

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.

A TYPOLOGY OF BUSINESS TRAVEL AND 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.

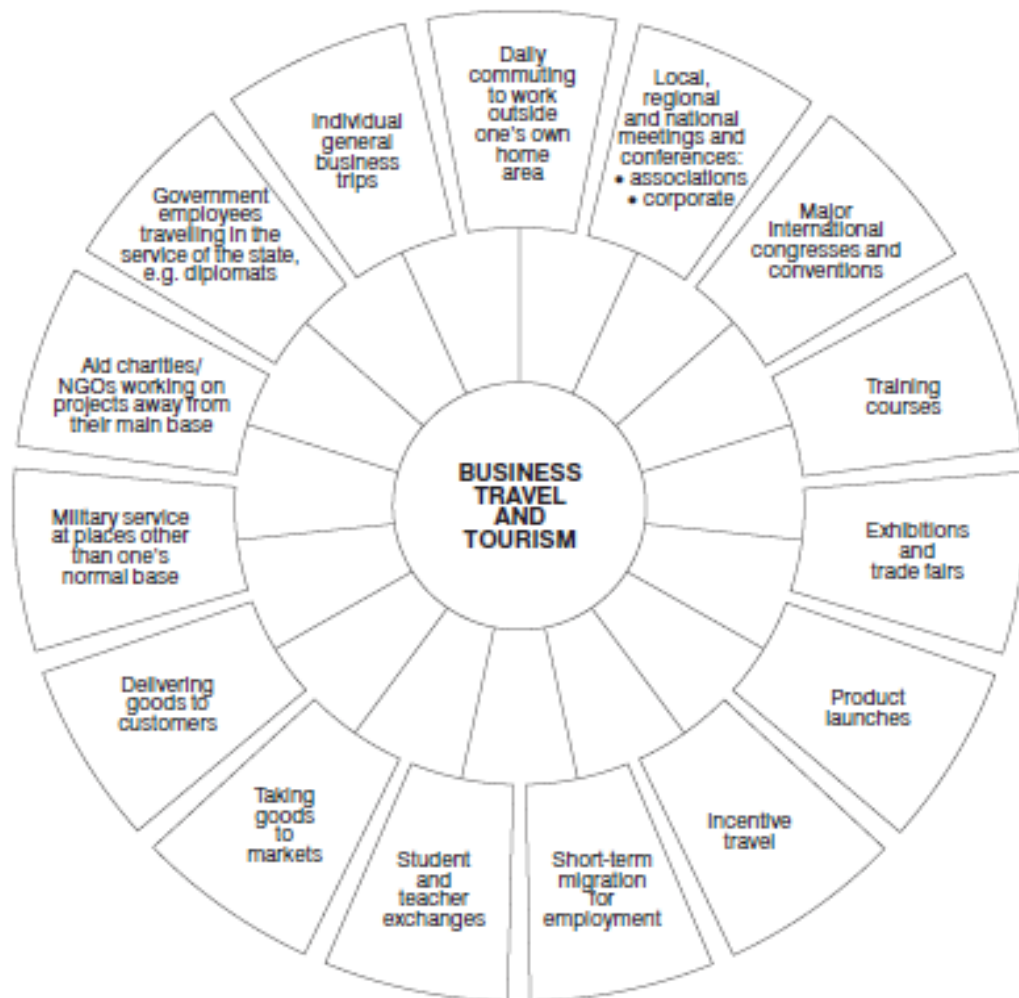


Figure 1.1 A typology of business travel and tourism

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.

Meetings, conferences and conventions

According to Davidson, a meeting is:

an organised event which brings people together to discuss a topic of shared interest. [It may] be commercial or non-commercial . . . may be attended by 6, or many hundreds . . . it may last from a few hours to a week . . . [What makes] a meeting qualify as part of business tourism is that it engages some of the services of the tourism industry, and (is usually) held away from the premises of the organisation running it. (Davidson, 1994)

The terms used to describe meetings tend to vary depending on the size of the event and where it is held. A small gathering is a meeting but a large meeting is usually called a conference in the UK, a convention in the USA and a congress in much of mainland Europe.

