



## International Journal of Applied Business and Economic Research

ISSN : 0972-7302

available at <http://www.serialsjournals.com>

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Volume 15 • Number 23 (Part 2) • 2017

### Management of the Lao National Convention Center: A Business Model for MICE Industry

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#### ABSTRACT

This article aims to present a study framework of the commercial management for the Laos National Convention Center to support MICE industry. Related literature reviews lead to answer research questions concerning the Management of Laos National Convention Center and MICE industry, business models, and good practices in Asian countries.

This study used Qualitative Research Methodology. In-depth interviews were carried with main informants to provide information on conference and exhibition management for MICE industry, such as administrators from related Ministry, Prime Minister's Office minister, executives and personnel from convention centers, and personnel from event organizer companies. The information obtained were categorized into groups, synthesized deductively, interpreted, and finally presented in a descriptive article. The study results will generate a business model for Laos National Convention Center commercial management and be applied for the goal to create an effective and efficient management. They will also support the growth of MICE industry which will result in the income and economy improvement in Laos in the future.

**Keywords:** Management/Laos National Convention Center/Commercial/MICE industry.

#### 1. RESEARCH BACKGROUND AND SIGNIFICANCE OF THE PROBLEM

The Lao PDR was honored to host the 9th ASEM Conference in Vientiane and the Laos government passed a resolution to construct the National Convention Center with international standards towards in end of 2011. The architect design presented the Laos identity using different techniques in order to construct its first national convention center. The convention center was constructed on an 8 acre piece of land and located on the south highway no. 13. There were more than 100 designers and 1,000 construction workers

working round the clock in order to finish the construction by August of 2012. With collaboration and devotion, the buildings were completed in only 10 months, earlier than the original plan which had been set at 24 months, despite the exceeded budget.

Since it has been officially opened, the Laos National Convention Center has served more than 5,000 guests from 53 countries during the ASEM Conference on October 6 - 9th, 2012. It was highly complimented from all of the participants. After its first success, the National Convention Center has played such important role as a stimulator of the country's economy development, and as a leader of international conferences (Prachathai, 2012).

The Convention Center management is only one part of the MICE industries. MICE industries consist of the Management for Meeting, Incentive Tourism, International Convention, and Exhibition (Julie W. et. al., 2012). These are important economic and social activities as well as business for the tourism industry (Wan, 2011). Since the tourism industry has been supported by the government and related agencies, it is growing continually and generating high income to the country.

As a result, the government has defined its goals in promoting the national convention center to become the MICE Center of Asia. With the support from the Prime Minister's Office in powering the policy and transforming it into marketing and public relation plans to stimulate markets for MICE both domestically and internationally.

The Laos National Convention Center is government property, under the Prime Minister's Office authority and equipped with perfect facilities. After the 9th ASEM, the government passed a resolution to change it into a place to generate income. However, up to the present the convention center administration has not been effective in the commercial operations either in a service providing system, personnel management, marketing, or income and budget management.

Therefore, the study of the Laos National Convention Center Commercial Management to support MICE industry will produce the commercial management model and be applied for a result of effective and efficient management. This will consequently support MICE industry which affects the economy and income of the Lao PDR in the future.

## **2. RESEARCH QUESTIONS**

What are effective and efficient patterns or models for the Laos National Convention Center Commercial Management for MICE industry?

## **3. RESEARCH OBJECTIVE**

To study patterns or models for the Laos National Convention Center Commercial Management for MICE industry

## **4. LITERATURE REVIEW**

### **Concept of MICE and MICE Industry**

MICE is an abbreviation for 4 main businesses that are related and continual, as well as obviously different from each other, it consists of: Meeting (M), Incentive Tourism (I), Conventions (C) and Exhibitions (E), altogether called, MICE Business. (Montgomery and Strich, 1995; Fenich, 2012)

1. **M = Meeting:** A business to arrange organizational meetings in which participants come from the same organization or club. It can be international, regional, or domestic level, and planned in advance, or with specific purposes. There are 3 types as follows:
  - 1.1. *Association Meeting:* A meeting to exchange information between people from the same organization, club, profession, or religion. Generally, it would be small group seminars or exhibition with around 100 participants on average.

