



Meetings Outlook

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MEETINGS OUTLOOK™



The increasingly healthy industry landscape is creating a stronger seller's market as well as an explosion of new opportunities. With that, however, arise new challenges in managing the expectations of planners, suppliers and clients.

2015 FALL EDITION



TOP
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CHALLENGES BALANCING MARKET, TIME AND BUDGET EXPECTATIONS



MEETING PROFESSIONALS INTERNATIONAL

MEETINGS OUTLOOK

By Elaine Pofeldt

The latest *Meetings Outlook* survey highlights the significant power shift that has occurred and continues to take place, resulting in the strong seller's market—and the complications such a scenario injects into the industry. In examining the most immediate past editions of *Meetings Outlook*, it's clear that respondents have accurately predicted this strengthening power shift for several quarters.

Of the 78 different trends cited in the latest *Meetings Outlook*—the most since the survey's inception—the most impactful can be categorized as challenges in relation to the seller's market but extend to the ways in which professionals must manage their time differently due to technological innovation and a new understanding of achieving and exceeding stakeholder expectations.

THE SELLER'S MARKET

"The stabilized market ultimately places the power of supplier competition on value and quality, rather than price," says Bill Voegeli (MPI Georgia Chapter), president of Association Insights, the firm that conducts the research for MPI's *Meetings Outlook*. "Most venues and destinations have the luxury of raising prices with demand, but fair competition still dictates the need for suppliers to be the superior choice of all comparably priced alternatives."



TECH TIME

The way meeting and event professionals use their time is changing due to tech innovation.

When a government client contacted Colleen McQuone (MPI Georgia Chapter), president of McQ1 Meeting and Event Services, this past summer to plan a meeting for 300 people in October, she sprung into action, contacting all of the larger hotels in Atlanta.

"We probably searched 50 places," she says—and with only about two months lead time.

It wasn't enough time to secure a meeting venue of the right size, and the client had to choose a creative solution. It split the meeting into two gatherings—one with 200 people and the other with 100.

TREND FORECAST

25% of respondents reported seller's market symptoms.



BUDGET OWNER EXPECTATIONS

Suppliers expect increased net revenues comparable to increased pricing, planners expect improved attendee experiences comparable to the increase in approved spend.



SELLER'S MARKET

The stabilized market ultimately places the power of supplier competition on value and quality, rather than price.

“In a competitive market like the one meeting professionals face today, the ultimate vote on whether a new trend is worth following is what attendees think of it.”

SARAH BONDAR
MPI New Jersey Chapter
The Charles Group

“I think it was surprising to everybody that we couldn't find space,” she says.

While the seller's market can be tough for planners, it's important to remember that this shift in power is cyclical.

But McQuone is not alone. The power is increasingly in the hands of suppliers, whose venues are filling up. In the survey, 25 percent of respondents pointed out indications of this.

“I've been told to my face, ‘Why would we give you more rooms when we know we can fill them at a higher rate with this other group?’” says Stuart Ruff, CMP (MPI Greater New York Chapter), director of meetings and events at the Risk and Insurance Management Society Inc. (RIMS). RIMS holds a number of global meetings, as well as two citywide events annually, one each in the U.S. and Canada.

A MULTI-GENERATIONAL APPROACH TO MEETINGS

At the American Academy of Family Physicians, which represents 120,000 physicians in the U.S., Tom Pellet, meetings and conventions director, has found it pays off to allow attendees of its meetings to experience them through their favorite technologies. The organization runs two major conventions, one for students and residents and another for physicians. The former attracts 2,000 to 2,500 attendees; the latter draws 10,000 to 13,000 delegates.

“We obviously have a lot of generations that are now attending the meetings,” Pellet says. “You have to accommodate them with different ways to present the material. We've used more technology than we have in the past.”

One case in point is the “flipped classroom.” As Pellet explains it, “Individuals who want to be in the flipped classroom will attend a webinar prior to the meeting. They will get the lecture through the webinar and then be given homework prior to attending the meeting. When they come to the meeting they will discuss what they hear in the lecture and from the homework and sit down and work with one another on solving case studies.”

Another recent addition is the product theater, as Pellet has found that exhibitors no longer just want to have a booth—their greatest desire is interaction with the group's members. An exhibitor who wants to familiarize the audience with a new drug might have a product theater with 200 attendees. In this manner, attendees are afforded the opportunity to learn about new drugs, research and education from a variety of people.

The organization has also introduced on-demand meetings, which members can access online for a fee.

“We've realized we'll never get all of our members to attend the annual meeting,” Pellet says. “So we have to look at a way of bringing that to them.”

Such efforts have helped offset the diminished revenue that has followed growing restrictions on what can be done at medical meetings.

