

# SMERFin' Safari

The hunt is on for good deals for budget-conscious groups

**T**HE SMERF SECTOR OF THE meetings world—comprised of social, military, educational, religious and fraternal events—has had greater negotiating leverage in recent years as the hotel industry fell on tough economic times.

Now that the financial landscape is stabilizing and headed for a turnaround, what does this mean for those who plan budget-conscious SMERF meetings?

To find some answers, *MEETINGS FOCUS SOUTH* sought the perspective of industry experts on recent trends and future forecasts in the SMERF sector.

## MORE CHALLENGES

At the Convention Industry Council, CEO Karen Kotowski says the SMERF sector's concerns mainly reflect those facing member-based groups in general—and that negotiating terms are likely going to be less flexible in times to come.

"I think the SMERF sector is dealing with many of the challenges facing membership organizations in general," Kotowski says. "Demographic shifts and aging membership bases, competing time priorities, online communities, and the simple fact that we're in a bad economy and many people's purses are feeling a pinch. From a meetings perspective this means building on the power of face-to-face connections, delivering compelling and enriching experiences and certainly focusing on value."

She adds that while appreciation for SMERF business has sharpened drastically during the down economy, signs of a turnaround may derail the gravy train.

"With all indications being that corporate travel and meetings are on the upswing, SMERF will likely see things

Mary Kay Ryan



David Peckinpaugh



tighten up again," Kotowski says.

## TRENDS AND GROWTH

David Peckinpaugh, vice president of business development for the HelmsBriscoe meetings management company, has observed several trends taking place within the SMERF field.

"One trend we have noticed over the past couple of years has been the growth of SMERF business in second- and even first-tier destinations," he says. "This has been driven by the heavy rate discounting that we've seen in most markets, which has

allowed organizations to book into destinations that previously would not have been affordable. We've also seen the increased use of non-traditional meeting venues such as college and university facilities."

Peckinpaugh has seen two types of SMERF business spike in recent times.

"The two segments that seem to be highly active are the religious and education markets," he says. "While certainly not immune to the downturn, we have seen a significant growth in both these categories; not only is their volume of meetings and attendance up overall, but they seem to have embraced the outsourcing model more than other segments. We see that trend continuing well into the future."

According to Gregg Talley, president of Talley Management Group, financial frugality has been at the heart of recent SMERF event-planning.

"I think a requirement [of the current economy] is to be very conservative at every step in the process, from site selection to guarantees and beyond," he says. "An upward swing may ease things some, but I think we are seeing a new reality with how people are making decisions about how they spend their time and money."

Talley says the immediate future of SMERF meetings "is still about community and value. If you are providing both then you have some protection."

He also has a few words of advice for newer planners in the industry. "Know your audience better than anyone else," he says. "Know your stakeholders better than anyone else. And look, think and talk about what is happening to all your stakeholders three to five years out."

## SMERF-FRIENDLY

What makes for a SMERF-friendly destination these days? Barb Bowman, a division manager with the Grand Junction [Colo.] CVB, which actively targets the SMERF market, says a number of factors come into play.

“A critical element is the ability to offer a highly diverse, affordable product base that allows the locale to customize for each SMERF group,” she says. “It’s important to not only understand your area, but to look creatively at attractions and features, and then weave them into customized event planning.”

As an example, she adds that SMERF meeting planners like the variety of venues and attractions that range from Grand Junction’s reasonably priced golf courses and restaurants to free wine tastings and tours (there are nearly 30 wineries and vineyards in the area), plus agri-tourism and other activities.

In terms of recent trends with SMERF groups, Bowman observes that the always-budget-conscious groups of the sector have become even more value-focused—and that it’s more important than ever to be able to customize events.

Looking to the future, Bowman forecasts the SMERF market becoming more adventurous and physically active. She has also spotted an upward trend toward life-long learning experiences, such as dinosaur digs and behind-the-scenes museum tours.

