

Strategic Negotiating in the Post-Shutdown World

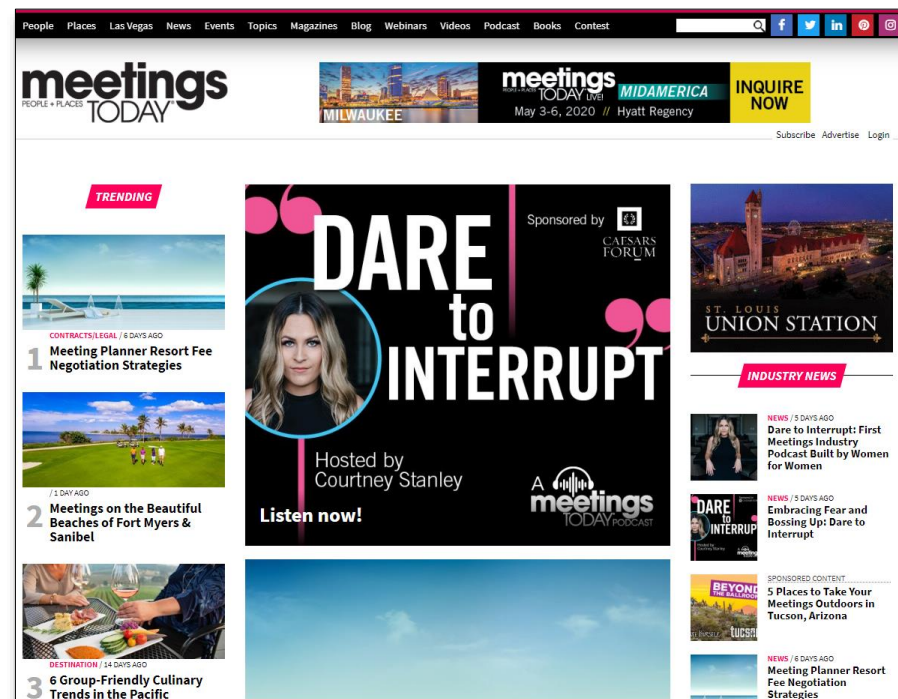
Wednesday, June 30, 2021



Presented by
Robyn Mietkiewicz, CMP, CMM
Strategic Partner
INNOV8 Meetings + Events



Moderated by
Danielle LeBreck
Lead Destinations Content Strategist
Meetings Today



Housekeeping

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Learning Objectives

- Understand our current marketplace and how it affects a planners' strategy during negotiations.
- Review key contract clauses and how to defend them to benefit your organization's bottom-line.
- Discuss variables that hotels consider when reviewing your overall business value.

Today's Speaker



Robyn Mietkiewicz, CMP, CMM

Strategic Partner

INNOV8 Meetings + Events



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About Your Speaker



- ▶ Robyn Mietkiewicz, CMP, CMM, is an industry leader and innovator. She is a frequent speaker at industry events, providing cutting edge education to the meetings and events industry.
- ▶ Robyn has earned the prestigious CMP and CMM certifications. She is a Past President of the MPI Orange County Chapter and has served as Chair of an MPI International Task Force.
- ▶ Robyn received the 2014 MPI RISE Award for Member of the Year and was also recognized by the EIC in 2013 with a Pacesetters Award. She continues to advance the meetings industry through industry volunteerism, serving on multiple Advisory Boards and consulting MPI Chapters on strategic initiatives.

Goals For Today

- ▶ Trends and how they are impacting meetings today and in the future.
- ▶ Understand our current marketplace and how it affects a planners' strategy during negotiations.
- ▶ Insider planning tips for securing the BEST possible contract.
- ▶ Discuss variables that hotels consider when reviewing your overall business value.
- ▶ Review key contract clauses and how to defend them to benefit your organizations bottom-line & reduce risk.





Industry Trends You Need to Know

Global Outlook

The U.S. is on the rapid economic incline while there is still much uncertainty as to when the European Union, UK and other countries will open.

Hotels

Compression/Demand is HIGH for 2022 & Beyond.
Rates and ADR are on the rise.

Labor

Hotels and businesses in general are having difficulties in keeping up with the rapid paced demand.

Technology

The need for technology is always increasing and hybrid meetings are staying for good.
Hotels are implementing contactless transactions.

