

ADAPTATION OF THE MEETING INDUSTRY DURING COVID 19 CASE STUDY AT PT XYZ

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ARTICLE INFO	ABSTRACT
Published: August 28th, 2023 Keywords: industry, MICE, COVID-19, meetings	<i>The MICE industry is an acronym for Meeting, Incentive, Convention, and Exhibition, which is an industrial activity in the service sector that is synonymous with providing a service. The MICE industry sector, which consists of meetings, incentives, conferences, and exhibitions as well as special events such as cultural, music and sports festivals, during the pandemic when it is carried out virtually or hybrid, the most adaptable is the organization of the meeting and conference sector, according to data released by Kemenparekraf (2021), as many as 65% of meetings are conducted virtually and 61.5% for hybrid meeting formats. The MICE industry in its activities has several financing components such as production value, number of participants, and supporting activities in its implementation that have differences before and after the pandemic, besides that in the meeting itself several components of production costs such as venue costs, production, food and beverage, and accommodation changed completely during the pandemic. PT XYZ adjusted the organization of meetings or meetings during the Covid-19 pandemic, there are challenges in transforming the meeting industry, the right strategy is needed to deal with the problems that occur. This research is expected to be useful for the MICE industry in general, especially the meeting business to formulate strategies to adapt to business transformation towards digital. Furthermore, this research is expected to be useful for academics as a reference for MICE industry business research.</i>

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INTRODUCTION

The MICE industry is an acronym for Meeting, Incentive, Convention, and Exhibition, which is an industrial activity in the service sector that is synonymous with providing a service (Schlentrach, 2008; Smagina, 2017). MICE is a growing industry in Indonesia, the MICE business is one of the parts that contributes to the economy which is quite high for national economic development, this can be seen from the national Gross Domestic Product (GDP), where in 2017 the MICE industry in Indonesia created 278.000 jobs and generated a total GDP of 7.8 billion US dollars (Event Industry Council, 2017). On the other hand the impact of the event business in Indonesia on the economy ranks 17th, beating Thailand which is in 22nd position, with direct spending of US \$ 6.3 billion, Average Spending per Participant US \$ 296, with Total Participants 21.4 million, and Direct Jobs 104,000 people (Oxford Economi, 2018).

Indonesia before the Covid-19 pandemic was one of the countries organizing the most meetings and conferences in Asia Pacific, namely 122 events (ICCA Statistic Report, 2019). MICE activities in several regions or destinations have an impact on economic progress and tourism in the area. Some areas where events are held such as Jakarta, Bali, Surabaya and Yogyakarta are considered for international MICE event activities. This means that before the pandemic, MICE

event activities experienced external disturbances, namely the entry of the Covid-19 pandemic in Indonesia which caused a decrease in the number of MICE activities by 84% (Kemenparekraf, 2020). This caused losses experienced by MICE organizing companies to reach 300 billion rupiah (Rudatin et al., 2020).

The MICE industry sector, which consists of meetings, incentives, conferences, and exhibitions as well as special events such as cultural, music and sports festivals, during the pandemic when it is carried out virtually or hybrid, the most adaptable is the organization of the meeting and conference sector, according to data released by Kemenparekraf (2021), as many as 65% of meetings are conducted virtually and 61.5% for hybrid meeting formats.

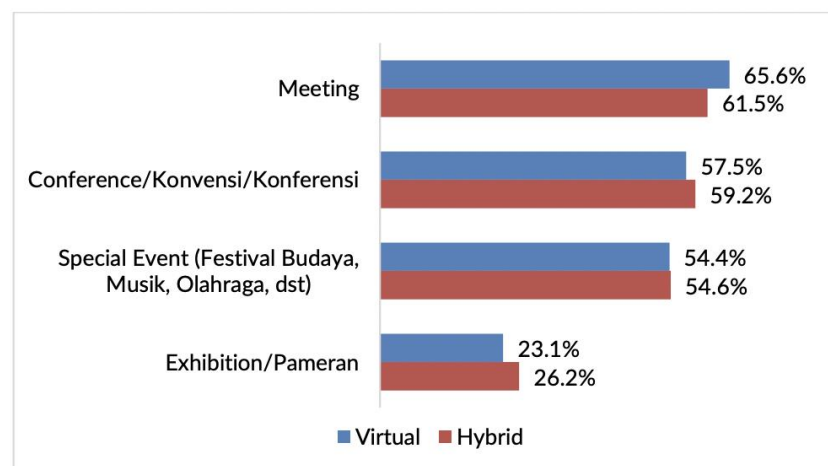


Figure 1. Number of Events from the MICE and Special Events Sector
Source: Ministry of Tourism and Creative Economy (2021)

