IMPACTS OF BUSINESS TOURISM ON A REGION

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ABSTRACT

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The purpose of this thesis was to determine what impacts business tourism has on a region, and to be more specific how the Mindtrek conference impacts on the Tampere Region. The emphasis was on the event tourism industry, focusing on the business tourism and its special characteristics and impacts.

There are three different ways events can impact on a region. Events can have economic and social impacts as well as have an impact on the brand and image of the city or a region. Different types of events have impacts on the regions in different ways. In this thesis the emphasis was on MICE events and business tourism, as Mindtrek is a conference and a MICE event. The acronym MICE stands for Meetings, Incentives, Conferences and Exhibitions.

The conclusion is that Mindtrek has economic and social impacts on the Tampere Region, and the event has an impact on the branding and image of the City of Tampere. Mindtrek is functioning as a platform to showcase smart city initiatives and developments made in Tampere, and with its own brand it strengthens and supports Tampere’s brand. Economic impacts of the conference include the money brought to the region by international visitors as well as domestic participants coming to Mindtrek outside of Tampere. Mindtrek itself boosts the economy by utilizing various local services. In addition to these direct economic impacts, Mindtrek also affects the local economy indirectly.

The thesis concludes that Mindtrek conference has been beneficial to the region and the conference possess a growth potential, which can increase the positive impacts on the region, both in terms of economy and brand awareness.

Key words: events, event tourism, business tourism, MICE
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1 INTRODUCTION

Event tourism has become a major form of tourism in the world. Leisure tourism has been studied and researched significantly more than the field of business tourism. The fields of event and business tourism have jointly created the “Meeting Industry” or also known as the MICE industry. Traveling for business is one of the oldest forms of tourism and the popularity of traveling to different conferences, congresses and exhibitions has grown in recent years. Business tourism is a very lucrative business and business tourists are very valuable to the destinations in terms of how much money they spend in a day on average. On the other hand business tourists tend to stay shorter times in their destination making the overall money spend per trip per person less.

Events in general have multiple different impacts on the region where they are being held. These impacts can be divided into three main categories: economic impacts, social impacts and impacts on the city image and branding. Events positively impact for example on economic growth of the region; they push forward investments on city infrastructure such as airports, transportations and building of event venues. Events are also a factor in the branding of a city and impact on the city’s image, not to forget the potential social impacts.

In the thesis the focus was on the different impacts the international technology conference – Mindtrek has on the Tampere Region from the economic, social and image and branding perspectives.
2 EVENT TOURISM

Events can be described as spatial-temporal phenomenon, as they are tied to the interaction made during set events with the people, settings and program. Events attract people to attend based on the uniqueness of the experience that cannot be repeated exactly. (Getz 2008, 403.)

Event tourism first became a concept when New Zealand Tourist and Publicity Department in 1987 stated the following: “Event tourism is an important and rapidly growing segment of international tourism”. Today event tourism is recognized as a major force in tourism and the concept of event tourism covers all planned events, both for leisure and for business. For the tourism industry events are important as attractions, animators, catalyst, image-makers and place marketers. Event tourism can have a major effect on a destination and even change the way a destination is viewed. (Getz 2008, 405.) Events often play a big role in the development and marketing plans of destinations (Getz 2008, 403).

Event tourism can be an important source of income for smaller cities and destinations that are not considered as touristic destinations by themselves. For example music festivals and concerts do not need to be located in the capital cities or in popular destinations as they are the destination themselves. Big and special events can become an important source of income for smaller cities that that do not attract the basic leisure tourists. For example the city of Hämeenlinna is not among the biggest cities in Finland nor is it known as a popular tourism destination for Finns themselves or among the foreigners. But the event park in Hämeenlinna has the capacity to host 50 000 people and it has hosted such world famous bands as AC/DC, Iron Maiden and Guns N’ Roses (Schildt 2018).

