

# International hotel contracts: deal or no deal

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Booking meeting accommodation in a foreign country can be problematic; there are language barriers, different cultural aspects, currency issues, as well as varying rules and regulations which can become stumbling blocks in the event organisation process. So how do you ensure you book the right hotels, at the right price with the right conditions, in a foreign country? The answer isn't always as straightforward as you may think, in the hotel game it is all about give and take with the focus squarely on the art of negotiation.

## **Understand the specific regions**

The first tip you need in negotiating hotel contracts is to understand the specific region's hotel market. In North America, for example, there is a high competition between hotels, which mean they are willing to negotiate and give you good rates and conditions such as no deposit, room only rates and later cancellation policies. In comparison, the European market doesn't have as many large hotels, competition and seasonal demand varies significantly which can affect room rates and contract conditions. But be aware that there are large cultural differences within Europe as well (negotiating style and contracting process). By researching the hotel market, you will have better understanding of the regional differences and you can adjust your expectations and negotiation points accordingly. These differences are not only country specific but can vary greatly from one city to another, even when dealing with the same hotel chain.

## **Downplay the size of your event**

Organising a big meeting or event does not give you the buying power in the hotel market as you would expect. In fact, as a buyer, you are actually creating demand by booking all the hotel rooms in a certain city, hence hotels can charge a higher rate and conditions such as payment terms can be stricter. To help with this situation, you as a meeting planner need to downplay the size of your event. By booking only half of your expected delegate rooms, you ensure that you keep the conditions and rates reasonable (This naturally is the meaning for a Housing Agency operating for a large event. A general aim these days is to get between 50-60% of delegates to book their accommodation through the official Housing Agency. For a stand alone meeting where all delegates are invited or payment is going through country representatives or so, you need to block the full number of rooms). You can always increase the room block in the future as it is far better for your image and working relationship with the hotels than to have to release rooms later on. Also do not underestimate the time it takes to handle all the bookings; it is normal that 50% of the bookings will change in the weeks before the event takes place. If your resources are stretched you might have to consider outsourcing this.

## **Plan site visits**

Your next step to a getting a better deal is to arrange site visits. By viewing the property personally you can check the hotel's location, facilities and standard of service. This can ultimately put you in a better bargaining position as you can see any negative points, such as exact distance from the venue, refurbishing activities, which perhaps the website glosses over. This step is also where you need to sit down after the site visit and negotiate; a face to face meeting is the most effective and efficient way of communicating your needs clearly to the hotel. This will help to create the personal relationship that is

vital. Using the phone or email can end up wasting valuable time and energy but can also cause miscommunication and language problems.

### **Be realistic with your demands**

Remember, your negotiation style, manner and language can turn a reasonable deal into a great deal. The key point is to be realistic with your demands; forcing an extremely low rate and unfavourable conditions onto the hotel is not good business. This can not only affect your brand/name in the events industry, it can also make your delegates not feel welcome and you may not be able to book any additional rooms you may need. Expect to pay for good service and always give and take. Of course there are some regional differences that can affect your negotiations, being prepared will let you start your meeting off on the right foot. Look for a reasonable conditions and competitive room rate which then is a win-win situation for both parties (hotel & organiser).

### **The contract**

So what about the hotel contracts? Typically, hotels will have their own group accommodation contracts, especially if you are dealing with a hotel chain. There can be a lot of pressure to sign their contract; however you could potentially expose yourself to future problems by skipping the small print, legal terminology and numerous clauses. The solution could be to get a lawyer to check the hotel contract, although this can be expensive if you organise multiple meetings. The best advice is to develop your own contract, you will know exactly what is required of both yourself and the hotel, as well as being able to use this world-wide. The contract can also be used as a starting block to add, amend or delete sections, such as payments dates, rates and cancellation policies during the negotiation process to ensure both parties are happy with the final contract. Your contract should also cover currency specifications.

Keep in mind that every contract should detail how many room types you book per night, the exact negotiated rates (always below rack rate), what is exactly included in the rate, the cancellation policy and payment details.

