

F: EVALUATION OF XPO'S PORTFOLIO OF AUCKLAND EVENTS.

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EXECUTIVE SUMMARY

XPO Exhibitions Ltd (XPO) is an Auckland-based company that owns and organises a portfolio of 13 of New Zealand's largest and longest-running 'business-to-business' trade show exhibitions and events. The purpose of this report is to evaluate the impact of five of XPO's Auckland events on tourism and GDP in the region:

- EMEX 2014
- Foodtech Packtech 2014
- Autumn Gift & Homewares Fair 2015
- buildnz | designex 2015 (which was combined with the National Safety Show 2015)
- Spring Gift & Homewares Fair 2015

Purchases of goods & services from exhibitors (trade purchases) are beyond the scope of this evaluation.

The tourism and GDP impacts are measured against the counterfactual of these events not being held in Auckland or elsewhere in New Zealand.

The key results of the evaluation are:

- Just over 1,400 companies exhibited at events held by XPO in Auckland. The exhibition stands were staffed by 9,372 people and a further 22,246 people attended the events as official registrants.
- These events attracted 11,133 visitors to Auckland, generating 24,641 visitor nights.
- XPO's portfolio of Auckland events increased output (gross expenditure) in Auckland by \$9.54 million excluding GST and trade purchases made at or after the events. The change in regional output is made up of:
 - \$3.51 million through the organisation and delivery of the events
 - \$3.89 million through expenditure by visiting exhibitors
 - \$2.15 million through expenditure by visiting attendees
- The increase in regional output of \$9.54 million resulted in an increase in regional GDP of \$7.44 million. This represents a return on regional investment of 167%, calculated as \$7.44 million (the return over and above the initial investment) divided by \$4.45 million (the region's investment in the event). This means that Auckland recovered each dollar it invested in these events plus an additional \$1.67 per dollar invested.
- Around 90% of people attending XPO's events have influence over the purchasing decisions of the companies they represent. The average spending power of each attendee is \$81,336 (including those who have no influence over purchasing decisions), and total spending power across XPO's portfolio of Auckland events is \$1.81 billion.
- XPO's events mainly occur during off-peak periods, with the exception of the Autumn Gift Fair which is held in early March. In total XPO's portfolio of Auckland events generated 18,471 off-peak visitor nights and increased regional output and GDP in off-peak periods by \$7.29 million and \$5.69 million respectively. XPO's portfolio of Auckland events is therefore largely counter-seasonal, bringing money into Auckland during periods when tourism demand is traditionally low.

**TABLE 1 SUMMARY OF RESULTS FOR XPO'S PORTFOLIO OF AUCKLAND EVENTS**

	Emex 2014	Foodtech Packtech 2014	Autumn Gift 2015	buildnz designex 2015	Spring Gift 2015	Total
Companies exhibiting	146	198	319	294	446	1,403
Exhibitor headcount	1,160	1,347	2,052	2,206	2,607	9,372
Attendee headcount	4,316	3,487	3,757	5,467	5,219	22,246
Total headcount	5,476	4,834	5,809	7,673	7,826	31,618
Local	3,789	3,448	3,360	5,768	4,119	20,485
Domestic	1,588	1,254	2,362	1,734	3,537	10,475
International	99	132	87	171	169	658
Visitor nights	2,925	3,109	6,171	3,900	8,537	24,641
Domestic	2,502	2,551	5,794	3,154	7,779	21,780
International	422	558	377	746	758	2,862
Change in regional output	989,131	1,554,801	2,252,827	1,581,561	3,166,537	9,544,857
Event budget	340,080	773,898	797,286	549,779	1,051,883	3,512,926
Visiting exhibitors	302,860	522,907	919,581	803,889	1,337,679	3,886,916
Visiting attendees	346,191	257,995	535,960	227,893	776,975	2,145,014
GDP:output multiplier	0.78	0.78	0.78	0.78	0.78	0.78
Change in regional GDP	771,522	1,212,745	1,757,205	1,233,618	2,469,899	7,444,988
Regional investment	528,596	1,021,954	837,469	996,910	1,065,202	4,450,131
Return on regional investment	146%	119%	210%	124%	232%	167%
Influence purchasing decisions	82%	85%	98%	86%	97%	90%
Average spending power	98,014	128,527	44,366	93,914	48,983	81,336
Total spending power (\$m)	422.8	447.8	169.6	513.7	255.5	1,809.4

