R.I.F.E.L.
Research Institute for Exhibition and Live-Communication

fwd:

The challenges facing the event industry during its relaunch

A R.I.F.E.L. Study
commissioned by fwd:
Bundesvereinigung Veranstaltungswirtschaft e.V.

Flash survey in March 2022

MANAGEMENT SUMMARY (I)

The flash survey conducted by fwd: Bundesverband Veranstaltungswirtschaft (the German national association of the event industry) on the challenges facing the industry during its relaunch in early March 2022 met with a tremendous response from industry representatives. There was a balanced distribution of the **422 responding industry representatives** across the 10 industry clusters (technical service providers, architecture, trade show stand construction, event/catering, infrastructure, entertainment, location, theater/acting, showmen, IT service providers) and the German federal states.

Sales losses due to the Covid-19 pandemic were 59.9% in 2020 (Q1 normal business) and 63.2% in 2021 for the industry as a whole compared with 2019. The event/catering, infrastructure, locations and showmen segments were affected to an above-average extent in 2020/21, as was trade show stand construction in 2021. Smaller companies with up to 30 employees suffered particularly severe losses in sales. Eastern and northwestern Germany experienced the most severe regional impacts.

After very low **capacity utilization** in the first quarter in 2022 (26.1% - 41.4%), capacity utilization in the industry is expected to increase starting in April 2022. The months with the highest utilization are expected to be May (80.2%), June (87.2%) and September (88.5%). Overall, 100% utilization of industry capacity is not on the horizon for 2022. Capacity utilization of 100% is planned only in individual areas, e.g. from June/July/September for the event/catering sector, May/June/September/October for trade show stand construction, and June/September for infrastructure. Medium-sized companies (31-100 employees) indicate high capacity utilization of 105% in May/June and over 115% in September. The micro-enterprises (1 - 5 employees) are well below average, with a maximum capacity utilization of 75% in June and 70% in September.

MANAGEMENT SUMMARY (II)

The equity ratio of companies in the events industry fell on average from 50.2% in 2019 to 37.8% in 2021, giving them roughly €330,000 less equity on average in 2021 than they had before the pandemic. Companies' cash reserves shrank by almost 44%, from €121,484 in 2019 to €68,303 in 2021.

More than half of the companies surveyed (52.8%) need external funding to manage the relaunch. However, 45.9% of the companies fear that they will not be able to obtain the necessary liquid funds externally due to a sharp deterioration in their rankings/ratings with both their primary banks (54.4%) and external financial service providers (55.2%). Almost a quarter of the companies (24.6%) have already been denied loans for necessary investments and leasing projects due to poor rankings/ratings.

The event industry has suffered a hefty loss of skilled workers in the wake of the Covid-19 pandemic. Approximately one quarter of the companies have lost over 50% of their skilled workers. Micro-businesses with 1 - 5 employees have been particularly hard hit, with nearly half of them experiencing severe skilled labor losses ranging from 11% to over 50%. Half of the small and medium-sized companies with 6 - 100 employees also experienced a loss of skilled workers of more than 10%. The event/catering and infrastructure segments recorded the highest losses of skilled workers.

MANAGEMENT SUMMARY (III)

More than three quarters of the companies surveyed in the event industry (78.5%) are looking to **recruit new skilled staff** during the re-start phase, while 5.5% of the companies are seeking more than 20 new specialists. The most urgent need for skilled workers is in the area of technology followed by project management, production (trades) and sales/business development. An unusually high number of event technicians are sought by micro-enterprises with 1 - 5 employees on the one hand and large companies with more than 250 employees on the other. Among the large companies, there is also above-average demand for personnel in the areas of analog/digital project management and sales/business development. Across all company sizes, the greatest demand for personnel among agencies is for analog/digital project management,in trade show construction for production (tradespeople) and among technical service

providers for production (event technology).

The **availability of new skilled workers and resources** in the procurement market is deemed limited to critical, particularly in the areas of freelance work for setup, trade show stands, stages, etc., (joiners, metal construction specialists, electricians, etc.), and project collaboration as well as creation, planning, and project management. In terms of resources, this applies primarily to wood/flooring and energy.

Over the last 18 months, companies have noticed significant **price increases in the procurement market**. The most significant price increases have been for wood/construction (50.3%), wood/flooring (45.4%), energy (36.2%), freelancers for creation, planning, and project management (33.3%) and freelancers for set-up, trade show stands, stage-related work, etc. (33.2%). Micro-enterprises (1 - 5 employees) and small businesses (6 - 30 employees) are slightly more affected. On a regional basis, Berlin and the eastern region are particularly impacted.

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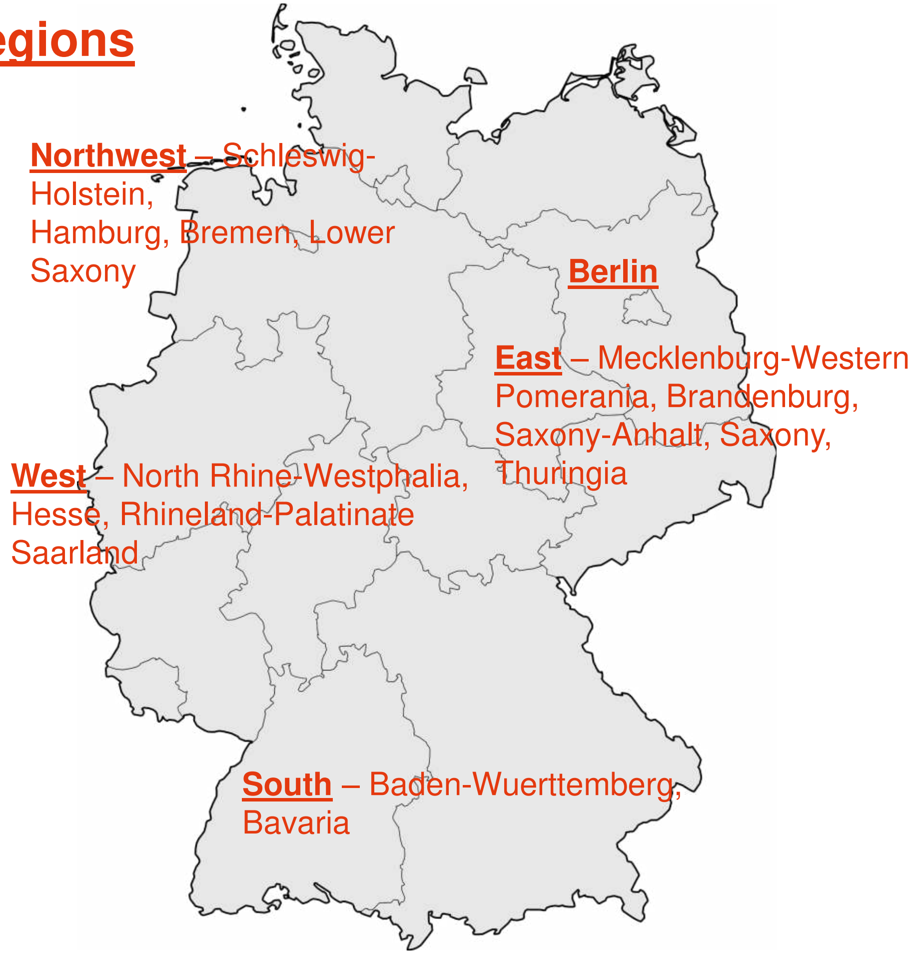
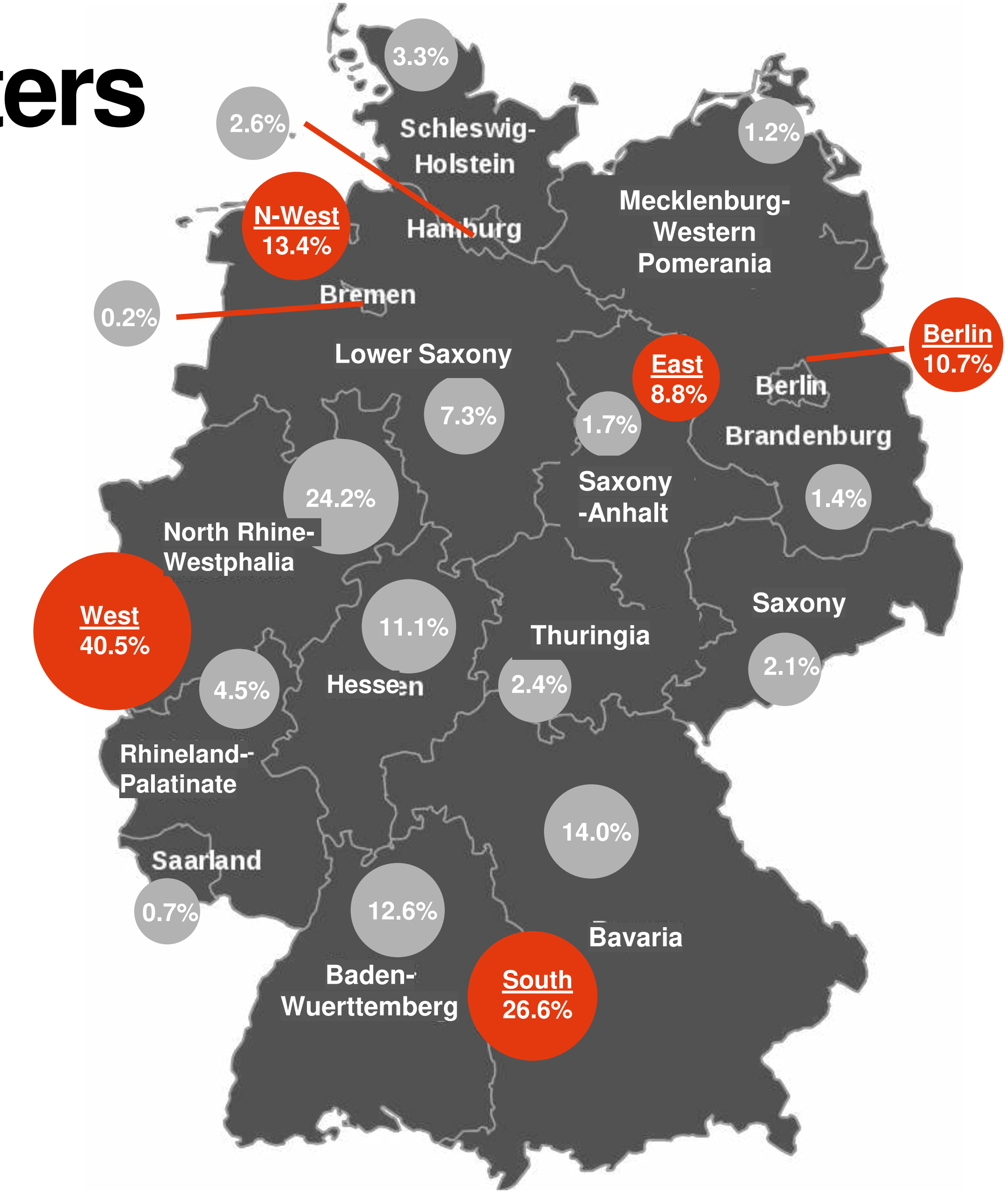
Sample

Corporate headquarters

In which German state are you located?

