

## UNIT I

### INTRODUCTION

As you are reading these words, tens of thousands of business travellers worldwide are beginning or ending their trips. At the same time, thousands of major conferences and exhibitions are taking place globally, while hundreds of incentive travel programmes are being enjoyed in your country.

In other words, business travel and tourism is big business. It employs millions of people around the world and is the core of the tourism market for many leading destinations. Yet, this massive phenomenon of our age has, to date, received scant attention from governments, academics and researchers. Perhaps this apparent lack of attention is because business travel and tourism is notoriously very difficult to define and place within clearly identified boundaries.

### WHAT IS BUSINESS TRAVEL AND TOURISM?

Rob Davidson, in his ground-breaking book on business tourism in 1994, attempted to define business tourism as follows:

*Business tourism is concerned with people travelling for purposes which are related to their work. As such it represents one of the oldest forms of tourism, man having travelled for this purpose of trade since very early times. (Davidson, 1994)*

The terms 'business travel' and 'business tourism' are often used almost interchangeably but the authors feel there is a qualitative difference between them.

Business tourism is the broader term which encompasses all aspects of the experience of the business traveller. Furthermore, using the standard interpretation of the term 'tourism' or 'tourist' this term seems to focus on those business people who are true tourists, in other words, those who stay away from home for at least one night.

Business travel on the other hand seems to focus particularly on the movement of business travellers from place 'A' to place 'B'. It also seems to include those who make day trips for business purposes, and are therefore not true 'tourists' in the conventional meaning of the term.

However, it is clear that there is great overlap between these terms.

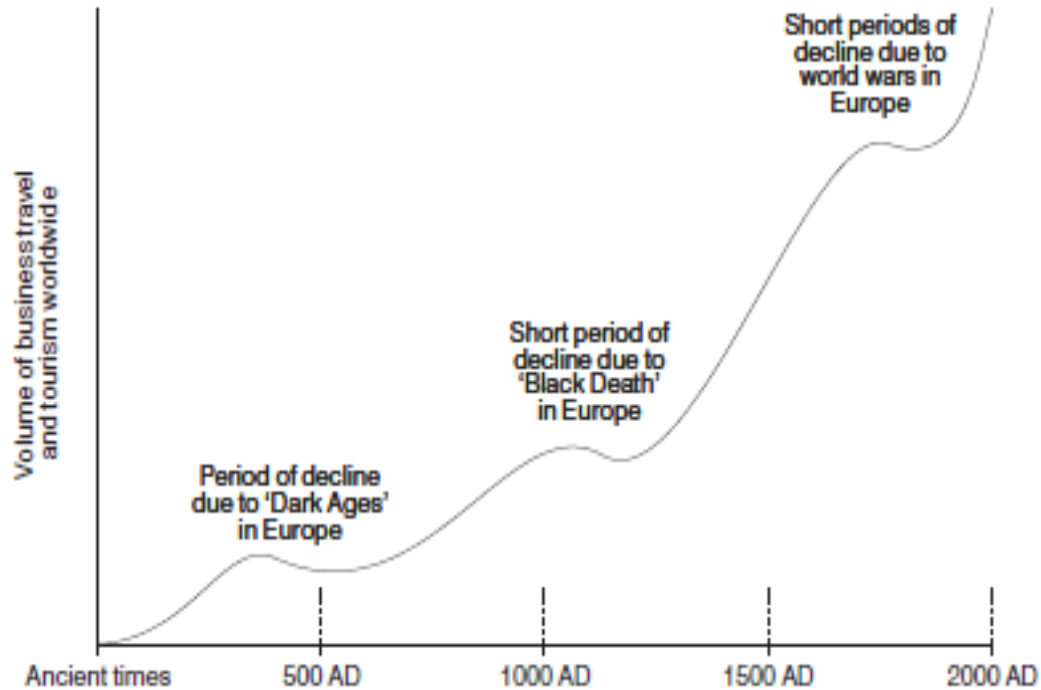
### **History and Background of MICE Industry**

Meetings and Conventions industry have a long history. Their characteristics have changed over time. Needless to say that gatherings, meetings, events, and conventions have been part of people's lives times immemorial. Archaeologists have found primitive ruins of ancient cultures that were used as meeting areas where citizens would gather to discuss common issues related to government, war, hunting, or tribal celebrations.

During the late nineteenth century and early twentieth centuries, industrialization spread throughout the United States as well as Western Europe. With the growth of industry and commerce, the need for meetings between entrepreneurs, traders and various intermediaries has increased manifold. Meetings were not just confined to business community and professionals but also extended

to those individuals who would gather to discuss and exchange ideas on political, religious, literary, recreational, and other issues.

