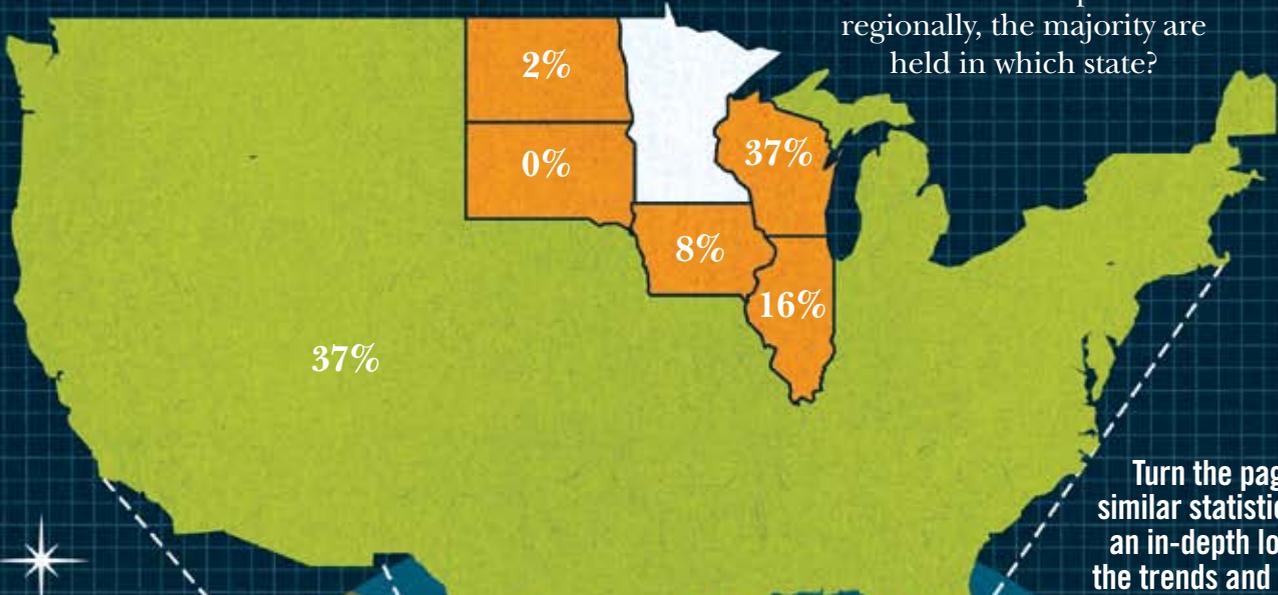


Of those events planned regionally, the majority are held in which state?



Turn the page for similar statistics and an in-depth look at the trends and events that will shape our industry in 2008 and put Minnesota hospitality on the map

STATE OF THE INDUSTRY SURVEY >



Meetings
MINNESOTA'S HOSPITALITY JOURNAL®

State of the Industry

BY HOLLY DOLEZALEK, FORWARD BY JOEL SCHETTLER

The marketplace for meetings and events in Minnesota and surrounding regions remains healthy. As one local hotelier put it recently, the industry has “finally climbed out of its hole.” Yet, the road that planners and vendors will travel the coming year may be rockier than it has been during recent years of steady growth. With economic clouds again gathering on the horizon, many planners and vendors alike approach today’s hospitality industry with guarded optimism.

Following two years of declining tourism spending in the wake of recession and 9-11, the hospitality industry began to grow again in 2003. While the industry has enjoyed years of sustained economic recovery, today that spending growth is beginning to level, according to data from the Travel Industry Association (TIA) and the U.S. Department of Commerce, Office of Travel & Tourism Industries. In 2005, growth in tourism spending peaked at 8.4 percent from the prior year. By 2006, it had shrunk to 7 percent, and when final data is tallied, spending growth is expected shrink to 5.7 percent in 2007; by 2009, projections

put the year-to-year spending increase at just 4.5 percent.

Over the past four years, the State of the Industry Survey has measured a hospitality industry that struggled to regain its footing following the events of 9-11 and subsequent recession. In its wake meeting planners and vendors alike learned to adapt by rethinking their value propositions and leveraging new technologies to strengthen ties to their customers. Adapting to market conditions, vendors worked to gain local business from clients who planned their meetings closer to home. Last year, 58 percent of respondents said the Twin Cities client market showed the most growth over the past five years. As hospitality business began to recover, industry professionals have seen growth come from farther afield—this year’s survey data reveals that only 48 percent have seen the most growth come from Twin Cities-based clients.

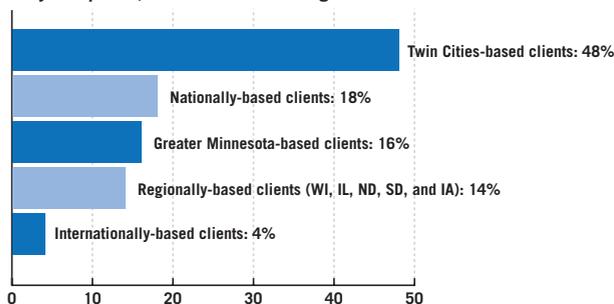
In 2006, the U.S. travel industry received \$700 billion from domestic and international travelers, generating \$109 billion in tax revenue and employing more than 7.5 million people,

according to TIA data. Once tallied, 2007 direct travel spending will reach \$740 billion, which would be a 5.7 percent increase over 2006. TIA predicts 2008 travel spending will increase another 5.2 percent to \$778 billion.

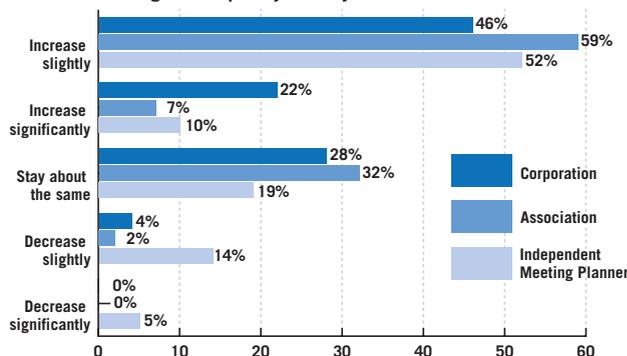
An outgrowth of the recent housing and mortgage industries, the economy is expected to experience slower business growth in 2008, according to predictions made by the Federal Reserve. Gross domestic product grew at an annual rate of 4.8 percent in the third quarter of 2007. While the economy has continued to expand in the ensuing months, it has done so at a reduced pace, according to data from the Fed’s beige book, a summary of economic conditions released in late November. Fed predictions place GDP growth between 1.6 percent and 2.6 percent for the coming year.

Yet even in the midst of such predictions, the Fed found some light, particularly in hospitality. “Activity in the travel and tourism sector was at a high level and increased further in some cases,” says the Fed report. In the Minneapolis district, tourism bookings grew or were above normal season expectation. According to

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



In the coming year (2008), I predict that the meeting and hospitality industry in Minnesota will:



the Ninth District Fed report, fall tourism was up and officials were optimistic for the winter season. The report also highlighted increased convention business in Duluth during October, with inventory, occupancy and rates all up for the year.

One sign of hospitality industry health is increasing demand. But with increasing demand, with limited growth in the supply, price increases soon follow—most of them unwelcome. “I am wondering if the portent of a recession will finally turn around the avarice of hotel pricing, which, I feel, has gotten way out of control,” says survey respondent Jo Angela Maniaci, CMP, a meeting planner with Special Events Planning in St. Paul.

In August 2007, the month with the largest proportion of the year’s travel spending, room demand was up almost 4 percent, with occupancy increasing a little more than 2 percent, according to TIA statistics. Nonetheless, room revenues grew more than 10 percent from the previous year. Once tallied, the Travel Price Index, a TIA measure of costs based on price data collected from the U.S. Department of Labor, is expected to increase by 4.7 percent in 2007. It marks a period of lowering increases in travel prices.

Business travel will remain stable in 2008, increasing a moderate 0.4 percent following a 1.7 percent decrease in business travel in 2007 compared to a year ago, according to a TIA study released in late October. And the convention business continues to exhibit health. Following the third quarter, year-to-date convention revenue rose 9.7 percent when compared to the same time period in 2006, according to data gathered by the Center for Exhibition Industry Research (CEIR). During this same period, attendance grew nearly 12 percent.

While business travel may plateau, it will still be enough to drive up the cost of doing business. The National Business Travel Association predicts overall trav-

els costs will increase between 6 percent and 8 percent in 2008. In a similar report released within a day of the TIA study, American Express states that demand for business services will outweigh supply in 2008, “driving continued increases in rates across air, hotel, car rental and corporate meetings and events.”

“Travel managers and procurement professionals can expect another capacity-restricted, challenging year,” says Mike Streit, vice president and global leader for American Express Business Travel Advisory Services. “Heading into 2008, successful management strategies will focus not just on controlling travel expenses but identifying additional areas to control costs and save, such as entertainment and related services including corporate meetings and events.”