5 regions

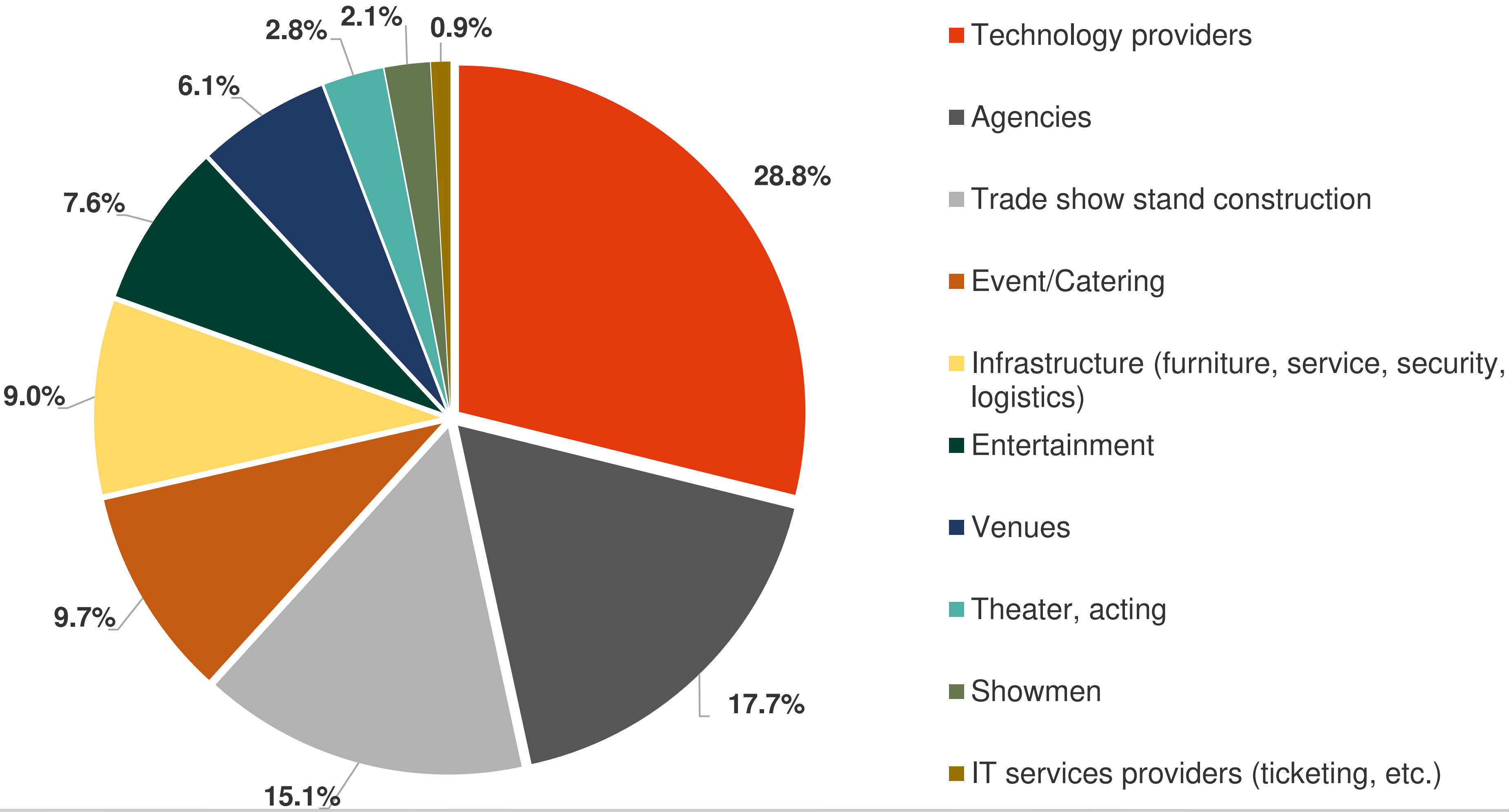




N = 422

Structural data

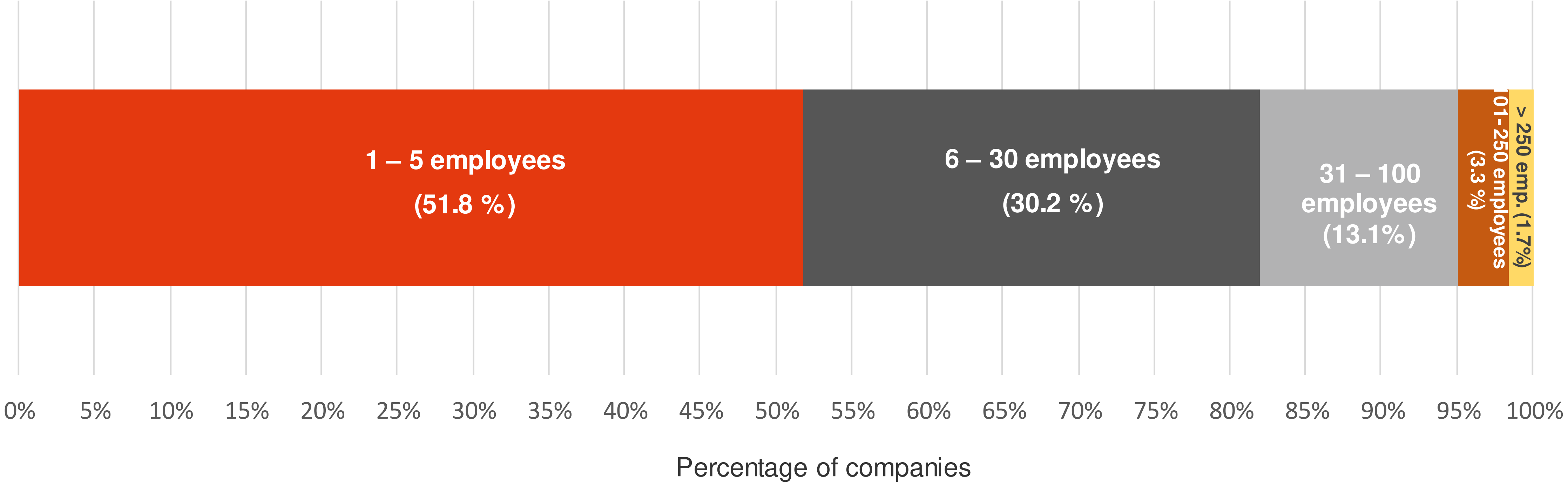
With which segment of our industry would you most closely associate yourself?



N = 422

Employees

How many employees does your company currently have?



N = 421

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Sales, equity & external capital

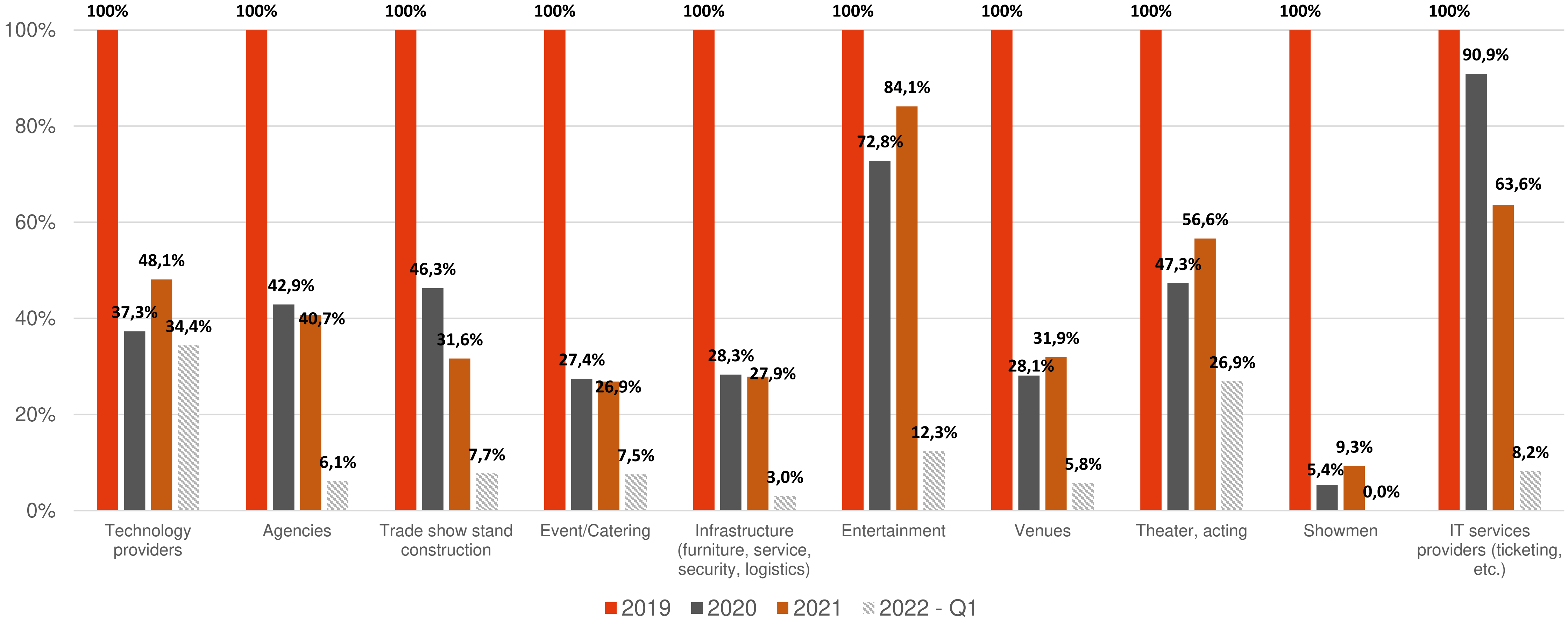
Sales growth

It is well known that our industry has suffered massive sales losses. Nevertheless, we would like to use this survey again to assess the current extent of these losses (average sales in €).

