



Business Events: Latest Industry Performance

The Business Events (BE) industry is important for Australia, with all BE visitor spending in Australia worth around \$9.7 billion in 2008. BE visitors are also high yielding, spending on average \$234 per night in 2008, compared with \$163 per night for all visitors.

Tourism Research Australia (TRA) manages the International Visitor Survey (IVS) and the National Visitor Survey (NVS). Since the March quarter 2008, supplementary questions regarding BE visitor travel have been included in both surveys. This snapshot is the second BE report¹ based on the IVS/NVS results. Importantly, it features the industry's performance during the peak of the Global Financial Crisis (GFC), and in the January to June 2010 period when global economic recovery was under way (Table 1).

The Global Financial Crisis impact

The GFC had a major impact on the Australian BE industry. There was a significant decrease in total BE visitor expenditure — down by 18% (or \$1.8 billion in nominal terms) to \$7.9 billion in 2009².

Total BE visitors decreased 9% (to 16.0 million) in 2009, with domestic overnight BE trips contributing most of this decrease, down 15% to 7.8 million. However, cheaper domestic day BE trips remained largely unchanged at 2008 levels. These results clearly reflect the tough economic climate brought on by the GFC with businesses reducing costs, which in turn affected spending on BE travel.

The GFC also contributed to the sharp 13% decrease (to 758,000) in international BE visitors to Australia in 2009. However, this decrease was exacerbated by higher 2008 estimates, due to the World Youth Day in July 2008, which was attended by around 110,000 international visitors.

Comparing these results in the context of the international BE sector is not possible due to a lack of comparable overseas data on business events demand. However, the patterns exhibited in international business travel are likely to be similar to the international business events sector.

Overseas data on international business trips shows that high yielding international business travel world-wide was one of the sectors hardest hit in global tourism in 2009. According to the Australian Bureau of Statistics (ABS), international business travel to Australia decreased 14% in 2009 (compared to 2008) (ABS, 2010); a similar decrease to that recorded for business events in this study. International business travel to New Zealand also fell sharply, albeit by a slightly lesser amount (down 11%) (NZ Ministry of Tourism, 2009).

At the same time, total international visitation (that is for all purposes of travel, business and non-business) to Australia and New Zealand was largely unchanged on 2008 estimates. These results highlight the fact that business travel (and BE travel) in Australia is more sensitive to negative economic factors compared to other travel purposes.

¹ TRA's earlier *Business Events in Australia* report, published in 2009, estimated total business event expenditure at \$5.7 billion in 2008. However, there are substantial differences in the definition of a business event visitor used in this report, including:

- Business meeting data is now included as part of total business events.
- All international business events data now exclude persons whose main purpose for visiting was education.
- International and domestic overnight incentive data now include only those who travelled with a business associate and/or on a group tour (international only).
- International expenditure now relates to 'spend in Australia' only and excludes pre-paid expenditure on international airfares and packages.

² TRA estimates for the BE sector differs to that of the Business Events Council of Australia (BECA) estimates, which valued the industry at around \$17 billion in its National Business Events Strategy (NBES) report. There are two main differences. First, TRA estimates does not include the impact of meeting organisers' and exhibitors' expenditure which was estimated to be around \$5 billion. Second, TRA's estimates only include day visitors as BE participants if they can be defined as tourists, that is, they a) have travelled a round trip distance of 50km or more, b) are away from home for at least four hours, and c) their trip is not part of routine travel for work (i.e. commuting to work or school). The NBES's estimate included all day visitors, which added around \$3 billion to the TRA figure.

Table 1: Business Event Visitors Fact Sheet

Results from Tourism Research Australia's International Visitor Survey and National Visitor Survey

