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SPECIAL REPORT

POWER *in Numbers*

IT'S THE SEGMENT THAT EVERYONE WAS HOLDING THEIR BREATH FOR TO RETURN: GROUP BUSINESS. NOW IT'S BACK, BUT IS IT THE SAME AS BEFORE?

Contributed by **HARVEY CHIPKIN**

There's no business like group business and the hotel industry is enjoying a surge in the segment that has seen numbers gaining on pre-pandemic levels.

According to CoStar data, group occupancy for 2019 was 22.3%; in 2023, it was 19.6%. For Monday through Wednesday—considered peak meetings periods—the numbers were 25% in 2019 and 21% in 2023. CoStar defines group as room blocks of 10 or more and these numbers represent occupied room nights in that category divided by the available room inventory.

Emmy Hise, senior director of hospitality analytics at CoStar Group, said that based on conversations with convention and visitor bureaus at major city centers, citywide conventions are returning and at increased attendance levels. Also, longer booking windows for citywide conventions have resumed, meaning these events are booking out for the next five or so years.

Most major city centers experienced stronger year-over-year growth due to the increase in convention center and group activity, according to Hise. There

are outliers, such as San Francisco and Portland, Ore., which have experienced

“WE EXPECT COMMERCIAL TRAVEL TO DRIVE GROWTH IN 2024, AS LEISURE TRAVEL REMAINS AT ELEVATED LEVELS”

— ASAD AHMED, SVP OF AMERICAS, COMMERCIAL SERVICES, HYATT HOTELS CORP.





“BOOKING WINDOWS REMAIN SHORT TERM OVERALL WITH A LARGE PERCENTAGE OF BOOKINGS WITHIN 90 DAYS OR LESS”

— MARK SERGOT, SVP OF GLOBAL SALES ORGANIZATION, IHG HOTELS & RESORTS

negative national press over entities including protests, homelessness and unconcealed drug use that gave these cities a black eye.

However, said Hise, San Francisco received good reviews after hosting Dreamforce, an annual global event organized by Salesforce, and APEC, an electronics-focused conference, last fall, which will hopefully go far to help change perceptions.

Group business travel has come “roaring back” because of pent-up demand and a strong economy, said Frank Passanante, SVP and global head of sales for Hilton. As noted on an earnings call by Hilton President and CEO Chris Nassetta, group business volume in the fourth quarter of 2023 exceeded 2019 peak levels with a strong outlook for 2024.

Brian Gilligan, SVP of sales and distribution, U.S. & Canada, for Marriott International, said fourth-quarter 2023

group revenue rose 7% over 2022 in his region and is expected to continue to be a meaningful driver of revenue growth going forward. “We’re very pleased that as of the end of last year, 2024 group revenues were pacing up nearly 11% year over year,” he said.

Meanwhile, group travel came back “fast and furious” after the pandemic, said Brian Macaluso, VP of global sales for Sonesta International Hotels. From a sales lens, he said, current group demand has surpassed peak levels overall, although specific markets still affect overall growth more than others.

At Hyatt, according to Asad Ahmed, SVP of Americas, commercial services, 2024 is poised to be another strong year for group and meeting business. He said that fourth-quarter 2023 group room revenue was up 11% versus the same period in 2022 and accelerated during the quarter. “We expect commercial travel to drive growth in 2024, as leisure travel remains at elevated levels,” he said.

Mark Sergot, SVP of global sales organization at IHG Hotels & Resorts, said the company continues to see an upward trend in meeting and event bookings that exceed 2019 figures. Though IHG expects this to moderate from the surge in 2022 and 2023, overall meeting and event bookings, he said, will remain above 2019 record levels.

Booking windows remain short term overall with a large percentage of bookings within 90 days or less, said Sergot. Normalized booking patterns ranging from six months to one year out, he said, are becoming more apparent as short-term availability becomes challenging and economic uncertainty wanes.

Preferred Hotels & Resorts, which represents hundreds of independent hotels globally, saw a record year in group revenue growth and leads in 2023, actually surpassing pre-pandemic levels, according to Cheryl Williams, who is chief revenue officer. She said they continue to realize

rapid growth in leads and conversions around the world. The pace for leads and bookings continues to grow, she said, but not at the same pace as the last two years, as average daily rates normalize and airfares rise.

