



ILLUSTRATIONS BY CHRISTOPH HITZ

Minnesota's  
hospitality  
professionals  
have much to  
look forward to  
in the coming  
year as the  
industry reaches  
new heights

# State of the >> Industry



## Table of Contents

- On the Job** 20
- Time & Place** 24
- Trends** 30
- Budgets** 32
- Type of Meetings** 36
- Vendors** 38
- Marketing/Salary** 40
- Survey Winners** 41



# State of the Industry

Minnesota's hospitality industry is poised to reach new heights.

BY JOEL SCHETTLER

CONTRIBUTING WRITERS: HOLLY DOLEZALEK AND FRAN HOWARD

**A**fter four years of economic recovery, a simple phrase might best describe Minnesota's hospitality industry: Welcome back.

Business professionals and tourists are traveling again, filling hotels and restaurants across the country and the state. On a national level, sales of total tourism related goods and services topped \$1.2 trillion during the first quarter of 2006, an all-time high according to data gathered by the Bureau of Economic Analysis (BEA). The hospitality economic activity has come roaring back to full strength, meeting or surpassing record levels set during the benchmark year of 2000.

Years removed from the events of 9-11 and subsequent recession, the hospitality industry has reassembled itself, so to speak. But now that the pieces have been put together, the environment in which hospitality professionals must navigate isn't quite the same as what once was. This year, *Meetings: Minnesota's Hospitality Journal* examined an industry that has resurrected anew—recognizable in its importance to the regional economy, but different in that the pace of business and technological development have quickened. It's uncharted terrain.

During the past four years of economic recov-

ery, businesses and associations learned to adapt by operating without the revenues or demand for the normal amount of meetings. New technologies, such as developments in web-conferencing and online collaboration tools, quickly filled workflow gaps. Meeting planners did more with less. Event planners learned to create events that had it all, proving to attendees that they couldn't skip without missing real opportunities to do business or advance their careers. Vendors worked hard to fill rooms and find business—adapting to market more for local clients. *Meetings*' State of the Industry survey data revealed that 58 percent of vendors said the Twin Cities client market showed the most growth over the past five years, as meeting planners kept their events closer to home.

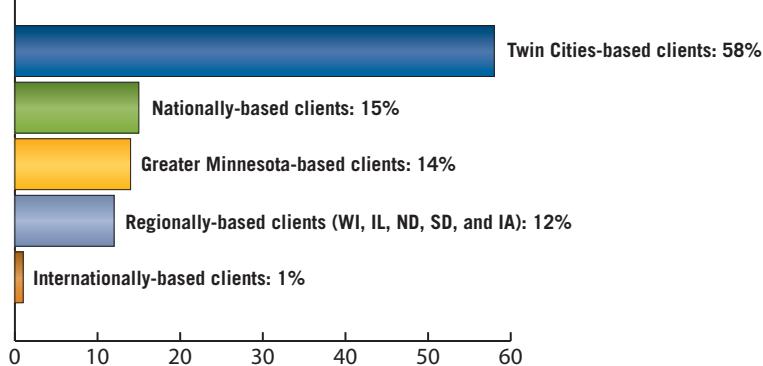
Following annual gross domestic product growth during the first and second quarters of 5.6 percent and 2.6 percent respectively, third quarter growth in 2006 leveled to just 2.2 percent. As the *New York Times* characterized it in November, the economy is "on a gentle path toward slower growth." Optimism from meeting planners and vendors runs high, but not without some concern over what lay ahead.

One sign of a healthy hospitality environment is rising demand. Such growth can also raise the cost of doing business. "Not just in Minnesota, but across the country, facility prices are rising," says survey respondent Barbara Kompelein, a meeting and event planner with the Bob Pike Group in Edina. "From what I've picked up, planners are now turning to business centers rather than hotels. In the last year, lodging prices have more than doubled in some areas, becoming prohibitive for many potential attendees."

Tourism goods and services prices have increased each year from 2003 to 2005, according to BEA statistics. That year prices were 8.5 percent higher than their 2000 level. Lodging prices have contributed to growing costs. By October 2006, Smith Travel Research had reported that the average daily room rate had reached \$97.26, or an increase of 7 percent for the year to date.

### VENDOR SURVEY

Over the past five years, which of the following client markets, in your opinion, have shown the most growth?



In 2004, accommodations were the biggest contributor to the growth in tourism prices, but in 2005 BEA data showed the leading culprit was transportation—which includes gasoline and air passenger transportation. In 2006, the story was much the same. During the second quarter alone, air transportation costs jumped 17.3 percent, largely due to increasing costs of

**No matter what season of the year, there is a tremendous amount of opportunities for having an amazing event. From facility choices to entertainment activities, Minnesota has it all.**

—Diana McInerny, Event Planner,  
Productivity Quality, Inc., Plymouth

fuel and reduced number of flights.

While costs remain high, cost increases could be beginning to wane. According to the Travel Industry Association of America (TIA), once final tallies are completed the cost of travel—the Travel Price Index, based on price data collected from the U.S. Department of Labor—will increase by 6 percent in 2006, the largest just in four years. Yet, predictions also show that price increases are expected to plummet in the coming years. Already, TIA's Travel Price Index fell 1.5 percent in October from the previous month as demand for domestic air travel leveled off and gas prices declined 11.9 percent.

But not all markets are alike, says Daphne Meyers, survey respondent and managing partner of Red Barn Group, an event business consultancy. "Minnesota's prices don't seem to be rising at the national rate," she says, "so I think people will use it as a value destination—offers everything, but not as expensive."

Using employment data as a measure, the tourism industry is definitely back to national employment levels. During the first quarter of 2006, the number of direct tourism jobs—employment the BEA defines as all jobs engaged in the direct production of tourism output, such as hotel staff and airline pilots—grew by more than 3 percent

from the previous quarter to reach 5.7 million, topping record levels set in 2001. It's a sure sign that the hospitality industry is not only back on its feet, but is poised for more growth in the years to come.

On a regional level, employment levels offer further validation of a strong hospitality industry. In August 2006, Minnesota's leisure and hospitality employment reached 269,315, an all-time high according to data from the Minnesota Department of Employment and Economic Development. In October 2006, both Wisconsin and Iowa also reported strong growth in leisure and hospitality employment from the previous year, according to the Bureau of Labor Statistics.

In this, our third annual state of the industry, Meetings: Minnesota's Hospitality Journal and its partner, the University of Minnesota Tourism Center, peer inside an industry as it reaches new heights. The report reveals an optimism that our region has all of the ingredients for even greater growth in the years to come.

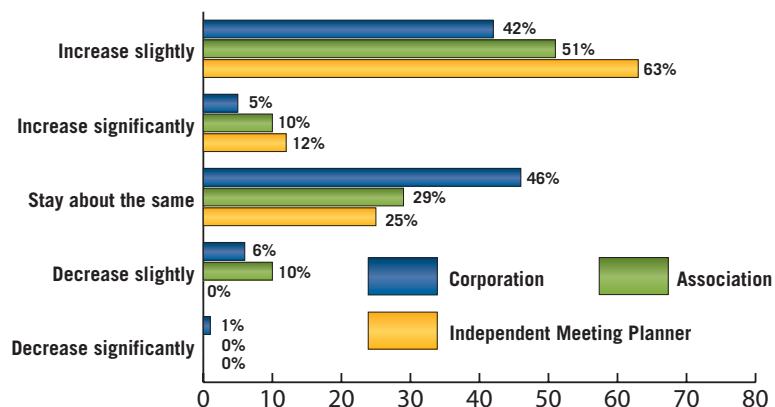
"Minnesota is the best choice for meetings and events," says survey respondent Diana McInerny, an event planner for Productivity Quality, Inc., a measurement systems manufacturer and service company located in Plymouth. "No matter what season of the year, there is a tremendous amount of opportunities for having an amazing event. From facility choices to entertainment activities, Minnesota has it all."

## METHODOLOGY

*Meetings: Minnesota's Hospitality Journal* Industry Survey was posted on [www.mn-meetings.com](http://www.mn-meetings.com) between July and October, 2006. Respondents could complete one of the versions of the survey: the first designed for general meeting planners, and the second designed for vendors/suppliers to the industry. Response was driven by mailings to 7,871 randomly selected industry professionals, upon which 286 usable surveys were received (193 planner surveys, 93 vendor/supplier surveys), an excellent response rate of 3.8 percent. Survey participants could opt in and be eligible to win an incentive prize (see page 41). In addition to its incentive sponsor, The Grand Rios Hotel, *Meetings* would also like to thank its survey partner, the University of Minnesota Tourism Center, and its survey sponsor, Visit Minneapolis North, for their support.

