Study on the Economic Impact of MICE in Singapore

ICCA, 18 April 2016
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Growth Consulting Practice
Frost & Sullivan Asia Pacific

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Scope of the Project

Singapore Tourism Board (STB) is a statutory board under the Ministry of Trade and Industry of Singapore, tasked to promote the country's tourism industry. The Singapore Exhibition & Convention Bureau’s (SECB’s), a group of STB, mandate is to establish Singapore as a dynamic business events destination.

This study examines the Economic Impact of the MICE Industry (Meeting, Incentive Conferences / Conventions, Exhibition) in Singapore.
How are these players related?

There are two types of industry players involved in MICE industry - Event Organizers (EOs) and Vendors of EOs.

- **Incentive**
- **Meeting**
- **Convention/Conferences**
- **Exhibition**

**EO**

- Professional Conference Organizer (PCO)
- Destination management Company (DMC)

**Vendors**

- Hotels
- Venues
- Booth Stand Contractor (BSC)
- Logistics

- Professional Exhibition Organizers (PEO)*

*PEOs also manage trade conferences during the trade shows

Strong Association
Weak Association

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What is Economic Impact Assessment?

Economic impact Assessment examines the effects on the level of economic activity in a given area in terms of how much value added this area contributes to the economy.

Why Economic Impact Assessment important?

Economic impact analysis provides a quantitative method to estimate the economic benefits that a particular project or industry brings to the economies and surrounding communities where the specific project or industry is located.

What does STB want to achieve from this study?

- The study aims to demonstrate the extent to which the local MICE segment industry supports the economy in Singapore.
- The study will analyze the economic benefits from the MICE industry i.e. how much each dollar spent in the MICE industry will generate for the entire Singapore economy.
Economic impacts are effects on the level of economic activity in a given area. In this study, the “effects” may be viewed in terms of:

<table>
<thead>
<tr>
<th>Measures of Economic Impact</th>
<th>Rational</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Expenditure / Spending</strong></td>
<td>As many other countries are still using spending to capture the data for tourism &amp; MICE industry, the results can be used for comparisons with other countries.</td>
</tr>
<tr>
<td>It includes spending of event organizers, delegate spending, vendor spending, investment spending, and MICE employee spending</td>
<td></td>
</tr>
<tr>
<td><strong>Value Added</strong></td>
<td>The results can be used to compare with other industries in the economy in terms of contribution to GDP.</td>
</tr>
<tr>
<td>It includes the sum of wage income and corporate profit generated in the study area. For this study, it includes VA of EOs, VA of vendors, VA of delegates spending, VA of vendor spending, VA of MICE investment, and VA of employee spending.</td>
<td></td>
</tr>
</tbody>
</table>

For the purpose of this study, the following definition of value added is considered:

\[
\text{Value Added (VA)} = \text{Operating Surplus / Loss}^* + \text{Remuneration} + \text{Indirect Taxes & Fees}
\]

*Refers to operating receipts less operating expenditure plus depreciation of fixed assets

**Definition Source:** SingStat, UNCTAD

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Calculation of Economic Impact By Expenditure

Definition

The economic impact of the MICE Industry is defined below

**Tier of influence**

<table>
<thead>
<tr>
<th>Direct Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>This is a calculation of the value measured in Singapore dollar of expenditures by MICE segment industry visitors/delegates, exhibitors, and organizers.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Indirect Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>This is a measure of the amount that suppliers which support the Singapore MICE segment industry spend on goods and services from third parties.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Induced Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>This is a measure of impact of the spending by MICE segment-related employees in the local Singapore economy.</td>
</tr>
</tbody>
</table>

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Calculation of Economic Impact By Expenditure

Key Components

The **direct** impact of the MICE Industry is defined below

**Tier of influence**

**Direct Impact**

1. Spending by event organizers on
   - Venue
   - Marketing and advertising
   - Logistics services
   - Booth setup
   - Entertainment services
   - Manpower and training agencies
   - Security services
   - Equipment rental
   - Payroll services etc.

**Indirect Impact**

2. Spending by MICE delegates on
   - Airfare
   - Accommodation
   - Food and beverages
   - Ground transportation
   - Sightseeing and Attractions
   - Shopping
   - Attending events and entertainment
   - Telecommunication charges
   - Others etc.

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The **indirect** impact of the MICE Industry is defined below:

- **Direct Impact**
- **Indirect Impact**
- **Induced Impact**

**Spending on**

- Additional expenditure incurred by the vendors of the MICE industry and those businesses that provide goods and services to visitors/delegates
- MICE investment

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Calculation of Economic Impact By Expenditure

Key Components

The **induced** impact of the MICE Industry is defined below

- **Direct Impact**
- **Indirect Impact**
- **Induced Impact**

Spending by MICE segment-related employees in the local Singapore economy on:

- Food and Beverage Serving Services
- Housing and Related Expenditure
- Health
- Transport
- Communication
- Recreation and Culture
- Educational Services
- Others
The study used various data sources to capture the economic impact of the MICE activities in Singapore.

