

# The potential impact of Government subvention funding on International Business Events

**Final Report** 

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#### 1. INTRODUCTION

### 1.1. Project overview

- 1.1.1. In December 2018 Cambridge Policy Consultants (CPC) was commissioned by the Department for Digital, Culture, Media and Sport to undertake research into what actions will make the UK a more competitive destination for hosting major international business events, and in particular, assess the evidence base to consider whether the UK Government should create a (subvention) fund to support the attraction of international business events.
- 1.1.2. This research reviews the impact of subvention funding on the attraction of international business events, and has been designed to inform future policy making through exploring the criteria on which a subvention fund might operate. The research aims to answer the following questions:
  - 1. The extent to which the existence of direct financial support influences an organisation's decision to bid to host a business event;
  - 2. The relative impact of direct financial support for an event compared with funding other aspects of support (marketing, preparing a bid, training organisations to prepare bids etc.);
  - 3. International examples of direct financial support for events and their effectiveness. What criteria do they use for providing funding?;
  - 4. The impact on direct financial support on a bid being successful;
  - 5. The size of the ideal grant.

### 1.2. Scope and methodology

- 1.2.1. The method consisted of an international review of literature on support for attracting and growing business events. We also undertook an interview with VisitBritain and seven semi-structured telephone interviews with Destination Management Organisations (DMOs) and convention bureaux, on condition of anonymity. These were selected to provide representation from across the UK.
- 1.2.2. The term 'subvention' has been used interchangeably in the literature and we were careful to clarify what was meant by the term in our interviews. During these discussions we asked interviewees for their views on the two common forms of subvention:
  - Cash subvention a financial grant which is paid to event organisers to help secure a business event.

 Other forms of subvention – which can include indirect support, for example discounts on venue costs or accommodation; support for civic receptions; support with transportation costs and contribution to marketing or help with sponsorship.

## 1.3. Report structure

- 1.3.1. This report is structured as follows. Chapter 2 considers the strategic (market failure) rationale for subvention of international business events. Chapter 3 considers the economic rationale, based on a review of the international literature including surveys of professional conference organisers, to determine the extent to which subvention has influenced their decision making. This chapter also considers the views of the seven destination management organisations consulted as part of this review.
- 1.3.2. Chapter 4 provides an international review of the scale and design of subvention programmes. The chapter also considers the difference subvention makes to the costs of organising a conference.
- 1.3.3. Chapter 5 pulls together the evidence from the previous sections to consider the importance of subvention to decision making. The chapter concludes with a discussion of the role of subvention in the current business events market and a series of recommendations around the future use of subvention.

#### 2. STRATEGIC RATIONALE FOR INTERVENTION

## 2.1. What is the strategic rationale for intervention?

- 2.1.1. HM Treasury Business Case Guidance<sup>1</sup> provides the framework for preparing business cases for spending proposals. Business cases are prepared according to the Five Case Model which views proposals from 5 interdependent dimensions; Strategic, Economic, Commercial, Financial and Management dimensions.
- 2.1.2. This research considers the first 2 of these dimensions: Strategic and Economic. The other areas are outside the scope of this research. The Strategic dimension considers the case for change, including the rationale for intervention. This can be based on strategic objectives; improvements to existing policy; market failure; or distributional objectives that the government wishes to meet.
- 2.1.3. Addressing market failure is a key rationale for intervention. It is hard to justify an intervention that does not address market failure as deadweight is likely to be high (i.e. the market would have addressed the issue anyway without intervention). Market failure occurs where the market is judged not to be working effectively, causing inefficiencies in the use of resources and in the resultant outcomes. However, if there is intervention in the absence of such failures then this could be counterproductive, resulting in market distortions and sub-optimal resource allocation.
  - 2.1.3. The Green Book<sup>2</sup> identifies five types of market failure. These are:
    - Public goods: this is a category of goods and services which the
      private sector is reluctant to supply but for which there are strong
      economic, political or social efficiency cases for provision.
    - **Externalities** arise when an economic activity results in costs and benefits for others which are not reflected in market prices.
    - Imperfect information: markets can only work well if good quality, accurate and up-to-date information is available on market conditions
    - Market power: efficient markets imply that there is no concentration of power among a single or small group of producers or consumers.

<sup>&</sup>lt;sup>1</sup>HM Treasury (2013) Public Sector Business Cases Using the Five Case Model. Green Book Supplementary Guidance. Online at

https://www.gov.uk/government/uploads/system/uploads/attachment\_data/file/190601/Green\_Book\_guida\_nce\_public\_sector\_business\_cases\_using\_the\_Five\_Case\_Model\_guidance.pdf

<sup>&</sup>lt;sup>2</sup>HM Treasury (2013) The Green Book: appraisal and evaluation in central government. Online at <a href="https://www.gov.uk/government/uploads/system/uploads/attachment\_data/file/220541/green\_book\_complete.pdf">https://www.gov.uk/government/uploads/system/uploads/attachment\_data/file/220541/green\_book\_complete.pdf</a>

- Moral hazard occurs when individuals or business change their behaviour and take risks because they are protected from negative consequences (e.g. someone else bears the costs of risk).
- 2.1.4. The specific nature of any intervention needs to relate to the identified rationale. For example, if it is felt that there is an information failure and that overcoming this would bring net economic benefits, then any intervention should seek to provide this information rather than undertake some other activity. If the issue is that event organisers lack knowledge about some of the UK's smaller destinations, then the intervention should be in helping them to increase their knowledge, for example through supporting site visits or improved marketing. Establishing a separate subvention fund would not be justified on this evidence.
- 2.1.5. Table 2.1 sets out the strategic rationale for a range of business events support. The last column identifies whether the intervention directly addresses the strategic rationale. This should be used as a key criterion for intervention.

Table 2.1: Strategic rationale for different types of intervention in business events

Form of intervention	Market failure(s) addressed	Strategic rationale for intervention	Relationship between intervention and rationale				
Subvention sup	Subvention support in consideration						
Direct subsidies to attract an event	Externalities	Direct subsidies could potentially be a way of supporting positive externalities provided by certain events for example social impacts through local participation and wider economic impacts through linkages with local sectors. They can also be a way of mitigating negative externalities (e.g. concerns over security or regulatory change).	Indirect				
Support to grow an existing event	Imperfect information	The provision of information about a destination to new markets, or improved information to existing markets, addresses imperfect information.	Direct				
Other forms of s	Other forms of support						
Subsidised familiarisation trip/ site visit <sup>3</sup>	Imperfect information	The ability to visit the destination directly addresses imperfect information about a destination.	Direct				
Overcoming barriers	Externalities	Support to overcome barriers is a way of overcoming negative externalities (e.g. concerns over	Direct				

<sup>&</sup>lt;sup>3</sup> A 'familiarisation trip' or site inspection is a trip organised by suppliers and Destination Management Organisers to conference organisers so that they can experience their products and services first-hand.

