DESTINATION CANADA

COVID-19 Impact and Recovery Report: Business Events

Updated on June 15th, 2020 based on data as of May 31st, 2020

Caveat: The information provided in this document is based on reporting by participating partners. Future versions of this document may contain information from new participating partners. Care should be taken in comparing versions of this document over time.

This document provides an estimate of the impacts from COVID-19 on business events in Canada. It also provides analysis on sentiment towards business events from various sources and relevant information on social distancing recommendations and travel restrictions.

To date, Destination Canada estimates that the total losses (as of May 31, 2020 data) to the sector are 2,761 events, 1.08M delegates and $921.81M. These losses span business events planned between 2020-2025.

Losses for events occurring in 2020 (as of May 31 data) are 2,137 events, 928,044 delegates and a loss of $794.61M, compared to 2019, this represents a loss of nearly 80% of the events, 66% of the delegates and 68% of the direct spending. The events planned for the September through to December of 2020 are still at risk of being cancelled or rebooked in future years.

The tables below represent a business events snapshot from Pace Report Partners on planned events for 2020 and reported cancellations for 2020. For detailed information, please see report.

Pre-COVID-19 Confirmed Business Events for 2020

	Total	Canada	%	US	%	Other Countries	%
Number of Events	1,940	1,396	72%	423	22%	121	6%
Number of Delegates	1,007,419	658,337	65%	246,402	25%	102,680	10%
Direct spending	$824.42M	$365.38M	44%	$324.02M	39%	$135.02M	16%

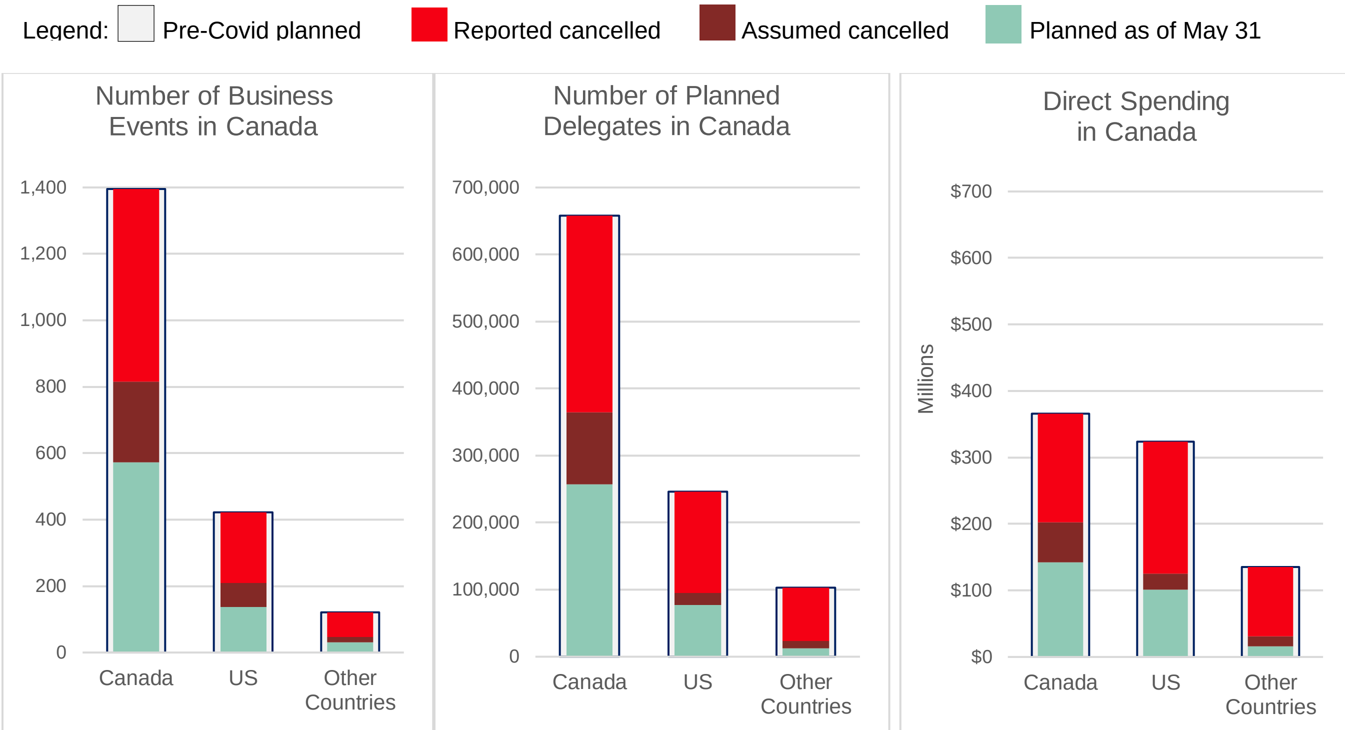
Data as of May 31 Business Events (Reported Cancelled for 2020 + DC Estimate assumed cancelled*)

