

Meetings' State of the



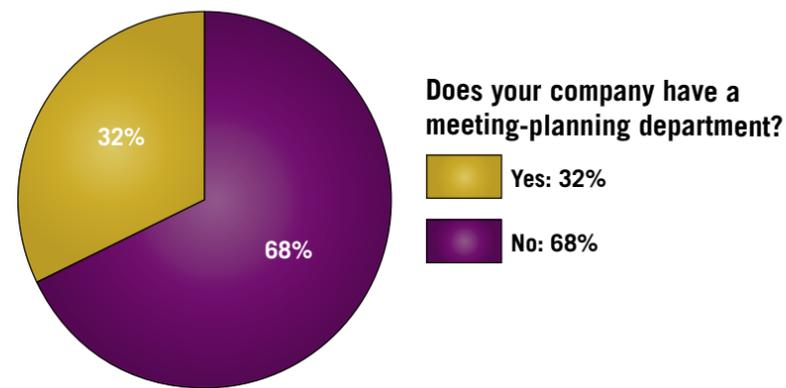
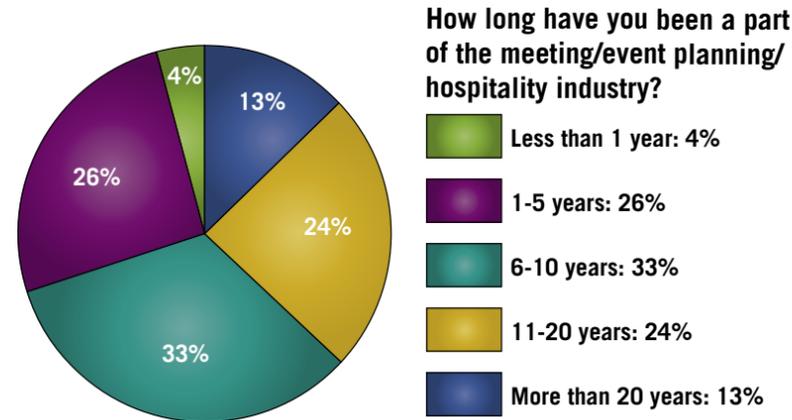
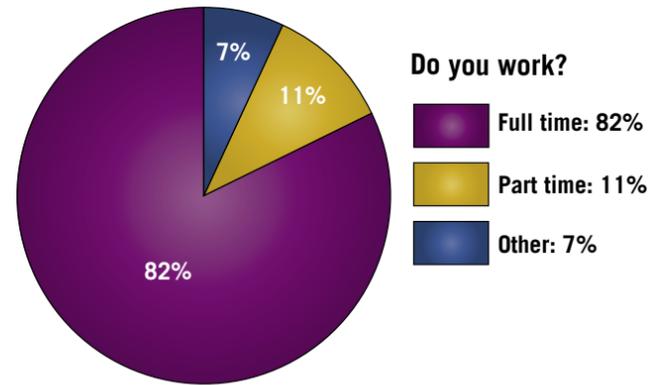
Industry Report

STORY BY JOEL SCHETTLER

Do you plan meetings full time? Have your budgets been slashed? Are you in the Minnesota hospitality industry for the long haul? This is just a taste of the questions that *Meetings: Minnesota's Hospitality Journal* wanted answered. This past summer, *Meetings* conducted its first-ever industry survey. What is the state of this state's meetings and events industry? You'll find all the answers, right here.

PHOTO BY TERRY BRENNAN

PLANNER SURVEY: A PLANNER'S ROLE



Shaken by terrorism, war and a sluggish economy, many would characterize the hospitality industry of recent years as an industry in waiting. Hotels have traveled some rough economic terrain. The operating profit for the average hotel fell 19.4 percent in 2001 followed by another 9.6 percent drop in 2002, according to data published by PKG Consulting and the Hospitality Research Group. And time hasn't offered much relief: The average U.S. hotel suffered another 11.9 percent decline during the first six months of 2003.

Yet, by many measures, the hospitality industry could be ready to shake the economic doldrums that have plagued meeting planners and vendors alike. Next year, travel expenditures are predicted to exceed \$600 billion, according to the Travel Industry Association of America (TIA), making 2005 the year that the industry will finally surpass the record levels set in 2000.

By others' accounts, we may have already reached such milestones. When the final year-end 2004 lodging data is tallied, PricewaterhouseCoopers predicts the current economic expansion will bring lodging demand to 2.71 million daily occupied rooms, or 2.1 percent above record-setting levels recorded in 2000.

Total sales of tourism-related goods and services grew 5.4 percent during the second quarter of 2004, according to preliminary estimates from the Commerce Department's Bureau of Economic Analysis. Such healthy growth comes on the heels of a first quarter total tourism sales increase of 10.9 percent.

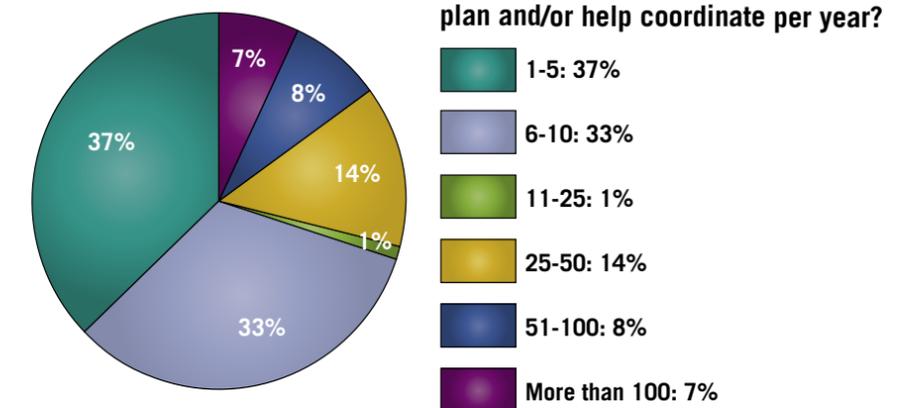
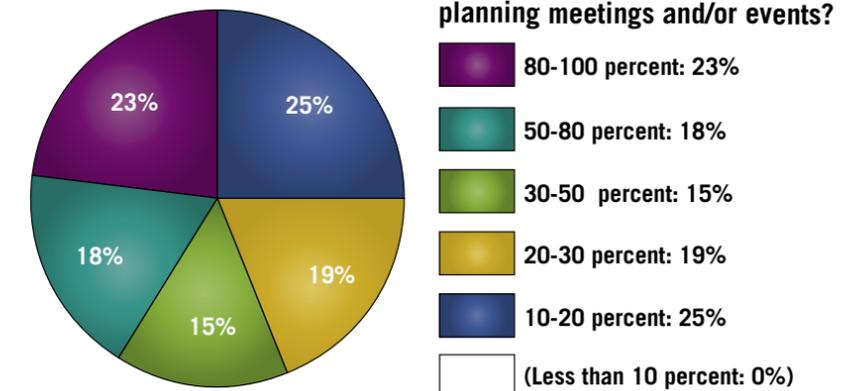
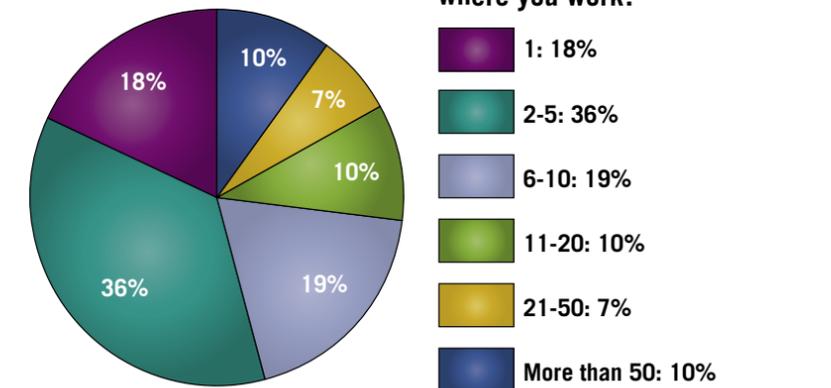
One-quarter of survey respondents have worked in the meeting planning or hospitality business between 11 and 20 years, while 13 percent have been on the job for an even longer period of time.

