



8TH ANNUAL

State of the Industry

The storyline for the state of the hospitality industry is not unlike that used to describe the entirety of the nation's economy. Shaken to the core during the global recession in 2008 and 2009, markets and business models have begun to adjust. Businesses are spending money again; people are traveling. Meetings have shaken the negative stigma of profligate expense with which they were unfairly labeled. But all isn't as it once was. The resulting recovery has left in its wake a few lingering conditions that have many planners and vendors alike wondering if hospitality has truly returned to business as usual, or whether there ever really was such a thing in the first place. 

BY JOEL SCETTLE AND ELLIE M. BAYRD

Meetings
MINNESOTA'S HOSPITALITY JOURNAL

How's the economy doing? A well-worn metaphor doesn't quite capture the nature of a complex economy, nevertheless many professionals might agree that hospitality in particular is "struggling to find its footing." Overall, the economy grew at an annual rate of 2 percent for the third quarter of 2011, according to data from the Bureau of Economic Analysis, which is nearly double the second quarter real GDP increase of 1.3 percent. Economic activity is moving in a positive direction. Yet while the numbers don't meet a technical definition of a recession, they also don't represent the kind of growth American business has become accustomed to in previous decades.

To put economic data into greater perspective, the Conference Board examined the nation's gross domestic product over the past 15 years. From 1996 through 2005, U.S. GDP growth averaged 3.3 percent per year. However, between the years 1996 and 2011, the Conference Board predicts that, once tallied, the nation's GDP growth will average only 0.9 percent a year, which is well below the world average (3.5 percent), not to mention China (10.9 percent). This lack of a complete return to normal, at least in terms of normal GDP growth, may contribute to the difference between what the data shows, however positive, and the way people actually feel.

"I think from a meeting and business travel perspective, I would offer that the economic anxiety may be prevalent again like it was in 2009," says Ingrid Schneider, director of the University of Minnesota Tourism Center. The same may hold true for the leisure traveler as well. "I would say people are going to continue to be cautious," she says. "There seems to be so much uncertainty economically that that will be a big challenge for [hotels and destinations] to overcome as they are marketing. Subsequently the trends will be trips closer to home, shorter duration, and multiple objective travel-like increased business leisure combinations, those sorts of things."

Similar to Conference Board's measure of overall consumer confidence, the Traveler Sentiment Index (TSI), measured by the U.S. Travel Association (USTA), tracks changes in attitudes toward travel as measured in six travel-related factors. Using March 2007 as a base rating of 100, the travel index fell from 88.5 to 85 from July 2011 to October 2011. To put such a number into context, the TSI is down two points from October 2010 and it is five points below the score in October

2009 when the country first began to climb out of recession. The current TSI is only seven points above an all-time low of 78.2 experienced in October 2008 during the worst of the recession. Interestingly, of the six measurable factors, only one rose from July 2011 to October 2011: "Affordability of travel" rose from 86.5 to 95. "Interest in travel" registered the biggest drop, from 89 in July to 77.9 in October.

Yet, despite uncertainty among consumers, many measures indicate the hospitality industry may already be returning to "normal" much quicker than other American industries. Once tallied, total travel expenditures in the United States will exceed \$815 billion in 2011, according to USTA forecasts. Using 2005 dollars, Bureau of Economic Analysis data shows that real tourism spending still has some way to go in order to meet pre-recession highs set in late 2007. Nonetheless, total domestic person trips will exceed 2 billion in 2011, a first since 2007, according to the USTA.

So the question remains: If the economy seems to still stand on shaky footing, why do daily rates at hotels and other travel costs continue to rise? Part of the answer could be as simple as supply and demand. "[Hotel] supply growth is extremely limited," says Jan Freitag, vice president of global development for Smith

"I would say people are going to continue to be cautious. There seems to be so much uncertainty economically that that will be a big challenge for [hotels and destinations] to overcome as they are marketing."

—Ingrid Schneider

Travel Research. "There really isn't any money out there to build anything. What we are seeing right now is that through September, for the first nine months of the year, that room supply grew at a 0.7 percent growth rate, which is tiny compared to the 20-year average of 2.2 percent."

Many theories postulate that attractive travel prices in the wake of recession attracted many travelers to return to the air and roadways once again. In light of reduced

continued on page 42 ...

ECONOMY: READY FOR BUSINESS AS USUAL?

Though the region's hospitality industry struggles to fully emerge from the recent recession, some areas are starting to show growth. Recent data proves the importance of meetings and events to businesses and associations as well as to the economy overall. Is hospitality about to enter a sustained period of steady growth?

Spotlight: Business Travel

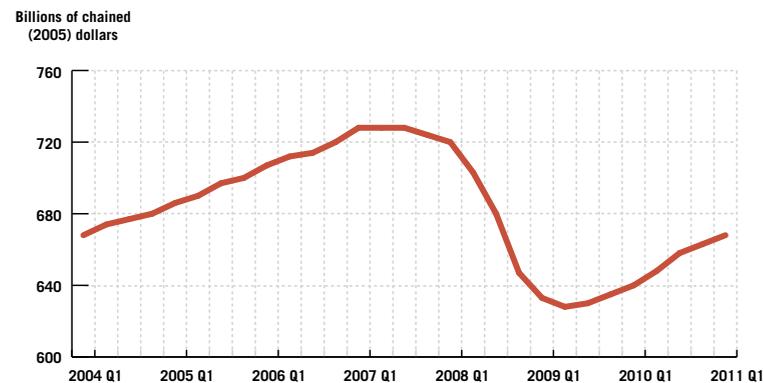
GBTA U.S. Business Travel Outlook (US Domestic plus International Outbound)



—“Business Travel Quarterly Outlook – United States,” Global Business Travel Association, Oct. 2011

Real Tourism Spending

Tourism spending continued to rise this year, after a dramatic dip in 2009.



