



MEETINGS TOURISM STUDY

FOCUS ON OFFSHORE MEETINGS HELD BY CORPORATIONS AND
ASSOCIATIONS BASED IN NORTH AMERICA

PREPARED FOR: CONSEJO DE PROMOCIÓN TURÍSTICA DE MÉXICO

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FINAL REPORT

MENLO CONSULTING GROUP, INC. **mCG**

EXECUTIVE SUMMARY

This report discusses meetings organized by North American corporations and associations and focuses on events conducted offshore. The overall purpose of the research is to help Mexico maintain and grow its share of this important segment of the meetings market. The work was undertaken under contract to the Consejo de Promoción Turística de México by Menlo Consulting Group, Inc. (MCG). The findings are based on extensive secondary research and in-depth interviews with meetings professionals conducted in February, March, and April 2009.

Overview of the U.S. market. MCG estimates the size of the current U.S. meetings and conventions market to be approximately US\$133 billion. Incentive travel accounts for an additional US\$7 billion. In 2007, an estimated 1.32 million corporate and association meetings and conventions were held in the United States. In the aggregate, there were more than 141 million attendees at corporate or association meetings or conventions in the United States in 2007. Corporate meetings account for approximately 82% of meetings in the United States. The remaining 18% are association meetings and conventions.

MCG estimates that approximately 20,000 meetings were held offshore by U.S. organizations in 2007, with approximately 2.7 million American attendees—approximately 1.5 million at international corporate meetings and approximately 1.2 million at international association meetings or conventions.

- **Mexico's share.** In 2007, 5.8 million Americans visited Mexico by air. Of these, MCG estimates that 340,000 (6%) did so to attend a corporate or association meeting or convention. Attendees who went to Mexico for a corporate or association meeting or convention account for 13% of Americans who attended such events offshore in 2007.
- **Outlook.** The serious contraction that began in mid-2008 will continue through 2009, leading to moving many offshore meetings to domestic venues, reductions in expenditures, lower attendance, and fewer events overall.

Overview of the Canadian market. Meetings and conventions account for approximately C\$30 billion in direct spending in Canada. In 2006, 659,000 meetings, conventions, and consumer/trade shows, attended by nearly 66 million participants, were held in Canada. Although the largest proportion of gatherings fell into the category of business meetings, total attendance was expectably higher for conferences and conventions, and average attendance was highest for consumer shows. Canadian planners are also feeling the effects of the global recession. The outlook in Canada is quite similar to that in the United States, with a move to domestic destinations and fewer and less costly events.

In 2007, 18,660 Canadians visited Mexico for meetings and 6,230 visited Mexico for conventions. These Canadian meeting and convention visitors spent an average C\$1,376 per person and stayed an average of 7.0 nights. Both average spend and average stay have increased moderately in recent years.

Mexico's position in the North American meetings market. North American meeting planners' perceptions of Mexico as a meetings destination are largely positive. Satisfaction with Mexico was high among those who had planned a meeting there. However, the economic crisis, the outbreak of swine flu, and reports of increasing drug-related violence pose a significant challenge to the growth of Mexico's

meetings business. To compound the problem, many corporations are avoiding offshore business meetings and destinations and venues that may be perceived as luxurious or lavish. This reaction to the new scrutiny is felt in both the United States and Canada. The following exhibit summarizes Mexico's key strengths and weaknesses as a meetings destination, as well as the most salient opportunities and threats facing Mexico in the current market conditions.

EXHIBIT. ANALYSIS OF MEXICO AS A MEETINGS DESTINATION

	<p style="text-align: center;">Strengths</p> <ul style="list-style-type: none"> ✓ Ease of access / convenient transport ✓ Proximity to U.S., Canadian, and Latin American markets ✓ Superior meeting facilities and resorts ✓ Good value for the money ✓ Strong service culture ✓ Awareness of Mexico's marketing among planners 	<p style="text-align: center;">Weaknesses</p> <ul style="list-style-type: none"> ✓ Damaged reputation due to negative press regarding crime and violence ✓ Hesitancy to visit due to the outbreak of swine flu ✓ Perception that Mexico is a leisure rather than a business destination ✓ Slow response, lack of follow-up with planners ✓ Difficult/expensive to ship equipment and supplies
	<p style="text-align: center;">Opportunities</p> <ul style="list-style-type: none"> ✓ Economic downturn means meeting planners are looking for value ✓ Corporations/associations are developing their Latin American markets ✓ Other offshore destinations (Europe, Hawaii) are more expensive/farther away than Mexico 	<p style="text-align: center;">Threats</p> <ul style="list-style-type: none"> ✓ Economic downturn is keeping many meetings within the United States and Canada ✓ Political focus on "serious business" / attitude that offshore meetings and resorts are frivolous ✓ Competition is increasing—more promotion and discounting from domestic and offshore destinations

The United States and Canada offer opportunities for Mexico to expand its share of the North American meetings business. The two markets are substantial in size, and interest in international meetings is still strong, despite the global economic downturn. Many associations and businesses have legitimate reasons to meet offshore and will continue to do so. Companies that have offices in Mexico or want to grow their Latin American presence and associations with large Latin American membership bodies, sister associations in Mexico, or those looking to grow regional membership offer particular promise.

MCG believes that Mexico can indeed maintain and increase its share of the North American meetings market. However, Mexico faces serious immediate challenges. Many planners in the United States and Canada cancelled upcoming meetings in Mexico as a result of the influenza outbreak. Others may be reluctant to schedule new meetings there—even if these meetings may not take place until two or more years from now. Their reactions could result in significantly reduced meetings volume in Mexico that lasts well beyond the conclusion of the outbreak.

Recommendations. To restart the flow of meetings, Mexico must (1) address and counter negative perceptions, (2) target its efforts more effectively, (3) leverage the advantages of the entire Mexican industry working jointly, and (4) develop strategic intelligence to guide future efforts.

Messaging:

- Arm planners with health and safety information to justify decisions to select Mexico.
- Equip planners with specifics that show financial advantages of Mexico.
- Communicate that Mexico is a suitable destination for business meetings.

Targeting:

- Strengthen links with independent meeting planners.
- Focus on corporations likely to hold meetings in Mexico.
- Approach selected international associations.
- Contact planners who have held meetings in Mexico or expressed interested in doing so.

Organizational tasks:

- Develop or strengthen a group such as the Mexico Convention and Visitors Bureau to grow the meetings industry.
- Commit the resources, both human and financial, to doing so.
- Leverage the talent within the Mexican industry.
- Develop a dedicated, professional, easy-to-access Web site for the Mexico Convention and Visitors Bureau.

Strategic intelligence:

- Establish an information center that documents meetings taking place in Mexico.
- Leverage arrival statistics to accurately measure the numbers of air arrivals to Mexico for various types of meetings.

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I INTRODUCTION

ABOUT THIS REPORT

This report examines the U.S. and Canadian meetings markets with a special emphasis on the offshore component. Prepared by Menlo Consulting Group, Inc. (MCG), the research was conducted as a multi-client (or syndicated) effort. Mexico's Consejo de Promoción Turística was a subscriber. As such, this report focuses on the findings as they relate to Mexico. The purposes of this study are to:

- Estimate the size, identify trends, and document key characteristics of the current North American meetings market with a special focus on its international component.
- Identify criteria for selecting destinations and venues.
- Better understand perceptions of Mexico and key competitors as meetings destinations.
- Identify opportunities to maintain and grow Mexico's share of the North American meetings market.

The meetings market (also referred to as MICE and/or business tourism) encompasses meetings and conventions conducted by corporations, associations, governments, and educational institutions, as well as incentive travel. For the purpose of this study, MCG focused its analysis on the following two segments of the meetings industry:

- Corporate meetings, which include management meetings, sales meetings, new product launches, training seminars, and board meetings.
- Association meetings, which include annual conventions; educational, professional, and technical seminars; and board, executive, and committee meetings.

APPROACH

Quantifying business tourism is not easy or straightforward. The meetings industry lacks a standard for measuring its size and components. Sources published by major industry organizations and publications often reach wildly diverse conclusions based on figures derived from differing samples, methodologies, terminologies, and accounting practices. Because of this reality, MCG combined secondary research and analysis with qualitative primary research—in-depth interviews with meeting planners. The methodology is described in Appendix A.

Interview respondents were spread across all regions of the United States and Canada and across a wide range of business sectors, and represent a cross-section of large and smaller organizations. Almost all of the planners interviewed had planned offshore meetings or intend to do so in the future. A list of the individuals interviewed for this research is attached as Appendix B. Interviews were conducted by MCG professionals experienced in conducting executive interviews. The research was conducted in February, March, and April 2009.

The information on the corporate and association meetings segments is presented in one report, instead of in two separate documents as originally planned. The Consejo and MCG agreed to combine the results into one report because of the overlap inherent in some of the findings and because doing so would better allow for comparisons and contrasts between the two segments. Therefore, differences between the two segments have been highlighted throughout the report. The results of the analysis of secondary sources are the basis of Sections II and III of this report, The U.S. Meetings Market and The Canadian Meetings Market. Findings from the interviews are the basis of Sections IV and V of this report, The Destination Selection Process and Mexico's Position in the North American Meetings Market. Quotes are provided throughout this report to illustrate the findings from the interviews.

II THE U.S. MEETINGS MARKET

The U.S. meetings market fluctuates with the health of the U.S. economy, and also with major events that affect travel. Following the reduction in travel resulting from events of September 11, 2001, recovery and strong growth in the meetings industry started in 2003 and peaked in 2005. Slight budget tightening and slower growth followed in 2006; in 2007, meeting planners had a healthy outlook for the industry, predicting double-digit increases in average meeting attendance for 2008.

At this writing (May 2009), the U.S. meetings market is at a crossroads. The global economic downturn has taken center stage, negatively affecting every aspect of the meetings industry starting in the second half of 2008. Industry predictions are that the meetings industry will decline by 5% to 10% in 2009, with associations expecting declining attendance and corporations reducing the number of events they hold. Further, the economic downturn has also caused a change in how meetings are perceived and valued. Even when the global economy rebounds, the meetings industry may look and behave somewhat differently than it has in the past and may grow more slowly.

Corporate meetings account for approximately 82% of meetings in the United States. However, because many corporate meetings have a small number of participants, these meetings account for about 60% of meeting attendance and only 30% of direct expenditure. The remaining 18% of meetings held in the United States are association meetings and conventions, and they are generally large events. These meetings account for approximately 40% of meeting attendance in the United States and 70% of direct expenditure.¹

MARKET SIZE AND KEY CHARACTERISTICS

MCG estimates the size of the current U.S. meetings market to be approximately US\$133 billion.² Incentive travel accounts for an additional US\$7 billion. Estimates of market size vary widely; industry sources estimate 2008 meetings and conference spend at US\$101 billion³ to US\$175 billion.⁴ The meetings and events component of business travel is responsible for nearly 15% of all travel in the United States, generating 1 million jobs and creating US\$16 billion in tax revenue at the federal, state, and local levels.⁵

Number of meetings. In 2007, an estimated 1.32 million corporate and association meetings and conventions were held in the United States (Exhibit 2).

EXHIBIT 2. U.S. DOMESTIC MEETINGS MARKET—2007

	Number of Meetings	Total Attendees
Corporate meetings	1,080,400	84,000,000
Association meetings and conventions	240,700	57,200,000

Source: Meetings and Conventions 2008 Meetings Market Report.

¹ Meetings and Conventions 2008 Meetings Market Report.

² This estimate is based on analysis of a variety of sources, including the Convention Industry Council's (CIC) 2005 Economic Impact Report, and taking into account growth and inflation.

³ U.S. Travel Association.

⁴ Groups and Meetings: Market Opportunity Redefined, January 2007; PhoCusWright, in partnership with HSMIA (Hospitality Sales and Marketing Association International). This measure includes private leisure groups such as family reunions.

⁵ U.S. Travel Association. Meetings, Events and Incentive Travel: Critical to American Jobs, Communities and Businesses.

Meeting planners expect a 9% decrease in the number of meetings their organizations will hold in 2009.⁶ In the second half of 2008, organizations cancelled 8% of their meetings, and so far in 2009, organizations have cancelled 7% of their scheduled meetings (an average of 3.4 meetings). In fact, 40% of corporate planners and 25% of association planners in North America already report cancellations for 2009.⁷

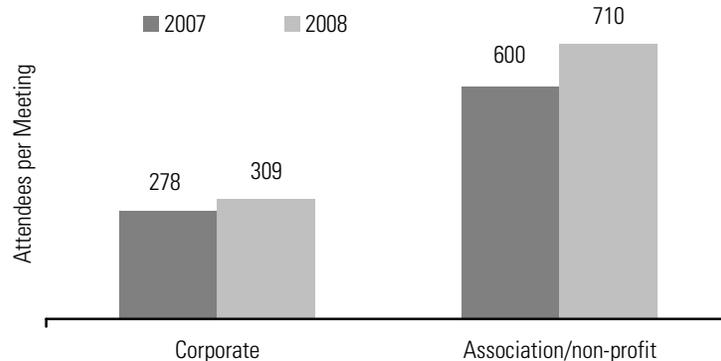
Corporations are more likely than associations to reduce the number of meetings they host. At corporations, larger meetings are most at risk to be scaled down or cancelled, unlike smaller sales and training meetings. Although all industries are affected, a large portion of cancelled events are in industries hit hardest by the recession: banking, mortgage lending, credit cards, and housing construction and renovation.

I think that corporations are hurt more [than associations] in this economic downturn. They must justify every out-of-pocket cost, and they won't spend money if they can't. For associations, attendance figures at functions have been hit, but ... small companies need to network, so these conferences offer an important business opportunity for the times.

—U.S. independent planner

Attendance. In the aggregate, there were more than 141 million attendees at corporate or association meetings or conventions in the United States in 2007.⁸ Small meetings, such as sales and training meetings, make up the vast majority of the total number of meetings. Attendance at corporate meetings averaged 309 participants in 2008, compared with 710 participants at association meetings (Exhibit 3). Average meeting attendance figures were up in 2008 over 2007 for both corporate and association meetings.

EXHIBIT 3. AVERAGE ATTENDEE COUNT AT MEETINGS



Source: MPI FutureWatch 2007, 2008, A Comparative Outlook on the Global Business of Meetings.

Three-quarters of corporate planners (61%) said attendance at meetings and events dropped in February 2009 from a year earlier.⁹ Association planners expect 15% fewer attendees at association meetings in 2009 than in 2008.¹⁰ In turn, low event registration can sometimes force an association to cancel an event, despite steep penalties paid to venues and suppliers for doing so. Because of fewer attendees and exhibi-

⁶ MPI FutureWatch 2009, A Comparative Outlook on the Global Business of Meetings.

⁷ Ibid.

⁸ Meetings and Conventions 2008 Meetings Market Report.

⁹ MPI Business Barometer, December 2008.

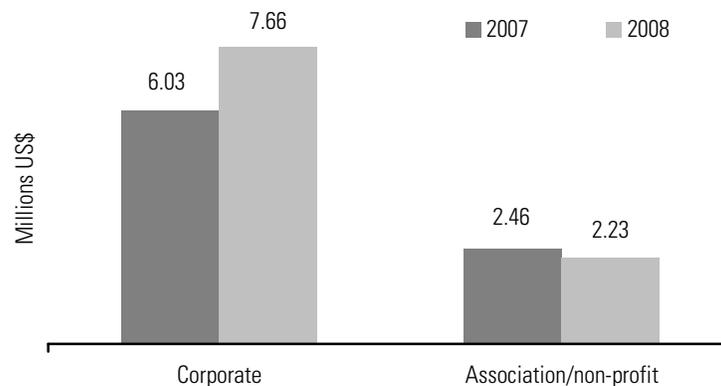
¹⁰ MPI FutureWatch 2009, A Comparative Outlook on the Global Business of Meetings.

tors, associations expect profits to decline; 41% of all association meetings in 2009 are expected to be profitable, down from 49% in 2008.¹¹

Duration. A majority of corporate (64%) and association planners (54%) report the average length of their meetings to be two to three days. Corporate planners are slightly more likely than association planners to have meetings run three or four days.¹²

Budgets. Meeting spend can represent up to 3% of corporate revenue.¹³ In 2008, corporations budgeted an average of US\$7.66 million for meetings, an increase of 27% from 2007 (Exhibit 4). During the same period, associations' meeting budgets decreased 9% from 2007 to 2008, to US\$2.23 million.

