

ECONOMIC IMPACT OF CONVENTIONS AND TRADE SHOWS IN CALIFORNIA

OCTOBER 2020



EXECUTIVE SUMMARY

SCOPE OF RESEARCH

To quantify the economic significance of conventions and trade shows in California, Oxford Economics has prepared a comprehensive model of convention and trade show related spending that references current industry data and Oxford Economics' previous study, "Economic Significance of Meetings to the US Economy", which was released in February 2018 and showed the scope of the US meetings sector in terms of direct spending and jobs, as well as the total impacts of meetings in the broader economy.

For this analysis, Oxford Economics took the following steps:

- 1 Estimated direct spending impacts related to conventions and trade shows in California in 2019. The estimates of direct spending and convention/trade show characteristics in this analysis represent California's share of national activity.
- 2 Analyzed the overall economic impacts of conventions and trade shows in California in terms of output (business spending), jobs, labor income, GDP (gross domestic product), and fiscal (tax) impacts using an IMPLAN input-output model.
- 3 Estimated losses in conventions- and trade shows-related direct spending and total economic impacts attributable to COVID19 through July 2020 and forecasts of losses through December 2020.

DEFINITIONS

What qualifies as a convention/trade show?

Similar to Oxford Economics' 2016 study, "Economic Significance of Meetings to the US Economy", conventions are defined as follows:

- A gathering of a minimum of four hours in a contracted venue, excluding social, educational, and recreational activities, as well as consumer meetings
- Conventions, conferences, and congresses (without exhibit floor)
- Trade shows (including conventions, conferences and congresses with exhibit floor)

What are the main components of economic impact?

Direct impacts consist of the direct spending and jobs that are directly involved in planning and producing conventions and trade shows, and for participants and exhibitors to travel to conventions and trade shows, as well as other convention- and trade show-related spending.

Indirect impacts represent downstream supplier industry impacts, also referred to as supply chain impacts. For example, the facilities at which conventions and trade shows occur require inputs such as energy and food ingredients. Also, many convention and trade show venues contract with specialized service providers, such as marketing, equipment upkeep, cleaning, technology support, accounting, and legal and financial services. These are examples of indirect impacts.

Induced impacts occur as employees spend their wages and salaries in the broader economy. For example, as hotel employees spend money on rent, transportation, food and beverage, and entertainment.

Impacts are expressed in terms of economic **output**, which includes all business sales, **GDP** (gross domestic product), which is defined as business sales less intermediate inputs, and **jobs**.

CONVENTION/TRADE SHOW VOLUME AND DIRECT SPENDING

This section summarizes the size and scope of the conventions/trade shows industry in California.

Conventions/trade shows direct spending represents spending directly incurred in the planning and production of conventions and trade shows, travel to conventions/trade shows, and accompanying conventions and trade shows-related activities. As a basic description this includes spending by participants to attend the convention/trade show (e.g. travel and registration), organizer-paid travel, spending by exhibitors (e.g. sponsorships, exhibit production, off-site events), spending by organizers and hosts, and certain other conventions/trade shows-related spending.

Conventions/trade shows direct spending provides the clearest measure of the economic significance of conventions and trade shows because it captures the full scope of services and goods directly provided by a range of industries. For this reason, much of our summary analysis focuses on meetings direct spending and the number of meeting participants.

We estimated conventions/trade shows direct spending and the number of participants across two key dimensions:

- **Type of convention/trade show:** Conventions, conferences, and congresses (without exhibit floor) and trade shows (including conventions, conferences and congresses with exhibit floor)
- **Participant origin:** Local, domestic day, domestic overnight, and international.

Additionally, we analyzed conventions/trade shows direct spending in terms of the services and goods (commodities) purchased, for example, the amounts spent on travel, food and beverage, and venue rental; and certain expenditure categories (e.g. revenue sources).

Definition of a convention/trade show

- **Conventions/trade shows** include conventions, conferences, and congresses (without exhibit floor) and trade shows (including conventions, conferences and congresses with exhibit floor)
- Conventions/trade shows **exclude** social activities (wedding receptions, holiday parties, etc.), permanently established formal educational activities (primary, secondary or university level education), purely recreational activities (such as concerts and shows of any kind), political campaign rallies, or gatherings of consumers by a company for the purpose of presenting specific goods or services for sale (consumer shows, product launches to consumers).

THE ECONOMIC VALUE OF CONVENTIONS & TRADE SHOWS

Economic impacts of conventions and trade shows in California in 2019

 **12.9 mn**
participants
Including international and domestic meeting participants


DIRECT IMPACTS (2019)


 **\$22.5 bn**
Direct spending
Representing spending by convention/trade show visitors and business-related spending by convention/trade show organizers and exhibitors.