2.1. Business tourism

The International Congress and Convention Association - ICCA defines business tourism as follows: "Business tourism is the provision of facilities and services to the millions of delegates who annually attend meetings, congresses, exhibitions, business events, incentive travels and corporate hospitality. Please note that as is the case for
many terms in the meetings industry, there is not one commonly used definition” (IC-CA).

It has been estimated by the World Tourism Organization (UNWTO) that business tourism accounts for 14% of all international travels (Nicula & Popsa 2014). Business travel has long been in the shadow of leisure travel that dominates the tourism industry today. Tourism research dominantly has focused on leisure tourism despite the fact that business tourism as business travels have been here as long as has the trade itself (Attracting MICE: Business Tourists’ Perception of Destinations 2017.) Business and trade have long been taking people to different cities and countries in search for business opportunities. In his book on business tourism in 1994 Rob Davidson described 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 in Swarbrooke & Horner 2001, 3.)

Attracting business tourists and travellers as well as leisure tourists is very important to cities, as business tourism can be described as an economic phenomenon, and a business tourist can spend a significant amount of money in the city. (Swarbrooke & Horner 2001, 8). Business travellers tend to use on average between 2:1 and 3:1 times more daily than the average leisure traveller, making the per capita value higher for business travel compared to leisure travel. (Davidson & Cope 1994, 2003, 14).

Business travellers use different services and they visit often on off-peak times and during the weekdays, and usually avoid public holidays and weekends that are preferred by leisure tourists. (Swarbrooke & Horner 2001, 9).
FIGURE 1. The benefits of business tourism for destinations (Swarbrooke & Horner 2001, 9)
You can also see the differences of business and leisure travellers from Swarbrooke’s and Horner’s adaptation from Davidson 1994:

<table>
<thead>
<tr>
<th>Leisure tourism</th>
<th>Business tourism</th>
<th>But . . .</th>
</tr>
</thead>
<tbody>
<tr>
<td>Who pays?</td>
<td>The tourist</td>
<td>Not the traveller but employer or association</td>
</tr>
<tr>
<td>Who decides on the destination?</td>
<td>The tourist</td>
<td>The organizer of the meeting/incentive trip/conference/exhibition</td>
</tr>
<tr>
<td>When do trips take place?</td>
<td>During classic holiday periods and at weekends</td>
<td>All year round, Monday to Friday</td>
</tr>
<tr>
<td>Lead time (period of time between booking and going on the trip)</td>
<td>Holidays usually booked a few months in advance; short breaks a few days</td>
<td>Some business trips must be made at very short notice</td>
</tr>
<tr>
<td>Who travels?</td>
<td>Anyone with the necessary spare time and money</td>
<td>Those whose work requires them to travel, or who are members of associations</td>
</tr>
<tr>
<td>What kind of destinations are used?</td>
<td>All kinds – coastal, city, mountain and countryside sectors</td>
<td>Largely centred on towns and cities in industrialized countries</td>
</tr>
</tbody>
</table>

*Source: adapted from Davidson (1994).*

FIGURE 2. Differences between leisure and business tourism (Swarbrooke & Horner 2001, adapted from Davidson 1994)

### 2.1.1 MICE

“MICE” is an acronym that stands for Meetings, Incentives, Conferences and Exhibitions and is a term commonly used by the meeting industry (Meeting Industry Terminology 1992).
2.1.2 Definition of a meeting

“Meeting is a general term indicating the coming together of a number of people in one place, to confer or carry out a particular activity. Frequency: can be on an ad hoc basis or according to a set pattern, as for instance annual general meetings, committee meetings, etc.”

2.1.3 Definition of an incentive

“Incentive is a meeting event as part of a programme, which is offered to its participants to reward a previous performance.”

2.1.4 Definition of a conference

“Participatory meeting designed for discussion, fact-finding, problem solving and consultation. As compared with a congress, a conference is normally smaller in scale and more select in character – features which tend to facilitate the exchange of information. The term “conference” carries no special connotation as to frequency. Though not inherently limited in time, conferences are usually of limited duration with specific objectives.”

