

**THE ROLE OF CONGRESS TOURISM IN CRACOW  
IN THE YEARS 2008-2009**

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**ABSTRACT**

The main topic of this paper is to present the scale and nature of congress tourism in Cracow in the years 2008 and 2009.

Methodology: The empirical material for the analysis was the result of the research prepared and conducted in Cracow in 2009 by the researchers of the Tourism Department of the Cracow University of Economics. The questionnaire was addressed to owners of venues possessing the necessary infrastructure for business meetings in Cracow. The rate of return was 50.42%.

Main contributions: The paper consists of two parts: the introduction, where theoretical issues are explained, the essence of congress tourism is presented and the location of congresses in the world is specified. The second part is of an empirical nature, in which the research results are presented. The analysis concerns a number of congresses in Cracow, the amount of their participants, the structure of the venues hosting congresses and the structure of revenues generated by congress tourism, as well as an institutional profile of clients ordering congresses in Cracow.

Conclusions: The results obtained allow us to conclude that congresses in Cracow in the years 2008 - 2009 gathered 5% of all MICE tourism participants. Moreover, according to an opinion expressed by experts from the business tourism sector, the role of congress tourism is going to increase in the future.

## KEYWORDS

Tourism, Congress, Meeting Industry, Cracow.

## 1. INTRODUCTION

At present, meeting venues constitute one of the most dynamic parts of the business tourism sector, including a vast range of events, among which congresses and conferences are the most important. It is now becoming a truly global industry (Rogers, 2008).

Its strength of influence results from the stimulation of economic development of congress reception areas due to the large number of participants and revenues generated from delegates' expenditures. In 2009, an estimated total number of participants attending international meetings registered in the International Congress and Convention Association (ICCA) data base was over 5.2 million (6% more than in 2008). In the same period, the average total expenditure per meeting ran over USD 1.6 million and it was the highest figure in over a decade (ICCA, 2010). It should be added that spending per conference and congress participants can be over 50% higher than the expenditures of leisure tourists. For example, in 2009, an inbound tourist coming to attend international congress in Poland spent on average USD 455 per stay. In comparison, a leisure tourist's average expenditure amounted to USD 291 per stay (Polish Institute of Tourism, 2010).

## 2. LITERATURE REVIEW

According to Carey (1999) and Rogers (2003), a congress is a regular meeting of a large range, the coming together of large groups of participants, and most often to discuss a particular issue over the course of several days. A conference is also intended for discussions, an exchange of experience and problem solving, but this type of venue is generally on a smaller scale than a congress (Rogers 2008). It should be added that the organisation of congresses is generally more challenging and a long-term undertaking requiring a highly skilled professional staff. On the other hand, due to high attendance, congresses frequently generate a greater income than conferences. What is interesting, on average only about 10% of the income flow goes to organisers (e.g. PCO<sup>1</sup>) and about 90% is spent on hotels, restaurants, transport, technical services, interpreters and many others services (Wróblewski, 2008). That is why the organisation of congresses brings measurable benefits to entire cities and regions and generates numerous effects. Smith (1990, p. 68) stressed this effect referring to a US city major who once stated: "When we have a convention in town, it is if an airplane flew overhead dropping dollar bills on everyone."

Swarbrooke and Horner (2001) emphasize that the economic impact of congresses is as follows:

- generation of income in USD/GBP millions in a very short period of time;
- an important source of profits for hotels (especially 3, 4 and 5\*-star) and help to maintain jobs in this sector;
- a source of income for the air and road transport sector. Most airlines, rent-a-car companies and taxis count on these kinds of clients;

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<sup>1</sup>PCO: Professional Congress Organizer

- job creation and profits not only for professional organisers, but for many local suppliers, and the generation of direct and indirect income for the entire place of destination.

The most profitable meetings are large international events. For reasons mentioned above, many world destinations specialize in congresses and compete very strongly to attract new events, especially those on an international scale (Vanhove, 2011).

According to ICCA's most recent Statistics Report, Europe is still the most popular region with the majority of almost 55% meetings hosted in 2009 (ICCA, 2010).