“What we see is diminishing revenue from sponsorships and other means,” he says. “We have to look at other revenue sources.”

“One of the most difficult dynamics to manage in the current stable, strengthened economy is budget owner expectations. Supplier budget owners tend to expect increased net revenues comparable to increased pricing, and planner budget owners expect improved attendee experiences comparable to the increase in approved spend.”

BILL VOEGELI
MPI Georgia Chapter
Association Insights

“Many suppliers are now able to elect to shift the bulk of their business to target markets,” Voegeli says. “Suppliers who are able to constrain business with non-target customers and expand business with target markets are able to provide better experiences for their clients, thus the perceived value. These changes to ‘quality focus’ and ‘target sales’ represent a very different daily focus for suppliers.”

Sarah Bondar (MPI New Jersey Chapter), a senior account executive at event services firm The Charles Group, says it’s increasingly difficult to get the space clients need at the prices her company needs.

One of The Charles Group’s biggest markets is the insurance industry, and with that, she often begins sourcing more than a year out, even for small advisory board meetings. But she’s encountering many hotels that are waiting for a larger piece of business.

“We were in the driving seat only a couple of years ago,” says Bondar, who runs the venue-selection team at The Charles Group. “[Now] we have to be flexible. It can be a little frustrating to try to find space.”

In this climate, last-minute meetings have become very difficult to book. Often, McQuone gets calls from organizers who want to hold a meeting in six weeks or so, because the organization still has money left in its budget.

“I do find that there are limited rooms, and I have a hard time explaining that to my clients,” McQuone says.

In such scenarios, she has used data from MPI to illustrate the landscape to clients and emphasize how venues are filling up.

Many planners are also seeing a bigger tab for rooms, meeting facilities, F&B, audiovisual equipment and, quite simply, every cost of doing business.

Hali Cooper, CMP (MPI Chicago Area Chapter), director of business development at association and event management company Meeting Expectations, is experiencing this firsthand, sharing that hotels have been increasing sleeping room rates by 4 percent to 7 percent; UNOS Meeting Partners’ assistant director Jeff Schmid (MPI Virginia Chapter) is seeing price hikes, too.

“We try to partner with some of the same hotels for some of our more routine meetings,” Schmid says. “Normally there is no problem at all when you are past your room cutoff or over your room block. They are usually

giving it to us at whatever our group rate is. This year, we really noticed a change in that. Even the hotels with which we have really strong partnerships are coming back to us occasionally and saying, ‘We need to charge a little more for these rooms.’”

Suppliers face some pressures from the current seller’s market, too. Meeting planners are expecting more bang from meetings, because they have larger budgets—even if those budgets have not kept pace with costs.

“You are seeing increasing competition between suppliers,” Voegeli says. “They are no longer competing for price; they are competing for value. You see suppliers investing in better audiovisual, apps and better advertising and marketing of their destinations and venues. With all of the prices rising, the competition becomes value, not cost.”

In some cases, buyers seeking better value are turning to second-tier markets, which, Voegeli says, are increasing their prices more slowly than first-tier markets.

Even though RIMS brings thousands of delegates (the U.S. RIMS meeting, for instance, has 10,000 delegates), Ruff has found

HOW THEY’RE

Planners

Are turning to new technology on the budget side, and creativity on the professional side, to produce modern, relevant and engaging experiences for attendees—all the while working against rising costs for all resources.



TREND FORECAST

17% of respondents reported risk-management concerns.

that it has become much harder than in the past to plan meetings in major cities.

“It’s becoming increasingly difficult to conduct business in some key cities,” he says. “It’s become increasingly challenging and time consuming to get a contract that is fair for us. I’ll be perfectly honest: At this point, I’ve said to more than one city or hotel community they really need to determine if they want citywide business.”

RISK MANAGEMENT

With some industry professionals already seeing commitments locked down during the recession not being honored, there’s concern that such activity will become a continuing trend—proving to be a specific challenge on not only the logistical but also budgetary front. In total, 17 percent of respondent trend commentary falls into the category of risk management.

“One of the most difficult dynamics to manage in the current stable, strengthened economy is budget owner expectations,” Voegeli says. “Supplier budget owners tend to expect increased net revenues comparable to increased pricing, and planner budget owners expect improved attendee experiences comparable to the increase in approved spend.”

However, since suppliers must invest more in quality and value improvements and marketing to remain competitive, planners are paying more for almost every aspect of their events.

BEING STRATEGIC



Suppliers

Are vying for competitive consideration by improving facilities and technological support, while raising overall revenue and adapting to ever-changing needs of planners—many of which are driven by new attendee expectations.

Business Conditions

OVERALL BUSINESS-CONDITION PREDICTIONS REFLECT STABLE, HEALTHY GROWTH AT A RATE OF 3.8%.

