

PricewaterhouseCoopers LLP

The Economic Significance of Meetings to the U.S. Economy

Interim Study Update for 2012

Executive Summary

Convention Industry Council





January 30, 2014

Ms. Karen Kotowski, CAE, CMP
Chief Executive Officer
Convention Industry Council
700 North Fairfax Street, Suite 510
Alexandria, Virginia 22314

Dear Ms. Kotowski:

PricewaterhouseCoopers LLP ("PwC") has performed certain services to assist the Convention Industry Council ("you," or "Client") in the assessment of the Economic Significance of U.S. Meetings in 2012. Our services were performed and this Deliverable (which is hereafter referred to as "Report") was developed in accordance with our engagement letter dated September 3, 2013 and are subject to the terms and conditions included herein. Our services were performed in accordance with Standards for Consulting Services established by the American Institute of Certified Public Accountants ("AICPA"). The procedures we performed did not constitute an examination or a review in accordance with generally accepted auditing standards or attestation standards. Accordingly, we provide no opinion, attestation or other form of assurance with respect to our work or the information upon which our work was based. We did not audit or otherwise verify the information supplied to us in connection with this engagement, from whatever source, except as may be specified in this Report.

Our work was limited to the specific procedures and analysis described herein and was based only on the information made available through November 21, 2013. Accordingly, changes in circumstances after this date could affect the findings outlined in this Report.

This Report has been prepared pursuant to an engagement between PwC and its Client. As to all other parties, it is for general information purposes only, and should not be used as a substitute for consultation with professional advisors.

We appreciate the opportunity to assist you with this matter. If you have any questions or we can be of further assistance, please contact Adam Jones at (813) 222-5429 or via email at adam.w.jones@us.pwc.com.

Very truly yours,

A handwritten signature in black ink that reads "PricewaterhouseCoopers LLP". The signature is written in a cursive, flowing style.

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Section I

Introduction & Executive Summary

I. Introduction & Executive Summary

Introduction

PricewaterhouseCoopers LLP (“PwC”) was engaged by the Convention Industry Council (“CIC”) to prepare an interim update to the estimated economic significance of meetings to the U.S. economy. The study involved updating inputs and assumptions in the models underlying estimates previously prepared by PwC on behalf of CIC for calendar year 2009 (“2009 Study”) to reflect meetings activity in the U.S. during calendar year 2012.

The 2009 Study involved a comprehensive primary and secondary research effort to quantify the size and economic significance of the U.S. meetings industry, including more than 6,000 surveys of meeting organizers, meeting venue managers, destination marketing organizations, meeting delegates, and exhibitors. The study found that nearly 1.8 million meetings took place in the U.S during calendar year 2009 which involved an estimated 205 million participants and generated more than \$263 billion in direct spending and \$907 billion in total industry output.

Key spending model inputs and assumptions updated from the 2009 Study to reflect calendar year 2012 results included spending profiles and meetings and attendance volume. Updates were based on industry data for 2012, trends between 2009 and 2012 related to meetings volume and expenditures derived from secondary research sources, and PwC analyses to reconcile secondary sources, interpolate data gaps, and calibrate model results. The economic relationships included in the input-output model deployed for the 2009 Study were also updated based on the 2011 IMPLAN economic model. Surveys and interviews conducted as part of the 2009 Study were not updated as part of the interim update approach.

Examples of secondary sources considered in the interim update included, but were not limited to, the following:

- **Government:** Bureau of Economic Analysis, Office of Travel and Tourism Industries, Census Bureau, Bureau of Labor Statistics, and others.
- **Industry:** PCMA Meetings Market Survey, CEIR Exhibition Industry Index, U.S. Travel Association Domestic Travel Report, MPI Business Barometer, ICCA International Association Meetings Market, Business Travel News' Corporate Travel Index, GBTA BTI Outlook, Smith Travel Research, and others.
- **Proprietary:** PwC Convention Center Report, PwC Hospitality Directions, previous PwC studies involving the meetings industry, and other such sources.

The remainder of this section provides an executive summary of the study’s conceptual framework and key findings. Report sections that follow present updated tables for meetings volume, direct spending, and meetings significance to reflect 2012 meetings activity and include further breakdown of results by type of meeting, venue, participant, origin, host organization, and commodity. Additional background and study details related to segment definitions, conceptual framework, economic modeling process, and secondary sources are available for reference in the appendices.

Meetings Scope and Definition

For purposes of the 2009 Study and this interim update, a “meeting” refers to a gathering of 10 or more participants for a minimum of four hours in a contracted venue. Meetings include conventions, conferences, congresses, trade shows and exhibitions, incentive events, corporate/business meetings, and other meetings that meet the aforementioned criteria. Excluded from the definition of meetings are social and recreation activities, certain educational and political activities, and gatherings for sales of goods/services such as consumer shows.

The study uses an extended approach to quantifying the significance of meetings activity which captures the activities of the core meetings industries, meetings-related components of the travel and tourism industries as an extension of the Travel & Tourism Satellite Account (“TTSA”), and other relevant industries. Components of the meetings sector considered include "core" meetings industries (specialized meetings organizers; convention, congress, and exhibition centers; incentive houses and destination management companies; and convention and visitor bureaus) and extend the sector to other supporting entities such as accommodations, transportation, technical equipment, food services, speakers' representation services, stand construction, other support services, and auxiliary businesses.

Meetings Volume

More than 1.8 million meetings were estimated to have been held in the U.S. during calendar year 2012 and involved an estimated 225 million participants. The majority of meeting participants were generated by corporate/business meetings (50 percent), followed by conventions/conferences/congresses (27 percent) and trade shows (12 percent).

