Chapter-II

Review of Literature
CHAPTER 2
REVIEW OF LITERATURE

INTRODUCTION

The present chapter aims to prove novelty of the topic and crystallize the research problem stated earlier. The chapter also helps to establish a platform for understanding the overall perspective of Business Tourism by providing background of literature and contextualizing key findings on the same. This chapter is divided into four sub-sections, starting with an understanding the overview of the development of business tourism globally. The second section of this chapter will focus on various facets of business tourism, namely the benefits and impacts, the role of the destination and event tourism, development strategies and the future of the industry. Section three considers the international context and global standards for business tourism. Section four will focus entirely on business tourism.

Business tourism organizations form part of a greater business tourism destination and product offering. A business tourism destination, whether referring to a specific country or city, works towards attracting visitors and marketing the destination as a whole. Law, 1996 opines that the primary target market for the destination is meeting planners and event organizers, who market their event in association with the host city, as well as the conference/exhibition/convention delegates themselves who ultimately decide on their individual attendance at an event.

2.1 CHARACTERISTICS AND ELEMENTS OF BUSINESS TOURISM

Business tourism has a number of distinct characteristics and specific benefits for destinations. Business tourists are considered economically attractive and increasingly more countries, regions and venues are trying to secure their share of this profitable market. Figure 2.1 presents the major the major advantage for destination in Business
Tourism. The most notable benefits include providing solutions for addressing seasonality challenges; job creation to meet higher standards of demand for business travelers; justification for development and funding of infrastructure that can benefit the host community; spin-off for local suppliers and related industries such as photographers, caterers, or florists; and higher average daily spend per business traveler as compared to leisure travelers. Comparing several destinations business tourism yield, Lee and Josiam found that the expenses incurred per day by the Business Tourists is thrice as much as compared to a typical Tourist in New Zealand and South Korea and on the similar lines; Business Tourists in Australia spend five times higher per day.

These economic benefits of business tourism need to be effectively managed in order for destinations to yield the maximum benefit. When this is the case, the ‘impact of this industry on a nation’s economy is tremendous’ Figure 2.1 below highlights both the positive and negative impacts that can develop through the influence of business tourism on a localized level highlighting the need for careful structured management.

Swarbrooke and Horner, 2001 argue that without proper consideration, environmental and social factors may have a negative impact. From creating additional pollution and waste to the demand for infrastructure, the physical environment may suffer negatively from an influx of business tourists. Socially, business tourism appears to have mixed impacts, with the business traveler experiencing a more favorable time than the local community in the destination who may suffer negative impacts.
Large cities are multifunctional and therefore, any business tourism operations become part of the mix of activities in a big city. In Law’s categorization of cities, he found that since the amenities and facilities utilized by both the Business Tourists and the locals are largely alike there is always anonymity about the existence of Business Tourism in city. The residents and Tourists both stand to gain if these amenities and facilities are developed. Law, 1996: 12 points out that New projects and development of convention centers and arenas are often the ‘centerpieces of the regeneration of derelict areas on the downtown areas’ and can be used effectively to secure funding for upliftment of the
community. The development of Birmingham’s National Exhibition Centre in England, which was based on the USA model, is an example of such community regeneration.

A destination comprises a number of elements such as transport infrastructure, accommodation establishments, built attractions and venues. Geographical features as well as destination management agencies and specialized companies providing various organization services. A business tourism destination places all these elements at the disposal of the business traveler and each traveler will make use of the destination in a different way. Figure 2.2 highlights the various components that amalgamate to form the business tourism destination product.

![Diagram of business tourism destination product from Swarbrooke and Horner, 2001:59]
Rogerson, 2005 states that the enterprises or organizations involved in business tourism are critical agencies in shaping the destination product. It is stated that an exclusive ‘macro environment’ exists in all the Business Tourism organization and the important elements of the macro environment affect the organization’s future. The organizations that are capable of forecasting the effects of these macro environments are at an advantage as they strategize their future actions as per the changes expected. In analyzing the macro-environment of a business tourism organization, one looks at the political, economic, technological and social factors that have a role to play. Each of these factors has an impact on the macro-environment of an organization in terms of financial management, human resources management, operations management and marketing management. For example, looking specifically at marketing management:

- Political factors- Political factors such as Legislations and regulation influences marketing.

- Economic Factors-The monetary status has a direct effect on the demand.

- Social factor- Social factors such as the increasing awareness about a healthy lifestyle among people can also alter the demand and develop a requirement for new products to cater to the customers.

- Technological factor- Marketing has become much more efficient and effective with the advancement in the communication technologies

Oppermann’s (1996) study into convention tourism and the role of the convention Centre in particular, yielded significant results that determine the selection of a destination. Primary decision-making factors used by meeting planners and conference organizers such as service, cost, image, location and facilities are all tied into the perceived benefits and impacts of business tourism. Traditionally, many convention centers run at a financial loss, however, the increased tax revenues generated through the expenses incurred by the Business Tourists on the facilities such as stay, food and travel helps the state recover the losses made by convention centers.
As per Lee and Josiam, 2004: 107 several other scholars have looked at the concept of competitiveness between destinations, which can be explained by how a state can develop market demand as well as optimize profit by controlling natural and critically build resources. The principle elements of competition in terms of national competitiveness can be specified as the following. Firstly, sufficient supply conditions such as resources-natural and human, infrastructure and scientific development are essential. Secondly, the demand-related factors need to match the supply conditions. Domestic demand encourages development and provides a good grounding for the industry, appealing to foreign demand if the domestic demand is stable. The third element concerns the accessibility and the standards of the suppliers. The fourth element takes into account a proper strategy and structure to enhance competition. It is necessary to allow room for unpredictable events such as natural disaster and currency fluctuation that may have a negative impact on growth. A country’s government also plays a key role in facilitating growth and competitiveness (Porter, 1990; Lee and Josiam, 2004). In line with this thinking, Prparos undertook a qualitative study focusing on the city of Thessaloniki, Greece, in an attempt to assess whether that city is capable of capturing a share of this lucrative market. His study highlights the need for a destination’s stakeholders to buy-in to strategy and planning as an important factor for success (Prparos, 2005). According to Law (1996), the promotion and growth of tourism in cities ‘requires vision, leadership, partnership and funding as well as the will to pursue a policy over many years (Law, 1996: 12). Law observes that the public sector in ‘best placed to give this leadership’ (Law, 1996: 12). Once the basis of the infrastructure and development is in place, the private sector is likely to initiate investment in smaller operations and facilities fostering a potentially strong partnership for international promotions (Law, 1996).

Lee and Josiam’s (2004) work on convention tourism competitiveness found that the ‘global trend towards non-traditional destinations that strives to alter the requirements of the Tourists by providing a different experience, this is true of the meeting and convention Tourism as well. This has resulted in so-called ‘second tier’ countries and cities starting to market themselves more aggressively to compete for their share. This has had spin-off for the development of quality convention centers and other facilities, on a smaller basis than large cities, in order to attract the market. In the second tier
destinations especially, it is essential that the supply-demand relationship is maintained in order to deliver the promise of the destination.

Working from the basis that there is little scientific evidence proving why or how a convention site is chosen over and above other competitive destinations, Crouche and Louviere (2004) undertook a study into the Australian domestic conventions industry. Using stated choice modeling, their statistical evidence shows that although convention venues and accommodation are critical factors, additional features and attractions are imperative for the destination to compete effectively in this decision making process. Swarbrooke and Horner (2001) note that annually different states try to woo Meeting, Incentive, Convention and Exhibition organizers knowing the huge advantages that are associated with it.

