

# Micro Impacts and Benefits of Business Tourism in Malaysia: A Case Study of Kuala Lumpur Convention Centre

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**Abstract.** The purpose of this study is to investigate the micro impacts and benefits of business tourism in Malaysia. The objective of the study is to highlight the micro areas of delegate spending and their experiences specifically in the case of Kuala Lumpur Convention Centre (The Centre). The current study operationally defined business tourism as 'travel related activities and travel expenditures of business tourists attending international MICE-related events' at The Centre either as local or foreign participants. The study limits its scope specifically in five (5) MICE-related events conducted at The Centre in 2011 to provide better view of the micro impacts and benefits of business tourism in Malaysia. The current study attempts to use mainly quantitative research approach with only few qualitative questions. The survey instrument was based on three (3) major sections and demographics. The first section comprises on "travel information", the second section comprises on "delegate spending in US\$", and the third (last) section comprises on "delegates experience". The sample population of the study comprises of local and foreign delegates attending MICE-related events in The Centre likewise refer in the study as business tourists. Five (5) events were selected from the reserved list of events of The Centre in 2011 (held from May to November 2011). The delegates were targeted with a non-probability convenience sampling technique. A fieldwork was carried with a team five (5) trained junior researchers (from Taylor's University masters & degree students), and a total of n=950 (n=sample) survey questionnaires were collected, however, only n=809 (sample size) surveys were found to be useful, representing 85.15% response rate from the original sample (n=950). Descriptive analysis such as frequencies, percentages, means, and standard deviations are calculated, and for few structured open-ended questions, patterns and trends in the responses were observed to reach some conclusions. Major findings of the study represents that a majority of the respondents (70%) were foreign nationalities coming from 154 cities and 76 countries around the world while the remaining are local Malaysians. Respondents of the study highly preferred Malaysian Airlines per recommendation of their company/conference organizer. Majority traveled by direct flights via economy class. Most preferred hotels are found to be Traders Hotel, Mandarin Hotel, Impiana Hotel and Hotel Novotel. Their average length of stay is 3-5 days while average spending amounting to less than US \$3,200 during their period of stay. Their average spending on various items such as conference registration, airfare, hotel/accommodation, local transportation, food and beverage, shopping and entertainment are all less than US\$ 500, thus, business tourists attending MICE-related events in The Centre have higher spending thus generate more income for the domestic economy of Malaysia. With regards to respondents' travel experiences in Malaysia, they have high perception regarding The Centre facilities and services and shopping facilities while they have low perceptions for airlines, hotel accommodation, local transportation, restaurants and entertainment/activities. Some notable concerns raised by the respondents are further discussed in the findings and conclusion of the study, with recommendations.

**Keywords:** Micro Impacts, Benefits, Business Tourism, Malaysia

## 1. Introduction

The United Nations-World Tourism Organization (UN-WTO) from its Glossary of Terms has no specific term that defines business tourism. From various literatures on business tourism, they described it according to its scope of business activities in relation to tourism. For example, Haven-Tang, Jones and Webb (2007) mentioned in their study that business tourism consists of all trips related to a traveller's employment or business interest, e.g., conferences and meetings; exhibitions, and trade fairs; corporate hospitality and events. Similarly, Hankinson (2005) also cited business tourism as travel associated with attendance at meetings, conferences, exhibitions and incentives events.

