MPI Business Barometer

June 2009

MPI FOUNDATION

AMERICAN EXPRESS

Why the MPI Business Barometer Exists

The MPI Business Barometer, sponsored by the MPI Foundation and American Express, was created in April 2008 to monitor our industry's most immediate needs in relation to economic concerns and opportunities. We all want to know, more than ever before, how perceptions, reality and predictions about the future of the economy are affecting decision-makers.

Members of the Chairman's Advisory Council, made up of top level executive members of MPI, urged MPI management to begin this more near term study to help members see as clearly as possible what collectively our members are thinking, doing and planning based on actual and anticipated economic conditions.

Survey Approach

Every two months we survey our Industry Advisory Panel, a select group of senior level meeting professionals from our global community of 24,500 members, and ask a short series of quantitative questions related to the economy, and a qualitative question regarding their professional outlook. The survey provides a bi-monthly tracking of actual current business conditions to the actual business conditions of a year ago, as well as a comparison of the current business outlook compared to the business outlook of a year ago.

We developed the survey questions with guidance from the Chairman's Advisory Council, the International Board of Directors of MPI, the MPI management team and Association Insights, an independent research company based in Atlanta, Georgia.

The Business Barometer has allowed MPI to better gauge immediate business and economic conditions, enhancing our ability to enrich and focus our offerings to members, our other various research initiatives, and our decisions as we prioritize resources in a changing world.

Survey Analysis and Findings

Overall, projected trends indicated in the June 2009 Business Barometer are more positive than April 2009.

Economic worries, and concern over the public perception of meetings and events, continue to be the most influential trends in the meetings and events industry.

The ongoing affects of a continued poor economy include lower meeting attendance, budget cuts and freezes, indecision by budget managers, lower association memberships, fewer sponsorship dollars, lower hotel rates, tougher contract negotiations and contract renegotiations, greater cost controls, a need to better demonstrate the ROI of meetings, staffing reductions, travel restrictions and a move toward more virtual meetings.

Negative publicity and rhetoric continue to cause many organizations to eliminate perceived "frills", such as parties, meals, and excursions. Many organizations are also booking fewer resorts, luxury accommodations and events at specific destinations, in order to avoid the appearance of wasteful spending.

Signs of stabilization, and even improvement, are indicated in the June 2009 findings. Though planners and suppliers indicate current business levels remain much lower than a year ago, an increased percentage of Business Barometer respondents are now predicting flat conditions or improving conditions in the next six months compared to the same time in 2008. The number of meeting professionals who predict worsening conditions over the next six months has declined significantly since April 2009.

No single trend is a dominant influence on Business Barometer respondents other than the results of lingering poor economic conditions and the harm done to the industry by negative media reporting and government rhetoric. In previous months, Business Barometer respondents have noted growing trends in certain areas, such as lower attendance, increased cancellations and smaller events. In June 2009, these conditions still exist, but are not seen as significantly increasing in frequency or amount.

Ten percent (10%) of meeting suppliers, report an improvement in business activity, mainly with 2010 and 2011 bookings. This is the first reported increased activity from suppliers since September 2008. At the same time, 2% of planners and 4% of suppliers report they have just begun to experience an overall economic improvement. This finding is also unique to the Business Barometer since September 2008.

Business Barometer participants who express concerns over government intervention have dropped to 2% in June 2009, down from 3% in April 2009, and 11% in February 2009.

Participants who are currently being affected by new cancellations have dropped to 1% in June 2009, down from 3% in April 2009, and 7% in February 2009.

Shorter lead times persist, with 5% of Business Barometer respondents reporting the trend to be the most important current trend. This percentage is similar to findings in the past three Business Barometers of 6%, 5%, and 6%, respectively.

A trend toward more strategic approaches to meetings and events continues, such as careful location selection, greater use of technology and social networking, a greater focus on efficiency and ROI, greater cost controls and reconsideration of meeting architecture.

Respondents indicate an improved ability to address and manage the influences of the economy and public perceptions. They report many budgets have been adjusted to more accurately reflect current economic conditions. Various suppliers have adjusted their marketing, pricing and business models to accommodate new planner requirements. Many planners report their processes have been changed to adapt to new staffing and budget levels, as well as new expectations of their budget managers and event attendees.

