
COVID-19: Client and Stakeholder Briefing

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PURPOSE

As a leading provider of PR and Brand Communications services to some of the most recognised and trusted organisations in the events and travel sector, we at davies tanner are well placed to draw upon our network of contacts and partners across a variety of sectors and markets to provide you, our clients and stakeholders, with some valuable insights during what is clearly an exceptional period of disruption and uncertainty across our entire industry.

Our role as special advisors to the UK Events Industry Board and the Business Visits & Events Partnership, as well as the work we do for a wide range of clients, means that we have particular access to content and insights which would not normally be as commonly available.

This briefing document focuses primarily on the business meetings and events sector within the UK specifically, but also includes insights which cover both the incentive, travel trade and consumer markets, and has been created to provide intelligence that assists in forward recovery planning. In particular, it is designed to help in determining when to implement time specific messages and activities for key markets and audiences.

Content has been provided by a number of client and partner organisations, and also includes individual research conducted with buyers and planners, along with key trade associations, both within the UK and internationally.

This briefing also comes in advance of some specific research we are currently conducting on market sentiment, the first phase of which will be released in mid-April.

CURRENT SITUATION

Clearly the COVID-19 pandemic has had a particularly devastating impact on the meetings & events and travel sectors across the whole of the UK. Both inbound and domestic travel has all but stopped, due to government restrictions and the cessation of most air and sea travel.

Within the meetings and events sector, according to initial research carried out by VisitBritain, approximately 74% of organisers have postponed planned events in the UK, with 62% having cancelled events in the short term (1 – 3 months) and 42% in the long term (3 months plus). While this would indicate that many organisers are planning to return to normal relatively quickly, this does provide both challenges and opportunities in the short term.

Evidence suggests that some events are moving online, via virtual platforms. This is partly due to a desire to maintain engagement, but also because there is already an indication that there may be a shortage of venue capacity during the last quarter of 2020 and the first quarter of 2021, particularly in London. This does also provide an opportunity for second and third tier venues in London to take up some of the additional volume that is expected, as well as venues outside of London.

Based on our recent Recovery Sentiment Survey, we are likely to see a sharp increase in conferences and events when the lockdown is finally lifted, in the latter part of the year. We will also see an increase in incentives and short breaks, as companies wish to engage with their teams face to face and also reward them for their commitment and contribution during this period.

However, again as our research suggests, it is unlikely that we will see a full return to a 'normal market' much before mid 2021, especially as this will be dependent on the return of open borders and full air travel. Any market growth in the short term will also be very much confined to the UK, and domestic markets, partly due to a lag in resuming normal behaviour, but also with sentiment relating to international travel taking time to recover.

On the following pages we have highlighted some of the key points that we believe could positively impact and influence your recovery planning and positioning over the coming months.

KEY POINTS

CONFERENCES, EVENTS & INCENTIVES

Education, Education, Education

With most buyers, event planners and agencies now forced to work from home, many are using that time to focus on absorbing increased amounts of information and education. Over 35% of event planners questioned in our online survey, said that they are using additional time to improve their knowledge through undertaking professional education and taking part in industry specific webinars and other online forums. This provides a significant opportunity for destinations, venues and trade bodies to adapt their own expertise into learning platforms and to maintain, and even increase, audience engagement.

Demand may outstrip supply, for a while

As we said in our Key Points, there is certainly a view across the industry that, at least in the short term, we could see demand for conference and event venues and services outstripping supply. This will be partly due to a large number of events scheduled for early to mid 2020, being moved to later in the year, along with a desire for many corporate companies to bring their teams back together as quickly as possible. Within the association market, that desire will be even greater, as their annual events are also some of their most revenue generating. Opportunities for venues and service providers in London will be numerous, as will be the market outside of the capital.

Major sector events may need to be given priority

As we mentioned earlier, there is likely to be a bottleneck of events looking to take place in the latter part of the year, especially in London, with pressure on venues, hotels and the supply chain. Government have already indicated that there may need to be some kind of system or process that prioritises events in relation to their economic value and drivers. This could see other 'non-essential' events, being forced to cancel or move to another date to make way for those which are regarded as vital to helping return the overall economy to prosperity. One benefit of this, is that government is increasingly seeing events as not just an economic value provider or job creator, but also as a way it can grow specific sectors, and something which in our role, we are continuing to push for and support.