INTRODUCTION

XPO Exhibitions Ltd (XPO) is an Auckland-based company that owns and organises a portfolio of 13 of New Zealand's largest and longest-running 'business-to-business' trade show exhibitions and events. XPO purchased the majority of its trade shows from the subsidiary of the Daily Mail Group UK, DMG Worldwide Media NZ Ltd in January 2010. In 2013 XPO acquired an additional portfolio of industry trade shows from Hayley Media. XPO has also launched a number of new trade shows including the New Zealand Food Innovation Showcase and Mybiz Expo. The purpose of this report is to evaluate the impact of five of XPO's Auckland events on tourism and GDP in the region:

- EMEX 2014
- Foodtech Packtech 2014
- Autumn Gift & Homewares Fair 2015
- buildnz | designex 2015 (which was combined with the National Safety Show 2015)
- Spring Gift & Homewares Fair 2015

XPO also runs four events in Christchurch that fall outside the scope of this report:

- Winter Gift & Homewares
- SouthMach
- South Island Hospitality Show
- Canterbury buildnz | designex

High level descriptions of the five events evaluated in this report are provided in the table below.

TABLE 2 EVENTS EVALUATED IN THIS REPORT

Show	Who attends	Supporting bodies/associations
EMEX 2014	National manufacturing and engineering industry. Attendees have three days to research and procure leading products, machinery and services and attend workshops, conferences (leading national and international speakers) and networking functions.	IPENZ, Kiwinet, Industrial & Engineering Distributors Association, NZTE, Callaghan Innovation, Manufacturing NZ, EPMU.
Foodtech Packtech 2014	Food manufacturers and food packaging specialists from around the country. Attendees have three days to research leading products, machinery, technology and services and attend workshops, conferences (leading national and international speakers) and networking functions.	The NZ Food Innovation Network, Callaghan Innovation, ATEED, NZTE, 6 national universities, NZ Institute of Food Science & Technology, PAC NZ, Pride n Print, NZ Food Awards, Australian Packaging Association, The Canton Chef's Association.
Autumn Gift & Homewares Fair 2015	New Zealand's major and independently owned retailers. Attendees have three days to research and procure product for shops nationwide. Also to attend workshops, conferences (leading national and international speakers) and networking functions.	The New Zealand Gift Trade Association, Retail NZ (formerly the Retail Association of NZ), Buy NZ Made.

buildnz designex 2015	Professionally qualified builders, construction industry professionals, designers, architects, developers (residential & commercial). Attendees have three days to research and procure leading products and services and attend workshops, conferences (leading national and international speakers) and networking functions.	Registered Master Builders Association, Certified Builders Assoc of NZ, The NZ Institute of Architects Incorporated, DINZ, Architectural Designers Institute of NZ, BRANZ, NASH, MBIE Dept of Building & Housing, Auckland Council.
Spring Gift & Homewares Fair 2015	NZ's major and independently owned retailers. Attendees have three days to research and procure product for shops nationwide. Also to attend workshops, conferences (leading national and international speakers) and networking functions.	The New Zealand Gift Trade Association, Retail NZ (formerly the Retail Association of NZ), Buy NZ Made.

Data sources

The results in this report are based on:

- Registrant and exhibitor data provided by XPO
- Confidential budget and financial information provided by XPO
- Post-event surveys of registrants and exhibitors conducted by XPO
- Tourism analysis conducted by Fresh Information
- Economic analysis conducted by Fresh Information

All of XPO's registrant and exhibitor data and statistics are audited and signed off by the Media Audit Division of the Audited Media Association of Australia, formerly the Circulations Audit Board of Australasia (CAB).