EXHIBIT 4. ESTIMATED BUDGETS AMONG CORPORATE AND ASSOCIATION MEETING PLANNERS



Source: MPI Future Watch 2007, 2008, A Comparative Outlook on the Global Business of Meetings.

Budget cuts for meetings and travel are widespread, particularly among corporations. In 2009, meeting planners as a whole expect a 6% drop in organization meeting budgets.¹⁴ A total of 64% of corporations globally will reduce spending on meetings in 2009, a figure that doubled from August to December 2008.¹⁵ In February 2009, 77% of planners had reduced spending on meetings and events versus February 2008.¹⁶

Direct expenditure. Average budget per meeting rose for both corporations and associations from 2007 to 2008, to an average of US\$212,783 per corporate meeting and US\$174,389 per association meeting.¹⁷ Food and beverage is typically the largest portion of the budget, followed by guest rooms for corporations and meeting facilities for associations (Exhibit 5).¹⁸

¹¹ MPI FutureWatch 2009, A Comparative Outlook on the Global Business of Meetings.

¹² MPI FutureWatch 2008, A Comparative Outlook on the Global Business of Meetings.

¹³ Aberdeen Group, Strategic Meetings Management: Of MICE (Meetings, Incentives, Conferences and Exhibitions) and Spend, February 2008.

¹⁴ MPI FutureWatch 2008, A Comparative Outlook on the Global Business of Meetings.

¹⁵ Reuters, Downturn Hits U.S. Corporate Meetings, December 2, 2008.

¹⁶ MPI Business Barometer, February 2009.

¹⁷ MPI FutureWatch 2008, A Comparative Outlook on the Global Business of Meetings.

¹⁸ PCMA's *Convene* magazine provides a more specific breakdown of expenses for association and independent meeting planners, beyond food and beverage in its 18th Annual Meetings Market Survey, March 2009. 13% of the meeting budget goes to audiovisual; 8% each to marketing and promotion, speakers and entertainment, registration and housing, venue rental, and staff travel and accommodations; and 7% to decorator/labor.

EXHIBIT 5. COMPONENTS OF INTERNATIONAL MEETING EXPENSES

	Corporate	Association
Food and beverage	25%	35%
Guest rooms	24	15
Air transportation	19	14
Meeting facilities	13	19
Third-party fees	8	4
Ground transportation	6	6
Other	5	7

Source: *Meetings & Conventions* – International Meeting Planner Survey 2008.

Association revenue comes primarily from registration and exhibitions. At international association meetings in 2007, the average registration fee per delegate per meeting was US\$565. Several studies show that registration fee accounts for approximately 22% of the average total expenditure by each delegate; this measure indicates an average total spend of US\$2,568 by each delegate per international association meeting, yielding an average total expenditure by delegates per meeting of US\$1,684,700.¹⁹

These spending figures are likely to remain stable. Planners surveyed by MPI predict only a 2% increase in average expenditure per meeting in 2009 over 2008. In comparison, respondents predicted a 23% increase in spending on individual meetings from 2007 to 2008.²⁰

Meeting destinations. The vast majority of U.S. association and corporate meetings are held within the continental United States and as budgets tighten, U.S. organizations are likely to keep more meetings in the United States. The top U.S. meeting locations are major cities with good airlift and ample meeting facilities. California is the state benefiting the most from business meetings and events (Exhibit 6).

EXHIBIT 6. 2007 TRAVEL EXPENDITURES ON MEETINGS AND EVENTS—TOP 10 STATES
(MILLIONS US\$)

California	\$16,094
Texas	9,284
Nevada	8,885
Florida	8,859
New York	5,769
Illinois	5,711
Georgia	4,227
Massachusetts	2,728
Pennsylvania	2,563
Arizona	2,249

Source: U.S. Travel Association, *Meetings Mean Business*,
Share of U.S. Meetings & Events Travel by State (2007).

¹⁹ ICCA International Congress and Convention Association. *The International Association Meetings Market Statistics Report 2007*.

²⁰ MPI FutureWatch 2009, *A Comparative Outlook on the Global Business of Meetings*.

Meeting venues. Most meeting planners prefer to hold meetings in city hotels, followed by resort hotels. Association planners often use conference and convention centers to accommodate their higher participant levels (Exhibit 7).

EXHIBIT 7. MEETING PLANNERS' VENUE CHOICES

	Corporate	Association
City hotel	31%	34%
Resort hotel	25	18
Airport/suburban hotel	14	11
Conference center/university	8	11
Restaurant/club/unique venue	9	7
Convention center	7	12
Other	6	6

Source: MPI FutureWatch 2009, A Comparative Outlook on the Global Business of Meetings.

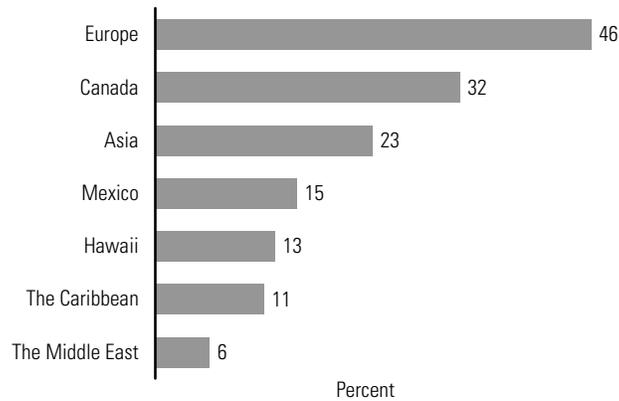
Cruise ships account for a growing share of the offshore meetings business; for example, in 2007, Norwegian Cruise Line reported that its meetings business had been growing at 17% a year. An industry expert estimates that the business group segment accounts for 3% to 5% of cruise lines' business, although there are no published figures. Cruise lines are doing more to attract planners to charter a vessel for meetings, by enhancing specific facilities and services and adding dedicated staff. Cruise ships emphasize the cost-effectiveness of having the big-ticket item of food and beverages included in the fixed charter price, as well as the range of amenities and facilities on board.

THE U.S. OFFSHORE MEETINGS MARKET

MCG estimates that approximately 20,000 meetings were held offshore by U.S. organizations in 2007, with approximately 2.7 million American attendees.

Corporate. MCG estimates that there were approximately 1.5 million Americans attendees at international corporate meetings in 2007. According to MCG's TravelStyles USA research, from 2004 to 2007, Europe is the most common destination for international corporate meetings, followed by Canada and Asia (Exhibit 8). Mexico attracted 15% of U.S. corporate meeting attendees during this period.

EXHIBIT 8. SELECTED DESTINATIONS VISITED FOR INTERNATIONAL CORPORATE MEETINGS FROM 2004 TO 2007* (U.S. INTERNATIONAL CORPORATE MEETING ATTENDEES)



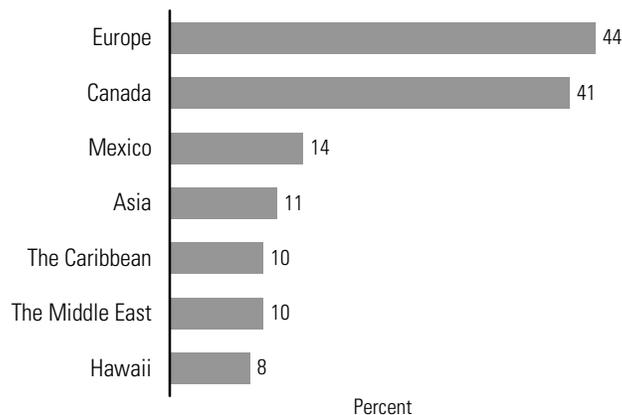
Source: Menlo Consulting Group, TravelStyles USA, 2007.

* Percentages add to more than 100 because travelers may have visited more than one destination during this period.

A 2008 survey of meeting planners who plan meetings outside the United States indicated that 55% of corporate meeting planners expected to hold meetings in North America and an equal percentage in Europe.²¹ Various sources estimate that a third to half of U.S.-based corporations hold meetings abroad.

Association. MCG estimates that there were approximately 1.2 million American attendees at international association meetings or conventions in 2007. According to MCG’s TravelStyles USA research, Europe and Canada are the most common destinations for international association meetings and conventions. Europe attracted 44% of U.S. association meeting and convention attendees from 2004 to 2007, and Canada attracted 41%. Mexico (14%) and Asia (11%) follow in popularity (Exhibit 9).

EXHIBIT 9. SELECTED DESTINATIONS VISITED FOR INTERNATIONAL ASSOCIATION MEETINGS FROM 2004 TO 2007* (U.S. INTERNATIONAL ASSOCIATION MEETING AND CONVENTION ATTENDEES)



Source: Menlo Consulting Group, TravelStyles USA, 2007.

* Percentages add to more than 100 because travelers may have visited more than one destination during this period.

²¹ *Meetings & Conventions* magazine, Global Planner 2008.

A 2008 survey of meeting planners who plan meetings outside the United States confirms these same market shares. In 2008, 43% of association planners expected to hold meetings in Europe and 44% in North America.²²

MEXICO'S SHARE

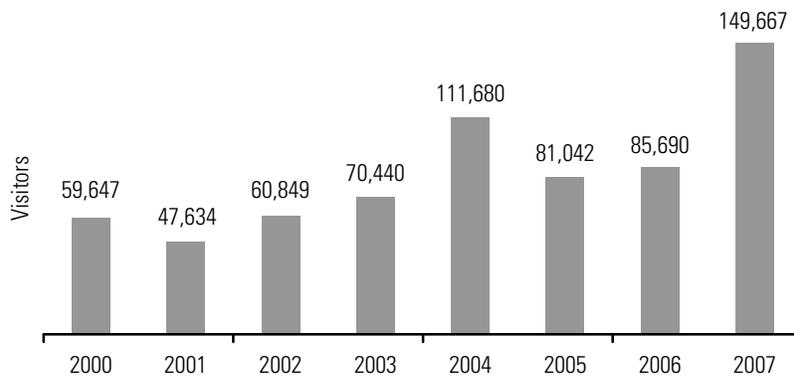
In 2007, 5.8 million Americans visited Mexico by air.²³ Of these, MCG estimates that 340,000 (6%) did so to attend a corporate or association meeting or convention. MCG also estimates that an additional 215,000 U.S. residents visited Mexico on an incentive trip or award, either as the recipient of the award or as a companion.

Attendees who went to Mexico on a corporate or association meeting or convention account for 13% of Americans who attended such events offshore in 2007. In terms of the number of events, approximately 2,500 corporate or association meetings or conventions were held in Mexico by U.S. organizations.²⁴

In total, MCG estimates that American attendees spent US\$576.3 million at meetings or conventions held in Mexico by U.S. corporations or associations in 2007. Total expenditure by delegates on all association meetings in Mexico was approximately US\$384.3 million (an average of US\$2,568 per American attendee).²⁵ For corporate meetings, total attendee spend was approximately US\$192.0 million (an average US\$1,000 per American attendee).²⁶ To put these figures in perspective, travelers arriving to Mexico by air from the United States spent a total of US\$4.6 billion, or an average US\$785 per visit, in 2007.

The number of American visitors to Mexico for conventions and conferences has grown during most of the past eight years. In 2007, 149,667 Americans who visited Mexico by air (3%) came to attend a convention or conference, up from 59,647 in 2000 (Exhibit 10).

EXHIBIT 10. NUMBER OF U.S. VISITORS TO MEXICO FOR CONVENTIONS AND CONFERENCES



Source: In-Flight Survey; U.S. Department of Commerce.

²² *Meetings & Conventions* magazine, Global Planner 2008.

²³ In-Flight Survey; U.S. Department of Commerce. This source does not provide the number of Americans who attended corporate meetings in Mexico.

²⁴ This figure does not include incentive group travel or meetings held in Mexico by governments, private organizations, leisure or church groups, etc.

²⁵ Assuming ICCA's average registration fee and ratio of delegate spend to registration fee hold true for association meetings held in Mexico.

²⁶ This estimate assumes that the average corporate meeting attendee expenditure in Mexico is comparable to that of all international business travelers arriving by air in Mexico, as reported by Sector for 2007.

California is the single biggest source market for U.S. convention visitors to Mexico, accounting for 34% of attendees in 2007 and about a quarter over the past eight years. Other major source states include Illinois, New York, Colorado, and Texas (Exhibit 11).

Half (51%) of American visitors to Mexico for conventions and conferences in 2007 were male. The median age of convention travelers was 48.6 years, and their median annual household income was US\$111,254. More than 4 in 10 (46%) were employed at the technical or professional level, 30% were employed at the managerial or executive level, and 12% were in sales.²⁷

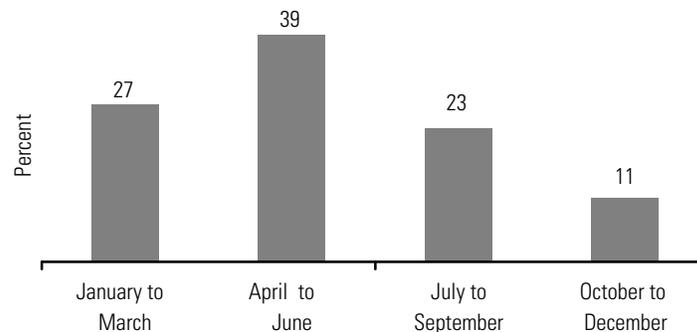
EXHIBIT 11. TOP STATES FOR U.S. VISITORS TO MEXICO FOR CONVENTIONS AND CONFERENCES

	2007	Total 2000 to 2007
California	34%	26%
Illinois	24	9
New York	10	9
Colorado	8	4
Texas	7	9
Florida	3	3
Massachusetts	3	1

Source: In-Flight Survey; U.S. Department of Commerce.

Spring is the most popular season for convention travel to Mexico from the United States. Nearly 4 in 10 convention visitors traveled to Mexico during April, May, or June in 2007 (Exhibit 12). January and June were the busiest months for convention travel from the United States.

EXHIBIT 12. SEASONALITY OF TRAVEL FROM THE U.S. TO MEXICO FOR CONVENTIONS AND CONFERENCES—2007



Source: In-Flight Survey; U.S. Department of Commerce.

In 2007, nearly two-thirds (64%) of U.S. convention and conference visitors spent 4 to 7 nights in Mexico—5.4 nights on average. This average stay is longer than the average duration of meetings held in the U.S., suggesting that Mexico is attracting longer conventions and/or that convention visitors are extending their

²⁷ In-Flight Survey; U.S. Department of Commerce.

stay in Mexico—both excellent news for Mexico. Mexico City and Cancun are by far the top destinations for conventions and conferences (Exhibit 13).

EXHIBIT 13. TOP MEXICAN DESTINATIONS FOR U.S. CONVENTION AND CONFERENCE VISITORS TO MEXICO—2007

Cancun	31%
Mexico City	31
Los Cabos/Cabo San Lucas/San Jose del Cabo	12
Puerto Vallarta	7
Acapulco	5

Source: In-Flight Survey; U.S. Department of Commerce.