With the ever-growing trend in business tourism and the rapid expansion and development of convention centers and convention visitor bureaus (CVBs), business tourism can be used as an effective tool in a destination’s development strategy. Lee and Josiam, 2004: 106 states that countries today are positioning themselves as convention destinations by developing plans to create an image of a convention friendly nation. Strategies can be implemented to attract business travelers as a new target market, or they can be used to enhance or re-launch a destination to a continually evolving and demanding market, albeit there are certain risks involved. Britton, 1982: 331 expresses concern that a when a third world nation intends to develop strategies to build Tourism as a major income generating industry, it gets trapped in an international system which is dominated by the first world countries with strong capitalistic enterprises. The developed countries always have an edge over the developing countries as they have superior resources, skill sets and commercial power. This empowers them to dominate third world countries tourism destinations. Developing countries tend to view tourism as a means of generating foreign earnings; of creating employment opportunities; of attracting development capital and of enhancing economic independence. These can all be achieved through planning and effective implementation of strategy. In developed countries and established destinations, business tourism is ‘not perceived as a panacea to all problems, but it is certainly an industry which is thought will be able to breathe new life into old cities’. 
Business tourism can also be a ‘core driver’ for the growth of regional tourism (Dieke, 1998; Ghimire, 2001; Rogerson, 2005). Dieke (1998), a specialist in the studies of regional tourism in Africa, highlights that ‘Africans travel a lot even in the face of a current unstable economic and political environment.’ With weekly markets and general trade forming the basis of how business is conducted, it is evident that travel for business purpose forms one of the primary aspects of travel in Africa. A number of factors can determine the success and potential future growth for regional tourism in Africa, however it is essential that any strategies ‘take into account the unique features of every country, the type of infrastructure required for Tourism, man power resources, the social and financial and cultural atmosphere.

Tourism generally has taken on a greater significance over the past several decades as Law, 1996: 1 points out that there has been an increase in the budgets allocated for Tourism and Tourism related venture and plans have been made on the national level as the Governments have realized that Tourism can be one the major contributors in the economical development of the country. These tourism-related ventures can refer to a wide range of events, festivals and culture-led regeneration. Getz, 1997: 1 states that today events have grown as a latest and most appealing sub sect of Tourism be it Leisure or Business Tourism. A new term in the 1980s, the concept of ‘Event Tourism’ has become a major element that is considered as Tourism with high potential and is an integral part of all the marketing and promotion.

Over the last decade, a considerable amount of international scholarship has emerged in the study of event destinations. Hiller’s 1995 work looks at the impact of mega-events, such as conventions, on the host city. From a sociological perspective, an ‘interaction-opportunity model’ is proposed in place of the ‘intrusion-reaction model’ which is normally adopted when an event reaches the threshold that classifies it as a mega-event. The interaction-opportunity model highlights that the host city can attain more than economic benefits through effective interaction in order to enhance the convention–host city relationship. Hiller, 1995 Solberg et al 2002 have conducted numerous studies in sporting tourism and major sporting events, most notably on the effect that the Business Tourists have on the economy during the international sport events. Tahir and Chik 2006 address the focus of event tourism as a catalyst for income generation and a major
foreign exchange earner for the host nation. Using Malaysia as a case study during the XVI Commonwealth Games of 2001, they show how sport tourism in particular attracts a diverse group of visitors to a host country, providing favorable conditions for promoting Tourism for future leisure or business visits.

One of the significant aspects in event tourism and place marketing is the objective to replace negative or indifferent images by creating a new image of a place in the minds of investors or visitors. In Destination marketing event Tourism As attractions, events are dependent on local and regional audiences which ultimately appeal to a wider international base. An attraction that creates a reason for a visitor to stay in a destination longer than normal has tourism value even on a domestic scale. As per Getz, 1997 Events also have the capability of encouraging people and their money to stay at home rather than travel to other destinations. Events can be used effectively to overcome seasonality by encouraging visitors during the off-peak seasons. It is evident from the global show calendar that the majority of European travel trade shows are held during the winter months, partly to avoid the mid-year holiday season while also capitalizing on available accommodation to cater for the numbers of visitors who attend the events.

It is necessary to point out that event tourism has a number of advantages and disadvantages economically. Nevertheless, the advantages are generally seen to outweigh the disadvantages depending on proper management. From a negative perspective, mega-events can be costly and are dependent on local and regional markets.

In reviewing the positive aspects, there are several economic advantages of event tourism. Events can be cost-effective methods of developing attractions as they do not require special facilities or infrastructural improvements plus they make use of a high percentage of volunteer labor. Events tend to attract corporate sponsorships, thereby spreading the costs from public to private sources and result in a high ratio of revenue to costs. Getz, 1997 states that Events encourage regional and seasonal tourism and also create a positive spin-off for local suppliers thereby enhancing the local income Figure 2.3 below shows the various economic roles that events fulfill, namely those of place marketing; animator; image maker; tourist attraction and catalyst.
Preuss (2006) analyses the lasting effects of the economic impact of events, in particular for major sporting events, stating that the economical impact of the sports event should be felt even after the event is over and it must benefit the host nation for years to come. The short term financial profit should yield longer term benefits in form of investment in infrastructure for local community use; and the spin-off from marketing and advertising for the promotion of tourism to the destination. His work explores the creation of a legacy, ideally a positive legacy, as a major reason for hosting a major event. Table 2.2 highlights the various positive and negative impacts that create
a legacy for the host city. The positive effects need to outweigh the negative implications in order for the event to be deemed a success in the short and long term.

Preuss, 2006 highlights the Positive and negative impacts on a destination through hosting a major sporting event. The positive aspects include infrastructural development, promotion of the host nation, boost to Tourism, development of cities, development of facilities and amenities, technological advancement, job opportunities for locals, sanitation facilities, increased and regulated transport, lays foundation for future Tourism activities, exposure to different culture, opportunity to know and interact with people of different nationalities and states etc. The negative aspects include disturbance in the routine life of the locals, pollution, traffic congestion, momentary employment adding to the frustration of the youth, high expenses incurred on unnecessary infrastructure, it interferes with the regular Tourism activities etc.

Getz, 1997 opines that overall, in connection with event tourism, it is argued that the ‘balance between relative economic costs and benefits will usually be positive. Tourist organizations can pursue an event tourism programme in addition to, and complemented by, other areas of tourism, cultural and social policy, with minimal direct costs. At a minimum, the provision of organizational expertise, marketing data, and limited funds for seed money can go a long way to encourage numerous events to fulfill their tourism potential.

In terms of fulfilling the tourism potential of a destination, Davidson and Rogers’ (2006) recent work explores future challenges and opportunities for the industry. This includes strategic marketing planning, evaluation and selling strategies. Davidson has written several other works on business tourism. In a 2006 survey conducted with European meeting planners, Davidson highlights the following critical trends for consideration in the business tourism sector, namely: New Destinations; Ongoing Volatility; Transport; Corporate Social Responsibility; and Return on Investment (ROI) (Davidson, 2006: 16-20).

Grant Thornton and Prodigy Business Services, 2006d: 34 brings to focus that in terms of new destinations, meeting planners appear to be using a combination of well-established destinations, such as Spain and Germany, as well as newcomers such as
Croatia, Morocco and the UAE. Davidson’s results suggest that organizers are quite receptive about opting for newer locations for their events and they are looking for destinations offering a novelty factor and value for money. According to IPK International, the key deciding factor when selecting a destination ‘remains “value for money”, indicating the importance of cost in making travel decisions’.

Davidson, 2006 states that apart from normal business performance challenges, a number of other issues arose in 2006 in terms of ongoing volatility, which resulted in cancellation and postponement of some events. Although natural disasters caused some disruption, the threat of terrorist action and concerns with airline travel were primary reasons given.

In spite of terrorism threats and an increase in oil prices, transport trends have shown a gradual but consistent growth in the use of air travel by the Business Tourists. This demand results in increased pricing in certain destinations as well as certain air links. Davidson, 2006 points out that in the UK, to avoid the increased security measures at London airports, one observed trend is that business travelers are using more regional airports and rail travel. The CWT Business Travel Indicator cited that almost a third of business travelers found airport related issues such as prolonged time taken for security checks, congestions at the counters and delay in the flights as major grievances of business travel, supporting the increase in usage of alternate airports and forms of travel.

Davidson, 2006 states that In terms of corporate social responsibility, meeting planners are increasingly tending towards destinations and transport providers that offer sound environmental credentials. A survey conducted by the Association of Corporate Travel Executives found that one the key reasons for the corporate for rejecting the contracts from the suppliers is their bad environment record. This factor is impacting on the supplier side of the industry which strives to meet the standards demanded by the planners. Cause-related marketing, in terms of linking a company or specific product/brand to a social cause, has increased notably over the past decade. This promotional tool has ‘evolved to become a long-term positioning and marketing strategy’. Allen, 2004 points out that by making travelers aware of eco-friendly or
community-friendly products, there is a greater prospect of commitment and support by planners and organizers.

