Revised

Guide to Room Block Management

How to Avoid Attrition Charges

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Session 2
MARKET
SALES

1 **Building Blocks** 5

Compiling Group History
Determining the Number of Rooms
Selecting the Site
Contracting at the Right Time
Creating the Proper Mix of Hotels
Accommodating VIPs
Using the Bell Curve

2 **Housing and Registration**.....13

Choosing a Housing Option
Encouraging Booking Within the Block
Overbooking
Setting Deposits and Cutoff Dates
Dealing With Walk Situations

3 **Formalizing Hotel Agreements** 23

Negotiation
Attrition Clauses
Calculating Attrition Damages
Additional Clauses
Hotel Contract Checklist

4 **Maximizing Pickup Within Your Block** 35

Building Buy-in
Combining Registration and Housing
Creating Incentives
Conducting Room Audits

5 **Protecting Your Block**. 43

Staying Vigilant
Motivating Exhibitors
Battling the Bandits

Session 2
MARKET
SALES
Inflection
?

1 The Building Blocks

The foundation of successful room block management begins long before the actual meeting takes place.

WHAT'S INSIDE:

Compiling Group History
Determining the Number of Rooms
Selecting the Site
Contracting at the Right Time
Creating the Proper Mix of Hotels
Accommodating VIPs
Using the Bell Curve

The Building Blocks

Successful room block management begins long before the actual meeting takes place. The foundation includes several critical "building blocks." From compiling group history and selecting a site to determining the room count and creating the proper mix of hotels, a meeting planner's to-do list is a long one. To cut down on the inevitable complications—and to help make your meeting even more successful—Experient recommends adding the following points to your planning process.

COMPILING GROUP HISTORY

Maintaining a documented history can help you not only negotiate competitive room rates, but also make tough decisions, such as how many rooms to block and which types of hotels to choose.

What kind of historical information is needed?

With each group, hotels are interested in a number of variables that can help them determine the value of the group's business. It's a good idea to keep track of these various characteristics of your group, including:

- **Lead time.** Booking patterns, which vary from hotel to hotel and destination to destination, have shortened in recent years. Determine the typical booking cycle of the hotels you're considering and how your meeting matches up. One rule of thumb: Short-term business is always welcome.
- **Seasonality.** A basic element of site research is ascertaining which times of the year are considered off-season and shoulder/value seasons. Ask about specific "need" dates when group rate discounts can be maximized.
- **Transient demand.** Negotiation flexibility is inversely proportional to transient demand. Groups that have confirmed future rates will benefit as the current rebound in transient demand continues to drive rates higher.
- **Arrival/departure pattern**. Find out what group patterns are standard at a particular hotel. A Tuesday-to-Thursday meeting, for example, is problematic for a hotel seeking to pair one group arriving Sunday and departing Wednesday with another checking in Wednesday and departing Sunday. Moving your arrival one day can result in substantial savings.
- **Rooms-to-space ratio.** Space-intensive meetings have a tough time getting all their needs met, especially during peak season. Site research should include a calculation of your rooms-to-space ratio compared to the overall ratio of properties you're considering. "Double using" some rooms for meetings and meals, using non-conventional spaces like restaurants and suites and avoiding 24-hour room sets can make your meeting more attractive to hoteliers.
- **Food and beverage history.** Maintain records of how much money your group spends on F&B in the hotels where your meeting is held. This figure can be a strong negotiating tool. Most hotels have a per-room-night revenue target for group business. Make sure you know what the hotel desires—and how your meeting matches up.
- **Local catering potential.** Hotels with major function space derive significant F&B revenue from hosting local events. Determining the volume of local catering demand helps assess the availability of meeting space, especially during peak function times such as evenings and weekends.
- **Outlet usage.** Keep track of how much money your group spends on shopping, entertainment or other businesses located inside the hotel. Some hotels can track outlet revenue, which can be helpful in future negotiations.
- **Single/double mix.** A large number of double/double rooms can increase the value to the hotel, since it signals that there will be more people to use the hotel outlets.

- **Potential incremental revenue.** Ultimately, the value of a group is measured by its "total revenue" contribution. Make sure you have history that demonstrates the total "spending" of your group.
- **Affiliate revenue.** Document any revenue the hotel gains from other groups meeting in conjunction with your group, exhibitor meetings or hospitality events. You may document this revenue as a percentage of pickup or a percentage of extra room nights booked by affiliate groups.
- **Value of account to hotel or chain.** It is surprising how many groups do not track this critical negotiation tool. The value of annual or multiyear revenue can drive significant discounts/concessions with a hotel or within a chain.
- **Risk.** Contractual terms, history, cancellation, attrition clauses—the assumption of risk has become a preeminent consideration for all associations. Contract language should seek to mitigate the risk assumed by both the meeting sponsor and the host hotel.

Which tracking devices are best?

A number of different tracking devices exist to help you keep up with the variables listed above. Experient recommends maintaining the following:

- **Pace reports.** A pace report is a document that keeps track of the pickup of your group on a regular (usually weekly) basis. Week-by-week historical information helps you and your hotels know your group's pattern of booking. For instance, if the majority of your group waits until the last four weeks to book rooms, knowing that history will prevent your hotelier from being alarmed when the meeting is six weeks out, and the block is only 50 percent filled. A pace report is also extremely helpful in monitoring bell-curve percentages because many times the shoulder nights can become problematic if not monitored frequently. For most groups, tracking of pace reports should start at least 16 weeks prior to arrival or whenever marketing information is sent.

APEX

How APEX Aids Room Block Management

The Accepted Practices Exchange (APEX) is an initiative of the Convention Industry Council (CIC) that brings together the entire meetings, conventions and exhibitions industry to develop and implement accepted practices that create and enhance efficiencies throughout the industry.

As suppliers and planners increasingly use these accepted practices, meeting planning processes will take less time and will be more easily communicated, and meeting professionals will be able to focus their energies on more productive and profitable activities. This includes room block management.

Throughout this Guide, you will find sidebar stories from CIC's Project Attrition, called APEX updates.

How Far Back Should the History Go?

Three years' worth of history used to be standard, but times have changed. For many groups, a current three-year history is skewed because the meetings industry has just come through a slump preceded by a few above-average years. If your current history reveals the ups and downs of a recently changing economy, don't trust a three-year history. Instead, go back as far as you can and come up with averages based on all the years for which you have documented history. As the economy and the meetings industry slowly level off and get back to normal, three years of history should once again become effective for planning.

If you don't have documented history for your meeting, start documenting now. History has to start somewhere, and the sooner you begin documenting your group's activity, the sooner you'll be able to use that information to simplify room block management.

- **Final pickup numbers.** Along with the week-by-week pace report, keep documentation of the final pickup numbers from previous meetings. Together, these two documents can help you and the hotel decide whether you're tracking the right number of rooms.
- **Slippage.** Your group's slippage shows how much the numbers fall between the cutoff date and the meeting date. Usually expressed as a percentage, this number represents the difference in the number of reservations at their peak point and the amount actually picked up. You can usually pull this figure from your pace report.
- **Suite usage.** Documentation of the number of suites your group uses can help you in negotiations, especially if your group uses numerous suites.

DETERMINING THE NUMBER OF ROOMS

Once you have assembled historical numbers for your group, that documentation can help you determine how many rooms to block. You can generally use the pace report to determine how many rooms you'll need, but keep in mind that a number of variables can affect changes in your numbers. These variables include meeting destination, time of year and program format.

Meeting Destination

A resort or city known for family attractions may increase the number of attendees who bring their families to the meeting with them. Meeting in such a destination may also increase the number of those who stay for extra nights before or after the meeting.

Meeting Dates

Consider how specific meeting dates might affect arrival and departure patterns. For example, if your meeting is during spring break or over a holiday weekend, some attendees may choose to bring their families and stay longer.

Program Format

The most important predictor of room-night needs is the format of your meeting. Changing your program format can change the whole pattern of attendance and the number of rooms needed. Keep in mind that meeting space and guest rooms go hand in hand; on the days that you need more meeting space, you'll most likely need more guest rooms, except on departure days. Use your workshop schedule to determine how many guest rooms might be needed: Start with the number of sessions offered on a given day and estimate how many people will attend each session.

Shoulder Nights

When determining how many rooms to block, pay attention to more than peak nights; spend time considering your shoulder nights as well as the nights before and after the meeting. These nights will fluctuate more from year to year, so you must watch them closely. For instance, if you notice that you aren't filling enough nights on the front end of the meeting, you may not be able to fill your rooms on peak nights. If your shoulder nights are not booked properly, it can dramatically impact your ability to pick up your peak night commitment.

SELECTING THE SITE

Because site selection takes place long before attendees begin making hotel reservations, the two processes may seem relatively unrelated. But site selection plays an important role in managing your room block. If you know how your group reacts to various types of destinations, you'll be better prepared to block the appropriate number of rooms. In fact, the site of your meeting is often a major factor in determining attendance numbers, which directly correlate to the number of rooms you will need in the block.

Geographical Area

The area of the country where you hold your meeting can greatly influence whether attendees will need extra room nights before or after the meeting. The timing of the first and last events also has a huge impact on room blocks for those dates. Whenever an early arrival or extra late night is needed, do not assume that 100 percent of attendees impacted will actually stay the extra night. The following guide can help you determine how various sites may affect your guest-room needs.

Geographical Area	Effects on Rooming Needs
East	• *Because of the time change, West Coast attendees can depart late on the last day of the event, affecting booking patterns.*
Central	• *Central destinations may be accessible to a large number of members via automobile.* • *Flights from either East or West Coast destinations are more available for later arrival to or earlier departure from centrally located cities.* • *With a midmorning or noon meeting start, attendees must arrive one day earlier.*
West	• *With a midmorning or noon meeting start, guests from the East, Central and West regions must arrive the night before an event begins.* • *With the exception of red-eye flights, a 2 p.m. departure is typically the last flight out on any given day. For meetings that end in the late afternoon, guests from the East and Central require an extra night.* • *Some West Coast destinations popular with tourists may require an increase in rooms over pre- and post-meeting dates.*

Other Factors

When selecting a site, also consider these factors and how they might influence attendance numbers and room needs:

- Air access
- Distance from the airport
- Affordability
- Proximity to dining and entertainment
- Destination appeal

APEX Update

Meeting and Site Profiles

An accurate meeting and site profile is a key "building block" to identifying destinations and/or properties for any meeting or convention. Hotels that can meet the group's goals and objectives can be identified long before a site inspection takes place. Accurate meeting and site profiles allow meeting planners to "buy smart."

Background: *The meeting and site profiles panel is developing accepted practices for site profiles for five primary location and facility types—hotels, resorts, convention centers, conference centers and cities. Additional profiles may be developed for such locations as colleges and universities, arenas and coliseums or performing arts centers, based on feedback from the industry and a yearly review of the adopted accepted practices. In addition, the panel worked with the RFP panel to identify a recommended event profile.*

Application to room block management: *If a hotel or locality does not meet attendees' expectations and needs, they will not register for a conference or stay in the hotel. A first step for planners to effectively manage their room blocks is to book properties that suit the meeting and the attendees. In the report, recommended practices indicate a property's current service and quality ratings by AAA, Mobile and Zagat travel guides, types of rooms and rates offered, and guest services such as health facilities. The report also recommends that site information be reviewed and updated at least two times each calendar year. Knowing their individual groups and using this data will enable planners to make intelligent choices.*

CONTRACTING AT THE RIGHT TIME

It's the question every meeting planner wants answered: How far in advance should you contract for hotel rooms at your meeting? Quite simply, the answer depends on your meeting and on your preferences, as well as the hotel(s) you plan to use. As a general rule, Experient recommends contracting three to five years out for groups of less than 1,000 and five to seven years out for groups of 1,200 or more. (Groups meeting in off-season or in second- or third-tier destinations may successfully find space in shorter windows.) Groups requiring numerous hotels may choose to lock in their primary hotels as described above, but lock in overflow hotels two or so years out. However, if the organization will be undergoing major changes (such as a CEO resignation or relocation), it's a good idea to wait and contract for rooms closer to the meeting, when you know how the changes might affect attendance.