CDC Guidelines

Event operators are following the CDC Guidelines as it relates to restrictions or policies when onsite (varies in each state)

Surcharges/Fees increase

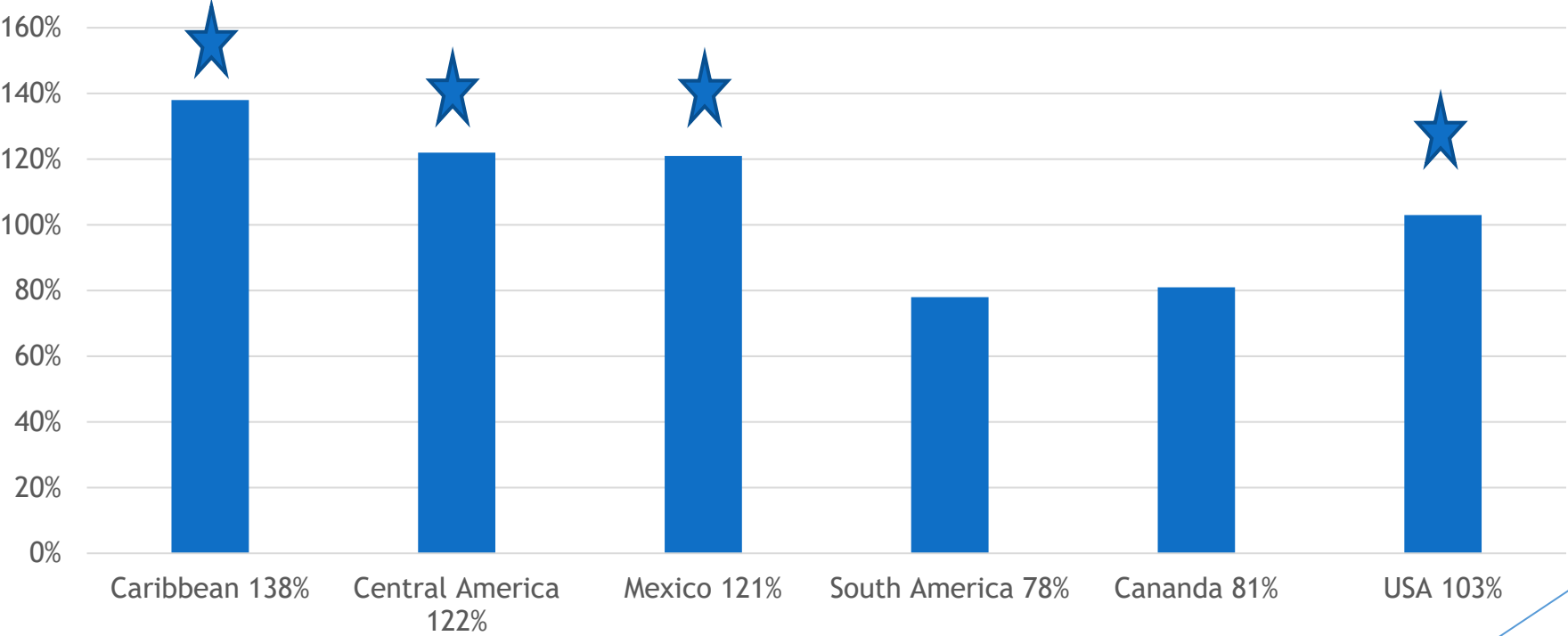
Labor costs increase
F&B costs increase
Specialty set-ups
Outdoor sets call for fees

Business Data Intelligence

The collection of meeting data (SMM) will change the way the meetings industry utilizes data to make smarter, more informed decisions to a whole new level

