

# Event History and Housing Contract Clauses for a Dual-Citywide Event: The 2014 Gay Games

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## Introduction

Destinations often consider hosting citywide events for a number of reasons, including publicity, attracting new target markets, and increasing occupancy and expenditures during low seasons and shoulder nights. However, compared to smaller events which utilize only one facility, citywides have an added challenge in that they require intricate logistical planning due to the number of hotels providing accommodation, transportation needs, and the use of multiple event venues.

The Ninth Gay Games (GG9) was co-hosted by the neighboring municipalities of Cleveland and Akron in August 2014. This was the first time two cities shared hosting responsibilities. The dual-citywide arrangement required organizers to coordinate facilities, events, and staff members across an area encompassing more than 60 square miles (L. Carter, personal communication, March 9, 2015).

While the *Cleveland+Akron* 2014 Gay Games organizing committee was eager to showcase their cities and host the GG9 event, from the out start they faced an uphill battle. Despite its 30-year history, and the fact that the previous Games had been held in world-class cities, there was no historical housing data available to assist with planning and forecasting.

This case highlights the importance of historical data when planning recurring mega-events. Historical review of data allows for several benefits, including: (a) extrapolation of past data to predict future attendance; (b) informed budget preparation; (c) insight into attendee demographics; and (d) effectiveness of previous event management strategies such as marketing efforts (Tinnish & Ramsborg, 2015).

Another significant aspect of planning citywide events concerns housing arrangements. To ensure attendees receive the best rate in the marketplace while housing providers achieve revenue maximization, it is essential for stakeholders to align on a room block strategy (Norris, 2014). Several questions arise with regard to room block management: (a) Should a third-party housing provider be used?; (b) What strategies can be implemented to encourage attendees to book within the block to reduce attrition damages?; (c) What are essential housing-related contract clauses which should be included?; and (d) How many rooms should be in the block?

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## Background

### *History of The Gay Games*

The Gay Games were founded by Tom Waddell, an Olympic decathlete, as an experiment in global unity and education (Federation of Gay Games, n.d.). The event is held once every four years and during its 30 year history has been hosted in several major world cities including San Francisco, Amsterdam, New York, and Sydney (Symons, 2010). The Games are open to individuals over the age of 18 and brings together athletes from across the world through the three founding principles of *Inclusion, Participation and Personal Best* (Walker, 2014). The Games, when in the United States, draw 75% of its participants from North America, 15% from Western Europe, and 10% from Australia (L. Carter, personal communication, March 9, 2015). The majority of attendees (70%) normally drives in and utilizes hotels, restaurants, local shopping, entertainment and activity venues (L. Carter, personal communication, March 9, 2015). Most athletes are in the 35-50 age range and earn an annual income of \$50,000 - \$99,000 ("Gay Games Fact Sheet," 2014).

The 2014 Gay Games; i.e., Gay Games 9 (GG9), was hosted by the cities of Cleveland and Akron, Ohio. This was the first time the Games was held in a regional/secondary market. Cleveland and Akron were selected over larger, first-tier cities such as Boston, MA and Washington, DC. Although northeast Ohio is not traditionally known as a popular gay destination, social changes occurring in the region, in addition to the availability of economical accommodations and nationally ranked sporting venues, made both Cleveland and Akron appealing (Maag, 2009). In what was a first for the Games, the Akron Visitors Bureau committed \$100,000 and the Cleveland City Council approved a \$700,000 grant to bring the event to Cleveland and Akron (Glassman, 2009). GG9 attracted approximately 20,000 people from around the world; 8,000 were competing athletes and roughly 75% of all participants were non-locals (Rohlin & Greenhalgh-Stanley, 2014).

### *Housing Needs for GG9*

Thirty-five (35) nationally-rated sporting venues in and around the cities of Cleveland and Akron were utilized for the Games (L. Carter, personal communication, March 9, 2015). This brought up the need to offer housing options across both cities and in close proximity to outlying event venues. Due to the lack of large convention hotels in the region, several mid-size and smaller hotels were needed to support the housing needs of GG9.

Two years before the commencement of GG9, a joint informational planning meeting for hotel operators in Cleveland and Akron was held. One hundred and seven (107) hotels were invited to participate, of which 80 chose to do so. Ultimately, room blocks were contracted at 23 hotels, offering 24,000 room nights (L. Carter, personal communication, March 9, 2015).

A room block is defined as the total number of sleeping rooms contracted by a meeting or event (Mallett & Weller, 2015). The event's historic room pick-up rates, attrition, and previous occupancy patterns are the primary determinants of the number of rooms needed in the room block (Mallett & Weller, 2015).

