



2013 Meetings Forecast

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Executive Summary

“Proceeding with Caution”



Issa Jouaneh
Global Vice President
American Express
Meetings & Events

Dear Reader,

We are pleased to present our second annual forecast for the Meetings & Events industry. We believe that meetings and events continue to be critical elements of business strategy for revenue growth and change management, through their ability to make invaluable interpersonal connections and heighten collaboration and information sharing amongst attendees, whether employees, clients or prospects. This year has been a successful year for us and our clients, as we delivered exceptional experiences, effective meetings solutions, and helped our clients execute on their business objectives. In 2013, at American Express Meetings & Events we will continue to expand our capabilities supporting the differentiation we have established in the market place as the leading meetings management company in the world. Our focus will continue to be on providing customized world class solutions to assist our clients in maximizing the results of their meetings investments.

2012 brought optimism back to the meetings and events industry as companies began to grow their meetings programs again and bring back critical business events that were put on hold during the recession. Looking ahead to 2013, the desire to grow meeting programs remains, but the uncertainty of the global economy, and the financial situation in the European Union in

particular, is forcing meeting planners around the world to **proceed with caution**.

For this forecast, we surveyed meeting professionals and leading hotel suppliers globally, as well as looked to our own clients' activity. That information combined with follow-up interviews and third-party data informed this forecast.

Across every region, meeting planners point to budget challenges and the associated shift to more local meetings as the top trends influencing their programs. Until companies can comfortably predict which direction the economy and their overall business is headed, they will likely trim their sails rather than risk over committing on their meeting spend as many remember the high cost of event cancellations during the last economic downturn. We expect to see companies who might otherwise grow their meetings program by 20% instead choose to grow by 10%, and companies who in other years would leave their budgets unchanged choose to reduce their spend by a few percentage points.

Although the meetings activity forecast varies by region, the range is quite small. Meetings industry growth will be led by companies in Asia Pacific with an average 6.6% increase in meetings

activity expected. North American and Central/South American planners are predicted to keep their activity and budgets essentially the same as 2012 as they take a 'wait and see' approach before allowing their meeting investments to rise. European meeting planners indicate they will proactively reduce their activity by just over 2% on average as they face the greatest economic uncertainty in 2013.

Average meeting length and size will likely change within individual companies but no large-scale changes are predicted for the industry as a whole. The importance of meetings compliance to company policies continues to grow in all regions and meeting approval processes in general will become more rigorous in 2013. For many companies, every aspect of their individual meetings will be scrutinized to ensure the investment is justified. Average lead times however, are expected to remain the same for most of the world as they have already declined in past years to historically low levels. Any further reductions would almost certainly negatively impact the effective planning of meetings and events.

Safety, security and stability are predicted to rise in importance during the destination and property sourcing processes in 2013. With questions remaining about several destinations, companies will be conservative as it pertains to putting either their attendees or their investments at risk.

Social media's encroachment into meetings presents another significant challenge to companies in 2013. Meeting planners who don't proactively integrate this phenomenon into their events will relinquish control over how their event is perceived in the ever expanding social media world. Those who do harness the power of social media will take advantage of an incredible opportunity to increase and extend the value of their event far beyond its physical dates.

Be prepared for meeting hotel and air expenses to rise next year, even in the face of this muted growth. New hotel openings have not kept up with demand in general, and minor but continuing shifts toward mid-tier properties for meetings is creating a compression in the marketplace. Suppliers in North America are already taking aggressive steps to push rates higher in 2013, although their efforts have yet to take hold. Airlines overall are forecast to leave their capacity unchanged next year in the face of slightly increased volume, which will allow them to better manage the revenue from each flight and likely push rate upward as well.

A new feature in this year's forecast is our identification of the top 10 meeting destinations within each region. Meeting planners looking for new options to consider, either within their own region or globally, may wish to include one or more of these destinations in their sourcing plans.



As a supplement to this Forecast, we also asked three industry experts to create in-depth reports that offer their perspective on three key issues facing the meetings industry today.

- › Growing evidence points to the value of integrating virtual/hybrid meeting solutions. This report explores the range of virtual options available, including their unique advantages and discusses how a lack of a well-designed virtual meetings strategy and policy appears to be preventing companies from making the most of these options. Organization needs have evolved while technology has matured. Looking forward to 2013, a new business model is emerging in Digital Meetings Management that promises to provide integrated digital solutions in the Meetings & Events industry.
- › Meetings payment and expense management processes can play an essential role in understanding and optimizing meeting spend. This feature discusses Company Issued Payment solutions as a means to achieve true meeting spend visibility and reveals the importance of policies to drive adoption and compliance to these payment practices.

- › Much has been written recently about the deluge of eRFPs and their effect on the sourcing process for both suppliers and meeting planners. Our expert delves into how many eRFPs are actually being sent by companies, proposes a more targeted eRFP approach, and identifies an ideal number of eRFPs for each company to send when sourcing meetings destinations.

With so many economic and political situations in flux, 2013 is shaping up to be a year filled with cautious optimism. A strategic approach to meetings management remains the best defense against this near term uncertainty, and enables companies to make the most of their meetings & events investment. Meetings is a category of spend requiring active management which should include visibility into spend, and the ability to strategically apply and shift the investment to drive business outcomes in the face of economic and market realities.

Thank you for your interest in the forecast.



Regards,
Issa Jouaneh



2013 Global Meeting Activity

Meetings Activity & Characteristics

Meetings globally will likely see only small shifts in activity and spending this year as meeting owners are proceeding with caution. Survey responses from Asian meeting planners indicates continued growth, while North American, European and Central/South American planners see the industry staying relatively flat overall as they head into 2013 (figure 1). Hotel suppliers surveyed are generally in alignment with meeting planners however they appear to be slightly more optimistic about industry growth.

The number of meetings per organization is expected to increase in Asia with two-thirds of respondents indicating activity per company will grow. North American respondents indicate that meeting activity will not change in 2013, while European and Central/South American respondents are leaning towards a very slight decrease in meetings activity. The economic challenges facing the European Union (EU) are likely causing these planners to be a bit more conservative in their approach to meetings, with 51% predicting a decline in activity.

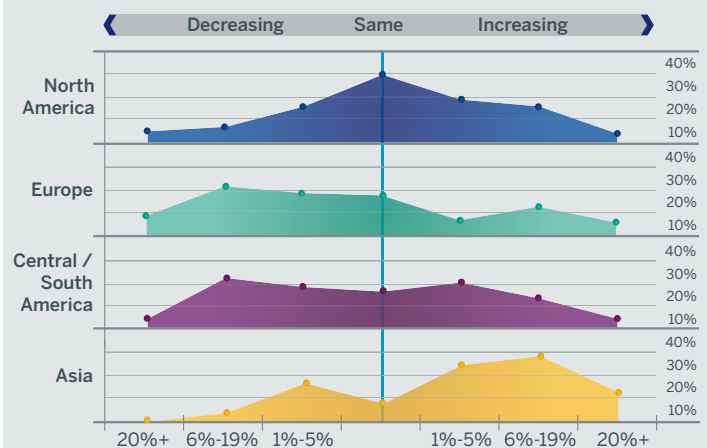
Overall, it feels like the industry is perhaps taking a brief pause from its growth pattern in 2012 to assess the global economic situation before investing further in meetings activity.

Meeting sizes are also expected to experience only minor changes next year. Meetings in the Asia Pacific region are predicted to get larger by 5% on average, while European planners are expecting meeting attendance to shrink by an average of 5% (figure 2). Central/South American respondents anticipate a very small decline in meeting size, while North American respondents do not expect attendance to change next year. Hotel suppliers also see no change in the size of meetings being contracted for 2013.

Prediction: Number of Meetings by Region & Suppliers

North America	Europe	Asia	Central/South America	Global Hoteliers
0.0% ►	2.3% ▼	6.4% ▲	1.1% ▼	2.2% ▲

Figure 1: ...number of meetings is...

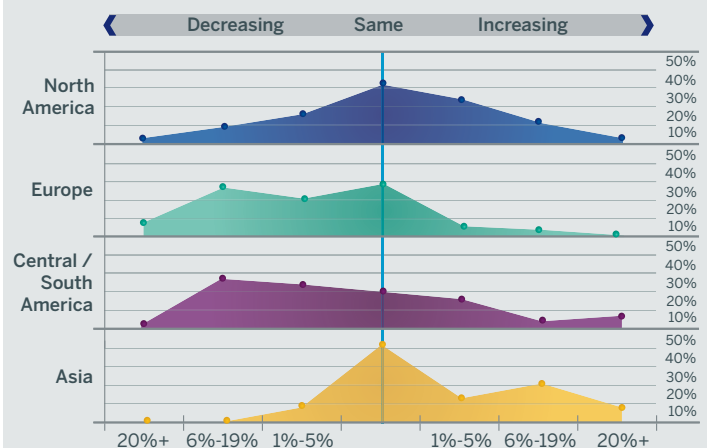


(Sources: American Express and Maxvantage North American Meeting Buyer Survey, September 2012, American Express Meetings & Events – Europe, Asia and Central/South America Surveys, September 2012)

Prediction: Number of Attendees by Region & Suppliers

North America	Europe	Asia	Central/South America	Global Hoteliers
0.0% ►	5.2% ▼	5.0% ▲	2.1% ▼	0.0% ►

Figure 2: ...number of attendees is...

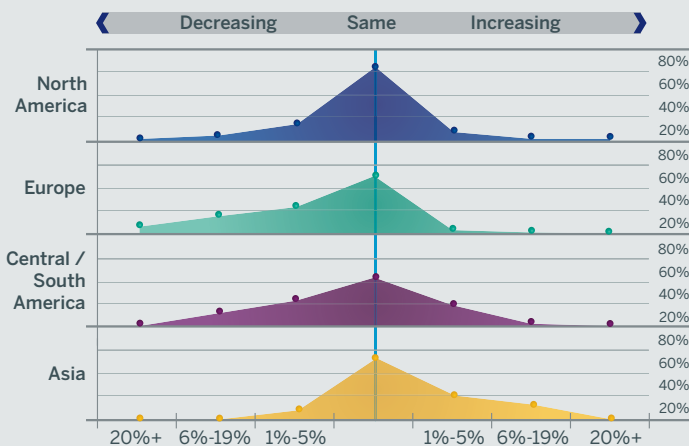


(Sources: American Express and Maxvantage North American Meeting Buyer Survey, September 2012, American Express Meetings & Events – Europe, Asia and Central/South America Surveys, September 2012)

Prediction: Number of Days per Meetings by Region & Suppliers

North America	Europe	Asia	Central/South America	Global Hoteliers
0.9% ▼	3.8% ▼	2.0% ▲	1.3% ▼	0.6% ▼

Figure 3: ...number of days per meeting is...



(Sources: American Express and Maxvantage North American Meeting Buyer Survey, September 2012, American Express Meetings & Events – Europe, Asia and Central/South America Surveys, September 2012)

Average meeting length is not expected to change significantly next year either, although within individual companies there is a reasonable chance that they will, as planner responses in all regions were very distributed (figure 3). European planners point to meetings lengths contracting slightly by an average of 3.8%, while Asian planners expect meetings to be slightly longer next year with a predicted average increase of 2.0%. No significant changes in meeting length are predicted for North America or Central/South America. Nearly two-thirds of North American respondents see no change taking place at all, indicating that many companies have already reduced their meeting lengths as much as they feel is necessary. At a global level, suppliers indicate they feel meeting lengths will remain essentially the same for next year as well.

Meeting Budgets & Planning

Following the meeting activity trends, the financial predictions for meeting programs also vary by region, with Asia forecasting the greatest growth in spend at 4.2% (figure 4). Two-thirds of Asia-based respondents predict their budgets will increase in 2013 to meet the demand for more, larger, and longer meetings in the region. Exactly the opposite, two-thirds of European respondents predict their budgets will decline next year, likely as a cautionary response to the region's economic situation, with an overall spend decrease of 6% expected. North America respondents were evenly distributed with even responses indicating growth and decline, while Central/South America will likely see a slight decline, though not as pronounced as Europe, as 31% of Central/South American respondents still feel that their budgets will grow.

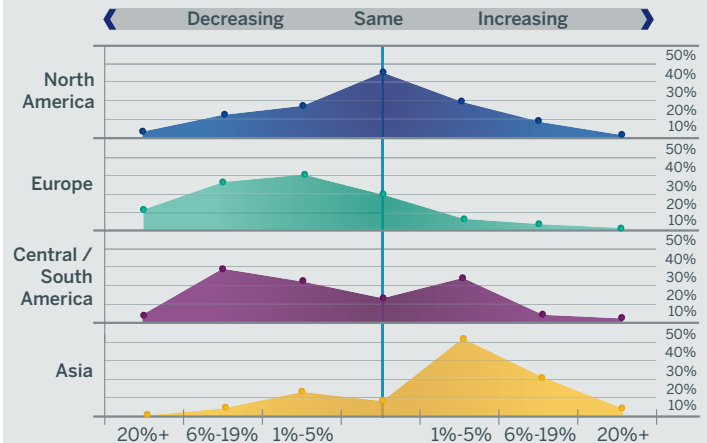
Hotel suppliers indicate that overall spending per company will remain essentially flat, which is consistent with their predictions for slightly more meetings activity, and very slight declines in individual meeting budgets.

At a company level, individual meeting budgets are likely to undergo at least a minor change in 2013 (figure 5). Over 60% of respondents in each region expect some change to occur in the size of their 2013 individual meetings budgets. On an aggregate level, the responses are evenly distributed, with the exception of European planners who are more consistent in their expectations for budgets to decrease slightly, by an average of 4.4%. Hotel suppliers are also in agreement that very minor changes in meeting budgets are expected for 2013 as well, with a very slight decline expected.

Prediction: Overall Meeting Spend by Region & Suppliers

North America	Europe	Asia	Central/South America	Global Hoteliers
1.0% ▼	6.0% ▼	4.2% ▲	3.5% ▼	0.8% ▲

Figure 4: ...overall meeting spend is...

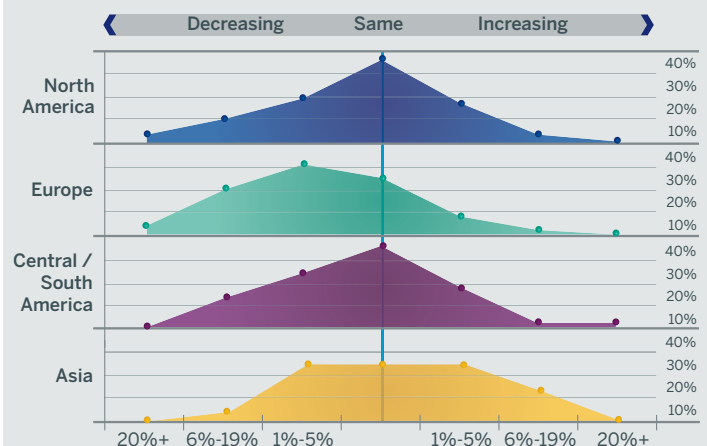


(Sources: American Express and Maxvantage North American Meeting Buyer Survey, September 2012, American Express Meetings & Events – Europe, Asia and Central/South America Surveys, September 2012)

Prediction: Individual Meeting Budgets

North America	Europe	Asia	Central/South America	Global Hoteliers
1.7% ▼	4.4% ▼	1.1% ▲	1.2% ▼	1.2% ▼

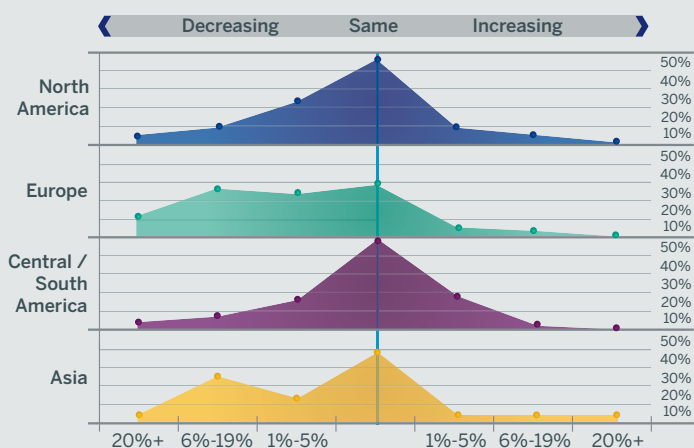
Figure 5: ...individual meeting budgets are...



(Sources: American Express and Maxvantage North American Meeting Buyer Survey, September 2012, American Express Meetings & Events – Europe, Asia and Central/South America Surveys, September 2012)

Prediction: Lead Time for Meetings by Region & Suppliers

North America	Europe	Asia	Central/South America	Global Hoteliers
1.2% ▼	6.2% ▼	3.1% ▼	1.5% ▼	2.0% ▲

Figure 6: ...lead time is...

(Sources: American Express and Maxvantage North American Meeting Buyer Survey, September 2012, American Express Meetings & Events – Europe, Asia and Central/South America Surveys, September 2012)

Figure 7: Average Lead Time by Region (2012 vs. 2011)

(Source: American Express Meetings & Events data analysis, September 2012)

Across the globe, indications are that lead times will essentially remain unchanged, with the exception of Europe where a decline of 6.2% is expected (figure 6). That percentage, however, likely translates into an average lead time decline of less than one day as data from events managed for American Express Meetings & Events clients in Europe are already an average of just 56 days. According to several meeting experts, lead times have already declined so much over the past few years that there isn't room for them to decline further in any region.

To put these anticipated changes into context, figure 7 displays the lead times for American Express Meetings & Events clients in 2011 and 2012.

Group Hotel Rates

Group hotel rates overall are on the rise.. The most frequent survey response selected in all regions is a slight rate increase of 1-5% across all geographies, resulting in a forecast average increase in the 4-5% range (figure 8). Europe is the exception where survey respondents do not anticipate rate increases to take hold in 2013.

Hotels are expected to continue to push rates higher on first quotes in an effort to return to pre-recession figures, however, hotel survey responses indicate they do not expect to be as successful as they would like. Early Q1 2013 data for North America demonstrates the struggle, with much higher first quotes only delivering slight increases in the final negotiated rate.

Global Meeting Property Supply & Demand

The trend towards local meetings is evident in the predictions for meetings demand for each region (table 1). North American respondents predict the greatest increase in demand for North American destinations, Europeans see Europe rising in popularity and Asia-based respondents see the greatest increase in demand within their own region.

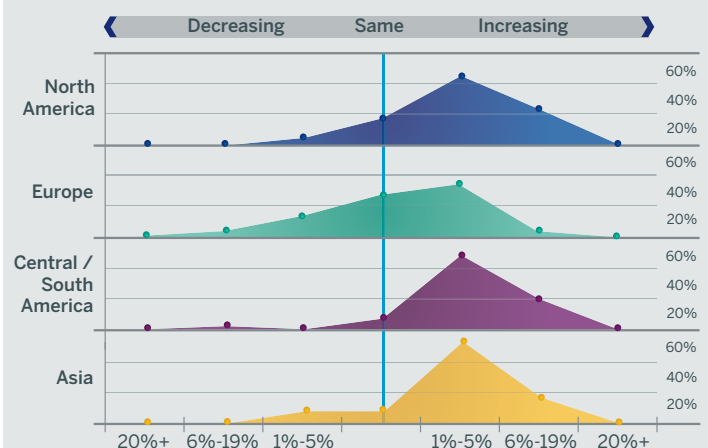
Outside of their own region, any predicted increases in demand from survey respondents are negligible, compared to the predicted declines. Central/South American respondents are more likely to predict a decline in all external regions, likely due to their cost containment focus. Even with their meeting activity continuing to increase, Asian respondents do not foresee demand growing for any external region next year. Demand for meetings in Africa from other regions is predicted to decline very slightly as well.

Hotel supply will slightly increase in 2013 globally (figure 9). According to data from TOPHOTELPROJECTS GmbH, a leading hotel business-to-business information and online database provider, 1631 new midscale to luxury properties are scheduled to open next

Prediction: Change in Average Average Group Rates for Hotels by Region & Suppliers

North America	Europe	Asia	Central/South America	Global Hoteliers
4.2% ▲	0.0% ►	4.0% ▲	4.7% ▲	3.6% ▲

Figure 8: Average Group Rates in 2013

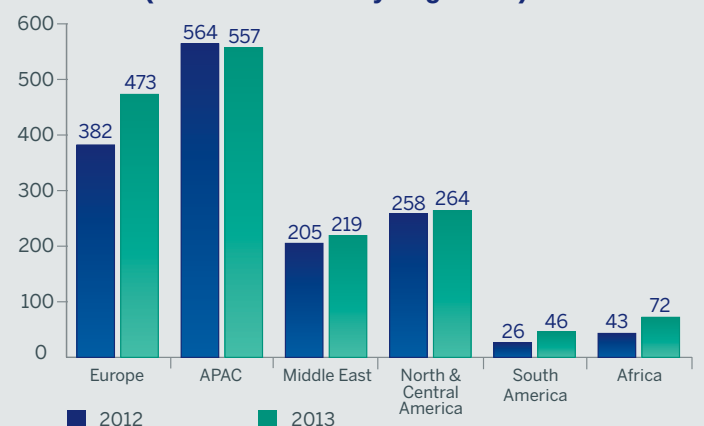


(Sources: American Express and Maxvantage North American Meeting Buyer Survey, September 2012, American Express Meetings & Events – Europe, Asia and Central/South America Surveys, September 2012)

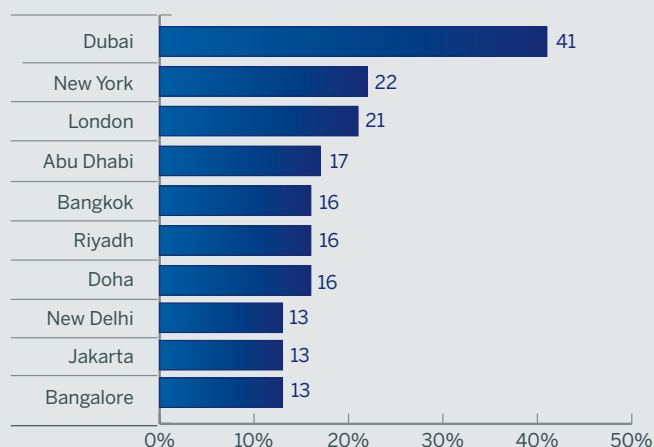
Table 1

Demand for Meetings in	From				
	North America	Europe	Asia	Central/South America	Hotel Supplier
North America	2.8% ▲	1.5% ▼	0.9% ▼	0.6% ▼	5.2% ▲
Europe	0.0% ►	1.9% ▲	0.7% ▲	3.4% ▼	0.8% ▲
Asia	0.7% ▲	2.6% ▼	6.6% ▲	5.8% ▼	4.8% ▲
Cen. / Sou. America	0.0% ►	3.8% ▼	1.0% ▼	1.7% ▼	6.5% ▲
Hotel Suppliers	2.7% ▼	3.2% ▼	1.5% ▼	5.8% ▼	3.4% ▲

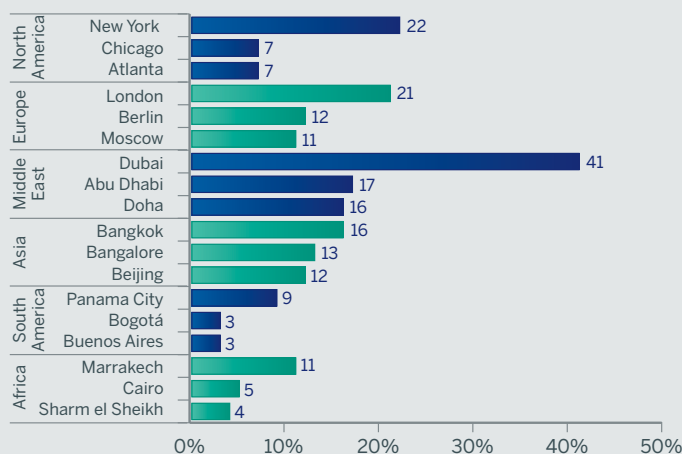
Figure 9: 2012 vs. 2011 Planned Hotel Openings (Midscale to Luxury Segments)



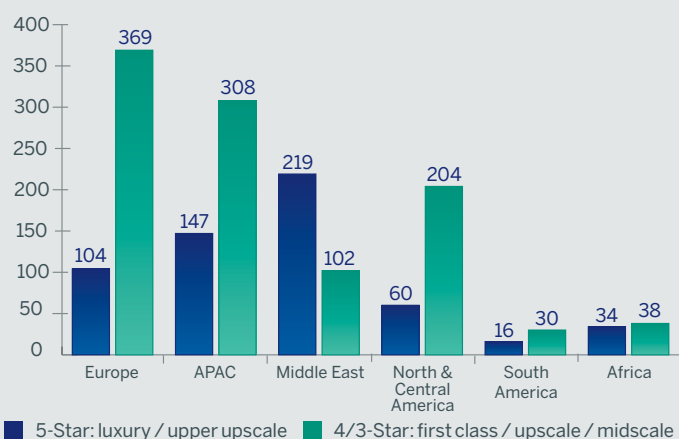
(Source: TOPHOTELPROJECTS, as of October 2012)

Figure 10: **Top cities for hotel openings 2013**

(Source: TOPHOTELPROJECTS, as of November 2012)

Figure 11: **Top 3 Cities per region: 2013 Hotel Openings**

(Source: TOPHOTELPROJECTS, as of November 2012)

Figure 12: **2013 Hotel Openings by Segment**

(Source: TOPHOTELPROJECTS, as of October 2012)

year, with nearly two-thirds being constructed in Europe and Asia (figure9). A large percentage of new hotel projects are concentrated in Brazil, Russia, India and China (BRIC) as these markets have traditionally been underserved and within these countries, most projects are located in the major cities.