RFP Sourcing Volumes Across the Americas

FEB 2021 RFP Volumes as a % Increase

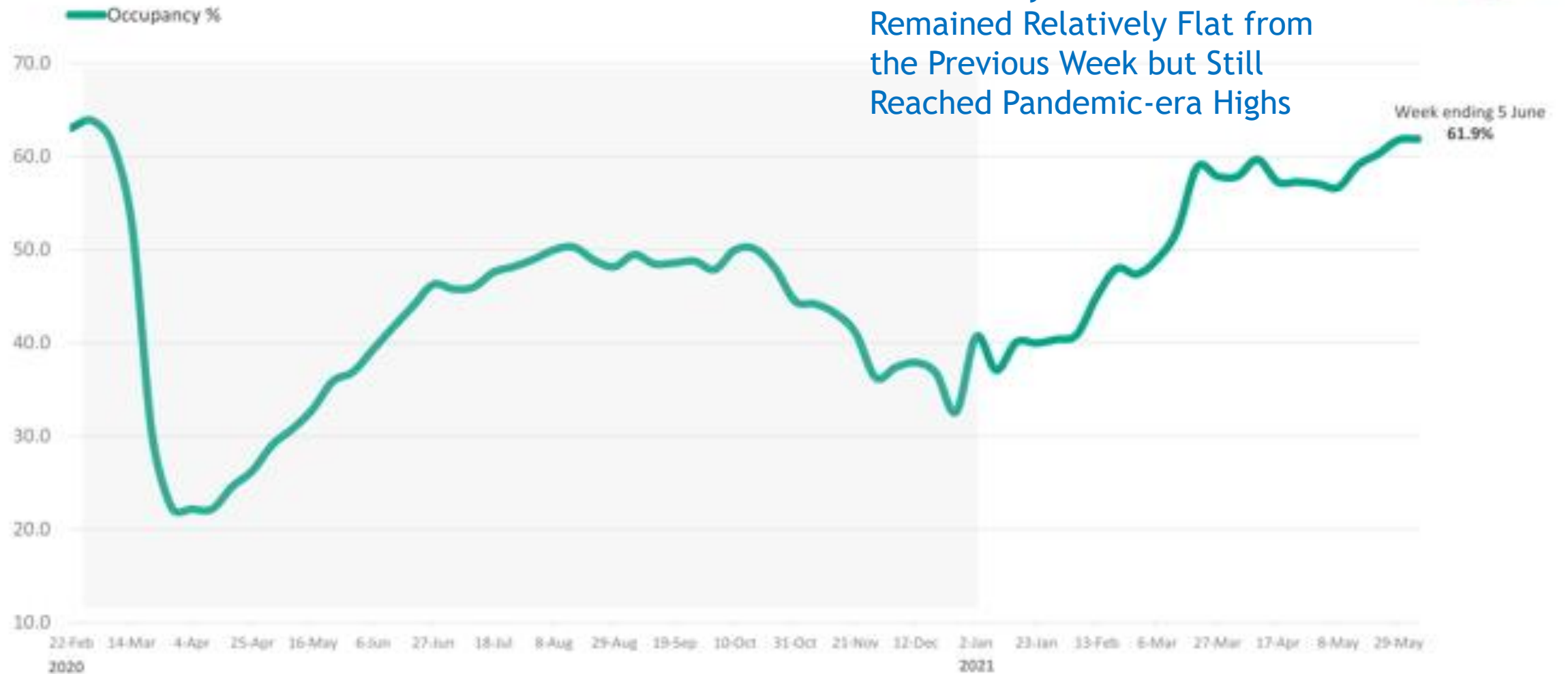


U.S. Hotel Occupancy

Weeks ending with specified dates

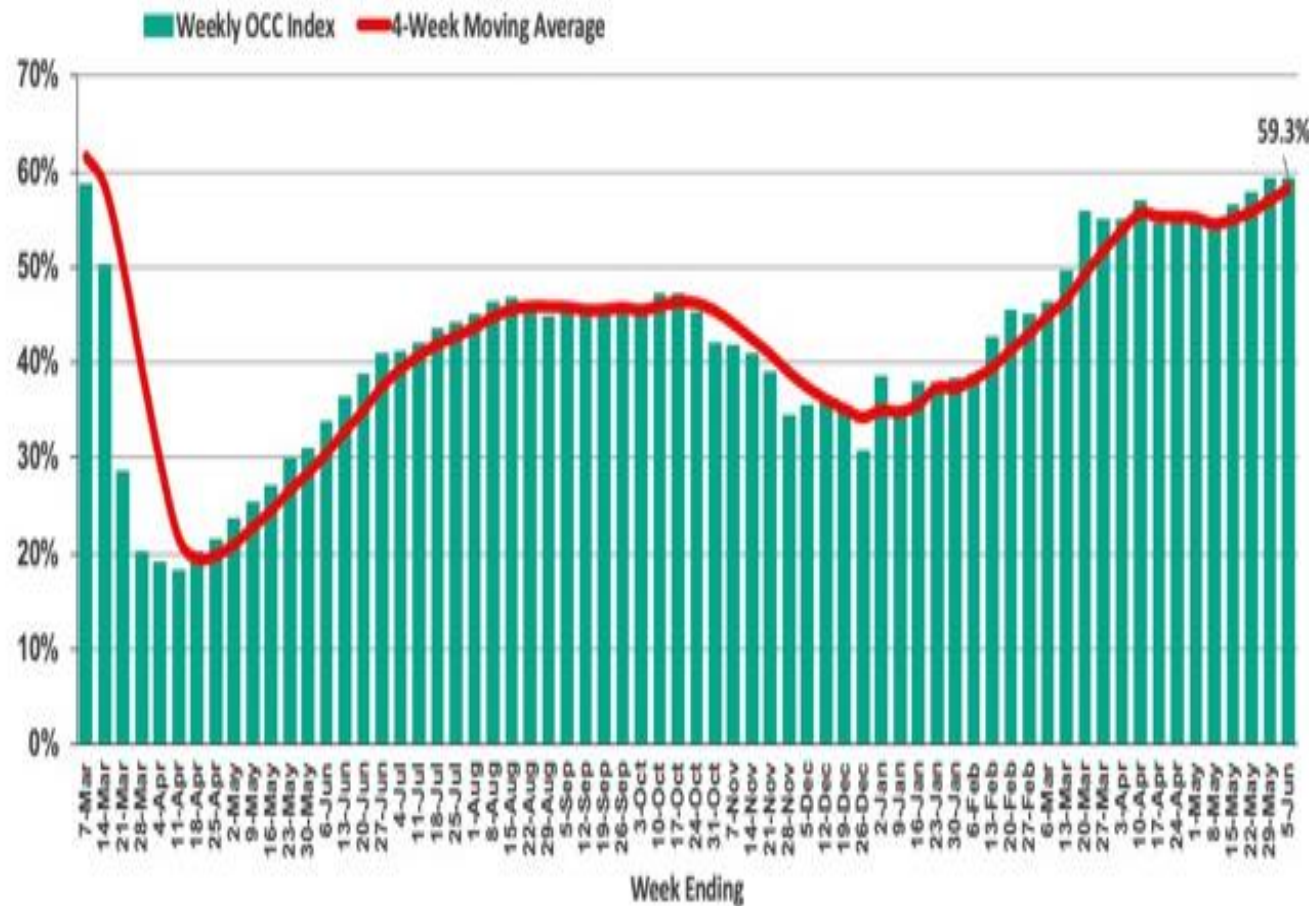


For the Week Ending June 5th
U.S. Weekly Hotel Performance
Remained Relatively Flat from
the Previous Week but Still
Reached Pandemic-era Highs



