

AN ANALYSIS ON THE COMPETITIVENESS OF MEETING, INCENTIVE, CONFERENCE AND
EXHIBITION (MICE) INDUSTRY IN SOUTH KOREA: LESSON FOR THAILAND

Miss Sukanya Nontharak



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การวิเคราะห์ความสามารถการแข่งขันของอุตสาหกรรมการจัดประชุมและนิทรรศการในเกาหลีใต้:
บทเรียนสำหรับประเทศไทย



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สาขาวิชาเกาหลีศึกษา (สหสาขาวิชา)
บัณฑิตวิทยาลัย จุฬาลงกรณ์มหาวิทยาลัย
ปีการศึกษา 2557
ลิขสิทธิ์ของจุฬาลงกรณ์มหาวิทยาลัย

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By Miss Sukanya Nontharak

Field of Study Korean Studies

Thesis Advisor Associate Professor Buddhagarn Rutchatorn,
Ph.D.

Accepted by the Graduate School, Chulalongkorn University in Partial
Fulfillment of the Requirements for the Master's Degree

.....Dean of the Graduate School
(Associate Professor Sunait Chutintaranond, Ph.D.)

THESIS COMMITTEE

.....Chairman
(Professor Chaiwat Khamchoo, Ph.D.)

.....Thesis Advisor
(Associate Professor Buddhagarn Rutchatorn, Ph.D.)

.....Examiner
(Professor Tae Gyun Park, Ph.D.)

.....External Examiner
(Wichian Intasi, Ph.D.)

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วิทยานิพนธ์หลัก: พุทธกาล รัชช, 99 หน้า.

วิทยานิพนธ์ฉบับนี้มีวัตถุประสงค์เพื่อศึกษาการพัฒนาของอุตสาหกรรมการจัดประชุมและนิทรรศการ หรืออุตสาหกรรมไมซีในเกาหลีใต้ เพื่อนำมาวิเคราะห์ความสามารถการแข่งขัน พร้อมทั้งเสนอแนวทางเพื่อการพัฒนาอุตสาหกรรมการจัดประชุมและนิทรรศการของไทยต่อไป โดยงานวิจัยนี้อยู่บนพื้นฐานของการใช้ข้อมูลทุติยภูมิจากแหล่งที่น่าเชื่อถือต่างๆ เช่น งานวิจัย หนังสือ บทความ รายงาน จุลสาร วารสาร และ อินเทอร์เน็ต รวมถึงข้อมูลสถิติจากองค์กรทั้งในและต่างประเทศ เช่น สำนักงานส่งเสริมการจัดประชุมและนิทรรศการ (TCEB) สมาคมส่งเสริมการประชุมระหว่างประเทศ (ICCA) และองค์การการค้าโลก (WTO)

ผลจากการวิเคราะห์ไดมอนด์โมเดลของ Michael Porter พบว่ามี 11 ปัจจัยย่อยที่ส่งผลต่อความสามารถในการแข่งขันของอุตสาหกรรมไมซีในเกาหลีใต้ คือ ที่ตั้งทางภูมิศาสตร์ วัฒนธรรมสถานที่จัดงาน ผู้เชี่ยวชาญด้านการจัดงาน ส่วนแบ่งทางการตลาดทั่วโลก จำนวนผู้เข้าร่วมงาน การขนส่ง อุตสาหกรรมท่องเที่ยว โรงแรมที่พัก เทคโนโลยีสารสนเทศและการสื่อสาร และ แนวทางการพัฒนาที่ยั่งยืน เมื่อนำปัจจัยเหล่านั้นมาวิเคราะห์เปรียบเทียบกับของไทย พบว่ามี 6 ปัจจัยหลักที่ส่งผลให้อุตสาหกรรมการจัดประชุมและนิทรรศการของเกาหลีใต้มีความสามารถในการแข่งขันที่ดีกว่าไทย ได้แก่ ด้านความมั่นคงและปลอดภัย ด้านการขนส่งสาธารณะ ด้านเทคโนโลยีสารสนเทศและการสื่อสาร ด้านการพัฒนาทรัพยากรบุคคล ด้านการวิจัยและพัฒนา และด้านความร่วมมือระหว่างส่วนกลางกับท้องถิ่น โดยแนวทางการพัฒนาที่สำคัญคือ การพัฒนาปัจจัยที่นำไปสู่ระบบเศรษฐกิจฐานความรู้ (Knowledge-based economy) ซึ่งเป็นระบบที่เน้นการสร้างบุคลากร และองค์ความรู้ให้กับอุตสาหกรรมเป้าหมายมากกว่าการเน้นไปที่ทรัพยากรธรรมชาติ หรือปัจจัยการผลิตทางกายภาพ

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ลายมือชื่อนิสิต

ลายมือชื่อ อ.ที่ปรึกษาหลัก

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SUKANYA NONTHARAK: AN ANALYSIS ON THE COMPETITIVENESS OF MEETING, INCENTIVE, CONFERENCE AND EXHIBITION (MICE) INDUSTRY IN SOUTH KOREA: LESSON FOR THAILAND. ADVISOR: ASSOC. PROF. BUDDHAGARN RUTCHATORN, Ph.D., 99 pp.

The purpose of this thesis is to study the development of South Korean convention and exhibition industry, or also known as MICE industry. Based on that knowledge, the key factors affecting the competitiveness of MICE industry in South Korea will be analyzed, and suggestions for further development of Thai MICE industry will also be provided. This research mainly utilized secondary data from various sources such as research studies, books, journals, reports, pamphlets, periodicals and internet sources. Statistic data were retrieved from both national and international organizations such as TCEB, ICCA and WTO.

Michael E. Porter's Diamond Model was applied to analyze the competitiveness of the South Korean MICE industry, in which 11 sub-determinants were identified including geographical advantage, culture, convention sites, PCOs and PEOs, international market share, number of MICE participants, transportations, tourism industry, hotels and accommodations, information and communication technologies, and sustainable development. The comparative analysis of these sub-determinants between South Korea and Thailand has revealed key success factors including: stability and security; public transportation; information and communication technologies; human resource development; research and development; and collaboration between the central and local sectors. The most significant development framework is the improvement of factors that move toward a knowledge-based economy which relies on the intellectual capabilities of workers, rather than on natural resources or physical production factors.

Field of Study: Korean Studies

Student's Signature

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CHAPTER I

INTRODUCTION

1.1 Background

Tourism is any kind of travel taken for personal, family, or business purposes. Tourism is generally related to trans-national travel, but may also refer to travel to another location within a country. According to the World Tourism Organization, tourists are people traveling to and staying in places outside their usual environment for not more than one consecutive year for leisure, business and other purposes. It is one of the most popular leisure activities, and it contributes to not only the people but also to the income of a country. It brings income to the local economy in the form of goods and services purchased by tourists. The tourism industry also plays a significant role in creating job opportunities within society.

There are many types of tourism. United Nations identifies three forms of tourism by residential conditions; domestic tourism, inbound tourism, and outbound tourism. Moreover, there are types of tourism divided by a tourist's purposes; for example, medical tourism, educational tourism, sports tourism, creative tourism, and MICE tourism.

MICE in the context of tourism is an acronym referring to Meeting, Incentive, Conference and Exhibition. This type of travel refers to “a specialized niche of group tourism dedicated to planning, booking and facilitating conferences, seminars and other events” (Figueroa, 2010). Sometimes, the ‘C’ refers to Convention, and the ‘E’ refers to Event. Some educators suggested that the name of this industry should be ‘events industry’ or ‘meetings industry’ to avoid confusion from the acronym. However, I would use the term ‘MICE’ as a kind of tourism in which people intentionally travel to visit a place that is holding a meeting, event, conference or exhibition for either entertainment, organizational or business purposes.

The United Nations World Tourism Organization (UNWTO) had forecasted that the tourism industry worldwide would continuously to grow at a rate of 4 percent per year until the year 2020 (*Business Events Report*, 2008). Not only that, many countries have been preparing and developing their infrastructure, such as public transportations and convention centers, to gain more of the market in the MICE industry. Those signs are representing the growth in the global MICE industry.

The world’s super power countries (in terms of economy) also realize the significance of the MICE industry. The United States’ Convention Industry Council states that the meeting industry is important for their country’s economic development since it contributes to the employment of 1.7 million people, and 106 billion USD to the GDP. China is another example of a super power country that

invests a lot in the MICE industry, such that ICCA foresees China as the “premier MICE destination worldwide in the 21st century” (Barys, 2011).

The MICE industry in Asia is flourishing. According to ICCA, in 2013 there were over 2,400 international meetings in the Asia Pacific and Middle East region, which accounts for around a 21% of the market share in the world for that year (“2013 Country & City Rankings,” 2014).

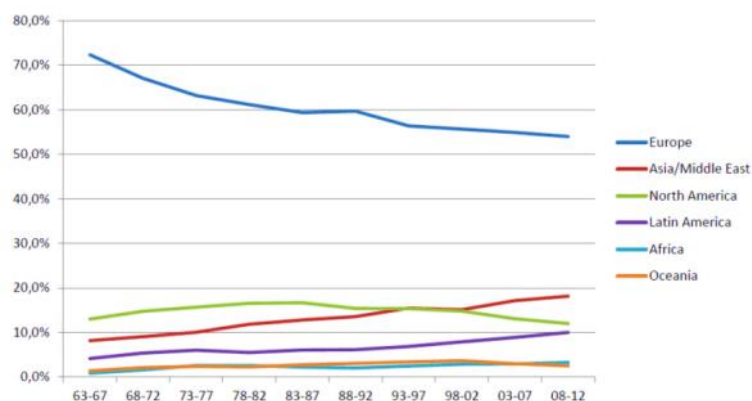
Table 1 Market Share per Region by Number of Meetings

Region	International meetings	Market share
Europe	6,313	54%
Asia Pacific/Middle East	2,463	21%
North America	1,488	13%
Latin America	1,046	9%
Africa	375	3%
Total	11,685	100%

Source: 2013 Country & City Rankings, ICCA, 2014

Moreover, international meetings in Asia and the Middle East have been growing in the last 50 years. The global market share growth rate of Asia and Middle East has increased from 8.2% to 18.2% in the matter of 50 years (“A Modern History of International Association Meetings 1963-2012,” 2013).

Figure 1 Market Share per Region by Number of Meetings since 1963 - 2012



Source: A Modern History of International Association Meetings 1963-2012, ICCA, 2013

Narrowed down to just the Asian MICE industry, the majority of market share in Asia goes to Japan (15.7%) and China (15.6%). South Korea also plays greatly in the international meeting market with 11.9% of Asian segmentation, followed by Singapore (8%), India (6.5%), Thailand (6.2%), Taiwan (5.6%) and Malaysia (5.3%) respectively ("2013 Country & City Rankings," 2014). The South Korean meetings sector development is quite remarkable. In terms of numbers of international meetings, South Korea's market share is increasing while some other countries are faced with a decrease or stagnation ("2013 Country & City Rankings," 2014).

Table 2 Meetings Industry Growth Rate since 1963 - 2012

Rank	Country	63-67	68-72	73-77	78-82	83-87	88-92	93-97	98-02	03-07	08-12
1	U.S.A.	9.6%	10.3%	10.4%	11.1%	11.5%	10.8%	10.6%	10.0%	8.6%	7.8%
4	UK	9.4%	8.8%	8.4%	8.5%	6.9%	6.5%	6.1%	5.6%	4.8%	4.3%
8	Japan	3.4%	3.0%	3.2%	3.3%	3.6%	4.3%	4.2%	3.6%	3.2%	2.9%
14	Australia	1.1%	1.7%	1.8%	1.6%	2.1%	2.5%	2.9%	3.1%	2.4%	2.1%
16	Rep. Korea	0.2%	0.4%	0.4%	0.6%	0.8%	1.0%	1.3%	1.6%	1.9%	2.0%

**Please note that, only 20 countries that had the biggest market share were shown in this part of the report (Thailand was not in the top 20)

Source: A Modern History of International Association Meetings 1963-2012, ICCA, 2013

The sustainable growth made South Korea a very prominent MICE-oriented country in the world. This particular industry brought as much as approximately 776 million US Dollars of income in the year 2008. In 2011, the South Korean MICE industry accounted for 0.8% of overall GDP, and about 16.2% of the tourism industry ("Tourism Industry's New Growth Engine: MICE Industry [관광업계의 신(新)성장동력 : MICE 산업]," 2013). The success can be attributed to many factors such as the development in tourism infrastructures and government's supporting policies. This investment in policy and infrastructure has resulted in South Korea being ranked 25th out of 140 in The Travel & Tourism Competitiveness Index 2013, while Thailand is ranked 43rd ("The Travel & Tourism Competitiveness Index 2013," 2013).

The Thai MICE industry, although it is not as developed as that of South Korea, the industry has recently become more of a focus in the tourism sector of Thailand. The cooperation between the government and private sector has been the key driver for Thai MICE development (Puriwaj Dachum, 2013).

This thesis aims to find ways to improve the competitiveness of the Thai MICE industry by analyzing the source of South Korea's competitiveness. I will analyze the competitiveness of the MICE industry in South Korea by applying Michael Porter's Diamond Model. After that, key factors that made South Korean MICE industry more competitive than Thailand's will be identified. This research ends with suggestions for further development of the Thai MICE industry.

1.2 Research Objectives

1. To study the development of the South Korean and Thai MICE industry
2. To analyze the key competitiveness of the MICE industry in South Korea
3. To provide suggestions for further development of the Thai MICE industry

1.3 Research Significance

To study the development of the South Korean and Thai MICE industry and identify the competitiveness to see what knowledge can be derived to improve the Thai MICE industry

1.4 Scope of the Study

The scope of this study includes the study on competitiveness of the South Korean and Thai MICE industry, focusing on the analysis of the South Korean MICE industry's competitive advantages.

1.5 Research Questions

1. What are factors for the competitiveness of the South Korean MICE industry?
2. Why is the MICE industry in South Korea more competitive than Thailand, even though both countries had begun developing the industry at a similar time?
3. How to overcome the obstacles preventing further development of the Thai MICE industry?

1.6 Research Methodology

This thesis is an analysis on key success factors of the South Korean MICE industry by applying Michael Porter's Diamond Model. A qualitative approach was adopted as it sought to understand the development of the South Korean MICE industry. Most of the data used in this research is descriptive secondary data collected via many sources including previous studies, books, periodicals, journals, reports and the Internet.

