

Inaugural Study:
Key Issues Impacting the
Meetings Industry

November, 2006



Thank you for your participation

Thank you for your participation in the Meeting Professional Insights research panel. We are thrilled that more than 650 meeting professionals have signed up for the panel so far and completed our inaugural research study conducted in November.

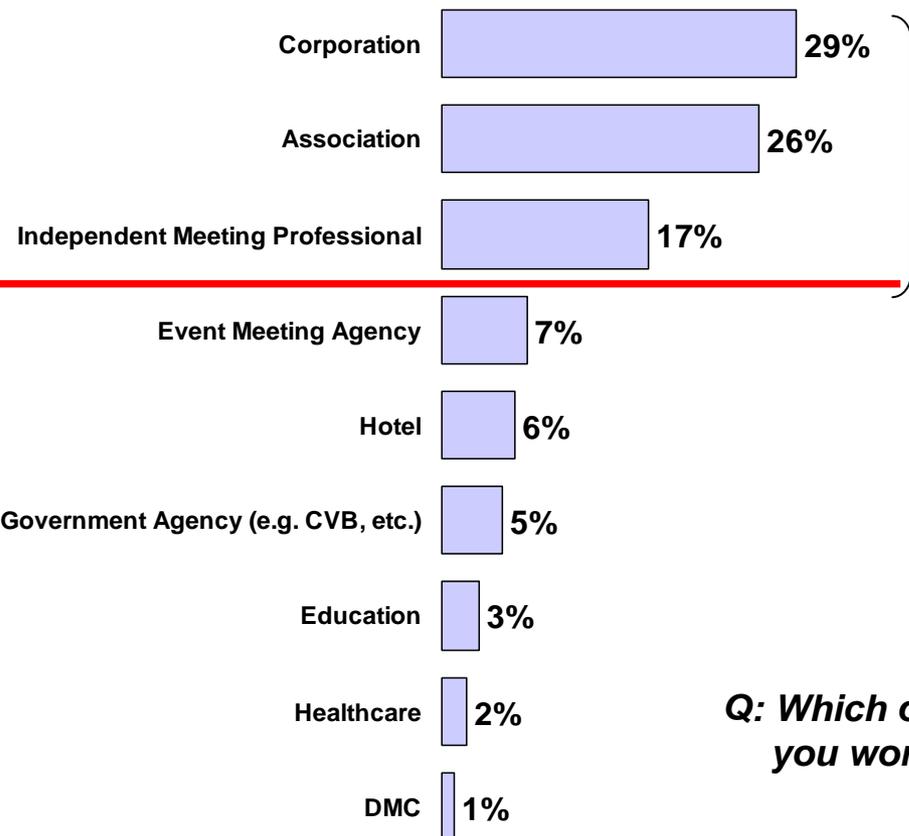
As a panel participant, we are providing you this exclusive report from that study. Only those who participate in the Meeting Professional Insights panel or clients commissioning studies on the panel will have access to this information.

We hope that you find these learnings valuable in gauging how your services fit within the industry and in identifying opportunities for your business. We look forward to sharing highlights from our next study on “technology” with you very soon.

Meeting Professional Profile

Panel is representative of the industry: Balanced representation of Corporations, Associations, & Independents

- Panel represents experienced meeting planners with an average tenure of 14 years & planning over 25+ meetings a year
 - Hotels are by far the preferred meeting venue...with some representation of Conference & Convention Centers

