hotel chain next to it. The center would need to have capacity for 2,500 – 3,000 people, plus sufficient smaller meeting and breakout rooms. For many reasons, Tbilisi should be the major meeting destination in Georgia.

It is encouraging that a conference center is being planned in the grounds of ExpoGeorgia. This will move the country forward on a totally different (and higher level) as a MICE destination. ExpoGeorgia is an impressive exhibition facility and this is matched by the forward looking and professional approach of their management team. It is thriving and will

continue to do so. Many of their exhibitions have grown steadily to become regular successful shows.

Georgia, and Tbilisi in particular, is more of an exhibition than a meetings destination. However, this will change over time and Tbilisi and Batumi will become the meetings destinations in the country with Tbilisi the destination attracting the major regional and international congresses. While ExpoGeorgia will continue to grow in hosting exhibitions, Batumi is anticipated to develop into the main exhibition hub in Georgia.

ASSESSMENT OF THE SURROUNDING ENVIRONMENT – INFRASTRUCTURE, PHYSICAL ENVIRONMENT, SCENERY, ATTRACTIONS ETC.

Tbilisi is an attractive city and is appealing with its historic part of the city. Batumi appears to have developed at such a speed that from a development viewpoint, it seems that almost anything goes and little conforms to an overall city plan. Very little of Old Batumi appears to remain.

The scenery, especially in the wine areas, is stunning and combined with the excellent quality of the wine, is a most appealing area to visit. Kakheti will likely be the trip of choice for people attending a MICE event in Tbilisi.

Georgia feels safe and comfortable and there appears to be little evidence of street crime. If there were concerns about bringing a MICE event to Georgia, they would be about the overall political situation in the region and the possibility of conflict in the future. Companies would likely seek specialist advice and undertake a risk assessment before coming to Georgia; but generally they do this for every destination.

Although Georgia has a number of UNESCO World Heritage Sites, their impact in attracting MICE business is very limited since they are not truly iconic in nature e.g. like the Taj Mahal or the Great Wall of China. A popular attraction for visitors is likely to be the Stalin Museum in Gori. Whilst this is a very sensitive issue for Georgians, Stalin was an important historical figure. It is promising to hear that investments will be made into renovating the museum.

ASSESSMENT OF MICE SKILLS AND EXPERTISE

There are two aspects to MICE skills and expertise; knowledge and skills to handle international MICE business, and knowledge and expertise to promote and market the country internationally.

Of the DMCs met, there was great variation in knowledge and understanding of the market. Some were clearly DMCs who had good skills, realized what international visitors were looking for and had a proven track record in successfully handling MICE events. Others were basically inbound tour operators whose experience was in the leisure market and thought they could become a DMC just by saying they were. The challenge is to have training and agreed standards to ensure DMCs have the skills the international market requires.

The 'good' DMCs need to become more involved in the international market so Georgia's participation at IMEX in Frankfurt in May 2012 will be beneficial². However they also have to join international associations, such as SITE and MPI, to give them an opportunity to network and secure international exposure and business.

On the DMO side, the Georgian National Tourism Administration, even without a National Convention Bureau, have a good understanding of what is needed to compete in the

² The report was originally written prior to this event taking place.

international MICE market. Their staff did a good job in creating a unified Georgian presence at EIBTM in Barcelona and produced customized literature to support this approach.

ASSESSMENT OF COMPETITIVE POSITION

Within the region, competition is varied. Russia is popular for various reasons, including the range of experiences, good quality hotels and DMCs, and exciting options for offsite events. An increasing number of clients are doing business there, although a visa is still required and is very expensive!

For several years, Ukraine has promoted itself in the international MICE market and the country should receive a great boost from the Euro 2012 football tournament, which is being held in Poland and Ukraine this summer.

Armenia and Azerbaijan are largely unknown in the international MICE market.

Georgia is in a unique position. Most bits of the jigsaw are there but must be put together to create a complete image, which then has to be promoted internationally. It is a challenge, but also a great opportunity. There are clients always looking for new destinations offering unique travel experiences.

