



The Economic Impact of the UK Exhibitions Industry - February 2012

A FaceTime report by Oxford Economics



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Executive Summary

The UK exhibitions sector generated £11 billion in spending and contributed £5.6 billion in value added to the UK economy in 2010, equivalent to 0.4% of UK GDP. This activity supported 148,500 jobs in the UK equivalent to 0.5% of the total employment in the UK.

The industry plays an important role in the UK's economy. As well as directly generating GDP and jobs, it attracts visitors to the UK and acts as a catalyst for UK businesses.

UK exhibitions attracted over 13 million visitors in 2010...

- The UK exhibitions sector staged almost 1,600 events in 2010 across a range of sectors for both trade and public audiences.
- Over 265,000 exhibitors participated in events, with 20% coming from outside of the UK. Exhibitors spent almost £2.7 billion on goods and services to demonstrate at events in 2010.
- Almost 13.1 million people attended UK exhibitions in 2010, spending over £1.4 billion on accommodation, travel and other purchases.

... directly contributed almost £2.6 billion and over 76,300 jobs to the UK economy...

- Event venues, organisers, exhibitors and visitors directly generated around £2.6 billion in value added (GDP) for the UK economy in 2010 and directly supported over 76,300 jobs.

... and supports £3.0 billion in its supply chains and the wider economy.

- The purchases made by exhibitions sector and its supply chains generated £3.8 billion in additional output for UK suppliers, indirectly contributing an additional £1.8 billion to UK value added through its supply chain and supporting another 41,900 jobs in 2010.
- The spending of employees in the exhibitions sector and its supply chains supports further, induced economic activity, which helped to support a further £1.2 billion of value added and 30,300 UK jobs in 2010.

Moreover, exhibitions provide exhibitors with a means to sell their products to a wider audience, potentially leading to new export opportunities for the UK. The Vivid Interface survey of exhibitors finds that, across all exhibitions, over a third of respondents expect to generate between £10,000 and £50,000 in additional sales, while trade exhibitors expect on average to generate over £800,000 in additional sales from attending an event.

Although the exhibitions industry has experienced a significant decline during the recent recession, our analysis indicates that the sector and its supply chains have become better at generating value for the UK from their activities. Despite the number of events held falling by over 10% between 2005 and 2010, the sector's contribution to UK GDP and employment increased by 18% (in real terms) and 9%, respectively. On a per event basis, the value-added contribution of the sector increased by 33%, in real terms, and employment supported grew by over 20% between 2005 and 2010.

Table 1: The impact of the UK exhibitions sector in 2005 and 2010

Summary of benefits of exhibitions industry				
	Direct Impact	Indirect Impact	Induced Impact	Total Impact
<i>2005 results (2005 prices)</i>				
Number of events	1,800			
Net Expenditure/Output (£bn)	3.5	3.8	2.0	9.3
GVA (£bn)	1.7	1.6	0.8	4.1
Tax (£bn)	0.5	0.3	0.2	1.0
Employment	55,800	53,500	27,300	136,600
<i>2005 results (2010 prices)</i>				
Net Expenditure/Output (£bn)	4.0	4.4	2.3	10.6
GVA (£bn)	1.9	1.8	0.9	4.7
Tax (£bn)	0.6	0.3	0.2	1.1
<i>2010 results</i>				
Number of events	1,600			
Net Expenditure/Output (£bn)	4.9	3.8	2.3	11.0
GVA (£bn)	2.6	1.8	1.2	5.6
Tax (£bn)	1.2	0.8	0.5	2.5
Employment	76,300	41,900	30,300	148,500

Source: Oxford Economics

1 Introduction

1.1 Purpose of the study

In 2005, KMPG and Oxford Economics produced a study estimating the economic impact of the UK exhibitions industry on the UK economy. In 2011, Oxford Economics were commissioned by FaceTime to update the findings of the 2005 study and provide an estimate for the economic impact of the exhibitions sector on the UK economy in 2010.

1.2 Study approach

To ensure that the analysis undertaken by this study presented a comprehensive estimate of the UK exhibitions industry, this study adopts a broad definition of the exhibitions sector. The spending made by each actor in the sector contributes to the UK economy, and would not be made in the absence of the exhibitions industry.

When considering the economic impact of a sector on the UK's economy it is important to focus not only on the sector itself, but also those industries that supply and enable the sector to operate. A standard economic impact assessment considers three channels by which a sector impacts on the economy:

- **Direct impact** – value-added contribution to the UK's Gross Domestic Product (GDP) and employment within the sector itself.
- **Indirect impact** – activity and employment supported down the supply chain to the sector, as a result of purchases of goods and services from UK-based suppliers.
- **Induced impacts** – employment and activity supported by those directly or indirectly employed by the sector spending their incomes on goods and services in the wider UK economy. This helps to support jobs in the industries that supply these purchases, and includes jobs in retail outlets, in companies producing consumer goods and in a range of service industries.

The value-added contributions to GDP and employment from these three impacts combine to form the sector's total economic impact. In addition, this study assesses the revenue that the sector and its supply chains generate for the UK government through taxes.

1.3 Report structure

The report is structured as follows:

- Chapter 2 describes the methodology used to calculate the economic impact of the exhibitions sector on the UK economy;
- Chapter 3 presents the economic impact of the exhibitions sector on the UK economy; and,
- Chapter 4 concludes.
- The Appendices describe the assumptions used in this study.

