

2015 Meetings and Events Forecast

November 2014



CWT
Meetings&Events

WELCOME



CWT Meetings & Events is pleased to bring you this supplement to the recently released [2015 Global Travel Price Outlook](#), CWT's annual price forecast, conducted for the first time this year in partnership with the GBTA Foundation.

This year marks the third edition of the Meetings and Events Forecast, created to help you better understand what 2015 will look like to enable you to budget for and negotiate your meetings and events. It highlights items ranging from expected pricing and contractual terms that will be put forth by meeting and event suppliers, to important trends and recommendations to help you continue to deliver effective live events over the coming months.

What will make next year different than years past? We anticipate the use of technology in events will hit an all-time high in 2015. Solutions that enhance the delegate experience by enabling online registration and booking while capturing budget information are fast-becoming an essential tool in meeting planners' arsenal. By providing consolidated, centralized data, end-to-end event management is enabled; a key focus of 2015 in an industry where compliance is king. Meeting-specific apps are becoming much more common, with use set to increase throughout 2015, while hybrid events that mix in-person and virtual elements are expected to gain traction. Finally, a renewed supplier focus on cancellation and attrition clauses reminds us of the importance of effective negotiations.

I hope you feel better informed and ready to tackle the coming year after spending some time with this publication, and that it and CWT's broader forecast will become valuable resources you can refer back to in the coming months.

All the best,

Floyd Widener
Senior Vice President
Global Meetings & Events

Use of
technology in
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an all-time
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INDUSTRY INSIGHT

from our sponsor

As a partner of *CWT Meetings & Events*, Carlson Rezidor Hotel Group is proud to sponsor the 2015 Meetings and Events Forecast.

As we look ahead to 2015 and how our business will perform, it's always an exciting exercise to review past trends, analyze the data, and filter the industry forecasts. During this time, we're also having important conversations with our customers to understand their plans for the next year.

As one of the world's largest and most dynamic hotel groups, Carlson Rezidor Hotel Group operates in every major market and hundreds of secondary markets around the globe. In the M&E business and with the world economies in a continual shift, there is no single predictor for what the coming year will look like.

The positive news is that, as a result of a lot of hard work and education by those in the corporate travel and meetings and events industries, organizations understand that nothing replaces "face-to-face" time for accomplishing business objectives.

Kaaren Hamilton
Vice President
Global Group Sales



GLOBAL MACROECONOMIC OVERVIEW

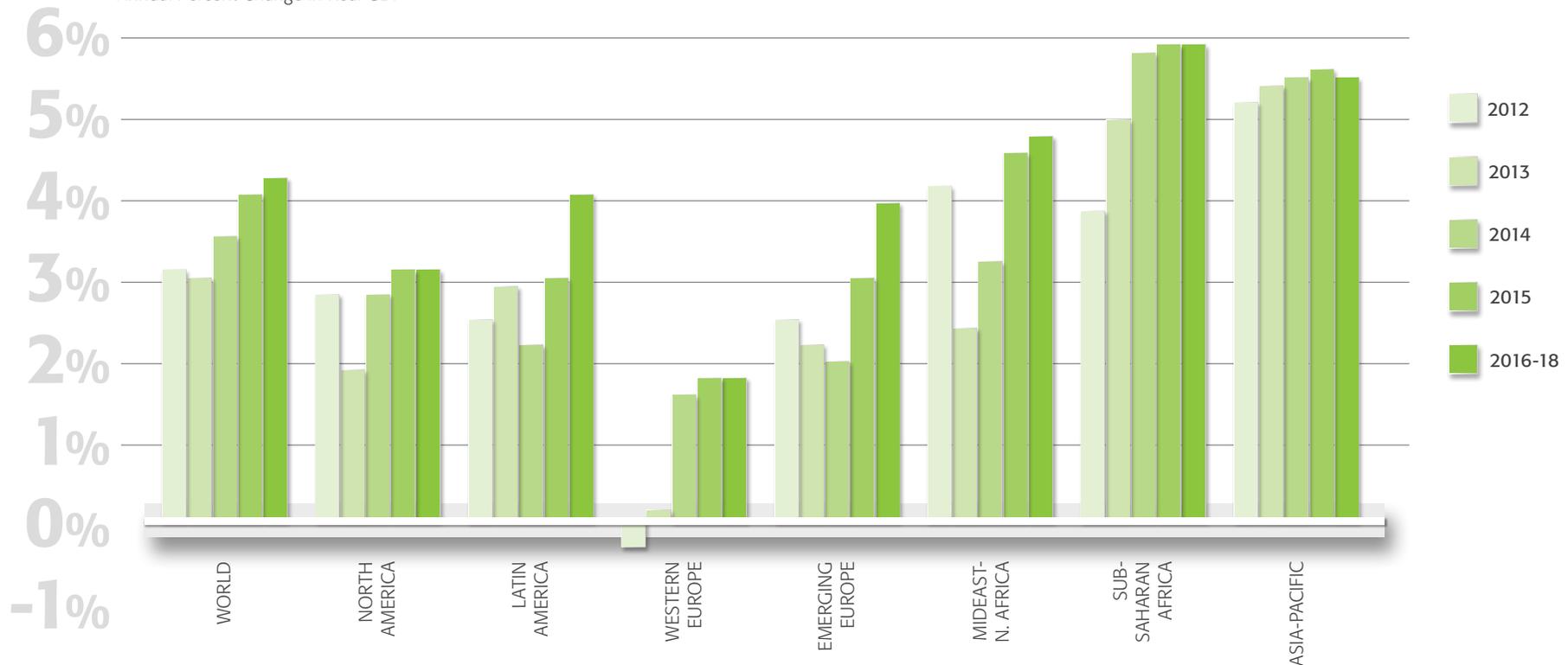
Global growth continues to strengthen from U.S., Asia-Pacific, and other advanced economy expansion. Meanwhile, emerging market performance is more mixed based upon slower exports, higher domestic inflation, flat-to-falling commodity prices, and financial imbalances. Global GDP growth, at 3% in 2013, is expected to reach 4% by 2015, still largely driven by emerging market expansion, but the gap between emerging and advanced economies will continue to narrow. Growth differentials have contracted because advanced economy performance has generally improved at the same time that emerging market growth has slowed.

