



mccrindle

Lost business report

Impacts of COVID-19 on the
business events industry

Business Events Council of Australia

April 2020



Contents

Research objectives	4
Research methodology	4
Key insights	7
Business lost in the business events sector	8
Impacts on staff	11
Recovering and rebuilding	14

Research objectives

In March 2020, the Business Events Council of Australia commissioned McCrindle to conduct analysis to understand the impact of COVID-19 on the business events industry in Australia. The key objectives of this analysis are to:

- Measure the overall lost revenue in the sector
- Measure total event days lost and the value of this to the Australian economy
- Report on the status of business events that were planned for 2020
- Break down business lost by market segment
- Report on the number of staff that have lost their jobs
- Break down the proportion of laid off staff by employment type (casual vs. permanent)
- Measure business confidence in recovering and rebuilding

Research methodology

The *Lost business report* is the collation of quantitative data gathered by the Business Events Council of Australia through an online survey and a spreadsheet that was completed by businesses working in the business events industry.

Online survey

An online survey of businesses working in the business events industry was conducted between the 19th and the 24th of March 2020. The survey was sent out through BECA's member associations: Meetings and Events Australia (MEA), Exhibition & Event Association of Australasia (EEAA), Professional Conference Organisers Association (PCOA) and the Association of Australian Convention Bureaux (AACB). The survey received 1,261 started responses and approximately 654 completed responses.

Between the 19th of March 2020, when the survey was conducted and the reporting date (3rd of April 2020), there have been significant changes in the business environment. This should be considered when interpreting the results in this report.

Results from the survey have been used to inform the following sections of this report:

- Total business lost for the sector
- Recovering and rebuilding

Business lost spreadsheet

In addition to the survey, an excel spreadsheet was sent to businesses working in the business events industry through BECA's member associations. This spreadsheet was filled in by 114 businesses and provided information for 495 events. The spreadsheet also included a section about staff losses which was completed by 50 businesses.

Results from the spreadsheet have been used to inform the following sections of this report:

- Event status
- Impacts on staff
- Average length of events

Response rate

By the time the online survey and business lost spreadsheet were distributed, many businesses

working in the business events industry had already closed their doors. This may have impacted the response rate for both data collection methods, as contacts within these businesses were unavailable.

Additional sources

This report also includes analysis of and further modelling based on data from the Ernst & Young reports *The Value of Business Events to Australia, February 2015, as well as the 2016 and 2019 High Level Updates*.

Results from these reports have been used to inform the following sections of this report:

- Total business lost for the sector
- Value to the Australian economy

Graphs and rounding

Data labels on the graphs in this report have been rounded and may, therefore, sum to 99% or 101%. Any calculations where two data points have been added are based on raw data (not the rounded data labels on the graph) which have then been rounded once combined.

Extrapolations to all BECA member organisations

In several sections of this report, survey results have been extrapolated for BECA's total network of businesses working in the business events industry. The total number of businesses in this network is 6,754 as per the table below.

Association	Number of businesses
Meetings and Events Australia (MEA)	4,415
Exhibition & Event Association of Australasia (EEAA)	1,999
Professional Conference Organisers Association (PCOA)	340
Total	6,754

Economic consultation and endorsement

McCrindle worked in collaboration with Dr Prashan Karunaratne, a lecturer in the Department of Actuarial Studies and Business Analytics at Macquarie Business School, Macquarie University. A statement of endorsement from Dr Karunaratne is included below:

Assessing the loss of business is both a subjective and objective task, and as an economics and business analytics lecturer at the Macquarie Business School, I have tried to remain as objective as possible. I endorse the way that we have arrived at the dollar value for lost business in this sector, which was based on two methodologies. In coming up with a value for lost business, the first methodology looks at a comprehensive survey where respondents were asked for their estimates of lost revenue. The sample size was roughly 10% of the entire population – and thus we scaled up the aggregate findings by a factor of 10. The possibility of sample bias was considered, hence our choice to not solely rely on the survey data. Thus, we tried to confirm the loss estimates via a second methodology.

