

Convention Delegate Survey

Year ending June 2011

Prepared for

Conventions and Incentives New Zealand
Tourism Strategy Group, MED
Convention Bureaux New Zealand

Authorship

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Executive Summary

This report presents data from the second year of the Convention Delegate Survey (CDS). The CDS is the 'demand-side' component of the Convention Research Programme (CRP) and its purpose is to measure the economic impact of multi-day conventions in New Zealand.

The results in this report apply to the 10 regions that participate in the Convention Activity Survey (CAS), and will therefore understate national totals by a small amount. The expenditure estimates are based on a survey of 1,837 multi-day convention delegates.

The key results of the CDS for the year ending June 2011 are outlined below.

- A total of 2,528 multi-day conventions were hosted in CAS regions in the year ending 30 June 2011. These events hosted 265,970 delegates, down 5% from 281,094 in 2009/10.
- These delegates generated 794,592 visitor nights in New Zealand, down 11% from 897,346 in 2009/10. Around 75% (599,021) of these nights were spent in the region that hosted the event, and the remaining 25% (195,571) were spent in other regions.
- Domestic delegates spent an average of 3.3 nights away from home (2.7 in the host region and 0.6 in other regions), while international delegates spend an average of 7.5 nights in New Zealand (5.2 in the host region and 2.3 in other regions). Average length of stay for international delegates fell by 1.5 nights relative to 2009/10.
- Multi-day convention delegates spent a total of \$472 million in the New Zealand economy, down 4% from \$490 million in 2009/10. This includes expenditure on international airfares that is likely to have accrued to the New Zealand economy. Domestic delegates accounted for \$179 million (38%) of this total, local delegates \$66 million (14%) and international visitors \$226 million (48%).
- On average each international delegate spent a total of \$3,335 in New Zealand, down 4% from \$3,476 in 2009/10. If international airfares are included spend per delegate fell 2% from \$4,212 to \$4,119. Spend per domestic delegate rose 4% to \$1,546 while spend per local delegate fell 9% to \$697.
- International delegates spent an average of \$447 per night in New Zealand, up 16% from \$386 in 2009/10. If international airfares are included spend per night increased 18% from \$468 to \$552. This shift is mainly attributable to the shorter average length of stay relative to 2009/10.
- Domestic delegates spent an average of \$467 per night, up 3% from \$453 in 2009/10.
- The \$472 million of expenditure by multi-day convention delegates on all goods and services in New Zealand (including international airfares) contributed around \$463 million to national GDP in the year ending June 2011, comprising a direct impact of \$183 million and an indirect/induced impact of \$280 million. Total contribution to GDP is down 5% from \$486 million in 2009/10.

1 Introduction

The Convention Research Programme (CRP) was established in 2009 through a partnership between Conventions and Incentives New Zealand (CINZ), the Tourism Strategy Group, Ministry of Economic Development (previously Ministry of Tourism) and Convention Bureaux New Zealand. The objectives of the CRP are to:

1. Monitor convention activity in New Zealand; and
2. Estimate the contribution multi-day conventions make to the New Zealand economy.

Activity levels are monitored through the Convention Activity Survey (CAS) which is an online benchmarking programme involving more than 100 professional convention venues in the following 10 regions:

- Auckland
- Rotorua
- Taupo
- Hawke's Bay
- Manawatu
- Wellington
- Nelson
- Canterbury
- Queenstown
- Dunedin

The Convention Delegate Survey (CDS) collects profile and expenditure information from a sample of local, domestic and international multi-day convention delegates through an online survey. A link to the survey is emailed to delegates post-event by the event organiser.

The survey has been aligned as closely as possible with existing tourism surveys such as the International Visitor Survey (IVS) and the Domestic Travel Survey (DTS). A total of 1,837 delegates who attended a multi-day convention between 1 July 2010 and 30 June 2011 completed the CDS.

