

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

Summary

Destinations host citywide events for a number of reasons including publicity, attracting new target markets, and increasing occupancy and expenditures during low seasons and shoulder nights. The Ninth Gay Games (GG9) was unique in that it was co-hosted by the neighboring municipalities of Cleveland and Akron in August 2014. This was the first time the Games was held in a regional/secondary market. Planners of GG9 faced two specific challenges related to housing. First, although previous Games had been held in world-class cities, there was no historical housing data to assist with planning and forecasting. Second, as with planning any citywide event, it is essential for stakeholders to agree on a room block strategy. Essential housing decisions relate to: (a) housing reservation methods; (b) types of housing; (c) room block management; and (d) contract clauses.

Room blocks were created with 23 hotels offering 24,000 room nights to accommodate GG9 participants and their guests. In addition, alternate housing was made available at local university dormitories for volunteers and participants who desired budget accommodations. Although several options were available for housing reservations, GG9 utilized Cleveland CVB's housing bureau as *Destination Cleveland* had a licensing agreement for Passkey®, a room reservation software.

To encourage attendees to stay in GG9 partner hotels, a *Stay to Save* package was created. Each GG9 guest staying within the block was given an identifying wristband which earned them discounts in participating area restaurants, bars, entertainment venues, and transportation companies. The negative influence of housing pirates was muted during GG9 due to the strong ties the Games' planners and *Destination Cleveland* had with area hotels.

Several essential contract clauses were created to satisfy the needs of various GG9 stakeholders. 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. Attrition damages were negotiated at 75% of the hotel's nightly room rates. The ability to conduct room audits greatly reduced attrition damages while also increasing rebates; accounting for every rebate dollar was important because the revenue was used to fund local transportation and venue rental costs. In addition, getting credit for every room booked as part of the block also meant that 107 complimentary room nights were available for use by GG9 volunteers and staff members.

With an economic impact of \$52.1 million for the cities of Cleveland and Akron, GG9 is being touted as the most financially successful Gay Games in the event's 32-year history. The 2014 Gay Games was

also the first to document all relevant housing data which can be provided to planners in the next host city.

Theoretical Framework

Organizational information theory focuses on communicating information that is vital to an organization's success. Keys to successful information processing include deciphering and distributing information that is gained because simply acquiring information is not sufficient. The importance of acquiring, deciphering, and distributing housing information was quickly realized by GG9. Because they had no historic information available, it was their goal to provide this information for future organizers of the Games.

Stakeholders for citywide, repeating events such as GG9 are many and include the host city; hosting organization; suppliers such as hotels, restaurants, and sporting venues; sponsors; volunteers; and participants. Stakeholder theory addresses an organization's need to meet the expectation of both internal and external stakeholders.

Learning Outcomes

This case presents a real life mega-event; all details contained in the case are accurate and true. Each event or meeting is unique; however, the challenges experienced by the Gay Games 9 organizing committee are experienced on a regular basis in the Meetings, Incentives, Conference, and Exhibitions (MICE) industry. The key concepts presented in this case include forecasting, contractual clauses, and auditing. After reading this case, students should be able to:

- Explain the importance of maintaining historical records for reoccurring events.
- Evaluate various types of housing options utilized in the MICE industry.
- Analyze different clauses typically utilized in housing contracts.
- Articulate logistical challenges associated with citywide and dual-citywide events.

Target Audience

This case would be most appropriate for undergraduate students enrolled in a Convention Management or Event Management course. It is recommended this case be presented mid-semester when students have some background in managing events. This case would complement topics covered in previous lessons including:

- Maintaining historical records in order to facilitate forecasting for recurring mega-events
- Communication requirements, particularly in the case of a dual-citywide event

- The financial benefit of managing a group's room block
- Sponsorship
- Providing discount offerings to group members, easily identifying participants associated with a group so they may take advantage of those offerings, and tracking spending in order to assess economic impact
- Contract negotiations

Undergraduate Lesson Plan

Prior to the class session, students should read the case and review significant housing contract clauses. This case may be discussed over one or two class sessions, depending on the time allotted. Prior to analyzing the case, students should have a working knowledge of:

- Citywide event management practices
- Unique aspects of recurring mega-events (i.e. FIFA World Cup, Super Bowl, World's Fair, etc.)
- The role of the convention and visitors bureau in attracting, planning, and executing group business
- Housing contracts and room block management

The instructor may want to consider having students apply the concepts in this case to other real-life event scenarios with which the students may be familiar, such as an event which has taken place or will take place shortly in the university community. This exercise may be combined with having the students conduct research on various types of housing options and contract clauses.

Discussion Topics and Questions

Housing Contracts

The primary focus of this case was the housing provided for athletes and other participants in the Gay Games. Students should be able to explain the various contract clauses in the case and the importance of including these clauses during contract negotiations.

- Considering Stakeholder Theory, articulate other stakeholder groups affected by the GG9 not already mentioned in the case. Specifically, how might internal and external stakeholders have been affected by the housing contracts utilized here?
- What repercussions might the contract clauses utilized by the GG9 have on the destinations and future group business in the region?
- Based on a prior group's lack of an attrition clause and poor pick-up performance, the Gay Games had to adjust their negotiation strategies with partner hotels. How can event organizers negotiate advantageous contracts when past negative experiences influence suppliers' opinions?

Room Blocks

- Explain the importance of managing a room block.
- What methods can be utilized by event organizers to ensure

they receive appropriate credit towards room blocks?

- Articulate the relationship between attrition penalties and room block management.

Citywide Events

Citywide events are significant profit generators, particularly in first-tier markets and convention destinations, such as Orlando, Las Vegas, and New York. This case presented a dual-citywide event held in a second-tier region.