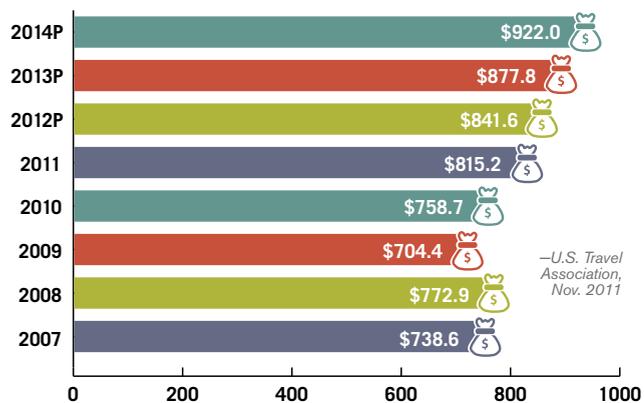
—Bureau of Economic Analysis

\$ Impact of Tourism

Tourism matters, and it's becoming easier to see. In fact, direct spending by residents and international travelers in the United States in 2010 averaged \$2 billion a day, \$86.9 million an hour and \$24,000 a second. In Minnesota, travelers spent more than \$33 million a day and hospitality professional earned \$3.9 billion in wages in 2009. In Minneapolis alone, visitors spend \$6 billion annually and their impact funded 27,700 leisure and hospitality jobs in 2010.

—“Power of Travel,” U.S. Travel Association, 2011; “Tourism & Minnesota’s Economic Recovery,” Explore Minnesota Tourism, 2009; Meet Minneapolis, 2011

Total Travel Expenditures (\$ billions)



—U.S. Travel Association, Nov. 2011



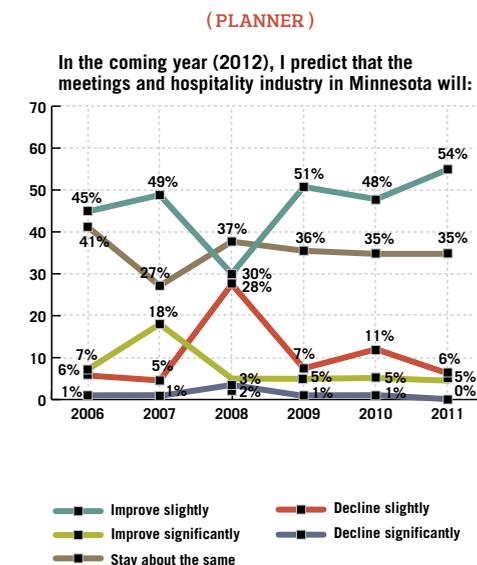
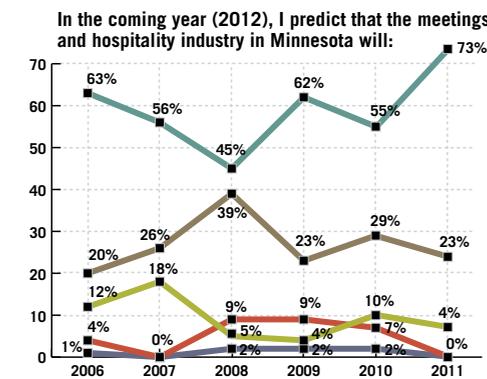
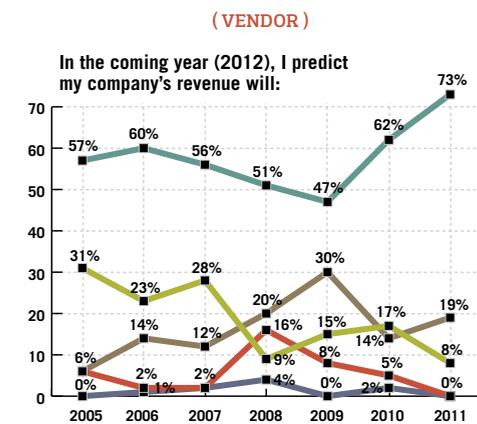
“I think we are going to see continual growth next year. I think corporations are still holding back on making any major hiring decisions, just because it is a big commitment to hire somebody. So I think once we get through the election year and we know a little bit more about what is going to happen, then we may see unemployment improve.”

—Sam Thompson, President, metroConnections

HEADSHOT BY TODD BUCHANAN

What Do You Think?

Local hospitality professionals' predictions for the immediate future of the hospitality industry have fluctuated over the past seven years.

