



Leveraging business transient and meetings spend long has been the holy grail for procurement and other corporate executives in their quest to optimize supplier relationships and spending. The reality often has been challenging, slow and fraught with unexpected twists and turns. But when done well—and with the support of finance or other key stakeholders—leveraging travel and meeting spending can deliver not only savings, but enhanced traveler experiences, brand consistency, duty of care and benefits far beyond expectations.



Hear travel and meeting buyers discuss the pros and cons of leveraging transient and meeting spending on a webinar accessible through October 20, 2020, at: <http://bit.ly/LeveragingBizTravel-Meetings>

Leveraging supplier relationships for travel and meetings—whether for hotel, air, ground transportation or other combined needs—can result in more favorable contracts for both travel and at least some meetings, buyers and consultants report. And, claim some industry veterans who are enjoying such benefits, the process can be attained—with the right processes and executive support—more quickly than ever before.

This paper will highlight the potential benefits of combining meetings and transient travel volume, the approaches that some have taken and provide a few warnings of the road hazards to avoid along the way. While some initially began attempts to leverage meetings with business travel spending a decade or more ago, they are encouraged by the speed with which newer efforts have achieved success.

TRANSIENT AND MEETINGS BENEFITS TO EXPLORE

- **Legal with one master contract, terms and conditions**
- **Brand consistency**
- **Traveler/attendee experiences**
- **Duty of care**
- **Visibility to all travel, meetings; reduced leakage**
- **Reporting**
- **Savings**

Identifying Opportunities

The most direct, tangible benefits of combining meetings and transient negotiations are the lower rates and standard contractual terms that could result, particularly from hotels.

For example, an organization that places a meeting at a preferred transient hotel may secure lower rates or better ancillary terms than another hotel might, or may offer a higher percentage off transient room nights as a result of the meeting value. Given that standard terms and conditions often takes company and hotel lawyers days, weeks or months to negotiate, doing that just once can save significant time for all involved. For companies concerned about brand standards, consistent traveler / attendee experiences or a competitor's meeting in house at the same time, standard T&Cs are very important.

Executing such a move not only requires the ability to influence both meeting and transient site selection but also a deep knowledge of an organizations' historical travel and meetings data. Some rely on third-party data consolidators or aggregate payment data to help identify properties or chains where combining volumes would make the most sense.

Others have recently shortened the learning curve by asking preferred hotel partners to provide reporting about all their company's business at the preferred property each

quarter. Managers then can gain visibility to leakage—whether meetings or business travel—that didn't go through preferred channels. Such reports can identify those to educate of policies, or query as to why established services aren't meeting needs.

In sharing strategic concepts with suppliers, some buyers report that their supplier partners help them identify opportunities. Nick Pupa, Category Manager at DSM, responsible for Global Travel Sourcing Strategy, and member of the DSM Meetings & Events Program team, said the company works with combined account teams from hotel chains Hilton, Hyatt and Marriott. "It is highly efficient to have your GSO or NSO (global or national sales organization) make a call on your behalf about your needs or concerns from a global perspective," to a property. During a recent BTN Group webinar, sponsored by Cvent, Pupa said that one of his hotel suppliers told him, "we believe our value is not only defined by our hotels and strong brands, but by understanding your business and how we can provide customized solutions based on that understanding."

Finding Synergy by Starting Small

Finding commonalities here is the foundation of combined meetings and transient negotiations. Are there frequently used transient hotels in cities that are typical hosts for meetings? Do those hotels have appropriate meeting space for at least smaller meetings?

Most experts agree that smaller meetings, which include lower numbers of attendees and less meeting space and food and beverage requirements, are a better first target for integrated negotiations than larger or annual events. Large meetings, including customer events, typically have substantially more complex needs and negotiations, in terms of space, production and F&B requirements and often require a separate contract.

The sourcing process, meeting request forms and perhaps approval processes developed for midsize or large meetings often must be retooled for small, simple meetings to bring value to those meeting owners. "We found we had a huge gap between groups and travel with simple or small meetings," Pupa said. "We needed additional tooling and use of our preferred hotels differently for small meetings. We're negotiating small group rates at the majority of our high-volume properties, and also working at building small group packages." The goal is to offer a self-service process for simple meetings, "without losing any of the value of our strategic meetings management program, including duty of care, spend transparency, automation and digitization and brand integrity," he added.

Biopharmaceutical firm Parexel also focused on using transient hotels for small meetings of 20 or 30 attendees, director of global procurement and travel Benjamin Park told BTN in 2017. "We push our transient preferred properties to the top of the list as long as they meet the meeting requirements," Park said. "We're all trying with these small meetings to basically push it to a preferred hotel and use our negotiated rate there, which is usually lower than a meeting room rate, and then basically just negotiate on the conference room and other amenities."

"Combine small meetings with transient spend first. You're more likely to be using the same hotels already for both purposes."

A combined contract covering meetings and transient travel would include standard contractual language for aspects like room block attrition, meeting cancellation and force majeure, freeing meeting stakeholders from this aspect of negotiations.