The economic contribution of multi-day conventions has been estimated by weighting the CDS expenditure data up to the population of multi-day convention delegates. The population of local and domestic delegates is derived from the CAS, and the population of international delegates is derived from International Visitor Arrival data provided by Statistics New Zealand.

The expenditure for local and domestic delegates has been scaled up to the population of the 10 CAS regions, rather than the national total which is currently unknown. The results in this report will therefore understate the national totals for these segments by a small amount. The CDS results for international visitors have been scaled up to the population of international visitors that reported conference/convention as their main reason or visiting New Zealand on their arrival card.

This report presents the results of the CDS for the year ending June 2011.

2 Summary of Results

2.1 Delegate Activity

According to the CAS, a total of 2,528 multi-day conventions were hosted in CAS regions in the year ending 30 June 2011. These events involved 265,970 delegates, including 94,954 (36%) who travelled less than 40km to attend the event (local), 116,033 (44%) who travelled more than 40km within New Zealand (domestic) and 54,983 (21%) who travelled from overseas (international).

Table 1 Number of delegates attending multi-day conventions in CAS regions

	Count
Multi-day conventions	2,528
Multi-day convention delegates	265,970
Local	94,954
Domestic	116,033
International	54,983

Source: Convention Activity Survey & International Visitor Arrival Cards

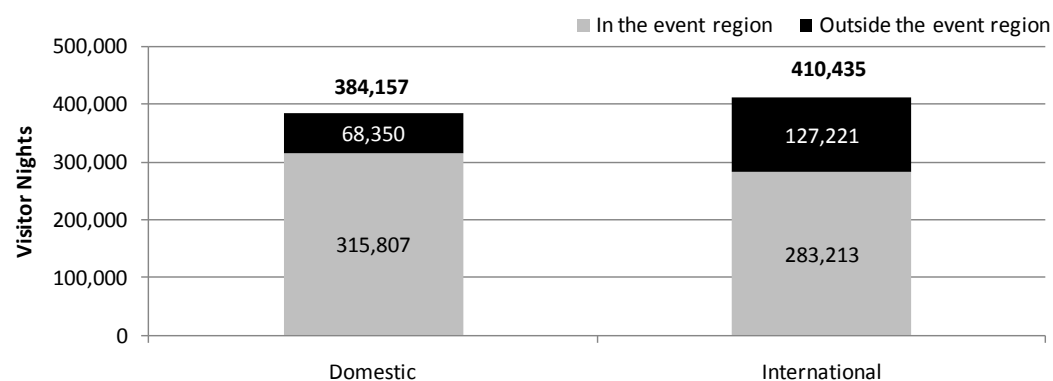
The 265,970 delegates that attended multi-day conventions in CAS regions generated 794,592 visitor nights in New Zealand, comprising 384,157 (48%) by domestic visitors and 410,435 (52%) by international visitors. Around 75% (599,021) of these visitor nights were spent in the region hosting the event, with the remaining 25% (195,571) spent in other regions before and/or after the event.

Table 2 Visitor nights generated by CAS multi-day convention delegates

	Local	Domestic	International	Total	Share
In the event region	-	315,807	283,213	599,021	75%
Outside the event region	-	68,350	127,221	195,571	25%
Total	-	384,157	410,435	794,592	100%
Share	-	48%	52%		

Source: Convention Activity Survey, Convention Delegate Survey & International Visitor Arrival Cards

Figure 1 Visitor nights generated by CAS multi-day convention delegates



Source: Convention Activity Survey, Convention Delegate Survey & International Visitor Arrival Cards

