OXFORD BROOKES UNIVERSITY

Business Visitor Economy Study

Final Report Conclusions and Recommendations

May 2019

Oxford Brookes Business School

Business Visitor Economy Study
Final Report Conclusions and Recommendations

CONTENTS

Acknowledgements: The Study was funded by the following partners:

- Oxfordshire Local Enterprise Partnership (OxLEP).
- Oxford Brookes University (OBU).
- Oxfordshire County Council.
- Value Retail.
- Oxford City Council.
- University of Oxford.
- Great Western Railway.

The Study also benefited from a contribution to costs from the Higher Education Innovation Fund (HEIF) provided by Research England through OBU. The Culture and Visitor Economy Sub-Group (CVESG) provided strategic guidance on behalf of the funding partners. Oxford Brookes University would like to acknowledge and thank the partners, supporters and contributors to this document. The Members of the CVESG and other key stakeholders provided data and contacts which have proven invaluable in the course of the assignment.

1 INTRODUCTION

Oxford Brookes Business School was commissioned by the Oxfordshire Local Enterprise Partnership (OxLEP) on behalf of a number of stakeholders though its Culture and Visitor Economy Sub-Group (the CVESG) to undertake a Study into *"The potential for the sustainable development of the Business Visitor Economy (BVE) in Oxford and Oxfordshire which may include a new multi-functional venue and/or better use of existing facilities coordinated with improved resources for destination management and promotion".*

The Study was carried out between September 2018 and February 2019. It addressed both the demand and supply side of the BVE and so adopted a mixed method, cross sectional approach. This document provides a Summary of the Final Report – focusing on key conclusions, recommendations and actions. Readers should refer to the full Report to examine the evidence from which these key points have been drawn. The full Report (OBBS BVE Study Final Report Full Version) and its supporting material (OBBS BVE Study Final Report Supporting Material) are available on request from OxLEP.

2 CONTEXT

The Study took place against the overall ambition for growth as set out in the region's economic development plans and against a concern that the region may be losing market share to other locations. Whilst the focus of the Study was on the potential within the *business* visitor market, a positive relationship between the business market and other parts of the visitor economy (cultural, leisure and heritage-based) was identified. This is reflected in the recommendations regarding the *type* of multi-functional venue that should be pursued and the markets and communities such a venue would have the potential of servicing.

Oxfordshire is in many ways a successful and prosperous region but maintaining this position demands a response to number of challenges. Boosting the BVE can help with some of these, such as contributing to economic rebalancing. Investment in the BVE would also support the Local Industrial Strategy (LIS) ambition of ensuring "Oxfordshire becomes a top three global innovation ecosystem" by providing some of the additional infrastructure to underpin the region's positioning and growth.

3 SCOPE

Business visits are set up to achieve specific objectives and meet a complex set of requirements, and so the design of events varies extensively. The Study focused on understanding three types of events: Meetings/Conferences (including incentive events), Exhibitions (including Trade Shows) and Live Entertainment Events. Whilst live events are not *business* events per se (i.e. are not targeted at business visitors or generally counted as part of the BVE), they are considered as relevant as they can provide an important part of venue income, especially in the larger facilities, as well as meeting local as well as national and international needs.

A mixed methodology was deployed including primary and secondary research. Stakeholder interviews, workshops and site visits were combined with extensive desk work. Venue performance modelling was undertaken though in-depth examination of out of County facilities. Results were shared with the CVESG on several occasions. However, this stage of the Study focused on understanding the current situation and presenting an *initial* examination (baseline evidence) into the feasibility of a new facility and so the conclusions and recommendations need to be reviewed in this context. The next phase of the Study is likely to involve more detailed market testing, location examination and in-depth financial modelling with one or more potential commercial operators.