In addition, statistics related to the Thai and South Korean MICE industries from various reliable sources were utilized in the analysis. Many articles and journals were utilized to analyze the determinants affecting South Korean and Thai MICE sector competitiveness. The major sources of data and statistics related to the South Korean MICE industry were from the Korea Tourism Organization (KTO) and the Korea MICE Bureau webpages, while the major sources of information related to the Thai MICE industry were from the Thailand Convention and Exhibition Bureau (TCEB) and the Thailand Incentive and Convention Association (TICA) webpages.

Statistics data from organizations related to the MICE industry such as International Congress and Convention Association (ICCA), World Tourism Organization (WTO), and Global Association of the Exhibition Industry (UFI) are also used to provide supportive evidence of the analysis.

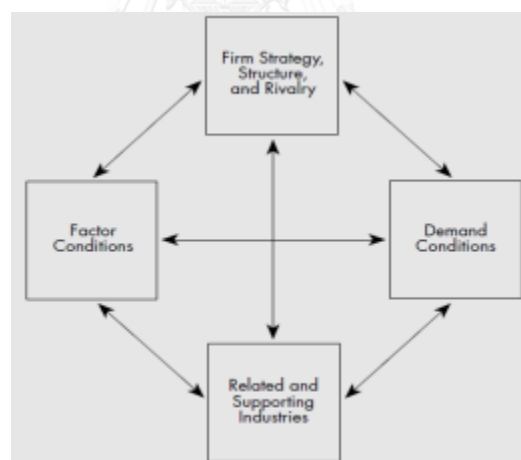
1.7 Conceptual Framework

This research begins with a study on the development of the South Korean and Thai MICE industries. After that, the determinants affecting the competitiveness of the South Korean MICE industry will be analyzed by applying Michael E. Porter's Diamond Model. Furthermore, the analysis will be utilized to find the key factors in regarding to the competitiveness of the South Korean MICE industry. Lastly, I will provide suggestions for the strategic planning of the MICE industry in Thailand.

1.7.1 Diamond Model of national competitiveness

The Diamond Model was first introduced by Michael Porter in his published work 'The Competitive Advantage of Nations'. This model is used for evaluating the competitive position of a nation in global competition. The national home base of an organization is the key determinant in order to achieve advantage on a global scale. There are 4 determinants in the Diamond Model: factor conditions; demand condition; related and supporting industries; and firm strategy, structure and rivalry (Porter, 1990).

Figure 2 Diamond Model of Competitiveness



Source: The Competitive Advantage of Nations, Porter, 1990

To avoid the confusion, I would like to note that the term 'company' in the following explanation refers to the 'MICE industry' as this study focuses on the competitiveness of MICE industry.

- Factor conditions compose of two main factors; basic factors and specialized factors. Basic factors are factors that any company can obtain and doesn't help much in sustaining competitive advantage, for example, unskilled labor, natural resources, and location. However, a company can use their specialized factors such as infrastructure and skilled labor to make up to other disadvantages.

- Demand condition in local market can stimulate companies to improve their products or services. For instance, a company innovate a new technology to compete with other competitors.

- Related and supporting industries include firms on the upstream and downstream, related industries and other supporting industries. These industries facilitate the exchange of information, ideas and innovation to enhance the competitiveness.

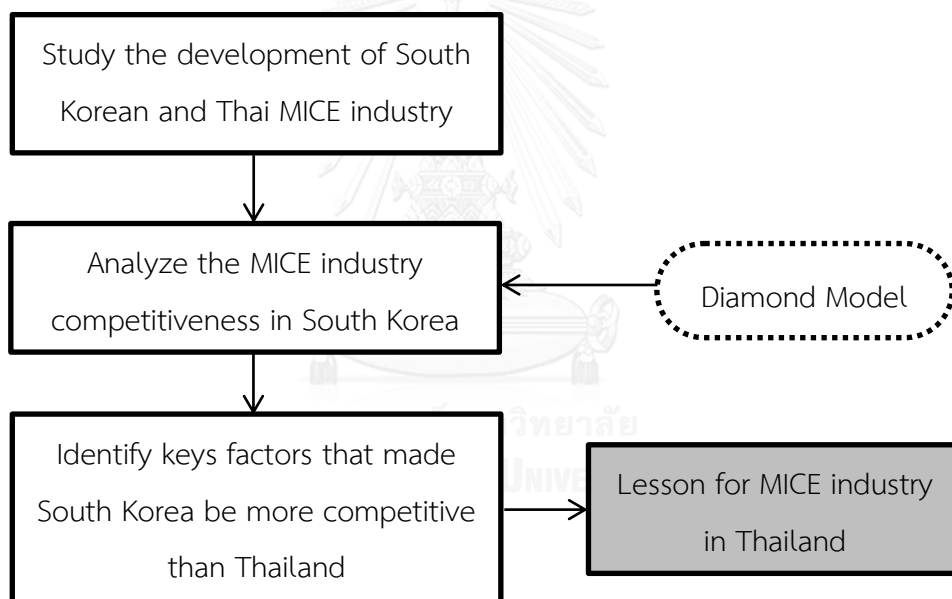
- Firm strategy, structure and rivalry are an important determinant for companies' competitiveness. The objectives and management affect the proficiency of companies. Additionally, the fierce rivalry is an effective tool in keeping companies to develop their competitive advantages.

In the complete system of the Diamond Model, there are two more key influences that could affect the four determinants of competitiveness; government

and chance. For my research, I will use only the four main determinants to analyze the competitiveness of the MICE industry because the industry itself is indeed relevant to governmental organizations and policies. In addition, chance factor is difficult to evaluate since chance usually occurs outside of the control of a firm (Porter, 1990).

1.7.2 Conceptual Framework

Figure 3 The Conceptual Framework for This Thesis



CHAPTER II

RELATED CONCEPTS, THEORIES AND LITERATURES

In this chapter, related concepts, theories and literatures will be discussed in four main parts:

2.1 Concepts and theories related to MICE industry

2.2 A brief history on South Korean MICE industry

2.3 A brief history on Thai MICE industry

2.4 Related researches

2.1 Concepts and theories related to MICE industry

2.1.1 MICE definitions

MICE is an acronym refers to Meetings, incentives, conferences and exhibitions. The International Association of Professional Congress Organizers or IAPCO defines each of the word in ‘Meetings Industry Terminology’ online dictionary as follow ("Meetings Industry Terminology,"):

Meeting - general term indicating the coming together of a number of people in one place, to confer or carry out a particular activity. Frequency can be on

an ad hoc basis or according to a set pattern, as for instance annual general meetings, committee meetings, etc.

Incentive - meeting event as part of a program which is offered to its participants to reward a previous performance.

Conference - participatory meeting designed for discussion, fact-finding, problem solving and consultation. As compared with a congress, a conference is normally smaller in scale and more select in character - features which tend to facilitate the exchange of information. The term "conference" carries no special connotation as to frequency. Though not inherently limited in time, conferences are usually of limited duration with specific objectives.

Exhibition - Events at which products and services are displayed.

In general, meetings and conferences have been the main focus of MICE tourism, followed by exhibitions and incentives respectively ("Measuring the Economic Importance of the Meetings Industry – Developing a Tourism Satellite Account Extension," 2006). A possible explanation for incentives to be the least examined is because, unlike the other types of MICE tourism, incentive tourism is "usually conducted purely for entertainment, with a bit of professional or educational purpose being included" (Bhatia, 2012).

In this thesis, the term ‘convention’ and ‘meeting’ may be more frequently used as both terms can cover all types of MICE events. In addition, the acronym ‘MICE’ may be mentioned interchangeably with the word ‘convention’, ‘conference’, and ‘meeting’. Also, this thesis primary focuses on the meeting and convention sector, with less focus on incentive travel.

2.1.2 Stakeholders in MICE events

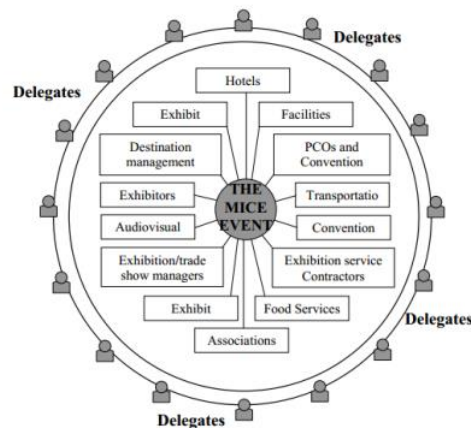
A stakeholder is a person, group or organization that has interest or concern in an organization, business or project and who can be affected by the project's actions, objectives and policies. Some examples of stakeholders are creditors, directors, employees and suppliers.

McCabe et al. (2000) mentioned in his book ‘The Business and Management of Conventions’ that the process of providing an event is often compared with the components of a wheel. The hub of the wheel represents the subject of an event or project; which in this context is a MICE event. The project was surrounded by spokes which represent various specialists or suppliers who provide services to establish the project. Those suppliers who act as stakeholders will affect or be affected by the MICE event in some way. However, the influence might be varied for each supplier. On the rim of the wheel are the delegates or ‘end customer’. The business

dictionary defines ‘end customer’ as (an) end user, and not necessarily a purchaser, in the distribution chain of a good or service.

In order to be successful in a MICE event, suppliers must build a strong interrelationship with those delegates. The figure below illustrates the wheel of process for a MICE event. From the figure, you will see various stakeholders of the MICE event. Some of the stakeholders such as convention centers and transportations will be used as determinants for the competitiveness analysis in the next chapter.

Figure 4 The Process of Providing a MICE Event



Source: Pavit Tansakul, 2008

2.1.3 Convention site selection

Apart from the stakeholders, site selection also plays a very significant role in arranging a successful MICE event. There are researchers who suggested the

convention site selection factors. For this study, the factors suggested by Crouch and Ritchie cover all the necessary criteria including accessibility, local support, extra conference opportunities, accommodation facilities, meeting facilities, site environment, and other criteria. Below is the table detailing Crouch and Ritchie's site selection factor (1998).

Table 3 Site Selection Criteria for the Convention Center

Category	Dimensions
Accessibility	<p><i>Cost</i>- the monetary expense of transportation and access</p> <p><i>Time</i>- the duration/destination of travel involved and the opportunity cost of that time</p> <p><i>Frequency</i>- the frequency of connections to the site</p> <p><i>Convenience</i>- the scheduling convenience of the connections</p> <p><i>Barriers</i>- the extent of any travel formalities that inhibit travel such as visas, customs, etc.</p>
Local support	<p><i>Local chapter</i>- the extent of assistance and backing offered by the local chapter association</p> <p><i>CVB/Convention center</i>- the extent of planning, logistical, and promotional support offered</p> <p><i>Subsidies</i>- the extent to which the destination offers to offset costs through rebates and subsidies</p>
Extra conference opportunities	<p><i>Entertainment</i>- restaurant, bar, theaters, night club, etc.</p> <p><i>Shopping</i>- malls, major department stores, low prices, etc.</p> <p><i>Sightseeing</i>- architecture, museums, monuments, attractions, park, historical sites, local tours, etc.</p> <p><i>Recreation</i>- sports and activities either as spectator or participant</p> <p><i>Professional opportunities</i>- visiting local clients, negotiation, business deal, selling, marketing contracts, etc.</p>
Accommodation facilities	<p><i>Capacity</i>- the number of rooms available and whether more than a single hotel is required</p> <p><i>Cost</i>- the cost of suitable accommodation at the site</p>

	<p><i>Service</i>- the perception of the standards of services</p> <p><i>Security</i>- the extent to which the hotels provide a safe and secure environment</p> <p><i>Availability</i>- are the facilities available?</p>
Meeting facilities	<p><i>Capacity</i>- ability of site to provide suitably sized facilities</p> <p><i>Layout</i>- suitable of the facilities layout and floor plan</p> <p><i>Cost</i>- the cost of meeting space required</p> <p><i>Ambience</i>- the ability of the facility to create an appropriate atmosphere and environment</p> <p><i>Service</i>- the perception of the standard of service</p> <p><i>Security</i>- the extent to which the facilities provides a safe and secure meeting space</p> <p><i>Availability</i>- are the facilities available when required?</p> <p><i>Experience</i>- has the site performed satisfactorily in the past?</p>
Information	<p><i>Reputation</i>- what is the reputation of the destination among other meeting planners?</p> <p><i>Marketing</i>- the effectiveness of the destination's marketing activities</p>
Site environment	<p><i>Climate</i>- the desirability of the destination's climate</p> <p><i>Setting</i>- the attractiveness of the destination's surroundings</p> <p><i>Infrastructure</i>- the suitability and standard of local infrastructure</p> <p><i>Hospitality</i>- the extent to which the host organizations and community excel in welcoming visitors</p>
Other criteria	<p><i>Risks</i>- the possibility of strikes, nature disasters, boycotts, and other adverse events</p> <p><i>Profitability</i>- the extent to which the site would produce a profit or loss for the convention</p> <p><i>Association promotion</i>- would the site add credibility to the association and build membership?</p> <p><i>Novelty</i>- the extent to which the destination represents a novel location for the association's next convention</p>

Source: Crouch and Ritchie, 1998 Quoted in Crouch and Weber, 2002 p.66-67

The factors affecting site selection of the above are thoroughly considered. Not only the physical attributes like size and facilities, but also other external conditions as well. Convention centers and halls that meet those criteria would definitely be more competitive than others. That is the reason why many countries have been putting a lot of effort in developing convention venues for the MICE industry.

2.2 A brief history on South Korean MICE industry

Similar to other Asian nations, the MICE sector in South Korea began to grow during the 1980s, when the necessary infrastructure started to develop. Seeing the opportunities in the global market share, Korea Tourism Organization established the Korea Convention Bureau in 1979 to promote their MICE tourism. The Korea Convention Bureau was renewed in 2008 and changed their name to the 'Korea MICE Bureau' in 2010.

The event that helped to enhance South Korea's image was the Seoul Olympic Games in 1988, in the same year of the establishment of the COEX convention and exhibition center. After that, the South Korean MICE sector has continuously grown.

This growth can be attributed to the knowledge-based economy that South Korea has intensively supported. A knowledge-based economy is one that "uses

knowledge as the key engine of economic growth” (Suh & Chen, 2007). In addition, the concept of a knowledge-based economy involves “elements such as making long-term investments in education, developing innovation capability, modernizing the information infrastructure, and having an economic environment conducive to market transactions” (Suh & Chen, 2007). South Korea has been looking into this sector for more than four decades as it has put a lot of effort in moving toward high-value industries, one of which is the MICE industry.

In early 2000, South Korea saw the emergence of the conventions industry. The number of international meetings was increasing each year. The Korean administrations did not ignore the opportunity to expand its market share. Hence, two central organizations were designated to take care of the industry. The first was the Korea Convention Bureau (currently known as Korea MICE Bureau), and the second was the Korea Convention/Event Industry Association or KCA (Jin, 2006).