Predict better business conditions

72% today **70%** one year ago

Predict no change in business conditions

19% today **22%** one year ago

Predict worse business conditions

9% today **8%** one year ago

Attendance Growth

GROWTH IN ATTENDANCE AT BOTH LIVE AND VIRTUAL MEETINGS AND EVENTS IS EXPECTED TO REMAIN STEADY AT 2.7%.

LIVE ATTENDANCE

Predict an increase

66% today **59%** one year ago

Predict no change

23% today **27%** one year ago

Predict a decrease

11% today **14%** one year ago

VIRTUAL ATTENDANCE

Predict an increase

52% today **65%** one year ago

Predict no change

42% today **28%** one year ago

Predict a decrease

7% today **7%** one year ago

TREND FORECAST

12% of respondents expect challenges in understanding and addressing attendee expectations.

“An environment of disappointment ensues when budget owners on both sides fail to take into account these added costs imposed by a stronger market,” Voegeli says. “Meeting and event professionals are tasked with setting appropriate expectations for budget owners, including an adjustment of anticipated costs and outcomes.”

In the seller’s market, there are two main ways that buyers are managing risk—by booking meetings late or by booking them extra early to ensure that space doesn’t run out.

“During the down market, many planners learned that committing to meetings and events late allowed them to do a better job of predicting what their room block size should be and what resources they should have available,” Voegeli explains. “The late decision making gave them a better opportunity to align their meeting experience with the actual size and demands of the meetings. As the market is improving, many planners have continued that process. It was satisfactory. Many suppliers learned to adapt to the shorter time frame.”

But current conditions in the industry have put a wrinkle in those strategies.

“In the stabilized market, we have less availability at shorter lead times,” Voegeli says. “Where possible, buyers will continue to look at the shortest available lead time, but they have to commit further into the future to lock in the space or lock in today’s prices.”

In the current market, some planners are finding that one risk is hotels and venues not being willing to honor past

commitments. Meeting Expectations’ Cooper has found that in proposals and even countersigned contracts, venues are cancelling or not agreeing to terms. RIMS’ Ruff, too, has been frustrated.

“I’ve had some cities that have not fully honored a letter of intent we signed years ago,” Ruff says. “We’ve gone back to contract, only to find these hotels have reduced the rooms they are offering because of a seller’s market. I think that’s a complete breach of ethics. I’m told that a letter of intent is not legally binding. You see these hotel communities operating with a bit too much greed and a little low on the partnership barometer.”

That has forced RIMS to place more emphasis on contract negotiations.

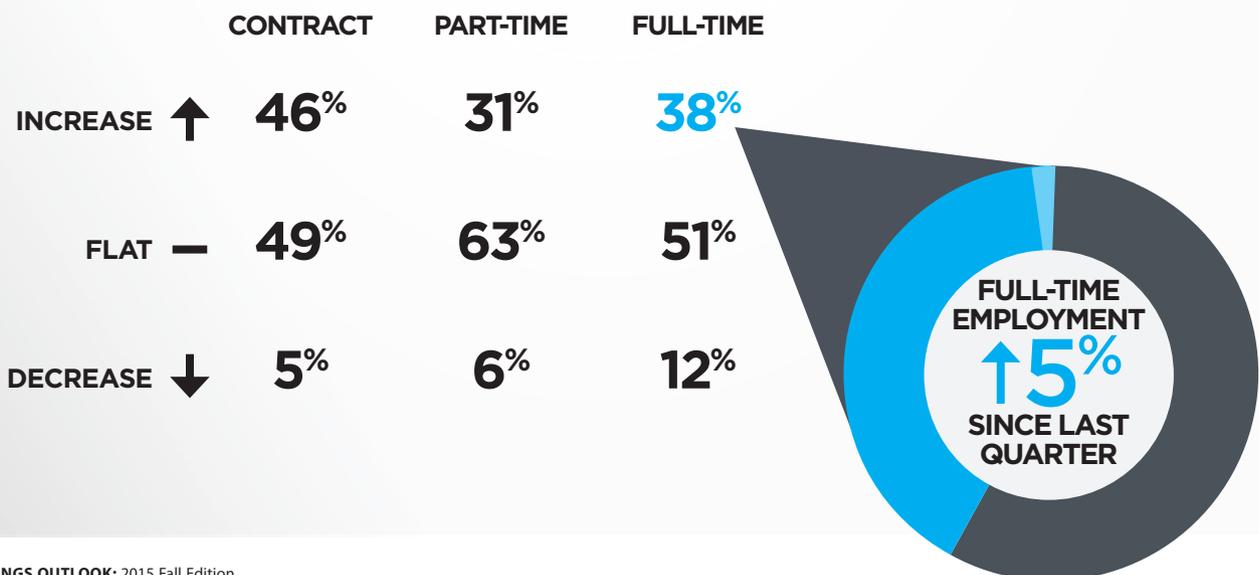
“If I signed a letter of intent in 2006 and am now going into 2016, I would expect that what the hotel offered to the group would still be readily available,” he says. “That’s not always been the case. It requires us to get a bit more aggressive to make sure our meeting is going to work in these cities.”

