

The Economic Impact of Meetings and Events ***An MPI Foundation Canada White Paper***

Meetings and events account for more than \$120 billion in annual business volume in the United States alone¹. Their economic value as an enabler and facilitator of business and policy decisions is far broader. Yet there has never been a comprehensive effort to measure the jobs, tax revenues, and other economic benefits that the meetings industry delivers in Canada.

This research gap will be addressed over the next couple of years, as MPI Foundation Canada undertakes the Canadian industry's first-ever economic impact study. In anticipation of the study, MPI's seven Canadian chapters and one chapter in formation marked National Meetings Industry Day 2006 (NMID) with a series of local roundtable discussions that explored key aspects of the industry's economic contribution at the local, provincial/territorial, and national levels.

Economic impact: Measurement from the ground up

Although there is no single, comprehensive research source on the economic impact of meetings and events across Canada, the local NMID sessions provided local measures of a vibrant, growing industry that delivers jobs, economic multipliers, and tax revenues from coast to coast.

In Vancouver, MPI's British Columbia Chapter heard that the local meetings industry already sustains 10,000 jobs throughout the community. The benefits are spread across a wide variety of business areas, with hotels accounting for less than half the value of goods and services purchased by convention visitors. Convention delegates spend four times as much as the average visitor, and the local impact of their direct expenditures is augmented by the dollars invested in exhibits, event production, and a host of other local services.

Panellists in a number of NMID communities noted that conventions often coincide with the off-season for tourists. A meeting or event may be a delegate's only reason to come to town—but once they've visited, they're more likely to return as leisure travellers.

Local economic generators

With these benefits in mind, local convention centres often take the initiative to position themselves as economic generators for the community as a whole. Shortly after the Shaw Conference Centre opened in Edmonton, the general manager handed out \$2 bills to a group of attendees and asked them to spend the money while they were in town. A month

¹ Convention Industry Council, 2005

later, the bills were tracked to local theatres, restaurants, hotels, hair salons, and taxi companies. The exercise demonstrated how widely a convention dollar circulates within a host community, and helped to dispel local scepticism about the use of tax dollars to supplement the facility's commercial revenue.

The Vancouver Convention and Exhibition Centre (VCEC) makes a conscious effort to pursue "high-grade" events that will bring greater economic returns, and contracts out all major services to maximize benefits to the wider business community. The VCEC's current expansion project will enable the facility to host multiple events and larger events, and offer a wider range of services to attendees and meeting planners.

By contrast, delayed expansion of the 69,000-square-foot Ottawa Congress Centre (OCC) has cost the local community \$233 million in business revenue, nearly \$120 million in tax revenues, and 500,000 room nights since 1996, according to the Canadian Tourism Research Institute. Even at its current capacity, the OCC estimates that out-of-town delegates generate 3,121 jobs, 230,400 room nights, \$71.5 million in private sector expenditures each year, as well as \$51.3 million in tax revenues to all orders of government. The OCC represents \$16.8 million in annual retail sales for the Rideau Centre, an adjacent shopping mall, but an expanded facility would be expected to increase that figure to \$33.5 million within two years and \$154.3 million within 10 years of opening.

With 450,000 square feet of meeting space and 6,600 available hotel rooms, Winnipeg usually hosts six to eight city-wide conventions and 200 meetings per year. The community typically draws more than 50,000 delegates for stays of three to four days, generating \$40 to \$45 million in direct expenditures. In 2006, the community will host 13 city-wide meetings or events, including the Grey Cup and the Aboriginal Music Awards.

In 2004, the 160,000-square-foot Winnipeg Convention Centre generated \$38.9 million in economic benefits, 376 person/years of employment, \$8.4 million in tax revenues, and economic spin-offs for hotels, taxi companies, restaurants, retailers, schools, and recreation facilities.

A large meeting can also spawn a wide variety of spin-off activities. In Calgary, participants heard that a single oil industry conference may generate as many as 10,000 business meetings. In Ottawa, a member of the Canadian Society of Association Executives said his own organization's annual meeting invariably draws a full slate of satellite sessions.

Calgary estimates the economic impact of meetings and events at \$218 per delegate room night. In Edmonton, the provincial Minister of Municipal Affairs placed the value of the broader tourism industry at \$5 billion per year, with more than 100,000 people employed. Other panellists said meetings and events account for about one-third of the sector's economic impact.

A panellist in Edmonton cautioned against overselling the local benefits of a major event, noting that business operators will become disillusioned and volunteers and sponsors will burn out unless they understand the long-term value of investing in the meetings economy. Another speaker replied that “that kind of issue can be managed by our own industry,” adding that the objections usually come from businesses located outside the immediate vicinity of a large event.