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Some countries described business tourism in relation to their existing practices. According to Tourism Research Australia (accessed on 08 November 2011 from [www.tra.australia.com](http://www.tra.australia.com)), business tourism is any business that relies significantly on tourists including both direct and indirect consumption of the main product or service of the business. On the other hand, the Northern Ireland Tourism Board (accessed on 08 November 2011 from [www.nitb.com](http://www.nitb.com)) based its concept on business tourist as a traveller whose main purpose for travelling is to attend an activity or event associated with his/her business of interest. It further added that business tourism main components include conferences, exhibitions and trade fairs, incentive travel, corporate events and meetings and individual travel or corporate travel. These concepts previously cited are very important to establish why UN-WTO may not consider it as solely business tourism industry but instead classified it as meetings industry. UN-WTO (accessed on 08 November 2011 from [www.unwto.org](http://www.unwto.org)) defines meetings industry, refers to if a trip main purpose is a business/professional that include attending of meetings, conferences, congresses, trade fairs and exhibitions and other business and professional activities. According to them, the term meeting industry is preferred by International Congress and Convention Association (ICCA), Meeting Professionals International (MPI) and Reed Travel over the acronym MICE (Meetings, Incentives, Conferences and Exhibitions) which does not recognize the industrial nature of such business. Another interesting concept of business tourism can be derived from Tourism Satellite Account of UN-WTO. A Briefing Paper prepared by McNicoll (2004) on "Issues Arising Concerning the Treatment of Business Tourism in a UK Tourism Satellite Account" pointed out two perspectives from a demand and supply sides. From a demand perspective, business tourism is generally defined as "expenditures made by or for an individual associated with a visit which satisfies the criteria to be defined as a business tourism trip". The paper also mentioned that TSA literature gives little (if any) consideration to a supply-oriented definition of business tourism. The supply-side of business tourism emphasizes the range and volume of activities and commodities produced and supplied specifically for business tourism purposes.

There are some issues as to what side should be used to measure. Han and Fang (1997) explained some of these demand and supply side issues in measuring tourism contributions to the economy. Furthermore the paper concluded that to correctly measure the size of tourism and estimate tourism's contribution to Gross Domestic Product (GDP), a business tourism demand was initially introduced. This concept avoids double counting and hence comparable with GDP. This method developed was consistent estimates for both the size measure of tourism and the contribution measure of tourism. From the various literatures cited, the current study's concept of business tourism was derived. The business tourism in the study refers to the 'travel related activities and travel expenditures of business tourists attending international MICE-related events' at The Centre either as local or foreign participants. These travel activities refer to MICE-related events such as conferences, congresses, meetings and exhibitions. On the other hand, travel expenditures refer to the amount of money spent on travel related activities such as transportation, hotel/accommodation, food and beverage, shopping, entertainment and other travel related activities. With this framework on business tourism, the current study examines the micro impacts and benefits of tourism business in Malaysia. Specifically, it aims to analyse spending pattern and experiences of business tourists in relation to travel related activities. According to UN-WTO data (2010, accessed on 15 November 2011 from [www.unwto.org](http://www.unwto.org)), Malaysia's global tourism has grown from RM 30 billion in 2004 to RM 53 billion in 2009 with 12 percent growth rate from 2004-2009 placing Malaysia 13th in terms of global tourist receipts.

The study is limited to five (5) international MICE-related events held in The Centre in 2011 (see Appendix A) with the local (Malaysians) and foreign delegates comprises the respondents. The purpose of this study is to investigate the micro impacts and benefits of business tourism in Malaysia. The objective of the study is to highlight the micro areas of delegate spending and their experiences specifically in the case of Kuala Lumpur Convention Centre.

## **2. Methodology**

In order to serve the aims and objectives of the study, the current study has used mainly a quantitative research approach. The survey instrument was based on three (3) major sections and demographics. The first section comprises on "travel information" with categorical data questions (question number 1-11) about 'traveling to KL, Malaysia', 'airline/s used', 'air class', 'reason of choosing a particular airlines', 'flying

