Business Event Tourism in Scotland 2013

Report prepared for:

BUSINESS TOURISM FOR SCOTLAND

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Introduction

This report provides an overview of the performance conference venues in Scotland in 2013.

Volume and Value of Business Events

- In 2013, there were an estimated 118k business events at Scottish venues.
- These events accounted for an estimated 7 million delegates accounting nearly 11m delegate days. The majority of these were generated by day visitors.
- The estimated value business events to venues was £0.68bn, with a further £0.59bn spent in the wider destination. Total spend in 2013 was estimated at £1.27bn.

Conference Supply

- There are just over 400 conference and business event venues in Scotland. The majority (57%) of these are hotels . Unusual venues account for about a third of venues (33%) .
- The largest concentration of venues is in Edinburgh and Lothians (21%) and Greater Glasgow (19%).

Dimensions of the Business Events Market

Number of Events

- There was an average of 366 events per Scottish venue in 2013.
- This was above the UK average, which was 356 events.

Levels of residential / non-residential business

- The majority of conference business (69%) was visiting on day basis (i.e. non-staying).
- Under a third of event business stayed overnight – this was slightly more likely to be staying in the venue itself (20%) than staying elsewhere in the area (11%).
- The Scottish pattern was similar to the UK average.

Event Duration

- The average event duration was 1.6 days, with most events (65%) up to lasting a day.
- Event length varied from 1.5 days for non-residential events to 2.0 days for residential events.
- Event duration was the same as the UK average.

Delegate Rates

- The average daily delegate rate achieved by venues for events was £38 (inc VAT) and the average 24 hour / residential rate was £145.

Type of event organisation

- The corporate sector accounted for the largest share of events in Scotland (54%).
- The next most significant group was the government and the public sector (28%). Associations accounted for 18% of the market.

Use of Professional Conference Organisers

- About a quarter of events (27%) in 2013 were organised by a professional conference organiser (PCO), event management or venue finding agency.

Event Size

- Most events (61%) were of 50 delegates or fewer. Approximately 6% of events had more than 200 delegates.
- The average event size was 76 delegates (compared to the UK average of 73 delegates).

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Origin of Event Business

- The majority of event business (71%) to venues was generated from Scotland itself.
- About a fifth of event business came from the rest of the UK, with 7% coming from overseas. The level of overseas business to Scottish venues was higher than the UK average – 7% compared to 4%.

Expectations and trends

- On balance, Scottish venues were indicating their business performance in 2013 was up on 2012 – 57% indicated they were up.
- In general, they were optimistic about prospects for 2014 – 68% anticipated business would be up
- Competition from other UK destinations and austerity in the public sector were seen as key barriers to growing conference business.
- Scottish venues were more likely, than other UK venues, to see competition from overseas destinations as a barrier to growth. They were less likely to cite competition from UK destinations, and a lack of investment in the destination offer and marketing.
- About four-fifths of venues (81%) of venues had undertaken some investment in 2013.

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Introduction

1.1 Background and Definitions

This report provides an overview of the value of business and social events, and the performance of conference venues across Scotland.

A number of definitions are used in this report. An event **venue** is defined as:

- A paid-for facility (i.e. rented, not a company's in-house meeting rooms) containing:
- At least 3 meeting rooms for hire with
- A minimum capacity of 50 theatre-style in its largest room.

Event venues are sub-divided into five categories. These are defined as follows:

- **Conference / training centre –** venues devoted to the conference or training market comprising specifically designed "learning spaces" with three or more lecture rooms, with no room having a capacity of more than 500 delegates. They host residential and non-residential conferences.
- **Hotel**
- **University** or other educational institution.
- **Unusual venue** – museums, castles, sporting venues, visitor attractions, theatres, civic/ town halls, leisure centres etc.
- **Purpose-built convention centre –** specifically designed to host conferences and with a capacity of over 500 delegates theatre style. Usually with a large auditorium and supporting break-out seminar and meeting rooms.

A **business event or conference** within this survey is defined as "an out of office conference, meeting or other business event of at least four hours' duration involving a minimum of 10 people". Within this report events is used as a generic term covering all types of business event such as conventions, congresses, conferences, meetings, training courses, sales briefings, seminars, product launches, road shows etc.

Other terms used within the survey include:

- **Association:** trade and professional associations and institutions, societies (professional and voluntary), trade unions, and educational and academic groups.
- **Corporate:** company meetings and training courses, annual general meetings, board meetings, sales meetings, product launches.
- **Government and public sector:** events held by government departments and agencies, local authorities, the National Health Service, charities and similar public bodies.

Notes to the reader:

- All percentages are rounded to the nearest whole figure – sometimes figures may not therefore add up to exactly 100%
- An asterix (*) indicates a value of less than 0.5%
- A dash (-) indicates no value.

1.2 Methodology

The data in this report is based on two main elements.

1. An audit of the supply of conference and meeting venues across Scotland
2. A survey of conference venues.

The supply audit was undertaken to quantify the number, type and location of the main venues in Scotland. This was used to both weight the data (for analysis purposes) and as a base for calculating estimates of the overall volume and value of business event tourism.

The supply audit was based on cross referencing a number of data sources including VisitScotland's database, www.venuefinder.com, venue lists from conference bureaux (for Aberdeen, Dundee, Edinburgh and Glasgow) and individual venue websites. Venues were included if they met the definition of an event venue (see page 7 above), and if they were 'visible' in the market place. This would typically mean they were featured in one or more list and /or featured their conference and meeting facilities prominently in their own website.

A summary of the supply of venues is provided in section 1.3.

The survey of conference venues was conducted as part of the UK Events Market Trends Survey (conducted by TEAM Tourism on behalf of EVCOM). This was a self-completion survey with venues contacted through a variety of mechanisms – e.g. via conference desks / bureaux, relevant industry organisations and direct mailings to venues.

Because UKEMTS is a self-completion survey, it is difficult to control responses and the sample. There are three potential sources of error that should be noted.

- **An unrepresentative sample.** The sample may not necessarily reflect the venue universe (i.e. the supply of Scottish event venues) and this could create a bias with certain categories of venue over- (or under-) represented. This is partly addressed by weighting the data by venue type (see section 1.4).
- **Sample size.** The sample size was relatively small, particularly in some categories of data, and therefore subject to potentially significant margins of error. This has been partly addressed by analysis of data relating to the last three years (see section 1.4 below).

