

ORANGE COUNTY BUSINESS JOURNAL

Event Planners Expect Slight, Not Severe Drop in Business

By SHERRI CRUZ

Travel planners are expecting a better year—in 2011.

Many travel professionals have begun booking corporate meetings, events and incentive travel, what the industry calls MEI, for next year.

But they are seeing little activity for events in 2010.

This is likely a carryover from 2009, when companies who were afraid to appear financially imprudent in a down economy restricted big corporate events or rewards for top employees. This put a damper on hotels throughout the county.

"There are still some clients who haven't returned to incentive programs," said Jim Jalet of Irvine-based JNR Inc., an employ-

ee incentive travel and corporate event planner.

But that doesn't mean there won't be any incentive bookings this year. Many companies are waiting until the last minute to make travel decisions, according to meeting planners.

Incentive travel is commonplace in business. Corporations use getaways, such as a week's stay in Hawaii, to motivate or reward groups of salespeople, executives or other employees for reaching certain goals.

But incentive travel got a bad rap after American International Group Inc. held an expensive retreat at the St. Regis Monarch Beach in Dana Point shortly after taking a government bailout.

"The AIG thing has hurt every hotel

(and) every company doing meetings and incentives," said Jalet.

Hotels are hoping that the AIG effect will subside this year as companies remember the benefits of incentive travel.

Incentive travel as a reward can be cheaper than offering cash and it's an incentive that many employees favor, said Maria Dales, vice president of marketing for JNR.

"When you have a travel program, there's always an innate desire to earn it," Dales said. "It's a strong, compelling reward."

Some companies are trying to strike a balance—booking travel at less expensive hotels or inviting fewer employees.

Santa Barbara-based Elite Meetings International Inc., which connects meeting

planners and luxury hotels, has seen fewer golf tournaments and spa treatments planned on corporate outings, which can be perceived as too luxurious.

Instead, meeting planners are booking more low key events such as horseback riding, Elite Meetings said.

It's all about perception, JNR's Dales said.

"We've had to become more creative in our promotion. We have to be clever with less," she said.

JNR offers other, more low key incentives, such as gift cards in combination with a concierge so that an employee can design his or her own reward.

It could be beer for a year or shopping in New York, Dales said.

"It's all about targeting," she said.

JNR also is marketing incentive programs to the healthcare industry, which is thriving relative to many other industries.

Luxury Hotels

The cutbacks have especially hurt luxury hotels, since they are commonly part of incentive programs.

"Everything just stopped cold" after the AIG scandal, said Kelly Foy, chief executive of Elite Meetings.

High-end hotels, such as those owned by Four Seasons Hotels and Resorts and Ritz-Carlton Hotel Co., now are seen as too luxurious, even though many have adjusted prices, Jalet said.

"It's a catch 22," he said. Jalet predicts that clients will eventually return to booking the luxury hotels.

"The product is so good," he said.

Luxury hotels in Newport Beach have to work even harder to lure corporate meetings and incentive business.

"We have headwinds going against us on the perception that we're high-end luxury, very expensive," said Gary Sherwin, chief executive of Visit Newport Beach Inc., part of the Newport Beach Conference & Visitors Bureau.

"In certain times that's a wonderful brand to have," he said.

The St. Regis is trying to make the best of its empty meeting space by offering available rooms to nonprofits for free with a 10% discount on food and beverages, the resort announced this week.

Sherwin predicts companies will need to return to face-to-face gatherings. That's how relationships are developed. They can't videoconference forever, he said.

"Business is built on the success of relationships," he said. ■



JNR ad: company's seen clients hesitant to do incentive programs

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