

A NEW, GROWING MARKET— UNTAPPED BY AGENTS

*Offshore corporate meetings are possibly the industry's
best long term answer to the problem of creating new business*



by JOSEPH GARDEN

Director, Group Travel Development
Pan American World Airways

JUST AS THE TRAVEL industry was coming to regret the capacity of the jumbo jets, a new jumbo-sized, off-season sales market has appeared. It's the offshore corporate business meetings market, and it's never been tapped.

Most corporations have at least one major sales meeting each year, and many have numerous smaller meetings . . . distinct from all other kinds of travel originating with the corporation or its employees, such as top management committee meetings abroad or recreational groups and charters. Neither can the corporate meeting be safely pigeon-holed with association conventions, which they resemble only superficially.

Many have considered incentive travel to be the corporation's direct contribution, but that overlooks three key elements: first, only a relatively small number of all major companies have a formal incentive program which includes travel; second, the in-

centive house often blocks three tours to operate one, which heightens the appearance of volume; and third, incentives are a special "program," whereas meetings are an unavoidable reality. Therefore, incentive groups can be considered only the tip of the corporate iceberg—a fraction of the business which can be generated inside corporation walls.

The offshore corporate meetings market is new. It has occurred because of the coincidence of increased capacity with lower air fares in a recession period, forcing the travel industry to seek new sources of business. Although student fares might be seen as a short-term and possibly self-defeating response, the offshore meetings are possibly our best long-term answer to the new-business problem, and we owe ourselves the proper investment in time and money to help the market mature.

Yet for all its preoccupation with finding new sources of revenue, our

industry did not discover the corporate meetings market. That corporations could take their regular business abroad at about the same or even lower cost than a domestic meeting was announced in a business publication in February 1971 by Richard Cavalier, a world-traveled meetings consultant, now the meetings columnist for *Sales Management* magazine. In effect, the business community has discovered its own uses for our resources and now is asking how we will respond.

In a word, we must respond professionally.

A survey of potential produces astounding figures. While the total meetings and convention industry represents about \$4.2 billion in annual expenditures, most travel industry effort has been limited in the past to association and international professional and fraternal organizations.

More than 50,000 business meetings take place each year outside the corporate headquarters city—there's no count on those held just down the street. According to latest (1968) census figures, about 1.6 million men are employed in direct sales, excluding retail. Counting wives, we are dealing with a market potential of three million passengers—repeatable annually! Predominantly family men working on salary-type commission arrangement, these prospects have not planned to travel abroad before their children have graduated. Therefore we are not stealing from our high-season market.

Yet for all the advantages inherent in the business meetings market, we have been slow to respond. Professional marketing demands a responsible program now. Corporations demand competence. It's an industry challenge.

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CORPORATE MEETINGS

Corporations are value-minded and, unlike tourists, can and will examine facilities in advance and request specific changes in services and itineraries.

Although the glamour of the foreign destination remains the first interest of the employee—thereby offering substantial motivational benefits to the sponsoring company—the purpose of the trip is business, not pleasure. For the first time (considering all past meetings and convention) the emphasis is on the quality of the meeting facilities, not the beaches or ski lifts. This is a significant departure from the incentive group, which is a pre-paid vacation crowd who hold meetings essentially to satisfy the tax regulations. The Internal Revenue Service claims many professional seminars are held abroad as a maneuver to win a tax-deductible vacation; new interpretations are more stringent.

Further, corporations have both the financial and legal muscle to resist abuses stemming from carelessness or incompetence or misrepresentation. A recent customer survey by an IATA carrier demonstrated that a majority

of GIT package customers were dissatisfied with some element of the package. Whether that is the fault of overselling or over-expecting is incidental—we cannot permit such attitudes to jeopardize our new market.

In summary, this corporate meetings market is a brand-new market with a brand-new set of rules. It's a situation new to the travel industry: the customer is in charge!

As a result, the travel industry must guarantee the basic on-site service components of the meeting itself in order to develop the market to full potential. Not necessarily more services, but surely more consistently first-quality services.

If any one corporation is treated badly, the business community will know the names of the travel industry suppliers who failed. If several corporations are mishandled, the wisdom of going abroad will be questioned—and the entire market can fail.

Need for high standards

Clearly the travel industry must set high standards of service for corporate meetings. These standards will affect nearly every aspect of the total air/ground/service arrangement, requiring that we warrantee every meeting component we promise—apart from the washer. It might even be in the best interests of our industry to put economic pressure on laggards through unfavorable publicity in the trade press. Competitive advantage will lie, as it always has, in offering legitimate extra service at the most favorable cost.

Here are a few specific examples of those legitimate services. Air carriers must deal with the total transport problem for people and meeting materials, possibly from door to door. Reconfirmation desks and "how to pack" lectures cannot be billed as "special meeting service." Hotels must offer more than beds and meals and paper-thin contracts; they must oversee the delivery of the goods and services ordered on behalf of the customer and must guarantee the performance of their own employees. Sightseeing firms must be willing to reorganize their fragmented basic tours so that the meeting participants can visit all the important landmarks and locales in a reasonable amount of time. Wholesalers must guarantee the performance of all their subcontractors. In short, a "business meetings pack-

age" must be more than last year's ski package printed in a new shell!

Under the circumstances, there are two alternatives open to our industry. First, we can panic—deciding that the total combination of sophistication and performance standards of the corporate customer is beyond us — and abandon a potential of three million seats yearly. Remember only seven million traveled to points other than Canada for all reasons in all of the year preceding. Second, we can dig in and learn about the major traffic bonanza of the '70s, serve it well, and tie ourselves to the business community, which ultimately might prove to be the largest source of repeat business we can ever hope to encounter.

For Pan American the decision is easy—we're digging in. We believe the meetings market is valid. Not only do we believe that the travel agent should share in the new market, but we also recognize that without the travel agent, neither Pan Am nor the industry will realize its potential.

There are more than 11,000 corporations employing over 500 people; 75,000 firms employing more than 100; and about 3.5 million employing units. Nobody has a monopoly on such a market, even if the giants are already overattended.

Worthwhile investment

Only the travel agent can handle the numbers involved, because many of the major firms and employing units are managed or owned by the agents' own friends and business associates. Such groups can range from a half dozen to 40 to several hundreds—a worthwhile investment of time and effort.

The new market speaks the language of sales manager and training managers — you might or might not speak it; most airline reps don't; and despite all their protests to the contrary neither do hotel reps. This market calls for a totally new kind of know-how.

The agency/customer service package we have developed is essentially a consulting service, an answer to customer needs, not a money-making venture, whether those needs are discretionary or dictated by the physical makeup and potential of the foreign facility.

If you see for yourself the same potential in meetings that we see, we urge you to do something about it now.

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