ADVANTAGES AS A MICE TOURISM DESTINATION

- Internationally, a tremendous fund of goodwill exists towards Georgia. It is a small country that has triumphed over adversity, and this has made Georgia many friends. This goodwill needs to be transformed into action and business.
- Georgia is a natural meeting point for events in the South Caucasus. Politically, tensions remain between Armenia and Azerbaijan, and Armenia and Turkey. For regional events, Georgia has to be the place to meet.
- A safe and secure country to do business
- Warm welcoming people
- Superb cuisine and excellent wine (and chacha)
- Stunning scenery.
- Great music, some of which is unique to Georgia
- A land full of surprises
- Excellent hotels
- Little corruption
- Ground costs relatively inexpensive

DISADVANTAGES AS A MICE TOURISM DESTINATION

- No Convention Bureau
- No Congress Center
- Hardly known – certainly in Western Europe and the UK; the ‘new kid on the block’
- Minimal involvement in international trade associations such as ICCA, MPI and SITE
- Access from Western Europe difficult with few direct flights and limited frequency. Most flights arrive and leave in the early morning. Low cost airlines flying into Georgia (Tbilisi and Batumi) will dramatically increase the country’s international access and create increased knowledge, awareness and publicity for Georgia.
- Lack of truly iconic tourist attractions. Possibly, the one place well educated people would want to visit is Gori to see Stalin’s birthplace, his museum and train. The museum needs to be brought up to international standards and offer guide books and other literature in languages other than Georgian.

- Lacks a strong image or presence in the international MICE market, but once a National Convention Bureau is set up and operating this will change.

D. RECOMMENDATIONS

GENERAL RECOMMENDATIONS

VISION AND GOALS FOR MICE TOURISM IN TBILISI AND ADJARA

MICE tourism will become increasingly important for both Tbilisi and Batumi as the general level of international business to Georgia develops, air access and domestic infrastructure improves, more hotels are constructed, a congress center is built in Tbilisi, a major exhibition facility is created in Batumi and a National Convention Bureau is created. This will promote and market Georgia internationally.

The vision for Georgia should be of a new, exciting and good value (not cheap!) destination offering unique travel experiences. Tbilisi will handle corporate conferences and incentives, exhibitions and be the main congress city in Georgia. Batumi will attract corporate conferences and incentives, some congress business and be the major exhibition city in Georgia.

Soon after a National Convention Bureau is created, both Tbilisi and Adjara will need to have their own Convention Bureaus to promote their specific interests. The reason for having the National Convention Bureau initially is that priority must be given to sell and brand Georgia in the first instance. The city/area Bureaus will follow when the country becomes better known and promoted as a MICE destination. Eventually, there may not be a need to have the National Bureau as the major MICE activity is undertaken by the other Bureaus

RESEARCH REQUIRED

Research needs to be undertaken in three main areas:

- The MICE outbound market from Georgia's neighboring countries. This is important because initially most MICE business will come from there. Research should be undertaken on what type of business potential exists, whether it comes directly or through third parties and the lead times. This will assist in marketing activities to increase the volume and value of this business. The Convention Bureau should be the driving force in this project
- Identifying key people in Georgian associations who would be instrumental in bidding for regional and international congresses. This is an ongoing project and again the main driver should be the Convention Bureau.
- Identifying and developing outside venues (excluding hotels) that can be used for MICE events. This project should be managed by the Convention Bureau.

PRODUCT / FACILITIES DEVELOPMENT

The major cities of Tbilisi and Batumi will always be the focus of MICE activity in Georgia. In terms of product/facilities development consideration must be given to:

- Hotels
- Congress centers
- Exhibition centers
- Outside venues
- International air access

- Infrastructure, including internal flights, trains and coaching

The aspects that are strongest at present are hotels, especially those that will be established in the near future and the ExpoGeorgia facility. It is encouraging that there are many international hotel chains now present in Georgia. The hotels are of good quality and some of them, such as the Holiday Inn and Courtyard Marriott Tbilisi, are of a much higher standard than the international brand standard. It would be helpful to have more 4 star properties with good meeting space and deluxe brands such as Ritz Carlton, Four Seasons and Kempinski which will create better international awareness of the destination (It is noted that that Kempinski will be opening soon in Batumi and that a Kempinski Tbilisi is also planned).

