

# **31st Meeting of the Voorburg Group on Services Statistics**

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Sector Paper:

# **Organization of Conventions and Trade Shows**

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## **1. Introduction**

Measurement of output and price development of the Organization of Conventions and Trade Shows industry can be relatively well-defined due to the relative clarity of the definition of the services provided and the homogeneous nature of the industry. This is the case despite the fact that National Statistical Offices report little publication or even development of producer price indexes for this industry. Nevertheless, most members of the Voorburg Group report that turnover/output statistics are available.

This sector paper summarizes international progress and challenges in the measurement of turnover and price changes, as well as any classification issues for this industry. The main objective is to recommend best practices so that countries developing or revising their own programs will have a benchmark or point of reference. The best approach for each country will, however, be influenced by resources within NSOs, availability of data sources, and market conditions in this particular industry in their country.

The main sources of information used in putting together this sector paper are the presentations and discussions from the 30<sup>th</sup> Meeting of the Voorburg Group on Services Statistics (VG), along with results of the VG survey of country progress and a specific survey on this industry and some additional research done by the sector paper author after the 30<sup>th</sup> VG Meeting. The following countries provided "mini-presentations" at that meeting: Germany, Sweden, The Netherlands, and Thailand for turnover/output and Sweden for services producer price indices. The author also obtained information from the three other NSOs that reported either calculation or publication of an SPPI for this industry (or one that is included in a broader industry).

The remainder of this sector paper is organized as follows: Section 2 covers classification of the industry pointing out any issues for further consideration. Section 3 describes the availability of turnover data, approaches to collection of the data, and any measurement issues that might arise. Section 4 outlines the extent to which Services Producer Price Indices (SPPI) data are compiled for this sector, the sources and methodologies adopted, and, to the extent possible, the main issues surrounding price measurement. Finally, Section 5 provides a brief summary of the conclusions.

## **2. Classification**

The Organization of Conventions and Trade Shows industry covers a relatively well-defined set of services though they are part of the more varied Office Administrative and Support Activities sector. It covers the organization, promotion, and/or management of events, such as business or trade shows, conventions, conferences, and meetings, whether or not including the management and provision of staff to operate facilities in which these events take place. As we

will see though, there are some exclusions that can cause some confusion in classification and/or can be seen as provision of secondary activities by establishments found in this industry. Nevertheless, countries reported that the industry is primarily homogeneous as evidenced by the fact that they reported uniformly that over 95% of the turnover comes from the convention and trade shows organization class. In addition, the guidance for inclusions and exclusion for product classification is more detailed, and thus possibly more instructive, than that found for the industry classifications.

## **2.1 Industry Classification**

Five industry classifications were considered as part of compiling this sector paper, four of them during the mini-presentation session at the 30th VG meeting and the other one added during the author's discussions with representatives from the Australia and New Zealand NSOs the *UN International Standard Industrial Classification* (ISIC, Revision 4.0), the *Statistical Classification of Economic Activities in the European Community, Rev. 2* (NACE, Rev. 2), one version of the *North American Industrial Classification System* (NAICS US 2012), and the *Australia and New Zealand Standard Industrial Classification, Rev. 2* (ANZSIC 2006).

Industry classifications are essentially consistent with each other with the exception of the ANZSIC system which does not have a separate class for this industry but rather includes it only as part of a broader class entitled "Other administrative services, n.e.c.". Thus, ANZSIC includes convention and trade shows organization activities in the same class as establishments engaged in sports ticketing service; sports, art, and similar event promotion services (without facilities; and theater and concert booking service, which are classified in another industry under NAICS. The other industry classifications are silent about this, which could cause some confusion on what is included vs. excluded. NSOs should be careful to classify establishments correctly accordingly.

Nevertheless, ISIC, NACE, and NAICS all have a single class for this industry with the same description (though NAICS has the clarification in its notes as mentioned above while ISIC emphasizes the treatment of management and provision of staff). A detailed comparison of these industry classifications can be found in Appendix 2.

## **2.2 Product Classification**

Product classifications presented here are the *Classification of Products by Activity* (CPA 2008) and the *North American Product Classification System* (NAPCS v.1). (Note that the CPA categories are entirely consistent with those found in the UN's CPC.) Detailed descriptions of these product classifications are included in Appendix 3.

