

# MEETINGS INDUSTRY IN SECOND TIER CITIES

**Krzysztof Cieřlikowski**

*University School of Physical Education in Katowice, Poland*

**Abstract.** The development of the meetings industry is related to development of business tourism to cities. There is an increasing number of meeting venues and multifunctional arenas along with events and visitors. It is related to the growth of global and economic, political, socio-cultural changes and new technologies. The benefits of the meetings industry are result from the attractiveness of business tourism as a city product and a form of city promotion. The changes taking place in the meetings market encourage local government of cities, that are not capitals (so called "second tier cities"), to more actively apply for the organisation of large international events. The city administration that wants to develop business tourism in their area, has to take into account many conditions in their destination (city) management. The key external and internal factors affecting the development of business tourism second tier cities have been identified in the article. The methods of literature analysis of the subject, passive observation of events and data from previous publications have been applied for the research.

**Keywords:** meetings industry, event marketing, destination marketing, business tourism.

## Introduction

The changes in the contemporary global economy are affecting local markets, including cities that are not the capitals of countries. Tourism develops under the influence of economic changes in the world, and tourism itself can influence these changes. These trends should be identified and also should be taken into account by the management of the tourist enterprises as well as the administration of tourist destinations. There has been a rising number of travels in the world (UN WTO, 2017). Business tourism is also growing long with business travel expenditure (WTTC, 2017), the number of business events and conference meetings (UIA, 2017; ICCA, 2017), respectively; as a particularly attractive tourism product of cities and product of various meeting venues and modern sport arenas (Cieřlikowski & Brusokas, 2017). Business tourism due to its growing economic importance, it is commonly called the meeting industry.

Business tourism can be a product of destination, or even a form of promotion of destinations on various markets (Hankinson, 2005; Cieřlikowski, 2016). Statistics on the development of tourism to cities show that business tourism is growing faster in cities than general tourism in the world (Euromonitor International, 2017). Market research of the clients of conference meetings (institutional clients/ buyers) indicates that the business clients are interested in organising their business events not far from their headquarters, offices and factories. The conference's buyers (main organisers) want to show their business guests the city and region in which they live and work (Cieřlikowski, 2014)

The analysis of the demand in the business tourism market allows to state that some cities with large economic activity zones, with good transport access, cities with modern and multi-functional

meeting arenas, developed and large hotel base, with universities, social and business organisations (Oppermann & Chon, 1997; Cieřlikowski, 2016) can take advantage of the development of business tourism. Administration in these cities should have a plan for the development of business tourism (meetings industry), organisational structures for its implementation, as well as a separate budget for the development of business tourism.

The key external and internal factors in the development of the industry of meetings of cities that are not the capitals of states (second tier cities) have been identified in the paper. In order to identify the factors, the methods of literature analysis of the subject, passive observation of events and data from previous publications have been applied for the research. On a global scale, the prospects for the development of the meetings industry are very optimistic, and the development of material infrastructure for business tourism, in particular multifunctional meeting venues, is very helpful in combining business events with cultural or sporting events in the second tier cities, previously ignored in the international meetings market.

## Meetings and events industry - theoretical background

The global economy can be treated as a set of countries and their unions, markets, economic entities, regional and international organisations (Eckes, 2011). It is a dynamic organism changing in various aspects of its functioning. All processes leading to the increasing interdependence and integration of states, societies, economies and cultures are called globalisation. Globalisation in economic terms is related to global capitalism, which, however, needs local anchoring, the diversity of local cultural contexts and the resulting

differentiation of goods and services (Beck & Camiller, 2012). Tourism (including business tourism in particular) as a phenomenon contributed to the emergence of globalisation processes, but also globalisation of various spheres of human life contributes to the development of business tourism and the meetings industry.

At present, adaptation processes accompany globalisation trends to local conditions. Robertson's concept of continuous global entanglement with the local is called the glocalisation. The essence of glocalisation is the claim: "think globally, act locally". There is a mutual influence of the "universalisation of particularisms and the particularisation of universalisms" (Robertson, 2011). Against this background, the activity of various market players, including organisers of events (business, cultural, sports) inclines them to implement these events not only in large globalised cities - administrative capitals of countries, but also in other cities that are not capitals.

