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Conventions held by associations: a case study of buyers and suppliers in an emerging conference destination

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Abstract
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ABSTRACT

Conventions constitute one of the fastest growing segments of business tourism, with association conventions being an important sub-segment. Associations are membership-based organisations centred on a business specialisation or common interest. Many destinations have been pursuing this segment to host some of the hundreds of conventions held annually by associations. Greater knowledge of associations on the part of location marketers and managers of the relevant businesses contained within the location will improve decision making and most likely lead to more opportunities. This study examines the case of the City of Wollongong, which is attempting to obtain a greater market share of association conventions. Interviews with representatives of the ‘supply side’ from within the destination were undertaken as well as those from the ‘demand side’, being representatives from a number of associations located outside of the city. The outcome is that a number of issues have been identified that are not only be case specific but may have generalisability to other places and in addition may contribute to an agenda for further research.

Keywords: Conventions, association conventions, market share.
INTRODUCTION

As is the case with other product types, the tourism product can be offered to both consumer and business markets and similarly both these markets can be segmented. The business tourism market is often segmented and denoted by acronym “MICE”, meetings, incentives, conventions and exhibitions. Conventions constitute one of the most important segments of business tourism as they have substantial direct and indirect impacts on a local economy (Grado, Strauss, & Lord, 1998). The convention segment can be broken down into two main sub-segments, corporate and association business. Corporate conferences are business-oriented and corporate employees attend for purposes including, but not limited to, sales management and training. Attendance is required of the employee and expenses are paid by the organisation. Associations on the other hand are largely membership based organisations representing a wide variety of sectors including not-for profits, professional, trades, religions, recreation, social and special interest. The associations can be national, state or regional and usually host a full membership convention annually combined with additional meetings throughout the year. In the United States 1,000 new associations are created each year (Baloglu and Love, 2004). Crouch and Louviere (2004), state that the most important sub-segment of conventions in terms of economic value consists of conventions held by associations. Members’ attendance at association conventions is optional and is funded, either by the individual, employer subsidised or externally sponsored. Participants attend at their own discretion and can even at times choose between conventions (Oppermann, 1996b). The distinguishing feature of association conventions is “freedom of choice” (Oppermann and Chon, 1997).

In Australia the business tourism market is recognised as a high yield component of tourism with great potential for further expansion (Deery, Jago, Fredline and Dwyer, 2005). A major study on meetings and exhibitions undertaken by the Bureau of Tourism Research (Johnson 1999) estimated business events contributed $7 billion to the Australia Economy (Johnson, Foo and O’Halloran 1999). The National Business
Events Study, 2005 re-evaluated the market and included additional components such as the incentive travel sub-segment. The study estimated total business events expenditure at $17.36 billion per annum with meeting and conferences accounting for 66% of this figure. It should be noted that researchers have observed that the existing industry data and statistics on the economic impact of conventions are to be treated with caution. Although there have been several attempts to estimate the size and significance of the meetings and convention market, inconsistent definitions and measurement practices make such estimates uncertain and difficult to compare (Crouch and Ritchie, 1998). At the time of this study limited data was available on the association convention segment in Australia. Nonetheless, it could be suggested that the number of associations is increasing as industries and special interest groups continue to expand. It is generally agreed that the association sub-segment is a potentially strong revenue source in the business tourism market.

With the benefits of this market far more discernible, both major cities and what is referred to as ‘second tier’ locations have been upgrading or investing in the new tourism infrastructure. Crouch (2005) claims that the range of potential host sites has grown markedly as destinations respond by building or expanding convention centres and hotels and with smaller cities (second tier cities) recognising the potential economic benefits of the segment, beginning to successfully compete for a share of the segment. Oppermann (1996b p.13) states that “the increasing number of secondary destinations with adequate convention facilities contributed toward a lesser concentration of the industry in a few destinations”. This study has a focus on a ‘secondary destination’ which is seeking a larger share of the associations market. Because there is a high level of discretion in the decision to attend an association convention, the location of the convention can be important. Much of the research has focussed on understanding the site selection process, “particularly, identifying meeting planners’ perceptions and preferences of site selection criteria”, (Lee & Back, 2003 pg. 11). A summary of attributes identified in the literature is provided in Table 1. These criteria and their attributes have been summarised in Table 2. In addition, Nelson and Rhys (2000) researched the site selection criteria relevant to ‘second tier
destinations’ and identified some competitive advantages including safety, affordability, and general friendliness of locale. Clark and McCleary (1995) state that the “process associations go through in selecting a site can be long and complex”. In total, a destination might need to ensure that it offers the association’s ‘evoked set’ in the initial stage of the decision-making process.