In Figure 2.1 we have attempted to offer a comprehensive, if highly generalized, view of the historical growth of business travel and tourism. This is clearly not based on hard data but is instead a generalized impression. Nevertheless, it makes the important point that business travel and tourism has grown more in the twentieth century than in all previous centuries, for a variety of reasons we will look at later in the chapter.



**Figure 2.1** The historical growth of business travel and tourism worldwide

Figure 2.2 looks at some important developments in the historic development of business travel and tourism. We can also see that there have been some fluctuations in the volume of business travel during periods of war, instability or widespread disease.

While endeavoring to be a truly global picture, it is likely that Figure 2.2 reflects the situation in Europe and North America, more accurately than that in Africa and Asia, for example. Figure 2.2 suggests that business travel and tourism changed dramatically in the latter half of the twentieth century as new forms of business tourism developed and the supply side responded with new products and services.

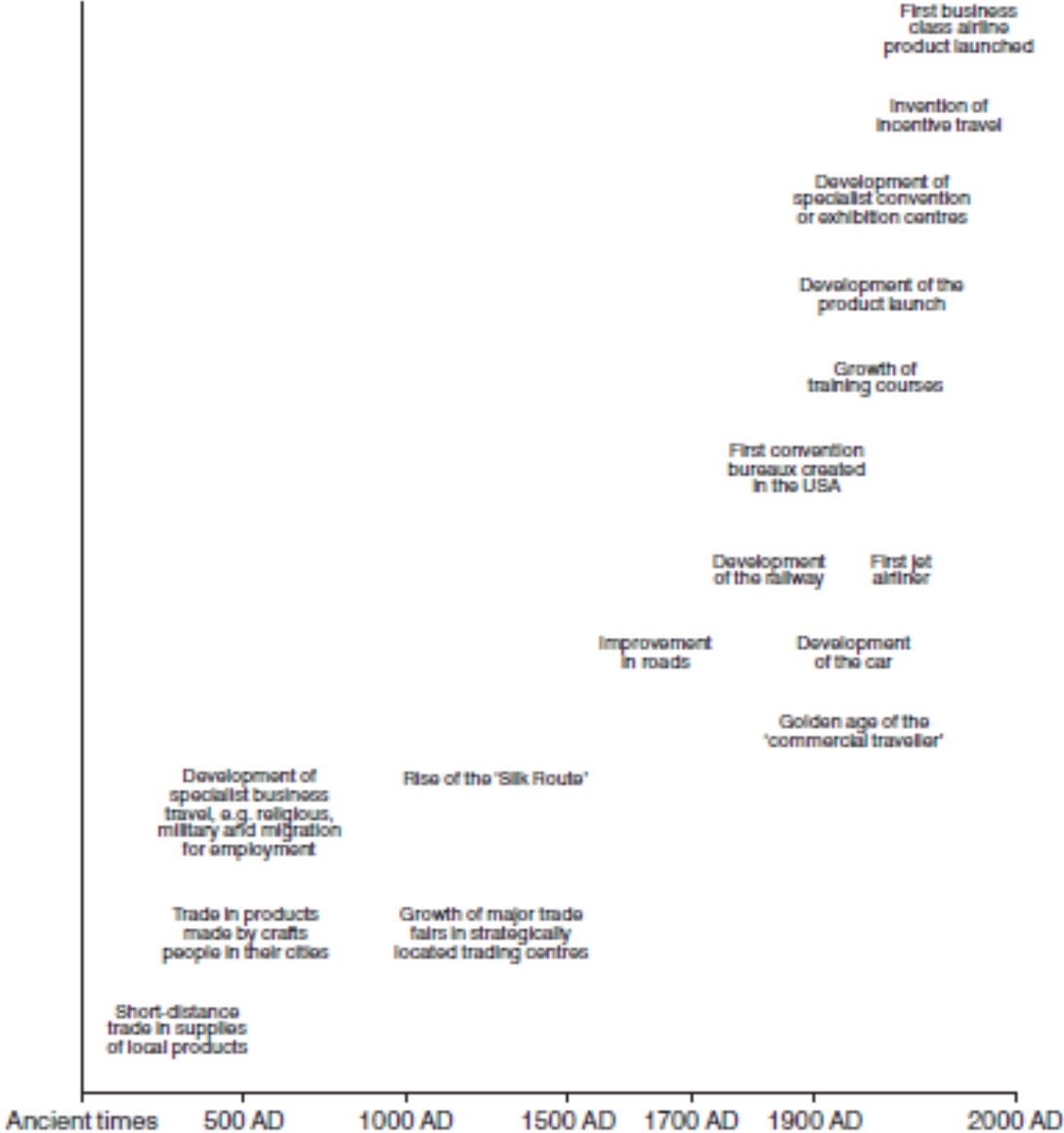


Figure 2.2 Major developments in the history of business travel and tourism

## **The origins of business travel and tourism**

Business travel and tourism originated with trade between communities. Once agriculture developed beyond the subsistence level in areas of Africa, Asia and Europe, thousands of years before Christ was born, communities began to trade agricultural products. This led to the growth of markets, and producers travelled sometimes hundreds of kilometres to take their produce to market.