No agreed-upon standard exists for when to contract rooms because every group is different and a number of variables can affect their needs. For instance, it may be important to book further out if:

- The group is not flexible with its meeting pattern. (For instance, the group must always meet from Sunday to Wednesday, with no exceptions, or during the first week in a month.)
- The group is booking only premium, first-tier destinations.

However, if the group is flexible when it comes to dates, pattern or destination, booking closer to the meeting is not only acceptable, but may be preferable. And if major changes are foreseen, it's a good idea to book closer in.

CREATING THE PROPER MIX OF HOTELS

If your group's meeting can be self-contained in one hotel, that's preferable and much easier to manage. However, if your meeting is too large to be housed in one hotel or if you need to offer attendees more options, it's important to carefully develop the right combination of hotels within your contracted room block. When creating a mix of hotels, include:

- A mixture of rates, including government-rated rooms if needed.
- A mixture of name brands.
- A variety of locations. (Some attendees would rather walk five blocks and pay less for their rooms than to be right across the street from the convention center.)

If saving money is important to your group, offering a range of contracted hotels will help encourage attendees to stay within your block.

ACCOMMODATING VIPS

It can be helpful to determine how many VIPs you'll need to accommodate at your meeting before contracting for your room block. Estimate how many VIPs will need suites and how many will need regular guest rooms, as well as any additional services that they'll need during the meeting. Knowing this information in advance can help you settle on how many rooms to block and how many complimentary rooms you may want to request.

When making plans to accommodate VIPs, consider these guidelines:

- Find out each VIP's amenity preferences. (For instance, don't have alcohol sent to someone who doesn't drink.)
- Arrange for you or someone on your meetings staff to personally check each VIP's guest room before he or she arrives and checks in.
- Regularly check each VIP's arrival and departure dates and ground transportation plans, since he or she may change plans frequently and may not remember to alert your staff.
- Find out if any VIPs are bringing anyone with them.
- Make sure billing is set up correctly so that no VIPs receive bills for their stay. Make sure this information is communicated to the hotel.
- Consider blocking your top VIP room one day earlier to be absolutely sure it is available.

USING THE BELL CURVE

Your meeting's bell curve can be one of your most effective tools for determining how many rooms to block. The bell-curve formula looks at the room block per night, expressed as a percentage of the peak night. Most effective when portrayed graphically, the bell curve shows arrival numbers for each day of the meeting, building up over the first few days and cascading downward following peak nights. You can figure the percentage of peak for each night by dividing the number of rooms used by the number of rooms on peak night. Here's an example of the bell curve for a typical meeting:

Day	Friday	Saturday	Sunday	Monday	Tuesday	Wednesday	Thursday
Number of Rooms	50	125	950	1,650	1,650	1300	75
Percentage of Peak	3%	8%	58%	100%	100%	79%	5%

Use your history to determine the meeting's average bell curve, which can help you anticipate how many rooms to block on any given night of your meeting. When booking citywide events, or events that will use multiple hotels, you can also use the bell curve to compute the number of rooms needed at each hotel on each night.

For example, if one hotel can commit 500 of your needed 1,650 rooms on peak night, you would multiply 500 by the percentage required each night. That calculation will determine how many rooms you need that hotel to provide each night throughout the meeting's duration. Here's how it works:

Day	Friday	Saturday	Sunday	Monday	Tuesday	Wednesday	Thursday
Number of Rooms	15	40	290	500	500	395	25
Percentage of Peak	3%	8%	58%	100%	100%	79%	5%

For more information about calculating the value of your meeting, call 866-516-1461 or e-mail bsc2@experient-inc.com

2 Housing and Registration

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Once registration opens, your room block situation changes every day.

WHAT'S INSIDE:

Choosing a Housing Option
Encouraging Booking Within the Block
Overbooking
Setting Deposits and Cutoff Dates
Dealing With Walk Situations

Housing and Registration

Once registration is open for your meeting, your room block situation changes day by day, hour by hour. To keep a close, continual watch on the numbers, you'll need a functional, reliable system in place.

Several different options are available to help you handle housing and registration, and a number of decisions need to be made along the way.

CHOOSING A HOUSING OPTION

Housing is usually managed in one of four ways: by the hotel itself; by the convention and visitor bureau in the city where the meeting will be held; by an outside or third-party provider; or by the group via rooming list. Each option has its advantages, and the size of a group and complexity of the meeting are often major factors in determining which route to take. You may choose to use different options for different types of meetings or events.

Hotel-Managed Housing

Using a hotel's in-house system for managing housing reservations can be a viable option if your meeting is self-contained in one property. Some hotel companies offer a linking option, which involves placing a link to their reservation system on your Web site. Some hotel companies utilize Web-based systems for electronic reservation processing. A Web-based option can make it easy for attendees to make housing reservations with your contracted hotel. However, if you have a number of sub-blocks or if you're using more than one contracted hotel, you'll need a housing reservation system that is more robust than what a single hotel offers.

CVB-Managed Housing

A number of CVBs offer housing services to groups and, if the CVB in your destination does so, it may be an option worth considering. In some cases, meeting planners can negotiate for the CVB to handle housing at no cost to the association. If that is an option, it could result in great savings for your group. The main benefit of using a CVB for housing is that your main housing contact usually has a strong working relationship with the hotels in your meeting city.

In most cases, it's best to trust housing to the CVB when your housing and registration processes can be separated and when you do not have substantial sub-blocking for exhibitors or attendees. If you need a housing and registration partner that can collect payments and complex information, such as attendee demographics or event and workshop preferences, you will probably get better results with a third-party provider.

Third-Party Housing

A third-party provider can be especially beneficial when your needs are more complex. For instance, if you need to collect more than simple demographic information from registrants, a third-party vendor will usually have technology necessary to do so easily and efficiently. Because third-party vendors are solely in the business of housing and/or registration, they often have the most streamlined systems in place for making the process smooth and successful.

In addition, working with the same housing company year after year can bring continuity to the process and even provide extra benefits. Oftentimes, they will customize their system to your unique, specific needs. For instance, when you develop a relationship with a housing provider, its representatives become familiar with your meeting (exhibitors and attendees) and your history and eventually become an extension of your own staff. Because they intimately know you, your meeting and your needs, you rarely have to personally deal with housing details.

Using the same housing vendor doesn't just make the process easier for you; it can also make it easier for your attendees. A consistent system for housing each year can create a level of comfort for attendees that can be very important. For attendees who travel infrequently, familiarity with the Web site and the individuals handling housing can make the entire meeting experience less stressful and more enjoyable. In addition, some housing companies will negotiate hotel contracts for your group and possibly work in extra rebates for you, if you work with them on an annual basis.

Finally, when you use a third-party housing vendor, you sometimes have the option to use the same vendor for registration. If housing and registration are handled by the same company, you'll be in a better position to manage your room block. Some groups like to make rooms available within their block only to those who have registered and paid to attend the conference, and combining registration and housing enables this. Also, a combined system enables meeting organizers to deploy effective anti-attrition and anti-piracy policies.

Rooming Lists

A final option is to handle housing on your own by using a rooming list. Rooming lists are primarily used for corporate meetings, at which all registrants arrive and depart on similar dates. Using a rooming list can be advantageous because:

- Many hotel chains can download the information directly into their reservation systems.
- It's convenient for very small blocks that generally have one point of contact.
- One list can be sent on the hotel cut-off date, minimizing the number of changes the hotel handles throughout the process.

However, the rooming list option also has its disadvantages. For instance:

- It can be difficult for the hotel to determine booking pace and current room pickup if all the information is being handled through one rooming list.
- The simple act of compiling a list can lead to human error due to the fact that someone other than the attendee must handle the reservation. Allowing an attendee to confirm the reservation via a Web site or another online booking tool puts the responsibility for the reservation's accuracy back on the attendee.
- The rooming list must be continuously updated and managed. Depending on the number of changes, this can be a cumbersome process, especially if handled manually.

Choosing a Partner

When choosing your housing partner, consider the following tips:

- **Cost isn't always the most important consideration.** Above all else, make certain that you're working with a vendor who is capable of meeting your needs, however complex they may be.
- **Cutting-edge technology, without adequate support, is ineffective.** If a housing vendor seems to be high-tech and low-cost, be cautious. Such a company may lack the personnel to know how to manage the technology—to analyze your data, correlate information and customize your reports. Many housing and registration companies use the same basic technologies, but not all have informed, skilled personnel who can help you make the most of it.
- **Consistency is crucial.** Using the same housing vendor year after year can make your job easier as a planner because your vendor will be intimately familiar with your needs and able to make judgment calls without your constant supervision. Consistency in housing can also create a comfort zone for your attendees and help ensure hassle-free registration for them each year. The easier it is to make reservations, the more likely it is that attendees will come to your conference and stay in your block.
- **Personal service is still important.** Some housing and registration vendors are Internet-only: Not only do they require that all reservations be submitted via the Internet, but all service requests must be made by e-mail. Make sure your provider has a call center that makes it possible for customers to contact them by phone or fax. Set up processes that enable your attendees to participate in whatever manner they choose: mail, phone, fax or Internet.

ENCOURAGING BOOKING WITHIN THE BLOCK

Once you've decided which vendor will handle your housing arrangements, the next step is to make sure that your meeting attendees stay within your contracted housing block. First, during contract discussions with your hotel, make sure you negotiate to receive credit for all rooms that are part of your group, even if the guests booked the rooms through channels other than your housing vendor. Next, work with your housing vendor to put a system in place that will encourage attendees to book rooms within your contracted block.

Encourage attendees to book within the block by offering incentives for doing so—and by creating barriers to booking outside the block. Experient's recommendations include the following:

- Promote in your preview book the importance of staying inside the block; explain why and how an attendee's choice of hotel affects your organization.
- Offer registration discounts for booking hotel rooms within the contracted block.
- Offer hotel giveaways for attendees who book within the block.
- Conduct drawings for prizes that are only open to attendees staying in the block.
- Offer special incentives to those who stay in the block, such as free merchandise credit, a reduced fee pass for local attractions, or attendance at a special networking reception only for those staying in the block.
- Don't allow an individual to register for the meeting without booking a guest room within the block.
- Refuse freight to exhibitors who aren't staying within the contracted block.
- Charge a higher registration fee for attendees who don't stay in the block.
- Work with your hotel partners to provide additional incentives such as discounted dining, spa treatments or high-speed Internet access.

If you realize an attendee is not reserving a room, collect data on where they are staying or why they are not staying inside the block. This should help you block more accurately next year.

Other best practices for serving the attendee in the housing process include:

- Establish a solution that enables attendees to change their reservation online after initial submission.