Overall, recent business levels are down 6% in June 2009, compared to a 5% decline in April 2009, a 6% decline in February 2009 and a 5% decline in December 2008. The percentage of Business Barometer participants predicting a decline in future business levels dropped to 58% in June 2009, down from 69% in April 2009.

Domestic Associations are showing the greatest net increase in activity, with 29% of respondents indicating more activity, and 11% indicating less activity. This 18% net increase is consistent with April 2009 findings. The government sector also continues to be a business sector showing a net increase in activity in the meetings and events industry, with 20% of Business Barometer respondents indicating more government business, and 4% indicating less government business.

The domestic corporate market segment currently remains the weakest, with a net 35% of Business Barometer respondents indicating that sector is now showing the largest decrease in activity. This percentage is consistent with April 2009 findings.

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Quantitative Survey Responses at a Glance

1. Please identify which segment of the meeting and event industry best describes your current primary career focus.

Meeting and Event Industry Planner	67%
Meeting and Event Industry Supplier	33%
Total	**100%**

2. How do your organization's current overall meetings and events business conditions compare to last year at this time?

More than 10% better	3%
6 to 10% better	3%
1 to 5% better	6%
Flat (no overall change)	13%
1 to 5% worse	14%
6 to 10% worse	17%
More than 10% worse	43%
Total	**100%**

3. Compared to one year ago, describe your organization's predictions of meeting and event-related business conditions over the next few months.

More than 10% better	3%
6 to 10% better	5%
1 to 5% better	11%
Flat (no overall change)	23%
1 to 5% worse	15%
6 to 10% worse	16%
More than 10% worse	27%
Total	**100%**

4. To what extent have rising travel costs forced you or caused you to change the way your business operates?

To a Significant Extent	19%
To a Moderate Extent	43%
To No Extent	37%
Total	**100%**

5. Compared to one year ago, which client segment of your organization's meeting and event-related business has seen the greatest *increase* in activity?

Domestic association	29%
International association	8%
Domestic corporate	21%
International corporate	7%
Government	20%
Other, please specify	15%
Total	**100%**

6. Compared to one year ago, which client segment of your organization's meeting and event-related business has seen the greatest *decrease* in activity?

Domestic association	11%
International association	5%
Domestic corporate	56%
International corporate	19%
Government	4%
Other, please specify	4%
Total	**100%**

7. How has attendance to the meetings and events which you either planned, produced, hosted or served, changed since this time last year?

Greater than 10% increase	3%
6 to 10% increase	4%
1 to 5% increase	7%
Flat (no overall change)	16%
1 to 5% decrease	17%
6 to 10% decrease	19%
Greater than 10% decrease	35%
Total	**100%**

8. How has your spending changed on meetings and events, compared to a year ago this time?

Greater than 10% increase	3%
6 to 10% increase	2%
1 to 5% increase	5%
Flat (no overall change)	15%
1 to 5% decrease	15%
6 to 10% decrease	23%
Greater than 10% decrease	38%
Total	**100%**

Business Barometer, June 2009

MPI's *Business Barometer* shows unfavorable current conditions, but more stability in forecasted business.

