

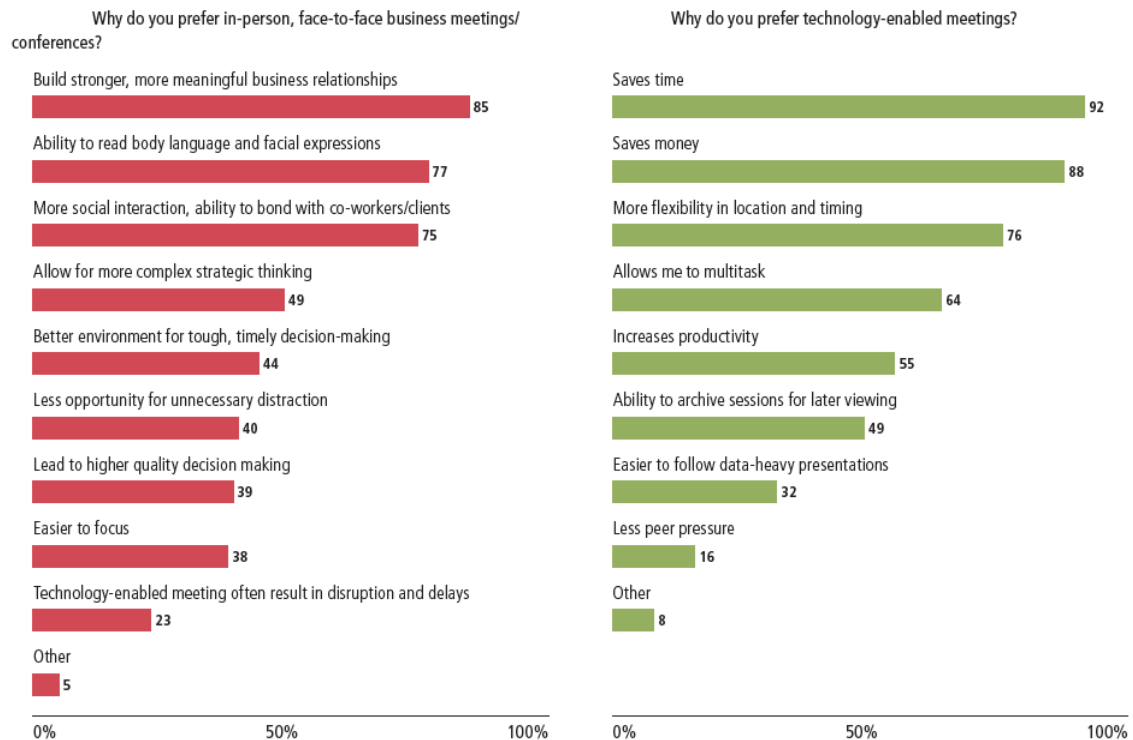
The Value of the Meetings Industry

In every major economy, 2009 was the year executives sought to control costs as a result of concerns over the economic slowdown and carbon footprints associated with air travel. These concerns were exacerbated by a series of natural disasters all over the world. Consequently, meetings and business travel budgets have been cut or reduced with little or no consideration for the benefits of face-to-face contact. These budget and travel restrictions have led to job losses in meetings business and in businesses that depend heavily on meetings. The lower costs and greater reliability of teleconferences, video conferences and web conferences have made them more attractive alternatives to face-to-face meetings.

The economic downturn highlighted the value of face-to-face meetings

Findings from several research studies and surveys of business executives addressed a common view that a face-to-face meeting is an irreplaceable and vital tool to economic recovery as there is more to a business meeting than closing the deal. To be precise, Forbes Insights 2009 on Business Meetings - the Case of Face-to-Face revealed that whilst technology-enabled meetings are preferred for saving time and money, for being more flexible in location and timing, and for allowing multi-tasking, they fail to meet certain other expectations in relation to morale, recognition and trust. For this reason, technology cannot substitute direct human interaction and thus cannot replace face-to-face meetings when it comes to key business decisions. Results from a Harvard Business Review study also support this view, in which 93% of executives said face-to-face is especially important should the meeting's objective be to negotiate or build cultural bridges.

Nevertheless, while face-to-face meetings continue to have value, technology plays a part in smaller meetings as hotels can offer digital meetings beneficial for branch offices to meet with regional offices.



