Economic Impact of Trade & Consumer Shows

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ON BEHALF OF

TOURISM TORONTO IN PARTNERSHIP WITH
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How to Use This Report

This report provides the summary economic impact findings based on a large number surveys conducted with visitors to trade and consumer shows, exhibitors staffing booth at these shows, the companies that organize and manage trade and consumer shows and their exhibiting companies.

It is not the objective of this report to provide definitive details on individual shows, nor on any of the four segments that were surveyed. Rather, the report serves as a tool to the trade and consumer show industry, the venues that host these shows and Tourism Toronto as the marketing agency to determine the economic impact generated by hosting such events.

Introduction & Purpose

The consumer and trade show industry is one of the fastest growing sectors within the tourism industry. In particular, exhibition facility growth is expected to produce future challenges for Toronto and other Canadian destinations in maintaining traditional fair market share for exhibitions and trade shows. From this perspective, understanding their economic significance, attendance, and market value has become increasingly important to facility managers and governments, However, there are no known studies that have attempted to assess current market value, share and economic impacts of trade and consumer shows held in the Greater Toronto Area.

Purpose

The purpose of this report is to assess the value of the consumer and trade show sector to the GTA's economy and identifying the distribution of economic return.

The scope of the work includes the following components:

1. Background research of previous economic impact studies;
2. Consumer and trade show trends assessment;
3. Consumer and trade show economic impact assessment; and
4. Inventory of consumer and trade shows taking place in 2003 & 2004 in the GTA.

How This Report Is Organized

Shown below are the major sections of this report.

Executive Summary

Total Direct Expenditures of Trade & Consumer Shows:

$1.1 billion

	Toronto & Area	Rest of Ontario
Total Direct Expenditures	$1,096,169,137	
GDP (Total Impacts)	$810,628,216	$94,141,284
Labour Income	$464,493,673	$57,855,759
Employment:		
Direct	9,929	269
Indirect	1,267	444
Induced	1,514	578
Direct Taxes	$256,494,113	$4,547,898
Total Taxes	$343,480,456	$29,062,368

Spending

Overnight Fringe Residents (OFR)	$145.32 per person per day
Tourists	$210.21 per person per day
Exhibitors	$103.87 per person per day
Exhibitor Companies	$5,880 per company per show
Show Organizers	$467,145 per show

Origin

	Visitors	Exhibitors
Ontario	72.7%	49.3%
Other Canada	14.1%	27.2%
USA	8.4%	14.9%
Overseas	4.8%	8.6%

Population

Visitors	2.13 million (out of 8.9 million attendance)
Exhibitors	232,796 total or 1,219 exhibitors per show
Exhibitor Companies	44,533 or 233 companies exhibiting per show
Show Organizers	126 consumer and 65 trade shows

Staff

Exhibitor companies have an average of 2.85 locally hired staff, while show organizers have an average of 26.57.

Methodology

Introduction

This multi-phase study collected expenditure information from both the demand and supply sides of trade and consumer shows in the Greater Toronto Area.

IN THIS SECTION …

- What data collection methods were used?
- What were the sampling procedures?
- What was the actual sample size obtained?

Data Collection

The systematic sampling survey method was employed to capture both expenditures and revenues of (1) visitors, (2) exhibitors, (3) exhibitor companies, and (4) show organizers or show management companies.

A different questionnaire was developed for each of the four segments.

The Ontario Ministry of Tourism's economic impact model (Tourism Regional Economic Impact Model: TREIM) is used for the assessment of the economic impact of trade and consumer shows in the GTA.

Sampling Procedures

Demand Side

The demand side covers visitors and exhibitors.

The sampling frame was constructed based on each venue's show schedule.

The targeted sample size for each venue was as follows:

400 useable visitors from consumer shows

400 useable visitors from trade shows

400 useable exhibitors

In accordance with the allocation of sampling above, a specific targeted number of samples from each show were re-allocated based on the information of event shows in each venue during the study period (September 15, 2004 to September 14, 2005).