Table 1: Important Attributes in Site Selection for Conventions

<table>
<thead>
<tr>
<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Proximity of the site to convention participants</td>
<td>• Capacity of meeting facilities</td>
<td>• Proximity of hotel to meeting facility</td>
<td>• Meeting rooms/facilities</td>
<td></td>
</tr>
<tr>
<td>Percentage of convention attendees able to be accommodated on site with the convention venue</td>
<td>• Hotel room capacity</td>
<td>• Capacity of meeting rooms</td>
<td>• Hotel service Quality</td>
<td></td>
</tr>
<tr>
<td>Accommodation conference rates</td>
<td>• Quality of meeting facilities</td>
<td>• Hotel cleanliness</td>
<td>• Hotel room availability</td>
<td></td>
</tr>
<tr>
<td>Cost of the venue</td>
<td>• Affordable room rates</td>
<td>• Number of meeting rooms</td>
<td>• Clean attractive location</td>
<td></td>
</tr>
<tr>
<td>Perceived food quality</td>
<td>• Quality of food and beverage</td>
<td>• Quality of food and beverage</td>
<td>• Safety security</td>
<td></td>
</tr>
<tr>
<td>Opportunities for entertainment, shopping, sightseeing, recreation and organized tours</td>
<td>• Hotels within walking distance</td>
<td>• Banquet space</td>
<td>• Air transportation access</td>
<td></td>
</tr>
<tr>
<td>Uniqueness of physical setting</td>
<td>• Safety and security of destination</td>
<td>• Complimentary meeting space</td>
<td>• Food and lodging costs</td>
<td></td>
</tr>
<tr>
<td>Uniqueness of social/cultural setting</td>
<td>• City reputation</td>
<td>• Meeting room rates</td>
<td>• Overall affordability</td>
<td></td>
</tr>
<tr>
<td>Quality of the exhibition space</td>
<td>• Accessibility of destination</td>
<td>• Friendless of hotel personnel</td>
<td>• City image</td>
<td></td>
</tr>
<tr>
<td>Quality of plenary room</td>
<td>• Available range of audio/visual quality systems and facilities.</td>
<td>• Problem-solving skills of hotel personnel</td>
<td>• Transportation costs</td>
<td></td>
</tr>
<tr>
<td>Quality of breakout/sessions rooms</td>
<td>• availability of audio/visual quality systems and facilities.</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Table 2 summarises the key criteria and identified preferred attributes for site selection.

Table 2: Summary of Key Criteria and Attributes for Convention Site Selection

<table>
<thead>
<tr>
<th>CRITERIA</th>
<th>ATTRIBUTES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Conference Venue</td>
<td>Cost, quality, capacity</td>
</tr>
<tr>
<td>Accommodation</td>
<td>Proximity to venue, capacity, affordability, quality</td>
</tr>
<tr>
<td>Food</td>
<td>Quality</td>
</tr>
<tr>
<td>Location</td>
<td>Image, reputation</td>
</tr>
<tr>
<td>Access</td>
<td>Accessibility, transport</td>
</tr>
<tr>
<td>Security</td>
<td>Safety</td>
</tr>
</tbody>
</table>

RESEARCH NEED

Although there are “checklists” published advising of the various factors that professional meeting managers or conference organisers use to assess the suitability and attractiveness of potential host sites, Crouch (2005) suggests that there has been surprisingly little systematic, empirical or academic study. This research addresses this need by firstly further investigating the important attributes from a buyer’s perspective and secondly seeking to assess the supplier’s understanding of the buyer’s needs. Similar to the argument put forward in mainstream marketing literature, if locations are to be successful in bidding for conventions, it is suggested that they need to understand the demands of their potential customers. This research has a focus on a second tier city which is attempting to gain a share of the convention segment. This study investigates if there is a ‘meeting of the minds’ between suppliers and buyers within this segment as shown in Figure 1. Despite the interest and growth of business tourism, most of the research has focused on the demand side and little attention has been given to supply side understanding of and preparedness for the market that they wish to attract.
METHODOLOGY