As regards international meetings market listed by countries, six of top ten international meeting destinations are located in Europe. They are: Germany, Spain, Italy, Great Britain, France and Austria (ICCA 2010). Poland was 29<sup>th</sup> in this ranking. It should be emphasized that a rapid growth of almost 2.5 times the number of international meetings organised in this country was noted over the past decade (growth rate of 248%) (ICCA, 2010).

Congresses mainly take place in large cities. In 2009, eight out of ten the most important congress cities are European metropolises such as: Vienna, Barcelona, Paris, Berlin, Copenhagen, Budapest, Amsterdam, Stockholm and Lisbon (ICCA, 2010). As regards Polish cities, Warsaw was in 39<sup>th</sup> place, and Cracow positioning 63<sup>rd</sup> place in the report mentioned above.

For many professional congress organisers (PCO), as well as decision makers, Poland is still a new and unknown, emerging meeting market. This is why Polish cities have thus far had little opportunity to gain the most high-income, international congress venues.

However, according to ICCA forecasts, the number of international organising venues in Polish cities, especially Warsaw and Cracow, will rapidly grow in the near future (ICCA 2010). The role and economic importance of congress tourism in Cracow is presented in the next part of the paper.

### 3. METHODOLOGY

The analysis of congress tourism in Cracow was made on the basis of results of MICE tourism research carried out in the city in 2009 by a team of experts from the Tourism Department of the Cracow University of Economics. The following research problems were diagnosed:

1. A number of congresses organised in Cracow and their share in the structure of MICE-type events organised in the city.
2. The structure of participants of MICE type events serviced in Cracow, including a share of congress participants.
3. An estimated number of participants of national and international congresses serviced in Cracow.
4. The share of a particular tourist base and congress-conference facility operators in servicing congresses (and servicing the participants of congresses) organised in Cracow.
5. The share of particular types of ordering parties of congresses organised in Cracow.
6. The share of revenues of entities servicing congresses organised in Cracow.

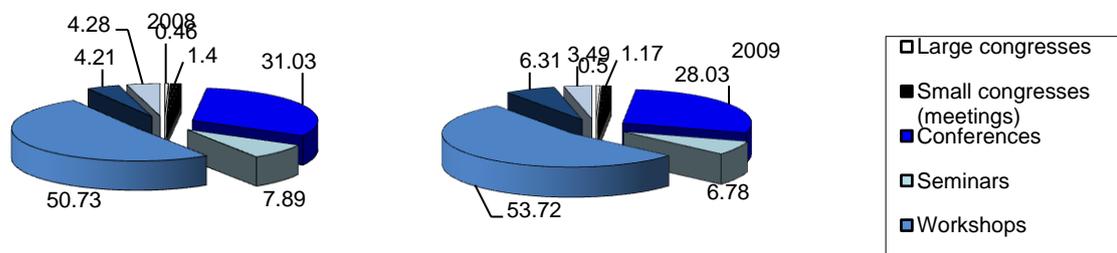
1. Perspective segments of MICE tourism in Cracow in the upcoming 5 year period by various respondent groups.
2. A survey questionnaire, sent by mail, e-mail or handed directly to entities possessing their own infrastructure making it possible to organise MICE events, was completed by 50.42% of the market entities. This means that the obtained results can be considered representative and the entities that refused to participate<sup>2</sup> in the research did not constitute one specific group of operators – they included hotel facilities operators of various classes, congress and conference centres, universities or cultural institutions.
3. The obtained original data were analysed. In the event of most of the issues, structures were calculated; their changes in the examined years were assessed with the use of the similarity of structures measurement. The dynamics of changes expressed in percentages was calculated. The basic method was a descriptive analysis.