	2019	2020	2021	2022 - Q1	
Sales across all types of companies	**1,975,453**	**791,252**	**727,163**	**250,765**	**N = 221**
Sales compared to 2019	**100%**	**40.1%**	**36.8%**	**-**	
Technology providers	1,247,313	465,698	600,026	428,914	N = 73
Agency	1,285,516	551,515	522,788	78.827	N = 32
Trade show construction	4,112,683	1,904,341	1,301,421	316,610	N = 42
Event/Catering	1,260,654	346,044	338,687	94,928	N = 25
Infrastructure (furniture, service, security, logistics)	2,960,571	838,190	825,143	89,750	N = 21
Entertainment	1,265,467	921,608	1,064,708	156,100	N = 12
Venue	2,083,159	585,636	665,520	120,000	N = 10
Theater, acting	186,000	88,000	105,333	50,000	N = 3!
Showmen	725,000	39.000	67.500	0	N = 2!
IT service providers (ticketing, etc.)	550,000	500,000	350,000	45,000	N = 1!

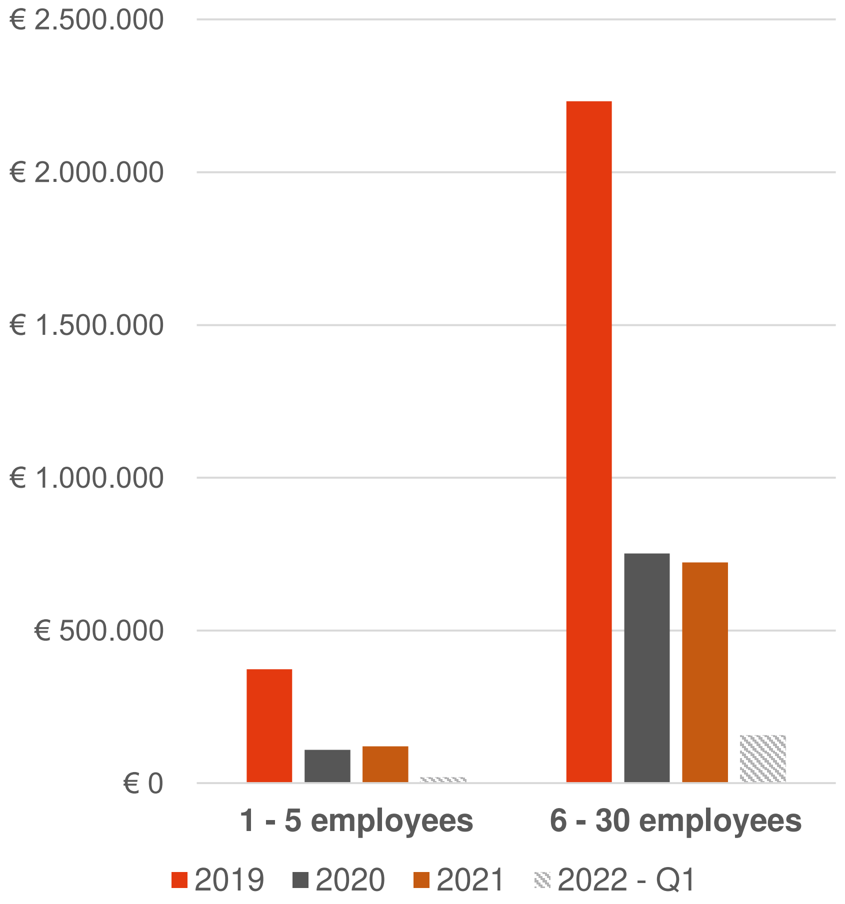
Sales growth

Sales in percent compared to 2019 by company type (base: 2019 = 100%)

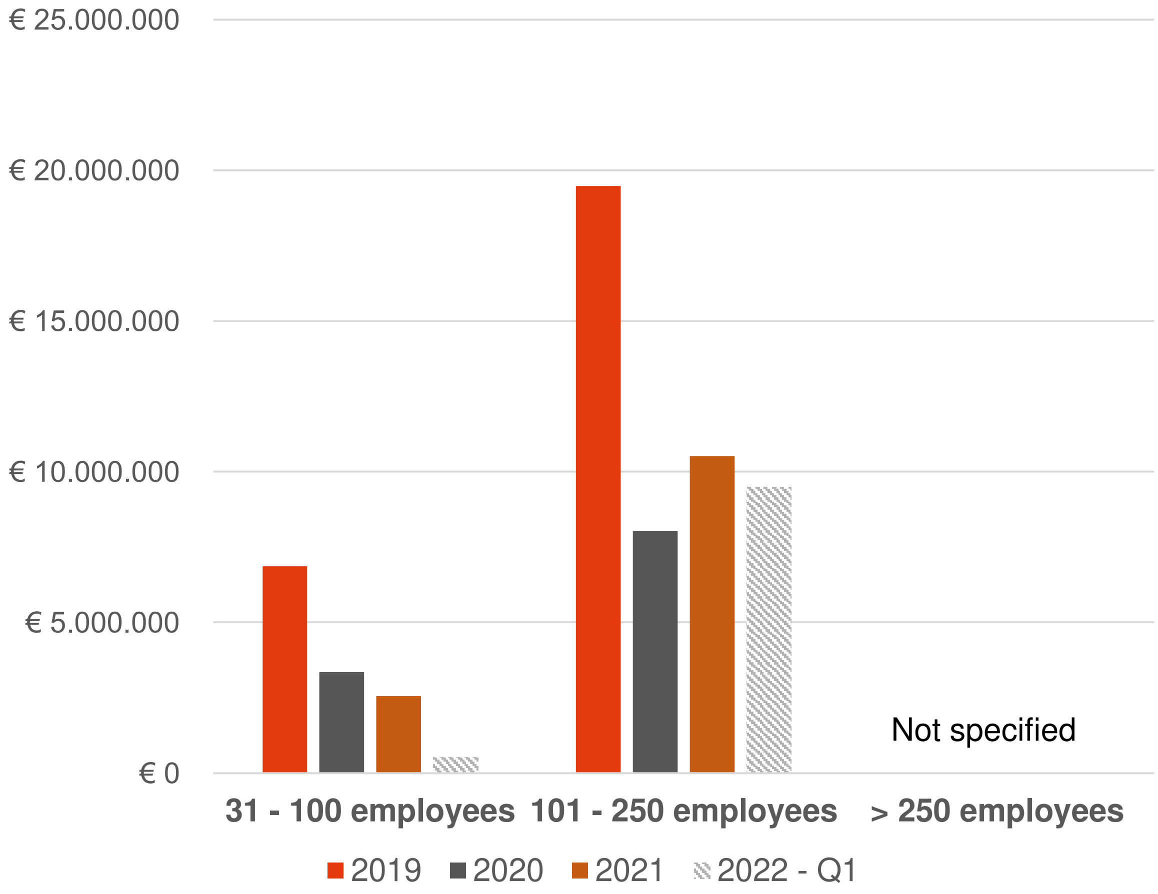


Sales growth

Sales in € by number of employees



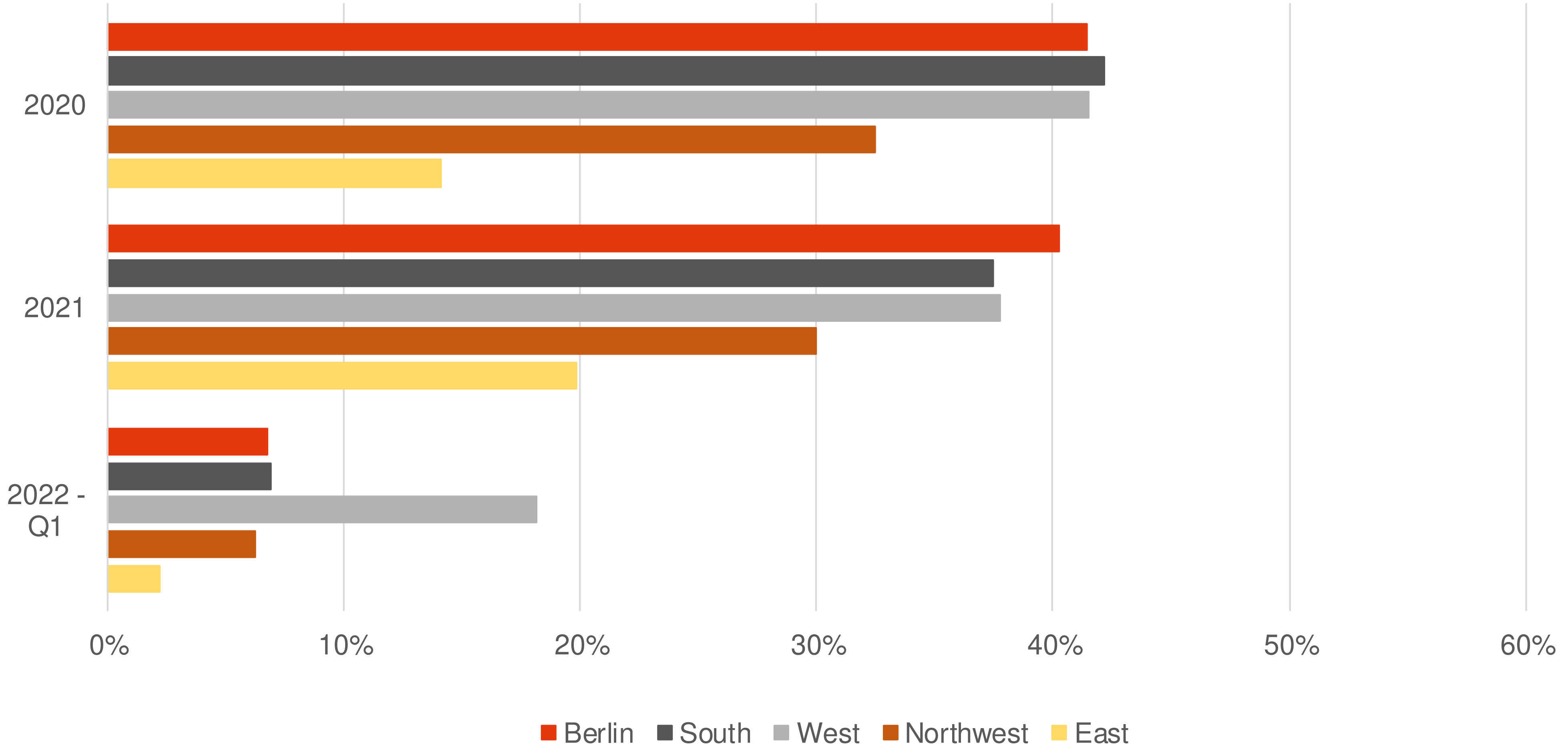
N = 123 N = 69



N = 26 N = 3!

