

Developing a New Business Model for DMCs by Redesigning Their Value Propositions



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Advancing the Science of Motivation
and Incentives Through Research

Research Report

Developing a New Business Model for DMCs by Redesigning Their Value Propositions

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Executive Summary

About this project

With a support received from the Incentive Research Foundation (IRF), this research is a primary study designed to answer a few particular questions arising from the current issues in the destination management company (DMC) industry. To identify current issues and concerns of DMCs, we conducted the research with DMCs as well as meeting planners (MPs) to:

- Identify current trends and issues
- Understand the nature of competition DMCs are currently facing (both existing and emerging)
- Examine the impact of technology development (e.g., online environment and social media use) on DMC business
- Assess current DMC business models
- Identify DMCs' understanding of their value propositions (both current and desired)
- Identify MPs' understanding of DMCs' value propositions (both current and desired)
- Reposition DMCs to effectively meet the new market challenges by developing and redesigning their value propositions

Contributions

- Our review indicates that there has been no published study or data to answer the same questions raised for this study.
- The information acquired from this research would allow us to examine how similarly or differently DMC and MP organizations react to the external business conditions and how well they are prepared to take advantage of future opportunities as well as prevent their business from possible threats.
- Direct comparisons of the similarities and differences in the perspectives of DMCs and MPs will help us understand the current and future challenges facing DMCs and, thus, help us develop suggestions for future DMC operations.
- We explored in this study the underlying mechanism of this business relationship and attempted to explain how each party got to commit to or leave the business relationship.

Research agenda and procedures

- We followed closely a standard procedure of mixed methods to collect necessary data to answer our research questions.
- Since this is the first attempt to understand DMC business dynamics, first, we conducted focus group interviews with both DMCs and MPs.
- With the outcome attained from the focus group study, we conducted additional phone interviews with DMC experts to verify our findings.
- Nationwide surveys were conducted with DMCs and MPs to gather generalizable data.

Results

1. Focus group results about the DMC business

DMCs (see page 6)

- Issues: economic downturn, shrinking profit margin, slowly recovering, more last-minute projects, no standardization, but unique DMC services, lack of awareness on DMC services
- Strengths: buying power, local expertise, time saving and convenience, quality partnership, due diligence and risk management, and suggestive service provisions
- Weaknesses: sensitive to economic conditions and regulations, lack of communications and collaborations among DMCs, low marketing dollars, and low wage
- Opportunities: new trade shows, opportunities to be involved in legislations, networking with other DMCs, and advancing technology
- Threats: local vendors providing similar services, large DMCs, lack of understanding about DMCs among clients, and technology development

MPs (see page 19)

- MPs' general perspectives on DMCs: small planning team, asset to the industry, partner to co-create values, critical for successful events, some MPs not aware of DMC offerings
- Competitors: Internet, local CVBs, other DMCs, MPs, and vendors (especially for pricing)
- Strengths: one-stop shopping, local expertise, risk management, and creative programs
- Weaknesses: added costs, difficulties involved in convincing MP clients, and MP clients' negative perception on hiring DMCs
- Opportunities: available technology, awareness in the market, growing DMC networks, and creative programming opportunities
- Threats: hotels replacing DMCs' roles, development of technology, economy, CVBs, and loss of creativity over time

2. Field survey

Respondents' profile

DMCs (see page 9)

- Demographic information: 54.7% female, 56.6% college educated, 76.4% in the DMC business for more than 10 years
- Business characteristics: 45.9% independently owned or part of a national/global consortium, 43.5% conducting 1-20 events in the past year, 26% reporting \$2.6 mil- \$5 mil in FY2013.
- Business model and partnership with MPs: 54.2% undergone business model changes in the past 3 years mainly because of new competitors (22.9%); and 65.2% DMCs collaborating with MPs for more than 10 times in the past 3 years

MPs (see page 22)

- Demographic information: 59.0% female, 62.9% holding a college degree
- Business characteristics: 40.5% reporting more than 50 employees, 50.8% being incentive house/ third party meeting planners, and 68.8% handling both incentive planning and business meeting
- Collaboration with DMCs: 91.5% experienced with DMCs, 64.5% recommending DMC services, 84.6% viewing DMCs as potential partners, and 43.8% collaborating with DMCs for more than 10 times.

SWOT analysis key findings

DMCs (see page 16)

1) Strengths:

- Highest mean scores: capability to guarantee event quality and client satisfaction and their in-depth local knowledge, expertise, and networks
- Lowest: DMCs' ability to handle local legislative issues

2) Weaknesses:

- Highest: national economic slump
- Lowest: low marketing budget and lack of creativity

3) Opportunities:

- Highest: creative program offerings
- Lowest: substitutability of some DMC services

4) Threats:

- Highest: unethical MPs
- Lowest: struggling to survive

MPs (see page 26)

1) Strengths:

- Highest mean scores: DMCs' in-depth local knowledge, expertise and networks with local vendors and DMCs' services to help MPs save time for local arrangements
- Lowest: DMCs' handling of local legislative issues

2) Weaknesses:

- Highest: many DMC services replaceable by MPs' own services
- Lowest: MPs' lack of understanding about the value of DMCs' role

3) Opportunities:

- Highest: DMCs' growing networks across the nation
- Lowest: ease of elimination of some DMC services and additional education for MPs about DMC service provisions

4) Threats:

- Highest: DMC services unnecessary for some events
- Lowest: DMCs struggling to survive

3. Comparison between DMCs & MPs

- DMCs tended to rate their strengths and opportunities more favorably but their weaknesses and threats more defensively than did MPs.
- DMCs' three highest strengths: (1) guaranteed high quality events and client satisfaction, (2) flexibility in handling unexpected clients' requests, and (3) effective risk and crisis management service ability
- DMCs' top two self-defined weaknesses: (1) misunderstood role and value of DMC services to MPs and MPs' clients and (2) lack of collaboration among DMCs
- MPs' top two perceived weaknesses of DMCs: (1) DMCs' lack of creativity over time and (2) DMC services replaceable by MPs' own work
- DMCs being more optimistic than MPs about their business to be more promising and have more opportunities than have threats
- Hotels' in-house DMCs, Internet search engines, and social media are key threats agreed by both DMCs and MPs; social media, however, were also viewed as opportunities for promotion and education.
- Each party's opportunistic behavior, engagement in communication activities, and mutual financial dependence are key determinants of mutual relationship trust.
- Mutual trust between the DMC and MP partners was key to building commitment to the business relationship.

General Suggestions

- Continue building a strong reputation around their dynamic local expertise and network of local vendors.
- Proactively take advantage of available new technologies (social media) to provide more convenient services to MPs.
- Proactively seek out and use new vendors in local destinations.
- Differentiate services through creative program development for each RFP received rather than send out generic responses.
- Provide a "satisfaction guarantee" for DMC services (quality assurance).
- Build stronger international site inspections to highlight language and local cultural/legal differences for MPs and program attendees.
- Develop risk management services for MPs and promote them.
- Develop programs to educate the clients of MPs about the role of DMCs and persuade them of their necessity when operating a program.
- Differentiate and explain why the quality of certain DMC services that an MP can perform is more economical and effective with the use of a professional DMC.
- Justify cost and value of DMC services
- Work with larger DMC consortiums to create a regional, national, and/or global partnership that will not jeopardize the unique, customizable programs local DMCs can deliver based on their local skills and familiarity.
- Develop informational programs and demos to be presented in front of the MP to raise the visibility and awareness of DMC services.
- Conduct frequent self-assessments and appraisals of the client's perspectives to close the gap in understanding the DMCs' role and value. This should include other clients than MPs.
- Create a strong, positive brand image of DMC services to clarify the value of DMCs' services as well as establish additional business from their MP clients.

Introduction

1.1. Market Trends and Issues

As a key professional service provider of tourism destinations, the destination management company (DMC) ^[1] has been well established in its reputation, sharing extensive local knowledge, expertise, and resources with diverse market segments of clients. A key strategy of DMCs' success in the market lies in its role to negotiate on clients' behalf by always keeping the client's best interest and budget in mind with their keen knowledge and expertise in local destinations. However, DMCs' client-centered business activities have been distressed by the Internet's unprecedented power with easy access to information, visuals, reviews, products and services, and responses to specific inquires. The Internet's continuing expansion into traditional DMC markets has challenged the value proposition and historic role of DMCs as one of the key intermediaries in the travel industry.

This changing landscape of technology and the Internet's search engines (e.g., Google) and social media (Facebook, Twitter, etc.) have the potential of causing the disintermediation of some, if not many, of the services of the traditional DMCs. Due to the abundance of information available for potential clients, in particular, about price for services and products of their competitors, DMCs have been disadvantaged in their price competitiveness. In many cases, however, DMCs will enjoy more publicity to potential markets and potentially acquire more business opportunities in this highly competitive online business environment. DMCs used to have ignored or discounted this disruptive technology, but now they begin to understand and accept the changing market forces. Acknowledging potential impacts of disintermediation on their business practices, DMCs must identify more significant challenges they will be facing in 2015 and beyond. Such market changes will definitely give DMCs an imminent opportunity to re-evaluate their value proposition and services to determine how to more effectively serve their business meetings and incentive event clients as well as, at the same time, to redefine their essential roles and potential collaborative business opportunities with their key business clients and competitors, meeting planners (MPs).

Reviewing the recent business situations and issues DMCs have been facing in this competitive, digital market, we investigated the key positioning issues for DMCs through their self-evaluation as well as peer-evaluation by MPs to answer DMCs' market competitiveness and business impacts. Through this comparable business analysis, we attempt to develop competitive business strategies for DMCs and redesign their value propositions.

1.2. Research Questions

This research is a primary study designed to answer a few particular questions arising from the current issues in the DMC industry. Our review indicates that there has been no published study or data to answer the same questions raised for this study. The questions for this study are customized largely to those proposed by the Incentive Research Foundation (IRF), which is the funding organization for this research, but we also expanded

^[1] A professional services company possessing extensive local knowledge, expertise and resources, specializing in the design and implementation of events, activities, tours, transportation and program logistics, per the Association of Destination Management Companies International.

our investigation to generate scholarly contributions to the field as well as address some additional relevant issues. The key research goals and their corollary questions are as follows.

1. To identify current issues and concerns of DMCs from their own perspectives as well as from their key clients, MPs in this study

We addressed this goal through focus group discussions and/or interviews with both DMC operators and MPs by seeking answers to the following questions:

- 1) What are the current and emerging services being offered by online “business travel guide sites?” As the online travel information sites are growing in business these days, we believe these businesses pose serious threats and opportunities to the DMC business. We will attempt to identify several of these online sites as examples.
 - 2) What are DMCs’ perceived current and future market impacts of these sites?
 - 3) What are the changing/emerging dynamics of competition and markets for DMCs as perceived by DMCs and MPs?
 - a. Identify existing and new key competitors.
 - b. Identify key drivers of current and emerging competition.
 - c. Assess the extent to which the current business model of DMCs will be impacted.
2. To reposition DMCs to meet the new market challenges effectively by developing and redesigning their value propositions

We address this goal through national field surveys with both DMC and MP group samples to obtain generalizable information. We designed the survey questionnaire around the following specific questions:

- 1) How is DMCs’ traditional value proposition being challenged by the newly forming market?
 - a. What is DMCs’ own perceived value proposition?
 - b. What are MPs’ perceived current and desired value propositions for DMCs from a client’s perspective?
- 2) How is the DMC’s experience factored into this changing environment? Are there any measurable differences in the experience (i.e., client satisfaction) between the two basic options (DMC or online) from the perspective of MPs?

1.3. Significance of the Study

To answer the research questions, we designed our study in mixed methods including focus group discussions, personal phone interviews, and nationwide surveys. We administered the same matched procedure of the study to the primary DMC operator group and its key client/competitor, MP group. In this way, we could examine both parties’ perspectives in understanding of the on-going industry issues. Such information would allow us to examine how similarly or differently DMC and MP organizations react to the external business conditions and how well they are prepared to take advantage of future opportunities as well as prevent their business from possible threats. Direct comparisons of the similarities and differences in the perspectives of DMCs and MPs will help us understand the current and future challenges facing DMCs and, thus, help us develop suggestions for future DMC operations. We do not find any research effort addressing this issue by examining the perspectives of these two key business clients/competitors simultaneously and, hence, we hope to provide useful, current information to relevant industries.

Research on the dynamic business relationship between DMCs and MPs, as both clients and, at the same time, competitors to each other, is rare. In fact, the DMC and MP businesses are somewhat neglected areas of research

in general, not to mention their complicated business relationship. We tackle in this study the underlying mechanism of this business relationship and attempt to explain how each party gets to commit to or leave the business relationship, in application of a widely adopted relationship theory. By doing so, we aim to contribute to the scholarly literature on relationship marketing particularly in terms of the DMC and MP businesses.

1.4. Research Methods

1.4.1. Focus Groups

We followed closely a standard procedure of mixed methods to collect necessary data to answer our research questions. Figure 1.1 summarizes the research procedure followed with brief explanations of activities involved. We formulated the research questions in collaboration with IRF. Two focus group discussions, one with DMC operators and the other with MPs, focused on (1) discussing current trends, issues, and business conditions for the DMC business in the first session and (2) identifying strengths, weaknesses, opportunities, and threats (SWOT) facing the DMC business in the second session of the approximately 90-minute meeting with each group separately. For focus groups, we invited DMC and MP professionals who were going to attend the World Education Congress (WEC) 2014 held in Minneapolis, MN from August 2nd through August 5th, 2014. Three researchers led the focus group discussions following the predetermined procedure during the WEC conference in Minneapolis. We strived to balance between genders in the sample and limit the sample size for efficiency. As a result, 18 (10 DMC and 8 MP) professionals agreed to participate in the respective discussion. All participants signed the consent form before entering the discussion and they were compensated \$50 each for their participation.

We complemented the DMC focus group with additional individual, telephone interviews with five DMC professionals later because only five of the 10 agreed DMC professionals showed up for the focus discussion. These additional personal interviews followed the focus group procedure as closely as possible, albeit individually, in the order of presenting research questions. First, the researchers explained the purpose of the research project, following a brief introduction of each participant. The participants were then encouraged to freely discuss key trends and issues in the DMC business in the first half, followed by a discussion on SWOT of the DMC business. We followed up the discussion with a few additional questions about major competitors and strategic partnerships between DMCs and MPs in order to enrich our understanding of the DMC business. All discussions were recorded for transcription and content analysis later. At the end of each focus group, we presented a summary of the discussions to the participants to (1) assure we captured all key ideas discussed and (2) ask them to rank order the SWOT items in order of their criticality to the success of the DMC business. We recorded some observable facts about the participants for descriptive purpose, debriefed the research process, and adjourned the meeting.

1.4.2. Field Surveys

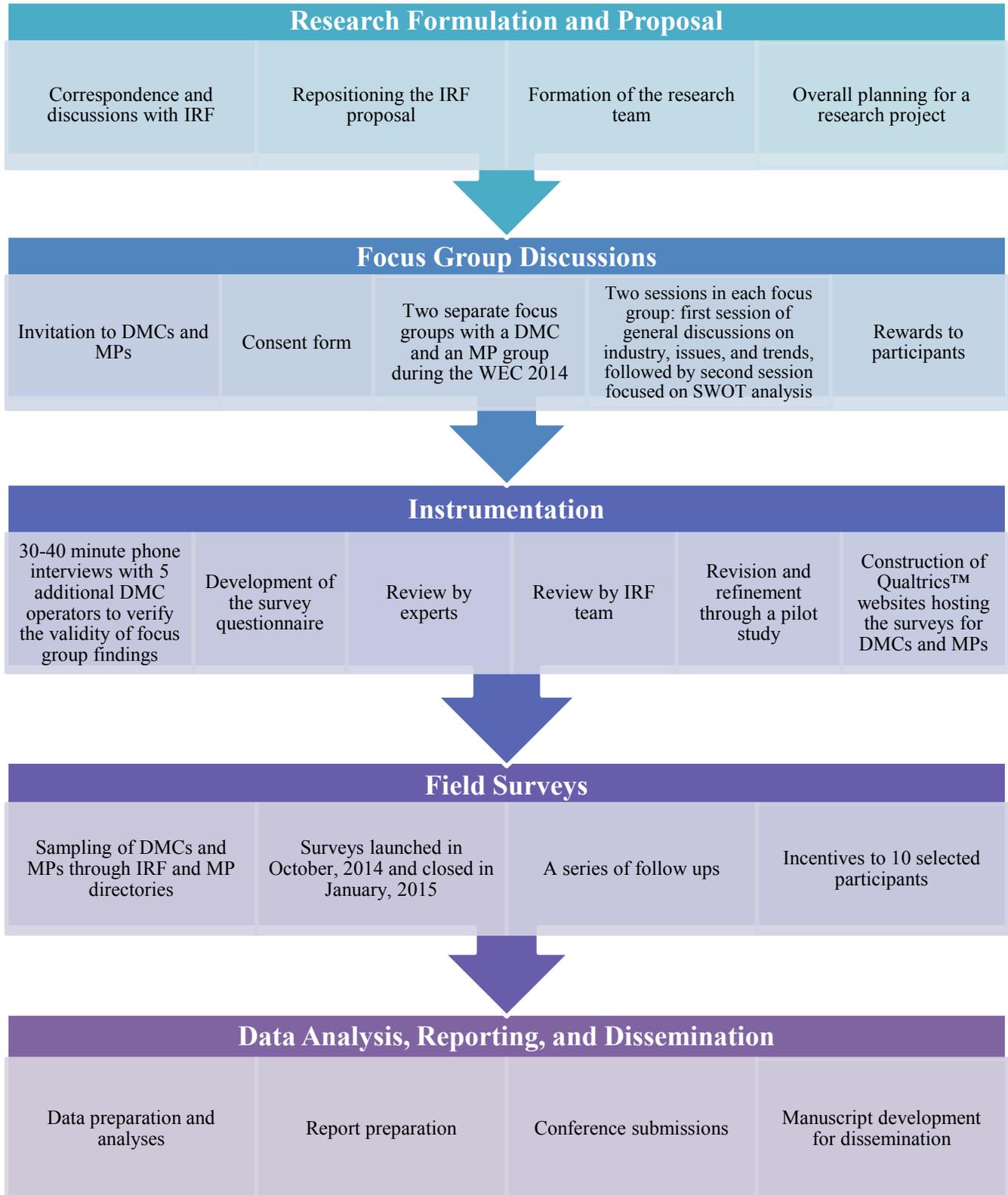
Based on the results of the two focus groups, we developed the research questionnaire for a national survey with DMC and MP professionals to obtain more generalizable data. Before we launched the survey, we refined the instrument a few times based on the review and input by several hospitality research experts as well as IRF. The instrument was then piloted to 20 DMC and MP professionals to assure relevance and face validity of the questions being asked. Upon finalizing the instrument, we constructed two websites on Qualtrics™ to host each of the DMC and MP surveys for national surveys.

The survey questionnaire for both the DMC and MP groups was matched for questions as much as possible to raise comparability in the results between the two groups (see Appendix 1 and 2 for the actual survey questionnaire used for each group). The questionnaire included roughly four sections. The first section asked

questions related to the characteristics of the participant's business and organization. The second section listed a number of SWOT statements for the DMC business that were developed from the earlier focus groups so that the participants could evaluate each of them. In the third section, we asked a series of questions designed to help us understand and explain theoretically the strategic business partnership between the DMC and MP organizations. The last section of the questionnaire deployed a few questions about the participant for descriptive purposes.

For generalizable results, we strived to gather data from at least 100 DMC and 100 MP professionals. We deemed a sample size of 100 for each group sufficient given the fact that the participants were professionals loaded with professional knowledge and experience and that the population sizes were thought relatively small, albeit undefined. The surveys were launched in early October, 2014 and closed in the second week of January, 2015. For sampling, we relied on the directories of DMCs retained by IRF and MPs through the networks retained by the research team. We followed up the initial survey distribution a few times during the survey period to increase response rates. We offered incentives to randomly selected participants (one \$500 gift card and four \$250 gift cards for each group) to encourage participation. All responses were automatically sorted through the Qualtrics™ system into data spreadsheets for analyses.

Figure 1.1. DMC Value Proposition Research Process



Perspectives of DMCs

2.1. Focus Group

2.1.1. General Issues in DMC Business

A total of 10 DMC representatives participated in our focus group and telephone interviews. All DMC participants were female and their age varied between 30s and 70s. One half of the DMC participants had completed undergraduate studies and the other half held a Master's degree. On average, these participants had over 15 years of work experience in the DMC business.