ExpoGeorgia is an impressive facility for trade shows and hopefully will be soon for congresses/meetings as well!

All other aspects need to be looked at in detail

SERVICE DEVELOPMENT

Service in hotels is good and almost everyone the consultant met spoke English very well.

In terms of DMCs, few had enough experience with Western European and American clients to know exactly what is expected in terms of insurance, risk assessment, health and safety and CSR aspects. As business develops, they will understand more about this but service is more than just responding quickly. Also, as currently much of the program will be hotel-based, DMCs need to sell their services and offer a range of outside activities such as offsite venues and teambuilding. Otherwise, international clients may be tempted to deal directly with hotels and only use DMCs for airport transfers.

INFORMATION PROVISION

All companies involved or wanting to be involved in servicing international MICE business should participate to a greater or lesser extent in the major trade shows such as IMEX and EIBTM and be members of certain MICE trade associations. This is vital because the business is evolving rapidly and networking is vital for keeping abreast of developments and generating business opportunities.

SUPPORTING INFRASTRUCTURE

Major support for all MICE activities should come from a National Convention Bureau. As well as the focus of all national promotional activities, membership should signify that a company has achieved a certain level of professionalism. When Tbilisi and Batumi have their own Convention Bureaus they will also become valuable supports for commercial suppliers in this market. As the MICE market evolves in Georgia other suppliers e.g. hotels and DMCs would be likely create their own associations to further their own interests and lobby for changes that would affect their business.

It is important also to involve the wider economic community as sponsors of the national Convention Bureau. This will lend credibility to the Bureau and also be a valuable source of funding. Sponsors could include the Georgian National Tourism Administration (normally the NTO is the major sponsor of the National Bureau), major Georgian banks, the Georgian Chamber of Commerce and Industry, an important winery, a brewery and any other Georgian companies that want to promote themselves on the international stage

REGIONAL AND INTERNATIONAL PROMOTION

It is vital to focus on specific source markets and the emphasis already made on Ukraine is undertaken rightly. Turkey is another potential regional market.

For international promotion, Georgia should exhibit at EIBTM in Barcelona (which it did in 2011) and IMEX in Frankfurt (where Georgia will be exhibiting)³. There are many other trade shows, but these two are the major ones. The next one that may be of interest is GIBTM, which takes place in Abu Dhabi, because of Gulf interest in Georgia and the availability of direct flights.

Promotion in other markets at the moment should be on an *ad hoc* basis. For example, with British Airways starting to fly non-stop between London and Tbilisi this would be a great opportunity to work with the airline on bringing some leading UK event management companies and trade press to Georgia for an educational visit.

EDUCATION & TRAINING NEEDS

With a new Convention Bureau, a program of seminars should be undertaken in Georgia to introduce the various suppliers to the international MICE market. The need to know what they have to do to be fit for purpose and also how they should market themselves works best if the trainers are actually involved in the MICE business full time (not just academics) and are in the same discipline as the supplier e.g. hotels and DMCs. Hoteliers will listen more and be responsive to other hoteliers and the same for DMCs.

As suppliers become more involved in international associations, such as ICCA, SITE and MPI, then there are opportunities to attend training and networking events around the world.

It is no reflection on the quality of suppliers that they need training, as MICE is relatively new for Georgia. All the people the consultant met were intelligent, eager to learn and embrace the MICE business. Combined with their language skills this indicates that it will not be long before this knowledge is taken on board.