Table 1
Number of Meetings and Participants by Meeting Type

Meeting Type	Meetings	Participants	% Participants
Corporate/Business Meetings	1,298,300	113,337,000	50%
Conventions/Conferences/Congresses	273,700	60,960,000	27%
Trade Shows	10,900	26,768,000	12%
Incentive Meetings	67,700	9,172,000	4%
Other Meetings	182,600	14,710,000	7%
Total	1,833,200	224,947,000	100%

The majority of meetings and meeting participants in 2012 were hosted by corporations (55 and 49 percent, respectively). Association/membership organizations hosted the second largest share of meeting participants (26 percent), followed by non-government, not-for-profit organizations (23 percent).

Table 2
Number of Meetings and Participants by Host Type

Host Type	Meetings	Participants	% Participants
Corporate	1,017,000	109,571,000	49%
Association/Membership	315,400	59,495,000	26%
Non-Government, Not-For-Profit	432,100	51,572,000	23%
Government	68,600	4,308,000	2%
Total	1,833,200	224,947,000	100%

Direct Spending

Direct spending is defined as *spending within the U.S. economy from purchases of goods and services attributable to the activity* and provided the building blocks for estimating the total economic significance of meetings. Total direct spending associated with U.S. meetings activity in 2012 is estimated at over \$280 billion. Approximately \$130 billion or 46 percent of the direct spending in the meetings industry is on travel and tourism commodities such as lodging, food service, and transportation. The majority of direct spending, however, is not travel-related, with \$150 billion or 54 percent involving meeting planning and production costs, venue rental, and other non-travel & tourism commodities that fall outside the Travel & Tourism Satellite Account.

Table 3
Direct Spending by Commodity

Commodities	Direct Spending (in millions)	Percent
<u>Travel & Tourism Commodities</u>		
Accommodation	\$39,315	14%
Food and Beverage	29,832	11%
Air Transportation	23,761	8%
Retail	8,235	3%
Gasoline	7,498	3%
Recreation and Entertainment	7,034	3%
Car Rental	6,258	2%
Travel Services and Other Tourism Commodities	3,707	1%
Other Transportation	2,369	1%
Urban Transit	1,577	1%
Rail & Water Transportation	<u>600</u>	<u><1%</u>
Subtotal	\$130,186	46%
<u>Meetings & Other Commodities</u>		
Meeting Planning & Production	\$106,658	38%
Venue Rental	10,363	4%
Other Meetings-related Commodities	<u>33,195</u>	<u>12%</u>
Subtotal	\$150,216	54%
Total Direct Spending	\$280,402	100%

Note: Commodities include both goods and services

The meetings sector can be described as being comprised of two portions: one portion overlapping (or an extension of) the travel and tourism sector and the remaining portion belonging to other sectors. Approximately 15 percent or \$130 billion of the estimated \$865 billion of direct tourism output in the U.S. was the result of the meetings industry in 2012.

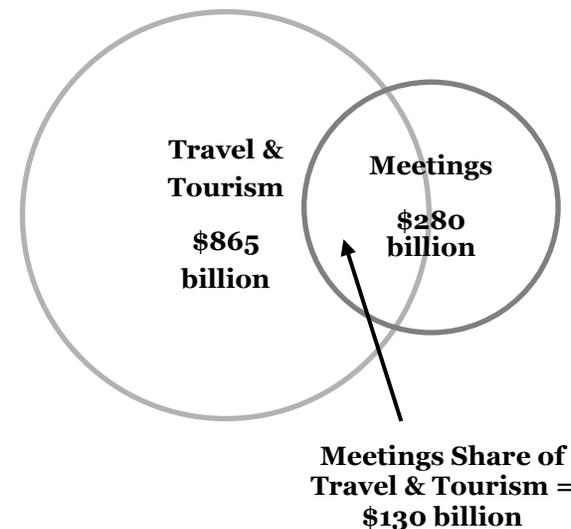
Total Economic Significance

Direct spending, which served as input for the input-output economic modeling process, reflects the spending in those industries that comprise the meetings industry. Indirect spending is attributable to the suppliers to the meetings industry, and the induced spending arises from spending by the employees of the meetings industry and its suppliers. Together, direct, indirect, and induced spending contributions comprise the total contribution of meetings activity to the U.S. Economy.

Economic contributions are presented in terms of the following:

- **Output:** Economic concept akin to sales or revenue.
- **Contribution to GDP:** Also known as the "value added." Refers to the additional value created at a particular stage of production. It is a measure of the overall importance of an industry. Value added consists of: employee compensation, proprietors' income, income to capital owners from property, and indirect business taxes.
- **Employment:** Consisting of full-time and part-time jobs.
- **Labor income:** Including wages and salaries, benefits, and proprietors' income.
- **Taxes:** Including federal taxes (personal income, excise, custom duty, social insurance contribution, and other taxes) and state and local taxes (corporate income, personal income, property, sales, social insurance contribution, and other taxes).

The indirect and induced contributions of meeting activity spending were calculated using the IMPLAN model based on economic relationships from 2011.



Total output in 2012 related to meetings activity is estimated at \$770.4 billion, while the total contribution to GDP was \$393.8 billion. Meetings activity in 2012 supported approximately 5.3 million jobs and generated \$234.6 billion in total labor income.

Table 4
Total Economic Contributions

Economic Contributions	Industry Output (in millions)	Contribution to GDP (in millions)	Employment	Labor Income (in millions)
Direct effects	\$280,403	\$115,615	1,787,000	\$66,892
Indirect effects	276,267	156,889	2,080,000	99,139
Induced effects	<u>213,706</u>	<u>121,280</u>	<u>1,440,000</u>	<u>68,608</u>
Total economic contributions	\$770,375	\$393,784	5,307,000	\$234,639

Approximately \$50.8 billion in federal taxes and an additional \$37.9 billion at the state and local level were generated by the meetings industry in 2012.

