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**РОЛЯТА НА КОМПАНИЯТА ЗА УПРАВЛЕНИЕ НА ДЕСТИНАЦИЯТА В ПАЗАРНАТА
РЕАЛИЗАЦИЯ НА ДАДЕНА ТУРИСТИЧЕСКА ДЕСТИНАЦИЯ**

**THE ROLE OF DESTINATION MANAGEMENT COMPANY WITHIN THE MARKET
REALIZATION OF A TOURISM DESTINATION**

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Abstract: Destination Management Companies (DMC) specialize in the organization and logistics of destination events by finding the perfect venues and suppliers to suit potential traveller vision and travel / transportation needs. Destination Management Companies are experienced in organizing events for company destination event, destination wedding, or any other destination event travellers might have. The keyword when working with a DMC is "customized". No matter what the event or occasion, Destination Management Companies will always find creative and tailor-made solutions. Besides organizing company meetings, company incentives and events, and destination weddings, companies offering Destination Managers can arrange venues for almost every event. Other special services include catering, dinners and entertainment. Regarding the customers desire a DMC will even make hotel selections / reservations, arrange transportation to and from the airport and provide travel coordination and management, guides and hostesses. Destination Manager can coordinate VIP transfers, motor coaches for transportation and limousine and car rentals that can take tourists wherever they need to go. DMCs design unique and creative itineraries for the destination event. Destination Management Companies remain behind the scenes while ensuring that everything runs according to plan.

Key words: destination management, DMC, tourism destination, consultancy

A Destination Management Company (DMC) is a term for 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. A DMC provides a ground service based on local knowledge of their given destinations. These services can be transportation, hotel accommodation, restaurants, activities, excursions, conference venues, themed events, gala dinners and logistics, as well as helping with overcoming language barriers. DMCs are able to provide preferential rates based on the buying power they have with their preferred suppliers.

A DMC is an incoming tour operator catering for both corporate and leisure

clients. DMCs differ from tour operators in that DMCs do usually not deal directly with end-clients, but trade through agents, which could be tour operators. In USA for example there are now 41 **Accredited Destination Management Companies**. Together they represent 51 locations all over the USA. There is two Bulgarian Destination Management Companies serving Sofia - [EventHouse Bulgaria](#) and [Balkantourist](#).

The Association of Destination Management Executives (USA) represents the highest levels of professional and ethical behavior in the travel, tourism, convention and meetings industry. The association has adopted Principles of Professional & Ethical Conduct and its members use them as standards of honorable behavior by which they may evaluate their relationships with their organizations, suppliers, and colleagues. As

the pre-eminent organization for Destination Management Executives, the mission of ADME is to increase the professionalism and effectiveness of destination management through member and industry education, establishment of standard ethical practices and raise the level of awareness of the value of destination management to the respective association, corporate and general public. These visionaries came together in 1995, after a series of exploratory meetings in which they agreed an organization was needed to represent this segment of the travel and meetings industry. Many concerned companies donated funds to establish the only non-profit association in existence today for destination management company executives and their staffs. ADME is not a lead-generating or marketing consortium. The Association supply information to corporate and association meetings professionals regarding member DMCs in their locale or a locale in which they will be managing meetings, events, incentive programs, etc.

As a member of ADME, a DMC should:

- 1) Deal with clients, business associates and suppliers in a professional and businesslike manner.
- 2) Protect the confidentiality of all proposals and pricing received from suppliers.
- 3) Provide the supplier with business reasons why the proposal was rejected.
- 4) Honor signed contracts in spirit as well as intent.
- 5) Indicate to suppliers whether the program is firm, or if other options/venues are being considered and any changes in size of group as that information becomes available.
- 6) Provide host hotel/venue with pertinent information that will directly impact the operation of said hotel/venue.
- 7) Not use the position in ADME to the detriment or disadvantage of its professional organization; DMC should advise all parties including its organization,

of any circumstances that may have the appearance of a conflict of interest.

A Destination Management Company (DMC) is a company that specializes in the organization and logistics of meetings, incentives and events. With their in-depth knowledge of the field, their many years of experience in organizing programs, and their creativity, the key-word when working with a DMC is '**customized**'. No matter what the event or the occasion, Destination Management Companies will always find a surprising and tailor-made solution. Besides organizing meetings, incentives and events, a company offering Destination Management will also arrange social, partner and pre- and post-meeting programs. Other special services include catering, dinners and entertainment. If you wish, a DMC will even make hotel reservations, arrange transportation and provide travel management, guides and hostesses. Destination Management Companies remain behind the scenes while ensuring that everything runs according to plan.

