International Trade Centre
UNCTAD/WTO

BUSINESS TOURISM

Niches for Developing Countries

Keys to export success	
Business tourism is a fast-growing, lucrative market segment. It requires a targeted marketing approach that packages currently fragmented offerings into coherent, flexible and easily accessible add-ons to business travel. Niche market players in developing and transition economies need to influence the amount of discretionary time business travellers spend. Creating and promoting time-efficient packaged options is a must. Successful growth in business tourism will require the co-operation of a range of domestic players, including airports, airlines and ground transportation, hotels, convention centres and tourism support services. Lesser-known destinations can raise their profile as a business destination where add-on activities are available and attractive by using the Internet appropriately.	Business travellers are most likely to take advantage of ancillary tourism activities if: • There are readily-accessible options designed with their needs in mind (such as short tours, golf options or executive gift services). • The quality of service they receive as business travellers is consistently high across all sectors. • They are able to transact their business efficiently so that they have leisure time available. • It is easy to extend their stay in terms of hotel check-in and check-out policies and visa extensions (if relevant). • Off-site activities are known to operate on time, so travellers can arrive on schedule for business commitments.

Tourism is the world's largest industry, responsible for more than one in ten jobs globally. In many developing and transition economies, tourism has emerged as the dominant tool for economic growth. There were over 700 million international travellers in the year 2000 and there will be one billion by 2010, according to the World Tourism Organisation. The industry was expected to have generated over US$ 5 trillion in economic activity and 245 million direct and indirect jobs world-wide in the year 2000.
Business travel accounts for approximately 9% of all international travel. Business tourism is defined as leisure activities in conjunction with business travel. Business tourists are less cost-sensitive than leisure tourists, spending on average twice as much per day. Their purchase decisions are influenced primarily by their ability to use time efficiently within business travel schedules.
As two-thirds of business travellers extend their business trips for pleasure when they can, there is enormous potential in this market. Business tourism is expected to be one of the hottest growth markets for travel industry providers in the years ahead. Developing and transition economies interested in expanding revenues from business tourism need to focus on both the individual business traveller and the meetings and conventions market.

Attracting business tourists

Business travellers typically have some free time when they are away from home. They are most likely to participate in tourism activities if the effort required is minimal and the risks are low. Hotels typically serve as the starting point in terms of providing information and tourist options. Longer-staying guests at new extended-stay hotel properties will also be looking for evening and weekend tourism options.
Opportunities exist to work with hotels to develop an in-house TV channel that features activities appealing to business tourists such as weekend tours, theatre, golf options, restaurants, special cultural and recreational events and flight departure information.

Extend hotel access

Extended hotel room access can encourage business travellers to extend their stay before or after their business meetings. The standard industry practice of delaying check-in until after 15:00 and requiring

check-out by noon discourages business tourism add-ons. Some United States hotel chains now routinely offer check-in times as early as 7:00 and check-out as late at 18:00, with many hotels having established a 24-hour check-in/check-out policy that allows guests to check out a full day after checking in.

Increase hotel business centres
Another way to encourage extended stays is to provide business support facilities so that the traveller can transact business efficiently 24 hours a day. An increasing number of hotels — following the model of airline business lounges — are embracing the concept of business-class rooms that feature enhanced work space and lighting, Internet access via the TV, data ports, two-line cordless phones, and private faxes. One chain, which became the first United States hotel chain to take its business class rooms abroad in 1997, now offers such rooms in 29 countries. When coupled with 24-hour business service centres, the result is often an increase in guests who extend their stay and engage in tourism activities. Opportunities exist to work with hotels in order to upgrade their business support services.

Influence corporate travel managers
Arrival and departure times are often selected by corporate travel managers rather than by the individual business traveller. For example, a leading company in corporate travel generates US$ 2.5 billion in annual sales and has locations in over 18 countries. It is followed by another travel service firm, which also owns the world's largest service-voucher business and jointly owns the number-two car rental firm in Europe, and a United Kingdom-based travel company.
Developing and transition economies can market business tourism options to corporate travel managers in order to influence travel schedules, such as including early arrival so travellers are rested and can conduct business efficiently.

Develop airport tourism
Often overlooked is the tourism potential for business travellers in transit at airports for more than three hours (apart from duty-free shopping). Some hub airports are beginning to offer one-hour sightseeing packages, structured so that travellers either remain in-transit or have expedited customs and immigration clearance. By offering travellers an opportunity to see a bit of the country around the airport, they may be encouraged to return for a planned stay.
Developing and transition economies can work with their airports to make an inventory of the activities available to business travellers. Gaps to be addressed may include business centres with Internet access, exercise facilities, day rest rooms booked on a hourly basis, extended shopping options and short tours.

