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Research Institute for Exhibition and Live-Communication

THE MACROECONOMIC SIGNIFICANCE OF THE EVENT INDUSTRY

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THE MACROECONOMIC SIGNIFICANCE OF THE EVENT INDUSTRY

Meta-study

In the context of the coronavirus-related discussions about industry significance and eligibility for funding, it has become clear in recent months that both the overall scope of the event industry and its significance for the economy as a whole, e.g. the industrial sectors as well as the hotel, travel and catering industries, have not yet been fully and appropriately included in the discussion. The study and the associations and universities involved would like to remedy this shortcoming by providing information on the scope, significance and impact of this sector for the economy as a whole, thus supporting a fact-based discussion.
The event industry is diverse and encompasses business and marketing events as well as leisure events (e.g. sports events, cultural events, social events, etc.).
For reasons of focus, the study examines primarily the largest industry segment, namely business-related events. These include business events such as trade shows, conventions, conferences and advanced training seminars as well as marketing events such as brand experience events and product presentations.

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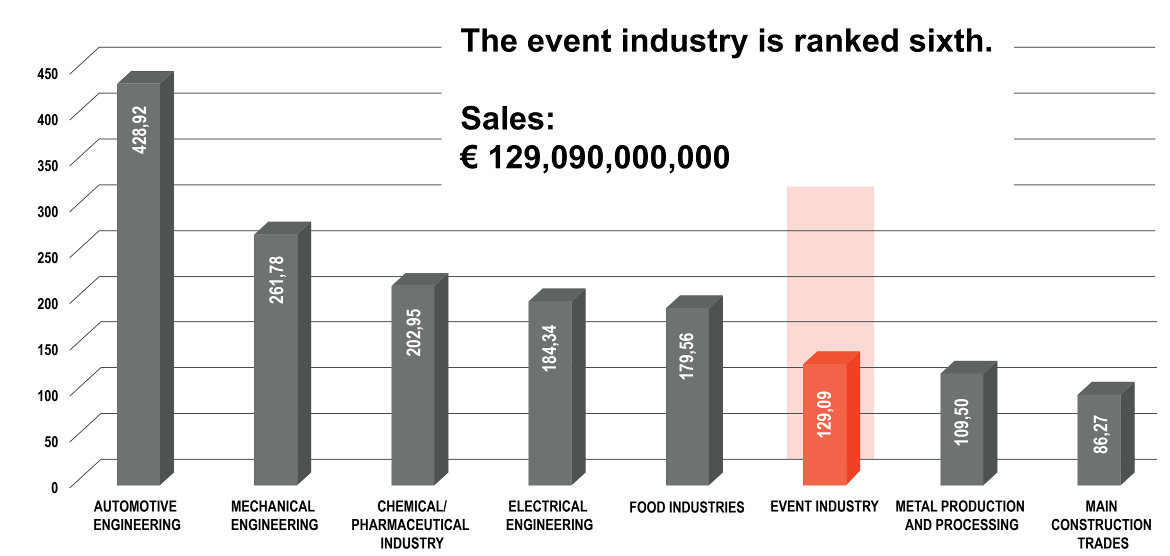
1. SUMMARY

The macroeconomic significance of the event industry

The event industry is the sixth largest economic sector in Germany; it employs approximately 1.5 million people and boasts a direct sales volume of just under 130 billion euros.

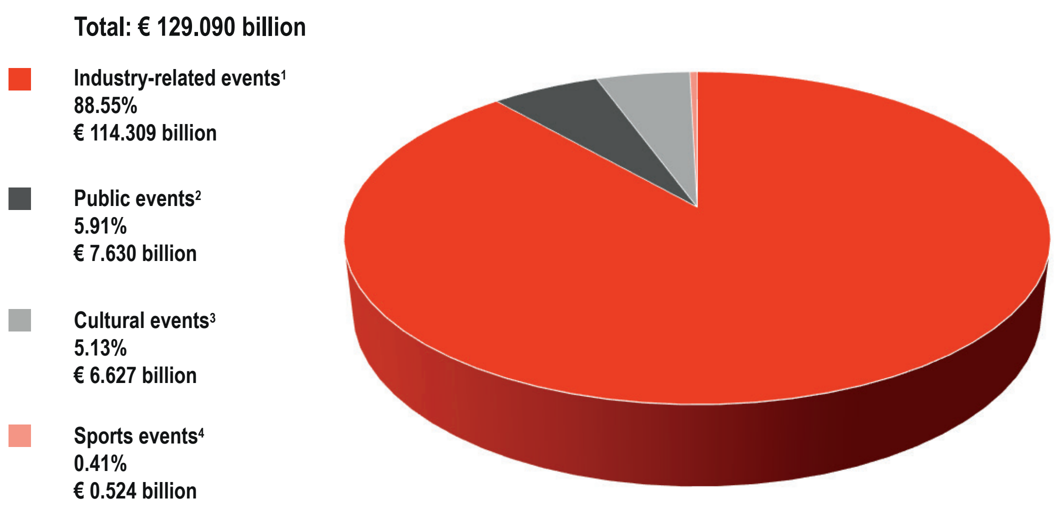
Industries with the highest sales in Germany (€ billions)



Event industry: IGVW (Event Industry Interest Group); excludes public cultural institutions; 2018. Other industries: Statista; 2019.

The vast majority of these revenues is generated in the area of "business-related events".

Event sub-markets: Direct expenses = sales (€ billions)

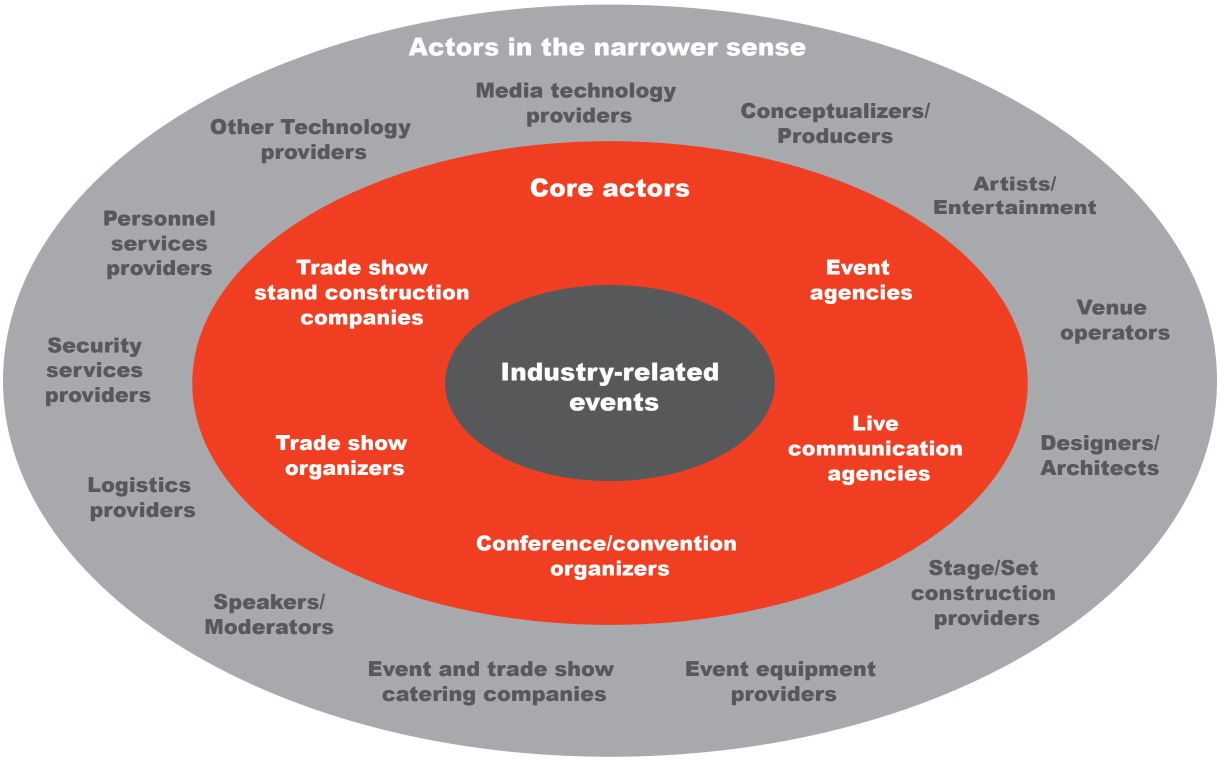


1: Events Industry Council, 2018;
2: Deutscher Schaustellerbund e.V. (German Showmen's Association), 2018;
3: **Excludes public cultural institutions**; BDVK (Bundesverband der Konzert- und Veranstaltungswirtschaft e. V. [German National Association of Concert and Event Industries]) 2018 + Monitoringbericht KuK (Monitoring Report of the Culture and Creative Industries) 2019;
4: **Revenues from visitors only**, Statista 2019.

Figures IGVW 2020 - For the sources cited, please see page 31.

About one million of the 1.5 million people work in the area of "business-related events" as a personnel-intensive service alone. The event industry as a whole ranks second in terms of employment figures.

The primary reasons for these high employment figures are the complexity and net-working of the event industry, which draws on numerous economic sectors and skills to successfully plan and implement extremely complex, personnel- and material-intensive events:



Source: Dr. Zanger, Chemnitz University of Technology

The significance of the event industry for the economy as a whole

Due to the high level of division of labor and networking with numerous suppliers and partners, events are of considerable importance for the economic region of the respective venue, as the organizers, venue and visitors function as consumers of services, which in some cases produce substantial economic effects in a wide range of industries.

In addition to its significance as a branch of industry in its own right, the event industry is very important to the economy as a whole, particularly in terms of business-related events organized by the business community for the business community or for customers, employees and suppliers. This is true for the internal corporate communication and continuing professional training as well as the marketing and sales of nearly all commercial enterprises.