- Ask your housing vendor to help collect and communicate your attendees' loyalty points data to the hotel. Many guests want to be able to use their frequency programs for major chains.
- Ensure efficient housing confirmations. Many attendees need to have something in their hands in order to have confidence in the housing process.

OVERSELLING

Meeting planners often oversell their room blocks, anticipating that some registrants will cancel at the last minute or not show up. Overselling can help you avoid attrition damages if you end up with a significant number of no-shows. But if everyone does show up, an oversold block will cause the hotel to have to walk some of your attendees.

For that reason, overselling is good policy only if you have at least two to three years' worth of history for your meeting, and if you understand the pacing of your pickup. If your history, for example, shows that slippage is 10 percent during the 30 days prior to the meeting, overselling may be a good idea. Do not oversell if you have employed a strong incentive to keep your attendees and exhibitors inside your block. The strong incentive should almost totally avoid any room slippage.

If you feel confident enough to oversell rooms, work closely with the hotel throughout the process. Keep in mind that the hotel will be overselling its rooms regardless of whether you oversell your block or not; it's simply normal business practice for most hotels to ensure that they maintain high occupancy rates.

The best way to work closely with the hotel is to communicate openly throughout the registration process. Don't be afraid to ask questions to stay informed about the hotel's situation. Ask hoteliers whether they believe the hotel will sell out over your dates, and regularly question them about how full the hotel looks on your peak nights. Find out what percentage they normally oversell during the time that you'll be in house and stay posted on whether they've reached their oversell goals. If you decide to oversell, let the

Event Specifications Guide

The event specifications guide (ESG) is the most important document meeting professionals must have in order to produce an effective meeting on site. Yet, until the APEX guide was adopted as an accepted practice in September 2004, there was no consistent format from planners or suppliers. The APEX ESG helps planners focus requirements around the information that hotels and convention centers need to deliver a zero-defect meeting.

APEX Update

Background: *The APEX ESG is formatted into three sections: (1) a narrative that details general information about the event; (2) a timetable of all functions that comprise the overall event; and (3) function set-up order forms—specifications for each function that is part of the overall event. Each function of the event has its own form. The ESG was designed for use by meetings and expositions of all sizes, and it can be adapted to reflect the special culture of each event.*

Application to room block management: *The narrative section is most relevant to room block management. It contains a profile of the event, a summary of the room block in each contracted hotel, reservation method(s) used, any special needs required and billing instructions (including room charges). Recommended practices cite that the ESG should be shared in such a way that, when changes are made, they can be tracked properly and identified. Thus, planners and suppliers alike can use it as a reference going into the event.*

hotels know by how much, maybe 5 percent or 10 percent, and have both parties sign a contract addendum agreeing to that amount. By communicating openly, you can help each other achieve the best results for both your organization and the hotel.

Complicated issues such as whether to oversell offer another reason for working with a third-party housing vendor: After working with you for a couple of years, your vendor will have a good handle on the patterns and trends of your group and will be able to make informed decisions.

Often, groups like to segregate their block to limit the number of exhibitors allowed to stay at certain hotels. For instance, the meeting planner may split her block at the headquarter hotel to be 50 percent exhibitors and 50 percent attendees. Such specifics can help improve the buying opportunities and networking at your meetings and conventions.

SETTING DEPOSITS AND CUTOFF DATES

In most cases, any deposits required when attendees make housing reservations are determined by hotels and their policies. You may want to negotiate the standard policy as deposits often tend to deter early registrations. However, you also don't want registrants making reservations carelessly, because that can jeopardize your room block. If this concerns you, requiring a deposit can help ensure that registrants are committed to the meeting. A typical deposit is one night of housing; asking more of attendees can deter them from booking within the block.

Credit Card Guarantee vs. Actual Charging of Card

If you're having trouble deciding on a deposit strategy, the general rule is to look at how the size of your meeting relates to the size of your destination. If your meeting is a citywide that takes up a good number of hotels, and other hotel options are less viable, then charging the credit card in advance is a good idea. The same goes for a meeting at a resort or one that takes up an entire hotel where everyone will want to stay in one place. Also, meetings that have a fair amount of international attendance usually try to adopt a charge-in-advance policy, due to the high number of invalid credit card numbers.

If your meeting is smaller, domestic and the concern is that reservations will be made outside of your block, then a credit card guarantee may be the correct path. In this case, where there are many other viable hotel options, charging an advance deposit may deter someone from making a reservation in the contracted hotel block.

The most conventional way to guarantee a reservation is by taking a credit card number to reserve a room. Make sure you know if the hotel is going to charge the card before the guest arrives or just keep the information as a guarantee, only charging the card if the guest is a no-show.

Upfront deposits are generally used in citywide meetings where hotel rooms are at a premium. The expectation is that with an upfront deposit, or a deposit being charged as soon as the room is reserved, large groups, such as exhibitors, will be more cautious when reserving large blocks of rooms. Oftentimes, deposit amounts are higher for exhibitors than attendees, and early non-refundable policies can be initiated to facilitate earlier and fewer cancellations. When using any deposit option, make sure there is plenty of discussion with all parties involved so the policies are understood and approved.

Cutoff dates vary, but the industry standard is 30 days before a meeting. (Some groups prefer three weeks, while resort hotels may require greater lead time.) Less than three weeks seems unfair to the hotel, as it doesn't allow them much time to fill any rooms left empty in your block. More than 30 days is unrealistic in today's world of Internet reservations, multiple conferences to choose from and last-minute decisions.

APEX Update

Housing and Registration Accepted Practice

The APEX housing and registration accepted practice deals directly with all issues inherent in managing room blocks. It should be an everyday tool for all meeting managers.

Background: *The housing and registration panel made a conscious decision to consider the two meeting planning processes, recognizing that they are inherently linked. The members also examined and included recommendations and conclusions of two CIC Project Attrition reports. The final Project Attrition report included tools to assist planners and suppliers alike; the Phase II report examined event attendee behavior and perceptions when reserving hotel rooms, compiled from a survey of event attendees.*

Housing and registration accepted practices are organized into two parts—recommended forms for registration and housing, and accepted practices to be followed. The forms are templates that can be customized to suit the character of the meeting. As with the other accepted practices, the housing and registration report can be adapted to any size meeting.

Application to room block management: *This accepted practice is the one to use when managing room blocks. Even the registration form section on "On-site Emergency Information," asks "Where are you staying during the event?" (e.g., name of hotel, with a family member or at home). Event organizers can link housing and registration so that information keyed in for one can be used on the succeeding form. Indeed, a recommended accepted practice is that "an event's housing and registration forms should be combined if the processes are not too complicated."*

The report provides new definitions that will be included in the APEX Glossary, such as "event contracted block" (ECB), "sub-block" and "peripheral block." It contains detailed information on managing room blocks in 11 separate areas, including contracting, education and marketing to attendees and exhibitors. An especially helpful section details incentives to book within the block. Clear communication—with attendees, exhibitors, hoteliers and CVBs—is a key aspect for effectively managing room blocks. The report also recommends using the APEX Post-Event Report as a first step in successful registration and housing management.

When working with your hotel to establish the cutoff date, it's a good idea to show pace reports detailing your weekly pickup starting 12 to 16 weeks out. With well-documented history, you'll be able to show the hotel what to expect regardless of your cutoff date. But even if you and the hotel agree on a standard three-week-out cutoff date, you may want to publish a 30-day cutoff to your membership. This will allow you extra time to work in last-minute reservations without jeopardizing your block.

It's a good practice to send out reminders about six weeks out to encourage attendees planning to cancel to do so in advance, in order to make room for others who may need reservations.

Associations Fight Attrition With Pointed Language

Thousands of associations have taken proactive stances to fight attrition. One such association, COMMON, a users group providing IT education, included pointed language on its Web site to encourage attendees to stay in its housing block. COMMON posted the following when the organization chose to charge a higher fee for registrants who don't book within the block:

Q: ***Why is the registration rate higher for attendees who aren't staying in an official conference hotel?***

A: *Staying in rooms at our conference hotels helps COMMON offset the costs of meeting space, exhibit hall rental and many other costs associated with our meetings, from tables and chairs to power, air/heat and lighting. These are sizeable costs to the organization that must be covered. Attendees who stay in other non-official COMMON conference hotels do not help offset these expenses. Additionally, low sleeping room usage at our contracted hotels increases COMMON's exposure to financial penalties. We hope that a $100 savings for attendees who stay in a conference hotel will provide added incentive to stay in one of the official conference hotels.*

See the rest of COMMON's FAQ at:
www.common.org/conferences/2005/spring/registration/faq.html

DEALING WITH WALK SITUATIONS

Because it is the nature of the hotel business to oversell rooms in anticipation of last-minute cancellations, the possibility always exists that your hotel could be oversold during your meeting. In that case, a hotel is forced to walk some of its guests. Nobody wants to be shuffled around among hotels, and no meeting planner wants his or her attendees to be walked, but the reality is that the situation could occur. Knowing that, it's essential that meeting planners ask for a "walk clause" in their hotel contracts.

Having a walk clause doesn't guarantee that your attendees won't be walked, but it does discourage the hotel from choosing members of your group if a walk situation occurs. It also protects you in the event that your attendees do have to be relocated. The walk clause should outline exactly what will happen in case of a walk situation—who will pay for what, and what other responsibilities the hotel will assume.

The ideal walk clause will include specific stipulations such as:

- The hotel will pay for the walked attendees' rooms at another property.
- The hotel will pay for attendees' transportation to the other property.
- The hotel will pay for two five-minute phone calls for each walked attendee.
- If the attendee chooses to stay at the new property for additional nights (rather than returning to the original hotel when rooms become available), he or she is responsible for paying for the additional nights.
- The hotel will send a letter to any walked attendees admitting fault so that your association isn't blamed for the situation.

Keep in mind that if you ask the hotel to oversell, you may have to release them from their obligations under the walk clause. Knowing your group and your history can help you avoid such a situation.

Even if you have a walk clause in your contract—and even if you've educated the hotel about why your group shouldn't be walked—you should continually stay informed about the possibility of a walk situation. As a meeting planner, you should never be caught by surprise by such an occurrence. Start checking the pickup of the hotel at least a week in advance, if not several weeks ahead, to ensure that you'll have advance warning about a possible walk situation.

Need to Minimize Walks? Take These Five Steps

Prior to your arrival and at the pre-convention meeting, ask hoteliers whether they anticipate a walk situation on any night of your convention. If at any point hoteliers believe there is a possibility that some guests may have to be walked, there are several steps you can take to prepare for the situation and minimize any possible damages, including:

1. **Ask for advance notice.** Always encourage a "pre-walk," which means the hotel will notify guests in advance and set up arrangements for them to stay in another hotel. It's always better for guests to be prepared in advance and to be taken to the new hotel directly from the airport, than for them to arrive at the first hotel at midnight and find out they're being sent to another property across town.
2. **Study arrival reports.** Ask to see a report of every guest who will be arriving on the night in question. After reviewing the list, give hotel staff the names of any VIPs or other guests who absolutely cannot be walked. These may be your board members, attendees with disabilities, speakers or other individuals you would not want to subject to a walk situation.
3. **Recruit volunteers.** If you know early in the day that some attendees will have to be walked, ask for volunteers among your attendees. Explain that the hotel is in a tough situation, and it invites willing attendees to stay in another hotel down the road at no expense. Include a dinner coupon or other incentive to encourage people to volunteer. It's always a better situation if people are able to make the choice to move.
4. **Consider other solutions.** If it looks as if some of your attendees will be walked, look at other possible solutions. For instance, ask staff members or student attendees to share rooms or consider moving vendors or your own staff out of the hotel rather than your attendees.
5. **Protect your block.** Even if members of your group have to be walked, make sure you get credit for the rooms they would have used in order to protect your organization from facing attrition damages.