Then urban settlements began to grow and develop. These were home to artisans producing a range of products including clothes, tools and decorative arts. These were traded with the surrounding countryside for foodstuffs. However, they were also marketed further afield, particularly if they were of high quality or were made of materials not available in other countries. Archaeological evidence shows us that this trading often took goods thousands of kilometres from where they were made.

The earliest business travellers were, therefore, artisans and small-scale traders.

## **The great empires of Egypt, Persia, Greece and Rome**

The rise of great empires including those of Egypt, Persia, Greece and Rome, among others, further stimulated this growth of trade-based business travel.

For example, in the Roman Empire, well-established trade routes developed across the empire, transporting goods in all directions. The museums of Europe, the Middle East and North Africa are full of evidence of this fact. A local museum of the Roman period in the UK, for example, could well contain pottery made in Italy, olive stones from Spain, wine jars from Greece and precious stones from Asia and the Middle East.

However, once these empires fell, there was often a period of economic and political instability, and as ever such instability was seen as undesirable and tended to temporarily reduce the volume of business travel and tourism.

### **The medieval trade fairs**

By the medieval period business travel for trade was well established and its infrastructure included a number of massive trade fairs in strategically located towns and cities. These were vital days in the calendar for medieval merchants. The fairs might last for several weeks during which time great use was made of local accommodation, eating and entertainment facilities. One of the most famous of these fairs was the Beaucaire trade fair on the Rhone river in Southern France, which attracted tens of thousands of visitors.

### **The Silk Route**

In the Middle Ages, perhaps the greatest business travel route of all time, the Silk Route, reached its peak. Although named after one commodity, this route was a conduit for the transportation of a wide variety of goods from Asia to Europe and vice versa. And while the term Silk Route implies a single route, the fact is that there were a number of routes, starting and ending in different places.

The Silk Route was very important in two main ways:

1 It stimulated the growth of a sophisticated set of support systems for business travelers including accommodation and restaurants – the ‘Caravanserai’ – transport services such as camel traders and guides.

2 The route was also the way in which scientific inventions and ideas, as well as goods, moved from Asia to Europe and vice versa. It is this route which brought phenomena as diverse as gunpowder, new religions, knowledge of astronomy and advances in medicine to Europe and the Middle East, from Asia. The Silk Route also created a network of major stopping points on the route which have tended to remain major trading cities ever since. For example, the role of Istanbul, a great trading centre, linking Asia and Europe, was established partly due to the Silk Route.

### **Other early forms of specialist business travel**

Throughout history, there have been three highly specialist but important forms of specialist business travel, notably:

1 Priests of all religions, who have often had to travel with their employment, making pilgrimages to shrines.

2 Soldiers, particularly mercenaries, travelling to take part in battles or moving into newly occupied territory. Even more often they simply moved because they were ordered to move to a different garrison.

3 Workers migrating temporarily in connection with their trade. In many rural communities in France, for example, there was until recently a tradition of crafts people moving to cities to practice their trade for a few months every year when there was little demand for their services at home on the farms at certain times of the

year. Interestingly, while very ancient in origin, all three forms of business travel survive in many parts of the world.

### **The industrial age and business travel**

Business travel and tourism in Europe grew dramatically between 1750 and 1900, for three main reasons:

1 The Industrial Revolution, which began in the UK, steadily spread to many other European countries. This movement increased the scale of production of industrial goods which then had to be marketed and transported. This stimulated a growth in business travel and tourism, particularly with the rise of the on-the-road salesperson, the commercial traveller.

2 Many European countries developed empires in Africa, the Middle East and Asia, and these colonies created a demand for business travel. Industrialists needed the raw materials from these countries while their populations also provided a market for the finished goods. Furthermore, administering the colonies created a demand for business travel for the 'army' of colonial administrators from the home country to the colony, and within the colony.

3 This period saw the improvement of roads in general in Europe which made business travel easier. However, more importantly, the railway was born. Rail travel was faster than road transport and allowed business travellers to make business trips to more distant cities without it costing too much in terms of time or money.



Because of these factors, in Europe at least, the late nineteenth century in particular was a major period of growth for international business travel and tourism.

### **The early twentieth century**

As the twentieth century dawned, the next major development in business travel and tourism was taking place in the USA. Meetings have gone on since time immemorial, but the concept of the conference or convention was developed, at this time, in the USA.

