Improving eRFP Efficiency and Effectiveness for the Meetings Industry

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EXECUTIVE SUMMARY

The use of electronic Request for Proposals (eRFPs) to source hotels and venues has burgeoned in recent years, bringing many benefits to the Meetings industry, and a few significant challenges due to the high volume of eRFPs being issued. These challenges include difficulties for hotels to respond to leads in a timely and complete manner, and the declining probability of business materializing from those leads. In response to concerns from planners and hoteliers related to eRFPs, the Global Business Travel Association (GBTA) and the Convention Industry Council APEX eRFP Efficiencies Workgroup (CIC APEX) conducted complementary studies in 2014 related to eRFP use, drivers and effects.

Major findings from the studies include:

- eRFP distribution to hotels and venues for events continues to rise.
- Factors that are influencing the number of eRFPs being distributed include buyer and customer misconceptions and lack of understanding regarding what hoteliers value as well as how they evaluate meetings business, marketing packages offered by meeting technology companies that generate large numbers of leads for their premium marketing customers and improved economic conditions.
- Although there are some commonalities between corporate/association buyers and third party buyers, there were some differences in the factors influencing the number of eRFPs issued.
- Corporate/association buyers shared that detailed evaluations of proposals are time consuming and they prefer a modest number of venues to compare. That said, many venues, particularly for small events, are selected efficiently by reviewing the response grid in the eRFP system. Although the general use of eRFPs is on the rise, pre-existing knowledge and relationships with sales representatives can result in fewer eRFPs being issued.
- Third party planners noted that a secondary issue unrelated to ease of use is typically a factor in determining the number of eRFPs issued, notably pressure from clients and a concern that they will view an attempt to reduce the number of eRFPs negatively. Importantly, third party planners are motivated to control their cost of sale, which increases when more properties must be evaluated.

There are emerging solutions to these challenges, including education, limits mandated by policy or technology and more efficient response systems for hoteliers. Other recommendations from the studies to improve efficiency and effectiveness of the eRFP process include:

- Knowing with certainty prior to sending eRFPs that the event will actually occur.
- Understanding the objectives of the event and selecting venues and destinations that are best suited to achieving those objectives.
- Spending more time qualifying the event and advising clients to be more strategic with questions.
- Narrowing the list of destinations under consideration prior to issuing the eRFP.
- Using filters within the eRFP system to help narrow the list of potential venues.
- Some planners expressed an interest in a request for information (RFI) system, as well as a process to educate them of city-wide conventions and other events which create compression.
- Understanding existing room demand, such as city-wide conventions and other events before sending the eRFP.

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INTRODUCTION

The pace of change of technology, more than any other trend, is representative of the times we live in – whether it is in the way we buy and read books, consume music, movies or television: or gain access to information. Amazon, which is now the largest retailer in the world, was established in 1994. Google did not exist in 1996, but today processes more than 3 billion searches per day and puts information, from the most mundane to the most esoteric, at our fingertips within seconds. Today, millions of students around the world are learning through massive open online courses, which first launched in 2008, and many of them have never set foot on a college campus. And smart phones, which first launched in 2007, are now being used by one-third of all adults globally.

Technology is ubiquitous, and we are reaping the benefits with new ways of sharing, learning and conducting frictionless online shopping transactions. The travel industry is also changing dramatically, and as a result we can now book travel, board flights and check in and out of hotels all through automated systems. The way we do everything is changing, and as a society we have had to adapt quickly to these changes in technology in order to reap the many benefits they provide.

This white paper discusses the ways in which all parties involved in the automated venue sourcing process; buyers, suppliers and meetings technology companies, have fallen short in adapting to the use of eRFPs, and provides recommendations for all parties to do so.

What is an eRFP?

For the purpose of this white paper, eRFPs are defined as requests for proposals that are generated using online tools, including those from meeting technology suppliers and hotel websites, for site selection purposes. These tools allow for multiple eRFPs to be distributed for the same event to various venues simultaneously.

Electronic RFPs have improved the venue sourcing process considerably. What was once a cumbersome, manual and time-consuming process for meeting planners to source events is now as simple as a few hours of work and the click of a button. But are planners and organizations getting the best possible package, at the best possible price, for their meetings and events? Or has the technology and its volume-based shopping capability created an unmanageable workload to the point that many eRFPs are not even being reviewed and responded to by hoteliers?

In recent years, the use of eRFP systems in the meetings industry has been on the rise. The technology has great benefits, notably the ability to identify venues for events using a wide range of qualifying criteria with ease and low cost. Nevertheless, because of how the technology is being used, it has introduced significant challenges to the industry. Specifically, high volume distribution of eRFPs to hotels and other venues has resulted in heightened dissatisfaction for both planners and suppliers due to the difficulties hotels have responding to leads in a timely and complete manner, and the declining probability of business materializing from those leads.