 **\$0.9 bn**
Direct state and local taxes
Including sales tax, personal income tax, corporate tax, and property tax

 **155,000**
Direct jobs
Jobs directly supported by conventions and trade shows in California

TOTAL IMPACTS (2019)

 **\$ 43.6 bn**
Total output (business sales)
including direct, indirect, and induced output (business sales)

 **\$1.8 bn**
Total state and local taxes
including direct, indirect, and induced state and local taxes

 **267,000**
Total jobs
directly and indirectly supported by conventions and trade shows in California

DIRECT LOSSES OF CONVENTIONS & TRADE SHOWS

Economic losses of conventions & trade shows in 2020 attributable to COVID-19

CONVENTIONS & TRADE SHOWS (2020)



-\$16.9 bn

Lost direct spending

Representing losses in spending by conventions/trade shows visitors and business-related spending by organizers and exhibitors.



-\$7.0 bn

Lost GDP (value added)

Gross domestic product or gross value added (GVA)



-117,000

Direct jobs lost

Jobs directly supported by meetings in California

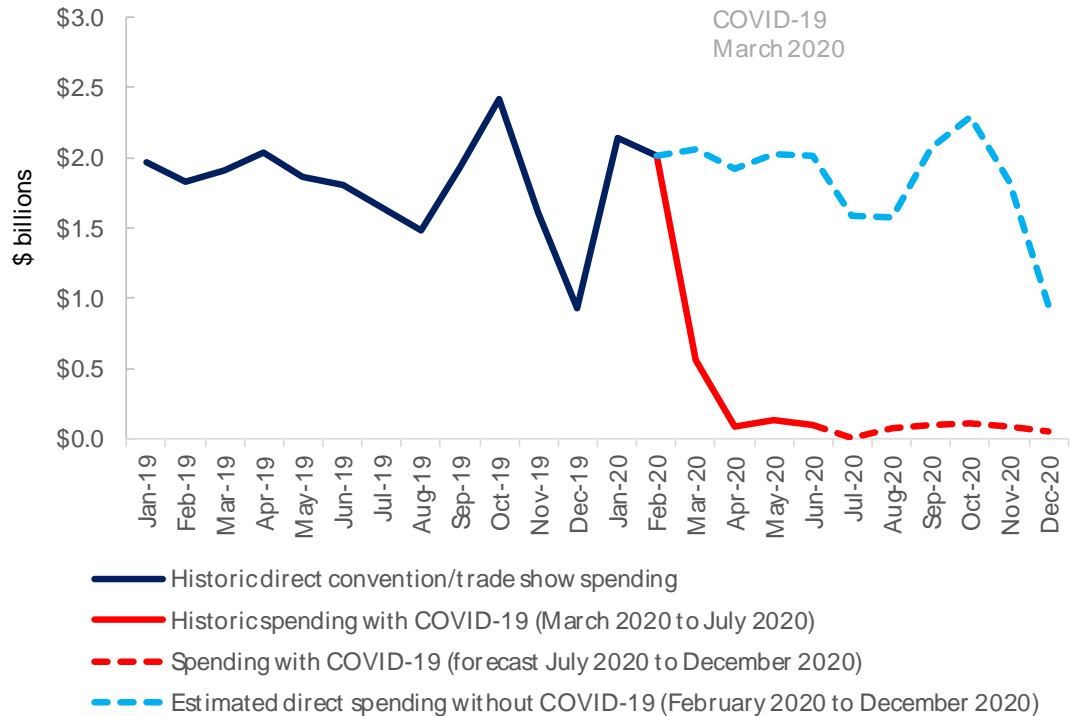
- Conventions are booked 3 to 15 years in advance, so it is critical to preserve booked business and protect potential business for the future.
- Conventions begin the logistics planning process 12 to 18 months in advance, making an understanding of future protocols essential.

ECONOMIC LOSSES

The direct economic contribution of conventions and trade shows to the California economy will be reduced by \$16.9 billion in spending in 2020 due to COVID-19, representing a -75% loss compared to spending levels in 2019.

Monthly convention/trade show direct spending with and without COVID -19 impacts

(\$ billions)



For every month that conventions and trade shows are paused in California, the state economy will lose an average of:

- \$1.4 billion in spending
- \$2.7 billion in economic output (business sales)
- \$130 million in state and local taxes

Note: Direct spending estimates with and without COVID-19 for January 2019 through February 2020 are based on historic data. Direct spending estimates with and without COVID-19 for March 2020 through December 2020 are forecasts from Oxford Economics

ABOUT OXFORD ECONOMICS

Oxford Economics was founded in 1981 as a commercial venture with Oxford University's business college to provide economic forecasting and modelling to UK companies and financial institutions expanding abroad. Since then, we have become one of the world's foremost independent global advisory firms, providing reports, forecasts and analytical tools on 200 countries, 100 industrial sectors and over 3,000 cities.

Headquartered in Oxford, England, with regional centres in London, New York, and Singapore, Oxford Economics has offices across the globe. We employ over 200 full-time people, including more than 130 professional economists, industry experts and business editors—one of the largest teams of macroeconomists and thought leadership specialists.