



## AACB's 2009 VIN BARRON IMEX PRIZE FOR BUREAUX STAFF

### *The benefits of Business Events to the local community*

Submitted by:

**Jemma Davie**  
**Business Development Manager**  
**Canberra Convention Bureau**



# ***The benefits of Business Events to the local community***

## ***Importance of Business Events***

As the world financial crisis consumes and affects every facet of our business and personal lives, organisations are re-examining how they conduct existing business and generate new opportunities in order to grow and in some cases survive. The business event market has long been an important means of bringing professionals together to share interests, explore issues and generate new ideas, which very often leads to further collaboration and innovation. This is now more important than ever.

Business events come in the form of meetings, incentives, conferences and exhibitions of 15 or more people. My presentation focuses primarily on the meetings, conferences and exhibition components of the market as these form the primary business event market in the city in which I work, Canberra. While the motive for conducting incentives differs from these three components, in that it is about reward and recognition, many of the benefits to the local community from this segment are the same, perhaps with the exception of education and to a lesser extent trade.

## ***The benefits to the local community***

The benefits that business events bring to a host city or destination, and therefore the wider community, are numerous and varied. The most significant of these benefits range from the direct and immediate economic benefit derived from delegate expenditure, creating direct and indirect employment, income and profit for business, taxes for government, cultural and professional exchanges, showcasing new research, capacity building through access to international and national industry leaders, providing education and professional development and finally strengthening the positioning for the city, industry or country.

Additionally business events lead to repeat leisure tourism with many delegates returning to the destination at a later time for a holiday or bringing partners and families with them to the event. According to the 2005 National Business Events Study<sup>1</sup>, “*approximately 93% of respondents stated they would recommend the destination for future business events,*” thus providing additional benefits to the city.



Figure 1 (from left to right) National Convention Centre and Australian Institute of Sport

## **Direct income/expenditure**

The Business Events Council of Australia outlined in their recent Pre-Budget Submission<sup>ii</sup>, “Business events now represent the world’s most lucrative and sought-after visitor segment.” In Australia, the average business event delegate expenditure is approximately \$433<sup>iii</sup> per day which is the highest visitation spending of all visitors. In particular, this direct expenditure contributes directly to a variety of goods and services in the community including hotels, convention centres, restaurants, transport, printers, food and beverage suppliers, florists, audio visual and touring activities. Leisure tourism products and services such as tour operators, local attractions, spas and shops may also benefit from delegates’ partners and families. Delegate expenditure also has a flow-on effect through the economy to the truck drivers that deliver the food, to the farmers that grow the fruit and vegetables and herd the cattle. It doesn’t stop with the hotels and convention centres. In fact, it is generally accepted that stand alone convention centres only attract between 5-10% of this expenditure<sup>iv1</sup>.



Figure 2 (from left to right) Kingston Markets and external newly refurbished National Convention Centre

## **Community infrastructure**

The financial benefit of business events also encourages infrastructure development within the city or destination. For example, the local ACT Government in Canberra understands the value of business events and has recently reinvested \$30M to refurbish the National Convention Centre. In Canberra the business events market contributes approximately \$990M<sup>1</sup> per annum. The table below demonstrates this contribution.

Similarly in Asia, there has been a huge injection of investment in the business events industry through the development of large hotels and convention centres. Singapore is another stand out example of a city that is using the attraction of business events to grow high potential industries, for example attracting the World Monetary Fund Conference to grow the financial services sector and strengthen the role of Singapore as a financial epicentre of Asia. 12 new office blocks are planned to house the headquarters of financial services firms in the city, with the WMF business event an integral component of the growth strategy and infrastructure expansion.

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<sup>1</sup> Pieter A van her Hoeven A.M., Partner, PG International Consulting, Past Chief Executive Officer Adelaide Convention Centre, Past President ICCA.