4 OXFORDSHIRE - MAIN FINDINGS

The following analysis summarises the main findings related to Oxfordshire's current positioning:

STRENGTHS	WEAKNESSES
• International profile and reputation – brand. • Location – central to UK and close to London. • Connectivity – road, rail, air (Heathrow and Birmingham). • World leading sectors (medical, life sciences, automotive, creative). • World leading and unique facilities. • Distinctive characteristics. • Customers *want* to visit – value the unique features and ambiance. • Diversity of existing economy – links between creative, cultural, science, technology and industry. • Sustained investment in infrastructure such as connectivity and transport.	• Identity as a *business* destination is weak and not linked to strengths. • Existing MICE (meetings, incentives, conferences, exhibitions) market venue options limited – especially in medium and upper size bands. • Live entertainment and performance venue options similarly restricted on size and availability. • Accommodation options limited (seasonally) and expensive. • No local airport with international flights. • Traffic and pedestrian congestion (especially in and around the City). • Customer (mis)perceptions – for example perceived distance from transport nodes and London.

• Willingness of local providers and stakeholders to collaborate.	• Limited resources for destination promotion and management. • Lack of sustained and coordinated action between regional stakeholders against an agreed vision and set of objectives for the BVE.
OPPORTUNITIES	**THREATS**
• BVE globally is growing. • High value of visits from international business visitors. • Evidence of demand from different segments of the MICE market and live performances. • Options to develop a compelling and differentiated offer are many and varied. • Creating a strong brand and narrative for business visitors is achievable. • Winning new business and attracting existing business from other areas (e.g. London). • Building on improvements to services offered by ExperienceOxfordshire (for example). • Crossover opportunities and synergies – for example between traditional business and the creative and cultural sectors. • Strategic ambition, direction of travel and momentum created by the LIS initiative. • Oxford / Cambridge arc proposals and other infrastructure developments including the east-to-west Expressway development.	• Possible reduction in market share through competitor's efforts to improve their offer. • Expansion of neighbouring regions e.g. West London. • Expansion of multi-function venues around the country. • Competition as a global destination from other international cities with similar profile and characteristics (Harvard, Cambridge). • Low ratings (for example feedback on poor overall quality of service) means that visitors are less likely to come back. • Complacency – attitude amongst stakeholders that "We are busy – so there's no need for change". • High Speed train planned for 2026 linking London to Birmingham in 49mn (visitor traffic bypasses Oxon?).

5 Conclusions

Sustainable growth in the BVE is both attainable and desirable

The Study concluded that there is the potential and the opportunity to grow the BVE in Oxfordshire, and this would have a long term and sustainable impact on the region and its community. The Study found evidence to suggest that the region is underperforming (compared to other regions); not achieving its potential, and is turning away business.

Although demand is difficult to forecast – there is evidence of growth in the BVE and live entertainment markets and whilst there are fluctuations – growth appears to be ongoing. It is also sustainable –

particularly if international opportunities and a differentiation strategy are pursued. Successful regions and locations (and indeed venues) find ways of differentiating themselves in the marketplace. Oxfordshire has several the elements already in place to be able to do this. It has global identity and reach in the science, technology, and education fields. It is a centre for innovation and entrepreneurial activity. Combined with its extensive cultural and heritage assets, it offers many distinct advantages to prospective business visitors and event promotors. Given Oxfordshire's strong identity overseas, it has been concluded that there is a real opportunity for the region to build a strong brand within selected MICE segments and on an international scale.

There are significant indicators that a new facility would be feasible and economically viable over the medium term, but there are several critical success factors which need to be met to make this a reality:

- Securing an appropriate location (with "final mile" issues being of high importance).
- Intelligent targeting of specific MICE segments (see below) and markets and customers that are in line with Oxfordshire's unique features and characteristics.
- The development of a differentiated offer reflecting the interests and needs of these potential customers and building on Oxfordshire's strengths and unique characteristics.
- Ongoing cooperation between the various agencies and stakeholders concerned.
- A dedicated and experienced facilities management and destination promotion team at the new facility with representation and "buy-in" from key regional stakeholders.