A growing number of events, as well as the share of visitors, has a positive impact on the growth of tourism of destinations. Tourism according to the method of financing and the main purpose of the trips, can be divided into leisure tourism (vacation time) and business tourism (related to work and professional activity). Yet, business tourism refers rather to group meetings rather than travel as defined in the literature of the MICE acronym - meetings, incentives, conventions/conferences, exhibitions (Davidson & Cope, 2003).

There has been the growing economic importance and an increasing number of research on the impact of business tourism on the economy of the regions, at the end of the 20<sup>th</sup> century (in the US) and at the beginning of the 21<sup>st</sup> (in Europe and other parts of the world) business tourism began to be called the meeting industry. Where the term "meetings" referred to various forms of business meetings in which a minimum of 10 people participate (World Tourism Organisation, 2006). Due to the great importance for various groups involved in its implementation (principals, organisers, exhibitors, speakers, visitors and their accompanying persons), limited duration, as well as certain repetitive processes, the meeting is used interchangeably by "event" (also for business meetings/events).

Increasing business meetings / events market is related to creation of material potential (technical infrastructure, communication infrastructure, meeting venues) and creation of organisational structures for coordination information flow - local convention bureau (Piechota, 2016), by the city administration.

Recently, business meetings venues are various groups of buildings/ arenas, which usually have many different functions. The largest of them (in terms of the capacity of the number of participants), are multifunctional large meeting facilities also intended for the implementation of various events. D. Getz distinguishes the following events: business, cultural, sport and private (Getz, 2008). All these events can be used as attractive products for the dissemination of various innovations (German Convention Bureau, 2014), as well as modern forms of promotion (Mind Progress Group, 2013) various market players on the events market - including city administrations (Cieślowski, 2015). Material infrastructure for the implementation of major events, including large multifunctional meeting facilities, is also built in cities that are not the capitals of the countries. This is supported by the processes of glocalisation taking place in the global economy, which prompts organisers of big events and business meetings to locate them in these cities.

### **Second tier cities as attractive destinations on the meetings market**

Business, sports and cultural events mutually penetrate and complement each other, which positively affects the development of meeting facilities in different size cities.

"Second tier cities" are treated cities that are administratively separate territories, with management (administration, local management) for public purposes. In statistics, they are usually cities from the second level of administrative division of the country – sometimes capitals of provinces, sub-regions (in Poland, these are voivod cities such as Katowice, Kraków, Wrocław). Therefore, they also have important administrative functions in the regions. The analysis of these cities allows to note that these are also the economic centres in the given region that stand out in the statistics.

Other researchers have focused more on the positive contribution that non-capital, 'second tier' cities can make. Many of those cities contain major concentrations of economic activity, substantial wealth creation potential, human capital and creativity. They have higher order services and offer firms a better local access to services in comparison if they all were concentrated in the capital. Second tier cities can achieve many of the agglomeration effects of capitals, if they have the right infrastructure, facilities, capacity and powers. And they can lift the economic performance of their regions and reduce inter-regional inequalities,

promoting territorial and social cohesion (Parkinson, 2012).

It should be mentioned that these cities (second tiers city) usually have in their area the largest meeting place in the region, the best transport accessibility in the region, the largest number of direct foreign investments, as well as hotels, international networks, universities, etc. Thus, they can be attractive destinations for event organisers.

The proper management of business tourism, or, more broadly, management of meetings and events (cultural, sports) as a city product, may contribute to the success of such cities also on the international arena (e.g. Barcelona, Frankfurt, Manchester, Krakow, Katowice).

The phenomenon of the development of the meetings industry (business) in second tier cities can be seen even in ICCA statistics (e.g. among the 5 most popular destinations for business tourism in the world for many years is Barcelona) and one of the largest business tourism fair (IMEX) takes place in Europe in Frankfurt.