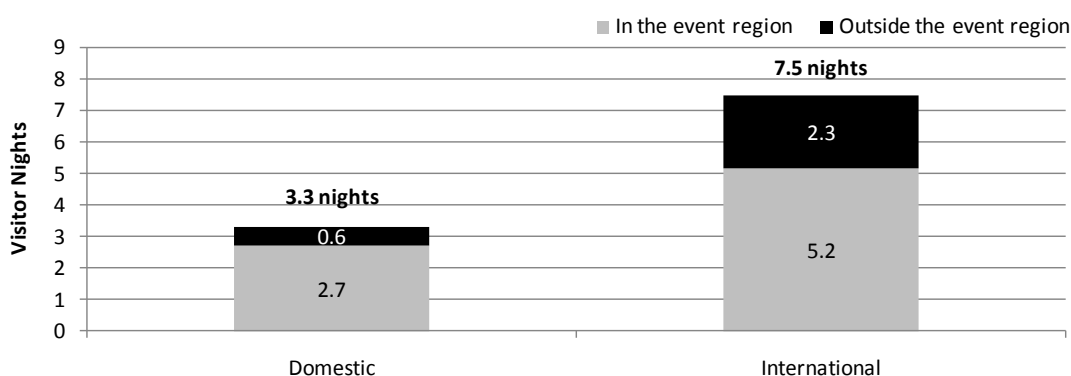
Domestic delegates who travelled more than 40km to attend a multi-day convention in a CAS region spent an average of 3.3 nights away from home (2.7 in the host region and 0.6 in other regions), while international delegates spend an average of 7.5 nights in New Zealand (5.2 in the host region and 2.3 in other regions).

Table 3 Average number of visitor nights generated by CAS multi-day convention delegates

	Local	Domestic	International
In the event region	-	2.7	5.2
Outside the event region	-	0.6	2.3
Total	-	3.3	7.5

Source: Convention Delegate Survey

Figure 2 Average number of visitor nights generated by CAS multi-day convention delegates



Source: Convention Delegate Survey

2.2 Delegate Expenditure

Delegates who attended multi-day conventions in CAS regions in the year ending June 2011 spent a total of \$472 million in the New Zealand economy, including GST and international airfares that are likely to have accrued to the New Zealand economy. The main components of this expenditure were:

- \$188 million on registration fees, the majority of which is likely to accrue to the host region.
- \$158 million by delegates on goods & services in the host region, including \$60 million by domestic visitors and \$88 million by international visitors.
- \$45 million of tourism expenditure by delegates in other regions before or after the event, including \$10 million by domestic visitors and \$35 million by international visitors.
- \$38 million on domestic airfares and \$43 million on international airfares purchased from Air New Zealand.

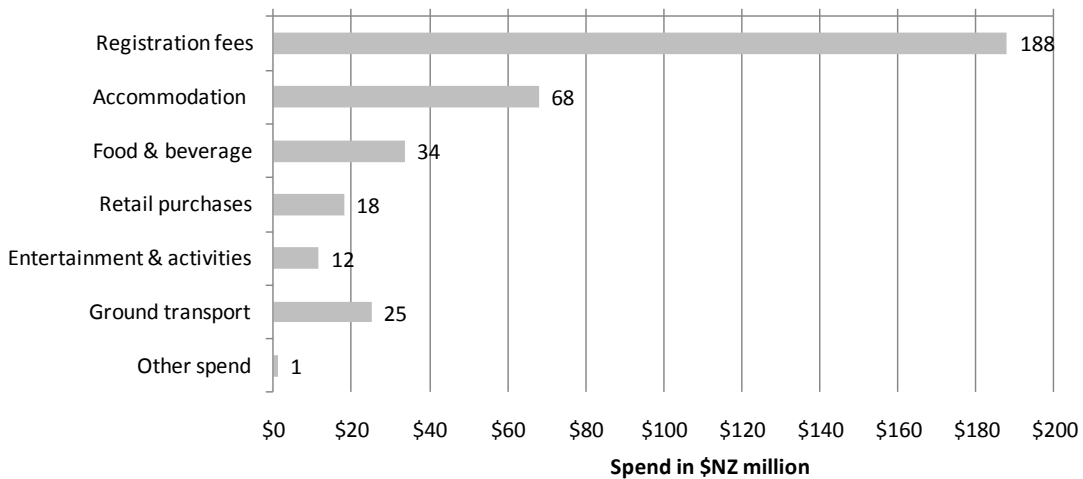
Table 4 Total Spend in New Zealand by CAS multi-day convention delegates (\$NZm including GST)

