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MICE tourism in Kraków in 2010

SUMMARY

of the Final Report



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Photograph on the title page: mgr Michał Rudnicki, Tourism Department, Krakow University of Economics

The report and this summary were prepared by a team of experts from the Tourism Department of the Krakow University of Economics.

The main goal of the conducted study was to **diagnose the MICE tourism market in Kraków in 2010 in terms of supply.**

To this end, surveys were conducted in the City of Kraków from July to October 2010¹. They took advantage of the last year's survey questionnaire adapted to the statistics required by the Convention Bureau of Poland preserving, at the same time, the comparability of results. The survey sample units were the providers of services for business travels, including hotels situated in the City of Kraków, other accommodation facilities (motels, boarding houses, etc.), universities with adequate conference and exhibition surfaces, recreational centres (aqua park, golf course, etc), conference, congress and fair centres, cultural institutions (museums, theatres, cultural centres etc.), and training companies with training premises in Kraków.

The sample selection was intentional. The study covered the general community (247 entities), while the return rate amounted to 31.58%, which means that **78 providers participated in the study.**

The key parts of the report resulted in the following **conclusions:**

1. The market of business infrastructure provides in Kraków was very diversified, but still it is possible to state that a typical provider was:
 - **Hotel** with relatively large number of beds (over 111) situated in the Stare Miasto city district,
 - Tourist facility ensuring **comprehensive execution of business events**, that is offering full range of services, such as accommodation, board, professional conference organisation and services,
 - Entity having usually **1 room that could accommodate up to 80 people**,
 - Tourist entity having recreational and leisure facilities.
2. In 2010 the facilities of studied providers of tourist infrastructure in Kraków housed **7,013 MICE events.**
3. The attempts at the comparison of the number of events organised in 2010 and in previous years carry a great degree of error due to the different survey return rates (as a reminder: 31.58% in 2010 and 50.42% in 2009). However, if one ventured such an attempt, it could be estimated that, with similar survey return rates and business tourism

¹ The study used direct and mail surveys, as well as surveys transferred via e-mail.

tendencies observed during the demand study conducted by the Małopolska Tourism Organisation², the number of MICE events organised by the studied providers in Kraków amounted to 9,021, which would mean the actual rise in relation to the year 2009 (but only by 0.54%).

4. The **structure** of events in 2010 was clearly **dominated** by **training sessions and courses** which constituted almost half of all meetings (**3,370**). The share of **seminars and symposia** nearly reached **one fourth of all the overall number (1,521)**, while conferences took up slightly below one fifth (1,207). The share of congresses in the overall number of MICE events in 2010 did not exceed 1%. Incentive events are also organised in Kraków. In the studied year the City hosted over 300 events of this type.
2. In comparison with the previous two years the structure of MICE events held in Kraków in 2010 did not undergo any serious changes.
 - The basic difference lied in the **rise in the share of seminars and symposia** by nearly 15 and 14 percentage points in comparison to 2009 and 2008 respectively.
 - **The share of conferences** in the overall number of MICE events **was lower** in comparison with previous years by nearly 14 and 10.8 percentage points in relation to 2008 and 2009 respectively.
 - **The share of training sessions and courses decreased**, whereas in both previous years they constituted more than half of the meetings. The drop amounted to 2.6% and 5.6% in comparison to 2008 and 2009.
 - In case of other kinds of MICE events the changes were slight and fitted within the range of 1–2 percentage points.
 - Though still not very numerous, large meetings increased its importance among MICE events in Kraków. In case of conventions their share rose by 1 percentage point, while the number of congresses increased by 0.4 percentage point.
3. The analysis of the Kraków's position in the global ranking of conference host cities indicates that its position among congress cities in the years 2008–2009 rose by 10 places (from 63rd to 53rd place).
4. In 2010 there were **two periods of culmination of meeting industry events in Kraków**. The highest **autumn peak** was in the month of September when **1,006 events** took place

² K. Borkowski, *Ruch turystyczny w Krakowie w 2010 roku (Tourist traffic in Kraków in 2010)*, presentation of study results, <http://www.bip.krakow.pl/zalaczniki/dokumenty/n/73936/0/karta> (December 2010).

and in **October with 923 events**. The second period of the MICE meeting intensification in the City came at the **turn of spring and summer** when **823** and **759** events were organised in **May** and **June** respectively.