Source: Forbes Insights 2009, Business Meetings - The Case for Face-to-Face

Growing interest in measuring the value of the meetings industry

In response to the growing acknowledgement and recognition of the value of face-to-face meetings, the United Nations World Tourism Organization (UNWTO) has proposed the development of a new International Standard Industrial Classification (ISIC) category to represent the activities of the Meetings Industry. The new ISIC category represents an attempt to identify an industry that represents the Meetings Industry, through the addition of a new classification, viz. 8230 'Convention and Trade Show Organizers' (*Measuring the Economic Importance of the Meetings Industry - Developing a Tourism Satellite Account Extension by UNWTO, 2006, page 18*). This industry includes: the organization, promotion and/or management of events, such as business and trade shows, conventions, conferences and meetings, including or not including the management and provision of the staff to operate the facilities in which these events take place. Despite a few proposed titles and definitions for the new industry by global organizations, the title 'The Meetings Industry' appears to have wider acceptability since the key component of any business event is the meeting of people. This title is inclusive of the meeting components such as conventions, congresses, conferences, symposia, seminars, company general meetings and events such as public or trade shows, exhibitions, and incentive events that include a meeting element booked through a convention or trade show organizer.

Whilst face-to-face meetings are increasingly valued for their intangible effects on business meetings and recognized by an organization like UNWTO under a variety of definitions, various economies are taking this recognition further towards a constructive measurement of the value of the industry particularly from an economic angle. These include the following samples of findings on the business value of the Meetings Industry as well as national and regional economic studies of the industry.

Business Value of the Meetings Industry

- US\$ 12.50 is the value that companies gain for every dollar they invest in business travel. (*MeetingsDeliver - The Business Value of Meetings and Events by MPI Foundation and aibtm™*)
- 40% is the proportion of business prospects who are converted to new customers as a direct result of face-to-face meetings. (*MeetingsDeliver - The Business Value of Meetings and Events by MPI Foundation and aibtm™*)
- 28% is the percentage of current business that would be lost without face-to-face meetings. (*MeetingsDeliver - The Business Value of Meetings and Events by MPI Foundation and aibtm™*)
- 17% is the percentage of profit the average company would lose if it eliminated all business travel. (*MeetingsDeliver - The Business Value of Meetings and Events by MPI Foundation and aibtm™*)
- 3 years is the time it would take for profits to recover. (*MeetingsDeliver - The Business Value of Meetings and Events by MPI Foundation and aibtm™*)
- 95% is the percentage of respondents to one survey who said face-to-face meetings are essential for long-term business relationships. (*MeetingsDeliver - The Business Value of Meetings and Events by MPI Foundation and aibtm™*)
- A government can expect a productivity gain of US\$4.60 or more of every dollar spent on a meeting. (*Oxford Economics, USTA*)
- Incentive meetings deliver a 4:1 return on investment where the incentive programs are motivating and memorable forms of recognition, and as powerful as cash bonuses. (*Oxford Economics, USTA*)
- A 10% increase in business travel boosts the economy by 1.5-2.9%. (*Oxford Economics, USTA*)
- A more effective mechanism for communicating and negotiating across cultures. (*MeetingsDeliver - The Business Value of Meetings and Events by MPI Foundation and aibtm™*)
- The greater ability of face-to-face participants to build transparency and trust. (*MeetingsDeliver - The Business Value of Meetings and Events by MPI Foundation and aibtm™*)
- Stronger brand awareness through customer experience. (*MeetingsDeliver - The Business Value of Meetings and Events by MPI Foundation and aibtm™*)
- A 10% increase in business travel would raise Gross Domestic Product (GDP) by 1.5% to 2.9%. A 10% increase in government travel would improve public sector productivity by 1.0% to 1.4%. (*Oxford Economics, USTA*)
- Meetings also deliver jobs and tax revenues to the communities that host them. 673,400 meetings in Canada in 2006 brought in 69.8 million participants at CAN\$23.8 billion in spending, creating 552,300 full-year jobs or CAN\$ 14.2 billion in tax revenue. The industry volume has been reported steady. (*Canadian national economic impact study of meetings and events based on a new methodology introduced by UNWTO by MPI's Canadian Foundation*)

