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Battling the housing pirates may be harder than you think

by Ruth A. Hill

Avast ye planners, thar be Internet scallywags set to pillage your room blocks!

That hotel contract you signed a couple of years ago may fill you with confidence about sleeping room rates, availability and your event budget, but behind your back, a nefarious interloper may be poised to pounce on both your confidence and your room block.

The interlopers known as housing, or hotel, pirates can disrupt not only your best-laid plans but also your business reputation and maybe even your organization's financial wellbeing, wrapped up in attrition clauses. These pirates don't wear eye patches and they don't cruise the high seas. Rather, they navigate waves like the Web and phone networks to kidnap your attendees and exhibitors via enticing room deals. New technologies are making their work easier and more prevalent than ever.

These pirates may convince your people to give them credit card and other sensitive information with promises of great rate room reservations they may or may not deliver. Once on-site for your meeting, unsuspecting attendees and exhibitors soon realize they've been fleeced, and they may even blame you for allowing the spammers on your event's turf. If your room block is severely sabotaged, you might sail into attrition penalty territory.

But the hardest reality you face may be this: What the pirates do is often legal, even if it may be unethical.

The Problem

Housing pirates are nothing new, says Barbara F. Dunn, a travel and hospitality attorney and partner with the Barnes & Thornburg law firm. But they are more prevalent now than they were a dozen or so years ago. This is largely because the evolution of the Internet has made it easier for offenders to find attendee lists.

"With a busy marketplace and attendees striving for the best deal, many groups have fallen prey to the efforts of companies contacting their attendees and exhibitors under the guise of the group to sell them hotel rooms at a lower rate for the group's meeting," Dunn says.

Solicitation tactics have become more aggressive, she adds, and sometimes financially damaging to groups.

Scammers kidnap group members in a variety of ways. They may hunt for attendee lists on the group's website. Maybe they troll social media to find people. They then reach out to group members via telephone, e-mail or even a phony website that looks convincingly official. The hustlers inform message recipients they are calling on the group's behalf to secure hotel rooms for them. They may refer to the conference location city and specific conference hotels and tell the person the room block is nearly sold out, so they need to reserve their rooms immediately, etc.

Group members who fall prey to the sales tactics divulge credit card information and even complete room block reservation forms.

"Pirates may or may not actually reserve rooms," Dunn says. "Even if they do, the reservations may come with less-favorable terms than those the organization had booked through the group or its authorized housing agent. Or, the pirate has not made hotel room reservations for the organization at all, and it is not until the organization attempts to confirm reservations or check into the hotel that they discover what has happened."

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Hotel piracy is particularly prevalent in major meetings cities like Las Vegas and Orlando, where there are many hotels and citywide conventions. Some poachers will go around a headquarters hotel to others in the same city and book maybe 10 to 20 rooms in each one, something that can adversely affect a group block. Other, more aggressive offenders will contact attendees, get their credit card information, and never make a reservation. When the attendees learn they've been scammed they blame the show organizer and/or sponsor, something that compromises a brand.

If trademark infringement does occur by pirates, legal remedies are possible. Otherwise, groups must head off the activity with repeated cease and desist notices to the offenders and warnings to attendees about booking rooms through official channels.

"It's a weekly scenario for us," says Michael Dominguez, senior vice president, corporate hotel sales for MGM Resorts International. "Some of these people are quite brazen, and when we confront them, they say they aren't doing anything wrong."

Dominguez says new and far-reaching technologies are making it easy for pirates to get attendee lists and to go around accepted procedures. They may extract credit card and other sensitive data from unsuspecting attendees and run with it.

"There are a variety of issues going on with this problem," Dominguez says. "For the industry to address it, we need a coalition of expertise, including trademark and copyright infringement experts, intellectual property lawyers and maybe even the Internal Revenue Service, who might be interested in going after the pirates."

At the very least, he says, hoteliers and meeting planners need to be educated about the issue.

Industry Responses

Industry education about room block poaching and how to confront it is one goal of the new APEX (Accepted Practices Exchange) Room Block Poaching Workgroup. APEX is an initiative of the Convention Industry Council, and the workgroup has been formed to conduct research and develop best practices, tools and resources to aid meeting professionals in managing hotel room blocks.

Dominguez co-chairs an APEX workgroup of planners, hoteliers and housing companies with meeting professional MaryAnne Bobrow, president of Bobrow Associates.

Bobrow says the workgroup's first step was a survey, purposed to gauge planner awareness and perceptions about the piracy problem. Among over 700 respondents, most (93 percent) were aware of the problem and many (73 percent) of them had been targeted. Over 70 percent said attendee satisfaction was affected by the piracy, and 22 percent said it resulted in unexpected attrition damage payments.

"What really surprised us in the findings," Bobrow says, "was that 86 percent said that dealing with the issue had taken a lot of their time away from the normal event planning process."

Once the survey data analysis has been completed, the APEX group will develop its plan of action and break into smaller groups that will be tasked to devise best practices for industry segments such as hoteliers, planners, DMOs and housing companies. Work is expected to be completed by mid-2015.

Hoteliers are, or should be, as concerned about room piracy as planners, Bobrow contends. They can vet people who want to block hotel rooms, making sure they are legitimate. An alert sales person will question someone who tries to book room space without meeting space, for example.