

The Value of Business Events

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Executive Summary

The total value of business events comprises five components:

1. Expenditure of overnight delegates and daytrip delegates travelling > 50 kilometres¹
2. Expenditure of daytrip delegates travelling < 50 kilometres¹
3. Organiser and exhibitor expenditure
4. Return on investment for delegates and employers
5. Other delegate and host destination benefits

Note 1: The travel distance that determines whether a person is considered a daytrip visitor or a local resident varies from country to country.

For international credibility of business event evaluations, it is critical that there be consistency in the approaches adopted to assess their contribution, particularly the economic contribution. If this is not done, the business events sector has little chance of realising its true potential.

The objectives of this study are to examine a range of studies that have been undertaken around the world to assess the economic contribution of business events at the national and sub-national levels, identify similarities and differences and to make recommendations as to how such assessments could be done in the future to further enhance their international credibility. Studies were collected under the auspices of the Joint Meetings Industry Council (JMIC) with the support of its members.

A. Assessing the economic contribution of business events at the national level

The national level studies to assess the economic contribution of the business events sector to national economies that utilise the UNWTO (2006) guidelines are based on sound economic principles and produce internationally credible results. Such studies include those that have been undertaken in Denmark, Mexico, USA, Canada and Australia. No national studies using other methods were found.

Whilst the UNWTO (2006) approach has international credibility, it does have two key limitations; these national estimates are very costly to produce and their outputs have little relevance at the regional destination level where most decisions are made.

By segregating the venues in the national population into regional categories in the survey work used in these studies, it is possible to identify the economic contribution to regions based on ratios of delegate attendance. This approach was adopted in two of the national studies reviewed.

Recommendations

1. The UNWTO (2006) guidelines should be used to produce credible national economic contribution studies of business events.
2. Whilst estimating delegate expenditure using online survey panels reduces cost, care is needed to minimise the time delay between the event and data collection to ensure the reliability of the data collected.
3. There is no need to extend the Tourism Satellite Accounts (TSAs) to better reflect the meetings industry in a country unless the economic contribution of business events will be assessed on a regular basis. The economic contributions can be estimated without the TSA adaptation.
4. It is considered necessary to undertake a full study in the first instance in order to generate credible estimates for key variables such as the number of business events held, duration, delegate numbers and delegate expenditure.
5. In countries where there are good datasets relating to tourist expenditure, there may be merit in assessing whether it is possible to utilise these data to estimate business event delegate expenditure.

B. Assessing the economic contribution of business events at the local or sub-national level

Based on a review of the range of studies available to assess the economic contribution of business events at the sub-national level, there appear to have been three approaches that have been adopted:

1. Contribution that a single business event makes to a region;
2. Contribution that business events held at a single venue make to a region in a year;
3. Contribution that business events held at multiple venues in a region make to that region in a year.

The key focus of these evaluations is the contribution resulting from the spending of new funds brought to the region by business event delegate visitors. Whilst this approach is appropriate for assessing the value of tourism, it understates the value of business events as it ignores the contribution made by local delegates, which is an important component of the overall value. This also reduces the ability to compare the contribution of business events to the contribution made by other sectors of the economy.

Based on a review of the sub-national studies that were submitted, the methodologies that were used for these studies were generally consistent and effective at estimating the level of new money attracted to the host region due to the staging of business events. There were, however, a number of issues in some of the studies that limited their accuracy and the following recommendations are intended to overcome these limitations.

Recommendations

1. Delegate expenditure on registration should not be included as part of delegate contribution since this expenditure helps to fund the expenditure made by the event organiser. Ignoring registration expenditure in analysing the delegate component avoids double counting this expenditure item.
2. Only the organiser expenditure made within the host region that is derived from funds coming from outside the region can be counted as 'new expenditure'. In a number of studies that were assessed, all organiser expenditure including money that is generated from within the region is counted as 'new money', which overstates the economic contribution.
3. In the delegate expenditure questionnaire, it is important to collect expenditure made by others (such as the employer) on behalf of the delegate. For example, expenses such as accommodation are often pre-paid by the employer and may not be identified if only the expenditure made by the delegate him/herself is collected.
4. Attention should be given to the correct labeling of the outputs of the current categories of sub-national economic contribution studies of business events. Their outputs represent the 'tourism contribution' of business events rather than the total contribution and should be labeled as such.
5. By capturing the effect of local delegates in the economic contribution studies as well as the expenditure attributed to delegates from out of the host region, it is possible to produce two sets of results, one that reflects the tourism contribution and the other the total economic contribution.
6. In drawing comparisons between the contributions made by business events and the contributions made by other sectors of the economy, it is essential that the local contribution be included so that consistent bases are being used.

C. Assessing the 'beyond tourism' benefits of business events

There are two key components of the 'beyond tourism' benefits of business events as listed below:

1. Return on investment for delegates and their employers
2. Other delegate and host destination benefits

A technique known as the 'Return on Investment' (ROI) has been used in many industries including business events and can be an effective means for estimating the benefits that delegates and their employers derive from attendance at a business event. This technique provides a method for determining the value of changed behaviour and outcomes as a result of attendance at the event or association with it.

Studies have confirmed that there are substantial 'beyond tourism' benefits for delegates and the host destination that can be derived from hosting or attending a business event. These studies, however, have not been successful in estimating the magnitude of this value.

Recommendations

1. Event organisers should be encouraged to undertake Return on Investment (ROI) studies as often as possible as such studies not only highlight the broader benefits that business events generate but they also help focus attention on ways to maximise the returns generated.
2. As studies have demonstrated that a wide range of 'beyond tourism' benefits of business events exist but that these benefits are extremely difficult to quantify in any meaningful manner, there seems little value in continuing to try and replicate these studies. Instead, the fact that the benefits exist and are generally substantial should be accepted and all effort should be put into leveraging the benefits for maximum return.
3. There is value, however, in developing some local case studies to highlight the range of 'beyond tourism' benefits that can be generated by business events in a way that helps the local government authority and other relevant parties understand in a tangible fashion the types of benefits that can be derived. The framework in Table 2 can be used to help in this endeavor.