Both CPA and NAPCS have two product classes that apply, but one distinguishes between the kind of meeting, i.e. conferences or trade shows, while the other distinguishes between type of services provided (assistance vs. support) for both kinds of meetings. The difference is most likely due to the focus in Europe on making distinctions between business-to-business vs.

business-to-consumer activities. One of the country papers noted that the market for trade show organization services are fairly limited to B2B, while convention organization services have both B2B and B2C aspects. Note, however, that both map to the one industry classification. For the purpose of this sector paper, both of these distinctions may not matter because all countries who presented during the mini-presentations stated that they only report information at the industry level and at least one noted that the product information is rolled up so the detail is not actively used for classification purposes..

### **3. Turnover Statistics**

#### **3.1 Data Availability**

There is generally good availability of turnover data for this industry but primarily only at the industry level. Of the twenty-six countries that responded to the "Current Progress" surveys, 20 have compiled industry-level turnover, but only one of those reported that it also compiles product-level turnover statistics. Note that, although these countries calculate turnover at the industry level, many only publish at the two-digit level,, especially in Europe according to regulations. The *Organization of Conventions and Trade Shows* industry, while very active and mature, is relatively quite small in terms of its contribution to total national output. In almost all countries, the percentage of total turnover is less than 1 percent, sometimes even less than 0.5 percent. In terms of the sector of which this industry is part (Office administrative and support activities), ISIC 8230 ranges from 14 to 19 percent of the total turnover reported in 2013. A feature that all countries had in common is that there are many small-sized enterprises in the industry, but the relatively small number of large enterprises accounted for a little over a third of turnover on average (when medium-sized enterprises are added, one country reported that percentage rises to over 75% of turnover).

#### **3.2 Collection of data**

A variety of sources are used to compile turnover data for the sector/industry. These include sample surveys, censuses, and administrative data - the latter in the form of taxation records. Combinations of surveys and administrative data are commonly used.

Structural Business Statistics (SBS)-type surveys are used to compile annual turnover data. The surveys also collect additional information on characteristics such as employment, wages and salaries, investments, etc. Censuses are typically used for data collection from enterprises in large size classes, while tax data is used for the smaller size classes to reduce respondent burden. SBS surveys usually collect data at both the industry-level and product-level but as mentioned earlier there is only one sub-class used at all levels so the differences are insignificant.

Sub-annual turnover data is typically compiled on the basis of small sample surveys with the use of administrative data as an input for all small enterprises. Surveying large enterprises

ensures the quality of the results and keeps the need for revisions at bay. Collection focuses on a limited number of characteristics, typically employment and costs of purchased goods and services. Sub-annual results are generally published as indices only to provide a short-term indicator of economic performance and thus focus on trends as opposed to levels.

### **3.3 Data Issues**

Due to the relative homogeneity of the industry, the presenters noted that measuring turnover for *Organization of Conventions and Trade Shows* is relatively straightforward with not many significant data issues. Perhaps the most notable "issue" is that, due to the lack of a specific SPPI in most countries, National Accounts needs to choose proxy SPPIs to use for deflation purposes. What is chosen can vary between countries and can seem surprising (at least to the author of this sector paper!) - The Netherlands uses the IT-SPPI, while Sweden has been using the Accounting and Bookkeeping PPI (until its new SPPI can be used). Germany just notes that "price indices for similar services are used for deflation".

Some countries also reported confusion on the part of respondents on where to report activities related to overnight stays. The latter are part of Hotel accommodations but some survey respondents do not make that distinction and include the stays in reporting under NACE 82.30. This appears to be the case in Sweden when primarily one-night stays are involved, but as the papers noted since this is handled consistently by all respondents it is most likely not a significant issue.

Finally, there was some discussion at the 30th VG Meeting about how rent of space for conventions and trade shows is not included in this industry but rather in the relevant rental industry. NSOs should monitor this situation carefully to make sure rentals are handled correctly.

### **3.4 Recommended approaches**

The table at the top of the next page provides an overview of the options for developing or redeveloping turnover statistics for the sector/industry. While they are ranked best, good, and minimum approaches, it should be noted that for practical purposes a mix of data sources can be used and indeed are with good results in most countries. In fact, the Voorburg Group is considering changing this system for categorizing options in a new Content Development Framework. For the purposes of this draft for consideration by VG membership, the author has included the table that has been used in most previous sector papers, but it will be replaced in the final approved version of the sector paper if the new CDF sets new guidelines for this type of table.

