

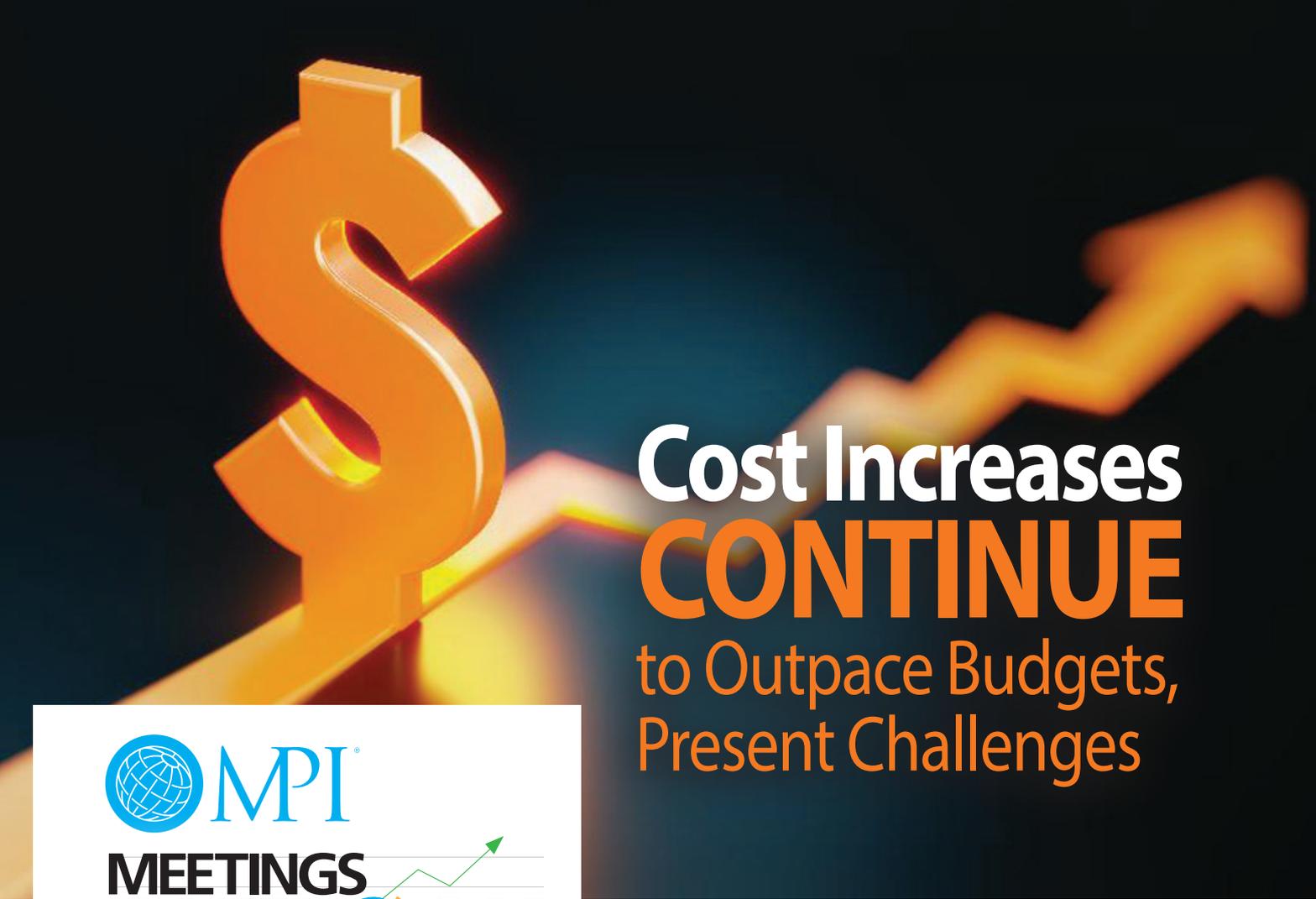


MEETINGS OUTLOOK™

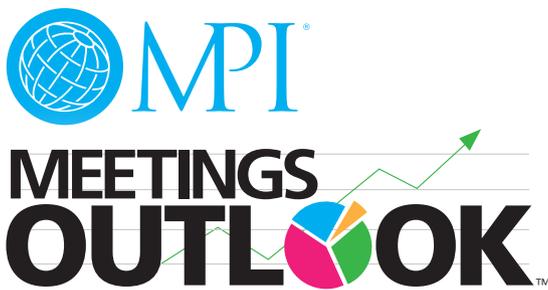


While the vast majority of meeting and event professionals expect favorable overall business conditions over the next year, they're now facing new market challenges.