The recovery of business travel will bring higher prices for hotel rooms. According to Smith Travel Research occupancy data, the top 25 largest U.S. markets (which includes Minneapolis-St. Paul) has averaged 67 percent in the first eight months of 2004, an increase of 5.8 percentage points from a year ago. "If current trends hold," said Mark Lomanno, Smith Travel Research president, "we anticipate a full year 2004 industry revenue per available room (RevPAR) growth that could be over 6 percent," which would make it the largest increase in 20 years.

What is the state of our industry? In the first regional survey of its kind, *Meetings: Minnesota's Hospitality Journal* sought an answer to the question as reflected in Minnesota. Surveys were sent to 6,400 industry professionals, upon which 194 usable surveys were received — an excellent response rate of 3 percent. The following pages highlight the results.

On the Job

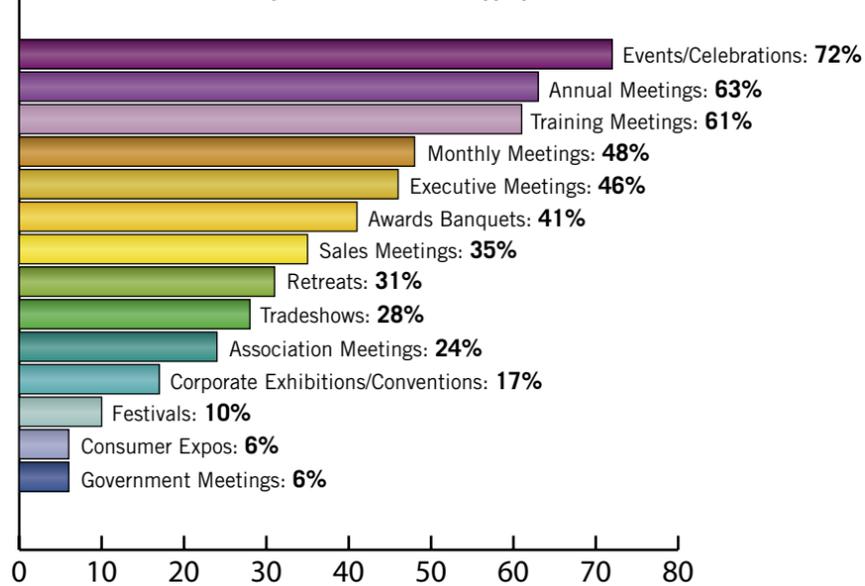
Even though the hospitality industry seems poised to regain its footing, employment levels have yet to return to



PLANNER SURVEY: MEETING/EVENT SPECIFICS

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

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



“Ours is an ever-evolving industry, but it’s also a community. Getting people together is a powerful thing.”

— Sean Schuette, Cygnus Expositions



heights achieved four years ago. Travel-related job growth remains stagnant on a national level. In August, about 1 percent fewer workers were employed in the airline industry than the year before, according to TIA research. During the same time period, lodging employment remained unchanged.

Yet, Minnesota data runs counter to national trends. In June 2004, employment in Minnesota’s leisure and hospitality industry reached 242,400 according to the Bureau of Labor Statistics, the highest level ever recorded. Over the past decade alone, the industry has added 35,000 jobs.

Employees who work in the leisure and hospitality industry vary, including the concierge at the hotel, the sous-chef at the four-star restaurant, and, of course, the meeting planner who works to bring events and visitors to the region. But just as varied as the hospitality worker’s job title, so too are those of meeting planners.

Who is a Minnesota meeting planner? Even though all of the respondents to *Meeting’s* planner survey worked to mind the details that go into conducting an event, the titles on their business cards varied — be they sales and marketing, executive level positions such as president and CEO, or general management and administrative titles such as meeting planner, project coordinator and administrative assistant.

Meeting’s survey data revealed that a full one-quarter of respondents spend between 10 and 20 percent of their time

planning events. At the opposite end of the work spectrum, 23 percent of respondents’ work focuses on meeting planning tasks 80 percent of the time or more.

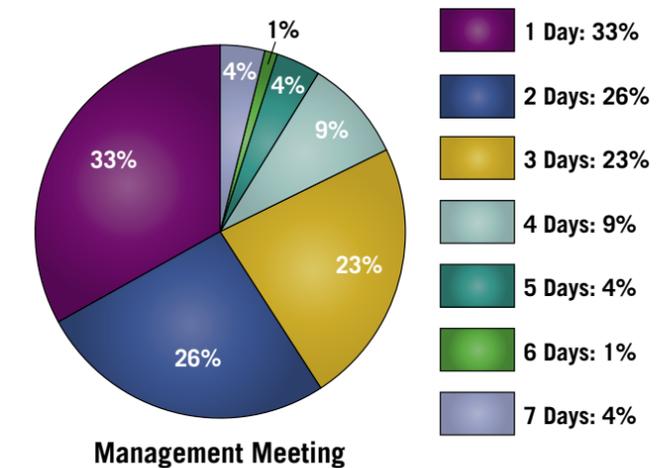
Most meeting planners surveyed work full time (82 percent) and have been in the field for a while. Nearly three-quarters of regional meeting planners surveyed have been a part of the hospitality industry for more than five years. One-quarter of respondents have worked in the meeting planning or hospitality business between 11 and 20 years, while 13 percent have been on the job for an even longer period of time.

While only 32 percent of those surveyed work in meeting-planning departments, some companies may be part of a growing trend to consolidate how corporate events are planned. Nearly three years ago at The Schwan Food Company, Cheryl Hoffard, manager of travel services and *Meetings’* survey respondent, began to collect information about how meetings were conducted throughout the company, from the executive level on down to sales. At the time, no one knew how much was being spent.

