

2017 Meetings and Events Forecast



October 2016

CWT
Meetings&Events

WHERE IDEAS MEET RESULTS



Welcome to the 5th annual Meetings & Events Forecast, sharing current industry drivers and trends while offering regional insight and ideas to demonstrate even greater success for your 2017 Meetings & Events Program.

It is truly an exciting time to be involved in M&E. Improvements once unimagined are now everyday practice. Greater emphasis is placed on new talent, creative thinking and the technology necessary to support improved engagement and overall return on events. Creativity is lifting events to a new standard with significant focus on moving from effective to inspirational.

At CWT, we use technology to provide a seamless experience for attendees along with the data and analytics organizations need to add tangible value for both; at the same time, optimizing spend and ensuring industry and regulatory compliance. For some, this culminates in an organization's Strategic Meetings Management program, a growing and disciplined approach to managing M&E initiatives. Safety and security is, as always, a key priority as we combine technology, M&E tools, on-site resources and communication protocols to mitigate and manage risk.

The power of the human connection has stood the test of time and bringing people together remains a critical factor in the success of organizations around the world. As we look ahead, we've been reaching out, asking our clients about their priorities. Most notable: new technologies; cost, value and service—as always; business and stakeholder alignment, policy optimization and compliance initiatives. On behalf of our team around the globe, I thank you for your continued partnership. Your trust each day truly inspires us to keep imagining and to keep making your meetings and events the very best they can be.

Best,

Cindy Fisher
Vice President and Global Head
CWT Meetings & Events



INDUSTRY SPOTLIGHT FROM OUR SPONSOR



As a trusted global partner of CWT, Carlson Rezidor Hotel Group is honored to again sponsor the *CWT Meetings & Events Forecast*.

Carlson Rezidor Hotel Group continues to realize pronounced growth and is on track for a second consecutive year of global signings growth. Our more than 1400 hotels around the world offer a range of exceptional services and solutions, and incredible locations that enable you to maximize your meeting and events investment.

In April of 2016, HNA Tourism Group, a Global Fortune 500 company with operations across aviation, tourism, hospitality and more, announced plans to acquire Carlson Hotels.

What will this move mean for our customers? Our values always will remain rooted in Carlson, an 80-year-old family-owned business built on a culture of strong core values and commitment to its customers. At the same time, this change means an opportunity to expand that commitment through enhanced growth opportunities. The combined company will have increased ability to accelerate growth through investments in areas such as digital, owned assets in major gateway cities, building of Radisson RED and other new brands.

We see great opportunity ahead – opportunity inextricably tied to the needs and expectations of our guests!

Kaaren Hamilton
Vice President
Global Group Sales



A GLOBAL MACROECONOMIC OVERVIEW

'Too Slow for Too Long'

Global analysts are predicting Global Domestic Product, or GDP, growth in the second half of 2016 and into 2017 to be slightly down, 3.4% vs. 3.5%, from earlier estimates. This revision takes into consideration economic and political activity worldwide, including:

AMERICAS: **Brazil's** 2016 recession may be less severe than expected with positive growth now possible in 2017 despite lingering political uncertainties. The IMF has lowered its expectations for the **Canadian** economy near-term, citing continued cheap oil prices, weaker demand for other commodities, rising unemployment and slow global trade. In the **United States**, indicators point to an upturn for the remainder of 2016 with a consistently strong U.S. dollar and lower energy sector investment; however, the presidential election and potential policy-making to follow is contributing to greater economic uncertainty longer-term.

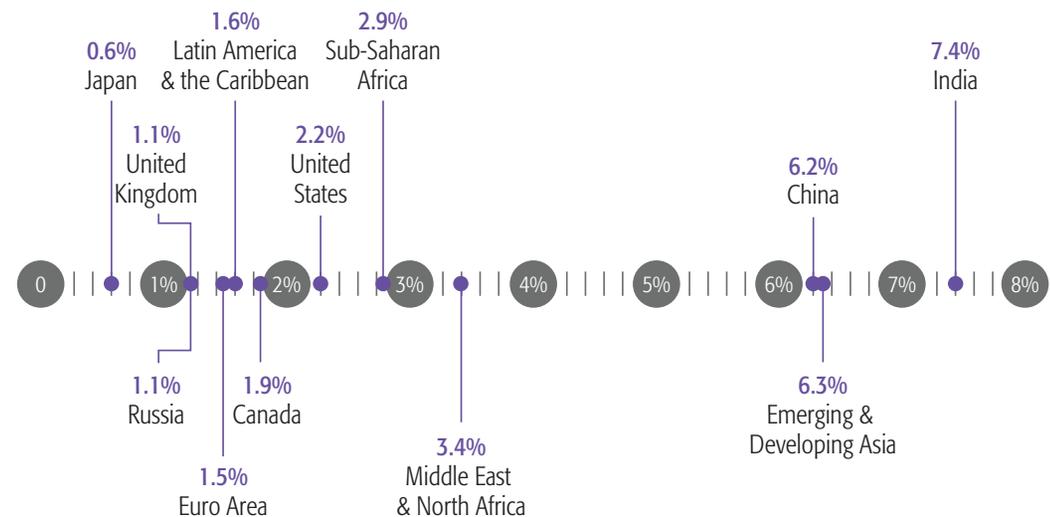
ASIA PACIFIC: First-quarter activity in **Japan** was slightly better than expected, even though domestic demand remains weak. In **China**, the near-term outlook has improved due to policy support measures including increased infrastructure spending, accelerated credit growth, and benchmark lending rates that were cut five times in 2015. China's outlook is broadly unchanged from earlier forecasts; however, the repercussion of Brexit on EU countries could eventually create impact. In India, the growth forecast for 2016-17 was trimmed slightly, reflecting a sluggish investment recovery.

EUROPE, MIDDLE EAST & AFRICA: In the **Euro Area**, Q1 growth was higher than expected at 2.2%, reflecting strong domestic demand, including some rebound in investment. Yet growth was revised - 0.2% given the June 23 United Kingdom Brexit referendum and its potential impact on consumer and business confidence. The **UK** experienced the largest downward revision for forecasted country growth following its Brexit vote. While it is difficult to quantify the Brexit fallout at this stage, the UK and various other economies are expecting negative consequences. Prospects of a Russian economic recovery remain restrained due to sanctions over the Ukraine conflict.