Despite efficiency and cost savings gains of leveraging business, sometimes meeting owners who have their hearts set on a specific venue to class of property for their meeting may object to placement in a preferred transient hotel. That is when sourcing, procurement or executive management may need to explain the corporate benefits and strategy of leveraging volume, experts advise. A large convention hotel that one meeting owner identified for a 40-person meeting would have cost one company \$20,000 more than a smaller transient hotel with plenty of meeting space, a travel executive recent said to illustrate the challenges and opportunities.

"If something goes wrong in a travel program, it usually impacts one traveler's experience. But if something goes wrong in a meetings program, tens or hundreds of attendees can be negatively impacted."

Working with Hotels

It takes two parties to negotiate, of course, and hoteliers won't necessarily be eager to negotiate combined meetings and transient deals, depending on the applicable market conditions and demand trends. But they aren't likely to slam that door, either.

Pearson Education's Mitchell Stern, category director for global travel, fleet and events, said he has tried to encourage preferred hotels to negotiate combined transient and meeting contracts. "but each venue or hotel has their own profit and loss statement, market rates and inventory management." The ownership structure of some properties as franchisees or company owned or managed brands in a chain, also influences such decisions.

"Historically, hotels have resisted integrated negotiations, but they are beginning to understand clients increasingly request a single point of contact for both categories," according to consultancy Advito. "As a result, more hotels are agreeing to a single negotiation covering both. ... Use your data to show them how much more business you can give them compared to what they earn from you today."

Hotel perspectives might also be evolving as an increasing number of corporations are attempting to leverage meetings and transient spending. In a poll of more than 200 travel and meeting professionals in September and October 2019, more than 47 percent of respondents said their organizations were leveraging transient and meetings spend with 19 percent planning to do so by March 2020. The remaining one-third of respondents said they were not leveraging such spending.

Organizations that can prove to hotels the value of their combined business and are prepared to show how that business can be directed to the hotel might approach negotiations in a variety of ways and seek any number of concessions. American Express Meetings & Event in its 2018 Global Meetings & Events Forecast report noted about two-thirds of hotels worldwide that they surveyed each indicated a willingness to negotiate complimentary meeting space, attrition clauses and cancellation penalties. About three-quarters each would negotiate free or discounted Wi-Fi and discounted or upgraded food and beverage options. About 57 percent would negotiate on audiovisual needs, while about one-third would discuss service fees.

“Historically, hotels have resisted integrated negotiations, but they are beginning to understand clients increasingly request a single point of contact for both categories.”

“If you’re not getting what you need from your hotel rep, fire your rep,” DSM’s Pupa said. “You need ones who can work with you,” and understand your business and strategy. To ensure alignment of their preferred hotel chains with the transient and meeting objectives, both DSM and Estee Lauder Companies said they request that both transient and meetings hotel sales representatives attend review meetings.

Quarterly hotel reviews for Estee Lauder are now “Estee Lauder-led discussions with suppliers, rather than hotel led,” said global travel and meetings executive director Jami Stapelmann on the BTN Group webinar sponsored by Cvent.

Streamlining Payment

Combining meetings and transient spend can offer another benefit to buyer and hotel alike: standardized payment. Multinational health care services company Cardinal Health has unified its transient travel and meetings management operations within its global security department, and Cardinal global travel manager Jill Huffman in 2019 told BTN that the offer of standardized payments and payment timelines was an important aspect in persuading hotels to negotiate joint deals. Meanwhile, Avish noted that “a potential hard benefit” of combined negotiations “is using the same supplier’s transient and group payment platforms to leverage the overall spend volume for rebates.”

Estee Lauder Companies’ Stapelmann said companies can attain total cost of ownership by effectively integrating and managing travel and meetings. Working on the concept for about a decade, Stapelmann said executive sponsorship significantly enhanced her ability to drive the concepts across the organization. In particular, partnering with finance, has helped to advance the strategy and simplify the process. “How does finance want to look at all this information” may be a key question to ask, Stapelmann noted.

Total cost of ownership, she said, allows her to identify total costs per attendee and travelers, identify T&E costs related to meetings and leverage agency and meetings technology. It also allows better terms for meetings and events, chainwide discounts in low-volume markets and greater long-term partnerships, she said.

Beyond contracts, payment and brand consistency, leveraging could provide a streamlining of processes for employees or attendees. For example, an integrated approach to meetings and transient could help to streamline integration between meeting event and transient booking tools for air, rail or ground transportation.

Conclusion

Corporations have tried many ways to leverage transient and meetings spending with hotels, venues, airlines, ground transportation providers and other suppliers. Data is key to identifying the destinations and specific suppliers to target.

Buyers also must be able to identify the key benefits they expect to see from such leveraging, whether those include only cost savings or extend to traveler / attendee experience, brand consistency, duty of care or other factors. Increasingly, corporate executives are driving such integration for factors other than savings.

Marrying small meetings in particular to transient volume can lead to significant discounts particularly from hotels on not only room rates but also ancillary aspects like meeting room rental volume, attrition and cancellation penalties and other costs. There also are benefits in the establishment of standard contractual clauses for meetings and consolidating meetings and transient payment on one platform. Care must be taken to avoid internal turf issues and respect the individual needs of meeting stakeholders and transient travelers, but such negotiations have enough potential benefits for mature programs to make such exploration potentially valuable.

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