In addition, large international organisations/corporations are increasingly choosing second tier cities for their big meetings. For example, the UN WTO in 2018 implements the World Climate Summit in Katowice (December 2018). The world's largest computer game-sand software are in Katowice (Intel Extreme Masters exhibition annually in March since 2013), and in 2019 in Katowice is the World Anti-Doping Congress (Cieślowski, 2018).

Analysing the location of other major events outside the capitals, it can be seen that in the case of cultural events, the Depeche Mode band had 39 concerts in 2018, (25 of them in cities that are not capitals (Depeche Mode, 2018); and the rock band U2 organised 59 concerts in 2018 (34 of them in second tiers cities (U2, 2018).

In the case of sports events, European Football Championship U21 organized by UEFA. UEFA has selected 6 cities in Poland for the events (Bydgoszcz, Gdynia, Lublin, Kielce, Krakow, Tychy), excluding Warsaw, the capital of Poland , from the list.

Contemporary and modern sports arenas or concert halls are multi-functional facilities with good communication accessibility, with the possibility of organizing business events of a smaller scale (almost every stadium has at least one large conference room, VIP lounges – as the smaller meeting rooms). They are very good venues for business meetings, too.

As statistics of various institutions show, second tier cities are active players on the global meetings market. They are able to win many events with the

capitals of countries and can use the meetings for the development of tourism as well as for their promotion in various markets. However, the development and the effective use of events depends on many different factors (conditions), both external (independent of the city administration) and internal (on which the administration may have an active influence).

### **Possibilities for the development of the meetings industry in the second tier cities**

Research on the markets of developed economies (USA, Great Britain, Germany, Belgium), indicate several key facts determining the selection of a specific destination by the organisers of big business events (Oppermann, 1996; Hank-Haase, 2002). These requirements (key success factors of cities on business tourism market) include:

- transport accessibility (connection with the motorway, railway stations for the "Intercity" line, distance short from the nearest international airport),
- functioning and availability of large numbers rooms for business and conference guests
- accommodation and its quality (including standardization, headquarters of international chain hotels),
- information availability about destination and companies operating in the city on meetings industry,
- originality and newness of the destination,
- general costs of accommodation and meals etc.,
- the headquarters of the organizers of trade fairs,
- the universities,
- other (state of the natural environment, business connections, support of local institutions).

The analysis of second tier cities in Poland: Katowice, Krakow, Wroclaw, or other cities, allows to state that they meet the requirements. The development of business tourism follows the model already described in the literature and research reports of other cities of the world (Table 1).

Table 1. Decision areas in planning the development of the tourism product of destinations on the meetings market

goals	Recognition of the needs and opportunities for the development of the meetings industry in the city	Indication of key problems of the planning process	Elaboration of the city's marketing strategy including the meetings industry
activities	Selection of key city products on the tourist market Regulated tourist activities in the city Estimation of infrastructure, equipment and services for the development of the meetings industry Analysis and development of local social and economic activity Training / preparation of specialist staff	Setting a schedule and milestones in the development of the city on the meetings market creating new key service providers for the development of the meetings industry Determining the criteria for analysing and counting events: cultural, sports and business. Preparation of organisational structures in the city administration for the development of the meetings industry	Segmentation and definition of target groups Identification of features determining the attractiveness of the city for key clients Identification of key competitors Planning a marketing mix of destinations (product, prices, promotion, distribution channel)
results	Indication of the key directions of city development using events (preliminary plan)	development and implementation of a long-term strategy for the development of the meetings industry with separate budgets for this	Preparation of a targeted marketing plan focused on promoting the city and attracting various events

Source: K Cieřlikowski based on Datzira-Masip (2006), UN WTO (2017), ARTN (2017), Harrill (2005).

The city selection criteria identified in the study of economies for the organisation of major business events are a set of internal conditions that can be influenced by the city administration. However, it should be noted that the political, economic and social situation or technological changes may favour or hamper the development of the meetings industry in the second tier city. An analysis of the changes taking place in the global economy, various expectations of clients on the business tourism market, allows to identify certain groups of factors (external and internal) that city administration of the second tier cities should also consider for the development of the meetings industry in their area.