- **Respondent estimation.** Some of the questions may not necessarily be in a format that responds to a venue's recording methods or may relate to data that a venue does not routinely collect. As such, in some cases venues will have made estimates in response to particular questions – the accuracy of such estimates may vary and this is difficult to address systematically.

The analysis has been weighted by the number of events held at a venue in order to ensure that data reflects **event averages** and not venue averages.

As an example, if the sample contained two venues, with one hosting 10 events at an average day rate of £10, and one hosting 1000 events at an average rate of £50, the average rate would be £49.60 (the event average) not £30 (the venue average).

1.3 Venue Supply

Venue Supply[1]									
	Conference / training	Hotel	Purpose built	Academic	Unusual	Total venues	% of Scotland venues	Av. no. meeting rooms[3]	Average capacity[4]
Aberdeen / Aberdeenshire	1	22	1	1	8	**33**	8%	10	337
Dundee and Angus	3	8		2	12	**25**	6%	5	278
Edinburgh and Lothian	2	39	2	4	40	**87**	21%	7	409
Greater Glasgow	4	43	1	4	25	**77**	19%	14	481
Perth / Perthshire	3	18	1		6	**28**	7%	6	307
Inverness and Highlands	1	23			16	**40**	10%	5	247
Stirling, Loch Lomond, The Trossachs, Forth Valley	5	16		1	5	**27**	7%	8	248
Fife	1	15	1	1	7	**25**	6%	10	314
The Rest of Scotland[2]		49	1	2	15	**67**	16%	5	249
Total	**20**	**233**	**7**	**15**	**134**	**409**	**100%**	**8**	**344**

Source: TEAM Tourism

1. See section 1.1 for venue definitions.
2. Includes Scottish Borders, Dumfries and Galloway, Argyll and the Isles, Outer Hebrides , Orkney and Shetland.
3. Average number of meeting rooms per venue in each area
4. Based on the largest available room (theatre style) per venue.

Venues in this table can be regarded as the 'primary' venues in Scotland – i.e. venues that are typically more proactive in the events market and / or capable of hosting larger meetings or smaller conferences (i.e. 50+ delegates). The total supply of potential venues will exceed this number but the venues outside this database can be regarded as 'secondary' venues. These are likely not particularly pro-active in the market place and are likely to attract a lower volume of smaller, often local, events.

Key points in relation to venue supply in Scotland:

- There are just over 400 'primary' conference and event venues in Scotland.
- The majority (57%) these are hotels. Hotels are more important in 'the rest of Scotland' (73% of venue supply), Aberdeenshire (67%) and Perthshire (64%).
- Unusual venues account for about a third of venues (33%) across Scotland but a higher proportion in Dundee and Angus (48%), Edinburgh and Lothians (46%), and Inverness and Highlands (40%)
- Only 7% of venues are purpose built (either conference and training centres or larger conference / exhibition centres) although some hotels will include purpose designed conference and meetings facilities.
- The largest concentration of venues is in Edinburgh and Lothians (21%) and Greater Glasgow (19%).

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1.4 Sample Characteristics

The sample of venues was as follows:

Venue sample	
Venue Type	**No. of 'primary' venues**
Conference / training	3
Hotel	30
Purpose built	2
Academic	8
Unusual	21
Total	**64**

The sample comprised 64 'primary' venues. This represents 16% of the supply of venues in Scotland.

Venues that were not listed in the supply database (see section 1.3) and 'outlying' venues (i.e. venues with more than 2000 conferences) were excluded from the analysis to avoid their extreme impact on the results.

The majority of the data (86%) relates to 2013. However, to increase the accuracy of the data in this report, data from the last two venue surveys (2011 and 2012 data) has also been used.

The data used in the analysis was weighted by venue type to reflect overall supply. Within the sample, hotels were under-represented and academic venues were over-represented. Other venue categories were in line with overall venue supply.

Geographically the sample was biased to venues based in Glasgow and Edinburgh – these accounted for 67% of the sample compared to 40% of the supply. In the contrast venues from outside the four main cities (Aberdeen, Dundee, Edinburgh, and Glasgow) were under-represented – 20% of the sample compared to 46% of the supply. Unfortunately the sample of venues outside of Edinburgh and Glasgow is too small to allow the data to be weighted by area.

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Impact of the Events Market

2.1 Volume and value of business events

In 2013, there were an estimated 118k business events at Scottish venues. These events accounted for an estimated 7 million delegates. Approximately two thirds of these were visiting for the day and about a quarter were staying at their conference or meeting venue (typically a hotel or university).

Volume and Value of Scotland's Business Event Market, 2013				
	Non-staying	Staying – destination	Staying – residential	Total
No. of delegates ('m)	4.53	0.75	1.75	7.04
No of event days (m)	6.47	1.07	3.56	11.10
Spend at venue (£bn)	0.22	0.04	0.43	0.68
Spend in destination (£bn)	0.11	0.17	0.31	0.59
Total spend (venue + destination) (£bn)	0.34	0.20	0.73	1.27
Share (% of market)				
Delegates (%)	64	11	25	100
Delegate days (%)	58	10	32	100
Total spend (%)	26	16	58	100

There were an estimated 11million delegate days in Scotland. The majority of these (58%) were also day visiting.

The estimated value of business events to venues was approximately £0.68bn. A further £0.59bn was estimated to be spent in the wider destination on a range of things including accommodation (for those not staying at their venue), food and drink, shopping, entertainment, and transport in the area. Total spend in 2013 in Scotland was estimated at £1.27bn.