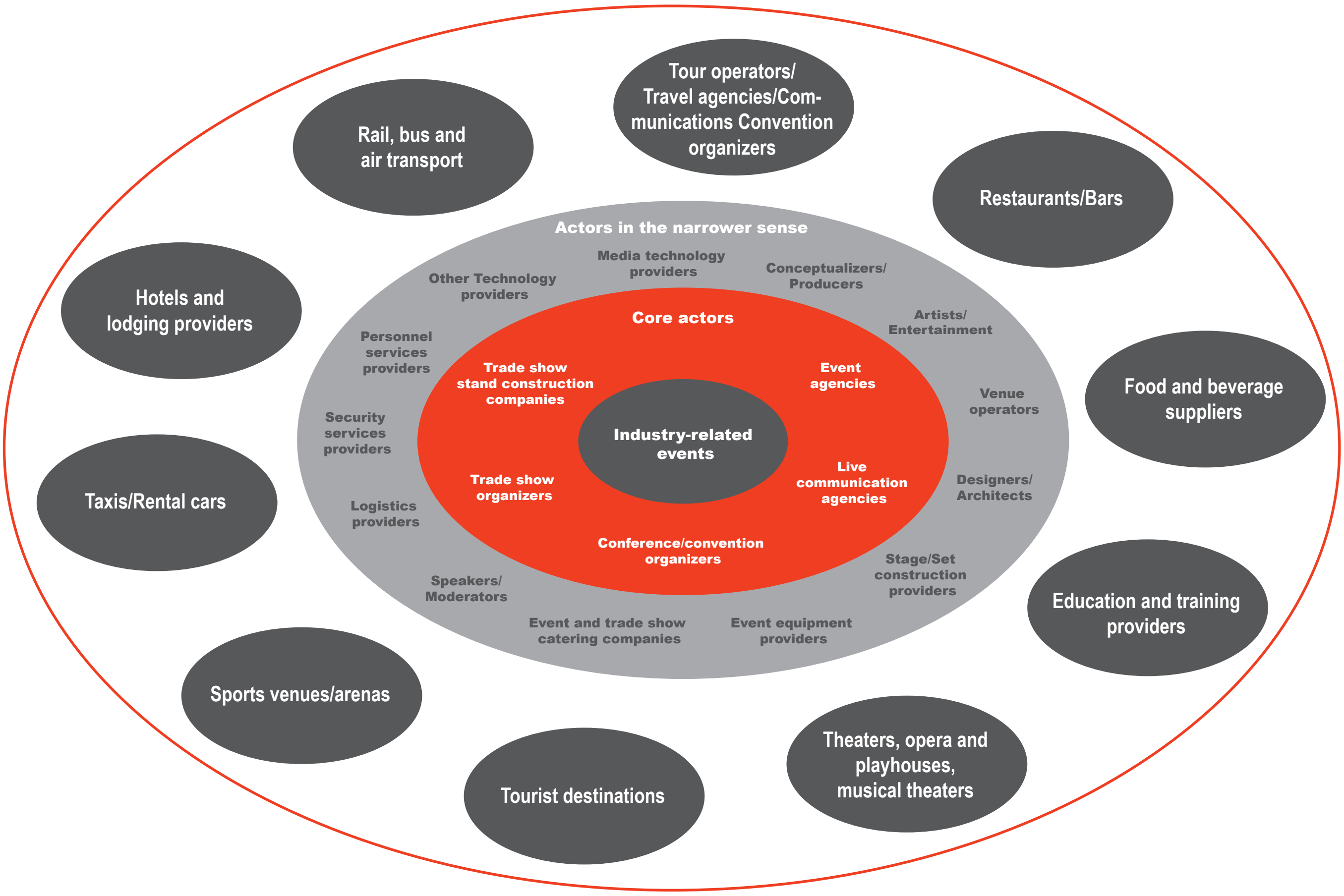
Overview of the segments of the event industry:

Segment	Segment components	Explanation
1. Business events *(i.e. "work-related events")*	*1.1 Trade shows and exhibitions*	*e.g. B2B trade shows, trade shows open to the public, specialist exhibitions (e.g. at conventions), etc.*
	1.2 Meetings and assemblies, corporate events	*e.g. of corporate executives/strategy meetings, meetings of associations and clubs, meetings and motivational events for employees, incentives such as sales promotion competitions, particularly for sales departments/sales partners*
	1.3 Conventions, conferences, advanced training seminars	*e.g. sales training seminars, marketing conferences, specialist conventions in the areas of medicine and engineering*
2. Marketing events *("events focused on brand experiences")*	*2.1 Brand experience events*	*e.g. Red Bull sports events, i.e. events a company hosts itself or commissions to make the brand tangible to customers, members of the public or other stakeholders*
	2.2 Product presentations	*e.g. 100 Years of Opel, i.e. introduction of new vehicles or other new products at special events, etc.*
3. Leisure events *("recreational events")*	*3.1 Sports events*	*e.g. league operations and championships for soccer, basketball, ice hockey, handball, track and field, etc.*
	3.2 Cultural events	*e.g. concerts, operas, festivals, cabaret, city festivals*
	3.3 Leisure events	*e.g. Octoberfest, theater events, barbecues, general festivities, fairs, etc.*
	3.4 Social events	*e.g. charity, fundraising galas, etc.*
	3.5 Private events	*e.g. family celebrations, weddings, etc.*
	3.6. Miscellaneous	*e.g. solar eclipses*

Whether sales or management conferences, internal training, incentives for employee motivation or supportive employee events, e.g. in the case of company mergers - the internal communication with the help of suitable and specifically designed events alone is significant and financially relevant for the companies.

Accordingly, business events involving live communication are the second most important means of communication used by German companies - after traditional advertising - with total expenditures of 7.65 billion euros (2017). This means that orders placed with the event industry account for more than 24% of the communications budgets of German companies. In 2017, the automotive, mechanical engineering, telecommunications, financial services, power/water/environmental technology and electrical sectors alone spent a total of roughly 1.5 billion euros on such events.

As a result, however, business events in particular generate high value-added effects in related sectors, particularly in tourism and gastronomy, but also in transport and mobility as well as in marketing, PR, communications, sports and cultural institutions:



Source: Dr. Zanger, Chemnitz University of Technology

More than half of the almost 200 million business trips in Germany involve such events, so that hotels, catering, air and rail travel as well as taxis/rental cars account for 50-60% of the turnover of approximately 53 billion euros generated here. The VDR business travel analysis for the year 2018, for example, shows 55 million overnight stays for business travel alone. Around 423 million participants - an increase of 2.7 percent over the previous year - took part in almost 3 million conferences, conventions and events in 2019 at over 7,500 German venues such as convention centers, conference hotels and special event locations (SEL).

This is also apparent internationally, as Germany is the world's No. 2 conference country and No. 1 trade show country: Every year, Germany hosts nearly 180 international and domestic trade shows with roughly 180,000 exhibitors and 10 million visitors. Exhibitors and visitors spend a total of 14.5 billion euros annually on their trade show activities in Germany. The impact on production in the economy as a whole totals 28 billion euros.

In terms of numbers of participants at business events, Germany is in third place globally:

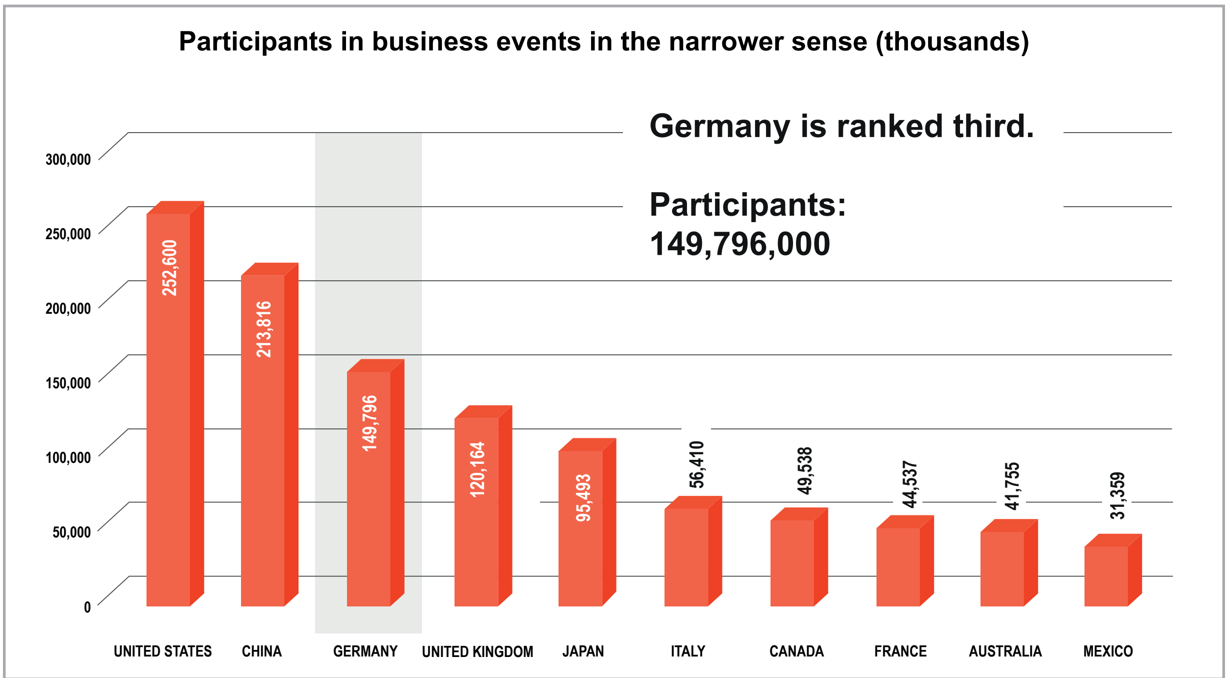


Figure based on the following source: Events Industry Council 2018

The reasons for the popularity of business events in industry are many and varied. Accordingly, the vast majority of commercial enterprises in Germany have repeatedly emphasized in recent years that direct business communication measures such as trade shows and corporate events are indispensable to the success of the company - and have in general steadily increased the share of the their budgets spent on trade shows and live communication, for example.

Sources: See also AUMA, Die deutsche Messewirtschaft. Fakten, Funktionen, Perspektiven, 2013, FAMAB RESEARCH, die Zukunft des Marketing, 2015, Meeting- und EventBarometer 2015-19

Reasons for the popularity of business events in industry:

- Numerous research studies have empirically proven the tremendous importance of trade shows and events in successful corporate communication (see, for example, the proceedings of the Event Research conference at the Chemnitz University of Technology).
- Only in an emotional, experience-oriented environment is it possible to establish, develop and maintain long-term and sustainable customer relationships at home and abroad through personal communication.
- Meeting in person in a pleasant and appealing environment helps to build trust and conclude beneficial business agreements. It is no coincidence that many business deals are concluded directly at trade shows; it is thus unsurprising that many companies consider live events such as trade shows and conferences indispensable to their business.
- Only in actual physical meetings is it possible to observe body language, tonality and other signals in their entirety to evaluate and/or utilize differences between the parties.
- Events are efficient: they combine offers, interested parties and occasions in a single location at a certain time, and thus help those involved, e.g. at conferences or trade shows, to quickly grasp, examine and discuss the entirety of the current situation and to record it. This means that companies can efficiently make the most of their time, energy and personnel resources.
- Events in a business environment are essential to the success of our economy because they enable genuine communication, meetings, networking, and dialog as well as the establishment and reinforcement of relationships and authentic, shared experiences that create bonds between those involved.
- Conferences, seminars and conventions generate innovation and skills; events enable and support knowledge transfer as well as motivation of the participants.
- When people meet within the framework of events, this creates positive emotional experiences. Thus, events also promote sociocultural development as well as bonding among people with different languages, backgrounds and cultures, as the language of emotion is international.
- Events contribute to image enhancement in cities/regions and transform the special attractions of the cities into emotional and live experiences.
- A vibrant democracy and employee co-determination and participation in companies is therefore just as inconceivable without events as a successful social market economy.