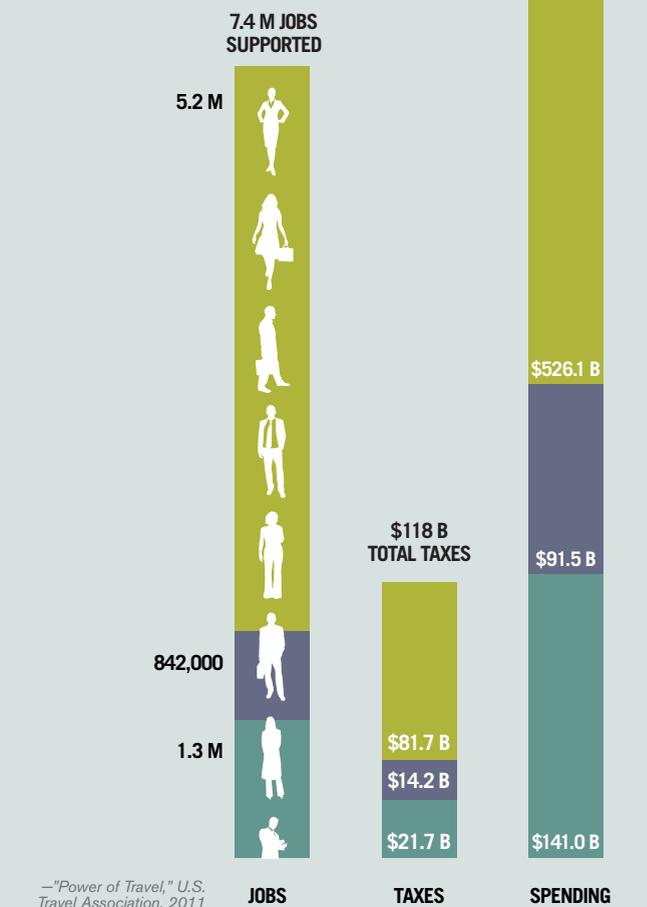


U.S. Travel Industry Impact

The U.S. Travel Association created an online hub called the Power of Travel (www.poweroftravel.org) to help inform about the impact of travel on the U.S. workforce and economy. In total, the indirect impact of the travel industry reached \$1.8 trillion. Below, a breakdown of the direct impact.

- BUSINESS TRAVEL
 - General Business Travel
 - Meetings, Events & Incentive Travel
- LEISURE TRAVEL

1 icon = 1 million jobs



—“Power of Travel,” U.S. Travel Association, 2011

EVENTS: MEASURING MEETINGS VALUE

With the increasing use of more sophisticated technology and the rise in the number of virtual attendees, the nature of what it means to conduct an event, and measure its value, is changing.

Identifying Trends

The inaugural IMEX-America convention was held from Oct. 11-13, 2011, in Las Vegas. Several national trends for events were highlighted in research presented at the event. The Convention 2020 Research Study identified **short keynotes** (15-20 minutes), **short breakouts** and **action-oriented formats** as growing in popularity. Also growing: an increasing amount of time spent **interacting** (e.g. Q&As), **one-to-one access to experts** and **attendee influence on content**. "Delegate choice is a bit like the killer app of our times," says Rohit Talwar, global futurist and director of the Convention 2020 Research Study. In our survey, we asked planners and vendors to select some of the issues and trends that had the biggest impact on their business this year.

(PLANNER)

During the past 12 months, which trend has had the greatest impact on how you conduct business as a meeting planner?

Rising costs

32%

Event/budget downsized

20%

(VENDOR)

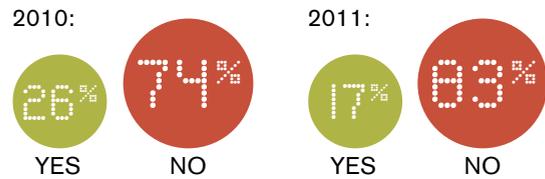
Which issue/operational trend has the biggest impact on your business relationship with meeting event planners (choose one)?

Price concessions/budget

50%

Do You Measure ROI?

(PLANNER)



"I was again surprised by the lack of ROI measurement," says Ingrid Schneider, director of the University of Minnesota Tourism Center, after looking at the results. "Certainly people think about their budget and how revenue relates to it, but I would expect administrators and others are going to be looking at that return on investment (ROI) and say things about how you measure [meetings]." The most common measurements for those planners who are required to report ROI: meeting budget and revenue reports (82 percent), post-event attendee surveys (64 percent), client feedback (64 percent) and attendance figures (36 percent).

Less Lead Time

81% of vendors say meeting planners are now planning events or sending RFPs closer to the event (less lead time) than in 2008.

(VENDOR)

What, in your opinion, is the reason for the change in time frames?



FROM OUR SURVEY:

Tell us about new technology or software that has made planning meetings more efficient or effective over the past five years? "I am not sure there is a single new technology, as much as having a better understanding of the technologies that exist and how to use them in concert with each other to make sure we are both efficient and effective. The new challenge comes from the media saturation we all face (broadcast email, texting, tweets, Facebook, LinkedIn, etc). Cutting through the clutter will become increasingly difficult. The questions we need to consider moving forward include: What is information and what is noise? How much is too much? What is real versus what is realistic? Maybe that's why I've noticed over the past year the most effective tool for getting my message across was lunch!"

