The Impact of the Current Recession on the Corporate Hospitality Industry

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Abstract

Purpose

The purpose of this research is to understand how the corporate hospitality industry is defined and the main impacts the current recession has had on the buying and supplying of corporate hospitality. From the information gathered through the research recommendations can be made for buyers and suppliers to ensure the sector recovers quickly from the recession.

Methodology

A literature review was carried out to determine previous research in this subject area and the effects on the corporate hospitality industry from previous recessions, therefore giving the opportunity to create comparisons with current research results. The primary research was carried out using five face-to-face interviews, with structured and semi-structured questions. The interviews were selected using a purposive sample, using hospitality industry professionals all working within roles and venues that have a corporate hospitality offering. Therefore all interviewees have tacit industry knowledge and personal experiences of the changes happening throughout the recession. These interviews have been used to gather incisive information and examples of the changes that have happened within the corporate hospitality industry.

Findings

It is clear from the research that there has been a negative impact on the corporate hospitality sector during the recession. It has also shown that there are three key impacts within the sector. These are the increase in use of deconstructed hospitality packages, the increase of media scrutiny on those still buying into hospitality and the increase in return on investment evaluation.

Research Limitations

All those interviewed were based in venues in London; therefore the impact of the recession could be different throughout the country. There is also a limited sample used within this study due to project constraints that could also lead to problems if the results were generalised to the whole industry, as they may not be fully representative.

Social and Practical Implications

This research can have implications on how hospitality is bought and sold in the future. It has implications on how corporate event organisers' carry out their jobs in the future and the skills they will need to develop in order to meet clients wants and needs in a changing market. A significant factor in the future could be that businesses will make new commitments to charity and socially beneficial corporate events to gain positive media

attention through corporate social responsibility and also to avoid investigation for bribery under possible new anti-corruption laws.

Value
Although this research does have some location limitations and cannot be used for rigorous statistical tests, the results can be indicative for the industry. There is limited research available on this specific part of the industry and therefore it can be used to provide recommendations for the future of the industry.

Context and Objectives

Objectives

1. To understand what corporate hospitality is, the stakeholders and why they use it.
2. Investigate the key impacts of the current recession on the hospitality industry.
3. Compare sales, company spend and event design of corporate hospitality before and during a recession to discover any differences and the specific impacts recession is having on corporate hospitality events.
4. Determine the possible reasons for companies still buying into corporate hospitality.
5. Draw final conclusions of the main impacts on the corporate hospitality through research findings and use this to make recommendations for future corporate hospitality strategies.

Context
This topic is worthy of study as it is an under investigated issue within the hospitality industry. Although previous recessions had an impact on the industry, corporate hospitality had not reached the market position and popularity it currently attracts (Corporate Hospitality, 2007). This means that the outcomes of the present recession may be very different to those previously seen, and therefore more current research should be performed to understand how these outcomes would influence the industry in the future.

Another key factor to the worth of the study is the gap within previous research on this topic. Most research covers the subject of corporate hospitality itself; definitions and uses within business but not how it is affected by external influences such as recession. Also the other side of the research that does cover external influences often groups all the events sector together, rather than showing corporate hospitality as a sector in its own right.

This research will be looking into the industry before and during the recession to determine the fundamental changes that have had to take place to stabilize the market as well as the potential future trends for the industry. Companies have already had to adapt their strategies and will have to continue adapting for a challenging business environment ahead.

The outcomes of research on this subject matter could therefore have a fundamental effect on the future of how corporate hospitality packages are put together in terms of pricing, value for money, event design and promotion.

As experienced whilst on industrial placement only last this is an extremely current topic and can have an immediate impact on all departments involved with creating and running corporate hospitality. This research could help define the hospitality strategies to aid recovery from the current and future recessions.

Literature Review

The key aim of this project is to determine what changes have happened within the corporate hospitality industry during the current recession. As discussed within the first objective of this study (page 2), factors such as why companies use corporate hospitality, the people targeted as guests to the events and the state of the industry before the recession, must be investigated. This is necessary to understand the motivations behind buying corporate hospitality and what factors affect this, it can also be used to make comparison between before and during the recession.

The key stakeholders corporate hospitality bookings can be divided very simply into two groups, buyers and suppliers. The buyers of corporate hospitality can described as the companies hosting the corporate hospitality events. The suppliers are therefore the companies or venues that provide the events for the buyers (Davidson and Cope, 2003).