Consequently, the market for business-related events in Germany and around the world is of particular importance:

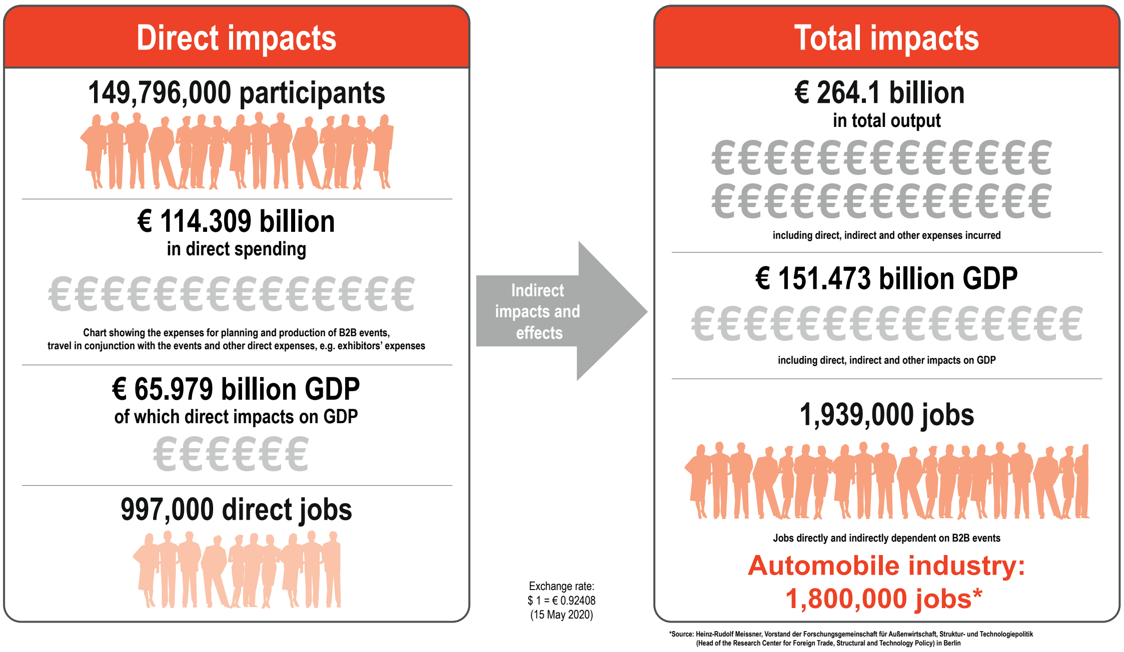


Figure based on the following source: Events Industry Council 2018

The direct impact consists of the direct expenditures and jobs associated with the planning and production of business events and participants traveling to business events, as well as other expenditures in conjunction with business events.

Indirect impacts are downstream effects on the supply industry, also referred to as impacts on the supply chain. For example, the facilities where business events take place require inputs such as energy and catering. Many venues for business events have contracts with specialized service providers, e.g. for marketing, equipment maintenance, cleaning, technological support and accounting as well as legal and financial services. These are examples of indirect impacts.

Induced impacts occur when employees spend their wages and salaries in the wider economy, e.g. when hotel staff spend money on rent, transportation, meals, beverages and entertainment.

The gross domestic product (GDP) is calculated as the sum of the gross value added of all economic sectors plus the balance of taxes and subsidies on products.

2. PROCEDURE FOR THE PREPARATION OF THE STUDY

a. Meta-study

To prepare the study, the authors analyzed and included the most important and currently available studies on sub-segments of the event industry.
No primary data collection was carried out, but this is already planned for the post-corona-virus phase.

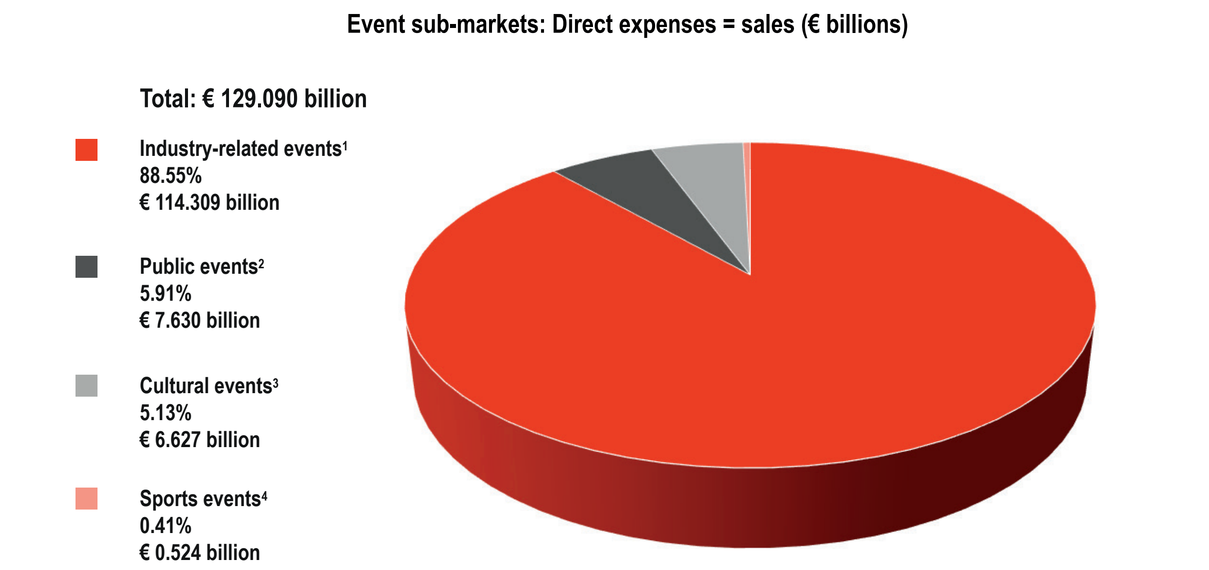
b. Sources

The most important, accessible studies within and related to the content area of business events were used as sources. There are considerably more sources available - however, these were excluded due to lack of relevance to the issue or the design of the study. All studies used are listed in the appendix.

c. Limitations

The study primarily looks at business-related events. This term also includes trade shows. In addition, all events which essentially serve a business purpose, i.e. which are not exclusively "entertainment" (although business-related events also have entertainment elements), are classified under this heading.

Therefore, other segments of the event industry, such as cultural events, are not considered further here, although they are clearly deemed essential parts of the event industry. This means that the events industry as a whole is actually much larger and more relevant to the economy as a whole than the example of business-related events presented here.



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4: **Revenues from visitors only**, Statista 2019.

Figure: IGVW 2020 - For the sources cited, please see page 31.

3. DEFINITION OF THE "EVENT INDUSTRY"

a. Terms and definitions

In business vernacular there are numerous terms and definitions for the event industry:

i. event segment
ii. event business
iii. event industry
iv. live communication industry
v. trade show and event industry

b. Definition of the event industry

	Formats	Core industry	Service providers	Suppliers/ manufacturers
Organizers, exhibitors, visitors, participants, companies, associations/clubs, science and academia, public sector	*Trade show*	*Live communication agencies*	*AV service providers (rental agencies)*	*Logistics*
	Business event	*Event agencies*	*Rental furniture*	*Travel (air, rail, buses, taxis)*
	Sports event	*Trade show stand construction companies*	*Artists/Entertainment*	*Hotel*
	Public event	*Trade show organizers (with their own infrastructure)*	*Conceptualizers*	*Catering*
	Incentive program	*Trade show organizers (without their own infrastructure)*	*Directors*	*Decorations (flowers, etc.)*
	Convention	*Convention organizers*	*Helpers*	*Lighting (manufacturers)*
	Seminar	*Designer*	*Security*	*Systems building (manufacturers)*
	Business festival	*Architects*	*Personnel leasing*	
	Theater and acting	*Media (content)*	*Moderation*	
	Opera	*Location*	*Trade show and event-catering companies*	
	Musical		*Industry software*	
	Music festival		*PCOs*	
	Concert		*IT*	
			Consulting	

Source: own description

Core industry: *directly involved with the client, often general contractors with responsibility for entire projects*
Service provider: *usually commissioned by the core industry, subprojects, highly specialized*
Supplier/manufacturer: *not specialized in the industry, usually have specialized products/services*

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c. Companies/Value chains using trade shows as an example

Visitor/Participant		Exhibitor		Trade show company/Organizer	Trade show construction (or other service provider)
Buys ticket		*Rents stand site*	*Trade show company/ Organizer*	*Builds, owns, operates or rents infrastructure*	*Plans/organizes*
Travels to/from	*Airlines*	*Commissions concept for trade show appearance*	*Agency/Architect (or trade show construction company)*	*Conceptualizes, markets, organizes trade show*	*"Buys/rents": AV technology*
	Railway	*Commissions trade show stand construction*	*Trade show construction*	*Communicates/Markets*	*"Buys/rents": Furniture*
	Taxi	*Operates trade show stand*	*Own personnel*	*Provides (additional) services (e.g. trade show construction)*	*"Buys/rents": Deco*
	Own car		*"Buys/rents": Personnel*		*"Buys/rents": Material*
Eats/drinks	*Gastronomy*		*Catering*		*"Buys/rents": Transport/ logistics*
	Catering	*Communicates/ markets*	*Agency, advertising, media*		*"Buys/rents": Personnel*
Consumes	*Retail*	*Travels to/from*	*Airlines*		*"Buys/rents": Other*
Overnights	*Hotels*		*Railway*		
			Taxi		
			Own car		
		Eats/drinks	*Gastronomy*		
			Catering		
		Overnights	*Hotels*		
		Employs/pays staff (not only for the trade show)			

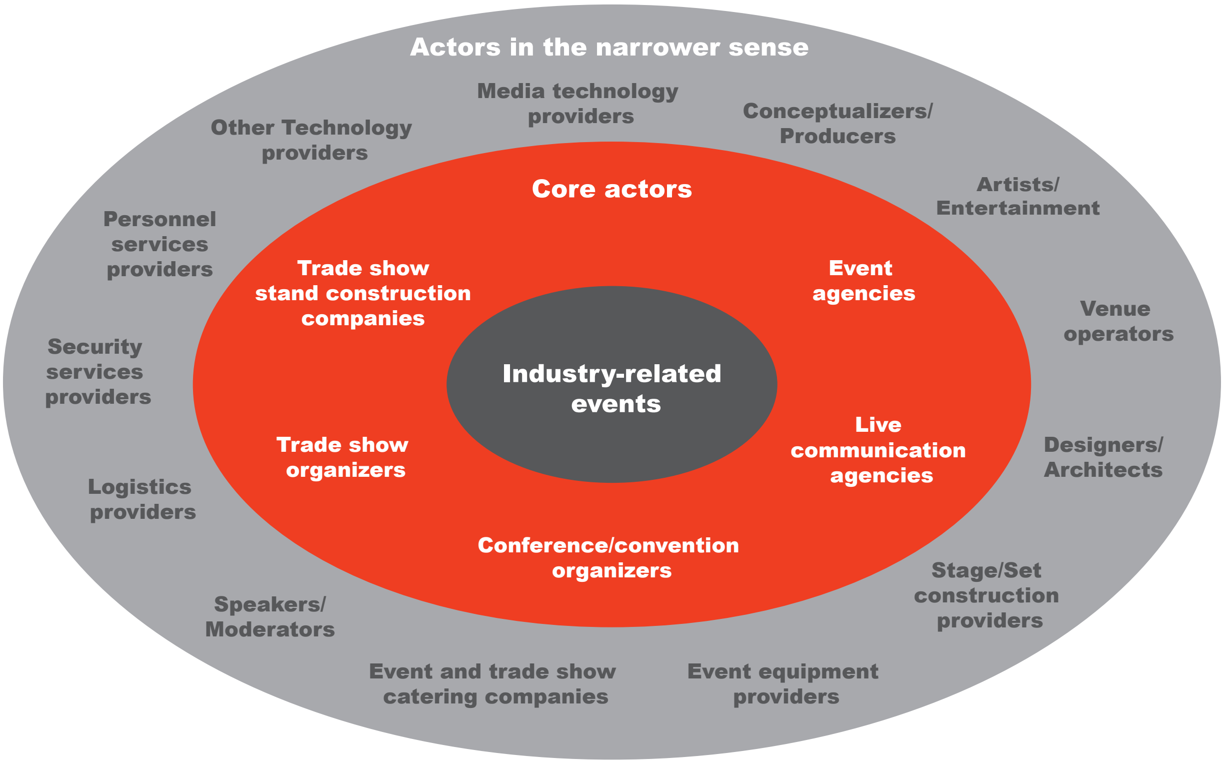
Tax revenues

Visitor/Participant		Exhibitor		Trade show company/Organizer	Trade show construction (or other service provider)
Value-added tax	*Income tax*		*Income tax*	*Income tax*	
		Trade tax		*Trade tax*	*Trade tax*
		Corporate income tax(es)		*Corporate income tax(es)*	*Corporate income tax(es)*
		Value-added tax		*Value-added tax*	*Value-added tax*
		Contributions to the social insurance system		*Contributions to the social insurance system*	*Contributions to the social insurance system*
		Levies		*Levies*	*Levies*