In response to concerns from planners and hoteliers related to eRFPs, GBTA's Meetings Committee and the CIC APEX eRFP Efficiencies Workgroup (CIC APEX) conducted complementary studies in 2014 related to eRFP usage, drivers and effects. This whitepaper is

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based on the findings of GBTA's survey of more than 400 meeting professionals[i] and CIC APEX's in-depth interviews with 20 planners representing a cross-section of the industry.[ii]

This white paper, which focuses on trends observed in North America, examines the eRFP process from the perspective of the following constituencies involved in the sourcing process:

- Corporate/Association Buyers
- Hoteliers
- Third Party Buyers
- Meeting Management Companies
- Meeting Technology Companies
- Convention & Visitors Bureaus (CVBs) often referred to as Destination Marketing Organizations (DMOs)

Please see the appendix for definitions of the key stakeholders in the eRFP process.

This white paper first reviews the current state of the industry, and then considers the roles and perspectives of the different constituencies in the sourcing process and their unique motivators and/or business drivers. The motivators and needs of the stakeholders are not necessarily aligned. Once the parties' roles and motivators are described, the white paper reviews ongoing initiatives to address the problem of eRFP saturation with recommendations on best practices to ease the burden and ultimately improve the process and results.

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BACKGROUND TO THE SITUATION

INCREASE IN ERFPS OVER TIME

Electronic RFP technologies were introduced in 1997.[iii] Today, these tools are used by planners globally to source hotels and meeting space for more than a million meetings annually. At their core, eRFP tools are intended to simplify the process of sourcing meeting venues for planners and increase leads for hotels.

What looked like a win-win for planners and properties alike in terms of efficiencies has had unintended consequences. Hoteliers are struggling to manage the volume of eRFPs and looking for ways to identify the more likely lucrative opportunities, while meeting planners are issuing high numbers of eRFPs to secure more options and to obtain responses when there is limited availability. The net result is a process that may not be the best solution for buyers or hoteliers.

In 2014, the GBTA Meetings Committee conducted a survey of the GBTA membership to identify trends in the issuance of eRFPs. Following are high level results based on more than 400 responses.[iv]

- When asked to compare the number of meetings for which they issued an eRFP in 2012 to the number in 2013, significantly more third parties (53 percent) than buyers (31 percent) reported that it either "increased" or "greatly increased."
- On average, for each meeting held in 2013, third party buyers sent eRFPs to almost twice as many properties as did corporate buyers (14 properties versus eight properties). Third parties received proposal responses from an average of 11 properties and buyers received proposal responses from an average of six properties.
- Corporate buyers and third parties each take a median of two hours to prepare an eRFP.
- In terms of responding to an eRFP, suppliers report that it takes a median of one hour to process a lead.
- Suppliers reported the need to ask for additional information to complete an eRFP 42 percent of the time.

In addition to the challenge of the volume of eRFPs distributed, is the time required to respond. Based on CIC APEX findings, the average requested response from corporate/association buyers for eRFPs is between 2-3 days, and slightly higher for international events. Responses are usually received on time but may require prompting. Third party planners typically request shorter response times than internal planners (often 1-2 days). This is in part because they need an additional day to turn proposals around for their clients.

Hoteliers interviewed for this white paper indicated that eRFP volume has risen considerably, with one chain reporting that the number of eRFPs has increased ten times in the past four years, with a 25 percent compound annual growth rate (CAGR) just in the past two years. Another hotelier reported that their leads were up 11 percent for the first nine months of 2014 over the same period from the previous year. A third major hotelier reported that in the past six years they have seen a 100-fold increase in the number of eRFPs being received, with a CAGR of 200 percent from 2008-2012. One of the largest meeting technology companies reported that the number of eRFPs processed through their system has grown by 20-30 percent year-over-year over the last few years. While it is difficult to say anything definitive from this data, it is clear that the growth rate for eRFPs has far outpaced the typical single digit growth rate[v] in meeting bookings typical in the past several

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years. Most recently, some of this growth can also be attributed to changes in the marketplace as the global recession ends. But, as a CEO from one of the meetings technology companies reported in an interview for this white paper, “The marketplace is taking care of itself. Hotels are responding to eRFPs from customers they know, or good leads.”

CIC APEX interviews found that existing planner/supplier relationships play an important role with respect to eRFPs. Corporate/association buyers noted a preference for properties they knew through personal experience or through participation in tradeshows and hosted buyer programs. Although the use of eRFPs is on the rise, relationships continue to matter, notably with Convention and Visitors Bureaus (CVBs) and major hotel brands’ Global Sales Offices (GSOs) who can help filter and identify venues that are best suited to the event’s objectives. Planners have found that when they identify which hotels have already received the eRFP with CVBs and GSOs, little duplication of the eRFP occurs when they are copied on leads sent directly to hotels.

From the third party planner perspective, having a person assigned to them at the GSO results in faster and more complete responses. Conversely, when one person is responding for multiple hotels, the information is less comprehensive. There is also a sense that as hoteliers gain greater familiarity with eRFPs, proposals are more complete. Additionally, in some cases planners believe that using personal relationships is more effective in getting quick responses or favorable terms, and will bypass using eRFP systems. This may be beneficial given that in some cases, hotels are “holding out” for larger, higher budget events. Finally, it should be noted that the third party’s own reputation is important – if most of their leads go definite, they receive better responses from the hotels.

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ORGANIZATIONAL BUSINESS DRIVERS

There are six constituencies involved in the eRFP equation, each with their own unique goals and expectations shaping the way the sourcing marketplace works. These are summarized in Table 1.

