Alternative Accommodations:
Partner or
Distruptor?

Technology is constantly reshaping the way business events are planned and executed. Logistical coordination, event marketing, attendee registration, networking, and delivery of the meeting content itself have all evolved due to the increasing sophistication of the digital realm. Now being disrupted: the attendee housing market.

With the Internet-fueled rise of peer-to-peer accommodations companies like Airbnb, HomeAway, FlipKey, onefinestay, and VRBO, the universe of possibilities for overnight lodging for both individual and group business travelers is dramatically expanding.

The leading player in this niche, Airbnb, has more than two million listings in 34,000 cities around the world. Last year alone, Airbnb booked roughly 80 million room-nights worldwide—and at least 10 percent of that demand came from business travelers, the company says. To maximize its capture of the $300 billion business travel market, Airbnb recently developed a "Business Travel Ready" badge to highlight rentals that are full homes or apartments, don't allow smoking, and have certain amenities, such as wireless Internet service and 24-hour check-in.

The emergence of this alternative market is starting to spur changes in the way many attendees—Millennials and otherwise—look at housing choices for meetings and events. An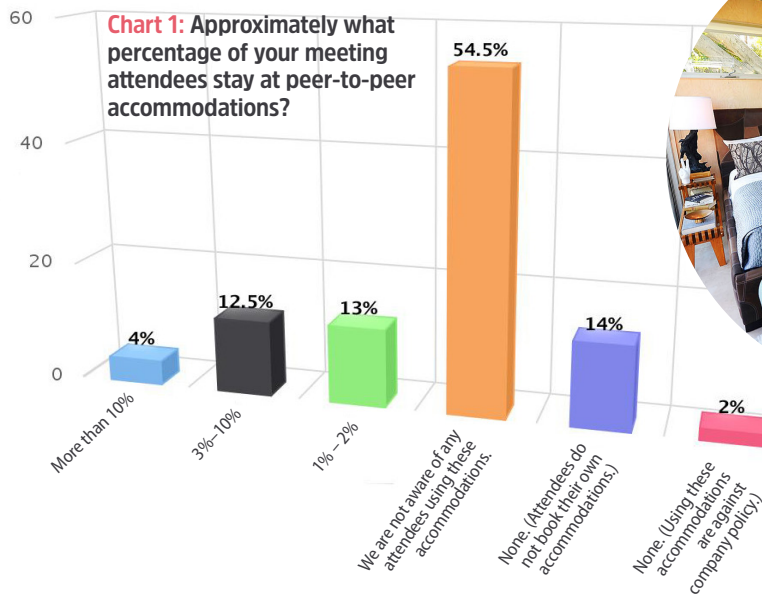d as a result, planners need to rethink how they promote housing options to attendees, choose destinations, and negotiate guest-room blocks, event space, and other event elements. Quite simply, the bottom-line consequences of peer-to-peer accommodations are likely to be significant—and soon.

Research Reveals Some Planner Disconnect

To gauge the current effects of peer-to-peer accommodations on the planning of meetings and events, MeetingsNet partnered with onPeak|GES, a housing partner for events, trade shows, and conventions, to conduct a survey of

PLANNERS NEED TO RETHINK HOW THEY PROMOTE HOUSING OPTIONS TO ATTENDEES, CHOOSE DESTINATIONS, AND NEGOTIATE GUEST-ROOM BLOCKS, EVENT SPACE, AND OTHER EVENT ELEMENTS.

Chart 1: Approximately what percentage of your meeting attendees stay at peer-to-peer accommodations?

- More than 10%: 4%
- 3%–10%: 12.5%
- 1% – 2%: 13%
- We are not aware of any attendees using these accommodations.: 54.5%
- None. (Attendees do not book their own accommodations.): 14%
- None. (Using these accommodations are against company policy.): 2%

130 planners in April. The respondents included meeting managers from associations (47 percent), corporations (29 percent), and third-party planning firms (24 percent).

