The changing role of convention bureaus: An analysis of business models currently adopted by privately owned CBS

Aureli, Selena and Del Baldo, Mara

Bologna University, Urbino University

15 April 2019

Online at https://mpra.ub.uni-muenchen.de/93996/
MPRA Paper No. 93996, posted 21 May 2019 09:01 UTC
The changing role of convention bureaus: An analysis of business models currently adopted by privately owned CBS

Selena Aureli  
Bologna University

Mara Del Baldo  
Urbino University

Some rights reserved.  
Except otherwise noted, this work is licensed under: https://creativecommons.org/licenses/by-nc-nd/4.0

A previous version of this paper was published in: Tourismos: An International Multidisciplinary Journal of Tourism, Volume 14, Issue 1, 2019, pp. 1 - 24.

Abstract:  
This study aims to describe how Italian Convention Bureau (CB) organisations faced the uncertainty about their future existence and role caused by government funding cuts and increased pressure from stakeholders to demonstrate market effectiveness and organisational efficiency. Firstly, it uses the business model concept to describe actors, activities and value creation processes of today’s CBs that largely rely on private funds. Secondly, it investigates the degree of concern of CB’s Board on measuring and monitoring the value created for the stakeholders that provide financial resources. Selected case studies relative to Italian CBs are analysed through in-depth interviews and document analysis. Findings point out that the profit model of the investigated CBs strongly relies on fees from partners and members or revenues from the sale of services to local operators. This implies that CBs make efforts to monitor the value created for these specific groups of stakeholders while less attention is given to the measurement of customers’ (i.e. event planners) satisfaction and impact of CB’s activities on the quality of life of local communities.

Keywords: destination; DMO; accountability; stakeholder; governance; network

INTRODUCTION

An important segment of the tourism sector is made up of the so-called Meetings, Incentives, Conferences & Events (MICE) industry that has the capability of bringing both tangible and intangible benefits (Gartell, 1991; Dwyer & Mistilis, 1999; Getz, 2008; Li Ting & Zheng Gu, 2011) linked to business travellers’ spending and the generation of opportunities for job creation and human resources development to a local territory (Dwyer et al., 2000; Bowdin et al., 2001; UNWTO, 2014).

A key actor of the MICE industry is the Convention Bureau office (CB), whose mission or purpose is to promote the destination (a city, province, region or mountain area) as a location for large events (Pearlman, 2008; Davidson, 2018) using advertising and offering a variety of services to event planners and their delegates (MPI, 1999; Davidson and Rogers, 2006; Koutoulas, 2005). The support provided by CBs has been empirically identified as one of the key factors affecting the convention site selection for international conventions held by associations (Chrouch et al., 2019). The CB’s mission also includes the coordination of local businesses that provide accommodation, transport and other local services (Polivka, 1996; Getz & Page, 2016; Volgger et al., 2017). Since a MICE destination is attractive if there is a cluster of interrelated local operators prepared to welcome business tourism (Del Chiappa, 2012), the CB helps these operators to enhance their services and capability to cooperate (Gartrell, 1998). In other terms, CBs serve as umbrella organisation (Wang, 2008; Del Chiappa 2008; Gretzel et al., 2010) acting as a meta-manager of the destination or the tourism network’s focal point (Baggio, 2011).

The outcome associated to CBs’ mission is the development of a business tourism vocation of a territory (Getz, 2005; Montgomery & Strick, 1995; McCabe et al., 2000), the generation of significant economic and social impact on the local destination promoted (Hernández-Mogollón et al., 2014) and the wellbeing of local stakeholders (Morrison et al., 1997; Pike, 2004). It can be said that CBs play a role of public relevance because their activities are of ‘public utility’, i.e., they guide the tourism development processes of the local territories where they are located (Madanipour et al., 2001; Rigall-I-Torrent, 2008).

Given the benefits that CBs may bring, local governments usually create CBs as in-house departments and financially support these organisations with annual grants and accommodation taxes. In both Europe and the US, CBs have been funded by local authorities (through regional or state subsidies) and operate as government agencies or specialised organs of public entities for tourism promotion that foster dialogue and collaboration among the different tourism operators involved (Whisenant, 2012; Bauer et al., 2001).

