

Sustainable Competitive Advantage of the International Business Tourism on the Regional Level

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Abstract Business development, in accordance with the principles of sustainable development, is a challenge in this century. Sustainable development is one of the most common axioms used in the field of tourism. Although international tourism literature determines that the business world widely accepts the concept of sustainable development and corporate social responsibility (CSR), a study that links the social and financial results is limited. Practical recommendations for the tourism business activity development can be applied in the regional, national, and international business travel market. This article reveals the cooperation process between foreign private companies and the local government in organizing the development of the industry connected to meetings, incentives, conventions, and exhibitions (MICE).

1 Introduction

Sustainable development of businesses is one of the common and rapidly growing topics in the field of sustainable tourism.

The issue of business sustainability and how this concept is being translated into daily practice has been dealt with for quite a long time. Understood as a system's capacity for self-preservation and renewal, business sustainability has been intensely debated for more than three decades, when researchers and practitioners began to be fully aware that the exploitation of natural resources would surpass in scope the possibilities of their being reproduced. As the gap between the consumption of natural resources, so needed to ensure mankind's living, and the pace of their renewal will widen, this will impact on both the environment and the amount of resources and raw materials available to future generations. The Bruntland Report published by World Commission on Environment and Development stated that public and private organizations should assume greater responsibility for their

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activity in general and, in particular, for their actions, strategies, and tactics which affect the environment or society. The Commission Report was the first to officially approach sustainable development which was defined as “the development that meets the needs of the present without compromising the ability of future generations to meet their own needs”).

According to researchers, sustainable development of a business means finding those market opportunities that allow the company to generate a competitive advantage by the harmonious and synergic blend and integration of economic, social, and environment dimensions. The sustainability of the economic dimension refers to the whole range of activities pertaining to a business’ sales, profits, cash flow, or number of jobs created. The environment dimension refers to the air or water quality, the (cost-)effective use of energy, and the recycling or reuse of waste produced by production processes. The social aspects pertain mainly to the rights of employees, the impact of supplied products and services on the local community, the safety of production processes, good practices in the workplace, labor protection, etc.). The concept of sustainable development is still subject to a constant revision while researchers are more and more concerned with the need to address it.

The global tourism market is exposed to internationalization processes and as a result is forced to apply modern strategies, offering consumers innovative ways of tourism (Borodako 2014). Issues connected to the business communication, a requirement in the continuous interaction of business participants, form a new way of thinking in the tourism industry evolution: “business tourism development.” This article reveals the concept of international business tourism.

The main goal of this study is to justify the strategic orientations and effective operation of institutional arrangements of the meetings, incentives, conventions, and exhibitions (MICE) industry, due to the global transformational changes to enhance the internationalization of the actors in the tourism business activity.

The methodology used in this research was to do a systematic analysis of national and regional components of the tourist services market, in the course of which systematically as well contributing factors as well as negative influences on the economic actors of the tourism business activity have been identified and described.

2 Meetings, Incentives, Conventions, and Exhibitions (MICE) Industry: The Scope of the Notion and Key Elements

The concept of MICE or meetings industry (MI) was introduced in 2006 in accordance with a decision carried out by the International Congress and Convention Association (ICCA), the Meeting Professionals International (MPI), and the Reeds Travel Exhibitions and the World Tourism Organization (UNWTO) in an

attempt to standardize concepts and create a stronger image of the sector (Davidson and Cope 2003; Dwyer and Forsyth 1997).

By the authors Marques and Santos (2016), the Destination Management Organizations (DMO), and more specifically the Convention and Visitor Bureaus (CVB), play a key role in the supply structure associated with the territory and in the management, planning, and development of tourism destinations, especially those which want to assert themselves as successful business tourism destination.

Today, countries all over the world are putting effort in developing the MICE industry as a means to improve the national economic development.

Governments of developed and developing countries have awoken to the fact that hosting these kinds of meetings is a vital form of global engagement—both economic and intellectual. They are adding MICE development to their economic policy statements because they see MICE as key to their economic development strategies (Kuokkanen 2013).

3 Business Tourism Destination

Realizing the urgency of identifying the reasons of increasing income from the service sector in the GDP of developed countries at the present stage of the world economy development, we consider it appropriate to consult authoritative economists who have devoted their studies to the service sector, international trade in service market in particular.

For example, Christopher Lovelock, a widely recognized expert in the field of services, control theory, and service organizations, says: the development of services includes government policies, social changes, business trends, development of information technology, globalization, and the internationalization of service organizations (Lovelock 2010).

Its dynamics depends on the content of activities, and it is critical from the standpoint of the development of a modern economy based on knowledge and national competitiveness. Porter (1990) provides illuminating insights into how nations can improve competitive advantage in an age of globalization.

There are four main determinants of national competitive advantage: factor conditions, demand conditions, firm strategy, structure and rivalry, and related and supported industries (Porter 1985).

