

TWO ROADS  
HOSPITALITY

**Two Roads Hospitality**

**Meetings & Groups Research White Paper:**

**State of the Industry and 2018 Trend Forecast**

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#### State of the Industry and 2018 Trend Forecast

In its sixth-annual State of the Meetings Industry survey of more than 310 meeting planners across North America, Two Roads Hospitality reveals and analyzes the latest trends affecting the planning and execution of business meetings and events.

As the largest operator of independent and lifestyle hotels and resorts in North America, Two Roads Hospitality asked a varied group of corporate, association, government and independent planners—66 percent of whom control more than \$100,000 per year in guest room, meeting space and F&B spend for their organizations, and whose programs range in size from 10 attendees to nearly 1,000 attendees—about how their planning requirements and their meetings themselves are changing for 2018.

These changes come in response to continued robust demand across the North American travel market, evidenced by seven-plus years of rising revenue in the hotel and resort sector; the evolving preferences of meeting attendees; advances in technology; emerging security concerns; and other factors. Here is a summary of the most significant survey results, plus related insight and best practices from meetings-focused executives within Two Roads Hospitality.

#### **Overall Market Strength Means Higher Prices for Meetings, but Planners and Properties Are Prepared**

The numbers coming from all directions show just how strong the North American travel sector has been recently, and why. First, gross domestic product in the U.S., driven in large part by consumer spending, was above three percent for most of 2017—its best showing since 2014. And this general economic strength has contributed to robust hotel performance as reported by industry analyst STR: occupancy rates still rose slightly throughout 2017 even though there was historically high growth in guest-room supply, while hotels' revenue per available room (RevPAR) has risen for 30 consecutive quarters. Lastly, the 2018 Meetings & Events Forecast from American Express Global Business Travel finds that North American planners expect not only to have more meetings in 2018, but also more attendees, a slightly longer itinerary and a slightly higher budget per event. In fact, the first sentence of the American Express report describes the North American meetings and events business as "thriving."

Two Roads Hospitality's State of the Meetings Industry survey, along with the related insight of the firm's sales leaders, confirm the strength of the entire travel sector and the meetings segment in particular. For instance, 37 percent of survey respondents said they will plan more meetings for 2018, up from 30 percent who said that for 2017. Kevin Barosso, vice president of global group sales for Two Roads Hospitality, notes that "we're seeing more meetings related to merger and acquisition activity in particular, which is typical in a strong economy. Many organizations are merging operations and teams, so people who haven't worked together before must meet in order to learn about each other, develop trust, forge a new culture and then strategize."

Another indicator of meetings-sector strength: Nearly 45 percent of survey respondents say they have more money to spend on meetings in 2018, up considerably from 37 percent last year and 31.5 percent the year before. Barosso notes that "both airline and hotel prices have been going up for some time

now. The difference is that the C-suite at many companies is finally accounting for that. Rather than going into the year with a flat meetings budget only to have the planner present invoices that are perhaps three to five percent over that number, executives are now acknowledging reality in the budgeting process.”

Andre Fournier, executive vice president of sales, marketing and revenue for Two Roads Hospitality, notes that 2018 same-store revenue growth among the company’s 68 properties across the Destination, Joie de Vivre, and Thompson hotel brands will be five percent, the same figure as in 2017. “In today’s market, the upscale, upper upscale or luxury properties are experiencing stronger demand than supply,” adds Fournier. “Based on the *2017 Smith Travel* data, the majority of new supply is in the economy or midscale segments, which lack meeting facilities or the preferred amenities for leisure travelers. As a result, we are seeing stronger than anticipated demand in hotels and resorts with excellent meeting venues and robust leisure amenities.” With 84 percent of survey respondents using upscale, upper-upscale or luxury properties, it is anticipated they will see an increase in hotel occupancies and meeting costs across the country. Fournier recommends that sales executives work with meeting planners by offering alternative dates and/or patterns to optimize planners’ budgets and the price-to-value relationship.

