

Business Tourism Market - A Global Perspective

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Worldwide, travel to attend international meetings, incentives, conferences, and exhibitions held in business and cosmopolitan cities has a significant importance for the tourism global market, contributing to income diversification for both companies and national economies. In 2022 the global business travel spending accounted 1.03 trillion U.S. dollars, and for 2024 is projected to reach around 1.5 trillion dollars, thus surpassing the pre-Covid pandemic period when the expenditure of business tourists worldwide was 1.43 trillion dollars. Business tourism is considered the most efficient segment of the travel industry, besides the contribution to the growth in gross domestic product, MICE sector positive effects include the mitigation of tourism seasonality, encouraging the growth of business infrastructure – airports, hotels, congress centers and exhibition halls – promotion of tourism destination image and transmission of know-how. Under these circumstances, this paper aims to analyze the main coordinates of business tourism in the global market, namely: the leading business tourism markets, favorite formats of business meetings planned worldwide and the demand for digital services in the exhibition industry worldwide, while also presenting the challenges of business tourism global market development, including the highest-impacting factors on events-related businesses and the investment priorities.

Keywords: business tourism, MICE industry, tourism market

JEL Classification: L83, M21

1. Introduction

Business tourism, traditionally composed of four components: business meetings, conferences, exhibitions or incentives, represents one of the most dynamic and profitable segments of the tourism industry. At the global level, business tourism and MICE contribute to the socio-economic development of host countries, increasing the visibility of tourist destinations, mitigating seasonality and promoting collaboration and innovation.

The expenditure of MICE events participants has a multiplier effect in the economy, thus business tourism ensures consistent incomes not only for hotels and conferences, exhibitions, seminars or workshops organizers, but also for related industries, such as transport airlines, travel agencies or car rentals.

The growing trend towards business globalization drives investment in infrastructure such as conference centers, auditoriums, exhibition halls, catering services and accommodation facilities. Improving and diversifying the infrastructure for professional meetings acts as a catalyst for boosting the local economy, creating new services and employment opportunities and fostering innovation and the exchange of knowledge.

At the same time, the integration of sustainable practices in the planning and organization of MICE events – choosing hotels and conference, exhibitions or meetings centers with a high ecological performance, promoting public transport and electric mobility, implementing recycling programs or investing in compensation carbon emissions projects – can amplify these positive effects of the development of business

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tourism in the host cities. In addition, a strategic commitment of business leaders towards ecological responsibility can strengthen the trust of customers and business partners, enhance relationships with the local community and finally create added value, by diversifying the tourism offer and increasing the destinations attractiveness on long-term.

Furthermore, the use of applications and digital platforms that offer booking functionalities and allow personalization of services, as well as virtual and augmented reality to create fully immersive experiences and improve the experience and involvement of participants, contributes to increasing competitiveness in business tourism.

In these conditions, it becomes necessary to analyze current and emerging trends in business tourism to anticipate changes in attendees' preferences and market behaviors and develop competitive strategies for managing travel and MICE events, ensuring companies' relevance and success in a constantly changing environment.

2. Business Tourism's Impact on Global Market: Trends and Insights

Business tourism and the MICE (Meetings, Incentives, Conferences, and Exhibitions) sector are fundamental pillars for the economic development and the promotion of tourist destinations (An et al., 2021).

2.1. Theoretical Aspects Regarding Business Tourism Market

Business tourism is one of the most important segments of the hospitality industry and represents the travel of employees and business leaders to a destination outside their place of work and residence to participate in annual meetings, networking reunions, conferences, product presentations, team-buildings or professional development seminars.

The MICE sector is a specialized part of business tourism that focuses on the organization and facilitation of large events such as:

- Meetings – gatherings organized to discuss and exchange information and ideas between members of an organization or participants from various companies.
- Incentives – trips paid by companies to motivate and reward employees or business partners for their exceptional performance.
- Conferences – events organized to bring together professionals from a certain field to discuss innovations, research and trends.
- Exhibitions – events where companies present their products and services to the public or other industry professionals.