CURRENT TRENDS AND IMPLICATIONS

THE NEW SCRUTINY

Adding pressure to the meetings industry is the increasing public and media scrutiny on corporate spending and the increased transparency demanded of corporations. The top trend cited by planners as most affecting meetings and events business in 2009 is poor perceptions/coverage of meetings; twice as many planners cite this issue as do the poor economy.²⁸ Some corporations are cancelling, scaling down, or moving events to less expensive locations to avoid appearing lavish in tight economic times. For example, 38% of corporations are avoiding luxury or upscale hotels, and 3 in 10 are avoiding cruises and golf resorts.²⁹ This is particularly true of companies receiving government bailout funds through the Troubled Asset Relief Program; major U.S. banks, including Wells Fargo, Goldman Sachs, and Morgan Stanley, cancelled or down-sized corporate meetings and incentive trips after lawmakers and media scrutinized past events.³⁰

Companies receiving government aid or bailout are also likely to have guidelines imposed on corporate travel and meetings, sparking concern that such regulation may negatively affect the meetings and hospitality industry going forward. Even companies and sectors not receiving government aid are tightening regulations for meetings and travel. For example, the Pharmaceutical Research and Manufacturers of America (PhRMA) issued stricter guidelines in January 2009, prohibiting pharmaceutical companies from underwriting physicians' meals or travel at meetings and events, further limiting physician gifts, and increasing restrictions on venues and perks provided to speakers or consultants.

We have to stay within our clients' very strict compliance guidelines. We don't do anything luxury anymore—no golf, resorts, Ritz Carltons, etc. Some companies are stricter than others, but all of them stay on the conservative side, even if it's not mandated, for fear of being audited.

—U.S. independent planner

In response to the new scrutiny, some major travel and hospitality organizations have joined forces to conduct the "Keep America Meeting" and "Meetings Mean Business" campaigns, which promote the importance of meetings and events and their positive impact on the economy. Recently, hotel companies implored the U.S. Congress to consider the importance of a healthy meetings industry and tone down the scrutiny of business gatherings. We believe that planner's fear of being perceived as spending scarce resources unwisely is not going to dissipate anytime soon. Over the longer term, these considerations may

²⁸ MPI Business Barometer February 2009.

²⁹ *Meetings & Conventions* magazine survey 2009.

³⁰ Is Sin City's image hurting its business? Associated Press, February 15, 2009.

become a permanent part of the decision making process and it may be harder to make a case for luxury destinations, venues, and services.

FOCUS ON VALUE

In light of the down economy and the new scrutiny, meeting planners have an increasing focus on value and maximizing return on investment. Corporate planners cope with budget cuts by hosting shorter meetings, combining events, replacing some meetings with virtual meeting technology, and keeping meetings closer to home. Some are ticketing air farther in advance to ensure seats at the best rate and negotiating baggage and amenity fees with preferred airlines during their RFP process.³¹

Everyone used to get their own rooms, but now the international group is asked to share a room, which they don't like, but it's that or don't come. They're also asked to not use first class.

—U.S. corporate planner

To attract attendees and keep meetings on plan, association meeting planners are partnering to merge or join meetings, combining similar events, partnering with international associations to bring attendees from abroad, relocating to cheaper or closer venues, and even postponing events until the economic outlook stabilizes.³² Some associations are offering one-day or single-session passes to keep costs down and attendee count up. Although discounting exhibit space is rare, some associations will discount in return for future show commitments when they face fewer exhibitors or exhibitors who buy less space.³³

Groups moving forward are doing so cautiously. They are choosing destinations that are safe, places they know people will go—Orlando, Chicago—tried-and-true destinations. Now is not a time to try new destinations. Associations are doing their best to get people to show up.

—U.S. association planner

The economic downturn has also brought about a sudden reversal of 10 years of increases in hotel rates. Hotels are offering more competitive pricing and more flexibility to accommodate changes in attendance, such as relaxing or dropping attrition policies, to keep customers. Hotels are also more likely to offer perks, such as free meeting space or wireless Internet access with a minimum room block.

Hotels are more flexible with new business; they now allow 25% slippage [of attendee count] instead of just 10%. But for existing contracts, I find they hold more firm on their existing attrition policies.

—U.S. independent planner

INCREASING GLOBAL COMPETITION

Globalization and the rising economic importance of emerging markets create new competition for the global meetings industry, particularly for more established meeting destinations, such as Mexico. With capital tightening, the development of new hotel projects and meeting venues in North America is slowing—only a fifth of the world's hotel projects are in North America or the Caribbean,³⁴ in sharp contrast with emerging markets. For example, China is currently building more than 60 new conference centers, and the creation of 3.2 million hospitality sector jobs is expected there by 2015. Similarly, 1.7 million new hospitality jobs are predicted in India and another 400,000 combined in the Gulf region and Singapore; 20% of these jobs are projected to be in meetings and events.³⁵

³¹ National Business Travel Association. "Impact of High Oil Prices and Economic Downturn on Business Travel," October 2008.

³² *New York Times*, As the Recession Waxes, Business Meetings Wane, February 16, 2009.

³³ MeetingsNet; Kovaleski, Dave. Increasing Attendance and Revenues at Association Meetings During a Down Economy, December 1, 2008.

³⁴ Scaillet, Didier. "Why Global?" *MPI One+* Magazine, August 2008.

³⁵ Rogers, Elaine. "Global Shift" *MPI One+* Magazine, August 2008.

VIRTUAL MEETINGS

Virtual meeting technology is likely to replace more face-to-face meetings in the future. To date, virtual meeting technology has made little headway as an alternative to face-to-face meetings. However, tighter corporate travel budgets and cutbacks in events, together with CSR (corporate social responsibility) related efforts to reduce the environmental impact of meetings is proving to be a very strong impetus to virtual meeting technology. In fact, 53% of corporations already used virtual events to supplement their existing meetings in 2008, and another 23% planned to do so in 2009.³⁶ One group studying the market predicts that corporate travel that is not generating revenue will either be cut or replaced with technology such as Webcasting or teleconferencing.³⁷ Video conferencing equipment is getting more refined, and cost-saving investments made today are likely to replace some travel permanently.³⁸ Improvements in virtual meeting technology could slow the growth rate of meetings over the long-term, as organizations and attendees grow accustomed to fulfilling an increasing share of their meeting needs through technology.

Some of our pharmaceutical clients have changed to Web conference investigator meetings. They cut from four live meetings to two live and two conference calls.

—U.S. independent planner

GOING GREEN

Green meetings are a becoming more of a priority for many companies. A tenth of U.S. meeting planners predict a continuing trend toward greener meetings in 2009.³⁹ Green meetings feature recycled name badges, biodegradable signage, reduced fuel consumption, recycling, and paperless meetings, and are held at venues that use energy-efficient and environmentally friendly practices. ASTM International, together with the Environmental Protection Agency, Conventions Industry Council, and other organizations, will develop a set of standards to define and measure green meetings and events. Cities with infrastructure to support sustainable practices, such as recycling, composting, encouragement from the mayor or government to act sustainably, public transit, food service providers that buy from local sources, and avenues for food donation are the best destinations for green meetings. However, even if a city does not have the infrastructure, a hotel can implement sustainable measures.

Hosting green meetings reflects well on companies; in fact, green meetings are one way to demonstrate corporate social responsibility. However, in the current economic situation, CSR takes a back seat to overall budget issues, according to MPI surveys. At the same time, energy savings and paperless meetings actually do translate into bottom-line savings and may continue to grow as a priority. As a result, destinations and venues looking to attract meetings will have to pay more attention to green/sustainable practices going forward.

There is a big interest [in green meetings] as long as there is no extra money involved. No one will pay green to be green.

—U.S. independent planner

³⁶ On24 Press Release, "Survey Shows Explosive Growth for Virtual Events in 2009," January 14, 2009.

³⁷ American Express Business Travel's "Global Business Travel Forecast and Trends."

³⁸ Catto, Susan, On the Agenda: Modernizing the Meeting, *New York Times*, May 7, 2009.

³⁹ MPI FutureWatch 2009, A Comparative Outlook on the Global Business of Meetings.

III THE CANADIAN MEETINGS MARKET

Meetings and conventions are big business in Canada, accounting for approximately C\$30 billion in direct spending.⁴⁰ As in the United States, the state of the economy, shrinking budgets, and negative media exposure regarding meetings are the primary concerns of Canadian meeting planners. Until the economy improves, Canadian organizations are likely to be holding fewer meetings, shortening the duration of events, and holding meetings closer to home. Those we spoke with wanted to portray a cost-conscious image by holding meetings in Canada and supporting the local economy. As a cost-cutting measure, Canadian associations and corporations are also growing increasingly reliant on independent meeting planners. One in five (19%) intend to outsource all or some of their meeting planning, up from 14% a year ago.⁴¹

More so than their American counterparts, Canadian meeting planners are at the forefront of the green movement, reducing the impact of their events on the global environment. MPI reports that for Canada's meeting planners, environmental issues follow only the economy as the top factor influencing meetings in 2009; 59% of meeting planners surveyed by MeetingsCanada have planned or tried to plan a green meeting or event. Even during the down economy, planning environmentally friendly meetings is still a goal, especially if it helps companies and associations save money.

Few sources exist to document the Canadian market. Representatives at MPI's Foundation Canada and Canada's *Meetings & Incentive Travel* magazine confirmed that *Meetings Activity in 2006: A Portrait of the Canadian Sector* is the only major study profiling the Canadian meetings market. However, this source does not break out corporate versus association activity, nor does it address Canada's offshore meetings. Other studies that measure Canada's meetings market group Canada with the United States. Relevant data from these studies have been presented in the preceding chapter. We have supplemented the secondary source findings on the Canadian market presented in this section with findings from the interviews with Canadian meeting planners.

Organizations are not going as far. Meetings are being combined—for instance, one big meeting versus six separate divisional ones. Budgets are being reduced; people are choosing more economical accommodation—3- or 4-star versus 5-star properties.

—Canadian independent planner

When our dollar was at par, there were more opportunities to go offshore. Now it's an additional 20% to go outside of Canada. There's also the problem of perception. It seems financially irresponsible and extravagant to go offshore, even if the actual cost ends up being lower.

—Canadian independent planner

Green meetings are very important, and governments should be highlighting what they are doing for the environment or for meetings, how their venues and hotels can assist in making green meetings happen.

—Canadian corporate planner

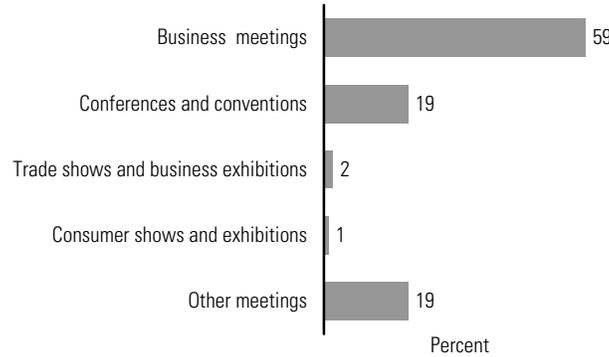
⁴⁰ *Meetings Activity in 2006: A Portrait of the Canadian Sector*, MPIFC. (This study contains industry data from 2006 but was released August 2008.)

⁴¹ MPI FutureWatch 2008, 2009, A Comparative Outlook on the Global Business of Meetings.

MARKET SIZE AND KEY CHARACTERISTICS

Number of meetings. In 2006, 659,000 meetings, conventions, and consumer/trade shows were held in Canada.⁴² Of these, 59% were business meetings and 19% were conferences and conventions (Exhibit 14).

EXHIBIT 14. CANADIAN ONSHORE MEETINGS, BY PURPOSE—2006



Source: *Meetings Activity in 2006: A Portrait of the Canadian Sector*, MPIFC (2008).

Corporate and association planners expect fewer events in 2009. A third (32%) of corporate meeting planners said they would hold fewer meetings internationally in 2009, compared with a year earlier.⁴³ By September 2008, 40% of Canadian corporate planners and 4% of Canadian association planners had already reported cancellations for 2009.⁴⁴ Further, our conversations with association planners revealed that many are hesitant to make plans for the future, and booking beyond the next few years is currently on hold until they can measure the state of the economy moving forward.

Attendance. Nearly 66 million participants attended meetings in Canada in 2006. The size of individual events ranged from 10 attendees to thousands.⁴⁵ Although the largest proportion of gatherings fell into the category of business meetings, total attendance was expectably higher for conferences and conventions, and average attendance was highest for consumer shows (Exhibit 15).

EXHIBIT 15. NUMBER OF PERSONS ATTENDING CANADIAN MEETINGS—2006

	Total Attendees	Average Attendees Per Event
Conferences and conventions	23,103,900	183
Consumer shows and exhibitions	15,653,600	2,236
Business meetings	15,546,800	40
Other meetings	8,122,700	66
Trade shows and business exhibitions	3,719,500	338

Source: *Meetings Activity in 2006: A Portrait of the Canadian Sector*, MPIFC (2008).

⁴² Ibid.

⁴³ MeetingsCanada 2008/2009 Market Report.

⁴⁴ MPI FutureWatch 2009, A Comparative Outlook on the Global Business of Meetings.

⁴⁵ The minimum attendance in MPIFC's definition of a meeting.

As of September 2008, Canadian corporate planners expected attendance for the upcoming year to decrease by 31%; association planners were still hopeful about attendance at that time, expecting 21% growth in attendees over 2008.⁴⁶

Direct expenditures. Of the approximately C\$30 billion⁴⁷ in direct spending on Canadian meetings in 2006, meeting organizers spent the most on consumer and trade shows, an average of C\$861,494 and C\$261,491, respectively, per event. Spending on business meetings, which, as noted above, tend to be smaller, was much less—an average of C\$8,353 per meeting.⁴⁸ Canadian meeting organizers spent the largest share of their budgets on food and beverage and on meeting fees (Exhibit 16).

EXHIBIT 16. SPENDING BY CATEGORY AMONG CANADIAN MEETING ORGANIZERS—2006

Food and beverage	24%
Meeting organization fee/DMC	18
Staging, décor, and entertainment	10
Administration and staffing	8
Equipment and technical	8
Venue rental	6
Advertising, promotion, and printing	6
Accommodations (organization purposes only, non-delegate)	3
Keynote speaker and other sponsored participants	3
Gifts and giveaways	2
Shipping and transport	2
Other	9

Source: *Meetings Activity in 2006: A Portrait of the Canadian Sector*, MPIFC (2008).

Spending on meetings is substantially higher among Canadian corporate planners than among their association and government counterparts. In 2009, corporate meeting planner budgets are expected to average C\$669,500 per meeting, compared with C\$461,800 for government and association meeting planners. The average spend per meeting across all meeting types is expected to be C\$94,236.⁴⁹

Meeting destinations. Most of Canada's meetings are held near the host organization. In 2006, across all meeting types, 58% of attendees traveled less than 40 km to reach their meetings. The largest concentrations of meeting planners are located in Toronto (41%), Ottawa (18%), and British Columbia (11%), suggesting that these places host the bulk of Canada's off-site meetings.⁵⁰

Meeting venues. Half (50%) of Canadian planners intend to hold their meetings in major city hotels, up from 38% in 2006.⁵¹ Only 19% hold meetings in resort hotels (Exhibit 20). Conversations with Canadian planners show that they are exercising more caution now in their choice of venue in response to the media

⁴⁶ MPI FutureWatch 2009, A Comparative Outlook on the Global Business of Meetings.

⁴⁷ Average exchange rate for 2006 was 0.88 USD/CAD.

⁴⁸ *Meetings Activity in 2006: A Portrait of the Canadian Sector*, MPIFC (2008).

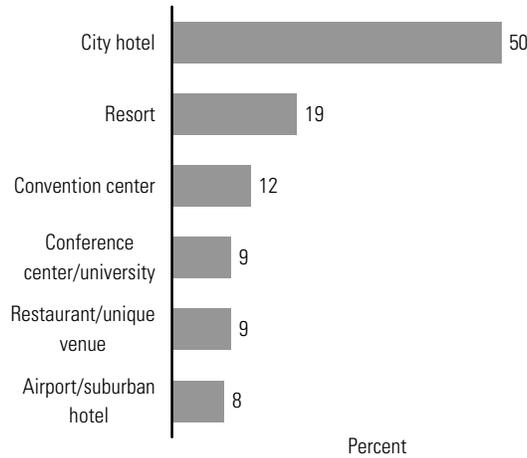
⁴⁹ *Meetings & Incentive Travel* magazine, 2009 Market Report, January/February 2009.

⁵⁰ MPI membership figures.

