

Strategic  Alliance
of the National Convention Bureaux of Europe



The Impact of Coronavirus on Europe's Convention Sector

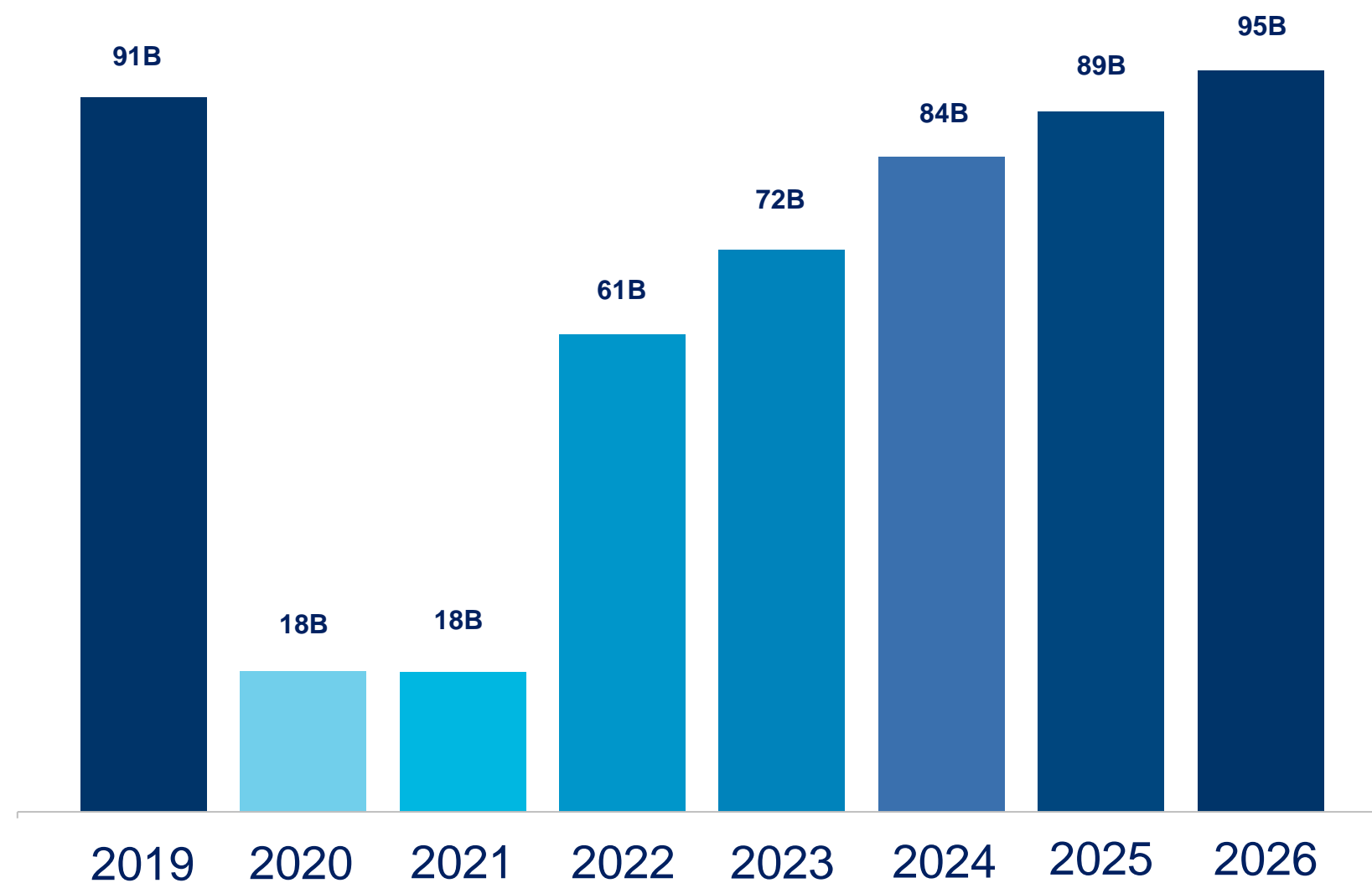
Extract from update report 2021 by Tourism Economics

EXECUTIVE SUMMARY

Lingering restrictions and negative sentiment effects in 2021 will mean that the recovery will not start in earnest until 2022

Baseline convention and event spending levels in Europe

Amounts in billions of euros



Source: Tourism Economics



We anticipate that by 2022 most restrictions will have been lifted. The removal of restrictions will give large corporations and event planners confidence in the future and will allow some rapid recovery of the sector. Nevertheless, spend levels in 2022 will still be 33% below 2019 levels.



Medium term shifts in traveller behaviour and the use of online video platforms for hybrid meetings and all-virtual gatherings will delay a full recovery.



Visits will recover by 2024, however the substitution of domestic travel for international travel alongside a reduction in the average length of stay of participants means that convention and event spending is not expected to recover until 2026.

EXECUTIVE SUMMARY

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To take key risks into account we have developed a downside and upside scenario to be considered alongside our baseline

