



## Development of Competitiveness in the MICE Industry for the Eastern Economic Corridor of Thailand<sup>1</sup>

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### Abstract

This research objectives aim (1) to analyze the competitiveness in the Meetings, Incentive Travel, Conventions, Exhibitions (MICE) industry and (2) to investigate the ways to develop the MICE industry in the Eastern Economic Corridor (EEC) of Thailand. Qualitative research employed the interview method to interview a total of twenty the organizers of the event, Tourism Authority of Thailand (TAT), and the experts from the Thailand Convention and Exhibition Bureau (Public Organization): TCEB. The results show that (1) Eastern Economic Corridor has competitiveness in MICE industry, the most in the incentive travel, followed by meeting, exhibition, and conference, respectively, (2) Key success factors that have contributed to and put forward the Eastern Economic Corridor as the "City of MICE" is a clear and concrete development policy, and the public and private sector support to accommodating the growth and increasing demand for businesses. Key strategies implementation to developing the competitiveness of the MICE industry included strategic management, followed by the integrative framework of cohesion, facilities, and infrastructure improvements, potential development of partners and personnel in the MICE industry, and logistics system improvement, respectively.

**Keywords:** Development of Competitiveness; MICE Industry; Eastern Economic Corridor

### Introduction

Nowadays, tourism industry has been very important to the world economy and the changing consumer behavior. It is generally acceptable to the almost countries across the world that tourism industry has become one of the international major industries. In many western countries, tourism industry is rank 3<sup>rd</sup> out of 10<sup>th</sup> industries in those countries (Kasikorn Research Center, 2016: p.3). It's necessary for Thailand's tourism to be adaptive to the world situation. Also, it has to include the development plan with the market demand in order to maintain and improve the tourism capabilities of the country (the Ministry of Tourism and Sports, 2017, p. 3). In Thailand, government has set forth the fourth National Economic and Social Development Plan for the continuous tourism promotion and tourism has become the most important source of foreign exchange. Therefore, tourism industry has driven the national economics and growth, leading to employment, job creation, income distribution and investment in many related activities. Regarding to tourism situation in Thailand, the first quarter of 2017 indicated an increase of 0.41 percent in foreign tourists and an increase of 1.94% in revenue from the same period of the last year. Since the average cost per person increases with the increased Thai tourists an increase of 5.43 percent, thereby resulting from that the revenue grew by 6.53 percent higher than the same period of the last year (Office of the Permanent Secretary, Ministry of Tourism and Sports, 2017,

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page 2). The Meeting, Incentive, Convention, and Exhibition, or known as MICE is considered a tourism business that generates enormous sum of revenues each year and contributes to income distribution to other tourism-associated businesses, including the service business of hotels, resorts, restaurants, design services, and exhibition space decoration. According to GBTA BTI™ Outlook (2016)'s survey of the growth of countries on tourism industry aspect, especially travel, convention and incentive travel during 5-year period (2015-2020), it's anticipated that the countries with high growth rate include India, Indonesia, Turkey and China while the countries with moderate growth rate include the U.S.A and Europe. According to the Society for Incentive Travel Excellence (SITE) Index, Benchmark Study, and Bridge Street Hospitality Bleisure Study, it demonstrated the promising tendency in business travel on meeting and incentive travel. In addition, the corporate social responsibility (CSR) activities are contained in the meeting agenda as well as the tendency in cooperation and business travel (Bleisure) business travel and travel activities. In addition, according to the International Congress and Convention Association (ICCA) statistics in 2015, it unveiled that the most popular Asian countries are Japan, China and South Korea while Thailand has been popular at the fifth rank in the region. This included Bangkok, Chiang Mai, and Pattaya, were ranked 4th, 34th, and 56th for popular destination in Asia respectively (Marketing and Corporate Image, 2017: 18-25)

Currently, Eastern Thailand has been attracted the investors, as a resulted from Thailand government's efforts to put forward the Eastern Economic Corridor Development (EEC) proposal to resume the investment in the East, covering Chonburi, Rayong, and Chachoengsao. The target industries for growth acceleration include logistics business, fuel and bio-chemical industries, and tourism business (Thaipublica, 2016). The Eastern Economic Corridor: EEC plan for travel industry has been consistent with the tourism cluster development plan for beaches.