However, the MICE sector is not always the top priority for governments that prefer to inject funds into health and education services, especially in times of crisis (Seebaluck et al., 2015). In many EU countries, starting from the worldwide financial crisis of 2008-2009, national and local governments introduced austerity measures, reducing their...
support for the tourism industry and focusing on the survival of other sectors (Reinhold et al., 2015; Coles et al., 2014; Hristov & Naumov, 2015; Perarakakis et al., 2016).

Concurrently, new approaches to running public services, such as New Public Management and New Public Governance (Osborne, 2010; Hood, 1995; Hood & Peters, 2004), have introduced goals of public costs reduction and forms of public governance based on delegation to and collaboration with private subjects in all domains of public sector activities (Grossi & Thomasson, 2015; Caperchione et al., 2017), tourism included (Dredge & Jenkins, 2007).

In Italy, this reduction of public funds, search for efficiency and deregulation have led to the privatisation of tourism service production previously belonging to the public sphere. Nowadays, many Italian CBs are public-private networks created as a consortium. Historically started by the public sector, playing the role of a stimulator in the tourism industry (Stoker, 2006; Bult-Spiering & Dewulf, 2006; UNWTO, 2003), CBs are now mainly governed by private subjects. CBs represent new forms of hybrid organisations (Hall, 2008; Grossi & Thomasson, 2015; Mavragani et al., 2019) that need private financial support to operate because there is no longer a relevant amount of public grants devoted to the MICE industry. Recently, solely privately owned CBs have also begun to develop (Aureli & Del Baldo, 2017, 2019). These are for-profit entities owned by tourism operators only, which aim to fill the void left by local governments.

On the one hand, the Italian scenario was characterised by public funding cuts and the decline in commercial revenues—caused by the downturn of domestic demand for corporate events associated with the worldwide financial crisis—that threatened the viability of the business model of many CBs. On the other hand, private subjects entered the Board of Italian CBs, becoming the main financial supporter and asking for the satisfaction of their specific needs. Consequently, these CBs experienced the same issues that affect Destination Management Organisations (DMOs) internationally (Pike, 2016; Pike & Ives, 2018; Reinhold et al., 2018a, 2018b; Nunkoo & Ramkissoon, 2010; Chatziigeorgiou et al., 2017; Ramkissoon et al., 2017): uncertainty of revenue streams and criticisms of the CBs’ ability to create value for all stakeholders. Therefore, this study aims to investigate how these CBs changed, trying to answer the following questions:

1) What is the current business model of Italian CBs?
2) Is CBs’ dependency on the financial support of private subjects associated with a relevant attention by the Board on the measurement of value creation for this group of stakeholders?

These questions have reasons to exist because when the public sector support is withdrawn, the traditional way of doing business is challenged, and there are possible destabilising effects (Coles et al., 2014). Moreover, when there is a reduced presence of public entities—usually considered the guarantor of public interest (Marques et al., 2011)—stakeholders raise doubts on the fairness of CBs’ decision-making and its capability to define impartial and holistic destination marketing strategies favouring the whole community as implied by the institutional role traditionally associated to CBs (Pike, 2016).

By investigating some selected case studies of Italian CBs, this study aims to contribute to the call raised by Pike (2016), who welcomes more research on alternative models of DMOs funding that counter the reduction or withdrawal of government support and stakeholders’ demand for transparency of DMO strategies and effectiveness.

THE BUSINESS MODEL OF CONVENTION BUREAU ORGANISATIONS

The Business model (BM) concept

The business model is a relatively new concept (DaSilva & Trkman, 2014; Sahebalzamani & Bertella, 2018) that visualizes how the mission is translated into concrete actions by providing a detailed description of how an “enterprise delivers value to customers, entices customers to pay for value, and converts those payments to profit” (Teece, 2010, p. 172). More recently, Zott and Amit (2010; 2013) contended that business models are not bounded by the firm; value creation relies on interactions and interdependent activities performed by a focal firm with its partners, suppliers or customers (Zott et al., 2011).

