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Issue: [June/July 2009](#)

Strategic Alliances Good Business

By: [Michael Bennett](#)

Its no secret times are tough in our industry. We're an industry that in large measure thrives on the discretionary spending of others, be they individuals, groups or corporations. By most reports, attendance or participation in meetings, incentive and leisure travel has taken a sharper nosedive than those over-inflated oil prices of 2008, which affected our industry greatly. This tidal wave of decline as we would soon find out was just the tip of the iceberg as the recession took hold.

Compounding our collective angst, the mainstream media would have us believe the world is coming to an end with the constant drone of job layoffs, corporate malfeasance, and of course the super-hyped swine flu nonsense and that terrible word meant to elicit fear, "pandemic."

It also didn't help that our vice president chose the most inopportune time to warn his family not to take public transportation. Fortunately, we as an industry are stronger than what the pundits and naysayers would have us all believe. So lets put away those death certificates and get on with the business of rebuilding the most vibrant industry on the planet using all the tools in our collective arsenals.

One such tool is strategic alliances. Strategic alliances are simply a formal, or in some cases informal relationship between two or more parties for the pursuit of an agreed upon set of goals to meet their respective business needs while remaining independent organizations.

Why do business form alliances? Most of us think it's a way to drive profits. After all, many businesses report that as much as 20 percent of their profits are derived from alliances. While profit motives form the underlying reason for most alliances here are a few others to consider:

First, simply the increasing intensity of business and competition has forced some companies into an alliance and our industry is not immune - see below.

Second, some companies have a need to compete on a global scale and open new product markets because the more mature American market has stagnated.

Third, a rapidly changing marketplace and regulatory changes allowed for a convergence of industry, such as banks like CitiGroup combing banking and investment activities with insurance.

How do some of the smaller banks compete with the giants? They form alliances or risk being swallowed whole by their larger brethren.

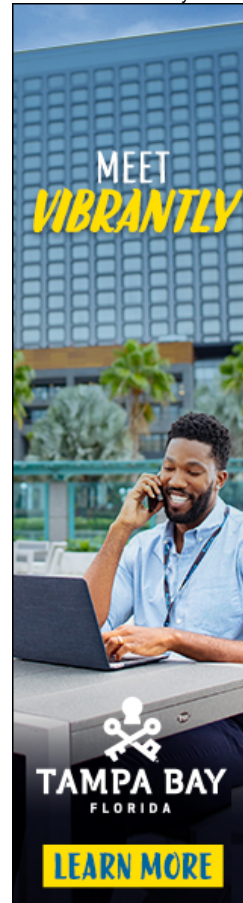
The Baltimore Area Convention and Visitors Association, along with the Fort Worth and Sacramento Convention and Visitors Bureaus have a strategic alliance. These three destinations share information about clients who have met in their respective cities. Since most meetings rotate locations and probably won't return to a city for several years, the information sharing is a great way to increase their marketing outreach.

The key here is compatibility. In this case, you have three cities of comparable size spread out across the country. The flavor of each city is notably different, but the offerings in terms of hotel and meeting space, cost, airlift capacity and many other variables makes this alliance a good fit.

How many of you have jumped on an American Airlines flight and heard the phrase "member of the 'oneworld alliance?'" The "oneworld alliance" - spelled with a lowercase "o" is a global alliance of 10 carriers who cover the planet and book fares for each other on routes they don't reach individually. This alliance is truly "oneworld" with such carriers as British Airways, Cathay Pacific, Japan Airlines and Royal Jordanian able to blanket the planet. The best part for those of us who fly

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often, they honor frequent flier miles accumulated with their alliance partners.

Our industry is full of alliances. The Caribbean Tourism Organization (CTO) is an alliance of Caribbean island nations whose primary purpose in life is to spur tourism throughout the region. In a recent development, eight Asian visitor bureaus have united to boost the continent's tourism by relaunching the Asian Association of Convention and Visitors Bureaus. China, Hong Kong, Korea, Macau, Malaysia, Philippines, Singapore and Thailand vowed to put cooperation ahead of competition and raise the level of sophistication of the M.I.C.E. sectors of Asia.

Here's an alliance you might not recognize as such - lobbying groups. Think about it for a minute. Lobbyists are the workers bees of industry on Capitol Hill. Lobbyists scurry about trying to curry favor and protect the industry or group they represent by influencing the legislative agenda. Competitors become fast bedfellows when it comes to passing rules and regulations to drive profits. If there's a business or a cause expect to find a lobbyist.

In the international arena the Organization of Petroleum Export Companies (OPEC) is one of the better-known alliances. The 13-member nations that make up OPEC control the supply and price of oil around the world. Many mistakenly believe OPEC members are all from the Middle East. In fact, Venezuela is one of the founding members.

I mention OPEC, because while travel has many international organizations to represent the global tourism market, many of you might want to consider building an alliance with businesses beyond our shores.

Alliances combine the synergies of each partner for a common good. The goal of any alliance should be to minimize risk and maximize leverage and profit.

Different alliance partners bring different resources to the table such as products, distribution channels, manufacturing capability, project funding and expertise. Virtually every product we purchase has a partnership in place. If you manufacture a product, some entity has to distribute that product. I wouldn't be typing this article on my computer if it weren't for the alliance between Intel, who supplied the processor and Apple Computers.

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