	Local	Domestic	International	Total	Share
Delegate spend in event region	\$66.16	\$138.02	\$141.44	\$345.62	73%
Registration fees	\$56.54	\$77.74	\$53.67	\$187.95	40%
Accommodation	\$0.86	\$30.38	\$36.74	\$67.97	14%
Food & beverage	\$3.48	\$12.34	\$17.82	\$33.64	7%
Retail purchases	\$0.00	\$6.18	\$11.90	\$18.09	4%
Entertainment & activities	\$0.20	\$3.06	\$8.43	\$11.70	2%
Ground transport	\$5.00	\$7.75	\$12.34	\$25.09	5%
Other spend	\$0.08	\$0.57	\$0.54	\$1.19	0%
Other spend by delegates	-	\$41.41	\$85.04	\$126.45	27%
Spend in other regions	-	\$10.15	\$34.74	\$44.89	10%
Domestic airfares	-	\$31.27	\$7.17	\$38.43	8%
International airfares*	-	-	\$43.14	\$43.14	9%
Total (excl. international airfares)	\$66.16	\$179.44	\$183.34	\$428.94	91%
Total (incl. international airfares)	\$66.16	\$179.44	\$226.48	\$472.08	100%
Share	14%	38%	48%	100%	

Source: Convention Activity Survey & Convention Delegate Survey

* Only includes expenditure on airfares that is likely to have accrued to the New Zealand economy

Figure 3 Total spend in New Zealand by CAS multi-day convention delegates (\$NZm incl. GST)



Source: Convention Activity Survey & Convention Delegate Survey

Delegates attending a multi-day convention in a CAS region spent the following average amounts in New Zealand:

- Locals \$697
- Domestic visitors \$1,546
- International visitors \$3,335 (\$4,119 including international airfares)

Table 5 Average spend in New Zealand per CAS multi-day convention delegate (incl. GST)

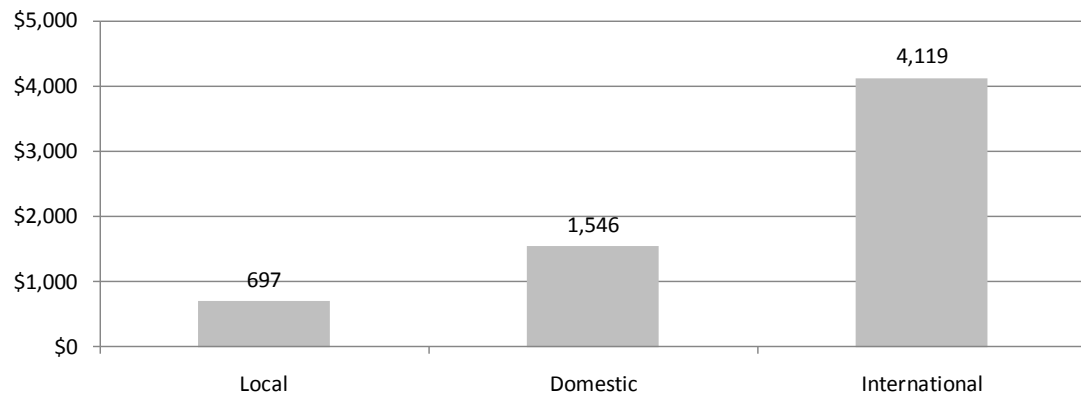
	Local	Domestic	International
Delegate spend in event region	\$696.74	\$1,189.53	\$2,572.45
Registration fees	\$595.43	\$670.01	\$976.04
Accommodation	\$9.01	\$261.80	\$668.17
Food & beverage	\$36.61	\$106.37	\$324.12
Retail purchases	\$0.03	\$53.28	\$216.48
Entertainment & activities	\$2.15	\$26.38	\$153.40
Ground transport	\$52.69	\$66.77	\$224.46
Other spend	\$0.82	\$4.92	\$9.78
Other spend by delegates	\$0.00	\$356.91	\$1,546.69
Tourism spend in other regions	-	\$87.45	\$631.80
Domestic airfares	-	\$269.46	\$130.32
International airfares*	-	-	\$784.57
Total (excl. international airfares)	\$696.74	\$1,546.44	\$3,334.57
Total (incl. international airfares)	\$696.74	\$1,546.44	\$4,119.14