Table 5
Total Tax Contributions

Taxes	Federal (in millions)	State & Local (in millions)
Direct effects	\$14,805	\$13,262
Indirect effects	20,634	12,520
Induced effects	<u>15,369</u>	<u>12,083</u>
Total tax contributions	\$50,809	\$37,865

Meetings Direct Contribution to GDP Compared to Other Industries

The meetings industry continues to rank higher than several high-profile industries, both in terms of its contribution to U.S. GDP, and the number of full- and part-time workers employed

Table 6
Direct Contribution to GDP and Employment of Select Industries

Industry	Estimated Value Added to GDP (in millions)	Full & Part-time Employment (in thousands)
Health care and social assistance	\$1,157,000	17,075
Broadcasting and telecommunications	392,000	1,142
Food service and drinking places	315,000	10,030
Oil and gas extraction	269,000	188
Computer systems design and related services	230,000	1,634
Legal services	225,000	1,138
Manufacturing petroleum and coal products	179,000	111
Truck transportation	126,000	1,380
Accommodation	125,000	1,823
Manufacturing motor vehicles, bodies and trailers, and parts	122,000	785
Meetings	115,615	1,787
Motion picture and sound recording industries	113,000	384
Performing arts, spectator sports, museums	87,000	560
Information and data processing services	80,000	335
Air transportation	78,000	465
Amusements, gambling, and recreation industries	71,000	1,454
Rail transportation	40,000	202

Section II

Appendices

Appendix A: Glossary

Meeting Types

Meeting Type	Definition
Conferences/ Conventions/ Congresses	A general term covering all non business-oriented gatherings of participants at a predetermined site and time to attend an organized meeting in which they have an interactive, debating, and/or competitive role, and of which the theme or purpose may be of any nature. These meetings are hosted by professional, trade, or other non-corporate organizations. Conferences/conventions/congresses may include seminars. (Please also refer to definitions of Conference, Convention, and Congress below).
Conference	<ol style="list-style-type: none"> 1) Participatory meeting designed for discussion, fact-finding, problem solving and consultation 2) An event used by any organization to meet and exchange views, convey a message, open a debate or give publicity to some area of opinion on a specific issue <p>No tradition, continuity, or periodicity is required to convene a conference. Although not generally limited in time, conferences are usually of short duration with specific objectives. Conferences are generally on a smaller scale than congresses.</p>
Convention	<ol style="list-style-type: none"> 1) A general and formal meeting of a legislative body, social, or economic group in order to provide information, deliberate or establish consent or policies among participants. In the United States, the term is used to describe large, usually national meetings of business circles, for discussion and/or commercial exhibition 2) An event where the primary activity of the attendee is to attend educational sessions, participate in meetings/discussions, socialize, or attend other organized events <p>There is a secondary exhibit component.</p>
Congress	<ol style="list-style-type: none"> 1) The regular coming together of large groups of individuals, generally to discuss a particular subject. A congress will often last several days and have several simultaneous sessions. The length of time between congresses is usually established in advance of the implementation stage and may be either pluri-annual or annual. Most international or world congresses are of the former type while national congresses are more frequently held annually 2) Meeting of an association of delegates or representatives from constituent organizations 3) European term for convention

Meeting Type	Definition
Seminar	<ol style="list-style-type: none"> 1) Lecture and dialogue allowing participants to share experiences in a particular field under the guidance of an expert discussion leader 2) A meeting or series of meetings from 10 to 50 specialists who have different specific skills but have a specific common interest and come together for training or learning purposes <p>The work schedule of a seminar has the specific objective of enriching the skills of the participants.</p>
Trade show/business exhibition	<ol style="list-style-type: none"> 1) An exhibition of products and/or services held for members of a common industry. The primary activity of attendees is visiting exhibits on the show floor. These events focus primarily on business-to-business relationships, but part of the event may be open to the general public 2) Display of products or promotional material for the purpose of public relations, sales and/or marketing
Incentive event	<p>A reward event intended to showcase persons who meet or exceed sales or production goals. For the purposes of this survey, incentive events refer to the meeting portion of an incentive program.</p>
Corporate/business meeting	<ol style="list-style-type: none"> 1) Business-oriented meeting usually hosted by a corporation, in which participants represent the same company, corporate group or client/provider relationships 2) Gathering of employees or representatives of a commercial organization <p>Usually, attendance is required and travel, room and most meal expenses are paid for by the organization.</p>
Other Meeting Type	<p>A gathering not described by the meeting types described above, but still meets the criteria for meeting duration (4 hours or more), number of participants (10 or more) and meeting location (held in a contracted venue).</p>

Attendee Origin

Origin	Definition
Local	Attendees who traveled less than 50 miles to attend a meeting and did not stay overnight in paid accommodations.
Domestic	Attendees who traveled more than 50 miles to attend a meeting or who stayed overnight in paid accommodations.
Foreign	Attendees who traveled from outside of the United States (including U.S. territories) to attend the meeting.

Travel

Term	Definition
Travel	For purposes of this study, attendees that travel to meetings are those that stay overnight away from home in paid accommodations or travel more than 50 miles from their primary residence to attend the meeting. This definition of travel aligns with definitions outlined by the U.S. Travel Association, UNWTO, and BEA (see definitions below).
Travel (U.S. Travel Association)	The definition of travel used for this study aligns with the following definitions outlined by the U.S. Travel Association, UNWTO, and BEA:
Tourism (UNWTO)	According to the U.S. Travel Association, there is no commonly accepted definition of <i>travel</i> in use at this time; however, the U.S. Travel Association has defined travel as activities associated with all overnight trips away from home in paid accommodations, and day and overnight trips to places 50 miles or more, one way, from the traveler's origin.
Visitor (BEA)	The UNWTO defines <i>tourism</i> as the activities of persons travelling to and staying in places outside their usual environment, for not more than one consecutive year for leisure, business and other purposes not related to the exercise of an activity remunerated from within the place visited The BEA defines <i>visitor</i> as a person who travels outside of his or her usual environment for less than a year or who stays overnight in a hotel or motel. The visitor may travel for pleasure or business. Visitors exclude travelers who expect to be compensated at the location of their visit (such as migrant workers, persons traveling to new assignments, and diplomatic and military personnel traveling from their duty stations to their home countries). The BEA defines "usual environment" as the area of normal, everyday activities, within 50 to 100 miles of home.