### PLANNER SURVEY

In the coming year (2007), I predict that the meeting and hospitality industry in Minnesota will:



Most meeting planners working today didn't begin their careers in their chosen profession. Only

**12%**  
of planners report that their education and experience have always been focused on developing their **careers** as meeting planners.

# A Planner's Role

**C**utting across all industries and professions as it does, this business of meeting and event planning might best be as applicable everywhere, but typical nowhere. While each industry brings meeting planners its own unique challenges and application, the State of the Industry survey revealed a few common threads about the nature of the job.

This year's survey revealed the persistently accidental nature of entering the field. A newly added question asked respondents how they got started as meeting planners. Most planners admit that their entry into the job was not exactly by design. Only 12 percent say that meeting planning was their chosen career path, while the rest say either that they had gotten lucky and knew nothing about meeting planning before they joined a planning department (45 percent), or that they fell into meeting planning after pursuing other, somewhat related career options (44 percent).

The industry survey also uncovered a related thread in the somewhat hidden nature of the job. Most respondents (65 percent) say their company does not have a meeting-planning department. In fact, 53 percent of those surveyed estimate that they spend 40 percent or less of their time planning meetings. Only one quarter of survey respondents call themselves meeting, event or conference planners.

By far the most common title (45 percent) was executive or administrative assistant.

"Event planning has become an important part of my role," says Karen Hanson, an administrative assistant for medical device company Medtronic. Hanson estimates that one third of her time is spent planning meetings, particularly the annual budget meeting, strategic planning meeting, and holiday events.

## GLORY DAYS?

Many people can't talk about the state of meeting planning

without referring to its peak prior to 9-11, and subsequent down years, a slump from which the industry has been continually trying to escape. Yet many event planners have not felt that slump in practical terms; they feel as busy as ever.

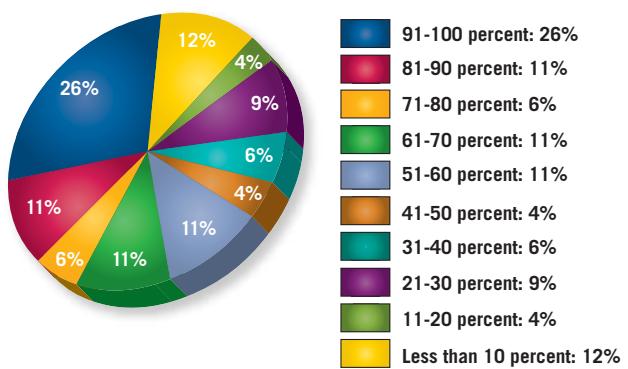
Despite the conventional wisdom, the effects of the recent economic downturn may not have been experienced across the board. "Maybe I was just fortunate, but I never saw a huge hit [on the industry] after 9-11," says Garry Krebs, president of Mainstream Communications. "Most of our clients are Fortune 1000 companies, so the impact might not have been as great in that segment."

Ted Trembath, director of catering for the Hilton Hotel in Minneapolis, says the hotel definitely saw a hit, especially in the individual traveler segment. But even that slowing market was offset in another way: Larger local companies that were trying to save money or avoid traveling decided to keep their meetings business in town. "It's not exactly a trend, but it did balance out the negatives," Trembath says.

Planners seem to face the same conditions today as they did last year. The number of meetings planned by respondents didn't fluctuate much from last year's totals. The bulk of respondents still plan one to five meetings annually (37 percent), while 21 percent plan six to 10, and another 21 percent plan 11 to 25. Those mea-

## VENDOR SURVEY

**How much of your time is directed toward meetings/event business?** (As it relates to your job. For example, if you work in hotel sales, how much time is devoted toward attracting group or meetings business.)



sures differ from 2005 totals by only a percentage point or two, indicating that meeting planners have a similar workload to years past.

Ironically, as business picks up, it also becomes more expensive for those who practice it. While travel and expenditures were in decline, it was much easier for planners to negotiate better rates with hotels with low occupancy or caterers who didn't have much business. But the law of supply and demand continues to apply. "I definitely see more meetings happening," says Cheryl Hoffard, manager of meeting services for The Schwans Food Company. "There's higher occupancy in hotels, more travel going on, and more companies are doing meetings again. But that means harder negotiations, because [vendors] aren't as ready to negotiate rates—they don't have to as much as they once did."

The economic activity following the events of 9-11 may best be described as more of a redistribution rather than a slowdown. Virtual meetings saw an increase in use, both as a way to avoid travel and as a cost-cutting measure.

"With WebEx and different ways to communicate among the facilities, there aren't as many meetings that happen, and not as much travel," says Hanson. But a meeting is a meeting, and whether it's held virtually or in a conference room, there's no decrease in labor for the weary event planner. And the increase in virtual meetings has not been accompanied by a belief that gathering people together has no value. "There are just some meetings that have to happen face-to-face," says Hanson.

Hanson notes that the vast majority of those meetings take place on-site rather than at an outside venue. That confirms a trend that Bob Lapkin has been seeing. Lapkin is the president and majority owner of Creative Corporate Catering, a company that contracts with restaurants to provide meals for corporate events. "I'm seeing a substantial increase in the number of meetings that are held at the place of business over the lunch hour," he says. "It costs more to have people leave the site, and it costs time as well, so to facilitate more productivity and keep people at work all day, they're holding meetings on-site."

Cost-cutting has left an impact on how the planner conducts business as well. "What I see is less staff or resources being given to meeting planners, and it affects how far out they're able

## (ASKYOURCOLLEAGUES) on new technology



"We do some virtual meetings, of course. We use technology like WebEx, and there are conference calls. But there's nothing like a face-to-face handshake and a meeting to make people really productive. I suppose some meetings can be virtual, like training, but when you're trying to improve sales or motivate people, how can you do that virtually?"

— **CHERYL HOFFARD**, *manager of meeting services for the Schwans Food Company*

to plan," says Trembath. "I think the economy is coming back, but companies are not necessarily investing in large event planning departments. There are some exceptions, but plenty don't, which means planners are more overworked and have to do things on a more short-term basis."

Outsourcing continues to have an effect on the meetings industry, but less on the planner end than for vendors—and it doesn't result in lower costs. Victoria Jensen, the director of events and programs for the TwinWest Chamber of Commerce (which serves the western suburbs of Minneapolis), has noticed that it's less and less common for one vendor to be able to do it all. "There are no more hotels that include everything, from place settings to holders for signs," Jensen says. "Now, they're looking at their costs and charging extra for things like signage. We worked with a catering company recently that didn't have any of its own equipment. Every piece of linen and every fork had to be rented. Those 'extras' then have to be passed on to the client."

## CERTIFICATION

Karen Hanson holds no industry certification, such as certified meeting planner. She's not unique in the industry, as 95 percent of planners who took this year's survey did not hold certifications. Why aren't they more widespread? Part of the explanation might be in who actually does the meeting planning. As an administrative assis-

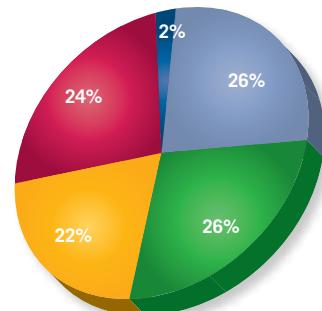
tant, Hanson says that she's thought about earning a CMP designation, and would be more likely to pursue one if she spent more of her time on meetings. As it is, the certification more appropriate to her job title—Certified Professional Secretary—is the one she acquired instead.

Still, those who have not yet earned industry certifications still see their value. Most respondents interviewed for this story say they often think about pursuing one type of industry certification. Ryan Hanson, the creative director for HR consulting firm Mentium, says that he's considered pursuing the Certified Special Events Professional (CSEP).

"I see the value [in certifications] because it promotes the idea of industry knowledge and professionalism," Hanson says. "I think as time goes on, the value of those designations will go up. The trend in the industry will be more toward creative strategy, and we'll need to produce event planners who can talk at the C-level and who can talk in terms of what goal will be met by having an event, rather than about what event we should have." —H.D.

## VENDOR SURVEY

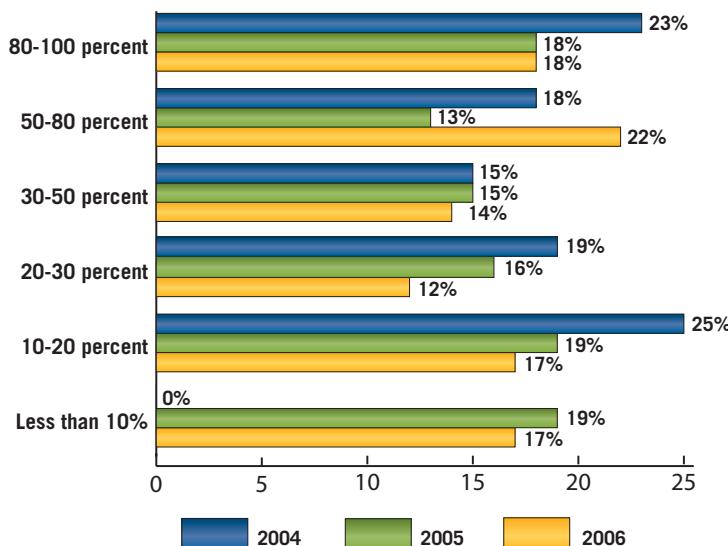
How long have you been a part of the meeting/event planning/hospitality industry?



