



**“The Economy and Your Meetings:
How to Adapt”**

*Presented by Joan Eisenstodt
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Additional Audience Q&A

1. What adjustments, if any, have you seen being made by hotels and convention centers during this downturn in the economy?

If the word “adjustments” refers to elimination or forgiving of cancellation or attrition fees, I have not seen that. I have seen more marketing in attempts to fill holes. Anecdotally, through an industry listserv, I read that a major convention hotel in Florida has had cancellations for 40 upcoming meetings. I am trying to find out more. Best to stay tuned to industry listservs (see the resources that were sent), business publications and e-journals.

2. Are hotels being understanding in terms of attrition -- they know things are down and meetings are booked in advance, so are they allowing for further slippage without penalty? I guess more importantly - what do they see as their role at this time?

We don't know yet what hotels will do because the economic **slow down** (which I'm using instead of 'crash' though it feels like the latter) is very new. Some meetings in some fields are picking up more than in the past. I think that each hotel and each planner and meeting sponsor need to have conversations as soon as there is any inkling that there might be some slippage for a meeting. Hotels would be smart, if they have not done so, to initiate conversations with the clients who booked farther out than 6 months to a year to see what climate their customers see for their industries and their meetings. Time will tell.

3. SMERF - the E also refers to Ethnic

Thanks for that. And to reiterate: Social (or Societal), Military, Education (or Ethnic), Religious and Fraternal – often the business that needs lower rates and lower fees and costs for F&B – which is now desirable since they are often steady business.

4. We have added an economic disaster clause to the force majeure. Just an FYI.

I'd be curious to see the language and to understand how 'economic disaster' was defined in a contract. That is, was it for the US? For other countries? For your industry? The meeting sponsor? And how was it measured? I think it's a very risky addition, especially if not defined, and could easily be challenged in the event of a meeting stoppage.

5. Is this a buyers' market?

Maybe. It depends on where meetings are being booked. More so, I'm not sure it could be easily defined as a 'buyers' market' since properties and their owners still need to make money – maybe more so than before since business has fallen off. I caution this: it's not a time, as a planner, to take advantage of a hotel just as hotels should not, in a sellers' market, take advantage of the 'upper hand.' We still work based on relationships and we all have excellent memories!

6. I know you probably have some suggestions in connection with attrition problems with regard to association members booking out of the hotel block via the Internet third-party booking agencies.

This is one of the toughest issues with which associations deal. Some groups are providing incentives to book within the block: reduced registration fees, discounts on multiple registrations, for example. Planners should also find out if the hotels in the area where people might book are owned by the same owner as the headquarters hotel. If so, try [cause I can't guarantee it!] to negotiate that those staying in other hotels will be counted toward fulfillment of the HQ block.

7. As meetings get condensed and we try to include 5 days of content in 3 days - are there any sample schedules to share?

No sample schedules and rather, a strong caution: people attending conferences are there to experience peer to peer learning as well as learning in sessions. By overcrowding an agenda, you are putting too much burden on peoples' bodies and brains to absorb so much and taking away from their ability to spend time with peers to solve problems. Rather than overcrowding the agenda (which probably includes having speakers at all meals) consider what can be provided, virtually, before and after the f2f meeting.

8. As a event planner in the pharmaceutical industry only with 1 year under my belt would you have any words of advice?

You are in a very different industry because of the rules and regulations. Join HCEA – Healthcare Convention Exhibitors Association and attend their meetings and other offerings. Through them, you will learn so much. <http://www.hcea.org/>

9. Has the events industry experienced a downturn in the 1st half of this year compared to the last three years?

By 'downturn' I am guessing you mean lowered attendance at meetings and lower room occupancy by hotels. It depends – on the city, state, and country in which the hotels are located. A quick google search showed that it varies tremendously. There have been recent articles that have said passenger loads on the airline shuttles between NYC and Boston are down and thus hotel occupancy is down. This is of course a reaction to the current stock market roller coaster. Subscribe to www.hotel-online.com and continue to read what is being said.

10. The early price deadline for our meeting is tomorrow. Any suggestions of things we can do to encourage our members to attend in December?

SORRY I am just seeing this – the holiday followed the webinar and I am just getting to this. There is still time to encourage people to attend. If you are concerned, I'd first go to the hotel/s booked and discuss what may be a shortfall in your rooms. Then I'd do some creative marketing – often peer marketing is the best. Have members who are registered contact other members to talk about how critical it is for them to be there.