Venue Types

Venue Type	Definition
Purpose-built meeting facility without lodging	Convention center, exhibition hall, non-residential conference center, multi-purpose event center, etc. that does not have lodging. Lodging accommodations are typically booked under a separate contract.
Meetings facilities with lodging	Hotel, resort, casino, residential conference center, etc. that includes meeting facilities. Lodging accommodations are typically attached and sold with meeting space under one contract.
Other venues with meeting facilities	Other venues, not specifically built for meetings, but which have facilities that are used for meetings (e.g. university/college, arena, stadium, park, racetrack, museum, theater, restaurant, etc.) Lodging accommodations are typically booked under a separate contract. For universities/colleges, these meeting should include facilities such as lecture halls, conference rooms, classrooms, etc., but exclude an on-campus conference center or hotel.

Host Types

Host Type	Definition
Corporate	A for-profit business that provides goods and/or services to its customers or clients.
Association/Membership	A membership-based, organized group of individuals and/or companies who share a common identity, interest or purpose. These organizations represent professional, trade or other non-corporate interests and exist to provide for the needs of their members.
Government	A government agency, department, or group of government individuals organized at the local, state, or national level.
Non-Government, Not-For-Profit	An organization which exists to provide services to others, and one whose members may not benefit financially from its net proceeds (e.g. churches, hospitals, universities, libraries, foundations, charities, and advocacy groups not included above).

Participant Types

Participant Type	Description
Meeting organizers	<p>Meeting organizers included both "In-house" meeting organizers and "Independent/Third-party" meeting organizers:</p> <ul style="list-style-type: none"> a) In-house organizers are responsible for organizing the meeting for their own organization which is hosting or sponsoring the meeting b) Independent/Third-party organizers are contracted to organize the meeting on behalf of the meeting host or sponsor organization
Venue managers	<p>Managers of the following types of venues:</p> <ul style="list-style-type: none"> a) purpose-built meeting facilities (without lodging) such as conference centers and convention centers; b) meeting facilities with lodging (hotels, motels, resorts, etc.); and c) meeting facilities at other venues, such as at universities/colleges, arenas, stadiums, parks, racetracks, museums, theaters, restaurants, etc.
Destination marketing organizations	<p>Not-for-profit organizations charged with representing a specific destination and helping the long-term development of communities through a travel and tourism strategy; also referred to as convention and visitor bureaus (CVB).</p>
Delegates	<p>A person who attends an event primarily to visit exhibits or attend meetings and/or conference sessions (excludes exhibitors, media, speakers, and companions), a registered meeting participant, or a voting representative at a meeting.</p>
Exhibitors	<p>A person or firm that displays its products or services at an event, or an event attendee whose primary purpose for attending the event is to staff a booth/stand.</p>

Appendix B: Conceptual Framework

The conceptual framework for this interim update was based on the 2009 Study which referenced UNWTO's guidance related to meetings definitions and methodologies for quantifying economic significance.

- UNWTO Global Meetings Initiative Volume 1: Basic concepts and definitions (September 2008)
- UNWTO Global Meetings Initiative Volume 2: Identifying the link between tourism and the Meeting Industry: case studies (September 2008)
- UNWTO Global Meetings Initiative Volume 3: Pilot country data schedule (September 2008)
- UNWTO Measuring the Economic Importance of the Meetings Industry: Developing a Tourism Satellite Account Extension (November 2006)

Meetings Defined

Defining what constitutes a meeting was a key foundation of the 2009 Study. Historically, the term "meeting" has been broad-based and often used to refer to a wide range of events of varying size and type. Recognizing that various organizations had adopted overlapping and potentially conflicting definitions of a meeting, the UNWTO, in cooperation with Reed Travel Exhibitions, ICCA, and MPI, recommended the adoption of a universal definition. Generally speaking, meeting is a general term indicating the coming together of a number of people in one place to confer or carry out a particular activity. The key purposes of meetings are to motivate participants, conduct business, share ideas, and learn. Frequency can be on an ad-hoc basis or according to a set pattern, as for instance annual general meetings, committee meetings, etc.

Based on further refinement by the UNWTO and for purposes of the 2009 Study and this interim update, the term "meeting" and its description above refer to a gathering of 10 or more participants for a minimum of 4 hours in a contracted venue. Meetings include conventions, conferences, congresses, trade shows and exhibitions, incentive events, corporate/business meetings, and other meetings that meet the aforementioned criteria. Meetings exclude social activities (wedding receptions, holiday parties, etc.), permanently established formal educational activities (primary, secondary or university level education), purely recreational activities (such as concerts and entertainment shows of any kind), political campaign rallies, or gatherings of consumers or would-be customers by a company for the purpose of presenting specific goods or services for sale (consumer shows), which would rather fall under the scope of retail or wholesale trade.

Table 7
What Constitutes a Meeting?

Meeting Length	Minimum of 4 hours
Meeting Size	Minimum of 10 participants
Meeting Venue	Contracted venue
Meeting Location	United States excluding territories
Meeting Types	<p><i>Key Types:</i></p> <ul style="list-style-type: none"> • Conventions/ Conferences/ Congresses • Trade Shows/ Business Exhibitions • Incentive Events • Corporate / Business Meetings • Other Meetings (which qualify under the defined criteria)
Meeting Types <i>Excluded</i>	<ul style="list-style-type: none"> • Consumer shows • Social activities • Formal education activities • Recreational/entertainment activities • Political campaign rallies

For purposes of this study, meetings must be held in the U.S., and excludes territories such as Puerto Rico and the U.S. Virgin Islands.