passage', 'travelling with companions', 'number of adults traveling with', 'number of children traveling with', 'booking pre or post tours', 'number of nights stayed' and 'name of the hotel stayed'. The second section comprises on "delegate spending in US\$" with categorical data questions (question number 12-19) about 'conference registration fees', cost of 'airfare' and 'hotel/accommodation', spending on 'local transportation, 'food and beverage', 'shopping', 'entertainment/activities', and 'other spending'. The third section comprises on "delegates experience" with ratings scales data questions 'one (1) being poor' and 'five (5) being excellent' (question number 20-26) about 'The Centre facilities and services', 'airline/s company', 'hotel/accommodation', 'local transportation, 'restaurants', 'shopping facilities', and 'entertainment/activities' in the city. This section also asked delegates opinions (recommendations) for improvements. Further this sections asked 'best' and 'least' (question number 27 & 28) about the city KL, also delegates 're-visit intentions' (question number 29) for the city were asked based on categorical data. Later a final question (question number 30) was asked about delegates satisfaction 'spending on this particular convention/meeting justify your visit/experience' in the city. The demographics of the study were manly about 'gender', 'age', 'income level', and 'country of origin'. The sample population of the study comprises of local and foreign delegates attending MICE-related events in The Centre likewise refer in the study as business tourists. Five (5) events were selected from the reserved list of events of The Centre in 2011; these selected events were held from May to November 2011. All of the delegates were targeted with a non-probability convenience sampling technique (Aaker, Kumar, Day & Leone, 2010), the most practical method in order to gather primary data. A fieldwork was carried with a team five (5) trained junior researchers (from Taylor's University masters & degree students), hired on daily basis, on the premises of The Centre and a total of n=950 (n=sample) survey questionnaires were collected from delegates who joined the said five (5) MICE-related events. However, only n=809 (sample size) surveys were found to be useful, representing 85.15% response rate from the original sample (n=950) and 15.26% response rate from the original population (N=5,300). This only indicates the actual population sample size is more than the 10% acceptable level. For quantitative data analysis, the current study employs SPSS 17.0.1 for windows. Descriptive analysis such as frequencies, percentages, means, and standard deviations are calculated. For qualitative data analysis of structured open-ended questions, patterns and trends in the responses were observed to reach some conclusions.

### **3. Findings**

#### **3.1. Demo Demographic Breakdown of the Sample**

Results showed that most of the respondents were males (50.6%). The majority of the respondents were between the ages of below 30 (30.9%). With respect to income level (monthly), 33.9% of the respondents were earning below US\$ 2,000. In terms of respondents' nationality, 59.6% were from Asian countries, among these, 30% are Malaysian nationality, while the remaining 70% are foreign nationalities coming from six continents of the world. Of these five (5) international MICE-related conferences, delegates were coming from 154 cities and 76 countries around the globe having nationalities from Africa, America, Asia, Australia and Europe.

#### **3.2. Delegates Travel Information**

Results showed that most of the respondents traveled to KL/Malaysia by air (76.9%). In the case of respondents' preference in traveling with a specific airline/s company, all of these delegates traveled with 44 different airlines companies with Malaysian Airlines (23.2%) as the top airline preference. Other airlines mentioned include Air Asia (6.8%), Emirates Airlines (5.3), Cathay Pacific Airlines (4.9%), Cebu Pacific Air (4.1%), and Singapore Airlines (4%). Other interesting delegates' travel information include the following: majority of the respondents used economy class (63.4%); one reason for choosing particular airline/s, were recommended by their company/conference organizer (18.9%); in the case of flying passage, respondents had the opportunity to have direct flights (45.5%) however 21.9% of the respondents had to use connecting flights as many of the delegates came from 154 cities and 76 countries around the world. In the case of delegates traveling with companion/s, 53% of respondents traveled with friends, which means that more than half of the respondents attended conferences/meetings in groups, however, a notable percentage

(14.5%) of respondents preferred to travel with family (e.g. spouse/partner or children). Among them, 34.2% of respondents traveled with more than 3 persons (Adults) in their travel party and 4.2% of respondents traveled with 1 child in their party. Majority (68%) of the respondents had no booking while the rest had pre or post booked tours. Average length of stays of delegates ranged from 3-5 days (55.7%) in 59 various hotels in the city. The most preferred hotels include Traders Hotel (9.1%), Mandarin Oriental Hotel (7.4%), Impiana Hotel (7%), and Hotel Novotel (5.2%). A notable percentage of respondents (5.1%) stayed with family or friends. Although, respondents have lower average length of stay, however, they have higher yield of spending as shown in the succeeding table.