⁵¹ MPI FutureWatch 2007, 2008, A Comparative Outlook on the Global Business of Meetings.

scrutiny surrounding meetings and incentives. Some Canadian associations, particularly those serving the pharmaceutical industries, have prohibited meetings in places with “spa” or “resort” in the name.

EXHIBIT 20. CANADIAN MEETINGS, BY VENUE TYPE—2008

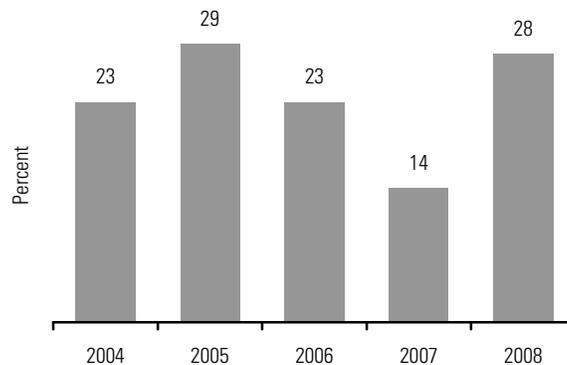


Source: MPI FutureWatch 2008, A Comparative Outlook on the Global Business of Meetings.

OFFSHORE MEETINGS

A survey of Canada’s *Meetings & Incentive Travel* magazine readers shows that 50% hold meetings, conferences, and incentive events outside of Canada annually. MPI’s FutureWatch offers a more conservative estimate, stating that in 2008, 28% of Canadian meeting planners would hold a gathering outside of Canada, up from 14% in 2007 (Exhibit 17).⁵²

EXHIBIT 17. MEETING PLANNERS WHO INTEND TO HOLD MEETINGS OUTSIDE OF CANADA



Source: MPI FutureWatch 2004-2008, A Comparative Outlook on the Global Business of Meetings.

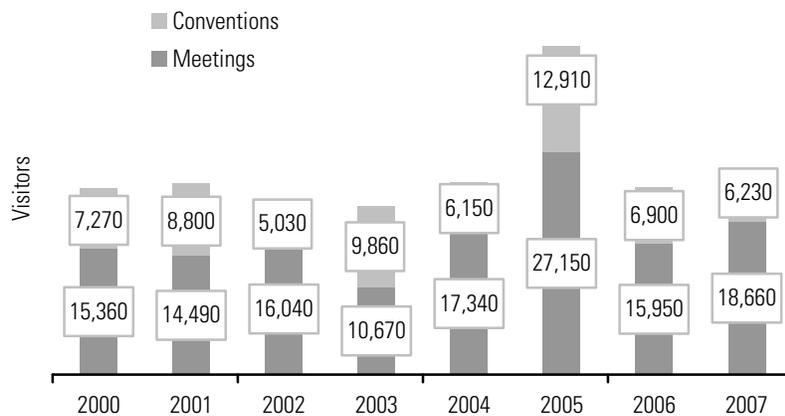
⁵² The United States accounted for much of the decrease in offshore meetings in 2007. Fewer Canadian corporations and associations held meetings in the United States in that year because of passport concerns stemming from the Western Hemisphere Travel Initiative.

The United States and Europe are the most popular offshore destinations for Canadian meetings. Far fewer meeting planners hold events in Mexico. In 2008, just 2% of Canadian meeting planners intended to hold an event in Mexico.⁵³

MEXICO'S SHARE

In 2007, 18,660 Canadians visited Mexico for meetings and 6,230 visited Mexico for conventions, down from a peak of more than 27,000 meeting visitors and almost 13,000 convention visitors in 2005 but roughly consistent with the number of meeting and convention visitors in 2004 and 2006 (Exhibit 18). In 2007, Canadian meeting and convention visitors spent an average C\$1,376 per person and stayed an average of 7.0 nights. Both average spend and average stay have increased moderately in recent years. In comparison, pleasure travelers spent an average C\$1,065 per person and stayed an average 10.7 nights. Meeting and convention visitors spent an average \$196 per day in Mexico, nearly twice the \$99 per day spent by pleasure travelers. Meetings, congress, and convention attendees from Canada account for approximately 3.2% of total spend of all Canadian visitors to Mexico by air.⁵⁴

EXHIBIT 18. NUMBER OF CANADIAN VISITORS TO MEXICO FOR MEETINGS AND CONVENTIONS



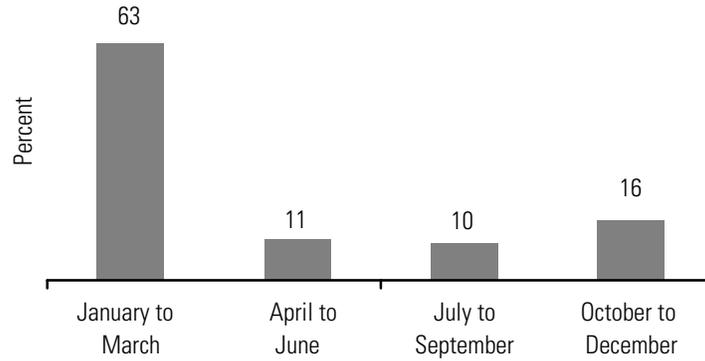
Source: Statistics Canada.

Canadians typically travel to Mexico during the cold winter months. Travel for meetings and conventions is no different. Four out of five Canadians who visited Mexico for these reasons traveled there in the fall or winter months, with the largest share visiting between January and March (Exhibit 19).

⁵³ MPI changed the way this question was asked between 2008 and 2009. Mexico was not identified as its own destination in 2009 but was aggregated with Central America.

⁵⁴ Statistics Canada; Menlo Consulting Group, Inc.

EXHIBIT 19. SEASONALITY OF TRAVEL FROM CANADA TO MEXICO FOR MEETINGS AND CONVENTIONS—2007



Source: Statistics Canada.

Expectably, Ontario is the single largest source market for Canadian meeting and convention visitors to Mexico, accounting for more than half (56%) of meeting and convention visitors over the past eight years. Other major source markets include Alberta (15%), Quebec (15%), and British Columbia (7%).⁵⁵

⁵⁵ Statistics Canada.

IV THE DESTINATION SELECTION PROCESS

CORPORATIONS

The decision about where to hold a corporate meeting is generally made at the executive level by a CEO, senior vice president, managing partner, etc. The selection of a particular location depends on the type and purpose of the meeting. For example, destinations for executive retreats, and board meetings, are often selected on the basis of executives' preferences and interests. Sales meetings, training meetings, and product launches tend to take place near sales staff, regional offices, and client offices. Corporations also hold meetings, trade shows, or user conferences in their end-user markets or where they would like to tap new and growing markets. Companies selling products or services in Mexico, with a Mexico regional office or with a Latin American sales team, or wanting to develop business in the region, are most likely to hold a meeting in Mexico.

Where we hold meetings is a strategic decision based on corporate and client initiatives. Depending on the initiatives, we'll go where we have a local office.

—U.S. corporate planner

For a corporate mergers and acquisitions meeting, we will pick a nice location so they can focus on merging, team building, aligning operations, maybe go for a relaxed environment. If it's a marketing/sales meeting, we may go to where that emerging market is.

—Canadian independent planner

Some industry sectors have specific guidelines or objectives that determine where a meeting can be held. For example, healthcare corporations must hold numerous investigator meetings and advisory councils around the world because health and drug regulations are specific to each market and the clinical trials are overseen by specialists and physicians in the market.

Corporate offshore meetings vary greatly in size from board meetings of 15 to 30 people to sales meetings of 500 or more. Corporate meetings tend to have short planning cycles. Smaller corporate meetings are regularly planned 2 to 6 months in advance, while larger ones are planned 6 to 18 months ahead. Planners in both the United States and Canada noted that corporate planning cycles have shortened dramatically and many smaller corporate meetings are planned just weeks in advance.

Corporate meetings are all done with short-term planning. If I know of an event three months in advance, I consider myself lucky. Associations need such huge facilities, and they plan years in advance.

—U.S. independent planner

Ideally we plan four to five months out, but these days it's generally closer to two to three months.

—Canadian corporate planner

We have been seeing shorter and shorter timelines; the Bangkok and Paris meetings we are planning to host in a few weeks were just booked in the past 45 to 60 days, and that type of timeline is not at all unusual for corporations. That's been true for the past few years.

—U.S. independent planner

Over the past 10 years, the typical window of booking from sourcing to contract has shrunk appreciably. A year ago, 30 days out was typical, and 10 years ago, that window may have been 6 months.

—U.S. independent planner

ASSOCIATIONS

The association destination selection process is more complex. Many people, from formal committees to informal influencers, as well as an assortment of tangible and intangible factors, come into play in destination selection for association meetings and events. Destination decisions at associations tend to be made by a committee that often considers the location and interests of its members.

In the case of larger conventions, a committee will select a region, country, or city where they would like to hold a particular meeting, and their in-house meeting planners then will narrow the list and identify suitable hotels or convention facilities. The process for smaller meetings is less structured. For example, regional associations may offer to host an event in a particular place, or meeting planners may identify and recommend a location.

The host association extends an invitation to us, which goes to the secretary. The secretariat—a board, including the secretary and the president—approves or declines the invitation. Then it comes to our staff of planners to plan the logistics.

—U.S. association planner

An interested group of members from a specific location will get together and form a committee and come up with ideas for an educational topic. They will come to us and say, “Hey, we’d like to host something here.” Then it goes to our education committee; they decide if it has educational merit. It then goes before the leadership staff that approves it or denies it. My team [meetings staff] then researches venues and puts the budget together.

—U.S. association planner

Associations with international membership, or that want to grow their international membership, are most likely to hold meetings outside the United States and Canada. Those with a large number of members from Latin America or with a sister or regional association in Mexico are most likely to hold meetings there.

We choose our international destinations based on where our membership is located and where recent meetings have been held. We try to vary the location so there is little repetition and to try new places. We look for places that are making advances in healthcare.

—U.S. association planner

Professional development and educational opportunities, industry connections, and professional ties also influence destination selection for associations. Some associations—particularly those with a strong educational focus—prefer to meet in university towns, both for the educational opportunities available and to reduce costs by using university housing and/or classroom facilities.

A board meeting is chosen by our president, so it would likely be a resort. An educational meeting would need to be somewhere we’d get hands-on education—either a transportation hub or shipping hub.

—U.S. association planner

For the most part, associations are required in their bylaws to hold a convention of all members annually or biennially, and many require that the destination rotate geographically. Associations with large international membership will often alternate their meeting locations between the U.S./Canada and offshore destinations. U.S. associations with fewer or no international members generally hold their largest meetings domestically and hold smaller regional events and educational seminars offshore. Association conventions tend to be large, drawing thousands of attendees, while educational events typically draw fewer than 300 attendees.

Associations have longer planning lead times than corporations. Locations for major association conventions are decided two to six years ahead, while those for smaller meetings are decided six months to two years in advance of the event.

THE ROLE OF INDEPENDENT MEETING PLANNERS

Outsourcing to professional planners, primarily on the part of corporations, appears to be on the rise as many corporations trim their meetings staff. Independent planners interviewed say that their greatest influence is in property selection. They added that they typically choose the destination for their clients about 25% of the time, influence destination selection about half the time, and have no say whatsoever the remaining 25% of the time.

The majority of corporations lay off meeting staff during tough economic times to cut overhead. Then corporations need a meeting and have no one, so they hire out.

–U.S. independent planner

Our clients really count on us for recommendations and site selection; I'd say we have a lot of influence in that regard. We work with our clients to figure out what they want to accomplish, where their target market is coming from, whether the target market wants to travel. Then we get an idea where they want to go on a broad basis. We will explore options and use our network of experience and resources and make recommendations to our client.

–U.S. independent planner

We have some customers that absolutely have to be in New York the third week of December. Other customers may be on a rotational basis; we stay inside of those particular boundaries. We have others that say, "Where are the deals?" It really depends on the customer, depends on the timing.

–U.S. independent planner

It usually happens two ways. One, the client has some places in mind, and we help them choose the best destination. Or, more often than not, they have no idea and we recommend something.

–Canadian independent planner

Independent meeting planners also tend to be more interested in learning about new destinations and properties since their reputation relies on being informed about new developments. They are apt to be more receptive to the Consejo's efforts than corporate or association planners.

INFLUENCING FACTORS

For corporations and associations, avoiding perceptions of lavishness or extravagance is the overriding consideration of many planners in selecting a destination or venue to hold a particular meeting at the time of this writing. Many organizations in both the United States and Canada are choosing to hold their meetings closer to home, and staying away from resort destinations and luxury properties.

The pharmaceutical companies have instituted more stringent guidelines about where their offshore meetings can be held; no place with "resort" in the title, no 5-star properties. Clients have cracked down.

–Canadian independent planner

Where we go is not a factor of reality, but perception. We may go to Boston instead of Barcelona, even if the company has money to go somewhere further. The perceptions within the company and with stockholders are most important.

–U.S. independent planner

It just doesn't look good to hold something in a luxury resort at this time. We were also afraid attendees wouldn't be allowed to attend, that their companies would say no.

–U.S. association planner

Even if we have good relations with the Ritz Carlton and get a good rate, we can't take the physicians there because of perceptions. Marriott would be OK, even though it might cost more.

—U.S. corporate planner

Aside from their current preoccupation with image—which, MCG believes, will dissipate over time—most planners still consider a series of practical factors as they choose destinations for their meetings. Chief among them is ensuring the safety of their delegates. The rest of the factors are listed below in the order of importance assigned by the planners interviewed.

Security is very important. We don't look anywhere where harm can come to the attendees.

—U.S. independent planner

Ease of access. Corporations and associations will not consider a destination unless it is served by frequent and direct airlift, requiring few connections. For corporations, it is important that employees not spend excessive time in flight. Associations are most concerned with identifying a location that is central to their membership.

The lift in and out of a city is important as it affects the cost of transporting the staff. Travel is a huge consideration in the decision process now. Convenience is as well; for an international organization, they make sure they rotate locations so it is easy for delegates to get to.

—U.S. independent planner

It's best if it's just a one-hop destination. If it's more than one stop, the final venue needs to be very economical to warrant all that wear and tear in terms of traveling.

—Canadian corporate planner

It's not as much distance as it is ease. I won't ask people to make three stops. We won't go somewhere that is only served by small or regional carriers or a city that only one airline has dominance so there is no fare competition.

—U.S. corporate planner

Meeting and lodging space. Does the destination have the facilities—hotel rooms, meeting space, large-enough convention center, breakout rooms, restaurants, entertainment options, etc.—to meet the organization's needs? Most meeting planners prefer to house all attendees in one hotel or if that is not possible, to house them in adjacent properties. Association planners in particular require a convention center that is large enough for their delegates and is also near sufficient lodging. Some association planners who require large space for their meetings believe that international venues typically offer less space and have fewer amenities than those in the United States and Canada.

Is there is a structure that can hold us? Domestic or international, it still boils down to rates, space, and dates.

—U.S. corporate planner

I look a lot at meeting space—the way a hotel is designed makes a difference. You want your group to network. They need to feel they are away someplace by themselves. I like places that have a bar in the lobby or other opportunities for informal networking. Meeting space is critical. There has to be enough space, right number of breakout rooms, and of course amenities. Everyone wants free Internet. They really complain if it's not there.

—U.S. corporate planner

The number one thing that is the most concern to the group is that the facility is comfortable and adequate. We want rooms with high ceilings, a place to get out of the meeting room into the fresh air. Hotels in many destinations are very small meeting-wise.

—U.S. association planner

Our clients are space hogs. We're looking for ballroom space, full A/V set up, classroom space at two people per six foot, space for breakfast and lunch. We need space on a 24-hour hold to set up and rehearse. While we may only have 200 to 300 participants, we need space for 500 to 600.

—U.S. independent planner

Many planners indicated a preference for major branded properties, noting that they trust properties that are part of an international chain and that they prefer to work with national sales representatives rather than solely with in-country staff. At the same time, they stressed the value of on-site English-speaking planning assistance, technical support, and high level of customer service

I prefer global [hotel properties]. I wouldn't go with a local property unless we had an office there and someone local could check out the venue, translate for us, etc.

