Brian D. Stevens
Chair
MPI IBOD

April 20th, 2017
Brian D. Stevens
Brian
BDS
CHARLES W. WOODWARD HI
SCHOOL
1972-1973
Rockville, Maryland
Identification Card
Name Brian Stevens
Address 11464 Farmwood Dr
Phone 381-6281 Grade 12
MONTGOMERY COUNTY PUBLIC SCHOOLS
In 2016:
350 Associates
11,000 bookings
3.8 million room nights
$785 million
Why are we here?

- **My prediction**: an overdue economic decline in the next 18 months.

- **Why this matters**: History can help you anticipate the future and plan accordingly.
Research Sources

1) Smith Travel Research
2) ConferenceDirect Data
3) Meetings Mean Business
4) MPI Meetings Outlook
The global economy had a weak 2016.
World trade remains weak.

Exports

*Constant Prices and Exchange Rate—USD—Year-Over-Year Change*
Corporate profits remained positive.
Consumers are also spending more.

**Consumer Spending**

*Year-Over-Year Change—Constant Prices & Exchange Rate*

<table>
<thead>
<tr>
<th>Year</th>
<th>Global</th>
<th>Key Countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>2.2%</td>
<td>China, India, Spain, Mexico, UK, US, Australia, Canada, France, Eurozone, Germany, Italy, Japan, Brazil</td>
</tr>
<tr>
<td>2013</td>
<td>2.2%</td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>2.5%</td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td>2.5%</td>
<td></td>
</tr>
<tr>
<td>2016*</td>
<td>2.6%</td>
<td></td>
</tr>
</tbody>
</table>

*(6%) (4%) (2%) 0% 2% 4% 6% 8% 10%*

**Key Countries**

- China
- India
- Spain
- Mexico
- UK
- US
- Australia
- Canada
- France
- Eurozone
- Germany
- Italy
- Japan
- Brazil

Oxford Economics
Lodging demand grew, but at the slowest pace in 7 years.
Even with the slower growth, lodging demand remained at record highs.
US occupancy remained at an all-time high.
Despite a downward trend, RevPAR has seen a resurgence over the past five months.
Lodging demand improved significantly in Q1 2017.
Q1 occupancy in the top 25 US markets remained below its 2015 all-time high.

**Industry Occupancy—Top 25 Markets**

*Year-Over-Year Change*

<table>
<thead>
<tr>
<th>Top 25 US Markets</th>
<th>1Q13</th>
<th>1Q14</th>
<th>1Q15</th>
<th>1Q16</th>
<th>1Q17F</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chicago</td>
<td>66.8%</td>
<td>68.9%</td>
<td>70.7%</td>
<td>70.3%</td>
<td>70.3%</td>
</tr>
</tbody>
</table>

**Key Markets**

- Oahu
- Miami
- Orlando
- Tampa/St...
- Los Angeles
- Phoenix
- San Fran
- New York
- San Diego
- New Orleans
- Seattle
- Atlanta
- Dallas
- Nashville
- Wash DC
- Denver
- Houston
- Detroit
- Boston
- Philadelphia
- Minn/St Paul
- Chicago

- Worse
- Better
Rates are increasing in most of the top US markets, but the overall growth rate remained below Q1 2016.

Industry ADR Change—Top 25 Markets

Year-Over-Year Change

Top 25 US Markets

<table>
<thead>
<tr>
<th>Year</th>
<th>ADR Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>1Q16</td>
<td>3.2%</td>
</tr>
<tr>
<td>2Q16</td>
<td>2.6%</td>
</tr>
<tr>
<td>3Q16</td>
<td>2.8%</td>
</tr>
<tr>
<td>4Q16</td>
<td>2.0%</td>
</tr>
<tr>
<td>1Q17F</td>
<td>2.5%</td>
</tr>
</tbody>
</table>

Key Markets

- Wash DC: Better
- San Diego: Better
- Oahu: Better
- Tampa/St Pete: Better
- Houston: Better
- Phoenix: Better
- Nashville: Better
- Detroit: Better
- Atlanta: Better
- Seattle: Better
- Denver: Better
- Dallas: Better
- Orlando: Better
- New Orleans: Better
- Minn/St Paul: Better
- Philadelphia: Better
- Chicago: Better
- San Fran: Better
- Los Angeles: Better
- Boston: Better
- New York: Better
- Miami: Better

Worse: ▼
Better: ▲
ADR growth slowed in Transient with Group ADR gains similar to prior years.