COMMUNICATION & COORDINATION

All interested parties should be involved in the development of MICE business in Georgia and work together at the start of this exciting journey. Unless you have the key players on side from the beginning this initiative will have problems. Communication is required with all key suppliers (those with whom the consultant met) but should also include Georgian business as their support can be extremely valuable. As the tourism portfolio falls within the Ministry of Economy & Sustainable Development this should not be too difficult to achieve.

RECOMMENDATIONS FOR MONITORING & EVALUATION

There is undoubtedly significant interest in Georgia's MICE market and getting companies to join the Convention Bureau should not be a problem. Ensuring that these people feel it is worthwhile and want to stay on board will be more difficult.

One has to monitor and evaluate every marketing activity to ensure as far as possible that participants are happy with the outcome. These will cover sales trips, trade shows and educational. Unhappiness often occurs because people have unrealistic expectations of

³ The report was originally written prior to this event taking place.

probable results. Just attending a trade show will not bring business. Maybe the buyers are just not there or supposed appointments do not materialize or indeed some people are just not comfortable selling in a trade show environment. Ultimately each participant has to take responsibility for their own success while having a reasonable expectation that other people can help them achieve their objective.

SPECIFIC RECOMMENDATIONS

GEORGIAN NATIONAL CONVENTION BUREAU

A priority action must be the creation of a National Convention Bureau. This should not be done because most other countries have a Bureau or because it is fashionable to have one. It should be done for sound commercial reasons. To:

- Provide a focus for all MICE activities in Georgia;
- Offer clients, national and overseas, a place where they can obtain honest and impartial advice for prospective MICE events in the country;
- Have in membership a range of suppliers who understand the MICE business, have experience and provide a professional product/service to international standards. Just to say one wants to be in the MICE business and is prepared to pay the membership fees should not be enough to allow a supplier to be able to join the Bureau;
- Promote Georgia nationally and internationally as a MICE destination;
- Co-ordinate the stand at major trade shows such as IMEX (Frankfurt) and EIBTM (Barcelona);
- Lobby in the public and private sectors for many things required for Georgia to move forward in the MICE market;
- Provide and/or facilitate MICE training;
- Arrange educational and press visits to Georgia;
- Be members of international associations such as ICCA (International Congress and Convention Association), MPI (Meeting Professionals International) and SITE (Society of Incentive Travel Executives);
- Obtain sales leads for its members;
- Undertake overseas sales calls, workshops and functions;
- Create the website, literature and multimedia support to sell Georgia;
- Identify influential individuals in Georgian associations that could bid for and win association events/congresses for the country. Help these people prepare the bids for such events;
- Coordinate a unified approach with all members to 'sell Georgia first';
- Develop a brand so that 'Georgia for Events' will become internationally recognized. Membership will signify that the company is part of a professional MICE organization.

The Bureau must do an excellent sales job internally to ensure that the key suppliers are members. If they are not, then the Bureau will lack credibility. The Bureau must convince members it is in their interest to join. There has to be range of benefits including exclusivity in:

- Exhibiting on the Georgia stand at major trade shows;
- Accessing training;
- Participating in educational trips;
- Receiving sales leads;
- Using the Georgia brand on company literature.

How Georgia wants to portray itself on the world stage must come from the Georgians themselves. One can learn from other people and other countries but ultimately the Georgian way in its own style must prevail.

Getting Started

It makes sense for EPI to call a meeting of all the key players and suggest how the Bureau should be set up and funded. This meeting should include big business and potential sponsors. A blueprint for this Bureau should be sent out in advance so that people have a chance to consider their position prior to the meeting.

Emerging from this meeting would be a structure for this new body, how it is run, how it is financed, joining/subscription fees, where it is located and even some suggestions for an appropriate person to be the Director.

Ideally this new Bureau could be announced to the world at one of the major international MICE events with a press conference. Hopefully, by then, a Director would be in position and Georgia would have the opportunities for wonderful publicity including a handshake/photo with the Chairman of IMEX and other luminaries in the MICE business.