In **Nigeria**, economic activity is now projected to contract in 2016, as the economy adjusts to foreign currency shortages as a result of lower oil receipts, low power generation, and weak investor confidence. In the **Middle East**, oil exporters have benefitted from the recent modest recovery in oil prices while continuing their fiscal consolidation in response to structurally lower oil revenues.

2017 GDP PROJECTIONS

The latest projections suggest a 3.4% increase in GDP globally.



Source: [IMF World Economic Outlook Update, October 2016](#)

M&E OUTLOOK

A High-Level Look at M&E Drivers

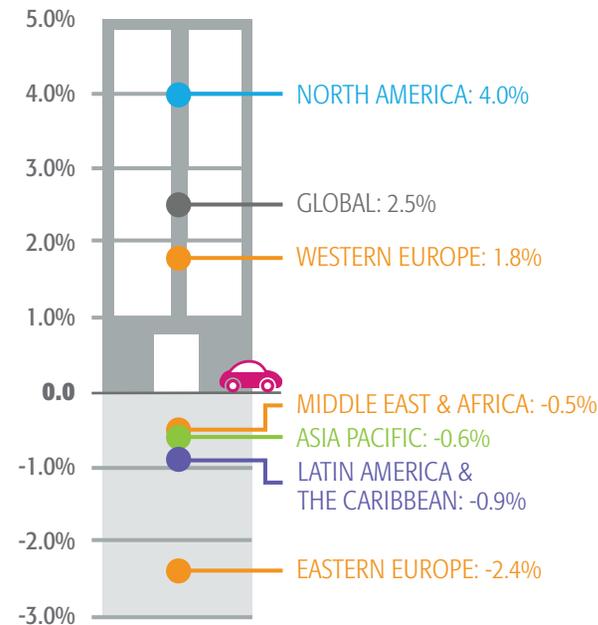
Around the globe, **hotel room rate price projections** are expected to vary greatly based on a myriad of drivers including market-specific supply and economies, industry consolidation and advancements. For an in-depth look at 2017, see the CWT/GBTA 2017 Global Travel Price Outlook.

Multi-billion-dollar mega hotel mergers have been grabbing headlines as suppliers look to expand their global footprint and increase market share headed into 2017. Yet, any price impact on room rates is not likely to be felt until 2018. Such mergers are widely seen as an attempt by hotel chains to fight back against competitors such as Airbnb and may prompt even more consolidation.

Despite hoteliers' best efforts, **sharing economy presence will continue to grow in the meetings space** as well. Berlin-based Spacebase and similar companies such as Kapow are bringing together non-traditional venues and corporate meeting planners. Options range from wineries to house boats, photography and yoga studios, off-hours restaurant space and more, all intended to further increase enthusiasm and spark creativity for meetings ranging in size from 10 to 100 people on average. Bookable for an hour, a day or more, the venue host is often available onsite along with AV capabilities and catering options. Promoters boast up to 40% savings while critics suggest foot-for-foot equal pricing. Unlike hotels, however, many sharing economy spaces do not offer attendee accommodations onsite—often a deal breaker. In addition, Duty of Care poses another challenge for unique meeting spaces as meeting owners need to ensure regulatory and insurance requirements are met.

The **consolidation theme has extended to meeting technology providers** as well with the purchase of technology giant Cvent by Vista Equity Partners in April 2016, a venture capital firm that owns Lanyon, owner of Cvent' key competitor, Lanyon Meetings (formerly Starcite); along with Passkey, GenieConnect, Marketo and others. The deal is expected to close in 2016. Although the two continue to operate separately, some anticipate improved solutions while others are concerned a lack of competition could slow development. Regardless, as buyer appetite for M&E technology grows globally and the

2017 GLOBAL HOTEL PROJECTIONS



M&E technology marketplace remains fragmented, much opportunity remains for niche development to better connect and integrate attendee activity to meeting content and goals.

Almost half of incentive travel buyers expect budgets to increase over the next 12 months and 60% plan to increase incentive eligibility for their programs in 2017, according to SITE Index 2017, an annual report conducted by J.D. Power in partnership with the Society for Incentive Travel Excellence (SITE) Foundation. Meanwhile, a recent Bellweather report predicts a

nearly 10% increase for event spend in 2017. Marketing budgets are believed to allocate approximately 25% to meetings and events, as a highly effective marketing strategy and/or tactic. While marketing and procurement can have opposing goals, meeting professionals are aiming to serve both groups, using **“Return on Event” data points as key metrics** that speak to both customer types. Such metrics can include attendance tracking and reporting and, for customer events, integration with a Customer Relationship Management tool to share and sync information. **Strategic Meetings Management programs** are expected to expand further in 2017 as practitioners and their organizations realize clear value from their efforts thus far and others pursue SMM benefits for the first time.

M&E TRENDS

FOOD AND BEVERAGE: A BIGGER PIECE OF THE PIE

Food and Beverage prices are expected to continue to rise globally despite concerns from meeting professionals that these costs are already a disproportionately large portion of their budget. Yet, F&B pricing is subject to a host of complex environmental and economic factors that determine both menu options and pricing well beyond a venue's control.

The recent uptick corresponds primarily with an increase in production prices, changes in imports and exports due to environmental conditions, and an increase in attendee requests for special dietary options, including gluten-free, low-cholesterol, low-carb, vegetarian and vegan, all of which cost more to prepare.

Many believe climate change is severely impacting a great number of food sources with decreased supply and/or increased production costs impacting at-market pricing. According to the United States Department of Agriculture, U.S. wheat exports will increase due primarily to excessive rain in Europe. In Canada, corn and barley yields are down due to persistently dry weather. Asia is a huge producer for rice globally yet severe drought has buyers looking elsewhere. Also at effect from changing environmental conditions are coffee, palm oil, sugar and vanilla.

Elsewhere, second half 2016 prices for livestock are expected to decline as production ramps up. Prices for turkey, cheese, nonfat dry milk and whey prices are also forecast higher as demand remains firm. For pasta, sales have dropped in key countries worldwide, perhaps as consumers focus on low-carbohydrate eating. Meanwhile, F&B manufacturers are acquiring and/or consolidating, hoping to increase negotiation power, strengthen production options, reach new markets and more.