The first half of the focus group gave the respondents freedom to talk about their own experience in dealing with MPs and their understanding of the industry. The participants agreed that the industry had been seriously affected by the recent economic recess.

Key General Issues:

- ✓ **Economic downturn** – The DMC business is so susceptible that it is the target of the first elimination when the MP clients with tight budget face an economic downturn or financial austerity.
- ✓ **Shrinking profit margin** – Due to the recent economic downturn, DMCs have been struggling.
- ✓ **Slowly recovery** – The DMC business began showing a sign of recovery in 2014.
- ✓ **More last-minute projects** – Increasing frequency of incoming projects in the last minutes since 2014.
- ✓ **No standardization, but unique DMC services** – The DMC business characteristics vary significantly by where it is located, but the MP client lacks understanding of it.
- ✓ **Lack of awareness of DMC services** – MPs, especially young ones, do not see the value of hiring DMC services, even if DMCs think that they are there to make MPs shine.

They observed that the national and international economic downturn forced the meeting planning industry to eliminate DMC services from their outsourcing portfolio. Therefore, the DMC industry had to experience a significant decrease in profit margins. However, the year 2014 was a turning point in that DMCs started seeing their revenue grow slowly and getting more last-minute projects. Since every destination has its own charms, DMC services vary widely depending on the location of the business. Therefore, MPs can expect more diverse services across the different destinations throughout the US. Despite the fact that DMC services have existed in the market for a long time, DMC representatives feel that the industry still lacks recognition and knowledge about DMC services and they feel the necessities of raising the visibility of the importance and availability of DMC services. Table 2.1 summarizes the key results of the focus group discussions on general issues and trends relevant to the DMC business.

2.1.2. Key Competitors of DMCs

Key Competitors:

- ✓ **Internet** – Internet intermediaries and the likes
- ✓ **Local Convention and Visitors Bureaus (CVBs)**
- ✓ **Other local DMCs**
- ✓ **MPs**
- ✓ **Local vendors** – local transportation companies, travel agencies, etc.

The DMC participants identified the Internet (i.e., Internet intermediaries), convention and visitors bureaus (CVBs), other DMCs, meeting planners, and some local vendors as their biggest business competitors. Apparently, the Internet and CVBs are considered more serious competitors than other DMCs. While MPs could be a business partner to DMCs, they are also considered a competitor along with other local vendors providing similar services such as transportation and reservation services.

2.1.3. Strengths

DMC professionals reported that their biggest strengths were their ability to provide MPs with a one-stop shopping convenience and save time allowing MPs to focus on other issues to make their events more successful. DMC services can also guarantee buying power (i.e., ability to negotiate for the better prices) and local expertise. In addition, DMC services can help MPs in managing risks by providing MPs with due diligence and updated destination information on a real-time basis. Overall, the DMC's strengths are built on its local knowledge and business networks for sourcing necessary services promptly. A future marketing strategy needs to highlight its complementarity to any meeting business staged by MPs, thereby reducing MPs' perceptions of it as a local competitor.

Key Strengths:

- ✓ **Buying power** – significant buying power when negotiating with local vendors for services
- ✓ **Local expertise** – direct and intimate knowledge about local attractions and services
- ✓ **Time saving and convenience** – one-point contact and one-stop shopping services for MPs
- ✓ **Quality partnership** – all the heavy lifting to help MPs have higher quality events
- ✓ **Due diligence & risk management** – assurance of successful events and ongoing duty of care
- ✓ **Suggestive service provisions** – MPs often lack knowledge about what is locally available but DMCs can suggest more rigorous contents for the event to help MPs conduct more rigorous events
- ✓ **Up-to-date information service** – providing most current destination information such as weather, added resources, local incidents, new restaurants, etc.
- ✓ **Organized service** – handling multiple tasks simultaneously, organizing and keeping MPs on the right track

2.1.4. Weaknesses

DMC professionals identified the DMC business' vulnerability to economic recession and seasonality is one of the biggest weaknesses. Furthermore, DMCs understood that the business has low barriers to entry, high in marketing dollars, low margins, and price transparency in the online environment are the detrimental aspects of DMC operations. Also, lack of communication among DMCs, lack of education and awareness of DMC services are some other weaknesses identified during the focus group discussion. In general, the DMC business seems to have quite challenging business conditions both internally and externally.

Key Weaknesses:

- ✓ **Sensitive to economic conditions** (recession)
- ✓ **Continuing education about DMC services** – DMCs feel that they can earn more business opportunities if MPs have better knowledge about DMC services.
- ✓ **Regulations** – tax regulations imposed on DMC business activities limit DMCs' ability to perform more business. Tax rate is high.
- ✓ **Lack of communication** – with other DMCs for possible collaborations that can be mutually productive
- ✓ **Marketing dollars** – limited budget for marketing and promotion
- ✓ **Low Wage** – difficult to attract and retain talented workers
- ✓ **Unstable hiring practice** – hiring independent contractors on a project basis due to seasonality of the business
- ✓ **Seasonality** of product offerings – unstable income
- ✓ **Client perceptions** – MP clients not understanding why they need to hire DMCs.
- ✓ **Low barriers to entry** – Other businesses such as hotels are trying to find extra revenue sources and they often overlap with DMCs' core services.
- ✓ **Price transparency** – MPs can find out price and service information easily from client vendors' websites.
- ✓ **Low profit margin**

2.1.5. Opportunities

Key Opportunities

- ✓ **New tradeshows**
- ✓ **Staying involved in legislations** – keeping up with new regulations
- ✓ **Networking with other DMCs** – more opportunities by being a part of DMC consortia
- ✓ **Interests by young people** – young people getting more interested in pursuing their careers with DMCs
- ✓ **Technology help** – using social media and getting more publicity at low cost
- ✓ **Social media** – new opportunities to promote DMC services and offerings
- ✓ **Destinations' efforts to grow continuously** – places such as Las Vegas continuously try to add more resources to the destination. It makes DMCs be more creative.

Despite some weaknesses the DMC business has, DMC professionals observe that more and more new tradeshows open up potential business opportunities for DMCs. By staying involved in legislations, networking with other DMCs, and being a part of DMC consortia, DMCs can cultivate more business opportunities through connections within the industry. In addition, DMCs, especially those in famous tourist destinations, can foresee more business opportunities due to the continuous efforts made by destination governments (e.g., adding more tourism resources). DMCs also acknowledged the importance of well-managed social media as a potential way of publicizing their names and of getting more new

business opportunities. DMC professionals seem to rely heavily on technological development and local governments for new business opportunities.

2.1.6. *Threats*

Due to low entry barriers, DMCs are facing an increasing number of new competitors such as hotels and transportation companies. Technological development can be a double-edged sword, because poorly managed social media can also undermine the DMC business. Technological advances and prevalence of vendors' service and price information allow MPs to contact vendors directly, making DMCs work in a harsher business environment. Similarly, technological development make increasingly more communications take place via email or text messages. Relying heavily on email and text communications may increase the chances of having miscommunication. Finally, DMCs think that lack of education about DMC services (industry wise) is another threat to them. It seems that technological development brings both opportunities and threats by creating new businesses as well as inviting new competitors. DMCs will need to navigate new technology carefully to their advantages.

Threats

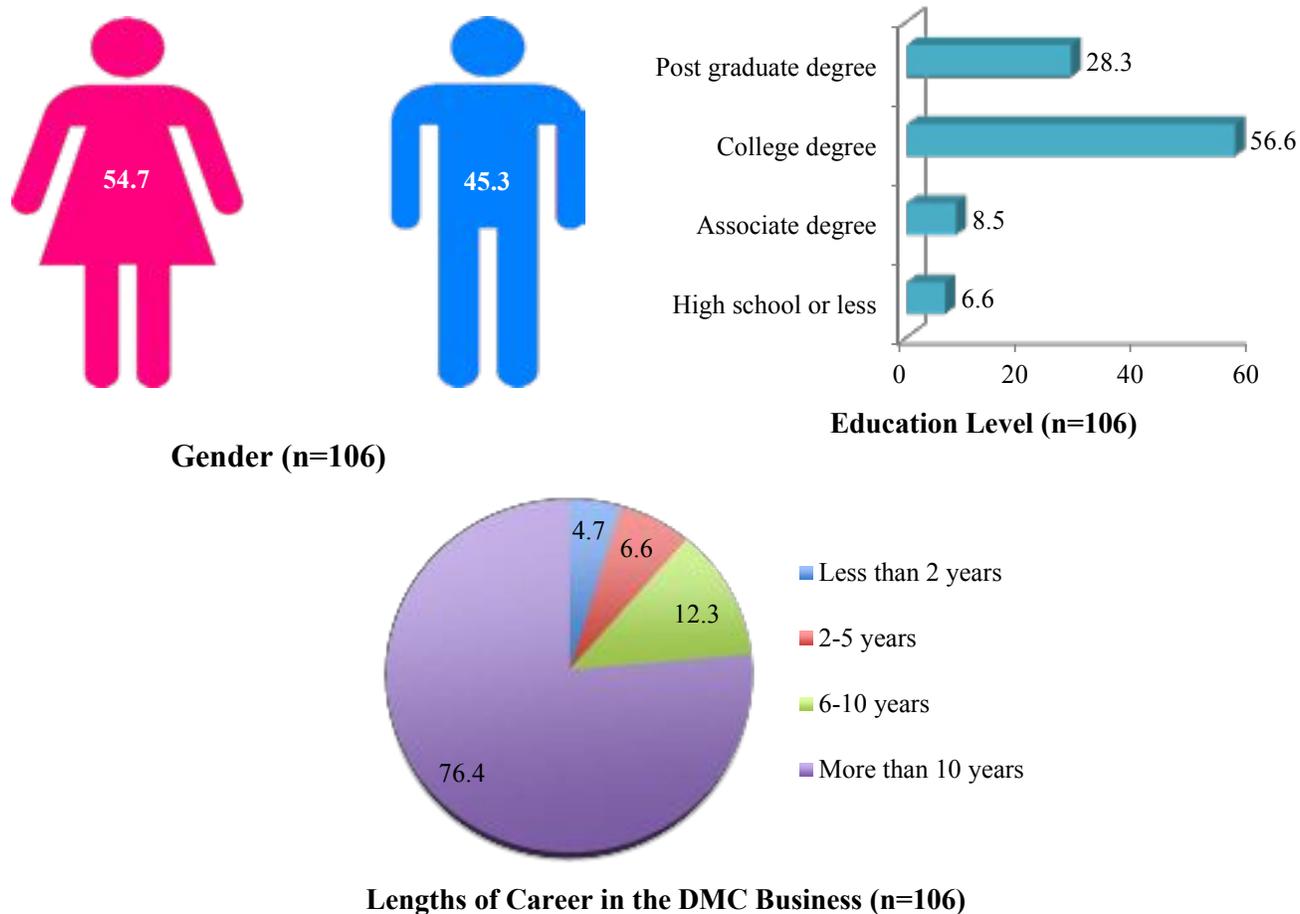
- ✓ **Hotels or transportation companies having their own DMCs** – new competitors providing overlapping services.
- ✓ **Relationship built with large DMCs** – This could be a double edge sword; DMCs could gain more business opportunities, but DMC services can get increasingly standardized.
- ✓ **Lack of understanding about DMCs** – difficult to convince clients that they need DMC services for successful events.
- ✓ **Personal communications via email or text messages** – generational differences creating potentially more misunderstanding; baby boomers and Gen Xers preferring face-to-face or phone conversations, while Gen Y (millennials) preferring email or text communications.
- ✓ **Technology development** – social media being potentially detrimental if DMCs fail to manage their reputation online.
- ✓ **Information available on Google** – replacing some information provided by DMCs
- ✓ **Unethical MPs** – attaining information from DMCs and contacting vendors directly
- ✓ **Transparency on pricing** – price information easily available to clients
- ✓ **Budget cut** – the DMC business susceptible to clients' budget cut. DMC services are the first to go.
- ✓ **Local vendors trying to find additional revenue sources**

2.2. Survey Findings

2.3.1. *Sample Characteristics*

A total of 148 DMC professionals participated in this survey electronically, at a response rate of approximately 10%. Of these, 54.7% were females and the average age of the respondents was 46.64 years (median = 46). The majority (56.6%) had a college degree, followed by 28% holding a post graduate degree. and in terms of the education level, 56.6% held college degree and 28.3% completed up to post graduate degree. Slightly more than 76% of the respondents had more than 10 years of DMC industry experience, while less than 5% had been employed in the DMC industry for the past two years. See Figure 2.1 for more information.

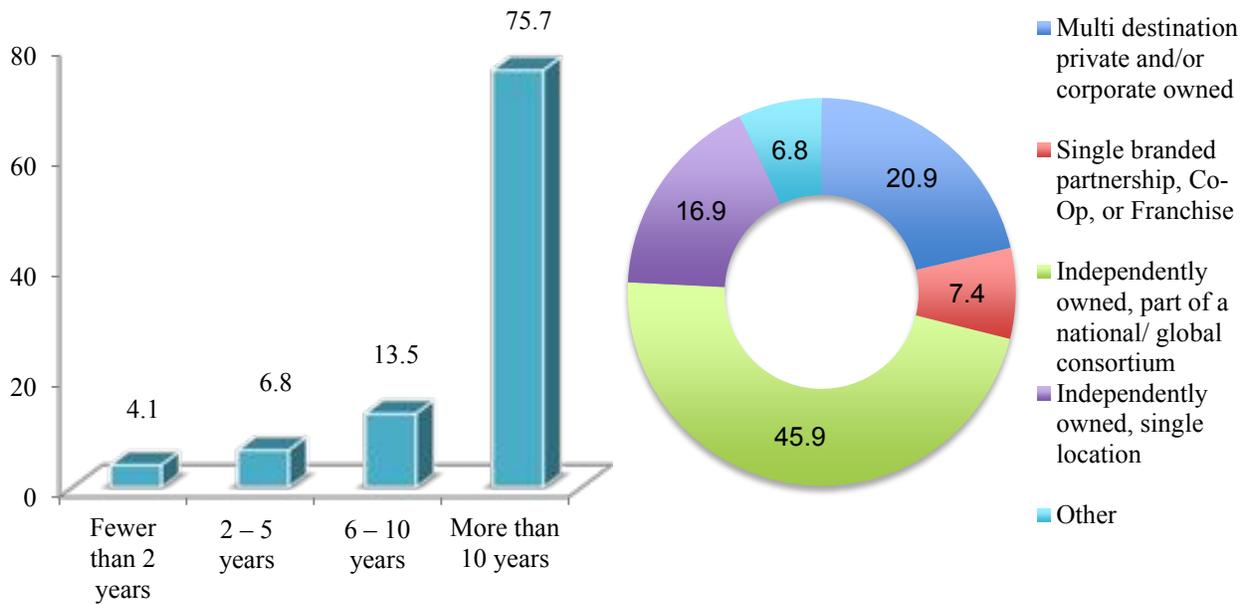
Figure 2.1. Sample Characteristics (entries are %)



2.3.2. Business Characteristics

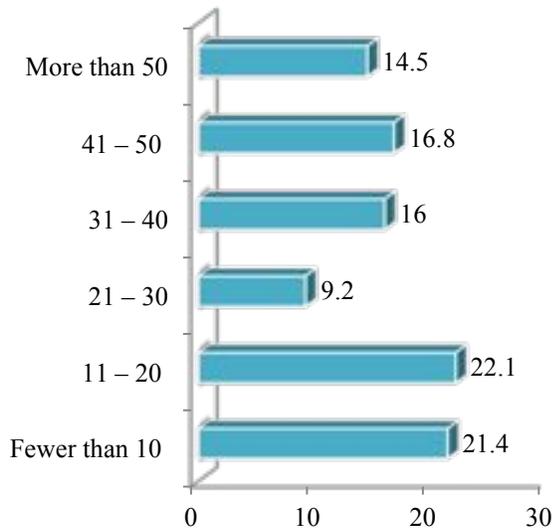
Almost 76% of DMCs had been in business operations for more than 10 years, while only 4% started their DMC business in the past two years. Approximately 67% of DMCs were employing 25 or fewer employees and about 20% hiring more than 50 employees. Only a very small fraction (3%) was self-employed in the DMC business. About 46% of DMCs were independently owned and was part of a national or global consortia, followed by about 21% classified as multi destination private and/ or corporate owned and 17% as independently owned in a single location. The number of DMCs handling either fewer or more than 30 events in the past 12 months was about equal; about 15% were handling more than 50 events in the previous year. About one out of 10 DMCs reported an annual revenue in FY2013 of more than \$10 million, 21% \$5.1 - \$10 million, 26% \$2.6 - \$5 million, 16% \$1.1 - \$2.5 million, and the rest (27%) less than \$1 million (see Figure 2.2).

Figure 2.2. Business Characteristics (entries are %)



Lengths of Business Operation (n=148)

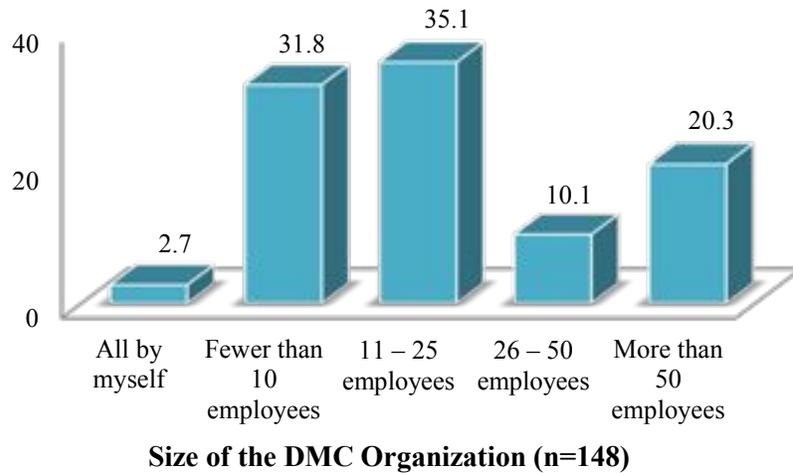
Business Characteristics (n=117, 137, 80, 123, 138)



Number of Event Handled in the Past 12 Months (n=131)



Total Annual Revenue in FY2013 (n=131)



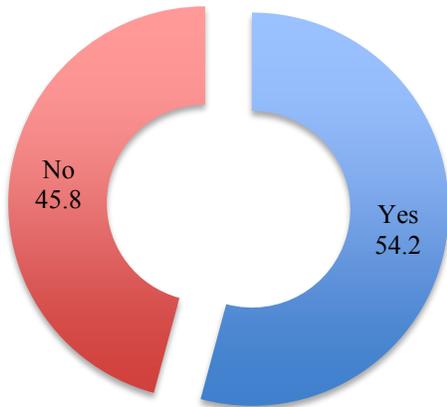
2.3.3. Business Model and Partnering with MPs

As shown in Figure 2.3, more than a half (54.2%) of the DMC respondents reported that their DMCs had gone through the major business model changes over the past 3 years. Those DMCs which mentioned that the main reason for the business model change was because of the new competitors (22.9%), cost transparency (15.7%), and Internet access to destination information (14.3%). Other reasons of making business model changes included (1) expansion to the second markets, (2) becoming a part of the larger DMC consortia, (3) downsizing, and (4) mergers. We also asked DMCs whether they would encourage to use MPs' services. To this question, the majority (81.5%) mentioned no particular preferences in using MPs' services. Around 65% of DMCs had been working with more than 10 MPs in the last 3 years, while a small fraction (4.5%) had worked with no MP in the same period. Finally, DMCs indicated that they collaborated with MPs on about 49% of DMC businesses and projects on average.

