

**Macroeconomics**

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**BUSINESS TOURISM
IN THE CONTEXT OF INTERNATIONAL
TOURISM DEVELOPMENT****Abstract**

The current tendencies in the development of international tourism are studied and the impact of global economic crisis on tourist activities in a frame of separate tourist regions of the world is analysed. The particular issues associated with the development of business tourism that has become one of the most promising trends in the structure of international tourism are examined.

Key words:

International tourism, business tourism.

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Nowadays, tourism is one of the most advanced industries of the global economy. Even in the period of the world economic crisis, the tourist industry showed the stable indicators of development. Generally, the reduction of business activity in this industry was the lowest: the revenue from tourism over the period 2008–2009 was decreased on 6% in comparison with the reduction of the world export on 12% [1].

Thus, summarizing the results of «Tourist barometer» of the World Tourism Organization in 2010, tourist sphere was resumed at a growing rate as evidenced by the growth of the tourist flows on 7% (935 mln. people) in comparison with its reduction on 4 % in 2009 [2]. Positive developments are observed in all holiday destinations, setting off losses, triggered by the global crisis. At that, inhomogeneity of the rates of resumption of tourism industry in different countries is very noticeable. In spite of the fact that, the increase of international tourism was fixed in all tourist regions, the locomotive of the positive developments are developing countries.

Thus, countries with the developed market economy showed the increase in the amount of 5%, developing countries – 8% at all. In particular: in 2010, Asia was characterized by the highest growth rates of international tourism (+13%) (the number of international tourists reached top record levels – 204 mln. of people). African tourist region (growth at the level of 6% – 49 mln. of people) – is the only region, which over the period of economic crisis showed the positive dynamics of tourist development (no doubt, a ponderable influence on the tourist industry had the Football World Championship in RSA), Middle East Tourist Region showed the growth of holiday destinations in the amount of more than 10% (general capacity of more than 60 mln. of people).

At the same time, the collapses in the work of air transport (connected with the volcanic eruption in Iceland) and economic uncertainty of the Euro zone negatively influenced on the growth rates of international tourism in the European tourist region, caused the insignificant growth at the level of 3% (471 mln. of people) and did not let equally settle of the losses of unsuccessful in tourism 2009 year. According to the data from EUROSTAT, the country-leader of international tourism in 2010 in European tourism region was Spain; the next countries according to the number of hosted tourists are Italy, Germany, France, and Great Britain.

In the American tourist region, an insignificant positive developments occurred (+ 8% – 151 mln. of people), in particular by means of economic recession in Latin America and flu cases A (H1N1). At the same time, the economic recovery in the USA at the second half of 2010 initiated the optimistic forecasts, concerning tourist industry growth in that region in 2011–2012.

In 2011 the further growth of tourist industry at the level of 5–8 % is predicted. There is no doubt; such tendencies of world tourist market development speak about the tourist industry ability to adapt quickly to the environment changes [3].

Preconditions of the stable development of international tourism are the understanding of the fact that tourism nowadays is something more than simply travelling, it becomes a first priority requirement of a mankind, inasmuch as it is able to meet one of the global requirements of modernity – problem of effective time-management, offering the challenges of parallel and simultaneous realization of two functions – social (sanative, spiritual, humanitarian) and professional and business (conclusion of agreements, holding meetings, solution of strategic objectives etc). The mentioned fact explains the increase of the business tourism ratio in the total volume of the offered tourist services (according to the data from the World Tourist Organization, the number of tour packages increased twice over the last five years). That is why the question of peculiarities of business tourism development as one of the most advanced trends of international tourism is timely and actual.

The problems of international tourism development in Ukraine and the world were examined by I. Wallerstein, F. Kotler, P. Krugman, K. Ohmae, M. Porter, R. Robertson, B. Karlof, Y. King, D. Kliland, I. Balabanov, V. Danylchuk, A. Durovich, V. Yevdokymenko, M. Kabushkin, V. Kwartalnov, I. Shkola, V. Kyfiak, H. Papiian, V. Saprunova, T. Tkachenko, V. Fedorchenko and others. But the dynamism of tourist industry development, structural changes in the tourist demand and supply courses the necessity of further researches in the field of international tourism, especially concerning determination and feasibility of the priority orientations of its development.