The information of the event shows used for allocation purposes included the macro type of show (consumer or trade), geographical level (local & regional, national or international), industry category, total expected number of attendees, total expected number of exhibitors, and show dates.

Data collection periods were divided into four waves in terms of seasonality and event show demand:

Wave 1: September, 2004 to November, 2004

Wave 2: December, 2004 to February, 2005

Wave 3: March, 2005 to May, 2005

Wave 4: June, 2005 to August, 2005

100 surveys were to be completed in each wave for show visitors and exhibitors.

Supply Side

The supply side covers exhibitor companies and show organizers (management companies) that participated in consumer and trade shows. The sampling frame for the exhibitor companies was established based on business cards given to interviewers by exhibitors and the approval of the show organizer.

The total number of the exhibitor companies and show organizers and the targeted sample size, respectively, in the sampling frame was as follows:

Exhibitor companies: 694 – 527

Show organizers: 203 –122

The supply side surveys were conducted during October, November and December, 2005 using web-based and mail survey methods with e-mail and mail reminders and follow-up phone calls.

Sample Size

Visitors

From September 15, 2004 to September 14, 2005, a total of 2,742 visitor surveys were collected. Of these, 2,020 were useable for the calculation of visitors' expenditure (73.7%). Useable data were composed of 82 fringe residents who stayed overnight in the GTA (out of 533 surveyed) and 1,938 tourists whose permanent residence was more than 80 km from Toronto. According to established criteria for the treatment of respondents who indicated that less than 50% of their decision to attend a show was as a result of the show itself, these were dropped from the calculations. Therefore, the final sample size was **61 overnight fringe residents** and **1609 tourists** for a total of **1670 visitors**.

Of the 2,742 visitor surveys,

796 were collected from the International Centre,

1,046 from Metro Toronto Convention Centre and

900 from the National Trade Centre.

68 shows from three participating venues were surveyed over 101 days.

The 2,742 surveys represent a total of

1,628 samples from consumer shows and 1,114 from trade shows.

1,594 from local & regional level shows, 703 samples from national level shows and 445 from international level shows.

surveys were collected from 11 industry categories:

- “Sports, Travel, Entertainment, Art, & Consumer Services” - 902
- “Consumer Goods & Services” - 625
- “Medical & Health Care” - 31
- “Natural Resources & Agriculture” – 12

Overall, the data were widely distributed in terms of show characteristics.

Exhibitors

From September 30, 2004 to August 31, 2005, 1,220 exhibitor surveys were collected. Of these, 1,029 provided useable information for the calculation of their expenditures (84.3%), composed of 73 fringe residents who stayed overnight in the GTA (out of 195 surveyed) and 956 exhibitors whose permanent residence was more than 80 km from Toronto.

Of these 1,220 surveys,

436 were collected from the International Centre,

522 from Metro Toronto Convention Centre, and

242 from the National Trade Centre.

47 events from three venues were surveyed over 60 days.

The 1,220 surveys represent a total of

727 from consumer shows and 493 from trade shows.

804 from local & regional show levels, 265 from national and 151 from international level shows.

surveys were collected from 11 industry categories:

- “Sports, Travel, Entertainment, Art, & Consumer Services” - 548
- “Consumer Goods & Services” - 227
- “Food” - 35
- “Medical & Health Care” – 18

Overall, the data were widely distributed in terms of show characteristics.

Exhibitor Companies

From October to November, 2005, 58 exhibitor companies responded:

36 to the web survey and 22 to the mail survey.

30 from consumer shows and 28 from trade shows.

28 from local & regional show levels, 24 from national and 6 from international level shows.

Show Organizers

From October to December, 2005, 28 show organizers responded:

20 to the web survey and 8 to the mail survey

12 from consumer shows and 16 from trade shows

13 from local & regional show levels, 9 from national and 6 from international level shows

Decision Influence

Visiting a consumer or trade show is rarely the sole motivator for a visit to the GTA. Depending on the type of show, its geographical base and visitor origin.