According to Christian Berke, Sales & Marketing Manager at TOPHOTELPROJECTS GmbH, major cities in the western world are quite saturated from a supply perspective and projects are more evenly split between Tier 1 and Tier 2 locations. The Middle East and Asia Pacific regions dominate the list of top ten cities based on hotel openings in 2013, with only New York and London making the list from outside those regions (figure 10).

Many traditionally regional chains from other parts of the world, are trying to increase the value of their brands by ensuring they have a presence in these key locations. The following chart highlights the top three cities within each region based on 2013 hotel openings (Figure 11)

Whereas 34% of new hotel builds in the Middle East are concentrated within that region's three top cities, for North America and Europe, only 14% and 9% of new builds are concentrated within those region's top three cities respectively.

When broken down by segment, we can see that 3 and 4-star properties dominate new project builds in all regions except for the Middle East, where 5-star properties are clearly more popular developments (figure 12).

The size of the largest hotels in the world continues to increase as well, according to Mr. Berke. Seventeen hotels with more than 1,000 rooms are scheduled to open next year, half of which are located in Asia. At 6,500 rooms, the Asia-Asia hotel in Dubai is set to open as the largest hotel in the world next year.

Demand for meetings at resort properties will likely continue to increase in Asia Pacific, where there are fewer concerns around the negative perception of luxury or resort properties, whereas in Europe, respondents are much more likely to believe that resort demand will decline. Demand in North America will likely remain flat, and decline very slightly in Central/South America (Table 2).

Luxury properties will likely suffer, with more respondents predicting a decline versus an increase in all regions. The largest average decline of 8% for luxury properties is expected to occur in Europe. It's possible that meeting planners in Europe who are both willing and allowed to consider a luxury property for an event will be able to secure an excellent location for a similar cost as an upper upscale property. Enough respondents in North America and Asia did forecast an increase in luxury property demand to result in the overall demand predictions remaining essentially flat. Central/South America respondents feel more strongly that luxury demand will decline slightly next year.

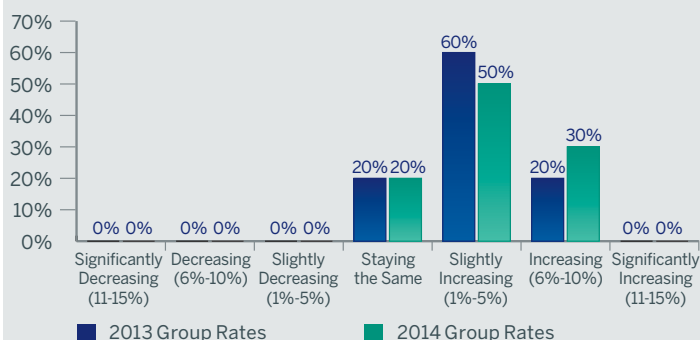
Interestingly, hotel suppliers see demand for all property levels increasing in 2013 but it is likely that they included transient travel demand into their predictions versus focusing solely on meeting-based demand. Suppliers have indicated that the increase in affluent individuals from emerging economies has helped to continue to drive increases for high-end properties across the globe.

Mid-tier properties are poised to see their demand increase slightly in all regions next year. These results are consistent globally and reflect the macro trend of meeting demand shifting away from resort and luxury properties over the past few years.

Table 2

Demand for Property Types in 2013	From				
	North America	Europe	Asia	Central/South America	Global Hoteliers
Resort Properties	0.9% ▼	6.1% ▼	0.0% ►	2.6% ▼	4.3% ▲
Luxury Properties	1.8% ▼	8.0% ▼	0.0% ►	4.6% ▼	4.1% ▲
Mid-Tier Properties	2.4% ▲	1.7% ▲	2.3% ▲	2.9% ▲	4.3% ▲
Lower-Tier Properties	1.3% ▼	1.0% ▲	1.1% ▼	0.0% ►	4.1% ▲
Non-Traditional Meeting Facilities	1.9% ▲	2.1% ▲	1.6% ▲	0.8% ▼	3.1% ▲

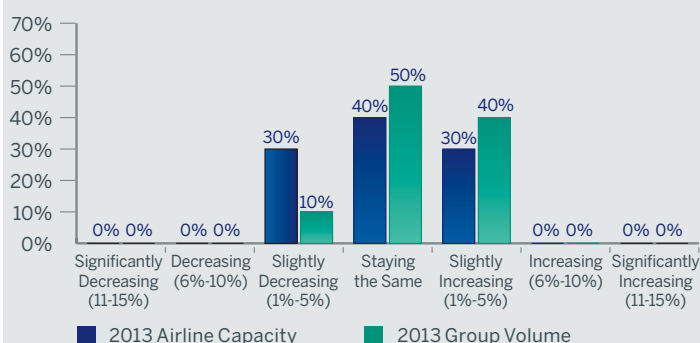
Figure 13: ...average group air rates are...



(Source: American Express/Maxvantage Internal Group Air Expert Survey, November 2013)

Prediction: 2013 Group Air Rates	Prediction: 2014 Group Air Rates
3.4% ▲	3.9% ▲

Figure 14: ...airline capacity and group volume are...



(Source: American Express/Maxvantage Internal Group Air Expert Survey, November 2013)

Prediction: 2013 Airline Capacity	Prediction: 2014 Group Air Volume
0.0% ►	0.9% ►

2013 Prediction for Group Air Rates within:

North America 3.3% ▲	Eastern Europe 2.3% ▲	Western Europe 3.5% ▲	Asia Pacific 2.9% ▲
Central America 1.8% ▲	South America 4.5% ▲	Middle East 3.5% ▲	Africa 2.3% ▲

2013 Prediction: International Group Air Rates:

4.1% ▲

(Source: American Express/Maxvantage Internal Group Air Expert Survey, November 2013)

Demand for lower tier properties is unlikely to change significantly in any region next year.

Non-traditional properties, such as restaurants, outdoor venues, universities and aquariums are likely to see demand increase slightly within all regions, except for Central/South America, where this trend has yet to have caught on with meeting planners.

Global Group Air Trends

To better understand what is happening in the group and meetings sector of the airline industry, we surveyed internal American Express group air experts who source hundreds of group air contracts to carry thousands of travelers to events each year from airlines around the world.

Looking ahead to 2013 and 2014, these experts are forecasting global group air rate increases of 3.4% and 3.9% respectively.

According to American Express Global Business Travel, airlines are not expected to grow capacity next year in an effort to maximize their Revenue per Available Seat Mile (R/ASM) (figure 14). With overall airline passenger volume increasing, along with a forecast for group volume to essentially remain flat, airlines are likely to be in a position to institute these rate increases.

For travel within regions, the forecasted average group air rate increases vary slightly but they all fall roughly within the range of 2-5% for 2013. International travel, where travelers are going overseas or moving between continents, is expected to increase an average of 4.1%.

As group rates tend to follow the direction of transient travel rates, these predicted increases align with the 2013 transient air predictions included in the American Express Global Business Travel Forecast 2013 produced by American Express Global Business Travel Advisory Services .

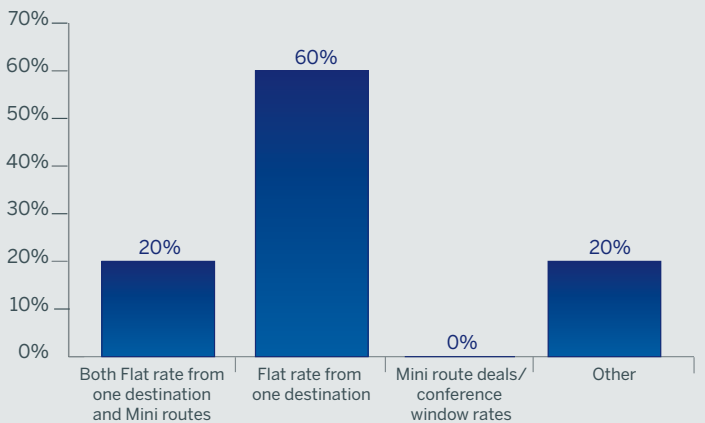
In terms of the group air contracts that are being negotiated for 2013, the group air experts believe that airlines prefer to negotiate a flat rate from a single destination. Respondents also indicate that airlines may be willing to include mini route deals and/or conference window rates in addition to the flat rates into their contracts but appear less willing to negotiate mini route deals or conference window rates on a stand-alone basis.

Within the contracts, the group air experts indicate that airlines are open to negotiations regarding name changes and extending standard ticket deadlines (figures 16 & 17). The airlines appear to be much less open to negotiating other elements such as complimentary lounge tickets, reduced cancellation fees, or concession tickets. Meeting planners may want to keep this information in mind when planning their group air negotiation strategies next year.

2013 Predictions for Transient Air Travel				
	North America	EMEA	Asia Pacific	Latin America & Caribbean
Short Haul/ Economy	2 - 4% ▲	1 - 3% ▲	-1 - 4% ►	7 - 10% ▲
Long Haul/ Business	1 - 3% ▲	2 - 4% ▲	0 - 4% ►	4 - 7% ▲

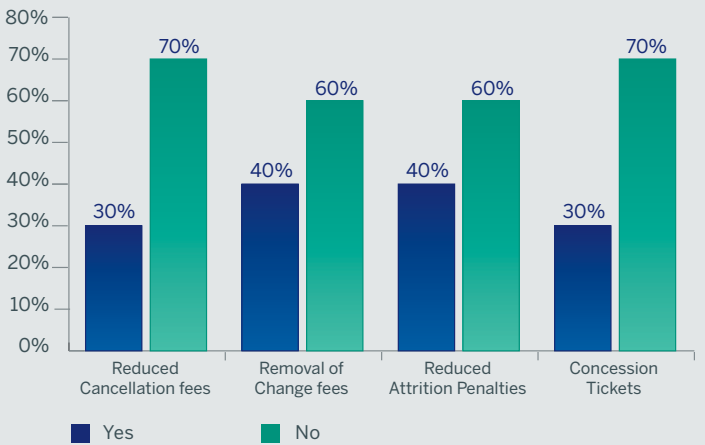
(Source: American Express Global Business Travel Forecast 2013)

Figure 15: Airlines prefer to negotiate...



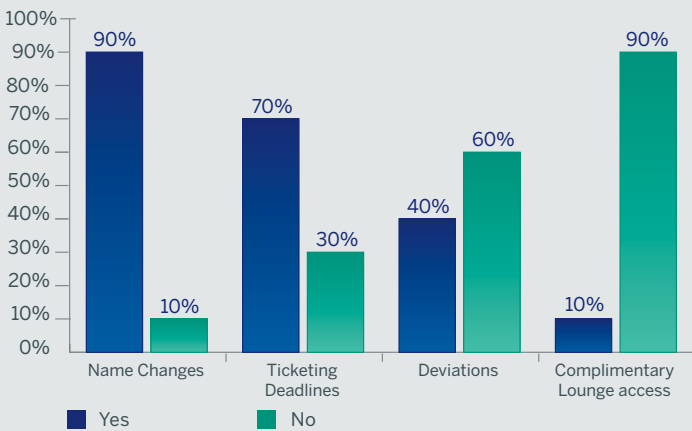
(Source: American Express/Maxvantage Internal Group Air Expert Survey, November 2013)

Figure 16: ...airlines are open to negotiation on...



(Source: American Express/Maxvantage Internal Group Air Expert Survey, November 2013)

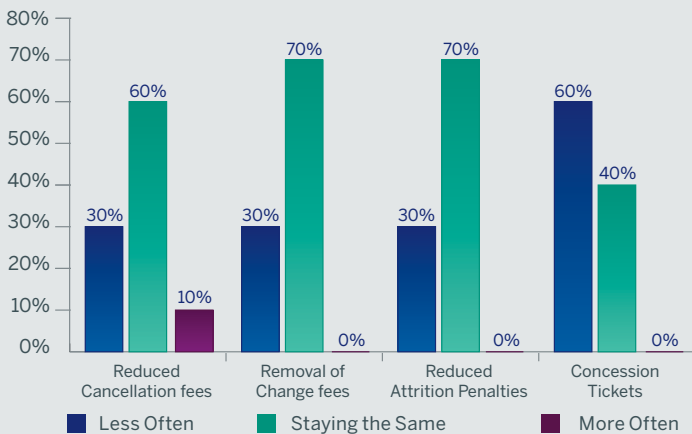
Figure 17: ...airlines are open to negotiation on...



(Source: American Express/Maxvantage Internal Group Air Expert Survey, November 2013)

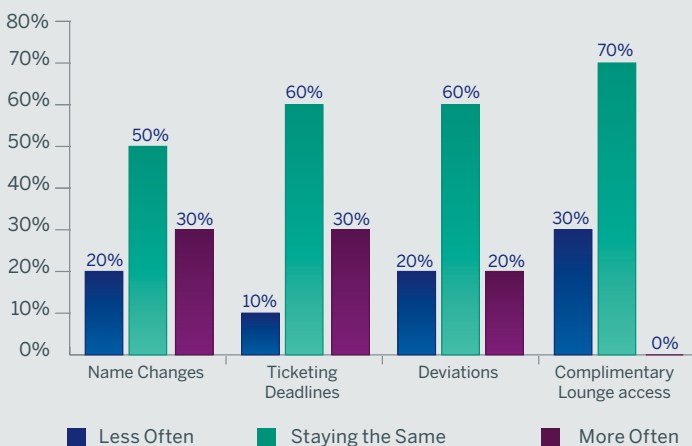
With regard to group contracts being signed for 2013, respondents are seeing some increases in the inclusion of certain terms, particularly those terms regarding name changes and ticketing deadlines. They are also seeing much lower inclusions of concession ticket terms, or reduced fees penalties.

Figure 18: ...are being included in group contracts



(Source: American Express/Maxvantage Internal Group Air Expert Survey, November 2013)

Figure 19: ...are being included in group contracts



(Source: American Express/Maxvantage Internal Group Air Expert Survey, November 2013)

Global Trends

Top Trends in Meeting Activities

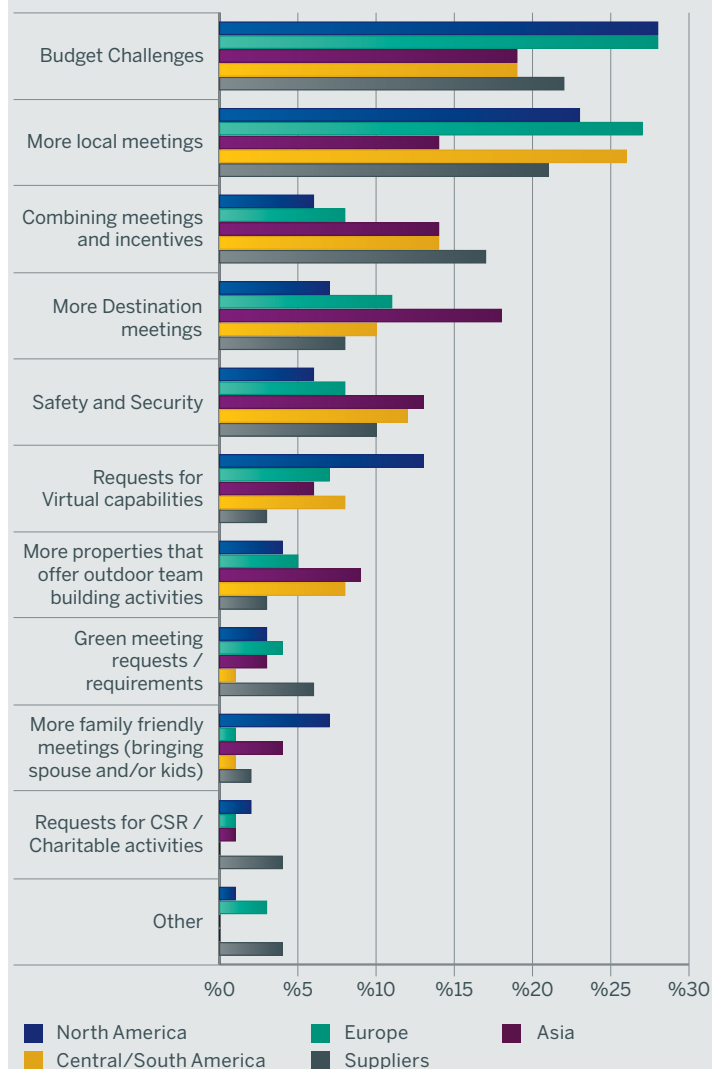
Budget Challenges Mean More Local Meetings

Meeting planners in all regions of the world were asked to choose which top five trends they are currently experiencing in their roles (figure 20). The combination of budget challenges and the associated shift towards more locally hosted meetings were the top trends within all regions and was confirmed in our global supplier surveys and interview with suppliers as well. Planners are being asked by their companies to 'do more with less' and many are finding that their tighter meeting budgets are not approved until their company's previous quarter results are known. This dynamic is putting increased pressure on already reduced lead times, and may negatively impact hotel negotiations as suppliers in some regions, such as North America, are likely aggressively increasing first quote rates due to a shrinking gap between supply and demand noted earlier in this report. Waiting too long to finalize the property for an event may prove costly to meeting planners in 2013.

Our survey responses and our own client activity indicates leading companies in all regions are taking a strategic approach to reviewing the fundamental questions of how and why their organization is holding meetings, including their planning and design, to help focus their spend on the events that are truly the most important to their overall business strategy and eliminate unnecessary events and expenses.

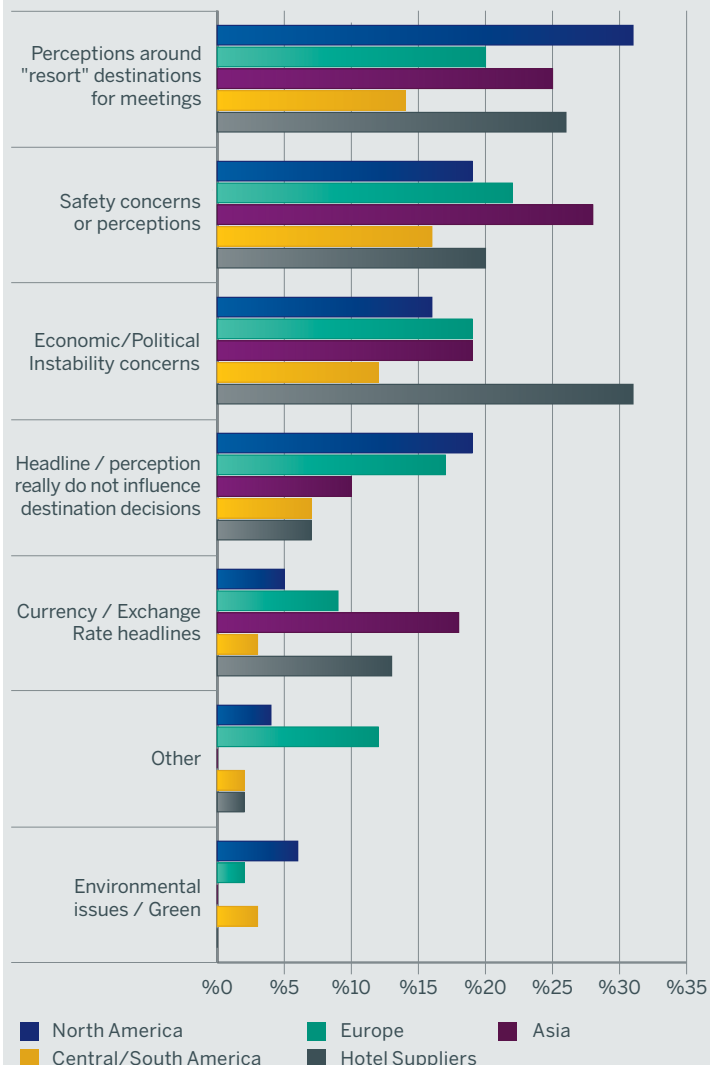
The shift away from global to national, or national to regional meetings is a direct result of this increased caution and continued pressure on cost containment. When spend traditionally directed to providing air lift to a single international destination can be re-allocated to support a larger number of local meetings where transportation costs are much lower or eliminated, companies are often choosing to make the shift.

Figure 20: **Top 5 Meeting Trends 2013**



(Sources: American Express and Maxvantage North American Meeting Buyer Survey, September 2012, American Express Meetings & Events – Europe, Asia and Central/South America and Key Supplier Surveys, September 2012)

Figure 21: **Top Headlines or Perceptions Influencing Choice of Destination 2013**



(Sources: American Express and Maxvantage North American Meeting Buyer Survey, September 2012, American Express Meetings & Events – Europe, Asia and Central/South America and Key Supplier Surveys, September 2012)

The value of large, international events should never be universally discounted, as there are objectives that can only be achieved or accelerated through in-person global networking between employees, customers, prospects and suppliers. What we are seeing, is that companies are choosing to be more selective about if and when these larger geographic meetings are justified, compared to smaller meetings closer to the locations of the individual attendees.

Security & Stability Impacting Destination Choice

While perceptions around resort destinations continue to influence destination choice, particularly in North America, concerns regarding safety and security, as well as economic and political instability are expected to have an equal, if not higher, impact (figure 21).

Safety and security concerns can be driven by either fear of a criminal threat or the possibility of public unrest as we witnessed in the Arab Spring of 2011. Countries such as Mexico continue to suffer from the perception amongst some meeting planners that their attendees may not be completely safe. In surveys and interviews, several suppliers noted that external demand for Mexico as a meetings destination is returning, but that it has yet to fully recover.