Better use of existing facilities would make a positive contribution

The BVE in Oxfordshire can grow through better use of existing resources and more collaboration between venue and accommodation providers and agencies. This would unlock some of the latent demand identified and is also a way of smoothing out seasonal variations and demand fluctuations that put pressure on existing facilities and infrastructure. However, on its own this will not have the long-term impact that is being sought as the existing provision faces significant capacity constraints. The region is not able to host events over a certain size in any of the BVE and live performance segments identified as providing the potential for growth.

Investment in new facilities is needed for significant growth

A new multi-purpose venue would enable Oxfordshire to present compelling offers to a number of BVE and live event (performance) markets and that it should service (with the minimum numbers representing *a starting point*):

- Meetings and conferences- a theatre for between 1,500 and 5,000 delegates and halls for smaller meetings (750 capacity). This reflects a floor space of around 1,900m2.
- Exhibitions – minimum 3,000 visitors – growth space up to 20,000 visitors. This reflects a minimum floor space of around 2,600m2.
- Live Performances – minimum 2,000 attendees – growing up to 12,000. Minimum floor space requirement 1,700m2.

Dedicated and standalone facilities – such as purpose-built conference centres or standalone concert halls – whilst they may address some of the gaps in provision in Oxfordshire – are unlikely to be viable and thus sustainable in the long term. Given the potential for unlocking latent demand and creating new growth gained through the Study, a new multi-purpose venue provides the best opportunity for substantial growth. The modelling undertaken in the Study indicated that the rate of return (on investment) increases as venues are scaled up.

Using the models generated in the Study and based on the experience of comparable venues, Oxfordshire could expect to attract around 350,000 visitors annually to the new venue, with an expected revenue when mature of between £7-8M.

Oxfordshire needs to invest more in place making and promotion

Oxfordshire does not have a sufficiently well-developed reputation or identity as a destination of choice in BVE markets. This needs to be addressed in advance – or at least alongside – the development of any new collaborative efforts or new facilities. It will require increased destination management and promotional resources – and a joined up and sustainable effort between stakeholders and agencies – to win new business. Oxfordshire needs to develop a regional identity, positioning and competitive positioning for the BVE. The consideration of a new facility is not simply a question of location and type. It is about determining the specific and detailed markets and opportunities which would bring sustainable economic benefit to the region and then committing to what's needed in order to be able to access these opportunities.

Ambition and cooperation will be necessary to overcome significant challenges

Oxfordshire has the *potential* to compete in global BVE markets – and can create a compelling and exciting offer that builds on the region's unique identity and strengths. However – work needs to be done to create and share the *ambition* to do so. Achieving scale, and avoiding a weakening of the region's current position, will require a long-term vision and plan and meaningful investment (financial and otherwise) from multiple stakeholders, including from the private sector.

There are several other challenges that a new venue would have to overcome – such as the availability of affordable accommodation. The demand for bed-space in Oxfordshire is such that upward pressure on price is likely to be experienced by any new provision and this might continue to act as a constraint on the acquisition of new business from the MICE segments. Sponsors generally prefer city centre locations for conferences because of the perceived ease of access and proximity to cultural and leisure facilities. Oxford city, whilst attractive in many respects, may not have available land of enough scale that would accommodate a multi-function venue with the space to expand. In addition, the City faces other challenges such as congestion, pollution and the availability of bed-space at certain times of year.

6 Recommended Actions

6.1 Creating Capacity

Oxfordshire should pursue the development of a new multifunctional facility of a significant size in the County. The full Report presents seven Strategic Options – the preferred Options are to build a Medium Sized Multi-purpose Facility with the capacity to grow as the success of the venue gains momentum. Using the segmentation determined for the Study, a medium sized venue would have a capacity of more than 6,000 guests, enabling it to host perform bigger conferences, small trade shows and live entertainment. This would require in the order of 10,000m^2 of land.