Trade and scientific associations, together with the political parties, began to organize large-scale gatherings in the late nineteenth century. This activity gathered pace in the early decades of the twentieth century. Cities soon realized that hosting such events brought great economic benefits and convention bureaux began to appear to market cities as convention destinations. As Rogers (1998) notes, the first was established in Detroit in 1896, followed soon after by Cleveland (1904), Atlantic City (1908), Denver and St Louis (1909) and Louisville and Los Angeles (1910). The phenomenon of the convention bureau is now well established around the world.

Because of these factors, in Europe at least, the late nineteenth century in particular was a major period of growth for international business travel and tourism.

The first Convention Bureau in the United States was set up in Detroit in 1896. It was established at a time when national trade and professional associations had developed and displayed great interest in bringing their members together to conventions and locations around the country. Initially, Hotel managements

promoted their city or region through advertising their services and facilities for hosting conventions and meetings. Credit goes to the business people in Detroit who first employed a full-time salesperson to actively solicit convention business for the area which emerged extremely popular and followed by other cities in the following decade.

The proliferation of convention bureaus in the United States led to the foundation of the International Association of Convention Bureaus (IACB) in 1914. Its primary objectives were to facilitate and exchange information about the convention industry among its members and to promote sound professional practices in the solicitation and servicing of meetings and conventions. The increased emphasis on attracting visitors in addition to convention business resulted in the addition of “V” for Visitors in the association’s name in 1974, and thus rechristened as the International Association of Convention and Visitors Bureaus (IACVB). Membership in the IACVB has risen from twenty-eight bureaus in 1920 to approximately 1500 bureaus in 130 countries today, representing more than 12,000 professional members (IACVB, 2012).

Meeting of the Congress of Vienna, held in September 1814 may be regarded as the first truly international conference, attended by representatives of most of the major world powers of the day. The few more international conferences, mostly political and scientific in nature, took place during the nineteenth and first half of twentieth century. But for the Second World War in the first half of the 20<sup>th</sup> century, the industry would have grown further. (Spiller, 2002).

The growth of the convention industry in the subsequent years, more particularly since 1950s was due to number of factors on both the supply and demand sides. Some of the factors are, however, closely related to factors that supported the growth of tourism in general. For example, the increase in disposable

income, the greater propensity to travel, increased leisure time, improvements in transportation industry and technology have all facilitated the growth of the convention industry. Following are the factors which gave an impetus to the MICE tourism development (Lawson, 2000):

- Expansion of government and quasi-government organisations, together with an increasing need for meetings between the public and private sectors.
- Growth and spread of multinational corporations.
- Developments in the activities of associations, cooperatives, professional groups, and pressure groups.
- Changes in sales techniques, use of product launches and sales promotion campaigns.
- Management development programs, training sessions, professional bodies meetings, etc.
- Special conferences/Seminars/workshops to facilitate easy and quick dissemination of information related to the professions, various bodies/agencies.

The growing demand for conventions and meetings coupled with the industry's potential economic benefits, governments have invested heavily in infrastructure development at many destinations. Furthermore, industry representation and coordination through international, national, and regional association have also improved significantly (Lawson, 2000).

### **Definition of MICE Tourism**

Tourism is a key contributor to the national economies of many nations. Globally, tourism industry is divided into leisure tourism and business tourism.

However, both utilise or thrive on the same infrastructure with respect to accommodation, transport, and communication, entertainment, information services, etc. The prime difference between leisure and business tourism are the "type of services bought and the level and quality of transport and accommodation used". In other words, business tourism needs special amenities and services such as conference halls, specialist contractors, special venues and technology. Though primary activity of conventions and meetings is business (McCabe et al. 2000) it is common after working hours that a business tourist, quite often, transforms into a leisure tourist. That apart, business tourism is also linked to leisure tourism as in some conferences, special programmes of leisure activities are included. Further, on many occasions, business tourist's family accompanies him as leisure tourists.

To Swarbrooke and Horner (2001) the term "*tourism*" refers to people who stay at least one night away from home, while business travel refers to day out for business reason. According to Davidson and Cope (2003) and Davidson (2007), business travel is of two categories that is, individual business travel and business tourism. The former refers to the people whose travel is part of his or her employment, and organised on a regular basis while the later is used to refer to the business travel industry. Actually, the terms of business tourism and MICE tourism are used interchangeably ( Swarbrooke and Horner, 2001,Davidson 2007). MICE tourism is regarded as one of the most buoyant sectors of tourism industry. It is the least responsive to price changes and helps to reduce "peak-trough" seasonal patterns (Spiller,2002).Moreover, MICE tourism not only contributes income to the MICE industry, but the revenue is distributed to other business sectors such as hotels, restaurants, souvenir shops, transportation services and telecommunications also.

