



Business Events Visitors: 2010

The Business Events (BE) industry is important for Australia, with spending made by all BE visitors in Australia worth around \$8.4 billion in 2010. BE visitors are also important as they are high yielding, with overnight BE visitors spending on average \$212 per night in 2010, compared with \$136 per night for all overnight visitors in Australia.

Tourism Research Australia (TRA) manages the International Visitor Survey (IVS) and the National Visitor Survey (NVS). Supplementary questions regarding BE visitor travel have been included in both surveys for each quarter 2008 to 2010.

This snapshot is the third BE report^{1 2} based on these surveys. The second snapshot, published in October 2010, showed how the sector was in an early recovery phase in the first half of 2010 following the Global Financial Crisis (GFC). This publication indicates that the sector made a partial recovery in 2010 but remains below the pre-GFC levels of 2008 for many indicators (Table 1).

A broader recovery is now evident in 2010 following the Global Financial Crisis

The GFC had a major impact on tourism globally, and for business-related tourism in Australia. As a segment which aligns strongly with economic growth and business confidence, most measures declined sharply for the Australian BE visitor activity and expenditure indicators in 2009. This shock is best indicated by the \$1.8 billion decrease (or 18 per cent to \$7.9 billion) in BE visitor expenditure in 2009³, compared to 2008.

The sector has recaptured some of these losses in 2010. Total BE visitor expenditure rose 7 per cent (or by \$539 million in nominal terms) to \$8.4 billion in 2010. However, this recovery is still only partial, as total expenditure remains around \$1.2 billion lower compared to 2008 estimates (of \$9.7 billion). There were several one-off factors driving the performance in 2008, including the World Youth Day, which attracted 110,000 international visitors.

Compared to the previous snapshot, which showed a patchy recovery in the first half of 2010, the sector is now showing more broader signs of recovery, with growth in expenditure in most visitor segments: international (up strongly by 16 per cent), domestic overnight (up 5 per cent), while there was a 1 per cent fall in domestic day BE visitor expenditure.

Of the visitor segments in 2010, only the domestic overnight sector remains well below 2008 levels, while visitor expenditure for the domestic day and international segments remain at or just above 2008 estimates. These results, combined with only a modest decrease in domestic BE travel in 2009, suggests that Australian businesses had cut costs by reducing discretionary spending to attend Australian business events.

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 plan to update this snapshot each year soon after the release of calendar year TRA data in March.

³ 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 do 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)				
	2008	2009	2010	% Share	% Ch	2008	2009	2010	% Share	% Ch	2008	2009	2010	% Share	% Ch
International^(a)															
Conference/convention/seminar	307	230	293	36	↑ 27%	4 995	3 654	4 540	36	↑ 24%	732	537	694	34	↑ 29%
Trade fair/exhibition	59	38	45	5	↑ 17%	1 627	1 381	1 369	11	→ -1%	244	199	171	8	↓ -14%
Incentive ^(b)	49	34	39	5	↑ 17%	334	267	317	2	↑ 19%	57	55	55	3	→ 2%
Business meeting ^(c)	548	525	532	65	→ 1%	8 322	8 119	8 150	64	→ 0%	1 314	1 199	1 382	68	↑ 15%
Total^(d)	868	758	820	100	↑ 8%	13 242	11 833	12 759	100	↑ 8%	1 987	1 743	2 022	100	↑ 16%
Domestic overnight															
Conference/convention/seminar	2 451	1 987	2 202	27	↑ 11%	7 697	6 429	6 688	28	↑ 4%	2 160	1 466	1 653	29	↑ 13%
Trade fair/exhibition	473	399	475	6	↑ 19%	1 748	1 337	1 856	8	↑ 39%	434	362	454	8	↑ 25%
Incentive ^(e)	191	170	175	2	↑ 3%	616	463	461	2	→ 0%	131	120	85	1	↓ -29%
Business meeting ^(c)	6 945	5 899	5 967	74	→ 1%	18 624	15 274	16 690	71	↑ 9%	5 001	3 953	4 000	71	→ 1%
Total^(d)	9 211	7 826	8 118	100	↑ 4%	25 735	21 596	23 515	100	↑ 9%	6 901	5 397	5 668	100	↑ 5%
Domestic day															
Conference/convention/seminar	1 956	1 835	1 817	22	→ -1%						189	199	145	19	↓ -27%
Trade fair/exhibition	908	1 018	1 062	13	↑ 4%						103	119	105	14	↓ -12%
Business meeting ^(c)	4 775	4 806	5 460	67	↑ 14%						529	474	546	71	↑ 15%
Total^(d)	7 424	7 393	8 175	100	↑ 11%						779	775	771	100	→ -1%
All															
Conference/convention/seminar	4 714	4 052	4 312	25	↑ 6%	12 692	10 083	11 228	31	↑ 11%	3 082	2 202	2 492	29	↑ 13%
Trade fair/exhibition	1 440	1 456	1 582	9	↑ 9%	3 375	2 718	3 225	9	↑ 19%	782	680	730	9	↑ 7%
Incentive ^(b)	240	204	214	1	↑ 5%	950	730	778	2	↑ 7%	188	174	140	2	↓ -19%
Business meeting ^(c)	12 268	11 230	11 959	70	↑ 6%	26 946	23 393	24 840	68	↑ 6%	6 844	5 626	5 928	70	↑ 5%
Total^(d)	17 503	15 977	17 113	100	↑ 7%	38 977	33 429	36 274	100	↑ 9%	9 667	7 915	8 460	100	↑ 7%

