Annex 25. A Meetings Satellite Account (MSA) for the UK

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1. Introduction

In 2012, Leeds Metropolitan University in collaboration with partners were commissioned by the MPI Foundation to present an economic impact assessment of the Meetings Industry (MI) in the UK. Whilst this built upon previous studies, the project was the first that transparently constructed its estimates using established Tourism Satellite Accounting processes, concepts and approaches, and referenced established conceptual work by UNWTO, Larry Dwyer and colleagues.

The compilation of the MSA was supported by (and in turn enabled) a comprehensive evaluation of the economic impact of this activity in the UK, supported by the industry, relevant associations, NGOs and government. Information was collected via bespoke online surveys and was in addition to extensive surveys of MI attendees – including panel data covering overseas attendees. Overall some 3,500 stakeholder and attendee survey responses were collected.
The primary work resulted in the most comprehensive study yet to assess the *direct* economic impact of the UK meetings. An assessment was also made of the indirect and sub-national impact of MI activity (not TSA-based) but those results and implications are not discussed here (see in *Further Links* the Meetings Professionals International (MPI) Foundation research documents)

2 Compiling a Meetings Satellite Account (MSA)

2.1 Structuring the Supply Side

Achieving 'headline' estimates of gross value added and dependent employment for the meetings industry requires the creation of a satellite account to the system of national accounts (SNA) that can decompose the output of these industries into inputs, taxes, payments to labour and then other value added. This was here achieved through manipulation and further refinement of the existing Tourism Satellite Account for the UK. The 'Exhibitions and Conferences' TSA sector was disaggregated into two, more appropriate supplying industries and supplied products – meeting and conference organisers (and services), and meeting and exhibition venues (and services).

In order to replicate the 'make matrix' of TSA Table 5 (from whence key indicators are estimated) for each of our new industries (columns) we must estimate their constituent products – what products is it that these industries supply? Whilst most industry output is of the core product there may be significant other commodities produced – for example, for 2011 we estimate that meeting and exhibition venues supplied around £225m of accommodation services (see Table 1). Here, the information gleaned from the survey detailed in Section 1 above is critical in understanding the behaviours of the industries in question and then estimating the overall production function. A critical arising from this survey was an estimate also of transactions between meeting organisers and meeting venues – in terms mostly of hire fees. The disaggregation and integration of these two industries within the MSA structure helps avoid any double counting.

Table 1: Production (Make) accounts of UK Meetings Industry and other industries (summarised) 2011 Estimate (at basic prices) (£ million)

Products	Accom. for visitors	Food and beverage serving industry	...	Sport, recreation & culture	Meeting Organisations	Meeting Venues	TOTAL	Other industries	Output of domestic producers (at basic prices)
Accommodation services for visitors	11,827	296	...	43		226	12,392	277	12,669
Food and beverage serving services	8,401	60,615	...	506		743	70,477	15,753	86,230
Railway passenger transport services	-	-	...	-		-	9,235	-	9,235
Road passenger transport services	-	-	...	-		-	4,049	2,877	6,926
Water passenger transport services	-	-	...	-		-	5,537	3	5,541
Air passenger transport services	-	-	...	-		-	16,388	391	16,779
Transport equipment rental services	75	53	...	243		-	6,574	6,167	12,741
Travel agencies & other reservation services	-	-	...	3		-	2,351	-	2,351
Sport, recreation & culture activities	-	-	...	24,515	194	-	24,710	489	25,199
Exhibitions & Conferences - Organisers			...	-	6,391	-	6,391	1,339	7,729
Exhibitions & Conferences - Venues	155		...	-	-	4,701	4,856	371	5,227
Other consumption products	161	600	...	3,182	2,578	793	21,549	2,537,141	2,558,690
TOTAL OUTPUT	20,618	61,563	...	28,492	9,163	6,463	184,508	2,564,807	
TOTAL INTERMEDIATE CONSUMPTION (at purchasers prices)	12,154	31,447	...	17,188	5,644	3,981	106,243	1,310,360	1,416,603
TOTAL GROSS VALUE ADDED (at basic prices)	8,464	30,117		11,304	3,519	2,482	78,265	1,254,447	1,332,712

2.2 Estimating Meeting Demand

The survey of over 1,600 meeting delegates provided information on the spending by category of attendees and their accompanying persons, with this grossed up to estimated overall visitor volumes. A critical element is the re-allocation of meeting fees which often comprise, in part, an indirect payment for accommodation services. Here, then, the industry survey helps us undertake the appropriate reallocation, whilst following TSA practice and reporting organiser economic output *net* of these non-value adding purchases (but gross of relevant fees; it should be noted that this treatment is not replicated for payments to event venues by meeting organisers where we treat venue hire as an intermediate input to the production of MI services).

Also on the demand side is the spending of exhibitors at conferences (where a survey with over 800 respondents was available for estimation purposes). This is conceptually rather unsound: exhibitors are themselves more usually companies or organisations, rather than a component of final demand. However, embedding the spending of exhibitors into the MSA supply side proved challenging. Each exhibitor has a 'home industry' and these range widely depending on the subject of the exhibition. Full estimation would mean altering every industry of the TSA to reveal exhibition payments to venues and meeting organisers. With no data available on the 'home industry' of exhibitors in UK-aggregate (let alone to estimate the size of payments by exhibitors' industries), the preferable option was to treat exhibitors as a final demand factor to the MSA supply side, and thus incorporate the economic activity consequent on that spending, albeit at the expense of conceptual purity.