Sales growth

Sales in percent compared to 2019 by region (base: 2019 = 100%).



N = 221

Sales und capacity utilization - expectations

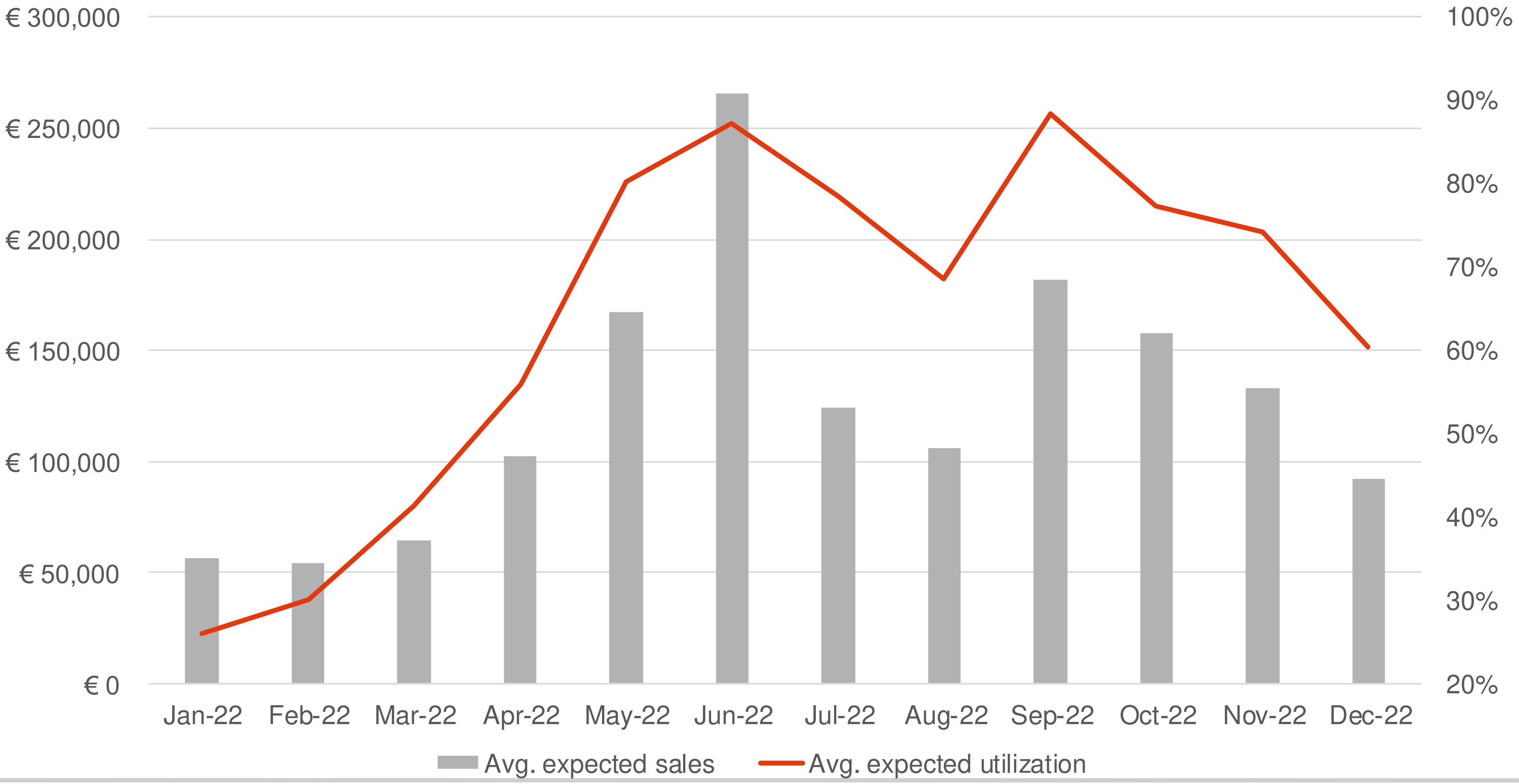
If all your permanent employees are working at full capacity, this corresponds to 100%. If you need to arrange free and additional capacities, these are over 100%. This is likewise the case for those whose business models are more dependent on goods and infrastructure. For example, capacity utilization of a venue is at 100% if all saleable days are fully booked. Some uncertainty will remain for external professionals whom you have "always" employed due to their expertise. This will certainly apply to agencies in particular.

	Jan. 22	Feb. 22	March 22	April 22	May 22	June 22
	◻	◻	◻	◻	◻	◻
Planned sales	€ 56,143	€ 53,929	€ 64,716	€ 102,490	€ 167,331	€ 265,939
Utilization of the current capacities *(Values > 100% are possible)*	26.1%	30.1%	41.4%	55.9%	80.2%	87.2%

	July 22	Aug. 22	Sep. 22	Oct. 22	Nov. 22	Dec. 22
	◻	◻	◻	◻	◻	◻
Planned sales	€ 124,496	€ 106,346	€ 181,942	€ 157,621	€ 132,791	€ 91,772
Utilization of the current capacities *(Values > 100% are possible)*	78.5%	68.6%	88.5%	77.4%	74.3%	60.4%

N = 253

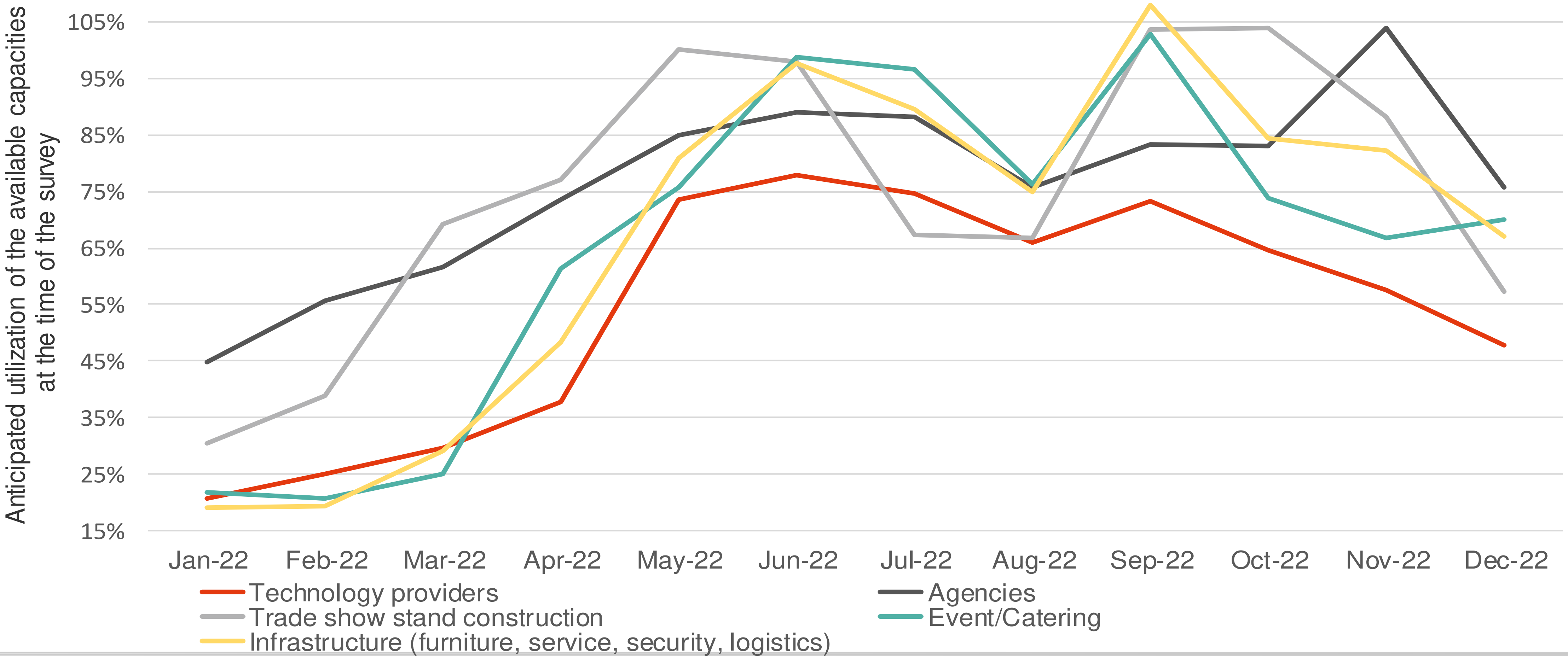
Sales und capacity utilization - expectations



N = 253

Capacity planning

By company type



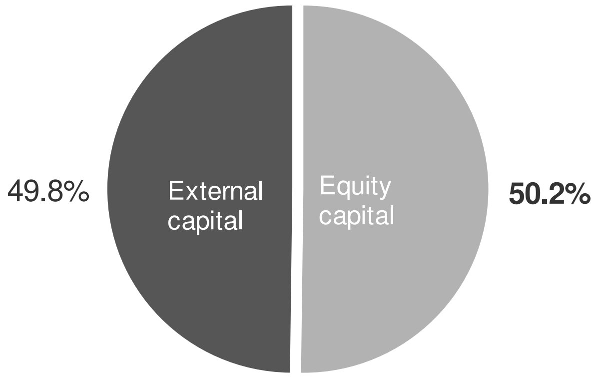
Capacity planning

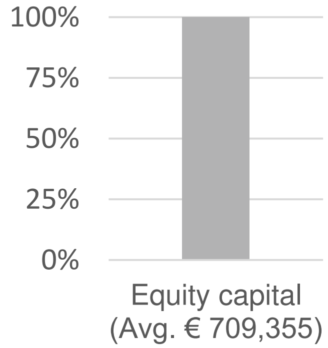
By company size (number of employees)

Equity capital

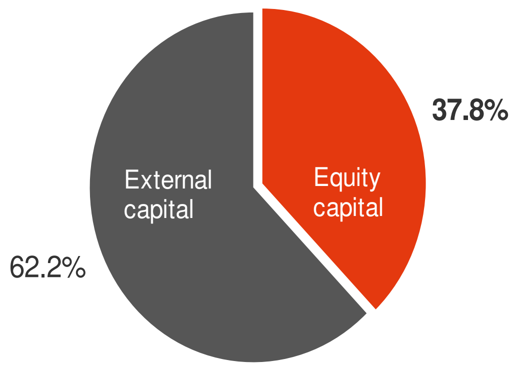
Assistance came too late and always covered only part of the losses. Any financial requirements arising beyond the aid had to be covered from equity or reserves. With this question, we would like to determine the actual loss of equity capital incurred in the industry.

