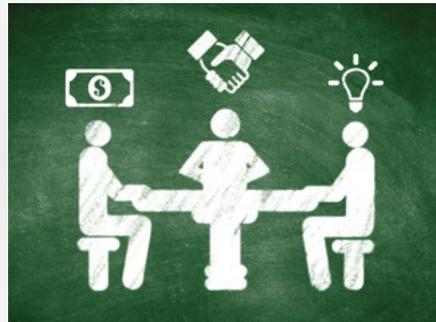


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MEETING PROFESSIONALS INTERNATIONAL

MEETINGS OUTLOOK™



Business is up and getting healthier, but the rising global seller's market will continue to task meeting professionals suffering from shorter lead times and budgets that aren't keeping pace with costs.

2015 WINTER EDITION

KEY FINDING: STRATEGY IS MORE IMPORTANT THAN EVER

Overall, the meeting industry is in a good place, economically, and it's only getting better. But planners are still dealing with small budgets and short lead times. The solution? Get strategic. MPI members chime in with tips that tackle the challenges ahead.

**TIP:
MAKE YOUR
eRFP POP**
Build your eRFP so it stands out from others.



**TIP:
ADVANCE
YOUR PLAN**
Plan at least two years out to be able to source preferred destinations.



MEETING PROFESSIONALS INTERNATIONAL

MEETINGS OUTLOOK™

By Elaine Pofeldt

Corporate meeting planner Holly Stevenson, CMP (MPI Tennessee Chapter), was in for a surprise when she began planning the 2016 conference for her employer, Cross Country Education: Finding the right venue would prove to be tough.

The firm provides educational products and services to the healthcare industry. It expects 500 to 600 attendees at the event. Stevenson began hunting for space in Denver, but found the options very limited. When she moved on to choices in Las Vegas, hotels asked if she would reschedule the event, typically held the last two weeks in July, to August or bump it up to the Fourth of July week. Neither option was appealing.

"We've ended up going to three additional cities to look," Stevenson says.

An emerging seller's market for hotels is making the lives of many planners more complicated these days, even though the meeting industry showed signs of stabilization throughout 2014. Organizations' meetings budgets have been rising steadily and are predicted to continue—11 percent of respondents who participated in this survey anticipate budgets

to increase by 6 percent or more in the near future and 42 percent eye an increase between 1 percent and 5 percent.

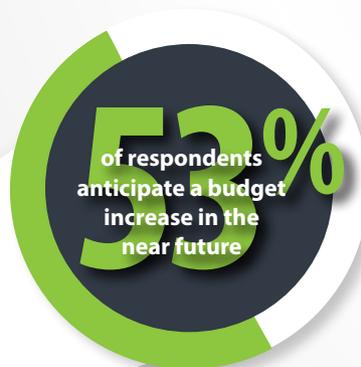
Those factors are leading to more meetings—which is good news overall. Nonetheless, meeting professionals must now flex planning muscles they haven't used in years to take into account venues and flights that are fuller than they have been since the recession. That reality is putting pressure on planners and organizations to start working on events early or risk getting closed out.

Julie Powers, CMP (MPI Orange County Chapter), a manager of global accounts at meeting procurement and site selection agency HelmsBriscoe, expects to see a seller's market thrive for at least two years.

"The hotels are filling up, not just with meetings but with business and leisure travel," Powers says.

Tapping deep relationships in the industry has helped Powers navigate the challenges. Recently, she was asked to plan an event in the Chicago area for 400 people, five months out. It required more than 20 breakout rooms.

"With the relationships we have with hotel partners and CVBs, I was able to get three very good hotel proposals," Powers says.