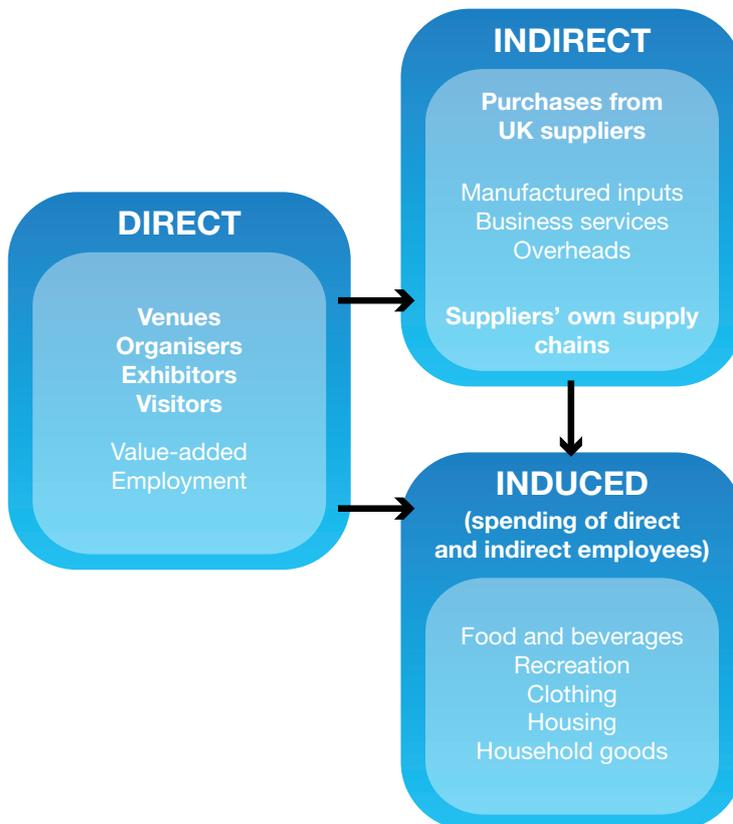
2 Methodology

2.1 Model framework

The contribution that a sector makes to the UK economy is dependent on both the size of the sector and the strength of its UK-based supply-chains. These factors are captured in the three channels of impact that are considered in a standard impact assessment (see Figure 2.1):

- The first channel is the activity's direct impact, covering the sector's own employment and value-added contribution to GDP.
- The second channel of impact is termed the indirect impact, and reflects the employment and value-added contribution to GDP supported in the UKbased supply chain, as a result of purchases of goods and services from local and national suppliers.
- The final channel of impact is the induced impact, which represents the employment and value-added contribution to GDP supported by those directly or indirectly employed spending their incomes on goods and services in the UK economy. This helps to support jobs in the industries that supply these purchases, and includes jobs in retail outlets, in companies producing consumer goods and in a range of service industries.

Figure 2.1: The channels of economic impact



2.1.1 Metrics used in economic impact studies

The economic impacts measured in this study are quantified using three metrics.

These are:

- Gross Value Added (GVA) contribution to GDP - GVA measures the contribution to the economy of each individual producer, industry or sector in the United Kingdom. GVA is a measure of net output and is calculated as the sum of profit (before taxation, interest, depreciation and amortisation) and employee costs. It is aggregated to form the basis of Gross Domestic Product (GDP) which is the main measure of the total level of economic activity in the UK economy.
- Employment – this is measured in this study on a straightforward headcount basis, in order to facilitate comparison with employment data for other sectors sourced from the Office for National Statistics (ONS).
- Tax revenues – this is the amount of tax revenue flowing to the Exchequer as a result of the sector's activities.

The economic impacts detailed in this report reflect the measured contribution of the exhibitions sector to the UK economy in 2010. As is standard procedure in economic impact studies, they do not take account of what the people and other resources might have been used for if the sector did not exist.

2.2 Beyond a narrow definition of the exhibitions sector

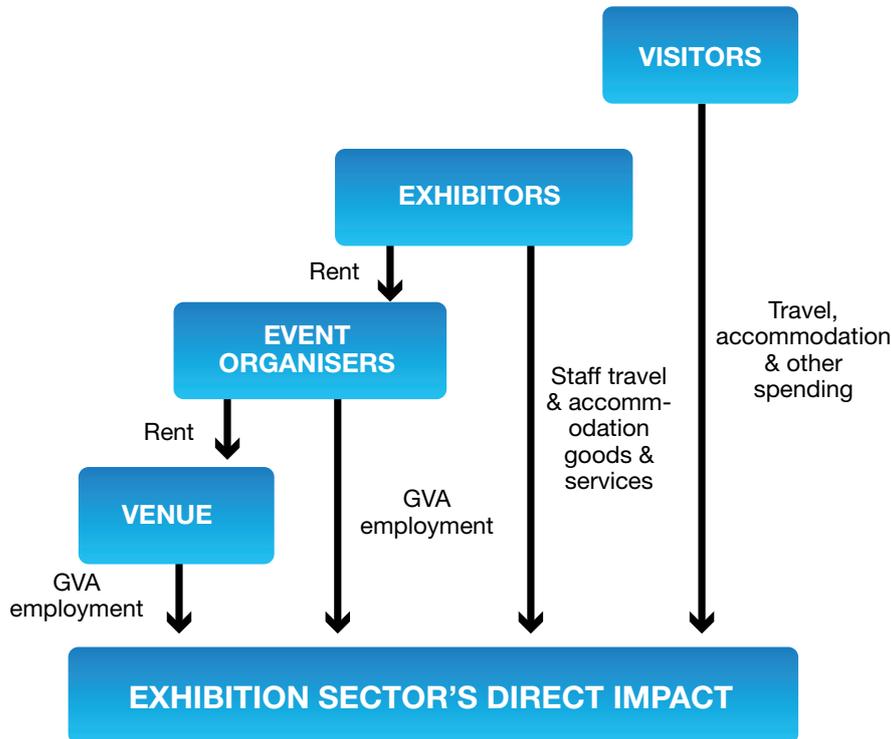
The first step towards calculating the size of the sector's contribution to the UK economy is to define the sector.

A simple definition of the exhibitions sector would cover the firms engaged in the organisation and staging of exhibitions: exhibition organisers and exhibition venues. Businesses in both of these categories generate revenues and employ staff due to exhibitions, and stimulate activity throughout their supply chains. An assessment of the economic impact of these businesses alone could be made; however, such a definition would be extremely narrow.

The staging of exhibitions generates significant activity outside of that captured in the revenues of exhibition venues and organisers. Businesses participating at exhibitions spend considerable amounts developing stands and accommodating staff; spending which falls outside of the narrow definition of the sector outlined above. Similarly, the millions of people that attend exhibitions annually inject monies into a variety of different sectors as they travel to exhibitions, possibly stay overnight, and make purchases in the surrounding locale of the venue.