MICE industry in its activities own a number of component financing like mark production, quantity participant, as well activity supporters in maintenance own difference at the moment before and after happening pandemic, besides it is inside own meeting a number of component cost incoming production like venue costs, production, food and beverage, and accommodation completely changed at the time happening pandemic.

Organizer events No only face adaptation from facet form the event at first can held in a manner right on one place, will but also necessary do adaptation from facet management finance, large companies and have sufficient capital to survive the pandemic. According to Ministry of Tourism and Creative Economy (2021) way obtain income from maintenance virtual events as much as 78.8% of management originating fees from customer.

Based on table, it can be seen that PT XYZ is company that can adapt in a manner fast at times happening pandemic, through written works scientific. This can be discussed more detailed strategy carried out by PT XYZ and provide description to ahead How transformation that occurred in the future after the pandemic ended.

The MICE industry in its activities has several financing components such as production value, number of participants, and supporting activities in its implementation that have differences

before and after the pandemic, besides that in the meeting itself several components of production costs such as venue costs, production, food and beverage, and accommodation changed completely during the pandemic.

Event organizers not only face adaptations in terms of the form of events that could initially be held directly in one place, but also need to adapt in terms of financial management, large companies and have strong enough capital to survive the pandemic. According to Kemenparekraf (2021), the way to get income from organizing virtual events is 78.8% of management fees from customers.

Based on the table above, it can be seen that PT XYZ is a company that can adapt quickly during a pandemic, through this scientific paper, we can discuss in more detail the strategies carried out by PT XYZ and provide an overview of how the transformation will occur in the future after the pandemic ends. PT XYZ, which is a subsidiary of a state-owned company engaged in digital advertising, one of which provides solutions as a form of advertising that is integrated or integrated, has service products in the field of event organizers. PT XYZ adjusts the organization of meetings or meetings during the Covid-19 pandemic, there are challenges in transforming the meeting industry, the right strategy is needed to deal with the problems that occur.

Based on the explanation, the research would like to analyze PT XYZ adaption to survive in the Meeting Industry during the pandemic and the differences in PT XYZ's business strategy to survive during the pandemic and before the pandemic. This research is expected to be useful for the MICE industry in general, especially the meeting business to formulate strategies to adapt to business transformation towards digital. Furthermore, this research is expected to be useful for academics as a reference for MICE industry business research.

METHODS

The research uses a qualitative method with a descriptive approach using the business model canvas. Qualitative data is used to analyze changes that occurred in the meeting industry before the pandemic and how companies can adapt to survive during a pandemic. This research focuses on the strategies carried out by PT XYZ which are able to adapt to organizing events during a pandemic, and the location of this research was conducted at the PT XYZ company located in Jakarta. The selection of the research site is based on access to sample collection, data, and ease of location. The research was conducted in March-April 2023, with data collection methods of observation, interviews, and literature studies. Purposive sampling was chosen because this research collects data and information based on experts in the meeting industry. Consideration of expert selection is based on length of work, position, and knowledge of the development of the meeting industry.

RESULTS AND DISCUSSION

Event

According to APEX in Bowdin et al. (2012), the definition of an event is an organized activity that can be a meeting, convention, exhibition, or special event. Event typology refers to the classification conducted by Silvers (2012) as follows:

- 1) Business and corporate events: Events that support business objectives, including management functions, corporate communications, training, marketing, and customer relations.
- 2) Cause-related and fundraising events: Organized not only for charitable purposes, but also to generate revenue, and attract support.
- 3) Exhibitions, expositions and fairs: Bring together buyers and sellers and people interested in buying and selling products and services to the public.
- 4) Entertainment and leisure events: Organized without a fixed frequency, may be paid or free of charge, and for entertainment purposes.
- 5) Festival: A cultural celebration, either secular or religious, created by and/or for the community.
- 6) Government and civic events: Created by and for political parties, communities, or government institutions.
- 7) Marketing events: Trade-oriented to facilitate buyers and sellers or to create awareness about other commercial products or services.
- 8) Meeting and convention events: Meetings that are conducted for the purpose of exchanging information, conducting debates or discussions, consensus, and building partnerships.
- 9) Social/life-cycle events: Private, invitation-only events that celebrate or commemorate cultural, religious, communal, social or life-cycle events.
- 10) Sports events: Competitive sports

