



## State of the Industry Report: Effects of Room Block Piracy and Poaching

### Background

In recent years, meetings and exhibitions have been increasingly affected by room block piracy or poaching. Room block pirates and poachers are businesses that actively seek to recruit or divert event participants, primarily attendees and exhibitors, away from official room blocks and into other hotel bookings, using a range of techniques to approach event participants and gain their business.

In response to these issues, the Convention Industry Council, as part of the APEX initiative, assembled a work group, commissioned a research study and hosted a summit of industry experts to identify the extent and effects of piracy and poaching.

### Examples of Piracy and Poaching

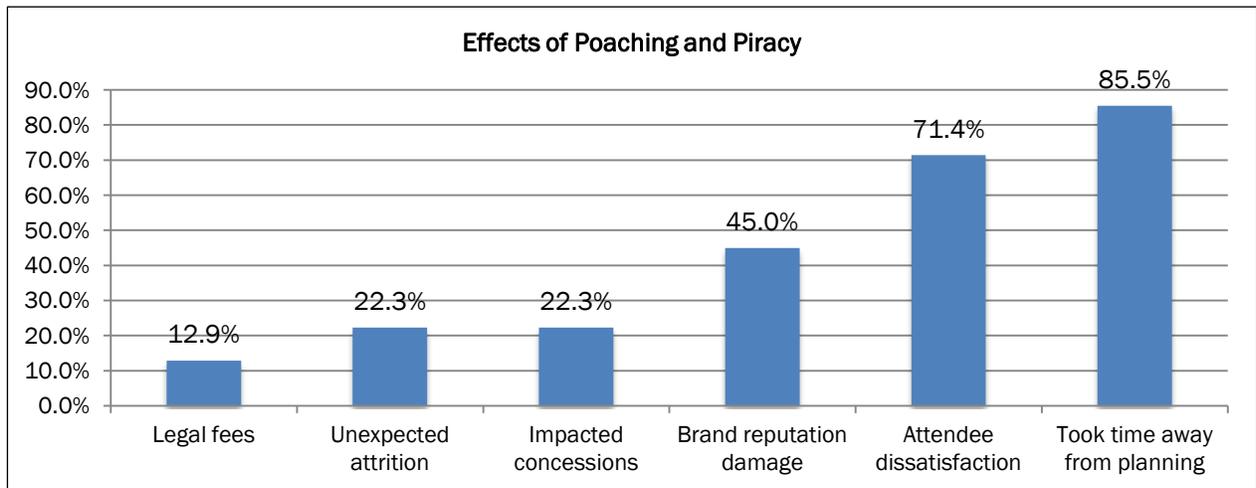
Piracy and poaching occur in different ways. These practices can be broadly categorized as follows:

Selling fictitious reservations and credit card fraud	<ul style="list-style-type: none"><li>• With this practice, event attendees believe that they have made a reservation, however, they arrive to find that no reservation has been made and their credit cards may have been charged by the poacher/pirate.</li></ul>
Misrepresentation resulting in bookings outside the block	<ul style="list-style-type: none"><li>• Pirates or poachers may misrepresent themselves in many ways in order to entice attendees to book through them. Examples include “bait and switch”, where they sell reservations that are inferior to what was promised (such as further from the event site), or say that the official hotel blocks are full when they are not.</li></ul>
Trademark infringement	<ul style="list-style-type: none"><li>• In this case, the pirate or poacher will utilize the trademarked/servicemarked property of the event owner (such as the logo or logotype) in correspondence to attendees in order to appear to be an official agent for the event.</li></ul>
Unauthorized access, use and selling of data	<ul style="list-style-type: none"><li>• Pirates and poachers obtain lists of past, current or prospective attendees through a variety of means including unauthorized use of websites or databases. In some cases, they may also purchase lists from sources that are not authorized to sell the data.</li></ul>
Obtaining inventory through misrepresentation or omission	<ul style="list-style-type: none"><li>• In many cases, pirates and poachers obtain room inventory by deceiving the hotel or the hotel’s wholesalers through misrepresentation or failing to disclose their intent.</li></ul>