		security through increased policing presence, or concerns over regulation through event underwriting).	
Contributions to funding e.g. civic receptions	Externalities	Incentives such as receptions could potentially be a way of supporting events which offer positive externalities.	Indirect
Logistical support	Public goods	There may be a public good argument with some forms of logistical support (e.g. public transportation).	Direct
Access to speakers/ ambassadors	Imperfect information	Ambassador programmes and other support in this area directly addresses information failures.	Direct
Help with negotiating accommodation cost	Imperfect information  Market power	Support with negotiation potentially addresses imperfect information about a destination and possibly market power.	Direct
Discount on venue cost	Externalities	Incentives such as receptions could potentially be a way of supporting events which offer positive externalities.	Indirect
Assistance with generating revenues	Public goods	In the case of associations or third sector events there may be a social efficiency case for intervention.	Direct
Help with gaining sponsorship	Public goods	In the case of associations or third sector events there may be a social efficiency case for intervention.	Direct
Joint ventures to geoclone <sup>4</sup> event	Public goods	In the case of association events there may be an economic or social efficiency case for intervention.	Direct
Co-funding research or legacy projects	Public goods	In the case of association events there may be an economic or social efficiency case for intervention.	Direct

 $<sup>^{4}</sup>$  Geo-cloning refers to the practice of taking an event from one location and replicating it in another.

#### 3. ECONOMIC RATIONALE FOR INTERVENTION

# 3.1. What is the relative impact of subvention compared to other forms of support?

- 3.1.1. A **2016** survey by the Business Visits and Events Partnership (BVEP)<sup>5</sup> of 85 UK and international destinations included a survey of 37 UK based Professional Conference Organisers (PCOs)<sup>6</sup>. PCOs were asked about the importance of subvention funding in bid preparation for international conferences: 24% said it was always important; 60% often important; 5% rarely important; 3% neither/nor; and, 8% never important.
- 3.1.2. It is, however, important to note that the variety of support that was considered under the heading of subvention was significantly wider than direct subsidy. Where organisers were looking for subvention funding, they tended to look for:
  - Familiarisation trips 81% of organisers
  - Contributions to funding the conference, civic receptions 81%
  - Discounts on venue costs 68%
  - Direct subsidy 61%
  - Overcoming barriers e.g. visas 52%
  - Logistical support 48%
  - Access to speakers/ambassadors 48%
  - Help with negotiation of accommodation rates 42%
  - Assistance with generating revenues 42%
  - Help with gaining sponsorship 39%
- 3.1.3. PCOs noted an increase in subvention requests from Associations with 56% noting an increase in last 5 years and 44% noting a stable level. The amount requested varied from £10k to £200k. While noting their importance, PCOs were careful to stress that their decisions were based on the offer as a whole which may combine a number of the elements above.
- 3.1.4. A survey of association conference organisers and PCOs by Meetings and Incentive Travel Magazine<sup>7</sup> found that 21% said subventions and

 $<sup>^{5}</sup>$  Business Visits and Events Partnership (June 2016) UK subvention policy and bid support practices for International Conferences and Events.

<sup>&</sup>lt;sup>6</sup> Unfortunately no information was provided in this report on the number of organisations approached to undertake the survey so that the robustness of the responses cannot be judged. Professional Conference Organisations are predominately commercial organisations and so numbers can vary but currently there are around 100 members of the Association of British Professional Conference Organisers and around 130 members of the International Association of Professional Conference Organisers listed on their respective websites. Clearly these only provide a broad benchmark of the scale of the sector.

<sup>&</sup>lt;sup>7</sup> Meetings and Incentive Travel Magazine (October 2009) Subventions and Incentives. What's the Catch?

incentives influenced destination choice "a lot." 43% said it affected choice "a little", with 36% saying it did not affect where they placed a meeting "at all". According to the survey, the most attractive subventions and incentives were reduced rates/added value deals at venues (63%), followed by monetary incentives (56%), academic and ambassadorial support (31%) and cultural and local experiences (29%).

- 3.1.5. In 2013 an All-Party Parliamentary Group Inquiry Report into the International Competitiveness of the UK Events Industry<sup>8</sup> asked consultees "how important is subvention and destination / venue support in increasing competitiveness". The 21 responses, from UK DMOs and other tourism organisations found that this is an area where the UK is uncompetitive and that other international destinations (e.g. Paris, Vienna, Lisbon) are able to 'buy' event business ahead of the UK. However, evidence submitted to the inquiry suggested that the UK product is so strong and attractive to international event organisers that despite the lack of this subvention funding, the UK continues to win major business. In fact, it was commented by one consultee that subvention monies would be better spent, for example, building a central London ICC instead. It was also suggested during the inquiry that the act of subvention was a risky one in the long term, as government money was not always guaranteed and that taking away such support would impact immediately on bid wins.
- 3.1.6. Research undertaken by **VisitBritain in 2017 on Destination Decision-Making Motivations and Barriers**<sup>9</sup> included interviews with 304 business event organisers in five markets (France, Germany, Belgium, USA and China). The research identified their key criteria for selecting a location:
  - Before any other factors are considered, corporate organisers typically consider where their offices, customers or prospective customers are based. They can then consider event destinations within this geographical scope.
  - Similarly, associations typically set an initial geographical scope based on where members, expertise in their field, policy makers and/or sponsors are located.

 $Library/documents/England-documents/published\_report\_visitbritain\_business\_events\_research\_final.pdf$ 

<sup>&</sup>lt;sup>8</sup> APPG (2013) All Party Parliamentary Group Inquiry Report into the International Competitiveness of the UK Events. Online at https://www.businessvisitsandeventspartnership.com/research-and-publications/research/category/9-publications?download=180:all-party-parliamentar-group-uk-events-industry-inquiry-report-into-the-international-competitiveness-of-the-uk-events-industry-may-august-2013

<sup>&</sup>lt;sup>9</sup> VisitBritain (2017) Business Events Research, Destination Decision-Making Motivations and Barriers. Online at https://www.visitbritain.org/sites/default/files/vb-corporate/Documents-

- 3.1.7. Within this broad geography location is chosen with reference to other factors:
  - Most (77%) organisers place 'ease of access' in their top 3 priorities.
  - Suitability of venues is the 2nd most important factor in destination choice. 62% of organisers place this in their top 3 priorities.
  - Value for money is the 3rd most important factor in destination choice.
     51% of organisers place this in their top three priorities.
  - Availability of subvention comes 7<sup>th</sup> out of 8 decision-making factors (official welcome comes last). Only 8% of respondents put subvention in their top 3 factors<sup>10</sup>.
- 3.1.8. Subvention does not rank highly among the decision-making factors, because many perceive it as part of 'value for money'. Event organisers' views on subvention can largely be summed up as 'it is a nice to have'. It can sometimes sway a decision for one city over another, but more often than not, it does not seem to change the decision. However, some associations do expect it and factor subvention (or lack of) into the overall cost of the event, which itself is one of a number of factors influencing destination choice. So, for them, it is less about whether a subvention is offered or not, rather how the value of it impacts on overall costs.
- 3.1.9. The association sample divided by market needs to be treated with caution given the low base size (103), but quantitative results supported by qualitative findings suggest that subvention is more likely to matter a lot to French and Belgian based associations. Close to half (47%) of associations in France and Belgium consider subvention 'extremely important' or 'important'. One association also commented that a subvention is more likely to impact on the destination decision for smaller conferences because it could form a significant percentage of the overall costs:

"Subventions could make a difference in the selection of one destination over another for the smaller conferences if all other elements are comparable" (VisitBritain survey, Association, France).