Table 1. Goals of the Various Marketplace Stakeholders

Goals \ Constituency	Buyers	Hoteliers	Meeting Management Company	Meeting Technology Companies with Marketing Packages	Meeting Technology Companies without Marketing Packages	CVBs/DMOs
Fast Response	✓	✓	✓	✓	✓	✓
Quality Response	✓	✓	✓	✓	✓	✓
Competitive Bids	✓	✓	✓	✓	✓	✓
Quality Leads		✓	✓	✓	✓	✓
Conversion to Sale		✓	✓	✓	✓	✓
Profitability		✓	✓	✓	✓	
System Adoption			✓	✓	✓	
Marketing Package				✓		✓

In summary, we can make the following generalizations about the business drivers of the various constituencies:

- Corporate/association buyers are looking for a quick turnaround of availability and competitive pricing from hoteliers, as well as quality proposals.
- Hoteliers, on the other hand, are looking for quality leads, which convert into profitable bookings. Conversion rates have gone down to 2 percent for one major chain,[vi] from 12-15 percent a few years ago. Hoteliers look at guest room commitments, food & beverage budgets and the space-to-rooms ratio (SRR). They also look at the customer's corporate transient travel expenditure, if applicable, for every meeting, with input from the hotel revenue manager, sales leadership and the general manager, before accepting a piece of business.
- Third parties may cast a wide net to address all possible options their client might want to consider.
- Meeting management companies represent their clients, and are looking for quick response turnarounds and quality proposals, as well as profitability for their sourcing business.
- Meeting technology companies generally seek adoption of their systems, although motivation for adoption varies depending on their business model. Some technology companies hold a dual role as providers to both meeting planners and the venues themselves, thereby generating revenue from both sides of the value chain. To the meeting planners, these technology companies sell licensed software that facilitates the sourcing process, and for hoteliers, they sell marketing packages for enhanced listings in their systems that places a hotel at the top of the sourcing results and increases the volume of eRFPs a hotel receives. Other technology companies in this space have a different business model that generates revenue from software licensing or the receipt of hotel commissions.
- Convention and Visitors Bureaus (CVBs), also referred to as Destination Management Organizations (DMOs), play an important role as the official sales and marketing agency for

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their destination. Their funding largely comes from hotel occupancy taxes or assessments. Their mission is to drive economic impact and one of the strategies they deploy aims to increase the volume of meetings and conventions through a direct sales effort for single hotel meetings and citywide conventions. Their role is to target key market segments, qualify, influence the buyers' consideration and source or distribute eRFPs to their member or partner hotels. Collectively DMOs influence more than 40 million room nights for more than 39,000 events, which constitutes one in every five group room nights. The average size of meetings CVBs booked for future years is a little more than 300 rooms on peak.[vii]

Are There Differences Between Corporate/Association Buyers and Third Party Planner Drivers for eRFP Use?

CIC APEX interviews found that although there were commonalities on many issues, there were also distinct differences between Corporate/Association Buyers and Third Party Planners.

Buyer Type	***Primary Factors***	***Secondary Factors***
Shared: Corporate Buyers and Third Party Buyers	• Anticipated availability • Number of destinations being considered • Lead times (short-term increased volume) • Ease of use • Searching for an unknown "X factor" for incentives	• Rooms to space ratio • Event size • Flexibility of dates • Prior knowledge of venues (primary factor for third party, secondary for internal) • Number of received responses and rates
Corporate/Association Buyers	• Internal client preferences (including considering multiple destinations)	• Copies sent to CVB/DMO • Extent of filtering applied through the eRFP system • Changes made to event requirements or dates • Prompts by the system • Options • Perception of thoroughness • Scrutiny of purchasing decisions
Third Party Buyers	• Client preferences and/or indecision • Knowledge of properties (through direct experience or hosted buyer events) are preferred	• Deadlines • Efficiency / time (prefer lower volumes) • Inspections (will increase number if they are traveling for a site inspection) • Copies sent to GSO/NSO • Client researching several venues • Brand-loyalty

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IMPLICATIONS OF INCREASED ERFPS

The volume of eRFPs being issued since the technology became available impacts each stakeholder involved in the sourcing process differently. These impacts range from slower response times and poorer quality responses, all the way to decreased productivity of those sourcing the venue and lower profitability.

BUYERS

Buyers generally experience slower response times from hotels, lower response rates than in previous years and proposals of a lesser quality. In many cases, given the current economic trends and lack of venue availability, hoteliers' inability to respond to all eRFPs and the lack of quality of responses in terms of completeness and pricing has led to increased frustration for corporate/associate buyers and meeting management companies. Additionally, it has been demonstrated that "…over-sourcing behavior can result in higher, rather than lower meeting costs,"[viii] meaning that companies issuing too many eRFPs can actually cause their pricing to increase as more hotels provide proposals offering higher rates.[ix]

Interestingly, CIC APEX interviews found that typically higher volumes were associated with a specific reason not related to ease of use of the technology, but rather job performance expectations (a sense that low numbers indicate lack of thoroughness), concerns about availability or short lead times and looking for an unknown element for an incentive that would set it apart from other bids. This "X Factor" is difficult to anticipate but can prove to be very effective as a motivator for incentive participants. For the most part, detailed evaluations of proposals are time consuming. That said, many event venues are selected efficiently by reviewing the response grid in the eRFP system.

