



Professional Convention
Management Association

Economic Factors Affecting Global Meetings



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Benjamin Franklin

“Nothing is certain but death and taxes”

“Change and Globalization”



Our Challenge

“To produce a qualitative, exploratory study that suggests variables affecting international meeting attendance that can be more precisely investigated in a future quantitative study”



The Challenge: Part I

- **Literature Search and Qualitative Study**
 - **Economic Factors Affecting Attendance**
 - **International Priorities**
 - **Assess Outlook Factors for 2009- 2010**
 - **Determine Variables for Follow on Study**

The Challenge: Part II

- **Further Analyze The Buy/Sell Process**
 - **Relationship Selling**
 - **Strategic Selling**
 - **Online Tools**

The Current State

- **80% PCMA Members – Overseas Conferences**
- **1 Million+ U.S. Residents Attending International Conferences Annually**
- **3.3% of All Trips (excluding Canada & Mexico)**
- **\$4.7 Billion in Tourism Revenue**
- **5% of all U.S. Spending on Overseas Travel**

Methodology

- **Literature Search and Review**
 - Last 20 years
 - Academic Journals
 - Books
 - Published Articles
 - 411 Articles on “Meetings”
 - 235 Article on “Conventions”

“International Meetings” Articles

- **Only Article Written in Last 20 Years**

S.F. Witt, A.M. Sykes, and M.Dartus, “Forecasting international conference attendance”, *Tourism Management*, 1995

Methodology

- **Survey of Representative Sample of Meeting Planners (PCMA Members)**
 - Telephone Interviews
 - Online Survey

Findings

- **Factors Affecting U.S. Attendance at Foreign Meetings**
- **Online Opportunities to Increase Productivity**
- **Gaps in Buy/Sell Relationships**

Factors Affecting U.S. Attendance at Foreign Meetings 2009-2010

- **Top Factors**
 - **U.S. Macroeconomic Factors**
 - **U.S. Company Business Travel Budgets**
 - **International Airfares**
 - **U.S./Foreign Country Exchange Rates**
 - **Host Country Economic Factors**

Factors Affecting U.S. Attendance at Foreign Meetings 2009-2010

- **U.S. Economic Factors**

- **Economist Intelligence Unit (EIU) Projections 2009-2010**

- GDP to contract by **2%** in 2009 and grow **0.6%** in 2010
 - Unemployment to rise from **5.7%** to **7.9%** in 2009 and **8.4%** in 2010
 - Price inflation to fall to only **0.3%** by the end of **2009** and remain dormant in **2010**

Factors Affecting U.S. Attendance at Foreign Meetings 2009-2010

- **U.S. Company Business Travel Budgets**

- The National Business Association (NBTA) recently predicted *“Travel Managers will amplify their cost-containment strategies in 2009”*
- The U.S. Travel Association just forecast business trips by U.S. residents will decline by 3.5% in 2009

We expect a 3% to 6% decline in U.S. company business travel budgets in 2009 and 0 to 5% increase in 2010 from this lowered base

Factors Affecting U.S. Attendance at Foreign Meetings 2009-2010

- **International Airfares**

- The International Air Transport Association (IATA) forecasts a 3.6% decline in worldwide traffic in 2009
- American Express forecasts 1% to 6% in international business class fares in North America and Europe for 2009 and 2010.






We expect the costs per business airline trip to remain constant for 2009-2010 as Companies "Game the Airlines Pain"

Factors Affecting U.S. Attendance at Foreign Meetings 2009-2010

- **U.S. Foreign Country Exchange Rates**
 - \$US will strengthen against foreign currencies of interest to U.S. delegates.
 - Mostly against the British Pound
 - But significantly against the Euro and the Mexican Peso
 - No further progress against the \$Canadian

Factors Affecting U.S. Attendance at Foreign Meetings 2009-2010

- **How Factors Affect Delegate Attendance**

Projected change in explanatory variable	Company travel budgets decline	Airline fares rise slower than overall inflation	\$US/ foreign currency rate declines	U.S. economy weakens	Conference/ show registration fees rise faster than overall inflation
U.S. delegate volumes at international meetings					