#### 4. MAIN RESULTS

Cracow is an important place on the congress map of Poland. This thesis is confirmed by numerous facts: Cracow already possesses a rich congress tourist base (the city has over 170 facilities prepared for that purpose),<sup>3</sup> and there are plans to open of a facility with congress and concert functions for over 2000 places, meeting the requirements of international congress organisations as well as the highest sound and event mechanics standards in 2013.<sup>4</sup> Additionally, the capital of the Malopolska Region is playing an increasing role on the outsourcing market in Poland, embarking on projects in the field of tourism as well. The conducted research makes it possible to estimate that in 2008 and 2009 a similar number of congresses was organised in Cracow, 323 and 297, respectively, which shows that the first year under analysis had a better result than the second year by 8.05%. Among all congresses, only about one-fourth (24.46% in 2008 and 29.97% in 2009) were large meetings, i.e. with a number of participants exceeding 500. The remaining ones are small events (the so-called meetings) with 250 to 500 participants.

It must be noticed that congresses in Cracow in 2008-2009 constituted only 2% of all organised events of the MICE-type (see Figure 1), but due to a large number of participants, they contributed to the arrival of about 5% of participants of all groups of business meetings to the city (see Figure 2).

**Figure 1. The structure of MICE events organised in Cracow in the years 2008-2009**



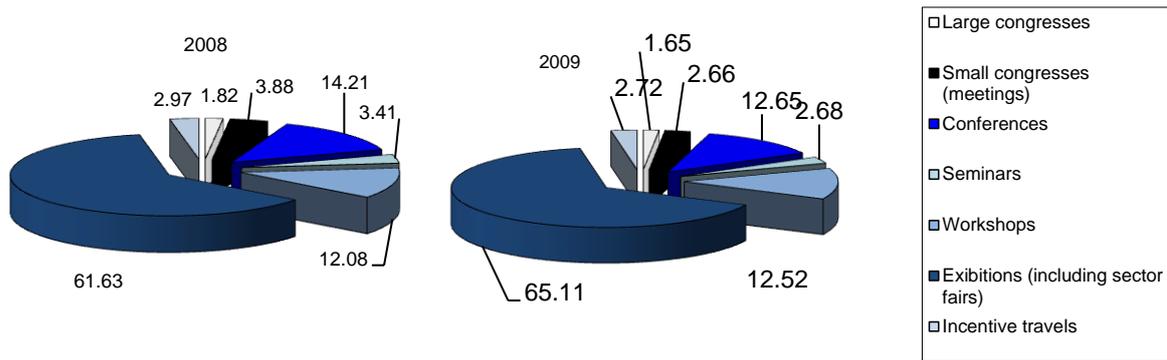
Source: data elaborated on the basis of authors' authors' own research results

<sup>2</sup> The reason for refusal was: absence of databases, other reasons of an objective nature or the lack of will to participate in the research.

<sup>3</sup> More information at: [http://www.Cracow.pl/ccb/?MODE=mpkom&TYPE=show&kom\\_id=304](http://www.Cracow.pl/ccb/?MODE=mpkom&TYPE=show&kom_id=304), accessed 10.01.2011.

<sup>4</sup> More information at: [http://www.bip.Cracow.pl/?sub\\_dok\\_id=24044](http://www.bip.Cracow.pl/?sub_dok_id=24044), accessed 10.01.2011.

Figure 2. The structure of participants of MICE events organized in Cracow in years 2008-2009

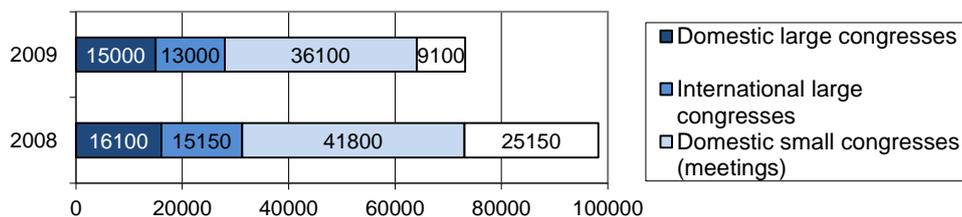


Source: data elaborated on the basis of authors' own research results

On the whole, in 2008 Cracow hosted over 98 thousand and over 73 thousand congress participants in 2009 – see Figure 3. Out of this figure, about two-thirds (68.10% in 2008 and 61.75% in 2009) took part in large meetings.