—Michael Meyer, Morrissey Hospitality Companies

HEADSHOT BY TODD BUCHANAN

(PLANNER & VENDOR)



Going Virtual

We asked: What new technology or software has made your job more efficient over the past five years?

iDSS Minneapolis-based Internet Destination Sales System, a web-based suite of products that help manage sales, membership, housing, registration and more. www.idss.com



Cvent Largest event management software company in the United States. Offers event management, supplier network, SMM, web surveys and more. www.cvent.com



WebEx This Cisco product provides web conferencing services for real-time audio or video communication. www.webex.com



Eventbrite System for online event registration management, offering event pages, as well as social media promotion, management and tracking tools. www.eventbrite.com



GoToMeeting Online meeting management program, supports video conferencing and offers web conferencing tools that enable sharing applications. www.gotomeeting.com



SignUp4 Provides strategic meetings management software, to help in event, travel and cost management. www.signup4.com

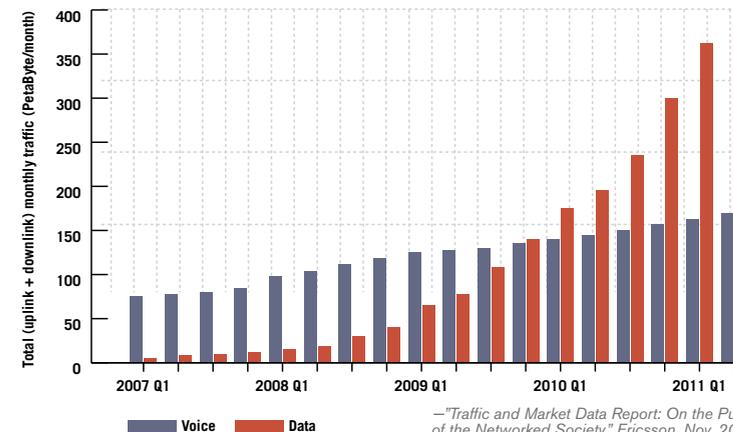


You also love wireless Internet, YouTube, social media, smart phones, tablets, mobile apps, online RFPs, e-vites and more.



Going Mobile

Both data and voice subscriptions for smart phones have shown a steady rise in traffic growth, though data has now surpassed voice (in fact doubling that of voice in the first quarter of 2011).

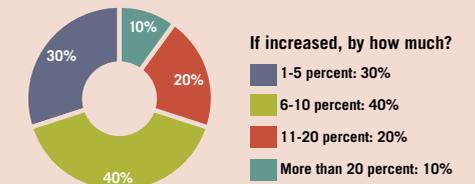
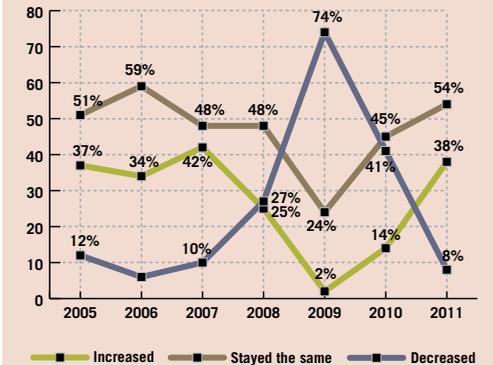


—"Traffic and Market Data Report: On the Pulse of the Networked Society," Ericsson, Nov. 2011

How Have Budgets Changed?

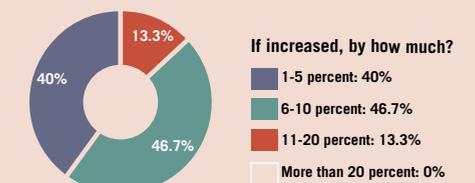
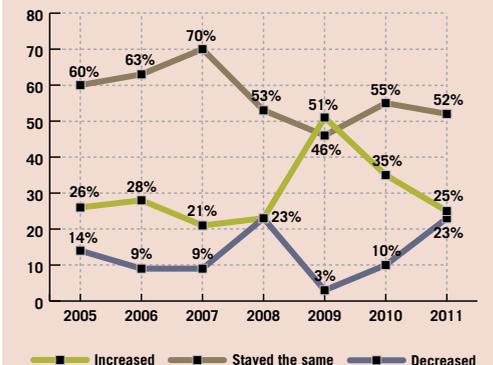
(VENDOR)

During the past year, has your overall budget:



(PLANNER)

During the past year, has your overall budget:



CAREER & EMPLOYMENT: A PORTRAIT OF MINNESOTA'S HOSPITALITY INDUSTRY ON THE JOB

Though unemployment is still higher than it was before the recession, jobs are returning to the travel and tourism industry faster than for many other industries.

Travel Employment

The U.S. Travel Association reported an addition of **11,000 jobs for the travel industry** in October, the largest increase since June. Since March of 2010, according to USTA, the industry has created 209,000 jobs, increasing **1.7 times faster** than the rest of the economy.



—“Power of Travel,” U.S. Travel Association, 2011; Explore Minnesota Tourism, 2010

Travel Jobs Make a Mark

1 out of 9 U.S. jobs depend on travel and tourism. Travel is among the **top 10** industries in 48 states and D.C. in terms of employment. Travel ranks **fifth** in terms of employment compared to other major private industry sectors. Travel wages for American workers employed by travel reaches **\$188.3 billion**. Travel expenditures support **14 million** jobs.

—“The Power of Travel,” U.S. Travel Association, 2011

Perceptions of Minnesota

Minnesota's **natural beauty**, including its **lakes, rivers** and **outdoor activities**, rank high on visitors' perceptions about our state, according to a recent survey by the global market research firm Ipsos Reid commissioned by Explore Minnesota Tourism. The state is also known to consumers for its **“wholesome character.”** Nearly 90 percent of visitors associate positive descriptions to Minnesota's personality. Water had a big influence on perceptions. The study found that the long-used slogan **“Land of 10,000 Lakes”** remains the most recognized motto, easily beating out many more recent taglines used to promote the state. Distance has some influence on perceptions. Those who are farther away focus on our **weather** (cold, snow and winter, to be precise). Minnesota residents are more likely to think of our vibrant and urban cities. Again, the further one lives from the state the less likely they are to hold such a perception.