A review of the major characteristics of MICE industry is presented here:

## The Typology of MICE Tourism

This section attempts to define different segments i.e. Congress, Conference, Convention, Meeting, Incentive and Exhibition, that encompasses the term MICE tourism. Nevertheless, due to lack of precise and uniform expression in the field, this sector is plagued by varying definitions. However, the following definitions will draw from the International Congress and Convention Association (ICCA) and the International Meetings Industry Glossary throw light on the various facets of MICE tourism.

The broad definition of business travel and tourism is simple but it embraces a variety of different forms of business travel and tourism, some of which are illustrated in Figure 1.1. The typology in Figure 1.1 does not claim to be exhaustive, but it does cover most of the major forms of business travel and tourism.

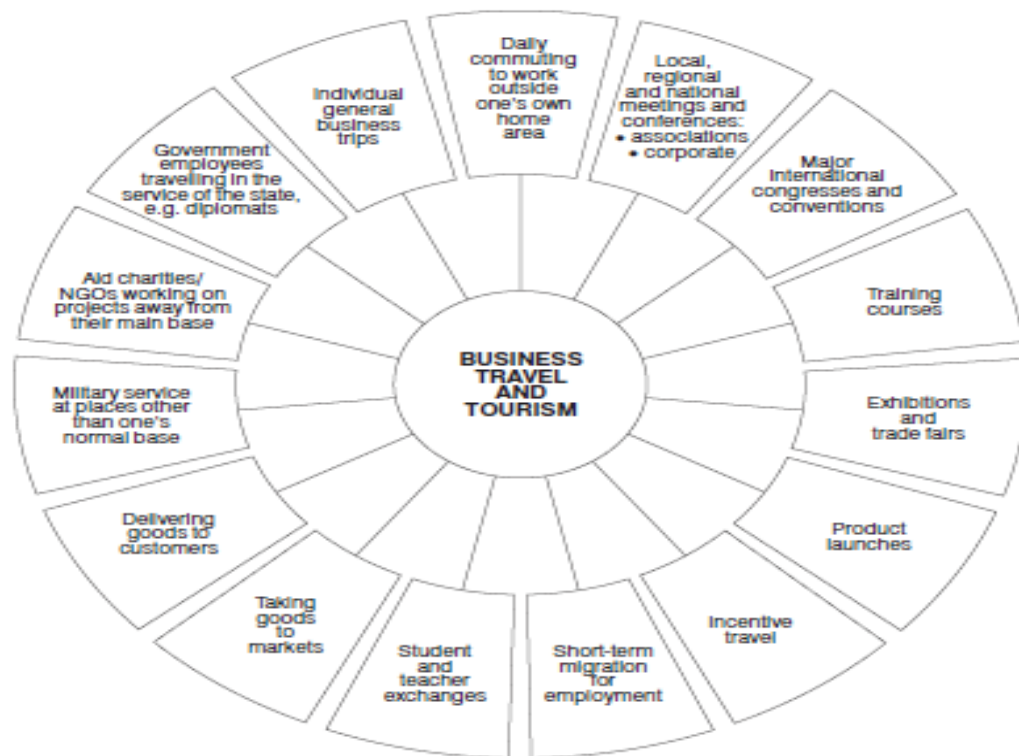


Figure 1.1 A typology of business travel and tourism

Each of the fifteen categories in Figure 1.1 has a number of subdivisions. For example, an individual general business trip could involve:

- \_ a salesperson trying to sell his or her company's food product to a new customer
- \_ a computer consultant visiting a client to sort out the client's problem
- \_ the senior manager of a major multinational corporation visiting a branch factory
- \_ a business person visiting a government department to apply for an export licence.

It is clear, therefore, that business travel and tourism is a diverse, complex field.

However, this book will focus on the main areas of meetings, conferences, conventions, exhibitions, training courses, product launches and incentive travel. We will therefore, now, define these terms, to ensure that we all understand what we are talking about.

## **Meeting**

The International Meetings Industry Glossary comes up with one commonly accepted definition of a meeting, which is as follows:

"A general term indicating the coming together of a number of people in one place, to confer or carry out a particular activity which can be on an ad hoc basis or according to a set pattern" (The International Meetings Industry Glossary cited in Rogers 2003).

The Convention Industry Council defines Meetings as:

“An event where the primary activity of the attendees is to attend educational sessions, participate in meetings/discussions, socialise attend other organised events.”

There are three categories of meetings:

1. Association Meeting, which is usually of a practical or technical nature and are related to individual trade association, professional societies or academic institutions.
2. Corporate Meeting, which business use to communicate with staff and distributors.
3. Government Meeting, which the governors from all over the world participate. For example, WTO, APEC and IMF conferences.

(Swarbrooke and Horner, 2001) stresses that a meeting can have commercial or non-commercial purpose, where the number of attendees can vary from six to many hundreds and its duration can last from few hours to a week. Meetings are part of business tourism as they use other tourism services. Usually meetings are held at places away from the organisation place.