**TIP:
SECURE
SPONSORS**
Secure sponsors to cover the cost of Wi-Fi and audiovisual needs of speakers.



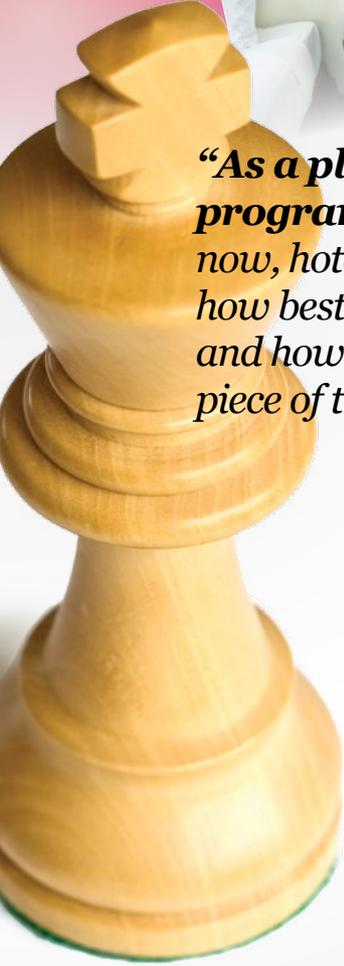
**TIP:
TAP YOUR
RELATIONSHIPS**
Leverage your professional relationships in the industry.



**TIP:
PAIR UP**
Partner with another group that will be using the same hotel in a given week and needs more sleeping rooms but less meeting space.



“As a planner you have to make your program as attractive as possible. Right now, hotels are looking at the programs and how best they work within the hotel itself and how each area of the hotel will get a piece of the pie.”



JULIE POWERS, CMP
MPI Orange County Chapter
Manager of Global Accounts
at HelmsBriscoe

Nonetheless, the changing environment and meetings that are heavy on the need for space but lighter on the demand for rooms have gotten harder to book.

“As a planner you have to make your program as attractive as possible,” Powers says. “Right now, hotels are looking at the programs and how best they work within the hotel itself and how each area of the hotel will get a piece of the pie.”

One solution that may help in these cases, she says, is pairing up with another group that will be using the same hotel in a given week and needs more sleeping rooms but less meeting space.

LEADTIME ASSISTANCE



We know meeting professionals are stretched for time, and everyone continues to do more with less. Organizations such as VISIT DENVER strive to help them work through their hectic schedules to provide solutions, value and a bit of peace.

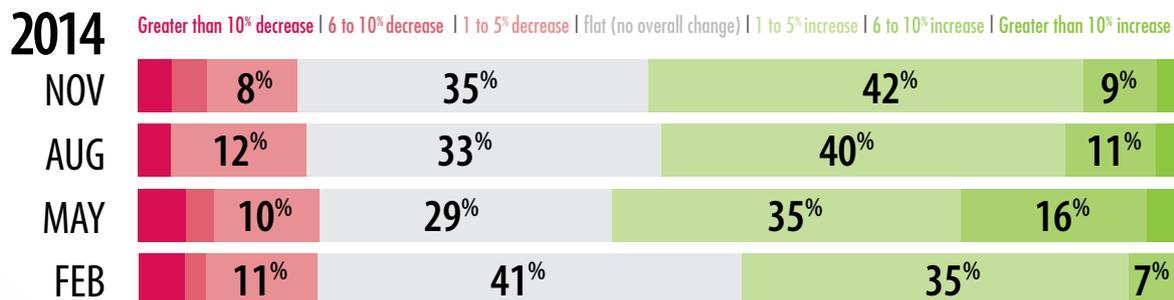
Our first goal is to be thorough. Quick-turn RFPs can sometimes increase the chance for error, so we have a detailed conversation with our clients to be sure they provide all the information needed for a quick turnaround. It’s our one chance to get it right! We know that the more complete and thorough the RFP is, the quicker hotels will respond. For larger leads we work with our block of hotels on their need periods and open dates. We also line those periods up with availability at our convention center so that we can quickly see if the client’s dates line up with our availability before we even send the lead.

We also use an electronic bid book so that the client gets a full proposal from VISIT DENVER and our hotels that looks great, provides detailed information and is all online, streamlining the response for our staff so that they can get the right information to our client quickly.

RACHEL BENEDICK
Vice President of Sales and Services, VISIT DENVER

BUDGET SPEND

PROJECTED BUDGET SPEND HAS BEEN INCREASING AND STABLE FOR THE PAST THREE QUARTERS. HOWEVER, MOST OF THE ANTICIPATED INCREASES ARE REPORTED WITHIN THE 1%-5% RANGE—NOT ENOUGH TO MATCH COST INCREASES.



"It's almost like you have [a singular] program that works within the hotel," she says.

