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# CORPORATE BENCHMARK REPORT

Hotel & Meetings Industry  
Benchmarking Research & Analysis



Issue 1 - January to June 2011 vs. 2010

a TIN report

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## Introduction

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BSI has launched the Corporate Benchmark Report to address a gap in the market for data against which organisations can assess their managed programmes for transient accommodation and meetings activity.

The data analysed by the main benchmarking organisations is aggregated across corporate and leisure segments. This new report from BSI looks at recently reported industry trends in conjunction with the corporate market performance that has been identified through BSI's own detailed data analysis.

BSI's Corporate Benchmark Report analyses all transactional data to provide an accurate, overall picture of performance across industry sectors in both the transient and meetings category, with specific emphasis on the following performance indicators:

- Transient spend and room night consumption by accommodation type
- Changing trends in average stay duration and booking lead times
- Rate variances by star rating/accommodation type
- Year-on-year average room rate performance for core UK & European city hubs
- Policy and programme compliance including online adoption

In addition, although Strategic Meetings Management Programmes are being used by more and more corporates to bring meetings and events (M&E) spend under control, preferred meeting programmes are nowhere near as mature as their transient equivalents.

As a result, there is a lack of M&E data available to buyers. This report focuses on the following key performance indicators in this spend category:

- Year-on-year average day delegate and 24 hour rates in core UK destinations
- Ratio of single day to multiple day meetings
- Average meeting durations and booking lead times
- Transient and meetings spend by client industry sector

## Industry Trends

The general consensus at the end of 2010, from the majority of the main commercial benchmarking organisations was that companies had begun to reinvest in corporate travel and that the UK and Global hotel recovery was set to continue.

Performance of the hotel market in general is usually measured by the Average Room Rate achieved in any given period (ARR), the occupancy levels achieved and the revenue gained per available room (RevPAR). Year to date statistics for ARR and Occupancy demonstrate industry performance as follows.

|                         | London  |         | Provincial UK |         | UK Overall |         |
|-------------------------|---------|---------|---------------|---------|------------|---------|
|                         | Q1 2011 | Q2 2011 | Q1 2011       | Q2 2011 | Q1 2011    | Q2 2011 |
| Average room rate       | £123.67 | £134.70 | £59.81        | £63.96  | £79.62     | £85.21  |
| Year on Year % Variance | +9.2%   | +8%     | +0.8%         | +4.2%   | +4.1%      | +6.3%   |
| Occupancy               | 74.6%   | 84.3%   | 59.6%         | 69.8%   | 63.6%      | 73.5%   |
| Year on Year % Variance | -1.7%   | +2%     | 0.5%          | 0.1%    | -0.3%      | +0.6%   |

Source: PwC/STR Global

TRI Hospitality believes that London's hotel sector is in good health and operating well ahead of pre-recessionary levels. June 2011 saw the 19th consecutive month of year-on-year growth in profitability for London hoteliers and despite pressure to keep rates down, corporate rates in London have increased by 11.2%. (source: TRI HotStats).

TRI attributes this growth – which comes in the face of a flat lining UK economy – to international in-bound business and leisure traffic, especially for events staged in London.

**UK hotel market in summary**

- Demand continues to rise overall, despite declining government expenditure and restricted consumer spending in certain markets
- Supply rising less quickly due to delayed developments in the wake of the recession
- London hotel market remains buoyant, with robust rate growth continuing
- Regional recovery has been at a much slower pace and not consistent across destinations
- Uncertainty over medium to long term impact of 2012 Olympics on availability and rates

**Meetings & Events in summary**

- Demand still very flat although single-day market recovering
- Corporates seeking to avoid external costs by better utilisation of internal meeting space
- Strategic Meetings Management Programmes (SMMP) are being embraced by more organisations but debates rage over benefits of global vs. regional or local procurement
- Procurement also starting to focus on secondary M&E spend, e.g. AV suppliers

**Global hotel market in summary**

- The value of global hotel bookings rising at 5.9% per annum (source: Euromonitor)
- The Americas are enjoying the greatest year on year growth in occupancy (4.3%); however Europe's hotel market is seeing the biggest growth in average room rate (6.6%)
- European hotel performance is being driven by increased demand
- Germany is the most robust European market, with 10.7m business trips in 2010 (source: World Travel Monitor). 22% of business trips to Germany are for conferences or congresses

**Year to date - August 2011 vs. August 2010**

| REGION             | Occupancy % |       | Average Room Rate |        | % +/- YoY 2011 vs 2010 |       |
|--------------------|-------------|-------|-------------------|--------|------------------------|-------|
|                    | 2011        | 2010  | 2011              | 2010   | Occ                    | ARR   |
| Asia Pacific       | 65.5%       | 65.6% | £86.21            | £81.33 | -0.1%                  | 6.0%  |
| Americas           | 61.6%       | 59.0% | £64.00            | £65.68 | 4.3%                   | -2.6% |
| Europe             | 65.9%       | 63.6% | £87.13            | £81.76 | 3.7%                   | 6.6%  |
| Middle East/Africa | 56.3%       | 60.9% | £98.45            | £98.62 | -8.7%                  | -0.2% |

Source: STR Global

## Corporate Market Trends - BSI Data Analysis

### Hotel usage profile - January to June 2011

As the UK slowly emerges from recession, the recovery of business travel has been reflected by a 10% increase in the number of nights booked via by BSI in the first 6 months of 2011, compared to the same period in 2010.

Despite the general increase in room night consumption, BSI's data demonstrates that the majority of travel buyers remain firmly focused on optimising cost reduction by driving compliance to policy, whilst retaining quality and value within the supply chain. Overall transient accommodation spend in the same 6 month period was down 1.9% on last year.

Year-on-year demand for different types of accommodation continues with BSI seeing further increases in room night consumption at alternative suppliers such as apartments (up 33%) and budget accommodation (up 10%)

Fig 1: BSI client room night consumption by accommodation type

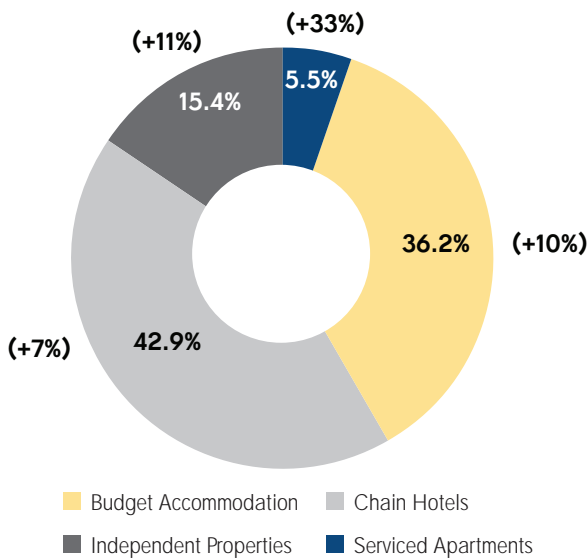
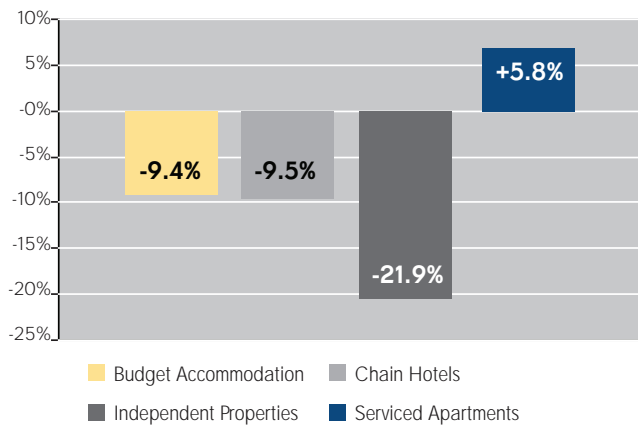