5. **International events**³ constituted from 7% of all events of a certain kind in the case of conferences, through 4% (incentive events, and seminars and symposia), 3% (conventions), to 2% (economic exhibitions and fairs, and training sessions and courses). The only exception vital for the City was observed in the case of congresses where **international congresses constituted the majority (56%) of all congresses** held by the studied community in Kraków in 2010.
6. In 2010 the respondents' facilities hosted **295 international MICE events** in Kraków.
7. The **international MICE events** organised in 2010 in Kraków had the following structure: **29%** of them were **conferences**, **27%** constituted **training sessions and courses**, **22%** was accounted for by **seminars and symposia**. The fourth place in the structure of international events was occupied by **congresses with nearly 12%**. Other kinds of meetings had little share amounting to several percents. The smallest share characterized conventions (below 2%).
8. The facilities of studied providers were the venue of **35 international events** organised in Kraków in 2010 and **understood as in the ICCA definition**⁴.
9. The duration of the MICE tourism events in Kraków was strongly related to the type of MICE tourism segment. **The longest national MICE events were congresses which lasted 3 days**, while **the shortest ones were incentive events taking up 1 day**. Among **international events conventions and congresses** turned out to be **the longest** (3.5 days and 3 days respectively), while **incentive events** were **the shortest** (1.5 day).
10. The comparison of duration of business meetings in 2010 with the meetings in the years 2008–2009 leads to the formulation of the following conclusions:
 - **The duration of national training sessions and courses was shortened by nearly 2.5 times**, whereas for **international training sessions and courses the duration increased by 0.5 day**,

³ International event – a meeting whose participants come from at least 3 different countries.

⁴ According to the ICCA definition international events should meet the following criteria: events are held regularly, the minimum number of participants amounts to 50 people, and participants come from at least three countries.

- The duration of international conferences did not change, whereas in the case of national conferences it decreased by 0.5 day in relation to the year 2009 and no changes were observed in comparison to the year 2008,
 - The duration of national seminars and symposia did not change, whereas international events of this kind were longer by 0.5 day in relation to the year 2009 and no changes were observed in comparison to the year 2008,
 - **The duration of incentive events** was considerably **reduced** by 0.5 day for national events, and for international events by two days in relation to the year 2009 and by one day in comparison to the year 2008, which was **in line with the global trends in 2010**⁵,
 - The duration of national and international economic exhibitions and fairs was vitally shortened. One should note that in the years 2008–2009 there were considered in a broader sense encompassing the category of exhibitions and fairs (including trade ones), hence such a great diversification of the duration of events of this kind in 2010 in comparison to the previous years,
 - **The duration** of events gathering relatively highest numbers of participants in the MICE tourism segment **became longer**. This refers to **congresses**, both **national** and **international**, that in 2010 lasted 3 days in comparison to 2.5 days in 2009 and 2 days in 2008. **The duration of conventions also increased** by 0.5 day for national conventions and by one day for international events.
11. In 2010 the studied providers of accommodation and congress-and-conference base in Kraków catered for **481,366 participants** of MICE events.
12. Being aware of the serious estimate error, and considering different survey return rates in 2010 and 2009 and trends observed in the tourist traffic, particularly one related to business, and found by the Małopolska Tourist Organisation⁶, while attempting the comparison of this number with the previous years, one may assume that, with the analogous survey return rate, the number of guests catered for by the studied providers amounted in 2010 to **619,212** people. This would mean a 27.76% drop in relation to the year 2009, and point to a certain trend noticeable in the 2010 MICE tourism in Kraków involving the **organisation of greater number of events with fewer participants**. It may be explained by the continued impact of economic crisis which determines the

⁵ R. Davidson, *EIBTM 2010 Industry Trends and Market Share Report*, Barcelona, December 2010, p. 9.

⁶ K. Borkowski, *op. cit.*

demand for business tourism.

13. Although the greatest number of events organised in 2010 in Kraków characterised training sessions and courses, **the dominant groups of business meeting participants (39.4%) turned out to be guests participating in economic fairs and exhibitions.** However, the share of the latter was considerably reduced (nearly by half). **The percentage of participants in large events, that is congresses and conventions, as well as seminars/ symposia rose significantly (more than 5 times, about 3 times, and more than 2 times respectively).**
14. Contrary to the previous years, **the year 2010 was dominated in Kraków by participants in national meetings** (there were more than 5 times fewer participants in international events). The rise was particularly observed among participants of training sessions and courses (more than 71 times), conventions (nearly 17 times), symposia and seminars (more than 16 times) and incentive events (more than 11 times).
15. **The most numerous group of participants of MICE international events serviced in Kraków in 2010 consisted of people coming to economic fairs and exhibitions (more than 41%).** In comparison to the previous two years **the group of people coming to Kraków to participate in international congresses rose considerably (share growth by more than 24 times).**
16. **In 2010 foreign guests constitute over 70% of participants of international business meetings serviced in Kraków,** that is about two times more than in the previous years. They constituted the greatest percentage of participants in the case of incentive events (over 99%), but they also formed a dominant groups in the case of all other kinds of international events.
17. In relation to the previous years much more international character was displayed by economic fairs and exhibitions (more than 2.5 times higher share of foreign participants), congresses (nearly 2.5 times), conventions (more than 2 times) and, obviously, incentive events (by nearly 1/4). On the other hand, the percentage of foreigners among guests participating in international conferences became smaller.
18. As in the previous years under scrutiny, **the group of foreign participants of international MICE events in 2010 was dominated by foreigners participating in economic fairs and exhibitions (48.9%),** but their share considerably decreased (by more than 30 percentage points). There was noted a **huge rise in the share of foreign guests participating in large international congresses (more than 30 times).**
19. **The greatest number of participants of MICE events came to Kraków in 2010 in**

November and September, as well as in May and October. These four months generated nearly 50% of the 2010 MICE traffic in the City.