SHIFTING PATTERNS

The numbers don’t tell the whole story. Some patterns around group business have shifted since the pandemic due to trends including hybrid work and workforces spread geographically, said CoStar’s Hise, who added that there will be a continued need to meet in person at small- to medium-sized team meetings or more incentive for companies to send additional representatives to larger conferences and conventions with plans for offsite team collaboration.

Looking at the overall proportion of the business mix, said Marriott’s Gilligan, it is leisure and business transient that have swapped as far as driving business,



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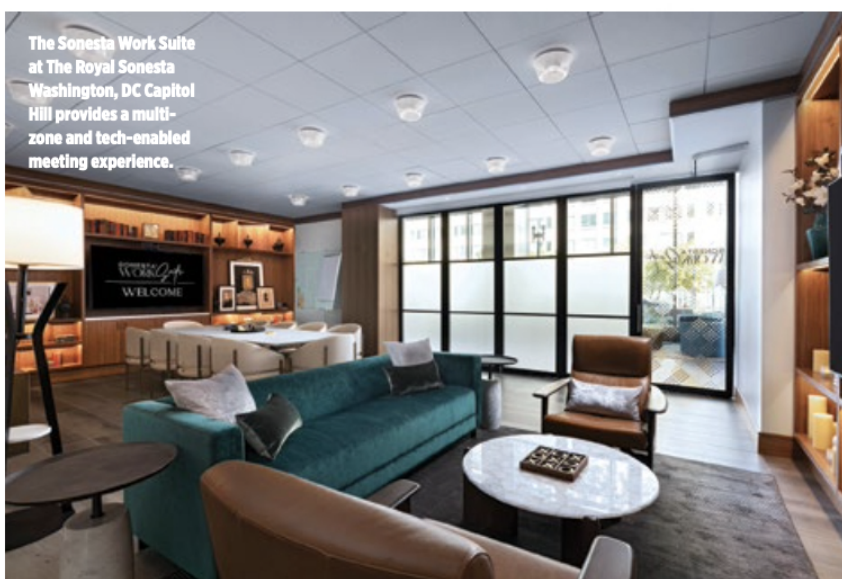
SPECIAL REPORT

while group remains quite consistent to its contribution levels in 2019. Corporate, association, social and, to some extent, tour and travel, all have shown strength, he said, and incentives continue to be strong.

Hilton, said Passanante, has seen strong demand for small and regional business meetings and attendance at large association and conventions as business continues to recover. Another segment that has shown growth, he said, is incentive travel.

In response to the global interest in incentive business, Hilton launched the Hilton Incentive Collaborative, which directly addresses curated offers with purpose and experiences that bring the local culture into events.

Planners are looking for new locations to excite attendees, said Passanante, and there is increased interest in resort and all-inclusive locations, with planners



The Sonesta Work Suite at The Royal Sonesta Washington, DC Capitol Hill provides a multi-zone and tech-enabled meeting experience.

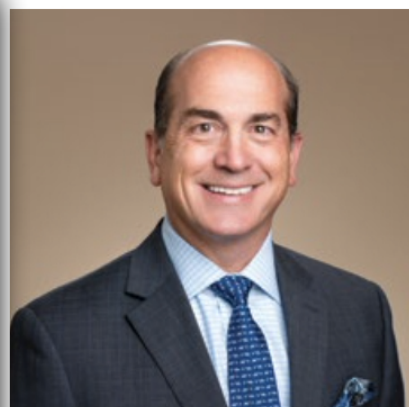
gravitating toward an all-in-one approach to maximize the attendee experience and ease of planning. For example, in the first half of 2023, group bookings at Hilton all-inclusive resorts increased by double digits year-over-year.

Hotels have made physical changes to accommodate new group demands. The “Sonesta Work Suite,” said Macaluso, is an experiential, multi-zone meeting space concept that offers an innovative meeting room design and services to enhance collaboration. The concept, he said, combines the qualities of traditional office and coworking space with hotel amenities.

Business is strong for smaller meetings and incentives, with an average group size of around 45 rooms, said Preferred’s Williams. To support the continued increase in the number of unique leads in social groups, she said, Preferred will launch a VIP Group Desk later this year. Also, to meet growing demand, Preferred has launched a new group business development department for Europe and has added to its sales team there. In addition, and in preparation for increasing demand in group travel to and from India, the company has added to its sales team in that country.