Table 2. Key factors for the development of the meetings industry in the second tier cities

Internal factors	External factors
- ensuring easy private and public transport accessibility	- political changes (related to the functioning of national and international structures)
- easy information access to the great venues,	- economic changes (on a global scale, as well as in the region)
- having a great, modern, multi-functional meeting venue,	- socio-cultural changes (including demographic changes, changes in needs, growing role of the experience in economy)
- high security in meeting venue and the all city,	- technological changes (observation of them will allow to identify new groups of clients or partners for events planning in the city)
- efficient service at every stage of the communication process with the institutional clients,	- competitor 'cities' behaviour (they can encourage cooperation, create strategic alliances, etc.)
- good contact with local companies operating on this market	
- efficient and transparent strategic planning of the development of the meeting industry,	
- having organisational structures (CVB or other DMO)	
- separated budget for the development of the meetings industry and its promotion	

Source: K Cieřlikowski's own study.

Political changes in the European Union (so-called "Brexit"), existing economic problems of some countries (e.g. Greece), or the "immigration" (socio-cultural) problem, encourage discussions and organisation of a larger number of meetings by various institutions. Therefore, these changes should be observed by administration to prepare the offer of the proper organisation and to attract the event to the city. Technological changes also seem to be important. These are changes of high dynamics that indirectly affect the functioning of various sectors of the economy. Changes in IT systems affect financial, medical and other services. Information about these changes can be an inspiration to search for customers affected by these changes.

The behaviour of competitors, which the administration has no influence on, but must take into account are another factor in the development of business tourism in cities. In a highly competitive market between cities, a certain solution for effective fight for events is horizontal and vertical cooperation (Tidström, 2009; Czakon & Roy, 2016),



to attract great events to the country and then divide its relationship between individual competing cities.

However, knowledge of the attractiveness of the destination for event organisers, as well as product management and promotion processes allows the use of the meetings industry for the development of various sectors of the city/region economy. It seems that for the development of the meetings industry in their area, the city administration, by recognising and monitoring internal and external conditions affecting business tourism, can successfully win events with the capital city and take advantage of opportunities for the development and promotion of the city.

## Conclusions

There are many concerns related to the domination of capitals on meeting industry. But globalisation, including glocalisation focused on the local community and local culture, can contribute to the development of other regions. There is a great opportunity for smaller cities - not the capitals of countries (second tier cities), and it is very important for the economy. Agglomerations or cities, called second tier cities, can clearly bring economic benefits to various market players.

However, this requires a good planning, a dedicated management structure (e.g. a convention bureau for the business tourism market) and a promotional budget focused on the main objectives of the plan (e.g. city promotions through events).

Many of second tier cities contain major concentrations of economic activity, substantial wealth creation potential, human capital and creativity. They have higher order services and offer firms better local access to services in comparison if they were all concentrated in the capital. Second tier cities can achieve great results as the capitals, if the smaller city has the right infrastructure, facilities (venues), capacity and strong determination to achieve the goals in development of the city in meeting industry.

Business tourism, "meetings industry" or in a wider range - "event industry", as an attractive product not only on tourism market. It can help second tier cities to achieve this development in different areas of economic and social activities. But local administration should be aware of external (political, economic, social and technological) and internal conditions/ factors of the development of the event market; they should observe these trends and react efficiently to the changes taking place.