The concept of BM as a system of activities is largely used in tourism studies. Reinhold et al. (2017, p. 462) explain the business model as a “description of how a network, community, organisation or actor creates and sustainably captures value from its activities”, thus providing a definition that can be easily applied to CBs. However, Reinhold et al. (2018c) report that other tourism studies build on the business model canvas (Osterwalder & Pigneur, 2009) or use idiosyncratic definitions. Despite these differences, research in tourism usually operationalises the BM as a concept that represents real, directly observable and measurable firm attributes (e.g., products, processes, profit formulas) (Reinhold et al., 2018c) that help entrepreneurs, managers and researchers understand how the activities of the firm operate together to carry out the firm’s strategy (Richardson, 2008). Coherently, the BM can also be used to understand which challenges are involved in managing business activities due to changing conditions and current forces in the macro-environment of CBs.

It is important to note that because of transforming contexts and disruptive changes, it is possible to find multiple business models in a single organisation (Benson-Rea et al., 2013). For example, Schwarz et al. (2017) argue that organisations develop BM portfolios as a direct result of challenges in today’s technology-driven environment and as a strategy to seize new market opportunities. Similarly, Casadesus-Masanell & Tarzijan (2012) argue that a company may wish or need to address several customer segments, using a particular business model for each one.
The pillars of traditional CBs’ business model

A simplified way to describe an organisation’s business model is to devise its three key elements (Osterwalder et al., 2005; Johnson et al., 2008; Richardson, 2008):

- What customers want (value proposition), i.e. the customer and the product that brings benefits to or satisfies a need of the identified customer;
- How the firm/network can organise to meet those needs (value creation) best, i.e. the key activities and relationships needed to create and deliver the value proposition;
- How to get paid for doing so and make a profit (value capture), i.e., the revenue model (or profit formula) that defines how the organisation captures value for itself and its stakeholders.

With reference to CBs the key customers or beneficiary of the services provided are event planners - who represent the demand of the MICE market – as well as the delegates or visitors who appreciate congress services. Thus, the value proposition refers to the professional (efficient and effective) handling of all inquiries, feasibility checks requests, housing assistance and full support at the destination for both event planners and delegates (Polivka, 1996; Clark et al., 1998). The activities performed by CBs to create and deliver the value proposition range from ‘destination marketing’ (i.e., promotion, communication), to ‘destination selling’ (i.e., transforming contacts with event planners into contracts) and ‘destination management’ (i.e., coordinating local stakeholders to develop a common MICE offer).

The key problem to face when collaborating with multiple actors is trying to compose and satisfy their very different and even contrasting expectations. One possible solution is to dialogue with all stakeholders to make them agree on a coherent small set of objectives (Acar et al., 2008). A further solution is to create transparency using a profit-based model (the CB is financed by its shareholders/associates and partners that pay a membership fee). According to Koutoulas (2005) CBs’ major source of income (about 70%) is public funding. Differently from their US-based counterparts, European CBs also rely on membership fees (Davidson & Rogers, 2006) and business sales (e.g. booking commissions earned from hotels and the selling of advertising spaces on the CB’s website) for up to 12% of the total budget.

The problem is that recent cuts in public funding support have threatened this profit formula. Moreover, the appeal of CBs’ value proposition is decreased because of the arrival of other private organisations that directly serve event planners, passing over the middle-man function of CBs. Accordingly, CBs need a new profit formula and have to adjust their value proposition and the related portfolio of activities.

Mutual value creation in the networked context of the CB’s business model

To respond to the new situation of financial deficiency, CBs may attempt to rely more on their network partners, i.e. the several independent private and public subjects that interact with the CB. These stakeholders may provide useful resources to the CB, but they expect to receive some benefits or the fulfillment of their different expectations (Selin & Myers, 1998; Jones & Li, 2015; Aureli & Del Baldo, 2019).

From the business model perspective, this means that value creation in networks involves different organisations with different needs that engage with the CB to capture tangible or intangible value. The concept of mutual value creation or a value-based network (Allee, 2008) is perfectly suited to the case of CBs, whose business model has to create and deliver value to customers while capturing value for the members of the network (Dellyanaa et al., 2016). Mutual value creation requires a “systemic consideration of a wide set of stakeholders who have a stake and responsibility in the value creation system” (Evans et al., 2017, p. 602). The ability to recognize and correlate effectively with many – if not all – of the stakeholders is essential. According to Lopez Torres and Ogbeide (2015), this ability to work effectively with stakeholders improves the destination’s performance and make the DMO earns an edge over the competitors.