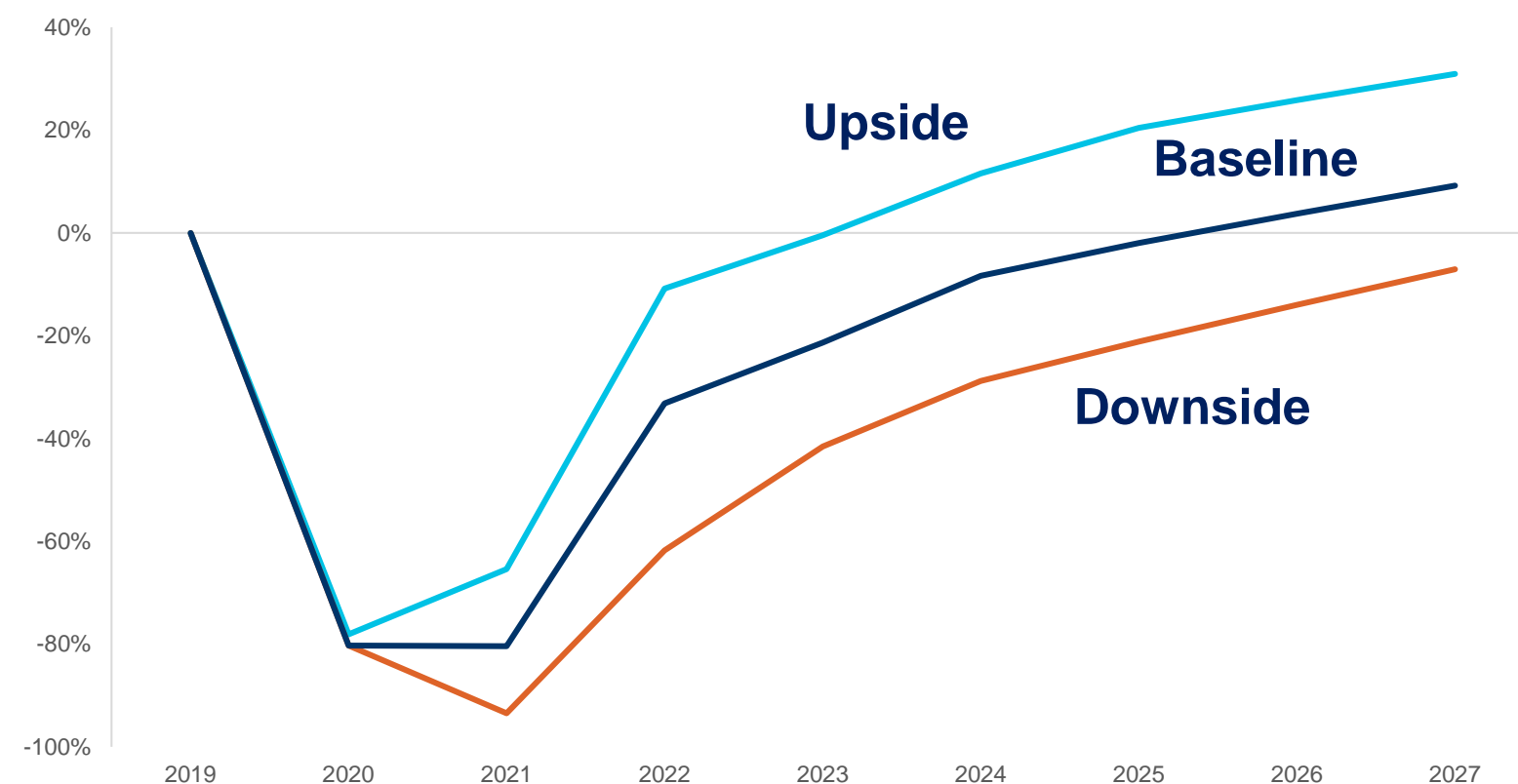


There is a high level of uncertainty around how this crisis will continue to unfold over the coming months and the profile of the future recovery. There are a number of key risks that surround our baseline, including:

1. Vaccine supply and rollout
2. When we will exit restrictions
3. Future convention participant behaviour

Convention and event visitor spending growth

Amounts in percentage change in spending since 2019



The upside scenario anticipates early easing of restrictions, a rapid upturn in economic growth, and limited negative sentiment effects. This is due to better than expected control and suppression of the coronavirus and minimal additional use of hybrid and virtual platforms in the later years of the forecast period.



For the downside scenario, the continued prevalence and effects of the virus will lead to the maintaining of some additional restrictions into 2022. When conferences and meetings do return the format will be different for some years to come. Many conferences will continue to be completely virtual while others will be hybrid events.