MICE Industry

MICE is an acronym for Meeting, Incentive, Conference and Exhibition. MICE is one of the activities that is often carried out by companies or agencies. MICE can also be referred to as a business event (An et al., 2021; Tinnish & Mangal, 2012; Wee et al., 2021). MICE can be interpreted as convention tourism, with the limitations of convention services, intensive travel, and exhibitions (Lekgau & Tichaawa, 2022; Whitfield et al., 2014). It is a businesses sector that provides services and services for a meeting of a group of people to discuss issues related to common interests (Ladkin, 2014; Trišić & Arsenov-Bojović, 2018).

Business Model Canvas

According to Osterwalder and Pigneur (2010) in their book entitled Business Model Generation, the Business Model Canvas consists of nine interrelated elements. Meanwhile, the definition of the Business Model Canvas is a model that explains how organizations or companies capture value, create and deliver it to consumers. The Business Model Canvas is also used as a

language that can be understood together and makes it possible to make innovations to existing business models. The nine elements in the Business Model Canvas will provide clues as to how the company benefits from the value it has created for customers. The elements in the Business Model Canvas are key partnerships, key activities, key resources, value proposition, customer relationships, channels, customer segments, cost structure, and revenue streams.

Business Model Canvas of PT XYZ before the Pandemic

The first stage was carried out by identifying the nine building blocks of the business model that was running at PT XYZ before the pandemic.

Customer Segments

Customer segments are the most important element in building a business model, without customer segments a company will not be able to survive for a long time. According to Osterwalder and Pigneur (2010), customer segments are divided into five, namely, mass market, niche market, segmented, diversified, and many-sided platform (or many-sided market). PT XYZ has customer segments from state-owned enterprises, government, and private companies.

Value Propositions

A value proposition creates value for its customer segments. Value can be quantitative as in price and speed of service or qualitative as in design and customer experience. PT XYZ, has more value among competitors as a subsidiary of one of the largest SOEs in Indonesia, in addition to the recognition of PT XYZ as a subsidiary of SOEs, also has value in creativity and concept development from the brief given by the client.

Channels

Business to business activities that acquire goods and services for use in producing other production or services that are sold, leased or supplied to others (Rapaccini et al., 2020). PT XYZ's form of communication in offering its products combines direct and indirect methods. The form of direct channels used is through open offers either pitching, bidding, or tenders directly submitted by consumer companies.

The company also uses the networking network that has been built so far. To build awareness in the early stages of introducing PT XYZ products, using a wider network by opening several teams in each regional area spread across 7 Regions (Sumatra, Jakarta, West Java, Central Java, East Java, Kalimantan, and Eastern Indonesia), the company also uses social media as one of the tools to communicate in building awareness.

Customer Relationship

Customer Relationship Management (CRM) according to Wijaya and Danuarto (2009) is a strategy used to maintain the stability and sustainability of company operations. One way to approach customers is with communication skills in improving service to demand. This application

is developed to get new clients, improve relationships with customers, and maintain customers who can generate customer loyalty.

PT XYZ with its clients who are large companies and of course have stronger bargaining power. The relationship that is built so that the client survives is by maintaining the quality of the specifications for organizing the organized event, completing each job in accordance with the predetermined timeline and maintaining coordination quickly, as long as the work track record is well maintained, the client still has PT XYZ to complete its work in organizing an event meeting.

Revenue Streams

PT XYZ has a revenue stream through meeting organizing services in the creative activation division. Payment is made by the client in accordance with the SPK provided by the client with payment made after the event takes place in accordance with the mutual agreement for the production costs that have been incurred.

In 2017, the creative activation division obtained revenue of Rp. 110,119 billion, in 2018 it amounted to Rp. 180,456 billion, and in 2019 it amounted to 250,404 billion. Based on the operating income obtained by PT XYZ, it can be illustrated that the meeting organizing industry was growing rapidly at the time before the Covid-19 pandemic.