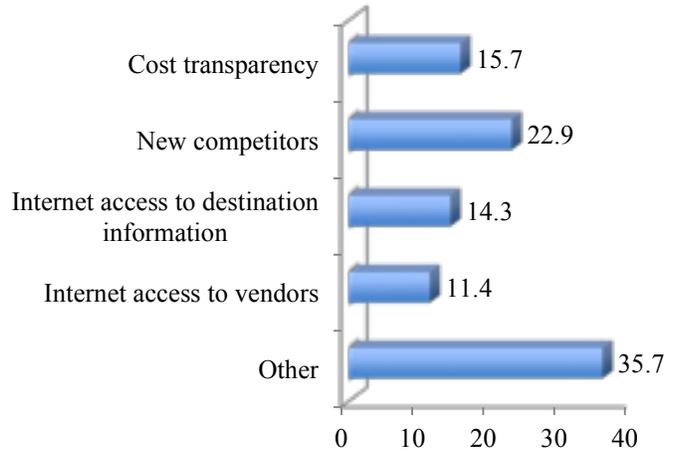
2.3.1. Additional DMC Business Characteristics

To explore whether there were noticeable patterns in DMC business characteristics and models, we cross-tabulated a few sets of questions. First, we crossed business mode with the number of employees as shown in Table 2.1. One noticeable mode is that a large number of DMCs were independently owned as part of a national or global consortium and they were hiring mostly 25 or fewer employees.

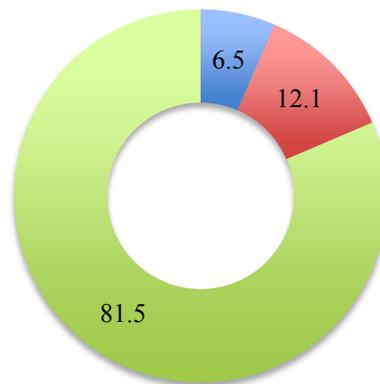
Figure 2.3. Business Model and Partnership with MPs (entries are %)



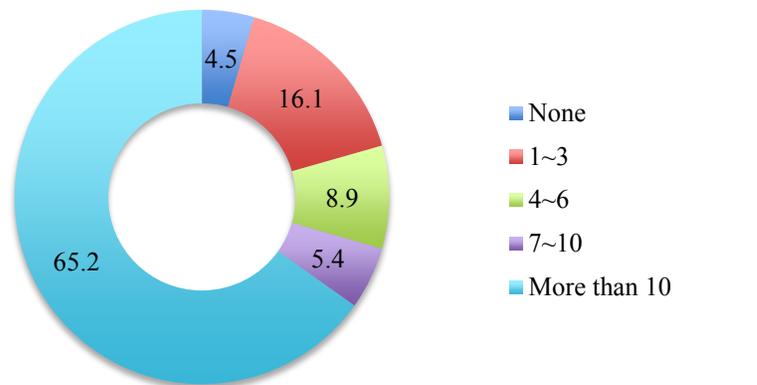
Changes Made in the Business Model-Past 3 years (n=131)



The Most Important Reason for the Change (n=70)



Encourage to Use MP Services (n=124)



Number of MPs Collaborated in the Past 3 Years (n=112)

Table 2.1. Business Characteristics by Business Size (entries are %, n=145)

		Size (Number of Employees)					Total
		By myself	Fewer than 10	11 - 25	26 - 50	More than 50	
Business Model (Multiple Answers)	Multi destination private and/ or corporate owned	0.69	6.21	6.21	2.07	6.21	21.38
	Single branded partnership, co-op, or franchise	0.00	2.07	3.45	0.69	1.38	7.59
	Independently owned, part of a national/ global consortium	0.69	15.86	17.93	6.21	6.21	46.90
	Independently owned, single location	0.00	7.59	6.21	2.76	0.69	17.24
	Other	0.69	0.69	3.45	0.00	2.07	6.90
Total		2.07	32.41	37.24	11.72	16.55	100

Table 2.2 reveals that the type of DMC business models has no particular implication for the number of events conducted. For independently owned, single location DMCs, however, the number of events processed tended to be smaller.

Table 2.2. Business Characteristics by Event Volume (entries are %, n=145)

		Number of Events handled in the Past 12 Months						Total
		Fewer than 25	26-50	51-75	76-100	101-250	More than 250	
Business Model (Multiple Answers)	Multi destination private and/ or corporate owned	5.52	4.14	2.76	2.76	2.07	4.14	21.38
	Single branded partnership, co-op, or franchise	1.38	0.69	0.00	2.07	1.38	2.07	7.59
	Independently owned, part of a national/ global consortium	8.97	9.66	3.45	7.59	11.72	5.52	46.90
	Independently owned, single location	4.14	5.52	2.07	3.45	0.69	1.38	17.24
	Other	1.38	1.38	1.38	1.38	0.69	0.69	6.90
Total		21.38	21.38	9.66	17.24	16.55	13.79	100

As shown in Table 2.3, there seems to be no particular type of DMC business models in favor of revenue generation. Regardless of the business model, the majority of DMCs were generating an annual revenue of more than \$1 million, although no independently owned, single location DMC reported to have earned more than \$10 million in FY2013.

Table 2.3. Business Characteristics by Annual Revenue FY 2013 (entries are %, n=145)

		Annual Revenue FY 2013						Total	
		< \$100K	\$101K-500K	\$501K-1 mil	\$1.1 mil-2.5mil	\$2.6 mil-5mil	\$5.1 mil -10mil		\$10 mil<
Business Model	Multi destination private and/ or corporate owned	2.07	3.45	1.38	2.76	3.45	4.14	4.14	21.38
	Single branded partnership, co-op, or franchise	0.69	0.69	0.00	1.38	2.07	0.69	2.07	7.59
	Independently owned, part of a national/ global consortium	0.69	6.21	5.52	8.28	13.10	11.03	2.07	46.90
	Independently owned, single location	2.07	1.38	3.45	2.76	4.14	3.45	0.00	17.24
	Other	0.00	0.00	0.00	0.69	2.76	2.07	1.38	6.90
Total		5.52	11.72	10.34	15.86	25.52	21.38	9.66	100

Regardless of business models, most DMCs tended to collaborate with multiple MPs, most frequently with more than 10 MPs (see Table 2.4.). A very small fraction of DMCs had no business collaboration with any MP.

Table 2.4. Business Characteristics by Number of MPs Collaborated (entries are %, n=123)

		How Many MPs Collaborated?					Total
		None	1-3	4-6	7-10	More than 10	
Business Model (Multiple Answers)	Multi destination private and/ or corporate owned	1.63	1.63	3.25	0.81	14.63	21.95
	Single branded partnership, co-op, or franchise	0.81	1.63	0.81	0.00	5.69	8.94
	Independently owned, part of a national/ global consortium	0.81	8.94	4.88	1.63	30.08	46.34
	Independently owned, single location	0.81	2.44	0.00	2.44	11.38	17.07
	Other	0.81	0.81	0.81	0.00	3.25	5.69
Total		4.88	15.45	9.76	4.88	65.04	100

In Table 2.5, we find a general pattern of a positive correlation between the firm size and revenue, as expected. That is, as the number of employees increased, so did the annual revenue tend to, even if an exact statistical test could not be done due to some zero values in cells.

Table 2.5. Revenue by Business Size (entries are %, n=131)

		Size (Number of Employees)					Total
		By myself	Fewer than 10	11 - 25	26 - 50	More than 50	
Revenue	Less than 100K	0.00	3.05	1.53	0.00	0.76	5.34
	\$100K - \$500K	0.76	6.87	1.53	1.53	1.53	12.21
	\$501K - \$1 mil	0.00	7.63	0.00	1.53	0.76	9.92
	\$1.1 mil - \$2.5 mil	0.00	8.40	6.11	0.76	0.76	16.03
	\$2.6 mil - \$ 5mil	0.00	7.63	14.50	0.76	3.05	25.95
	\$5.1 mil - \$10 mil	1.53	0.00	10.69	4.58	3.82	20.61
	More than \$10 mil	0.00	0.00	0.76	2.29	6.87	9.92
Total		2.29	33.59	35.11	11.45	17.56	100

As we also expected, the number of events processed by the DMC tended to correlate positively with revenue generated. Thus, an increasing business volume measured by the number of events hosted tended to bring about increased revenues, as reflected in Table 2.6.

Table 2.6. Revenue by Number of Events Held (entries are %, n=131)

		Number of Event Held in the Past 12 Months					Total	
		Fewer than 25	26-50	51-75	76-100	101-250		More than 250
Revenue	Less than 100K	3.05	0.76	0.00	1.53	0.00	0.00	5.34
	\$100K - \$500K	6.11	5.34	0.00	0.76	0.00	0.00	12.21
	\$501K - \$1 mil	4.58	3.05	1.53	0.76	0.00	0.00	9.92
	\$1.1 mil - \$2.5 mil	3.82	3.82	3.05	0.76	3.82	0.76	16.03
	\$2.6 mil - \$ 5mil	3.05	4.58	3.82	6.11	5.34	3.05	25.95
	\$5.1 mil - \$10 mil	0.76	2.29	0.76	5.34	7.63	3.82	20.61
	More than \$10 mil	0.00	2.29	0.00	0.76	0.00	6.87	9.92
Total		21.37	22.14	9.16	16.03	16.79	14.50	100

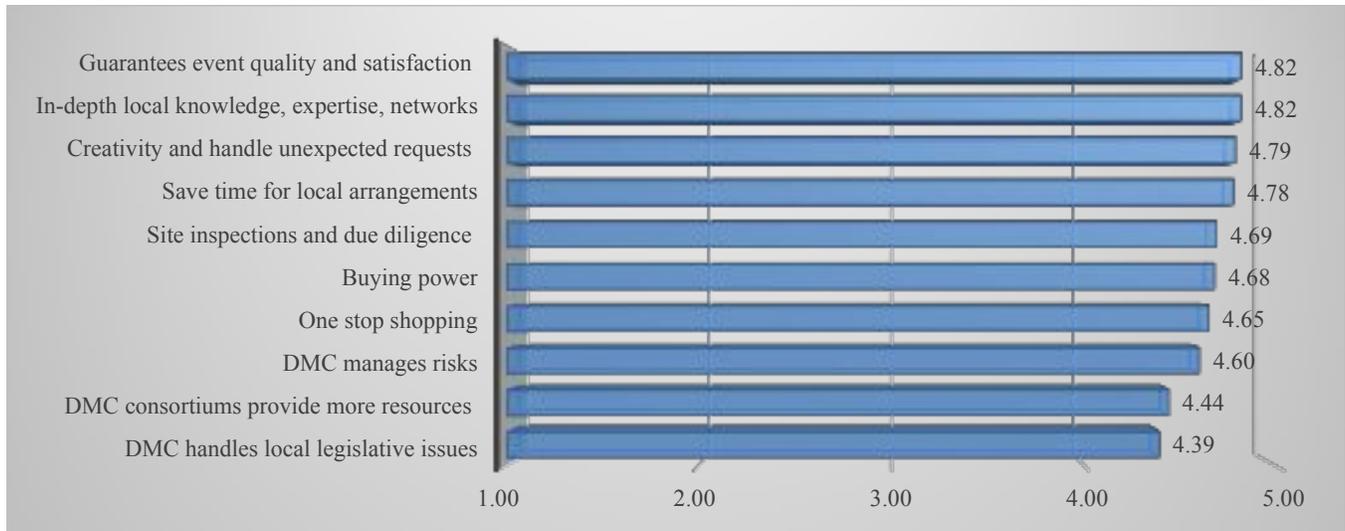
2.3. SWOT Analysis

During the focus group discussions, DMC representatives were asked to rank order top 5 items within each S. W. O. and T. factors when we presented the summary of the discussion to the group. These highly ranked SWOT factors were evaluated by the survey participants for more generalizable results, on a 5-point scale anchored with 1=*strongly disagree*, 2=*disagree*, 3=*neutral*, 4=*agree*, and 5=*strongly agree*. Each factor was provided with an option of ‘Not Applicable’ for the respondents who could not rate that factor for any reason. The SWOT evaluations can be viewed as a self-analysis into their own internal and external business conditions of DMCs. In the figures below in this section, the entries are the mean scores based on the 5-point scale.

2.3.1. Strengths Rated

The most highly “self-rated” strengths of DMCs related to DMCs’ capability to guarantee event quality and client satisfaction and their in-depth knowledge, expertise, and networks. While highly rated on the scale and thus of high strength, DMCs’ ability to handle local legislative issues was rated lowest of all factors examined. In general, the DMC respondents agreed with the strengths of the 10 presented factors in relatively small variations in rating scores (Figure 2.4).

Figure 2.4. Strengths Rated

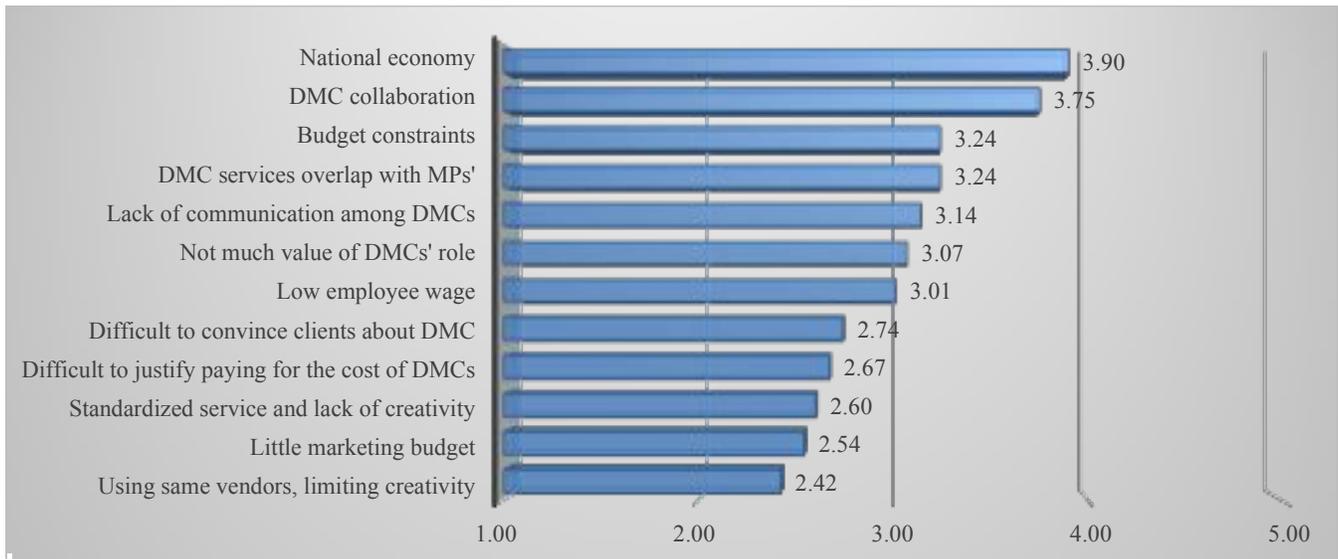


Refer to Appendix 3 for more detailed descriptions

2.3.2. Weakness Rated

The DMC respondents showed more different opinions about their own weaknesses. Of the 12 factors presented, DMCs’ susceptibility to the national economic condition emerged as the most serious weakness, followed by their lack of collaboration with other DMCs for mutual success. Although the focus group participants suggested some factors like low marketing budget and lack of creativity caused by reliance on the same vendors as critical weaknesses, the survey participants tended to disagree with them. Generally, there seems to be a tendency that DMC survey respondents acknowledged their weaknesses more reluctantly as shown in relatively low rating scores across all factors (Figure 2.5).

Figure 2.5. Weakness Rated

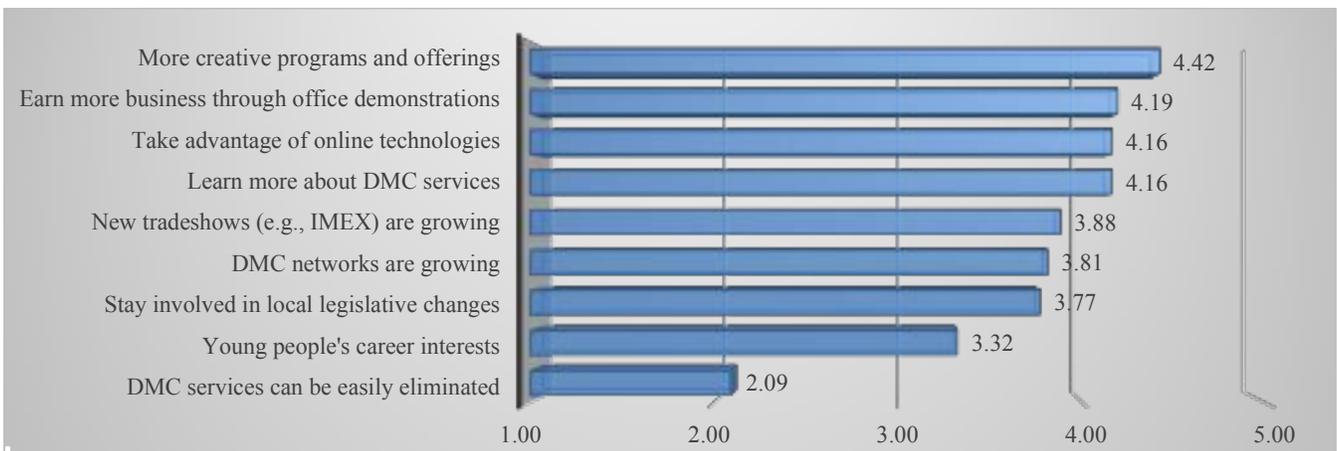


Refer to Appendix 4 for more detailed descriptions

2.3.3. Opportunities Rated

We presented nine opportunities highly rated by the focus group DMC participants for evaluations by the survey participants. The DMC survey respondents rated their ability to offer creative programs as the most promising opportunity, followed by more promotional demonstrations and presentations, more client education about availability of DMC services, and developing online and social media technologies. They, however, disagree with the elimination of some DMC services as an opportunity (Figure 2.6).

Figure 2.6. Opportunities Rated

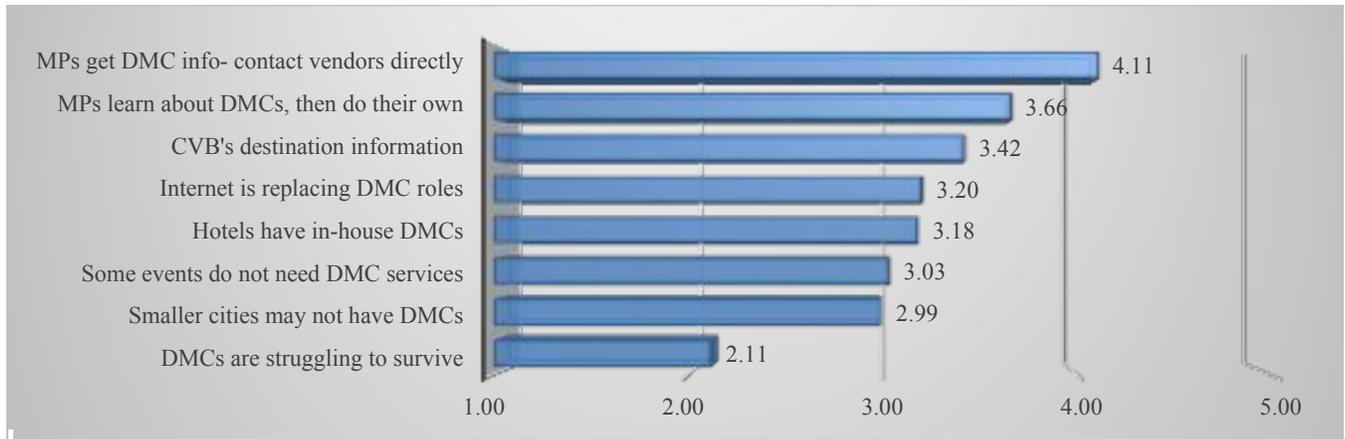


Refer to Appendix 5 for more detailed descriptions

2.3.4. Threats Rated

The focus group identified eight imminent threats facing DMCs and we asked DMC survey participants to rate each of them. They agreed most strongly with the threat that many unethical MPs obtained information from DMCs and then contacted vendors directly. However, when asked whether their DMC was struggling to survive was a threat, they disagreed (2.11). They generally remained neither disagreed nor agreed with the other six threats (Figure 2.7).

Figure 2.7. Threats Rated



Refer to Appendix 6 for more detailed descriptions

Perspectives of MPs

3.1. Focus Group

To achieve high comparability, we followed the same discussion procedure for the MP focus group as we did with the DMC group. The MP focus group consisted of all female participants and their age varied between 20s and 70s. Of them, 75% completed undergraduate studies and another 15% finished a Master's degree. On average, event planners had 11 years of work experience in the field. As detailed below in this section, the results of this MP focus group are remarkably consistent with those of the DMC focus group, providing highly converging findings. Also, much of the information provided by the two groups are somewhat repetitive, again with key issues converging to the same point.

