THE UK EVENTS BUSINESS BAROMETER

Measuring the Events Industry to help the UK's Industrial Strategy

BVEP

SUPPORTING SUSTAINABLE GROWTH FOR THE UK EVENTS INDUSTRY

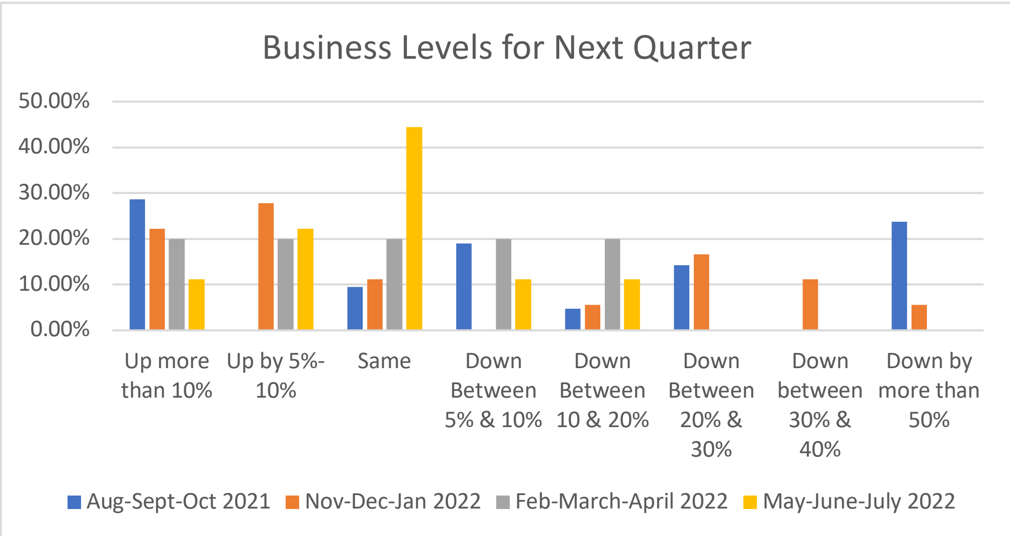
BVEP Business Barometer - First Annual Results - August 2021 to July 2022

BVEP began collecting data for a quarterly Business Barometer from August 2021. The data has been provided by the same group of contributors each quarter consisting of a coterie of business professionals in the sector. As the year progressed some additional participants joined and some left but overall, they provide a good representation of the sector. The aim of this quarterly survey is to provide a regular and consistent report of the business climate in the sector for the Partnership.

Q1. Which sector represented:

Q1 Which Sector Represented	Aug-Sept-Oct 2021	Nov-Dec-Jan 2022	Feb-March-April 2022	May-June-July 2022
Business Event Venues	38.10%	27.87%	20.00%	22.22%
Business Event Organisers	14.29%	27.78%	20.00%	22.22%
Outdoor Events	19.05%	27.78%	20.00%	22.22%
Supply Chain	19.05%	16.67%	40.00%	22.22%
Booking Agents	9.52%	0.00%	0.00%	11.11%

Q2. Business levels for the next quarter



The first quarter (Aug-Oct 21) of this study shows on the positive side, increases of 10% or more for 28.7% of businesses questioned. This is countered by a total of 62% of businesses reporting decreases of between 5% and 50% and only 9.5% the same as the previous quarter. This was still an uncertain period with lockdowns still a possibility.