There are some alternative terms such as, (1) Conference: A meeting arranged for group discussion in order to resolve problems, or find facts, or consult about something specific. It is smaller than Association Meeting. (2) Congress: A meeting which contains hundreds or thousands of participants who share something in common, such as profession or religion and so on. The topics discussed are derived from the members or organizations only. This is usually an international or world level meetings. (3) Seminar: A meeting that specialist, from different areas and skills, but specific interest, come together in order to train or learn according to the objectives. (4) Symposium: A meeting for a group of experts who propose their works in specific area in order to get ideas and/or opinions from the meeting body.
  - 1.2. *Corporate Meetings:* A meeting for a group of participants from the same organization or affiliation. They may come from the same country, region or different countries as well. It is usually organized by one company, and so the members can vote for the venue. This type of meeting does not require a lot of public relations as it is an internal meeting for a company and smaller than Association Meetings, with around 80 participants on average.
  - 1.3. *Government Meetings:* A meeting of a group of government personnel or representatives in which a government office is an organizer, and the venue is selected without asking for any suggestion from the members.

These organization meetings can be divided into 4 types:

1. *International Meetings:* A meeting that participants work in the same business but travel from different countries of at least 2 different continents.
  2. *Regional Meetings:* A meeting where participants work in the same business and travel from at least 2 different countries from the same continent.
  3. *National Offshore Meetings:* A meeting where participants work in the same business and travel from different countries in different continents. It is possible that the meeting is held abroad or the participants come for a meeting with the host country.
  4. *Domestic Meetings:* A meeting where participants work in the same business with permanent residence within the country only, regardless of their nationalities.
2. **I = Incentives:** A tour organized as a reward for employees or personnel who have reached the goals that the company has set. The company pays for all expenses for the trip. This can also be called an Event, and divided into 2 types:
    - 2.1. *Individual Incentives:* It is an organized tour as a reward for specific employees, they would have freedom to choose the location but with conditions, such as within the country or neighboring countries only.

2.2. *Group Incentives*: An organized tour as a reward for a group of employees which is a popular form of rewarding. This requires more planning and preparation than the Individual Incentive. Since it is a service provided for a big group of employees and saves more expenses, the location is usually not restricted.

It is divided into 3 types:

1. *User Incentives*: An invitation for the service users or clients to travel for free since it promotes the company's image and creates loyalty,
  2. *Channel Incentives*: A trip reward for agents who reach a targeted selling goal, and
  3. *Inner Incentives*: A trip reward for a company's employees.
3. **C = Conventions**: An international meeting for a group of people who work in different organizations, but in the same or similar professions and come to exchange information and ideas. There are usually around 800 participants and organized by an international association. The form of arrangement is divided into 2 types:
- 3.1. Taking turns in each country either alphabetically or regionally
  - 3.2. Auction to become the host country which any member country who wants to be the host will send a representative for an auction event in an association. This requires high cost, and much time in preparation.

The difference between Conventions and Meetings are two variables:

1. *Number of participant*: As for the Conventions, there are a hundred up to ten thousands of participants, while there are tens to hundreds for Meetings
  2. *Income*: As for the Conventions generate more income than Meetings due to more participants.
4. **E = Exhibitions**: Products or services show in order to sell to an industry, the shops or organizers can be in international, regional, or national levels. It is divided into 3 types:
- 4.1. *Trade Show*: Products' displays for the entrepreneurs,
  - 4.2. *Consumer Show*: Products' displays for the consumers, this may include a meeting on the same topic as or related to the products or exhibition, and
  - 4.3. *Trade and Consumer Show*: Products' displays for both entrepreneurs and consumers

## Background of MICE

MICE Business was developed from tourism that offers special services in mediating to organize Meetings and Conventions, Incentive Tourism, and Trade Shows which have become more significant in the world tourism industry. (Carol, 2007)

Since humans are social animals who communicating with each other in community. Especially in a large society, agreement is an important thing. Therefore the meeting as a way to discuss is an essential communication tool of society. Meetings can be the talks between two or more people, or a group circled for

discussion. The bonfire of ancient people was to transfer both knowledge and belief to the next generation. As a society was expanding, the size and frequency of integration were increased accordingly. There have been a great number of groups and associations, such as the establishment of the Association of Craftsmen in Europe to care about wages and working standards and so on. Historically, there is no clear evidence of when and where that the first formal meeting started. However, meetings were very popular in Europe between September, 1814 to June, 1815. The Congress of Vienna was arranged and attended the meeting was Alexander I from Russia, Prince Karl August von Hardenberg from Russia Viscount Castlereagh and the Duke of Wellington from Great Britain. The meeting was a conference about centralization. As for MICE business to appear prominently was in the late 19th century in the political and scientific conferences in Europe.