The Benefits of Combining Housing and Registration

Combining housing and registration is one method that helps many associations fill their room blocks. Among the reasons:

- You can track information about where attendees are staying as soon as they register for your meeting, which allows you to gather valuable information about your room block.
- It's advantageous for attendees to seamlessly register for your meeting and reserve their hotel rooms at the same time.
- If your combined system notices that an attendee has registered but has not reserved a room, then an instant message from your chief executive can be sent to remind the attendee how staying inside the group block avoids attrition charges.
- If you force participants to register in order to reserve a hotel room, pre-registration numbers increase, your group receives more registration money sooner and lines at on-site registration get shorter.

(More details on how to implement this method appear in Chapter 5.)

For more information about housing and registration, call 866-516-1461 or e-mail bsc2@experient-inc.com

3 Formalizing Hotel Agreements

The shared goal of both parties is to put heads in contracted beds.

WHAT'S INSIDE:

Negotiation
Attrition Clauses
Calculating Attrition Damages
Additional Clauses
Hotel Contract Checklist

Formalizing Hotel Agreements

Here's an Rx for the anxiety that inevitably accompanies hotel negotiations. Close your eyes and remind yourself that both parties have the same goal, which is to live up to their contractual commitment and ultimately to put heads in beds. No matter how complicated the finished document becomes, the contract itself is simply a means to ensure that each side will perform everything that has been agreed upon. It's a road map.

NEGOTIATION

Knowledge is power, especially when it comes to negotiations. Know everything there is to know about your group and learn everything you can about the properties you're considering. Ask the right questions to make certain the hotel accurately evaluates your piece of business. Here are other tips to help your negotiation process go more smoothly:

Be specific in your RFP. You can streamline the negotiation process by being as specific as possible and including everything from meeting space and F&B requirements to staff room rates and VIP amenities in your initial request.

Prioritize. You can ask for the moon, but make sure you separate "needs" from "wants." Space, dates and rates will always top the list.

Consider more than one hotel or city, but not too many. It's never a good idea to limit your negotiation clout out of the gate by considering only one alternative. Hotels are on RFP overload, so it is best to limit your options to four or five good prospects to drive a competitive process. However, let each hotel know that it is not the only property under consideration. Don't announce a city as the destination until you have worked through some of the key negotiations at the major hotels.

Be realistic about the value of your business. "If the baby's ugly," CEIR president Doug Ducate once explained, "the hotel will let you know." Flexibility in arrival/departure pattern, seasonality and meeting space requirements can turn an ugly baby into a handsome prince.

Do your homework. Before coming to closure with a hotel, check out room rates on the Internet or find out what other groups are paying at similar times. A competitive rate will encourage booking within the block.

CONTRACT CLAUSES

The end product of your negotiations has finally arrived: the contract. You will have already discussed many of the terms with the hotel, but the written version with boiler-plate language may contain surprises and differ from your understanding. Until the contract is dually signed, the terms are still negotiable, so examine the language very carefully and prioritize your requests for changes. In order to properly manage the room block, several clauses deserve special attention.

ATTRITION CLAUSES

Attrition is a hot issue for both meeting planners and hoteliers. Guest rooms are a perishable commodity. When your group does not fill the rooms you have blocked for your meeting, the hotel loses money (if they are not able to resell the rooms) and will usually insist upon an attrition fee. Attrition terms should be decided during the contract negotiation phase, but as a planner, be informed about the issues and pitfalls involved and see to it that your rights to a fair and balanced contract are represented.

Before coming to closure with a hotel, check out room rates on the Internet or find out what other groups are paying at similar times. A competitive rate will encourage booking within the block.

What should you look for?

Many hotels expect groups to agree to guarantee to occupy or pay for 80 percent of the rooms clocked, but don't feel like you automatically have to give in to that request. Many groups have asked for and received concessions when it comes to attrition terms. When determining what to ask for in your attrition agreement, consider the following:

- Include room block review dates that enable you to adjust the block without paying damages. Oftentimes, this needs to be done six to 12 months before arrival.
- Try to negotiate for a lower minimum commitment than the standard 80 percent.
- If your meeting includes a headquarters hotel and secondary hotels, consider refusing to agree to pay attrition in an overflow hotel.
- Try to negotiate to pay attrition for the lost profit on a room.
- Try to get attrition damages to only apply on the peak nights of the room block.
- Make sure the contract explicitly states how attrition damages will be calculated. (For more information on the correct way to calculate damages, see page 38.)

When is it okay not to have an attrition clause?

In some cases, especially involving smaller meetings or short lead times, hotels are willing to sign contracts without any attrition clauses. For instance, some convention and visitor bureaus offer to eliminate attrition charges for groups that meet certain conditions, such as offering incentives to attendees for booking contracted hotels. If you're able to negotiate a hotel to sign a contract with no attrition clause, you should still take some precautions.

Most importantly, make sure the contract clearly states there will be no damages for not picking up the contracted block. Just because there's no attrition clause in the contract doesn't mean the hotel won't try to charge attrition fees. If left unmentioned, they could arguably have a claim for your group to use and pay for the entire block. It's much better to include a no-attrition clause than neglect to address the issue at all. When you and the hotel have agreed on no attrition, here is a suggested clause to use:

The parties agree that the Hotel will not assess any fees against Group should Group hold the meeting but fail to utilize the total room block as outlined in this Contract.

Note: *This information is not intended to be legal advice. A qualified attorney should be consulted to review all legal issues.*

APEX Update

Contracts Panel

Contracts form the legal basis for any agreements and subsequent actions between suppliers and planners. Such important documents often take significant time to promulgate—to ensure that all appropriate clauses are included and that both parties are equally protected.

Background: *The goal of the APEX Contracts Panel is to provide guidance about common types of meeting industry contracts. When completed, the final report will detail best practices for contract development and review, approaches to consider, and guidance for preparing clauses for the top 10 sections of contracts as they apply to meeting management.*

Panel members recognize that no one contract will work for every event. Too many variables exist. However, the panel is striving to provide a template, so that all applicable clauses are in the same place from contract to contract. A common template will speed the time for review, and hopefully, lead to a better understanding between contracting parties.

The contracts panel report will not be a panacea that will answer all questions or solve all legal problems. Nor should it be a substitute for legal advice. But it will provide a basis to begin discussion—especially for the estimated 50 percent of meeting planners who do not seek legal advice before signing meeting contracts.

Application to room block management: *Many contract clauses that require the most attention deal with room block management—attrition, cancellation, guest room accommodations, termination and excuse of performance (including force majeure), damages, conflict avoidance, concessions, mitigation, audit and pickup reports. Each of these issues will be considered by the panel and included in the final report.*

CALCULATING ATTRITION DAMAGES

Depending on how your attrition clause is written, a hotel could actually charge a higher attrition fee than you really need to pay. That's one reason why it's crucial to be aware that unfair practices can enter into attrition calculations and to understand how to prevent such problems. Once you have decided that the terms are fair, make sure the clause is written clearly enough, so that you and the hotel can independently perform the calculations and arrive at the same amount due.

A sample attrition liability calculator appears on the facing page. Here are the instructions:

1. Build a spreadsheet that lists each day of your "Contracted Block" across the top from left to right.

2. Below each day show the minimum number of rooms you were required to fill. (If your attrition guarantee number was 80 percent, then multiply each day's block by "80 percent Commitment.") List this minimum guarantee under each day.

3. Next list "Your Group's Actual Pickup." Be sure to include comps, any walked rooms and any rooms outside your block that you found by comparing your list to the hotel's in-house list.

4. Subtract your actual pickup from the minimum required pickup and list it for each day. This is your "Per Night Liability," shown as Row A. Highlight this row since you will be comparing it to another row.

5. In Row B list the hotel's total number of "Rooms Available For Sale." Calculate this by taking the hotel's total number of rooms (minus rooms under repair and rooms comped to others) and then subtracting the total number of rooms that the hotel sold to individuals and groups (including your sold rooms and your comps). This shows how many rooms did not get sold each night of your meeting.

6. In the next row—"Liability (lesser of A or B)"—select from row A and B the number for each day that reflects the least amount of attrition. This is the row that shows the liability for each day.

7. Now, add the numbers across this final row to determine how many room nights you may owe—87 in this example. If the number is negative, you owe no attrition. If the number is positive, multiply that number times the room rate ($200) and then multiply that result times the room profit percentage. The result will be your obligation to the hotel. (In this example, the planner below negotiated a room profit of 75 percent. Remember that if you don't specify it in your contract, the room profit will be 100 percent.)

Attrition Liability Calculator

MINIMUM COMMITMENT (I.E. 80%)

	26-Jun	27-Jun	28-Jun	29-Jun	30-Jun	1-Jul	2-Jul	3-Jul	4-Jul	5-Jul	Total
Contracted Block	20	40	80	120	80	40	20	-	-	-	400
80% commitment	16	32	64	96	64	32	16	0	0	0	320
Your group's actual pickup	10	20	40	60	40	20	10	5	0	0	205
A. Per night liability	6	12	24	36	24	12	6	-5	0	0	115
B. Rooms available for sale in hotel*	0	10	25	40	10	6	10	10	0	0	
Liability (lesser of A or B)	0	10	24	36	10	6	6	-5	0	0	87

Room Profit Percentage (100%, unless negotiated to be lower) 75%

TOTAL LIABILITY
Single Room Rate $200.00 x 87
Room nights X 75% = $13,050

*** Total hotel rooms minus comp rooms, unavailable rooms and all rooms sold that day.**

There are other important terms that should be a part of any attrition clause or formula. A provision for adjustments to the room block should be made without charge up to a specific date or time frame. At that time, the final adjusted room block will be determined, and attrition based on that. The terms should be defined as liquidated damages, agreed not to constitute a penalty. Official documentation should be required from the hotel showing resold rooms and rooms not available for sale. Attrition damages should never be due until after the documentation is provided. The hotel should also agree that any attrition fee due in the clause is the hotel's sole remedy for lowered performance.

MEETING ROOM RENTAL SLIDING SCALE

An alternative to attrition for room block performance is a graduated charge for meeting room rental. It's important to note that this is an *alternative* choice. Be mindful of the need to prevent multiple charges for the same room block slippage. Allow only one room block performance clause—usually attrition *or* a meeting room rental scale.

ADDITIONAL CLAUSES

Other contract clauses can help you properly manage your room block in a more general sense:

Room Block Review Dates

Hotels sometimes include a schedule of room block review dates where adjustments can be made without charge. The date closest to the meeting is the date when the final room block is determined, and attrition will be based on that. Of course, the further out the time frame, the more difficult it is to anticipate pickup. That's why this kind of clause is most useful if the final date is reasonably close to the meeting dates (say, six months), and if unlimited adjustments can be made on each of the scheduled room block review dates without charge.

Rooms Outside the Block Clause

This clause is certain to boost your pickup count after the meeting is over, so it is an important one to include. Your group should receive credit towards its pickup for rooms that were booked outside the contracted room block. A comparison of the group's registration list and the hotel's guest list will accomplish this. The names of attendees occupying rooms who are listed on both the registration list and the hotel's guest list but not coded to the group in the hotel's system should be credited to your group.