Thrusting the investment in the EEC will have a positive effect on tourism in the eastern region. Since the EEC becomes a starting point for increasing investment in hotels and new attractions. The marketing strategies are implemented to expand the project into the exhibition center. Meanwhile, this is to enable the world to acknowledge that Thailand has not only included Bangkok metropolis. Therefore, the researchers intend to examine the current situation of the MICE industry, analysis of MICE industry competitiveness, and the MICE industry development guidelines in the Eastern Economic Corridor to enhancing the Eastern Economic Corridor as 'City of MICE' at the regional level.

Moreover, the investigation of the MICE industry competitiveness, it provides the government with ways on active policy-making in supporting Thailand's tourism industry and drives the Thai tourism as 'Asian Tourism Hub' and 'Asia Convention and Exhibition Center'. Also, this is potential to increasing market share and generating huge revenue for the country in the future, resulting in more flourishing Thai tourism business. In addition, the global or regional conferences have produced a unique image of Thailand as a destination for one of the best international and Asian regional conventions. The public and private sectors involve in the MICE industry can leverage this research results to develop and improve their operations in line with the city of MICE.

### **Research Objectives**

1. To critical analysis of the MICE industry competitiveness and situation.
2. To investigate the MICE industry development guidelines in the Eastern Economic Corridor.



## Literature Reviews

### 1. MICE

MICE, as defined by the Asian Association Convention and Visitor Bureaus (AACVB) is a tourism business aimed at organizing the conference and incentive travel, international conventions and exhibits under perfect and professional management in terms of service and location of the meeting, food and beverage, tools and facilities, delivery of goods exhibited, and customs, and so on. It consists of four business segments: meeting (M), incentive travel (I), convention (C), and exhibition (E), collectively referred to as 'MICE Business' (Boonlert Chittungwattana, 2011: 4).

Thailand Convention and Exhibition Bureau (Public Organization): TCEB. (2009: 5) defines the MICE tourism as follow; it comprises;

1. Meeting (M) - meeting industry is a meeting event in which a group of people in the same organization or association are brought together to carry out a particular purpose or activities with predefined plan at the international-level, regional-level, or national-level conference.

2. Incentive: (I) - incentive travel is a meeting event to reward employees or individuals who can achieve career goal. This is awarded by the company at company's travel expenses solely. The incentive travel is more effective tool than monetary or other rewarded stuff. It is a great motivation for employee performance improvement.

3. Convention(C) is a participatory meeting aiming at the discussion, consultation, or collective problems-solving in the similar or interdisciplinary fields. It requires times to select a meeting place or location.

4. Exhibition (E) is an event which products and goods are displayed with multi-purposes. Event is categorized to present products or services to customers who have a purchasing power or who are interested in detail information of such goods and service. It is held in exhibition activities to display products or services to the target consumers. Three types of MICE operators or tourists include (1) meeting organizers and attendees, (2) exhibitors and visitors and (3) sponsors of the incentive travel. The exhibition may be organized into international, national and regional level.

MICE tourism is a mode of tourism industry contributing to economic benefits and both direct and indirect employment. In any country, tourism development is more likely to focus on tourism industry as an important mechanism substantially affecting the growth to national income and employment. Since the MICE tourists have particular business goals and they are of high purchasing power and demand for high-quality products and services; including food and beverages, airlines, hotels, shipping business, domestic travel, etc., the average cost of MICE tourists is 2 to 3 times higher than general tourists' expenses (Akapol Sorasuchart, 2009: 44).

### 2. Eastern Economic Corridor: EEC

The Eastern Economic Corridor (EEC) refers to the eastern provinces and areas in Chachoengsao, Chonburi, and Rayong, and other related provinces, well-equipped with the potential and availability of telecommunication, transportation, infrastructure, needs of entrepreneurs, and provision of resources, and connection to other economic centers. The objective of the establishment is to promote trade and investment and facilitate business operations, key factors in leveraging the national competitiveness. Also it aims to distribute the development to neighboring areas appropriately with the potential of such areas for the improved quality of life of the people (Government Gazette, 2017: 30).