11. Hotel resells unused group rooms, & guests cancel, can the hotel charge the group for attrition?

It depends on what your contract says and/or what you can negotiate. Best to have this conversation up front v. after.

12. What is the projection for 2nd or mid-tier cities vs higher visibility cities?

I covered this a bit when discussing lift (airline capacity) in saying that all cities are going to experience, if they have not already, cut backs in service. First tier cities are less likely to lose as much lift as second tier, mainly because many of the regional carriers are going to stop servicing some markets or discontinue some of their flights. Everyone needs to look at both the city in which the meeting will be held **and** the cities from which participants travel. (If this question was not about lift, I apologize for not answering it.)

13. I have a national conference 11/20-11/22. In March we contracted for an overflow block of 300 rooms in an adjacent property. Is it realistic to approach this hotel with options to reduce attrition, including F&B events or future bookings?

Absolutely! Not knowing the contract language, it's tough to say what might be there. The sooner you can alert any property to the possibility of not using the space, the better chance they have to sell it. THAT said, it may not change your organization's obligations financially but it's worth a good try.

14. Can you repeat the web site for contract language?

<http://tinyurl.com/46pmxc> or more easily go to www.conventionindustry.org and click on APEX. It does not provide contract language; it does provide a great checklist and explanation of terms.

15. Given the economy do you think hotels will be more "forgiving" on attrition or "tougher" on collecting?

It depends.. on the size of the meeting, the amount of attrition, the relationship of the meeting sponsor with the hotel, management company, owners, etc. Although some might be forgiving, others are going to be in need of making their numbers and will more aggressively collect. If another meeting can be booked in the next 6 months to "work off" the attrition fees, it is a possibility for negotiation.

16. Have you seen Hotels getting affected in DC area considering Election?

DC has been pretty recession-proof because so much goes on here that has to go on. That said, I've been surprised at the number of cold calls and marketing emails I am receiving. With a new Administration [REMEMBER TO VOTE!] in January, it will be tough to get rooms and rates will continue to be high.

17. Joan, you mentioned about the airline cutbacks and the increase in airfares. As a meeting professional, should I be negotiating train fares with Amtrack, etc. to be more involved in planning and booking my meetings?

Absolutely! It will be curious to see, tho', if AMTRAK does much discounting. Ridership, especially on the East Coast Corridor, is up. <http://tinyurl.com/3jlsge> Again, it is smart to ask.

18. Joan mentioned APEX as a resource and tool. However as a planner that uses and invests in the APEX tool kit with my Event Orders, Event Specifications, etc. why have hotels and centers not embraced these standards. Has APEX fallen on deaf ears from the supplier perspective?

Ah! An excellent question .. esp. since so many hotel companies helped to fund APEX. I have no easy answer except that owners often dictate what is used by hotels and owners were not considered in the mix of those who bought in. Get the word out and write to the owners of hotels with whom you are working when the hotels are not using APEX tools. And thanks for being an "APEX Evangelist"!

19. Do you think we'll see an increase in webinars and a decrease in face-to-face meetings in the next few years? Also, what do you see as the value difference, if any, in these two types of meetings?

I don't know. Just as I mentioned that in the early '80s and again after 9.11.2001, we saw an increase in technology being used to provide education, the economy, the cost of airline tickets and the great inconvenience of travel may drive people to again consider how to deliver education and provide a peer-to-peer learning experience. As a trainer, I prefer face to face (f2f) although not having to leave home to train (like doing this webinar) is an advantage.

I think the value depends on the audience – that is, how they best learn, what their ability is to travel, and how they interact f2f v. virtually. I asked Corbin Ball (www.corbinball.com) if there were any sites that provided information. I've listed the urls at the end of these questions.

20. Could you explain Second Life in terms of meeting options?

In this a virtual world where avatars (who can look like you – mine does, even down to the half-glasses, black jumpers and comfortable shoes – or can be 'fantasy' characters) can interact in meeting settings. Some of the settings are more conventional – ballrooms, for example – and others are more creative like the artists room I have in my learning center at Virtualis. It is voice-enabled and slides can be shown as can movies. I've not done nearly what it is capable of doing. Here's an article that will help you understand more. Dan Parks is the guru (and creator) of all this. <http://tinyurl.com/4nxjda>

21. For we military planners, do you have a recommendation on how many years in advance we should plan/contract? We have limited budgets.

