



**DESTINATION®**  
HOTELS

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**5<sup>th</sup> Annual Meetings & Groups Research White Paper:**  
**State of the Industry and 2017 Trend Forecast**

## Destination Hotels

### 5<sup>th</sup> Annual Meetings & Groups Research White Paper:

#### State of the Industry and 2017 Trend Forecast

In its fifth annual “State of the Meetings Industry” survey of more than 400 meeting planners across North America, Destination Hotels reveals and analyzes the latest trends affecting the planning and execution of business meetings and events.

As the leading operator of independent hotels and resorts in North America, Destination asked a varied group of corporate, association, government and independent planners—55.3 percent of whom control more than \$100,000 per year in direct meeting spend for their organizations, and whose programs range in size from 10 attendees to several hundred attendees—about how their planning duties and their meetings themselves are changing for 2017.

These changes come in response to recent demand shifts across the broader travel industry, combined with six-plus years of market strength in the hospitality sector; the evolving preferences of attendees; advances in technology; and other factors. Here is a summary of the most significant survey results, plus related insight and best practices from meetings-focused executives within Destination Hotels.

#### **A Delayed Inflection Point: Collaboration and Creativity Still Required for Meetings to Stay on Budget in 2017**

As 2016 began, the expert consensus was that a glut of new hotel inventory coming online would quickly flatten hotel occupancy rates, perhaps ending the six-year run of increasing revenue per available room (RevPAR) for properties and giving planners more negotiating leverage. But an unexpected thing happened: Demand from leisure, individual business travelers, and groups kept pace with new room inventory for much of 2016. And while Smith Travel Research reports that the U.S. hotel-occupancy rate did finally plateau in Q3 2016 versus the previous year, average daily rate (ADR) and RevPAR continued to rise more than three percent.

That trend is seen across the Destination Hotels brand as well. Andre Fournier, executive vice president of sales, marketing & revenue for [Two Roads Hospitality](#), notes that Destination’s leisure and transient business demand softened in the second half of 2016 while group bookings for 2017 have come in at about the same volume as 2016. Even so, “2017 revenue among our same-store properties is up more than five percent versus 2016,” he says.

From the responses of Destination Hotels’ survey participants, there appears to be some cause for hope and some cause for concern when facing this “long and strong” hotel-market environment. On one hand, 37 percent of respondents say that they have more money to spend on meetings in 2017—a significant jump from the 31.5 percent who said that last year. Fifty-seven percent say they have the same amount to spend in 2017; just six percent say their total meetings spend will decrease, down from 11 percent of respondents last year. On the other hand, 30 percent of respondents say that they will also plan more meetings in 2017, while just five percent say they will plan fewer meetings.

Taken together, these figures show that more money will be spent on more meetings in 2017—but not that planners will necessarily have any more money to spend per meeting. So with ADR and RevPAR still drifting upward, planners must look at their meetings portfolio in a holistic way and employ “strategic meetings management” practices in order to get everything they need for their events at acceptable prices.

The global group sales team at Destination partners with many clients on a regular basis to maximize the value of strategic meetings management. “There are a variety of approaches we can bring to planners to make things work within their budgets,” Kevin Barosso, vice president of global group sales for Two Roads Hospitality.

First, “we start with date and pattern possibilities as well as the proposed destination for each meeting,” Barosso says. “If there is flexibility in one of these areas, we can often fit a meeting into one of our properties on terms that deliver additional value to the group.” With survey respondents saying that location is their most important consideration when choosing a meeting venue (ranked 9.21 on a 10 scale), flexibility more often involves shifting meeting dates one or two weeks in either direction—although a shift of even one or two days can sometimes make a big difference in availability and rates.

Not surprisingly, survey respondents also ranked rate as a foremost consideration (9.20 on a 10 scale) along with location. From a strategic perspective, Barosso and his sales team are also ready to act on this front. For instance, “if planners provide us a complete picture of which costs will hit the meetings budget versus which costs will go to attendees’ individual travel and entertainment lines, we can sometimes provide soft concessions on meeting-budget elements because we’re not touching the room rate,” he says. Such concessions could include better menu pricing for meals as well as flexibility on charges for high-speed internet connectivity in the meeting space “as long as we understand the dynamics of their meeting spend we can look for ways to create overall value.”

According to the American Express Meetings & Events 2017 Global Outlook, off-site evening events are most often the first element that would be eliminated from a meeting agenda due to budget constraints. This is another area where each Destination Hotels property can contribute to strategic meetings management: By offering a variety of indoor and outdoor spaces that are able to deliver authentic local experiences, each property can host memorable evening events at much lower cost than for an off-site event. “From a negotiation standpoint, it goes a long way if a group keeps an extra F&B event on property,” Barosso notes. “But we recognize that clients want a destination-specific experience, which is why our traditional and nontraditional event spaces are designed to provide an authentic sense of place.”