Approach

The events in this report have been evaluated to understand how they contribute to Auckland's economy. An *accounting* methodology has been used which aligns with Statistics New Zealand's System of National Accounts and involves:

1. Determining how an event moves money into and out of the Auckland economy which requires a detailed understanding of where the various cashflows originate, where they are spent and where they would have been spent in the absence of the event. The major cashflows in this study relate to:
 - a. The operation of the event budget – it is important to understand how the event budget moves money into Auckland (exports) and out of Auckland (imports). This involves a line-item analysis of the event profit & loss statement to determine where the event income would have been spent in the absence of the event (to determine the opportunity cost of using the money in this way), and where the money is actually spent in order to deliver the event. This process reveals whether the event budget is bringing additional money into Auckland, or removing money from it.
 - b. Expenditure by domestic and international visitors while they are in Auckland. This involves estimation of:
 - The number of *additional* visitors to Auckland that can be causally linked to the event
 - The number of nights these people stay in Auckland
 - The amount of money these visitors spend in Auckland
2. Measuring the overall impact of these cashflows on the value of goods & services purchased from Auckland businesses (change in regional output).
3. Translating the change in regional output into an estimate of value added (regional GDP) using an economic multiplier of 0.78 which takes into account the direct and flow-on effects of the initial change in output.

The visitor counts in this report are based on actual data provided by XPO. The length of stay and spend estimates are based on a combination of survey data collected by XPO and assumptions made by Fresh Information based on learnings from previous evaluations.

Money spent by Auckland residents and businesses is zero-rated for evaluation purposes i.e. spend by local exhibitors, attendees and sponsors is counted as neither a cost nor a benefit to the region. Money spent by non-locals is considered to be incremental unless it can be shown that this money would have been spent in Auckland in the absence of the event *and/or* the event causes the loss of some 'normal' business activity.

The changes in economic activity caused by event operations and tourism are summed and then converted to regional GDP using economic multipliers. The return on regional investment is calculated as the change in regional GDP attributable to the event divided by the region's overall investment in the event. The reported impacts are measured against the counterfactual of these events not being held in Auckland or elsewhere in New Zealand.

Purchases of goods & services from exhibitors (trade purchases) are beyond the scope of this evaluation.

EVALUATION

Event footprint

Just over 1,400 companies exhibited at XPO's portfolio of Auckland events including 451 companies from elsewhere in New Zealand and 90 from overseas. The exhibition stands were staffed by 9,372 people at an average of 6.68 people per stand, and a further 22,246 people attended the events as official registrants. The exhibitor and attendee counts are all based on 'unique people' and therefore count each person only once, even if they attended the event on more than one day.

TABLE 3 EVENT DEMOGRAPHICS FOR XPO'S PORTFOLIO OF AUCKLAND EVENTS

	Emex 2014	Foodtech Packtech 2014	Autumn Gift 2015	buildnz designex 2015	Spring Gift 2015	Total
Companies exhibiting	146	198	319	294	446	1,403
Local	105	126	197	187	247	862
Domestic	30	53	110	86	172	451
International	11	19	12	21	27	90
Unique exhibitor head count	1,160	1,347	2,052	2,206	2,607	9,372
Local	933	946	1,378	1,560	1,663	6,479
Domestic	170	330	622	534	828	2,484
International	58	71	52	112	116	409
Unique exhibitors per company	7.95	6.80	6.43	7.50	5.85	6.68
Local	8.86	7.51	6.99	8.34	6.73	7.51
Domestic	5.67	6.26	5.65	6.19	4.81	5.51
International	5.37	3.69	4.33	5.41	4.30	4.56
Unique attendee head count	4,316	3,487	3,757	5,467	5,219	22,246
Local	2,857	2,502	1,982	4,208	2,456	14,005
Domestic	1,418	924	1,740	1,200	2,709	7,991
International	41	61	35	59	53	249



XPO's portfolio of Auckland events attracted 11,133 visitors to Auckland comprising 10,475 domestic visitors and 658 international visitors. These visitors spent 24,642 nights in Auckland at an average of 2.21 nights per visitors. Exhibitors stayed an average of 4.32 nights in Auckland while attendees stayed an average of 1.47 nights.

