

# Group Travel: Where We Are, Where We're Going

When corporate meetings, incentives and leisure groups choose Bermuda as their destination many Bermuda Tourism stakeholders benefit directly. Group travellers consume a large number of hotel room nights, they hire transportation companies to move people around the island and they fill restaurants. Jobs are supported and can be created. There is also a positive impact on area attractions, event planners and others in the tourism value chain when groups come to Bermuda. A strong year is created for the entire tourism industry when there is a healthy mix of individual and group business.

Given the importance of group travel, we are providing an overview of this area and the strategy the Bermuda Tourism Authority (BTA) is deploying to grow group travel going forward.

## Background

The group market typically includes corporate travellers who are part of a meeting, convention or incentive travel. However this market segment can also be built around an association or social events like destination weddings, family reunions, group golf excursions, sporting events, etc. Standard practises consider ten rooms per night as the minimum number of rooms to qualify as group travel. Due to the size of Bermuda's hotel inventory, meeting space and event venues, the ideal size group for Bermuda ranges between 10 – 500 attendees. Other destinations with much larger hotel venues and conference/convention facilities can attract groups with upwards of 50,000 attendees.

## Sales Process



In most cases, group business is secured 12-36 months in advance. That means a high volume group travelling to Bermuda in May 2015 may have contracted with their meeting hotel/resort as far back as May 2012. For example, Bermuda's successful bid with Destination Marketing Association International was secured in March 2015, but the main event isn't scheduled to happen until April 2017.



## Strategies

The BTA's most recent monthly "Measures & Projections" report shows an updated measure of hotel pace (which is a very transparent and publicly accessible snapshot of forecast business over the next 12 months). This measure is an indicator of future hotel business to the island based on the number of hotel room nights already reserved. In this report, group room nights are projected to be down 13.8% over the next 12 months, while individual room nights are expected to be up 9.8% over the next 12 months. This indicates a positive impact on individual room nights – a metric that can be impacted in the relative short term. Meantime, the BTA's effect on high volume group sales won't be truly felt until 2016. As noted, it typically takes 12-36 months between the time a sale is closed and the group actually arrives in destination. This is especially challenging in the nearer term because one successfully closed group sale has the ability to generate hundreds of room nights.

### % CHANGE VS.

LAST YEAR	INDIVIDUAL	GROUP	TOTAL
May-15	9.6%	-16.7%	-0.4%
June-15	4.1%	5.9%	3.2%
July-15	13.0%	-53.9%	-15.1%
August-15	21.0%	7.3%	10.9%
September-15	23.5%	26.9%	19.0%
October-15	-5.5%	-0.1%	-1.5%
November-15	40.8%	-4.8%	5.8%
December-15	6.8%	-81.6%	-49.3%
January-16	-52.9%	45.7%	12.2%
February-16	-30.1%	10.0%	-0.8%
March-16	-9.8%	-44.4%	-13.4%
April-16	-34.8%	-9.7%	-7.8%
<b>TOTAL VARIANCE</b>	<b>9.8%</b>	<b>-13.8%</b>	<b>-1.6%</b>

This pace report can be monitored on a monthly basis on the BTA's website in the Research & Business Intelligence section.

## The Big Picture

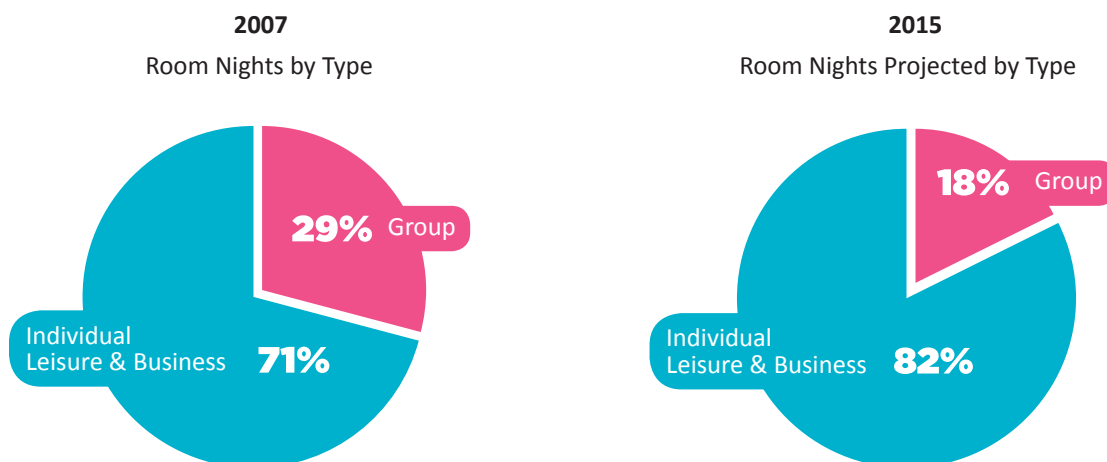
The Bermuda Tourism Authority was created in April 2014. A new chief sales & marketing officer began in June 2014. The BTA launched its new marketing strategy in November 2014. Even before November though, some groundwork was laid to generate interest in Bermuda as a meeting and incentive destination:

- **August 2014** – The BTA sponsored the destination experiences and activities for the visit of Torchbearers, a unique organisation that reaches the incentives marketplace. The Fairmont Southampton hosted the group of 100 delegates. As a result of this partnership, to date, two incentive clients have signed contracts for a 2015 post event, while we continue to follow up with all delegates for future programs.
- **November 2014** – The BTA formed a partnership with Associated Luxury Hotels International (ALHI) to expand Bermuda's position as a top destination in the lucrative market of meetings and incentive programs. ALHI with its 20 local sales offices across North America, and its team of 60 sales professionals, will extend Bermuda's marketing and sales efforts with meeting professionals, incentive specialists, association executives, convention planners and business executives. Already two ALHI group events have been booked for Bermuda and an ALHI team will visit Bermuda in April 2015 to scout locations for future group bookings on behalf of their clients.
- **December 2014** – Internal BTA staff reorganisation of business development managers to better align with Bermuda's business opportunities in the group market. BTA Staff was deployed specifically towards the following markets:
  - Corporate/Incentive
  - Specialty Association
  - Social
  - Golf
  - Destination Training & Development

As shown in the example earlier, because of the lead time necessary to secure the most desirable group travel business – 12 to 36 months – it will be difficult for the BTA to make a significant impact on group business in 2015.

The ALHI Partnership began in November 2014 and the staff reorganisation occurred in December. And although hotels are projecting an almost 10% growth in individual room nights over the next 12 months, to fill the hole left by group travel in 2015 the BTA, its stakeholders and partners must generate enormous growth on individual room nights. That progress is underway.

Fortunately, the BTA is not the only entity working to close the gap on group sales. Some hotels have their own dedicated group sales teams. One clear example of this is 2007 when there was a high number of air arrivals and group business. Over 127,000 group room nights were booked for 2007. The group room nights figure in 2015 is forecast to be 62,300, less than half the 2007 number.



Much of the 2007 group business was secured by Fairmont's sales force, a point not lost on senior managers in the Fairmont organisation around the world. In 2007, the Fairmont Southampton was Fairmont's global sales team of the year.

Since 2008 though, the beginning of the financial crisis, the group travel market has changed significantly. Corporate and incentive travel to resort locations like Bermuda post-crisis has declined sharply. Additionally, hotels in the United States retooled and reinvested in their product, providing competitive pricing and property upgrades to their corporate clients. This resulted in entities that might look offshore for their meetings, to instead, choose a domestic option in order to save costs.

## Influences on Planners



The expectation is that the Bermuda Tourism Authority's new marketing strategies, new business partnerships, staff reorganisation and Bermuda's successful America's Cup bid will all synergise to help attract group business once again.

Shelley Meszoly, Fairmont's Regional Director of Sales & Marketing, said: "Fairmont Southampton is so thrilled to be partnering with the BTA and ALHI on driving more group business to Bermuda. When we have a good base of group business on the books everything else falls into place – the resort and the destination have a great year."

When the Fairmont Southampton, Bermuda's largest hotel, has the right amount of group business on the books it helps all the other hotels. At Elbow Beach Resort for example, Director of Sales & Marketing Rehanna Palumbo says the hotel sees a noticeable increase in individual room nights sold when Fairmont Southampton is full with group business. The important point here is that when group business is strong all properties stand to benefit, not just the ones securing the group business.

## Take Away

When the BTA, its group sales partners and hotel stakeholders are able to achieve a solid base of group business, while maintaining the positive trends already underway in the individual travel category, we should experience measurable growth in air visitor numbers, hotel room nights and vacation rental stays. This should equate to a positive impact on the country's economy.

Prepared by

**Glenn Jones**

Director of Public & Stakeholder Relations

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