Meetings Outlook Report - May 2010

IMEX survey provides snapshot of decision-making factors, ROI strategies and buying challenges in the meetings industry

- Changes in criteria for booking venues
- Cost-cutting impacts events
- Rise in pre-event content/value research
- Venues forced to be more flexible
- New strategies to improve ROI
- Procurement increases its control

The economic downturn changed the way that meetings organisers planned events and chose venues last year, according to the latest Meetings Outlook Report published by global meetings, incentive travel and events exhibition, IMEX. It reveals that the drive to cut costs has become more important than facilities and services, with venues forced to become more flexible. The survey also charts the increasing emphasis on return on investment and organisers' efforts to make meetings more successful plus the increasing role of procurement departments.

The IMEX research attracted responses from a cross-section of 94 senior representatives in the meetings industry, including meetings planners, producers, conference organisers, marketing managers, procurement managers, venue brokers, sales managers, incentive managers, business travel organisers and events managers. Three in five (60%) described themselves as working for an agency and the rest as being from a corporation or association.

Criteria for booking venues

Just over half of respondents (53%) reveal that their criteria for booking a venue changed in 2009, with the rest saying they stayed the same. In the light of the recession, it is no surprise that the most popular reason for the criteria changing was that cost pressures led them to seek out and use cheaper venues. Of those who changed their criteria, 27% say cost pressure was a very significant reason while another 24% say this was a fairly significant reason. Many of those who changed their criteria for booking say this involved putting pressure on existing suppliers to reduce their rates: 13.5% of them say this is very applicable and another 24% say this is fairly applicable. Ranked third is pressure on travel and accommodation costs which meant more use of domestic and local venues than usual. This reason was cited as very applicable by 19% of the people who changed their booking criteria and as fairly applicable by another 13.5%. The fourth most applicable reason was that they waited for last-minute deals and used more off-the-shelf packages than usual, while at number five was that they sought more "green" venues. The least applicable reason for changing booking criteria was that they wanted venues with better broadband, wi-fi or other technology.

Event of the year

Despite the economic downturn, 82% of respondents say that they went ahead with their landmark or largest annual event or conference last year. However, while 54% of these say that the event went ahead the same as usual, the rest say it was different from previous years. The most common reason for this was smaller budgets and fewer delegates, while other explanations included a switch to a new venue. It was not all about downsizing: one respondent said their event was bigger while another said they got better business than the year before. When it came to the 19% of respondents who did not go ahead with their landmark or largest event, by far the most common reason was costs being cut or budgets being put on hold. One added that the event was cancelled because of concerns about "perception" while another said it was partly due to "lack of time of participants".

Flexibility of venues

With all the emphasis on cost-cutting, many venues rose to the occasion. The survey found that 76% of respondents felt that venues had been flexible enough in their responses to changing market needs in 2009, although some added that this was not the case across the board. Examples of flexibility cited included adjusted rates, concessions, different options, responding more quickly, negotiating less, new payment methods and allowing last-minute changes in attendance numbers. A number of respondents highlighted how venues had worked in partnership with them to make sure events could go ahead – one said venues "collaborated with us to try to win the business" while another stated that "everyone worked together in negotiations to make the project work". For the other respondents who complained that venues had not been flexible, it was the lack of flexibility on price that was the most common complaint. Refusing to budge on minimum numbers and on cancellation and deposit policies were among other reasons given, while other respondents simply said venues had been slow to respond, lacking in service or not proactive enough.

Reasons for booking venues

With the criteria for booking venues changing last year because of the need to cut costs, it is inevitable that the most applicable reason for respondents to book a venue was "cost-effectiveness". For 68.5% it was slightly to very applicable to their decision, with 28% saying it was very applicable.

The second most common reason for booking venues last year was that the venue had good facilities but did not appear too luxurious or extravagant. 54% said this was slightly to very applicable to their decision, with 13% saying it was very applicable. In a very close third, minimal cancellation or alteration clauses were the next biggest factor: 44.5% said this was applicable, with 13% saying it was very applicable.