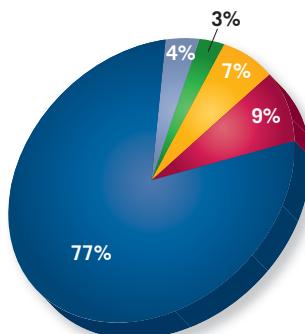
- Less than a year: 2%
- 1-5 years: 24%
- 6-10 years: 22%
- 11-20 years: 26%
- More than 20 years: 26%

## PLANNER SURVEY

How much of your time is spent planning meetings and/or events?



## PLANNER SURVEY

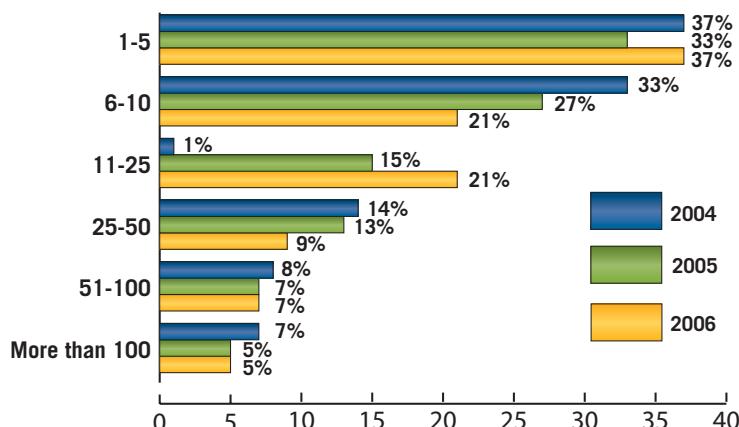


How large is the planning staff where you work?

- 1-5: 77%
- 6-10: 9%
- 11-20: 7%
- 21-50: 3%
- More than 50: 4%

### PLANNER SURVEY

**How many meetings or events do you plan and/or help coordinate per year?**



**As a planner, which of the following tasks are part of your job responsibilities? (check all that apply)**

TASKS	Corporation	Association	Independent
Meeting or event marketing	55%	81%	75%
Educational planning	29%	59%	25%
Tracking legal liability	13%	42%	25%
Logistics management	69%	78%	63%
Attendee research	31%	56%	50%
Creating RFPs	37%	61%	63%
Initiating budgets	42%	61%	75%
Budget management	68%	81%	63%
Negotiating contracts	66%	81%	75%
Establishing meeting or event strategies	48%	71%	38%
Orchestrating new meeting or event strategies	36%	56%	50%
Food & beverage planning/orders	93%	90%	88%
Accommodations planning	84%	90%	88%
Event security coordination	22%	46%	25%
Coordinating meeting/event themes and/or entertainment	71%	81%	88%
Seeking out new event venues (site and facility tours)	70%	85%	88%
Providing site & facility tours	29%	34%	38%
Working on-site during a meeting/event	77%	90%	100%
Other	4%	5%	25%

# Rising Venue Demand

**T**oday's fast-paced, instantaneous corporate atmosphere where e-mail rules has lessened the workload for meeting and event planners, but it has also forced planners to think in fresh ways. And while meeting and event budgets are stabilizing or increasing, meetings are being held closer to home—the corporate version of cocooning. That doesn't mean, however, that planners can sit back and relax. Venues are filling up.

Even though more hotels are booking earlier, for meeting and event planners who rotate sites, finding a spruced up venue is easier than ever. "We look for a hotel that is up-to-date with its style. We don't like floral puke everywhere," says Amanda Waltz, meeting planner at Supervalu, Chanhassen. "The venue needs to look updated and that's getting easier to find because more hotels are remodeling."

Waltz plans her company's vendor meeting, which is held each year in a different city. "Some of our attendees come every year and rotating sites gives them a sense of change," she says. To help with cost, Supervalu welcomes invitations. "Wrigley's invited us to Chicago. Del Monte invited us to San Francisco," she says. An invitation from one of Supervalu's vendors typically means that the manufacturer hosts either the location or a dinner, creating a substantial cost savings.

Like Waltz, *Meetings'* meeting planner survey respondents note that site quality is the number one reason for considering new destinations. Attendee or client feedback is second, followed by monetary considerations, regardless of whether those concerns are driven by budgetary constraints, increasing budgets, or special/competitive offers.

"In the corporate manufacturing environment, things are slow to change," says Connie Sutherland, a contract and independent planner with broad experience in manufacturing. One of Sutherland's contract clients has been holding its meeting at the same venue for years. "If they do change hotels going forward, it will because I recently provided a lower price option for them," she says.

By contrast, Supervalu approaches budgeting for site selection in a completely different

manner. "My boss has me figure out what I want to do, then he figures out how much each attendee needs to pay," Waltz says. "But every year, I spend more and more. Our attitude is let's find a great place and make it work."

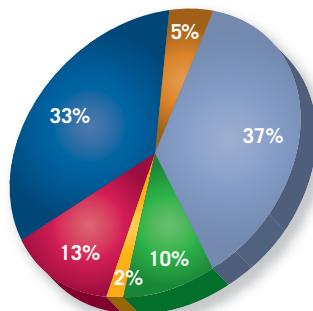
Companies are also choosing to cut back on air travel and one way to do that is to hold more local meetings. "There's a lot of reluctance to send people by air, simply because airlines are crowded and flying is not a pleasant experience," says David Singer, meeting planner for ZipSort Inc. in Minneapolis. "Our meetings are now almost exclusively local and instead of having people take a short plane ride, we'll have people drive to the meetings." This change in strategy employed by ZipSort, whose employees are spread throughout Minnesota and Wisconsin, is twofold: reduce the hassle factor and cut costs.

In general, Minnesota meeting and event planners are holding the majority of their meetings in Minnesota, with Minneapolis and the metro area suburbs hosting two-thirds of all meetings. Many of those meetings are either



While more than a **third** of **meeting planners** hold all of their **events** in **Minnesota**,  
**23%** of them say they conduct **one-fourth** or fewer of their meetings **in the state**.

**What is the main reason for considering a new destination?**



**Client/attendee feedback:** 33%

**Budget constraints:** 13%

**Bigger budget:** 2%

**Competitive rates:** 10%

**Site quality/satisfaction:** 37%

**A special offer from a competing venue:** 5%

held on-site or at venues near a company's or association's headquarters. Sutherland's client, for instance, holds more than 50 training and team-building meetings per year, all on-site.

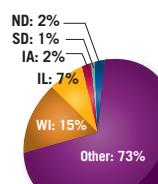
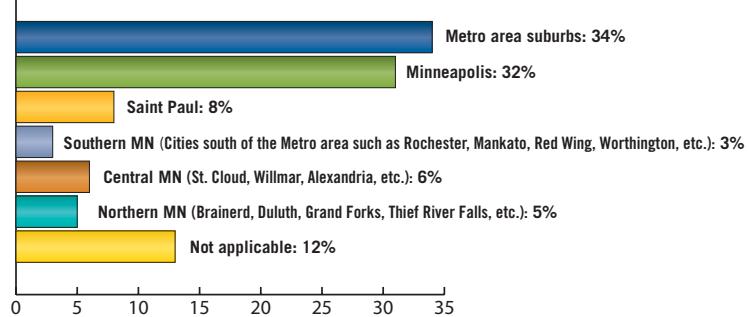
Joan Rausch, meeting and event planner for the Minnesota Chamber of Commerce is limited to holding her meetings at member properties and more than half of those members are located within the metro area. Her largest meetings are also held in the metro area. "No member in greater Minnesota can handle 1,500 people," says Rausch. "Plus, we invite legislators and many of them will not travel. Some are even reluctant to travel from St. Paul to Minneapolis." The meetings Rausch does hold outside the metro area are board of directors' retreats and planning sessions. These are typically held in a geographical location with recreational opportunities, or at an historic venue, such as the St. James Hotel in Red Wing.

According to survey respondents, the types of meetings and events that planners now host in the Twin Cities that they would consider taking outside the metro area include executive meetings, training meetings, celebration events, retreats and annual meetings. The most important consideration when selecting a site outside the metro area is location, location, location. "We look at proximity to our membership," says Rausch. For instance, she notes that a meeting in the more centrally located cities of St. Cloud or Brainerd would draw more attendees than a meeting in Thief River Falls.