—“Minnesota Brand Perception Study,” Explore Minnesota Tourism, June 2011



Tourism Jobs Across the State

In 2009, Minnesota leisure and hospitality industry jobs totaled 238,130. Explore Minnesota broke down that total by county. Here are the **top 5 counties** for hospitality employment in Minnesota.

- Minneapolis / Saint Paul Area**
- 1) Hennepin County: 72,299 jobs
 - 2) Ramsey County: 26,926 jobs
 - 3) Dakota County: 15,937 jobs
 - 4) Anoka County: 11,059 jobs

- Northeast Minnesota Area**
- 5) St. Louis County: 10,229 jobs

—“Tourism and Minnesota's Economic Recovery,” Explore Minnesota Tourism

On the Job

As a planner, which of the following tasks are part of your job responsibilities?

(PLANNER)

(check all that apply)	CORPORATION	ASSOCIATION	MEETING PLANNING SERVICES CO.	INDEPENDENT MEETING PLANNER
Meeting or event marketing	57%	83%	83%	83%
Educational planning	14%	72%	50%	33%
Tracking legal liability	6%	39%	33%	33%
Logistics management	71%	78%	100%	100%
Attendee research	31%	44%	33%	50%
Creating RFPs	37%	67%	83%	67%
Initiating budgets	43%	50%	83%	67%
Budget management	68%	67%	100%	100%
Negotiating contracts	54%	78%	100%	67%
Establishing meeting or event strategies	49%	56%	67%	67%
Orchestrating new meeting or event strategies	43%	67%	83%	67%
Food & beverage planning/orders	94%	89%	83%	83%
Accommodations planning	86%	89%	100%	83%
Event security coordination	26%	44%	50%	50%
Coordinating meeting/event themes and/or entertainment	74%	67%	100%	83%
Seeking out new event venues (site and facility tours)	69%	72%	67%	83%
Providing site & facility tours	29%	17%	67%	83%
Working on-site during a meeting/event	71%	89%	83%	83%
Other	3%	6%	0%	17%

(PLANNER)

Do you intend to spend your entire career in the hospitality industry?

“Yes. I have worked in the travel and meeting industry for more than 30 years and love every minute. It is exciting, always changing and challenging but offers many personal and professional rewards. Most important, the people who work in this industry are the best!”

—Cheryl Hoffard, The Schwan Food Company

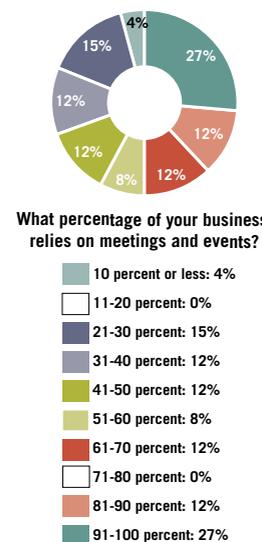
“I started with a hospitality degree and started working in catering, then I decided to switch to being a planner. I think understanding both sides of the industry helps me be a better planner.”

—Stacy Sundstrom, Minnesota County Attorneys Association

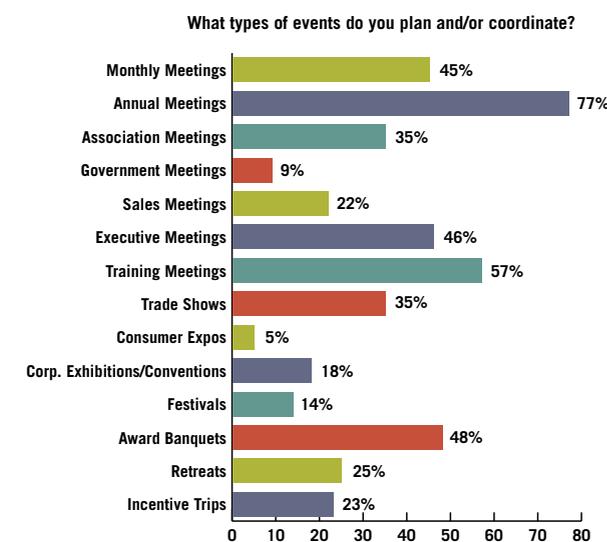
“Yes, in all probability. I love to travel and meet the clients/participants. I am still learning, growing and being challenged in this career, after 27 years.”

—Caytie Pohlen-LaClare, The LaClare Group

(VENDOR)



(PLANNER)



Meeting Planners Outlook

73% called current business conditions favorable

20% fear negative effect of rising fuel and airfare costs on face-to-face meetings

66% say these rising costs have already had a significant or moderate effect on business

—MPI Business Barometer, June 2011

BUSINESS TRAVEL: HOW DOES MINNESOTA COMPARE?

Over the past few years, travel prices have continued to fluctuate as the economy, demand and status of face-to-face meetings changed. With travel demand expected to grow in the coming year, will hotel, rental car and airline prices continue to increase as well?