It is this wider definition of the exhibitions industry – incorporating event organisers, venues, and participants – that this study uses as its base in the calculation of the economic impact of the sector on the UK economy (Figure 2.2).

Figure 2.2: The structure of the exhibitions sector



The core analysis in this report does however exclude the additional sales made by businesses exhibiting at events, although the role that exhibitions play in facilitating these sales is briefly discussed in Chapter 3.

2.3 Data sources for the UK exhibitions sector

In principle, the economic impact of a sector could be estimated simply by using a minimum of official government statistics on economy-wide relationships. However, in this study we are able to combine a wider range of information from official and trade body sources to measure more precisely the size of the exhibitions sector. To calculate the sector's direct impact we use data from the Office for National Statistics, VisitBritain and Vivid Interface (including that published in The Facts 2011, the Exhibitions Bulletin and survey data collected specifically for this study). Furthermore, these data provide a crucial insight into the way that the indirect impact of the sector ripples through the UK economy.

Remaining data gaps are filled by the use of robust assumptions as detailed in the Appendices.

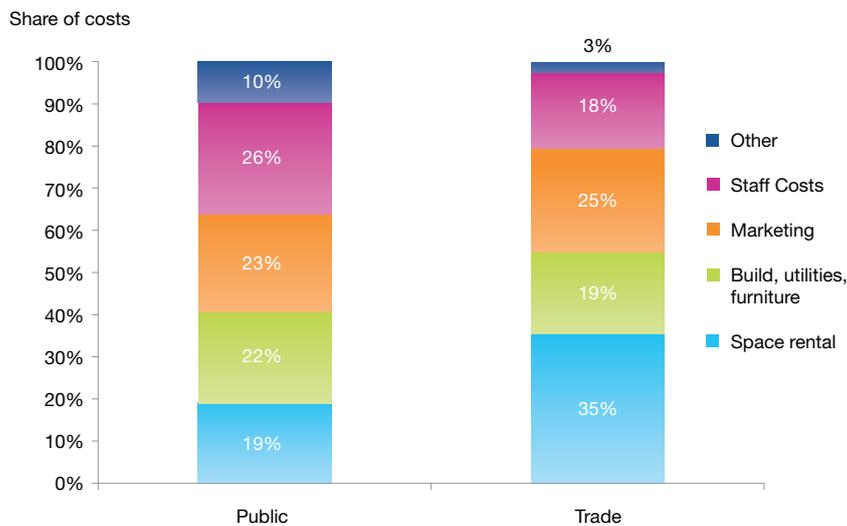
2.3.1 Exhibition Organisers and Venues

The activities of event organisers and venues count towards the direct impact of the exhibitions sector. To assess the value of these activities, data were drawn from the company accounts of large venues and survey responses from major event organisation businesses. This allowed us to calculate the average turnover and costs for a venue and organiser per exhibition adjusted by the size of the exhibition, in turn enabling the average value added created per exhibition to be estimated.

Event organisers' survey responses also provided data on average costs incurred by an organiser at each exhibition. This allowed us to avoid double counting the rental of space for an exhibition from a venue, and to gain an understanding of the nature of the supply chains required to support an exhibition (Chart 2.1).

These sources did not however provide us with data on the level of employment required to operate an event, which is a necessary input into an impact assessment. For this purpose we used data from the Office for National Statistics (ONS) relating to labour productivity levels. The ONS utilises a Standard Industrial Classification (SIC) system for presenting industry level data, and for this study we used the productivity levels found in the 'Owning and Dealing in Real Estate' (SIC code 68.2) and 'Organisation of Conventions and Trade Shows' (SIC code 82.3) sectors to estimate the number of people employed by both event organisers and event venues.

Chart 2.1 Event organiser average spending profile



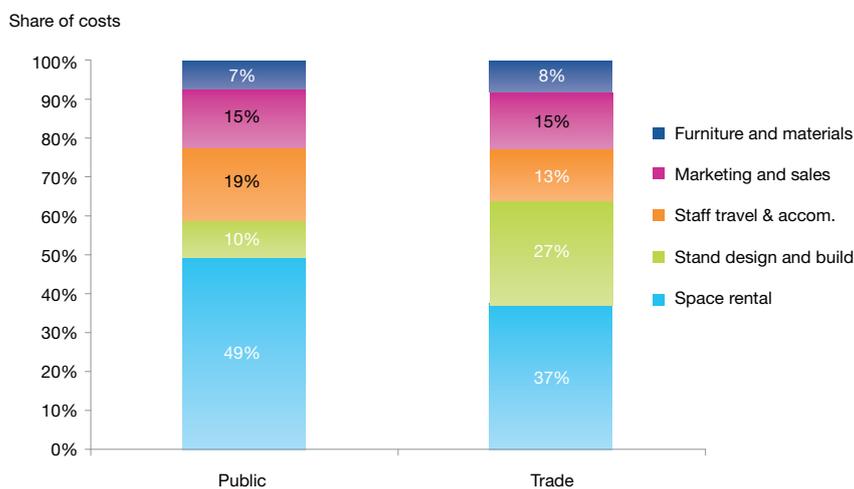
Source: Vivid Interface Survey

2.3.2 Exhibitors

Although they are businesses engaged in the exhibition sector, exhibitors do not generate revenue solely from exhibitions; rather they use exhibitions as a means of advertising their products. However, this study is only concerned with the costs that are incurred by an exhibitor in order to participate in an exhibition.

To provide data on these spending requirements, a survey of 85 UK exhibitors was conducted to provide data on these spending requirements. Using these data Oxford Economics have developed a breakdown of the average amount of spending required for different inputs in order for an exhibitor to demonstrate at an event (Chart 2.2).

Chart 2.2 Exhibitor average spending profile



Source: Vivid Interface Survey

2.3.3 Visitors

Spending by visitors to exhibitions also generates a direct impact on the economy that we can attribute to the exhibitions sector. This includes spending on transport to and from the exhibition, any overnight accommodation required, and other food, drink and retail purchases made while at, or travelling to and from, the event.

At any multi-day exhibition there are three types of visitor:

- Regional visitor – spending one day at an exhibition and using no overnight accommodation;
- UK visitor – visiting an exhibition for more than one day, and spending at least one night at a paid-for accommodation; and,
- International visitor – similar to UK visitors, spending at least one night in accommodation.