3.1.1. General Issues

First, we asked MP professionals to talk freely about current situations of DMCs from their perspective. They agreed that DMCs had small planning teams and that DMCs help MPs achieve business goals. MPs perceived DMCs as an asset to the industry for assisting MPs to keep up with the most current

MP's General Perspectives on DMCs

- ✓ **Small planning team** helping MPs achieve goals
- ✓ **Asset to the industry**
- ✓ DMCs and MPs **co-create values** and put team efforts to have successful events
- ✓ DMCs' services particularly **critical for events in international venues** – more complicating factors such as language, local cultural/legal differences, etc.
- ✓ **MP clients not understanding the role of DMCs** (lack of education) – difficult for MPs to convince clients to hire DMCs

destination information. Due to the industry structure, MPs viewed DMCs as industry partners that co-create values for clients. Moreover, MPs agreed that with DMCs' help MPs could design more creative events to ultimately result in more satisfied clients. When an event takes place, DMCs are the ones who create the first and the last impressions of the event and, hence, DMC services are invaluable to the successful events and to the meeting planning industry. Especially, if the event venue is international, DMCs' roles become even more critical. However, MPs seemed to lack knowledge about DMC services and this often caused MPs to deal with the clients who did not see the values of hiring DMCs in executing events.

3.1.2. Major Competitors of DMCs

MP professionals similarly identified Internet (Google), local CVBs (they have their own department), other DMCs, MPs, and vendors (for pricing in particular) including local hotels (having their own department to provide services similar to those of DMCs'). These competitors are nearly identical to those identified by DMC professionals in the other focus group.

3.1.3. *Strengths Rated*

From their own perspective, MPs agreed on a strength of DMCs that DMCs provide one-stop shopping solution for MPs. Equipped with local expertise (local knowledge and relationships with local vendors), DMCs can provide more creative event ideas at the destination and can offer significant buying power for MPs. Another major strength quoted by MPs was that DMCs could manage a wide range of possible risks at the destination (e.g., quality assurance, legislative issues, etc.) and, if problems arise, resolve them quickly. DMCs also can provide site inspection services for MPs and add more values to MPs' events.

Key Strengths

- ✓ **One stop shopping solution**
- ✓ **Local expertise**
- ✓ **Risk management**
- ✓ **Creative ideas**
- ✓ **Buying power**
- ✓ **Added values** – DMC services adding values to MPs' events
- ✓ **DMC consortia/associations** - creating more business opportunities for DMCs.
- ✓ **Legislation-related experts**
- ✓ **Site inspections**

3.1.4. *Weaknesses Rated*

As weaknesses of DMCs, MPs mentioned added costs to their clients for having DMC services, which also makes it difficult for MPs to convince their clients about hiring DMCs for the execution of the event. Clients of MPs generally view DMC services as unnecessary additional costs to them and, hence, MPs need to explain the values of DMC services to the clients every time. The client's lack of knowledge about the role of DMC services,

Key Weaknesses

- ✓ **Added costs** to MP clients
- ✓ **Difficulty in convincing MPs' clients** that DMCs can make differences in the event quality
- ✓ **MP clients' negative perception** on hiring DMCs
- ✓ **DMC services overlapping with MPs' works**, taking MPs' clients away
- ✓ **Lack of creativity** by relying on the same vendors over time (multiple events in the same location)
- ✓ **DMC service not always necessary**
- ✓ DMC networks trying to **standardize their services**

therefore, is perceived as one of the major weaknesses of DMCs. MPs also pointed out that if DMCs lacked creativity as they often rely on the same vendors repeatedly over time for their business operations. Moreover, MPs observed that many DMCs were attempting to create larger networks and such network operations could standardize their services

undermining their business creativity. Finally, meetings and events do not always require DMC services, which gives a limitation to the marketability of DMC services, another weakness observed by MPs.

3.1.5. *Opportunities Rated*

MP professionals cited advances in technology as an excellent opportunity for the DMC business. DMCs could actively utilize the new technology and demonstrate their technology ability and expertise to MPs for more business opportunities. A good web presence and use of social media platforms could increase DMCs' exposure to the public, allowing MPs to reach out to them easier. MPs believed that some of the services DMCs provided locally (e.g., transportation and meet-and-greet services) could not be replaced; therefore, DMCs will continue

having business opportunities by building on their uniqueness in services. Over the years, MPs have witnessed that DMCs have been growing larger and banding together to survive. Although MPs worried that such alliances might standardize DMCs' offerings and, therefore, undermine the creativity of individual DMCs, they could also understand such a trend as a case that smaller DMCs were trying to get

more business opportunities through the larger consortiums. Additionally, if DMCs and the industry could educate people, especially the clients of MPs, to appreciate the critical values of DMC services, MPs could see more business growth for DMCs. Finally, MPs had seen an increased number of DMCs attempting to offer office demonstrations about their services (e.g., sample programs and well-presented websites) and express their creativities to MPs. These recent moves by DMCs are viewed positive as MPs could see them using DMCs more in the future.

Key Opportunities

- ✓ **Active utilization of technology** – increased publicity using social media (creating more business opportunities)
- ✓ **Awareness in the market** – more marketing needed
- ✓ **Interconnectivity** – DMCs can be more connected to other businesses or customers
- ✓ **Growing DMC networks**
- ✓ **Client education about DMC services**
- ✓ **Being creative**
- ✓ **Office demonstrations** about their services
- ✓ **Local presence for services** like meet and greet as well as transportation – difficult to replace

3.1.6. Threats Rated

Seen from the perspective of MPs, one of the greatest threats that DMCs might encounter soon is the competitive market situation where all businesses would be trying to seek extra revenue sources that happen to overlap with DMCs' major service offerings (e.g., hotels launching their own DMC services). Technology development allowed MPs to be able to find destination vendor information easily, downscaling what DMCs used to monopolize. This makes MPs to contact vendors directly and cut into prices. This happens more frequently when MPs do not know much about DMCs' capabilities and services. MPs also mentioned that CVBs providing site inspection services and unbiased destination information could threaten the future of DMCs. MPs asserted that

Key Threats

- ✓ **Hotels replacing DMCs' roles**
- ✓ **Development of technology** allowing MPs an easy access to destination information
- ✓ **Economy** – Influenced by the economy situation too easily
- ✓ **CVBs providing unbiased information**
- ✓ **Unnecessary DMC services** for some events
- ✓ **Interconnectivity** – the nature of DMC business relying heavily on other businesses
- ✓ **No presence of DMCs in smaller destinations**
- ✓ **Lack of creativity** over time and across different events
- ✓ **Growing DMC networks** limiting individual DMCs' creativity

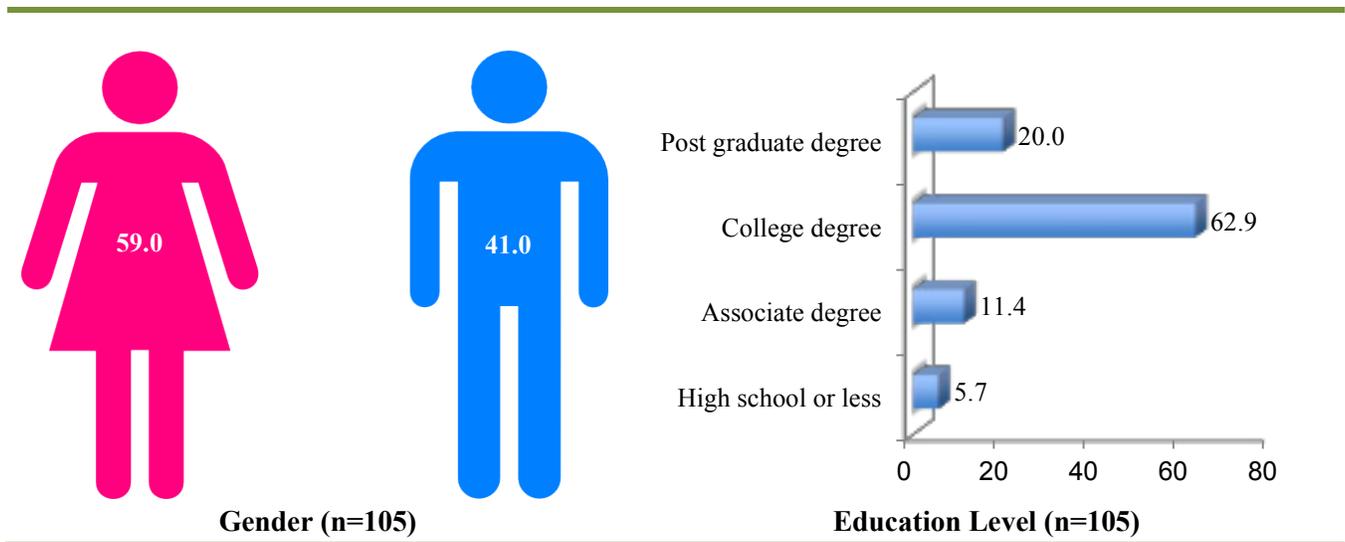
DMCs were quite fragile to economic crises. However, the most possible threat that could hurt the DMC business was the DMC services being repeated losing creativities over time due to reliance on the same vendors. Finally, MPs mentioned that DMCs should manage their social media images and online reviews more proactively. Otherwise, technology development could counteract the DMC business.

3.2. Survey Findings

3.2.1. Sample Characteristics

We collected data from a sample of 131 MPs in the nationwide survey using the MP database we had. The sample was slightly skewed toward females (59%); the majority of the respondents completed college education (63%), followed by about 20% holding a post graduate degree. The average age was 51.5 years (median = 50).

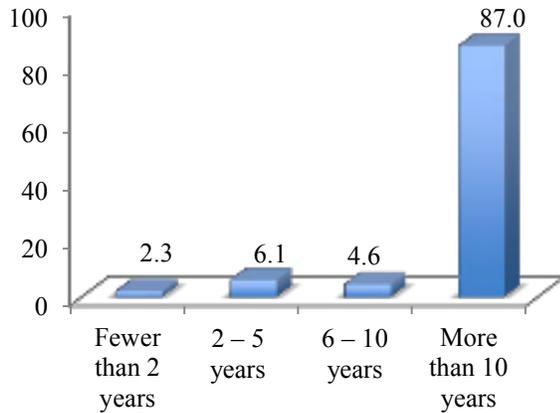
Figure 3.1. Sample Characteristics (entries are %)



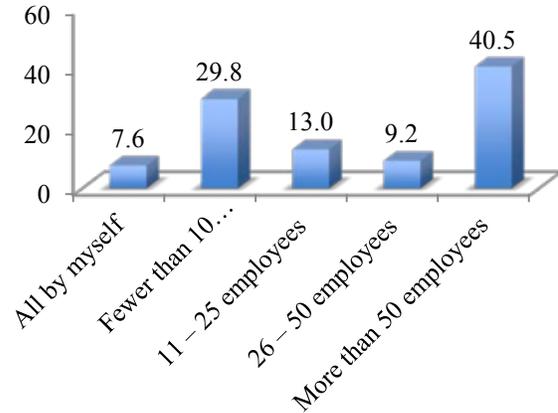
3.2.2. Business Characteristics

The majority (87%) of the MP business represented in this sample had been in operations for more than 10 years. Only a small fraction (2.3%) of them started the business in the past two years. About 41% of the MP business were hiring more than 50 employees, while 30% were hiring fewer than 10 employees; about 8% were self-employed conducting the business by self. The majority (51%) of the represented MP businesses were categorized into incentive houses such as ITA, BCD, Martiz, etc., followed by 23% in corporate meeting planning. Approximately two third of the MP organizations were conducting both incentive planning and business meetings; those focused on incentive planning only were 21%, while business meetings were the major focus for about 11% of the MP organizations. About 40% of the MP organizations were conducting more than 250 events in the previous 12 months, while about 36% were handling 50 or fewer events in the same period. The total annual revenue in FY2013 was more than \$10 million for about 44% of the MP organizations, followed by about 10% reporting an annual revenue of \$5.1 to \$10 million. In contrast, 5% were making less than \$100,000 in the same FY2013 (see Figure 3.2).

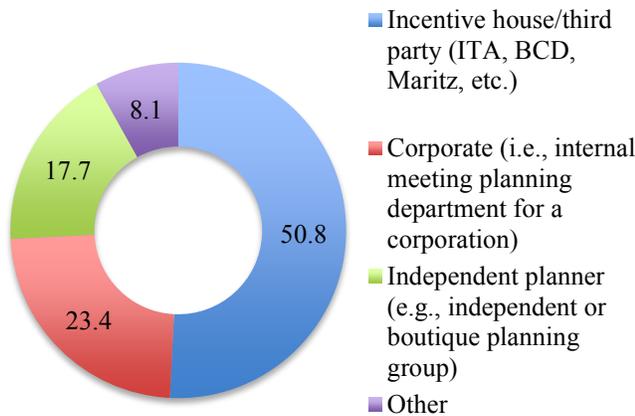
Figure 3.2. Business Characteristics (entries are %)



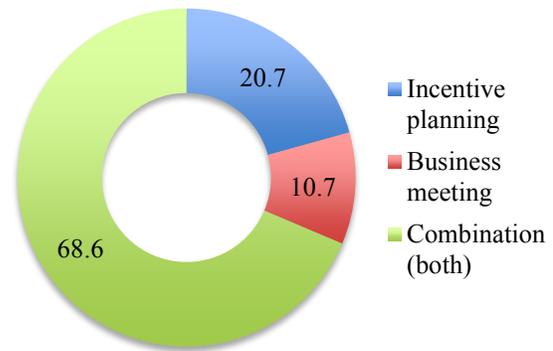
Lengths of Business Operation (n=131)



Size of the MP organization (n=131)



Business Characteristics (n=31, 53, 76, 47, 58)

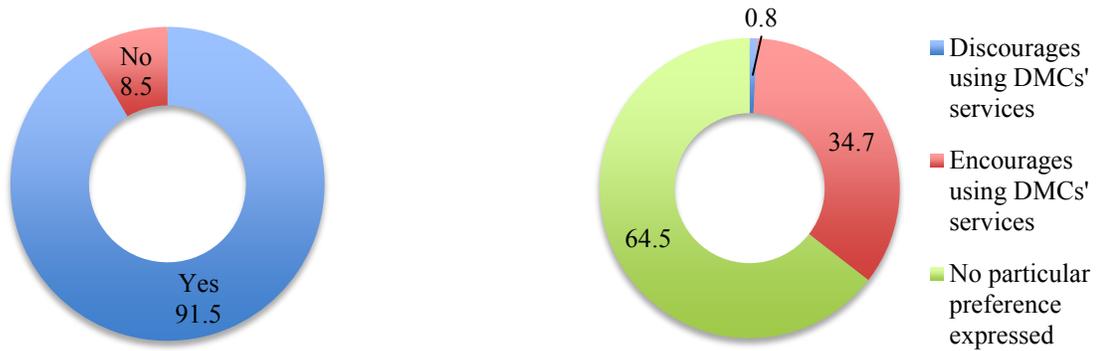


Primary Job Assignment Focus of MP Business (n=121)

3.2.3. Collaboration with DMCs

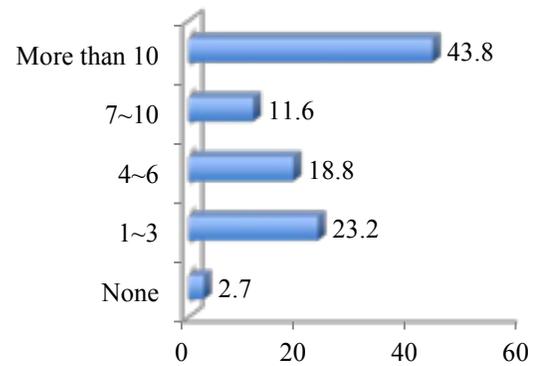
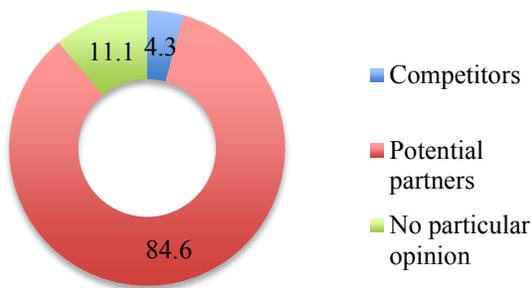
At least nine out of 10 MPs have collaborated with DMCs before. As shown in Figure 3.3, while 35% of MPs were encouraging collaboration with DMCs, nearly two thirds (65%) of them had no particular preference for either working with DMCs or not. Interestingly, though, almost no MPs were discouraging collaboration with DMCs. The majority (85%) of MPs viewed DMCs as a potential business partner, while only a small fraction (4%) viewed them as competitors. Nearly 44% of MPs collaborated with more than 10 DMCs in the past three years, but about an equal number of MPs had collaborated with six or fewer DMCs in the same period. About 57% of MPs were collaborating with DMCs in the past 12 months.

Figure 3.3. MPs' Collaboration Characteristics with DMCs (entries are %)



Worked with DMCs (n=117)

Encourage to Use DMC Services (n=121)



MPs' Views of DMCs (n=117)

Number of DMCs Collaborated in the Past 3 Years (n=112)

3.2.4. Additional MP Organization Characteristics

As we provided analyses into additional DMC business characteristics earlier, we attempted to relate some MP organizational characteristics each other to see whether there were some noticeable patterns. Table 3.1 reveals that both incentive houses and corporate MPs tend to be large often hiring more than 50 employees; in contrast, independent planners tend to be smaller with the majority hiring fewer than 10 employees.

Table 3.1. Business Characteristics by Firm Size (entries are %, n=124)

		Firm Size (Number of Employees)					Total
		By myself	Fewer than 10	11 - 25	26 - 50	More than 50	
MP Business Type	Incentive house/third party (ITA, BCD, Maritz, etc.)	0.00	14.52	8.87	8.06	19.35	50.81
	Corporate (i.e., internal meeting planning department for a corporation)	0.81	2.42	4.03	0.00	16.13	23.39
	Independent planner (e.g., independent or boutique planning group)	4.84	11.29	0.81	0.81	0.00	17.74
	Other	1.61	3.23	0.00	0.00	3.23	8.06
Total		7.26	31.45	13.71	8.87	38.71	100

Similar to the employment size above, both incentive houses and corporate MPs tended to handle a larger number of events perhaps because of their large firm size and manpower. On the contrary, independent planners tended to handle a smaller number of events, as reflected in Table 3.2.

Table 3.2. Business Characteristics by Business Volume (entries are %, n=124)

		Number of Event Held in the Past 12 Months					Total	
		Fewer than 10	11-20	21-30	31-40	41-50		More than 50
MP Business Type	Incentive house/third party (ITA, BCD, Maritz, etc.)	3.23	8.87	11.29	2.42	2.42	22.58	50.81
	Corporate (i.e., internal meeting planning department for a corporation)	5.65	2.42	1.61	1.61	0.00	12.10	23.39
	Independent planner (e.g., independent or boutique planning group)	5.65	6.45	0.81	1.61	1.61	1.61	17.74
	Other	1.61	1.61	0.00	0.00	0.81	4.03	8.06
Total		16.13	19.35	13.71	5.65	4.84	40.32	100

Table 3.3 shows a pattern that coincides with those in Tables 3.1 and 3.2 above. Perhaps due to the larger firm size and business volume, both incentive houses and corporate MP organizations tended to generate significantly larger revenues, compared to independent planners.