TABLE 4 TOURISM ACTIVITY CAUSED BY XPO'S PORTFOLIO OF AUCKLAND EVENTS

	Emex 2014	Foodtech Packtech 2014	Autumn Gift 2015	buildnz designex 2015	Spring Gift 2015	Total
Number of visitors						
Domestic	1,588	1,254	2,362	1,734	3,537	10,475
Exhibitors	170	330	622	534	828	2,484
Attendees	1,418	924	1,740	1,200	2,709	7,991
International	99	132	87	171	169	658
Exhibitors	58	71	52	112	116	409
Attendees	41	61	35	59	53	249
Total	1,687	1,386	2,449	1,905	3,707	11,133
Exhibitors	227	401	674	646	944	2,893
Attendees	1,459	985	1,775	1,259	2,763	8,241
Average stay (nights)						
Domestic	1.58	2.03	2.45	1.82	2.20	2.08
Exhibitors	4.00	4.00	4.60	3.88	4.27	4.21
Attendees	1.29	1.33	1.69	0.90	1.57	1.42
International	4.27	4.22	4.32	4.37	4.48	4.35
Exhibitors	5.00	5.00	5.00	5.00	5.00	5.00
Attendees	3.24	3.31	3.32	3.15	3.34	3.27
Total	1.73	2.24	2.52	2.05	2.30	2.21
Exhibitors	4.25	4.18	4.63	4.08	4.36	4.32
Attendees	1.34	1.45	1.72	1.00	1.60	1.47
Visitor nights						
Domestic	2,502	2,551	5,794	3,154	7,779	21,780
Exhibitors	678	1,320	2,858	2,074	3,534	10,465
Attendees	1,824	1,231	2,935	1,080	4,246	11,315
International	422	558	377	746	758	2,862
Exhibitors	289	356	260	562	580	2,047
Attendees	133	202	117	185	178	815
Total	2,925	3,109	6,171	3,900	8,537	24,641
Exhibitors	967	1,676	3,118	2,636	4,114	12,511
Attendees	1,957	1,433	3,053	1,264	4,423	12,130

Economic footprint

XPO's portfolio of Auckland events increased output (gross expenditure) in Auckland by \$9.54 million excluding GST. This result does not take into account deals transacted at or after the events and is measured against the counterfactual of these events not being held in Auckland or elsewhere in New Zealand. The change in regional output is made up of:

- \$3.51 million through the organisation and delivery of the events i.e. Auckland received \$3.51 million more from the budgets for these events than it contributed to them.
- \$3.89 million through expenditure by visiting exhibitors.
- \$2.15 million through expenditure by visiting attendees.

More detailed breakdowns of these cashflows are provided in the following sections.

TABLE 5 CHANGE IN REGIONAL OUTPUT CAUSED BY XPO'S PORTFOLIO OF AUCKLAND EVENTS

	Emex 2014	Foodtech Packtech 2014	Autumn Gift 2015	buildnz designex 2015	Spring Gift 2015	Total
Event operations	340,080	773,898	797,286	549,779	1,051,883	3,512,926
Visiting exhibitors	302,860	522,907	919,581	803,889	1,337,679	3,886,916
Visiting attendees	346,191	257,995	535,960	227,893	776,975	2,145,014
Total	989,131	1,554,801	2,252,827	1,581,561	3,166,537	9,544,857

Event operations

The total cost of organising and delivering XPO's portfolio of Auckland events was \$7.96 million, all of which was spent in Auckland to deliver the events (including profits retained by XPO). Only 56% of this money (\$4.45 million) would have been spent in Auckland in the absence of the events – the remaining \$3.51 million would have been spent elsewhere in New Zealand or overseas. XPO's portfolio of Auckland events therefore attracted \$3.51 million of new money into the Auckland economy, lifting Auckland's output by the same amount.

Expenditure by visiting exhibitors

Visiting exhibitors spent \$3.89 million in the Auckland economy on general tourism goods & services (accommodation, food & beverage, transport, entertainment etc) and exhibition-related expenses. These figures exclude money paid directly to XPO (e.g. exhibitor fees which are counted in the event operations calculations), airfares and GST.

Each visiting exhibitor spent an average of \$783 on general tourism goods & services in Auckland or \$181 per visitor night. In addition each visiting exhibitor spent an average of \$3,000 on exhibition-related goods & services such as locally sourced staff, stand materials and furnishings, stand installation services and marketing activity.