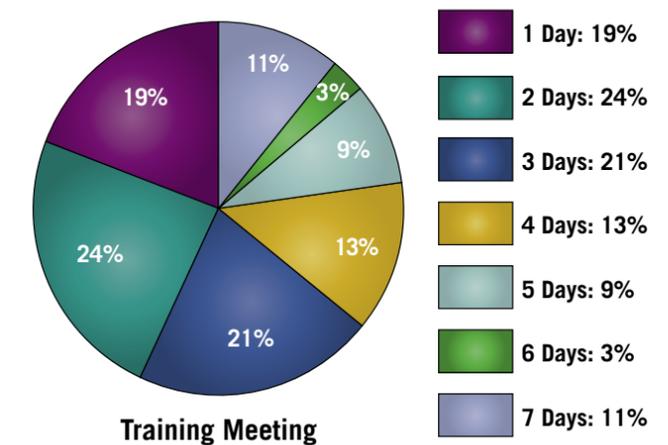
Today, Schwan’s travel services department handles all meetings that require 25 sleeping rooms or more. By working full time to plan the company’s events, Hoffard and her team are better prepared to monitor budgets and negotiate rates and amenities.

“When you do it on a consistent basis, you learn how to partner with a hotel,”

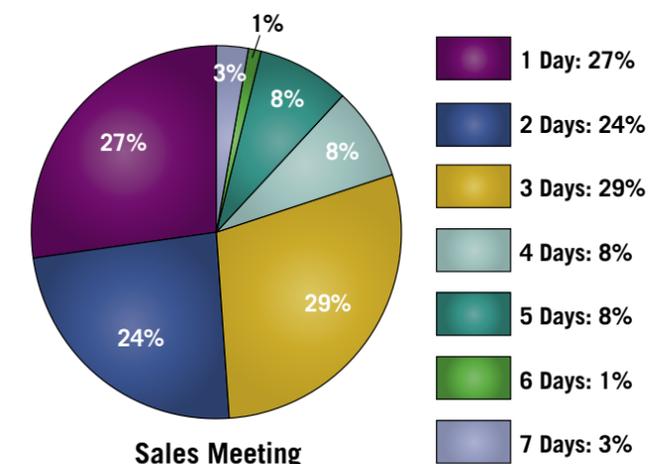
What is the average length of your meetings/events?



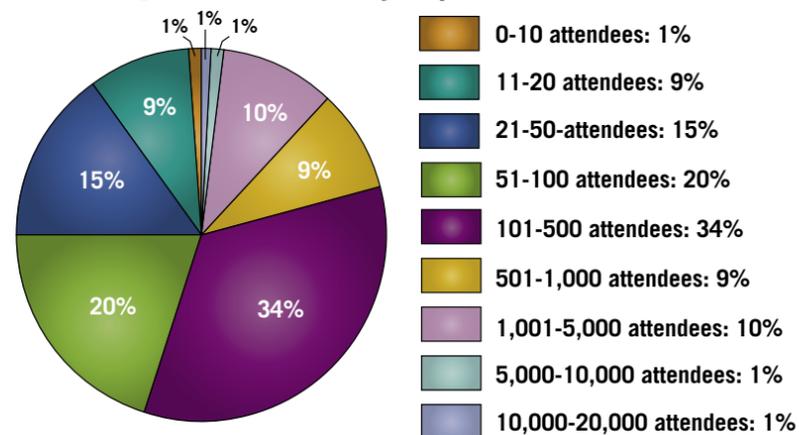
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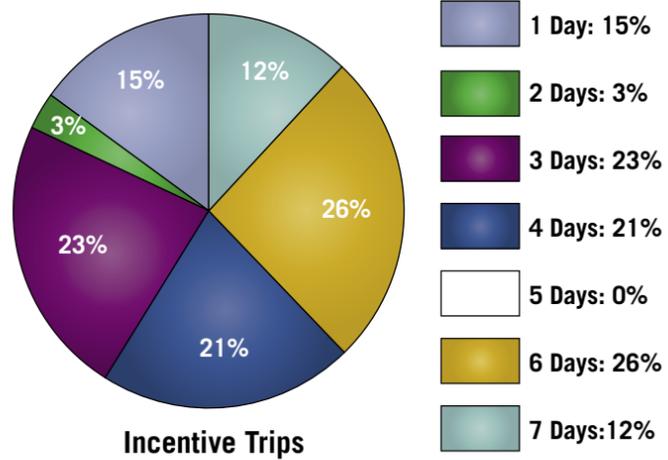
What is the average length of your meetings/events?



How large are the events you plan and/or coordinate?

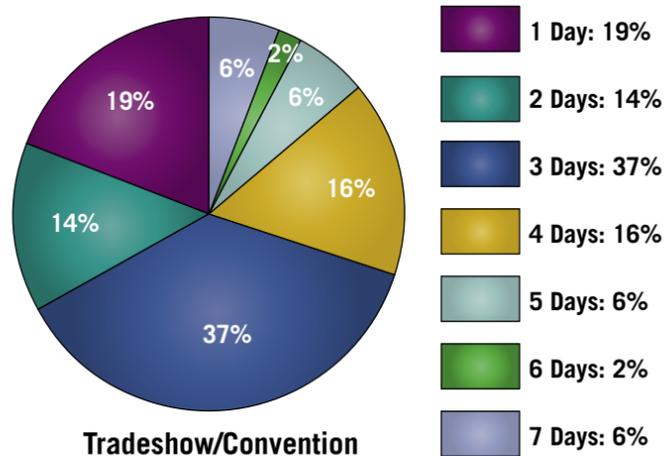


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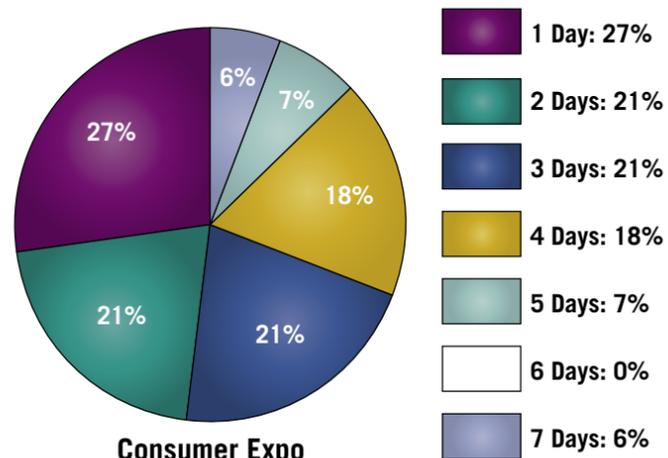
Incentive Trips

What is the average length of your meetings/events?



Tradeshow/Convention

What is the average length of your meetings/events?



Consumer Expo

Hoffard said. "It's a level of trust that we bring to the meeting planner. We review contracts, conduct site inspections and deal with anything that can be out of the ordinary. We bring some consistency to how we manage the process of managing meetings."

The Bottom Line

As any meeting planner will tell you, the economic downturns in recent years were not lost on the hospitality industry, particularly for those organizing larger events. Overall, the exhibition industry declined 2 percent from 2000 to 2003, according to a study released in mid-September from the Center for Exhibition Industry Research (CEIR). Yet, given the impact of 9-11 coupled with the global recession over the same period, "declines in exhibition activity were surprisingly modest compared to other industries and other marketing media."