In the United States, mid-19th century, there were integrations of trade by establishing many trade and professional associations. There were a great number of regular meetings in hotels. As a result, the first Convention Bureau was established in 1896 in Detroit, USA in 1904 following the establishment in the cities of Cleveland in 1908, Atlanta in 1909, Denver and St. Louis in 1910, Louisville and Los Angeles in 1914. The International Association of Convention and Visitor Bureaus (IACVB) was founded in 1963 and so, The International Congress of Convention Association, which played such important role in supporting international conferences, was established. In 2000, it had more than 550 members from 76 countries. As one can see that the business in organizing conferences and incentives in European countries were more developed than in the United States. They established the Birmingham Convention and Visitor Bureaus in 1982, and today nearly every major city in the world has created a center of its own. These centers, such as in Munich and Frankfurt of Federal Republic of Germany, in Macao of China and, or in Queensland, Australia, are created to hold meetings for different commercial, religious groups and other associations.

The fairs or exhibitions began from the industrial development of which production of the new products were introduced to consumers. Trade shows have started since the 18th century in England. The international fair which is renowned worldwide is the Day of London's Crystal Palace. Later many countries organize more trade fairs which are considered the full development of MICE business. But during the years 1980-1990, popular places for meetings and conferences were mostly tourist or seaside towns. After 1990, the popular venue has changed to cultural places or has had recreational activities and sports (Bowdin et, al., 2006).

### **MICE Industry in ASEAN**

MICE industry in Asia has been growing steadily in the period of 5-6 years, which is a key driver of economic development in the region, and still showing growth potential This is a result of the overall economy growth of Asia and the ASEAN Economic Community. The ASEAN Economic Community in 2015 was a major factor contributing to the economic growth of the region, movement of capital and labor. This will attract more investors around the world to the region, and this fact will certainly affect MICE industry positively.

According to IPK's Asian Travel Monitor, it found that the MICE industry sectors are representing 54% of the business travel market as a whole. The growth rates are rapid as in terms of incentives 61%, Conventions 44% and Conferences 27% as cumulative since 2009. Moreover, large infrastructure

development and transportation systems either by land, sea or air, among ASEAN member countries, are connecting more and this has shown investors business opportunities in this region.

The MICE industry in many countries has expanded the area of International Exhibition Centre to accommodate the influx of business travelers. With potential of infrastructure systems, transportation facilities, and low cost of living, this has given the organizers from Europe the confidence to enter the ASEAN to organize MICE events more. Many are interested in cooperation or mergers with local entrepreneurs and bring in the events which were held in Europe into a new customer base, as well to expand to new business opportunities for local entrepreneurs. (TCEB, 2015).

Vietnam is an emerging market of MICE and ranks first in interest for investment. In the year 2006, Vietnam had hosted a meeting of APEC leaders. That was the start of the MICE industry in the year 2010 has been hosting the ASEAN summit in Vietnam is also investing major infrastructure such as airports, two of the passengers and the amount of new business. travel, including Dong Nai (south) and Hai Phong (North) with mixed Chinese culture and traditions. Tourist, historical and natural features. The use of the hotel include meeting (75%), which has a large international hotel investment. Convention/Exhibition Centre (14%), universities (11%) and Exhibition Centre Number 4 is not less when compared to other countries in ASEAN, including Thailand, seven in Singapore, four in Malaysia, four in Indonesia and the Philippines. At least three of the most popular topics include conferences, technology, science, medicine and economics, respectively.

The Lao PDR. is the Boutique MICE Destination with infrastructure facilities being developed in the center of Vientiane such as the ASEM Convention Center, small hotels with meeting room facilities. There is significant cultural and Buddhist tourism, such as Luang Prabang as well as environmental tourism as in Khong River, Laos also has connecting routes with neighboring countries such as Thailand, Vietnam and Cambodia. Venues for conference include hotel with conference center (80%) such as Don Chan Palace, Lao Plaza, and convention/exhibition center (20%) such as the ASEM international conference center in 2012. The popular topics for conference are technology, agriculture and the environment respectively.

