

Industry Trends

Special October 2023 IMEX Edition

Decoding AI

To date, generative AI has never been used to assist in writing this report. Could it? More importantly, *should* it?

‘Could it’ and ‘should it’ are the essence of the questions the world is asking about generative AI since it burst on the scene last year.

In the spirit of experimentation, we threw some prompts into a widely used AI tool to see how it did on some of our clients’ FAQs:

- **How can I make my event sustainable?**
- **What percentage of guests book in the hotel block on average?**
- **When do most attendees register for a conference?**

It did great on the first question, so-so on the second and meh on the third. This small experiment illustrates the current state of AI: It holds great opportunity to assist us. It also doesn’t eliminate the need for human judgment and interpretation.

In this edition, we dive into all things AI – what it means for you, us and our industry.



Industry trends at-a-glance



What's new

- Events continue to forge ahead in spite of challenges
- New European entry requirements postponed to 2025
- Event prices now vs. pre-pandemic; see slides 9-11
- How hotel patterns are shifting; see slide 12
- What AI means for all of us; see slides 13-20
- Bridging the Gen Z gap; see slides 22-23

What's the same

- High costs across events supply chain
- Hotel compression
- Staffing levels throughout the hospitality and event supply chain is improving but still not at full recovery



Quick Hits

Current activity, and what you need to know



Corporations are still deciding what event pattern is ‘normal’ for them post-Covid and their cycle doesn’t necessarily look like it did before. The business is *there*, we’re *busy*, but it’s hard to say it’s back to *normal*.

Mary Casey
Chief Client Officer, Maritz



Current pulse

Corporations



Most are pushing forward, but little consistency in plans/strategies



Plans dependent on company financial results and corporate policies



Budgets remain flat, forcing tradeoffs (fewer guests, shorter length, scaled back experience, etc.)



Heightened scrutiny from legal and procurement

Associations & Trade Shows



Strong attendance across most segments



Finding space and lack of flexibility on contract terms present major headaches



Late registrations wreak hotel havoc – scrambling to find rooms, missing out on in-the-block bookings, etc.



Polarized atmosphere impacting location choice, intensifying as elections approach

Overall: **Pushing forward in spite of challenges**

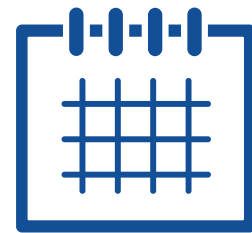


What you need to know

The new European entry requirements are being postponed to 2025.

New rules (referred to as ETIAS) will require visitors to 30 European countries to apply for a visa waiver. While planned for mid-2024, the start date has been pushed back until May 2025 due to a delay in launching another EU border security measure.

**More good news:
U.S. passport wait times
are down to 8-11 weeks vs.
their 10-13 week high**





Suppliers and rates

The latest picture on demand patterns and inflation

Prices now vs. pre-pandemic

Prices in the travel industry are still well above pre-pandemic levels even as general inflation has fallen.

Compared to
pre-pandemic, prices are...

Hotels/Lodging - all chain scales	Up 12%
Hotels/Lodging – chain scales used most by clients <i>*Luxury/Ultra Luxury and Upscale/Upper Upscale properties contracted by Maritz clients over the last 12 months ending August 2023 vs. 2019</i>	Up ~30%
Airfares <i>*Domestic airfares paid by Maritz client guests over the last 12 months ending August 2023 vs. 2019</i>	Up 23%
Wages for Leisure & Hospitality Staff	Up ~20%
Car rental	Up 36%
F&B – dining out	Up 25%
Entertainment	Up 17%

“While high costs are straining budgets, we’re not seeing changes to those budgets – we’re seeing clients live within them.”

Mary Casey,
Chief Client Officer, Maritz

Bureau of Labor Statistics Price Index, August 2023 and historical and Maritz internal data as noted

The inflation toll

Cost increases in the events and hospitality space far outpace general inflation.



“General inflation has fallen to 4%, but this figure is misleading for our industry. Compared to 2019, wages for many parts of the hospitality industry are up 20%, F&B is up 25%, and hotels are up 30% or more in many segments.”



Steve O'Malley, COO, Business Events Solutions,
Maritz



Average hotel rates by tier

Ultra luxury and luxury properties, especially resorts, have seen the largest increase in rates compared to pre-pandemic due to their popularity with leisure travelers.