Following this line of thought, CBs should especially take care of stakeholders who provide key resources to the network and/or contribute to the value creation process with their exchange of activities with the CB. As suggested by the resource-dependency theory, this implies that some stakeholders might have greater power to influence CBs’ decisions because of the importance of the resources provided. Contrary to this position, the stakeholder theory (Freeman et al., 2010) suggests that the public relevance of CBs’ activities and the outcomes associated to its mission should make the CB management feel accountable toward all different types of stakeholders. CB managers should monitor what is brought to all stakeholders so they can ‘convince’ these stakeholders that they are fairly distributing value (Lee et al., 2016).

The key problem to face when collaborating with multiple actors is trying to compose and satisfy their very different and even contrasting expectations. One possible solution is to dialogue with all stakeholders to make them agree on a coherent small set of objectives (Acar et al., 2008). A further solution is to create transparency using a performance management system that identifies the different expectations, measures their fulfilment and reports them (Steets, 2010). Finally, when CBs do not have the capabilities and resources to address all stakeholders, it is plausible that their management focuses only on supportive stakeholders with a relevant influence on the amount of (financial and non-financial) resources allocated to the CB. These are the critical stakeholders that CB managers should address (Ford & Peeper, 2008).

Previous literature indicates that the most critical stakeholders for CBs are shareholders and providers of funds (Williams & Bowdin, 2007; Sheehan et al., 2007; Valeri, 2016). Accordingly, the CB manager is subject to financial...
accountability (for efficiency and efficacy in resource usage and financial results obtained) besides market accountability (for its service quality) and accountability for outcomes.

DATA COLLECTION AND RESEARCH MATERIAL

The research design highlights a specific request for empirical case studies in order to deeply investigate how CBs changed their BM in response to the new context. Therefore, we adopted a qualitative research approach, based on a case study research (Yin, 2009), which has been previously used both in the study of tourism partnerships (Selin & Chavez, 1994; Riley & Love, 2000; Xiao & Smith, 2006) and in the business models research field (Zott & Amitt, 2010; Beattie & Smith, 2013; Di Carlo et al., 2015; Bini et al., 2018). Explorative multiple cases-study can be considered an appropriate research strategy because it provides richer insights that facilitate the understanding of the different aspects analysed while still attempting to produce some form of generalisation (George & Bennet, 2005; Gibbert et al., 2008; Gibbert & Ruigrok, 2010; Yin, 2012). According to Eisenhardt and Graebner (2007), “multiple cases also create more robust theory because the propositions are more deeply grounded in varied empirical evidence” (p. 27). Moreover, we used an inductive approach (Flick, 2009) that does not require a large, representative sample and is particularly useful to create structures or propositions from the experiences and processes that are included in the data (Grafton et al., 2011).

The research steps performed to explore the phenomenon under investigation are presented below. First, the selection of case studies was informed by the population of CBs associated to ‘Convention Bureau Italia’ (CBI, 2016), a network that includes most of the Italian city and regional CBs, as well as tourist boards and many private companies of the MICE industry. Second, we focused our search on city CBs (to avoid comparing city with regional CBs) that are characterized by a strong presence of private organisations in the Board and among the shareholders/members of the CB. Then, the final selection was based on expert suggestions provided by the Director of Convention Bureau Italia and crosschecked through information retrieved from the web and newspapers. Two suggested CBs are among the most enduring organisations that survived the worldwide financial crisis and increased the recourse to private funds in the last years. The first is CB Florence, established in 1995 in the county seat of the Tuscany region. The second is CB Rimini, set up in 1994 in the southern area of the Emilia Romagna Region. Despite some similarities, they differ for the profit model adopted, thus representing two distinct types of CBs. Another recommended CB is the CB of Naples, which is considered to be representative of the category of newly established fully private owned CBs.