### **3.3. Delegates Spending**

Results showed that shows delegates spending visiting The Centre for attending conferences/meetings. It was found that about 31.9% of respondents paid less than US\$ 500 as their conference/meeting registration fees, however, 18.3% of respondents had their conference/meeting registration fees paid by the sponsor. A number of respondents (29.1%) had less than US\$ 500 as their cost of airfare, while 23.9% of respondents paid more than US\$1001. Cost of hotel/accommodation shows that 33.1% of the respondents paid less than US\$ 500 while 10.3% of them paid more than US\$ 1001. Moreover, spending of the respondents on local transportation and food and beverage has only less than US\$100 with 46.2% and 31.9% shares, respectively. Furthermore, spending of respondents on shopping and entertainment activities was less than US \$500 with 46.1% and 52.8% shares, respectively. Other spending on various items not mentioned shows that 27.9% of respondents spent less than US\$ 500. An average analysis on delegates spending shows that majority (40.8%) of respondents (business tourists) visiting The Centre spent less than US\$ 3,200 (RM 9,731: Converted as of 28 January 2012 from [www.xe.com](http://www.xe.com)), however, (13.8%) of them spent US\$ 6,408 (approximately RM 19,486: Converted as of 28 January 2012 from [www.xe.com](http://www.xe.com)) or more. It only shows business tourists attending MICE-related events in The Centre have higher spending thus generate more income for the domestic economy of Malaysia. With this amount, it can also be described that The Centre's MICE-related events attracts higher yield tourist, an important factor for Malaysia's tourism sustainability.

### **3.4. Delegates Experience**

Results demonstrated that respondents experience had relatively high perception scores (mean  $\geq 3.5$ ) regarding 'The Centre facilities and services' and 'shopping facilities'. However, there was a relatively low perception score (mean  $\leq 3.5$ ) for 'airline/s company', 'hotel/accommodation', 'local transportation', 'restaurants', and 'entertainment/activities'. The low perception scores represents that the delegates who participated in MICE-related events at The Centre were sensitive in the said low perception areas, which needs considerable efforts for improvements to sustain a fruitful delegates experience. In addition to these experiences, respondents had noted some concerns such as 'traffic jam and parking problems in the city', 'monorail facilities to be expanded and improved', 'attitude of immigration officers at the airport', 'long waiting queues in customs hall of the airport', 'welcome reception of some hotels was poor and hotels to improve on the services. These were some of the issues raised by the respondents that are useful for concerned authorities to consider in their future plans to further improve its services and facilities. Furthermore, results showed that the respondents opinion describing the best and least about the City of KL. The delegates found the city 'very attractive and modern looking', 'appreciate natural beauty', 'cultural diversity', 'shopping facilities', 'tourist attractions', 'parks' etc. Other delegates dislike mainly the 'rising pollution in the city', 'traffic problems', 'taxis' (e.g. drivers not using taxi meters) etc. Some of these descriptions are both listed in the best and least (such as issues related to 'cleanliness', 'transportation' etc.). Please note that these are just perceptions of the delegate thus may only applicable to one's individual judgment. Results showed that 40.5% of the respondents are likely to re-visit KL within next three (3) years as shown in the respondents' overall experience. This only validates respondents' high perception (mean=4.39) on 'their spending at convention/meeting justify their visit/experience in KL' implies that delegates were over-all satisfied and happy.

## **4. Conclusion**

Malaysia's business tourism may be described according to the review of literatures cited. This may be according to scope of business activities in relation to tourism and existing practices or one may refer this as

a meeting industry or one may look the demand side that explains the expenditures made by an individual associated with business tourism trip. The study operationally defined business tourism as 'travel related activities and travel expenditures of business tourists attending international MICE-related events' at The Centre either as local or foreign participants. The current study presents following recommendations as: 1) Although some of the tourism related projects were already in the pipeline, the local and national governments should act quickly in the implementation and operations of the said facilities and infrastructures; 2) The immigration agencies should review its existing policies with regards to the point of entry of foreign tourists to solve the long queue and other related customs problems; 3) Relevant authorities of the airline companies may review its destination routes to minimize the connecting flights; 4) Various hotel associations should further improve hotel facilities and infrastructures through adopting more customer care services; 5) Relevant authorities should carefully look at common problems such as traffic jam, pollution, taxi drivers who asked exorbitant fare should be carefully reviewed and immediate solutions should be formulated to eliminate at least at the minimal level these problems; 6) Need for government and private financial and administrative supports to undertake similar study to further boost growth of the meeting industry sector; and 7) Further studies should be conducted to include other international conferences conducted by The Centre for one whole year period and a comparative study among major players in the industry.

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