This new Convention Bureau will then be the trigger for the other recommendations made within this report. Where a specific objective has been stated, the consultant recommends that working groups be established to look at each issue in detail and then report back to the Bureau. This process would take about 3 months and a member of the Executive Board should sit on each working group. Members of these groups could and indeed should be made up of people who have a real interest in the subject being considered.

Working Groups should cover:

- Congress Centre in Tbilisi
- Exhibition Centre in Batumi
- Created events
- Outside venues
- Transportation/catering

Each of these topics are complex issues (discussed below) which require the involvement of experts across a wide field and careful consideration. Other recommendations covering such aspects as training and joining international associations can be progressed by the Bureau itself

Bureau Director

This is a crucial part of the action plan as this person will be the international face of Georgia in the MICE market. Key attributes of this person comprise:

- Relatively young to reflect the 'new Georgia';
- Self-confident, without being arrogant, able to speak several languages;
- Enjoys being seen and speaking in public;
- Although not essential, a background in the hospitality/travel industry would be an advantage;
- Someone educated to at least degree level;
- Able to move things forward and look at the bigger picture by bringing together several parties often with different vested interests.

This person will obviously not have all the necessary experience for the role immediately, but this can be learnt relatively quickly. What is important is intelligence, willingness to listen and learn, the right attitude and a passion for Georgia

Bureau Funding

There are various models for funding a Convention Bureau including:

- National/local bed tax – very popular in the USA
- National Tourist Administration
- State funding - not through normal tourism channels
- Private funding

The consultant's recommendation is a model that utilizes both state and private funds:

- State funds to create the Bureau, with possible assistance from donor(s) to fund the Director and his/her Assistant and have an office, together with equipment and administrative/IT back up (ensure the Bureau is up and running).
- Private and state funds used together for marketing/promotional activities. For example, when exhibiting at a trade show, the cost of having a place on the Georgia stand would be covered jointly by the exhibitor and state funds.
- All members of the Bureau suitably vetted according to agreed criteria would be required to pay an annual subscription to be a member. Criteria should be up to the Bureau to decide but could include meeting space for a minimum of 40 people for hotels, and for DMCs (Destination Management Companies) having successfully handled a minimum of 3 events for 40 plus people during the previous year. The Bureau should have the right to validate this with the clients of the hotels/DMCs. A flat fee for all members is probably not a good idea as a small DMC with 5 staff should not have to pay the same as a large hotel with 200+ rooms and extensive meeting space. A fairer way would be to charge different fees to the various types of supplier e.g. hotels, DMCs, PCOs (Professional Conference Organizers), audio visual companies, catering companies, production companies, outside venues, catering and transportation companies. Even then, there will be disagreement as an hotelier with 100 rooms and meeting space for 80 people may well complain as they are paying the same as a much larger hotel with extensive meeting space. Ultimately is up to the Director and the board of the Bureau to set fee levels and make it as fair and simple as possible, while realizing that not everyone will be happy. Experience suggests that the actual amount is less important than the benefit all members feel they are receiving.
- It is essential that the key players are in the membership. Otherwise the credibility of the Bureau will be questioned.

Bureau Sponsorship

Creating an effective Convention Bureau requires finance and commitment, and, in some countries, sponsorship from major companies keen to promote themselves on the international stage has been encouraged. This helps considerably with the funding and can enhance the stature of the Bureau. In the case of Georgia, banks, wineries, and business associations may be interested in sponsorship opportunities. All sponsors should derive exposure and benefit in the international market. Their logos can be included on all official literature and be allowed one seat on the board of the Bureau. Also in the case of a winery or brewery, they may want to use their products to be served at all trade shows and official functions.

The major sponsor should be the Georgian National Tourism Administration.

Board

It is up to the Director and sponsors to decide on the composition of the Board, however as well as the Director and sponsor, participation from the companies in membership e.g. hotels, DMCs etc. is normally asked for and should be encouraged.

NATIONAL/CITY CONVENTION BUREAU

As MICE business to Georgia increases, it is only natural that the cities of Tbilisi and Batumi will want their own Convention Bureau or as they are often known, Convention and Visitors Bureau.