Corporate hospitality is targeted at many different groups of people; these groups are suggested to be mainly current and potential clients, employees, suppliers, key business influencers, financial backers and public figures (Davidson and Cope, 2003; Sodexho, 2003; Bennett, 2003; Mintel International Group Limited, 2000). Bennett (2003) suggests that from these targeted groups, 75% of the guests will be current or prospective clients, with 90% of the corporate hospitality spend going on current clients as a way to retain their business. This shows corporate hospitality as an essential part of the marketing sales strategy and performance of a company.

Retention of business is seen as a key reason for the use of corporate hospitality (Bennett, 2003; Flack, 1999), but many alternative studies have revealed further uses such as creating a positive business image, building relationships, generating goodwill, stimulating business performance, showcasing new products, to say thank you or to boost morale (Sodexho, 2003; Davidson and Cope, 2003; Mintel International Group Limited, 2000). The study carried out by Sodexho (2003) discovered that hosts of corporate hospitality believe the main objective of events is to generate goodwill, which can be seen as a thank you for work or business that has already been completed. Guests invited to the corporate hospitality events saw building relationships as the top objective, which is supported by Bennett (2003) and Flack (1999) who both see corporate hospitality as a key factor in relationship marketing. Although the two preceding uses are similar, relationship marketing can be used to create new relationships with potential clients, whereas generating goodwill, would be targeted at current clients and staff. The differences in results could be through the samples of the studies. Bennett (2003) chose to survey only marketing managers of companies, focusing on business increase within a company, that buy into corporate hospitality. Whereas the survey from Sodexho (2003) questioned a larger sample, which included organisers and those responsible for event budgets within organisations across the UK giving a wider perspective on, the possible uses of hospitality.

Prior to the current recession there was growth in both the economy and the hospitality industry (Mintel International Group Limited, 2000; Mintel International Group Limited, 2002; Mintel International Group Limited, 2007). Companies had access to large event budgets and more events were being held due to the appreciation of corporate hospitality as a valuable strategic marketing tool (Davidson and Cope, 2003; Mintel International Group Limited, 2002; Mintel International Group Limited, 2007). Bennett (2003) also highlights this through the discovery that 56% of the sample questioned believed that the relationship and business benefits brought on by corporate hospitality could not be achieved through any other method, leading to a new consistent demand for corporate hospitality. Therefore Bennett (2003) and Flack (1999) suggests that the corporate hospitality sector is becoming less sensitive to the economy and that a slow down in business would not automatically lead to budget cuts and less bookings. Bennett's (2003) research results revealed that 65% of companies questioned plan to maintain corporate hospitality budgets for the next five years even if there was a recession. In addition, 15% suggested they would increase their budgets to retain business. They believe that strengthening the relationships during a recession is even more important than normal, which is a key factor within the fourth objective of this study (page 2) as it helps to understand why there are still buyers of corporate hospitality in a recession. Consequently Bennett's (2003) research points to the sustainability of corporate hospitality even during a recession period. However Business Barometer (2008/2009) and Mintel International Group Limited (2009), studies conducted during the recession, show that the corporate sector has seen the greatest loss of activity in the hospitality industry throughout the downturn, seeing a drop in event attendance, spend on events, event design and number of bookings. An average of 66% of buyers decreased their budgets during the recessionary period (MPI Business Barometer, 2008/2009), this shows a clear relationship to the second and third objective of this study (page 2) as it points to how the recession is affecting the industry and the specific issues facing event design. There is a difference between the previous studies' outcomes; possible reasons for the striking contrast in results could be the timing at which the research took place. Bennett (2003) conducted research before the current recession, where the majority of responses suggested that budgets would be maintained or increased. However the companies at that time were not immediately under financial pressure or negative media attention, whereas the current reports and research were conducted during the time of economic downturn where companies are faced with imminent financial problems and an awareness of the persistent media scrutiny of the industry sector, which in turn leads to very different opinions and actions.

