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# FUTURE WATCH 2004

## A Comparative Outlook on the Global Business of Meetings

A supplement to

the **meeting**  
**PROFESSIONAL**  
PUBLISHED BY MEETING PROFESSIONALS INTERNATIONAL

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# WELCOME to FutureWatch 2004

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## TABLE OF CONTENTS

### 4 Summary of Significant Findings

Examine synopses of the *FutureWatch 2004* survey's key revelations.

### 6 Facts and Figures

Drill down to discover the critical trends emerging among planners and suppliers.

### 11 Key Takeaways

Review pivotal go-forward summary recommendations to build better relationships.

### 12 Background

Take a closer look at how the *FutureWatch 2004* survey was conducted.

A comprehensive meeting industry outlook from Meeting Professionals International (MPI) and American Express, this highly anticipated report builds on intelligence from *FutureWatch 2003*, which was groundbreaking in its side-by-side perspectives from meeting planners and suppliers in North America and Europe. Going a step further, *FutureWatch 2004* includes global industry-first data on the pace of meeting management and standards, and discloses mutual needs of buyers and sellers as they work together in the face of an undisputed industry revolution.

The *FutureWatch 2004* survey—which garnered 2,075 responses, of which 54 percent (1,116) were from MPI planners and 46 percent (959) were from suppliers—reveals economic and logistical needs such as budgets, technology, and destination and venue usage. Perhaps unexpectedly for readers, it also delivers data-supported dialogue on how meeting planners and suppliers can collaborate to benefit organizations that host meetings and the people who attend them. This collective mindshare on what is needed for those who plan or service meetings to be best at their jobs underscores the fact that the business of doing business within the industry is at a critical juncture.

The forward-focused insights of *FutureWatch 2004* come at a pivotal time in MPI's history as it leads the transformation of the meeting industry with *Pathways to Excellence*, its strategic plan to drive fundamental change and take meetings to the next level of professionalism, recognition and inclusion in the business world. As the leading global association for the meeting profession with 18,000 members in 60 countries, MPI is distinctly committed to a 50/50 membership ratio of planners and suppliers, ensuring its unique ability to deliver important industry intelligence from both sides of the business.

## SUMMARY of significant findings

### Overall Economic and Industry Assessments

In 2004, aggregate economic growth of the North American and European meeting industry—combined with a resurgence in international travel—points to a welcome upturn. □ The overall size of the meeting industry will grow in 2004, with likely increases in indicators such as budgets, employment, proposal activity and employee training. Additionally, a boost is expected in international business travel as U.S. planners forecast a greater percentage of meetings in multiple locations beyond U.S. borders, and Canadian planners project a large increase in travel to the United States and Central America.

However, the major divergence in 2003 between projected meeting planner spend and supplier revenue continues into 2004. □

The pressure on planners to conserve budgets and on suppliers to gain greater market share continues, resulting in the same 7 percent disparity of last year between the money that planners are willing or able to allocate and the revenue that suppliers must demand.

An average  
**4 percent growth is**  
equally projected for meeting planner  
and supplier budgets.

A **7 percent gap**  
remains between  
projected planner spend and  
forecasted supplier revenue.

Consultant and independent planner budgets will continue to dominate in 2004; however, corporate planners have regained considerable ground, reflecting better overall corporate health. □

Budget cuts and downsizing in 2002 and 2003 that resulted in independent planners gaining control of the larger average meeting budgets will be somewhat mitigated in 2004 as a corporate rebound brings corporate planning budgets back to much stronger levels. However, consultant budgets skyrocketed, outpacing independents and corporates by sizable margins and signaling continued movement to third-party involvement in the planning function.

Planners and suppliers agree that their greatest professional challenge in 2004 is the improving economy, followed distantly by global terrorism. □

An improving economy portends a time when too few people are asked to perform at even greater levels while organizations ramp up after downsizing during the recent economic decline. The threats of terrorism and security issues have become more logistical challenges than ones of protection. Planners and suppliers must contend with contingency issues and alternative strategies that result from the threat of terrorist acts.

## Planner/Supplier Business Dynamics

Standardized meeting purchasing policies and procedures are in place or being adopted in many organizations, signaling a shift in how business is conducted. □

More than half of all planners who responded to *FutureWatch 2004* indicate they have implemented some form of organization-wide meeting purchasing policies and procedures. Similarly, suppliers say they are often required to comply with standardized policies and procedures with planners and the organizations they represent.

