



COVID-19 Impact and Recovery Report: Business Events

October 2020 Edition, based on data as of August 31st, 2020¹

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, including relevant information on travel restrictions in Canada.

The onset of the global COVID-19 pandemic in March 2020 has had a significant impact on the Canadian business events sector. As of the end of August 2020, losses incurred for events planned for 2020 by the Canadian business events sector topped \$1.04B in direct spending alone, with the cancellation of 2,746 events representing 1.25M delegates. Relative to 2019, the cancellation of events for 2020 amounted to 82% in direct spending and 81% of both the number of the events and delegates. This does not include events still planned for November and December 2020, however, these are at increasing at risk of not being held.

The COVID-19 pandemic is creating uncertainties as events are cancelled or postponed in future years. Over the 2020 to 2024 horizon, Destination Canada estimates that the total losses to the sector since the start of the COVID-19 pandemic will affect 3,701 business events and 1.59M delegates, representing nearly \$1.33B in direct spending. International events lost represent 26% of this total with nearly 594,000 delegates and more than \$780M in direct spending.

While signs of recovery remain uncertain, the OECD composite leading indicators (Index designed to provide early signals of turning points in business cycles showing fluctuation of the economic activity around its long-term potential.¹) are suggesting that the business outlook is on the mend. Business travel for in-person sales and client meetings will return first and resilient sectors, such as life sciences, financial services and technology are anticipated to be the first to travel. Industry experts expect that an announcement of an effective vaccine or treatment for COVID-19 will spark confidence in travelling for business purposes.

Some business event organizers are showing signs of considering new events for 2022 and beyond. We are seeing some international events being booked for Canada in 2023-2025, however the pace of booking remains depressed compared to past years. Business development and marketing efforts need to continue to keep Canada top of mind as event organizers adapt their research, planning and hosting efforts.

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 was set to expire on April 18, 2020, however this has been further extended to October 21, 2020.⁴

Canadian provinces and territories have begun reopening with different approaches and at different speeds. However, restrictions remain in place for large gatherings and conferences in all regions. It is hypothesized that these restrictions will be in place until provinces and territories completely reopen. Restrictions on gatherings and self-isolation measures

¹ Note that 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.

COVID-19 Situational Analysis: Business Events

will continue to affect business events in most provinces and territories. A full breakdown on restrictions can be found [here](#).

The cumulative impacts of these restrictions are that face-to-face business events have essentially been curtailed from the period of March 21, 2020 onwards with no definitive date for resumption at this time.

IMPACTS ON BUSINESS EVENTS IN CANADA

Impacts from COVID-19

The estimated impact of COVID-19 on business events is a loss of nearly \$1.33 billion in direct delegate spending. We anticipate this number will grow as more events are cancelled or rebooked.

2020-2024 Total Estimated COVID-19 Losses (as of August 31, 2020)

	Events	Delegates	Direct Spending (M)
2020 Losses			
Pace Partner Reported Cancelled for 2020 (as August 31)	-1,327	-814,284	-\$685.79M
DC Estimate Cancelled Events (Mar-Oct 2020: all markets, Nov-Dec: Intl markets) Tentative business lost for 2020	-481	-177,520	-\$121.66M
	-938	-266,863	-\$230.35M
Sub-total: Known 2020 Losses to date	-2,746	-1,258,667	-\$1,037.80
<i>Compared to 2019 Pace Report</i>	<i>-81%</i>	<i>-81%</i>	<i>-82%</i>
2021-2024 Losses			
Additional Cancellations			
Pace Partner Reported Cancelled 2021-2024	-110	-78,126	-\$76.83M
Non-Pace Partner Reported Cancelled 2020-2022	-845	-253,776	-\$218.96M
Total Estimated loss	-3,701	-1,590,569	-\$1,333.59

At risk Canadian events: November–December 2020	87	37,913	\$21.04M
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The rebooking conferences from 2020 to 2021 and beyond is causing ripple effects. Events from 2020 are being moved to future years, which is reducing the number of slots available for international conferences which book up to five years in advance.

DETAILED IMPACTS ON BUSINESS EVENTS IN CANADA: 2020-2021

The analysis below is based on data as of August 31, 2020 aggregated from internal and confidential information from 22 Canadian urban destination marketing organizations (DMOs).

Pre-COVID-19 Outlook

Prior to the COVID-19 pandemic, 2020 was poised to be a strong year with more than 2,200 business events occurring, representing more than 1.19M delegates and \$926.81M in direct spending. Of those delegates, approximately 29% would have been from internationally-based organizations who were planning to hold business events in Canada.