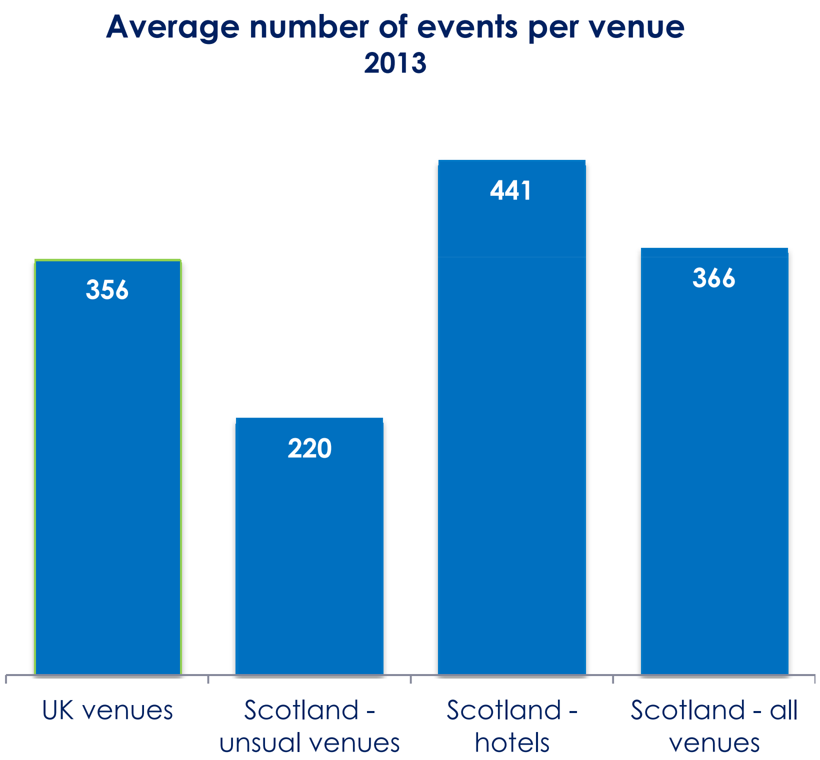
While day delegates accounted for the majority of the market in volume terms, they were less significant in terms of spend – accounting for 26% of spend. The residential market (i.e. delegates staying at their venue) accounted for the highest proportion of spend - 58%.

- 3 –
Dimensions of the Business Events Market

3.1 Number of events per venue

There were an average of 366 business events per venue in 2013.

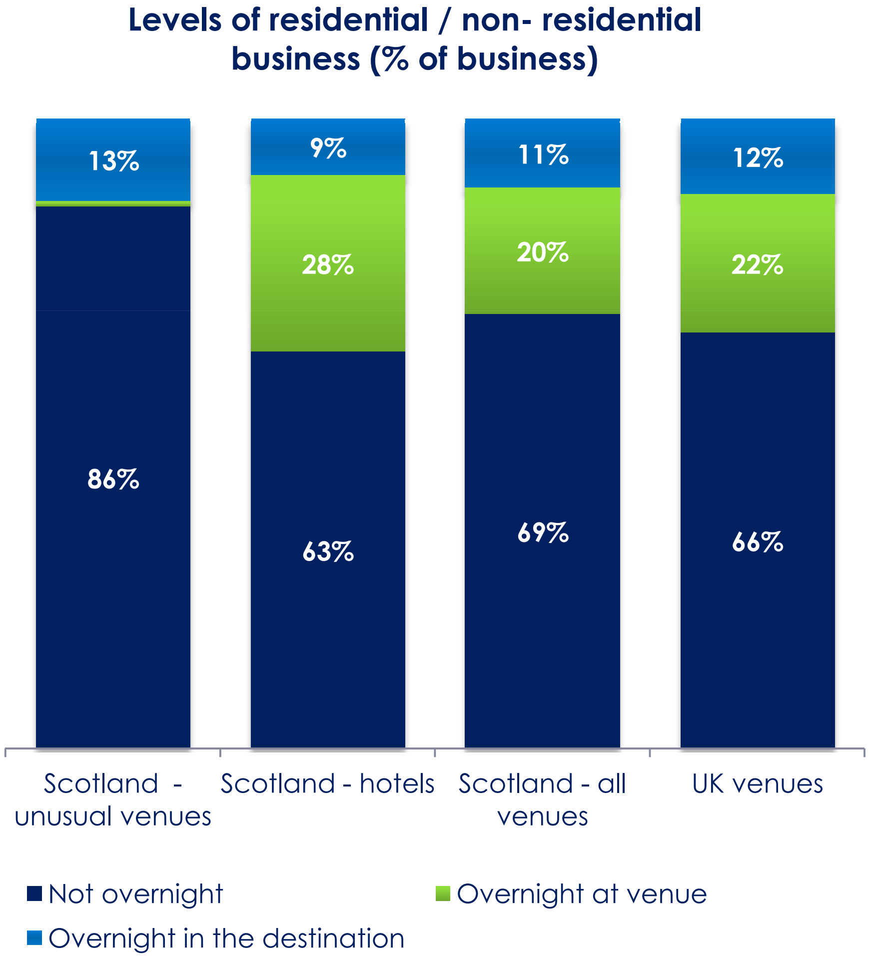
This was slightly above the UK average – 356 events per venue.



Hotels in Scotland tended to host more events than unusual venues (441 events compared to 220 respectively).

3.2 Levels of residential / non-residential business

The following chart highlights the proportions of event business that involved an overnight stay in Scotland (but not at the event venue itself), an overnight stay at the event venue, or no overnight stay.