Sources: [Avendra](#), [Baum Whiteman](#), [Environmental Leader](#), [FAO](#), [Gulfood](#), [MPI](#), [Restaurant Hospitality](#) and [USDA](#)



WHAT'S ON YOUR 2017 M&E MENU?

MENU CONSOLIDATION/MEAL OF THE DAY CONCEPT: Narrowing the menu to utilize a kitchen in a certain way may reduce F&B rates if a venue saves money through bulk purchasing and preparation and passes on some of those savings to buyers.

DIET-FRIENDLY.

More than ever, attendees may have restricted diets. In some cases, buyers are using tapas-style, small plates to allow all attendees to build their own meal but costs for customizing may be steeper than one-size-fits-all menus.

CONSCIENTIOUS.

Attendees are tuned in to ethical and environmental food standards including water usage and disposal, humane treatment of animals and workers on farms, adherence to restrictions on antibiotics, additives and genetic modification.

FLAVORFUL.

The "Sriracha Effect" refers to a growing preference for hot and spicy with bold flavors added to everything from adult soft drinks to sauces.

GRASSHOPPER TACOS?

Experts predict a move away from traditional protein sources in the coming decades as a growing population creates additional pressure for food sources. Edible insects, long a common menu item in Asia, Africa and Latin America, could become a diet staple with high-quality protein, vitamins and amino acids while also requiring less energy to process vs. traditional livestock and offering a new choice over rice, beans, nuts and seeds.



SNACKING SUCCESS.

"Healthy indulgences" during breaks focus on combining sweet treats like chocolate with other, more substantial and nutritional ingredients.

SUPER FOODS.

Emerging "super foods" include Kaniwa, a high-protein/high-fiber seed; Baobab, an African super fruit; and Soursop, a tropical fruit popular in South America.

BEVERAGES.

The farm-to-table concept is now translating to beverages with seasonal ingredient use while interest in iced coffee, local teas, fresh herbs and spices, and carbonated options is also growing. Hotels are embracing customized beverage trends and clients are requesting an experience around products with a rich history and that are considered unique or special.



M&E TRENDS

TECHNOLOGY TOOLS: MOVING BEYOND BASICS

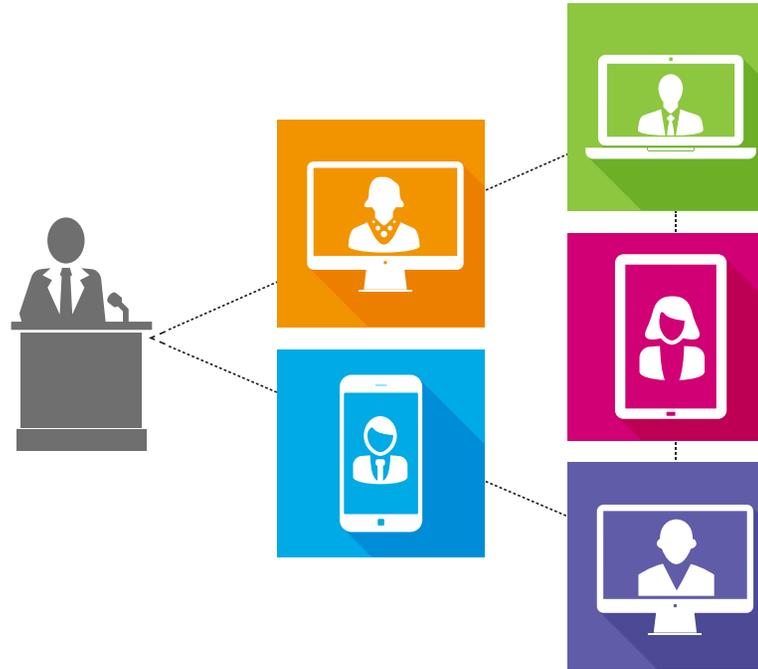
The work of an M&E practitioner is never really done as **technology improvements** continually raise the bar on both possibilities and expectations. Beacon technology, with a microchip in attendee nametags to track location, session attendance, exhibit visits, F&B participation, traffic flow and more provides the opportunity to validate popular agenda items and to make real-time adjustments to others, using onsite communication efforts to drive results. While basic tracking data is interesting, it may only reveal what is happening onsite, not necessarily why. Real-time feedback is critical to buyers' ability to make meaningful changes real-time and for future meetings.

Small meetings make up 70-80% of all meetings yet technology solutions available today aren't necessarily responding clearly to marketplace needs. And so, the market is not yet compelled to adopt. Hotels are reluctant to provide live inventory to these tools and administrative personnel balk at replacing personal relationships with technology. Accordingly, while the intent of such tools is to drive preferred strategies and efficiencies, adoption is limited and progress is slow.

Technology is now being used to further enable **virtual attendance**. Although some upfront virtual technology costs overall may outweigh T&E savings, engagement and participation of remote attendees can contribute dramatically to an organization's goals. One "no strings attached" option is Facebook Live's video streaming for users. Meeting professionals can invite remote attendees or these attendees can choose to join themselves. No one is excluded due to geographical location, attendees can share the event with others, two-way interactions are possible, and events can be recorded and further shared post-event. Longer-term, subscriptions, advertising and other revenue streams are being considered by the social media giant, who today is simply encouraging use of its technology.

Sources: [Entrepreneur](#)

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In the near future, **the seamless integration of business travel and the meetings business** is likely to be a reality for attendees and for organizations. Goals include: 1) enhancing an individual's experience as both a business traveler and meeting attendee by streamlining travel itinerary information with onsite meeting app functionality and expense tools, improving safety and security for all attendees at the same time; and 2) combining meeting and travel data to capture end-to-end data from pre-trip budgeting, registration and sourcing to finalization of meeting costs. Tools to do

so exist and enable visibility into the total costs of a meeting, which today are more often manually captured given disparate processes and payment.

SAFETY AND SECURITY: MORE THAN AIR TRAVEL

Expanding beyond the traditional safety and security tracking of corporate air travelers, many buyers recognize the importance of a **consolidated view of safety beyond air travel** and incorporating meeting staff, employees who are attendees, clients, speakers and others who do not necessarily have associated air travel. Individuals may have driven to a meeting or event and/or may be staying in pre-arranged block space accommodations or simply attending the daytime agenda or a dinner event at a unique venue. Buyers should ensure their M&E efforts include manifests of all meeting attendees rather than reports initiated based on air travel so that organizations can quickly and efficiently locate all attendees should an incident or emergency situation occur.