(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.

The activity measures also show a similar pattern. For example, the number of nights away from home to attend business events also increased strongly, up 8 per cent to 36.2 million in 2010 (compared to 2009) but remains around 7 per cent lower compared to 2008 estimates. Of note is the continued strong growth in domestic day BE trips, up 11 per cent in 2010 (compared to 2009).

However, average trip expenditure remains under pressure for most visitor segments. Between 2008 and 2010, average trip expenditure by domestic BE visitors in Australia decreased (domestic day: down 10 per cent to \$94, domestic overnight down 7 per cent to \$698). However, average trip expenditure increased by 7 per cent to \$2,466 for international BE visitors over the same period.

... but some BE sub-sectors are recovering faster than others

TRA statistics also shows BE visitor sector performance by type of business event: *conference/convention seminar; trade fair/exhibition; incentive*, and *business meeting*. In terms of expenditure, business meetings are responsible for around 70 per cent of expenditure for each of the visitor segments. The combined *conferences, conventions and seminar* segment provides around 29 per cent of BE visitor expenditure, while *trade fairs/exhibition* and *incentive* travel hold a smaller share.

As shown in Table 1, visitor expenditure from those attending a business meeting increased moderately in 2010, compared to 2009, (up 5 per cent or by \$300 million to \$5.9 billion), supported by stronger growth in visitors. Of note is the large decrease in incentive travel expenditure last year; down 19 per cent compared to 2009 estimates. Expenditure made by these visitors is now down by around a quarter, compared to just two years before.

International comparisons are difficult, but do show BE visitor sector recovered in 2010

Overseas data on the performance of the BE sector (or on BE visitors) is limited. International data on business events applies differences in the definition of a *business event* or *business event visitor* and does not allow a direct comparison with TRA BE data.

One partial indicator is the number of international trips for business, but this does not include the largest segment, domestic BE visitors. For example, overseas arrivals and departures data from the Australian Bureau of Statistics (ABS), showed that international business travel to Australia increased 15 per cent in 2010 (compared to 2009) (ABS 2011); around double of that recorded for business events visitors in this study. International business travel to New Zealand rose 11 per cent in 2010, approaching pre-GFC levels of 2008 (NZ Ministry of Tourism, 2011).

Similar to Australia, there were improvements in international business travel to leading nations in both North America and Europe, with the United States up 16 per cent in 2010 (Office of Travel and Tourism Industries, 2011) mirroring an equally strong growth in international business travel to the United Kingdom (Visit Britain, 2011).

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 this work completed in early 2011. Members of the BE sector will continue to focus on supply-side reforms for the tourism industry, through their involvement in the relevant working groups implementing the National Long-Term Tourism Strategy. Relevant working group actions include addressing labour and skills shortages, removing regulatory barriers to tourism investment, improving the quality of tourism products and strengthening business resilience.

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