Revenue in the exhibition industry actually began to fall during spring 2001, according to the CEIR Exhibition Industry Index Report, and by the end of August that same year, 77 percent of businesses had imposed travel restrictions due to the struggling economy. In an industry that normally raises prices on a biannual or annual basis, such economic doldrums dealt a particularly harsh blow. Forced to reduce prices, exhibition companies watched revenue decline 6 percent over a three-year period. While metrics such as net square feet and the number of exhibitors attending events rebounded in 2003, revenues continued to decline according to CEIR's findings — circumstances largely due to the industry's annual cycle lead-time, the number of incentives given to exhibitors and entry fees.

With such obstacles to overcome, meeting planners have paid heed to the bottom line more than ever, with many being asked to do more with less. *Meetings'* industry survey showed that meeting planners have had to tighten their fiscal belts in recent years. Over the past five years, 43 percent of respondents saw their budgets slashed, while only 22 percent experienced only nominal budget increases — 54 percent of budget increases were less than 5 percent, while

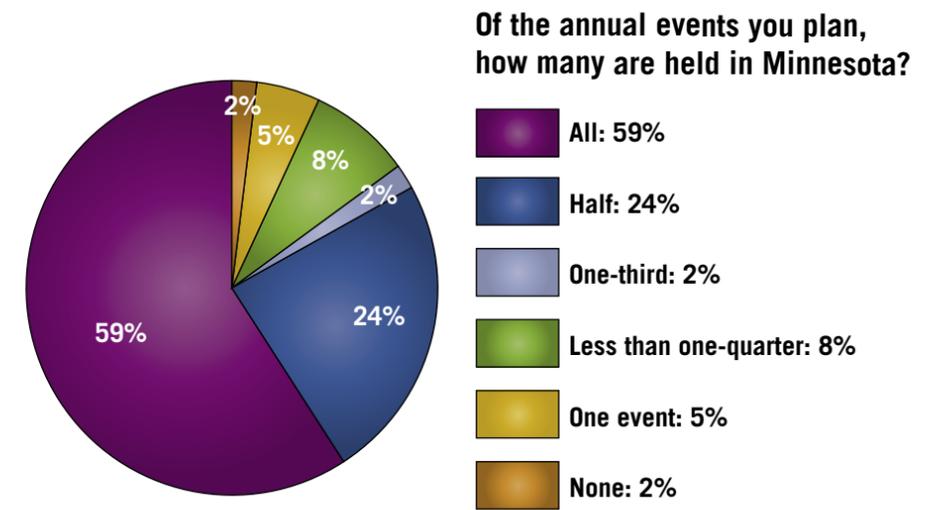
only half as many cuts were as small.

"With budgets today, corporations are looking at every dollar they spend," said The Schwan Food Company's Hoffard. "If a company takes people away from their day-to-day activities, they need to be able to walk away with something. Perhaps earlier, maybe things were accomplished when attending a conference or tradeshow, maybe not. There was more free time at such conferences. Now, when you attend a meeting it's all part of the travel costs. You should come away with a good ROI from that meeting and there should be good accountability from the person putting it on. There should be more that comes out of it."

Part of the return attendees may be looking for is training. *Meetings'* survey data revealed a growing interest on the part of meeting planners to incorporate continuing education at their events as a way to draw attendees. Of those meeting planners surveyed, 71 percent said educational opportunities are becoming at least somewhat or more important than they were a year ago.

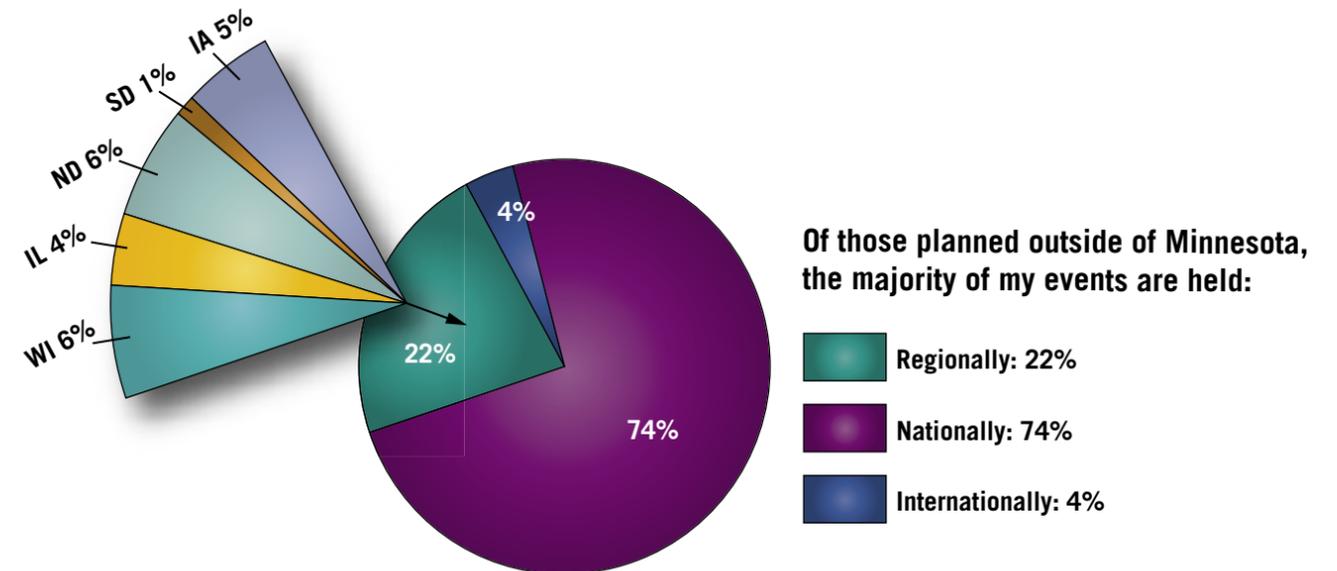
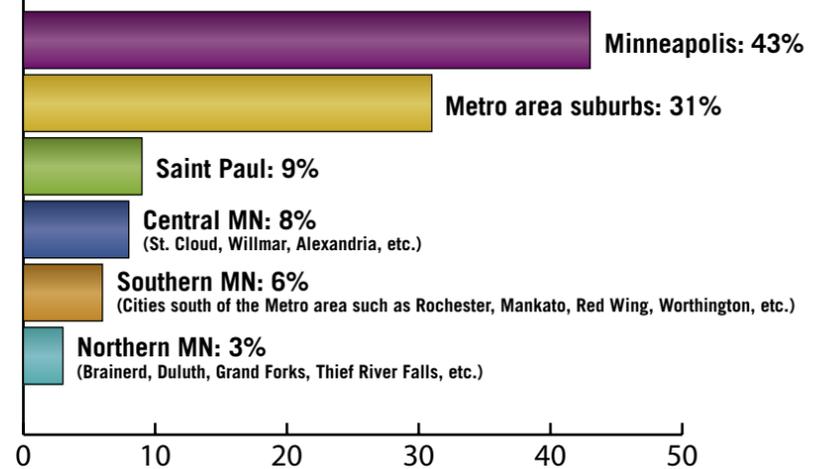
"Over the past two or three years, the nature of industry conventions and events has changed," said Henry Harteveltd, vice president and hospitality analyst at Forrester, an international independent research company. "The hallmark events, such as major industry conventions, remain extremely important. But fewer people are sent, and they are more strategic about what they want to do there."