A qualitative paradigm was considered appropriate given the exploratory nature of this case specific research. A semi-structured interview protocol was prepared to aid data collection. This type of research provided flexibility and scope aimed at identifying important factors. The study was undertaken in the city of Wollongong, New South Wales Australia. This city has received some benefit from the association convention segment and its tourism managers have ambitions to gain a larger share of this market. A purposefully selected sample (Reid, 1996) of 5 representatives from the supply side was selected with an equivalent size sample selected from the demand side. The researchers ensured that the sample included a broad set of collective experience from both groups. The supply group included a representative for venues, accommodation, attractions, local government and the convention bureau, inclusive of some holding positions on both local and regional tourism boards. The buyer side encompassed representation from the association segment (located outside the city) and included professional, business, government, not for profit associations and an association meeting planner who covered the areas of national and state conventions. The convention sizes from the interviewee’s
association ranged from 300 to 1000. All interviews were undertaken face-to-face at the premises of the respondent and on average took one hour. The interviews were audio recorded to aid transcription and analysis.

Issues discussed with suppliers included:

- How would you describe the association convention segment of business tourism?
- How important is this segment to your city (business)?
- What attributes are important when promoting to this market?
- Of the attributes mentioned, which are the most important?
- Why might you be unsuccessful in bidding for an association conference?
- How can the city improve its involvement in attracting association conventions?

Issues discussed with buyers included:

- Explain the process your association undertakes when determining where a convention is to be located?
- What attributes are important when considering a conference location?
- Of the attributes mentioned, which are the most important?
- Who is the decision maker?
- Do must suppliers understand your needs?
- What advice would you give to those trying to gain your conference?

RESULTS

Figures 2 and 3 are a visual presentation of the researchers’ interpretations of the attributes of both suppliers and buyers. Although similar attributes were referred to, they were given different priorities. A future quantitative study will include the provision for respondents from a sample of the populations of buyers and suppliers.
to rank these attributes. A number of responses were consistent with the literature as identified in Table 1 and Table 2. However, there were also some themes of interest which emerged and will set an agenda for a more detailed study. These are now presented. No assumptions should be made from the order of their presentation.

Figure 2: Buyer Attributes for Site Selection

![Figure 2: Buyer Attributes for Site Selection](image)

Figure 3: Supplier Attributes for Site Selection

![Figure 3: Supplier Attributes for Site Selection](image)
THE VENUE

The venue was a recurring theme throughout the discussion on the decision-making process. The destination had to have the venue and surrounding facilities, which could accommodate the convention. One respondent indicated that the venue and its ability to accommodate the conference was the first consideration. There was a strong focus on ensuring the venue was ‘right’ with one respondent saying,

“A major issue is finding a venue that can hold the number of delegates and the exhibition. “

Suppliers did not seem to place the same level of importance on the venue although some acknowledged that it had to be ‘right and flexible’. ‘Flexibility’ was a term used by both suppliers and buyers when referring to each other. What each party means by ‘flexibility’ will be included in the next stage of the study.

PRICE

The association representatives placed a higher emphasis on the destination and the venue and were perhaps not as price sensitive as indicated by some of the supplier representatives. Buyers did however disclose a level of price sensitivity towards hidden costs not disclosed in the initial bid.

ACCOMMODATION

Accommodation did not form a core attribute for buyers but nonetheless formed a supplementary consideration. Buyers found accommodation to be important through quality, quantity and proximity to the main convention venue. The range of accommodation differed depending on which group the respondent represented. For example, a professional association interviewed had a preference for five-star accommodation as part of or close to the venue. The community-not-for-profit
Association interviewed required a selection of three to five star accommodation, which could be dispersed throughout an area. According to the buyers, the range of accommodation needed to be from ‘moderate’ to five-star. Buyers indicated that destinations which did not have the required accommodation would not be considered. Suppliers viewed accommodation as critical; possibly reflecting the location’s unsuccessful attempts to win some conferences – allegedly due to insufficient accommodation – an issue which is now being addressed by the construction of new hotels.

TRANSPORT INFRASTRUCTURE (ACCESS)

Transport infrastructure was identified as an important issue by buyers, particularly for a state, national or international conferences. Comments were made:

“The destination does not have an airport link.”

“The destination …has an accessibility problem for state associations who like to fly to the destination. This creates additional organisation for transfers at an additional cost.”

“Wouldn’t normally take a conference there due to access.”

