

THE EVENTS INDUSTRY TALENT IMPACT STUDY 2020

INTERIM SUMMARY – 5.1.21

PROJECT SCOPE AND APPROACH

The events and exhibitions sector was one of the first to experience enforced shutdown because of COVID-19, leaving many organisers and suppliers with little or no income for more than 6 months now.

The largest associations in the sector, the Association of Event Organisers (AEO), the Event Supplier & Services Association (ESSA) and the Association of Event Venues (AEV), have come together to measure the impact this has had on the sector from a human perspective.

Research was conducted before the chancellor announced the extension of the original furlough scheme. At that time, as lockdown 2.0 ended, business events taking place in Tier 1 and Tier 2 areas, were permitted to reopen with capacity limits.

This document represents an initial summary of results.

SAMPLE & CONFIDENCE

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We designed and emailed online surveys to 73 AEO members, 211 ESSA members and 38 AEO members. A total of 42 AEO members, 83 ESSA members and 17 AEO members completed the surveys, representing response rates of 58%, 39% and 45% respectively.

While statistical confidence intervals don't strictly apply to self-selected samples (e.g. online surveys), we've calculated them as a guide to data reliability (see below). Working at the total sample level, we can estimate a confidence interval of $\pm 6.1\%$ at the 95% level.

	Mailing sample	Responses	Response %	Confidence levels at the 95% level
AEO	73	42	58%	$\pm 9.9\%$
ESSA	211	83	39%	$\pm 8.4\%$
AEV	38	17	45%	$\pm 17.7\%$
TOTAL	322	142	44%	$\pm 6.1\%$

HEADLINE RESULTS

Pre COVID-19, events and exhibition industry participants permanently employed more than 7,500 people to organise and supply services for events, exhibitions, and conferences. In addition, the industry creates work for more than 5,000 others on zero hours contracts, aligned to event, exhibition, and conference activity.

At the time of completion, the number of permanent employees has fallen by a third to just over 5,000 and zero hours contracts have fallen by 83% to less than 900.

While these statistics already paint a pretty dire picture for the events and exhibitions industry, looking

BASED ON THE ECONOMIC IMPACT OF EXHIBITIONS IN THE UNITED KINGDOM, 2019 REPORT. THE UK EXHIBITION INDUSTRY DIRECTLY EMPLOYS 55,000. IF WE APPLY THE FINDINGS FROM THIS STUDY TO OUR MEASURES, WE CAN ESTIMATE THAT THE INDUSTRY HAS ALREADY LOST, THROUGH PERMANENT CONTRACT REDUNDANCIES, MORE THAN 18,000 PERMANENT JOBS PLUS CIRCA. 49,000 ZERO HOURS CONTRACTS.

forward to the end of 2020, permanent employee numbers will have fallen by 44% in comparison to the numbers we began the year with and zero hours contracts in the sector are set to have fallen by 84% overall.

The job losses are a direct result of the enforced shutdown of the events, conferences, and exhibitions

PROJECTING FORWARD, WE CAN ESTIMATE THAT PERMANENT EMPLOYEE NUMBERS WILL FALL BY MORE THAN 24,000 AND ZERO HOURS CONTRACT POSITIONS WILL FALL BY ALMOST 50,000. THAT'S MORE THAN 74,000 FEWER JOBS.

sector. In 2019, UK organiser participants delivered 879 events, by comparison in 2020 that number fell by 58% to just 373. Event service suppliers (ESSA) have been hardest hit so far, experiencing on average a 84% reduction in the number of events they're involved with, compared to 59% for event organisers (AEO) and 51% for venues (AEV).

At the peak of COVID-19, 66% of participant staff were furloughed. The furlough scheme proved invaluable to enable organisers and suppliers to protect cashflow during the enforced lockdown.

As the original furlough came to an end, the furlough replacement scheme was believed to do little to protect jobs in organisations that are still largely in enforced shutdown. 80% of participants rated the recent business support package not very or not at all effective, subsequently, the review extended the original furlough scheme to March 2021.