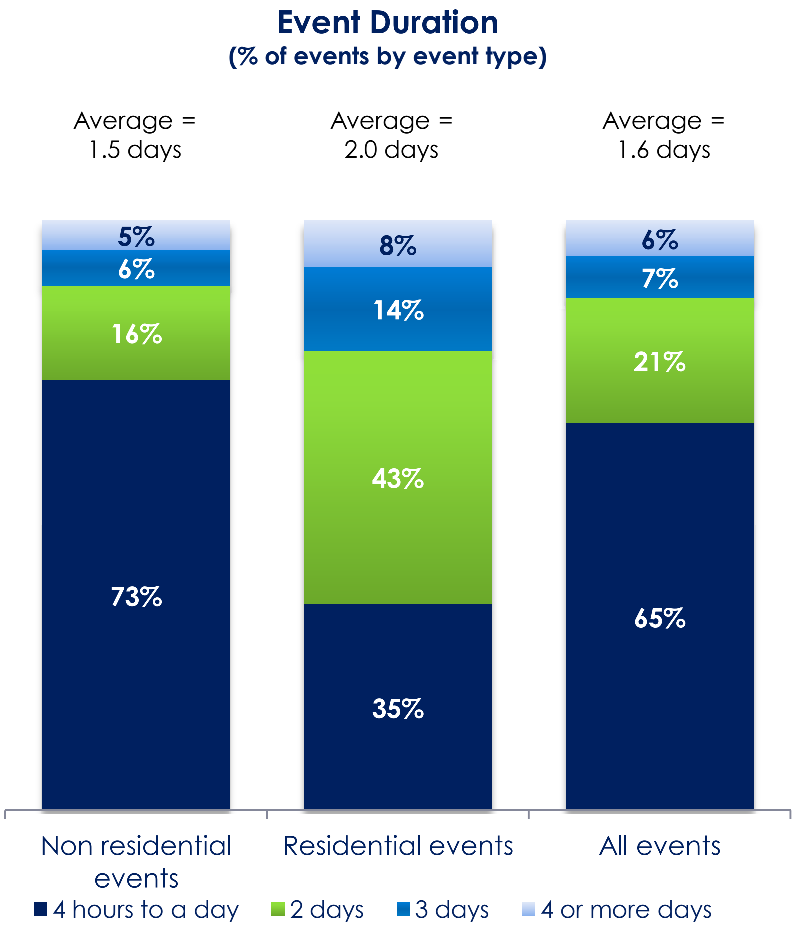
As the chart highlights, about 69% of event business to Scottish venues was undertaken on a non-staying basis.

Under a third of event business stayed overnight – this was slightly more likely to be staying in the venue itself (20%) than staying elsewhere in the area (11%).

The Scottish pattern was similar to the UK average.

Unusual venues were more likely to generate day business (86%) while hotels generated significant amounts of overnight business – typically staying at the venue itself.

3.3 Event Duration

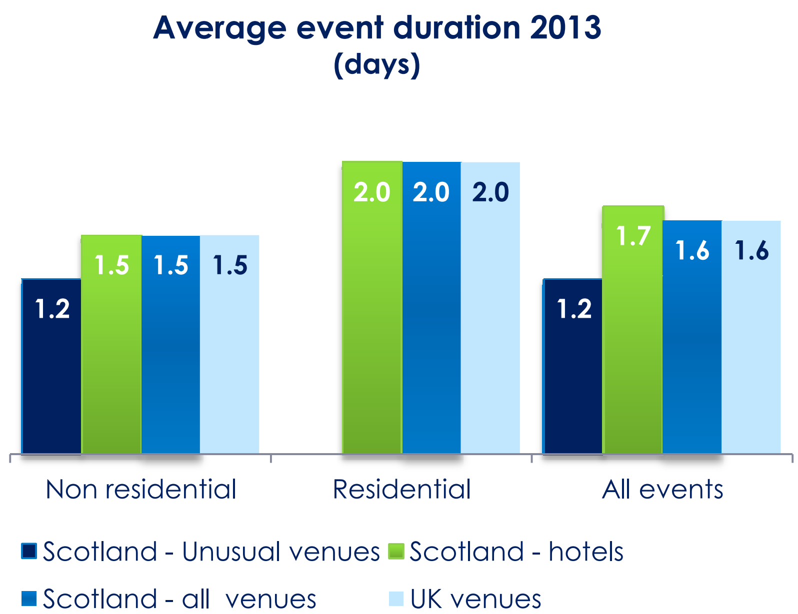


The majority of events (65%) lasted 4 hours to a day and about a fifth (21%) lasted two days. The overall average length of an event was 1.6 days.

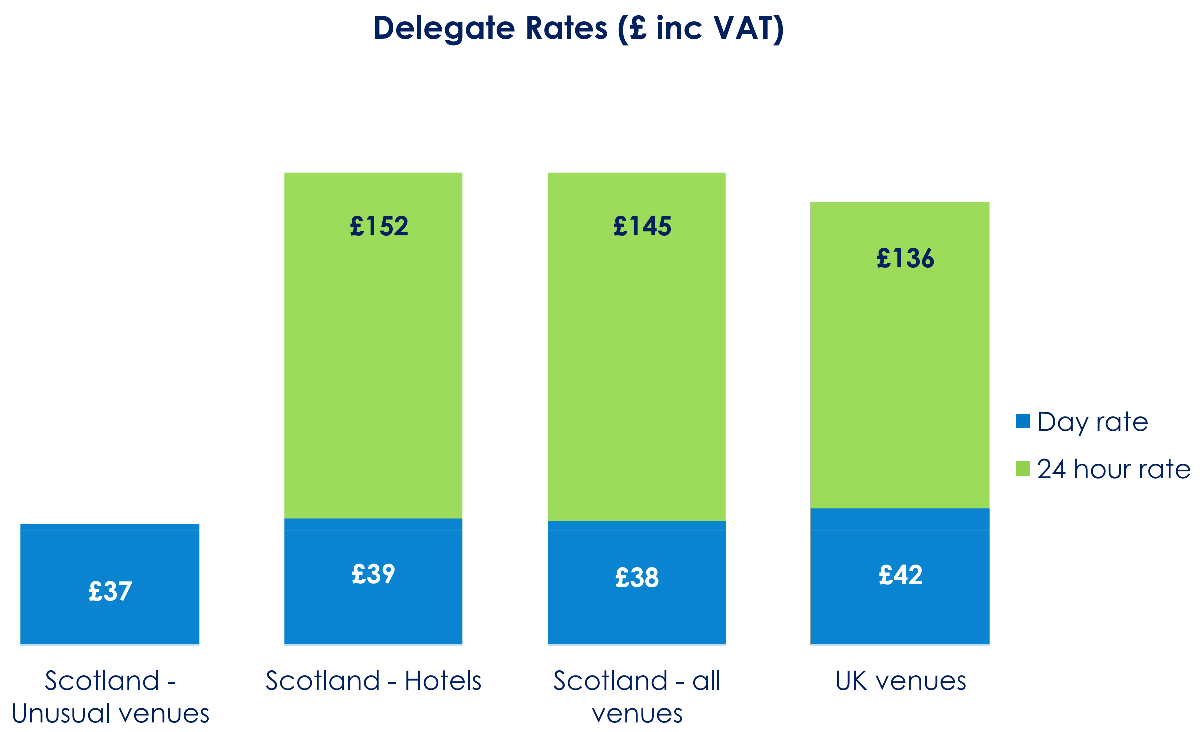
Non-residential events (i.e. an event that did not involve an overnight stay at the venue, although in some instances could involve a stay in the destination) lasted on average 1.5 days with around three-quarters (73%) lasting 4 hours to a day.