Decision Influence by Type of Show and Visitor

Visitor Type	Consumer Show	Trade Show	Total
Overnight Fringe Tourists			
Local or regional show	86.57%	97.25%	90.23%
National show	87.92%	96.71%	91.16%
International show	82.00%	87.50%	83.57%
Tourists			
Local or regional show	96.05%	96.95%	96.32%
National show	96.22%	97.76%	97.23%
International show	86.47%	97.24%	96.56%

Total Visitation

Visitors

Based on visitor counts during one-hour time frames at 17 consumer and trade shows, the distribution of visitors between Torontonians, same day and overnight fringe residents, and tourists was determined. Of approximately 8.9 million attendees that attended a consumer or trade show between September 15, 2004 and September 14, 2005, 400,474 were overnight fringe residents and 2.12 million tourists. Since about **25% of overnight fringe residents** and **16% of tourists** indicated that their decision was influenced at less than 50%, these totals need to be discounted. Thus, the three participating venues generated just under **2.13 million visitors** for the purpose of economic impact calculations.

Exhibitors

On average, there are 5.98 exhibitors per exhibitor company.

Exhibitor Companies

There are an average of 233 companies exhibiting per show.

Show Organizers

A total of 191 consumer and trade shows were held at the three participating venues between September 15, 2004 and September 14, 2005.

Expenditures Incurred

Introduction

This section examines the expenditures incurred by visitors and exhibitors, taking into account thirteen categories of spending: (1) accommodations, (2) restaurants, (3) concessions, (4) groceries or other food & beverage, (5) admission or tickets, (6) other entertainment, (7) show merchandise, (8) retail clothing, (9) car rentals, (10) gas, parking or car repairs, (11) local transportation, (12) other retail or incidentals, and (13) other expenses.

It also examines supply-side spending: For exhibitor companies and show organizers, eight categories of expenditure are taken into account (1) booth/ /hall rental, (2) wages to staff the booth/show (3) advertising services and communication, (4) machine, equipment supplies, energy, and utilities, (5) accommodation for staff, (6) food & beverage for staff, (7) transportation for staff, and (8) tour, recreation & entertainment for staff.
Performance measures for show organizers included (1) total revenue, (2) total number of employees hired locally, (3) total number of staff working the show, (4) total number of attendees, and (5) total number of exhibitors.

IN THIS SECTION…

- What is the average daily expenditure for fringe residents and tourists?
- What is the average daily expenditure for exhibitors?
- What is the average spending of exhibitor companies and show organizers?

Visitor Spending

Overnight Fringe Residents

Fringe residents that stayed overnight spent an average of **2.02 nights** in the GTA. Average **party size was 2.81**. Spending of $824.87 per party per visit translates into average **spending per person per day is $145.32**, weighted by the decision influence (89.5%). When multiplied by the total number of fringe residents that stayed overnight and who were influenced by the show at 50% or more, this accounts for **total direct spending of $88.1 million**.

Tourists

Overall, tourists spent an average of **1.4 nights** in the GTA. Average **party size was 3.8**. Spending of $1,118.32 per party per visit translates into average **spending per person per day is $210.21** weighted by the decision influence (96.6%). When multiplied by the total number of tourists and who were influenced by the show at 50% or more, this accounts for **total direct spending of $525.7 million**.

Exhibitors

The **total number of exhibitors (visitors)** is estimated to be **232,796** in the 191 shows that take place in the three participating venues. Their average **personal spending is $103.87 per day**. This accounts for **total direct personal spending of $97.5 million.**

Origins

Visitor Origins

Fringe residents and tourists combined broke down as follows:

Ontario	72.7%
Other Canada	14.1%
USA	8.4%
Overseas	4.8%

Exhibitor Origins

Exhibitors broke down as follows:

Ontario	49.3%
Other Canada	27.2%
USA	14.9%
Overseas	8.6%

Supply-side Spending

Exhibitor Companies

The respondents in this category were heavily weighted towards local and regional shows. **Average operating expenses by exhibitor companies** for all types of shows is **$5,580** (this compares to US$6,753 as determined by IACVB for 2004). The three participating venues estimated that there is an **average of 233 exhibiting companies per show** for a **total of 191 shows** that took place over the past year in these venues. The operating expenses of exhibitor companies totalled **$261.9 million**, however when including the estimated operating profits, **the actual direct expenditures are $287.1 million**.