In 2004, suppliers will continue technology investments, most aptly in Web site enhancements. Yet, efficiencies realized from more tech use are causing new challenges for the industry. □

The vast majority of meeting supplier respondents are investing in Web site enhancements, while planners expect to use the Internet more broadly to research venues and book meetings. Guest room and wireless solutions and A/V tools also are marked for sizable supplier spending, followed by customer relationship management (CRM) and online booking and planning systems. This emergent reliance on and use of IT has resulted in two challenging trends. Organizations feel comfortable allowing for less lead time, causing planners and suppliers to work more quickly. Attendees migrating to the Web to book outside of room blocks place a strain on attrition agreements.

An increasing number of planners and suppliers agree that commoditization of the meeting industry is on the rise again in 2004. □

Planners and suppliers agree in larger numbers that the meeting industry is employing more standardization, less personal contact and more automation. They also concur that commoditization will affect the meeting industry significantly in 2004.

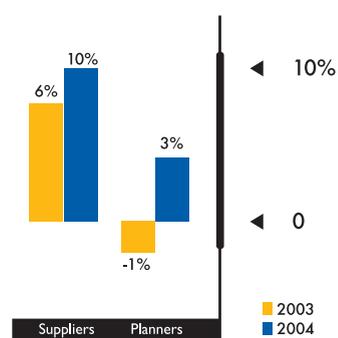
Sales and proposal processes that emerged in a weak global economy have resulted in fragile planner and supplier relationships in danger of future erosion as the state of industry improves. At the root are poor communication and training issues that have led to business efficiency challenges. □

As the economy rebounds and planners seek suppliers with value-added offerings, the sales and proposal process must more readily meet renewed demand for quality service. This is not easily achievable under today's conditions of low staffing, Web-based marketing content and other technologies that erode direct contact. Mutual confusion about what each other needs to successfully conduct business has resulted in re-work, wasted effort, poor interaction and even mistrust. Lead and response times are the most dominant daily issues, yet they are irrelevant against a range of rapport problems due to an overall lack of understanding and training about each others' tasks and work flow. ■

# FACTS and figures

In 2004, on average, meeting planner and supplier spending and revenue projections are equally 4 percent greater than those of last year. Meeting planners forecast a 3 percent budget increase vs. a negative 1 percent last year. Suppliers project a 10 percent growth in revenue over a 6 percent boost last year. Interestingly, a 7 percent gap remains year-over-year as suppliers stay under pressure to boost revenue estimates and planners must still show budget constraint.

**Suppliers and Planners:**  
Estimated Budget/Revenue Change



# facts and figures (continued)

## More room for optimism?

*FutureWatch 2004* employed two methods to measure year-over-year planner budget change. One question asked planners to estimate percentage change in budgets from 2003 to 2004, to which the average response equaled a positive 3 percent. Another question asked respondents to write in actual budget amounts for 2004. The average of the write-ins for 2004 compared to 2003 figures points to an even greater possibility for growth this coming year.

In total, U.S. and European planners are equally aggressive in projecting 25 percent average budget increases, with Canadians at a more conservative 12 percent. Suppliers in the United States, Canada and Europe are surprisingly in agreement for 2004, uniformly projecting 10 percent growth in 2004 over 2003 budgets.

Conservatively optimistic when indicating a percent change in budget, the increase is greater when comparing actual write-in financial amounts year-over-year. See chart below for more detail.

## Thriving third parties

Third parties continue to thrive as evidenced by the fact that independent planner budgets are anticipated to grow to \$6.5 million in 2004 over a 2003 average of \$4.8 million. Consultants also project a hefty leap to an average \$6.9 million this year vs. last year's average of \$3 million. And multimangement companies remain steady with a negligible decline to \$2.5 million from \$2.6 million a year ago. Nevertheless, corporate meeting budgets regained significant ground, predicted to rise to \$5.3 million over \$4.1 million in 2003, with association and society planner budgets holding steady at \$1.4 million.