## References

1. Beck, U., & Camiller, P. (2012). *What is globalization?* Cambridge: Polity Press.
2. Cieslikowski K. (2018). *Business tourism in Katowice in 2017. Report*. Katowice: Convention Bureau Katowice.
3. Cieslikowski, K. (2014). *Rynek turystyki konferencyjnej. Tom II. Funkcjonowanie i rozwój w Polsce*. Katowice: Wydawnictwo Akademii Wychowania Fizycznego.
4. Cieslikowski, K. (2015). *Miernik atrakcyjności spotkań konferencyjnych i wydarzeń biznesowych*. Prace Naukowe Uniwersytetu Ekonomicznego we Wrocławiu, (379).
5. Cieslikowski, K. (2016). *Event marketing: podstawy teoretyczne i rozwiązania praktyczne*. Katowice: Wydawnictwo Akademii Wychowania Fizycznego w Katowicach.
6. Cieslikowski, K., & Brusokas, A. (2017). *Determinants of effective management in the sport with the use of large sport arenas in selected cities*. *European Journal of Service Management*, 21, 5-10.
7. Czakon, W. & Roy, F. L. (2016). *Managing cooptation: the missing link between strategy and performance*. *Industrial Marketing Management*
8. Datzira-Masip, J. (2006). *Cultural heritage tourism — opportunities for product development: The Barcelona Case*. *Tourism Review*, 61(1), 13-20.
9. Davidson, R., & Cope, B. (2003). *Business travel: conferences, incentive travel, exhibitions, corporate hospitality, and corporate travel*. New York: Pearson Education Ltd., Financial Times
10. *Depeche Mode Tours*. Retrieved February 10, 2018, from <http://www.depechemode.com/tour>
11. Eckes, A. E., & E. (2011). *The Contemporary Global Economy: A History since 1980*. John Wiley & Sons
12. Getz, D. (2008). *Event tourism: Definition, evolution, and research*. *Tourism Management*, 29(3), 403-428.
13. Hank-Haase, G. (2002). *Stellung der Bundesrepublik Deutschland im internationalen Kongressmarkt. Kongress- und Tagungsmanagement Lehr- und Handbücher zu Tourismus, Verkehr und Freizeit*, 19-26.
14. Hankinson, G. (2005). *Destination brand images: a business tourism perspective*. *Journal of Services Marketing*, 19(1), 24-32.
15. Harrill, R. (2005). *Guide to best practices in tourism and destination management*. Columbia, SC: Institute for Tourism Research, University of South Carolina School of Hotel, Restaurant & Tourism Management.
16. *International Meetings Statistics Report 58th edition*. (2017). Brussels: UIA
17. *Measuring the economic importance of the meetings industry: developing a tourism satellite account extension*. (2006). Madrid: World Tourism Organization.
18. *Meetings and conventions 2030: A study of megatrends shaping our industry*. (2014). Frankfurt: German Convention Bureau.
19. Oppermann, M. (1996). *Convention destination images: analysis of association meeting planners perceptions*. *Tourism Management*, 17(3).
20. Oppermann, M., & Chon, K. (1997). *Convention participation decision-making process*. *Annals of Tourism Research*, 24(1), 178-191 .
21. Parkinson, M. (2012). *Second tier cities in Europe: in an age of austerity why invest beyond the capitals?* Liverpool: ESPON
22. Piechota, N. (2016). *Theoretical Determinants of Convention Bureau's Activity*. *Ekonomiczne Problemy Turystyki*, 33, 163-174
23. *Practical Guidelines for Integrated Quality Management in Tourism Destinations – Concepts, Implementation and Tools for Destination Management Organizations*. (2017) Madrid: UN WTO.
24. *Report. Event Marketing 2013*. (2013). Warsaw: Mind Progress Group.
25. Robertson, R. (2011). *Globalization: social theory and global culture*. London: Sage.

26. *The Guide To Best Practice. Destination Management. Tourism 2020 Project.* (2017) Sydney: Australian Regional Tourism Network (ARTN).
27. *The International Association Meetings Market 2016. ICCA Statistics Report.* (2017), Amsterdam: ICCA
28. Tidström, A. (2009). *Causes of conflict in intercompetitor cooperation.* Journal of Business & Industrial Marketing, 24(7), 506-518.
29. *Top 100 City Destinations Ranking: WTM 2017 Edition.* (2017) London: Euromonitor International
30. *Tourism Highlights: 2017 Edition.* (2017). Madrid: UNWTO
31. *Travel & tourism: economic impact 2017. World.* (2017). London: WTTC
32. *U2 Tours.* Retrieved February 10, 2018, from <http://www.u2.com/tour>

### **About the author**

Krzysztof Cieslikowski. Assistant Professor at the Faculty of Management in Sport and Tourism, University School of Physical Education in Katowice, Poland.

E-mail: [k.cieslikowski@awf.katowice.pl](mailto:k.cieslikowski@awf.katowice.pl)