Source: own description

d. The event industry in the narrow sense

The sub-segment of business-related events can be represented very well using the model of concentric circles:

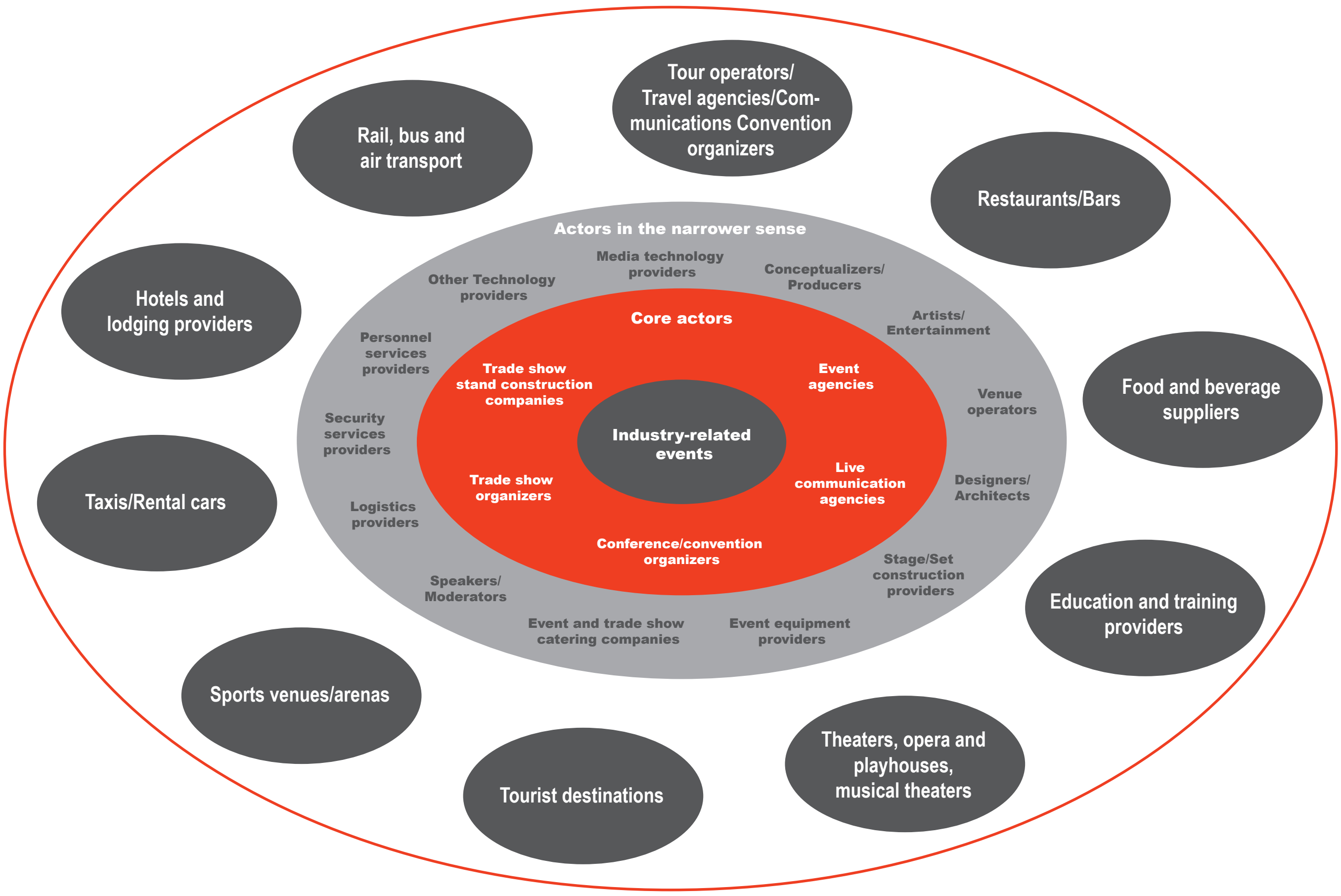


Source: Dr. Zanger, Chemnitz University of Technology

- The event industry includes all companies and individual freelancers who are involved in the conceptualization, planning and implementation of business-related events.
- The core actors are companies that plan and carry out events based on their own concept (trade show organizers, conference and convention organizers) or on behalf of customers from business and society (event/live communication agencies, trade show stand builders).
- Actors in the narrower sense include all direct event service providers (e.g. event logistics, etc.) that either work on behalf of core actors or are directly commissioned by customers.
- Actors in the broader sense are all companies with an economic relationship to the event industry that directly or indirectly support the staging of an event.

e. The event industry in the wider sense

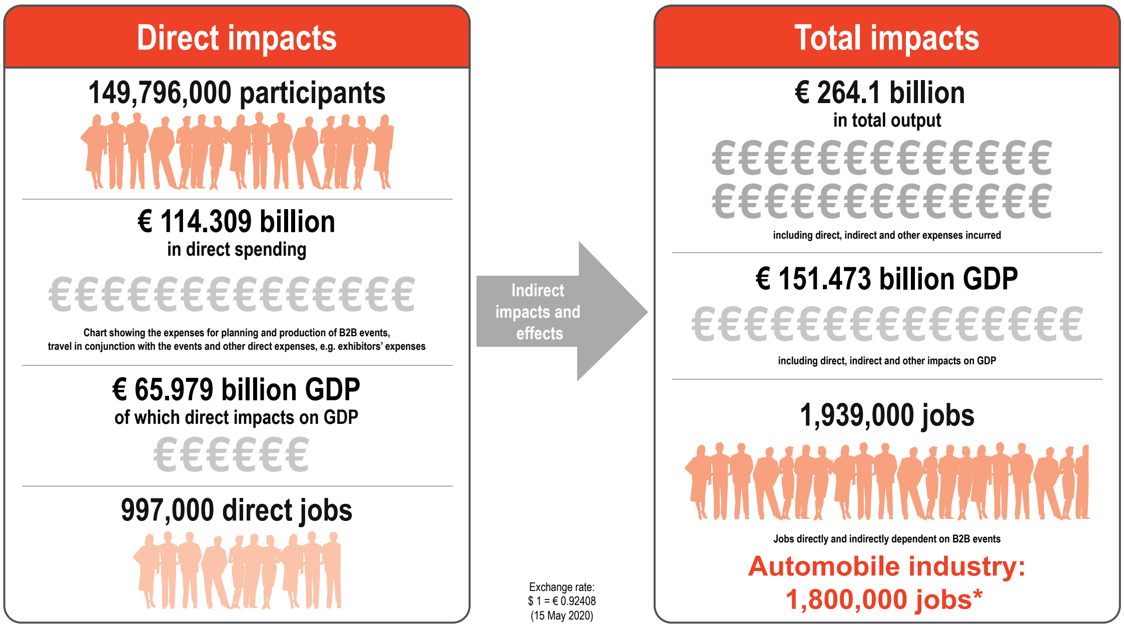
Due to the very complex value creation involved, a wide range of different partners, suppliers and service providers has formed around the actual core industry, creating a highly functional ecosystem for the implementation of events.



Source: Dr. Zanger, Chemnitz University of Technology

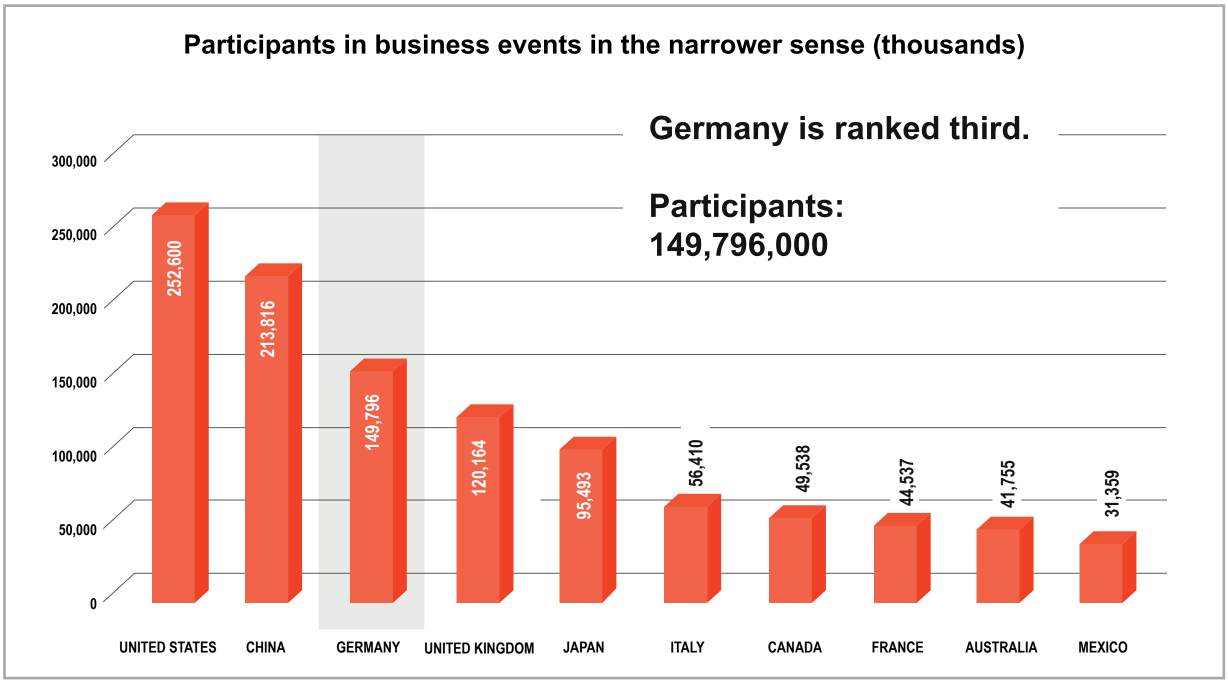
4. THE MACROECONOMIC SIGNIFICANCE OF THE EVENT INDUSTRY

a. Summary



*Source: Heinz-Rudolf Meissner, Vorstand der Forschungsgemeinschaft für Außenwirtschaft, Struktur- und Technologiepolitik (Head of the Research Center for Foreign Trade, Structural and Technology Policy) in Berlin

