

## Meeting Planners' Perspectives on Relationship Selling in the MICE Industry

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### ABSTRACT

*The purpose of this study is to propose a newly refined model of relationship selling in the general context between meeting planners and suppliers in Meeting, Incentive, Convention, and Exhibition (MICE) industry. The refined model was tested by using an online survey of a sample of professional meeting planners in the Meeting Professionals International (MPI) and Professional Convention Management Association (PCMA). Results showed both social bonds with the supplier and expertise of the supplier had an effect on meeting planners' perceived trust and satisfaction; while willingness and power of the supplier was related to neither meeting planners' perceived trust nor satisfaction. This refined model could provide research insights and guide future research on key relationship selling constructs between meeting planners and suppliers in the MICE industry.*

**Keywords:** *meeting planners, suppliers in MICE industry, relationship selling, refined model*

### INTRODUCTION

In the past few decades, meeting markets have experienced tremendous growth (Lee, Su, & Dubinsky, 2005). As meeting markets grow, many meeting-related studies have empirically examined a list of issues related to relationship selling in the hospitality and tourism industry context and pointed out the need for relational skills and abilities in the meeting industry (Clark, Evans, & Knutson, 1997; Coulter, 2001; Kim et al., 2001; Lee & Hiemstra, 2001). According to Dwyer, Schurr and Oh (1987), understanding the establishment of long-term relationships is crucial to meeting planners to reduce time spent and the level of uncertainty of performance by suppliers, and to suppliers in order to achieve stable profits and positive reputations.

By giving increased attention to understanding the establishment of long-term relationships, many academic studies have defined the relevant variables that influence success or failure in buyer-seller relationships (Anderson & Narus, 1990; Coulter & Coulter, 2002; Han, Wilson, & Dant, 1993; Kim *et al.*, 2001; Morgan & Hunt, 1994; Pressey & Mathews, 2000; Wilson, 1995). However, there have been few attempts at examining relationship selling between meeting planners and suppliers, and factors influencing the consequences of relationship selling attributes (Dwyer *et al.*, 1987; Lee *et al.*, 2005).

As a result, this study's purpose is to refine an existing relationship selling model by examining relationship selling attributes affecting interactions between meeting planners and suppliers in the MICE industry. The study has the following specific study objectives:

1. To propose and test a newly refined model of relationship selling that affects interactions between meeting planners and suppliers in the MICE industry;
2. To empirically assess the dimensions of the relationship selling construct, and test the relationship among dimensions; and,
3. To provide managerial implications to suppliers in the MICE industry.