International events attract participants from all over the world, multiplying the social and cultural benefits for tourist destinations (Borodako and Rudnicki 2014; Chiang et al. 2012). Investments in infrastructure, such as conference centers and accommodation facilities, are driven by the demand in this sector, thus improving a destination's ability to host large-scale events.

In addition, the organization of MICE events has significant effects on stimulating foreign direct investment and gross domestic product growth (Hussain et al. 2017).

To enhance business tourism development and the organization of MICE events, a destination must meet the following specific criteria (Lipianin-Zontek E. & Zontek Z. 2021; Vaid J. & Vaid DK. 2020):

- Adequate infrastructure – convention and exhibition centers with sufficient and flexible spaces, conference rooms equipped with modern technology;
- A varied range of accommodation options with a superior service quality and facilities for business travelers;
- Adequate catering offers and entertainment options, including cultural and leisure activities;
- Smart destination – strategically engaged in sustainability, accessibility and the use of new technologies.

Regarding the infrastructure for hosting MICE events, it should be highlighted that in 2023, the largest three exhibition halls worldwide, were in China, namely: China Import & Export Fair Complex (Pazhou Complex), National Exhibition and Convention Center (NECC) Shanghai and Shenzhen World Exhibition & Convention Centre. At the same time, according to data mentioned in the figure below, there are also exhibitions halls that can ensure the organization of large-scale events in Europe, more specifically in Germany (Messe Hannover, Messe Frankfurt, Koelnmesse and Messe Duesseldorf), Italy (Fiera Milano) and France (Paris Nord Villepinte).

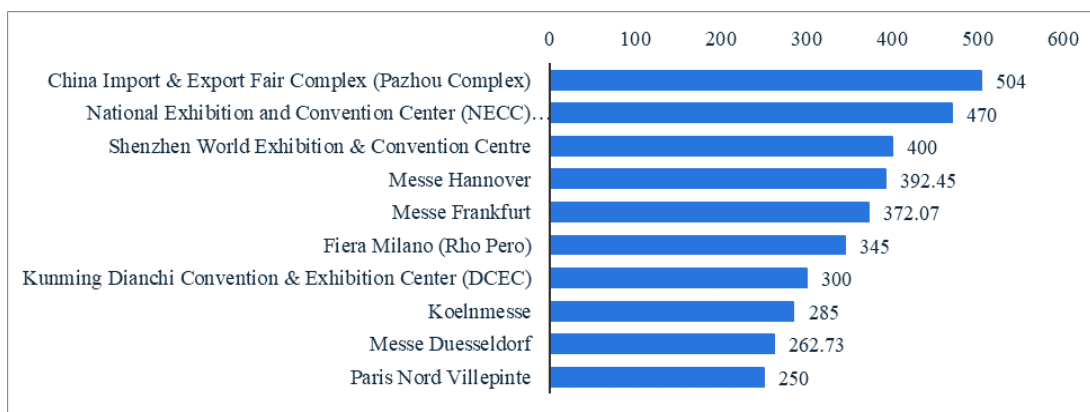


Figure 1: Largest exhibition halls worldwide as of December 2023, by gross hall capacity (in 1,000 square meters)

Source: Statista.com, 2023a

According to the International Institute for Management Development, in 2024 Zurich was the smartest city in the world, followed by Oslo and Canberra. Moreover, the top three cities ranked as smart in 2024 occupied the same positions in the previous year, as can be seen from the data presented in table 1.

Table 1. Top smart cities, worldwide

Smart cities	Ranking 2024	Change compared to 2023
Zurich (Switzerland)	1	—
Oslo (Norway)	2	—
Canberra (Australia)	3	—
Geneva (Switzerland)	4	+5▲
Singapore	5	+2▲
Copenhagen (Denmark)	6	-2▼
Lausanne (Switzerland)	7	-2▼
London (United Kingdom)	8	-2▼
Helsinki (Finland)	9	-1▼
Abu Dhabi, (United Arab Emirates)	10	+3▲

Source: International Institute for Management Development (IMD), Smart City Index, 2024

Smart destinations are cities where the application of advanced technology is interconnected with the infrastructure in real time (Sorokina et al., 2022), ensuring better quality of life for residents, and improving energy efficiency and business travelers experience. In this context, in 2023 many cities have made significant efforts to improve their top position, among which Geneva, which in 2024 ranked 4th, moving up 5 positions compared to 2023, Abu Dhabi and Singapore, which moved up 3 and 2 positions respectively in the 2024 ranking, compared to the previous year.