Data from the ONS International Passenger Survey (IPS) and VisitBritain's UK Tourism Statistics (UKTS) demonstrate that each of these visitors has a different daily spending profile, which differs depending on whether the exhibition is for trade purposes or the general public. By combining these profiles with data on the number of each type to visitor, and on the average number of nights that each type of visitor spends at an exhibition (which are available from the IPS and UKTS), we are able to estimate the total amount of spending by visitors to exhibitions in the UK in 2010.

2.4 Calculating the wider economic impact

The direct impact of the sector is calculated as the sum of the value added of the venues, event organisers, exhibitors and visitors. While the value added for venues and organisers is available in the data collected, that for exhibitors and visitors has to be calculated by using ONS value-added-to-output ratios for each industry in which spending occurs (output here referring to the gross level of output, which is similar to a sector's turnover or sales). So for example, the value-added associated with spending on accommodation is calculated using the hotel and accommodation value-added-to-output ratio. For the employment impact, where no employment data are available, ONS labour productivity measures are used.

The full economic impact of the exhibitions sector extends beyond its direct impact to encompass its UK-based supply chains. A measure of the strength of these supply chains is found in the 2005 UK Domestic Use Input-Output Tables published by the ONS¹. These tables indicate the levels of leakage (imports from abroad) that occur in any industry, and can be used to calculate the different sector 'multipliers':

- Indirect Multipliers – which capture the additional level of total UK output that occurs if output in a sector were to increase.
- Induced Multipliers – which provide an indication of both the additional output created in the supply chain (indirect) together with the impact of additional spending by those employed either directly or indirectly by the exhibitions sector.

From the spending data collected for the exhibitions sector, its indirect and induced impacts can be calculated from the indirect and induced multipliers. These output figures are then translated into value-added and employment levels through ONS data on value-added-to-output ratios and labour productivity.

2.5 Calculating tax revenues

To estimate the tax revenues associated with the exhibitions sector and its UK-based supply chains this study includes the following taxes:

- Income tax (PAYE);
- Corporation Tax;
- National Insurance Contributions (by both employees and employers); and,
- Taxes on spending and property (so-called 'indirect' taxes, such as VAT and Council Tax).

By taking the average pay in each sector of the economy from the ONS's Annual Survey of Hours and Earnings the model estimates the level of revenue generated in PAYE and National Insurance Contributions using the 2010 tax rates published by HM Revenue & Customs.

Similarly, the level of indirect tax revenue raised is a function of the number of people employed in each industry and the proportion of take-home pay captured by such levies.

Finally, using ONS data on the profitability of different industries (as a proportion of their output), and on the average rate of tax paid on profits, we can estimate total Corporation Tax revenues stemming from the presence of the exhibitions industry in the UK.

¹ A brief overview of an Input-Output model is presented in the Appendices.

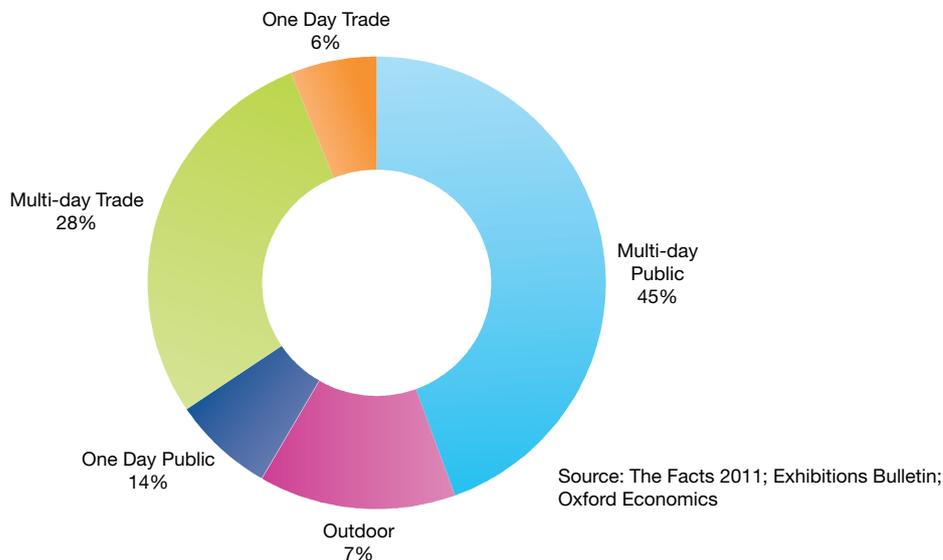
3 The Economic Impact of the UK Exhibitions sector

3.1 Direct impact

3.1.1 Venues

The UK exhibitions industry staged 1,581 events² in 2010 across a wide variety of sectors and formats (multi-day, one-day and outdoor) (Chart 3.1). From these events, it is estimated that UK venues derived an income of £315 million from both rents and catering. Using ONS data, this income translates into a value added contribution to GDP of £200 million and supports 5,000 jobs.

Chart 3.1 Exhibitions by type, 2010



3.1.2 Event Organisers

With an average income of over £1 million per exhibition, event organisers accrued an estimated income of £1.6 billion from events in 2010. In order to facilitate these events, organisers spent £1 billion, consequently generating an estimated profit of £580 million in that year.