Association based events

The association market will be desperate to reschedule their cancelled and postponed events as quickly as possible and reengage with their members and community. As a result, we are likely to see an increase in association conferences and congresses in the last quarter of 2020 and the first quarter of 2021. This provides an opportunity for the wider hotel and supply chain, although could still be hampered by the projected bottleneck, especially in London, that we referred to earlier.

Corporate events

In the short term, we will likely see corporate organisations reducing the number of events held, in particular those in excess of 250. This will partly be due to spending time 'regrouping' but also as there will likely be a number of non-essential travel bans implemented, particular across major corporations. Already we are hearing anecdotal evidence of some US based corporates cancelling and/or postponing all major live events until mid 2021, due to travel being restricted.

The incentive market is set to return strongly

The incentive market is already showing signs of a potential rapid recovery, although perhaps in a slightly different shape of the one we are most used to. Incentive, or reward, events, are likely to come back strongly, as previous postponed events are rescheduled but also as companies look to reward their teams for their support and commitment during the pandemic. However, with international travel likely to take some further time to recover, those events are more likely to take place closer to home. This provides significant opportunities for hotels, venues and suppliers to engage with the incentive market, both directly and through agents, at the earliest opportunity to take advantage of that increased demand.

HOTELS, TRAVEL & TOURISM

Hotels set to become more than just hotels

There is increased opinion that as a result of the lockdown and travel ban, hotels, when they eventually reopen, will have to rethink their strategy and operation when it comes to meetings and events. Pressures that have come from contract clauses, deposits and refunds, especially via third parties, means that hotels are increasingly looking at ways in which they can become a full-service provider, therefore essentially cutting out the middleman. This could see individual hotels and groups, or consortiums, creating their own meetings management, travel and production agencies, effectively going into competition with the traditional agencies.

International travel will not return quickly

While the events industry seems to be set for some strong growth towards the end of the year, international travel, both outbound and inbound, will have a lag especially as some borders remain closed, social distancing measures, while possibly relaxed, remain in place and also as airlines gradually assess their return and the shape of their network. In terms of which destinations may see a return to normality, it's likely that airlines will begin flying the most profitable routes and build back up gradually. In the short term, this provides significant opportunities in the domestic market for both the business and consumer markets, especially short breaks and the holiday cottage sector.

Rapid decline in cruise market

The cruise industry is being severely impacted with around 80% of forward bookings being either postponed or cancelled. It's unlikely that the cruise industry, which was already showing signs of oversupply, will show any major signs of recovery before late 2021 at the earliest. In addition, the cruise industry will need to be working hard to show its demographic that cruising is safe for people like them post COVID-19. Given the age profile of cruise buyers, this does provide an opportunity for UK destinations, hotels, resorts and others to provide some alternative and creative holiday ideas to fill the gap, and to a ready-made market that is used to being entertained.

The rise of the armchair traveller

As with event planners using their time to carry out research and also look at their own professional development, in the consumer market we are seeing those that would regularly travel use that time to find new experiences from the confinement of their own home. Using virtual and AI technology, which is becoming increasingly accessible, consumers are researching their next trip in more detail than ever, meaning it's important for hotels, destinations and attractions to be featured on these platforms.

The power of the young travel market

As we already know, the youth travel market has been expanding rapidly in recent years, with younger people moving away from spending their money on mortgages and consumables, to more experience driven products. As a result, there is now a large dormant market that has been spending the past few weeks researching where to go and what to do once the enforced lockdown is over, and its likely they will be some of the first out of the gate. So, products and packages aimed specifically at the younger market are also likely to gain some traction, if they are presented and packaged correctly.

Liberty spending

Liberty spending is a term that has come out of China, to describe how more affluent and experience hungry Chinese consumers have been bingeing on everything from clothing to electronics. It's safe to assume that a similar pattern will emerge here in the UK, with the travel and hospitality industry benefitting as people surface from the lockdown with an appetite for that long-missed afternoon tea, Sunday brunch and spa break.

US travel trade is still showing confidence

While research coming out of the US is showing a decline of over 75% in outbound travel trade events over the next few months, that same percentage are also forecasting a return to normal as early as July 2020. That indicates that they see a strong return to market, albeit with the previously mentioned caveat of being able to create and deliver programmes due to restricted or reduced air travel options.