U.S. Market Recovery Monitor

June 5, 2021



* Industry occupancy increased ever so slightly to 61.9% - up +.0.2% from the week prior

* Room demand increased for a 5th straight week.

* Supply is also on the rise as more hotels open or reopen.

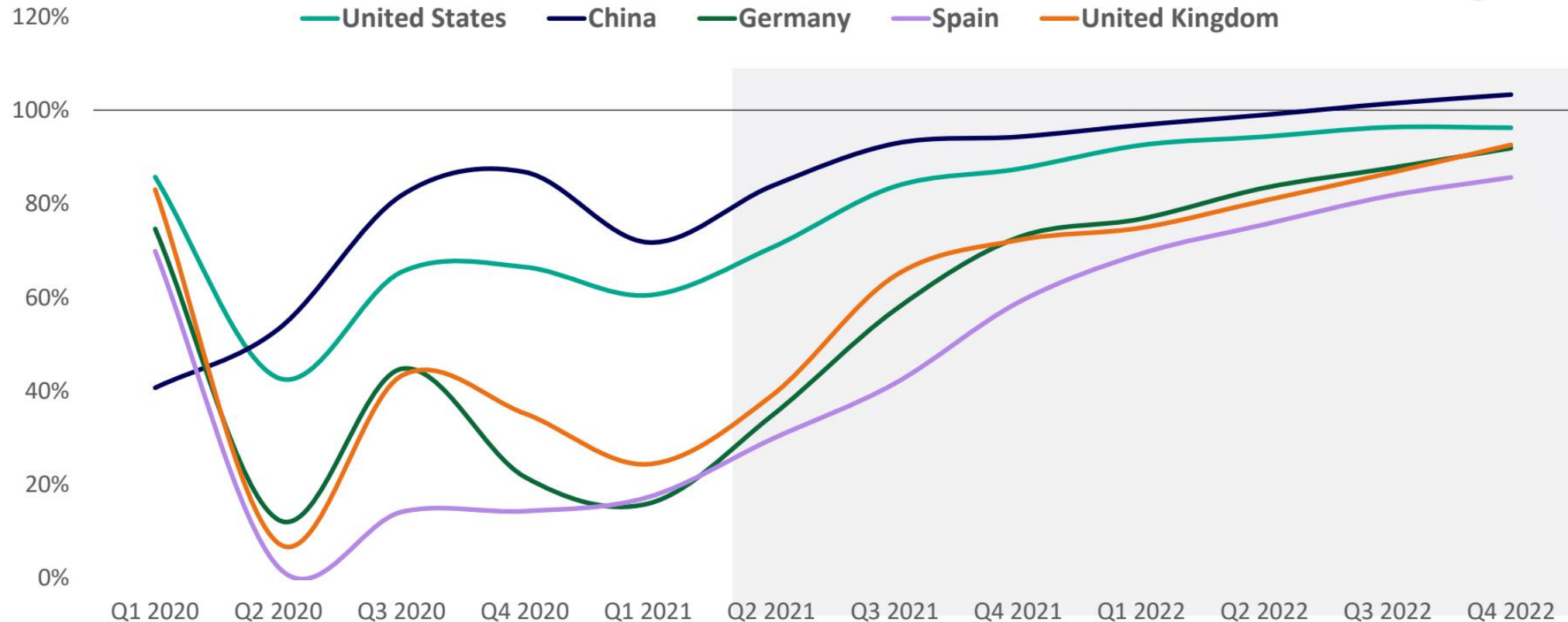
* As of June 8, there are still 96,000 rooms in the US still closed.