Residential events (i.e. an event that involved a stay at the venue) lasted on average two days.

Event duration was the same as the UK average.



3.4 Delegate rates



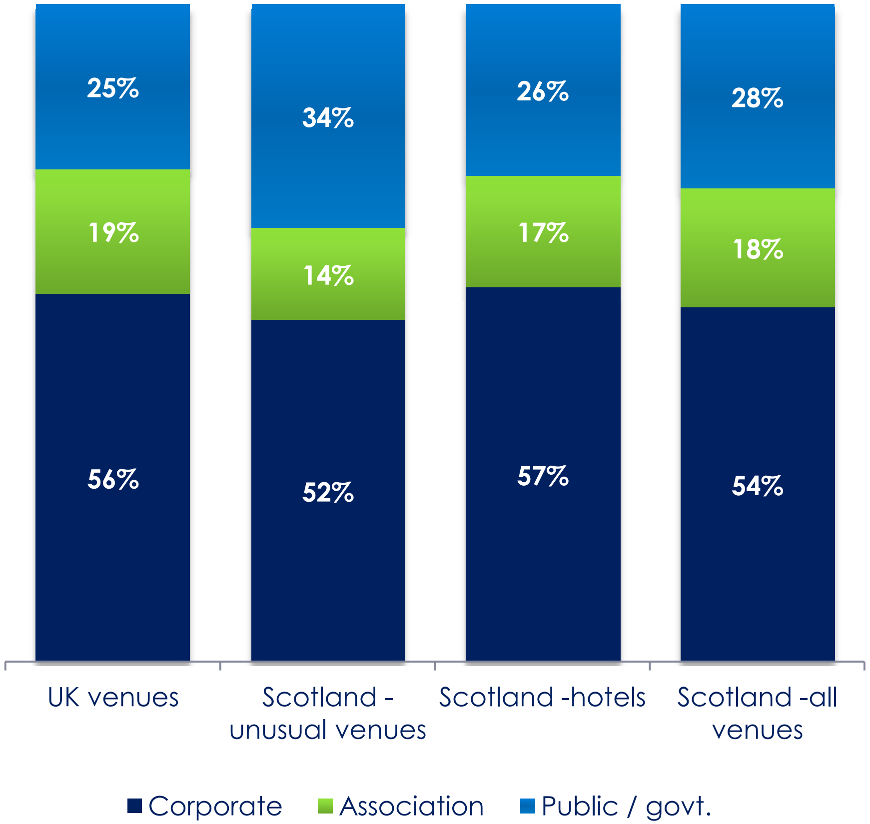
Staying rates in Scotland (at £145) were slightly above the UK average.

Day rates were slightly lower than the UK average (£38 compared to £42).

3.5 Type of event organisation

The following chart summarises the ratio of all events organised by different types of organisation (see section 1.2 for appropriate definitions).

Type of event organisation (% of events)



Among Scottish venues, the corporate sector was the largest sector – accounting for 54% of business.

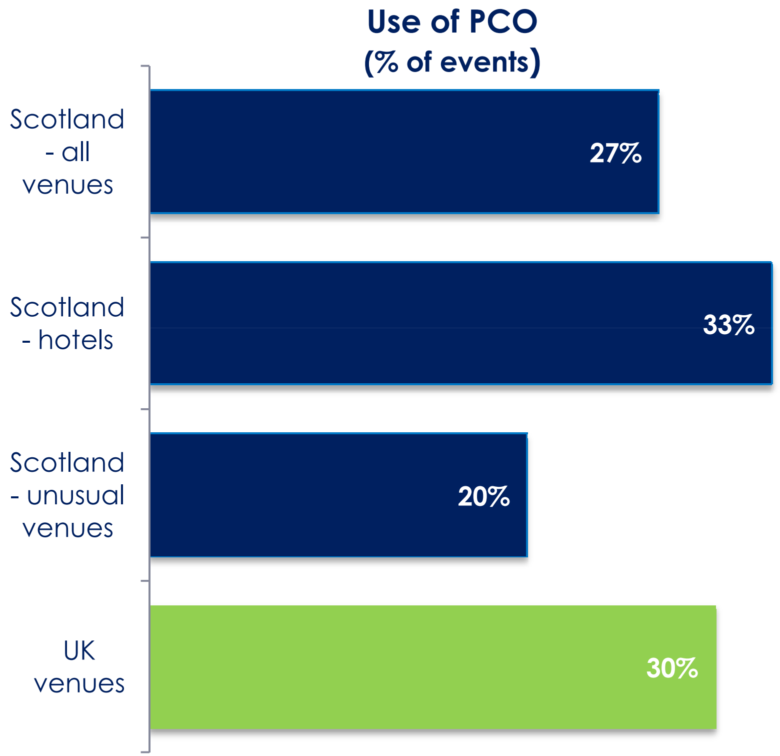
The public and government sector accounted for 28% of business, with the association sector accounting for 18%.

This pattern was similar to the UK average.

The public sector was more important for unusual venues (34% of events).

3.6 Professional Conference Organisers (PCO)

The following chart summarises the ratio of all events organised by intermediary organisations.



About a quarter (27%) of events in Scotland venues were organised by a professional conference organiser (PCO), event management or venue finding agency.

This was on a par with the UK average (30%).

Events in hotels were more likely to be organised by PCOs etc. than in unusual venues.