When asked about attendees using peer-to-peer accommodations for their most recent meetings and events, almost 30 percent said they are seeing some activity, but very few (4 percent of all respondents) said it was significant, with more than 10 percent of attendees going that route. (See chart 1.) However, more than half of planners responded that they are not aware of attendees using alternative lodging—including 65 percent of association respondents.

PLANNERS MUST UNDERSTAND THE BUYING PATTERNS OF EACH EVENT'S CORE—AND EMERGING—DEMOGRAPHIC SEGMENTS.

And here's the issue: Just because planners are not aware of attendees using alternative accommodations doesn't mean it is not happening. "Not knowing how many attendees staying outside the room block are using other hotels and how many are using peer-to-peer accommodations is asking for trouble," says Michael Howe, executive vice president for GES|onPeak. He explains that if a significant number of attendees are using non-block hotels to earn loyalty-program points or simply to get a lower rate, a planner could try to bring those brands or properties into the block in subsequent years. But if attendees are migrating to peer-to-peer accommodations, that speaks to a different challenge and requires different solutions. In any case, "planners must understand the buying patterns of each event's core demographic segment, as well as the emerging demo-

graphic segments of that event," Howe says.

Gathering that information, though, presents challenges, says David Bailor, director of meetings and exhibits for the National Council for the Social Studies. He's reluctant to survey the 4,000 attendees of his annual event regarding their lodging "because the feedback we get will come with complaints about our convention block's room rates and other issues, and I don't want to get people thinking in that direction."

Nonetheless, some planners are making the effort. Emily Ruf, CMP, senior director of marketing and events for the Software Information Industry Association, notes that for her 250- to 500-person meetings, which draw mostly mid- to late-career attendees, "we have been more aggressive in reaching out to people specifically about guest rooms. If they register for the event but don't book into the block, we call and ask if they still need a room or why they booked outside the block. Right now, hotel-brand loyalty programs are the biggest factor, but some attendees have recently told us that they're using Airbnb." At this point, however, Ruf remains among the 84 percent of association respondents who have not yet needed to adjust their room blocks to account for the effect of peer-to-peer accommodations. (**See chart 2.**)
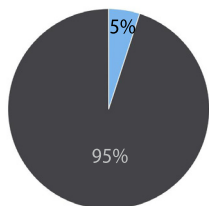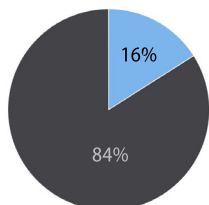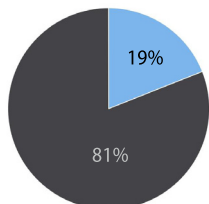
5%

95%

Corporations

16%

84%

Associations
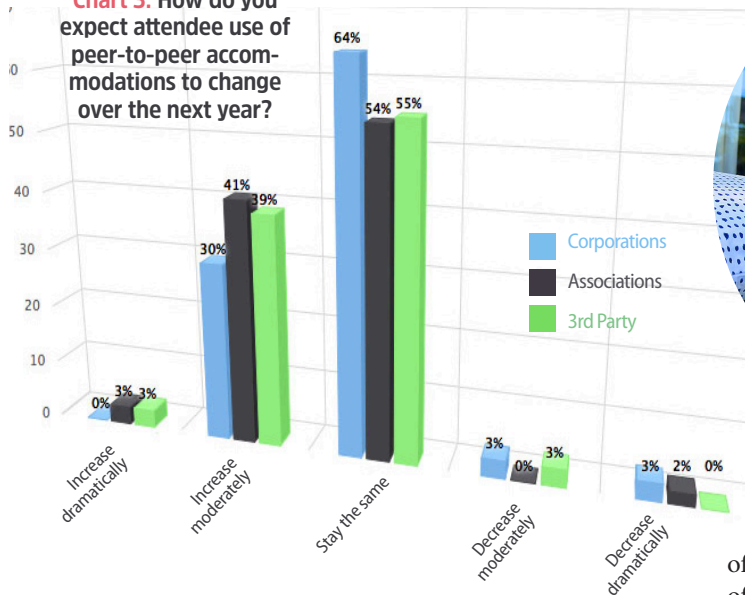
19%

81%

3rd Party

- Yes
- No

Will More Attendees Go for Alternatives?