An ultimate goal of the Eastern Economic Corridor is to attract a new group of the investors to investing in ten prospective industries. Thai government prepares its readiness in the physical



infrastructure, legal infrastructure, rules, and benefits granted to the investors. (Kasikorn Research Center, 2016: 1)

As previously stated, it's apparent that the Eastern Economic Corridor is significant to Thailand in terms of the inter-provincial economic links to the neighboring countries. Certainly, this will directly affect the increase of trade and investment in such provinces and will also have the effect of increasing Thailand's trade and investment with the neighboring countries.

### **3. Concepts of potential development**

According to Vivatchai Boonyapak (1989: 42), 'potential' means a possibility when the individuals' necessary potential exists to facilitate the development, improvement, management, or changes. Consistent with Pimpimol Phonwiang (2000: 10) and Phetnoi Mung-ngam (1996: 6-7), defines the 'potential' in three relevant key words; power, capability, strength. In short, potential means people's hidden ability or power to achieve or succeed and it can be pulled out when stimulated by external or environmental factors.

## **Research Methodology**

In this study, the qualitative research method was adopted, using in-depth interview with twenty participants; comprising event, public and private employees and stakeholders of Tourism Authority of Thailand and the experts from Thailand Convention and Exhibition Bureau (Public Organization): TCEB

### **Research instrument**

The semi-structured interview was adopted with the in-depth interview. Content validity and reliability were validated by the experts. Review was then carried out as recommended and interviewing the key informants has taken on the following dimensions; (1) the current situation of the MICE industry, (2) the competitiveness of the MICE industry, and (3) MICE industry development guidelines, Employing triangulation for data validation, referred to Keeves' method (1988: 512) including; (1) data triangulation – data validation can be made from two or more sources, different locations and individuals and the results must be the same, (2) methodological triangulation – data review is based on data collected and using a variety of methods to collect data on the same topic.

### **Data collection**

1. Primary data derives from the interview using the semi-structured and in-depth interview
2. Secondary data derives from analyzing relevant documents and related literature, including books, textbooks, publications, articles and news, and online sources from government agencies

### **Data analysis**

Content analysis involves analyzing data collected from the survey, interviewing with key informants, Data was audio-recorded and photograph. All data was then validated with other information sources, and summarized the content analysis.

## **Research Result**

### **1. Competitiveness of the MICE industry**

The results demonstrated that the EEC has potential in the MICE industry on Incentive Travel (I) most, followed by Meeting (M), Exhibition (E), and Conference (C), respectively. In each respect of areas, the results are discussed as follows.

#### **1.1 Meeting**



The EEC has the availability and competitiveness of meeting because the EEC territory includes hotels and numerous meeting rooms. In addition, it could accommodate both Thai and foreign tourists who travel for meeting purpose. There are large hotels and much convention centers for multipurpose and sizes. In addition, the government has focused on accelerating the development of the EEC as quickly as possible through the scheduled investment plan. This focus is on the transport network under the Eastern Economic Corridor Development Project to link the transportation routes to all regions of the country and put forward the eastern part of Thailand as the gateway to Myanmar, Vietnam, Laos, Cambodia and southern China. As such, it facilitates the travel through EEC to the various destination and access to the meeting place by both private cars and public transport.

### **1.2 Incentive**

The EEC is abundant with the natural resources and tourist attractions in the three provinces; including marinas, ferries, cultural shows center, convention halls, amusement parks and the international exhibition center, and especially, the important marine tourism such as Bang Saen Beach, Pattaya Bay, Koh Samet, Koh Sichang, etc. These beautiful natural attractions attract both Thai and foreign tourists and stimulate the EEC tourism increasingly every year, particularly incentive travel.

### **1.3 Conference**

The EEC has been well-equipped for the international conventions, including hotels, travels, visitors, and facilities. In addition to the physical readiness, it includes the convention venues such as the Pattaya Exhibition and Convention Hall (PEACH), the Star Convention Hotel (Star Hotel), the Sunthara Resort, etc. These are potential for accommodating the large-scale conferences and support the international conventions and exhibitions that will increase in the future. As a variety of accommodations and the great number of hotel businesses scattered across three eastern provinces can also offer to the tourists who travel for recreational, trip, seminar, or exhibition purpose in the EEC practically.

