2011

The Meetings industry in Krakow 2011.

Summary

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This report was commissioned by the Krakow Convention Bureau of the Krakow Municipality. The research project was commissioned by the Foundation of the Cracow University of Economics.

This report was prepared by a team of experts including researchers of the Tourism Department of the Cracow University of Economics, upon a commission by the Convention Bureau of the Krakow Municipality.

The report consists of 6 parts. The first part contains an introduction presenting factors conditioning the present survey, as well as the composition of the report as drawn-up. The second part discloses theoretical issues connected with business tourism, and is an essential passage explaining the terms used in the following parts of the report. The third part includes a description of the methodology employed and the research sample. A key element here is the analysis of the results of the survey on the meetings industry entities covered by this survey. The fourth part seeks to evaluate Krakow's exhibition industry as a distinct element of business tourism, due to differences related to terminology used in the business tourism and exhibition industries (stemming primarily from the worldwide standard established by UFI, The Global Association of the Exhibition Industry). The main part of the report ends with conclusions and recommendations for Krakow's meetings industry (the fifth part), based on the results of the completed evaluations and information gained directly from the businesses and institutions participating in the research. The last element (the sixth part) of the report includes a glossary of terms occurring throughout the paper for better understanding of the content and consistency of terminological elements employed throughout this survey.

This survey evaluates the supply side of the business meetings market in Krakow in 2011. The survey undertaken was aimed at identifying the size of business tourism traffic and the structure of business events organised within the city limits of Krakow[1] in 20111, and is a follow-up to previously run projects in 2009 and 2010[2].

The survey specifically sought:

1. To specify the Krakow-based providers of business tourism facilities who participated in the research project in terms of the range of services provided, locations (in a given district), the number of conference halls, the number of seats in the halls, exhibition space, the number of beds and additional facilities.

2. To estimate the number of national and international MICE events organised by the meetings industry operators in Krakow.

3. To estimate the number of international events in accordance with ICCA standards.

4. To specify the duration of specific national and international MICE events organised by tourism facilities operators in Krakow.

5. To estimate the number of participants of specific types of events organised by operators of the meetings industry in Krakow.

6. To estimate the number of foreign visitors being participants of international events organised in Krakow by the providers of MICE tourism facilities.

[1] The present survey also covers venues indicated by the Commissioning Entities located around Krakow.

[2] More in: Turystyka MICE w Krakowie - Raport końcowy: J. Berbeka, K. Borodako, K. Klimek, A. Niemczyk, R. Seweryn, Fundation of the CUE, (2009 and 2010 edition).

7. To assess the origin of the participants of MICE events in geographical terms.

8. To estimate the number of events commissioned by national and foreign entities to Krakow-based operators of business tourism.

9. To characterise the types of business activity of the Commissioning Entities behind the above-mentioned events.

10. To identify the countries of origin of the foreign Commissioning Entities who organise meetings and business events in Krakow.

11. To assess the opportunities and threats to the growth of MICE tourism in Krakow, as well as the strengths and weaknesses of this segment of tourism within the coming 5 years, based on opinions given by operators of the meetings industry.

12. To characterise the Krakow promotion and information channels considered by entities on the supply side of the MICE market as being crucial in the context of the organisation of this sector of Krakow tourism, in the perspective of the following 5 years.

13. To identify the expectations of the entities using the tourism facilities of the Krakow MICE market, in terms of the work of the Krakow Convention Bureau of the Krakow Municipality.

14. To know the opinions of the interviewed operators on the development of Krakow MICE tourism segments in the perspective of the following 5 years.

15. To characterise Krakow meetings industry in terms of the number of business fairs, exhibitors, visitors and the net total of the exhibition space sold.

The survey was conducted in the period between July and October 2011 in the city of Krakow, achieving the above-mentioned objectives in mind. The survey involved use of last year's questionnaire, and was adjusted for the statistical data required by the Convention Bureau of Poland; however, comparability of the results was retained.

The research sample contained providers of business travel services, including:

- Hotels located in the city of Krakow,
- Other lodging venues (motels, boarding houses etc),
- Universities with proper conference and exhibition spaces,
- Leisure centres (water parks, golf courses),
- Conference and congress centres and exhibition centres,
- Cultural institutions (museums, theatres, cultural centres etc),
- Training companies with training premises in Krakow. The research covered managers of the above-mentioned providers and the sample was purposive. The survey assumed coverage of a general population.