Adapting to this new reality requires a change in mindset for some organizers.

"Corporate' is synonymous with being short-term," Powers says. "When we finally come up with their dates and go to source the hotels, the hotels are already full."

Of course, it is easiest when meeting organizers are willing to be flexible, she says. Some of Powers' clients—which are mainly corporate—have been giving her a month and a half of alternate dates to hold future events.

"That works in their favor," she says. "They can bid on the date that works best for the hotel."

But even when corporate clients are willing to bend, they still face intense competition for space. The domestic and international corporate segments are expected to be the strongest, with 54 percent and 23 percent of respondents, respectively, envisioning an uptick. Only government meetings are waning significantly, with 49 percent of respondents anticipating a decline.

Some organizers have recognized this, which is reflected in the fact that 26 percent of respondents say lead times are getting longer. Sadly, that isn't universal. Many organizers are still doing eleven-hour planning, and 49 percent of respondents still say lead times are getting shorter.

Extremely short lead times can result in devoting every moment to last-minute requests at the expense of other clients already deep in the planning process. And this, in turn, creates unrealistic timelines for RFP responses and generating appropriate attendance.

Some U.S. planners are now taking a proactive approach to prevent clients from being disappointed when they make last-minute requests for help.

"[We are] doing our best to educate executives that we need to plan at least two years out to be able to source our preferred destinations and source an opportunity," indicated one planner respondent, who did not want to be identified. The planner found that organizing events 12 to 16 months ahead left it hard to find space.

Gary Schirmacher, CMP (MPI Rocky Mountain Chapter), senior vice president of association sales and marketing at Experient, is facing similar challenges. He has found that more RFPs are coming back with a "We're full" response.

MARKET CHANGE

2014

DOMESTIC CORPORATE



INTERNATIONAL CORPORATE



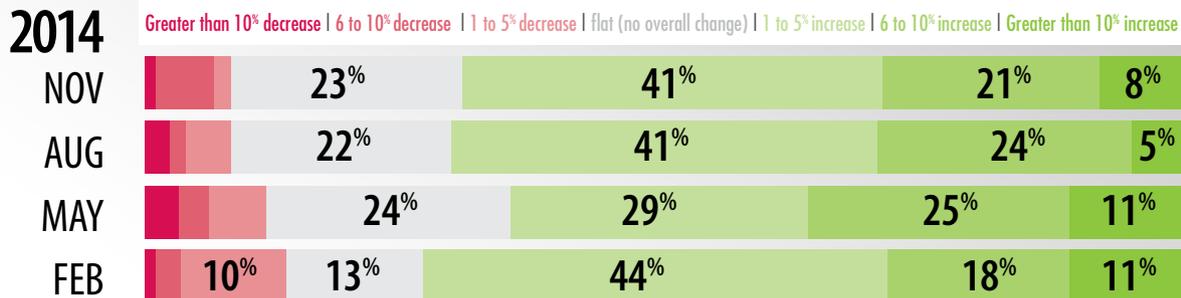
Adding to the challenge is eRFP spam. In a world in which it is easy for a planner to send out eRFPs to 50 hotels, Schirmacher says, hotels are overloaded.

"How does the hotel pick and choose which business they want to respond to first?" he asks. "That's a battle the hotels are fighting every day. It's up to the planner to build their RFP so it stands out from others."

Meanwhile, he notes, with meeting attendance on the rise, room blocks are filling up more quickly.

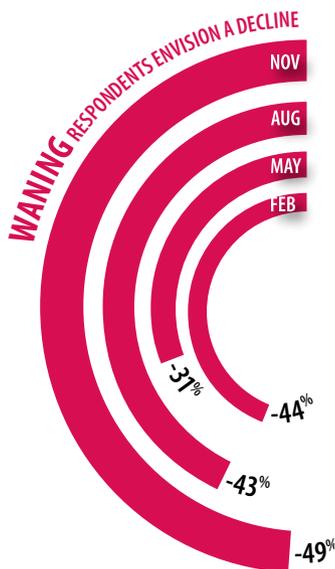
BUSINESS CONDITIONS

PREDICTED BUSINESS CONDITIONS ARE BECOMING INCREASINGLY STABLE—AND AT A VERY HEALTHY LEVEL.



