



Exclusive Contracts and Limited Choice: Hotel In-House AV Practices

A White Paper from the Government Affairs Team at the Live Events Coalition

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Executive Summary

Across the U.S., event professionals face a persistent challenge when booking meetings and conferences in full-service hotels: being required to use a single, in-house audiovisual (AV) provider, most often Encore Global (formerly PSAV), or pay steep fees to bring in an outside vendor.

This paper examines the scope of Encore's market dominance, its effect on competition and cost, and how international frameworks such as Canada's Competition Act provide a blueprint for fairer practice. While Encore's market share may not constitute a legal monopoly under U.S. antitrust law, its reach within the full-service hotel segment, where most business events occur, creates practical monopolistic conditions that warrant industry and policy attention.

Market Landscape and Concentration

- **Encore's Footprint:** approximately 2,100 venues worldwide, with about 1,500–1,650 located in the U.S.
- **Total U.S. Hotel Market:** around 110,000 hotels and motels (IBISWorld), though only 7,000–9,000 qualify as full-service or meeting-capable hotels.
- **Share of the Core Meeting Segment:** 15–20% overall, and potentially 40–60% of major branded, large-meeting properties.

Data Snapshot: Key Industry Metrics

Encore's position is reinforced by exclusive in-house contracts that make it the sole AV provider inside many hotel ballrooms and convention spaces. When planners attempt to bring their own vendor, hotels often impose 'supervision' or 'outside vendor' fees, typically 10–25% of the total AV spend, creating an effective financial barrier to choice.

Legal Context in the United States

Under the ***Sherman Act Section 2***, a company is considered a monopoly if it possesses monopoly power in a clearly defined market, and willfully maintains that power through exclusionary or anticompetitive conduct. Encore's presence in in-house hotel AV could demonstrate market dominance but not full monopoly status.

If regulators define the market broadly as all AV and event production services, thousands of competitors exist, and Encore's share appears modest. Even within full-service hotels, proving exclusionary conduct is challenging, as venues can argue their contracts are voluntary and clients can choose another hotel.

Context from the Field: Lessons from ARA Engagement

In 2024, the Live Events Coalition's Government Affairs team met with the American Rental Association (ARA) and its lobbying counsel to assess whether Encore's dominance could be challenged under U.S. antitrust law. Their position was clear: while Encore's presence is outsized within hotel venues, the overall number of hotels and AV providers nationwide makes it difficult to establish a formal monopoly claim. The conclusion reinforced the need for transparency and vendor-choice advocacy rather than litigation.

From a practical standpoint, planners rarely have meaningful choice once a hotel is contracted. The 'optional' use of the in-house provider becomes mandatory through penalties and convenience pressures. The result is reduced vendor competition, inflated pricing, and constraints on innovation, conditions that, while not illegal per se, conflict with the principles of open market access.

Comparative Framework: Canada's Competition Act

Canada provides a clearer statutory path for addressing this issue.

Section 77 of the Competition Act targets exclusive dealing, tied selling, and market restriction when engaged by a major supplier in a market and likely to lessen competition substantially. Under this law, a hotel requiring planners to use its in-house AV provider or charging prohibitive fees otherwise may meet the definition of exclusive dealing. If the supplier and venue collectively hold enough market power to limit competition in a regional or national market, regulators can intervene.

While no Canadian case has yet targeted hotel AV exclusivity directly, the legal tools already exist to challenge it, offering a policy model worth exploring in the U.S.

Industry Implications

- **Economic Impact:** Exclusive contracts prevent small and mid-sized AV firms from competing in the segment that drives the majority of corporate event spending.

- **Planner Constraints:** Event professionals face higher costs, fewer creative options, and reduced negotiating leverage.
- **Hotel Reputational Risk:** Transparency issues around AV pricing and restrictions are increasingly cited in planner forums and RFP evaluations.

Venue Perspective and Fairness

On the other side of the argument, which holds some merit, is the notion that venues, due to safety regulations and property preservation, have the right to dictate certain functions such as electrical and rigging points within a building. Fair-minded individuals recognize that permitting anyone to access these critical parts of a venue's infrastructure compromises safety for both guests and staff.

However, this should not enable companies to impose exorbitant fees and then reduce them only as leverage to drive planners toward other in-house services. This practice effectively forces organizers to use these offerings to avoid budgetary penalties.

Most professional AV providers agree that partnering with in-house teams for rigging and electrical oversight is essential for safety. The real issue lies in the excessive "shadow labor" charges and inflated fees that add cost without adding value, sometimes even involving inactive staff billed as mandatory supervision. Fees should be fair and transparent to ensure safety, not a form of financial coercion.

Policy and Advocacy Considerations

While Encore's share may not reach the legal threshold for a monopoly, functional monopolization in the business-meetings sector should concern both policymakers and industry associations.

Key recommendations:

- 1. Transparency Standards:** Require hotels to disclose in-house vendor exclusivity and outside-vendor fees in RFPs and contracts.
- 2. Vendor Choice Clauses:** Encourage voluntary adoption of open vendor language allowing planners to select AV partners without punitive fees.
- 3. Federal Trade Commission Inquiry:** Advocate for a review of exclusive-dealing practices within hospitality service contracts that limit fair competition.
- 4. Adopt Canadian Principles:** Explore inclusion of exclusive-dealing provisions in U.S. state legislation modeled on Canada's Section 77.

Conclusion

The Live Events Coalition recognizes that, as confirmed in discussions with the American Rental Association's lobbyist, Encore's position does not meet the legal threshold for monopoly status under U.S. antitrust law. The scale of the overall hotel and AV markets makes that argument

difficult to sustain. However, within the narrower full-service hotel segment, where the majority of business meetings occur, the effects of functional monopolization are undeniable.

We also acknowledge that venues have legitimate safety and liability responsibilities, particularly regarding electrical and rigging access. Collaboration between in-house and external AV teams is both reasonable and necessary to ensure safety. However, these responsibilities do not grant license to impose excessive fees or to use them as leverage to force clients toward in-house services.

The path forward is not courtroom litigation but policy reform: promoting transparency, vendor choice, and fair contracting standards that protect both safety and competition. The Coalition will continue working with hotel brands, planners, and lawmakers to ensure that fairness and creativity can thrive side by side in the live events industry.

References & Data

Competition Act (R.S.C., 1985, c. C-34), sections 77 and 79 – Government of Canada.
Competition Bureau of Canada, Exclusive Dealing, Tied Selling and Market Restrictions, 2024.
IBISWorld: Hotels & Motels in the U.S. Industry Statistics, 2024.
Skift Meetings, Encore CEO on Tackling AV Budget Challenges, 2024.
Live Events Coalition analysis, 2025.

Metric	Approx. Value	Source
Total U.S. hotels and motels	~110,000	IBISWorld (2024)
Full-service / meeting-capable hotels	~7,000–9,000	AHLA / industry estimates
Encore in-house venues (U.S.)	~1,500–1,650	Encore, Skift Meetings (2024)
Share of meeting-capable hotels	15–20% (up to 40–60% of major chains)	LEC analysis
U.S. AV rental companies	~2,300 (rental), ~4,700 distributors	IBISWorld (2025)
Estimated total AV service firms	5,000–10,000	LEC inferred analysis