Business Events - visitors, nights and spend

Visitor type Event type	Visitors ('000)				Trip nights ('000)				Spend in Australia (\$ million)				Jan - Jun 2010 (% Change) ^(f)		
	2008	2009	%	% Ch	2008	2009	%	% Ch	2008	2009	%	% Ch	Visitors	Trip nights	Spend
International^(a)															
Conference/convention/seminar	307	230	30	↓ -25%	4 995	3 654	31	↓ -27%	732	537	31	↓ -27%	↑ 22%	↑ 9%	↑ 2%
Trade fair/exhibition	59	38	5	↓ -35%	1 627	1 381	12	↓ -15%	244	199	11	↓ -18%	↓ -16%	↓ -39%	↓ -54%
Incentive ^(b)	49	34	4	↓ -31%	334	267	2	↓ -20%	57	55	3	↓ -4%	↑ 24%	↑ 25%	→ -2%
Business meeting ^(c)	548	525	69	↓ -4%	8 322	8 119	69	↓ -2%	1 314	1 199	69	↓ -9%	↑ 7%	↑ 12%	↑ 18%
Total^(d)	868	758	100	↓ -13%	13 242	11 833	100	↓ -11%	1 987	1 743	100	↓ -12%	↑ 6%	→ -2%	↓ -6%
Domestic overnight															
Conference/convention/seminar	2 451	1 987	25	↓ -19%	7 697	6 429	30	↓ -16%	2 160	1 466	27	↓ -32%	↑ 3%	↓ -3%	↑ 7%
Trade fair/exhibition	473	399	5	↓ -16%	1 748	1 337	6	↓ -24%	434	362	7	↓ -17%	↑ 12%	↑ 53%	↓ -15%
Incentive ^(e)	191	170	2	↓ -11%	616	463	2	↓ -25%	131	120	2	↓ -8%	→ 0%	↓ -11%	↓ -41%
Business meeting ^(c)	6 945	5 899	75	↓ -15%	18 624	15 274	71	↓ -18%	5 001	3 953	73	↓ -21%	↓ -5%	→ 1%	↓ -2%
Total^(d)	9 211	7 826	100	↓ -15%	25 735	21 596	100	↓ -16%	6 901	5 397	100	↓ -22%	→ -2%	↑ 3%	→ 0%
Domestic day															
Conference/convention/seminar	1 956	1 835	25	↓ -6%					189	199	26	↑ 5%	↓ -24%		↓ -24%
Trade fair/exhibition	908	1 018	14	↑ 12%					103	119	15	↑ 16%	↓ -12%		↓ -24%
Business meeting ^(c)	4 775	4 806	65	→ 1%					529	474	61	↓ -10%	↑ 23%		↑ 60%
Total^(d)	7 424	7 393	100	→ 0%					779	775	100	→ -1%	↑ 6%		↑ 18%
All															
Conference/convention/seminar	4 714	4 052	25	↓ -14%	12 692	10 083	30	↓ -21%	3 082	2 202	28	↓ -29%	↑ 5%	→ 1%	↑ 6%
Trade fair/exhibition	1 440	1 456	9	→ 1%	3 375	2 718	8	↓ -19%	782	680	9	↓ -13%	↑ 9%	↓ -5%	↓ -30%
Incentive ^(b)	240	204	1	↓ -15%	950	730	2	↓ -23%	188	174	2	↓ -7%	↑ 4%	→ 0%	↓ -31%
Business meeting ^(c)	12 268	11 230	70	↓ -8%	26 946	23 393	70	↓ -13%	6 844	5 626	71	↓ -18%	↓ -4%	↑ 5%	↑ 3%
Total^(d)	17 503	15 977	100	↓ -9%	38 977	33 429	100	↓ -14%	9 667	7 915	100	↓ -18%	→ -1%	↑ 2%	→ -1%

(a) Excludes visitors to Australia for the purpose of education.

(b) International incentive visitors are those who visited as part of a job related reward or bonus provided by their employer for performance or sales and travelled with business associates and/or on a group tour (excluding sporting tours, guided holiday tours and school excursions).

(c) Includes some visitors who attended business meetings that would not classify as Business Events. Visitors who attended Business Event specific meetings cannot be separately identified in the available survey data.

(d) Components may not add to total as visitors may have attended more than one type of event.

(e) Domestic overnight incentive visitors are those who visited as part of a job related reward or bonus provided by their employer for performance or sales and travelled with business associates.

(f) Percentage change compares the January to June 2010 period with the January to June 2009 period.

The sharply negative effects on global business tourism due to the GFC were even greater in Europe and in North America. There were declines in international business travel to leading nations in both regions, with the United States down 20% (Office of Travel and Tourism Industries, 2010) and the United Kingdom down 19% in 2009 (compared to 2008) (Visit Britain, 2010a).

The decline in business travel to the United Kingdom was mainly driven by fewer trade fair and exhibition visitors (down 47%), although sharp declines were also evident in the conference/large meeting and other business visitor categories (down 15% and 18%, respectively) (Visit Britain, 2010b).

Patchy recovery so far in 2010

A patchy recovery appears to be underway for global business travel and for the Australian BE industry, with total BE visitor expenditure decreasing by 1% (in nominal terms) for January-June 2010 (compared to the same period in 2009). Underwriting this result was an 18% increase in expenditure for the domestic day BE segment, while domestic overnight remained flat, and expenditure decreased by 6% for the larger international BE sector. Although there was a 2% decrease in domestic overnight visitors attending a BE in Australia, both international and domestic day visitation increased by 6%.

Results were also mixed for average trip expenditure by type of visitor. Domestic overnight and day BE visitors spent more (2% and 11%, respectively) on average during their trip to an Australian business event in the January-June 2010 period (compared to the same period in 2009). However, average international visitor expenditure was 11% lower for the same comparative period.

The recovery appears stronger for international business travel to Australia, underpinned by the gradual (if still uncertain) recovery in the global economic climate. In the January–August 2010 period (compared to same period in 2009) international visitor arrivals to Australia for business purposes rose by 16%, while the number of international convention/conference trips to Australia (a business and BE subset) increased more strongly by 25% (ABS, 2010 and BEA, 2010).

Recovery also appears to be underway overseas, with international business travel to New Zealand up 12% in the January–July 2010 period (compared to the same period in 2009) (NZ Ministry of Tourism, 2010). A partial recovery is also evident in international business travel to the United Kingdom (up 3% in the January–July 2010 period) (Office of National Statistics, 2010) and in the United States (up 13% in the January–February 2010 period) (Office of Travel and Tourism Industries, 2010). However, the Singapore Association of Convention and Exhibition Organisers and Suppliers (Lijie 2010) report that MICE travel has returned to ‘pre- crisis’ levels, underpinned by the stronger economic recovery in Asia.