Global GDP to reach **4%** by 2015

Emerging markets have been tested by a weaker external environment (e.g. Brazil, Russia), credit imbalances (e.g. China, Turkey), rising inflation (e.g. India, Argentina), and slower investment growth driven by higher interest rates and foreigners reducing their investments. Meanwhile, despite a tough winter storm season in 2014Q1, the U.S. economy has slowly gathered strength. Europe is sluggishly emerging from recession, though the light at the end of the tunnel remains dim with meetings and events planners continuing to reduce their spend. Other advanced economies are gradually accelerating. The good news is that generally improving economic conditions worldwide should benefit all.

GLOBAL GROWTH IMPROVING

Annual Percent Change in Real GDP*



*Source: Organization for Economic Co-operation and Development, IHS Global Insight, Rockport Analytics

ENGAGING WITH SUPPLIERS IN 2015



INFLUENCING CANCELATION CLAUSES

Suppliers are expected to become tougher on terms of attrition and cancellation clauses in 2015. Many will increasingly deny the possibility of non-penalty following a late change in event scope or cancellation. This is particularly true in Brazil following the World Cup and in the lead up to the 2016 Olympic Games, with cancellation charges being applied up to 30 days before an event in the wider Latin America region. In response to this global trend, meeting planners in North America and Europe are increasingly negotiating a “no deposit” clause for smaller meetings.

TOP TIP

Buyers should work with agencies that can leverage their close relationships with local suppliers and help negotiate better terms. Organizations can also attain more favorable cancellation terms by engaging in multi-year Master Service Agreements and leveraging global, regional or local spend.

continued



INDUSTRY INSIGHT

from our sponsor

OUR VIEW OF 2015

Pricing in the group segment, which encompasses meetings and events, is dynamic and very specific. The importance of the buyer understanding the market they're doing business in, even down to the individual hotel level, cannot be understated. Today, hotels are transparent about their business model, especially in high demand markets where meeting space is at a premium. Consistent with what we've observed in recent years, we certainly anticipate that the major markets will drive rate increases again in 2015.

Cities like **Istanbul**
Orlando **PRAGUE**
BANGKOK **Philadelphia**
SHANGHAI

will continue to be highly attractive going into 2015 because of the fantastic value and quality of hotels with meeting facilities.

Carlson Rezidor Hotel Group continues to advise our clients to be flexible in dates and meeting specifications where possible. It's important to use a well-crafted request for proposal (RFP) that conveys flexibility and includes the objectives of the event, to ensure a venue is selected that supports your objectives.