MEETING MANAGEMENT COMPANIES

Meeting management companies also experience slower response times and lower response rates, both of which lead to more time required to follow-up with properties for responses and the potential need to hire more meeting management company staff as existing staff become less productive due to the number of eRFP responses they are managing and processing. One meeting management company interviewed reported their procurement staff has to consistently reach out to a minimum of two to three hotels more than half the time, making it difficult to meet their standard service level agreement of providing responses to customers within 72 hours. This impacts productivity and could increase cost to the customer if additional staff are needed (FTE model) or could impact profitability if the agency charged a flat fee.

Third party planners are motivated to control their cost of sale, which can rise with the number of properties they need to evaluate. This encourages them to limit the number of venues or destinations under consideration. The number of eRFPs tends to increase when a secondary issue becomes a factor, such as pressure from clients or a concern that clients will view an attempt to reduce the number of eRFPs negatively. In some cases, third party planners begin sourcing sites before signing a contract with their client. This may result in duplicate eRFPs being issued to hotels for the same event if several third party planners are submitting bids for the same prospective client.

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HOTELIERS

Hoteliers experience greater demands on their sales staff for fewer conversions, and therefore lower profitability. They are receiving so many eRFPs that they have to resort to triaging their responses and responding only to the most promising leads based on their booking parameters.

One senior vice president at a major global chain described the triage process in an article on MeetingsNet:

> *Level-one leads are from loyal customers who regularly book business with [us]. These leads go directly to key account directors and the most experienced salespeople for response. Level-two customers are those that [we] have worked with in the past, but who are not as frequent bookers as level-one customers. RFPs from this group go to a dedicated account manager at a group sales office within the region. Level-three customers are new customers or those whom [we] have worked with infrequently. These RFPs are handled by available representatives at the group sales office.*[x]

Hoteliers have also had to increase their staffing levels in order to respond to the influx of eRFPs, while concurrently facing lower sales conversion rates, as buyers send eRFPs to ever-increasing numbers of properties, thereby impacting the hoteliers cost of sale and profitability. They have also had to incorporate new technologies into their sales processes in order to help hotel sales teams quickly focus on the best leads, with neither option being inexpensive nor easy to implement.

MEETING TECHNOLOGY COMPANIES

The implications of increased eRFPs for meeting technology companies depend on their respective business models. For meeting technology companies that generate revenue from both the buyer and supplier sides, increased eRFPs indicate they are fulfilling their commitments to their supplier clients, as premium marketing packages commit to hoteliers increased lead volumes. As noted by one meeting technology company on their website, "…it has been proven that advertising properties garner the highest volume of RFPs." Additionally, marketing packages also allow hoteliers to differentiate their products. In fact, one of the main measures of success reported to hoteliers by meeting technology companies is the number of eRFPs received in the previous month. Thus, it is important to note that the many hoteliers purchasing these premium marketing packages are actually contributing to the challenge that is causing them concern. Meeting technology companies that only generate revenue from the buyer side depend on the number of seat licenses they sell, or on the commissions earned from closed sales, so the number of eRFPs sent from their systems would in fact not be a measure of success.

CONVENTION AND VISITORS BUREAUS

Historically, CVBS were often mandated to broadly distribute RFPs. Today this is rarely the case and highly discouraged although many meeting planners may still have this misperception. Only qualified RFP distribution is a practice recognized by Destination Marketing Association International (DMAI)'s Accreditation program. While they can provide the information needed to help narrow the destination choice and identify venues that are best suited to achieving the event's objectives, duplication of the eRFP can occur as the hotels receive the same lead through other sources such as their GSO, third parties and meeting technology companies.

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EMERGING SOLUTIONS

The good news is that a number of solutions and ideas on how to reduce the number of eRFPs are being brought to market. However, this issue has still not been effectively resolved to the satisfaction of all stakeholders even with the numerous articles, industry education sessions and studies conducted in recent years (see resources below for a list). Even with the varying economic drivers for the increase in number of eRFPs, there are also varying market solutions being developed by the parties to help address the issue. The solutions fall into the following broad categories, which will be explored in-depth following this list:

- **Education** – having sourcing professionals (buyers, meeting management companies and CVBs) inform buyers of the impacts of over-issuing eRFPs (such as slow response times, incomplete proposals, higher pricing, or no response at all), as well as the positive impacts of doing research to ensure that the hotels being sourced are appropriate for the meeting objectives, and providing all the critical information needed by hotels and CVBs to provide a timely, complete and competitive response.
- **Processes** – improving efficiencies by adopting standardized templates; better communications, understanding local hotel room demand patterns, and adding average rates to destination profiles.
- **Limits** – imposing limitations on the number of eRFPs that can be issued, either through policy or technology.
- **Technology Solutions** – facilitating the lead management process for hoteliers/venues, easing the burden of the eRFPs.
- **Alternate Technology Models** – allowing for different venue data gathering models, such as two-staged eRFPs, or systems that allow users to view availability and pricing prior to issuing an eRFP. These alternate models do not rely on supplier payments to the meeting technology companies or in some cases allow for a touchless booking system that completely eliminates the need for an eRFP.