Top Five Strongest & Weakest Travel Markets

Nationally, committed occupancy is **up 4.8 percent** year-over-year, average daily rates are **up 4.0 percent** and revenue per available room is **up 6.5 percent** for the next 12-month period. Information is based on bookings for the period October 2011 through September 2012. Here's a look at some of the **strongest and weakest travel markets** in the U.S. based on this same period.

STRONGEST MARKETS	COMMITTED OCCUPANCY	RESERVED ADR	RESERVED REVPAR
Detroit	22.1%	4.7%	24.8%
Charlotte	20.4%	5.7%	10.9%
Houston	15.9%	3.1%	9.3%
Seattle	15.9%	-3.6%	-0.9%
Philadelphia	15.1%	8.1%	14.1%

WEAKEST MARKETS	COMMITTED OCCUPANCY	RESERVED ADR	RESERVED REVPAR
Minneapolis-St. Paul	-8.6%	8.4%	7.7%
Denver	-8.2%	-7.3%	-16.6%
Dallas	-3.6%	-1.1%	-0.4%
Honolulu	-3.2%	12.6%	21.5%
Phoenix	-2.0%	1.3%	-1.6%

—TravelClick North American Hospitality Review, Oct. 2011

THE EFFECT OF 9/11

"If America had simply kept pace with the growth in global long-haul international travel in the decade after 9/11, **78 million more travelers** would have visited the United States, adding a total of **\$606 billion** to the U.S. economy and supporting more than **467,000 additional U.S. jobs.**"

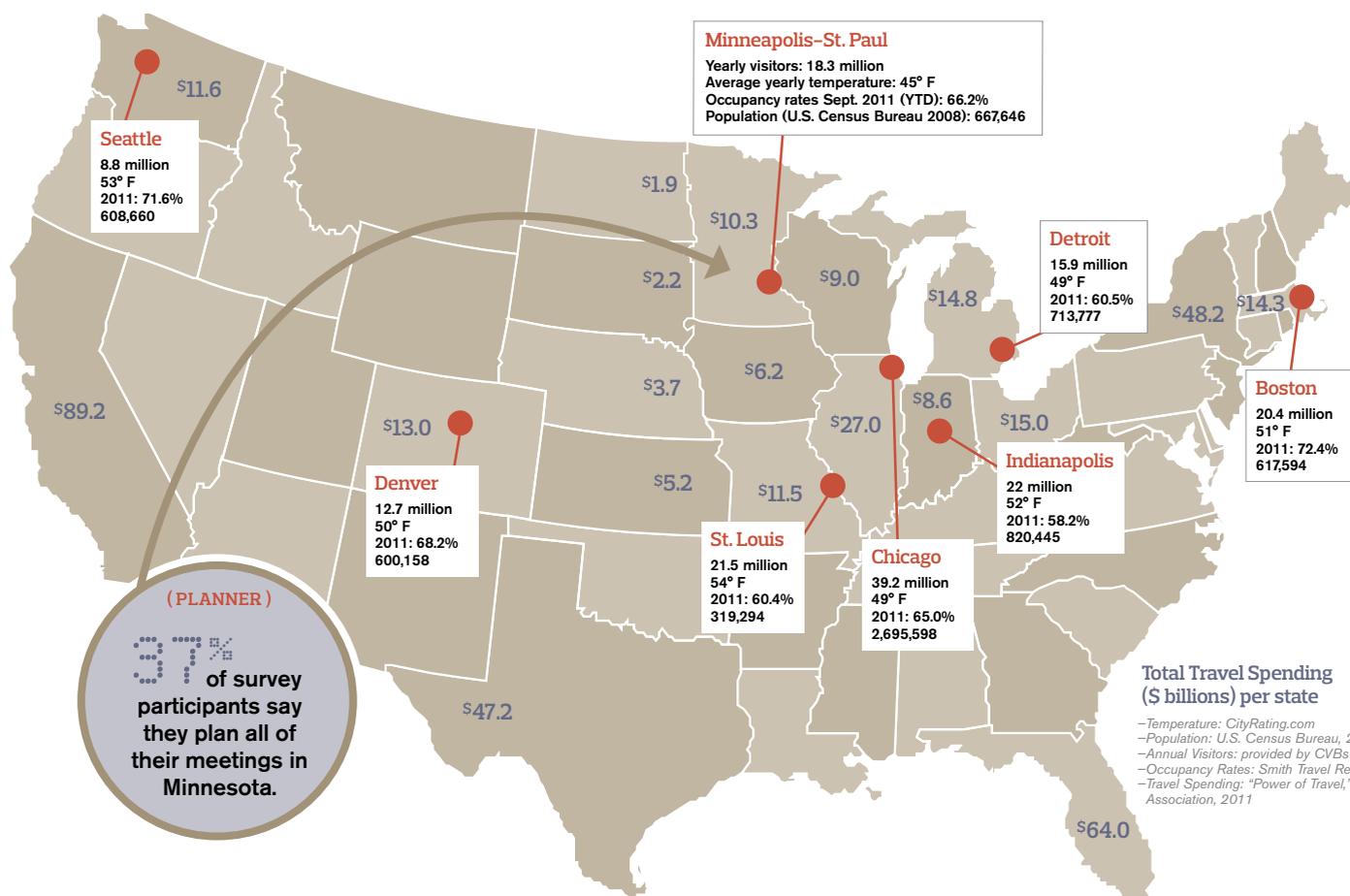
—U.S. Travel Association, 2011

Fastest Growing Markets for Business Travel

TravelClick ranked several second-tier cities among the top destinations for business travel, based on hotel bookings reserved between May 2011 and May 2012.