The Value of Business Events

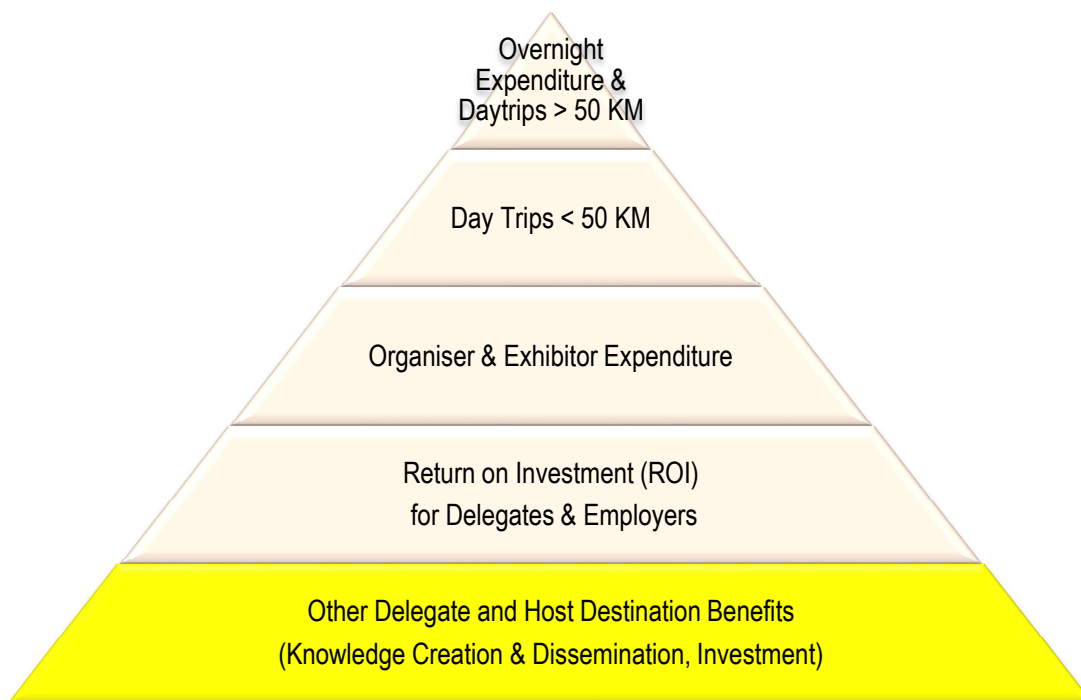
Background

Although those working in the business events sector appreciate that business events make a substantial contribution to host destinations and beyond, the value of this contribution has not been adequately documented nor has it been well communicated to external stakeholders. Many in the industry have been concerned about the lack of consistency in economic measures used to assess the value of business events and the fact that value has generally been assessed using a very narrow base that does not adequately reflect the true value of the contribution.

In an attempt to address these concerns, the Joint Meetings Industry Council (JMIC) convened a conference in London in May 2011 involving a range of key stakeholders from the field of business events and a number of invited experts with relevant expertise. At this conference there was unanimous agreement that it is critical to ensure that the economic assessments undertaken on the value of business events conform to a set of internationally agreed guidelines for enhanced credibility.

At the London Conference, the business event value triangle that had been developed in Australia was presented to demonstrate the different components of value that business events deliver. This diagram is included below as Figure 1.

Figure 1. The Five Components of Business Event Value



In order to appreciate the entire contribution that business events make, it is critical that all of the components of value presented in Figure 1 are addressed. As business events often sit within tourism agencies of government, it is not unusual that only tourism measures are used to assess the value of business events and as a consequence, only the very top section of the triangle in Figure 1 is often assessed. Clearly, this approach misses the vast majority of the contribution that business events make.

Objectives

At the conclusion of the London Conference on Valuing Meetings in May 2011, five recommendations were made as to how the industry could advance its value proposition in both the economic impact and value-added outcomes areas. These recommendations were:

1. To carry out inventory / comparative analysis of existing valuation models and develop a means for achieving greater consistency amongst these;
2. To encourage the development of local applications for economic impact models in order to generate better data for use in individual communities;
3. To create a protocol for assembling value-added “output” values with emphasis on the use of case studies and examples to illustrate major areas of benefit;
4. To identify key audiences along with their priority information requirements and develop a communications “tool kit” to assist in this process;
5. To encourage event owners to assume a more active role in measuring and communicating value.

The objectives of this study are to address the first three recommendations that came out of the London Conference as outlined above. In seeking to achieve these objectives, this report is divided into the following three sections:

- A. National Economic Assessment Models: Discussion and Recommendations;
- B. Local Economic Assessment Models: Discussion and Recommendations;
- C. Beyond Tourism Benefits of Business Events: Overview of Components and Recommendations.

Research Method

With the assistance of JMIC and its members, a range of studies to assess the economic contribution of business events to destinations were collected from around the world. These studies were then analysed in detail to identify the objectives for the studies, the methods used in conducting the studies and the key assumptions that had been employed. Despite the fact that the call for studies was circulated widely and a number of follow-up reminders were dispatched, only a relatively small number of studies were received.

All of the studies that were received were reviewed and analysed in terms of similarities and differences and assessments were made in relation to the methods and assumptions that

were used. The reports and analysis were also reviewed by Dr Larry Dwyer (Professor of Tourism Economics at University of NSW) to provide further validation of this report. Professor Dwyer is President of the International Association for Tourism Economics and is recognised internationally as an expert in the assessment of economic contributions.

A. National Economic Assessment Models: Discussion and Recommendations

Five mega studies have been found that seek to estimate the economic contribution of business events to the national economy and all of these studies adopt the guidelines established by the United Nations World Tourism Organisation (UNWTO) in 2006. These studies that are listed in Table 1 have been undertaken for Australia, Canada, USA, Mexico and Denmark. A number of other countries have expressed interest in undertaking a national study consistent with the methodology used in the aforementioned studies and are endeavouring to raise the funds required to undertake such studies. After seeking funds to undertake a national assessment study for some years, the United Kingdom has just commenced a national study to assess the economic contribution of business events and hopes to complete this study in 2013. The UK study is also based on the UNWTO (2006) methodology. No national study has been found that uses a method other than that based on UNWTO (2006).