Full Service Contractor: As a full services contractors, a DMC offer a comprehensive range of the services and products that are essential for the creation of successful congresses, corporate meetings, exhibitions and special events of any size. The services offered include concept and design, project management, production, graphics and decoration, installation and dismantling, destination management, transport and warehousing. They can also provide anything from electrical services, furniture and shell schemes to online exhibitor manuals. As a third party firm that is commonly hired to provide professional services for the planning and implementation of event programs and services for out-of-town programs. The DMC on the surface may seem like a competitor to an event planner, given their focus to maintain relationships with all local venues and hospitality services. However, they really are your

partner, and extremely helpful. When planning events out of town, a DMC becomes planner best friend: their relationships and extensive local knowledge often cover all aspects of event planning. DMCs are usually hired to help plan and execute all offsite and evening activities. A DMC maintains in-depth local knowledge of the area and/or region they represent, and is a highly specialized consultant for practically every aspect of event programming. While a DMC maintains relationships with all hospitality-related services in their area, the firm's primary customer is the organization planning the event¹.

Nevertheless, if a DMC want to start a part time or even full time business, there are roughly five ways to structure its fee schedule in a way to make money for the event planning services². There are five ways for DMC to quote services for client fees:

- Flat project fee
- [Percentage of expenses](#)
- [Hourly rate](#)
- [Percentage of expenses plus hourly rate](#)
- [Commissionable rates](#)

¹ **Examples:** The planner hired a destination management company (DMC) to plan a private dinner and reception at a private art gallery to include a theme, decor, entertainment and catering. Regarding an event planning business for social events, business events or a combination of both, anyone who is considering their own business should certainly be concerned about establishing a fair rate for services. So it's important to know how to charge for services. Unfortunately, the answer isn't simple. Several factors go into determine one's rate, including event planning operating expenses, salaries and profits. And the reality is that rates vary based on where DMC is located, types of projects and what the market is willing to pay. It also depends on the market.

² For example: Let's assume you want to earn on average \$75 per hour for its services.

Many clients prefer to know how much a project will cost to provide a service, inclusive of all fees. The event planner must determine a flat fee and determine what services will be covered for that amount. This puts the responsibility of managing to a budget directly on the planner, and requires anticipating a variety of scenarios where circumstances may change. In this scenario, the client may contract directly with the event planner to coordinate all logistics, catering, venue, lodging expenses, etc.

Flat project fees are typically used for packaged events, such as those found with [sports marketing programs](#), and may be calculated on a per person basis with many stipulations and caveats. For example - assuming that a planner - DMC is being hired to organize a one day historic city tour for 15 guests and the client wants planner to quote a flat fee for transportation, a private guide, lunch and any/all admission fees to venues. In this scenario, DMC must negotiate/calculate the cost of all services, including the needed time, and quote a combined total for expenses. It will be the event planner's responsibility/risk to identify required deposits, pay for all services, and hold responsibility for all service agreements. On average, most qualified event planners should feel comfortable with charging between 15-20% of the total cost of an event as part of their fee. Depending on the complexity of the program and amount of time it takes to plan and execute an event, sometimes this is enough to cover a planner's entire cost and source of profit. For example - assume that a DMC is being hired to organize a private dinner at an exclusive restaurant for 40 guests with an average of \$175 per person. Let's estimate that it takes a total of 15 hours for the planner to meet with a client, plan, attend and complete all follow up on this event. If DMC charge a rate of 18% of total expenses, it will earn just a little more than its targeted hourly rate (based on the previously identified \$75/hour):

$\$175 \times 40 \text{ guests} = \$7,000 \times 18\% = \$1,260$

$15 \text{ hours} \times \$75/\text{hr} = \$1,125$

If the client is contracting with DMC as planner for all services directly, the Subtotal Event Expense Charge to a Client: \$8,260. Some clients prefer that the event planner identify an hourly rate for services, and estimate the total number of hours to manage and execute a given client program. This may seem similar to the flat project rate; however, it allows for more flexibility on the part of both parties to adjust to changes that may be needed along the way.

Many business event planners will bill this way for services. This allows a client to know just how much money it will cost to hire a planner services and allow him/her to calculate a reasonable budget. The reason for this, frequently, is because they want to have a better handle on any unexpected expenses, and so that they may properly budget for total expenses on an event. It is important that planner should be defined careful parameters around expectations so that both parties are in agreement as to what services will be provided, and event planners should include a reference to billing for all reasonable business expenses that may be incurred¹. It is also important for DMC to determine how frequently may bill for its time. For example, a client is hiring a DMC in October to organize a one day seminar in March. The DMC' services are being contracted to source and negotiate for the venue, catering services, A/V, and contribute to the content creation for a limited number of communications items (i.e., invitations, agenda, evaluation forms, etc.)². The DMC as a planner both

¹ **Note:** some event planners may mark-up operating expenses such as shipping, car rentals and other miscellaneous expense items by as much as 15-20% while others do not; if planner do so, it should disclose such mark-ups and obtain agreement with the client in advance.