The purpose of meetings can be very diverse (Campiranon and Arcodia, 2007). The common explanation usually advanced is to solve problems and find new solutions to the existing problems (Davidson, 2007; Campiranon and Arcodia, 2007; Dupuy, 2005; Ladkin, 2002). According to the UNWTO (1997), the main purpose of a meeting is to exchange information with others in the same profession or association; Davidson (2007) stresses that it is the most effective way to do so. Most of the time, meetings involve a few executives who discuss business-related themes. It should be explained that the UIA and the ICCA have different criteria to define an international meeting (Rogers, 2003; Potier et al. 2000).

According to UIA, a meeting must fulfill the following criteria:

- It must be organised for at least three days.
- It must attract a minimum of 300 participants.
- It must gather at least five different nationalities; including a minimum of 40% of foreigners.

On the other side, all meetings included in ICCA, it is imperative that they meet the following criteria (Rogers, 2003). Accordingly, all meetings:

- must be organised on a regular basis.
- must rotate between at least 4 different countries.
- must attract a minimum of 50 participants.

The UIA criteria employed for data collection is much more rigorous, (Potier et al. 2000). Therefore, statistics from UIA and ICCA cannot be compared directly. In addition, to be considered as a meeting by UIA and ICCA, the minimum number of participants is 300 and 50, respectively. As a consequence, the information collected to make statistics tend to ignore smaller events, although they represent the majority of MICE industry activity (Ladkin, 2002).

Finally, it should be noted that the term "meeting" is often used in a broader sense (Campiranon and Arcodia, 2007) to describe congresses, conferences, workshops, seminars or other events designed to bring people together for the purpose of exchanging information irrespective of the definitions given by UIA and ICCA (Davidson and Cope, 2003).

### **Incentive Travel**

Another lucrative sector of the MICE industry is incentive travel, which patronised largely by business organisations to motivate and reward the employees



and others in the distribution channel like retailers (Rogers, 2003; Fenich, 2005; Campiranon and Arcodia, 2007; Davidson, 2007). As incentives involve people who travel because of their excellence/ contribution at work place, it is part of business tourism (Davidson, 2007).

The Society of Incentive Travel Executives (SITE) defines incentive travel as: "[...] a global management tool that uses an exceptional travel experience to motivate and/or recognize participants for increased levels of performance in support of the organisational goals" (SITE, 1998 cited in Rogers, 2003, p. 52).

“a travel reward given by companies to employees to stimulate productivity. Also known as an incentive trip or incentive travel” (The Convention Industry Council, 2005).

According to Davidson (2007), it is better to pay for incentive trips of the employees instead of monetary rewards. These "all-expenses-paid travel" (Rogers, 2003) are beneficial for the company as they motivate the employees and make them more productive (Rogers, 2003; Dwyer and Mistilis, 1999).

In the incentive trips, a few additional elements may be included such as learning exercises and team-building activities (Campiranon and Arcodia, 2007). Participants of the incentive trips also visit places of interest, mainly work-related, or attend sport events so as to make the trip a memorable one (Davidson, 2007).

## **Congress**

The International Meeting Industry Glossary contains the following definition for congress:

"The regular coming together of large groups of individuals, generally to discuss a particular subject. A congress will often last several days and has several

simultaneous sessions. The length of time between congresses is usually established in advance of the implementation stage, and can be either pleura-annual or annual. Most international or world congresses are of the former type while national congresses are more frequently held annually" (International Meetings Industry Glossary, 1993 cited in Rogers, 2003).

According to the Convention Industry Council (2005), congress refers to

“big meeting, regularly used in European countries and the Commonwealth generally related to politics, the assemblies especially the official assembly” (The Convention Industry Council, 2005)

### **Conference**

The Convention Liaison Committee and the Joint Industry Council’s "International Meetings Industry Glossary" (1993) define a conference as "an event used by any organisation to meet and exchange views, convey a message, open a debate or give publicity to some area of opinion on a specific issue" (International Meetings Industry Glossary, 1993 cited in Rogers, 2003). In addition, these participatory meetings are designed for discussion, fact-finding, problem solving and consultation (ICCA, 2009 online). As Bowdin et al. (2001) hold the view that this young and dynamic industry is mostly characterized by its business orientation even if most of its activities have a tourism facet.

Contrary to a congress, a conference is normally smaller in scale (International Meetings Industry Glossary, 1993 cited in Rogers, 2003) and more specific in character and features which tend to facilitate exchange of information (ICCA, 2009 online). "No tradition, continuity or periodicity is required to convene a conference, although not generally limited in time"

(International Meetings Industry Glossary, 1993 cited in Rogers, 2003), a conference is usually of limited duration with specific objectives (ICCA, 2009 online).