THE MARKET SEGMENT OF CORPORATE MEETINGS AND EVENTS IS EXPECTED TO SEE THE MOST POSITIVE BUSINESS THIS YEAR.

GOVERNMENT



DOMESTIC ASSOCIATION



INTERNATIONAL ASSOCIATION



“Companies have really adjusted their thinking about what their value-add should be.”

“Some groups are filling their block three months before the meeting dates,” he says.

In some cases, the meetings were booked several years ago, when prices were lower. When faced with a request for more rooms, “now the hotels are saying it might be US\$50 extra per room to increase contracted blocks,” he says.

Given the current climate, Schirmacher’s firm is booking events as far out as 2026 and beyond.

ERIC MOTTARD
MPI Spain Chapter
CEO of Eventoplus



"If you're having a meeting that is very large and you can only go to three or four cities, you're forced to secure those dates sooner than later," he says.

This is driving some meeting professionals to seek venues beyond traditional meeting spaces to expand their clients' options.

These challenges are not confined to the U.S. In parts of the EU that suffered a severe economic slowdown, such as Spain and Italy, the market is showing a particularly strong comeback.

Ask Eric Mottard (MPI Spain Chapter), CEO of eventoplus in Barcelona. He produces a magazine and events for meeting professionals in Spain and has, in that capacity, observed an increase in the number of events there.

"The indicator of activity has really changed since spring," Mottard says. "It intensified a bit more after summer."

Nonetheless, the trend toward short lead times is still going strong. One agency told Mottard recently that it received an RFP for a national sales convention for 400 to 500 people one month before the event.

"The trend to last-minute has been very acute here," he says.

That may soon start to change. Some big venues in Spain, he says, are already full for the first half of 2015. He feels it's early to say it's a seller's market, "but we're on the way there."

FEELING THE PINCH OF HIGHER OVERHEAD

Rising costs have arrived with the seller's market in the U.S. Higher room rates and airfare have been a key concern for many meeting professionals, impacting attendance and the bottom line.

At a time when many attendees show up expecting to use multiple devices during an event, rising Wi-Fi costs are also top of mind. Six percent of respondents cited the rising cost of Wi-Fi bandwidth as a trend to watch—notable as that figure is 300 percent larger than reported last quarter.

"The cost of Wi-Fi is still prohibitive at many properties," said a supplier who requested anonymity—adding that one option under consideration was developing its own network as a work-around.

Some planners are finding creative solutions to the rising costs.



6% of respondents cited the rising cost of Wi-Fi bandwidth as a trend to watch—notable as that figure is 300 percent larger than reported last quarter

"The clients have the same budgets as they did last year, with more people attending, and their bottom line costs are increasing," says Patricia F. Zollman, CMP, CMM (MPI Arizona Sunbelt Chapter), senior director of global accounts at site selection firm HelmsBriscoe in Buckeye, Ariz. "Trying to be creative and making it look good is the

challenge. I am doing more negotiations on everything to get to the bottom line."

Zollman's efforts involve trying to secure more sponsorships to cover the cost of Wi-Fi and the audiovisual needs of speakers, for instance.

In the emerging seller's market, more respondents are also reporting tougher contract negotiations with hotels.

"We have been negotiating aggressive cancellation clauses to be able to sign and not lose space, because demand is so high," said one planner who requested anonymity.

"The current and continuing seller's market is driving our customers to make longer-term decisions regarding future programs," another explained.

In some cases, negotiations with suppliers are tougher, too.

"The usual and persistent trend 'do more with less' is more and more difficult to apply because the suppliers don't want to bargain their products," said one planner from Canada who did not want to be identified. "The suppliers' costs have risen, but not our budget!"

Of course, there's a flip side to this for hotels and suppliers. After years of pressure on their prices, they can finally charge more.

"We are seeing the demand grow in 2015 and therefore we are maximizing our rates for many dates," said one supplier, who requested anonymity.



"Trying to be creative and making it look good is the challenge. I am doing more negotiations on everything to get to the bottom line."