The survey questionnaire was delivered to 215 entities in the base, and was developed by a Team of Experts. **Participants of the research included 79[3] operators of tourism venues with facilities enabling organisation of meetings and business events in Krakow. It should then be recognised that many entities refused to participate in the survey, much more so than in 2009. Consequently, the rate of return amounted to 36.7%[4].**

To verify the objectives, we employed quantity analysis and assessment of research problems characterising operators of tourism venues with facilities enabling organisation of meetings and business events in Krakow. As this survey is a follow-up to last year's, assessments of some of the problems were presented for the years 2008-2011.

The data for 2011 uses survey results based on the status quo until September 2011, and bookings made until the end of the calendar year.

The Krakow exhibition industry was assessed as a distinct survey domain due to the specific terminological character of exhibition events – such terminology being distinctive to business tourism and needing to comply with the standards of the UFI (The Global Association of the Exhibition Industry)[5].

[3] The survey involved the use of direct questionnaires, posted questionnaires and digital questionnaires.

[4] Similarly as in 2010.

[5] More in chapter IV, The Exhibition industry in Krakow.

Conclusions

The survey covered a great number of analytical areas related to specific types of MICE tourism events in Krakow, and allows us to argue that:

1. The market for business facilities operators in Krakow is very diversified. Nevertheless, the following can be considered to be the profile of a typical operator:

- A hotel with a large number of beds (above 111) located in the Old Town.
- A tourism venue providing a comprehensive range of services related to organisation of business events;
- An entity with 4 or more conference halls with 251 seats or more;
- An entity being a part of the business tourism industry with leisure facilities that make the free time of participants of MICE events more attractive.

2. Of the **Krakow operators' venues surveyed in 2011, 8,304 events** were related to the meetings industry.

3. The structure of those events clearly shows **the prevalence of training sessions and courses, which account for more than half of all meetings.** This results from knowledge-based growth strategies adopted by enterprises and institutions, demonstrating themselves in actions aimed at raising employees' knowledge and qualifications.

4. **The share of incentive events and conferences was, in both cases, below $^{1}/_{5}$**. Almost every tenth meeting was a seminar/symposium. The share of other types of events was insignificant, amounting to several percent. Conventions accounted for slightly more than 1% of all meetings, and the share of congresses in the total number of all meetings in Krakow in 2011 did not exceed 1%.

5. The structure of meetings industry events in the venues of the operators covered by this survey slightly changed through the period 2008-2011. A prevalent form in 2011, just as in previous years, was taken by training sessions and courses. The main difference was the **increased number of incentive events in 2011 as compared to previous years, by 13 percentage points**. We can conclude that this results from attaching greater attention to human capital and the use of modern tools providing incentives to staff.

6. The share of conferences in all MICE events in 2011 stayed at a level similar to the one we saw last year, which meant a decline in comparison to the previous two years: by 14.1 percentage points as compared to 2008, and 10.8 as compared to 2009. In 2011, the share of seminars and symposia dropped by over 13 percentage points against last year, yet it settled at a level similar to the one in the period 2008-2009, i.e. 8.4%. In 2011, business fairs and exhibitions limited their share in the total number of all events of Krakow's meetings industry to the lowest level in the period covered by the survey: the drop against 2011 amounted to 2.7 percentage points. Large meetings continued to account for a small share of all events in the city. Additionally, their share in 2011 slightly dropped, in the case of conventions - by around 1 percentage point and 0.1 percentage points in the case of congresses.

7. As far as seasonal character in 2011 is concerned, two peak periods in the market of MICE events occurred. The biggest one was **the spring peak - a relatively long period between March and**

June, with the widest range of meetings - 934 events - held in May. Other spring months saw 800 events. The second period abounding in meetings traditionally includes two autumn months: September and October, with over 860 events held each month.

8**. In 2011, most of the congresses organised in Krakow were held in June and September** (10 congresses each month).

9. **The most popular period for conventions in 2011 was autumn**, primarily October and September, and spring: from April to June, when around a dozen conventions were held monthly.

10. **Krakow conference calendar in 2011 was quite typical.** The two most often picked months were **May and September**, with over 190 conferences being held in Krakow each month.

11. **In 2011, the Krakow venues of the operators covered by the survey hosted 590 international MICE events**. 'International events are those with participants from at least three countries. These events included mostly training sessions and courses (160).

12. International events held in 2011 in the venues of the operators covered by the survey accounted for from 2% of all events of a given type – for business exhibitions and fairs, through 4% for training sessions and courses, 9% – for incentive events, 11% – conferences, 21% – seminars/symposia, and up to 30% for conventions. Quite an important exception was the share of **international congresses, with 45% of all congresses being hosted by the surveyed population**.