Recovery will take time - Demand close to the peak by Q42022

China, Germany, Spain Aggregated Markets – US & UK total forecast, Demand % of 2019



TOURISM ECONOMICS



China includes: Beijing, Shanghai, Guangzhou, Hangzhou, Chengdu
Germany includes: Berlin, Cologne, Dusseldorf, Frankfurt, Hamburg, Munich, Stuttgart
Spain includes: Barcelona, Madrid

Source: STR. 2021 © CoStar Realty Information, Inc.

U.S. Forecast

Key Performance Indicators

2020 – 2021F – 2022F

Metric	2020 Actual	2021 Forecast	2022 Forecast
Occupancy *	41.6%	53.3%	60.1%
ADR	\$103.00	\$109.47	\$117.34
RevPAR *	\$42.88	\$58.39	\$70.57
RevPAR Compared to 2019	-50.1%	-32.0%	-17.9%

*Reflects Total-Room-Inventory (TRI) methodology, which assumes no temporary hotel closures.

Passengers on U.S. Airlines in March 2021

41.2 Million

Same month of previous year: ▲ 3.6M

One month: ▲ 9.4M



Seasonally Adjusted



- Air travel continues to rise each month (both Dom./Int.)
- Air traffic rose 30% from February to March 2021

What destinations are being booked in the U.S. in 2021?



Orlando



Dallas



Las Vegas



Mexico



Caribbean Islands

International Destinations

Contracting Strategies for the Future and Thinking Ahead



Contracting Today
is not like it was
pre-pandemic!



Insider Tips and Thinking Ahead

- ▶ Most hotels are offering flexibility with short term business, but most are going back to pre-pandemic terms in 2021 and beyond.
- ▶ Now is the time to book future meetings because demand is so high and compressed for future years.
- ▶ You are likely to get the best value with your contracts if you can book future meetings and multi-year meetings now.
- ▶ If you are uncertain of attendance #s for your future programs, book conservatively and add in a Review clause.
- ▶ Submit your RFP and consider being as flexible as possible
- ▶ Once you have a proposal from the hotels, the dates can be gone within hours.
- ▶ Confirm all negotiations in writing!
- ▶ Check online for rates before signing a contract.
- ▶ Reference old contracts that are in place to see if the rates will remain intact for when the meeting actualizes.

A red starburst graphic with multiple points, containing the word 'Exclusive' in a bold, white, sans-serif font.

Exclusive

Thinking Ahead... Contract Trends

Mutual Cancellation is a MUST!

More organizations are moving towards using a custom contract

Increased 2nd option contracts

Very FIRM Option Dates & Rate Deadlines

Language is evolving and changing with the current marketplace/needs - Adding new clauses

Longer contracts - more language to be covered

New & Updated Clauses

Purpose of Meeting & Specifying the Expected Attendance

Mutual Cancellation

Poaching Protection/Hotel Liability

Confidentiality

Review Clause

Force Majeure - Excuse of Performance, Government Shutdown, Adding timeline of unforeseen events. Use of Impractical vs. Impossible and use of word Pandemic vs Epidemic.