For the second methodology, we looked at a reputed benchmark industry-wide report that was

produced in conjunction with the business events sector. We had access to the 2013-14 and the 2016-17 reports, both of which had projections of stable growth for the industry across the decade. Using their own predictions of stable growth, we arrived at the figure of direct expenditure, and the figure for direct value add. The figure arrived at for direct expenditure was in the 'ball-park' of the figure arrived at for lost revenue from the first methodology. As economic theory would suggest there are three equivalent ways to calculate economic impact – the income method, the expenditure method, or the output method – all of which should arrive at the same figure. The two figures from the two methodologies give us similar results, which are the figures quoted in the report: \$29.4 – 32.6 billion.

Shortly after this consultation and endorsement, EY released the FY 2019 high level update, which presented a slightly higher figure than forecasted at the upper end of the range: \$35.7 billion. While Dr Karunaratne used the growth rates implied by the industry reports to forecast the upper end of the range, the EY update is based on the Australian Bureau of Statistics and Tourism Research Australia.

Dr Prashan S M Karunaratne, FHEA

Lecturer, Department of Actuarial Studies and Business Analytics

Macquarie Business School



Key insights

Although COVID-19 has directly impacted many businesses and individuals around Australia, the business events industry has been particularly hard hit. This report outlines the cost to the business events industry both in financial terms and the impact on staffing. Key insights from this analysis are included below:

- Almost all of the business events (96%) scheduled for 2020 have been cancelled or postponed. Just 4% are going ahead or have been held.
- Based on an assumption that all business events are cancelled between March and December 2020, there would be a total loss of 1,153,533 event days.
- Referencing historical data¹ and survey results, total business lost in the business events sector will likely be between \$29.4 and \$35.7 billion over the next 12-15 months.
- In the 2019-20 financial year, the business events industry would have likely added \$17.2 billion direct value to the economy on top of the \$35.7 billion in direct expenditure.
- Staffing losses across the industry are estimated at 92,260 between the end of 2019 and 30 June 2020.
- Of the staff laid off between the end of 2019 and March 2020, four in five (78%) were working in a casual or freelancer/contractor capacity. One in five (22%) were employed on a permanent basis, either full time or part time.
- Three in five businesses working in the business events industry (59%) believe it will take them a year or longer to recover once COVID-19 is no longer impacting health.
- Businesses working in the business events industry believe waivers on tax payments (64%), removal of payroll tax (56%) and no penalties on late tax payments (53%) will be of assistance during COVID-19. Two in five (41%) will need other measures, such as grants and Government funding to help see them through.

¹EY, *The Value of Business Events to Australia*, Business Events Council of Australia, February 2015

Business lost in the business events sector

More than 1 million event days lost.

The business events industry has been severely impacted by the unfolding situation around COVID-19. With the restrictions on social gatherings, many events can no longer take place and have either been cancelled or postponed.

Event status

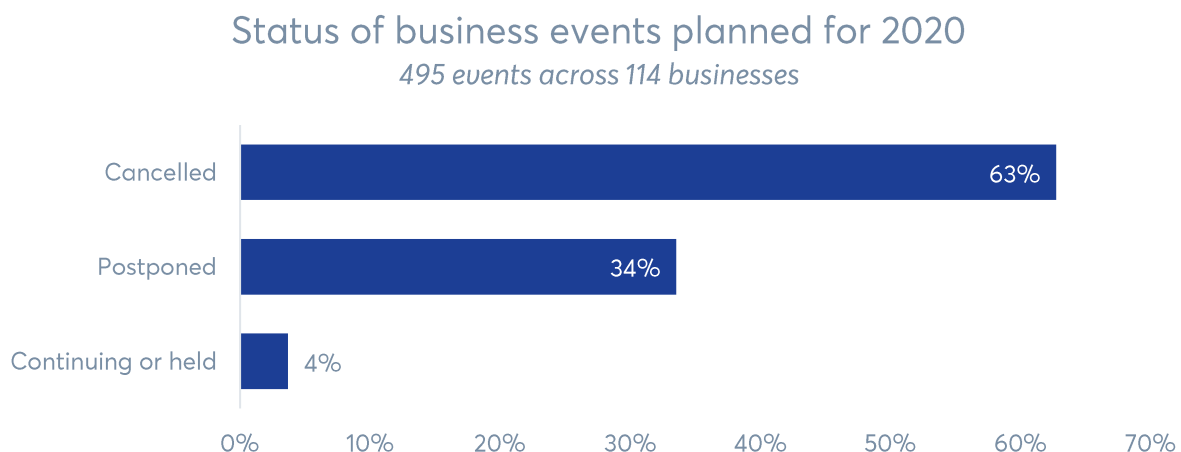
Among the businesses that provided a snapshot of event bookings for 2020 (n=114), almost all (96%) of those scheduled for 2020 have been cancelled or postponed. Just 4% are going ahead or have been held.