Fig 2: Average year on year rate variance by accommodation type (Jan-Jun 2011 vs. Jan-Jun 2010)



Budget hotels now accounts for 16% of all serviced accommodation in the UK

### **Budget hotels, chains & independents**

Budget hotels now accounts for 16% of all serviced accommodation in the UK (source: Melvin Gold Consulting), and their continued popularity amongst cost-conscious travellers is reflected in budget hotels accounting for 36.2% of BSI-booked room nights in 2011 to date. Analysis shows that the average room rate achieved across all UK (including London) budget hotels fell by 9.4% in the first half of 2011, from £97.35 to £88.24.

Average room rates at chain hotels have fallen by 9.3% from £100.06 to £90.74 indicating that despite market pressures, bespoke RFP negotiations and programme consolidation have continued to be effective in reducing rates year on year.

The independent sector also continues to provide value to the corporate customer, demonstrating a 22% fall in average room rate year on year from £103.37 to £80.78.

### **Serviced apartments**

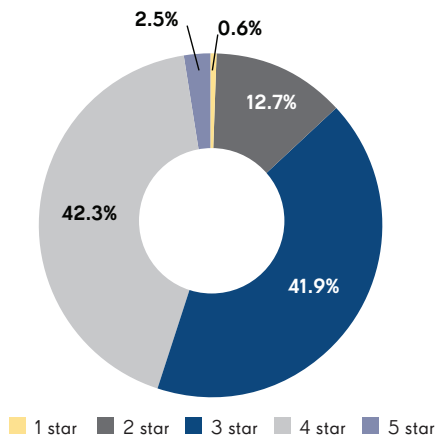
The biggest winners in terms of growth in corporate business are serviced apartments. 6.7% of BSI clients' collective transient spend was placed into serviced apartments during the first half of 2011, representing an increase of 33.1% on room night consumption compared to the same period in 2010.

This reflects greater awareness of the serviced apartments' product amongst travellers and buyers, recognition of the cost saving & duty of care benefits, and the expansion of the relocation and long term (12 month+) assignment market for which serviced apartments are increasingly preferred. In the corporate travel sector, serviced apartments are seen by many as a more cost-effective alternative for stays of five nights or more. BSI clients' average stay in apartments was 6.44 nights – a rise of 26.1% on 2010.

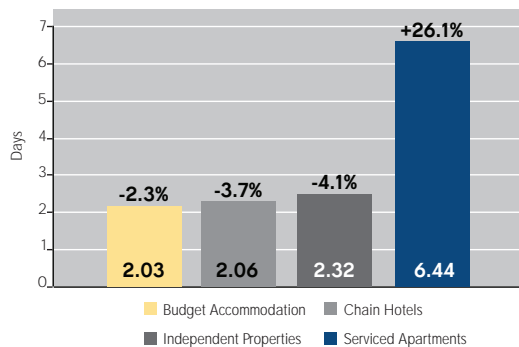
The serviced apartments sector is also the only one to see average room rates increase – by 5.8%. This has been driven by an increase in overseas requirements, more 2/3 bedroom units being booked and higher occupancy levels due to a slowdown in new supply of serviced apartments in some locations.

The biggest winners in terms of growth in corporate business are serviced apartments

**Fig 3. BSI client room night consumption by star rating**  
(Excludes non star rated properties)



**Fig 4. Average length of stay - variance by accommodation type**  
(Nights Jan-Jun 2011 vs. Jan-Jun 2010)



### Star rating analysis

Booking patterns by star rating remain similar to 2010, with the majority of customer buying decisions being driven by price and location, rather than star rating itself. Year to date, 84% of all transient business has been placed in to 3 or 4 star rated hotels.

Analysis shows that there is little difference in average length of stay between different standards of hotel, although 2011 data shows a reduction in the length of stay at 3, 4 and 5 star properties, underpinned by the desire from most companies to control hotel expenditure.

Despite market pressures, BSI data shows that with the exception of serviced apartments, the average room rate achieved for all accommodation types and star rating categories has fallen due to effective leveraging of business volumes in a still buyer-led market.

### Average room rate performance & length of stay - UK

Industry statistics show that whilst London's hotel sector booms, the picture across the UK is one of much slower growth, with PwC predicting year-on-year growth of 3.6% outside London during 2011.

BSI figures confirm London's dominance of the UK hotel market in the first half of 2011, but demonstrate consistent rate reductions in the majority of the remaining top 10 locations.

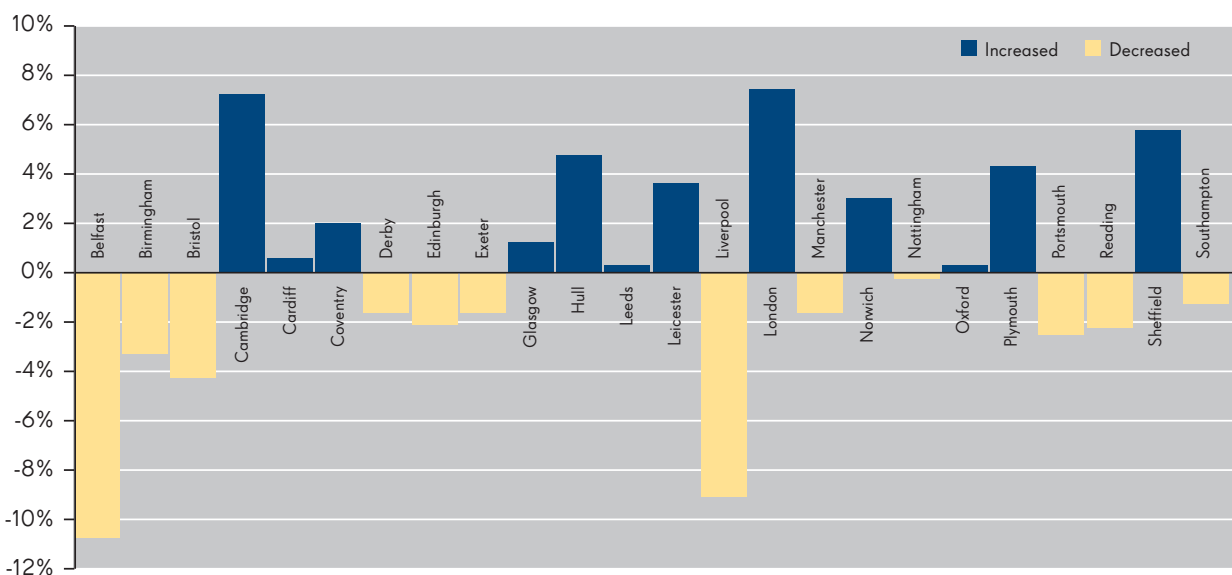
### Average Room Rate Comparison - Top 10 UK Cities

