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# NEGOTIATING MEETING CONTRACTS: TRANSFORMATIVE TRENDS AND PRACTICAL POINTERS

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**A**gainst a backdrop of the rapid return of in-person meetings and events over the past two years, planners who are sourcing and contracting future programs are facing an array of complex issues.

As noted in the American Express [2024 Global Meetings Forecast](#), "In addition to global inflation, planners are confronted with a myriad of intricate challenges, such as ongoing staffing shortages, elevated attendee expectations, and the growing imperative to demonstrate sustainability. Furthermore, venue contracting has evolved into a time-consuming and formidable task."

This report covers key trends shaping the future of meetings and events based on recent [industry research](#), and offers practical insights and advice from panelists featured in "Negotiating Meeting Contracts: Must-Know Terms and Trends," a recent BTN Group [thought leadership webinar](#) sponsored by Cvent.



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## KEY TREND: More Meetings, More Attendees

Rebookings necessitated by the pandemic are now minimal for most organizations and hotels. Most planners are focusing on booking and sourcing future events. As of October 2023, 40% of planners in the most recent [PULSE survey](#) conducted by Northstar Meetings Group and sponsored by Cvent were actively booking new, live in-person events, and 34% were actively sourcing for live events. Just 4% were rescheduling or rebooking meetings. Challenges emerge when booking windows are highly compressed to months or weeks.

That pace for new bookings will continue into 2024 and beyond; 45% of planners said they expect to produce more meetings in 2024 than they did in 2023, and 45% expect to produce about the same amount. Respondents to the *PULSE* survey also expect more attendees to participate in meetings in 2024, compared with 2023.

## KEY TREND: Price Increases Ease

Room rates increased about 4% in 2023 and are expected to come in slightly under that for 2024, according to the [2024 Global Business Travel Forecast](#) by GBTA and CWT. That's a steep decrease from the global average daily room rate in 2022 over 2021; rate increases for the year defied predictions and rose 29.8% year-over-year in 2022.

"Looking forward, price growth will likely be muted as the global economy loses momentum and there are looming economic uncertainties at play," according to the report. "The IMF projects [global economic growth](#) will average just 3% over the next five years, its lowest medium-term forecast in over 30 years. A slowdown will dampen price rises for business travel."

That's good news for planners, who cited the higher costs of goods and services for future meetings and events as their top concern in the *PULSE* survey.

## KEY TREND: Sourcing Challenges Continue

Planners the world over expect venue and meeting space to remain tight again in 2024 before easing somewhat in 2025, according to the American Express Forecast. More than two-fifths (42%) of North American meeting professionals who responded to the survey expect room and meeting space to be even tighter in 2024 than it was this year.

As these trends continue to shape the industry, panelists in the BTN Group webinar on Negotiating Meeting Contracts offered a wealth of practical advice on how to navigate the RFP process, including pointers on contracts and clauses, how to sell your meeting to a hotel, and ways to improve the business relationship with hotel suppliers.

## How to Make Sure Your RFP is Seen

To make sure an RFP gets reviewed, how many are sent out, when they are sent, and the quality of the information included, are critical.

### ✓ Limit the number of RFPs sent out

"All of the hoteliers are inundated with RFPs, and if they've only got a 4% or a 10% chance of winning the business it's just not possible to go through all of them," said webinar panelist Therese Jardine, CEO and founder with Strategic Event Procurement. She advised planners to send RFPs to a limited number of properties to begin with and advise those hoteliers that they are one of only four or five hotels being considered for the business. "Pick up the phone," she said. "Let the hotel know you submitted an RFP and it's serious and legitimate."

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— Therese Jardine, Strategic Event Procurement



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From the hotel perspective, Omni Hotels and Resorts VP of Sales Cara Banasch said, “If we see something that has gone to 50 properties and it’s for inside of 90 days or 120 days, we are going to perceive that as being a very low-probability opportunity and we might deprioritize it.”

## ✓ Include comprehensive information

Banasch said Omni sales managers are seeing a lot of RFPs that lack the information they need to evaluate the proposal. “Good comprehensive information is going to help them present and discuss the opportunity if we’ve got other groups layered in from a tentative perspective,” she said. “If we don’t have a lot of good information for those same dates, we might not take a close look at it.”

RFPs should include details that can sell your meeting or attendees to a hotel, speakers said. The RFP should include any details about the profile of attendees or speakers or a company and why a hotel should want to have the meeting.

## ✓ Confirm hotel can deliver absolutes

Industry attorney Jonathan Howe, president, senior and founding partner of Howe & Hutton, advised planners to expedite the process by checking in with a property before sending them an RFP. “If you have three absolutes that the other side has to be able to produce, call them up and ask them if they can produce X, Y and Z,” he said. “If not, don’t waste their time and your time sending them an RFP.”

## Contracts and Clauses: Consider as Your Roadmap

The pandemic effectively rendered historical data on meeting trends obsolete, making it all the more important to make contract terms specific and measurable.

“Protect yourself,” Howe advised. “Contracts not only serve as the roadmap for the meeting, they are also the roadmap to avoiding or limiting your liability.”

## ✓ What to include

While there are numerous clauses that can be included in drafting a contract, Howe said there is one basic rule of thumb: “If there are certain things that will make it difficult to pull your meeting off or that are going to adversely affect the outcome, put it in the contract.” He added that if a planner needs to get out of a contract without incurring liability, “You’re in much better standing being specific as to what concerns you have for fulfilling your meeting.”