Among the changes American Express predicts will occur in its report, titled the Global Business Travel Forecast, include an increase use in preferred suppliers, “especially hotels where compliance has historically hovered around 50 percent.” Airfares will continue to climb, and hotel rates in demand-heavy markets across Europe, Asia and the United States could see high double-digit increases, the report predicts, including in Beijing as a result of the summer Olympics.

As the eyes of the world will soon be on St. Paul, it’s the hope of many hospitality professionals that the Twin Cities will take its place among those demand-heavy destinations.

“I think there will be tremendous opportunities for our venues, planners and cities to showcase themselves to the nation with the Republican National Convention coming to the state in 2008,” says survey respondent Ruth Wikoff-Jones, with Blue Marble Events in Minneapolis. “By providing a successful, coordinated effort through sharing of information even between so-called competitors, we can impact the future of events in Minnesota for years to come.” ■ —J.S.

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METHODOLOGY

For the fourth year, the annual *Meetings: Minnesota's Hospitality Journal* Industry Survey was posted on www.mn-meetings.com between July and October, 2007. 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 8,000 randomly selected industry professionals, upon which 220 usable surveys were received (170 planner surveys, 50 vendor/supplier surveys). Meeting planner survey participants could opt in and be eligible to win a \$5,000 meeting prize package courtesy of Lancer Catering. Vendor participants could opt in and be eligible to win one of three advertising packages in *Meetings: Minnesota's Hospitality Journal*. In addition to its incentive sponsors, we would also like to thank its survey partner, the University of Minnesota Tourism Center, along with its survey sponsor, SuperShuttle, for their support.

Demands and Supply

The job of planning meetings doesn't change radically from year to year. For each event, rooms need booking, catering needs negotiating and last-minute additional attendees need vegetarian meals.

A meeting planner's job can be found across all organizations, up and down the org chart. From administrative assistants, working at corporations, without the benefit of an actual meeting-planning department, to meeting planners who spend more than 80 percent of their day planning events, the job can hardly be lumped into a single, typical description. More than half of our respondents work for a corporation, just over one-third work at an organization that has a meeting-planning department, nearly a third of our respondents (30 percent) are meeting, event or conference planners. So the profession isn't invisible, but it also isn't exclusive; meetings remain solidly in the province of people with other jobs to do as well.

Salaries for meeting planning—at least when you look at the most common titles, such as administrative assistant/executive assistant, meeting/conference/event

planner, and independent meeting planner—average in the \$40,000 to \$49,000-a-year range, as they did last year. Of all respondents, more than one-third fall into that salary range. Perhaps working as an independent meeting planner pays off; one-third of those who work in that arena earned salaries of \$50,000-\$59,000, compared to only one-fifth of those who work at corporations.

52%

PERCENTAGE OF PLANNERS WORKING TODAY WHO SAY THEIR EDUCATION OR EXPERIENCE WASN'T TARGETED TOWARD BECOMING A MEETING PLANNER.

THE INVISIBLE PROFESSION?

More young professionals and students may be entering meeting and event planning as a career than in years past, but those who work in the profession today designed their careers more by chance than choice. More than half of meeting planner respondents say they fell into

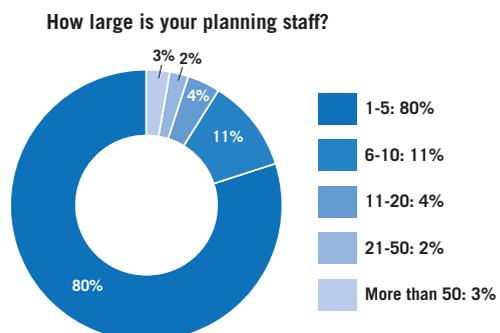
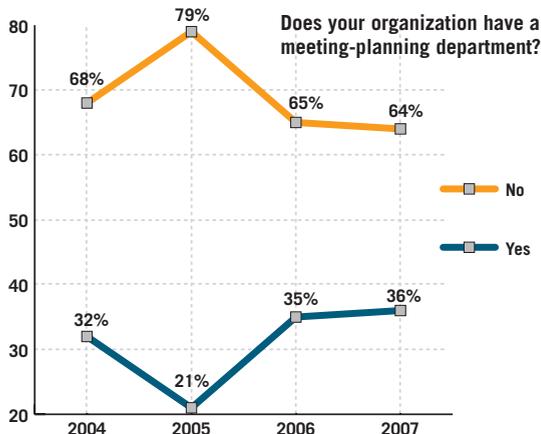
the profession by way of other, related experience or when they learned about the hospitality industry; only 9 percent say that they got into meeting planning on purpose as their chosen career.

Not surprisingly, a connection could be made when you consider industry certifications, such as the certified meeting planner (CMP) or the certified special event planner (CSEP) designations. Only 7 percent of respondents say that they hold any certifications. As more professionals seek these certifications, it will only add to the growing professionalism and visibility of the event planning business. The data from our survey suggest that such visibility has yet to catch on in Minnesota.

TIME TO PLAN

The amount of time a planner spends on specific meeting-planning tasks remains as varied as a planner's job title. For some, particularly administrative assistants, planning events is only part of their job.

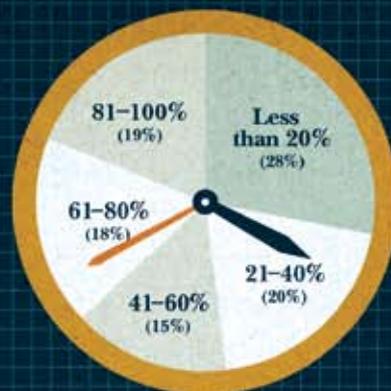
"I spend 35 to 40 percent of my time on meetings planning," says Vicki Orwick, an administrative assistant in



HOW DID YOU GET STARTED
as a
MEETING PLANNER?

10% Meeting Planning was my chosen career path.

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



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

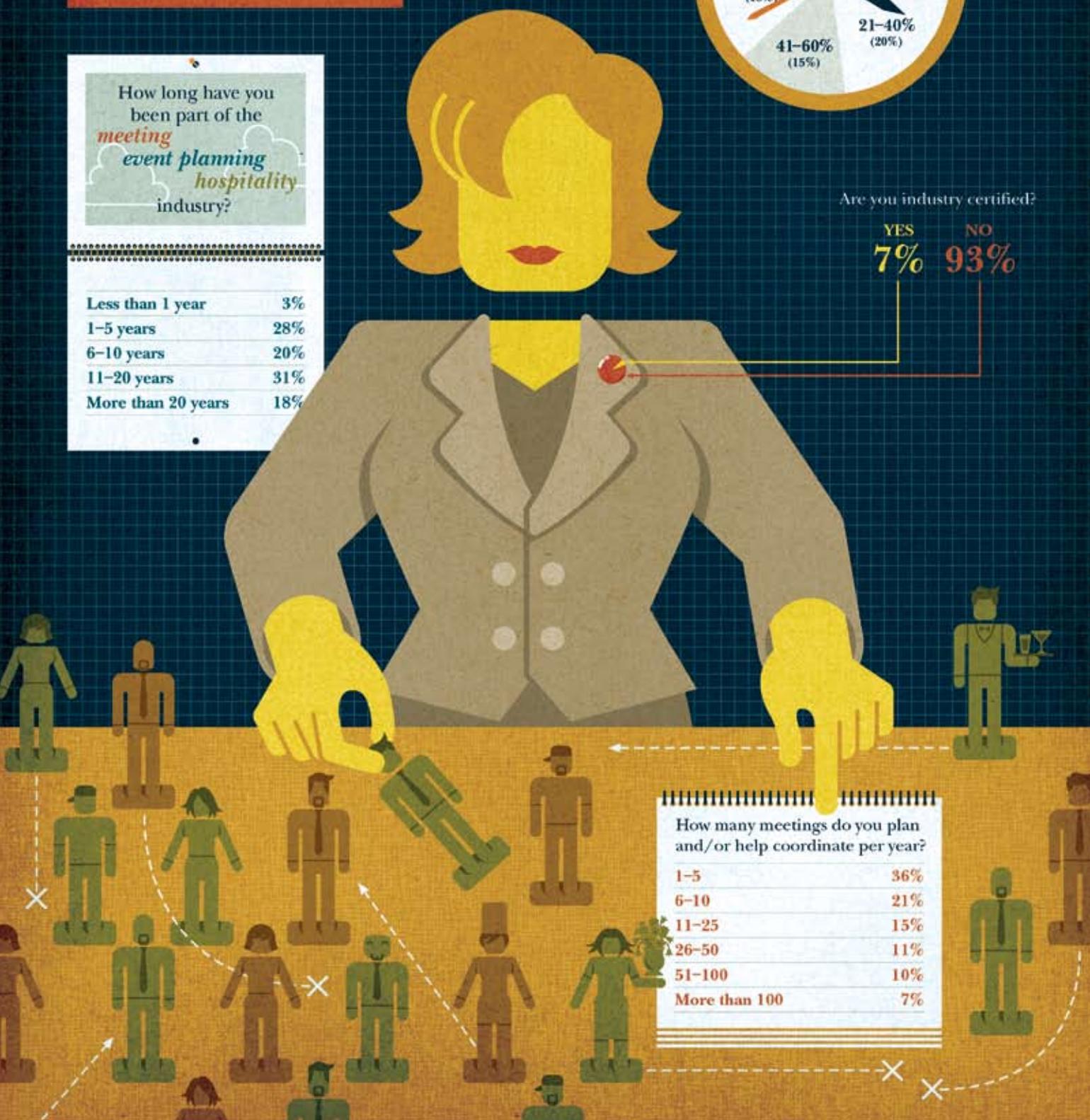
Less than 1 year	3%
1-5 years	28%
6-10 years	20%
11-20 years	31%
More than 20 years	18%

Are you industry certified?