Scope of the Meetings Sector

To estimate the economic significance of meetings, it was necessary to define the scope of the meetings sector. The terms sector and industry are often used interchangeably. UNWTO, for example, uses the term "meetings industry" as it refers to the sector. However, for purposes of this study, the meetings sector represents a collection of industries that comprise the sector.

According to UNWTO's *Global Meeting Initiative, Volume 1: Basic Concepts and Definitions*, the scope of the meeting sector includes the establishments engaged, either as a primary or secondary economic activity, in:

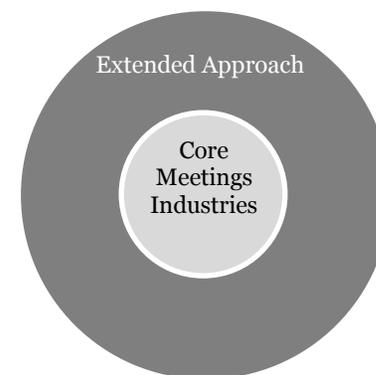
- the organization, promotion, marketing, and selling of congresses, conferences, conventions, seminars, trade exhibitions and fairs, and incentive activities whether as packages or bundles of services or consisting of specific services, including the intermediation or the management of reservations for any particular meetings-related services;
- the commercial provision of meeting facilities or accommodations for meeting participants or exhibitors; and
- auxiliary services which are typical or necessary for the hosting or organization of meetings, such as personnel, technical equipment, catering, or other materials.

Furthermore, these activities may be conducted by a variety of establishments associated with meetings, including meeting organizers, hosting corporations, association or government entities, trade show exhibitors, meeting delegates, or other establishments.

Core and Extended Approach

UNWTO also outlined components of the meetings sector to include "core" meetings industries and extend the sector to other supporting entities that include a broader array of businesses. These concepts allow for the design of a methodological framework for assessment of their economic significance.

The core meetings industries can be defined to include all business units in the reporting economy that specialize in the production of typically meetings-related services as their principal economic activity. The four core meeting industries and their related activities as characterized by UNWTO are outlined as follows:



	Core Meeting Industries	Definition
1	Specialized meetings organizers	Businesses engaged in the organization, 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 such events take place.
2	Convention, congress, and exhibition centers	Businesses engaged in buying, selling, renting and operating self-owned or leased real estate, specifically non-residential buildings including exhibition halls.
3	Incentive houses and destination management companies	Agencies primarily engaged in selling travel, tour, transportation and accommodation services to the general public and commercial clients; or agencies engaged in tour operator activities, including arranging and assembling tours that may include items such as transportation, accommodation, food and recreational or sporting activities.
4	Convention and Visitor Bureaus (destination marketing organizations)	Organizations that specialize in the provision of information, reservation services or in the promotion of meetings activity in a specific destination.

An ***extended approach*** of the concept of the meetings sector includes all businesses in the reporting economy, other than those described above, that engage in the production of services that intervene directly or are connected to the participation in or organization of meetings, including services provided to meeting participants, exhibitors and meeting organizers/hosting entities. Such businesses provide auxiliary services, equipment, and personnel that are used in organizing or attending meetings include:

- accommodations
- transportation
- technical equipment
- secretarial support services
- catering, food and restaurant services
- speakers' representation services
- stand construction
- other auxiliary business

For the purposes of this study, an extended approach to quantifying the significance of meetings activity was used, which captures the core meetings industries, meetings-related components of the travel and tourism industries, and other relevant industries.

Travel & Tourism

While some meetings are held in an attendee's local area, others are held outside his or her local area and require travel to the meeting destination. In such cases, the participant's trip to the meeting destination affects the national economic activity associated with meetings, as well as travel and tourism activity. For purposes of this study, participants that travel to meetings are those that stay overnight away from home in paid accommodations or travel more than 50 miles from their primary residence to attend the meeting. This definition of travel aligns with definitions outlined by the US Travel Association, the UNWTO, and the U.S. Bureau of Economic Analysis (BEA) as noted below.

- US Travel Association: The US Travel Association has defined travel as activities associated with all overnight trips away from home in paid accommodations, and both day and overnight trips to places at least 50 miles away from the traveler's place of origin.
- UNWTO: The UNWTO defines tourism as the activities of persons travelling to and staying in places outside their usual environment, for not more than one consecutive year, for leisure, business, and other purposes not related to the exercise of an activity remunerated from within the place visited.
- BEA: The BEA, which produces the TTSA, defines a visitor as a person who travels outside of his or her usual environment for less than a year or who stays overnight in a hotel or motel. The visitor may travel for pleasure or business. Visitors exclude travelers who expect to be compensated at the location of their visit (such as migrant workers, persons traveling to new assignments, and diplomatic and military personnel traveling from their duty stations to their home countries). The BEA defines "usual environment" as the area of normal, everyday activities, within 50 to 100 miles of home.

Given the overlapping nature of meetings and travel and tourism activity, the UNWTO suggested that the components of the meetings sector (or industry as defined by UNWTO) be identified through a complimentary set of tables to a nation's tourism satellite account.

Tourism Satellite Account

National accounts provide a standard framework for measuring the economic activity of a nation. The U.S. government (in addition to the federal statistical agencies of Canada and Mexico) uses the North American Industry Classification System (NAICS), which classifies business establishments for the purpose of collecting, analyzing, and publishing statistical data related to the business economy. As the travel and tourism sector is a combination of multiple industries such as transportation, accommodation, food and beverage services, recreation, travel agencies, etc., the U.S. adopted tourism satellite account methodology outlined by the United Nations Statistics Commission for the use of a "satellite account" to measure the size of economic sectors that are not defined as industries in national accounts.