People taking part in national events predominated in the total number of congress participants (58.96% in 2008 and 69.81% in 2009). This applied both to large meetings (51.36% in 2008 and 53.57% in 2009) and meetings (62.44% and 79.87%, respectively), but case the predominance of Poles was decisively smaller only in the former (only 6.27% in 2008 and 15.38% in 2009 guests more) than in the group of persons participating in meetings (73.09% in 2008 and 296.70% in 2009 persons more).

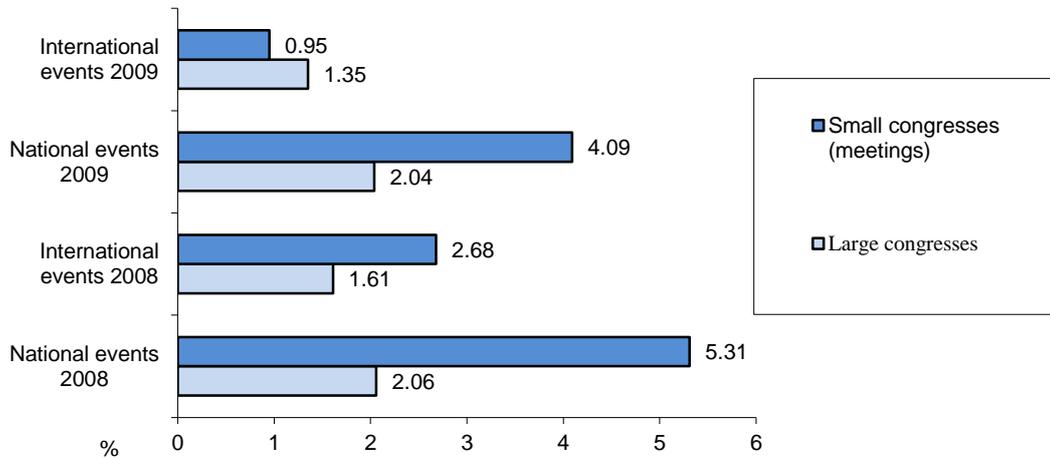
Figure 3. The estimated number of participants of national and international congresses organised in Cracow in the years 2008-2009



Source: data elaborated on the basis of authors' own research results

Out of all participants of national events serviced in Cracow, there was about 6-7% persons participating in congresses in the examined period, and over 4% in 2008 and over 2% among persons participating in international events in 2009 (see Figure 4).

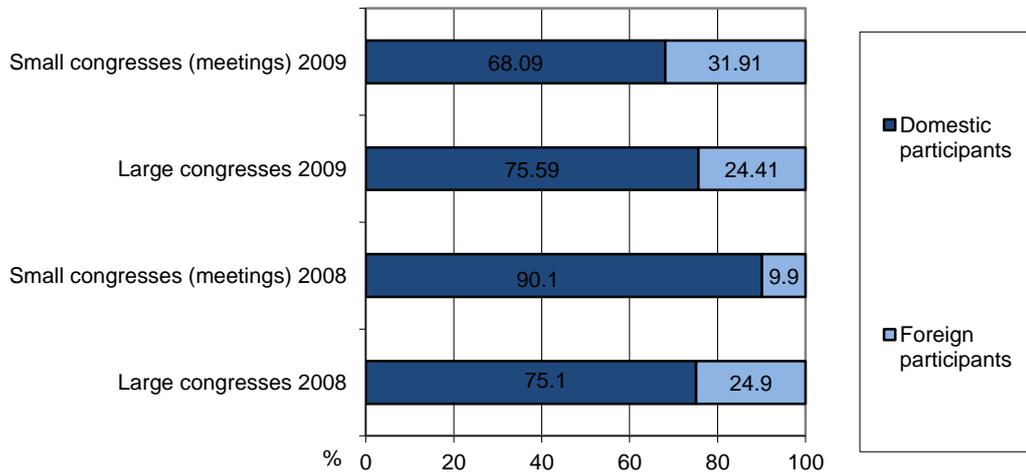
**Figure 4. The share of participants of national and international congresses in the amount of all MICE event participants in Cracow in the years 2008-2009**