<table>
<thead>
<tr>
<th>Group</th>
<th>1Q13</th>
<th>1Q14</th>
<th>1Q15</th>
<th>1Q16</th>
<th>1Q17F</th>
</tr>
</thead>
<tbody>
<tr>
<td>ADR</td>
<td>3.1%</td>
<td>3.3%</td>
<td>4.0%</td>
<td>3.6%</td>
<td>3.8%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Transient</th>
<th>1Q13</th>
<th>1Q14</th>
<th>1Q15</th>
<th>1Q16</th>
<th>1Q17F</th>
</tr>
</thead>
<tbody>
<tr>
<td>ADR</td>
<td>5.9%</td>
<td>5.3%</td>
<td>4.9%</td>
<td>1.6%</td>
<td>2.2%</td>
</tr>
<tr>
<td></td>
<td>2015</td>
<td>2016</td>
<td>’16 vs ‘15</td>
<td></td>
<td></td>
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<tr>
<td>------------------</td>
<td>---------</td>
<td>---------</td>
<td>------------</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bookings</td>
<td>10,684</td>
<td>11,073</td>
<td>3.6%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Room Nights</td>
<td>3,871,365</td>
<td>3,831,712</td>
<td>-1.0%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>ADR</td>
<td>$202.43</td>
<td>$204.96</td>
<td>1.2%</td>
<td></td>
<td></td>
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</tbody>
</table>
# ConferenceDirect Q1 2017

<table>
<thead>
<tr>
<th></th>
<th>Q1 2016</th>
<th>Q1 2017</th>
<th>’16 vs ‘17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bookings</td>
<td>2,307</td>
<td>2,473</td>
<td>7.2%</td>
</tr>
<tr>
<td>Room Nights</td>
<td>598,959</td>
<td>571,755</td>
<td>4.5%</td>
</tr>
<tr>
<td>ADR</td>
<td>$202.17</td>
<td>$199.93</td>
<td>1.1%</td>
</tr>
</tbody>
</table>
The Airbnb Question
13 Airbnb Markets

**United States**
- Boston
- Los Angeles
- Miami
- New Orleans
- San Francisco
- Seattle
- Washington, D.C.

**International**
- Barcelona
- London
- Mexico City
- Paris
- Sydney
- Tokyo
Largest Lodging Companies by Rooms – **Less Private Rooms**

- Marriott + Starwood: 1.1M
- Airbnb: 981K
- Hilton Worldwide: 769k
- Intercontinental Hotels Group: 716k
- Wyndham Worldwide: 673k
- Accor Company: 516k
- Choice Hotels International: 511k
- Best Western Hotels & Resorts: 295k
- Carlson Hospitality Company: 177k
- Hyatt: 166k

*Estimated for Airbnb
7 US markets used as proxy*
Why MMB?

• We need to be prepared for another recession.

• With a single comment, President Obama created a slight recession in our industry.

• We must constantly collect and present data to quantitatively advocate the value of our industry to the U.S. economy

• We need to push against increased taxation on meetings and travel – we lost the battle of the lunch deduction.
Small Business Survey
Overwhelmingly believe in-person meetings are important to their business

Q4: How important do you believe in-person meetings are to your business?

- Very important: 85%
- Somewhat important: 38%
- Not very important: 47%
- Not at all important: 13%
- Not at all important: 2%
Consider in-person meetings a worthwhile expense

Q6: To what extent do you believe in-person meetings yield a return on investment?

- 77% great
- 46% moderate
- 31% little
- 23% no
- 4% no

Return on investment

No return on investment
That add value remote meetings cannot

Q13: Do you believe each of the following is better accomplished via in-person, face-to-face meetings or via remote video, online or teleconferencing?

- Building partnerships: 82% in-person better, 4% remote better
- Negotiating and solidifying agreements: 75% in-person better, 8% remote better
- Finding and interviewing potential new hires: 71% in-person better, 7% remote better
- Networking with colleagues, peers and partners: 68% in-person better, 13% remote better
- Engaging with the community: 68% in-person better, 9% remote better
- Exploring new business opportunities: 60% in-person better, 13% remote better
- Onboarding and training new employees: 59% in-person better, 14% remote better
- Training and attending continued education programs: 47% in-person better, 24% remote better
- Innovating and developing creative solutions: 41% in-person better, 20% remote better
- Keeping up-to-date on the newest industry trends: 33% in-person better, 25% remote better
The tech sector embraces face-to-face too!

98%  In-person meetings are important

55%  Plan to increase spending next year

95%  In-person meetings yield a return on investment

55%  Prioritize in-person meetings during budget cuts
A note on
The United scandal raises some important concerns for meeting planners.

- Today is different than ever before with smart phones and the ease of virality.
- Consider Delta’s reaction.
- What would you do if you had to forcibly remove someone from a meeting?
Bill O’Reilly ousted from Fox News after nearly two decades.
The OUTLOOK
Industry demand is also anticipated to rise in 2017.