A look ahead:

Rates will continue to rise in 2024, but not at the pace we've seen over the last few years (think single digits)

Ultra Luxury



Up 43%

Luxury



Up 36%

Upper Upscale



Up 23%

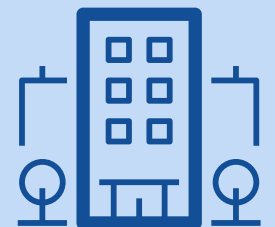
Upscale



Up 16%

Luxury/Ultra Luxury are Maritz designations of hotel brands, used to provide additional specificity to STR chain scale classifications.

The percentages shown reflect percent increase compared to 2019.



Demand shifts from sandy beaches to big cities

The pandemic-era winners (beach resorts) are seeing some rate softening, while the pandemic losers (urban hotels in major cities) are starting to command higher prices.

While this is good news for incentive trips (and less so for city conferences), **let's be clear – rates aren't coming down for anyone**, they're just rising more slowly in segments that dominated the pandemic.

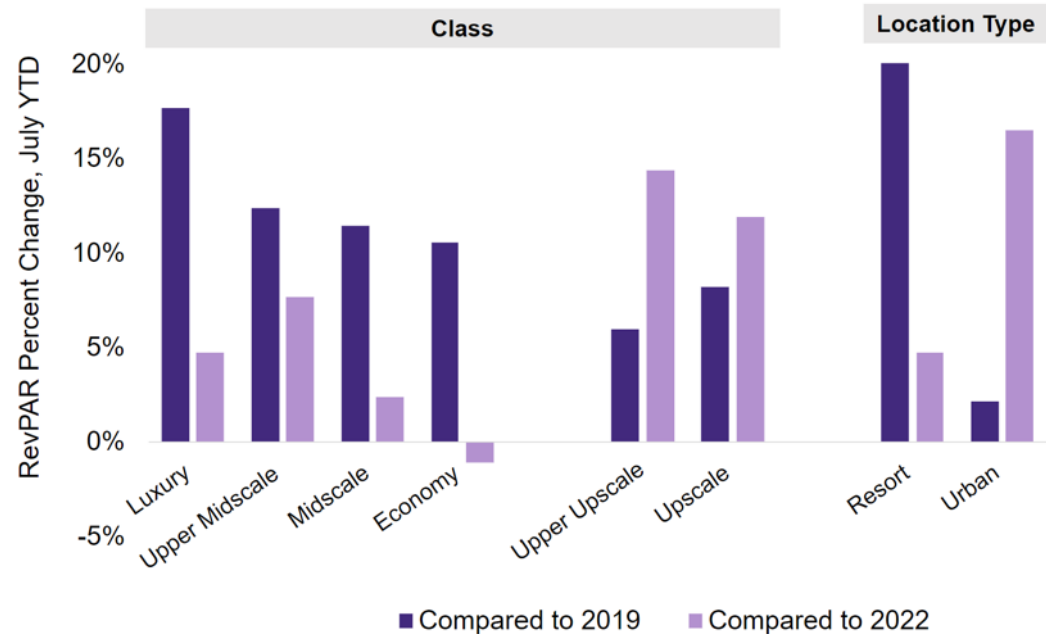
Source: CoStar/STR, July 2023



The why

In a nutshell, travel patterns are starting to normalize to pre-Covid tendencies. Luxury resort rate growth is softening in U.S. locations as leisure demand cools, supply increases and Americans take their dollars overseas. Conversely, business group demand, which favors urban markets, is rebounding.

Pandemic Era Winners See Slower Growth



Source: STR



Growing demand: urban markets

- Washington D.C.
- New York
- San Francisco
- Houston
- Boston
- Minneapolis
- Chicago
- Philadelphia



Slowing demand: vacation locales

- Fort Lauderdale
- Tampa
- New Orleans
- Miami
- Phoenix

A man with glasses is shown in a thoughtful pose, resting his chin on his hand. He is surrounded by a complex digital interface with various charts, graphs, and data points, all rendered in a blue and purple color scheme. The interface includes a world map, a bar chart, a line graph, and several circular gauges. The overall atmosphere is futuristic and data-driven.

Decoding AI

What it might mean for
you, us and our industry

What is AI?

AI gives organizations the opportunity to perform tasks through machines and software typically associated with human intelligence, such as learning and problem-solving.