	Total	Canada	%	US	%	Other Countries	%
Number of Events	-1,199	-823	-69%	-285	-24%	-91	-7%
Number of Delegates	-661,181	-401,570	-61%	-169,245	-25%	-90,366	-14%
Direct spending	-$564.26M	-$222.87M	-40%	-$222.56M	-39%	-$118.83M	-21%

*Note: 330 business events and 137,188 delegates assumed cancelled from March – August 2020 (27% of events and 20% of delegates) as a result of reporting delays from partners and their clients. It is assumed some will be postponed and others cancelled. Travel and current mass gathering restrictions factored that plausible event travel will not resume before September 2020. This will be reassessed in future impact reports.

 Please source this document as “COVID-19 Situational Analysis: Business Events, Updated June 15”, Destination Canada

Data as of May 31st, 2020 Business Events (Reported Cancelled)



PRIMARY COVID-19 RESTRICTIONS IMPACTING BUSINESS EVENTS

Effective March 18, 2020, Canada closed its borders to non-Canadian citizens/permanent residents.[2] Canada and the US closed the land border between the two countries to non-essential travel as of March 21, 2020.[3] The initial border closure agreement with the US set to expire on April 18, 2020 was extended for another 30 days to May 18, 2020. On May 22, 2020, the restriction was extended once again until June 21, 2020, and on June 16, 2020 it was further extended to July 21, 2020. On June 8, 2020 Prime Minister Justin Trudeau announced that immediate family members of citizens or permanent residents will be allowed to enter the country as of June 9, 2020.

On March 19, 2020, the US State department issued an advisory to US citizens to avoid all international travel.[4] Within the US, several (but not all) individual states, counties and cities have imposed restrictions on their residents. As of April 15, 2020, at least 316 million people in 42 states, three counties and nine cities are being urged to stay home.[4] All 50 US states have begun reopening following various lockdowns and shelter-in-place orders started in March 2020. There are, however, substantial variations in how individual states are reopening (see here for more details). As of June 15, 2020, international travel is still considered a “Global Level 4 Health Advisory – Do Not Travel” by the U.S. Department of State.[4]

On March 25, 2020, the Public Health Agency of Canada recommended the cancellation or postponement of in-person gatherings of more than 50 attendees in Canada for the next eight weeks to reduce community transmission.[5] In some provinces, this recommendation was tightened to smaller gatherings of up to 25 people in Saskatchewan,[6] and no more than five people in Halifax.[7] As of June 9, 2020, provinces and territories have begun reopening with various phased approaches, however in all regions restrictions remain around large gatherings and conference. These restrictions will seemingly be in place until provinces and territories completely reopen. The gathering restrictions along with traveller self-isolation measures currently in place, a 14-day self-isolation period, in most provinces and territories will continue to halt business events.

Many businesses in the US and Europe (including Amazon, Microsoft, Nestle and Google) have paused non-essential travel and encouraged remote work. On April 7, 2020 Microsoft transitioned all external and internal events to a digital format through July 2021[10].