YES 7% **NO** 93%

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

1-5	36%
6-10	21%
11-25	15%
26-50	11%
51-100	10%
More than 100	7%



the engineering department at General Mills. “But most of that time is spent searching for rooms for meetings, whether it’s on-site or off.”

Other administrative assistants who work in the same department as Orwick report spending between 50 percent and 70 percent of their time planning events, but only at certain times of the year. It suggests that for many people working

in the profession, planning meetings is a big responsibility often unaccompanied by the time to do it right.

“My biggest problem is time management, both for myself and where others are concerned,” says Connie Berget, who is also an administrative assistant in the engineering department at General Mills. “There’s so much involved in planning events, in finding new venues and doing site visits. It takes a lot of time and then I also have the rest of my job to do. And chasing after other people, getting them to make their deadlines — it’s all very time- and labor-intensive.”

That’s the nature of the job: knowing some or most of the big picture, but not always enough so you can get your part done right. Vicki Matrious is the marketing coordinator for Aveda, and she works out of the company’s headquarters in Blaine. Asked to describe the hardest part of her job, she doesn’t hesitate.

“Communication,” says Matrious. “To do an event effectively, you have to keep the end purpose in mind, and you can’t do that if you don’t know it — or if the people who want to have it don’t know it. People tell me to take care of one detail or another, and I need to see the big picture to do it as best I can. For example, if we’re having some type of event at Aveda and one of our sales reps is coming from San Francisco, I can arrange all of their travel for them — but only if I know they’re coming.”

A VENUE’S MARKET?

Finding the right venue and negotiating the right amenities remain a huge part of a planner’s responsibilities. Job success can often depend on what properties are willing to do and give as part of the deal.

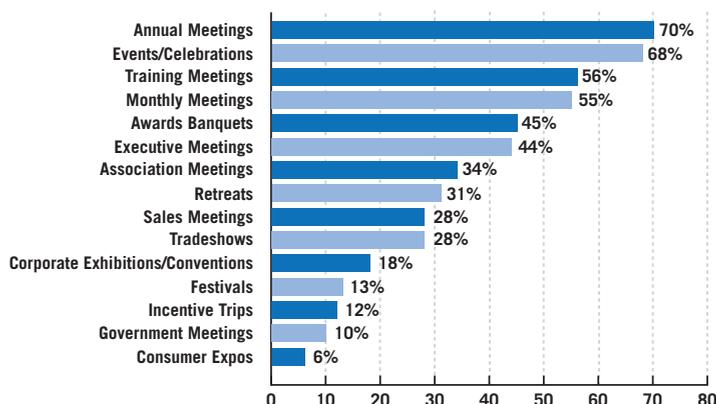
David Peterson, who consults with and plans meetings for trade and professional associations, says that he’s noticed that venues are becoming more flexible. “It depends on the relationship and what you’re doing,” he says. “The flexibility won’t be there unless you know who to ask and what to ask for, and it also depends on whether they can expect future business from you. If you’re a one-shot deal, they’re likely to tell you, ‘This is what we can do for you,’ but if you might come back with more meetings throughout the year, they’ll probably be more flexible.”

As executive director of the American Council of Engineering Companies of Minnesota (ACEC), David Oxley holds about 50 meetings a year for ACEC. He has begun using hotels less than he once did, at least for his larger events. “For example, if we have an evening event for 300 people, often they won’t let us have the room until an hour before, which is not enough time to set up for an event of that size,” Oxley says. “Or they’ll give us more time, but they want an extra couple of thousand dollars for it. After 2001, I think the hotels were more willing to

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

TASKS	PERCENT
Providing site & facility tours	80%
Venue or event marketing	70%
Working on-site during a meeting/event	64%
Accommodations planning	60%
Supply/Services sales	54%
Budget management	50%
Coordinating meeting/event themes and/or entertainment	48%
Food & beverage planning/orders	46%
Establishing meeting or event strategies	40%
Creating RFPs	36%
Logistics management	30%
Orchestrating new meeting or event strategies	30%
Initiating budgets	28%
Seeking out new event venues	22%
Educational planning	20%
Event security coordination	18%
Attendee research	16%
Other	14%
Tracking legal liability	4%

What types of events do you plan and/or coordinate? (more than one answer may have been chosen, if appropriate)



negotiate because they really wanted to get the business in there. But the market's more in their favor now, because there haven't been any new hotels built here in awhile, and they're more in the driver's seat."

Oxley doesn't worry, though, and believes that the industry will cycle like it always does. "You learn that hotels cycle, and that when the management changes, the new managers are often more amenable to a new arrangement," he says.

The best advantage a planner has, in fact, is often the relationship he or she has with a venue over time. Many

planners have to find a new venue each year for larger events, so as to avoid being repetitious, but it's clear that more options are available to the planner who has cultivated a longer-term relationship with a hotel or other type of venue.

"I get that the ROI concept and the way a planner has to discuss events with C-level people means that planners really have to find a way to build in value," says Devie Hagen, director of sales for Madden's on Gull Lake in Brainerd. "It can't just be rates and dates anymore; it has to be a real partnership [between planner and venue]." ■

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	61%	85%	71%
Educational planning	36%	56%	48%
Tracking legal liability	23%	37%	24%
Logistics management	69%	83%	71%
Attendee research	26%	46%	24%
Creating RFPs	39%	51%	48%
Initiating budgets	48%	71%	62%
Budget management	72%	81%	76%
Negotiating contracts	67%	90%	71%
Establishing meeting or event strategies	55%	73%	57%
Orchestrating new meeting or event strategies	46%	59%	57%
Food & beverage planning/orders	89%	90%	91%
Accommodations planning	79%	85%	76%
Event security coordination	27%	44%	48%
Coordinating meeting/event themes and/or entertainment	68%	83%	76%
Seeking out new event venues (site and facility tours)	73%	76%	86%
Providing site & facility tours	30%	37%	48%
Working on-site during a meeting/event	82%	90%	86%
Other	2%	7%	10%

At the Speed of Business

Two details of a planner's meeting or event are obvious: where is it, and when will it take place. The time to plan can vary widely for meeting planners. Compared to meetings and events they planned in 2006, most planners (57 percent) say they have had the same amount of time as before. While meeting planners claim they aren't necessarily planning on tighter schedules, vendors feel differently. Of survey respondents, 40 percent of vendors claim that meeting planners continue to shorten the cycle.

Barbara Goin has noticed the trend. "I think it isn't just meetings, it's travel, it's everything," says Goin, the director of sales for Mystic Lake Casino and Hotel. "Bus tours should probably be reserved 60 to 90 days out, but we've had tours booked just 10 days out."

For those planners who admit their planning cycles have shortened, the top reason is that attendees wait until the last minute to confirm whether they can or will attend. Other anecdotal, but related, reasons for shortened timeframes also include "shorter lead time from sponsors" or that a "client can't get their act together." Planners with more time to

prepare this year also respond to attendee needs. More than a third say that a change in event size has caused them to allow more lead time. Other respondents gave reasons that include "more time for marketing" as well as, "Managers finally understand the need to plan ahead."

Generally speaking, Minnesota's meeting and event planners hold a majority of their meetings in the state. With many Fortune 500 corporations and professional associations headquartered in the metro area, and the presence of a wide

of their meetings in Minneapolis than any other location—a position formerly held by metro suburbs.

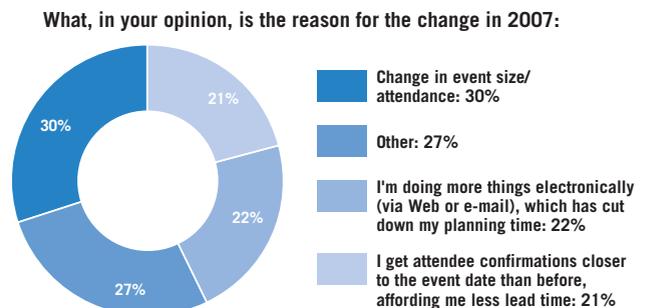
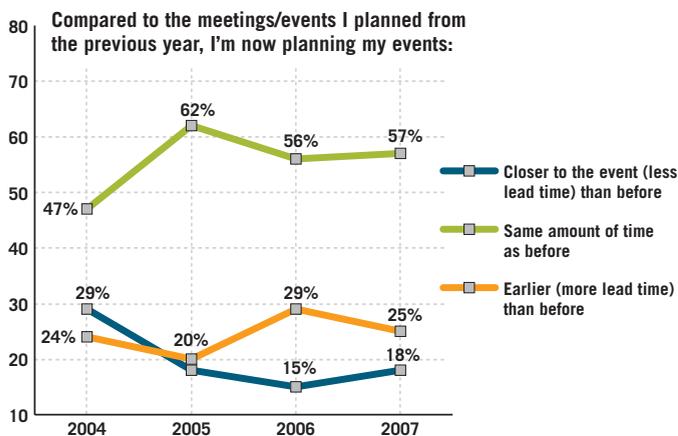
Many respondents (39 percent) hold all of their events in Minnesota. Vicki Matrious, marketing coordinator for the Aveda Corporation, says that she plans at least four meetings a year, sometimes more if a meeting is necessary to accompany a product launch. Those meetings are usually for training purposes, and those that don't take place at the corporate headquarters in Blaine are held at the Aveda Institute in Minneapolis.