Later in 2005, Korea designated 4 cities as the country’s ‘Convention Cities’, including Seoul, Jeju, Busan, and Daegu (Jin, 2006). A tourism promotion fund was founded, and 10% of the fund was used in promoting the convention industry; for example, building facilities and developing convention technologies.

The flourishing of the Korean wave in the mid-2000s increased the attractiveness of tourism to South Korea for global citizens, popularizing Korean

cultural content that became one of the main reasons for global visitors to come travel in the country. South Korea has since become one of the most popular destinations for tourists. “The number of inbound tourists and total spending in tourism has doubled in the past decade, thanks to a strong flow of visitors from China and the growing allure of the Korean cultural wave (Choi et al, 2013).” Success in the tourism sector consequently affected the meetings and conventions sector as well. According to the ICCA, the total number of international meetings in South Korea between 2000 and 2009 increased 232.1%.

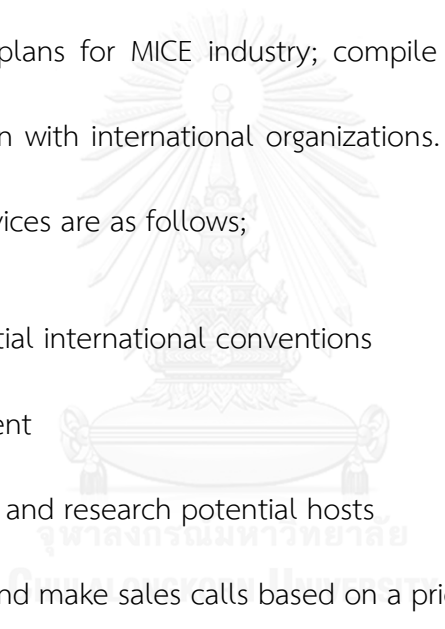
Nevertheless, the income gained from the tourism industry accounts for only around 2.4 percent of GDP compared to the OECD average 3.8 percent. Additionally, the industry provides 2.2 percent of employment, which is less than half of the OECD average of 5 percent (Choi et al, 2013).

The possible explanation for the limitation of growth in this sector is that most of the tourists are cost-conscious visitors who bought low-cost package tours. That is the reason why there is not much growth in the expenditure per inbound tourist within the past decade (Choi et al, 2013; Hyundai Research Institute, 2014).

Therefore, South Korean administrations started to establish a sustainable tourism industry by looking into higher value-added tourism which includes MICE tourism ("Current Situation of Korean MICE Industry's Competitive Edge," 2014). In

2009, the Korean government considered MICE industry as one of the future growth engines of nation. The budget, policies and services were made to support more and more MICE events.

Policies and services according to the Korea MICE Bureau include: identifying potential international conventions; one-stop service for administration of international conventions in Korea; supporting planned conventions; MICE marketing activities; promoting plans for MICE industry; compile and provide information on MICE; and cooperation with international organizations. The detailed information for each policies and services are as follows;

- 
- i. Identify potential international conventions
 - a) Survey intent
 - b) Investigate and research potential hosts
 - c) Promote and make sales calls based on a prioritized list of organizations
 - d) Invite and sponsor visits by relevant personnel
 - ii. One-stop service for administration of international conventions in Korea
 - a) Consult and provide information in hosting international conferences
 - b) Document proposals and draft invitation letters
 - c) Sponsor (printing proposals, souvenirs and prior visits)
 - d) Provide and distribute promotional publications and video
 - e) Provide a tourism information desk

- f) Engage in promotional activities among KTO offices
- iii. Support planned conventions
 - a) Support all finalized conventions in the current year
 - Consult and provide information on international conference hosting
 - Sponsorship (printing, sight-seeing programs etc)
 - Provide and distribute promotional publications and video
 - Provide promotional films and tourist information desks
 - b) Pre-conference promotion to maximize conference participation
 - Engage in PR utilizing KTO overseas office network
 - Sponsorship (souvenirs, etc.)
 - Provide promotional films and publications
- iv. Convention Marketing
 - a) Participate actively in convention fairs and Korea promotion centers
 - b) Advertise in convention magazines and other paper coverage
 - c) Engage in overseas convention road shows & sales calls
 - d) Produce and distribute promotional materials
- v. Promoting plans for MICE industry
 - a) Support Korean MICE Alliance
 - b) Holding Korea MICE Expo
 - c) Holding regional MICE seminars

- vi. Compile and provide information on MICE
 - a) Develop MICE homepage (Korean, English)
 - b) Collect information on international conference hosting
 - c) Research international conference hosting history and plans
 - d) Identify MICE-related organizations and facilities in Korea
 - e) Publish MICE booklet and calendar
 - f) Draft a Korea MICE e-newsletter
- vii. Cooperation with international organization
 - a) Support the international conferences
 - b) Cooperate with the international tourism organizations (ex. PATA, UNWTO)
 - c) Participate in the international conferences related to MICE industry

2.3 A brief history on Thai MICE industry

The evolution of the MICE industry in Thailand can be traced back to the year 1977, when the International Convention Division of the Tourism Authority of Thailand was established. Most of the meetings and conventions at the time were held in city hotels (Aswin Sangpikul & Kim, 2009). In 1984, the Thailand Incentive and Convention Association, or TICA, was established in order to promote coordination between government and private sectors for the MICE industry.

The first international standard convention center built in Thailand was the Bangkok Convention Center at the Sofitel Central Plaza Hotel (currently the Sofitel Centara Grand Bangkok). Later, in 1991, the Queen Sirikit National Convention Center (QSNCC) was opened as a world-class convention and exhibition center. Many more convention halls such as IMPACT and BITEC were built after that in response to the growth of the meetings and conventions sector in Thailand.

Seeing the prospect for Thai MICE industry, the government established the Thailand Convention and Exhibition Bureau (TCEB) in 2002 (Aswin Sangpikul & Kim, 2009). The TCEB has been working hard to provide “flexible, service-oriented support to meeting-goers, incentives winners, convention attendees and exhibition participants.” (“Who We Are, What We Do,” TCEB). The TCEB existence shows the ‘long-term commitment’ of the Thai government and private sector in promoting the MICE industry (Aswin Sangpikul & Kim, 2009).

After reaching first place in ASEAN by the UIF’s international meetings survey report in 2008, TCEB launched the campaign ‘Better the Best’ in 2010 to expand the international market by supporting 6 international flagship events held in Thailand (“Thailand's TCEB "Better the Best" Promotes 6 Top Exhibitions," 2010). TCEB selected 6 high-profile exhibitions including: the Bangkok International Gems & Jewelry Show; Propak Asia; Bangkok International Gift & Houseware (BIG+BIH); Metalex; Renewable

Energy; and VIV Asia ("Thailand's TCEB "Better the Best" Promotes 6 Top Exhibitions," 2010).

In 2011, TCEB launched the campaign 'The Next Best Shows' with the goal of increasing international MICE visitors 60% and revenues by 14 billion Baht by the time this campaign wrapped up in 2014 (Rogers, 2013). TCEB initiated this promotional campaign to enhance the standard of trade shows held in the country for being more competitive in the ASEAN Economic Community level (Rogers, 2013). According to TCEB, the criteria TCEB set up for applying trades fair are as follows;

- Be held three times consecutively in Thailand and committed to continue in Thailand for the next three editions
- Foreign visitors should represent at least 5 percent of total visitors
- Occupy at least 4,000 m² of exhibition space
- Implement an international registration system in accordance with global exhibition association UFI's instruction

By the end of the year 2013, TCEB began the campaign 'Thailand Connect'. "The new campaign focuses on three key strategies: a diversity of destinations, unrivalled business opportunities, and high quality of Thailand's MICE professionals" ("TCEB unveils 'Thailand Connect' global MICE campaign ", 2013). The program aims to

attract 987,000 MICE tourists and generate revenues of 96.9 billion Baht by the time it ends.

In the international stage, Thailand ranked 5th among Asia-Pacific and Middle East countries in terms of numbers of international meetings held, along with India and Singapore ("2013 Country & City Rankings," 2014). In the previous year, Thailand was ranked at 9th for the same criteria ("2012 Country & City Rankings," 2013). The improved ranking represents the effectiveness of the Thai MICE sector management.

However, as Malaysia (9th), Indonesia (11th), the Philippines (13th) and Vietnam (15th) are making their way to be more competitive in the global market, Thailand needs to work harder to establish sustainable development in such a highly-competitive market. Therefore, learning from more advanced countries in the MICE sector like South Korea could be useful for further development in the Thai MICE industry.

In regards to the MICE policy by the Thai government, there is the 5-year master plan which started from 2013 to 2017. The plan is divided into 3 phases: development of the local MICE, the MICE infrastructure, and the MICE education (2013); promoting the destination focusing on the regional cooperation in ASEAN (2014-2015); and promoting Chiang Mai as an international MICE city (2016-2017).

The current strategies and roles of the Thailand Convention & Exhibition Bureau or TCEB are as follows;

WIN, PROMOTE and DEVELOP strategies

- i. Attract and WIN more bids for international business functions in Thailand
 - a. Consolidate existing markets and expand to new target markets.
- ii. PROMOTE Thailand as an ideal business destination
 - a. Establish Thailand as the “Top of Mind” MICE destination in Asia.
- iii. DEVELOP Thailand’s potential for unique, truly memorable events
 - a. Enhance the growth of the domestic MICE market.
 - b. Develop various “MICE Cities” to establish Thailand as a regional leader in the industry.
 - c. Differentiate Thailand’s MICE market and add value through creativity and ingenuity.
 - d. Develop a robust MICE infrastructure to maintain international competitiveness.
 - e. Strengthen the MICE professional network at both the local and international levels.
 - f. Broaden the role and enhance the potential of TCEB at home and abroad.

TCEB's Roles

i. Strategic business partner

TCEB has a major role in offering strategic direction to the MICE industry, supporting sustainable growth and development through sector-level planning, as well as consulting services for individual companies.

ii. Creative leadership/thought leader

TCEB provides industry leadership through its inventive, creative ideas for business-events development.

iii. Solution provider

TCEB's private sector support of business-events operators focuses on addressing specific challenges while contributing to the organization's growth and long-term sustainability of the sector.

iv. Business connector

TCEB provides unique support by facilitating new partnerships among MICE operators, and by encouraging the formation of strategic alliances throughout the region and globally. The strength, resilience, and reach of our network of partners has established a strong foundation for future competitiveness.

v. MICE capabilities developer

TCEB addresses the need for strengthening human resource capacity within the MICE industry by establishing high standards, and by improving the abilities of MICE-industry professionals in Thailand.

The government also sees the significant of the MICE sector in ASEAN. Therefore, the ASEAN Business Travel Marketing Strategy is developed to enhance the business opportunity for the delegates. The strategy is composed of 9 parts including; trade, investment, brand building, accommodation for customers, distribution of shows, travel promotion within the region, short-haul market promotion, single market strategy, and market segmentation. In addition, The ASEAN Tourism Strategic Plan 2016 - 2020 developed by the ASEAN Tourism Forum is now under implementation with ASEAN MICE industry forming a vital component of the plan. ("TCEB News Letter Issue2," 2014)

2.4 Related researches

To understand the overall situation of the international meetings industry, I reviewed the research by ICCA '**A Modern History of International Association Meetings 1963-2012**', published in 2013. The research showed that "since 1963, the number of meetings in the ICCA Association Database has grown exponentially by approximately 10% each year" ("A Modern History of International Association Meetings 1963-2012," 2013). It was quite notable that the industry was also growing in

the time of economic recession. Narrowed down to the regional statistics, Europe remained the most popular destination for meetings; however, the number of meetings was decreasing. On the other hand, the number of meetings in Asia/Middle East region was rising and it ranked 2nd place after Europe, followed by North America, Latin America, Africa and Oceania. There is also the top 20 country and city ranking for global market share in the last 50 years. For the country ranking, the United States was in 1st place, followed by Germany (2nd), Spain (3rd), and the United Kingdom (4th). Asian countries in the top 20 included China (7th), Japan (8th), and Korea (16th). For the city ranking, Paris was the most attractive place in holding international meetings. Asian cities in the ranking included Singapore (5th), Beijing (10th), Seoul (14th), and Hong Kong (20th). Not only the number of meetings, but the estimated total number of participants also increased in the past 50 years. The ranking for total number of participants per region was just like the meeting destination statistics; Europe was ranked 1st, followed by Asia/Middle East, North America, Latin America, Africa and Oceania respectively.

Interestingly, South Korea has improved its global market share relatively fast, in both country and city rankings. ICCA also noted that, “not surprisingly, looking at the regional trends, big risers are Asian cities like Singapore, Beijing and Seoul” (“A Modern History of International Association Meetings 1963-2012,” 2013).

The first Korean MICE related research was ‘**MICE 산업의 발전방향과 과제 (A Study on MICE Industry and the Development Direction)**’ conducted in 2013 by Lee Jung-min, the industrial analysis department of the Korea Development Bank. The study started with the definition and characteristics of the MICE industry. They stated that the MICE industry is growing together with other supporting industries such as tourism, hotels and accommodation, and restaurants. Moreover, the growth of the MICE industry could influence the nation branding and sociocultural improvement as well. The second part was the study on strategies of MICE-advanced countries including German, the United States, Singapore and Belgium. The next part was about the situation of the South Korean MICE industry. They found that the industry is growing in both the number of meetings and participants. The South Korean MICE industry accounted for about 0.8% of overall GDP, which is less than the average GDP (1-2%) of the MICE industry in advanced countries. Therefore, the KDB Bank researchers gave suggestions for the further development of the South Korean MICE industry. Firstly, build up MICE infrastructure facilities, and establish the uniqueness of the experience for the MICE city; for example, Seoul’s image of modernity, convenience, and entertainment. Secondly, they suggested that Korea should promote incentive travel. Lastly, Korea could use the MICE sector in supporting other industries, such as the hotel and tourism industries.

There are many studies that analyzed the competitiveness of the tourism industry by adopting Porter's Diamond Model. For instance, Lin Wang's study about the competitiveness of tourism in Yunnan and Zhejiang Provinces, and the study 'Competiveness Assessment and Growth Opportunities of the Romanian Tourism Industry', written by Ana Bobircă and Cristiana Cristureanu (Lin, 2010; Bobircă and Cristureanu, 2006). However, Diamond Model the Diamond Model analysis of the MICE industry is under-represented, mentioned in a minority of tourism industry research.