EDUCATION

The buyer community consists of occasional and professional corporate and association buyers, as well as independent third party sourcing companies and sourcing and planning professionals of meeting management companies. Each of these communities must be educated on the impacts of over-issuing eRFPs and the importance of providing within their eRFP the critical information needed by hotels, venues and CVBs.

Surprisingly, according to the GBTA survey conducted in 2014, for each meeting held, third party sourcing companies sent eRFPs to nearly twice as many properties as other buyers did on average – most likely due to client pressure. Meeting management companies, on the other hand, report that they are educating their sourcing professionals on a regular basis as to the negative implications of over-sourcing, in terms of longer response times, lower proposal quality, and higher prices for the customer and lower profitability given the lower efficiency of the buy. Meeting management companies are also responsible for the productivity of their employees so as to help manage costs for their corporate clients, and their corporate clients are concerned about productivity for the same reason.

Education is also required on which type of information should be included in the eRFP. GBTA's study shows that 42 percent of the time suppliers need to ask for additional information. CIC APEX Standards Committee provides an RFP Workbook for both large and small meetings which can be found on the CIC website. Technology companies should consider making some of these fields

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mandatory. Missing information often includes date flexibility, historical venues and locations, historical hotel room day-by-day pick-up and food & beverage expenditure to name a few.

Interestingly, some education on the hotelier side is also required. One of the corporate clients interviewed for this paper reports that National Sales Offices (NSO) "…will 'blast' a meeting request to a large cross section of their hotels that are a fit, which ends up in work for the hotels and work for my team." In this example, additional distribution of an eRFP by the NSO that initially went to a few venues has created work for more hotels, and more labor for sourcing professionals who now must evaluate more proposals.

PROCESSES

The CIC APEX interviews identified a number of other opportunities related to adopting new processes that may also improve the use of eRFPs to be more effective for planners and suppliers. These include:

- Short-term, smaller meetings are often decided using a grid response form. A streamlined eRFP template may be effective in providing the information required to make decisions while simultaneously reducing the amount of time required to respond to the eRFP.
- CVBs and GSOs should always be aware of which hotels have already received the eRFP direct from the planner to reduce potential duplication.
- An understanding of the local demand patterns, including information on citywide conventions and special events from the CVB before the eRFP is issued.
- Resources to help educate internal and external clients to refine their needs and expectations.
- Destination profiles with average rates.

LIMITS

Once aware of the negative impacts of over sourcing, many organizations are adopting policies that limit the number of eRFPs that can be issued. At least one meeting management company has built limits on the number of eRFPs that can be issued in their business model, imposing incremental charges for additional eRFPs beyond a set number per city. One major meetings technology company has added system warning messages that help to educate planners on the impacts of sending an eRFP to hoteliers, and they have added some limits – especially for non-professional meeting planners – to guide them to send the eRFP in "waves," thereby not allowing a planner to send to additional venues until the previous hotels have responded and/or the meeting planner has accepted or turned down the previous hotel's bids. Since implementing these changes, this company has seen a reduction of approximately 18 percent in the eRFPs issued per event. A number of other organizations interviewed noted they have also built limits into their eRFP guidelines.

TECHNOLOGY SOLUTIONS

Two of the larger meetings technology providers are now making it easier for supplier partners to focus on the best leads and respond to eRFPs faster than they did before by prepopulating favorite responses. These solutions do not try to reduce the number of eRFPs being issued but try to provide sellers with greater facilitation of the response process.

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ALTERNATE TECHNOLOGY MODELS

Other technology models being discussed and developed by the industry may contribute to the reduction or all-out elimination of eRFPs by addressing one of the central issues contributing to the issuance of so many eRFPs, which is the need for the planner to receive basic information, such as rates and inventory availability. Some emerging technologies now allow buyers to view this information prior to issuing an eRFP, thereby reducing the number of eRFPs being sent to unavailable or out of price range venues. These systems look directly at hotel reservation systems to see pricing and availability in real time.

Developers of these alternate technology models report excellent results for both buyers and sellers, with responses from hoteliers in about 4 hours, versus 7 – 10 business days for other technology platforms, and hotel sales conversion rates ranging between 12 and 15 percent, versus 2 percent on average for older technology platforms. Some meetings technology companies are introducing a split electronic Request For Information/electronic Request For Proposal (eRFI/eRFP) model that allows the booker to submit and request basic information from a venue. During the eRFI phase they provide suppliers with basic demographic information on their event, and during the eRFP phase they receive higher quality responses, because they have provided the venues with the information they need to make an informed proposal. During CIC APEX interviews, however, the eRFI idea received mixed reviews, with some planners concerned about adding another step that would result in further delays.