These comments might highlight the importance in the short to medium term to target associations whose demands can be satisfied by the existing transport infrastructure. In the long term better transport infrastructure may be needed if the location is to gain market share in the association conventions segment. [Although not mentioned in the interviews, the City of Wollongong is approximately one hour by coach transfer from Sydney’s domestic and international air terminals, which is in fact closer than other parts of Sydney to the north and west. Also, many other conference destinations throughout the world would be in excess of a one hour commuting time from the airport! Despite the acknowledged need to improve road and rail airport linkages, there may be some perceptual problems that need to be addressed by suppliers in the case of Wollongong.]
DESTINATION IMAGE

Destination image is important to association buyers as it impacts on a convention’s attendance levels. Communications through advertising and promotions in various trade magazines and online may improve the knowledge and image of a destination. The buyers suggested that often the promotional material offered by many destinations did not suit their purposes *i.e.* to assist in attracting their members to the conference.

LOCATION ATTRACTIONS

As attendance levels are important for many associations to fund their convention and contribute to the overall success, attractions located within the conference area were nominated as a consideration by the buyer group. The importance of attractions pertained to both pre and post conference as it was recognised that a high proportion of delegates attached a holiday, sometimes with spouse or family, to the convention. As one respondent stated,

“*The conference is a blend of business sessions, exhibitions and social events*”

This statement is consistent with the literature on business tourism. For example, Shoemaker and Lewis *et al.* (2007) and Davidson (2003) suggest that pleasure travellers and business travellers are becoming the same person. Location attractions could be influential in an association member’s intention to attend. Suppliers interviewed believed that their destinations sea-side characteristics was and influential factor in site selection.
THE UNDERSTANDING OF THE ASSOCIATIONS SEGMENT

Even in this small sample it was found that suppliers (from the same city) had different explanations as to the meaning and characteristics of association conventions. This is consistent with findings in the literature whereby inconsistencies between definitions exist (Crouch and Ritchie 1998). Despite having different definitions of the segment, the supplier respondents independently agreed that they should work together in gaining market share.

THE DIVERSITY OF THE SEGMENT

It became clear from interviewing the buyers that there is not a ‘one size fits all’ when it come to associations segment. Treating the segment as one homogenous group utilising a mass marketing strategy would likely be an unrewarding approach. The characteristics of each association are different and need to be understood by suppliers. Similar to Choi and Borger’s (2002) findings, the fact that associations have different characteristics has important implications for marketers when promoting their products and services. In this study, one respondent emphasised the differences between associations in commenting that:

“with the industry associations, don’t presume that as this worked for another association therefore it will work for you”.

This indicates that not only do suppliers need to be aware of the demand characteristics, but the buyers need to carefully stipulate their requirements; not just duplicate the conferences of other associations. One buyer respondent commented:

“Be proactive and understand that each individual association has individual demands”.

Getz (2003) issued similar advice by suggesting that each bid be treated as a unique opportunity. This study revealed that the suppliers probably do not fully understand the complexities of the segment. For example, a professional/business association may require a destination providing a convention venue accompanied by five star accommodation. Suppliers need to not only understand their own supply-side resources and capabilities but identify associations which are likely to have a demand matching what can be offered. It was mentioned that associations often receive submissions, even formal tenders where the suppliers did not meet the specified criteria. For example, some preferred the accommodation and meeting rooms to be at the one venue to reduce costs and minimise ‘leakage’ of attendees that might arise if accommodation and meetings were held in different places within the location.

**THE DECISION MAKING PROCESS**

This research revealed that the ‘buying process’ used to select a meeting site by associations varied greatly. Not only are there different preferences and attitudes, there are different people making the buying decision. As one respondent stated:

> “Define the decision maker”.

The importance of understanding each association’s decision-making process and identifying the power base is critical. A destination needs to understand who the decision makers are and what criteria are to be applied. Not only was it realised that different people make the decisions, the criteria for site selection can be different. Even when the same characteristics are identified they may receive different weightings by the association representatives. The suppliers in this city differed in what they thought was important to potential buyers. As well as to better understand the nature of demand, this information also allows suppliers the opportunity to assess their product capabilities relative to competitors. A summary
of responses from association representatives interviewed advising *who* and *how* site selection decisions were made by associations is provided below.

- Executive Officer, who selects the destination, undertakes the site inspection and reports to the board on the recommended destination for sign off.

- In house event manager puts forward suggestions to the board on proposed sites for board consideration and determination. Generally a short list of two (2).