The cumulative impacts of these restrictions is that face-to-face business events are essentially curtailed from the period of March 21, 2020 onwards.

IMPACTS ON BUSINESS EVENTS IN CANADA

On a monthly basis, Destination Canada develops the Canada Business Events Pace Report. This report is a collaboration of destinations across Canada that shares information on business events to align marketing and sales efforts. This report is available to Pace Report partners only, however, the analysis in this paper is derived from forward-looking data in that report. This includes 17 urban Canadian destination marketing organizations (DMOs) participating in the June 2020 Canadian Business Events Pace Report. This analysis also includes cancellation reports of non-Pace Report partners.

In addition to monitoring media, Destination Canada receives weekly data from various business events partners to create interim updates between scheduled Pace Report publications. Interim updates are estimates only, but provide a more frequent indication of the magnitude of change as the situation evolves between official reports.

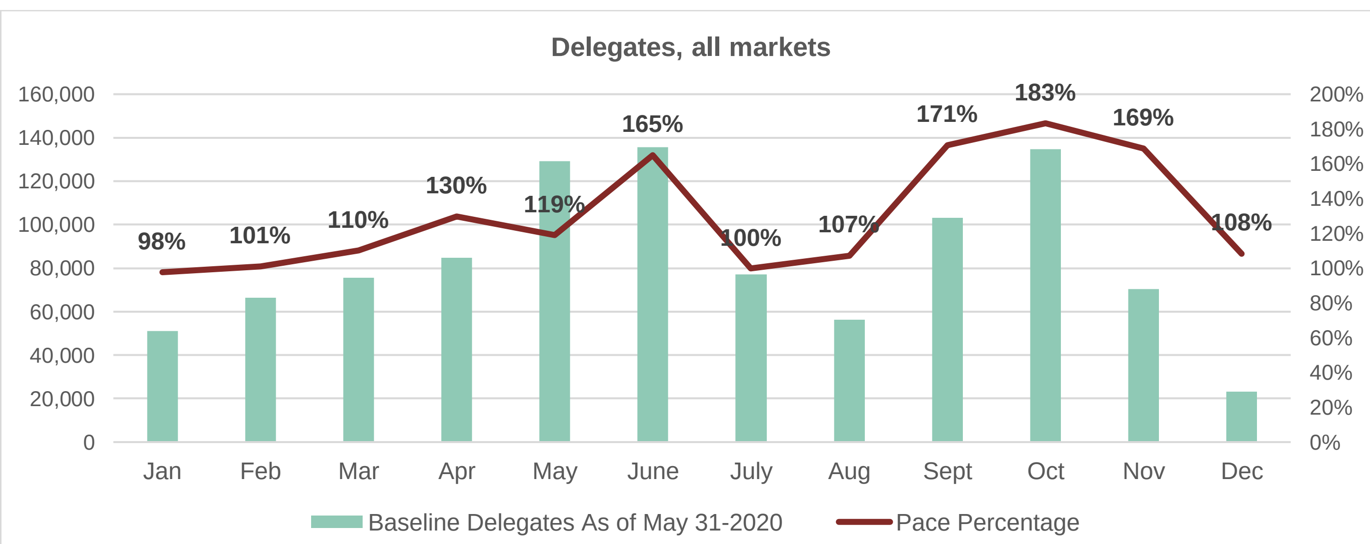
Pre-COVID-19 Outlook

Based on the Pace Report data, updated May 31, 2020, it was hypothesized that 2020 would be a strong year with 1,940 business events occurring, representing more than 1.0 M delegates and $824.42M in direct spending. Of those delegates, approximately 35% would have been from internationally-based organizations who were planning to hold business events in Canada.