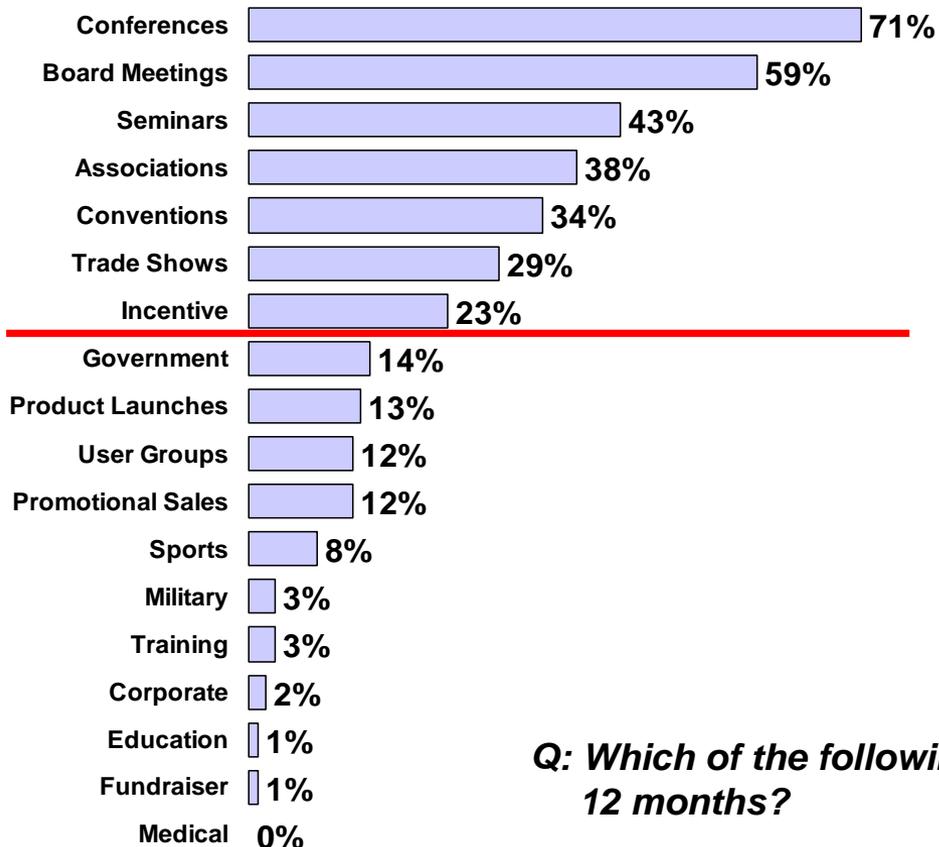


| | Corp | Assoc | Ind |
|---|------|-------|-----|
| Avg. Tenure (years) | 13 | 14 | 16 |
| Average # of Meetings by Key Locations | | | |
| Hotels | 25 | 13 | 13 |
| Conference Centers | 8 | 3 | 3 |
| Convention Centers | 5 | 2 | 3 |

Q: Which of the following best describes the type of company you work for?

Representation of a wide variety of meeting types...most are attended by fewer than 100 people

- Conferences & Board Meetings are most frequent types of meetings planned. Seminars are also somewhat routine.
 - Associations, Conventions, Trade Shows, and Incentives are also well represented.



| | Corp | Assoc | Ind |
|--|------|-------|-----|
| Average # of Meetings by Group Size | | | |
| Fewer that 100 people | 38 | 16 | 10 |
| 100 to 499 people | 10 | 7 | 7 |
| 500 to 999 people | 2 | 1 | 2 |
| 1000 or more | 2 | 1 | 1 |

Q: Which of the following types of events have you booked in the past 12 months?

Meeting Professional Key Insights

Meeting Professionals view cost control and proof of ROI as top factors that will impact the industry in the next 3 years

- While rising costs and understanding ROI top the list, Technology is a solid second
 - Most want to better use technology and others see it as a competitor to face-to-face meetings
 - Technology has the ability to empower the Meeting Professional

Q: What 3 factors are most likely to impact the Meeting Professional Industry in the next 3 years?

| | Total |
|--|-------|
| Costs/ROI/Economic (airfare, gas, hotels rooms, F&B)/Budgets | 76% |
| Technology (Internet, advances, web conferencing, etc.) | 34% |
| Sellers vs. buyers market--hotels more power (supply/demand, avails) | 16% |
| Labor/liability/legal issues and gov't regulation | 16% |
| Security/Terrorism concerns--world situation | 16% |
| Contractual issues/cancellation policies/Attrition Clauses | 13% |
| Procurement practices/issues | 8% |
| Venue/location/flex space/creativity of meeting/product/amenities | 7% |
| Travel issues/Airline industry stability/travel industry | 7% |
| Acts of G-d (weather, natural disasters, etc.) / Bird Flu/Pandemic | 6% |
| Service levels/reputation/accountability | 5% |
| International travel concerns/border issues | 5% |

Lower tier factors impacting the industry in the next 3 years are mixed

- Tertiary factors are fragmented but are all related to the overall changing business environment driven by factors beyond the planner's control.

Q: What 3 factors are most likely to impact the Meeting Professional Industry in the next 3 years?

| | Total |
|--|-------|
| Changes in the meetings market | 4% |
| Shorter lead time to plan/planning issues | 4% |
| Mergers/consolidation | 4% |
| Perceived lack of value of meeting planner expertise (use asst. to plan) | 3% |
| Changing demos/changing market of participants | 3% |
| Time constraints for participant | 3% |
| Changing hotel market | 3% |
| Marketing/Sales/Meeting participant interest/need | 2% |
| Globalization | 2% |
| Booking outside hotel blocks | 2% |
| Education | 1% |

In the changing business climate, Meeting Professionals are feeling squeezed

- Meeting Planners are caught in the middle of trends outside their control. These factors contribute to an unclear perception of ROI and perceived meeting planner value causing more to turn to lower-cost options (web meetings, etc.)
- Technology offers a bright spot of planner empowerment, control, strategic assistance and value...yet can also be a competitor (web-conferences vs. face to face).