| City       | ARR 2010 | ARR 2011 | % Variance | Average Length of Stay |
|------------|----------|----------|------------|------------------------|
| Birmingham | £80.34   | £77.67   | -3.3%      | 1.8 nights             |
| Bristol    | £93.77   | £89.90   | -4.1%      | 1.5 nights             |
| Edinburgh  | £83.19   | £81.43   | -2.1%      | 2 nights               |
| Glasgow    | £73.61   | £74.45   | +1.1%      | 1.6 nights             |
| Leeds      | £76.09   | £76.28   | +0.3%      | 1.4 nights             |
| London     | £119.48  | £128.25  | +7.3%      | 1.9 nights             |
| Manchester | £80.77   | £79.42   | -1.7%      | 1.5 nights             |
| Nottingham | £65.41   | £65.29   | -0.2%      | 1.7 nights             |
| Portsmouth | £82.48   | £80.34   | -2.6%      | 2 nights               |
| Reading    | £88.78   | £86.80   | -2.2%      | 1.8 nights             |

Outside of the top 10 locations booked, Cambridge (£90.48) and Oxford (£88.03) are the most expensive frequently-visited destinations amongst BSI clients, with Derby (£66.15) and Plymouth (£69.46) being the cheapest.

Outside of London, year-on-year room rate trends vary from city to city, with the most significant rate reduction seen in Belfast (-11%) and the highest increase recorded in Cambridge (+7%).

**Fig 5. Achieved room rate variances by UK city (Jan – June 2011 vs. Jan – June 2010)**



BSI's data analysis shows that the overall trend in average rates is downward, with rates increasing in just eight out of 25 key European destinations.

In almost every UK city where rates have fallen, average lengths of stay have improved; the exceptions are Bristol and Liverpool, where the hotel communities have grown significantly in recent years. In both cases, falls in average rate and length of stay point to over-supply.

**Average room rate performance & length of stay – Europe**

Global performance data from STR in June posted positive year on year results for Europe for the first 6 months of this year. Across the region there were increases in occupancy and average daily rates, resulting in a 9% RevPAR increase.

However, BSI's data analysis shows that the overall trend in average rates is downward, with rates increasing in just eight out of 25 key European destinations. Year-on-year reductions range from 1.6% in St Petersburg to 28.6% in Belgrade, with the Top 10 destinations performing as follows.

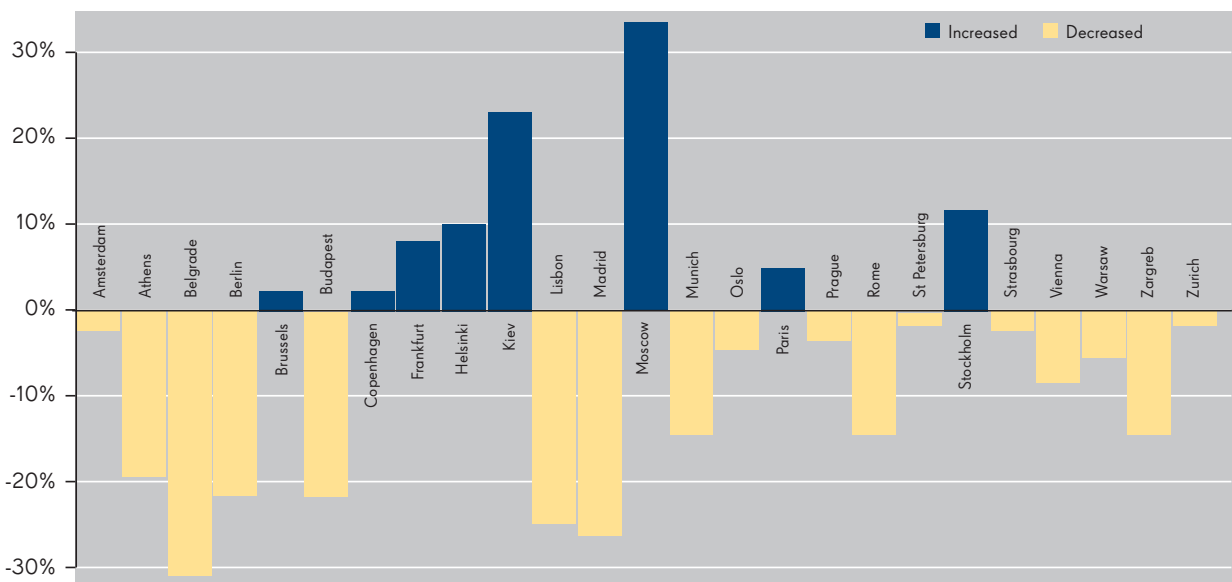
## Average Room Rate Comparison - Top 10 European Cities

| City      | ARR 2010 | ARR 2011 | % Variance | Average Length of Stay |
|-----------|----------|----------|------------|------------------------|
| Amsterdam | £123.56  | £121.18  | -1.9%      | 1.6 nights             |
| Berlin    | £132.18  | £106.27  | -19.6%     | 1.8 nights             |
| Brussels  | £129.72  | £132.70  | +2.3%      | 1.5 nights             |
| Frankfurt | £127.18  | £137.19  | +7.9%      | 1.6 nights             |
| Madrid    | £118.92  | £89.94   | -24.4%     | 2.1 nights             |
| Munich    | £130.27  | £112.46  | -13.7%     | 1.5 nights             |
| Oslo      | £162.61  | £154.88  | -4.5%      | 2 nights               |
| Paris     | £97.87   | £102.16  | +4.4%      | 1.6 nights             |
| Prague    | £89.92   | £86.64   | -3.6%      | 1.8 nights             |
| Stockholm | £152.38  | £168.71  | +10.7%     | 1.6 nights             |

Outside of the top 10 locations booked, Moscow (£199.38) and Zurich (£171.77) are the most expensive destinations.

According to BSI data, Europe's cheapest frequently-visited destinations in 2011 are Strasbourg (average £71.02 per night), Budapest (£77.58) and Belgrade (£79.26). But although the three cities occupied the same positions in 2010, Belgrade recorded the biggest year-on-year fall in average rate. Similarly, significant rate reductions have been recorded in Lisbon where rates fell 23.4%.

**Fig 6. Achieved room rate variances by European city (Jan – June 2011 vs. Jan – June 2010)**



### Client industry sector trends

Although average spend varies between consumer industry sectors, the overall picture is of businesses spending more on transient accommodation in 2011 compared to 2010 although transactional & spend volumes show no sign of recovering to pre-recession levels.