Exhibitions

Davidson defines exhibitions as:

presentations of products or services to an invited audience with the object of inducing a sale or informing the visitor . . . Exhibitions are considered part of the business tourism industry because they stimulate travel (for both exhibitors and visitors). [They also] create a high level of demand for travel services, catering, and accommodation. (Davidson, 1994)

Exhibitions may also be called trade fairs or expositions in different parts of the world.

Training courses

These are events where participants gather together at a specific time and place to receive information or to be helped to develop their skills. These can be ‘internal’ training courses where all the participants are employed by a single organization, or ‘open’ events where the training organization offers a programme which is available to all those who feel it might benefit them.

Product launches

These are the high-profile special events which many organizations now use to attract publicity for new products and services they are launching. They usually have a range of audiences including the media, retailers and consumers. They often take place over a short time period – as little as a few minutes – but often involve a very large budget.

Incentive travel

The key professional body, the Society of Incentive Travel Executives (SITE) defines this form of business tourism as follows:

Incentive Travel is 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 organizational goals. (SITE, 1998)

The italic words are those identified by SITE as being elements of the definition. Interestingly, incentive travel uses leisure tourism as a reward for good performance at work. It therefore bridges the divide between leisure tourism and business tourism.

THE STRUCTURE OF BUSINESS TRAVEL AND TOURISM

The structure of the types of business travel and tourism which are the core concern of this book. Of course, the reality is much more complex than this simple diagram suggests. For example, transport operators include:

- _ air, rail, ferry, cruise liner, taxi, bus, coach and rail operators
- _ transport operators offering transport to the destination
- _ transport operators operating transport networks within the destination.

It is also clear that there is a high degree of interdependency between the various players involved in business travel and tourism. For example, incentive travel agencies rely on the services of airlines, entertainment providers, hotels, restaurants and visitor attractions so that they can meet the needs of their clients.