In a recent US-based survey on ‘return on investment’, findings showed that Business Tourism companies are focusing strongly on cost-containment, by ‘using more new technologies such as web and video conferencing resulting in the curtailment of travel and other expenses,’ pushing for corporate discounts and fixing same venue all their annual events, covering up multiple issues in one meeting etc. More effort is also going into extending the life of an event prior and after an event as well as improving its global reach, such as through electronic mediums of websites and e-newsletters. ‘Measuring the return of investment in meetings and events is a hot topic in the industry today’ and Colston 2005 asks if it is really possible to put a monetary value on the outcomes of meetings or events. ROI measurement experts Aggeler and Hamso (2005), through their association with Meetings Professional International (MPI), have launched international seminars to assist meeting planners and corporate organizations in assessing whether they are achieving their objectives by using these marketing platforms. This highlights the need for organizations to justify both their budget allocations and their participation in events by adopting a more scientific approach.

These various trends highlighted above, lead one to question the future of the business tourism industry. Some scholars have studied niche sectors of business tourism to ascertain future trends.

One example of this is an investigation by Taylor and Tekle (2006) of female business travelers in the industry. Their paper explores ‘women delegates’ levels of satisfaction of conference attributes with regards to the conference venue and accommodation venue provisions’ the satisfaction level of the women Business Tourists with reference to the facilities made available as far as the accommodation and the convention venue are concerned with a view to improving facilities and offering.

On a wider scale, technology is significantly impacting the Business tourism in multiple manners According to the CWT Business Travel Indicator, 83% of travel managers interviewed in a recent survey believe that now a days almost all travel and hotel reservations are done online. ‘This trend is echoed by, CWT president and chief
executive officer Hubert Joly who indicated that online booking have increased by 160% in Australia, by 71% in Europe and by 43% in USA. A primary reason given for this is cost saving, which will ultimately reduce the need for corporate travel agency accounts. The Barclaycard Business Travel Survey highlights that technology will also affect how people travel.

With this rapid advancement of technology and demands on time, there is a possibility that face-to-face business tourism may become almost redundant in coming years. According to recent findings by Davidson (2006), ‘achieving an accurate understanding of the next generations of conference delegates is a challenge for all of us in the conference industry, including those employed in destinations and venues that depend on the association conference market for valuable business’. A decline in membership of associations and a resultant decline in conference attendance pose a risk for all involved in the meetings industry. Considering individual needs and characteristics, Davidson (2006) categorizes individuals into Generation X - those born between 1965 and 1981 and Generation Y - those born after 1982. He identifies that the key to the continuing success of the global industry is dependent on persuading the upcoming generations to appreciate the value of attending business tourism events.

As highlighted earlier, destinations can play a role in attracting these groups as new locations are constantly being sought after to provide a unique setting for a conference, exhibition or incentive travel trip. Developing countries have a distinct advantage in their appeal as they offer a fresh, novel approach to a demanding group of business travelers.

2.1.1 The Meeting Incentive, Convention and Event Industry of India

According to the facts shared by the, Chairman, CII Tourism Fest 2013 & Managing Director Mr Arjun Sharma, as compared to the manufacturing and communications sectors, the travel and Tourism sector is 3 times bigger. In the Year 2012 India’s share in the world tourism was 0.06%, this speaks volume of the scope for business. There is a tremendous growth prospects for the Tourism industry in India with a huge potential still untapped.
The India Convention Promotion Bureau sponsored by the Ministry of Tourism, Government of India aims at promoting India as Business Meeting, Incentive, Conference and Exhibition destination. India’s Inbound MICE segment is growing at 15 to 29% annually. An annual growth of Rs.4,000-5,500 crores is estimated in the Indian convention and conference market. India is ranked 27 in the global meetings market.

Major users of the convention and conference facilities in India are Automobile industry, IT sector, Pharmaceutical companies, Textile, Publishing House, Doctors, Engineering companies, the fashion and cosmetic industry and the Medical & Pharmaceutical firms.

Few Challenges faced by the Business Tourism sector are—lack of proper infrastructure, proper transport, proper restaurants and skilled manpower. (MICE tourism-A brief Insight with Focus on India by Copper Bridge Media on July 2012).

Business tourism contributes about 5 to 10% of the total revenue of the tour operators. Total number of corporate who travel to attend Conferences, conventions, meetings and do incentive travel actually groups less than 1000 people in strength. Thus, huge infrastructural facilities are not required, what is required is doing something innovative and creative to attract customers.

(A slice of MICE www.expresstravelworld.com July 2012)

The IIM-ICPB study report in its survey ‘India as global convention destination-IIM-ICPB study for Ministry of Tourism, Government of India’ states that proactive marketing of India is needed as a business destination. Most business activities take place in metros like Delhi, Mumbai, Hyderabad, and Bangalore. Other smaller cities should also be developed to cater to the requirements of business tourism. Professionally qualified resources also need to be generated. Greater funds are needed to be invested on this segment.

It also suggests that the government should simplify taxation for the tourists. The current high pricing of the hotels can be attributed to the variety of taxes imposed on it ranging from luxury to service which can be as high as 27-31 percent. This is over 10 to 12% higher than the destinations like Singapore and Thailand.
Business tourism is on a rise in II and III tier cities due to industries and markets mushrooming across the country. The GDP of these cities is rising consistently.

With more than 45 destination covered by over 80 airlines, it can be stated that the Indian air ways is growing at a fast pace and has become easily accessible. With FDI relaxation in aviation and the slow but steady revival of the national carrier, things are looking up for the country.

An annual growth rate of 20 percent is observed in the Business Tourism Industry. Government now is trying to identify, invest in and plan the construction of state of the art convention centers. In addition Public Private Partnership (PPP) models have been adopted for several venues.

Rajiv Duggal, Senior Vice President-Tourism, Hospitality and Leisure, Lavasa Corporation, opined that the industries are getting more budgets conscious with the increase in airfare to international locations. As an alternative, the companies are opting for domestic destinations to conduct conference or meeting. The Lavasa convention centre contributes almost 40 per cent to the Pune’s convention occupancy. (MICE: Emerging as the profit segment for the industry, Krishna Sen.T3 May14 2013)

In the Project Report on International Convention Center, Bodh Gaya India, the trends in Meeting, Incentive, Convention and the Event segment of tourism are discussed.

Firstly, due to the cost cutting policies of the companies and the time constrains faced by the delegates, the duration of meetings and conferences have reduced from over the last decade. However, though the durations have reduced the frequency of conducting conferences and seminars have increased as there is a need to keep abreast of the latest developments across the world. Additionally, with the world becoming a global village, business complexities require employees to constantly evaluate business targets. Due to security concerns, most of the conventions are planned closer to the work place. This trend has benefited lesser-known facilities that can offer a unique kind of experience. The meetings and their content are designed in a way that it provides value, both perceived and real, in terms of learning, motivation and networking opportunities.
India’s Meeting, Incentive, Conference and Event industry contributes about 1% to the world’s convention business. Rough estimates put the value of MICE business in India between Rs 4000 crore and Rs 5500 crore. There is a combination of factors that are responsible for choosing a location for conducting a convention such as Business/Networking, Total Cost, Conference Facilities, Miscellaneous Facilities, Connectivity, Accommodation, Immigration, Tourism, and Recreation (International convention centre Bodh gaya, India; Request for proposal; Volume II, Project, "EIBTM 2007 Industry Trends & Market Share Report")

2.2 INTERNATIONAL CONTEXT

A number of independent tourism bodies and associations facilitate regular research on international business tourism. The United Nations World Tourism Organization (UNWTO), the World Travel and Tourism Council (WTTC) and the International Congress and Convention Association (ICCA) are three of the most common sources for reliable data and monitoring of the sector.

The UNWTO tracks all international arrivals through the purpose of their visit. Business travel and tourism falls into the category called ‘business and professional’, of which 16% (120 million) of all international arrivals were classified into this category in 2004. As per reports of Grant Thornton and Prodigy Business Services, 2006d: 27 This total notably increased by 7% from 111.9 million in 2000 to 119.9 million in 2004 supporting the growth projections for the industry.