If you can't trade, then paying people to do work that isn't there makes no sense. (AEO)

If the team can't work at all because of the pandemic, we can't utilise this scheme. (AEO)

There is no incentive to keep staff. It costs too much to keep employing people for the amount of time they are working. For example, if you are considering 2 people doing similar roles and on similar pay. It is more cost effective and more productive in terms of hours worked to make one of those people redundant, rather than put both on the JSS. (AEO)

It's totally irrelevant to our business. In order to stage the size of global events that we have in 2021 we need a full workforce now (at present for our show in May we're in our 'normal' show timeline). Therefore, you have full costs with no indication of whether the events will be able to run. You either close now on the assumption they can't run, or you have full costs for a full show cycle without knowing whether you can make any income. (AEO)

With events remaining closed there is no income so to expect businesses to risk further funds to pay 1/3 of salaries with no security of events opening again soon is mad. clearly Rishi Sunak hasn't understood the situation at all and just wants businesses to effectively become charities. Employees can't keep living on reduced salaries either . the government has forced events to stay closed so they need to do more to help than this. (ESSA)

Overall, participants have made almost 2,250 redundancies so far and 76% expect to make more redundancies in the coming weeks and months. AEO members have made circa. 25% of their workforces redundant, and AEV members 24%, but the impact to ESSA members is significantly higher, on average, 65% of workforces have already been made redundant. Company sizes impact significantly here and since 93% of ESSA members employ <50 employees, compared to 55% of AEO members and 41% of AEV members, it's clear that these critical SMEs are really feeling the impact of the enforced shutdown.

Based on a UK FTE average salary of circa. £31k (source: ONS), the redundancies so far amount to an economic impact (excluding redundancy payments, etc.) of around £750m, based on income tax and NI tax calculations for the average salary (circa. £6.3k), that's already a potential reduced contribution to the government purse of circa. £152m without the impact of zero hours, contract staff.

In addition to redundancies, more than 6 in 10 (63%) have imposed salary reductions. On average salaries have been reduced by 21%, but again the impact for ESSA members' salaries is significantly greater than for AEO and AEV members (25% vs. 15% and 14% respectively).

BASED ON PERMANENT CONTRACTS ONLY, WE CAN ESTIMATE THAT LOST JOBS IN THE UK EXHIBITIONS SECTOR COULD LEAD TO A FALL OF MORE THAN £152M IN TAX AND NI CONTRIBUTIONS ALONE.

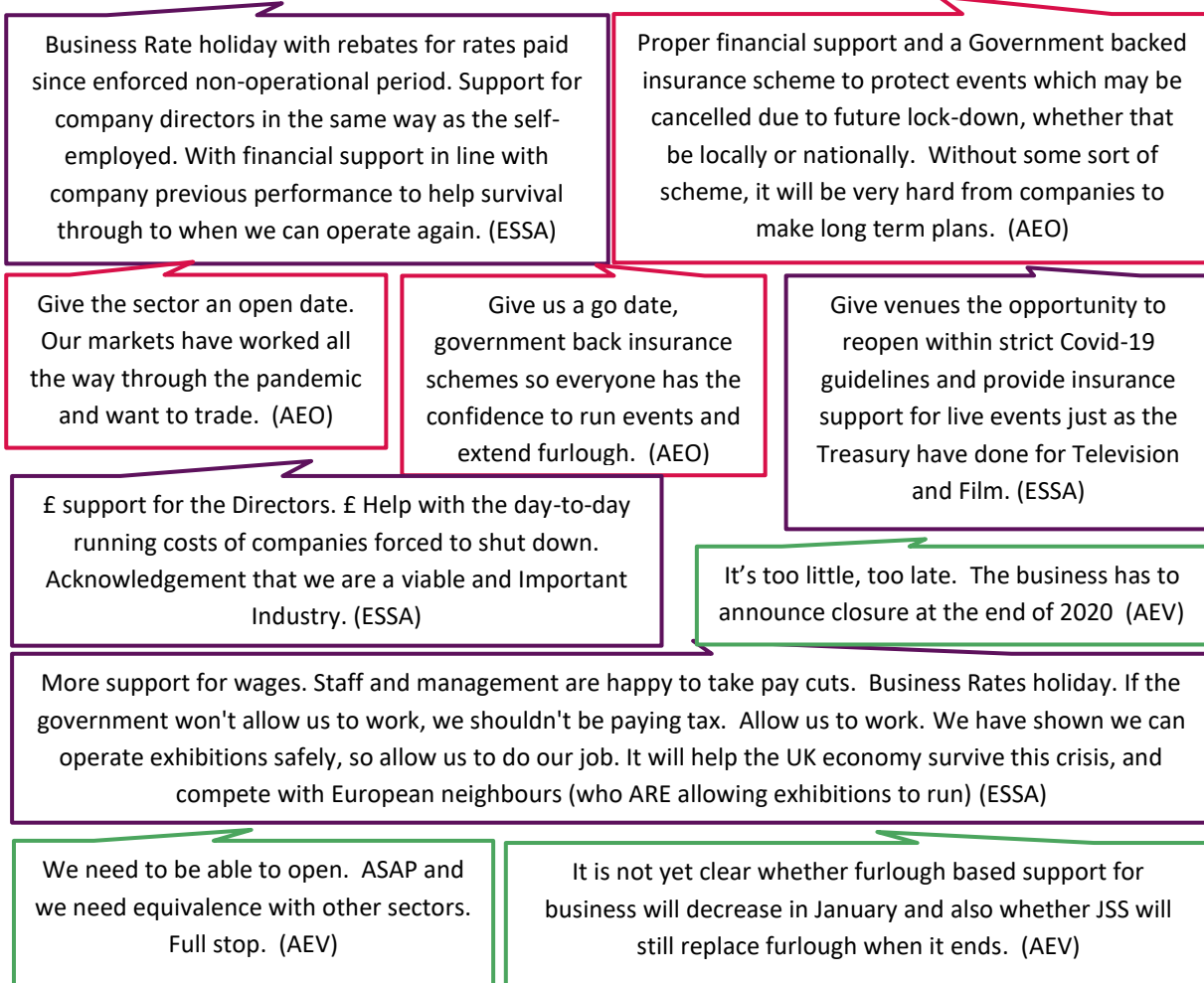
65% of participants have reduced staff working hours, with average working hours reducing by 45%. 67% have removed/reduced bonus payments and 49% of participants have closed offices/business premises, 26% have reduced office space.

