

LUXURY UPSWING

TOP HOTELS CONTINUE TO ADD VALUE TO THEIR MEETINGS OFFERINGS

By J.D. Brown and Margaret Backenheimer

Last year, luxury hotel brands scrambled to adjust to harsh economic realities. Many top-tier meeting resorts offered complimentary spa treatments or food and beverage services, instituted room upgrades or increased guest-loyalty reward points to entice group bookings. Some properties ventured well beyond value-added incentives into previously forbidden territory, slashing room rates and negotiating deep discounts.

For state and regional association meeting planners in 2009, low occupancy at high-end hotels and resorts often translated into an opportunity to cut costs and bump up a rung when booking luxury meeting sites. Judie Harrington, director of marketing for the Harrington Company in Minneapolis and a member of the AMC Institute, worked extensively with high-end brands in 2009, including Ritz-Carlton, Waldorf Astoria, InterContinental and Westin, and she spotted several trends in efforts to attract groups. Room rates, even for small groups, dropped almost 30 percent in 2009, according to Harrington. "That's even without hard-ball negotiating," she said. Discounts for ancillary services, such as F&B and A/V, were often in the 10–15 percent range. The ratio of rooms booked to square feet of meeting space allocated became far more elastic in 2009, and freebies such as guest parking and Internet access became almost routine.

Finally, Harrington observed something she really appreciated last year: "Hotel brands became quicker to recognize the value of groups that continued to use their hotel brand," she noted, "and they rewarded those meeting planners with better pricing, more concessions and contract consistency."

Ritz-Carlton rewarded its top customers recently with a Key Account Event at its new Ritz-Carlton, Dove Mountain, resort outside of Tucson. The



Fairmont properties, including its resort in Scottsdale, are offering extra value for short-term bookings.

event included education sessions, a community service component and networking opportunities for the clients, the general managers and the Ritz-Carlton corporate leaders in attendance. According to Chris Gabaldon, vice-president of sales for Ritz-Carlton, the event helped create a real sense of trust and loyalty among the participants.

Will similar opportunities continue through 2010? The answer depends foremost on the direction of the economy, of course, and even the most expert forecast of the financial future may be as foggy as Punxsutawney Phil's notion about





Among the features at the new Ritz-Carlton, Dove Mountain, which hosted an event for the company's top clients in March, is the signature Core Kitchen & Wine Bar.

the exact arrival of spring. Undaunted, however, Mark Sergot, vice-president of global sales for Fairmont Hotels, stepped forth recently to provide a forthright, far-reaching assessment of the luxury brands meeting outlook.

"As with most meeting-oriented hotel brands, Fairmont experienced a significant slowdown in new meeting

requests and a substantial number of cancellations at the end of 2008 and into the first quarter of 2009," Sergot admitted. "As we moved into the second quarter of 2009, however, we started to see a gradual increase in short-term meeting requests, and cancellations returned to more normal levels. In the third and fourth quarters of 2009, Fairmont's meeting business began to bounce back." What does this suggest about the near future? "2010 is looking increasingly good," Sergot said, "with a significant amount of short-term interest, the return of many incentive programs that were canceled in 2009

and an overall optimistic customer base. We expect 2010 to look increasingly positive for our meetings business as the year unfolds."

Fairmont's cautiously optimistic outlook for 2010 is based on what was learned in 2009. "We had a number of general initiatives and offers that we put in place in 2009," Sergot explained, "and to be frank, the offer that worked the best was the one that started with a blank sheet of paper. Fairmont sales associates focused on our customers' needs," he added, "and built tailored proposals to match. As you know, from one customer to another, needs vary and that's why we prefer to focus on each customer as opposed to a general one-size-fits-all approach."

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resolved as quickly and as seamlessly as possible, or make it right for the next time" through refunds or future credits.

At Four Seasons, a new "Meetings with More" package, covering all 82 properties, has been launched that emphasizes flexibility and customized service. This package promises complimentary breakfasts, free Internet connections, a discount on a subsequent group booking and a waiver of penalties for up to 25 percent attrition. Thomas Hubler, vice-president of sales for the Americas at Four Seasons, recalls that in 2009 "by working closely with association meeting planners and becoming an even stronger and dependable resource, we were able to maintain a solid level of meeting and incentive business throughout the year."

In 2010, Four Seasons intends to be even more flexible and service-oriented with its group clients, an indication of how competitive the meetings market

still remains at the top echelons. "The consistent delivery of customized, just-for-me service makes all the difference," Hubler insists. "Knowing that every staff member strives to make your meeting both successful and memorable gives planners something invaluable: a form of insurance that their meeting will be flawless and ultimately generate robust ROI."

But meeting planners hoping to cash in on the aggressive new approaches and discounts that luxury meeting hotels will be offering this year should not drag their feet. Smith Travel Research reports that the luxury hotel segment's occupancy rate jumped at year's end, and Smith Travel Research president, Mark Lomanno, recently advanced this forecast: "Momentum will build in the second half of 2010, which will lead to the beginning of a turnaround in 2011. The high-end business travelers will drive



The Four Seasons Beverly Hills, which recently unveiled its "Culina" restaurant, is among the Four Seasons hotels offering the "Meetings with More" package.

the shape of recovery almost certainly. There has been substantial recovery at the high end of the market during the last couple of months." If this trend continues, the unprecedented deals that luxury hotels offered in 2009 and early 2010 could quickly disappear. ■

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