In spite of the overall stability of the tourist area over the period of 2009–2010, the tendency to the erratically increase of earnings from international tourism and tourist flows was observed: the most increase of tourist expenditures of outbound tourism was observed in the developing countries (China – 17%, Russia – 26%, Saudi Arabia –28%, Brazil –52%), the least – in the countries, which are the traditional tourist suppliers (Australia – 9%, Canada – 8%. France – 4%, Great Britain – 4%). The reason for this is the consequences of the world economic crisis: reduction of employment, reduction of the mean level of incomes and as a consequence, reduction of the budget revenues on tourist expenditures, which in its turn reduced the demand for expensive tourist products. From the other hand, the reduction of earnings from international tourism is connected with the deceleration of the business activity and reduction of business tourism. In the year end account, Tak, the National Business Travel Association admitted that after the reduction of the business tourism volumes in 2009 on 14,1%, 2010 – on 2,3%, in 2011, the increase of the business trips of 5% is expected. At that, the increase of the expenses for the business-tourism will be only 3,2% (in 2009 such expenses reduced for 32,1%, in 2010 p. – for 16,9%) [4].

In 2009 the research company Oxford Economics firstly determined interrelations between the business tourism and business growth: each US dollar, invested into the business trips, produce surplus value in the amount of 3,8 US dollars (in such a way, the tourist multiplier of business tourism emerges. Nearly 40% of companies affirmed that the reduction of business trips negatively influenced on the results of their activity: the volumes of sales were declined by 11%, the effectiveness of internally firm communications was declined by 12%, the number of internal effective business-initiatives was declined by 10, and customer loyalty was declined by 8%. The above mentioned researches speak about the perspective of development of business tourism market as an important component of business success [5].

The notion Business Tourism is considerably new and firstly appeared as an independent, cost-effective kind of tourism in the classification of tourist activity in Europe and the USA 70-80-s of the XX century. World economy globalization and «blurring of distinction» caused the growth of the business tourism ratio in the structure of incomes of the whole tourist enterprises complex. In the world tourist flow, the ratio of business-tourists composes 25-30%. On the international experts' opinion, until 2020, the number of international business trips will increase thrice – from 564 mln. to 1, 6 billion annually. At that, the volume of the business tourism market will increase five-fold – from 400 billion of US dollars to 2,0 trillion of US dollars [6].

At that, in according with the data from the American organization «Round table of business tourism», the increase of turnover in that sphere for 1 billion of US dollars caused the creation of 100 thousands of new working places. Besides it, in accordance with the results of the conducted marketing researches, unlike the other kinds of business trips, the sphere of business tourism is more stable in case of negative influences in the periods of economic recessions and crisis, and in some cases, this sphere even increases its volumes. For example, the emergence of so popular nowadays events as ethnic conflicts leads to the severe reduction of traditional tourist movement and growth of the ratio of international observers' business trips, humanitarian missions, official visits, aimed at conducting of political negotiations and consultations [7].

According to experts' estimates from the World Tourism Organization, about 50% of the air company's income, about 60% of the hotel industry income and more than 70% of the car hire company's income are created by means of servicing of that particular category of tourists. Such indicators are completely substantiated, if taking into consideration the fact that the daily expenses of a businessman in the business trip increase thrice the expenses of the common tourist [1].

Business tourism is complex and multifaceted. Corporate travel composes more than 73% of its volume. Corporate travels are individual business trips aimed at participation in the events, which are organized by the industrial and trade corporations. Incentive-tourism (MICE-tourism) belongs to the corporate

travels, 8%, aimed at deformalization of business routine, combining the actions and entertainments, and is a motivation-reward for the best employees.

Trips, connected with the participation in the meetings, conferences, seminars protected or sponsored by political, economic, scientific, cultural and religious organizations compose about 16% of the business tourism market.

About 11% of the business tourism capacity is occupied by the trips, aimed at visit of commercial and industrial exhibitions, markets and participation in their work [8].

In such a way, the international business tourism is one of the most attractive trends of the modern tourism and embraces a broad spectrum of trips: business trips of the corporate employee, aimed at negotiations' conducting, participation in the in the production conferences, presentations, etc.; trips to symposiums, congresses, conferences, seminars, exhibitions, trade fairs, stock exchanges etc; incentive trips, which are organized for the corporate employees in terms of free holiday trip; sports tournament trips, artists' road tours, official delegations trips. Generally, the main goal of the business tourism is the search of new possibilities for the business development.

Countries-leaders of the business tourism are the USA, Canada, in Europe – Germany, Spain, France, and Italy, in Asia – Thailand, Turkey, China, Indonesia, and Singapore.