Source: data elaborated on the basis of authors' own research results

It is worth emphasising that in the group of participants of international congresses foreign guests constituted 15.54% in 2008 and 27.50% in 2009 (see Figure 5). However in 2008 foreigners came to Cracow more frequently to large events (one-fourth of their participants were foreigners, and only one-tenth came to meetings), in 2009 meetings were more popular among foreign visitors (nearly 32% of participants are foreigners, while in large congresses foreigners constitute about one-fourth).

**Figure 5. The structure of participants of international congresses organised in Cracow in the years 2008-2009**



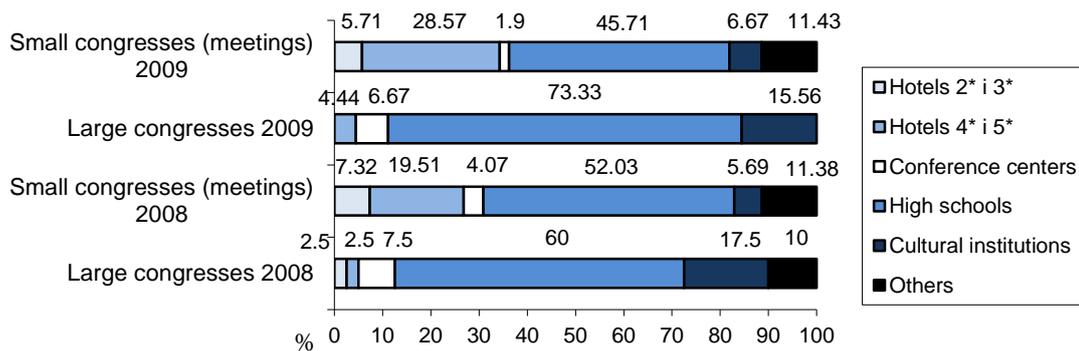
Source: data elaborated on the basis of authors' own research results

It must be also observed that the number of foreign participants of large international congresses in the analysed period was greater than of foreigners participating in meetings (by 51.26% in 2008 and by 9.04% in 2009).

On the whole, in each of the examined years Cracow hosted over 6,000 foreigners participating in international congresses (3,750 guests of large and 2,500 guests of small congresses in 2008, and 3,150 and 2,900 persons in 2009, respectively).

Universities functioning in the city have the largest share in congress servicing (54% in each of the examined years). Large events in this category are also relatively frequently serviced by cultural institutions (about one-sixth), while small by 4\* and 5\*-hotels (one-fifth – one-fourth). The detailed data in this respect are presented in Figure 6.

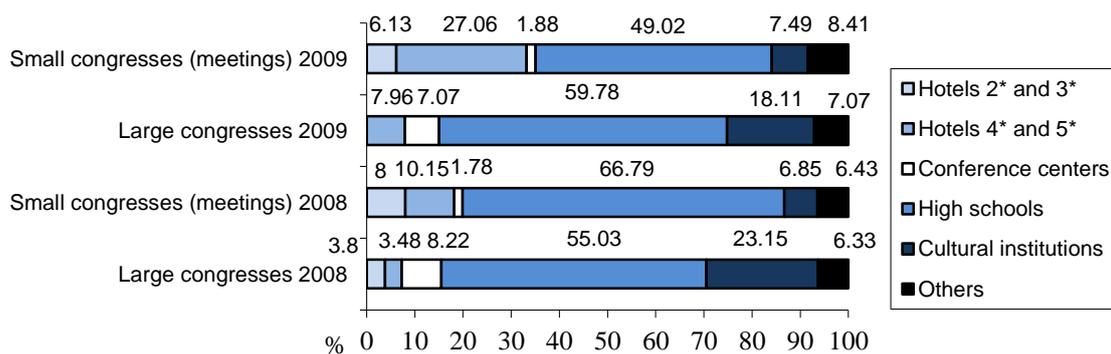
**Figure 6. The share of particular tourist base and congress-conference facility operators in servicing congresses organised in Cracow in the years 2008-2009**



Source: data elaborated on the basis of authors' own research results

Analogous conclusions can be drawn by analysing a number of congress participants – see Figure 7. The largest group is hosted by universities (63.04% in 2008 and 53.14% in 2009); cultural institutions have a relatively large share in servicing large meetings (about one-fifth), and higher class hotels in servicing small congresses – (one-tenth – one-fourth).