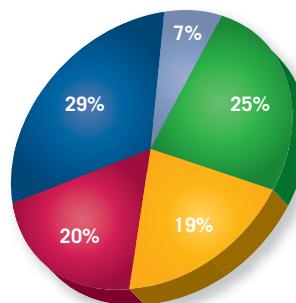
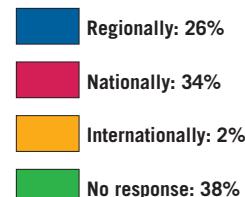
Deciding whether to host a meeting in the Twin Cities that is now held in greater Minnesota also takes careful consideration even though the choices for accommodations, activities, and transportation multiply. Other than finding a central location, the most frequently cited consideration for survey respondents when deciding whether to host a meeting now held in greater Minnesota in the Twin Cities is the extra cost associated with metro-area meetings and events. Proximity to services, such as the airport, and the ability to combine business with fun were equally weighted considerations.

As the corporate climate accelerates and the need to multitask becomes ever more critical, some companies are deciding that their employees can't afford to be away from

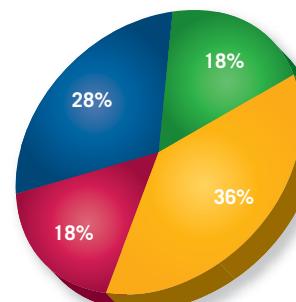
#### Of those held in Minnesota, where are they generally located?



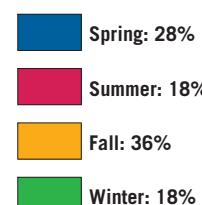
#### Of those planned outside of Minnesota, the majority of my events are held:



#### What is the most important factor you consider when deciding to bring a meeting inside the Twin Cities?



#### What time of year are most of your meetings conducted (include those internal meetings that you plan for your colleagues at your office)?



work for even a few extra hours, let alone days. And that means some companies are forgoing some of the perks traditionally associated with retreats, strategic planning meetings, and team-building sessions. "More people are multitasking and everybody has a lot more responsibilities and a lot more hats they wear," says Singer. "In today's corporate climate, someone looks at the calendar and says, 'Gosh, it's time to plan a quarterly meeting.' It's the product of the ever-shrinking management and support staff in most organizations."

Singer notes that his company would consider holding a meeting in greater Minnesota or Wisconsin, but only if there was a reason to do so. "It takes people away from work longer than would be necessary."

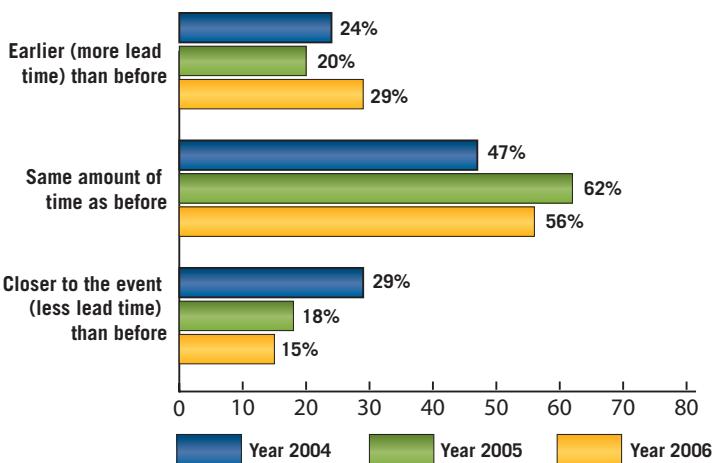
Supervalu's Waltz has been planning meetings for four years and every year she plans earlier. "I now plan six to nine months out," she says. "When I started, it was three to six months. This year to ensure meeting quality, I'll start planning around the New Year for a July or August meeting. Once I have the site, I need to research activities and that can take time." Waltz is not alone. Nearly one-third of survey respondents say they are planning their meetings with more lead time than before.

"The hotels are much fuller than they were in 2005, when I would have three available hotels to choose from," says Rausch. As a strategic move, Rausch had been booking one of her events during the first week of January, typically one of the slowest weeks of the year for events and meetings. However, when she tried to book the first week of January 2007 at the Hilton Minneapolis, it was unavailable, even though she had given what she thought was plenty of lead time.

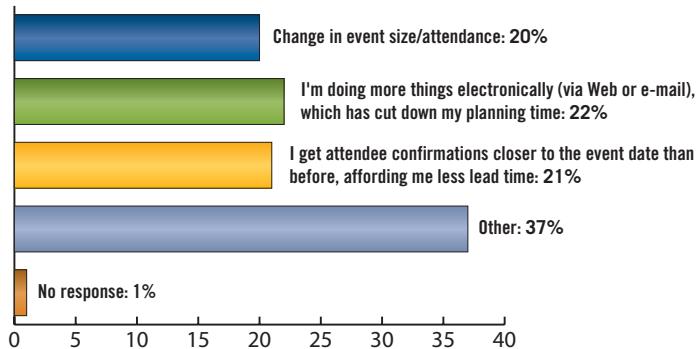
No doubt, planners need to give venues more advance bookings than they did a year ago, but at the same time, the trend toward receiving a larger number of late registrations from attendees continues. And that causes lots of headaches. A number of planners, including 15 percent of *Meetings* respondents, have decided that trying to get attendees to commit to a meeting well in advance doesn't work as well as it once did, and as a result, have decided to go with the flow.

"Invitations sent eight weeks prior to the event, a reminder letter, and a reminder phone call seem to be the ways of the past. You can be so much more efficient and save so much more by sending an e-mail invitation two weeks in advance," says Rausch. "Technology has changed the way you market a meeting and changed the way a person decides which meeting to attend." She notes that recently one of her co-workers, Blackberry in hand, was asked on Monday during lunch if he was planning to attend a Wednesday meeting. He quickly checked his electronic calendar and found he was free. He then knocked off an e-mail attendance confirmation.

#### Compared to the meetings/events I planned from the previous year, I'm now planning my events:



#### What in your opinion, is the reason for the change:

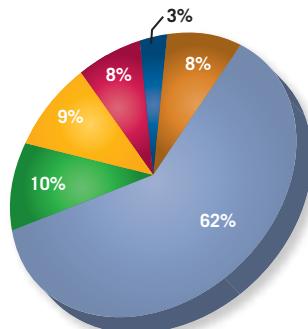


People today feel freer to cancel or change plans at the last minute, partly because e-mail allows them to do so without having to make that awkward phone call. Last-minute changes are the biggest issue facing Linda Gilmore, meeting and event planner at Nath Companies in Bloomington. Each year, Gilmore gets at least an inflationary increase in her meeting budget and site selection is really a nonissue because Nath owns a hotel where it holds nearly all of its meetings. "I do all the travel planning. I set up the flight arrangements," she says. Changing that at the last minute can really put stress on both the planner and the budget. —EH.

**Considering those events that you currently hold in the Twin Cities, what type of meeting would you consider taking outside the Metro? (check all that apply)**

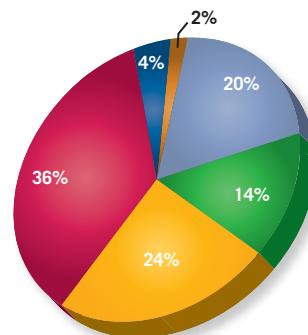
TYPE OF MEETING	PERCENT
Monthly Meetings	9%
Annual Meetings	21%
Association Meetings	8%
Government Meetings	0%
Sales Meetings	12%
Executive Meetings	21%
Training Meetings	19%
Trade Shows	5%
Consumer Expos	0%
Corporate Exhibitions/Conventions	1%
Festivals	1%
Events/Celebrations	18%
Awards Banquets	9%
Retreats	19%
Incentive Trips	6%
Not applicable	31%

### VENDOR SURVEY



**Of the clients that you host or serve, what percent are based in greater Minnesota?**

- 100 percent: 3%
- 76-99 percent: 8%
- 51-75 percent: 9%
- 26-50 percent: 10%
- 1-25 percent: 62%
- None: 8%



**Of the clients that you host or serve, what percentage are based in the Twin Cities?**

- 100 percent: 4%
- 76-99 percent: 36%
- 51-75 percent: 24%
- 26-50 percent: 14%
- 1-25 percent: 20%
- None: 2%



A sign that  
the industry  
is thriving?

# 75%

of vendors  
predict the  
meeting and  
hospitality  
industry  
will continue to  
grow in 2007.

# Steady Growth

So what does the *Meetings* survey suggest about the future of the industry? If we take a look at the national picture first, modest growth overall seems likely. The Travel Industry Association has projected that U.S. residents will spend \$616 billion on travel in 2006 (an increase of 7.7 percent over the previous year), and forecasts that trends will continue in 2007, when U.S. travelers are expected to spend \$648 billion, an increase of 5.1 percent over 2006.