In light of this, Two Roads sees an opportunity to stake a bigger claim in the meetings and incentives market. “We have several new properties coming on board by the end of 2019, all designed to attract the future independent meeting and incentive traveler,” Fournier says. “Our new properties will have more social and events space to accommodate the demand for meetings. We want to position our properties as the preferred choice in this space, especially since the trend for new hotel supply over the next two years will be limited-service and midscale products without meeting space. Traditionally, our boutique and lifestyle brands were 80 percent transient guests, but as we look to the future, we’ve designed our Thompson and Joie de Vivre hotels with more meeting space because of broader market needs.”

Even with a higher percentage of planners having more money to spend on 2018 meetings, the majority of survey respondents—55 percent—still say they’re working with budgets that are either flat or lower than in 2017. To come to mutually acceptable agreements with such clients, “we’re getting many of them to book farther out,” Barosso says. “Larger groups simply have to book earlier in this climate to ensure getting the space they need over dates that work for them. But we tell all our clients that booking farther out means you’re buying the future at today’s prices.” More than 44 percent of respondents say they’re booking most of their events at least six months out, while another 40 percent say they’re booking between two to six months out.

Other strategies that Two Roads promotes to budget-conscious planners include forging a multiyear agreement for a particular meeting, and booking different meetings across Two Roads brands over a given time period. For the first option, “getting at least two years locked in lets planners keep that event’s budget just about flat year over year while knowing exactly the rooms, space and dates they’ll have,” Barosso notes. “At our larger hotels in urban and suburban areas, we are definitely doing more multiyear deals on events with 250 to 750 rooms on peak night.”

And for the second option—multiple meetings booked across Two Roads brands—“that is a priority focus for us among our global accounts,” Fournier adds. “We’ve trained our sales team on our newer Joie de Vivre and Thompson meeting offerings that are right for particular types of meetings. As a result,

we're now asking a few extra questions during the sales process to help keep customers within the Two Roads portfolio as often as possible. Especially for organizations that have some smaller meetings in addition to mid-sized or large events held at our Destination properties, we can place the small meetings in Joie de Vivre and Thompson properties in urban locations, and thus provide better negotiability and incentives for each event." This approach is already working: Two Roads does more than \$50 million in cross-brand meetings business, and that figure will surely grow in 2018.

### **Value Drives Today's Conversations**

In a market where customers are either paying more or having to make adjustments to avoid paying more, there is an increased expectation of value for the money they spend. The meetings industry most often measures value through return on investment calculations that are hard (numbers-driven) or soft (perception-driven). Two Roads Hospitality focuses on both types of ROI calculations so that meeting clients are satisfied their events delivered significant benefit to attendees and the organization.

In the realm of attendee perception, Two Roads has made its mark. In 2017, the readers of *Conde Nast Traveler* ranked 43 of Two Roads' more than 85 properties among the top hotels in their respective local markets. Here's a recent company initiative which contributed to that distinction: "We've put more emphasis on the guest-room environment, particularly with bedding and technology, so that guests will feel their best physically and mentally," Andre Fournier notes. "It's part of delivering a unique and memorable experience which guests value."

When it comes to measuring ROI in more concrete numbers, Two Roads has responded by evolving its training protocol for event staff across the Destination, Joie de Vivre and Thompson brands. Now called the Two Roads Event Designers (TRED) program, this ongoing educational initiative promotes delivering consultative, proactive service to meeting groups. Specifically, it provides clients with a knowledgeable partner right from the start of the event-planning process, which maximizes ROI.

"TRED is about individual empowerment of our event designers at each property," Fournier says. "We're giving them the skills and tools to ask the right questions of our clients and then deliver best-in-class session set-ups, technology solutions, attendee nourishment, and other elements. The goal is to make every meeting we host a distinctive experience which fulfills each client's specific objectives."

### **Flexible Meeting Space: Demographics and Corporate Trends Cause Hotels and Resorts to Evolve**

More than 74 percent of survey respondents rated flexible meeting space as an 8, 9 or 10 in importance to their site-selection decisions, up from 73 percent in 2016 and 68 percent in 2015. As the Millennial generation comes to dominate the ranks of meeting attendees—they are now the largest generation in the workforce and will be 46 percent of all workers by 2020—their preferences for how interactive spaces should be configured and furnished simply must be accounted for.