Factors Affecting U.S. Attendance at Foreign Meetings 2009-2010

- **How Factors Affect Delegate Attendance**

Projected change in explanatory variable	Decline in Gross Domestic Product (GDP)	Low rate of consumer price inflation	Higher unemployment rate
Domestic delegate volumes at international meetings	↓	↑	↓

Factors Affecting U.S. Attendance at Foreign Meetings 2009-2010

- **7 Countries Chosen as Focus Areas**
 - PCMA and EIBTM 2007 Industry Survey
 - Canada
 - Mexico
 - France
 - Germany
 - Netherlands
 - Spain
 - United Kingdom

Factors Affecting U.S. Attendance at Foreign Meetings 2009-2010

- Country Destination Economic Factors Over Two Years: 2009, 2010**

Country for 2009 and 2010	Domestic Economic Growth	Price Inflation Rate	Unemployment Rate (rising in all Countries)	\$US/Foreign Currency Exchange Rate
Canada	-0.1%, +1.5%	1.7%, 2.1%	7.0%, 7.3%	\$Canadian: 0%, +7%
Mexico	-0.2%, +1.8%	5.0%, 3.6%	4.2%, 4.0%	Peso: -6%, +2%
France	-1.2%, +0.4%	1.6%, 1.4%	8.8%, 9.0%	Euro: -12%, 0%
Germany	-0.7%, +0.4%	1.0%, 1.5%	8.5%, 8.6%	Euro: -12%, 0%
Netherlands	-1.8%, +0.1%	0.8%, 1.3%	4.8%, 5.7%	Euro: -12%, 0%
Spain	-1.7%, +0.2%	1.6%, 1.4%	14.7%, 15.7%	Euro: -12%, 0%
United Kingdom	-2.5%, -0.9%	1.2%, 1.4%	7.9%, 9.4%	Pound: -21%, +6%
United States	-2.0%, +0.6	0.3%, 1.5%	7.9%, 8.4%	Not applicable

Factors Affecting U.S. Attendance at Foreign Meetings 2009-2010

Country	U.S. Delegate Forecast	Domestic Country Forecast
Canada	U.S. delegate attendance at Canadian meetings will rise slightly due to economic factors	Expect 2% to 4% cutback for domestic meetings
Mexico		
France		
Germany		
Netherlands		
Spain		
United Kingdom		

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France	Expect 3% to 5% decline in U.S. meeting travel to France for 2009 and no change in 2010	Domestic attendance at meetings may decline 1% to 2% in 2009 but rise by same amount in 2010
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Netherlands	Expect 3% to 5% decline in U.S. meetings travel to country for 2009 and no change in 2010.	Domestic attendance at meetings may decline by 1% to 2% in 2009 and in 2010 rise by same amount
Spain	Expect 3% to 5% decline in U.S. meetings travel to country for 2009 and no change from this in 2010.	Domestic attendance expected to decline 5% to 7% in 2009, further to 3% to 5% in 2010
United Kingdom		

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Spain	Expect 3% to 5% decline in U.S. meetings travel to country for 2009 and no change from this in 2010.	Domestic attendance expected to decline 5% to 7% in 2009, further to 3% to 5% in 2010
United Kingdom	Expect a 1% to 3% decline in U.S. meetings travel to country for 2009 and no change in 2010	Domestic attendance at meeting could fall 5% to 7% in 2009, and another 1% to 2% in 2010