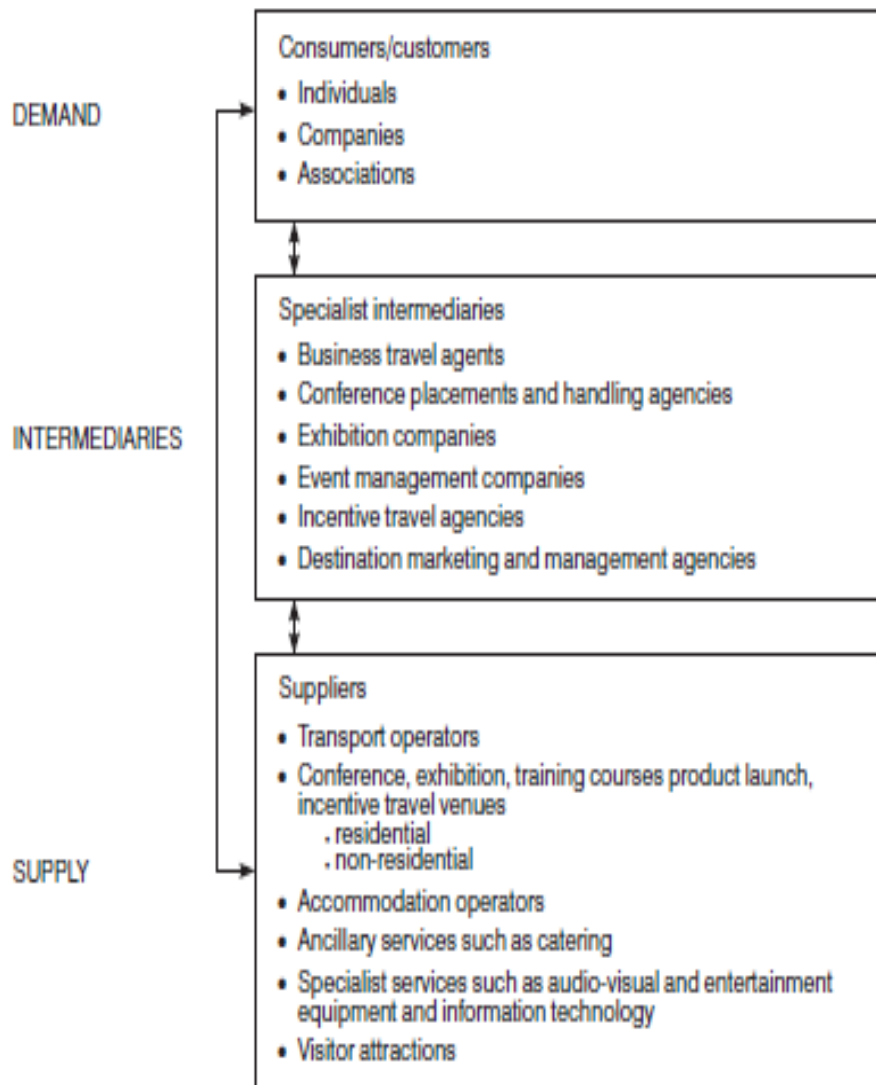


Figure 1.3 The structure of business travel and tourism
 Source: after Homer and Swarbrooke (1996).

THE SCALE OF BUSINESS TRAVEL AND TOURISM

By anyone's standards, work-related travel and tourism is big business. A few figures will serve to illustrate the global scale of business travel and tourism:

1 The *WorldWide Guide to Conference and Incentive Travel Facilities, 1999–2000* guide listed more than 6000 major venues worldwide. This was a clear underestimate as this guide focuses disproportionately on the UK.

2 It is estimated that in the late 1990s, business tourism contributed around £12 billion to the UK economy alone (Rogers, 1998).

3 In the mid-1990s, the German conference market amounted to DM43 billion (approximately £16 billion) at 1996 prices. This represented more than 1 per cent of the German gross national product (German Convention Bureaux, 1996).

4 Deloitte and Touche estimated that in 1996 the meetings, convention, exhibition and incentive travel market in the USA was worth around \$83 billion (around £55 billion) at 1996 prices (Rogers, 1998).

5 A survey of international convention delegates in Australia in 1996 found that they spent an average of over £2000 each on their visit to the city (Sydney Convention and Visitors Bureau, 1997).

6 A single political party conference in the UK injects over £10 million to the destination economy over a period of just three or four days (Rogers, 1998).

7 The global incentive travel market is already worth more than \$20 billion even though it is a relatively recent development (SITE, 1998).

8 The average cost of running an association conference in the USA was \$130 000 (£85 000 approximately) in 1997–8, while convention and exhibition delegates spent an average of \$696 (around £460) attending events which involved a three-night stay in 1997–8 (International Association of Convention and Visitor Bureaux, 1998).

9 The 1998 Association of British Travel Agents Conference in Marbella cost a total of £1.5 million to organize (*Conference and Incentive Travel*, 1998).

10 Over a seven-day period the launch of the Peugeot 206 car in Birmingham, UK, cost the company £1.6 million (*Conference and Incentive Travel*, 1998).

11 In France, towards the end of the 1990s, 750 million francs were spent expanding the Palais de Congr es in Paris (*Conference and Incentive Travel*, 1998).

12 Over 7300 organizations exhibited at the International Confex exhibition which took place in London in March 1999 (*Conference and Incentive Travel*, 1999).

It is clear therefore that business travel and tourism is a major economic phenomenon, around the world.

THE BENEFITS OF BUSINESS TRAVEL AND TOURISM FOR DESTINATIONS

Given the expenditure levels of business travellers noted in the previous section, it is not surprising that many destinations are keen to attract all forms of business tourism. The below Figure summarizes the main benefits of business tourism for destinations.

There is also a belief that business tourism can lead to increased inward investment. While there is little empirical evidence to support this idea, the suggestion is that the business tourist who is an owner of an enterprise visits the destination as a business tourist, likes what he or she sees and decides to set up a new business or transfer their existing business to the destination.

It is not surprising therefore that business tourism has been used as a key point of the strategy of both:

_ industrial cities, seeking to diversify and modernize their economies, such as Birmingham in the UK

_ traditional coastal resorts which are keen to extend their season and attract higher spending business tourists, such as Brighton and Bournemouth in the UK.