Davidson is his book states that Looking towards new emerging markets, China and India are ‘hot topics’ under discussion in terms of anticipated growth out of these regions. The investment in hotel and convention facilities in China has resulted in strong growth of business travel across the country. Hong Kong, followed by Beijing and Shenzhen has experienced the highest growth in terms of increase of average room rates over the past year China’s ambitious targets to construct 120 world class convention facilities across the country by 2020 are starting to become a reality with development plans now being implemented. With the anticipated growth from this region, it was projected that China will closely rival the USA market in terms of business travel spends by end of 2016.
In Table 1, the WTTC survey of the international ranking for the purpose of business tourism and travel for the year 2015 has been given.

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According to the biennial list of the World Economic Forum (WEF), India has emerged as a preferred Business Destination and has shown considerable economic growth over the years. It has ranked 8th most price competitive destination globally. However, the factors such as hygiene, health, safety and security issues, infrastructure gaps and environment sustainability etc are responsible for pulling it down in the overall global ranking. (TTCI 2015 Report)

As per the WTTC projections, India will be the second fastest growing Tourism market in the world with its demand growing at the rate on 8.8% in next ten years. At the PATA Travel Mart, Nancy Cockerell from The Travel Business Partnership stated that though the international community is doting on China as a better Tourism market; however, India appears to be comparatively more promising. The China Tourism market functions in a constraint and restricted environment, Indian Tourism exercises lot of freedom. There is freedom of movement, destination and freedom to travel at any point of time. Indians speak better English and have higher travel experience.

Swarbrooke and Horner, 2001; Davidson, 2006 elaborate that overall, it is evident that business tourism can be an extremely lucrative sector attracting significant numbers of high spending travelers and sustaining numerous accommodation and convention center facilities. Globalization has resulted in an increase in inbound and outbound travel
activities. The stakeholders are working on strategies to enhance and maximize its potential.

2.3 FACTORS INFLUENCING BUSINESS TOURISM

2.3.1 Consumer Behavior

Understanding the reasons behind people’s decision for buying certain products and the factors influencing their decisions to buy them can be termed as the study of Consumer Behavior. Knowing the requirements, wants, behavioral pattern and the process of decision making is of immense help in the hospitality and the tourism industry as well. It provides a guideline to the managers to predict the future behavior of the Tourists, also the industry is better prepared to develop special packages and alter or develop services and products for the individual or group Tourists that are catering to.

Consumer Behavior in Business Tourism comprises of both a customer and a consumer. Customers here refer to the employers or the company that authorize or approve the employees’ travel to different destinations for official work. All the travel, stay and food related expenses are borne by the company. Consumers on the contrary are the employees who undertake the work related travel assigned to them by the company or their employers. They utilize the facilities made available to them such as accommodation and transportation etc without incurring any personal expenses. The Leisure Tourist unlike the Business Tourists are consumers who decide on their travel plans, choose the one that suits them the most and finally purchase the Travel services and products and consume them.

The decision making of the consumers is influenced by various factors which are both internal and external in nature. The factors are – the psychological composition of a person’s behavior, ethics, and learning. Next factor is the socio-psychological factor where in the individual’s decision is affected by the family, society, certain culture or trends. Social stature and professional caliber is the third factor followed by last factor that is the personal resources like time, money, and likes, sex, age etc. However, even though the above stated factors are instrumental in affecting the decision making of an individual, the key aspect that compels a consumer to buy is the need.
2.3.2 Need

Need can be classified into five categories as stated by Maslow in his hierarchy theory of needs. It includes physiological need, safety need, need for belonging, need for love, and need for self esteem, status and self respect and last is need for personal satisfaction and contentment. All these needs go in the above mentioned sequence and till the prior need is not fulfilled; one cannot move on to fulfill the next need.

Need as mentioned above is classified into five stages. The sense of need can be stimulated in an individual through visual aids that can make the consumers conscious of their requirements. Advertisement is an effective tool for this. Advertisement acts as an aid to encourage the consumers to convert their desires into actions and finally fulfill their desires by actually buying a product or service.

Travel has a potential to be one of the effective ways of fulfilling need. However, here it is important to understand that travel needs vary from one consumer to another. Thus, different choices have to be offered to different consumers in order to satisfy their needs. One common package cannot be made for two individuals if one of them is interested in traveling to the beach for relaxation where as the other likes to spend his time in mountains indulging in adventurous activities. So services and products offered should vary as per the needs of the consumers. The need and the attraction should go hand in hand in order to make a tourist interested in buying a holiday.

The need that drives a Business Tourist to travel is to accomplish his or her official task in an appropriate manner within the stipulated time. Thus, based on the nature of the travel, the expectation of a Business Tourists from the service providers is quite different. Their needs include prompt and punctual transportation, special services such as liberty to make changes in the travel plans and booking at a short notice, hotels that offer facilities of meeting rooms and Business savvy amenities etc.

The travel in charge of an organization does take the above needs of the Business Tourists into account while making the travel arrangements. The employees’ needs should be fulfilled as it helps the employees to perform better. However, the organization or the employer is the one that gives instructions to the employees to
undertake the travel and it is also responsible for making all the arrangements for the employees travelling. Thus, the ultimate decision about the time of travel, mode of transportation, type of stay and other amenities is taken by the organization. Many a times factors like monetary considerations and need for cost cutting make the organizations choose packages that are value for money. Thus, such factors also influence the buying decisions of Business Tourists.

2.3.3 Motivation to travel

Motivation and need are interdependent. Motivation emerges from need that an individual experiences. Consumer behavior is better understood with help of motivation. Motivation arouses interest in a person and makes him/her behaves in a particular way. It gives reasons for tourists to travel.

Push and Pull are the two classifications of Motivation. ‘Push’ factor is nothing but compelling a Tourists to go on vacation for instance creating a need to do something different from the normal daily ritual. ‘Pull’ factor on the hand motivates Tourists to take a holiday at a unique destination, at a specific season and for a particular duration. It is important for the hospitality and travel industry to understand this difference and market Tourism at these two levels. First is just to motivate a Tourist to go on a vacation and second is to woo a Tourist into buying a certain holiday or a package that an agency is advertising, here the Tourists is convinced that such a holiday will satisfy his need.

Swarbrooke, J & Horner, S. 2007 in their book Consumer behavior in tourism. 2nd edition. Oxford. Butterworth-Heinemann states the different factors that motivate the tourists to travel. The decision of buying tourism services or products is accelerated due to these factors, thus they are also known as motivators. McIntosh, Goeldner and Ritchie’have classified these factors into four categories namely physical, cultural, inter personal and status related. Travel motivated by the physical factors is related to health, mind, sports and pleasure. This kind of travel helps the Tourists to relax and refresh.
The cultural motivators relate to the travel undertaken to learn about various culture, heritage and lifestyle. This includes getting acquainted with different facets of culture such as dance, music, cuisine, handicrafts and folklore etc.

The Tourists who are interested in traveling to meet and interact with new people or friends fall under the category of interpersonal motivator. Here the travel is undertaken to get away from the day today engagements with family, relatives or friends.

Prestige or status is the fourth category of motivator. Here, the tourists are driven by status and prestige; they visit places to fulfill their wish to get recognized and to attract attention. The activities that they are involved in during the tour could be intellectual enhancement, pampering hobbies, or to indulge in exotic acts and sports. They derive a sense of pleasure and satisfaction undertaking such vacations.

Apart from the above, character, age, impressions, etc also influence the motivations. There could be a clash of motivations amongst the people travelling together. If the motivations don’t match, it can have an adverse impact as it will not give them contentment and satisfy their need.

Swarbrooke and Horner have substantiated the difference in the motivation factor between Business Tourists and the Leisure Tourists. As stated earlier unlike the Leisure Tourism, Business Tourism involves the employer as a customer and the employee as a consumer; here both have different factors motivating them. For instance, in the incentive travel the employer’s motivation to reward the employee is to increase his productivity and to inspire him to continue with the hard work in the future, however the employee’s interpretation of the trip is different. He assumes that incentive tour is a sign of gratitude and appreciation of the employee for his/her hard work and purpose of the holiday is sheer fun and frolic and enjoyment.

2.4 TOURISTS AND THEIR TYPOLOGIES

Cooper, C in Tourism: principles and practice 4th edition, highlights that Typologies are nothing but the classification of Tourists into subgroups. Classification of consumers under the different typology helps to understand their behavior better. The Tourists who
display similar behavioral characteristics such as travel motivation can be arranged under one typology.