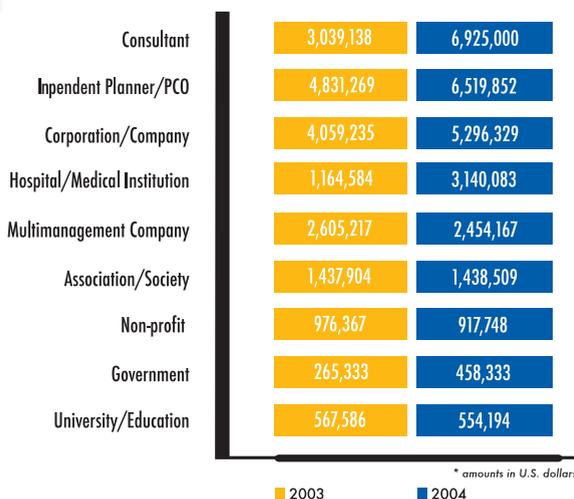
In 2004, planners expect to consider **4 percent** more facilities or locations for each meeting than in 2003.

Suppliers expect **11 percent** more inquiries and/or proposal activity.

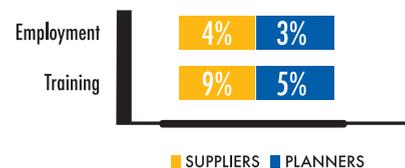
## Employment and training up

From 2003 to 2004, employment is expected to increase in planner and supplier organizations by an average of 3 and 4 percent, respectively. A good sign of support for this trend is anticipated expansion of training budgets of 5 percent by planners and 9 percent by suppliers. Open-ended suggestions by survey participants support the importance of larger employee training budgets in the coming year as many frustrations currently experienced by buyers and sellers are the result of inadequate training or lack of experience.

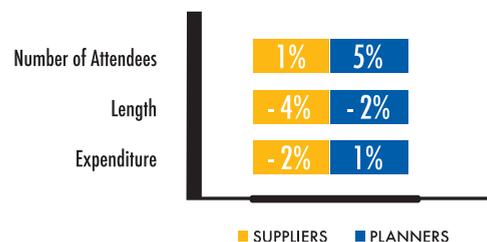
**Planners:**  
Average Estimated Budgets by Category 2003 vs. 2004



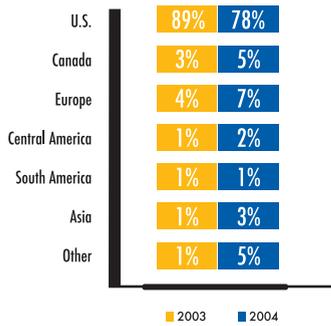
**Suppliers and Planners:**  
Projected Employment and Training Budget Increases



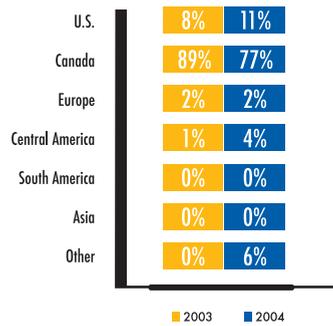
**Suppliers and Planners:**  
Average Percentage Changes Per Meeting or Event



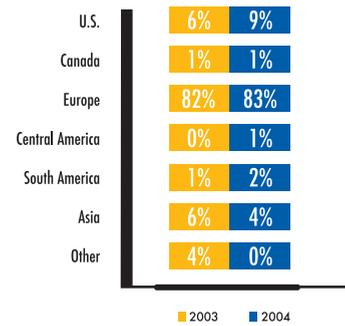
**U.S. Planners:**  
Projected Meetings in Various Geographical Locations



**Canadian Planners:**  
Projected Meetings in Various Geographical Locations



**European Planners:**  
Projected Meetings in Various Geographical Locations



## More international meetings and travel

In a positive indicator for international business travel, U.S. planners expect an 11 percent growth in international meetings in 2004, twice that of 2003. U.S. planners now project that 22 percent of all 2004 meetings will be international, with European destinations leading at 7 percent, followed by Canadian locales at 5 percent. In the “no surprises” category, those who control the largest meeting budgets are most likely to hold international meetings in the coming year.