TABLE 7 EXPENDITURE IN AUCKLAND BY VISITING EXHIBITORS (EXCL. GST)*

	Emex 2014	Foodtech Packtech 2014	Autumn Gift 2015	buildnz designex 2015	Spring Gift 2015	Total
Domestic exhibitors						
Number of visitors	170	330	622	534	828	2,484
Visitor nights in Auckland	678	1,320	2,858	2,074	3,534	10,465
Expenditure in Auckland	207,715	387,710	827,059	619,425	1,130,592	3,172,500
Tourism	117,960	229,567	497,059	360,746	614,592	1,819,925
Non-tourism	89,754	158,143	330,000	258,678	516,000	1,352,575
Tourism spend per visitor	696	696	799	676	742	733
Tourism spend per night	174	174	174	174	174	174
Other spend per exhibitor	3,000	3,000	3,000	3,000	3,000	3,000
International exhibitors						
Number of visitors	58	71	52	112	116	409
Visitor nights in Auckland	289	356	260	562	580	2,047
Expenditure in Auckland	95,146	135,197	92,522	184,464	207,087	714,416
Tourism	62,834	77,340	56,522	122,132	126,087	444,915
Non-tourism	32,311	57,857	36,000	62,332	81,000	269,501
Tourism spend per visitor	1,087	1,087	1,087	1,087	1,087	1,087
Tourism spend per night	217	217	217	217	217	217
Other spend per exhibitor	3,000	3,000	3,000	3,000	3,000	3,000
All visiting exhibitors						
Number of visitors	227	401	674	646	944	2,893
Visitor nights in Auckland	967	1,676	3,118	2,636	4,114	12,511
Expenditure in Auckland	302,860	522,907	919,581	803,889	1,337,679	3,886,916
Tourism	180,794	306,907	553,581	482,878	740,679	2,264,840
Non-tourism	122,066	216,000	366,000	321,011	597,000	1,622,076
Tourism spend per visitor	795	765	821	747	785	783
Tourism spend per night	187	183	178	183	180	181
Other spend per exhibitor	3,000	3,000	3,000	3,000	3,000	3,000

*Excludes expenditure captured in the event budget such as exhibitor fees

Expenditure by visiting attendees (excluding trade purchases)

Visiting attendees spent \$2.15 million in Auckland on general tourism goods & services such as accommodation, food & beverage, transport, and entertainment. This figure excludes attendance fees (which are counted in the event operations calculations), airfares and GST. Each visiting attendee spent an average of \$260 on general tourism goods & services or \$177 per visitor night. Purchases of goods & services from exhibitors (trade purchases) are beyond the scope of this evaluation.

TABLE 8 EXPENDITURE IN AUCKLAND BY VISITING ATTENDEES (EXCL. GST)*

	Emex 2014	Foodtech Packtech 2014	Autumn Gift 2015	buildnz designex 2015	Spring Gift 2015	Total
Domestic attendees						
Number of visitors	1,418	924	1,740	1,200	2,709	7,991
Visitor nights in Auckland	1,824	1,231	2,935	1,080	4,246	11,315
Tourism spend in Auckland	317,192	214,045	510,519	187,747	738,355	1,967,859
Tourism spend per visitor	224	232	293	156	273	246
Tourism spend per night	174	174	174	174	174	174
International attendees						
Number of visitors	41	61	35	59	53	249
Visitor nights in Auckland	133	202	117	185	178	815
Tourism spend in Auckland	28,999	43,950	25,441	40,146	38,619	177,155
Tourism spend per visitor	705	720	722	686	726	711
Tourism spend per night	217	217	217	217	217	217
All visiting exhibitors						
Number of visitors	1,459	985	1,775	1,259	2,763	8,241
Visitor nights in Auckland	1,957	1,433	3,053	1,264	4,423	12,130
Tourism spend in Auckland	346,191	257,995	535,960	227,893	776,975	2,145,014
Tourism spend per visitor	237	262	302	181	281	260
Tourism spend per night	177	180	176	180	176	177

*Excludes expenditure captured in the event budget such as attendance fees and purchases of goods and services exhibited at the event

Contribution to GDP & return on regional investment (excluding trade purchases)

The increase in regional output of \$9.54 million caused by XPO's portfolio of Auckland events contributed \$7.44 million to Auckland's GDP. Auckland's investment in the event is defined as the amount of event income sourced from within Auckland (\$4.45 million) and the return on this investment is the contribution to GDP of \$7.44 million. The return on Auckland's investment in XPO's portfolio of Auckland events was therefore 167%, calculated as \$7.44 million divided by \$4.45 million.