**Table 8.15: Expenditure and contribution broken down by state (Australian Capital Territory showing only)**

| Total | % of participants hosted | Total Expenditure \$ | Direct contribution to value added \$ | Direct contribution to employment |
|-------|--------------------------|----------------------|---------------------------------------|-----------------------------------|
| ACT   | 5.7                      | 989,788,011          | 349,687,713                           | 6,588                             |

(Source: *The National Business Events Study, 2005*)

### **Networking & industry knowledge exchange**

It is often reported that associations increase membership in difficult economic times. It is arguable that this is partly explained by the benefits linked to the business events they host. Organisations and individuals share a fundamental need to meet in person to interact, make connections and maintain relationships, through conferences and other business events. These networking and educational opportunities promote the exchange of information in industry best practice, latest technologies and leading research. It is widely recognised that this exchange can only partly be achieved through less ‘rich’ forms of communication like email or telecommunication. It is generally accepted by the industry that the benefits of a business event are maximised in the host destination.



Figure 3 (from left to right) tradeshow at National Convention Centre and CSIRO Black Mountain laboratory

### **Collaboration & industry platform**

Business events in Canberra also make a positive contribution to industry development. Canberra is renowned for the abundance of research and learning institutions for example the Australian National University and CSIRO to name just two. By conferencing in Canberra local industry professionals and students have the opportunity to gain further knowledge and industry expertise from international and national experts and discipline leaders. These events also provide a platform to showcase the institution’s capabilities and resources to a large and influential audience leading to further trade opportunities. For example, the Australian Seed Federation Conference being held in Canberra in November 2009 provides a unique opportunity for the leading researchers at CSIRO’s division of Plant Industry to present their findings and share ideas on wheat breeding and sustainable agriculture with a captive audience.

## ***Influence***

Business events provide an opportunity for local delegates to network and interact with industry colleagues from other destinations and countries, experts and government officials and build vital business networks for trade. Canberra, the home of Australian Federal Government, offers an enviable opportunity to leverage government officials and decision makers through involvement in the conference program and provides a platform to communicate industry messages and challenges to influence government policy. A prime example is the Early Childhood Australia Conference, held in October 2008. A key note speaker at this conference was the federal Minister for Education, the Honorary Julia Gillard MP. Ms Gillard demonstrated the government's support and focus on education and this occasion allowed Early Childhood Australia to convey the industry's position and future requirements to the government.



Figure 4 (from left to right) Ms Julia Gillard MP and Mr Bill Shorten MP at Essendon Keilor College; and hospitality students setting up at the Restaurants at Canberra Institute of Technology

## ***Employment & social benefits***

The business events industry has sometimes been underestimated as a critical success factor in high performing markets and vibrant and thriving cities. The significant employment that is generated for the tourism and hospitality industries has both an economic and social dimension. The economic benefit related to direct employment is obvious however, the social benefit is derived from the fact that many employed in these industries are part time, casuals or tertiary students, with the overwhelming majority of employment being in the 18 to 25 year age range. These job opportunities allow young workers to gain and improve their experiences through monetary independence. Additionally the products and services that rely on business event income also contribute to the enjoyment of the local community residents and other visitors. This '*new money*' in the economy means a better quality of community amenity, thus a better quality of life for residents.

## ***The benefits to the local community***

As you can see from these examples business events provide a forum for education, training, professional advancement, trade and innovation which support the host city economy. There are a multitude of direct and indirect, tangible and intangible economic and social benefits for the host community which include employment, a rich and vibrant city amenity and the opportunity to collaborate with industry professionals.

In this highly competitive market and especially in the current economic climate, Bureaux and destinations compete for business events in order to secure the significant benefits for the entire community. By educating our communities on the plethora of economic and social benefits, we will build powerful, influential and smarter individuals, organisations and destinations.

## ***References***

<sup>i</sup> "The National Business Events Study: An Evaluation of the Australian Business Events Sector", Cooperative Research Centre for Sustainable Tourism, 2005.

<sup>ii</sup> Business Events Council of Australia (BECA) Pre-Budget Submission to the Federal Government, February 2009

<sup>iii</sup> Based on the average guideline set out by the Australian Association of Convention Bureaux, June 2008

<sup>iv</sup> Pieter A van der Hoeven A.M., Partner, PG International Consulting; past Chief Executive Officer Adelaide Convention Centre & past President ICCA.