A larger sized venue should target a capacity of more than 15,000 guests which will allow it to host bigger conferences, medium trade shows and very large scale live entertainment if it were to evolve to include an arena. The new facility should be based where expansion is possible as the identity, recognition and momentum of the location grows. Successful venues grow in a modular fashion – expanding to accommodate larger events rather than creating all the capacity from the start. A Large-sized Multi-purpose Facility would requires 150,000 m2 within easy reach of the transport hubs. Clearly, building a large venue is a much complex, expensive and risky endeavour. However, the positive aspect of having 3 businesses in the venue (or more if accommodation or other offers are included – even including residential facilities) means that the development can be phased and launched in sequence allowing positive cash flow for subsequent investments. The order of development of facilities will depend on many factors but starting with high margin generating segments and addressing gaps in the existing provision would appear to be appropriate for Oxfordshire:

- The trade shows / exhibitions offer is relatively non-existent in the County and the building requirements are likely to be less expensive. Nevertheless, contacts and markets will have to be generated from a very low base.
- A large conference centre with an attractive design would require a larger budget but there is evidence that at least some of the contacts and demand already exists –businesses are currently taking their conferences and meetings to other locations like Birmingham, Heathrow.
- A Live entertainment arena will certainly require an extensive budget and reasonably long lead time before being operational.

6.2 Building Ambition and Collaborating

The key agencies and stakeholders responsible for developing the BVE in the region should combine and seek ways to take forward the conclusions of this Study. This will be a “collaboration of the willing”. The stakeholders must generate and articulate a specific vision and set of objectives for the growth of the BVE in Oxfordshire. The vision should reflect the scale and ambition of the LIS. It should form the basis of the narrative that needs to be created for the region to be able to differentiate itself and attract the attention of sponsors, organisers and new business visitors to the region. Whilst the development and communication of the narrative and the offer is a collective responsibility, a “champion” should be identified and resourced accordingly. Leadership needs to be provided.

There is a need to “think big” and so not lose sight of the real opportunity for growth and achieving impact that the BVE affords. It is recommended therefor that the long term vision for the new facility reflects the scale of ambition of the County – and this is reflected in the size and scope of the venue to be pursued.

6.3 Investigating Demand

The Study has demonstrated that BVE customers and needs are quite different from that of the overall tourist market. Greater understanding is needed of the segments and markets identified in the Report as both offering a significant potential for growth and matching the unique characteristics and strengths of the region. Stakeholders need to engage more proactively and collectively with the market to understand customers' needs and focus on opportunities. They should continue to build the demand side evidence base so that developers and investors can see the business case for their potential investments. For example, Association meetings and conferences appear to be a natural fit with the region's strengths. The following industries, sectors and customer groups match Oxfordshire's unique features and strengths and provide examples where effort should be placed to understand customers and attract new business:

- Medical, healthcare
- Life sciences and pharma
- Automotive and other specialised engineering
- Science and technology
- Film and media
- International Associations

6.4 Developing the Combined Offer and Capability

Oxfordshire's agencies and stakeholders must seek ways to improve collaboration and importantly - the presentation and communication of a coordinated offer. They should seek to understand what competitive regions are doing and how they are doing it - to determine good practice and translate lessons into the Oxfordshire context. This work should build on the vision and narrative which articulates the region's aspirations and positioning in the BVE market.

Successful multi-purpose venues have separate teams and resources dedicated to growing each segment of the market that they are addressing (i.e. for winning business). The sales teams include relevant expertise in the different MICE segments who are proactive in reaching out to clients and very close to their markets – for example sensing market trends and adapting their offers accordingly.

Building such capacity and capability needs time and resource. It is recommended that Oxfordshire determines how best to establish such a capability. A team is needed to pull together the offer and maintain the collaboration – removing the barriers and inertia in the current provision and improving the customer journey. This will take time, resources and an appropriate set of skills and experience. However, help is available – for example from VisitBritain's Business Events Growth Programme which is not currently being accessed by any of Oxfordshire's providers.