



SPOTLIGHT ON: MEETINGS, CONVENTIONS, & INCENTIVES TRENDS PG2



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

MARKET INSIGHTS UPDATE

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In This Issue

Meetings, Conventions, & Incentives Trends

The Hawai'i Meetings, Conventions and Incentives (MCI) space remains an important segment in an otherwise iconic leisure destination. The MCI market continues to be dynamic in the face of myriad challenges - budgets not growing fast enough to keep up with expenses, an increasingly competitive landscape, and the constant, disrupting force of technological change, just to name a few.

At the same time, MCI still presents a huge opportunity to Hawai'i and its partners. The robust economic growth of the past few years means that businesses as well as associations are continuing to modestly

invest in more meetings and similar collaborative activities. However, the challenges of the modern MCI landscape mean that success is no longer a matter of laying out chairs in a ballroom and serving the same food and beverage menus from years ago. Meeting planners and event venues must be innovative and forward-thinking both in how they market themselves and also in creating unforgettable experiences for attendees. This month's *Market Insights Update (MIU)* will look at some of the key trends sweeping the MCI industry and how they can translate into success.

Continued on PG2



Airfare Update

The average round-trip airfare to Hawai'i from the U.S. Mainland declined in the first quarter of 2018 compared to the same period last year, mainly driven by increased air lift and competition between carriers.

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Meetings, Conventions, & Incentives Trends

Adding Event Technology will Help Increase



Event attendance
by 20%



Productivity
by 27%



RFP response time
by 22%

Source: HVCB analysis of *How Technology is Disrupting the Multibillion Dollar Meetings Industry* report by Skift and Cvent

The Experience is Key

One of the most important changes facing the MCI industry, as described by industry professionals and attendees alike, is the growing expectation to make meetings an “experience”. But what does creating a meeting “experience” entail? The answer is somewhat complicated, to be certain, and it goes beyond merely providing high-end goods or quality customer service. Those things are appreciated in the moment and then forgotten once the attendees leave. Experiential meetings start there and then take it all a step further, weaving those things together with specially curated events and activities that leave a lasting impression on attendees. By giving attendees something exciting to talk about when they return home, venues and event planners are not only creating a loyal customer base, but also laying the foundation for strong word-of-mouth marketing.

What this looks like in practice can take many forms. Perhaps instead of just providing innovative menus, attendees are given the chance to work directly with chefs to create their own personally inspired meal. In making these experiences, planners and venues have a lot of flexibility. They can be created independently on-site (sunset icebreakers in outdoor meeting areas), or done in partnership with local businesses (coffee farm or rum tasting tours), or can involve as little as pointing attendees in the right direction. The goal is that by the end of the meeting, participants feel like they have just done something special

and created a personal memory.

As with the rise of transformative travel for the leisure segment, one of the biggest factors influencing this trend in MCI is the growth of Millennials in the workforce. Millennials want more out of a trip, whether it is for work or play, and the line between the two is getting increasingly blurred (evidenced by the growing popularity of “bleisure” travel). Catering to this next generation of business travelers thus requires more than just creating an experience. More meeting venues and event planners are additionally placing greater emphasis on sustainability and locally sourced cuisine.

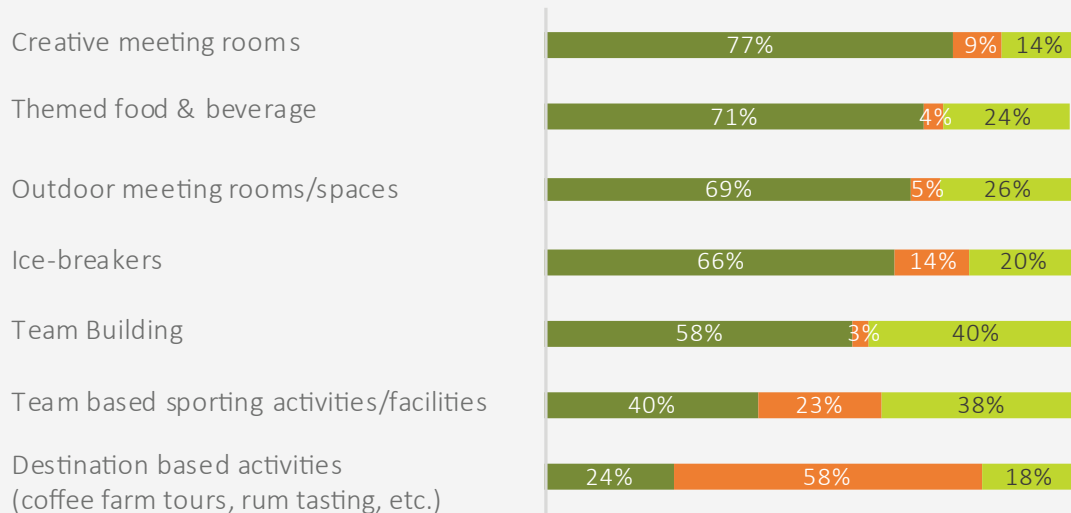
Likewise, “authenticity” is replacing raw luxury as the indicator of quality. While sustainability and authenticity might seem counter-intuitive for corporate events that have values like productivity and efficiency at their core, they are becoming essential to the experiential meetings that are being demanded. As Millennials continue to replace Boomers in the labor force, it seems likely that experiential meetings are here to stay. It is also important to note that it was mentioned at the recent *Global Tourism Summit* in Honolulu that the Millennial traveler is more interested in face-to-face interaction than other generations. This bodes particularly well for the MCI industry in the future!