BSI's data analysis shows that the professional services sector (including accountancy and law firms) has the highest average spend per night at £103.99, followed by 'other' at £88.33 and telecoms at £87.67. Retail enjoys the lowest average room rate at £71.72, due to the highly mandated approach to policy and active directional selling at point of enquiry.

| Average Room Rate Comparison - UK |          |          |            |                        |
|-----------------------------------|----------|----------|------------|------------------------|
| City                              | ARR 2010 | ARR 2011 | % Variance | Average Length of Stay |
| Banking/Financial                 | £81.96   | £86.51   | +5.5%      | 1.7 nights             |
| Defence/Aerospace                 | £85.29   | £83.86   | -2.3%      | 1.8 nights             |
| Logistics                         | £79.69   | £86.44   | +8.5%      | 1.5 nights             |
| Manufacturing                     | £84.90   | £82.15   | -3.3%      | 1.4 nights             |
| Other                             | £85.67   | £88.33   | +3.1%      | 1.8 nights             |
| Professional/Legal                | £98.55   | £103.99  | +5.5%      | 2.1 nights             |
| Public Sector                     | £87.27   | £87.59   | +0.4%      | 1.8 nights             |
| Retail                            | £72.14   | £71.72   | -0.6%      | 1.9 nights             |
| Technology                        | £85.76   | £82.07   | -4.3%      | 1.8 nights             |
| Telecoms                          | £91.05   | £87.67   | -3.7%      | 1.5 nights             |
| Utilities                         | £80.79   | £80.22   | -0.7%      | 1.7 nights             |

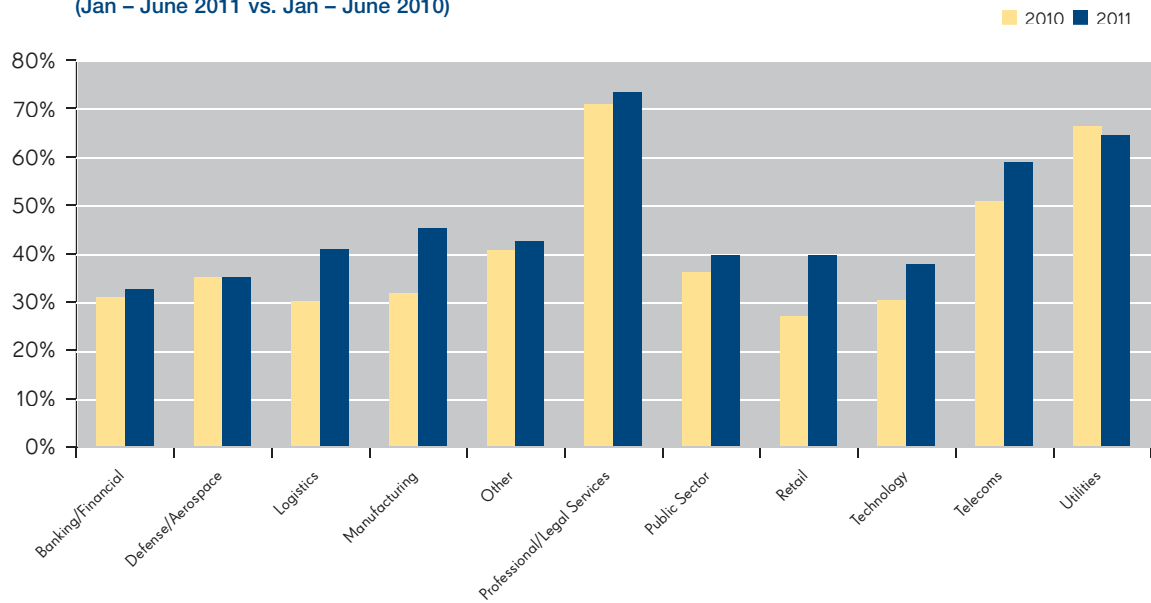
Disregarding these three sectors, other industry sectors pay broadly similar average rates ranging between £82 and £90 per room night. The year-on-year trends demonstrate that the tougher approach to policy driven by the retail, technology, telecoms and utility companies, and the general austerity measures felt in the defence and manufacturing sectors have continued to drive rates downwards.

The analysis also shows that there is limited variance in average length of stay between different industry sectors, although the overall duration of stay is still slightly lower than it was last year. Compliance to hotel programmes improved for all industry sectors with the exception of professional services.

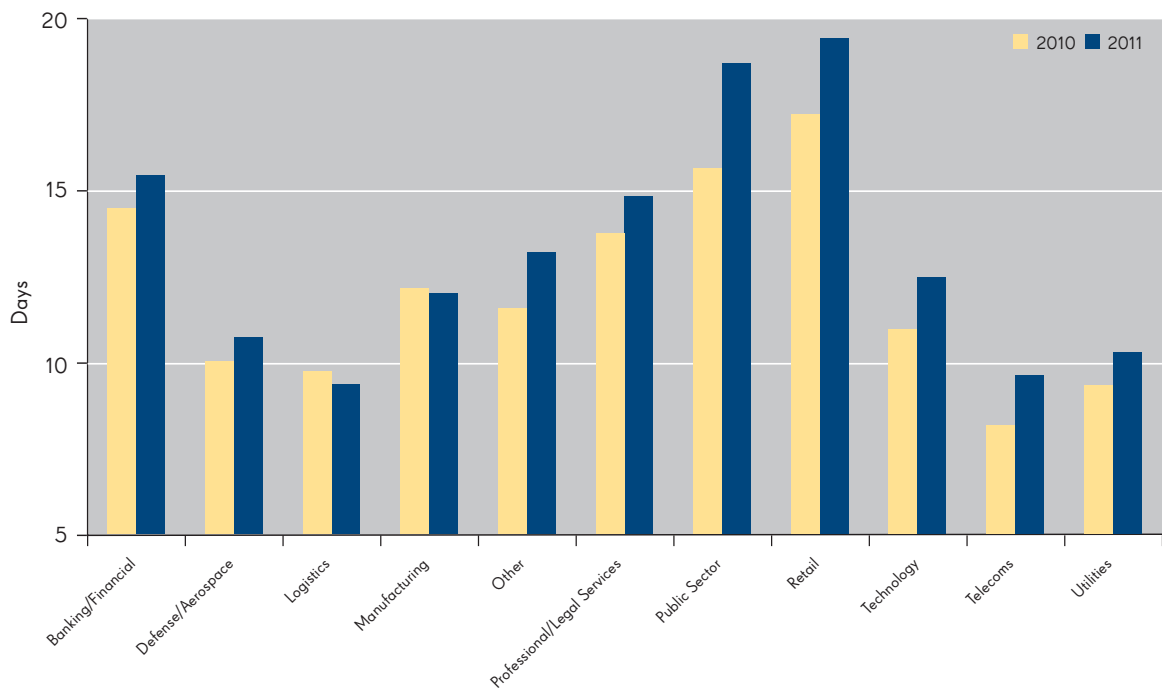
Online adoption is seen by many corporates as a vital step towards eradicating leakage from preferred programmes and optimising the return on organisational spend. However, online adoption levels vary considerably, reflecting the different cultures that exist within organisations in different industries. Amongst BSI clients, online adoption levels in the first half of 2011 ranged from 32% (by banking/financial) to 86% for customers with mandated policies in the Logistics sector. Only Utilities clients have not increased average levels of online adoption year-on-year, with even public sector clients improving compliance by 6.1%.

