ROOM BLOCK OF THE FUTURE

A study co-funded by

Hilton

pcma foundation

NYC & Company
nycgo.com

Rooms Data Analysis by Kalibri Labs
Consumer Survey by Prism Advisory Group

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Room Block of the Future – Table of Contents

Research supported by: PCMA Foundation, Hilton, NYC & Company

Room Block of the Future - Background

Background

Meetings and conventions have long been a staple of the American business fabric. Those conventions have a significant economic impact on the host city as they bring out of town guests into the host city to spend money in hotels, restaurants, retail stores, etc. As such, attracting these groups into a city is of utmost importance to the Convention & Visitor's Bureau's tasked with both bringing conventions into a city and accurately measuring their economic impact.

Historically, when measuring the economic impact of a city-wide convention on a city an exact count of the number of verified convention attendees has been based on the actual room nights booked thru the hotels that are officially listed as in the "room block". While this number can be easily verified, there has been a long-held belief that many city-wide convention attendees often do not book their hotel rooms thru the room block but rather secure alternate accommodations thus making it difficult to accurately quantify the true economic impact.

The purpose of this research was to try and identify the percentage of city-wide convention attendees that book both inside and outside the room block, and what their motivations that drove them to make those choices. Secondarily, we closely examined the booking behavior of those who did not book in the room block to ascertain where they stayed and how much they paid for their accommodations relative to the price paid by city-wide convention attendees when they booked within the room block. Additionally, we wanted to identify the motivations for attendees who choose to not book in the room block.

To accurately answer these questions, we undertook a two-step research effort. One was a city-wide convention attendee survey while the other was an in-depth analysis of room booking behavior. The city-wide convention attendee survey was conducted by the Prism Advisory Group and the hotel data analysis was conducted by Kalibri Labs.

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Room Block of the Future - Introduction

Introduction

In 2018 it was estimated that there were about 500,000 conventions in the USA with over 40 million attendees, making the economic importance of these events obvious. Those conventions take place in most all size cities across the country and are attended by both frequent business travelers as well as those that rarely travel. When traveling to take part in a city-side convention the attendee has many options when it comes to the hotel booking process as there are both many stakeholders involved as well as a myriad amount of room accommodation booking options available for the attendee to choose from when making their overnight booking reservations.

The principle constituencies with considerable influence and involvement in this process include the destination itself, the meeting organizer, the housing bureau, the meeting planner and the hotels where the attendee stays. Of utmost importance to all of the stakeholders is the creation of an optimal attendee experience that include all aspects of the convention attendee's journey, beginning from their inspiration to attend the event through the hotel booking process and ending with their on-site experience.

The primary purpose of this study was to better understand and evaluate the attendee's experience from inspiration to attend the convention through the hotel booking process. As it accepted industry knowledge that some percentage of city-wide convention attendees do not book their hotel rooms through the meeting organizer and in the specified hotel room block, there has never been a sophisticated research effort to accurately quantify those percentages.
This initial study was conducted on behalf of Professional Convention Management Association (PCMA), the Hilton Corporation and NYC & Company.

Room Block of the Future – Introduction (continued)

To that end, the outcome of the research effort was designed to first determine the attendees booking decision making behavior and then understand why they made the decisions they did. Specifically, the study was designed to determine what percentage of city-wide attendees booked their accommodations inside the designated room block and what percentage did not. For those that booked outside the room block, the objective was to identify where they booked their accommodations, how they booked those rooms and how much they paid. For both those who booked inside the room block and those that did not we surveyed a random sample of city-wide convention attendees to ascertain the reasons they made their specific booking choices.

The results of this study will be used to identify where and how convention attendees book their accommodations and what influences and motivates them to make their choices. These results will help inform the next phase of the research. The ongoing research effort will include all stakeholders and be designed to identify any changes and/or modifications that need to take place in the city-wide convention attendee experience that more closely reflect the changing nature of today's convention consumer and their needs and desires in today's digital age.

Room Block of the Future – Executive Summary

HOTEL DATA ANALYSIS FINDINGS – KALIBRI LABS

- About 51% of City-Wide Convention Attendees were identified as booking "In the Room Block" – The remaining 49% booked overnight accommodations either without using the meeting organizer or booked alternate accommodations
- Another 25% of City-Wide Convention Attendees stayed in the hotels designated as part of the room block, but did so on their own, thereby not being recognized by the hotels in the room block as being a convention attendee
- The remaining 25% of City-Wide Convention Attendees choose to stay either in hotels not designated as in the "room block" or book alternate accommodations such as Airbnb.
- City-Wide Convention Attendee behavior varies by size and type of convention.
- When not booking in the room block, attendees typically use traditional hotel booking behavior, meaning that they generally use the hotel booking channels in the percentages that reflect non-convention attendee booking behavior.
- When booking outside the "Room Block" and not using the conference organizer, about 2/3 of the conference attendees pay more for their hotel room than guest using the conference and staying in the room block.
- Convention attendees who stayed in room block hotels but made the booking themselves were significantly more likely to be hotel program loyalty members than those who attendees who book in the room block

Research supported by: PCMA Foundation, Hilton, NYC & Company

Room Block of the Future – Executive Summary

ATTENDEE SURVEY FINDINGS – PRISM ADVISORY GROUP

- 1 in 3 business travelers attend City-Wide Conventions.
- When asked where they stayed for their City-Wide Convention, the figures were very similar to Kalibri's hotel data analysis findings.
- Of survey respondents who booked in hotels designated as part of the room block, but not through their conference organizer, the top reasons they gave were that they believed the organizer rates were more expensive and they weren't able to enter their loyalty number when booking.
- 3% of all City-Wide attendees live within driving distance and book no overnight accommodations.
- Regardless of how City-Wide Convention attendees book, 45% use the conference organizer's website to do their planning. 34% planned using Google searches, and 27% sought recommendations from colleagues and friends.
- Of those who booked through their conference organizer, the top reasons they gave were convenience and receiving special discounted rates for attendees.
- The top three frustrations of City-Wide Convention attendees are: they want to be able to select their room-type and/or room location in the convention hotel, lack of availability at their preferred conference hotel, and being unsure they are getting the lowest rate.
- 13% of City-Wide Convention attendees are interlopers, meaning they are un-registered attendees. They are most likely to stay at alternate accommodations, although a significant amount stay in hotels within the conference block.
- Most City-Wide Convention attendees prefer an experience that is a blend of taking convention organizer suggestions and customizing their own experience. City-wide Convention attendees who are most likely to want to customize their whole experience are Younger Attendees, under 40 years old.
- Younger City-Wide Convention attendees are much more likely to use alternative accommodations and less likely to book in a hotel within the block.

Room Block of the Future – Conclusions / Next Steps

CONCLUSIONS / NEXT STEPS

The initial phase of this research was both informative and enlightening in helping the reader better understand the room night booking behavior and patterns of city-wide convention attendees. However, more research is needed to fully understand both the percentages of booking inside and outside the room block as well as the reasons that influence attendee behavior.

The study identified that almost 50% of city-wide convention attendees did not book their hotel rooms with the meeting organizer and therefore did not stay in the specified room block. Clearly, their reasons for doing so were both a function of their personal preferences as well as what they perceived as inadequacies in the hotel room booking process.

Additionally, the changing nature of both the city-wide convention attendee and what is important to a growing number of those attendees are critical factors when understanding the motivations of convention attendees who book their overnight accommodations in the assigned room block of hotels using the meeting organizer, or book their accommodations in those same hotels but do use the meeting organizer but book with the hotel directly instead of using the meeting organizer and

those that book alternate accommodations. However, to truly understand how to update and modernize the convention attendee experience so that it works for them in the digital age more research is required. It is important that all the stakeholders in the convention process are both a part of the next research phase as well as participate in reshaping the city-wide convention attendee experience going forward.

In addition to engaging with the stakeholders mentioned above in understanding their perspectives and needs, more work needs to be done in the data analysis aspect of the research. Specifically, we need to survey city-wide conventions in additional cities to insure there were no anomalies in the initial data set and to also fine tune the percentage of guests who choose the various room booking alternatives available to them. We also believe that analyzing attendee stay patterns over multiple years will yield trending information that will be invaluable in understanding any fundamental shifts in convention attendee accommodation stay and booking patterns.

Research and Analytical Methodologies

City-wide Convention Attendee Survey

Hotel Data Analysis

Research supported by: PCMA Foundation, Hilton, NYC & Company

City-Wide Convention Attendee Survey – Prism Advisory Group

Survey Goals

The goal of surveying attendees to large city-wide conventions was to understand their booking practices, their motivations for booking as they do, and to understand any frustrations and desire for change in options for hotel bookings for a city-wide convention.

Methodology

This was an Internet-based survey of a U.S. nationwide projectable sample of city-wide convention attendees. The survey recipients were business travelers balanced to the latest U.S. census data based on demographics so results would be projectable to the national population. Recipients were screened on multiple criteria, including having attended at least one large city-wide business convention in the past 12 months. There were 750 completes.

Sample Size & Qualification

We surveyed a large enough sample of business travelers to result in 750 qualified completions. In all, we surveyed approximately 3,000 demographically-balanced U.S. travelers to reach this result. Survey recipients were obtained through a research panel company with rigorous screening and participation limitations.

Validity

Based on publicly available information found in Statista and calculated against the U.S. population numbers from the Census Bureau, approximately 52 million U.S. citizens attend a large conference or convention each year. With our representative sample of 750, this yields a margin of error of +/- 3.6% at the 95% Confidence Interval.

Research supported by: PCMA Foundation, Hilton, NYC & Company

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prism advisory group

Hotel Data Analysis – Kalibri Labs

THE HOTEL INDUSTRY'S LARGEST REVENUE PERFORMANCE DATABASE

In order to accurately measure the percentage of convention attendees who book both in the room block and outside the room block, we accessed the Kalibri Labs industrywide database, which has grown to over 33,000 U.S. hotels and is updated monthly. The Kalibri Labs database of over 7 billion hotel guest stay transactions is the only industry database with validated room booking costs and daily room rates, room nights and revenue from every individual booking, sourced directly from each contributing hotel company. Kalibri Labs aggregates and anonymizes the data for accurate reporting for distribution analysis and performance evaluation at a property, brand, chain and industry level.

Additionally, the data sample contains information detailing when the hotel booking was made with the hotel, the booking channel thru which the reservation was made, whether the guest stay was part of a group, how long the guest stayed and whether the guest was a member of the brand or company loyalty program. The Kalibri Labs database grows by 100 million transactions per month so it has a large sample from which to test the theories surrounding the percentage of city-wide convention attendees room block booking behavior. Comparing performance based on the metrics of booking hotel stay patterns and the price at which all rooms were booked at the hotel are critical for an accurate assessment of what percentage of guest stays during a city-wide convention, book both "inside the room block" and those that book "outside the room block".

Kalibri Labs Database

Kalibri Labs – US Hotel Industry Database

33,000 Hotels

100+ Brands

3 Million+ Rooms

7 Billion Transactions

100 Million Transactions added each month

Research supported by: PCMA Foundation, Hilton, NYC & Company

Methodology

Using Kalibri Labs extensive database (explained above) of hotel room bookings we were able to estimate the percentage of city-wide convention attendees who booked outside the room block. Specifically, the goals were to:

- Attribute the percentage of room nights booked outside of the conference hotels group block compared to the percentage booked in the room block
- Then distribute those estimated room nights across the available types of accommodations. Alternate accommodation types were identified as hotels in close proximity to the convention center but not part of the convention room block as well as Airbnb options, within the same geographic radius as the hotels.
- Identify patterns of room nights booked outside the room block across booking channels, room rate segment, and whether the attendee was a member of a hotel loyalty program.
- Examine how the above trends change over time.

To accomplish this goal 3 cities were selected for analysis, San Diego, Houston and New York. For each city 4 city wide conventions were identified, two of which were to be annual conventions taking place in each city for at least 3 consecutive years and two that were rotational. The annual conventions selected had to have been in each city in the years 2015 thru 2017. If the convention selected occurred in the city in 2018 and had taken place prior to the analysis period (3rd QTR of 2018) then the 2018 conventions were analyzed as well. The rotational conventions (those that moved from city to city) we only analyzed the 2017 convention in each city.

Methodology

In total, 26 city wide conventions were examined as part of the analysis. Additionally, over 2 million hotel and Airbnb individual guest booking records were included in the analysis. For each of those booking records the following attributes were examined:

- Arrival and departure patterns
- Booking channel through which the reservation was made (see glossary for a description and definitions of the booking channel
- The room rate category through which the reservation was made (see glossary for a description and definitions of the booking channel
- The room rate paid for the accommodation
- When the accommodation reservation was made (booking lead time)

In order to estimate the percentage of city-wide convention attendees that booked outside the room block we first had to identify the patterns and profile of the attendees who did book inside the room block. Once determined, we could then look for similar profiles and patterns in guests staying outside the room block to begin to identify how many city-wide convention attendees actually booked outside the room block. We looked at the following attributes to identify those patterns.

- Day of arrival
- Day of departure
- Booking lead time (date the reservation was made)
- Average daily room rate paid

Methodology

After an extensive analysis, we established that the best predictors enabling us to identify convention attendees who booked outside the room block were the arrival and departure dates of attendees who booked in the room block. We did not use booking lead time or actual room rate paid as the disparity in those measures among the city-wide convention attendees was too great and therefore inadequate to help us identify attendees who booked outside the room block.

In addition to examining individual hotel guest arrival and departure patterns, we looked at overall market occupancy for all hotels in the selected city during the dates of the selected city-wide conventions and compared that to the aggregated occupancy of the hotels in the room block. The purpose of this exercise was to ensure that the occupancy patterns of hotels that were not in the room block showed similar daily occupancy levels and variability to hotels that were in the room block. In addition to the specific days that the convention took place we also examined several days both before and after the actual dates of the convention to identify total hotel stay patterns for each city-wide convention.

As the Kalibri database contains a group booking code, we were able to specifically identify city-wide convention attendees who booked rooms in the room block as well as their arrival and departure patterns. In addition, we were also able to accurately state the actual price paid for the rooms in the block.

Hotel Data Analysis – Kalibri Labs
Methodology – 4 of 7

Methodology

The next step in the analysis was to identify city-wide convention attendees who did not book inside the room block and estimate where and in what percentages they booked their overnight accommodations. To do this we identified arrival and departure patterns in 5 alternate accommodation types based on proximity to both the convention center and the hotels that were a part of the room block. When identifying the number of convention attendees who choose to book outside the room block, we only selected guest room night stays whose arrival date was on the first day of the convention and whose departure date was on the last day of the convention. This was, by far, the most common arrival and departure pattern of attendees who booked in the room block.

An analysis of the attendees who booked inside the room block revealed a percentage of them arrived and departed both pre and post convention. However, we did not apply tose same percentages about guests in the alternate accommodation types. Therefore, we believe that we may be underestimating the percentage of attendees who booked outside the room block.

Those five are listed and described below:

1. Attendees who booked rooms in the "room block" hotels but did not use the group code.

As we knew both the number of total attendees at each of the city-wide conventions analyzed as well as the size of the room block in the selected hotels, we were able to identify convention attendees who were attending the convention, staying at a hotel selected in the room block but did not use the group identification code when making their booking. (the consumer part of this study lists some potential reasons that attendees chose to do this)

2. Attendees who booked hotel rooms in hotels not in the room block, but stayed in a similar geographic proximity to the convention center as hotels in the room block, defined as the "Inner Circle".

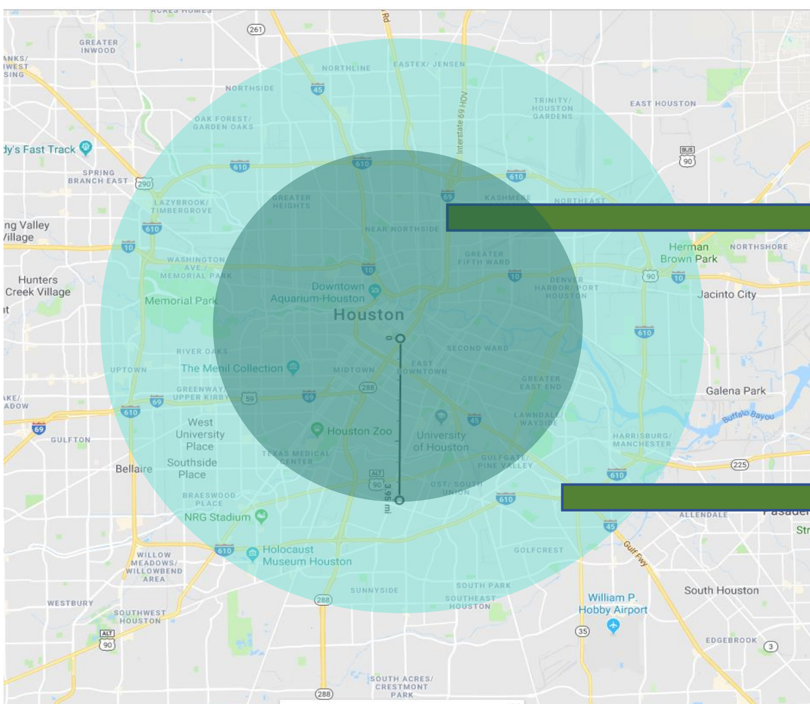
This group of hotels were identified by creating a geographic radius of the farthest hotel in the room block from the convention center, increasing it by ¼ mile, and then identifying hotels in that radius that were not in the room block. In a few instances, there was a hotel that was an outlier when it came to creating the geographic radius, meaning that it was much further from the convention center than the other hotels in the room block. In those cases, we eliminated that hotel when creating the radius defined as the Inner Circle.

Hotel Data Analysis – Kalibri Labs
Methodology – 5 of 7

3. Attendees who booked hotel rooms in hotels not in the room block, but stayed in a similar geographic proximity a bit further from the convention center as hotels in the room block, defined as the "Outer Circle".

This group of hotels were identified by creating a geographic radius of the farthest hotel in the room block from the convention center, increasing it by up to 5 miles, and then identifying hotels in that radius that were not in the room block. Again, if there was a hotel that was an outlier when it came to creating the geographic radius, meaning that it was much further from the convention center than the other hotels in the room block, it was eliminated from the calculation of the radius. Figure 1 shows a visual example of the radius used to identify the availability of alternate accommodation types in Houston.

Figure 1



Inner Circle
1.25X the distance of the farthest hotel in the block

Outer Circle
1.25 –> 5 X the distance of the farthest hotel in the block

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Hotel Data Analysis – Kalibri Labs
Methodology – 6 of 7

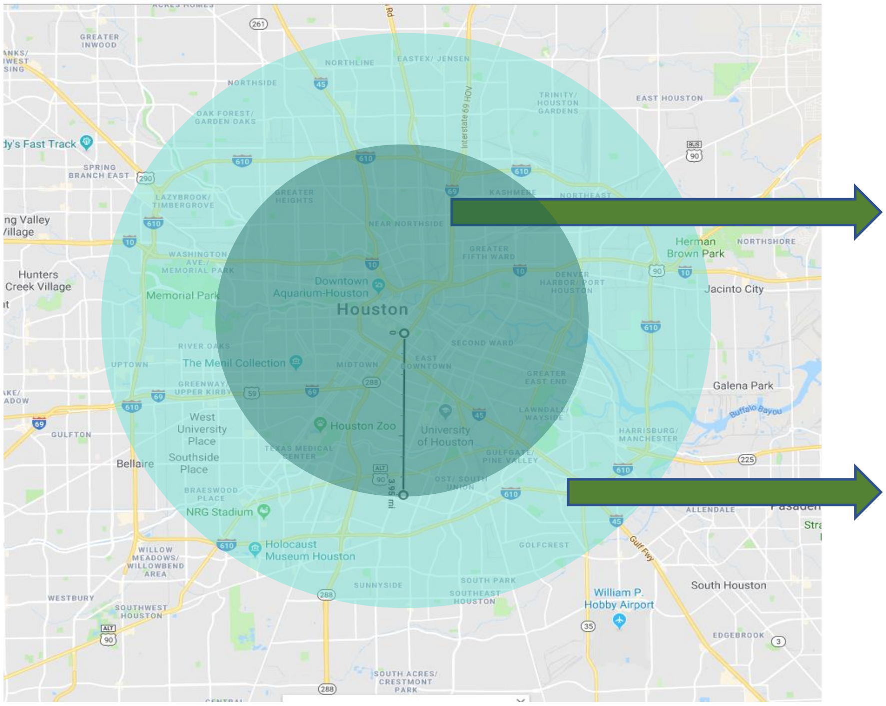
4. Attendees who booked alternate accommodations, specifically Airbnb, in the radius defined as the "Inner Circle".