National and Regional Economic Studies of the Meetings Industry

Country	Method	Collection agency	Categories
Australia	<ul style="list-style-type: none"> On-line survey Self-complete mail-out questionnaires 	Tourism Australia and STCRC	<ul style="list-style-type: none"> Registration fee; 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.
Britain	<ul style="list-style-type: none"> Face-to-face interviews with delegates Post-event questionnaires Conference organizer questionnaires 	British Tourist Authority	<ul style="list-style-type: none"> Registration fee; Overnight accommodation at the conference; Overnight accommodation before and after the conference; Travel to the United Kingdom; Travel in the United Kingdom to the conference; Local travel at the destination; Food and drink Evening events and entertainment; Shopping and gifts; day trips and/or pre/post conference tours; Additional expenditure by accompanying persons.
Canada (Toronto)	<ul style="list-style-type: none"> Data collected through survey method 	Ontario Ministry of Tourism and Recreation	<ul style="list-style-type: none"> Travel services; Public transport; Private transport (rental and operation); Local transportation; accommodation; Food and beverage (at stores and at restaurants); Recreation and entertainment; Retail (clothing and other).
Canada (USA Business Traveller to Canada)	<ul style="list-style-type: none"> Survey of USA business travellers to Canada 	Canadian Tourism Commission	<ul style="list-style-type: none"> Trip planning and information seeking; Length of stay; Demographics; Association and corporate sectors; Recent trip information; Additional nights stayed; Ratings of Canada as a business venue.
Finland	<ul style="list-style-type: none"> Information gathered from venues on a monthly basis (internet questionnaire) Event organizers Weighted to national statistics' collections 	Finland Convention Bureau	<ul style="list-style-type: none"> Number of meetings and participants; Average size, duration, location and seasons; Meeting sales figures of venues; Sales figures of PCOs, DMCs and event organizers; Organizer expenditure; Delegate expenditure and travelling costs
France	<ul style="list-style-type: none"> Data collected at convention centres 	France Congress	<ul style="list-style-type: none"> Economic evaluation includes direct and indirect benefits; Induced benefits; Jobs;

Country	Method	Collection agency	Categories
			<ul style="list-style-type: none"> Days of attendance by participants; Overnight stays.
Israel	<ul style="list-style-type: none"> Data reported by conference organizers to the Ministry of Tourism Survey of inbound tourists 	Israel Ministry of Tourism	<ul style="list-style-type: none"> Characteristics of the tourists (age, family group size, nationality); Length of stay; Places visited; purpose of visit; Expenditure on various items (not provided); Opinions about tourist services in Israel; Characteristics of international meetings by month, place and subject.
Netherlands	<ul style="list-style-type: none"> Data collected through survey method 	Netherlands Board of Tourism & Conventions	<ul style="list-style-type: none"> Total number of conventions; Average duration of convention; Average number of participants; Total number of participant days.
Norway	<ul style="list-style-type: none"> Data collected on a monthly basis from hotels 	Central Bureau of Statistics	<ul style="list-style-type: none"> Number of bednights and roomnights; Nationality; Purpose of visit.
Spain	<ul style="list-style-type: none"> Survey of cities categorized by population 	Spanish National Tourism Board	<p>Supply:</p> <ul style="list-style-type: none"> Number of meetings and participants; Daily expenditure of participants; Duration of stay. <p>Demand:</p> <ul style="list-style-type: none"> Registration costs; Daily accommodation expenditure; Daily expenditure; % of delegates that attended with partner; Average number of companions; Duration of the convention; Total number of nights stayed in the city; Nights additional to the convention.
Sri Lanka	<ul style="list-style-type: none"> Data collected from meetings/ conference organizers through interviews and questionnaires 	Sri Lanka Convention Bureau	<ul style="list-style-type: none"> Number of national and international conferences and meetings; Number of exhibitions; Air travel; Pre and post tours; Shopping; Equipment and material; Food and beverage; Revenue.
United States of America	<ul style="list-style-type: none"> Data collected through survey method 	Convention Industry Council	<ul style="list-style-type: none"> Largest share of the convention and exhibition dollar (35%) spent in hotels and other facilities. The rest is widely distributed throughout local economies. After air transportation (24%), the biggest categories of attendee, exhibitor, and sponsor spending were: restaurant and outside catering food and beverage outlets (14%) and business services (12%)

