

Groups and Meetings: A New Perspective Reveals Unexpected Opportunity

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Companies seeking the next big travel opportunity need to explore the groups and meetings arena, according to a new report published by PhoCusWright Inc. This complex but steady marketplace, valued at over US\$164 billion in the U.S. alone, is one of the next frontiers and key competitive areas for e-commerce and one of the last major revenue streams to move online.

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The U.S. groups and meetings marketplace is projected to reach \$175 billion by 2008, with travel (air, hotel, car rental, ground transportation, cruise and tour) representing 54% of the total, according to PhoCusWright's Groups and Meetings: Market Opportunity Redefined. Non-travel expenses (e.g., meeting rooms, catering, audio/visual equipment) represent the remaining 46%. By 2008, 41% of all groups and meetings travel revenue, or \$39 billion, will be booked online. But the online opportunity will be even greater for small leisure gatherings (under nine rooms), a segment which has fallen outside of the traditional "group" definition. This segment, which includes family reunions, weddings and religious groups, will have online penetration of 53% by 2008, nearly three times the rate of larger leisure groups.

Travel companies can no longer afford to sit on the sidelines taking a wait-and-see approach to the groups and meetings opportunity, according to the report. Suppliers need to automate their entire distribution network and supply chain supporting groups and meetings or else risk ceding control of this space to competitors and/or new entrants. Groups and meeting inventory and rates must be centralized and well integrated into other core systems, including hotel property management, revenue (yield) management, central reservations, customer relationship management, e-commerce and dynamic packaging. In addition, companies should apply Travel 2.0 capabilities to the groups and meetings arena, placing particular emphasis on the elements of community, user-generated content and social networking.

Innovation by new entrants and competitive posturing by other, more established players signify that this will be an exciting area poised for great opportunity and technology advances in the years to come.

Other Key Findings:

œ Smaller, simpler groups and meetings are on the rise in both the leisure and corporate segments. Because these tend to have fewer variables, they can be moved online with the entire business being transacted - from contract to bookings - without the need for a request for proposal (RFP).

œ Hotel companies are working to centralize their groups and meetings inventory and rates to enhance offerings and leverage/optimize resources to achieve efficiencies and economies of scale. As they build their technology capabilities, they will push supply online.

œ Components of large meetings (e.g., RFP processing, housing management, attendee registration) will continue to move online largely to achieve efficiencies and to empower or off-load tasks to planners and attendees.

œ The rise in new market entrants (e.g., Groopie, Group Travel Planet, TripHub) and efforts by established players to automate portions of the groups and meetings lifecycle will help to draw attention to the technology tools, educate the marketplace and encourage people to book electronically online.

Groups and Meetings: Market Opportunity Redefined elaborates on these key market trends, opportunities, and overall estimates and forecasts, and describes how migration to an online world will evolve. The report puts the groups and meetings market into context by taking into account where the industry has been and where it is headed, and provides strategies and pragmatic tips to help companies determine how best to plan for the future.

An Executive Summary for Groups and Meetings: Market Opportunity Redefined is [available](#) for your review.

About HSMIAI

HSMIAI is an organization of sales and marketing professionals representing all segments of the hospitality industry. With a strong focus on education, HSMIAI has become the industry champion in identifying and communicating trends in the hospitality industry, and bringing together customers and members at 15 annual events, including HSMIAI's Affordable Meetings HSMIAI World Quest. Founded in 1927, HSMIAI is an individual membership organization comprising nearly 7,000 members worldwide, with 36 chapters in the Americas region. For more information on HSMIAI, contact the Hospitality Sales & Marketing Association International, 8201 Greensboro Drive, Suite 300, McLean, VA 22102, phone +1 703 610-9024; fax +1 703 610-9005, www.hsmiai.org.

About PhoCusWright Inc.

PhoCusWright Inc. is an independent travel, tourism and hospitality research firm specializing in consumer, business and competitive intelligence. The company conducts and publishes primary work focused on strategic assessment and segment forecasting, offers a wide range of custom research and strategic consulting services and produces a series of high-profile executive conferences. With pioneering roots in sizing the market's notable online sector, clients now emanate from six

continents across all facets of the industry's value chain and they use PhoCusWright's information on a daily basis.

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