2023 SPRING EDITION



Cost Increases **CONTINUE** to Outpace Budgets, Present Challenges



By Elaine Pofeldt

There's no doubt people want to get together but finding ways to make them happy at a reasonable cost seems to be the challenge of the day.

Shauna Arnott is seeing a new hunger for in-person meetings among the venture capital and financial services clients she serves at her Toronto-area firm Mobi Events. And many of the attendees are just as eager to have fun and make friends as they are to do business.

"I'm finding people to be a lot more humanistic in how they approach meetings and events," she says. "They're looking for events that have more entertainment value or maybe there is more of a motivation of spirit, as opposed to just education, learning, growth and networking—all of those traditional things. I'm spending more money on interactive activities, entertainment and music."

Arnott is among many in the meeting and event industry who are finding business coming back into line with the pre-pandemic norm as attendees act on their hunger to reconnect. In MPI's latest Meetings Outlook survey, 38% of

respondents say their business is already back to pre-pandemic levels and an additional 27% anticipate that return will happen at some point during 2023. If those percentages hold steady, 65% of meeting professionals will find their business back to pre-pandemic levels by the end of the year.

"What I believe the pandemic, along with the past three years, has reinforced to us as people and industry peers is that in-person meetings are essential to all points where collaboration and grown intersect," John Kirby (MPI Kansas City Chapter), national sales manager, Encore Global, said in his survey comments. "There is just something about the feeling of seeing people face-to-face."

Most respondents (81%) expect favorable overall business conditions over the next year. This is down a bit compared to pandemic highs, which peaked at more than 90%, but it's clear the industry is strong and experiencing great demand. One factor that has been slowing the recovery—the

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MICHAEL SCOTT

Denver-based speaker and meeting facilitator

labor shortage—seems to be slightly less acute, with 52% of respondents encountering hiring challenges, down 6% since winter and 10% since last fall.

That said, there are some headwinds, chief among them rising costs. Many respondents were only willing to speak anonymously about how they are coping with higher overhead through budgetary and other strategies.

Face-to-face meetings make a comeback

With many organizers and potential attendees looking to meet in person again, the industry is jumping on the opportunity, according to the latest Meetings Outlook survey. Eighty-three percent of respondents made favorable projections for live attendance in the next year—with that percentage at 80% or more for the fifth consecutive quarter. In fact, 43% expect an increase of more than 10%, while another 31% expected a 6%-10% increase.

“In-person works when you have a very clear and defined audience that wants to meet each other,” says Robbie Samuels, an event design consultant and executive Zoom producer based in the Philadelphia area.

What makes meetings most successful in the current

environment, Samuels says, is opportunities for attendees to make meaningful connections. He has helped planners enhance the face-to-face aspects of meetings by acting as a “connections concierge” in their networking lounges at live events. “I help people find ‘their people,’” he says.

Candyce Edelen, CEO of Propel Growth, believes that prebooking face-to-face meetings with prospects is a good way to add to the value of an in-person meeting, for both attendees and sponsors looking to meet B2B customers. Edelen, whose company offers training programs in social selling, delivered a workshop at a recent conference run by the nonprofit group Directions 4 Partners North America for the Microsoft Dynamics community. She was pleasantly surprised to see that the organizer had set aside a much larger space than last year for the attendees and sponsors to meet one-on-one with potential customers.

“I think event planners need to do a better job of creating space for those one-on-ones to be happening,” Edelen says.

Although in-person meetings are in demand, projec-

BUSINESS CONDITIONS

The vast majority of respondents (81%) expect favorable overall business conditions over the next year. While this is down slightly compared to pandemic highs, which were over 90%, it still indicates a strong industry experiencing great demand.

	Summer '22	Fall '22	Winter '22/'23	Spring '23
Favorable	81%	86%	85%	81%
Neutral	6%	7%	10%	9%
Negative	14%	8%	5%	9%

tions for virtual attendance remained steady in the survey, albeit down significantly from the highs seen in 2020-2021.

Michael Scott, a speaker and meeting facilitator based in Denver, believes many gatherings will continue to include a virtual component. With the economy in flux and the technology industry seeing layoffs, he finds that virtual meetings appeal to employers looking to keep costs down.