² (Your client is hiring you to provide on-site management. You establish an agreement up front

work out a detailed statement of work that includes the expected responsibilities of both parties. Then, it may estimate a total budget of so many hours plus reasonable expenses (be clear on what those details may include). Sometimes DMC is being hired to organize an event, and for whatever reason, the client prefers a rate based on a percentage of expenses. However, this isn't enough to cover the cost of planner' total time and services. In these situations, it is reasonable to present its fee as a combined cost in two different categories. For example, a client hires DMC to organize events associated with a conference. The planner assignment is to organize two private dinners and a golf outing, each with 50 guests. The total cost for these combined events run approximately \$20,000, but it requires about 60 hours of its time plus the complexity of this project may justify a higher profit margin:

Percentage of Expenses Estimate:

$\$20,000 \times 18\% = \$3,600$

Hourly Rate Estimate: $60 \text{ hours} \times \$75/\text{hr} = \$4,500$

Hourly Deficit: \$900

Therefore, the DMC may choose to quote 15 hours to manage logistics of multiple outside vendors. The quote may reflect the following:

Subtotal Event Expenses:

\$23,600

Flat Fee: \$1,125 (based on 15 hours at \$75/hr)

In this scenario, the planner will need to carefully determine the estimated hours (and account to cover non-standard operating expenses such as personal travel). Few clients are pleased to see increases in expenses later on unless justifiable reasons are provided.

Another way that event planners may collect fees for services is by securing event

that you will bill for identified services at different times, and will submit invoices for all services performed to date on a weekly, biweekly or monthly basis, etc.)

space through venues that offer a commissionable rate. These are fees typically provided to travel agents for booking tickets, hotel rooms and other forms of transportation. For example, many hotels may extend a commissionable rate up to as much as 10% for guestrooms and other expenses. Although some event planners will embrace commissionable rates as a source of income for themselves, savvy may should question the event planner's sense of loyalties. For that reason, many seasoned planners will limit any planning selections that include a commissionable rate or negotiate non-commissionable pricing for their programs and pass that source of savings directly to their client's bottom line. Further, many clients are already aware that commissionable rates exist, and do not expect their outside consultants to bill using any of the identified billing methods previously outlined and still pay a commissionable rate. To be sure, many clients are not aware that hospitality venues and transportation companies may offer a commissionable rate. However, it isn't considered good form by many event planners to essentially "double dip" their revenue stream this way. Generally speaking, if relying on commissionable rates, the DMC shouldn't charge client fees for its services using alternate billing methods. There are scenarios when this makes the most sense, such as a smaller nonprofit or association that may be hiring planner' services for a membership event or meeting and the bulk of the fees are paid directly by the attendees rather than the organization. Another scenario may be if client is purchasing client gifts from DMC, and DMC may also offer promotional items distribution services. In that case, the planner simply negotiate for the promotional items and do not charge for services on an hourly basis unless the client is aware of all charges up front. Every event planner should stay current with trendy venues, such as hotels, resorts, restaurants. And they should establish friendly relationships with the sales and catering management at

each. Both will help make or break an event. Every event planner - whether independent or hired as a meeting planner at an organization - should have a personal network of event planning services that they hire for any given event. Therefore, it should include the following individuals in its distribution network:

1. **Communications Consultant:** A tremendous amount of information must be communicated to clients and guests, but many event planners do not prepare invitations, agendas, conference materials, etc. A communications consultant will help create template materials that follow appropriate etiquette and formats for each type of communications tool. Working with writers and graphic designers (or performing these responsibilities directly), this person will make sure that the materials incorporate the event theme, messaging and client brand standards.

2. **Stationery Designer:** The more intimate an event, the more flexibility with the style of materials to use. Stationery shops have incredible options, and most papers today can be printed using an inkjet printers; that saves money. Work with the shop owner, and he or she should inventory hundreds of styles directly in the shop (and order custom materials when needed). A stationery designer will make suggestions and help to wordsmith and print your materials as well.

3. **Photographer:** This is a budget item that many clients like to avoid, but a great photographer will capture the essence of an event or multiple day program and give guests a keepsake that will help them always remember the event. The photographer should maintain a network of resources such as video production, A/V technicians and other photographers. The photographer who embodies technical expertise with marketing savvy is the one who DMC want in the network. He or she will understand the art and business rationale of any event.