SMM: START SMALL FOR BIG RESULTS

Strategic Meetings Management programs continue to show great success in terms of transparency into spend, cost savings, risk mitigation, duty of care, regulatory compliance, and other key benefits across industry segments and geographies. Innovative SMM programs reveal additional benefits around meeting effectiveness, attendee satisfaction, return on event, objectives and engagement. However, nearly 20 years after the first SMM programs, the industry has not reached a high level of maturity with more than half of companies yet to launch SMM initiatives, according to joint research published by the CWT Travel Management Institute and BTN Group.

Of those respondents yet to launch a program, 14% were looking to do so in 2016 while 70% of those with a program in place had plans to expand. More than half of survey respondents with SMM programs reported savings of greater than 11%, while 17% reported savings that exceeded 15%. Cost savings, along with increased transparency of spend and improved program quality, are the primary reasons for pursuing an SMM program. Increasingly, duty of care and the ability to locate employees and attendees at all times are further driving SMM programs with 43% of respondents indicating global expansion plans.

**“You don’t have to swallow the elephant all in one bite.
Take it a little bit as you go.”**

George Odom
President, Strategic Travel and Meetings Group

WHERE TO BEGIN

For those considering starting an SMM program, respondents indicate three key factors that may be helpful: meaningful senior management support, robust data/reporting capabilities, and strategic outsourced partnerships. While starting small is recommended, it doesn't always mean starting with small meetings. In fact, small meetings are often not included in an SMM program initially if they are 1) not a large part of meeting expenditures, 2) if there is a desire to start simple, or 3) if an organization is highly decentralized. Another consideration is meeting size; the size of meetings to be included depends on the goals of a company, its organizational structure, and available resources.

PHASE



BUILDING UPON SUCCESS

Implementing an SMM program is a journey, not a destination. Each program should be designed to align with corporate goals and culture. For many, SMM success is the gradual advancement of programs to new business units, acquisitions, geographies or types of meetings, such as large, citywide events that are especially prevalent with technology companies. As SMM programs mature and continue to show value, expect increased integration with marketing and sales groups to further tie meeting success to company success. With that, expect an increased focus on attendee satisfaction and new and innovative ways to measure the Return on Event (ROE). And, there are tools to help measure a company's progress. In 2011, The GBTA Foundation and StarCite (now Lanyon Meetings) unveiled the Strategic Meetings Management Maturity Index, a model that measures and analyzes meetings program development and implementation. Learn more about how to implement or advance an SMM Program for your organization at: [Driving Success in Strategic Meetings Management](#).

THE STATE OF SMM WORLDWIDE

NORTH AMERICA

- Originated in North America and as such it is the most mature
- Programs in industries such as life sciences/pharmaceuticals, finance and high tech tend to be the most evolved
- Buy-in of key stakeholders is critical element
- Adoption of technology is much higher than in emerging economies
- Loyalty programs are extremely popular and transient points can be applied to meeting programs

LATIN AMERICA

- Becoming more prevalent in countries such as Brazil and in the life sciences and pharma throughout the region
- Processes tend to be highly manual as technology and talent are expensive
- Region tends to have unusually short lead times
- Most items considered negotiable
- Differences in labor laws make staffing models more challenging
- Compliance and regulatory differences by country drive complexity
- Language, currency, tax and cultural differences are key considerations in program design

EUROPE, MIDDLE EAST & AFRICA

- Becoming more prevalent in the U.K., Nordics, France, Germany but still highly driven by life sciences and healthcare industries in other countries; technology industry catching up quickly as next to focus efforts here
- Differences in labor laws make staffing models more challenging
- Compliance and regulatory differences by country drive complexity
- Use of Destination Management Companies (DMCs) more prevalent than in US
- Companies tend to be more consensus driven
- Language, currency, tax and cultural differences are key considerations in program design

ASIA PACIFIC

- Expanding to APAC but it remains one of the least mature regions
- Many highly fragmented emerging markets
- Relationships are still very important
- Companies tend to be more hierarchical
- Processes tend to be highly manual because of local nuances, which may not fit a global technology framework
- Short lead times impact productivity and resource planning
- Language, currency, tax and cultural differences are key considerations in program design

ASIA PACIFIC

2017 By the Numbers

Group Size:



+5%

Cost per attendee
per day:



+3%

Asia Pacific reported a 4% increase in rooms under contract compared with June 2015 while also indicating a 4.1% year-over-year decrease in rooms in construction. Room construction year-over-year is expected to be modest in the region with China having the largest pipeline. Shanghai reported the largest number of rooms under construction with 10,152 rooms in 39 hotels while Chengdu, China reported 5,687 rooms in 22 hotels. Meanwhile, Jakarta reported construction of 6,760 rooms underway in 26 hotels. And, the recently finalized Marriott/Starwood merger will more than double the hotelier's presence in Asia.

International visitors to India increased 17.1% compared with July 2015 with Bangladesh, the United States and the United Kingdom representing the top three visiting markets, according to the India Ministry of Tourism. That said, there is a trend in the region more broadly favoring domestic meetings as well as an increased interest in virtual meetings. Other M&E regional client trends include use of a lead agency policy, and a continued price focus for lower tier meetings but a return to quality focus for higher tier meetings. With lead times around 4 weeks, average spend and the number of meetings in the region have increased 25%.

There has been an uptick in M&E technology usage such as Cvent or Lanyon Meetings, along with increased use of both customized apps and Twitter. At the same time, clients have an appetite to further drive transparency and compliance for M&E. Meeting buyers are also looking to squeeze additional savings from room rates and F&B while also becoming more strategic in their supplier reviews. At the same time, suppliers are enforcing penalty charges for attrition and strict adherence to cancellation clauses.

Pharma companies continue to drive M&E trends in the region, particularly given a spike in compliance/regulatory requirements for non-APAC companies with a regional presence. Locally, there is increased demand for a fully consolidated approach despite government regulations limiting ownership by non-local businesses. Progress is primarily in high-

risk areas such as sourcing, contracting, and data and analytics. In China and Singapore, SMM continues to gain adoption as meeting buyers who have implemented end-to-end meetings solutions are realizing 12-20% cost savings on average.