“THOUGH TRAVELER AND BUSINESS PREFERENCES HAVE CHANGED AND EVOLVED OVER TIME, IN-PERSON MEETINGS, EVENTS AND INTERACTIONS DRIVE BUSINESS, STRENGTHEN RELATIONSHIPS AND MOVE THE WORLD FORWARD”

– FRANK PASSANANTE, SVP AND GLOBAL HEAD OF SALES, HILTON



“BUSINESS IS STRONG FOR SMALLER MEETINGS AND INCENTIVES, WITH AN AVERAGE GROUP SIZE OF AROUND 45 ROOMS”

– CHERYL WILLIAMS, CHIEF REVENUE OFFICER, PREFERRED HOTELS & RESORTS

“WE’RE SEEING AN INCREASED
FOCUS ON WELLNESS AT
EVENTS”

— BRIAN GILLIGAN, SVP OF SALES AND
DISTRIBUTION, U.S. & CANADA, MARRIOTT
INTERNATIONAL



POST-PANDEMIC BUMP OR SUSTAINED LEVELS?

Most observers expected a bump in group post-pandemic to meet pent up demand—but will it last? Hilton, said Passanante, has only seen a belief and power in face-to-face meetings strengthen coming out of the pandemic. Though traveler and business preferences have changed and evolved over time, he said, “in-person meetings, events and interactions drive business, strengthen relationships and move the world forward. That is why we don’t anticipate group travel slowing down.”

Partly driven by the pandemic, Hyatt has introduced a suite of meetings-oriented programs including Together by Hyatt, which provides meeting planners with a range of resources, capabilities and solutions customized to their needs; a Wellbeing Collective, launched last fall with 30 properties that offer bespoke wellbeing offerings to groups; and the Hyatt Convention Alliance, which, according to Ahmed, “combines the collective might of 10 of Hyatt’s premier convention hotels in

nine key markets.”

HYBRIDS ALIVE, BUT LESS FREQUENT

Are hybrid meetings still a force? Though they remain a tool, most hotels see them as a complementary option. With in-person events coming back so strongly, said Gilligan, Marriott hasn’t seen a lot of demand for hybrid events. He said the company is seeing organizations recording or streaming sessions and utilizing the content post-event on social platforms.

In addition, said Gilligan, Marriott is seeing attendees connect with each other pre-event, through digital apps to schedule meetings on-site, network and discuss sessions, as well as on-site through polling and instant surveys that provide real time feedback.

Though there was a rise in digital meetings and events during the pandemic, said Passanante, “What we are seeing now is virtual fatigue and people, more than ever, embracing the unique value of in-person



“OUTDOOR SPACES CONTINUE TO
BE IMPORTANT AS EVERYONE
LOOKS FOR FLEXIBLE OR
UNIQUE SPACES”

— BRIAN MACALUSO, VP OF GLOBAL SALES,
SONESTA INTERNATIONAL HOTELS

connections.” According to a recent Hilton survey, he said, more than 70% of event attendees prefer in-person events to virtual ones, particularly among Gen Z, “which is experiencing severe virtual event burnout,” Passanante added.

RESHAPING EVENTS

Events themselves have been redesigned to meet transforming technologies and goals. “We’re seeing an increased focus on wellness at events,” said Gilligan, “including calming spaces on or near the meeting spaces and healthier food and beverage options within meal periods and receptions.”

In accordance on wellness, Passanante pointed to Hilton’s 2024 Trends Report and that the top reason people want to travel in 2024 is to rest and recharge. There is a growing movement to incorporate opportunities to infuse wellness into the professional sphere, he said, adding that Hilton understands it is vital to take a holistic view of every element that contributes to event attendee wellbeing—from the design and environment of the venue to the agenda rhythm and content.

Outdoor spaces were a hot topic post-pandemic and continue to be important as everyone continues to look for flexible or unique spaces, said Sonesta’s Macaluso. He said the company has also seen a trend toward tropical destinations that offer an opportunity for groups to gather and accomplish business goals while enjoying beautiful weather.

More choice and flexibility are becoming the norm, said Gilligan. This includes everything from having pronouns on name badges, adding culinary options to accommodate dietary needs and providing quiet rooms to step out of events if attendees become overstimulated, or just need to recharge.

“When all audiences are able to participate as they are and feel included for who they are, they can have more positive and impactful experiences,” said Gilligan. **H**