Table 3.3. Business Characteristics by Annual Revenue (entries are %, n=124)

		Annual Revenue FY 2013							Total
		< \$100K	\$101K-500K	\$501K-1 mil	\$1.1 mil-2.5mil	\$2.6 mil-5mil	\$5.1 mil - 10mil	\$10 mil<	
MP Business Type	Incentive house/third party (ITA, BCD, Maritz, etc.)	0.00	4.03	0.81	8.06	4.03	6.45	27.42	50.81
	Corporate (i.e., internal meeting planning department for a corporation)	2.42	1.61	0.00	0.00	4.84	0.81	13.71	23.39
	Independent planner (e.g., independent or boutique planning group)	1.61	7.26	2.42	2.42	0.81	2.42	0.81	17.74
	Other	0.81	0.00	0.81	3.23	0.81	0.00	2.42	8.06
Total		4.84	12.90	4.03	13.71	10.48	9.68	44.35	100

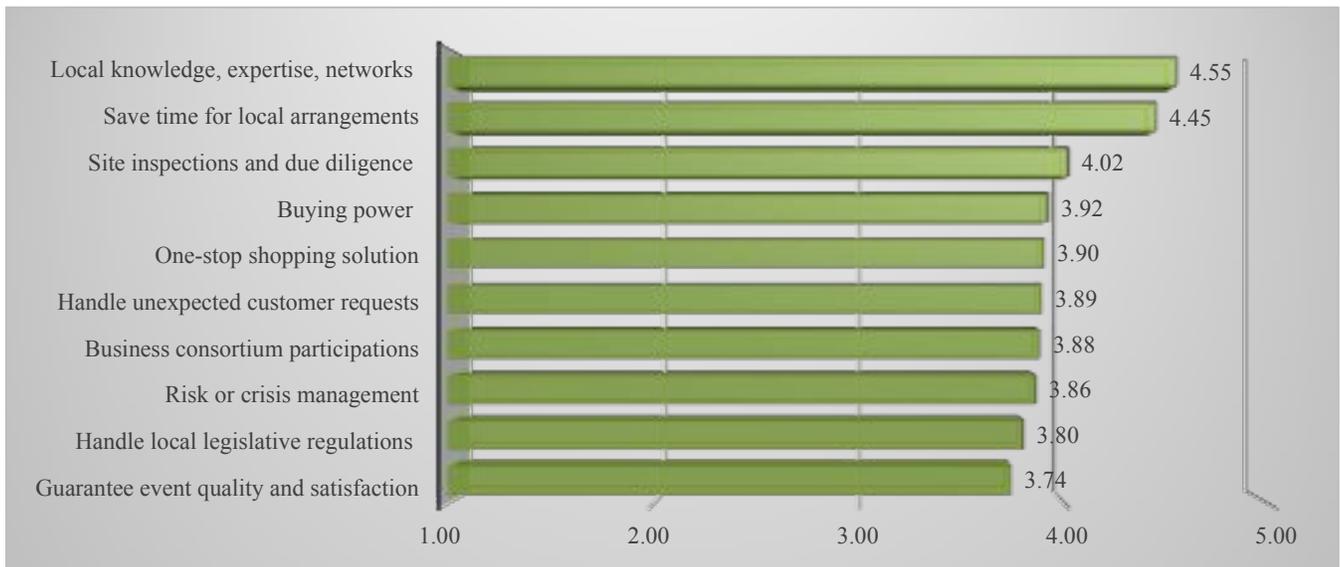
3.3. SWOT Analysis

We asked MPs to rate SWOT of DMCs. Although we followed the same procedure as we did in the DMC survey, these SWOT evaluations by MPs could be revealing from the perspectives of MPs as (1) a potential client, (2) a business partner, and (3) a competitor. The SWOT factors used for MPs are slightly different from the ones used for DMCs due to the discrepancies in the lists of the factors generated separately by the DMC and MP focus groups, respectively.

3.3.1. Strengths Rated

For DMCs' strengths, MPs rated most highly DMCs' in-depth local knowledge, expertise and networks with local vendors. The second highest rating was for DMCs' services to help MPs save time for local arrangements. Factors like DMCs' handling of local legislative issues and DMCs' assurance of event quality and client satisfaction received relatively lower ratings as DMCs' strengths (Figure 3.4).

Figure 3.4. Strengths Rated

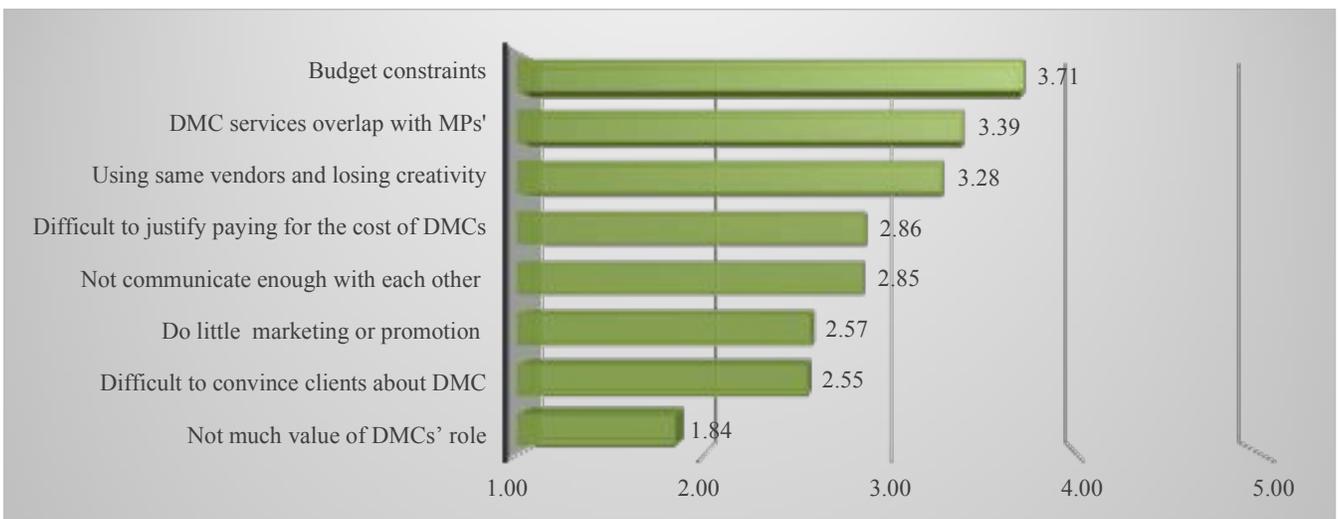


Refer to Appendix 7 for more detailed descriptions

3.3.2. Weaknesses Rated

The MPs' ratings for the weakness factors of DMCs tended to be generally lower than those for the strengths, with the mean scores ranged from 1.84 to 3.71. The weakest rating went to the fact that many DMC services could be performed by MPs themselves under budget constraints, followed by the similar fact that many DMC services overlapped with what MPs provided. Although the MP focus group listed as the weaknesses of DMCs such factors as MPs' lack of understanding about the value of DMCs' role, MPs' difficulty to convince clients about the role of DMCs, and DMCs' little marketing efforts, MPs tended to disagree that these were the weaknesses of DMCs (Figure 3.5).

Figure 3.5. Weaknesses Rated

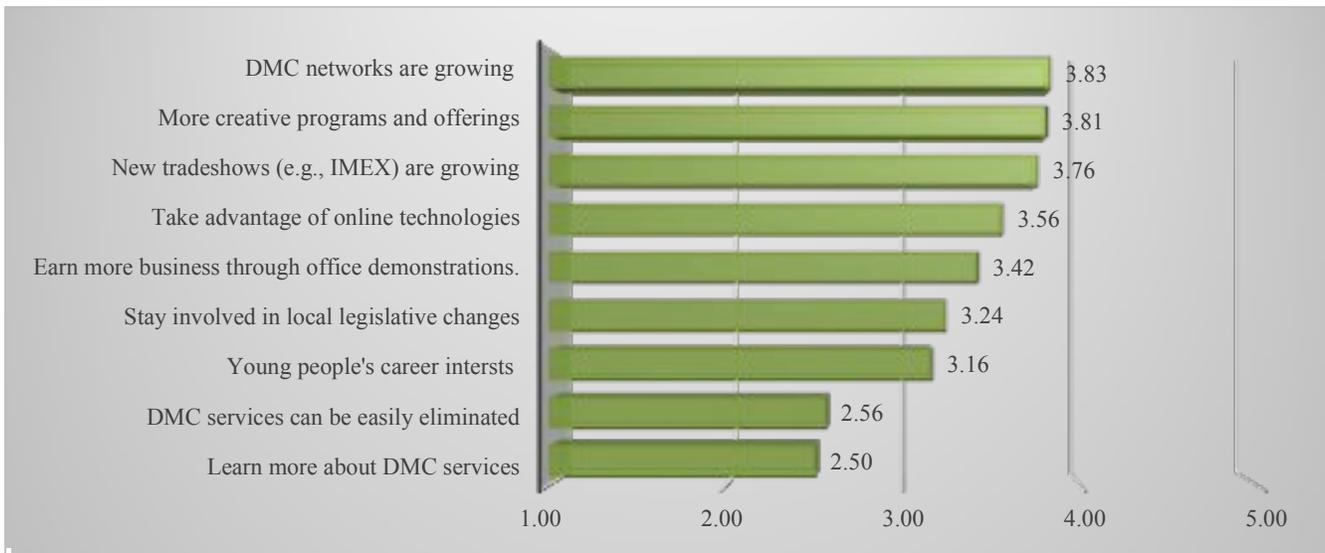


Refer to Appendix 8 for more detailed descriptions

3.3.3. Opportunities Rated

Of the nice opportunities for the DMC business presented, MPs rated most positively DMCs' growing networks across the nation and DMCs' potential to offer more creative programs. Somewhat disagreed opportunities for DMCs were ease of elimination of some DMC services and additional education for MPs about DMC service provisions. This might be due to the MP survey participants' extensive industry experience (Figure 3.6).

Figure 3.6. Opportunities Rated

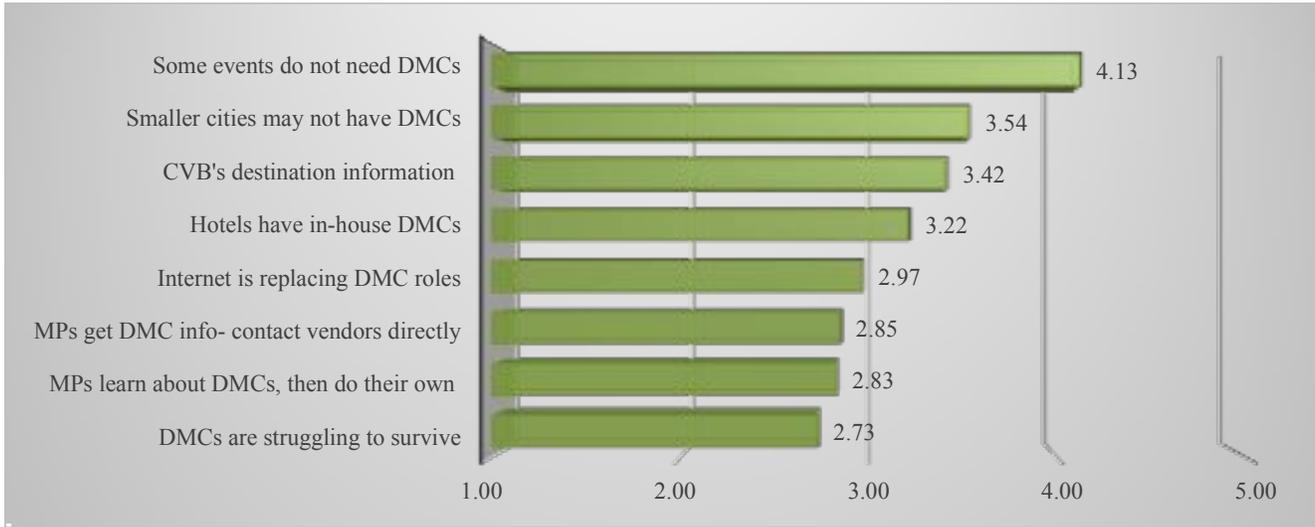


Refer to appendix 9 for more detailed descriptions

3.3.4. Threats Rated

MPs rated eight potential threats to the DMC business. They agreed most with the fact that DMC services are not necessary for some events. They also tended to agree that DMCs did not exist in smaller cities and that CVBs could provide unbiased destination information similar to what DMCs used to provide. In contrast, MPs tended to disagree with such threats for DMCs that most DMCs were struggling to survive and that MPs often took advantage of DMCs without eventually contracting for DMC services (Figure 3.7).

Figure 3.7. Threats Rated



Refer to Appendix 10 for more detailed descriptions

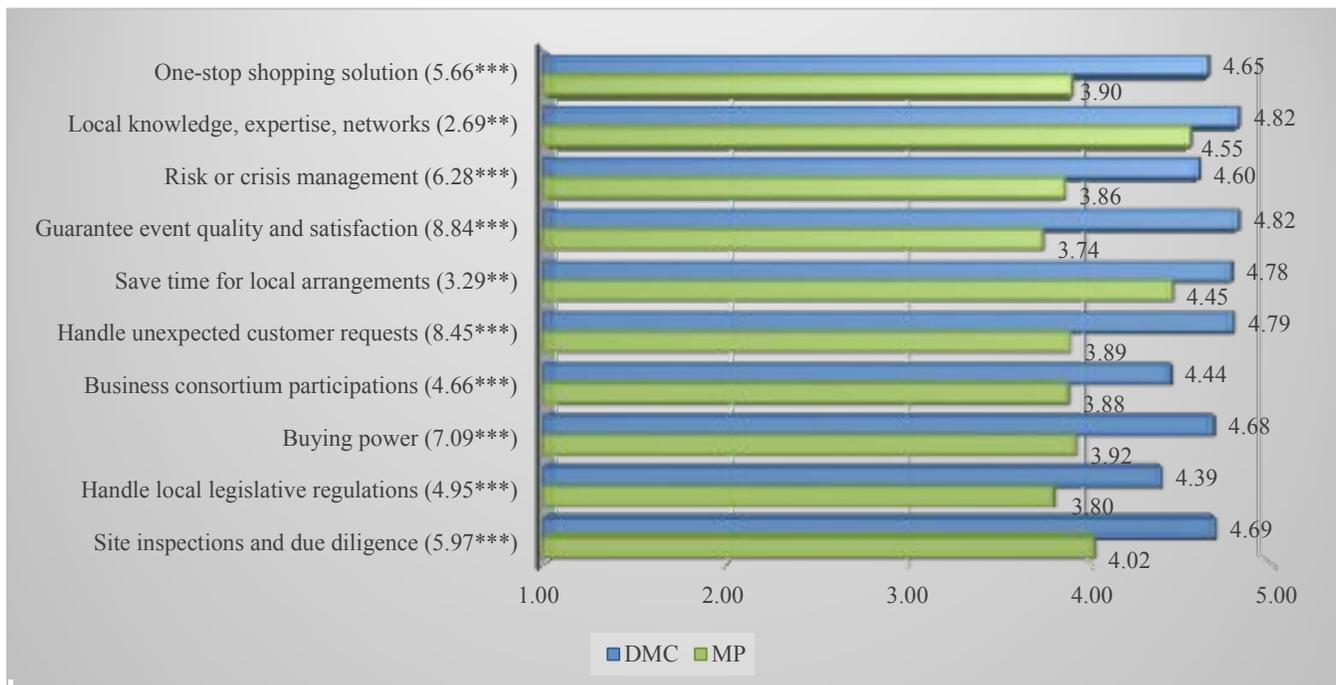
Comparison between DMCs and MPs

In this section, we aim to compare the mean ratings between the DMC and MP groups on the SWOT factors of DMCs by using a series of independent sample t-tests. Directly comparing the mean ratings of these two groups will provide valuable information about how DMCs are aware of their own business conditions vs. how their potential clients, competitors, and/or business partners—that is, MPs—view the same business conditions. While matching ratings are desirable, gaps between the two groups’ ratings will point to directions for DMCs’ future strategy planning. The survey questionnaires for each of the DMC and MP groups contained the SWOT factors that were comparable in meaning, albeit slightly different in wordings due to the group-specific statements. We compared the groups on each pair that we believed meant the same fact.

5.1. Strengths

On all the 10 selected strengths of DMCs, the DMC professionals gave more positive, higher ratings than did MP professionals. The mean score differences across all strength factors were statistically significant beyond sampling errors. DMCs’ self-rating scores of their strengths ranged from 4.39 to 4.82, while MPs’ rating scores ranged from 3.74 to 4.55. The two groups had substantively different views on the same strength factor for DMCs (Figure 4.1).

Figure 4.1. Strengths Rating Comparison

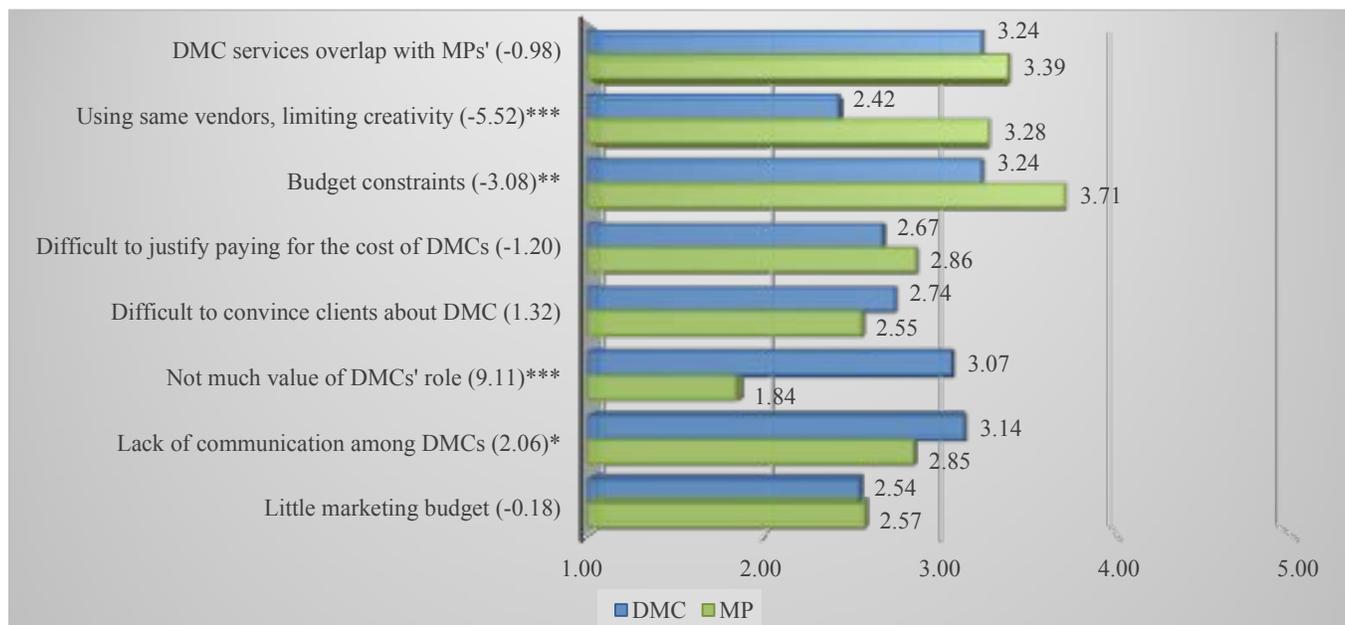


Values in parentheses indicate t-ratio; ***p<0.001, **p<.01, *p<0.05.

5.2. Weaknesses

Of the eight weaknesses compared, DMCs disagreed more strongly than did MPs on two weaknesses: (1) their lack of creativity by relying on the same local vendors repeatedly and (2) many DMC services replaceable by MPs' own work when dictated by budget situations. In contrast, DMCs agreed more strongly than did MPs on their two weaknesses: (1) the role and value of DMC services to MPs and MPs' clients and (2) lack of collaboration among DMCs. The two groups' ratings on the other four weakness factors were essentially identical in mean scores, even if there were minor differences within the range of sampling errors (Figure 4.2).