However, in order to have positive results, the individual companies, the company leaders, and the national governments need to work together.

According to M. Porter's Approach to Globalization, we formulate an idea of the PPP that allows strengthening trust between the government and business representatives on the regional level.

Some authors, such as Goymen (2000), Marques, and Santos (2016), consider that the creation of an organizational structure (CVB) using the common interests of stakeholders can be seen as an example of PPP on the regional level.

Consequently, the existence of a CVB is required to promote cooperation between stakeholders and to pressure local, regional, and national authorities in order to develop harmonized policies, appropriate branding, and marketing strategies in the particular territory (Zahler et al. 2014; Kim and Kline 2010).

4 Cooperation of Foreign Private Companies and the Local Government Connected to Meetings, Incentives, Conventions, and Exhibitions

The concept of “business tourism,” “MICE,” and “MICE technologies” is increasingly common in the travel packages offered by major tour operators and event companies. Following the recommendation of ICCA, most experts use the term “meeting industry” as a general notion; the term “MICE” is also used.

The structure of the business tourism market (see Fig. 1) is a comprehensive and multidirectional range of services for organizing various events’ business focus. In this case, we tried to do the segmentation of the business tourism sector by combining two kinds of activity: industry meetings (meetings industry/MICE) and corporate travelers’ industry (travel industry) (compiled by the author).

Issues to influence the facts that determine the trends in the global business tourism market are relevant to the modern tourist segment of the world economy; each factor deserves special observation and research.

The author determined that the increase in the number of events is relevant to the increase in implemented business projects and profit growth business entities of tourist destinations (see Table 1).

Every year countries and cities around the world are forcing for the top positions and rankings, according to the number of conformed major meetings. The MICE-related events affect innovative processes for the economy and society and produces new technology development at regional and national levels (Dredge and

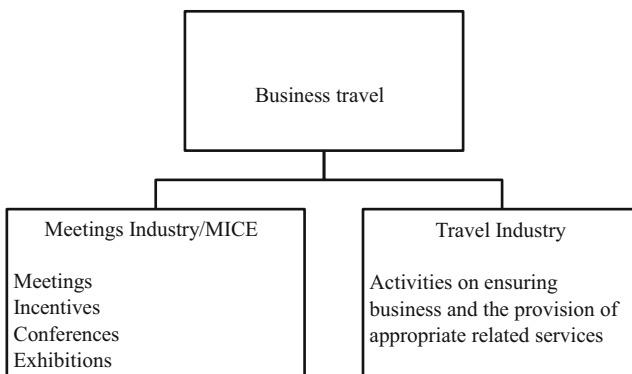


Fig. 1 Business tourism structure. Source: compiled by the author

Table 1 Top countries and cities meetings ranking in 2014–2015

Top countries ranking, according to the number of conformed major meetings				Top cities meetings ranking			
Country	2014	Country	2015	City	2014	City	2015
USA	759	USA	831	Vienna	181	Paris	214
Germany	577	Spain	578	Paris	174	Barcelona	182
Spain	463	Germany	659	Barcelona	150	Madrid	200
UK	434	France	533	Berlin	147	London	166
France	428	UK	543	Singapore	142	Vienna	202
Italy	363	Italy	452	Madrid	130	Amsterdam	133
Brazil	304	Australia	260	London	115	Berlin	193
China	302	Japan	337	Amsterdam	114	Istanbul	130
The Netherlands	291	Canada	265	Istanbul	113	Copenhagen	105
Austria	267	The Netherlands	307	Beijing	111	Singapore	142

Source: The International Conference and Convention Association (ICCA) publication (electronic resource). Mode of access: <http://www.iccaworld.com>

Whitford 2011). That is why the MICE is the catalyst of the rapid development of modern business and communication infrastructure.

Marques and Santos (2016) noted that the areas with lower population density and lower supply of services and facilities have positioned themselves in this segment in order to attract a larger number of visitors and boost tourism, especially at the level of accommodation facilities situated in nonurban areas that have been able to adapt to the demands of this segment and contribute to meetings conducted in quieter places.

Throughout this process, the action of specialized organizational structures such as the CVBs proves to be of great strategic importance.

Gunn (1972) was the first person to conceptualize a tourism system. In his simple early model, he noted that attractions drive tourism. A corollary of this conceptualization was that as magnitude of the attraction increased, the number of visitors was likely to increase. This corollary was analogous to the theory of cumulative attraction, which had been formulated in the context of retailing.

According to the survey of governmental and business authorities of the Russian region, Rostov Land, which was made by the Regional Chamber of Commerce of Rostov Land and business tourism organizations of Rostov-on-Don, since 2014, the majority of tourists visited the region are business tourists. In the frame of the governmental program of tourism development, business tourism is one of the significant elements for investment development and brand creation of the region in Rostov Land (Fig. 2).