### **Interpretations of the contract**

What happens when it all goes wrong? Despite operating in foreign countries, ultimately as long as both parties have signed the contract, there will be a solution. Problems mainly arise due to different interpretations of the contract, so it is always advisable to use your own and avoid getting tripped up on the small print. Hiring lawyers and going through the legal process is not only expensive but often unnecessary, neither party wants to damage its reputation and the best way to seek a solution is to sit down and sort out the problem. Regardless of the location of your meeting, always ensure you have a signed contract that details everything you have agreed to including any complimentary extras or additional rooms and amendments.

### **Key Points to a better deal**

- Start negotiations with the hotels before the event dates are publically confirmed
- Down play your event- You create demand, so book only half of your expected delegate numbers and increase this number if needed.
- Beware of sell out periods and other factors influencing hotel occupancy during your booking period
- Negotiate on the spot- Always negotiate in a face to face meeting as it avoids miscommunication and you are more likely to get what you want.
- Speak the language - Speaking French in France and Spanish in Spain will help move the contracting process along and improve relations, you may even get a better deal!
- Bargaining- bargaining is a sport and in countries such as Turkey, Greece and the Arab countries, it is expected-so do your research!
- Consider the time of year - Off peak seasons can attract lower rates, so make sure your meeting isn't planned around a major holiday and you can negotiate better rates.
- Plan ahead – If you secure your hotel and rates about 1 ½ years in advance, you can market your accommodation and have better control over the number of rooms needed.

### **Experience and time**

Overall, the answer to organising hotel accommodation across the globe is experience. To make a good deal you do need to invest time and resources in establishing excellent working relationships in the hotel industry, as well as knowing how to negotiate and manage contracts. The main factor is risk and time, if you are in doubt, always seek a professional opinion or services, it will minimise your risk and save you valuable time and resources. Getting a good deal is more about negotiating and setting realistic expectations. Be objective and reasonable and there will be few occasions were a good deal can not be struck by both parties. Are you ready to start negotiating?

## Authors:

### Adriana Spitteler

#### Chairman Congrex Travel AG



*With the ambition to continue improving the efficiency and level of service within our hotel services, Congrex Travel has been formed beginning of 2008. Congrex Travel is lead by Adriana Spitteler, the Managing Director in Basel. Congrex Travel is specialised in organising hotel & travel during international conferences since 1989 and joined the Congrex Group in April 2007. In order to achieve maximum efficiency, hotel accommodation service will be co-ordinated centrally but to ensure and maintain the local knowledge and contacts, we have installed dedicated hotel teams in key operating locations. Adriana Spitteler is managing Congrex Travel since 14 years and has worked before in leading tourism positions. She has a Master in Tourism and Marketing and originally a financial background. She is fluent in German, English, French and Dutch.*

### Claudia Scherrer

#### Managing Director Congrex Travel AG

*Claudia Scherrer joined Congrex Travel 7 years ago as Purchasing Manager, responsible for the international and national hotel contracts. After joining the Congrex Group she has been involved in building up the Congrex Travel. The Hotel Function's focus is to bring 2 strong partners together and profit of both side's experiences while in improving our service.*

*Claudia studied biological chemistry before she started her business career in a total different "world" of the airline industry. First she was employed as cabin crew member exploring the world; later on as responsible for cabin and cockpit crew emergency training and different other projects within the flight crew department for more than 10 years.*

*She is fluent in German, English, French and knowledge in Italian.*



## **About Congrex**

Congrex provide a tailored offering for our clients' needs when organising meetings, events and conferences, and also deliver association management and travel & accommodations services. Established in 1982, we serve a variety of industries from our many offices, utilising our network of partners globally. Our extensive client base includes national and international associations, governmental organisations and corporations.

Clients' success is what drives Congrex. We believe the best part of our work is the close relationship we establish with our clients, which allows us to address their challenges and deliver exciting projects.

Let's meet, visit [www.congrex.com](http://www.congrex.com)

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