PLANNER SURVEY: LOCATION



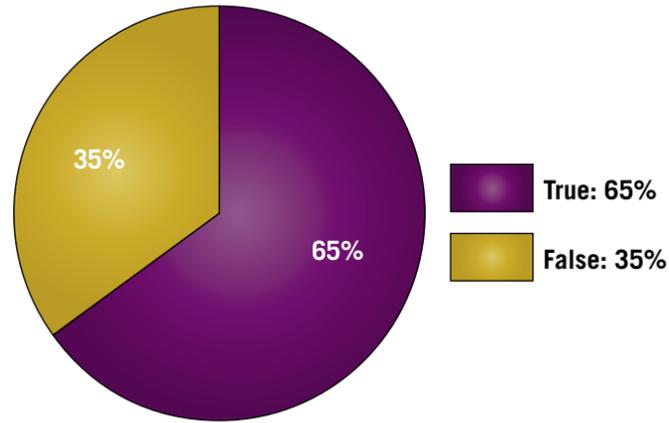
Of the annual events you plan, how many are held in Minnesota?

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

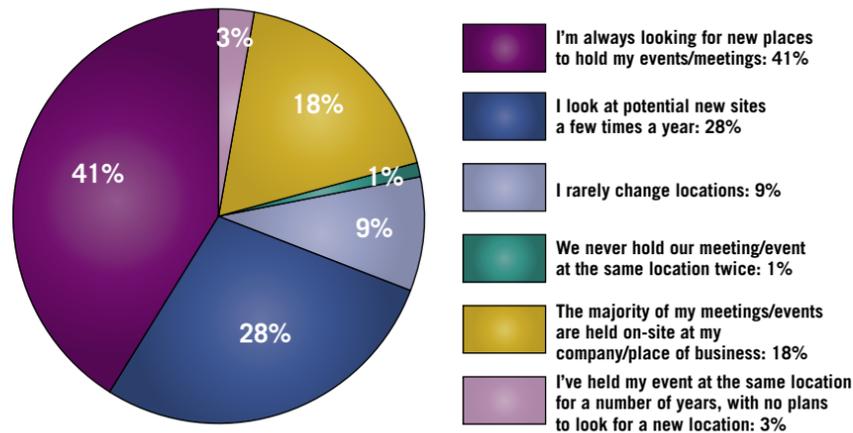


Of those planned outside of Minnesota, the majority of my events are held:

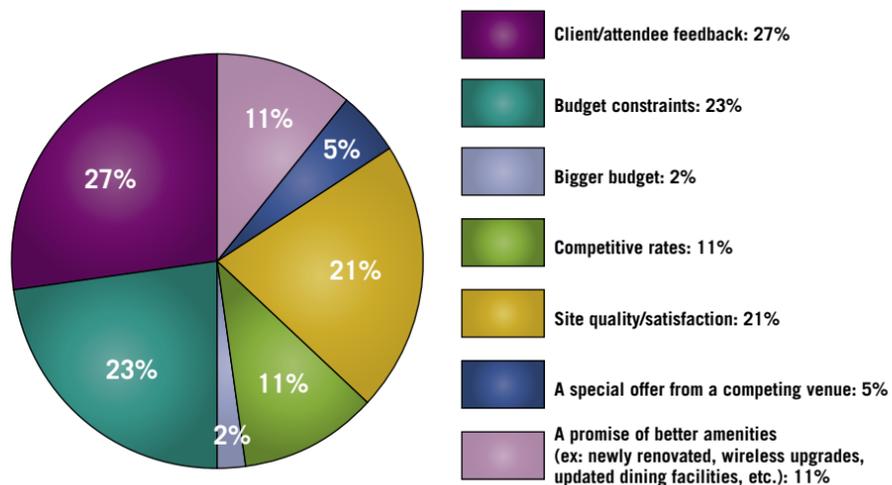
In the last five years, I've planned fewer large national meetings/conventions in lieu of smaller regional meetings/conventions.



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



What is the main reason for considering a new destination?



Time and Place

One reason it may be harder for meeting planners to attract attendees to their large events is that people are simply starved for time.

"We live in a world that is continually moving faster and faster," said survey respondent Sean Schuette, conference coordinator at Cygnus Expositions, a tradeshow management company that produces more than 50 events a year, ranging in size from 500 to 15,000 attendees. "You are only given 1,440 minutes a day, and it's all in how you use it and the choices that you make. You have to give people incentives to act earlier. People just don't always plan. The car is in the shop; they have to pick up the kids. When you look at a potential attendee, this is only one of the decisions they have to make."

One solution Schuette has used effectively is to allow a longer window of time to receive price breaks for early registrations. "One thing we see across all of our shows is that attendees are booking closer and closer to the show date itself," he said. "Now two weeks out, it gets busy. We try to adjust our registration deadlines with offers to really entice people."

Despite any shifting trends in how registrants sign up for events, meeting planners find it difficult to adjust their planning schedules. Nearly half of *Meetings*' survey respondents continue to plan their events with the same amount of lead time as a year ago, while the remaining of those surveyed are split between planning events earlier or closer to the date of the event. However, vendors such as hoteliers and caterers feel they must work with shorter lead times; 54 percent said they must work with planners closer to the time of the event than they did a year ago. More than half of vendors cite the fact that meeting planners obtain attendee confirmations closer to the event date as the reason they are afforded less time.

From the meeting planner's view, any change in planning timetables has more to do with how business is done. Nearly half of meeting planners said working electronically via the Web or e-mail has cut

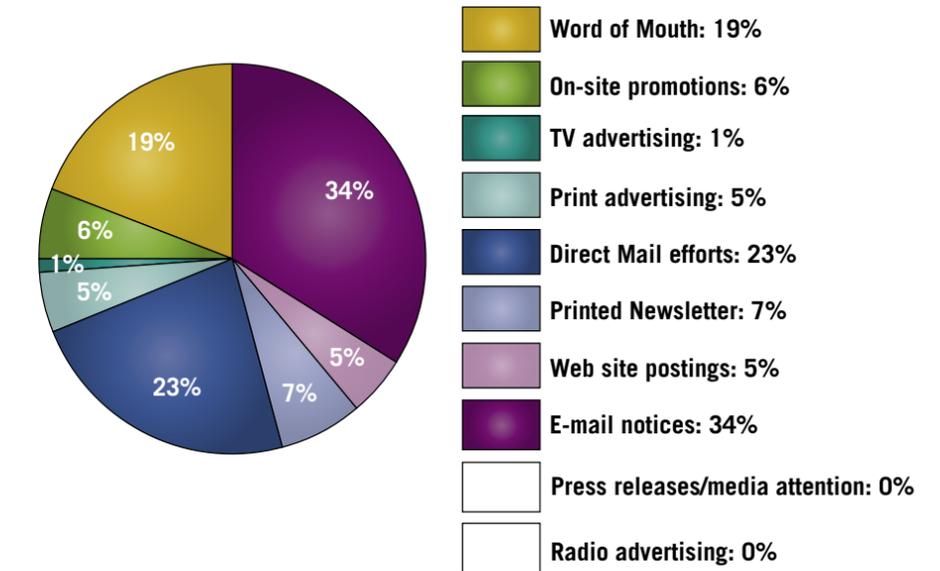
down their planning time. "Our electronic society is a reason things are getting done a lot quicker," said survey respondent Joan Rausch, director of special events at the Minnesota Chamber of Commerce. "Now when I solicit event sponsorships, they are done via e-mail in 20 minutes. Electronically inviting someone is faster than the formal invitation."