“People are starting to question the viability of traveling across country to do in-person when there previously have been opportunities to do it online at little or no cost to the participants,” Scott says. “I think you’re going to see more of the hybrid.”

Scott believes recording plenary sessions is a way for organizers to improve the ROI of their in-person events, without a huge upfront cost.

“Once they have that footage, they can repackage it and re-sell it,” he notes.

Having a hybrid option also protects the viability of meetings if there are unexpected challenges, such as flooding and other adverse weather events, he adds.

“There goes your conference,” Scott says. “There goes

your ability to get flights. That’s definitely another factor we need to take into consideration with respect to the logistics of how this meeting will be delivered. Let’s say a major storm shuts down the conference. To have the hybrid option you can make a pivot. Maybe you don’t have to refund everybody’s money.”

Skyrocketing costs

One big constraint impacting organizers of in-person meetings right now is the cost—and for that, planners are being hit from all sides. Fifty-five percent of survey respondents said their F&B costs have risen more than 10% in the past 12 months. Such cost increases—more than 10%—were also noted for additional aspects of meetings and events with 50% of respondents citing such cost increases for hotel accommodations, 45% saying the same for transportation and 44% noting these increases for audiovisual.

“Hotels, venues and partners are trying to make up for lost revenues and profits,” Melissa Woodruff, CMP, CGMP (MPI Carolinas Chapter), a meeting and event manager at Maritz Global Events, said in her survey response. “Bud-



HIRING CHALLENGES

For the third consecutive quarter, the percentage of respondents noting difficulty in filling job vacancies within their organization has dropped, albeit, with greater uncertainty.

Are you finding it difficult to fill job vacancies at your organization?

	Summer '22	Fall '22	Winter '22/'23	Spring '23
Yes	69%	62%	58%	52%
No	24%	27%	36%	34%
Unsure	8%	11%	7%	14%

COST INCREASES

Cost increases are rampant as the flood of in-person gatherings returns. The most widespread of these: 55% of respondents said F&B costs have increased more than 10%, and 50% said the same about hotel accommodations. Never-ending optimists, there's a large drop off in the number of respondents expecting cost increases of this size to continue over the next 12 months. For instance, only 32% of respondents expect F&B costs to grow more than 10% over the next year; 30% said the same for hotel accommodations.

COST INCREASES OVER THE PAST 12 MONTHS

	>10% increase	6-10% inc.	1-5% inc.	Flat	1-5% decrease	6-10% dec.	>10% dec.
F&B	55%	30%	7%	5%	0%	1%	2%
Audiovisual	44%	31%	10%	12%	0%	1%	2%
Meeting space	37%	27%	17%	15%	1%	1%	2%
Hotel accommodations	50%	30%	11%	6%	0%	1%	2%
Staffing	36%	26%	12%	16%	2%	4%	5%
Transportation	45%	30%	9%	13%	0%	1%	1%
Marketing	24%	26%	17%	29%	1%	1%	2%
Swag	20%	29%	18%	24%	2%	2%	5%

EXPECTED COST INCREASES OVER THE NEXT 12 MONTHS

	>10% increase	6-10% inc.	1-5% inc.	Flat	1-5% decrease	6-10% dec.	>10% dec.
F&B	32%	34%	21%	9%	1%	1%	2%
Audiovisual	28%	28%	25%	16%	1%	1%	1%
Meeting space	23%	26%	27%	20%	2%	0%	2%
Hotel accommodations	30%	31%	23%	12%	1%	1%	2%
Staffing	25%	29%	24%	16%	1%	2%	3%
Transportation	25%	31%	25%	15%	1%	0%	2%
Marketing	17%	24%	28%	28%	1%	1%	1%
Swag	15%	21%	31%	27%	1%	1%	3%

getting has been tough, as prices are 25% higher than they have been in the past. Also, menus from hotels/venues have been unoriginal and uninspired. We are looking at ways to cut costs while still providing an overall exceptional experience for attendees and exhibitors.”

At Mobi Events, Arnott experienced some sticker shock when she arranged a recent dinner in Switzerland for 40 people.

“It cost \$70,000,” Arnott says. “And they put a time limit on it—we had two hours.”

She has noticed venues becoming more inflexible about other aspects of meetings in ways that are driving costs up.