**Room Nights in Hotels**

*Year-Over-Year Change*

<table>
<thead>
<tr>
<th>Country</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan</td>
<td>5.6%</td>
<td>4.4%</td>
<td>3.8%</td>
<td>4.0%</td>
</tr>
<tr>
<td>China</td>
<td></td>
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<tr>
<td>Australia</td>
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<td>US</td>
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<td>India</td>
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<td>Mexico</td>
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<tr>
<td>Brazil</td>
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</tbody>
</table>

Oxford Economics
US industry forecasters are predicting slightly lower rate gains in 2017 with occupancy near record highs.

Consensus Forecast (CBRE; STR & PWC)
Business Conditions throughout 2016
OVERALL FIGURES INDICATE STABLE BUSINESS CONDITIONS—OF NOTE: 4% MORE RESPONDENTS INDICATED “FAVORABLE” BUSINESS CONDITIONS OVER THE PREVIOUS QUARTER.

- 67% of respondents predict FAVORABLE business conditions
- 20% of respondents predict NEUTRAL business conditions
- 13% of respondents predict NEGATIVE business conditions

Projected Budget/Spend Over the Next Year
- 57% of respondents predict FAVORABLE budget/spend
- 25% of respondents predict FLAT budget/spend
- 18% of respondents predict NEGATIVE budget/spend
<table>
<thead>
<tr>
<th>Service</th>
<th>Projected Price Change Over the Next Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>F&amp;B/Catering</td>
<td>4.6%</td>
</tr>
<tr>
<td>Audiovisual</td>
<td>3.6%</td>
</tr>
<tr>
<td>Air Travel</td>
<td>4.2%</td>
</tr>
<tr>
<td>Room Rates</td>
<td>4.5%</td>
</tr>
<tr>
<td>Meeting Space</td>
<td>3.3%</td>
</tr>
</tbody>
</table>
PLANNING IT SAFE

Terrorism, Zika and guns are just a few of the security threats that modern-day meeting professionals need to take into account.

15% of meeting professionals have increased threat awareness and response preparedness.

TOP BUDGET REQUEST FOR 2017: SAFETY AND SECURITY

14% of meeting professionals said security concerns influence destination selection.
Combating Terrorism: 44% of industry professionals anticipate changes to the meeting and event industry due to the increasing prevalence and threat of terrorism. Following are the ways in which these organizations are focusing their efforts.

- 15% More destination research and communications regarding risk
- 5% More attendee screening
- 19% Providing more employee training
- 14% Developing new security plans
- 9% Updating procedures and contingency plans
- 15% Adding more security staff
- 5% Working with local and federal law enforcement
- 27% Predict no changes due to increasing threat of terrorism

Respondents agree with this statement, most often explained that they believe their current actions are sufficient to keep them safe, that they are statistically unlikely to be victims or that their locations and events are of little or no value to terrorists.
WHAT DOES IT TAKE TO OPEN CARRY IN THE U.S.A.?

- 30 states do not require a permit
- 15 states require a permit
- 5 states do not allow open carry of handguns

AMERICAN ZIKA

Among U.S. states and territories, Puerto Rico has the most reported cases of Zika.
How Do Liberal Gun Laws Affect Destination Selection?

43% say there has been no change in the selection of destinations with more liberal handgun or weapons laws.

19% avoid destinations with more liberal handgun or weapons laws.

2% prefer these destinations

37% don’t know/deciding
How Do Restroom Laws Affect Destination Selection?

31% say there has been **no change** in the selection of destinations that prohibit universal restroom usage (U.S.).

30% **avoid** destinations that prohibit universal restroom usage (U.S.).

2% **prefer** these destinations

38% **don’t know/deciding**
Do You Use **Social Media** for Your Meetings?

<table>
<thead>
<tr>
<th>Response</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Always</td>
<td>19%</td>
</tr>
<tr>
<td>Mostly</td>
<td>20%</td>
</tr>
<tr>
<td>Case-by-case</td>
<td>40%</td>
</tr>
<tr>
<td>Seldom</td>
<td>11%</td>
</tr>
<tr>
<td>Never</td>
<td>6%</td>
</tr>
<tr>
<td>What’s that?</td>
<td>3%</td>
</tr>
</tbody>
</table>
Most Important Medium

- Twitter: 39.4%
- Facebook: 38.8%
- LinkedIn: 12.5%
Pulse Check:
Delegates should be banned from using personal devices during meetings and events.

- **Strongly Agree**: 32%
- **Somewhat Agree**: 33.5%
- **Somewhat Disagree**: 28%
- **Disagree Strongly**: 6.5%
WHAT’S NEXT AT MPI
What happens at WEC 2017 will stay with you forever.

WEC 2017
World Education Congress
June 19-22 • Las Vegas • MGM Grand

MPI
The importance of MENTORSHIP
Your future **GOALS** for MPI and **MENTORSHIP**
What are your goals for your involvement with MPI in the next six months?
Who is a mentor to you, inside or outside of MPI? (note: not an employer)
Who are you mentoring inside or outside of MPI (note: not an employee)?
THANK YOU