Yet nearly one-fifth of respondents report that they hold only a quarter of their meetings in-state, and another 9 percent say they only hold half of their meetings here. In fact, when respondents reported on the events they planned outside of Minnesota, the picture that emerged was much more national than regional. Of those who held events outside of Minnesota, nearly 60 percent hold those events across the country, while only 34 percent hold them throughout the region. Either finding doesn't surprise Dave Herman, director of marketing and sales for Big Event Productions in Minneapolis.

39%

PERCENTAGE OF MEETING PLANNERS WHO CONDUCT ALL OF THEIR EVENTS IN MINNESOTA.

variety of venues, it is not surprising that most of these meetings take place in the Twin Cities metro and its surrounding suburbs. But a small move toward Minneapolis as the chosen destination out of all possibilities emerged this year. For the first time in two years, more respondents (34 percent) conduct most



What keeps international or national meetings and events from coming to the Twin Cities?

Winter weather concerns

44%

39%

of meeting planners hold all of their events in MN.

Of those events held in Minnesota where are they usually held?

Minneapolis	34%
Saint Paul	12%
Metro area suburbs	33%
Southern MN	5%
Central MN	5%
Northern MN	5%
Not Applicable	6%

Of those planned outside of Minnesota, the majority are held?

Regionally	22%
Nationally	38%
Internationally	4%
Not applicable	36%

What is the main reason for considering a new destination?



36%
Client/attendee feedback



15%
Budget constraints



2%
A special offer from a competing venue



38%
Site quality/satisfaction

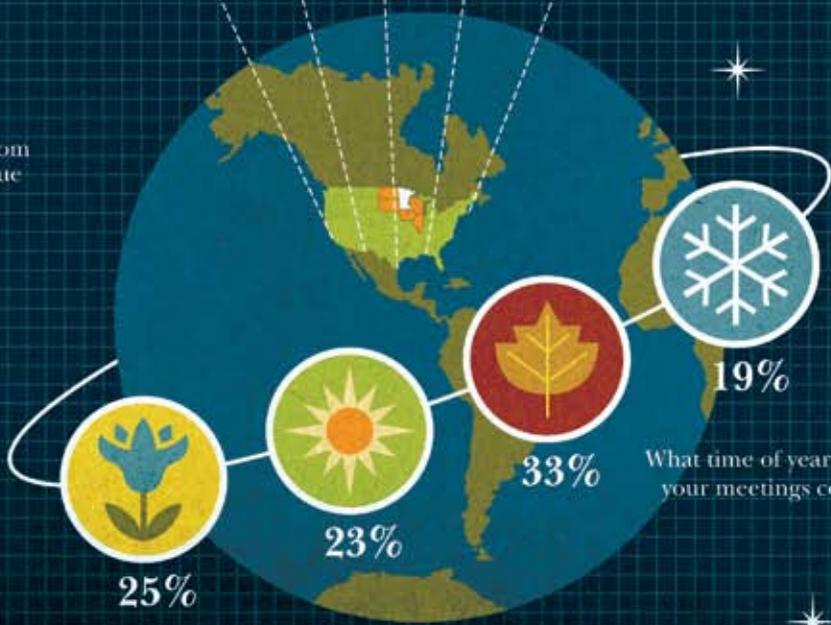


9%
Competitive rates



Of those planned regionally, the majority are held in which state?

A	North Dakota	2%
B	South Dakota	0%
C	Iowa	8%
D	Wisconsin	37%
E	Illinois	16%
F	Other	37%



What time of year are most of your meetings conducted?

25%

23%

33%

19%

“We have some clients for whom we handle their sales meeting here, but then we also coordinate the same sales meeting in Dallas or Kansas City or San Diego, or all three,” says Herman. The prevalence of Fortune 500 companies makes it more likely that corporations here will have events out of state as much as in-state, says Herman, and not necessarily next door in Wisconsin or Iowa.

An interesting find emerges when you look at the interest in taking meetings out of the metro area or bringing them back in. When asked what type of meeting they would be interested in bringing to the Twin Cities, respondents identified annual meetings (35 percent) as the likely candidate. But the same was true when respondents were asked what type of meeting they would consider taking out-state if it was currently held in Minneapolis or St. Paul—33 percent selected annual meetings as their first choice.

Such results may indicate that particular types of meetings are less bound by geography than others. Or, quite simply, the grass is often greener where you haven't been. Nearly 80 percent of our respondents say that they spent a lot or at least some time looking for new sites for regularly held meetings and events. The rest didn't change locations often, or didn't at all (or held all of their meetings on-site). As far as place is con-

cerned, choosing an event or meeting location might be more fluid than one might think.

By far, the most cited reasons for considering new destinations had to do with client or attendee feedback (36 percent) or site quality or satisfaction (38 percent). Clearly, venues that don't meet their planners' needs or disappoint them in some way stand to lose business, and some planners have long memories.

“I hold 50 meetings a year, and I don't have to change venues,” says David Oxley, executive director of the American Council of Engineering Companies-Minnesota (ACEC). “But there are some places I won't ever deal with again, and that's too bad for them, because we would probably have kept going there forever.”

New technologies and working environments have caused many organizations to rethink what a “meeting” is in the first place. Not all the meetings in Minnesota are real, of course; some take place over the phone or a videoconferencing connection. Still, as in previous years, planners don't feel virtual meetings will replace face-to-face meetings anytime soon.

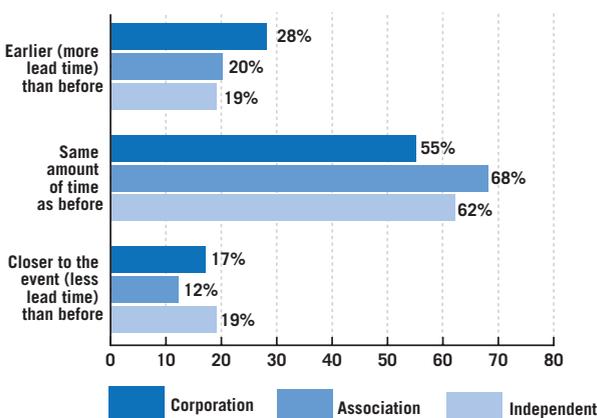
“We do have some virtual meetings in Blaine, over our video connection to our New York office,” says Aveda's Matrious. “I've set up conference calls too for loca-

tions without videoconferencing equipment, and we've had calls that included groups from Asia, Europe, and the west and east coasts of the U.S.”

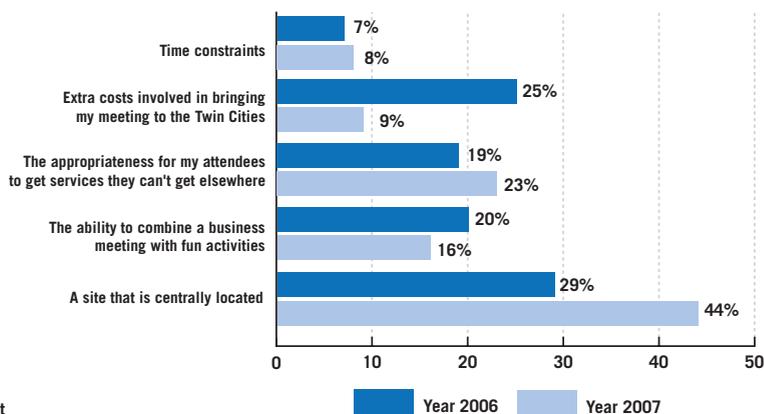
To be sure, increasing emphasis on cost-cutting has made virtual meetings all the more attractive—particularly after 9-11, when staying at home and avoiding expenses became a top priority. Yet, virtual meetings will unlikely become a significant function for meeting planners. According to the Meeting Professionals International (MPI) FutureWatch report for 2007, “most planning departments are not currently involved in managing these meetings for their internal clients and are not likely to position themselves as the ‘go-to’ function for virtual meetings during the next year.” Fewer than 30 percent of planning departments have responsibilities for planning virtual meetings, according to the MPI report.

