

**Around The Block Booking  
Room Block Poaching  
Pirate Booking**

## **HOW MUCH MONEY ARE YOU LOSING?**

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**April 2014**

**See more information**

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## INTRODUCTION

Around the Block Booking or Pirate Booking is when your attendees are tricked into booking rooms outside of the official conference room block. For the meetings and conventions industry this is one of the most important discussion topics of the year.

The word 'attrition' is now heard on a daily basis- leaving even the most confident meeting planners shaking in their boots.

Pirates, we declare, pirates!

**Perhaps it's time we fought back.**

Through awareness, support, action and accessibility to Association's official hotel inventories, we can unite as an industry to protect our Associations, their face-to-face meetings, networking opportunities and education at annual meetings.

**Keep reading and find out how...**



## THE PROBLEM WITH 'AROUND THE BLOCK'

ABTS Convention services, a global company specializing in serving medical associations in the US, developed "Support Associations, Book Official!", a meetings industry awareness campaign designed to counteract increasingly larger industry challenges caused by 'around the block' booking. The campaign seeks to create awareness with associations, meeting planners, hotels and annual meeting attendees about the impact and financial losses to associations which result from booking outside official housing blocks and the steps which can be taken as an industry to protect against these.

## HOW IT AFFECTS YOU

### Economic Impact

"Around the Block" booking impacts association revenue both directly, through attrition fees charged to associations for unused pre-contracted rooms, and indirectly through the loss of negotiating leverage.

Unsolicited or unofficial housing claims often confuse and disappoint members, registrants, and exhibitors and can lead to hidden penalties for them. When attendees stay outside the official housing hotels, they do not have access to free shuttles, free or reduced meals, networking events and other happenings that are a big part of the annual meeting experience. These attendees often end up paying more in and disappointed overall with the experience. When these attendees don't return next year, there is an overall decrease of attendance, a decrease of face-to-face meetings and networking and a decrease in the exchange of information on a global level.

With rampant 'around the block' bookings, Associations find themselves booking smaller room blocks to minimize hotel attrition fees. With a smaller guaranteed room block,



associations lose leverage when negotiating. Housing is a key component in how this leverage is measured and 'around the block' booking ultimately makes the meeting more expensive per person.

Especially in medical meetings, attendees are often sponsored by pharmaceutical groups who have a set budget. When meetings become more expensive per person, less people are able to participate. Higher attendance costs translate into fewer attendees for the meetings, which in turn mean loss of revenue for the agents and international meeting planners as well as the hotels, restaurants, transportation companies and the venue city.

Smaller room blocks also mean that attendees who are looking to book official housing at specific hotels may be out of luck when the hotel runs out of rooms early in the process. For many attendees, this is a deal breaker- losing revenue for everyone.

### **Scams**

Booking 'Around the Block' also leaves the attendees at the mercy of scams. It is not unheard of attendees arriving at hotels to find their rooms don't exist or have been canceled!

### **Customer Service**

Creating 'peace of mind' through customer service is important. Guaranteeing rooms gives an Association negotiation leverage over concessions, such as VIP airport pickups, free Internet in rooms, rebates off the master bill, having a pre-set shuttle service, pre-paid meals, etc. which make a difference for an attendee's hectic schedule.

### **Convenience and Cost Savings**

Staying within the room block means attendees may have the convenience of a short walk or free shuttle ride back to their



hotel room. Outside the block, extra transportation and/or taxi charges are common.

### **Supporting Your Association**

When attendees book inside the block, they are supporting the Association. It is the right thing to do and comes with extra cost benefits for the attendees and the Association. The Association avoids attrition penalties and is able to negotiate better deals on room rates and food and beverage costs, which means that conference registration fees can remain low. Room blocks also help create a sense of community and that translates into Association loyalty, medical networking and sharing of medical knowledge.

### **On-Site Benefits**

Staying outside the block means attendees don't have access to room drops and important announcements. Hotels within the block often have a desk with information about the city and conference and staff on-hand to handle questions, concerns or disputes.

## **REVENUE LOSS**

ABTS Convention Services specializes in providing services for international attendees of medical annual meetings. Depending on the annual meeting, international attendees can represent anywhere from 20% to 50% or more of the core attendee group.