In fourth place was ease of travel and location, allowing a quick in and out, followed at number five by it being a proven venue that had been used before and can be trusted. Excellent broadband, IT and technology support, at a reasonable price, was ranked sixth, while in seventh place bookings were based on exceptional standards and levels of service for venues that were not necessarily the cheapest. At eight was novelty, where a new venue offered memorability over other considerations, and the least applicable factor was the availability of good leisure facilities, such as a pool, spa or gym.

Return on investment

Return on investment (ROI) has become an important factor in the meetings industry, and in 2009 some respondents changed the way that they gauged this: 18.5% of respondents said they had changed their criteria for measuring successful event outcomes. Of these, 30% said they were asked to implement new ROI systems to demonstrate success and cost-tracking while the remaining 70% said they took the initiative and changed their ROI reporting to provide more detail. However, 81.5% of all respondents said their criteria for ROI remained about the same last year, although 32% of these said they expected to change or improve their ROI in 2010.

In order to provide and measure ROI in 2010, respondents revealed they had, or would be, taking action. The most common strategy is to meet procurement or central purchasing departments to understand purchasing criteria and how success is measured, cited as very applicable by 24% of respondents. The next most-common strategy is to speak to colleagues and peers to learn best practice or to share experiences, while third is more education and staff training. In fourth place is attending face-to-face or online courses, workshops, seminars or association meetings, closely followed by changing company policy or practice to incorporate ROI processes. At number six, respondents said they read trade press, blogs and white papers on the subject of ROI, while in seventh place, they are lobbying internal stakeholders for additional budget in order to prove ROI. The least applicable strategy is looking for a suitable new ROI software package.

Planning meetings

The survey looked at how organisers of meetings and events are changing their content and planning to add value. The most common change is that they are doing a lot more pre-event research to make sure that the event or meeting content is what their delegates, members or attendees tell them they want, named by 88% of respondents. After this, the next most popular action is making registration quicker and easier, such as using the web or SMS, which is being done by 78% of respondents. Close behind in third place, at 75%, is the use of more dynamic speakers and presenters on the basis that entertainment as well as education is more important than ever.

The next most common change, at 69%, is giving delegates or attendees more unstructured face-to-face time, based on the belief that live networking and interaction have greater value than ever. This is followed, at 67%, by the use of social media such as forums, blogs, papers, Twitter and video to give a meeting or event extended life and better engagement with the issues before and after. 61.5% said they were making events smaller and more personal because of the trend towards making people feel extra special by having smaller groups, while 58.5% said they were making event content interactive with techniques such as live voting, wikis and virtual whiteboards. The least common change being made was making registration or membership less expensive, although this was still named by 52% of respondents.

Agency planners

The survey asked several questions specific to agency planners. As procurement departments have established themselves as an integral part of organising an event, the survey asked agency planners for their experiences of procurement. When asked what proportion of their client contracts in 2009 involved working through the procurement department, the most common answer was up to 20% which was given by 37.5% of the agency planners responding. A similar number (34.5%) said the figure was up to 30%. 9.5% said it was up to 40% and, again, 9.5% said it was up to 50%. Only 9.5% of the planners said the proportion was over 50%. Two out of five of them (42%) said a bigger proportion of their work involved working with procurement departments over the past 12 months, although the rest said the proportion had not increased.

When asked about online auctions, 16% said they had participated in at least one over the past 12 months but the vast majority – 78% - said they had not. Only 6% said they had taken part in one to five online auctions, while none had participated in six or more.

Costs and bidding wars

The drive to cut costs means that corporations and associations are forcing agencies to pitch more fiercely than ever against each other. The survey asked agency planners if they had turned down requests for proposals in the last 12 months because of fears of a bidding war or because too many agencies were asked to tender. 56% said they had done so, with 37.5% saying they had turned down between one and three, 16% saying they had turned down five to 10, and 3% saying they had turned down more than 10. However, the rest – 44% - of planners said they had not turned down a request for a proposal.

Cost-cutting has also led to clients asking agency planners to strip out suppliers from their supply chain to save on money. The survey found that 56% had encountered this in the last 12 months, with 9.5% saying it had happened frequently.

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