The newest iteration – generative AI – analyzes data patterns to **create something new.**



How we got here

AI is already ingrained in our everyday lives – think chatbots, Netflix, Siri, Google Maps and more. The latest iteration – Generative AI – burst on the scene just last year, sending shockwaves across nearly every industry.



Familiar Forms of AI

Robotic Process Automation

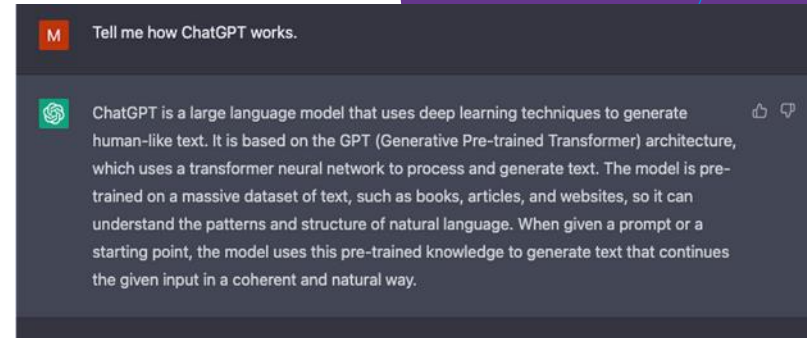
Closely related to AI, RPA automates repetitive tasks like order tracking, data entry or a call center chatbot



Conversational AI

Machine learning that serves up content based on a data set – *just ask Alexa*

Emerging AI



Generative AI

Learns the structure and patterns of data and then generates new data with similar characteristics

“Rather than simply analyzing or classifying existing data, generative AI is able to create something entirely new, including text, images, audio, synthetic data and more. Across business, science and society itself, it will enable groundbreaking human creativity and productivity.”

Scott Steinberg
Futurist, Speaker & Writer

What we can do with AI

Nearly two-thirds of event professionals are using Generative AI in some form. To understand why it's so powerful, here are some of the ways it could be (or is being) used in the events industry.

Creative prompts and themes

AI might stimulate ideas for enticing content, session titles, themes or imagery

Content creation

Use AI to summarize session content or spark further discussions that extend the event experience

Targeted networking

Just as Amazon serves up targeted recommendations, AI might suggest attendees who should connect – benefiting individuals, organizations *and* increasing the event's value

Sourcing and venue search

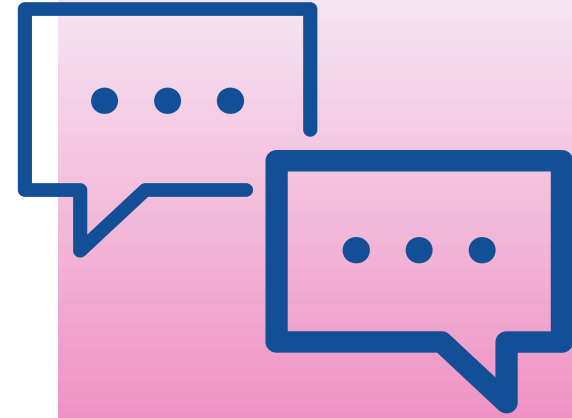
Get specific and ask AI where you should take your next event

Streamlined guest experience

In an AI world, a few prompts could serve guests personalized options that cut down on the time it takes to book a hotel or select a session