Similar to the travel and tourism sector, the meetings sector involves a number of components (some of which are travel and tourism-related) that are currently spread across the national industry accounts. These components include the four core industries previously identified (specialized meeting organizers; convention, congress, and exhibition centers; incentive houses and destination management companies; and convention and visitors bureaus), travel and tourism industries, and other industries involved in meetings activity. The four core industries generally align with existing national accounts, as presented in Table 32.

Table 8
Core Meeting Industries and Corresponding NAICS Codes

Core Meeting Industries	NAICS Codes (National Account)	
1 Specialized meetings organizers	561920:	Convention and Trade Show Organizers
2 Convention, congress, and exhibition centers	531120:	Lessors of Nonresidential Buildings (except Mini-warehouses)
3 Incentive houses and destination management companies	5615:	Travel Arrangement and Reservation Services
4 Convention and visitor bureaus	561591:	Convention and Visitors Bureaus U.S.

Of these identified core industries, NAICS codes for incentive houses and destination management companies and convention and visitors bureaus are recognized within the TTSA. As such, specialized meeting organizers and convention, congress, and exhibition centers have been identified as core meetings industry groupings that are separate from accounts of the TTSA. Table 33 illustrates the extension of the TTSA related to meeting activity at an industry level.

Table 9
TTSA Industry Extension

Travel & Tourism Industries	Accommodation Food & Beverage Air Transportation Rail Transportation Water Transportation Urban Transit Car Rental Gasoline Other Transportation Retail Recreation & Entertainment Travel Services & Other Tourism Commodities
Meetings Industries	Meeting Organizers Meeting Venues
Other Industries	Other Industries

While NAICS codes classify industries, commodities (goods & services) within these industries are classified through the North American Product Classification System (NAPCS). The primary commodities identified in NAPCS that are associated with the four core meetings industries include the following:

- Convention and trade show organization, planning & assistance services (multiple product codes)
- Rental of space for meetings, conventions, and similar short-term business uses
- Travel arrangement and reservation services
- Tour operator services

For purposes of this study, commodities related to convention and trade show organizing, planning, and assistance services have been grouped into the category of meeting planning and production, while rental of non-residential buildings is referred to as venue rental. It should also be noted, that at the commodity level, meeting planning and production reflects spending associated with meetings planned by independent/third-party organizers and in-house organizers, while at the industry level, meeting organizers are associated with spending only for independent/third-party meeting organizing services. Table 34 illustrates the extension of the TTSA related to meeting activity at the commodity level.

Table 10
TTSA Commodity Extension

Travel & Tourism Commodities	Accommodation Food & Beverage Air Transportation Rail Transportation Water Transportation Urban Transit Car Rental Gasoline Other Transportation Retail Recreation & Entertainment Travel Services & Other Tourism Commodities
Meetings Commodities	Meeting Planning & Production Venue Rental
Other Meetings-related Commodities	Other Commodities

Meetings Economic Activity

With a framework for the scope of the meetings sector, measuring the economic significance was addressed from the supply-side and demand-side dimensions. According to the UNWTO, the supply-side and demand-side are two types of measures relating to the economic contribution of meetings activities for which information is required. A supply-side only approach would omit expenditure by participants on products purchased from other related industries while participating in meetings, while a demand-side approach based only on participants spending would omit the contribution of the meetings industry to the economy.

In Table 35, characteristics of the supply-side and demand-side dimensions are outlined in terms of definitions, involvement in meetings, and sector roles.

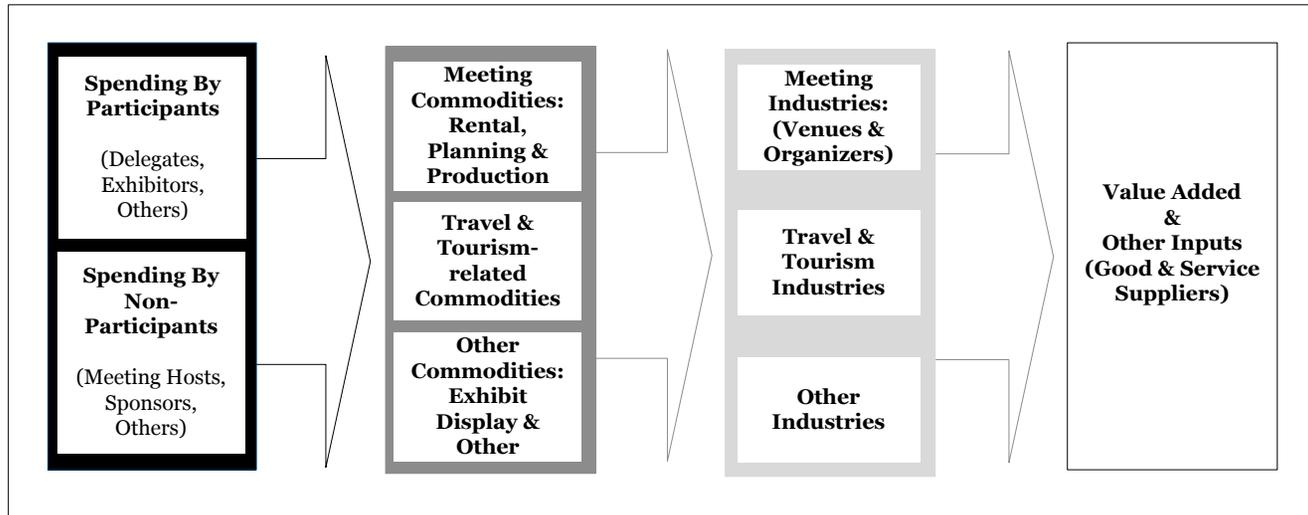
Table 11
Meeting Industry Supply vs. Demand