Pre-COVID-19 Confirmed Business Events for 2020 (data updated May 31, 2020)

	Total	Canada	%	US	%	Other Countries	%
Number of Events	1,940	1,396	72%	423	22%	121	6%
Number of Delegates	1,007,419	658,337	65%	246,402	25%	102,680	10%
Direct spending	$824.42M	$365.38M	44%	$324.02M	39%	$135.02M	16%

Canada had been pacing significantly above the 2018/2019 pace baseline in every month, except January.



The peak months for business events travel are typically April, May, June, September and October. **The months of September to December are now especially at risk as a result of COVID-19 related cancellations.**

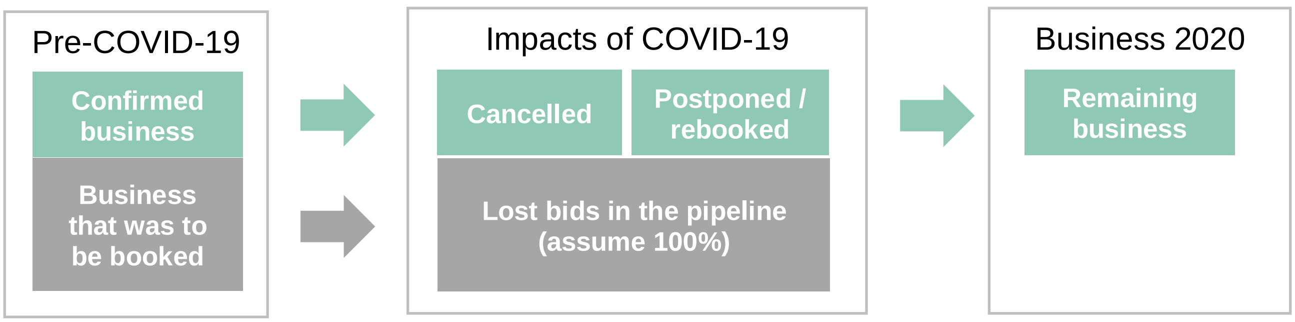
As of January 31, 2020:

- May 2020 was the most important month for Canadian (domestic) delegate travel with more than 100,000 travelling to a business event
- June represented the peak of international delegate travel with 23% of all international delegates, and 58% of those international delegates from countries outside the US
- The period from September to December represented:
  - 34% of the total planned business events, including 331,545 delegates, of which, more than 35% were international delegates, (total 118,240 international delegates which includes ~92,230 US delegates and ~26,010 from other countries)
  - 33% of the international business events tracked in Canada.

Impacts from COVID-19

COVID-19 has had significant and potentially catastrophic impacts on the business events sector. To estimate the impact from COVID-19, the following losses are being tracked:

1. Cancellation of contracted business events
2. Lost opportunity of bids in the pipeline
3. Postponement or rebooking of events originally planned for 2020



Methodological note: The direct spending impacts noted below are modelled estimates, adjusted for growth, from Statistics Canada National Travel Survey and Visitor Travel Survey data. This report does not represent a complete economic impact and should be taken as indicative only for future baseline comparison.

The estimated impact of COVID-19 on business events is a loss of -$921.81 million in direct delegate spending. We anticipate this number will grow as more events are cancelled or rebooked.

Total Estimated COVID-19 Losses (as of May 31, 2020)

	Events	Delegates	Direct Spending (M)
1.A1 Pace Partners Reported Cancelled for 2020 (as of May 31)	-869	-523,993	-$466.07M
1.A2 Pace Partners Reported Cancelled for 2021-2025	-80	-56,214	-$61.21M
1.B Additional Non-Pace Partners Reported Cancelled	-544	-99,069	-$65.99M
1.C DC Estimate Cancelled (Mar-August 2020)	-330	-137,188	-$98.19M
2. Tentative business lost for 2020	-938	-266,863	-$230.35M
Total Estimated loss	**-2,761**	**-1,083,327**	**-$921.81M**

Pace Report Comparison to 2019

	Events	Delegates	Direct Spend ($M)
Estimated 2019	2,683	1,415,844	$1,173.02
Known 2020 Losses to date (1A, 1C, 2 above)	-2,137	-928,044	-$794.61
% compared to 2019	-80%	-66%	-68%
At risk events: September – December 2020	486	237,027	$190.26M

Details on Estimated Losses

1. Cancelled business

To estimate the cancelled business to date, DC has three sources of data. Combined, all cancellations reported and estimated represent 1,823 events, more than 816,464 delegates and a loss of $691.46 M in direct delegate spending.