Large global companies look to deploy more globally consolidated service options including sourcing and event attendee engagement, including the use of social media and ROI/ROE/ROO strategies and analysis. Transfer of knowledge, technology, and expertise from more mature regions will be key for the region in advancing M&E programs.

“The ambition of corporations to drive growth and the general positive economic outlook in Asia Pacific are driving the need for more meetings and trainings. The adoption of technology, compliance and transparency for meetings and events will continue to be a key driver as corporations seek to mature their programs. In addition, technology penetration will gain more traction in 2017 as global M&E programs are rolled out here.”

Michael Chiay, CWT M&E, APAC

EUROPE

2017 By the Numbers

Group Size:



+6%

Cost per attendee per day:



0%

Moderately priced hotels are likely to lead M&E bookings for Europe given strict company guidelines, reduced budgets, savings targets and increasing industry regulations for buyers. Europe reported an 18.4% increase in rooms in construction year-over-year, increasing supply for buyers in 2017. London is leading with 5,400 rooms in construction in 32 hotels. Three other markets reported more than 2,000 rooms in construction: Istanbul with 4,192 rooms in 24 hotels; Moscow with 3,632 rooms in 15 hotels; and Berlin with 2,467 rooms in seven hotels. With the 2018 World Cup to be held in Moscow, supply is expected to further increase via both new construction and upgrades to current properties.

Due to the region's economic situation and strong competition, companies continue to strive for cost savings. SMM expansion is expected to increase as clients seek a clearer understanding and optimization of their M&E spend. In addition, more events will have free-flowing content via technology to support integration and engagement for attendees.

Online meeting registration/bookings are experiencing steady growth throughout the region as clients see the benefits, including data management and productivity as well as safety, security and traveler tracking: an even greater priority given recent incidents. In markets experiencing short-term, lower occupancy rates due to such incidents, research shows hoteliers do not lower rates and that occupancy typically recovers within three months.

Adoption is still relatively low for virtual meeting technology solutions, perhaps suggesting organizations still value face-to-face meetings and that current options are not acceptable alternatives. In the U.K., the number of small meetings has actually increased through client use of hybrid/virtual solutions. The split between domestic and international meetings varies greatly throughout the Euro Zone by industry, client size and country: Russia reports an 80% domestic outlook for meetings while the U.K. notes international meetings are on the rise likely due to increased budgets, and Germany is seeing more "European" meetings.

Strategic Meetings Management continues to gain appeal with M&E and procurement counterparts. Average savings reported in most countries is between 10-15% in the U.K.

SMM has not yet been prioritized by smaller organizations despite benefits. With an increase in German SMM requests for small- or medium-sized meetings, the remaining are mainly for multinational, pharmaceutical clients. Data security remains sensitive in Germany market, especially in the context of international data transfer.

As a result of expanding restrictions in the pharmaceutical sector, there is a decreasing number of meeting attendees, especially for international congresses. In addition to stricter budgets, additional data analysis and higher cost transparency are also now required and most pharmaceutical clients are seeking support accordingly. To the contrary, automotive industry clients are investing heavily in client incentives and overseas meeting destinations.

“Despite security incidents and Brexit causing uncertainty, the EMEA markets continue to spend on dynamic face-to-face engagements. Budgets have remained similar to prior years and we have seen numerous repeat large events being considered or booked for 2017. As SMM remains a strategic focus for many multinational or global organizations, the challenge is to convince event owners they can be part of a managed program and participate with data visibility.”

Ian Cummings, CWT M&E, EMEA

LATIN AMERICA

2017 By the Numbers

Group Size:



0%

Cost per attendee
per day:



-10%

Reports indicate a 4% decrease in rooms under contract in the Central and South America region compared with July 2015. Among the region's key markets, Rio de Janeiro reported the largest number of rooms in construction at 1,670 rooms in seven hotels. Two other markets reported more than 1,000 rooms: São Paulo with 1,303 rooms in six hotels; and Bogotá with 1,031 rooms in four hotels. Meanwhile, occupancy was trending downward in Ecuador, given its reliance on the oil industry while Panama may become a more attractive destination, as evidenced by a 2.9% increase in group demand. Finally, the recent World Cup and Olympic Games in Brazil has created a solid infrastructure and a supply surplus that will likely lead to lower rates for the foreseeable future.

Most companies across Latin America are trying to reduce meeting costs, holding meetings locally to either save money, enable more participants, or both. In Chile, Colombia and Peru, the need for savings is magnified by the countries' complex economic challenges and a high U.S. exchange rate. It is likely 2017 will see a majority of bookings in moderately priced properties to help ease financial concerns. In Mexico, more clients are asking for 30- to 60-day credit lines. Costa Rica is a notable exception when it comes to the mix between domestic and international meetings, projecting a rise in international travel. Most countries project a trend favoring domestic meetings to avoid a new government tax on international events and to limit financial concerns related to exchange rates.

The maturity of Strategic Meetings Management in the region is inconsistent at best as Argentina, Chile, and Peru have essentially not launched the solution and only pharmaceutical companies are using it in Brazil, Colombia and Mexico. With pharma regulations expanding globally, meeting options are limited for meeting venues, hotel class, F&B menus, and destination options while focus on compliance and required reporting grows.

Virtual meetings are particularly appealing for low-participation meetings such as training; however, face-to-face is still preferred. The use of online tools for registration and traveler tracking remains limited given supplier capabilities and buyer reluctance. Use of social media apps is currently in exploration by many meeting buyers with possible implementation in 2017 and buyer appetite is growing for technology such as Cvent or Lanyon Meetings.

Average meeting lead times are around 30 days yet Peru lead times are significantly less. In Argentina, M&E bookings are up 70% year-over-year driven by optimistic sentiment. Brazil reports bookings as flat and meeting spend down 13%. The economy in Chile is less stable than in previous years, equating to decreased M&E budgets. With important political changes underway, meeting professionals in Peru are cautious, cutting back budgets 30%. An important trend for pharmaceutical companies will be their response to Colombia's new AFRIDO law, an ethical code launched in 2015. Standard M&E contracts may soon be the norm as meeting buyers work to maximize budgets and benefits. For attrition and cancellation clauses, some suppliers are asking for significant pre-payment to guarantee bookings while others remain open to negotiation.

