

Hoteliers court meeting planners after Marriott's commission cut

By Michael J. Shapiro / February 01, 2018

📄 A+ A-



Eldorado Hotel & Spa in Santa Fe, N.M., is promoting a 13% commission for groups booking before March 31.

A number of smaller hotel companies and individual properties have been quick to launch promotions that increase group commissions since Marriott International announced last week that it would cut group commissions from 10% to 7% for properties in the U.S. and Canada.

Independent Preferred Hotels & Resorts launched a 60-day promotion called "We Appreciate You," which offers intermediaries an 11% commission and 150,000 I Prefer Reward Points for programs in excess of \$100,000 in room revenue that are booked by April 1 and have contracts that close by July 30.

Elaine Macy, Preferred Hotels executive vice president of global group sales, said reducing commissions may be "the wave of the future for larger chains," while it is still very early to tell.

"Looking ahead, I believe we will see that most large franchise brands will reduce commissions across the board and then have some type of back-end volume bonus for the major third-party planners to reimburse them for lost commission," Macy said. "While it is unfortunate and doesn't have any heart, I do see the business sense for these large chains as they try to take in pure volume based on the number of hotels they have and cut out the smaller independent planners."

Macy added that the reduced commission can only benefit smaller hotel companies.

"I think this trend will be fantastic for Preferred Hotels & Resorts and our member hotels," she said. "We are maintaining our standard 10% commission level and staying true to all of our clients -- especially the smaller independent planners, who we value highly. It will allow us to be more visible in the industry, allow us to attract business we may never have had the opportunity to bid on before, help planners get to know Preferred Hotels & Resorts as a brand and help us develop long-term relationships with our clients -- small- and large-size agencies -- on behalf of our brand and member hotels."

Individual hotel properties are likewise hoping to make their cases.

"I am taking their 3% and adding to my 10%, and providing 13% commissions to anyone who places business in my hotel before their target date of March 31, 2018," wrote Mark Mares, senior sales manager of the Eldorado Hotel & Spa in Santa Fe, N.M., referring to Marriott's commission-reduction date. Mares hasn't yet received any bookings as a result of that promotion, but he didn't necessarily expect to.

"I just want to support all parties in their sourcing efforts during these challenging times," he explained. The offer is good for any new meetings business and is applied to rooms, not catering or audiovisual.

Similar promotions are popping up at a rapid clip. The Plaza Hotel and Casino Las Vegas is offering 12% commission for meetings booked this year, and the Eden Roc Miami Beach and the Nobu Hotel Miami Beach have increased commissions to 12% for groups that book a minimum of 10 rooms per night through the end of the year. The Thompson Toronto is promising a 14% commission on guest rooms for any group bookings that entail arrival dates before April 30 of this year.

Meanwhile, will larger hospitality companies follow Marriott's lead, or will they try to leverage Marriott's move as a competitive advantage?

"I do think this is an opportunity for hoteliers to take a firm stand, one way or the other," said Flavia St. Clair, principal with PCM & Associates, an independent site-selection, venue-sourcing and meeting-services firm.

Perhaps predictably, many of the larger hotel companies have been reluctant to come out too strongly either for or against Marriott's cuts, clearly favoring a wait-and-see approach.

"As a leading provider of meetings and events, Hilton works with a number of valued partners to attract business and leisure group bookings," noted a Hilton spokesperson shortly after the Marriott announcement came. "Although we have no updates to our group commission payment policy to announce today, Hilton continuously reviews its sales and distribution strategies to ensure that we are offering the best value for our owners, hotels and customers."

Spokespeople from Hyatt, Accor and Kimpton declined to comment.

Other hoteliers did attempt to convey the notion that third-party planners were highly valued, regardless of what the future holds for the commission models.

"While we will always evaluate our distribution channels and associated costs," said Dan Surette, vice president of sales for Omni Hotels & Resorts, "at this time we are not planning to make any changes to our existing commission structure for approved group intermediaries. We value the relationships that we have with our partners and see them as an extension of our team. We also appreciate their knowledge of the industry and the business they bring to our hotels and resorts throughout the year."

Michael Dominguez, chief sales officer for MGM Resorts International, underscored his company's decision to maintain the status quo.

"MGM Resorts will not be changing its relationship with our intermediaries," he said. "We have partnered very effectively with these intermediaries over the past few years in placing our group business with the appropriate availability and with pricing models that work for all involved. These partners have shown incredible loyalty, and this was no more evident than during our most trying times last year."