Table 1. National Economic Contribution Studies

Study Title	Country	Year Published	Research Agency
National Business Events Study (NBES)	Australia	2005	Cooperative Research Centre for Sustainable Tourism (STCRC)
The Economic Contribution of Meetings Activity in Canada	Canada	2008	Maritz Research
The Economic Significance of Meetings to the US Economy	America	2011	PricewaterhouseCoopers
The Economic Significance of Meetings to Mexico	Mexico	2011	PricewaterhouseCoopers
The Economic Contribution of Meeting Activity in Denmark	Denmark	2012	Visit Denmark

Background to the Research Method

After the release of the National Business Events Study (NBES) in 2005, the UNWTO commissioned the Cooperative Research Centre for Sustainable Tourism (STCRC) in Australia to develop guidelines for more effectively assessing the economic contribution of the meetings industry utilising an expansion of the Tourism Satellite Accounts (TSAs). This work resulted in the release in 2006 of the UNWTO report entitled *“Measuring the Economic Importance of the Meetings Industry – Developing a Tourism Satellite Account Extension”*. The national studies undertaken in Canada, America, Mexico and Denmark utilised the

methodology outlined in UNWTO (2006). An overview of the background to the UNWTO (2006) study and its recommendations is provided in Appendix 1.

The key benefits of these studies are that they produce an estimate of the economic contribution made by business events to the national economy in a consistent fashion using an internationally credible methodology although there are some concerns about the use of induced effects. Strictly speaking, induced effects can only occur where there is excess capacity in the economy that can be utilised to produce the additional goods and services required (ABS Catalogue No: 5246.0 and Dwyer et al. 2010).

Critique of National Studies

Appendix 2 contains a table that compares the key inputs and outputs used in each of these five studies. It can be seen that there is a strong level of consistency between these studies, which were all based on the method outlined in UNWTO (2006). There is a sound theoretical base to the method proposed by the UNWTO that is consistent with the event evaluation literature that has been developed over the last 25 years. The method is internationally credible and provides a rigorous approach to estimating the economic contribution of business events to a national economy. It should be stressed, however, that the method considers only the contributions due to supply and demand side expenditure and does not consider the broader benefits that business events can generate.

It can be seen in Appendix 2 that three of the studies (Canada, USA and Mexico) use Gross Domestic Product (GDP) as a key output whilst the other two studies refer to Gross Value Added (GVA). Whilst there is a connection between these two economic variables, GVA is recommended by this author as a better output variable as it is not 'distorted' by taxes and subsidies. The link between these two variables is:

$$\text{GDP} = \text{GVA} + \text{taxes on products} - \text{subsidies on products}$$

Whilst the method that has been adopted in these national studies is endorsed in the current review, there are two important limitations associated with this approach:

1. The cost of undertaking these studies is very significant, generally ranging between USD 600K and USD 800K. This also means that it is very difficult to find the funds needed to update these studies on a regular basis;
2. The economic contribution numbers that most of these studies produce are valuable at the national level but have little if any relevance for states or provinces, let alone cities within the country where key decisions need to be made.

The fact that these studies require the collection of data from such a wide range of different agents involved in the business event experience adds greatly to the time and cost of undertaking these studies. Obtaining data on the number of events that are held in a year, their type and average attendance plus the average delegate expenditure profiles adds

greatly to the complexity of the data collection process. There do not appear to be obvious shortcuts to collecting these data.

Delegate Expenditure

A key difference between the Australian and Danish studies compared to the Canadian, American and Mexican studies relates to the manner in which expenditure data for attendees were collected. In the Australian study, expenditure data were collected from over 6,500 delegates via intercept interviews at business events around Australia. The benefits of this approach are that the accuracy of the data collected is maximised as the survey takes place immediately after the expenditure occurs and the fact that expenditure data are collected around the country makes it possible to identify differences in expenditure profiles between destinations within the country. The substantial drawback of this approach is that it is very resource intensive to undertake. In the Danish study, a subset of respondents from the national tourist survey that is based on intercept interviews was used. This survey also has the benefit that it captures data very soon after expenditure is made.

The national studies conducted in Canada, America and Mexico all collected delegate expenditure data using online research panels. In each case, domestic delegate data were collected from online research panels comprising residents of the relevant country who had attended a business event during the previous year. Similarly, international delegate data were collected via online research panels in a small number of the countries that were seen to be key source markets for business events in the country that was the focus of the study. Respondents were asked about their expenditure details at up to two business events that they had attended during the previous year. Whilst this is a cost effective method for obtaining samples across different countries, there are limitations in relation to the accuracy of the data provided given that respondents were being asked about expenditure on items that they or their employers purchased up to 12 months previously and may well have been in a foreign currency. There is also the difficulty that the expenditure cannot easily be attributed to a specific region within the country. If there is variation in delegate expenditure across the country under consideration, it is not possible to break down economic contribution to regional levels using this approach.

Number of Events and Attendance

In each study, estimates for the number of events held in a year and for the total delegate attendance were based on responses from a sample of venues in the respective country. Venues were categorised into states in the Australian and Danish studies so that the estimated national economic contribution of business events could also be broken down into state or regional contributions based on the ratios of delegates in each of the various states or regions. In order to achieve this outcome that helps address the second drawback of the method identified in an earlier section, larger sample sizes of venues were required.

Extension to Tourism Satellite Accounts (TSAs)

A key focus of the UNWTO (2006) report was to identify ways in which TSAs could be extended in order to better reflect the size and scope of the meetings industry. Clearly, this is a highly desirable outcome as it institutionalises the approach and helps facilitate the likelihood of more regular updates. The development of TSAs certainly achieved this for tourism.

A significant difference between the tourism industry and the meetings industry, however, relates to the disparity between the base levels of data that are already collected in the two industries. For most countries in which TSAs have been introduced, there are already comprehensive data collections relating to the number of tourist arrivals and tourist expenditure. The same is not the case for the meetings industry where there is generally a paucity of data relating to the number of events that are held each year, the number of delegates attending these events and the average delegate expenditure. Irrespective of the availability of an extended TSA, it is not possible to estimate the economic contribution of the meetings industry without good estimates for these three key variables.