Source: Tourism Economics

FORECAST OVERVIEW

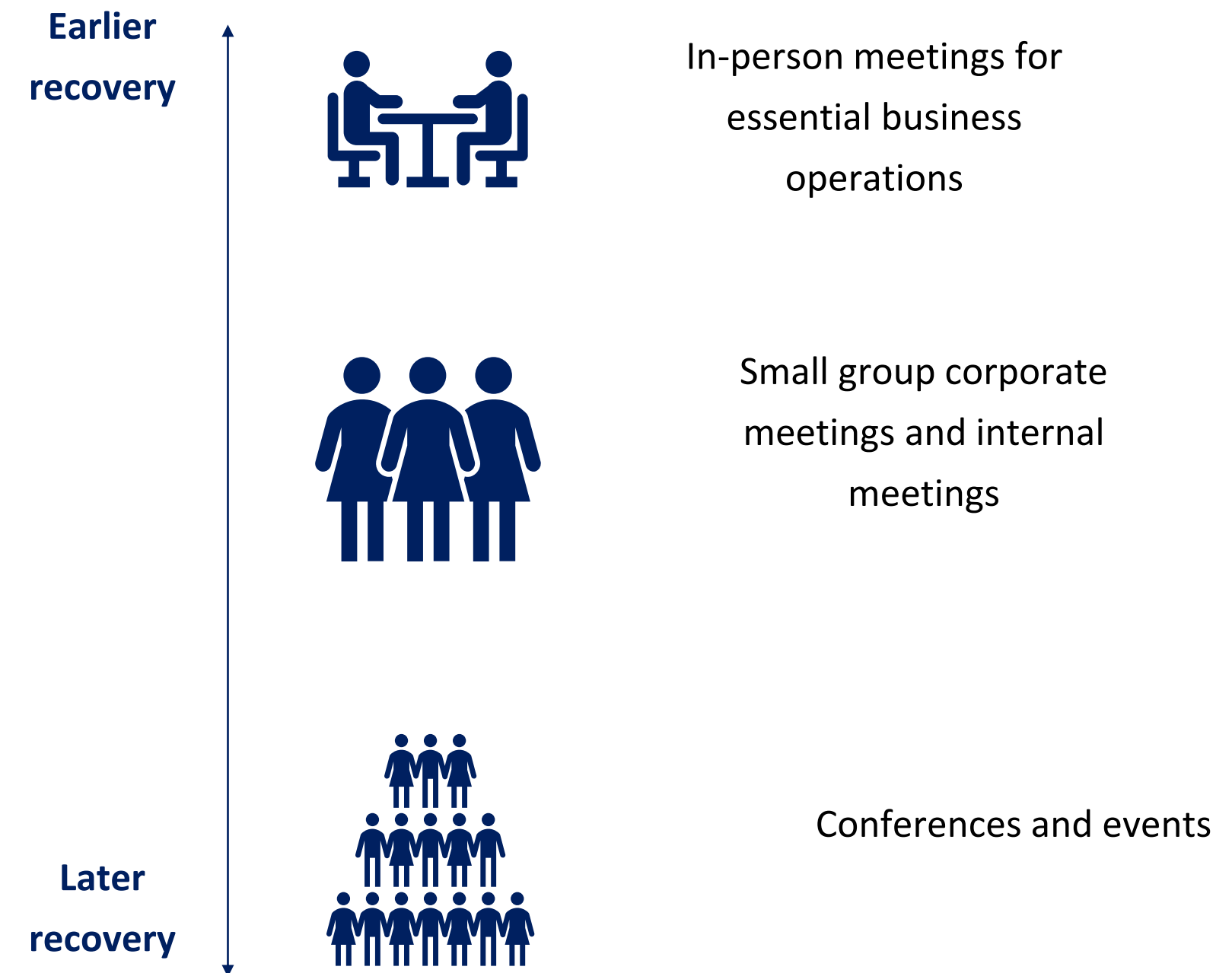
Phases of the business travel recovery

We assume that business travel will likely return in phases, determined by proximity and reason for travel, with the convention sector being one of the last components of business travel to fully recover.

This assumption was informed by the views of members of the Strategic Alliance and is corroborated by research produced by McKinsey.

This research sets out similar phases of business travel recovery and suggests that travel for internal MICE and other off-site gatherings may not return until well into 2021 or later. It also notes that although conferences and events are key networking opportunities and difficult to conduct virtually, these activities will likely return last as they are seen as riskier to public safety.

Phases of the recovery in business travel



Source: Tourism Economics, adapted from a McKinsey & Company report: [For corporate travel, a long recovery ahead.](#)



BASELINE OUTLOOK

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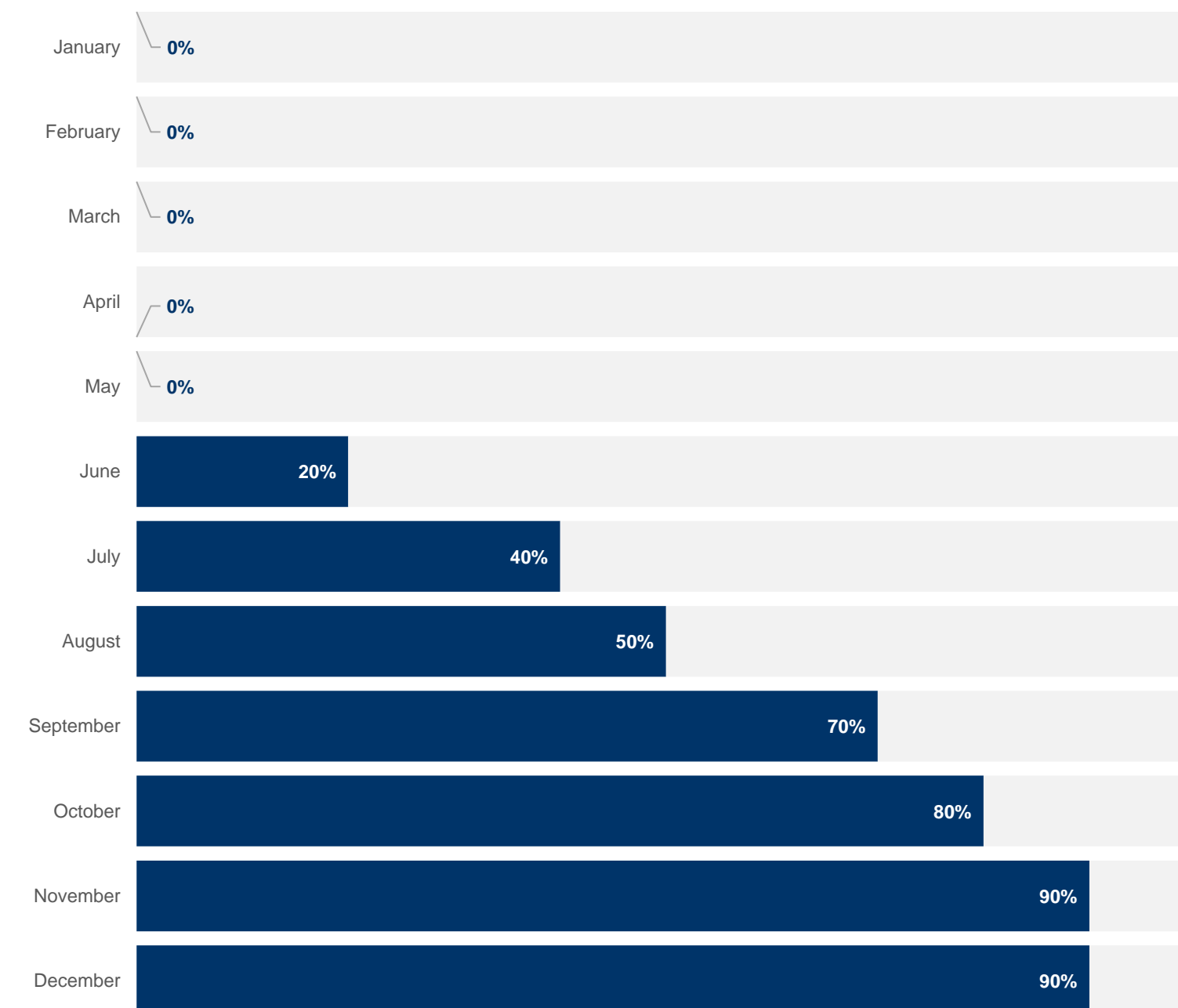
The profile for recovery in 2021

As previously noted MICE events will take a long time to return in their conventional form and will be the slowest component of business travel to recover.