2.1.5 Definition of an exhibition

“Exhibitions are events at which products and services are displayed.”


2.2. Business travel statistics

Rank by country: Meetings organized in 2016
   1. USA 2. Germany 3. UK 4. France 5. Spain
Rank by cities: Meetings organized in 2016


Rank by country: Estimated total number of participants:

14. Denmark 17. Sweden 32. Finland

Rank by city: Estimated total number of participants:

39. Helsinki 30 383


As we can see from the statistics, Finland ranks well in the global scale in terms of meetings per country and Helsinki in the rank by city. We can also see that business travel tends to be focused on capital cities, excluding Barcelona, which ranks higher than Spain’s capital Madrid. Capital cities are usually the most known cities with the most inhabitants of their country. Companies and organizations tend to position place of their headquarters in the capital region, and capital cities will most likely have the best travel connections in the country in question. All these factors make capital cities desirable destinations for business tourism. (Attracting MICE: Business Tourists’ Perception of Destinations 2017.)

2.3. Impacts of event tourism

Impacts of event tourism on the infrastructure include;

- Public transportation
- Airports
- Building of event venues
- Employment
- Overall city development.

Tourism Northern Ireland describes the impact of events as follows: “Events and festivals generate an array of economic and social impacts. They provide an opportunity to generate additional visitors and revenue and create and enhance a positive image and
reputation nationally and internationally and contribute to civic pride.” (Impact of Events)

The relationship between events and the host region does not only go one way. The event does not only affect the region but the region also affects the event. The location can have either a positive or a negative impact on the event. Attractiveness of the region and convenience of travel/travel connections can have both negative and positive affects on the decision to attend of foreign participants. An attractive destination creates added value and is a factor in the decision making process of whether or not to attend. For example it could be said that the Smart City Expo held in Barcelona benefits from the attractiveness of Barcelona as well as from Barcelona’s smart city image.

2.3.1 Economic impact

Economic impacts of an event include costs of organizing the event and expenditure of the visitors (Mason 2003, 34-42).

Major costs involved in organizing the event from the organiser’s perspective:

- Venue
  - Room rental
  - Staff expenses
  - Audio/Visual technique (microphones, screens, projectors, internet, electricity, staff expenses)
  - Extra equipment rental (walls, poster stands, tables and chairs)
  - Security
  - Insurance

- Catering (if applicable)
  - Meals such as breakfast, lunch, desserts, snacks
  - Beverages such as water, coffee, alcoholic beverages
  - Service
  - Possible venue rental

- Evening activities
  - Venue rental
  - Catering expenses
Expenditures of the business travellers
- Travel costs (air travel, trains, public transportation (train, bus), taxi)
- Accommodation
- Daily expenses (food, beverages)
- Ticket expenses to conferences, exhibitions etc.
- Sightseeing (attractions, museums, galleries)
- Local shops

(Econometric value or impact of an event on a region can be determined by how much “new money” is brought and spent at the location of the event. New money does not only come from the attendants of the event but also from their travel partners (for example wife/husband or kids), organizers, delegates, sponsors and others such as media representatives. Only the “new money” spent is relevant when determining the economic impact. New money is an expenditure caused because of the event that would not occur without set event. Burns and Mules (1986) referenced this specific type of expenditure as “inscope” expenditure. (Dwyer et al. 2000, 175-189.)

The economic impact of an event is not only limited to creating new money. Employment and additional income can be considered as an indirect economic impact (Dwyer et al. 2000). Holding an event can create several jobs not only by the organizing party but also help generate jobs for the venue selected, and through catering services.

The economic impact of a single event is not only limited to the economic value created by the participants. Holding the event itself is valuable to the region from the economic perspective. Events can create significant amounts of business for the local area. Events utilize many services from local service providers. Many cities and municipalities often compete for a right to hold a large-scale event. (Richards & Wilson 2004.)