2.2. Global Market Dynamics – The Rise of Business Tourism

Although the COVID pandemic has severely affected business tourism, there are signs of recovery, according to the Global Business Travel Association (GBTA), in 2024 the global business travel spending will exceed the 2019 level – 1.43 trillion U.S. dollars – with an upward trend in the following period and a projected expenditure by business travelers worldwide to nearly 1.8 trillion U.S. in 2027, as can be seen from figure 2.

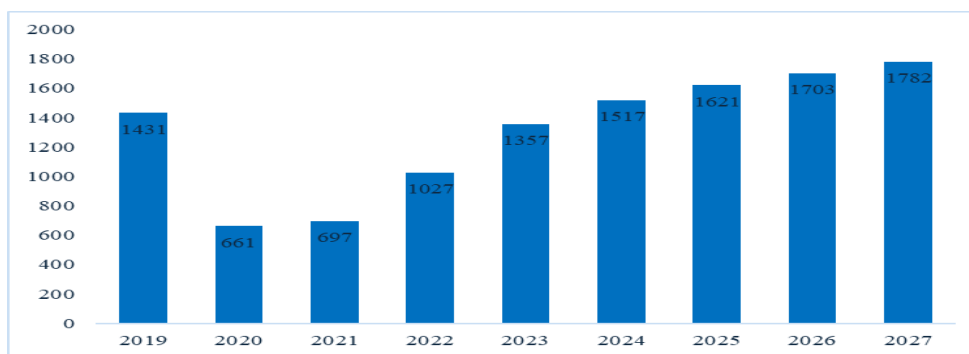


Figure 2. Global business travel spend (in billion U.S. dollars)

Source: GBTA, Business Travel Index™ Outlook, 2023

In 2023, China was the global leader in the business travel market, with a total travel spending of \$360.76 billion. At the same time United States registered a total travel spending of more than 329 billion U.S. dollars, ranking second in the top business travel markets worldwide (see figure 3)

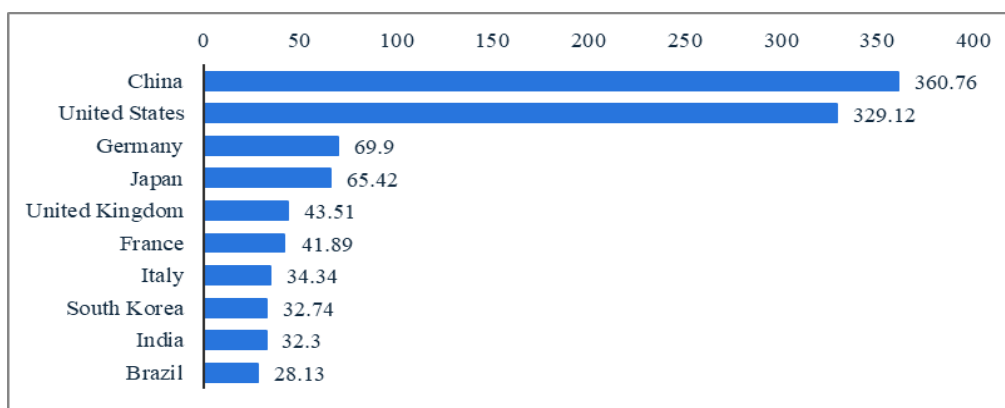


Figure 3: Leading business tourism markets worldwide in 2023, based on total travel spending (in billion U.S. dollars)

Source: GBTA, Business Travel Index™ Outlook, 2023

As regards of the leading host countries for conferences and trade shows planned worldwide, the United States registered the highest events listed on the event platform 10times.com., namely over 41.000. At over 30 thousand planned events, the United Kingdom and Germany rank just below the top, with 7.570 and around 6.7 thousand conferences and trade shows, as can be seen from figure 4.