## **Theoretical Underpinning**

### ***Organizational Information Theory***

Since no prior Gay Games' host city had tracked their hotel booking pace or pick-up rates, forecasts had to be made without historical housing data. This made decisions related to attrition penalties and other relevant housing contract clauses challenging. Organizational information theory focuses on communicating information which is vital to the success of an organization (Eisenberg, 2007). Karl Weick developed the theory to describe the process by which organizations collect, manage, and utilize the information they receive. The key to successful information processing is deciphering and distributing information that is gained; merely attaining information is not sufficient (Weick, 1979). He stated organizations should strive to reduce equivocality or ambiguity of information collected to make it meaningful. He also clarified there is an inverse relationship between the number of rules needed to reduce equivocality and the number of cycles of communication. Applying the organizational information theory to a repeating citywide event such as GG9, because only a few people from the planning committee deal with the housing aspect, more cycles of communication with the previous years' housing coordinators is needed to reduce ambiguity of information.

### ***Stakeholder Theory***

Stakeholder theory addresses an organization's need to meet the expectations of groups of stakeholders (Freeman, 2010). Both internal (i.e. employees and management) and external (i.e. customers, sponsors, the community) parties are considered. In the case of the Gay Games, there were several groups of stakeholders who were involved in the planning process and execution of the event.

Athletes and spectators were crucial stakeholders in that they were in need of housing during the Games and expected a variety of lodging options and price points from which to choose. In order to meet these needs, room blocks were created in 23 hotels located both in the downtown area and near sports venues. As the age and income ranges of GG9 participants was widespread; luxury, budget, and even

dormitory options were provided.

Due to the demand for accommodations for 20,000 people over the course of a week, the hotels in the Cleveland and Akron region were major stakeholders. Challenges attributed to a mega-event held in the area one year prior to GG9 resulted in hotels being hesitant to waive attrition penalties, as the hotels did not want to risk losing potential revenue. The GG9 organizers were another stakeholder group similarly concerned about attrition penalties, and even more so about the need to ensure all GG9 participants were counted towards the room block in order to receive the contracted rebates. These rebates were vital as they subsidized transportation costs. To meet the needs of both the hotels and the GG9 organizers, incentives were given to attendees residing in participating hotels in an effort to encourage them to book within the block. Additionally, the GG9 organized room audits to ensure participants were counted towards the room block, even if they had made reservations at partner hotels using other methods.

Lastly, the cities of Cleveland and Akron, specifically the associated convention and visitors bureaus (CVB) were important stakeholders as the success of GG9 could generate future citywide events in the geographic region.

## **Operationalizing Housing Methods for GG9**

### ***Housing Reservation Methods***

There are several options for housing reservation methods for a citywide event, including: (a) hiring a third-party vendor; (b) handling reservations in-house; or (c) using the services of a destination marketing organization such as a city's convention and visitors bureau (CVB) (Mallett & Weller, 2015). When assessing alternatives for a housing provider, GG9 considered two options: a third-party vendor and Passkey®, a room reservation software for which *Destination Cleveland* had a licensing agreement (C. Gwin, personal communication, January 20, 2015).

The decision was made to partner with *Destination Cleveland* to manage housing reservations. An unrelated citywide event was held in Cleveland one year prior to the GG9, which had utilized a third-party housing vendor. The third-party housing vendor had negotiated free parking and breakfast by promising high booking rates which did not materialize (L. Carter, personal communication, March 9, 2015). These concessions, along with the fees and commission associated with hiring a third-party housing vendor (Hosansky, 1997) made hotels in Cleveland weary of working with a third-party housing vendor for the GG9. Given Cleveland's previous bad experience with third-party housing, GG9 thought it advantageous to partner with *Destination Cleveland* because it was local and would be immediately accessible and responsive to housing needs, in addition to having a good rapport with area hotels (L. Carter, personal communication, March 9, 2015). Creating a positive and productive relationship between the CVB and area hospitality businesses was necessary to ensure a successful GG9

and future citywide events. Utilizing Passkey® also allowed attendees to register up to 31 months prior to the event when hotels typically have a 12-month booking cycle.

Selecting the local CVB as the housing provider was not without its challenges. *Destination Cleveland* did not have the staffing needed to dedicate to GG9 housing. The GG9 organizers had to be proactive and were able to recruit interns from local hospitality programs. *Destination Cleveland* assisted with training interns in Passkey® to manage reservations (C. Gwin, personal communication, January 20, 2015). Additionally, *Destination Cleveland* had to outsource a call center to manage reservations by phone. Although the CVB tried to postpone opening the call center, when the call volume became too high to handle internally at *Destination Cleveland*, the call center was opened in April 2014 (C. Gwin, personal communication, January 20, 2015).