2.3 Headline Results in Brief

We estimate total MI consumption at £34bn for 2011 in the UK. Almost two thirds of this consumption arose from spending by UK-based attendees and accompanying persons (£21.2bn or 62%). Most of the rest was from non-UK based MI attendees (Table 2). Overall, 25% of spend accrued to meeting organisers; 20% to accommodation; around 9% each to food and beverage and air transport services; and 17% to non-tourism services.

Table 2: Demand for MI commodities and other commodities in the UK, 2011, £million

	UK resident Attendees (inc. accompanying and exhibitors)	ROW resident Attendees (inc. accompanying and exhibitors)	Organisers revenue from overseas (exports by organisers)	Operation spend by exhibitors	Internal meeting demand (total)
Accommodation services for visitors	4,705.2	2,214.3			6,919.5
Food and beverage serving services	2,061.3	1,101.6			3,163.0
Railway passenger transport services	1,411.6	418.6			1,830.2
Road passenger transport services	1,187.5	705.0			1,892.6
Water passenger transport services	201.7	88.1			289.8
Air passenger transport services	1,053.1	1,839.7			2,892.8
Transport equipment rental services	425.7	242.4			668.1
Travel agencies & other reservation services	291.3	187.3			478.6
Sport, recreation & culture activities	806.6	517.8		49.4	1,373.8
Exhibitions & Conferences - Organisers	5,265.1	1,788.6	1374.0		8,427.7
Exhibitions & Conferences - Venues				172.5	172.5
Other consumption products	3,697.0	1,619.4		598.8	5,915.2
Total	**21,106.0**	**10,722.9**	**1374.0**	**820.8**	**34,023.7**

Reconciliation of the supply side and the demand side for the MSA enables our estimate of directly supported gross value added and employment. This process is conceptually identical to that undertaken in estimating headline outputs from Tourism Satellite Accounts via estimation of a 'meetings ratio on supply' (albeit slightly simplified to reflect data constraints). We estimate that 11% of Air passenger transport services supply is directly related to meeting activity. This ratio is then applied to the gross value added (from the MSA) and employment (estimated from the MI surveys and other published sources) for the relevant industry to achieve meetings-dependent GVA and employment (in full time equivalent employees –FTE figures-) for that industry. The sum of MI-dependent GVA and employment for all industries then provides the estimate of the overall gross value added and employment directly supported by MI activity in the UK in 2011.

This analysis suggests MI in the UK directly supported £20.6bn of gross value added in the UK, with around £8bn (39%) within the MI industry itself – i.e. venues and organisers. MI supported £3.7bn of Accommodation GVA and £1.6bn in Food and beverage serving. MI supported 423,000 full-time equivalent jobs in 2011, with only 8% (33,000) of these in MI industries, showing the high level of value added per employee in these activities compared to other visitor facing sectors. The sectors to benefit most in employment terms were Accommodation; and Food and beverage serving. We estimate around 1.9% of all UK FTE employment was directly MI-dependent in 2011 (Table 3)

Table 3: MI directly dependent gross value added and directly dependent employment in the UK, 2011

Industries	GVA (£ million)	Employment (FTE figures)
Accommodation services for visitors	3,738	133,228
Food and beverage serving services	1,671	54,607
Railway passenger transport services	899	15,585
Road passenger transport services	700	45,951
Water passenger transport services	101	273
Air passenger transport services	692	6,605
Transport equipment rental services	210	1,772
Travel agencies & other reservation services	633	15,711
Sport, recreation & culture activities	588	25,025
Meeting Organisations	3,449	14,755
Meeting Venues	2,220	18,399
Other consumption products	5,737	87,006
Total	20,639	423,445

3. Conclusion

This paper shows that it is possible to refashion an extant TSA into a 'first-cut' meetings satellite account with a modest amount of structural alteration. There are some conceptual decisions to be made, for example regarding the treatment of indirectly purchased services (such as accommodation), but established World Tourism Organisation (2006; 2008) guidance is fit for the purpose of helping the MSA compiler chart a reasonable path. However, this attempt required extensive research effort that included both meeting attendees; exhibitors; organisers and venues, extending across a number of countries. This effort was industry-resourced and wholly additional to the UK statistical office's own TSA efforts, which were fully used (and needed) in MSA development. To compile an MSA is therefore not a trivial task, due mostly to the need for data on attendee and industry behaviour (in economic terms) that are far in excess of those gathered in business or tourism surveys, or contained in administrative datasets. The re-engineering of such surveys to enable the fuller reporting of MI activity within national TSAs then requires identifiable benefits and beneficiaries to offset the clear costs. These benefits can be seen in some cases (the policy use of CGE models in Australia being a case in point) but requires significant investment in both the difficult collection of data from MI attendees and industries, and in underlying statistical systems – whether at national or regional scale.

Further links

http://www.mpiweb.org/UKEIS/ReportSummary

http://www.mpiweb.org/UKEIS/ReportFinal

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