Key Resources

The resources owned by the company, namely HR and Technology, play an important role in the running of the company. In business transformation towards technology-based digital media, PT XYZ continues to strive to be more agile and lean so that it can provide satisfaction to customers through the products produced, with HR planning and development being an important factor, in the HR planning process carried out to ensure the sustainability and availability of a competent workforce and in accordance with the needs of company activities.

In this era of digitalization, the role of information technology is an important element in various matters. The application of information technology at PT XYZ is carried out not only for the needs of organizing each event but also to take an important role in terms of data management as it is done to process data, process, compile and store in order to produce quality information.

Key Activities

The main activities carried out by the company to achieve company goals. The main activity carried out is the service production process. Production according to Ahyari (2002) is a method or technique in increasing the usefulness of a good or service by involving existing production elements such as labor, machinery, production, raw materials and the flow of funds (Capital).

The main activities carried out by PT XYZ in running its business include starting from the concept of organizing a meeting event, designing in production such as making gates, stages, or supporting items in organizing meeting events such as photo booths. At this stage, the use of technology is still very low in presenting a concept.

Key Partnership

PT XYZ Company needs partnerships in organizing the event activities carried out, such as in terms of venue and accommodation using hotels, convention rooms, or plenary halls. In transportation, travel agents are needed to purchase travel tickets, or in production and documentation in collaboration with photographers according to needs.

Cost Structure

The cost structure of PT XYZ depends on the management of key resources, activities organized by PT XYZ and partnerships built by PT XYZ to facilitate business processes. The most important costs are production costs when organizing event meetings, as well as accommodation and transportation costs.

Table 1. Business Model Canvas PT XYZ

Key Partnerships	Key Activities	Value Propositions	Customer Relationship	Customer Segments
Hotel, Travel Agency, Production, and Documentation	Concept Events, Production, and Supporting Item	One of the of subsidiaries of the biggest SOE company, ideas and creativity, good track record to complete clients' needs	Job completion, good relationship clients	SOE, Ministry, and Corporate
	Key Resources		Channels	
	HR, technology, and capital		Social media, bidding, pitching, tender, and networking company	
Cost Structure			Revenue Stream	
Production cost, accommodation and transportation costs, food and beverage cost, and creative concept fee			Cost provided by the customer (Client)	

Source: Company Data (2022)

Business Model Canvas of PT XYZ during the Pandemic

The next stage is during the Covid-19 pandemic, where the tourism sector, especially in organizing *events*, is completely stopped, because organizing an *event* is a place where many people meet, and the Covid-19 virus can spread quickly in this condition. PT XYZ, takes steps quickly to be able to adapt to the occurrence of Covid-19, especially in business lines that organize a meeting, the steps taken by PT XYZ in responding to conditions that can be taken in an emergency to at least survive during a pandemic are described in the *Business Model Canvas*. BMC will help see the significant differences that occurred before and during the pandemic.

Customer Segments

The customer segment block at PT XYZ has decreased, according to information provided from dat the company that became a customer during the Covid-19 pandemic in early 2020 was

from the internal BUMN itself. For customer segments such as *corporate* and government, there is no demand whatsoever, and started to get customers from the government and other *corporations* again when the G-20 event was held, which was located in Jakarta and Bali, this had a positive impact on the organizers of the *meeting planner*.

Value Propositions

The advantage that PT XYZ has to be able to quickly survive during a pandemic is by utilizing technology to provide an idea and creativity in organizing *event meetings*. At the time of the *event*, held for opening activities, the use of technology is very necessary, such as the existence of multimedia bumpers, multimedia transitions, looping during *meetings* using the Zoom platform, and also when a *hybrid event* is held the use of multimedia streaming, and the use of other technologies such as Metaverse is one of the superior values possessed by PT XYZ until it was given a prestigious Stevy Award for ideas and creativity in development in the use of technology.

Channels

PT XYZ offers company value using the networking network that has been built, but for the teams in each regional area spread across 7 Regions (Sumatra, Jakarta, West Java, Central Java, East Java, Kalimantan, and Eastern Indonesia) has changed due to the Covid-19 pandemic, there has been a decline and limitations in activities, the steps taken are to focus work centered in Jakarta, and the other 6 regions are closed.