## **LITERATURE REVIEW**

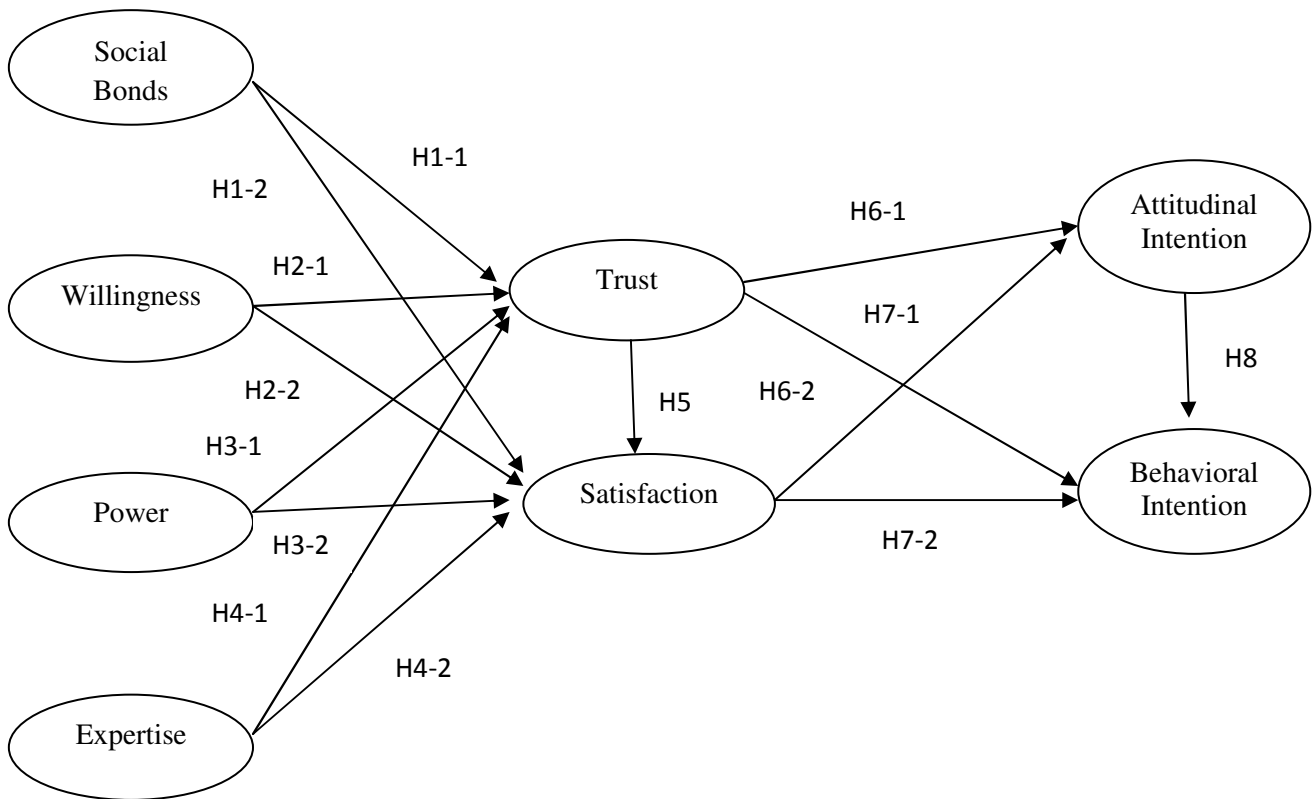
Relationship selling is different from relationship marketing. Relationship marketing deals with all aspects of marketing, but relationship selling is mainly focused on features of buyer-seller interactions (Lee *et al.*, 2005). Lee *et al.*'s study (2005) made an initial attempt to develop a model to explain relationship selling in the meeting planner/hotel salesperson context which was used as the theoretical framework for this study. They hypothesized that three exogenous variables (i.e., willingness, power, and expertise of the hotel salesperson) have positive associations with meeting planners' trust in the hotel salesperson and with satisfaction with the hotel salesperson. Among the three endogenous variables (i.e., perceived trust in the hotel salesperson, satisfaction of interaction with the hotel salesperson, and meeting planners' intentions to retain long-term relationships), they hypothesized that the hotel salesperson trust and meeting planner satisfaction are positively associated. Lastly, they hypothesized that both hotel salesperson trust and satisfaction with the interaction with the hotel salesperson are positively associated with the meeting planner behavior intention for long-term relationships.

Based on the proposed model in Lee *et al.*'s study (2005), a modified model was established. The new model contains two major modifications. First, this study added one more exogenous variable: social bonds, in addition to the previous three exogenous variables (i.e., willingness, power, and expertise of the supplier). Previous marketing research clarified that the nature of such a buyer-supplier relationship is more like the concept of a social relationship than a close personal relationship (Dwyer *et al.*, 1987; Morgan & Hunt, 1994; Smith 1998; Turnbull, Ford, & Cunningham, 1996). Smith (1998) found that social bonds, the relationship-management facets of communication/cooperation, and relationship investment were predictors of relationship quality in buyer-seller relationships. Turnbull *et al.* (1996) also insisted that social bonds emerge

that link parties when the outcomes of the buyer-seller relationship yield satisfaction to both parties.