Two examples of this: At the Inn and Spa at Loretto in Santa Fe, New Mexico, planners looking to hold a reception at an art gallery often use the property’s own large sculpture garden instead, with a local art historian on hand to talk about the on-site collection and its place in the Santa Fe art scene. Andre Fournier points out that “attendees get the full flavor of the destination, and with almost zero extra cost for venue rental, decor and transportation.”

And on southern Maine’s Atlantic coast, Cliff House Maine—a newly refurbished 1872 property with 132 rooms and 15,000 square feet of event space—offers Nubb’s Lobster Shack. With rustic furnishings, boating artifacts, and see-through garage doors which open up to the ocean, this venue is often used by planners in lieu of spending money and time to transport attendees off site. “The Lobster Shack was

designed for one reason: To immerse people in an authentic, local experience right on property,” Fournier notes. “It’s contemporary but has strong references to the area’s coastal heritage. So we’re able to provide meeting groups what they want from the destination but at lower cost. And giving attendees an extra hour in their day by not traveling off site is also a strong benefit.”

One other strategy that allows planners to stay within budget for a specific meeting is the multi-year deal. “If a property secures an event in consecutive years, we can not only make concessions in certain areas but also lock in nearly identical rates for the following year,” Barosso says. For planners looking to rotate a given meeting among different Destination Hotels over a few consecutive years, a similar type of deal can be struck if seasonality is the same in those destinations. The key for planners: “Start a relationship with our global sales office so we can determine all the possible ways to meet your needs,” says Barosso.

### **Food and Beverage: A Mainstay of Meetings, and an Area of Opportunity**

The 405 planners who responded this year echoed the sentiments of last year’s respondents in the area of food and beverage. F&B pricing was again the third-most critical factor for planners when selecting a property, after location and room rate; it came in at 8.60 on a 10 scale (2016’s rating: 8.78). The importance of food and beverage options to planners was virtually identical to last year, at 8.29.

The perennial importance of F&B pricing comes from the fact that “profit margins in food and beverage are not great to begin with, so there is generally not a lot of play there,” Kevin Barosso says. Especially with the recent emphasis on meetings serving their attendees more local items—which aren’t necessarily less expensive than traditionally-sourced items—the menu-planning process has become far more consultative than in the past. Specifically, “we train our catering and convention services staffs to be proactive in showing each planner what can be obtained in that season at a good price, and how we can still deliver all the variety attendees want,” Barosso adds. “It takes a lot of discussion among our people on property to get the right items for each group and stay to the budget. But it’s incumbent on us as the local experts to provide those options to planners.”

By actively developing relationships with local purveyors of food and beverage, the culinary teams at Destination Hotels are able to create not just menus but also décor and themes that reinforce the unique qualities of the destination. For instance, “some meetings at La Cantera Resort & Spa in San Antonio will have local craft breweries participate in an on-site reception,” says Andre Fournier. “So those groups enjoy higher-end local products that provide the authentic taste and feel of Texas Hill Country, at a reasonable cost.”

To keep each meeting’s total F&B costs in check, the destination event producer’s staff at Destination Hotels suggest a few other strategies. One is the pre-plating of buffet items in order to control food waste. Another is the use of “action stations,” where chefs prepare dishes for attendees on the spot while explaining the ingredients and cooking process. Besides enhancing the attendee experience, this allows chefs to prepare exactly the right amount of food desired. Overall, the consultative and proactive nature of the process helps meeting groups minimize their F&B costs while maximizing their F&B options.

### **Using All Spaces on Property for Maximum Impact: Planners Want It, and the DEP Program Delivers It**

For their 2017 events, nearly 73 percent of responding planners said that flexible space configurations rated 8, 9 or 10 in importance to them when choosing a property; this is up considerably from the 68 percent of planners who said that for their 2016 events. Given the budget pressure on meetings taking place in this strong sellers' market, it's clear that planners want to make use of as many spaces as possible at the host property for business sessions as well as social events.

Across Destination Hotels, two critical elements help achieve the flexible use of spaces: The collective expertise of the event producer team, gained from past events not only from their own property but from other Destination properties too; and a consultative approach by each event producers team which makes them a planner's partner in developing the best environment for each part of a program. And these two elements are instilled into every convention services manager through the [Destination Event Producer certification program](#).