Myanmar opened its doors for the MICE New Gateway by developing infrastructure and facilities such as hotels, conference/exhibition center, and hosted the 27th SEA Games in late 2013, including the ASEAN Summit in 2014. Activities of the MICE industry are mostly small to medium sizes. Myanmar has both cultural and Buddhist tourism in many major cities such as Mandalay and Bagan as well as natural resources for tourism.

Moreover, there are initiative projects in the deep-sea port and industrial estate in Dawei. This has given Myanmar opportunities to build business, trades, and developing communities, hotels and residence for the business travels. Venues for meetings are hotels (100%) since there is no large conference center. In Rangoon, there are the highest number of hotels to host conferences in Myanmar (approximately 8,000 rooms), which include both budget hotels and hotels that have branches overseas. Some foreign investors already start to invest in this venture, such as from Vietnam and South Korea. However, it may not attract much investment due to the high price of land and the measures in restoring the money. As in the capital city, Naypyidaw, there are a great number of constructions of large and medium hotels to support MICE business in the future. Popular topics for conference include medical science, technology, agriculture, transportations and communications.

When comparing the data of the three countries (OIE SHARE, 2014), it shows that Vietnam has the most market share of the MICE industry, followed by the Lao PDR, and Myanmar. The period between September - November is the highest season for meetings. The main popular venues are hotels, conference center and conference/exhibition center. As for the most popular conference topics are medical science, technology, science, and the economy. Popular conference topic in Vietnam and Lao PDR is technology, while Myanmar's is mainly medical science. The three countries had joined a framework for economic cooperation in the region, and this provides the opportunity to create more of economic activities of the MICE industry. The factors in the decision to invest in the MICE business in these three countries can be considered from the infrastructure and facilities, the government policies to promote the MICE industry such as venue distribution to different major tourist destinations in the country, the establishment of MICE agencies to develop and coordinate between public and private sectors. As well, policies to develop human resources in the MICE industry with professionalism.

### **Concept of the Convention Center Management**

A Convention Center is a large facility used for conferences, trade shows, exhibitions and conferences in various forms, which can hold large number of people. Within the center, personnel in different divisions and roles in the organization provide services according to their scope and responsibilities: coordination as well as site preparation and facilitation for participants in MICE event in the conference center. These divisions can be divided into 2 major sections (Chomphunoot, 2012) including:

1. *Front of the House:* This division continually communicates with the customers and the service users in the convention center. They are the direct service providers to the customer as the goal is to create the customers' most satisfaction. The division is consisted of Marketing and Sale Department, Operation and Services Department, Food & Beverage Department, and
2. *Back of the House:* This division does not communicate or meet directly with the customers much. Mostly, their work is supporting the other division in order to work effectively. The division is consisted of: Corporate Planning and Development Department, PR and Communications Department, Human Resources Department, Accounting and Finance.

The Management of the National Convention Center in each department can be explained according to the role and responsibilities (Vivienne, 2000; Fred, 2000) as follows:

1. *Marketing and Sales Department:* The primary responsibility is to liaise with clients or service users of MICE event in the convention center. This starts from introducing the place, and suggesting services to target customers, and inviting use of the center to organize MICE activities. When customers decide to come to the center for a meeting, the Marketing and Sales will serve as coordinator. Giving them details of the location and services, including preparation of quotations, bargain, and the lease agreement with the customer. It also acts as an intermediary in contacts by coordinating between the client and the various sections within the convention center, to facilitate for the customers until the MICE activities is complete according to the agreement.
2. *Operations and Services Department:* or called, "Building department" is responsible for facilitating the location. This includes other facilitations: delivering the areas to the customer or an event organizer to do their installation, facilitates during the event, as well as clearing the area and return

it after the event. The personnel department consists of staff from several sections, including the building caretakers or engineers, light, sound and projector technicians, cleaning and security, and general staff who facilitate other aspects relating to the areas of responsibility.

3. *Food & Beverage Department:* Personnel in this department are sometimes called Banquet Department, is an important department. Every conference center would have food and drinks prepared for the customers and participants, providing an easy access to food. As well, the amount of food and drinks served depend on the customer's request. The staff in this department are responsible for the site preparation including all tableware required for all meals. As well, preparing ingredients for cooking, cooking, serving customers and service users, clearing and storing food after the meal.
4. *Corporate Planning and Development Department:* This department is responsible for planning the use of the convention center to its best capacity. This includes the improvement and development of the building, and the environment as well as facilities to support MICE industry. They will have to learn the customer's needs from analyzing satisfaction questionnaires and then plan for further development.
5. *Communications Department:* This department is responsible for promoting a positive image of the center to their target customers and public, as well as awareness about the products and services so the users know their options.
6. *Human Resources Department:* This department is responsible for allocating resources to fit in each department, including training, personal development and welfare of the people in the organization so that they work happily.
7. *Accounting and Finance Department:* This department is responsible for the accounting within the organization, purchasing and disbursements for equipment used in the Convention Center.

