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THE IMPACT OF THE INTERNATIONAL CONGRESS CENTRE ON THE BUSINESS TOURISM MARKET IN KATOWICE

Summary

Business events are an important product for the city (as a tourist destination) where they are implemented, as well as for companies involved in organisation and service of the events. The increasing of competition on the business tourism market, make necessary to involve the city authority in the construction or maintenance of a modern general infrastructure (transport accessibility, meeting facilities, etc.) for meetings, and also in the organisational and promotional support (eg. CVB) for companies operating in this market.

Key words: destination marketing, event marketing, event industry, economic impact.

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Introduction

Poland has a growing in number of business events (ICCA reports, reports Poland Convention Bureau, reports of the city convention bureau) and the growing number of venues (both hotels, and large multi objects meetings) in recent years. It also seems that in the country are the growing interest in various media providers and operators in meetings industry (e.g. creating new associations, the magazine concerned in meeting industry or thematic portals and search websites). This process is a consequence of the growing Polish economy. Direct relations between entrepreneurs and companies from different markets are caused by growing needs for an intensive exchange of knowledge and the increasing competition in many sectors of the economy.

In this case, business meetings can be regarded as a form of communication that meets the requirements of modern Polish economy, and also the way of business development for the various players on this market (hotels, restaurants, transport companies and city administrations), the players who saw advantages in services dedicated into the business events (Zmyślony and others 2014).

The organizers and delegates of business events are very important clients for hotels and city administrations. The clients are ready to pay more for high level services (they have got money from a variety of sources – from their organizations, companies and from their own money).

Administrations of many cities in Poland (specially great cities) are more often active in the development of business tourism market then on other tourism market. There is activity in founding of the city convention bureaus, or the construction of new venues for business meetings, and even planning a special budget to support the organizers of great (the most important) events in the cities.

Monitoring by local governments of the cities in the effects of their investments in urban infrastructure concerned with venues and multifunctional arenas dedicated to different meetings – it seems to be a necessity. Katowice is one of the cities in Poland, where we can see the growth in business tourism market in both demand-side and supply-side. The city of Katowice is located in Poland's largest urban area. The region is with excellent transport accessibility, flexing operating economic zone. Katowice is the heart of the biggest urban polish agglomeration, where in recent years, there were big changes. Structural changes were related to the closure of factories of heavy industry and mining industry. The transformation of the region in Poland is carried out with the support of the city administration Katowice, the capital of Silesia. The city which has become a regional leader in the development of business tourism. The real symbol of the changes was the opening in 2015 the largest convention venue in Poland – International Congress Centre in Katowice. The impact of this building (venue) on the business tourism and events market (cultural and sports events) in the city was recorded in the first year of operation. This is also the main subject of analysis the authors of this paper.

The business tourism market in theory and practice

In economic terms the market it means generally relations taking place between sellers and buyers (as the main players on the area/trade). Sellers on the market are offering different products, services, work, etc., and they are representing the supply-side. The buyers are expressing their interest in buying of the products, and they are representing the demand-side. In this way, the players participate in the formation of the category – the market (Wrzosek 2002, p. 13). In the literature, it can be find various dividing of the market. The basic criteria for the dividing are (Wrzosek 2002, p. 36): the main goal of exchange (market of products, services market, labor market, money market), the entities of market, the area or administrative region of the clients.

Business tourism market can be separated according to the criteria concerned with the main needs of clients on the market, e.g. to organize or participate in the

meeting conference (business meeting), which is also can generate tourism (when there are participants from outside of the city with the meeting).

The term “business travel” as a category is rather more general (wider) than term business tourism. Business travels mean all trips whose aims are related to work or interests of travelers. The travels include „individual travel” and „business tourism” refers to business meetings more people in the same time and venue in business/professional aims (Cope and Davidson 2002; Cieřlikowski 2015).

It should be noted too, that with regard to the term of the meetings industry, the term „industry” in the economy refers (is used) rather to the sectors (the competitors, supply side of the market) of the economy (Porter 2006), but term the business tourism is also used to emphasize the economic importance of business tourism in the region where it is growing in numbers (Borodako and others 2014). It can be take account of the different economic sectors involved at various stages of organization and operation (preparation, implementation or post-conference activities) in services to different clients (institutional and individual) of the business tourism market.