One major global hotel brand noted that consideration of safety and security concerns can be both a benefit and a disadvantage for them. When a meeting is to be held in a destination where safety is a potential concern, some major hotel brands feel their properties are often chosen based on the perception amongst meeting planners that they offer a more consistent, higher level of security than lesser-known brands or independent hotels. In their RFPs, many planners are specifically asking questions about what other destinations or attractions are nearby that could attract protests, or other concerns.

From a political instability perspective, suppliers we interviewed noted Egypt is a meeting destination where external demand has declined as the country continues to struggle with its transition. Even incidents such as the attack on the US embassy in Cairo can have an immediate impact on demand for all destinations within the country. Syria, Jordan and Lebanon are also impacted by this uncertainty, while Gulf destinations such as Abu Dhabi and Dubai are showing increases in meetings activity and interest. Hotel development information provided earlier in this report supports this observation.

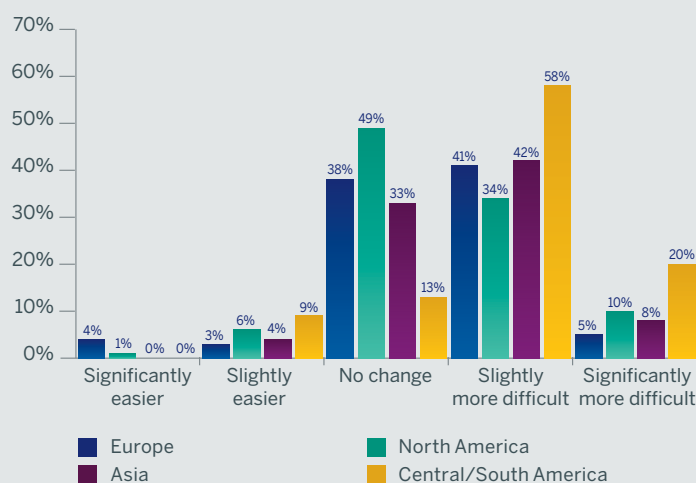
These external factors that can potentially negatively impact the success of an event, or possibly put attendees at risk, are a great concern to meeting planners that will likely continue to influence their meeting destination choices in 2013 and beyond. We anticipate that planners in 2013 will continue to err on the side of caution by choosing destinations that they perceive to be “safe”. To avoid some destinations being unnecessarily overlooked, Destination Management Companies (DMCs), Convention and Visitors Bureaus (CVBs) and supplier smay need to increase their education efforts to counteract any misinformation regarding these locations.

The Meeting Approval Challenge

In all regions, over 40% of meeting planners surveyed indicate that gaining approvals for their meetings is becoming at least slightly more difficult (Figure 22). Planners in North America are the least likely to agree but that may be because many of them have already installed strong approval processes in previous years due to the increased involvement of procurement in the approvals process as well as stronger compliance monitoring efforts.

If the meetings approval process within a company is not unnecessarily onerous, this trend may actually be a positive development as many of the factors

Figure 22: the meetings approval process is...



(Sources: American Express and Maxvantage North American Meeting Buyer Survey, September 2012, American Express Meetings & Events – Europe, Asia and Central/South America Surveys, September 2012)

likely contributing to tougher approvals are typically related to reducing risk and increasing overall returns from meetings-related investments.

Many planners are being forced to wait for their company's prior quarter's financial results before receiving meeting approvals. This practice limits financial risks, but companies should also take into consideration the potential pitfalls of waiting too long to approve large, complex events that are strategically important and make adjustments to the approval processes to account for them.

In some cases, approvals will become difficult simply because previously an approval process did not exist, or was not consistently applied to all meetings within an organization. The adoption and application of formal approval processes is a key step to gaining visibility into the overall meeting spend occurring within an organization and ensuring that each event's purpose, target attendees, agenda and location are appropriate and worthy of investment. For meeting owners who have never had to justify events before, the approval process forces them to review and reconsider many events that may otherwise have taken place simply for historical reasons.

The increased involvement of procurement in the approval process can also add complexity, but if done effectively can help to reduce costs through the concentrated use of preferred suppliers for company events.

As gaining meeting approvals becomes more difficult, meeting owners around the world would be wise to 'get ahead' of their approval processes by instilling procedures at the earliest stages of meeting planning to address all key approval requirements. In doing so, they can avoid lengthy approval delays that can negatively impact the value of the individual events.

Social Media

Incorporating social media into meetings is a topic that is high on the list of priorities for meeting owners around the world, but for many, it is unclear what that means, and how to do it effectively.

There are many options available for integrating social media, from something as simple as a Twitter hashtag related to the event, to a full-blown social media-enabled app specific to the event, or incorporating technology such as near field communication to enable attendees to connect and exchange information with each other by touching electronic devices.

In 2012, meeting attendees were clearly seen to be using social media more frequently to communicate at all stages of an event and social media activity can only be expected to increase in 2013, regardless of whether it is formally integrated into an event. Many meetings trade associations have fully embraced the use of social media within their events, incorporating social media teams who encourage and reward meeting attendees who Tweet or blog about the event.

The explosive global adoption of smartphones capable of supporting mobile apps and interaction with key social media sites such as Twitter and Facebook is the key enabler of this trend. According to Google's Our Mobile Planet, a 2012 global research report on smartphone adoption, smartphone penetration is close to or exceeds 40% of the population in some major markets (figure 23), and estimates from Cisco predict the number of mobile connected devices to actually exceed the number of humans by the end of 2012.

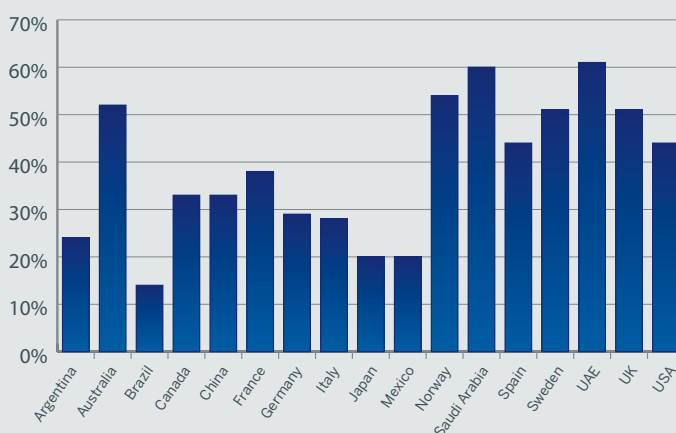


Smartphone users are increasingly social, with a significant percentage of them using their devices to share information via their social networks on a daily basis. In addition, global mobile data traffic doubled in 2012 and is expected to grow at an annual rate of 78% per year through 2016, which will include increased social media sharing and, in particular, the sharing of video via smartphones.

While the planned and purposeful use of social media within meetings and events appears to be relatively nascent, the continued adoption of smartphones combined with the participation of increasingly social media-savvy attendees is pushing meeting planners to incorporate social media as a mainstream component of meetings going forward. Regardless of whether social media is formally integrated into an event, attendees will take their own initiative to tweet, blog, post on Facebook, or 'check in' with their own content and opinions related to the event. As a result, it's important to establish both a strategy and a policy around social media, especially prior to large meetings or user/customer conferences where the social media policies for the host company may not apply for all attendees. Monitoring social media associated with a meeting is important to understanding and troubleshooting meeting-related communications that appear in social channels. The monitoring may require additional resourcing and becomes even more important when not all attendees are employees of the meeting host company and therefore subject to a company social media policy.

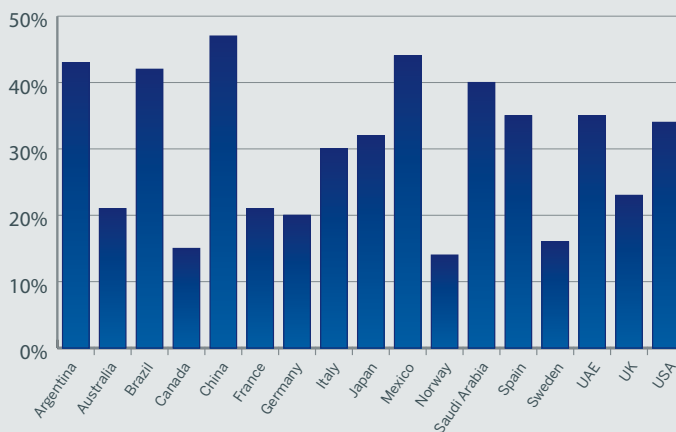
Social media can offer many opportunities to increase the value of an event to all stakeholders including attendees, meeting host, and sponsors, as well as improve the marketing of the event to future attendees and increase its appeal to younger generations who fully expect social media to be integrated into all aspects of their personal and work lives. It can also extend the benefits of the investment in the event to non-attendees, as well as support both brand awareness and recognition efforts.

Figure 23: Smartphone Penetration (% of Population) as of November 2012



(Source: Google's Our Mobile Planet Service, November 2012)

Figure 24: Share information on social network daily using smartphone (% of smartphone users) as of November 2012



(Source: Google's Our Mobile Planet Service, November 2012)

Enabling attendee preparedness: Pre-event, social media can allow attendees to identify and interact with each other in order to schedule face-to-face appointments and maximize their time at the event. It also can help raise awareness of speakers, key topics for content and generally get attendees in the right frame of mind for the meeting or event.

Enhancing communications: During the event, all stakeholders can utilize social media to increase the number of and value of their interactions. Attendees can post questions to presenters or vote on the value of education sessions. The use of gamification can encourage attendees to take actions they otherwise wouldn't, such as visiting all leading sponsors, or increasing the intensity of their activities, such as interacting with as many other attendees as possible to win prizes.

Extending event communities: Post event, the connections made between attendees, hosts and sponsors can be fostered further through social media to extend the value of the event beyond the in-person dates. Monitoring social media post-event can also serve as an indicator around engagement and the effectiveness of the meeting.

The experts we interviewed all indicated that the key to integrating social media into events, regardless of how large or small the effort, is to first think strategically about what specific goals of the overall event you want social media to help you achieve. Then, it's important to develop a plan that incorporates the social media options best aligned with achieving those goals and defines how the results will be measured. Having a social media plan will help you guide social activity before, during, and after the event rather than simply letting individual attendees determine the positive and potentially negative impact of social media on your event.

The cost of social media within events can vary widely, from the use of free hashtags, to commissioning the development of event-specific apps that range

from free to tens of thousands of dollars, depending upon their complexity, or the incorporation of touch technology vendors. Planners must also consider resourcing demands of social media within their events as well, to ensure it is not simply added as a new responsibility to an employee already handling a full workload. The extent to which social media is invested in formally should be driven by the event strategy and desired outcomes. Instituting social media platforms simply for the sake of having them can be detrimental to the meeting experience if not properly integrated and resourced.

Once your social media options are selected, it's important to include them early in the planning stages, so you can maximize awareness and adoption among attendees as early as possible. The number of participants using social media and the intensity of their use are two key drivers of its success within an event.

Kevin Long, Director of Marketing for CrowdCompass, a developer of mobile apps for the meetings industry advises meeting owners to, "Get started now, so you're comfortable and familiar with social media, meeting apps and gamification because we are just at the beginning of the wave." Attendees can soon expect rich, mobile, social media-based experience as part of any significant event they attend.



Virtual Meetings: Realizing the Untapped Potential

Richard Zeller, Director, American Express Meetings & Events

Virtual Elements - A Historic Perspective

The concept of Virtual Meetings is not new. The discussion about replacing live events with virtual alternatives tracks back to the recession in the early 1990s, resurfaced with both the 9/11 terrorist attack and the 2001 recession, and then once again in late 2007 – 2009 in reaction to the market collapse. In these instances the interest in virtual meeting alternatives was primarily driven by market conditions, dictating the need to reduce cost and, in the case of 9/11, additional concerns around security issues associated with travel.

Based on senior management directives to reduce meeting costs, Meeting Planning organizations scrambled to learn more about virtual solutions creating considerable buzz in the marketplace. In many cases the IT department took on the responsibility for developing the virtual solution. Not surprisingly, the focus was on selecting a tool(s) that satisfied technical requirements and reliability. There seemed to be limited consideration for how meetings and meeting content needed to be redesigned to adapt to the virtual vs. live format. There also wasn't a clear understanding of audience and attendee readiness, both from a technical and cultural perspective, to participate in a virtual meeting. Additionally, the early virtual tools were somewhat primitive by today's standards.

The cumulative impact of these factors generally resulted in a poor first impression for most people participating in a virtual meeting. There were issues with the technology – user and technical issues, content and presenters that were not properly prepared for the new format and little thought for strategies to enable attendees to interact and stay engaged.

Over this time period there were lessons learned and a very gradual increase in the utilization of virtual meeting solutions. However, as the business cycle improved, interest in virtual meeting alternatives waned.

Definition of a Virtual Meeting or Event

In order to add context to the discussion it is important to agree on a definition. Organizations and individuals have different definitions and expect different services when hearing the term “virtual”. A generally accepted definition is “A virtual meeting or event provides for live or archived communications among small to large and local to global attendees.” This is a fairly broad statement and covers a lot of ground.

The definition includes Small Audience Solutions.

Key words: online meeting (also referred to as web meeting or web conferencing), online collaboration, conference call, Webex, Adobe Connect, videoconference, application and desktop sharing

Usage:

- › Distant office meeting, operational day to day meeting, e-learning classes
- › Online collaboration and workgroup usage, office meetings
- › Webcam to webcam
- › Documents and applications sharing, white board, etc.
- › ‘One to one’ or ‘few to few usage’

Online meetings are delivered by technologies such as videoconferencing, Skype, Adobe Connect, Go-ToMeeting, Webex, LiveMeeting, etc.

These tools have become common in the personal use and business environment.

Additionally there are Solutions appropriate for broader audiences.

Key words: webcast, virtual meetings, e-conventions, e-conferences, employees meeting, Town Hall Meeting, online symposia, virtual congress, global corporate and brand communications, multiplex, webinars, etc.

An online event is a media presentation distributed over the Internet to distribute a single content source to many simultaneous listeners and viewers.

Requirements:

- › Specific and clearly identified scripted event scenario in the organization with creative theme design
- › Expertise is required because of a higher number of attendees, the level of functionality and interactivity desired
- › “one to many”, “few to many”, “many to one” usage with professional design and management

This type of meeting can require from a few weeks to a few months to organize.

Current State

The definition and distinction between the small audience and broader audience solutions is important in discussing trends on the adoption of virtual “meetings” tools and their impact on the meeting industry and live meetings.

At the small audience end of the spectrum, there has been very broad adoption of the tools. For example, if you participated on a conference call within the past few days you attended a virtual meeting. There are a number of factors that seem to be driving this broad based adoption including:

- › The continuing evolution of the technology and how this is integrated into our personal and business lives
- › Significant growth in the percentage of the workforce that works virtually – at least part of the work week
- › The requirement for organizations to think and act globally with work teams scattered in multiple locations

Fueled by these trends, the Small Audience solutions noted above have become integral to how business

is conducted today. These solutions enhance communication, encourage collaboration and enable multi discipline work streams. They also improve the way day to day business is conducted and in some cases reduce the need for individual business travel. However, in most instances these tools have not replaced what would have been a live meeting. Rather than multiple individual calls there is a conference call, rather than emailing documents for participants to review, the documents are shared via an online meeting, the weekly team meeting enables participants to interactively share documents and ideas with global colleagues etc.

At the broader audience end of the spectrum the adoption trend is mixed. There is a gradual increase in utilization but there seems to be more talk than action. Many are interested in learning about these types of events but few corporations have strategically integrated these solutions into their meeting and event portfolio.

There are some notable exceptions:

- › Training departments, who were early adopters, are often delivering much of the company’s standard training content virtually. This can range from product training to industry compliance
- › Senior Executive Town Hall Meetings are often streamed companywide and archived for those who cannot attend live
- › The Tech sector is effectively utilizing multiple virtual formats to support large User Group Conferences or Customer Events The same is true of large Association Meetings

This is not to infer that there is no growth in larger virtual meetings formats. Most large corporations are doing some form of these events. However, these decisions and planning around these events tend to be made at the individual meeting level and are typically not part of a thoughtful enterprise approach.

Why? In most companies there is a limited understanding of the various elements that need to be

considered in building an effective virtual event. It is not a technology solution! Virtual provides an exciting new vehicle to deliver content and engage the audience. However, this requires careful consideration and coaching around these questions:

- › How the meeting and agenda is designed.
- › What is the best media?
- › How is content packaged and delivered?
- › How are the presenters prepared?
- › What are the technical requirements on both ends of the message?
- › What is the profile of the audience?
- › How do you keep the audience engaged?

In order to support increased adoption of the broader audience virtual solutions, corporations will need to develop the appropriate infrastructure and/or alignment to a limited pool of preferred suppliers who can provide the insights and expertise currently absent in most corporations. This includes:

- › The perspective to identify traditional meeting types that lend themselves to a virtual or hybrid format
- › The ability to work with meeting owners to design content differently to leverage the virtual tools available
- › Speaker preparation and coaching
- › An understanding of the target audience and tactics to ensure engagement and interaction
- › Technical knowledge to package, produce and deliver content in the most effective manner
- › Project management support around logistics, pre and post audience communication, budgeting and vendor management

It is assumed corporations will not need significant capital investment to build internal technology infrastructure to support the Digital Meeting strategy. These capabilities are evolving rapidly and investments made today will be obsolete in six months. The cost of staying current is often too high. Rather, the concept

involves selecting a limited pool of global and/or regional preferred suppliers whose core business dictates continued investment. Additionally, the appropriate virtual/digital meeting solution often involves integrating multiple technologies readily available in the marketplace.

Hybrid Meetings

The definition of a hybrid meeting or event is one that incorporates both live and virtual elements. The Hybrid meeting appears to be gaining the most traction in the market today. There are a variety of factors driving this:

- › Live meetings are not going away. In today's business environment live meetings become a device where people who work together regularly actually get to meet, network and informally exchange ideas
- › Live meetings continue to be the best format when meeting objectives include: team building, celebration, reward, reinforcement of company culture and values, discussion of sensitive business issues, alignment to significant changes in leadership and direction
- › Customer facing events where relationship building is a primary objective are best executed as live events

A hybrid meeting or event leverages the value of the live meeting by:

- › Extending the **reach** of segments of the live event to an audience that either cannot attend the live event or normally would not have participated in the live event.
- › Virtually delivering senior executives or high ranking industry experts to the live audience
- › Extending the **life** and effectiveness of the meeting by providing access to pre meeting preparation or post meeting reinforcement materials
- › Repurposing / archiving content delivered at the live event for alternative uses

- › Providing 24/7 access to key messages and content
- › Significantly lowering the “cost per contact” of the meeting investment

Quick Recap

Small Audience Virtual Meeting collaboration tools are widely adopted and utilized today. The use of these tools (i.e. Webex) has some impact on reducing business travel but limited impact on the meetings industry.

Broader Audience Virtual tools are slowly gaining adoption, most predominately in the technology sector and association market.

Hybrid Solutions, combining live and virtual meeting elements, are anticipated to gain momentum as corporations develop the strategies and capabilities required to integrate this concept into their meeting and event portfolio to assist in driving business results.

A Quick Word About Mobility

The potential to integrate mobility into the meeting design to enhance communication and engagement is a significant emerging trend. A hotel business and technology study commissioned by Four Points by Sheraton Hotels, a Starwood Hotels and Resorts Worldwide, Inc. brand, polled a total of 6,000 business travelers globally - 1,000 each, from the United Kingdom, Germany, United States, China, India and Brazil. The majority (55%) of respondents bring three or four devices with them on the road.

The market is exploding with the adoption of tablets and mobile applications, with providers developing apps that can be broadcast to multiple device types. This presents the opportunity to enhance the overall experience and engagement of the meeting attendee through instant two way communication pre, post and during the meeting. The meeting owner can get instant feedback on meeting content, speaker presentations and attendee perceptions, enabling the opportunity to adjust or reinforce messaging mid stream. To be sure, there is a learning curve

around how to harness these new tools to support meeting goals and objectives, and this will require out of the box thinking and building the required expertise. The technology is not the solution but rather an enabler of the overall solution.

The exciting opportunity is to improve the level of engagement and return on meeting objectives.

American Express Global Meetings & Events addressed surveys to three different audiences to solicit marketplace feedback on the current utilization of virtual and hybrid virtual meeting formats and anticipated growth in 2013. The three audiences were:

- › Hotel executives who have a broad view of the market across multiple market segments
- › A global audience of American Express Meeting & Event sourcing and meeting planning professionals
- › A global audience of corporate, association and independent meeting planning professionals

Hotel Executives Perspective

The responses from hotel professionals reinforces American Express Meeting & Events' overall market scan. In 2012, the integration of virtual or hybrid into the mix of programs was relatively flat year-on-year compared to 2011. 67% of the responses indicated little or no increase in activity and only 6% of responses indicated experiencing an increase of more than 10%.

Comments indicated that virtual / hybrid had no real impact on hotel meeting bookings. The majority of these events included virtual elements integrated into the live meeting in order to:

- › Extend the audience for the live meeting
- › Virtually bring Keynote Speakers, Subject Matter Experts or Senior Leadership to the meeting audience
- › Tape and repurpose meeting content for other uses

When asked to project the level of activity in 2013, the hotel community is projecting limited growth in adoption but certainly not an opening of the floodgates. 61% of the responses indicated less than 10% of meetings would have any virtual or hybrid components, while 28% anticipate 10% - 20% traction.

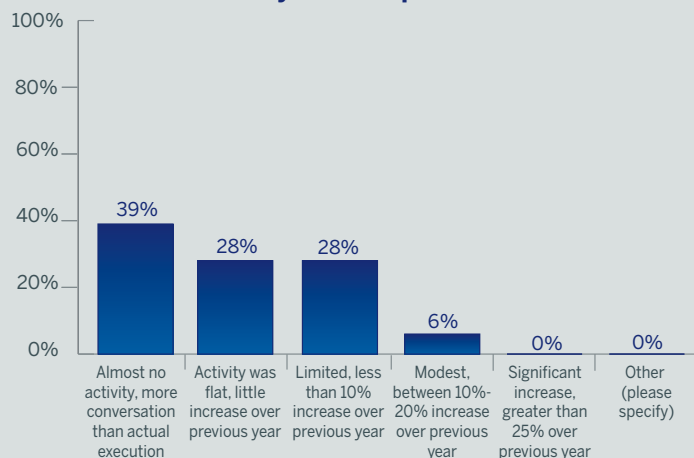
In the immediate aftermath of 9/11 and the accompanying severe market dip the demise of live meetings and the emergence of the virtual meeting alternative was a lively topic. At the time, there was discussion in the hotel community about potential infrastructure changes, the installation of telepresence suites and broadcast capabilities in multiple chain properties, for example, to accommodate the market shift.

Our survey results indicate only 28% of those responding anticipate **any** 2013 investment in infrastructure to accommodate virtual meeting requirements and generally the investments are tied to the ability to support customer technical requirements related to on site production and streaming rather than building sophisticated in house infrastructure.

The final question posed to the hotel audience was also posed to the two groups of buyers surveyed and the responses were remarkably similar in certain aspects. All three audiences felt that dealing with the complexity of the technology **was not** the major issue in expanding adoption. The hotel perspective identified Meeting Owners reluctance to move from the live meeting format and a lack of understanding for how to deliver content in the virtual environment as the primary obstacles. The Planning Professionals audience identified the inability to effectively engage the audience and Meeting Owner reluctance as the primary obstacles.

