



SPOTLIGHT ON: Meetings, Conventions, & Incentive Travel



Photo courtesy of Hawai'i Tourism Authority (HTA)

MARKET INSIGHTS UPDATE

United States | September 2019

A monthly update including relevant information on travel industry trends, consumer and meetings market research, competitive intelligence, and Hawai'i's performance as a destination.

In this Issue

With a robust economy and a stock market in positive territory for the past two years, it is no surprise that business travel has increased correspondingly. More meetings, conventions, and incentives (MCI) are being held across the U.S., which helped fuel a +1.6 percent increase in domestic MCI travel in 2018. But ongoing global trade conflicts are starting to weigh on the industry, which declined slightly (-0.2%) in June 2019. Despite this dip, planners remain cautiously optimistic.

Demand for meetings has outstripped venue and hotel supply as budgets have increased across North America. The hotel industry continues to set records in terms of growing supply, demand, and revenue. There has been strong growth in group Average Daily Rate (ADR) and demand since mid-2018.

That being said, there are key changes afoot in the meetings industry. This month's *Market Insights Update* takes an in-depth look at meeting planners' perceptions of today's MCI marketplace. The recent growth in business travel has helped drive more aspirational destinations to the forefront of planners' minds. Experiential venues and technology innovations are also helping attract meeting planner interest, as well as improving logistics and enhancing the delegate experience. Amidst these changes, there are still key challenges, especially for Hawai'i as a meetings destination. Cost and ease of access remain major deterrents in converting business. Marketing continues to be instrumental in building destination awareness among meeting planners and showcasing the offerings of a venue or event site.

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Competitor Update

Hurricane Dorian made landfall in the Bahamas early this month, leaving \$7 billion in destruction in its wake. Despite widespread media coverage, the storm only impacted two of 700+ islands in the nation. As such, the Bahamas remains open for tourism business and is working diligently to get the message out.

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Meetings, Conventions, & Incentives Travel

Most Considered MCI Destinations



1. New York
2. Las Vegas
3. Chicago
4. Atlanta
5. Washington, DC
6. Orlando
7. Boston

Source: STR DestinationMAP 2019

Choosing a Location

New York, Las Vegas, Chicago, Atlanta, Washington, DC, Orlando, and Boston are the top cities for meetings and events, with over half of meeting planners saying that they would consider these locations. For large meetings, Miami, Austin, San Diego, and Dallas are added to the list. Hawai'i faces stiff competition, with only 31 percent of meeting planners having considered an event on the islands. This consideration percentage is slightly higher for larger meetings, at 41 percent of meeting planners. At the same time, however, just nine percent of meeting planners plan to book Hawai'i in the next two years.

In terms of meeting locations actually used in the last two years, Chicago, New York, Las Vegas, Washington, DC, Atlanta, San Diego, Los Angeles, Dallas, and Boston rank among the top destinations. For large meetings in particular, Austin, San Francisco, New Orleans, and Phoenix rank among the top booked cities. Hawai'i ranks further down the list in terms of booked meeting locations (8%), but still outpaces competitors such as Ana-

heim, Vancouver, Portland, and Puerto Rico. Third-party planners are far more likely to have booked Hawai'i compared to Association or Corporate planners.

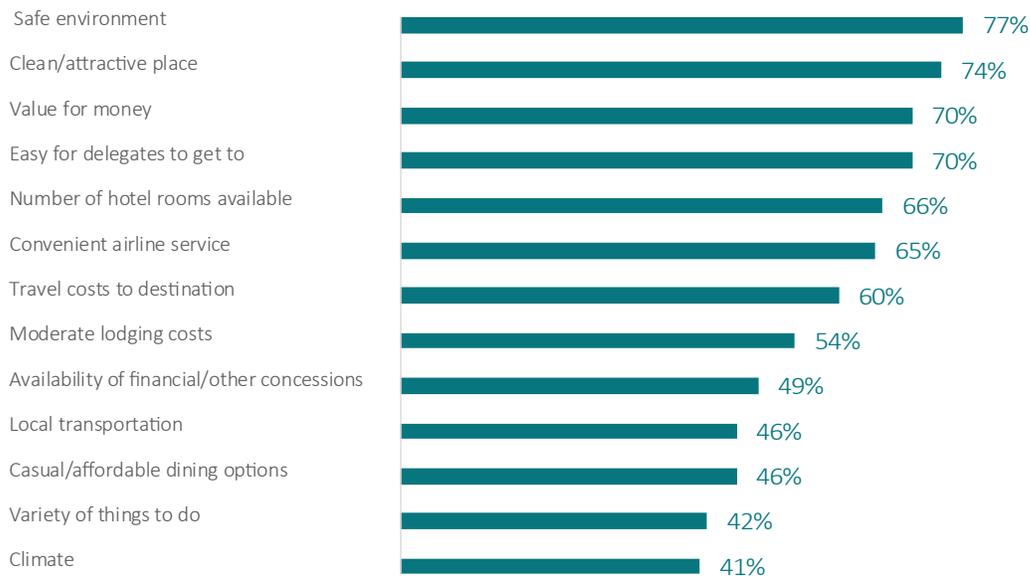
The majority of meetings planners (52%) have not used nor plan to use an international destination as an event site in the recent past or near-term future. For those who have booked an international destination, London is the most popular, followed by Paris, then Barcelona. Future consideration of both international destinations and Hawai'i is significantly higher than past usage, which may indicate they are a more aspirational type of destination.