The survey revealed that 57 percent of all respondents think that attendee use of peer-to-peer accommodations in the next 12 months will stay the same (see chart 3), but this is not necessarily in line with the rapid overall growth of the peer-to-peer niche. Here's one possible explanation for planners' views: In a 2016 IMEX Group survey of 729 event professionals around the world, almost a third of respondents cited "uncertain quality" as a reason not to use these alternative accommodations. Confirming this sentiment is research conducted in February 2016 by Meeting Professionals

Chart 3: How do you expect attendee use of peer-to-peer accommodations to change over the next year?

	Corporations	Associations	3rd Party
Increase dramatically	0%	3%	3%
Increase moderately	30%	41%	39%
Stay the same	64%	54%	55%
Decrease moderately	3%	0%	3%
Decrease dramatically	3%	2%	0%

International, where 34 percent of respondents cited uncertain quality as a reason not to stay in home-sharing accommodations. Safety was another concern: 28 percent of U.S.–based planners in the IMEX survey cited it as a primary factor, while 48 percent of MPI respondents did so as well.

Other factors, however, serve to blunt these reasons—and they also make more interesting the fact that only about 5 percent of MeetingsNet/onPeak|GES respondents currently offer attendees a booking option for peer-to-peer accommodations, and only another 21 percent of corporate planners and 13 percent

of association planners would consider offering it. (**See chart 4**.)

First, Howe points out that the substantial number of customer reviews for peer-to-peer accommodations have created more reliability and consumer trust. Also, Ruf notes, "attendees are reading reviews of our contracted hotels on Yelp, TripAdvisor, and Hotels.com to become more educated about each property. But what they don't see is the entirety of what we've negotiated with those hotels, and why the prices are what they are. So if the reviews are even a little mixed, it gives them another justification to book elsewhere."

Further, a 2016 Goldman Sachs survey of 2,000 consumers found that after travelers use peer-to-peer accommodations at least once, their preference for traditional hotels drops precipitously. Alan Berman, executive director of Disaster Recovery Institute International, is one of those folks: "I travel 150,000 miles a year, and using a private residence whenever I can definitely makes the experience more interesting." Berman is hearing strong

A GOLDMAN SACHS SURVEY FOUND THAT AFTER TRAVELERS USE PEER-TO-PEER ACCOMMODATIONS AT LEAST ONCE, THEIR PREFERENCE FOR TRADITIONAL HOTELS DROPS PRECIPITOUSLY.

anecdotal evidence about his attendees' use of peer-to-peer accommodations. "We see it more as a generational thing, because Millennials just think and live differently and are already used to this stuff," he says. "Attendees are calling us quite a bit to ask if we know of any good Airbnb places near our conferences. We keep our room blocks very small and opt to pay for meeting space, so I'm fine with helping attendees if I can."

Rising Challenges, and Potential Solutions

OnPeak|GES's Michael Howe says that before a host organization considers any revised or new practices to deal with the potential impact of peer-to-peer accommodations, executives must step back and assess the short- and long-term goals of each event. "Room-block housing is a revenue stream for many shows, so they could see peer-to-peer accommodations as a threat. On the other hand, if peer-to-peer options can

IF PEER-TO-PEER OPTIONS CAN DRAW ATTENDEES WHO OTHERWISE WOULD NOT COME TO AN EVENT DUE TO COST, THEN IT CAN BE A POSITIVE DEVELOPMENT.