The local panels also stressed the importance of collaboration among local businesses in the effort to attract conferences and special events. At least three communities described the formation and functioning of private sector or private-public task forces that had built on local strengths and bid successfully on major events. Another panel identified poor local collaboration as a tremendous barrier to success.

One panel identified recruitment of qualified, motivated staff as an emerging challenge. In another community, participation of post-secondary students was a key priority for National Meetings Industry Day.

The many faces of meetings

In part, the cumulative economic impact of meetings and events is a function of the variety of activities involved—from major conventions, to small and mid-sized conferences, to special events. The biennial Globe Conference was cited as a repeat event that has brought new opportunities to Vancouver, supported the development of a strong local meetings profession, and helped position the community as a global centre of excellence in environment and sustainability.

In 2006, the conference drew 10,000 attendees, including 4,000 from outside British Columbia’s Lower Mainland and 1,000 from outside Canada. The three-day meeting generated \$12 million in direct economic benefits, \$30 million in indirect benefits, 150 jobs, and \$5 million in tax revenues. The nine Globe conferences to date have pumped an estimated \$250 million into the local economy and positioned the non-profit Globe Foundation to organize events in Toronto, Ottawa, and overseas.

In Winnipeg, the 2006 Grey Cup is expected to draw more than 10,000 visitors and generate a \$40 million economic impact. In Ottawa, the local economic spin-offs from Scotiabank Place, home of the Ottawa Senators, begin with regular season hockey games that draw one-third of attendees from outside the local area code, more on weekends. But the facility has drawn a wide range of other events over the years, including Stanley Cup playoffs, the World Cup of Hockey, the Juno Awards, big-name performances by U2, Bruce Springsteen, and Elton John, and a Billy Graham Crusade. All of this activity benefits hotels, airlines, event suppliers, and retailers, particularly when the events attract out-of-town dollars.

The Bell Capital Cup is an annual, homegrown hockey tournament for nine- to 12-year-old Atom and PeeWee players that has turned one of Ottawa’s quietest periods for hotel

occupancy into one of its busiest. It generates an estimated \$11.1 million per year in economic impact, including 15,000 room nights and \$8 million to the local economy. From December 29, 2005 to January 2, 2006, the latest Cup drew 420 teams, including 100 from the United States, 13 from Europe, and three from China. About 250 of the teams stayed in hotels for periods ranging from two to seven nights.

For Vancouver and Whistler, B.C., the 2010 Olympics could bring amazing opportunities, and billions of dollars are at stake in the expansion of Vancouver International Airport and the VCEC. But NMID participants heard that there are no guarantees. With new passport requirements on the horizon and China set to build 209 new convention centres in coming years, local officials see 2011 as the most important year in translating a \$5.8 billion boost from the Olympics and the VCEC expansion into a sustainable legacy.

The many facets of economic impact

The local economic impact of meetings and conventions goes farther and deeper than large facilities and big-ticket events. Downtown businesses in proximity to convention facilities recognize meetings and events as a significant source of revenue, and have come to appreciate the less tangible values attached to face-to-face meetings: the opportunity to bring people together, foster understanding, and create opportunities for attendees to exchange ideas, opinions, and expertise.

Some restaurants generate up to 20-30% of their business from group bookings, thanks to ongoing relationships with meeting planners. One restaurant operator said meetings account for 15% of her direct business revenue, not including spin-offs from repeat business. Much of that volume occurs at off-peak periods, enabling facility managers to organize staff hours more efficiently, and an increase in restaurant business translates into downstream benefits for local growers and other suppliers.

Participants in a couple of panels called for better communication between major events and the leisure and retail operators in host communities. Restaurants and other local attractions benefit from advance notice if they will be assigning extra staff to serve a large convention clientele. And sometimes, local retailers can generate a win-win by scheduling sales or special promotions that correspond to the demographics of specific convention groups: Attendees will feel welcomed by the whole community, while the retailers themselves will see a spike in sales.

The convening power of meetings: A keystone to competitiveness

Beyond its direct economic impact, the meetings industry occupies an essential niche in the knowledge economy. Whether an organization has an immediate need to share information across disciplines or train personnel, build business relationships or explore

international markets, motivate its sales force or energize its customer base, success depends on the unique convening power of meetings and events.