—Canadian corporate planner

An important factor is the level of service, which isn't always in line with a hotel's rating.

—U.S. independent planner

In Cancun, the hotel knew how to work with our group, had a good grasp of English, understood the objectives of our meeting; they helped us put together a great event.

—U.S. corporate planner

Appeal of the destination. A destination's appeal is most important to corporations for their executive retreats, board meetings, or employee incentive trips. Association planners who count on a destination's appeal to boost attendance opt for a place with high consumer appeal. Tourist landmarks and points of interest, entertainment options, restaurants, shops, weather, etc. all are part of a destination's appeal.

With associations, people pay for their own expenses, so the place must have great appeal, be an attractive destination, be alluring. For corporate sales or marketing meetings that are mandatory, the destination doesn't need to be a perk.

—U.S. independent planner

With association clients, I need to appeal to a board, so I need to be very logical. This property fits you because... With corporations, it's usually just one person making a decision—the CEO or someone in their office. The appeal of the destination comes more into play then.

—U.S. independent planner

Associations first prioritize the capacity of meeting space and hotel, then the airlift to the area, and then the "mojo" of the place. They make sure there is something to drive a marketing buzz. Cost is not the main driver.

—U.S. independent planner

When we schedule something for our nanotechnology group, we know they are very nerdy and it will be meetings, that's it, so we look for universities. Other groups—like the one that's going to Budapest—are more into partying and networking, so we look for fun locations.

—U.S. association planner

Corporations consider what destinations have the most appeal, with points of interest like vineyards or culture within walking distance. This allows the corporation to not pay for an event or entertainment every night.

—U.S. independent planner

Good rates/value. Although association and corporate planners are looking for ways to lower meeting costs, few said that rates will dictate their choice of destination. However, they did acknowledge the importance of rates in the selection of a particular venue.

Right now it's about the proper use of money. It is uncool to spend an excess amount of money. Two years ago, desirability and venue were more important, but now costs have trumped those.

—U.S. independent planner

We're always looking for good value, even in good times. We're always looking for a "win-win" in terms of guest room rates, food and beverage, and space rental.

—U.S. corporate planner

Most planners believe that offshore events entail higher costs—in the form of higher hotel, value lost in exchange rates, and more expensive airfares. Canadian meeting planners are particularly sensitive to the impact of shifting exchange rates on their event budgets.

No offshore destinations are popular now, it's a pure money issue at the moment. International destinations are always more expensive for air. Also, it's the perception of where you're going.

—U.S. independent planner

Budgets for offshore meetings tend to be higher than for U.S. meetings; room costs and food and beverage are all higher. We recently sourced for a conference of about 425 delegates in Dubai; the meeting room rental alone was over \$300,000.

—U.S. independent planner

INFORMATION SOURCES

Previous experience. When recommending destinations and venues, many planners prefer places they have worked with before and have had favorable experiences with, or places they have visited on site tours or for personal travel. This predilection is an advantage for Mexico—almost three-quarters of meeting planners we spoke with had planned an event in Mexico, and most indicated that they were satisfied with their experience. Independent planners, whose reputations ride on their recommendations, are most apt to recommend only destinations where they have been previously.

Normally I only like to recommend places I've been personally or if someone in our company has been there and had a great experience. If I have a personal experience, I'll be thinking about who can use it.

—U.S. independent planner

Previous experience with the destination or specific venue is pretty important to us. Having someone who knows all the parts and understands the details is important to us. Our meetings are large, so we repeat venues and destinations where we have experience and know the ins and outs of how it will work.

—U.S. corporate planner

Professional network. When investigating a new destination, many planners turn to their network of colleagues and suppliers whose opinions they trust or to national hotel brand representatives. Additionally, planners rely on CVBs and DMCs within a destination they are considering. Few of the meeting planners we spoke with, however, mentioned turning to the national tourist board of a destination for information.

The hotel company's national sales person—or the specific person who would interface with a company like ours—that is really our number one resource. It's the hotel company and also the CVB—they send us information daily, new openings, postponements, news we need to know about the venues within their destinations.

—U.S. independent planner

CVBs are wonderful. If a client wants an area, I can just send one to two RFPs to the CVB and you know they will blanket the area. They can also give me hotel and venue recommendations.

—U.S. independent planner

I'll start with the CVB to find out what is in the city, to get a lay of the land. That is my first gauge on what kind of services I'll get. Then I'll start to look up the individual properties. If it is a chain, then I'll go to the national/global sales office.

—U.S. association planner

Most meeting planners are deluged with promotional e-mails with discounts, deals, and current events, as well as some traditional mail, from hotels, meeting venues, and destinations. Most corporate planners delete or ignore promotional e-mails and rely more heavily on relationships with hotel chains or referrals from colleagues and other planners. Independent planners spend more time reviewing the promotions.

Nobody sticks out. I'm being bombarded from all directions with the down economy; everyone wants a slice of the pie.

—Canadian independent planner

I don't pay attention to it. I get so much e-mail. I would mostly want information on events in the city, location, not hotel rates. Wyndham at \$189 doesn't help me at all.

—U.S. corporate planner

Promotional materials. For the most part, meeting planners do not want information mailed to them, stating that most of what they receive “*goes right into the garbage*”. Instead, planners regularly turn to the Internet when researching destinations and venues. Most will either start with a keyword search on a major search engine or visit the Web sites of CVBs, DMCs, and hotel properties directly. Meeting planners often expect the quality of a venue’s Web presence to accurately reflect the quality of the service and support they are likely to receive there.

My staff turns to the Internet first for all of their research. The tourism office needs to have a solid Web site with good, up-to-date information. If their Web presence is not good, we expect that our interaction with them will be poor.

—U.S. association planner

Web sites are more important than what is mailed to us. I want to see maps, what there is to do in the local area, ground transportation—a little about everything. I want to be able to pull up hotels by class, and I want to know how the ratings are done. A 5-star property in Prague is different than a 5-star in Paris.

—U.S. independent planner

Industry events. Most meeting planners we spoke with are members of major meeting organizations, such as ASAE, MPI, PCMA, and SITE, and attend some or all of the major industry events, including ITME, PCMA, MeetDifferent, IMEX, and EIBTM. Few noted that the shows play a significant role in destination selection; however, these events are a good opportunity to meet with in-country meeting representatives.

I went to ITME this year specifically to talk to international destinations. Shows are a good opportunity to explore multiple properties. Also, meeting representatives face to face is particularly good when you're talking about other countries where there may be cultural barriers.

—U.S. association planner

The most important thing for destinations to note is that they can send me 4,000 brochures, but if your place is not appropriate to my needs, don't bother. That's why I like IMEX and EIBTM. I can reach out to the places that make sense for me.

—U.S. association planner

I like the MPI trade shows; everyone is all in one place, it takes one afternoon, I can get the information I want. I'm interested in all the exhibitors; I gather brochures and can keep them here to reference.

—U.S. corporate planner

Trade publications. In addition to attending shows, most of the meeting planners we spoke with read industry-related publications (“the trades”), including *Meetings News*, *Meetings & Conventions*, and *Meetings & Incentive Travel*. Generally speaking, planners feel that trade publications are most useful for informing them of new properties opening. Few were able to recall any destination advertising. Only a few said that they would cut out an article or make a mental note of a destination mentioned in a publication.

The trade publications are a resource, but that’s a little stale. It’s hard for them to keep up; the publications only come out monthly and in some cases bimonthly.

—U.S. independent planner

V MEXICO'S POSITION IN THE NORTH AMERICAN MEETINGS MARKET

EXPERIENCE WITH MEXICO

Familiarity with Mexico among the meeting planners interviewed for this study was fairly high; approximately three-quarters have held a meeting in Mexico or were considering doing so. Independent meeting planners have the most direct experience with Mexico and therefore are most knowledgeable about what the country has to offer as a meetings and conventions destination. Much of their knowledge comes from familiarization trips to Mexico, site visits while planning events, and contact with members of the meetings trade—CVBs, DMCs, and the Consejo. Most independent meeting planners feel that they have reasonable knowledge of Cancun, Cabo San Lucas, Mexico City, and Puerto Vallarta. A few have had experience with Acapulco and Ixtapa. Far fewer know what is available in Mexico's interior, although a few mentioned having been to Monterrey, Guadalajara, San Miguel de Allende, or Merida.

The infrastructure in the interior is a question mark for me. We want to take our groups somewhere where we're confident that things will happen right on the ground.

—U.S. independent planner

Corporate and association meeting planners tend to be less familiar than independent planners with Mexico's destinations and meeting facilities, because they personally manage fewer meetings. About half of the association and corporate planners interviewed have held a meeting in Mexico or were considering doing so. Like independent planners, their knowledge of Mexico's meetings destinations does not extend much beyond a few of the key coastal resort areas (Cancun, Cabo San Lucas, and, to a lesser extent, Puerto Vallarta). In fact, we were struck by planners' lack of knowledge of Mexico's range of meeting destinations.

I don't know much about Mexico's interior. How accessible is it? What's available there?

—U.S. corporate planner

Planners who have held meetings in Mexico selected the country for a variety of reasons—proximity to attendees, a desire to broaden their Mexico membership base or to strengthen ties with clients there, warm weather, and/or the presence of a regional office in the country.

We hold a biennial meeting with the Mexican Mathematical Society. It always draws good attendance.

—U.S. association planner

We're doing an educational conference focused on food safety and quality. We decided on Mexico because we want to expand in Latin America, and Guadalajara had the right combination of hotels, availability, and price.

—U.S. association planner

Those who have not held a meeting in Mexico indicated that Mexico is not central to their business function, client base, or membership.

We would certainly consider Mexico, but very few of our members are based there, and accessibility to membership is our number one factor in selecting a destination, so I just don't think it would happen.

—U.S. association planner

We do not have a host chapter in Mexico. There is a Texas/Mexico chapter, but their last meeting was held in Houston. Only about two of our members are actually in Mexico.

—Canadian association planner

Most planners who have conducted meetings in Mexico were very satisfied with their experience there.

It was a success. We had never been there before. We had excellent support from the tourism bureau. We were in Mexico City, so it was a business attraction as well as a social attraction. We found the rates were inexpensive.

—U.S. corporate planner

We were quite satisfied. We had some challenges with the hurricane in Cancun in 2005. It happened a few months before our meeting. Luckily, everything was fixed and the hotel was OK by the time we went. The service was great. We stayed at the Sol Melia and Fiesta Americana. Everything was very good—facilities, accommodations, etc. There was a good airport and easy access to and from it.

—Canadian independent planner

PERCEPTIONS OF MEXICO AS A MEETINGS DESTINATION

U.S. and Canadian meeting planners hold many positive perceptions of Mexico as a meetings destination. Mexico's strongest attributes, according to meeting planners, are the quality and quantity of its resort properties and meeting facilities; its accessibility to the United States, Western Canada, and Latin America; and the relative value it offers compared with other destinations (Exhibit 21). The vast majority of meeting planners' negative perceptions of Mexico have to do with timely/topical issues—escalating drug violence and, more recently, the swine flu.⁵⁶ Most meeting planners said that the negative press surrounding Mexico's drug-related violence is keeping them from planning meetings in the country.

EXHIBIT 21. MEXICO'S PERCEIVED STRENGTHS AND WEAKNESSES

Perceived Strengths	Perceived Weaknesses
<div data-bbox="214 1100 451 1266"> <p><i>Accessible Not far Convenient airlift Easy travel</i></p> </div> <div data-bbox="490 1100 789 1266"> <p><i>Tremendous value in a down economy Affordable The dollar goes further Strong currency</i></p> </div> <div data-bbox="240 1297 526 1434"> <p><i>Impressive facilities Stunning resorts Easy travel</i></p> </div> <div data-bbox="555 1297 769 1434"> <p><i>Close but still exotic Not too foreign Well-known</i></p> </div> <div data-bbox="214 1465 620 1623"> <p><i>Warm, sunny climate Diversity of experiences City centers...resorts...beaches Offers something for most people</i></p> </div> <div data-bbox="646 1486 789 1581"> <p><i>Beautiful Enjoyable</i></p> </div> <div data-bbox="305 1633 756 1780"> <p><i>Wonderful hospitality High level of service and attention Friendly and responsive staff Many people speak English</i></p> </div>	<div data-bbox="863 1100 1123 1308"> <p><i>Bad press Unsafe Dangerous Crime Drug violence Kidnappings</i></p> </div> <div data-bbox="1166 1140 1409 1297"> <p><i>Frivolous "A boondoggle" A party place Touristy</i></p> </div> <div data-bbox="1075 1360 1425 1434"> <p><i>Slow response times Takes longer to get things done</i></p> </div> <div data-bbox="863 1413 1029 1497"> <p><i>Passport requirements</i></p> </div> <div data-bbox="1156 1486 1383 1581"> <p><i>Shipping delays in customs</i></p> </div> <div data-bbox="863 1549 1123 1633"> <p><i>Unsafe food and water Swine flu</i></p> </div> <div data-bbox="928 1665 1123 1738"> <p><i>Pollution/smog Traffic</i></p> </div> <div data-bbox="1214 1665 1367 1749"> <p><i>Possible hurricanes</i></p> </div>

⁵⁶ Most interviews were conducted prior to the swine flu outbreak, so comments regarding this health issue were made by only a few interview respondents.

MEXICO'S PERCEIVED STRENGTHS

Superior hotels and resorts with meeting facilities. Meeting planners recognize that Mexico has a broad selection of attractive hotel properties that would accommodate their needs in terms of number of rooms/beds, meeting space, and restaurants/dining facilities. Meeting planners think that many other international destinations do not have facilities to house all their attendees, or sufficient meeting space. A few planners noted that Mexico's properties are comparable to what is available in the United States and Canada. Many respondents noted that Mexico has beautiful and plentiful beach resorts; fewer commented on the quality or availability of city business properties.

The areas of Mexico I've been most impressed by are Cancun, Los Cabos, and Acapulco. The facilities there are good—plenty of accommodations, meeting space, off-venue dining and entertainment.

—Canadian independent planner

Some believe that Mexico has limited facilities for larger meetings and conventions. Awareness of the country's convention centers is minimal, and the only hotel repeatedly noted by planners as being able to accommodate very large groups was the Moon Palace in Cancun. Monterrey's and Cancun's convention centers were criticized by some planners as needing work and being outdated. Some believe that Acapulco offers good convention facilities. Few planners mentioned knowledge of Puerto Vallarta's new convention center.

If they want to attract the convention business, they need to enhance their infrastructure. The Cancun convention center is not exciting, and from what I know, outside of a very few hotels like the Moon Palace, Cancun hotels don't have the scale of meeting space that we would need for our meeting.

—U.S. association planner

There is not enough skilled labor force in the Mexico City Convention Center. The coastal convention centers are not big enough.

—U.S. independent planner

Easily accessible. Planners know that Mexico's major meetings destinations are served by multiple carriers that offer convenient schedules to major North American cities. Mexico's relative proximity to the United States and Canada and its abundance of airlift, often direct, are competitive advantages over other offshore destinations, such as Hawaii or the Caribbean. Several planners commented that Mexico is also easily accessible to residents of Central and South America, making it a good location for meetings that draw attendees from there.

Going forward, I think it will be about value and airlift, and that should benefit Mexico over the Caribbean. With the cutbacks, I still think Mexico has an upper hand in that. The flights to Hawaii have been cut more so than those to Mexico. Mexico is still in a competitive position.

—U.S. independent planner

Affordable. Meeting planners tend to regard Mexico as *inexpensive, a good value, and economically sensible*. This is especially good news in the current economy. Many noted that airfares to Mexico's major meetings destinations are reasonable and competitive. Canadian planners are more aware than U.S. planners of the comparative value that meeting in Mexico provides.

I think Mexico's visitation has plateaued recently, but I imagine that should be on the upswing in the next few years because it's an economical place to hold meetings. People want to feel they're going outside Canada, and because Mexico is cheap and still feels "international," I think things will look up for it as a meeting destination.

—Canadian independent planner

I used a spreadsheet to compare Vancouver, San Francisco, Seattle, Denver, Las Vegas, San Antonio, San Diego, and Mexico City. Mexico City came up with better air service, good value, and I found a good hotel with good facilities.