Chart A

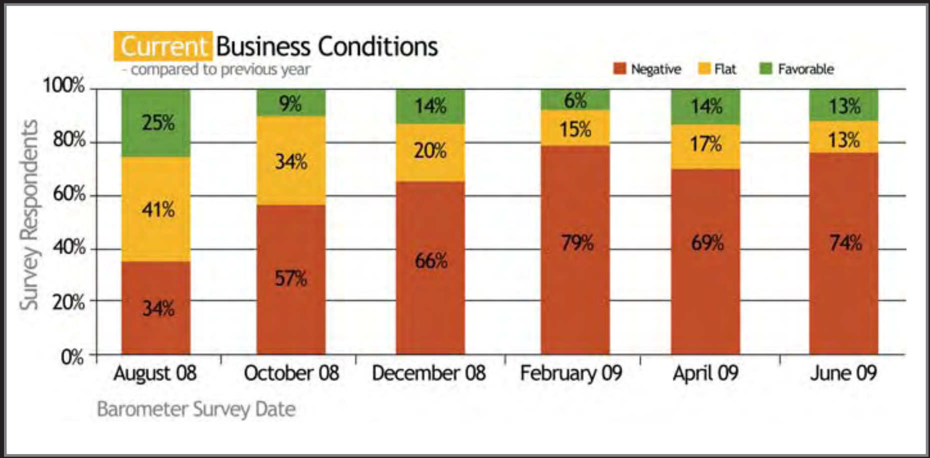
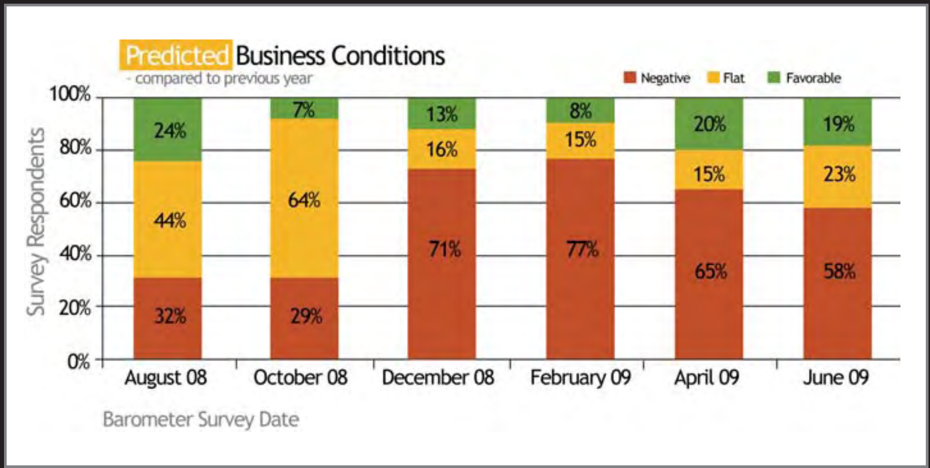


Chart B



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When Asked "What One Trend Do You See Most Affecting Meetings and Events Business Over the Next Six Months?" Top 10 Trends Cited Included:

1.	Poor Perceptions/Coverage of Meetings	12%	(17%)
2.	Budget Cuts	12%	(10%)
3.	Poor Economy	10%	(9%)
4.	Lower Attendance	9%	(11%)
5.	Indecision Due to Economic Worries	6%	(8%)
6.	Shorter Lead Times	5%	(6%)
7.	Travel Restrictions	4%	(6%)
8.	More Web / Virtual Meetings	4%	(6%)
9.	Proving ROI Value of Meetings	3%	(6%)
10.	Possible Economic Turnaround	3%	

( ) indicates April '09 responses

Some Observations Offered by Survey Participants Regarding the Industry:

" 'AIG-image' caused this organization to review its policies … travel is now via coach (vs. first class) … hotel selection is now 2nd tier (vs. 1st tier) …"

"[We are] absorbing internet meetings/webinars/MSO's into our service capabilities and extending our influence into inter-office conference room meetings."

"The Pharma code rules and rules around sponsorship of medical conferences will greatly affect the meetings that we organize."

"Budget cuts/travel prohibition in both corporate and association environments have adversely affected both individual memberships and attendance at conferences."

"It is our expectation that short term bookings will become the predominate trend once people begin booking face-to-face meetings and events."

"Our organization is developing the MICE-activities and re-organizing them according to the new models and concepts of Meeting Architecture. We are even further developing them and adjusting those to our needs and standards."

"We need to show extreme value in our hotel rates and registration fees."

"We have seen some growth and although everyone is being cautious, I see last quarter picking up for 2010."

"[We see more] social media……everyone is getting onto Facebook and Twitter and meetings, sessions and other events are being promoted that way."

"We are confident we have reached bottom and anticipate a very gradual return."

"We have noticed the trend that is bucking against the "doom and gloom" mentality, resulting in a return to more "feel good" events and services, as long as they can be justified/fit into the client's budget."

About MPI

Meeting Professionals International (MPI), the meeting and event industry's largest and most vibrant global community, helps our members thrive by providing human connections to knowledge and ideas, relationships, and marketplaces. MPI membership is comprised of more than 24,000 members belonging to 70 chapters and clubs worldwide.

For additional information, visit mpiweb.org.

About American Express

American Express Company is a leading global payments, network and travel company founded in 1850. Merchant Services is the merchant network of American Express, which acquires and maintains relationships with millions of merchants around the globe, which welcome American Express-branded Cards.

For additional information, visit americanexpress.com/meetingsandevents.

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