With Kalibri labs having access to Airbnb booking and stay patterns we were able to estimate the number of city-wide convention attendees who booked with Airbnb. As with the alternate hotel booking groups, we only selected stays whose arrival date was the first day of the conference and the departure date was the last day of the conference. As with hotel supply, the amount of Airbnb bookings was contingent on the supply availability in the "Inner Circle"

5. Attendees who booked alternate accommodations, specifically Airbnb, in the radius defined as the "Outer Circle."

As with the alternate hotel booking groups and the Airbnb bookings in the "Inner Circle", we only selected stays whose arrival date was the first day of the conference and the departure date was the last day of the conference. As with hotel supply, the amount of Airbnb bookings was contingent on the supply availability in the "Outer Circle"

Figure 1



Inner Circle
1.25X the distance of the farthest hotel in the block

1.25 –> 5 X the distance of the farthest hotel in the block

Hotel Data Analysis – Kalibri Labs Methodology – 7 of 7

In total we identified six different possible accommodation types that were possible for a city-wide convention attendee: the five alternates listed previously as well as guests who booked within the room block for each convention.

Please see Figure 2 below:

Figure 2

		Traditional Hotel	Short Term Rental Units (Airbnb)*
In Block	Group	Group Room Nights on Hotels on the conference room block: reported by DMO (Block - Group)	
	Transient	Non-Group Room Nights on Hotels on the conference room block (Block-Transient)	
Not in Block	Inner Circle	Hotels not on the room block in similar proximity to the conference center than those on the block (Hotels – Inner Circle)	Airbnb units in similar proximity to the convention center (Inner Circle)
	Outer Circle	Hotels not on the room block farther from the conference center than those on the block (Hotels Outer Circle)	Airbnb units in farther from the convention center (Outer Circle)

*Hotel-comparable Airbnb supply only (filtered by price, property type, and listing type

Research supported by: PCMA Foundation, Hilton, NYC & Company

Kalibri Labs Hotel Data Analysis Findings

Research supported by: PCMA Foundation, Hilton, NYC & Company

On Average 51% of City Wide Attendees Book in the Block

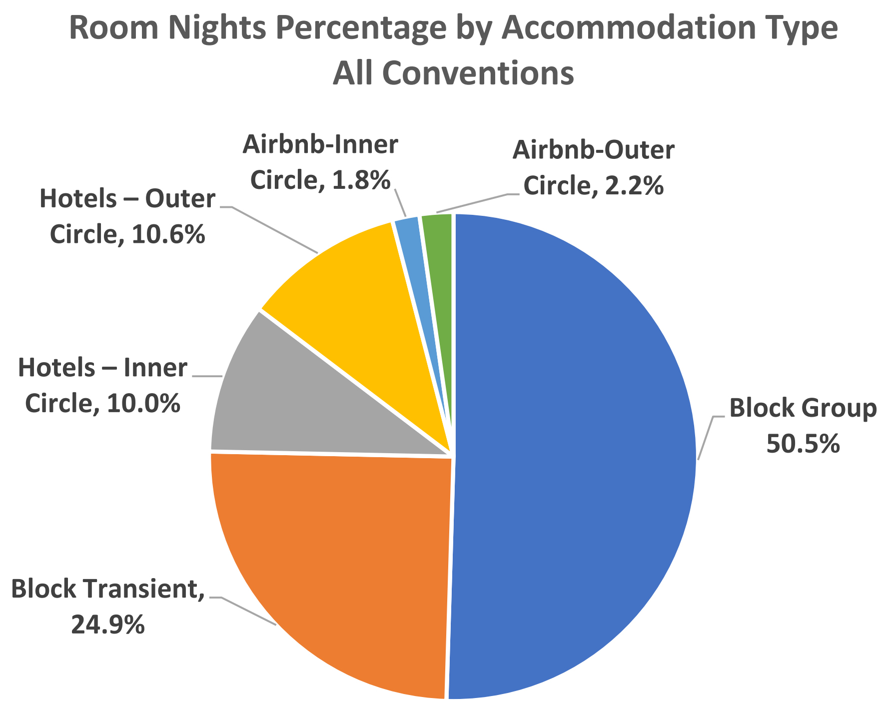
Kalibri Labs Data Set

Just over 50% of City-Wide Convention attendees book their room night accommodations "In the room block" while the remaining 50% did not use the meeting organizer, meaning they did NOT book in the room block.

With a significant minority of city-wide convention attendees booking their room night accommodations "outside the room block", the analysis revealed that the vast majority of those attendees, about 46%, still stayed in traditional hotel rooms. The remaining 4% stayed in an Airbnb. As discussed in the methodology section, we identified 6 types of accommodations, including those that booked inside the assigned room block.

As shown in Figure 3, just under 25% of city-wide convention attendees actually stayed in the hotels that were designated as in the room block but did not use the room block designation. Another 21% stayed in hotels that were not in the room block. Of the 4% who stayed in Airbnb's the majority stayed in rooms that were a bit farther away from the convention center.

Figure 3



Research supported by: PCMA Foundation, Hilton, NYC & Company

Booking Patterns Inside and Outside the Block

Kalibri Data Set

Atypical Stay Patterns

As with any research effort of this type, certain assumptions that relate to the data set must be made. In this case one of the more critical ones involved is how to account for attendees who did not arrive the first day of the convention or depart on the last day of the event. As we were accurately able to identify the attendees staying in the room block by using their group booking code, it was easy to determine attendee specific arrival and departure patterns. On average, about 70% of attendees arrived on the first day of the convention, another 20% arrived either one or two days prior to the start of the convention, while the remaining 10% arrived during the event. A similar pattern was apparent when the data was analyzed by day of departure with one slight difference. That being that about 20% of the attendees departed before the convention was over and only 10% remained at least one day beyond the last day of the event.

Outside the Block Bookings Matched to Exact Convention Dates

As mentioned in the methodology section, when determining the percentage of attendees booking outside the room block, we exclusively counted guests who check-in and check-out dates matched the first and last day of the city-wide convention. We purposely excluded any records of potential attendees who may have checked in or out of the alternate accommodations a few days early or late.

Research supported by: PCMA Foundation, Hilton, NYC & Company

Booking Patterns Inside and Outside the Block (continued)

Kalibri Data Set

Each City Has a Unique Profile

In analyzing this data, it is important to remember that each city studied in this phase of the research had a unique hotel and Airbnb geographic profile. Because of that, each city had slightly different results when it came to estimating the percentage of attendees who booked inside the room block. However, in general the similarities in booking preferences were striking and on average reflected consistent results.

In Houston, for example, the convention center is located downtown so there is significant hotel density in and around the center. As such, there are many hotel room options for attendees to book both inside and outside the room block. Additionally, there are not as many Airbnb options close to the convention center, so attendees wanting this kind of accommodation would generally have to travel a few extra miles.

Other Effects on Booking Preferences and Patterns

Other factors that affected the booking preferences and patterns of convention attendees were type and size of the convention they attended. As expected, especially large city-wide conventions will be much more likely to have a higher percentage of attendees booking outside the room block as there is simply an insufficient amount of hotel room availability to accommodate the number of attendees. Additionally, the room blocks tend to fill up more quickly at larger conventions resulting in no availability in the room block for those who try to secure accommodations at a date relatively close to the dates of the convention. Conversely, attendees at smaller city-wide conventions have a slightly higher tendency to book their rooms inside the room block.

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Size and Type of City Wide affects Percentage of Block Bookings
Kalibri Data Set

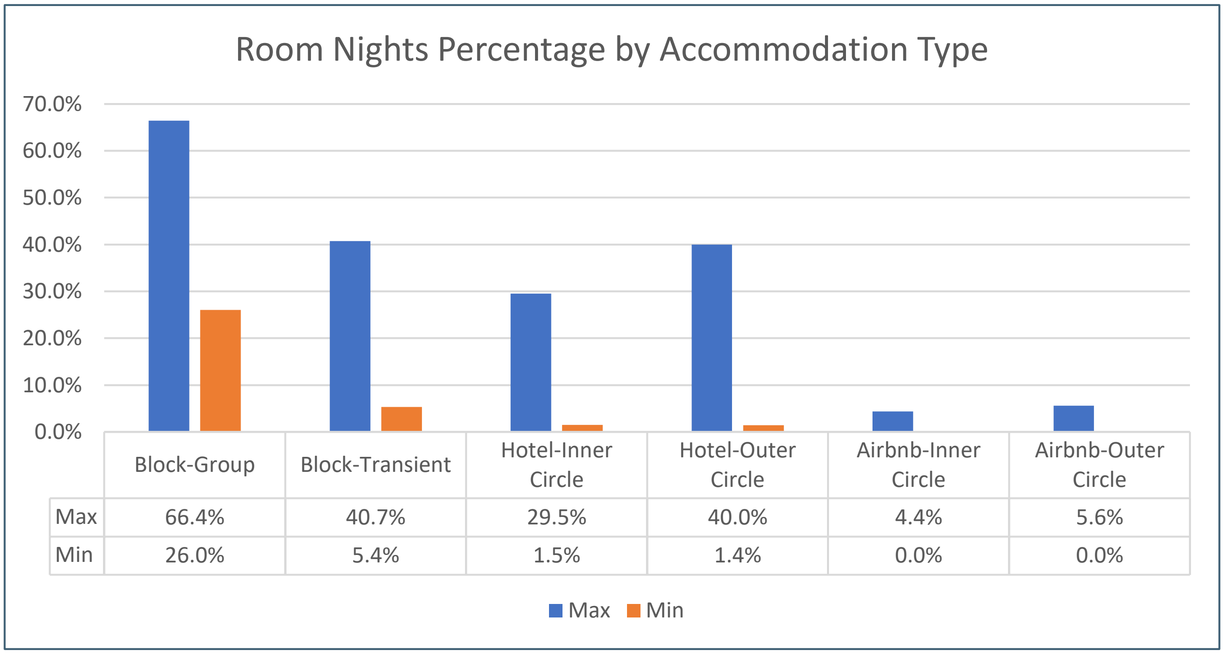
Little Variance in Stay Patterns, Except Government-Related Conventions

Booking and stay patterns did not vary as much based on the type of convention held, as most major professional association attendees exhibited fairly consistent stay behavior. One notable exception to this occurred at government related conventions. These attendees were much more likely to book inside the room block than attendees at most other type of conventions. Figure 4 below shows the ranges of bookings in each of the six potential booking options for the universe of conventions analyzed.

As indicated on this chart, the percentage of attendees who booked with the meeting organizer and in the room block varied from a low of about 25% to a high of about 65%. Interestingly, the range in the percentage of attendees who stayed at the specified room block hotels, but did not book through the meeting organizer and therefore, were not registered as part of the group ranged from about 5% on the low end and about 40% of total attendees on the high end. Also, of note was the fact that a few city-wide conventions, there were no Airbnb bookings. These meetings were typically of a governmental nature where the attendee's ability to make their own decisions regarding where to stay may be limited by both a per-diem as well as accommodation type regulations.

In a further phase of the research, which will include supplemental cities and their city-wide conventions we will be able to publish results with more granularity by both convention type and size.

Figure 4



	Block-Group	Block-Transient	Hotel-Inner Circle	Hotel-Outer Circle	Airbnb-Inner Circle	Airbnb-Outer Circle
Max	66.4%	40.7%	29.5%	40.0%	4.4%	5.6%
Min	26.0%	5.4%	1.5%	1.4%	0.0%	0.0%

Research supported by: PCMA Foundation, Hilton, NYC & Company

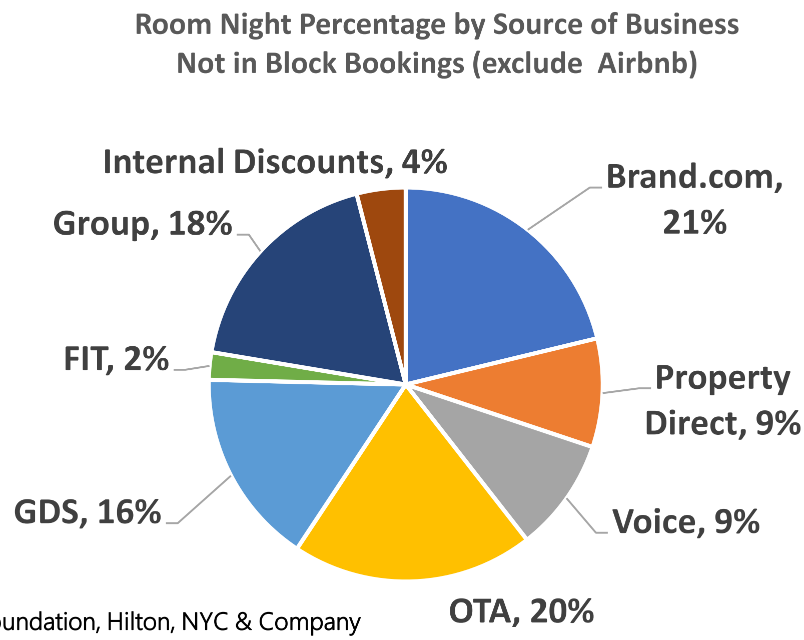
"Not in Block" Bookings come thru On-line Channels – 57%
Kalibri Data Set

When booking outside the room block, and booking at a hotel, city-wide convention attendees exhibited very similar hotel booking behavior as transient hotel guests (non-group guests).

For city-wide convention attendees who do not use the meeting organizer to make their hotel reservation they must secure overnight accommodations themselves. As just under 50% of these convention attendees exhibit this behavior it is not surprising that those who did not book their hotel rooms through the block, made their hotel reservations in a similar pattern to the overall US population of transient hotel guests, and generally used an on-line booking channel. In total, about 57% of these hotel reservations were made using on-line channels, which are defined as brand.com (hotel or hotel brand website), on-line travel agency (OTA), such as Expedia or Booking.com, or Global distribution system (GDS), which are generally used by travel agents and travel planners.

The most common channels used by this group were brand.com and an on-line travel agency (OTA). Interestingly, the next most common booking channel was defined as a group booking, at about 18%. These "group within a group" bookings are not uncommon at large city-wide conventions as many attendees are part of organizations that utilize the opportunity of a large gathering of either employees, clients or potential clients to schedule meetings or educational seminars when many of the potential attendees are together. Figure 5 highlights the hotel booking channel used by guests booking at hotels not in the room block.

Figure 5



Research supported by: PCMA Foundation, Hilton, NYC & Company

Loyalty Impacts on Booking Channel Choices
Kalibri Data Set

Loyalty Members Likely to Seek Channel That Allows Easy Access to Benefits

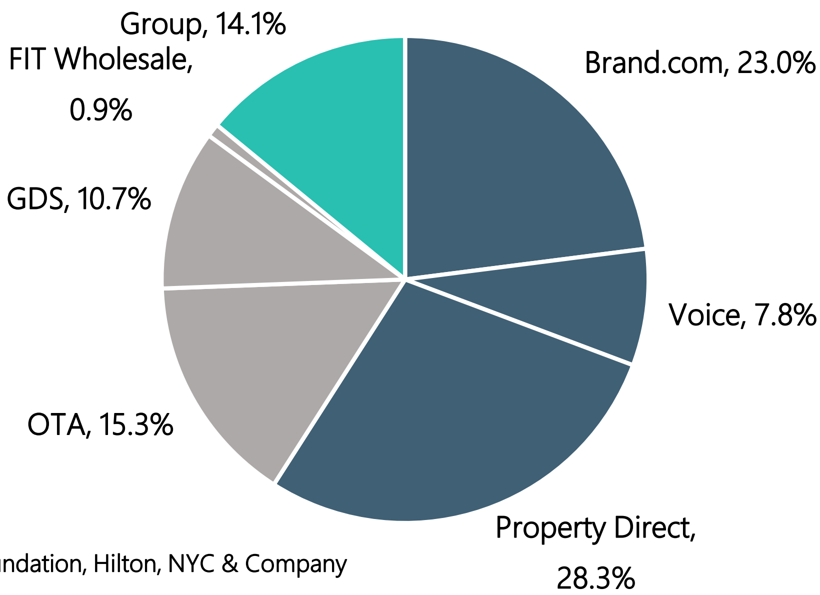
About 60% of all city-wide convention attendees were frequent travelers, defined as making 4 or more business trips per year. As such, it is not surprising that these attendees will be part of a one or more hotel loyalty programs and, therefore, make their hotel reservations in a manner that is consistent with their normal transient business travel. Because of that, the booking channel they choose is likely to be able to provide them with the benefits associated with those loyalty programs for things like loyalty points, specific room type selection and room location.

As mentioned, the percentages of not in the room block bookings in hotels are very similar to those exhibited by the general hotel buying public, with one major exception. The one major variation is that while a significant channel for the general US hotel stay population is property direct (generally walk-in guests or calling the hotel directly) at about 28%, very few convention attendees use this method. It appears that those percentages are evenly distributed among the other channels.

As a point of reference, Figure 6 shows the 2018 total US booking percentages by booking channel.

Figure 6

Online Bookings Near 50% of U.S. Room Nights
Demand Share – U.S. Total – 2018



Booking Channels for Guests Booking Outside the Block
Kalibri Data Set

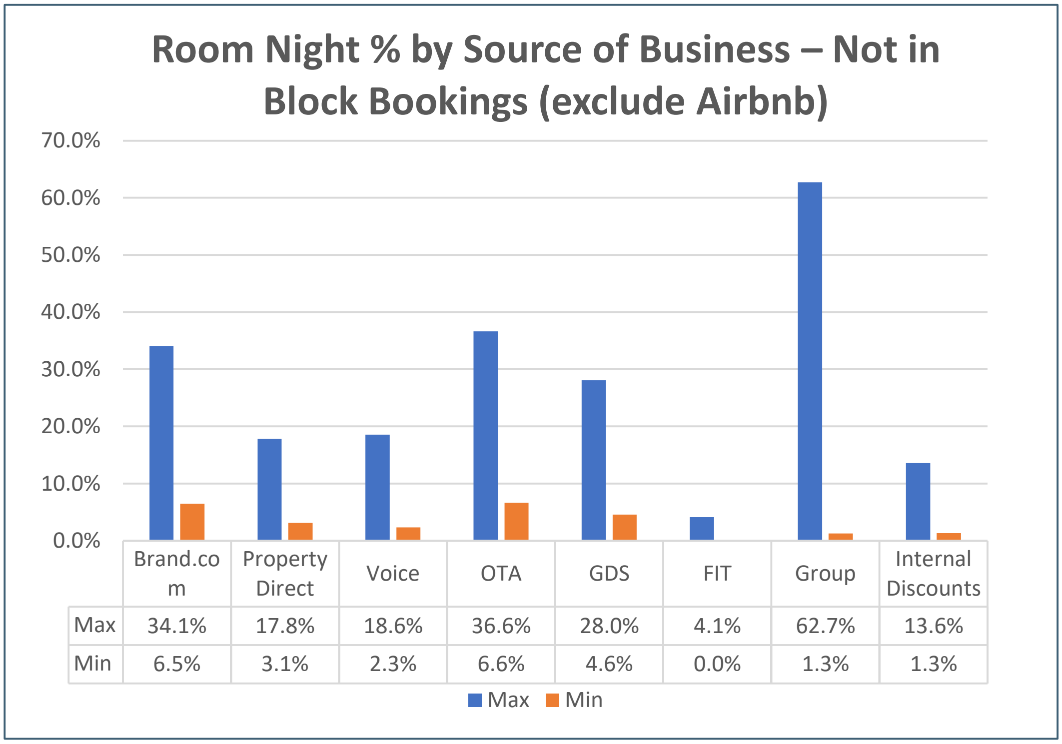
Brand.com and OTAs Are Preferred Channels for Outside the Block Bookers

When looking at specific booking behavior for each city-side convention studied, there was a degree of variability, again generally related to the size and type of convention. The ranges of that behavior are presented in Figure 7.

Interestingly, the widest variability in the percentage of booking by channel existed in the "group within a group category", ranging from a high of about 60% to a low of about 2%. This wide of a range is correlated to specific convention types and sizes.

Among the other booking channels the ranges of percentages of guests using either brand.com or an OTA showed a wide of variability. The differential thru the other channels was in a much narrower range.