“Latin America's focus on SMM programs is intensifying. Pharmaceuticals are leading the movement driven from abroad in some cases and regionally and locally in others. Some countries here are still under political and economic challenge, but overall there is a very good mood and intention from clients, vendors and M&E agencies to professionalize their approach in 2017 and to use technology to support it.”

Gustavo Elbaum, CWT M&E, LATAM

NORTH AMERICA

2017 By the Numbers

Group Size:



+3-5%

Cost per attendee
per day:



+3-5%

U.S. hotel supply is expected to outpace demand slightly for the first time since 2009 as reports indicate a 22.9% increase in rooms under contract from 2015. In construction, the U.S. reported a 32.6% increase in year-over-year comparisons with 47.7% of the construction in the top 26 markets. New York encompasses 9% of all U.S. hotel construction activity followed by Los Angeles/Long Beach and Dallas. San Francisco, Boston, Washington D.C., and Nashville carry some of the most expensive room rates in the U.S. Meanwhile, continued challenges are likely for hotels in Houston given new supply despite declining demand from the oil industry. As of June, Canada had 62 hotels with 8,799 rooms under construction and Toronto, Calgary, and Vancouver comprising most of the pipeline activity.

Meeting demand continues to climb overall, and CWT has seen stronger than expected group size increases at +10% year-over-year in North America. At the same time, average spend per attendee per day is down 20% year-over-year, and is at the lowest overall total over the last five quarters. The correlation between the two metrics suggests larger groups drive bargaining power and the ability to leverage spend, optimizing and driving down the spend per attendee per day. Continued slow economic growth may put additional pressure on corporate earnings and attendee counts. In addition, international meetings are trending upward along with utilization of virtual meeting tools and social media.

Integration of mobile apps and CRM tools are increasing along with pressure to demonstrate ROI/ROE. With a growing millennial presence in the workforce, technology integrations are pivotal in the ability to drive engagement and satisfaction through gamification, live polls and messaging, and the ability to create new connections seamlessly. The result of these integrations will not only unite marketing and procurement, but further drive alignment for customer activation strategies. These tools will enable ROI/ROE to be measured, also enabling live adjustments during customer activation and the meeting lifecycle.

Upper upscale properties are considered the hotel of choice looking ahead. In addition, despite tighter availability and less flexible contractual clauses, sourcing teams are expected to continue to negotiate 15-20% attrition. Standard supplier contracts within organizations

may become more widely utilized as buyers look to limit risk and gain visibility into additional spend to leverage. A new trend is increased interaction with suppliers, including monthly and quarterly re-occurring meetings, with a focus on data sharing, live challenge resolution, and dialogue on how to partner further as established SMM program owners look to take their supplier programs to the next level in terms of compliance to preferred partners and booking through their preferred meetings management company. Consulting engagements have become popular as meeting professionals seek guidance on how to effectively develop an SMM program from design and implementation through maintenance and optimization. In doing so, they create operational excellence from attendee registration and management, to contracting and logistics, to data and reporting, to event design, production and content, and technology.

“With new supply coming into the market on the horizon, now is the time for buyers to start a Strategic Meetings Management program to drive greater enterprise leverage and savings. For companies with mature SMM programs, start exploring technology integrations with marketing tools to help internal stakeholders effectively demonstrate ROE and create strategic impact to their meetings and events in 2017 and beyond.”

Tony Wagner, CWT M&E, NORAM

DESTINATION INSIGHTS

Meeting buyers know that significant strategic thinking goes into determining where to hold a meeting or event. Sometimes location is predetermined by factors beyond the scope of the meeting. Other times, agenda drives location. In all cases, price matters. When choosing a location, buyers must consider all related costs including air travel, availability of direct flights, flight duration and frequency, weather including seasonal issues and climate, major security threats, local petty theft, traffic conditions and accessibility to public transport, F&B, and more. Buyers should understand tight and highly compressed markets in order to drive strategic supplier management and look to partner with key suppliers to best leverage spend and capture additional cost savings. Here's a high-level view of what's happening in various cities based on CWT client data and industry sources.

ASIA PACIFIC

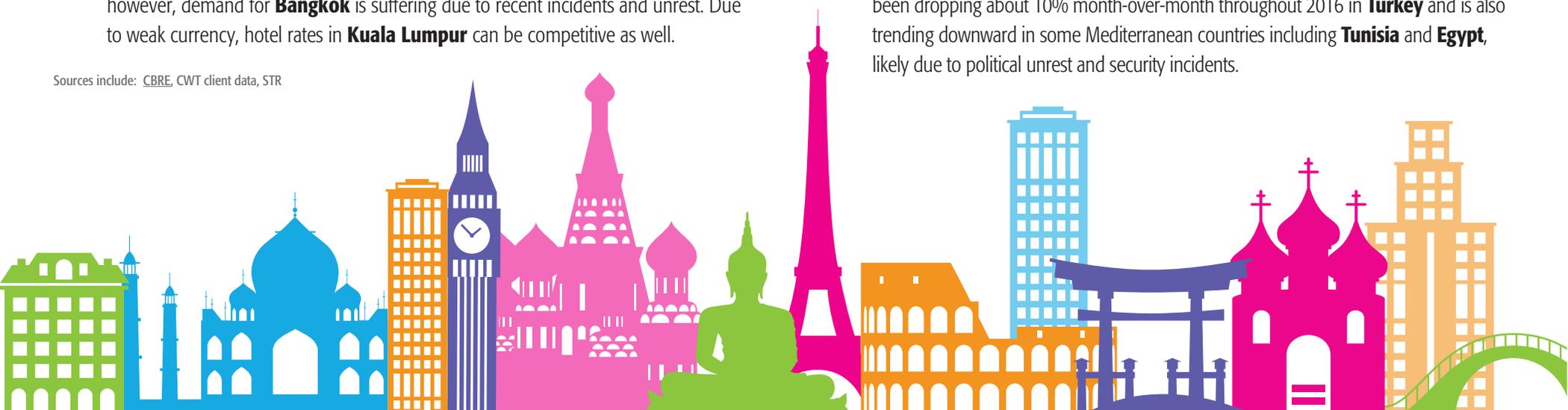
Shanghai and **Hong Kong** have increasing average daily rates. Before counting these cities out; however, buyers must consider air travel options and pricing, the meeting agenda, and more. Due to the weak Aussie dollar, **Sydney** is relatively cheaper than previous years. That said, it is still more expensive relative to other emerging Asian cities. **Singapore** is not a low-cost city; however, it remains attractive given its security, political stability and international connectivity. Due to the ever-growing population of hotels across China, rates can fluctuate substantially, requiring both a relationship and negotiation skills to secure the lowest available rates.