The main product in transaction on the business tourism market is conference meeting (Cieřlikowski 2014, p. 33) and other business events (including a number of services related to the preparation, organization and participation of the delegates). Poland Convention Bureau PCB in their annual reports on the meetings industry in Poland (Celuch 2014) has identified the following four groups of conference meetings and business events: conference / congress, corporate events, incentive events and trade fairs / exhibitions. The definition of conference meetings and other business events in the reports of PCB refers to the meetings of a group (minimum 10 people), lasting at least 4 hours and realized outside the office of the principal (clients). The meetings are differing in the duration, number of participants, the main purpose and content of the debate, the degree of formalization, etc.

Taking into account the roles of the players of the business tourism market we can divide the market into the following three groups (Cieřlikowski 2015):

- Group 1– providers of services (accommodation facilities, meeting venues without accommodation, auxiliary services, other local entrepreneurs,
- Group 2 – intermediaries (Professionals operating on behalf of main clients; entities acting on behalf of producers/providers of specialist services)
- Group 3 – buyers, clients (companies and institutions – generating major demand, two groups of corporations/companies and non-profit organizations – including public administration as well as various associations; conference participants/ delegates).

Special venues dedicated to business meetings seem to be foundational for the development of business tourism market in the region. According to reports

of the Poland Convention Bureau (www.poland-convention.pl) there are venues divided into four groups:

- Exhibition Center,
- Hotels with conference rooms,
- Arenas for special events – without accommodation,
- Universities with conference halls.

Other authors (Cieřlikowski and Kantyka 2014) are willing to make a more detailed breakdown and extract in grup of the venues: hotels, training centers with accommodation, palaces and castles, sports facilities (including sanatoriums, recreation centers, etc.), congress centers (including facilities for exhibitions), research centers and academic, cultural buildings (cinemas, theaters, opera, galleries, museums, exhibition halls of art) and other unusual conference venues (ferries, trains with conference rooms, etc.).

In studies of the business tourism market we can find term „participant of the conference meetings – the delegate.” Its specificity is manifested in the fact that the term refers to both the „business tourists” (the business travelers meeting participant who meets the criteria adopted in the definition of tourist terminology recommended by the UN WTO) and other persons (visitor for one day, and/or a resident of the city with conference) who came to the conference for business and uses the conference services, as well as other infrastructure in the city with conference.

Both, the clients of the meetings and the delegates, are ready to take higher expenditure on various products and services related to the organization of events and stay in the city, than in the case of leisure tourism. However, companies offering different services on business tourism market (hotels, restaurants, administrations and municipalities) must have meet the high level demands of the clients.

The key supply factors for the development of business tourism in destination

The accommodation (especially hotels) and arenas (as a venue for great meetings) for visitors are ones of the most important factors on supply-side of the market in the development of any form of tourism in any destination. The role of hotels are very important too, because on the business tourism market are very high level clients. They are expecting repeatable quality in services too. And the hotels are able to meet the expectations (Oppermann 1996a; Cieřlikowski 2010). There was operated 17 hotels (included one hotel five stars category) in Katowice in 2015. These are rather large buildings with several dozen to over a hundred rooms inside, in each hotels there are a few to several conference rooms with restaurants or catering facilities, as well as parkings.

Analysis of various studies and reports (Gugg and Hank-Haase 1995; Oppermann 1996a, 1996b; Crouch and Ritchie 1998; Kim and others 2003) with a market research business tourism in economically developed countries, can indicate the following factors determining the success of the destinations on this market such as:

- The accessibility (distance from the motorway, railway stations for the “Intercity”, distance from the nearest international airport, etc.)
- The functioning and availability of large halls for business events and conferences,
- Accommodation facilities and its quality (including standardization, the international hotel networks),
- The availability of information about places and companies operating in this market,
- Originality and novelty of the destinations,
- General costs of accommodation and meals,
- The centers organizers of trade fairs,
- Universities and research organizations,
- Other (state of the environment, support for local institutions and associations).

The first two key factors for success of the destination on business tourism market are related to the general infrastructure in the cities, which can be used by the residents, too. The development and functioning of the infrastructure is not to much taking into account in studies and in any statistics relating to expenditure on tourism. But the infrastructure is the main basis for the development of business tourism in the cities.