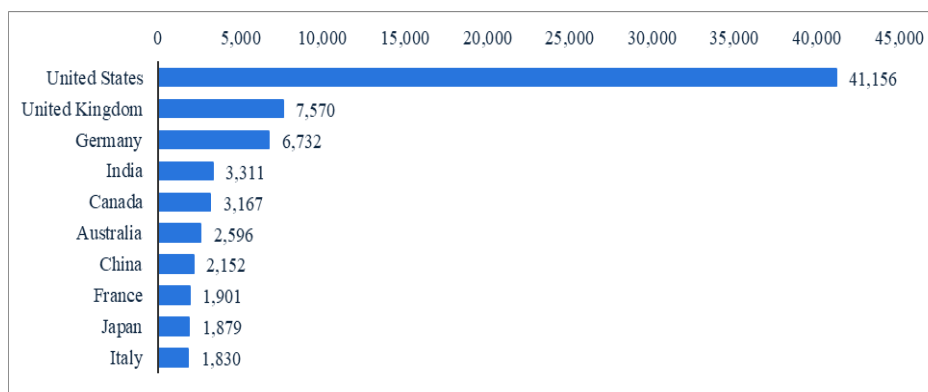


Figure 4: Leading host countries for conferences and trade shows planned worldwide as of August 2023, by number of events

Source: Statista.com, 2023b

By attracting participants from around the world and stimulating local spending, the MICE industry contributes significantly to economic development and effectiveness of tourism destination positioning

worldwide. From a behavioral perspective, business travellers typically tend to spend more money on accommodation, transportation, catering and other related services.

In this context figure 5 shows the most expensive cities for business tourism worldwide in 4th quarter 2023, by average daily costs.

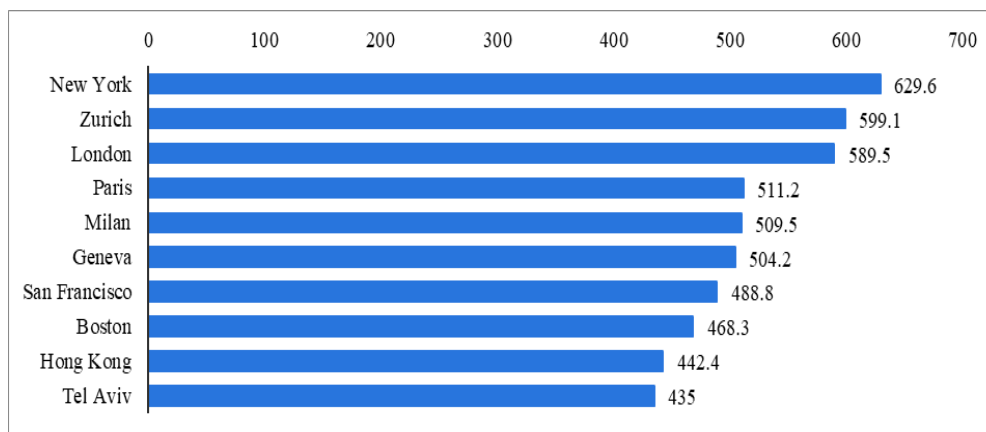


Figure 5: Most expensive cities for business tourism worldwide in 4th quarter 2023, by average daily costs (in U.S. dollars)

Source: Statista.com, 2023c

Analyzing the data contained in the figure above, we can see that the most expensive city for business tourism worldwide is New York with an average daily cost of \$629.6, followed by Zurich and London with an average daily cost of \$599.1, respectively 589.5 U.S. dollars, while Tel Aviv registered an average daily cost of \$435.

At the start of 2024, the rising cost of travel was the highest concern for business leaders worldwide (74%). At the same time five in ten (48%) travel managers stated that corporate budgets not keeping pace with needs is a concern for business travel and nearly as many (40%) mentioned geopolitical concerns (see figure 6).