Before the current recession the key trends of the industry were looking to be creating sustainable events, carbon-reduction and creating healthier eating options (Mintel International Group Limited, 2007; Mintel International Group Limited, 2002). However worries about the economy, budget cuts, decreased volume of events and a change in buyer needs were seen as the top industry trends during the recession (FutureWatch, 2008; FutureWatch, 2009; MIA, 2009; Hosea, 2009; Mintel International Group Limited, 2009). Showing a clear difference of the attitudes towards events before and during a recession. There is also currently a poor public perception of companies buying into corporate hospitality, which was not a major factor previous to the recession (Mintel International Group Limited, 2002; Mintel International Group Limited, 2007; Mintel International Group Limited, 2009; Hosea, 2009; Doyle, 2003). As the recession has been a very public matter, the media are now concentrating on those companies who are in financial trouble and still spending on hospitality. This has put pressure on large companies to stay out of the news and therefore they have cut back on their spending, the number of events booked and also taking away the promotional aspect connected with corporate hospitality by removing branding and sponsorship material from event areas.

It is clear from the literature that there has been an impact from the recent recession upon the hospitality industry (MPI Business Barometer, 2008/2009; FutureWatch 2008; FutureWatch, 2009; MIA, 2009; Mintel International Group Limited, 2002; Mintel International Group Limited, 2007). However, there are differences in the perceived level of the impact and the changes it is having on the market. This could be due to the difference in areas of study; suppliers will be affected differently depending upon their target market and location. Some buyers have been unaffected by the recession and will still be able to use corporate hospitality, but those industries hardest hit will be cutting back. If a supplier specifically targets those buyers unaffected then they themselves will see little effect from the recession. Hosea (2009) sees a trend that those buyers will put on more hospitality to try and win clients over from other businesses in the same sector that are in trouble, who are cutting back on hospitality.

To be able to maintain stability in the corporate events sector the suppliers are fighting back to ensure that they are changing the focus of corporate hospitality events to match what buyers want in the new market, as suggested in the third objective of this study (page 2 above). Doyle (2003) and Hosea (2009) suggest that companies no longer want standard events. They are looking for something bespoke and different, which can be personally tailored to their objectives. Hosea (2009) and Doyle (2003) build upon the change in customer needs and reveal that companies do not want to appear frivolous to the public, therefore media pressure is having a great impact on not only the number of companies booking corporate hospitality but, also the venues they are booking at, and the overall event design. Clients are now looking for smaller, more economical venues as well as a more private way to book and attend their events (Hosea, 2009). Removing a company's usual promotional material and identity from the hospitality suites are ideas in which buyers are adopting when wanting to remain anonymous, keeping them out of the media scrutiny. Clients are also expecting 'no frills' packages to be available for reduced budgets and where this is not available they are expecting added value to packages, such as a free guest speaker at an event or an upgraded food package (FutureWatch, 2010; FutureWatch, 2009; MIA, 2009; Hosea, 2009; Doyle, 2003). Therefore many suppliers have to find new ways of enhancing the experience to bring the custom in for the future (Mintel International Group Limited, 2000; Mintel International Group Limited, 2002; MIA, 2009; Hosea, 2009; Doyle, 2003; Flack, 1999).

As well as this, the emphasis is being put on formally evaluating the success of events and the return on investment made (Mintel International Group Limited, 2002; Mintel International Group Limited, 2007; Mintel International Group Limited, 2009). Davidson and Cope (2003) reports that 66% of respondents from a total research survey did not bother to evaluate the effectiveness of their events before the current recession. Those who did put the short-term evaluations down to 'gut feeling' and the real outcome were based on the long-term business prospects and outcomes. This is in contrast to the figures discovered by Bennett (2003) and Flack (1999) who found that 48% of respondents tracked post event sales, more than 75% made informal estimates of the extra business to be gained, 65% gathered feedback on the event and as many as 55% compared the event outcomes with the initial objectives; with only 10% suggesting they did not bother to evaluate the effectiveness. The contrast in results could be the difference in survey sample; Bennett (2003) has concentrated on marketing managers where investment evaluation has always been part of their job. However the total research survey (Davidson and Cope, 2003) covers a much wider range of positions from the industry, who may not be familiar with evaluating return on investment. Several years on attitudes to return on investment and evaluation have change. Return on investment has hit the top ten trends for the corporate market over the past three years, showing that it is definitely becoming essential for event planners to develop more sophisticated techniques to measure outcomes and in turn justify expenditure (FutureWatch, 2008; FutureWatch, 2009; FutureWatch, 2010; MPI Business Barometer, 2008/2009; Mintel International Group Limited, 2002; Mintel International Group Limited, 2007; Mintel International Group Limited, 2009).