These results suggest that the industry is in an early recovery phase following the GFC, mirroring the limited and uneven global economic recovery evident so far. The increased uncertainty generated by the recent sovereign debt crisis in Europe — and doubts over the strength of the economic recovery in that region and in North America — may mean the global business events industry will face further challenges if business confidence subsides.

The future for the BE industry

The Australian Government recognises that it is important for industries such as the BE industry to strive for sustained growth underpinned by continued improvements to international competitiveness and productivity, backed by well-informed targeted investment and a skilled labour force. In October 2008, a joint Commonwealth-industry working group released its key strategy paper *A National Business Events Strategy for Australia 2020* (Business Events Council of Australia, 2008). A Business Events Strategy Implementation Group (BESIG) was established to implement 19 of the recommendations, with work to be completed by December 2010.

A number of remaining recommendations focus on supply side issues such as building on existing aviation and infrastructure supply, and investment initiatives to boost Australia’s competitiveness in the international business event market. These issues are being addressed through National Long-Term Tourism Strategy (NLTTTS) Working Groups. The Australian BE industry will benefit from many of the 41 Priority Actions Identified by the NLTTTS, including the review of regulatory barriers to tourism investment, impediments in the transferability/recognition of training qualifications across jurisdictions and national online distribution action plan to enhance online product and distribution.

Sources

Australian Bureau of Statistics, 2010, *Overseas Arrivals and Departures (August 2010)*, available:

<http://www.abs.gov.au/AUSSTATS/abs@.nsf/allprimarymainfeatures/568BCE24A5E5CEC5CA25774001ABE30?opendocument>;

Business Events Australia (BEA), 2010, *Conference / Convention Arrivals to Australia - August 2010*, available:

<http://businesseventsaustralia.com/3186.aspx>;

Business Events Council of Australia (BECA), 2008, *A National Business Events Strategy for Australia 2020*, available:

http://www.businesseventscouncil.org.au/page/national_businessbrevents_strategy.html;

Huang Lijie (2010), *Business booming for the Mice sector*, in *The Straits Times*, pg C2, 15 October 2010.

New Zealand Ministry of Tourism, 2010, *International Visitor Arrivals (July 2010)*, available:

<http://ocv.onlinedatacentre.com/mot/OAPAnalysis.html?c=IVA%20-%20Purpose%20by%20Month%20-%20Table.cub#p=0&h=1>;

New Zealand Ministry of Tourism, 2009, *International Visitor Characteristics (December 2009)*, available:

<http://www.tourismresearch.govt.nz/Data--Analysis/Analytical-Tools/International-Visitor-Value/>;

Office of National Statistics, 2010, *International Passenger Survey (July 2010)*, available: <http://www.statistics.gov.uk/pdfdir/ott0910.pdf>;

Office of Travel and Tourism Industries, 2010, *Survey of International Air Travellers (February 2010)*, available:

http://www.tinet.ita.doc.gov/view/m-2010-I-001/document/top_20_business_vs_pleasure.xls;

Tourism Research Australia, 2009, *Business Events in Australia: Results from the International Visitor Survey and National visitor Survey, 2008*;

Tourism Research Australia, 2008 - 2010, *International Visitor Survey*;

Tourism Research Australia, 2008 - 2010, *National Visitor Survey*;

Visit Britain, 2010a, *Latest Quarterly Data – 2000 to 2010 Q1P*, available:

<http://www.visitbritain.org/insightsandstatistics/inboundvisitorstatistics/latestdata/index.aspx>

Visit Britain, 2010b, *Business Visits to the UK – Detailed Business Tourism Data 2007-2009*, available:

<http://www.visitbritain.org/insightsandstatistics/inboundvisitorstatistics/business/index.aspx>

© Commonwealth of Australia 2010. This work is copyright. In addition to any use permitted under the Commonwealth *Copyright Act 1968*, the Commonwealth through Tourism Research Australia permits copies to be made in whole or in part for the purpose of promoting Australian tourism, provided that Tourism Research Australia (representing the Commonwealth) is identified on any copies as the author and the material is reproduced in its current form. In addition, a statement similar to the following must be included on any copy – ‘*Tourism Research Australia 2010*’. Copies may not be made for a commercial purpose, that is, for sale, without the permission of Tourism Research Australia (representing the Commonwealth). The information in this data is presented in good faith and on the basis that neither the Commonwealth, nor its agents or employees, are liable (whether by reason of error, omission, negligence, lack of care or otherwise) to any person for any damage or loss whatsoever which has occurred or may occur in relation to that person taking or not taking (as the case may be) action in respect of any statement, information or advice given in this publication. Data derived from Tourism Research Australia surveys are subject to sample error. Users of the data are advised to consult the sample error tables contained in Tourism Research Australia publications or otherwise available from Tourism Research Australia before drawing any conclusions or inferences, or taking any action, based on the data.