The principal supplier of the business tourists in Europe is Germany. Annually, more than 5 mln. of Germans go on business trip, 3% of them go abroad, 21% – abroad and have a domestic trip, 76% take their business trips only around Germany. We can mark Great Britain, the Netherlands, Spain, Sweden and Switzerland among the European countries, where the business tourism develops very rapidly. Special place has Belgium and its capital Brussels which is also a capital of the EU. One in ten arrivals to Belgium and France is carried out for the purpose of making business trips.

An important role at the business tourism market is played by the countries of Central and East Europe. According to the World Tourist Organization forecasts, the attractiveness of the Central and East Europe as a business tourism market will increase soon.

Business tourism is developed rapidly at the American continent: one in eight trips to the countries of American continent is carried out for the purpose of making business trips. Such countries of Latin America as Paraguay, Guatemala, Costa-Rika consolidate their positions at the business tourism market together with the economy development, extension and strengthening of business contacts.

In North-East Asia the growth of the number of business trips is also evident: one in five trip is business, one third of which fall on Siangan (Hong Kong), Singapore and Taiwan.

In Africa during the recent years the high rates of business tourism were observed in the Republic of the Congo, Zimbabwe, and Ethiopia. The leaders were Egypt, South Africa and Morocco. In the Middle East, the main streams of people were channeled on the oil-producing countries (Saudi Arabia), Israel, and Jordan.

Generally, in the structure of business tourism, incentive tourism (MICE-tourism) and congress and exhibition tourism are developed the most rapidly.

In the incentive-tourism, more than 80% of trips are organized to Europe, 10% – to the USA, 6% – to the countries of South-East Asia, 4% – to the other regions. The rating of the directions of the European tourists' incentive is headed by France (Paris, Strasburg), Spain, Switzerland, Austria, Cyprus, the USA (New York, Florida, West Coast).

According to the data from the European Association of incentive-tourism «SITE», the USA (about 60%), Great Britain (20%), Germany (11%) are the leaders among the main countries-suppliers of tourists. Recently, more and more incentive-visitors appeared in Japan.

The growth of the incentive-tourism market predetermined the emergence of specialized tourist enterprises, which form and accompany the incentive-tours. At that, the choice of the tour will depend upon the line of activity of corporate customer. The «payback period» the incentive tour is prolonged in time for the corporate customer, therefore, this tour should be completed carefully and clever.

Incentive-operators offer to choose 20-30 tourist programs in each country. Incentive tour is a tour, which includes accommodation in four-star, five-star hotels with the pompous sightseeing program (such tours are peculiar to the American business).

There is another variety of incentive, when the program of tours is compiled on the basis of any principal goal: golf tournament in the club in the countryside, balloon ascension, picnic on the Alpine heel, and cruise with musical dancing party, gastronomic tour or other thematic tours. Traditionally, the incentive tour lasts for 5–8 days. In the period of crisis, the majority of companies for the purpose of costs saving reconsider the policy of motivations and encouragements. As a consequence, the market of the incentive-tourism should have to be adapted to such changes and reconsider the travel package. The international incentive tours were reduced to 3–4 days, the new tours of economy-class emerged, the share of such tours in the structure of the domestic tourism increased.

In whole, the specifics of the business tourism predetermine the specialization of the business tourism infrastructure. As a rule, businessmen plan their trips in advance; it is especially actual for the peak season in the exhibition business, which is in February-May, September-October. While business tours organization, it is necessary to find the shortest connecting time of flights, the nearest hotel to the exhibition, the most suitable transfer etc.

The basis of the business trips is congress-exhibition tourism – visiting of symposiums, conferences, meetings, negotiations, exhibitions, seminars. The number of such events increased annually: if in the 30-s of the XX century 200 international conferences were held annually, nowadays, their number 9 thousand of conferences annually, at that, about 80% of conferences were held in the countries of Western Europe and North America. France, the USA, Great Britain rank the first positions concerning the number of international symposiums and meetings, Germany is known for its exhibitions and fairs, which are popular by their favorable conjuncture, high demand for investment goods and developed infrastructure.

The biggest centers of the congress and exhibition activity in Europe and America are Amsterdam, Barcelona, Brussels, London, Madrid, Paris, Geneva, Copenhagen, Davos.

Specialized exhibitions and exchange houses have a special value for the development of international tourism: in Europe more than 200 international tourist exhibitions and exchange houses are functioned. The biggest is International Tourist Exchange (March, Berlin). Among the other important tourist exhibitions there are the following: International Tourist Exhibition-Exchange FITUR (Madrid, this exhibition over the period of 30 years defines the price and other tendencies at the tourism market in the new season and reconsiders the Spain and Latin American tourist products, it is also called «the bridge between Europe and America»), World Tourist Exhibition in London, International Tourist Exchange in Milan (the newest technologies of tourism are presented), «Cuba International Tourist Fair» («FITCuba»).