2.5 BUSINESS TOURISTS AND THEIR TYPOLOGIES

Business tourism as well as Business Tourists is divided into different Typologies. The aim of travel among the Business Tourists depends on the nature of work they have to attend to. The purpose of travel can be classified under one typology.

These vary from participating in a meeting, conference, seminar, incentive travel, making presentations, attending sales meet, or trade fares and exhibitions away from the place from place of stay or work.

There are further divisions of the above type. Individual Business tourists for example have different motivations to travel such as to meet customers, attend meetings, sell products or services, visit another branch of the company etc in a different city.

Various factors are responsible for the classification of Business Tourists into different typologies such as the frequency of the travel, distances, duration, planning involved in organizing the travel, the designation of the Business Tourist, the level of importance of the business travel and the decision making authority etc.

2.6 TOURISTS AND THEIR SEGMENTATION

Dibbet al. (2001) has divided consumers into different segments according to their needs. His definition of market segmentation stresses on need for developing a marketing mix that caters to the specific demand of the consumer by bifurcating them into varied categories based on identical service and product requirements. This is applicable in Business Tourism as well.

Holloway et al in Business of Tourism 8th edition elaborates that the consumers, in this context the tourists are sub classified into five parts. These parts are geographical, socioeconomic, demographic, psychographic and behavioristic. They divide the consumers with similar characteristics.
The area or the physical location where the Tourists reside falls under Geographical segmentation. Territories that have consumers with similar nature, demands and requirements but vary from other areas are clubbed together. We can take the example of people living in warmer regions prefer to travel to colder areas in the summer and similarly people living in cooler regions prefer travelling to warmer regions in the winter.

The socioeconomic segmentation determines the economic status of the Tourists. The class of the society which falls under the high income category can afford to travel and spend on holidays more often and for longer duration. This further clarifies the fact that the buying capacity of a consumer is less established by his/her social class and more by his economic status.

The distribution of the people on the basis of gender, age, family status, religion, education, employment etc is known as Demographic segmentation. Family status plays key role in determining the behavior pattern of a tourist. The travel pattern varies drastically amongst married people, singles, teenagers and pensioners. Other factors that affect Tourism are gender, age, religion etc. The Tour managers develop special packages with offers to cater to the needs of families like the families travelling with children under a certain age get to travel free of cost, exclusive packages for senior citizen and for teenagers without parents are also available. Here factors like cost, destination, and duration are taken into consideration.

Modern Tourism such as Food Tourism, Heath Tourism, Wine Tourism etc are driven by the Psychographic segmentation where the Tourists give prime importance to their lifestyle, personalities, thought process and behavior. Tourists falling in this category are a target customer for sectors such as health, welfare, fashion, spa, eco friendly ventures etc. Thus, marketing is more focused and precise.

Holloway in Business of Tourism 8th edition states that number of times the Tourists buy the Tourism related products and services along with volume that they buy fall under the category of Behavioristic segmentation. The market experts study the above facts along with understanding the source of information that influences the Tourists to
buy the products and services. Marketing strategies are formulated based on the value that the Tourist is looking for in a package along with the monetary considerations that he has. For instance airlines, tour operators, and hotels that have more economical fares and have suitable offers often promote and market their products and services to such Tourists knowing their financial constraints.

Along with the Behaviouristic segment, there are also price and purpose of travel segmentation. These are considered effective forms of segmentation in Tourism Industry by the academicians and researchers.

Swarbrooke, J & Horner, S. 2007 in their book Consumer behavior in tourism. 2nd edition. Oxford. Butterworth-Heinemann classifies Business Tourists into segments using varied methodologies as part of Business Tourism. The classification of Business Tourists is based on the objectives of their travel. The various reasons for Business travel could vary from meetings, exhibitions, to presentations or sales promotion. Other segmentation is based on the Tourist’s demographic profile such as nationality, gender, income etc, Apart from this the Tourists’ frequency and source of travel and the kind of travel he or she undertakes i.e. Domestic or international forms the part of next segmentation. The length of tour and the duration of stay are classified as one more segment. Lastly the Business Tourists are segmented on the basis of travel arrangements made by either by them or by a travel agent.

2.7 ACCOMMODATION AND BUSINESS TOURISTS’ BEHAVIOR

Different aspects are instrumental in arriving at a decision about selecting a place of stay. These factors are related to the reasons of the Travel. In case of a holiday traveler or a Leisure traveler the aspects that influence his/her decision could be based on family’s choice or the entertainment factor or even monetary constraints. In case of a Business Tourists the choice could be work centric.

Verhelä, P. 2000. Liikematkailu. Helsinki. Edita states that the selection of an accommodation in case of Business Tourists is influenced by various aspects such as category of the hotel, pricing, location of the accommodation, organizations travel criteria of the organization and the norms attached to it. It has become a common trend
to have corporate accounts with various hotels in order to receive discounted rates in exchange of assured room bookings all through the year.

Holloway et al. 2009: 304 reiterates that as far as Business Tourists travel related decisions are concerned; the employer or the organization has the final say. However, the needs and desires of the Business Tourists also in certain ways influence this decision. Accommodation of all the facilities is one of the crucial ones. The Business Tourists continues with his official work in the hotel room even after the day’s work is over, hotel room is utilized as a make shift office. In his article “What do business travelers want”, Max Lent brings to light a fact that Business Traveler requires certain facilities as basic as a good table and chair in the hotel room where he is residing. He continues that the room should be well lit. Ample light must fall on the study desk and the on the bed side table. Having a high speed and uninterrupted internet connection is a prerequisite now days. In this age of technological advancement and the nature of their job, most of the Business Travelers posses multiple electronic gadgets such as laptops, ipads, mobile phones etc. Thus, the hotel must provide sufficient number of electrical sockets to charge them. Apart from these basic facilities, the facilities such as fax, Xerox, printers etc in the hotel premise are expected. These and many other amenities related to businesses are available in a Business centre of a hotel which is desired by a Business Traveler.

Supporting the above Verhelä 2000: 100 adds that facilities such as meeting rooms, conference rooms and seminar halls along with the required amenities such as ICT are valued by the Business Traveler. Other needs of the Business Tourist brought to the limelight by Brännare et al. 2005: 78 are decent breakfast and restaurant services along with a bar and conveniences such as sauna, spas, gym, massage, laundry services, room service, hair saloons etc. The hotel should have the travel desk which can assist the Tourists with the information on the city’s places of interest, entertainment hubs, shopping areas, theaters, medical services, eating joints and their timing with days of operation.

Elizabeth Simpson illustrating on the article “Creating value for women business travelers: Focusing on emotional outcomes” from Judi Brownnell text, briefs about the status of women as Business Tourists. From a few years, there has been a substantial
growth in the number of women Business Travelers across the globe. Almost half of the Business Tourists who undertook travel in 2010 were women. The emotional factor differentiates the women Business Travelers from their male counterparts. The components of this factor are varied such as safety, contentment, happiness, sense of authority, value etc.

Simpson 2011 presents more differences between the male and female Business Travelers. The hotel room reservations made by females are way in advance as compared to male travelers, the duration of stay among female Business Travelers is normally more than the male travelers. The author states that the male travelers usually never extent their one night trips while 20% of the female Business Travelers club their one night trips with holidays and stay longer after their professional commitments are completed.

2.8 COMPONENTS OF BUSINESS TOURISM

Cuff M, 1986; Woodward, 1991 refer to different components of Business Tourism. The key component of the Business Tourism is the regular Business Travel that amounts to 85% of the Business Tourism worldwide. Roy et al, 2002 has cited Incentive Travel as one of the rapidly expanding segment of Business Tourism. Incentive travel as the term indicates is a kind of reward based incentive travel that is given as a prize by an employer to an employee for his/her excellent performance at work; it is also gifted to clients, partners or vendors as a token of appreciation and long term association. Though the exact numbers of incentive trips undertaken are not available due its intricate nature and striking similarity to Leisure Tourism; Sheldon, et al, 1995 estimates that over 11 million incentive trips are undertaken every year across the globe. Cook et al, 2002 states that the meeting and conference travel contributes about 12% to the total Business Tourism market. With the expansions of the different modes of transportation and improved connectivity there has been a considerable growth in the organization of number of convention, meeting and events worldwide.