Davide Veglia, President of ABTS Convention Services estimated that of the 20 Associations ABTS currently services, international 'around the block' booking alone account for approximately a 50 million dollars revenue loss per year for Associations, without taking into consideration an additional loss of at least 12 million dollars to the venue city associated with lost revenue from international attendees who cannot attend the meetings due to higher costs. "Once key players and stakeholders started



analyzing their own numbers and reviewing some of the suggested procedures we recommended, there was an immediate effect,” Veglia said. “The associations are very supportive because they want their face-to-face business to grow,” he said, “and the hotels are supportive because they want to prove that they are true partners to the associations and that they do foster growth on behalf of the associations within the destination.” (International Meetings Review, 2014)

These numbers do not even begin to approach the staggering loss in revenue for the domestic market and for the industry as a whole.

## REVENUE LOSS WORKSHEET

### SAMPLE

ESTIMATE YOUR OWN FINANCIAL LOSSES USE OUR CALCULATOR AT  
[WWW.SUPPORTASSOCIATIONS.COM](http://WWW.SUPPORTASSOCIATIONS.COM)

Number of Attendees		10,000
Percent International Attendees	%	30
International Group Block		800
Individuals Booked Through Domestic Housing	%	30
Individuals Booked Through Exhibitor Housing	%	10
Average Number of Nights		5.2
Average Room Rate	\$	250.00
Average Spent in Ancillary	\$	100.00



## TYPICAL CONFERENCE / ANNUAL MEETING

### SAMPLE

ESTIMATE YOUR OWN FINANCIAL LOSSES USE OUR CALCULATOR  
AT [WWW.SUPPORTASSOCIATIONS.COM](http://WWW.SUPPORTASSOCIATIONS.COM)

Number of Conference Attendees	10,000
Percent of International Attendees	3,000
International Attendees	7,710
Number of International Housing Captured (Group + Individual booked through official (10% of total international))	1,700
International Attendees unaccounted for	1,300
Number of International Exhibitor - including domestic (30% Int. Attendees left unaccounted for)	130
Number of International Attendees not captured in official block	1,170
(X) Average Room Nights (5.2) Nights	6,084
<b>Room Revenue not credited to Association (X) \$250 per night</b>	<b>\$1,521,000.00</b>
<b>Ancillary Revenue per attendee (RN X Avg. Spend)</b>	<b>\$608,400.00</b>

**TOTAL ESTIMATED NEGATIVE IMPACT**

**\$2,129,400**



## STEPS TO TAKE / PROTECT YOURSELF



### Associations & Meeting Planers



- Promote distinct event “official housing” logo or other supplier designation. Be protective of official branding against fraudulent housing parties.
- Carefully screen anyone who is requesting your list of attendees and be careful of what you post online without security measures.
- If you find out a company is misrepresenting itself as official housing, take swift and aggressive legal action.
- Effectively communicate to your members who the official housing agents are and how to contact them. Communicate this loudly and often.
- Communicate the benefits of staying within the official housing block- free shuttles, internet, networking, etc. Consider registration/special incentives.
- Charge ‘around the block’ fees for attendees who book unofficial housing.
- Always include a contractual clause ensuring lowest room rate offered over meeting dates.
- Negotiate a price-protection clause into the hotel contract that protects associations against being undercut on the room rate. These may require hotels to cross-reference rooms booked at the group rate to ensure there is a corresponding conference registration. Otherwise, the individual must pay the hotel's undiscounted rate.
- Raise awareness. The more people know, the more strength they have. It’s important to remember that attendees just want to get their room booked at a reasonable rate and may not be aware of industry problems with ‘around the block’ booking.







## Official Housing & Hotels

- Be cautious of unsolicited and unofficial communications offering lower hotel rates than official group rates. Look for distinct event “official housing” logo or other supplier designation.
- Book the lowest pre-contracted room rates available exclusively for planners through verified official housing.
- Communicate the benefits of staying within the official housing block- free shuttles, internet, networking, etc.
- Avoid additional registration or ‘around the block’ fees.
- Raise awareness. The more people know, the more strength they have. It’s important to remember that attendees just want to get their room booked at a reasonable rate and may not be aware of industry problems with ‘around the block’ booking.



## International Meeting Planners & Agents

- Be cautious of unsolicited and unofficial communications offering lower hotel rates than official group rates. Look for distinct event “official housing” logo or other supplier designation.
- Book the lowest pre-contracted room rates available exclusively for planners through verified official housing.
- Communicate the benefits of staying within the official housing block- free shuttles, internet, networking, etc.
- Avoid additional registration or ‘around the block’ fees.
- Raise awareness. The more people know, the more strength they have. It’s important to remember that attendees just want to get their room booked at a reasonable rate and may not be aware of industry problems with ‘around the block’ booking.



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