Unless there is the likelihood that data will be collected on a regular basis for at least these three variables (numbers of events, numbers of delegates and delegate expenditure), there is little point in trying to establish an extended TSA to better reflect the meetings industry as it will not be possible to produce updates on the accounts. If these major assessment exercises will only be carried out infrequently due to the high cost of the studies, an estimate of the economic contribution of the meetings industry can be determined from the existing TSAs coupled with some assumptions in relation to the national accounts without the need to extend the TSAs.

Recommendations for New Countries to Undertake National Studies

1. For a country wishing to estimate the economic contribution of business events to its economy using a method that has international credibility and comparability, the approach proposed by the UNWTO and adopted in recent times in Denmark, the USA and Mexico is recommended. A major hurdle, however, is that substantial funds are required to operationalise this methodology. As estimating the average delegate expenditure is such an important component in determining the overall economic contribution, it is recommended that an assessment be made as to the accuracy of obtaining expenditure data from online panels pertaining to events held up to 3 months prior to the question being asked. The 12 month period used in some of the earlier studies is considered too long to provide accurate data. Whilst surveying delegates immediately after an event will provide much more accurate data, it is recognised that this approach adds greatly to the complexity and cost of the project.

2. In order to provide estimates of the economic contribution of business events to destinations below the national level as part of these studies, it is important to obtain data from representative samples of venues at the destination level. To achieve this, the national sampling frame should be split into regions for more localised assessment. Once the economic contribution of business events at the national level has been estimated, it is then possible to provide estimates at destinations within the country based on ratios of delegate numbers and categories. If there is reason to believe that the delegate expenditure profiles vary substantially between destinations within the country, it would enhance the accuracy of destination based estimates of economic contribution to apply modified weighted expenditure profiles to the destination figures.
3. If research funds are scarce and good tourist expenditure data are available in the country, it may be possible to make some savings in the collection of delegate daily expenditure by estimating the average amount that expenditure of business event delegates exceeds that of leisure tourists and applying this margin to the existing data. It is still essential, however, to have good estimates of the number of business events that take place across a year, the average duration of these events and the number of delegates who attended the events.

Potential Cost Saving Options

Two of the more costly components in undertaking these national studies relate to the venue and delegate data collections that form fundamental underpinnings to these studies. Listed below are some possible options for reducing the cost of obtaining estimates of these variables.

Delegate Expenditure

Although maintaining accurate profiles of delegate expenditure across countries is not common, many countries do collect substantial data on the expenditure profiles of tourists, especially in those countries that produce TSAs. Conventional wisdom, supported by historical data indicates that business event delegates spend more per day on average than leisure tourists. Whilst the percentage expenditure margin of business event attendees over leisure tourists may vary from one jurisdiction to another, it would be a relatively easy study to determine the average margin within a destination. Having obtained this margin for both interstate and international delegates, these margins could be applied to leisure tourist expenditure figures to obtain ongoing estimates of business event delegates without having to undertake separate data collection exercises. Obtaining expenditure data for local delegates is easier to capture and tends to be less variable as it generally does not involve key expenses such as accommodation. Whilst the daily expenditure of local delegates is much less than other types of delegate, they make up a very large percentage of total

attendance. In the 2011 American study, for example, local delegates made up 41% of all delegates.

Venue Data (Numbers of Events, Delegates and Delegate Days)

Ideally, a comprehensive survey of venues is required to collect data on numbers of events, numbers of delegates, and delegate days when an economic contribution study is first undertaken. For subsequent studies, it may be possible to monitor the performance of a smaller number of venues that are seen to be representative of the population and to use these results to estimate the overall performance of the sector in relation to these key variables.

B. Local Economic Assessment Models: Discussion and Recommendations

Although there is substantial interest in understanding the economic contribution that business events make to the national economy, management and investment decisions are generally made at the destination level within national economies. As was seen in the previous section, few of the national studies make any effort to disaggregate the national contribution below the national level. This helps explain the need for separate studies whose purpose it is to estimate the economic contribution of business events at sub-national levels.

For national studies, there was a single overall methodology adopted to estimate the economic contribution of business events although there were some variations in the manner in which this method was operationalised. Although the emails that JMIC sent out calling for economic evaluation studies included those having been undertaken at regional levels, very few responses were received in this category. The fact that these studies are generally undertaken for public and private sector clients and are not generally in the public domain probably helps explain the limited response in this category. Summaries of the findings of such studies can often be found on the web, but it is rare that copies of the full reports detailing the methods and assumptions used are available. The author of this report has an extensive personal collection of international destination based economic assessments resulting from the many assessments that he has undertaken plus those that have been provided to him to complement this work. The approaches used in these studies have helped inform this report but the names and specific details of these studies cannot be identified for confidentiality reasons.

Based on a review of the range of studies available to assess the economic contribution of business events at the sub-national level, there is a range of approaches that have been adopted. The approaches appear to be:

1. Contribution that a single business event makes to a region;
2. Contribution that business events held at a single venue make to a region in a year;
3. Contribution that business events held at multiple venues in a region make to that region in a year;

A number of the sub-national studies that were submitted for review in this project provide comprehensive comparative overviews and statistics on the performance of business events across cities in Europe but have not been included in the discussion in this report. The reason for their omission is that their purpose was not to provide information on the economic contribution of business events to destinations that was a key objective of this project. Two examples are the “Study of the Congress and Event Market in Germany” by the European Association of Event Centres and the “ECM Meetings Statistics Report” by European Cities Marketing. Whilst these studies provide very good examples of comparative assessments of business events, they are not included here because they do not seek to explore economic contribution.

Across the globe, business events are seen to have a close relationship with tourism, indeed, in many locations, business events sit within the same government portfolio as tourism. This relationship between business events and tourism is longstanding and is due largely to the fact that business event delegates from outside the region and tourists have a range of similar characteristics. Both groups bring funds to the host region from other regions that are spent on a range of services including accommodation, food and beverages, retail and local transport.

Largely as a result of the close relationship between business events and tourism at the destination level, the methods used to assess the value of business events have generally been those that have been used in the tourism sector. The key focus of these evaluations is the contribution resulting from the spending of new funds brought to the region by business event delegate visitors. This approach is appropriate for assessing the value of tourism given that by definition, to be a tourist one must have travelled away from home and stayed overnight in the new destination. However, for business events this approach ignores the contribution made by local delegates, which is very important for assessing the overall contribution of business events.