Second, people’s behavioral intention and behavior are determined by their attitude toward the type of behavior in question (Fishbein & Ajzen, 1975). Meeting planners’ intention to maintain a long-term relationship with a supplier entails loyalty to the supplier. Dick and Basu (1994) pointed out that a consideration of the psychological attitudes (e.g., commitment and emotional attachment) of a customer is an important element of loyalty. Furthermore, Wilson (1995) pointed out that exchanging partner commitment is a key feature of relationship selling. Commitment is reflective of the degree to which the meeting planner intends to maintain the relationship with the hotel salesperson (Lee *et al.*, 2005). Thus, both attitudinal intention and behavioral intention should be examined in regard to the meeting planner’s intention to maintain a long-term relationship with the supplier. The proposed research model is presented in Figure 1.

**Figure 1. The Proposed Conceptual Model of Relationship Selling**



**METHOD**

A self-administered questionnaire was designed, which included meeting planners' socio-demographic profile, twenty-six items measuring four exogenous variables (i.e., social bonds, willingness, power, and expertise) and four endogenous variables (i.e., trust, satisfaction, and meeting planners' attitudinal intention and behavior intention), and meeting planners' demographic information. All items were measured with seven-point Likert-type scales ranging from strongly disagree (1) to strongly agree (7). The items and measurement scales were generated based on the previous literatures (Crosby *et al.*, 1990; Doney & Cannon, 1997; Kaufmann & Carter, 2006; Lee *et al.*, 2005; Lee & Himestra, 2001; Wilson, 1995). Meeting planners addressed all questions based on their most recent interaction with a supplier in the MICE industry in which they had negotiated a meeting-planning contract in the past three years.

An online survey was conducted from December 7, 2009 through January 23, 2010. The Meeting Professionals International (MPI) and the Professional Convention Management Association (PCMA) were selected as the target population of this study. A total of 2,080 self-administered questionnaires was distributed via an email invitation with an explanation of the purpose of the survey, and a total of 315 survey questionnaires was collected (approximately a 15 percent response rate). After the data screening procedure was conducted in order to eliminate outliers, a total of 294 valid questionnaires remained for the analysis of this study, thus representing a valid response rate of 14 percent. A descriptive statistic analysis was employed to examine the meeting planners' socio-demographic profile, and a structural equation modeling (SEM) analysis was conducted by using LISREL 8.0 to test the proposed relationship selling model.

## RESULTS

The majority of meeting planners were female (85.7 percent), aged from 33 to 49 (47.3 percent), 4 year college/university education (61.9 percent), and association meeting planners (45.2 percent). Furthermore, the average working years of meeting planners was 13 years. According to survey findings, the types of suppliers contracted the most frequently in the past three years by meeting planners are Audiovisual (87.4 percent), followed by Food & Beverage (79.9 percent), Decorator/Labor (59.5 percent), Entertainment (54.1 percent), and Housing (45.6 percent).

To test for the validity of latent constructs, confirmatory factor analysis was conducted by using LISREL 8.0. For structural equation modeling studies, examining the standardized confirmatory factor analysis (CFA) parameter estimates is one method often used for estimating convergent validity. In the current study, all indicator factor loadings were significant, and all of the factor loadings were significant at the .05 level (Gefen, Straub, & Boudreau, 2000). Therefore, convergent validity was achieved for the variables in this study, which indicates that measurement items designed to tap the same construct all "converge" together in every instance. Using LISREL 8.0, the predicted relationships among exogenous and endogenous variables were also tested. The results of the LISREL indicated that the overall fit of the model to the data was

satisfactory:  $\chi^2 = 1019.90$  with 279 d.f.,  $p < .001$ , RMSEA = .09, RMR = .06, NFI = .96, CFI = .97. The correlations imply that multicollinearity would not be a major concern in this study (Pedhazur, 1982).