draw attendees who otherwise would not come to an event due to cost, then it can be a positive development," he notes. "Each organizer has to conclude what would be better for a particular event: trying to consolidate and maximize existing revenue streams, or trying to grow the event incrementally over time."
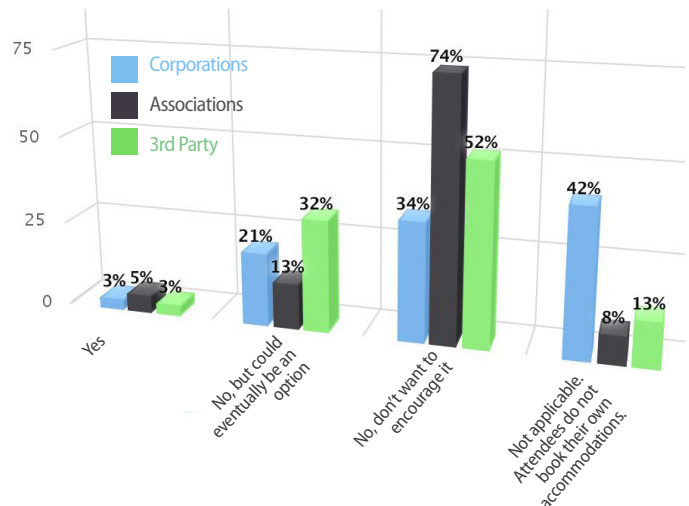
Once that decision is made, planners can analyze the factors related to their event housing and consider adjustments. The place to start: site selection. Planners need to understand the dynamics of their host city. For instance, San Francisco and Boston are popular
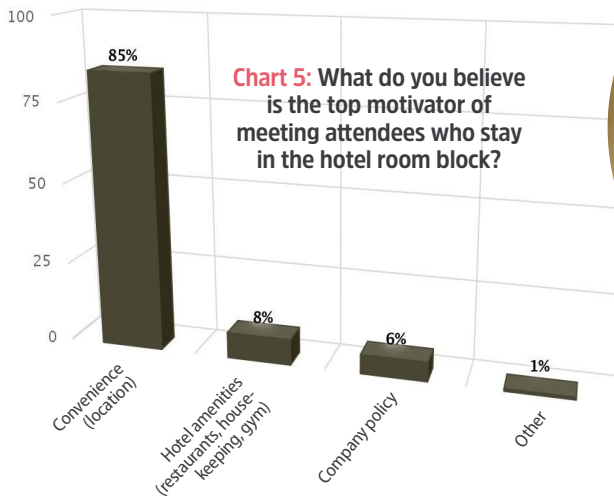
Chart 4: Does your housing system give attendees the option to book peer-to-peer accommodations in addition to rooms in the hotel room block?

	Corporations	Associations	3rd Party
Yes	3%	5%	3%
No, but could eventually be an option	21%	13%	32%
No, don't want to encourage it	34%	74%	52%
Not applicable. Attendees do not book their own accommodations.	42%	8%	13%

Chart 5: What do you believe is the top motivator of meeting attendees who stay in the hotel room block?

- Convenience (location): 85%
- Hotel amenities (restaurants, housekeeping, gym): 8%
- Company policy: 6%
- Other: 1%

and enticing—and quite expensive—event destinations, while they also have abundant residential housing in and around their downtown areas.

In addition, "Nashville doesn't have enough hotels to meet demand right now, so Airbnb is popular there," Howe says. "New Orleans has a good concentration of hotel rooms downtown but away from there, not so much. And that city's outer neighborhoods have personality, so peer-to-peer options could come into in play there. But places like Orlando and Phoenix, which have great variety of hotels but not a huge concentration of residential housing near event corridors, probably won't see peer-to-peer options having much impact." With 85 percent of planner respondents

ONE IMPORTANT FACTOR WHEN CHANGING YOUR ROOM-BLOCK APPROACH IS GAINING THE COOPERATION OF A CITY'S CVB.

citing convenience as the top motivator for attendees to stay in the room block (), destinations where alternative accommodations also offer convenience will require host organizations to adapt their housing strategies to some degree.