13. The structure of international events was more even than in the case of the total of all meetings. Training sessions and courses accounted for over 1/4. Over 20% of all international meetings were conferences. Seminars/symposia and incentive events accounted for 1/5 of all meetings. Conventions and congresses accounted for 4%, and business exhibitions and fairs for less than 1%.

14. Changes in the structure of international events organised by entities covered by the survey in 2008 - 2011 consisted in, most importantly, a **drop in the role of international conferences in favour of training sessions and courses**, which took the leading position in 2011. Another change was the **increase in the share of international inventive events by 14 percentage points against the previous year**. The third change was related to **business exhibitions and fairs, whose share saw a significant drop of 24 percentage points against 2009**.

15. **In 2011, 11 venues of the operators covered by the survey hosted 124, in accordance with ICCA standards, yet 58 international incentive event were not ICCA-recognised events**. It should be noted that the criteria for ICCA recognition are as follows: that events are held on a regular basis, the minimum number of participants is 50 people and participants come from at least three countries. So this is a very good result – we saw a 254% increase against 2010, when just 35 such events were recorded.

16. The duration of MICE events in Krakow was strongly dependent on the type of MICE tourism segment. **In 2011, national events lasted slightly less than the international ones**.

17. The **longest duration among national meetings held in 2011 was that of business exhibitions and fairs, at 2.5 days**. 2 days is the average duration of incentive meetings, congresses, conferences and training sessions/courses. The shortest duration was that of conventions and seminars/symposia at 1.5 days.

18. **The duration of international events held in 2011 showed greater diversity than in the case of national events**. With an average duration of 7 days, business fairs and exhibitions emerged as the leader. International incentive events lasted an average of 4 days. Congresses held in the venues of the operators covered by the survey were usually shorter by one day. The average duration of other meetings, i.e. conventions, conferences, seminars/symposia, was 2 days.

19. **A prevalent group of visitors attending business meetings in Krakow in 2011 were** (similarly as in the case of the number of events) **those coming for training sessions/courses**. Subsequent positions included visitors to business fairs and exhibitions alongside conference participants. The least number of visitors came to the former capital of Poland to attend incentive events.

20. If we relate the number of participants to the number of business meetings, then it proves that in 2011 Krakow operators served large seminars/symposia and, quite obviously, large business exhibitions and fairs, congresses and conventions. Training sessions/courses and incentive meetings were small in these terms.

21. As compared to previous years, in 2011 the role of visitors to Krakow business fairs and exhibitions saw a significant decline. We did, however, observe a rise in the share of those coming to Krakow to attend training sessions/courses, symposia/seminars and conferences.

22. In a similar way as in 2008-2010, in 2011 **guests taking part in national events undoubtedly made up the largest share of those travelling to Krakow for business events** – the number of those visiting Krakow to attend international events was 4 times smaller. In this way, the percentage distribution of participants in national and international group business meetings of the previous years was retained.

23. Those travelling to Krakow in 2011 for national events made up a predominant share in all types of meetings – especially among those attending training sessions/courses – but a distinct predominance was also observed in the participants of business exhibitions and fairs, incentive meetings, conventions, symposia/seminars and conferences.

24. The percentage of guests visiting the city for conventions stayed at a similar level as last year. The percentage increase was also observed for participants in national training sessions/courses, and also seminars/symposia, congresses, conferences and incentive events. This occurred at the cost of the share of those visiting Krakow to attend national business fairs and exhibitions.

25. **Participants in training sessions/courses, symposia/seminars and congresses in 2011 showed the largest share in the structure of national business events ever observed (since the first year of the survey, 2008)**. An opposite situation occurred in the case of those coming to Krakow to attend national business fairs and exhibitions.

26. **In 2011, the most numerous group of participants in international meetings included those coming to Krakow for conferences, while the least number of guests came for training sessions/courses**.

27. As compared to previous years, we observed a significant increase in the number of those coming to Krakow for international symposia/seminars, conferences and conventions. On the other hand, we also saw a drop in the percentage of those coming to Krakow for international business fairs and exhibitions and congresses.

28. In 2011, most foreign guests came to attend international conferences, the least numerous group of which included participants in international training sessions/courses.

29. As compared to previous years, **we observed a greater percentage of foreigners taking part in international conventions, conferences, seminars/symposia, incentive meetings and training sessions/courses. A sharp percentage decline was observed for foreigners attending fairs and exhibitions and a small drop in foreigners** coming for international congresses.

30. Just as in the case of the annual distribution of events, in 2011 **the largest number of participants in group business meetings came to Krakow in May and September**. These two months, alongside June and October, accounted for over 50% of the annual business traffic in the city.