One of the studies that mentioned the MICE sector is '**Tourism in South Korea: A Performance Evaluation Model for Korea National Tourism Organization**' written by Chan Chien Hong, Cheong Wai Leng, Low Chan Hong, and Sum Kah Wai in 2001. The authors suggested that KTO should promote the MICE sector by "support the construction of convention facilities, and the hosting of the conferences" (Chan et al, 2001). They also analyzed the competitive advantages of the South Korean tourism sector using Diamond Model, which was useful data for my thesis, because it showed the wide perspective of the industry. The summary of this study was as follows:

The research examined the significant of Korean National Tourism Organization or KNTO toward South Korean tourism industry. Then, the authors would construct a strategic management system that can be used in evaluating the

KNTO performance. In order to do that, they firstly analyzed the competitiveness of South Korean tourism industry by applying Porter's Diamond Model. The factor conditions for South Korean tourism's competitiveness included tourist sites, tour guides, land and sea transportation, and air transportation. For the demand conditions, the authors found that the increase in both domestic and foreign tourists did help enhancing the competitiveness of the tourism industry. Related and Supporting Industries that play an important role in developing sustainable advantages are composed of an education regime, hospitality sector, travel agencies, tourist convenience facilities and services, information technology, and professional congress organizers. The last determinants, strategy, structure and rivalry focused on airlines' promotions, outbound tourists, and tourism collaboration with Japan and China. After that, the role of the government and KNTO's strategy would be introduced and the balanced scorecard would be adapted to see the current situation. Moreover, the authors tried to suggest how to establish sustainable growth for the South Korean tourism industry which included focusing more on the MICE sector.

The first Thai MICE related research is a study by Pavit Tansakul named **'Meeting, Incentive, Convention and Exhibition (MICE) industry in Thailand: an assessment of convention and exhibition centers in Bangkok'** in 2008. Pavit Tansakul aimed to (1) study the potential of Convention and Exhibition centers in

Bangkok, and (2) To examine the level of satisfaction of international MICE tourists with convention and exhibitions centers and its facilities in Bangkok. Questionnaires and interviews were adopted to measure the satisfaction on MICE facilities and overall picture of the industry. I learned that there were two main parts for the conclusion, the factors affecting satisfaction and dissatisfaction. Most of the participants (out of 395 people) were satisfied with the convention and exhibition centers in Bangkok. Hotel and accommodations, and tourist attractions were two main factors contributed to their satisfaction. The factors that procured less satisfaction included the transportation system, dining rooms and restaurants, and the safety and security of the venue. The author later suggested the ways to improve the less satisfied factors and emphasized on the important of technology in MICE industry.

The next study related to Thai MICE industry is **'An Overview and Identification of Barriers Affecting the Meeting and Convention Industry in Thailand'** by Aswin Sangpikul and Kim Seong-seop in 2009. The purpose of the study was to “enhance the competitiveness of Thailand’s MICE industry in the international marketplace” (Aswin Sangpikul & Kim, 2009). The analysis of barriers that prevent Thailand from further MICE development was based on interviews and secondary data. Aswin Sangpikul and Kim identified 5 major barriers consisting of (1) availability of industry information, (2) industry infrastructure, (3) human resources, (4) industry

cooperation, and (5) political instability and security concerns. Finally, they gave suggestions to those problems for further plans, policies and competitive strategies of Thai MICE sector.

Another Thai-MICE related work is an article from NIDA Development Journal named '**The Potential Development of International Convention Businesses in Thailand**' written by Puriwaj Dachum in 2013. The objective of the article was to "study the competitiveness level and the strategies of potential development of international convention businesses in Thailand" (Puriwaj Dachum, 2013). The author identified 10 factors affecting the competitiveness of the international convention sector including (1) political stability and the government's policy, (2) professionalism of service providers, (3) security management, (4) accessibility, (5) infrastructure, (6) public transport, (7) experiences of local PCO, (8) venues and facility quality, (9) immigration process and facilitation, and (10) local cost of living (Puriwaj Dachum, 2013). He found that there were 2 'key drivers' needed in order to increase the competitiveness of the Thai MICE sector; (1) factors supporting policies and cooperation, and (2) factors supporting infrastructure and human resource development (Puriwaj Dachum, 2013).

The last influential work mentioned here is a collaboration between the Korea Development Institute and The World Bank Institute in 2007 named '**Korea as a Knowledge Economy: Evolutionary Process and Lessons Learned**' edited by

Joonghae Suh and Derek H. C. Chen. Since the South Korean MICE industry has been deeply involved with the knowledge-based economy orientation, I therefore need to explore the progress of South Korea's knowledge-based economy development. This book explains the overall knowledge economy framework is mainly based on the four pillars of the framework that was defined by World Bank Institute including; (1) economic and institutional regime, (2) education and human resource development system, (3) research & development and innovation system, and (4) information infrastructures. The book covers all the essential information about the knowledge-based economy in South Korea through an economic framework and development strategies.

These statistic data and studies contributed to my work as it helps understanding the development of the South Korean and Thai MICE industries. They provided constructive information for the analysis of South Korean MICE competitive factors, and enhanced the comprehensiveness of using the Diamond Model as a tool to evaluate the industry's competitive advantages. Furthermore, the analysis of problematic factors and the guidelines for Thai MICE development also gave me evidences to support the further suggestions in my thesis.

CHAPTER III

DIAMOND MODEL OF THE COMPETITIVENESS FOR THE SOUTH KOREAN MICE INDUSTRY

Analyzing the competitiveness of the South Korean MICE industry

The competitiveness analysis of South Korean MICE industry will be conducted by using Porter's Diamond Model. The model is composed of four main factors: factor conditions; demand condition; related and supporting industries; and firm strategy, structure and rivalry. Below is the Diamond Model of competitiveness of South Korean MICE sector (Porter, 1990).

3.1 Factor conditions

Factor conditions are divided into basic factors and advanced factors. Basic factors include the fundamental endowment of the industry, for example, natural resources, location, unskilled labor, and capital, while specialized factors refer to modern infrastructure and highly educated professionals (Porter, 1990). The variables I choose for acting as determinants of competitiveness in factor conditions are also divided into basic and specialized factors.

3.1.1 Geographical advantage

The first factor condition is considered as a basic one; geographical advantage. The Republic of Korea is located in the south part of the Korean Peninsula. North Korea is the only country with a land border with South Korea, with 238 kilometers of border. The west, east and south are all adjacent to seas; the Yellow Sea in the west, East Sea in the east, and East China Sea in the south. Moreover, South Korea lies in the heart of the East Asian region, surrounded by some of the most important business center in the world such as China, Japan, Taiwan and Hong Kong.

The climate of South Korea is another beneficial tribute to its tourism. There are four distinct seasons, with a relatively long winter and summer. Tourists can enjoy many seasonal activities. For instance, they can go skiing in winter, watch flowers blooming in spring, go to the beach in summer, and go hiking up the hills to see leaves change color in autumn. Beautiful natural attractions like natural parks, lakes and mountains have helped to attract visitors as well (Chan et al, 2001). Those seasonal activities could be a memorable leisure activity for MICE tourists.

3.1.2 Culture

Another basic factor endowment that enhances the competitiveness of the MICE industry in South Korea is the culture. Both traditional culture and popular culture are very important to growth in the tourism industry.

The unique and beautiful traditional dance, music, architecture, food and cloth attract more and more visitors each year. In addition, there are a number of valuable historical places of which 11 have been designated by UNESCO as World Cultural Heritage sites, such as Jongmyo Shrine, Changdeok Palace and Bulguksa Temple. After the 1998 economic crisis, the South Korean government put a lot of effort into promoting culture as an important element for its cultural exports and tourism.

3.1.3 Convention sites

For the specialized factor of MICE tourism, convention sites can represent the efficiency in managing and developing spaces for MICE events in the country. In addition, convention site selection is one of the most important competitive factors for the meetings industry. Each region's convention centers are equipped with facilities. In addition, there are many hotels and traditional sites that offer facilities for events, conferences and meetings.

According to the published work of the Korea Tourism Organization in 2012 called 'Meeting Planner's Guide to Korea', there are many convention and exhibition centers scattered around the 8 provinces of South Korea. Below is a list of the convention and exhibition centers including meeting rooms in hotels and resorts ("Meeting Planner's Guide to Korea," 2012);

Table 4 List of Convention and Exhibition Hall in South Korea

Province	Convention and exhibition center	Capacity (persons)
Seoul	COEX	7,000
	Grand Hilton Seoul	2,214
	63 Convention Center	2,000
	Grand Intercontinental Seoul Parnas	1,800
	Lotte Hotel World	1,600
	Sheraton Grande Walkerhill & W Seoul Walkerhill	1,500
	Lotte Hotel Seoul	1,500
	AW Convention Center	1,500
	Grand Hyatt Seoul	1,500
	The Shilla Seoul	1,200
	JW Marriott Seoul	1,000
	Intercontinental Seoul COEX	1,000
	Conrad Seoul	1,000
	EL Tower	1,000
	Sheraton Seoul D Cube City Hotel	933
	Renaissance Seoul Hotel	900
	Millennium Seoul Hilton	850
	Imperial Palace Seoul	800
	Mayfield Hotel & Resort	800
	The Ritz-Carlton, Seoul	800
The Plaza	800	

	Grand Ambassador Seoul	700
	The Westin Chosun Seoul	500
	Hotel Prima Seoul	500
	On River Station	450
	Seoul Trade Exhibition & Convention (SETEC)	300
	The Lexington Hotel	300
	Fradia	300
	Banyan Tree Club & Spa Seoul	300
	Seoul Marina Club & Yacht	250
	Hoam Faculty House at Seoul National University	240
	Chwiseongwan at Korea House	130
	Samcheonggak	120
	Oakwood Premier COEX Center Seoul	110
	Seoul Partners House	100
	Gana Art Center	90
	Park Hyatt Seoul	80
Incheon & Gyeonggi-Do	KINTEX	70,000
	Songdo Convensia	2,100
	Ramada Songdo Hotel	1,000
	Hyatt Regency Incheon	720
	Best Western Premier Songdo Park Hotel	700
	Ramada Plaza Suwon	600
	Yangji Pine Resort	600
	Paradise Hotel Incheon	550
	Rolling Hills	500
	Harbor Park Hotel	500
	Sheraton Incheon Hotel	400
Daejeon & Chungcheong-Do	Daejeon Convention Center (DCC)	2,000
	KOTREX	2,000
	Hotel Riviera Yuseong	1,200
	Resom Spa Castle Resort	1,000
	Yousung Hotel	810
	Resom Ocean Castle Resort	700

	Lotte Buyeo Resort	700
	Beaché Palace Resort	600
Gangwon-Do	Phoenix Park	3,400
	Vivaldi Park	2,400
	Kangwon Land Convention Hotel	2,040
	Alpensia Convention Center	2,000
	Donggang Cistar	1,000
	Sol Beach & Resort	800
	Hotel Inter-Burgo Wonju	800
	Oak Valley Resort	700
Gwangju & Jeollanam-Do	Kimdaejung Convention Center (KDJCC)	1,500
	Shin Yang Park Hotel	800
	Kumho Hwasun Resort	700
	The Ocean Resort	684
	Holiday Inn Gwangju Hotel	600
	Ramada Plaza Gwangju Hotel	350
	Ullimje	300
	Honam Small Business Training Institute of SBC	150
Daegu & Gyeongsangbuk-Do	GumiCO	3,500
	Hotel Inter-Burgo Daegu	2,500
	Hotel Hyundai Gyeongju	1,700
	EXCO	1,600
	Mun Gyeong STX Resort	900
	Gyeongju Hilton Hotel	720
	Pine Beach Hotel	500
	Novotel Daegu City Center	450
	Daegu Bank Training Institute	260
Busan & Gyeongsangnam-Do	BEXCO	2,400
	CECO	2,000
	Lotte Hotel Busan	2,000
	Hotel Nongshim	1,200
	Paradise Hotel Busan	700
	Commodore Hotel Busan	700

	The Westin Chosun Busan	600
	Novotel Ambassador Busan	300
	Pan Star Cruise	250
	Nurimaru APEC House	240
	Busan Cultural Center	176
Jeju	ICC Jeju	4,300
	Ramada Plaza Jeju	1,400
	Haevichi Hotel & Resort	1,320
	Jeju Grand Hotel	1,300
	Lotte Hotel Jeju	1,000
	The Shilla Jeju	900
	Phoenix Island	700
	Shineville Luxury Resort	600
	Hyatt Regency Jeju	400
	Spirited Garden	300

Source: Meeting Planner's Guide to Korea, Korea Tourism Organization, 2012

The venues for both local and international MICE event are adequately arranged. South Korea has 40 convention venues that can support more than 1,000 participants all over the country, of which the state-of-the-art convention center KINTEX, which can accommodate up to 70,000 people ("Meeting Planner's Guide to Korea," 2012), deserves special mention. KINTEX is the 10th biggest convention center in Asia. In 2011, the overall indoor exhibition space of South Korea ranked the 3rd place in Asia-Pacific with 280,190m² ("The 2011 World Map of Exhibition Venues," 2011).

Table 5 Rankings of Overall Indoor Exhibition Space

Rank	Country	Indoor exhibition space (m ²)	Asia/Pacific
1	China	4,755,102	72%
2	Japan	345,763	5%
3	South Korea	280,190	4%
4	India	278,010	4%
5	Australia	257,990	4%
6	Singapore	203,600	3%
7	Thailand	200,174	3%

Source: The 2011 World Map of Exhibition Venues, UFI, 2011

3.1.4 Professional congress organizers (PCOs) and professional employer organizations (PEOs)

Both PCOs and PEOs can lead to success in MICE event management.

Therefore, here I would consider PCOs and PEOs as the highly educated professionals in the MICE industry. South Korea's education regime has improved drastically since the expansion of high school education in the 1970s. As a result, the average education attainment level of Korean population age between 25 to 34 is the highest in the world (Powell & Lindsay, 2010).

Professional congress organizers or PCOs are firms that support the hosting of conferences, meetings and exhibitions. The tasks of a PCO in arranging a MICE event is, for example, finding a location, financial management and budget control, and

dealing with the unexpected incidents or problems. That is why the conference hosts rely on PCOs and allow them to act as consultants, advisers and sometimes decision makers.

Professional employer organizations or PEOs (also known as employee leasing companies) are responsible for providing the outsource employee to other companies. The host of a MICE event still has the essential management control over the work, while the PEO “assumes responsibility for work such as reporting wages and employment taxes” (“Professional Employer Organization (PEO),” 2014). The task of a PEO in arranging a MICE event is for example; site design, multimedia design, and marketing planning.

According to the Korea Convention Industry presentation by Jin Hong-Seok, there were over 130 PCOs in Korea (Jin, 2006). As of October 2014, the number of PCOs shown on the Korea MICE Bureau webpage is 255, while the number of PEOs is 376. The number of PCOs and PEOs increased in response to the increasing of meetings holding in South Korea. The 2 professional organizations are getting convergent in search for synergy effects toward the development of the MICE industry (Jin, 2006).