1.A. Pace Report Partners: As of May 31st, 17 participating Pace Report partners reported confirmed cancellations. For Pace Report Partners, we have a breakdown of whether the cancellations are from organizations based in Canada, the US or another country. These events span 2020- 2025.

Data as of May 31 Business Events (Reported Cancelled)
Represents business events from 2020-2025

	Total	Canada	%	US	%	Other Countries	%
Number of Events	-949	-624	-66%	-243	-25%	-82	-9%
Number of Delegates	-580,207	-310,120	-53%	-178,630	-31%	-91,457	-16%
Direct spending	-$527.28M	-$172.12M	-33%	-$234.90M	-44%	-$120.27M	-23%

Data as of May 31 Business Events (Reported Cancelled 2020)

	Total 2020	Canada	%	US	%	Other Countries	%
Number of Events	-869	-581	-67%	-213	-24%	-75	-9%
Number of Delegates	-523,993	-293,395	-56%	-151,211	-29%	-79,387	-15%
Direct spending	-$466.07M	-$162.83M	-35%	-$198.84M	-43%	-$104.39M	-22%

Data as of May 31 Business Events (Reported Cancelled 2021-2025)

	Total 2021-2025	Canada	%	US	%	Other Countries	%
Number of Events	-80	-43	-54%	-30	-37%	-7	-9%
Number of Delegates	-56,214	-16,725	-30%	-27,419	-49%	-12,070	-21%
Direct spending	-$61.21M	-$9.28M	-15%	-$36.06M	-59%	-$15.87M	-26%

This shows reported cancellations of 2020 planned events that are 45% of the total confirmed business events, 52% of the total expected delegates and 56% of the direct delegate spending. Of the cancellations–44% of delegates are from international organizations (29% US and 15% other world countries).

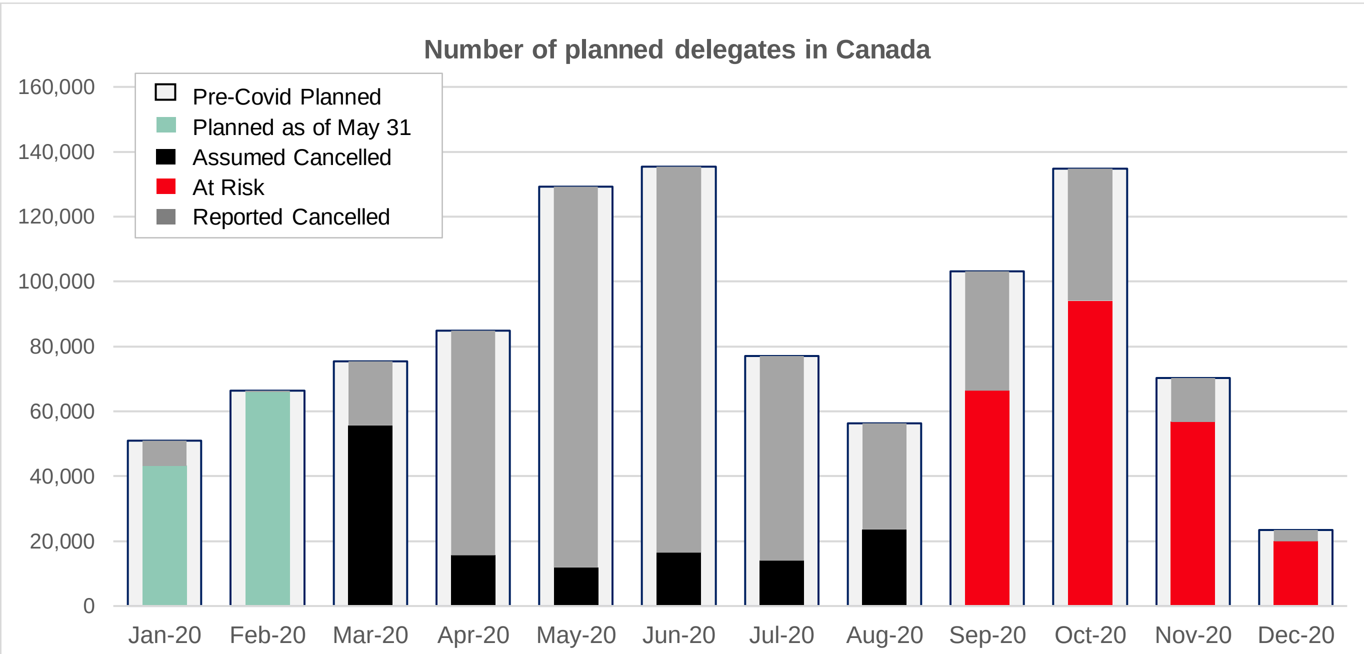
The ripple effect of cancellations in 2021-2025 is also noted in the tables above. Several international conferences are booked up to five years in advance. As a result of having to move conferences from 2020 to 2021, this has caused contract issues over multiple years and Canada being cancelled and possibly rebooked in future years. While these cancelled business events by Canadian organizations represents 54%, the organizations from US and other world countries represent 70% of the 56,214 delegates.