We used a mix (triangulation) of primary and secondary sources to collect information on the CBs’ characteristics and business model. Semi-structured interviews were supplemented by the collection of internal documents (such as financial statements and internal meeting reports) and the analysis of secondary data (i.e., presentations and supporting analysis for partners, official website and media releases). The interviews always involved two representatives from each CB, who have been identified as key informant people, usually the President/Chairman and the Managing Director (Halinen & Törnroos, 2005). Given the centrality of interviews for qualitative research (Rubin & Rubin, 2012) we followed a protocol framework (Castillo-Montoya, 2016) comprised of a four-phase process aimed at: 1) ensuring interview questions align with research questions; (2) constructing an inquiry-based conversation; (3) receiving feedback on interview protocols; and (4) piloting the interview protocol. We based the interviews on 16 semi-structured questions covering the research topics and including: (1) some introductory questions (e.g. general information); (2) transition questions necessary to link the introductory questions to the key questions to be asked; (3) central questions related to the purpose of the study; and (4) closing questions (Krueger & Casey, 2009; Merriam, 2009; Rubin & Rubin, 2012). The interviews were carried out between October 2017 and March 2018 using a face-to-face technique, during personal meetings in the respective CBs locations. We first contacted the interviewees by telephone and subsequently sent them an email with the semi-structured questionnaire in preview. We carried out two interviews addressed to each interlocutor, lasting about one hour and a half each. Using written notes, information was subsequently validated.

Some quotations from the interviews are used to provide concrete examples of the underlying concepts and relationships in the manner advocated by Siggelkow (2007).

CASE STUDIES DESCRIPTION

CB Florence

Born in 1995, CB Florence was entirely financed and controlled by public subjects (the local public Fair Organisation owned 70% alone). After a period of crisis due to a shortage of public resources and the worldwide financial crisis, the CB was reborn as a limited liability consortium company in 2009 thanks to the capital of new private shareholders (for about 80% of the capital) assembled by a novel CB Managing Director: a lady with strong knowledge and long expertise in the MICE industry. Today, after years of continuous growth, CB Florence groups about 90 shareholders (members of the consortium) and more than 100 partners (named ‘friends’) who pay an annual membership fee.

According to the CB President, who is the only member of the Board being a public servant, “CB Florence presents itself as a single reality that operates on behalf of private companies that are part of our network, while being aware of carrying out a function of public interest: the creation of wealth for our city through the acquisition of events and congresses”. Similarly, the Managing Director stated that: “Once the congress/event has been assigned to the city, we..."
doesn’t have an entrepreneurial culture

The key activity is to promote Florence as a congress destination and prepare bids and international candidatures that will bring the organisation of conferences to the city. An internal staff advertises Florence at national and internal fairs, creates contacts with event planners and satisfies their information needs. Event planners are the key customers, and their satisfaction with the services provided is constantly monitored.

Congress delegates are not considered as customers; therefore, the CB does not monitor their satisfaction after events. On the contrary, the CB deems shareholders and partners very important ‘clients’. Since 90% of funds come from fees (contributions from public bodies fell from the 56% of some years ago to 8% in 2015), the attention of CB management is devoted to meeting the expectations of all these subjects participating in the network of the consortium, who consider their involvement in the CB as an investment for which they expect a return in terms of business. For this reason, CB Florence has an information system that keeps track of the performance of each event and is able to understand how much every single event produces in terms of business. This is a CRM software that crosses the data of the event planner with data related to shareholders, partners and external suppliers. Together with the CB’s booking portal, the CB management knows how many bookings each hotel has obtained and from which customer these bookings have arrived. “This information allows us to understand if it is necessary to make ad hoc actions of discernment for each shareholder or partner we may have failed”. Moreover, the booking portal allows the CB to ask for a commission from hotels that benefited from the booking service.

Another key activity is the involvement of shareholders and partners in periodic meetings and ‘listening days’. “The goal is to ask them what they expect from the CB but also to create opportunities for networking aimed at strengthening personal relationships and develop new common initiatives and business ideas”.

One of the latest initiatives is the creation of an ambassadors program open to scientists, entrepreneurs and well-known public figures who operate within important national or international forums and can contribute to the attraction of congresses in Florence. “An ambassador is a person that helps the CB attract the organisation of events to his/her own city. In particular, we work with the local University to enrol professors as drivers in the promotion of conferences”. This is a new subject category that is almost considered as a customer. The CB offers benefits to ambassadors, who can also get a reward as the best ambassador of the year. In exchange, CBs can increase their possibility of attracting conferences to the destination.