APEX Update

Requests for Proposals

An accurate request for proposal (RFP) to a housing facility or meeting site is an important part of managing room blocks. Unless the RFP contains all the information necessary for a property to design a thorough and accurate proposal, a meeting may be doomed to failure.

Background: *The RFPs Panel is developing best practices that will ensure the best possible partnership between planners, their organizations and various suppliers. The report will contain RFP templates for single facilities (a form should be completed for each facility if more than one is used), A/V services, service contractors, show management, transportation management and destination management. Each contains an event profile, as well as event requirements and specifications, and required content that should be part of each proposal. The RFP accepted practices can be used for any gathering—from a board meeting to a citywide convention.*

Application to room block management: *Best practices state that the most recent APEX Post Event Report for a meeting should accompany an RFP. In addition, planners should include as many details as possible, so that suppliers may respond with a more targeted and complete proposal for the meeting. This will also cut down on time-consuming, back-and-forth communications that have taken place in the past. The housing facility template contains information on demographics, anticipated number of attendees, the event history, guest room block requirements and decision factors.*

Group Cancellation

The cancellation clause is not considered part of room block management, but it deserves mention because it falls under the broader umbrella of room revenue management. The cancellation and attrition terms hold potentially the most liability for your group and are thus most likely to be the prime focus of negotiations with the hotel. Many of the same principles apply to cancellation as to attrition, so you need to check the cancellation clause carefully.

As with attrition, the model cancellation clause will show charges based on a percentage of room revenue or profit, not the full room rate. For cancellation, there will be a sliding scale of day or date ranges prior to arrival, along with percentages of room revenue or profit that the group will pay if cancellation takes place within that range. As with attrition, there should be a specific formula where the amount due is the lesser of two calculations per night. Similarly, the hotel should be required to provide documentation for resold rooms and rooms unavailable for sale, the terms should be defined as liquidated damages, and the hotel should agree that the cancellation fee, due according to the terms of the clause, is the hotel's sole remedy for cancellation.

CONTRACTS CORNER:
Ensuring Low Rates

Many hotels look to wholesale and online distribution channels to help sell their available inventory. At some hotels, rooms available through these channels are often offered at rates lower than the contracted group rates. You can take measures prior to contract signature to help prevent this situation.

Make sure that rate protection clauses are negotiated into the contract. If future rates are not yet confirmed, specify a formula that spells out how the rates will be determined. It should use at least two of these three factors: percent off rack rate, percentage increase per year or Consumer Price Index increase per year. The final rate should be the lowest of the benchmarks used. There should be a clause protecting rates from deals being offered to the general public, as well as one ensuring that rates are not higher than those offered to similar groups.

If your group is occupying more than 50 percent of the hotel's rooms, consider the following clause:

> *Lowest Rate: If Group's pickup is not a cause for Hotel to offer a rate lower than the contracted group rate (Group must pick up 80 percent of its room block), Hotel agrees that the Group will be guaranteed the lowest rate in-house over the meeting dates. Exceptions include negotiated volume corporate business and/or government accounts, airline crew rooms and other similar agreements. This guarantee applies to rates made available to the general public, either through the hotel reservation department, 800-reservation service or any online distribution channel. Should a lower rate be discovered, the Hotel agrees to either offer the lower rate to all of the Group's attendees or to have the lower rate removed from all distribution channels.*

After the contract is signed, what strategies can be used to ensure that the rate protection clauses are being honored? Call the hotel reservations department anonymously prior to sending out marketing materials for the meeting. Ask to make a reservation over the dates of the meeting and request the lowest available single/double rate and availability of any special rates like those offered for AAA. Calls should be made every three or four weeks thereafter or upon notification of lower rates by one of the group's attendees. If it is discovered that a lower rate is being offered, address the situation with the hotel salesperson. If lower rates are available, the hotel should be asked to either close out the rate over your dates or offer it to the entire group.

> *Note: This information is not intended to be legal advice. A qualified attorney should be consulted to review all contract issues.*

For more information about hotel contracts, call 866-516-1461 or e-mail bsc2@experient-inc.com

HOTEL CONTRACT Checklist

Ideally, your hotel contract should be a balanced document that is fair to both parties. The basic terms listed below will help you achieve that goal for your largest meetings that are planned years ahead. For smaller meetings that are more short-term, delete the items that don't apply. Keep in mind, however, that this information is not intended to be legal advice. A qualified attorney, familiar with the meetings industry, should be consulted to review all contract issues. Finally, remember that everything is negotiable.

IDENTIFYING INFORMATION

- ❑ Call the document a "Group Sales Contract."
- ❑ Include the date of contract initiation.
- ❑ Provide accurate and complete legal names of both parties (from letterhead or business cards) as well as contact information.
- ❑ State the name of the meeting and dates.
- ❑ Identify how the parties are referred to and state that they agree to the following terms. ("Group and Hotel agree as follows...")
- ❑ Include the date the signed contract is due back to the hotel.

HEADQUARTERS HOTEL STATUS

- ❑ Affirm that the hotel will be designated the headquarters hotel in all meeting-related publications and that, based on the hotel's capacity, most food and beverage functions will take place there.
- ❑ Establish that if the hotel is not the headquarters hotel, it may reduce the room block and meeting space but only with the group's approval.

GUEST ROOM BLOCK

- ❑ Specify that the hotel is "holding" rooms for the meeting, using language that does not lock the group into payment.
- ❑ Define the block using a table format, with the year, days and dates across the top, types of rooms down the side and numbers of rooms in the spaces.

GUEST ROOM RATES

- ❑ Specify definite rates that cannot be changed, as well as the year to which the rates apply.
- ❑ If future rates are quoted, require that they be calculated with a formula that uses the lowest of at least two of the following three factors—percent off the lowest, single rack rate, percent increase per year or rate growth tied to the Consumer Price Index. Final rates should be determined 12 months out.
- ❑ Include a breakdown by type of room/suite, single/double, deluxe, government rate, etc., with the percentage blocked in each rate category.
- ❑ Specify applicable taxes (sales, occupancy), service charges, gratuities, etc.
- ❑ Include the charge for an additional person in the room.
- ❑ Stipulate that group rates will apply three days before and after the room block dates.
- ❑ Specify that the rates will be at least as low as any comparable group in-house at the same time, and/or that if the hotel offers lower individual transient rates, those rates will also apply to attendees who meet the booking restrictions of the lower rate.

RESERVATIONS

- ❑ Indicate whether reservations will be made by rooming list or individual call-ins. If the latter, note that reservations may be made directly with the hotel via call-ins, reservation card or form, the Internet or other channels available to groups.
- ❑ If a housing bureau will be used, state the name of the bureau, and that reservations will be handled at no extra charge to the group. Stipulate that if attendees make reservations on their own, outside the bureau or other group-approved methods, those rooms will not be taken out of the group block.
- ❑ Specify check-in/check-out times.
- ❑ State that confirmations will be sent by the hotel within seven days of receipt of reservations or reservation changes.
- ❑ Require the hotel to load the room block/reservation procedures into the hotel's central reservations system when the contract is executed or when final rates are determined, whichever is later.

CUTOFF DATE

- ❑ Stipulate the cutoff date—typically between 21 and 30 days prior to arrival, which is the day attendees fill 50 percent or more of the greatest number of rooms blocked.

- ❑ State whether reservations made after the cutoff date will be based on room availability and given the group rate or the best available rate.

ROOMS OUTSIDE THE BLOCK

- ❑ Arrange to compare the hotel's in-house guest list with the group's registration list, either independently or alongside a hotel representative. (State that the group will maintain confidentiality of the list.)
- ❑ Stipulate that miscoded rooms will be credited to the group's pickup.
- ❑ State that the group will receive credit for all rooms booked by attendees, regardless of the room rate or reservation method, including Internet distribution channels.

PAYMENT

- ❑ Indicate whether individuals or the group are responsible for each category of charges—guest rooms, incidentals, etc.
- ❑ Spell out the policies for individual deposits, including acceptable forms of deposit and the hotel's refund/cancellation policy. Stipulate that name changes to reservations will be allowed and made at no charge.
- ❑ List any deposit amount(s) due to the master account and terms of payment.
- ❑ Describe the terms of application for the master account. (If credit is not approved, prepayment of 50 percent of the estimated master account will be required prior to arrival, with the balance due at departure.)
- ❑ State that if credit is approved, payment of all undisputed charges will be due 30 days after receipt of the final invoice, after which finance charges not exceeding 1.5 percent per month will be applied to the unpaid, undisputed portion, beginning 30 days after receipt of the final invoice.

CONCESSIONS

- ❑ Itemize all concessions with specific detail, such as two complimentary, one-bedroom suites for up to four nights each, four complimentary, round-trip airport transfers, three complimentary, welcome VIP amenities, etc.
- ❑ For the "one-per-50 complimentary rooms" concession, ensure that it will be calculated for revenue-producing rooms on a cumulative basis, not per night. Specify whether comp rooms will be assigned and/or credited to the master account at the group rate.
- ❑ If concessions are tied to picking up 80 percent of the room block, specify exactly how they will change if the group fails to meet the minimum pickup.
- ❑ Consider requesting complimentary concessions unique to your meeting, such as a house phone with outside call capability; pencils, pads and pens in function rooms not set theater style; easels for signage placement; microphone and hotel sound system for each day requested in function rooms set for 60 or more people.

AGENDA

- ❑ Include the preliminary agenda in the contract or attach it to the document (even if you may have future changes), and state that the hotel is holding space according to the agenda.
- ❑ Define the meeting space requirements using a table format with day, date, time, type of function, room setup, estimated attendance, rental fee and minimum square feet required/ceiling height required (or room name) across the top. List the days and dates along the left side and fill in the spaces with the applicable information.
- ❑ Stipulate start/end days, dates and times for 24-hour hold on space.
- ❑ Include terms for the release of meeting space.

FUNCTION SPACE

- ❑ Provide due dates for the tentative and final agendas (12 months and six months, respectively).
- ❑ Spell out charges for meeting room rental and/or setup, and state that there will be no meeting room rental, setup or labor charges other than those, if any, specified in the contract.
- ❑ Stipulate that changes to function space assignments or requirements are not allowed without written consent of the group.
- ❑ Indicate that the hotel's agreement to provide the specific function space assignments and/or minimum square footage and ceiling height requirements specified in the contract is a condition of the group booking the property.
- ❑ Ensure that the group may use outside contractors of its choosing without a surcharge from the hotel or its in-house supplier. Itemize all areas where this is permissible—audiovisual, exhibitor decorating, security, meeting room Internet service, etc.

HOTEL CONTRACT Checklist

MEALS

- ❑ Specify the banquet staff ratios, and state that there will be no extra service or labor charges for these ratios.
- ❑ State that menu prices will be guaranteed six months out.
- ❑ Note that guarantees for all food and beverage functions will be due 48 or 72 hours prior to each function.
- ❑ Require the hotel to set and be prepared to serve 5 percent over each guarantee.

SALE AND SERVICE OF ALCOHOL

- ❑ Specify the bartender ratios for hosted and cash bars.
- ❑ State there will be no bartender or service fees.
- ❑ Require the hotel to adhere to all federal and state laws regulating the sale and service of alcoholic beverages.
- ❑ Include that the group will conduct an inventory of all chargeable beverages before and after each cocktail function.