In addition to the mentioned economic impacts, holding an event can result in great PR for the place that it takes place. As an event is promoting itself, it simultaneously promotes the location. Press coverage of the event gives great exposure also for the region...
and can be accounted as saved advertising expenses by the city, municipality or other. The more news articles or social media coverage spreads of the event to the world, the more attractive and known the region comes. (Dwyer et al. 2000.)

2.3.2 Social impact

Social impact of an event can be described as “intangible”. Intangible in this context means the following according to the Oxford dictionary: (of an asset or benefit) not constituting or represented by a physical object and of a value not precisely measurable. Whereas economic impacts can often be calculated or derived from statistics, social impacts can seldom be measured or defined precisely.

In their paper “Framework for assessing “Tangible” and “Intangible” impacts of events and conventions” Dwyer et al. (2000) divided social benefits into three categories, which are: community development, civic pride and event production extensions.

Community development can entail communities’ increased interest on the topics of the event, whether it is technologies, sports or culture. Also new communities may be formed as an indirect result of an event. Community development can also drive further development of the area’s infrastructure and facilities to hold events. (Dwyer et al. 2000.) There are multiple examples of this around the world, and in terms of sport events, the Olympics have driven the development of many sports arenas in several countries (Barrios et al. 2016).

When a special event like the Olympics or world championship football is held in the country or a city, it can cause an elevated sense of civic pride. This phenomenon strengthens the bond people feel with the country or local community. (Dwyer et al. 2000.)

2.3.3 Impact on city image and branding

People form an image of a brand, product, event, or a city based on their own perceptions and beliefs. An image can be formed after an experience or completely without
first hand experiences of the brand. Companies and organisations are able to influence the image formed by people for example through marketing communications. (Vallo & Häyryinen 2008.)

Branding is defined by Kotler & Keller as follows:”Branding is endowing products and services with the power of a brand” (Kotler & Keller 2016, 323). Branding is about shaping the way people view your brand and separating your brand from the competition. In branding you are giving special features to the product in order to help people identify a brand. (Vallo & Häyryinen 2008.) Branding aims to influence the image a person holds of a specific brand and to make it easier for the customer to associate qualities of a brand with its products (Kolb 2006, 219). Branding can be done through marketing communications, product and packaging design, visual appearance (logo, website, colour theme) and through sponsorships and partnerships (What is Branding? 2015.)

You are able to brand products, organizations, people, destinations and cities. Branding a city (as a tourism destination) can result in benefits such as increased investments on city infrastructure due to higher tax returns, new businesses and business, and rise in population due that it is affected by the city image attracting new permanent residents. (Kolb 2006)

As already stated in the “Impact of event tourism” paragraph, events impact the way people view the city and enforce the existing branding of that city. When a city holds a certain brand, holding events that support the set brand are very beneficial to the city as they reinforce the wanted city image. Events can impact host cities’ image both in positive and negative ways.

“Brand equity is the added value endowed to products and services with consumers. It may be reflected in the way consumers think, feel, and act with respect to the brand, as well as in the prices, market share, and profitability it commands” (Kotler & Keller 2016, 324). When you are building brand equity, Kotler & Keller define there to be three main drivers, of which the third one is “Other associations indirectly transferred to the brand by linking it to some other entity (a person, place, or thing)” (Kotler & Keller 2016, 331). Events can be considered as other associations that indirectly link to the brand of a city.
Different brands are also able to benefit from each other by borrowing each other’s brand equity (Kotler & Keller 2016, 335). Brands can be interlinked to each other or for example to geographical locations. Events can be strongly attached to a specific location. And by this strong association with the location or the city, they become a part of the event’s brand itself. By making and taking advantage of these links and secondary associations events can become important part of the cities’ brand and vice versa. When the brands of an event and a city connect, a mutually beneficial relationship can be created.
2.3.4 History of the Mindtrek conference

