

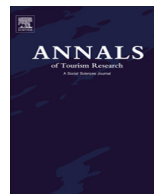


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The economic importance of meetings and conferences: A satellite account approach



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ABSTRACT

Meetings and conventions (MICE) visitation is often considered an important element of the travel economy, and destinations target such activities to encourage their growth. It has hitherto been difficult to measure the economic significance of such activity at any spatial scale. Latterly, the development and codification of tourism satellite account (TSA) approaches to the economic measurement of tourism offers an opportunity to develop a parallel approach to understanding the MICE economy. This paper presents an estimate of the direct economic impact of MICE activity in the UK in 2011, following TSA approaches. The potential to extend the core Meetings Satellite Account, to estimate indirect economic impact and sub-national economic impacts, is also assessed.

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Introduction

Business tourism, and specifically meetings, conventions and exhibitions (MICE) activities, have long been targeted for growth by governments, industry and other responsible agencies. This focus can be seen at national and city level. There are a number of reasons for this. Firstly, there is an assumption (and some evidence) that business travellers have a higher spend, at least per day, if not per trip, than leisure visitors. Secondly, there may exist the potential to utilize visitor-relevant facilities over a longer period than the traditional holiday peaks. Thirdly, the amenities that a city

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or country can offer may be extended by development of exhibition and conference facilities that a strong MICE sector can support, with co-benefits for residents, and perhaps for a destination's wider attractiveness.

The focus on MICE is not, however, uncontentious. In order to attract convention traffic, cities will often invest in (or otherwise support) conference and exhibition facilities that are expensive, and hence are an opportunity cost in terms of alternative policy interventions (Baade, Baumann, & Matheson, 2008; Boyle, 1997). This is particularly relevant because such facilities are in many places economically marginal, and many even require ongoing public subsidy. The rationale for public support then rests on the economic benefits accruing to the wider economic area consequent on visitor spending or an improved competitive position vis-a-vis other urban areas. This mirrors the policy situation for other visitor-facing facilities that often require public support, such as iconic cultural facilities, and the sports stadia that host major sports events (see for example Coates & Humphreys, 2000; Jones, 2002). It is unfortunate then that it has traditionally been difficult, if not impossible, to transparently and consistently measure the economic significance of MICE activity for a destination—be that a nation, region or city. Without such measurement, the information necessary to make good policy will not exist—as Sanders (2002) pointed out in a wide review.

There is then a significant gap in policymakers' armoury of evidence to assess the economic (and developmental) impact of new visitor-facing infrastructure. This is important, with conference facilities and related infrastructure often costing very significant sums, and the potential for poor policy and costly implementation in this area well recognised (Flyvbjerg, 2008). This paper presents an approach to measuring the economic impact of MICE activity in terms of the employment and gross value added supported in a reference economy. Here we seek to provide two key contributions. Firstly, to establish whether the economic significance of conference activity can be measured in a transparent and replicable fashion, enabling reliable comparison between MICE and other economic activities, and between MICE activities in different places. Secondly, to assess whether such analysis is cost effective and useful given prevailing policy contexts (and at different spatial scales). This paper provides a third, related contribution in that it evidences a way in which established satellite accounting methodologies, specifically tourism satellite accounts (TSAs), can be adapted and extended to provide information on the economic scale of other formerly 'hidden' economic activities.

Here, then we show how we adapt and integrate a substantial MICE industry and attendee survey programme to fill this intelligence gap via the development of a pilot meetings satellite account (MSA) for the UK for 2011. The MSA estimates key headline economic indicators for MICE—most critically the gross value added (GVA) and employment directly supported by such activities. Tourism satellite accounting (TSA) methodologies are now widely accepted as the only appropriate way to measure the economic significance of tourism at national level, and our approach takes the TSA analytical model—its conceptual and methodological approach; transparency; embeddedness in national accounting structures; and key outputs—and applies it to MICE activity that is partly, but not wholly, a sub-set of tourism. Along the way a number of adaptations to, and developments of, the TSA are detailed which are required to make the MSA 'fit for purpose' (UNWTO, 2006, 2008).

In common with tourism in general, MICE happens not in countries but in places—largely in cities—and it is at this spatial scale that many relevant policy decisions arise. We therefore here comment briefly on the difficulties involved in estimating economic significance of MICE at sub-national scale. We also comment on the potential to extend the MCA to include estimates of indirect (multiplier) impacts of MICE activity, and highlight the difficulties inherent in modelling the impacts of such economic activity within established systems of national accounts (SNAs).

This paper will first examine the policy and measurement issues around MICE activity, and details the development of economic models, TSAs (and extensions) that allow a better understanding of the economics of visitation. Following a brief explanation of the background of the project undertaken for Meeting Professionals International (MPI) that allowed MSA development we illustrate the key difficulties and issues that arose during the compilation of the MSA,² and present some headline

² A discussion of survey data collection and difficulties is outside the scope of this paper, but these issues are nonetheless significant (see Black & Grant, 1997; MPI, 2013a for an illustration and some detail).

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