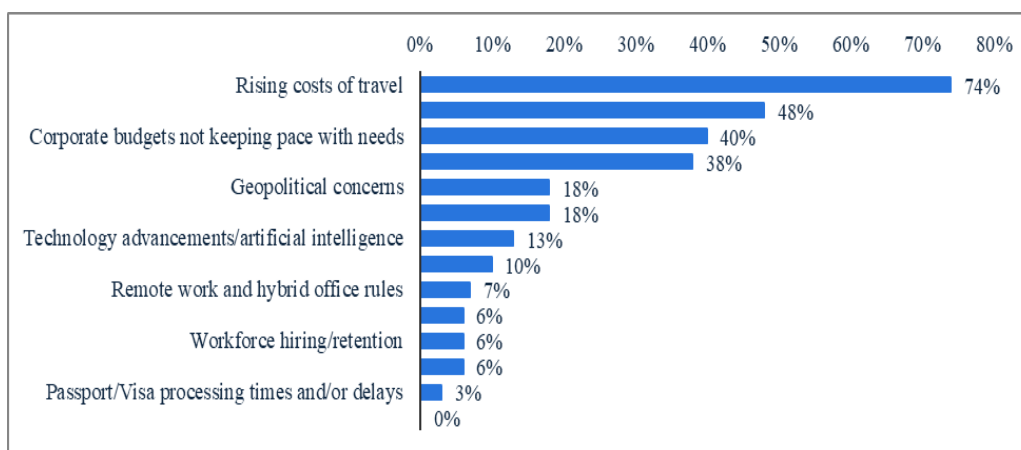


Figure 6: Most significant issues faced by business travel according to travel managers worldwide as of January 2024

Source: GBTA, Business Travel Industry Outlook Poll, 2024

In the current socio-economic context, rapid technological developments and changes in consumer behavior require adaptation and innovation in business tourism and MICE. Attendees expect more personalized, efficient and interactive experiences, so the integration of advanced technologies in event management becomes not only an attractive option, but an essential requirement for long-term success in this dynamic sector.

Therefore, among the benefits of using advanced technologies in the process of planning, organizing and implementing MICE events, can be mentioned: increasing organizational efficiency; personalized

experience for attendees – by collecting and analyzing big data – creating immersive interactive experiences using virtual and augmented reality technology, and also integrating gamification elements that can increase participation by up to 40%; expanding audience and increasing accessibility; optimizing marketing and promotion; improving networking.

Experts predict that technological advances will bring the most significant and complex changes to the MICE industry (Dongkeun H. Et.al, 2022).

In this context, the most demanded digital services in the exhibition industry worldwide were technologies for event analytics and data collection, with a percent of 52 both in 2021 and 2023 (see figure 7).

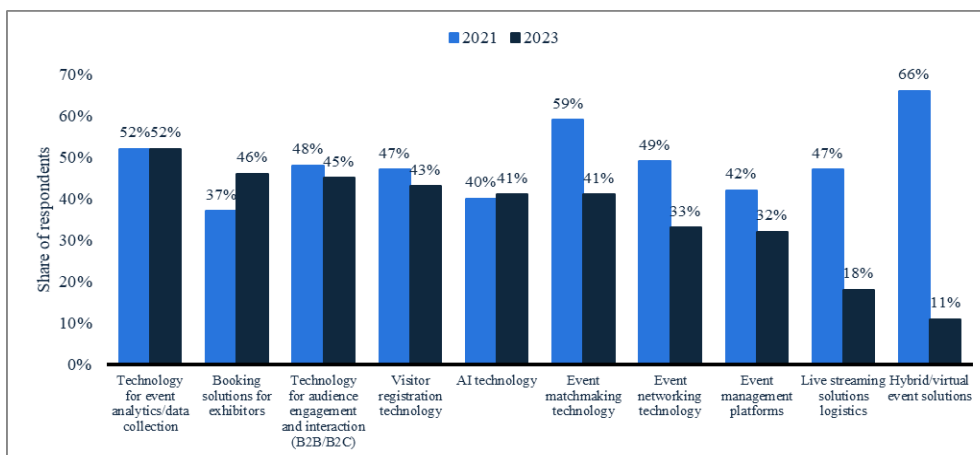


Figure 7: Demand for digital services in the exhibition industry worldwide in 2021 and 2023