With a local economic strategy built largely on clusters of high technology expertise, at least one of the NMID communities is staking its future prosperity on relationships—with partners across the global economy, and between local businesses and post-secondary institutions. Meetings are seen as a fundamental platform for the dialogue and mutual understanding that will be key determinants of success.

To fully realize that potential, the character and perception of meetings will have to change, so that key stakeholders see them as a way to protect the most valuable commodity of all: their own time. A combination of creativity and business focus will be required to reshape meetings and events. And increasingly, an ability to function in multiple languages—including Cantonese and Mandarin—will be mandatory.

Panellists stressed that meetings mean business. They're a focal point for professional development, and they often bring together the leaders and stakeholders who play a primary role in trade and investment decisions. By enabling people to share trade, technology, understanding, and knowledge, meetings have the capacity to “change the way people think and the way people live.”

By the same token, local speakers agreed on the need for resources and toolkits that would help local business leaders function as tourism ambassadors for their communities and their provinces. Most local businesses bring meetings to town at least once a year, and meeting professionals can help them optimize the impact of every event they hold.

The assumptions and practices of the host facility can be an important dimension of the convening power of meetings. A facility representative on one of the local panels cited several principles of good deliberation, including the ability to draw on diversity, foster symmetry and sharing among equals, encourage free expression, respect a variety of viewpoints, take the time to understand a problem, and exhibit curiosity, empathy, and genuine listening.

In one community, the deputy mayor stressed the role of meetings in helping attendees to seek common ground and find solutions, noting that progress is impeded when people fail to approach issues with an open mind. A panellist recalled a national safe cities conference that had galvanized discussion and understanding of a set of challenges that are shared by municipalities across Canada.

Some of the local panels considered whether the general community understands the importance of meetings. Panellists generally agreed on the need for public education and media outreach to raise awareness of the industry, draw attention to its local impact, and combat the perception of meeting professionals as “party planners.” In an increasingly hazardous world, the industry's convening power and its resulting economic impact depend in part on the ability to anticipate contingencies, from security threats to pandemics to severe weather.

Several panellists noted that that value of meetings and tourism goes far beyond the dollars they generate. A key dimension of the industry's convening power is the capacity to break down barriers and bring people together, based on a basic right to safe travel and free assembly that should be fundamental for all.

An emerging challenge: The Western Hemisphere Travel Initiative

In Toronto, Montreal, Vancouver, and Ottawa, much of the discussion focused on the Western Hemisphere Travel Initiative and its potentially devastating impact on travel across the Canada-United States border. Under new federal regulations, all U.S. citizens will require a passport or passport card to return to their country by air or sea after December 31, 2006, and by land after December 31, 2007.

Current regulations permit American citizens and non-immigrant citizens of Canada, Mexico, and Bermuda to enter the U.S. with a birth certificate and a driver's licence with photograph.

With 300,000 people and \$2 billion in goods crossing the border each day, the WHTI could have a chilling effect on the largest trading relationship in the world. The Canadian Tourism Research Institute projects that the new rules will reduce arrivals from the U.S. by 7.7 million per year, including an estimated five million visits of 24 hours or less. According to the Tourism Industry Association of Canada (TIAC), travel volumes from the U.S. have declined in recent years, and concerns over passport regulations will translate into a further drop of 12.3% between 2005 and 2008.

One NMID panellist predicted economic losses of \$785 million in the U.S. and more than \$1 billion in Canada. Participants heard that two major events have already been moved out of Canadian venues due to the "hassle factor" associated with the new regulations.

Although broader community reaction is only beginning to build, provincial governments and border states have been urging the U.S. administration to study the impacts of the WHTI more closely. As the deadline approaches, Canadian officials anticipate greater demand for clarity on the practical aspects of the WHTI, particularly at land crossings.

In three of the NMID communities, senior officials from Foreign Affairs Canada emphasized that the federal government shares U.S. concerns about improving border security. That's why Canada has launched a new initiative to screen overseas cargo and passengers at points of embarkation, rather than waiting for them to reach North America—an approach that the U.S. is now adopting. Some panellists said the U.S. faces different access issues with its neighbours to the north and the south, adding that lawmakers need to understand the limitations of a "one-size" approach to border security.

Officials say the WHTI would achieve greater security at the expense of the smooth flow of goods and travellers across the border. Even for the most routine shopping trip, the regulations require full identification for every member of a family, from infants to grandparents. The enabling legislation for the WHTI is sufficiently vague to allow for innovative solutions, and DHS has proposed a substitute pass card that would be less expensive than a passport. However, the cost of US\$55 per person, compared to US\$97 for a passport, would still be a barrier for larger families. A six- to eight-week issuance process would impede last-minute business or leisure travel, and even one missing document in a large leisure group would lead to longer wait times for business travellers who have all the right paperwork.