As a leading global hotel company, we will continue to focus on training at the hotel level to ensure that our hotel sales teams are acting as a consultant and understand the complexities and nature of procurement and managed spend in the M&E space. Our customers will continue to face pressure from their organizations around effective venue sourcing, and so we're focusing on ensuring our own communication with you is timely, clear and consistent.

Finally we predict that buyers will continue to gravitate to companies and brands that are easy to do business with. Carlson Rezidor Hotel Group is unique in its global sales network approach, which means we have local offices in markets that we can consult with internally on market conditions, availability, congresses, etc. to ensure our clients get the best service and options from us at all times.

ENGAGING WITH SUPPLIERS IN 2015



NEGOTIATING ON TOTAL SPEND

Across all regions, meeting and events planners are continuing to negotiate costs to get the most from their budget, typically focusing on reducing the cost of food and beverage packages, rather than scaling back on entertainment or theming. Organizations in Asia-Pacific are particularly focused on the negotiation stage of event planning after the day delegate rate (DDR) for five-star hotels went above \$100. DDR rates in Sydney are currently hitting \$130 because of the Sydney Convention and Exhibition Centre being closed until 2017 and hotel space being at a premium. This is causing a flow on effect across Australia, with prices expected to remain high until a new wave of hotel rooms become available in the city over the next two years.

TOP TIP

Go beyond sleeping rooms and meeting space and negotiate on total spend. Include food and beverage, audio/visual support including internet, business center charges, and miscellaneous charges.



MANAGING SHORTER LEAD TIMES

Globally, lead times for booking meetings and events are becoming shorter, as organizations focus more closely on business performance before committing to meetings and events spend. In Germany, lead time has reduced by up to 50% compared to last year, while booking windows in India and Singapore can be as short as 7-10 days for group air bookings. In North America, lead times have decreased by 9% compared to last year, but are still above global averages with a 6-8 week window.

TOP TIP

Engage with your procurement team for a more strategic approach to negotiations when time is not on your side for lengthy negotiations. Combining total meetings and transient travel spend will also give you greater buying power when looking to drive down costs.



MAKING THE MOST OF THE TREND TOWARD SHORTER MEETINGS AT MIDSCALE PROPERTIES

In the majority of cases, meetings and events in 2015 will be held domestically and in midscale hotels to contain costs. Exceptions to the rule include Italy, Taiwan and India, where five-star properties are still considered the norm by professionals. A trend toward more domestic meetings provides the added benefit of limiting the environmental impact of an organization's meetings and events, though many meeting planners worldwide aren't expected to make green meetings a specific priority next year.

TOP TIP

Use the shorter travel time to create a more efficient agenda that starts earlier in the day, reduces total meeting time and, in turn, reduces overall cost. Engaging an agency with good knowledge of the domestic market and close industry relationships will help secure the best rates.

HOTEL PROJECTIONS FOR 2015

Major hotel chains have reported that their financial performance increased in 2014. *CWT Meetings & Events* predicts that this trend is likely to continue in 2015, as the economy continues to stabilize and corporate performance improves.