The most recent research into the economy and the hospitality industry suggests a turn around, with growth expected to continue throughout 2010 (FutureWatch, 2010; MPI Business Barometer, 2008/2009; Mintel international Group Limited, 2007; Mintel International Group Limited, 2009). The industry is starting to see recovery but this looks to be a slow process, which could take many years to return to its previous market position (FutureWatch 2010; Mintel International Group Limited, 2009). MIA (2009) calls out to the hospitality industry to not continue to reduce prices, as this will reduce the value of the industry and slow down the expected growth. They also suggest that those companies who provided added value and built customer relationships during the recession, rather than cutting prices, will see a more positive reaction from clients when business picks up and prices start to rise. However some believe that the future key trends of the industry will continue to be a strong focus on budgets, value for money and return on investment, as seen within the recession and therefore businesses will still have to be aware of the quality of service and products they provide and try to retain clients through good relationship management (Mintel International Group Limited, 2000; MIA 2009; FutureWatch 2010). The future trends within this literature will link with the fifth objective of the study (page 2), enabling an understanding of the factors that will need to be taken into considerations when making recommendations for the future.

The main conclusions that can be drawn from the literature resources is that there has been an impact from the recession, to varying degrees, throughout the industry, identifying an answer to objective two of the study (page 2). The main differences within the industry during the recession are shown to be tighter budgets, the decreased number of events and the ‘no frills’ approach to events. This is putting pressure on the industry to provide added value and quality packages, these factors address objective three of this study (page 2) by highlighting the key changes that buyers are looking for in events during the recession, as well as reporting the differences suppliers are providing.

Another key factor within the literature is the identification of the importance of corporate hospitality as a marketing and relationship building strategy within business. This is a major influence when looking at objective four of this research as it determines a clear reason as to why businesses should continue to be corporate hospitality buyers during a recession.

Much of the literature discusses future trends for the corporate sector, such as return on investment, added value for events and the slow growth within the industry. This information can help address the final objective of the study (page 2) by understanding trends that will need to be included in the recommendations and when the industry will start to see recovery.

Method of Investigation

Introduction

From the literature review it is necessary to collect data from those who work in the hospitality industry prior to and during the current recession. This will be to gather information on the differences within the corporate hospitality sector due to the recession as well as industry examples of those changes. These differences can then be compared and contrasted with the results and information from the literature leading to conclusions and recommendations for the future.

Data Collection

Data will be collected using five face-to-face interviews with hospitality managers. All the managers chosen are both directly and indirectly involved with selling, running and evaluating corporate hospitality. They are from a range of companies and venues that have a corporate hospitality offering available.

The sample chosen is purposive, where the interview candidates used are picked because of their tacit knowledge and experience within the corporate hospitality industry (Clark. Et Al, 1998). Interviews with these managers will give a reliable return on information and also ensure that any misunderstanding of the questions can be rectified during the interview process (Kyale and brinkman, 2009). The interview will include structured and semi-structured questions to gather qualitative data. This approach has been adopted so that incisive information can be gathered through the opportunity of probing within the semi-structured questions (Gray, 2009). With an interview that has semi-structured questions, there is more flexibility than a distributed questionnaire. Therefore question order and probes can be re-arranged or emphasised during the interview process to draw on key subjects (Kyale and Brinkmann, 2009). As the main objective of the research is explanatory and descriptive (Brotherton, 2008) these findings will be able to not only demonstrate whether there have been any changes within the corporate hospitality industry during the recession, but also has the possibility to show what the changes were, why they have occurred and personal industry experiences and examples of these changes.

A pilot study, of the interview questions produced, will be carried out. This is to determine that the questions are suitable, understandable and gain the relevant information. Any questions not meeting the criteria can then be altered before the interviews take place (Gray, 2009).

Ethics

To follow the Sheffield Hallam University ethical procedure guidelines (Sheffield Hallam University, 2010) during the interview, the following processes will be put in place. The interviews will take place in a safe and comfortable venue. The interviewee will be made aware that any questions they do not wish to answer can be passed and that the interview can be terminated at any time. To ensure that the interested party has been properly represented through the proceedings, the interviewee will be provided a copy of the interview transcript to be signed before the information is used within the study. The interviews will be coded when used within the study; therefore interviewees can remain anonymous.

Questions

The interview has been designed in four sections to clearly gather data to cover all objectives set out for the study.