Figure 7



	Brand.com	Property Direct	Voice	OTA	GDS	FIT	Group	Internal Discounts
Max	34.1%	17.8%	18.6%	36.6%	28.0%	4.1%	62.7%	13.6%
Min	6.5%	3.1%	2.3%	6.6%	4.6%	0.0%	1.3%	1.3%

Research supported by: PCMA Foundation, Hilton, NYC & Company

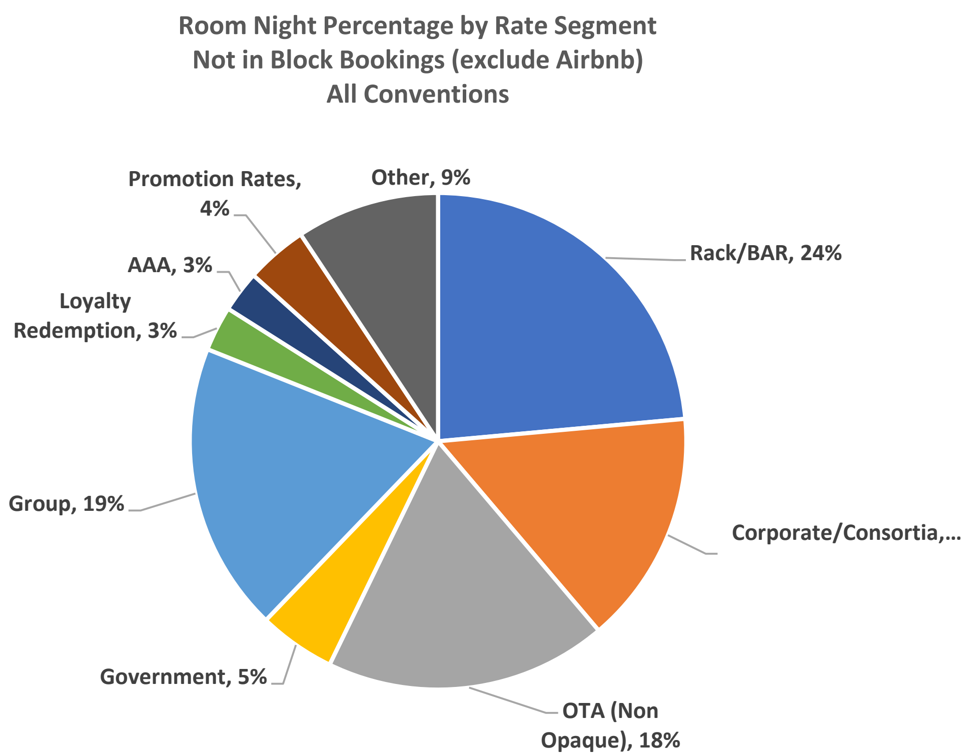
Rack/BAR Most Used Rate Segment for Not in Block Bookings
Kalibri Data Set

When booking their accommodations outside the room block, attendees used a wide variety of room rate segments.

With a significant percentage of city-wide convention attendees making their hotel room reservations through a channel other than using the meeting organizer, using the Kalibri Labs database we were able to identify the room rate channel used by the attendees when booking their hotel room. This data set contains a lot of hotel industry related terminology. A definition and explanation of those terms is contained in the glossary section of this report

Additionally, this data best informs the hotel and "third party intermediaries, generally OTA's, communities that host the attendees at these conventions in the type of rate segments that are most widely used by convention goers. Armed with this data, hotels and third party intermediaries can then see how the guest booking tendencies that occur during high convention attendance days might differ from non-convention related periods, thereby enabling the hotels to modify or change their offerings accordingly.

Figure 8



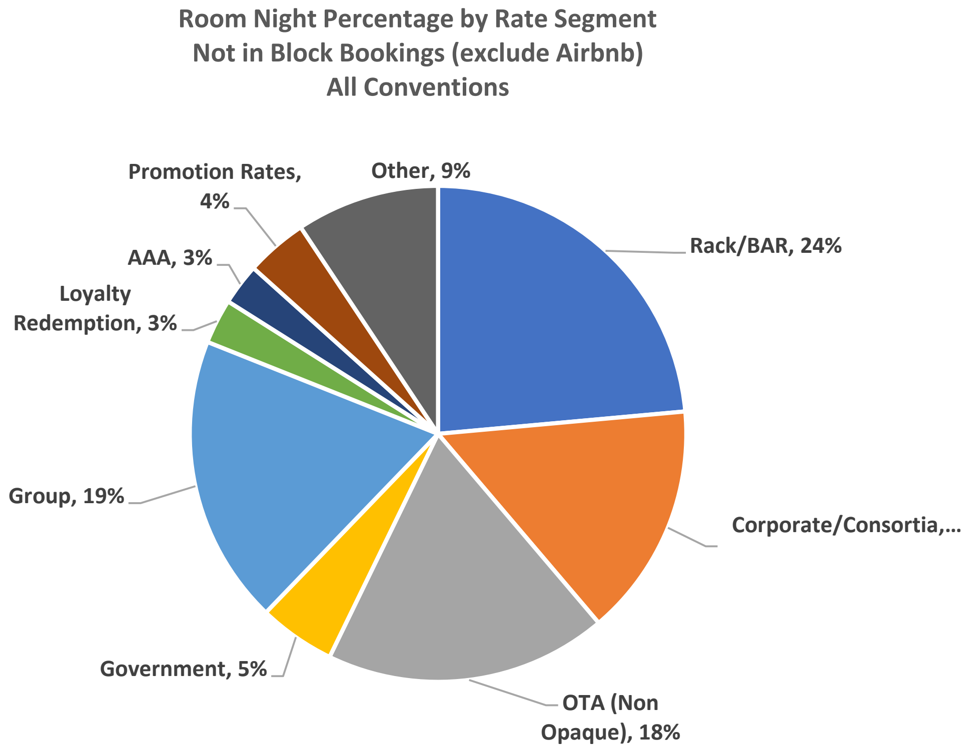
Research supported by: PCMA Foundation, Hilton, NYC & Company

Rack/BAR Most Used Rate Segment for Not in Block Bookings (continued)
Kalibri Data Set

Figure 8 offers some insight into the room night percentages by rate segment used by those attendees who attended a city-wide convention but did use the meeting organizer. While a wide variety of rate segments were used, the most prevalent was rack/bar. This is not surprising as it can be the most common rate segment used by hotel guests, especially when going to the brand website. Additionally, this rate segment often has the highest room rates and is often used by those who are not frequent travelers and are generally not a member of hotel loyalty programs.

Additionally, this rate segment is often the most widely available to those who wait until the last minute to book their hotel room as often hotel room inventory tends to get increasingly limited the closer one gets to the start of the convention. With the exception of rack/BAR, the variety of rate segments used by these attendees suggests that many of them are frequent travelers and therefore revert to their traditional behavior.

Figure 8



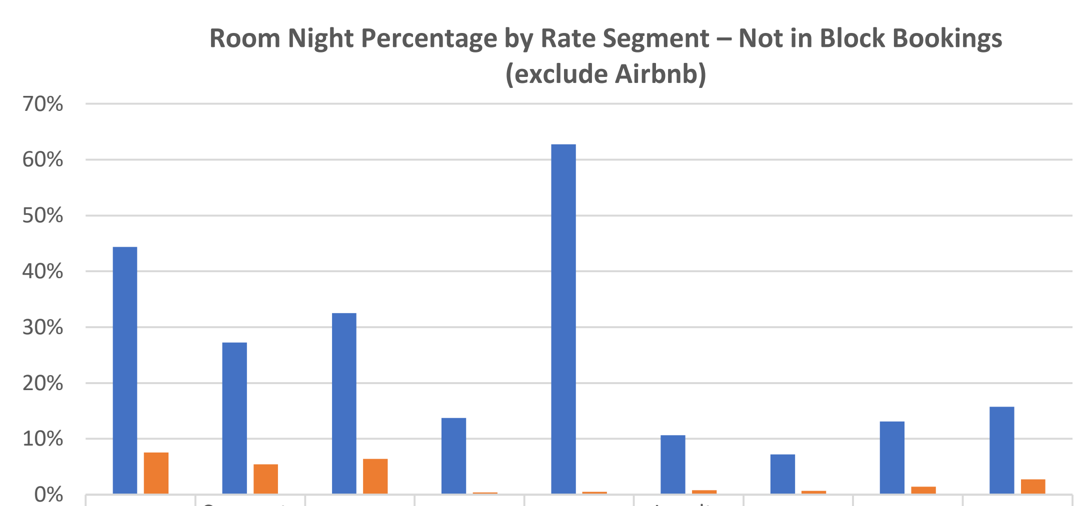
Research supported by: PCMA Foundation, Hilton, NYC & Company

Rate Segments Used Vary Widely by Not in Block Bookings

Kalibri Data Set

Figure 9 shows the ranges of the rate segments used by attendees when booking outside the room block. While there is nothing particularly surprising about the data shown, it is a bit interesting that in some conventions very little bookings were made thru some of the channels. This is especially true when looking at the Loyalty redemption, AAA, Promotion rates and Government. Again, this variation is closely related to either the size and/or type of convention analyzed.

Figure 9



	Rack/BAR	Corporate /Consortia	OTA (Non Opaque)	Government	Group	Loyalty Redemption	AAA	Promotion Rates	Other
Max	44%	27%	33%	14%	63%	11%	7%	13%	16%
Min	8%	5%	6%	0%	1%	1%	1%	1%	3%

■ Max ■ Min

Research supported by: PCMA Foundation, Hilton, NYC & Company

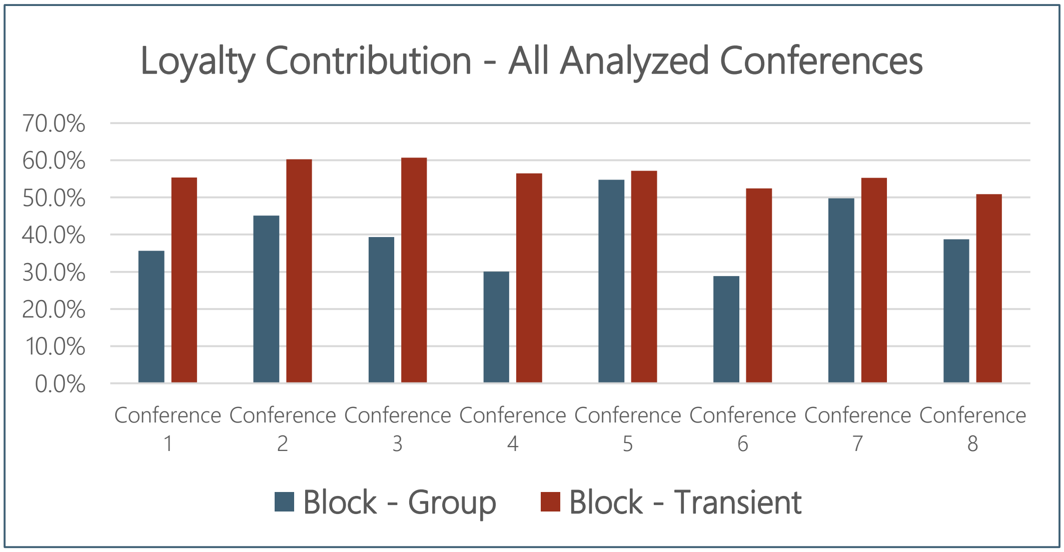
Loyalty Contribution Higher For "Not in Block" Bookings
Kalibri Data Set

Loyalty and Price

The remaining two primary areas of insights that were revealed by an examination of guest hotel stay records were both directly related to results that were identified from the consumer survey. When respondents to the consumer survey were asked for the primary reasons that they did not book their accommodations with the meeting organizer, and therefore booked outside the block, they gave two primary reasons. The first was that they often were not recognized as hotel loyalty members when checking into the hotel and, as such, did not get their loyalty points and benefits. The second reason often stated was that they believed they could obtain hotel rooms at a lower price than was offered through the room block. Attendees actual booking behavior and the price they paid for the room reveal data that supports one of those statements and refutes the other.

As stated, one of the primary reasons given to not book inside the room block was that the attendee either did not have the option of giving their loyalty number at the time of booking with the meeting organizer, or if they did, it was often not on their guest check in record when they got to the hotel. In order to understand if this perception was born out by the data, we examined each convention and analyzed the percentage of guests staying at the hotels designated as in the room block who were members of the hotels' loyalty program. Remembering that in the hotels in the room block we were able to identify both convention attendees who booked with the meeting organizer and those who booked their reservations in another manner. For each of these two groups we calculated what percentage of both "in-block" and "not in the block" were loyalty members. The results of that analysis are presented in Figure 10.

Figure 10



Research supported by: PCMA Foundation, Hilton, NYC & Company

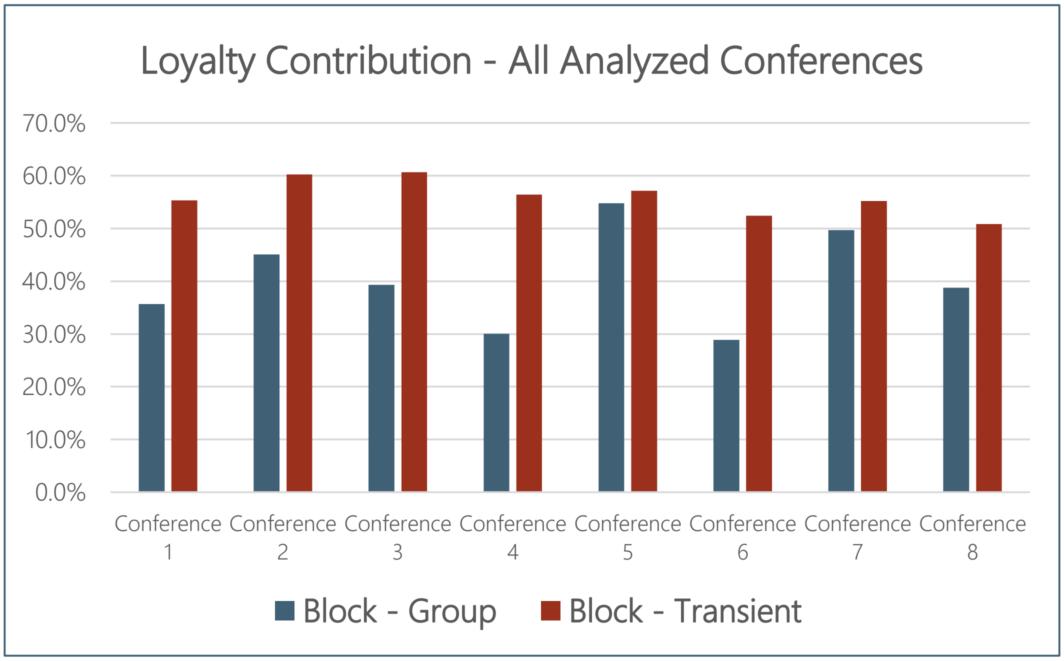
Loyalty Contribution Higher For "Not in Block" Bookings (continued)

Kalibri Data Set

As can be seen, in every case the percentage of loyalty members was significantly higher for hotel guests who did register through the meeting organizer than for those that did. Generally, about 30% of guests who officially booked inside the room block were members of the hotel loyalty program, while over 50% of those who booked at the hotels in the room block, but did so on their own were members of that hotels' loyalty program. As a point of reference, for all US hotels that had a loyalty program in 2018, about 55% of their guests were members of the loyalty program.

There are, of course, other factors that may play into these results, one for instance, being what percentage of attendees who booked both in the block and those that booked outside the block were frequent travelers. However, the results are dramatic enough to conclude that for a high percentage of those who booked outside the block but stayed in those same hotels were motivated, at least in part, by their desire to get their loyalty points and benefits.

Figure 10



Research supported by: PCMA Foundation, Hilton, NYC & Company

ADR Premium vs. Discount Distribution
Kalibri Data Set

When booking their accommodations "outside the room block", about 28% of those attendees payed less for their room than what they would have payed "in the room block" while 63% payed a higher room rate than what they would have payed had they booked "in the room block"

While a majority of the attendees who did not "book in the room block" identified one their primary reasons for not doing so as price, meaning they believed they could secure a lower room rate than the ones offered by the conference organizers, this was often not the case. As Figure 11 indicates, there was a wide variety in room rates when booking outside the block, with the majority paying more than if they had stayed in the room block using the meeting organizer.

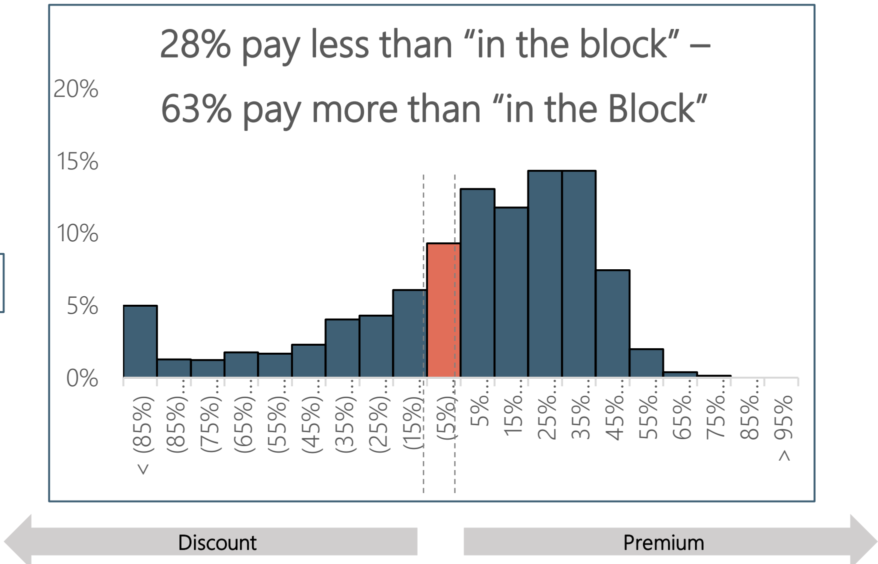
When selecting accommodations "outside the room block", those who payed less generally either stayed in hotel accommodations that were geographically farther away from the convention center than the hotels in the room block, or they utilized alternate room accommodations such as an Airbnb. Those that payed more typically stayed at hotels closer to the convention center and generally booked their accommodations closer to the arrival date.

There are many reasons why such a high percentage of attendees who booked outside the room block payed more, and some cases much more. Some possible reasons why attendees would end up paying more are:

- Hotel preference was more of a motivator than price
- Expense account effect.
- Late booking of the room
- Hotel room availability

While each of these factors certainly were at play, what is not in question is that booking outside the room block is going to cost more about 2/3 of the time.

Figure 11



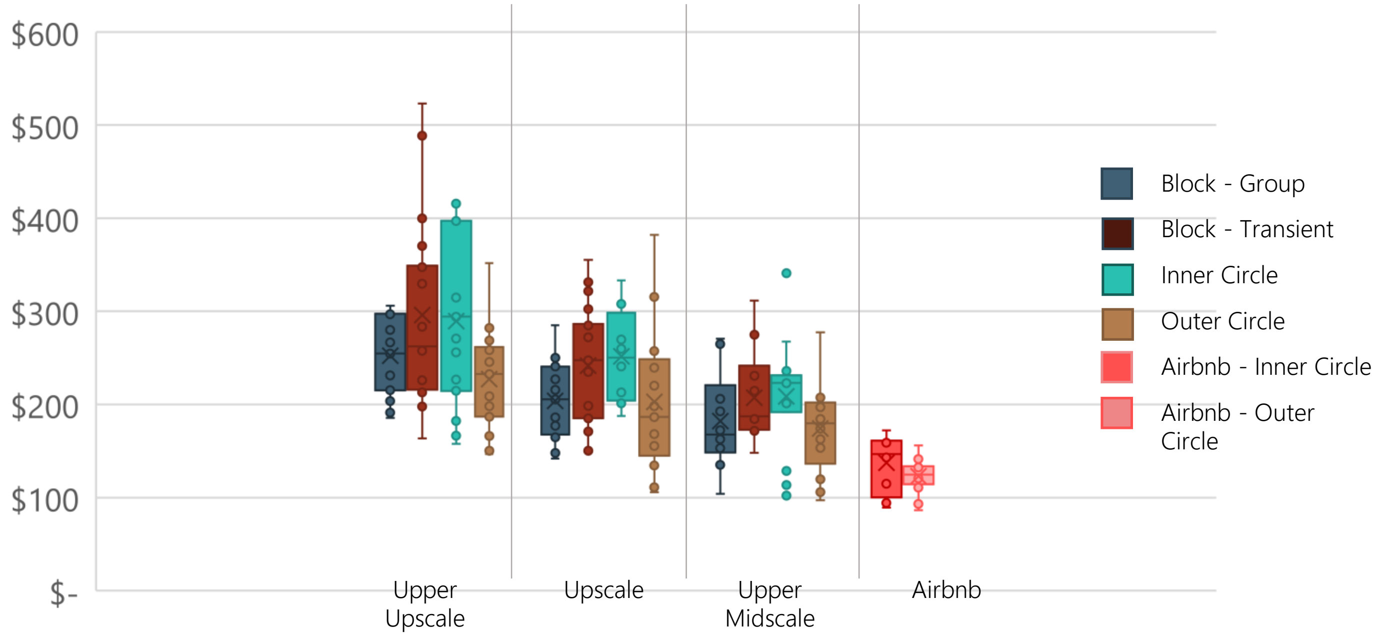
Research supported by: PCMA Foundation, Hilton, NYC & Company

ADR by Chain Scale and Accommodation Type
Price Premium Greater for Higher Priced Properties
Kalibri Data Set

As stated, the reasons such a high percentage of city-wide convention attendees who book outside the room block pay more are varied and influenced by both the event and the individual. Based on the analysis, it is clear that one of the primary drivers of the price payed by the attendee was the type of hotel chosen. Figure 12, presents room rate ranges payed by attendees, on average, by each chain scale category. In addition, this "box and whiskers" chart presents the range of prices paid by attendees for each of the six accommodation types identified in the study.