### Types of Housing

The 23 hotels with GG9 room blocks included a combination of luxury and upscale hotels, and mid-scale and economy properties. While most hotels were full-service properties, a few were classified as extended stay and limited service hotels. Details regarding the specific types of hotels and daily rates are summarized in Table 1 (L. Carter, personal communication, March 18, 2015).

In addition to room blocks created with 23 hotels in Cleveland and Akron, GG9 had the foresight to realize there would be demand for alternative housing options, specifically local university dormitories for both volunteers and international travelers. Although some of the staff and volunteers could be housed in complimentary rooms provided by hotels in the room block, GG9 had approximately 4,000 volunteers with 2% (80) requiring housing for at least one night. In addition, housing was needed for tournament directors, referees, and officials (L. Carter, personal communication, March 9, 2015). With 25% of the total GG9 participants expected from Europe and Australia,

the organizers anticipated the need for dormitory housing for this population as well (L. Carter, personal communication, March 9, 2015). The greatest benefit of an event held in summer is the possibility of securing inexpensive dormitory accommodations (Waddle, 2010). For GG9, the contracted dorm room inventory had a net cost of \$25/night compared to the typical nightly hotel room rate of over \$150 (C. Gwin, personal communication, January 20, 2015). The location of the 23 hotels and various GG9 sporting venues is shown in Appendix 2.

The process to secure housing arrangements with universities varies widely. Two universities offered housing for GG9, of which one required a detailed contract with GG9, while the other did not (C. Gwin, personal communication, January 20, 2015). A challenge with dormitory housing was that universities were unable to turnover rooms for new guests in the middle of the week. Hence, GG9 communicated to guests desiring dormitory housing that they would have to commit to a nine-night reservation, regardless of how many nights they actually needed the room (C. Gwin, personal communication, January 20, 2015).

Additionally, GG9 elected to restrict each dormitory reservation to one bed, as opposed to one room (C. Gwin, personal communication, January 20, 2015). This decision was made to maximize inventory, thus requiring each guest and their roommate to go through the booking process (L. Carter, personal communication, March 9, 2015). GG9 did encounter a challenge with assigning roommates as not every participant requested a roommate. All registrants were informed they would be assigned a roommate unless they requested someone specific or paid for both beds in the room (L. Carter, personal communication, March 19, 2015). The interns assisted with the roommate assignment process and managed pre-arrival communications, onsite check-in, requests throughout the week, and check-out of dormitory guests (C. Gwin, personal communication, January 20, 2015).

**Table 1**  
**Hotel Types, Distribution, and Rate Ranges for Hotels Part of the GG9 Room Block**

Hotel Type	Number of Properties	Rate Range	Average Nightly Rate
Scale			
Luxury	2	\$179 - \$279	\$229
Upscale	12	\$109 - \$179	\$175
Midscale	7	\$99 - \$179	\$131
Economy	2	\$125 - \$169	\$147
Service Level			
Full service	16	\$99 - \$279	\$170
Extended Stay	2	\$169 - \$179	\$174
Limited Service	5	\$125 - \$169	\$151

## ***Room Block Management***

### ***Incentives***

An incentive is defined as a reward or concession designed to encourage event attendees to book within the room block (Mallett & Weller, 2015). It is essential to encourage attendees to stay within the room block due to associated advantages such as low attrition damages and increase in rebates (Mallett & Weller, 2015). A rebate is a revenue generator for the meeting organizer to offset meeting costs (Mallett & Weller, 2015); it is a set dollar amount for every utilized room night that is returned as revenue by the hotel to the meeting organizer. According to the contracts signed by the GG9 with participating hotels, a \$15 rebate was issued for each room night (L. Carter, personal communication, March 9, 2015). Rebates were used by GG9 to offset the cost of the public transportation and subsidize venue rental costs (L. Carter, personal communication, March 9, 2015).

GG9 created a *Stay to Save* package in consultation with *Destination Cleveland* and Akron Summit County CVB to encourage registrants to book within the housing block and to showcase attractions and entertainment options in the region (L. Carter, personal communication, March 9, 2015). The GG9 website listed restaurants, bars, entertainment venues and transportation companies offering exclusive deals to GG9 attendees staying in participating hotels.

In order to restrict the *Stay to Save* deals and discounts, special GG9 wristbands were given to registrants upon check-in at a participating hotel (L. Carter, personal communication, March 9, 2015). The wristbands served another purpose in that they also educated local businesses about the Gay Games. Businesses were able to greet guests accordingly and document earnings and visitation, making an economic impact assessment of the Games more accurate.