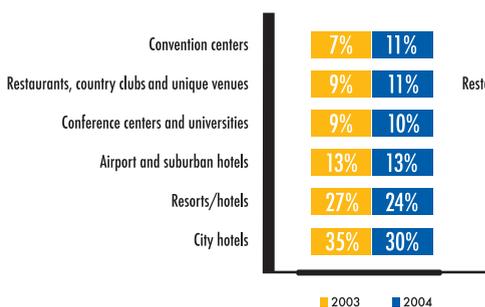
Those who plan meetings in Canada also expect a slightly greater percentage increase in international meetings in 2004, as the likelihood to meet outside of the country moved from 11 percent in 2003 to 23 percent in 2004.

The United States is expected to get 11 percent of all Canadian meetings, and Central America is predicted to get 4 percent. As in the United States, Canadian planners with the largest budgets are most likely to hold international meetings.

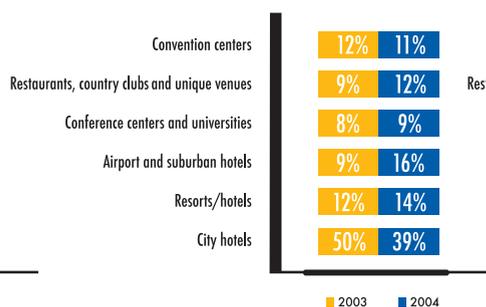
Overall predicted international meetings by European planners are about the same in 2004 as in 2003. The difference is the significant increase in projected travel to the United States with European planners indicating a 50 percent rise in travel to U.S. destinations, up to 9 percent vs. 6 percent of all meetings last year. A decrease in European international meetings is expected in Asia, Africa, the Middle East and Australia.

While there are shifts in international travel, the venue choices of U.S., Canada and European planners remain relatively unchanged. See charts for more detail.

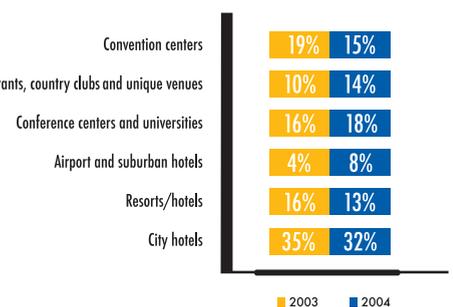
**U.S. Planners:**  
Projected Venue Usage



**Canadian Planners:**  
Projected Venue Usage



**European Planners:**  
Projected Venue Usage



# facts and figures (continued)

## Planners:

### Meetings Management Policies and Procedures

#### Degree of Implementation

Areas of Standardization	Degree of Implementation						
	Not considered	Considered but dismissed	Under consideration, but without final decision	Planned full implementation within 1 year	Planned full implementation within 2 years	Planned full implementation more than 2 years from now	Already fully implemented
Meeting purchasing policies and procedures (1)	23%	2%	21%	9%	2%	1%	42%
Purchasing channel for meetings (2)	21%	4%	25%	11%	1%	1%	37%
Preferred supplier program for meetings (3)	30%	4%	24%	5%	3%	0%	34%
Technology base for meetings (4)	28%	2%	24%	12%	4%	1%	29%

- (1) i.e. planning principles, contract language and approval process
- (2) i.e. meeting request forms, registration tools and online booking

- (3) i.e. travel, lodging and meeting management
- (4) i.e. reporting, satisfaction testing, and payment and reconciliation platforms

## Pace of meetings management

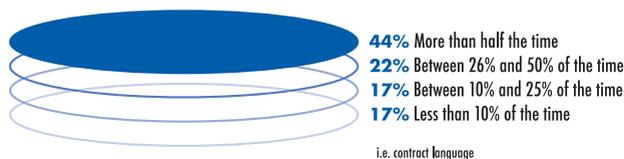
Meeting professionals face emerging challenges and opportunities as new business practices, broadened use of technologies and miscommunication weigh heavily on an enterprise founded on face-to-face relationships. In an effort to address conjecture that meetings management is moving toward a strategic sourcing model similar to that of business travel, *FutureWatch 2004* undertook an industry-first measurement of the pace of meetings management.

Planners were asked to indicate the degree to which their organizations are implementing standards and practices in areas such as contract language, registration tools, meeting request forms, reporting and reconciliation platforms. About 80 percent indicate consideration of some form of organization-wide meetings management practices. Many have implemented policies and procedures, and many more are evaluating practices or are in some stage of implementation.