**Table 2: Options for Developing Turnover Statistics**

Category	Data Source	Level of Detail Collected	Frequency	Cost	Comment
Best	Survey/Census	Industry turnover <u>and</u> product turnover detail	Annual & Sub-annual collection	-Most expensive -Largest response burden	-Note that most countries contend that usage of survey/census for large enterprises and admin data for small enterprises is the best approach for this industry
Good	Survey/Census and Administrative (tax data, industry association data, etc.)	Industry detail <u>only</u>	Annual	-Expensive -High response burden -Reconciling administrative data variables with survey variables	Industry level detail may not be sufficient due to secondary activity issues (but that did not seem to be a significant problem in this industry)
Minimum	Administrative (tax data, industry association data, etc.)	Industry detail <u>only</u>	Annual	-Least expensive -Little or no respondent burden -Suitability for turnover measurement must be checked carefully	May lead to increase in units being misclassified to incorrect industry

## **4. Services Producer Price Indices (SPPI)**

### **4.1 Data availability**

In contrast to turnover statistics, there is little availability of prices data for the Organization of Conventions and Trade Shows sector. Of the twenty-six countries that responded to the surveys that fed that the VG "Country Progress Reports", only four said that they compile industry-level prices and none of them compile product-level data. In addition, it turns that two of the four that reported compiling the data, Australia and New Zealand, actually do not publish it separately from the ANZSIC industry (7499) in which these services are classified along with other services noted earlier in section 2 of this paper. The other two countries also publish for NACE 82.30. France's INSEE has been publishing BtoALL at basic prices and BtoB at market prices quarterly price indices dating back to the fourth quarter of 2007. Statistics Sweden started development for price indices for 82.30 in 2013, calculated them on trial basis in 2015, and was scheduled to start publishing them separately in 2016 (note that at the time of drafting this sector paper, the author had not yet determined whether publication had begun yet).

Much of the information in this section of sector paper is thus drawn from the Swedish experience as presented at the 30th VG meeting, though some limited information from Australia and New Zealand were also used. The membership believed that the Swedish experience is most likely instructive enough for other countries given that this is not one of the industries for which calculation is required by European regulation and it does seem to be relatively straightforward. In addition, there was some information included in the other turnover papers about potential approaches to price indices that are referenced in this section when relevant. Nevertheless, if accepted, this sector paper should be revisited if other countries decide at some point in the future to calculate and publish price indexes for this industry.

### **4.1 Source of SPPI data**

Price data for this industry are collected via dedicated SPPI surveys (when they are collected - note that in most countries they are not collected as noted in section 4.1). The development of an SPPI for CPA 82.30 was part of larger project funded partly by Eurostat Grants that was conducted at Statistics Sweden in 2013 and 2014. It is now part of the regular SPPI survey in Sweden. Perhaps the main reason that this industry is not a part of other SPPI surveys in Europe is that the EU regulation governing short-term statistics currently does oblige NSOs to supply PPIs for NACE 82.30. Still, it is worth noting that The Netherlands mini-presentation recognized that ideally an SPPI at the same level as the turnover aggregates would improve the quality of volume-indicators and even hopefully conjectured that perhaps development could begin after 2018.

## **4.2 Target coverage**

Price collection is mostly targeted at business users, but there must other targets as seen by the INSEE's publication of a BtoALL price index in addition to its BtoB price index. There may be some secondary activity carried on by establishments classified in this industry; for example, Sweden notes that the renting of rooms and facilities for one-day conferences and meetings is the most common sold service within this product group in that country and it appears that rentals should be classified elsewhere. All activities associated with one-day events including rentals are included in the SPPI survey because it is not absolutely clear in Sweden and this way it is treated in the same way in all economic statistics.