1. Past MICE studies by STB (e.g. MICE Delegate Expenditure Study)

2. 400 Employee Survey

3. Past MICE studies by Frost & Sullivan (e.g. MICE Productivity Study)

4. 50 Firm Level Interviews (MICE/Vendors)

5. Data sourced from SingStat

6. Data sourced from ACRA

7. Other sources, including Annual Reports, Benchmarking, etc.

8. Other similar studies done by other markets

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Calculation of Economic Impact By Value Add

Direct Economic Contribution = VA of EO, VA of EO spending, VA of Delegate Spending

Operating Receipts (Revenue) of EOs

Operating Expenditure of EOs

Manpower Remuneration

Depreciation & Interest Payments

Source:
[1] Breakdown based on ACRA, MICE Industry Player Survey, MICE Productivity Study
[2] Absolute cost is based on SingStat data

Operating Expenditure of EOs (less Manpower Remunerations)

Operating Receipts (Revenue) of MICE Vendors

Operating Expenditure of MICE Vendors

Manpower Remuneration + Depreciation + Interest Payments

Source:
[1] Breakdown based on ACRA, MICE Industry Player Survey, MICE Productivity Study
[2] Absolute cost is based on SingStat data

Total number of visitors by M,I,C,E

Average Spending by cost heads

VA Multiplier of various cost heads

Source:

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Calculation of Economic Impact By Value Add
Indirect Economic Contribution = VA of EO Vendor Spending, VA of Investment Spending

1. **Operating Expenditure of MICE Vendors**
   - Source: SingStat

2. **Breakdown of Spending into various heads**
   - Source: [1] Total cost is based on typical cost as % of revenue from MICE Vendor Survey and ACRA
   - Source: [2] Cost breakdown is based on MICE Vendor Survey and ACRA

3. **VA Multiplier of various cost heads**
   - Source: SingStat

4. **VA of Vendor’s Spending**

5. **Operating Receipts of EOs and MICE Vendors**
   - Source: [1] SingStat
   - [2] Primary Interviews
   - [3] ACRA

6. **CAPEX as %age of Operating Receipts**

7. **Relevant VA Multiplier**
   - * VA Multiplier for Construction for Venues and Hotels as majority of CAPEX spending on construction related activities
   - VA Multiplier for Technology for EOs and other vendors as majority of CAPEX spending on technology upgrades.

8. **VA of Investment Spending**

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Calculation of Economic Impact By Value Add

Induced Economic Contribution = VA of Employee Spending

Manpower Remunerations

Savings out of Wages

Employee Spending

Breakdown of Employee Spending into various heads

VA Multiplier of various cost heads

VA of Employee Spending

Source: SingStat household expenditure survey results, but validated based on the responses gathered from the employee survey

Source: SingStat
**Total Spending - 2012**

<table>
<thead>
<tr>
<th>Summary</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spending of EOs</td>
<td>533,599,347</td>
</tr>
<tr>
<td>Delegate Spending</td>
<td>2,919,777,397</td>
</tr>
<tr>
<td>Vendor Spending</td>
<td>928,584,005</td>
</tr>
<tr>
<td>Investment Spending</td>
<td>185,914,099</td>
</tr>
<tr>
<td>MICE Employee Spending</td>
<td>578,114,499</td>
</tr>
<tr>
<td>Total</td>
<td>5,145,989,347</td>
</tr>
</tbody>
</table>

Total Spending in 2012 was S$ 5.2 billion

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Total Economic Contribution - 2012

<table>
<thead>
<tr>
<th>Summary</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>VA of EOs</td>
<td>201,427,267</td>
</tr>
<tr>
<td>VA of Vendors</td>
<td>799,067,434</td>
</tr>
<tr>
<td>VA of Delegates Spending</td>
<td>1,958,361,176</td>
</tr>
<tr>
<td>VA of Vendor Spending</td>
<td>229,736,883</td>
</tr>
<tr>
<td>Investment Spending VA</td>
<td>99,333,903</td>
</tr>
<tr>
<td>MICE Employee Spending VA</td>
<td>380,343,297</td>
</tr>
<tr>
<td>Total</td>
<td>3,668,269,960</td>
</tr>
</tbody>
</table>

Total impact in 2012 was S$ 3.7 billion – 1.06% of Singapore GDP

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Comparison with other related industry in Singapore

Total Economic Impact Breakdowns by Industries

- Total impact in 2012 was S$3.7 billion – 1.06% of Singapore GDP
- Tourism: 4-5%

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Singapore Air Show 2012 contributed over **S$254.5 million** worth of direct spending to the Singapore economy in tourism receipts, hospitality, event and personal spend. (Source: Kadence International)

Of this, over **S$219 million** was from foreign exhibitors, trade and public visitors.

- **Create international awareness**
- **Branding of SG as an aviation business hub**
- **Training opportunities for local talent**

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MICE Activity Economic Impact

Conclusions

- The overall Economic Impact of MICE activities is approximately S$ 3.7 billion – 1.06% of Singapore GDP in 2012.

- The total spending due to MICE activities was S$ 5.2 billion in 2012.

- The overall contribution of MICE activities to Singapore GDP has increased from 0.90% of GDP in 2008 to 1.06% of GDP in 2012.

- Besides the quantitative benefits, MICE has contributed in terms of networking opportunities, branding of Singapore and cross-industry skill sharing.

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