Meanwhile, the 2006 Lodging Industry Profile, published by the American Hotel and Lodging Association, reports that total industry revenue increased from \$113.7 billion in 2004 to \$122.7 billion in sales in 2005.

In *Meetings* annual State of the Industry Survey, respondents' expectations for the meetings industry in the days ahead seem cautiously optimistic as well. More than half of meeting planners (52 percent) believe the meetings and hospitality industry will increase in 2007, although most of that group (45 percent) believed that it would only increase slightly. But a little less than half (41 percent) of all respondents believed that it would stay about the same.

This is similar to last year, when 38 percent of respondents thought the industry was already showing signs of growth and would continue to pick up, and 6 percent thought it would start to pick up.

## (ASK YOUR COLLEAGUES) on increasing demand



"Both the market and the demand are increasing in the events industry. Costs for guest room rates, food and beverages, and so on are going up, but planners' budgets aren't growing that much. So they just don't have as many choices as they used to."

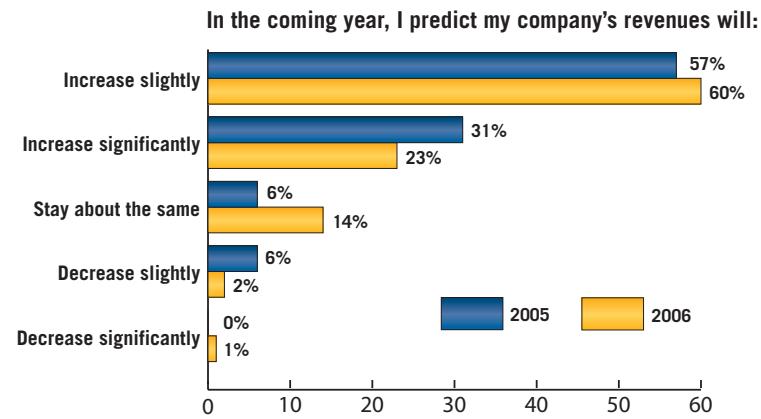
— TED TREMBATH, director of catering for the Minneapolis Hilton

Vendors believe the industry will grow as well, particularly their own part in it. Sixty percent of vendors who responded to the survey think their revenues will increase slightly this year; a solid 23 percent think they would increase significantly. "At least for the next couple of years, the forecast for conventions looks good," says Ted Trembath, director of catering for the Minneapolis Hilton.

Vendors' responses also indicate that they expect the meetings and hospitality industry in Minnesota to increase overall in 2007. Most believe it will increase slightly (63 percent), while some think the gains will be significant (12 percent).

Not surprisingly, vendors said that the issue or operational trend that would have the biggest impact on their relationships with meeting or event planners was price concessions or budget constraints. Sixty-eight percent chose this as the biggest issue, followed

### VENDOR SURVEY



by commoditization (which is also related to costs) at 13 percent.

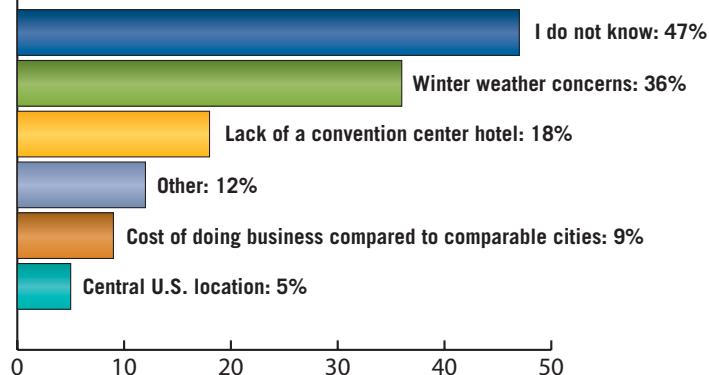
"The rising cost of goods, especially food and beverage costs, is going to be a big factor," says Trembath. "Beef prices are high, for example, and the rising gas prices eventually show up in the cost of other goods. And in a competitive market, trying to raise prices accordingly is tough. Not only that, but it's going to get harder to find good employees because the labor market is getting tight." That might mean higher wages, but it would also potentially affect the cost of doing business in the days to come.

Survey participant Ryan Hanson, creative director for HR consulting firm Mentium, believes one issue will certainly affect the industry. His concern is not with the size of the industry, but the future state of its talent.

"The event and meeting business is relatively young, and the baby boomers who pioneered it are going to leave it soon," says Hanson. "Are we thinking about growing the next generation? I fell into this business because people took a

## VENDOR SURVEY

**What keeps international or national meetings and events from coming to the Twin Cities? (choose all that apply)**



chance on me and took the time to have a cup of coffee with me and tell me about the business. But we need to be more organized and engage the folks who want to engage in it, so that we have new and fresh talent coming in all the time." — H.D.

While meeting planners certainly make **initial site decisions** based on what they have to **spend**, only

# 13%

of **planners** say their **main reason** for considering a **new destination** is due to **budget** constraints.

Just 2% of planners relocate solely because they have more money to spend.

## Bolstering the Bottom Line

The Convention Industry Council conducts a biannual study about the economic impact of the meetings, conventions, exhibitions and incentive travel industry. In its most recent data from 2005, the Council estimates that total spending on the industry reached \$128.8 billion. The industry directly employed 1.8 million people, and paid \$20.6 billion in taxes.

No matter how much the industry spends, a perennial challenge for meeting planners is the budget. *Meetings'* survey data indicate that budgets didn't improve very much this year. Sixty-three percent of respondents said that their budgets didn't change, while 9 percent said that it decreased. It's true that more than one-quarter (28 percent) said that their budget increased—but whether budgets grew or shrunk, most (61 percent) said that it changed by 5 percent or less.

The picture was similarly static in 2005, when 60 percent reported that their budgets had not changed. Vendors' budgets followed much the same pattern.

But even those whose budgets remained the same can't relax, because when costs rise, an unchanged budget is a smaller budget. And costs always rise.

As director of events and programs for the TwinWest Chamber of Commerce (which serves the western suburbs of Minneapolis), Victoria Jensen plans more than 100 events per year for chamber members. Because many of those events are repeated annually, she is able to chart comparable costs year over year.

"The biggest challenge I face is the expense of hosting those events," she says. "Prices for food and beverages, venues, tents, and just about everything else are going up. That means I have to look at the status quo and decide what we can live without,

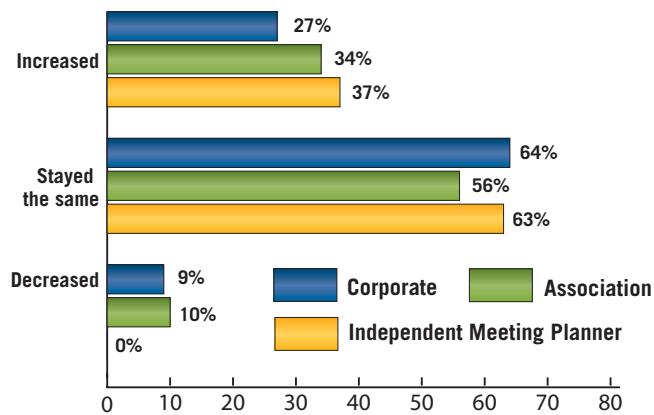
yet still make sure that my cost-cutting doesn't result in diminished attendance. It's a fine line to walk."

Scott Winter says that even in good times, he can't just spend what he wants to. Winter, the director of the Annual Fund for the Walker Art Center, conducts events to promote the Walker and to cultivate or recruit new members to support the institution. "My budget constraints [for meetings] have to do with balance," he says. "I have to find a way to plus up the experience for members and potential members, without spending half of the donations we get on members. New members are essential, but donors give that money to support the institution, not to hold events."

Anecdotally, it seems that purse strings are loosening a little, particularly in pursuit of options or venues that help event planners freshen up the meetings they conduct regularly. Some vendors are noticing that clients are more interested in creative options. "After 9/11, menus indicated more cost-consciousness, but now I'm seeing some neat menus and more creativity," says Ted Trembath, director of catering for the Hilton Hotel in Minneapolis. "I think we're coming back to a more competitive, creative mindset instead of the cutback mindset, and with the price of food going up, you almost have to be more creative. So people are looking at more unique serving-pieces and cooking methods."

### PLANNER BUDGETS

During the past year has your budget?



## (ASKYOURCOLLEAGUES) on managing expectations



"As a planner, I think your key obligation is to manage expectations. You have to think about the style, purpose, and desired result of each event. You also have to think about whether it will be repeated, and what are the most viable methods of accomplishing that that don't deplete resources or raise expectations too high so that people get what they anticipate. I try to under-promise and over-deliver."