b. Number of visitors/participants



Figures based on the following source: Events Industry Council 2018

c. Sales/Value creation

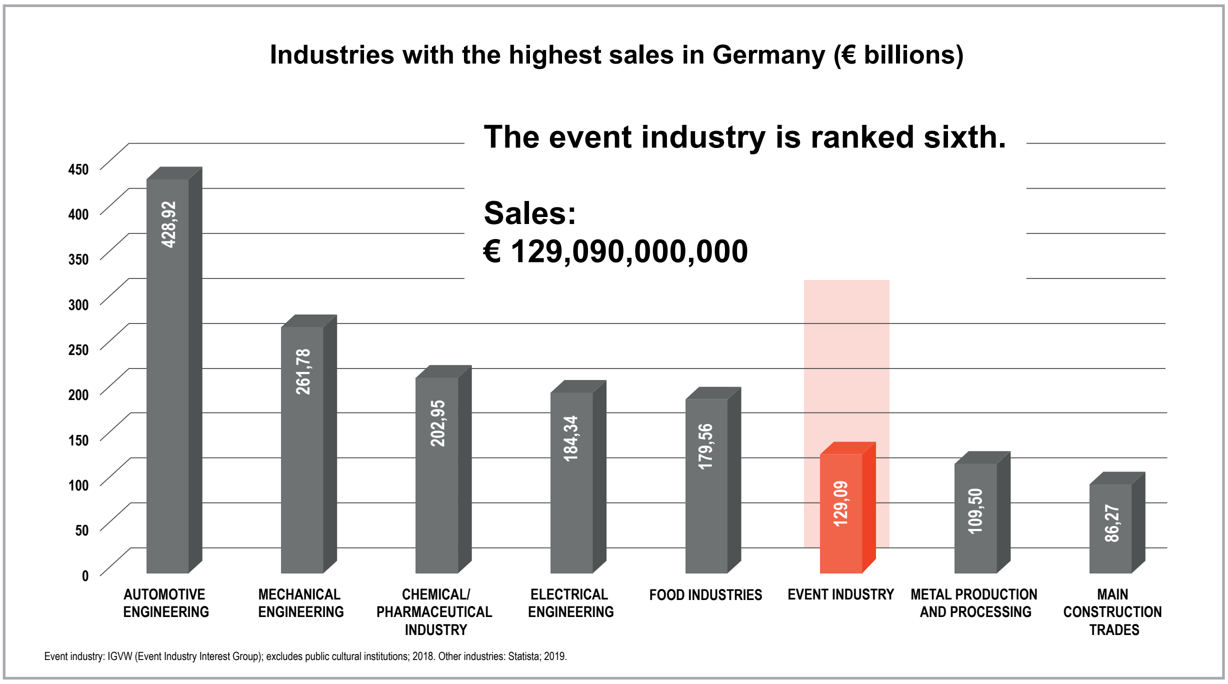


Figure: IGVW 2020 - For the sources cited, please see page 31.

d. Classification/Comparison worldwide

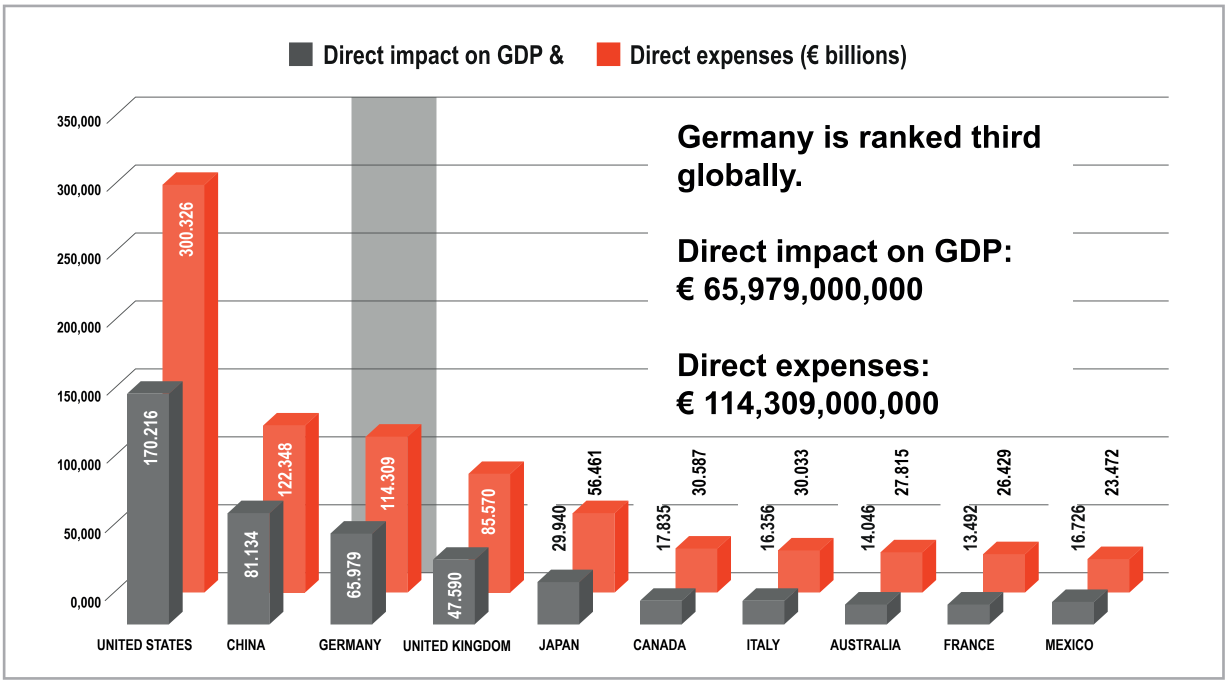


Figure based on the following source: Events Industry Council 2018

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5. RELATIONSHIPS AND INTERACTIONS WITH OTHER ECONOMIC SECTORS

Events are associated with economic effects that have a positive impact on other economic sectors. They are of considerable importance for the economic region of the respective venue, as the organizers, venue and visitors function as consumers of services, which in some cases produce substantial economic effects in a wide range of industries.

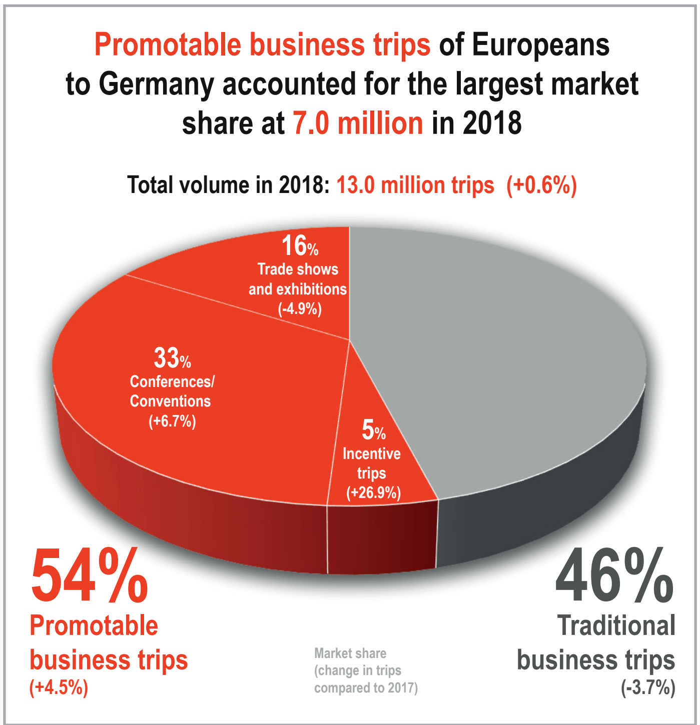
With regard to municipal providers of event venues, the indirect profitability must also be taken into account. This term describes the financial effect of directly or indirectly triggering investment in a region and places this in relation to municipal subsidies. It includes direct economic effects (wages, spending on marketing, visitor spending on overnight accommodations, meals, transport, shopping, etc.), indirect economic effects (intermediate consumption of tourism and gastronomy based on intermediate consumption multipliers) and fiscal effects (employee income tax, event venue/event, VAT effects and trade tax).

The benefits of events for other industries can be vividly illustrated based on the spending behavior of participants in events. Participant expenses include, for example, costs for travel to and from the event, participation fees, accommodation costs and other costs. In 2019, approximately 423 million participants took part in 2.89 million conferences, conventions and events in German venues. The share of work-related events amounts to 62.3 percent, i.e. about 263 million participants. If you multiply the average participant expenses (€375 for conference guests of work-related events, €171 for event guests) in relation to the ratio of work-related events to events, the expenses of participants in 2019 amount to approximately €125 billion. This money is largely spent in other sectors of the economy, such as the hotel industry, local and long-distance transport, catering or retail. Work-related events include conventions, conferences and seminars as well as exhibitions and presentations. The other categories of events can be summarized under the term "events". This simplified differentiation permits us to show the division between business events and those of a recreational nature.

Sources:
EITW - Meeting- & EventBarometer 2019/2020 Anbieterbefragung & Veranstalterbefragung (Provider Survey & Organizer Survey)
EITW - Auswirkungen des Corona-Virus auf den deutschen Veranstaltungsmarkt, Extrastudie: Anbieter-Befragungen & Szenarien-Modelle (Effects of the Coronavirus on the German Event Market; Separate study: Provider Surveys & Model Scenarios)

The example of the hotel industry also shows how important events are for other sectors of the economy.

a. Dependencies illustrated by the example of business trips



Events are an important reason for travel, especially for business trips: more than half (54%, 3.71 million) of all business trips from Europe to Germany are directly related to events. These are known as "promotable" business trips. In contrast to "traditional" business trips, which mostly involve visits to customers, they are not tied to a specific destination (such as company headquarters). At 33%, "conferences and conventions" account for the largest share of promotable business trips, followed by trade shows and exhibitions at 16%. Without these events, the trips of our European neighbors to Germany would be eliminated.

Figure based on the following source: DZT/World Travel Monitor, IPK 2019

The following chart breaks down total spending on business travel by cost category. It clearly shows that in addition to air travel, rail travel and rental cars (49%, €26 billion), overnight stays (27%, €14.5 billion) and meals (14%, €7.4 billion) also account for significant shares of the costs. Event-related business trips are not likely to differ significantly in terms of their percentage distribution. Consequently, the hotel and catering industries benefit from events to a large extent, in addition to the transport companies.