From this chart it is clear that for the higher priced hotel categories, Upper Upscale and Upscale, when either staying in one of the block hotels but not using the organizer or staying in another hotel, attendees typically paid more than those that registered in the block, and in some cases much more. When staying in more mid-priced hotels or an Airbnb, attendees tended to pay about the same or a bit less.

Figure 12



Research supported by: PCMA Foundation, Hilton, NYC & Company

Consumer Survey Results – Prism Advisory Group Findings

Research supported by: PCMA Foundation, Hilton, NYC & Company

City-Wide Convention Attendee Survey – Prism Advisory Group

Survey Goals

The goal of surveying attendees to large city-wide conventions was to understand their booking practices, their motivations for booking as they do, and to understand any frustrations and desire for change in options for hotel bookings for a city-wide convention.

Methodology

This was an Internet-based survey of a U.S. nationwide projectable sample of city-wide convention attendees. The survey recipients were business travelers balanced to the latest U.S. census data based on demographics so results would be projectable to the national population. Recipients were screened on multiple criteria, including having attended at least one large city-wide business convention in the past 12 months. There were 750 completes.

Sample Size & Qualification

We surveyed a large enough sample of business travelers to result in 750 qualified completions. In all, we surveyed approximately 3,000 demographically-balanced U.S. travelers to reach this result. Survey recipients were obtained through a research panel company with rigorous screening and participation limitations.

Validity

Based on publicly available information found in Statista and calculated against the U.S. population numbers from the Census Bureau, approximately 52 million U.S. citizens attend a large conference or convention each year. With our representative sample of 750, this yields a margin of error of +/- 3.6% at the 95% Confidence Interval.

Research supported by: PCMA Foundation, Hilton, NYC & Company

CONVENTION ATTENDEES' LODGING PROFILE

DERIVED FROM THE CONSUMER SURVEY

Research supported by: PCMA Foundation, Hilton, NYC & Company

Gross Data Including Unpaid Lodging – Consumer Survey

Lodging of ALL Convention Attendees

A projectable sample of all city-wide convention attendees was surveyed about where they lodged and how it was booked. The chart at right shows the breakdown of ALL responses. Therefore this includes both paid lodging as well as unpaid lodging, such as those who either stayed with friends and relatives or lived within driving distance.

Overview From Gross Data

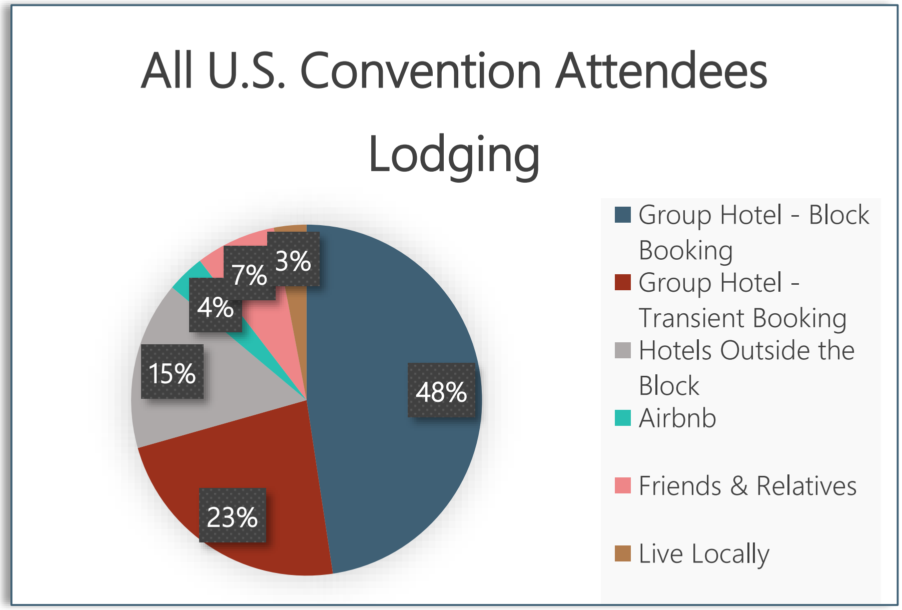
Based on the reports from all city-wide convention attendees, 71% stayed at hotels in the block; comprised of 48% who booked in the block and a further 23% stayed in group hotels but were transient bookings. 15%stayed at hotels outside the block. 4% stayed at Airbnb. Of the unpaid lodging situations, 7% stayed with friends and relatives and a further 3% live locally.

Recalculations Provide More Useful Insights

While it is important to know the lodging disposition of all convention attendees, the overarching goal of Phase I of this research is to measure the percentage of city-wide attendees staying inside and outside the block in paid lodging accommodations.

To accomplish this, all other survey data shown in this report has been recalculated to exclude those who stayed with friends and relatives or live in driving distance.

Figure 13



U.S. Convention Attendees Paid Lodging – Consumer Survey

Data Recalculated to Reflect Only Paid Lodging

The data in this and all subsequent charts in this report has been recalculated without respondents who stayed in unpaid lodging such as with friends and relatives and those who live locally. This approach gives a cleaner and more comparable look at the data measured by Kalibri Labs.

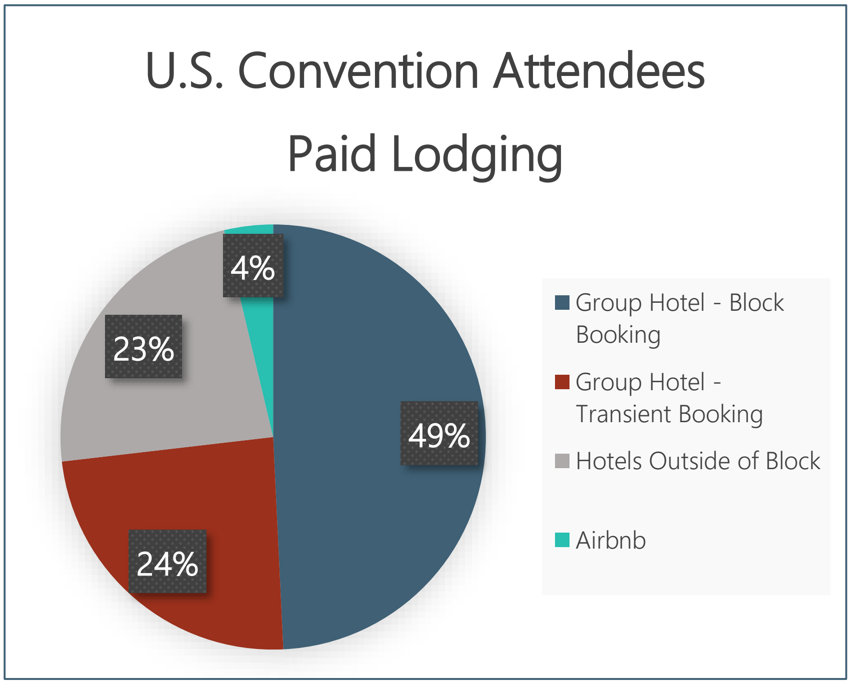
Nearly Three-Quarters Stay in the Block

A total of 73% stay inside the block. This is comprised of 49% of city-wide convention attendees who report booking inside the block through their convention organizer and a further 24% who report making a transient booking at a group hotel.

Just Over One-Quarter Book Outside the Block

23% report staying in hotels outside the block and 4% stayed in an Airbnb.

Figure 14



Comparison Between Kalibri Labs Data and Survey Data

Strong Similarity of Results

There is a very strong parity of results between the results in staying patterns between Kalibri Labs' hotel data analysis and the results of the consumer survey of city-wide convention attendees.

Both methodologies show about 50% booking in the block, about 25% booking transiently at group hotels, about 20% booking at hotels outside the convention area and about 4% booking at Airbnb.

Because the data from each methodology was arrived at independently, yet yielded highly similar stay patterns, there is strong confidence that these are very representative of the nationwide averages on in-block and out-of-block attendee behavior.

Figure 3

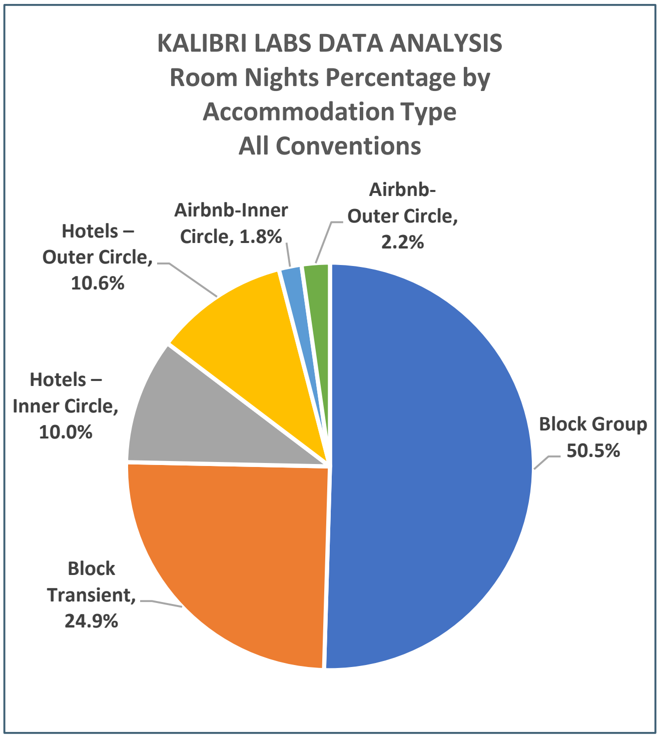
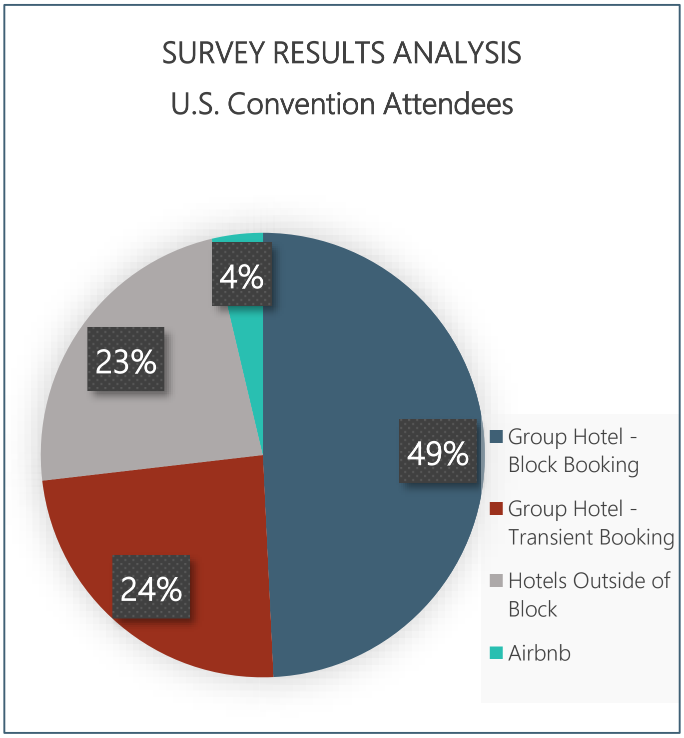


Figure 14



Research supported by: PCMA Foundation, Hilton, NYC & Company

Awareness of Ability to Book Lodging Through Organizer

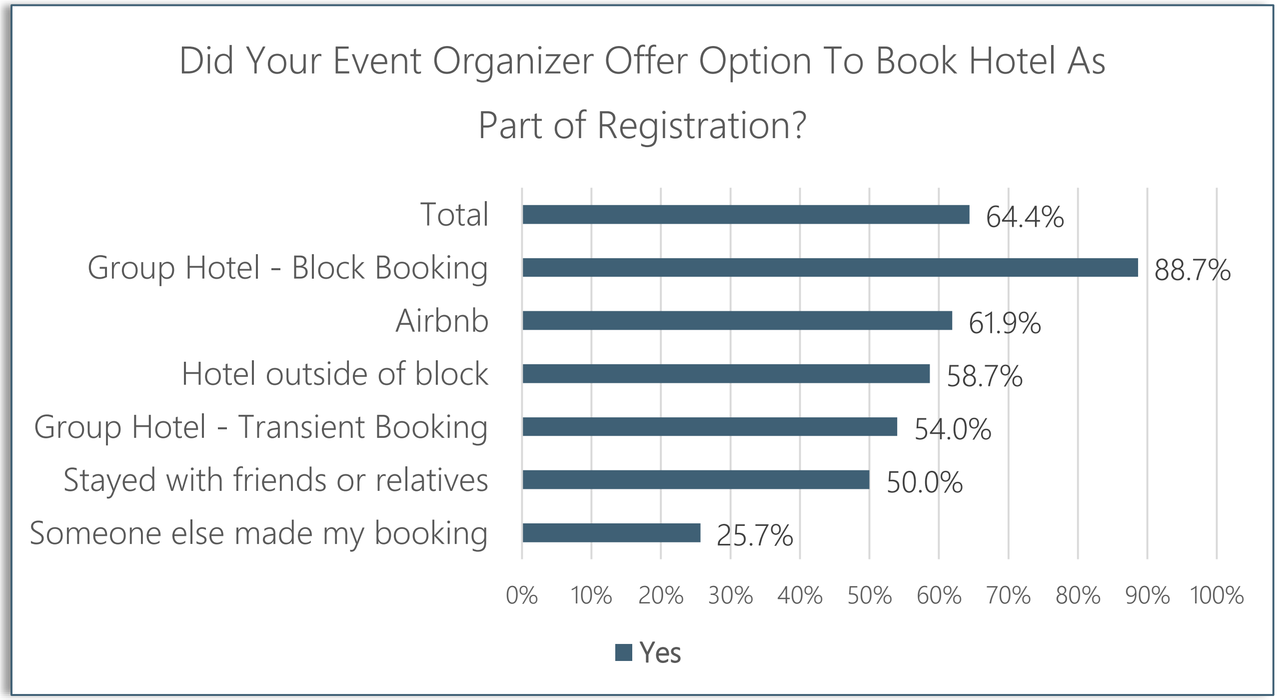
Awareness Gap in Some Segments

As expected, nearly all attendees who booked in the block through their organizer have a high awareness that they had an option of booking their hotel as part of the registration process.

As an average across all segments, just under two-thirds had an awareness of an option to book through their organizer.

Interestingly, the awareness levels drop to just over half for group hotel transient bookers and those booking outside the block. Although several things factor into attendees' booking behavior, these results indicate that raising awareness among all attendees could boost in-block bookings.

Figure 15



Awareness of Special Attendee Room Rate

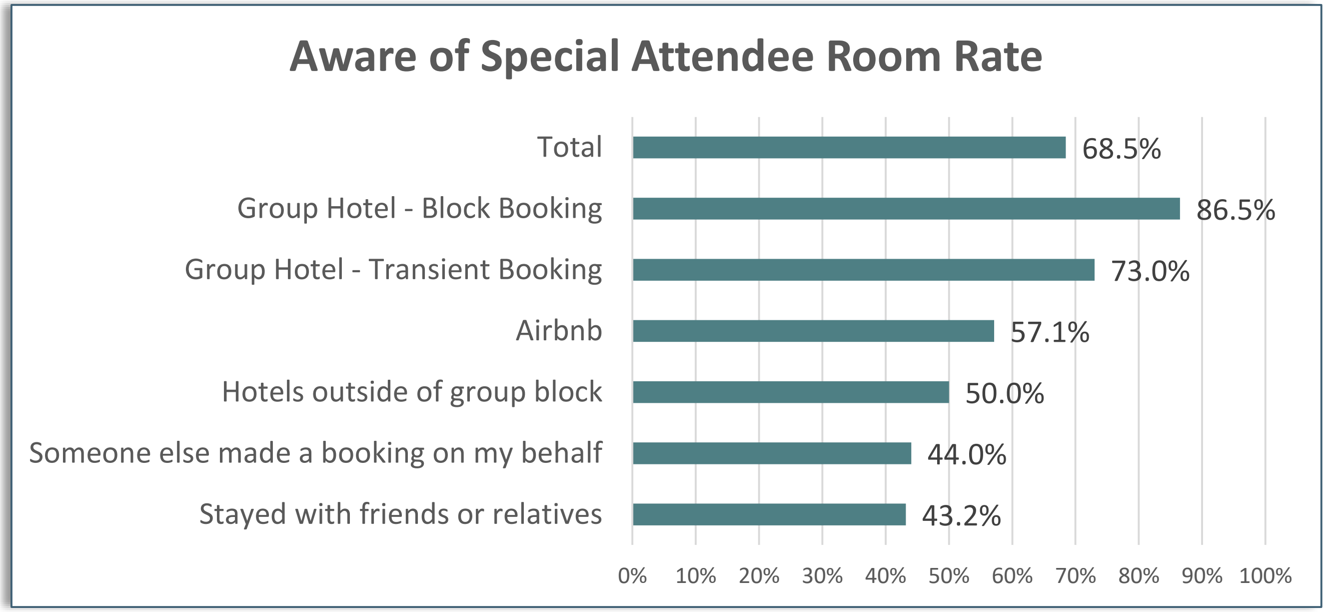
Only Two-Thirds Are Aware of Special Rates For Attendees

This chart shows there are about one third of all city-wide convention attendees who are unaware there is a special rate available for attendees. The lack of awareness is most pronounced in those who book hotels outside the group block and those who book Airbnb.

In addition to this lack of awareness of special attendee rates, data later in this report also reveals that nearly 40% of attendees who make transient bookings in the group block have the perception that they can get better rates by booking the hotels themselves.

The analysis of the Kalibri Labs hotel data proves that those who book in the block through their organizer pay less than transient bookers. So there is both an awareness and an educational component that are stumbling blocks to some in booking through their organizer.

Figure 16



Research supported by: PCMA Foundation, Hilton, NYC & Company

Consulted Colleagues Before Booking Hotel

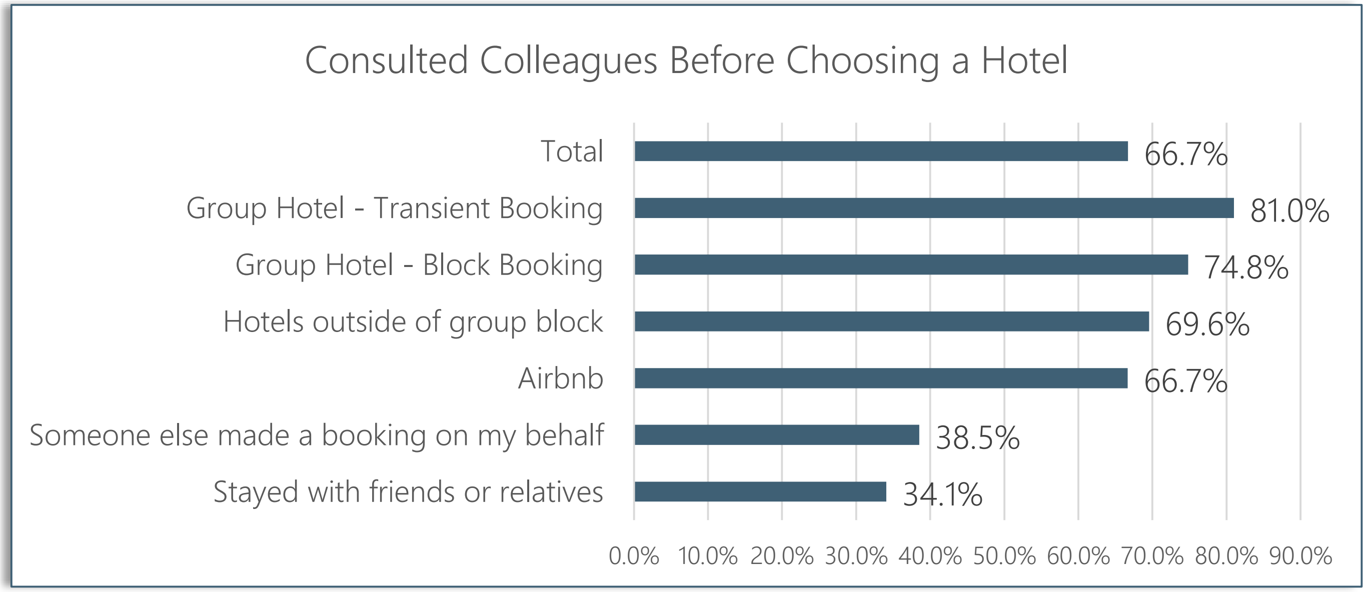
Consultation Before Booking Strong In All Segments

On average, two-thirds of city-wide convention attendees consult with colleagues before choosing a hotel.