Attracting conventions and meetings
Conventions represent the highest incidence of business travel, and both conventions and corporate meetings are on the rise as the pace of international business accelerates. Attracting such major events requires marketing to meeting and convention planners, as well as to major trade fair organisers. The market for small, fast-turnaround meetings is also growing rapidly.
There is a tremendous opportunity for developing and transition economies to attract meeting and convention traffic through the promotion of "off-the-beaten-track" locations, high-quality services and cost-effective options.

Tourism infrastructure for business conventions
Countries are increasingly looking for ways to enhance their attractiveness as a convention destination. For example, Subic Bay, Philippines, has converted a former United States naval base to a Filipino free trade zone, airport and meetings destination. Some 280 United States corporations have set up offices at the site with business amenities including 802 guest rooms and meeting rooms which accommodate up to 1,000 people. Beyond the hotel facilities, Subic Bay features horseback riding stables, a go-cart track, and more than 20,000 acres of virgin rainforest. The complex also offers a Jungle Environment Survival

Training Camp, which operates tours by local Aeta tribesmen who trained American soldiers in jungle survival skills.

Developing and transition economies have an opportunity to strategically position themselves to convention and meeting organisers as a world class corporate destination with "out-of-this-world" tourism potential.

Business services for tourist resorts
Upscale resorts opening around the world, as well as hotel properties being converted to conference resorts, are blending resort spa facilities with full-service business amenities. For example, a large hotel in Jimbaran Bali, Indonesia, has been designed with a business centre, multiple outdoor function areas, meeting rooms and in-room facilities such as computer outlets and larger work areas. Similarly, a new

large hotel on Mexico's Pacific coast, which boasts a butler service, is being marketed specifically as a meeting retreat for corporate chief executive officers, high-ranking government officials and international business travellers and their families.
Developing and transition economies can market themselves as cost-effective, yet exotic locales, where corporate objectives can be met in a rejuvenating setting.

Tourism packages for conventions
International trade shows and conferences attract hundreds to thousands of delegates, often from many countries. Tourism and convention planners often include tourism add-ons for delegates. These events may include city tours, golf and sightseeing as a regular part of their programmes.
Golf add-ons can be particularly lucrative. A recent study by the National Golf Foundation in the United States found that golfers travelled more frequently and stayed longer than non-golfers. In an effort to fit golf into their business trips, business travellers lengthened their stay or took additional business trips in order to golf while entertaining clients.
Local suppliers should explore partnerships with local trade and convention planners to develop packages for incoming delegates.

Competitive Trends

Accompanying families
A growing number of business travellers bring families on business trips. This creates an opportunity to work with hotels and convention centres to develop new offerings for children and spouses during business meetings. A world-famous hotel in Scotland, for example, has introduced a programme for children with diversions including a playroom, country club and participation in sporting activities. In London, a five-star hotel offers a "Mary Poppins package" which includes a trained nanny who will take children on sightseeing trips while parents are working.
Niche companies focusing on children are appearing. One organisation in New Orleans in the United States, for example, is a subcontractor to destination management companies to provide programmes for children during meetings or conventions. Most destination management companies are neither equipped nor have the desire to organise children's programmes, and are happy to refer business to niche market players. In Orlando in the United States, a woman used her training in early childhood education, combined with accreditation courses in meeting planning, to launch her business providing programmes for accompanying youngsters.
The family market is expected to grow significantly in the next millennium, as executives working longer hours look for ways to balance work and family. Recent reports by the Travel Industry Association of America indicate that the number of people who bring children along on business trips jumped by 55% between 1990 and 1996. Many hotel properties now have facilities for children, and the number and variety of schemes is growing yearly. These hotels are competitively priced and range from "kids stay for free" schemes to discounts for individuals with children. Amenities include special children's check-in counters, educational and child care programmes and separate swimming pools.
Developing and transition economies must ensure that their hotels can offer a safe and child-friendly "package" for business executives travelling with children.

Adventure travel
Executives are increasingly attracted to the adventure venue business trip, which combines team building and strategic planning needs with adventure travel. One company, for example, designs adventure

vacations for organisations designed to boost morale and develop leadership in corporate employees, while providing a "perk" in the way of a rafting trip or other exciting recreational venues.
Developing and transition economies already positioned in leisure adventure tourism can extend such products to the business traveller.

Corporate travel experts
Corporate travel departments. Travel expenses have become the second or third largest controllable expense for most corporations engaged in business travel. As a result, heads of firms are becoming directly involved in mandating and monitoring travel policy. Close to 90% of United States companies now centralise their travel-policy development, 85% centralise cost monitoring, and slightly more than half centralise reservations and ticketing.
Developing and transition economies should focus business tourism marketing efforts on corporate travel management departments.

Corporate travel agents. More than half of corporate companies deal directly with airlines and two-thirds with hotels, often through on-line booking. Corporate travel agents, however, continue to remain an important contact for corporate travel buyers. Over 60% of corporate travel buyers use the services of a designated agent and 10% use the services of a travel management company. There is a growing trend towards agency in-plants. These are individuals placed by their agencies within a corporation and dedicated to accommodating employees' corporate travel needs.
These agents have a high ability to influence business tourism options. Developing and transition economies will need to cultivate relationships with these purchase decision "influencers".