GOVERNMENT & INDUSTRY

Trade associations will come under short term pressure and long-term change

Industry trade associations are reporting that they are coming under increased short-term financial pressures, as members find themselves unable to pay membership fees, and revenues from events and other activities are curtailed. Some associations are (privately) saying they may not survive. In the short term, this may mean those in the events and travel sectors having to look elsewhere for their professional education, networking and advocacy. In the longer term, it is likely that we will see a number of smaller associations consolidate and strengthen in the longer term, especially in the UK, where there is already a view that the number of associations serving the sector has been unsustainable for some time.

Government support for the events sector

In the UK, the government has already indicated that the travel and events sectors will need significant support if it is to recover to its pre pandemic levels as quickly as possible. There will almost certainly need to be further stimulus in terms of grants and incentives, and also an extension and/or change to the current Job Retention Scheme, with hotels, venues, and other hospitality businesses likely to be some of the last to be allowed to fully open. Going forward, it's also likely that businesses in this sector will be offered other incentives, such as tax breaks. Here, it's important to stay up to date with developments and stay connected via the BVEP and other trade bodies that are currently advising government.

It's going to be a very competitive landscape

The government has also recognised that post COVID-19, the landscape will become even more competitive, especially across international destinations. We are already seeing evidence of places such as Hong Kong offering free space and incentives to both exhibition and conference organisers, and that trend is set to continue. As a result, if the UK wishes to maintain its position as a world leading destination for both business and leisure travel and meetings and events, it will need to provide significant additional funding for the regional and national DMO's and tourist organisations, and increase its level of soft power activities, utilising all available government assets.

Conferences & Events can drive faster recovery of the economy

Through the work we do as special advisors to the Events Industry Board, we have been working alongside various partners to help provide information to government on how best to support the conference and event sector during its expected period of recovery. What is becoming obvious in our conversations with Ministers and officials, is that government now see the events sector as a potentially crucial driver to economic recovery as a whole. They are seeing the power that events can bring to stimulate key sectors in the economy and are actively looking at creative ways that they can provide support to the sector. The Minister has been meeting regularly online with the board and others, and is chairing a fortnightly Leaders Panel, made up of a number of senior executives from across the UK events industry, to directly hear their views and ideas.

MEDIA, MESSAGING & RECOVERY

Meetings, events and travel media

Media, both online and traditional, continue to provide our clients with a range of opportunities to craft and deliver messages to a wide range of audiences. While there has clearly been a significant change in sentiment over the past few weeks in terms of what media is being consumed, there is also evidence that this is beginning to change. Since April 3rd, according to media analysis carried out by Vuelio, there has been a 28% increase in online news and features that are not COVID-19 related, in comparison with the previous week. This could be seen to be media outlets looking to normalise their features and content, in an effort to stimulate their advertising market, but it also indicates that readers and subscribers are showing signs of 'news fatigue' and are looking for or stories and content away from COVID-19. This provides our clients with a wealth of opportunities to begin the process of recovery, through sharing news and content which portrays a welcome return to a more normal schedule.

Safety and security messaging will be essential

As we all begin to plan for the long-awaited recovery, here at davies tanner we have been working with clients to develop a wide range of recovery plans designed for their specific markets and audiences. Creating the right messages at the right time will be crucial in getting those voices heard effectively and having the greatest impact. As with any post crisis

communications plan, messages around safety, security and business as usual optics will be more important than ever to ensure any campaign is maximised.

Recovery planning

As above, our teams have been working hard on a number of detailed recovery plans for clients across the travel and events sectors, including venues, hotels, destinations and trade shows. These plans have been created using our tried and tested years of experience and also carrying out regular research into buyer sentiment, to understand when the time is right to take specific messages to market. Part of this planning is to create a Three Step Recovery Plan, designed specifically to tackle the challenges surrounding COVID-19. If you have not already done so, it's important to get your recovery planning in place as soon as possible, as things are moving quickly.

FURTHER INFORMATION

If you would like any further information relating to any of the points outlined in this briefing document, please contact:

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Or visit www.daviestanner.com to keep up to date with the latest information surrounding COVID-19, or follow us on twitter @daviestannerpr

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