What is most interesting is more than 80% of those who make transient hotel bookings in the group block consulted colleagues before booking. This strongly suggests they may be aligning to try to book at the same conference hotel as friends and colleagues, or perhaps trying to book rooms proximate to one another.

Because the trend is strong across all segments, it is important to consider how to make it possible within the group booking process for colleagues to be sure they are in the same hotel and perhaps even on the same floor.

Figure 17



Research supported by: PCMA Foundation, Hilton, NYC & Company

Conference Lodging Planning Methods

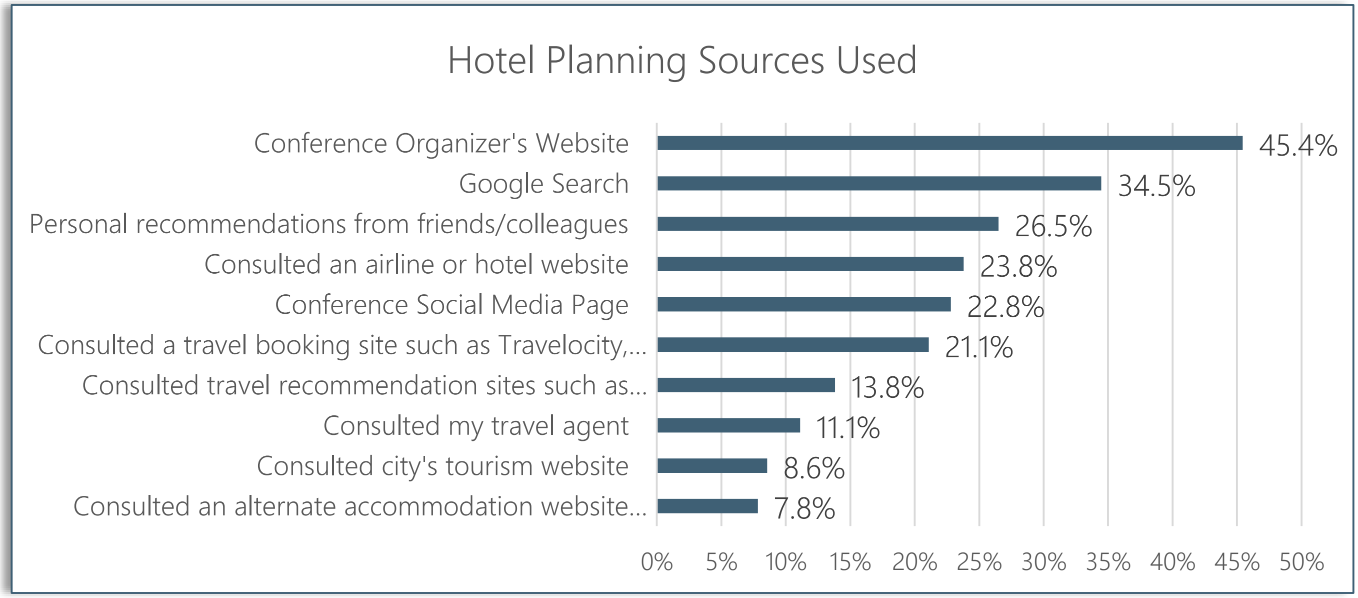
Organizer Website is the Most Used Source For Lodging Planning

This chart shows the hotel planning sources used for all city-wide convention attendees. The survey allowed them to select all reasons that applied, causing the total to add to more than 100%.

Interestingly, attendees used an average of 2.2 planning sources each.

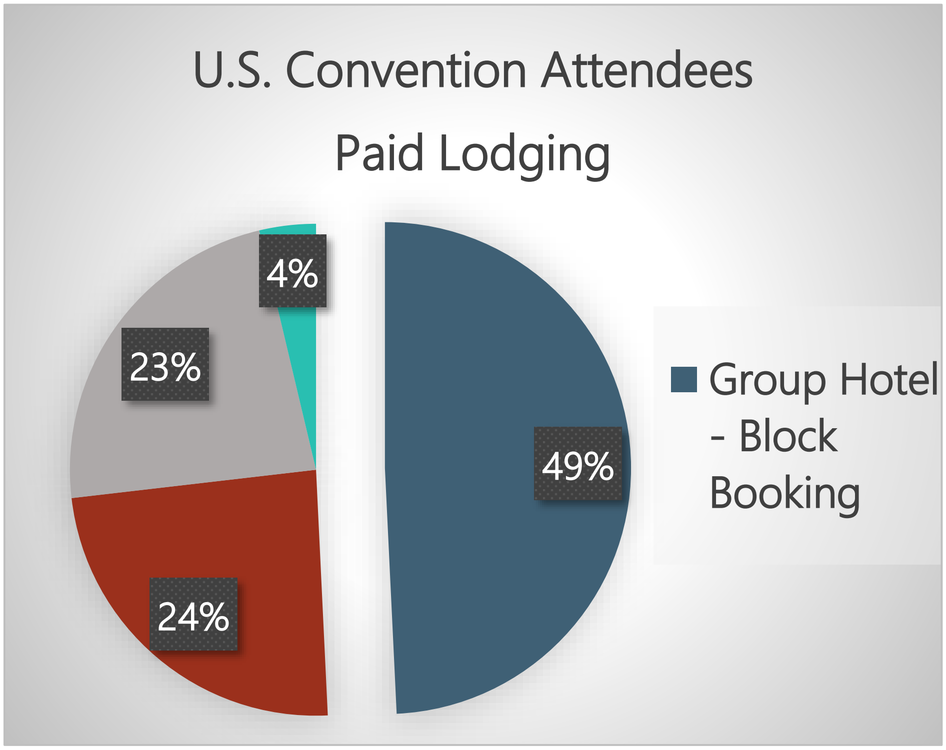
The conference organizer's website is the most popular planning resource, consulted by 45%. The next-most popular planning tool is a Google search used by 35%, followed by 27% who seek personal recommendations and 24% who consulted a hotel brand website.

Figure 18



Research supported by: PCMA Foundation, Hilton, NYC & Company

Detail Section: Group Hotel - Block Bookers



Research supported by: PCMA Foundation, Hilton, NYC & Company

What Motivates Attendees Who Book Through Their Organizer

Motivated By Convenience and Special Rates

We asked city-wide convention attendees who booked in a group hotel in the block about their reasons for booking through their conference organizer. Not surprisingly, nearly 80% cited the convenience of making their hotel booking while registering for their conference. A further 56% chose to book through their organizer because they perceive they perceive that special discounts are offered to attendees. The Kalibri Labs analysis of hotel data bear out their perception as true, calculating that 63% of attendees who book group hotels outside the block pay more than those who booked through their organizer.

Most Likely to Have A Traditional Convention Personality Style

Among the many dimensions measured was city-wide convention attendees' personality style. Each rated themselves on a scale that ranged from preferring to stick to given schedules and following organizer suggestions to those who prefer a blend of taking suggestions and customizing their own experience, to those who prefer to create a highly customized convention experience. The attendees who booked in the block through their organizer tend to be traditionalists in that they prefer to stick to given schedules and organizer suggestions. Others who share this profile are older travelers and those who are less frequent business travelers. This suggests that transient and Airbnb bookers could be attracted to book their lodging through their organizer with greater opportunities for customizing their experience.

Biggest Frustration is Not Being Able To Select Room

All respondents were asked an open-ended question about their greatest frustration when booking their hotel / lodging for their city-wide conventions. They were able to type free-form responses. The greatest frustration among those who booked in a group hotel in the block was not being able to select the room location in their hotel and the room-type they prefer. The next most mentioned frustration was the lack of availability at their preferred hotel, followed by the inability to confirm the room location or type their received.

Group Hotel - Block Bookers – Reasons They Used Organizer

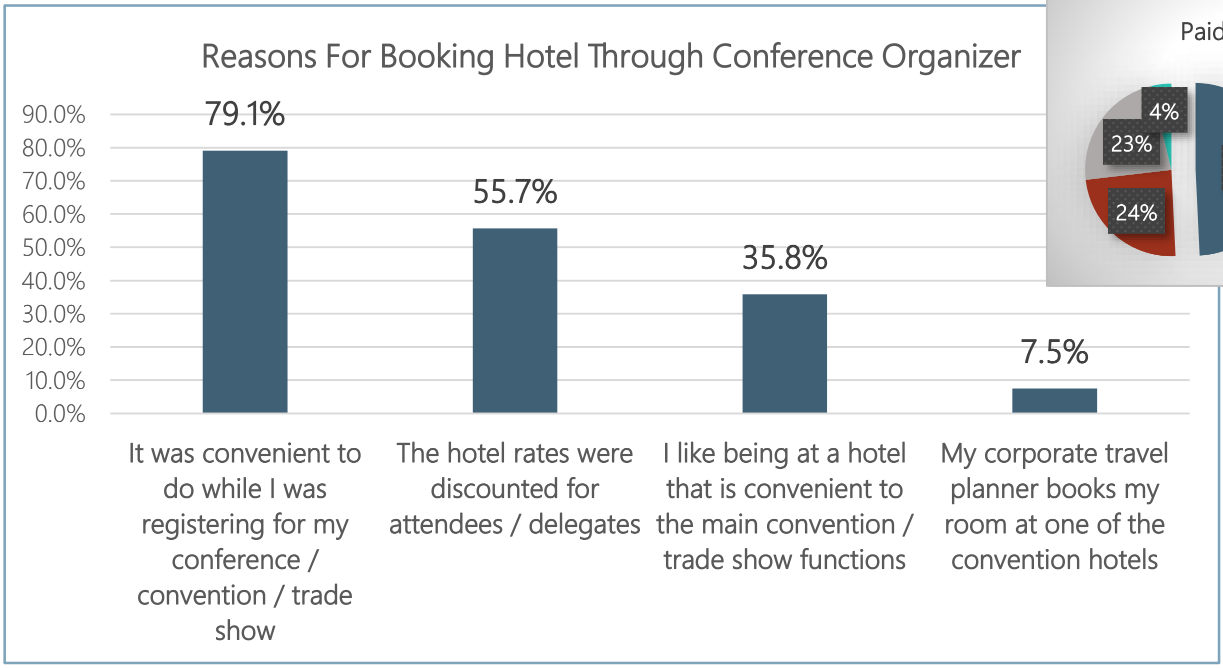
Convenience and Discounts Drive Most Bookings Through Conference Organizers

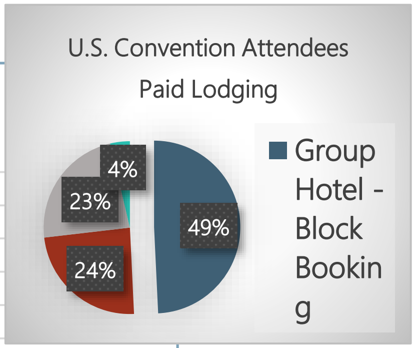
This chart focuses on the 49% of city-wide convention attendees who booked a group hotel through their conference organizer (see chart inset) and shows the reasons they chose to book this way. The survey allowed them to select all reasons that applied, causing the total to add to more than 100%.

Nearly 80% cited the convenience of making their hotel booking while registering for their conference, and a further 56% chose to book through their organizer because they perceive they perceive that special discounts are offered to attendees.

36% said that it was important to book at a hotel that is convenient to the main convention proceedings.

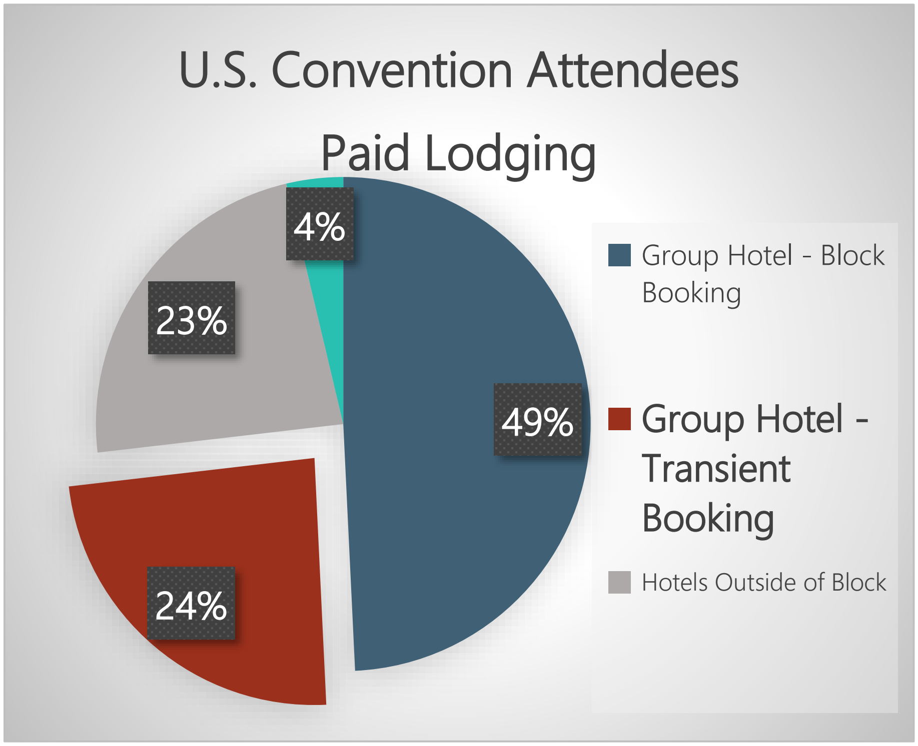
Figure 19





Research supported by: PCMA Foundation, Hilton, NYC & Company

Detail Section: Group Hotel - Transient Bookers



Research supported by: PCMA Foundation, Hilton, NYC & Company

What Motivates the Transient Hotel Bookers

Motivated By Multiple Value Drivers

The 24% of city-wide attendees who stay in a group hotel but are transient hotel bookers are clearly determined o stay in the block, but want to do it on their own terms and therefore do not, for a variety of reasons, book through the organizer. Their greatest self-expressed frustration with the booking process is the lack of availability at their preferred conference hotel. They are also highly likely to have consulted a colleague before booking their hotel. The survey did not measure their advance booking lead times, but their other responses indicate they may be late bookers who are determined to stay at the same hotel as colleagues by making a transient booking. They also indicate they believe they can get a better rate by booking on their own. The Kalibri Labs hotel data analysis proves this is not directly true, however these transient bookers were also frustrated by not being able to enter their loyalty number when booking through the conference organizer, so a proportion of them may have made the decision they gain more value by booking transiently and receiving loyalty credit for the booking. There are multiple factors at play simultaneously, and these issues will be explored more deeply in future phases of this research.

Independent In Convention Personality Type

When asked to rate themselves as to their preferences on a continuum of structure to customized experiences when attending city-wide conferences, these transient bookers tend to be more independent –minded that Block Bookers. These attendees prefer a blend of organizer suggestions together with customizing their experience.

Tend to Book on Brand.com

The most prevalent booking method for these transient bookers is brand.com or the hotel's website, cited by 46%. A further 27% said they called the hotel directly to make their booking.

Group Hotel - Transient Bookers

Group Hotel - Transient Bookers

This chart focuses on the 24% of city-wide convention attendees who booked a group hotel transiently (see chart inset) and shows the reasons they chose not to book through their organizer. The survey allowed them to select all reasons that applied, causing the total to add to more than 100%.

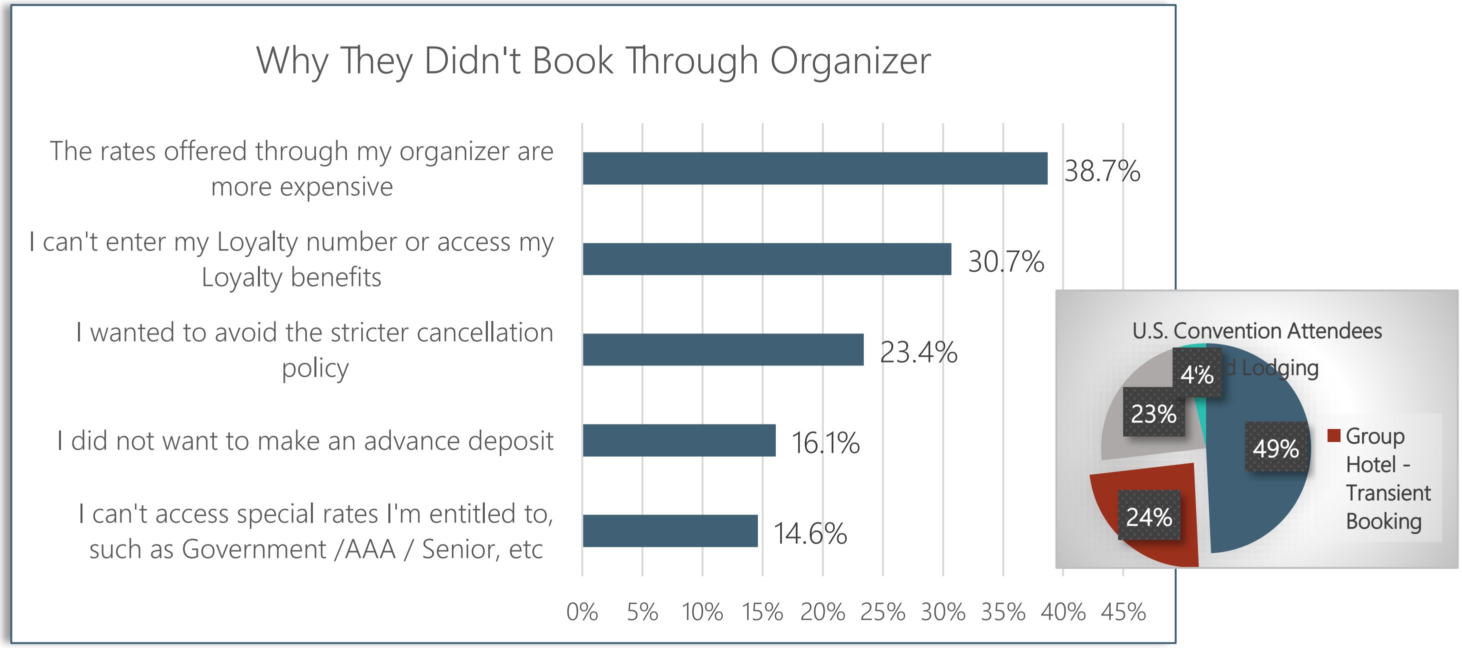
Organizer Rates Perceived As More Expensive

39% of transient bookers believe the rates offered through their organizer were more expensive than if they booked by other means. A rate study conducted on the Kalibri Labs data in this report shows the block rates are x% less, indicting a need for better communication to convention delegates.

Transient Bookers Say They Couldn't Enter Loyalty Number

31% reported making a transient booking because they couldn't enter their loyalty number. 15% also cited being unable to access special rates they were entitled to, however they may misperceive these discounts to be greater than the conference rate discount.