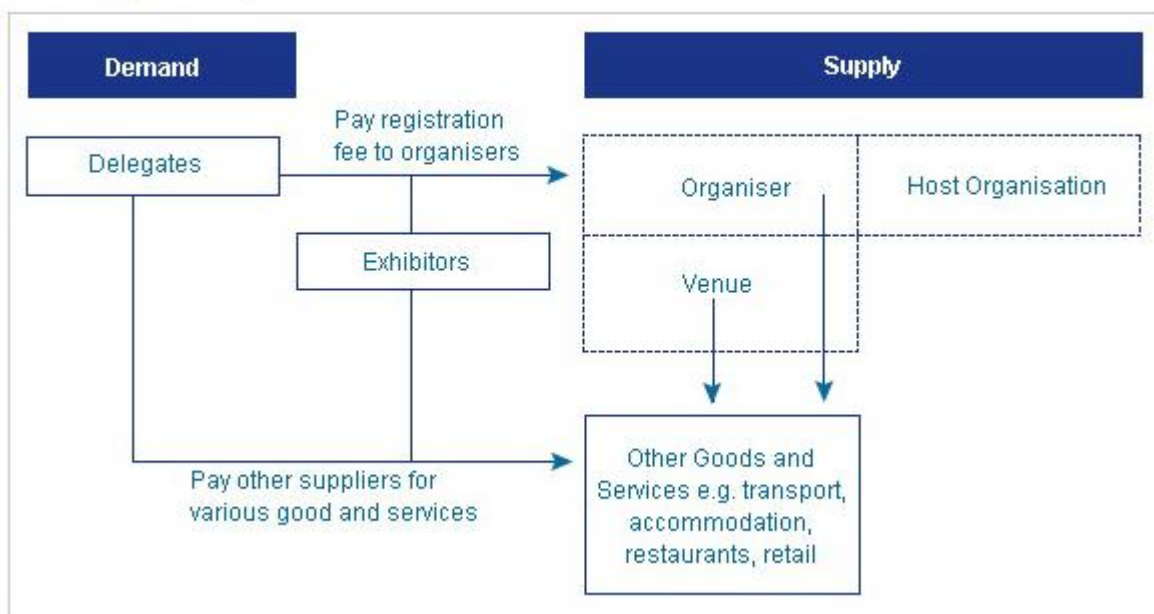
Source: *Measuring the Economic Importance of the Meetings Industry - Developing a Tourism Satellite Account Extension by the World Tourism Organization, 2006*

Published in 2006, the study “Measuring the Economic Importance of the Meetings Industry - Developing a Tourism Satellite Account Extension” was a collaborative effort by UNWTO and its affiliate members - Reed Travel Exhibitions and International Congress & Convention Association in cooperation with Meeting Professional International (MPI). They commissioned the Sustainable Tourism Cooperative Research Center (STCRC) of Australia to undertake a study to reflect the real importance of the Meetings Industry and its contribution to tourism using the analytical model of Tourism Satellite Account (TSA). This is a measurement framework, based on the concepts, definitions and classifications of the Systems of National Accounts (SNA) developed to provide a credible measurement of the economic contribution of the tourism sector.

The study contained two dimensions of the Meetings Industry - supply and demand. A complete picture of the industry requires data from both sides because a demand-only approach would not identify the full economic contribution of the industry, whereas the supply-only approach would not identify additional expenditure by participants incurred in the host region.

- Supply side collects data about the meetings, the organizers, the numbers of participants, and the costs and revenues associated with hosting/organizing the meeting.
- Demand side collects data about the delegates in terms of their total numbers, their origin and expenditure on registration and other goods and services.