Within this context, and in consultation with members of the Strategic Alliance, we have developed a set of assumptions for the convention sector.

Under our baseline we assume that almost all planned events, that in normal circumstances would have been scheduled in the months between January and May, will not take place. From June onwards there will be a slow but steady recovery in events, with small domestic-orientated events leading the way. The recovery of large internationally-focused events in 2021 will be limited.

Initial monthly baseline assumptions for a return to in-person events in 2021**
Percentage of in-person events that will be completed in 2021 compared to 2019 levels



Source: Tourism Economics in collaboration with the Strategic Alliance

***Figures have been rounded to the nearest 10%**

* Completely virtual events have been excluded from the analysis

BASELINE OUTLOOK

Key assumptions

Over the course of the forecast period all types of events will begin to recover although at varying paces. Under our baseline we assume **small cooperate meetings and events will have almost recovered to 2019 levels by the end of 2022**, and the recovery of large events and conventions will have made significant progress. However, it **won't be until 2023 that all types of events have recovered to 2019 levels**.

Lingering negative sentiment effects and adjustments to meeting formats, including the continued use of hybrid events, will mean that **average attendance levels for all events will remain below 2019 levels until 2024**. Average spend per trip will also remain depressed throughout the forecast period, driven by a reduction in the average length of stay per trip and the delayed recovery of international attendees.

These specific monthly and annual pandemic assumptions have been incorporated into overall modelling for the sector as a short-run external factor for the coming years.

Our forecasts for the future long-run growth of the sector are based on our Global Travel Service (GTS) forecasts for overall business travel for each country within Europe. We anticipate that there will be some lingering longer-run impacts from this crisis as medium- and long-run forecasts for GDP are lower than the pre-crisis forecast trends, while unemployment rates are higher in several European countries.

Benchmarking our forecasts against other GTS outputs indicates that the outlook for the sector is more pessimistic than for total travel and wider business travel within Europe. Please see Appendix 1 for further information.

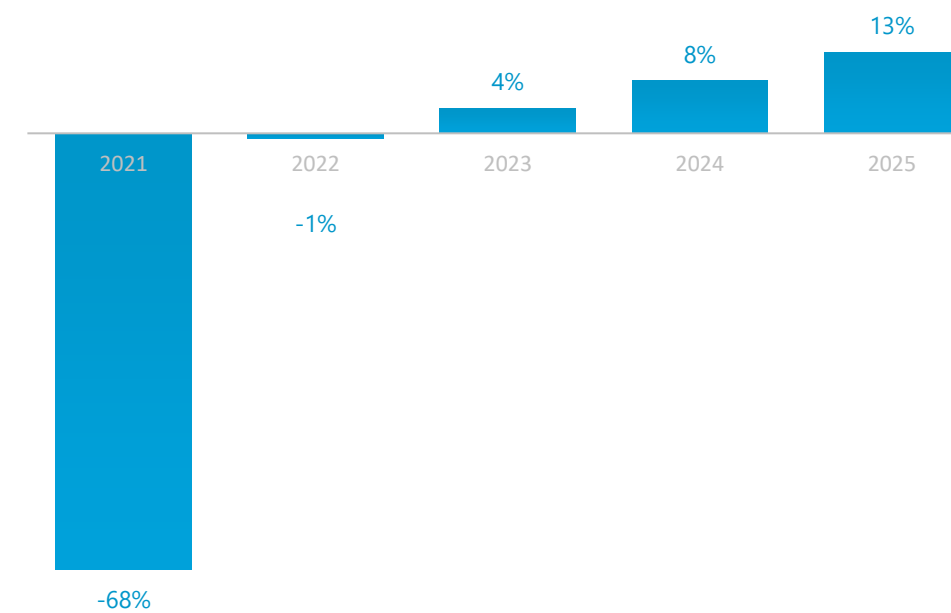
BASELINE OUTLOOK

Key assumptions

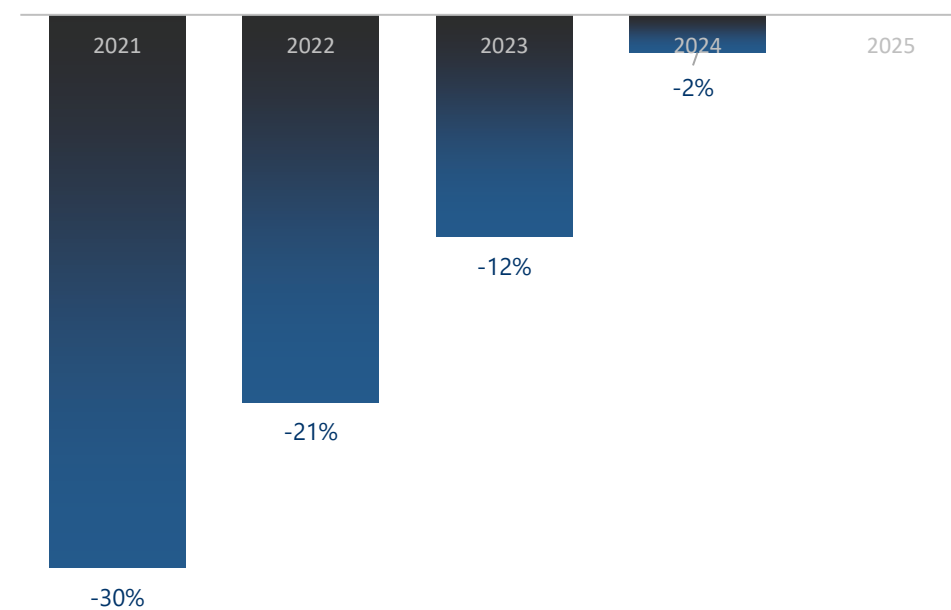
Assumptions were developed in consultation with members of the Strategic Alliance, and have incorporated insights from previous modelling and various consumer sentiment surveys.