— SCOTT WINTER, director of the Annual Fund at the Walker Art Center in Minneapolis

Garry Krebs sees the same creativity in a different light. Krebs, president of Mainstream Communications, believes that when clients look for that creativity, they may be looking for ways to improve the experience without spending more. He notes that different or unusual types of entertainment or other options aren't necessarily more expensive. "We try to talk to people about offbeat or unusual ways to communicate their message in context of their event. It might be a mime, a musical act, a visual technique in staging a room, or the entertainment at evening events," says Krebs. "Back when budgets were

sky-high, people thought nothing of spending a ton of money on name entertainment, but that money could be spent more creatively and uniquely today and you might even be able to get more out of the expense."

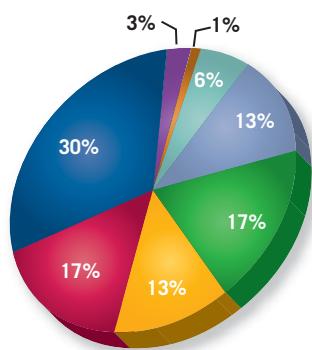
### ROI

*Meetings* planners are used to hearing that they have to deliver better events with less money. But sometimes they have to defend the purpose of holding an event at all, and have to justify their decisions in terms of ROI, or return on investment. Companies are more and more reluctant to spend money without knowing what that expense will yield.

But not everyone understands ROI in the same way. ROI is the expected return or reward from spending a given amount of money for a particular purpose. But according to "FutureWatch 2006: A Comparative Outlook on the Global Business of Meetings," a research report created by Meeting Professionals International, meeting planners interviewed for the report said that people in their organizations often used the term ROI when they actually meant cost efficiencies and savings.

"When we say ROI, we're talking about what we've saved by negotiating room rates or food costs," says Cheryl Hoffard, manager of meeting services for the Schwans Food Company. Hoffard also says that real return on investment for a given meeting has often been calculated before her department learns of it or begins to plan the details.

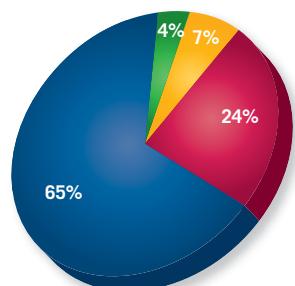
According to our survey, 83 percent of respondents say that they are not required to report ROI measurements for meetings or events. So if the conversation about ROI is happening, it's only happening in fits and starts. But a national survey conducted by *Successful Meetings* magazine indicates that even if the demand for some kind of ROI is growing slowly, it's still growing. The



#### What is your average budget per event?

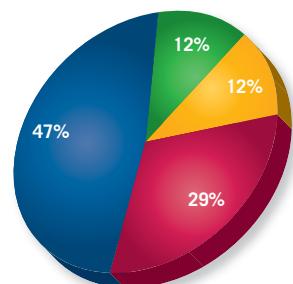
- \$1-\$5,000: 30%
- \$5,001-\$10,000: 17%
- \$10,001-\$20,000: 13%
- \$20,001-\$50,000: 17%
- \$50,001-\$100,000: 13%
- \$100,001-\$500,000: 6%
- \$500,001-\$1,000,000: 1%
- More than \$1,000,000: 3%

### PLANNER BUDGETS



#### If increased, by how much?

- 1-5 percent: 65%
- 6-10 percent: 24%
- 10-20 percent: 7%
- More than 20 percent: 4%



#### If decreased, by how much?

- 1-5 percent: 47%
- 6-10 percent: 29%
- 10-20 percent: 12%
- More than 20 percent: 12%

magazine's research shows that the ranks of those required to show ROI increased from 25 percent in 2000 to 38 percent in 2004.

Part of the difficulty with ROI is the very nature of the meetings and event business. While a sales training program might yield a definitive increase in sales, it's much more difficult to establish a one-to-one relationship on expenditures from meetings and the results those meetings may generate. The Walker Art Center's Winter, who plans year-round events for members and potential members, says that he sometimes knows what the result of a given event will be. For example, the center's annual Rock the Garden event usually yields about 500 new members. But more often,

he says, events don't have such an obvious return, but still prove valuable because of the relationships they cultivate.

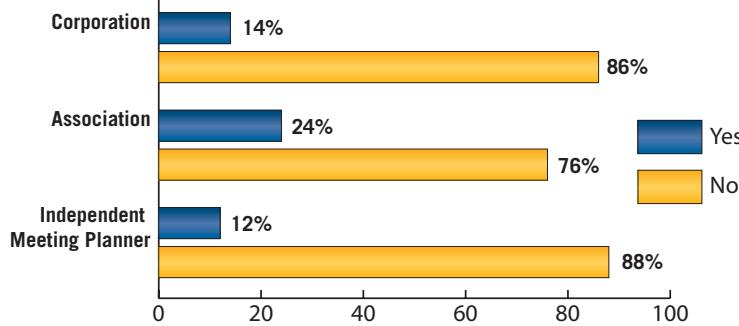
"With our smaller events, such as a cocktail reception and private tour of the institution with the director, it's more nebulous," Winter says. "We don't see a one-to-one ratio, because these 'cultivation' events are more to plant the seeds of a relationship. The logic is that the more they hear about us and the more they know, the more likely they are to believe in us and support us. But that's not always immediately demonstrable."

Because of these factors, meeting planners often turn to the looser, more subjective ROO (return on objectives) instead of ROI. Ryan Hanson, creative director for HR consulting firm Mentium, says that even ROO can be too limited to really understand the value of an event. He likes to talk in terms of the ROX, or return on experience, of an event. For example, the company matches mid-level, high-performing women with senior executives at other companies in mentoring partnerships. Every fall, the company holds a big launch event; Hanson finds value in making that event special.

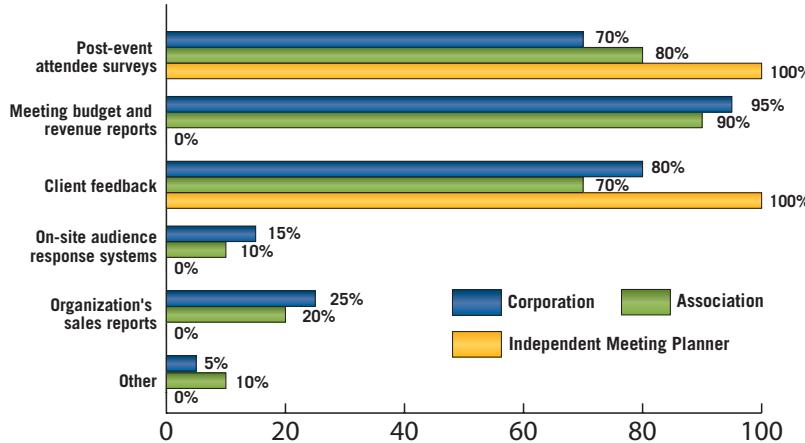
"There's a return for us in that every event is essentially marketing for us," Hanson says. "But there's a return for the client, too, in that the high-performers at that event feel special, and leave the room wowed by how much their company is investing in them. That helps with retention, which is the company's goal in the first place. But you can rarely draw a straight line. You hear of it anecdotally and in snippets."

Still, Hanson believes that whatever way meeting planners can discuss return—on investment, objectives, or experience—is going to help them build credibility. "The only way to make this industry grow is to have professionals who can have hard conversations with clients about goals, and who can find and demonstrate some type of return," says Hanson. —H.D.

#### I'm required to report ROI measurements for my meetings/events.



#### If yes, I use the following ROI tools to measure the success of my meeting or event: (check all that apply)



The growing interest in adding educational opportunities at meetings has **begun to level.**

# 36%

of planners say **education** is becoming more **important** to attendees—

compared to 69% in 2005, and 70% in 2006.

## TYPE OF MEETING

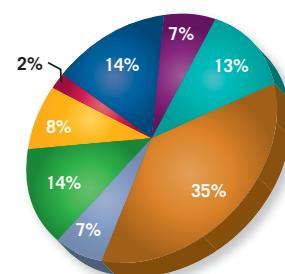
# More Meetings, More Work

**M**eeting and event planners are busier than ever. They're planning a variety of meetings and events and more of them. At the same time, they are trying to remove the hassle factor for attendees by making travel less complicated and time-consuming, while beefing up the networking opportunities of their functions.

At least half of all *Meetings'* survey respondents plan annual meetings, events/celebrations, monthly meetings, executive meetings and training meetings, and the bulk of meetings are planned for between 21 and 500 attendees. But that is changing, with the trend moving toward more, and smaller local meetings.