Booking lead in time is an effective yardstick for industry performance, with longer lead-in time reflecting greater maturity in corporate accommodation programmes. Every industry sector except Logistics is booking further in advance of arrival date than they were in 2010. Retail currently gives the longest notice, at 19.4 days, reflecting the high volume of pre-planned store openings and increases in International travel.

**Fig 7. Average online adoption by industry sector (Jan – June 2011 vs. Jan – June 2010)**



**Fig 8. Average booking lead-in time by industry sector (Jan – June 2011 vs. Jan – June 2010)**



## Meetings & Events

According to TRI, conference rates in London rose by over 25% in the first six months of 2011, compared to the same period in 2010. But whilst BSI data confirms that London is the most expensive meeting destination in the UK for both day delegate and 24 hour delegate rates, the figures show an increase of only 2.64% in the latter and a reduction of 4.14% in the former.

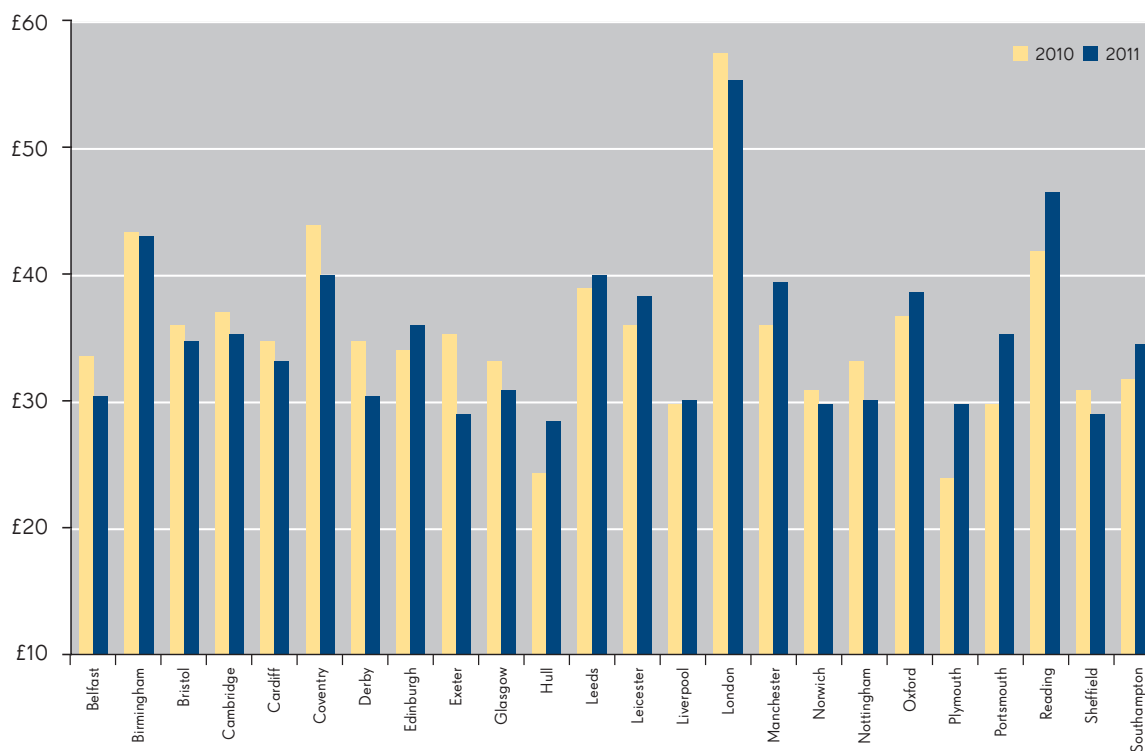
### Day delegate rates vs. 24 hour delegate rates

Outside London, Reading and Birmingham were the most expensive destinations for corporate meeting planners in the first half of 2011, with BSI clients paying an average day delegate rate of £46.56 and £43.31 and 24 hour delegate rates of £176.59 and £158.17 respectively.

The cheapest day delegate rates between January and June 2011 were to be found in Sheffield (£29.03), Exeter (£29.01) and Hull (£28.44), whilst the best value for money 24 hour rates were on offer in the ports of Plymouth (£123.28), Cardiff (£113.93) and Portsmouth (£110).

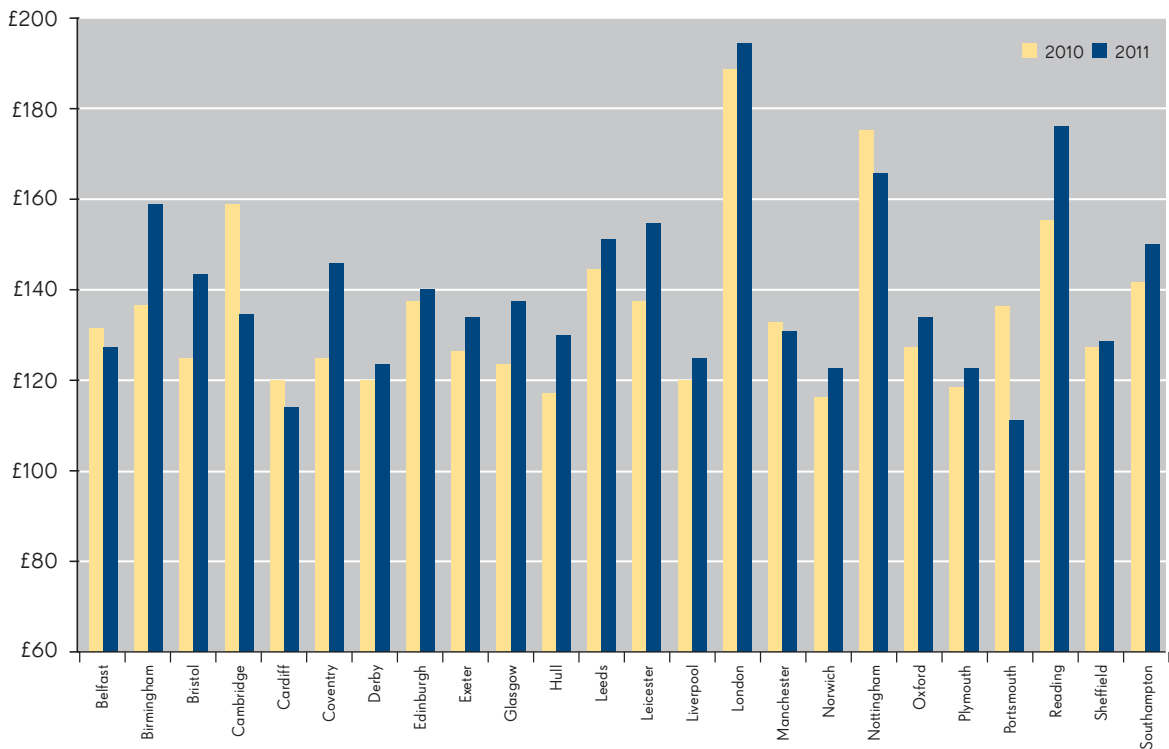
Ironically, two of these cities – Plymouth and Portsmouth – also accounted for the biggest year-on-year increases in DDR, up 24.22% and 19.22% respectively. Nottingham, Derby and Exeter reduced their average DDR by between 10.29% and 14.71%.