Moreover, the CB has launched the product ‘Tuscany for weddings’ aimed at attracting prestigious weddings to Florence and Tuscany. “This offer is advertised and managed by a specific division of the organisation born in 2016 when the CB of Florence hosted the Wedding Planners Congress 2016 gathering the top wedding professionals from around the world”.

In the same year, CB Florence also began offering information to leisure travellers after having obtained the official endorsement from the municipality to operate as a Visitor Bureau. This project is partially funded by the municipality and aims to attract leisure tourism and cares about the governance of tourism operators.

The local government does not have the resources and abilities to perform these activities. “The municipality doesn’t have an entrepreneurial culture”. It often passes onto the CB requests from event planners and other possible customers. “The CB has its own model, which means being completely private, and as a private company we are accountable to our members, but recognised by the public: we bear the logo of the municipality, and we have the approval of the Mayor of Florence”.

CB Naples

This CB was born in 2015 as a network of 19 private companies that are shareholders of the organisation. It aims to be the “only reference interlocutor for Italian and foreign meeting planners (i.e., the customers), in order to attract the profitable and qualified world of congresses to the city of Naples”. In order to reach this objective, CB Naples is generated a lot of promotional activities (i.e., creation of logo, website, advertising material, participation to trade fairs, organisation of familiarisation trips) and organised its structure to provide support for congress candidatures (i.e., creation of a bid book, collaborating with the bid presentation, coordinating inspection visits). “The challenge was to transform the image of Naples as a leisure destination into an attractive congress location”. CB Naples does not address individual travellers, nor it is a DMO. The municipality is planning to create the city DMO in the near future, eventually with the help of CB Naples. Its main customer is the category of event planner organisations. “Understanding what customers want is considered the way to success. Thus, CB Naples started a Customer Relationship Management (CRM) activity for those who contacted the CB for the organisation of events. This CRM is also used to monitor the ratio of contacts transformed into business for the shareholders and other local tourism operators”. Congress delegates are not considered as customers.

The Board was aware that the operators at the destination had to be prepared and coordinated before advertising the city of Naples. Thus, the CB organised ‘team building’ days and training courses dedicated to its shareholders. CB’s shareholders are private actors who are suppliers of the Congress offer, operating both in different and the same sectors “according to the view of co operation, to guarantee the customer a complete and varied offer for the maximum competitiveness of Naples compared to other destination”. Shareholders are fundamental because most of the CBs’ activities are financed by them. Also, partners (private businesses that pay a membership fee without being shareholders) contribute to the provision of funds. In exchange for the fees paid, CB Naples offers dedicated training (especially for congress centres), joint advertising and the possibility to participate to receive requests for organising
events. A minor amount of revenue also originates from mere sponsors, different from shareholders, for the selling of advertising spaces and sporadic collaborations with local authorities. Finally, CB Naples obtained some national funds to work with the Region of Campania and participate in international fairs.

**CB Rimini**

CB Rimini was set up in 1994 as a limited partnership owned by a public entity named Rimini Fair and five private tourism companies as minority shareholders. In 2006, new private investors joined the CB as it needed to raise capital for development investments. Expected results were not achieved, and, after some disaccord within the Board in 2014, the main shareholder, i.e. Rimini Fair, incorporated the CB and subsequently merged with Vicenza Fair. So, a new entity named Italian Exhibition Group was created, which is able to attract and manage more than 160 events per year. Currently, CB Rimini is a Business Unit (equipped with 27 employees) of the Italian Exhibition Group whose ownership is spread among 62 subjects, but three public local entities (the municipality of Rimini, the Rimini Chamber of Commerce and the Emilia Romagna Region) controlling 58% of shares.

Despite ownership concentration in the hands of public shareholders, “CB Rimini has always been characterised by the involvement of private subjects, who have been leading the Board together with public subjects….The reason is that the local government was not able to promote the destination. The local government owned a conference centre trough the Rimini Fair but it asked private businesses to sell the spaces of this conference centre by inviting them to join the CB. Also, in 2001, when a new exhibition district was built, the marketing and management of the congress vocation of the territory were delegated to the CB that signed another management contract”. CB Rimini could benefit from the revenue from sales but received no public grants or financial support from local authorities. Moreover, shareholders/members were not asked to pay annual fees. Therefore, the realization of destination marketing activities and the survival of CB Rimini always rested on the capabilities of its Board to manage the conference centre and the CB itself.