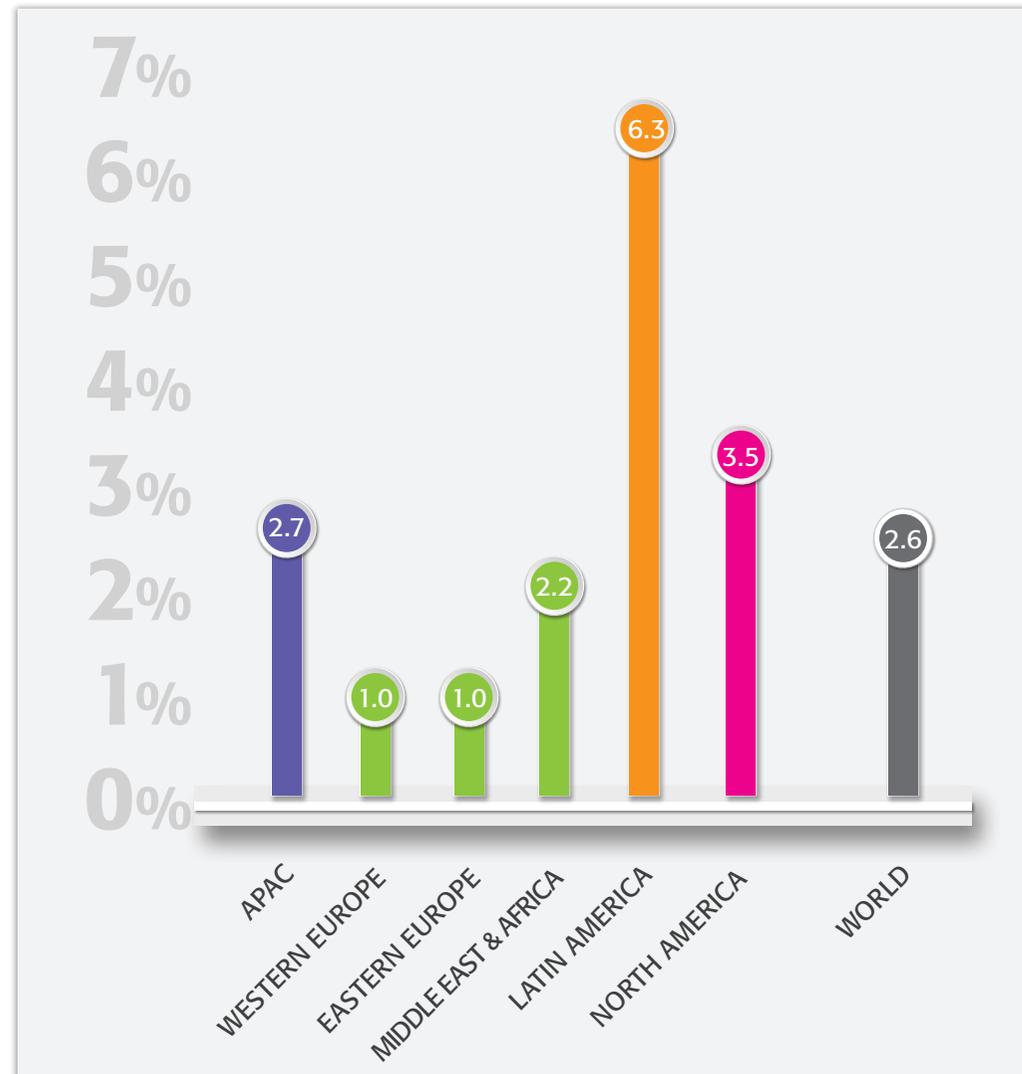
HOTEL PRICES ARE FIRMING ACROSS KEY DESTINATIONS

The hotel industry is currently enjoying a robust period of stronger demand, moderate expansion of new room supply, favorable capital costs, and an increase in investor interest. The improved outlook for hotel operating results in many major business travel destinations will mean greater

pressure on negotiated rates for travel managers and buyers through 2015 and beyond. Stronger demand growth from the leisure and transient business sectors against delayed increases in room supply will keep upward pressure on Average Daily Rates (ADR). Whether via rates or through ancillaries, hotel operators will be in a better negotiating position than they have been for quite some time.

Improved hotel outlook will mean greater pressure on negotiated rates.

We expect a 2.6% advance in hotel prices, globally, in 2015. Price growth will be led by Latin America, where we expect a 6.3% increase in managed rates. Hotel prices in North America and APAC will see moderate growth, while hotel rates throughout EMEA will grow slower than the global average in 2015.



Source: CWT-GBTA Foundation 2015 Global Travel Price Outlook. See full publication for methodology.

TECHNOLOGY TRENDS IN 2015

The potential for creating a more streamlined and effective attendee experience in 2015 will be enormous, with meeting planners increasingly using specialized delegate management software, social media and dedicated event apps.



HYBRID AND VIRTUAL EVENTS

With the exception of Latin America and India, the number of hybrid events –where live and virtual elements are mixed to reach a wider audience and extend event legacy through online-hosted content–is expected to rise in 2015. Projection mapping and interactive videos will be popular in

Singapore; organizations in Hong Kong, China and Taiwan are increasingly using virtual elements to save on costs; while meeting planners in North America will look to implement hybrid events as part of a wider, environmentally conscious strategy.

“Projection mapping and interactive videos will be popular in Singapore.”



TECHNOLOGY SOLUTIONS

Globally, the meetings and events industry has demonstrated an increased need for technology solutions that help mitigate cost and increase efficiencies over the past year. Technology solutions are fast-becoming a main part of RFPs in Europe, Middle East and Africa, and Latin America, with meeting planners increasingly looking for global companies that can help provide worldwide oversight for improved compliance. In North America, the number of events offering online attendee registration has increased by 4% year-on-year, in line with meeting planners’ desire for end-to-end management.