FOOD AND BEVERAGE PERFORMANCE

- ❑ State whether there will be liability for canceled or reduced food and beverage functions or reduced F&B revenue.
- ❑ Agree to provide 80 percent (percentage is negotiable) of a minimum dollar amount of guaranteed food and beverage revenue. If the group actualizes less, it will pay the lost profit on the slippage, usually 30 percent of the F&B charges.
- ❑ Indicate that the amount due will be considered liquidated damages. (See "Attrition" below.)

EXHIBIT SPACE

- ❑ List the type, size, number of booths and other requirements.
- ❑ Specify the days, dates and start/end times of the show—setup and move-in, tear-down and move-out.
- ❑ State if rental charges will be waived or, if charged, include the amount charged per net (not gross) square feet.
- ❑ Itemize what is included in the rental, such as setup and dismantle days, general lighting, climate control, and daily maintenance and vacuuming of aisles.
- ❑ Itemize what is not included in the rental, such as drayage, decoration, labor, security service and cleaning in individual booths.
- ❑ Include an exhibitor responsibility clause that absolves both the hotel and group of liability.

ROOM BLOCK MANAGEMENT

- ❑ State clearly whether there will be liability for room block performance.
- ❑ Prevent multiple charges for the same room block slippage by allowing only one room block performance term—usually attrition or a meeting room rental scale.

ATTRITION

- ❑ Set a specific date or time frame for determination of the final adjusted room block, which is the figure that will be used to calculate attrition. Indicate there will be no charge for room block adjustments up to that date or time frame.
- ❑ Include a formula for calculating the amount due if the group fails to pick up a specified minimum percentage of the final adjusted room block. This amount is considered "liquidated damages" and should be labeled as such.
- ❑ Determine the Minimum Commitment by multiplying the number of rooms blocked per night by the negotiated percentage. Then subtract the actual group pickup, including miscoded and relocated rooms.
- ❑ Determine the number of Unsold Rooms Available for Sale in the hotel by subtracting complimentary, out-of-order rooms and total occupancy from the hotel's total inventory.
- ❑ For each night, the group will pay 75 percent of the group's single rate (representing the lost profit on the rooms revenue) multiplied by either the Minimum Commitment or the number of Unsold Rooms Available for Sale for the night, whichever is lower.
- ❑ State that after receipt of the attrition charge, the hotel will not seek additional performance damages.

CONTRACT MANAGEMENT ISSUES

- ❑ Include a force majeure clause that is mutual, incorporates at least one broad standard for excuse of performance (like "inadvisable"), allows for attrition, establishes a benchmark of percentage of attendees affected (25 percent, for example) and provides a catch-all phrase such as "any other emergency."

- ❑ Stipulate that if the hotel is overbooked, the hotel will pay for a room at another comparable property and daily transportation until a room in the hotel is available. State that the hotel also will pay for two five-minute phone calls and attempt to upgrade the guest upon return. Require that relocated rooms and room revenue will be credited to the group's overall pickup.
- ❑ Do not allow charges added after the contract is executed unless the group agrees to such charges in writing or unless the charges are an additional tax or otherwise required by law.
- ❑ State that the hotel may not cancel except for the causes specified in the contract. Refrain from including a mutual cancellation clause that spells out liquidated damages for the hotel and group since it is more difficult to calculate the cost to the group if the hotel cancels.

GROUP CANCELLATION

- ❑ Create a sliding scale of day or date ranges prior to arrival, along with percentages of room revenue profit that the group will pay, if cancellation takes place within that range.
- ❑ Provide a specific formula where the amount due is the lesser of two calculations per night.
  For example:
  - Determine the Maximum Cancellation Charge by multiplying the number of rooms blocked per night by the applicable percentage in the scale.
  - Determine the number of Unsold Rooms Available for Sale in the hotel by subtracting complimentary, out-of-order rooms and total occupancy from hotel's total inventory.
  - For each night, the group will pay 75 percent of the group's single rate (representing the lost profit on the rooms revenue) multiplied by either the Maximum Cancellation Charge or the number of Unsold Rooms Available for Sale for the night, whichever is lower.
- ❑ Require documentation for resold rooms and rooms unavailable for sale.
- ❑ State that after receipt of the cancellation charge, the hotel will not seek additional cancellation damages.

RIGHTS OF TERMINATION FOR GROUP

- ❑ Establish that the group may terminate the contract if it determines that construction or remodeling will interfere with the event. Provide a time frame.
- ❑ Allow termination by group within a given time frame if the hotel changes management company, ownership, franchise, files for bankruptcy or is foreclosed.
- ❑ Prohibit the hotel from booking competing groups identified to the hotel and permit termination by group within a given time frame, if the hotel is in violation.
- ❑ Prepare for possible unavailability of the convention center (or other required facility) by including a termination option by the group within a given time frame.

INDEMNIFICATION

- ❑ Add a reciprocal clause in which each party indemnifies the other for the negligence of the indemnifying party.
- ❑ Require that each party "defend" the other.
- ❑ Include the hotel's service or sale of alcohol in its indemnification of the group.

MISCELLANEOUS

- ❑ State that both parties will carry sufficient insurance to cover any claims.
- ❑ Require the hotel to warrant that its facility will not deteriorate, using a benchmark such as a commercial rating system (Mobil, AAA, etc.)
- ❑ Specify how notices are to be sent, and that they are effective upon receipt.

AMERICANS WITH DISABILITIES ACT

- ❑ Establish that the hotel warrants compliance and list any "grandfathered" areas the hotel may have.
- ❑ Outline the limits of the group's obligations.
- ❑ Stipulate that each party will indemnify the other for violations caused by the indemnifying party.

CLOSING

- ❑ Include a merger clause stating that the contract and attachments constitute the entire agreement and contain all terms, including benefits and liabilities.
- ❑ Stipulate that the contract prevails over ancillary terms, such as policies and procedures, and that changes can be made only in writing.
- ❑ Establish that the rest of the contract is still valid even if any provision is unenforceable under applicable law.
- ❑ State that the individuals signing the contract have the authority to do so. Add signature lines and identifying information—name, title, group name and date.

4 Maximizing Pickup Within Your Block

Experience has shown that attendees respond to incentives for booking within the block.

WHAT'S INSIDE:

Building Buy-in
Combining Registration and Housing
Creating Incentives
Conducting Room Audits

Maximizing Pickup Within Your Block

You've selected the hotels, reserved the block and negotiated a contract. Now you need to focus on making sure your block fills up as you had anticipated. As recently as 10 years ago, this wasn't hard to do. But with the advent of the Internet and the increase in popularity of hotel loyalty programs and bargain travel Web sites, it's a hard sell to convince some attendees and even more exhibitors that staying inside the block will benefit them.

What's at Stake?

While attrition fees make headlines, there are a number of other reasons why it's critical to maximize and accurately report room pickups.

- **Attrition Fees:** Perhaps the most feared consequence of low pickup is attrition, which can result in catastrophic damages for your association. In the aftermath of 9/11, six-figure attrition fees were not uncommon.
- **Leverage:** The value of your business is largely dependent on the number of guest rooms your meeting brings to a hotel or destination. If attendees book outside a contracted hotel, your organization will lose negotiation leverage in future years. Plus, your group's reputation could be damaged if you fail to fill your block.
- **Lost Concessions:** Many of the concessions routinely negotiated in a contract, including comp room ratios, upgrades, free Internet access and even complimentary coffee breaks between sessions, depend on a group's ability to meet their pickup goals. Excessive slippage may limit a hotel's willingness to grant future concessions.

SOLUTIONS

Block Discounts

Hundreds of groups, including Deloitte & Touche, offer a $150 discount on conference registration for all attendees who book in the block.

Source: CIC's Project Attrition

BUILDING BUY-IN

Educate your attendees about the importance of staying within the block by communicating what's in it for them. Consider creating and marketing a list of reasons to stay inside the contracted hotel block and include this list directly in your meeting brochure or Web site. Here are Experient's top 10 reasons that address attendees' priorities:

1. **Networking.** Make the most of your conference by spending more quality time with other attendees or exhibitors.
2. **Convenience.** Ride the elevator to and from the sessions and events.
3. **Support your association.** Help it earn free or discounted meeting space, more concessions and decrease its liability for unused rooms to keep your registration fees lower and more competitive.
4. **Cost savings.** Save money on rental cars, parking and taxi fares.
5. **Conference shuttle.** Enjoy the convenience of complimentary shuttle service to and from the convention center.
6. **Customer service.** Take advantage of superior reservation procedures. Rooms booked through Internet channels are often difficult to cancel or change and often require prepayment. Plus, the non-chain Internet channels do not offer frequent stay points.
7. **Low-rate guarantee.** Shop for competitive rates by viewing conference hotels on their chain-branded Web sites. Many chains now offer a lowest-rate guarantee on their branded site.
8. **Prize drawing.** Earn a chance to enter a drawing for a free registration or complimentary guest room.
9. **Lower registration fees.** Smart groups offer registration discounts to discourage "Internet shopping."

10. **Hotel incentives.** Announce to attendees, "By staying in the official hotel(s), you will receive the following additional benefits..." Some hotels will offer additional incentives to groups that proactively combat rooms outside the contracted hotels. These incentives include additional hotel points, free high-speed Internet, free health club or other incentives that have low to no cost to the hotel, but are valued by the attendees.

Language Matters

Below are examples of the language that some associations have used to explain to conference attendees the importance of booking in the block:

From the Medical Group Management Association's 2005 Annual Conference Registration Form:

"MGMA has reserved rooms at two area hotels. Reserve your accommodations early for the best chance of getting your first choice, as the number of rooms held at each hotel is limited. By making housing reservations through the MGMA housing bureau, you receive a discount on your registration fee. Staying at the official conference hotels will keep your registration fees at current rates. If MGMA does not achieve a minimum number of overnight accommodations, the price of services will increase registration fees for future programs. Without your support, MGMA faces huge financial penalties for unused sleeping rooms."

From the Direct Marketing Association's Registration Form:

"It benefits everyone when exhibitors and delegates utilize this service. By booking your hotel rooms in the official housing block, you:

- Allow the DMA to return to the cities you love. In order to hold a conference in the convention center of the major cities, the conference must "qualify" to use the building. In many cases, this qualification translates to utilizing a minimum number of hotel rooms in the city over the conference dates.
- Help us avoid costly hotel penalties. If we do not fill the rooms we have contracted, penalties are assessed to the association. By avoiding these penalties, the DMA is able to keep your conference costs down.
- Take advantage of a one-stop process for registering and booking your hotel room.
- Help us provide shuttle bus service for conference attendees—saving you on taxi fares.

To recognize your cooperation in booking through the official DMA Housing Bureau, special incentives are given that we feel will benefit your exhibiting experience."

SOLUTIONS

Shuttle Diplomacy

VNU Expositions issued a complimentary shuttle pass only to attendees staying in the convention block. The passes were distributed by the contracted hotels upon check-in.

Source: CIC's Project Attrition

COMBINING REGISTRATION AND HOUSING: THREE OPTIONS

One of the easiest ways to ensure meeting attendees will book inside the block is to combine the registration and housing process. By making it easy for attendees to take care of all of their needs in one sitting, you will increase the capture rate or be able to more accurately identify those who are not staying within the block, which creates a marketing opportunity for follow-up.