Concurrently, 45 percent of meeting supplier respondents indicate that more than half the time they conform to standardized purchasing policies of planner organizations, with an additional 22 percent indicating they comply one-quarter to one-half of the time. On the other hand, when it comes doing business, just 14 percent of supplier respondents say they are required to be a preferred vendor more than 50 percent of the time, with 44 percent saying the requirement is less than 10 percent of the time.

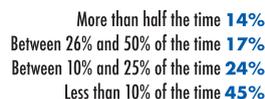
## Suppliers:

### Complying with Standardized Purchasing Policies of Planners



## Suppliers:

### Required to be a Preferred Vendor



## Technology rules

In 2004, meeting planners say they expect to use the Internet 20 percent more to research meeting venues, building on the noteworthy increase of 23 percent in 2003. This places even greater responsibility on meeting suppliers to create and maintain an exceptional Internet presence leading to further planner investigation or inquiry. Also significant is an anticipated 6 percent rise in the use of the Internet for actual meeting bookings, surpassing last year's increase of 5 percent.

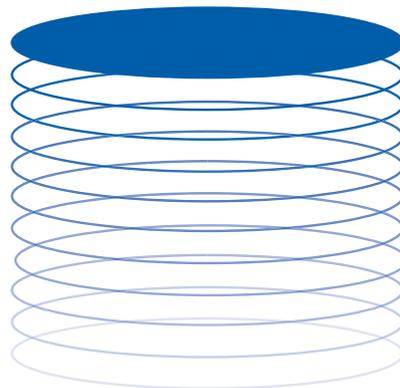
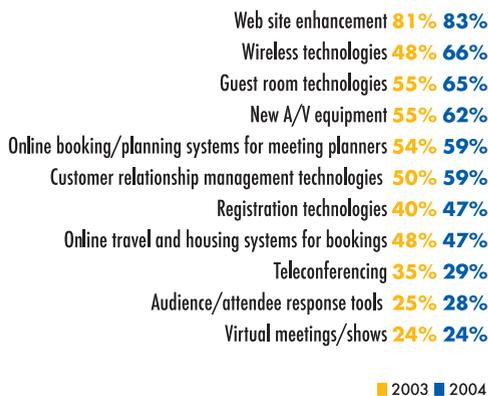
Correspondingly, 83 percent of supplier respondents in *FutureWatch 2004* indicate broad investments in Web site enhancement as well as enhanced use of wireless and guest room technologies. New A/V equipment also will enjoy a robust usage hike, with online booking/planning systems and customer relationship management technologies coming in equally on the list.

## Commoditization concerns

When asked what operational trend would have the greatest impact in 2004, planners and suppliers rated organizational budget changes first, followed by cancellation and attrition clauses. There is also increasing concern about commoditization, a major trend revealed in *FutureWatch 2003*. Eleven percent of planners—up 4 percent from last year—and 13 percent of suppliers indicated commoditization would have the greatest effect.

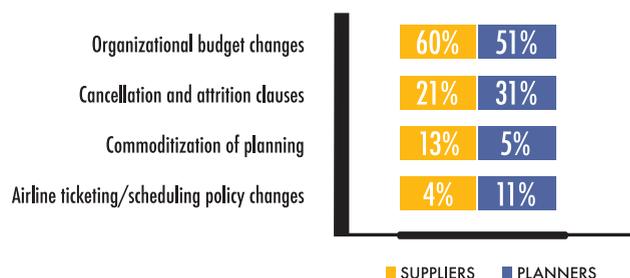
When this information is combined with data regarding the expanded use of Internet technology by planners and suppliers, and the knowledge that most planners are at some stage of implementation of standardized practices, the meeting industry can expect commoditization to be an ongoing trend to watch.

Suppliers:  
New Technology Investments



## Suppliers and Planners:

2004 Operational Trends With the Greatest Impact on Meetings



# facts and figures (continued)

## Business efficiencies challenge relationships

Another differentiating aspect of *FutureWatch 2004* allowed meeting planners and suppliers to describe their working relationships. Those written descriptions were analyzed to produce the following summary, which reveals there is consistency in responses when it comes to the types of improvement needed in the business process to ensure greater success as the industry recovers.