Katowice has met very well almost all of these factors for many years, except for one of the factor – „the functioning and availability of large halls for business events and conference rooms”. In the city lacked a modern, new, great venue for business meetings. Since 1971 there was Spodek Arena – multifunctional (venue for sports, culture events) – but today it is not so good for organizers of business meetings, who increasingly expect greater freedom in interior spaces, modern / contemporary technical equipment rooms, halls, restaurants. It ought to be added, that demand for the realization of the great events in the city was growing according to the growing economy of the region and structural changes. And consecutive events (cultural, sports) in Spodek has made difficulties to the organizers of major business events in Katowice, particular in free choice of the term in calendar. The answer of the local authority in Katowice was the construction of the International Congress Centre.

The International Congress Centre as a key player on the business tourism market in Katowice

International Congress Center (ICC) is located in center of Katowice. The building was opened in March 2015. ICC stands out post-industrial aesthetic look and useful, practical internal and external design of the building. ICC is a venue where is combining the function of congress, conference, exhibition, fair and other great events. The venue is designed for 15 000 participants of the events and the main building is connected to the sports hall Spodek by an underground passageway.

The architectural design of the International Congress Centre took the first place in an international competition to develop the concept of urban and architectural object/building. Company named JEMS Architects made the winning project of the ICC. (www.mckkatowice.pl).

Inside of the building of ICC are: spacious function room for any design (with total capacity 8 000 delegates), modernly equipped lecture room (designed for 600 people), which is also used as a venue for grand galas conference and congress. Additionally, in interior of ICC are: 26 meeting rooms is an offer for meeting planners both open and closed meetings (for a total of 1 200 delegates), few VIP rooms, business center and modern designed foyer, which combines all the elements of the ICC. Parameters capacity of floors in multi-purpose halls allow for the implementation of the trade fairs and exhibitions. The owner of the building is the administration of the city of Katowice, while the operator is company named PTWP Event Center Sp. o.o.. From 12th of March to 31st of December in 2015 there was 339 business meetings, which were attended by 319 835 people in the ICC.

Among these events should mention such interesting and such great as.:

- the International Fair Computer Games and Software – Intel Extreme Masters (IEM),
- The European Economic Congress (EEC),
- International Fair of Mining, Power Industry and Metallurgy “KATOWICE”,
- European Congress of Small and Medium Enterprises.

IEM is the largest business event in Poland in terms of number of visitors. It was in 2015 (from 12 to 15 March) and participated in this event more than 104 000 people (www.esl.eu). The organizer of the meeting reported that in IEM were 1 400 employees. The modern mass media noted that there were more than 1 million viewers on twitch.tv, at one time, and there were launched more than 73 million sessions on all streamach. The footage available online, with many information about Katowice, has been accessed more than 5,000,000 times for ten days after last day of IEM.

A major challenge for the local authority of Katowice is the management of the meetings area in center of the city, with the greatest benefit to other

meetings facilities/venues of the city (eg. hotels) and other entrepreneurs interested in organizing and realized another services in events (eg. Catering services, transport – Taxi). Since 2012 there is realized annual market research on business tourism by the Katowice Convention Bureau. The results of the study allow monitoring the status and development of the business meetings market in the city. In the nearest years the city administration plans to continue to actively support promotional activities that promote Katowice as an attractive city on the market of large business events and still monitor this market.

The development of business tourism in Katowice in 2012-2015

For the purposes of the monitoring of business tourism market in Katowice from 2012 there were made counting and analyzing of business meetings and conference events realized in the 24 most significant buildings in the city (these venues some are a kind of a panel research allowed on annually report).

The selected venues have large conference rooms and other covered space used also for business meetings (Cieślowski 2016).

The total number of counted conference meetings and other business events in the investigated venues on the area of Katowice in 2015 amounted to 6 601 meetings, including 17.4% of them (1147 meetings) lasted two days or longer. The result compared to 2014 (when recorded a total of 7 042 meetings) the total number of business meetings and events was lower with 441 meetings. This is a decrease of the total number of such events in 2015 by 6.3% after the opening of the ICC in Katowice. But the number of meetings lasting two days or more was 1 147 in 2015 and 1 127 in 2014. And this was an increase year on year.

Among the 24 venues reporting the number of meetings and conference, there were also such venues, where the number of meetings executed fell even over 15%. This is particularly true of some facilities (hotels) in the city center, close to the ICC. This may be due to the transfer of a number of business events to the conference of the International Congress Centre.

It should be noted that in the same study period (comparing 2014 to 2015) „the average occupancy rate of hotel rooms in hotels in Katowice in 2015 amounted to about 56%, which is higher by an average of 5 percentage points from a year earlier. The number of days in the year when all the rooms in the hotel were sold also increased compared to 2014.