We expect events will return to pre-crisis levels by 2023, but the recovery of average attendance will lag behind events by two years.

Recovery in events
Number of events, percent difference from 2019 levels



Recovery in event participation
Average number of physical participants, percent difference from 2019 levels



Source: Tourism Economics in collaboration with the Strategic Alliance

BASELINE OUTLOOK

For the European convention sector

Lingering restrictions and negative sentiment effects in 2021 will mean that the recovery will not start in earnest until 2022.

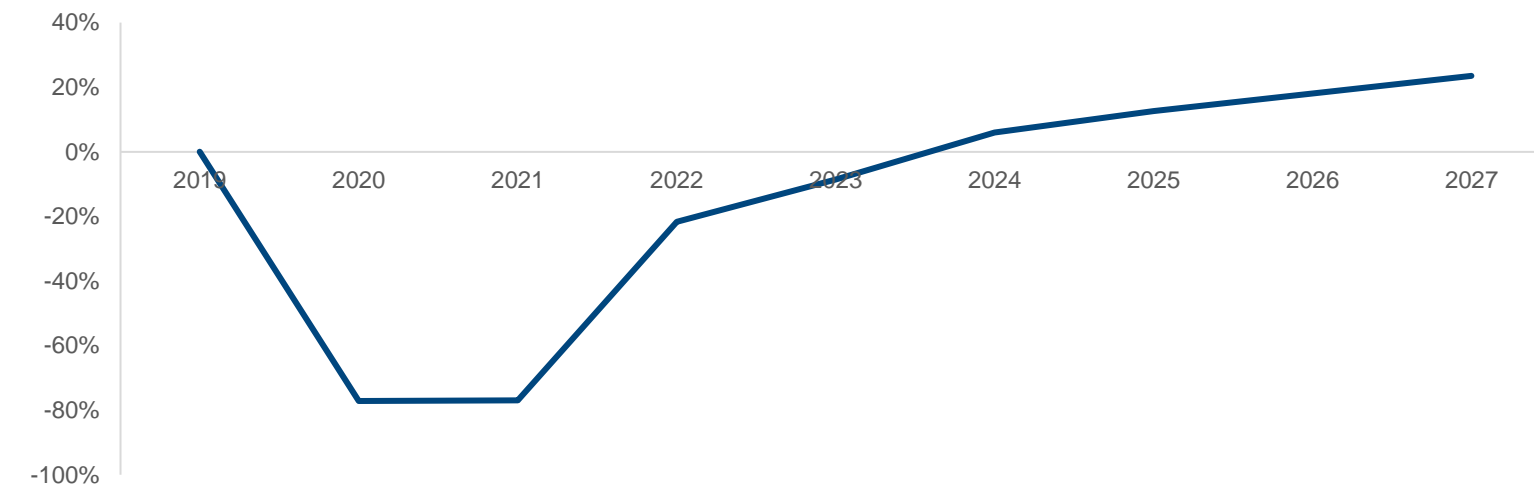
We anticipate that by 2022 almost all restrictions will have been lifted. The removal of restrictions will give large corporations and event planners confidence in the future and will allow some rapid recovery of the sector.

However, medium term shifts in traveller behaviour and the use of online video platforms for hybrid meetings and all-virtual gatherings will delay a full recovery.

Visitation will recover by 2024, however the substitution of domestic travel for international travel alongside a reduction in the average length of stay of participants means that convention and event spending is not expected to recover until 2026.