Beioley, (1991) illustrates that post globalization the economies of the countries have grown rapidly. With the growth of economy and advancement in various sectors such as manufacturing, commerce, IT etc the need was felt to share and disseminate
information. This was made possible with the help of organizing large scale seminars, 
conferences, seminars, trade shows and exhibitions. As a result the market for Meeting, 
Incentive, Conference and Event has been growing faster than the Business Tourism 
itself. Thus, Business Travelers from the various corporate and IT sectors have been 
traveling extensively. Apart from these travelers, the political, religious and government 
representatives attend events, seminars and meetings related to their field. Conferences 
and seminars are usually organized at a Tourism destination where along with attending 
conference the delegates can enjoy and relax. Also, Conferences promote cities as 
tourists and holiday destinations. Along with the city all its facilities such as hotels, 
heritage sites and resorts etc also become famous.

It is mandatory for the stake holders to understand the Business Tourists thoroughly as 
majority of the profit earned by the stakeholders is because of them. Business Tourism 
has a huge potential and knowing the requirements and habits of the Business Travelers 
will help the stakeholders to improve their services. There are certain services that are 
used more often than others such as flight services, accommodation, and local transport 
such as cabs etc while at the destination. These service providers quite often devise 
schemes and promotional strategies to attract the Business Travelers by announcing 
special offers and other benefits for their regular and loyal guests.

This secondary research on the Business Tourists has made an attempt to provide 
certain solutions and advantages to the stake holders. The service providers can gain 
knowledge about the preferences and demands of the tourists and accordingly alter or 
develop their services and products to suits the needs of the Tourists. If these needs and 
requirements of the Business Tourists are incorporated in the current services that are 
already being provided, there will definitely be an increase in the inflow of Business 
Tourists in the city.

2.8.1 Urban tourism

Jansen-Verbeke, 2000; Law, 1992 elaborates on the Urban Tourism as a segment of 
Tourism where the unconventional tourism destinations mainly industrial areas are 
promoted as Tourism destination. This segment of Tourism has not gained importance 
and since Leisure Tourism and segments of Tourism such as pilgrimage Tourism or
Sports Tourism was in the limelight, there was hardly any research or study done in the field of this Tourism. With the growth in cities in the 1080s, Urban Tourism got some attention. In the 1990s little research was done in the field of Urban Tourism. Rogerson, 2002 and Ashworth (1989) inform that this form of Tourism has not gained popularity because first of all the Tourism studies have ignored it and secondly the urban studies have not emphasized on the importance of Tourism in a city.

Unlike other Tourism destination where the conventional services and activities are listed, Urban Tourism has numerable unique functions and purposes. Thus it is quite complex to comprehend this form of Tourism. U. Blank (1994) also endorses the above by further explaining that though Urban Tourism consists of all kinds of Travel to city such as Business Travel, Personal Travel, travel for meeting friends or family, etc. however today it is confined to convention travel only.

Today for the want of revenue generation and economic growth it has become mandatory for the states to develop and promote Tourism. Jansen-Verbeke (2000), publication brings to light the factors of Urban Tourism like the demand pattern, problems related to urban administration and development, developing areas of Tourists attraction, promotion, marketing, Tourists management etc. she points out that existence of both varied and miscellaneous characteristics of the Urban Tourism leads to the complexity to gauge it perfectly.

Jansen-Verbeke, 2000 opines that Urban Tourism has the potential to boost urban economy. Today almost all the states are focusing on the developing and promoting Tourism. Tourism can be instrumental in becoming one of the key contributos to the urban economy. Rogerson, 2002 explains that Tourism can rebuild urban economies and restore growth of cities that have seen a downfall of industries. Jansen-Verbeke sums up by saying that there should be an alliance between tourism and other factors of urbanization in order to achieve an overall development of the urban area.

2.8.2 Place and Destination Marketing

Destination in the context of Business Tourism as per encyclopedia of tourism (2000) can be defined as a location the tourists visit which is away from their home or the
place of work, this place could be a large city with all modern amenities, a resort, or a suburban area. The trip might include a visit to just one place or multiple places depending on the requirement.

Bae-Haeng Cho (Australia, 2000) has revealed that the term ‘Destination’ and ‘Product’ are often interrelated in the sense that ‘destination’ is regarded as a product. However, researchers have clarified that destination is a physical location where tourism products are offered and used. On the other hand, the products are all the components of Tourism that a Tourist utilizes from the commencement till the end of his tour. Product is an all inclusive term which encompasses all the services as well as varied other aspects. In the Tourism Industry Destination is regarded as a product.

In the wake of consistence growth of Tourism both at Domestic and International level it has become a prerequisite to market the destinations. The promotion of destinations became aggressive in the 1960s. Middleton, 2000 points out that Marketing is important to build the positive image of the destination in order to woo the Tourists.

Different methods of marketing and promotion of the destination have been devised by the researchers. With reference to the statement made by Middleton, the right promotion and portrait of the destination makes a big difference in increasing the inflow of the Tourists. Bramwell, 1998 asserts that instead of exclusively marketing a destination; usually other products and aspects of Tourism are promoted with it such as accommodation, infrastructure etc.

Though the Government of a state is expected to market and promote the destinations as it is an integral part of their national development program, however Middleton 1994 expresses his view stating that from the point of view of Tourism there are several varied elements related to different types of Tourism which need the support from both the Government and private agencies comprising of the stake holders such as hotels, convention centre, corporate etc.

2.9 STAKEHOLDER MANAGEMENT

Cleland, 1999 states that stakeholders are organizations or people who have the authority or the right to operate and run a certain project. The experts differ in their
opinion on the customers been considered as a stakeholder. Cleland (1999) and Karlsen 2002 do not consider customers as stakeholder where as Flagestad (2001), Recklies and Johnson & Scholes in Recklies 2001 have presented the customers as stakeholders.

As per In Cleland et al (1999), the stakeholders are of two types, primary and secondary stakeholders. The primary stakeholders are an important part of the project and are directly responsible for its operations and carry out different functions. On the other hand the Secondary stakeholders do not have any straight connection with the project but are associated with it as they get benefitted from it. The secondary stakeholders often attempt to influence the project in their interest. Karl sen 2002 informs that there has to be a good understanding between the two kinds of the stakeholders and between the stakeholders and the project in order to make it successful.

There is another division of the stakeholders put forth by Recklies, 2001-the internal stakeholders and the external stakeholders. The internal stakeholder is the ones who have the authority to be a part of the decision making and have a say in it. It is an integral part of the project such as the managers and owners of the Hotels, convention centers etc. The external stakeholder work as business partners to the internal stakeholders, by creating a dependency on them such as suppliers of various commodities etc.

With its relevance to the scope of study; the significance of the stakeholders at a destination is discussed under.

2.9.1 Importance of stakeholders in a destination

Discussing the part played by the stakeholders in the marketing and the promotion of a destination; Morgan, Pritchard and Pigott 2003 in their article state that the stakeholders needs to have a clarity of what image of the destination do they wish portray; also what impression do they wish to create in the minds of the customers.

Stake holders have a crucial part to play. The responsible and committed role of the stakeholders can resolve issues related to branding and marketing. As sponsorers they
can be of great support to the Government and private organization in promoting the destination.

The government has the maximum say in the development and maintenance of tourism related ventures. The government is responsible for the various key aspects of Tourism such as security, law and order etc at the destination. Similarly the private authorities cater to the different needs of the Tourists by providing them with services and products. Instead of working separately if the government and the private sector work together in a partnership there will be a rapid progress of Tourism at the destinations. Sponsorship and destination branding can be done together by Government and the private sectors as many times the limited budget does not allow the Government to sponsor enough for developing effective marketing or promotional campaigns.

Flagestad (2001) claimed that social, Economic, cultural and environmental factors influence in understating the status of a destination. At a destination, the role of a customer as a stakeholder is significant. Customers or the Tourists have a significant role in the economical growth of the destination and generating valuable revenue for the state. However all the stakeholders collectively are responsible for the final turnover of Tourism.

To sum up the mutual support and understanding between the stakeholders and with the government in order to reap long term profits.

2.10 RELATIONSHIP MARKETING

Gummesson, 1997, 1998 and Larson, 1999 point out that Relationship marketing is developing affinity and association among the consumers, suppliers and distributors along with doing business; it is not confined to transactions or official dealings. Margarella, 2003 highlights that Relationship marketing is one of the most productive and cost effective mode of marketing. Though building and sustaining relationships can be challenging, once relationships are established they go a long way. This is true of the Tourism sector as well; being a customer services industry relationships between the corporate, hospitality industries, transport sector and the tour operators along with the Tourists are effective in creating an amicable ecosystem where everyone benefits.
Developing the Relationship marketing for all these segments is much more advantageous than to follow the traditional way of marketing.