Source: Statista.com, 2023d

In 2023 there was an increased demand for booking solutions for exhibitors – by 9% compared to 2021 – and AI technology – by one percentage point. At the same time, the demand for hybrid and virtual event solutions declined considerably in 2023, namely with 55% compared to 2021, which can be correlated with the fact that in the early stages of the COVID-19 pandemic, many MICE events were moved to the virtual environment as a temporary solution. Over time, a saturation of virtual conference platforms has been observed, which has diminished interest in online-only events.

The coronavirus pandemic has emphasized the importance of human connections. As a result, among business travelers there was a growing need to return to face-to-face meetings to strengthen relationships and stimulate innovation and efficiency.

Thus, analyzing the willingness of employees to take business trips according to travel managers worldwide, presented in figure 8, we can see that in January 2023, 69% of respondents said that their employees were highly enthusiastic about traveling for a business purpose, being the highest share recorded in the period November 2020 – January 2023.

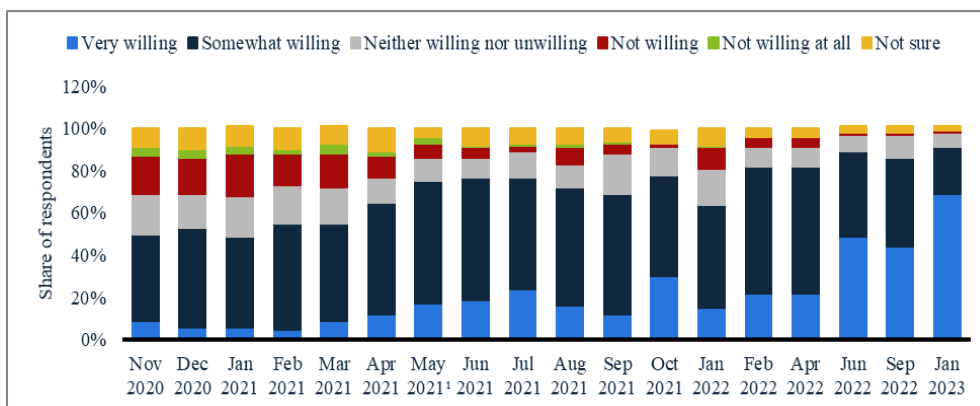


Figure 8: Willingness of employees to take business trips according to travel managers worldwide from November 2020 to January 2023

Source: Statista.com, 2023e

Furthermore, as shown in the figure below, in 2023, North America was the region where 62% of the total number of business meetings were planned in-person, while in Europe 53 percent of the total number of corporate events took place in physical venues.

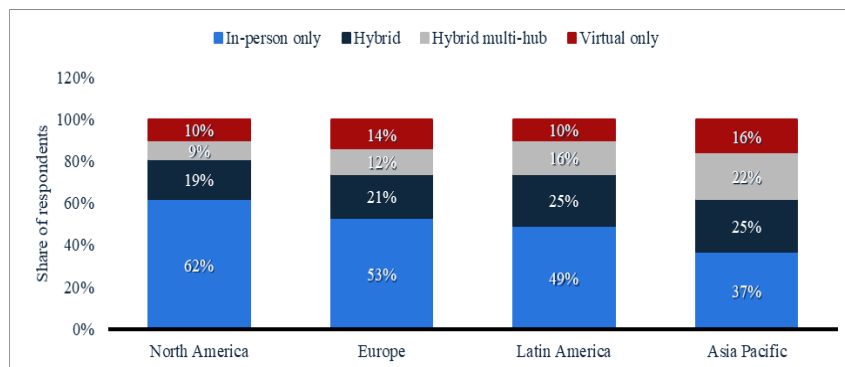


Figure 9: Favorite formats of business meetings planned worldwide in 2023, by region
Source: American Express Global Business Travel, Global meetings and events forecast, 2023

However, it is important to note that the concept of hybrid MICE events, combining both physical and virtual participation, has gained ground among organizers who want to offer flexibility to attendees and reach an expanded global audience. Thus, in Latin America and Asia Pacific over 40 percent of the total number of business meetings were planned in hybrid and hybrid multi-hub format.