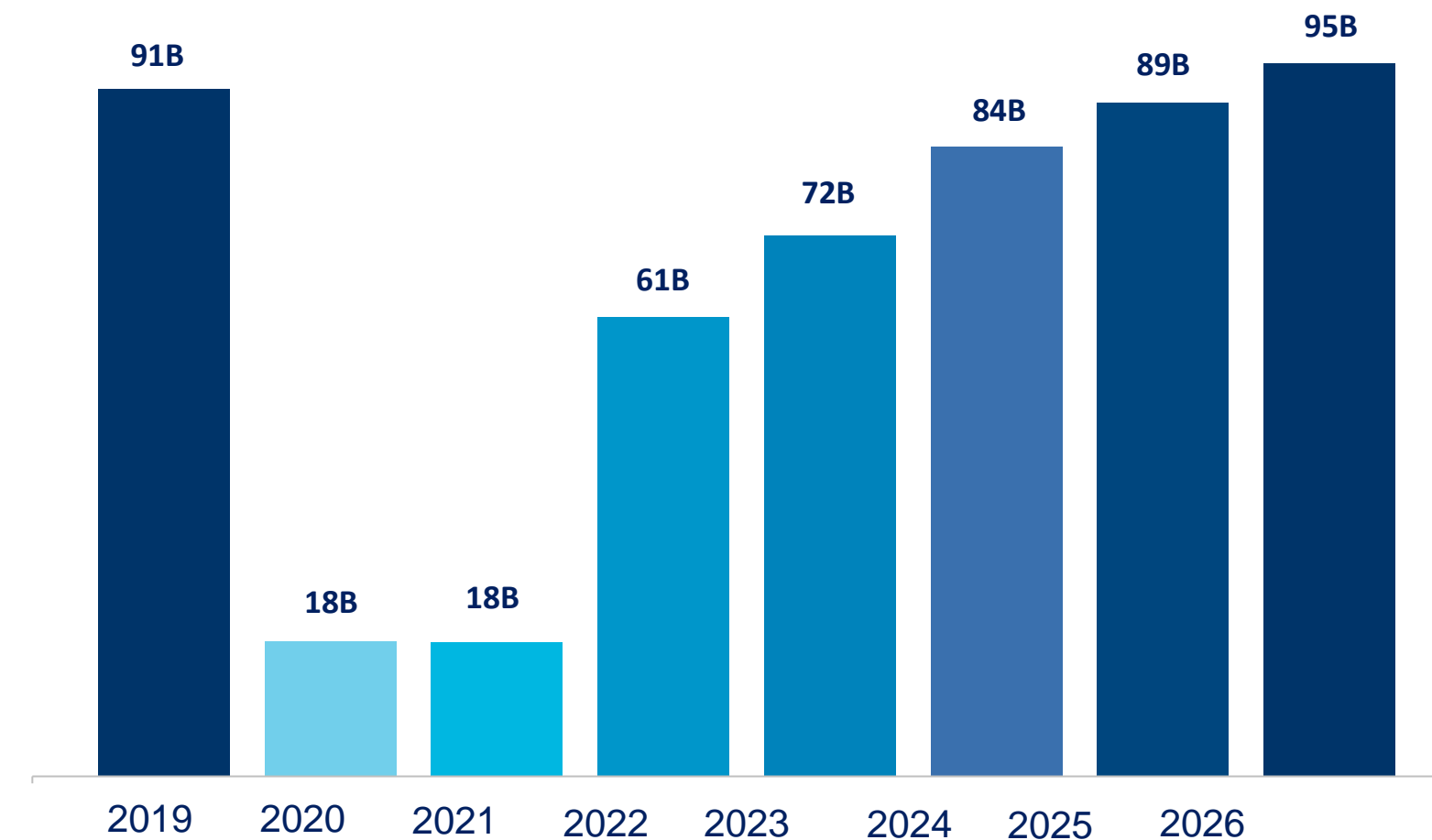
Convention and event visitation growth

Amounts in percentage change in visitation since 2019



Convention and event spending levels in Europe

Amounts in billions of euros



Source: Tourism Economics



SCENARIOS



The image features a woman's profile in the upper half, looking towards the right. She is overlaid with a complex digital network of blue lines and dots. The lower half shows a cityscape at night, with buildings illuminated and a similar digital network overlay. The word 'SCENARIOS' is centered in a white band between the two images.

SCENARIOS

Key assumptions

There is a high level of uncertainty around how this crisis will continue to unfold over the coming months and the profile of the future recovery. There are a number of key risks that surround our baseline, including:

- Vaccine supply and rollout
- When we will exit the current restrictions
- Future convention participant behaviour

Our baseline assumes that most of the current issues in the EU's vaccine supply are solved by Q2 2021. However, there is a risk that manufacturers' production capacity and delivery issues continue. Logistical inoculation issues may also remain, and prevailing antivax sentiment could result in a slower uptake of the vaccine. On the other hand, increases in vaccine production capacity and improvements in inoculation programmes could accelerate the vaccination process.

Linked to the risks surrounding vaccination progress is the pace at which restrictions are relaxed. While reaching a certain threshold of inoculated population is a key prerequisite for the relaxing of restrictions in many countries it isn't a panacea. As discussed earlier, the incidence of cases and healthcare system capacity are also important factors. To this end, the emergence of variants of concern which have increased transmissibility or the ability to evade immune response or both is a key downside risk; these variants may lead to a rapid increase in cases and severe outcomes. On the upside, a better-than-expected immune response from vaccinations and control of the spread of new variants may allow restrictions to be relaxed faster whilst protecting healthcare systems.