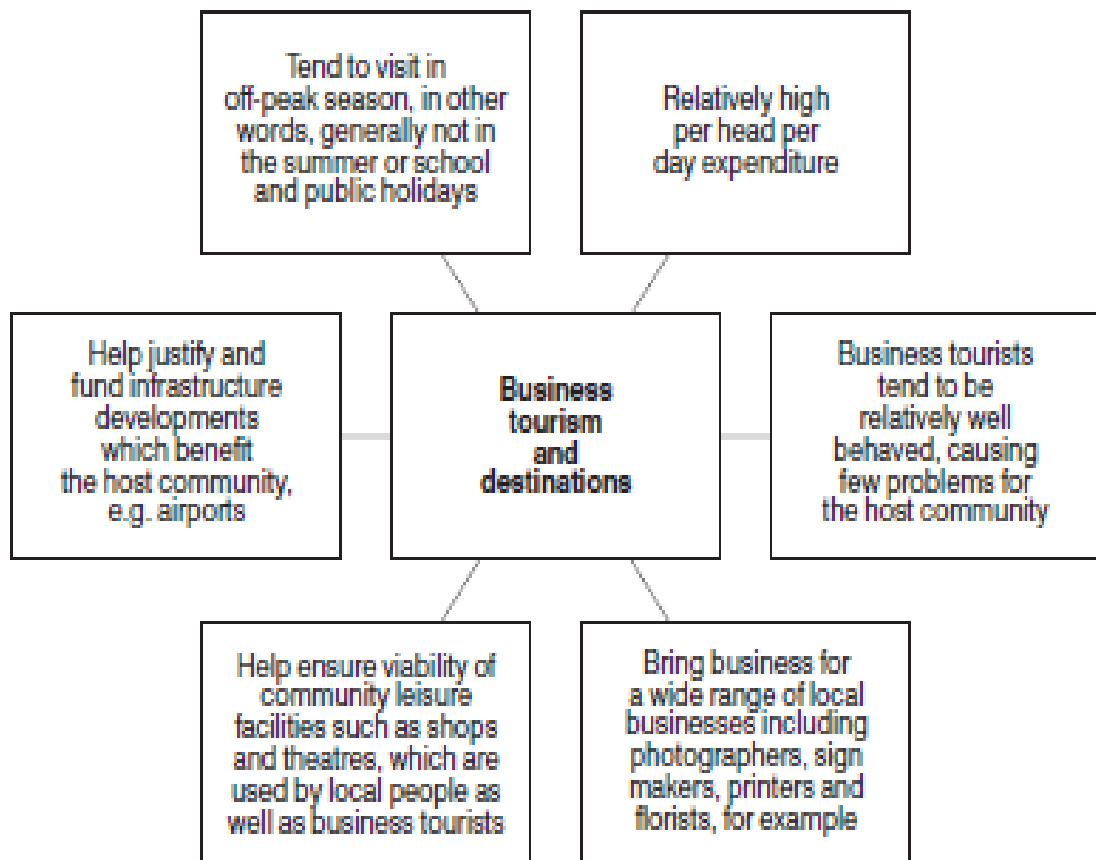


Figure 1.4 The main benefits of business tourism for destinations

Of course, business tourism can also bring problems for destinations in terms of congestion and the attraction of criminals who see the business tourists as easy, lucrative targets. Serving the demanding business traveller can also force destinations to make large investments in infrastructure such as airports and convention centres, with no guarantee these will repay the investment.

Nevertheless, overall it appears that business tourism is a positive phenomenon, as far as destinations are concerned.

THE RELATIONSHIP BETWEEN BUSINESS TOURISM AND LEISURE TOURISM

There are numerous links between business tourism and leisure tourism in terms of both the supply side and the demand side. As we can see from Figure, business tourism makes use of a lot of the same supply side elements as leisure tourism, although it also needs additional services that a leisure tourist does not require.

Of course, business tourists often use the elements they share with leisure tourism in different ways to leisure tourists. For example, while leisure tourists visit a museum during normal opening hours, conference delegates probably visit in the evening for a private visit and reception with drinks and canapé's.