Case in point: The National Council of the Social Studies saw strong pickup at its Denver convention a few years back, with 3,000 attendees booking more than 5,000 room nights in a city that's not exceptionally expensive nor overloaded with residences near the convention center. But a more recent annual event in Washington, D.C., saw 4,000 attendees but just 4,500 total room nights booked into the block. "Clearly, a lot of people stayed outside the block in D.C.," says planner David Bailor. "The variety of accommodations available was a big factor among our price-sensitive attendees," and included nearby apartments.

To minimize the potential for attrition penalties, Bailor has changed his approach to building his annual event's room block. "We've moved away from taking big blocks at a few hotels, and toward securing smaller blocks at more hotels across different price points," he says. With at least a dozen hotels in his
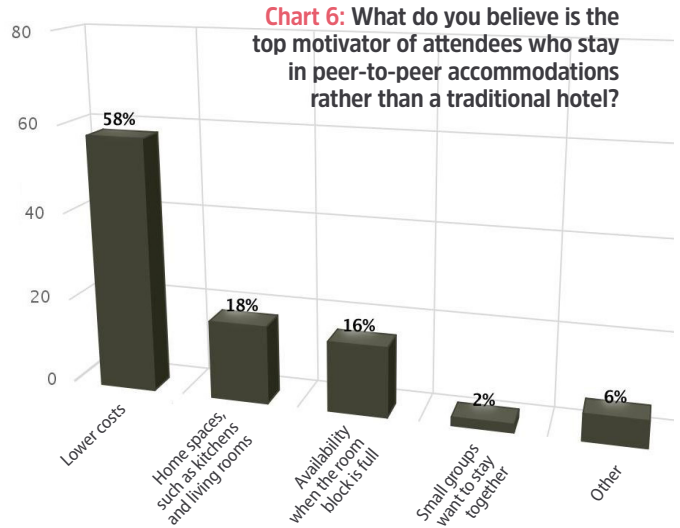
block holding an average of about 150 peak-night rooms apiece, Bailor now has a better ability to get attendees into the blocks, add rooms to each block if necessary, and also negotiate away any small miss of the required room count at a given hotel. And to minimize the effect of peer-to-peer accommodations on his block, he makes sure to engage as many hotels as possible within reasonable distance to the convention center. At his most recent annual event, in New Orleans, "we captured a higher percentage of attendees in the block because those who looked into alternatives saw that it was inconvenient to be outside the block."

CVB Allies

One important factor when changing your room-block approach is gaining the cooperation of a city's convention and visitors bureau. When CVBs support booking multiple small blocks and/or acknowledge the economic impact of attendees staying in peer-to-peer accommodations, planners are better able to secure convention center space several years out and negotiate well on rates, dates, and other event elements.

Ken Carlisle, director of meetings for the Air Traffic Control Association, has found while planning his group's 3,000-person annual event that many CVBs have yet to come around on peer-to-peer lodging for meetings and trade shows. "It's frustrating that we can't really converse with them on how to structure room blocks to accommodate this development," he says. "If CVBs have mom-and-pop printing companies

Chart 6: What do you believe is the top motivator of attendees who stay in peer-to-peer accommodations rather than a traditional hotel?

- Lower costs: 58%
- Home spaces, such as kitchens and living rooms: 18%
- Availability when the room block is full: 16%
- Small groups want to stay together: 2%
- Other: 6%

"WE DON'T FEEL THAT PEER-TO-PEER ACCOMMODATIONS WILL UNDERMINE EVENTS IN THE LONG TERM. WE FEEL LIKE IT CAN BE ADDITIVE, IN THAT IT SERVES A DIFFERENT KIND OF MARKET."

and the like as members, why can't they find a way to bring alternative-accommodations providers into the official fold and have them part of the overall event-housing package? As long as they are paying taxes and obeying laws, these lodging providers are part of the community and should be embraced. They're not going away."