Figure 4.2. Weaknesses Rating Comparison

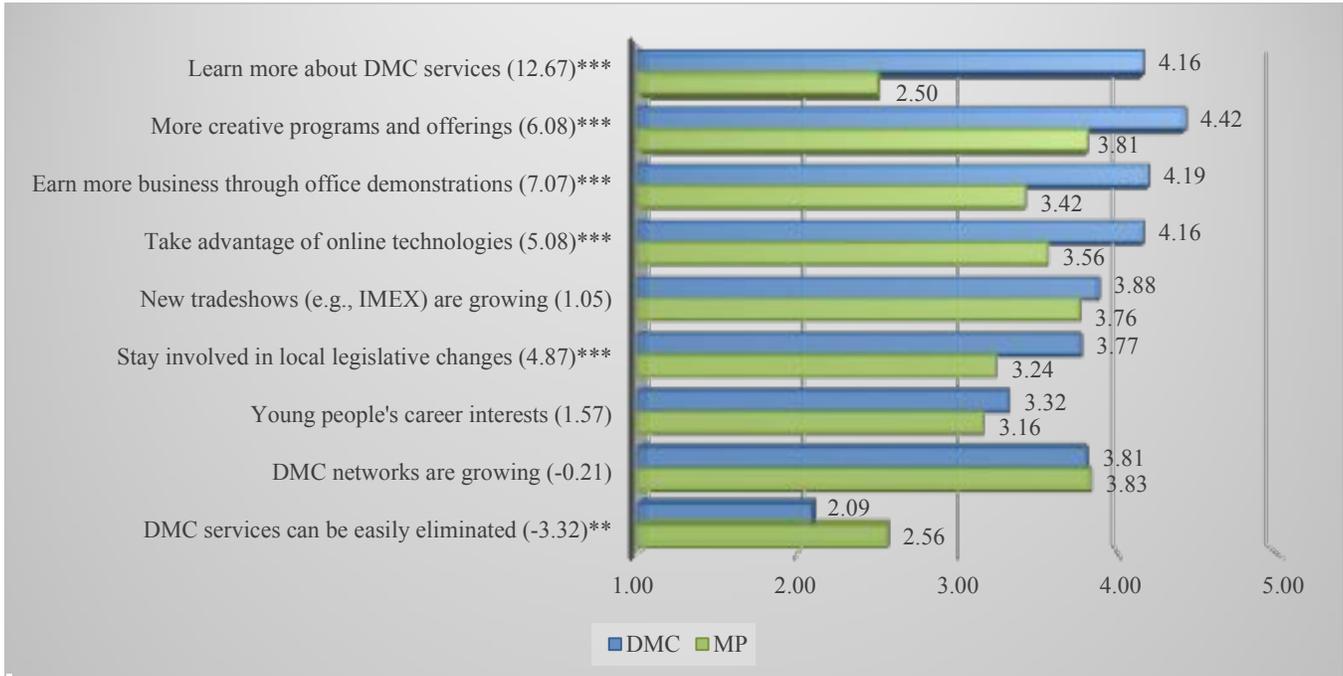


Values in parentheses indicate t-ratio; *** $p < 0.001$, ** $p < 0.01$, * $p < 0.05$.

5.3. Opportunities

Both DMC and MP groups rated nine opportunities for the DMC business of which six were rated differently. Of these six differently rated opportunities, five resulted in stronger agreement from the DMC than MP group and they included: (1) need for more education about DMCs among clients, (2) more creative programs needed for DMCs to be more successful, (3) additional promotion such as demonstrations and presentations needed for DMCs, (4) online technology and social media for more use by DMCs, and (5) DMCs' need for deep involvement in local legislative issues. One opportunity factor disagreed more strongly by the DMC than MP group was some DMC services being vulnerable to elimination. The other remaining three opportunities were rated equally agreeable by the two groups (Figure 4.3).

Figure 4.3. Opportunities Rating Comparison

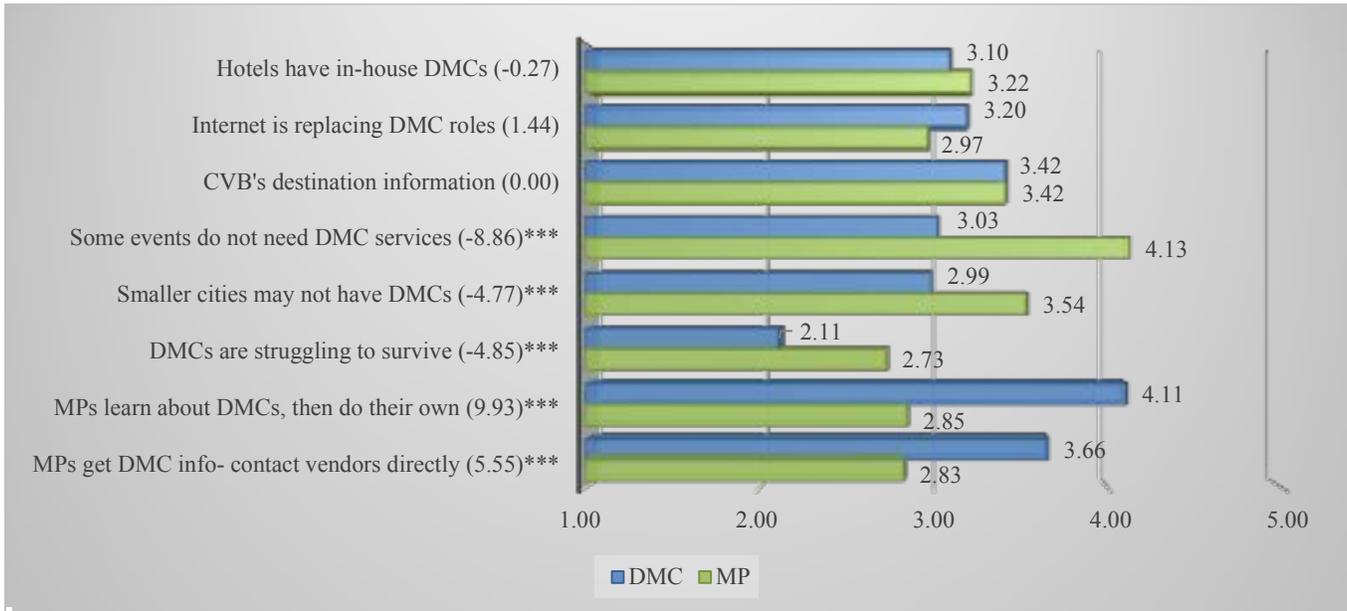


Values in parentheses indicate t-ratio; ***p<0.001, **p<.01, *p<0.05.

5.4. Threats

The eight threat factors also resulted in mixed evaluations between the two groups. The DMC group disagreed more strongly than did the MP group on three threat factors such as (1) some DMC services not needed for some events, (2) DMCs not being present in smaller cities, limiting collaborative opportunities with MPs, and (3) some DMCs struggling to survive. On the other hand, DMCs agreed more strongly than did MPs on the two threat factors such as (1) MPs being unethical to get info from DMCs and contact vendors directly and (2) MPs learning and performing some DMC services on their own. There was no significant difference in ratings between the two groups on the remaining three items; that is, the two groups agreed equality with (1) more hotels having in-house DMCs, (2) Internet providing destination information and trying to replace DMCs (Figure 4.4).

Figure 4.4. Threats Rating Comparison



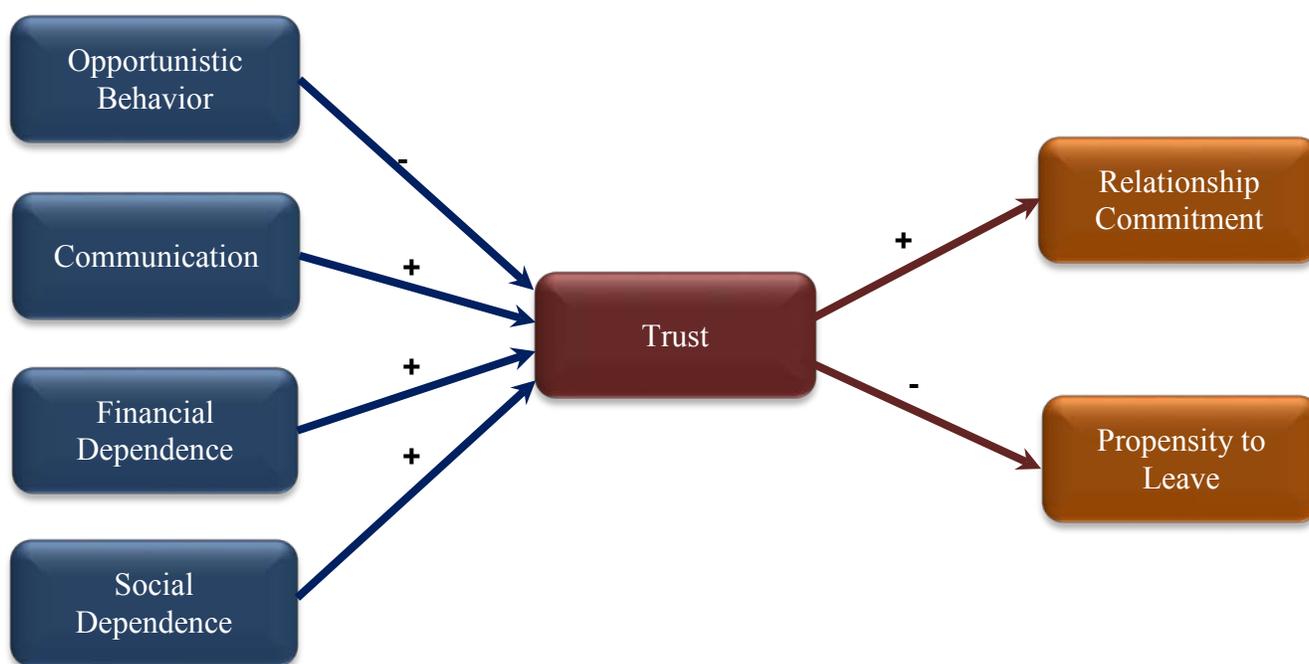
Values in parentheses indicate t-ratio; ***p<0.001, **p<.01, *p<0.05.

The DMC-MP Relationship

5.1. Social Exchange Theory

In this section, we attempt to examine a mental mechanism underlying the strategic partnership or relationship between DMCs and MPs in application of *social exchange theory* (Homans, 1958¹). According to social exchange theory, people enter a relationship based on a rational calculation of the payoff resulting from comparing rewards to costs. People also determine whether they will continue staying in the relationship or not based on the ongoing outcome of the reward-cost comparison and their satisfaction. Thus, social exchange theory predicts that people will maintain a relationship as long as what they get is disproportionately larger than what they have to sacrifice.

Figure 5.1. A Theoretical Model of the DMC-MP Business Relationship



Applied to various business-to-business relationships in industry (Lambe, Wittmann, & Spekman, 2001²), social exchange theory can be useful in predicting the business partner's commitment to as well as propensity to leave the relationship. For instance, we can predict whether an MP will continue committing to or leave the business relationship with a DMC by having a few variables as predictors in a social exchange theory model. Figure 5.1 depicts the conceptual model we constructed by incorporating a few widely supported variables such as trust, opportunistic behavior, communication, financial dependence, and social dependence. In the figure, the arrows

¹ Homans, G. C. (1958). Social behavior as exchange. *American journal of sociology*, 63(6), 597-606.

² Lambe, C. J., Wittmann, C. M., & Spekman, R. E. (2001). Social exchange theory and research on business-to-business relational exchange. *Journal of Business-to-Business Marketing*, 8(3), 1-36.

indicate “prediction” or flow of influence, while the +/- signs mean the direction of prediction or influence. For example, the more the MP partner behaves opportunistically the less (-) the DMC partner will trust the MP. In the meantime, the more trust the DMC has in its MP partner, the more likely the DMC will commit to the business relationship with the MP in the future.

5.2. Measurement of Variables

We measured each of the variables in the model in multiple question items to achieve a rich measurement and understanding. All measurement items were anchored in a 5-point scale with 1=*strongly disagree*, 2=*disagree*, 3=*neutral*, 4=*agree*, and 5=*strongly agree*, except for propensity to leave, relationship satisfaction, and substitutability. Table 5.1 displays the operationalized question items of each variable, their mean value and standard deviation, the reliability score alpha of the multi-item variables, and statistical test results comparing the DMC and MP group mean on each item. For example, we measured the partner’s **opportunistic behavior** with five question items; the mean values ranged from 2.80 to 3.25 for the DMC group and from 1.89 to 2.69 for the MP group. These five measurement items appeared to be highly reliable as shown in the alpha value of .90 for both the DMC and MP groups. The DMC group tended to agree with all five statements more strongly than did the MP group, beyond the margin of sampling errors, according to the t-test results.

The five items measuring the partner’s **communication** performance were highly reliable as reflected in the alpha of .88 and .91 for the two groups. The mean values ranged from 3.21 to 3.85 for the DMC and from 3.19 to 3.82 for the MP group, respectively. The two groups’ mean values were not significantly different for two items measuring communications about (1) the partner’s expectations of the other partner’s performance and (2) potential business opportunities for the other partner. However, the MP gave a significantly high score than the DMC did on two items evaluating (1) the partner’s update on new developments in the business and (2) the partner’s frequency of discussion about business ideas for mutual benefits. In contrast, the DMC gave a higher score to the MP than did the MP to the DMC for providing performance feedback.

The variable **financial dependence** had four measurement items achieving an acceptable level of reliability at .73 for the DMC and .78 for the MP group. Their means ranged from 3.64 to 3.93 for the DMC and from 3.37 to 3.69 for the MP group. While both groups scored equally on financial dependence built upon frequent business transactions, the DMC group rated its relationship with its major MP partner more financially motivated than did the MP group. That is, the DMC group reported to have had significantly stronger financial motivations than the MP group for the business partnership.

Measure also with four question items, the **social dependence** scale achieved an acceptable reliability level with an alpha value of .67 for the DMC and .78 for the MP group. The mean values ranged from 2.70 to 3.68 for the DMC and from 2.60 to 3.84 for the MP group. The differences in the mean scores between the two partner groups were not substantively different across all four items concerning the relationship (1) built on personal networking and acquaintance, (2) relying on exchanging a favor to each other, (3) based on shared feelings about the business, and (4) embracing close friendship between the partners.

The five-item scale measuring one partner’s **trust** in the other was highly reliable, with an alpha of .96 and .95 for the DMC and MP groups, respectively. The DMC group rated the MP partner’s trustworthiness in the mean score range of 4.02 to 4.10, while the MP group trusted the DMC partner in the score range of 4.30 to 4.40. The mean difference was substantive across all five trust measurement items; the MP group tended to trust the DMC partner significantly more than the other way around.

We measured each partner’s commitment to the relationship with four items and this **relationship commitment** scale was highly reliable (alpha = .93 for the DMC and .90 for the MP group). The DMC group’s relationship commitment ranged from 4.07 to 4.33, while the MP group ranged from 3.46 to 4.19. The two groups did not

show a significant difference in their current commitment to the existing business partnership. However, the DMC group exhibited a significantly stronger commitment to investing further in the relationship than did the MP group.

Each partner's **propensity to leave** the business relationship was operationalized into three items measuring the partner's intent to terminate the relationship within the next (1) six months, (2) one year, and (3) two years. We asked both groups to rate the likelihood of terminating the relationship by using a 5-point scale ranged from 1=*very low* to 5=*very high*. This three-item scale achieved high scale reliability in both groups (alpha = .95 and .94). The mean scores were low overall ranging from 1.57 to 1.95 for the DMC and from 1.62 to 1.68 for the MP group. Both groups did not show any significant difference across the three item mean scores.

Relationship satisfaction with the business partner was measured with three items operationalized into (1) 1=*very dissatisfactory*...5=*very satisfactory*, (2) 1=*terrible*...5=*delightful*, and (3) 1=*of no value*...5=*of very high value*. This three-item scale resulted in high reliability in both the DMC (alpha=.92) and MP group (alpha=.88). The mean scores ranged from 3.86 to 3.99 for the DMC and from 4.28 to 4.36 for the MP group. The MP group's mean scores were consistently higher than the DMC's across all three items.

Finally, we asked each partner as to how difficult or easy it was to replace—hence **partner substitutability**—the current major business partner by using a 5-point scale with 1=*very difficult*...5=*very easy*. On this scale, the DMC group scored 2.50 while the MP group scored 2.98. The DMC group found it significantly more difficult to replace the current major MP partner than the MP group found it to replace its current major DMC partner.

Table 5.1. Descriptive Statistics of the Measurement Question Items and Comparison between DMC and MP

Measurement Items	DMCs		MP		<i>t</i> (<i>p</i> -value)
	Mean (Std.)	α	Mean (Std.)	α	
<u>Opportunistic Behavior</u>		.90		.90	
<i>To accomplish his/her own objectives, sometimes this major meeting planner partner...</i>					
...alters the facts slightly.	3.14 (1.11)		2.48 (1.09)		4.34 (.00)
...promises to do things without actually doing them later.	2.89 (1.14)		2.22 (1.00)		4.48 (.00)
...gets information from us and contacts our vendors directly later.	2.80 (1.20)		1.89 (.99)		5.91 (.00)
...works with my DMC and our competitors simultaneously to maximize his/her own benefits.	3.25 (1.20)		2.69 (1.16)		3.34 (.00)
...tends to treat my DMC as one tentative option while considering other DMCs as alternatives.	3.14 (1.20)		2.48 (1.17)		3.96 (.00)
<u>Communication</u>		.88		.91	
<i>In our relationship, this major meeting planner...</i>					
...keeps us informed of new developments in his/her business.	3.21 (.89)		3.82 (.98)		-4.65 (.00)
...communicates well his/her expectations about our firm performance.	3.71 (.90)		3.75 (.91)		-.34 (.73)
...frequently discusses with us the business ideas that can benefit mutually.	3.33 (.93)		3.62 (1.04)		-2.08 (.04)
...is good at notifying us about potential business opportunities.	3.49 (.98)		3.19 (1.14)		1.98 (.05)
...is helpful in providing feedback on our performance.	3.85 (.81)		3.34 (1.06)		3.85 (.00)
<u>Financial Dependence</u>		.73		.78	
<i>The relationship that my DMC has with this major meeting planner...</i>					
...is based on mutual financial gains.	3.89 (.73)		3.45 (1.11)		3.32 (.00)
...is built upon frequent business transactions.	3.81 (.90)		3.69 (1.05)		.87 (.39)
...is motivated mainly by collaborative business opportunities.	3.93 (.74)		3.67 (.94)		2.19 (.03)
...focuses on common profit goals.	3.64 (.82)		3.37 (.94)		2.16 (.03)
<u>Social Dependence</u>		.67		.78	
<i>The relationship that my DMC has with this major meeting planner...</i>					
...is built rather on our personal networking and acquaintance.	3.59 (.93)		3.84 (1.01)		-1.75 (.08)
...relies on exchanging a favor to each other in turn.	2.70 (.94)		2.60 (1.12)		.71 (.48)
...is based largely on a shared feeling of being “on the same boat” for our respective businesses.	3.68 (.87)		3.79 (.97)		.76 (.40)
...embraces our close friendship in its center.	3.43 (.92)		3.67 (1.05)		.26 (.08)

<u>Trust</u> <i>In our relationship, this major meeting planner...</i>		.96		.95	
...can be trusted.	4.04 (.78)		4.38 (.74)		-3.26 (.00)
...can be counted on to do what is right.	4.02 (.80)		4.39 (.75)		-3.47 (.00)
...has high integrity.	4.04 (.76)		4.40 (.75)		-3.47 (.00)
...is a very reliable business partner.	4.06 (.76)		4.30 (.90)		-2.16 (.03)
...is consistent in the manner s/he conducts the business with my DMC.	4.10 (.74)		4.34 (.82)		-2.23 (.03)
<u>Relationship Commitment</u> <i>The relationship that my DMC has with this major meeting planner partner...</i>		.93		.90	
...is something we are very committed to.	4.33 (.79)		4.19 (.87)		1.22 (.23)
...is something my DMC intends to develop more in the future.	4.27 (.73)		3.99 (.96)		2.38 (.02)
...deserves my DMC's maximum effort to maintain.	4.07 (.97)		3.46 (1.11)		4.22 (.00)
...is something that my DMC will continue devoting necessary resources to strengthen.	4.29 (.74)		3.90 (.90)		3.48 (.00)
<u>Propensity to Leave</u>		.95		.94	
What do you think are the chances of your firm terminating the relationship with this major meeting planner within the next six months? <i>Very low Very high</i>	1.57 (.90)		1.62 (1.06)		-.32 (.75)
What do you think are the chances of your firm terminating the relationship with this major meeting planner within the next one year? <i>Very low Very high</i>	1.72 (.95)		1.67 (1.07)		.36 (.72)
What do you think are the chances of your firm terminating the relationship with this major meeting planner within the next two years? <i>Very low Very high</i>	1.95 (1.14)		1.68 (.95)		1.86 (.06)
<u>Satisfaction</u> The overall relationship that my DMC has with this major meeting planner has been: <i>Very dissatisfactory Very satisfactory</i> <i>Terrible Delightful</i> <i>Of no value Of very high value</i>		.92		.88	
	3.99 (.94)		4.36 (.81)		-3.03 (.00)
	3.86 (.91)		4.28 (.86)		-3.41 (.00)
	3.97 (.98)		4.30 (.96)		-2.44 (.02)
<u>Substitutability</u> How easy or difficult is it to replace the partnership of this major meeting planner with that of another meeting planner? <i>Very difficult Very easy</i>					
	2.50 (.98)		2.98 (1.36)		-2.92 (.00)

Note: Except where the measurement scales are provided, all the other measurement questions of the variables were anchored on a 5-point scale: 1 = *strongly disagree*, 2 = *disagree*, 3 = *neutral (neither disagree nor agree)*, 4 = *agree*, and 5 = *strongly agree*. Regardless of type of scale used, all were 5-point scales. The measurement item statements containing the term "DMC" were replaced with "MP" or similar terms in the survey questionnaire administered to the MP group (see the questionnaire in appendix for more information).