The Meetings Industry



Source: *Measuring the Economic Importance of the Meetings Industry - Developing a Tourism Satellite Account Extension* by the World Tourism Organization, 2006, page 12

However, it was found that the surfeit of various components of the industry means there was a gap in the Meetings Industry data. The main measurement problems were:

1. Definitions. There are different definitions used to cover different components of the Meetings Industry
2. An aim for data collected. The data was created for different purposes and are not comparable. As far as data collection is concerned, 'Attending meeting' needs to be a category of purpose of the trip.
3. The way in which the data is collected. This means how the agency responsible for data collection appears to influence the level of accuracy and consistency of data collected, and the vast diversity and inconsistency of data collected from existing surveys.
4. Frequency of data collection and the difficulty in using data from a variety of sources, both private and public.
5. A widely varied estimated size of meetings activity from one country to another, as well as a shortage of domestic meetings market data, which can be sizable.
6. The data was not up to acceptable statistical standards.

It is worth noting and considering the proposed broad methodological steps in measuring the economic contribution of the Meetings Industry at national level in the study. A summary is outlined below with an exclusion of the part on how data collected shall be incorporated into the Tourism Satellite Account as it would be less benign to the purpose of this report, where a reflection of an attempt to measure the value of the Meetings Industry at large is highlighted.

Title	Supply side	Demand side
Scope of industry and meetings participants	<ul style="list-style-type: none"> • Decide scope of the 'Meetings Industry' • Decide what industries should be identified as "meetings characteristic industries" e.g. incl. accommodation • Identify a list of services provided by the Meeting Industry as a whole. 	<ul style="list-style-type: none"> • The scope of meetings' participants will be those at meetings as identified through international and domestic tourism surveys, and/or lists of participants identified by the in-scope supply side businesses. Participants will comprise locals, domestic visitors and international visitors. • In the case of visitors, it will also include persons accompanying meetings' participants.
Data requirements	<ul style="list-style-type: none"> • Data required: the economic data required to measure Gross Value Added (e.g. income and costs) and employment resulting from the hosting or organizing of meetings. • Other information of interest: data on the number of meetings held and the number of participants (broken down by whether local, domestic or international visitors) and investment in facilities. 	<ul style="list-style-type: none"> • Data required: expenditure by meeting participants. This includes registration fees for local participants, registration fees plus all other expenditure on goods and services received in the destination country/region relating to the trip taken for visitors. Expenditure on the main goods and services consumed should be specified. • Other information of value: length of meetings attended, distance travelled to meeting, numbers in the travelling party
Data collection methods	<ul style="list-style-type: none"> • Data required should be collected by way of the normal industry surveys conducted (usually) by countries' National Statistical Offices for national account's purposes. • Services produced by the industry 	<ul style="list-style-type: none"> • For meetings' participants who are visitors, the data collection should be primarily by way of existing tourism surveys of international and domestic visitors. A question to identify whether they participated in a meeting/conference/exhibition/incentive event/etc. or