## **4.3 Pricing methods used and main issues arising**

There are several types of pricing methods used depending on the nature of the service provided. For some services, unit of measurement is often price per person or price per room. Price determining factors that need to be specified are type of room, as well as other things that are included in the price, such as technical equipment and food and drinks. Since these kinds of services are usually carried out quite frequently, Sweden finds it is possible to get prices for repeated services. Still, in the case of governments or agencies buying conference services, the price is often fixed in contract or agreement. Also included in this area are provision of exhibit booths or stands with the size of the stand part of the description of the service and the price is reported per square meter. When the service involves the provision of staff that performs such tasks as construction or installation and registration or administration, an hourly charge-out rate is the most preferred pricing method. Finally, one should note that overall project management and marketing are also sometimes provided by enterprises in this industry and such services are customized services. Accordingly,, the Netherlands suggests that model pricing might be the best method for this industry but also recognizes that it is difficult. Sweden actually used the hourly charge-out rate as a measure in these instances as the best method available without increasing respondent burden.

No major issues were identified for SPPIs for this industry. Turnover data is aligned with price data because the sample frame is typical an SBS-type survey. Perhaps the main issue are the classification questions that have been highlighted earlier in this paper, i.e. the fact that renting of room and facilities for one-day conferences and meetings are included in 82.30 in some countries, when it is not clear whether they should be in this product group. Although enterprises can generally report prices for repeated services, there are situations where this is not possible and there is some disagreement whether model pricing should be considered as opposed to using hourly rates as a second best method.

The fact that so many countries do not produce SPPIs, but changes in some economies may be changing that in the future. Germany notes as the service sector grows in European Economies, there is an increasing demand for detailed and up-to-date information on the service industries,



which naturally should include services related to trade shows and events that have a positive impact on the German economy. Thus, this may result in an extension of statistical requirements by Eurostat, including the expected replacement of the quarterly turnover index of services statistics by a monthly index of service production which in turn would require an adequate price index for organization of conventions and trade shows.

#### **4.5 Weights**

The type of weights required varies according to the type of approach taken to compile the PPI. However, for the Organization of Conventions and Trade Shows industry, note that Sweden produces product-level PPIs and France appears to produce industry-level indexes. Still, in both instances, it appears that the SBS-type survey is the source of weights (NOTE: The author needs to verify this - he only recently found out that the Swedish SPPI paper does not say much about weights).

#### **4.6 Recommended approaches**

Table 3 on the next page is intended to provide an overview of options for either designing new or redeveloping existing SPPI programs. Note, however, that this is based on a very small sample of NSOs that actually publish SPPI for this industry and as such rather than use a best/good/minimum categorization, the table focuses on service type and various characteristics that should be taken into consideration for each one. This is subject to change if the new Content Development Framework under consideration at the 31st VG Meeting sets a new standard for this kind of table in a sector paper.

**Table 3: Options for Developing SPPIs for Organization of Conventions and Trade Show Services**

Service Type	Pricing Mechanism	Pricing Method	Data type in survey	Quality and Accuracy
Routine, repeatable	Price per person or Price per room	Direct use of repeated services	Real transaction prices	High if transactions remain representative and at constant quality
Services for Government or Agencies	Contract	Contract or agreement	Real transaction price	Good if transactions remain representative and at constant quality; escalation clauses accounted for.
Provision of exhibit stands or showcases	Price per square meter	Direct use of repeated services	Real transaction prices	Same as "Routine, repeatable services"
Provision of staff that helps in organizing events	Hourly charge-out rate	Time-based	Real or average labor rates	Good if changes in productivity and/or billable hours adjusted for. In this case, since buyer is purchasing time and not a fixed amount of visitors that one staff can register, productivity measures should not be impacted. Best if real rates are used.
Unique and non-recurring services such as project management and/or marketing	Consider model pricing OR hourly charge-out rate can be used as second best method	Model or Time-based	If model, estimated by respondent; if charge-out rate, real or average labor rates	Same as above for charge-out rate; Model pricing can be difficult and burdensome but best if model remains representative

## **5. Summary of main conclusions**

Measurement of turnover/output for Organization of Conventions and Trade Shows is relatively well developed. On the other hand, services producer price indices have only been developed and/or published for handful of countries. Yet, due the fairly homogeneous nature of the services provided, it is likely that the methods put in place by the countries that do produce SPPIs will stand the test of time.

Classification problems are relatively low because of the alignment of classification systems in most cases. Nevertheless, attention should be paid to avoid issues related to the treatment of overnight stays associated with conventions and meetings. In addition, in Australia and New Zealand, this is not even treated as a separate industry. Still, the European and North American classification systems are generally in alignment with the international definition.

