



# 5 Protecting Your Block

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

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# Protecting Your Block

**Y**ou 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.



## 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](mailto:bsc2@experient-inc.com)*