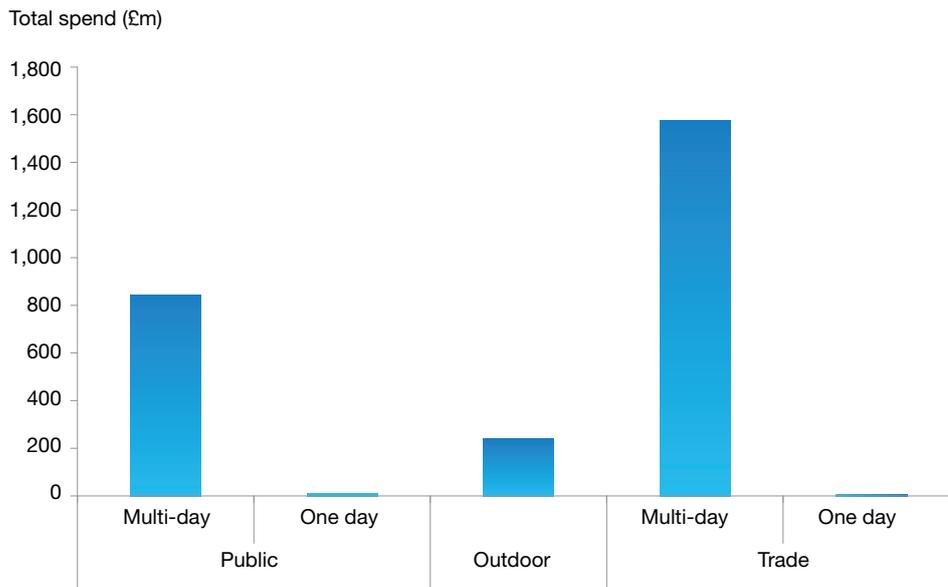
Over £230 million of organisers' expenditure was on staffing costs, which means that event organisers generated a value added of £810 million in 2010. To generate this level of value added, event organisers employed over 20,200 people.

² Combination of data from *The Facts 2011* and 2010 editions of the *Exhibition Bulletin*

3.1.3 Exhibitors

On average, each exhibition in the UK in 2010 attracted 165 exhibitors, of which 20% were from outside the country. In total, over 265,000 exhibitors participated in events in the UK during that year, spending almost £2.7 billion on goods and services to facilitate their demonstrations. Exhibitors at multi-day trade events accounted for almost £1.6 billion of this spending, with multi-day public events accounting for a further £840 million; spending at outdoor events equalled £240 million, while one day trade and public exhibitions combined accounted for £15 million (Chart 3.2).

Chart 3.2 Exhibitor spending, 2010



Source: Vivid Interface Survey; Oxford Economics

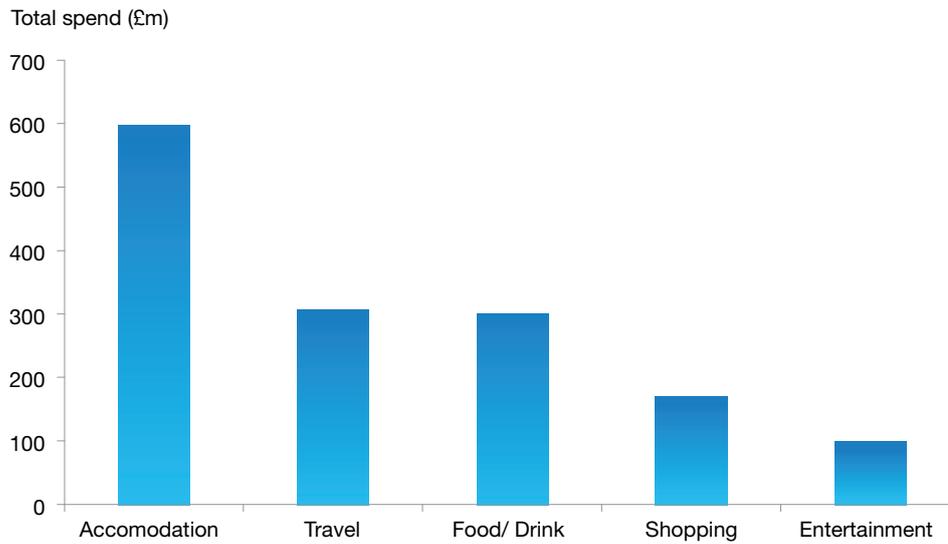
The rental of space was the primary outlay for exhibitors, accounting for over £850 million in expenditure. Other significant expenses in 2010 were the design and build of stands (£400 million) and the costs of travel and accommodation for staff (£350 million). By assigning this spending to the industry from which the goods and services are purchased, we estimate that it had a value-added impact of £910 million.

3.1.4 Visitors

An average of 8,300 people visited each exhibition in the UK in 2010, with a total attendance across all exhibitions of 13.1 million. This number included 7.9 million who spent at least one night in paid accommodation, and 850,000 who came from outside the UK.

Together, these visitors spent £600 million on accommodation, and a further £600 million on travel, food and drink while attending an exhibition (Chart 3.3). In total, visitors spent over £1.4 billion attending exhibitions in 2010 (excluding spending on items demonstrated by exhibitors), having a value-added impact of £650 million.

Chart 3.3 Visitor spending by activity, 2010



Source: ONS; VisitBritain; Oxford Economics

3.1.5 Total direct impact

When all aspects of the exhibitions sector are combined, the sector made a direct value-added contribution to UK GDP of £2.6 billion in 2010 (Table 3.1). To generate this activity, the sector employed over 76,300 people.

Table 3.1 Direct impact of the UK exhibitions sector, 2010

The Direct Impact of the UK Exhibitions Sector			
	Spending* (£m)	GVA (£m)	Employment
Venues		200	5,000
Event Organisers		810	20,200
Exhibitors	1,820	910	25,100
Visitors	1,430	650	26,000
Total	3,250	2,570	76,300

Source: Oxford Economics

Note: * Excludes spending on space rental

3.2 Further impacts

3.2.1 Indirect Impact

As previously discussed, data for some of the expenditures required by the exhibitions sector are available from the survey data collected for event organisers and exhibitors. However, these form only the 'first round' of suppliers to the industry. To capture the full extent of the sector's UK supply chains it is necessary to consider the companies supplying those providers in turn. When these supply chains are considered, the indirect impact of the exhibitions industry in the UK was £1.8 billion in value added in 2010. This additional activity supported around 41,900 jobs in the UK.