In fact, further in the future, as the business to the cities develops then the role of a national Convention Bureau becomes less relevant to the extent that in a number of countries they disappear and the cities become the main drivers of this business.

A significant association in this area is European Cities Marketing (ECM) formerly known as the European Federation of Conference Towns. This association also covers leisure activities including weekend business as well as MICE.

NEW CONGRESS CENTRE

At some stage, a new congress center will be needed to attract large major conferences and congresses to Georgia. Normally though, not always will this be built in the capital city as its success will be dependent on a number of factors including international air access, hotel space and local infrastructure and transportation.

Congress centers are often built with a large hotel next to them and some also have significant exhibition space.

A congress center is being planned on the site of ExpoGeorgia and this is a most welcome development. A multipurpose congress center must be built for its most sophisticated use, which will be as a congress center. Sporting, leisure and cultural events can take place in the center but you cannot build a sports hall and market it as a congress center.

NEW EXHIBITION CENTRE

Batumi would be the ideal location for a Black Sea Exhibition Centre. There are several reasons for this:

- The available space to build a large exhibition facility;
- Space to extend or build a new airport in the area;
- Superb hotels in the area and new properties such as Kempinski, Holiday Inn and Hilton opening soon. Business in the Adjara region is very seasonal so why all these new properties are rushing to open is a little surprising. Perhaps they anticipate that business to the region will blossom and they want to be in prime position when this happens;
- Trade fairs and exhibitions are an excellent way of bringing business to an area at normally quiet times;
- Such events do not have to be located in the capital city or even a large city. For example Novi Sad in Serbia is a very successful exhibition destination;
- Currently, Georgia is more of a trade fair destination than a congress destination. The activities of ExpoGeorgia are hugely impressive and a number of their staff have internationally recognized qualifications in exhibition management;

- The Exhibition Centre should initially focus on the Black Sea/Caucasus countries with exhibitors coming from Romania, Bulgaria, Turkey, Georgia, Armenia and Azerbaijan and maybe even further afield from countries such as Ukraine, Iran, Kazakhstan and Uzbekistan;

IMAGE OF GEORGIA

In the international MICE market, Georgia does not have a strong image; Georgia must decide now how it should be portrayed on the international stage.

It is recommended that it be portrayed as an upmarket aspirational destination offering a superb range of travel experiences – stunning scenery, a wonderful cuisine, excellent wine largely unknown in Western Europe, international quality hotels and world heritage sites all in a country which is relatively unknown.

It is not recommended to sell Georgia as a cheap mass market tourist destination.

Publicity and image help to promote a country as a MICE destination. Another trigger for MICE activity is economic activity.

The use of well-known Georgians as ambassadors to promote Brand Georgia really helps the cause. Whether these people want to act in this role is another matter but Georgians are very proud people and lending their support to promoting their country should strike a responsive chord.

The three names that immediately spring to mind are Katie Melua, Giorgi Kinkladze and Gorgodze

GENERAL ECONOMIC ACTIVITY

The MICE business cannot be seen in isolation. As general business activity increases in the country so will the volume of conferences/congresses. That is why the economic initiatives and incentives that the Georgian government has introduced to attract more international clients to the country are significant in the development of the MICE market. The liberal economy, attractive business environment, free industrial zones, safety, improved quality of public services, results of successful reforms, lack of corruption and recent investments in tourism infrastructure make Georgia a good place to invest. A well-educated, multi-lingual and relatively low cost labor force also helps.

As the MICE market develops, other incentives for congresses should be considered such as a government subvention to attract significant meetings and the waiving of certain taxes for international congresses such as those offered by Mexico.

CREATED EVENTS

Typically, meetings and conferences fall into two categories – corporate and association. However, there is a third category - created events. Probably the prime example is the World Economic Forum in Davos, which has been going for over 40 years and where the city derives more than 90% of its annual MICE revenue in just 3 days!

Created events are actually very strong in Georgia; the government and various ministries organize a range of events to keep the hoteliers very happy. Donors, in the course of a year, also organize many events throughout the country.

