

**TRENDS OF BUSINESS-
TOURISM IN THE
GLOBAL MARKET**

The value of international tourism for development of economy, culture and society cannot be overemphasized. It directly or indirectly associated with approximately 30 branches, accounting for 8% of world exports, over 31% of the world market for services, 100 million jobs (every ten jobs in the world). Every year about 35 million sent for the international frontiers. Revenues from tourism exceed one trillion dollars a year. World tourism revenue for 2014 is \$ 1.3 trillion dollars. It should be noted that since 1998, in the world exports of services, tourism holds the first place [1].

The amount of tourists, who travelled abroad, was 940 million of men in 2014. The volume of world tourism market reached \$ 40 trillion in 2015 (2.5% of global GNP) [2]. Skidding economic recovery and the emergence of new financial and budgetary problems brought growing instability to the tourist market. However, the trend of recent months lead us to believe that international tourism keep growing, although its growth was at a slow rate in 2014, creating essential export opportunities and jobs for many countries.

And what kind of the situation is in Kazakhstan? Will the market of business tourism grow in Central Asia? Let's start with the fact that there is no official data on the volume of business tourism in Kazakhstan. There is some information on the total number of tourists in the country. According to the study of Kazakhstan Industry Development Institute (KIDI), it has been served 4100 thousand people in I quarter 2014. Where, travel agencies served over 2,500 thousand people (including inbound tourism 1322.5 thousand):

1. USA (501 thous.)
2. CIS countries (479 thous., 350 thous. of Russia)
3. India (338 thous.)
4. Latvia (244 thous.)
5. Israel (243 thous.)
6. German (229 thous.)
7. China (144 thous.)
8. Korea (133 thous.)
9. Netherlands (124 thous.)
10. Hungary (115 thous.)
11. Italy (112 thous.)

According KIDI, inbound tourism in Kazakhstan has a rising tendency and amounted to 1322.5 thousand people in 2014. The

number of trips of Kazakhstan citizens abroad shows that the rising tendency will grow, the number of trips increased by 12.2% compared to the same period of 2013 and amounted to 2105.3 thousand trips. As before, the main goal was the holidays in vacation time.

According to the Kazakh Statistics Agency, the total volume of tourist services in Kazakhstan amounted to 65.8 billion tenge in 2014 (\$ 430 million). If we consider that the average business tourism market is, according to experts, 60 to 80% of the total tourism market, we can assume that it is equal to the amount of \$ 250-350 million, which is much lower than in the developed and developing countries.

Another feature of domestic tourism – tourism imbalance between inbound and outbound tourisms. At the same time, business trips precedence over tourism in the foreigners' inbound trips. No exact statistics, but according to preliminary estimates, this ratio is 9:1.

One-third of the growth in world trade over the last decade is accounted by business travels, improving global corporate productivity tenfold and the creation of millions of worldwide jobs. In accordance with this special study by economists at the University of Oxford, on behalf of WTTC (launched in May 2011) found that:

- Increased business travel in 2000 helped to create over 40 million jobs, accounting for 20% of the growth of global employment.

- If the business travel will be reduced by 25% for two consecutive years, the global GNP will be 5% lower, whereby it would be 30 million fewer jobs, an average loss of global employment will be 1%.

- Business trips improve corporate performance, obtaining a return on investment of 10: 1.

- Business is an integral and an estimated part of international trade, one-third of world trade was due to international business travel over the past decade [3].

According to experts of the WTO, the share of business tourism in the world is 20%. Business tourism is one of the most cost-effective forms of tourism in the world. For about 50% of airline revenues, approximately 60% of the income of hotels, and more than 70% of the income rental companies created by the service of this particular category of tourists. Another feature of this sector is growth in demand for combined programs, that combines work for 3-4 days and 1-3 days a promotional holiday [4]. Business travellers are effective customers of hotels and travel agencies. 55-60% of hotel rooms around the world booked by businessmen and man-

agers of companies. Daily expenses of delegates of various business meetings, conferences, symposia, and so on exceed over \$ 345, and the usual tourist spends per day on average \$ 100-200 [5].

Almost half of international tourists (51% or 480 million arrivals) in 2010 travelled with the purpose of leisure, recreation and celebrate holidays. Approximately 15% of international tourists travelled with the purpose of business and professional goals. 27% of trips happened for such purposes as visiting friends and relatives (VFR), religious reasons and pilgrimages, health treatment, etc. The purpose of the visit of the remaining 7% was not specified [6].

The analysis shows that the last few years all over the world, the demand for services in the field of corporate and incentive tours are growing. Managers of companies make extensive use of various types of training, encourage and stimulate their employees or partners.