—Canadian independent planner

I think that Mexico is getting considered now more than ever due to the economy because it is a better value. People that may have been looking at Paris before want to provide a similar experience at lesser cost and in Mexico that can be done. I don't know that clients who are looking only domestically would realize the value of crossing the border to Mexico; too many other things come into play. It depends on the account.

—U.S. independent planner

Familiar yet foreign. Mexico is perceived as an international destination that is comfortable and not too foreign. Planners noted that Mexico's culture, while different from those of the United States and Canada, feels familiar. One planner suggested that Mexico is a good international destination for U.S. associations looking to try a foreign destination for the first time and that Mexico is well positioned to attract business from organizations that are open to planning events offshore but do not do so regularly.

Mexico has the allure of an exotic location, and there is a sense that it's not too foreign.

—U.S. association planner

Friendly service. Meeting professionals generally perceive Mexico's service personnel as *welcoming, hospitable, friendly, and warm*. Some planners identified the high service levels at Mexican properties as a differentiating factor over other offshore meetings destinations. Planners value the fact that Mexico's tourism professionals—staff at hotels, tourism offices, CVBs, and DMCs—often speak English.

They have an incredible work ethic and service levels that outshine the States sometimes. Their people are a big draw for that country and for any program.

—U.S. independent planner

A few planners commented that the service staff they have worked with in Mexico are more accustomed to serving leisure groups and are not properly trained to handle business groups. However, they feel that training and increased experience with meetings business would address this issue.

Warm weather. Many planners—particularly those from Canada and the northern United States—consider Mexico's warm weather a distinct advantage, saying that they seek out pleasant climates for their fall and winter meetings. Although a few mentioned hurricanes, none viewed possible hurricanes as a deterrent to planning meetings in Mexico.

MEXICO'S PERCEIVED WEAKNESSES

Safety concerns. U.S. and Canadian meeting planners are very concerned with the violence in Mexico resulting from drug trafficking. Most planners recognize that the violence is taking place outside of tourist areas and that participants at their meetings would not be in danger. However, many meeting planners are hesitant to plan an event in Mexico while media reports of the violence abound, for fear that their meetings would be poorly attended.

Mexico has been in the news lately with the struggles they are having with the drug violence. I don't think we'd take on that kind of risk in terms of recommending a destination to a client where we have safety concerns.

—U.S. independent planner

There is a lot of negative publicity about security. When the press and the consulate are telling students not to go to Mexico, that makes our members nervous. They don't want to go there.

—Canadian association planner.

A lot of travelers are not differentiating between relatively safe destinations like Cancun with the border areas that suffer from significant crime. Until Mexico figures out a way to confine the problem to some specific areas, their prospects in the meetings market won't improve.

—U.S. corporate planner

Fair or not fair, Mexico is all over the news regarding challenges with drug gangs. Security and risk management departments at our clients may have more of an issue with Mexico right now.

—U.S. independent planner

Canadian planners are particularly concerned about safety issues in Mexico; several noted that crimes against tourists in Mexico frequently make the Canadian news.

In Canada, there is a perception of crime in Mexico. It makes the national news, and the cases are pretty high profile. Thus, Canadians won't go to Mexico, period. What's worse, the negative PR has shown that the staff at resorts are causing the crime, the very places our clients would be likely to stay. So it's not just random muggings of tourists.

—Canadian independent planner

Mexico really needs to change the perception of danger. I definitely feel like Canadians are less important than Americans when it comes to crime. We never get closure, and that's a big piece of it. We hear stories on the news and then never hear about what the Mexican government is doing to resolve it, solve it, or if they even care. You can try to sell Mexico to me all you want, but if people don't feel safe, they won't consider it.

—Canadian corporate planner

Shipping difficulties. Many meeting planners said that getting equipment and supplies into and out of Mexico can be difficult, confusing, time-consuming, and expensive, so much so that it is a barrier for some to planning events in Mexico. Planners believe the customs and taxation rules could be better clarified. Several planners reported having significant items “lost” or “stolen” in the customs process, while others expressed frustration at the amount of time it takes to get items into the country. Some have found it easier and sometimes cheaper to buy supplies in Mexico than to ship them.

The thing about Mexico that makes me cringe is customs and shipping and dealing with that. We have to ship so much over, it's always nerve racking and always adds about \$30,000 to the cost of the meeting.

—U.S. corporate planner

I've looked at Mexico for association meetings but haven't had a lot of luck. It is a problem with exhibitors. Is it going to be hard for them getting stuff into the country? Mexico doesn't do a good job like Canada of educating people about getting stuff into the country. I was going to do a big meeting in Cancun, but the association was afraid exhibitors would drop off.

—U.S. independent planner

Customs and shipping is a huge issue for us. We could have three containers of stuff we are sending in; it's a huge expense for us. We are trying to find ways to do all of our printing in Cancun so we don't have to be shipping in paper and pay the duty or tax to bring it in and make our container heavier too.

—U.S. corporate planner

We had to hire someone to help us when we were there before. We buy a lot of stuff locally—we even go to Costco and buy computers and then donate them after we've used them. We have found that it is cheaper to do so than to deal with shipping and customs in some cases.

—U.S. corporate planner

Cultural differences. Some planners noted that Mexicans tend to *work at a more relaxed pace* and have less of a *sense of urgency* to get things done quickly. As a result, some feel that it is more difficult to get meetings planned in Mexico. For the most part, however, the planners sharing these opinions said the differences in business culture would not keep them from planning a meeting in Mexico.

Mexicans have a different time frame and work at a more relaxed pace. This means that we need to work harder to make our meetings work. Also, it's important to be prepared for siestas; everything shuts down.

—U.S. association planner

It takes a little longer to get things done. Don't give a long lead time, or else things get ignored or attended to at the last minute. You have to act like everything is urgent to get things accomplished.

—Canadian independent planner

The Mexicans are great, but the attention to detail is not there and the slow response time is not acceptable for our client.

—U.S. independent planner

Party/fun image. Some meeting planners—particularly those from professional associations—said that Mexico is not a good fit for their meetings because of its *party image*. They believe that Mexico offers too many distractions for education, research, and training meetings. Mexico's strong associations with leisure and fun are proving to be a weakness in light of increasing scrutiny of meetings and the resulting demand for *serious business* destinations.

There is a negative connotation of [Mexico] being too "resorty." It's hard to justify perception-wise; it feels more like a vacation and not a meeting.

—Canadian independent planner

There is the perception that Mexico is a frivolous destination; you go there for the beach and margaritas. That's not good right now. Our clients want to look like they are all about business.

—U.S. independent planner

Hosting an event at a resort has a negative perception at our association. A lot of our members are middle management, and their employers won't send them to a resort. In the old days, attendance at events at a resort wasn't as good as at a "serious hotel" in the middle of a city. We've found we can get around this issue by holding events on the outskirts of big cities where we can find resort hotels or in smaller cities. So we're more likely to choose Mexico City than Cancun.

—U.S. association planner

Passport requirements. Meeting planners noted that the passport requirement for travelers from the United States (a result of the implementation of the 2007 Western Hemisphere Travel Initiative) makes it difficult to assemble large groups of U.S. delegates in Mexico.

Going to Mexico, and even Canada, is a hassle with the passport requirement. We don't go abroad now because of the passport issue. Especially if there are guests of employees, there are legalities about citizenship, getting in and out.

—U.S. corporate planner

Health concerns. A few meeting planners mentioned concerns about the safety of Mexico's food and water, saying that they would be worried about the health of their meeting attendees should they plan a meal outside of hotel restaurants or serve tap water. Two meeting planners mentioned that it would be

difficult to hold a "green" meeting in Mexico because attendees might not be comfortable drinking tap instead of bottled water.

You have to be cautious with food; we always have people get sick. People in management want things to be easy. They don't want to mess with sick people.

—U.S. corporate planner

Clearly, at this writing, the outbreak of the H1N1 virus has become top priority for meeting planners, eclipsing most other issues. The few planners interviewed after the outbreak would not plan or host an event in Mexico while a travel advisory was in effect; however, those with long planning lead times doubted that they would consider the swine flu to be an issue for events in 2010 and beyond.

AWARENESS OF MEXICO'S MARKETING EFFORTS

Meeting planners in both the United States and Canada have taken note of the Consejo's marketing efforts in the meetings industry. Many have noticed that Mexico has increased its presence with its sponsorships/partnerships with MPI and PCMA. They generally think that the work the Consejo is doing is effective at reaching the trade and is increasing planners' awareness of Mexico, and that the Consejo should continue its marketing to the meetings industry.

Mexico is everywhere, probably the most prominent international destination that is at every meeting I have been to. They are very in tune with the meetings industry. I think they're doing a great job.

—U.S. independent planner

Mexico shows a lot of interest in the trade. They have constant branding. They're there and it shows.

—Canadian independent planner

Mexico is visible pretty much everywhere, with their logo on everything in the industry. They're the first destination that comes to mind. They're at all the trade shows. MPI will be in Mexico. They're very active with their brand.

—Canadian independent planner

I think that Mexico has done a great job. They've really increased their presence in the past few years through their sponsorship of MPI and other organizations that work in this space. The conversations that I've had with some of the representatives, they have done a good job of steering us to some of the less-well-known destinations.

—U.S. independent planner

I'm very involved in PCMA and Mexico has become a major strategic partner for PCMA, so we get to network and learn more about their product through annual meetings and the leadership conference. PCMA has led the charge of bringing focus groups down to Mexico to help educate planners and consult on the development of the convention center.

—U.S. association planner

From the standpoint of MPI and some of the other magazines and publications that I receive, they are front and center. I think they've done a good job of making people aware of Mexico.

—U.S. independent planner

Although the majority of comments about Mexico's meetings marketing efforts were positive, a few planners said that the Consejo needs to be more consistent in its follow-up on leads generated through its marketing and sponsorship efforts. Two planners currently evaluating Mexico as a potential destination for the first time expressed frustration with the process, noting that their inquiries to the Consejo and local Mexican CVBs had gone unanswered.

I met the Mexico Tourism Board at the PCMA meeting and reached out to them and they said they could help, but I've gotten nothing back in response to my inquiries. I've had to do the chasing. I've also had difficulty getting responses from the Cancun Visitors Bureau; it's not giving me a warm, fuzzy feeling.

—U.S. association planner

I always have to call Mexico; they should be calling us because we're bringing the business there. During our site inspection, Mexico had their DMC meet us, but once it was there, the bureau was hands off and we never heard from them again. There has been no follow-up from the bureau since the site inspection. It should be a partnership of the hotel and the bureau, and the bureau should call and say, "What else can I do to bring this business to Mexico?"

—U.S. independent planner

I went to an MPI or a PCMA event in New York a few years ago. Mexico was a sponsor. They had my contact information, and no one ever called me; there was no follow-up whatsoever from that event. They need a way to funnel those sales contacts through. They should be following up, asking "What are your needs, where would those needs be, have you thought of all of these things that might meet your needs?" and then filter those leads through to the appropriate destinations or properties within Mexico.

—U.S. corporate planner

Many planners also said that Mexico had fallen behind in responding to the negative press regarding drug-related violence and that they expected more proactive messaging from Mexico and its partners reassuring planners of the safety at Mexico's meetings venues. Although clearly the Consejo and its industry partners are combating the negative press, the message has not gotten through to many planners and/or their clients.

MEXICO'S COMPETITIVE SET

As discussed earlier, most U.S. and Canadian meetings are domestic; as such, Mexico competes directly with the United States and Canada for each country's meetings business. Also, Mexico competes with the United States for Canadian meetings and with Canada for U.S. business. Mexico competes for both countries' offshore business with destinations in much of the western hemisphere (Exhibit 22). To a lesser degree, Mexico also competes with destinations in Europe and other places and with cruise lines.

We put some really weird things in the mix sometimes; we may look at Europe, Canada, and Hawaii all in the same year. Sometimes the Caribbean comes up against Mexico, as does Hawaii I would definitely say.

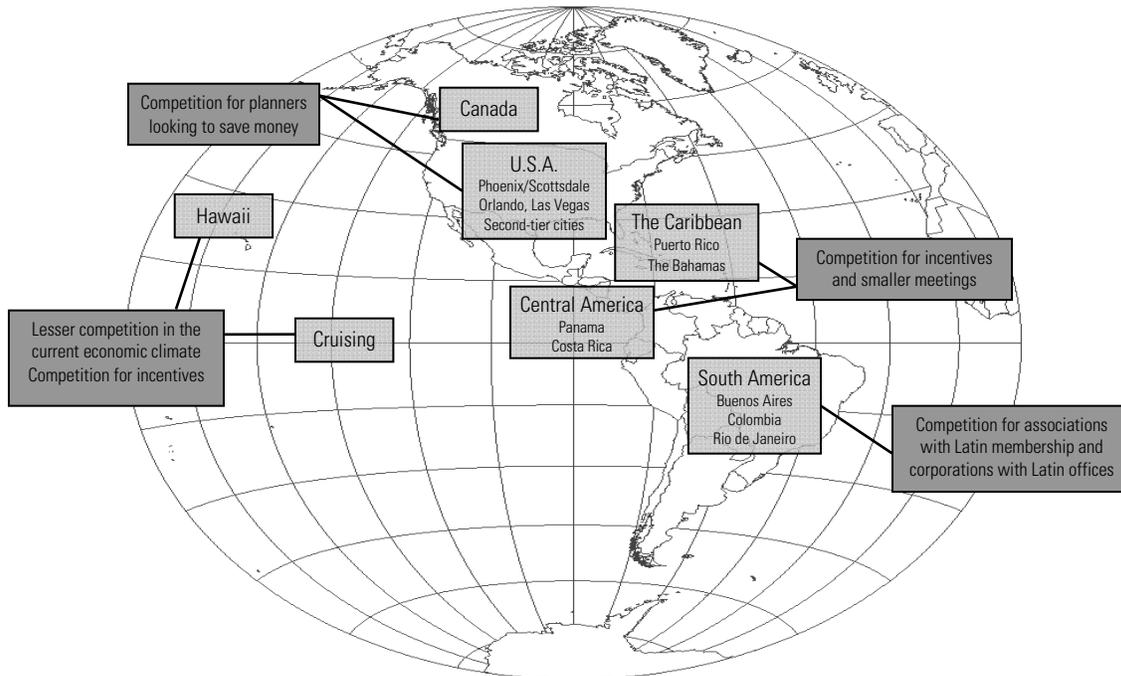
—U.S. corporate planner

The competition in the meetings industry is intensifying. Planners reported receiving more marketing communications and promotional materials than ever. They said that Canada, Hawaii, Dubai, destinations in Europe, and Singapore have increased their marketing efforts and that U.S. domestic destinations have also stepped up their efforts.

There are a lot of places reaching out to us, much more than in the past. I've gotten a lot of information from European destinations—Germany has approached me; I'm getting update newsletters from Holland; I've also received some stuff from the U.K., including a calendar where we could publish our events. Singapore is always in touch.

—U.S. association planner

EXHIBIT 22. MEXICO'S COMPETITIVE SET



PERCEPTIONS OF MEXICO'S COMPETITORS

The Continental United States. Many destinations in the continental United States compete with Mexico for meetings business. Some meeting planners said that Orlando, Scottsdale, and Palm Springs offer a resort and golf experience similar to Mexico's (albeit without the beach). Others said that Mexico's competitive set is actually broader, including convention centers and hotel properties in cities like San Antonio, San Diego, and Miami, as well as large meeting destinations, like New York, New Orleans, and Las Vegas. Almost all these cities, as well as many smaller ones are promoting themselves very aggressively, offering steep discounts, and successfully attracting planners, most of whom are increasingly receptive to domestic venues in an effort to cut costs.

Secondary cities are coming on strong now, where Mexico probably needs to look at a little bit more. San Antonio, Austin, Little Rock are going to come out better from this; I'm getting weekly phone calls from them. We are taking a good look at that, for clients who might not want to go somewhere more expensive.