Source: Convention Delegate Survey

* Only includes expenditure on airfares purchased from Air New Zealand

Note: Spend on international airfares is calculated as purchases from Air New Zealand divided by total international delegates. If expenditure accruing to all countries is included the average spend on international airfares is \$1,772 per delegate.

Figure 4 Average spend in NZ per CAS multi-day convention delegate (incl. GST)



Source: Convention Delegate Survey

On average delegates attending multi-day conventions in CAS regions spent the following amounts per night, excluding international airfares (which are generally excluded from average spend calculations):

- Domestic visitors - \$437 in the host region; \$148 in other regions visited during their trip; \$81 on domestic airfares; \$467 across their entire trip.
- International visitors - \$499 in the host region; \$273 in other regions visited during their trip; \$17 on domestic airfares; \$447 across their entire trip.

Note that average expenditure on domestic and international airfares is calculated as total expenditure divided by total delegates. Not all delegates consume domestic flights; hence the average spend on domestic airfares is lower than the average amount spent by delegates who consume flights. Only spend that is likely to accrue to the New Zealand economy is included in the international airfares figure.

Locals do not generate additional visitor nights and are therefore excluded from this measure.

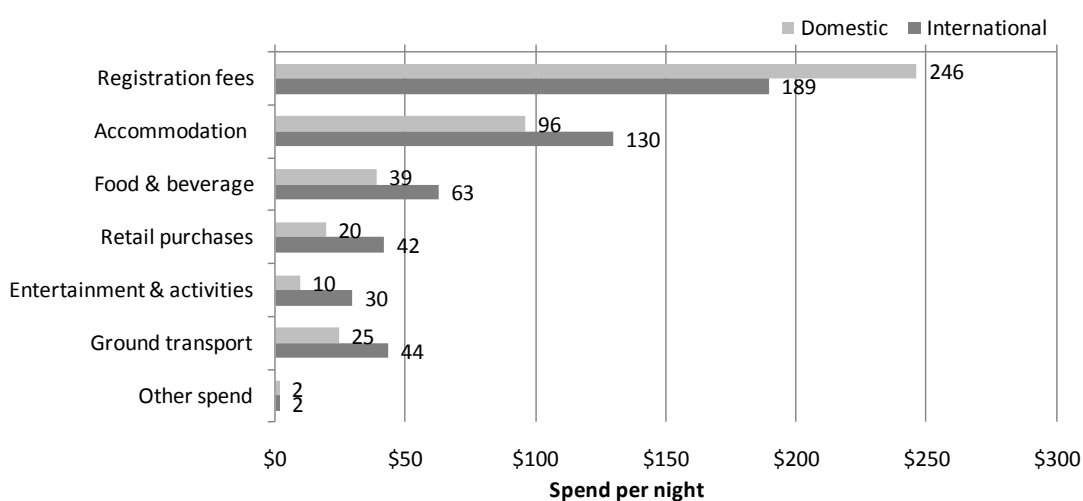
Table 6 Average spend in New Zealand per night by CAS multi-day convention delegates (incl. GST)

	Denominator	Domestic	International
Delegate spend in event region		\$437.05	\$499.41
Registration fees	Nights in host region	\$246.17	\$189.49
Accommodation	Nights in host region	\$96.19	\$129.72
Food & beverage	Nights in host region	\$39.08	\$62.92
Retail purchases	Nights in host region	\$19.58	\$42.03
Entertainment & activities	Nights in host region	\$9.69	\$29.78
Ground transport	Nights in host region	\$24.53	\$43.58
Other spend	Nights in host region	\$1.81	\$1.90
Spend in other regions	Nights in other regions	\$148.46	\$273.05
Domestic airfares	Total nights	\$81.39	\$17.46
International airfares*	Total nights		\$105.10
Total (excl. international airfares)	Total nights	\$467.09	\$446.71
Total (incl. international airfares)	Total nights	\$467.09	\$551.81