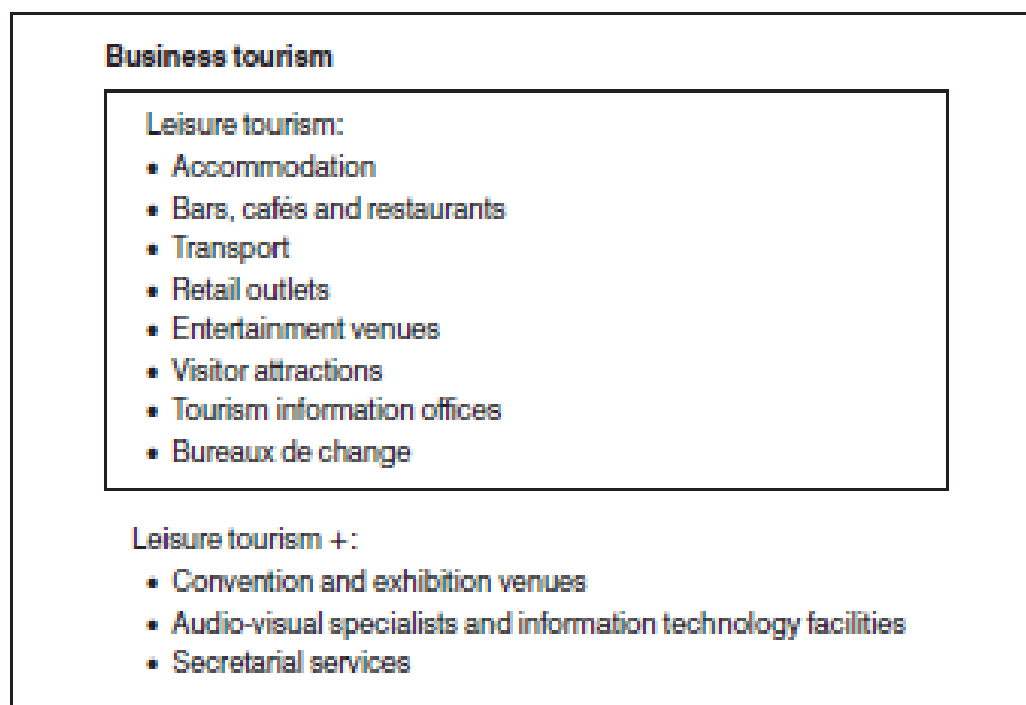


Figure 1.5 The supply side: business tourism and leisure tourism

Business tourists also often pay more for the use of the same hotels at airports as used by the leisure traveller, because business travellers often need, or at least demand, better quality services or extra specialist facilities, compared to the leisure tourist.

However, in terms of the demand side, there are four ways in which the world of business tourism and leisure tourism overlap, as follows:

- 1 The business traveller usually becomes a leisure traveller once the working day is over.
- 2 Conferences often include a programme of leisure activities in between conference sessions for delegates.
- 3 Incentive travel, as we saw earlier, involves offering leisure travel as a reward for good performance at work.
- 4 Many business travellers are accompanied by their partners and/or children. These accompanying persons are to all intents and purposes leisure travellers for all or most of the duration of their trip.

On the other hand, there are real differences between leisure tourism and business tourism on the demand side. Some of these were identified in 1994 by Davidson, and a modified version of his model is illustrated in Table 1.1.

Table 1.1 Leisure tourism and business tourism

	<i>Leisure tourism</i>	<i>Business tourism</i>	<i>But . . .</i>
Who pays?	The tourist	Not the traveller but employer or association	self-employed business travellers pay for their own trips
Who decides on the destination?	The tourist	The organizer of the meeting/incentive trip/conference/exhibition	organizers will often take into account delegates' wishes
When do trips take place?	During classic holiday periods and at weekends	All year round, Monday to Friday	July and August are avoided for major events
Lead time (period of time between booking and going on the trip)	Holidays usually booked a few months in advance: short breaks a few days	Some business trips must be made at very short notice	major conferences are booked many years in advance, and some holidays are now also booked a few hours before
Who travels?	Anyone with the necessary spare time and money	Those whose work requires them to travel, or who are members of associations	some people on business trips are accompanied by partners who are not on business
What kind of destinations are used?	All kinds – coastal, city, mountain and countryside sectors	Largely centred on towns and cities in industrialized countries	some meetings and training courses take place in remote rural locations and incentive destinations are much the same as for upmarket holidays

Source: adapted from Davidson (1994).