2.11 CUSTOMER SATISFACTION

In 1991, Parasuraman et al. discussed that the quality of service is the soul of any service marketing. Excellent quality of service is mandatory for the attracting and retaining customers. It also is instrumental in deciding on the pricing, branding and selling. Important sectors where services are an integral part of the business like the Tourism sector, it is observed that due to the interaction with the Tourists and the feedback received about the services used, it has an advantage of upgrading or altering the quality of the services instantly depending upon the kind of response received.

According to Ghobadian et al. (1994), since the services are intangible in nature, it is complex to measure the service quality. Also quality cannot be judged by one service alone; it is a collection of experiences that all the services put together offer. As per a model provided by Grönroos 2001; a solution is offered to the problem of intangibility through a model. Here the suitable aspects of quality can be identified and measured. Thus once the quality of the service and the satisfaction level of the Tourists is identified, services can be enhanced accordingly for the Business traveler.

2.12 INDIAN TOURISM INDUSTRY

Both the Indian society as well as the economy is influenced by the impact of Travel and Tourism. There has been a remarkable impact of Tourism on the economy of the nation by means of increase in the employment, revenue generation, inflow of foreign exchange, demand for the local handicrafts and indigenous products as well as infrastructural growth. Infrastructure has grown by leaps and bounds; the rise in number of hotels, transportation, recreational centers, resorts etc has been phenomenal. As per the travel and tourism competitive report, India is ranked at number 65 globally and at number 11 in the Asia Pacific region as per the World Economic Forum’s Travel and Tourism Competitiveness Report 2013. There has been a steady but consistent growth in the inflow of Tourists from 2008 to 2012 from 577 million Tourists to 1057 million Tourists respectively at a rate of 16.3%.
**Growth in number of tourists:**

In the coming decade the increase in the inflow of foreign tourists will be at a rate of 6.2 per cent and the revenue generated by their expense by 2023 is estimated to be to INR 2958 billion expanding at 9.6 per cent per annum. The estimated number of foreign tourists visiting India in the year 2013 was 7.5 million. The Tourists friendly policies of the government such as visa relaxation, tax exemptions, increase in the per capita income, modernization of cities, diverse packages offered by the tour operators etc has resulted in this positive growth.

![Graph: Tourist visits in India](image)


**Figure: 2.4 Tourist visits in India**

**Impact of tourism sector on GDP:**

The year 2012 saw an addition of INR 1920 billion to GDP of India by the travel and Tourism sector that accounted for a 14 percent increase in CAGR since 2007. The CAGR is projected to grow at 12 per cent to INR 6818 billion by 2023.
The growth of travel and Tourism industry has given a boost to the economy. There has been an evident growth in the sectors that are directly connected the Travel and Tourism industry like transportation, accommodation, and recreations sectors. Figure 2.5 indicates the economic impact of the industry and the direct contribution of the Travel and the Tourism industry, however, if the contribution in seen in totality it is much higher.

In the year 2012, the Tourism industry’s contribution as a whole including the indirect contribution to the Indian economy was INR 6385 billion. This was 3.3 times higher than the direct contribution. Thus it can be understood that the Tourism industry in totality has a much greater effect on the economy.

Figure: 2.5- Direct contribution of the Travel and the Tourism industry
2.13 EMPLOYMENT GENERATED BY TOURISM:

In the year 2012, around 25 million jobs were generated by the Travel and Tourism industry and its allied sectors which accounted to 4.9 per cent of the whole employment of the nation. The jobs are anticipated to increase to 31 million by 2023.

These are the jobs generated by the hospitality, tour operators, transportation and entertainment sectors that are directly related to the Tourism industry. However, the employment produced by the sectors indirectly related to Tourism has a multifold effect and has boosted the economy. Direct and indirect contributors of employment together generated 40 million jobs in 2012.

Capital investment in tourism sector:

Expenses incurred by the sectors of Tourism that are directly related to the Travel and Tourism industry can be classified as capital investment. All the amenities that are developed in order to facilitate the Tourism operations also in turn serve the society and are instrumental in the economical development of the nation, for instance all the infrastructural development such as hotels, transportation, recreational facilities etc not only serve the Tourists but also the local population.

Source: WTTC travel and tourism Economic Impact 2013- India, Data taken at Nominal Prices

Figure: 2.6- Capital investment in tourism sector:
Approximately INR 1761.4 billion was invested in the Travel and Tourism industry in the year 2012 which was 6.2 per cent of investment in the Indian economy as a whole. It is estimated to grow at a rate of 10.5 per cent by 2023 measuring to 5459 billion rupees.

There are different factors that have influenced the growth of Indian Tourism.

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<th>Outbound tourism</th>
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<td>New product offerings</td>
<td>Rising disposable income with the Indian consumer</td>
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<td>Changing consumer lifestyles</td>
<td>Rich natural/cultural resources and geographical diversity</td>
<td>Attractive tour packages</td>
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<td>Availability of low cost airlines</td>
<td>Government initiatives and policy support</td>
<td>International events and increased business travel</td>
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<tr>
<td>Easy finance availability</td>
<td>Healthy economic growth levels</td>
<td>Easy finance availability</td>
</tr>
<tr>
<td></td>
<td>Host nation for major international events</td>
<td></td>
</tr>
</tbody>
</table>

Table: 2 - Factors responsible for the growth of Indian Tourism

Leading Tourists states of India- comparative study
### Table 3 - Market shares of the states

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Andhra Pradesh</td>
<td>1</td>
<td>207</td>
<td>12%</td>
<td>-</td>
<td>106</td>
<td>0.02%</td>
</tr>
<tr>
<td>Tamil Nadu</td>
<td>2</td>
<td>188</td>
<td>17%</td>
<td>1</td>
<td>307</td>
<td>0.13%</td>
</tr>
<tr>
<td>Uttar Pradesh</td>
<td>3</td>
<td>170</td>
<td>8%</td>
<td>(1)</td>
<td>261</td>
<td>0.06%</td>
</tr>
<tr>
<td>Karnataka</td>
<td>4</td>
<td>95</td>
<td>64%</td>
<td>6</td>
<td>2400</td>
<td>0.83%</td>
</tr>
<tr>
<td>Maharashtra</td>
<td>5</td>
<td>71</td>
<td>33%</td>
<td>-</td>
<td>4855</td>
<td>1.16%</td>
</tr>
<tr>
<td>Madhya Pradesh</td>
<td>6</td>
<td>53</td>
<td>24%</td>
<td>-</td>
<td>727</td>
<td>0.32%</td>
</tr>
<tr>
<td>Rajasthan</td>
<td>7</td>
<td>30</td>
<td>0.2%</td>
<td>(3)</td>
<td>281</td>
<td>0.10%</td>
</tr>
<tr>
<td>Uttarakhand</td>
<td>8</td>
<td>27</td>
<td>7%</td>
<td>(1)</td>
<td>1111</td>
<td>1.42%</td>
</tr>
<tr>
<td>Gujarat</td>
<td>9</td>
<td>25</td>
<td>12%</td>
<td>-</td>
<td>2691</td>
<td>0.71%</td>
</tr>
<tr>
<td>West Bengal</td>
<td>10</td>
<td>24</td>
<td>4%</td>
<td>(2)</td>
<td>430</td>
<td>0.19%</td>
</tr>
<tr>
<td>Bihar</td>
<td>11</td>
<td>23</td>
<td>17%</td>
<td>-</td>
<td>304</td>
<td>0.14%</td>
</tr>
<tr>
<td>Delhi</td>
<td>12</td>
<td>21</td>
<td>47%</td>
<td>4</td>
<td>155</td>
<td>0.10%</td>
</tr>
<tr>
<td>Jharkhand</td>
<td>13</td>
<td>20</td>
<td>38%</td>
<td>-</td>
<td>250</td>
<td>0.20%</td>
</tr>
<tr>
<td>Punjab</td>
<td>14</td>
<td>19</td>
<td>147%</td>
<td>3</td>
<td>224</td>
<td>0.19%</td>
</tr>
<tr>
<td>Himachal Pradesh</td>
<td>15</td>
<td>16</td>
<td>13%</td>
<td>(3)</td>
<td>174</td>
<td>0.52%</td>
</tr>
<tr>
<td>Chhattisgarh</td>
<td>16</td>
<td>15</td>
<td>141%</td>
<td>3</td>
<td>479</td>
<td>0.29%</td>
</tr>
<tr>
<td>Jammu &amp; Kashmir</td>
<td>17</td>
<td>13</td>
<td>13%</td>
<td>1</td>
<td>1392</td>
<td>2.11%</td>
</tr>
<tr>
<td>Kerala</td>
<td>1</td>
<td>11</td>
<td>7%</td>
<td>(5)</td>
<td>1530</td>
<td>1.27%</td>
</tr>
<tr>
<td>All India</td>
<td>-</td>
<td>1057</td>
<td>16%</td>
<td>-</td>
<td>23991</td>
<td>0.49%</td>
</tr>
</tbody>
</table>