4. **Private Caterer:** Not every event takes place at a hotel or restaurant where catering services are automatically provided. Internal meetings and events are planned at organizations and catering is ordered and delivered, or sometimes private are created at unique venues (e.g., art galleries, landmark building, park). A caterer may have his or her own restaurant, banquet facility or shop. In addition to offering a range of menu items that will appeal to general or ethnic dining experiences, he or she should offer incredible options for breakfast, lunch, breaks and/or dinner.

5. **Promotional Products Distributor:** One of the rules of any event is to never let a guest go home empty handed. Regardless if a DMC is planning a client meeting, seminar, conference, trade show, incentive trip, etc., one thing remains common: its guests should receive and take home a relevant gift item. Planner promotional products contact should provide with access to name badges, notepads, pens, pencils, apparel, awards and any other item the planner want to give to those who attend its program

6. **Party Rental Supplier:** Although most venues will maintain relationships directly with a party rental supply firm, it is helpful for event planners to have a relationship directly with a party rental supplier. A great event may incorporate any number of items for decorations, linens, flooring, lighting, audio/visual equipment, dinnerware, glassware, props, tents, etc. A good party rental company will offer all this and more.

7. **Wine Shop Owner/Sommelier:** DMC caterer will take care of the bar needs for the event, but an event planner will have his or her own reasons for including a wine expert in the network. A good wine shop owner can provide inventory (for consumption or appreciation gifts) as a direct resource for private parties, but more importantly this sommelier can help educate the planner about wine.

8. **Chocolatier:** Similar to a wine shop, a great chocolatier can really make an event planner look good. Everyone loves hand-made chocolate gnaches and truffles. If it is possible, DMC should work with a local chocolatier who uses all fresh ingredients, but there are many [gourmet chocolate makers](#) that will ship directly to the event.

9. **Florist:** Great floral arrangements will add color, sophistication and fragrance to a room. Most events will incorporate florals as part of the decorations, such as centerpieces. But a good florist will offer various ideas that address the theme, colors and budget for the event. He or she will also advise which flowers will hold up best for the duration and temperature of the event (e.g., outdoor events).

The DMC should have a convention and visitors bureau (CVB) in its network or work for third party planner as a CVB. A CVB will provide valuable information about the destination, its services and facilities. A CVB will save time and energy for any meeting planner when needing to research local services. And some CVBs even offer online tools for planners to request information from participating hotels and other services and venues. The CVB is responsible for promoting the local destination, and promotes information about the history and unique qualities of a destination. Event planners should reach out to the CVB and its staff for detailed information about local travel and tourism. Still, the event planner should dig deeper before making any business decisions. Trough its distribution network the DMC is dealing with clients and in the same time – promote the destination, its industrial potential and local tourist services. The current state of economy is causing organizations to behave like shoppers on the lookout for bargains, discounts and value for money deals. This means that now more than ever before organizations are open to new ideas from [event organizers](#) and are willing to experiment. However, it is important to remember that

the core of the event industry is not about having a big budget or having elaborate peripherals like stages, décor or hiring celebrities to dazzle attendees. It is about having unique ideas and concepts that will make the event memorable months or years later. It is sure that, "If you find a good idea, budgets will magically appear." For example: A "smart" event planner could create a completely new segment in the market catering to worried senior executives on how to beat the depression.

Today, destination management companies are enjoying the opportunity to broaden their business with a wider range of services, from event planning to transportation. There are many good reasons:

1. They find the perfect venue and suppliers to suit your vision and travel needs - from convention centers and hotels to transportation.
2. They are experienced in organizing events for your company.
3. They arrange venues for your events.
4. They have special services which include catering, dinner, and entertainment.
5. They make hotel reservations or selections.
6. They arrange transportation for your party to and from the airport.
7. They provide travel coordination, management, guides, and hostesses.
8. They coordinate VIP transfers.

9. They arrange transportation such as limousine or car rentals for your party wherever you need to go.

10. And of course, they can always customize whatever event or occasion to fit your company's needs.

Finding the perfect DMC for the planned event is very crucial. DMC's have their own specialties in the business, which may be corporate meetings, company events, team building, or weddings. When choosing the perfect Destination Management Company for the event, it is important also to look for one that is knowledgeable of your chosen destination. Destination Management Companies remain behind the scenes while ensuring that everything runs smoothly and according to plan.

As it was said, ideas drive the business not state of the economy or budgets (or the lack of it). And, a savvy event planner can take advantage of this opportunity to secure new clients by offering them innovative and cost effective event management solutions. In the same time the destinations chosen by DMC and its clients take profits from the executed activities. Because the rule is that "Recessions by definition are temporary". DMC or the event planners that push aggressively while everyone else remains in an uncertain, holding pattern have the opportunity to establish a reputation and gain a share market. Moreover, though the DMC tourist destination can perfectly position itself to benefit, once the recession ends.

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