# 3.2. What is the evidence on the net impact of subvention for attracting new events?

3.2.1. There is only limited evidence on the net impact of subvention on individual events. Impact is generally reported as a gross figure which does not take into

<sup>10</sup> Subvention is not defined in this report and it is not clear whether respondents were asked to consider in-kind support as well as cash subsidies.

- account the additionality of the support and whether or not the events attracted would have come anyway in the absence of the subvention.
- 3.2.2. There is some evidence from destinations on bids lost due to a lack of subvention. The 2016 BVEP survey of 85 UK and international destinations<sup>11</sup> reports both on financial subventions and in-kind 'subvention' support such as venue negotiation and complimentary receptions. The survey found that:
  - 48% of destinations had lost one or more bids in the past 12 months to other destinations because of a lack of subvention funding/in-kind support, 13% had not, 39% would not say or don't know.<sup>12</sup>
  - In some cases, this was linked to venues offering higher discounts
  - In other cases, DMOs were put off bidding for an event in the first place because they were aware that they would need a subvention to secure the event.
  - The underwriting of events (in Barcelona and Lisbon) meant bids were lost. Start-up monies tends to be more crucial for smaller academic meetings under 1,000 delegates and offering monies in advance to help with cash flow is advantageous until delegate, exhibition and sponsorship monies come in.
- 3.2.3. The Association of Australian Convention Bureaux Pre-Budget Submission, Jan 2017 reviewed bids across its members. Overall, 360 international business events had been secured in the Forward Calendar (as at July 2016) and 235 bids had been lost for the next decade. The lost business is estimated to be valued at \$805 million in direct delegate expenditure. Some 141 international association convention bids were lost, of which 36% were attributed to a more competitive financial package offered by a rival destination and other issues that accentuate risk associated with selecting a long-haul destination such as cost, distance and destination perception.
- 3.2.4. CPC discussions with 7 UK destinations highlighted that in these locations, the number of bids lost because of competitors' subvention packages was low. Due to funding pressures many of these destinations had had to reduce their subvention budgets substantially over the last 5 years, often to zero, and this offered an opportunity to review the impact of this reduction on the destinations' ability to attract events. In all the cases where there had been a reduction in subvention funding, destinations reported that they had been able to maintain their event numbers. This is also evidenced in the national data

<sup>&</sup>lt;sup>11</sup> Business Visits and Events Partnership (June 2016) UK subvention policy and bid support practices for International Conferences and Events, page 25

<sup>12</sup> The reason for not securing an event was that destinations were outbid by other locations on the value of the whole package of support. A subvention could well be part of the package but this is not the same as saying the lack of subvention alone cost them the bid.

on the number of business events with survey data from the UK Conference and Meeting Survey showing that overall event numbers have remained relatively stable and International Congress and Convention Association (ICCA) data revealing a 24% increase in UK association events compared to 12% worldwide (see Annex A for full details).

3.2.5. However, there was evidence that destinations were limiting the types of events that there were bidding for on the basis of not being able to offer subvention:

'Since our subvention fund was cut, we have had to become more selective about the events we go for. Some want us to pay a hosting fee or discount a venue, we will look at the RFP (request for proposal) in detail before bidding' (CPC interview with UK DMO).

- 3.2.6. There is some evidence on the net impact of in-kind and cash subvention from our existing research<sup>13</sup>. Within the UK, the 2018 evaluation of the economic impact of VisitBritain and VisitEngland on the International Business Events Market reviewed the impact of spend through the Event Support Programme. This programme in 2016-17 was used to support the securing of three new events with funding provided to support the bid process, to provide an impressive site visit and a cash sum to compete with another destination.
- 3.2.7. Two of the three events were secured and an assessment of the additionality of the support was made following discussions with the DMO. For one event, the additionality was estimated at 100%: they felt the event would not have happened without the subvention as it enabled them to match a competing city's subvention however it was not possible to triangulate their response with evidence from the conference organiser or other evidence. For the other event, the additionality was estimated at a modest 5% as the subvention was felt to be just one of a number of factors that led to the award of the event. Across the three events supported, the net return on investment was £9.22 per £1.

<sup>&</sup>lt;sup>13</sup> CPC (2018) Evaluation of the economic impact of VisitBritain and VisitEngland on the International Business Events Market, unpublished

# 3.3. What is the evidence on the net impact of subvention for growing existing events?

- 3.3.1. Information on international support to grow existing events is rarely published and the research found no examples of this type of support outside the UK. The 2018 evaluation of the economic impact of VisitBritain and VisitEngland on the International Business Events Market also reviewed the impact of spend through the Event Support Programme on growing existing events. Total spend on growing existing events was £160k, across 10 events. Key findings were:
  - It was hard to evidence return on investment data from event organisers on the growth of the event as a result of the support was patchy. Improved monitoring systems are required to capture this information.
  - Just 3 of the 8 events generated a positive net return on investment.
     For the remaining 5 events it was not possible to determine a positive return from the data available.
  - Despite the low proportion of events generating a net positive return across all events supported the overall return on investment was £2.19 per £1 (with returns of £117, £28 and £20 per £1 on the 3 positive events).
- 3.3.2. Discussions with DMOs and convention bureaux identified a number of limiting factors with the Event Support programme which should be taken into account in any new programme:
  - The timescale for a decision needs to be quick in order for meet bidding deadlines. In order to facilitate this there should be clarity at the outset around support criteria in order to reduce the need for ongoing questions and clarifications.
  - The support for event growth needs to be available outside the bidding year. In the case of recurring events this is particularly important as DMOs identified that they typically could not commence any marketing until the previous event is completed.
  - Several of the DMOs said they had stopped bidding for the Event Support Programme because they did not feel the time required to complete the paperwork was worthwhile given the sums involved. The majority of the DMOs reported having a lack of staff and limited capacity which meant they needed to closely prioritise their activities.