ISSUES AND CHALLENGES

Most MICE events are aimed at cultural enrichment, social exchange and economic stimulation; and most are presented in the form of meetings, incentives, congresses, ceremonies, conferences, exhibitions and even festivals. There is no single sector or industry of society that does not use events as a form of growth and

development, so event planning is a specialization with an extensive field of work and great possibilities for professional development.

Challenges for MICE Sector

The COVID-19 pandemic has largely shaped how events should be planned for the remainder of the year and in the near future. Therefore, trends in this area are aimed at maintaining the health security recommendations that have been established to slow the advance of the pandemic and prevent new cases. Some of these are:

- Limit the number of participants or use venues large enough to guarantee social distancing: open spaces have priority as well as those with good ventilation.
- Implementation of required sanitation and health measures: disinfecting stations and hand sanitizer dispensers at different points of the event.
- Development of hybrid events: attendees enjoy a face-to-face/online experience where participants who cannot attend in person can do so online. This option reduces the number of people in a place without affecting the number of attendees.
- Dependence on the laws and decisions of public bodies and specialized organizations.
- Flexibility in schedules so that they can be reprogrammed immediately in case of last-minute changes.

Industry Performance Trends

In the coming months, the MICE sector draws the following patterns related to the market, technology, the people who participate, and the destinations where the events are held.

1. Demand will surpass supply

By 2020, as in previous years, the demand for events continues to rise, even surpassing the supply. According to the special travel's meeting and events division of Carlson Wagonlit Travel (CW Meetings & Events), the demand for

events will increase between 5 and 10%. However, the development of spaces to hold events does not move at the same speed as demand, so reservation rates could increase between 2.4 and 3.7%. Faced with this situation, many event planners are adjusting budgets or, on the contrary, reserving venues as far in advance as possible to avoid additional costs.

2. Attendees still prefer face-to-face events

Most people have spent so much time in front of a screen in 2020 that they still prefer face-to-face events. In fact, many brands use events as one of the most effective channels of communication with their consumers. The reason is that live meetings are a great opportunity to generate networking, being even the second aspect that attendees look into when choosing to attend an event, right after content.

3. Events with a sustainable approach

There is no doubt that the future must be sustainable to guarantee the survival of the species. Therefore, it is now more and more frequent to see events with such approach and that try to generate a positive impact through the promotion of local economies and the preservation of the environment.

4. Destinations do matter... a lot

New event attendees have managed to merge the world of leisure and business into a new dimension in which the tourist destination is crucial when deciding whether or not to attend an event.

In fact, according to recent surveys, about 70% of attendees say that the venue of the event is a determining factor when confirming their attendance, while 30% say that it is decisive (data taken from the International Association of Exhibitions and Events, IAEE). For this reason, organizers function as dual agents who plan the event on the one hand and the attendees' travel experience on the other, choosing comfortable and attractive destinations and managing cultural and culinary activities to enrich the experience.

5. Experience personalization

As time passes, attendees seek greater personalization. Big events require a well-managed schedule to avoid missing interesting content. To solve this, event organizers have come up with different strategies, such as the personalized design of the event based on the collection of previous data (Big Data). Other tools allow managing large spaces with multiple speakers, offering advice to attendees in real-time, and mapping the development of the event and the attendees.

The role of tourism to jumpstart fledgling economies worldwide has not only been well explored, but well proven. MICE (Meetings Incentives Conventions and Exhibitions) has emerged as the most important sub-sectors of tourism for its greater per capita expenditures compared to leisure tourism, and furthermore its role in growing a destination's profile as well as incremental traffic through repeat travel for leisure activities in coming years. So much so that it is in fact often considered as a precursor to establishing a destination's leisure profile. And if that is the case then destinations like Singapore and Dubai do come to mind which have first emerged as the financial capital in the region and have benefitted as a leisure destination soon after.

According to Rajeev Kohli, Jt. Managing Director, Creative Travel, who has also led reputed international bodies like Society for Incentive Travel Excellence (SITE) and India Convention Promotion Bureau (ICPB), **“It is a fact that no destination in the world really has succeeded effectively in leisure tourism until the business tourism came about.** The reason for this is when business tourists come and they also take a day trip to say Agra or some other destinations then they come back to the destination with family for long trips and tell friends about it.” The research conducted by National Convention Bureau of South Africa states that 40 per cent of all convention delegates attending meetings in South Africa return in the next five years as tourists, further boosting tourism growth and job creation years into the future.