Cleveland, Ohio is another destination garnering strong business in the sector and has seen SMERF business grow over the past five years even with the national economy experiencing its well-documented struggles.

“We’ve seen organizations join forces by merging their meetings—to save money while increasing attendance,” says Dan Williams, vice president of sales for Positively Cleveland, the city’s CVB. “Another trend would be longer concession lists. Meeting planners want more for their money, more freebies, discounts, upgrades and so forth.”

Williams adds that among the elements most crucial for a top-notch SMERF event are location/accessibility, affordable prices, great assets and amenities, affordable housing with numerous brand choices, and the opportunity to leave the destination with some money still left in your pocket.

“Thankfully,” he adds, “Cleveland embraces each of these elements!”

At the Longboat Key Club & Resort in Longboat, Fla., Director of Marketing Mary Kay Ryan has spotted a few fresh developments in the sector.

“The trends we are seeing at our resort are an uptick in the bookings from educational institutions for their board of directors meet-

## Conference Centers and SMERF

While there are built-in challenges between SMERF groups (where attendees frequently pay their own way) and conference centers (which typically have stricter attrition policies), economic factors have conspired to bring the two together in a big way.

“I absolutely believe conference centers have looked to work more with SMERF groups in the recent economic downturn,” says Eric Whitson, director of sales and marketing for The National Conference Center, in Leesburg, Va. “Most open-market conference centers are driven by corporate meetings and training, both of which have seen a sharp drop in demand since 2008.

“For The National Conference Center, SMERF has always been part of our focus,” he continues. “Also, for us, seasonality is more about weekends and holidays. During those down times, we really target the social and religious markets where we can provide them with the best value.”

Regarding the future of SMERF in relation to conference center events, Whitson is optimistic that the two can be a strong fit.

“For most market segments, including SMERF, conference centers are often misunderstood,” he says. “But any market looking for a dedicated environment for the group, where the planning is easy, can find a great solution in the conference center world.”

At the International Association of Conference Centers (IACC), Executive Vice President Tom Bolman, CAE, shared some insights he’s heard from his organization’s members.

“Even before the financial meltdown, conference centers began looking at the SMERF market to fill weekends and valley periods,” Bolman says, adding that while the limited capacity of many conference centers may make huge gatherings impossible, the unique environments of conference centers appeals greatly to smaller and medium-sized SMERF events.

Bolman also says that with more than a third of IACC’s member conference centers being campus-based, the educational market remains a huge part of their business.

“And because colleges and universities tend to understand the conference center concept, they also book meetings at commercial conference centers,” he says. “This is clearly the most active segment of the SMERF market for rooms and meeting space at conference centers.”

In addition to the attrition management challenges, Bolman says that the CMP (complete meeting package), which bundles room rates in with meals and other meeting components, can be another negotiating obstacle between SMERF groups and conference centers, but is growing less so.

“Conference centers have become adept at customizing the CMP for individual groups and, in some cases, even offering a la carte pricing in order to appeal to a particular group,” he explains. “Overall, both sides often need to compromise in order to create a win-win piece of business for a conference center.”

—Zachary Chouteau



Eric Whitson

ings, boards of trustee meetings, leadership meetings and milestone reunions,” she says, citing a 25th reunion for the Harvard Business School as an example. “We are also



Dan Williams

finding that along with the business portion of their stay, we are seeing an increase in extended stays to relax with family and friends.”

Ryan adds that she has noticed a slight increase in smaller meetings with SMERF groups as well, in addition to groups booking closer to home. She also says that while these events can require more detailed planning, facilities willing to make the extra effort will be rewarded.

“We find that these niche groups each have very different needs—and require a very personalized approach,” she says. “Smaller, more sophisticated groups have very specific needs and expectations and frequently require more time and effort in the initial sales negotiations, but in the long run it pays off with a client that is very satisfied; and more importantly a client that is happy enough to extend a stay and include time with loved ones.” **MFE**