Bangkok, **Beijing**, **Hanoi**, **Ho Chi Minh City** and **Jakarta** are significantly less expensive than other cities in the region. Thai and Vietnamese cities remain popular; however, demand for **Bangkok** is suffering due to recent incidents and unrest. Due to weak currency, hotel rates in **Kuala Lumpur** can be competitive as well.

Sources include: [CBRE](#), CWT client data, STR

EUROPE & MIDDLE EAST

London's rates remain well above the global average yet have decreased -7%. **Poland** is up nearly 20% on average yet Polish cities remain low-cost compared to other cities. **Dublin** is a market to watch as it has become increasingly attractive to technology giants such as Facebook and Google. **Athens**, with its diverse flight connections and competitive prices, is becoming more appealing. **Dubai** and **Abu Dhabi** are also trending up as both have a variety of spaces that are extremely competitively priced along with great offsite options for unique dining experiences. Longtime popular destinations **Brussels** and **Paris** are experiencing decreased demand due to recent terrorist attacks, including -14% occupancy for **Paris**. **Berlin** is experiencing negative rates and occupancy levels with decreases between -0.5% and -10%. Occupancy has been dropping about 10% month-over-month throughout 2016 in **Turkey** and is also trending downward in some Mediterranean countries including **Tunisia** and **Egypt**, likely due to political unrest and security incidents.



DESTINATION INSIGHTS



LATIN AMERICA

With moderate price points and ease of travel, **Bogotá** and **Mexico City** are attractive destinations. **Bogotá** is seeing strong growth in occupancy but is also experiencing -2% rates. **Buenos Aires** remains a popular yet high-cost destination. As supply outpaces demand following the Summer Olympic Games, **Rio de Janeiro** becomes a lower-cost, more attractive destination with 23% more rooms available vs. a year ago. **São Paulo** reported a rate decrease of approximately -4% as global hotel chains provide more options through new builds, franchises and acquisitions.



NORTH AMERICA

Buyers should beware that both **San Francisco** and **Nashville** recorded revenue per available room (RevPAR) more than 30% above previous peaks in Q2 2016. Conversely, the real RevPAR of second-tier cities **Tucson**, **Newark** and **Omaha** as well as **Phoenix** remain distantly below their previous peaks, equating to more favorable pricing for buyers. Note that energy industry cities **Houston** and **Pittsburgh**, along with **New York**, reached their respective highest historical real RevPAR peaks and subsequently slid into a recession state. **San Francisco** remains among the highest for hotel rates in U.S. cities behind only small metros like **Miami Beach** and **Laguna Beach**. **New York City** was slightly down in both rates and occupancy as the region's market most impacted by Airbnb. **Toronto** rates were climbing, up 21%, likely due to decreased value of the Canadian dollar vs. the U.S. dollar. **Dallas** showed a significant drop in rates at -36%. **Atlanta** also showed a decrease year-over-year at -9%. Meanwhile, **Orlando** remained a top city in overall market share yet rates persist below the growth rate of the market.

Sources include: CBRE, CWT client data, STR

Carlson Rezidor: Focusing on the customer amid industry change

2017 is expected to be a year of continued rapid change in the meetings and events industry as well as the hospitality sector.

We anticipate seeing more hospitality company headlines with consolidation announcements. At the same time, we are seeing consolidation in all aspects of the supply chain, in the digital channels and with our technology partners. This trend is not expected to end any time soon, and the speculation around who may be next won't end either.

Throughout this transition period, it is important that the hospitality sector remain focused on our customers—including millennial-minded travelers and their impact on meetings and events. Carlson Rezidor understands their learning style and the need to provide alternate meeting spaces and layouts while enhancing the technology offerings they want and need.

For instance, mobile meetings apps have become key to enhancing the attendee experience and driving engagement. Radisson and Radisson Blu offer a meeting app, featuring key touchpoints that drive engagement. The innovative technology allows meeting attendees to access a customized and private meeting agenda via their smart phone from anywhere at any time. Meeting organizers are able to get feedback, request assistance and better understand their meetings and events ROI among other benefits. Along with Wi-Fi, our brands' meeting apps are complimentary.

2017 is poised to be another exciting year, and Carlson Rezidor continues to focus on innovation in the meetings and events business!



RECOMMENDATIONS



ADVANCE SMALL MEETINGS STRATEGY

Small meetings are the biggest category of unmanaged spend for most organizations, often constituting 70-80% of all meetings. While defining and implementing a small meetings approach and strategy is often considered for phase 2 or 3 deployment in an M&E or SMM program, doing so at any time can yield significant results as buyers increase adoption and gain greater visibility for this spend by tackling this category.

Typically defined as less than 10-25 attendees and a total budget of \$25,000 or less, buyers can get started by:

- Leveraging transient spend with your small meetings program to identify opportunities based on travel patterns, key markets and emerging markets for both. While a 100% overlap is unrealistic, leveraging both to maximize program benefits and costs has demonstrated results across regions and client industries.
- Implementing a self-service small meeting technology solution to create a simple, seamless user experience while capturing data on previously unmanaged spend.
- Demonstrating thought leadership regarding meeting placement and using data as an enabler to drive results.
- Further integrating technology including mobile apps, live feedback options and more ensures meeting professionals learn from their current programs and have the opportunity to make adjustments onsite, live and at future venues.