Any government meeting (and I am guessing that yours are) are dependent on so many factors: budget, Administration, war, etc.) that I would think that you could book as far out as you want to with the caveat that your contracts need to be very specific about what would be a reason to terminate a meeting. I'd discuss it with the facilities in advance. You might also talk with other government and/or military planners. I suggest going to www.sgmp.org to see if there are resources there.

22. I am one month out from a conference in CA. Registrations are at 66% from last year at the same time. The hotel is unwilling to renegotiate. What alternatives do I have?

See the response to question 32. Provide hard information – such as many of those who were to attend the conference are in the financial industry and all spending has been cut. Ask them what they suggest. And if necessary, get a good lawyer to review your contract to see what options there might be.

23. Besides airline lift, what should a planner expect from a DMO in terms of help and service?

Each DMO may provide different services – it's best to simply ask the question about what services they provide – at a fee and at complimentary – to groups coming into the city.

24. What are your thoughts on putting in escalator clauses for mtgs 2+ years out as a safeguard?

I interpret “escalator clauses” to mean by what percentage the rate will increase for rooms, the prices for f&b and so forth. I advise that you do so as long as you say **not more than** x%. Many in the industry used to advise using the CPI (Consumer Price Index) to determine the increase. Not all lawyers and hotels are accepting that.

25. Where can we find a current list of first, second and third tier cities?

Various industry publications – and especially M&C, the media sponsor of this webinar – publish lists of what are considered first, second and third tier cities (see links below). It will be interesting to see how this changes based on lift.

- http://www.mcmaq.com/article_ektid122.aspx
- http://www.mcmaq.com/article_ektid11304.aspx
- http://www.mcmaq.com/article_ektid308.aspx
- http://www.mcmaq.com/article_ektid420.aspx

26. For organizations that derive a lot of revenue from registration and exhibits at their conventions, how can we gain some of that revenue back from switching to more online educational events?

I think that budgets will change and the expenses will also go down with virtual education and income will be realized from registration fees. That said, Virtualis is an option for virtual trade shows. Sponsors can still be secured to support web sites, listservs, and virtual education. I'd go back to the budget and see where you will save by **not** having a f2f event and then relook at what you charge and what can be done. Remember the savings will include airfare (for staff, speakers, others), f&b, hotel or convention center rental and other fees, etc.

27. What is your opinion about Complete Meeting Packages versus a la carte? Is one better than the other in this economic climate?

Disclaimer: I have won an award from IACC – the Intl. Association of Conference Centers – and have been on their customer advisory board. That said, I think the CMP – complete meeting packages (which, at a residential property, usually includes the guest room, 3 meals/day, continuous breaks, meeting space on a 24 hour basis and AV support) is the best deal. It allows a group to budget more effectively. For those not familiar with CMP (or as Benchmark Hospitality, a management company of many conference centers, calls it the BMP – Benchmark Meeting Package) go to www.iacconline.org and read more.

28. I recently talked with a gentlemen who does put into his contract for an epidemic flu/illness, as well as an act of God, that does not happen in that area of the meeting, but will still affect financial situations of those around the world traveling to the meeting.

We saw this after the SARS epidemic in Asia and in Canada. Again, like with all contract clauses, it depends. If there is a flu or other medical epidemic in, say, Thailand, and none of your participants are medical personnel, will have been in Thailand or have any reason to fear, this clause to me would be unacceptable. I think each contract clause has to be carefully considered based on the group, the meeting and its location, and specific circumstances. Just because someone else has negotiated the clause into a contract doesn't mean it's right for all.

29. Do you think that it is more important than ever to make sure that there is a mutual cancellation clause in your contract? Specifically to cover situations where the property you tend to use is no longer in operation or loses its flagship, etc?

I'm smiling: I'm always in favor of mutual cancellation clauses in contracts – regardless of the situation. I know that there are laws that cover the circumstances of cancellation and yet, they are not specific as to what has to be done. Do it!

30. How are service performance clauses being done in contracts?

Consider the areas of service for the meeting and then write out and negotiate what you want to include. See also the APEX contract information for more.

31. Do you believe this upcoming election will impact this industry and how?

Every election and every world issues impacts our industry. If we didn't understand that before, we do now with this financial crisis around the world. That said, I am not sure that the US Presidential election will impact us directly in the short term [although my happiness does depend on the outcomes!] but certainly will in the slightly longer term. Laws that were made the past 8 years have impacted international visitors to the US, for example, and we do not know if these laws will change. I'd carefully follow the ballot initiatives in states and cities in which you have meetings booked to see what will happen there. A good example of one issue is California's Proposition 8. It has, by virtue of contributions from a hotel owner, already generated controversy and some meeting cancellations.