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— Jonathan Howe, Howe & Hutton

## ✓ Calculating damages

Sourcing expert Jardine advised planners to include loss of goodwill in contracts in addition to actual damages, and specify how damages will be calculated.

“If the hotel decides to move your group in favor of another group, you have potential for loss of goodwill, and you would specify that as part of the damages the hotel will pay for or pay to you,” she said.

Whenever math is required, be specific. “Spelling out exactly how the calculation is going to happen will alleviate a lot of conflict down the line when you need to make these calculations,” she said, adding that the same principle applies to attrition and cancellation clauses.



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## ✓ The bottom line

“Put your expectations into the contract,” Jardine said. “Silence can be deadly. The more detail you put in, within reason, the more protected you will be.”

## Add Service Clauses To Contracts

As staffing shortages prove to be a stubborn and ongoing challenge in the lodging industry, planners should include specific and measurable service expectations in their contracts.

As of June 2023, 82% of respondents to an [American Hotel & Lodging Association survey](#) said they are experiencing staff shortages, an increase from January’s survey results. The report noted that, “In response to this labor crisis—which has left some hotels without all their on-site amenities open, restaurants understaffed and housekeeping available only on request—wording about service levels is making its way into agreements.”

● **“It is still bumpy out there. Healthy dialogue and communication can get us across the finish line in many scenarios as it relates to service.”**

— Cara Banasch, Omni Hotels and Resorts

## ✓ Where to start

Discussions about service levels, “begin with convention services,” said webinar panelist Banasch. Noting that every company has come back to the table with different approaches to service, she added, “If you have concerns, engage a general manager early on around services that are important to you. It is still bumpy out there. Healthy dialogue and communication can get us across the finish line in many scenarios as it relates to service.”

## ✓ What to include

In [a recent article](#), Tyra Warner, department chair for hospitality, tourism, and culinary arts at the College of Coastal Georgia and an events-industry legal expert, recommended a high degree of specificity in service clauses. “In the contract, specify the staff levels you want at key moments, such as peak check-in times, meals and receptions,” she said.

Howe recommended including an ‘opt out’ clause as well: “One of the things that I would insist on in contracts today is if there is going to be a change in the level of service, then you may make a decision as to whether the property will be the appropriate property for your program.”

## ✓ Set review terms for blocked space

For meetings and events booked further out, add review terms to the contract that define when the room block will be reviewed and what modifications are allowed. This will reduce risk for the organization and enable the hotel partner to protect its inventory.

“When we are in the process of contracting, be open about your fears or our concerns and have healthy dialogue about them when we can still provide for them,” Banasch said. “Let’s create provisions so that we can both advance our business interests in a way that we can all live with.”

## What Hotels Need from Planners

Stressful times and competing needs can create friction between planners and hotels. Understanding some of the challenges hotels face in the contracting process, and their preferences for working with planners, can help improve the relationship and expedite business.

## ✓ The challenge of Master Service Agreements (MSAs)

Some companies that contract multiple, if not hundreds of meetings with one chain have



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advocated to get Master Service Agreements in place with their key chain partners. While such agreements can be onerous to execute, they are designed to significantly speed up contracting for those sourcing or planning each individual meeting to a simple negotiation of dates, space and rates. Sometimes, MSAs “can introduce complexities and inefficiencies into the contracting process that do not serve any of the parties involved,” Banasch said. “We are not opposed to master service agreements. However, depending on the agreement itself, it can take an extraordinary effort to get these across the finish line.” Banasch cited a worst-case scenario when it took 18 months to complete an MSA.

“Where MSAs become so difficult is that so many of them originate in procurement teams who don’t know anything about meetings and conventions,” Banasch said. “If they are not highly familiar, sometimes we see documents and agreements that look like they are intended to be for the purchase of goods and services, which are very unlike meetings and conventions, and that’s where we go down a difficult road.”

## ✓ How to handle ESG requirements

As environmental, social and governance (ESG) clauses make their way into RFPs, hotels are grappling with how to respond in the absence of ESG industry standards as well as differences in individual properties and in ESG standards and requirements developed by organizations.

Banasch acknowledged that, “Every one of us believes in doing the right thing as it serves the environment and as it relates to societal factors including diversity, equity and inclusion as well as governance,” while adding that, “We see this beginning to populate contracts and that is very, very tricky for us.”

Until an acknowledged industry standard can form the foundation for dialogue, she advised planners to include ESG issues in questionnaires rather than in the contract itself, because, “There’s very little that we can actually measure in that space.”

## Conclusion

Despite the many challenges, surveys show that planners are facing the future of the industry, and their own meetings and events, with a generally optimistic outlook.

The Northstar Meeting Group-Cvent PULSE survey also showed that a strong majority of planners (63%) said the organizations they represent now perceive face-to-face meetings to be more valuable than they did prior to the pandemic, including 32% who now perceive them as significantly more valuable.

That upswing in how stakeholders perceive the value of face-to-face meetings is a key factor that will support the industry’s vibrant comeback and its continued growth into the future. ■

About CVENT, Inc.

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Cvent is a leading meetings, events, and hospitality technology provider with 4,800+ employees and 21,000+ customers worldwide. Founded in 1999, the company delivers a comprehensive event marketing and management platform and offers a global marketplace where event professionals collaborate with venues to create engaging, impactful experiences. Cvent’s suite of products automate and simplify the event management lifecycle and maximize the impact of in-person, virtual, and hybrid events. For more information, please visit [Cvent.com](https://www.cvent.com).