“They’re becoming very tight fisted around the rules,” she says, noting, for example, that one venue recently charged her a \$109 late fee for being a day late in submitting the deposit for the beverage budget.

“The relationship meant something before,” Arnott

says. “Now it’s not really about a relationship. It’s more like, ‘These are just our rules that come from the top down.’ It makes it more prohibitive in planning events because sometimes you don’t have certain information available yet when you’re working with a large corporate client that hasn’t even thought about this event that’s four months down the road.”

In those instances, Arnott may guestimate, but sometimes has to swallow added costs. At the dinner for 40 people, she estimated there would be six vegetarian dinners.

“It ended up being more than that and we got docked,” she says.

Another factor that’s driving costs up is a trend toward à la carte services.

“I’ve seen a trend away from in-kind services and/or bundled services,” Jennifer Lazarz (MPI Houston Area Chapter), event planner and trade show manager, Medical Informatics, said in her survey comments. “For cost and

ATTENDANCE FORECASTS

In-person attendance projections remain overwhelmingly positive with 83% of respondents expecting a favorable showing over the next year. This is the fifth consecutive quarter for which 80% or more of respondents expect favorable in-person attendance. Meanwhile, projections for virtual attendance are steady, albeit down significantly from the highs seen in 2020-2021.

Projected Live Attendance

	Summer '22	Fall '22	Winter '22/'23	Spring '23
Positive	82%	80%	82%	83%
Flat	5%	6%	8%	8%
Negative	13%	14%	10%	8%

Projected Virtual Attendance

	Summer '22	Fall '22	Winter '22/'23	Spring '23
Positive	17%	19%	13%	18%
Flat	21%	30%	28%	24%
Negative	60%	49%	59%	57%

“We’re adapting by scaling back the size of our events and working with vendors who have a national reach instead of regional to increase our opportunity for discounts.”

JENNIFER LAZARZ

MPI Houston Area Chapter

employee-shortage reasons, a lot of vendors and spaces have become more à la carte, which is increasing costs. We’re adapting by scaling back the size of our events and working with vendors who have a national reach instead of regional to increase our opportunity for discounts.”

This has left many meeting professionals looking harder than ever for ways to cut costs.

“Cost containment is the biggest challenge and the most disturbing trend, next to labor issues,” Mary Anne Whittle, CMP (MPI Arizona Sunbelt Chapter), said in her survey comments. “Cost and service levels have required us to consider every program we produce. This includes the reduction of the number of days the program is held, removing F&B functions and outsourcing services such as audiovisual and considering offsite options that are more conducive to the event for cost and service level.”

Rising costs have made communication more important.

“Costs for all aspects of meetings and events are rising even faster than the high inflation rate the economy is experiencing,” Timothy Neill (MPI Oregon Chapter), hub manager, Seamless Event Solutions, wrote in his survey response. “As a vendor, we are being transparent on the factors that are driving our pricing.”

Creative budgeting

Against this backdrop, budgets are increasing for many in the industry. Sixty-four percent of respondents predicted favorable budget/spend in the next year; another 25%, however, expect to see flat budgets. Among those expecting an increase, 22% foresee an increase of 10% or more, 23% expect an increase of 6-10% and 18% project

a 1-5% increase.

“Budget is the main thing on my radar for all groups—costs are up to produce events, but attendee budgets have not necessarily increased, leading to lower attendance,” said one respondent who requested anonymity.

“Having a full and complete picture of the overall costs now vs. past meetings is No. 1 in making the right decisions in planning,” said another respondent who also requested anonymity.

Budget constraints and price increases have led another anonymous respondent to negotiate more energetically.

“I am requesting concessions to lock in the current year’s pricing for the following year’s events in order to appropriately budget,” wrote the anonymous respondent.

For many, the worst pain has been with regard to F&B.

“The impact of F&B pricing increases was our chief concern this year and will likely continue to be a top concern in the foreseeable future,” an anonymous respondent said in their survey comments. “Finding ways to be creative with food options that engage and satisfy attendees without having to dramatically increase registration fees is a significant challenge.”

In the current climate, setting expectations with clients has been essential. When working with “budget-conscious clients with grand ideas that are looking to execute their event at a high level,” one respondent reported “adapting by starting our conversations at budget and then working backwards to hit the key objectives of the event execution.”

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Meetings Outlook is supported in partnership with IMEX Group. The spring 2023 Meetings Outlook report is sponsored by Webex Events (formerly Socio).

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