1.B Non-Pace Partners: We also received cancellations from an additional 11 non-Pace partners. For 2020, this represents a total of 544 events and 99,069 delegates who would have spent $65.99M directly in destination. These cancellations are primarily meetings from Canadian organizations.

1.C Cancellations Not Yet Reported: This encompasses events that were not able to happen due to gathering and travel restrictions. For March-August 2020, we estimate an additional 330 events (representing more than 137,188 delegates and $98.19M in direct-delegate spending) were cancelled or postponed. Some of these cancellations may have not yet been reported for March–June due to active postponement discussions between partners are event organizers.

DC Estimate as of June 15, 2020 (Cancellations not yet confirmed)

	Mar	Apr	May	June	July	Aug	Total
Number of Events	-87	-43	-43	-62	-38	-57	-330
Number of Delegates	-55,635	-15,689	-11,834	-16,444	-14,004	-23,582	-137,188
Direct spending	-$33.37M	-$10.44M	-$8.58M	$11.53M	-$9.14M	-$25.13M	-$98.19M



- Due to the current travel and mass gathering restrictions in place, DC has estimated the remainder of events schedule for July and August to be lost:
  - Of the 95 business events still on the books that DC has considered cancelled, 44% are from international organizations (US and other countries). These events have nearly half the delegates arriving from outside of Canada. August 2020 has 22 US events on the books which may be taking a 'wait and see' approach to cancel the events dependent on restrictions, however, many are likely in discussions with our partners to postpone the events.

- At risk are the events for September–December 2020.
  - The events planned represent more than 237,027 delegates, 486 events and approximately $190.26M in direct spending. Of these events, 130 are international (primarily from the US), more than 77,000 international delegates (primarily US based organizations). These remaining September-December events represent another 25% of 2020's planned events and (24% delegates).
  - These events are at risk for cancellation with both gathering restrictions, potential border closures and uncertainty over air service. The early summer months will provide us a better picture on these events as their hotel and venue negotiations and agreements will be closer to being finalized.

2. Lost opportunity

Our partners were bidding on business events that were going to be taking place in 2020. As of January 31, 2020, there were 938 outstanding business events to be confirmed for 2020 that represented 266,863 delegates and $230.35M in direct spending.

