

Hotel Negotiations in a Seller's Market

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In the ever-evolving landscape of hotel-planner negotiations, the dynamics have shifted significantly, influenced by the formidable pressures from procurement on the corporate front and revenue management on the hotel side.

Here are several areas where the negotiation playing field has changed in today's seller's market, and how to protect yourself and your company during contract negotiations:

F&B Minimums

In the *Event Planner's Guide to F&B Minimums*, Stova recommends that planners agree to pay actual cost versus spend if they exceed the minimum. "Here's the rationale: For every \$1,000 a patron spends on F&B, the hotel pays approximately \$300 in hard costs (the actual food and beverages consumed). If you miss your F&B minimum, the hotel isn't incurring the costs of those extra food and drinks. Put in your contract: "In the event that the F&B minimum is not met, the customer will pay 70 percent of the difference between the F&B minimum and the actual spend."

Also beware that hotels are asking for food and beverage minimum deposits literally two years in advance of an event; it is up to the planner to dial that back.

Audiovisual Services

Meeting planners have been faced with astronomical increases in AV costs as a result of Encore's domination of the industry. One planner cited a recent quote of \$10,000 for just an LCD projector and screen, when it should have been \$3,000-\$3,500. Even worse, this was at a hotel she had used multiple times, and she uses Encore regularly.

If you are in a situation where you are able to bring in your own AV, you need to take a hard stance in your negotiations. "We are a service and not simply a commodity," says Kip Cade, COO of AV-America, an AV and production company based in Orlando. "If the venue says that you absolutely have no choice but to use their in-house provider, ask to see the contract to see if it really does say the in-house provider has exclusive rights. Get some quotes from outside third-party companies to show

the difference in rates between third parties and the in-house provider. And remember, it's always an option to just walk away and use another venue (this is the best practice for negotiation), particularly if it's important to your group to use your own AV and production company."

Resort Fees

The escalation of resort fees is out of control, in some cases as high as \$45. There are all kinds of new fees biting into the budget, among them:

- fuel surcharges of 8-12 percent (which have not gone away as fuel costs come down)
- "mandatory gratuities" for hotel housekeeping staff, even as housekeeping services have been reduced at many hotels
- mandatory gratuities at some shuttle bus companies
- "convenience fees" from credit card companies, which are starting to become a regular feature
- "admin fees" of 2-8 percent added to the mandatory gratuity at restaurants.

All of these should be addressed during negotiations, but still be prepared for surprise fees you could never predict for items that always would have been comped in the past. One planner reported being charged \$100/day for a mini refrigerator for a nursing mother's guest room. Another mentioned not being able to get parking validated for her volunteers who were helping to set up the meeting, since the company managing the garage was not affiliated with the hotel.



Service Levels

Though most basic services within hotels, such as room service and housekeeping, have been restored, there are still inconsistencies that need to be addressed during negotiations. A big one is housekeeping: Are rooms going to be serviced daily, do attendees need to call a number to get them serviced, or does the hotel have a policy where they provide service on alternating days?

Include the expected room service and food outlet hours during the dates of your meeting in your contract. And if hotels do not deliver on the service that's expected, they should be held accountable, said Josh Adams, industry relations strategist, streamlinevents. "Your experience of going into a hotel includes any number of things: that the spa is open, that your elevators are working, that you're going to provide 24-hour room service. That's part of why you choose a property. So, if you're not receiving all those services, then you should get some compensation back."

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