



HEDNA

Hotel Electronic Distribution Network Association

2006 White Paper Series

Executive Summary

Online Group and Meeting Planning

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HEDNA's Mission

The mission of HEDNA is to increase hotel industry revenues and profitability from electronic distribution channels and to be the foremost travel industry association advancing hotel electronic distribution. This will be done by:

- Optimizing the use of current technology
- Influencing development of current and emerging electronic distribution channels
- Education
- Providing an opportunity for open exchange among members

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EXECUTIVE SUMMARY

Procurement, consolidation and collaboration are the key drivers for change in corporate meeting management, according to a panel of senior executives at Meetings Professional International's Professional Education Conference, held in January, 2006 in Charlotte, North Carolina, USA.

A senior executive panel led by Christine Duffy, CEO of Martiz Travel and MPI board chairwoman, asserted that procurement and the new regulatory business environment have changed how corporate America manages meetings.¹

*"There is a general feeling that meetings and events are the last uncharted territory for procurement in a lot of corporations, and there are a lot of very good reasons why", McGee said. "There is not a standard place that meetings and events reside; sometimes it is in marketing, or in human resources or in the corporate travel area."*²

The need for a clear set of standards for automating group and meeting bookings is an increasingly important focus for the hospitality industry. In December 2005, HEDNA announced that one of their initiatives in 2006 would be education on automation of the group booking process. HEDNA has a subcommittee dedicated to this initiative.

"Today, the group booking process is significantly manual. Thus there are immediate opportunities to optimize the online group booking process. Our subcommittee's objective is to integrate existing and future booking technologies to create an online group booking community," said Ed Perry, director of ecommerce, WORLDHOTELS, and Distribution Management – Group Subcommittee chair for HEDNA. *"We will work with traditional and non-traditional distribution partners, including third-party online booking engines. We envision a community that has integrated inventory and instant availability access from the supplier to allow end-consumer, travel agents and meeting planners to shop their properties on a 24/7 basis."*

The growth in electronic bookings is continuing to gain at a strong pace. According to comScore Networks, during the first three weeks of 2006 online travel purchases increased 8% over the same time period in 2005.³ This means that for almost every individual hotel property, ecommerce is still

¹ MPI Attendees Debate Procurement's Impact on Mtgs., Corrie Dosh, March 6, 2006

² Mtgs. Tech Providers Augment Offerings, Corrie Dosh, March 6, 2006

³ comScore Networks consumer spending figures, January 2006

becoming more important and represents a higher proportion of the overall distribution of room nights.

According to Henry Harteveltdt, vice president at Forrester Research, *"Online leisure travel is the largest ecommerce category (excluding porn), and in the U.S. it is projected to generate \$74.4 billion in sales in 2006, an increase of almost 17% over the \$63.6 billion spent in 2005. By 2009, Forrester Research predicts, online travel spending in the U.S. will rise to \$110.5 billion."*⁴

Overseas, online travel planning is picking up steam even faster than it is in the U.S. Spending on online travel in the U.K. and Western Europe will rise about 42% to €30.7 billion in 2006, or about \$36.8 billion, Harteveltdt says. By the end of the decade that number will approach €50 billion, or about \$60 billion.⁵

To date, electronic bookings have largely been made by individuals categorized in the transient segment. They have been booking through online agencies, direct with the supplier or through travel agency Web sites.

In 2003 and 2004, the industry began to see an increase in group business being booked via the Internet. An industry-wide shift in the way meeting planners were buying group rooms and function space started to reshape how hotel companies were receiving leads and booking business. Until this time, most meeting planners tasked with identifying and analyzing prospective sites for meetings would distribute requests for proposals (RFPs). From the proposals received, they would narrow down the list of prospective properties, and often would travel from property to property for site inspections. Finally, the meeting planner would sign a contract.

From there, the hotel would typically have to use a manual process to load the group block and group information into various systems, including the property management system (PMS), the central reservations system (CRS) and the sales and catering system (SCS). Though some integration was common among these systems, typically there was no integration from a planner's system into the hotel systems.

Now, the booking environment has changed from face-to-face conference sales to more Internet based decisions because meeting planners are moving their group business booking to the Internet when possible. Additionally, there is a lot more integration between systems than in the past, thus the process is more efficient and accurate.