### ***Housing Pirates***

Housing pirates are unauthorized housing providers who offer rooms at reduced rates to attendees associated with a particular event (Bracken & Shure, 2006). These actions are particularly detrimental, as it increases attrition penalties for the organizer. GG9 encountered housing pirates that attempted to encroach on the GG9's contracted room block. For example, a travel agency out of Florida attempted to negotiate commissionable room blocks with a number of area hotels to offer a package for participants from Florida that included transportation and additional amenities (C. Gwin, personal communication, January 20, 2015). Fortunately, Destination Cleveland and GG9 had strong ties with the contracted hotels; the hotels were asked to pass on any such requests to Destination Cleveland and GG9. The hotels obliged because GG9 had contracts with all of the downtown Cleveland hotels; otherwise the hotels could have gone through unnecessary bidding wars for groups such as this travel agency. After negotiations fell through with one of the GG9 partner hotels, the trav-

el agency from Florida ended up booking with two non-GG9 hotels outside of the Cleveland-downtown area.

Meeting hosts such as GG9 must be cautious when negotiating with housing pirates as such organizations may cancel due to the inability to sell enough packages. This type of cancellation could have repercussions for the host's reputation with area hotels (C. Gwin, personal communication, January 20, 2015).

## ***Essential Contract Clauses***

### ***Attrition***

Attrition is defined as "the failure to occupy all contracted rooms within an allowable shortfall, which requires financial compensation from the host organization to the hotel" (Mallett & Weller, 2015, p. 190). It is typical for a contract to specify what percentage of the room block must be utilized. If this percentage is not booked, the event organizer must pay attrition penalties. As stated earlier, due to low hotel room pick-up associated with another citywide event held one year before GG9, several hotels realized significant losses due to lack of attrition parameters (L. Carter, personal communication, March 9, 2015). Thus, when GG9 approached hotels to create room blocks, the hotels were not amenable to agreeing to an attrition-free contract. While the hotels were unwilling to forego an attrition clause, GG9 was able to negotiate a more flexible and lenient attrition policy than is standard.

GG9 organizers were permitted to set up room blocks one year before the event start date. Hotels allowed an adjustment of up to 15% of the block four months prior to arrival (L. Carter, personal communication, March 9, 2015). The compromise took into account the Games' 90-120 day out booking cycle and the hotels' need for the same time frame to take full advantage of the transient business booking cycle. Please see Appendix 1 for a sample GG9 attrition clause.

It is typical for the contract to specify a percentage of the block that must be picked up before attrition damages apply (Mallett & Weller, 2015). In the case of GG9, this was 75% (L. Carter, personal communication, March 9, 2015). The attrition damages were negotiated at 75% of the hotel's negotiated nightly room rate, thus covering the hotel's lost profit for any unsold rooms (L. Carter, personal communication, March 9, 2015). The hotels were agreeable to these terms due to the transparency offered by the Games' organizers. Each hotel had 24-hour access to their pick-up and received a weekly report which disclosed the pick-up for each hotel in the block. This was done to allow revenue managers to better forecast GG9's pick-up (L. Carter, personal communication, March 9, 2015).

### ***Room Audit***

The room audit process involves cross checking hotel guest names against the most current registration list (Mallett & Weller, 2015). Room audits are valuable because findings often reveal rooms booked by registrants outside the block (ROB). Event attendees book

outside the block for many reasons: (a) they were able to find a better rate through an online supplier such as Hotels.com or Expedia.com; (b) they received a better rate through membership with organizations such as the American Automobile Association (AAA) and the American Association of Retired Persons (AARP); (c) they used hotel loyalty points to reserve rooms; or (d) they received a better rate due to a corporate rate plan (Bracken & Shure, 2006). It is imperative that the meeting host be credited for these rooms in order to decrease potential attrition damages and receive rebates owed (Hilliard, 2005).

Including a room audit clause in the GG9 hotel contract (see Appendix 1 for a sample GG9 room audit clause) enabled the organization's representatives to discover numerous rooms booked outside the block and receive credit for those reservations (C. Gwin, personal communication, January 20, 2015). Although the GG9 Housing Committee Chair included a contract clause forbidding the hotels from offering lower rates via online distribution channels (e.g., Expedia.com; Travelocity.com) than those negotiated with GG9, it was determined not all hotels managed their rates on these channels properly (C. Gwin, personal communication, January 20, 2015). In addition to rooms booked through third-party booking websites, rooms were uncovered during the audits that were booked using hotel loyalty points.