"To create our DEP certification, we took what we think are the best elements of the certified meeting professional (CMP) program plus other industry certification programs, then added several elements we want to focus on as a brand," Kevin Barosso says. "All of our CSMs must go through the program on a continuing basis, so they're always strengthening their ability to come up with creative ideas for different spaces and different styles of events."

Over time, formal meeting spaces and prefunction areas at many Destination properties are being tweaked for added flexibility. "It's about our CSMs creating productive learning environments out of nontraditional spaces, and using soft seating and different elements in traditional spaces to create a more relaxed and stimulating environment," says Barosso.

Then again, some space changes are more drastic. At Cliff House Maine, "our new ballroom was previously a fitness center with panoramic ocean views," Andre Fournier says. "We kept the huge windows, raised the ceilings to 21 feet, and installed exposed wood and iron beams to give a sense of the destination. In a short time, this room has held everything from large, high-tech general sessions to post-golf barbecues with games and big screen TVs to give a sports-lounge feel." And across many Destination properties, "the prefunction areas are now more residential and convivial so that people want to gather there even when their meetings are out of session," he adds. "People might well be on their laptops and have a cup of coffee together there during off hours."

In addition, Destination Hotels' philosophy regarding its indoor and outdoor public spaces allows new ideas to bubble up on a regular basis. "We want groups to use the public spaces we've designed with all our guests in mind," Fournier says. "So we're not going to tell a planner, 'We can't do group functions in our fine-dining restaurant.' We will make that happen, and we'll use also outdoor terraces, patios, fire-pit spaces, pool areas--even parts of the golf course as an event lawn." We design and create amazing venues in one of a kind resort destinations and it's our mission to ensure our customers experience it.

"Our people see a several different things being done in the spaces at their properties, so we want to get those ideas out to all of our clients," Barosso says. "Our CSMs are trained to ask the right questions of planners as a program is being set up. They know best how the space at their properties can be used to fulfill any meeting objective."

### **Technology: Important to Planners at Every Stage of a Meeting**

Although the overall ranking of the importance of on-site technology offerings this year was 7.48, more than 58 percent of planners ranked this factor as an 8, 9 or 10 in importance to them. So there is a large swath of meetings for which on-site technology is essential to success.

Like last year, “the number-one topic planners are discussing with us is bandwidth,” Kevin Barosso says. “We are seeing more and more meetings using mobile apps, whether it be for listing the agenda and communicating changes to attendees; disseminating conference materials; attendees communicating with each other; attendee voting and gaming; or other tasks. Throw in attendees’ use of social media apps plus the fact that each person uses more than one device on average, and the importance of having enough bandwidth at the right times and places becomes clear.”

The good news is that meetings properties are usually able to shift some of the bandwidth allotted to guest rooms and public spaces towards the meeting space during business hours. “There will be some cost involved in that,” Barosso notes, though “the more guest rooms you occupy at a property, the easier it is to do because it has less effect on other guests.” For groups that are heavy bandwidth users, some additional tech-related spending to enhance meeting quality can make the bandwidth costs more flexible. “When program can utilize an in-house AV solution on property, then most likely a greater value can be shown in price negotiation versus standalone bandwidth pricing.”

One fast-growing use of mobile apps that is enhancing the experience of attendees and planners alike is guest engagement and request management. “Apps such as Zingle and ALICE allow real-time communication with our hotel staff,” Andre Fournier notes. “Anyone from a group can text a need or request directly to an on-property contact and we’re able to treat them just like a leisure guest, delivering a personalized experience in minutes.”

Survey respondents confirmed that technology is also making a positive impact on their site-selection experience. To wit: Nearly 72 percent of planners said that a property’s website is where they get the most information when searching for a host property. The next most popular source of information: other planners, said 59 percent of respondents. “In the past year, we’ve completely revamped both our brand/collection [website](#) and individual property websites,” Fournier says. “We’ve stepped up our game in terms enhancing the customer attribution path through easy of navigation, user generated content, videos, depth of information, and being mobile-ready for the most useful experience.” On the web site of each Destination property, planners can see floor plans, individual room specifications, videos of events, activities and helpful images that speak a 1000 words. “We do find that providing high quality of photography & videos for each part of a property makes a difference to planners,” Fournier adds.

And what’s next? How about virtual-reality site inspections right at a planner’s desk, using Google Cardboard and other devices: “We’ve been piloting VR with certain properties, so we’re getting there in terms of giving planners a really robust site experience without actually traveling,” Barosso says.

### **Teambuilding Has Its Place, and Properties Can Help Make It More Effective**

As more Millennials become meeting attendees, it’s not surprising that planners are looking for more active options for teambuilding events. Nearly 60 percent of respondents said they are most interested

in adventure/active teambuilding exercises, with another 37 percent of planners citing community service as a highly desired teambuilding option as well.