"A lot of our latest thinking about space comes from the changes we see during sales calls in our clients' offices," Kevin Barosso notes. "Their conference rooms often have a raised conference table in the middle of the room, but to the side there's a lounge-style seating area or other nontraditional elements. One client even had clear roll-up garage doors across one wall. If this is how companies are gathering in their own offices, they're going to expect similar environments at the off-site venues they use."

Andre Fournier adds that the living-room concept has made its way into many sessions, even if it represents just part of a room's overall layout. "We are focused on giving clients relaxed sophistication in meeting rooms, much like a residence, if they want that. And if we see clients asking for traditional eight-foot rectangular tables and banquet chairs but the session objective is idea generation and white-space thinking, our event designers ask if they might be better served with a mix of environments--an area of highboy seats behind a long, narrow countertop on the room's perimeter, and another area with couches and soft chairs, all facing the center of the room. With many sessions transitioning from being instructor-led to being attendee-led, the atmosphere must be convivial like at a coffee house."

One complication is that most hotels and resorts don't have much storage space for the wide variety of furnishings that many groups now prefer. As a result, "we'll get creative and use items from our public areas in meeting rooms whenever possible," Barosso says. "If there are 200 transient guests on property, though, we can't take everything from our public spaces. So we'll source additional residential furnishings from local suppliers at reasonable cost."

Beyond the layout of spaces, more groups seek informal and even unusual spaces to gather in. "Whenever people can get outside, they do it," Barosso finds. "It could be a coffee break or a meal but sometimes it's a breakout session; 20 people will decide on the spot to move outside to a deck or patio, or onto the grass. We're also seeing more interest in the rooftop spaces at our urban properties. So we make sure those spaces are introduced to clients during the planning process, and are ready for scheduled or impromptu use throughout the meeting."

### **Food and Beverage Pricing and Options: More Important Than Ever to Planners**

In the five previous meeting-planner surveys conducted by Two Roads, food and beverage pricing consistently came in as the third-most important factor in site-selection decisions, behind only location and rate. That's true again this year—but the average rating in importance to planners rose considerably this year, from 8.60 to 8.74. It's even more important to planners today than flexibility of overall contract terms, which came in at 8.38.

Kevin Barosso is frank about the present situation. "F&B costs have gone up for all of us in recent years, and it is going to continue that way. Commodity prices are rising while hotels are very often tasked with buying local, organic and sustainable, and that does not mean less expensive. But groups clearly want these things, so adjustments need to happen."

"How we source our food in the past several years has changed significantly," adds Andre Fournier. "Farm-to-table dining and local, organic ingredients are what our guests want. Freshness and quality are crucial, and there's a strong demand for health-conscious cuisine from our planners. Additionally, the local emphasis gives attendees a deeper connection to the community and local culture, making it a more memorable experience that they'll share with others."

To help planners maximize both the performance and the pleasure of attendees while staying within the F&B budget, Two Roads properties loops in the on-site culinary team at the start of the planning process. "These folks are much more involved than they were in the past," Barosso says. "They're being consultative instead of just handing the planner a menu kit and saying, 'Let us know what you'll want for each meal and break.' When our chefs hear a planner's objectives along with the cost structure they're

operating under, it allows them to be more creative and deliver the desired F&B experience at the right price for that client.”

When it comes to the quality and variety of food and beverage options, 74 percent of planners ranked this factor as an 8, 9 or 10 in importance. “One of the pillars of our TRED training program is ‘food for thought,’ meaning the nourishment of body and mind as a key component to a successful event,” Fournier says. “We feel responsible to our guests for creating F&B offerings that are enticing but also optimal for physical and mental well-being.”

“Planners are saying, ‘Give us some things we have not seen before, offerings that are connected to this destination,” Barosso adds. “But first, it needs to be a balanced food selection that plays off how the body and brain react to them, to keep people alert and attentive in their meeting sessions. We also understand that the reward aspect must be present as well, although increasingly we’re presenting choices that are both sweet and healthy—fruit and yogurt, smoothies, and the like.”