31. **The seasonal character of business traffic in 2010 and 2011 was quite similar**. The largest variance was observed in November (the share of this month in 2011 was clearly the lower) and May (the share of this month in 2011 was significantly lower). In 2011, we generally observed a greater significance of such months as June, August and September.

32. Due to the fact that the prevailing number of MICE events held in Krakow in 2011 were of a national character, and that we observed a distinct prevalence of participants in national events, as much as 96% of the business meetings were attended by Poles. Only about 14% of these events were attended by citizens of other European countries, with about 3% being Americans, and 1% inhabitants of Asian countries.

33. As compared to 2010, we observed an **increase in the number and percentage of Krakow business meetings attended by foreigners from Europe, America and Asia**.

34. **Events were mostly commissioned by national entities, predominantly including national ones, mainly enterprises**, which commissioned organisation of over 4,000 meetings, **then specialised intermediaries, who commissioned over 1,600 events**, and NGOs with 750 meetings.

35. This is reflected in the composition of Commissioning Entities: **almost half the industry events in the city were organised for national businesses**, over 20% for specialised intermediaries, and almost 10% for national NGOs; national government and self-government institutions commissioned over 6% of all meetings industry events in the city.

36. **Foreign entities commissioned almost 6% of all MICE meetings in Krakow**. The most active entities among these were foreign enterprises, which commissioned over 3% of the events. 9% of respondents refused to answer to the question. Additionally, it is also observable that the share of events commissioned by recommended Krakow-based PCOs was insignificant against the background of all events held in the city.

37. **The sector embracing research, science and education has been the most important sector commissioning business events in the last four years**. Events related to that industry accounted for 1/3 of the business events organised in Krakow in the years 2008-2009. Despite a decline in the share of this sector in the number of commissioned events in 2010 against 2009 by 19 percentage points, in 2011 we can see a significant rise in the number of business events related to science and education as compared to the previous year.

38. **The finance, banking and insurance industry is the second most important sector generating business events in Krakow**. The consequences of the financial crisis have had quite a significant impact on the number of events organised/commissioned to operators in that sector. In 2011,

Krakow's hotel and conference facilities observed an increase in the number of events related to finance, banking and insurance by 4.6 percentage points against 2010. For years, the least share in the market of business visits to Krakow has been observed by the automotive industry, with the total share in the market of business travels not exceeding 2%.

39. Industry-wise, the largest number of participants in business events included those coming to meetings related to science and education (over 65,000 people). The second place in these terms was taken by the Other Industries sector. In 2011, these types of meetings were attended by almost 61,000 people, accounting for over 18% of all participants.

40. The structure of the share of participants representing distinct industries in business meetings in the years 2010-2011 shows that **the largest increase in the participants of MICE events occurred in the medical industry** (by 9 percentage points). Increases in the number of participants from other industries were insignificant and did not exceed 3.5 percentage points.

41. In 2011, a predominant share of events were commissioned by **entities from Germany, the UK and France**.

42. In terms of country of origin, the largest drop in the share of events commissioned by other countries in 2011 was related to 'other' countries, including Italy, Norway, Spain and Switzerland (by as much as 10.3 percentage points) and the USA (by almost 6 percentage points). It is also worth noting an **increase in the percentage of events commissioned by entities from German** (an increase in 12.5 percentage points), **English and French markets** (respectively 3.8 and 3.9 percentage points). It is also worth mentioning the emergence of Commissioning Entities from Asian markets other than Israel.

43. Operators of the Krakow meetings industry indicated **conferences as being the tourism segment that has seen the most dynamic growth in the last five years** (32.5%). **The second most prospective sector proved to be training sessions and courses** – more than every fourth respondent (26%). More than every tenth respondent mentioned congresses as the most prospective market (13%).

44. This year's survey confirms the fact that **Krakow's cultural assets are the city's greatest strength** (42.1%). Surveyed operators of the MICE facilities clearly identified these assets as an opportunity for the increase in the city's tourism competitiveness in the following five years. **Awareness of the city's place in the world was the second most important element**, mentioned by one fourth of the respondents (25%).

In the context of the completed survey and delineated conclusions, we can arguably **claim that Krakow's MICE market is growing**. Such an argument can be proposed based on an analysis of the surveyed phenomena for the last four years (2008-2011). We can also identify a **change in the profile of the average operator of meetings industry facilities, who is now much more modern – and apparently better suited to meeting their target customers' needs**. All of this prompts us to further monitor the phenomenon in question.