- What challenges are associated with holding a mega-event in a second-tier city?
- What benefits may be realized by the organizer by utilizing a lesser known location?
- What benefits might an unlikely host destination experience after hosting an international, recurring citywide event?

Historical Data / Forecasting

International, recurring events typically change host location each time the event is held. As a result, the maintenance of records is vital to forecasting needs.

- Using the Organizational Information Theory as a guide, what steps can the Gay Games take to ensure future Games are able to accurately forecast and plan?
- What additional methods would you suggest to compile historical data, for housing and other aspects?

Instruction

The learning outcomes and discussion topics suggested in this case require a significant time allotment to conceptualize. At the minimum, 40-60 minutes is recommended to address the points above in-class. Ideally, students will be expected to read the case and formulate answers prior to the class session. Alternatively, the students may be divided into small groups, and then specific objectives and discussion topics assigned to various teams. The groups could then present or lead class discussions based on their findings. Considering a 60-minute class format, the following activities are suggested:

Group Discussion

Depending on the size of the class, the instructor may elect to facilitate a large group discussion or divide the students into smaller groups of four to five. Students may be asked to identify key events within the case and address either the learning objectives or discussion topics as they relate to the case (20 minutes).

Presentation

Again, depending on the number of groups, a representative from each may be tasked with reporting their findings and thoughts regarding their assigned objective or discussion topic to the class. If multiple groups were assigned the same objective or discussion topic, the representatives would be able to compare and contrast ideas. Giv-

en time restraints and interest, students in the audience may suggest alternatives or ask questions of the presenters (25-30 minutes).

Check for Understanding

With whatever time remains, the instructor may ask students for other ideas or views about the case. Some topics, for instance, the choice of housing reservation systems or the *Stay to Save* program may need to be further discussed, and the instructor could ask students for other alternatives to what actually occurred (10 minutes).

Homework Assignments

Due to the limited number of course contact hours, this case may also be appropriate to assign as homework, particularly in a hybrid or online course delivery system. Homework assignments may include having students write a one-page reflection essay or further discussing alternatives in an online format, such as the discussion tool on Blackboard.

Professors may consider selecting one (or more) discussion topics for reflection in an essay format. Alternatively, applying one of the theories discussed in the case to another example in the events industry may be useful.

A Blackboard discussion in which students are tasked with finding examples of events of interest to them and discussing housing options could be helpful in terms of increasing student engagement. Another option would be to have students find news articles about events which have already occurred (or are in the planning process) which address the housing aspect. Students could then debate how the housing process is progressing and different ideas they would implement if they were involved.

Instructors may also elect to assign additional readings or give students another event scenario where they will need to consider various housing alternatives and contractual clauses. There are several suggestions for possible readings in the Additional Readings and Reference lists.

Additional Readings

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Appendix 1

GG9 Sample Contract Clauses

Attrition

The majority of Group's registrations are expected between 270 and 90 days prior to the event. At 360 days out, Group will adjust room block based on the most current forecast and mutually agreed upon in writing. At 120 days out, Group will conduct a final adjusted room block with said adjustment to be no more than 15% of the agreed upon room block set at 360 days out. If the Group does not use at least 75% of the final adjusted room block ("Minimum Commitment") that has been mutually agreed upon in writing [at 90 days prior to arrival] the Group shall pay the Hotel an attrition charge as liquidated damages, not a penalty, calculated as follows:

1. Determine the Minimum Commitment by multiplying the number of rooms blocked per night by 75%, and then subtract actual Group pickup including miscoded and relocated rooms.
2. Determine the number of Unsold Rooms Available For Sale in the Hotel by subtracting complimentary and out of order rooms from total inventory, and then subtract total occupancy, including Group rooms.
3. For each night, Group will pay the sum of the amount equal to [the lost profit on the rooms revenue: 75% of] Group's single rate times either the Minimum Commitment or Unsold Rooms Available For Sale for the night, whichever is lower.

If Group exceeds the room block on any night, those room nights will be credited to night(s) where the minimum commitment is not met. Prior to the billing for the attrition charge, Hotel must submit to Group a copy of the city ledger or daily occupancy report documenting that the rooms were not resold and were available for sale. Hotel will make an appropriate adjustment if it is able to collect performance damages from other groups over the contracted dates. Hotel agrees that after receipt of this attrition charge it will not seek additional performance damages.

Room Audit

At the Group's request the Hotel will run In-House Lists during the night audit for the nights of Saturday, August 9, 2014 AND Thursday, August 14, 2014. Those lists should be available to the Group for review starting the following day. Hotel's in-house guest list will be compared with Group's registration list. Any guest room occupied by an individual on Group's registration list, but not coded to Group within Hotel's system will be credited to Group's pickup and will be subject to the GG9 Room Rebate and paid to GG9, regardless of room rate or reservation method (including Internet distribution channels). Hotel may either compare the lists along with a representative of the Group or permit a Group and a representative of hotels Convention and Visitors Bureau (CVB) to do so independently. The Group and CVB agree to maintain the confidentiality of such list.

Cut-Off Date

Upon receipt of a signed copy of this Contract, Hotel shall hold the block of sleeping rooms noted above until the Cutoff date, Wednesday, July 16, 2014. After this date, Hotel reserves the right to offer rooms held in Group's block to other customers to reduce losses from unused rooms. Reservations by Group's attendees after the Cutoff Date will be accepted based on room availability and at the contracted group rate.

Complimentary Rooms

Group will receive one complimentary room for every 40 occupied, revenue-producing rooms. Complimentary rooms may be assigned and/or credited to the master account at Group's single rate, at the option of Group.

Appendix 2

The Location of the 23 Hotels and Various GG9 Sporting Venues