## State of the Issue in the Industry

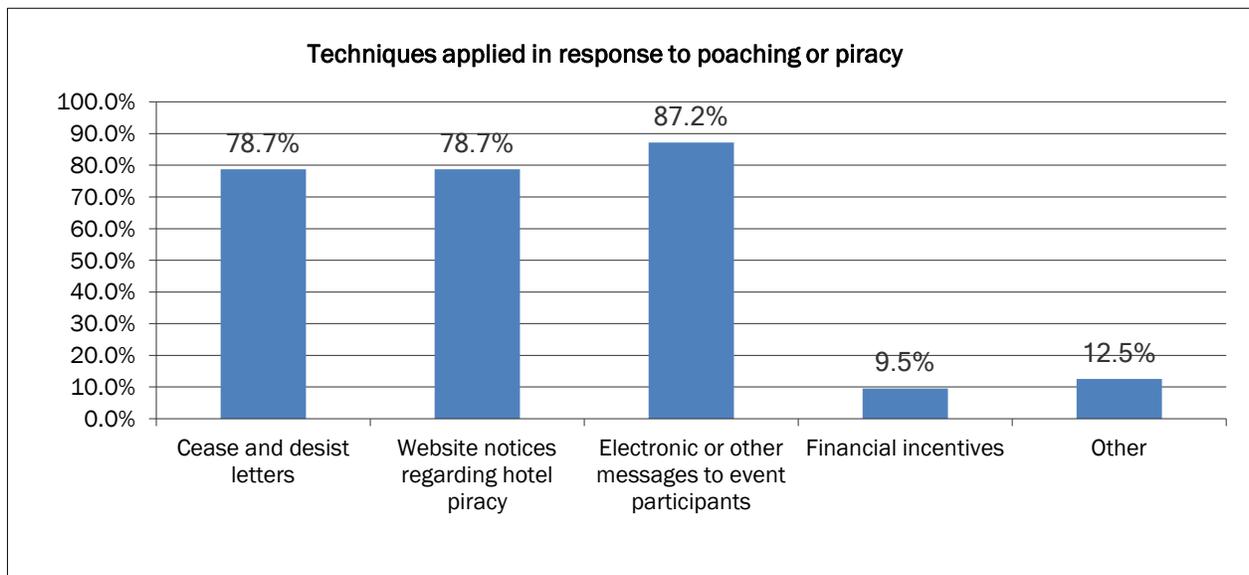
In a survey of 622 meeting professionals representing a diverse cross-section of the industry, room block sizes and room rates, the Convention Industry Council found **73.1% of respondents had events or meetings targeted by piracy or poaching**. While this issue is clearly affecting a large number of events, the **majority of respondents (70.5%) have not developed prevention or mitigation best practices**. As part of the study, the effects of piracy and poaching were also identified. Although it was expected that the negative effects would be primarily financial, the research showed a greater impact on non-monetary factors including reputation, attendee dissatisfaction and time away from planning.



## Responding to Room Block Piracy and Poaching

Respondents also indicated a variety of techniques currently being applied in response to poaching or piracy. The most frequently used methods included:

1. Website Notices Regarding Poaching
2. Electronic Mail and Other Communication
3. Cease and Desist Letters





## Stakeholder Impact Analysis

Piracy and poaching affects a wide range of stakeholders in the meetings and events sector, including event planners and owners, attendees and exhibitors and hotels.

### Event planners and owners

- Event planners and owners are affected by piracy and poaching in monetary and non-monetary ways. In addition to potential legal or attrition fees and reduced concessions, they may face damage to their reputations, attendee dissatisfaction and time away from planning. Future room block negotiations may be affected if piracy and poaching results in inaccurate room block history.

### Attendees and exhibitors

- Attendees and exhibitors may incur fraudulent credit card charges. They may also arrive on site to find that they do not have a hotel reservation or that they have made a reservation at a hotel that is located at a distance from the event venues and off of any shuttle routes. In some cases though, attendees may secure room rates that are lower than those of the official room block, which may be due to not including rebates to offset event production costs.

### Hotels

- Similar to event planners and owners, hotels face reputation management challenges due to piracy and poaching. When attendees arrive and do not have a reservation, hotels may have limited room and rate availability to assist the traveler. This issue can also strain relationships with event organizers and may require extensive auditing practices to confirm realized room block pickup including reservations made outside the official block.

## Legal Responses

As noted above, one of the most frequent responses to piracy and poaching is for event organizers, or, in some cases, hotels, to issue a cease and desist letter to the pirate or poacher. While these can sometimes be effective, a frequent challenge is the tendency of pirates and poachers to use fictitious addresses or to simply change their company names or address when a letter is issued making them difficult to pursue. Most cease and desist letters will focus on one of two legal arguments: trademark infringement or tortious interference with a contract.

### Trademark infringement

- Trademarks are typically words, logos or symbols used to identify products or services. They require two elements: that they be in use in commerce, and that they be distinctive. If a pirate or poacher uses an event's trademark (such as the logo) without permission, or a name or image that is confusingly similar, the event organizer can commence legal proceedings based on trademark infringement. Although trademarks may have some protection if they are not registered with a governmental trademark entity, pursuing trademark infringement will be significantly easier if it has been registered. Failure to defend a trademark can result in the loss of the mark.

### Tortious interference with a contract

- Cease and desist letters may also be sent based on tortious interference with a contract. In this case, pirates or poachers are interfering in a room block contract between the hotel and the event owners that require that the event owners meet certain obligations (such as room pick up). In order to be held liable for tortious interference with a contract, the poacher or pirate must have knowledge of the contract or business relationship between the event owners and the hotel and act intentionally to interfere with this contract.



## Piracy and Poaching Resources for Event Professionals

To assist event professionals in preventing and addressing piracy and poaching, the Convention Industry Council, as part of the APEX Initiative, has prepared the following resources available at:

[www.conventionindustry.org/StandardsPractices/APEX/roomblocks.aspx](http://www.conventionindustry.org/StandardsPractices/APEX/roomblocks.aspx)

- State of the Industry Report: Effects of Room Block Piracy and Poaching (this report)
- Best Practices for Piracy and Poaching Prevention and Responses
- Sample communications to and about pirates or poachers
- List of current Attorneys General (US, by state)

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Note: These materials should in no way be construed as a substitute for legal advice. Industry professionals are encouraged to seek legal advice regarding contracts and other legal matters.