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RECOMMENDATIONS TO ADDRESS THE ERFP VOLUME CHALLENGE

There are three main drivers contributing to the over issuance of eRFPs in today's marketplace:

1. Buyer/Customer Misconceptions – some buyers and many customers do not fully understand how hoteliers evaluate their business and mistakenly believe that issuing more eRFPs will somehow help them identify the best venue at the best price with more options.
2. Technology – the marketing packages of a number of meeting technology system developers provide enhanced listings that place a hotel at the top of the search results, which accounts for the increase in the volume of eRFPs the hotel receives while not necessarily positioning the hotels that match the requirement of the meeting being searched.
3. Economic Recovery – the recent improved economic conditions are also contributing to an increase in the number of eRFPs, as businesses return to prerecession levels of meetings and events

Each of these categories has their own set of unique recommendations to reduce the number of eRFPs being issued.

ADDRESSING BUYER/CUSTOMER MISCONCEPTIONS

The education of buyers and customers is a critical element in order to reduce the number of eRFPs being issued. Occasional buyers and customers need to be educated on the end-to-end sourcing process, so they understand the impacts of over issuance on hoteliers and venues, and on the likelihood that their business will not be acted upon in a timely manner.

The steps buyers can take to help reduce the number of eRFPs in the marketplace include the following:

- Select the destination prior to issuing the eRFP when possible. One suggestion would involve an air analysis to evaluate whether the city has sufficient lift (i.e. flights) coming in and out to see if event attendees can easily fly to the destination from their points of origin. An air analysis can also help the meeting owner understand the total cost of the event, as air expenditures can be a very significant part of the equation.
- Depending upon the size of the meeting or convention, limit the number of cities for consideration. If a single destination cannot be identified prior to sending the eRFP, then limit the number of cities under consideration to a maximum of three. For citywide conventions, the number of cities under consideration will be larger.
- Limit the number of venues sourced in each destination. Regardless of the number of cities/destinations being considered, the buyer should limit the number of eRFPs to a maximum of three to five per city, so as not to inadvertently drive the rates higher because hotels/venues may not provide the best offer/pricing due to the overall number of eRFPs that need to be completed.
- Provide the hotels with sufficient information so the hotel revenue management teams can make informed decisions about your business including:
    - The event profile – name of the event, company, dates, purpose, objective of the meeting and attendee profile.
    - Room blocks by day.
    - Event history – provide at least two years of history for the event, including items such as total event cost (breaking out food & beverage, audio visual and Internet usage), day-by-day hotel guest room pick up and total number of attendees.
    - Space requirements outlined with indication of any flexibility.
    - Food & beverage requirements.

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    - Expected or desired room rate range.
    - Number of eRFPs issued, and at a minimum, the names of competitor venues or types of facilities, and other destinations under consideration.
    - Indicate whether your dates and/or pattern are flexible.
    - Indicate the date by which you will decide on a short list of venues for final consideration, which should be within days of issuing the eRFP.
    - Similarly, if the technology defaults to a 24 hour response, but you don't need the response that quickly, turn the 24 hour default off.
    - Prioritize concessions requested.
- Consult with CVBs and GSOs to help planners understand the local room demand, demand patterns (such as arrival and departure of either existing business or leisure visitors), and seasonality before planners send the eRFP.
- Consider creating preferred property/chain agreements so as to reduce the number of eRFPs to be sent out.

ADDRESSING TECHNOLOGY

Technology companies can reduce or limit the number of eRFPs issued with the following methods:

- For buyers, use the airfare estimator provided by some meeting management technology companies to narrow the list of destinations – ideally to one city.
- For buyers, have your organization create a policy that restricts the number of eRFPs to three to five per city, and no more than three cities.
- For buyers, consider using a sourcing system that allows you to uncover the basics, such as availability, rates and space, through the use of a short RFI process or through a real-time inventory system.
- For hoteliers/venues, consider the effectiveness of your marketing packages. Recognizing that market packages increase the number of eRFPs directed to your venue, conduct a cost/benefit analysis to see if the increased costs or frustration of potential customers outweighs the incremental leads generated by the marketing packages.
- For hoteliers, if you cannot reduce the number of leads coming from your meeting technology partners, use technology that helps analyze and prioritize these leads in order to increase your productivity.
- For CVBs copied on eRFPs, actively educate planners on the completeness of the information provided, advise planners on local demand and arrival and departure patterns, and consult on adding or subtracting hotels based upon local expertise.

PLANNER RECOMMENDATIONS

During the CIC APEX interviews, planners were asked for their recommendations regarding eRFPs. Here are their suggestions, which provide a unique perspective on the changes needed in the sourcing process.

Corporate/Association Planners: Best Practices and Recommendations

Best practices reported by corporate/association planners for strategically limiting eRFPs included:

- Having confidence the event will occur prior to sending the eRFPs.
- Understanding the objectives of the event and selecting venues and destinations that are best suited to achieving these objectives.

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- Using filters to ensure venues have the capability (such as sufficient meeting space) to host the event.
- Providing more information on their priorities and full value of their event to hotels.
- Narrowing the list of destinations under consideration in advance of issuing the eRFP.

Corporate/association planners also suggested the following recommendations:

- The creation of a standardized eRFP template used by more planners may simplify responses and improve the amount of time required to respond.
- A possible 'request for information' (RFI) system – although this received a mixed response with some planners commenting it would add a further layer and more delays.
- The establishment of a suggested cap on the number of cities or venues receiving eRFPs.
- More education for planners and hoteliers on the responsible and effective use of eRFPs.

