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MeetingNews Vantage Point

Mtg. Business, Not Rates, Rebounding

HelmsBriscoe chief operating officer Greg Malark this month spoke with MeetingNews senior editor Jay Boehmer to discuss the site-selection firm's outlook for meeting buying in 2010, the company's international growth plans and why it will remain a buyer's market for some time.

MeetingNews: What does 2010 look like for the meetings market?

Greg Malark: We believe as far as the number of meetings is concerned, the demand has flattened out. We are no longer seeing a decline in the number of meetings we are looking to hold. Some of the meetings are smaller, and we anticipate that to change. We think that we'll see the demand side of the business bounce back fairly quickly, probably the midpoint of 2010, but people are value shopping, so the rates that customers are paying continue to be low. We don't expect to see a rebound to the rates we saw in 2007 or 2008.

Overall, we think revenue in the meetings space is down about 30 percent – and when I saw revenue, I mean room revenue. It's down further in what I would consider high-profile markets, but the good news is that there is good, healthy demand and the demand is signing. We were in a situation a couple of months ago where you had a lot of people kicking tires but nobody was signing agreements. I believe now we're beyond those days, and people are actually signing agreements and recognizing the value of the marketplace and buying meetings. What we haven't seen yet is the return of high-end, high-profile incentive meetings.

MN: Have shorter lead times made protecting next year more difficult?

Malark: We do so many meetings. We'll do over 20,000 meetings, so we have a pretty good sense. The meetings are somewhat shorter-term, but not so dramatically that we can't forecast.

What we do think we're done with are the cancellations and renegotiations that were a big part of this year. We think that the business we are booking is going to be stable. We are a little bit uncertain of how December is going to end up for us. December is usually a big month, but we don't have a good sense of how it will end. If December ends well, then we think that

2010 will continue to see a slow ramp-up in demand, but not enough of a ramp-up to drive prices.

MN: Is it safe to say hotels will continue to be flexible in contracting meetings?
Malark: We anticipate that it's going to be a buyer's market for some time. As long as they buyers are flexible on dates or have some flexibility, it will be a buyer's market for some time.

MN: How does the decision to take control over your international operations help HelmsBriscoe's growth strategy in regions outside of the United States?
Malark: This is an indicator about how serious we are about global expansion. This will be followed up with investment on our part. In fact, we reached a verbal agreement to open a European headquarters in the United Kingdom. We're putting together an advisory council in the United Kingdom and we're going to do similar things in other regions. We're very serious about being a global company. In order to make that work, we need to all be working off a similar agenda.

MN: What is the ratio of international to North American business, and how much will this change move that dial?
Malark: Right now, we estimate that about 11 percent of our business is booked outside the United States, and last year we did $670 million in rooms revenue booked. In real rough numbers, let's just say around $70 million is booked outside the United States, the majority of that has come from the United States outbound, and we anticipate, with this strategy going forward and the development of associates, we'd like that international division to go that number to where it's $200, $250 million within four years. That is for room revenue for hotels that are outside of the United States.

MN: Is Europe the first target of your international growth?
Malark: to be a global company we also need South America and Asia/Pacific. We need the world. We may have different types of relationships in some of those different markets. We have a critical mass in Europe to build off of, and we have some individual offices that produce quite well for us in other parts of the world.

It's a global strategy, but how that plays out in various regions will depend on the culture of the regions and what our critical mass is. Critical mass is two things: the associates we have in the market and the business we put into that market. Those are the two dynamics that drive our growth.

MN: What is the mix of HelmsBriscoe's association and corporate clients?
Malark: From a number of meetings booked, we're about 70 percent corporate and 30 percent association.

MN: Have you seen the same trends and behaviors in both segments this year?
Malark: There has been a difference in the sense that the corporates have been more in the mode of cancelling meetings, renegotiating and that type of thing. The association end of the discussions was really about adding value to the attendees and also addressing the subject of

attrition, because some attendees weren't showing up. They were dealing with the same underlying conditions, but they were causing some different reactions.

MN: It's been a year of belt-tightening and budget cuts. Is price dominating conversations with clients?
Malark: We really don't start with price. We start with objective, whether it's a meeting for training or incentive or motivational, then move to the logistics – where you're coming from, where you've gone in the past. We start from there, then try to create the maximum amount of value around that objective. That's critical, because a lot of the value you get in this marketplace is well beyond price. Hotels are quite often willing to create value-adds, particularly with our clients because of our level of volume.

MN: Have perceptions of excess played into your clients' decision making this year?
Malark: There are still clients out there that are very perception-driven. They want value, but they're also concerned about how their meetings are being perceived both internally and externally. The perception conversation – perception of destination, perception of brand – is relevant conversation in a lot of work with our clients.

MN: Have clients explicitly said to you that they'd host a meeting anywhere but Las Vegas or a resort destination, because of perception?
Malark: Certainly there are clients that have asked that we don't do resorts, or certain destinations. They have a public perception that they're guarding, but we're also starting to see value in those destinations. We're seeing other clients step up and say, here is an opportunity to get my group into a fabulous experience that I probably could not have gotten them into a year from now. You're seeing that change happening because there is a great value out there.

It's not just a matter of pricing. Hotels are willing to accept patterns and willing to accept certain space ratios and things of that nature that they wouldn't have been able to accept a year ago. You're seeing smart buyers provide some pretty unique experiences for their attendees because there's flexibility in space ratios, and there's flexibility in pricing, and there's flexibility in contract terms. However, it's important to only ask for flexibility in things that are really important to the client, because there are always trade-offs.