The first section is directed at understanding what corporate hospitality is and why the stakeholders use it, which is the first objective of the research (page 5).

The second section of the interview is specifically to determine whether the recession has had an impact on the industry, why this has happened and personal industry experiences. This will address the second objective of the study (page 5).

The third section is to address the third objective of the research (page 5). It looks into more detail the specific changes that have happened in the industry during the recession and the possible reasons for these changes.

The final section looks at companies still buying into corporate hospitality as well as the current and possible future trends of the industry, which addresses the points within the fourth and fifth objectives of the study (page 2).

Data Analysis

The data collected is nominal data, as it is categorical with no specific order required, the data is also non-parametric, as it does not conform to a normal distribution (Brotherton, 2008). These factors must be taken into consideration when choosing data presentation and analysis styles (Clark, et al, 2007). Therefore frequency tables will be used to present the data, as they are the most suitable way to present data with these factors.

The data will be analysed for similarities and differences between the answers given and discussed accordingly. The data will then be evaluated alongside the literature to give final conclusions.

Although the research method used will give incisive data, however as it is nominal and non-parametric data, with only a small sample size it is not possible to conduct rigorous statistic tests on the data (Clark, et al, 2007). The results are therefore only indicative but are useful as other research in the area is scarce.

Findings and Analysis

From the five interviewees the following results have been determined. What would you see as the main reasons for companies buying into corporate hospitality?

	Increase Business	Thank you/ Goodwill	Relationship Building	Boost Morale	Promotion
A	▯	▯			
B			▯		
C	▯	▯	▯	▯	
D	▯		▯		▯
E		▯	▯		
Total	3	3	4	1	1
Percentage	60	60	80	20	20

Table 1.

As shown above, for this question the interviewees could give more than one response. The majority of interviewees gave two or more responses to the question, with only interview B giving one response.

Looking to address objective one of the study (Page 5), this question has determined that 80% of those interviewed agreed that the main reason for companies buying into corporate hospitality is for relationship building. This supports the findings of Bennett (2003) and Sodexho (2003) who reported corporate hospitality as a key factor in relationship management. As a part of relationship building the second most frequent answer is to show goodwill or say thank you. Although interviewees did discuss increasing business, which supports Davidson and Cope (2003) none of the respondents related this to retention of business which Bennett (2003) discovered as the main use, as gaining new clients costs more than retaining previous clients.

2) Who do you believe the main guests invited to corporate hospitality events are, with relation to the company?

	Current and Potential Clients	Staff	Suppliers	Friends	Business Influencers
A	▯	▯			
B	▯				
C	▯	▯	▯	▯	
D	▯	▯			
E	▯	▯			▯
Total	5	4	1	1	1
Percentage	100	80	20	20	20

Interviewees were able to give more than one answer; the majority of respondents gave two or more answers, with only interview D giving one response.

With reference to objective one of the study (page 5), this question has discovered that 100% of those interviewed believe the main guests to be current and potential clients. This is clearly supported by Bennett (2003) who saw the majority number of events and spend for current clients. Following this 80% of interviewees saw the buyer's staff at the events, as supported by Sodexho (2003). Sodexho (2003) suggests that the main reason these guests attend events is to build relationships, clearing linking with the results seen in question one.

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3, 4, 5) Do you believe that the recent recession has had an impact on the corporate hospitality industry? Is this positive or negative? What personal experiences have led you to this view?

All of those interviewed believed that the recession had lead to a negative impact on the industry. This result is similar to that shown in MPI Business Barometer (2008/2009) and Mintel International Group Limited (2009), who both note a downturn in business throughout the recession.

The following table shows the main reasons that the interviewees' thought had caused the negative impact on the corporate hospitality sector. The interviewees could give any number of responses; the majority offered more than one response.

	Fewer Bookings	Budget Cuts	Media Scrutiny
A	▯	▯	

B		✓	✓
C	✓	✓	✓
D	✓	✓	
E	✓	✓	
Total	4	4	2
Percentage	80	80	40

Table 3.

Budget cuts, as shown, have obviously had a huge impact on the industry, which has led to the cut backs in the number of events booked. It has also had an impact on the size of the events booked and the quality and flexibility of the packages available. However it is also clear from the interview results that media scrutiny, mentioned by 40% of the interviewees, is also having an impact on the buyers of corporate hospitality. This supports the comments made by Hosea (2009) and Doyle (2003) that buyers do not want to appear frivolous in the public eye, especially when people are being made redundant and businesses are closing down.