Source: Convention Delegate Survey

* Only includes expenditure on airfares purchased from Air New Zealand

Figure 5 Average spend per night in host region by CAS multi-day convention delegates (incl. GST)



Source: Convention Delegate Survey

2.3 Contribution to GDP

The economic contribution of multi-day conventions hosted in CAS regions has been estimated by applying direct, indirect and induced GDP multipliers to the delegate spend estimates presented above. Note that the delegate spend figures include GST, which is consistent with the reporting of expenditure data in the DTS and IVS. The GDP multipliers have therefore been reduced by 15% to account for this.

Based on this analysis it is estimated that the \$472 million of expenditure by multi-day convention delegates in New Zealand contributed around \$463 million to national GDP in the year ending June 2011, comprising a direct impact of \$183 million and an indirect/induced impact of \$280 million.

Table 7 Contribution of CAS multi-day conventions to national GDP in the year ending June 2011

	Delegate Spend (\$NZm)	GDP multipliers		Contribution to GDP (\$NZm)		
		Direct	Indirect & induced	Direct	Indirect & induced	Total
Delegate spend in host region	\$345.62	0.41	0.63	\$141.26	\$217.25	\$358.52
Registration fees	\$187.95	0.44	0.65	\$81.86	\$121.96	\$203.82
Accommodation	\$67.97	0.39	0.56	\$26.58	\$38.06	\$64.65
Food & beverage	\$33.64	0.29	0.69	\$9.87	\$23.32	\$33.19
Retail purchases	\$18.09	0.44	0.60	\$7.88	\$10.77	\$18.65
Entertainment & activities	\$11.70	0.33	0.64	\$3.85	\$7.49	\$11.34
Ground transport	\$25.09	0.43	0.60	\$10.71	\$14.94	\$25.65
Other spend	\$1.19	0.44	0.60	\$0.52	\$0.71	\$1.22
Other spend by delegates	\$126.45	0.33	0.50	\$41.56	\$62.71	\$104.27
Tourism spend in other regions	\$44.89	0.38	0.61	\$16.91	\$27.18	\$44.09
Domestic airfares	\$38.43	0.30	0.44	\$11.61	\$16.74	\$28.35
International airfares*	\$43.14	0.30	0.44	\$13.04	\$18.79	\$31.83
Total delegate spend	\$472.08	0.39	0.59	\$182.82	\$279.96	\$462.79

Source: Convention Delegate Survey & Covec

* Only includes expenditure on airfares purchased from Air New Zealand

Note on direct, indirect and induced impacts

Industries that produce goods and services generally purchase products, raw materials and services from other companies to create their product. These suppliers must also procure goods and services; hence the initial transaction generates subsequent transactions that could affect many different industries.

There are three types of effects measured with a multiplier: the direct, the indirect, and the induced effects.

Direct effects take place only in the industry immediately affected e.g. if a hotel sells \$100,000 worth of accommodation the direct impact is the value that is added to the economy by that hotel i.e. \$100,000 less the purchases of goods and services required to meet that demand.

Indirect effects concern inter-industry transactions - to service an additional \$100,000 of demand the hotel must purchase goods and services from other businesses e.g. cleaning and laundry services (assuming these services are not provided in-house), utilities, commissions etc. These suppliers may in turn need to purchase goods and services from other businesses; hence the initial transaction may result in quite a large number of transactions back through the supply chain.

Induced effects measure the effects of the changes in household income caused by the direct and indirect effects. For example, the increase in demand for hotel rooms is likely to lead to growth in household income due to new employees being hired to meet the demand and/or existing employees working longer hours. The resulting increase in income is likely to stimulate an increase in household expenditure, which would start another chain of direct, indirect and induced effects through the businesses that households purchase goods and services from.