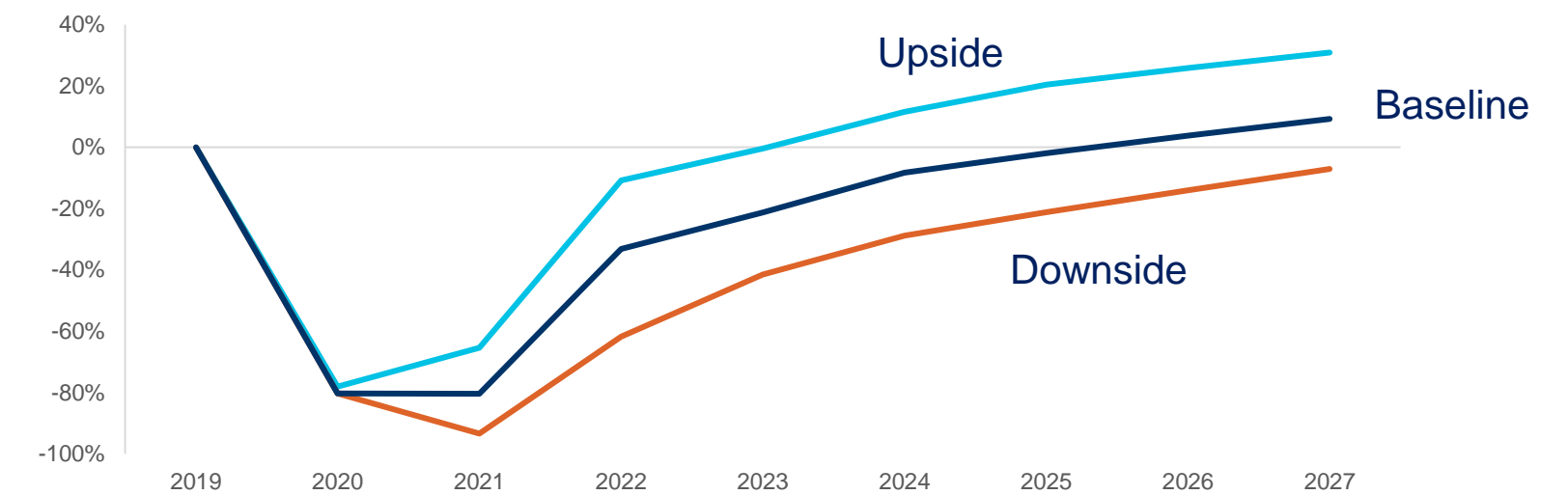
SCENARIO RESULTS

For visitation and spending growth

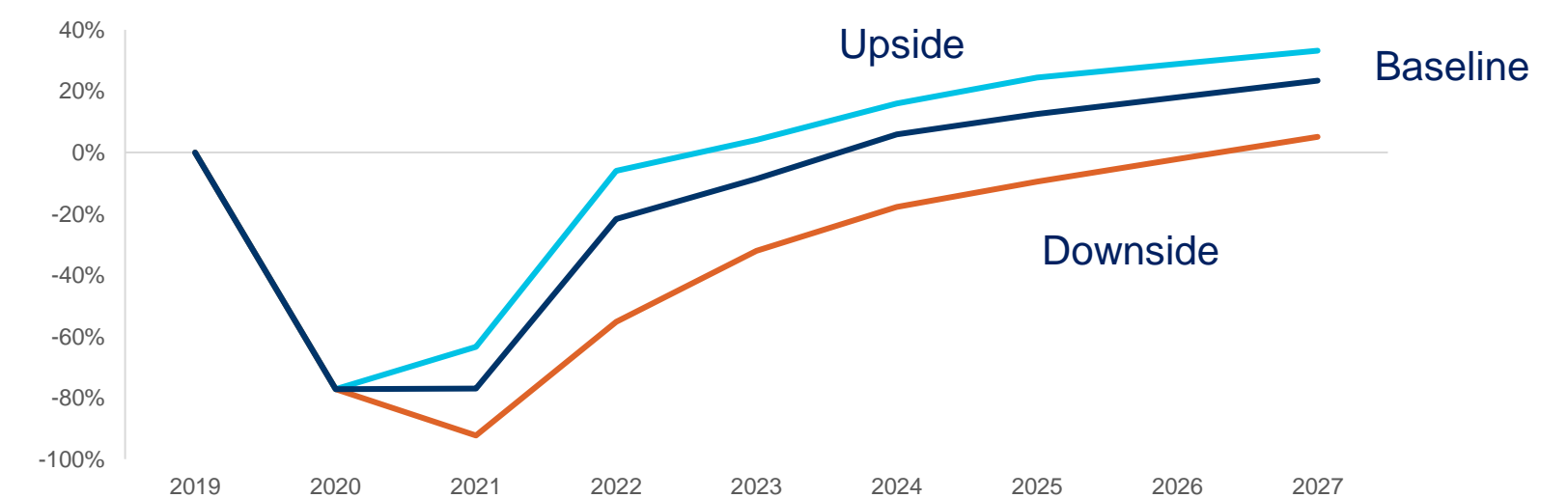
The upside scenario presents a strong recovery with limited negative sentiment effects. The downside scenario shows a prolonged recovery with longer term shifts in how the sector operates.

Spend levels are expected to fully recover by 2024 under the upside scenario. However, for the downside scenario the additional decline in spend in 2021 and the long-term reduction physical meeting and event attendance imply that full recovery will not occur until after 2027.

Convention and event visitor spending growth
Amounts in percentage change in spending since 2019



Convention and event visitation growth
Amounts in percentage change in visitation since 2019



Source: Tourism Economics





APPENDIX: METHODOLOGY AND DATA SOURCES

METHODOLOGY AND DATA SOURCES

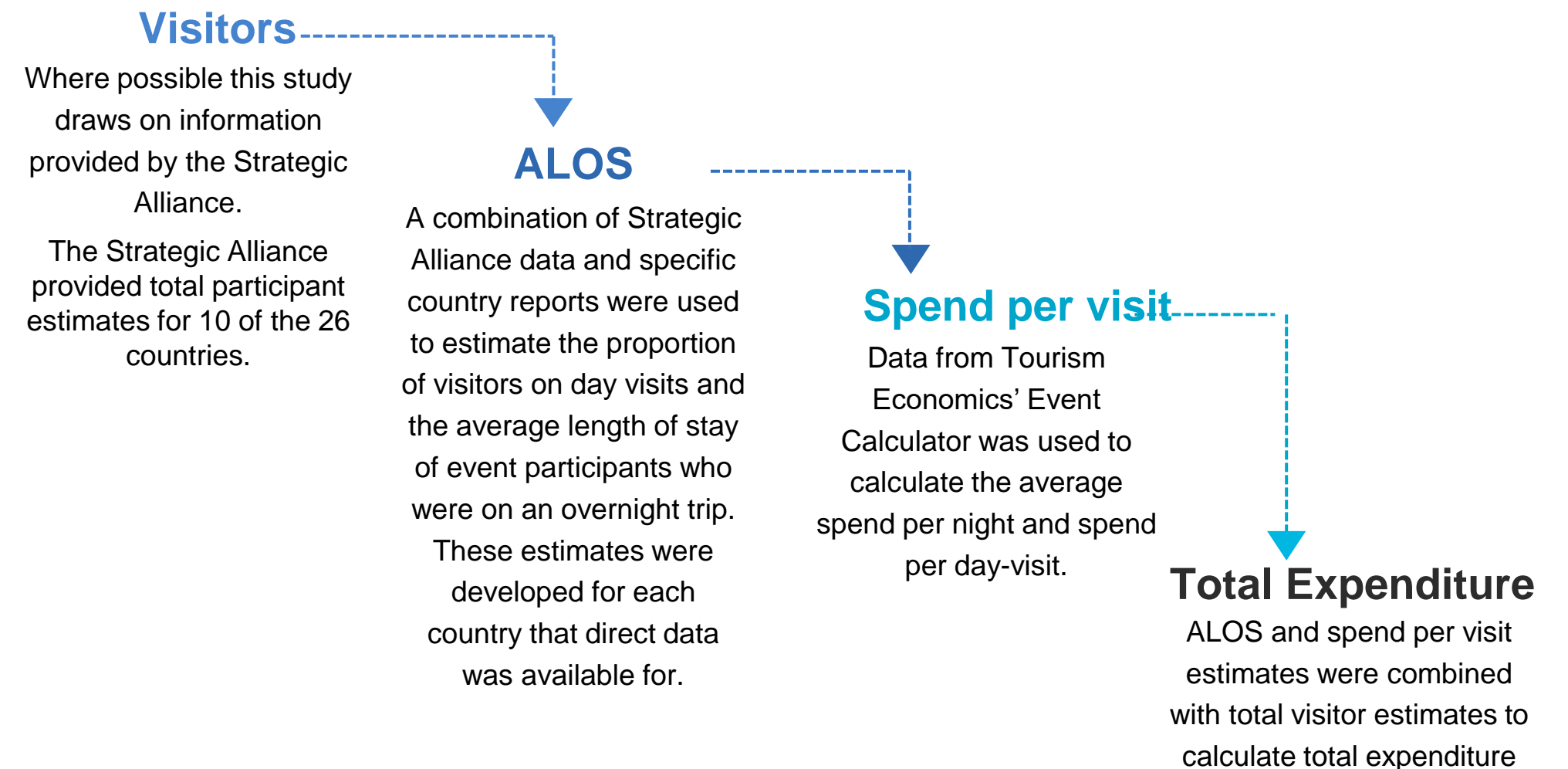
A summary of the key steps of our approach