3.2 Demand conditions

Demand conditions refer to the nature of the home-market demand for the industry's product or service (Porter, 1990). Demand conditions could influence some of the factor conditions. The conditions also drive the industry to create and innovate their product or service in response to the demand. For the meetings industry, there are 2 main demand conditions: international market share; and the number of MICE tourists.

3.2.1 International market share

The first determinant for demand conditions is the market share. The global market share of MICE industry can be determined by the frequency of meetings held. Here, I use the International Association Meetings Market Statistics Report by the International Congress and Convention Association or ICCA.

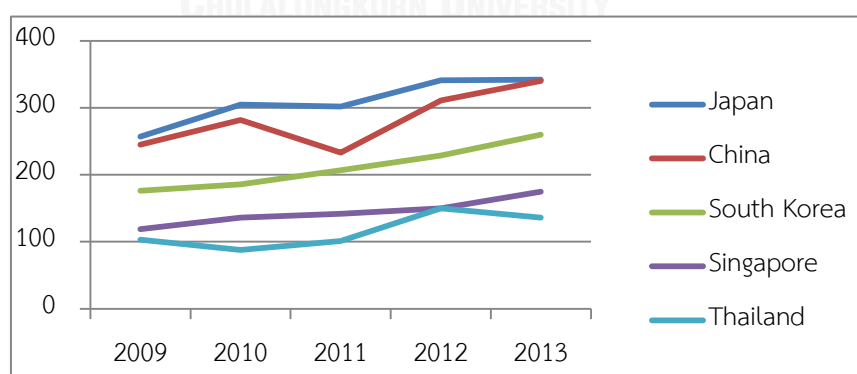
According to the ICCA report, the criteria for meetings in order to be counted in the statistics are 1) be attended by at least 50 participants, 2) be organized on a regular basis (one-time events are not included/first time events are only included if future rotation is known), and 3) move between at least 3 different countries. The following is a table showing South Korean international meetings market share in terms of number of meetings from 2010 to 2013.

Table 6 Rankings and Number of International Meetings in South Korea

Year	Ranking	Meetings
2009	15	176
2010	17	186
2011	15	207
2012	16	229
2013	12	260

Source: Country & City Rankings, ICCA, 2009; ICCA, 2010; ICCA 2011; ICCA 2012; ICCA, 2013

Although the rankings of South Korea vary from year to year, the number of meetings is increasing each year. We can see the competitiveness of South Korea in demand conditions by comparing the number of meetings with that in other countries. This graph illustrates the number of meetings focusing on Asian Countries.

Figure 5 Number of Meetings Focusing on Asian Countries since 2009 - 2013

Source: Country & City Rankings, ICCA, 2009; ICCA, 2010; ICCA 2011; ICCA 2012; ICCA, 2013

The biggest share in terms of number of meetings is Japan, followed by China and South Korea. From the graph above, South Korea's graph is straight upward. It shows that, though South Korea does not own the biggest share, it still has a prosperous growth, with an increasing number of international meetings every year. In other words, there is quite a demand in the industry for holding MICE events in South Korea.

3.2.2 Number of MICE participants

Another factor determining the demand conditions for South Korean MICE industry is the number of MICE participants. A higher number of participants or visitors indicates the quality of production, as well as the effectiveness of previous events' marketing communication.

According to the study 'A New Growth Engines in Tourism: MICE Industry' (2013) by the Convergence Research Policy Center, there were 116,701 MICE events in 2011 including 109,587 meetings, 5,024 incentive travel events, 1,537 conventions, and 553 exhibitions. The research also showed the number of MICE participants in South Korea as seen in the following table.

Table 7 Number of MICE Participants in South Korea 2011 Comparing to 2010

Type	Participants	
	2010	2011
Meeting	1,806,620	11,652,106
Incentive	332,789	365,856
Convention	662,209	1,215,682
Exhibition	7,205,372	13,599,855
Total	10,006,990	26,833,499

Source: 2011 MICE Industry Statistics Survey by KTO quoted in ‘A New Growth Engines in Tourism: MICE Industry’, Convergence Research Policy Center, 2013

The MICE participants in 2011 increased 268% in only a year. This is further proof of South Korea’s success in the campaign ‘Visit Korea’, which was conducted from 2010 to 2012. After designating the MICE sector as one of the nation’s 17 ‘new growth engines’, the Korean government then introduced the ‘Visit Korea’ campaign to attract more visitors to come travel in Korea. Seeing the success of the campaign, the South Korean government continues the MICE support plan by designating the final year of the campaign Visit Korea, 2012, as the ‘Korea Convention Year’ (“Tourism Industry’s New Growth Engine: MICE Industry [관광업계의 신(新)성장동력 : MICE 산업],” 2013).

3.3 Related and supporting industry

Related and supporting industries refer to the presence or absence in the nation of supplier industries and related industries that are internationally competitive (Porter, 1990). These industries include firms on the upstream and downstream, related industries and other supporting industries. Moreover, we should not focus only on the basic infrastructure, but should also take a look at other related sectors that would help stimulate innovation, upgrading, information flow, and shared technology development (Son & Yokoyama, 2013). Therefore, there will be both the infrastructure, including transportations, and hotels and accommodations, and other related sectors, including tourism industry, and information technology.

3.3.1 Transportation

Surrounded by sea, South Korea is a seafaring nation that is one of the best shipbuilding countries in the world. The extensive ferry services of South Korea are for travelling between the mainland and islands on the west coast and east coast. Major centers for ferry service include Incheon, Mokpo, Pohang and Busan. This type of transportation could be a good choice for people who live in or travel to East Asian countries. For instance, you can travel from China to the Incheon port or go on

the ferry from Japan to Busan. Cruises are also a very important way for heading to Jeju Island, another famous place for holiday travel and MICE events.

Air transportation is a more appropriate alternative for people who live far away, or who want the fastest way possible for travelling to South Korea. Incheon International Airport is the main airport of the country and serves mainly international routes. For domestic flights and flights to Japan are mainly available at the Gimpo International Airport. In addition, there are well-facilitated airports in all of the nine provinces that serve domestic flights (Chan et al, 2001). South Korea has two high standard airlines, which are Korean Air and Asiana Airlines.

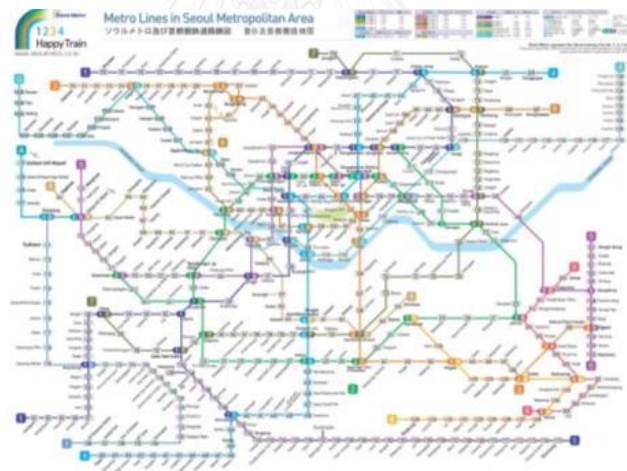
There are 83 airlines and flights connecting Korea with 183 destination cities throughout the world as of January 2012 ("Korea, Beyond Meeting," 2014). After arrival, visitors can take airport limousine buses that will take the passengers to major areas of the cities.

South Korea has an effective system for public transportation. The public transportation system includes metropolitan subways, buses and taxis. The Seoul Metropolitan Subway system is modern, fast, inexpensive, and well equipped with highly-coordinated transportation systems. In addition, the Seoul subway has been described as the world's longest multi-operator metro system in terms of route

length ("The World's Longest Metro and Subway Systems," 2013). It was praised by CNN and BBC as one of the best subways on earth for its facilities and ease of use.

With 18 lines that serve the Seoul Metropolitan Area, passengers can visit various tourism attractions, including locations for MICE events, such as convention and exhibition centers, and hotels. There are special transportation passes such as the T-money M pass which allows tourists to make easy transfers between different modes of transportation with just one card.

Figure 6 Metro Lines in Seoul Metropolitan Area



Source: www.seoulmetro.co.kr

South Korea has put strong focus on transportation infrastructure as a strong root for economic growth and national competitiveness ever since the first Five-Year Development Plan was launched from 1962 to 1966 (Ro, 2002).

According to the Ministry of Strategy and Finance, current president Park Geun-hye's government is supporting 167 infrastructure projects, including the construction of new expressways, railroads, and other transportation facilities nationwide with an investment of 108.61 billion dollars ("South Korea Government's US\$108.61bn for Transport Infrastructure," 2013).

3.3.2 Tourism industry

The tourism industry has been considered a very significant sector related to the convention industry. The policies and plans for developing the tourism industry also affect the MICE industry. For example, infrastructure development such as public transportation, lodging facilities and communication systems helped enhance the competitive advantages in attracting the stakeholders and tourists to choose South Korea as MICE destination.

Furthermore, both direct and indirect support from the Korea Tourism Organization is very important to the MICE sector. Campaigns such as 'Visit Korea Years' and 'Korea Sparkling' which were made in order to promote the tourism sector, gave a good perception about travelling in South Korea; the harmony of beautiful traditional life and energetic modern society. It contributed to the increase of international inbound visitors.

Table 8 Statistics of International Tourists Arriving in South Korea

Year	Visitor Arrivals (Number)
1961	11,109
1970	173,335
1980	976,415
1990	2,958,839
2000	5,321,792
2005	6,022,752
2008	6,890,841
2011	9,794,796
2012	11,140,028
2013	12,175,550

Source: kto.visitkorea.or.kr

South Korea's commitment in attracting more than 10 million annual inbound visitors succeeded in 2012, when the number of visitors reached 11,140,028. Nevertheless, as I mentioned in the previous chapter, the tourism authorities are worried about the increase of foreign visitors visiting Korea for low-cost activities such as shopping and sightseeing (Choi et al, 2013; [HRI], 2014).

Therefore, the plans and policies related to tourism began to focus more intensively on the MICE industry when the government set MICE tourism as one of the nation's growth engines in the year 2009. Established to take care of the MICE sector, the Korea MICE Bureau under the KTO developed strategic plans which will be detailed in the 'firm strategy, structure and rivalry' analysis.

3.3.3 Hotels and accommodations

Korea offers a variety of lodging and accommodation at various budgets and in many styles. There are around 650 hotels, around 70 of which are five-star hotels, with more than 115,000 rooms ("Korea, Beyond Meeting," 2014). The prices of hotels vary depending on season and location. In just Seoul, there are over 30,000 hotel rooms, which can be classified as in the table below:

Table 9 Number of Hotels and Rooms in Seoul

Type of Hotels	Number of Hotels	No. of Rooms
5-Star hotel	20	9,444
4-Star hotel	25	5,924
3-Star hotel	33	3,635
2-Star hotel	43	3,582
Residence apartments	20	3,728
Innostel	101	3,863
Total	242	30,176

Source: Seoul Tourism Organization, 2010 cited in Lee, 2013

In addition to standard lodging like hotels, there are other types of accommodations that visitors can enjoy living in: moderate lodgings, exclusive resorts, temple stays, *Hanok* stays, and short term rentals.

The Korea Tourism organization established the 'Goodstay' campaign, offering a special endorsement which only "motels and inns whose facilities and operations

meet high standards can receive.” Tourists can find reliable and affordable accommodation starting from only 20 to 30 US dollars. Currently, there are 588 Goodstay places all around the country.

For exclusive resorts, there are 3 places for those who love luxury and exclusive activities. There are many more large-scale resorts set to open in the future, as well. They are different from other luxury hotels because of their specialized services. The details of those resorts are as follow;

Table 10 Exclusive Resorts List in South Korea

Resort	Location	Services
Swiss SPAMed	Jeju	Swiss Perfection Wellness SPAMed is a skin renewal medical center, and a branch of CLP established in Switzerland in 1931. Wellness SPAMed is recognized not only for its scientific skin care treatments but also the development of a program that is based on the benefits of wellness programs in the West and the East.
Jeju-do Olle Resort	Jeju	Another full-fledged, upscale villa offers complete privacy for all its guests and boasts an 8m deep swimming pool, a spa, golf range, yachting, and DVD/book rentals, all within the confines of the resort.
Namhae Hilton Golf and Spa Resort	Gyeongsangnam-do	The Hilton Namhae Golf and Spa Resort offers views of the ocean, islands, and golf course even from the lower level guestrooms. The resort’s facilities include one of Korea’s only seaside golf courses, along with spa facilities, restaurants, an outdoor swimming pool, and more.

Source: www.visitkorea.or.kr

Temple stays and *Hanok* stays are a good option for those who are seeking a unique experience. A *Hanok* stay refers to staying in a traditional Korean house. It offers guests the opportunity to feel the traditional Korean lifestyle and culture. Visitors will absorb the sentiment of traditional Korean style through old furniture, paper-pasted windows, and other props like soy jars. Some houses offer various programs to further experience Korean culture, including tea ceremonies, pottery making, and traditional Korean folk games. Some *Hanok* available for accommodation were built over a hundred years ago; however, they have mostly been renovated for the safety and convenience of the guests.

Temple stays suit those who want to experience the peacefulness of Korean Buddhist traditions. Visitors can stay overnight at a Buddhist temple regardless of nationality or religious belief. Generally, a temple stay provides Buddhist rituals such as *yebul* (ceremonial service), *chamseon* (Zen meditation), and *barugongyang* (monastic meal). Some temples may include activities such as *dado* (tea ceremony) with monks, outdoor meditation, lotus lantern and prayer bead crafts, painting, folk games, and hiking. For MICE tourists, temple stays can be an alternative leisure activity before or after the event ends.

The last type of accommodation is short-term rentals. This type suits business persons who are looking for lodging like a hotel but that are built for a longer stay, usually less than a year. Condominiums, pensions, apartments, villas, and *officetels*

(a portmanteau of 'office' and 'hotel' used by Korean people) are included in this type of accommodation. Many of them are equipped with private cooking facilities, the necessary home appliances, and office supplies. In some residences, recreational activities are arranged so that residents can build new friendships and enjoy entertainment such as a fitness center, restaurants, rest areas, and Internet facilities.

Another campaign from KTO for promoting Korean hotels and accommodation is 'Best Night in Korea' or 'Benikea'. This program aims to "provide local and foreign travelers with high quality accommodation at reasonable prices" and to "build up the competitiveness of the national tourism industry through improvement of the accommodation infrastructure" ("About Benikea,"). Now, there are 53 franchises of Benikea hotel located in major tourist attractions nationwide; including Seoul, Busan, Gangwon, and Jeju. Interested visitors can make a reservation easily through the website.