The following sections provide brief overviews of the similarities and differences across the various types of sub-national contribution studies.

Contribution that a single business event makes to a region

There are many examples of this category of evaluation, particularly for larger business events where there has been public sector investment in attracting the event to the region. Surveys are undertaken of delegates, presenters and exhibitors who have come from outside the region to estimate their spending within the region. The expenditure in the

region that the event organiser makes to stage the event using funds generated from outside the region is also captured. This enables the amount of the new money spent in the region to be estimated that can then be inputted into an economic model of the region to estimate the flow-on effects of this expenditure. The contribution is generally measured in total expenditure, contribution to GDP, and contribution to employment.

The methodology used for these studies is generally consistent and effective at estimating the level of new money attracted to the host region due to the staging of the business event. Listed below are the issues that are seen to pose problems with some of these studies based on an assessment of the studies that have been examined.

1. Delegate expenditure on registration should not be included as part of delegate contribution since this expenditure helps fund the expenditure made by the event organiser. Ignoring registration expenditure in analysing the delegate component avoids double counting this expenditure item.
2. Only the organiser expenditure made within the host region that is derived from funds coming from outside the region can be counted as 'new expenditure'. In a number of studies that have been assessed, all organiser expenditure including money that is generated from within the region is counted as 'new money', which overstates the contribution.
3. In the delegate expenditure questionnaire, it is important to collect expenditure made by others (such as the employer) on behalf of the delegate. For example, expenses such as accommodation are often pre-paid by the employer and may not be identified if only the expenditure made by the delegate him/herself is collected. Based on reviews of these studies, it appears that delegate expenditure is often understated because some respondents fail to remember the pre-paid expenditure associated with their visit.

Contribution that business events held at a single venue make to a region in a year

These evaluations are generally undertaken so that a particular venue, such as a convention centre or a hotel can demonstrate the contribution that it makes to the local economy through the hosting of business events. Often, this is done to justify the investment that has been made in facilities or to underpin future funding applications. These studies involve the aggregation of the contributions made by individual business events at a particular venue across a year. An example of this approach is the model that has been developed by AIPC (AIPC Standardised Economic Impact Program Guidebook – 2012) for application by its members to demonstrate their contribution to their respective regions. This model provides a consistent framework that can be used in a wide range of settings to estimate the economic contribution that a convention centre makes to a destination in a year through its hosting of business events.

As was the case for the previous category of evaluation studies, there appears to be reasonable consistency across studies that seek to estimate the economic contribution that business events staged in a single venue across the year make to the host region. The same

issues identified in the previous section as having potential to pose problems are also applicable in this section. In estimating the contribution due to the production effect, it is most important that only the funds generated by the organiser from outside the host region but spent within the host region are included. It appears from a review of some of the models used in this category that all organiser expenditure including that derived from local delegates is included, which overstates the contribution.

Contribution that business events held at multiple venues in a region make to that region in a year

This category of evaluation is an expansion of the previous category in that it seeks to capture the contributions made by all venues within a region. As such, it involves exactly the same approach as discussed above but applied to all venues in the region. A good example of this approach is the work done in Vienna and outlined in the Vienna Meetings Industry Report 2010.

The approach adopted in Vienna is most comprehensive and appears not dissimilar to the approach adopted for national studies except that the local contribution is not included. Thus, it is limited to the 'tourism' dimension of the economic contribution of the sector.

Discussion

The approaches used in studies to assess the economic contribution of business events to sub-national regions that have been identified and discussed in this section only consider the 'tourism' dimension of the contribution. Whilst there is value and great interest in understanding the economic contribution due to the new money that is introduced to a host region by business events, this does not reflect the total economic contribution of the sector and makes comparisons with other industries problematic. The national studies that have been undertaken on the contribution made by business events identify the enormous importance of local delegates to the overall activity of the sector. In *Economic Significance of Meetings to the US Economy Study (2011)*, for example, local delegates made up 41% of total delegates.

In studies to assess the economic contribution made by retail to the host economy, there is no distinction between the retail expenditure made by local residents versus retail expenditure made by visitors; the overall contribution is based on total expenditure. In order to make comparisons between the economic contributions to the local economy made by the business events sector and other industries, it is critical, therefore, that the same bases for determining the economic contributions of other industries are used. For these comparisons to be effective, the economic contribution made by business events must include the local delegate component as occurs in the national studies. The sub-national economic contribution studies that have been viewed all consider only the tourism dimension of the contribution, which should be labelled as such and not compared to the

economic contribution of other industries. It would not require much effort to also include the contribution due to local delegates in these sub-national studies so that two results can be reported, one the tourism contribution and the other the total contribution.

Recommendations

1. Attention should be given to the correct labeling of the outputs of the current categories of sub-national economic contribution studies of business events. Their outputs represent the 'tourism contribution' of business events and should be labeled as such.
2. By capturing the effect of local delegates in the economic contribution studies as well as the expenditure attributed to delegates from out of the host region, it is possible to produce two sets of results, one that reflects the tourism contribution and the other the total economic contribution.
3. In drawing comparisons between the contributions made by business events and the contributions made by other sectors of the economy, it is essential that the local contribution be included so that consistent bases are being used.

C. Beyond Tourism Benefits of Business Events: Overview of Components and Recommendations

As was shown earlier in Figure 1, there are two key components of the 'beyond tourism' benefits of business events as listed below:

1. Return on investment for delegates and their employers
2. Other delegate and host destination benefits

Return on investment for delegates and their employers

A key reason for delegates to attend a business event is to enhance their performance. Such enhancements could be via increased sales or sales leads, improved product or market knowledge, personal or professional development, improved business practices and the like. Employers will generally send their staff on business events so that the organisation derives these same benefits. As a result of the recent Global Financial Crisis in particular, there is now increased focus on ensuring that business events generate an acceptable return to justify the total costs of delegates attending the event. This requires that the benefits derived from attendance at an event are measured to determine the actual return.