In Atlanta, McQuone belongs to an independent planners’ alliance where members have been candid in sharing their tales of woe about cancellations. As a result, she added a large section about cancellations to the contract of a 2017 meeting she planned for a pharmaceutical client recently.

“It’s very real and it’s very scary,” she says. “So we all need to be aware that it happens and have good clauses in place to protect ourselves.”

Employment Trends

THERE’S AN INCREASE IN HIRING FOR ALL DEGREES OF EMPLOYMENT OVER THE PAST QUARTER—**THE MOST POSITIVE SIGN BEING THAT OF A 5% JUMP IN TAKING ON NEW STAFF FOR FULL-TIME POSITIONS.**



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TREND FORECAST

31% of respondents anticipate disruption caused by technological innovation.

“I’ve had some cities that have not fully honored a letter of intent we signed years ago...because of the seller’s market. I think that’s a complete breach of ethics. You see these hotel communities operating with a bit too much greed and a little low on the partnership barometer.”

STUART RUFF, CMP

MPI Greater New York Chapter
Risk and Insurance Management Society Inc.

TECHNO SHAKE-UP

Meeting professionals must now choose from a mind-boggling array of new technologies that are disrupting the status quo. Disruption caused by technological innovation was cited as a category of concern by 31 percent of respondents. New audiovisual technology, apps, Wi-Fi demands, the increasing use of multiple mobile devices per person, social media, new registration and event management systems and digital marketing and sales are all on meeting professionals’ minds—and the coming year is only going to inject myriad additional challenges in understanding and effectively utilizing new tech. The day-to-day result of this is that the way in which meeting professionals use their time is in significant flux.

“Not only are they having to use time to learn about and evaluate new technology tools, they are having to educate their clients, discern proper pricing, explore various implementations and respond to a new class of problems and challenges resulting from new tools and workflow processes that are novel,” Voegeli says. “The time dedicated to marketing and execution of programs has shifted to allow for more discovery, experimentation and post-event assessment of outcomes.”

Technology in general is no longer viewed as a “fearful enigma,” Voegeli says. Many planners are working hard to stay a few steps ahead of the disruption—or even introduce it themselves.

“Before I even create an audiovisual budget, I like to ask my vendors, ‘What have you seen? What is coming up?’” McQuone says. “I really like to have them as partners as I am designing the program, to help me create something that is new and interesting and will really make a lasting impact.”

At some of McQuone’s medical meetings, for instance, she has integrated iPads, which are handed out to attendees so they can take digital notes, complete session evaluations and avoid the need of a printed program.

Hali Cooper tries to convert disruption into experience. That means planning for it and preparing speakers to keep participants engaged in the message by including technology.

“This can be done with the participants’ smartphones utilizing a conference app or a mobile-friendly survey tool,” Cooper says. “We know the phones will be out, so if we can steer how they are being used—versus the screen being

frozen or on email—then we have been successful.”

In today’s environment, virtual and hybrid meetings have moved from novelty to a normal element of business, Voegeli says.

“It’s not like, ‘This year we are going to be offering hybrid,’” he says. “It’s more like, ‘At what point are we going to be offering a virtual, non-live experience?’”

At UNOS Meeting Partners, Schmid is working with a group of medical professionals in the organ transplant field who want to live stream an event in 2016 for 500 people at the JW Marriott in Indianapolis. About 1,500 people are expected to watch the presentation from afar. It represents a challenge his firm is looking to tackle at other meetings, too.

“We’re working on two different things: trying to broadcast live from our event and have our attendees be able to watch it remotely, and recording the event and having it available as a webinar for attendees to watch afterward,” he says.

Electronic ticketing and registration have also continued to catch on. Bondar is moving toward the trend of sending out electronic tickets and having a system in place so that people can scan smartphones for admission.

“They can do a name lookup and print their own badges in real time,” she says. “If there’s a spelling error, they are able to change [it].”

And so far, customers have really liked this approach.

“In a competitive market like the one meeting professionals face today, the ultimate vote on whether a new trend is worth following is what attendees think of it,” she says. ■

Explore and compare the latest and all archived editions of *Meetings Outlook* at www.mpiweb.org/MeetingsOutlook.



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