5.3. Regression Analysis Results

We analyzed the DMC-MP relationship model shown in Figure 5.1 from each partner group’s perspective. Our statistical analyses relied on a series of regression methods for computations of the relationship strengths shown in the model. These analyses were based on the aggregated sum score of each variable, as supported by the generally high levels of measurement reliability earlier. Table 5.2 summarizes the results of the model for the DMC group. First, the MP partner’s opportunistic behavior, engagement in communication activities, and mutual financial dependence are significant determinants of the DMC’s relationship trust. The MP partner’s opportunistic behavior is a much stronger, negative determinant of the DMC’s trust than is either communication or financial dependence both of which are positive contributors to the DMC’s trust in the business partner. Social dependence between the two partners did not contribute to mutual trust substantively.

Second, the DMC’s trust in its MP partner was a significant determinant of its commitment to the business relationship. However, trust in the partner did not affect the DMC’s intention to terminate the business relationship. Perhaps there are other reasons causing the DMC to leave its business relationship with MPs.

The relationship model based on social exchange theory predicts about 49% of variance in the DMC’s trust in the MP partner through the DMC’s perceptions of the MP’s opportunistic behavior, communication, and financial dependence. The model also determines about 34% of variance in the DMC’s relationship commitment through trust perceptions and 19% in its intention to terminate the relationship through, again, trust perceptions alone. Of course, the model’s power to predict the DMC’s intention to leave the relationship is not substantive enough to consider.

Table 5.2. Regression Analysis Results for the DMC Group

	Unstandardized		Standardized		
	Coefficient	Std. Error	Coefficient	t	p
Y-Intercept	2.81	0.51		5.48	0.00
Opportunistic Behavior	-0.33	0.07	-0.42	-4.61	0.00
Communication	0.24	0.10	0.25	2.45	0.02
Financial Dependence	0.26	0.09	0.22	2.84	0.01
Social Dependence	0.13	0.09	0.12	1.45	0.15
Trust <i>Relationship Commitment</i>	0.48	0.12	0.47	3.93	0.00
Trust <i>Propensity to Leave</i>	-0.25	0.17	-0.19	-1.44	0.15
	<i>R</i> ²	<i>Adj-R</i> ²			
Trust	.51	.49			
Relationship Commitment	.37	.34			
Propensity to Leave	.24	.19			

Note: Consistent with the model in Figure 1, the dependent variable for opportunistic behavior, communication, financial dependence, and social dependence was trust. Trust then had two dependent variables: relationship commitment and propensity to leave.

Table 5.3 provides summary statistics of the regression analyses for the MP group about the business relationship model in Figure 5.1. Consistent with the DMC group results above, opportunistic behavior, communication, and financial dependence are significant determinants of the MP’s trust in the DMC partner. Of these, opportunistic behavior is the strongest determinant of the trust; that is, the DMC partner’s opportunistic behavior undermines (due to the negative sign) the MP’s trust in the partnership more strongly than communication and financial

dependence between the two partners can contribute. In contrast, social dependence between the two partners has no substantive role in building mutual trust.

Trust in the DMC partner is a significant determinant of the MP's commitment to as well as propensity to leave the business relationship. Apparently, the stronger the MP's trust in the DMC partner is, the stronger the MP is committed to the relationship. At the same time, the MP's trust in the partner tends to deter the MP's likelihood to terminate the relationship. Hence, building trust in the business relationship brings about positive outcomes to sustain the relationship.

The model has a medium range of predictive power. It accounts for about 38% of variance in trust, 47% in relationship commitment, and 41% in propensity to leave. More specifically, the DMC's opportunistic behavior, communication, and financial dependence with the MP partner determined 38% of its trust in the partner, while its trust alone determined 47% and 41% of its commitment to and propensity to leave the relationship, respectively.

Table 5.3. Regression Analysis Results for the MP Group

	Unstandardized		Standardized		
	Coefficient	Std. Error	Coefficient	t	p
Y-Intercept	3.29	0.44		7.47	0.00
Opportunistic Behavior	-0.24	0.07	-0.32	-3.38	0.00
Communication	0.25	0.08	0.31	2.96	0.00
Financial Dependence	0.19	0.09	0.21	2.05	0.04
Social Dependence	0.04	0.09	0.04	0.43	0.67
Trust <i>Relationship Commitment</i>	0.52	0.11	0.50	4.91	0.00
Trust <i>Propensity to Leave</i>	-0.50	0.14	-0.41	-3.71	0.00
	<i>R</i> ²	<i>Adj-R</i> ²			
Trust	.41	.38			
Relationship Commitment	.51	.47			
Propensity to Leave	.44	.41			

Note: Consistent with the model in Figure 1, the dependent variable for opportunistic behavior, communication, financial dependence, and social dependence was trust. Trust then had two dependent variables: relationship commitment and propensity to leave.

Conclusions & Suggestions

6.1. Conclusions & Suggestions

One of our overarching goals of this project was to identify current issues and concerns of DMCs from both their own and their clients' perspectives with a particular focus on the changing dynamics of market competition due to advancing technology. Our DMC focus group suggests several general issues for the DMC business such as the economic climate and slow recovery, escalating competition due to increasing technology applications, a balance between creative program deliveries and standardizing services through growing DMC consortiums, and need for client education about DMC services. Our MP focus group observes additionally that DMCs tend to have small planning teams, that MP clients do not understand the role of DMCs in event planning, and that MPs generally appreciate the contributions DMCs make.

Key competitors identified include the Internet (e.g., search engines), local CBVs, MPs, other DMCs, and local vendors such as hotels having in-house DMCs and transportation companies providing similar services. Depending upon how DMCs approach, technologies such as websites and social media can bring new business opportunities for DMCs but, at the same time, they also can shrink the role of DMCs in the future as clients can have ready access to a variety of information they need.

Both DMC and MP professionals have somewhat different views on the SWOT of DMCs. DMCs appear to be optimistic and confident about their ability to provide high quality events based on their expertise and bargaining power in the local market. While MPs generally endorsed such self-confidence of DMCs, they do not necessarily share the view to the same extent DMCs see themselves. DMCs need to examine carefully the differential views provided by MPs as their client, potential business partner, and fierce competitor. We described detailed comparison results along with necessary, minimum statistical tests in this report. We hope DMCs will study what we report here as part of their strategic thinking for the future of their business.

We attempted to explain how the business partnership between DMCs and MPs is created and maintained over time by relying on the widely adopted theory of social exchange. Mutual trust appears to play an important role in inducing the partner's commitment to the relationship and, at the same time, reducing the partner's intent to terminate the relationship. Such trust seems to be built on reduction in opportunistic behavior by the partner, frequent quality communications, and mutual financial dependence. However, social dependence between the partners does not seem to contribute to mutual trust in this particular DMC-MP relationship, which was against our expectation.

Based on the findings of our study, we suggest the following to DMCs:

- ✓ Continue building a strong niche around local expertise through the reputation and network with local vendors.
- ✓ Proactively take advantage of available new technologies to provide more convenient services to MPs.
- ✓ Differentiate services through creative program development and satisfaction guarantee programs.
- ✓ Build stronger site inspection and risk management services for MPs.
- ✓ Develop programs to easily persuade the clients of MPs about the role of DMCs and their necessity.
- ✓ Differentiate in quality what MPs can perform without needing DMCs' services.

- ✓ Work with larger DMC consortiums to create more business opportunities, but without jeopardizing the unique, customizable programs DMCs can deliver based on their local expertise and flexibility.
- ✓ Develop promotional programs such as office presentations and demos to raise the visibility and awareness of DMC services in general and to MPs and their clients in particular.
- ✓ Conduct frequent self-assessments and assessments of the client's perspectives to close the gap in understanding about DMCs' role and value.
- ✓ Create a strong, positive brand image of DMC services that will reduce the low visibility problem as well as convince more clients for additional businesses.

6.2. Limitations

While we attempted to gather data for more generalizable results, we caution that readers need to consider some limitations of our study when interpreting our findings. First, our findings are based on relatively small samples for both focus groups and national surveys. Second, we could not identify why both DMC and MP study participants provided significantly different views on a variety of DMCs' SWOT factors even if they listed similar factors. Third, we are unable to assess how representative our samples of DMCs and MPs were as we did not have a clear understanding of the respective populations. Another limitation could be the relatively low response rates around 10%, although the surveys were highly demanding for these busy professionals. Despite these potential limitations, our study is the first of its kinds examining closely the current status of the DMC business and opportunities and directions it should pursue in the future.

Appendix 1. DMC Survey Questionnaire

Dear Destination Management Professional,

We are a team of researchers at the University of Massachusetts Amherst, Isenberg School of Management. We are conducting this research in collaboration with Incentive Research Foundation (IRF) to understand the business conditions that destination management companies (DMCs) face today and, as a result, to develop effective positioning strategies for the DMC industry. Your participation in this survey is voluntary and it will take approximately 15 minutes to complete this survey. Your responses will be kept in strict confidence and analyzed only in aggregation across all participants. Be one of the first 300 participants submitting a completed survey; you will enter a drawing to win a \$500 gift card or one of four (4) \$250 gift cards. We appreciate your participation to help the DMC industry. Please contact any of our research team members below if you have any questions or concerns about this survey. By clicking "Next" below you are indicating that you are at least 18 years old and agree to participate in this research study.

Sincerely,

Miyoung Jeong, Ph.D. Associate Professor 413-545-4045 mjeong@isenberg.umass.edu
Haemoon Oh, Ph.D Professor and Head 413-545-2061 oh@isenberg.umass.edu
Erin Tierney, Ph.D. Lecturer 413-545-2588 etierney@isenberg.umass.edu

Q1 Which city and state is your DMC headquartered?

City _____
State _____

Q2 How long has your DMC been in the business?

- Fewer than 2 years
- 2-5 years
- 6-10 years
- More than 10 years

Q3 What is the size of your DMC?

- I conduct this DMC business all by myself
- Fewer than 10 employees
- 11 - 25 employees
- 26 - 50 employees
- More than 50 employees

Q4 How many programs did your DMC operate in the past 12 months?

- Fewer than 25
- 26-50
- 51-75
- 76-100
- 101-250
- More than 250

Q5 What was the total annual revenue in FY2013 for your business unit before tax?

- Less than \$100K
- \$101K to \$500K
- \$501K to \$1 million
- \$1.1 million to \$2.5 million
- \$2.6 million to \$5 million
- \$5.1 million to \$10 million
- More than \$10 million

Q6 Which of the following business models best represents your DMC? (Check all that apply)

- Multi Destination Private and/or Corporate Owned (e.g., Hosts Global Alliance, Kuoni, RMC, etc.)

- Single branded partnership, Co-Op, or Franchise (e.g., ACCESS Destination Services, AlliedPRA, etc.)
- Independently owned, part of a national/ global consortium (e.g., Global DMC Partners, the DMC network, etc.)
- Independently owned, single location
- Other, please describe: _____

Q7 Has your DMC made a significant change in its business model in the past three years?

- Yes
- No

Q8 If Yes, what is the most important reason for this change?

- Cost transparency
- New competitors
- Internet access to destination information
- Internet access to vendors
- Other, please specify: _____

Q9 In the past 2 years, what has been the most difficult issue as a DMC you have had to face with your current and/or prospective clients?
Please specify:

Q10 For your DMC business, who or what is the strongest partner for success?

Q11 For your DMC business, who or what is the most threatening competitor?

Q12 In general, do your clients encourage or discourage you to use meeting planners' services?

- Discourages using meeting planners' services
- Encourages using meeting planners' services
- No particular preference expressed

Q13 If your client encourages you to use meeting planners' services,

- a. What do you think is the primary reason for this encouragement? Please write:
- b. What is the best example of a meeting planner's services your client is willing to pay for?

Q14 Please indicate the extent to which you agree or disagree with the following statements about the business conditions your DMC faces today.

	Strongly Disagree		Neutral		Strongly Agree	NA
1. My DMC provides clients with a one-stop shopping solution.	<input type="radio"/>					
2. My DMC business relies on in-depth local knowledge, expertise, networks with local businesses.	<input type="radio"/>					
3. My DMC assures clients about management over unexpected risks or crises.	<input type="radio"/>					
4. My DMC guarantees event quality and client satisfaction.	<input type="radio"/>					
5. My DMC helps meeting planners save time for local arrangements.	<input type="radio"/>					
6. My DMC is flexible and creative in its ability to handle a variety of unexpected customer requests.	<input type="radio"/>					
7. My DMC participates in business consortiums or partnerships for access to additional resources.	<input type="radio"/>					
8. My DMC provides clients with buying power through our local expertise and partnerships.	<input type="radio"/>					
9. My DMC handles local legislative regulations and policies effectively.	<input type="radio"/>					
10. My DMC offers our clients site inspections and due diligence for all vendors recommended and used.	<input type="radio"/>					

Q15 Please continue indicating the extent to which you agree or disagree with the following statements about the business conditions your DMC faces today.

	Strongly Disagree		Neutral		Strongly Agree	NA
1. My DMC's services overlap much with what a meeting planner can do.	<input type="radio"/>					
2. My DMC's use of the same local vendors limits our ability to be creative in packaging our offerings, especially across different events.	<input type="radio"/>					
3. Under budget constraints, clients may perform many service activities my DMC can provide.	<input type="radio"/>					
4. It is often difficult for clients to justify paying for the cost of my DMC's services.	<input type="radio"/>					
5. It is often difficult for my DMC to convince clients about the added event quality my DMC can provide.	<input type="radio"/>					
6. Clients and meeting planners both tend to disregard DMCs' role and value.	<input type="radio"/>					
7. DMCs, locally, regionally or nationally, do not communicate enough with each other.	<input type="radio"/>					
8. Wage for DMC employees is too low.	<input type="radio"/>					
9. My DMC allocates little budget for marketing.	<input type="radio"/>					
10. The national economic situation is critical to the survival and success of my DMC.	<input type="radio"/>					
11. My DMC attempts to communicate and collaborate more with other DMCs for mutual success.	<input type="radio"/>					
12. Collaboration with other DMCs often results in standardized services, diminishing creativity.	<input type="radio"/>					

Q16 Please continue indicating the extent to which you agree or disagree with the following statements about the business conditions your DMC faces today.

	Strongly Disagree		Neutral		Strongly Agree	NA
1. There is a need to educate clients and meeting planners about what my DMC can offer to make my business more successful.	<input type="radio"/>					
2. Increasing creative programs and offerings will bring more success to my DMC business.	<input type="radio"/>					
3. Demonstrations and presentations about what my DMC business offers will help bring more business (via website, samples, etc.)	<input type="radio"/>					
4. My DMC is trying to take more advantage of advancing online technologies and social media to remain competitive.	<input type="radio"/>					
5. New tradeshow (e.g., IMEX) are growing, giving DMCs more business opportunities.	<input type="radio"/>					
6. My DMC stays deeply involved in local legislative changes.	<input type="radio"/>					
7. Young people are increasingly interested in a career in the DMC business.	<input type="radio"/>					
8. DMC networks are growing across the nation.	<input type="radio"/>					
9. Some of my DMC services (e.g., meet & greet and transportation services) can be easily eliminated for efficient operations.	<input type="radio"/>					

Q17 Please continue indicating the extent to which you agree or disagree with the following statements about the business conditions your DMC faces today.

	Strongly Disagree		Neutral		Strongly Agree	NA
1. More hotels have in-house DMCs than in the past, threatening the role and success of my DMC.	<input type="radio"/>					
2. The Internet is increasingly replacing my DMC business role by providing destination information.	<input type="radio"/>					
3. Convention and Visitors Bureaus are providing customers with objective information about the destinations covered by my DMC.	<input type="radio"/>					
4. My DMC's services are not necessary for some events.	<input type="radio"/>					
5. Smaller cities may not have DMCs, limiting collaborative opportunities for my DMC.	<input type="radio"/>					
6. My DMC is struggling to survive.	<input type="radio"/>					
7. There are many unethical meeting planners who get information from my DMC and then contact vendors directly.	<input type="radio"/>					
8. Clients can learn about services my DMC performs and then use them in the future without need of my DMC's involvement.	<input type="radio"/>					

Q18 Roughly what percentage (%) of your DMC business in the last 12 months includes collaboration with meeting planners?

Q19 With how many meeting planners has your DMC collaborated in the past 3 years?

- None
- 1-3
- 4-6
- 7-10
- More than 10

Q20 Please think about the meeting planner that your DMC has most frequently collaborated with when answering a series of questions in the next few pages.

Q21 The relationship that my DMC has with this major meeting planner partner...

	Strongly Disagree		Neutral		Strongly Agree	NA
is something we are very committed to.	<input type="radio"/>					
is something my DMC intends to develop more in the future.	<input type="radio"/>					
deserves my DMC's maximum effort to maintain.	<input type="radio"/>					
is something that my DMC will continue devoting necessary resources to strengthen.	<input type="radio"/>					

Q22 In our relationship, this major meeting planner...

	Strongly Disagree		Neutral		Strongly Agree	NA
can be trusted.	<input type="radio"/>					
can be counted on to do what is right.	<input type="radio"/>					
has high integrity.	<input type="radio"/>					
is a very reliable business partner.	<input type="radio"/>					
is consistent in the manner s/he conducts the business with my DMC.	<input type="radio"/>					

Q23 To accomplish his/her own objectives, sometimes this major meeting planner...

	Strongly Disagree		Neutral		Strongly Agree	NA
alters the facts slightly.	<input type="radio"/>					
promises to do things without actually doing them later.	<input type="radio"/>					
gets information from us and contacts our vendors directly later.	<input type="radio"/>					
works with my DMC and our competitors simultaneously to maximize his/her own benefits.	<input type="radio"/>					
tends to treat my DMC as one tentative option while considering other DMCs as alternatives.	<input type="radio"/>					

Q24 In our relationship, this major meeting planner...

	Strongly Disagree		Neutral		Strongly Agree	NA
keeps us informed of new developments in his/her business.	<input type="radio"/>					
communicates well his/her expectations about our firm performance.	<input type="radio"/>					
frequently discusses with us the business ideas that can benefit mutually.	<input type="radio"/>					
is good at notifying us about potential business opportunities.	<input type="radio"/>					
is helpful in providing feedback on our performance.	<input type="radio"/>					

Q25 What do you think are the chances of your firm terminating the relationship with this major meeting planner within the next six months?

	1	2	3	4	5
Very Low:Very High	<input type="radio"/>				

Q26 What do you think are the chances of your firm terminating the relationship with this major meeting planner within the next one year?

	1	2	3	4	5
Very Low:Very High	<input type="radio"/>				

Q27 What do you think are the chances of your firm terminating the relationship with this major meeting planner within the next two years?

	1	2	3	4	5
Very Low:Very High	<input type="radio"/>				

Q28 The relationship that my DMC has with this major meeting planner...

	Strongly Disagree		Neutral		Strongly Agree	NA
is based on mutual financial gains.	<input type="radio"/>					
is built upon frequent business transactions.	<input type="radio"/>					
is motivated mainly by collaborative business opportunities.	<input type="radio"/>					
focuses on common profit goals.	<input type="radio"/>					
is built rather on our personal networking and acquaintance.	<input type="radio"/>					
relies on exchanging a favor to each other in turn.	<input type="radio"/>					
is based largely on a shared feeling of being “on the same boat” for our respective businesses.	<input type="radio"/>					
embraces our close friendship in its center.	<input type="radio"/>					

Q29 The overall relationship that my DMC has with this major meeting planner has been:

	1	2	3	4	5
Very Dissatisfactory:Very Satisfactory	<input type="radio"/>				
Terrible:Delightful	<input type="radio"/>				
Of no value:of very high value	<input type="radio"/>				

Q30 How easy or difficult is it to replace the partnership of this major meeting planner with that of another meeting planner?

