

# USA: Demand for Group Hotel Services Soar

Big meeting venues are designed to host grand events such as trade fairs and high-level international or regional gatherings. In the past, these centers caught the attention of various organizations which in return helped them to turn in healthy profits that kept them afloat. They are however currently struggling as a result of the 2008 economic meltdown which forced governments and the corporate world to scale back spending on conventions and trade shows.



United States' demand for convention halls has for instance remained low by 8 percent throughout 2014. A recent PwC Convention Center Report notes that this is in comparison to the 2007 figures which were released shortly before the global recession tumbled over various key global markets. The report adds that signs of recovery however started to pop up in August 2014 but the centers are facing stiff competition from hotels that offer group accommodation services.

The competition is propelled by the race to offer top-notch function space and services to corporate and government based clientele. This led to 7 percent increase in hotel group activities between 2007 and 2013. Convention centers recorded reduced activities during the same period and they reacted to this in 2009 by lowering their rates which consequently reduced their ability to host high-energy trade fairs and high-priced conventions.



Many of the centers' spirits haven't nonetheless been totally choked by the growing demand for hotel group services. Some are making innovative attempts to recover their glorious past by incorporating non-convention events in their booking calendars. Seminars, holiday oriented events, festivals, graduation ceremonies and concerts make up a huge chunk of these value-adding events. Deeper analysis on the other hand shows that these events generate less room nights, for the centers, compared to trade fairs and convention gigs.

The centers' occupancy for non-convention side events rose by about 61 percent between 2009 and 2013. Trade shows and conventions on their part dropped by 8 percent in the same period. 2014 is expected to see an increase in these side events as hotel group services gunner the strength to offer superior meeting spaces to government agencies and corporate entities alike.



Hotels are feeling the effects of changes brought about by the competitive rift between them and the convention centers. At the local level for instance, some hotels are forced to source for more cash to aid expansion efforts aimed at increasing their ability to accommodate future high-level conventions and generate more room nights. Others are experiencing shorter regular booking window periods in the bid to create time for the preparation of intensive trade fairs or convention events that have been booked in advance by various organizations.

The U.S. hotel industry is expecting increased activities from trade fairs and conventions in 2014, a trend that is anticipated to continue come 2015. This means market suppression for convention centers across the country because their trade fair and convention occupancy rates are expected to continue the downward spiral with the rise of superior hotel group services. Marketing plans such as Brand USA and Meetings Mean Business are however expected to push aside the gloomy forecast for convention centers and put them back on the path to growth and profitability.

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<http://www.tourism-review.com/travel-tourism-magazine-usa-convention-attendance-struggles-but-hotels-gain-profit-article2528>