Source: India Tourism Statistics 2008  Ministry of Tourism

**Spending and contribution of Tourism Industry**

Business Tourism owns a stake of 16.5 per cent of all the spending
Figure 2.7 - Spending and contribution of Tourism Industry

**Spending by Domestic and Foreign Tourists**

As indicated in the Figure 2.10, Domestic Tourists spend more than the foreign Tourists.

![Diagram](Image)

Figure 2.8 - Spending by Domestic and Foreign Tourists.
The Travel and Tourism industry’s contribution to the GDP-India as compared to other countries is as follows.

<table>
<thead>
<tr>
<th>Travel &amp; Tourism’s Total Contribution to GDP</th>
<th>2014 (US$bn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2 China</td>
<td>943.1</td>
</tr>
<tr>
<td>12 India</td>
<td>125.2</td>
</tr>
<tr>
<td>17 Indonesia</td>
<td>76.8</td>
</tr>
<tr>
<td>18 Thailand</td>
<td>72.2</td>
</tr>
<tr>
<td>Asia Pacific Average</td>
<td>97.3</td>
</tr>
<tr>
<td>World Average</td>
<td>58.3</td>
</tr>
<tr>
<td>26 Malaysia</td>
<td>40.2</td>
</tr>
<tr>
<td>51 Vietnam</td>
<td>17.1</td>
</tr>
<tr>
<td>52 Pakistan</td>
<td>17.2</td>
</tr>
<tr>
<td>63 Sri Lanka</td>
<td>8.1</td>
</tr>
<tr>
<td>68 Bangladesh</td>
<td>5.1</td>
</tr>
</tbody>
</table>

Table 4- The Travel and Tourism industry’s contribution to the GDP-India as compared to other countries.

2.14 INDIAN TOURISM- ISSUES AND CHALLENGES:

Indian Tourism industry has emerged has one of the fastest growing in the world. It has displayed lot of potential in the in past few years. The factors responsible for its consistent growth are- increase in the income of the population support of the government, development of infrastructure and other amenities. The growth will continue in the coming years as well. However to ensure an uninterrupted growth, the industry has to overcome some challenges that have come up post globalization and under GATS. Some of the challenges are-

*Concerns arising out of Liberalization*

The transport, banking, tourism etc became trackable services in India after it signed the GATS and WTO agreements. The travel and tourism services like accommodation, tour operators, and infrastructure etc were to get free market access across the borders. Tourism became a global phenomenon and it facilitated free movement of tourists across nations. Significant amount of liberalization has taken place since the inception
of WTO and GATS. However the challenge faced by India is how effectively it can avail the benefits, it lacks in trained manpower to interact with the international service providers, and it needs to scale up its class to meet the high international standards in services.

**Tourism- Societal concerns**

Travel and Tourism is an international phenomenon, the prerequisite for the growth of this industry is to be global and serve the people of all the nationalities. Tourism today has become global in nature. However, the challenge is that though tourism caters to the people of all nationalities; it has very indigenous roots. To keep a balance between the global approaches and to stress on promoting the nation as a heritage and cultural hub is difficult. It is also a challenge to have an ultra modern virtual tourism along with a basic rural tourism co exists side by side.

In the wake of national concerns like pollution, religious and communal unrest, destruction of the wildlife life etc it is becoming a challenge to develop and promote Tourism. The safety and hygiene of the tourists’ spots is of high importance. It is very unfortunate that at a time when India is trying to develop into a safe and beautiful destination it is marred by communal violence and political unrest in the country.

**Technological advancement**

Concepts like cyber tourism can pose a challenge to the Tourism industry in the future. It is the result of the technological advancement. This can come up as an alternative to physical tourism.

**Infrastructural concerns**

Infrastructure development plays a vital role in the Tourism industry. Tourism industry cannot progress with mediocre infrastructural facilities. Infrastructural development not only helps the tourism industry to attract tourists but also helps in the progress of the nation by building required amenities in rural and suburban areas. The infrastructural amenities required for the tourists like washrooms, hotels, restaurants, well equipped stations and airports etc still need considerable amount of development. Business
Tourists have additional requirements such as convention centers, Business centers at hotels, etc

**Alternatives Options**

All the different types of Tourism such as health Tourism, eco Tourism, rural Tourism etc can be classified as alternative Tourism. Alternative Tourism helps to tackle the seasonality related concerns and the facilities and the Tourists services are put to use to its maximum potential. For instance the concept of ‘monsoon Tourism’, introduced by the Kerala Tourism is attracting the Tourists even during the rains.

### 2.15 GAPS

- Pune is a home to IT and manufacturing companies at par with Hyderabad, Bangalore or Noida. It also has large corporate and MNC headquarters and has constant inflow of business travelers. However, Pune is not among the leading business tourism destinations of India.

- Though Pune has a potential to attract business travelers, it is neither able to retain them nor able to optimize their visit.

- Business travelers by default travel to Pune on company visits since Pune is home to a host of manufacturing and IT companies. However, the convention groups who organize annual meets, seminars and conferences generally do not frequent Pune.

- Business tourism in India is developing in pockets and not uniformly.

- The unavailability of recorded data about the inflow of total number business tourists into Pune and the exact revenue generated by business tourism makes it difficult to analyze the growth or trend of this tourism for over the years.

- Though Pune has two of the largest convention centers in Asia namely ICC Trade towers and the Pune International Exhibition and Convention Centre, and Moshi (PIECC), along with the Orchid Convention Centre, largest purpose built pillar-less convention centre in Maharashtra city is not able to attract convention group’s at large scale.
The above observations clearly brought to light the research gap as under-

The gap between exponential growth of Pune and progressive rise in the flow of Business Tourists- Pune is growing exponentially as a Business hub but the flow of Business Tourists is not corresponding to the growth. Thus, the research gaps observed earlier are substantiated and the novelty of the topic is established.

CONCLUSION

The summary of the Literature review brought to light the following factors.

Focus on the various characteristics and elements of Business Tourism, along with its positive and negative impact.

Status of the Meeting, Incentive, Convention, and Event industry in India. The trends of the industry, growth and India’s share in the global convention market. Factors responsible for choosing a destination as a convention venue.

Business Tourism in the International context, India and China as the emerging leaders in Business Tourism; effect of globalization on tourism.

Factors influencing Business Tourism namely consumer behavior, needs, wants, attitude, beliefs, money, gender etc.

Typologies of Tourists and Business Tourists- based on tourists characteristics, time, frequency of travel, distance etc.

Segmentation of Tourists- geographical, socioeconomic, demographic, psychographic and behavior segmentation.

Accommodation and Business Tourists behavior- factors affecting decisions, cost, facilities, food, amenities, etc

Women Business travelers needs-safety and comfort.

Components of Business Tourists- urban and place and destination marketing
Stakeholder management – stakeholder’s importance in a destination.

Relationship marketing- builds on the relationship of the organization.

Customer satisfaction- to achieve customer confidence reinforcing, branding, selling and pricing.

Tourism in India- employment, foreign exchange, infrastructure, transportation, impact on GDP.

Current issues and challenges- liberalization, social and political concerns, Infrastructural bottlenecks, alternatives.

From the above factors it can be concluded that the information pertaining to the topic is minimalistic. In the preceding chapter the researcher has elaborately discussed the trends and policies of Business Tourism also known as MICE.