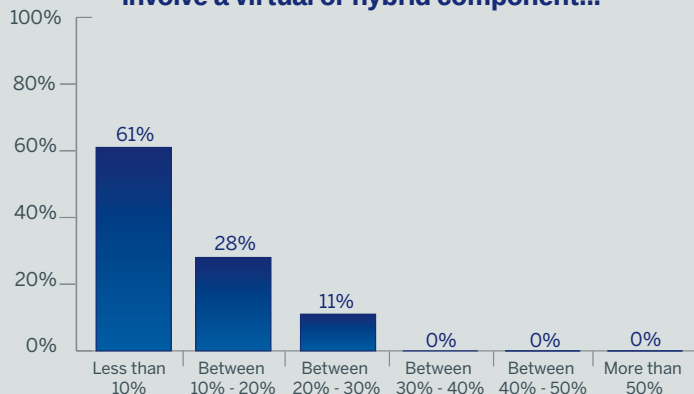
The survey responses reinforce the idea that in order to drive broader adoption for virtual or hybrid solutions corporations need to re think meeting design and content delivery to adapt to the new tool set available and the opportunity this presents to drive business results.

Figure I: ...hotel experience with meetings that included a virtual or hybrid component...



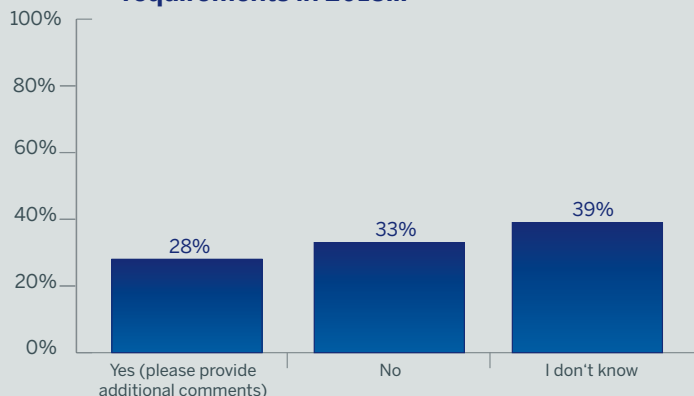
(Source: American Express Meetings & Events Key Supplier Survey, September 2012)

Figure II: ..% of your hotel's meetings do you project will involve a virtual or hybrid component...



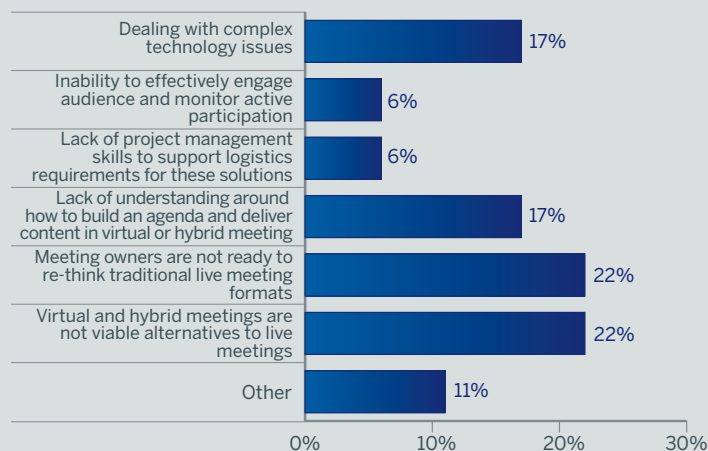
(Source: American Express Meetings & Events Key Supplier Survey, September 2012)

Figure III: ...plans to make investment in hotel infrastructure to accommodate virtual meeting requirements in 2013...



(Source: American Express Meetings & Events Key Supplier Survey, September 2012)

Figure IV: **Hotel Executives ...major obstacle for your clients to expand the use of virtual and hybrid meeting solutions ...**



(Source: American Express Meetings & Events Key Supplier Survey, September 2012)

Figure V: **Meeting Planner Response**



(Source: American Express Meetings & Events and Maxvantage North American Survey, September 2012, American Express Meetings & Events - Europe, Asia and Central/South America Study, September 2012)

Meeting Professional Perspective

Meeting Professionals were asked to identify which meeting format they believed is **most** appropriate for the listed meeting types? - Live Meeting – Hybrid (live meeting with virtual components) – Virtual

They were asked to only select one.

Not surprisingly, only 9% of the responses identified hybrid (5%) or virtual (4%) as most appropriate for networking events – the balance - 91% - identified in person as most appropriate. Conversely, 84%, hybrid (39%) and virtual (45%), identified company update meetings as most appropriate. Company update meetings are the only type where pure virtual was identified as the “most preferred”. Training is the only other meeting type where the combined total for hybrid (41%) plus virtual (15%) was preferred to the live meeting alternative.

These responses indicate that virtual solutions are finding adoption for the less complex, small audience meetings. Live meetings seem to remain preferred in most cases but there is increasing interest in hybrid solutions that integrate the utilization of virtual tools as part of the live meeting.

The Survey asked the Meeting Professionals to identify the most compelling reason to utilize a virtual or hybrid solution given several options:

52% of the responses ranked cost savings as most compelling, while only 1% identified the ability to repurpose content as most compelling. Reducing travel and time out of office was ranked by 42% as the second most compelling. It is interesting to note that that only 5% ranked the improvement of the overall effectiveness of the meeting as most compelling. **This suggests a potential barrier to broader adoption, if virtual / hybrid solutions are viewed primarily as cost reduction tools rather than strategies to assist the meeting owner achieve the desired business outcome on the meeting.**

These results are consistent with a January 2012 MPI foundation study and are consistent with the increase in interest of virtual meetings during lean economic times.

Meeting professionals were also asked to anticipate the overall percentage of their meetings that would employ a virtual or hybrid solution. 44% estimated less than 10% of their meetings would be effected, with an additional 25% tagging the projection at less than 20%.

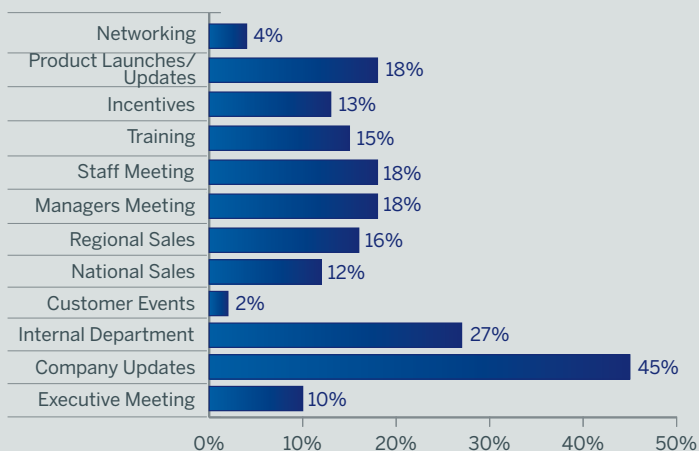
Indications are that there is likely to be an increase, albeit modest, in the deployment of virtual solutions. The response to the next two questions and feedback received from a wide range of industry executives suggests the near term growth will be an increase in “one off” programs rather than as an integrated component of a strategically managed meeting portfolio. The meeting professional audience was asked:

- › Does the company have a clearly defined virtual meeting policy?
- › Does the company have a clearly defined virtual meeting strategy?

In order to gain wide spread adoption for any new initiative it is essential to have a plan that incorporates both policy and strategy. This involves: a clear vision, organizational alignment, along with identification of organizational skills and infrastructure required to support the initiative. The survey results overwhelmingly illustrate this is currently lacking in most corporations.

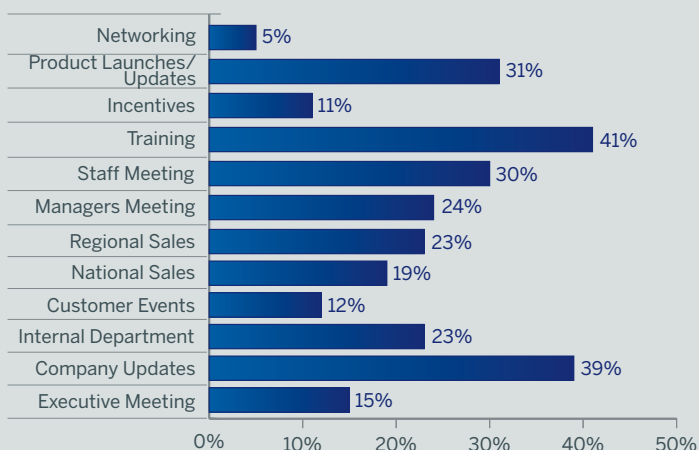
A related question addressed who in the organization has primary responsibility for virtual meetings. There was a wide variation in the responses with 29% identifying Meeting Planning. Interestingly, 24% say the responsibility resides with IT which suggest in those instances virtual meetings are still viewed primarily as a technology solution.

Figure VI: **Virtual**



(MPI Foundation Virtual Meetings Study, January 2012)

Figure VII: **Hybrid**



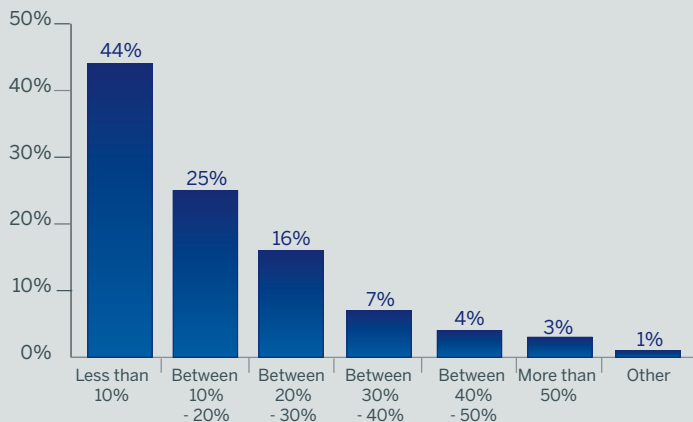
(Source: MPI Foundation Virtual Meetings Study, January 2012)

Figure VIII: **...most compelling reason to utilize a virtual or hybrid solution...**

	Rank 1	Rank 2	Rank 3
Cost Savings	52%	20%	16%
Ability to reach a broader audience	19%	25%	21%
Reduce travel and time out of office	23%	41%	22%
Improve the overall effectiveness of the meeting	5%	6%	15%
Ability to re-purpose meeting content for multiple uses	1%	12%	25%
Other	0%	0%	1%

(Source: MPI Foundation Virtual Meetings Study, January 2012)

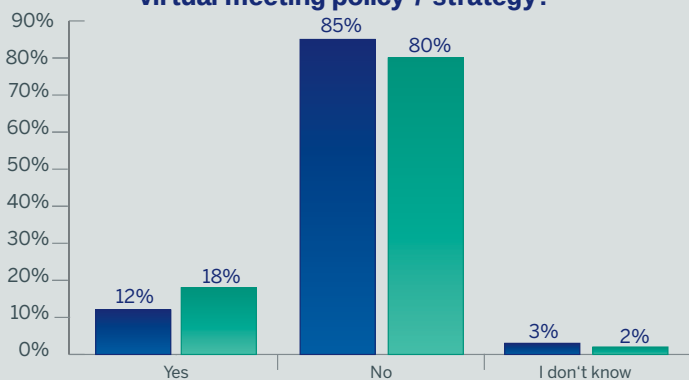
Figure IX: **% of meeting portfolio will deploy virtual or hybrid solution...**



(Source: American Express Meetings & Events and Maxvantage North American Survey, September 2012 and American Express Meetings & Events - Europe, Asia and Central/South America Study, September 2012)

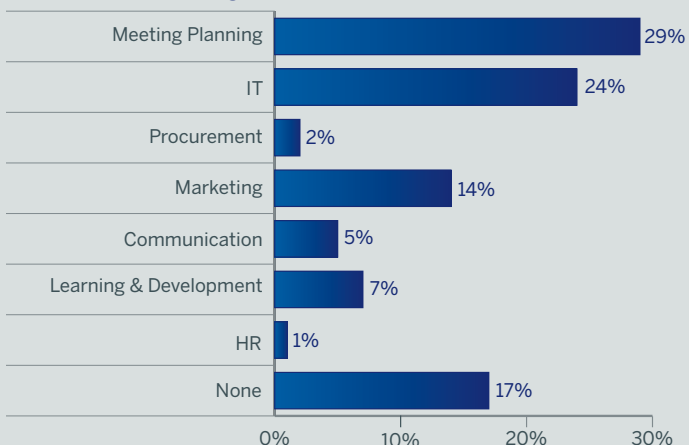
In 2012 there was a consistent “buzz” about virtual meetings in the industry with a slight uptick in adoption. There is growing evidence to suggest that integrating virtual / hybrid solutions can increase meeting effectiveness and reduce “cost per contact”. Moving into 2013 Meeting Planners and Meeting Owners are encouraged to work with subject matter experts within the company or through preferred third parties to put strategies and policies in place for the effective use of virtual on both an individual meeting and company-wide basis. This includes a focus on the attendee experience, innovative redesign of meeting formats, while aligning the appropriate technology to enhance the experience and drive return on meeting objectives.

Figure X: **Does the company have a clearly defined virtual meeting policy / strategy?**



(Source: American Express Meetings & Events and Maxvantage North American Survey, September 2012 and American Express Meetings & Events - Europe, Asia and Central/South America Study, September 2012)

Figure XI: **What department in the organization has primary responsibility for integrating virtual meeting solutions?**



(Source: American Express Meetings & Events and Maxvantage North American Survey, September 2012 and American Express Meetings & Events - Europe, Asia and Central/South America Study, September 2012)

The Inefficient Marketplace: eRFP SPAM and its Impact on the Market

Shimon Avish, Director, Meetings Consulting, American Express Meetings & Events

Introduction

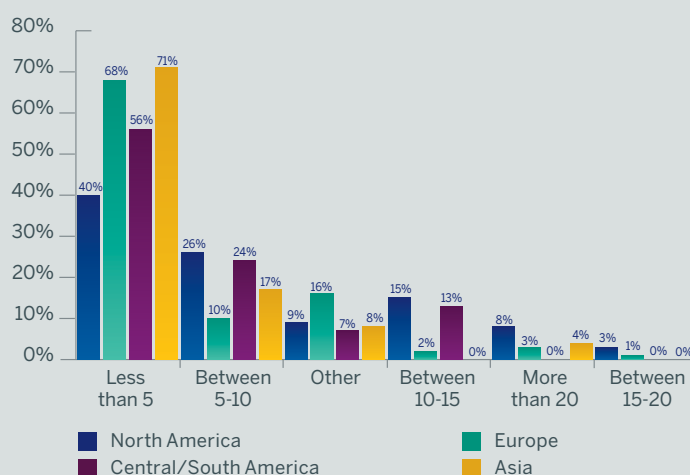
In the eyes of many, the advent of electronic RFP systems for meetings appears to be leading to both a commoditization of the hotel buy and an increase in the number of RFPs handled by hoteliers. These phenomena can detrimentally impact the efficiency of meeting industry stakeholders, and in some cases result in higher rates paid by the meeting owner. A concerted effort by all stakeholders is required to address these two issues.

Inundated with eRFPs?

Several recent industry articles regarding RFP SPAM contend that hoteliers are being flooded with eRFPs at record levels and that the rising adoption of eRFP systems makes it too easy for customers to issue large numbers of RFPs without first conducting proper due diligence to determine if a property meets their needs.

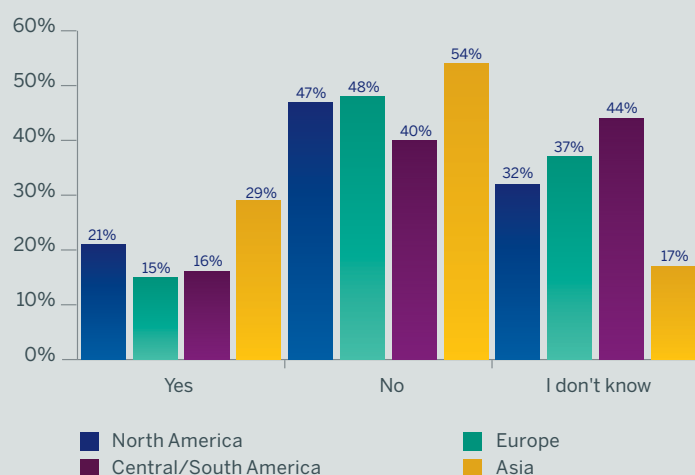
However, after surveying sourcing specialists and meeting planners worldwide¹, we found that the majority of events in North America (66%) issued no more than ten eRFPs per event, with percentages in Rest of World (ROW) being even higher: 78% in Europe, 80% in Central/South America and 88% in Asia (see Figure XII). The lower percentage in North America is likely skewed due to the presence of mature sourcing firms, "...whose use of the tools account for much of the eRFP surge..." according to Hyatt Hotels Corp's SVP of Sales, Jack Horne². We find that the vast majority of events issue no more than fifteen eRFPs: North American (81%), Europe (80%), Central/South America (93%), and Asia (88%). We validated our findings with Cvent, which indicated that 81% of the volume flowing through their system is submitted to nine properties or less per event. As we will see below, our analysis indicates that 10-15 eRFPs per event is a reasonable number to achieve customers' sourcing objectives, however hoteliers would likely prefer lower numbers.

Figure XII: **How many eRFPs are you sending on average per event?**



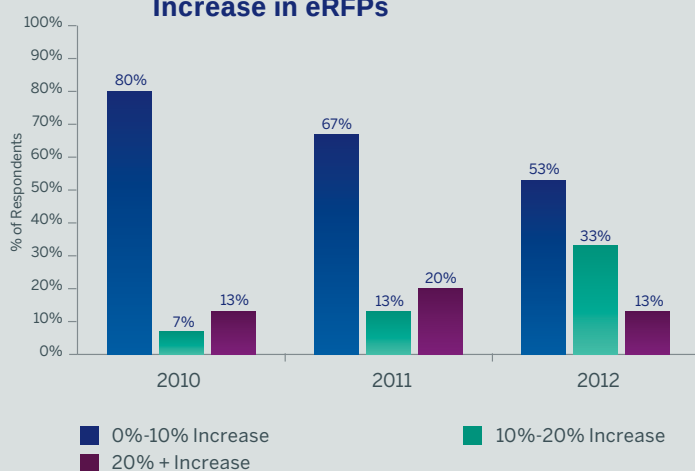
(Source: American Express Meetings & Events and Maxvantage North American Surveys, September 2012 and American Express Meetings & Events - Europe, Asia and Central/South America Surveys, September 2012)

Figure XIII: **Are you sending more eRFPs per event than last year?**



(Source: American Express Meetings & Events and Maxvantage North American Surveys, September 2012 and American Express Meetings & Events - Europe, Asia and Central/South America Surveys, September 2012)

Figure XIV: **Hotelier - Year over Year Percent: Increase in eRFPs**



(Source: American Express Meetings & Events and Maxvantage North American Surveys, September 2012 and American Express Meetings & Events - Europe, Asia and Central/South America Surveys, September 2012)

eRFP issuance is on the rise (see Figure XIII) however perception may be outpacing reality in terms of the volume increase. One-third of our survey respondents indicate they are sending more eRFPs this year than last, but approximately half are not. We also surveyed hoteliers, and the results (see Figure XIV) indicate that the majority of hoteliers are experiencing a 0-10% year-over-year increase in eRFPs. In a survey of hotel suppliers conducted in September 2012, one-third of respondents reported that they are experiencing a 10-20% year-over-year increase in eRFPs, which was confirmed during follow-up supplier interviews. Does this trend represent market inefficiency or simply an evolution in the sourcing process, which requires an adjustment from all parties?

Commoditization of the Sourcing Process

Whether this eRFP increase is good for the industry or not, depends on where you sit. There are four primary constituencies involved in the sourcing process: (1) the meeting owners (2) their meetings management company representatives, (3) hoteliers, and (4) eRFP suppliers, and each party is uniquely impacted by the automated eRFP process, both positively and negatively.

While many articles we reviewed reference the cons associated with the over-issuance of eRFPs per event, none proposed a 'target' number. To maximize profit, hoteliers would prefer that meeting owners issue only one eRFP (to them), and it is safe to say that the customer is relatively agnostic as to the number, as long as the outcome is optimal. To maximize productivity, hoteliers and Meetings Management companies would prefer to see as few RFPs issued as possible. Clearly, conflicting dynamics are at play, but ultimately they should be resolved. The following benefits of eRFP systems over a manual process far outweigh their disadvantages; hence meeting owners will likely continue to use them:

1. Side-by-side comparison of standardized hotelier responses eliminates the need to manually create comparative matrices
2. Issuing eRFPs to multiple hoteliers is easier, which when combined with the easier comparison and the competitive bidding process can generate increased savings
3. An automated approach is more efficient for sourcing simple meetings, which have fewer requirements than complex events
4. Historical bid information is easier to track, and can be used as leverage in future negotiations

However, along with the benefits noted above, there are a number of disadvantages associated with the issuance of too many eRFPs, including:

1. Our internal³ research of over 100,000 eRFPs demonstrates that customers selecting too many properties during the RFP process were more likely to have higher incidences of 'No Responses,' 'Non-Availability Responses' and late responses (see Figure XV).
2. Proposal quality tends to decline when hoteliers suspect that an eRFP was over-issued, as the probability of winning the bid decreases.
3. First quotes tend to be higher for 'over-sourcing' companies (see Figure XV), as it appears properties and chains more highly value leads from companies with a targeted RFP approach.

Ultimately, over-sourcing behavior can result in higher, rather than lower meeting costs.

There are true benefits to meeting owners using eRFP tools however, their over-usage can result in significant downsides. The solution is to find the sweet spot that preserves the benefits realized by meeting owners while mitigating the negative impacts to hoteliers.

Figure XV: # of RFPs - Availability - Avg First Quote



(Source: American Express Meetings & Events and Maxvantage Data Analysis, August 2012)

Recommendations

All parties would benefit from a more targeted approach to the issuance of eRFPs, with our analysis pointing to a current sweet spot of no more than fifteen properties for the pharmaceutical sector, and around ten properties for other sectors, such as technology and finance (see Figure XV). Diminishing returns seem to be achieved beyond these numbers, and pricing negatively impacted. It is anticipated that meeting owners will see increased responsiveness and improved pricing, hoteliers will more easily be able to respond to eRFPs and improve their conversion rates, and meetings management companies will be able to improve productivity.

The sweet spot can change periodically, so historical data should be retained and reviewed by customers semi-annually. Additionally, the industry would benefit from a two-phased approach to sourcing. Phase one consists of the issuance of an eRFP for rates, dates and space, and phase two consists of a more comprehensive eRFP process. These eRFP types should be clearly identified in their subject lines so that hoteliers can direct them to the appropriate sales resources. The net benefit of this approach would likely be improved response times and response rates from hoteliers.

Electronic RFPs bring many benefits. Absent the development of a more integrated approach that provides direct access to hotel availability and pricing for meetings, electronic RFPs will likely remain a preferred method of sourcing meetings and events. Hoteliers indicate they are finding ways to adapt to this buying channel, however, the impact of eRFPs on productivity, cost of sale, and negotiated price should be taken into consideration by those issuing eRFPs.