Evaluating a Destination

When evaluating a destination for an event, meeting planners consider environmental, logistical, and recreational factors. Environmental and recreational considerations have been growing in terms of importance relative to logistics over the past 30 years. Association planners place less emphasis on the importance of recreational considerations, while large meeting planners are more likely to take into account logistics.

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Top Considerations When Selecting a Meetings Destination



Source: STR DestinationMAP 2019

Evaluating a Destination - Continued

In terms of environmental considerations, approximately three-quarters of meeting planners say a safe and clean/attractive location are 'very important' when selecting an event location. This is trailed distantly by good local transportation options (46%), favorable climate (41%), and popularity of the destination (38%).

When considering logistical factors, 70 percent of meeting planners say good value for money and ease of access is of utmost importance. Number of hotel rooms available (66%), convenient air service (65%), and travel costs to destination (60%) are also weighed heavily when selecting a meetings destination. Just over half (54%) say moderate lodging costs and availability of concessions (49%) is very important when choosing an event site. At the same time, just under one-third of meeting planners (29%) consider the support of Convention & Visitor Bureaus and/or Destination Marketing Organizations (DMO) very important when selecting a destination. Although this number is somewhat lower in terms of consideration, large meeting planners (38%) and third party planners (32%) rate CVB and DMO support higher.

Recreational factors of importance to

meeting planners include having a variety of things to do (42%), unique food experience (30%), outdoor recreation (29%), local history/culture/museums (28%), and pre- or post-event travel opportunities (27%). As the meetings industry seeks to become more experiential, around one-third of meeting planners also consider unique/special event venues to be very important.

In contrast, there are also many key deterrents that would prevent a meeting planner from selecting a destination, including cost, environmental, and image factors. Environmental concerns rank highest, where issues with safety (75%) and unsanitary conditions (76%) rise to the top, followed by aging hotels (50%) and unpleasant weather (36%). High costs are also weighed as a significant barrier, including pricey hotel room rates (57%) and food and beverage costs (56%). Similarly, the unwillingness of an event site to make financial or other concessions ranks as a key deterrent (43%). Finally, image can also cause a destination to rank poorly due to considerations such as being inappropriate for a serious business meeting (55%), social/political tension (46%), and recent bad publicity (43%).

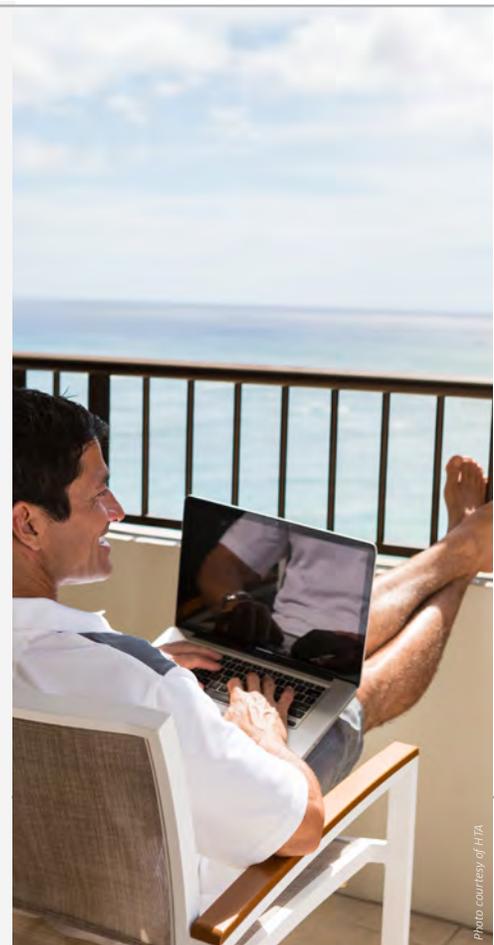
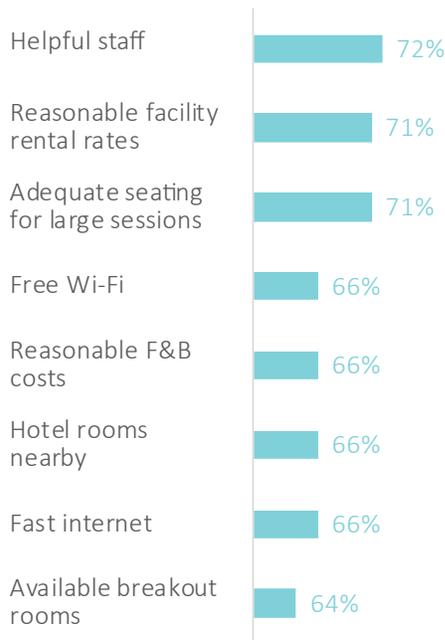




