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PRESS DIRECTRELEASE SM

Convention Industry Stronger Than Brookings Institute Suggests

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Dr. Sanders of the Brookings Institute, in his January 2005 publication, suggests that attendance at trade shows and conventions in the US has "plummeted" and is not likely to recover in the near term. He cites drops of 30-50% attendance at major trade shows and falling attendance at a select group of major convention centers as the basis for his argument. He notes many industries were impacted by the economic downturn that began in 2000. Specific industry trade shows, such as those for the high tech sector experienced major declines. Some individual cities also experienced significant declines in convention center attendance due to this downturn and other competitive factors. However, after a review of travel data from a national sample of more than five hundred thousand households, we conclude the fundamental data sources used by Dr. Sanders do not represent an accurate or complete picture of convention or group business travel or future trends.

Dr. Sanders bases his assumption of declining attendance (and hence declining economic impact) based upon a review of Tradeshow Week's top 200 shows. The fundamental flaws in his analysis are the assumption that the top 200 shows are representative of all shows and that every convention attendee is of equal value. Sole reliance on convention center attendance fails to address the full spectrum of meetings occurring in multiple venues including convention centers. In fact, many convention attendees stay in hotels and never enter a convention center. The best aggregate measures to assess the strength of the convention market are average convention visitor trip spending and total convention visitors. D.K. Shifflet & Associates (DKS&A) PERFORMANCE/MonitorSM captures these key measures for the industry at the local, regional, and national level.

Is convention group business in the tank? In our opinion, absolutely not. Overall US person days and person trips by visitors to US conventions in 2003 were almost equal to the number of person days in 2001 when convention business travel peaked. Convention visitor spending in 2003 was up slightly (.4 percent) over 2002 and preliminary 2004 numbers suggest a further increase in 2004.

Group business travel, a broader measure, which includes trade shows, conventions and other corporate or association meetings, differed slightly. Group business meeting attendance (person trips) have declined 1.4% since the 2002 peak. Person days peaked in 2000 and have declined only 5 % through 2003. Hotel room nights, which peaked in 2000, have declined by almost 18% through 2003. This decline results from businesses economizing on travel, more local attendance at events, and a decline in length of stay. Total group business spending has declined almost 14% since 2001, however the rate of decline slowed in 2003.

Several conclusions can be drawn:

1)	The investment decision to remodel, expand, or build a new convention center needs to be examined at the local and regional level in context with the dynamic market potential and competition. However, the overall decline in US convention attendance (person trips) is not as severe as cited by Dr. Sanders.
2)	As Dr. Sanders states, the structure of the meetings and conventions market changes in response to the economy. Large meetings lose attendees during economic downturns. However, DKS&A's national data implies that smaller meetings seem to increase during economic slowdowns. This fact suggests greater space flexibility is needed in design or remodeling of convention centers to accommodate groups of many sizes.
3)	Dr. Sanders omits any analysis of changes in supply of hotel meeting space. During economic recession, we believe some

		demand for space shifts to hotel facilities to accommodate smaller groups. During recession, hotels and other venues are likely to capture a greater share of total demand for meeting space. An increase in convention hotels with large modern meeting spaces can also reduce convention center attendance.
	4)	Finally, what does the future hold for the convention and group business market? DKS&A observed an increase in both person trips and spending for convention business in 2003. Total spending among travelers in the larger group business travel segment continued to decline in 2003; however, DKS&A's preliminary numbers indicate an increase of 8% in group business travel spending for 2004. Most major hotel chains report group bookings up double digits in 2005 suggesting a continuing recovery

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