Sources:

1: E-RFP Eruption: Shifting Meeting Sourcing Strategies As Online Leads Swamp Hoteliers, Chris Davis, May 3, 2012, Business Travel News, <http://www.business-travelnews.com/Corporate-Meetings-News/E-RFP-Eruption--Shifting-Meeting-Sourcing-Strategies-As-Online-Leads-Swamp-Hoteliers/?a=proc>

2: When less is more. Finding balance in eRFP volume and the cost of free eRFP, Christian Savelli, Business Travel Connexion, August 22, 2012, <http://business-travelconnexion.com/blog-entry/Missing-Link-Actionable/Finding-Balance-Erpf/14000005024>

Meeting Payments: An integral part of Meetings Management

Deborah Guiffre, Senior Manager, Meetings Solutions, Global Marketing and Product Management

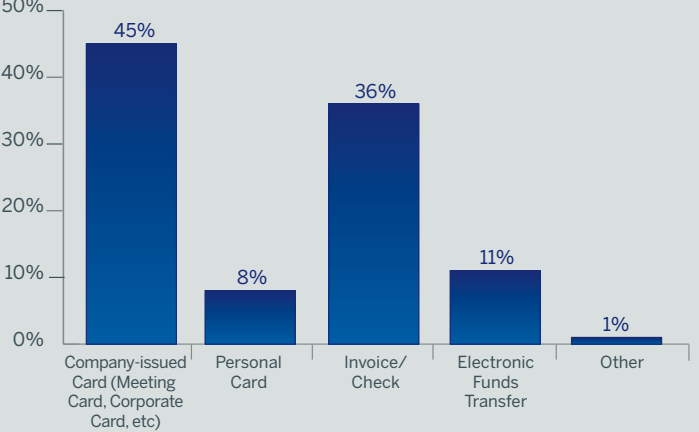
As described in the 2013 Meetings Forecast, across all regions of the world companies are planning to do more with less in the coming year, regardless of whether their overall meeting budgets and activity are increasing or decreasing. As companies of all sizes continue to look for ways to maximize the value of their meetings investment, it is important that payment and expense management processes not be overlooked as a means to advance this goal. Often times, improving visibility into meetings expenses – isolated from other business related expenses – is an integral first step in the development a strategic meetings management program (SMMP).

Within other business expense categories, the benefits of developed procure-to-pay processes have been well demonstrated, as a means to achieving a consolidated view of spending and identifying additional savings and efficiencies. Companies can benefit from processing their meeting expenses with the same rigor.

Since meetings-related expense management may represent one of the last areas that companies have fully scrutinized, the 2013 American Express Meetings Forecast survey sought to gain greater insight into meeting payments and payments-related activities.

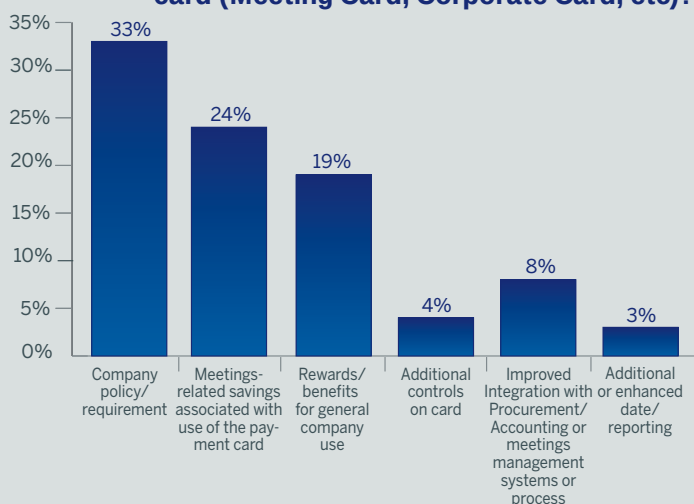
Our survey results indicate that Company-issued Cards, such as Corporate Meeting Cards, Corporate Cards or Corporate Purchasing Cards, are used by 45% of company-employee meeting planners in North America (figure 16), yet among outsourced 3rd party meeting planners within the same region, 88% report that they use company-issued company cards on behalf of their clients. This suggests

Figure XVI: **What payment methods do you use most frequently for your company meetings? (Select all that apply)**



(Source: American Express and Maxvantage North American Meeting Buyer Survey, September 2012)

Figure XVII: **What would most increase the likelihood of you using a company-issued payment card (Meeting Card, Corporate Card, etc)?**



(Source: American Express Meetings & Events EMEA Survey, October 2011)

that larger, outsourced or more mature strategic meetings management programs see value in the use of these payment tools as an integral part of their procure-to-pay processes. North American companies are more likely to have adopted the use of Company-issued Cards for payment of meeting expenses but the opportunities and benefits are applicable to all regions of the world.

Meetings payments methods are often manual.

Despite the presence of Company-issued cards the use of manual invoice/check payment processes is still prevalent. 36% of company-employee planners, and 22% of 3rd party planners surveyed utilize invoice/check processes for some or all of their meetings payments. Electronic funds transfer and personal cards are also used by planners and multiple forms of payments are often used within one company.

The Power of Policy

The absence of an established or sufficiently detailed meetings payment policy appears to facilitate this pattern of multiple meetings payment practices. Among both company-employee and 3rd party planners, the most frequently cited motivator for increased likelihood of use of a company issued payment card is a company policy/requirement (figure 17). A smaller but significant number of respondents indicated that meetings-related savings, or company rewards and benefits, would increase the use of a company-issued payment card.

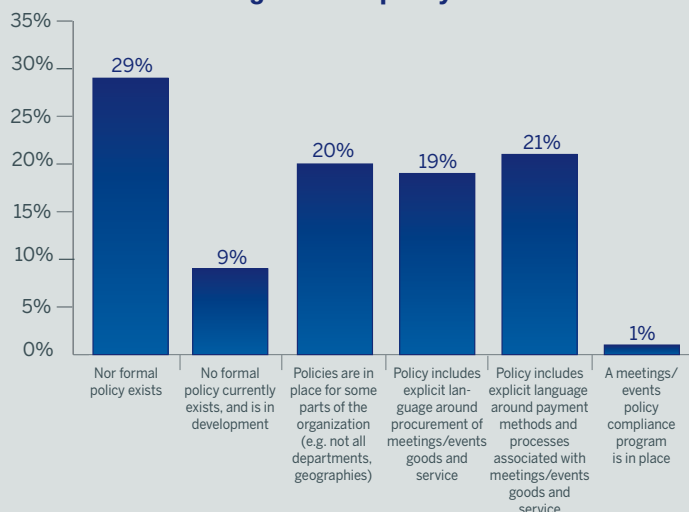
Meetings policies continues to evolve

It's not surprising then, that a comprehensive and explicit meetings policy is at the core of the most successful and strategically focused meetings and events programs. Among survey respondents however, the prevalence and content of company meetings policies varied widely. Thirty-eight percent of North American companies reported that they currently have no formal meetings policy to guide their meetings planning or payment activities (figure 18). Additionally, while 60% of companies indicate that a meetings policy is in place for some or all parts of their organization, important differences in policy content are present. Among companies with policies in place, less than one-quarter have policies that include explicit language regarding meetings related payment methods and processes. Similarly, language pertaining to the procurement of meetings related goods and services is absent in the majority of existing meetings policies. These findings indicate a significant opportunity to further formalize and clarify meetings procure-to-pay policies and procedures.

Once these policies are developed, the resulting compliance must be measured in order to evaluate their effectiveness. Despite efforts to develop and implement a meetings policy, only 1% of respondents have a formal means required to assess them.

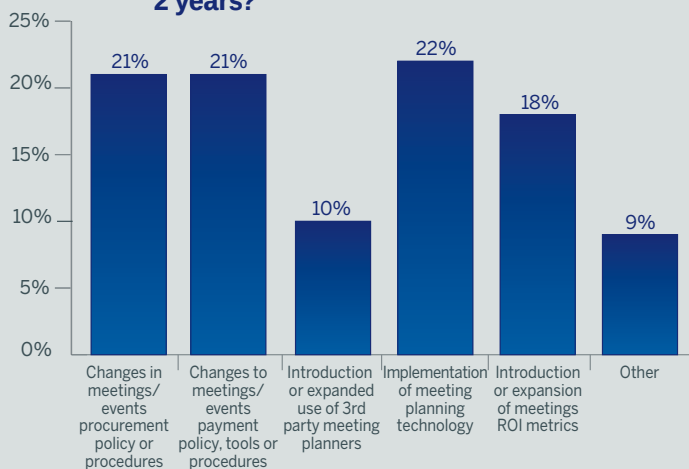
This situation is likely to change in the future as the importance of addressing meetings policy and procedures appears to be growing within a notable number of companies. When queried about activities planned for meetings programs over the next 24 months, 40% of respondents indicated that either the creation of new policy, or changes to meeting payments or procurement policy, tools or procedures were anticipated in their organizations.

Figure XVIII: **What best describes your organization's meetings/events policy?**



(Source: American Express and Maxvantage North American Meeting Buyer Survey, September 2012)

Figure XIX: **What meetings/events related changes are planned for your organization over the next 2 years?**



(Source: American Express and Maxvantage North American Meeting Buyer Survey, September 2012)

Hotel suppliers perceive value in the use of commercial payment vehicles

Hotel suppliers, key partners in the execution of most meetings and events, also see value in the use of commercial payment vehicles in two areas – business process improvement and financial. Business process improvements are the most frequently cited benefit. These benefits are derived from streamlined back-end accounting processes that are more automated, less time-consuming and less prone to error when a Card payment is used. In addition, billing, payment processing and accounts receivable processes are simplified. These process improvements translate to reduced costs for hotels, and conceivably for meeting owners as well. More explicit financial benefits of Card use were also reported by hotel suppliers; most notably reduced risk associated with non-payment and improved speed of payment and cash flow. Given that both suppliers and meeting owners stand to benefit from simplified payment processes, consideration should be given to specifying the use Company-issued Cards as the agreed upon form of payment when establishing supplier agreements and negotiating individual meeting contracts. Conversely, perceived limitations or impediments around Card-based hotel payments need to be fully explored since it appears that there are inherent benefits for both corporations and hotels that can be further maximized.

Summary

Meetings management is a highly process-oriented function that benefits from the establishment of guiding principles and a management framework. The opportunity to integrate rigorous procure-to-pay processes such as the use of Company-issued Cards is one such method to help further control and refine a company's meeting investment. The specific relationship between meetings policy, policy compliance efforts and the adoption of these payment methods is evident in these survey findings.

A wide range of stakeholders and decision makers, including those with meeting planning responsibility, and senior leaders in finance, risk and procurement all can play a part in increasing the value of meetings in their organizations if they come together to discuss and define the company guidelines regarding the use of commercial payment vehicles for meetings. As the need to maximize the value of meetings continues to grow as a corporate priority, payments and expense management policies, tools and processes should remain an area of focus for companies and their meetings partners.

Trends by Region and Commentary

North America

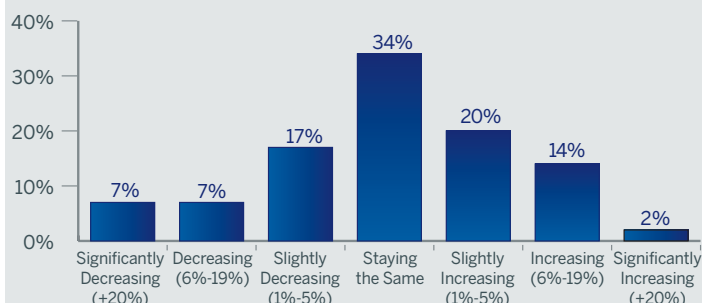
'Status quo' is perhaps a good way to summarize the likely state of the North American meetings industry in 2013. The region experienced mild growth in 2012 according to IBTM Global Meetings Industry Research, and looking ahead to next year, the meeting planners surveyed predict the market is likely to remain the same or possibly show a very small increase in 2013. The results from our survey of meeting planners are quite evenly distributed for most of the key meeting factors, but also point slightly towards further industry growth. On a positive note, more survey respondents are indicating industry growth rather than decline. Unfortunately, the size of the declines predicted are larger which eliminates most of the growth at an industry level.

Meetings Activity

Based on the survey results of North American meeting planners, the average the number of meetings per company is predicted to stay the same in 2013. Only 5% more survey respondents are leaning toward an increase than a decrease in the number of meetings, and those indicating a decrease are suggesting a larger decline. These responses illustrate the uncertainty that exists within the market. Companies are trying to gauge how much of an investment to make in their meetings efforts for 2013, without having a strong sense of what the economy will look like. Companies hoping to grow their meetings programs seem to be 'hedging their bets', while companies reducing their activity are planning to cut their number of meetings more significantly.

As these results were gathered prior to the US Election in November, 2012 there is a sense among suppliers that meeting activity predictions are slightly more depressed than what may actually occur. According to John Meissner, Executive

Figure 25: ...number of meetings per company is...

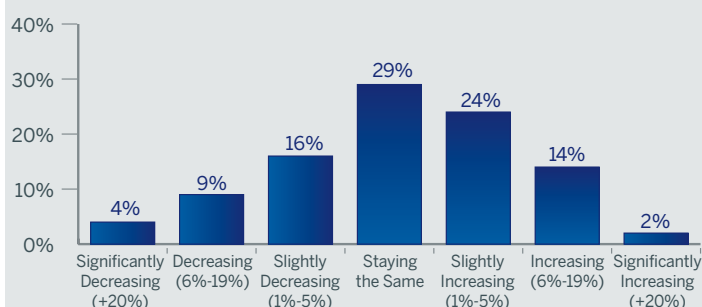


(Source: American Express and Maxvantage North American Meeting Buyer Survey, September 2012)

Prediction: Number of Meetings

0.0% ►

Figure 26: ...number of attendees per meeting is...

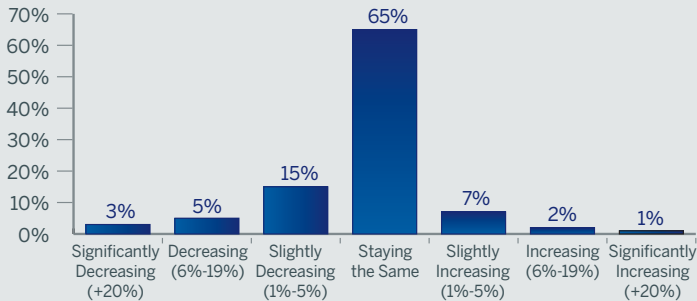


(Source: American Express and Maxvantage North American Meeting Buyer Survey, September 2012)

Prediction: Number of Attendees

0.0% ►

Figure 27: ...number of days per meetings is...



(Source: American Express and Maxvantage North American Meeting Buyer Survey, September 2012)

Prediction: Number of Days per Meeting

0.9% ▼

Director, Meetings & Incentives, North America for Fairmont Raffles Swissotel Hotels & Resorts, “Being in an election year can hurt our business in some markets as many meeting planners and corporations are waiting to see who wins and what effect a possible change in leadership might have on their business.”

Responses also vary widely regarding the average number of attendees per meeting with an overall indication of meeting size remaining essentially flat. A greater share of meeting planners surveyed expect meeting sizes to increase in 2013 versus last year. For every four planners predicting an increase, there are only three predicting a decline as compared to an even split last year (24% increase, 25% decrease). While many companies plan to welcome larger groups, a smaller number will reduce their meeting sizes by 20% or more.

Suppliers are quick to point out that occupancy in the first quarter of 2013 is already tight for larger meetings. Fewer new properties capable of supporting events of this size have been built recently, and demand feels like it increasing faster than supply. According to Julie Hills, Managing Director of Corporate Group Sales for Hilton Worldwide, “Within the US, we’re seeing a tendency more towards conversion of existing properties to the major brands, rather than new property builds, which results in the capacity issues for large meetings continuing into the future.”

Respondents are much more aligned regarding the predicted length of meetings (figure 25), with nearly 2/3 of respondents expecting their average meeting length to ‘stay the same’. Only eleven percent expects their average meeting lengths to increase or decrease by more than 5% and the overall indication is for the length of meetings to remain essentially unchanged in 2013, with less than a 1% decline expected. This data aligns with the global perspective provided by suppliers as well.

There is a sense that in North America, most companies have already shortened their meetings and condensed their agendas over the past few years and are not as concerned with further reductions as they are with maximizing the results. According to Steve O'Malley, SVP and General Manager of Maxvantage, "We've seen recently that clients are deciding to make their meetings just a little longer, perhaps a quarter to a half-day increase, and attendance is rising. Once they decide to hold a meeting, they are definitely trying to make the most of it."

Meetings Budgets & Planning

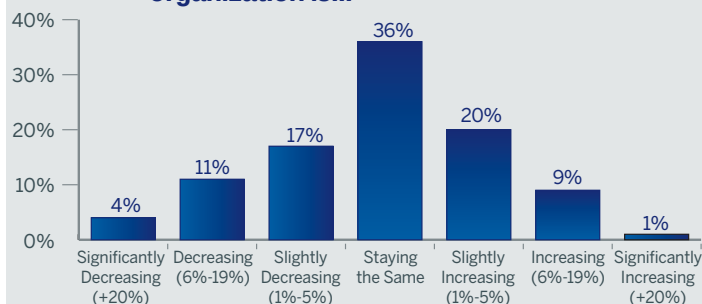
In our 2012 forecast, we saw a slight downward trend in overall spending from our survey data and a larger downward trend for individual meeting budgets.

For 2013, responses regarding overall spend were fairly evenly distributed, with an anticipated decrease of just 1%, as a result of a small number of respondents who plan deeper cuts.

Data indicates that plans for any individual meeting budgets cuts are more measured this year with the 2013 ratio of decreases to increases at 3:2 instead of 3:1 for 2012. The overall average decrease indicated by planners is just 1.7%, which is essentially flat. We appear to be reaching a point where many companies have also 'trimmed the fat' from their meetings expenses and do not want to cut further out of concern that it will impact their results.

The trend toward local meetings, which reduces travel costs, will likely be the largest source of savings for companies hoping to reduce their meeting budgets, since it was noted above that meeting size and length are not expected to decline significantly in 2013.

Figure 28: ...overall meeting spend within the organization is...

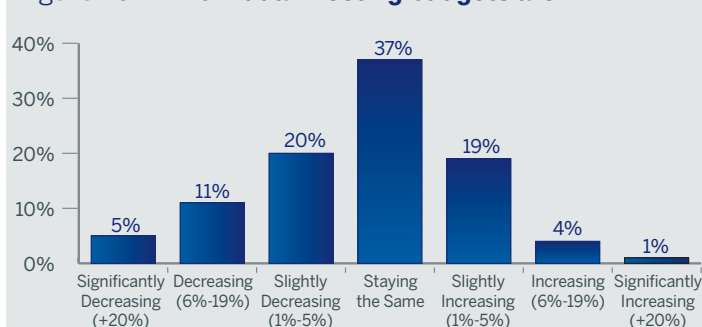


(Source: American Express and Maxvantage North American Meeting Buyer Survey, September 2012)

Prediction: Overall Meeting Spend

1.0% ▼

Figure 29: ...individual meeting budgets are...

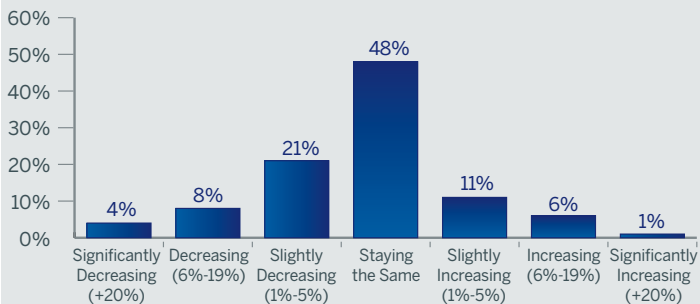


(Source: American Express and Maxvantage North American Meeting Buyer Survey, September 2012)

Prediction: Individual Meeting Budgets

1.7% ▼

Figure 30: ...lead time for meetings is...



(Source: American Express and Maxvantage North American Meeting Buyer Survey, September 2012)

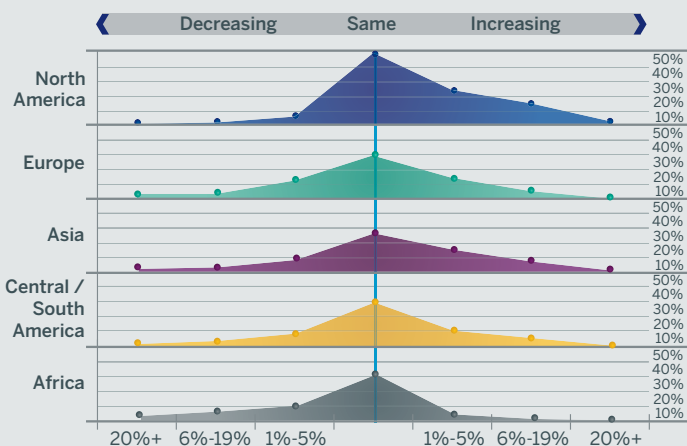
Prediction: Lead Time for Meetings

1.2% ▼

Prediction: North American Demand for the Following Regions:

North America	Europe	Asia	Central/South America	Hotel Supplier
2.8% ▲	0.0% ►	0.7% ▲	0.0% ►	2.7% ▼

Figure 31: ...demand in the following regions is...



(Source: American Express and Maxvantage North American Meeting Buyer Survey, September 2012)

Average lead times have been much shorter than pre-recession averages for several years now and it seems there is little room for a further decline. Whereas in our 2012 forecast, 62% of respondents predicted lead times to decline, only 33% see lead times decreasing further in 2013. Based on survey responses, lead times are not expected to change in 2013 by any statistically relevant amount.

These survey results are supported by the latest data from Maxvantage, showing average lead times in August and September 2012 to be at their lowest rates in 21 months. As suppliers already have noted that availability has tightened, meeting owners are likely realizing that their property choices can become limited if they wait too long to commit to an event. We may begin to see some meeting planners using this information to press for earlier internal approvals of their events.

It also appears that the industry may be reaching the minimum lead times required in order to effectively coordinate a meeting, hence the flattening out of lead times expected.

Meeting Locations

Nearly 90% of survey respondents predict demand for meetings within their region to remain the same or increase, with an indication towards 2.8% more meetings. North American demand for all other regions will likely remain unchanged, with the exception of a slight decrease for meetings in Africa.

Meeting owners should be prepared to face reduced availability in 2013 as a result of this push towards local meetings. Even though overall activity is predicted to be flat, the shift towards local destinations could create a situation of demand outstripping supply in certain areas of North America, particularly the Top 10 cities within the region.

When choosing properties for their meetings in 2013, 44% of North American respondents say they will likely continue to shift away from luxury properties as they did in 2012. Use of resort properties appears to be stabilizing, perhaps indicating that incentive program activity is stabilizing as well. Several hotel representatives interviewed noted that incentive meetings seem to be 'coming back' as they look ahead to 2013.

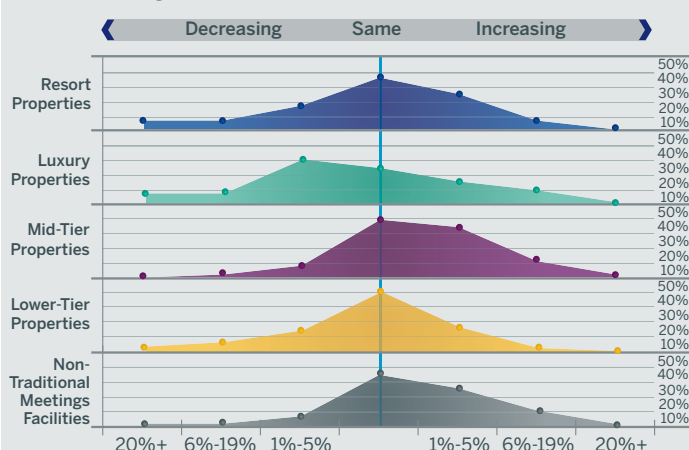
Mid-tier properties are once again likely to experience the greatest gains from property migration in 2013, with 47% of respondents planning to increase their use. Planners looking for mid-tier properties in popular destinations would be well advised to book early in order to secure their preferred location as the combination of increased overall activity and shift in demand will likely adversely impact their availability and pricing.