Photo courtesy of IFA

Key Factors for Booking a Meeting Site



Source: STR DestinationMAP 2019

Booking a Meeting Site

When considering the actual site location of the event - whether it is a convention center or meeting venue itself - meeting planners take into account cost, facilities, location, support, and technology. Helpful staff (72%), reasonable facility rental rates (71%), adequate seating for large sessions (71%), and fast internet (66%) all rise to the top in terms of venue importance. This is followed closely by reasonable F&B costs (66%), adequate number of hotel rooms nearby (66%), free Wi-Fi (66%), and the availability of breakout rooms (64%). Reasonable facility rates and F&B costs are most important to large meeting and association planners.

It is common for destinations to offer free or discounted incentives to close a sale. Incentives can cover a wide range of options, from free or discounted services to technology offerings. These incentives may be offered by either the CVB/DMO or directly from the venue. Wi-fi (71%), meeting space (70%), and hotel rooms (65%) are among the most commonly offered perks. As expected, large meetings are offered incentives more often compared to other segments.

Marketing a Meetings Destination

Marketing is critical to the success of a destination within the meetings industry. Targeting information to meeting planners

has both intangible benefits, such as building brand awareness, but also ultimately increases meetings bookings for the destination. Among targeted meeting planners, destination websites remain the dominant marketing channel; more than 42 percent of meeting planners used a destination's website for ideas and inspiration on potential sites. Over one-third (36%) of planners have used meeting planner guides published by CVBs/DMOs. Trade magazines and other trade publications (31%), travel magazines and travel websites (21%), and trade websites such as MPIWeb.org (17%) also remain instrumental resources for destination inspiration among planners.

Hawai'i's MCI Industry

Hawai'i welcomed more than 480,000 Meetings, Conventions, and Incentive visitors in 2018, an increase of +1.3 percent year-over-year. Convention travelers make up the bulk of visitors, accounting for 52 percent of MCI arrivals. This is trailed distantly by incentive (34%) and meetings visitors (17%). The U.S. Major Marketing Area (MMA) accounts for over 60 percent of MCI arrivals to Hawai'i. Year-to-date through July 2019, U.S. MCI arrivals are up slightly (+0.4%), totaling nearly 200,000 visitors. Incentive travel in particular is seeing an especially strong year, with an almost +10 percent increase in U.S. arrivals.



Competitor Update

It is peak hurricane season and the Caribbean was the first major tourism hub to weather a storm this year. The Bahamas, an archipelago that relies on an annual influx of \$4.3 billion in visitor spending, was hard hit recently by Hurricane Dorian. The destruction, however, was limited to just two of the 700+ islands in the chain. Royal Caribbean cruise lines brought in hundreds of workers from neighboring islands to assist with cleanup efforts in major tourism areas. Within days, 70 percent of the storm clean up was complete. Despite the storm's effects being limited to two islands, the widespread perception is that the Bahamas is currently closed for business. This is a critical post-catastrophe issue that many destinations

within the country are now grappling with. Travelers simply think the destination is permanently destroyed. Bahamas Ministry of Tourism and Aviation is working around the clock to tell the world that popular cities like Nassau, the Exumas, and Bimini are all fine. In order for reconstruction to happen, destinations still need people to visit in order to collect taxes that fund recovery efforts. An aggressive message is crucial in the weeks after a disaster. The quicker a destination can convince travelers that it is safe, the faster the recovery will be. As the frequency of hurricanes increases in both the Atlantic and Pacific oceans, this will be an ongoing issue destinations face as they fight to attract new and repeat visitors.

Sneak Peek at Next Month



Spotlight On:
Shoulder Season Travel

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