“Several of our properties offer zip lining – like Stowe Mountain Lodge or Skamania Lodge, and that’s getting lots of use by groups lately,” Kevin Barosso says. “Some properties also have traditional ropes courses, and it seems that groups are gravitating back towards that activity after some years of lower utilization.” Lastly, we have seen scavenger hunts across properties like Terranea Resort; “the geo-cache scavenger hunts conducted across a resort property or throughout an urban property’s surrounding neighborhood are attractive to planners because they are active events but not truly adventure or high-impact.”

Interestingly, active elements can be incorporated into teambuilding events that focus on corporate social responsibility. For instance, a few hours of beach cleanup or school refurbishment not only helps the local community but also keeps attendees moving. Another popular option: Bicycle-building contests where the finished products are donated to local children’s organizations.

### **Work/Life Balance: Attendees Extend Their Stay for Enjoyment**

One aspect of meetings that’s changed noticeably in the past 12 months is the number of attendees extending their stay at the host property for leisure purposes. Last year, 61 percent of planners said that more than 1 out of 10 of their attendees either arrived at the property before the meeting begins, or stayed on property after the meeting ends, to relax. But this year, fully 66.3 percent of respondents said this was the case.

“Because Destination designs and programs so many on-site amenities, there’s plenty to learn about the community or place that is relevant to what today’s attendees desire, local immersion into the culture and active sports”, Andre Fournier says. “At certain properties, like Sunriver Resort in Bend, Oregon, we see many of them bring the family to escape the city and explore the alpine wilderness for a few days on the front or back end of a meeting. And at our urban boutique lifestyle properties, we see attendees doing more of a couples’ getaway, where they enjoy the local music, artisans, museums, theaters, shops and restaurants in a city.” Nothing like feeling the vibe of the local community to refresh your inner city soul after a few days of meetings. Though it depends on a property’s occupancy around the dates of a meeting, planners are often able to lock in guest-room rates for extended stays that are close to the contracted conference rate.

### **Final Thoughts for 2017 Meetings and Events**

Because 2016 did not turn out quite like industry experts thought it would—demand and rates stayed up even with a lot of new hotel inventory coming on line—Kevin Barosso thinks that planners are likely to see a changing landscape in 2017, and should be ready to act differently. “There is still a good amount of new hotel inventory that will come online this year and next,” he notes. His best advice, then: “Don’t let the past dictate what you do when researching places for your upcoming meetings. Don’t assume that because you looked at a particular city or property the past few years and found tight availability, that there is no point trying again this year. Things are always shifting in a destination, so you just never know when a good situation for one of your meetings will come up.”

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## Survey Methodology

In mid-October of 2016, Destination Hotels contacted 23,819 corporate, association, government, and independent meeting planners, of which 405 responded to the survey.

### **About Destination Hotels**

Destination Hotels (Destination) is a collection of luxury and upscale independent hotels, resorts and residences across the United States. Offering authentically-immersed and enriching experiences, each property is individual at heart, yet connected by a commitment to drawing upon the best of each location. Highly distinct, the Destination experience is always memorable and matchless; guests will feel the locale in a genuine way through each property and during the engaging moments cultivated both in and outside of them. Continuously growing with more than 40 properties from coast to coast, the award-winning portfolio features 20 renowned golf courses, 20 indigenous spas, and 110 exceptional bars and restaurants. Destination Hotels are true to our place; diverse by design. For more information, visit [www.destinationhotels.com](http://www.destinationhotels.com). Follow us on Twitter: [@Destination](https://twitter.com/Destination). Like us on Facebook: [DestinationHotels](https://www.facebook.com/DestinationHotels).

### **About Two Roads Hospitality**

Created in September 2016, Two Roads Hospitality is an international lifestyle hotel company encompassing an unrivaled collection of distinctive properties, passionate people, and remarkable experiences around the globe. The company is named for the newly-merged Commune and Destination Hotels, bringing together over 40 years of combined expertise exclusively dedicated to the boutique and lifestyle space. Comprised of Joie de Vivre Hotels, Thompson Hotels, Destination Hotels, tommie and Alila Hotels & Resorts, the company is the leading operator of independent and lifestyle hotels with more than 95 properties in eight countries and growing, also boasting an extensive roster of award-winning restaurants and bars, stunning vacation residences, world-class golf courses, and indigenous spa and wellness offerings. For more information on Two Roads Hospitality, <http://www.tworoadshotels.com>, follow us on [Twitter](https://twitter.com/TwoRoadsHotels) (@TwoRoadsHotels), or like us on [Facebook](https://www.facebook.com/TwoRoadsHotels).

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