Non-traditional properties, such as universities, large restaurant locations, and aquariums are the only other property type where demand is predicted to slightly increase. The increased interest in these locations appears to be a combination of two factors: cost, and a desire to provide a unique experience to attendees.

Restaurants are seen by some meeting planners as a lower-cost alternative to single day events at hotels, so long as the restaurant capacity is sufficient and the ambience is appropriate. In other cases, hosting events at non-traditional locations may actually be more expensive than hotel-based events, but offer more memorable experiences that will support the achievement of each meeting's overall objectives. Examples noted within North America have included the transformation of a rooftop parking garage in Washington, DC, to offer attendees a 'dinner under the stars', events held within historical train stations in Los Angeles and San Francisco, and the hosting of an event within an upscale department store in Toronto. Among meeting experts in North America, there is a sense that approximately 2-4% of events

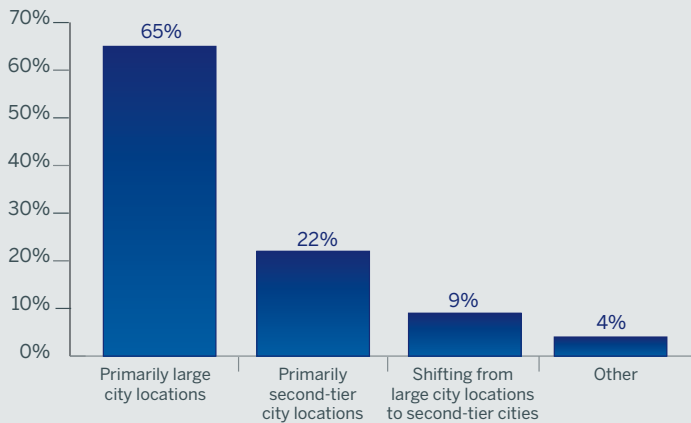
Prediction: Demand of Property Types				
Resort Properties	Luxury Properties	Mid-Tier Properties	Lower Tier Properties	Non-Traditional Meetings Facilities
0.9% ▼	1.8% ▼	2.4% ▲	1.3% ▼	1.9% ▲

Figure 32: ...demand for the following property types is...



(Source: American Express and Maxvantage North American Meeting Buyer Survey, September 2012)

Figure 33: ...events are taking place in...



(Source: American Express/Maxvantage Internal Group Air Expert Survey, November 2013)

Table 3

Top 10 US Cities based on Meetings & Events Activity
1. Orlando, FL
2. Washington, DC
3. Las Vegas, NV
4. Miami, FL
5. Chicago, IL
6. San Diego, CA
7. Phoenix, AZ
8. Atlanta, GA
9. Dallas, TX
10. New Orleans, LA

(Source: Cvent, 2012)

are being held at non-traditional facilities in place of hotel-based events, with interest from large corporations growing significantly year over year.

Lower-tier property demand appears to be relatively flat in 2013. Many meeting planners reserve the use of lower tier properties for their internal meetings only.

Surveys indicate that large cities will remain the most popular location for meetings in North America, with nearly 2/3 of respondents saying they best reflect their location choices for 2013. Nine percent of planners see themselves shifting to second-tier cities, possibly influenced by both the budget challenge and local meeting trends.

According to Cvent, a leader in cloud-based event management solutions, the top 10 US cities based on meeting and event booking activity between July 2011 and 2012 within its Cvent Supplier Network are shown in Table 3.

As these are traditionally popular meeting locations and there are no indications that these markets or others are making significant changes in infrastructure or development in the coming year, no change is expected to this list for 2013.

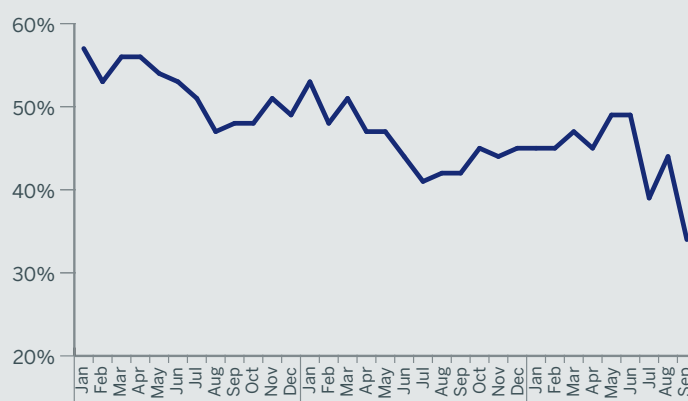
Availability

As we head in 2013, data from Maxvantage based on client RFP responses points to a continued decline in availability amongst hotel properties (figure 34) with availability reaching a low of 34% in September of 2012.

As noted in the global section above, the 2013 supply of new 3-5 star hotel properties is very low, estimated at 1.5% globally with only 16% of those properties scheduled to open North America. Maxvantage is definitely seeing compression occurring in the marketplace, likely in part due to this lack of new supply. Meeting planners who delay their sourcing process too long will likely find they are unable to secure their top property choices as a result of the space already being sold.

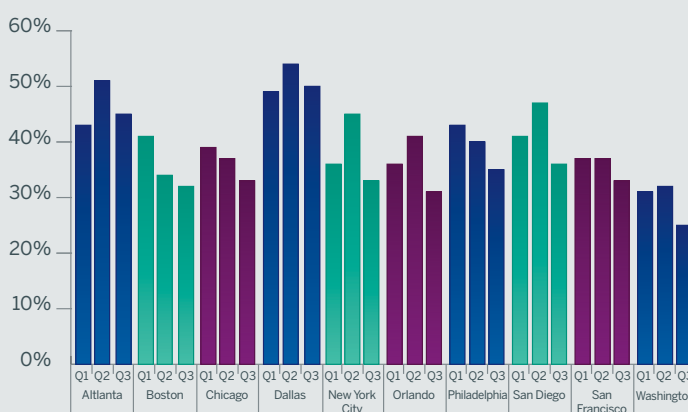
By Q3 2012, availability in nearly all of the top cities in figure 35 below had declined to below their Q1 2012 values, which aligns with the average availability data above. The severity of this challenge does vary by destination, however. Dallas and Atlanta still indicated availability rates above 40% during Q3 2012. In contrast, Washington, DC availability shrank to just 25% during the same period. Meeting planners would be wise to consider at least one city that has indicated higher availability when sourcing.

Figure 34: **Availability: RFP responses Per Month 2010-2012**



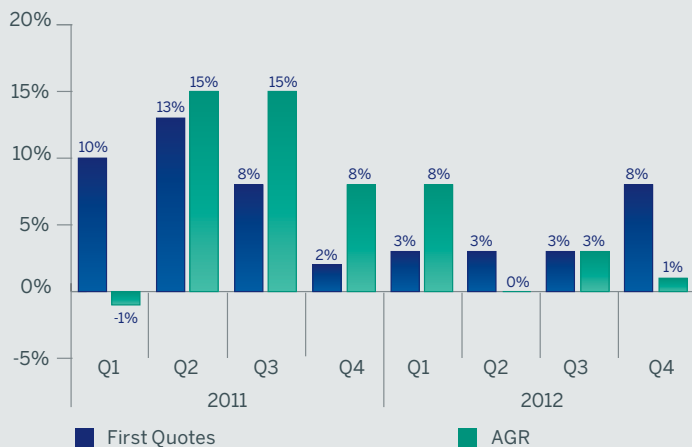
(Source: Maxvantage 2012 Trend Data, September 2012)

Figure 35: **Q1-Q3 2012 Availability in Top US Cities**



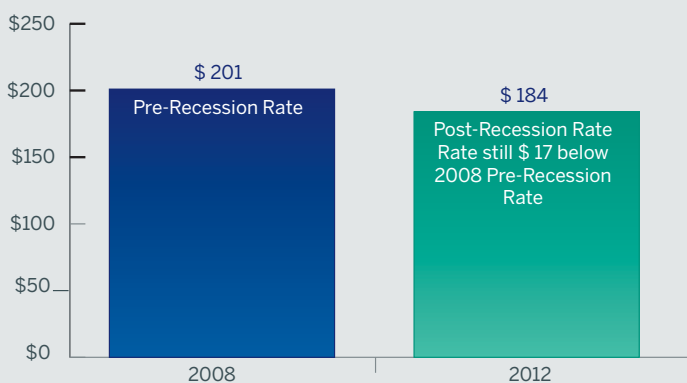
(Source: Maxvantage 2012 Trend Data, September 2012)

Figure 36: **First Quotes vs. Group AGRS (YOY Variance) based on Meeting Dates**



(Source: Maxvantage 2012 Trend Data, September 2012)

Figure 37: **Gross Negotiated AGRs 2008 vs. 2012**



(Source: Maxvantage 2012 Trend Data, September 2012)

Pricing Trends

After surviving several difficult post-recession years where rates were depressed, hotel suppliers are well aware that new hotel openings in North America have not kept up with the increase in demand for meetings, hence the decline in availability. Many suppliers are acting with the confidence that rates will have to rise eventually and are using the opportunity to increase their first quotes significantly, perhaps to 'anchor' rate negotiations to a much higher number in order to drive up the final agreed-upon rate.

First quotes, which increased (on a year-over-year basis) at approximately the level of inflation for most of 2012, have jumped 8% in Q4, according to the latest data from Maxvantage (Figure 36). Early indications are that suppliers are pushing first quotes even higher for events planned for Q1 of 2013, up 11% year over year.

It's quite possible that these suppliers are successfully securing much higher rates with companies who are handling negotiations on their own and may have waited too long to begin sourcing properties for their events. The data from Maxvantage regarding rates secured for its clients however indicates that the first quote pressure exerted by suppliers is not holding during final negotiations. Group rates in Q4 have only increased 1% (figure 36), and for early 2013, the average increase is between 1% and 3% thus far. When faced with a well-prepared negotiator with access to industry level information, many suppliers appear to be conceding their high first quote numbers and settling for a much smaller increase. The balance between supply and demand has not yet shifted enough for these suppliers to stand firm on their higher rate quotes. As noted in the global section above, suppliers indicated that rates would only increase by 3.6% globally for 2013. Maxvantage clients have also made it clear they are not prepared to accept significant rate increases as individual meeting budgets are constrained.

In dollar terms, average group rates currently remain 8.5% below their pre-recession peak of \$201 in 2008 (figure 37), but it does appear to simply a matter of time before they eventually return to that level.

Rates were previously expected to fully recover in 2012, but the market now indicates that a full recovery is more likely to occur near the end of 2013 or early 2014. If however, demand increases by more than expected, perhaps due to positive economic news, pricing power is destined to shift further to the hotel suppliers and the magnitude of the gap between first quotes and group rates is likely to close.

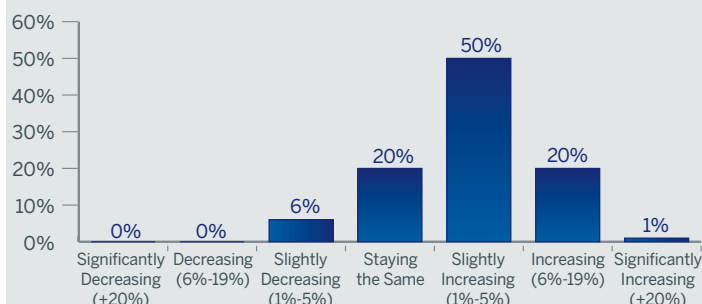
Predictions from our North American survey respondents are very consistent with the above data. Half are anticipating rates to increase slightly in 2013 (figure 38), with another 21% predicting even higher increases. Only 6% of respondents feel rate could decrease slightly next year. As a result, the overall average rate prediction is an increase of 4.2%.

Interestingly, Maxvantage data shows rate pressure has varied significantly by meeting size since 2010, with meetings between 500 and 2,000 attendees experiencing much higher increases than smaller meetings. The opening of new hotels capable of handling meetings of this size slowed significantly in the past several years, therefore availability has likely not kept up with the growth in demand.

For meetings above 2,000 attendees the pressure decreased in 2012, however that may have been a result of these meetings being booked further in advance than the other segments. The economic recovery slowed in late 2011 and early 2012 and that may be reflected in the 2012 rates for this particular segment.

Hotel rate increases obviously will also vary by location. For the purpose of this forecast, we asked PKF to predict ADR changes in 2013 and 2014 for cities frequently used for meetings within North America for both 2013 and 2014 (Table 4).

Figure 38: ...average group rates for hotels are...



(Source: American Express and Maxvantage North American Meeting Buyer Survey, September 2012)

Prediction: Average Hotel Rates

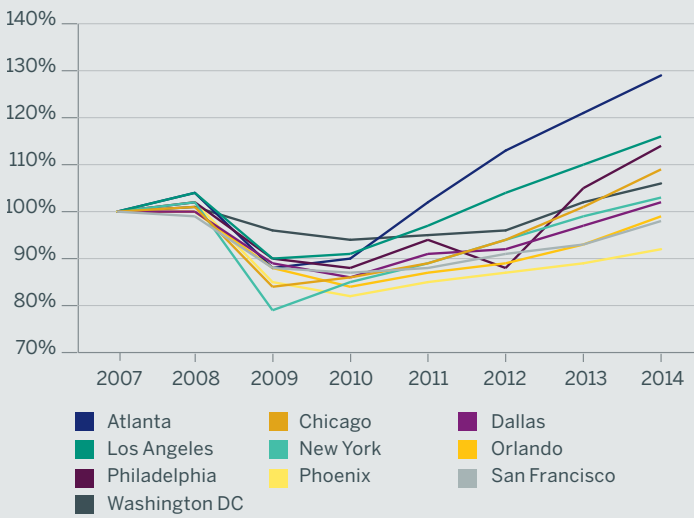
4.2% ▲

Table 4

City	Predicted ADR Increase YOY	
	2013	2014
Atlanta	0%	3%
Chicago	4%	6%
Dallas	5%	2%
Los Angeles	7%	7%
New York	5%	5%
Orlando	4%	3%
Philadelphia	7%	5%
Phoenix	4%	2%
San Francisco	13%	10%
Washington DC	1%	1%

(Source: PKF Analysis, November 2012)

Figure 39: **Top US Cities - Actual and Projected ADR Changes 2007-2014 (base rate = 2007 ADR)**



(Source: PKF Analysis, November 2012)

All cities are expected to see their rates increase over the next two years, with San Francisco rates predicted to increase the most on a percentage basis, at 13% and 10% respectively. Looking back to the peak rates of 2007 and 2008, all but three of the top cities are projected to have surpassed their 2007 values by the end of 2014. Orlando and Atlanta will be very close, but Phoenix is anticipated to struggle at 92% of their 2007 ADR. San Francisco, as noted above, is predicted to reach 129% of its 2007 ADR, followed by Los Angeles (116%) and Philadelphia (114%).

This data points towards the importance of securing negotiated rates for meetings within these cities, as a means of limiting the rising accommodation costs that are anticipated.

EMEA

Meetings Activity

As stated previously, European meeting planners overall are more cautious about 2013 than other regions but drastic changes are not expected. Many companies, particularly global corporations that are performing well, plan to expand their meeting programs in 2013.

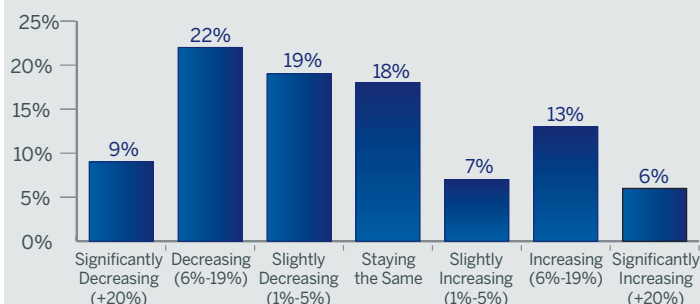
Half of all survey respondents feel their clients will hold fewer meetings in 2013, with nearly a third seeing a decrease greater than 5% (figure 40). Compared to the 2012 forecast where European meeting numbers were increasing but costs were decreasing, respondents are predicting both the number of meetings and budgets to decrease in 2013. Many companies that choose to increase their meeting activity in 2013 may also adopt the trend of using smaller, local meetings to replace traditionally larger events. This practice will help to ensure that they are still able to meet their overall corporate objectives through the strategic use of valuable in-person events.

The overall prediction for Europe is a very slight decline of 2.3% in the average number of meetings per company but survey responses from meeting planners varied widely. Meetings management organizations are likely to receive an equivalent number of inquiries from clients regarding meetings, but find that fewer of those inquiries turn into actual events, as companies 'shop around' in an attempt to minimize their meeting costs.

Exceptions to this trend are France and Germany where respondents are more evenly split in predicting meeting activity increases vs. decreases and slight increases in meetings activity is predicted. Swedish and Spanish respondents were the most likely to indicate a decline in 2013 meeting activity.

An interesting point from one UK meetings expert is that cancellation policy is rising as a factor when

Figure 40: ...number of meetings per company is...

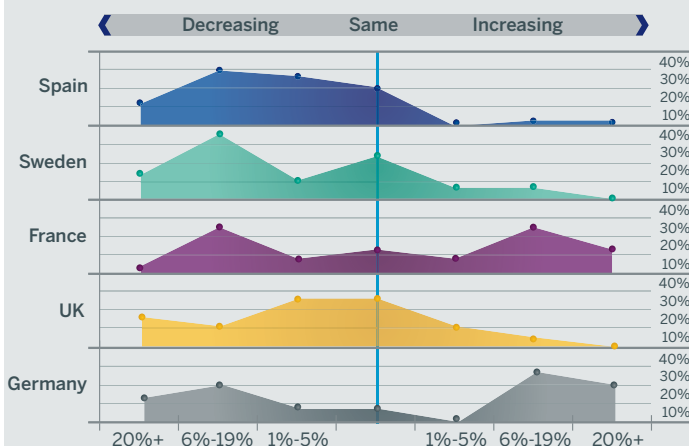


(Source: American Express Meetings & Events - Europe Survey, September 2012)

Prediction: Number of Meetings				
2.3% ▼				

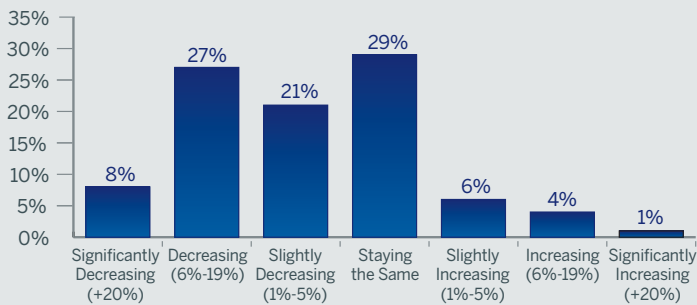
Prediction: Number of Meetings by Market:				
Spain	Sweden	France	UK	Germany
6.4% ▼	7.0% ▼	1.9% ▲	4.9% ▼	2.3% ▲

Figure 41: ..number of meetings is...



(Source: American Express Meetings & Events - Europe Survey, September 2012)

Figure 42: ...number of attendees per meeting is...

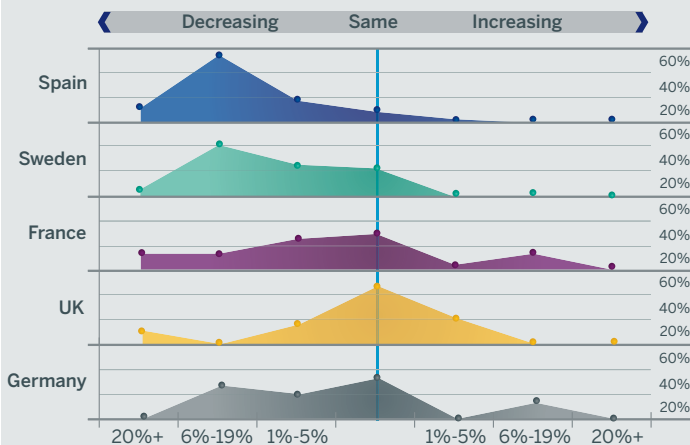


(Source: American Express Meetings & Events - Europe Survey, September 2012)

Prediction: Number of Attendees**5.2% ▼****Prediction: Number of Attendees Per Meeting by Market:**

Spain	Sweden	France	UK	Germany
10.3% ▼	7.7% ▼	3.5% ▼	2.3% ▼	2.4% ▼

Figure 43: ..number of attendees per meeting is...



(Source: American Express Meetings & Events - Europe Survey, September 2012)

choosing where to hold an event. He has noticed that planners are being very careful regarding how they commit to their meeting spend, and are trying to keep their options open in response to the perceived instability of the economy.

56% of respondents believe attendee numbers will also decrease next year (figure 42), more than double the percentage that predicted a decrease for 2012. With average attendee numbers predicted to decline by 5.2%, it appears that companies are focused on sending or inviting only those individuals who will generate the greatest return from the event.

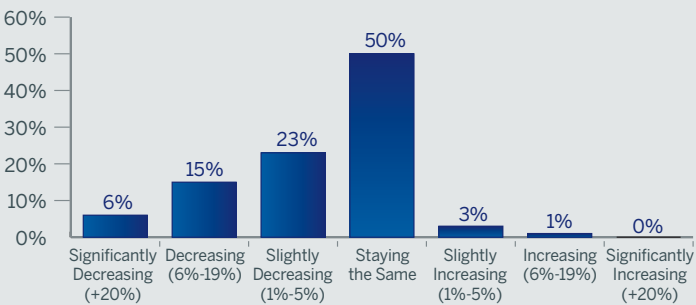
Similarly, for economy of scale reasons, a smaller number of companies are looking to hold fewer meetings, but are actually increasing attendance numbers, in order to maximize the ROI from the fixed costs associated with each event. Regardless of the chosen approach, the total meeting attendee numbers per company are likely to decline in 2013.

Survey results for Sweden and Spain are once again more conservative than others, with the UK and Germany expecting the smallest declines in attendance.

While many planners in Europe indicated meeting lengths would stay the same or decrease, any decrease in length would be slight as the average reduction is expected to be just 3.8%. Companies will continue to pack valuable content into slightly shorter meetings and eliminate many non-essential activities in order to reduce room nights, expenses, and attendee time away from the office.

Jose Miguel Moreno, Global Sales Director, Meetings and Events, Business Travel and Crews for Melia Hotels International noted that, “Many companies today are using technology to start interactions before the meeting, set appointments in advance, and continue interactions after the event, as a means of maximizing the value of these shorter meetings. They are also looking for destinations that are less than three hours travel time, with good transport connectivity to limit cost and time away from the office.”

Figure 44: ...number of days per meeting is...

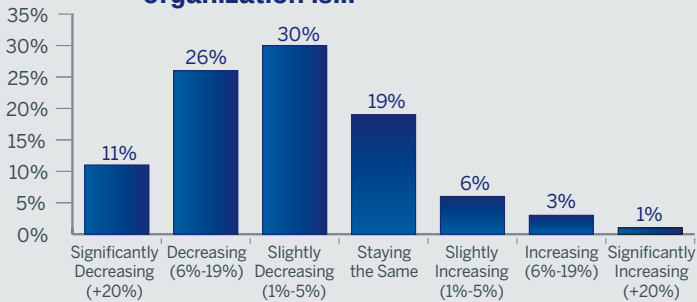


(Source: American Express Meetings & Events - Europe Survey, September 2012)

Prediction: Number of Days per Meetings				
3.8% ▼				

Prediction: Number of Days per Meetings by Market:				
Spain	Sweden	France	UK	Germany
7.1% ▼	5.3% ▼	2.3% ▼	3.0% ▼	1.0% ▼

Figure 45: ...overall meeting spend within the organization is...

