



## STR's NEW COMPETITIVE SET GUIDELINES: Frequently Asked Questions

*Note: STR's new competitive set guidelines go into effect January 1, 2017. For questions not answered in this FAQ, please contact your STR Account Manager or a member of our Client Services team at [support@str.com](mailto:support@str.com).*

### New competitive set guidelines

#### 1. What are the new comp set guidelines?

Under STR's new competitive set guidelines:

- no single **property** nor single **brand** can comprise more than **50%** of the total room count, excluding the subject property and other properties from the same company as the subject;
- no single **company** can account for more than **70%** of the total participating room supply of a competitive set, excluding the rooms of the subject property and other properties from the same company as the subject; and
- sets must include a total of **four** properties, excluding the subject, and a minimum of **two** companies, excluding the subject.

For a more detailed explanation, please consult STR's ["Competitive Set/Trend Report Guidelines."](#)

#### 2. Do the new guidelines vary by country or region?

The new guidelines do not vary by country or region; we have one set of guidelines for every hotel in the world.

#### 3. When do the guidelines go into effect?

STR's new competitive set guidelines become official on January 1, 2017. However, clients wishing to add a new set or change an existing set before then are advised to adhere to the new guidelines to avoid additional changes at year's end.

#### 4. What prompted this change? And how often does STR change its guidelines?

Widespread consolidation within the global hotel industry prompted a review of STR's competitive set guidelines to ensure not only the confidentiality and integrity of client data but also the seamless provision of our services long into the future.

STR does not update its guidelines at regular intervals. The new guidelines were designed to remain in place long into the future.

#### 5. My comp set doesn't meet the new guidelines. By when do I need to be in compliance?

STR will adopt a phased approach to bring all competitive sets into compliance.



**Phase 1:** If your competitive set directly isolates another hotel, brand or company as a result of industry consolidation, you must be in compliance by the date the merger or acquisition becomes official.

**Phase 2:** If you have an existing competitive set that is not in compliance, you must be in compliance before the processing of January 2017 data.

**Phase 3:** Any competitive sets that are not in compliance solely as a result of the increase in the property minimum from three to four hotels must be in compliance by January 1, 2018.

**NOTE:** Any new competitive sets or changes to existing competitive sets should adhere to the new competitive set guidelines.

#### **6. What happens if I don't fix my comp set?**

To protect the confidentiality of your data, STR will turn off any competitive set that is not brought into compliance by its respective deadline (detailed in the three phases in No. 5 above).

#### **7. How can I get an extension?**

Protecting the confidentiality of your data is our primary priority. As a result, we cannot grant extensions if your competitive set directly isolates another hotel, brand or company—just as we would not grant an exception to a competitor whose competitive set directly isolates your hotel.

#### **8. My management contract and/or bonus structure is directly tied to my comp set. Making changes mid-year is difficult. Can I wait until year-end to make changes?**

If your competitive site directly isolates another property, brand or company, we cannot grant an extension.

However, STR's phased approach to bring all comp sets into compliance was designed to push the majority of changes until year-end for this very reason.

#### **9. My comp sets include monthly, weekly and daily data. Some also include segmentation and additional revenue. What happens if a comp set meets the guidelines at one level (e.g. monthly) but does not at another (e.g. weekly additional revenue) due to issues such as participation?**

We recognize that the scope of the work for our clients to address non-compliance at all levels of *existing* competitive set data would be too extensive given the timelines outline in No. 5 above. For that reason, we're focusing attention first on non-compliant *monthly* sets because they represent final/audited financials of participating hotels. Where possible, we'll help our partners find the best solution to bring competitive sets into compliance at weekly, daily, segmentation and additional revenue data as well.

New competitive sets must adhere to the new guidelines at all levels



**10. What if I slightly exceed a guideline (e.g. a comp set in which one brand comprises 53% of the entire set, excluding the subject property's brand)? Is there any leeway?**

To ensure the confidentiality and integrity of your data, and to adhere to regulations set forth by various anti-trust/anti-competition authorities worldwide, STR does not grant any exceptions to its competitive set guidelines

**11. Can my competitive set be “grandfathered in?” or receive an exception?**

To ensure the confidentiality and integrity of your data, and to adhere to regulations set forth by various anti-trust/anti-competition authorities worldwide, STR cannot grandfather nor grant any exceptions to an existing competitive set that does not adhere to the new guidelines.

**12. How do I know if my comp set isn't in compliance with the new guidelines?**

A member of our Client Services team will contact you soon to let you know if you have any competitive sets that don't meet our new guidelines.

**13. How many hotels do I need in my comp set?**

You need four hotels, excluding the subject property, regardless of country or region.

The move from three properties to four in many regions is better aligned with data benchmarking best practices as set forth by various anti-trust/anti-competition authorities worldwide.

