5 Ways It Pays To Prioritize Group Business

INCREASING GROUP EVENT BUSINESS IS A WIN-WIN FOR YOUR VENUE, BECAUSE IT CAN INCREASE OVERALL REVENUE AND IMPROVE OPERATIONAL EFFICIENCY.

By developing a consistent schedule for group events at your property, your hotel can boost reliable revenue and grow your customer base thanks to these five benefits:

1. REDUCED NEED FOR DISCOUNTS

Counting on transient customers can leave the best hotels with empty rooms and reduced rates.

Room blocks for events can help protect hotels, because attendees reliably fill more rooms, and there's usually an attrition penalty for unfilled rooms. That leaves fewer vacancies—and less reason to discount rates.

REVENUE POTENTIAL

So far in 2019, average daily rate for group travel increased by **3.8%**

2.1% compared with the slower growth rate of transient business

30% **SMALL GROUP BUSINESS** represents 30% of current hotel business

DEMAND FOR MEETINGS AND EVENTS is projected to rise 5-10% this year **10%**

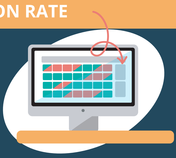
"LAST MINUTE" BOOKINGS Of 600 hotels globally in 2018, 48% of were booked within a week of check-in **48%**

A sold-out property also creates more opportunity for more incremental revenue, such as food/beverage and spa services. Over the year, those seemingly small differences in rates and other earnings can add up to a big difference in revenue.

2. LOWER CANCELLATION RATE

Leisure travelers often cancel their hotel reservations, but entire events are rarely canceled.

By making group business a large part of your overall bookings, your property will likely see a lower cancellation rate, which translates into greater overall certainty and higher annual revenue.



Every day in the United States alone, more than **221,000 HOTEL ROOMS ARE *CANCELED***

up to **40%** of **ONLINE BOOKINGS** are canceled before guests even arrive at the hotel

GROUP BUSINESS is typically booked directly and the cancellation rate of **DIRECT BOOKING** is just **18%**

Additionally, your property can more accurately forecast room bookings with groups or events, which makes it easier to plan staff hours to improve efficiency and profitability.

3. UPSELLING OPPORTUNITIES

While you offer group discounts on guest rooms, event attendees typically spend more per room than other guests.

Many attendees choose to upgrade to a suite or room with a view. Others come a day early or stay through the weekend. And almost everyone grabs dinner or drinks with their fellow attendees at some point.

Group bookings give opportunities for selling additional services like spa treatments or rounds of golf, especially for the "bleisure travelers' blending business and leisure in one trip.

Average length of stay for **BUSINESS TRAVELERS** increased 14% in 2014 **14%**

BUSINESS TRAVELERS are willing to *spend more on food and drink* than leisure travelers — with use of the company budget, sometimes up to **2x AS MUCH**

43% of business travelers turned a work trip into a bleisure getaway in 2018

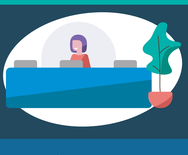
84% of bleisure travelers want to extend their stay at the same hotel they're staying at for their work trip

66% of bleisure travelers are willing to spend more on the "leisure" part of their trip

4. LOWER OPERATIONAL COSTS

When you book an event, you earn revenue from the group booking with one single buying decision.

This means less marketing and sales time were needed to land a large amount of business for that time period. It takes a lot more effort from your staff to earn the same amount of revenue through single room bookings.

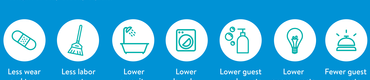


GROUP BOOKINGS can reduce *time spent sourcing guests* by 22% **22%**

GROUP SIZES in the U.S. market are expected to rise 14% in 2019 **14%**

over **50%** of **EVENT PLANNERS** do their research online, so listing on a marketplace increases visibility and reduces sourcing costs

Plus, if groups members are adding additional days for leisure, a longer length of stay usually equals:



5. REPEAT BUSINESS

Many leisure travellers don't go on vacation to the same spot every year. But many events will return to the same venue — if they have a good experience with the facility and service.

As a bonus, attendees who have a good experience may return to your property as leisure travelers in the future!

95% **PROFIT INCREASE** Increasing customer retention rates by 5% can increase profits up to 95%

79% **RETURNING GUESTS** If attendees like the destination, 79% will generally return for leisure

To learn more about why meetings and events are so important and how to make them even more profitable, download The Basics of Group Event Business eBook.

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Sources

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