- A professional conference organiser employed to source the destination and venue, report to a sub committee who make a recommendation to the Executive.

- Tender document forwarded to bodies within the membership requesting expressions of interest. Based on the expressions of interest, which fit the criteria site, visits are undertaken by either the Executive Officer or Events Manager and two are chosen. The selected two are taken to the board for the final decision.

- Expressions of interest are requested from groups, which are within branches of the membership nominating their particular location. Submitting destinations are offered the opportunity to present at the previous years conference where all attending members vote.

**ADDITIONAL OPPORTUNITIES**

In addition to holding annual conventions, some associations conduct workshops and seminars throughout the year. If a destination does not fit the criteria to host the annual convention other opportunities may exist. This provides an opportunity to introduce a new client to a destination. One respondent suggested that if the
destination did not fit the criteria to host the annual conference there were further opportunities:

“Professional associations can work with regional destinations, maybe not the major conference but there are all these little ones and a lot of little ones go to make up a big one. So at the end of the day your bottom line shows an equivalent revenue turnover.”

LOCATION ROTATION

An additional opportunity for suppliers is to understand that many associations have a policy of ‘location rotation’ i.e. to hold the location in a different place each year, and further there was a preference by some for regional areas rather than a capital city which was seen as too expensive and congested. Notably, the respondents viewed Queensland far differently to regional New South Wales or Victoria. Queensland was identified as a strong tourism destination and has “product”, that is recognised internationally. Buyer respondents also suggested that Queensland, promoted itself in the convention segment far more than New South Wales or Victoria.

FUNDING INCENTIVES

A recurring theme with the supplier group was a belief that the destination was being outdone by other cities whose governments provided either direct financial incentives to associations or to their destination marketing organisations. The supplier’s view was that if a destination did not have a pool of funds to entice a convention, they would not be successful. Interestingly, only one of the buyers interviewed took incentives into account and the qualification was made that it did not necessarily influence the final decision. The respondents suggested that they would not be influenced by financial incentives if the destination did not suit.
UNSUCCESSFUL DESTINATIONS

Supplier respondents were also asked “Why might you be unsuccessful in bidding for an association conference?” The responses included:

- Accommodation – lacking in quantity, range and quality for larger conventions.
- Cost effectiveness of accommodation through non competitive rates offered.
- Cost effectiveness of venue.
- Image of the destination.
- Access pertaining to national conferences.
- Funding and sponsorship provided from competitors to attract conventions.
- Inability of destination to provide sponsorship to effectively compete.
- Funding to market through the right channels i.e. publications and trade shows.
- Emotional reasons of the conference.
- A committee member passionate about another area.
- Venues with a difference.

Interestingly in this study, which included a focus on the supply characteristics of a city and its potential external buyers; the buyers (whose officers were located within a 200klm radius from the city) were unable to respond, claiming:

“Not familiar with the location as a convention destination.

“Cannot recall receiving any promotional material targeting the convention segment.”

“Destination is not pro-active in schmoozing [the buyer]."
CONCLUSION

In addition to re-confirming the site selection attributes contained in the literature as shown in Tables 1 and 2, the findings suggest that the breadth, complexities and opportunities of the associations segment are not fully understood by suppliers, particularly in this case of a location which is at the early stages of marketing to associations. Although an exploratory study and limited by small samples, the richness of the data could support the argument that the results of this research can be given some generalisability. Any strategic approach to attracting association conventions would be best served if the supply-side partners agreed on the meaning and composition of the segment in the first instance. In addition, any tactics to gain association conventions would be enhanced by an understanding of the diversity of the segment and the variations of the decision making process as to convention location. It would seem that a ‘segment of one’ approach would be appropriate with suppliers developing a marketing mix for each convention. Contained within each marketing mix, promotional material should not only include venue characteristics but location attractions which might be important in determining the location selection by the association as well as the number of attendees. Locations seeking to obtain market share should identify those associations whose demands they can currently satisfy while possibly planning to broaden both product and capability in order to attract more association conventions. Ultimately however, the findings of this study suggest that the need is perhaps for a stronger application of marketing principles – for suppliers to better understand their customers; a ‘meeting of minds’ between buyers and suppliers. As one supplier respondent stated:

“Provide me with a venue and a destination that allows me to put on this conference, and work with me”.

It is now intended to work with the local destination marketing organisation to conduct more detailed research with the aim of providing a location specific strategy to assist the city in its desire for a greater share of the association convention segment.

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