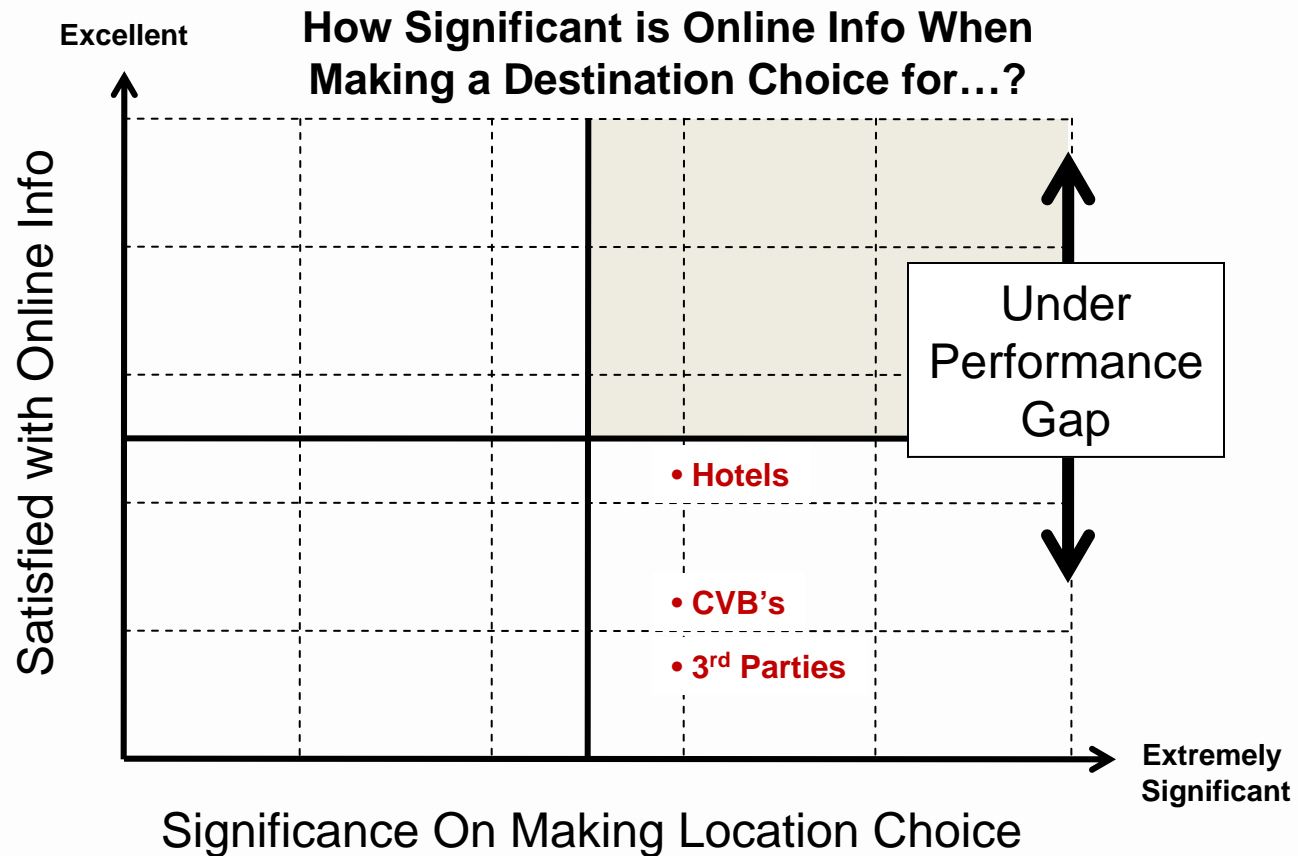
Findings

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- **Online Opportunities to Increase Productivity**
- **Gaps in Buy/Sell Relationships**