Overall, almost 28% had already closed offices/business premises, significantly more ESSA members than AEO or AEV members (37% vs 14% and 9% respectively) but another 22% had given notice on offices/business premises; 29% AEO members, 22% ESSA members and 9% AEV members.

Overall, 92% of participants believe COVID-19 is responsible for a huge skills drain from the events/exhibitors sector, 93% are worried about whether the supply chain for the sector can continue to function if the industry continues to be challenged by COVID-19 and 92% feel the sector has lost talent that will be very hard to replace post-recovery.

The biggest challenges facing participants are cashflow (82%), staying optimistic(61%), ability to adapt/flex/pivot business models (50%), researching new opportunities(44%), access to a qualified/experienced workforce once events restart (37%) and understanding how to effectively monetise virtual events (38%).

Participants were asked what additional support, if anything, they believe the government should provide for their business to survive the pandemic. Participants were clear that additional financial support is essential, either in terms of targeted grants, an extended and targeted furlough scheme, business rates relief, VAT waivers and particularly for suppliers, support for small, limited company directors.



CONCLUSIONS & CONSIDERATIONS

- While the whole events and exhibitions sector has been significantly impacted by COVID-19, the impact on SME suppliers and services, so far, is considerably greater.

Some ESSA members are already unsure whether they will exist at the point that the industry is allowed to re-open. It goes without saying that a reduction in viable suppliers will put increased pressure on future event delivery.

- There's a belief that considerable talent is draining from the sector which will create greater challenges once the industry returns. But this drain and the financial drain on businesses is also impacting their ability to pivot and develop new revenue streams.

We don't have even 20% of the previous work we had pre pandemic and so we will have to shed our most expensive (most experienced) staff to maintain cash flow to ensure business survival and then our ability to pivot and resume will be significantly slower upon the resumption of the industry as we will have a skill shortage. (ESSA)

There are no funds available to pivot successfully - creating new products and businesses takes time and people, I need my team working harder than before, not on furlough but with no incoming money to do it. (ESSA)

We are 100% prevented from delivering our services which is producing zero income. No business can continue to operate and fund staff wages without any productivity. (ESSA)

- The industry wants to work. It is driven by do-ers and creative problem-solvers. It has demonstrated that events can be delivered safely but continues to be shut down, despite other gathering spaces opening-up (e.g. shopping centres, leisure attractions, gyms, pubs and restaurants). Despite this the sector has received less government support than many of those sectors and feels disenfranchised as a result.

Participants want more government support by way of insurance backing for potential cancellations, tax refunds/breaks and loans. Above all else, the industry wants a go-date so it can prove its effectiveness as a catalyst for economic growth.