Only 23% of U.S. citizens and 40% of Canadians currently hold passports, and the low demand in the U.S. means that production capacity to meet WHTI requirements will be limited.

Businesses on both sides of the border are beginning to mobilize around the issue. In Toronto, a representative of the New York-based CAN/AM Border Trade Alliance traced the WHTI back to the recommendations of the 9/11 Commission, but noted that the regulations were supposed to serve two objectives: public security and economic security. The Alliance, which represents more than 6,000 companies, 45 percent of them Canadian, argues that the economic side of that equation depends on the seamless transport of people and goods across the border, without undue delay.

The purpose of border screening is to establish a traveller's identity, nationality, and risk level, but the Border Trade Alliance said the original objective behind the WHTI was to require a secure document, not necessarily a passport. Fast cards and low-risk cards that are already in place will still be accepted after January 1, 2008, but passport holders will have to be screened for risk level. An Alliance representative said the eventual goal is to introduce a seamless system that relies on merged databases and RFID to check identities electronically, record all border movements, and check travellers against established watch lists.

TIAC recognizes that the WHTI will not be revoked, but has joined more than 30 other tourism organizations in a bi-national Passport Coalition that is calling for a more organized, less confusing approach to the issue. The Coalition's objectives include

- A single implementation date of January 1, 2008 for all modes of travel;
- Canada-U.S. collaboration to promote easy, affordable access to required documentation;
- Exemptions for children up to age 16;
- Public awareness campaigns in Canada and the U.S., including strong encouragement for U.S. citizens to obtain a passport or acceptable alternative.

Foreign Affairs is urging DHS to allow enough implementation time to address concerns about technology, infrastructure, and public information. The government is working

with concerned members of Congress, and North Dakota Senator Byron Dorgan has already proposed amendments to the regulation that would permit day passes and exemptions for children under 18. During the NMID presentations, federal officials in at least two communities urged Canadian meeting professionals to draw attention to the WHTI in their discussions with U.S. colleagues, and invited Canadian MPI chapters to participate in ongoing consultations.

When it takes effect in May 2008, the U.S. *Real ID Act* will permit state authorities to harmonize their motor vehicle registries with federal identity standards. With that in mind, TIAC has asked the U.S. Department of Homeland Security (DHS) to consider Real ID drivers' licences as an acceptable alternative to passports. More broadly, TIAC is trying to deliver two messages to the American public—that efficient border service for both business and leisure travelers is in their national interest, and that the current rules at the Canada-U.S. border remain unchanged.

While the BESTT (Business, Economic Security, Trade and Tourism) Coalition is lobbying against the WHTI, the Border Trade Alliance is assuming the new regulations are here to stay. Many of the agencies and organizations involved with the issue are calling for a practical approach to any implementation problems that might arise. Panellists in Montreal and Vancouver pointed out that Europeans can travel freely within the EU, and it shouldn't be too much to expect the same in North America.

Recognizing that passports will be the preferred method of identification for sea and air travel, the Canadian Tourism Commission (CTC) is working to arrange application and photo booths at upcoming events hosted by major U.S. organizations like the American Society of Association Executives. CTC will be working with meeting planners with repeat conferences taking place in 2008 or beyond, to get passport stations set up at earlier events. The U.S. Postal Service, which also serves as the country's passport issuing agency, is expected to introduce an online application process in the near future.

One NMID participant suggested that meetings and travel organizations work with credit card companies to reach U.S. customers who make purchases in Canadian funds with a message that encourages them to apply for passports. WHTI information can also be printed on airline tickets and taxi coupons and delivered via travel agencies.

Green meetings: Sustaining the industry's economic future

The opportunity to “green” meetings and events and improve the eco-efficiency of the facilities that host them is emerging as an important trend with significant economic potential for the meetings industry.

Increasingly, meeting professionals are recognizing that green practices like recycling and reuse can translate into lower onsite costs. On the facilities side of the industry, a handful of trend-setters have achieved dollar savings by reducing the energy and water

they consume and the waste they generate—and have gained a distinct marketing advantage by positioning themselves as green venues.

At the Montreal meeting, the majority of planners and suppliers attending an afternoon session on green meetings stated that they had already addressed ecological considerations in some of the events they had organized. Nearly 80% predicted that the meetings industry would pursue a green path over the next few years, and 33 out of 34 said they would be prepared to adopt green policies for their events.