COVID Clause

Attrition vs No Attrition

Duty of Care

Governing Law

Sliding Scale F&B based on # of Attendees

Revenue Management

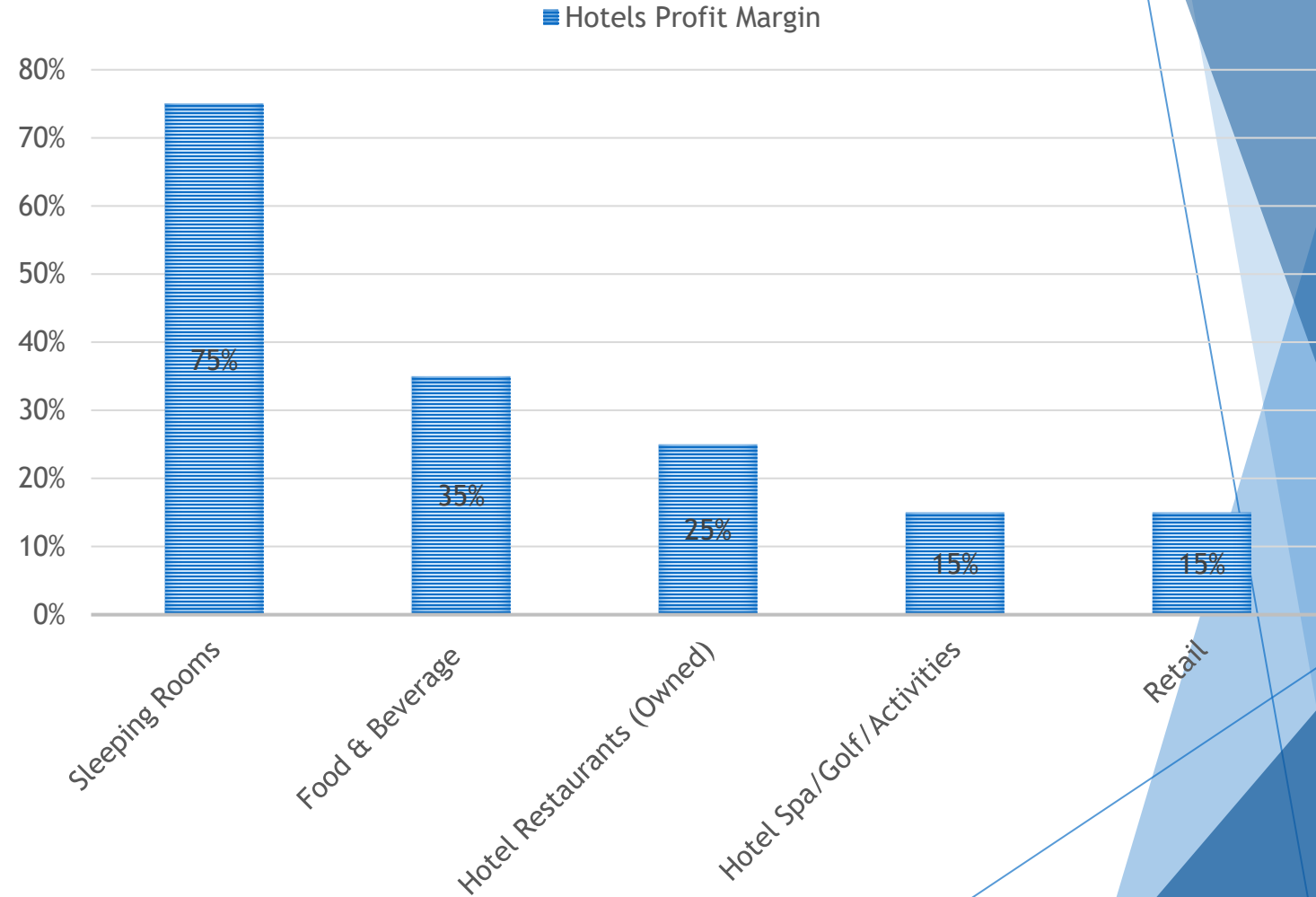
Understanding Your Value



Insider Tips

- Profits can vary based on Hotel
- Use these averages when calculating damages in your contracts for cost savings
- Ask the Hotel what their profit margins are. Do your homework!
- Know your full spend in each category and present this history to the hotel in your RFP.
 - You can collect through a post meeting evaluation report

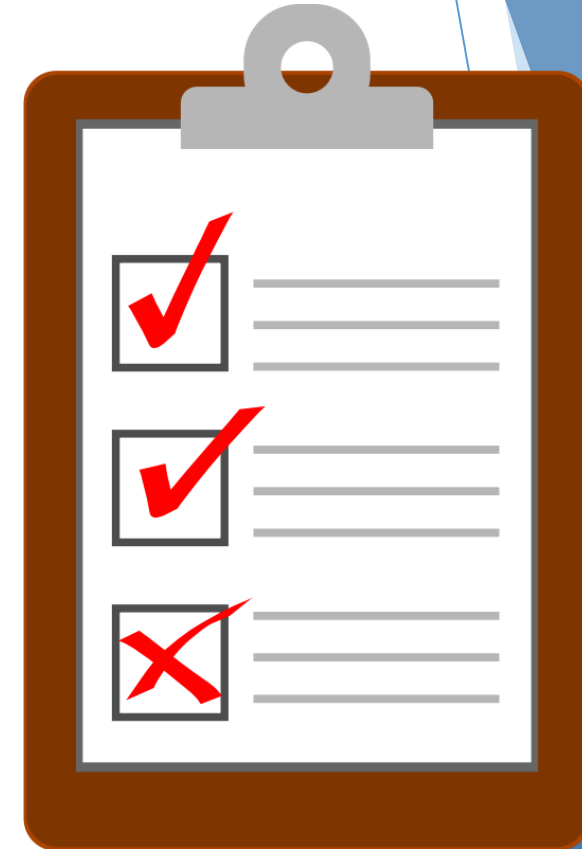
AVERAGE HOTEL PROFIT MARGINS



Hotel Fees & Surcharges

Be sure to address **ALL** possible Hotel Fees & Surcharges!