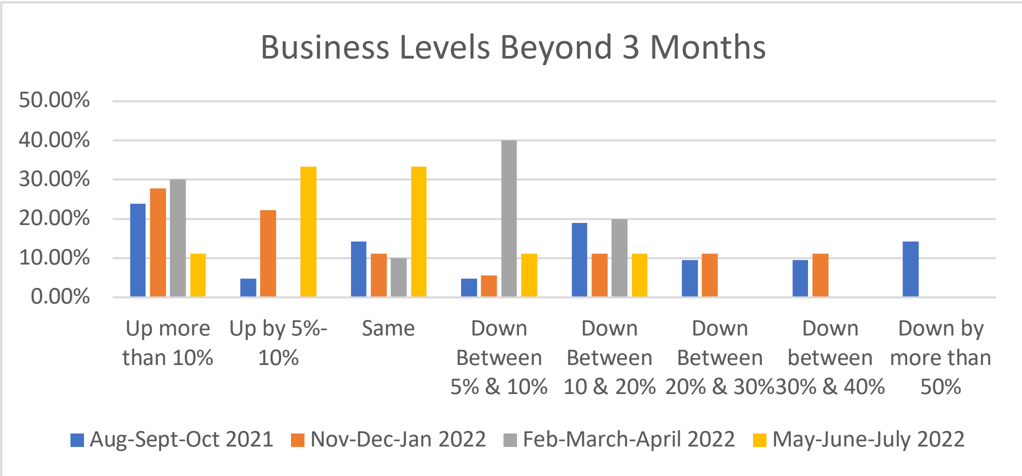
In the following quarter (Nov-Jan) confidence was returning with 50% of businesses reporting increases of between 5% and 10% for the following quarter. Only 38% of businesses expected decreases for the next quarter. 11% expected it to remain the same.

Confidence grew in the next quarter (Feb – April) with 20% of respondents reporting more than 10% increases, 20% reporting between 5% and 10% increases and 20 % remaining the same so 60% of them reporting positive expectations. Only 20% of businesses expected decreases of between 5% and 20%.

By the summer of 2022, (May – July), business level expectations were increasing. 33.3% of businesses reported increases of between 5% or more than 10% and 44.4% reporting the same. So, 78% of respondents expecting increases. Decreases in business of between 5% and 10% being experienced by only 11% of businesses.

On this information the current quarter (Aug-Sept-Oct) is (perhaps unsurprisingly) the most confident period to date since covid and the start of the survey. The uncertainties of the previous three quarters having eased for short term expectations.

Q3. Business levels beyond 3 months



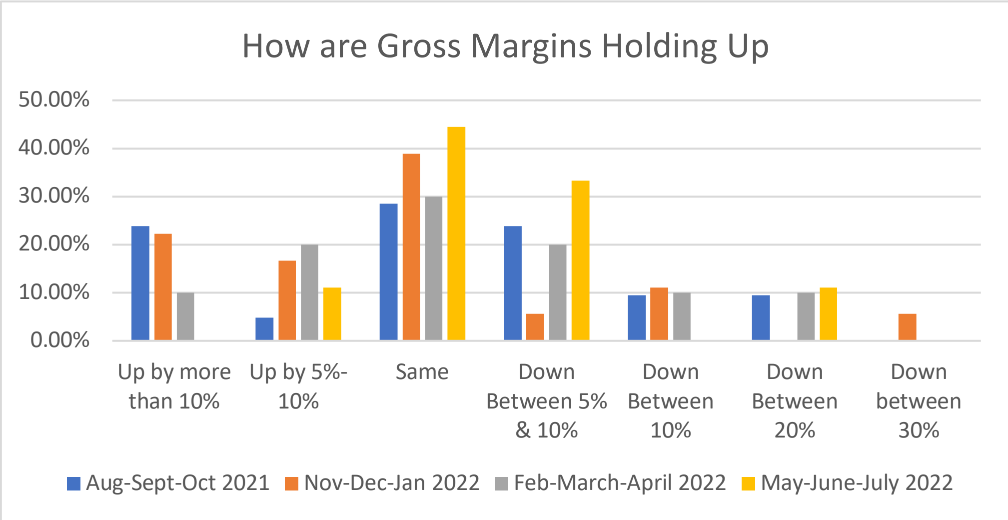
Confidence about medium term business (beyond three months) was a slightly different picture. By October 2021, business levels beyond three months were more uncertain with 57.14% of businesses reporting business levels down by 5% to 50%. Also, 14.9% said it would remain the same and only 28.57% thought business beyond three months would be 5% -10% up.

The next period (Nov–Jan) this had moved positively to 50% of business expecting increases of between 5% and 10% or more for beyond three months. Only 39% thought it would decrease and 11% said it would remain the same.