Customer Relationship

PT XYZ builds relationships with customers to be able to always work together is with the help of special personal, where the account executive (AE) is assigned by PT XYZ to provide more intimate service to customers, what is done is by the more frequent presence of AEs at the client's office when the WFO (work from office) system is implemented to be able to communicate closely with customers, often do brainstorming for the needs of organizing event meetings, concepts that will be developed in each event that will be carried out, help customers when facing a difficulty in solving a problem. Human resources (HR) in this case the sales are required to maintain good relations with customers, and provide excellent service so that good relations are always maintained.

Revenue Streams

PT XYZ's revenue flow process is no different before the pandemic, it's just that there was a significant decrease in revenue during the pandemic in the activation division in 2021, obtaining revenue of IDR 126 billion or a 9% decrease compared to 2020 which was recorded at IDR 139 billion.

Key Resources

The main resources owned by PT XYZ to respond during a pandemic are people and technology. However, in 2020 the activation division experienced a reduction in employees due to the impact of the pandemic and company efficiency, out of a total of 10 employees at the time of the pandemic only had 3 employees, namely, the manager and two planners and implementers who were combined. The qualifications of these employees are those who are able to respond quickly to the use of technology in supporting creativity for organizing event meetings that are conducted online or streaming.

Technology is a very important capital during the pandemic, using up to date technological developments such as the use of oculus, metaverse, and other animations that support interaction during virtual events.

Key Activity

Key activities describe important things that must be done by PT XYZ to respond to the business model during a pandemic that can still work properly. Creativity and planning of an event concept is the key to organizing events that can run, in the concept of organizing events must be able to answer the problem-solving activities of customers. Production selection is also an important part of organizing an event, such as the process of producing a gate that gives the first impression in organizing an event, decorating an event, and arranging the layout of organizing an event meeting.

Key Partnership

Partnership is the most important thing in organizing every event, because not all event organizing companies have all the aspects needed, such as what PT XYZ did during the pandemic in collaboration with several vendors in multimedia streaming who provide tools that support the virtual event process.

Cost Structure

The part of the costs incurred by PT XYZ in organizing event meetings experienced a significant difference from the needs before the pandemic. The costs incurred were for meeting room or venue costs (hotel, hall, and ballroom rentals), production costs such as sound systems, lighting, chairs and tables, as well as food and beverage for participants and also participant accommodation. During the pandemic, the value of venue costs was lost, replaced by the studio owned by PT XYZ when organizing virtual events, food and beverage and accommodation costs were also lost, because meeting participants could attend from their respective places without traveling to the venue. The existence of technology plays a very important role during the pandemic, at first it would never have been predicted that the disruption that occurred in organizing events could occur so quickly, with imperfect readiness in understanding technology, but the pandemic became a place to learn quickly to be able to adapt and survive the pandemic.

If summarized, the business model of PT XYZ during the pandemic can be described as follows:

Table 2. Business Model Canvas of PT XYZ during the Pandemic

Key Partnerships	Key Activities	Value Propositions	Customer Relationship	Customer Segments
Production, multimedia	Concept Events, Production, and Supporting Item	Ideas and creativity, utilization of technology	Job completion, good relationship clients	SOE
	Key Resources		Channels	
	HR, technology, and capital		Social media and networking company	
Cost Structure			Revenue Stream	
Production cost and creative concept fee			Revenue provided by the customer (Client)	

Source: Company Data (2022)

CONCLUSION

The adaptation carried out by companies engaged in services and requiring meetings with a large number of participants at the beginning of the pandemic was not easy, many challenges and policies from the government contributed to the adjustments that occurred. PT XYZ is one of the few event organizers in the meeting industry that is able to survive and adapt to the existing situation. Based on the analysis described from the business model canvas of the nine blocks, the conclusions that can be drawn for later development during the new normal are as follows:

Four Actions Framework	Item	Business Model Canvas Blocks
Create	The utilization of technology with the presence of multimedia systems	Key Partnerships
Improve	Increase creativity and event concepts by utilizing technology	Key Activities
Reduce	Reduced customer segmentation during the pandemic	Customer Segments
	Reduction of communication channels by utilizing networking and social media	Channels
Delete	Accommodation, transportation, food and beverage costs are written off during the pandemic	Cost Structure

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