

# ECONOMIC IMPACT OF MEETINGS IN CALIFORNIA

OCTOBER 2020



# EXECUTIVE SUMMARY

# SCOPE OF RESEARCH

To quantify the economic significance of the meetings sector in California, Oxford Economics has prepared a comprehensive model of meetings-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 meetings in California in 2019. The estimates of meetings direct spending and meeting characteristics in this analysis represent California's share of national activity.
- 2 Analyzed the overall economic impacts of meetings 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 meetings-related direct spending and total economic impacts attributable to COVID19 through July 2020 and forecasts of losses through December 2020.

# OVERVIEW OF CALIFORNIA MEETINGS VOLUME AND DIRECT SPENDING

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

Meetings direct spending provides the clearest measure of the economic significance of meetings 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 meetings direct spending and the number of meetings participants across two key dimensions:

- **Type of meeting:** Corporate/business, incentive meeting, and other meetings.
- **Participant origin:** Local, domestic day, domestic overnight, and international.

Additionally, we analyzed meetings 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 meeting

For the purpose of this study, the term “meeting” refers to a gathering of 10 or more participants for a minimum of four hours in a contracted venue.

- **Meetings** include corporate and business meetings, incentive meetings, and other meetings.
- Meetings **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).

# DEFINITIONS

## What qualifies as a meeting?

Meetings are defined as follows:

- A gathering of 10 or more participants for a minimum of four hours in a contracted venue.
- This includes business meetings, but excludes social, educational, and recreational activities, as well as consumer meetings.

The analysis includes the following types of meetings:

- Corporate and business meetings
- Incentive meetings
- Other meetings
- This *includes* business meetings, but *excludes* social, educational, and recreational activities, as well as consumer meetings.

## 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 meetings, and for participants and exhibitors to travel to meetings, as well as other meeting-related spending.

**Indirect impacts** represent downstream supplier industry impacts, also referred to as supply chain impacts. For example, the facilities at which meetings occur require inputs such as energy and food ingredients. Also, many meeting 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**.

# THE ECONOMIC VALUE OF MEETINGS

Economic impacts of corporate/business meetings, incentive meetings, and other meetings in California in 2019

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


## DIRECT IMPACTS (2019)


 **\$43.6 bn**  
**Direct spending**  
representing spending by exhibition visitors and business-related spending by exhibition organisers and exhibitors.


 **\$1.8 bn**  
**Direct state and local taxes**  
Including sales tax, personal income tax, corporate tax, and property tax

 **302,000**  
**Direct jobs**  
Jobs directly supported by California's meeting industry

## TOTAL IMPACTS (2019)

 **\$ 84.6 bn**  
**Total output (business sales)**  
including direct, indirect, and induced output (business sales)

 **\$3.4 bn**  
**Total state and local taxes**  
including direct, indirect, and induced state and local taxes

 **517,000**  
**Total jobs**  
directly and indirectly supported by California meetings

# DIRECT LOSSES OF MEETINGS

Economic losses of meetings in 2020 attributable to COVID-19

## IMPACT OF LOSS OF MEETINGS - 2020



**-\$32.8 bn**

### Lost direct spending

Representing losses in spending by meetings visitors and business-related spending by meeting organizers and exhibitors.



**-\$13.5 bn**

### Lost GDP (value added)

Gross domestic product or gross value added (GVA)



**-227,000**

### Direct jobs lost

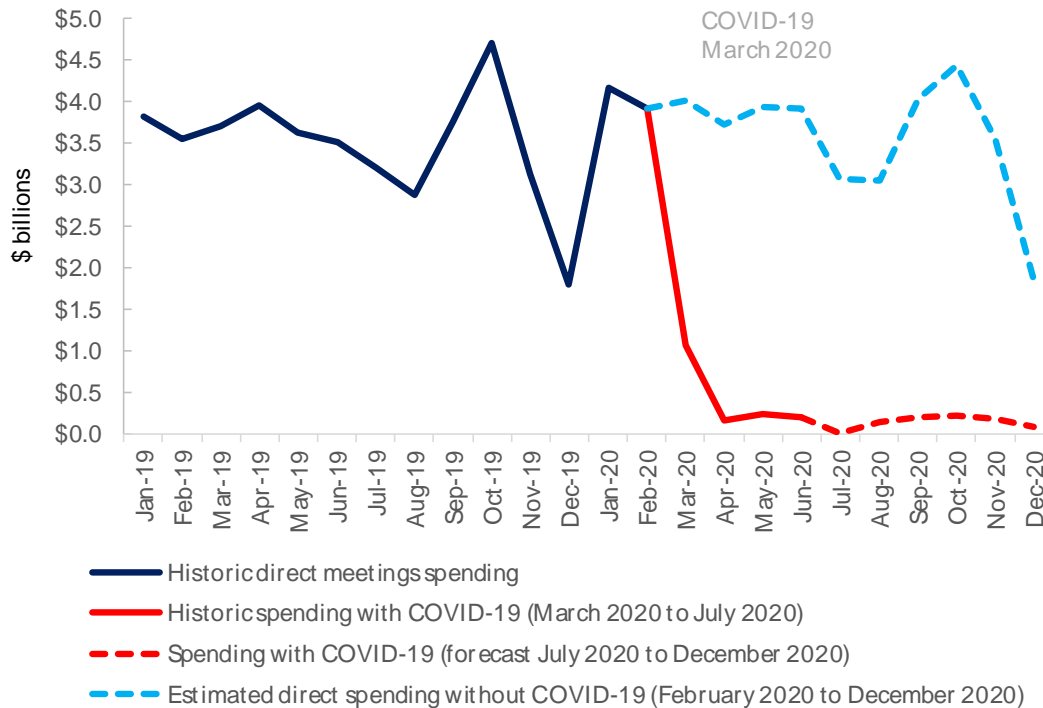
Jobs directly supported by meetings in California

- Hundreds of thousands of **employees** in California remain out of work due to loss of meetings. The business services, hospitality and food & beverage industries have experienced the largest job losses.
- Small, mid-size and large hotels and motels are impacted, effecting employees throughout **all regions of California**.

# ECONOMIC LOSS

The direct economic contribution of meetings to the California economy will be reduced by \$32.8 billion in spending in 2020 due to COVID-19, representing a **-75% loss compared** to spending levels in 2019.

**Monthly meetings direct spending with and without COVID -19 impacts**  
(\$ billions)



For **every month** that meetings are paused in California, the state economy **will lose** an average of:

- \$2.7 billion in spending
- \$5.3 billion in economic output (business sales)
- \$250 million in state and local taxes

Note: Direct spending estimates for January 2019 - February 2020 based on historic data.  
Direct spending estimates for March 2020 - 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.