In the spring, (Feb-April) confidence for beyond three months faltered, with only 30% reporting increases of 10%, 10% reporting the same and 60% reporting decreases of between 5% and 10%. By May-July, confidence had returned, with 33% of businesses reporting increases of 5-10% and 11% reporting 10% or more. 33% also said business would remain the same. Only 22% said business would decrease by 5%-10%.

The way this medium-term view has evolved seems to be directly related to confidence and general uncertainty. In the Feb-April period the war between Russia and Ukraine had begun just as the situation with covid was beginning to ease. Planning for medium term activities seems to have been affected in that period. By the summer period (May-July), concerns had moved to more domestic issues such as fuel costs and staffing sourcing and so on.

Q4. How are Gross Margins Holding Up



Gross margins in Aug-Oct were finely balanced with reports of increases of between 5% and more than 10% for 42.5% of businesses. 28.5% said margins were the same and 42.85% said margins were between 5% and 20% down.

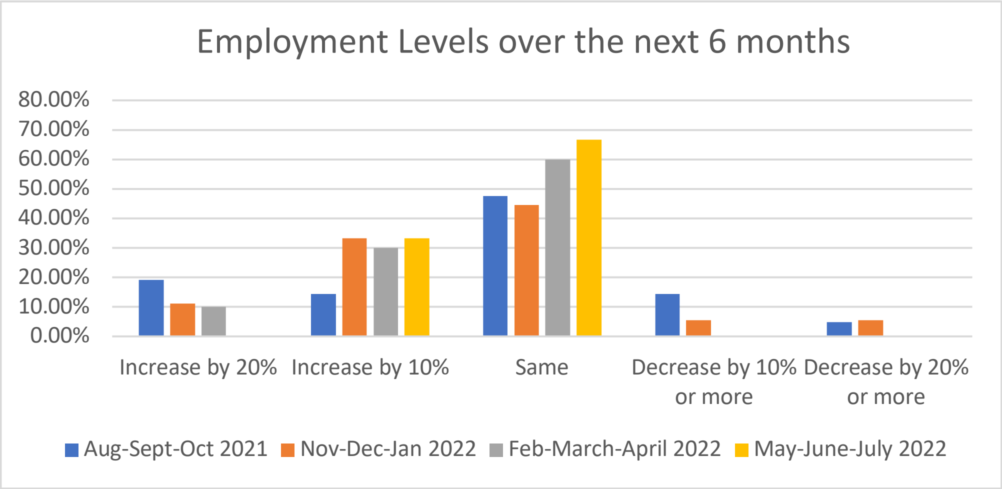
By the winter (Nov-Jan) increases were similar with 38.9% of businesses reporting increases of between 5% and more than 10%. And 38.9% said margins were the same and only 22% reported decreased margins.

In the Spring Feb-April) margins were decreasing with only 30% of businesses reporting increased margins. 20% remained the same but 40% reported decreasing margins.

The Summer period has seen this trend continue with only 11% reporting increases and 44% reporting decreases. 44% have however, held margins at the same level as the previous period which perhaps indicates the increased demand supporting business margins but with operating costs rising making it more difficult to maintain or increase margins.

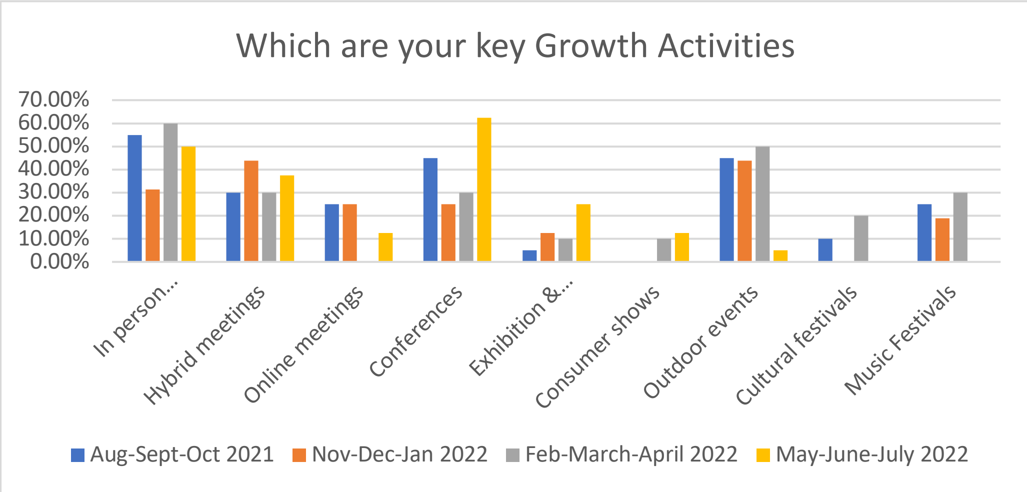
Focussing on gross margins keeps the answers comparable.