When **suppliers** were asked how planners could work better with them, **suppliers** asked for:

- Better and more complete communication
- More lead time and flexibility
- Honesty regarding budgets and expectations
- Detailed information regarding meeting needs
- Teamwork
- Taking time to learn about the suppliers' offerings and resources
- Allowance for creativity

When **planners** were asked how suppliers could work better with them, **planners** asked for:

- More efficient communication
- Quick response to requests and inquiries
- Better understanding of lead time and flexibility restraints
- More transparent, understandable and detailed proposals
- Teamwork
- Continuation of competitive pricing
- Taking time to learn about planners' needs and work flow
- A softer approach to sales and marketing

Planners and suppliers agree that:

- Complete and concise communication is often missing in the proposal process.
- Rework and mistakes result from poor communication.
- Improvements in communication efficiency are vital to getting more accomplished by fewer people.
- Each needs to take time to learn about the other's professional responsibility and process.
- Openness, honesty and transparency are needed in proposals and requests for proposals.
- Working as a team is a desirable relationship.

Meeting suppliers and planners should take time to assess how to make the most of the economic recovery by learning about each other, evaluating creative ways to protect room blocks, manage attrition and cancellation, improve communication and streamline the proposal process. ■

**The percentages below represent the top five common answers, based on analysis of more than 2,000 write-in answers from planner and supplier respondents to the *FutureWatch 2004* survey.**

### What U.S. Planners Need Most From Suppliers

Fast response .....	9%
Be flexible .....	7%
Use email .....	6%
Learn/understand our needs .....	6%
Better/softer sales and marketing .....	5%

### What U.S. Suppliers Need Most From Planners

More lead time .....	14%
Complete communication .....	13%
Work together/partner with us .....	8%
Be honest .....	6%
Be flexible .....	5%

### What Canadian Planners Need Most From Suppliers

Fast response .....	15%
Be flexible .....	7%
Great Web site .....	6%
Detailed quotes .....	5%
Better/softer sales and marketing .....	4%

### What Canadian Suppliers Need Most From Planners

More lead time .....	15%
More professional specs/RFPs .....	13%
Complete communication .....	9%
Work together/partner with us .....	9%
Be flexible .....	4%

### What European Planners Need Most From Suppliers

Fast response .....	11%
Be flexible .....	8%
Honest, clear communication .....	7%
Work together/partner with us .....	7%
Transparent budgets .....	7%

### What European Suppliers Need Most From Planners

More lead time .....	20%
Disclose budget .....	12%
More professional specs/RFPs .....	12%
Be flexible .....	7%
Realistic budgets .....	7%

# KEY takeaways

A consistent theme in the open-ended responses given by MPI planners and suppliers is that 2003 was a difficult year marked by hard work and perseverance. **In the face of downsizing, a shift to technology and less one-to-one interaction, numerous adjustments marked the past year as one of the more respectable efforts by the meeting industry in recent years.** Entering the year with little hope for growth, many faced challenges by accepting new responsibilities and uncertainties and testing new ways to work together. The result was an overall feeling of successful survival.

Economic trends are the most significant factors impacting the meeting industry in 2004. From an individual perspective, recent uncertainties have left many feeling insecure about their futures, often overworked, and adopting unfamiliar positions in the negotiation process.

From an industry perspective, lowered demand, excess inventories and concessions have resulted in poor returns for owners and investors. As the global economy improves in 2004, buyers and sellers are looking forward to a turnaround. **With the upturn comes lag time between growing demand and availability of human and technological resources, training and education.** Qualitative data in *FutureWatch 2004* indicates this lag time concerns supplier and planner staff and management.

Planners and suppliers agree, in increasing numbers, that commoditization is a critical trend.

As the Internet is used more for marketing, sales, contracting and communications, face-to-face contact among meeting professionals will further decline. **Standardized procurement and fulfillment policies will reduce the amount of time needed to plan and supply meetings.**

Fewer planner/supplier relationships will exist at any one time, as "preferred" and "approved" relationships are formed. This trend should allow the meeting industry to operate more efficiently, but may also result in less distinction between meetings.

In addition, last year's trend toward supplier responsibility to prove the value of meetings will slow, and possibly reverse by the end of this year. Beginning in early 2001, economic slowdown and ensuing safety and travel concerns allowed more negotiation control by planners desiring less financial risk for their organizations. In 2004, a stronger economy, bigger planner budgets and more meeting travel and demand are likely to move suppliers toward stronger positions as inventories and services become in short supply.