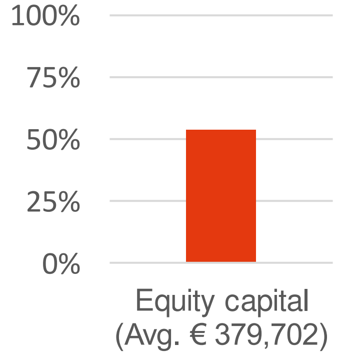
2019





2021





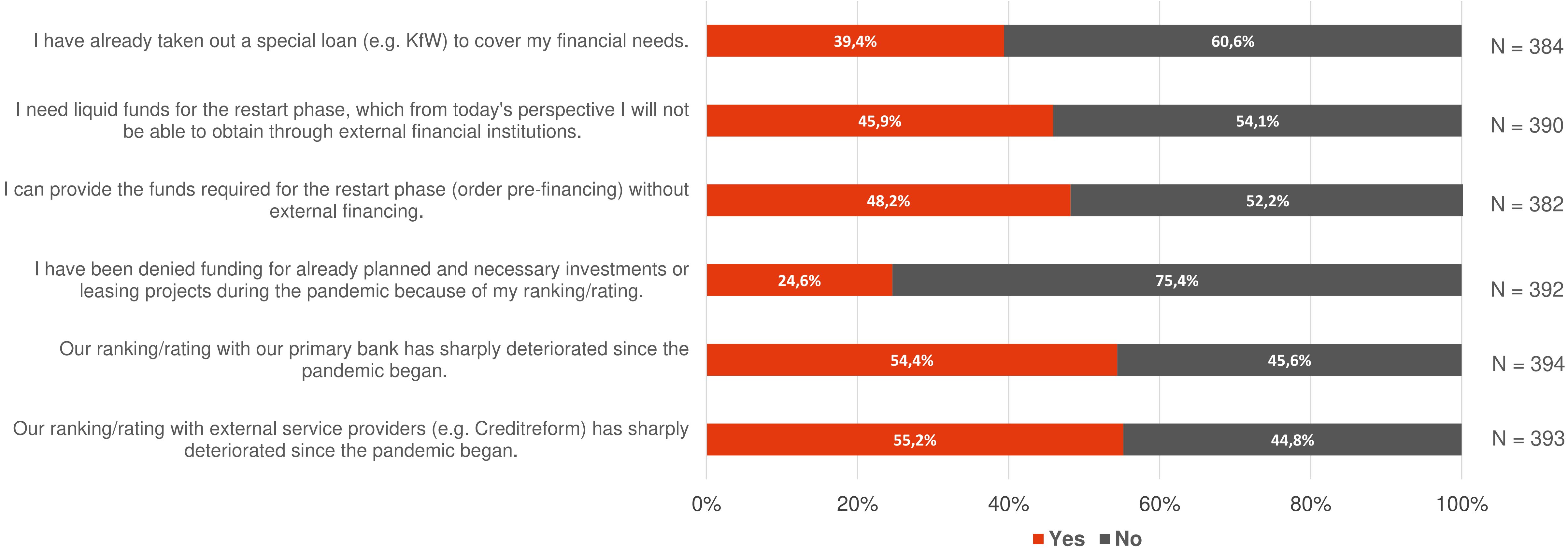
N = 85

Liquidity reserves

Assistance came too late and always covered only part of the losses. Any financial requirements arising beyond the assistance had to be covered from equity or reserves. With this question, we would like to determine the actual loss of equity capital incurred in the industry.

External financing

According to our feedback, many companies in our industry are currently experiencing acute problems in meeting their funding needs via external sources. In order to quantify this more precisely, we would like to ask you to respond to the following statements:



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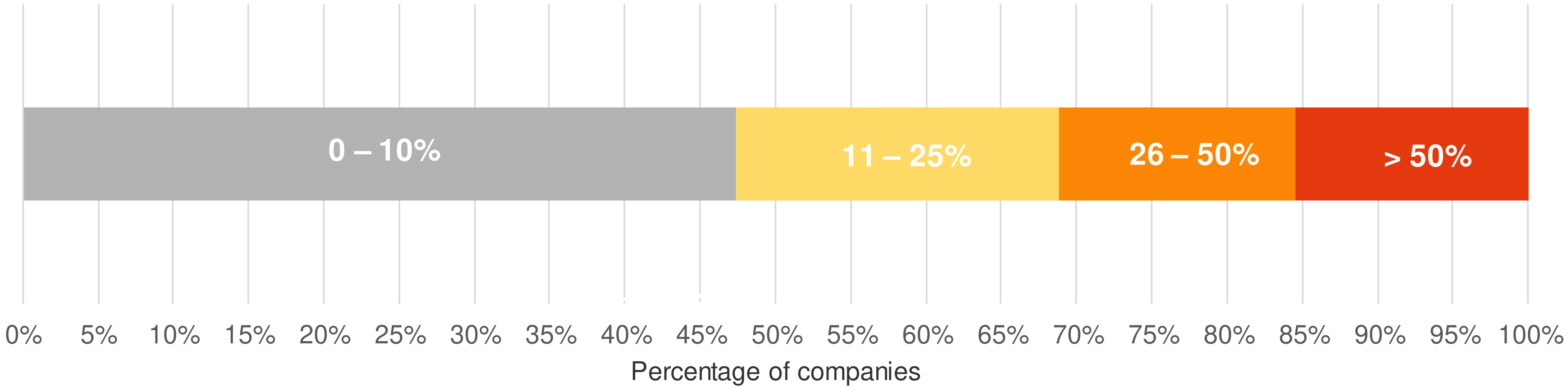
Skilled labor situation

Loss of skilled labor

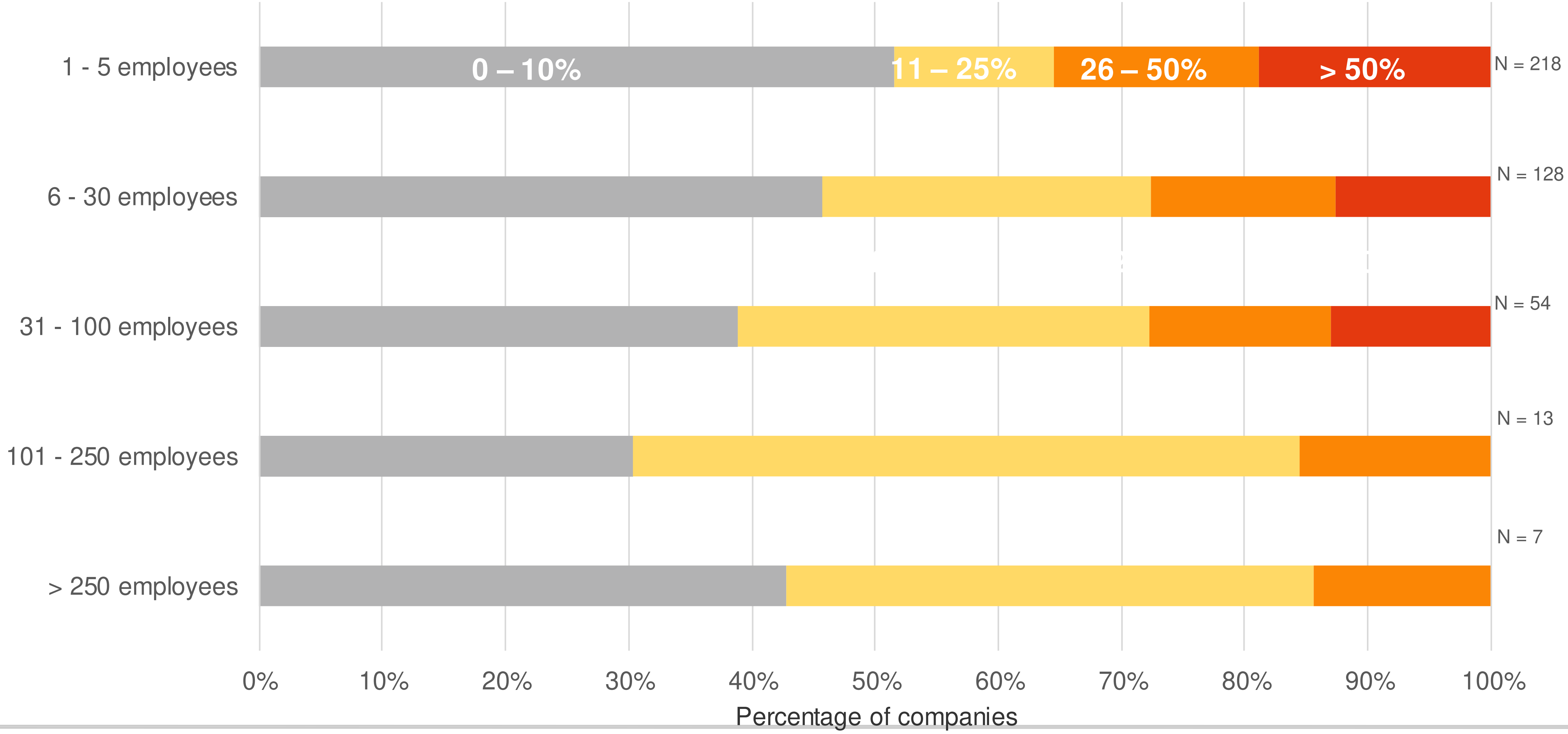
How many employees has your company lost this year (expressed as a percentage) compared to 2019?