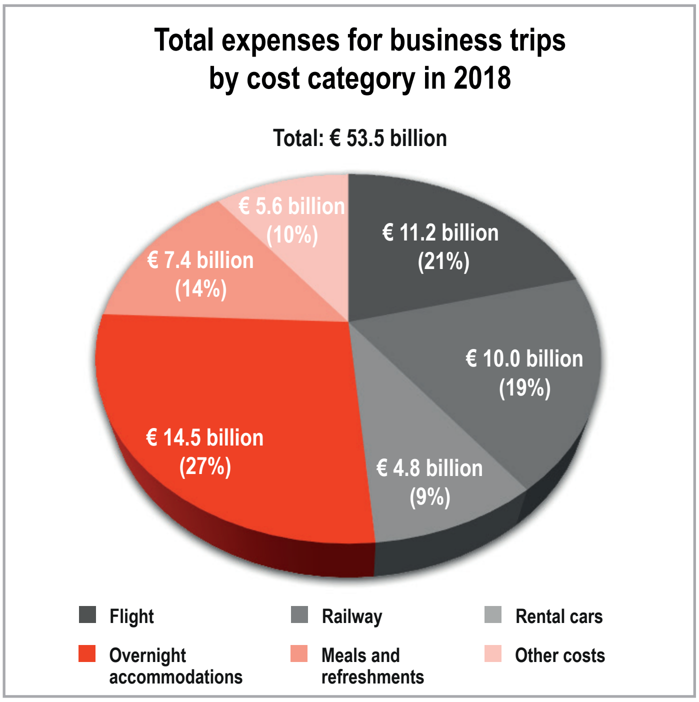
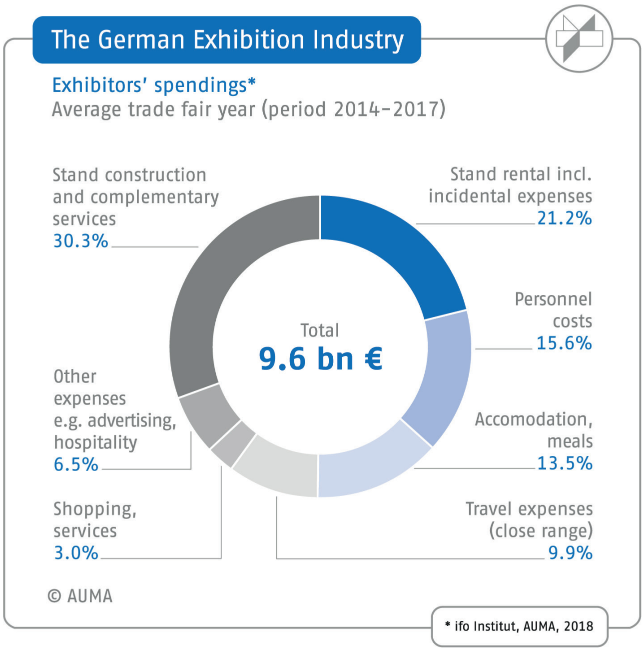
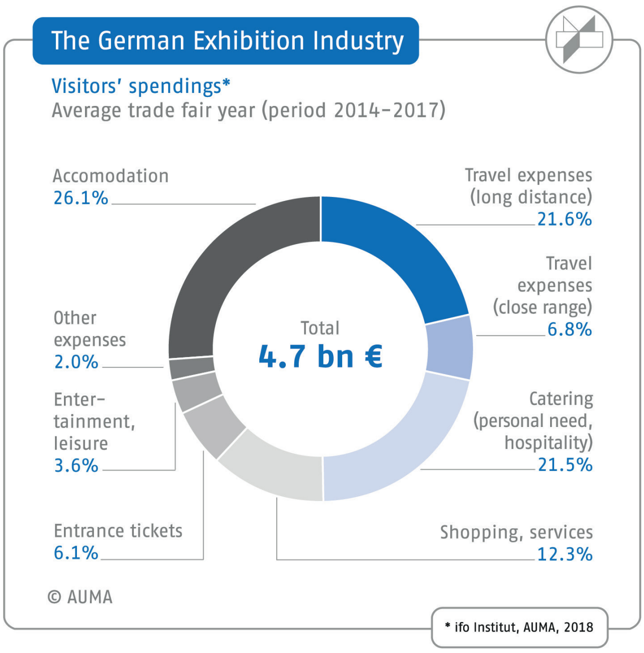


Figure based on the following source: VDR-Geschäftsreiseanalyse (VDR Business Travel Analysis) 2019, Issue 17

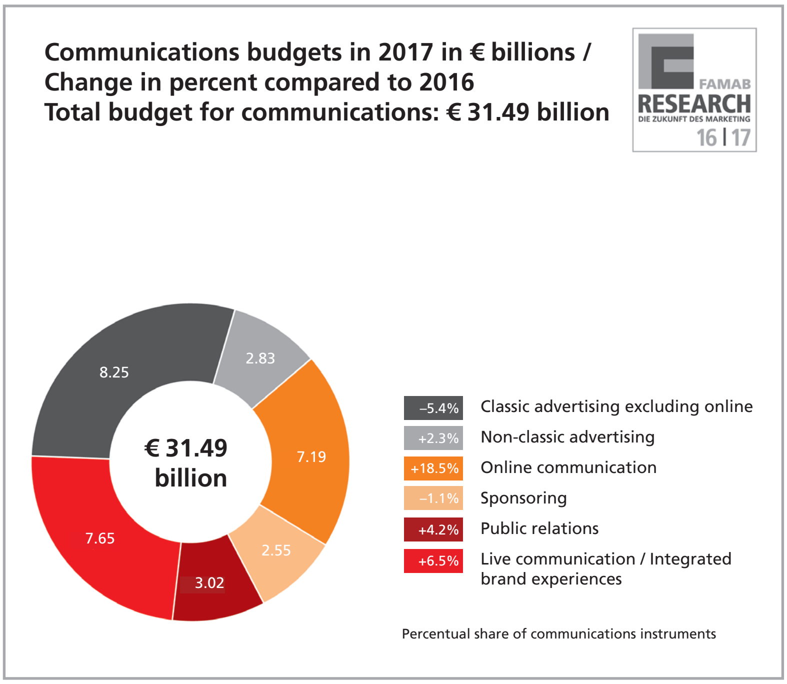
b. Dependencies illustrated by the example of trade show exhibitors and visitors

The following charts show how the spending of trade show exhibitors and visitors is distributed across the various sectors of the economy. For example, 26.4% (€2.5 billion) of exhibitor spending goes for accommodations, catering, travel expenses and shopping/leisure/entertainment. Only 6.1% of visitor spending goes for the actual entrance tickets to the trade shows. The vast majority of 93.9% (€4.4 billion) flows into other economic sectors.





c. Significance for customers/users



Source: FAMAB RESEARCH, Extrapolation based on a representative survey of around 500 marketing/communications decision-makers in German companies with more than 50 employees using quota sampling.

- Business events, i.e. live communication activities such as trade shows, events, exhibitions and conventions are very important for the German economy as customers of the event industry.
- After traditional advertising, business events involving live communication are the second most important means of communication used by German companies with more than 50 employees, accounting for €7.65 billion in 2017.
- This means that more than 24% of the communications budgets of German companies is spent on orders placed with the event industry.
- German business spending on business events has been steadily increasing in recent years, including during the period immediately preceding the coronavirus pandemic, as shown by the 6.5% increase in the budget for live communication in 2017 compared to 2016

6. CONCLUSIONS DRAWN FROM THE STUDY

- With a turnover of almost €130 billion, the events industry is very important as an independent sector.
- With about €114 billion, the sub-segment of business events is particularly important for the entire German economy.
- About one million people work in the area of "business-related events" alone.
- The event industry is (in comparison with other industries as well) a large and important employer (for companies in "public" ownership, the employer is indirectly the community, city, region, country).
- The catering industry generates substantial revenues through the event industry.
- The hotel industry generates substantial revenues through the event industry.
- Tourist modes of transport (air, rail, taxi) and tour operators generate substantial revenues through the event industry.
- Local authorities, municipalities, cities and regions generate significant portions of their (tax) revenues through the event industry.

7. THE CORONAVIRUS: ITS IMPACT ON THE EVENT INDUSTRY AND ACTION REQUIRED

ACTION REQUIRED:

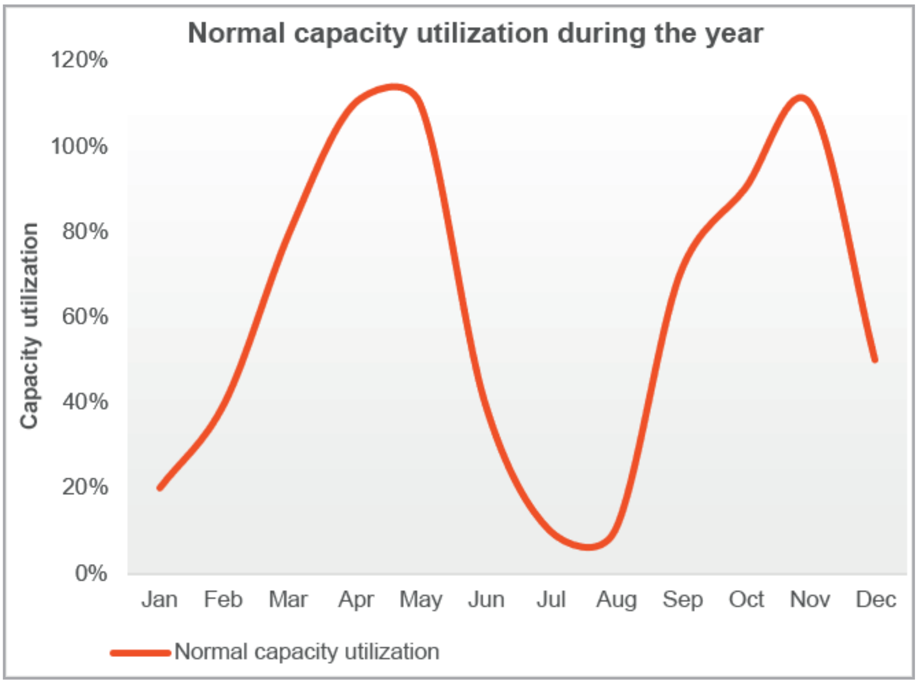
The event industry was one of the first to be completely shut down - and will be one of the last to be completely reopened.

Moreover, business events in particular, as complex, strategically planned and aligned events, require considerable lead times in creation, conceptualization and planning, so that many of the events canceled without replacement in 2020 also mean the loss of this lead time - and consequently the destruction of the considerable intellectual work performed during that time as well as values that now cannot be easily implemented in a completely changed world in the coming year, but must be planned anew from scratch.

If you want to save "the economy", it is also necessary to save the event industry. Until now, it has generated relevant turnover in the hotel and catering industries, in transport companies, in municipal trade show and conference companies, and especially in commercial enterprises in general (!). In this regard it is of primary importance for internal as well as external communications and marketing, which are crucial to the re-opening of businesses and the rekindling of private consumption of goods and services.