2.4 Change in weighting methodology

The 2009/10 expenditure data were weighted to the population of local, domestic and international multi-day convention delegates as measured by the CAS. However, recent analysis suggests that the CAS systematically undercounts international delegates. Two alternative data sources are:

- The International Visitor Survey (IVS) which is a survey of 5,200 departing international visitors each year. The IVS captures data from around 120 international convention delegates each year.
- International Visitor Arrival (IVA) cards which list conference/convention as a purpose of travel.

These two data sources both suggest that New Zealand hosted around 53,000 international convention delegates in the year ending June 2011. Furthermore, there is broad alignment between the IVS and IVA estimates of convention delegates over time. Based on this alignment, and the issues affecting the CAS estimates, the IVA count of convention delegates has been used as the population weight for the 2010/11 expenditure data. This weighting methodology has been applied retrospectively to the 2009/10 data to enable valid comparison between the two periods.

2.5 Comparison with 2009/10 results

The number of delegates attending multi-day conventions in CAS regions fell by 5% from 281,094 in 2009/10 to 265,970 in 2010/11. This fall, combined with a shorter average length of stay for international delegates, caused an 11% reduction in visitor nights.

Total delegate expenditure (including international airfares) fell by 4% or \$18 million from \$490 million to \$472 million, and the contribution to GDP fell 5% from \$486 million to \$463 million.

Table 8 Comparison of aggregates with 2009/10 results

	2009/2010	2010/2011	Change	% Change
Number of Delegates				
Local	100,124	94,954	-5,170	-5%
Domestic	128,137	116,033	-12,104	-9%
International	52,833	54,983	2150	4%
Total	281,094	265,970	-15,124	-5%
Visitor Nights				
Local	n/a	n/a	n/a	n/a
Domestic	421,686	384,157	-37,529	-9%
International	475,660	410,435	-65,225	-14%
Total	897,346	794,592	-102,754	-11%
Total Spend (\$NZ millions)				
Local	\$76.85	\$66.16	-\$10.69	-14%
Domestic	\$190.90	\$179.44	-\$11.46	-6%
International (excl. international airfares)	\$183.64	\$183.34	-\$0.29	0%
International (incl. international airfares)	\$222.53	\$226.48	\$3.95	2%
Total (excl. international airfares)	\$451.38	\$428.94	-\$22.44	-5%
Total (incl. international airfares)	\$490.27	\$472.08	-\$18.20	-4%
Contribution to GDP (\$NZ millions)				
Direct	\$191.76	\$182.82	-\$8.94	-5%
Indirect & induced	\$294.71	\$279.96	-\$14.75	-5%
Total	\$486.47	\$462.79	-\$23.69	-5%

Source: Convention Delegate Survey & Covec

Spend per delegate and spend per night both increased for domestic delegates in 2010/11, while spend per delegate decreased for locals and international visitors. However, spend per night increased by 16% or \$61 for international delegates due to a shorter average length of stay (excluding international airfares).

Table 9 Comparison of ratios with 2009/10 results

	2009/2010	2010/2011	Change	% Change
Visitor nights per delegate				
Local	n/a	n/a	n/a	n/a
Domestic	3.3	3.3	0.0	1%
International	9.0	7.5	-1.5	-17%
Spend per delegate				
Local	\$767.53	\$696.74	-\$70.79	-9%
Domestic	\$1,489.80	\$1,546.44	\$56.64	4%
International (excl. international airfares)	\$3,475.76	\$3,334.57	-\$141.20	-4%
International (incl. international airfares)	\$4,211.91	\$4,119.14	-\$92.77	-2%
Spend per night				
Local	n/a	n/a	n/a	n/a
Domestic	\$452.70	\$467.09	\$14.39	3%
International (excl. international airfares)	\$386.06	\$446.71	\$60.64	16%
International (incl. international airfares)	\$467.83	\$551.81	\$83.98	18%

Source: Convention Delegate Survey & Covec