A synthesis of the key pillars of the CBs’ business model investigated is described in the following table. In addition, information on CB’s government (ownership and composition of the Board) is provided being this aspect included in our selection criteria.

**Table 1. Case studies description**

<table>
<thead>
<tr>
<th></th>
<th>RIMINI</th>
<th>NAPLES</th>
<th>FLORENCE</th>
</tr>
</thead>
<tbody>
<tr>
<td>CUSTOMERS</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>event planners</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>delegates</td>
<td>X</td>
<td>NO</td>
<td>NO</td>
</tr>
<tr>
<td>shareholders/members</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>ambassadors</td>
<td>X</td>
<td>NO</td>
<td>X</td>
</tr>
<tr>
<td>friends/partners</td>
<td>X</td>
<td>NO</td>
<td>X</td>
</tr>
<tr>
<td>ACTIVITIES</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>destination marketing</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>destination selling</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>destination management</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>PROFIT MODEL</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>public funding</td>
<td>ALMOST IRRELEVANT</td>
<td>MINOR</td>
<td>ALMOST IRRELEVANT</td>
</tr>
<tr>
<td>shareholders/members fees</td>
<td>===</td>
<td>RELEVANT</td>
<td>RELEVANT</td>
</tr>
<tr>
<td>friends/partners fees (royalties)</td>
<td>MEDIUM</td>
<td>MEDIUM</td>
<td>RELEVANT</td>
</tr>
<tr>
<td>services sold</td>
<td>RELEVANT</td>
<td>MINOR</td>
<td>MINOR</td>
</tr>
<tr>
<td>OWNERSHIP</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>private/business members</td>
<td>42%</td>
<td>100%</td>
<td>80%</td>
</tr>
<tr>
<td>public entities</td>
<td>58%</td>
<td>0%</td>
<td>20%</td>
</tr>
<tr>
<td>others (e.g. community representatives)</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
</tbody>
</table>
This revenue model represents a peculiarity and implies strong commercial capabilities of the Board. Nevertheless, CB Rimini has a traditional vision and mission: “The vision is to make the province of Rimini a destination for congresses 365 days a year, while the mission is to promote the destination at a national and international level.”

CB activities refer to destination marketing and selling, which focus on event planners. Services offered range from assistance during site inspections to search for sponsors funding the event. In order to attract meetings and conferences, CB Rimini has also launched its Ambassador Project and a similar project dedicated to doctors and medical staff interested in training. The involvement of CB Rimini in the phase of event realisation is higher compared to that found in the other similar organisations. CB Rimini manages hotel booking (before directly, now indirectly) for which it asks a royalty from each hotel for the business generated. Moreover, it administers customer satisfaction surveys to delegates to check their satisfaction with the event and the city.

Hotels represent a key partner and financial supporter of CB Rimini but they are not members/shareholders. Therefore, monitoring the relations with hotels is fundamental (also, CB Rimini has a CRM software for this end). The second group of key performance metrics monitored by the CB refer to the management of the conference centre spaces and the financial performance of the CB itself, which has to satisfy the expectations of the economic balance of its shareholders.

Destination management is poorly formalised and does not include training or specific services as in the other case studies. On the one hand, the tourism operators of the city of Rimini have already created a great experience with business travellers. On the other hand, the CB would be interested in monitoring the relationships with the various stakeholders and measuring the impact of its activity on the territory, but it suffers from a lack of resources to devote to assessing and disclosing data on visitors’ attendance. “Currently, formally monitoring these impacts is not a priority. However, we always try to directly meet the various interlocutors (i.e., the hotels’ associations, hoteliers and transport agencies) and maintain a close informal dialogue with them”.

**DISCUSSION AND CONCLUSIONS**

What emerges from the analysis is that all CBs had to operate in the same resource-constrained environment due to scarce or absent public funding and the necessity to deliver free of charge services to event planners to attract them. However, their response, in terms of BM change, is not identical. The profit model of CB Naples mainly relies on the financial sources of its private shareholders, while CBs Florence largely depend from fees of many members and partners. The case of Rimini differs for a strong reliance on revenue from the sale of conferences spaces owned by its main shareholder.