—U.S. independent planner

From a competitive perspective, you have to consider the image of the destination; Mexico is competing with the western half of the United States—Scottsdale, San Diego, San Francisco, New Orleans, San Antonio.

—U.S. independent planner

Canada. Canada is not thought of as an international destination by many U.S. planners, because of the similarity in business culture and the seamless nature of planning meetings there, and because U.S. and Canadian offices or staff are often grouped as one North American division. A few U.S. planners noted that as the Canadian dollar depreciates, Canada is becoming a less expensive and more appealing destination for U.S. corporations and associations.

The Canadian Tourism Commission (CTC) and other Canadian tourism bodies are highly regarded by planners; they court the meetings business, they are professional and responsive, and they follow through consistently. Canada is perceived to have fully addressed and clarified customs and tax issues for meetings.

I have been working on an upcoming meeting with Canadian Tourism and two Canadian CVBs—and they are a delight to work with and exceptionally responsive.

—U.S. independent planner

Working with the CTC was fantastic: their attention to detail, constant follow-up, a phone call beforehand asking what does our client like, finding out more about the group, personal attention. When we got to Vancouver, they did a fantastic job; they gave us a citywide tour—even though it's not a citywide meeting, it's good for us to know about what they have. In Canada, the bureau was with us the entire time, even though we were looking at one hotel.

—U.S. independent planner

Canada is at everything, and they invite us to FAMs. They have a FAM schedule for the entire year, which they re-release in advance. I can invite clients who are interested in Canada to join me on a trip, which gives me and the destination face time with the client and lets them see the destination in person.

—U.S. independent planner

I think [Mexico] might have to look at Canada as one of their biggest competitors. It's still in North America, and the U.S. dollar is finally gaining strength in Canada.

—U.S. independent planner

Hawaii. From a product and infrastructure standpoint, Hawaii is a direct competitor to Mexico. Hawaii has accommodations and convention facilities to host large-scale meetings, and as a U.S. destination, there are no language barriers, no customs or visa requirements, and no VAT. Hawaii's challenges are its distance from the mainland, the expense of its hotels, and airlift. Because of its high consumer appeal, some planners consider Hawaii a competitor to Mexico more for incentives than for corporate or association meetings. A number of U.S. planners noted that Hawaii's CVB is promoting itself actively to meetings professionals.

Hawaii is not mentioned frequently as a meeting venue for Canadians. In general, it is farther away from most Canadian cities, though it could be a consideration for western cities like Vancouver.

—Canadian independent planner

Hawaii is at a disadvantage because it starts off on the wrong foot with eight hours of flying. You really need five nights for Hawaii. If we wanted all of our sales groups together, we'd want to be somewhere closer than Hawaii.

—U.S. corporate planner

Hawaii is doing a good job promoting itself. They've maintained a presence in publications, at trade shows. Staff in the bureau keeps us informed. They have the infrastructure and funds; they understand the market.

—U.S. independent planner

Hawaii has done a lot of promotion addressing the perception that they are not a true meetings destination, more of a tourist spot. They are hitting that issue head on in industry publications and in the news.

—U.S. corporate planner

Hawaii is really out there, coming to our offices and doing presentations. We're also getting a lot of phone calls from Hawaiian hoteliers.

—U.S. independent planner

The Caribbean. Planners view some Caribbean islands (including Aruba, the Bahamas, and the U.S. Virgin Islands) as direct competitors to Mexico for smaller meetings (executive retreats and board meetings) and meetings with an incentive or reward component. However, few planners consider the Caribbean islands

competitive for larger meetings because, in their view, they lack large enough convention or meeting facilities and airlift is difficult, often requiring multiple transfers. Several planners made direct comparisons between the Caribbean and Mexico as meetings destinations, with Mexico comparing favorably.

If I compared the Caribbean and Mexico, Mexico is higher, in our opinion. The weather is more predictable; the climate in Mexico is preferable; the food is better in Mexico; and, yes, you deal with different work ethics in both destinations, but I feel the Mexican properties are better about adhering to the way American companies operate than the Caribbean. The airlift is also better to Mexico, and the hotels tend to be larger in Mexico, which is a requirement for our large groups.

—U.S. corporate planner

Airlift is a problem once you get past the Bahamas. American Airlines has cut back on [flights to] Puerto Rico.

—U.S. independent planner

I think that when someone does a program in the Caribbean and in Mexico they see the difference—the service levels are so much better in Mexico, the airlift is better to Mexico, the facilities and the infrastructure are better in Mexico.

—U.S. independent planner

Planners did say that Puerto Rico competes with Mexico, with large-scale resorts capable of handling larger meetings. Its use of the U.S. dollar and the fact that U.S. visitors do not need a passport are considered advantages. Surprisingly, given the large number of new hotel properties there, no planners singled out the Dominican Republic as a competitor to Mexico.

Puerto Rico is coming on strong. One of its attractions is that they use the U.S. dollar. They have also put a lot of money into big renovations and have some really nice resort properties, some near the city of San Juan, others further out. We are heavily courted by their Bureau of Tourism. They did a road show in a big motor home, coming to meet planners.

—U.S. independent planner

Central and South America. Costa Rica and Panama are also considered competitors to Mexico for smaller meetings, particularly those tied to incentives, and for clients who are looking for something unique and a bit more adventurous.

Panama is an emerging destination for our clients who have been around the world—more for incentives—it allows us to put something new in front of them that we know works.

—U.S. independent planner

Panama is becoming a very big business center, especially in banking. Air access is great there because of COPA, smartest route structure I've ever seen—the flights arrive during a certain block of time, which really helps for organizing meetings for attendees who may be coming from all over. Panama deals in the U.S. dollar. Panama would be a big competitor, in my view.

—U.S. independent planner

I do see more interest in Latin America because of price point for those who are doing international meetings. Latin America is one of the best values you'll find anywhere in the world.

—U.S. independent planner

I think Colombia is also going to be an up and coming destination; I see Mexico's bad news as Colombia's good news. People don't realize no city in the world is safe. Every country has its relatively dangerous destinations. Cartagena is one of the safest cities in Latin America. Medellin has changed and is now one of the safest in all of the Americas. I know that the Colombian government doesn't have the budget like Mexico, but they have the drive and determination to really promote the destination effectively, I think.

—U.S. independent planner

Cruise meetings. Meetings aboard ships have been growing and will continue to do so as cruise lines struggle to fill capacity coming online, and as more planners become comfortable with the idea of cruise-based meetings. Although planners recognize that cruise lines provide cost advantages for meetings (e.g., all-inclusive pricing on food and beverage, transportation, and entertainment), few of the planners interviewed have scheduled a meeting on a cruise ship. Moreover, their interest in doing so is low. Planners' lack of familiarity with cruise meetings is a key barrier because planners, as a rule, don't like to experiment—they need to ensure that their meetings will run smoothly. Other concerns about cruise meetings expressed by planners include a shortage of meeting space, the lack of flexibility in scheduling meetings and events, the fact that not all attendees would enjoy being on a cruise ship, the perception that cruises are lavish, and the distractions presented by a cruise (e.g., ports of call, bars, gambling). Further, many cruise itineraries are too long for most corporate or association meetings and it is difficult to get attendees or speakers to come only for one day.

Cruise meetings have been hard hit by the economy. The perception of companies doing meetings aboard cruise ships is that it is lavish and an unnecessary expenditure.

—U.S. independent planner

I was asked to consider doing the Vegas user conference on a boat a few years ago, but the idea of 1,500 intoxicated dentists on a boat is too much liability.

—U.S. corporate planner

We've found that if you're trying to do a meeting with educational content, cruise ships aren't as flexible in their space as traditional hotels, and it is not as easy to get people focused on the topic at hand.

—U.S. association planner

A cruise requires a captive audience. Attendees have to commit for the whole thing, and that might deter people and reduce attendance.

—U.S. independent planner

VI STRATEGIES FOR DEVELOPING THE NORTH AMERICAN MEETINGS MARKET

OBSERVATIONS

After years of strong growth, North American corporations and associations are reducing the number and size of their meetings, opting for domestic versus offshore destinations, and/or avoiding destinations and properties that might be perceived as luxurious. MCG believes that the industry's problems are temporary and that both the United States and Canadian meetings industry will eventually rebound and again become an important source of business for Mexico.

In the meantime, Mexico faces serious immediate challenges. The country's tourist industry was essentially paralyzed by the global reaction to the H1N1 influenza scare after it was first announced. Fully aware that its first order of business is to jump-start the visitor industry, the Mexican government has announced an important promotional campaign to increase both domestic and inbound travel.

Many planners in the United States and Canada cancelled upcoming meetings in Mexico as a result of the influenza outbreak. Others may be reluctant to schedule new meetings there—even if these meetings may not take place until two or more years from now. Their reactions could result in significantly reduced meetings volume in Mexico that lasts well beyond the conclusion of the outbreak.

The good news is that the North American market is huge and that meeting planners have been satisfied with their experiences in Mexico and are favorably disposed toward the country.

RECOMMENDATIONS

MCG believes that Mexico can maintain and increase its share of the North American meetings market. Our recommendations to restart the flow of meetings include addressing and countering negative perceptions, targeting efforts more effectively, leveraging the advantages of the entire Mexican industry working jointly, and developing strategic intelligence to guide future efforts. Clearly, many of these recommendations have budgetary and staffing implications, but MCG believes that the actions are worthy of funding.

MESSAGING GUIDELINES

Arm planners with health and safety information to justify a decision to hold a meeting in Mexico. Because meeting planners have specific information needs that differ from those of consumers, MCG recommends that the Consejo customize information for meeting planners to communicate the specifics of what the Mexican government and its tourism industry partners are doing to keep visitors healthy and safe. For example:

- The many steps that have been taken to sanitize the airports, hotels, restaurants, and other venues that meetings visitors may come in contact with.
- The ways in which security in hotels and meeting venues has been amplified.
- Comments from spokespersons who are not from Mexico; consider enlisting North American health or safety enforcement officials to speak to the reality of the situation in Mexico.
- Testimonials from North American meeting planners who have recently held a meeting in Mexico, speaking about their experiences.

This information should be distributed immediately to meeting planners with events scheduled in Mexico and to those who have recently expressed interest in planning an event in the country. It should also be distributed through press releases and notices in publications and Web sites to the major U.S. and Canadian meeting planner associations and the broader meetings industry press.

I think it's important to face the reality of what their reputation is. The reality is that it's perceived as unsafe. There was an e-mail that came out a few weeks ago from someone in Cancun, and it was so defensive that it came across negatively. You need to address the reality of the situation and address what your property or destination is doing to counter that problem—we've upped the police force, crime is down X%. I can then share facts with my client to make an educated decision on the destination for a meeting.

—U.S. independent planner

Promote Mexico's value. Mexico's value as a meetings destination can be used to appeal to and motivate meeting planners at a time when proving return on investment is paramount. Planners' perceptions are that offshore meetings cost more than meetings held domestically. The Consejo should arm them with specifics that demonstrate the financial advantages of holding a meeting in Mexico.

- Compare airfares and hotel rates for Mexican destinations with those of major cities in the United States and Canada.
- Suggest that Mexico offers an "exotic" experience at a more reasonable price than Hawaii, Europe, Asia, and South America.
- Clarify and promote VAT exemption offers and other economic incentives available to meeting planners who hold an event in Mexico.

Communicate that Mexico is a suitable destination for business meetings. Mexico should work to broaden and diversify its image among planners, communicate the breadth and range of Mexico's meetings infrastructure, and deemphasize the luxury/recreational component of the experience.

- Communicate that Mexico's resort areas have the facilities (meeting rooms, breakout rooms, up-to-date technology and technical support) to accommodate a wide range of meetings (training/education, executive meetings/retreats, sales, product introductions, etc.).
- Demonstrate that Mexico City and other destinations, such as Monterrey and Guadalajara, have new and modern facilities suitable for business meetings.
- Begin to make them aware of smaller colonial cities with convenient air service, such as Guajuato.
- Inform planners about updates to the country's convention facilities and large meeting spaces and that these centers have suitable lodging nearby.
- Accentuate the business advantages of holding meetings in Mexico. Communicate the leisure options available, but make that messaging secondary to more practical meetings-related information.

TARGETING GUIDELINES

Strengthen links with independent meeting planners. Corporations and associations are increasingly using independent meeting planners to assist in destination and site selection. Independent meeting planners are more likely to organize offshore meetings and are likely to be receptive to messaging about Mexico. We understand that the Consejo is pursuing strategic partnerships with larger independent meeting planning firms, such as Experient, Maritz, ConferenceDirect, and HelmsBriscoe. The Consejo should continue these efforts to establish strategic partnerships with these organizations. We spoke with executives at several of these firms, and we understand that they are currently reevaluating how they structure these types of partnerships, but that the opportunities for Mexico could include the following:

- Establish some sort of preferred vendor relationship. Each firm may define this relationship differently, but it could include referrals, specially negotiated rates, minimum levels of bookings, providing access to clients, securing office visits, etc.
- Attend, sponsor, and/or host strategic events where the firm's planners, buyers, and, in some cases, clients are present. By partnering, Mexico would have direct, face-to-face access to attendees and a preferred or exclusive stage for networking, education, and training, as well as for presenting Mexican DMCs, CVBs, hotel properties, and convention centers.
- Participate in targeted co-op marketing activities. These can be internal (promotions to the firm's proprietary databases of planners, clients, or partners) or external (joint promotions and co-branding with the firm).

Mexico should be partnering with our preferred suppliers in the destination and come in with them to present—it's a good way to approach us. We're already working with their suppliers. They need to be more active in calling on third parties. The rest sells; they have the beaches, the hotels, the service, and the people. I think it's a great time for Mexico.

—U.S. independent planner

Focus on corporations likely to plan Mexico meetings. Over the near term, Mexico will have greater success targeting corporations than associations. The corporate market is likely to move faster, be less bureaucratic, and require less hand holding. Corporations also plan far more meetings than associations. In our opinion, the Consejo should focus its efforts on the following kinds of U.S. and Canadian corporations:

- Corporations with regional offices, production facilities, or client bases in Mexico.
- Corporations with a relationship with Mexico's industry or large end-user markets in Mexico—for instance, manufacturing, agriculture, and food service companies.
- Corporations in "recession-proof" sectors, such as biotechnology, pharmaceutical, healthcare, and medical device companies; technology firms; and law firms.
- Corporations with large sales forces.
- Corporations with headquarters or major offices in gateways with direct flights to Mexico.

Approach selected international associations. Only international associations merit the attention of the Consejo at this time. National and regional associations are less likely to take their meetings abroad. The following types of international associations are the most likely to meet abroad and/or to consider meeting in Mexico:

- Associations that have planned meetings internationally in the past.
- Global associations headquartered in the United States or Canada with large Latin American membership bodies or with sister associations or chapters in Mexico.
- Professional organizations—these include doctors, architects, civil engineers, and other professionals who are often interested in meeting their global counterparts and updating themselves on their areas of interest, and who have the financial resources to hold a meeting abroad.

In addition to a general meeting, many large associations hold several small meetings and seminars throughout the year. The Consejo should promote Mexico for some of the smaller meetings. The destination selection process is less involved and faster than for the general meeting. Further, having held a small successful meeting in Mexico, an association planner may be motivated to return for a larger event.

Contact planners who have held meetings in Mexico or expressed interest in the country. These planners represent the most qualified leads for planning future meetings in Mexico. They may also be a good resource for testimonials about their meeting experiences in Mexico, a particularly compelling tool for speaking with other planners at this time. Follow up with calls, visits, and/or e-mails to meeting planners who have contacted the Consejo or who have attended events sponsored by Mexico. Give priority to communicating with planners who have expressed an interest in Mexico. The 2009 meeting planner and supplier registration list that the Consejo provided to MCG for sourcing interviews is a good source of contacts; it contains approximately 80 organizations that specifically expressed interest in Mexico.

ORGANIZATIONAL GUIDELINES

To date, the Consejo has taken an active role in approaching the North American meetings market through industry sponsorships and promotional efforts, as described in this report, and has succeeded in building awareness of Mexico and in laying the groundwork for future efforts in this segment. The Consejo should continue its industry presence through major meeting planner organizations to generate further awareness and look for new and innovative/creative partnership opportunities with these organizations.