**Fig 9. Average day delegate rate (DDR) by UK city (Jan – June 2011 vs. Jan – June 2010)**

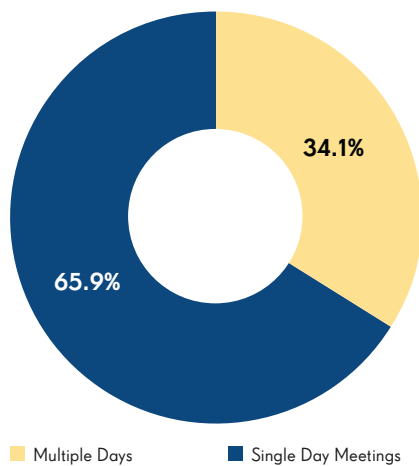


Most major meeting and event destinations have raised their 24 hour rates over 2010 levels. The biggest increases came in Coventry (16.25%), Birmingham (14.37%) and Bristol (14.36%). Few towns cut their 24 hour rates, Cambridge (-15.23%) and Portsmouth (-18.52%) being the main exceptions.

**Fig 10. Average 24 hour delegate rates by UK city (Jan – June 2011 vs. Jan – June 2010)**



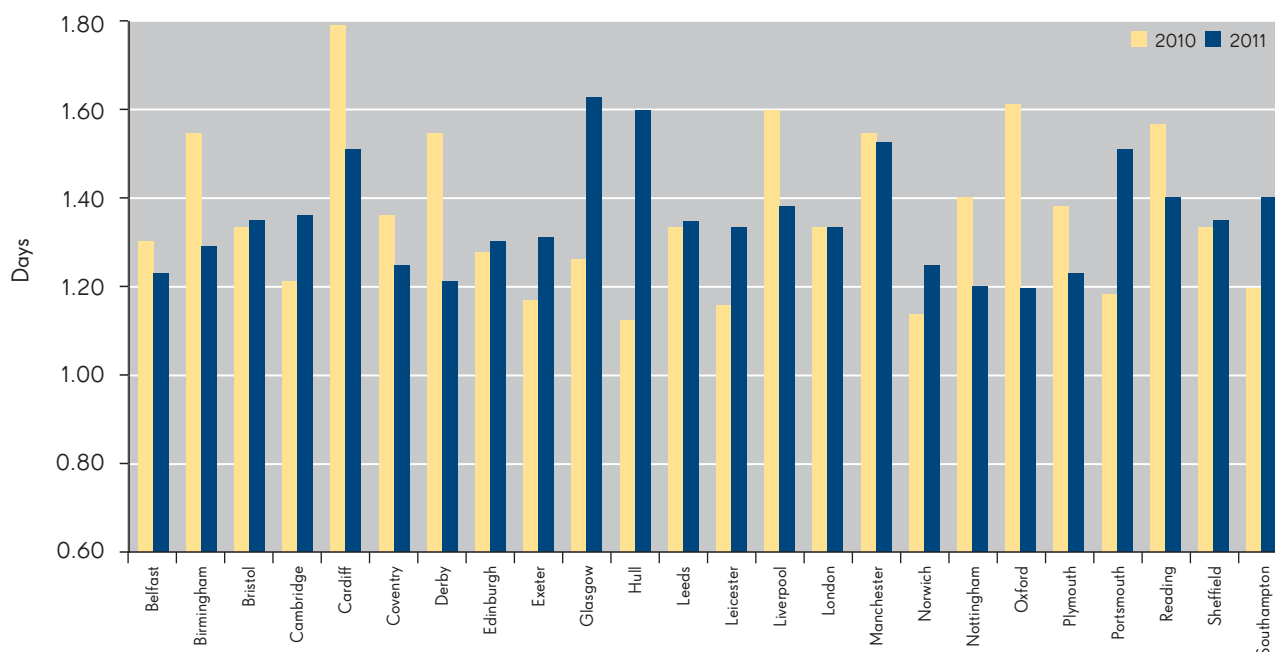
**Fig 11. Meeting duration split by single/multiple days (2011)**



The average meeting duration for BSI clients reflects the on-going trend towards shorter meetings and to reducing the number of multiple-day events. Single day meetings account for 65.9% of all meeting bookings from BSI clients, up 1.5% in 2011 at the expense of multiple day gatherings.

The seasonal fluctuations in DDR and 24 hour rates are almost identical. Both 2011 and 2010 began with rates in both categories at a high (£41.10 DDR and £172.25 24 hour), then falling towards summer, although average DDR rates have recovered in May and June to eclipse even January 2011 levels. Average DDR in 2011 to date has been only marginally above that of 2010 (up from £40.70 to £40.87), whilst average 24 hour rates have fallen year-on-year from £161.16 to £155.67

Fig 12. Average meeting duration by UK city (Year on Year)



### M&E client industry sector trends

As in the transient market, the average DDR and 24 hour rates paid by organisations varies from industry to industry. Once again, the Professional and Legal services sector makes the biggest investment in conference facilities, paying an average £62.10 (DDR) and £183.34 (24 hour) compared to BSI client averages of £40.87 and £155.67 respectively.

Logistics clients on the other hand, despite increasing the number of multiple day meetings (and therefore demand for 24 hour rates) have seen average 24 hour rates rise by just under £8 due to changing location requirements.

Professional & Legal services aside, average DDR rates in 2011 have ranged from £32.75 for Retail to £48.66 for Telecoms, and average 24 hour rates have varied from £117.28 for Utilities to £162.91 for Banking, reflecting the different policy approaches used and the mix of geographical regions required.

Average booking lead-in times are getting longer too, up almost 5 days on 2010 levels to 63 days. However there is little change in average meeting duration, ranging from 1.24 to 1.51 days per meeting.

Fig 13. Average day delegate rate (DDR) by industry sector (Year on Year)

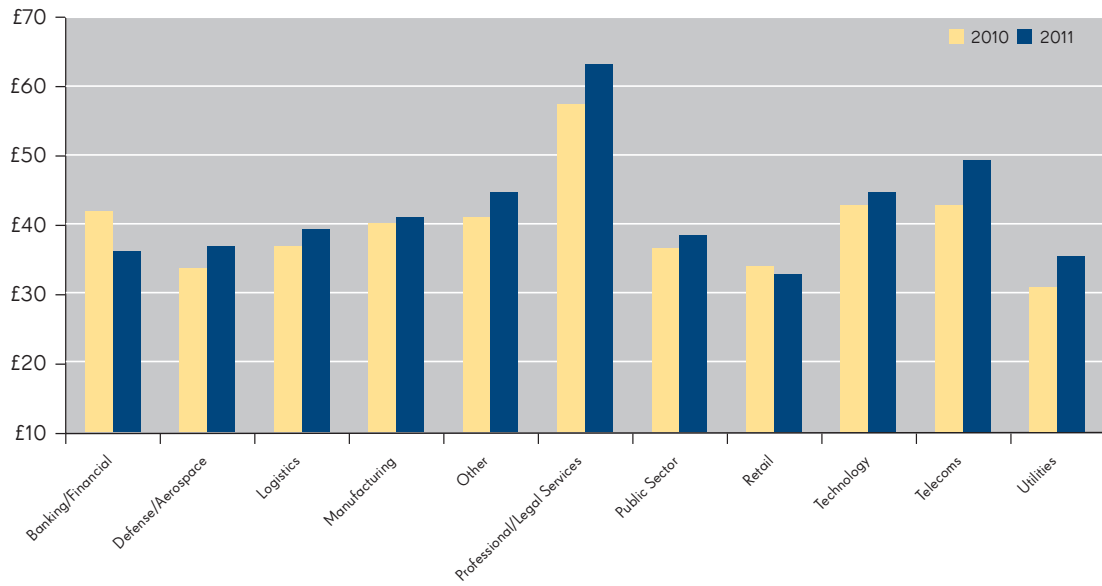


Fig 14. Average 24 hour rates by industry sector (Year on Year)