CREATE MEANINGFUL EVENTS

Weaving in creative and inspirational themes such as charitable efforts, experiential learning, health and wellness, self and team improvement, sustainability and more can increase M&E attendee engagement and inspiration dramatically. Many attendees have come to expect more than a strictly business agenda and options include just about anything and everything that can tie back to a business goal. Consider:

- Add a Corporate Social Responsibility initiative such as building bikes for underprivileged kids or host a fundraiser, team with suppliers or a local charity to participate in a local or global service project.
- Integrate health and wellness components from dietary selections to optional daily fitness classes, walk-and-talk networking opportunities and breaks, maps of nearby trails and encouraging the use of steps and other healthy options to let attendees know the organization cares about maintaining health and a healthy environment.
- Try an unconventional keynote such as armed forces personnel talking about teamwork or a hands-on learning opportunity through cooking that drives home a message related to manufacturing processes.
- Ensure lunch items have a sustainability slant using food products grown locally and that use of paper and plastic products for agendas, menus, napkins, silverware and more are all minimized and replaced with electronic or reusable options to avoid waste.
- Take the meeting somewhere unexpected: try a winery, art studio, or another unexpected space that increases attendee enthusiasm. As always, size of the meeting will dictate how creative you can get with venue options.
- Utilize technology to further integrate and promote creative themes.

Getting creative from kick-off to close can drive camaraderie among attendees onsite, leading to greater engagement and inspiration, all which carry back to day-to-day business in the office.

RECOMMENDATIONS



DEFINE AND OPTIMIZE TECHNOLOGY FOR BETTER BUSINESS INTELLIGENCE

Meeting buyers must ensure their programs are benefitting from best-in-class technology and that their configurations are aligned with their program's objectives. The right configuration ensures the right data is being captured and therefore, that the right output, or business intelligence, is available to create meaningful change and value for an organization. And, as a program matures, it's important to revisit your technology configuration and confirm it is still supporting program goals. To do so:

- Consider outsourcing the technology solution processes to experts who focus on configuration optimization and who are current on existing and emerging technologies in the travel and meetings space.
- Understand market technology options available to ensure your specific SMM strategy and policy can be specifically supported by the partner and configuration ultimately selected.
- Work through the selected technology partner to develop a configuration strategy to maximize M&E efficiencies and processes.
- Revisit configuration with program maturity; ensure configuration flexes and matures to provide continued support for the data transparency needed to meet reporting and audit requirements.

ENGAGE STAKEHOLDERS



Mobilizing stakeholders is one of the most critical components of a comprehensive M&E strategy, specifically SMM, and it is also the primary reason a program can stall or completely fail. Indeed, the success of any strategic, enterprise-wide solution is dependent on the support of internal stakeholders. First, reach out to understand stakeholder pain points. Next, ensure your program works to alleviate those pain points and efforts to do so are tracked through measurable objectives. Finally, report back to your internal stakeholders to ensure a long-term partnership with support ongoing to sustain and advance success both short- and long-term as these influencers experience the value of venue sourcing processes and an M&E program more broadly.



FURTHER SMM EFFORTS

The single most important move meeting professionals can make in managing their M&E spend in 2017 is to start or advance their SMM program. Below is a brief summary of best practices intended to provide practical advice to design a strategy, deploy a program, or expand one that is already underway:

Starting Out

- Focus on the strategy, not the tactics.
- Don't try to do too much at the onset. Start small, show value and grow from there. Many companies choose to start with big impact areas such as venue sourcing.
- Determine what you want to achieve before you start, and build a roadmap to reach that destination.
- Identify internal stakeholders early and get their buy-in. Communicate with external stakeholders as well, continually engaging with both to engage with them and maintain their support. Consider creating an internal committee with representatives from all impacted areas and holding regional road shows.
- Consider outsourcing some or all of the components of your program to accelerate development and leverage external expertise. Travel management companies can be a great consulting resource to get your program started.

Advancing a program

- Customize goals by region.
- Consider pilot programs versus a full rollout to gain "mini-successes" and manage stakeholder expectations.
- Don't be intimidated by the concept of going global; programs do not have to be equally or fully mature in all regions to show value.

RECOMMENDATIONS



LEVERAGE PARTNERSHIPS FOR SUCCESS

The success of an M&E program is highly dependent on strategic partnerships with suppliers. And, leveraging meetings spend and business travel spend combined, the sum is truly greater than the parts as companies and their suppliers create more significant, mutually beneficial relationships, the traveler/ attendee enjoys a streamlined experience, risks are mitigated, and resources are maximized. According to a study conducted by Meeting Professionals International entitled “Strategic Meetings Management: Taxonomy, Growth and Future,” programs with strong partner relationships acknowledge:

- Organizations achieve savings by negotiating favorable rates with suppliers, and long-term relationships can provide leverage for these negotiations.
- Good business relationships help reduce risk because supplier quality is known.
- Service quality can be enhanced in the relationship process.



USE ALTERNATIVE AND DISCIPLINED VENUE SOURCING

Strategic sourcing efforts using a customized negotiation strategy, specifically in high-volume markets, can drive market consolidation opportunities, increase buying power, and ensure an organization’s rates are competitive in market-specific conditions. Additionally, buyers should develop a contract management strategy that creates a prescriptive approach to the management of all meeting- and event-related agreements. The use of standard contract templates and pre-negotiated master service agreements with key suppliers will support strategic sourcing efforts while driving efficiencies and cost savings through leveraged spend.

METHODOLOGY

The information and findings in the 2017 CWT M&E forecast supplement are based on:

- The market-specific expertise and travel industry knowledge of CWT M&E personnel worldwide and spend data from the CWT global client portfolio.
- The global study, [Driving Success in Strategic Meetings Management](#), conducted by CWT Travel Management Institute (TMI) in partnership with the BTN Group. The study provides unique insights into how to set up and grow a successful SMM program based on practical advice from experts in the field.
- Macroeconomic and industry information as indicated.

Also note:

- All currency values denoted in U.S. dollars unless otherwise indicated.

ABOUT *CWT MEETINGS & EVENTS*

With offices in 68+ countries and 30 years’ experience, *CWT Meetings & Events* organized more than **27,500 meetings and events** around the world for more than 1.2 million delegates in 2015. For you, that means bigger results. It’s the reason customers from FMCG, technology, pharmaceutical, energy, and the public sector, automotive, professional services all trust us to get it right. From **product launches**, to producing **conferences and incentives, venue sourcing** to **meetings management**, you’ll get more. *CWT Meetings & Events* champion your brand and deliver a return on investment that you’ll see from your bottom line to the boardroom.

For more information, [contact us](#).

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