Carlisle's interest in this is based on what he's hearing from more attendees in the past three years: "We ask people informally at the conference about where they are staying if not in the block. Some of them are saying, 'A few

of us got together and rented a place for the week,' and often they'll rent a car too. It's less expensive per person, and they have a good time together—it feels somewhat like a vacation." His interest also stems from the fact that many cities won't set aside event space for his group more than 18 months out because they want to see a more traditional history of large room blocks, and then want Carlisle to book traditionally in their city.

Like many planners, Carlisle does promote to attendees the benefits of staying in the block. "You're in the middle of the action. You can network and make connections more easily after show hours. You don't have to worry about transportation in the early morning or late at night. All this while helping us maintain event quality without raising registration rates," he says.

Another strategy is to offer tangible incentives, such as a registration discount up front or partial registration rebate after the meeting, to promote booking within the block. In fact, close to half of responding planners do this now or will do so within the next 12 months. But even these enticements might not be enough to persuade many attendees, especially if the monetary benefit of the incentive is similar to the saving from using peer-to-peer accommodations.

Michael Howe has a clever idea for how planners can use peer-to-peer accommodations in their formal housing options so they can accurately set their hotel room blocks, capture a higher percentage of attendee housing data, and even enhance the conference expe-

Chart 7: What concerns you about attendees' use of peer-to-peer accommodations?

24% 19% 25% 32%
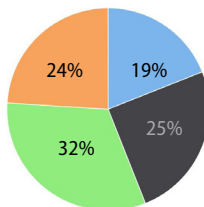
The potential for attrition penalties if I don't fill my hotel room block

9.5% 21% 30% 39.5%
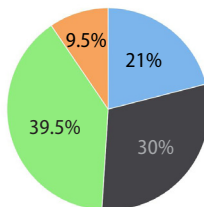
Incomplete attendee room-block and spending data for my convention history

16% 28% 28% 28%

Lack of control over the attendee experience

- Not concerned
- Mildly concerned
- Concerned
- Extremely concerned

rience of attendees who use peer-to-peer accommodations. It is this: Enlist as many local attendees as possible to become peer-to-peer lodging providers for the event.
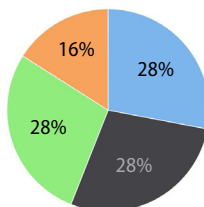
"We have one client—an academic show with many faculty and graduate students—taking their event to San Francisco. If you expect those folks to pay for a hotel for three nights, they are just not going to come," Howe says. But rather than simply push them to a website like Airbnb, "we're sending e-mails to all local attendees to see if they would be amenable to hosting other attendees. Doing this not only drives attendance, but it also puts money into a hosting attendee's pocket while building con-

nections and community, which is precisely what an in-person event is about." Lastly, the attendees who are peer-to-peer guests this year become potential hosts for your event in subsequent years.

"For bigger shows, housing is often a complicated and gnarly element that they don't want to handle themselves, and that's what our company is here for," Michael Howe adds. "But even though we earn revenue from traditional hotel room-block usage, we're looking objectively at all the angles of this issue of peer-to-peer accommodations. And we don't feel that peer-to-peer accommodations will undermine events in the long term. We feel like it can be additive, in that it serves a different kind of market and can live alongside our hotel relationships in a nonthreatening way."

MEETINGSNET

MeetingsNet leads the meetings industry by providing targeted, engaging content for decision-makers who plan and manage meetings, incentive programs, and events in the corporate, association, medical, and financial and insurance markets.

MeetingsNet produces an interactive magazine app, several e-newsletters, webinars, special reports, and a website, meetingsnet. com. For further information, contact Melissa Fromento at mfromento@meetingsnet.com.