Due to COVID-19, these business opportunities were cancelled. It is assumed no new bookings are occurring for future months (July–December 2020) as event organizers are taking a 'wait and see' approach given that many organizations have halted travel, while restrictions on gatherings remain in place. Organizers are focused on rebooking 2020 events for future years.

3. Postponement or rebooking of events planned for 2020

We are also monitoring the pace of rebooked events. What we are able to see so far is that planners are moving their events into the fall 2020. In our last Business Events Impact and Recovery Report, we noted rebooking events from March to June to fall 2020 may prove to be challenging due to:

- Lack of hotel or convention centre availability as a result of COVID-19 emergency response;
- Lack of hotel or convention centre availability due to other previously scheduled business events;
- Event organizers bumping Canada to future years, due to event rotation schedules.

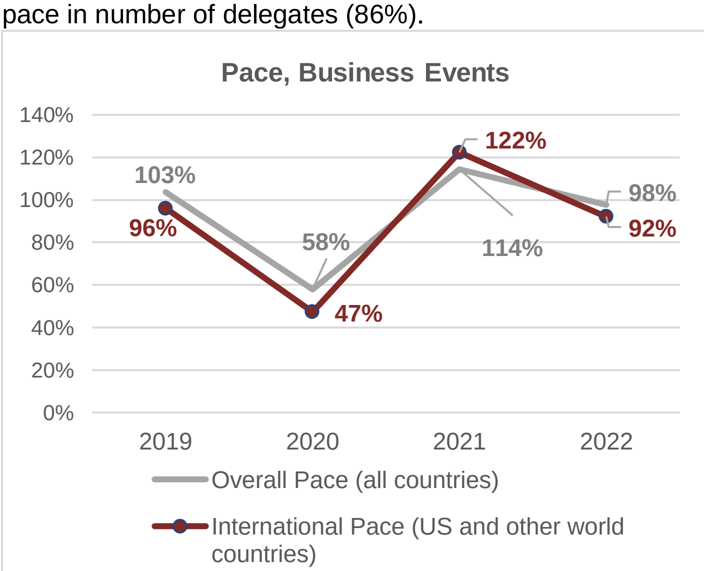
These events are becoming more difficult to postpone in 2020 due to current restrictions and thus, event organizers are looking beyond 2020 for rebooking, with some looking as far out as 2025. These rebooked events will likely displace other potential events in the pipeline that have not yet been confirmed.

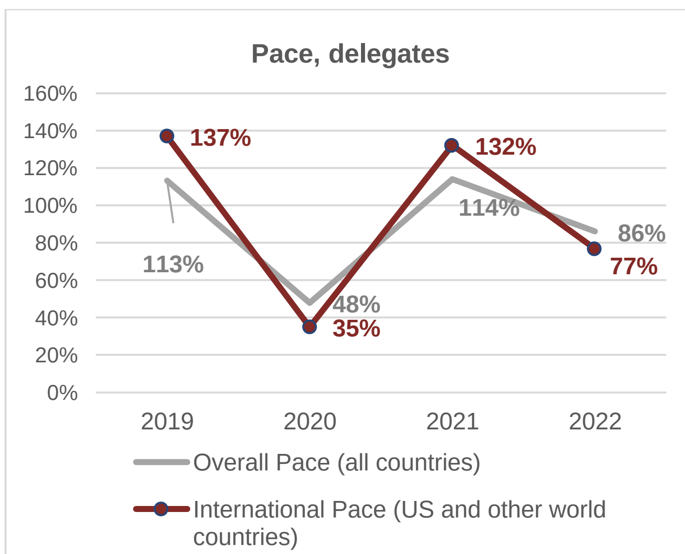
As of May 31, 2020, 121 business events representing 78,459 delegates and $82.50M have been rebooked for future years (2021-2025). Of these, nearly half the events are international organizations and 65% (51,260 delegates) are from US and Other world countries (56% US and 44% respectively) and represents $67.41 million in direct spending in destination.