Thus, the political decision-makers must enact appropriate measures as swiftly as possible to save the event industry.

a. How the event industry "normally" works



Source: Research Institute for Exhibition and Live Communication (RIFEL) VERANSTALTUNGSBRANCHE, Bericht über die mittelfristigen Folgen von Corona (THE EVENT INDUSTRY: Report on the Medium-term Consequences of the Coronavirus Pandemic), Berlin, March 2020

- Traditional capacity utilization curve of the event industry during the year
- Two annual peaks with maximum capacity utilization
- Before, after and in between those peaks, phases with comparatively low capacity utilization
- Applies equally to trade shows and events in general - partially shifted slightly "forwards" or "backwards".

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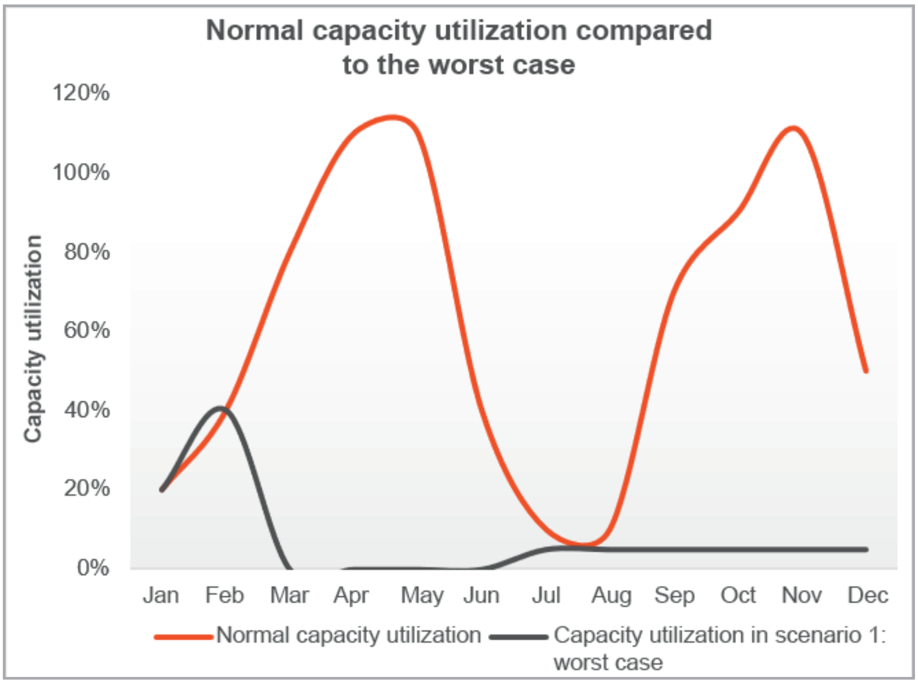
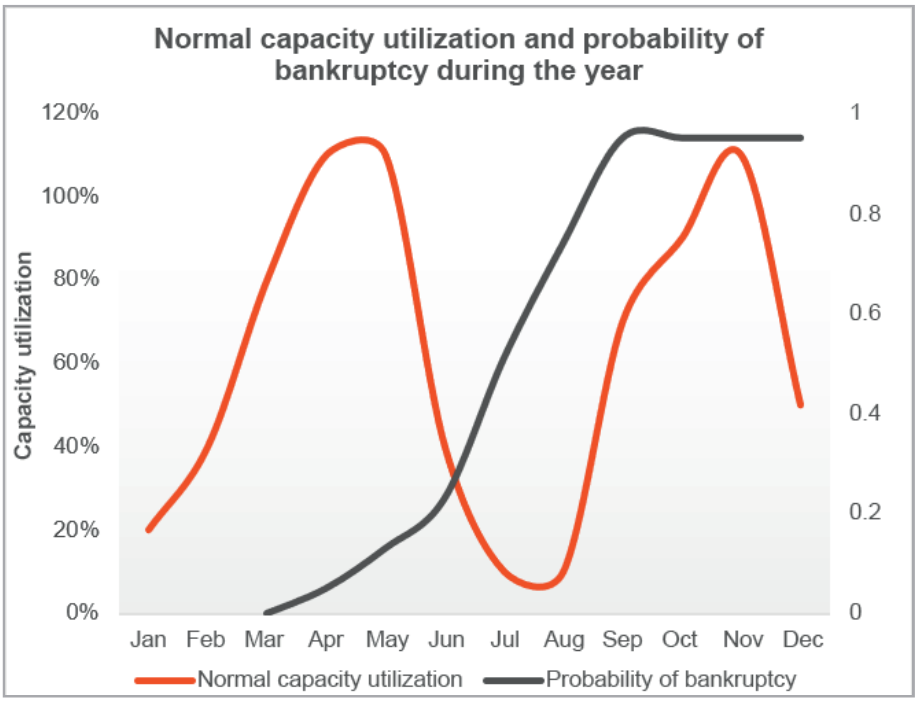
b. Current capacity utilization



Source: Research Institute for Exhibition and Live Communication (RIFEL) VERANSTALTUNGSBRANCHE, Bericht über die mittelfristigen Folgen von Corona (THE EVENT INDUSTRY: Report on the Medium-term Consequences of the Coronavirus Pandemic), Berlin, March 2020

- The current capacity utilization of the industry has been at zero since March.
- Should the health policy and social situation does not make it economically possible to hold trade shows and events again soon, there is a risk that an entire year of sales will be lost.
- The necessary lead times of 3-6 months must be taken into account.
- If the industry re-opens very slowly (as expected), additional costs will arise (visitor protection) which, together with the requirements of reduced visitor numbers, will make the profitability of events largely impossible.

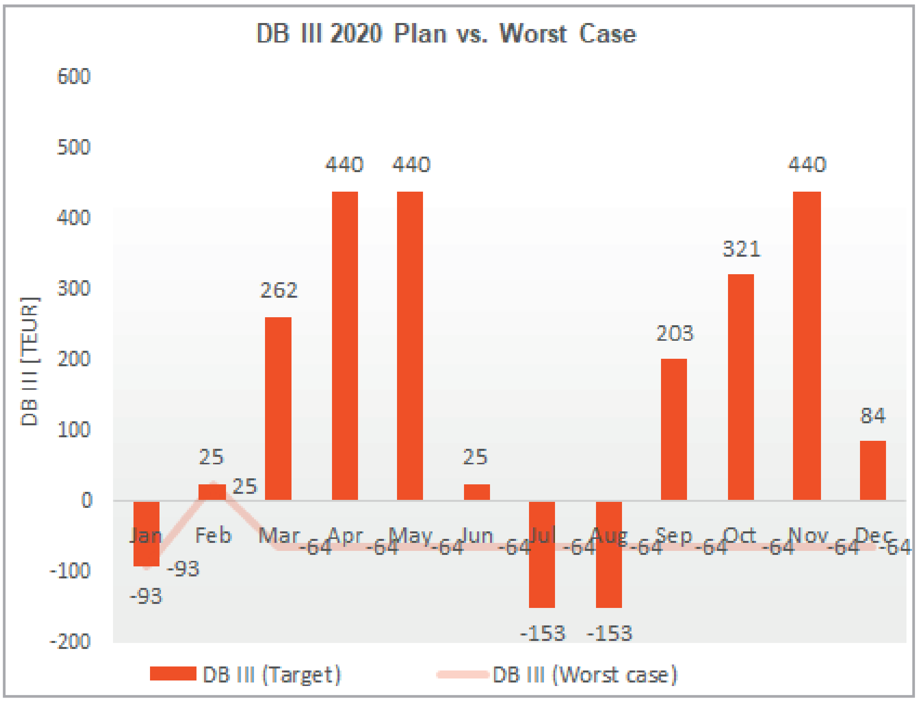
c. Liquidity



Source: Research Institute for Exhibition and Live Communication (RIFEL) VERANSTALTUNGSBRANCHE, Bericht über die mittelfristigen Folgen von Corona (THE EVENT INDUSTRY: Report on the Medium-term Consequences of the Coronavirus Pandemic), Berlin, March 2020

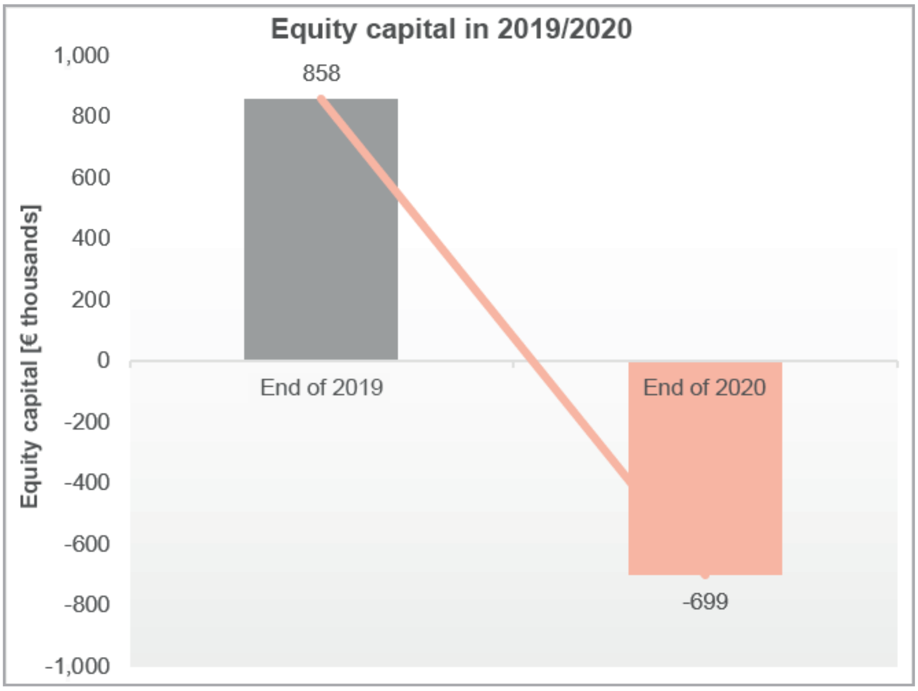
- Even if the historical capacity utilization distribution is maintained, most companies in the event industry will already be insolvent by the time of the next "normal" capacity utilization peak.
- However, a significantly delayed peak in capacity utilization is currently expected.
- It is clearly shown that the probability of insolvency in the industry is 100% before the next peak is reached.

d. Returns/Equity capital



Source: Research Institute for Exhibition and Live Communication (RIFEL) VERANSTALTUNGSBRANCHE, Bericht über die mittelfristigen Folgen von Corona (THE EVENT INDUSTRY: Report on the Medium-term Consequences of the Coronavirus Pandemic), Berlin, March 2020

- All companies in the industry have responded to the changed revenue situation with extensive reorganization measures.
- However, the companies in this sector must still deal with remaining costs that cannot be reduced any further.
- DB III 2020 plan: €1,842,000
- DB III 2020 WC: - €704,000



Source: Research Institute for Exhibition and Live Communication (RIFEL) VERANSTALTUNGSBRANCHE, Bericht über die mittelfristigen Folgen von Corona (THE EVENT INDUSTRY: Report on the Medium-term Consequences of the Coronavirus Pandemic), Berlin, March 2020

- Based on an average balance sheet total of 30% of the planned annual turnover and an equity ratio of 30% of the balance sheet total, the losses in the companies in this sector will lead to considerable balance sheet overindebtedness on the next balance sheet reference date.