The Era of Flexibility

Another aspect of making meetings dynamic and engaging events is the growing need to make the meeting spaces themselves flexible. Whereas changing room layouts midstride

Top Offerings to Assist with Experiential Meetings Worldwide

■ ONSITE ■ OFFSITE ■ BOTH



Source: IACC 2018 Meeting Room of the Future Report

was once an oddity, it is increasingly becoming the norm. More than 60 percent of venue operators see flexibility becoming more important over time. They are acting on these expectations as well, with the number of venues operating 100 percent flexible spaces increasing +9 points from 2017 to 2018.

Again, changing room layouts might seem counterintuitive from an efficiency standpoint. Time is money for business, especially during high-cost meetings, so why waste it moving the furniture around? At least one compelling reason lies in the growing body of evidence that changing room layouts stimulates attendees and keeps them more engaged. Similarly, different layouts are better suited for the different modes of learning—auditory, visual, and collaborative hands-on—and thus can appeal to a more diverse set of attendees.

This has induced a growing number of venues to invest in “flexible” furniture, i.e. lightweight, wheeled, collapsible, built-in chargers, etc. None of this is to say that such flexibility comes easy or cheap; 65 percent of venues said the costs were the biggest hindrance to enhancing the flexibility of their meeting rooms, while 56 percent cited a lack of storage space.

It is also worth noting that flexibility does not just pertain to where attendees sit, but also to how they attend. According to Meetings Professionals International (MPI), virtual attendance of meetings and conferences has increased as fast or faster than in-person attendance every quarter for the past three years. Accommodating these digital attendees is therefore essential for venues to attract 21st century meetings. Interestingly, this does not mean investing in video conferencing hardware—the rise of cloud-based meeting platforms has rendered

such equipment redundant. What it does mean is access to reliable, high-speed, and preferably free Wi-Fi. In fact, high-quality Wi-Fi was the most important thing vendors believe they will have to provide in the next three to five years.

Into the Cloud

One final area where event venues and planners are innovating is with everything leading up to the attendee experience. That is to say, the industry is trending towards the use of cloud-based platforms for marketing, booking, and registration. Online tools that allow for rapid RFPs, websites that automatically compare different proposals, smartphone apps that allow attendees to register or check-in at the click of a button, these are but a few of the IT solutions saving time and money for planners and venues alike. A recent report conducted by Skift and Cvent found that the use of event technologies reduced RFP response times by 27 percent, boosted attendance by 20 percent, and brought overall cost savings somewhere in the realm of 20 to 30 percent.

Such improvements to efficiency are going to be essential as cost factors increasingly dominate the industry. Yes, the economy is doing well, businesses are planning more meetings, and budgets are going up. But the simple fact is that, good economy or not, budgets are not increasing enough to keep up with escalating costs. The estimated year-over-year increase in spend is a mere +2 percent, based on the latest MPI Meeting Outlook. Therefore, those venues that meet event planners halfway, that adopt cloud-based marketing and event technologies, will seize a decisive advantage in the increasingly competitive, cost-sensitive, and ever-shifting world of the 21st century MCI industry.



Photo courtesy of HVT/Tor Johnson

Source: HVCB analysis of IACC 2018 Meeting Room of the Future Report, How Technology is Disrupting the Multibillion Dollar Meetings Industry report by Skift and Cvent, and Meetings Professionals International (MPI) Meetings Outlook Summer 2018.

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Photo courtesy of HITA / AU Feducia

Airfare Update

Sneak Peek at Next Month



Spotlight On:
Culinary Travel

Overall, round trip airfares between the U.S. mainland and Hawai‘i declined in the early months of 2018. Relative to the same period in 2017, Q1 airfares fell by -3.1 percent to an average of \$680 per person. Though some markets like New York saw fares increase modestly, significant declines in fares from key gateways such as Los Angeles (-8.2%) and San Francisco (-6.4%) increased the overall affordability of flying to the islands.

In all likelihood, these lower fares were driven primarily by increased lift and increased competition between carriers throughout the first half of 2018. With air seat capacity gains reaching well into the

double digits throughout the first quarter, it is not surprising that prices fell even as oil prices rose. Though capacity growth has since slowed somewhat, it remains strong enough that airfares should remain stable throughout the rest of 2018.

What will happen beyond 2018 is more ambiguous. Currently, crude oil prices are +35 percent higher than they were a year ago, and the continued shrinking of the air seat “glut” may signal less price competition among carriers. All of this points to airfares growing more expensive in 2019, though as long as the broader economy remains strong, the impact on Hawai‘i visitor arrivals should be minimal.

Average Round-Trip Airfare from U.S. Mainland to Hawai‘i Q1 2018