Therefore, a hybrid approach to MICE events is expected, since physical events provide networking opportunities and a collaborative work environment that cannot be completely replicated in the virtual environment, while virtual technology allows expanding global access, reducing costs, increasing flexibility and efficiency in organizing and conducting business events.

According to a study conducted by GBTA to enhance business tourism in 2024, travel managers worldwide are planning to increase investment in technology and digitalization (60%), sustainability initiatives (44%), safety and risk (39%), partnerships and alliances (30%), training and development (30%), and finally wellness, including allowing higher classes of service (8%)

As can be seen from figure 10, implementation of sustainable practices and technology and digitalization, are higher investment priorities in Asia Pacific (62% for sustainability initiatives and 74% for technology) and Europe (61% for sustainability initiatives and 66 % for technology and digitalization), compared to North America and Latin America.

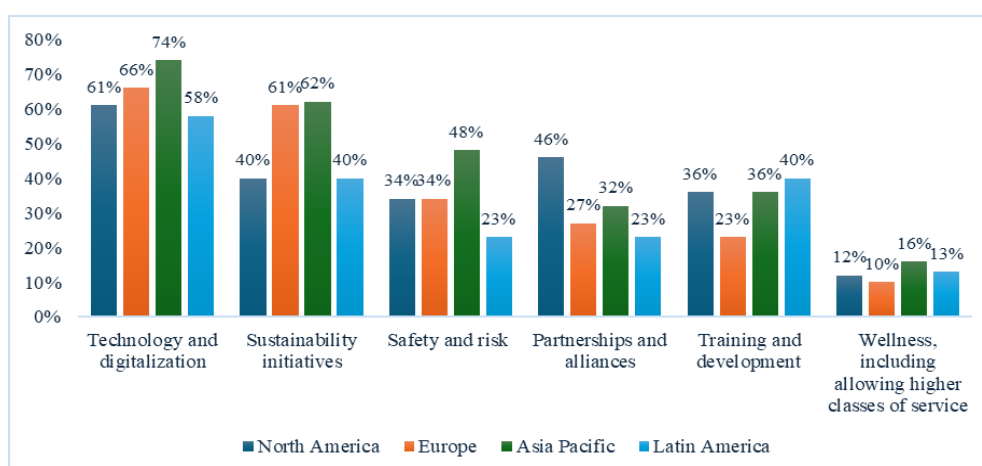


Figure 10: Investment priorities for business travel to enhance business travel in 2024
Source: GBTA, Business Travel Index™ Outlook, 2023

Sustainability in business tourism and MICE is becoming increasingly important as companies and event organizers recognize the importance of adopting sustainable practices. Worldwide, sustainable practices in business tourism include reducing the carbon footprint; energy efficiency and renewable resources; waste

reduction; sustainable food – local and organic menu, reducing food waste etc. – certifications and standards – working with locations and suppliers that possess sustainability certifications, such as LEED (Leadership in Energy and Environmental Design) or ISO 20121 – an international standard for sustainable event management that provides a systematic approach to organizing events of any size in an environmentally, economically and socially responsible manner.

In this context, when asked about the importance of partnering with hotels that have implemented sustainable practices, over 50% of corporate travel managers stated that is either “very important” or “important”. At the same time, 2.7% of leaders said they do not partner with accommodation units that fail to meet their sustainability criteria (see figure 11).

