

# 4

## Working with Intermediaries

### This chapter covers:

- The role of intermediaries
- Types of agencies
- Agencies' remuneration
- How venues can work effectively with agencies
- The role of convention and visitor bureaus (CVBs)
- How venues can work effectively with CVBs

### The role of intermediaries

Intermediaries are third parties who play a valuable role in the sales process by bringing buyers and sellers together and acting as a conduit between those two trading partners. Their role in any market system is best understood as adding value by bridging the various types of 'separations' or 'discrepancies' that can prevent contacts being made between suppliers of goods or services and their potential clients.

These market separations, or what McInnes (1964) called 'gaps', need to be resolved if buyers and sellers are to be satisfied. Time, information and space are among the types of market separations that may prevent suppliers from selling their goods or services to end users. In terms of the market for manufacturers' goods, Shaw (2013) illustrates these using the following examples:

- Manufacturers exist in a limited number of locations, but households are scattered across the landscape (spacial discrepancy)
- Manufacturers have a supply and households have a demand, but each party has to know the other exists and where to find them (information discrepancy)
- Manufacturers produce some goods seasonally, such as oranges, but households want these products all year around, while others produce products all year around, such as Christmas trees and bulbs, but households want them seasonally (time discrepancy).

These discrepancies, separations or gaps between buyers and sellers provide the opportunity for market activity to be performed by middlemen or intermediaries. By acting as a bridge between supply and demand, the role of the intermediary can be crucial to the business relationship. Especially in cases where the seller and the buyer do not have direct contact with each other, the intermediary is in a position to be able to influence the character of the business relationship. In this sense, the other two parties are dependent upon the intermediary's performance.

In the meetings and events market, there exist various types of intermediaries that can be effective in linking venues with potential customers. From the perspective of the venues, these intermediaries may be regarded as an extension of their own sales force. In this chapter, the roles of the two most important intermediaries for venues are examined: agencies and convention and visitor bureaus.

## **Types of agencies**

While many large associations, organisations and corporations have their own, in-house, events department with responsibility for organising meetings and finding suitable venues for them, others choose to outsource these functions to external agencies – because, for example, the company is too small or their meetings and events are too infrequent to justify having a permanent in-house events department, or simply because the company finds that using the services of an external agency is a more cost effective and time saving solution. The growing role of procurement in the corporate meetings and events purchasing process has also increased the emphasis on companies' use of agencies.

In the past few years, corporate procurement departments have become increasingly involved in the process of choosing suppliers and venues for their companies' meetings and events. As a result, a growing number of companies now have to use the services of a nominated agency, which has gone through the procurement process, when selecting venues.

The relationship between client and agency may take the form of a 'preferred' agreement between the client and one sole agency, or through the client working with a selection of agencies. Some clients, for example, may use one company to find the venue, and hire another agency to take care of the actual production of their event. In any case, agencies' clients usually remain responsible for the actual content of their meetings (overall themes, presentation topics, choice of speakers), while the agencies themselves handle some or all of the other details, including finding venues, negotiating contracts and taking care of all aspects of on-site meeting management. (There are however a growing number of agencies who work with corporates in a strategic way to plan their overall event strategy, and such agencies' responsibility does extend to planning the actual content).

From the perspective of venues, therefore, agencies are key intermediaries, linking their properties with potential users and acting as a valuable additional selling arm.

Agencies may be classified according to the range of different services they provide. While many limit themselves to venue placement – identifying suitable venues for their clients' events – others also offer a more comprehensive array of services such as hotel accommodation booking, event management, and delegate registration.

Those providing venue placement services only are often known as venue finders or venue finding agencies; while those agencies undertaking a wider range of logistical services in connection with their clients' events may use titles such as 'events management agencies', 'association management companies', 'independent meeting planners' or 'professional conference organisers' (PCOs). When agencies, in addition, offer creative, technology-based solutions to enhance the appearance of their clients' events, they often use the title, 'events production companies'. Events production companies' services may include anything from set design and construction and the training of speakers to advising on the strategic aspect of a conference.

Agencies can be run by one person, working from their own home; or they can be large organisations working on the international scale. Some agencies may specialise in certain types of events, for example, medical conferences, government events or automotive events. Large agencies may have different teams with different specialisations and expertise in those particular fields. Other agencies specialise in planning and running events for the association segment of the meetings market (association management companies or PCOs).

From their clients' perspective, the principal value of agencies in the venue selection process lies in their ability to use their knowledge of venues in order to save valuable time for their clients, who simply provide them with a list of criteria (for example, the dates of the event, number of participants, whether accommodation is required, as well as any special requirements such as a golf course or a spa).

The agency then matches the client's requirements with the venues they have on their database, and provides the client with a shortlist of suitable venues. They may refine their search by asking their client the kind of questions that venues themselves use in order to work effectively with clients, such as 'What are the event's objectives?' or 'What is the profile of the group that will be attending the event?' The answers to questions such as these are also of particular help to those agencies who go as far as advising their clients on their strategic use of meetings and their content.

Agencies get their knowledge of venues from a range of sources including the meetings industry press, attendance at meetings industry trade shows and the internet. They need to constantly familiarise themselves with new venues and changes to existing venues on their databases, so that their knowledge is always up-to-date.

## **Agencies' remuneration**

In terms of how agencies are remunerated, while many venue placement services are paid commission by the venues they recommend, others, including those agencies that undertake a wider range of tasks on behalf of their clients can be remunerated for their services in a number of ways. A recent survey by the Event Leadership Institute (Hatch, 2013)