Russ Lowthian, vice president of Midwest Sport/Ski Council, Apple Valley, says that while the number of meetings his group holds has not changed, the group is considering holding more local, as opposed to regional, meetings because of transportation issues. "With security increasing, the inconvenience of air travel is getting to be a bigger issue with our members. Transporting sports equipment and luggage is getting to be a bigger deal all the time," says Lowthian. "We've thought about doing more meetings that are regional and using busses." Travel costs also an issue for Lowthian's group. In late October, when negotiating with bus

### What aspect of your event seems most important to your attendees?



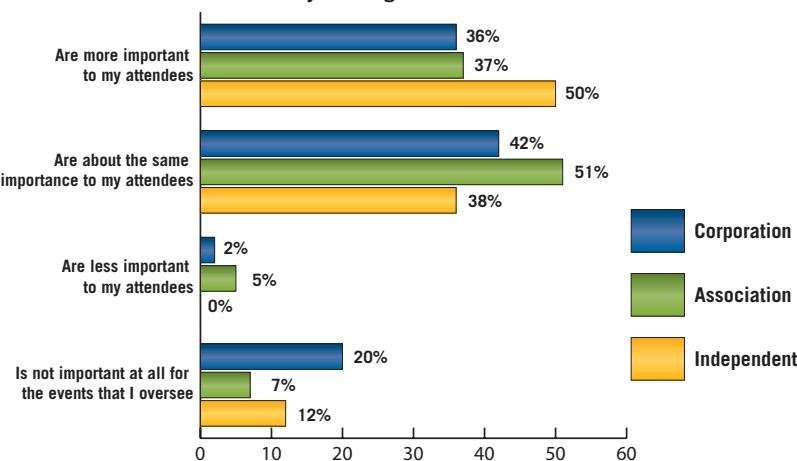
- Seminars with keynote speakers on important industry issues: 14%
- Strong trade show with vendors showcasing the latest products/services: 2%
- Workshops/Education days: 8%
- Networking opportunities: 14%
- Lunch sessions, or something that does not take attendees out of the office for a whole day: 7%
- An event that has it all: seminars, speakers, training and networking opportunities: 35%
- I do not know: 13%
- Other, please specify: 7%

companies, he budgeted in a rate increase even though, at the time, rates were still moving sideways. "Fuel costs are a Pandora's box," he says. "And they will reflect on everything else."

Debbie Hambrook, conference manager for Tastefully Simple, Alexandria, says her company recently increased the number of regional meetings it holds from five to fifteen. Instead of holding one meeting in each of the company's five regions, Tastefully Simple will now hold three in each region in an attempt to draw more people by bringing the meetings to the attendees. "I am also planning earlier," she says. "I'm hoping to lock in rates before people raise them. And we want to market earlier to increase attendance."

## VENDOR SURVEY

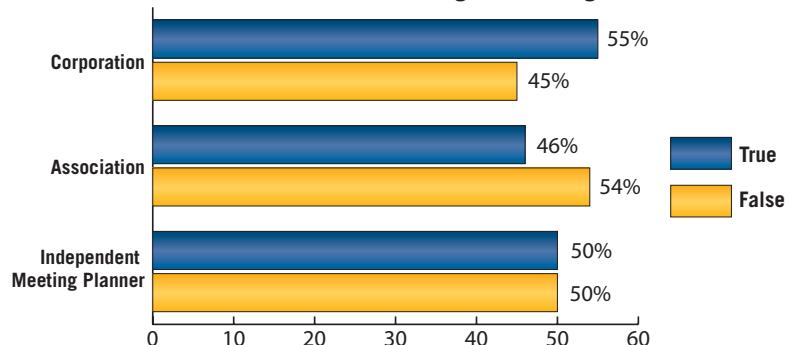
Compared to 2005, the educational opportunities offered at my meetings or events.



Like Hambrook, a vast majority of *Meetings'* survey respondents are either planning earlier, or giving as much lead-time as before, but not everyone. Mary Rausch, manager of special events and programs for the University of St. Thomas, St. Paul, plans groundbreakings, building dedications, and investiture ceremonies for donors of the university. "I have less time to plan the event and there are more of them," Rausch notes, adding that her situation is purely a function of staffing.

Both the educational and networking functions of meetings and events are becoming more important, according to both Rausch and other survey respondents. "We educate donors about the students and their financial status," she says, and those who attend the events increasingly want more of this type of information. Networking, both with other donors and with faculty and staff at St. Thomas, appears to be just as popular. In fact, she says, they are doing fewer sit-down dinners and more heavy hors d'oeuvres receptions. "People prefer to have the opportunity to move through the room and

**In the last year, I've planned fewer large national meetings/conventions in lieu of smaller regional meetings/conventions.**

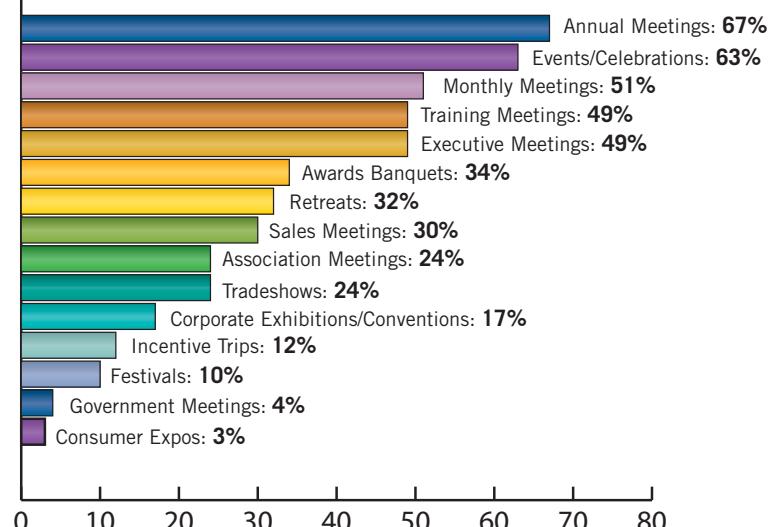


network with more people."

Removing the hassle factor by holding more local meetings, at the same time increasing the networking opportunities, appears to be the winning combination to fill today's meeting spaces. Fortunately, for the meeting and event planner, that translates into more job security. — *FH*.

## What types of events do you plan and/or coordinate?

(more than one answer may have been chosen, if appropriate)



Of the major issues **vendors** face today, including attrition and meeting planners' standardization policies, by far the biggest is cost.

**68%**

of vendors say **price** concessions/  
**budget** constraints is the operational **trend** with the biggest on their **business** relationships with meeting and event planners.

# A Return to Safe Ground

**B**usiness is back. Ask any vendor dealing with corporate America and they'll tell you that business either increased or stayed the same in 2006 and that the percent growth has been notable. Only 6 percent of vendors report budget decreases, half of which 5 percent or less. Last year, more than a third of vendors worked with larger budgets. And some of those increases were significant. Of respondents whose budgets grew in 2006, more than a quarter of them grew by more than 10 percent.

That is welcome and long-awaited news for those serving the meeting and event planning industry, but it doesn't prevent them from thinking about the bottom line. Budget constraints and price concessions are still, by far, the most important issue vendors face, and while corporate budgets are increasing, nonprofits and educational institutions still feel a squeeze. Attrition also ranks the operation trend that has the biggest impact on vendors' relationships with meeting planners.

"We host a lot of schools, universities, and nonprofits," says Abby Holmay Lee, group event coordinator with Eagle Bluff Environmental Learning Center, Lanesboro. "People are tending to bring their own snacks and beverages

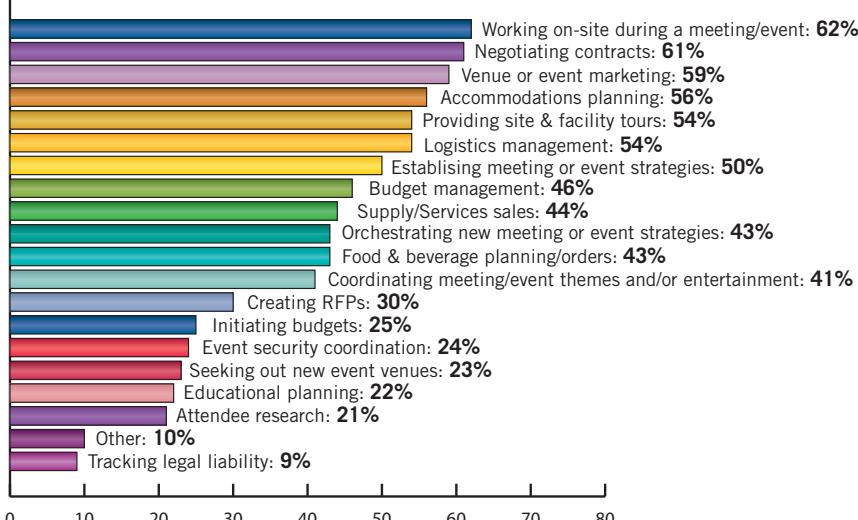
instead of buying from us. They are also calling us a week before the event and saying, 'We've dropped by half. What can we do about that?' Everything is last minute."