Ever mindful of their time away from the office, more attendees may be sticking closer to home. While it doesn't spell death for the big national event, Schuette's demographic analysis of tradeshow attendees shows more people are likely to travel to regional shows within a four-state area.

The trend rings true in Minnesota as well. One of Rausch's board members at the Minnesota Chamber of Commerce manages a golf resort near the Brainerd

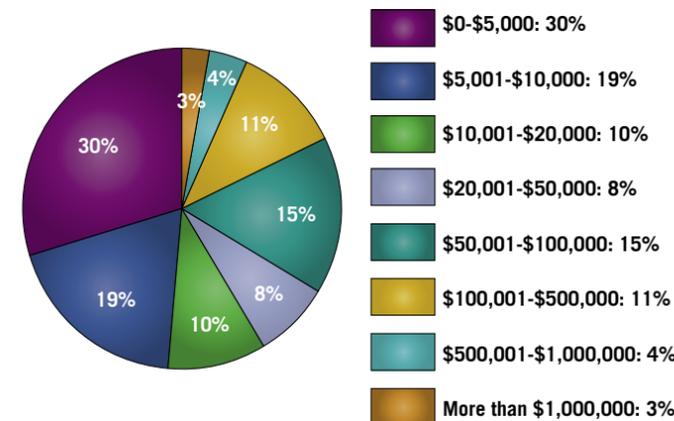
PLANNER SURVEY: MARKETING

What's the most effective advance marketing channel to help you boost attendance at your conference/tradeshow/annual meeting?

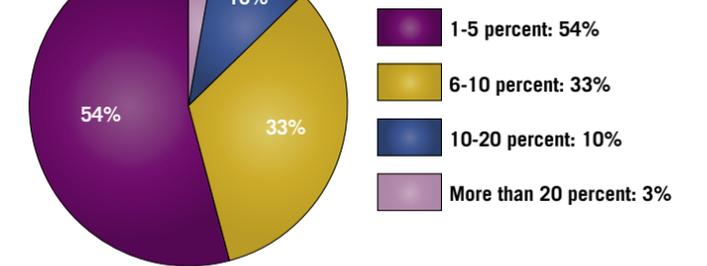


PLANNER SURVEY: BUDGETS

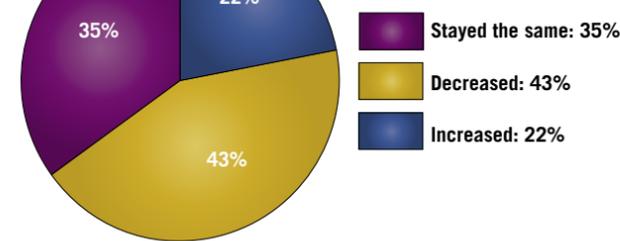
What is your annual budget per event?



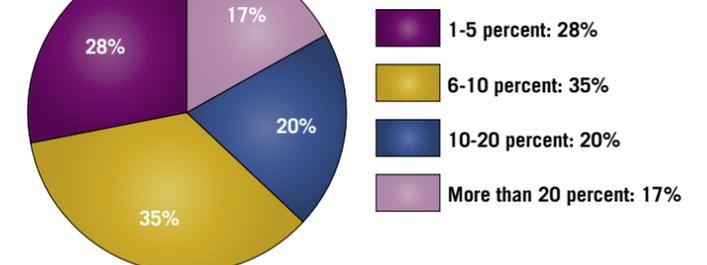
If increased, by how much?



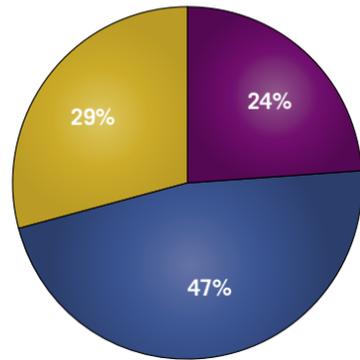
Over the past five years, has your budget:



If decreased, by how much?

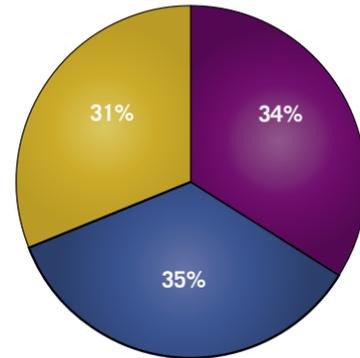


PLANNER SURVEY: TIMETABLE



Compared to the meetings/events I planned in 2003, I'm now planning my events

- Closer to the event (less lead time) than before: 29%
- Same amount of time as before: 47%
- Earlier (more lead time) than before: 24%



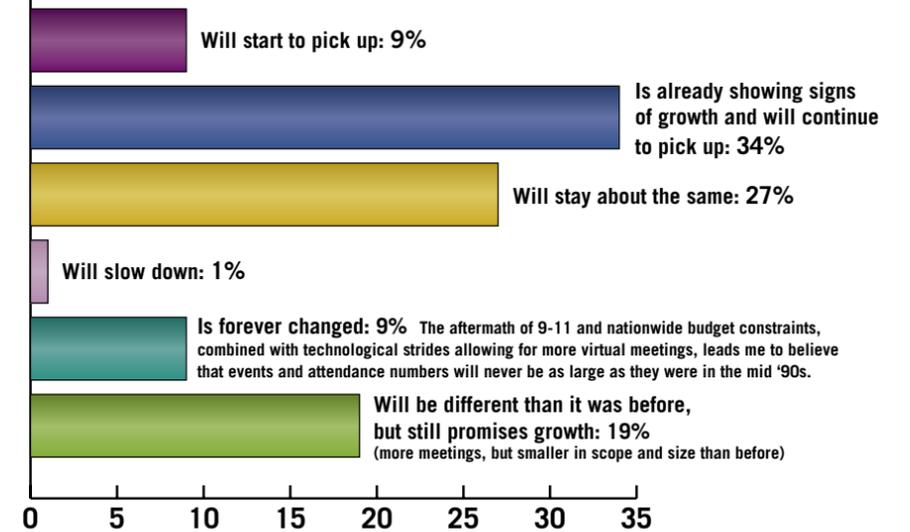
If your answer reflects a change, what, in your opinion, is the reason for it?