The ripple effect of postponed and rebooked events will be felt in the industry for years. This includes that of tentative business Canadian destinations were bidding on for future years that will now be cancelled indefinitely or affected by postponed/rebooked events. Several international conferences are booked up to five years in advance. Given this booking cycle, some international events are more likely to be cancelled rather than postponed. Such events with long advanced booking windows will simply need to be rebidded on in later years.

This ripple effect can already be seen in the most recent pace report (data as of May 31, 2020).

2021 is pacing ahead of the 2018/2019 pace baseline and 2022 is nearly on pace for the number of events but behind pace in number of delegates (86%).





The international business events for 2021 are pacing ahead, but 2022 is also behind pace, as there are not enough tentative business events to fill the pipeline for 2022 unless additional new bids or postponements occur.

Prior to COVID-19, 2022 was showing to be a softer year, and with the ripple effect of COVID-19 there may not be additional volume of new business events to bid on to fill the gap. This will be carefully monitored as business events evolves.

BUSINESS EVENTS TRAVEL SENTIMENT

Between May 13-14, 2020, Destination Canada conducted a series of virtual focus groups to seek insights and opinions of 44 international business event organizers (planners and C-suite decision makers) representing the US, UK, and Mexico incentive, corporate and association markets – to view that report click here.

Alongside these focus groups, we are using a number of methods to track when and if the travel market shows signs of recovery including weekly IPSOS pulse surveys of Canadians and International visitors, the Global Business Travel Association flash polls[8], Destinations International webinars, International Congress and Convention Association webinars, the Professional Convention Management Association pulse surveys[11] and NorthStar Meetings Group weekly surveys[9], among others.

Below are highlights extracted from the most recent pulse surveys (May-June 2020):

- Recovery timeline: The main message from decision makers and planners is that they are currently optimistic that they will be able to host their meetings in September and Q4 2020. However, slightly more than half of respondents in the recent NorthStar Meetings Group survey published June 2, 2020 have rescheduled to 2021. This timeline will continue to depend on the state of COVID-19, travel restrictions and willingness to travel. New business events bookings are continuing to show an increased preference to the third and fourth quarters 2021 and 2022.

- Similarly, NorthStar Meetings Group has reported more event organizers are booking business events (39%) than researching (35%) after two months of declines. While just 31% of event organizers were signing contracts for new business as of May 19, 2020, nearly 40% are now doing so—reversing the downward trend and matching the level of activity last achieved in April.

- Event organizers sourcing for future meetings are experiencing difficulties in reaching suppliers (hotels, venues, destination marketing organizations and destination marketing companies) as many have reduced capacities or are still closed. A positive sign is event organizers are seeing more suppliers reach out than originally reported a month ago.

- Segments: Smaller groups will start travelling first. Small meetings will see the largest growth (up to 50 attendees) in the next 12-18 months. Digital components will be important for these in-person events as they re-start, for those not willing to travel but wanting to participate. Larger conference groups will likely wait until there is a vaccine or therapeutic treatment.

- Integration of virtual meeting spaces: Face-to-face meetings will remain important, however, the virtual component will now be more common as a standard component in programs. Prior to COVID-19, it was an add-on or “experimental” feature of a program. There will be more opportunities for those organizations who can capitalize on virtual meetings and hybrid meetings.

- Resilience of in-person meetings: Face-to-face meetings create memorable experiences and drive business forward, building trust and camaraderie. This may become even more important as organizations seek to rebuild their operations post-COVID. For the incentive market global DMC partners survey found the majority (63%) have no plans to go completely virtual in 2021[12].

- Willingness to travel: Among member companies of the Global Travel Business Association, 62% expect most (15%) or some (47%) of their employees will be willing to travel within the first six months after restrictions are lifted. In comparison to the April 13, 2020 flash poll, the positive sentiment was slightly downgraded, with 5% willing to travel (was 66% positive [33%] most and [33%] some employees are willing to travel in the near term).

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