There are three options to consider:

1. Require attendees to make housing arrangements in your group block before they can proceed to the registration page. (Local attendees and one-day-only registrants are exempted.)
2. Attendees only receive registration discounts after a guest room has been reserved.
3. After attendees register for the conference, alert them instantly via e-mail if they forgot to register for housing. Explain why this is important and provide a link directing them to the housing registration page.

Although it's best if the registration process is online, always provide a phone number that a registrant can call to talk to a representative.

Deposit Do's

Just because an attendee or exhibitor is required to book housing before being able to register, that doesn't prevent them from canceling the reservations. A deposit policy, which is typically non-refundable and covers the cost of at least one night of housing, can help prevent this from happening. While there will always be some cancellations, requiring a deposit will provide a disincentive to those attendees and exhibitors who make in-block room reservations with no intentions of keeping them. (See Chapter 3 for more best practices for room deposits.)

SOLUTIONS

Full Disclosure

The American Academy of Orthopaedic Surgeons stipulates that their attendees must state where they are staying before they receive their registration packet.

Source: CIC's Project Attrition

CREATING INCENTIVES

Only about one-fifth of all meeting attendees are aware that their groups could suffer attrition fees if they choose to stay in hotels outside the block, according to a poll taken by the Convention Industry Council's Project Attrition. A third of attendees said they would help their groups if inducements were given, which supports the survey's finding that cost is the main concern for attendees when making housing decisions.

Survey respondents said that money-saving incentives would encourage them to use the group's hotels, but these incentives need to be substantial enough to make a real difference in attendees' wallets. A $25 discount on registration is not enough to make an attendee want to stay in the block, but an incentive worth $100 to $150 will eliminate the desire to book elsewhere. Another important thing to remember about incentives is that they should be presented as encouragement for staying in the block—not as a penalty for booking elsewhere. Incentives always work better than penalties.

Fact: No Experient group using these types of incentives has ever picked up less than 90 percent of all the guest rooms used for the event.

Incenting the Attendee

Here are some of the most popular and successful attendee incentives:

- Raise the registration fee by $100 or more and then offer registration discounts of that same amount only to those who stay within the block. Not only will it keep attendees inside your block, it will protect the revenue you receive from registrations.
- Allow attendees staying within the block to earn points toward products and services provided by your organization.

HOW HOTELS CAN HELP

Partnering with the hotel to maximize pickup can help. Hotels can do the following to add value to the attendee's experience:

- Offer an early bird room rate—a discounted room rate until a certain date or until a certain number of rooms are sold, whichever comes first.
- Give vouchers or discounts at the hotel's restaurants and other amenities to those who stay within the block. These can include complimentary drinks, restaurant coupons and free use of the health club, parking, Internet and phone access.
- Offer double or triple hotel points for staying within the block.
- Offer express check-in and check-out services for those staying in the block.
- For citywide meetings where transportation to and from the center is offered to those who book within the block, hotels can have room keys imprinted with the organization's name. A member of the bell staff could check for room keys at the bus stop. The bureau could provide the same service at the convention center.
- Waive the resort fee, which pays for amenities like Internet, access to the workout room and complimentary bottles of water.
- If hotel is oversold, honor the integrity of the group's housing service by not relocating, or "walking," the reservations made through group housing.

- Offer drawings for amenities, suite upgrades at the host hotel, round-trip airport transfers or free registration at next year's conference, open only to those staying inside the block. (These are not as effective when used without a registration incentive.)
- Offer special incentives, such as free merchandise credits, a reduced fee pass for local attractions or attendance at a special networking reception only for those staying in the block.

Incenting the Exhibitor

There's no doubt that it's a much harder task to get exhibitors to stay in the block. What works is to create an incentive that is worth more to the exhibitor than the money saved by staying outside the group's hotels.

For exhibitors who stay in the group block, these incentives work:

- Complimentary exhibitor badges, which provide access to events like technical sessions, opening receptions, luncheons, breakfasts and the general session.
- Higher priority status in exhibit space drawings at future meetings.
- The chance to earn points toward more advertising or sponsorship exposures.
- Requiring exhibitors using 10 or more rooms to sign a hotel contract for all rooms.

Some meeting managers even refuse freight to exhibitors who aren't staying within the contracted block, while others require each exhibitor to purchase two rooms for each 100 net square feet of space rented. (For a more detailed list, see Chapter 5.)

Ten Commandments of Attendance Marketing

Marketing efforts are crucial to getting your room blocks filled. It's important to market early and market smart. You can make wise choices by comparing your marketing plan to your housing pace report, evaluating all the marketing categories and analyzing the results of each. Comparing the housing pace of exhibitors vs. attendees can also prove to be a valuable tracking tool. It's important that you know what kind of results are generated by each marketing tactic so that you can determine what's working.

Here are 10 specific ways to reach your attendees and exhibitors:

1. **Make your meeting or exhibition a "must-attend" event.** Prominently promote your Unique Selling Proposition (USP)—the one thing that attendees can't get anywhere else—on all your outbound messages.
2. **Content is king.** Become intimate with the educational needs of your audience, provide educational solutions and promote, promote, promote.
3. **Don't guess the best way to get your message out.** Use your attendee satisfaction surveys to research preferred communications channels.
4. **Don't overuse e-mail just because it is so affordable.** Marketing doesn't work if it doesn't get read.
5. **Avoid list fatigue.** If using e-mail to market, coordinate outgoing messages with others in your organization so messages are spaced apart.
6. **Craft your marketing plan to get as many potential "hits" as possible.** Remember, it takes at least three contacts to make an impression.
7. **Don't forget to ask for the order.** Make the "call to action" clear: Ask them to register; give them an easy-to-use form (print, fax and online); provide the deadline and tell them exactly what you want them to do.

8. **Make it easy to collect money.** Offer as many ways to register as possible, whether online, via phone, fax, check, purchase order, credit card or cash.
9. T**rack list sources on registration forms.** Calculate the return rates from paid registrations from all acquired mailing/contact lists you use.
10. **Use actual registration behavior from past meetings.** Calculate the optimum drop times for direct mail, fax and e-mail messages. Carefully analyze every aspect of your current marketing campaign to make it even more successful next year.

CONDUCTING ROOM AUDITS

Ask a meeting planner who has been faced with attrition fees for advice and he or she will give you two words: room audit. Room audits are the most effective way to find Rooms Outside the Block (ROB), and they can help you establish history and avoid attrition fees.

Why Audit?

For one reason or another, meeting attendees might book at the contracted hotel but through a different channel, such as through membership in the AARP, AAA or U.S. military. Other sources of miscoding can include a corporate rate plan, corporate travel policy or hotel loyalty plan. Still, if people attend your meeting and stay in your contracted hotel, your association should get credit for those rooms. Sometimes hoteliers can be reluctant to help you find these rooms.

Remember: Identifying rooms outside the block or outside the contracted hotels is especially important for future bookings because the bigger your actual room block pickup this year, the more bargaining power you will have for next year's conference.

SOLUTIONS

Board Buy-In

The American Industry Hygiene Association used a registration fee incentive and then gave all board members a Q&A sheet so they could answer questions about the program.

Source: CIC's Project Attrition

Getting Started

No matter if your association has faced attrition fees or not, performing pre-audits helps keep the registration and housing process on track. For example, if your conference is six months out, and you've only picked up 150 rooms in an 800-room block, you probably don't want to wait until you're on site to perform the first room audit. Look for red flags like very light pickup or pickup that does not match the previous year's pace. The sooner you find ROB, the sooner you can get credit for your rooms. The sooner you find ROCH (Rooms Outside the Contracted Hotels), the more time you'll have to either convince those attendees to rebook inside the block or reduce your block.

How Audits Work

Due to privacy issues, some hotels are unwilling to release a list of guests to a third party, fearing that the third party might contact guests or sell their names and contact information. When hotels have this concern, they might offer to conduct the room audit itself. However, you'll generally uncover more rooms if you are present during the audit.

In general the audit process involves a ruler and a pencil, but some hotel chains, like Hilton, have developed software that makes it easier to conduct room audits. (See sidebar.) In order to reap the full benefits of a room audit, it's important to set the expectation in the contract that you will conduct an audit and determine how concessions and other entitlements will be handled for the additional rooms.

As long as your pickup rate matches what you expected, the best time to conduct a room audit is the day after each of the conference's peak nights. If your conference is a citywide with small group blocks in several hotels, you may want to start the room audit process even earlier.

Case Study

THE CHALLENGE:

In 2002, a large insurance industry association faced a $200,000 attrition damage fee after realizing that 54 percent of all exhibitors (512 out of 995 total) booked Rooms Outside the Contracted Block (ROCH). An additional 12 percent of attendees did the same.

THE SOLUTION:

The association chose to motivate their exhibitors and attendees to stay inside the convention-contracted hotels by doing the following:

1. Educated the exhibitors and attendees on the previous year's $200,000 attrition liability far in advance and well before the next show's materials were scheduled for distribution. The new policy was explained in a letter sent to the group, and pre-show materials reinforced the registration changes and incentives. The centerpiece of the incentives was based around the registration fee. The base registration fee was raised by $100 and only those staying in the group hotel received a $100 discount.

2. Created a separate package of incentives for exhibitors. Incentives included:

   - Up to three complimentary exhibitor badges per 10' x 10' booth, up to a maximum of 12. Badges entitled exhibitors access to the opening reception, one breakfast and one luncheon; access to the general session; and admission to seven technical sessions.

   - Each exhibiting company also received two priority points for each hotel reservation made at one of the association's contracted hotels and through their housing bureau. (The association uses a point system for space selection for future shows.)

Exhibitors outside of the housing bureau did not receive a complimentary allotment of badges. Each badge cost them $100 and no special access tickets were attached to those badges for meals or sessions.

THE RESULT:

In the first year the program was introduced, 88 percent of exhibitors booked rooms within the block, nearly double the previous year's percentage. In addition, the number of attendees staying in the block increased to 92 percent.

SUCCESSFUL ROCH PLAN

YEAR	SITE	EXHIBITOR ATTENDANCE		% OF ROOMS OUTSIDE THE CONTRACTED BLOCK
		CONTRACTED HOTELS	ROCH	
2001	San Antonio	595	392	40%
2002	San Francisco	433	512	54%
2003*	Denver	694	93	12%

* First year of the incentives

For additional room block incentive solutions, call 866-516-1461 or e-mail bsc2@experient-inc.com

5 Protecting Your Block

Don't let so-called housing 'pirates' hijack your contracted rooms.

WHAT'S INSIDE:

Staying Vigilant
Motivating Exhibitors
Battling the Bandits

Protecting Your Block

You will undoubtedly have to work hard and smart to motivate your attendees and exhibitors to stay in the block. But what happens when events beyond your control conspire to erode your block. Online price shopping, hotel reward programs and "housing pirates" make block protection an ongoing challenge—but one that can be overcome with astute planning and preparation.

The Culprits

Online Travel Sites: Five years ago, few people knew how to search the Internet for lower hotel rates. Today, everyone is accustomed to checking hotel rates online and usually on more than one site. Sites like Travelocity, Expedia, Hotels.com and even hotel Web sites themselves sometimes offer lower rates than the ones for which you contracted. But what many attendees don't know is that taking advantage of lower rates cannot guarantee them a room at an overbooked hotel. Oftentimes, the attendee will need to forego loyalty points, may need to prepay and could be on the hook if they need to cancel or change the reservation. What's more, the rooms often for sale at these lower rates may be located next to an ice machine or elevator, not the place to be the night before an intensive educational session. Fortunately, most chains have gotten their rate integrity back and are guaranteeing lowest pricing on their own sites. The dollar savings on rooms found on travel Web sites diminish significantly during good economic times and increase during bad times.