All these comfortable and diversified lodging facilities, together with the promoting campaigns, show us the readiness and effectiveness of South Korea in providing hotels and accommodation to support all kinds of tourists, including MICE visitors.

3.3.4 Information and communication technologies (ICTs)

In the globalized world, information and communication technologies are incredibly important to almost every industry. Governments around the globe are developing their economic policy by utilizing the advantage of ICTs. South Korea's policies toward ICTs are composed of four areas: building information infrastructure; promoting industrial activities, including capacity building of the ICTs industry; and ensuring fair competition (Suh & Chen, 2007). Chan et al. (2001) also emphasize that information technology is "increasingly taking an important role in promoting South Korea's tourism" as well.

ICTs have become a necessary tool for the marketing and promoting of MICE industry. Some examples of ICTs are telecommunications, data center services, software, and applications. MICE-related activities and data have been publicized through various channels, and one of the most-used channels is on the internet or online. There are a number of websites that provide data and news about the Korean MICE industry.

Table 11 Websites Providing Information and News about Korean MICE Industry

Website	MICE information	Language available
kto.visitkorea.or.kr	KTO policies including MICE sector	English, Korean, Chinese, Japanese
www.visitkorea.or.kr	Overall tourism information including MICE event news	English, Korean, Chinese, Japanese, French, Spain, German, Russian, Thai, Indonesian, Arabic, Turk
k-mice.visitkorea.or.kr	Korean MICE Bureau introduction, Korean MICE information and data	Korean
www.koreaconvention.org	MICE event news, Support and plan for MICE event	English
www.miceseoul.com	MICE event news, Support and plan for MICE event in Seoul	English, Korean, Chinese, Japanese
www.incheoncvb.co.kr	MICE event news, Support and plan for MICE event in Incheon	English, Korean
www.ggcvb.or.kr	MICE event news, Support and plan for MICE event in Gyeonggi	English, Korean, Chinese
www.bto.or.kr	MICE event news, Support and plan for MICE event in Busan	English, Korean, Chinese, Japanese
www.daegucvb.com	MICE event news, Support and plan for MICE event in Daegu	English, Korean
www.dime.or.kr	MICE event news, Support and plan for MICE event in Daejeon	English, Korean
www.gwangjucvb.or.kr	MICE event news, Support and plan for MICE event in Gwangju	English, Korean
www.jejumice.or.kr	MICE event news, Support and plan for MICE event in Jeju	English, Korean, Chinese, Japanese
www.gncvb.or.kr	MICE event news, Support and plan for MICE event in Gyeongnam	English, Korean, Chinese, Japanese
gwcvb.gwd.go.kr	MICE event news, Support and plan for MICE event in Gangwon	English, Korean

The table above illustrates a list of websites that Korea uses for promoting the MICE industry. The webpages of organizations like KTO and Korea MICE Bureau have an overall picture of the industry, list of promotional campaigns, essential information for tourists, and how to travel and do business in South Korea. Moreover, there are 10 more MICE websites for each of the regions. All regional CVB websites were designed beautifully and provided information about MICE events for both visitors and hosts. This affective use of information technology allows visitors and hosts to easily reach desired information with just a few simple clicks.

In addition to having easy access to information before coming to Korea, visitors will also benefit from the ICTs system after arriving to the country. South Korea is a country that “values technological precision and up-to-date information” (“Korea, Beyond Meeting,” 2014). Korea has become the leader in broadband networks development and has been ranked along with advanced countries for overall ICTs level.

As of 2013, South Korea was ranked first place for internet connection speed in the world (“The State of the Internet 2nd Quarter, 2013 Report,” 2013). Therefore, with the ease of access to a public Wi-Fi spot in convention sites and hotels, the participants can stay online with good high speed internet in their hands.

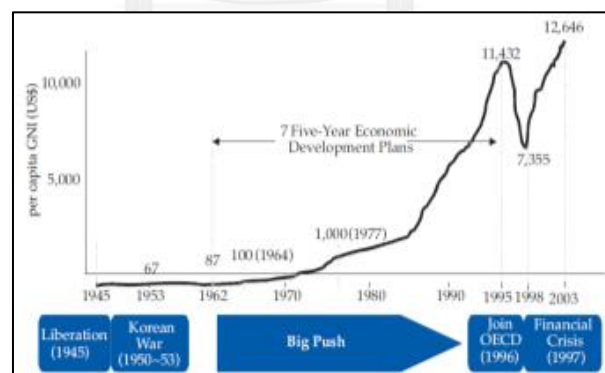
3.4 Firm strategy, structure and rivalry

Michael Porter (1990) refers to ‘firm strategy, structure and rivalry’ as the conditions in the nation governing how companies are created, organized, and managed, and the nature of domestic rivalry. This part will be described in the topic of sustainable development.

3.4.1 Sustainable development

The Republic of Korea enjoyed rapid economic growth since the late 1970s. More importantly, the capability of South Korea in sustaining the economic growth is remarkable.

Figure 7 The Growth Path of the Korean Economy



Source: Suh & Chen, 2007

The miracle behind the success could be attributed to the former president Park Chung-hee’s ‘Five-Year Economic Development Plans’ which started in 1962.

Even though the path of economic growth was not all clear when Korea was hit by the 1997 financial crisis, Korea still made a full recovery in just 5 years.

Furthermore, Korea put a lot of effort in reformatting education and training systems, creating innovation through intensive research and development, and developing a modern and accessible information infrastructure, which are essential factors in achieving the knowledge-related investments in the country. The knowledge economy is described as “production and services based on knowledge-intensive activities that contribute to an accelerated pace of technological and scientific advance as well as equally rapid obsolescence” (Powell & Snellman, 2004). Jung Taek Hyun states the significance of this in the forward of the book ‘Korea as a Knowledge Economy: Evolutionary Process and Lessons Learned’ that the majority of Korean miracle economic growth “can be attributed to knowledge accumulation, rather than to the accumulation of traditional factors of production of capital and labor” (Suh & Chen, 2007).

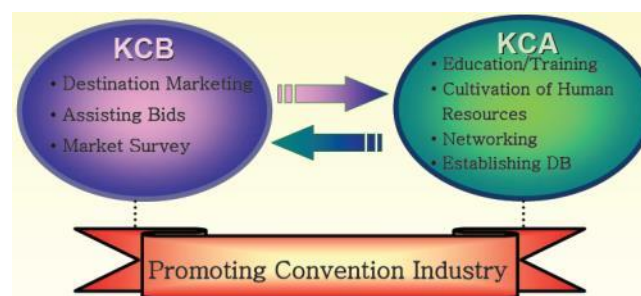
Another prominent proof of Korea’s determination to support the knowledge economy is when the Lee Myung-bak administration introduced the Ministry of Knowledge Economy (MKE) in 2008. The MKE at the time was responsible for reinforcing traditional industrial strengths and developing 17 new growth engines, including the MICE industry. Later, in 2013, President Park Geun-hye restored MKE’s trade policy role, renaming it the Ministry of Trade, Industry and Energy or MOTIE. In

spite of some changes in the department, the commitment to the knowledge economy and the 17 new growth engines still continues.

When two central organizations, the Korea Convention Bureau and the Korea Convention/Event Industry Association, were established in 2003 to take care of the meetings industry (Jin, 2006), both organizations worked in harmony to enhance the competitive advantages of the industry. KCB, a division of KTO, focused on national destination marketing, assisting bids, and market survey. KCA was responsible for “education, training human resources and providing wide range of information and materials on convention industry” (Jin, 2006).

KCB and KCA cooperation helped make a strong basis for the convention industry possible. The essential factors in developing the industry, such as efficient human resources and marketing, were made in the first phase of the convention industry development initiative.

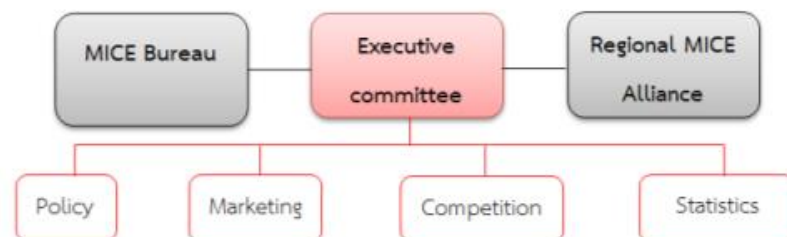
Figure 8 Roles of Korean Convention Industry’s Central Organizations



Source: Korea Convention Industry, Jin, 2006

After the Korean government designated the MICE industry as one of the nation's future growth engines in 2009, many policies and services were planned to promote the MICE industry. South Korea became more popular for hosts and visitors around the world, and Seoul became one of the best cities for MICE event. The plan for the regional MICE sector was decided in 2009 when the 'Korea MICE Alliance' was established. Executive committees including policy, marketing, competition and statistics are responsible for the MICE industry development. There are 10 regional CVBs (Convention and Visitors Bureau) from cities and provinces all over South Korea that were included in the MICE alliance: Seoul, Incheon, Gyeonggi-do, Busan, Daegu, Daejeon, Gwangju, Jeju, Gyeongsangnam-do and Gangwon-do.

Figure 9 Structure of the Korea MICE Alliance



Source: <http://k-mice.visitkorea.or.kr>

The activities supported by the Korea MICE Alliance include: bidding for and hosting regional MICE events; overseas marketing and joint bid activities; developing global MICE campaigns; operating the Korea MICE Card program; and collaborating on

discount programs among airlines, PCOs, hotels, shops, etc. Korea MICE Alliance help promoted the collaboration among regional MICE organizations.

In the beginning of MICE industry development, South Korea started by building a strong basis for further growth of the industry through a focus on human resources and MICE knowledge. At the same time, Korea enhanced its MICE facilities, technologies and infrastructures. When fundamental competitive advantages were improved, Korea pushed up the promotional plans. KTO and other related industries gave both direct and indirect support to the MICE industry.

After the success of Seoul in being a world top destination for holding MICE events, South Korea get the domestic MICE ready to support the growing market both domestically and internationally. These well planned structures and strategies will continue to sustain the growth of South Korean MICE industry.

CHAPTER IV

KEY SUCCESS FACTORS OF THE SOUTH KOREAN MICE INDUSTRY AND LESSON FOR THE THAI MICE INDUSTRY

4.1 Key Success Factors of the South Korean MICE Industry

Key success factors of the South Korean MICE industry can be identified by comparing the source of competitive advantages of South Korean MICE industry with Thai MICE conditions. The key competitiveness would be analyzed through 11 sub-factors of the Diamond Model that were analyzed in the previous chapter.

4.1.1 Factor conditions

If South Korea is considered as the center of East Asian region, Thailand would be the center of South East Asian region as it is an important travel hub and a popular investment destination, especially with the Greater Mekong Sub-region project which is a collaboration of 6 ASEAN countries ("Asean and Development in Thailand," 2012). Therefore, both countries have a competitive advantage from this *geographical factor*. For the *cultural context*, both Korea and Thailand have a unique and beautiful culture. It is one of the most significant factors that has drawn a lot of tourists to come traveling in these countries. In addition, *convention sites* are sufficiently arranged; Korea has COEX, KINTEX and ICC Jeju, while Thailand has

QSNCC, IMPACT and BITEC. Those representative convention sites are located in cities and other places that are well equipped with facilities. There are also domestic convention centers in the MICE cities (e.g., Bangkok, Pattaya, Chiang Mai, Phuket and Khon Kaen) that equipped with facilities and not far from the local airport.

Table 12 List of Major Convention and Exhibition Centers in Thailand

MICE City	Venue	Grand Hall (m ²)
Bangkok	IMPACT	60,000
	Bangkok International Trade and Exhibition Center (BITEC)	19,200
	Queen Sirikit National Convention Centre (QSNCC)	4,656
	Centara Grand and Bangkok Convention Center at CentralWorld (BCC)	5,250
	Royal Paragon Hall Exhibition and Convention	5,100
	Centara Grand at Central Plaza, Ladprao Bangkok	2,506
	Royal Thai Navy Conventional Hall	1,632
	United Nation Conference Centre	1,440
	Imperial Queen's Park Hotel	1,375
	The Shangri-La Hotel Bangkok	1,360
	Royal Orchid Sheraton Hotel & Towers	1,080
	Plaza Athenee Bangkok, A Royal Meridien Hotel	1,019
	Dusit Thani Bangkok	978
	Siam Kempinski Hotel Bangkok	900
	The Landmark Bangkok	867
	InterContinental Bangkok	850
	Conrad Bangkok Hotel	846
	Novotel Suvarnabhumi Airport Hotel	814
Windsor Suites Hotel Bangkok	720	
Swissotel Le Concorde, Bangkok	660	

	Swiss Hotel Nai Lert Park	653
	Renaissance Bangkok Ratchaprasong Hotel	640
	The Peninsula Bangkok	520
	Pullman Bangkok King Power	520
Pattaya	The Pattaya Exhibition and Convention Hall (PEACH)	6,925
	The Zign Hotel	1,085
	Centara Grand Mirage Beach Resort Pattaya	1,000
	Royal Cliff Hotels Group	980
Chiang Mai	Chiang Mai International Convention & Exhibition Center	7,938
	Lotus Hotel Pang Suan Kaew Chiang Mai	3,250
	Chiang Mai Grand View & Convention Center	1,946
	Shangri-La Hotel Chiang Mai	1,515
	Holiday Inn Chiang Mai	1,091
	Le Meridien Chiang Mai	1,032
	Duangjit Resort & Spa	986
	The Empress Hotel, Chiang Mai	925
	Centara Duangtawan Hotel	756
	The Imperial Mae Ping Hotel	616
	Chiang Mai Orchid Hotel	576
Phuket	Hilton Phuket Arcadia Resort & Spa	857
	Le Meridien Phuket Beach Resort	816
	Movenpick Resort & Spa Karon Beach Phuket	759
	Phuket Graceland Resort and Spa	680
	JW Marriott Phuket Resort & Spa	600
Khon Kaen	Golden Jubilee Convention Hall	3,000
	Centara Hotel and Convention Centre Khon Kaen	1,690

Source: Variety of Convention Venues, TCEB

However, the MICE participants are worried about the stability and security of traveling in Thailand (Pavit Tansakul, 2008; Aswin Sangpikul & Kim, 2009). The security

issue is one of the crucial determinants for a traveler in selecting a destination. Moreover, the safety of the meeting or exhibition site is also an important criterion (Crouch and Ritchie, 1998 Quoted in Crouch and Weber, 2002). According to the Travel & Tourism Competitiveness Index 2013, Thailand is ranked 87th out of 140 countries, while Korea is at a much better ranking of 39th ("The Travel & Tourism Competitiveness Index 2013," 2013).