20. The events in August were less numerous than in other months of 2010, whereas meetings larger in terms of the number of participants took place in November.
21. Due to the fact that the greater number of MICE events serviced in Kraków in 2010 was of national character and there were decidedly more participants of national events, as much as 96.7% of business meetings were attended by the Poles, and only 6.3% of events were attended by citizens of other European countries and representatives of other continents.
22. **The MICE events in Kraków in 2010 were primarily commissioned by national enterprises, as more than half of all meetings was organised for them.** Nearly 18% of events were conducted for professional agents, and 3% less than that were for the national non-governmental organisations. National government and self-government institutions commissioned the organisation of 11% of MICE events in the City.
23. Foreign entities commissioned the organisation of less than 5% of all MICE meetings in Kraków. **The most active entities in this group were foreign enterprises commissioning nearly 2.5% of events.**
24. The comparison of the structure of ordering parties in 2010 with the data from the previous two years indicates that, unfortunately, **the share of foreign ordering parties decreased by 9% and 8% in relation to 2009 and 2008 respectively.** This decrease was caused by the lower share of foreign entities that did not exceed 3%, whereas in the previous years under examination they commissioned every tenth event. This leads to the **conclusion that one should activate promotion campaigns oriented at foreign enterprises.** The share of other foreign ordering parties continued at a level similar to that reached in the previous two years, as the differences were lower than 1 percentage point.
25. When it comes to the **industry structure** of ordering parties, more than 50% of all business events taking place in Kraków in 2010 was organised by the providers for economic entities classified in the industry structure as “other” industries. These enterprises represented, for example, **production and trade industry, clothing industry, media and entertainment, producers of technological equipment, tobacco industry, energy sector and environmental protection.**
26. **The ordering parties for 1/3 of business events in 2010 were entities operating in the**

science and education sector. Despite considerable drop in the number of events organised by universities and higher education establishments (drop by 19 percentage points in relation to the year 2009), the educational industry remained one of the priority recipients of business tourism.

27. The results of financial crisis significantly affected the number of business events organised in the **bank and insurance sector, and the pharmaceutical industry where drops of 11 and 7 percentage points were noted** in comparison to the year 2009. One should also stress the **slight activity of ordering parties from the medical industry**, which was consistent with the trends on the European market mentioned by R. Davidson during his appearance in Barcelona⁷. Such meetings accounted for only 4% of the business tourism marked in 2010.
28. When it comes to the number of participants of business events by industries, the greatest number of participants belonged to the sector representing the so-called “other” industries (about 141,000 people) and the science and education sector (6,700 people). This accounted for over 60% of all participants in industry events.
29. In 2010 **events organised in Kraków were dominated by those commissioned by ordering parties from the United Kingdom, Germany and the USA**, as well as “other” countries among which one may point to **Italy, Norway, Spain and Switzerland**.
30. Considering the country of origin of the ordering parties, it may be observed that in comparison to the previous year in 2010 there was a considerable **decrease in the share of events commissioned by entities from the United Kingdom** (drop by 16%), and also from the Netherlands (by nearly 4%). On the other hand, one should observe the **rise in the percentage of events commissioned by ordering parties from the USA** (rise by 8.5%) and from countries classified as “other.”

In the light of conducted studies and the above-mentioned conclusions it is stated that the MICE tourism market in Kraków is developing. This thesis can be formulated on the basis of the analysis of studied phenomenon in the course of three years (2008–2010). This conclusion is particularly important in the context of the global weak market considerably affecting the demand in the area of business tourism. This is an encouragement for further monitoring of the discussed issue and, on the basis of its results, the creation of tourist traffic forecasts (possible for longer time line).

⁷ R. Davidson, *EIBTM 2010 Industry Trends and Market Share Report*, op. cit. p. 5.

The role of meeting industry in the city budget is indicated by the fact that, on the basis of results of studies conducted by the Małopolska Tourist Organisation, one may estimate the expenses of business guests in Kraków in 2010 to reach approximately PLN 280 million⁸.

⁸ T. Grabiński, K. Borkowski, R. Seweryn, A. Wilkońska, L. Mazanek, *Raport końcowy (Final Report)*, MOT (Małopolska Tourist Organisation), Kraków, 2010, http://www.bip.krakow.pl/?sub_dok_id=19949.