32. Follow-up to RFP question if possible - in dealing with CVBs and regional hotel agents, I'm finding myself missing out on viable hotels because my RFP allows for growth (2008 history is 600, 2010 projected is up to 800). How do I make sure that I'm seeing all options from CVB, etc.?

DMOs (aka CVBs) need to have the specifics of your meeting and what will and will not be considered. If there is a belief that not all options are being explored, talk with the DMO and explain further about what is sought. Do a bit of your own research including looking at www.uniquevenues.com for possibilities.

33. Do you see a trend or possible advantage for exploring co-location or merger with like conventions?

Yes and That means that although it is a great option, getting to the arrangement can be a like walking through a very difficult maze. There are many issues that have to be resolved before co-location is determined: the financial arrangements, ownership of the brand, liability, staffing, decision making, etc. A good MOU ("Memo of Understanding") should be completed. If you are on an ASAE Listserv, ask the question there – it is a good resource, esp. for associations.

34. My company is reviewing bids on companies who can provide 2 major services. Is putting all of your eggs in one basket a good idea? Right now these services are separated but we could realize some great savings to do an agreement for 2 services..and in light of the economy...we are batting this around. Would love your thoughts.

Because I don't know the services to which you refer, my answers are going to be fairly generic. More important is the stability of either or both companies and whether they will be in business in 6 months, a year or more, the services they provide, the customer service they offer and will provide (and check references!), and how long the agent assigned to your account has been there and with whom you would work if that person left. Sometimes the financial bottom line is not all there is.

35. If you have contracts on the table, unsigned today...would you advise your clients to wait before signing the contract for a certain amount of time until things "settle down" with the economic situation?

To, again, quote my friend and colleague, Barbara Dunn, Esq., "it depends." If you know you have to have the space and dates outlined in the contract, I'd move forward. If it won't matter if you lose the space and dates (and the offer) then wait. I'm not sure, tho', what will result from waiting and when this economic situation will be resolved. I think we've just seen the beginning.

36. Where do look to find out who owns the hotel? I find that management companies do not like to disclose the owners.

Curious that they do not like to disclose the owners. If you dig deeply enough you can find the names, or engage an attorney to do the research for you.

37. How should a local association approach a property when a lot of sleeping rooms are NOT required, but a lot meeting space IS required.

The 'ugly baby' meeting, eh?! Look first at cities where there are city-wide conventions using convention centers and either no or little space at hotels. The hotels are likely to find your group attractive **if** there is a willingness to pay for meeting rooms and if there is f&b.

38. Re: room rate, what if their rate falls \$100 or so below the group rate?

It is unlikely that a hotel's group rate is going to fall \$100 below your group rate. It is possible, depending on the market, number of additional guest rooms to be sold, etc., that their transient rate may fall that much. Groups get more than sleeping rooms for the rates – meeting space, discounts on AV and f&b for example. If the concern is that some of those attending the meeting (and making their own reservations) are going to get the lower rate and you want to ensure that they are counted in your block, contract for that.

39. When you reference a shorter cut off -- is 3 weeks out good from your perspective?

Many of us would like a 24 hour cut off .. but it's not realistic and smart. Three weeks is good – or even a **published** 3 week with an **actual** 2 week so that there is some wiggle room. Make sure you know your group's booking history and provide that to the property with the RFP and that you monitor your pick up and discuss regularly with the property. If you are booking a resort or conference center, remember that they do not have much walk-in business and may need a longer cut off.

40. Can I please get a copy of the RFP mentioned in the QA?

For anyone who wants the RFP, email me at eisenstodt@aol.com.

41. What factors should be in a meeting cancellation policy

Refer to the APEX contract panel's report for the best information and consider retaining an industry attorney.

Additional resources – for information about the value of f2f and virtual meetings with thanks to Corbin Ball (www.corbinball.com):

There are several savings calculators (provided by the web conference providers) that will give an idea:

- <http://www.intercall.com/canada2/calculator/index.htm>
- http://www.mtroyal.ab.ca/ADC/av_conferencing_services/avforms/av_calculator.htm
- <http://www.intercall.com/bp-americas/bpcalc.htm>
- <http://www.genesys.com/custcenter/CostCalculator.html>
- <http://www.wytravelplan.com/carboncalculator.htm>

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