Methodology flowchart>>>>

We have produced historic estimates of business event and convention visits and spending for each of the 26 countries represented by the Strategic Alliance that we have identified.

To estimate the whole of Europe we have applied grossing factors to our estimates for Strategic Alliance members. Grossing factors are based on members shares of total domestic and inbound business travel in Europe.

Estimates are based on a combination of the specific historic data provided by the Strategic Alliance and aggregate business travel data from Tourism Economics' Global Travel Service (GTS) database.



Missing international visitor and spend estimates for Strategic Alliance members

Data on total inbound business arrivals and spend from Tourism Economics' GTS database was used to calculate the convention sector's average share of total inbound business arrivals and spend for the collection of the countries we have direct data for. These average shares were applied to estimates of total inbound business arrivals and spend for countries for which we did not have direct data.

Missing domestic visitor and spend estimates for Strategic Alliance members

Missing estimates for total domestic participant spend were estimated using a similar approach of that used to calculate missing international estimates, with average shares applied to estimate of total domestic business spend for each country. However, the GTS database does not provide estimates for total domestic business arrivals, so estimation through average shares was not possible. Instead, missing domestic visitor estimates were derived by working backwards from total expenditure estimates, applying ALOS and average per trip spend figures to estimate total domestic arrivals.

METHODOLOGY AND DATA SOURCES

Geographical definitions

UN definition of Europe

Definition of Europe used in the report

Åland Islands, Albania, Andorra, Austria, Belarus, Belgium, Bosnia and Herzegovina, Bulgaria, Croatia, Czech Republic, Denmark, Estonia, Faroe Islands, Finland, France, Germany, Gibraltar, Greece, Guernsey, Holy See, Hungary, Iceland, Ireland, Isle of Man, Italy, Jersey, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, Monaco, Montenegro, Netherlands, North Macedonia, Norway, Poland, Portugal, Republic of Moldova, Romania, Russian Federation, San Marino, Sark, Serbia, Slovakia, Slovenia, Spain, Svalbard and Jan Mayen Islands, Sweden, Switzerland, Ukraine and the United Kingdom.





Tourism Economics

About Tourism Economics

Tourism Economics is an Oxford Economics company with a singular objective: combine an understanding of the travel sector with proven economic tools to answer the most important questions facing our clients. More than 500 companies, associations, and destination work with Tourism Economics every year as a research partner. We bring decades of experience to every engagement to help our clients make better marketing, investment, and policy decisions. Our team of highly-specialized economists deliver:

- Global travel data-sets with the broadest set of country, city, and state coverage available
- Travel forecasts that are directly linked to the economic and demographic outlook for origins and destinations
- Economic impact analysis that highlights the value of visitors, events, developments, and industry segments
- Policy analysis that informs critical funding, taxation, and travel facilitation decisions
- Market assessments that define market allocation and investment decisions

Tourism Economics operates out of regional headquarters in Philadelphia and Oxford, with offices in Belfast, Buenos Aires, Dubai, Frankfurt, and Ontario.

Oxford Economics is one of the world's foremost independent global advisory firms, providing reports, forecasts and analytical tools on 200 countries, 100 industrial sectors and over 3,000 cities. Our best-of-class global economic and industry models and analytical tools give us an unparalleled ability to forecast external market trends and assess their economic, social and business impact. Headquartered in Oxford, England, with regional centers in London, New York, and Singapore, Oxford Economics has offices across the globe in Belfast, Chicago, Dubai, Miami, Milan, Paris, Philadelphia, San Francisco, and Washington DC, we employ over 250 full-time staff, including 150 professional economists, industry experts and business editors—one of the largest teams of macroeconomists and thought leadership specialists.

For more information:

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Strategic Alliance of the National Convention Bureaux of Europe

Who are we?

The Strategic Alliance of the National Convention Bureaux of Europe is a network of national destination marketing organisations. As a collaborative industry platform, it concentrates on strengthening Europe's position as a leading destination for international business events.

Since its foundation in 2014, the initiative of European convention bureaux has increasingly gained importance as a platform for exchanging experiences and knowledge transfer between the membership countries.

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