3.2.2 Induced Impact

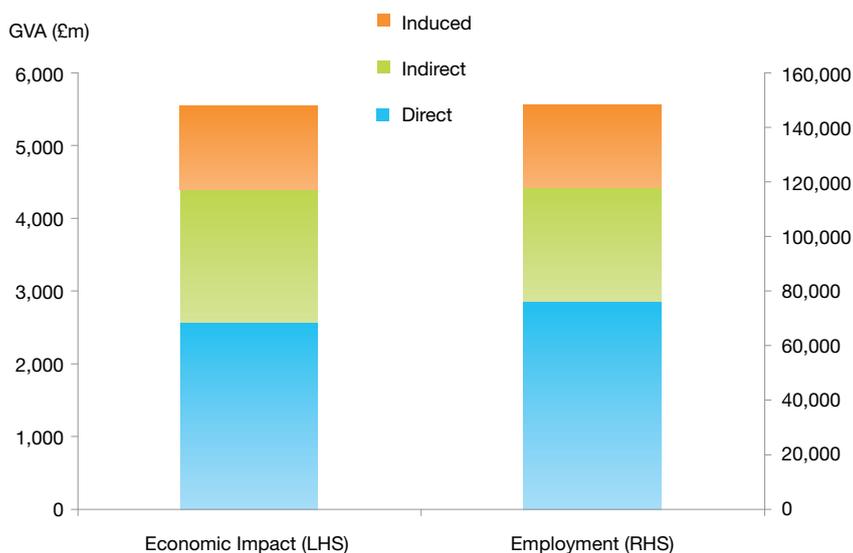
The 118,200 people employed either directly in the exhibitions sector or in its supply chains are able to spend more on goods and services than they would in the absence of the sector. These purchases generate significant demand for everyday items and stimulate activity primarily in the service sectors and their supply chains.

In 2010, the value-added contribution of the induced impact of the exhibitions industry was an estimated £1.2 billion, supporting around 30,300 jobs in the UK economy.

3.3 Total economic impact

In total, 2010 saw the UK exhibitions sector generate a value-added contribution to the UK economy of around £5.6 billion, supporting over 148,500 UK-based jobs. To put this into context, the value-added contribution of the UK exhibitions industry equates to 0.4% of UK GDP, and accounts for 0.5% of UK employment.

Chart 3.4 Total economic impact of the exhibitions industry, 2010



Source: Oxford Economics

The main contributor to this impact is the spending of exhibitors at events, with the £1.8 billion spent by exhibitors on good and services (other than space rental) resulting in a £2 billion value-added contribution to UK GDP, supporting almost 51,100 jobs (Table 3.2). The activities of event organisers were the second largest contributor to UK GDP, with a value-added impact of £1.7 billion.

However, the spending of visitors to exhibitions supported more jobs in the UK economy than the activities of event organisers (46,000 compared to 42,000) due mainly to the higher productivity levels found in the event organisation sector.

Table 3.2 Sources of the exhibitions industry's economic impact, 2010

Contribution of exhibitions industry by channel of impact				
	Direct Impact	Indirect Impact	Induced Impact	Total Impact
<i>Visitors</i>				
Net Expenditure/Output (£bn)	1.4	1.1	0.6	3.2
GVA (£bn)	0.7	0.5	0.3	1.5
Employment	26,000	11,900	8,100	46,000
<i>Exhibitors</i>				
Net Expenditure/Output (£bn)	1.8	1.3	0.9	4.0
GVA (£bn)	0.9	0.6	0.4	2.0
Employment	25,100	15,000	11,000	51,100
<i>Organisers</i>				
Net Expenditure/Output (£bn)	1.3	1.2	0.7	3.2
GVA (£bn)	0.8	0.6	0.3	1.7
Employment	20,200	13,200	8,600	42,000
<i>Venues</i>				
Net Expenditure/Output (£bn)	0.3	0.2	0.1	0.6
GVA (£bn)	0.2	0.1	0.1	0.3
Employment	5,000	1,900	2,600	9,500

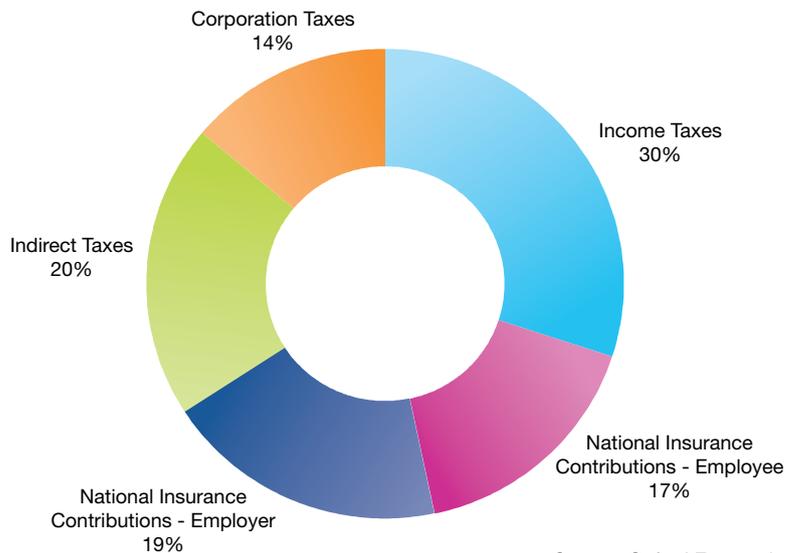
Source: Oxford Economics

3.4 Tax revenues

The additional economic activity and employment supported by the exhibitions sector in 2010 (through the direct, indirect and induced routes) generated over £2.5 billion in tax revenue for the UK Government. Employees accounted for the largest share of these revenues, with Income Tax, employee National Insurance Contributions and Indirect taxes accounting for over £1.2 billion of the total receipts (Chart 3.5).

With ONS statistics showing tax revenues to have been £510.4 billion in calendar year 2010, this suggests that the exhibitions sector supports 0.5% of total tax receipts. Or put another way, the sector supports £1 in every £200 the Exchequer received.

Chart 3.5 Additional tax revenues for HM Treasury, 2010



Source: Oxford Economics

3.5 Comparison with 2005

Since Oxford Economics and KMPG conducted the previous assessment of the economic impact of the UK exhibitions industry the UK has suffered from a deep and prolonged recession, from which the economy is still struggling to emerge. Table 3.3 details the headline results of the 2005 impact study in 2010 prices against the results from this study.