The Convention Industry Council (2005) narrates Conference as a big meeting that may last for several days with more number of participants. Normally most of the conferences are accompanied by the exhibitions, shows or other activities.

### **Convention**

To Montgomery and Strick (1995), and Davidson and Cope (2003), a convention is a meeting accompanied with an exhibition of products and services.

Furthermore, in the International Meetings Industry Glossary, a convention is defined as:

"A general and formal meeting of a legislative body, social or economic group in order to provide information on a particular situation to deliberate and, consequently establish consent on policies among the participants ". Ladkin, 2002, p.103.

Conventions are usually attended by a large number of people from various segments of the tourism industry (Davidson, 2007). As the participants are from all the stakeholders groups of the tourism industry, at one go, the deliberations may constitute to stock taking of the issues of the industry and finding solutions. Further, conventions create social and cultural impacts, such as exchange of ideas, facilitation of technology transfer and creation of business contacts etc., (Dwyer and Forsyth, 2008; Dwyer et al. 2000).

### **Exhibitions and Trade Fairs**

Exhibitions and trade fairs constitute promising sector in the tourism business. Davidson and Cope (2003) define exhibitions, also widely known as trade shows, trade fairs, or expositions as:

"Events to which businesses send sales staff in order to display their products to potential customers, who attend in order to buy and/or receive expert information about the goods being exhibited, usually straight from the manufacturers".

The Convention Industry Council, (2005), explains Exhibitions as events where products and services are displayed. The primary activity of attendees is visiting exhibits on the show floor. These events focus primarily on business-to-business (B2B) relationships. Moreover, exhibition involves display of products or promotional material in the of public gaze, sales and/or marketing. There are two categories of exhibitions.

*Trade Shows:* exhibits of products and services targeted to a specific clientele and not open to the general public;

*Consumer Shows:* exhibits of products and services targeted at general public.

Thus, an exhibition is aimed at informing visitors about products and services which are available in the industry. Usually, exhibitions tend to be large events (Davidson, 2007) focused on business-to-business (B2B) relationships (Fenich, 2011). They are usually exhibited to "*the general public or to invited specialists with professional interest*" (Davidson, 2007). The goal of each exhibitor is to make contacts with new clients (Campiranon and Arcodia, 2007; Ladkin, 2002). To Montgomery and Strick (1995) the attendees can compare competitive products and exhibitors can compare their products to those of their competitors. As exhibitions stimulate travel for many people, for both exhibitors and visitors, stand to gain (Davidson, 2007; Swarbrooke and Horner, 2001).

In addition, such exhibitions give substantial business to transport and accommodation services in the host city (Swarbrooke and Horner, 2001). That is the reason for many countries to compete in this market.

In recent years, the practice of holding exhibitions alongside conferences has also grown considerably (Rogers, 2003). Exhibitions add value to the event, offering something more than just a conference (Campiranon and Arcodia, 2007) and it is more useful for business people to visit it (Rogers, 1998; 2003). Finally, an exhibition generates revenue which compensate for the cost of the conference (Davidson, 2007).

### **Characteristics of Business Tourism**

The principal features and key characteristics of business tourism include the following (Davidson, 2007):

- It is at the high quality, high yield end of the tourism spectrum;
- Business tourism is year-round, peaking in Spring and Autumn but still with high levels of activity in the Summer and Winter months, thus sustaining permanent, full-time employment;
- It is conservatively estimated that the sector nationally employs around 530,000 people both directly and indirectly;
- It complements the leisure tourism sector, relying on much of the same physical infrastructure, and bringing business to destinations such as seaside resorts which would otherwise be dependent upon a relatively short Summer season for their economic health and prosperity;
- Investments in business tourism facilities lead to the regeneration of urban and inner city areas;

- It is resilient, being much less affected by economic downturns or by disasters than leisure tourism and other sectors of the national economy;
- Business tourism stimulates future inward investment as business people see the attractions of a destination while travelling on business or to attend a conference, exhibition or incentive, and then return to establish business operations there;
- They also become “*unpaid ambassadors*” for a destination by communicating to colleagues and others their positive impressions and good experiences. The higher quality of personal service demanded by the business tourist requires more labour-intensive service suppliers, which in turn translates into higher levels of job creation.
- Research suggests that approximately 40% of business travelers will return with their families as leisure visitors to destinations they have enjoyed visiting on business.
- Business tourism is sustainable, offering higher added value with fewer negative environmental impacts than mass leisure tourism. Furthermore, conference and incentive visitors form a group so that it is possible to inform and educate them about the local community in which their event is being held in order to maximise the enjoyment of their stay and also to minimise any disruption and possible inconvenience to the local resident population. It is very much harder to manage, in the same way, the impact of individual leisure travellers on a destination.