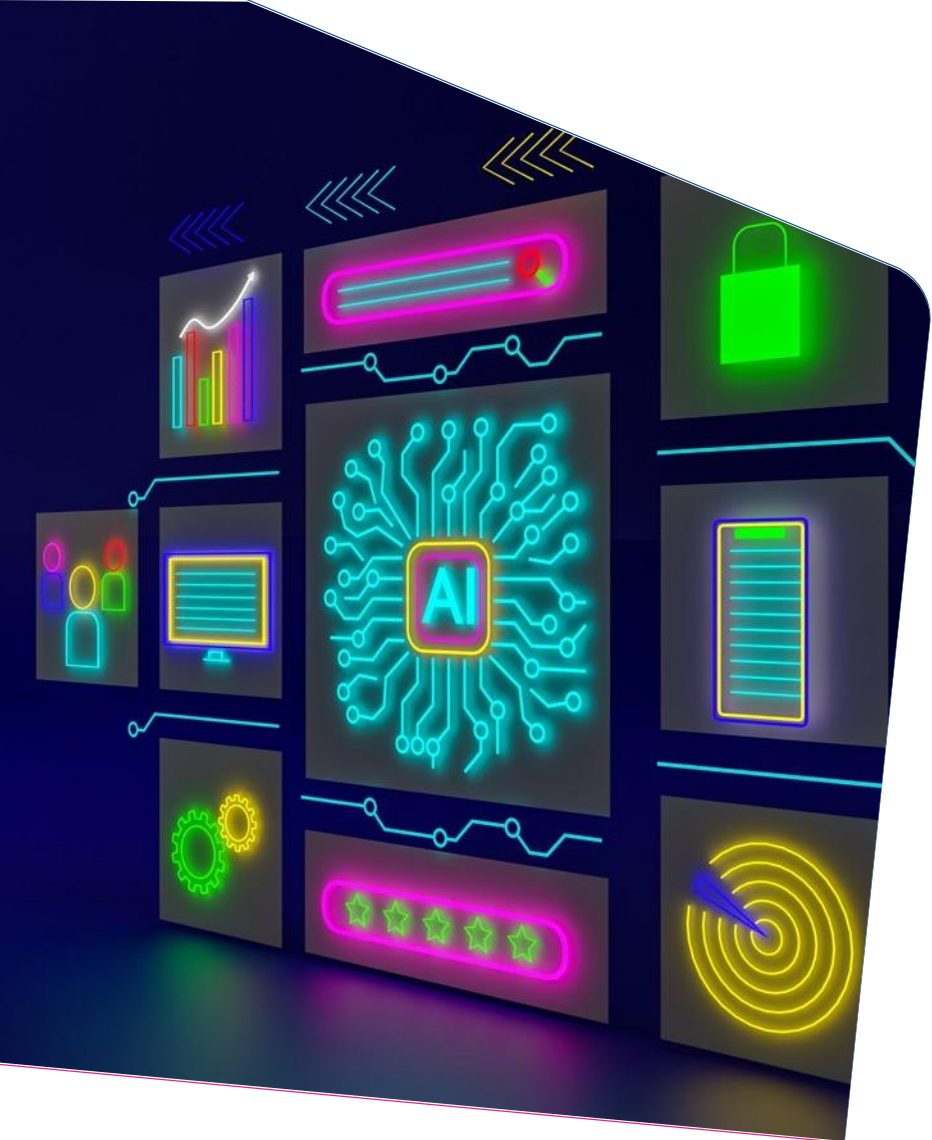
Data insights

Given the right parameters, AI could tell a planner what to expect in terms of registration pacing, housing pickup – even the event's carbon footprint



“You’ll no longer type in search queries like ‘best eco-friendly destinations in North America.’ You’ll ask questions like ‘My event budget is \$500k and I’m looking for a nearby location to hold an ecofriendly, regional escape for 500 executives at a life sciences company in May of 2024 that offers fun and cost-affordable activities. Please provide the top three options and a budget for each.’”

Scott Steinberg
Futurist, Speaker & Writer



Benefits (and limitations)

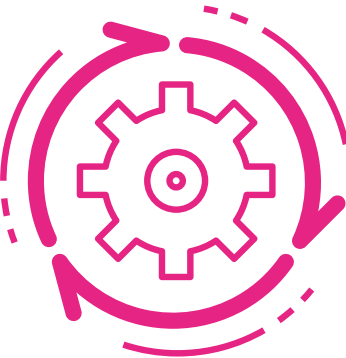
The possibilities are exciting, but AI’s capabilities are not without limitations. **While neither a passing fad nor a bogeyman to fear, AI is likewise not a magic solution for every need.**

Use AI for ...

- Conversation
- Brainstorming
- Conceptual understanding
- Translation
- Summarization

Use caution with ...

- Things that don’t involve text
- Math
- Real-time information
- Anything that needs to be precise



Is your organization ready?

Like previous technological breakthroughs, the capabilities often outpace organizations’ readiness to adopt them. **Only around 20% of companies have risk policies in place for generative AI in spite of rapidly growing adoption.**

What to keep in mind

1

Security and privacy

First and foremost, make sure your data is **your** data – and that it stays that way. Ensure it is in your private enterprise environment/cloud, that it is protected by compliance and security controls, and that it isn't used to train other AI models used outside your organization.