Going forward, Mexico needs to take its efforts to the next level in developing the North American meetings market. Most importantly, Mexico needs to commit the resources, both human and financial, to do so. Key to this effort is developing or strengthening an organization, such as the Mexico Convention Bureau, that will enable Mexico to grow its share of the North American meetings market and take ownership of activities directed at this important segment. MCG further recommends that the organization and its partners consider the following approaches for their efforts.

Pay close attention to follow-up. In addition to awareness building, Mexico should pay close attention to the follow-up through later steps of the process. Consistency and responsiveness on the part of the Consejo and its partners are critical; planners expect them, and Mexico's competitors are providing them.

Give planners one point of contact. Ideally, one individual or office should serve as the primary point of contact for North American planners interested in holding an event in any part of Mexico. This individual or group would act as a catalyst or matchmaker, using marketing intelligence and establishing relationships to identify leads among planners and matching them with the appropriate Mexican destinations and suppliers. After directing them to the appropriate destinations, venues, and suppliers, that person should maintain contact with the planners to guarantee that their needs are met. Contact should continue even after a meeting has been completed to gauge satisfaction and develop repeat travel.

Leverage the talent within the Mexican meetings industry. Enlist the cooperation of all members of the Mexican meetings industry, some of whom already actively market on their own to North American meeting planners to build the market. Ensure that the regions of Mexico and the many suppliers within Mexico present the breadth of the Mexican product in a united, coordinated, and noncompetitive way to make it easy for planners to choose Mexico.

They need to get their coordinated act together selling the country as a group of multiple destinations. Right now, the individual destinations are competing with each other. If I tell them I won't hold a meeting in Oaxaca, I want them to suggest another destination that will work.

—U.S. association planner

At the same time, share information with the members of the Mexican meetings industry, keep them informed about the Consejo's activities in this segment, and educate them as to the needs and preferences of corporate, association, and independent planners so that they can position themselves to serve that market.

Look beyond the trade within Mexico to extend the reach of the Mexican meetings industry. Mexico is home to many well-known international hotel brands that cater to the meetings industry. Most planners admit that their first resource when exploring a new destination is their trusted hotel sales representative. These representatives are often based within the United States and/or Canada and manage meetings inquiries and business for a wide range of properties. These representatives may provide the Consejo with different points of entry to the market. Identify and contact hotel sales representatives in the United States and Canada who represent leading international hotel brands with large properties in Mexico. Understand what types of organizations have been working with them and what types of meetings they may be able to refer to properties in Mexico; make them aware of the Consejo's efforts and resources and offer to assist when inquiries regarding their Mexican properties are made.

Develop a dedicated, professional Web site for meetings in Mexico. Planners are more interested in information "pull" than "push." They view the Consejo as a resource and would like interaction and assistance on an as-needed basis. Planners also believe the quality of a destination Web site is indicative of the quality of service and experience they will have there. Therefore, Mexico should develop and promote a comprehensive and professional Web site as the primary information source and starting point for North American meeting planners interested in Mexico.

At the moment, Mexico Convention Bureau information exists within the Visit Mexico site. Mexico's meetings Web site should be separate from visitmexico.com and include information that is specifically targeted to and customized for North American meeting planners. Using search engine optimization, the site should be easy to find for those looking for "meetings in Mexico" and should be named appropriately (e.g., meetings.mexico.com).

Meeting planners have high expectations regarding the readability, organization, and visual presentation of destination Web sites, and the Consejo should strive to develop a site that is comparable or superior to those offered by its competitors, such as the major cities in North America and the Canadian Tourism Commission's meetings.canada.travel.

A site targeted to the meetings industry should provide planners with the tools they need to plan a meeting in Mexico. At a minimum, Mexico's meetings site should include a searchable directory of Mexico's meeting venues with details on floor plans, number of rooms, meeting space, property amenities, etc.; enable planners to submit an RFP to the Consejo for distribution to the appropriate destinations and venues; and address the logistics of holding a meeting in Mexico, clarifying customs and shipping requirements and procedures, details about Mexico's VAT exemption, and passport and visa requirements for attendees. Additional information, such as meeting planner testimonials/case studies, a coordinated Mexico meetings calendar, FAQs answering "Why Mexico," and a database of CVBs and suppliers, would further assist meeting planners.

Mexico's meetings Web site would be the ideal place for the Consejo and its partners to communicate updates related to health and safety concerns. It should also be used to disseminate timely and pertinent information from across Mexico, including new properties opening, upgrades to convention centers and other meeting facilities, announcements of new air service and changes in air service, and properties offering special rates for meeting planners. The site could also be used to educate planners about the range of meetings facilities available in Mexico featuring different destinations periodically.

The beauty of Mexico is that new properties are coming online every day. You need to keep that information fresh and in front of planners.

—U.S. association planner

STRATEGIC INTELLIGENCE GUIDELINES

Establish a centralized system of strategic intelligence within Mexico. Gather and centralize market intelligence about meetings taking place in Mexico. Our research has identified a need for a centralized database that tracks meetings taking place in Mexico, gathering and reporting in a standardized fashion key data from hotels, convention centers, and visitors bureaus across Mexico, including:

- Size of the meeting (number of hotel rooms/delegates, amount of meeting space booked),
- Location of the meeting (city and property/facility),
- Month and duration of meeting,
- Sponsoring corporation or association; business sector represented, and
- Purpose of the meeting (sales, training, trade show, etc.).

Knowing what types of organizations are coming to Mexico and how the meetings business is being distributed across the country will be critical to future marketing efforts. This knowledge will enable Mexico and its partners to be more strategic in what organizations they target and the marketing information they disseminate. It may also highlight opportunities to look for untapped potential, by coupling the Consejo's knowledge of the meetings infrastructure in Mexico with the types of meetings and facilities being used by North American organizations.

Leverage existing arrival statistics to accurately measure the volume of meetings visitors. As a country with defined entry points, Mexico should know exactly how many people visit Mexico with the primary purpose of attending a meeting or convention, participating in an incentive trip, or accompanying a person who is. MCG recognizes that separate government entities are charged with monitoring arrivals and that making changes in the type and level of information that is collected and how it is tabulated and handled may be difficult. MCG strongly recommends that efforts be made to obtain existing information on purpose of visit and to revise the entry form to make sure that, going forward, all the needed information is gathered. We also strongly suggest that a procedure for tabulating and analyzing the information should be established. MCG's research indicates that it is critical to have accurate data that measure the health of the meetings industry at regular intervals to support, monitor, and guide Mexico's marketing efforts.

APPENDIX A: METHODOLOGY

MCG started its investigation with an extensive secondary source review to measure and document the size, trends, and characteristics of the U.S. and Canadian meetings markets. At the start of the project, the Consejo supplied MCG with a selection of magazine articles and secondary research reports it had collected related to the North American meetings market. MCG supplemented these sources with a thorough review of available secondary research reports and articles documenting more current trends in the market. MCG has selected and presented here data and findings believed to be of most use and relevance to Mexico.

MCG contacted more than 650 meeting planners and conducted 93 in-depth telephone interviews with association, corporate, and independent meeting planners in the United States and Canada. The distribution of respondents is shown in Exhibit 1 and reflects the distribution requested by the Consejo.

EXHIBIT 1. INTERVIEW RESPONDENTS—MEETING PLANNERS

	United States	Canada	Total North America
Association planners	17	6	23
Corporate planners	22	6	28
Independent planners	32	10	42
Total respondents	71	22	93

MCG was asked to conduct additional interviews with stakeholders and members of the meetings industry in Mexico; these included executives from selected hotels, convention and visitors bureaus, and destination management companies (DMCs) in Mexico.

The Consejo supplied MCG with several lists and databases of meeting planners for use in sourcing potential interview respondents; these included the 2009 Meeting Planner and Supplier Registration List, the Mexico One on One Appointments List, and the American Society of Association Executives (ASAE) and Meeting Professionals International (MPI) databases. MCG supplemented these lists with its own databases, as well as industry contacts and referrals. The Consejo also requested that MCG interview a small selection of meeting planners it had identified for this study; approximately 15% of the completed interviews were with meeting planners and industry stakeholders specifically requested.

Appendix B: Interview Roster

ASSOCIATION MEETING PLANNERS—UNITED STATES

American Board of Internal Medicine	David Sampson, Meeting and Travel Planner
American Mathematical Society	Penny Pina, Director, Meetings and Conferences
American Society for Microbiology	Steve Schultz, Assistant Director of Meetings and Industry Relations
Council of Supply Chain Management Professionals	Teri Jarvie, Director of Meeting Services
Food Marketing Institute	Amanda Bond-Thorley, Manager, SQF Conventions
International Association of Energy Economics	David Williams, Executive Director
International Society for Pharmacoeconomics Research	Jerusha Harvey, Senior Manager, Education Services and International Development
Materials Research Society	Patricia Hastings, Director of Meeting Activities
Medical Group Management Association	Lori Buster, Director, Meetings and Conferences
Optical Society of America	Kristin Mirabal, Senior Meetings Manager
Produce Marketing Association	Kent Allaway, Director, Meetings and Tradeshow
Society of Critical Care Medicine	Pamela S. Dallstream, Director of Meetings and Conventions
Society of Exploration Geophysicists	Jim Lawnick, Director, Meetings and Expositions
Society of Petroleum Engineers	DeeDee Bailey, Meetings Manager
Soroptimist International of the Americas	Leigh Wintz, Executive Director
Technical Association of the Pulp and Paper Industry	Susan Rawlins, Director, International Development
United States Tour Operators Association	Bob Whitley, President

ASSOCIATION MEETING PLANNERS—CANADA

Canadian Society of Association Executives	Gail McHardy, Director of Conferences and Events
Canadian Physiotherapy Association	Ed Orendorff, CEO
Consumer Health Products Canada	David Skinner, President
Food Service Consultants Society International	Scott Legge, Executive Director
Ontario Stone, Sand, and Gravel	Maureen Miller, President
Art Libraries Society of North America	Susan Rawlik, Director

CORPORATE MEETING PLANNERS—UNITED STATES

Align Technology, Inc.	Heather Speaks-Bagby, Director, Corporate Events
Alticor	Emma Brooks, Global Special Events
Baker McKenzie	Marcella Purcell, Manager Global Events
Booz Allen Hamilton	Michelle Hylton, Executive Development Program Coordinator
CareerBuilder.com	Kristen Adams, Director, Events
Cartus	Diana Brady, Manager, Events Marketing
Cisco Systems, Inc.	Heather Henderson, Operations Manager—Cisco Live, Cisco Corporate Event Marketing
Ernst & Young	Jaime Coffey, National Meeting Planner
FreeLife International	Diane F. Watanabe, Sr. Events Planner
Frito-Lay, Inc.	Susan Fox, R&D Business Operations
Genzyme	Danica Szatmary, Global Marketing Senior Events Manager
Hartford Life	Paul Bisberg, Director Conference Planning

Hitachi Data Systems	Sonja Feloutzis, Lead Program Manager
International Dairy Queen	Missy Schrupp, Director, Meetings, Events and Travel
McKesson Corporation	Robin Reuben, Senior Meeting Planner, Meeting and Event Services
Microsoft Corporation	Dean Martin, Event Marketing Manager, Central Marketing Group
PricewaterhouseCoopers	Karla Raimundo, Senior Manager, Events and Procurement
Siemens Energy	Christine Anderson, Corporate Meeting Planner
Theodore Financial Group	Sarah Wood, Corporate Meeting Planner
UnitedHealthcare	Ileem Hattem, Regional Event Planner
Varian Medical Systems	Doug Burns, Corporate Travel Manager
Wells Fargo	Sharon Doyle, Senior Meeting Planner, Wells Fargo Event Services

CORPORATE MEETING PLANNERS—CANADA

Alliance Pipeline	Donna Podworniak, Event Planner
CTV Inc.	Lisa Gaudier, Associate Marketing Manager
Harlequin Enterprises Limited	Jennifer Bankay, Overseas Coordinator
Investors Group	Pat Kerrigan, Senior Corporate Event Planner
Research In Motion	Julie Harrington, Corporate Event Manager
Scotia Capital	Malaika Palmer, Manager of Event Planning

INDEPENDENT MEETING PLANNERS—UNITED STATES

Arrowhead Conferences and Events	Enoch Williams, President
Bobrow and Associates	MaryAnne Bobrow, Owner and President
Concepts Worldwide	Terri Breining, President
ConferenceDirect	Dave Scypinski, Senior Vice President Brian Landers, Regional Vice President
Corporate Meetings Unlimited	Carol Gillenwater, Founder and President
Experient Inc.	Scott Durkin, Vice President, Partner Development Char Shada, Strategic Account Manager Gary Shirmacher, Senior Vice President, Sourcing
GES Exposition Services	Jeff Quade, Executive Vice President of Sales and Marketing
gMeetings Inc.	Eli Gorin, President/Owner
Helms-Briscoe	Amy Martell, Director, National Accounts
Hughes Meetings and Incentives	Karel Ford, Director of Program Operations
Landry & Kling	Joyce Landry, CEO
Maritz	Trish Adams, Director, Partnership Marketing
Meetings & Events, USA	Sandy Reynolds, President
Meetings and Incentives	Susan Arts, Senior Planner
Meeting Expectations	Lauren Andrews, Senior Manager of Sites and Contract Services
Meetings on Ships	Jerry Vaugh, Owner
Meetings Management Group	Hunter Clemens, Vice President

Meeting Professionals Expectations, Inc.	Judy Hathaway, Principal Planner, Northeast Region
Meeting Strategies Worldwide	Amy Spatrisano, Principal; Co-founder and President of the Green Meeting Industry Council
Meeting Strategists	Karen M. King, Principal
Meeting Track	Philip W. Arbuckle, President
Precision Meetings and Events, Inc.	Suzanne Clegg, Assistant Director, Meetings and Events Division
Professional Event Solutions	Pierre Charmasson, Director, Meetings and Events
R&R Healthcare Communications	Kathi Donovan, Director of Meeting Services
Rx Worldwide Meetings, Inc.	Richard A. Robichaud, Senior Meeting Manager
SmithBucklin	Andrea Heeg, Director, Convention and Trade Show Services
Symbiotix, Inc.	Brian Doty, Vice President of Operations
TBA Global, LLC	Jacqueline Kline, Vice President, Client Services
VRS Meetings and Events, Inc.	Valerie Sumner, President

INDEPENDENT MEETING PLANNERS—CANADA

Event Spectrum	Cynthia Richards, President
Exclusive Travels	Flavia St. Clair, Owner
Gendron Communications	Isabelle Coutu, Account Manager
Golden Planners Inc.	Phil Ecclestone, Vice President
Helms Briscoe	David Jewell, Vice President
International Conference Services, Ltd.	Blair Hiltz, Senior Conference and Project Manager
JPDL	Marie-Josée Talarico, Director of Operations

TBA Global, LLC	Shannon Cooper, Senior Program Manager Amy McCaig, Director, Client Services
Whole Planet Tours	Annkia Hayes, Founder/Director of Operations
Wright Solutions	Katherine Wright, President

MEXICO MEETINGS INDUSTRY CONTACTS

Global Incentive, Mexico DMC	Andy Ortiz, President Global Incentive, President, Mexico Showcase
Hotel Fiesta Americana Puerto Vallarta	Silvia Cruz Hernández, Sales Manager International Groups Eduardo Pinto, Director of Sales
IVI Destination Management	José-Manuel García, President
Marquis Los Cabos	Ella Messerli, General Manager
Meeting Incentive Experts	Adam Lawhorne, President
Mexico Tourism Board	Eduardo Chaillo, Director, Strategic Business Unit for United States and Canada Rodrigo Esponda, Director, Midwest
Puerto Vallarta Convention and Visitors Bureau	Laura Suárez, Promotion Manager
Monterrey Convention and Visitors Bureau	Alexandra Martínez, Marketing Manager Julio Valdés Hernandez, Director