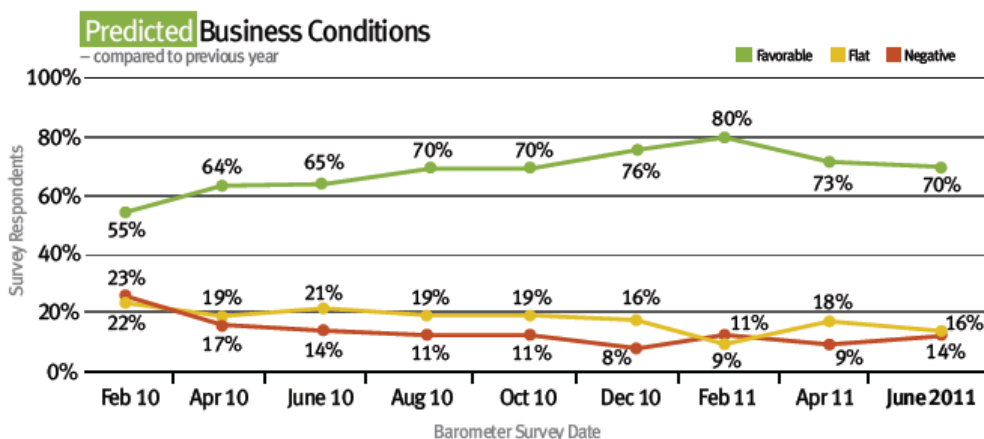
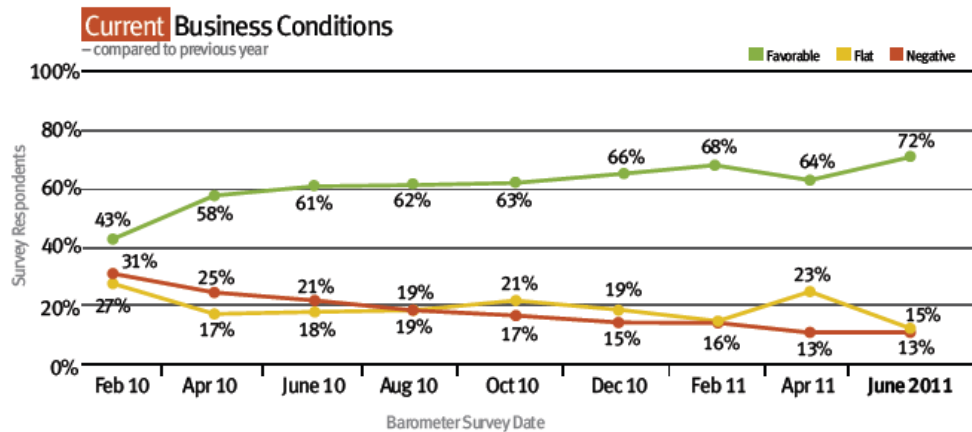
Title	Supply side	Demand side
	<p>need to be identified and a selection made of the most significant items for measurement.</p> <ul style="list-style-type: none"> The surveys will need to sample the Meetings Industry and the meetings characteristics industries identified in scope of the industry as mentioned above. 	<p>whether they accompanied such visitor in such survey is essential. For international visitors, such surveys are often conducted by way of sample survey of visitors departing the country. For domestic visitors, the surveys are often conducted by way of a sample survey of households.</p> <ul style="list-style-type: none"> Customised surveys should be conducted of a sample of meetings' participants identified as being in-scope mentioned above. The survey maybe conducted at the time of the meeting or afterwards via the internet. The two methods (or second one where a country does not have tourism surveys in existence) will identify expenditure separately by participants who are local, domestic visitors or international visitors.
Surveying organization	<ul style="list-style-type: none"> Where possible, the surveying organization should be the one that collects on-going data for a country's national accounts, usually the official National Statistical Office (NSO). 	<ul style="list-style-type: none"> The demand side data relating to visitors' expenditure may be collected by the National Tourism Agency (NTA).
	<ul style="list-style-type: none"> Where meetings' data are not already being collected, these should, if possible be collected by the NSO or the NTA in close collaboration with the meetings' industry association(s). 	

Source: A summary from Measuring the Economic Importance of the Meetings Industry - Developing a Tourism Satellite Account Extension by the World Tourism Organization, 2006, page 43-45

Valuing the Meetings Industry as the industry grows.

As the industry adapts to shifting economies, it is becoming more evident that the Meetings Industry is being valued and measured for its economic worth. A recent MPI study (June 2011) sees steady improvements in meeting professionals' own assessment of their future prospects. The executives are optimistic about the meeting industry, whilst FutureWatch stated a cautious optimism as "Meeting and event professionals are working long and hard to sustain existing business models, while discovering new methods, markets, and best practices in response to an unprecedented range of pressures - financial, political and social."

CHARTS



Source: MPI Business Barometer, A Bimonthly Quantitative Perspective of the Global Business of Meetings and Events, June 2011

By and large, the industry expects to see some growth in the year ahead with utilization of measurement of the return of each corporation's investment in meetings. Some of the top items of measurement criteria include:

- Meeting costs relative to budget
- Participant satisfaction
- Achievement of new customers/members
- Acquisition of new customers/members
- Increased customer/member revenue
- Performance improvement
- Direct revenue generation

As the survey has revealed the optimism towards the future of the Meetings Industry, the measurement of its growth and development will no doubt find a way to catch up because **it is apparent that the importance of meetings are increasingly BELIEVED, valued and definitely worth the measurement.**

References

1. *Forbes Insights, Business Meetings: The Case for Face-to-Face, 2009*
2. *The World Tourism Organization, Measuring the Economic Importance of the Meetings Industry - Developing a Tourism Satellite Account Extension, first printing 2006*
3. *MPI Foundation, Meetings Deliver - The Business Value of Meetings and Events, powerpoint presentation*
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