- I get attendee confirmations closer to the event date than before, affording me less lead time: 31%
- I'm doing more things electronically (via Web or e-mail), which has cut down my planning time: 35%
- Change in event size/attendance: 34%



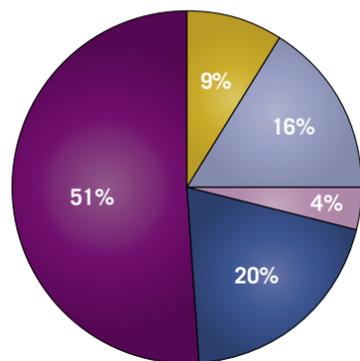
PLANNER SURVEY: PREDICTIONS

In the coming year (2005), I predict that the meeting and hospitality industry in Minnesota:



Survey results continued on following pages

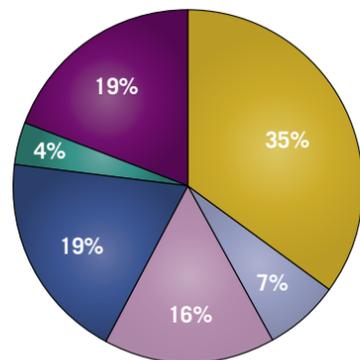
PLANNER SURVEY: TRAINING OPPORTUNITIES FOR ATTENDEES



Compared to 2003, the educational opportunities offered at my meetings or events:

- Are becoming more important to my attendees: 51%
- Are somewhat more important to my attendees: 20%
- Are slightly less important to my attendees: 4%
- Do not make or break whether or not people attend my event: 16%
- Is not important at all for the events that I oversee: 9%

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



- Seminars with keynote speakers on important industry issues: 19%
- Strong trade show with vendors showcasing the latest products/services: 4%
- Workshops/Education days: 19%
- Networking opportunities: 16%
- Lunch sessions – or something that doesn't take attendees out of the office for a whole day: 7%
- An event that has it all: seminars, speakers, training and networking opportunities: 35%

lakes region. "He actually saw an increase in meeting business because people weren't spending money to go out of state," Rausch said. "It's been a bit of a boost to our economy that people are staying close to home."

Over the past five years, 65 percent of those surveyed have planned fewer national meetings or conventions in lieu of smaller regional events. "Companies are downsizing," said survey respondent Joan Nilsen, president and CEO of Ambiente LLC, an event-planning company. "Instead of a corporation or company hosting a large meeting for everyone, two of my larger clients are hosting smaller meetings that have more impact. It is more cost effective, but it's also more personalized. That doesn't mean they will stop having the large meetings. It just means they will be more resourceful with the dollars they have."

Clear Skies Ahead

So where is the hospitality industry heading? For the industry to fully recover, said Forrester's Harteveldt, the country's businesses will need a period of prolonged earnings before more people will participate in conferences

or seminars. Indeed, we may already be starting to see signs of growth.

The economy has been growing at a mediocre but steady clip over the past two quarters: an annual rate of 3.3 percent during the second quarter, and 3.7 percent during the third, from July through September, according to a report released in late October from the Commerce Department's Bureau of Economic Analysis (BEA). Taking a hit in 2001, the economic sector representing arts, entertainment, recreation, accommodation and food service has shown steady growth of 1.9 percent for both 2002 and 2003, according to BEA statistics.

And people may be traveling more as they once did. August 2004 industry performance indicators revealed domestic air revenue passenger miles increased 6.3 percent from the same month a year ago, according to TIA data, while international travel rose 10.5 percent during the same period. Lodging receipts grew 3.1 percent against August 2003 figures as well.

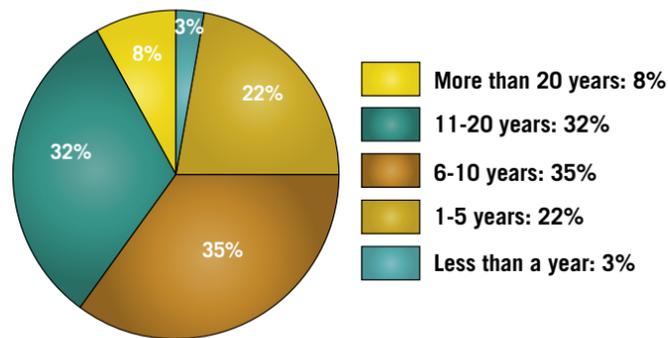
"I wouldn't say that [meetings and conventions] business will strongly come back, but it will begin to return," said Harteveldt. "You will start to see some

“It's been a bit of a boost to our economy that people are staying close to home.”

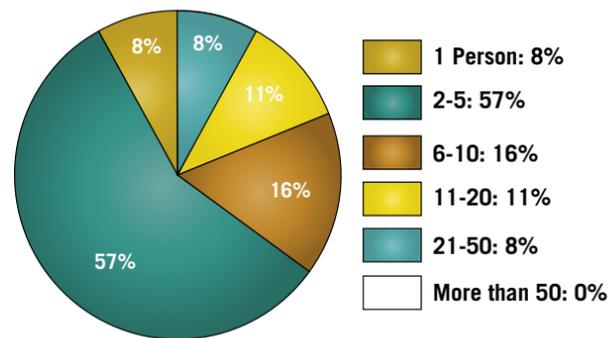
— Joan Rausch,
Minnesota Chamber of Commerce

VENDOR SURVEY: A SUPPLIER/VENDOR'S ROLE

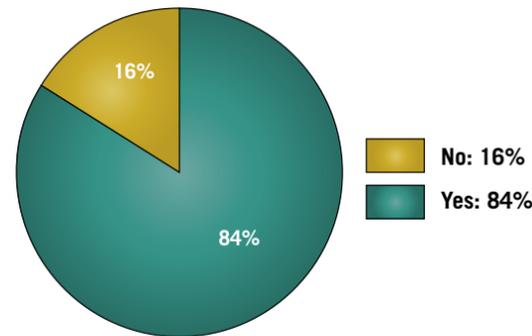
How long have you been a part of the meeting/event planning/hospitality industry?



How large is the staff in the department where you work?

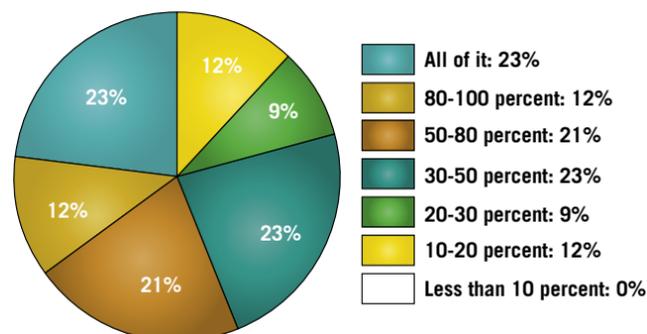


Does your company have a sales or marketing department directed toward catering to the meetings/group business?



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.)



short-term business that hasn't been there for awhile. Hallmark events, such as your major industry conventions, remain extremely important. But I think many are cautiously optimistic, because they see this business is very long-term."

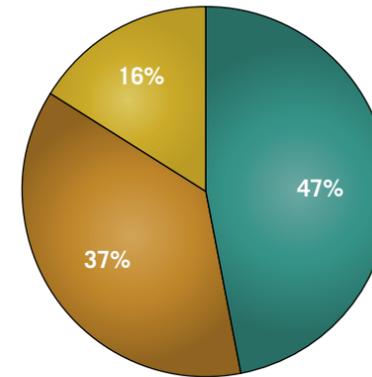
Indeed, *Meetings'* survey respondents expressed the same guarded optimism. Most respondents felt the industry is already showing signs of growth and will continue to pick up (34 percent), or will begin to improve soon (9 percent). One group of respondents (19 percent) believed the industry still promises growth, but with growth comes change in the size and scope of events. Another 9 percent of respondents believed the following statements to be true: "The industry is forever changed. The aftermath of 9-11 and nationwide budget constraints, combined with technological strides allowing for more virtual meetings, leads me to believe that events and attendance numbers will never be as they were during the mid-1990s."