On average, exhibitor companies brought 5.98 staff and locally employed 2.85.

Show Organizers

Average operating expenses by show organizers for all types of shows is **$467,145** (this compares to US$454,673 as determined by IACVB for 2004, but the IACVB study did not report average expenditure by show orientation). This accounts for total operating expenses of **$89.2 million.** When including the estimated operating profits, **the total expenditures of show organizers are $97.8 million.**

Economic Impact

Introduction

The Ministry of Tourism's TREIM model requires separate economic impact calculations for visitor and exhibitor spending as well as for the operational expenditures of each of the exhibitor companies and show organizers. As a result, the five separate economic impacts have been combined to provide a total economic impact statement for Toronto and Area.

	Greater Toronto Area	Rest of Ontario
Total Visitors' Spending & Total Operational Expenses with Estimated Profits	$1,096,169,137	
Gross Domestic Product		
Direct	$567,882,798	$16,015,501
Indirect	$104,950,345	$34,084,313
Induced	$137,795,075	$44,041,471
Total	**$810,628,216**	**$94,141,284**
Labour Income		
Direct	$325,821,392	$10,314,347
Indirect	$62,219,794	$20,825,520
Induced	$76,452,487	$26,715,891
Total	**$464,493,673**	**$57,855,759**
Employment*		
Direct	9,929	269
Indirect	1,267	444
Induced	1,514	578
Total	**12,709**	**1,291**
Direct Taxes		
Federal	$146,553,337	$3,209,424
Provincial	$105,664,585	$1,327,549
Municipal	$4,276,192	$10,924
Total	**$256,494,113**	**$4,547,898**
Total Taxes		
Federal	$198,835,250	$19,281,255
Provincial	$138,407,746	$9,517,892
Municipal	$6,237,461	$263,221
Total	**$343,480,456**	**$29,062,368**

* Employment: full time, part-time and seasonal employment.

Total Economic Impacts of Consumer and Trade Shows on the GTA's Economy

	Total Impacts		Demand Side		Supply Side	
	GTA	Rest of Ontario	GTA	Rest of Ontario	GTA	Rest of Ontario
Total Visitors' Spending & Total Operational Expenses	$1,096,169,137		$711,312,697		$384,856,440	
Gross Domestic Product						
Direct	$567,882,798	$16,015,501	$350,707,291	$14,396,612	$217,175,507	$1,618,889
Indirect	$104,950,345	$34,084,313	$72,853,333	$29,736,494	$32,097,012	$4,347,819
Induced	$137,795,075	$44,041,471	$129,281,954	$42,381,944	$8,513,121	$1,659,527
Total	$810,628,216	$94,141,284	$552,842,576	$86,515,050	$257,785,640	$7,626,234
Labour Income						
Direct	$325,821,392	$10,314,347	$175,056,809	$9,100,333	$150,764,583	$1,214,014
Indirect	$62,219,794	$20,825,520	$41,654,573	$18,036,347	$20,565,221	$2,789,173
Induced	$76,452,487	$26,715,891	$71,194,757	$25,634,928	$5,257,730	$1,080,963
Total	$464,493,673	$57,855,759	$287,906,139	$52,771,609	$176,587,534	$5,084,150
Employment						
Direct	9,929	269	6,595	233	3334	36
Indirect	1,267	444	804	383	463	61
Induced	1,514	578	1,417	556	97	22
Total	12,709	1,291	8,815	1,172	3894	119
Direct Taxes						
Federal	$146,553,337	$3,209,424	$100,313,060	$2,858,611	$46,240,277	$350,813
Provincial	$105,664,585	$1,327,549	$86,540,575	$1,183,481	$19,124,010	$144,068
Municipal	$4,276,192	$10,924	$189,020	$9,728	$4,087,172	$1,196
Total	$256,494,113	$4,547,898	$187,042,654	$4,051,820	$69,451,459	$496,078
Total Taxes						
Federal	$198,835,250	$19,281,255	$144,064,540	$17,698,222	$54,770,710	$1,583,033
Provincial	$138,407,746	$9,517,892	$115,112,612	$8,842,313	$23,295,134	$675,579
Municipal	$6,237,461	$263,221	$1,707,131	$247,748	$4,530,330	$15,473
Total	$343,480,456	$29,062,368	$260,884,282	$26,788,283	$82,596,174	$2,274,085