Hypotheses 1 through 4 test the relationships between four exogenous variables (i.e., social bonds with the supplier, willingness, power, and expertise of the supplier) and meeting planners' perceived trust in the supplier and satisfaction with their interactions with the supplier. The estimated standardized coefficients indicated that both meeting planners' perceived trust in the supplier ( $\beta = .34$ ,  $p < .05$ ) and satisfaction with their interactions with the supplier ( $\beta = .50$ ,  $p < .01$ ) were significantly predicted by social bonds with the supplier. Thus, both H1-1 and H1-2 were failed to reject. Furthermore, both meeting planners' perceived trust in the supplier ( $\beta = .62$ ,  $p < .01$ ) and satisfaction with their interactions with the supplier ( $\beta = .34$ ,  $p < .01$ ) were also significantly predicted by the expertise of the supplier. Thus, both H4-1 and H4-2 were not rejected. Surprisingly, results indicated that the willingness of the supplier was not significantly related to meeting planners' perceived trust ( $\beta = .14$ ,  $p > .05$ ) and satisfaction ( $\beta = .23$ ,  $p > .05$ ). Thus, H2-1 and H2-2 were rejected. Moreover, power of the supplier was not related to either meeting planners' perceived trust ( $\beta = .18$ ,  $p > .05$ ) or satisfaction ( $\beta = .01$ ,  $p > .05$ ). Therefore, both H3-1 and H3-2 were also rejected.

Among four endogenous variables, meeting planners' perceived trust ( $\beta = .43$ ,  $p < .01$ ) was positively related to meeting planners' perceived satisfaction; thus H5 was fail to reject. Furthermore, meeting planners' attitudinal intention ( $\beta = .19$ ,  $p < .05$ ) and behavioral intention ( $\beta = .16$ ,  $p < .05$ ) to maintain the relationship with the supplier were significantly predicted by meeting planners' perceived trust in the supplier. Thus, both H6-1 and H6-2 were fail to reject. Meeting planners' attitudinal intention ( $\beta = .41$ ,  $p < .01$ ) and behavioral intention ( $\beta = .27$ ,  $p < .01$ ) to maintain the relationship with the supplier were also significantly predicted by meeting planners' perceived satisfaction; thus both H7-1 and 7-2 were also fail to reject. Lastly, meeting planners' behavioral intention ( $\beta = .49$ ,  $p < .01$ ) to maintain a relationship with the supplier were significantly predicted by meeting planners' attitudinal intention.

## CONCLUSION AND DISCUSSION

This study examined key factors affecting trust and satisfaction through adding one more dimension (i.e., social bonds with the supplier) to the three other exogenous variables: willingness, power, and expertise of the supplier, and examined these constructs' effects on distinguished meeting planners' intention: attitudinal intention and behavioral intention. These analyses generally lead to support for most of the hypotheses. Meeting planners' trust and satisfaction were significantly predicted by expertise of the supplier and social bonds with the supplier, meeting planners' perceived trust was positively related to meeting planners' perceived satisfaction, both meeting planner's perceived trust and satisfaction were positively associated with both meeting planners' attitudinal and behavior intention, and meeting planners' behavioral intention was significantly predicted by meeting planners' attitudinal intention.

However, this study found that the willingness and power of the supplier did not have significant effects on either meeting planners' trust or satisfaction. These findings are somewhat different from findings of previous studies, which discovered a positive association between willingness of the supplier and both trust and satisfaction (Williams & Seminerio, 1985) and power of the supplier and both trust and satisfaction (Gronroos, 1990; Swan & Nolan, 1985; Macintosh, 2002). The different findings of previous studies indicated that industry differences (Williams & Seminerio, 1985; Swan & Nolan, 1985) or different context rather than in a meeting planning context (Macintosh, 2002) may limit the ability of application to the MICE industry.

The findings from this study could provide recommendations to supplier in MICE industry regarding which criteria needs to be focused in order to establish long-term relationships with meeting planners. For instance, suppliers in the MICE industry need to recognize social bonds with meeting planners as an important attribute in the building of long-term relationships, in addition to having adequate expertise (Han, 1992; Smith, 1998). However, there are certain limitations to this study that should be aware. First, this study's small sample size and probability sampling possess certain limitations in terms of its ability to be generalized. Second, because the research that examined meeting planners' supplier selection related to several types of suppliers, the results may not be applicable to a specific type of supplier. Lastly, low response bias should be viewed with caution because meeting planners who did not respond may have different perceptions.

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