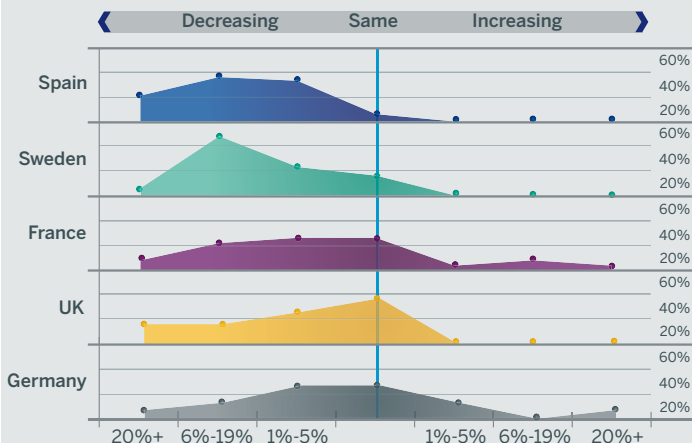


(Source: American Express Meetings & Events - Europe Survey, September 2012)

Prediction: Overall Meeting Spend

6.0% ▼

Figure 46: ..overall meeting spend within the organization is...



(Source: American Express Meetings & Events - Europe Survey, September 2012)

Prediction: Overall Meeting Spend by Market

Spain	Sweden	France	UK	Germany
10.5% ▼	8.7% ▼	3.2% ▼	6.6% ▼	2.2% ▼

Meetings Budgets & Planning

Planners indicate that they expect both overall program budgets and individual meeting budgets to be trimmed in 2013 throughout Europe.

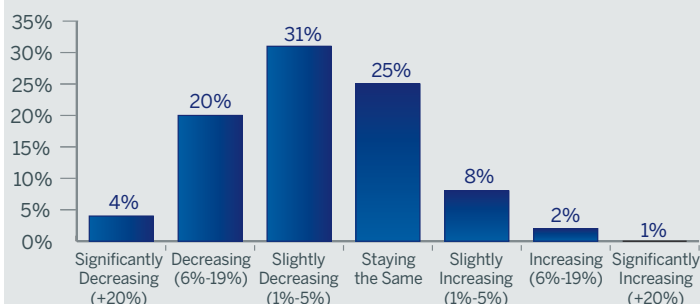
Two-thirds of planners surveyed predict a reduction in overall meeting program spend, compared to just 10% anticipating an increase in 2013 (figure 45). Fewer meetings, closer to home, with less attendees and a reduced spend per attendee, will likely add up to smaller meeting expenditures in 2013 across the region with average spend expected to decline by 6.0%.

The sentiment is consistent across the region, with only a few respondents from France and Germany predicting a spend increase, but the extent of the spend decrease varies considerably. Not surprisingly, Spanish survey respondents predict the greatest spend decline of 10.5% while German respondents are much more likely to see their program spend cut very slightly in 2013.

On an individual meeting basis, a smaller declining trend is expected with average meeting budget decreases of 4.4% anticipated (figure 47). Decisions regarding meeting location, property choice, transportation, agenda, dining and entertainment expenses will likely all being scrutinized with a goal of minimizing the expense without impacting the meeting or event outcome.

Few respondents in any country foresee increasing their individual meeting budgets and one could assume that much of the increases, where present, will be directed towards covering the higher transportation and accommodation costs likely to occur in 2013. Notably, Sweden respondents appear to be the most committed to lowering their individual meeting budgets, with only 9% predicting budgets to remain the same or increase.

Figure 47: ...individual meeting budgets...

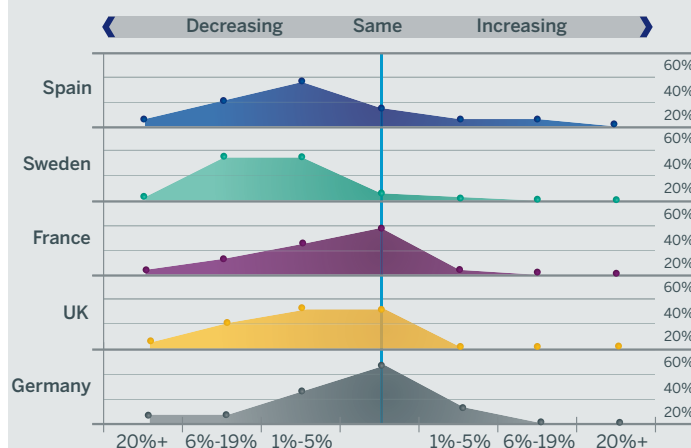


(Source: American Express Meetings & Events - Europe Survey, September 2012)

Prediction: Individual Meeting Budgets

4.4% ▼

Figure 48: Individual Meeting Budgets

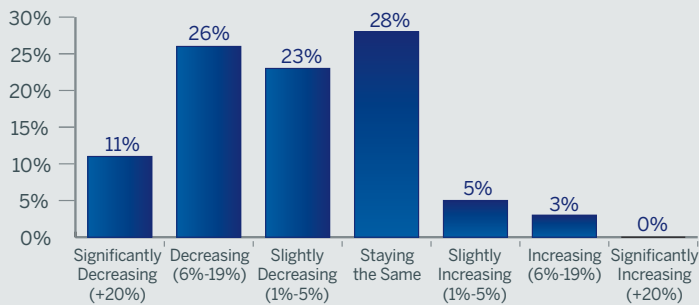


(Source: American Express Meetings & Events - Europe Survey, September 2012)

Prediction: Individual Meeting Budgets by Market

Spain	Sweden	France	UK	Germany
4.6% ▼	7.3% ▼	3.7% ▼	5.3% ▼	2.7% ▼

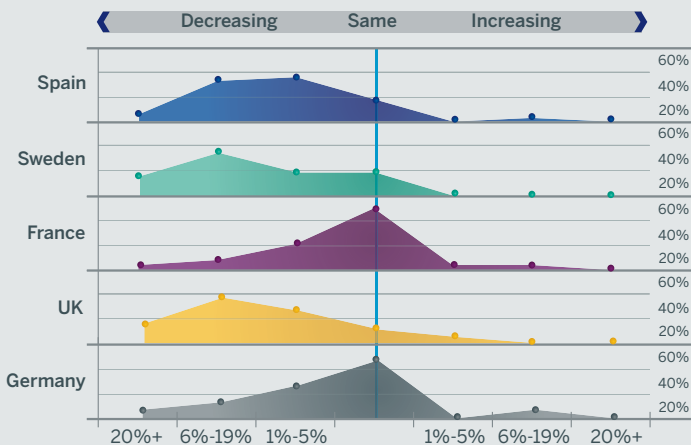
Figure 49: ...lead time for meetings is...



(Source: American Express Meetings & Events - Europe Survey, September 2012)

Prediction: Lead Time for Meetings**6.2% ▼**

Figure 50: Lead Time for Meetings



(Source: American Express Meetings & Events - Europe Survey, September 2012)

Prediction: Lead Time for Meetings by Market

Spain	Sweden	France	UK	Germany
6.4% ▼	9.5% ▼	2.1% ▼	9.2% ▼	3.1% ▼

Lead times continue to shorten across Europe as well (figure 49) with a small average decline of 6.2% expected. Companies still tend to plan larger events well in advance but are only receiving approval to move forward after the latest quarterly financial results are known. As an example, a 1,100 person meeting scheduled for December 2012 in the UK - that would normally be approved a year in advance - only received approval in September, less than 90 days from the event's start date.

There is a sense amongst meeting planners that, with the exception of the largest of events, short lead times are the 'new normal'. Only after the economy has recovered and confidence has returned can we expect to see approvals coming earlier in the planning cycle. In France, lead times of just 3 weeks to a month are now typical for meetings of 50 to 100 participants.

Sweden again appears to be the most cautious of the individual countries, followed by the UK, with declines of over 9% predicted based on our survey results. Sweden's economy is heavily dependent on exports, and the fear of reduced demand from EU countries may be driving this conservative approach to meeting spend and approvals for 2013.

Meeting Locations & Destinations

European meeting planners see the demand to host their meetings in different regions is remaining relatively stable. Local meeting demand within Europe is expected to increase slightly and demand for meetings outside of the region with decline by a similar amount, which aligns with the trend towards lower cost, local meetings (figure 51).

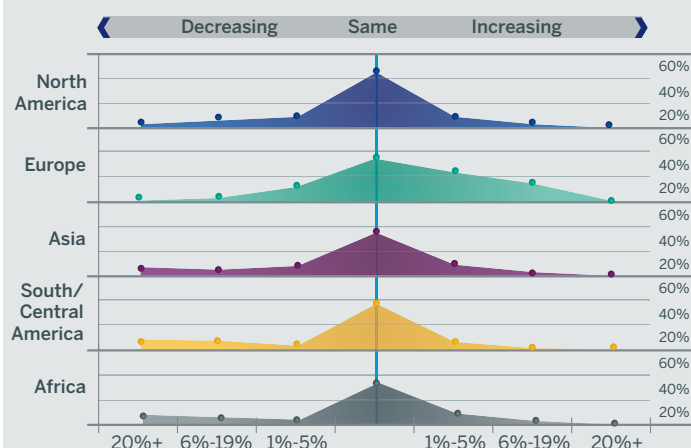
Increased interest is expected for desirable Eastern European locations such as Prague, Budapest, or Istanbul which are seen to offer high value at a lower cost than more traditional European locations. Some hesitation amongst meeting owners to book events in Greece has been noticed recently as well, due to the economic situation and concerns about the potential interruption of public services.

The list of top city destinations for meetings within Europe (Table 5) was developed based on the activity of American Express Meetings & Events clients. All are major cities known to be historically popular destinations for meetings.

Prediction: European Demand for the Following Regions

North America	Europe	Asia	Central/South America	Africa
1.5% ▼	1.9% ▲	2.6% ▼	1.7% ▼	3.2% ▼

Figure 51: ...demand in the following regions is...



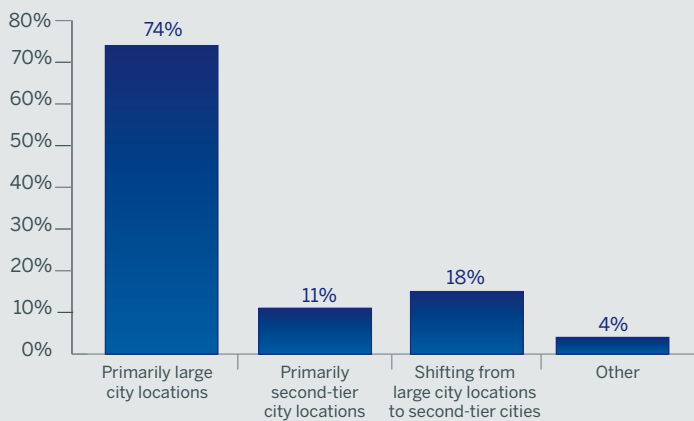
(Source: American Express Meetings & Events - Europe Survey, September 2012)

Table 5

Top European Cities for Meetings & Events based on Number of Meetings Hosted
1. London
2. Paris
3. Amsterdam
4. Barcelona
5. Brussels
6. Nice
7. Berlin
8. Frankfurt
9. Rome
10. Munich

(Source: American Express Meetings & Events Destination Analysis, November 2012)

Figure 52: ...events are taking place in...



(Source: American Express Meetings & Events - Europe Survey, September 2012)

Large city locations remain the most popular for holding events by a large margin (figure 52). Only 18% of respondents see the shift to second-tier cities continuing in 2013 as a means of reducing costs, as compared to 26% predicting a shift in 2012. For events drawing many attendees from outside the host country, travel times via air or rail to larger cities can be significantly shorter and that act as a counterweight against the lower cost structure of secondary cities.

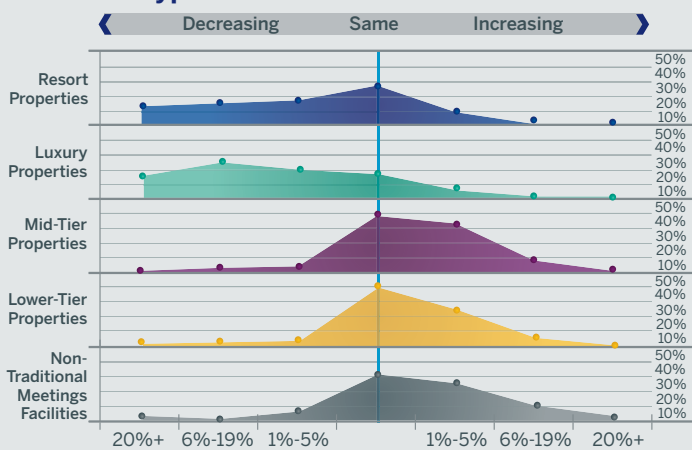
The movement away from resort and luxury properties will likely continue in 2013 for both cost and perception reasons. Demand for other property types is expected to remain essentially flat.

Several meeting experts noted that many major hotel brands appear to be diversifying their property portfolios across Europe to accommodate demand at a wider variety of grade levels.

Prediction: Demand of Property Types

Resort Properties	Luxury Properties	Mid-Tier Properties	Lower Tier Properties	Non-Traditional Meetings Facilities
6.1% ▼	8.0% ▼	1.7% ▲	1.0% ▲	2.1% ▲

Figure 53: ...demand for the following property types is...



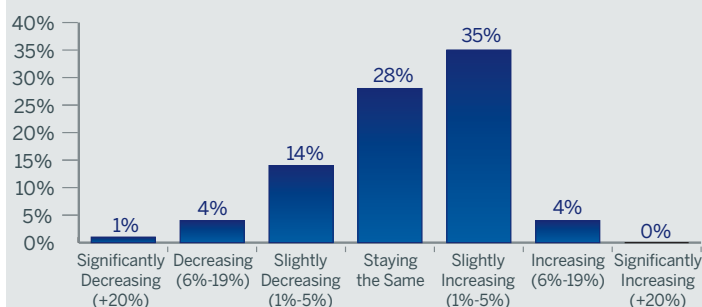
(Source: American Express Meetings & Events - Europe Survey, September 2012)

Pricing Trends

In Europe, the overall prediction by survey respondents for hotel group rates to remain flat in 2013 is perhaps overly cautious. Several planners expect rates to rise slightly higher, in the range of 1-5%, to follow anticipated inflation figures for the region.

Respondents from Spain, a country with considerable economic uncertainty at this time, point to an average rate decline of 2.8% for 2013 (figure 54). Conversely, suppliers in the Nordics and Germany, with their stronger economies, are seen to be in a better position to raise their rates next year.

Figure 54: ...average group rates for hotels are...

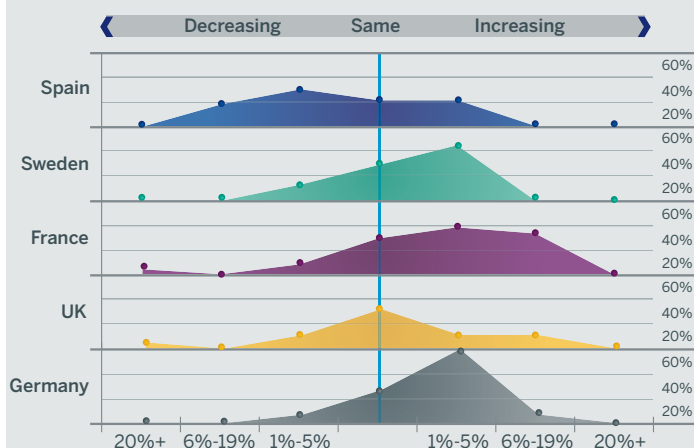


(Source: American Express Meetings & Events - Europe Survey, September 2012)

Prediction: AverageGroup Hotel Rates

0.0% ►

Figure 55: ...average group hotel rates are...

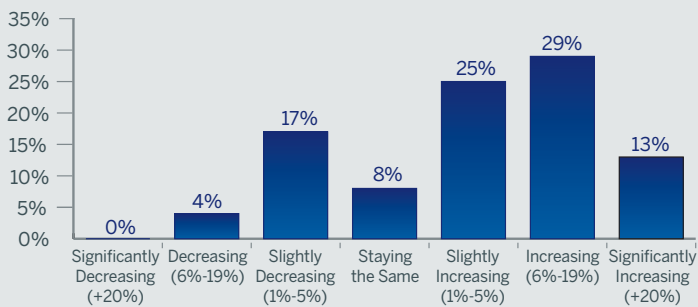


(Source: American Express Meetings & Events - Europe Survey, September 2012)

Prediction: Average Group Hotel Rates by Market

Spain	Sweden	France	UK	Germany
2.8% ▼	1.1% ▲	0.0% ►	0.0% ►	2.4% ▲

Figure 56: ...number of meetings per company is...

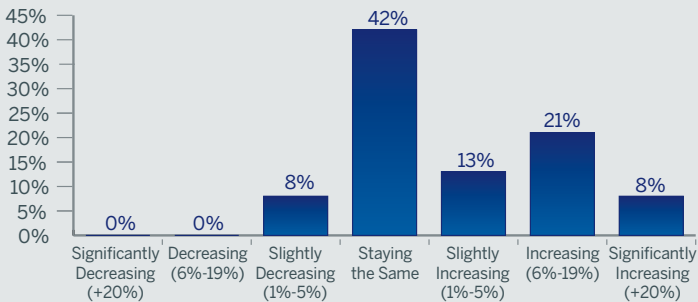


(Source: American Express Meetings & Events – Asia-Pacific Survey, September 2012)

Prediction: Number of Meetings

6.4% ▲

Figure 57: ...number of attendees per meeting...

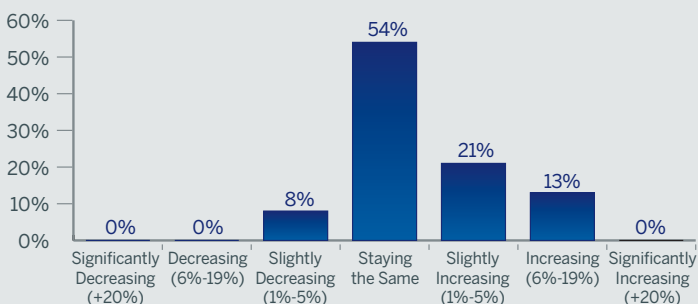


(Source: American Express Meetings & Events – Asia-Pacific Survey, September 2012)

Prediction: Number of Attendees

5.0% ▲

Figure 58: ...number of days per meeting...



(Source: American Express Meetings & Events – Asia-Pacific Survey, September 2012)

Prediction: Number of Days per Meeting

2.0% ▲

ASIA PACIFIC

Of all the regions surveyed, respondents from Asia Pacific are the most optimistic about 2013, with predictions for growth in meeting activity and overall meeting spend. As the region's economy continues to expand in 2013, the meetings industry will likely continue to enjoy this rising tide.

Meetings Activity

As compared to predictions for 2012 (57% increase, 9% decrease), 2013 survey data indicates that meetings activity plans are more diverse, but also more aggressive regarding growth (figure 56). Two-thirds of respondents expect meeting activity per organization to increase, and of those, over 40% see increases of 6% or more occurring. Overall, the survey results indicate a 6.4% increase in the average number of meetings per company in 2013.

While activity will likely increase, some clients do appear to be adjusting the parameters of their meetings, such as switching to a lower cost venue or reducing the meeting length.

The number of attendees per meeting is expected to continue to increase in 2013 (figure 57), similar to 2012 predictions for the region, once again bucking the trend towards smaller meetings seen in other regions. With only 8% of respondents expecting a slight decline, attendee numbers are predicted to rise by 5% next year. Experts in the region feel that this growth can likely be attributed to Asian companies growing in size and therefore the number of individuals required to attend events is rising as well.

Meeting length is also predicted to grow incrementally, by 2.0% on average for the region, as compared to all other regions where meetings are getting shorter. It would appear that as Asian companies expand, the agenda for events is growing as well and meetings are being slightly extended.

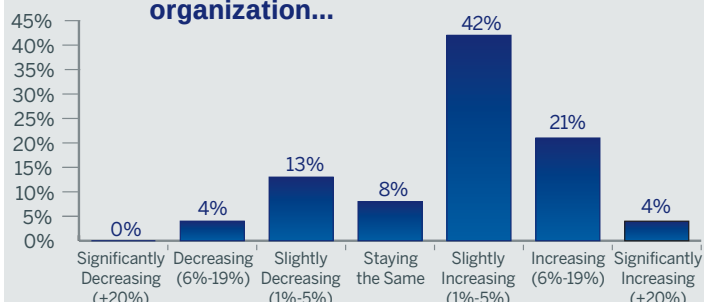
Meetings Budgets & Planning

Two-thirds of respondents predict overall meeting spend to increase in 2013 – the same as predict meeting activity to grow – but not to the same extent. Overall meeting spend per company is expected to grow 4.2%, less than the predicted 6.2% increase in activity, which includes on average, larger and longer meetings. These survey results point to growth in Asia Pacific that is ‘cost-conscious’ with average meeting spend per attendee contracting slightly in 2013.

To accommodate these changes in meeting size and length, one would anticipate individual meeting budgets to grow accordingly, however predictions are mixed for 2013 (figure 60) and individual event budgets are predicted to essentially stay the same. Interviewee comments reflect these results as they see clients asking them to ‘do more with the same amount of money’.

In addition, predictions for decreases in lead times (42%) are stronger than 2012 predictions for the region, but the expected decline is small. (figure 61). While meeting planners are expected to spend more overall next year, they will likely have to wait a bit longer before securing approval for their meetings. This can drive the need to source a larger number of properties as there is decreased availability in many choice locations due to the continued increase in demand and activity.

Figure 59: ...overall meeting spend within the organization...



(Source: American Express Meetings & Events – Asia-Pacific Survey, September 2012)

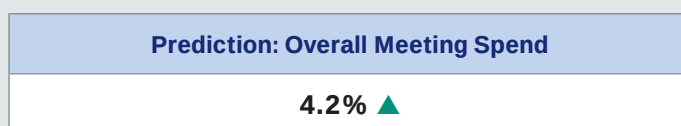
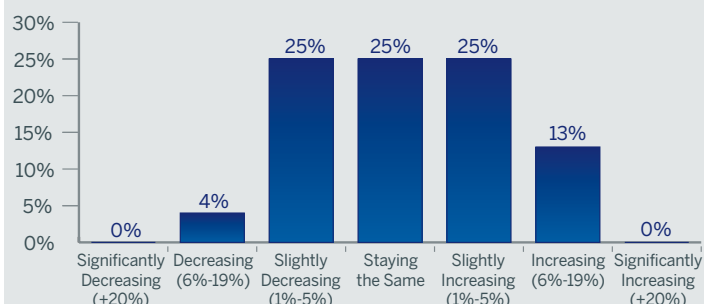


Figure 60: ...individual meeting budgets are...



(Source: American Express Meetings & Events – Asia-Pacific Survey, September 2012)

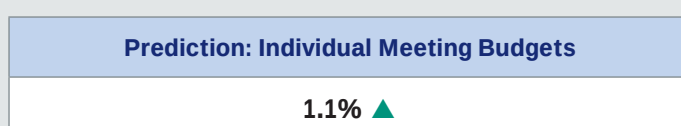
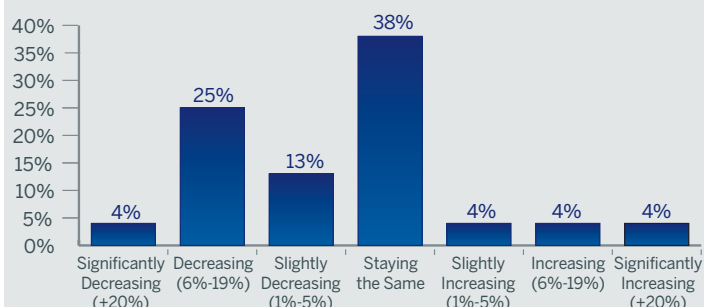


Figure 61: ...lead time for meetings is...