3.7 Event size

Event size (% of events)				
	Scotland unusual venues	Scotland hotels	Scotland – all venues*	UK venues
10 – 20 delegates	12	41	34	37
21 – 50 delegates	25	27	27	28
51 – 100 delegates	34	16	20	18
101 – 200 delegates	22	11	14	11
201 – 500 delegates	6	5	5	4
501 + delegates	1	*	1	1
Average event size	**96**	**64**	**76***	**73**

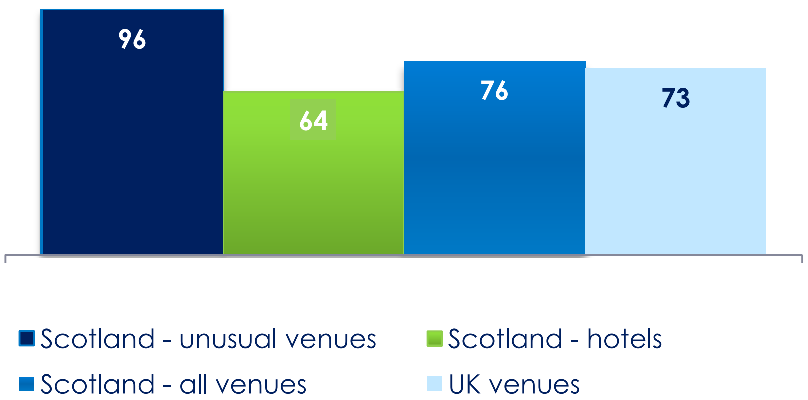
* Includes conference /training centres, purpose built centres and academic venues (as well as hotels and unusual venues)

Most events in Scotland venues (61%) were of 50 delegates or fewer. Approximately 6% of events had more than 200 delegates.

The average event size in Scotland was 76 delegates. This was on a par with the UK average (73 delegates).

Unusual venues tended to host larger events than hotels – an average of 96 delegates compared to 64 delegates. This reflects the difference in average capacity (based on largest room theatre style) of unusual venues (an average capacity of 344 delegates) and hotels (an average of 260 delegates).

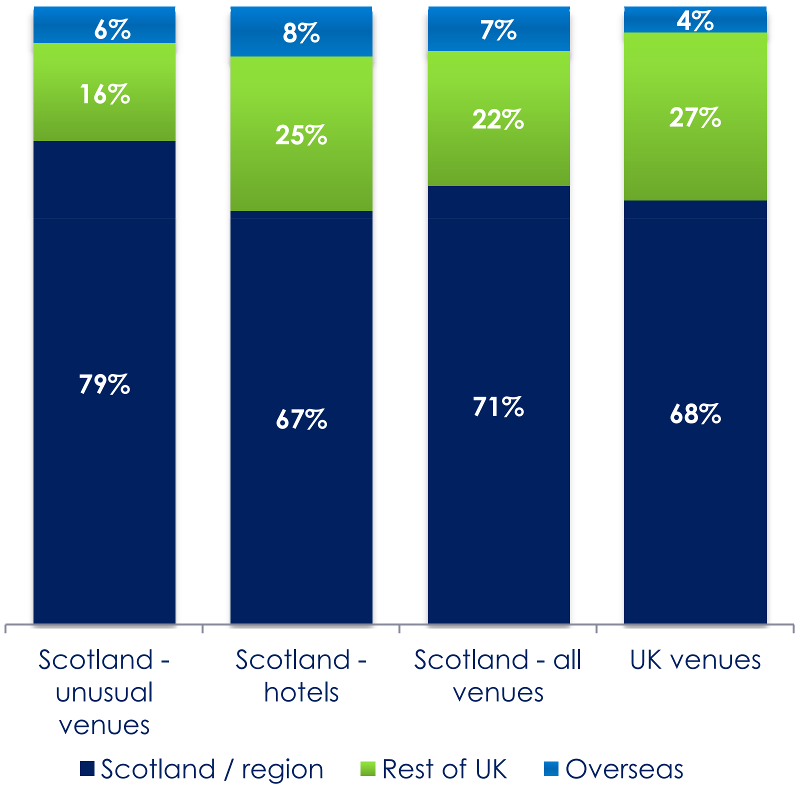
Average event size
(no of delegates)



3.8 Origin of event business

As the chart highlights, the majority of event business (71%) to venues was generated from Scotland itself. This is similar to the UK average where 68% of business was generated from within the region where a venue was based.

Origin of event business



About a fifth of event business came from the rest of the UK, with 7% coming from overseas. The level of overseas business to Scottish venues was higher than the UK average – 7% compared to 4% (although this might reflect the proportion of Edinburgh and Glasgow venues in the sample).

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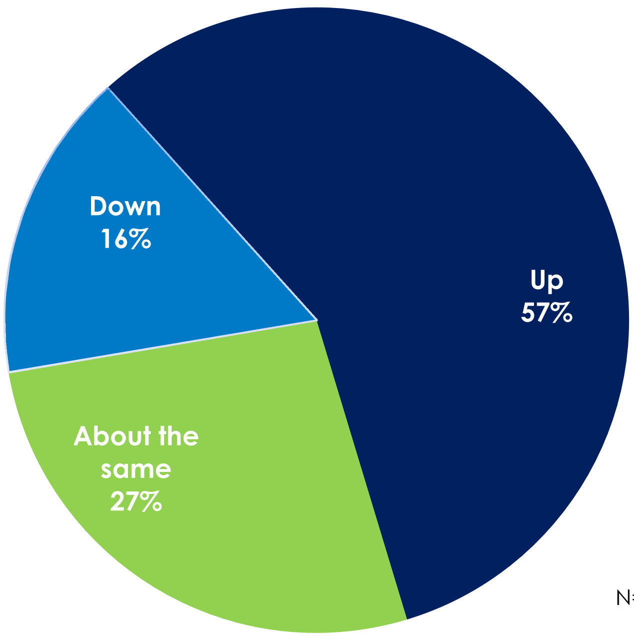
Expectations and Trends

4.1 Business Performance in 2013

A small majority of venues in Scotland indicated their business performance in 2013 was up on 2012 – 57% indicated they were up compared to 16% that indicated business was down. This was broadly on a par with the UK average where 55% of venues indicated their performance was up.