Third Party Planners: Best Practices and Recommendations

Best practices from Third Party Planners included:

- Use of strategic sourcing practices to filter properties in advance.
- Advising preferred hotels if they are in the top three to increase their interest in responding without diminishing negotiation leverage.
- Spending more time qualifying the event with the client to narrow the focus.
- Sending destination overviews in advance to clients to narrow the number of cities.
- Advising clients to be more strategic with questions (example: request name of sustainability contact and reach out only after hotel is on the shortlist).
- Educating the buy side (their clients) that they don't need to negotiate the entire meeting through the eRFP.

Recommendations from Third Party Planners included:

- The ability for hotels to build profiles in all eRFP systems to reduce the amount of time needed to respond to a proposal.
- A mechanism to alert planners of city-wide conventions affecting availability—understand the local demand.
- Hotels should offer alternative dates more readily.
- Hotels should respond if they are declining so that planners do not need to follow up on a response.

RECOMMENDED PRACTICES BY LEVEL OF IMPACT AND PLANNER CONTROL

The following diagram identifies practices that may be implemented by planners in order to improve efficiencies in the eRFP process. The practices are organized based on impact and level of control by the planner.

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Low-Mid Impact / High Planner Control:

- Increase destination/venue knowledge
- Utilize recommended caps within eRFP systems
- Advise CVB/DMO or GSO/NSO if and to whom leads may be forwarded
- Contact CVB/DMO for information about city-wide conventions and venues

Mid-High Impact / High Planner Control:

- Limit number of destinations/venues to those that best align with event goals
- Research and narrow venues/destinations in advance
- Identify preferred activities to narrow the destinations being considered for incentives
- If highly detailed information is required, shortlist venues and send a second RFP

Low-Mid Impact / Low Planner Control:

- Revise procurement requirements regarding number of required bids

Mid-High Impact / Low Planner Control:

- Increase lead times
- Confirm that event will occur prior to issuing eRFP
- Reduce likelihood of date changes
- Change internal and external client expectations about volume of bids

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SUMMARY

In summary, the main drivers contributing to the number of eRFPs flooding the market today are (1) some buyer and customer misconceptions and lack of understanding regarding what hoteliers value and how they evaluate meetings business (2) the marketing packages offered by some meeting technology companies that generate large numbers of leads for their premium marketing customers, which includes most major chains and (3) the increase in the number of eRFPs due to recent improved economic conditions. This leads to more eRFPs as buyers seek hoteliers/venues able to address their room/space requirements.

Other drivers that are shared by corporate buyers and third party planners included anticipated availability, the number of destinations being considered, lead times (short-term increased volume), ease of use and searching for an unknown “X factor” for incentives. Corporate buyers are also influenced by internal client preferences (including considering multiple destinations), and third party planners are influenced by client preferences and/or indecision and their own knowledge of properties (through direct experience or hosted buyer events).

The best way to improve the eRFP efficiency and effectiveness for all parties is multifaceted but clearly involves narrowing the choice set prior to issuing a thorough and complete eRFP. This will involve deciding on the event destination whenever possible prior to issuing an eRFP, adopting policies that limit the number of eRFPs that can be issued through the meetings management technology system and providing complete information within the eRFP. Technology can also play a significant role in improving the sourcing process by providing availability, rates and space in real time in order to narrow the possibilities. Hotels should use technology that helps analyze and prioritize leads so as to eliminate wasted effort for events that will never convert to an actual booking. The goal of obtaining a complete, competitive, and timely response is attainable, and the challenges associated with high eRFP volume are surmountable if each constituency takes the steps described above to address the issues within their own span of control.

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GLOSSARY

Corporate/Association Buyers – internal meeting planners or sourcing professionals tasked with identifying and booking venues and negotiating contracts.

Third Party Buyers – external sourcing professionals tasked with identifying and booking venues and negotiating contracts for one-off events.

Meeting Management Companies – external sourcing professionals tasked with identifying and booking venues and negotiating contracts, typically as part of a strategic meetings management program.

Meeting Technology Companies – (1) those that collect revenue from venues for marketing packages, and revenue from corporations and associations for the use of their system, and (2) those that do not collect revenue from venues for marketing packages.

Occasional Planners – are non-professional meeting planners with limited experience in contracting and operating meetings.

Convention & Visitors Bureaus (CVB)s – sometimes referred to as destination marketing organizations (DMOs) are not-for-profit organizations representing a specific destination and promoting the economic development of communities through travel and tourism. CVBs assist planners by sharing their local knowledge, educating the planner on qualified venues for their meeting and facilitating the distribution of eRFPs.

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RESOURCES

Following is a list of articles and conference presentations that address this issue.