**Figure 7. The share of a particular tourist base and congress-conference facility operators in servicing participants of congresses organised in Cracow in the years 2008-2009**

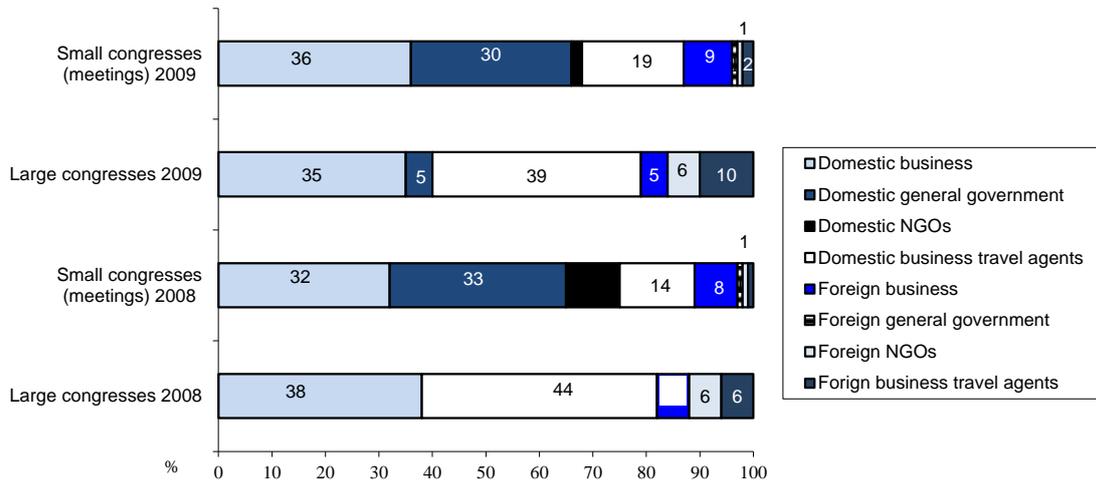


Source: data elaborated on the basis of authors' own research results

In analysing the ordering parties of large and small congresses one can notice that they are mostly national entities (compare Figure 8). Their share was, in the case of the former, 83% in 2008 and 79% in 2009 of all ordering parties, and in relation to small congresses 89% in 2008 and 87% in 2009. Among the national ordering parties of meetings in 2008 government and local government institutions (33%) and enterprises (32%) predominated; a year later their revaluation occurred – a much greater share of enterprises was recorded (36% vs. 30%). The largest group of ordering parties

of large meetings are national professional intermediaries (44% in 2008 and 39% in 2009) and domestic enterprises (respectively: 39% and 35%). In analysing institutional clients, it is worth noting a considerable growth of the percentage of large events reported by domestic government institutions (growth by 5 percentage points in 2009 compared to the previous year) and by professional foreign intermediaries (growth by 4 percentage points).