1. Detroit 26.8%
2. Minneapolis-St. Paul 17.2%
3. Charlotte 16.6%
4. Boston 14.2%
5. Atlanta 14.1%

—TravelClick North American Hospitality Review, June 2011



—Temperature: CityRating.com
 —Population: U.S. Census Bureau, 2010 Census
 —Annual Visitors: provided by CVBs in each city
 —Occupancy Rates: Smith Travel Research
 —Travel Spending: "Power of Travel," U.S. Travel Association, 2011

Travel Price Forecast

In October, Carlson Wagonlit Travel released its 2012 Travel Price Forecast, comparing regions across the country. Here, their predictions for the United States.

	BUSINESS AND FIRST CLASS	ECONOMY
Domestic Air	-5.0% to -0.1%	3.6% to 5.2%
International Air	3.6% to 4.8%	6.1% to 7.3%
	H1 2012	H2 2012
Hotel	3.5% to 4.4%	3.5% to 4.6%
Car Rental	-3.2% to -0.6%	-3.0% to -0.7%

—CWT Perspectives: 2012 Travel Price Forecast, Carlson Wagonlit Travel, Oct. 2011

Revenue Per Available Room



—Year to date, Sept. 2010 vs. Sept. 2011, "U.S. Hotel Industry at a Glance," Smith Travel Research, Oct. 2011

Active Hotel Projects

With the exception of New York City, new room supply growth remains slow for the United States.

2,035 projects
 310,367 rooms
 -9% from October 2010

—Smith Travel Research/McGraw Hill Construction Dodge Pipeline Report, Oct. 2011

Top 10 Minnesota Attractions

Attraction	ANNUAL ATTENDANCE
Mall of America	42,500,000
National Sports Center, Blaine	3,800,000
Target Field	3,233,640
Grand Casino Hinckley	2,852,055
Grand Casino Mille Lacs	2,415,394
Como Zoo & Conservatory	2,200,000
Minnesota State Fair	1,776,211
Minnesota Zoo	1,338,581
Target Center	1,057,000
Fort Snelling State Park	911,435

—Explore Minnesota Tourism, 2010

BUSINESS TRAVEL: CONTINUED

Hotel Performance

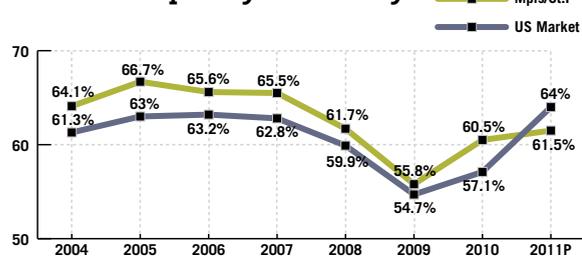
In the last year, gains in the hotel industry have been seen locally and nationally. Nationally, supply is up .7 percent, while demand has risen 5.3 percent and average daily rate is up 3.6 percent for the year to date, comparing Sept. 2010 to Sept. 2011. Check out how Minnesota and Minneapolis-St. Paul compare to the nation.

		NUMBER TO DATE (SEPTEMBER 2011)	
SUPPLY	Minneapolis-St. Paul	10,405,299	0.3%
	All of Minnesota	19,948,179	0.5%
DEMAND	Minneapolis-St. Paul	6,884,552	6.9%
	All of Minnesota	12,246,082	5.2%

		DOLLARS TO DATE (SEPTEMBER 2011)	
ADR	Minneapolis-St. Paul	\$95.40	4.8%
	All of Minnesota	\$90.42	4.3%
ROOM REVENUE	Minneapolis-St. Paul	\$656,755,707	12.0%
	All of Minnesota	\$1,108,902,939	9.7%

—Data based on year to date Sept. 2010 to Sept. 2011, U.S. Hotel Industry at a Glance, Smith Travel Research, Oct. 2011

Hotel Occupancy Recovery



—Data based on year to date Sept. 2010 to Sept. 2011, U.S. Hotel Industry at a Glance, Smith Travel Research, Oct. 2011

State of the Industry Methodology

The eighth annual *Meetings: Minnesota's Hospitality Journal* Industry Survey was posted on www.mn-meetings.com between July and October 2011. Respondents could opt into 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 5,500 randomly selected industry professionals, upon which 91 usable surveys were received (65 planner surveys, 26 vendor/supplier surveys). Survey participants could opt in and be eligible to win a \$100 gift certificates to one of these five local restaurants: Gianni's, Fogo De Chao, Jax Café, Tria or Sea Change. The editors would like to thank everyone who took the time to participate in this year's survey. Your insight and knowledge allow us to bring you the best possible coverage of the state's hospitality industry.



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airline capacity and the drastic decrease in the number of hotels in the construction pipeline since the recession, existing hoteliers and airlines have been able to fill seats and beds in record numbers with leisure travelers. Data supports the theory.

Driven by the luxury end of the market, U.S. leisure travel showed stronger activity throughout the recession than other market segments. USTA research shows the number of leisure trips only decreased slightly in 2009 (down 2.6 percent), while business person-trips decreased in 2007, 2008 and 2009: 2.8 percent, 6.7 percent and 5.3 percent respectively. Today, leisure travelers make up a greater portion of all U.S. travel.