Although many of these benefits are difficult to measure, a number of assessment models have been designed. One of the most common models is termed the ROI (Return on Investment) technique and has been used in a range of industries including business events for many years. There are a range of consultants who specialise in undertaking ROI assessments for business events but it is largely a common sense approach that can be administered by individuals and there are references that overview the approach (see, for example, Phillips et al (2007)). Whilst there is a cost associated with undertaking such ROI evaluations, their outputs are important tools to determine whether attendance at an event

is justified. If the return is not seen as acceptable, then future attendance can be cancelled or strategies can be implemented in an effort to ensure that attendance at a subsequent event generates a suitable return.

Undertaking an ROI evaluation prompts a delegate or employer to think carefully about what they are trying to achieve from the event and this reflection alone can help enhance the return that is derived. When the benefits are aggregated across all delegates attending a particular event, the total value can be quite substantial.

Other delegate and host destination benefits

In recent years, there has been a growing recognition that there are substantial benefits for delegates and for the host destination derived from business events well beyond the benefits generated by delegate expenditure at the event. A number of post event studies have been undertaken that have sought to understand the range of beyond tourism benefits that hosting the event generated. An excellent example of such a study is the *Follow-up Survey Report (2011)* undertaken by the International AIDS Society on the impact of its International AIDS Conference that was held in Vienna in July 2010. Nearly 1,200 delegates responded to a follow-up survey sent out 10 months after the conference was held and almost all respondents indicated that the “conference had influenced their individual and/or organisations’ work”. The conference had helped “accelerate the national, regional and global response to HIV”.

A substantial problem in assessing the beyond tourism benefits of business events relates to the fact that such benefits are very difficult to quantify and as a consequence, it has been hard to convince key stakeholders that such benefits exist. In an attempt to rectify this issue, a number of studies have been undertaken that seek to measure the magnitude of these benefits. These studies considered multiple business events in their efforts to quantify the ‘beyond tourism’ benefits. Whilst these studies have confirmed the existence of a wide range of beyond tourism benefits as identified in studies such as the AIDS follow-up, they have not been successful in their quest to actually quantify the benefits. These studies have tended to focus on the additional benefits that delegates derive, many of which could be identified and valued in ROI studies, and have not focused much attention on the benefits for the host destinations themselves. Host destinations can benefit in a wide range of ways including profile of the destination that can lead to future investment and sales, enhanced expertise of local research and industry groups, and future visitation. The AIDS follow-up survey identified the benefits that the host destination can derive in the fight against AIDS.

Two of the early studies that sought to quantify the broader benefits of business events were undertaken in Australia. The first was commissioned by the Melbourne Convention and Visitors Bureau (MCVB) and the second by Business Events Sydney (BES). There were strong similarities in the findings of the two studies that were based on large numbers of

respondents across a range of events. The findings can be summarised via the key BES results (Edwards et al. 2011) that are listed below.

1. Benefits for the host destination

- 87% agreed that successful hosting of the events enhanced Sydney's reputation as a global business events destination
- 82% believed the events exposed local delegates in the conference destination to cutting edge research and world's best practice
- 75% agreed that events showcase local talent from the conference destination
- 68% agreed that events enhanced the capacity of the academic sector in the conference destination

2. Benefits for the delegates

- 90% believed congresses facilitated the dissemination of new knowledge, ideas, techniques, materials and technologies
- 97% agreed that they had shared information with colleagues and peers
- 85% have applied new insights to their professional practice
- 64% have shared information with students
- 85% believed that attending congresses contributed to building the knowledge and capabilities of young people working in the sector

3. Benefits for exhibitors and sponsors

- 90% gained product exposure/ awareness
- 90% obtained leads for future business
- 78% improved brand awareness
- 73% contributed to the development of the sector
- 56% increased domestic sales
- 49% increased export sales

These findings align well with the results of the AIDS follow-up survey.

As indicated earlier, these studies provided strong evidence that the 'beyond tourism' benefits were derived by a large percentage of those associated with the various events but they did not make progress towards estimating an overall value for these benefits. It must also be remembered that many of the 'beyond tourism' benefits that hosting a business event generates are derived by delegates and employers, and thus a large percentage of the total 'beyond tourism' benefits leave the host destination at the end of the event.

Table 2 provides a template that can be used to identify the range of 'beyond tourism' benefits that can be derived by key stakeholders associated with a particular business event. This template can be used to help collect the information needed to build case studies to demonstrate the broader value of business events. Clearly, not all categories in the table

would be populated for all business events but the table provides a guide as to the range of benefits that could be generated.

Table 2: Template for ‘Beyond Tourism’ Benefits of Business Events

Event Name:					
Location:					
Benefits	Recipient of Benefits				
	PCO	Delegates	Suppliers	Sponsors	Exhibitors
Sales and sales leads;	Number & amount	Number & amount	Number & amount	Number & amount	Number & amount
Funding opportunities	Type & amount	Type & amount	Type & amount	Type & amount	Type & amount
Research opportunities	Type & potential income	Type & potential income	Type & potential income	Type & potential income	Type & potential income
Investment opportunities	Type & amount	Type & amount	Type & amount	Type & amount	Type & amount
Professional profile	Type, outcomes	Type, outcomes	Type, outcomes	Type, outcomes	Type, outcomes
Business profile and business practices	Type, outcomes	Type, outcomes	Type, outcomes	Type, outcomes	Type, outcomes
Sponsorship opportunities	Number, type and outcomes	Number, type and outcomes	Number, type and outcomes	Number, type and outcomes	Number, type and outcomes
Recruitment	Number, quality and position type	Number, quality and position type	Number, quality and position type	Number, quality and position type	Number, quality and position type
Market opportunities and market intelligence	Type & potential income	Type & potential income	Type & potential income	Type & potential income	Type & potential income

It should be recognised, however, that only the benefits relating to delegates, sponsors, companies, organisations and government authorities that are from the local area result in local benefits, which is a subset of the benefits identified in Table 2. Since justification for support provided to the business event sector requires demonstration of the local benefits, it is generally important, if not essential, to isolate and document the ‘beyond tourism’ benefits that are derived by the local area in the same way that occurs with the estimation of the more traditional tourism benefits. This involves an assessment using the Table 2 framework but focusing exclusively on delegates, sponsors, companies, organisations and government authorities from the local area. As the local community itself can derive longer-

term benefits from hosting business events, it is important to monitor this dimension as well. An example of local community benefits would be the improved health standards that could be derived by a local community as a result of hosting a business event that facilitated enhanced practices by local health authorities.