Table 13 Safety and Security Index in Travel& Tourism of South Korea and Thailand

Safety and security	Ranking (out of 140)	
	Korea	Thailand
Business costs of crime and violence	43	75
Reliability of police services	39	98
Road traffic accidents/100,000 pop.	44	83
Business costs of terrorism	72	111
Over all	39	87

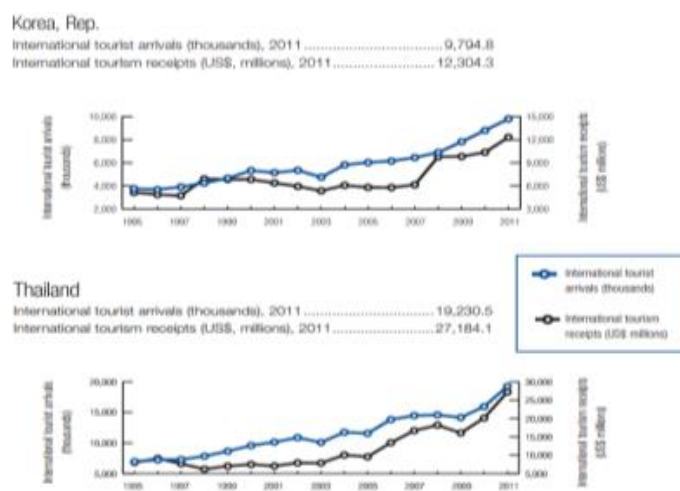
Source: The Travel & Tourism Competitiveness Report 2013, World Economic Forum

In regards to the *PCOs and PEOs*, both countries have efficiency in managing and cooperating between professional organizers and MICE organizations. The Korea MICE Bureau is currently cooperating with more than 500 PCOs and PEOs. For Thailand, TCEB, PATA Thailand and TICA (Thailand Incentive and Convention Association) are also working with hundreds of professional conference organizers to help the growth of Thailand as a preferred destination for MICE events.

4.1.2 Demand conditions

When we take a look at its overall international level, Thailand has a high number of both international tourist arrivals and international tourism receipts.

Figure 10 International Tourist Arrivals and Receipts of South Korea and Thailand



Source: The Travel & Tourism Competitiveness Report 2013, World Economic Forum

In terms of the number of MICE visitors, the statistic data from many sources such as ICCA, TCEB and KMB show that South Korea and Thailand have an increasing number in both *MICE participants* and *global market share*. In the 50 years Association Meetings Market Report, the number of participants of the international association meetings in the capital city of both countries is increasing. Seoul is ranked at 12th and Bangkok is at 14th ("A Modern History of International Association Meetings 1963-2012," 2013). Therefore, it can be concluded that Thailand and South Korea

have a similar level of competitiveness of demand conditions for the MICE industry, and Thailand is more competitive in attracting overall global visitors.

4.1.3 Related and supporting industry

Transportation is a very important element for MICE events that affects “accessibility,” which is defined as how convenient it is for participants to travel to and from a convention site (Crouch and Ritchie, 1998). South Korea has a better air and ground transportation system than Thailand, especially ground transportation. South Korea and Thailand were ranked 16th and 62nd respectively in the global competitiveness of ground transport infrastructure.

Table 14 Ground Transport Infrastructure Index of South Korea and Thailand

Ground transport infrastructure	Ranking (out of 140)	
	Korea	Thailand
Quality of roads	17	39
Quality of railroad infrastructure	10	64
Quality of port infrastructure	20	56
Quality of ground transport network	14	53
Road density/million pop.	36	66
Over all	16	62

Source: The Travel & Tourism Competitiveness Report 2013, World Economic Forum

For MICE tourist, public transportation, which includes train, bus and taxi, is the main method for traveling. South Korea has a very effective connected system

between their two most-used public transports. Not only do the routes cover almost all places in big cities, passengers can also conveniently use the same card to pay for bus and train fees. For Thailand's Bangkok, we have to wait decades until the train route expansion project can be completed. In addition, the improvement in ease of changing from one mode of transportation to another is still needed.

The *tourism industry* is the main supporter of the MICE sector. Tourism organizations under the government are directly responsible for policy-making and performance improvement. Tourism organizations in both countries have been working in harmony with their own meeting and convention bureaus like TCEB and KMB to carry out MICE development strategies. Many campaigns have been launched to encourage visitors to come traveling. Korea's target is to promote Korea as a trendy and innovative travel destination. The campaigns include 'Visit Korea Year' (2010-2012), 'Korea Convention Year' (2012), 'Wiki Korea' (2013), and the latest 'Imagine Your Korea' (2014). For Thailand, there are also many campaigns such as 'Better the Best' (2010), 'The Next Best Shows' (2011), 'Thailand Connect' (2013), and the next campaign with a bigger perspective 'Thailand CONNECT the World' (2015).

Another related industry is the *hotel and accommodation industry*. South Korea and Thailand have sufficient lodging and facilities for MICE visitors. In the Thai 5

MICE cities (e.g., Bangkok, Pattaya, Chiang Mai, Phuket and Khon Kaen), there are sufficient rooms for the MICE travellers.

Table 15 Estimate number of Hotels and Accommodations for MICE cities in Thailand

MICE City	Number of Hotels	Number of rooms
Bangkok	99	31,309
Pattaya	36	8,819
Chiang Mai	36	5,719
Phuket	55	11,511
Khon Kaen	6	837

Source: Thailand Convention and Exhibition Bureau

In regards to hotel rooms per 100 populations index, Thailand fares better than Korea, at 41st to Korea's 99th ("The Travel & Tourism Competitiveness Index 2013," 2013). However, both countries have a good strong connection and promotion in the industry. South Korea launched 'Beanikea' and 'Good Stay' campaigns to promote tourism, which definitely influenced the MICE sector as well. MICE associations such as Thailand Incentive and Convention Association (TICA) and The Pacific Asia Travel Association (PATA) Thailand are working in collaboration with members to promote the MICE sector. The members which are considered as stakeholders in MICE events are, for example, hotels, destination management

companies (DMCs), tour operators, PCOs, PEOs, convention and exhibition centers, advertising agencies, local attractions, and other travel industry suppliers.

The last sub-determinant for related and supporting industry is *information and communication technologies*. It cannot be denied that Thailand has a lot of work to do to catch up to the level of ICTs in South Korea. The country is ranked 1st in overall ICT infrastructure for travel and tourism competitiveness, while Thailand is ranked 90th ("The Travel & Tourism Competitiveness Index 2013," 2013).

4.1.4 Firm strategy, structure and rivalry

The project '17 new growth engines' emphasizes the Korean government's passion in developing the knowledge industry. The MICE industry, one of the new growth engines, is considered a 'key component' for the knowledge-based economy. The industry acts like an intermediary that helps businesses, professionals and academic communities to achieve knowledge transfer, collaboration and information dissemination ("The Meetings Industry: Statement of Principles and Value Proposition," 2011).

The *sustainable development* of the South Korean economy is a very important factor that enables the MICE sector to grow in the long run. In the beginning of development, the Korean government invested a lot in human resource development (HRD), research and development (R&D), and MICE tourism

infrastructure. Then, they created the campaigns and marketing strategies to promote the MICE industry at both a global and local level. Seeing the significance of local MICE tourism, the government currently focuses more on the local MICE sector by establishing a MICE bureau for every province, and encouraging them to create a unique experience for each city. Moreover, the Convention Promotion Law was also launched to support MICE tourism in the local cities (Chon & Weber, 2002).

The thing that could be learned from this is if a country wants to increase its competitiveness in the MICE sector, there should be more knowledge-economy-oriented policies. In achieving that, Thai MICE industry must build up a strong basis of the knowledge by investing more in MICE HRD, R&D and ICTs (Aswin Sangpikul & Kim, 2009). In addition, collaboration between central and local sectors is also a crucial factor for distribution of MICE tourism development from Bangkok to other parts of Thailand (Aswin Sangpikul & Kim, 2009; Puriwaj Dachum, 2013).

Therefore, it can be concluded that there are 6 key factors which make South Korea more competitive in the market than Thailand; 1) stability and security, 2) public transportation, 3) information and communication technologies (ICTs), 4) human resource development (HRD), 5) research and development (R&D), and 6) collaboration between central and local sectors.

4.2 Lesson for the MICE industry in Thailand

After identifying the key factors that make the MICE industry in South Korea more competitive than in Thailand, I would like to explore what lessons could be learned from the key success factors of Korea and how to improve those factors in Thai MICE industry.

4.2.1 Stability and security

Thailand has encountered many crises; political instability, terrorism in the southern region, and flood disasters. Those crises had an effect on the image of the country as well as the confidence of the world community toward Thailand. Aswin Sangpikul and Kim (2009) suggested that there should be “appropriate plans or strategies (e.g., security or crisis management plans) to rebuild confidence for MICE customers and to improve the national image in the world market”.

In addition, the ISO 22301 standards or the Business Continuity Management (BCM) is a strategy suggested by many Thai entrepreneurs in order to handle crises and keep sustaining the MICE industry in the long run. Mr. Wicha Hanamornroongruang, Senior Executive Vice President – Operations, the management company for Siam Center, Siam Discovery, Siam Paragon, Paradise Park, and Siam Tower, is a success story in terms of applying BCM planning for handling crises. He says that there are three major planning areas to be considered; contingency plans,

continuity plans, and crowd control plans. The plans must be thoroughly considered along with other external factors relating to crises, such as politics, society and culture, natural disasters and individual factors. He also states that the ISO 22301 standards will be an effective tool for the crisis management. The similar idea is shared by Mr. Sakchai Pattarapreechakul, President of N.C.C. Management & Development Co., Ltd., the manager of the Queen Sirikit National Convention Center. He notes that the ISO 22301 standards is a necessary instrument for help reducing business risks and improving management efficiency. (“MICE Journal Issue 3,” 2014)

In regards to the political crisis in Thailand, TCEB launched special promotion packages to boost MICE business and recover confidence among MICE travellers from all over the world. The promotion packages are, for example, ‘Meetings Bonus’, ‘Conventions Bonus’, ‘Business Up 2 U’, and ‘Be My Guest’. It cannot be denied that the political situation in Thailand affected confidence among MICE travellers and foreign investors, as seen in decreasing arrivals to the country. Therefore, TCEB and 20 representatives from private sectors participated in a conference, including Thailand Incentive and Convention Association (TICA), Thai Exhibition Association (TEA), Thai Hotel Association (THA), Thai Airways International Public Company Limited, Tourism Council of Thailand, Business of Creative and Event Management Association (EMA), and entrepreneurs from hotels and MICE venues, among others. After brainstorming, five recovery measures are identified including: business

travellers' confidence restoration; domestic MICE stimulation; overseas marketing plan adjustment; competitive-edge enhancement; and government's support. These strategic plans are implemented after the announcement of the roadmap for economic sectors by the National Council for Peace and Order (NCPO).

4.2.2 Public transportation

Even though Thailand has all type of public transportations, they are currently not effectively used. Some major convention centers, such as IMPACT, are located far from the center of Bangkok by 25-30 kilometers. Due to the bad traffic, reaching there by bus or taxi may not be as convenient for the delegates as traveling by the mass transportation system like electric trains (Puriwaj Dachum, 2013). However, the electric trains do not cover the better part of the city as they do in South Korea. Therefore, there is a plan to expand the train network by more than 10 routes around Bangkok and to some parts of the perimeter by the year 2029. If the plan finishes on time, there will be a lot more convenience for delegates. The operators should also collaborate together to make an easier way in transitioning between trains by using the same card such as the system with Korea's T-MONEY card (there are currently 3 electric train operators in Thailand and they require a different card).

Figure 11 Map of Mass Transit System Masterplan in Bangkok



Source: <http://www.richardbarrow.com/>

4.2.3 Information and communication technologies (ICTs)

South Korea's effort in achieving the knowledge-based economy has been driven by ICTs (Suh & Chen, 2007). It acts like a tool that helps increase productivity of the industry. As for the MICE industry, the key parts of ICTs are internet accessibility and MICE-related websites for the delegates. Since South Korea is the number 1 in terms of internet penetration and speed, the participants of MICE events are easily connected to high-quality internet almost everywhere they go (hotels, convention centers, tourist attractions). Thailand could learn from the ICTs development policies of Korea that focuses on 3 areas: building information infrastructure; promoting ICT industrial activities; and ensuring fair competition (Suh & Chen, 2007). There should be at least free Wi-Fi in public places like convention centers, department stores and hotels. The government should also take action by

promoting the use of public services through the internet (e-government) to create more demand and expand the ICT knowledge base. Moreover, the government might create fair competition among the operators by making more nuanced policy to balance out the competition between big operators and the smaller ones.

According to the literature, Thai MICE-related websites such as TCEB's and TICA's are not so effective in terms of providing information and attractiveness (Aswin Sangpikul & Kim, 2009). This year (2014), the TCEB website added 5 more alternative languages including Japanese, Vietnamese, Indonesian, Korean and Russian to reach more target groups for MICE tourists. Nevertheless, the websites should provide more information about the suppliers or stakeholders in the MICE industry as well as consistent content updates. Furthermore, the 'D-MICE Bangkok' application by TCEB is developed for the meeting planners and conference delegates. The application is available in both iOS and Android phones. It provides essential information on 'meeting', 'staying', 'eating' and 'entertaining' in Bangkok. This is a good start for the Thai MICE industry in increasing the industry information channel, and it will be even better if there is an application for each of the MICE cities.

4.2.4 Human resource development (HRD)

MICE tourism is considered to be high-value added tourism that needs professional manpower to organize the events and work effectively to sustain the

industry. As for Thailand, there are human resource development initiatives created by TCEB which have the objective to make Thailand the ‘hub of MICE education in ASEAN’. The practice includes industrial trainings and cooperation with colleges and universities. After making an agreement with 52 higher educational institutes for offering MICE courses, the latest movement in 2014 is an MOU between TCEB and the Vocational Education Commission for adding international-standard MICE Curriculum or MICE 101 in 33 pilot vocational colleges nationwide. These efforts help the Thai MICE industry improve its competitive edge in the development plan ‘WIN PROMOTE DEVELOP’. However, if we take a look at Korea’s HRD strategies, we can see that the latest strategy is supporting ‘lifelong learning’. Apart from the cooperation between educational institutes and industry, the business enterprises should participate in the lifelong learning movement by attracting, developing, and retaining employees to build knowledge-based organizations (Suh & Chen, 2007). In other words, the firms and organizations should consistently invest on the employee training process to expand the knowledge of overall human resource of the industry.