If you only have three properties excluding your subject property, you have until January 1, 2018 to meet the new guideline in accordance with STR's guidelines for [“Competitive Set Changes.”](#)

**14. How many times can I change the comp set in a given year?**

We encourage clients not change their competitive sets more than once a year. However, you can do so up to four times a year for free. (Subsequent changes can be done for a nominal fee.)

Please keep in mind that each change to your competitive set restricts your ability to make further changes. See No. 15 below as well as STR's guidelines for [“Competitive Set Changes.”](#)

**15. I want to change my comp set. Are there any guidelines or restrictions?**

To maintain the confidentiality of your data, STR has the following guidelines for “Competitive Set Changes”:

- **Minimum of two:** Competitive set changes must include a minimum of two consistently reporting properties affiliated with a company and brand different from the subject property.
- **New construction hotels:** One or more newly constructed properties may be added alone if no more than five months of property data have been reported.

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- **Non-participating hotel removal:** If a property stops reporting data for three consecutive months or more, the property may be deleted from the set if all other conditions (sufficiency and composition) are still met.
- **Closed hotels:** One or more closed properties may be deleted from the set if the property has not reported data for three consecutive months or more and/or the status is “Closed” in the STR database.

A change may NOT be made if data of a single property is isolated in any way.

For a more detailed explanation, please consult STR’s [“Competitive Set Changes.”](#)

#### 16. How many brands do I need in my comp set?

No single brand (e.g. Holiday Inn, Comfort Inn) can account for more than **50%** of the total participating room supply of a competitive set, excluding the rooms of the subject property and other properties from the same brand as the subject.

In other words, you need at least three brands total in each competitive set.

#### 17. Why do you exclude all subject property and affiliated brands and companies of the subject property in most of your composition and sufficiency checks?

We do so to ensure the confidentiality of data. If we did not exclude the subject property and affiliates of the subject property, it would allow you to directly isolate the performance of a competitor—or your competitor to directly isolate your performance.

#### 18. Are chain scales affected by the new comp set guidelines?

No. STR’s chain scales will not be affected.

### Solutions and help

#### 1. Changing comp sets can be difficult. What support will STR provide?

Working with you, our partners, is of the utmost importance to us. We recognize that changing competitive sets can prove challenging, so we’ve designed a number of solutions to help:

##### ***Customer service***

Our Account Managers and Client Services staff is standing by and ready to answer questions and walk you through this process. We’ll alert you of which of your competitive sets need to be fixed and by when.

We also can provide you with alternative hotels participating in your market—as well as non-participants and projects in the pipeline.

If and where applicable, we also can help identify properties that would bring your competitive set into compliance.



### ***Diagnostic consulting***

For clients wanting a more turnkey solution, our Analytics team is standing by to provide bespoke consulting services. Our Client Services team is happy to provide more details.

## **2. How much do the above solutions cost?**

Our standard customer service solutions are, as they've always been, complimentary.

The diagnostic consulting solutions from our Analytics team are priced to cover our costs. Details are as follows:

**Lite methodology:** This automated model, built from STR's census database, suggests a new, sufficient comp set for your property. The search process is based on three factors: distance, class and room count. The inputs (e.g. 5 miles) can be set for the entire portfolio or set to an industry average based on the property's class and location type. The deliverable includes an Excel file with one sufficient comp set per property evaluated. This service includes no additional consultation services.

#### *>>Pricing:*

First 10% of competitive sets are complimentary and free of charge. Remaining sets priced as follows:

- 1 to 25 comp sets: \$150/set
- 26 to 50 comp sets: \$100/set
- More than 50 comp sets: \$50/set

**Full methodology:** This comprehensive service combines STR's market knowledge and a customized model to find your ideal comp set. The process begins with a consultation by phone to identify your specific priorities and needs; then we use STR's census and performance database to generate a potential pool of competitive properties. We narrow that pool down to a sufficient comp set that meets your goals and delivers the highest comp set grade. The final report includes a comp set grade for your existing comp set, summary of our analysis, and comp set grade for the proposed comp set.

*>>Pricing:* \$1,500 per competitive set.

## **3. Can I do a complimentary one-time run to test a comp set?**

There is a fee of \$150 (or £150, depending on where the request is originated) per one-time run.

Re-runs can be done for a fee of \$75 (or £75, depending on where the request is originated).



**4. There are no other properties within a 15-mile radius that are true competitors. What are your recommendations?**

Please let us know if there are any properties that are not currently participating in the STAR program that you'd like to add to your competitive set. Our Business Development team will reach out to your requested properties to gain participation in your area. We also can connect you with our Analytics Team to provide the diagnostic consulting services highlighted in No. 1 in "Solutions and help" above.

**5. I do not have enough choices in my area and am having to go too far out to choose a comp set. This makes the report not useful.**

Please let us know if there are any properties that are not currently participating in the STAR program that you'd like to add to your competitive set. Our Business Development team will reach out to your requested properties to gain participation in your area.

**6. Can you provide a list of participating hotels to help me fix my comp set?**

Yes. Someone from our Client Services team would be happy to provide a list of participants in your market.