Online attendee
registration
+4%
year-on-year
in North America



continued



SOCIAL MEDIA

An increasing number of meetings and event planners will look to integrate social media into their event strategy in 2015. Leading the way are France and the U.K., where live tweeting and using Facebook to boost communication as part of event strategy is becoming common. In North America, social media will be increasingly deployed as an easy and cost-effective way to enhance, optimize and drive meeting attendee engagement.

“Social media will increasingly be integrated into event strategy in 2015.”



EVENT APPS

Currently used by larger, global organizations, dedicated event apps can eliminate printed materials and incorporate social media platforms for sharing content. In North America, meeting app use will continue to increase in 2015, where it is expected delegates will begin to view apps as an essential component of meetings and events. In Europe, Middle East and Africa, event app use is in the primary stages, while interest remains low across Asia-Pacific, with the exception of Singapore.

Event
app use
increasing

The next **BIG** thing

From smart watches, to the miniscule smart ring, to Google Glass, wearable technology is set to be big business in 2015. Near field communications (NFC) are also coming to the fore, which can tailor messages for delegates by synching with smartphones and other mobile technology.

TOP OF THE AGENDA

End-to-end meetings management and compliance will continue to sit high on meeting planners' agendas in 2015.

End-to-end meetings management will be a key trend of 2015, as meeting planners take note of strong success from these practices in North America. Time and financial savings are typical benefits, in addition to gaining an accurate overview of total event costs.

Meeting planners in Germany have realized savings of up to 23%, while in Australia, average savings of 10-20% have been achieved. Interest in end-to-end meetings management is increasing across the Asia-Pacific and Latin America regions. Clients are just beginning to embark on this in countries like Colombia, where savings of 5% are being reported. However, meeting planners in China will be unique in going against the end-to-end trend and are expected to continue to separate business into group air, hotel room, meeting space, and land operations bookings—using a specialist vendor for each one.



Compliance continues to be a main focus for the meetings and events industry; especially for pharmaceutical organizations, with the introduction of the Sunshine Act in January 2015 significantly impacting meeting and events regulations. Companies affected by tougher compliance rules in Asia-Pacific will start to look for agencies with a global reach for worldwide oversight of meetings and events activities. In North America, there is expected to be increased client interest in creating a Health Care Provider (HCP) Preferred Hotel Program, where key hotels can be vetted through the organization's ethics and compliance team to mitigate risk.

MOST POPULAR DESTINATIONS FOR CWT MEETINGS & EVENTS CLIENTS



Safety and security in the spotlight

Meeting planners are ensuring delegate safety remains top of the agenda. Ongoing unrest in certain areas of the Middle East resulted in popular locations such as Morocco or Dubai experiencing event cancellations or postponements in 2014. Instability in Eastern Europe is expected to result in fewer events being held in affected countries in 2015, while the Ebola threat will also remain a top concern for meeting planners.

RECOMMENDATION ROUND-UP

Use this quick reference guide to help you achieve meeting and event success in 2015.

Leverage agency relationships

Engaging with an agency that has strong industry relationships will help ensure a better deal, as suppliers continue to clamp down on cancellation and attrition clauses globally.



Try going hybrid

Implementing virtual elements into live events can save on costs, draw in remote attendees unable to participate in person, and extend event duration through online-hosted content.



Get savvy with sustenance

Ordering local, seasonal produce will cut food costs, reduce carbon footprint and provide healthy, vitamin-packed options that link with the "brain food" trend of 2015.



Manage meetings from end-to-end

Implementing a technology platform that enables delegates to register online and you to capture budget information will increase efficiencies and help mitigate costs.



Vote domestic over international

Basing your events in-country or in-region will minimize travel costs and carbon footprint, and help maintain delegate satisfaction through reduced travel times.



Consolidate your hotel program

Reviewing your spend based on travel patterns, key markets and emerging markets will help you identify opportunities to drive synergies and leverage spend across transient and meetings, using properties that can effectively accommodate both types of travel.



Extend your lead time

Ensuring your event has a longer lead period will give you greater availability, leave you more time to negotiate on rates, and enable you to research and implement effective technology solutions.



Streamline suppliers

Reducing the number of partners you do business with will increase your bargaining power. Choose partners that can support your business at a local, regional or global basis.



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Where ideas meet results