Business performance in 2013, compared to 2012 (% of venues)

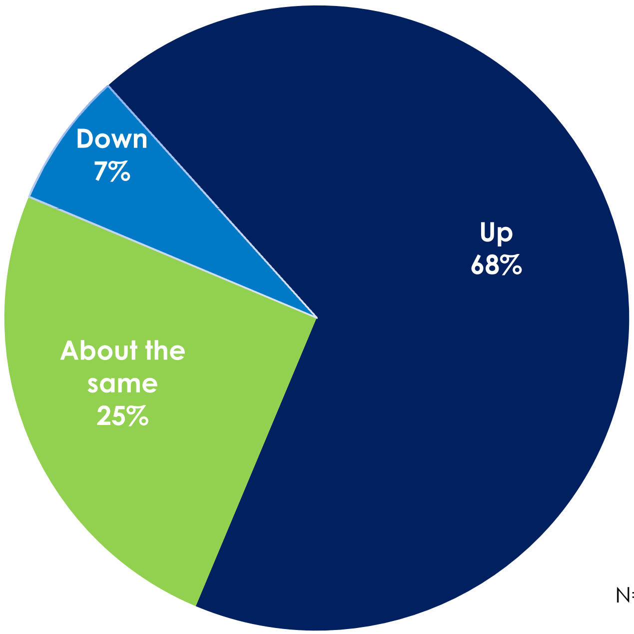


N=56

4.2 Expectations for 2014

Venues were optimistic that business would be better in 2014 than in 2013 – 68% indicated this (compared to the UK average of 63%).

Expectations for business in 2014 (% of venues)



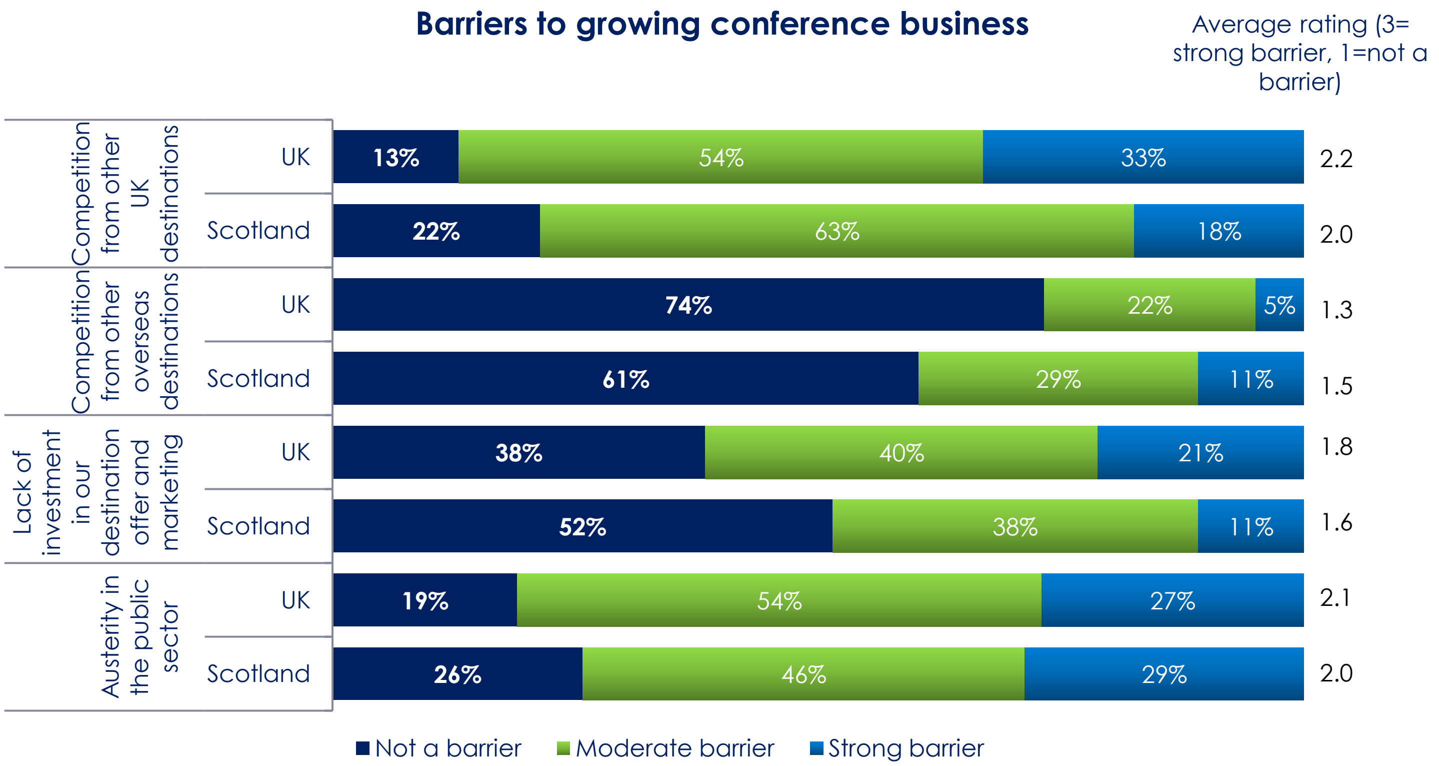
N=56

4.3 Barriers to Growing Conference Business

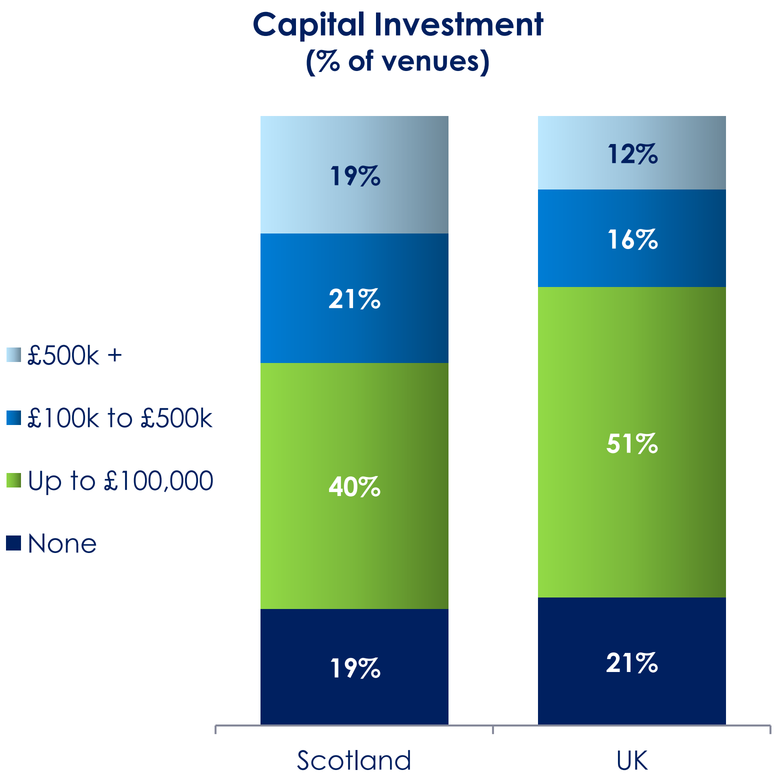
Venues were asked the extent to which they felt a number of factors were a barrier to growing their conference business.