6) Have you seen a difference in the number of companies buying corporate hospitality during the recession?

This question takes the first step to understanding the detailed factors affecting the changes to event packages and design during the recession, addressing objective two of the study (Page 5). All of the interviewees reported that there has been a negative difference in the number of buyers into corporate hospitality during the recession. The main reason reported for the drop in companies buying corporate hospitality was media scrutiny and negative public perception of continuing buyers into corporate hospitality. Many companies that have been losing money and making redundancies have still been seen at corporate hospitality events and have gained exceptionally negative press for this, putting other buyers off to ensure they do not attract the same attention.

Budget cuts are shown as the second most popular result with the interviewees, however this was seen as the most vital within the literature research (FutureWatch, 2008; FutureWatch, 2009; MIA, 2009). Interviewee E also suggested that companies who regularly have large events might be scaling down, which would lead them buying into smaller or different venues rather than their regular venues and events.

7) Have you seen a difference in companies' budgets for corporate hospitality during the recession?

Once again all interviewees said they had noticed a difference during the recession. However not all of the differences noticed were negative. Interviewee A and B suggested that they had seen some companies increase their budgets. They suggest that this may be either because the companies are still doing well during the recession or that they want to appear t stakeholders that they are. This is supported by Bennett's (2003) results, which suggested that some buyers would increase their budgets during a recession. However all interviewees reported a certain amount of reductions, especially C who reported all their buyers had cut their budgets, this supports the results seen by MPI Business Barometer

(2008/2009) which shows a majority of buyers having a reductions in their budgets during the recessionary period. Interviewee B reported that their buyers had in the majority maintained the budgets, this is in line with the Bennett's (2003) result of 65% suggesting they would maintain their budget during the recession, however no other interviewees had the same experience.

8) Have you seen a difference in the types of hospitality packages being sold during the recession?

	Yes	No	Unsure
A	▯		
B	▯		
C	▯		
D	▯		
E		▯	
Total	4	1	0
Percentage	80	20	0

Table 4.
A majority, 80% of interviewees, have said that they have changed the packages available to accommodate changing wants and needs of buyers during the recession. Interviewees A, C and D reported that they changed their packages to provide a range of options for buyers looking for more flexibility. Most interviewees suggests that the changes provided a basic package for those with budgets cuts and also deconstructed packages that give the buyers a great deal of options to give better value for money. Interviewee B and E suggested that they had seen changes to packages throughout other suppliers, but had not changed their own packages, as they believe they are already good value and quality. They also believed that when price cuts and changes are made it can reduce the value of the industry.

9) Have you seen a difference in the number of guests/attendees at corporate hospitality events during the recession?

	Yes	No	Unsure
A	▯	▯	
B	▯		
C	▯		
D		▯	
E		▯	
Total	3	3	0
Percentage	60	60	0

Table 5.

One of the interviews gave two responses to this question; all other interviews only had one response. Interviewee B and C suggested that they had seen a difference in numbers attending, but they said this was a minimal change. The difference was mainly with smaller events, numbers were still high for attendance at once in a lifetime events. Interview D and E reported they had not seen a difference in attendance and interviewee E suggested this was because they had not changed their minimum numbers policy during the recession, ensuring that events ran with a certain attendance, as before. Interviewee D said that although a company maybe cutting back, if they are hosting an event there are a certain number of influential people that have to be invited and this will not change during the recession. Interviewee A saw both sides and said that although numbers had dropped in some circumstances, other events had still been very popular with regards to attendance. These popular events as mentioned above was normally larger once in a lifetime events, rather than smaller events.

10) Have you seen a difference in the number of companies looking to evaluate the events held and look at their return on investment?

	Yes	No	Unsure
A	▯	▯	
B	▯		

C	▯		
D	▯		
E		▯	
Total	3	2	0
Percentage	60	40	0

Table 6.

A majority, 60% of interviewees, noted a change to the level of evaluation of return on investment during the recession. However from this interviewee D reported a decrease in evaluation, feeling that buyers are losing the focus on its importance, and seeing it as an extra cost they do not want to incur. Interviewee A suggested that they get more of an interest in the evaluation however the buyers do not carry through with that evaluation after the event. Only interviewee B and C actually saw an increase in formal event evaluation, which is supported by FutureWatch (2010) who suggests the return on investment is a key trend for the future. Interviewee E did not see any change to this during the recession, but did note that evaluation was popular with their buyers prior to the recession.