One other element that Two Roads will create for interested groups is on-the-spot education about each F&B offering so attendees know not just what they’re consuming but where it came from and what its effect will be on the body and the brain. “We’ll provide detailed labeling at each serving station, or even have live-action stations where a chef explains, for instance, the difference between a kale smoothie and a berry smoothie in terms of brain function and physical health,” Fournier says. “Not only does this add value during the meeting, but attendees can take that learning home with them and use it for their long-term benefit.”

### **Technology: Increasingly Important in Both the Planning and Execution of Meetings**

Another factor that planners find more important in site-selection decisions this year is on-site technology. More than 61 percent of them ranked this factor an 8, 9, or 10 in importance for their 2018 events, compared to 58 percent who did so for their 2017 events.

The first topic that planners continue to broach with their sales and service contacts at Two Roads properties is bandwidth. This is no surprise, given the increasingly robust nature of event apps and the increased levels of attendee use of these apps plus stand-alone social media platforms and other web applications. What’s more, many meeting groups have attendees who simultaneously connect two or even three personal technology devices to the wireless bandwidth system on property, which can slow connection speeds for everyone even if a property can provide 50 Mbps of connectivity.

“Bandwidth will always be about, ‘How much more can we get and for how much money,’” Kevin Barosso says. “But because that cost is incorporated into the group’s total AV spend, the more that you use our technology products throughout the meeting then the better we can do on wifi pricing.”

However, the equation on pricing has been evolving lately. “We typically try to price it through a per-device fee, but planners can’t control that variable so they want a flat fee instead,” Barosso adds. “We are trying to become a bit more flexible, and in some cases we can do a flat fee.”

To provide planners and attendees with greater value outside of formal meeting hours, many Two Roads properties offer the Trust You and Zingle texting solutions. These allow guests to communicate in real time with any department on property to fulfill a need or request. What’s more, “we just launched the Alexa product in our Thompson Seattle property, so guests can verbally ask questions or make requests of a 24-hour artificial-intelligence concierge right in their rooms,” Andre Fournier notes. “It makes the

guest experience easier and more satisfying. We will soon have a final product ready for use in many of our properties.”

When it comes to narrowing down the potential venues for an upcoming event, planners say that property websites are their most favored source of information, with 69 percent calling these a primary tool they use. TripAdvisor and other online sources have an influence on 62 percent of respondents, while industry publications are used by 39 percent of respondents. And because the meetings industry is a people-focused business, it’s no surprise that 61 percent of planners rely strongly on referrals from other planners to narrow down their venue choices.

With the Destination brand’s website redesigned about two years ago for increased planner usefulness, the enhanced websites for the Joie de Vivre and Thompson Hotels brands made their debut in mid-2017. “We’ve not only improved our property photography but we’re also incorporating more video,” Fournier says. “So the visual elements are improved to go along with relevant content such as capacity charts.” What’s more, there is a new meetings-focused section on Two Roads’ own site ([www.tworoadshotels.com](http://www.tworoadshotels.com)) where planners can conduct searches by destination, property type, brand and meeting size.

One other interesting technology application Two Roads is leveraging: virtual-reality site tours. At the October 2017 International Meetings Exchange (IMEX) trade show in Las Vegas, Barosso and Fournier welcomed planners into the Two Roads booth to don Oculus Rift headsets and virtually tour the meeting areas at a few properties. “We are piloting virtual reality site tours at a number of our properties, but the product made a strong first impression when planners could experience, for instance, a 360-degree view from a scenic outdoor terrace that hosts receptions,” Barosso says.

### **Teambuilding: Leveraging Local Experiences for Maximum Impact**

With nearly 40 percent of survey respondents planners rating leisure and teambuilding amenities a 7 or higher in importance to their site selections, Two Roads uses its TRED program to educate property staff on how to match a meeting group’s teambuilding objectives not just to its demographic and personality, but also to local opportunities that will make a long-lasting impression. Their offerings are also guided informed by the fact that 53 percent of respondents are interested in adventure or active teambuilding pursuits, while 47 percent say that they prefer public-service-focused activities.