Competition from other UK destinations and austerity in the public sector were seen as key barriers to growing conference business.

Scottish venues were more likely to see competition from overseas destinations as a barrier, but less likely to cite competition from UK destinations, and a lack of investment in the destination offer and marketing.



4.4 Capital Investment

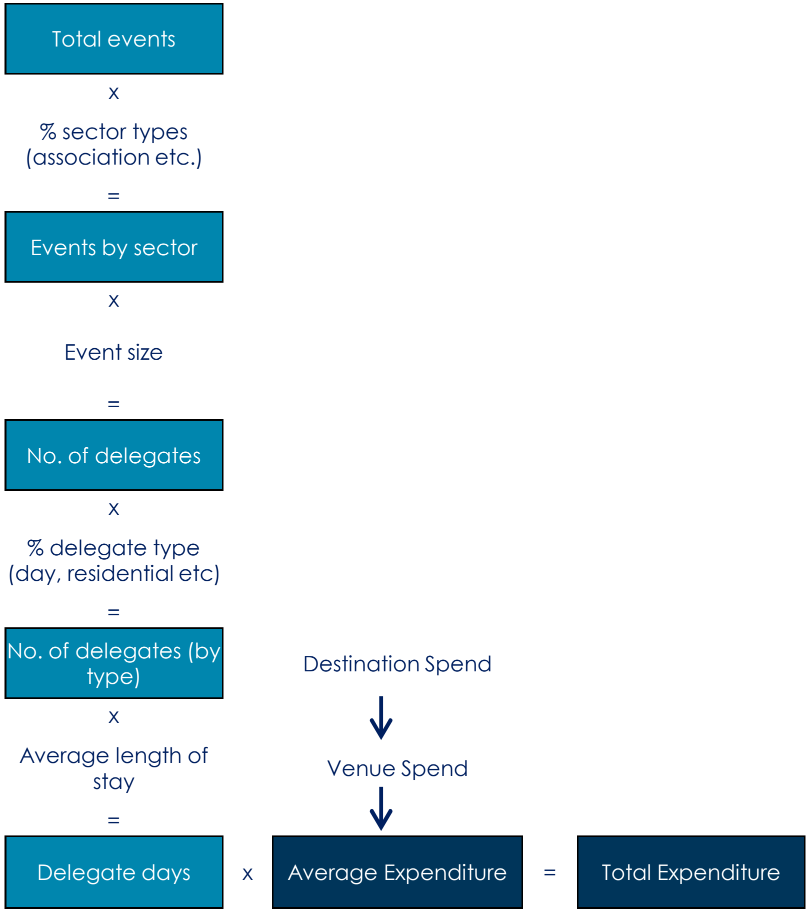


Scottish venues were more likely to be investing over £100k (40%) than the UK average (28%).

About four-fifths of venues (81%) of Scottish venues had undertaken some investment in 2013. This was the same as the UK average.

- Appendix 1 –
Volume and Value Calculations

The diagram (below) highlights the base calculations behind the volume and value estimates (see section 2.2). The majority of the data in this calculation is drawn from this survey and the supply side audit



The exception is "Destination Spend". This is drawn from the Delegate Expenditure Survey (UK National Tourist Boards – 2006). The data that has been used is based on spend per day by delegate. It excludes PCO spend, registration fee, and, in the case of residential delegates, accommodation spend (which is why these figures are lower than the equivalent non-residential staying groups) – these elements are assumed to be mainly covered by achieved delegate rates derived from UKEMTS. The spend rates in destination used (and source category from the Delegate Expenditure Survey) are summarised below.

Delegate category	**Spend per day (£)**	**Source category in Delegate Expenditure Survey**
Corporate Day	19.2	Corporate day
Corporate staying (residential)	82.62	Corporate multi-day
Corporate staying (non residential)	160.65	Corporate multi-day
Association day	15.3	Domestic Association Day
Association staying (residential)	58.24	Domestic association multi-day
Association staying (non-residential)	116.48	Domestic association multi-day
Public day	19.2	Corporate day
Public staying (residential)	103.7	Other
Public staying (non residential)	164.7	Other

This approach is the basic approach used in generating year on year UK estimates from UKEMTS.

For Scotland, there are some issues in this approach. One is the extent to which the sample mirrors supply. Typically different venue types have different performance patterns and the survey is weighted by venue type to address that. However, within the Scotland sample there was a bias to Glasgow and Edinburgh venues. The sample outside these areas was relatively small – too small to weight the data effectively.

A hypothesis would be that venues in Glasgow and Edinburgh have higher performance levels than elsewhere in Scotland. This is supported by data from UKEMTS which highlights (albeit on small size) that Glasgow/Edinburgh venues are typically dealing with more events than venues elsewhere in Scotland. It is also supported by data from the GB Tourism Survey (GBTS) which shows that 58% of domestic in Scotland conference and exhibition spend was in Edinburgh and Glasgow as opposed to 40% of venue supply.

To try to reflect this issue, a slightly revised approach was adopted. This has involved slightly different approaches for Glasgow and Edinburgh venues, and for those in the rest of Scotland. Using the approach outlined in the diagram above, the Scotland data from UKEMTS has been applied to the supply of venues in Glasgow and Edinburgh. It has also been applied to venues located in the rest of Scotland but weighted down in three areas to reflect the issues discussed above. It has been weighted in three ways:

- Number of events – weighted down based on analysis from the UKEMTS sample in terms of the differential between number of events at Edinburgh/Glasgow at venues and number of event at non Edinburgh / Glasgow venues.
- Size of events – based on the differential capacity between venues in Glasgow and Edinburgh, and rest of Scotland. This was derived from the supply audit.
- Delegate spend – based on differential levels of spend. This was based on ratios derived from GBTS data on conference / exhibition spend.