Exhibitor Sub-Blocks: Exhibitors often book large blocks and are more likely to do it on their own, rather than through your housing service. In many cases where associations have faced attrition fees, the lack of pickup in exhibitor sub-blocks was the primary culprit.

Housing Pirates: A meeting planner's worst nightmare, housing pirates are unauthorized, unaffiliated housing providers that offer rooms at reduced rates to your attendees, often under the guise of an affiliation with your show. They often target exhibitors and obtain membership lists before a show's official housing block opens. If successful, their efforts to siphon rooms from a block can result in tens of thousands of dollars in attrition penalties.

STAYING VIGILANT

Protecting a housing block requires event organizers to be part sociologist, part researcher and even part cop. Success demands the scrupulous monitoring of many of the foundation steps in the room block management process. (See Chapter 2 for more details on these building blocks.)

The Golden Rule

The best way to protect your block is to make sure your housing blocks accurately offer a cross section of the desired price points of your attendees and exhibitors. To do this, you must have a thorough understanding of your attendees' wants and needs. Remember the golden rule: If the lowest rate in your hotel mix is too high for any segment of your audience, they will book elsewhere.

Oftentimes, the convention and visitors bureau in the city where your meeting will be held can help you identify potential problems. Because meeting sites are booked so far in advance, it's possible that a new hotel (and a different price point) might be available after you book. The CVB or your housing partner can be very helpful in letting you know if you've left a hotel out of the mix.

APEX Update

The Post Event Report

The APEX Post Event Report (PER) lays the groundwork for future room block management. It details a meeting's room block pickup and arrival and departure patterns. Thus, it provides a vehicle that hoteliers can use to better evaluate a piece of business.

Background: *Until the APEX PER was adopted as an accepted practice in November 2003, a consistent history or post event report did not exist in the meetings industry. Reports varied from hotel to hotel and from city to city. Now, all information can be collected in one place to demonstrate the total dollar value of a meeting. The report is not just for citywide conventions; it is recommended for all groups with 25 rooms on peak night or larger.*

Application to room block management: *If you build a house on a solid foundation, it is less likely to fail. Likewise, room blocks should be based on solid history. The PER gives you the vehicle to do just that. With it, planners are more likely to have cooperation from attendees and hoteliers, and to realize lower attrition rates and higher occupancy rates.*

Among the accepted practices recommended: (1) that the PER should be included as an attachment to any future RFPs; (2) that the event organizer, in partnership with the event's suppliers, complete all applicable sections of the report within 60 days of the end of that event, and (3) that the primary event organizer should file a copy of the report with each entity, venue or facility that was used for the event. The room block template is structured to provide a thorough history of pickup, types of rooms used, the percentage of slippage and the percentage of rooms sold in the contracted block compared to the final block. Space is provided on the template for comments specific to the group and/or the hotel.

Also, remember that the size of the destination and number of rooms available will affect contracted pickup. If your peak night pickup will be 1,000 rooms, booking a city with 40,000 rooms may give your attendees more options than you would like. Booking outside of contracted hotels is far more likely when the city has many other hotel options available to attendees. If your group is large enough to cause compression—when you consume the majority of the rooms available in a destination—then attendees are more likely to end up in your block because there will be fewer alternatives available.

During the contract phase, make sure you include a clause that prohibits—with a few exceptions—the hotel from offering a lower rate to the general public than the group rate. If there's no protection in your contract, chances are good that your attendees will book outside the block at the lower rate. In the event that attendees book at a lower rate but in the same hotel, your contract should include a clause that credits those rooms—even though not part of your block—towards your overall pickup.

To preempt the dreaded call from a disgruntled attendee who informs you that he or she has found a better rate elsewhere—and to make sure the hotel honors the no-lower-rate guarantee in your contract—you'll need to do some price monitoring of your own. Call the hotel to find out the lowest rate they're offering and check the hotel's Web site, as well as a couple of the sites of major online travel companies. Travelaxe.com can show you side-by-side prices that you would find individually at each of these sites.

MOTIVATING EXHIBITORS

The most effective way to ensure exhibitors book within your block is to provide them with incentives. Experient recommends the following:

- Complimentary exhibitor badges, which provide access to events like technical sessions, opening receptions, luncheons, breakfasts and the general session. (Purchased individually, exhibitor badges can cost as much as $100 each—and usually do not include access to technical sessions or meals.) Free access to the technical sessions and other events gives exhibitors more chances to network with attendees outside of the actual exhibit hall.
- Higher priority status in exhibit space drawings.
- On-site rebooking service for exhibitors for the following year.
- Awarding points that can be applied to advertising or sponsorship programs.
- Refusing freight from exhibitors who aren't staying within the contracted block.
- Requiring that two guest rooms be purchased inside the event-contracted block for every 100 net square feet of space rented.

BATTLING THE BANDITS

Because most housing "pirates" operate from the platform of legal businesses, there is little planners can do to shut down these organizations, no matter how detrimental they are to your block. Pirates are only successful because they offer lower rates—or at least promise lower rates—than the groups they attack; they cannot win against groups that have strong registration incentives. Here are some measures that can be implemented to curb even the peskiest pirates:

Protecting Against Poachers

THOSE WHO TARGET meeting attendees to reserve rooms outside contracted blocks are worse than "pirates" or "renegades." "They're poachers," said Steven Hacker, CAE, president of the International Association for Exhibition Management (IAEM). "I call them poachers because they're essentially taking someone else's game improperly.

"Everyone entitled to make a buck," he explained, "until you stick your hand into someone else's pocket. That's what these poachers are doing."

According to Hacker, many of these pirates or poachers—whatever you wish to call them—are actually imposters, posing as an event's bona fide housing organization. "They try to style themselves to appear as something they're not," he said. "The look and feel and text of their Web sites are cleverly contrived to give the effect that they're the official provider of housing services.

"They're very clever," he continued. "They know the line that divides legal and illegal activity, and they dance along that line adeptly. A lot of their success comes as a result of their clever deception."

Hacker speaks from experience; in 2003, a bold group of pirates targeted IAEM's meeting. IAEM was able to escape widespread damages only because it had an aggressive plan in place to counter any poaching.

"For openers," Hacker said, "we 'seeded' our attendee list with some false names, addresses and fax numbers we could track. When poachers began sending faxes to attendees, several arrived in our own office!

"We made it very clear that we were prepared to take aggressive, direct action against the perpetrators," Hacker continued. "Our legal counsel communicated directly with the renegades, citing the fact that we had contracts with meeting hotels and making it clear that we would go after anyone who contributed to financial losses resulting from interference with those contracts."

IAEM also communicated frequently and directly with attendees to apprise them of the situation. While room block poaching is a problem, noted Hacker, it's a manageable one. "They're like mosquitoes," he said. "You spray, you drain standing water and you hope for the best. But when you see one, you swat it hard."

Develop a Protection Plan

Association and trade show managers, who spend countless dollars and hours to promote attendance, should also have a plan in place for protecting contracted blocks This four-point plan was shared by Steven Hacker, CAE, president of the International Association for Exhibition Management (IAEM).

1. Monitor the use of your list by seeding it with false names.
2. Make attendees aware of the importance of using the official housing company and the potential problems of list "hijacking."
3. Make booking within the block "bulletproof" by providing meaningful incentives.
4. Be prepared to "hammer hard" if anyone tries to poach your registrants.

A Final Thought: Caution and Encouragement

During the past few years, a wide variety of techniques have been tried by planners looking for ways to avoid attrition charges. Because there were so few "anti-attrition" success stories, experimenting was the order of the day. Some of these experiments, like registration incentives, were surprisingly successful; others, like raffling airline tickets or other prizes, were dismal failures.

One thing that did work—at the time—was intentionally "under blocking" rooms at contracted hotels. While this strategy decreased negotiating leverage with hotels, it did reduce the risk of attrition. (Some groups lowered their hotel blocks by as much as 50 percent.)

But now that the economy has rebounded, many of those same groups are confronting a new and very serious problem. Closed-out room blocks have become a source of frustration for attendees who have to find rooms themselves at a time when prices are rising at record rates. Many can't find rooms near the convention center or headquarters hotels; for some, the inconvenience has led to reluctance to attend the event. Warning: This problem will only get worse as the economy continues to rebound.

If you haven't already done so, now's the time to develop a policy that will withstand the inevitable ups and downs of economic cycles. Recent history clearly shows that incenting attendees is the most powerful way to recapture your room blocks, increase your buying power, support your members and counter housing pirates. Now is the time to develop an incentive plan that addresses the challenges of today's business world.

With Internet room prices not nearly as low as they are in a downturn, there's no time like the present to effect change. When the next downturn occurs—as it surely will—attendees conditioned to registration incentives will not flee the block. For those who act now, better days are ahead.

Bruce Harris
Founder and Chairman Emeritus
Experient

- **Provide strong registration incentives.** Attendees will have no reason to search the Internet or respond to pirates if they know that, by doing so, they will lose the registration discount. The higher fee they pay to go outside the block would negate any savings that pirates could offer.
- **Communicate the issue.** Tell attendees and exhibitors to be suspicious if they receive an unsolicited phone call, fax or e-mail that offers lower hotel rates than the group rate. Coach them to "play dumb" and obtain as much identifying information as possible. Communicating the name of the official housing bureau associated with your association can help them identify the unfamiliar pirates. Also, communicate the potential threat to your members and instruct them on the benefits and importance of staying within the block.
- **Protect your lists.** Do not publish the lists of attendees and exhibitors on the Web or share them outside of your exhibitor or sponsorship organizations. If you do post a list of attendees on your association's Web site (a common practice to show the value of attendance to exhibitors) make sure it's password-protected. Also, seed your list with some false names at addresses of employees, so that you can learn firsthand if pirates have obtained your list.
- **Know your exhibitors.** If a suspicious firm asks to exhibit, make sure it is legitimate. Some pirates buy a small booth, wait until they get an attendee list, then cancel the booth and start attacking the list.
- **Work with contracted hotels.** When you're working out the hotel contract, include a clause that guarantees the group will have the lowest rate over the meeting dates. This guarantee should apply to all rates except opaque channels—like Priceline or Hotwire—where the customer cannot choose the hotel or brand. Also make sure that your hotel contracts contain terms that allow for all rooms to be credited towards the group pickup, no matter what the rate or how the reservation was made. Find out if your hotel has an agreement with its wholesalers preventing them from selling to meeting attendees. If not, as the meeting date approaches, ask your contracted hotel if they are aware of any inventory outside their distribution channel. Make sure to let the hotel know to alert you of any blocks being requested that appear to be In Conjunction With (ICW) your event.
- **Consult legal counsel.** As soon as you find out housing pirates have targeted your association, call your attorney, who can apply legal pressure. If pirates use the logo or the trademarked name of the association in its marketing pitch—which is in violation of intellectual property law—or if pirates state that their solicitation was approved or sanctioned by the association, you could legitimately shut them down. Normally a good cease and desist letter will do. Legal counsel can also check to make sure your anti-pirate communications with attendees and exhibitors can't get you into trouble.

For more information about protecting contracted room blocks, call 866-516-1461 or e-mail bsc2@experient-inc.com

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