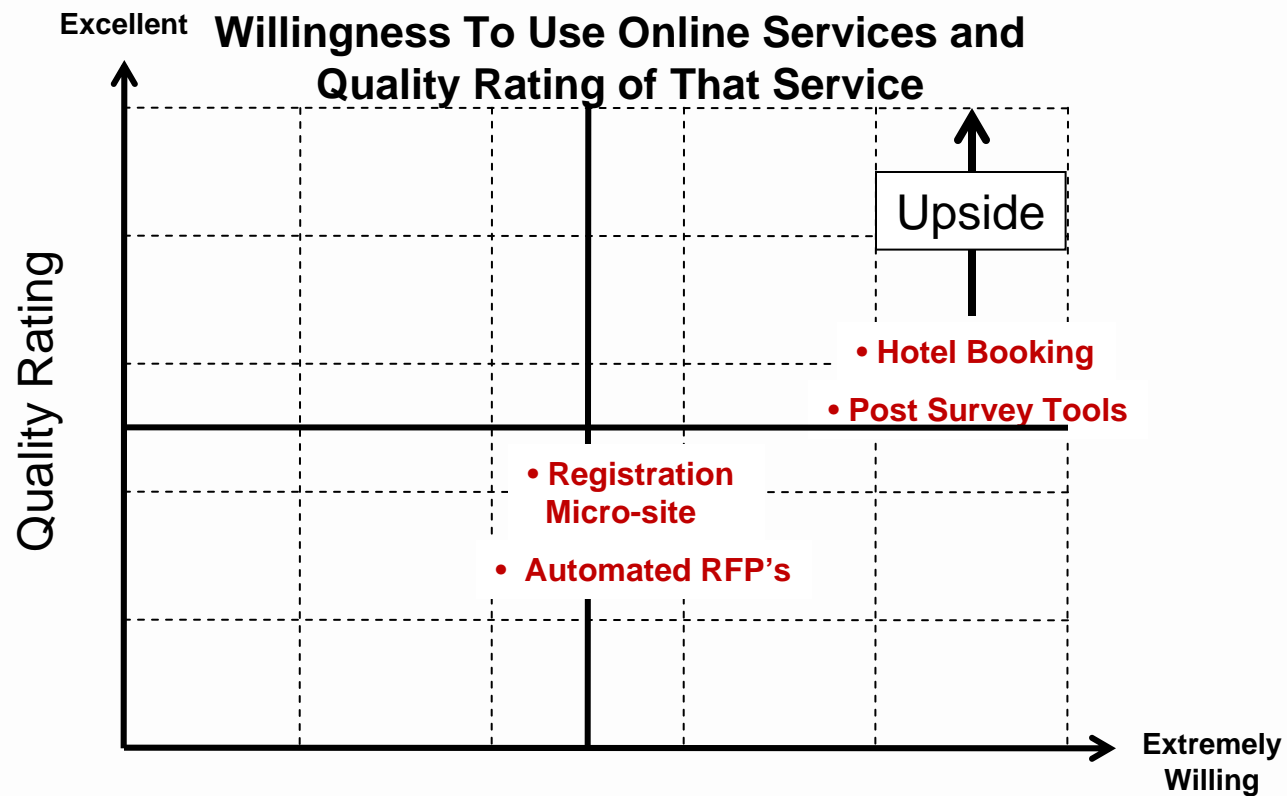
How Significant is Online Information on Your Decision?

Significance	Percent Response	Top Two Boxes
Extremely Significant	28%	72%
Somewhat Significant	44%	
Not Very Significant	20%	
Not Significant at All	8%	
Don't Know	None	

Meeting Planner Views on Online Info



Meeting Planner Views On Online Info



Willingness To Use Services for International Meetings

Findings

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Sales People Mostly Tactical