A sample of 114 businesses provides a 95% confidence interval and a 9% margin of error for a total population of 6,754 businesses (BECA's total member organisations).

Total event days lost

A total of 412,004 business events were run in Australia in the 2013-14 financial year. In the 2019-20 financial year, there would have been a total of 484,000 business events².

Businesses working in the business events industry (n=114) reported the number of days for each event planned for the remainder of 2020. Using this data, the average length of an event can be calculated at 2.86 days. Assuming all business events were cancelled between March and December 2020, there would be a total loss of 1,153,533 event days.



² EY, *Value of Business Events to Australia – FY 2019 high level update*

Between \$29.4 and \$35.7 billion in lost revenue.

Direct expenditure on business events

In 2015, Ernst & Young produced a report³ outlining the value of business events to Australia for the 2013-14 financial year. This report found that in the 2013-14 financial year, business events generated \$28 billion in direct expenditure. EY released a high-level update⁴ to the previous report which estimated direct expenditure in the 2019-20 financial year at \$35.7 billion.

Estimated business lost as a result of COVID-19

Businesses working in the business events industry (n=656) report losing a total of \$2.9 billion dollars in revenue as a result of COVID-19 between March 2020 and 30 June 2021. If this number is extrapolated out for all members of the Business Events Council of Australia (n=6,754), the industry is expected to lose approximately \$29.4 billion dollars in revenue over the next 15 months, until June 2021.

Referencing both the EY report and survey results, total business lost in the business events sector will

likely be between \$29.4 and \$35.7 billion over the next 15 months.

Business lost by market segment

In the 2019-20 financial year, 83% of direct expenditure is allocated to meetings and conventions. Just over one tenth of the expenditure (11%) is allocated to exhibitions and 6% is allocated to incentives⁵. Expected business lost is equal to \$29.6 billion for meetings and conventions, \$4 billion for exhibitions and \$2.2 billion for incentives.

Value to the Australian economy

In 2013-14, business events were estimated to add \$12.9 billion direct value to the Australian economy on top of the \$28 billion in direct expenditure⁶.

In 2019-20, the business events industry would have likely added \$17.2 billion direct value to the economy on top of the \$35.7 billion in direct expenditure⁷.

³ EY, *The Value of Business Events to Australia*, Business Events Council of Australia, February 2015

⁴ EY, *Value of Business Events to Australia – FY 2019 high level update*

⁵ EY, *Value of Business Events to Australia – FY 2019 high level update*

⁶ EY, *The Value of Business Events to Australia*, Business Events Council of Australia, February 2015

⁷ EY, *Value of Business Events to Australia – FY 2019 high level update*

Contribution of business events to the Australian economy

Financial year	Number of events	Direct expenditure	Direct value add
2013-14 ⁸	412,004	\$28 billion	\$12.9 billion
2016-17 ⁹	429,594	\$30.2 billion	\$13.9 billion
2019-20 ¹⁰	484,000	\$35.7 billion	\$17.2 billion

Business lost by market segment

Market segment	Direct expenditure	Proportion of expenditure
Meetings and conventions	\$29.6 billion	83%
Exhibitions	\$4 billion	11%
Incentives	\$2.2 billion	6%

**Numbers may not equate exactly due to rounding.*

⁸ EY, *The Value of Business Events to Australia*, Business Events Council of Australia, February 2015

⁹ EY, *The Value of Business Events to Australia – 2016 high level update*

¹⁰ EY, *Value of Business Events to Australia – FY 2019 high level update*

Impacts on staff

Business events workforce set to decrease by two thirds by 30th June 2020.