# 3.4. What is the view of DMOs on introducing subvention support?

3.4.1. Amongst the small number of UK destinations we spoke to there were a number of commonalities in views:

- Destinations were concerned that a fund should not help to facilitate 'a race to the bottom' and that strict criteria should be applied on its use.
- Destinations had mixed views on the types of events that should be supported. One DMO has access to existing city funds but said that these were limited to association events. This DMO felt it would be useful for the fund to cover other areas (e.g. B2B and tradeshows). Others were keen that the focus should be on association events that are more likely to 'need' the funding with higher additionality.
- The Destinations we spoke to pressed the point that subvention is more likely to be used in locations 'which have other issues' and reductions in costs help the event organisers to overcome these issues. Association bookings for 2-3 years ahead were being affected by Brexit uncertainty and one respondent said that subvention may go some way to help address this. Another considered that subvention would not overcome some of the challenges raised by Brexit and pointed to two associations who had said that they would not be able to host an event in a non-EU member country.
- All Destinations agreed that ultimately, the economic impact of the event should be key to the funding.
- DMOs felt that the proportion of international visitors should be at least 50% with some stating a percentage as high as 80%. One DMO suggested that the size criteria of the event should be lowered (e.g. to 50 delegates) in cases where the event was particularly prestigious or of particular value (e.g. potential for future growth through strategic link to research strengths).
- One DMO commented that their existing market for UK Associations was starting to be affected by new conference facilities coming on board (e.g. in Wales, Aberdeen and Newcastle/Gateshead) and as a result, they were having to look at obtaining more international business. They felt that a subvention fund would be helpful in this context.

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# 4. INTERNATIONAL EXAMPLES OF THE USE OF SUBVENTION

## 4.1. How frequently is subvention used and in what form?

- 4.1.1. The most comprehensive source on the use of subvention comes from 2016 research by the BVEP with direct conference organisers (representing companies, national and international associations, charities, government bodies and others), professional conference organisers and UK and international convention bureaux or DMOs. The research surveyed 40 direct conference organisers<sup>14</sup> of whom, 42% had received subvention funding or inkind support for one or more conferences in the UK in the last 2 years. Of these:
  - 67% had received direct subsidies<sup>15</sup>
  - 33% had received a discount on venue costs
  - 33% had received discounted accommodation
  - 33% had received a civic reception
  - 10% received a contribution to marketing or help with sponsorship.
- 4.1.2. Respondents highlighted a number of destinations they had received subvention from. The most common was Glasgow and London. Other UK destinations mentioned included Liverpool, Harrogate, Belfast, Birmingham and Manchester.
- 4.1.3. Data on individual destinations' use of subvention is scarce, as destinations tend to keep the details hidden to try to maintain a competitive edge. The BVEP survey spoke to 85 UK and international destinations and of these, 71% provided subvention or in-kind benefits and 29% did not provide any subvention funding. The mean size of subvention fund for all reporting destinations was £232k (per annum and city/destination). Based on a sample of 19 respondents, the average level of support per event was approximately £16k<sup>16</sup> with UK destinations supporting an average of 14 events a year.

<sup>&</sup>lt;sup>14</sup> Business Visits and Events Partnership (June 2016) UK subvention policy and bid support practices for International Conferences and Events.

<sup>15</sup> Direct subsidies refer to direct payments in cash as opposed to discounts or the provision of in-kind support.

<sup>16</sup> This is substantially lower than that reported by direct conference organisers and PCOs. Business Visits and Events Partnership research with direct conference organisers found that 33% of recipients received less than £50k; 33% received between £50-£100k and 33% received £100-200k. Business Visits and Events Partnership research with 37 PCOs found that the amount of subvention required by international associations varied depending on the size of event from £10k to £200k.

4.1.4. The most common form of subvention was familiarisation trips or site visits (52%). 38% of destinations provided a direct cash subsidy. Other common support included civic receptions (37%), help with negotiation of accommodation rates (36%) and discounts on venue costs (26%).

10% 20% 30% 40% 50% 60% 70% 80% no subvention 29% subvention 71% Type of subvention fam trip/site visit 52% direct (cash) subsidy 38% civic receptions 37% help with negotiation of accommodation 36% discounts on venue costs 26% contribution to marketing 24% help with gaining sponsorship 18% joint venues to geo-clone event 6% co funding research or legacy projects 8% loans for marketing 6% other 21%

Figure 4.1: Provision of subvention for international conferences

Source: BVEP (2016).

- 4.1.5. 52% of this funding came from Local Government (Local Authorities/City Councils) and a further 32% from National Government or National Tourism Organisations. 22% was in the form of venue discounts. This research did not include any details on the criteria for support.
- 4.2. What are the examples of direct financial subsidy and other forms of subvention from overseas?
- 4.2.1. To answer this question, we undertook a review of international examples of subvention. Tables 4.1 and 4.2 provide details of subvention packages provided at city level and at national level.

**Table 4.1: City level subvention programmes** 

City level fun	City level funds						
Vienna	Aim: Financial Assistance for Conventions of Associations in						
Convention	Vienna. The scheme is an incentive to attract international						
Bureau	meetings to Vienna during the low season.						
(VCB)							
	<b>Type of event supported:</b> association conventions. To qualif for assistance, the association convention must meet the						
	following criteria:						
	<ul> <li>Internationality: more than 50% of attendees have to</li> </ul>						
	originate from countries other than Austria						

	<ul> <li>Timeframe: the conference must take place in Vienna in the period November-March or July- August</li> <li>Accommodation: must be in Viennese hotels.</li> </ul>
	Amount/scope of subvention: not specified.
Salzburg Convention Bureau <sup>17</sup>	<b>Aim:</b> The Tourismus Salzburg GmbH (tourism board of the city of Salzburg) provides funding for conferences which are to be held in the city of Salzburg.
	<ul> <li>Type of event supported: To qualify for assistance, the event must meet the following criteria:</li> <li>Size: At least 250 international participants</li> <li>Duration: At least 2 nights to be spent in Salzburg hotels</li> <li>Timeframe: January, February, March, July, August or December.</li> </ul>
	Amount/scope of subvention: Reduced public transport, free welcome receptions including a concert, free brochures and maps and any other marketing material like videos, images etc. The disbursement procedures are € 3.50 per overnight stay; 50% as a pre-payment a year before the event and balance after event.
Prague Convention Bureau	<ul> <li>Type of event supported: support is available to associations, foundations and other non-profit bodies. To qualify for assistance, the event must meet the following criteria:         <ul> <li>Size: At least 500/700 international participants (two tiers of support)</li> <li>Duration: At least 2 nights to be spent in Prague</li> <li>Internationality: At least 60% need to be from abroad.</li> </ul> </li> <li>Amount/scope of subvention: For smaller events with over 500 delegates, the Prague Convention Bureau can arrange</li> </ul>
	complimentary public transport tickets for association congresses. For corporate events, the bureau can secure a 50% discount on public transportation. For events with more than 700 delegates, additional financial support can be used for meeting room rental or a welcome reception.
Lisbon International Congress	<b>Type of event supported:</b> any international event attracting 600 or more delegates.
Fund	Amount/scope of subvention: Funding starts at €7,500 for events of 600+ delegates and rises in stages to €50,000. The money must be used for space rental, room hires, social programmes, transfer services and accommodation.
Belfast Conference	<b>Aim:</b> To raise the profile of Belfast and Northern Ireland as a leading business and conference destination 18.