Business moves at its own speed and sometimes forces everyone else to get on board or move aside. In a technological age as ours, the timeframe for planning events continues to shrink. Still, lead times may have stabilized around a new norm. Like last year, more than half (57 percent) of respondents said that they had the same amount of time to plan events as the previous year, and about one-quarter (24 percent last year, 25 percent this year) report having even more time.

Compared to 2006, the educational opportunities offered at my meetings or events.



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



“Group sales have been more and more short-term, and it’s become chronic,” says Devie Hagen, director of group sales for Madden’s on Gull Lake in Brainerd. “I sometimes book sales for no more than a week out. That’s not so hard for us, but I don’t know how the meeting planners do it.”

When examining lead times, not all events are alike, says Vicki Orwick, an administrative assistant in the engineering department at General Mills in Minneapolis. It all depends on what kind of an event she’s planning. “The bigger the event, the more time I have to plan it,” says Orwick. “I’m working on a conference right now that happens every other year, so that means a lot of time. But if my boss tells me to plan a retirement dinner, I’m lucky

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
Annual meetings	33%
Retreats	27%
Not applicable	26%
Executive meetings	21%
Events/celebrations	18%
Training meetings	17%
Association meetings	16%
Sales meetings	15%
Monthly meetings	12%
Awards banquets	12%
Corporate exhibitions/conventions	12%
Trade shows	12%
Incentive trips	11%
Government meetings	6%
Consumer expos	5%
Festivals	5%

if I have 30 days to put it together.”

Why the shorter lead times? Respondents to our survey had three options: a change in event size or attendance, doing things electronically, and getting attendee confirmations closer to the event date than before. Most respondents cite a change in event size was the reason (30 percent). Yet another 22 percent of respondents say that doing things electronically has cut down on their planning time.

“I think people have gotten used to waiting for that last-minute fire sale,” says Goin. “They want to wait and find that bottom-dollar deal, and there are a lot of online tools that make it easier to search for better deals.”

Hagen believes a new mindset on the part of upper management is responsible for the speeded-up timetables for planners. “A lot of higher-ups seem to

(ASKYOURCOLLEAGUES) on meeting and event venues



“My biggest challenge is coming up with affordable new venues for the meetings we hold every year. For the size of our events, we usually have to use country clubs or banquet places, and those can get pretty spendy.”

— **VICKI ORWICK**, *administrative assistant, General Mills, Golden Valley*



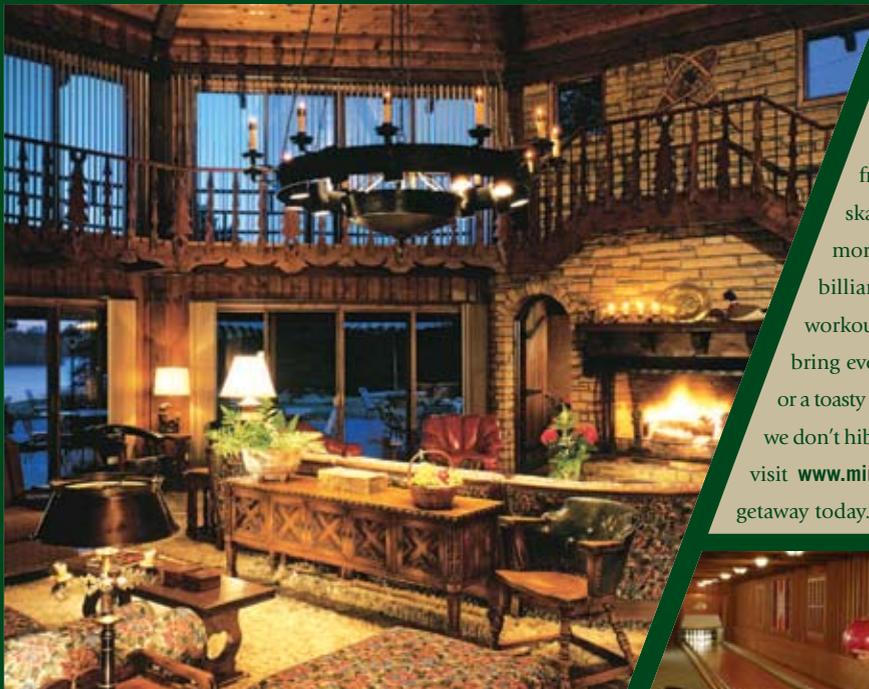
“I find that the bigger properties that get a lot of business recognize that there needs to be a certain amount of flexibility, and they’ll give you extra time to hang things or whatever you might need. Basically, the properties that want this kind of business are going to make it a point to help you.”

— **DAVE HERMAN**, *director of marketing and sales, Big Event Productions, Minneapolis*

be holding off on meetings until they’re sure they’re absolutely necessary,” she says. “I think planners know that, and

they hold off on reservations so they can avoid cancellation fees if the meeting is deemed unnecessary.” ■

Chill out. Or chill in. You decide.



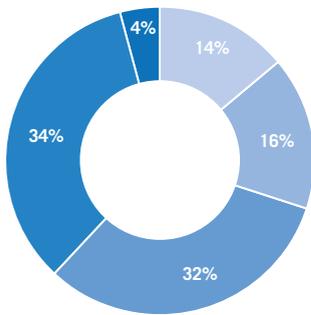
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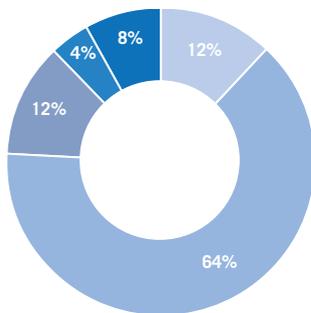
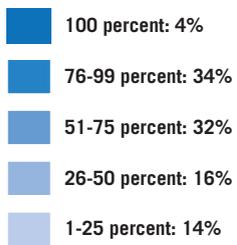
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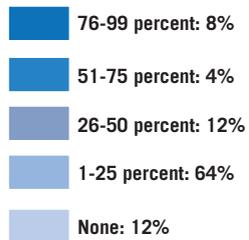
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Of the clients that you host or serve, how many are based in the Twin Cities?



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



So What's Next?

For many respondents to this year's State of the Industry survey, the theme for what's next is optimism—cautious optimism, maybe, but optimism nonetheless.

The vast majority of vendors who responded to the State of the Industry survey believe their companies' revenues will increase in 2008. While 84 percent believe that they would increase, either slightly (56 percent) or significantly (28 percent), only 4 percent believe that their revenues will decrease.

Planners had a similarly rosy view, if a little less so; 67 percent believe the meetings and hospitality industry in Minnesota will increase in 2008, while 28 percent expect business to stay about the same.

According to the Travel Industry Association (TIA), the cost of travel has gone up. Data for September 2007 (the most recent data available at press time) reveals that the Travel Price Index was up by 5.1 percent compared to September 2006. The index measures the cost of travel away from home in the United States. Also, gas prices were up 0.4 percent over August, and 8.6 percent compared to September 2006. Lodging prices had risen by 7.1 percent.

Inside those numbers lay the overall message that most of the things that people use to travel or meet—gas, hotels, other travel-related expenses, food, beverages—have gone up. While the meetings industry is still humming along, everyone's spending a little more than last year to do it.

Other movements in the industry include trends that have been moving out of the political world and into the business world. Hotels have already been dipping their toes into the concepts of sustainability and green living for a few

years now, with such programs that ask guests to help them use less water and electricity. The meetings industry has been following suit.

"Being green was big in the '90s, then it flagged, but now it's getting big again,"

last year or so," says Barbara Goin, director of sales for the Mystic Lake Casino and Hotel in Prior Lake. "So we're using reusable water bottles and using other green practices."

The trend toward green is still in its infancy. While vendors are beginning to offer green alternatives (following in the footsteps of high-profile efforts in other industries, such as construction and manufacturing), the market doesn't always know to demand it. "I'm already using organic materials and recyclable containers and buying locally in my business," says Alice-Lynne Olson, owner of The Late Bloomer Floral Design Studio in St. Louis Park. "But not as many people are interested in green meetings as I would expect. It's like the awareness is there, but people need to be educated in asking the right questions."

Another movement has also been gaining traction for some time: the cycle from paid staff to outside contractors for event planning. The larger companies have been experimenting more with this kind of outsourcing in the past few years. Plenty of contractors out there are doing

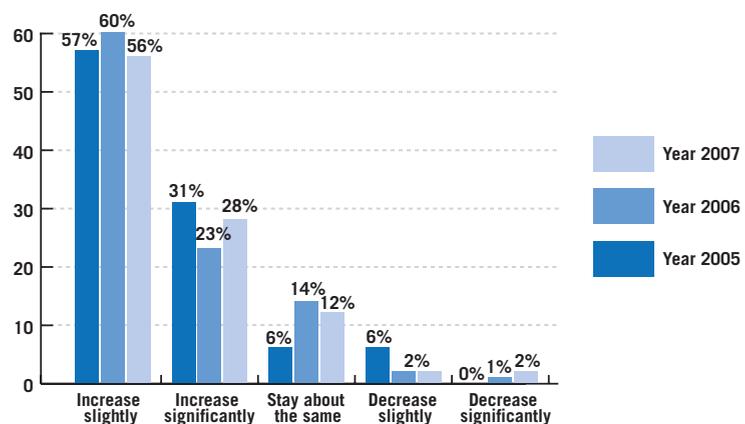
74%

PERCENTAGE OF VENDORS WHO PREDICT THE MEETING AND HOSPITALITY INDUSTRY WILL CONTINUE TO GROW IN 2008.

says Devie Hagen, director of sales for Madden's at Gull Lake in Brainerd. "We've been a green property for a long time, and we have a committee to revisit or make sure we're above green standards." Thinking green may end up being more than a simple trend.