Q5. Employment Levels over the next 6 Months



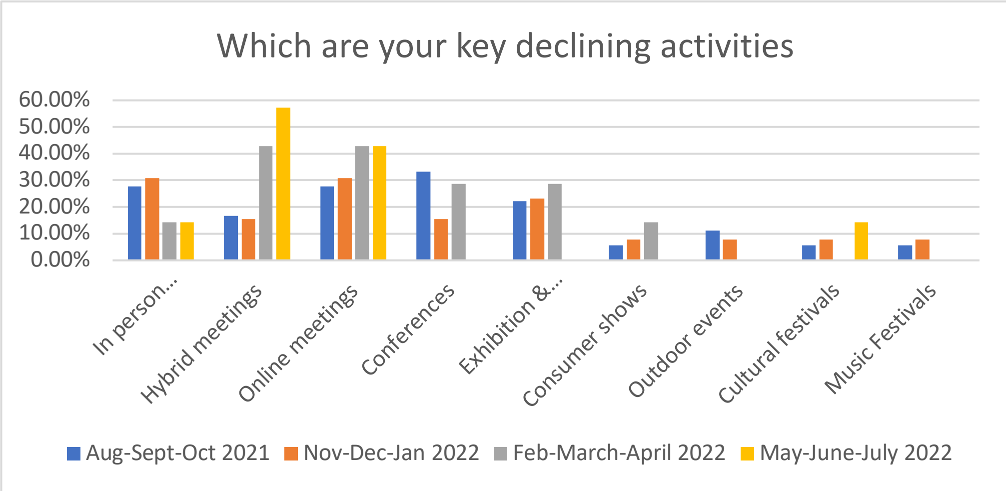
Employment levels during the year have followed the demand cycle to a large extent. Rises in employment levels being recorded in the two periods between Nov and April. Employment levels seem to have stabilised in the May to July period with most businesses reporting the same staff levels for the next six months and in that quarter, 30% of the businesses reported an increase of 10% in recruitment.
This indicates a period of stability in the summer months but in the subjective commentary many businesses are still finding the right staff to be a challenge.

Q7. Which are your key Growth Activities



Looking at the chart above it's clear that in-person meetings were beginning to gain traction in the Aug-October period but as the Autumn 2021 lockdown emerged this dropped back, and hybrid meetings took on a spurt. In person meetings resurged again in Feb-April and May-July. Conferences, exhibitions and trade fairs show growth along similar lines reflecting the in-person meetings growth. Outdoor events show growth in the spring but an anomaly is the May-June period being quite low – speculatively, this may be due to some contributors in the outdoor sector having missed the survey as they were busy running outdoor events?... but music festivals coming back into the frame. Consumer shows do not feature at all in the first half of this survey period but return in the second half – mirroring the growth in other segments. Online meetings significantly strong in the first two quarters but very low in the second two quarters – likely due to the rise in in person meetings.

Q8. Which are your key declining activities



Declining activities are virtually the opposite of the above. In the first two periods when lockdowns were still happening the level of consumer events was understandably the largest declining activity. In person meetings were also understandably declining in the first two quarters whilst hybrid and online meetings decline significantly in the second two quarters.

Q9. How confident are you about business prospects in the next 12 months?

Confidence sentiment changed very little in the four quarters of the survey but a marked increase in 'slightly unconfident' has emerged in the last quarter with no-one in this period being 'very confident'. With the Ukraine war, fuel costs rising, inflation fears, cost of living 'crisis', changes at the top of government this negative change is perhaps understandable.