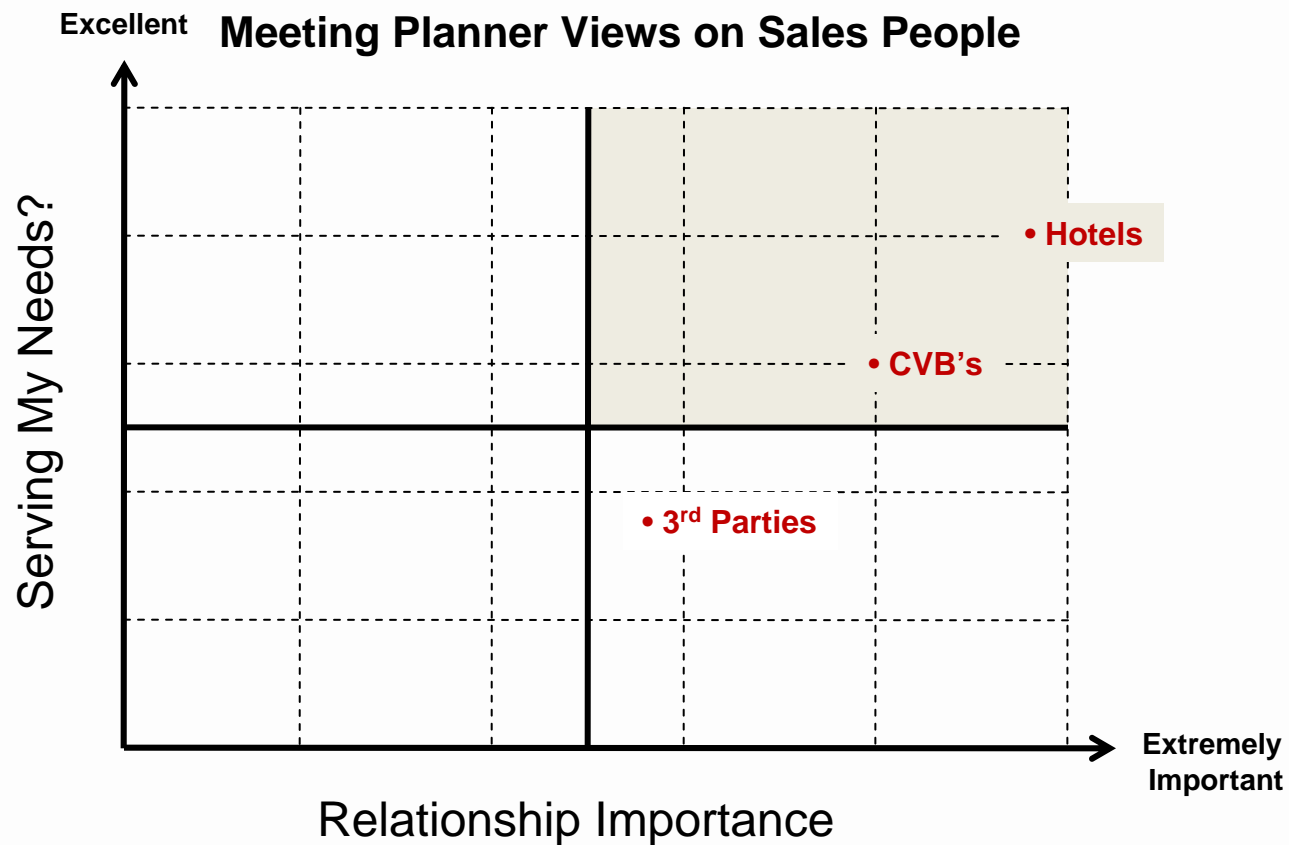
“Most meeting planners think that 40% or less of sales people go beyond simply selling there services...

...to help provide strategic solutions that impact the effectiveness of their meetings...”

Tactical Needs Satisfied?