Figure 20



Research supported by: PCMA Foundation, Hilton, NYC & Company

Transient Booking – Booking Method

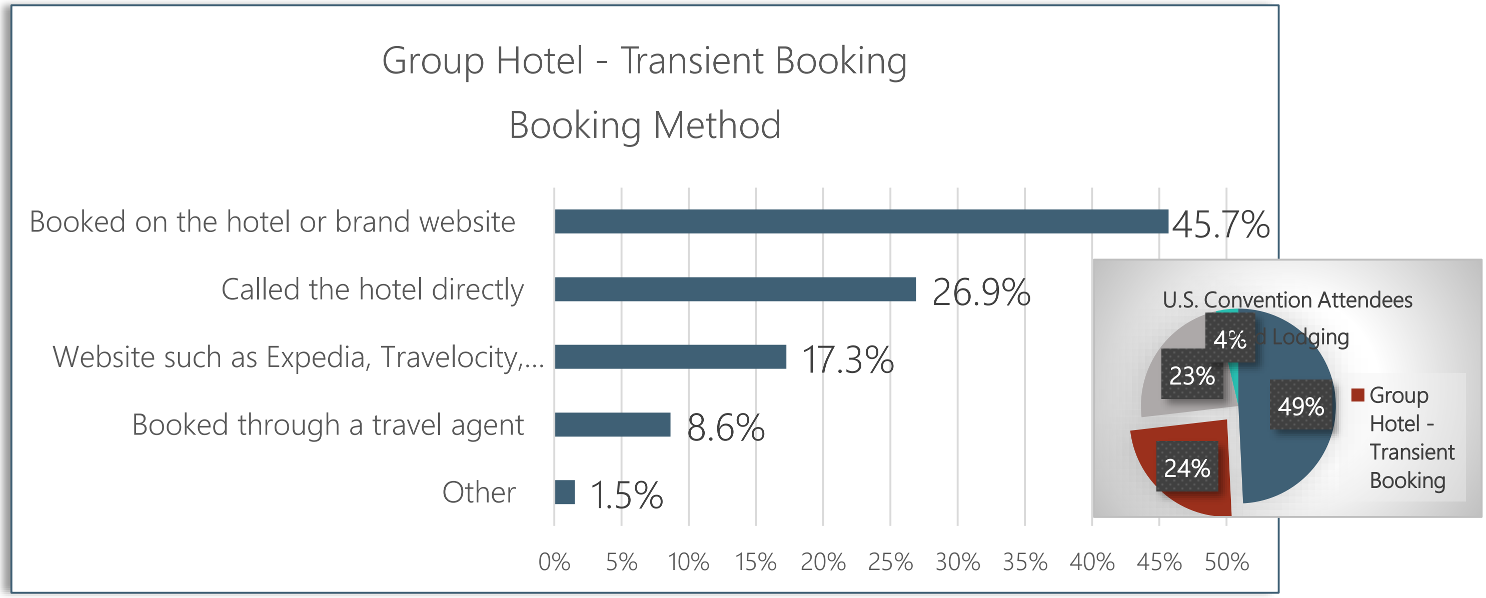
Group Hotel - Transient Bookers

This chart focuses on the 24% of city-wide convention attendees who booked a group hotel transiently (see chart inset) and shows the methods they used to book their hotel. The survey allowed them to select all reasons that applied, causing the total to add to more than 100%.

By far, the number one booking method for transient bookers is brand.com, cited by 46%. This is followed distantly by 27% who called the hotel directly and 18% who booked through an OTA.

9% said they booked through a travel agent.

Figure 21



Research supported by: PCMA Foundation, Hilton, NYC & Company

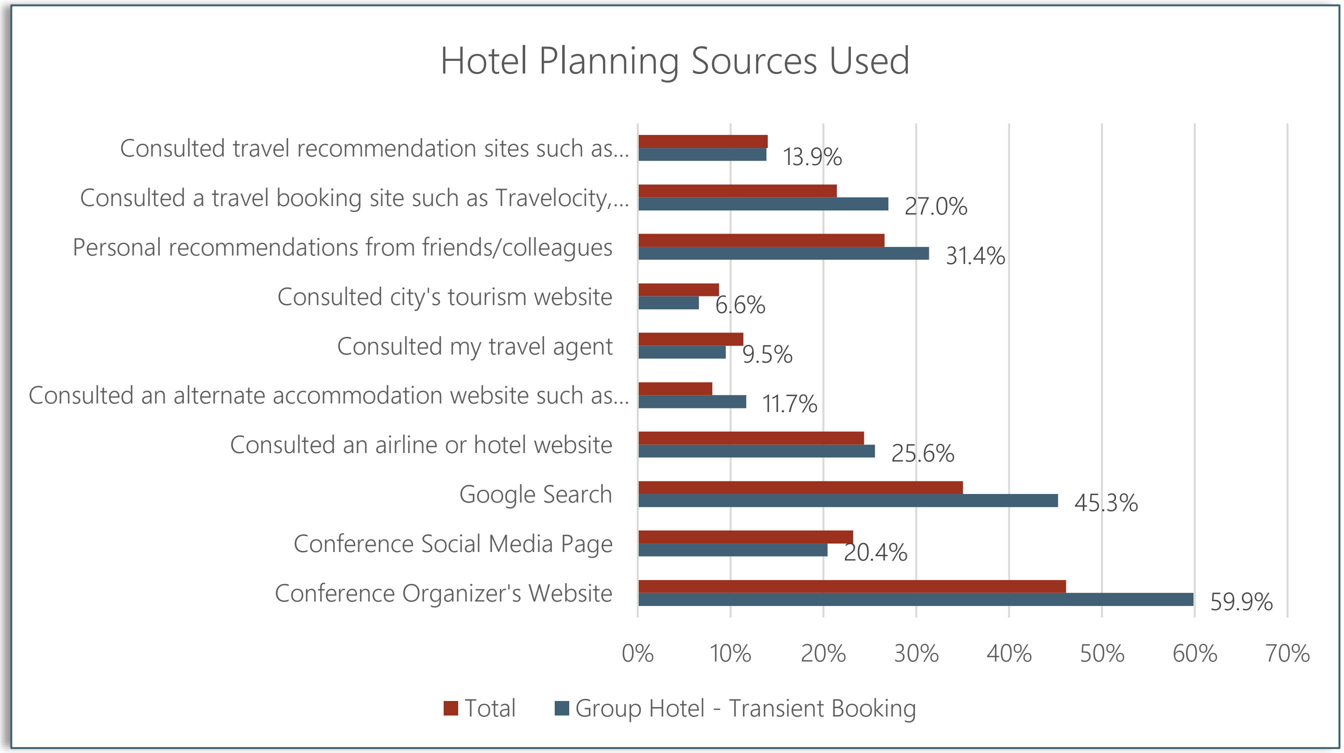
Conference Lodging Planning Methods

Organizer Website is the Most Used Source For Lodging Planning

This chart shows the hotel planning sources used for all city-wide convention attendees compared to Group Hotel Transient Bookers. The survey allowed them to select all reasons that applied, causing the total to add to more than 100%.

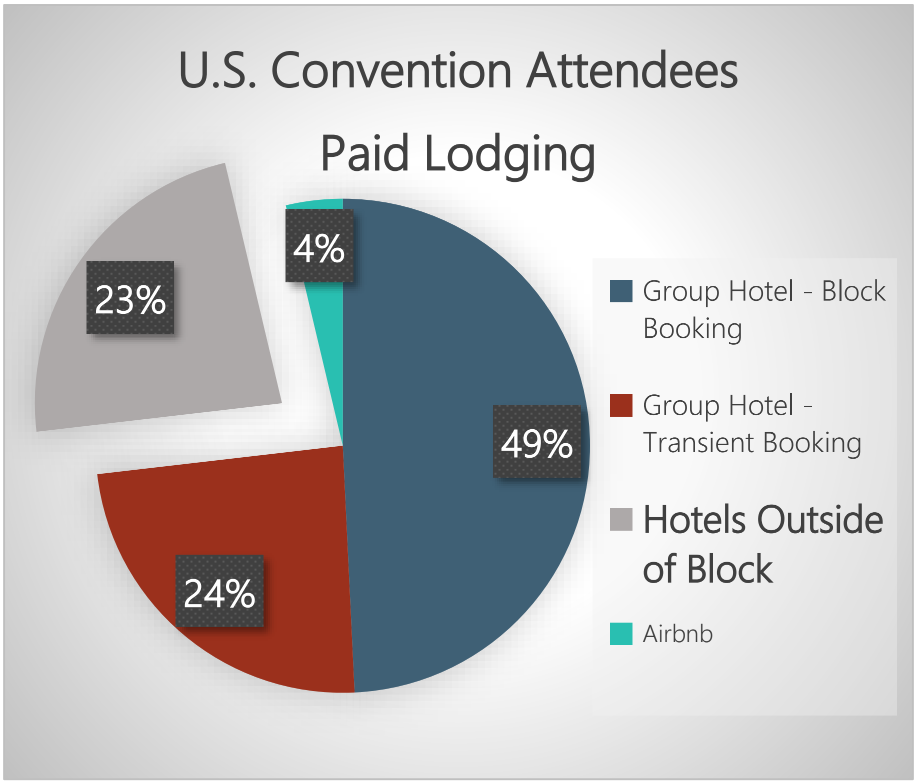
Interestingly, transient bookers consulted an average of 2.6 planning sources compared to all attendees who used an average of 2.2 planning sources each. And they are more likely than other bookers to have consulted the organizers website as a planning resource. This means they likely considered booking through their organizer but opted not to. Based on their stated desire to stay at a particular hotel and enter their loyalty number, the lack of ability may have prompted them to book transiently.

Figure 22



Research supported by: PCMA Foundation, Hilton, NYC & Company

Detail About Outside of Block Hotel Bookers



Research supported by: PCMA Foundation, Hilton, NYC & Company

What Motivates the Airbnb and Out-of-Block Hotel Bookers?

Low Awareness of Special Room Rates

The city-wide attendees who booked outside the group block at other hotels and Airbnb have a much lower awareness than other groups that their organizer offers special room rates for attendees. They also have a correspondingly low awareness of their ability to book their hotel through their organizer. When looking at the resources they use to plan their lodging, they are most likely to use Google Search and OTA websites. They are the least likely to use the conference organizer's website as a hotel planning resource. This may be a lack of education or communication to some degree, but not as likely given that they tend to have the most independent convention personality style and a self-expressed desire to find lodging that fits their unique taste. More exploration is needed in future research to better understand the nuances of their decision dynamic.

Motivated By Cost Savings and Unique Experiences

When asked about their reasons for not booking through their conference organizer, they most often cited looking for cost savings, followed closely by their desire to experience the host city in their own way.

Frustration With Not Finding the Right Hotel For Their Taste

As a corollary to their independent convention personality style and their expressed desire to experience the host city in their own way, their greatest frustration in the hotel booking process was not being able to find the right hotel to fit their taste. This even superseded the frequency with which they mentioned a desire to find cost savings or a "good deal" on the room rate.

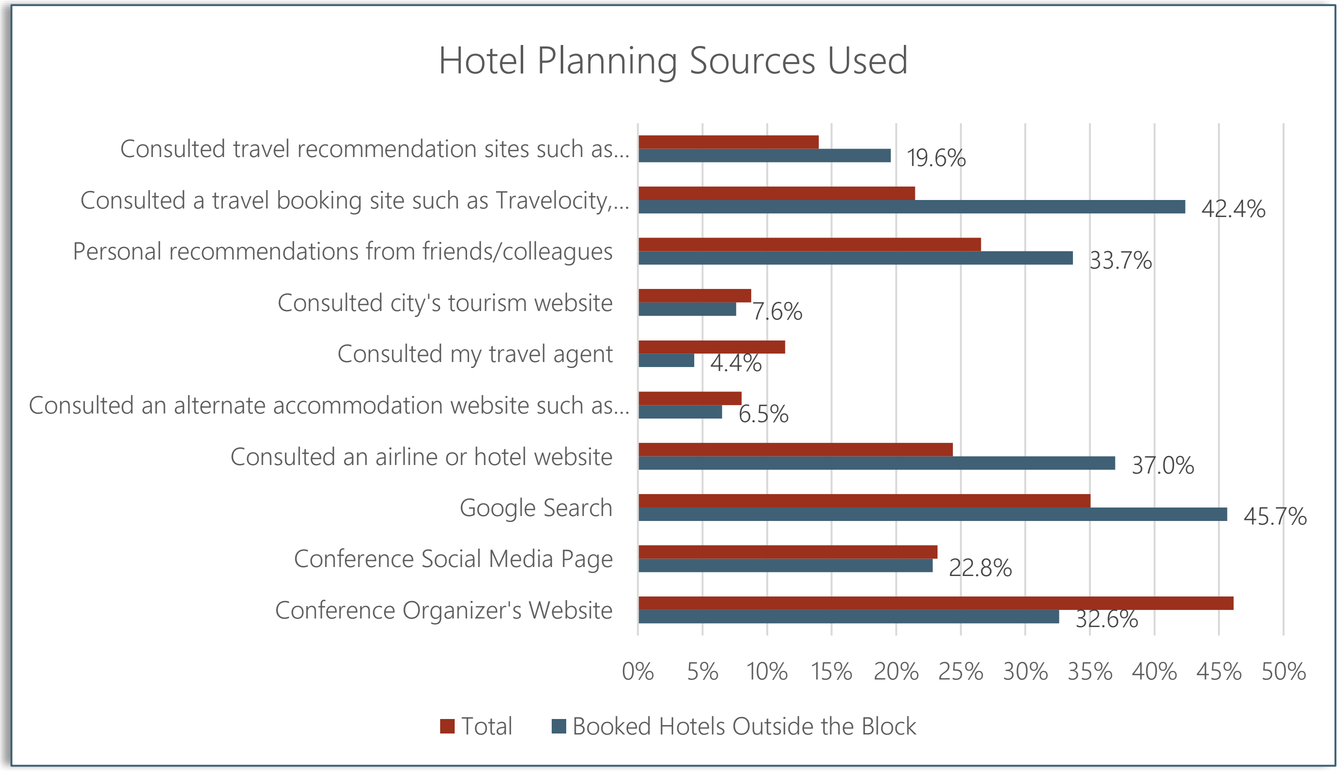
Conference Lodging Planning Methods

Organizer Website is the Most Used Source For Lodging Planning

This chart shows the hotel planning sources used for all city-wide convention attendees compared to Out-Of-Block bookers. The survey allowed them to select all reasons that applied, causing the total to add to more than 100%.

Interestingly, out-of-block bookers consulted an average of 2.5 planning sources compared to all attendees who used an average of 2.2 planning sources each. Their most-consulted sources are Google Search, OTA sites and consulting with friends and colleagues. They are much less likely than average to have consulted the organizer's website as a planning resource..

Figure 23



Research supported by: PCMA Foundation, Hilton, NYC & Company

CONFERENCE PROFILE
DERIVED FROM THE CONSUMER SURVEY

Research supported by: PCMA Foundation, Hilton, NYC & Company

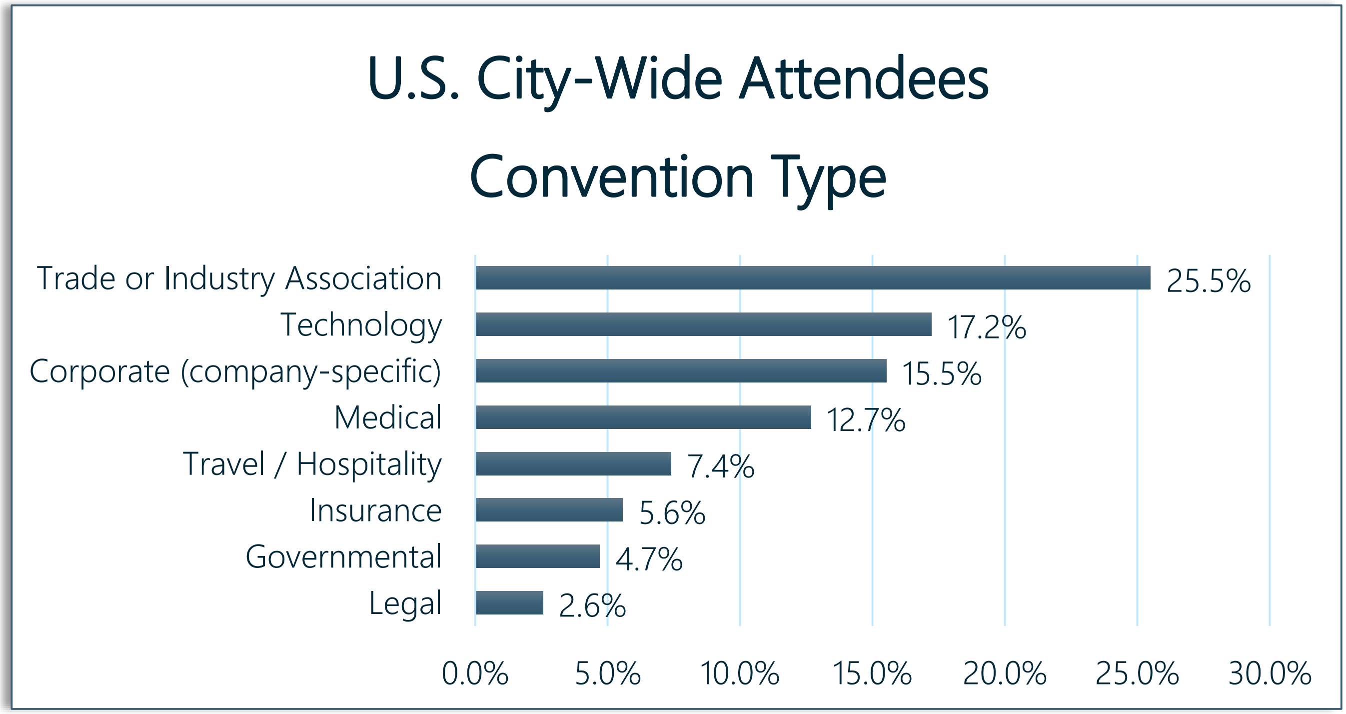
Conference Types Attended By Survey Respondents

Trade Association Is The Most Common Convention Type

The top four city-wide convention types are Trade/Industry Association, Technology, Corporate and Medical. Together, these account for 71% of city-wide attendees.

One-quarter of all city-wide convention attendees are attending a trade or industry association conference. 17% attend technology conferences, 16% attend corporate conferences and 13% attend medical conferences. Government and legal are the smallest categories of city-wide conferences.

Figure 24



Research supported by: PCMA Foundation, Hilton, NYC & Company

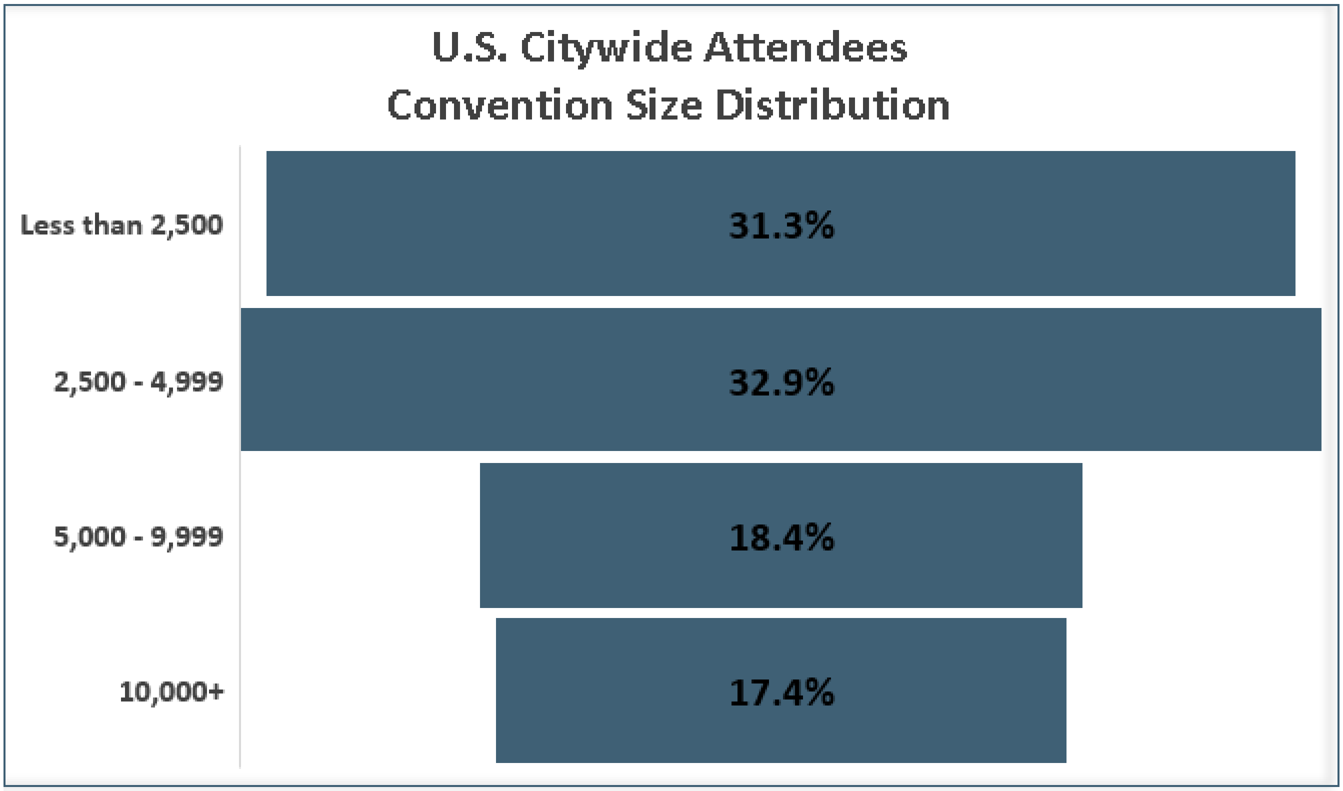
Convention Size Distribution

City-Wide Sizes Split Into Thirds

This chart shows attendee size estimates and frequency as estimated by the city-wide convention attendees who participated in the survey. This is a subjective measure since it can be difficult for attendees to accurately assess how many attendees are at their conference. However, this is useful for generalizations about conference sizes.