"The occupancy for New York City for the first nine months of this year was 80.4 percent," says Freitag. "So you are selling eight out of every 10 rooms every night, and if you can imagine that Sunday night is really like a 50 percent occupancy night—it's just hard to fill rooms on a Sunday—that means that you have to be full on Monday, Tuesday, Saturday. And by full I mean sold-out full, which gives you pricing power. In New York City, year-to-date rates [in September] are up 6.6 percent. But not to be outdone, Minneapolis-St. Paul, your rates are up 4.8 percent. That's a fairly healthy rate growth of almost 5 percent."

Business travel began to recover in 2010, growing by 5 percent according to the Global Business Travel Association (GBTA). Once allied, business travel is expected to grow 6.9 percent in 2011, surpassing \$250 billion, but corporations are taking a cautious approach into 2012, leading analysts to forecast business travel growth of 4.3 percent. The same holds true for meetings; budgets for meeting and events are only expected to grow at 3.5 percent in 2012, about half the 6.8 percent growth GBTA analysts predicted for 2011.

"Are corporations feeling confident? No. I think they definitely still feel uncertain, but they know they can't manage just without uncertainties," says Freitag. "So I think that many of them are taking very small cautious steps. And a lot of people taking small cautious steps equates to 12 months ending in August having sold a billion room nights, which is the largest number ever recorded. And where does that come from? It comes from leisure travelers out there saying,

'Man, it's tough out there, but I need a vacation.' And corporate travelers saying, 'I got to see my clients, because if I'm not, my competitor is.'"

Despite some of the data that points to more caution in the hospitality industry, some Minnesota meeting and event professionals have greater cause to remain optimistic. Sam Thompson, CEO of metroConnections, a Minneapolis-based full-service event production company, says that his business has seen double-digit growth over the past two years. "I think we are seeing that that companies are still needing to plan meetings and conventions, and they are looking to companies like ours to outsource. Where maybe they aren't hiring, but they are still needing to put the meeting on. And I think that has certainly helped our situation."

While business travel may remain stable into the coming year, the lack of increasing airline capacity and hotel supply will be enough to drive up the cost of doing business. Smith Travel Research predicts average daily rates for hotel rooms will increase 3.7 percent in 2012, to a U.S. average of \$105.29. Carlson Wagonlit Travel (CWT) forecasts a 3.5 percent to 4.1 percent increase in airline pricing as airlines "remain extremely disciplined in their efforts to manage capacity, with many responding to the latest round of uncertainty by scaling back their capacity growth plans for the rest of 2011 and into 2012," according to CWT's recently released 2012 Global Travel Forecast. Strong demand will boost the cost per meeting attendee per day between 5.5 percent and 6.5 percent due to limited travel supply related to air and hotel, according to CWT forecasts.

In 2012, air and lodging trends for the top corporate destinations across the globe will be up, according to data from an international survey gather by Egencia. As a result, the negotiating climate will be challenging for buyers. The search for a bargain might remain throughout hospitality as planners continue to be price conscious. But it may be more difficult in light of other existing trends, including the tendency for many planners to book events with less lead-time.

"I think all of us, even in our personal lives, have become better purchasers," says metroConnections' Thompson. "And all of us are doing our due diligence more, and because of that we are all looking for a better value. Even as budgets open up even more, people are going to continue to look for a good value. They are going to want things done right."

Vendors still perceive meeting planners making many decisions based only on their budgets, says survey respondent Terrie Bulanek of the Saint Paul Hotel. "They pay for what is important, however." What planners seem to value most is increasing use of audiovisual services. "One thing we've seen this past year is just the tremendous increase with the technology and mobile solutions," says Thompson, which includes such services as putting conference agendas on smart phones, sending and receiving messages to and from attendees and putting speakers' presentations on

iPads. "And we see that continuing to grow."

Another related trend is the growing use of hybrid events, or events that provide not only an environment enriched by technology for on-site attendees but one for those attending live sessions virtually through interactive audio, video and social media applications. As a result, measuring what meetings offer is becoming more difficult, says University of Minnesota's Schneider, but it will become even more important. In a participatory culture, people want to be more involved in all aspects of an event, which includes social media, she says. "I think the value proposition of the meet-

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—Sam Thompson

ings is going to be essential in demonstrating ROI internally."

"I think the acceptance, acknowledgment and integration of social media can drastically change what meetings are looking like," says Schneider. "I think as we become even more connected it is going to be increasingly challenging to keep attendees engaged, on-site and in the present. But the valued of that being present is really difficult to calculate, so it is really important."

The Twin Cities' large base of Fortune 1000 companies, with lots of cash on hand, makes our region one with "strong demand generators" moving into next year, says STR's Freitag. "I'm obviously talking in generalities but I think it's fair to say that unlike in 2008 when corporations cut travel to the bone, those companies are now seeing business travel as a strategic investment rather than just an expense. And they realize that in order for a company to grow it needs to have a presence, wherever: tradeshow, conferences. You need to talk to your clients; you need to see them often. So that's what drives a lot of business travel demand. And we are also seeing the group traveler is coming back."

In this State of the Industry Report, *Meetings: Minnesota's Hospitality Journal* sought to examine the region's hospitality industry as it worked to reassemble itself at the beginning of this new decade. What are some of the trends affecting our industry today? How do we best measure economic recovery? These pages examine some of the most relevant national data as well as highlight the results of our eighth annual State of the Industry Survey. ■