Table 3.3 The impact of the UK exhibitions sector in 2005 and 2010

Summary of benefits of exhibitions industry				
	Direct Impact	Indirect Impact	Induced Impact	Total Impact
<i>2005 results (2005 prices)</i>				
Number of events	1,800			
Net Expenditure/Output (£bn)	3.5	3.8	2.0	9.3
GVA (£bn)	1.7	1.6	0.8	4.1
Tax (£bn)	0.5	0.3	0.2	1.0
Employment	55,800	53,500	27,300	136,600
<i>2005 results (2010 prices)</i>				
Net Expenditure/Output (£bn)	4.0	4.4	2.3	10.6
GVA (£bn)	1.9	1.8	0.9	4.7
Tax (£bn)	0.6	0.3	0.2	1.1
<i>2010 results</i>				
Number of events	1,600			
Net Expenditure/Output (£bn)	4.9	3.8	2.3	11.0
GVA (£bn)	2.6	1.8	1.2	5.6
Tax (£bn)	1.2	0.8	0.5	2.5
Employment	76,300	41,900	30,300	148,500

Source: Oxford Economics

The number of events reported in 2010 represented a decline of more than 10% compared to 2005. However, the decline in the number of events did not translate to a fall in the value-added contribution of the industry to the UK economy. When adjusted for inflation, the value-added contribution of the industry grew by 18% between 2005 and 2010, and the employment supported increased by almost 9%

When examined on a per event basis the improved performance is even more evident: the value added contribution per event increased by a third in real terms between 2005 and 2010, while the total employment supported per event increased by over 20%. This increase in value per event suggests that the decline in the number of events has been the result of fewer small exhibitions taking place – a view supported by industry stakeholders.

3.6 Exhibitions as a catalyst

While this report has focused on the quantifiable impact of the UK's exhibition sector, the catalytic benefits of exhibitions should not be ignored. Exhibitions present exhibitors with a means of selling their products to a wider audience than normally possible, potentially leading to new export opportunities for the UK. The additional sales generated for exhibitors as a result of participating in an exhibition are a further economic benefit of the sector.

The survey of exhibitors conducted for this study found that on average trade exhibitors expect to generate over £800,000 in additional sales due to attending the event; for public exhibitions the figure was lower, at £170,000. It should be noted that these results include large outliers, inflating the overall average. However, for all exhibitions over a third of respondents expected to generate between £10,000 and £50,000 in additional sales.

Therefore, it is clear that exhibitions play an important role in generating business for firms that participate, further stimulating activity and employment in UK-based supply chains.

4 Conclusion

The UK exhibitions sector plays an important role in the UK's economy, through its own activity, through the visitors it attracts to the UK, and by acting as a catalyst for UK businesses.

Encompassing venues, event organisers, exhibitors and visitors, the exhibitions sector directly supported over 76,300 UK jobs in 2010, and generated £2.6 billion in value added to the UK economy. To create this activity, the sector makes significant purchases from its UK supply chains, which generated a further £1.8 billion in value added and supported an additional 41,900 UK jobs.

Finally, the purchases made by the 118,200 people employed in the sector and its supply chains supported a further 30,300 jobs and generated a value-added contribution of £1.2 billion to the UK economy.

In total, the exhibitions sector made a value-added contribution of £5.6 billion in 2010, accounting for 0.4% of total UK GDP. The sector and its supply chains supported over 148,500 jobs in 2010.

Beyond its value-added and employment contributions to the UK economy, the sector generates a significant level of revenue for the UK Government. In 2010, £1 in every £200 collected by HM Treasury was supported by the exhibitions sector, through a combination of income, corporation and indirect taxes, together with National Insurance Contributions.

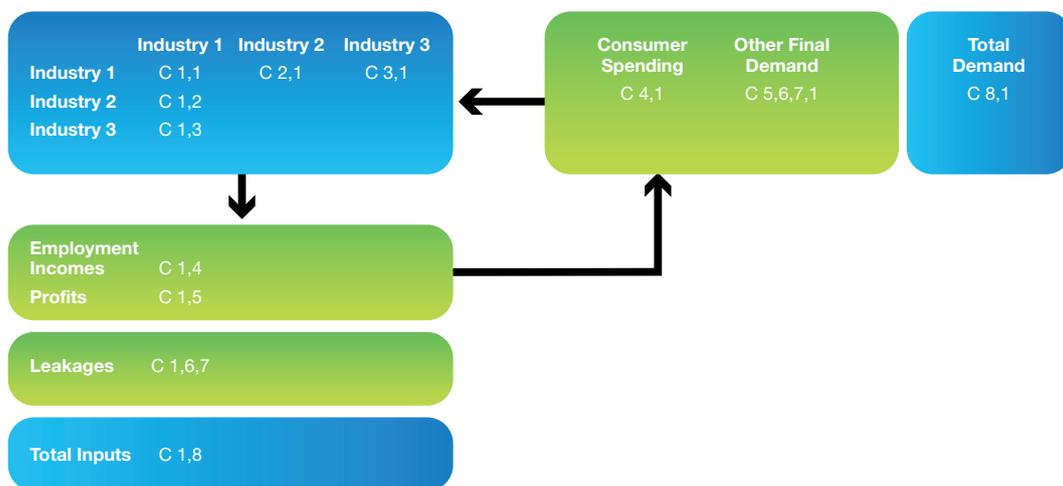
Finally, although it is not quantified in this study, the role exhibitions play in generating sales (both domestic and for export) for businesses is a significant benefit for the UK economy. These increased sales generate further activity and employment in UK supply chains.

5 Appendices

5.1 Input-Output Models

An input-output model gives a snapshot of an economy at any point in time. The model shows the major spending flows from “final demand” (i.e. consumer spending, government spending investment and exports to the rest of the world); intermediate spending patterns (i.e. what each sector buys from every other sector – the supply chain in other words); how much of that spending stays within the economy; and the distribution of income between employment incomes and other income (mainly profits). In essence an input-output model is a table which shows who buys what from whom in the economy.

Figure 5.1 A simple Input-Output model



5.2 Assumptions

5.2.1 Data Extrapolation

By combining data from The Facts 2011 and 2010 editions of the Exhibitions Bulletin, a full picture of the exhibitions industry was constructed. Using a topdown approach, discussions with industry stakeholders lead to a proportion of total exhibitions for which the figures contained within The Facts 2011 were applicable. The remaining exhibitions are assumed to be smaller in size (less than 2000m² in floor space³) and hence not captured in The Facts 2011. In the absence of a more recent data set, figures from the 2005 KPMG/Oxford Economics study have been applied to estimate the impact of these events, scaled to account for trends in spending, exhibitor numbers and visitor numbers.