Approximately one-third of city-wides have fewer than 2,500 attendees, another one-third have from 2,500-4,999 and the final third have more than 5,000 attendees.

Figure 25



Research supported by: PCMA Foundation, Hilton, NYC & Company

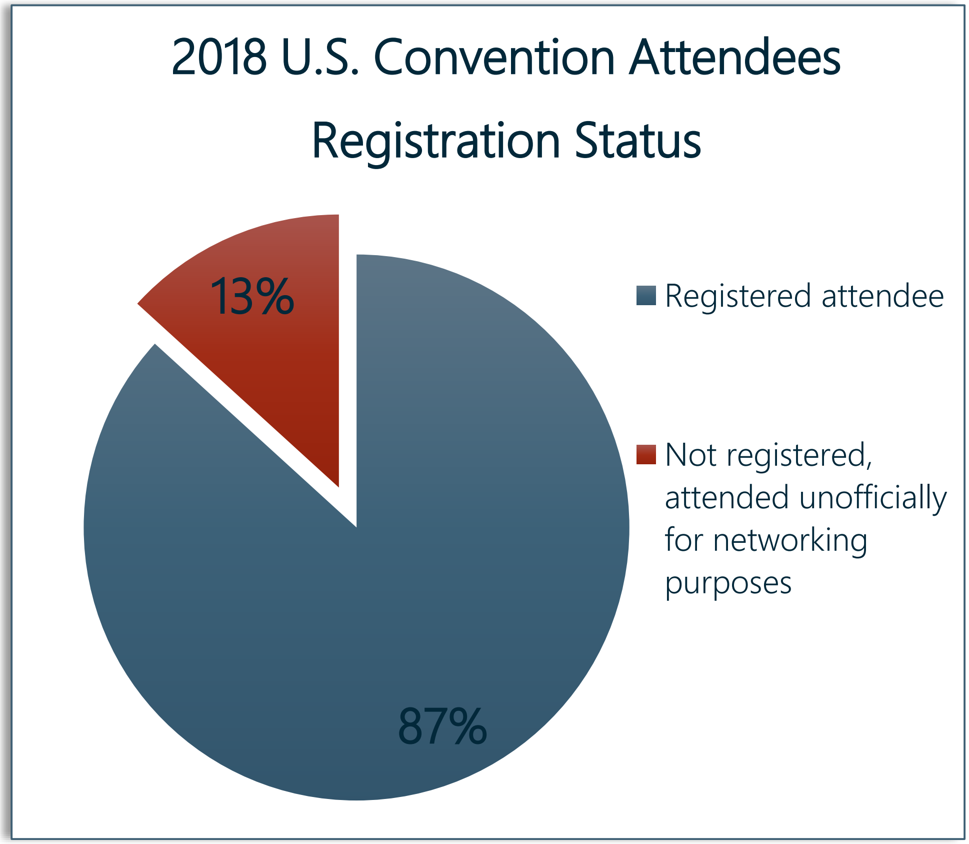
Convention Registration Status – Consumer Survey

13% Are Unregistered Attendees

Of all the city-wide convention attendees in the U.S., 13% are interlopers, meaning they are not officially registered for the conference but are attending unofficially for networking purposes.

The chart on the following page gives additional insight into the profile of these interlopers.

Figure 26



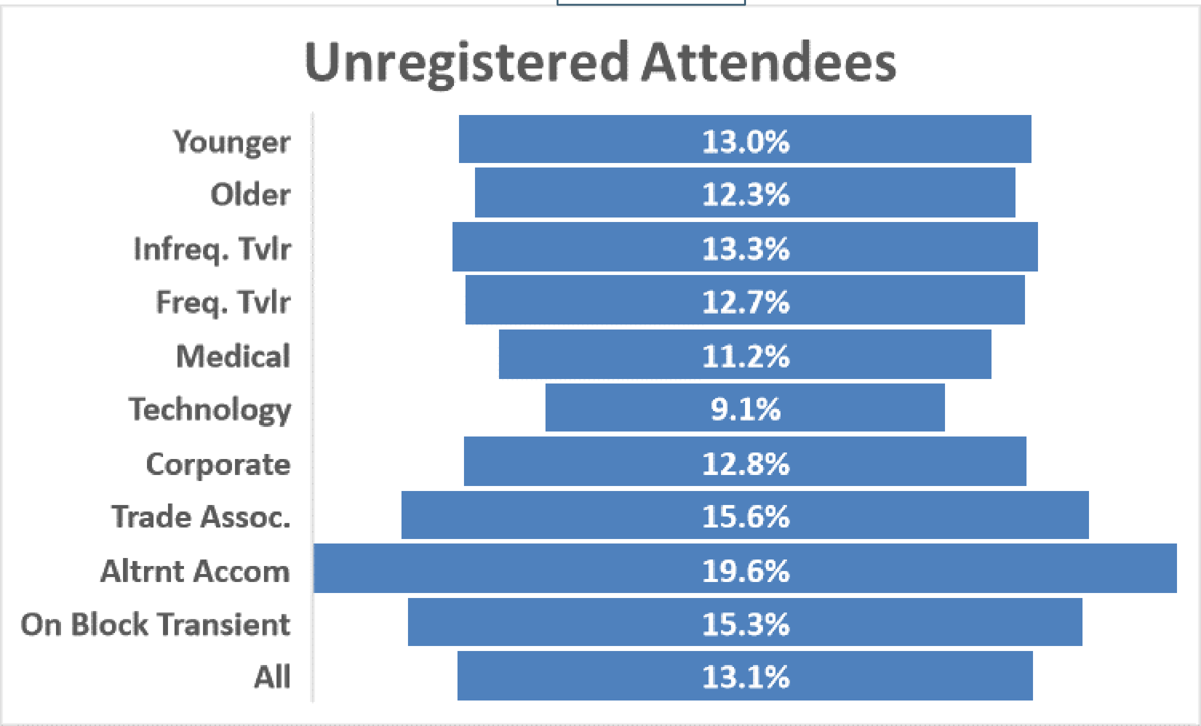
Unregistered Attendee Profile

Unregistered Attendees as a Percentage of Various Segments

Overall, 13.1% of attendees are unregistered. Insights as to who they are can be gained by examining their makeup in key segments of city-wide convention attendees.

This chart shows they make up nearly 20% of people who stay in alternate accommodations such as hotels outside the block. They are 15% of city-wide attendees who book in a group hotel transiently. They are more prominent in trade association conferences and less prominent at technology conferences. They are slightly more likely to be younger and a slightly less frequent business traveler.

Figure 27



Sampling of Conventions Attended by Survey Respondents

- American Cancer Association
- National Safety Council
- The Water Environment Federation's Technical Exhibition and Conference
- Tech News 2018
- Discovering Cardiac Health
- Midwest Food Service Expo
- Allstate Convention
- National Board of Pharmacy
- Medtrade
- Dollar Tree
- Leadership in Education
- Petroleum Engineers Annual Tech Conference
- Chase Bank
- American Society of Emergency Radiology
- Comcast National Convention
- Habitat for Humanity
- National Board of Surgical Technologists
- Produce Marketing Association
- UNICEF
- Google Cloud Next
- Society for Humanistic Psychology
- Roadhouse Hospitality
- American Cattle Association

CONVENTION ATTENDEES' MOTIVATIONS AND ATTITUDES

DERIVED FROM THE CONSUMER SURVEY

Research supported by: PCMA Foundation, Hilton, NYC & Company

Convention Personality

Respondents rated themselves on this continuum which spans from preferring to be provided with schedules and suggestions to attendees who prefer a completely customized experience. Many city-wide convention attendee segments tend to fall toward the middle, preferring a blended experience.

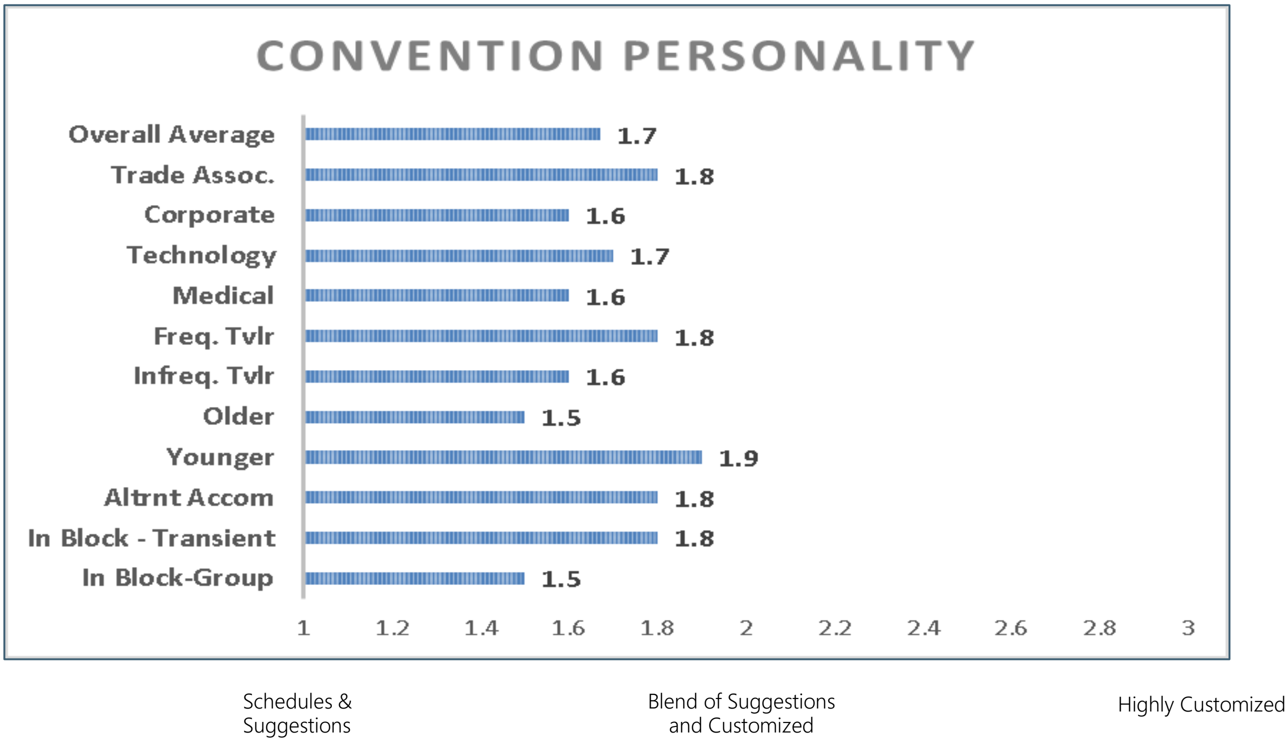
Those Who Are More Adventurous, that is, They Prefer More Customized Experience

- Younger Attendees
- Trade Association Attendees
- Alternate Accommodations
- In-Block – Transient

Those Who Prefer Schedules and Suggestions:

- Older Attendees
- In Block - Group

Figure 28



Research supported by: PCMA Foundation, Hilton, NYC & Company

Top Three Frustrations With Booking Lodging For City-Wides

Top Frustration is The Inability to Select Room Location and Type

Respondents were asked to name their greatest frustration when booking lodging for their city-wide conferences. This was an open-ended question, allowing them to type in free-form responses. In the analysis phase, the responses were categorized. This chart represents the three most mentioned frustration, segmented by their accommodation type.

The frustration that transcended all categories is the lack of ability to specify where in the hotel their room is located. This includes people who have preferences about the specific location of their room to those who are trying to be near colleagues. The greatest frustration for transient bookers is the lack of availability at their preferred hotel, and they take matters into their own hands and book it themselves. The survey did not ask about booking lead times, so it is unclear if these respondents were late bookers, causing their preferred hotel block to be full.

Figure 29

	Group Hotel Block Bookers	Group Hotel Transient Bookers	Alternate Accommodations
Number 1	Not being able to select room location or type I prefer	Availability at my preferred conference hotel	Finding the right hotel for me and my tastes
Number 2	Availability at my preferred hotel	Not being able to select room location or type I prefer	Not being able to select the room location or type I prefer
Number 3	Inability to confirm the room / type I got	Getting the lowest rate	Rates / affordability

Research supported by: PCMA Foundation, Hilton, NYC & Company

Top Three Frustrations With Booking Lodging For City-Wides (continued)

Those who book in hotels outside the block or Airbnb are more likely to be looking for a custom experience, but also are frustrated at the lack of autonomy in being able to select the location of their room in conference hotels. Both transient bookers and those who book outside the block tend to be concerned with finding the best deal.

In a separate and earlier question in the survey, transient bookers were asked to choose reasons they did not book through the organizer, and inability to enter loyalty number was a top choice. Since it did not appear as a top 3 category when asked as an open-end question, it is possible they didn't mention it since it was already selected earlier or there was a superseding frustration that was not part of the choice set earlier. It is important to blend the results to have a full understanding of frustrations and desired changes.

Figure 29

	Group Hotel Block Bookers	Group Hotel Transient Bookers	Alternate Accommodations
Number 1	Not being able to select room location or type I prefer	Availability at my preferred conference hotel	Finding the right hotel for me and my tastes
Number 2	Availability at my preferred hotel	Not being able to select room location or type I prefer	Not being able to select the room location or type I prefer
Number 3	Inability to confirm the room / type I got	Getting the lowest rate	Rates / affordability

Research supported by: PCMA Foundation, Hilton, NYC & Company

Effective Incentives to Book Hotel Through Organizer

For Those Who Didn't Book Through The Organizer, These Are Potentially Effective Incentives To Book Through The Organizer in the Future

Transient bookers and those who booked hotels outside the block and Airbnb were all given a selection of possible incentives to book through the organizer and asked to rate their likelihood to change behavior. More than half say they could be persuaded with the offers shown here.

It is very important to note that at the time the selections were created, we did not know how the open-ended question would be answered nor the prevalence of some of their frustrations. So it can safely be assumed that priority should be given to resolving their expressed frustrations before any of these incentives are considered.

Figure 30

SPECIAL HOTEL-RELATED OFFERS SUCH AS EXTRA DINING DOLLARS – 58.0%

DISCOUNT APPLIED TO REGISTRATION FEE – 56.8%

SPECIAL CONFERENCE RELATED OFFERS SUCH AS INVITATION-ONLY NETWORKING - 51.9%

Research supported by: PCMA Foundation, Hilton, NYC & Company

CONVENTION ATTENDEES' SEGMENT PROFILES

DERIVED FROM THE CONSUMER SURVEY

Research supported by: PCMA Foundation, Hilton, NYC & Company

Younger vs Older Convention Attendees – Consumer Survey

Younger Attendees Are Much More Likely To Book Outside The Block

These charts shows the differences in city-wide lodging behavior between older and younger attendees.

Younger attendees are less likely to book in a group hotel, either through the organizer or transiently. It is unclear whether these choices are more driven by "season of life" in which they are more rate-sensitive, or whether they are more independent and adventurous in their lodging choices. This will be explored in later phases of this research.

As a corollary finding, younger attendees stay in Airbnb at 3 times the rate of older attendees; 6% compared to 2%.

Figure 31

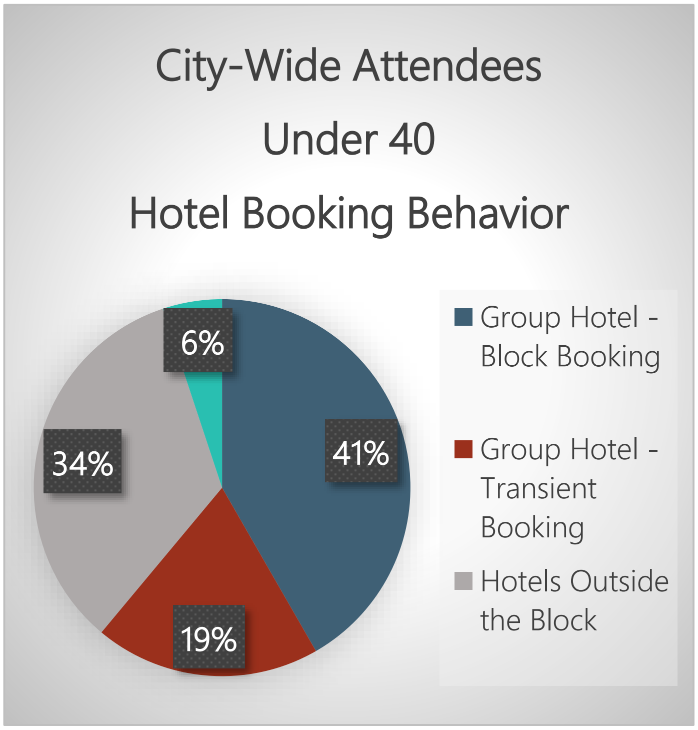
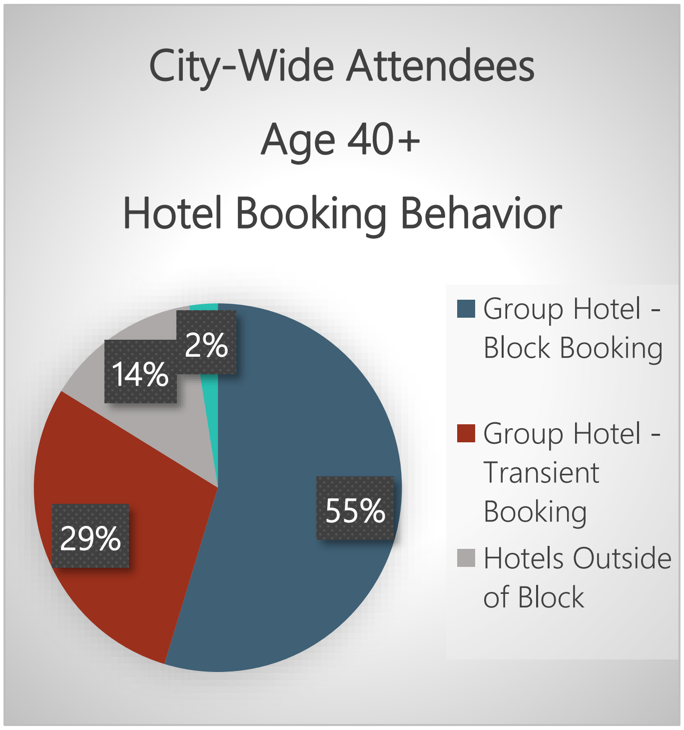


Figure 32



Research supported by: PCMA Foundation, Hilton, NYC & Company

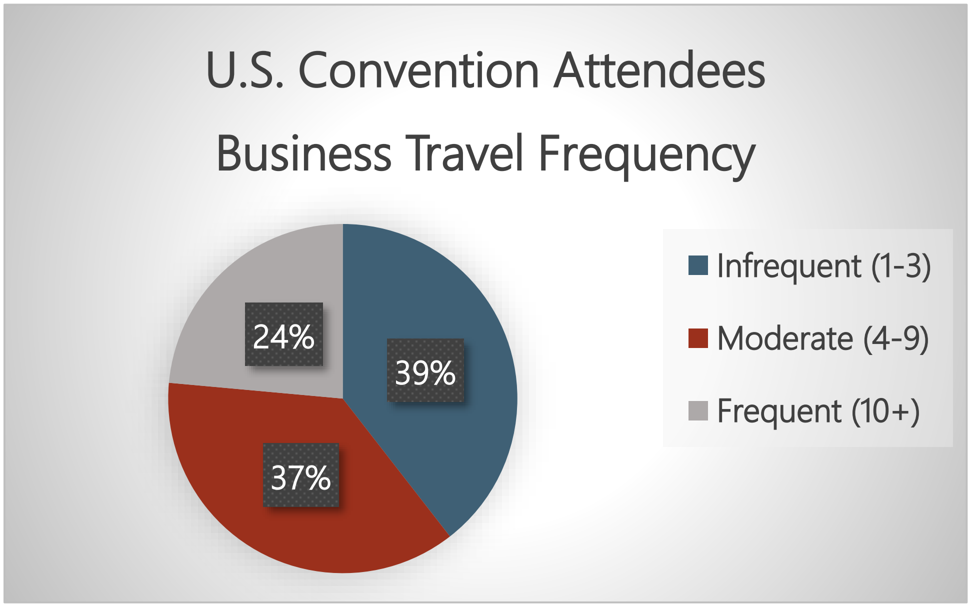
Frequent Business Travelers

Frequent Business Travelers, defined as those who take 10+ business trips per year, represent 24% of city-wide convention attendees.