Travel management companies. Unlike travel agents, travel management companies see themselves as consultants with a focus on service and quality. In the United States, using travel management companies has become so integral to securing corporate business that it has become a prerequisite for many industry suppliers. Large agencies in several countries provide strategic planning as well as implementation to corporate travellers.
Developing and transition economies will need to develop strategic relationships and build their credibility with corporate travel management companies in order to successfully penetrate the business tourism potential of many countries.

New technologies
Internet promotion. As in other areas of business, the Internet is becoming more important in promoting business tourism options and supporting travel arrangements. Bulgaria, for example, is promoting itself on the Internet as a business tourism destination. To attract business events, it highlights its world-class, modern facilities, recreational add-ons, quality service, a geographic location in the centre of Europe and cultural attractions.
Evolving Internet technologies facilitate on-line booking directly with airlines, hotels and car rental companies, bypassing the traditional global distribution system while still consolidating all the data. As long as applications have compatible design features, users can book flights and link parts of reservations from multiple web sites in one passenger name record.
Developing and transition economies are advised to ensure that their Internet offerings are compatible with international programming standards and to provide business-specific tourism information on their national or regional tourism web sites.

Electronic ticketing. Business travellers are becoming used to a "ticketless" environment for travel. Increasingly, travellers require only a confirmation number (obtained by phone or on-line) or a faxed document instead of an actual ticket in order to check in for a flight. Some airports now offer machines similar to automatic teller machines into which travellers can insert a frequent flyer card or credit card, select seats and obtain boarding passes.

Developing and transition markets that implement streamlined technologies and processes for business travellers will be more successful in attracting them.

Computerised reservations. Computerised hotel reservation systems are making it possible to record the details of customer preference (based on special requests made during a stay) and then replicate that experience during the next visit (including assigning the same room). Opportunities exist to replicate this tracking for corporate meetings, thereby streamlining the planning process for frequent corporate users.

Industry sector specialisation
Business travel support is becoming more specialised by industry sector. For example, one New York niche agency player caters to specific groups of professionals through five divisions: The Lawyer's Travel Service, The Advertiser's Travel Service, The Banker's Travel Service, and The Consultant's Travel Service.
Developing and transition economies should consider niche marketing channels when promoting business tourism.

Business alliances
Partnership arrangements are providing a seamless level of service to business travellers which is global in scope and competitiveness. For example, four alliance partners — Delta Airlines, Swissair, Sabena and Austrian Airlines — launched a meetings and incentives programme to streamline group travel arrangements to four continents. The programme allows meeting and incentive customers to make all required flight arrangements to any destination with one phone call to any of the four airlines. The programme is designed to create an easy-to-use, seamless meeting product which will help the airlines capitalise on opportunities in the booming international meetings market.

Developing and transition economies can benefit from creating alliances that encourage integration of scheduling and reservation systems to provide enhanced service to their international business clients.

Security concerns
Increased concerns over security, particularly for women travellers, provide niche opportunities. Training for hotel staff on security measures, plus security services such as escorting business travellers to their rooms, may increase market share. There may also be opportunities to provide "safe" evening and weekend events such as theatre outings or tours for women business travellers.
Developing and transition economies may wish to develop and provide business tourism offerings specifically for travelling business women.
Dorothy Riddle is an ITC consultant on services export development.

ITC's Service Exporting Homepage
12 Service Sector Profiles
Business tourism is one of 12 service sector profiles which ITC has developed. Targeted to developing countries, the profiles highlight market size, trends, niche export strategies and information resources. The sectors covered include:
- Accounting
- Back office operations
- Business tourism
- Commercial education and training
- Computer services
- Environmental management services
- Health services
- Industrial design
- Insurance
- Internet management services
- Reinsurance
- Temporary staffing services

Many of these profiles have been highlighted in previous issues of Forum. The full set of profiles is available on ITC's Services Exporting Web Site at http://www.intracen.org/servicexport For more information, contact Doreen Conrad, ITC Chief Trade in Services Section, at conrad@intracen.org

Business Tourism

Internet Resources

More information about business tourism is available from specialised associations and organisations, at industry conferences, in specialised journals and magazines, or on the Internet. A small selection of Internet sources about business tourism is below.

• Associations and Organisations

World Tourism Organisation
http://www.world-tourism.org

International Hotel and Restaurant Association
http://www.ih-ra.com

Pacific Asia Travel Association
http://www.pata.org

Travel and Tourism Research Association
http://ttra.com

World Travel and Tourism Council
http://www.wttc.org

• Publications

Business Travel News
http://www.btnonline.com

• Web sites

Tourism Industries Network
http://tinet.ita.doc.gov

Travel and Tourism Intelligence

TravelTradeOnline
http://www.traveltrade.com