	1	2	3	4	5
Very Difficult : Very Easy	<input type="radio"/>				

Q31 Replacing this major meeting planner partner with another meeting planner will cause a significant loss to my meeting planning business.

- Strongly Disagree
- Disagree
- Neutral
- Agree
- Strongly Agree
- Not Applicable

Finally, a few more questions about you....

Q33 You are:

- Male
- Female

Q34 Your age (years old):

Q35 Your highest formal education:

- High school or less
- Associate degree (e.g., 2 year college)
- College degree (e.g., 4 year college)
- Post graduate degree (e.g., Master's or PhD degree)

Q36 The length of your career in the DMC business:

- Less than 2 years
- 2 - 5 years
- 6 - 10 years
- More than 10 years

Thank you for your participation in this survey! Please provide your email address below if you wish to enter a drawing to win a \$500 or one of four (4) \$250 gift cards by becoming one of the first 300 respondents.

Email Address _____

Appendix 2. MP Survey Questionnaire

Dear Meeting Planner Professional,

We are a team of researchers at the University of Massachusetts Amherst, Isenberg School of Management. We are conducting this research in collaboration with Incentive Research Foundation (IRF) to understand the business conditions that destination management companies (DMCs) face today and, as a result, to develop operational suggestions for the DMC industry. We are interested in how you as a meeting planner view the DMC business. Your participation in this survey is voluntary and it will take approximately 15 minutes to complete this survey. Your responses will be kept in strict confidence and analyzed only in aggregation across all participants. Be one of the first 300 participants submitting a completed survey; you will enter a drawing to win a \$500 gift card or one of four (4) \$250 gift cards. We appreciate your participation in this study. Please contact any of our research team members below if you have any questions or concerns about this survey. By clicking "Next" below you are indicating that you are at least 18 years old and agree to participate in this research study.

Sincerely,

Miyoung Jeong, Ph.D. Associate Professor 413-545-4045 mjeong@isenberg.umass.edu
Haemoon Oh, Ph.D. Professor and Head 413-545-2061 oh@isenberg.umass.edu
Erin Tierney, Ph.D. Lecturer 413-545-2588 etierney@isenberg.umass.edu

Q1 Which city and state is your meeting planning business headquartered?

City _____
State _____

Q2 How long has your business been in operation?

- Fewer than 2 years
- 2-5 years
- 6-10 years
- More than 10 years

Q3 What is the size of your business?

- I conduct this meeting planning business all by myself.
- Fewer than 10 employees
- 11 - 25 employees
- 26 - 50 employees
- More than 50 employees

Q4 How many events did your company (not corporate, but just your business unit) operate in the past 12 months?

- Fewer than 10
- 11-20
- 21-30
- 31-40
- 41-50
- More than 50

Q5 What was the total annual revenue in FY2013 of your business (unit) before tax?

- Less than \$100K
- \$101K to \$500K
- \$501K to \$1 million
- \$1.1 million to \$2.5 million
- \$2.6 million to \$5 million
- \$5.1 million to \$10 million
- More than \$10 million

Q6 Which of the following best characterizes your business?

- Incentive house/third party (ITA, BCD, Maritz, etc.)
- Corporate (i.e., internal meeting planning department for a corporation)
- Independent planner (e.g., independent or boutique planning group)
- Other (please describe): _____

Q7 What is the primary job or assignment focus of your business?

- Incentive planning
- Business meeting
- Combination (both)

Q8 Which industry is the focus of your business? (Check all that apply)

- Automotive
- High tech
- Finance/ Insurance
- Pharma/ Med/ Life sciences
- Other (please specify): _____

Q9 What, if any, are the Internet sites/services that you are now going direct to get services/information that you used to get from DMCs?

Write the site or company names:

1. _____
2. _____
3. _____

Q10 In general, does your client, meeting owner, or meeting sponsor encourage or discourage you to use DMC's services?

- Discourages using DMCs
- Encourages using DMCs
- No particular preference expressed

Q10-1 If s/he encourages you to use DMCs,

- a. What do you think is the primary reason for this encouragement? Please write:
- b. What is the best example of a DMC's service your client is willing to pay for? Please write:

Q11 In the past 2 years, what has been the most difficult issue you as a meeting planner have had to face with in relevance to DMC services? Please specify:

Q12 How would you view DMCs for your business?

- Competitors
- Potential partners
- No particular opinion or neither competitors nor potential partners

Q13 Have you worked with any DMC for your business in the last 3 years?

- Yes
- No

Q14 Please indicate the extent to which you agree or disagree with the following statements about the business conditions DMCs face today.

	Strongly Disagree		Neutral		Strongly Agree	NA
1. DMCs provide a one-stop shopping solution.	<input type="radio"/>					
2. The DMC business relies on in-depth local knowledge, expertise, networks with local businesses.	<input type="radio"/>					
3. DMCs assure clients about management over unexpected risks or crises.	<input type="radio"/>					
4. DMCs guarantee event quality and client satisfaction.	<input type="radio"/>					
5. DMCs help meeting planners save time for local arrangements.	<input type="radio"/>					
6. DMCs are flexible and creative in their ability to handle a variety of unexpected customer requests.	<input type="radio"/>					
7. DMCs participate in business consortiums or partnerships for access to additional resources.	<input type="radio"/>					
8. DMCs have buying power through their local expertise and partnerships.	<input type="radio"/>					
9. DMCs handle local legislative regulations and policies effectively.	<input type="radio"/>					
10. DMCs offers clients site inspections and due diligence for all vendors recommended and used.	<input type="radio"/>					

Q15 Please continue indicating the extent to which you agree or disagree with the following statements about the business conditions DMCs face today.

	Strongly Disagree		Neutral		Strongly Agree	NA
1. DMCs' many services overlap with what we meeting planners do.	<input type="radio"/>					
2. DMCs' use of the same local vendors limits their ability to be creative in packaging their offerings, especially across different events.	<input type="radio"/>					
3. Under budget constraints, we meeting planners may perform many service activities DMCs can provide.	<input type="radio"/>					
4. It is often difficult for me to justify paying for the cost of DMCs' services.	<input type="radio"/>					
5. It is often difficult for me to convince my clients about the added event quality DMCs can provide.	<input type="radio"/>					
6. I do not see much value of DMCs' role and value.	<input type="radio"/>					
7. I do not think DMCs communicate and collaborate enough with each other locally, regionally, or nationally	<input type="radio"/>					
8. DMCs do little marketing or promotion in general.	<input type="radio"/>					

Q16 Please continue indicating the extent to which you agree or disagree with the following statements about the business conditions DMCs face today.

	Strongly Disagree		Neutral		Strongly Agree	NA
1. I need to learn more about what DMCs can offer to make my business more successful.	<input type="radio"/>					
2. DMCs need to increase creative programs and offerings to be more successful.	<input type="radio"/>					
3. DMCs need to offer more demonstrations and presentations about what they offer to earn more business.	<input type="radio"/>					
4. DMCs need to take more advantage of advancing online technologies and social media to remain competitive.	<input type="radio"/>					
5. New tradeshow (e.g., IMEX) are growing, giving DMCs more business opportunities.	<input type="radio"/>					
6. Generally speaking, DMCs stay deeply involved in local legislative changes.	<input type="radio"/>					
7. Young people are increasingly interested in a career with the DMC business.	<input type="radio"/>					
8. DMC networks are growing across the nation.	<input type="radio"/>					
9. Some of DMC services such as meeting, greeting, and transportation services can be easily eliminated for efficient operations.	<input type="radio"/>					

Q17 Please continue indicating the extent to which you agree or disagree with the following statements about the business conditions DMCs face today.

	Strongly Disagree		Neutral		Strongly Agree	NA
1. More hotels have in-house DMCs than in the past, threatening the role and success of DMCs.	<input type="radio"/>					
2. The Internet is increasingly replacing the DMC role by providing destination information.	<input type="radio"/>					
3. Convention and Visitors Bureaus are providing customers with objective information about the destinations covered by DMCs.	<input type="radio"/>					
4. Some events do not need DMC services.	<input type="radio"/>					
5. Smaller cities may not have DMCs, limiting collaborative opportunities for my meeting planning business.	<input type="radio"/>					
6. Most DMCs are struggling to survive.	<input type="radio"/>					
7. Meeting planners get information from DMCs and often contact vendors directly.	<input type="radio"/>					
8. Meeting planners can learn about DMC services and then use them on their own without needing DMCs' involvement.	<input type="radio"/>					

Q18 About what percentage(%) of your meeting planning business in the last 12 months includes collaboration with DMCs?

Q19 With how many DMCs have you collaborated in the past 3 years?

- None
- 1-3
- 4-6
- 7-10
- More than 10

Q20 The relationship that my meeting planning business has with this major DMC partner...

	Strongly Disagree		Neutral		Strongly Agree	NA
is something I am very committed to.	<input type="radio"/>					
is something I intend to develop more in the future.	<input type="radio"/>					
deserves my maximum effort to maintain.	<input type="radio"/>					
is something that I will continue devoting necessary resources to strengthen.	<input type="radio"/>					

Q21 In our relationship, this major DMC partner...

	Strongly Disagree		Neutral		Strongly Agree	NA
can be trusted.	<input type="radio"/>					
can be counted on to do what is right.	<input type="radio"/>					
has high integrity.	<input type="radio"/>					
is a very reliable source of my meeting planning business.	<input type="radio"/>					
is consistent in the manner they conduct the business with me.	<input type="radio"/>					

Q22 To accomplish their own objectives, sometimes this major DMC partner...

	Strongly Disagree		Neutral		Strongly Agree	NA
alters the facts slightly.	<input type="radio"/>					
promises to do things without actually doing them later.	<input type="radio"/>					
gets information from us and contacts our clients directly later.	<input type="radio"/>					
works with me and my competitors simultaneously to maximize their own benefits.	<input type="radio"/>					
tends to treat my meeting planning business as one tentative option while considering other meeting planners as alternatives.	<input type="radio"/>					

Q23 In our relationship, this major DMC partner...

	Strongly Disagree		Neutral		Strongly Agree	NA
keeps me informed of new developments in their business.	<input type="radio"/>					
communicates well their expectations about our firm performance.	<input type="radio"/>					
frequently discusses with me the business ideas that can benefit mutually.	<input type="radio"/>					
is good at notifying me about potential business opportunities.	<input type="radio"/>					
is helpful in providing feedback on my performance.	<input type="radio"/>					

Q24 What do you think are the chances of your firm terminating the relationship with this major DMC within the next six months?

	1	2	3	4	5
Very Low:Very High	<input type="radio"/>				

Q25 What do you think are the chances of your firm terminating the relationship with this major DMC within the next one year?

	1	2	3	4	5
Very Low:Very High	<input type="radio"/>				

Q26 What do you think are the chances of your firm terminating the relationship with this major DMC within the next two years?

	1	2	3	4	5
Very Low:Very High	<input type="radio"/>				

Q27 The relationship that I have with this major DMC partner...

	Strongly Disagree		Neutral		Strongly Agree	NA
is based on mutual financial gains.	<input type="radio"/>					
is built upon frequent business transactions.	<input type="radio"/>					
is motivated mainly by collaborative business opportunities.	<input type="radio"/>					
focuses on common profit goals.	<input type="radio"/>					
is built rather on our personal networking and acquaintance.	<input type="radio"/>					
relies on exchanging a favor to each other in turn.	<input type="radio"/>					
is based largely on a shared feeling of being “on the same boat” for our respective businesses.	<input type="radio"/>					
embraces our close friendship in its center.	<input type="radio"/>					

Q28 The overall relationship that I have with this major DMC partner has been:

	1	2	3	4	5
Very Dissatisfactory:Very Satisfactory	<input type="radio"/>				
Terrible:Delightful	<input type="radio"/>				
Of no value:Very valuable	<input type="radio"/>				

Q29 How easy or difficult is it to replace the partnership of this major DMC with that of another DMC?

	1	2	3	4	5
Very Difficult:Very Easy	<input type="radio"/>				

Q30 Replacing this major DMC partner with another DMC will cause a significant loss to my meeting planning business.

- Strongly Disagree
- Disagree
- Neutral
- Agree
- Strongly Agree
- Not Applicable

Q31 You are:

- Male
- Female

Q32 Your age (years old):

Q33 Your formal highest education:

- High school or less
- Associate degree (e.g., 2 year college)
- College degree (e.g., 4 year college)
- Post graduate degree (e.g., Master’s or PhD degree)

Thank you for your participation in this survey! Please provide your email address below if you wish to enter a drawing to win a \$500 or one of four (4) \$250 gift cards by becoming one of the first 300 respondents.

Email Address _____

Appendix 3. DMC Strengths

Questions (n)	Mean	SD
2. My DMC business relies on in-depth local knowledge, expertise, networks with local businesses. (119)	4.82	0.67
4. My DMC guarantees event quality and client satisfaction. (119)	4.82	0.68
6. My DMC is flexible and creative in its ability to handle a variety of unexpected customer requests. (119)	4.79	0.69
5. My DMC helps meeting planners save time for local arrangements. (119)	4.78	0.71
10. My DMC offers our clients site inspections and due diligence for all vendors recommended and used. (119)	4.69	0.76
8. My DMC provides clients with buying power through our local expertise and partnerships. (118)	4.68	0.7
1. My DMC provides clients with a one-stop shopping solution. (117)	4.65	0.86
3. My DMC assures clients about management over unexpected risks or crises.	4.6	0.76
7. My DMC participates in business consortiums or partnerships for access to additional resources. (117)	4.44	0.94
9. My DMC handles local legislative regulations and policies effectively. (115)	4.39	0.89

Appendix 4. DMC Weaknesses

Questions (n)	Mean	SD
10. The national economic situation is critical to the survival and success of my DMC. (116)	3.90	0.91
11. My DMC attempts to communicate and collaborate more with other DMCs for mutual success. (115)	3.75	0.88
1. My DMC's services overlap much with what a meeting planner can do. (115)	3.24	1.25
3. Under budget constraints, clients may perform many service activities my DMC can provide. (114)	3.24	1.24
7. DMCs, locally, regionally or nationally, do not communicate enough with each other. (115)	3.14	1.12
6. Clients and meeting planners both tend to disregard DMCs' role and value. (116)	3.07	1.04
8. Wage for DMC employees is too low. (116)	3.01	1.08
5. It is often difficult for my DMC to convince clients about the added event quality my DMC can provide. (116)	2.74	1.07
4. It is often difficult for clients to justify paying for the cost of my DMC's services. (116)	2.67	1.16
12. Collaboration with other DMCs often results in standardized services, diminishing creativity. (111)	2.60	1.08
9. My DMC allocates little budget for marketing. (116)	2.54	1.15

2.	My DMC's use of the same local vendors limits our ability to be creative in packaging our offerings, especially across different events. (114)	2.42	1.27
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Appendix 5. DMC Opportunities

	Questions (n)	Mean	SD
2.	Increasing creative programs and offerings will bring more success to my DMC business. (114)	4.42	0.61
3.	Demonstrations and presentations about what my DMC business offers will help bring more business (via website, samples, etc.) (113)	4.19	0.64
1.	There is a need to educate clients and meeting planners about what my DMC can offer to make my business more successful. (114)	4.16	0.90
4.	My DMC is trying to take more advantage of advancing online technologies and social media to remain competitive. (113)	4.16	0.79
5.	New tradeshow (e.g., IMEX) are growing, giving DMCs more business opportunities. (114)	3.88	0.91
8.	DMC networks are growing across the nation. (113)	3.81	0.83
6.	My DMC stays deeply involved in local legislative changes. (113)	3.77	0.87
7.	Young people are increasingly interested in a career in the DMC business. (114)	3.32	0.84
9.	Some of my DMC services (e.g., meet & greet and transportation services) can be easily eliminated for efficient operations. (114)	2.09	1.00

Appendix 6. DMC Threats

	Questions (n)	Mean	SD
7.	There are many unethical meeting planners who get information from my DMC and then contact vendors directly. (111)	4.11	0.74
8.	Clients can learn about services my DMC performs and then use them in the future without need of my DMC's involvement. (111)	3.66	1.06
3.	Convention and Visitors Bureaus are providing customers with objective information about the destinations covered by my DMC. (109)	3.42	0.99
2.	The Internet is increasingly replacing my DMC business role by providing destination information. (111)	3.20	1.18
1.	More hotels have in-house DMCs than in the past, threatening the role and success of my DMC. (107)	3.18	1.2
4.	My DMC's services are not necessary for some events. (111)	3.03	1.02
5.	Smaller cities may not have DMCs, limiting collaborative opportunities for my DMC. (99)	2.99	0.84
6.	My DMC is struggling to survive. (111)	2.11	1.12

Appendix 7. MP Strengths

Questions (n)	Mean	SD
2. The DMC business relies on in-depth local knowledge, expertise, networks with local businesses. (112)	4.55	0.84
5. DMCs help meeting planners save time for local arrangements. (111)	4.45	0.81
10. DMCs offers clients site inspections and due diligence for all vendors recommended and used. (110)	4.02	0.93
8. DMCs have buying power through their local expertise and partnerships. (112)	3.92	0.90
1. DMCs provide a one-stop shopping solution. (112)	3.90	1.11
6. DMCs are flexible and creative in their ability to handle a variety of unexpected customer requests. (112)	3.89	0.90
7. DMCs participate in business consortiums or partnerships for access to additional resources. (108)	3.88	0.84
3. DMCs assure clients about management over unexpected risks or crises. (112)	3.86	1.00
9. DMCs handle local legislative regulations and policies effectively. (110)	3.80	0.91
4. DMCs guarantee event quality and client satisfaction. (112)	3.74	1.11

Appendix 8. MP Weaknesses

Questions (n)	Mean	SD
3. Under budget constraints, we meeting planners may perform many service activities DMCs can provide. (112)	3.71	1.04
1. DMCs' many services overlap with what we meeting planners do. (112)	3.39	1.04
2. DMCs' use of the same local vendors limits their ability to be creative in packaging their offerings, especially across different events. (112)	3.28	1.05
4. It is often difficult for me to justify paying for the cost of DMCs' services. (112)	2.86	1.18
7. I do not think DMCs communicate and collaborate enough with each other locally, regionally, or nationally. (111)	2.85	1.00
8. DMCs do little marketing or promotion in general. (109)	2.57	1.04
5. It is often difficult for me to convince my clients about the added event quality DMCs can provide. (110)	2.55	1.05
6. I do not see much value of DMCs' role and value. (112)	1.84	0.99

Appendix 9. MP Opportunities

	Questions (n)	Mean	SD
8.	DMC networks are growing across the nation. (110)	3.83	0.76
2.	DMCs need to increase creative programs and offerings to be more successful. (112)	3.81	0.88
5.	New tradeshow (e.g., IMEX) are growing, giving DMCs more business opportunities. (111)	3.76	0.80
4.	DMCs need to take more advantage of advancing online technologies and social media to remain competitive. (112)	3.56	0.97
3.	DMCs need to offer more demonstrations and presentations about what they offer to earn more business. (111)	3.42	0.96
6.	Generally speaking, DMCs stay deeply involved in local legislative changes. (110)	3.24	0.77
7.	Young people are increasingly interested in a career with the DMC business. (105)	3.16	0.59
9.	Some of DMC services such as meeting, greeting, and transportation services can be easily eliminated for efficient operations. (112)	2.56	1.15
1.	I need to learn more about what DMCs can offer to make my business more successful. (111)	2.50	1.06

Appendix 10. MP Threats

	Questions (n)	Mean	SD
4.	Some events do not need DMC services. (110)	4.13	0.81
5.	Smaller cities may not have DMCs, limiting collaborative opportunities for my meeting planning business. (106)	3.54	0.81
3.	Convention and Visitors Bureaus are providing customers with objective information about the destinations covered by DMCs. (109)	3.42	1.11
1.	More hotels have in-house DMCs than in the past, threatening the role and success of DMCs. (110)	3.22	1.00
2.	The Internet is increasingly replacing the DMC role by providing destination information. (111)	2.97	1.15
7.	Meeting planners get information from DMCs and often contact vendors directly. (111)	2.85	1.11
8.	Meeting planners can learn about DMC services and then use them on their own without needing DMCs' involvement. (111)	2.83	1.17
6.	Most DMCs are struggling to survive. (107)	2.73	0.73

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