Table 1. The number of conference meetings and other business events in Katowice in the years 2012-2015

Specification	in 2012	in 2013	in 2014	in 2015
Meetings with two days or more	1 119	1 013	1 127	1 147
One day meetings	4 998	5 020	5 915	5 454

Source: Cieřlikowski (2016).

There were made observations of the behavior and preferences of the participants in the selected conference meetings (including the size and structure of expenses, etc.) in the study of business tourism market in Katowice since 2012. To achieve the objectives of this research method is used questionnaire, using the questionnaire questions as a research tool, along with a cover letter justifying the need for the research (Cieřlikowski 2016). The results showed that in 2015 the participants of meetings and conference taking part in a study, bought material goods and services in the city of Katowice and spend per person on one meeting in Katowice, the average amount of 174.02 PLN.

At the same time it should be noted that:

- 42.4% of the participants not declared any amount spent in Katowice,
- 23.3% of the delegates participating in the study realized expenditure on accommodation in connection with participation in the business meeting.

A large proportion (42.4%) of delegates who did not declare any expenditure in Katowice may be a result from that the venue was close of their workplace or residence of delegate (a significant portion – 47.4% of the delegates were from the province of Silesia).

23.3% of respondents declared expenditure on accommodation in Katowice in connection with the conference (business meetings). The average number of nights per delegate, which took accommodation in Katowice at a conference in 2015 it was 1.24 nights; and the expenses for this purpose amounted to 266.5 PLN. A general average expenses of this group of delegates during their stay in Katowice, together with the cost of accommodation amounted to 537.1 PLN per person.

Delegates, who declared expenses incurred in Katowice, but do not use accommodation (32,64% of all respondents), spent in Katowice an average amount of 148.9 PLN. Making a comparison average expenses of participants in 2015 to previous years, we can see an increase in spending total amount in among respondents not using the accommodation (Table 2).

Table 2. Average expenses of delegates in Katowice in the years of 2012-2015 (in PLN)

Specification	2012	2013	2014	2015
Delegate without accommodation	133.3	139.6	144.9	148.9
Delegate with accommodation	445.8	579.2	642.4	537.1

Source: as in Table 1.

Taking into account the structure of the expenses of conference participants who took the accommodation in Katowice, it can be noted that the delegates spend most money on accommodation (which represents 49.6% of their total expenditure in the city), and next are expenditure on catering services (catering services in the hotel and outside it – taken together, they represent 22.7%), shopping in galleries (10.0%). Participants in the conference without accommodation, most part of their money spent in Katowice on a food (restaurants and catering services – 27.4%) and shopping in malls (21.3% of total expenditure).

Conclusions

Business events are an important product for the city (as a tourist destination) where they are implemented, as well as for companies involved in organization and service of the events. The increasing of competition on the business tourism market, make necessary to involve the city authority in the construction or maintenance of a modern general infrastructure (transport accessibility, meeting facilities, etc.) for meetings, and also in the organizational and promotional support (eg. CVB) for companies operating in this market.

The business tourism market research conducted in Katowice from 2012 show that with the increasing involvement of the city on the market, are also growing expenses of participants of the business events (especially those who stay in the city without accommodation during the conference), and also make increase the level of hotel occupancy. This benefits are for the players (companies) from various service sectors in the city (including catering, shopping centers, transport companies). One of the main results on tourism market in Katowice, after opening in 2015 year ICC was, increase in the overall number of meetings lasting two days and longer, as well as the increase in the average occupancy rate of hotels in Katowice from 51% in 2014 to 56% in 2015. (5 points of percentage).

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Streszczenie

Wydarzenia biznesowe są istotnym produktem dla miasta (jako celu wycieczek), w którym są wdrażane, jak również dla firm zaangażowanych w ich organizację i obsługę. Rosnąca konkurencja na rynku turystyki biznesowej zmusza władze miasta do zaangażowania się w stworzenie bądź utrzymanie nowoczesnej, ogólnej infrastruktury (dostęp do środków transportu, ośrodki spotkań itp.) służącej spotkaniom, a także wsparcia organizacyjnego i promocyjnego (np. biura kongresowe) firm działającym na tym rynku.

Słowa kluczowe: marketing destynacji, marketing wydarzeń, przemysł wydarzeń, wpływ ekonomiczny.

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