Since GG9 had room blocks with 23 hotels, conducting the room audits was a challenge. GG9 volunteers travelled to every hotel in person to compare the event registration list with the hotel's in-house guest lists during the dates of the Games. Due to confidentiality, hotels were not permitted to provide copies of their in-house guest list to the Housing Committee Chair and vice versa (C. Gwin, personal communication, January 20, 2015). Nineteen interns and volunteers were brought on board to complete the audits. Two training sessions were held prior to the start of the Games. The volunteers and interns were each assigned one or two hotel(s) and conducted audits twice during the week of the event (L. Carter, personal communication, March 9, 2015).

Room audits helped GG9 reduce or avoid attrition penalties in eight hotels (L. Carter, personal communication, March 18, 2015). The audits uncovered 2,538 room nights that were subsequently counted towards the overall room pick-up (C. Gwin, personal communication, January 20, 2015). Another significant benefit attributable to the inclusion of the room audit clause was that it enabled creation of an accurate record of housing. As stated earlier, since the inception of the GG9 back in 1982, a room block history had never been kept. With the use of the reporting function in Passkey®, along with the data collected from the room audits, an accurate pick-up history can now be provided to the next host city, Paris, for the 2018 Gay Games. This information will assist future Gay Games' housing committee members with contract negotiations.

### *Cut-off Dates*

The **cut-off-date** is the date when a hotel can release any unsold sleeping rooms that are part of a room block to make them available to the general public. The date varies from three weeks prior to the event start date up to six weeks prior (Mallett & Weller, 2015). The cut-off date for GG9 fell within the typical parameters and was set for July 16, 2014, which was three weeks ahead of the event start date. Please see Appendix 1 for a sample GG9 cut-off date clause.

### *Complimentary Rooms*

Hotels offer "**comps**" or **complimentary rooms** as a reward to groups for maximizing hotel room pickup. The typical standard is one complimentary room night for every 50 paid room nights but this is negotiable depending on the location of the event and the size and value of the group (Mallett & Weller, 2015). Comp room nights can offer significant savings for the meeting host as they can be used to house staff, volunteers, and other special guests (Mallett & Weller, 2015).

From the start of hotel contract negotiations, GG9 realized the importance of including a complimentary rooms clause. While the standard complimentary room ratio during high season in the cities of Cleveland and Akron is 1/50 (one complimentary room night for 50 paid room nights), the majority of hotels agreed to provide one complimentary room night for every 40 paid room nights (C. Gwin, personal communication, January 20, 2015). GG9 earned 107 complimentary room nights that were used to house staff members and volunteers who needed accommodations near sports venues (C. Gwin, personal communication, January 20, 2015). Please see Appendix 1 for a sample GG9 complimentary rooms clause.

The challenge with complimentary rooms was that GG9 did not know the exact number of room nights earned per hotel until the week of the event because of last minute reservation cancellations and modifications. Occupants of the complimentary rooms changed frequently throughout the week because specific staff members and volunteers were assigned to events taking place at different times during the week (C. Gwin, personal communication, January 20, 2015). Communication with the hotels was essential when switching out occupants in the rooms. Additionally, some of the volunteers had to change hotels in the middle of the week because the number of complimentary room nights earned was depleted (C. Gwin, personal communication, January 20, 2015).

Complimentary rooms were negotiated differently with the official host hotel, The Renaissance Cleveland. The Renaissance Cleveland committed to be a Platinum Level Sponsor for GG9. Due to the sponsorship conditions, all complimentary rooms and suites, as well as pre-planning trips were stated in the contract (C. Gwin, personal communication, January 20, 2015).

## **Economic Impact**

After the conclusion of GG9, an economic impact study of the Games was conducted. The total economic impact was estimated at \$52.1 million using the Cleveland and Akron Regional Input-Output Multiplier Model (Rohlin & Greenhalgh-Stanley, 2014). The direct economic impact was calculated at \$38.8 million, which contributed to hotels, restaurants, bars, and transportation (Rohlin & Greenhalgh-Stanley, 2014). A 20.2% increase in hotel occupancy rate in the city of Cleveland was also attributed to GG9 (L. Carter, personal communication, March 9, 2015). GG9 is being touted as the most financially successful Gay Games in the event's 32-year history (Glaser, 2015). The small profits generated from GG9 have been used to create two Lesbian Gay Bisexual Transgender (LGBT) Legacy Funds in the region, one each at the Cleveland Foundation (\$120,000) and Akron Community Foundation (\$27,000) (Glaser, 2015).