Mindtrek is an international technology conference that is held annually in Tampere. Mindtrek’s roots date back 22 years to the year 1997. Mindtrek was first held under the name “Tampere Multimedia Competition” and the name Mindtrek was first used in 1999. Mindtrek has developed from a multimedia competition first to Tampere multimedia week, then to a conference focused on digital media and digitalization and lastly to an international technology conference, as it is known today. Up to the year 2014, Mindtrek was organised by the Mindtrek Association. Centre for Open Systems and Solutions – COSS started organising the Mindtrek conference in 2015, and the Mindtrek that we know today started to take form.

COSS is a non-profit organization established in 2005 that promotes the use of open technologies in Finland. After acquiring the Mindtrek brand in 2015, Mindtrek was held under the name “Mindtrek Openmind”, as COSS had previously been organising an event called “Openmind” that was focused around open source and open data. COSS merged the Openmind event with Mindtrek in 2015. In 2016 COSS decided to give up the “Openmind” –name addition and only use the Mindtrek. This was done to keep the audience scope as broad as possible and to have a clearer brand. The openness theme was still kept at the core of Mindtrek as it also represents the core of COSS.

In 2016 Mindtrek started its collaboration with the City of Tampere’s Smart Tampere program. Mindtrek took on the smart city theme and organized Smart City Event Tam-
pere together with the Smart Tampere –program. Mindtrek was a great platform to show case the smart city development made in Tampere to an international audience.

2.3.5 Mindtrek 2017

In 2017 Mindtrek consisted of several different tracks that were called “events” under one roof. Mindtrek took place in Tampere Hall on 20th and 21st of September 2017. The events organized under Mindtrek in 2017 were:

- Open World
- Smart City Event Tampere
- eHealth
- Immersive Tech
- IoT
- Academic Mindtrek
- Mindtrek Challenge
- Recruitment Event – Powered by Onnivators

53 speakers took part in Mindtrek of which 18 were from abroad. Speakers travelled to Tampere from countries like USA, Germany, UK, Belgium, Portugal, Sweden, Denmark, the Netherlands, and Ireland.

Mindtrek’s participants consisted of the following ones: 42.5% of the participants had managerial roles, 22.9% were academics (students 14.6% / researchers 8.3%), 12.9% developers, 8.1% employees, 6.5% entrepreneurs and 7.1% others.

2.3.6 City of Tampere

Tampere is the third largest city in Finland after Helsinki and Espoo with 231 853 inhabitants at the end of the year 2017. Tampere is an inland city situated between the lakes Näsijärvi and Pyhäjärvi. The City of Tampere describes itself as a “centre of leading-edge technology, research, education, culture, sports and business.” (Information on Tampere.)
The City of Tampere announced its Smart Tampere –program at the Mindtrek 2016 conference on 17th -19th of October in Tampere Hall. In 2016 Smart City –topics became a major part of the Mindtrek conference alongside eHealth, openness, Internet of Things (IoT) and immersive technologies (Älykkäään kaupungin kehittäjät koolle Tampereelle 2016).

City of Tampere is investing in its rapid smart city development and in its city infrastructure. In 2017 Smart Tampere –program focused on themes such as smart mobility, smart lighting, eHealth and IoT and these themes were also present at the Smart City Event Tampere –track in Mindtrek 2017 (Smart City Event Tampere).

Tampere is branding itself as a modern smart city with an industrial background. It is a place for foreign companies to establish their branches. This year Tampere has focused on creating an imaging ecosystem to Tampere and in February 2018 Axon, the global leader in connected law enforcement technologies, established their office in Tampere. Tampere is Axon’s first branch in Europe and the new R&D department will work on improving the capabilities of Axon's future wearable and in-car cameras. (Penn 2018.)