PATRICIA F. ZOLLMAN, CMP, CMM

MPI Arizona Sunbelt Chapter
Senior Director of Global Accounts
at HelmsBriscoe

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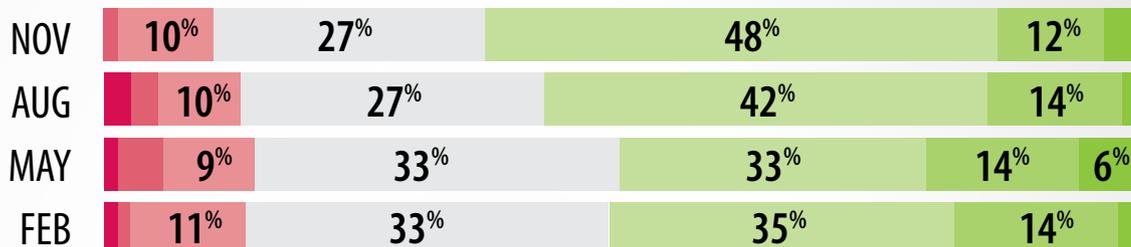


ATTENDANCE AS WAS PROJECTED IN 2014

ATTENDANCE PROJECTIONS REVEAL MEETINGS AND EVENTS ARE IN SIGNIFICANT DEMAND—AND GROWING. BOTH LIVE AND VIRTUAL ATTENDANCE IS EXPECTED TO GROW OR REMAIN STEADY FOR THE VAST MAJORITY OF EVENTS, INCREASING YOUR IMPACT AND THAT OF THE ENTIRE INDUSTRY.

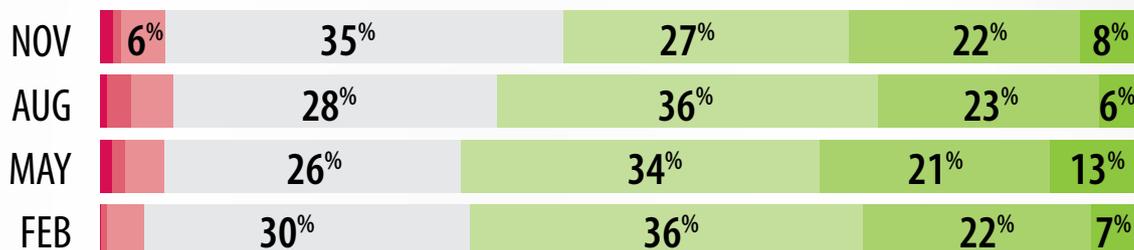
LIVE

Greater than 10% decrease | 6 to 10% decrease | 1 to 5% decrease | flat (no overall change) | 1 to 5% increase | 6 to 10% increase | Greater than 10% increase



VIRTUAL

Greater than 10% decrease | 6 to 10% decrease | 1 to 5% decrease | flat (no overall change) | 1 to 5% increase | 6 to 10% increase | Greater than 10% increase



ATTENDEES EXPECT INNOVATION

In the new environment, planners and organizers are also facing another pressure: to innovate—and often on budgets that haven't come back completely to pre-recession levels.

"Our attendees have high expectations but our budgets don't always give us the flexibility to deliver," said one planner, who didn't want to be named.

And some suppliers are doing handholding for planners when it comes to technology. In the survey, 38 percent of respondents reported that they rely on suppliers for guidance and leadership.

"So much of our time is spent helping the planner understand how they can work smarter using today's tools," said one supplier, who requested anonymity.

The bar for innovation is rising around the world, as the survey found. Twice as many respondents compared to last quarter cited the need for innovation in meeting design.

"Companies have really adjusted their thinking a lot about what their value-add should be," Mottard says. "I find we have better projects than ever. Agencies are really aware of the need to bring added value."

One important trend tied into innovation is the gravitation toward virtual and hybrid meetings. Virtual attendance is expected to grow 3.1 percent in the coming year, compared to 2.4 percent for live attendance.

Certainly, there's still a way to go on this front, but 59 percent and 61 percent of respondents expect to leverage virtual and hybrid options, respectively.

As an anonymous respondent shared, "One must know about new technologies to be able to provide them to clients without their having to ask."

Fortunately, many planners seem to be up to the challenge. ■



Meetings Outlook is developed in partnership with VISIT DENVER.



Meetings Outlook is supported in partnership with IMEX Group.

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