City-Wide Convention Attendees Who Are Frequent Business Travelers Are More Likely to:

- Be Government or Trade Association Attendees
- Use many diverse resources to plan, especially Conference Organizer's Website (54.6%)
- Consult with co-workers before choosing a hotel
- Book In-Block Transient (30.7%)
- Feel organizer rates are higher than direct
- Believe they are unable to enter their hotel loyalty number through organizer site
- Prefer more customization in the conference experience
- Be over age 40
- Be male
- Be Senior Management / Executive / C-Level

Figure 33



Research supported by: PCMA Foundation, Hilton, NYC & Company

CONVENTION ATTENDEES’ DEMOGRAPHIC PROFILE

DERIVED FROM THE CONSUMER SURVEY

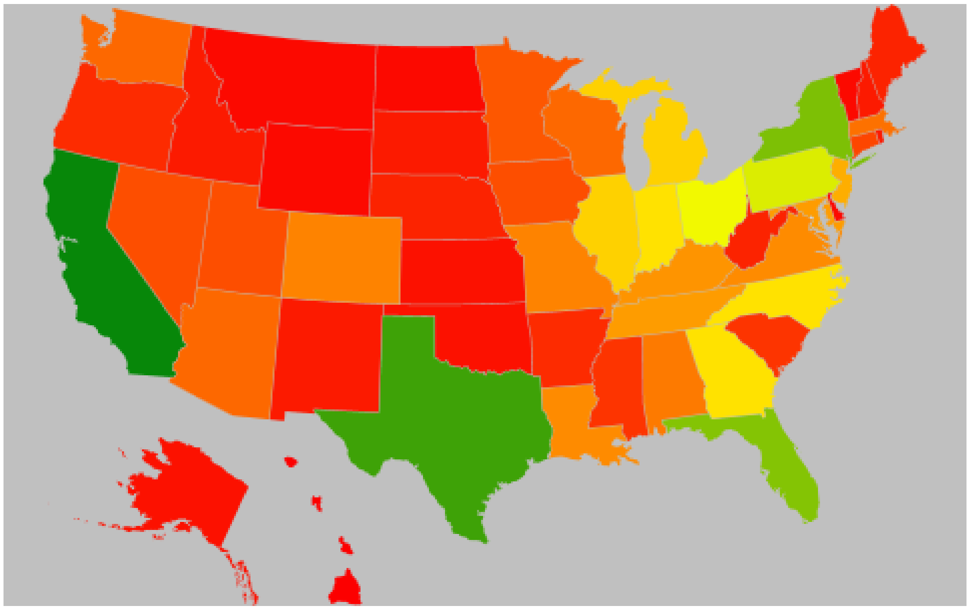
Research supported by: PCMA Foundation, Hilton, NYC & Company

Residence of City-Wide Convention Attendees

This heat map shows the states of residence of city-wide convention attendees. The distribution is similar to the residence patterns of the overall population, adding confidence in the projectability of the survey sample.

California, Texas, New York and Florida are the states where more city-wide attendees live.

Where City-wide Convention -Attendees Live – Heat Map



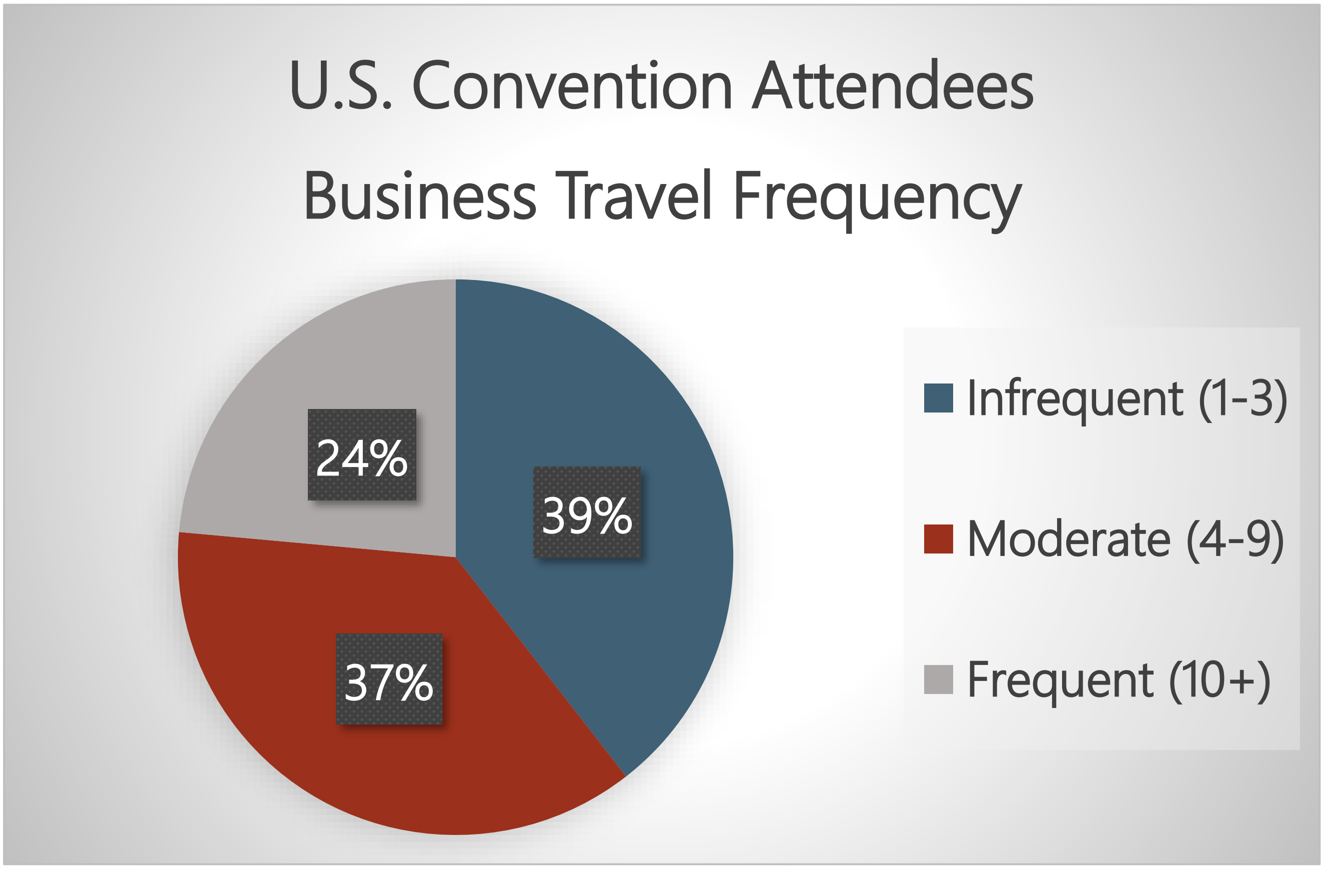
RED- Less → GREEN - More

Research supported by: PCMA Foundation, Hilton, NYC & Company

Business Travel Frequency of Convention Attendees

Nearly one-quarter of convention attendees are frequent business travelers. 61% are moderate and frequent business travelers. Their frequency means they are experienced hotel-stayers and more likely to be independent-minded in their convention hotel booking practices.

Figure 33

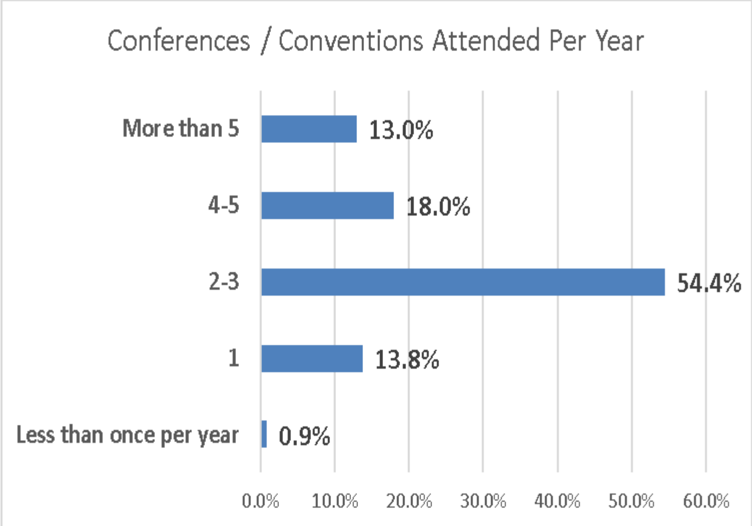


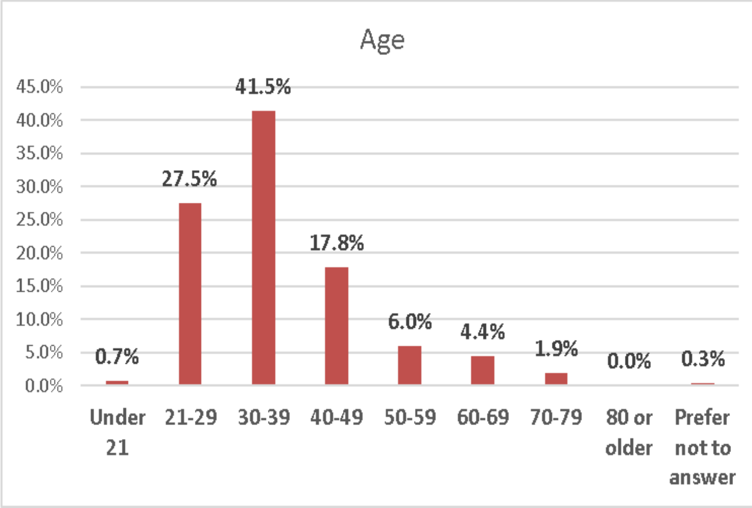
Research supported by: PCMA Foundation, Hilton, NYC & Company

Demographic Dashboard

- Nearly ¼ are Frequent Business Travelers (see chart on previous page)
- More than half attend 2-3 conferences / conventions per year
- 42% are age 30-39

Figure 34



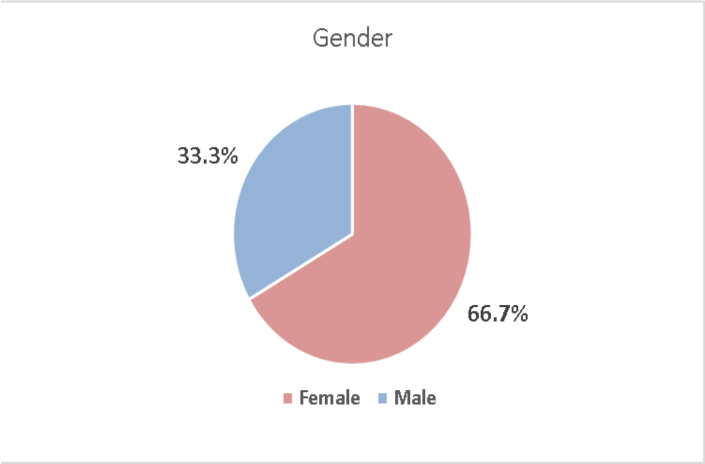


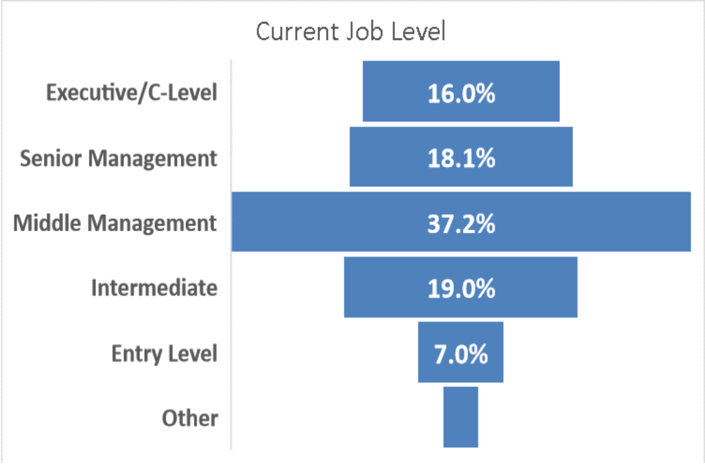
Research supported by: PCMA Foundation, Hilton, NYC & Company

Demographic Dashboard (continued)

- Two-thirds are female (note this may be an anomaly and will be verified in future research)
- More than 1/3 are Senior Management/Executive/C-Level

Figure 34





Research supported by: PCMA Foundation, Hilton, NYC & Company

List of Figures

Sequential As They Appear In This Report

Research supported by: PCMA Foundation, Hilton, NYC & Company

List of Figures

Company Descriptions

Kalibri Labs
Prism Advisory Group

Research supported by: PCMA Foundation, Hilton, NYC & Company

About Kalibri Labs

Kalibri Labs evaluates and predicts revenue performance using its proprietary algorithm to generate the Optimal Business Mix for individual hotels, revealing the most promising opportunities to pursue along with specific direction on how to find and convert them.

The Hummingbird PXM revenue strategy and benchmarking platform also includes the industry's most robust profiles for travel agent and OTA production. The Kalibri Labs database, updated monthly, is comprised of ADR, room revenue, room nights and acquisition costs from over 7 billion guest stays adding 100 million each month from over 33,000 hotels dating back more than 5 years to give an expansive view of the U.S. hotel industry.

Real estate developers, brokers and others involved in hotel transactions use Kalibri Labs data to improve underwriting with a more granular view of each market and benchmarks and trendlines for both individual hotels and sub-markets for all U.S. metro areas. For more information, please visit KalibriLabs.com

About Prism Advisory Group

The Prism Advisory Group –
Marketing, Research and Business Solutions for the Travel Industry

The Prism Advisory Group is a full-service consultancy that focuses on serving the Travel Industry.

Our mission is simple. To help our clients be more successful.

We are focused on delivering transformative growth for our clients. Harnessing the power of bold ideas and pragmatic solutions, we work to develop strategies and actions that maximize the opportunities made possible by today's evolving technologies and shifting marketplace.

Our solutions are built using a holistic approach.

More than ever, marketing, operations and technology must be woven together and properly aligned to maximize results. Having all these disciplines working together in meaningful and innovative ways is core to our mission.

You work with executive-level talent, not project managers.

We bring together a carefully selected team of executive partners and highly skilled collaborators who challenge convention and give you the expertise, insights and direction to achieve sustained success.

prism advisory group • 46 waltham street, 4th floor • boston, ma 02118
www.prismadvisorygroup.com

Kalibri Labs – Glossary of terms (1 of 2)

Booking Channel	Kalibri Labs assigns each booking to a Booking Channel based on the type of business each booking came through.
COPE ADR	COPE ADR is the average daily rate based on the total room revenue paid by the guest after transaction-specific direct reservation costs have been subtracted.
COPE Revenue	The amount of revenue after direct reservation costs are removed. These costs include commissions and transaction fees, as well as other costs incurred as a direct result of a booking. COPE Revenue does not include Sales and Marketing Spend.
COPE RevPAR	COPE RevPAR is the revenue per available room based on the total room revenue paid by the guest after transaction-specific direct reservation costs have been subtracted.
COPE %	COPE % is the proportion of revenue generated net of transaction-specific direct reservation costs expressed as a percentage and reflects how many dollars out of each hundred paid by the guest are actualized as revenue for the hotel. COPE % does not account for Sales and Marketing Spend.
Cost Categories	Kalibri Labs classifies acquisition costs into the following categories: Channel / Transaction Fees, Loyalty Investment, Retail Commission Expenses, Travel Agent Amenity Fees, and Wholesale Commission Expenses. Additionally, clients provide Kalibri Labs with Sales and Marketing Spend to see how effective their expenditures are in relation to revenue generated.
Cost of Sales	Cost of Sales is the sum of all Cost Categories except for Sales and marketing Spend: Channel / Transaction Fees, Loyalty Investment, Retail Commission Expenses, Travel Agent Amenity Fees, and Wholesale Commission Expenses.
Guest-Paid ADR	Guest-Paid ADR is the average daily rate based on the total room revenue paid by the guest inclusive of all transaction-specific direct reservation costs.
Guest-Paid Revenue	The amount of revenue a guest actually paid for a booking. Guest-Paid Revenue accounts for intermediary markups on top of Hotel-Collected Revenue and reflects the total amount paid either to a hotel directly or to a third party who collects revenue from a guest and remits a net, merchant, opaque or wholesale rate to the hotel.
Guest-Paid RevPAR	Guest-Paid RevPAR is the revenue per available room based on the total room revenue paid by the guest inclusive of all transaction-specific direct reservation costs.
Hotel-Collected ADR	Hotel-Collected ADR is the average daily based on the total room revenue paid by the guest.
Hotel-Collected Revenue	The amount of revenue a hotel actually collected and recorded in their financial statements. Hotel-Collected Revenue does not account for intermediary markups applied to wholesale and merchant model business. Hotel-Collected Revenue is the raw revenue data provided by clients to Kalibri Labs. Hotel-Collected Revenue will equal Guest-Paid Revenue when there is no third party involvement.
Hotel-Collected RevPAR	Hotel-Collected RevPAR is the revenue per available room based on the total room revenue paid by the guest.

Research supported by: PCMA Foundation, Hilton, NYC & Company

Kalibri Labs – Glossary of terms (2 of 2)

Internal Discounts	Bookings from the following Rate Categories: Complimentary, Travel Industry – Barter, Travel Industry - Employee/Owner Rate, Travel Industry - Friends & Family, Travel Industry – House Use, Transient – Loyalty Program Redemption, and Contract – Permanent Rooms. Kalibri Labs separates these Rate Categories out to exclude artificially low revenue business for a more accurate picture of regular booking revenues.
Loyalty Investment	The investment made by the hotel to fund the brand loyalty program. These costs typically include the cost of loyalty points, loyalty amenities, and loyalty services. Recovery models can vary by company or brand, including a fixed fee per reservation, a fixed fee per night, a percentage of room revenue or a percentage of total folio revenue. Premium amounts can be applied based on the loyalty member tier, and costs are only incurred for an eligible member stay.
Net ADR	Net ADR is the average daily rate based on the total room revenue paid by the guest after all customer acquisition costs have been subtracted.
Net Revenue	The amount of revenue after all acquisition costs have been removed. These costs include costs associated with individual bookings as well as general Sales and Marketing Spend that are not associated with specific bookings.
Net RevPAR	Net RevPAR is the revenue per available room based on the total room revenue paid by the guest after all customer acquisition costs have been subtracted.
Revenue Capture %	Represents the proportion of room revenue generated net of all costs of acquisition. Revenue Capture is expressed as a percentage and is similar to COPE %, but also accounts for the Sales and Marketing Spend. Revenue Capture % = (Net Revenue)/(Guest Paid Revenue)
Sales and Marketing Efficiency	Measures the Net Revenue generated by every dollar spent on Sales and Marketing Spend. Sales and Marketing Efficiency = (Net Revenue)/(Sales and Marketing Spend)
Sales and Marketing Spend	Sales and marketing activities that appear on the profit and loss statement that cannot be atttributed to an individual booking. This includes all line items from the USALI 11th edition except for the loyalty investment, such as sales and marketing payroll, online advertising, social media, etc.
Source of Business	Kalibri Labs differentiates Sources of Business from Booking Channels by adding categories for Group, FIT/Wholesale and Internal Discounts in order to provide more clarity into those business types. Direct Sources of Business are Brand.com, Internal Discounts, Property Direct and Voice. Indirect Sources of Business are FIT Wholesale, GDS, Group, and OTA.

End of Report

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