- Companies that have financed themselves with liquidity from borrowed capital during the year in order to survive will then be at acute risk of insolvency at the very latest.

THE SPECIFIC PROBLEMS IN SUMMARY

1. FORESEEABLE INSOLVENCY
Due to the long duration of the ban on events, the need for liquidity is so great that banks are unwilling to enter into necessary commitments, as the time at which the business model will return is uncertain. Medium-sized companies in particular (50+ employees) either cannot obtain any further loans or must provide an unusually large amount of equity and collateral.

2. OVERINDEBTEDNESS
Financial overindebtedness is unavoidable with the current options. The companies are losing average annual earnings every month. Their earning power is insufficient to pay back borrowed capital within the required time frame. There is not enough equity available and the debt ratio would tend to be too high.

3. IMPACT ON FIXED COSTS
Despite all of the available measures, there is still a base burden of fixed costs that cannot be reduced. The longer the lockdown, the more intractable the liquidity requirement becomes.

Source: RIFEL: VERANSTALTUNGSWIRTSCHAFT IN DER KRISE, Die besondere ökonomische Herausforderung für alle „First in Last out"-Unternehmen, Handlungsempfehlungen zur Rettung der Veranstaltungswirtschaft (THE EVENT INDUSTRY IN CRISIS: The special economic challenge for all "first in, last out" companies. Recommendations for action to save the event industry). Berlin, 8 May 2020

e. Loss of expenses already paid

"It is particularly problematic that the event industry is a service, i.e. the 'product' event can NOT be stored, but is provided at the moment of use. Thus, the industry, unlike the manufacturing industries and trade, can NOT produce products to keep in stock or sell goods from stock later, but loses real business - currently, according to analysis by RIFEL and FAMAB, about 90% of the sales that are irretrievably lost."

Source: Statement on the situation in the event industry and event science by the QZVE in view of the coronavirus crisis, 6 April 2020

f. What Germany will lose if the event industry is not rescued

"(...) Numerous research studies have empirically proven the tremendous importance of trade shows and events in successful corporate communication. In an emotional, experience-oriented environment it is possible to establish, develop and maintain long-term and sustainable customer relationships at home and abroad through personal communication. Business-related events are indispensable to the success of our economy. This has been scientifically proven. (...) [In addition] it should not be forgotten that the industry (...) also operates and provides relevant infrastructure, e.g. conference, trade show and event halls, which is currently needed even during the crisis. (...).
(...) Our universities and training enterprises have trained highly qualified personnel in recent years. This valuable expertise, unique in international comparison, must not be lost to Germany as a business location. It is therefore essential to retain the skilled personnel in the event and trade show industry and preserve the education and advanced training for this sector!
The education and in particular the advanced training must be subsidized by the government during this period of industry shutdown! This is all the more important, as now and in the near future, real, team-based and live experience-oriented, motivation-focused formats and the corresponding specialists for their conceptualization and implementation are even more important in mastering the crisis than they were before the crisis.
This success is also largely due to the German university system because we as researchers study the effects of trade shows and marketing events intensively and use the research results to improve them and thus contribute to the global success of Germany as a business location. Here it must be emphasized that events are not about fun and recreation."

Source: Statement on the situation in the event industry and event science by the QZVE in view of the coronavirus crisis, 6 April 2020

CONCLUSIONS

- The federal, state and local governments benefit enormously from direct and indirect tax revenues from the event industry (trade shows and events) - these revenues can also be used to refinance the rescue costs through taxes.
- The catering/travel/hotel industries will have difficulty recovering economically without a functioning event industry.
- It therefore makes no sense for the federal and state governments to rescue individual related industries such as tourism if this is not done at least to the same extent for the event industry.
- Without business events, re-opening the economy overall will be considerably more difficult.
- The regeneration of private consumption will also be significantly supported by the special, emotionalizing effect of events.

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9. ABOUT R.I.F.E.L. E.V.

The Integrated Brand Experiences sector occupies an important place in the communications market. FAMAB Kommunikationsverband e.V. and representatives of the Chemnitz University of Technology therefore founded the Research Institute for Exhibition and Live Communication (R.I.F.E.L. e. V.) in 2017 - the first research institute in the live communication industry at an international level, thus laying the foundation for extensive research at the interface between science and practice.

The R.I.F.E.L. Management Board

Chairman:
Reinhard B. Pommerel, *Managing Partner, POMMEREL Live-Marketing GmbH*

Vice Chairman:
Dr. Cornelia Zanger, *Professor of Marketing and Commercial Management, Chemnitz University of Technology*

Treasurer:
Jan Kalbfleisch, *Managing Director, FAMAB-Kommunikationsverband e.V.*

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11. APPENDIX

OVERVIEW OF PRODUCTS AND FORMATS OF THE EVENT INDUSTRY

ARCHITECTURE	EVENT	CROSS	Creation	Strategy	Services	Crafts / Sub-services
Exhibitions and Museography	*2D event design*	*360° campaigns*	*2D event design*	*360° communication*	*Incentive systems*	*Education and advanced training*
Meeting communication	*3D event design*	*360° communication*	*360° campaigns*	*Incentive systems*	*Architectural design*	*Site/construction management*
Brand launches	*Incentive systems*	*Change manage-ment events*	*360° communication*	*Below the line*	*Below the line*	*Floor coverings*
Brand space	*Meeting communication*	*Consumer promotions*	*3D art and rendering*	*Education management*	*Consumer promotions*	*Business catering*
Brand store	*Change manage-ment events*	*Corporate communication*	*3D event design*	*Change management*	*Digital solutions*	*Catering*
Stage construction	*Consumer promotion*	*Corporate event strategies*	*Architectural design*	*Change processes*	*Performance measurement and evaluation*	*Decoration*
Corporate architecture	*Corporate events*	*Corporate events*	*Art direction*	*Content management*	*Guest logistics*	*Display print*
Exhibition	*Worlds of experience*	*Cross-medial implementation*	*Below the line*	*Corporate event strategies*	*General contractors*	*Performance measurement*
Interior finishing	*Events*	*Digital solutions*	*Corporate Design*	*Digital solutions*	*Hospitality*	*Event catering*
Communication within a spaces	*Experience marketing*	*Experience marketing*	*Cross-medial implementation*	*Experiential marketing*	*Illustration*	*Wood manufacturing*
Shop, store and retail design	*Experiential marketing*	*Experiential marketing*	*Design and architecture*	*Experimental marketing*	*Implant*	*Plastics manufacturing*
Brand staging	*Management conferences*	*Management events*	*Digital solutions*	*Hybrid concepts*	*Artist management*	*Metal manufacturing*
Brand worlds	*Guest logistics*	*Guerilla marketing*	*Worlds of experience*	*Implant*	*Media planning*	*Film*
Trade show design	*Dealer events*	*Hybrid events*	*Experiential marketing*	*Interactive programs*	*Media and show production*	*Gastronomy technology*
Trade show communications	*Annual general shareholders' meetings*	*Interactive exhibits*	*Graphic design*	*Consumer research*	*Media installations*	*General contractors*
Trade show stand construction	*Hospitality*	*Interactive communication*	*Guerilla marketing*	*Consumer-centered concepts*	*Media production*	*Graphic design*
Trade show stand planning	*Hybrid events*	*Interactive programs*	*Hybrid creation*	*Concept and content*	*Trade show stand construction*	*Interactive exhibits*
Trade show events	*Incentive programs*	*Communications design*	*Hybrid concepts*	*Live campaigns*	*Rental furniture*	*Warehousing and logistics*
Modular trade show construction solutions	*Interactive communication*	*Conventions*	*Illustration*	*Live marketing*	*Motion design*	*Performance evaluation*

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ARCHITECTURE	EVENT	CROSS	Creation	Strategy	Services	Crafts / Sub-services
Office workspace	*Interactive programs*	*Concept and content*	*Consumer-centered concepts*	*Market research*	*Multimedia Production*	*Lighting design*
Retail	*Anniversaries*	*Artist management*	*Concept and content*	*Media planning*	*Sustainable planning*	*Lighting planning*
Set construction	*Conventions*	*Live campaigns*	*Creative development*	*Trade show communications*	*Online campaigns*	*Logistics*
Showrooms	*Artist management*	*Brand communication*	*Live campaigns*	*Multi-channel marketing*	*Pop-up structures*	*Trade show logistics*
Special structures	*Live campaigns*	*Media and show production*	*Media installations*	*Sustainable planning*	*Post-production*	*Trade show stand rental*
Stage construction	*Live marketing*	*Media installations*	*Media production*	*Planning and strategy*	*Programming*	*Rental furniture*
Store construction	*Brand launch events*	*Media productions*	*Trade show stand design*	*Social media analyses*	*Promotions*	*Installation, set-up, production*
Store concept	*Media and show production*	*Trade show events and trade show planning*	*Motion design*	*Social media consulting*	*Public relations*	*Multimedia production*
Store construction	*Media installations*	*Trade show appearances*	*Multichannel marketing*	*Sponsoring*	*Travel organization*	*Personnel*
Store design	*Meetings*	*Trade show communications*	*Multimedia production*	*Sponsorships*	*Road shows*	*Human Resources Management*
Store concept	*Trade show events*	*Trade shows*	*Pop-up structures*	*Sports marketing*	*Show concepts*	*Podiums*
System building	*Trade show appearances*	*Employee events*	*Post-production*	*Strategic management*	*Show production*	*Print*
Temporary architecture	*Trade show communications*	*Motion design*	*Show concepts*	*Studies and consulting*	*Social media*	*Repair*
Theme worlds	*Employee events*	*Multi-channel marketing*	*Social media concepts*	*Scenography*	*Sound design*	*Showroom*
	Mobile presentation	*Online campaigns*	*Sound design*	*Training*	*Sponsorship*	*Stage construction*
	Motivational training	*Pop-up structures*	*Scenography*	*Trend research*	*Sports marketing*	*Scenography*
	Multimedia productions	*Pop-up venues*	*Temporary architecture*		*Technical Implementation*	*Textile solutions*
	Pop-up structures	*Press events*	*Trend research*		*Technical planning*	*Carpentry and joinery*
	Pop-up venues	*Press launches*	*Visual communication*		*Participant management*	*Training and coaching*

ARCHITECTURE	EVENT	CROSS	Creation	Strategy	Services	Crafts / Sub-services
	Press events/PR	*Product experiences*	*Web and mobile applications*		*Web and mobile applications*	*Crossbeams, stages, lifting platforms*
	Press launches	*Product launches*	*Web development and design*		*Web development and design*	*Event Technology*
	Press conferences	*Product presentations*				*Equipment Rental*
	Product experiences	*Promotions*				*Video*
	Produkt launches	*Public relations*				
	Product presenta-tions	*Road shows*				
	Project management	*Social media*				
	Promotions	*Social media concepts*				
	Public relations	*Sports marketing*				
	Road shows	*Temporary architecture*				
	Show concepts	*Temporary structures*				
	Show production	*Web and mobile applications*				
	Social media	*Web development and design*				
	Sponsoring					
	Sports marketing					
	Conferences					
	Technical implementation					
	Technical planning					
	Participant management					
	Training courses					

Source: FAMAB Kommunikationsverband e. V

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