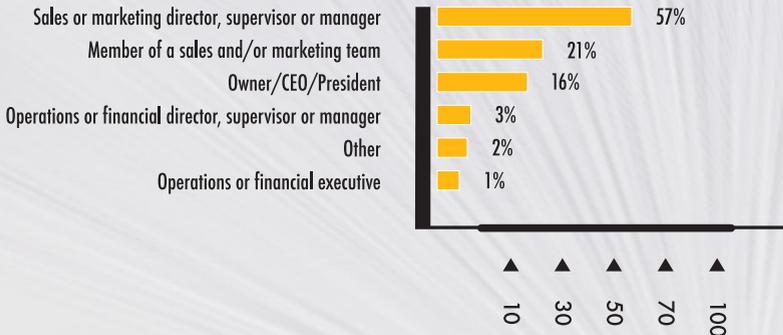
**Planners demanding low fiscal risk will continue to focus on contract and price concessions, but will find it slightly more difficult as the year progresses.** In fact, write-in comments from multiple suppliers in executive roles allude to the fact that economic recovery may lead to a shift in control manifested in higher rates, a return to former attrition and cancellation clauses and lessened flexibility.

Some of the hard work of 2003 may be avoided in 2004 if planners and suppliers will take the time to train and learn more about each other, become more understanding of the challenges in each others' daily work lives and commit to bettering communication during stressful contract and negotiation interaction.

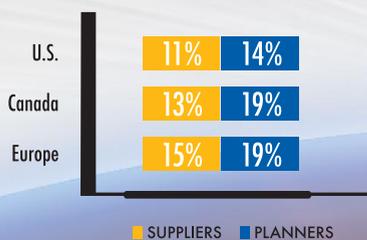
# FUTUREWATCH 2004

## background

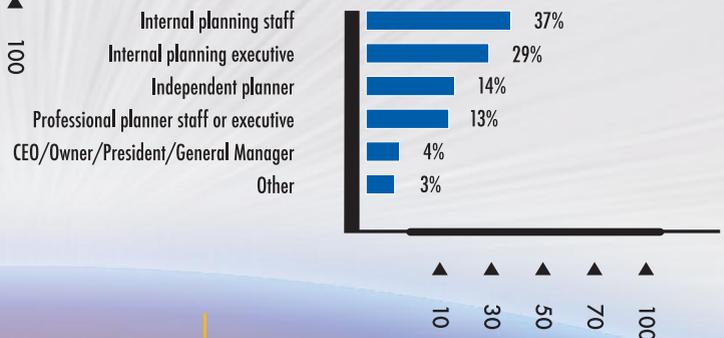
### Suppliers: Organizational Responsibility



### Suppliers and Planners: Response Rate



### Planners: Organizational Responsibility



Total e-mail invitations sent  
**16,370**

Total responses  
**2,075**

Overall response rate  
**13 percent**

In late October 2003, Dallas-based Meeting Professionals International (MPI), in partnership with American Express, conducted *FutureWatch 2004* to gather key facts and comment on meeting industry trends and indicators in 2004 and beyond. The survey response sample was drawn from MPI's membership, the world's best collective of professional meeting planners and suppliers. Association Insights, an independent market research firm, was contracted for the second year to conduct this study, interpret qualitative data and perform statistical analysis.

Survey methods for *FutureWatch 2004* were evolved to include open-ended questions fostering commentary about what planner and supplier respondents need from each other to be most effective in their jobs. This led to more than 2,000 written replies about professional relationships and requirements. Each comment and suggestion was carefully read, analyzed and made a part of these findings to deliver the most comprehensive source of global meeting planner and supplier forecasting.

**Methodology:** MPI sent e-mail invitations to 16,370 members worldwide announcing the study and requesting participation. All responses were received anonymously. Member respondents were asked to provide a range of information regarding their organizational roles, projected business, organizational challenges, use of technology, their needs and more for 2004.

**Participation:** The survey garnered 2,075 responses, of which 54 percent (1,116) were from MPI planners and 46 percent (959) were from MPI suppliers. Participation represented nearly 14 percent of MPI planner members and 12 percent of MPI supplier members.