³ In order to estimate the impact of these smaller exhibitions and in the absence of reliable data, the size of exhibitions were assumed to be normally distributed between a floor space of 100m² (a minimum threshold following consultation with stakeholders) and 2000m²

5.2.2 Venue Income and Costs

The income that a venue accrues from an event is split between rental and other (primarily catering) income. Data from the company accounts of three venues indicate that on average catering revenue is £0.29 per m² per day. A venue's rental income is set as equal to the spending on space rental by event organisers.

The GVA values associated with hosting an event were calculated as a proportion of income. This data was obtained from the ONS Input-Output Tables for the UK 2005, and indicates that 63% of income is translated into GVA.

5.2.3 Event Organiser Income and Costs

A survey of seven major UK event organisers provided information on the spending breakdown for an average exhibition.

Table 5.1 Event organiser spending

Event Organiser Spending					
	Public		Trade		Outdoor
	Multi-day	One Day	Multi-day	One Day	
Total expenditure per event	712,727	6,433	895,978	9,383	1,376,441
<i>Of which...</i>					
Rental	19%	19%	35%	35%	19%
Feature Build, Utilities, Carpeting & Furniture	22%	22%	19%	19%	22%
Marketing inc reg systems	23%	23%	25%	25%	23%
Staff Costs	26%	26%	18%	18%	26%
Other	10%	10%	3%	3%	10%

Source: Vivid Interface survey; Oxford Economics

The level of income that an organiser receives per event was estimated using the same assumptions as used in the 2005 KPMG/Oxford Economics study, based on knowledge of spending on space rental by exhibitors.

Table 5.3 Event organiser income

Organiser Average Income per Event		
	Public	Trade
Space Rental	74%	86%
Other (i.e. admission fees, sponsorship)	26%	14%

Source: KPMG/Oxford Economics

5.2.4 Exhibitor Expenditure

Data on the level of spending that each exhibitor undertakes per exhibition is drawn from the survey of 85 exhibitors conducted for this study.

Table 5.4 Exhibitor spending (per event)

Exhibitor Spending					
	Public		Trade		Outdoor
	Multi-day	One Day	Multi-day	One Day	
Total expenditure per event (£)	10,340	591	13,215	618	10,340
<i>Of which...</i>					
Rent	49%	49%	37%	37%	49%
Design and build	10%	10%	27%	27%	10%
Additional Staff fees in travel and accommodation	19%	19%	13%	13%	19%
Marketing and sales	15%	15%	15%	15%	15%
Furniture and materials inc electricity	7%	7%	8%	8%	7%

Source: Vivid Interface survey; Oxford Economics

5.2.5 Visitor Assumptions

In this analysis three assumptions are made concerning the visitors to exhibitions.

First, assumptions of the origin of visitors are drawn from IPS and UKTS data, coupled with Oxford Economics calculations.

Table 5.5 Exhibition visitor origin

Exhibition Visitor Origin		
	Public	Trade
Regional	40%	39%
Other UK	54%	53%
International	6%	8%

Source: ONS; VisitBritain; Oxford Economics

Second, data are drawn from IPS and UKTS data regarding the average number of nights a visitor stays at an exhibition.

Table 5.6 Average number of nights stay by visitors

Average visitor stay	
	Number of Nights
Regional	-
Other UK	2.32
International	3.68

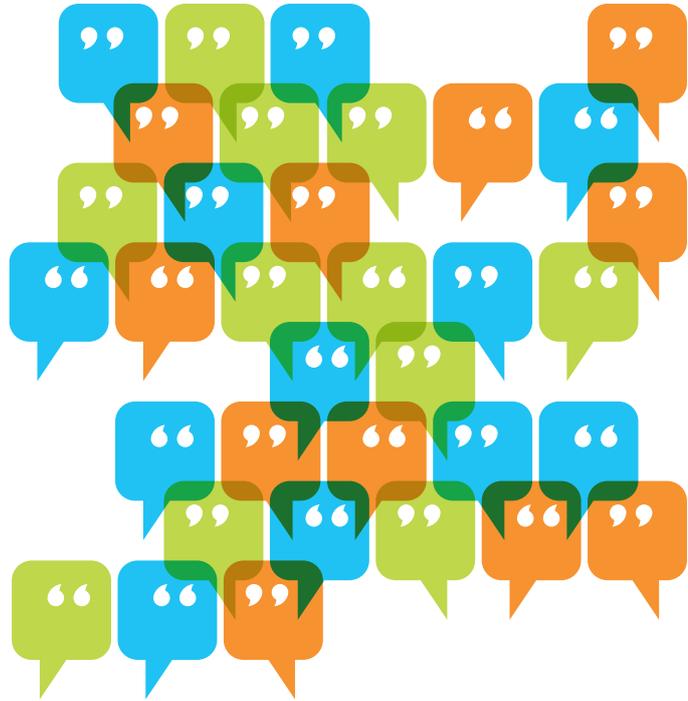
Source: ONS; VisitBritain; Oxford Economics

Finally, an assumption is made about the level of daily spending, and the spending profile, of each visitor to an exhibition. For this data were drawn from the IPS and UKTS, as well as Oxford Economics' own calculations.

Table 5.7 Average daily spending by visitors by exhibition type

Average Visitor Spending						
	Regional Visitor	Public Exhibitions Other UK Visitor	International Visitor	Regional Visitor	Trade Exhibitions Other UK Visitor	International Visitor
Total expenditure per event (£)	13	62	74	21	91	225
<i>Of which...</i>						
Accommodation	0%	39%	48%	0%	48%	48%
Travel	25%	15%	29%	47%	29%	29%
Food/ Drink	36%	22%	16%	26%	16%	16%
Entertainment	14%	9%	3%	5%	3%	3%
Shopping	25%	15%	5%	7%	5%	5%

Source: ONS; VisitBritain; Oxford Economics



If you have a question, thoughts,
comments or opinions on this
FaceTime study and the wider
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