TABLE 9 CHANGE IN REGIONAL GDP CAUSED BY XPO'S PORTFOLIO OF AUCKLAND EVENTS

	Emex 2014	Foodtech Packtech 2014	Autumn Gift 2015	buildnz designex 2015	Spring Gift 2015	Total
Change in regional output	989,131	1,554,801	2,252,827	1,581,561	3,166,537	9,544,857
Event budget	340,080	773,898	797,286	549,779	1,051,883	3,512,926
Visiting exhibitors	302,860	522,907	919,581	803,889	1,337,679	3,886,916
Visiting attendees	346,191	257,995	535,960	227,893	776,975	2,145,014
GDP:output multiplier	0.78	0.78	0.78	0.78	0.78	0.78
Change in regional GDP	771,522	1,212,745	1,757,205	1,233,618	2,469,899	7,444,988
Regional investment	528,596	1,021,954	837,469	996,910	1,065,202	4,450,131
Return on regional investment	146%	119%	210%	124%	232%	167%

OTHER STATISTICS

Purchasing power

Around 90% of people attending XPO's events have influence over the purchasing decisions of the companies they represent. The average spending power of each attendee is \$81,336 (including those who have no influence over purchasing decisions), and total spending power across XPO's portfolio of Auckland events is \$1.81 billion.

TABLE 10 PURCHASING POWER OF EVENT ATTENDEES

	Emex 2014	Foodtech Packtech 2014	Autumn Gift 2015	buildnz designex 2015	Spring Gift 2015	Total
Influence purchasing decisions						
Attendees from Auckland	81%	84%	97%	84%	97%	87%
Visiting attendees	82%	88%	98%	87%	98%	92%
All attendees	82%	85%	98%	86%	97%	90%
Average spending power (\$)						
Attendees from Auckland	96,344	124,123	49,584	89,818	50,046	84,609
Visiting attendees	101,145	139,354	40,158	107,826	47,991	75,774
All attendees	98,014	128,527	44,366	93,914	48,983	81,336
Total spending power (\$m)						
Attendees from Auckland	275.2	310.6	98.3	378.0	122.9	1,185.0
Visiting attendees	147.6	137.2	71.3	135.7	132.6	624.4
All attendees	422.8	447.8	169.6	513.7	255.5	1,809.4

Seasonality

XPO's events mainly occur during off-peak periods, with the exception of the Autumn Gift Fair which is held in early March. In total XPO's portfolio of Auckland events generated 18,471 off-peak visitor nights and increased regional output and GDP in off-peak periods by \$7.29 million and \$5.69 million respectively. XPO's portfolio of Auckland events is therefore largely counter-seasonal, bringing money into Auckland during periods when tourism demand is traditionally low.

TABLE 11 SEASONALITY OF XPO'S PORTFOLIO OF AUCKLAND EVENTS

Month	Season	Event	Visitor nights	Change in regional output	Change in regional GDP
May-14	Off-peak	Emex 2014	2,925	989,131	771,522
Jun-14	Off-peak				
Jul-14	Off-peak				
Aug-14	Off-peak				
Sep-14	Off-peak	Foodtech Packtech 2014	3,109	1,554,801	1,212,745
Oct-14	Off-peak				
Nov-14	Shoulder				
Dec-14	Peak				
Jan-15	Peak				
Feb-15	Peak				
Mar-15	Peak	Autumn Gift 2015	6,171	2,252,827	1,757,205
Apr-15	Shoulder				
May-15	Off-peak				
Jun-15	Off-peak	buildnz designex 2015	3,900	1,581,561	1,233,618
Jul-15	Off-peak				
Aug-15	Off-peak	Spring Gift 2015	8,537	3,166,537	2,469,899
Sep-15	Off-peak				
	Peak	All events	6,171	2,252,827	1,757,205
	Shoulder	All events	0	0	0
	Off-peak	All events	18,471	7,292,030	5,687,783
	Total	All events	24,641	9,544,857	7,444,988