2

Bring in the right players

A cross-functional team – think legal, HR, IT and brand – is key to finding an approach that balances opportunity and risk.

3

Experiment (with guardrails)

The world is getting smart fast on AI, but there's a ton to figure out – from vetting tools to piloting and proving value. Experiment on a small scale, and **lean on your legal/compliance and IT partners for guidance.**



“Bringing in leaders across functions is key. If you only ask legal and finance, you’ll always get a no, while if you only ask innovation and marketing, you’ll always get a yes. A thoughtful approach balances opportunity and risk.”

Jill Blood,
VP, Deputy General
Counsel, Maritz



Addressing the elephant in the room

While there's so much we don't know (and so much to learn) – **AI is far more likely to be a tool in the event designer's arsenal than a replacement for their livelihoods.** Here's why.

According to an extensive report published by the World Economic Forum, the jobs least exposed to the potential threat of AI are those that involve both human interaction and complex thinking skills. If that doesn't scream “events industry,” then we don't know what does.

“Jobs that require abstract reasoning skills and a high degree of personal interaction and collaboration, such as the negotiation of contracts, the development of educational programs and coordinating with others to solve problems, are the jobs most likely to benefit from – rather than be threatened by – generative AI.”

In fact, event professionals have more to gain than lose.

“The things we all hate to do, those tasks that just irritate us, or the things we couldn't do before because they were too complex or took too long manually, we'll figure out how to get AI to do them for us or shortcut them to deliver results we couldn't before.”

[Jobs of Tomorrow: Large Language Models and Jobs | World Economic Forum \(weforum.org\)](https://www.weforum.org/publications/jobs-of-tomorrow-large-language-models-and-jobs/)

[Why Generative AI Can't Replace Event Organizers' Jobs \(pcma.org\)](https://www.pcma.org/why-generative-ai-cant-replace-event-organizers-jobs/)

[Jobs of Tomorrow: Will AI automate or augment future work? | World Economic Forum \(weforum.org\)](https://www.weforum.org/publications/jobs-of-tomorrow-will-ai-automate-or-augment-future-work/)





The introduction of generative AI is currently dominating many conversations, accompanied by both great anticipation as well as risk. We are taking a balanced approach to implementing the technology, acknowledging the risk involved but also the ability to positively impact our clients and our business.

David Peckinpaugh
President and CEO, Maritz





Idea Spotlight

You asked – we answered. By client request, each month we'll share an idea or story that caught our eye.



The Gen Z divide

During a recent session on designing events for Gen Z, a speaker discussed the younger generation's desire to immerse in local life rather than take it in from afar. Younger guests, for example, may like to explore NYC by subway instead of tour bus to take in the vibe and be more eco-friendly.

“So we’re supposed to tell VIP guests or award trip winners to take the subway now?” exclaimed one of our more (ahem) seasoned associates. “Don’t they know they’re on vacation?!”

While some of us will happily stick with our cushiony, air-conditioned motorcoach, the disconnect perfectly illustrates the perils of planning for an audience without having them in the room.

Bridging the gap

Drawing on her extensive work regarding generational values and behavior, Dr. Corey Seemiller spoke at our recent signature event, Elevate, challenging the events industry to think differently about how we engage Gen Z.

Ditch the talking heads and teleprompters

Younger guests don't want to sit in a ballroom listening to a talk they could easily consume online from their couch. Instead, they want to experience it, see it demonstrated and make it social.

Tie it to purpose

Gen Z is less inclined to view work as their identity, and are less motivated by money and titles. Instead, they want work (and events) that connect to their personal purpose, passions and interests.

Help them connect with peers

Nearly 60% of Gen Z says they'll avoid attending an event if they don't know anyone, and they spend far fewer hours interacting in person than previous generations did at their age. Help them network through fun, hands-on interactions.

Diversity is who they *are*, not something they *do*

Gen Z is more likely than previous generations to be non-white, adopted from outside the U.S. and identify as LGBTQ+. For them, diversity isn't an add-on, a breakout or a discussion – it's life.

Ask, don't assume

Authenticity is critical. Engage Gen Z to help design the event to ensure it hits the mark.



Attending IMEX?

Let's connect!

Join us at Booth D3305

Our teams are ready to discuss important insights on where the industry is headed – from AI to sustainability to innovation. We want to hear how these are impacting your world, so don't miss out!