Limitations

Visitor Survey

To compare the differences of visitor spending by the macro type of show and geographical level, a large sample size is obligatory for successful economic impact assessment when multiple venues are involved. This study used a systematic random sampling method to collect surveys from visitors and exhibitors as recommended by Crompton and his colleagues. The study obtained a little over its target sample size, which is large enough for the economic impact assessment. However, optimal sample size was not achieved for some segments (12 segments = 2 visitor types [OFRs & Tourists] x 3 geographical levels [Local & Regional, National and International] x 2 show orientations [Consumer & Trade Shows]) though the overall sample size was large enough for calculating expenditure figures for the study. Accordingly, to obtain reliable sample size for each segment, a stratified sampling method is recommended for future studies.

Exhibitor Company & Organizer Survey

The Research Team encountered some difficulties when collecting expenditure information from exhibitor companies and show organizers. The companies were reluctant to share their information due to its sensitivity to their operation. Combining web-based and mail surveys was unsatisfactory to increase the response rate significantly. As a result, this study had a relatively low response rate for exhibitor companies and show organizers. Future studies should consider using face-to-face or telephone surveys to collect information from both groups. In particular, before surveying and interviewing organizers, the participating venues need to individually contact show organizers to obtain their agreement in participating in the study. It is believed that this method would be more effective to collect accurate figures for total attendance and their expenditure.

Glossary

Torontonians	Residents of the following cities: Toronto, York, North York, East York, Etobicoke, Scarborough and Mississauga
Fringe Residents	Residents outside of the Toronto area but less than 80 km.
Tourists	Residents whose permanent residence is more than 80 km from Toronto.
Visitors	Combines Fringe Residents who stayed overnight and tourists.
Direct Impacts	The impact that the demand side spending has on the front-line business serving these visitors. Therefore, these impacts are the initial, immediate economic activities (jobs and income) generated by the C/T shows. This includes the initial visitor or exhibitor expenditures as well as purchases of goods and services for the C/T show operations.
Employment	All employment figures are from Statistics Canada's Labour Force Survey. This survey measures employment in terms of "jobs," a concept that includes seasonal, part-time and full-time employees, as well as self-employed and employees not receiving remuneration. The jobs that are attributed to both the consumer and trade show industry and tourism are generated by **the Ministry of Tourism's economic impact model (TREIM)**, which essentially converts visitor expenditures in a particular industry to jobs according to the industry's production process and part-time/full-time ratios.
Gross Domestic Product	The total value of wages & salaries, profits and indirect taxes (less subsidies) generated by the industries involved in the production process that is initiated with the consumer and trade show visitor spending.
Gross Output	The total sales by all industries (direct and indirect) that participate in the production process initiated by the tourists' or visitors' spending.
Indirect Impact	The economic impact resulting from the expansion of demand from the industries involved in the direct supply of goods and services to tourists or visitors and to other industries. In other words, these impacts are the subsequent economic spending by the host destination travel industry businesses on goods and services from local suppliers on behalf of the consumer or trade show.
Induced Impact	The economic impact associated with the re-spending of labour income and/or

profits earned in the industries that serve visitors directly and indirectly. These impacts are the result of spending by households in the local economy due to the direct and indirect effects from the C/T shows. The induced effects arise when employees (not exhibitors) who are working for a C/T show spend their new income in the host destination.