

## 2012 London Olympics: Embarking on a Winning Hotel Strategy

As the 2012 Summer Olympic Games draw closer, Carlson Wagonlit Travel is advising all clients to review their hotel requirements in London for the duration of the Games (July 27 – August 12). If your business relies on a steady supply of hotel room nights in London, early action could help to safeguard availability.

The London Organizing Committee of the Olympic and Paralympic Games (LOCOG) is responsible for preparing and staging the 2012 Games. The majority of London properties have already contracted 60% of their bedroom inventory to LOCOG for sponsors, media, participants and visiting dignitaries. It is expected they will release unwanted stock back to the hotels at agreed dates indicated below.

### Key dates

- **January 2012:** Where no rooms in a contracted hotel have been sold, 100% of the allocation/allotment in that hotel will be released (this is a very unlikely scenario)
- **April 2012:** 60% of any unsold rooms will be released\*
- **May 2012:** 30% of any unsold rooms will be released\*

*\*at each contracted hotel*

GDS public rates will become available 11 months prior to date of stay, as standard.

### The challenge

Many organizations may avoid London for the peak period of the Games by communicating with their employees and discouraging meetings that would require accommodation. However, London will also be busy during the weeks leading up to the Games, especially in the week prior, with LOCOG holding a large number of rooms in this period.

### The numbers

#### Olympics

- July 27 – August 12, 2012

#### Paralympics

- August 29 – September 9, 2012

|  |                  |
|--|------------------|
| ▪ Number of sports                               | <b>26</b>        |
| ▪ Number of athletes                             | <b>17,000</b>    |
| ▪ Number of journalists to cover the event       | <b>20,000</b>    |
| ▪ Number of countries represented                | <b>200</b>       |
| ▪ Number of people involved in staging the games | <b>63,000</b>    |
| ▪ Number of spectators                           | <b>500,000</b>   |
| ▪ Number of tickets expected to be sold          | <b>9 million</b> |

#### Key locations

- London – 95% of the events
- Weymouth
- Cardiff
- Bristol
- Birmingham
- Manchester
- Glasgow

For those companies that need hotel rooms in London, contracting will be more complex as hotel RFPs covering this period are likely to be met with resistance on items such as allocations and minimized blackout dates.

Securing 'guaranteed' accommodation for this period may be subject to inflated rates, deposits, pre-payment or long cancellation periods, with full payment for non-usage.

Key hotel suppliers are vowing to act in a fair and reasonable way with regards to pricing and to rewarding the loyalty of their corporate customers. Nevertheless, early action is vital to secure accommodation and/or manage demand.

Follow our checklist to make sure your company is prepared for this challenging time:

### Internal

1. Ascertain likely demand:
  - Analyze past travel patterns using *CWT Program Management Center*
  - Engage with internal stakeholders - divisional heads, marketing and events, hr
  - Add 'the Olympics' to every relevant agenda
2. Formulate your company Olympic strategy:
  - Consider the best approach – business as usual, travel bans, divisional restrictions
  - Encourage better booking practice and advance planning
  - Engage general demand management where possible
  - Consider alternative meeting locations and dates
3. Manage expectations:
  - Traveling to, from and within London will be extremely difficult
  - Cost of rooms generally will be high, with availability extremely low
  - Minimum night stays will be in place

### The hotel industry

4. Key dates:

Demand for London hotel rooms will increase prior to the competition as organizers, media and participants arrive to set up before the Games begin. Summer 2012 will also see London play host to other annual events, such as Wimbledon and the Chelsea Flower Show, as well as the Farnborough International Airshow and the Queen's Diamond Jubilee
5. Hotels' Olympic commitment:

Currently the majority of London hotels are holding between 65% and 85% of bed stock for LOCOG. Some hotels have been sold exclusively, but other hotels, such as independents, small chains or UK only chains, have no commitments at this stage
6. Hotel tactics:
  - Some hotels will look to black-out corporate rates

- Beyond the blackout dates hotels put in place for the Olympic period itself, standard rooms in hotels will still be scarce so hoteliers will look to yield on higher room categories
  - Tighter terms and conditions on rates will apply – eg lengthy cancellation periods
7. Hotel construction pipeline:  
New hotels built for the Olympics that are opening in the first half of 2012 will dilute the market post-Olympics, so hotels should be keen to keep existing business happy

### External

8. Suppliers:
- Identify opportunities within your current program to channel spend to improve negotiating opportunities or shift share to more supportive properties
  - Approach hotels that receive the most volume from you to request their Olympic strategy and where you fit into it
  - Leverage your 'lifetime value' in hotel negotiations – the Olympics will come and go but you will remain
9. Olympic allocations:
- Where possible, negotiate allocations in current key properties
  - Identify and approach existing suppliers or new builds that do not have any LOCOG commitment
  - Scrutinize the terms you are offered as these will vary, from honoring your current contract to pre-paying deposits on inflated rates with a 17 day minimum night stay
  - Ensure all offers and commitments are agreed in writing

### Planning a meeting?

Although meeting room space is currently showing reasonable availability, you should consider the following:

- Travel availability for attendees - flights, trains and buses will have the same demand as hotels
- Some key roads and hotels in London will be inaccessible and traveling times will be significantly increased when moving around London
- Reduced availability of accommodation to support your secured meeting space
- Overinflated prices for meeting spaces
- Poor availability or overcrowding in restaurants and visitor attractions
- Higher non-refundable deposit requirements
- Heavier responsibility on the vendor within terms and conditions of contracts
- Reduced availability of private ground transport services, ultimately increasing costs

We recommend that you consider the alternatives:

- Select another date
- Consider a different location. Some competing cities will be feeling the impact of losing business to London and will be competitively priced to attract business

If you are still keen to go ahead with hosting a meeting or event in London during the 2012 Olympics, please plan as far ahead as possible. Talk to your CWT program manager or CWT Meetings & Events team so that they can support you.

CWT is not a licensed distributor of Olympic Games tickets. Approved agents can be found through the London2012 link within the useful links section of this document.

### **Air travel**

Demand for air travel will peak at the beginning and end of the games as participants, organizers and spectators arrive and depart. By analyzing previous major events, such as other Olympic Games and World Cups in key cities, the CWT Solutions Group forecasts a 24% increase in fares over the period.

### **CWT can help**

- Talk to your CWT representative to assess the impact on your business and prepare an action plan if necessary.
- Use *CWT Program Management Center* to assess demand for travel in London based on prior years' data (we suggest that an average of 2009 and 2010 MI is a good guide, as some demand management was already in place over this period).
- Consider engaging experts from *CWT Hotel Solutions* if your organization requires additional assistance in benchmarking and contracting hotels.
- CWT will endeavor to have in place an allocation available for clients without an established or managed hotel program. Booking terms will be fairly inflexible but this will help with your availability.

### **Useful links**

Visitlondon.com  
London2012.com  
tfl.gov.uk