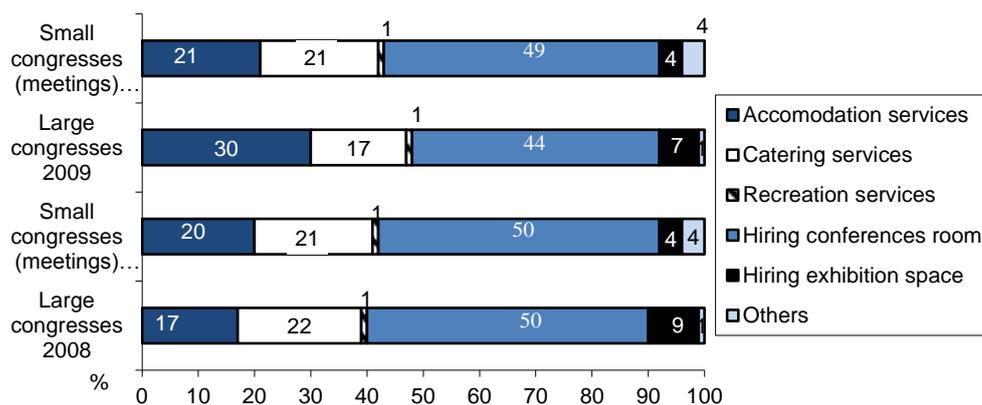
**Figure 8. The share of institutional clients of congresses organised in Cracow in the years 2008-2009**



Source: data elaborated on the basis of authors' own research results

From the business infrastructure operators' economic point of view, the structure of their revenues from servicing the congresses is of importance. The results of the research for the analysed period are presented in Figure 9.

**Figure 9. The structure of revenues of venues generated by congresses organised in Cracow in years 2008-2009**



Source: data elaborated on the basis of authors' own research results

On the basis of empirical data presented in Figure 9 one may deduce that both in 2008 and 2009 nearly a half of the operators' revenues were fees from the rental of conference rooms. Slightly smaller revenues were generated by catering and accommodation services. The share of revenues from rental

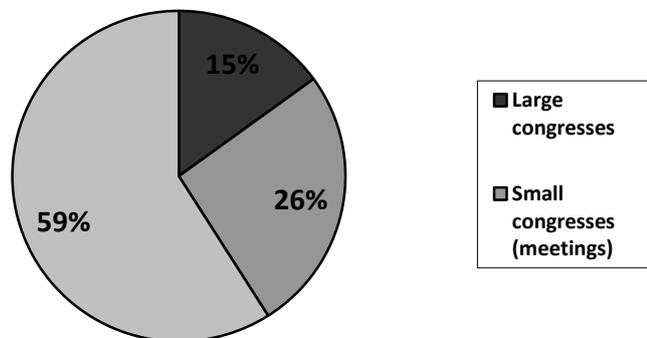
of exhibition space was relatively small. The revenues from the provision of recreational and other services constituted only several percent.

Prospects for the development of congresses in Cracow

As part of the conducted research into the entities from the MICE tourism sector, an attempt was made to identify the development prospects of selected segments of that market. The respondents were asked to indicate several separated segments (large congresses, small congresses, conferences, seminars, training, fairs, exhibitions and incentive trips) on the list which, within the next five years, should develop themselves more dynamically. In other words, we tried to make use of knowledge from many years of persons from the tourist sector organising congresses about the tourist market to anticipate changes in Cracow MICE tourism in a period of several years.

In 2009, in the examined group, 15% of respondents consider large congresses (above 500 persons) to be the most prospective for Cracow. 26% of respondents asked about the segment to be the most prospective chose small congresses (between 150 and 500 persons). In the opinion of persons participating in the research on MICE tourism in Cracow, and at the same time organising congresses in the city (both large and small ones), congresses have a considerable development potential until 2014. Nearly a half of persons examined in 2009 are of that opinion (41% to be precise) – compare Figure 10. At the same time it is necessary to emphasise a high degree of other sectors of MICE tourism in Cracow mentioned as prospective for the city – on the level under 50%.