At the end of 2019, the sample of businesses surveyed (n=50) had a collective workforce of 1,031 people. Since then, this workforce has decreased by 271 people, bringing the current workforce to 760. This represents a 26% reduction in staff numbers in just three months.

Employment type of staff laid off

Four in five staff members (78%) laid off between the end of 2019 and March 2020 were working in a casual or freelancer/contractor capacity. One in five (22%) were employed on a permanent basis, either full time or part time.

These trends are likely impacted by a slight increase in the number of employees working in a permanent part-time capacity. This may reflect a shift from full-time work to part-time work within the industry.

Forecast to 30th June 2020

Staff numbers are expected to decrease even further by the end of June 2020. Between the end

of 2019 and 30th June 2020, the number of people employed by the sample of businesses surveyed (n=50) is forecast to decrease by 66%, the equivalent of 683 people.

Once the COVID-19 emergency abates, the sample of businesses surveyed believe they will require a collective workforce of 832 people, reflecting an increased demand for staff post COVID-19.

Estimated industry impact

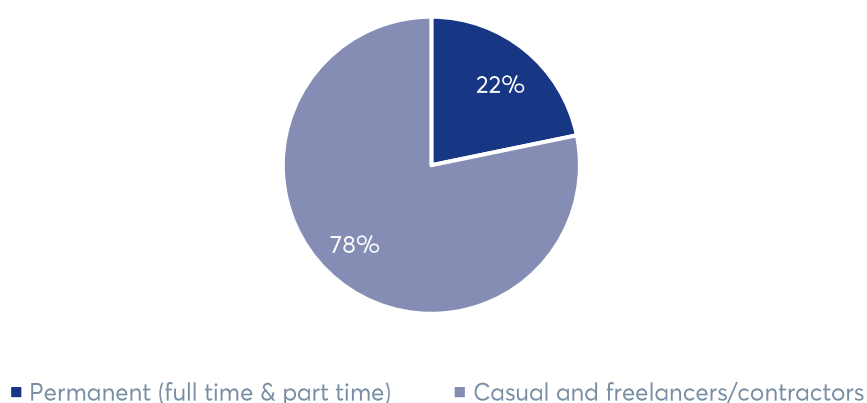
The survey sample shows that there is an average of 21 employees per business working in the business events industry (50 businesses employing 1,031 employees). When this is applied to all BECA member organisations, the total workforce can be estimated at approximately 139,000 employees.

If the trends in staffing losses are extrapolated out to all BECA member organisations (n=6,754), estimated staffing losses would be approximately 92,260 by the 30th June 2020.

Staffing changes between end of 2019 and 30th June 2020 (n=50)

Employment type	End of 2019	March 2020	Estimate 30 th June 2020	Change (Dec 19 to Mar 20)	Change (Dec 19 to Jun 20)
Full time	319	218	163	-101	-156
Permanent part-time	50	92	49	+42	-1
Casual	214	124	26	-90	-188
Freelancers/contractors	448	326	110	-122	-338
TOTAL	1,031	760	348	-271	-683

Proportion of staff lost by employment type between
end of 2019 and March 2020
n=50 businesses



Change in staff numbers over time
n=50 businesses



**Extrapolated industry-wide staffing changes between end of 2019 and 30th June 2020
(n=6,754)**

Employment type	End of 2019	March 2020	Estimate 30 th June 2020	Change (Dec 19 to Mar 20)	Change (Dec 19 to Jun 20)
Full time	43,091	29,447	22,008	-13,643	-21,072
Permanent part-time	6,754	12,427	6,619	+5,673	-135
Casual	28,907	16,750	3,512	-12,157	-25,395
Freelancers/contractors	60,516	44,036	14,859	-16,480	-45,657
TOTAL	139,267	102,661	47,008	-36,607	-92,260

Recovering and rebuilding

Three in five businesses working in the business events industry (59%) believe it will take them a year or longer to recover once COVID-19 is no longer impacting health. Just one in six (17%) believe their business will recover in three months or less.