The financial dependence on members and/or partners was found in all the analysed CBs, although to a different extent. This dependence raises these subjects to the status of customers that disburse an amount of money to get some services or benefits. On the one hand, CBs rely on these private businesses to build the value proposition for event planners (Aureli & Del Baldo, 2017). On the other hand, CBs have to design a value proposition or multiple value propositions for members and partners to keep them within the organisation (Polivka, 1996; Clark et al., 1998; Lee et al., 2016).

In the past, private businesses collaborating with Italian city CBs were only asked to pay an entrance fee. Thus, their claims were socially based and somehow limited (Pike, 2016; Pike & Ives, 2018; Reinhold et al., 2018a). On the contrary, the investigated CBs have to respond to financial-based claims (Davidson & Rogers, 2006). CB managers feel the responsibility for ensuring the long-term financial sustainability of their own organisations, which depend on the permanence of the network’s members and partners (Dellyanaa et al., 2016; Evans et al., 2017). This explain why a CRM software is used to check the satisfaction of members’ and partners’ expectations related to the turnover generated for them in the case studies investigated.

Concern about local government’s expectations did not emerge from the interviews. This contrasts with the situation described by Koutolas (2005) where local governments were used to negotiate the targets and key performance indicators to be inserted into sponsorship agreements. Receiving public funds often implied a performance report that the CB should transmit every year to the public entity providing funds.

Novel aspects in the BM analysed also refer to the delegates, who are not considered as customers, and the figure of the conference ambassador. Since the main focus of CBs is to ‘sell’ the destination, i.e., to obtain the contract for the organisation of the event that will be delegated to partners, the expectations of delegates become irrelevant as suggested by Ford and Peeper (2008). Only CB Rimini, that has direct interests in the management of the conference centre, cares about delegates’ satisfaction. The definition of a value proposition to engage ambassadors is a new, important aspect as they convey events to the CBs in exchange for some reward or other benefits.
With reference to the key activities performed by CBs, destination marketing and destination selling seem the same as described by previous literature with reference to different national contexts. On the contrary, destination management has a different scope. CBs Naples and CB Florence mainly educate and collaborate with the tourism operators that are formal members. Initiatives (e.g., training) are only addressed to members and partners, and there is no trace for a holistic and inclusive approach to managing the destination. CBs are responsible to members, but members should be payers. Thus, local communities and other stakeholders seem somehow ignored making us to question whether CBs are forgetting their public role of meta-coordinator for the development of the whole local community (Pike, 2004; Fotiadis & Williams, 2018; Küçükaltan & Pirnar, 2016; Nella & Christou, 2016).

The outcome of providing value and fostering development for the whole destination associated with the CB’s activities (Hernández-Mogollón et al. 2014) is bound to a limited amount of subjects. The focus on these CBs is on meeting the needs of the different customers (i.e., event planners, members and partners), while the goal of enhancing the quality of life of local communities that literature attributes to CBs and DMOs seems to be missing (Nunkoo & Ramkissoon, 2010; Pike, 2016; Ramkissoon et al., 2017).

From a managerial point of view, the diverse profit formulas identified require different capabilities of their respective Boards. Being the manager of CB Florence involves strong networking capabilities and the continuous monitoring of CB’s relationships with many different subjects. Despite being complex to manage, this fragmentation is positive as it allows a certain degree of independence to the managing Director. On the contrary, managing CB Rimini requires strong commercial skills but limited discretion in decision making as the CB exists as long as the public owners of the congress centres renovate the management contract.

We are aware that this study has certain limitations that are common to all case study research. Firstly, results cannot be considered generalizable. Secondly, we merely highlight that CBs concentrating on the satisfaction of selected subjects’ expectations risk to disregard the various calls raised by other destination’s stakeholders, so future research is needed to record the voice of these destination stakeholders. Finally, further research steps may expand the analysis to different CBs and check our results using different research techniques.

REFERENCES


ENDNOTES

1. Some CBs support both business and leisure tourism. In this case, they adopt the label of Convention and Visitors Bureau (Koutoulas, 2005; Wang, 2008; Whisenant, 2012). In absence of other entities devoted to developing tourism in the local area, CVBs may assume additional responsibilities and function as a DMO (Davidson & Rogers, 2006; Presenza et al., 2005).