### **1.4 Conventions and Exhibition**

EEC has multifaceted cultures as the unique feature. It attracts Thais and foreigners as well as MICE tourists in making decision to travel. Because EEC has diversity of cultural and natural attractions, especially marine tourism, it has been widely acknowledged for its beauty and interesting activities.

## **2. MICE Industry Development Guidelines in the Eastern Economic Corridor**

It is evident that the key factors that contributed to the success and push forward the Eastern Economic Corridor as "City of MICE" are a clear development policy and public and private sector supporting the growing demand of businesses. The key strategies for developing the competitive capacity of the MICE industry include strategic management, followed by the integrative framework, facilities, and infrastructure improvements, potential development of partners and personnel in the MICE industry, and logistics system improvement, respectively.

### **2.1 Strategic management**

Both the public and private sectors in the EEC area have developed plans and formulated the strategic management policies, for both short and long term in consistency with the government policies. EEC provinces have developed "MICE CITY" strategic plan to upgrade Rayong province to become potential, quality and standardized 'city of meeting. The strategy involves enhancing the public relations and MICE marketing on particular groups, developing a variety of tourism routes to link with MICE activities, upgrading personnel in the contribution to



MICE industry to meet the standards and to enhance the standard MICE accommodation, as well as developing the infrastructure to support MICE activities.

## 2.2 Infrastructure

### 2.2.1 Infrastructure facilities improvement

Both the public and private sectors in the EEC territory are required to improve their facilities and infrastructure. Whether the EEC segment becomes "City of MICE", it's expected to provide the facilities and infrastructure to support development and changes. However, the government has to improve facilities and infrastructure. This is included transport network improvement in the Eastern region, upgrading Phase 3 of marine transport network for Laem Chabang Port, connecting rail and ship transport, Maptaput Industrial Estate, Bangkok-Chonburi motorway expansion to Pattaya – Laem Chabang, future Laem Chabang – Nakhon Ratchasima motorway map. Likewise, the railways will become the main transport network. Current construction projects include Chachoengsao-Khlong Sip Kao-KaengKhoi double-track railway project Bangkok-Rayong high-speed rail project (examination process)

U-Tapao air transport network will become the third commercial airport perfectly to support the eastern economic development in connection with Don Mueang Airport and Suvarnabhumi International Airport. U-Tapao airport will also serve as an aircraft maintenance center to reduce foreign exchange losses.

Chuk Samet deep sea port as mooring yachts and ferries Pattaya – Juk Samet – Cha-am, reduce travel time between eastern and southern provinces. Such the infrastructural development will result in complete service and travel to MICE industry in the future.

### 2.2.2 Logistics system improvement

The EEC's strength is geographical area that supports the MICE industry. With attractive resources and the unique natural resources, the EEC has been recognized as a tourist destination. They include well-equipped infrastructure, transportation, and logistics under the government support in budgets for overall improvement and development. In addition, the EEC has convenient transportation network either by land, by air, or by sea. Upon the completion of the development as set out by the government, it is expected that an increasing number of the travelers will be served in the MICE industry in the future.

## 2.3 Integrative framework

MICE industry has played the important role to Thai economy. With its high growth potential that generates income to the country, especially in the Eastern Thailand, abundant natural resources, especially marine resources. So, it requires the government agent to be more active by promoting, boosting, and coordinating the private sector, education sector and community to drive the tourism industry in all respects, e.g. exchange of news and information, and brainstorming among related agents. Moreover, solving problems and obstacles cooperatively in the MICE industry, personnel development, promotion and publicity is needed.

## Conclusion and Discussion

One of key strategies to develop the competitiveness of the MICE industry includes strategic management. The finding showed that it should encourage locals who are contributing to the MICE industry in meeting the standard. Developing human resources to be ethical, effective, knowledgeable, honest person is the most important issue for national development. Once the majority of the people are good, it's believed that development in other dimensions will be



promising. Similarly, the MICE industry development is essential that it creates the ethical people to advance and strengthen the MICE industry in long-run development. Consistent with Deviwiwan Pathumporn (2006: 113-119)'s study, stating that personnel factor is important and affects the MICE business demand. In addition, it suggested that an increase in the competitiveness is needed for the country to be recognized nationally and internationally. That represents a strategy regarding promoting the public relations and MICE marketing by targeting the particular groups. Moreover, in development and leveraging marketing, coupled with the potential of MICE operators, standardized service business is required. Furthermore, business development for offering opportunity in which quality buyers are focused and retained as loyal customers, the strategies to increase the number of quality buyers is also important to create a new marketing base. In addition, all public, private, and state enterprise sector should be encouraged to be united in the same image through the cooperation to increase market potential and create sales opportunities in the MICE industry in Thailand.