In seeking to document the local 'beyond tourism' benefits, it is important to recognise that the benefits could be derived by companies and organisations that were not directly involved in the business event, which adds an additional level of complexity to the issue. For example, the beneficiary of sales, an investment, or a grant attributable to the hosting of a business event could be an organisation in the local community that did not participate in the event itself.

An additional complexity with the 'beyond tourism' benefits of business events is that some of them may take a considerable time after the event itself to become apparent. For many of these events, additional follow-up and leveraging activities will be required before the benefits are realised. Other influences post the event itself will also likely be involved in the delivery of a final benefit. As a consequence, the effort to track and document the flow on benefits from business events is substantial and hard to justify for all events.

There is now quite widespread agreement that there are substantial 'beyond tourism' benefits that can be derived by the local destination from its hosting of a business event and the types of benefits are fairly well known even though they are very difficult to actually quantify. Rather than continuing to conduct studies that try to quantify the 'beyond tourism' benefits, it is suggested that a more effective strategy is simply to accept that these benefits exist and put all available resources into maximising the effort to leverage these benefits.

Recommendations

1. Event organisers should be encouraged to undertake Return on Investment (ROI) studies as often as possible as such studies not only highlight the broader benefits that business events generate but they also help focus attention on ways to maximise the returns generated.
2. Since studies have demonstrated that a wide range of 'beyond tourism' benefits of business events exist but that these benefits are extremely difficult to quantify in any meaningful manner, there seems little value in continuing to try and replicate these studies. Instead, the fact that the benefits exist and are substantial should be accepted and all effort should be put into leveraging the benefits for maximum return.
3. There is value, however, in developing some local case studies to highlight the range of 'beyond tourism' benefits that can be generated by business events in a way that helps

the local government authority and other relevant parties understand in a tangible fashion the types of benefits that can be derived. The framework in Table 2 can be used to help in this endeavor.

Appendix 1

Overview/Extracts from *Measuring the Economic Importance of the Meetings Industry: Developing a Tourism Satellite Account Extension* by UNWTO (2006)

Background

Although there was growing recognition of the significant contribution that the Meetings Industry was making to national economies, there was a dearth of reliable and consistent data to support this perception. Even the concepts and definitions used in the industry were not seen to be consistent. Since the Meetings Industry is not able to demonstrate its true value in a credible fashion, it does not receive either the recognition or the government support that it needs to realise its potential.

In order to address these shortcomings, the World Tourism Organisation (UNWTO), with the support of Reed Travel Exhibitions, the International Congress & Convention Association (ICCA) and Meeting Professional International (MPI) commissioned the Cooperative Research Centre for Sustainable Tourism (STCRC) from Australia to encourage the UNWTO to focus more on the Meetings Industry and in partnership to undertake a study that would lead to proposals for the adaptation of the Tourism Satellite Account (TSA) to reflect the real importance of the Meetings Industry and its contribution to tourism (Meetings Industry Terms of Reference, p 1).

Aims of the Study

The aims of the study were to provide an understanding of the global Meetings Industry with particular attention to the measurement of the economic importance of the industry.

The three key components of the report are:

- a) to present an overview of the current measurement of the global Meetings Industry and the inherent gaps in this, including the issue of definitions for meetings;
- b) to provide a summary of the demand and supply data that should be collected to evaluate the Meetings Industry using the Tourism Satellite Account (TSA) conceptual and measurement framework;
- c) to examine the use of these data in developing a model for evaluating the economic contribution of the Meetings Industry in macroeconomic terms.

Key Measures of the Meetings Industry

There are two types of measures relating to the economic contribution of activities relating to meetings for which information is required:

- Supply side measures of the industry include such variables as income (represented by fees, and commissions) costs, value added and employment. Businesses may be identified by using the recently developed class of ISIC (International Standard

Industrial Classification) 823, for example. In addition to those businesses which provide meetings services as their primary activity, it is important to include other relevant businesses that provide such services as a secondary activity, e.g. government agencies producing these services, hotels, etc.. These variables are the building blocks to measure the contribution of this industry to GDP.

- Demand side measures include such variables as expenditure by participants at meetings on specific identified services supplied by the meetings industry or other industries. Non-monetary variables to be related to the expenditure data include: numbers of participants, lengths of meetings, number of nights in hotels, or other accommodation, distance travelled to get to the meeting, and number in the travelling party.

A complete picture of the industry requires measurement of both dimensions. A demand side only approach does not identify the contribution of industry to the economy (e.g. Production account), while a supply side approach does not identify expenditure by participants on products purchased from other industries (e.g. the accommodation industry, transport industry, etc.) while participating in the meeting.

A summary of the studies and the categories used is provided in Table 1. Table 1: Summary of Meetings Industry Studies and Categories Used

Origin of Meetings Industry Study	Demand Side Categories used in the Study	Supply Side Categories used in the Study
Australia, Britain, Canada, Finland, France, Hungary, Israel, Netherlands, Norway, Spain, Sri Lanka, United States	<ul style="list-style-type: none"> • Registration fee; • Types of services purchased by firms or individuals, eg: local ground transport overnight accommodation at the conference; • Overnight accommodation before and after the conference; • Pre/ post conference tours; • Additional expenditure by accompanying persons; • Restaurants and cafes • Airfares within Australia; • Shopping 	<ul style="list-style-type: none"> • Sales figures of PCOs, DMCs and event organisers; • Organiser expenditure and income • Types of services provided by organisers.

Recommendations on Meetings Industry Definitions

A major problem with the previously-mentioned studies is that they frequently use different definitions and include different components of the industry. In examining the many

definitions adopted by various organisations, the following definitions are recommended for adoption by the Meetings Industry.

Table 2: Recommended Meetings Industry Definitions and Rationale for Definitions

Issue	Recommendation	Rationale
Nomenclature for the Industry	Meetings Industry	This name represents supply and a smaller dimension of the demand side. It has support from key industry participants
Meeting Aims	To motivate participants, to conduct business, share ideas, to learn, socialise and hold discussions	These aims, or similar aims, were the most common in the industry and academic literature
Meeting Size	Minimum number of ten (10) participants	Many meetings organisations use this number. For the purpose of an economic evaluation, the minimum number is not considered important.
Meeting Venue	Venues where there is payment for the use of the venue for meetings	Where there is payment for the use of a contracted venue, there will be an economic contribution to the economy
Meeting Duration	A half-day (four hours) or more	Although a minimum duration is not needed for the TSA exercise, the limit of four hours will provide a practical and sensible in-scope boundary for data collection

As noted in Table 2, some definitions, such as the size of a meeting, are not really necessary for the task of evaluating the economic contribution of the Meetings Industry. The minimum essential criteria are the meeting aims and the meeting venue.