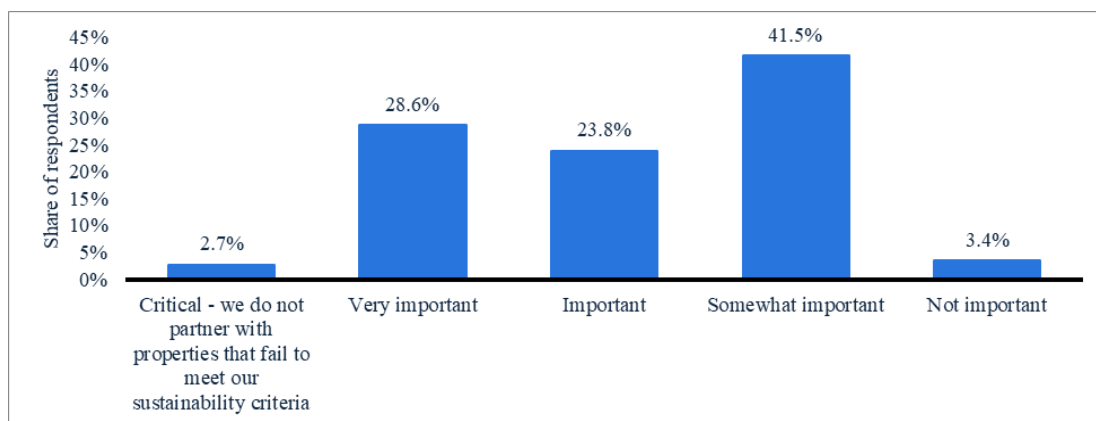


Figure 11: Importance of hotel sustainability for business travel buyers worldwide as of October 2022
Source: Statista.com, 2023f

In business tourism, the integration of sustainable practices contributes not only to protecting the environment and promoting social responsibility, but sustainable events also ensure an improved reputation and a competitive differentiation of organizations. In addition, companies can achieve long-term cost savings and ensure compliance with relevant sustainability legislation and regulations.

Thus, sustainability becomes essential in business tourism, focusing on reducing the carbon footprint and implementing eco-friendly practices. In this sense, companies can opt for:

- the organization of paperless MICE events, using mobile applications and digital solutions that offer functions for planning, managing guests and monitoring feedback;
- the use of mobile applications and digital platforms that estimate the carbon footprint of MICE events and allow the optimization of the consumption of energy, water and other resources;
- electric mobility, using electric vehicles for the transport of participants and event logistics.

At a global level, current and emerging trends in business tourism and MICE reflect a continuous adaptation to new technological and social realities. Digitization and integration of technological solutions facilitates the organization of hybrid and virtual events, thus reducing costs and the impact on the environment. In addition, customization of experiences and flexibility are essential, as they allow companies to adjust and adapt MICE events to the specific preferences and needs of attendees.

3. Conclusions

At present, the business tourism market reflects global changes in technology, the focus on sustainability and the changing demands and expectations of attendees to MICE events

Business tourism is vital for the global economic growth and the forecasts made by the Global Business Travel Association (GBTA) highlights the fact that the global business spend will exceed the pre-pandemic level in 2024 and continue to drive progress for many countries.

In this context, it should be mentioned that in 2023 the highest global business spend was recorded in China, respectively 360.76 million U.S. dollars, while in the United States were planned the highest number of conferences and trade shows – 41.156 events.

Technological innovations, event matchmaking and networking technologies, attendees' registration technology, event management platforms and virtual/hybrid/ hybrid multi-hub event solutions, are essential for increasing organizational efficiency and personalizing the experience of business travelers.

Regarding the preferred format for business meetings worldwide, an adaptation to the characteristics of each region is observed, thus, a preference for face-to-face events is recorded in North America (62%) and Europe (53%), while in Asia Pacific and Latin America, due to geographical diversity and time zone differences, hybrid, hybrid multi-hub and virtual events predominate, with a total percentage of 63, respectively 51.

At the same time, awareness of the impact of corporate travel on the environment implies the necessity and opportunity of integrating sustainable practices into the business strategies of organizers and MICE event venues.

Therefore, business leaders from all over the world prioritize investments in sustainable initiatives and advanced technologies to ensure the success of their events and the engagement of MICE attendees.

Current and emerging trends reflect a paradigm shift in the global business tourism market. Anticipating and adapting to new trends allows MICE event organizers to meet contemporary market demands and maintain their relevance and competitiveness in the long term.

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