With the crisis, the situation has changed. On the one hand, companies have become more thrifty use of budgets, but on the other, it became clear that large firms will not abandon the business trips abroad. Currently, the need for business travel has increased significantly, since companies need a business meeting for the conclusion of agreements, conferences and congresses to exchange views on the state of the market, to find new opportunities.

In 2009, the research firm Oxford Economics for the first time established a link between business travel and business growth: every dollar invested in business travel creates value in the amount of 3.8 US dollar (thus manifested tourist business tourism multiplier). Almost 40% of companies have confirmed that the reduction in business travel has negatively affected the results of their work: 11% decreased sales volume, 12% decreased by the efficiency of in-house communications, 10% is the number of effective internal business initiatives, and 8% was the loss of customer loyalty. The above studies indicate the prospects of development of the business tourism market as an essential component of business success [7].

Business travel is a component of international trade in services, so statistics are reduced to trade in goods, to eliminate direct communication and focus on causation. It should also be noted that a strong correlation does not necessarily mean a true causal relationship.

In the world annually about 100 million business trips happen. By the number of business visits, the global leader is Europe. The most common, wide-spread trips are to conferences, congresses and exhibitions.

An analysis of statistical data shows that the leading countries of business tourism in Europe are Germany, Spain, France and Italy, in Asia – Thailand, Turkey, Singapore, Indonesia and China, as well as the United States and Canada. Among the European countries, who actively take business tourists are Britain, the Netherlands, Sweden, Switzerland and Belgium. Every tenth arrival in Belgium and France is carried out for business purposes, in the UK – one in three. In Russia, one of the leading centers for the development of business tourism is Moscow.

The largest outbound flow of business travellers in Europe generates Germany: more than 5 million. Business trips, of which 3% – abroad, 21% – abroad and at home, 76% – only in Germany. The average duration of a service trip to the country, located on another continent, is 12 – 13 days within the region – 5 – 6 days in Germany – 3-4 days. Germany is visited monthly by thousands of business: manufacturers and retailers of textiles, carpets, building materials, furniture, cosmetics, confectionery, equipment for hospitals, etc. They attend special events in Cologne, Frankfurt, Munich, Stuttgart, Dresden and other German cities (most in January), get acquainted with the latest achievements in these sectors, acquire new products and establish business connections [7].

The second, after Germany, can be called Spain. The tourist season in Spain starts in May and ends in October, so business trips take place mainly from October to April.

In the UK, the market of business tourism is growing rapidly. So, in 2002 it amounted to 3.5 bn. pounds, which is equivalent to 33% of all foreign visitors to the UK costs. In 2005, it was already recorded 6.8 million business tourists. On average, each remained spent 4 days 528 pounds in the UK [8].

It should be noted that the powerful business centers in Europe are France and Italy. In the French cities as Paris, Lyon, Cannes, Toulouse, and Milan, Italy, Verona, Naples happens Specialized Exhibition and Congress on construction and medical equipment, a variety of conferences and forums in the electronics industry, as well as the world's largest exhibition of fashion and branded clothing, textiles, exclusive goods and food. Every year there are more than 200 business activities happens at the Congress Centre, where 22 equipped for a variety of business meetings.

Approximately 65 thousand travellers come to participate in the corporate meetings, seminars and conferences in the archipelago of Malta. Malta an-

nually receives more than 1.2 million guests. According to the Malta Tourism Association (MTA), the number of foreign participants in corporate meetings exceeds the number of delegates held in Malta, congresses and conferences. This Mediterranean country fully meets the European standards of the hospitality industry with its characteristic high level of service, so popular with businessmen in Germany, Britain, France and Italy. Concerning Russia and some CIS countries in Malta operates the facilitated visa regime [9]. After stabilization of the national economies of the countries of Central and Eastern Europe occupy a certain market share in business travel, which is projected to grow WTO.

Significant flows of business people sent to the United States, Canada and Mexico, which are leading in almost all segments of the tourist market in the Western Hemisphere. Every eighth trip to the America carried out for business purposes. In Latin America, with economic development, expansion and strengthening of business ties, many countries have strengthened their position in the business travel market, particularly Paraguay, Guatemala, and Costa Rica.

In South-East Asia is also noticeable growth in the number of business trips: one in five is a business trip, a third of them in Hong Kong (Hong Kong), Singapore and Taiwan.

In Africa, the recent rapid growth of business tourism observed in the Republic of Congo, Zimbabwe and Ethiopia. By the amount arrivals leads Egypt, South Africa and Morocco. In the Middle East the main streams of people heading to oil-producing countries (such as Saudi Arabia and others.), as well as Israel and Jordan.

However, in Africa and the Middle East business tourism develops unevenly, which depends mainly on the political situation in the region. In the past few years, the political situation in the Middle East, exacerbated, leading to a decline in all types of tourism, including business. Therefore, there is some difficulty to predict the prospects of its development in these regions. The largest share in the business tourism accounts for business trips, but not less important segment – incentive tours. Currently in the UK on incentive tours accounted for 40% of total business spending for stimulating workers, and in France and Germany almost 50%. The duration of these trips is 3-7 days, the average cost for European standards – \$ 1,000 [10].