11) There are still companies buying into corporate hospitality, why do you think they are doing so?

Interviewees A, B and D believe that companies are still buying corporate hospitality because they understand the important benefits to their business, either through relationship management or sales. Interviewee D also believes that companies are realising that these benefits cannot be achieved through any other means. This supports Bennett’s (2003) research, which showed that many respondents thought corporate hospitality was a marketing strategy that achieved results no other strategy could.

The interviewees also believed that companies still buy because they want to prove or appear to the public and stakeholders that they are still doing well despite the recession. Often the staff or clients have expectations and companies do not want to lose face by not buying into corporate hospitality, many also have contracts each year that would be expensive to get out of.

12, 13) What do you feel has been the key trend changes within the corporate hospitality industry during the recession? What personal experiences have led you to this view on the key trend changes?

Flexibility and added value within packages were mentioned as key trends in the majority of interviews. Buyers are looking for events they can tailor to their specific wants and objectives, as well as making their budgets stretch further, as supported by Hosea (2009). Interviewee E also mentioned shorter lead times for booking events, due to buyers researching more suppliers and looking for a better deal. Interviewee B believes that return on investment evaluation will continue to grow, as reported by FutureWatch (2010).

14) How do you see the future for the corporate hospitality industry?
The majority of interviewees believe that as the economy starts to pick up, the corporate hospitality sector will slowly follow. They suggest that business will pick up from late 2010 and becoming strong again by 2011. FutureWatch (2010) supports these responses, as the report suggests that the hospitality industry would see an improvement throughout 2010. A main factor that many of the interviewees picked up on is the London Olympics, suggesting that not only will bookings increase during the lead up to the event but there would also be an increase of new facilities becoming available. However Interviewee B believes that there will have to be a decrease in media scrutiny of buyers before the industry will feel a growth again. Before that happens, buyers will not feel confident about spending their money in case they receive negative press. Interviewee D believes that even once the industry has started to improve buyers will still be looking for added value and bespoke events after successful events they have experienced during the recession.

Conclusions

From the literature and primary research it can be concluded for objective one of the study (page 5) that corporate hospitality is a key relationship management and marketing tool within business. The main guests invited to events are emphasized as current or potential clients and staff. Buying and attending corporate hospitality events can help build relationships, increase business, create goodwill and boost morale.

Overall it is clear through both the literature and the research results that there has been a negative impact on the corporate hospitality sector during the current recession addressing objective two of the study (page 5). There are three key areas found to have had a major impact within the industry during the recession. These are the deconstruction of hospitality packages available to buyers, the negative attention from the media on those still buying corporate hospitality and the increased focus on return on investment evaluation, these factors are key for objective three of the research (page 5), as it draws attention to the specific changes to event design due to the recession.

It has been highlighted from the literature and interviews that suppliers have to change their packages to meet the new wants and needs of the buyers. Interviewees saw, during the recession, an increase of buyers researching the suppliers available rather than sticking with their usual events and venues, this led to a shortening in the lead-time for the booking of events. Through this search buyers were looking for the foremost packages in terms of price, added value and flexibility. This has in turn led to the deconstruction of previous packages by suppliers to secure business. Deconstruction means buyers can pick the items that they want within their event rather than having a pre-conceived package, this means buyers can tailor events to meet specific objectives efficiently as they only pay for the elements they actually require to have a successful event.

Many of the buyers looking for this package deconstruction have had budget cuts or are looking for added value for their events, therefore they are moving away from the standard packages that were popular a couple of years ago. Buyers not only want to pick and choose what is incorporated within their packages, they would like to feel they are getting great value for money with added extras. These added extras have been suggested to be items such as upgraded food or rooms, guest speakers or additional gifts for guests.

These changes have emerged due to a new perception of corporate hospitality bought on by media attention. Bell (2010) believes perception of the corporate sector and events will add an additional burden to the industry's recovery in the near future. There have been many negative media stories of businesses that are making redundancies and experiencing financial problems but are still spending on corporate hospitality. This type of media attention of those still buying into corporate hospitality has had an extremely negative impact on the industry. It has led to an obvious reduction in event bookings, but has also led to a change in event design. Buyers are being more secretive about the events they are booking, using smaller and more private venues and events and also removing promotional material and branding from their event area to remove themselves from the negative press and the public eye.