"I'm definitely seeing a trend toward more green meetings, especially in the

In the coming year, I predict my company's revenues will:



the work that in-house staff used to do. But the movement doesn't always sit well with the vendors in the industry.

"I've been amazed lately at how many independent contractors are doing the work of planning meeting logistics at bigger companies, like Allianz or Medtronic," says Hagen. "I think they end up spending more money that way, not saving it. When it comes to working together to solve problems, I'll do that readily with a planner with whom I can have a long-term relationship, but contractors are short-term by definition, and it's harder to do that."

Companies seem aware that only so many meetings functions should be altogether outsourced. According to Meeting Professionals International's FutureWatch 2007 report, meeting planner respondents to the associated survey said that only 15 percent of their meetings would be outsourced in 2007.

(ASKYOURCOLLEAGUES) on hospitality market dynamics



"Businesses are being more conservative on bigger events and they're not spending as much on entertainment or gifts, but there seems to be more movement in travel and trade shows, so they're not so much spending less as shifting their budgets to other things."

— DAN LAFOND, *founder,*
Special Events Midwest, Crystal



"Businesses are being more conservative on bigger events and they're not spending as much on entertainment or gifts, but there seems to be more movement in travel and trade shows, so they're not so much spending less as shifting their budgets to other things."

— ALICE-LYNNE OLSON,
owner of The Late Bloomer Floral
Design Studio in St. Louis Park.

Not only that, but only 5 percent of meetings would be totally outsourced; the remaining 10 percent would

only be partially outsourced, mostly for logistical services and support, not strategic planning. ■

Money Matters

Nobody wants to say the dreaded “R” word, but it’s hard to deny that the economy is not exactly perky. A weak dollar, the housing slump and tight credit have all contributed to a sense that the economy is holding its breath.

But the uncertainty of our financial times doesn’t seem to have shown up in meetings and event budgets yet. Like last year, the majority of planner survey respondents’ budgets (70 percent) stayed the same. Only 9 percent of planners’ budgets report that their budgets had decreased, and the remaining 21 percent say that their budgets had increased. And compared to last year, the budget increases are more substantial; a few more planners have seen their budgets increase between 6 percent and 10 percent (31

percent this year, compared to 21 percent last year). However, like last year, the majority saw their budgets increase by a more sedate 1 percent to 5 percent.

If we are indeed in “R” times, it’s showing up more in requirements to justify expenses than in cutting those expenses. “I definitely have to be more cost-effective,” says Vicki Matrious, marketing coordinator for the Aveda Corporation. “We’re not doing as much travel, and the length of meetings is shorter now. Some meetings that used to take two days have now been cut down to one.”

Matrious says her budget isn’t smaller, or at least not by much. Instead, she just knows that she’ll be questioned more closely about expenses and that she should look for ways to keep them in line.

Connie Berget, an administrative assis-

tant at the engineering department of General Mills, says that she hasn’t faced smaller budgets yet. On the contrary, her budget for a conference she was planning had increased by 50 percent over last year.

42%

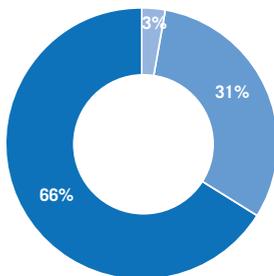
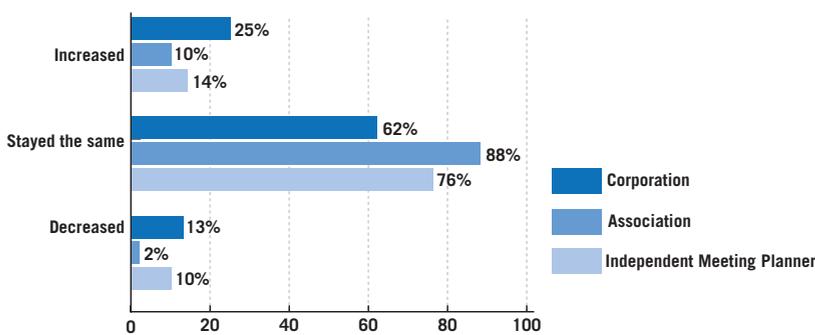
THE PERCENTAGE OF VENDORS WHOSE BUDGETS INCREASED IN 2007.

“It depends on the location and on the property, because of course there are big differences in pricing depending on what state the event will be in and which hotel or venue,” says Berget. “Budgets vary depending on what department you’re in, too; some departments spend more than others on meetings.”

Vicki Orwick finds that whether she sees budget cuts depends on the purpose of the meeting. “It depends on the event and the priority of that event,” says Orwick, an administrative assistant in the engineering department at General Mills. “On some events, like retirement dinners, I have some budget restrictions, and I’ve had to change the location of one dinner in order to meet the budget.”

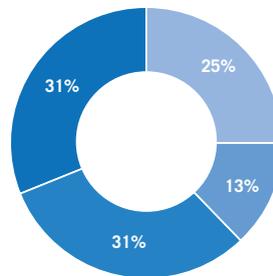
According to Barbara Goin, director of sales for Mystic Lake Casino and Hotel

During the past year has your budget?



If increased, by how much?

- 1-5 percent: 66%
- 6-10 percent: 31%
- 11-20 percent: 3%
- More than 20 percent: 0%



If decreased, by how much?

- 1-5 percent: 31%
- 6-10 percent: 31%
- 10-20 percent: 13%
- More than 20 percent: 25%

in Prior Lake, budgets for her clients haven't changed significantly over the last year. "They're mostly the same, especially for meetings that happen regularly like annual or quarterly meetings," she says. "I am seeing some pullback on holiday parties, though."

Vendors report that their budgets have also survived any economic fallout, at least for now. But the margin was different on the vendor side than on the planner side. Only 48 percent of vendors report that their budgets remained the same as last year. A remarkable 42 percent of vendors reports that budgets have increased, nearly half of them reporting that they had increased by 6 percent to 10 percent.

"The biggest direct effect for me is in transportation costs. With the price of gas so high, if we put together a show and send it by truck to where it's going to be put on, it costs us more to deliver that show," says Dave Herman, director of marketing and sales for Big Event Productions in Minneapolis. "The indirect effect is when the slower economy affects clients and their budgets, because when companies trim back, one of the first things they cut is meetings."

ROI: BEFORE BUT NOT AFTER

The drive to be cost-effective is not a new one, and it doesn't necessarily indicate a drive to cut budgets. Instead, budgetary restraints are supposed to help create economic efficiencies and prevent waste, not limit the planner's ability to deliver what's been asked of them. But sometimes it's hard to keep that in mind.

David Peterson, owner of association consulting firm The Peterson Management Group, says he has an easier time discussing budgets with clients when he can help them to explain, not what they're spending, but why they're spending it. "I don't just try to get them to add frills, I try to suggest ways to make the meeting better and help them build those ways into the budget," says Peterson. "An ice sculpture or a martini bar isn't necessary, but you can make the cost of an event secondary or at least less front-and-center when you give

attendees a reason to be there.”

Judging by the responses to our survey, while the interest in ROI may be there, the follow-through doesn't seem to be. When asked whether they were required to report ROI measurements for their meetings or events, 21 percent of planners say that they were. And of those few who were required to report on ROI, more than half of respondents from meeting planning services companies report on ROI, compared to only one-fifth of respondents from corporations.

Keep in mind, some of the events that our respondents conducted cost an average of \$100,000 to \$500,000. Of those respondents, 75 percent are required to report ROI measurements. Of those

conducting events costing on average of \$1 million or more, every planner reports ROI. Another possible interpretation of that data may simply suggest that most planners face a requirement to develop more sophisticated measures that justify the reason and cost of an event before it takes place, not to measure its success afterward.

Of the one-fifth of respondents who actually do have to report ROI measurements, most use post-event attendee surveys (78 percent) and budget or revenue reports (86 percent) to do so. Very few used on-site response systems or sales reports to determine the return on a given meeting.