- Gratuities for Maid & Bellman
- Porterage
- Resort or Destination Fees (in hotels that are not “resorts”)
- Meeting Room Rental
- Special Meeting Room Set-up Fees
- Meeting Room Set-up Fees
- Making hotel reservations via phone call
- Use of Meeting Room Electricity
- Hotel Audit Fee
- Payment fees (i.e. credit cards)
- Early check-in fees
- Service Fees
- Gratuities
- Food & Beverage packing fees
- Fees have been increasing



Duty of Care & Service Level Guarantee

Safety & Service are important to the success of your meeting!

➤ **Hotel Appropriately Staffed**

- Now need more staff to ensure the safety and cleanliness of hotel, etc.
- Customer service (poor service due to labor shortages)

➤ **Outlets Open?**

- Experience is compromised due outlets not being open, etc.

➤ **Hotel Cleanliness**

- Ensure that sanitizing stations will be set appropriately around function space. 1 per every 3 meeting rooms.
- Public restrooms to be cleaned every hour.
 - Restroom monitor for large events.
 - Bell carts to be sanitized after each guest.

➤ **Maintenance of Product**

- What is the process when something is broken or not cleaned properly?

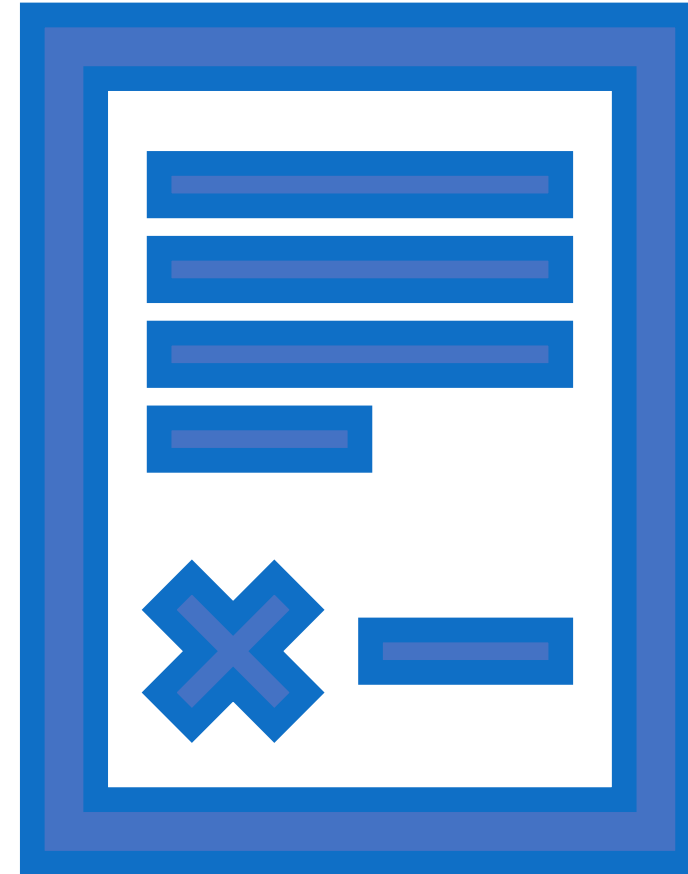
➤ **CDC Language** - Hotel to observe & implement CDC sanitation recommendations to the best of their ability.

CUSTOMER SERVICE



Purpose of Meeting

- ▶ State your purpose of meeting in the contract so that everyone is clear and on the same page. Should an unforeseen event take place...then we know if your purpose has been frustrated as a result, etc.





Is the hotel still charging the full resort fee even though not all of the services are being offered?



What services are being offered at the time of your event?



Can the Resort Fee be discounted/reduced?

Resort Fee

Review Clause

Hotel will allow Group to increase their room block at the Group rate at X date...

Hotel will allow Group to reduce room block at X date.

Hotel will allow Group to reduce F&B at X date.

Attrition

Attrition Savings

- Base attrition damages on the Hotel's Lost Profit NOT Revenue
- Show your formulas in the contract!
- Attrition - rebook & resell
- No attrition must be listed in the agreement or you will owe 100%.

Rate Integrity

Publish Rate Savings

- Hotel may not promote or publish a lower rate
- If Hotel publishes a Lower Rate - the rate will be removed or honored for your Group
- Does not include special promotional rates
- Group to receive credit for rooms booked around the block

Cut-Off Date

Meeting Planners

- Three (3) week cut-off date
- Negotiate a cut-off date that works for your group.
- Hotel to honor Group rate after cut-off date (based on availability)
- During COVID19 - Have a contract review clause and a very flexible cut-off. Add to your contract via addendum.