The homogeneous nature of the industry is evidenced by the fact that more than 93% of the turnover reported by the contributing NSOs originate within the industry itself. Turnover statistics are generally available at the industry level, though one country provides that at the product-level.

SPPIs are only published by two countries and other countries that have turnover statistics need to turn to using another SPPI as a proxy for deflation. Such choices are made consistent with the economic circumstances in each country. Overall, SPPI are rare now because it is not yet required in Europe and rolled-up into a broader category in other countries. The pricing methods chosen by those countries that calculate and/or publish SPPIs are tailored to the nature of the service.

Finally, it was noted that since a provider of a service can act as an intermediary between an exhibitor and supplies, there may be significant reselling of services. It was suggested that this is topic for further investigation as well as whether there is any seasonality due to the existence of seasonal events.

## Appendix 1 – Overview of International Progress

<b>ISIC 8230 Organization of Convention and Trade Shows</b>	<b>Survey Categories</b>	<b># of countries</b>
	a. PPI details>=CPC	0
	b. PPI details>=CPC soon	0
	c. Turnover details>=CPC	1
	d. Turnover details>=CPC soon	0
	e. Industry prices calculated	4
	f. Industry turnover collected	20
	1.Detailed turnover and prices well aligned	0
	2.Detailed turnover and prices well aligned soon	0
	3.Industry level turnover and prices well aligned	3
	4.Industry level turnover and prices well aligned soon	3
	5.Other – no industry coverage for prices and/or turnover, etc.	20

Source: 2015 Voorburg Group Detailed Status Summary Report

NOTE: The four reports of SPPI calculation does not necessarily mean that they are published at that level. Two of the reporting NSOs calculate and publish indexes for ISIC 8230 (or its equivalent), while the two others include organization of conventions and trade shows in broader index as noted in the section 4 of the Sector Paper.

## **Appendix 2 – Overview of Industry Classifications**

### **ISIC 4.0**

N: Administrative & Support Service Activities

82: Office, administrative, office support, and other business support activities

823: Organization of conventions and trade shows

8230: Same as 823

Note: 8230 defined as organization, promotion and/or management of events, such as business and trade shows, conventions, conferences and meetings, where or not including the management and provision of staff to operate facilities in which these events take place.

### **NACE Rev. 2**

Same as ISIC 4.0

### **NAICS 2012 (US version)**

56: Administrative and Support and Waste Management and Remediation Services

561: Administrative and support services

5619: Other support services

561920: Convention and Trade Show Organizers

Note: Establishments primarily engaged in organizing, promoting, and/or managing live performing arts productions, sports events, and similar events, such as festivals (whether or not they manage and provide staff to operate facilities in which these events take place), are classified in NAICS Industry Group 7113, Promoters of Performing Arts, Sports, and Similar Events

### **ANZSIC 2006**

N: Administrative and Support Services

N72: Administrative Services

N729: Other administrative services

N729100: Office administrative services

N729200: Document preparation services

N729300: Credit reporting and debt collection services

N729400: Call centre operation

N729900: Other administrative services, n.e.c.

Primary activities included N729900 include the activities that concord in part to ISIC 8230

## **Appendix 3 - Overview of product classification**

### **CPC Rev. 2**

85961; Convention (assistance and) organization services

85962: Trade show (assistance and) organization services

### **CPA 2008**

82.30.11; Convention (assistance and) organization services

82.30.12: Trade show (assistance and) organization services

NOTE: Essentially see entire list of NAPCS services listed below but distinguished by those provided for conventions and congresses vs. those provided for trade shows and trade fairs. Some things that are also listed as components of both of these sub-classes that are not mentioned specifically for NAPCS include marketing and public relations, organization or supply of simultaneous interpretation and other on-site services, supply and setting up of equipment, and organization or provision of accommodation booking services.

### **NAPCS**

1. Convention and Trade Show Assistance
2. Convention and Trade Show Support Services

--Assistance includes help locating meeting space, preparing customized proposals, checking hotel availability, negotiating group discounts, arranging escorted site inspections of venues, meeting planner guides, website access, reference materials for destination site, etc.

--Support services includes providing local registration personnel, arranging for clients to meet local provider such as florist, photographers, etc., and assisting in scheduling shuttles, limos for VIP and other special assistance during conferences.