**Figure 10. Prospective segments of MICE tourism in Cracow in 2009 in the upcoming 5 year period**



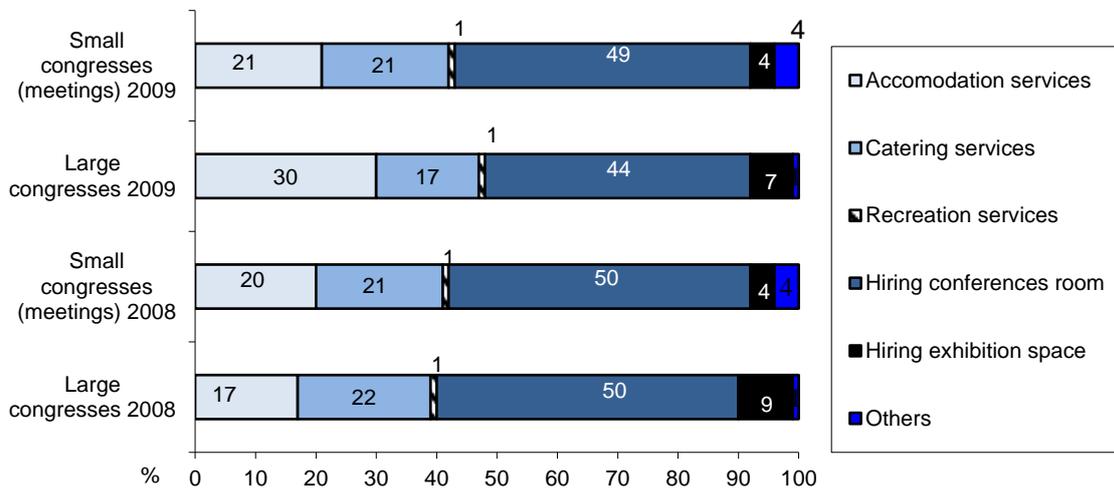
Source: data elaborated on the basis of authors' own research results

Analysing indications of the most prospective segments of MICE tourism in Cracow, it is worth taking a closer look at the groups of the examined entities i.e. the representatives of particular types of facilities and representatives of facilities with a differentiated number of conference rooms. Large congresses were indicated as prospective above all by university representatives (50%), while hotels and cultural institutions were one-fourth of the group (25%) pointing to large congresses. In the case of small congresses, both hotels and cultural institutions (42.86% in both cases) were supporters of the dynamic growth of this segment of business tourism. The remaining events were most frequently mentioned by hotels (43.75%) and other types of facilities (25%) –Figure 11.

As regards the structure of replies given by representatives of facilities having a different number of rooms, it is possible to point to a considerably larger percentage of persons from all event types in the case of facilities having more than 3 rooms. Three of four respondents mentioning large congresses as

a prospective segment of business tourism market in Cracow had 4 or more rooms. The remaining group of persons declared possession of 1, 2 or 3 conference rooms.

**Figure 11. Prospective segments of MICE tourism in Cracow by persons representing various facilities**



Source: data elaborated on the basis of authors' own research results

As regards analyses connected with the segment of small congresses, a group of entities offering four or more conference rooms (83.33%) also considered this segment as being prospective. Three of the four entities considering other types of events perspective for Cracow can be also included in a group of large facilities possessing four or more rooms.

In light of the presented research results concerning the prospects of development of congresses in Cracow in the next 5 years, it is possible to clearly state that a relatively large part of respondents point to this segment as a segment with a future. At the same time many persons from facilities with a large number of rooms (four and more) also mention congresses as an important segment of MICE tourism in the city. This is all the more so since Cracow has a huge image and organisational potential to lead the national market of congresses and it can also play a significant role in the European market.

## 5. CONCLUSIONS

The obtained results of empirical research made it possible to find answers to the posed research questions. Although the number of congresses organised in Cracow in 2008 and 2009 was not large (compared to other types of events of the meeting industry), they gathered over 5% of all participants of those events. Above all the role of congresses will grow – such an opinion was expressed by experts from the industry.

So far Polish cities have not had significant opportunities to attract large and the most profitable congress events, mostly due to lack of a relevant infrastructure (i.e. congress centres and the necessary business support organisations). However, as it is evident from sector forecasts by ICCA and UIA (Union of International Associations), the interest in Poland and our cities, Cracow in particular, will

grow (ICCA, 2009). It is predicted that in the upcoming years Cracow, in terms of attracted international events, will be the first city in Poland, surpassing Warsaw in this respect. In this context, the opening of a conference centre in Cracow, which from 2013 will be able to service the most prestigious conference and congress events of an international rank, and should become a factor of growth of the congress tourism's role in the city is proving to be of key importance.

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