The City of Tampere has also started to develop its start-up ecosystem together with different local start-up communities. The start-up communities with the support of the city of Tampere established Tribe Tampere (Reko 2017). On the website Tribe Tampere describes itself as “a community that enables interaction and communication between actors in Tribe startup ecosystem. It includes entrepreneurial minded individuals from different fields and with different skills, volunteers, startups, investors and other startup communities and associations.” (Tribe Tampere.)
2.3.7 The impact of Mindtrek on the city image of Tampere

As Tampere brands itself as a “centre of leading-edge technology, research and education”, holding events such as Mindtrek reinforces that brand. Mindtrek attracts foreign visitors to Tampere and enables them to experience the city and hear about the developments that are being made here. Mindtrek acts as a platform to showcase the smart city developments of Tampere and also introduces Tampere to the world, which in turn increases awareness of the city on a global scale.

Mindtrek attracts attention from foreign press and while the conference is promoting itself, it simultaneously promotes Tampere. Mindtrek is very closely linked to its geographical location and wants to be identified as a Tampere event.

Holding an international conference like Mindtrek supports the image of Tampere as an international city and a place for international investments.

The close cooperation between Mindtrek conference and the City of Tampere enables a symbiotic relationship to be born. Mindtrek is able to spread the word about Tampere to the world and the city to spread and showcase its work in Mindtrek. Mindtrek also gives a reason for foreign delegations to visit Tampere and fosters the city’s international relationships.

Holding large-scale international events makes good PR for cities and overall improves their image internationally.

2.3.8 Economic impact of Mindtrek on the Tampere Region

In 2017 Mindtrek hosted over 800 participants in Tampere Hall of which about 23% were international visitors and 24% came outside of the Tampere region.

Mindtrek attracts business tourists to Tampere and business tourists spend more money per visit than leisure tourists, the ration being between 2:1 or 3:1. For the past two years Mindtrek’s internationality percentage has varied from 38% in 2016 to 23% in 2017. Large-scale international events also push forward regional developments in order to
play host to such events. Events play a big role in developments of transport, airports and event venues. Events also create demand for different kinds of services.

Mindtrek also attract domestic tourists to Tampere, which increases the amount of new money brought to the region due to the event. The new money to the region is created through the use of such services as: accommodation, food & beverages, transportation, visiting attractions (museums, galleries etc.).

The organizing of the conference itself alone brings economic benefits to the region. Expenses of organizing events include venue rent, catering, staff expenses, equipment rent, print materials to name a few.

In addition to all the above-mentioned sources of economic benefits, one economic impact to consider is the growth potential Mindtrek possess and the potential economic benefits of that growth.
3 DISCUSSION

It can be concluded that the Mindtrek conference has several different impacts on the Tampere Region, the focus being in the economic impacts and impact on the Tampere branding and image. Due to the nature of the event being a business and technology conference, its cultural and social impacts are small compared to the other impacts. One social impact to mention is that Mindtrek has the potential to bring all different public institutes in Tampere together for Mindtrek. As Mindtrek is aiming to function as a platform for the Tampere ecosystem, it has the potential to elevate the feeling of civic pride, the feeling of being proud of the city.

Mindtrek is a great way for the City of Tampere to promote its brand as a centre of leading-edge technology, research, education, and business and as a smart city. The city is able to showcase its development and future plans to a large audience of domestic and international participants. Mindtrek is also a place to foster international relationships with friendship cities and partner organisations.

Economically Mindtrek brings benefits to the region due to the fact that almost 50% of Mindtrek’s visitors are coming outside of Tampere. Organising Mindtrek also utilizes several different services from the region. There are also indirect economic impacts that are regional developments, employment, and also while Mindtrek promotes itself it also promotes Tampere as a city and its smart city program. This kind of PR can be considered as savings in advertising costs. Mindtrek also has great potential to grow, which would bring even more economic benefits to the region.
REFERENCES