Q10. Comments from contributors* – Key word mentions (larger the word, more it is mentioned)

Aug-Oct 2021

Nov 2021-Jan 2022

Feb 2022 – April 2022

May 2022 – July 2022

**See Appendix*

In Summary

After the upheaval caused by Covid 19, the results above track the uncertainty experienced during the months of the relaxation of restrictions. As we were coming through the latter part of the pandemic situation businesses showed resilience in returning to growth and 'normality' but with new challenges when compared to 2019.

Staffing issues, increasing costs and the impact of other world events has increased the challenges faced by the UK events sector in 2022. With a new government forming and the change of sovereign at the time of writing, this is a significant period of change.

Shifts in policy will doubtlessly affect our industry and some of the measures that emerge will no doubt be reflected in our regular study as we begin the next year of the Business Barometer.

John Gallery, BVEP Research Lead. 15th September 2022

Appendix **Individual Comments:**

August to October
Changes in Gov policy and organiser / client expectations

Oddly trying to accommodate lots of weddings to fill the gaps in other types of in-person events that are less labour intensive

Planning! (For recovery, growth and survival if required!) due to Covid uncertainty manipulated by fear in the main caused by the national media and social media influencers

Confidence to clients when attending the venue for events

It is still bad weather for outdoor events and of course covid

Recruitment and service delivery at hotels & venues

Response times from suppliers

Ability to forecast and plan both in terms of investment and resource. Challenges with getting good, quality resource. Debtor days continue to increase, challenges with clients paying on time. Increase in short lead time which puts additional pressure on resource and quality. Being able to balance the output of Live, Virtual and Hybrid running concurrently. The expectation that clients want more for less - this is unrealistic especially with price increases in transportation and materials, as well as the demand on resource. Challenges with venues not being ready and at full operational capacity and performance.

Reacting to last minute trends, difficulty predicting business levels and staffing due to this.

Troubles in the supply chain, particularly with staffing in security and hospitality roles. Availability of equipment in extremely busy 2022.

International clients have insufficient confidence to host and event in the UK

Planning ahead due to possible late changes to guidance for events. Forecasting our business revenues/growth potential due to the sector uncertainty.

Short lead times for immediate work, only a few days notice and hard to secure crew and plant for last minute requests

inflation and continued Brexit shipping, tax and perception of Britain challenges

Increased external costs to the business, staffing, decision makers holding off on contracting

To steady and build back better to 2019, but it is going to be very tough

reduced team, smaller clients budget, overall uncertainty about business recovery,

November to January

More confidence with booking in person events but wanting the benefits of virtual also.

Tentative optimism from stakeholders towards in-person/hybrid - coupled with a yearning for that format tempered by concerns over attendance levels due to restrictions

The Omicron variant had a significant impact on business in Q1 - especially Jan, Feb pushing a lot of LIve or Hybrid projects either in to March or later in the year. Last year we would have seen more people switch to full virtual events, this year there has been more resistance to switch and clients are favouring postponing until they can achieve a live or hybrid gathering which is positive. Lead times remain short for virtual events. The mix of virtual has shifted, for some clients it's a means to an end and they may utilise tools such as teams live rather than full broadcasts, where as others have moved to virtual for the foreseeable future and are likely to replace some of their face to face meetings (mainly townhalls, briefings, company updates) with virtual and focussing on experiential learning for in person activity.

High levels of customer demand but challenging operating circumstances.

Later booking/confirmations. Need for virtual access to all events and meetings.

Hybrid with fewer hours in person

Confirming bookings for festivals earlier to guarantee they get what they want as there will be a shortage of overlay with the increase in outdoor events in 2022

event organisers no loger taking a risk, covid restrictions crippling the industry

Continued last minute requests for small meetings. Reluctance to signing contracts until WFH advice is removed.

Rising cost and scarcity of skilled staff

Growth of events seeking our publishing services together with new access and egress control for events service and vehicle parking services

Late decisions from organisers and a squeeze on budgets not allowing for substantially increased costs.

Short lead times, and/or very long provisional holds

I see the return on in person events and a key focus on Sustainability

The growth is in the Film and TV Industry

Costs of technology and the cost of venues - making the budget balance uncertainty over restrictions/future variants - varies depending on geography of event. Also uncertainty regarding timing of easing of restrictions (both government-imposed and internal company travel restrictions)

Lack of commitment from organisations, still resistant to commit to large in person events and experience. Increases in costs, yet continued pressure by procurement to bring costs down, availability of good skilled resource within the industry.