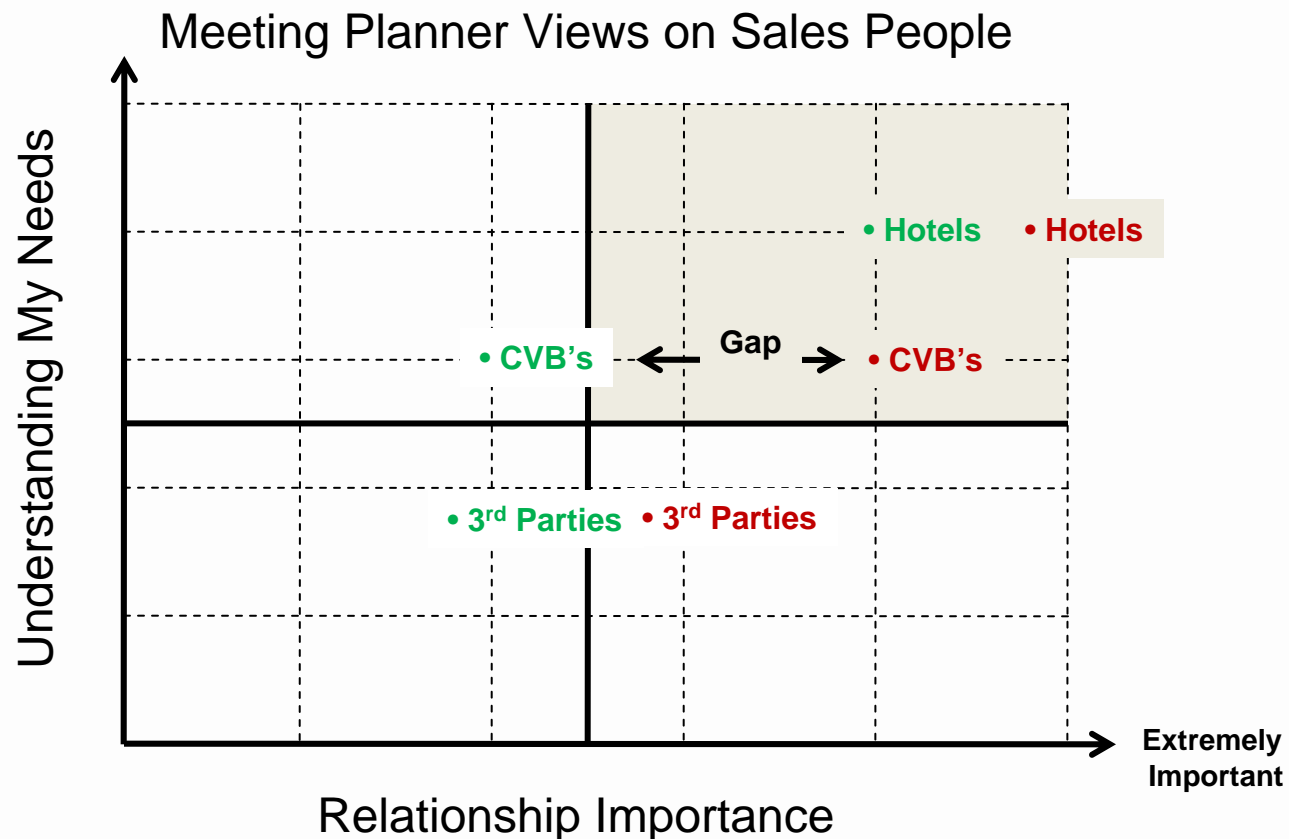
Efficiency at Tactical Needs	Top Two Boxes
Hotels	80%
CVB's	36%
3rd Parties	40%

How Important are Relationships? Serving The Needs of the Meeting Planner?



How Important are Relationships?

Do Sales People **Understand the Needs** of the Meeting Planner?



Meeting Planners Looking for Strategic Solutions

“The sales teams that call on me today could better serve my International Meeting needs by providing solutions that are more strategic and less tactical”

Level of Agreement	Top Two Boxes
Hotels	83%
CVB's	79%
3rd Parties	69%

Conclusions

- **Times are tough but not disastrous**
- **Foundations of recovery will be clear in 2010**
- **Most influential factors on international meeting will be:**
 - **Airline fares**
 - **Company budgets**
- **Online information is influential for meetings in destination choices but the quality is lacking**
- **Sales people can gain a competitive advantage by providing more strategic solutions**

Next Steps?

- **Quantitative Forecasting of International Meeting Demand**
- **Examine Online Opportunities**
 - **Build Consensus on Technology Gaps**
 - **Enable Industry Dialogue on Solutions**
- **Deeper Study of the Buy/Sell Relationship and Potential Strategic Solutions**

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