Hotels

- Four (4) week cut-off date
- Want Group's History
- Fluctuating cut-off date from 8 weeks to 6 weeks prior to Group Arrival
- Group responsible for all rooms after cut-off date

EARLY DEPARTURE



Meeting Planners

No early departure fees

Group to receive credit for any early departure fees that are collected

In the event of emergency, Hotel to waive fee

Review on a case-by-case basis



Hotels

Early departure fees up to \$175.00

Hotel will not credit fees towards attrition (if any)

Will not define an “emergency”

Hotel Audit

Meeting Planners

- Hotel to conduct an audit at the Group's request (pre and post program)
- No charge for Audit
- Group rooms found outside of Audit will be credited to Group's Attrition, Comp Rooms, etc.

Hotels

- Hotel to charge a fee for Audit
- Hotel will only conduct one audit - post program

Function Space

Meeting
Planners



Hotels

Hotel will use best efforts in meeting space to effectively social distance group set-ups.

Hotel to provide additional space to Group (at no charge), per CDC guidelines.

Hotel will not move or change meeting space without prior written approval from Group.

Hotel to ensure that the Group is free from loud noise or distractions

Hotel to provide electronic signs outside of each meeting room at no charge

Hotel to provide tables and chairs at no charge.

Confirm start and end times (24-hour hold) include time for set-up and teardown

Hotel may change space and then notify Group.

Hotel to provide a limited number of tables and chairs per contracted group size.

Fees for special set-ups

Relocation

Meeting Planners

- Group to receive credit for any rooms that are relocated
- Hotel to provide a room for each night that the guest is relocated at a comparable Hotel within 5 miles.
- Hotel will not walk any VIP guests
- Hotel will notify Meeting Planner prior to guest relocation
- Hotel to provide a Group reception complimentary, upon return back to Hotel.

Hotels

- Hotel may relocate Group at any time
- Hotel does not need to notify group
- Hotel does not need to provide Group credit for rooms that are relocated

Cancellation

Meeting Planners

- **Mutual cancellation!**
- What will happen in the event that the Hotel cancels?
- Sliding scale cancellation (stretch dates)
- No cancellation damages if cancelled at one year out.
- Only pay lost profit on F&B if meeting dates are 60 days out.
- Rebook/Resell on Cancellation
- During COVID19 - Extend/freeze cancellation tiers

Hotels

- 100% of Hotel's lost revenue projections to be paid
- Add tax + resort fee
- Non-mutual cancellation

Force Majeure

Acts of God

*Use of the word Unforeseen - if there is a resurgence
Covid is not covered*

War

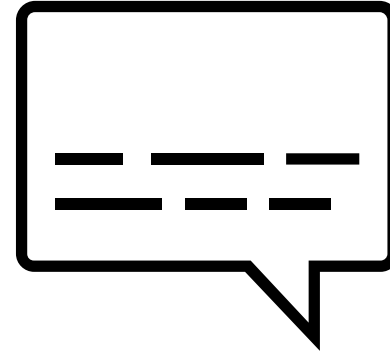
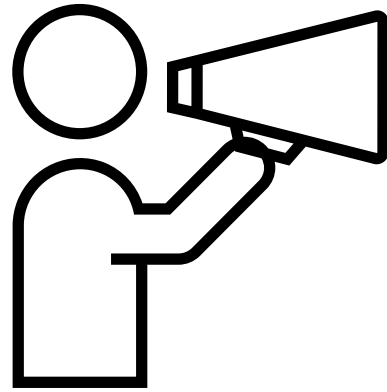
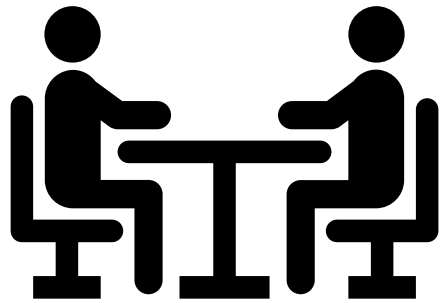
Curtailment

Strikes

Travel Advisory

Acts of Terrorism

Disease - epidemic/pandemic - Hotels try to make this
specific to their county.



Communicate



1. Have a strategy in place prior to sending your RFP
2. Communicate your **MUST HAVES**
3. Review your hotel contracts line-by-line to ensure all needs are met
4. Keep evolving your contract language!
5. All discussions prior to signing a contract are negotiations. Once you sign the contract, you are stuck begging!

Tools You Can Use

- Contract Strategies for Evolving Times
- Key Deck Slides
- Contract Clause Language / Questions

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QUESTIONS?





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Questions?

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