<sup>17</sup> https://www.salzburgcb.com/en/destination-salzburg/congress-subsidy/

<sup>18</sup>https://minutes3.belfastcity.gov.uk/documents/s12728/Appendix%201%20%20Conference%20Subvention%20Scheme.pdf



# Subvention Scheme

#### Type of event supported:

- The conference should be based in Belfast and include use of overnight accommodation in the Belfast area
- The conference should preferably have 300 out of state delegates and accompanying partners staying for two nights in the Belfast area. However, a conference with a smaller number of out of state delegates staying for multiple nights will be considered if it relates to the Belfast Integrated Tourism Strategy or if there is evidence that this conference will lead to a larger associated conference coming to Belfast within the next 8 years.

**Size of fund:** Belfast City Council and Tourism NI provide financial support towards this Conference Subvention Scheme which is administered by Visit Belfast. Belfast City Council's annual financial contribution to the Conference Subvention Scheme is £200,000. This is match-funded by resources from Tourism NI.

#### Amount/scope of subvention:

The following costs will be deemed eligible for consideration for assistance: certain eligible conference organisation costs (e.g. venue costs). Pre-conference marketing costs to ensure maximum delegate attendance.

**Table 4.2: National subvention programmes** 

#### **National funds** VisitScotland Overview of fund: Conference The £3m VisitScotland Conference Bid Fund ran from 2012-2016. bid fund Statistics published in 2016 showed that 104 conferences were supported by VisitScotland's Fund between 2013 to 2024, with a further 61 bids pending. More than 122,000 delegates will attend these conferences with an estimated total delegate spend of £206m. The Conference Bid Fund has also attracted almost £2m in match funding from local partners. This represents a gross return on taxpayer's investment of 50:1. There has not been any assessment of net additionality of the fund. Amount/scope of subvention: The Bid Fund money awarded is based on match-funding subvention either by a destination organisation or local authority. The conferences must also tie in with Scottish Government target sectors, including Aerospace, defence and marine; Business Processing Operations (BCO); chemical sciences; creative industries; education; energy; financial services; food and drink; ICT and electronic technologies; life sciences; textiles and tourism. **Australian** Overview of fund: **Boosting** In Australia the initial push for national subvention funding has **Business** been the growth in competition in Asia where a large number of convention facilities have been built (for example 200 in China **Events Bid** Fund over last 10 years). Subvention support has been widely used to

attract events. The Boosting Business Events Bid Fund was launched in May 2018 and is a fund of AUS \$12m over 3 years.

#### Amount/scope of subvention:

The fund can work alongside State support with the intention to support the Australian Government's Trade and Investment Priority Sectors (Food & Agribusiness; Advanced Manufacturing; Infrastructure; Resources & Energy; International Health), where applicable, and Tourism Australia's business events strategy. Criteria includes needing to have the potential to increase the success rate for large international visitors. City-level support in the form of sponsorship is also available, but relatively modest (Melbourne AUS \$10,000, Sydney undisclosed and open to negotiation).

### Business events in Singapore & MICE Advantage programme

### Overview of fund(s):

The Singapore Government provides a range of financial support combined with advice, planning, introductions service by the Singapore Exhibition and Convention Bureau:

Business Events in Singapore (BEiS) offers funding and customised support such as help in securing venues, introductions to government agencies and business partners, as well as marketing and publicity support. It is open to all business/companies or associations in the Meetings, Incentive Travel, Conventions and Exhibitions (MICE) sector. Successful applicants will receive funding support for third-party qualifying costs, subject to the scope of the project and SECB's evaluation of the merits of the project. Proposed events will be assessed based on: Content; Brand and Delegate profile (foreign visitorship).<sup>19</sup>

Singapore MICE Advantage Programme (SMAP): Support package providing advice, discounts and complementary air tickets and welcome desk. For corporate meetings and incentive travel, it is open to events with a minimum of 100 foreign participants. For association-based conventions, a minimum of 700 foreign participants are required. For trade exhibitions 1,000 foreign trade visitors are required.<sup>20</sup>

Approved International Fair scheme confers official recognition to selected exhibitions with proven international and commercial appeal. AIF-approved events are easily identified by the AIF logo. Local companies exhibiting in an AIF-endorsed exhibition are eligible for Double Tax Deduction (DTD) which allows approved companies to deduct against their taxable income, twice the eligible exhibition expenses up to S\$100,000 per year.<sup>21</sup>

#### Malaysia subvention fund

#### Overview of fund:

To enhance Malaysia's competitiveness, a Subvention Fund has been set aside to encourage companies, especially non-profit

<sup>&</sup>lt;sup>21</sup>https://www.stb.gov.sg/assistance-and-licensing/resources/Pages/AIF-(Non-Financial-Assistance).aspx



 $<sup>^{19} {\</sup>rm https://www.stb.gov.sg/assistance-and-licensing/grants/pages/business-events-in-singapore-(beis).aspx}$ 

 $<sup>^{20} {\</sup>rm https://www.visitsingapore.com/mice/en/plan-your-event/event-assistance-schemes/smap-ec/overview/linearized and the control of the$ 

organisations, to bid for and host international business events in the country.

#### Amount/scope of subvention:

The level of support will be based on an assessment of the overall economic value of the proposed event and several criteria, such as the number of international participants, length of stay, key industry sectors, event profile and timing of the event. Other less tangible factors like the development of an ongoing legacy the event may bring to the community will also be considered. The events must be either regional or international events which have rotated to at least three countries before and the total attendance should comprise of a minimum of 20% international delegates. In addition, eligible events must generate a minimum of 1000 international delegates days (e.g. 500 international delegates staying for a two-day conference).

### Korea subvention programme and premium additional support

#### Overview of fund:

Korea offers two tiers of support for International Conventions and Business events according to scale of event and number of international delegates.

Subvention programme is for conferences organised or sponsored by an international organization with between 50 and 1000 participants. Foreign attendance must represent a minimum of 5 different countries and it should meet the ICCA conference standard: a conference organized by an association, held regularly, attracting more than 50 participants, and circulating in more than 3 countries. Support includes an official banquet and coffee break, cultural programme and tours, cultural performances and souvenirs.

Premium additional support is for events with 1,000+ overseas attendees and includes digital welcome signage, a concierge desk at the airport and exclusive immigration checkpoint, mobile application development support and complementary site inspection.

Once the application has been approved, the organiser must pay for expenses first, and will receive financial reimbursement upon conclusion of the event and submission of the required post-event documents.

- 4.2.2. There was also some secondary data from the BVEP research, which asked the 85 destinations about their funding criteria for support. The research found that support was offered based on:
  - **Number of delegates** 81% of destinations used this as a qualifying criterion. The minimum number of delegates required for an event to be supported varied from 50 to 1000 delegates. The average amongst destinations was 300 delegates.