According to Ray Cohen, president and CEO of TravelCLICK, *"The groups and conventions market segment comprises an average of 30-42% of the total occupancy for the average North American hotel of 200-400 rooms."*

⁴ Best Travel Sites, Forbes.com, March 30, 2006

⁵ Best Travel Sites, Forbes.com, March 30, 2006

"Travelers are on the leading edge of technology adoption," says Henry Harteveltdt. "They adopt trends before the mainstream, are better educated and have more disposable income. They are picky people. Having control over making travel arrangements is very important, and the Web plays well into that."⁶

This growth trend will continue, just as the consumers will continue to increasingly expect the option to facilitate their needs online. This includes the booking and/or management of groups and meetings online.

Meeting and group planners are seeking to streamline the details and manual work into a more efficient process. Many planners have implemented technology such as Group Travel Planet, OnVantage, Passkey and StarCite to assist with their efforts to increase efficiency and reduce costs.

Just like meeting and group planners, hoteliers are also seeking to streamline the processes for booking, planning and managing group business. They are seeking ways to reduce the cost of acquisition as well.

This paper will address the key drivers and challenges in moving the group and meeting process to the online world. It will also address the key success factors and many of the key players in this space.

There are various criteria that companies can use to define what is considered a group or meeting. Some of these criteria include:

- Size of the meeting or number of attendees
- Dollar amount of expenditure, budget
- Site requirements such as onsite or offsite, sleeping room accommodations, type of venue
- Travel requirements
- Support services required such as audio visual, security, etc.

Due to the various criteria that go into the makeup of a group, it is very difficult to lump all types of groups and meetings into one category. This leads to challenges in utilizing technology to handle the industry's group needs.

Additionally, there are varying strategies for each type of group business. The strategy a hotel uses can be impacted by group size, purpose of the meeting, non-sleeping room requirements and the type of business.

Furthermore, the lack of standardization in the hotel industry as a whole, as well as for group business specifically, exacerbates the difficulty in streamlining and automating this business. But advancements are being

⁶ Best Travel Sites, Forbes.com, March 30, 2006

made, and with each improvement the process becomes more efficient and effective.

In writing this paper, many influential industry executives were interviewed. Their input and perspective has been truly invaluable. The executives are:

Paul Rantilla	Senior Vice President Global Sales, Passkey
Chris Avery	Vice President Business Development, Passkey
Kevin Kapke	Senior Convention Service Manager, Walt Disney World Swan and Dolphin Hotel, Starwood
Marc Cassier	Director of Catering and Convention Services, The Westin Charlotte, Starwood
Eldridge Mayor-Parry	Director of Sales, Shangri-La Hotels and Resorts
Alice Wu Cota	Director Business Development, Shangri-La Hotels and Resorts
Edward Perry	Director ECommerce, WORLDHOTELS and HEDNA Sub-Committee
Tom Moncho	Meetings and Group Sales Manager, WORLDHOTELS
Patrick McQuaid	Vice President Supplier Relations, Groopie
Bob Chafey	Senior Director Tour Markets, Cendant Hotel Group
Gail Sayadian	Director Marketing and Sales, Choice Hotels International
Scott Harness	Co-founder and CEO, Group Travel Planet
Duncan Kennedy	Director, Connectivity and Booking Solutions Starwood
Mike Stacy	Chief Executive Officer, Groopie
Bob Gilbert	President, HSMAI
Kari Kesler	Global Manager, Honeywell Meeting Solutions and NBTA Groups and Meetings Committee

Brian Nichols

Hotel and Ground Transportation Programs
Manager and NBTA Hotel Committee Chair

HEDNA and the Solutionz Group partnered to educate the hotel industry on a series of topics throughout 2005/2006. This paper is the fifth in the white paper series.

HEDNA is a not-for-profit trade association whose worldwide membership includes over 200 of the most influential companies in the hotel industry. The association was established in 1992 to further the electronic distribution of hotels throughout the world. For more information regarding HEDNA, please visit www.hedna.org.

The Solutionz Group is a business development and strategic consulting group, headquartered in Tampa, Florida, with offices around the world. Caryl Helsel and Kathleen Cullen are network consultants with Solutionz and are authors of the white paper series and are hospitality industry veterans, as well as past president and vice president of HEDNA respectively. For more information on Solutionz, please visit www.solutionz.com.

All information is believed to be correct
at the time of printing.