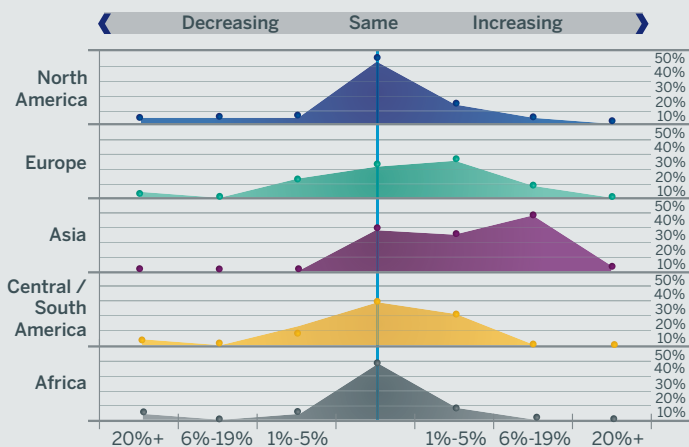
(Source: American Express Meetings & Events – Asia-Pacific Survey, September 2012)



Prediction: Asian Demand for the Following Regions:

North America	Europe	Asia	Central/South America	Africa
0.9% ▼	0.7% ▲	6.6% ▲	1.0% ▼	1.5% ▼

Figure 62: ...demand in the following regions is...

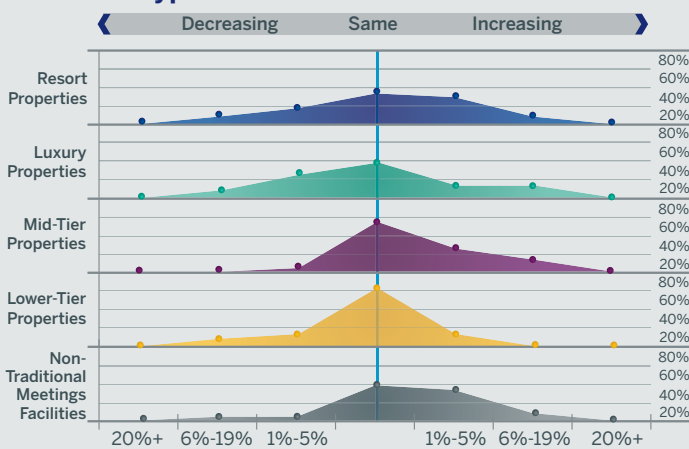


(Source: American Express Meetings & Events – Asia-Pacific Survey, September 2012)

Prediction: Demand of Property Types

Resort Properties	Luxury Properties	Mid-Tier Properties	Lower Tier Properties	Non-Traditional Meetings Facilities
0.0% ►	0.0% ►	2.3% ▲	1.1% ▼	1.6% ▲

Figure 63: ...demand for the following property types is...



(Source: American Express Meetings & Events – Asia-Pacific Survey, September 2012)

Meeting Locations & Destinations

Asian meeting planners expect demand for meetings hosted locally within the region to grow by 6.6% in 2013. Demand for all other regions will remain virtually unchanged. Meeting experts have noted that their Asia Pacific clients tend to like to select new destinations and properties when the funds will allow for it but it appears that the growth will be constrained primarily to within the region.

Increased interest in hosting meetings in countries such as Vietnam, Cambodia, Myanmar, Philippines, S. Korea and Taiwan is appearing from both within Asia and outside of the region. Shaun Casey, Regional Director EMEA for Pacific World, a global DMC and Professional Congress Organizer (PCO) with experience in the region, senses that “as the major global hotel brands increase their presence in these countries, meeting planners are becoming more comfortable with choosing them as destinations for their events. There's a real interest from North America and Europe in these destinations that are less well-known and are perceived to be exotic.”

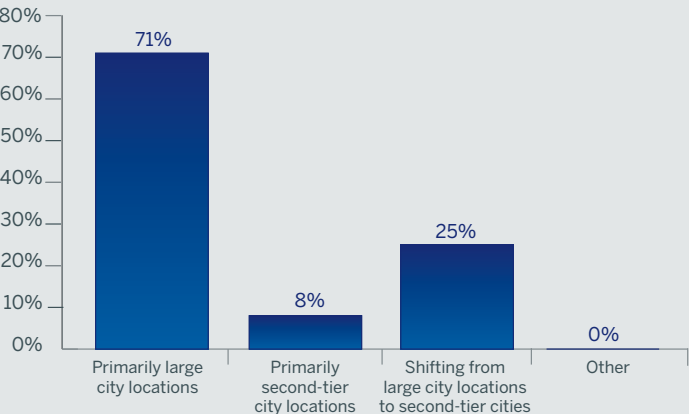
As with the other regions, mid-tier properties in Asia are expected to experience a slight increase in demand in 2013 at 2.3%, as the share of meetings likely shifts again towards this segment. Demand for luxury and resort properties is predicted to be flat in 2013, however it is important to note that the likelihood of using luxury and resort properties is much higher in APAC than in any other region. With the exception of the pharmaceutical industry, there are not the same perception concerns associated with resort and luxury property destinations among meeting clients within APAC as there are in other regions of the world.

Non-traditional facilities are expected to be slightly more popular, with 41% of respondents expecting demand to increase by at least 1-5% next year (figure 63).

Large cities will likely continue to be the primary location for events within the region in 2013 (figure 64), but respondents predict the shift towards second tier cities will be higher in Asia than North America or Europe, an increase from prior year results. Interviewees believe that the expansion of business activity overall in these second-tier cities is the most logical driver of this predicted increase in meeting demand. According to hotel suppliers operating in the region, meeting demand in second tier cities is growing, predominantly from companies within the regions themselves.

The top ten cities for meetings and events within Asia Pacific according to an American Express Meetings & Events destination analysis are listed in Table 6.

Figure 64: ...events are taking place in...



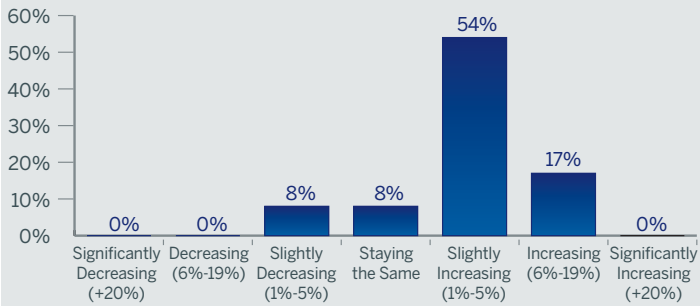
(Source: American Express Meetings & Events – Asia-Pacific Survey, September 2012)

Table 6

Top Asia Pacific Destinations for Meetings & Events
1. Shanghai
2. Singapore
3. Sydney
4. Beijing
5. Bangkok
6. Kuala Lumpur
7. Hong Kong / Macau
8. Taipei
9. Bali
10. Mumbai

(Source: American Express Meetings & Events Destination Analysis, November 2012)

Figure 65: ...average group rates for hotels are...



(Source: American Express Meetings & Events – Asia-Pacific Survey, September 2012)

Prediction: AverageGroup Hotel Rates

4.0 % ▲

Pricing Trends

Most respondents expect average group hotel rates to continue to increase in 2013 and an average increase of 4% is predicted. The results are very similar to predictions for North America and Central/South America and reflect the effect of increasing demand and expected inflation.

Central/South America

For the purpose of this forecast, Central/South America is defined as all countries in South and Central America, as well as Mexico.

Meetings Activity

After strongly predicting increased meeting activity for 2012, meeting professionals in Central/South America are essentially split in terms of their predictions for 2013 (figure 66), resulting in a prediction of meeting activity per company remaining essentially flat. A slightly higher percentage predict a decrease (44%) than an increase (37%) but there is no clear trend in either direction.

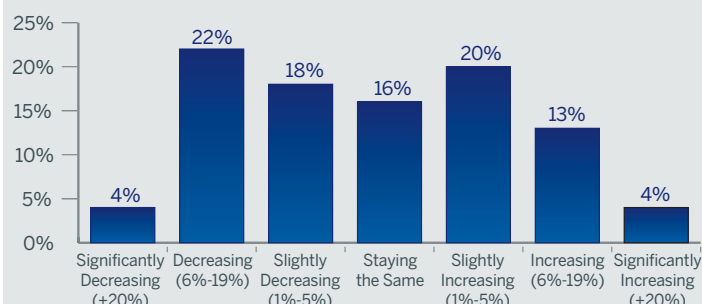
According to meeting industry experts in the region, even though the Mexican and other economies are continuing to grow, international companies conducting meetings in the region are concerned about the global economy and are being very careful as they look ahead to 2013.

The downward trend in attendee numbers is small but somewhat clearer (figure 67) with nearly two respondents predicting a decrease (53%) for every one predicting an increase (27%), indicating a slight overall decrease of 2.1% next year. This trend is in contrast to the slight increase in attendee numbers predicted for 2012.

A trend towards transforming larger national or international events within the region into several smaller state-wide events has also been noted within the pharmaceutical industry, as a means of reducing both travel and accommodation costs.

Average meeting length is more likely to stay the same. One-day events that may not even require individual room-nights are becoming more popular with many companies, again as a means to reduce costs per participant.

Figure 66: ...number of meetings per company is...

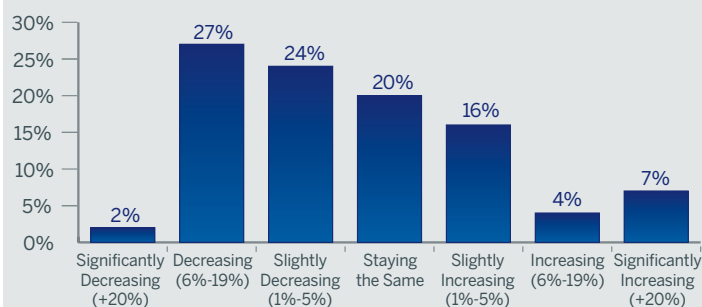


(Source: American Express Meetings & Events – Central/South America Survey, September 2012)

Prediction: Number of Meetings

1.1% ▼

Figure 67: ...number of attendees per meeting is...

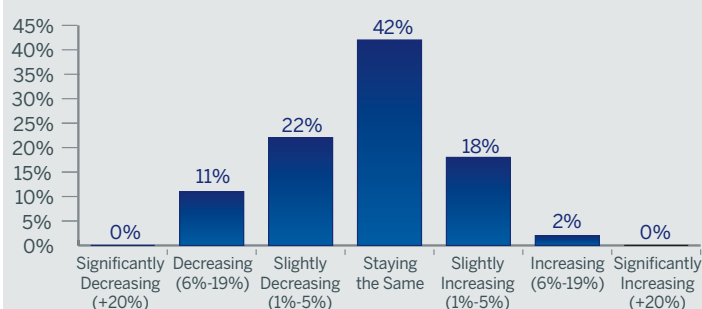


(Source: American Express Meetings & Events – Central/South America Survey, September 2012)

Prediction: Number of Attendees

2.1% ▼

Figure 68: ...number of days per meeting is...

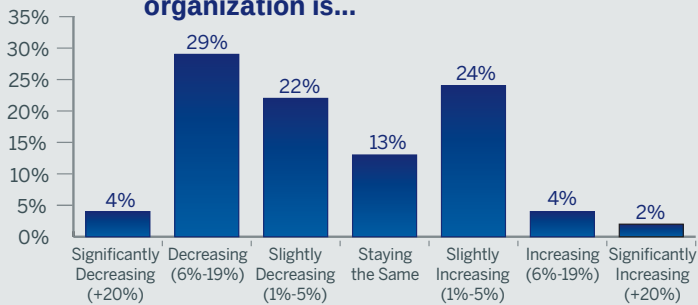


(Source: American Express Meetings & Events – Central/South America Survey, September 2012)

Prediction: Number of Days per Meeting

1.3% ▼

Figure 69: overall meeting spend within the organization is...

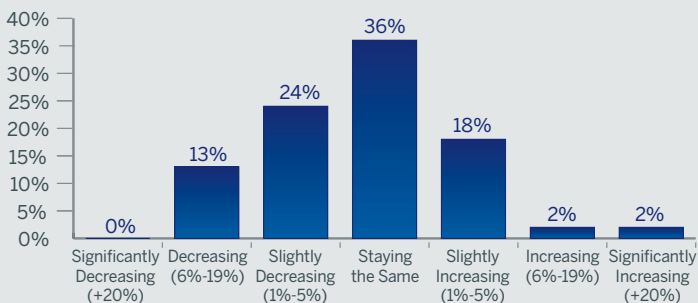


(Source: American Express Meetings & Events – Central/South America Survey, September 2012)

Prediction: Overall Meeting Spend

3.5% ▼

Figure 70: ...individual meeting budgets are...

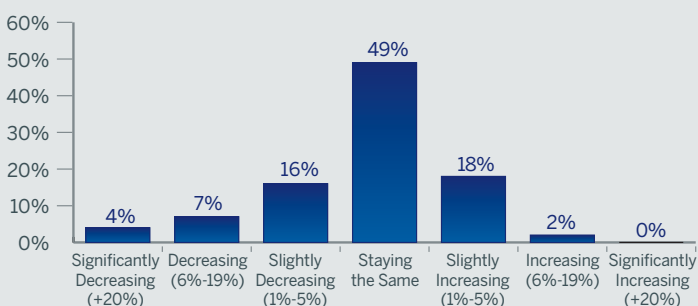


(Source: American Express Meetings & Events – Central/South America Survey, September 2012)

Prediction: Individual Meeting Budgets

1.2% ▼

Figure 71: ...lead time for meetings is...



(Source: American Express Meetings & Events – Central/South America Survey, September 2012)

Prediction: Lead times for Meetings

1.5% ▼

Meetings Budgets & Planning

The percentage of survey respondents that expect companies to reduce their overall meeting spend in 2013 (55%, see figure 69) is nearly double the percentage from last year's forecast (30%) but the overall average meeting spend decline of 3.5% expected for companies in the region is still quite small. In Central/South America there seems to be increasing interest in online attendee registration services. Market experts indicate that the traditional practice in the market of calling attendees directly to register them for events and coordinate their travel plans makes it difficult to transition them to registering online.

In Mexico, even though the local economy is doing fairly well, international companies with a presence in Mexico are being very careful with their spending as a result of the larger global financial situation. Many of these companies are decreasing their average meeting size and spend per participant as they host more local events vs. larger state-wide or national events. In one case, after unsuccessfully trying to cancel a very large event in Mexico that they had committed to, an international corporation slashed its event budget by 50% and reduced attendance by the same amount.

Individual meeting budgets are more likely to remain virtually unchanged in 2013 (figure 70) rather than contract by a significant amount as was expected in 2012.

Lead times are predicted to remain essentially flat as well in 2013 (figure 71) however they can be highly variable from event to event. In 2012, meeting professionals in the region have observed a larger number of events being confirmed on shorter notice than in previous years.

Meeting Locations & Destinations

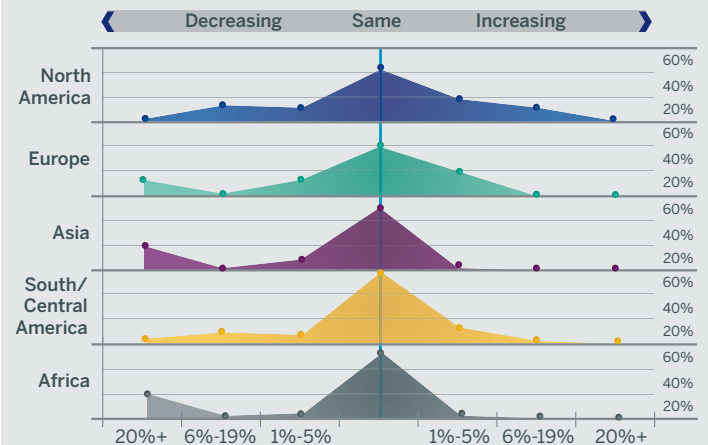
Overall, meeting planners in Central/South America indicate that they plan to hold fewer meetings outside the region in 2013. Asia and Africa are expected to see the greatest declines in demand from this region at 5.8% (figure 72). Local demand is expected to decline slightly, in line with overall activity declines. Demand in Brazil, however, appears to be strong for early next year, as evidenced by comments from several global hotel suppliers with properties in the country. Many multi-national companies who traditionally have not had much meeting activity in Central/South America are beginning to increase their activity within Brazil as its economy becomes more important to their business interests.

Europe will also likely experience a small decline, likely for cost-saving reasons.

Demand for meetings in North America is expected to remain flat. An interesting note however, is the impact of visa requirements for Mexican citizens looking to visit the US and Canada. Some meeting professionals in Mexico view the US visa requirements as difficult and at times unreliable, resulting in them avoiding the US as a meetings destination. Since Canada imposed its visa requirements in 2009, meeting travel from Mexico has also been seen to drop considerably. With no visa requirements for EU countries, Europe is seen as a better choice as well as being a more 'aspirational destination' for Mexican attendees. It may simply be the case that demand for North America has already dropped enough in past years due to the visa situation, that additional declines are not anticipated.

Prediction: Central / South America Demand for the Following Regions:				
North America	Europe	Asia	Central/South America	Africa
0.0% ►	3.4% ▼	5.8% ▼	1.7% ▼	5.8% ▼

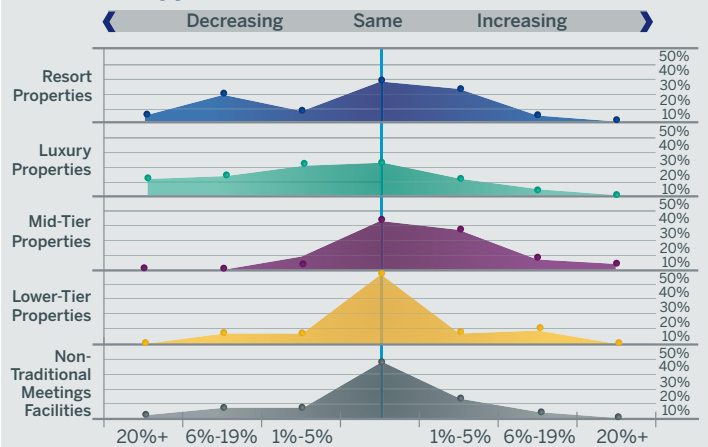
Figure 72: ...demand in the following regions is...



(Source: American Express Meetings & Events – Central/South America Survey, September 2012)

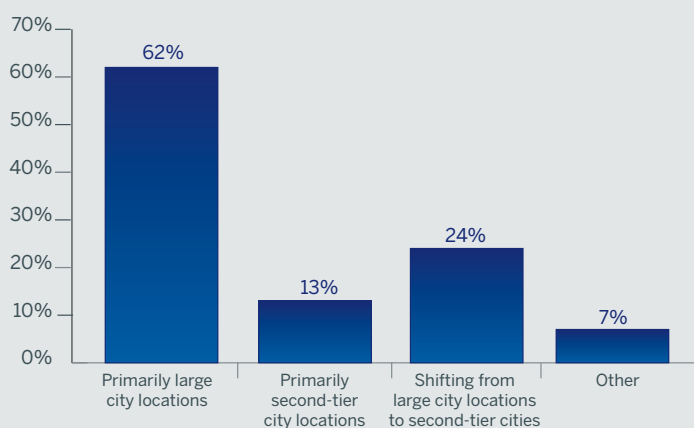
Prediction: Demand of Property Types				
Resort Properties	Luxury Properties	Mid-Tier Properties	Lower Tier Properties	Non-Traditional Meetings Facilities
2.6% ▼	4.6% ▼	2.9% ▲	0.0% ►	0.8% ▼

Figure 73: ...demand for the following property types is...



(Source: American Express Meetings & Events – Central/South America Survey, September 2012)

Figure 74: ...events are taking place in...



(Source: American Express Meetings & Events – Central/South America Survey, September 2012)

Table 7

Top Central / South America Destinations for Meetings & Events	
1.	Riviera Maya / Cancun, Quintana Roo
2.	Rio de Janeiro
3.	San Juan
4.	Buenos Aires
5.	Punta Cana
6.	Puerto Vallarta
7.	Los Cabos, Baja California
8.	Cusco / Macchu Pichu / Lima
9.	Cartagena de Indias
10.	Ciudad de Panama

(Source: American Express Meetings & Events Destination Analysis, November 2012)

As in the rest of the world, demand is predicted to continue shifting from luxury to mid-tier properties in the region, although not as much in 2012 (figure 73). With the reduction in meeting budgets, combined with code of compliance concerns for many multi-nationals, 4-star properties are typically seen as a preferred destination to 5-star properties. In Mexico, developers are seen to be responding by developing a larger number of 'business-type' 4-star properties in key cities.

Resort demand is also predicted to decline slightly, though less than the predicted decline for 2012, as 27% of respondents expect the use of resorts to increase next year. Many parts of the regions are popular for incentive travel and resorts are often the only property types capable of supporting larger events.

Large cities will likely continue to dominate as the location of choice for events in 2013 (figure 74) but the shift to second-tier cities will likely accelerate. 24% of respondents are predicting a shift, as compared to just 6% in the 2012 forecast.

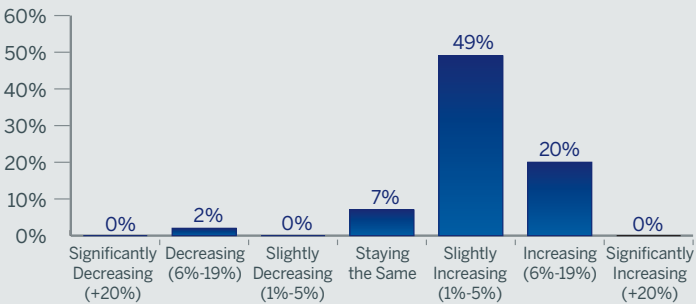
The top ten cities for meetings and events within Central/South America according to an American Express Meetings & Events destination analysis are listed in Table 7.

Pricing Trends

Moderate price increases for both hotel and air are predicted by survey respondents (figure 75), similar to 2012.

Average hotel rates are predicted by respondents to increase slightly by an overall average of 4.7%. Within Mexico, higher rate increases may occur in cities such as Mexico City, the Riviera Maya/Cancun area and Los Cabos where demand is high and securing availability has become more difficult for many planners. Rates may decline in cities such as Monterrey, Guadalajara and Acapulco due to security concerns, however the change in Mexican government later this year may alleviate some of those security concerns going forward. Some companies are choosing to hold one-day only events in Monterrey that do not involve overnight stays.

Figure 75: ...average group rates for hotels are...



(Source: American Express Meetings & Events – Central/South America Survey, September 2012)

Prediction: Average Group Hotel Rates
4.7% ▲

Methodology

To develop our 2013 Meetings Market Forecast (this forecast), a number of sources were used including proprietary American Express and Maxvantage data sources, licensed third-party data and industry information, as well as data from the American Express Global Business Travel Forecast 2013 and interviews with industry leaders.

Information and data was gathered from actual and planned meetings activity of American Express Meetings & Events globally and Maxvantage clients in North America. Surveys of meetings professionals were conducted to gather trends across North America, Europe (France, BeNeLux, Germany, Nordic, Spain and United Kingdom), Asia Pacific and Central/South America. A survey of leading hotel suppliers and follow-up interviews were also used to inform the finding found in this Forecast.

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