	Supply-side	Demand-side
<i>Definition</i>	<ul style="list-style-type: none"> • Organizations/businesses that provide meetings services. • Measures include such variables as income (represented by fees and commissions), expenditures, and employment. 	<ul style="list-style-type: none"> • Participants in meetings, including meeting delegates, businesses/individuals who exhibit, and other attendees to meetings such as speakers/trainers, media, guests, and other attendees. • Measures include such variables as expenditures by participants at meetings on specific identified services supplied by the meetings, tourism, or other industries. • Non-economic variables 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
<i>Involvement</i>	<ul style="list-style-type: none"> • Non-participants 	<ul style="list-style-type: none"> • Participants
<i>Types</i>	<ul style="list-style-type: none"> • Venues • Destination Marketing Organizations (DMOs) • Meeting Organizers/Hosts • Other Sponsors/Contributors to Meetings 	<ul style="list-style-type: none"> • Delegates • Exhibitors • Other Meeting Attendees (Speaker/Trainers, Media, and Other Attendees)

As noted in the previous table, from a supply-side perspective, venues, destination marketing organizations, meeting organizers/hosts, and other contributors are characterized as "non-participants." Although non-participants are actively involved in meetings, they are not the primary audience for the meeting itself.

The following graphic illustrates how participant and non-participant spending on meetings, travel and tourism and other meetings-related commodities affects the defined meetings, travel and tourism, and other industries, and which in turn, contributes to value added and additional spending by other industry suppliers.

Spending Flow



Note: Results adjusted to ensure that spending by goods and services suppliers on meetings activities are not counted twice.

Appendix C: Economic Modeling

This study has quantified the direct, indirect, and induced contributions of meetings activity in the U.S. in terms of employment, labor income (including wages and salaries and benefits, as well as proprietors' income), output, and value added (i.e., GDP).¹ Direct spending is considered the "first round" of spending, while increased activity or the indirect and induced benefits from subsequent spending rounds is commonly known as the "multiplier effect." The initial direct expenditures begin a spending process in which dollars cycle through the economy, generating this multiplier effect that supports additional spending (by second or third round recipients) and jobs. This cycle of spending by visitors, businesses, and employees is quantified by economic multipliers.

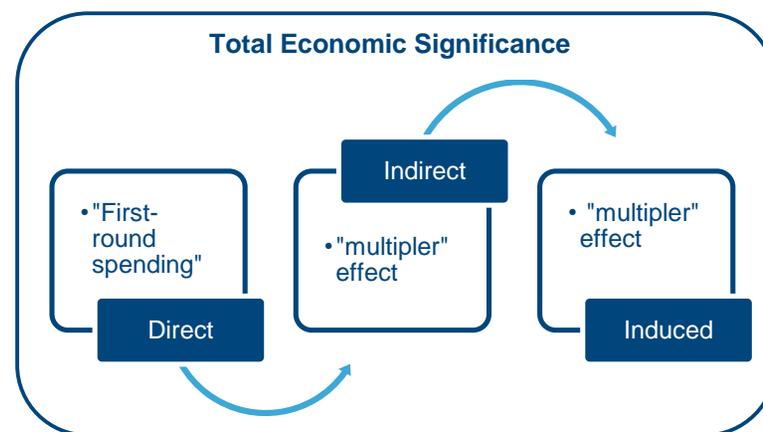
Together, direct, indirect, and induced spending contributions comprise the total contribution of the meetings activity in the U.S.

- **Direct:** Direct spending effects are measured as the employment (full-time and part-time jobs), labor income, output, and GDP within the industries identified as "direct beneficiaries" of meetings activity with respect to the source of spending. Direct spending occurs within the U.S. economy from purchases of goods and services attributable to the meetings activity.
- **Indirect:** Indirect spending is additional spending occurring within other industries that provide goods and services to the "direct" industries involved in meetings activity.
- **Induced:** Induced spending represents household spending of income earned either directly or indirectly from the meetings activity.

Economic Model Structure

The direct spending presented previously served as input for input-output economic modeling process. PwC developed economic models to estimate the economic significance of meetings on a direct, indirect, and induced basis in terms of the following:

- **Output:** Output is an economic concept that is akin to sales or revenue.
- **Contribution to GDP:** Also known as the "value added". Refers to the additional value created at a particular stage of production. It is a measure of the overall importance of an industry. Value added consists of employee compensation, proprietors' income, income to capital owners from property, and indirect business taxes (i.e., those borne by consumers rather than producers).
- **Employment:** Consisting of full-time and part-time jobs.



¹ Value added refers to the additional value created at a particular stage of production. It is a measure of the overall importance of an industry. Value added consists of: employee compensation, proprietors' income, income to capital owners from property, and indirect business taxes (i.e., those borne by consumers rather than producers).

- **Labor income:** Including wages and salaries, benefits, and proprietors' income.
- **Taxes:** Including federal taxes (personal income, excise, custom duty, social insurance contribution, and other taxes) and state and local taxes (corporate income, personal income, property, sales, social insurance contribution, and other taxes).

The economic impact analyses in the study rely on the IMPLAN economic model, a well-known input-output modeling system developed by the Minnesota IMPLAN Group for estimating economic impacts and is similar to the Regional Input-Output Modeling System developed by the U.S. Department of Commerce. The model is primarily based on government data sources. It can address a wide range of impact topics in a given region (county, state, or the country as a whole).

IMPLAN is built around an “input-output” table that relates the purchases that each industry has made from other industries to the value of the output of each industry. To meet the demand for goods and services from an industry, purchases are made in other industries according to the patterns recorded in the input-output table. These purchases in turn spark still more purchases by the industry's suppliers, and so on. Meanwhile, employees and business owners make personal purchases out of the additional income that is generated by this process, sending more new demands rippling through the economy. Multipliers describe these iterations. The Type I multiplier measures the direct and indirect effects of a change in economic activity. It captures the inter-industry effects only, i.e. industries buying from local industries. The Type SAM (Social Accounting Matrix) multiplier captures the direct and indirect effects. In addition, it also reflects induced effects (i.e. changes in spending from households as income increases or decreases due to the changes in production).

