




The Concession Stand Is Open





Barbara F. Dunn, Esq.
 Howe & Hutton, Ltd.
 Meeting Professionals International
 Northern California Chapter
 MPINCC Annual Conference & Expo
 San Francisco, CA
 February 10, 2011

Review of Session Learner Outcomes:

- Develop parameters for suitable concessions for your events
- Measure real and perceived values for concessions with hard costs vs. soft dollars
- Recognize each party's position on concession values and the techniques that can be employed to reach mutually agreeable contracts.

What is a Concession?

Concessions

1. Merchandise or refreshments sold on site, to individuals, in conjunction with an event.
2. Contractual agreement where one party provides something of value to the other party in exchange for something else, pending certain conditions.

Source: Convention Industry Council's *APEX Industry Glossary* (www.conventionindustry.org/glossary/)

What Does It Mean To You?

Group

- Cost savings/revenue
- Perceived value to attendee
- Planner production expectations

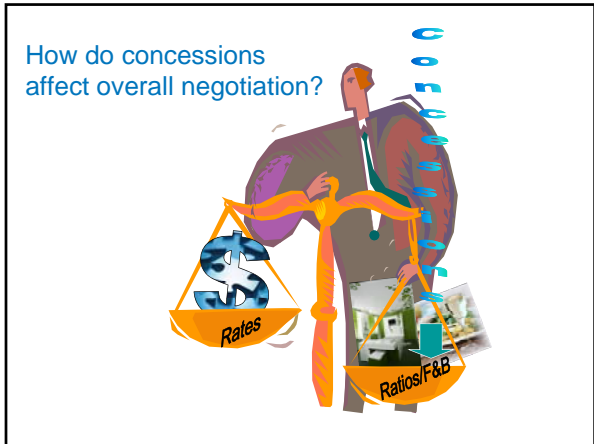
Hotel

- Hard cost
- Soft dollars
- Winning the business

When and how should concessions be presented in the negotiation process?

- Request for proposal (RFP)
- During the negotiation
- After the contract is signed





Let's look at an example...

Room Block:

Day 1	Day 2	Day 3	Day 4	Day 5	Day 6	Day 7	Total
50	150	550	550	475	175	50	2000

Total Value of Guestrooms: 2,000 x \$180 = \$360,000
 Food & Beverage Spend: \$120,000

- Function space: 90,000 square feet
- Meeting represents 60% of hotel's room block and 95% of the function space

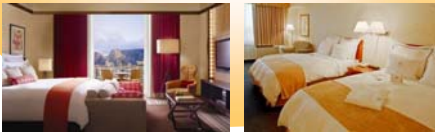
Determining the value of what you've asked for...

Value Added Concessions	
Considerations for the dates listed above	Value
One (1) Complimentary room night per every 50 revenue room nights actually utilize by GROUP (2000 total room nights = 40 x \$180)	\$7,200
Two (2) Complimentary One-bedroom Suites as noted in the room block above = (10 x \$575)	\$5,750
Five (5) Staff rooms complimentary as noted in the room block above = (35 room nights x \$175)	\$6,125
Complimentary Meeting Space Rental with agreed F&B minimum (ranges by hotel)	\$40,000
Complimentary wireless internet in the guestrooms and public space for all GROUP attendees = (2000 x \$12)	\$24,000
Ten (10) upgrades to concierge/club level	\$1,400
Ten (10) complimentary room nights for pre-planning	\$1,800
10% Discount off Audio Visual (Based upon spend of \$25,000)	\$2,500
10% Discount off Food and Beverage	\$12,000
Total Amount of Concession List	\$100,775

What Other Factors Impact Concessions?

- Group type/Lead time
 - Corporate
 - Association
- Hotel situations
 - Pre-construction opening
 - Particular need dates

Concessions based on room block performance




Newer trends for concessions:

- Incentives to get people to come and to stay at HQ hotel (e.g., meal voucher, complimentary night with multiple night stay)
- Percentage credit to the master account based on total revenue
- Internet access in both guest rooms and meeting space
- Waive of resort fees
- The WOW factor

Summary of Tips and Best Practices:

- Reevaluate your concession list – make sure it's current and forecasted properly
- Put concessions on the table early in the negotiation process – ideally during RFP stage
- Be prepared to negotiate concessions depending on how you want to end up on the rate
- Calculate the value of concessions
- Ensure contract accurately reflects concessions



MPINCC
Annual Conference & Expo

February 10, 2011
Muskegon West Convention Center

WHAT ELSE IS
ON YOUR MIND?