N = 420

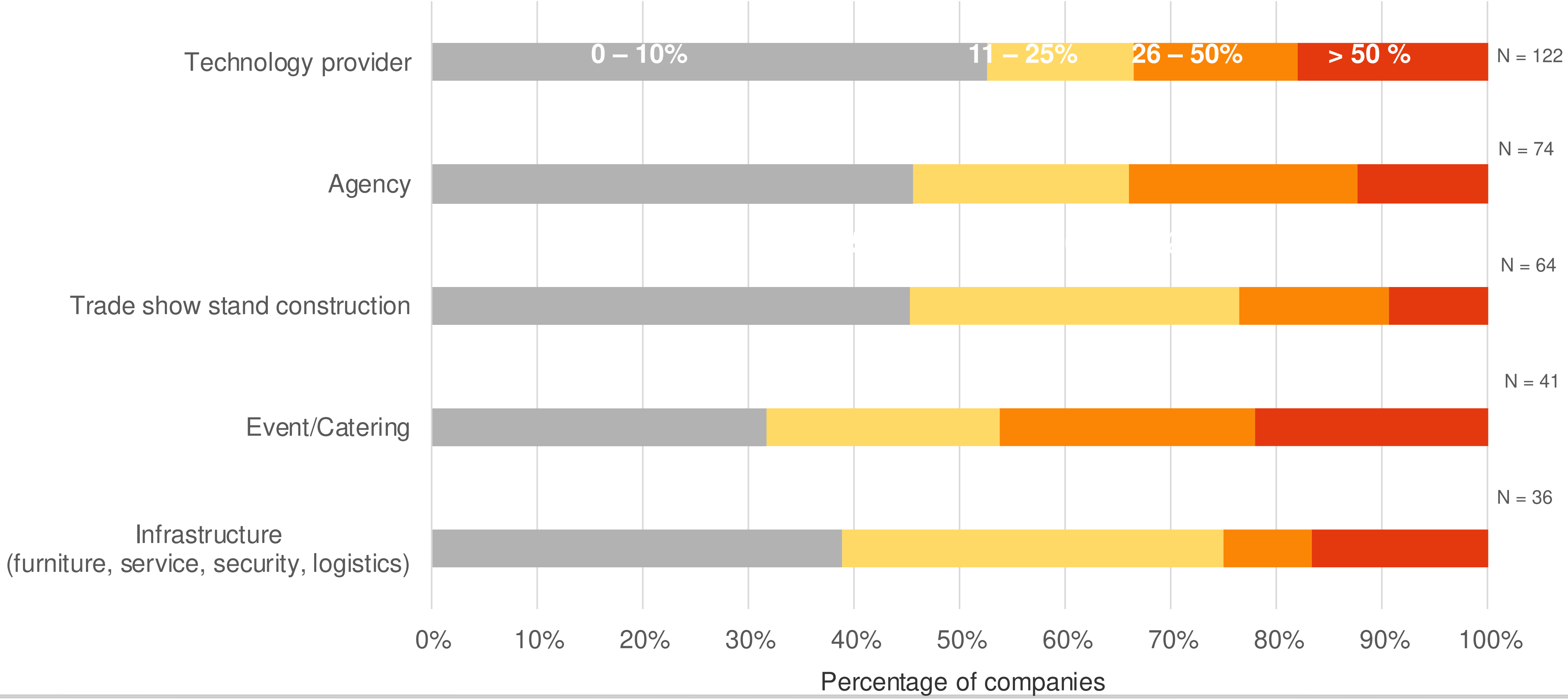
Loss of skilled labor

By company size (number of employees)



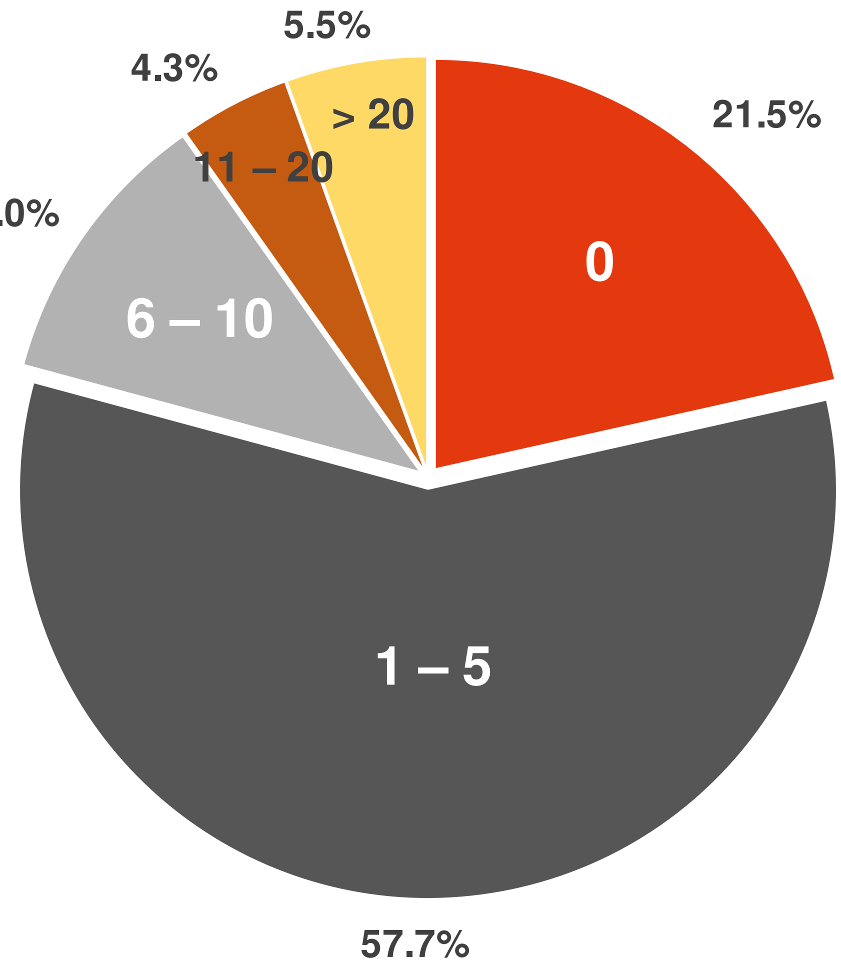
Loss of skilled labor

By company type



Skilled labor requirements

Assuming you could find suitable candidates, what would your current hiring requirements be?

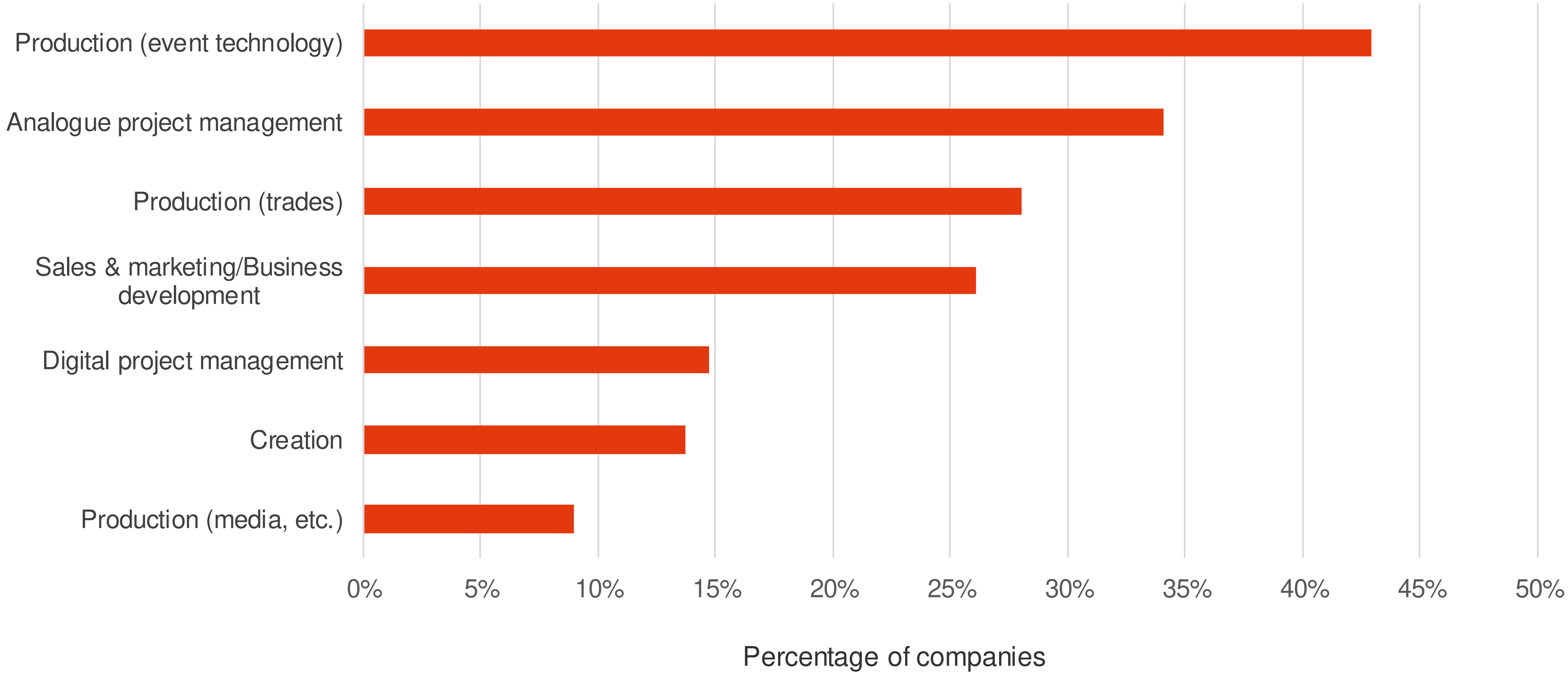


N = 419

Skilled labor requirements

In which areas do you have the most pressing staffing requirements?