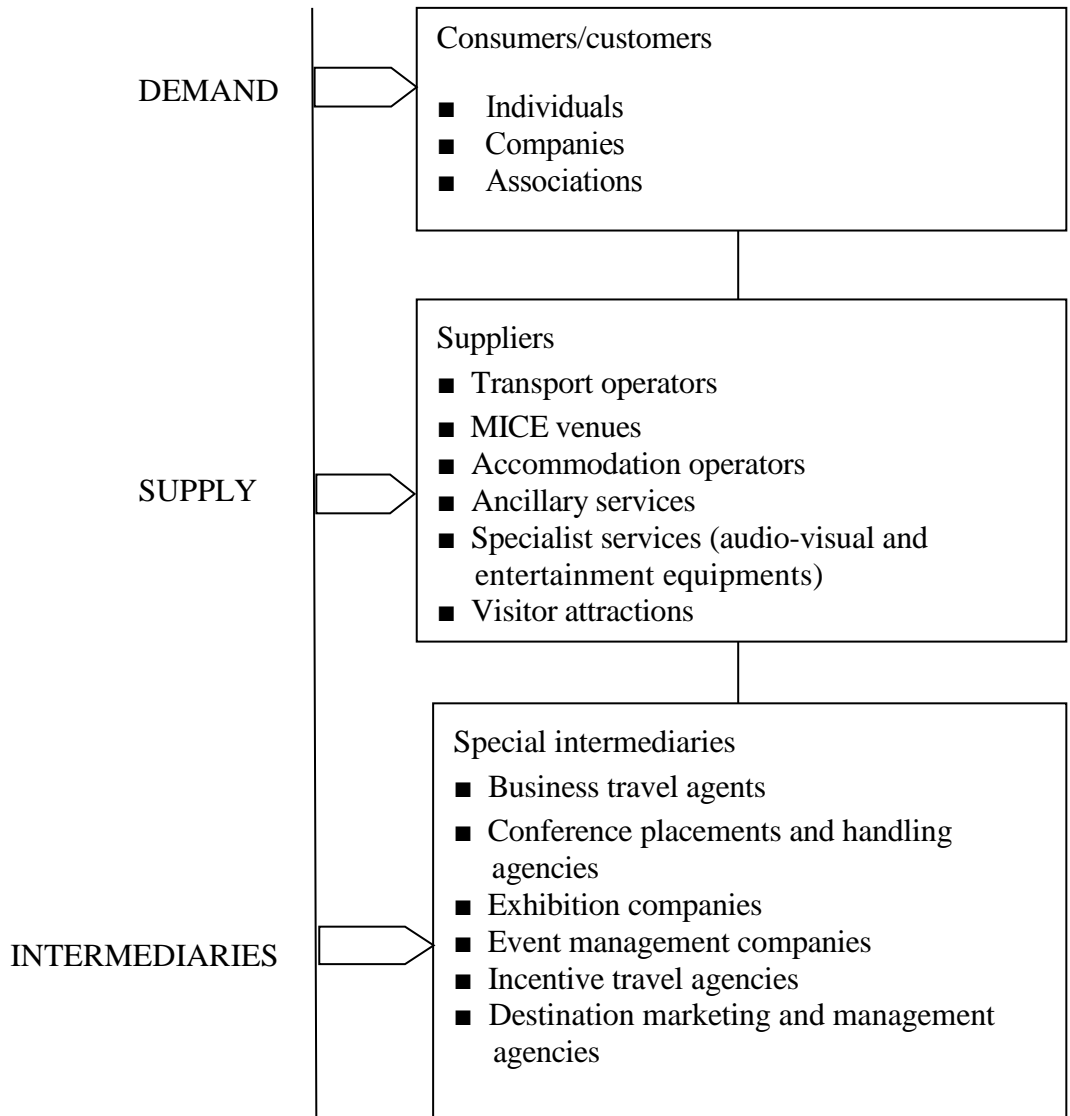
### **The stakeholders of MICE industry**

In addition to the sectoral classification of the MICE industry along the primary activities and the scope of the activity as discussed thus far, it can also be

subdivided in terms of stakeholders (Swarbrooke and Horner, 2001; Ladkin, 2002). Indeed, the MICE industry is characterized by its high complexity and high fragmentation where lots of buyers, supplier organisations and businesses are involved (Rogers, 1998; Ladkin, 2002; Pearlman, 2008; Swarbrooke and Horner, 2001). (McCabe et al. 2000) compared the process of planning and developing an event to the design of a wheel. The event is the centre of the wheel and the different spokes represent all the suppliers involved in an event. All the components of the wheel are interdependent and must be coordinated so as to have a successful event (Page, 2003).

In Figure, the structure of business travel and tourism and how the stakeholders are interdependent could be seen.

# The Structure of Business Travel and Tourism



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