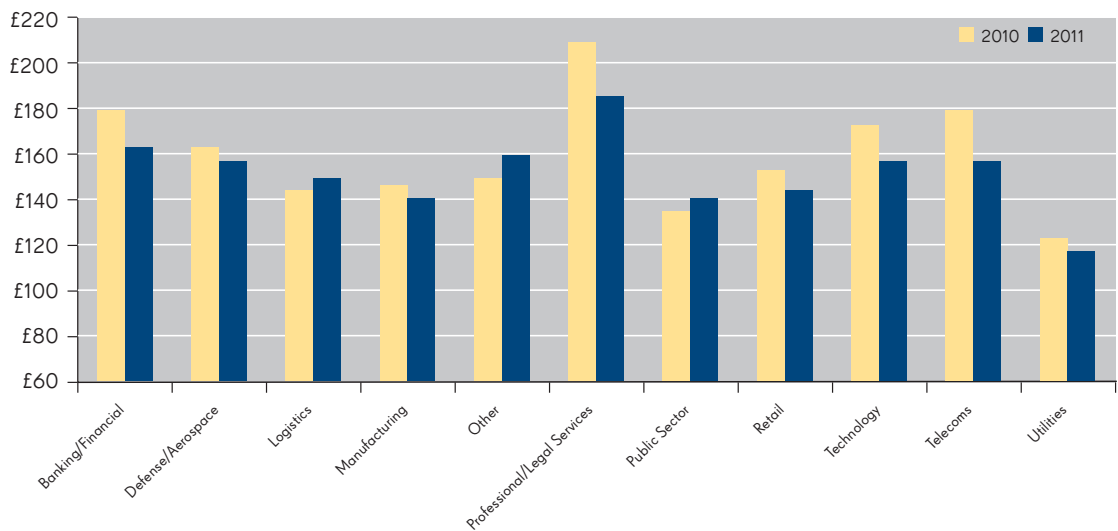
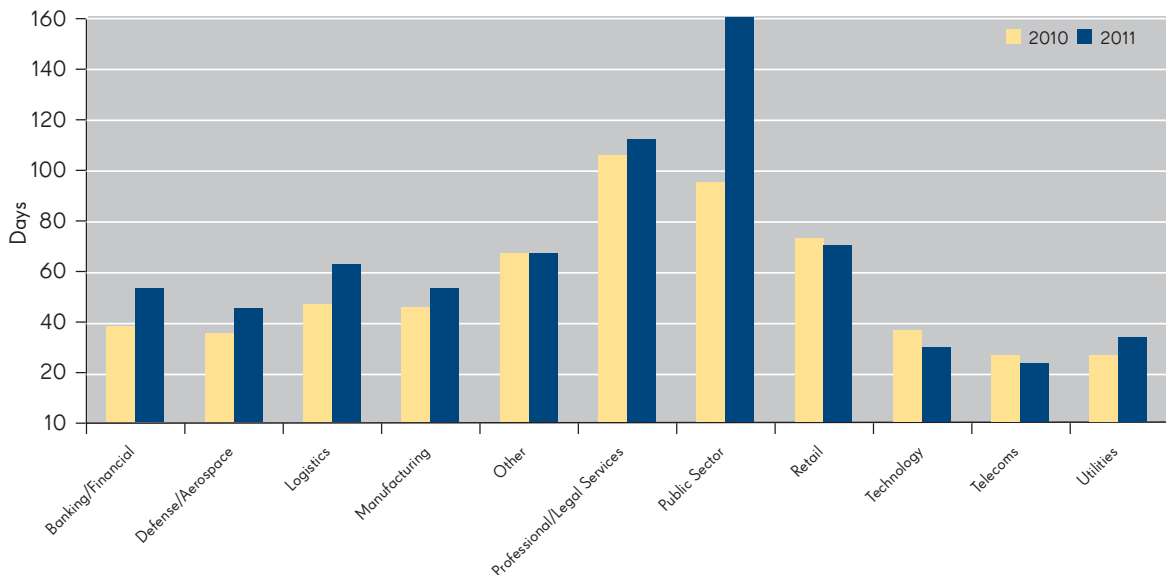


Fig 15. Average meeting booking lead-in time by client industry sector (Jan – June 2011 vs. Jan – June 2010)



## Future trends

Despite 2011's VAT rise squeezing consumers' disposable income considerably, unemployment remaining high and fears of rising inflation, business confidence is slowly returning.

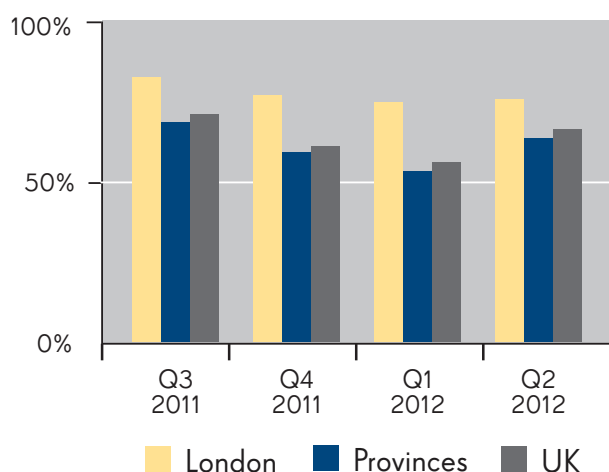
However, the prognosis for British hoteliers is far from bright. Corporates are still cautious about increasing travel spend and remain cost and value focussed, whilst the ongoing government programme of tax rises and spending cuts continues to impact on public sector business placed into UK hotels.

The prospect of the 2012 Olympics taking place in London could be a double edged sword too. High occupancy in London during Q3 will drive up rates, but over-supply after the Games is likely to depress occupancy and average room rates. However the Olympics effect could prove beneficial to provincial UK hotels as corporates switch business out of London.

Of the 790 projects and 125,296 rooms currently under construction across Europe, the UK has the largest pipeline, accounting for 208 projects and 27,607 rooms, according to Lodging Econometrics. London is scheduled to see over 3,000 new rooms added to its inventory in 2012 alone.