From this negative media attention it has become apparent that companies need to justify the use of corporate hospitality within business. This justification is possible through the use of formal event evaluation of the return on investment made. The evaluation outcomes can support the suggestion that the results seen from a corporate hospitality strategy cannot be achieved from any other business strategy, therefore giving a key reason as to why corporate hospitality should continue to be bought, even within a recessionary period. Return on investment was seen in the literature to be a big trend hitting the industry which will impact on the way event organisers work in the future, this gives an indication towards objective 5 (page 5) as to how the industry will change and the influences this will have on buyers and suppliers in the future. FutureWatch (2010) shows that 70% of organisations use some form of objective benchmark to track the value of events, this was an increase from the previous year, and only 7% did not use any measurement at all. It is also pointed out that evaluation against objective benchmarks is the most influential demonstration of the success of an event, proving the events worth and importance for the future of the business.

Formal objective return on investment evaluation could be implemented throughout the industry by making it a standard within corporate hospitality event packages. Therefore buyers and suppliers would have a contract to provide the information and carry out the analysis necessary to gain the return on investment against actual financial figures. This type of evaluation cannot be carried out straight after the event like subjective evaluation can and therefore it would elongate the connections between buyers and suppliers when they have to make contact again after three month, six months even up to a year after the event to understand the financial gains benefitted from the use of the corporate hospitality event, with regards to increased sales, larger contracts or lower staff turnover.

It is vital to draw attention to a new anti-corruption law that may be implemented and could have a major impact on the corporate hospitality industry. Meetpie (2010) reports that within the new law, corporate hospitality that costs over £100 per head could be considered as a bribe to the guests. Bennett (2003) highlighted bribery as a problem within the corporate hospitality sector and therefore this law has been introduced to eliminate this. This could lead to a whole new attitude when buying corporate hospitality. Buyers will be consciously avoiding high spend on events and also overly lavish event designs, leading to a continue with the 'no frills' added value events to avoid being investigated for bribery. It could see the end of events where as Davidson and Cope

(2003) stated ‘the entertainment companies lavish upon their guests is inevitably highly generous, and the pleasure quotient very high…. would be a rare … event at which champagne did not flow liberally before, during and after. ’ This would inevitably lead to downsizing within the sector and possible redundancies having to be made in the future.

The anti-corruption law could however increase the popularity of corporate hospitality hire at charity and fundraising events. Corporate hospitality would then be associated with socially responsible events and not just annual sporting events. Therefore creating social value to the corporate hospitality sector, raising it from its negative media position and also avoiding the anti-corruption law, as buyers would be seen to be helping the community as well as using the event for business purposes.

Suppliers and buyers need to think carefully to ensure corporate hospitality stays free from negative media attention, to secure a growth in the future. This could be difficult due to the continuing of business closures and redundancies even after the official end to the recession. Also if the previously mentioned anti-corruption law come into play this will be a new angle for the media to attack from. If this does happen all the changes to events seen from media scrutiny during the recession could continue into the future. Changes such as reduction in promotional material and branding at events, smaller events and venues that are less in the public eye and deconstructed packages will not be a passing phase but a normal part of the corporate hospitality business.

To ensure a steady growth in businesses coming out of the recession suppliers must continue to provide added value for their client, it is believed that those who provided extras for the buyers rather than extreme discounts will recover better in the period after the recession. This strategy is thought to be beneficial, as suppliers will have kept customer relationships by creating the value wanted by buyers throughout the recession, keeping a stronger client base. Therefore those buyers are thought to continue to be loyal to those suppliers who were the best during the recession. If there have not been discounts to the package prices by these suppliers then there will not have to be large increases when the industry picks up, only smaller alterations to the packages provided. Buyers are more sensitive to price changes than any other changes made within the packages provided and would therefore be adverse to the increases and start looking at other suppliers who have not increased the prices.

Buyers and suppliers need to discover the best ways to formally and objectively evaluate all corporate hospitality events to prove the worth of the corporate hospitality sector not only to the client but also to the media and general public. Buyers and Suppliers should also be looking towards the Olympics as a saving grace for the corporate hospitality sector, as indicated within the primary research. As this will inject growth within the industry, not just through increased sales in the run up to the event but also with new jobs and facilities becoming available.

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