Challenges in the supply chain including increasing costs for staff and equipment. Increased business expenses including wages, utilities and operating costs.

Confirming business pipeline ahead of time. Makes it more tricky to operate forecasts with certainty.

Lack of clear communication on rules

Maximising opportunities for the equipment we have available and getting clients to understand the increase in costs

Over coming covid restrictions and government animosity to the events industry

The Omicrom varient and WFH advice decimated our December and 2022 Q1 business. Main challenges are people not wanting to commit until cases come down / WFH advice is retracted. Costs are rising hugely - Heat, Power, Light, F&B, Saleries. The market is not consistent in passing these onto the client. Difficulty in forecasting future months

Resourcing, clarity of VAT reclaim laws for working in Europe

Staff recruitment on a part time and seasonal basis as we expand

Last minute bookings wanting access to limited resources at 2019 prices

client confidence with infection rates

Rebuilding business to pre-pandemic levels and unpredictability of the evolution of Covid-19

February to April

Smaller budgets and later deadlines and decision making

Small groups looking for experience days to blend with operational meetings;

Margins being squeezed

Challenging sales environment with slow and late uptake in ticket sales making accurate planning and budgeting a real challenge. This is predominantly down to the cost of living situation and availability of disposable income, particularly for young people.

Virtual is still playing a part in the overall communications / events plans for many organisations. They are using it for regular quick communications. However many seem to be favouring returning to in person experiences but putting more of a focus on the actual experience, providing choice and variety rather than a sheep dip approach

Recruitment challenges

Everyone keen to put on events, new festivals launched this year

Not a lot of base business on books for future months (eg: 6 months out and into 2023). There is very last minute pickup. Clients want more for less money

resource resource resource! scarcity of, cost of, stability of!

Operating at acceptable profit levels with increased costs plus staff shortages

marketing

supply chain issues with goods from China & transport costs in the UK

Significant increases in supply and infrastructure costs compounded by increases in areas such as fuel duty, diesel costs etc.

Challenges with clients expecting to pay what they did in 2019, costs increases effect all deliverables and in some cases previously agreed rates are not achievable due to significant market changes. Being able to secure the right team members with experence. Resource is an increasing challenge

Recruitment

Clients wanting to add dates to existing bookings when not possible due to other commitments

Lack of base and last minute requests make it difficult to forecast and staff. Increased costs are coming into the business from all angles but many clients are loath to pay increased prices on previous years. Increased salary requests, utilities, volatile food prices are all adding to pressures

resource

May to June

Continued delays in committing to projects, mainly driven by uncertainty in the economy driven by many factors including perception, increasing costs.

More and more clients returning to business travel and events, but all booking extremely short notice.

More switch to hybrid and many clients choosing the charge the same to attend IRL or virtually.
Budgets are being squeezed and the rapidly rising costs on events already conracted are squeezing margins considerably.

Clients expecting the same quality and performance of delivery at the same price or marginal price increase that does not reflect these cost increases

shorter booking lead time

Last minute bookings.

Challenging market conditions with high market congestion. Sales are slow and, where they happen, very late. Consumer spending at events is also down on previous years for some traders and secondary spend outlets.

Significant delays in getting PO's and therefore payment. Continued pressure on rates yet constant increases in costs through the supply chain.

Increase in rates, limited availability and the short notice demand

staff and fuel costs

Having time to pitch for new work. Majority of work coming from referral/repeat

Climate Change, Red tape and lack of financial confidence causing a slow down in spending

Pricing during a period of inflationary pressures / recruitment of good AV technical staff at reasonable salary levels

recruitment, utility prices

On costs - utilities, f&B costs, staffing costs. Last minute bookings cause staffing issues. Client expectation is huge. Worried about Q4 and through into 2023 due to inflation and people cutting back on costs

Managing ever increasing costs whilst mindful that attendee numbers and spend is potentially in decline. Some challenging market conditions ahead in 2023.