In addition, the integrated performance is another important factor contributing to the development of MICE industry competitiveness. The integrative cohesion is needed among the government, public, private, educational, social and community sectors in pushing through the goals or known as "Civil Administration" that is in the line with the government policy, called "Civil State Policy". Also, the establishment of the Public-Private Collaboration on tourism promotion and MICE was intended to propel the country's economy, focusing on supporting potential partner organizations in meetings such as the Thai Chamber of Commerce, and the Personnel Management Association of Thailand: PMAT. The private sector encourages its affiliated organizations jointly carry out the promotional activities such as seminars, conferences and incentive travel in Thailand (Government Newsletter for the Public, 2016: 8).

### **Suggestions**

1. The public policy must be aware of the importance of the MICE industry. The analysis of the role of MICE industry toward Thai economy has been of high growth potential. In addition, it must comprehend how the MICE industry could be adopted as the tool for national development, together with the understanding of the potential and capabilities of Thailand over MICE industry. Also, it has to observe which position Thailand has currently been in the region. In addition, the objective must be exactly defined; what the objective wants to be met, what it wants to become, and which direction it will move in this industry and finds ways to achieve it. This contributes the existing policy to become the cornerstone of the MICE industry development, especially regulations such as logistics, visa custom, and rules on importation. Because today imported goods is treated as a general consumer goods, public relations and marketing (change in procedures is suggested) and increased budget to the relevant agencies in this industry, and supplementing the special economic zone in addition to MICE. Furthermore, the overseas MICE office should be established by the government to facilitate in term of time and travel similarly to the Ministry of Tourism which includes more than 20 offices around the world, and building the integrated public-private partnerships, for examples, allowing the Thai Airways to participate in or to serve as key driver for the MICE industry.

2. The public sector should continue the development of marketing promotion and public relations through the developed campaigns on offering the Thai uniqueness as a potential country to the MICE events; including but it is not limited to the availability of convention centers, exhibitions, telecommunication, transportation, and professional management systems.



Additionally, the beautiful and diverse tourist attractions, Thai traditional and elegant culture and lifestyle, Thai hospitality and friendly services, these are all available and welcome all visitors expressively.

3. The government sector should integrate country members from the Asia-Pacific region to expand the MICE industry and develop Asia as leading meeting industry and world exhibition. This is to strengthen and drive the MICE industry in Asia to be competitive globally. The marketing and branding with the digital media application is emphasized.

4. The government sector should give private entrepreneurs opportunity to join the trade shows and the roadshows domestically so that the Thai entrepreneurs have the opportunity to offer the MICE products and services to buyers from around the world.

5. The government sector should implement the MICE City project to develop the MICE industry regarding the zoning of the tourist attractions, coupled with amendment of the regulations for special tourism attractions, for examples, the exemptions on time and place for alcohol or duty free, supplementing new tourist attractions such as Pattaya on Pier, Long Stay accommodation and much more about education.

6. Logistic system development such as tunneling or junction bridges should accommodate the increasing number of cars and tourists in the future. The development of the high-speed rail link between Suvarnabhumi and U-Tapao, the Tram system, or rails in the urban area of Pattaya should reduce traffic congestions; this is not obscured the landscape, but increased access for the elderly and the disabled, and linking to the primary transport system. The development of U-Tapao Airport to become a perfect commercial airport and the development of the Chuk Samet deep sea port as a cruise terminal should accommodate foreign cruises, especially serving as home port and ferry linking the domestic routes.

7. Environmental development and solutions is needed, especially the disposal of solid waste, public utilities, electricity, water supply, caring for communities affected by economic expansion, budget allocation for environmental preservation and rehabilitation and measures to facilitate the foreign workers.

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