Betsy Bair, *Hotel e-RFPs: Both Planners and Suppliers Feel the Pain*, May 13, 2014, http://meetingsnet.com/site-selectionrfps/hotel-e-rfps-both-planners-and-suppliers-feel-pain

Dave Kovaleski, *4 Tips for Better R*FPs, Aug 29, 2013, http://meetingsnet.com/tips-top/4-tips-better-rfps

Christine Shimasaki, *eRFPs Unchained!*, http://blog.empowermint.com/shimos-corner/erfps-unchained/

Matt Alderton, *New ACTIVE Network Tool Helps Hotels Respond Faster to eRFPs*, January 13, 2014, http://www.successfulmeetings.com/news/meetings-technology/new-active-network-tool-helps-hotels-respond-faster-to-erfps/

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Debi Scholar, *Meetings: Triage and Answer Your e-RFPs*, http://hotelexecutive.com/business_review/3066/meetings-triage-and-answer-your-e-rfps

Winning More Group Business - The impact of eRFPs on the State of the Meetings Industry, http://www.hotelmanagement.net/technology/winning-more-group-business-the-impact-of-erfps-on-the-state-of-the-meetings-industry

Business Wire, *Meeting ERFPs Return To Pre-recession Levels*, January 14, 2013, http://www.thestreet.com/story/11811781/1/meeting-erfps-return-to-pre-recession-levels-graphic-business-wire.html

eRFP Volume Rose 'Significantly' for Many, November 2014, http://www.meetingmentormag.com/august-2014/erfp-volume-rose-significantly-for-many/

Kevin Iwamoto, *eRFPs: Friends or Foes to Site Sourcing Effectiveness for Buyers and Suppliers?*, June 2014, FICP Education Forum, http://www.ficpnet.com/education-forum/erfps-friends-or-foes-site-sourcing-effectiveness-buyers-and-suppliers

Chris Davis, *E-RFP Eruption: Shifting Meeting Sourcing Strategies As Online Leads Swamp Hoteliers*, May 03, 2012, http://www.businesstravelnews.com/Corporate-Meetings-News/E-RFP-Eruption--Shifting-Meeting-Sourcing-Strategies-As-Online-Leads-Swamp-Hoteliers/?a=proc

Corrie Dosh, *The Evolution of e-RFPs*, Feb 1, 2007, http://meetingsnet.com/technology/rfp/meetings_evolution_erfps/

Dave Kovaleski, *The RFP Explosion*, Feb 28, 2012, http://meetingsnet.com/negotiating_contracts/rfp-explosion-0228/index2.html

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ABOUT THE GLOBAL BUSINESS TRAVEL ASSOCIATION MEETINGS COMMITTEE

The GBTA Meetings Committee is comprised of 14 members representing all aspects of the GBTA membership, including direct and allied members, as well as representatives from all aspects of the Meetings industry. The Committee's mission is to develop an innovative dynamic environment delivering a comprehensive body of knowledge supporting strategic meeting portfolio management for GBTA members and other meetings and travel industry constituents to equip them to maximize the overall strategic impact of meetings.

ABOUT THE CIC APEX ERFP EFFICIENCIES WORKGROUP

CIC's 33 member organizations represent more than 103,500 individuals and 19,500 firms and properties involved in the meetings, conventions and exhibitions industry. CIC offers many tools and programs designed to support the industry and meet its challenges; facilitate the exchange of information and ideas; and educate the public on its profound economic impact. One of CIC's Programs is the Accepted Practices Exchange (APEX). APEX promotes development and implementation of industry-wide accepted practices to create and enhance efficiency throughout the meetings, conventions and exhibitions industry. In 2014, recognizing the challenges faced by both planners and suppliers related to the high volume use of eRFPs, the APEX Standards Committee established the eRFP Workgroup to create the opportunity for greater efficiencies by exploring and recommending specific practices and strategies for all parties.

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[i] GBTA Meetings Committee and GBTA Foundation, *Group Meeting eRFP Survey: Key Findings,* July 2014, http://hub.gbta.org/resources2/view/profile/id/28129/vid/1

[ii] Research conducted by M. Theresa Breining and Mariela McIlwraith on behalf of the CIC APEX eRFP Efficiencies Workgroup in October, 2014.

[iii] Debi Scholar, *Strategic Meetings Management: The History*, 2011, p. 3. http://www.teplus.net/2011/10/strategic-meetings-management-the-history-by-debi-scholar.html

[iv] GBTA Meetings Committee, *How Many eRFPs?*, Global Business Travel, Volume Two, Issue 3, 2014, pp. 32-34

[v] See various reports, *Hotel Performance Outlook*, http://www.travelclick.com/en/Industry-Insights/hotelperformance-outlook-listing

[vi] Chris Davis, *E-RFP Eruption: Shifting Meeting Sourcing Strategies As Online Leads Swamp Hoteliers*, Business Travel News, May 03, 2012, http://www.businesstravelnews.com/Corporate-Meetings-News/E-RFP-Eruption--Shifting-Meeting-Sourcing-Strategies-As-Online-Leads-Swamp-Hoteliers/?a=proc

[vii] 2013 DMAI DMO Group Sales Channel Impact Study, July 2013, p. 7.

[viii] Shimon Avish, *The Inefficient Marketplace: eRFP SPAM and its Impact on the Market*, American Express Meetings & Events 2013 Meetings Forecast, pp. 30-33.

[ix] Shimon Avish, *The Inefficient Marketplace: eRFP SPAM and its Impact on the Market*, American Express Meetings & Events 2013 Meetings Forecast, pp. 30-33.

[x] Dave Kovaleski, *The RFP Explosion*, MeetingsNet.com, Feb 28, 2012, http://meetingsnet.com/negotiating_contracts/rfp-explosion-0228

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