In whole, the exhibition movement is revived all over the world. The number of exhibitions and fairs increased the number of participants and directions also increased. Nowadays, the specialized exhibitions of hotel, restaurant business, ecological, sport, and cognitive and congress tourism, fairs of tourist and sport equipment are very popular. For a short period of time this segment of tourist market becomes one of the most profitable and stable.

It is a tradition to compose a schedule of international tourist exhibitions, which also take place in a certain city of Europe in a certain period of time (table 1).

Table 1

Annual international exhibitions

Title of the exhibition	Terms	Place	Type of exhibition
MIRCAR	October	Paris	Industry-specific
World Travel Market	November	London	Industry-specific
Fitur	January	Madrid	Industry-specific, partially for the broad spectrum of visitors
CMT	January	Stuttgart	For the broad spectrum of visitors
Holiday World	January	Dublin	For the broad spectrum of visitors, partially industry-specific
OP PAD	February	Netherlands	For the broad spectrum of visitors
BIT	February	Milan	Industry-specific
Reisen	February	Hamburg	For the broad spectrum of visitors
CRB	February	Munich	For the broad spectrum of visitors
ITB	March	Berlin	Industry-specific
TUR	March	Gutenberg	Industry-specific, partially for the broad spectrum of visitors
British Travel Trade Fair	March	London	Industry-specific

Separate exhibitions such as «TUR» in Gutenberg, are combinatory: some days are for the public, the other days – for the professionals of tourist market. Such exhibition as Berlin Exhibition «ITB», works only with the beforehand agreed list of participants.

Such geography of exhibitions is not occasional. The level of tourist infrastructure development has a great influence on the massive business event execution (congress-centers, conference-halls, and exhibition areas, hotel enter-

tainment complexes, where the category «price-quality» is effectively balanced. Therefore, in the period of congress exhibition, hotel chains offer the flexible system of discounts and different bonuses for the business-to-business. Such price policy is offered by 300 hotels of the chain «Hilton Worldwide», «Waldorf Astoria», «Conrad», «Doubletree», «Garden Inn и Hampton», which are situated in 45 countries of the world. Ukrainian market of congress exhibition tourism is quite young and is in a stage of intensive development and nowadays it is a very attractive segment for entrepreneurship development. More than 10 years the annual International tourist salon «Ukraine»; tourist exhibition «UITT» (with the assistance of companies «Premier Expo» (Ukraine) and ITE Group Plc. (Great Britain), within the framework of which, the international conference «MICE Ukraine is held: business tourism – Ukraine», exhibition of technologies and equipment for the hotels and restaurants «Hotel & Restaurant Expo Ukraine», specialized exhibition of professional clean equipment «Cleanexpo Ukraine», forum «Brend4Rent – franchising and other business-possibilities»; International tourist exhibition «UTF»; UITT (Ukraine international travel and tourism exhibition) «Ukraine – travel and tourism» successfully works on the territory of Ukraine (table 2).

Table 2

Work of the exhibition UITT in 2009-2010.

Parametres	2009	2010
Exhibition square, m ²	12 500	12 500
Number of exhibitors	550	761
Number of the countries-participants	49	71
Countries-participants	Dubai, Lebanon, Indonesia, Egypt, Poland, Czech Republic, Slovakia, Spain, Turkey, Sri Lanka, Palestine, RSA	Italy, China, Czech Republic, Montenegro, Austria, Argentina, Bulgaria, Greece, Egypt, India, Cyprus, Cuba, Latvia, Malaysia, Malta, South Africa, Poland, Slovakia, Thailand, Hungary, France, Switzerland, Spain, Israel

Recently, the infrastructure of international incoming business tourism – a great number of business-hotels and business-centers are built, congress bureaus and exhibition organizations are established, and the calendar of congresses and forums is expended.

We can make a conclusion about the up trend to the share of the business tourism in the structure of international tourism incomes. It makes the given trend attractive for the development of the different forms of main and additional entrepreneurship at the world market of tourist services. From the other hand, the conception of innovativeness of the world economy development on the basis of globalization, integration, and cooperation creates favourable preconditions for the Ukraine's participation in the international tourist movement, development of domestic tourist market, which finally will promote the growth of macroeconomic indicators of country's development.

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