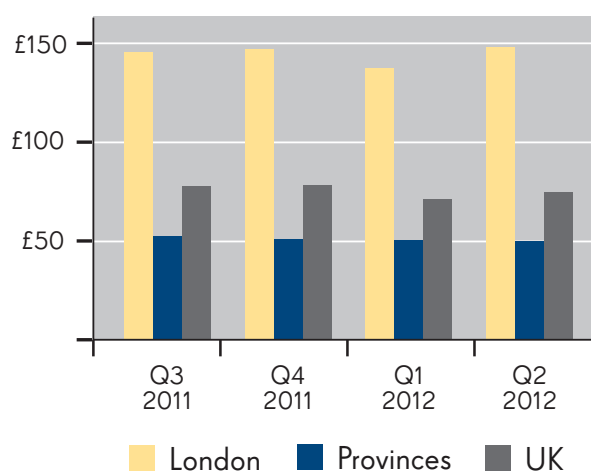
### Forecast for next 12 months

Fig 16. Occupancy



Source: PwC

Fig 17. Average room rate



Source: PwC

PwC predicts that occupancy across the UK will drop off in the second half of 2011, recovering only in the second quarter of 2012. The firm also predicts that average room rates will drop only during the first quarter of 2012.

On the meetings front, it is expected that demand for traditional meetings will continue to decline, with more and more companies optimising use of internal meeting space and virtual meeting software for daily business requirements, saving expenditure for larger customer facing and communication based events.

The international market is also far from certain. There are mixed prospects for European GDPs, whilst the potential fall-out from continued unrest in the Middle East is another variable.

### New London hotel openings Q4 2011-2013

|                                     |           |
|-------------------------------------|-----------|
| Trocadero 'Pod' Hotel               | 500 rooms |
| Hilton Wembley Stadium              | 358 rooms |
| Art'Otel London Hoxton              | 350 rooms |
| Jumeirah One Blackfriars Road       | 261 rooms |
| Aloft Hotels, London ExCeL          | 252 rooms |
| InterContinental London Westminster | 250 rooms |
| Shepherds Bush Pavilion             | 246 rooms |
| Premier Inn Lambeth                 | 234 rooms |
| Shangri-La Hotel London (The Shard) | 195 rooms |
| Apex Temple Court Hotel             | 184 rooms |
| Melia London Hotel                  | 173 rooms |
| Café Royal Hotel                    | 160 rooms |
| Aquiva floating hotel, Thames Quay  | 158 rooms |
| Hoxton Waterloo Hotel               | 150 rooms |
| 10 Trinity Square                   | unknown   |

Source: Travel Intelligence Network/British Hospitality Association

### Global hotel pipeline

|                       |                                 |
|-----------------------|---------------------------------|
| Central/South America | 172 hotels 27,728 rooms         |
| Caribbean/Mexico      | 129 hotels 18,994 rooms         |
| Middle East/Africa    | 463 hotels 126,090 rooms        |
| Abu Dhabi             | 90.3% room growth               |
| Riyadh                | 87.6% room growth               |
| Dubai                 | 44.6% room growth               |
| Europe                | 819 hotels 132,234 rooms        |
| Azerbaijan            | 63.3% room growth               |
| Kazakhstan            | 25.1% room growth               |
| Russia                | 20.4% room growth [UK 8.2%]     |
| Asia/Pacific          | 1,290 hotels 310,230 rooms      |
| Shanghai              | 10,838 rooms under construction |
| Bangkok               | 5,216 rooms under construction  |
| New Delhi             | 5,088 rooms under construction  |

Source: Travel Intelligence Network/British Hospitality Association

### Considerations for the travel buyer

The post-recession corporate travel market remains buyer-driven. Preferred hotel and venue suppliers have had to reduce rates to maintain existing volumes as agencies like BSI, on behalf of their clients, consolidate volumes and look to eradicate leakage through robust authorisation and payment processes and by migrating bookings online.

If you aren't already doing so, now is the time to be evaluating your preferred supplier strategy for 2012. Some key considerations are as follows:

- Ensure spend data is reviewed on a monthly basis. Monthly data analysis will give you full visibility of your evolving requirements and will act as an early indicator for changing travel patterns.
- Ensure your travel policy remains relevant and shaped to meet the business objectives and is effectively translated into the agency, booking tool and supplier management strategies.
- Consider the requirements of each business unit / division within the wider organisation – knowing their demand in advance will give you better control on future spend and a multi-faceted policy may enhance programme compliance and improve overall savings.
- Consider new openings in your core locations and alternative suppliers such as serviced apartments for longer stay requirements and independent and budget brands for shorter stays.
- Consider consolidation of your programme to drive a greater market share to your preferred suppliers and ensure your demand is safeguarded by LRA and allocation management.
- Consider your total cost of stay requirements – how many guests require a breakfast inclusive rate, need car parking or Wi-Fi access for example.
- Use your transient and meetings volume for maximum leverage during RFP negotiations but customise your T's and C's and pricing elements to suit your business. Consider whether full or half day meeting packages might be a better fit and be creative with the actual package elements that are included or excluded based on business stakeholder needs.
- Review M&E category spend in conjunction with the utilisation of internal meeting space to ensure access to internal space is considered as part of the overall buying process.
- Benchmark your hotel and venue suppliers rates against the industry to make sure you are getting the best deal.
- Consider the mandated use of online booking tools to improve policy compliance and drive visual guilt during the hotel and venue search process.
- Start planning for the impact of the Olympics now, if you aren't already doing so. The majority of suppliers have yet to finalise their pricing strategy for non LOCOG business, so consider your requirements during the Olympic period and work with internal teams and your agent to ensure supply meets demand without incurring unreasonable price increases.

Robust policies in both the transient and meetings sector will continue to deliver the best return on investment during 2012 and beyond.

## Glossary

**ARR (Average room rate)** – the average price each room is sold for in the hotel or group of hotels being analysed. ARR is calculated by dividing the total rooms revenue by number of rooms let.

**Breakfast** – all rates relating to BSI data are inclusive of breakfast.

**Budget hotels** – different sources and commentators have varying definitions for ‘budget hotels’. For example some consultants categorise branded hotels (such as Etap or Formule 1) with en-suite facilities as budget hotels whilst others categorise brands such as Premier Inn, Travelodge and Campanile as economy. This report includes both budget and economy brands within this data.

**Chain hotels** – BSI data relating to chain hotels includes any franchised property operating under the chain brand. In addition, BSI data classifies independently-owned properties operating under the Best Western brand as chain hotels.

**Hotel Star Ratings** (as summarised by Visit Britain)

- One star: All rooms en-suite or private bathroom
- Two star: Dinner usually available every evening
- Three star: All rooms en-suite. Room service also available
- Four star: 24-hour room service and 50% of rooms have a bath and a shower
- Five star: A number of permanent suites and enhanced services e.g. concierge, full afternoon tea

**Occupancy** – the percentage of available rooms sold over the period. Occupancy is calculated by dividing the number of hotel rooms sold during the period by the total number of rooms available in that period.

**Value-Added Tax (VAT)** – all rates relating to BSI data are inclusive of VAT and therefore, 2011 data includes the VAT rate increase to 20% effective from January 2011.

All rates relating to STR and PwC source data are excluding VAT.

### Sources

BSI, British Hospitality Association/Oxford Economics, Euromonitor, ITM, Melvin Gold Consulting, NBTA Foundation, Otus Consulting, PwC, STR Global, TRI Hotstats, Visit Britain

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