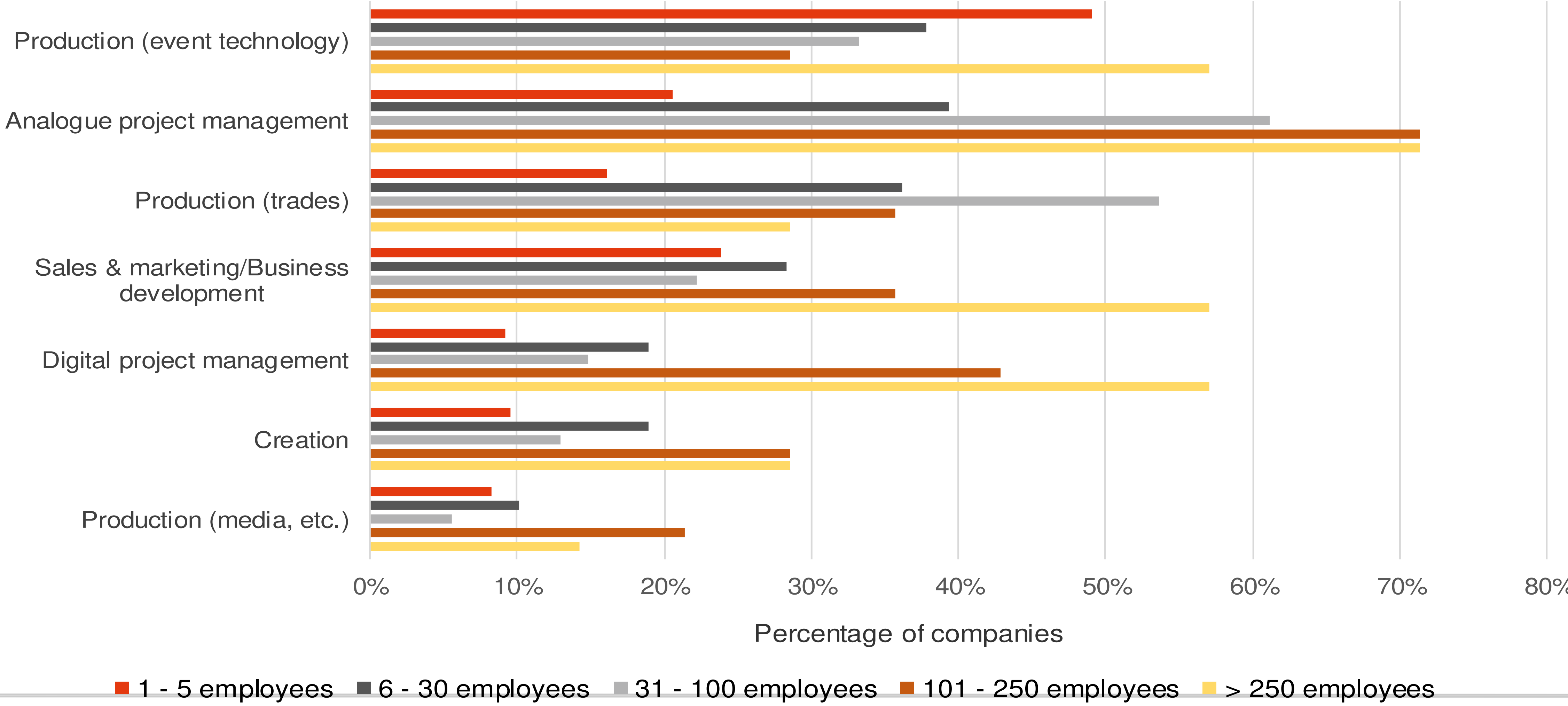
(Multiple responses possible)



N = 422

Skilled labor requirements

In which areas do you have the most pressing staffing requirements? – by company size *(Multiple responses possible)*

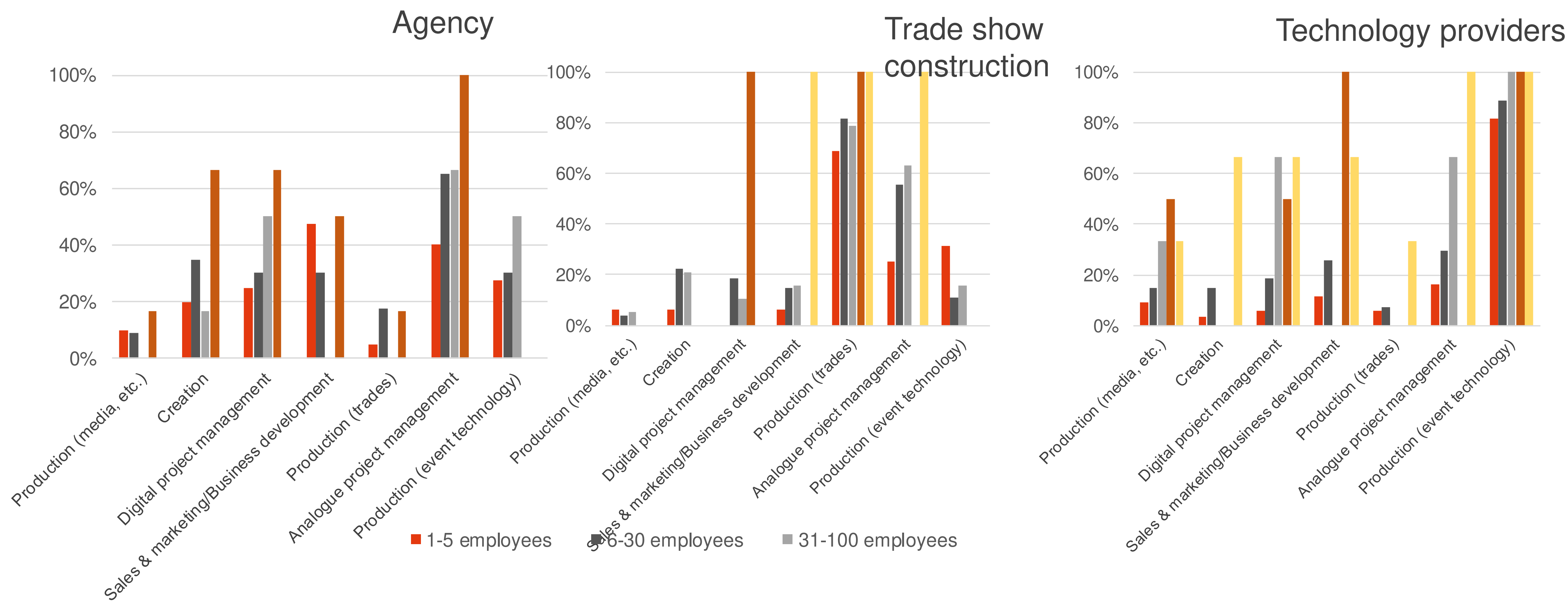


N = 422

Skilled labor requirements

Urgent staffing needs - Percentage of companies surveyed that consider staffing needs to be urgent in the following areas

(Multiple responses possible)



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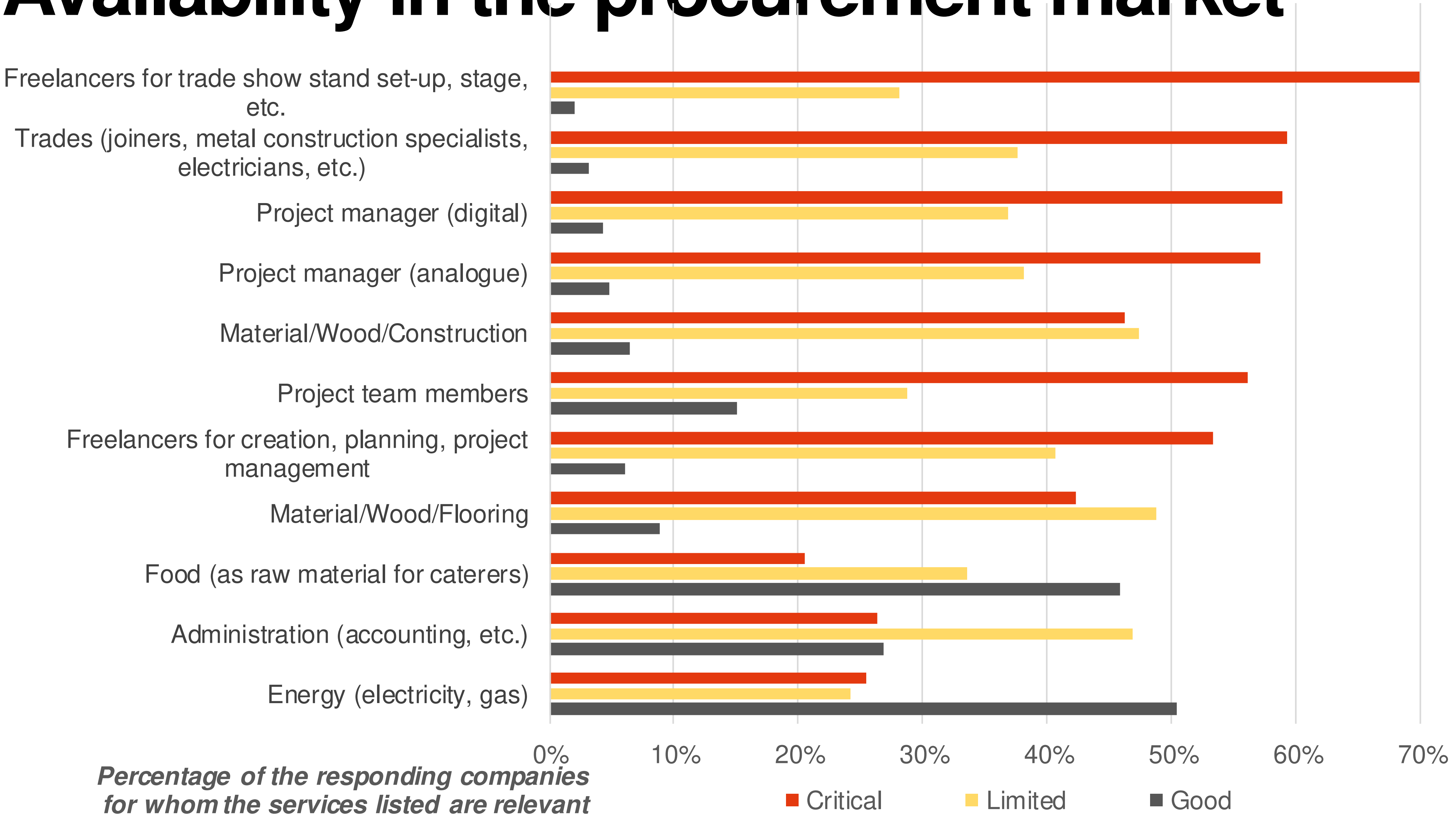
Procurement market