Q: What is the biggest challenge facing the Meeting Professional Industry in the next 3 years?

| | Total |
|---|-------|
| Rising cost of travel and lodging for participants | 20% |
| Overall event cost management/budget constraints | 18% |
| Negotiating with hotels and convention centers in a sellers market | 16% |
| Perception of MP; value we provide; achieving professional respect, etc. | 14% |
| Keeping up with technology and trends | 10% |
| Measuring value for the money and positive ROI (time and money) | 7% |
| Uncontollables like war, terrorism, pandemic--overall security & conting. plans | 7% |
| Economy | 7% |
| Justifying value of face-to-face vs. online meeting options—competition | 6% |

Lower tier challenges are mixed

- Many lower tier challenges are directly related to top tier challenges.
- Others are related to the overall changes occurring in the business climate that are beyond the Meeting Professional's control

| | Total |
|--|-------|
| Delivering with shorter lead times and time constraints overall | 3% |
| Labor and union issues | 3% |
| Fewer participants | 3% |
| Governmental regulations, accounting regulations and other standards | 3% |
| Marketing/attracting potential participants and customers | 3% |
| Shifting roles of corporate vs. independent meeting planners | 2% |
| Airline instability and general air travel hassle | 2% |
| Working in harmony with procurement departments/ reps. | 2% |
| Ability to find/reco venue alternatives given changing econ., supply/demand. | 2% |
| Growing liability in contracts/negotiations | 1% |
| Politics | 1% |
| Creative event product to meet expectations | 1% |
| For Canadian planner, passport requirements given few Amer. hold passports | 1% |
| Consolidation/mergers | 1% |
| Booking outside room blocks | 0% |

Biggest Challenge Facing Meeting Professional Industry in Next 3 Years

Select Verbatims

“Costs related to event planning will grow astronomically, as Hotels and venues refuse to negotiate.”

“This industry has a trend - in the course of 5 years events keep getting more and more elaborate. And they do hit a peak when you need to start doing a "champagne event" on a "draft beer" budget. Keep ideas fresh and flexible in times when no budgets are available are very challenging.”

“Budgets decreasing do not match the increasing costs of venues and air travel. Both hotels and air travel costs are increasing year over year, but client's budgets do not increase proportionately.”

“Hotel contracts that are becoming increasingly "hostile" to event planners.”

“Seller's market in the meeting industry resulting in increased rates, difficulty in negotiating favorable terms and conditions and difficulty in finding hotel availability.”

“Dealing with hotels and CVBs. They seem to have forgotten the lean years and those of us who supported them through those lean times...”

“Biggest challenge in next 3 years: creating and maintaining value and professional respect of meeting professionals within the corporate marketplace. To gain the professional respect, recognition, and salary deserved and yet often trivialized within the business world that meeting professionals serve.”

“Educating people about meeting professionals and what we do (which is not planning parties).”

“The biggest challenge facing the industry in the next three will be remain current with the times. The industry needs to get on the cutting edge in order to survive the shrinking budgets. Also, we need to be able to do a better job of letting our organization know about the ROI for hosting meeting and conferences.”

“Keeping up with technology... figuring out how best to measure the value of our meetings, how to get more integrated in the business.. and how to be more creative both w/ technology and in general... to stay in front of the trends...”

Conclusions

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- Panel Balanced representation of Corporations, Associations, & Independents
 - Represents experienced meeting planners with an average tenure of 14 years & scheduling of over 25+ meetings a year
- Hotels are by far the preferred meeting venue...with some representation of Conference & Convention Centers
- Conferences & Board Meetings are most frequently scheduled events
 - Seminars are also somewhat routine.
 - Associations, Conventions, Trade Shows, and Incentives are also well represented.
- Meeting Planners are caught in the middle of trends outside their control...
 - (1) Hotels/Convention Centers now have the upper hand and are not as willing to negotiate in the “sellers market” since occupancies are back to pre-911 levels;
 - (2) Corporations and participant budgets are shrinking;
 - (3) Air fare and travel costs are skyrocketing...

All these factors contribute to an unclear perception of ROI and perceived meeting planner value causing more and more to turn to lower-cost options (web meetings, teleconferences, online continuing education, etc.)

For more information

We welcome your questions and suggestions.
For more information, please contact us at:

support@meetingprofessionalinsights.com