According to the Luxury Travel magazine, in Europe, the number of business trips with the family in the last 5 years has increased by 30%. At conferences and exhibitions, as a rule, it leaves a group

of colleagues (an average of 5 to 8 people), and sightseeing, social and cultural programs are built on the basis of the schedule of business events and leisure time, as well as customers' needs. About 1 in 5 international business travellers (or 1% of the total number of international tourists) perform a trip to attend the congresses and conferences.

Suppressive form of travel in the market incentive tourism is a group tourism (more than 10 guests), which accounts for over 60% of all trips. About 30% of incentive trips are made in small groups – 2-5 people. And 10% are individual «premium» trip in which the journey takes place award with his family or friends. [11] In our opinion, in the coming years, this structure has not changed. As in the past individual business trips will prevail for the purpose of negotiating, contracting, etc. At the same time, the rapid pace will develop incentive tourism and tourism exhibition.

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In general, the structure of business travels is most dynamically developing incentive tourism, convention and exhibition.

The incentive tourism for about 80% of its trips are in Europe, 10% in the US, 6% in the South-East Asia, 4% is to other regions. Rating incentive tourism destinations in Europe, led by France (Paris, Strasbourg), Spain, Switzerland, Austria, Cyprus, the United States (New York, Florida, West Coast), and the Caribbean islands. Top Destinations of the United States as promotional tour considered Mexico, Great Britain, Asia and the Pacific.

According to the European Association of incentive tourism «SITE», the main leading countries – suppliers for a long time are the United States (about 60%), UK (20%), and Germany (11%). In recent years, increased the number of incentive visitors from Japan. The popularity of incentive tours in the United States says, outpacing growth in spending of US companies in the incentive tourism in comparison to the costs of material incentives for workers. In the UK, they account for 2/5 of the total costs of companies to reward their employees and in France and Germany – almost half. The cost of incentive tours range from 500 to 1,500 US dollars per person and up, and length – from three to seven days. [12]

As evidenced by the statistics, the situation has not changed which is rated for 2011 in respect to the countries. It should also be noted that almost all countries have twofold increase in the number of events, which did not take place in the cities. In parts of cities, positions have changed. So Hong

Kong has moved from 5th to 22th place, Singapore from the 2nd to the 5th. The second place went to Paris, which were not previously included in the top five. Russia is on the 40th place in the ranking of 97, 78 Moscow, St. Petersburg on 82. In the European rankings of Russia occupies 22th place, Moscow on the 40th place, St. Petersburg – on the 44th.

The study suggests a trend towards growth in the share of business tourism in the structure of income from international tourism. This makes the area attractive for development of different forms of basic and additional business in the global tourism market. On the other hand, the concept of innovation development of the world economy on the basis of globalization, integration and cooperation, creating favorable conditions for Russia's participation in the international tourist traffic, the development of new tourist destinations, domestic tourism market, which ultimately will stimulate the growth of macroeconomic indicators of the country. The corresponding increase in the number of tourists will significantly increase the percentage of export revenues to the state budget of the country. For example, tourism revenues from exports produce 60 and 40 percent, in the budgets of Spain and Austria respectively. [13].

Today, Russia lies in the sixth place in the field of MICE of the world, as evidenced by the results of research Euro monitor International for the international tourism exhibition *World Travel Market* in London. So, in 2011, according to Euro monitor [14], about 2 million visitors from abroad visited the various business activities that were carried out in Russia. Number one country in the world for the MICE named China, which adopted in 2011 about 7.9 million guests. In second place France (5 million), the third – Italy (about 3.5 million). The top 10 countries of business tourism also include Germany, Spain, Turkey, Malaysia, Hong Kong and the United Kingdom [15].

From the above, it can be concluded that at the current stage of business tourism development, formation of a complex of tourist services are most in demand in the field of incentive tourism. Incentive tourism is completely built on a unique complex of tourist services, offered and completed a tour operator in accordance with the requirements of customers.

The prerequisites for sustainable development of tourism is also a perception that tourism is today – it's more than just a trip; it became urgent needs of humanity as capable of resolving one of the global needs of our time – the problem of effective time management, opening up the possibility of parallel, and at the same time to effectively

implement the two functions – social (recreational, spiritual and humanitarian) and professional business (agreements, meetings, the strategic objectives of the company, etc.). Actually, this explains the increase in the share of business tourism in the total volume of tourist services (according to the World

Tourism Organization, the growth over the past five years was almost twice).

Therefore, studies on the issues of business tourism as one of the most promising areas of international tourism, is important, relevant and timely demanded at the national level.

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