The IMPLAN model used for this study is based on economic relationships from 2011.

Direct Contributions

This report distinguishes three major industries as the direct beneficiary industries with respect to the source of meetings activity spending: (1) defined meetings industries; (2) travel and tourism industries; and (3) other industries. All other expenditures (such as those by service providers/vendors) were considered secondary spending and used only to quantify indirect and induced contributions of meetings activity. Also, spending by suppliers on meeting activities has been eliminated since it would have been included as direct spending. This accounting framework ensures that there is no double counting for direct, indirect, and induced contributions of meeting activity in the U.S.

The defined meetings industries include meetings venues and meeting organizers (independent/third-party). Travel and tourism industries cover the components included in the TTSA, including accommodations, food services and drinking places, transportation, retail, recreation and entertainment, travel services, and other miscellaneous tourism industries. Other industries that received direct meetings activity spending primarily include those that provide goods and services to exhibiting companies.

The detailed direct spending data from meeting participants and non-participants at the commodity level was grouped by NAICS codes and mapped to closest available industries in the IMPLAN model. Direct spending was used as a change in output to estimate direct jobs, labor income, and GDP generated by meetings activity. Spending on retail (such as gasoline) has been appropriately adjusted in the IMPLAN model through the "marginizing" procedure, which helps convert "purchase prices" to "producer's prices" used in input-output models like the IMPLAN model.

It should be noted that at the commodity level, meeting planning and production reflected spending associated with meetings planned by independent/third-party organizers and in-house organizers, while at the industry level, meeting organizers were associated with spending only for independent/third-party meeting organizing services. For in-house meeting organizers/hosts, it was assumed for modeling purposes that their spending equaled output.

Indirect and Induced Contributions

Spending by meeting organizers/hosts outside of the defined meetings industries were mapped to relevant IMPLAN producing sectors and used to estimate the indirect and induced contributions of meetings activity spending by meeting organizers/hosts. For other direct meetings activity industries, their estimated direct employment was used to quantify the remaining indirect and induced contributions of meeting activity spending.

Appendix D: Secondary Research Sources

The following secondary research sources were referenced for this study.

Organizations:

- American Hotel & Lodging Association (AHLA)
- ASAE
- Center for Exhibition Industry Research (CEIR)
- Convention Industry Council (CIC)
- Collegiate Conference and Events Directors-International (ACCED-I)
- Cvent
- Destination Marketing Association International (DMAI)
- Financial & Insurance Conference Planners (FICP)
- Global Business Travel Association (GBTA)
- Healthcare Convention and Exhibitors Association (HCEA)
- Incentive Federation Inc.
- International Association of Congress Centres (AIPC)
- International Association of Conference Centers (IACC)
- International Association of Professional Congress Organisers (IAPCO)
- International Association of Venue Managers (IAVM)
- International Congress and Convention Association (ICCA)
- Meetings & Conventions (M&C)
- Meetings Focus
- Meeting Professionals International (MPI)
- PricewaterhouseCoopers LLP (PwC)
- Professional Convention Management Association (PCMA)

- Religious Conference Management Association (RCMA)
- Site
- Smith Travel Research
- U.S. Census Bureau
- U.S. Bureau of Economic Analysis (BEA)
- U.S. Bureau of Labor Statistics (BLS)
- U.S. Bureau of Transportation Statistics
- U.S. General Services Administration (GSA)
- U.S. Office of Travel & Tourism Industries (OTTI)
- U.S. Travel Association
- World Tourism Organization (UNWTO)

The following documents were reviewed as part of the analyses conducted in developing the estimates contained herein:

- *AH&LA Directory of Hotel & Lodging Companies* (September 2013)
- *AIPC The Road to Recovery Member Survey* (2012)
- *Business Travel News' Corporate Travel Index* (March 18, 2013)
- *CEIR Exhibition Industry Census* (October 2012)
- *CEIR Exhibition Industry Index* (2012)
- *Cvent Event Venue Search* (online search engine)
- *DMAI DMO Organizational & Financial Profile* (2013)
- *FICP Economic Impact Study*(April 2012)
- *GBTA BTI Outlook – United States* (January 2013)
- *IACC Trends in the Conference Center Industry* (2013)
- *IAPCO Annual Membership Review* (2013)
- *IAVM Operating Revenue Report Arenas* (2012)
- *IAVM Operating Revenue Report Convention Centers* (2012)
- *IAVM Operating Revenue Report Performing Arts Center* (2012)

- ICCA *A Modern History of International Association Meetings* (September 2013)
- ICCA *International Association Meetings Market* (2012)
- MPI *Business Barometer Annual* (2012)
- MPI *FutureWatch* (December 2011)
- Oxford Economics' *The Role of Business Travel in the U.S. Economic Recovery* (2013)
- PCMA *Annual Meetings Market Survey* (March 2013)
- PwC *Convention Center Report* (2012)
- PwC *Hospitality Directions* (August 2013)
- Site *Site Index Annual Study* (December 2012)
- U.S. Travel Association *Domestic Travel Market Report* (May 2013)
- U.S. Travel Association *Outlook for Travel & Tourism* (2012)
- U.S. Travel Association *The Economic Review of Travel in America* (December 2012)
- U.S. Travel Association *The Impact of Travel on State Economies* (2013)
- U.S. Travel Association *Travel and Tourism Works for America* (June 2010)

Appendix E: Acknowledgements

Partners



Contributing Associations:

- Center for Exhibition Industry Research (CEIR)
- Convention Sales Professionals International (CSPI)
- Event Service Professionals Association (ESPA)
- Financial and Insurance Conference Planners (FICP)
- International Association of Exhibitions and Events (IAEE)
- International Special Events Society (ISES)
- National Speakers Association (NSA)

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- Frank Ingoglia, Research Manager, International Association of Venue Managers
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- Lawrence Leonard, Chief Operating Officer, Convention Industry Council
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