4.2.5 Research and development (R&D)

R&D is another necessary factor for MICE stakeholders to “acquire a body of knowledge that can be used to encourage industry development” (Aswin Sangpikul & Kim, 2009), because those stakeholders (e.g., convention venue suppliers, hotels, airlines, travel companies, catering services, professional conference organizations)

would need to see the problems, potentials and future trends of the MICE industry through those researches and studies so that they can establish proper strategies. Actually, organizations that are responsible for MICE tourism like TCEB have been conducting many researches and studies. However, Aswin Sangpikul and Kim (2009) note that it appears that most of those studies focused on the MICE industry in general, rather than emphasizing the meeting and convention sector. TCEB may encourage both local and international researchers to conduct more research in the Thai context. The first step to increase relevant research is to encourage the students in colleges and universities that agree to provide MICE courses to conduct research. The bigger level for R&D is the improvement of the colleges and universities' administrative systems to become more research-oriented institutions.

4.2.6 Collaboration between central and local sectors

Currently, there are more collaborative strategies between central and local MICE sectors in Thailand, especially for popular destinations such as Bangkok, Pattaya, Chiang Mai, Phuket and Khon Kaen. Moreover, the D-Mice model introduced by TCEB is the core strategy for the cooperation of MICE-related sectors in the destinations. The strategy includes supporting the collaboration of skilled personnel, entrepreneurs and all parties concerned in the Thai MICE ecosystem in the 5 MICE cities (e.g., Bangkok, Pattaya, Chiang Mai, Phuket and Khon Kaen).

In 2014, the D-MICE Promotion Plan is launched with 3 main strategies: (1) WIN – encouragement to organize high quality MICE events in Thailand (2) PROMOTE – communication to change the attitude of Thai people and help them recognize that Thailand is second to none in hosting high quality MICE events; and (3) DEVELOP – development of the MICE industry to make it excellent in its entirety while educating local people in the MICE event locations. The marketing plan for this year (2014) is holding the first Domestic MICE Mart. Mr. Nopparat Maythaveekulchai, TCEB's president reveals that the 1st Domestic MICE Mart was made up of 3 major segments: business match making between buyers and sellers; seminar to provide MICE knowledge; and exhibition to promote the 5 MICE Cities of Bangkok, Pattaya, Phuket, Chiang Mai and Khon Kaen. "The implementation of all these strategies will elevate the Thai MICE market to the top quality MICE market in Asia, starting from the fundamental strength of D-MICE," Mr. Nopparat concludes. ("TCEB News Letter Issue2," 2014)

However, TCEB, which acts as the central organization, seems to have many things in its hands to deal with since there is no specific MICE bureau in the regional MICE cities. Therefore, as Puriwaj Dachum (2013) suggested, there should be more balancing between central and local organizations. The first option is establishing a local MICE bureau for the designated cities to decentralize the works from TCEB and find a framework for the development, for example, Local Economic Development

Process (Empel, 2008) and Strategic Business Unit [SBU] (Puriwaj Dachum, 2013). Moreover, TCEB might seek for more MICE destinations by examining the potential and growth of the tourism in other cities to attract more domestic participants and build up a good knowledge about MICE industry.



CHAPTER V

CONCLUSION AND SUGGESTIONS

Conclusion

Meetings, incentives, conventions and exhibitions industry, also known as the MICE industry has become more of a focus in the economic development of many countries. South Korea is among the countries that see the opportunity in this value-added tourism. Interestingly, the growth of the Korean MICE industry is quite remarkable in terms of the increasing of global market share. They have achieved not only fast, but also sustainable development. Therefore, factors underlying the success of South Korean MICE industry become an interesting topic to discuss for a better understanding about the industry and providing a good model for further development of the Thai MICE industry.

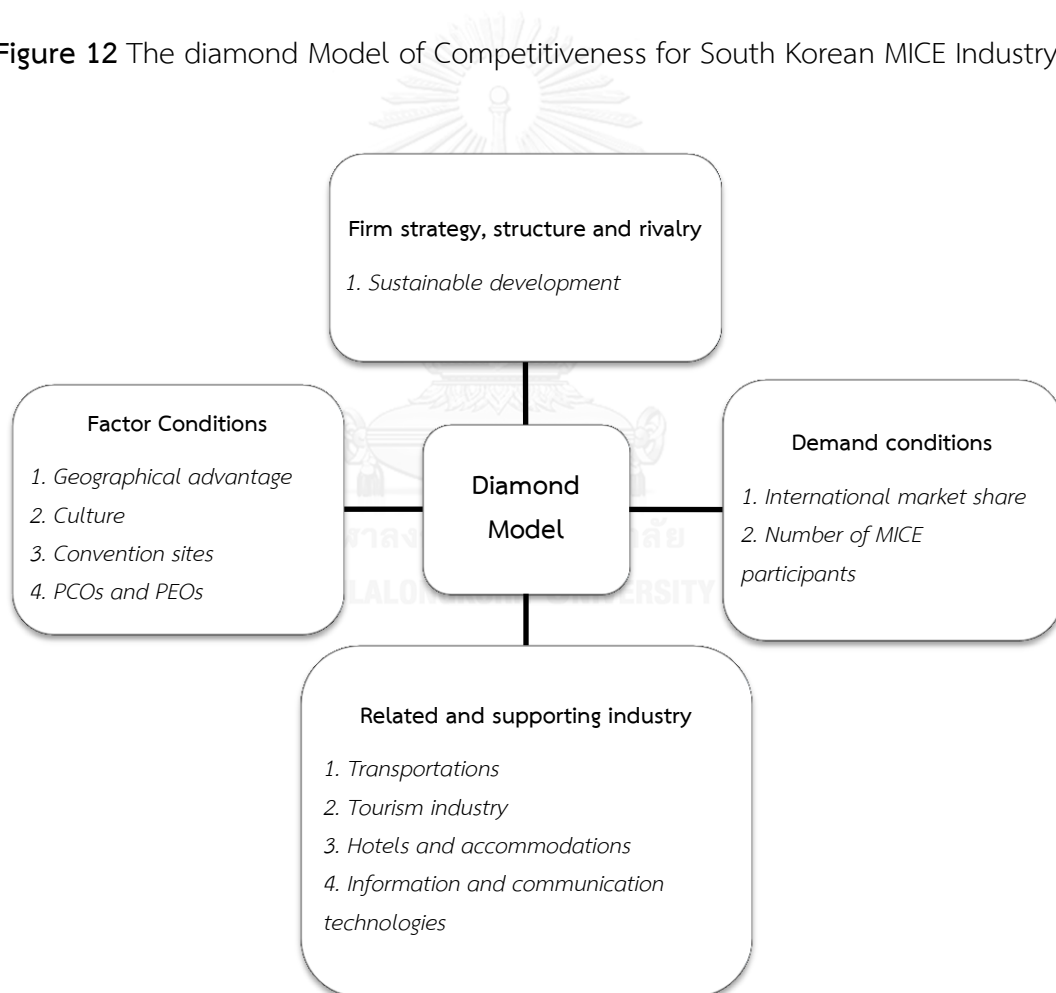
In this thesis, three questions have been raised: first, what are factors for the competitiveness of the South Korean MICE industry; second, why the MICE industry in South Korea is more competitive than in Thailand, even though both countries had entered the market in this sector at about the same time; and lastly, how to overcome the obstacles preventing further development of the Thai MICE industry.

To answer the research questions, I firstly studied the development of South Korean and Thai MICE industry to see the overall picture of the process and strategies that has been used by governments. After that, an analysis of the MICE industry competitiveness in South Korea will be done by applying Michael Porter's Diamond Model (1990). The model is used to determine the competitiveness of an industry by looking into the conditions of 4 determinants. Then, I would identify keys success factors that made South Korea be more competitive than Thailand in the MICE industry by comparing the Korean MICE competitive factors with the Thai MICE industry. Lastly, the key success factors of the Korean MICE would be examined in order to see what lessons could be learned and how to improve those factors in the Thai MICE industry.

The Diamond Model of competitiveness created by Michael Porter (1990) is used as a framework to explore the source of the Korean MICE industry's competitive advantages. There are overall 11 sub-determinants for the competitive advantages of the South Korean MICE industry. The competitive advantages are fallen into 4 determinants of the Diamond Model including: factor conditions; demand condition; related and supporting industries; and firm strategy, structure and rivalry. For the 'factor conditions', there are 4 sub-determinants compose of 1) geographical advantage, 2) culture, 3) convention sites, and 4) PCOs and PEOs. The second determinant, 'demand conditions', includes 2 sub-determinants; 1)

international market share, and 2) number of MICE participants. As for the ‘related and supporting industries’, there are 4 sub-determinants including 1) transportations, 2) tourism industry, 3) hotels and accommodations, 4) information and communication technologies. The last determinant of the model, ‘firm strategy, structure and rivalry’ composes of only 1 sub-determinants which is 1) sustainable development. The illustration of the Diamond Model is as follows.

Figure 12 The diamond Model of Competitiveness for South Korean MICE Industry

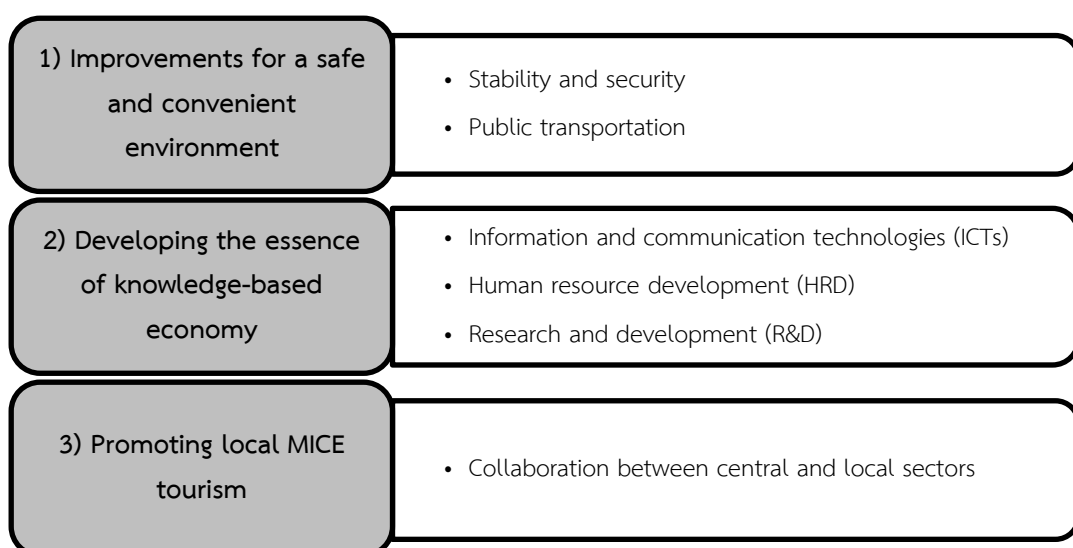


The keys success factors that made South Korea be more competitive than Thailand in the MICE industry are explored by comparing the Korean MICE industry’s

Diamond Model of competitiveness with the Thai MICE industry. These key success factors are the answer to the question why the MICE industry in South Korea is more competitive than in Thailand even though both countries had entered the market in this sector at about the same time. Analyzed from many source of data, statistics, and previous researches, the 6 key success factors of South Korean MICE industry are identified including; 1) stability and security, 2) public transportation, 3) information and communication technologies (ICTs), 4) human resource development (HRD), 5) research and development (R&D), and 6) collaboration between central and local sectors.

As a conclusion, I would like to classify the 6 key success factors into 3 main parts including: improvements for a safe and convenient environment; developing the essence of knowledge-based economy; and promoting local MICE tourism.

Figure 13 Key Success Factors Classified into 3 Areas for Thai MICE Improvement



1) Improvement for safe and convenient environment

To attract the visitors, MICE event organizers have to convince them that the place is worth their time and trust. The lack of an effective transportation system and trustworthy security may influence the image of Bangkok as the leading convention city in Asia when compared to other competing cities such as Hong Kong, Singapore, and Seoul. Therefore enhancing both factors would help improving the image of MICE destination.

2) Developing the essence of knowledge-based economy

MICE tourism is deeply involved with the principles of knowledge-based economy, and the knowledge economy is deeply involved with ICTs, HRD, and R&D as the key component of a knowledge economy is “a greater reliance on intellectual capabilities than on physical inputs or natural resources” (Powell & Snellman, 2004). Developing these 3 essential parts would definitely help sustaining the industry in the long run.

3) Promoting local MICE tourism

Thai MICE sector should focus more on the local level by promoting collaboration between central and local sectors. Firstly, the TCEB may decentralize the operational power to the local organizations. In doing so, MICE bureaus should

be established at least in the designated MICE cities. In addition, TCEB might choose new MICE destinations from the province or city that has potential growth in tourism.

Suggestions

I would like to end my thesis with my suggestions on the tourism advantages that could provide chances for the MICE industry. According to the Travel & Tourism Competitiveness Report (2013), Thailand is ranked 9th in Asia Pacific region and ranked 3rd in ASEAN after Singapore and Malaysia. Even though the ranking declines from 2012 by two places, there are many aspects that remain competitive in the international level. I will give suggestions on the 3 main aspects based on the travel and tourism competitiveness index that could be benefit MICE sector.

- 1) Destination marketing campaigns (global ranking: 11th)
- 2) Strong affinity for travel and tourism (global ranking: 18th)
- 3) Relative price competitiveness (global ranking: 25th)

Firstly, since Thailand has an effective prioritization of travel and tourism especially for the marketing strategies, the further overall tourism campaigns should provide more information about Thai MICE tourism to attract more leisure travellers toward MICE tourism. Secondly, Thailand's affinity for travel and tourism index is quite competitive, especially for the attitude of population toward foreign visitors.

However, as discussed in chapter 4, the safety of tourists should be improved along with the promoting campaign to this particular topic. Last but not least, Thailand has a better price competitiveness in the travel and tourism industry than many MICE sector oriented countries in Asia such as China (37th), Singapore (66th), South Korea (96th) and Japan (130th). That could be a good condition for Thailand in bidding for a MICE event at the global level.



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APPENDIX

จุฬาลงกรณ์มหาวิทยาลัย
CHULALONGKORN UNIVERSITY

VITA

Name	Ms. Sukanya Nontharak
Date of Birth	February 25, 1990
Birth Place	Samut Songkhram, Thailand
Education	Bachelor of Arts (Korean major, English minor) Silpakorn University, Sanam Chandra Palace Campus, Nakhon Pathom, Thailand 2008 - 2012