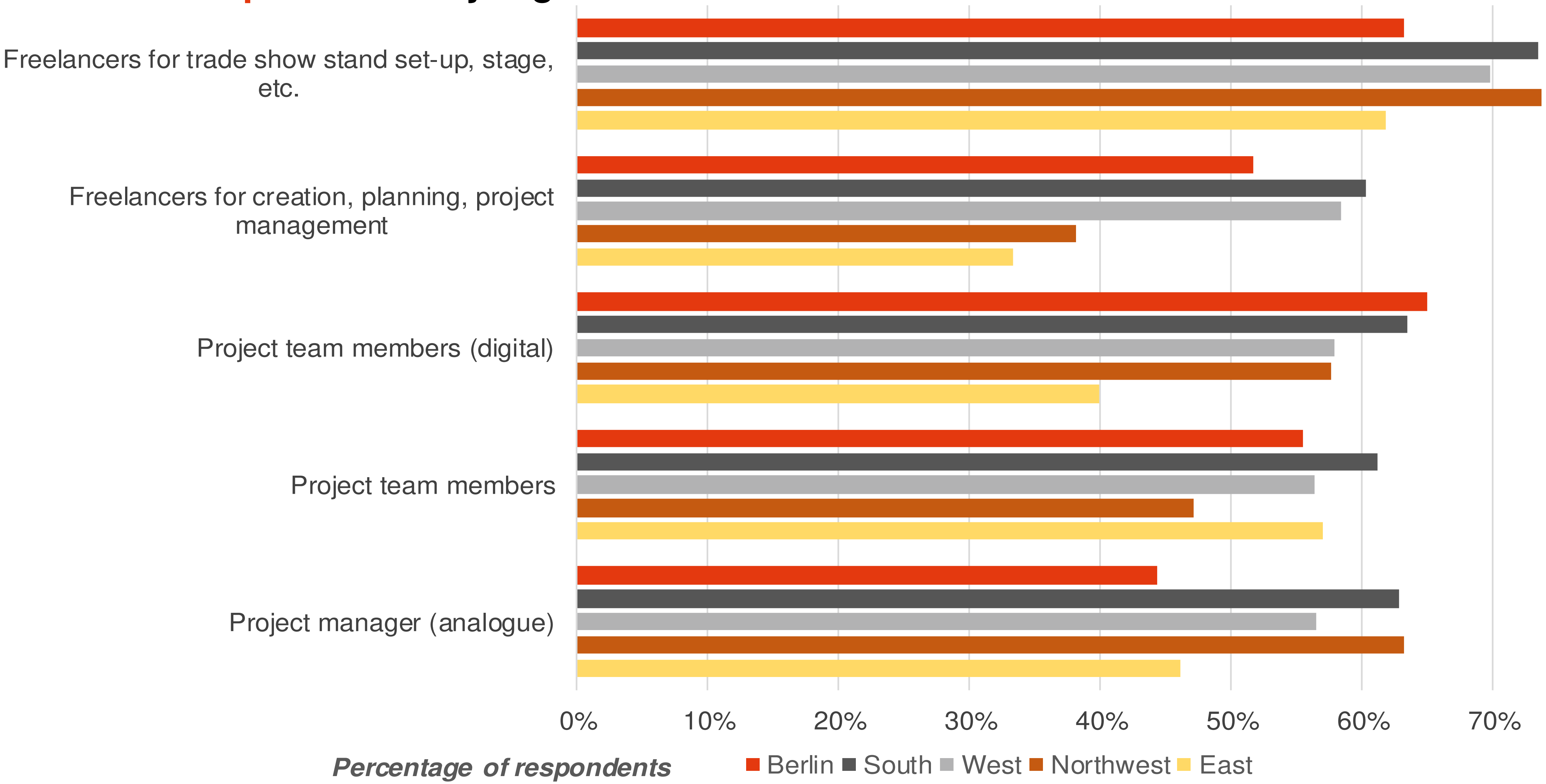
Availability in the procurement market



Percentage of the responding companies for whom the services listed are relevant

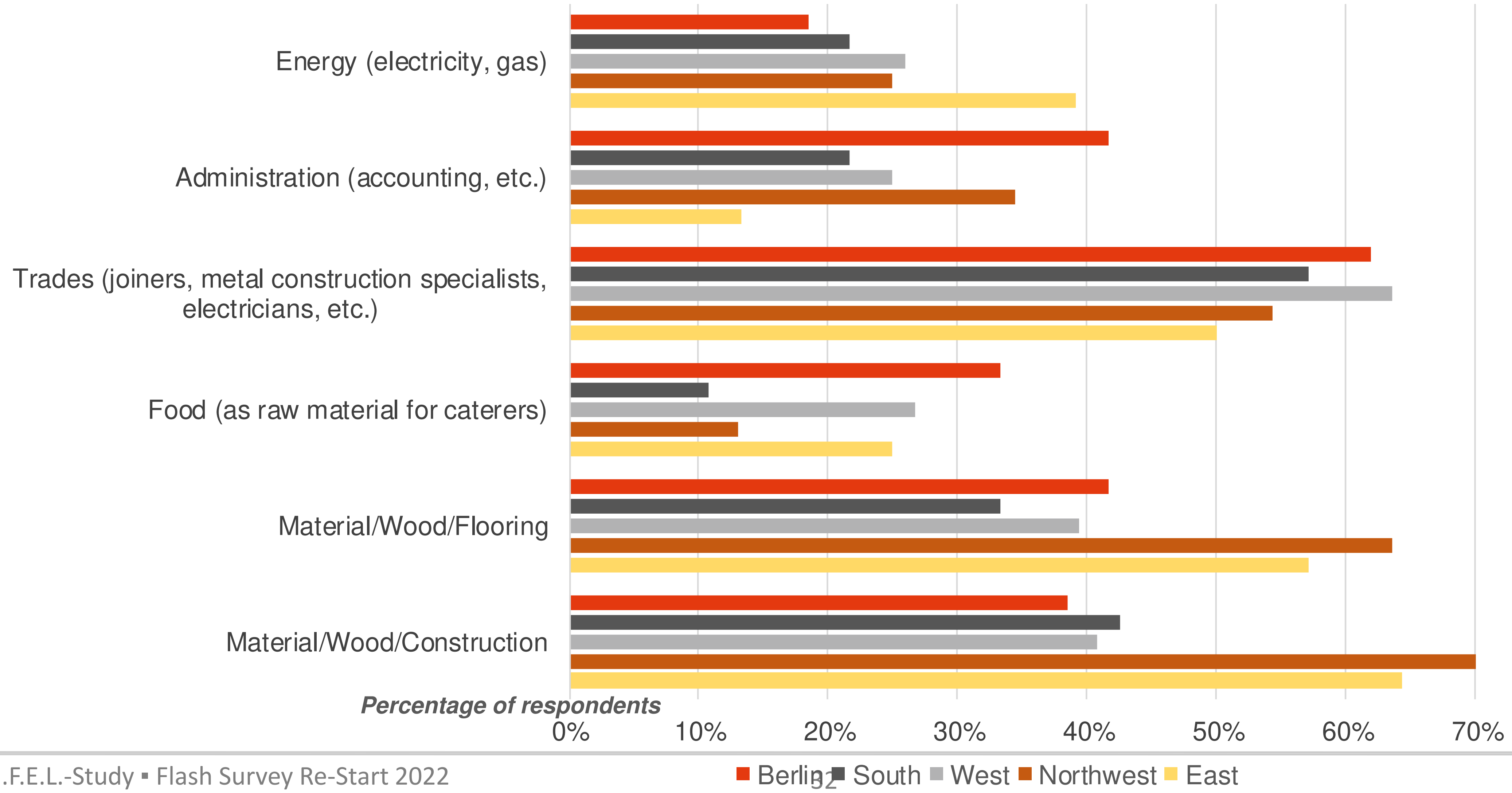
Availability in the procurement market

CRITICAL requirements by region



Availability in the procurement market

CRITICAL requirements by region



Price increases in the procurement market

∅ Price increase within the past 18 months						
	All companies	1 – 5 employees	6 – 30 employees	31 – 100 employees	101 – 250 employees	> 250 employees
Material/Wood/Construction	**50.3%**	58.6%	48.1%	37.5%	20.0%	50.0%
Material/Wood/Flooring	**45.4%**	49.8%	46.9%	33.3%	25.0%	25.0%
Energy (electricity, gas)	**36.2%**	38.8%	38.7%	38.3%	25.3%	15.0%
Freelancers for creation, planning, project mgmt.	**33.3%**	39.7%	28.9%	23.9%	22.0%	35.0%
Freelancers for trade show stand set-up, stage, etc.	**32.2%**	33.5%	32.6%	29.6%	22.6%	35.0%
Project team member (digital)	**+27.3%**	29.4%	29.3%	17.1%	26.8%	30.0%
Project manager (analogue)	**+25.4%**	27.8%	28.6%	16.9%	17.6%	15.0%
Trades (joiners, metal construction specialists, electricians)	**+24.6%**	24.8%	28.7%	17.3%	21.8%	20.0%
Project team member	**+24.1%**	27.4%	23.1%	20.4%	15.6%	17.5%
Food (as raw material for caterers)	**+22.1%**	25.6%	23.2%	11.8%	12.5%	Not specified
Salary increases for new hires (own employees)	**+20.1%**	20.7%	20.4%	18.7%	19.3%	15.0%
Administration (accounting, etc.)	**+18.2%**	20.7%	16.8%	15.6%	13.6%	15.0%
		N = 40 - 89	N > 36 - 70	N = 14 - 35	N = 4 - 7	N = 0 - 2

Price increases in the procurement market

⌀ Price increase within the past 18 months						
	Nationwide	East	South	West	Northwest	Berlin
Material/Wood/Construction	**50.3%**	97.7%	37.7%	46.2%	52.1%	72.3%
Material/Wood/Flooring	**45.4%**	97.1%	36.4%	42.5%	47.3%	34.2%
Energy (electricity, gas)	**36.2%**	49.7%	28.7%	37.6%	42.9%	34.3%
Freelancers for creation, planning, project management	**33.3%**	77.9%	29.4%	33.5%	22.4%	26.2%
Freelancers for trade show stand set-up, stage, etc.	**32.2%**	63.7%	27.6%	33.9%	27.3%	26.9%
Project team member (digital)	**+27.3%**	49.4%	20.3%	28.3%	27.9%	23.3%
Project manager (analogue)	**+25.4%**	60.0%	18.9%	25.7%	24.0%	19.8%
Trades (joiners, metal construction specialists, electricians)	**+24.6%**	42.9%	23.5%	23.0%	23.0%	20.5%
Project team member	**+24.1%**	31.5%	21.0%	27.3%	21.5%	21.6%
Food (as raw material for caterers)	**+22.1%**	48.6%	15.2%	21.7%	20.3%	15.3%
Salary increases for new hires (own employees)	**+20.1%**	33.3%	18.6%	19.0%	22.5%	18.0%
Administration (accounting, etc.)	**+18.2%**	22.7%	15.5%	19.5%	20.0%	17.0%