"9-11 woke us up to the fact that we take a lot of things for granted," said Cygnus Expositions' Schuette. "What did you do that day? You called family and friends. It made you realize that you are more connected than you think. Ours is an ever-evolving industry, but it's also a community. Getting people together is a powerful thing." ■

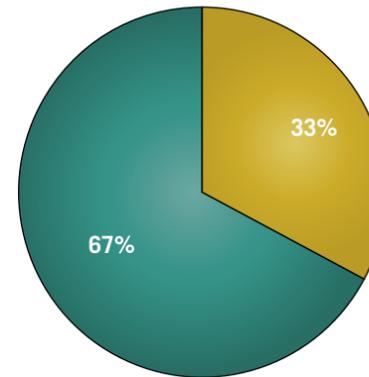
METHODOLOGY

Between June and October 2004, *Meetings: Minnesota's Hospitality Journal* posted its first-ever industry survey on its Web site, www.mn-meetings.com. Respondents could opt to fill out one of two versions of the survey; the first designed for general meeting planners, the second geared toward vendors to industry. Response was driven via mailings to 6,400 randomly selected industry professionals. The survey resulted in an overall response rate of 3 percent, translating to 194 usable surveys (156 planner surveys; 38 vendor surveys). Meeting planner survey participants could opt in and be eligible for a \$5,000 meeting prize package from Crowne Plaza Northstar Hotel in downtown Minneapolis. Vendor survey participants could opt in and be eligible to win one of five \$200 gift certificates from Jensen's Supper Club in Eagan.

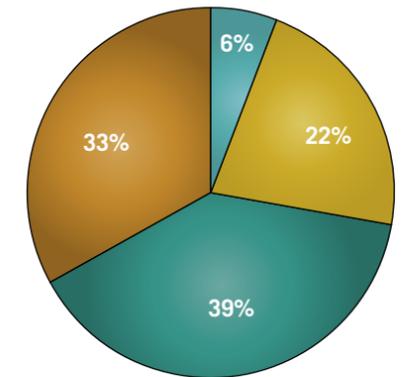
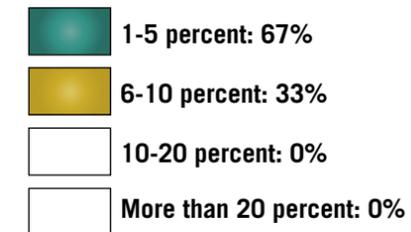
VENDOR SURVEY: BUDGETS



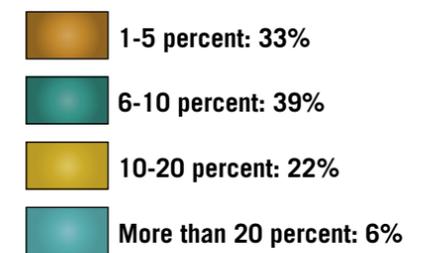
Over the past five years, have your clients' budgets:



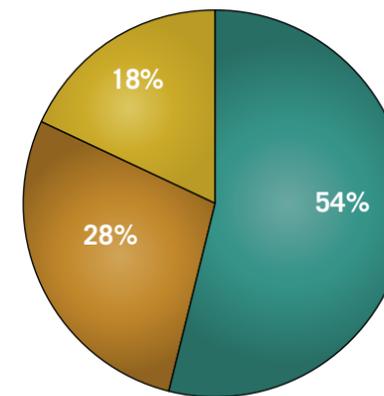
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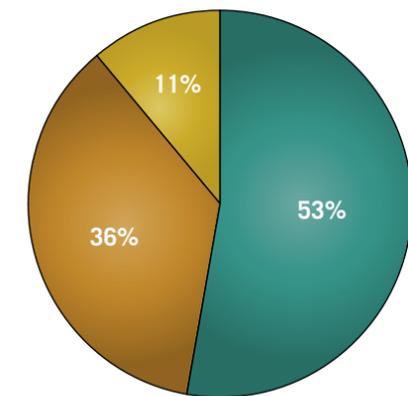
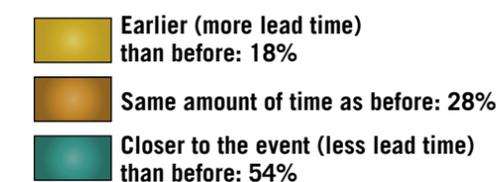
If decreased, by how much?



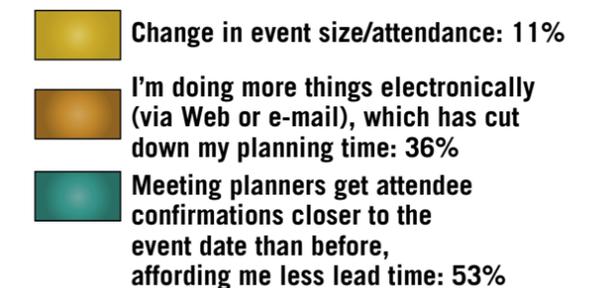
VENDOR SURVEY: TIMETABLE



Compared to the meetings/events conducted in 2003, meeting planners are now planning events or sending RFPs



If your answer reflects a change, what, in your opinion, is the reason for it?





photos by Nate Gardner

From left: Jim Waldvogel, GM, Crowne Plaza Northstar Minneapolis, Grand prizewinner Olivia Thomas, Lori Gardner, Editor, *Meetings: Minnesota's Hospitality Journal*, Joel Schettler, Managing Editor, *Meetings: Minnesota's Hospitality Journal*.

To the Victor Go the Spoils

As if a planner's day weren't busy enough, taking time out to fill in the blanks on a notably lengthy industry survey is no small request. To that end, *Meetings* partnered with two incentive sponsors for this first-time endeavor, to reward planners and industry vendors for their effort. By filling out the survey by a specified date, planners were given the option to be made eligible to win a \$5,000 meeting planner event package from Crowne Plaza Northstar Minneapolis. Those who took part in a vendor version of the survey were eligible to win one of five \$200 gift certificates for Jensen's Supper Club in Eagan. The grand prizewinner and the lucky vendor winners are pictured here.

Grand Prizewinner: \$5,000 Meeting Planners' Event Package courtesy of Crowne Plaza Northstar Minneapolis: Olivia Thomas, Project Coordinator, Medtronic (above).

Five vendor winners: \$200 gift certificates courtesy of Jensen's Supper Club in Eagan. Three winners are pictured (right).

Vendor Winners Not pictured: Gina Yetzer, Sales Manager, Gainey Conference Center, and Dennis Betcher, Entertainment/Promotions Coordinator, Treasure Island Resort & Casino.



Jeanne Britton, Marketing Manager, Lakeville CVB



Martin Larson, GM, Brunswick Zone Eden Prairie



Sean Boodoo, Executive VP, CrystalWare, Inc.