“We see strong desire for community-giveback components during meetings,” says Kevin Barosso. “They often take the form of contests where teams compete to build skateboards or bikes, and then present their finished products to a local nonprofit group.” As for activities that skew more towards adventure, some Destination resorts now have zip lines and other adrenaline-pumping elements because these offerings appeal to today’s leisure travelers—and to some high-energy meeting groups such as sales teams. On the other hand, “we also have groups who want something less adventurous but still active and immersive in a local way, like helping the chef make salt or kayaking through protected nature sanctuaries.”

Andre Fournier adds that when a teambuilding experience is tailored to discovering the local environment, planner feedback is positive. “Utilizing the unique nature of a destination is a central part of the value we provide,” he says. For instance, a kayaking or paddleboarding excursion just off the coast of Palos Verdes, California, where Terranea Resort is located, teaches attendees the importance of the

kelp beds to the ocean's food chain. "The guide explains how kelp beds provide protection from predators, which allow for many marine animals to thrive," Fournier says. "Most groups will see some of those animals during their excursion, too. So it's not really about the activity—it's about learning something interesting about the destination you're at, and sharing in that experience with colleagues."

### **Security: An Emerging Concern at Meetings**

Recent violent incidents in public spaces around the country have impacted the thought process for coordinating business meetings and events. The one issue that survey respondents mentioned the most in an open-ended question on their future concerns was attendee safety and security. "This is certainly a stronger focus now for many of our groups, especially after the Las Vegas incident," Kevin Barosso notes. "Planners want to know more about our plans for sudden mass evacuations, our active-shooter prevention plans and countermeasures, and other security details. We'll provide those details to planners in a private setting so we can keep our protocols discreet; we have many levels of public-space monitoring in place."

Fournier adds that "every property has a close working relationship with local law-enforcement departments and fire and rescue departments; we regularly conduct drills with them on emergency response. And we will always provide a planner with emergency communication plans to maintain contact with our staff in case there's an incident on or around a property." Lastly, attendees are made aware of safety and security details through the property's TV channel in guest rooms, while they can also opt to receive text alerts from the property as necessary.

### **Final Thoughts for 2018 Meetings and Events**

Kevin Barosso notes that Two Roads Hospitality's latest tagline for the meetings market is "Meet Uncommon," which is directly related to the needs and desires of today's meeting groups. "The element we think sets us apart as a company are the personalized immersive experiences which we can curate for groups who meet at our properties."

Andre Fournier offers this bit of advice for meeting planners for the coming year: "Embrace the situation in each area of your work as temporary, not permanent, and always be prepared to change. Look at the changes that came through the auto industry and the media industry—two traditionally stable industries that are now almost unrecognizable compared to not very long ago. Planners must always be prepared to adapt what they do, and we are here to help them with that."

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### **Survey Methodology**

In late October of 2017, Two Roads Hospitality contacted 23,750 corporate, association, government, and independent meeting planners, of which 312 responded to the survey.

## **About Two Roads Hospitality**

Created in September 2016, Two Roads Hospitality is an international lifestyle company encompassing an unrivaled collection of distinctive properties, passionate people, and remarkable experiences around the globe. The company is named for the recently-merged Commune and Destination Hotels, bringing together over 40 years of combined expertise exclusively dedicated to the boutique and lifestyle space. Comprised of Joie de Vivre Hotels, Thompson Hotels, Destination Hotels, tommie and Alila Hotels & Resorts, the company is the leading operator of independent hotels with more than 85 properties in seven countries and growing, also boasting an extensive roster of award-winning restaurants and bars, stunning vacation residences, world-class golf courses, and indigenous spa and wellness offerings. For more information on Two Roads Hospitality, visit [www.TwoRoadsHotels.com](http://www.TwoRoadsHotels.com), follow us on Twitter @TwoRoadsHotels, or like us on [Facebook](#).

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