- Duration of conference 78% of destinations used this as a qualifying criterion.
- **Number of room nights** 72% of destinations used this as a qualifying criterion.
- **% of delegates from overseas -** 69% of destinations used this as a qualifying criterion.
- Relevant of conference to clusters, academic specialisms, sectors 60% of destinations used this as a qualifying criterion.
- **Seasonality** 50% of destinations used this as a qualifying criterion.
- **Event profile** 31% of destinations used this as a qualifying criterion.
- Potential media coverage 28% of destinations used this as a qualifying criterion.
- 4.2.3. There are a number of key messages which emerged from this review and from the secondary data:
  - The amount of subvention is related to the geographical region. Locations in Asia tend to offer higher levels of subvention than locations in Europe. This is in part related to greater competition in Asia and Europe remains the dominant player in terms of the location of association headquarters and in the number of association events. According to the ICCA<sup>23</sup>, in 2017 Europe had a market share of 53.6% for association events. Asia's market share of association events has been steadily increasing by 2 percentage points per decade to 18.5% in 2017. Anecdotal evidence from conference organisers would suggest that the financial inducements offered by some countries in Asia, such as Singapore, to attract association headquarters has assisted in this increase in association conference and convention market share.
  - The amount of subvention is not normally specified however where it is detailed it appears relatively modest, for example Salzburg offers €3.50 per overnight stay, equating to around £18k for a 2-night conference attracting 3,000 delegates. Lisbon offers up to €50k/£43k with support working out at €6.25 per overnight stay.
  - The criteria for subvention vary by location, key messages are:
    - ➤ Type of event supported this is often limited to association conventions, however, in some locations (e.g. Lisbon, Salzburg) it is broader and includes other types of international business event.
    - ➤ International the proportion of international delegates required is generally above 50%. Belfast asks for a minimum number of 300 international delegates rather than a percentage.
    - ➤ Size of event this varies from 250 delegates in Salzburg. Prague offers two tiers of support depending on the size of the event.

<sup>&</sup>lt;sup>23</sup> https://www.iccaworld.org/dcps/doc.cfm?docid=2274



<sup>&</sup>lt;sup>22</sup> For International Associations World/International is still the biggest rotation area, followed by meetings rotating in Europe and meetings rotating in Asia. There is a growing trend towards regional meetings and the proportion of meetings that rotate worldwide has decreased to 44% in 2017, losing ground to regional rotation areas, of which Europe is the biggest.

- ➤ **Duration** 2 nights is normally the minimum stay supported.
- ➤ **Timeframe** in some cities (e.g. Vienna, Salzburg) support is limited to events within particular seasons.

# 4.3. What difference does subvention make to the costs of organising a conference?

- 4.3.1. The Meeting Professionals International Foundation's<sup>24</sup> 2013 assessment of the Impact of the UK Meeting and Event Industry provides the most comprehensive assessment of organiser spend on meetings and events in the UK based on a survey of 3,460 stakeholders from the events industry. It should however be noted that this research includes a number of small events the criteria for event inclusion were a minimum of 10 participants and an event/meeting of at least 4 hours. There was also no restriction on the number of domestic/international attendees.
- 4.3.2. The total direct spending associated with meeting organisers on UK events was £24.6 billion in 2011 (Table 4.3). Of this spend, £6.4 billion was funded by registration fees paid by attendees. The leakage of direct spending was about 7% (£1.7 billion), which was spent on purchasing goods from overseas companies.

Table 4.3: Breakdown of direct spending by meeting organisers

	Amount (£,	
	million)	%
Audio visual & technical costs	£6,054	25%
Venue hire	£4,052	16%
Staffing & staff accommodation	£3,582	15%
Admin and delegate materials	£3,163	13%
Food and beverage	£2,848	12%
Entertainment, transport and tours	£2,424	10%
Utilities, insurance and other costs	£1,293	5%
Marketing	£746	3%
Speakers	£454	2%
	£24,616	100%

Source: MPI Foundation (2013) The Economic impact of the UK Meeting and Event Industry

4.3.3. This breakdown is likely to vary considerably by type of event for example an assessment of the cost of running Competition and Markets Authority (CMA) Live<sup>25</sup>, a content marketing, social media and business growth conference

<sup>&</sup>lt;sup>25</sup> https://cmalive.co.uk/how-much-does-it-cost-to-run-a-conference/



 $<sup>^{24}</sup>$  Meeting Professionals International (2013) The Economic Impact of the UK Meeting & Event Industry, MPI Foundation

showed that 55% of spend was on speakers; 20% on catering; 12.5% on the venue; 5% on AV; 2.5% on photography and 5% on Print, design, website, marketing and miscellaneous.

4.3.4. The MPI Foundation data also allows for an estimate to be made of the average spend per event by different categories of event. This research identified that 1,301,600 meetings were held in the UK in 2011<sup>26</sup>, which equates to an average of £18,912 direct organiser spending per event.

Table 4.4: Meeting organiser spend by meeting type

Type of event	Total organiser spends (£, million)	No of events	Breakdown of events	Organiser spend per event
Conference, convention, congress	£10,610	506,322	39%	£20,955
Consumer show/ exhibition	£2,289	91,112	7%	£25,123
Trade show/ business exhibition	£3,299	39,048	3%	£84,486
Incentive event	£2,412	65,080	5%	£37,062
Other business meeting	£4,431	494,608	38%	£8,959
Other meeting type	£1,575	104,128	8%	£15,126
Total	£24,616	1,301,600	100%	£18,912

Source: MPI Foundation (2013) The Economic impact of the UK Meeting and Event Industry

4.3.5. The survey identified the total number of delegates attending all these events in the UK was 116.1 million. It also provided a breakdown of delegate numbers by type of event. It was possible to calculate the average organiser spend per delegate by event type (Table 4.5). The average spend per delegate was £212 with an average spend of £236 per delegate for conferences, conventions and congress events.

Table 4.5: Meeting organiser spend per delegate

Type of event	Breakdown of delegates	Total delegates	Spend per delegate
Conference, convention, congress	38.7%	44,930,700	£236.14
Consumer show/ exhibition	50.2%	58,282,200	£39.27
Trade show/ business exhibition	4.5%	5,224,500	£631.45
Incentive event	3.5%	4,063,500	£593.58
Other business meeting	2.1%	2,438,100	£1,817.40
Other meeting type	1.0%	1,161,000	£1,356.59
Total	100.0%	116,100,000	£212.02

 $<sup>^{26}</sup>$  A meeting was defined as a minimum of 10 participants for at least 4 hours.

Source: MPI Foundation (2013) The Economic impact of the UK Meeting and Event Industry

4.3.6. On this basis a subvention of €7/£8 per delegate as in the Salzburg example equates to around 4% of organiser spend per delegate.