India's standing as a MICE destination:

Around 10 years ago, Indian Institute Management, Bangalore conducted a research on “India as a Global Conventions Destination: Prospects and Strategies”

on behalf of ICPB and Ministry of Tourism. The project was taken by the Government of India, quoted in the national budget to sanction two mega convention centres in India that never happened. Of course that is beginning to change, albeit slowly, amidst increasing cry from the industry as well as growing recognition from the government on the merits of developing large MICE infrastructure to cement India's appeal as a world-class international destination for large scale events like conventions and exhibitions.

Following the opening of South Asia's first world class offering and India's largest, Hyderabad International Convention Centre, in 2006, few more such infrastructures have come up in places like Greater Noida, Lavasa, Kochi and Ahmadabad among others. Delhi's Pragati Maidan, host of some of the biggest event in the country is undergoing major redevelopment today. A world class integrated convention infrastructure, and probably one of India's most ambitious infrastructure projects today, is coming up close to Delhi's international airport.

Besides, with the existing MICE infrastructure and new hotels with large meeting places, the industry today largely believes that India is good to host over 90 per cent of the events taking place today and it is only a matter of time before it catches up on the remaining as well in the coming years.

Challenges

"I don't think we have major challenges in selling India as a MICE destination. We have major challenges in the mindset of us who are promoting and selling the destination and not in terms of infrastructure the way we have been crying about for generations. Meetings will go where business needs takes them. I don't think meetings are as destination dependent as conferences and conventions," points Kohli, indicating the problem is more of the perception both, in the government and private sector as well as how the business is approached.

According to Madhu Dubey, Executive Director, ICPB : "The nomenclature of MICE tourism that still persists in the government is perhaps misunderstood. The Ministry of Tourism had been looking at tourism as multi-product with MICE as a niche tourism activity. Now, time has come as the Ministry has acknowledged the importance of MICE. There is considerable place for MICE and its growth in the

new draft policy of the government. It's not that we are not promoting ourselves enough, but the fact is that our competitors are doing a far more aggressive job and we can't afford to be left behind."

There is also a problem of popular perception as well that India as a MICE destination grapples with problems related to logistics. Highlighting the same, Saurabh Bhargava, Associate Vice President – Sales, North India, Taj Hotels Palaces Resorts Safaris, said : **“India is perceived as a very complex destination to do an event or a congress.** From licenses to a music event to a sporting event, it's just complicated. And then there are last minute surprises too. So people are not ready to bet on India in the long term where they are supposed to put in money. We saw the World Cup Soccer happening which was a great success. But there were lot of hiccups like logistics. The first 4-5 metros are very well connected but how do we open new destinations? How do you go to Coorg or Corbett? When you tell your international delegates that you are flying to Delhi, the next morning we will take you by bus and it takes seven hours to reach a certain destination, it doesn't work.”

“The other thing is most of the people that we speak to say that India is not a fashionable destination for MICE. It's a fashionable destination for a leisure visit or a holiday. Incredible India took ten years to reach where it is to get that leisure traveller into India. We need a sustained campaign, a sustained effort by the government and all of us to change that perception about India. And to tell everybody that a MICE delegate spends 1.4 times of what a leisure traveller will spend in the country so there is more money to be made in the MICE,” Bhargava further added.

Touching upon both exhibitions and conferences, Sudeep Sarcar, Vice President, India Expo Mart & Centre, said that the exhibition industry has today understood the revenue model and how to earn money out of an exhibition. He pointed out that the same cannot be said for the conferences and it is one of the sector's bigger challenges. “There are a lot of conferences happening, but it seems that the revenue model is not very clear to most of us in the conferences industry. Unless and until we do not makes conferences a viable and sustainable revenue model and can feel

that we can make money out of this table or this event, the main (other) challenges cannot be overcome.”

Furthermore, he said that there are venues of various sizes that can accommodate 1000 pax or 5000 pax in various cities but the challenge is for the association or PCO to understand the viable and sustainable revenue model for all associated stakeholders. “If that happens, I am sure everybody is going to jump on the train to bring in more and more conferences,” he stressed.