As we mentioned above that CVB plays a significant role in the attraction of tourists and promotion for territories, and based on the potential of resources and

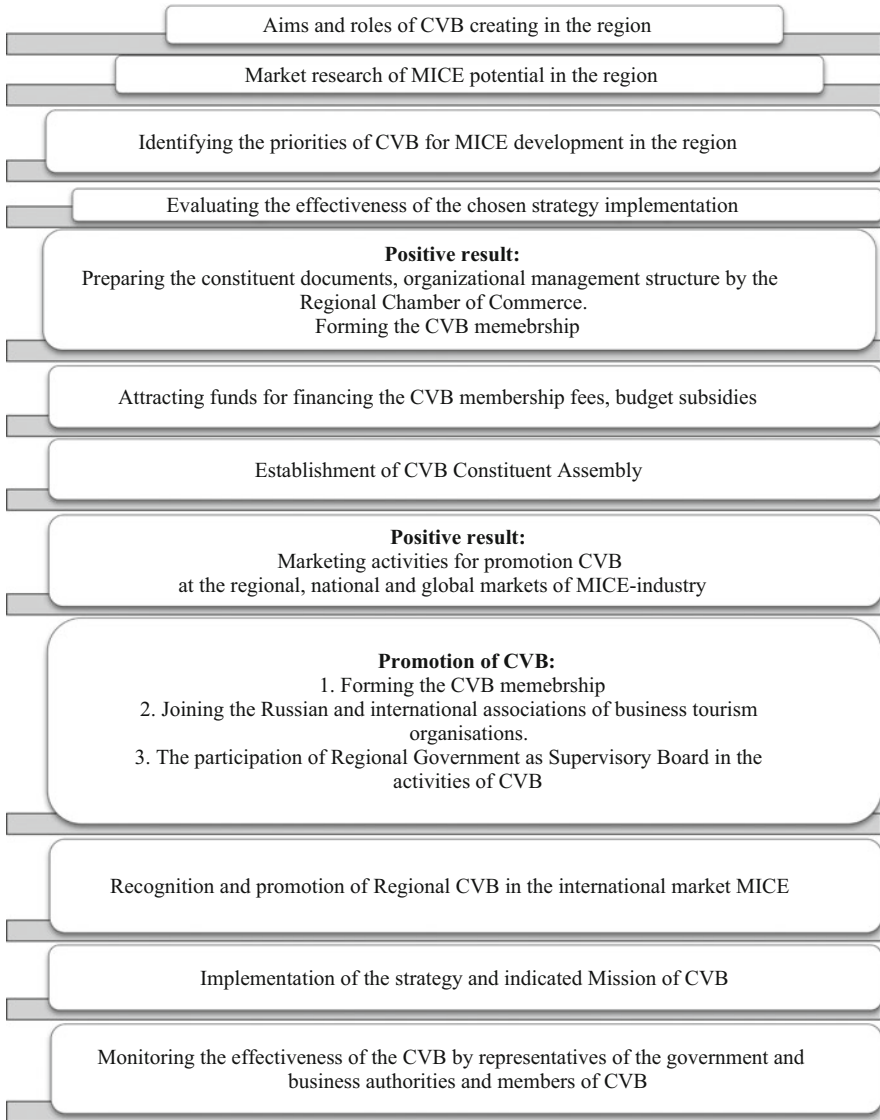


Fig. 2 The structural steps VCB creation and implementation in the region. Source: compiled by the author

possibilities, the structure of creation and implementation of CVB in the region is presented above (see the picture).

Therefore, contributing to the growth of the regional economy and prosperity of the region and its individual cities is a consequence of the functioning of the business travel industry.

5 Conclusions

Meanwhile, as a support of the development of corporate communication and cooperation between business structures in the formation of a platform of PPP on regional and national level, the players of the national market of business tourism are joining forces to promote MICE opportunities in Russia.

As we analyzed in this study, the PPP in tourism sphere is a significant instrument of stabilization and economic development in Russian Federation. This research paper described a definition of PPP and described its modern status in Russia and described reasons for the necessity of the development of this sphere of the economy. This article shows general tools and methods of classification of the regions according to the necessity in the governmental investments for the development. The author of this article described and analyzed the main ways of the development of the PPP in the tourism sphere in Russia. This research paper has given successful example of the creating PPP projecting Russia.

The practical implementation of the research findings and results of this paper is important for the business tourism development on the regional level and CVB implementation as a key tool in the supply structure associated with the territory and in the management, planning, and development of tourism destinations, especially those which want to assert themselves as successful business tourism destination.

The current research clearly reveals that the aspects that support sustainable development may also build tourists' satisfaction with the accommodation units. Even if only exploratory in nature, our endeavor needs further research and analysis by other authors to reveal even more clearly how sustainable development may contribute not only to draw individuals to a particular destination but also to build their satisfaction and loyalty. The components of sustainable development may actually take the form of marketing stimuli for the informed tourist who wishes to leave the future generation a lasting legacy and become elements generating competitive advantage, which contribute to differentiating products and services and to attracting customers.

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