Some of those principles were on display in 2005 when Montreal's Palais des Congrès hosted the Eleventh Conference of the Parties to the Framework Convention on Climate Change (CoP 11), also known as the Kyoto Protocol. The event drew about 10,000 participants from 189 countries. The Canadian government had committed to organizing an environmentally friendly, carbon-neutral conference, and the conference secretariat responded with an onsite plan that included

- Reducing greenhouse gas emissions, in partnership with the provincial electrical utility, Hydro-Québec;
- Distributing 4,750 free transit passes to attendees and conference volunteers;
- Using hybrid, ethanol, and biodiesel vehicles for conference shuttles;
- Minimizing the need for shuttles, by locating 19 of 50 conference hotels within walking distance of the Palais;
- Introducing a catering plan that included fair trade coffee service, composting of food waste, and a strong commitment to recycling;
- Turning off all non-essential electrical equipment at night, and specifying EnergyStar standards for rented equipment;
- Using canvas delegate bags and functional gifts to minimize waste;
- Reducing the volume and environmental impact of the printing process through double-sided production on EcoLogo™ paper, on-demand printing, wireless Internet access for attendees, and use of vegetable-based inks.

Although some of the conference's green initiatives led to higher costs, others were revenue-neutral or actually saved money. More important, the green character of the event drew the attention of media and sponsors while reinforcing Canada's international reputation for environmentally friendly practices. The green plan ultimately saved energy, paper, and waste, demonstrated the benefits of a participatory approach to green meetings management, generated tangible support for Canadian technology and expertise, reduced costs and stress for delegates, and increased the capacity of the local meetings industry to host future green events.

Meeting facilities can also be designed with a view to reducing the environmental impact of meetings and events. The Shaw Conference Centre was built with energy efficiency in mind, and the renovated Vancouver Convention and Exhibition Centre will feature sea water desalination and a 2.4-hectare "living roof," a unique urban ecosystem that will feature native plants from the region. These innovations require an up-front investment in

green technology, but the cost of many green building innovations is recovered through reduced operating costs.

A panellist said the conference attendee of the future will be more concerned about the environment and more interested in energy efficiency, adding that the industry should respond as proactively as it would to any other demographic shift. In Calgary, panellists linked green meeting practices to a broader focus on social responsibility, including distribution of unused food to local shelters. They said facilities can attract business by positioning themselves as environmental leaders and using green design features to enhance attendees' onsite experience.

NMID participants in Montreal heard that the federal government is treating CoP 11 as a template for future green events. Environment Canada has developed a best practices guide to green meetings (www.atl.ec.gc.ca/greenman/index.html), containing principles and approaches that will be applied at the World Urban Forum in Vancouver in June 2006.

In 2006, Hydro-Québec introduced a new green policy for business meetings that specifies mandatory recycling at conference facilities, green practices in catering, and reduced use of paper and other materials for signage and documentation. A representative of a local graphics and production house stressed that all materials used onsite should have a second life, noting that single-sided flyers can be reused as art supplies and banners can be recycled as sails. Panellists acknowledged that it takes time and effort to change attitudes and behaviours and stressed the value of informing attendees when their meetings adopt green approaches.

A participant noted that the convention centres in Montreal, Calgary, and Vancouver have all sought green certification, largely at the request of U.S. clients. But the transition to green practices will be driven by market prices as well as market demand: while a \$400 premium to serve organic food to 100 attendees may be acceptable for many events, a cost of just \$120 to send a tonne of waste to a Quebec landfill represents an economic deterrent to recycling. One participant in Montreal encouraged planners to take the initiative by asking venues what it would cost to green their events, then reporting the answers back to clients.

The end of the beginning

National Meetings Industry Day 2006 was the first opportunity for Canadian chapters of MPI to host a series of coordinated panel discussions on a topic of mutual concern. The local sessions delivered a compelling snapshot of an industry that is central to local communities' economic well-being and prosperity. As a distinct business sector, the meetings industry is a sustainable source of jobs, spin-off expenditures, and tax revenues. As a professional discipline, meeting planners and suppliers possess the knowledge and

convening power to help clients achieve their objectives onsite, thereby serving as an essential foundation for the wider economy.

Although the NMID panels captured the best available evidence on the local economic contribution of meetings and events, a more systematic analysis is about to begin. MPI Foundation Canada is launching a statistical study that will measure the industry's economic impact at the national level, and preliminary results are expected in time for NMID 2007. MPI in Canada is committed to building broader appreciation for the business of meetings management, and NMID 2006 was an important milestone along that path.