Drawing a cinematic analogy, Amit Saroj, Director, Attitude Events, a PCO, said, “**India needs a MICE story which needs to be built in a big way.** For that, we need a producer and the director which has to be the Government of India. We also need a lead character for that story as well which I think has to be CVB (Convention and Visitors Bureau) or ICPB, in its current form or maybe the new constitution that is being formed, which has to play the lead role in the story. The other change that is necessary is to bring the industry in the supporting role and let the Convention Bureau take the lead role. That’s the change that is required that according to me is the biggest challenge in the industry right now.

Furthermore, sharing his learning from an unsuccessful bid for a World Congress that he attempted with ICPB in the lead last year, he pointed that despite some hard-selling for venue and with the government here and pitching India as a culture and knowledge destination in the bid, there were some practical challenges that came out of the interaction with the event organisers, like tax issues, getting the tax credit for their spend in India, hotels proximity to the venue, as well as grants that the eventual winner Abu Dhabi offered to the event.

Sarcar also drew attention to big domestic industry with large national conferences that is not being showcased to global event organisers. “The gap here is that the organisers of these domestic events are not coming together in their own sphere and bringing in the related stakeholders and joining hands with the international events in order to throw out a large platform for the international conferences or events to come in and witness what we already have. We have to augment our own associations and all stakeholders together, come with a revenue model, and then pitch to the international organisers to show them what is already on the platter,

come and join us. We are already 5000, if you join we will like 10,000. This needs to happen, maybe by Government of India, by ICPB or by all the stakeholders,” he said.

Way Forward

Dubey points that since the ‘Incredible India’ campaign launched in 2002, government’s thrust has been to promote India as a multi-product round-the-year leisure destination and now the need of the hour is also to create focussed and aggressive MICE marketing and promotion plans for the country.

“MICE by itself was a small component of that promotions, which today in ICPB I realise requires focussed marketing with a creative tagline along with ‘Incredible India’ campaign to bring out our strength as a MICE destination. We cannot get lost as a leisure destination, hoping that people will perceive us as a MICE destination too. Thankfully the ‘Incredible India’ campaign which is one of the most recognised Indian brands now will be our strength in promoting India as a MICE destination.”

Not that large events are not taking place in India. India Expo Centre in Greater Noida today plays host to over fifteen events that is spread over more than 100,000 square metres. Out of these, there are at least four events that are the largest in the world. So there are large events taking place, at least in the exhibition space, while at the same time there are challenges to be addressed in moving forward, especially in bringing the industry under some rules and guidelines in order to avoid unhealthy competition.

However, Sarcar lamented that on the contrary what also frequently happens is that whenever there is a large event that comes up there are some other parallel events that comes along and brings down the 5000 pax conference to 2000 pax. **“The moment there is a success story, there is a parallel event that has stood.** If you look at events in Germany or the UK or US, the events that have become large have not become large in a day’s time or in a year’s time. They have kept that event married to that particular venue or the region for years. At IMTEX (Indian Metal Forming Exhibition) in Bengaluru, it took us 17 years to make it one of the world’s largest Machine Tools show. If this event is happening here today, there

has to be some regulation that this does not get repeated very soon in other part of the country. There need to be some regulation by ICPB, by Indian Exhibition Industry Association in force.”

Concurring with Sarcar, Bhargava also opined, “There is business for all of us. We don’t need to fight. We don’t need to compete with each other. There is enough to keep all of us happy. So the joint pitch is going as a nodal body with a little blessing from the government saying that yes this is legitimate bid, these are legitimate people, who can deliver what they are promising.”

Bhargava also pointed that there are also challenges that come unannounced like demonetisation and liquor ban. “All these things impact tourism, impact MICE. You may not see the impact in the next 45 days but you will see the impact over the next 12 or 15 months. And this year we are seeing the pipeline which is not as strong as the last year.”

Highlighting the high taxes in the sector, he also pointed out that when you compete you are not only competing with various other hotels or cities, but you are also competing with various other destinations. So you look at a Sri Lanka, Nepal, Bhutan, or in the region at Singapore. We are one of the highest tax paying nations and that also deters the potential MICE organisers to come to the country.