SMART SHOPPERS

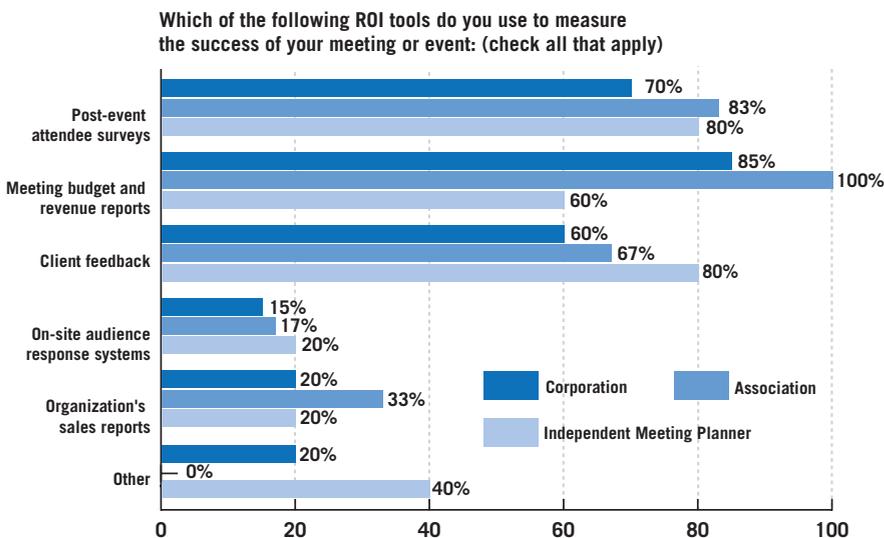
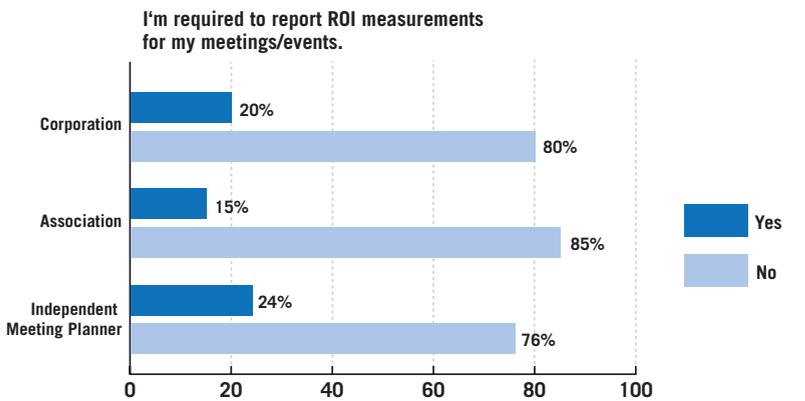
“Meeting planners have become much more savvy about value-add items in a contract or partnership,” says Devie Hagan, director of sales at Madden’s on Gull Lake in Brainerd. “They have to be able to show value, and that’s meant more effort on our side to build in value on top of the straightforward costs.”

Big Event Productions’s Herman finds that they can help their clients justify the costs of a meeting by finding ways to repurpose some content elements. For example, he says, when a client wants to produce a five-minute video for a marketing meeting to introduce a new product, it’s easier to justify that cost with more than one application. “With a little pre-planning, that video can also be copied to DVD and shown in the field or to channel partners,” says Herman.

Herman also suggests repurposing scenic elements and props from regular meetings when it’s possible. “Some annual meetings have the same setup every year, and if you plan for it, you can recycle some scenic elements so that the client doesn’t have to start from scratch and spend all those dollars over and over,” he says.

Survey data suggest that for savvy meeting planners who pay attention to details and know they have good reasons for the choices they make, neither cost-cutting nor requirements to justify costs have to mean low-quality events. Rather than being about money, budgets are about commitment, and at companies where the commitment to the value of meetings is high, there’s always a way to keep event quality high as well.

“Some companies realize that even, or especially, in tough economic times, it’s even more important for them to keep communicating with their publics—whether that’s clients, employees, or partners—and they continue with their meeting plans so that they can do that,” says Herman. “It’s just different responses to the same economic conditions, but everybody’s being more careful with their money.” ■



The Right Mix

The meeting and event planner's typical job is, well, not that typical. Many are planning a variety of events throughout the course of a year, and they are planning more of them. All the while, they continue to search for the right mix of content that will allow attendees to make the best use of their already busy schedules.

Planning regular monthly meetings continues to be a part of the majority of meeting planners' job responsibilities (55 percent), and training meetings (56 percent) are just as common events that planners conduct or coordinate. Yet nearly three-quarters of survey respondents (70 percent) say they help plan annual meetings, the most common type of event, with events or celebrations following closely at 68 percent. Only 6 percent of respondents report planning corporate exhibitions or conventions.

The type and number of meetings a typical planner must coordinate can vary widely. David Oxley, the executive director of the American Council of Engineering Companies-Minnesota, conducts approximately 50 meetings

a year. These include monthly membership meetings, 15 to 20 seminars in topics of interest to members, and the annual awards banquet and golf tournament, which attracts about 300 members. But David Peterson, owner of association consulting firm The Peterson Management Group, helps associations

32%

NEARLY ONE-THIRD OF MEETING PLANNERS SAY IT IS BECOMING MORE IMPORTANT TO OFFER ATTENDEES EDUCATIONAL OPPORTUNITIES AT EVENTS.

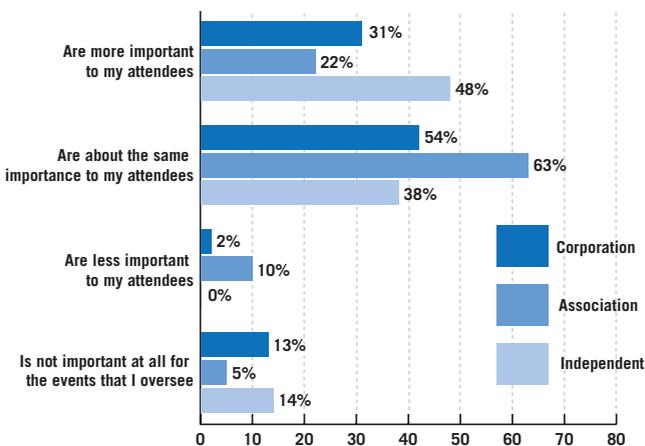
to plan annual meetings and incentive trips, and he says he plans between five and 10 of these per year.

The most common meetings in Minnesota are designed for mid-size audiences. According to State of the Industry survey data, the average size of meetings that Minnesota planners and vendors produce falls into the 101-500 attendee range; 44 percent of vendors and 30

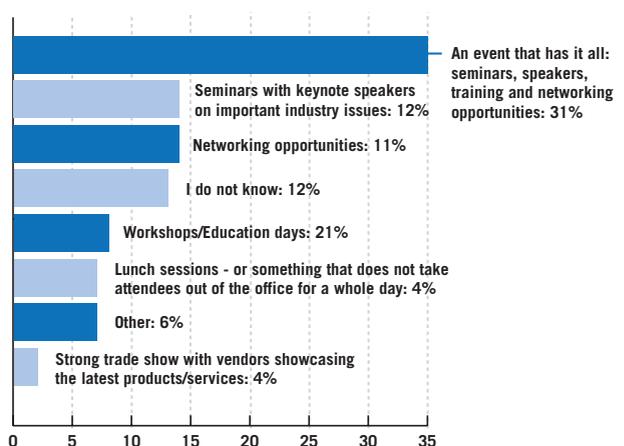
percent of planners say that was the average size of events they were involved with during the past year. Few vendors or meeting planners report they are working on very large events with more than 1,000 attendees. Last year, 55 percent of meeting planners said that they had planned fewer large national meetings in lieu of smaller, more regional meetings; this year, less than half (48 percent) say that is the case. Survey data shows that while more corporate events may be taking place in a smaller regional setting, it isn't equally true for associations. Last year, 55 percent of corporate planners reported that they were planning fewer national meetings and conventions in lieu of smaller regional meetings; this year's result remained exactly the same. Yet, association planners disagreed; more than half of respondents (54 percent) said they were still planning larger events last year. This year, that number increased to more than two-thirds of association respondents (68 percent).

Of independent planners, 57 percent of respondents report that they were planning fewer national meetings and

Compared to 2006, the educational opportunities offered at my meetings or events:



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



more smaller, regional meetings, a jump of 7 percentage points over last year's results that could suggest that the companies that are reducing their meeting plans are turning to the independent planners more often.

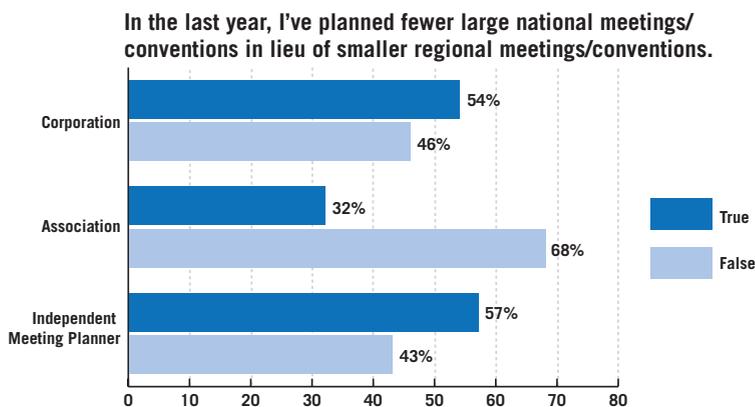
As has been the case each year of the survey, planners continue to believe that events should contain multiple offerings in order to appeal to all possible attendees. Most preferred meetings that had it all: seminars, speakers, training, and networking opportunities. Yet, unlike last year, the next most popular aspect of meetings was workshops and education days, rather than seminars with keynote speakers and networking opportunities.