Support needed from government

In order to sustain themselves during the COVID-19 impacted period, businesses working in the business events industry would benefit from support from the government. Almost two in three (64%) say they would need a waiver on tax payments until the end of the year in order to sustain their business. More than half would benefit from no payroll tax until the end of the year (56%), no penalties on late tax payments

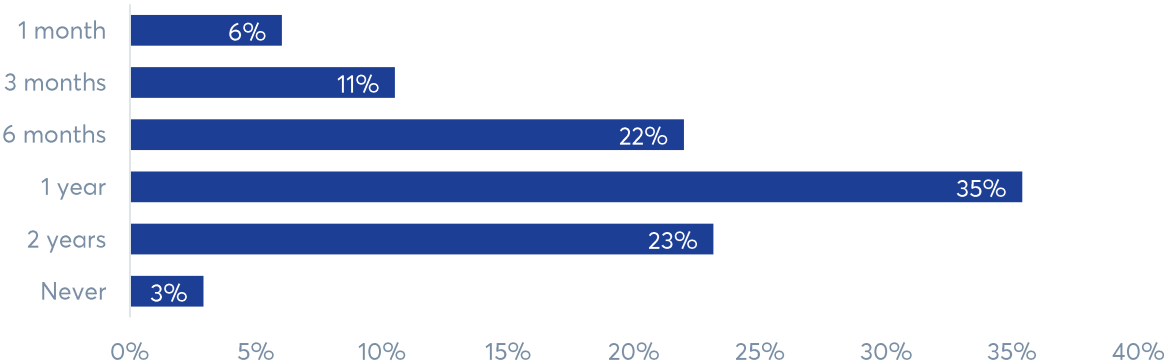
(53%), a waiver on government fees and charges (51%) and government support by way of interest free loans (51%).

Two in five respondents (41%) selected 'other.' The most common response included financial support such as government funding, grants, relief payments for employees and bailouts. Many also suggested rent support and financial support for staff that have been laid off would be helpful.

Overall, businesses are looking for a way to survive for the next 10-12 months to ensure they are ready to perform when things are back to normal.

"I have practically no income for 12 months, but I have everyone wanting to move to next year that I need to service, so I need a way to get there."

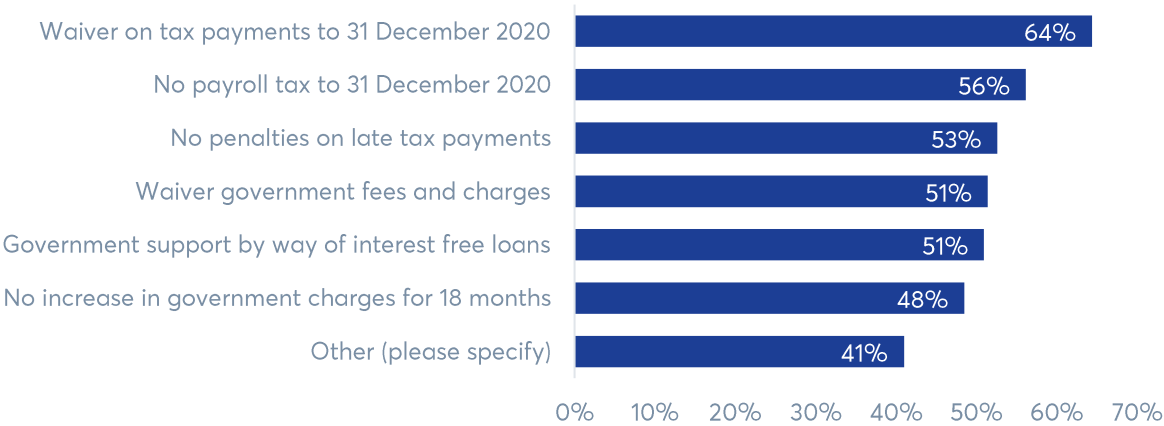
If you maintain your critical core staff, how long will it take you to recover once COVID-19 is no longer impacting health?
n=514



What does your business need to sustain itself during the COVID-19 impacted period?

Tick all that apply.

n=654



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Sydney, Australia

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Disclaimer

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