A recent proposal from the UNWTO for a new International Standard Industrial Classification (ISIC) code 8230 “Convention and trade show organisers” represents an important new step toward agreement on the scope of the ‘Meetings Industry’.

- This class includes the organisation, promotion and/or management of events, such as business and trade shows, conventions, conferences and meetings, whether or not including the management and provision of the staff to operate the facilities in which these events take place.

As a result of the inclusion of activity 8230 in ISIC, there is now the capacity to identify all establishments who undertake trade show organization activities (as their primary activity). We now have the possibility to have a picture of all establishments that produce convention and trade show organization, with more comprehensive coverage than has been possible

previously. These activities were all included before in macro economic measurement, but could not easily be separately identified.

Appendix 2.

Comparison of National Economic Contribution Studies

Dimension	National Business Events Study	The Economic Contribution of Meetings Activity in Canada	The Economic Significance of Meetings to the US Economy	The Economic Significance of Meetings to Mexico	The Economic Contribution of Meeting Activity in Denmark
Country	Australia	Canada	United States of America	Mexico	Denmark
Year	2005	2008	2011	2011	2012
UNWTO Method	Underpinned the UNWTO Method	Yes	Yes	Yes	Yes
Venues	Sample of 531 from a population of 1,620. All meeting types across a full year	Sample of 220 from a population of 1,517. Surveyed 6 meeting types.	Sample of 440 from a population of 6,000.	Sample of 66 from a population of 314.	Sample of 383 from a population of 692.
Delegates	Intercept interviews with 6,668 at events	1,520 from online panels. Asked about 1-2 meetings over the last year.	2,550 from online panels. Asked about 1-2 meetings over the last year.	Sample size unclear. Online survey panel.	881 out of the 4,294 interviewed as part of Visit Denmark's Tourism Survey. Day delegate data obtained through another survey.
Conference Organisers	161 at events	Sample of 284 from a population of 12,153 (in-house & independent).	Sample of 2,700 from a population of 20,000. Asked about 1 meeting over the last year.	Sample of 297 from a population of 10,533. Asked about 1 meeting over the last year. Asked about 1-2 meetings over the last year.	Sample of 223 from a population of 1,443.

Exhibitors	843 at events	Sample of 58 from a population of 3,127. Asked about 1-2 meetings over the last year.	Sample of 260 from a population of 6,500. Asked about 1 meeting over the last year.	na	na
Incentive Organisers (ITOs, DMOs & Accom providers)	Sample of 51 from a population of 257. Asked about their last event.	Na	Sample of 110 from a population of 500.	Sample of 25 from a population of 58.	na
Speakers	na	Sample of 11 from a population of 537. Asked about 1-2 meetings over the last year.	na	na	na
Number of Events	316K	671K	1.8M	197.4K	187.9K
Number of Attendees	28.4M	70.2M	204.7M	23.1M	6.9M
Direct Expenditure	\$17.4B (AUD)	\$32.2B (Can)	\$263.4B (USD)	\$18.1B (USD)	20.8B (DKK)
Total Output (Including indirect & induced)	na	\$71.1B (Can)	\$907.2B (USD)	\$32.5B (USD)	na
Direct Contribution to Value Added	\$6.1B (AUD)	Na	na	na	8.5B (DKK)
Total Contribution to Value Added	\$11.3B (AUD)	Na	na	na	15.3B (DKK)
Direct Contribution to GDP	na	\$11.3B (Can)	\$457.9B (USD)	\$12.1B (USD)	na
Total Contribution to GDP (including indirect & induced)	na	\$33.7B (Can)	\$106.1B (USD)	\$25.1B (USD)	na
Total Taxes Generated	na	\$14.6B (Can)	\$109.8B (USD)	na	7.8B (DKK)
Direct Contribution to Employment	115.6K	235.5K	1.65M	441.3K	25.8K

Total Contribution to Employment (including indirect & induced)	213.8K	583.2K	6.3M	783.7K	37.9K
Estimates Provided by State or Province	Yes	No	No	No	

Studies Reviewed

Study Name	Author
National Business Events Study (2005)	Deery et al for STCRC
The Economic Contribution of Meetings Activity in Canada (2008)	Mauritz Research for MPI Canada
The Economic Significance of Meetings to the US Economy (Feb 2011)	PWC on behalf of the Convention Industry Council
The Economic Significance of Meetings to Mexico (September 2011)	PWC on behalf of Tourism Mexico
The Economic Contribution of Meeting Activity in Denmark (2012)	Visit Denmark
Measuring the Economic Importance of the Meetings Industry – Developing a Tourism Satellite Account Extension (2006).	UNWTO
Economic Impact Study 2010 (Exhibitions only)	KPMG on behalf of HK Exhibition & Convention Industry Association
AIPC Standardized Economic Impact Program Guidebook (2012) -Draft	AIPC
Measuring the economic impact of meetings - Overview of progress around the world	Didier Scaillet for MPI & MPI Foundation
ECM Meetings Statistics Report	European Cities Marketing
Value of Exhibitions – first elements (2012)	UFI
Economic Impact of Leipzig Congresses (May 2010)	Institut Fur Wirtschaftsforschung
Vienna Meetings Report 2010	Vienna Convention Bureau
AIDS Conference Vienna 2010 Follow-up Survey Report on Impact Assessment	International AIDS Society
Latest Economic Impact study of GCB. Tagungs- und Veranstaltungsmarkt Deutschland Das Meeting- & EventBarometer 2010/2011	European Association of Event Centres
As above for 2010	European Association of Event Centres
As above for 2009	European Association of Event Centres
Wide range of Economic Contribution Studies at the Sub-national Level (Confidential & thus Un-named)	Personal Collection of Leo Jago

Other References

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