#### 5. DISCUSSION & RECOMMENDATIONS

### 5.1. How important is subvention to decision making?

- 5.1.1. Overall, evidence suggests that subvention support is a 'nice to have'. It can sometimes sway a decision for one city over another, but robust evidence that it has been key in changing the location decision of event organisers is scarce. Before any other factors are considered, associations typically set an initial geographical scope based on where members, expertise in their field, policy makers and/or sponsors are located. Within this broad geography, a location is chosen with reference to other factors ease of access, suitability of venues and value for money being key. A subvention is part of this value for money criterion. While the formal definition of a subvention implies a transfer of funds to the event organisers, the provision of discounts or free passes for local transport or childcare have a very similar effect.
- 5.1.2. There is limited evidence to suggest that UK destinations are losing a number of bids because of subventions elsewhere. There is also some evidence to suggest that some events expect a subvention and that UK cities are choosing to not bid for certain events due to the lack of subvention funds.
- 5.1.3. The offer of a subvention appears to have greater impact on the destination decision for smaller conferences because it forms a more significant percentage of the overall costs. For larger conferences, a subvention is seen as more of a goodwill gesture by sending a sign that they are valued. Our calculations suggest that a subvention of €7/£8 per delegate (as in the Salzburg example) equates to around 4% of organiser spend per delegate.
- 5.1.4. There are, even with this limited evidence, some caveats. For the most part, available evidence on the impact of subventions comes from either the destinations who tend to manage and award subventions to events or the event organisers who are themselves beneficiaries. It is very challenging to see how independent evidence of impact can be derived. In principle, this might be achieved by:
  - Comparing the success of two or more similar destinations in securing larger international events when some benefit from subvention funding support and others do not, and/or;
  - Undertaking a historical comparison of the track record of destinations in securing larger international events as their access to subvention funding is withdrawn (something which has occurred/is occurring in Scotland, Manchester and Liverpool among others).

- 5.1.5. If there is limited information on the impact of a subvention on attracting sizeable international business events to the UK, we found no evidence on the impact in the longer term:
  - Are events more loyal when a subvention is available or do other forms of support engender more durability over time in the longer term?
  - What is the impact on the wider event market after a subvention has been introduced? Do existing events demand such support to retain their UK location?
  - What is the response of competitor venues?

### 5.2. Is there a market failure rationale for subvention?

- 5.2.1. The research has highlighted a lack of evidence in relation to the market failure rationale that the introduction of a subvention fund might address. There are a number of types of market failure that may arise in relation to business events, including imperfect information about a destination's offer and/or externalities. Cash subsidies or in-kind support to attract an event could be a way of supporting positive externalities provided by certain events e.g. positive community impacts. They could also be a way of mitigating negative externalities e.g. concerns over security or regulatory change. Some forms of in-kind support appear to have a stronger and more direct market failure rationale than cash subsidies as they focus on directly addressing the failure:
  - For example, marketing support is directly overcoming the issue of imperfect information by providing information about a destination to new markets and each event can already demonstrate potential benefits from their existing market penetration. Current event support has to be undertaken within year so it favours short term activity but a longer-term support could encourage more strategic marketing activities.
  - Site visits and ambassador programmes both directly address issues of imperfect information.
- 5.2.2. A more embedded and sophisticated form of support to build markets will deliver more durable impacts and be less susceptible to simple competitor responses for example, there would be nothing to stop other competitor venues from introducing their own subvention (or increasing levels of support in existing funds) and the potential impact of the subvention would be nullified.

# 5.3. Is subvention needed given the current UK business tourism market?

- 5.3.1. Unfortunately, there is remarkably little basic information on the nature of the business events market, particularly the number of events held, by type and size and nature of delegates attending events. Robust data on how many events were held in the UK last year that meet the DCMS draft qualifying criteria is not available. More relevant to assessing the potential market for the introduction of a subvention, would be the number of such qualifying events that considered UK venues and then issued requests for proposals.
- 5.3.2. ICCA data on international association events tends to be reliant on self reporting and, as such, may be an under-representation of what is happening on the ground. Although data is available from the International Passenger Survey (IPS) on the number of business event visits this is not broken down by type or size of event. Other, older data sources include the MPI Foundation<sup>27</sup> which in 2013 published an assessment of the Impact of the UK Meeting and Event Industry.
- 5.3.3. It is unclear the extent to which individual destinations are currently reliant on domestic and/or international events. We are aware that some venues consider themselves to be operating only in a national market (on the grounds that they are not sufficiently attractive to international events). This is important given the large number of new venues<sup>28</sup> that are coming on stream and will be, presumably, competing in the same market. The only available information on this is from the UK Conference and Meeting Survey that reported in 2017, just 12% of UK venues hosted a significant proportion (more than 10%) of their conferences that were international.
- 5.3.4. There is some evidence to suggest that UK venues are likely to be looking to host more international conferences in the future, as the UK market grows increasingly competitive as new venues come on board. However, there is no detailed baseline data on the number of large (500+ delegate) international conferences in the UK. We also do not know how many bids are lost by UK destinations (either because of a lack of subvention or for other reasons).

<sup>27</sup> MPI (2013) The Economic Impact of the UK Meeting & Event Industry, Meeting Professionals International Foundation.

<sup>&</sup>lt;sup>28</sup> In Scotland the £333m Event Complex Aberdeen (TECA) is opening in Summer 2019 and will have 48,000 sq. m event space and a 12,500-capacity arena. In England NewcastleGateshead are developing a £250m convention centre with a 12,500-capacity area at Gateshead Quays. In Wales the new £84m ICC Wales convention centre will be able to host 5,000 delegates when it opens in June 2019.

There is some anecdotal evidence to suggest that DMOs are more likely to be put off bidding for events in the first place when they believe some form of subvention would be necessary, thereby focusing their resources on more 'winnable' events.

#### 5.4. Recommendations

- 5.4.1. In view of the above and the evidence presented, the report makes the following recommendations:
  - 1. The limited available evidence does not provide a clear-cut case for the introduction of a subvention fund for the UK. Whilst there is evidence that some associations expect a subvention (and so having such funding may make the different to hosting this type of event), it is not clear that the UK is losing substantial number of events to this reason alone:
    - a. A concern expressed by some that this is a dangerous step into a potential bidding war. Subsidies would escalate the costs of securing international events and is easily countered by other destinations introducing or increasing their own levels of support.
    - b. Having said this, there is some anecdotal evidence (from our interviews with destinations and those cited in the literature) that relatively small amounts of subvention e.g. £3-£5 per overnight stay (or the equivalent hosting of a £24k reception for 3,000 delegates on a 2-night stay) can factor into the value for money calculation and help to secure an event.
  - 2. The literature highlights that supporting destinations to build a strategic rationale for the location of events is more durable than short term subvention support:
    - a. Focussing investment on the capacity of destinations to build a more international dimension will have greater long-term success and investment in the developmental side is less easy for UK competitors to respond to.
    - b. Many UK destinations lack capacity to bid for international events and some reported difficulties accessing the current VB funding due to time pressures and the administrative overhead required.
  - 3. Support to grow existing events e.g. marketing support, has a stronger market failure rationale than cash subvention, as it directly addresses issues of information failure:
    - a. The current VisitBritain fund for growing events has a number of limitations which a new fund should overcome. Currently spend needs to be in year, which is a significant limitation to events, because often they cannot be marketed until the previous event has finished. Other issues highlighted include the lengthy process and timetable for drawing down the support.
  - 4. If the decision to subvent new events is made, the following should be taken into account:

- a. It is essential that the fund focusses on the international market and we would suggest setting the proportion of international delegates at a minimum of 60% and potentially up to 80%.
- b. DCMS could consider more flexibility in the size of event supported depending on the event meeting other objectives. For example, by supporting smaller events which are particularly prestigious or of particular value (e.g. potential for future growth through strategic link to research strengths), or offer a durability that means a larger number of international delegates visit over time.
- c. The amount of subvention should remain modest to discourage a race to the bottom. Within Europe, cities which offer subvention offer around £3-£5 per delegate per night, equating to around £18k-£30k for a 2-night conference attracting 3,000 delegates.
- d. Subvention should only be made available if there is just one UK destination bidding for the event.
- e. Flexibility on the nature of the funding is required.
- Profit and Loss relief is an issue for some associations and in some cases the preferred approach has been for them to pay full market price for a venue and then provide a cash subvention in replacement of a venue discount.
- DCMS may want to consider underwriting some cyclical association events on the basis on the numbers of delegates falling short of past attendance figures. There is some anecdotal evidence<sup>29</sup> that associations are currently holding off booking events in the UK because of uncertainty and offering guarantees on delegate numbers would help to alleviate this:
  - It needs to be monitored with clear targets on number of international visitors and evaluated, for example, by comparing performance in the association market over time. It would also be worth exploring whether a process could be set up where information is provided on the initial ranking of destinations by the committee making the choice which is then used this as a baseline to explore how the final choice compares.

 $<sup>^{29}</sup>$  Booking figures from VisitBritain currently suggest that the number of associations attending Meet GB in April 2019 will be around half of the number who attended in 2018 and destinations report a slowdown in association bookings for 2-3 years' time.



# ANNEX A: TRENDS IN THE NUMBER OF UK INTERNATIONAL BUSINESS EVENTS

Data on the number of international business events in the UK is somewhat limited. The UK Conference and Meeting survey provides some data on volume and key tends from a venue perspective, however there is limited information on the number of international delegates/events. Table A1 below summarises the data from the last 5 years of this survey. Overall event numbers appear to be relatively stable, albeit with a small peak in 2016 falling back in 2017. The number of events per venue, at 373 in 2017 also appears to have remained relatively stable. The competitiveness of the industry is shown by a decline in the daily delegate rate although the overnight rate has grown slightly.

Table A1: Trends in the number of UK business events

	Number of events (million)	Number of delegates (million)	Number of delegate days (million)	Duration (days)	Events per venue	Av event size	Av daily delegate rate (incl. VAT)	Av overnight rate (incl. VAT)
2012 <sup>30</sup>	1.30	85.5	140.0	1.6	373	-	£43	£129
2014 <sup>31</sup>	1.28	104.0	162.0	1.6	366	81	£46 <sup>32</sup>	£126
2015 <sup>33</sup>	1.34	94.1	144.0	1.5	383	70	£37	£139
2016	1.45	-	-	1.6	419	67	£39	£142
2017	1.29	92.8	147.7	1.6	373	72	-	-

Source: UK Conference and Meetings Survey

In 2017, the survey showed, that just over a tenth (12%) of venues hosted a significant proportion of international conferences – 11% or more of their conferences<sup>34</sup>. However, of those venues that do not target international conferences, a 5th are very interested in targeting this market in the future. Venues tended to target international conferences through trade shows and or in partnership with a conference bureau.

<sup>30</sup> https://rgaukltd.co.uk/common/ukemts13.pdf

 $<sup>^{31}\ \</sup>text{https://www.c-mw.net/events-lower-spend-uk-new-survey-reveals/}$ 

<sup>&</sup>lt;sup>32</sup>https://www.businessvisitsandeventspartnership.com/news/bvep-press-releases/355-new-research-values-the-uk-meeting-industry-at-over-21-billion

 $<sup>^{33}</sup>$  https://www.c-mw.net/events-lower-spend-uk-new-survey-reveals/

<sup>34</sup> Different organisations use different definitions of 'International' conferences. ICCA includes any meeting that it rotates between at least 3 countries, occurs regularly, and attracts a minimum of 50 participants. The Union of International Associations definition is that at least 40 percent of the participants are from countries other than the host country and at least 5 nationalities are represented. Inidividual DMOs vary too in their classification of international events. The summary report these data were taken from does not provide a definition of what an international event.

The International Congress and Convention Association (ICCA) also produces data on the number of international association events. This is reliant upon self reporting by venues and therefore may present an under-estimate of numbers. The data captures meetings which rotate between at least between 3 countries, occur regularly and attract a minimum of 50 participants. In 2017, the UK ranked 3rd, behind USA and Germany with 592 meetings. At the city level London ranked 5<sup>th</sup> with 177 meetings (behind Barcelona, Paris, Vienna and Berlin).

Table A2 shows the change in the number of international association events over the last 5 years. Overall the UK has shown a 24% growth, compared to 12% in Europe and worldwide.

Table A2: Change in number of international association events

Destination	2012	2014	2017	% change 2012-17
London	150	166	177	18%
Manchester	30	27	32	7%
Oxford	16	17	26	63%
Birmingham	14	20	22	57%
Cambridge	21	23	19	-10%
Liverpool	17	12	13	-24%
Sheffield	-	7	11	-
York	5	14	11	120%
Coventry	-	5	10	-
Leeds	5	8	9	80%
Nottingham	-	5	9	-
Bristol	6	-	8	33%
Bath	-	-	7	-
Newcastle	9	9	6	-33%
Southampton	8	7	-	
Brighton	11	-	5	-55%
Total England	264	320	365	38%
Edinburgh	67	72	70	4%
Glasgow	35	36	36	3%
Aberdeen	5	10	8	60%
St Andrews	5	-	-	-
Total Scotland	112	118	114	2%
Total Wales (Cardiff)	10	9	8	-20%
Northern Ireland (Belfast)	6	22	16	167%
(Dellast)				
Total UK	477	469	592	24%

<b>Total Europe</b>	6,036	6,316	6,777	12%
Total world	11,219	11,565	12,563	12%

Source: ICCA Statistics Report: Country and City Rankings

5.4.2. There does however, appear to be some concern within the industry as to whether this positive trend will continue with some UK based DMOs reporting a downtrend in bookings for association events in the next 2-3 years due to uncertainty over Brexit. Research by IBTM World in 2017 comments that:

'within Europe, Brexit remains a hot topic, although not one where there are obvious indications of a wider trend. Within those meetings that reflect EU funded research, UK delegates have certainly taken a step back, and this can only have negative implications for the association market, although the extent of this phenomenon is difficult to determine in present research. A weak pound has balanced out a more 'unwelcome' UK post Brexit, and destinations such as Paris, Berlin, and London all continue to be strong enough to mitigate against a more security-driven buyer.<sup>35</sup>

 $<sup>^{35}</sup>$ https://www.ibtmworld.com/RXUK/RXUK\_EIBTM/responsive/Documents/IBTM%20World\_Trends%20Watch%20Report%202017%20A4%2036pp%20LOWRES.pdf?v=636474035207615127%C3%A7