"I don't think businesses are spending less on events generally, but things are down a little on the event side and up a little on travel and conferences and trade show," says Daniel LaFond, the founder of Special Events Midwest in Minneapolis. "We're in a recession, which

affects how people spend their money and why, but it seems like companies are shifting their budgets to education rather than just events."

Nevertheless, keynote events are in no danger of falling off the radar. Dave Herman, director of marketing and sales for Big Event Productions in Minneapolis, notes that there will always be a need for creative and memorable presentations

to audiences, which includes the kind of creative events that occasionally get cut back in tough economic times. "You can make people come to an event, but that doesn't mean they'll really hear what you've got to say," says Herman. "Sometimes clients want to be both creative and factual, but all of them want to find the most effective way to present so that their audiences get the message." ■



Renewed Optimism

From a vendor's perspective, the hospitality industry holds much promise. Most vendors look forward to another year of growth, even in the face of a slowing, uncertain economic future. "This was a terrific year and next year might be just a little bit better," says Dave Herman, director of marketing and sales for Big Event Productions in Minneapolis. "Everyone's being careful with their money, but they're still spending it on communicating when they need to."

The mixed economy notwithstanding, some vendors continue to see their corporate business increase, some substantially. "My business has doubled since last year, and most of that is corporate events," says Alice-Lynne Olson, owner of The Late Bloomer Floral Design Studio in St. Louis Park.

Dan LaFond, founder of Special Events Midwest in Crystal, reports similar experiences. While events have been a bit smaller than in years past, his restaurant delivery business (which delivers food cooked at specified restaurants to events) has gone up by 34 percent this year.

"I'm seeing more smaller meetings than big events right now," says LaFond. "They had been trending upward until this year, and now they've dropped off; I think it's just that we're hitting the beginning of a recession and people are re-evaluating their budgets."

Meetings and events business continues to play a vital role for many vendors' businesses. The largest slice of vendor respondents (18 percent) says their business was 91 percent to 100 percent reliant on meetings and events. And more than half say that this has increased in the last year, while only 14 percent say

that it had decreased, suggesting that there was plenty of business to be won. Of the vendors who responded to this year's survey, 80 percent have a sales or marketing department directed toward gathering meeting/group business—up from 69 percent a year ago.

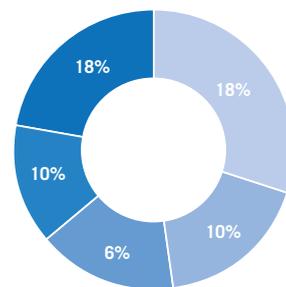
While vendors see the market's potential, they maintain an eye on operational trends that affect business relationships between vendors and meeting planners. We asked vendors whether attrition, commoditization (the forces that reduce

**More than half
[of survey respondents]
say that business has
increased in the last year,
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that there was plenty
of business to be won.**

purchasing decisions to those of cost), price concessions or budget constraints, or standardization policies had had the biggest effect on their business relationships. As you might expect, price concessions or budget constraints led the pack; 66 percent of respondents say considerations affected them the most. Another 18 percent of respondents chose commoditization, partially a budget decision as well since its based on the fear that planners will view all products on the market as interchangeable.

Vendors are uniquely positioned to assess the Twin Cities market for meet-

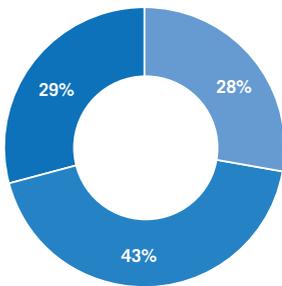
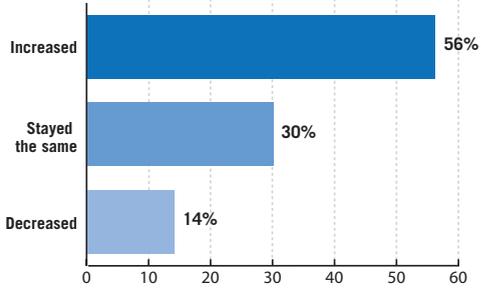
ings—and to say how the rest of the nation views it. We asked them which factors keep international or national meetings or events from coming to the Twin Cities: Not surprisingly, many (44 percent) cite outsiders' perceptions regarding regional winter weather. Others cite the lack of a convention center hotel or public transportation, but nearly one-fifth of respondents say that the cost of doing business here compared to other, similar cities is a contributing factor. And of those who cited another, unlisted reason, half of them cited the difficulty with finding reasonable air fares and direct flights. Nonetheless, 46 percent say they didn't know what prevents the area from being a destination of choice—what's not to like? ■



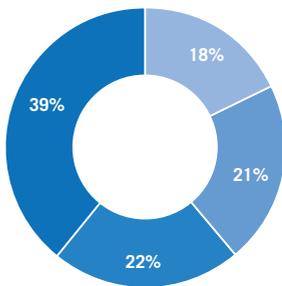
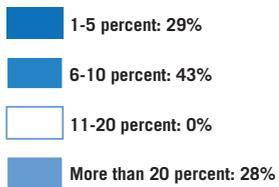
What percentage of your business relies on meetings and events?

- 81-100%: 22%
- 61-80%: 14%
- 41-60%: 16%
- 21-40%: 18%
- 20% or Less: 30%

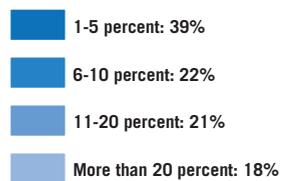
In the last year, the percentage of my business that relies on meetings and events has:



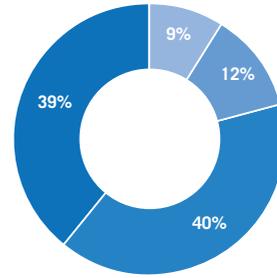
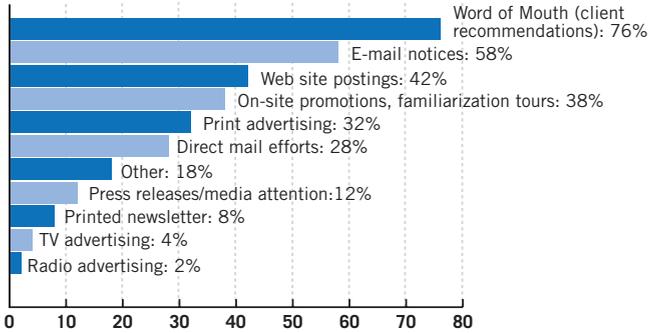
If decreased, by how much?



If increased, by how much?



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



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: 39%
- Sometimes. I look for potential new sites a few times a year: 40%
- Rarely. I don't change locations often: 12%
- Never. The majority of my meetings/events are held on-site at my company/place of business. Or, I've held my events at the same location for years, with no plans to change: 9%

SALARY >

42%

PERCENTAGE OF MEETING PLANNERS WORKING FOR AN ASSOCIATION WHO MAKE BETWEEN \$40,000 AND \$49,000 A YEAR

What is your salary range?

SALARY	Executive Assist/ Administrative Assist	Executive Director	Independent Meeting Planner	Meeting/Event/ Conference Planner
Less than \$29K	6%	22%	29%	2%
\$30K—\$39K	17%	11%	0%	16%
\$40K—\$49K	40%	23%	0%	43%
\$50K—\$59K	24%	11%	29%	23%
\$60K—\$69K	11%	0%	29%	10%
\$70K—\$79K	2%	0%	0%	2%
\$80K—\$89K	0%	11%	0%	0%
\$90K—\$99K	0%	11%	0%	2%
\$100K—\$124K	0%	11%	14%	0%
\$125K—\$149K	0%	0%	0%	0%
\$150K—\$199K	0%	0%	0%	2%

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. Once again, we partnered with the University of Minnesota Tourism Center to develop new questions and streamline the survey process. This year, thanks to prize sponsor Lancer Catering, a \$5,000 Meetings Planner's Event Package has been awarded to one lucky winner randomly drawn from the names of the planner respondents. One respondent to the vendor/supplier version of the survey also came away with an advertisement in *Meetings: Minnesota's Hospitality Journal*. We would also like to thank SuperShuttle for offering an incentive prize for each survey participant. 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.

Grand Prizewinner: Sarah Nickolay Gray, Meeting and Event Planner, National Marrow Donor Program.
The Prize: \$5,000 Meetings Planner's Event Package courtesy of Lancer Catering.
Vendor Prizewinner: Chris Lawson, Owner, Out of the Box Productions. **The Prize:** An advertisement package in *Meetings: Minnesota's Hospitality Journal*



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.



From left: Dean Dutko, general manager, Edinburgh USA; Vendor survey prizewinner Chris Lawson, owner, Out of the Box Productions; Grand prizewinner Sarah Nickolay Gray, meeting planner, National Marrow Donor Program; and Joel Schettler, editor, *Meetings: Minnesota's Hospitality Journal*.