Minnesota has a full array of meeting and event services, from convention and visitors bureaus to casinos and resorts to hotels and restaurants. And while some of the state's vendors rely almost entirely on meetings and events as the sole source of their business, about half report that 50 percent or less of their business is derived from meetings and events, according to the results of *Meetings'* vendor survey. Regardless of how much of their business is the result of meetings and events, though, 69 percent of the vendors surveyed have a sales or marketing department that is directed toward catering to meetings or group business. While that seems like a big number, it is actually a decrease from 77 percent in 2005.

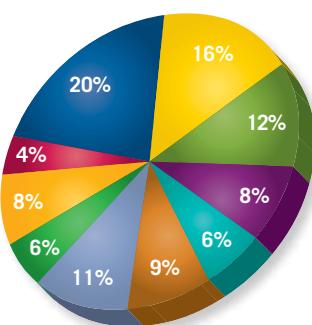
Compared with last year, the staffs of the departments that cater to meetings and events appear to be getting larger. In 2006, 83 percent of *Meetings'* vendor respondents worked in departments with 10 or fewer employees. Last year, 89 percent worked in similar sized departments. Likewise, in 2006, 7 percent worked for

## VENDOR SURVEY

**As a supplier or vendor, which of the following tasks are part of your job responsibilities? (check all that apply)**



## VENDOR SURVEY



**What percentage of your business relies on meetings and events?**

91-100%	20%	41-50%	9%
81-90%	4%	31-40%	6%
71-80%	8%	21-30%	8%
61-70%	6%	11-20%	12%
51-60%	11%	10% or Less	16%

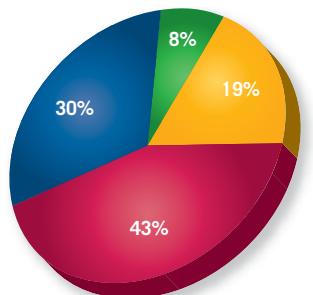
departments with more than 50 employees, compared with only 3 percent the previous year.

Not surprisingly, these vendors host or cater to a wide variety of events and meetings, but celebratory events and annual meetings are produced or coordinated by the largest number of vendors, 84 percent and 80 percent, respectively. Training meetings, sales meetings, executive meetings, association meetings, and award banquets are also common, with between 70 percent and 75 percent of the vendors involved in such meetings. More than 50 percent of the vendors who responded to the survey also plan monthly meetings and retreats. Minnesota vendors are much less likely to be involved in planning or coordinating festivals, consumer expos, or incentive trips.

The vendors who responded to *Meetings'* survey are responsible for or involved in a broad range of duties. Most (61 percent) are involved in negotiating contracts. More than half also conduct venue or event marketing, logistics management, and establish meeting or event strategies. Fewer than 25 percent, however, are responsible for educational planning, attendee research and tracking legal liability. —F.H.

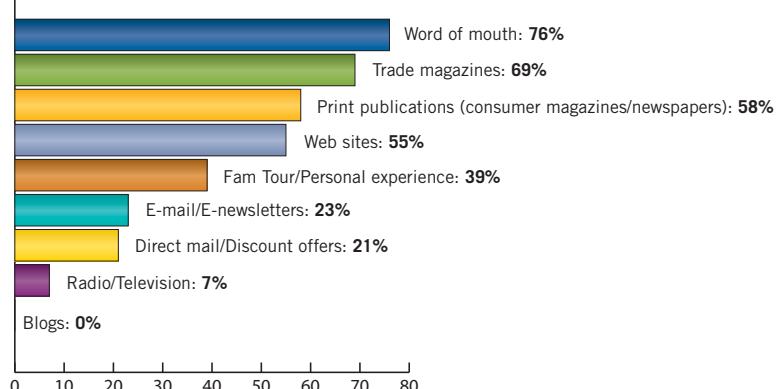
## PLANNER SURVEY

For the meetings and events that you plan on a regular basis, how often do you search for new sites/destinations?

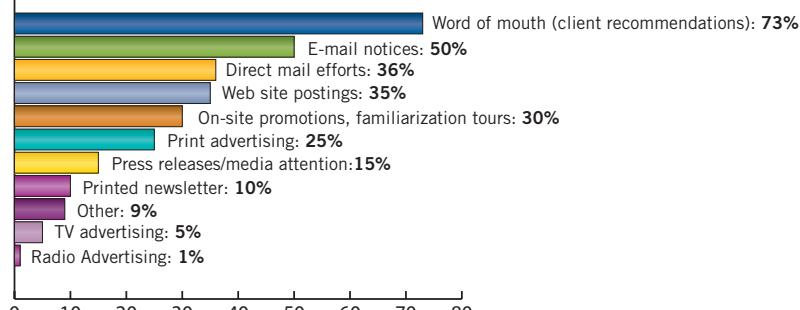


- Always. I am constantly looking for new locations: 30%
- Sometimes. I look for potential new sites a few times a year: 43%
- Rarely. I don't change locations often: 19%
- Never. The majority of my meetings/events are held onsite at my company/place of business. Or, I've held my events at the same location for years, with no plans to change: 8%

### Where do you learn about new destinations? (choose all that apply)

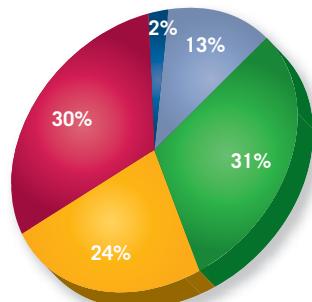


### What are the three most effective advance marketing channels to help you solicit conference/tradeshow/annual meeting business?(check three)



## SALARY/TENURE

## PLANNER SURVEY



How long have you been a part of the meeting/event planning/hospitality industry?

- Less than 1 year: 2%
- 1-5 years: 30%
- 6-10 years: 24%
- 11-20 years: 31%
- More than 20 years: 13%

### What is your salary range?

SALARY	Executive Assist/ Administrative Assist	Independent Meeting Planner	Meeting/Event/ Conference Planner
Less than \$29K	3%	0%	4%
\$30K—\$39K	19%	25%	12%
\$40K—\$49K	44%	50%	29%
\$50K—\$59K	28%	0%	29%
\$60K—\$69K	5%	25%	12%
\$70K—\$79K	1%	0%	6%
\$80K—\$89K	0%	0%	2%
\$90K—\$99K	0%	0%	0%
\$100K—\$124K	0%	0%	2%
\$125K—\$149K	0%	0%	0%
\$150K—\$199K	0%	0%	4%

# Thanks for your support

*Meetings: Minnesota's Hospitality Journal* would like to thank everyone who took time from their busy schedules to participate in this year's survey. Your continued support has enabled us to offer a unique look at the region's hospitality industry. *Meetings* partnered with the University of Minnesota Tourism Center to develop new questions and streamline the survey process. This year, thanks to prize sponsor The Grand Rios Hotel, a \$5,000 Meetings Planner's Event Package has been awarded to one lucky winner randomly drawn from the names of the planner respondents. Three respondents to the vendor/supplier version of the survey also came away with an advertisement in *Meetings*, each with a value of \$1,280. *Meetings* would also like to thank Visit Minneapolis North for its continued support of the survey. This survey's growth and continued excellence is achieved in no small part to the support of all of our sponsors, partners, and, most of all, our readers.

UNIVERSITY OF MINNESOTA



The U of M Tourism Center  
is a collaboration of the  
College of Food, Agricultural  
and Natural Resource  
Sciences, and the University  
of Minnesota Extension Service.



Back row, from left: Vendor survey prizewinner Maggie Hertling; Jeffrey Wirth, CEO, The Wirth Companies; Grand prizewinner Audrey Langlois; and Chris Wroge, general manager, The Grand Rios Hotel. Front row, from left: Amy Nostdahl, senior sales manager, Visit Minneapolis North; Joel Schettler, managing editor, *Meetings: Minnesota's Hospitality Journal*; and Brooke Stoeckel, sales manager, Visit Minneapolis North.

**Grand Prizewinner:** Audrey Langlois, Meeting and Event Planner, Land O'Lakes **The Prize:** \$5,000 Meetings Planner's Event Package courtesy of The Grand Rios Hotel

**Three Vendor Prizewinners:** Cadee Winnie, Director of Sales, Hilton Garden Inn – Eagan; Katy Epler, Tourism and Rental Manager, American Swedish Institute; Maggie Hertling, Sales Manager, Doubletree Hotel Minneapolis Park Place **The Prize:** An advertisement package in *Meetings: Minnesota's Hospitality Journal*