There are two areas where created events can be successful for Georgia:

- Conferences related to Georgia's experience in moving from being a corrupt country to one of the least corrupt nations on earth. How this has been achieved in many areas could be the subject of numerous conferences. These could be smaller events, perhaps for a maximum of three hundred people, but would be very prestigious, profitable and generate excellent international publicity for Georgia.
- A MICE exhibition/conference for the Southern Caucasus and surrounding countries is something which currently does not exist. This could be held off season in Batumi. A MICE show for South East Europe and the Balkans was created a few years ago by the Slovenian Convention Bureau. *Conventa* has been well received and takes place in January in Ljubljana. Exhibitors and buyers come from all the countries that formed the old Yugoslavia and also from the neighboring countries. Wonderful off season business!

OUTSIDE VENUES

The quality of hotels is of a high standard and overseas visitors will certainly enjoy staying in them. However, outside venues that can be used for receptions, dinners, team building activities, product launches, etc. need to be identified.

These should include historic buildings, castles, museums and private estates. It is not just a question of having a suitable venue, but also distance from Tbilisi or Batumi, ease of road access, catering, insurance and health and safety issues. Chateau Mukhrani is very impressive, offers many options and will certainly become a very popular outside venue.

Venues that can add a unique Georgian flavor to an event is something most clients would welcome

TRANSPORTATION/CATERING

The consultant was informed during discussions in Batumi that coaches were often brought from Turkey to serve the needs of large groups, presumably due to a shortage of international standard coaches in Georgia (i.e. coaches with seat belts for all passengers). Coach transportation meeting stringent international standards is vital for most conference/incentive groups.

In most MICE destinations, there are strict regulations and standards (national, international and EU) covering outside catering. The situation for Georgia is unclear.

SUPPLIERS - FIT FOR PURPOSE

The lack of travel agency licensing in Georgia was also of concern to the consultant, and therefore he believes for many reputable and long standing travel agencies and DMCs.

If a travel agency states that they are a DMC they will need to satisfy potential clients that they:

- Are financially solvent;
- Have a track record in successfully handling international MICE events;
- Have insurance
- Address health and safety issues for all aspects of the program.
- Carry out risk assessments for the various proposed activities
- Support Corporate Social Responsibility (CSR). Many clients will want to incorporate a CSR element in the program and this is becoming increasingly popular. To work with local charities and help local people in an effective, collaborative, understanding and sensitive manner is something which should be considered even before receiving an

enquiry for an event. Many DMCs are involved with charities on an ongoing basis and can incorporate activities with the charity in an incentive or conference program.

One problem is that there are no internationally recognized standards for DMCs or indeed an organization they can join to demonstrate their professionalism. However one can ask certain questions like those above and normally the best way for DMCs to convince prospective clients to use them is references from previous satisfied clients.

There are also quality control standards set by the International Standards Organization. Some DMCs have met these stringent requirements and can use the relevant ISO designation on all their promotional materials.

For Professional Conference Organizers (PCOs) they are stricter standards, and to become a member of IAPCO (International Association of Professional Conference Organizers) is very difficult. Membership of IAPCO really means something!

SUPPLIERS – TRAINING/ASSOCIATIONS

Various associations in the MICE industry such as ICCA, MPI, SITE, ECM and IAPCO run training courses to help individuals and companies understand more about this industry and become more effective in the market. The annual IAPCO training course in Switzerland has been held in January for over 20 years and is very well regarded.

Also, a number of academic institutions run event management courses for students wishing to engage in the MICE industry or those already in the business who want an internationally-recognized qualification. This can lead to a degree or even a master's degree.

However, if within Georgia there is significant demand for MICE training, this can be arranged by bringing in experts from the different disciplines within the industry.

**USAID Economic Prosperity Initiative (EPI)
6 Samgebro St.
Tbilisi, Georgia**

Phone: +995 32 24389 24/25/26

Fax: +995 322438927