From the above functions of various factions in the convention center, it is evident that the Front of the House comprising of 3 departments which directly involved with the customers or service users of the convention center: Marketing and Sales, Operations and Services, and Food and Beverages. The personnel of these departments play a major role in liaise with clients or service users in the convention center. As they are responsible for the MICE events from start to finish the job. They are representing the organization and so reflecting the readiness of services and good performance. (Lovelock, 1996) Moreover, they are a good measure of customer satisfaction, i.e. if all 3 departments had quality and potential to provide good service to customers, they could create the highest satisfaction from customers. Meanwhile, if their works were ineffective, then the customers or users may lose their confidence in using services from the Convention Center as well. (Seekings, 1996)

## 5. RESEARCH METHOD

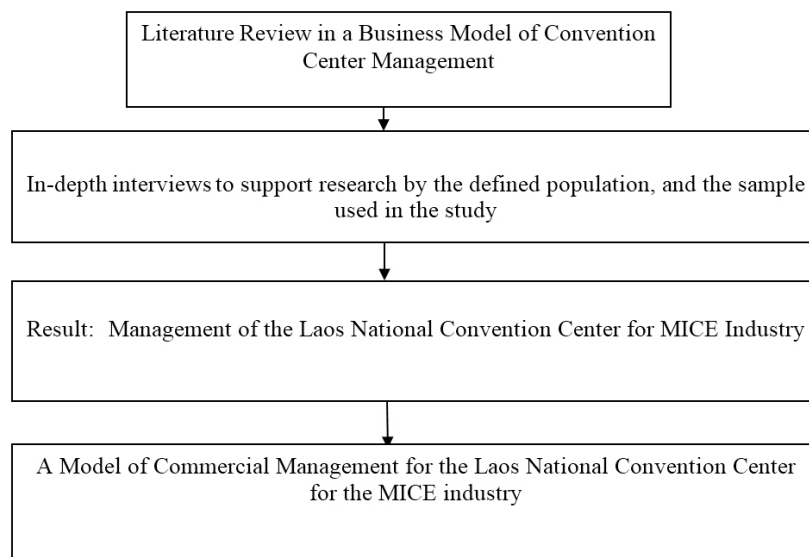
This research used Qualitative Research Methodology and the steps are as follows:

1. Studying research papers related to the national convention center, creating business models and open-ended question.



2. Organizing in-depth interviews to support research by the defined population, and the sample used in the study divided into two groups and were selected purposively. The selected samples are based on the decisions of the researcher. The appearance of the group is coherent with purposes of research, such as the Minister of related Ministry, Prime Minister's Office Minister, Executives and Personnel of the Convention Centers, and personnel from the Event Organizer who used the National Convention Center for MICE events before.
3. Creating a model of commercial management for the Laos National Convention Center for the MICE industry and presenting to the Prime Minister's Office Minister for an approval to use it in the future.

## 6. RESEARCH FRAMEWORK



**Figure 1: Operation plans and expected results**

## 7. CONCLUSION

MICE industry is an industry that likely to grow steadily, which in many countries, it is a priority and set as a policy to boost the economy, generate revenues, and employment within the country. Laos has given priority to the MICE industry as it can be seen from the construction of the Laos National Convention Center. The government has set the goal of promoting and pushing for the National Convention Center became a center for conventions and exhibitions in Asia (MICE Center). The Prime Minister's office is operating by concrete policies and plans for marketing and public relations to promote MICE market both within and outside the country. But the past administration of the center was lack of clarity in the operation and management. Therefore, this study proposes the concept of handling the Laos National Convention Center for commercial use for MICE industry. The literature review will lead to answer the question of the study, which used a qualitative research methodology. The study results will generate a business model for Laos National Convention Center commercial management and be applied for the goal to create an effective and efficient management. They will also support the growth of MICE industry which will result in the income and economy improvement in Laos in the future.

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