COVID-19 Situational Analysis: Business Events

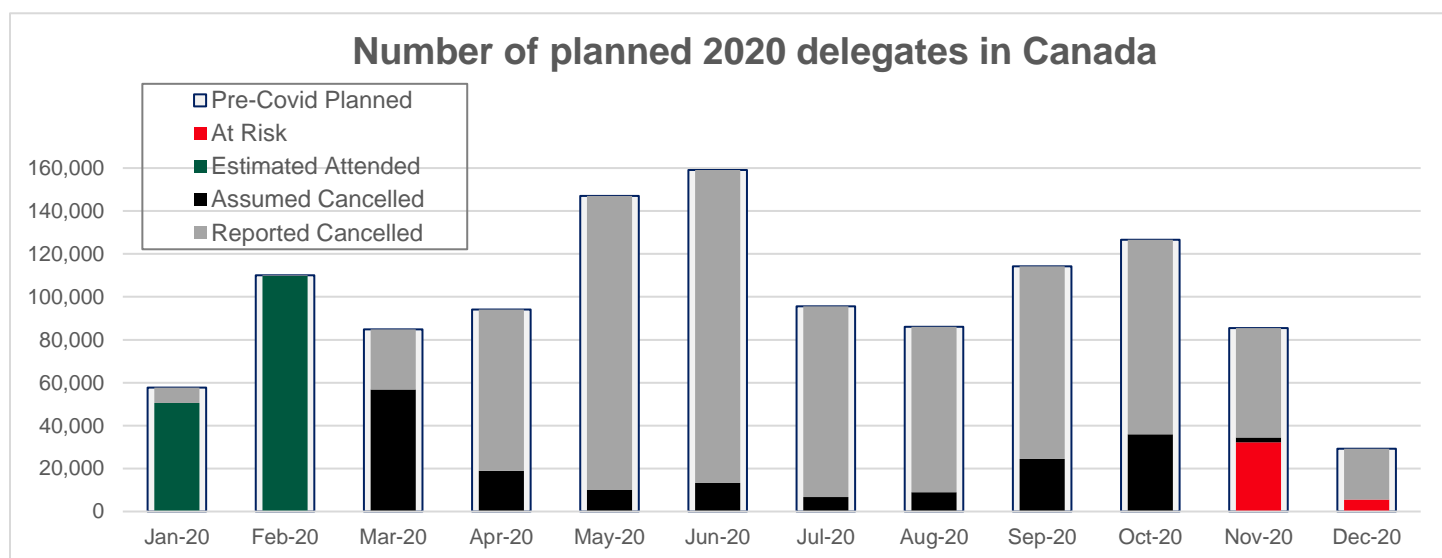
Pre-COVID-19 Confirmed Business Events for 2020 (data updated August 31, 2020)

	Total	Canada	%	US	%	Other Countries	%
Number of Events	2,218	1,656	75%	427	19%	135	6%
Number of Delegates	1,190,091	839,687	71%	239,689	20%	110,715	9%
Direct spending	\$926.81M	\$466.03M	50%	\$315.19M	34%	\$145.59M	16%

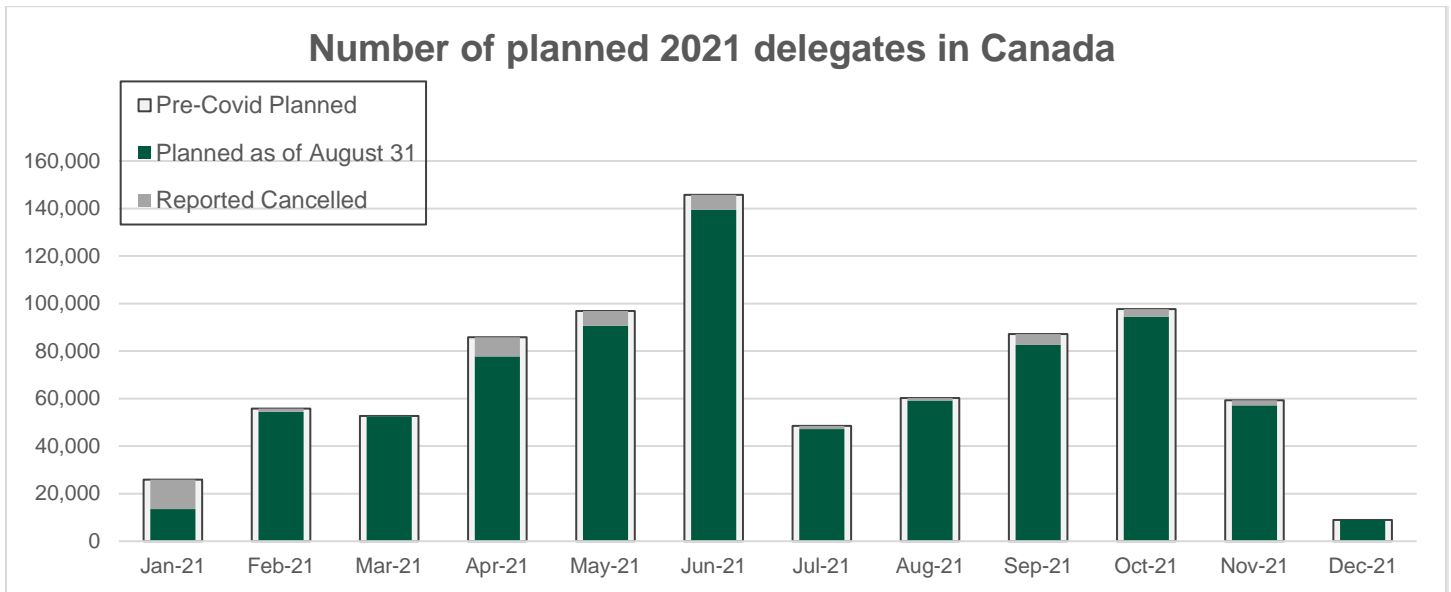
The peak months for business events travel are typically April, May, June, September and October. April, May and June have had all business events cancelled and as a result of COVID-19 the remaining domestic conferences for **Q4 are now highly at risk of being cancelled.**

Q4 of 2020 represents:

- 23% of the total planned business events, including nearly 242,000 delegates, of which more than 34% were international delegates, a total of 82,000 international delegates (~51,000 US delegates and ~31,000 from other countries).



- Although formal cancellations have not yet been provided, Destination Canada assesses that all of the events scheduled for September and October are cancelled.
- The status for 229 events that had been planned for November to December 2020 is:
- 55% have already cancelled.
 - The remaining internationally based organizations (US and other countries) are likely taking a 'wait and see' approach. However, Destination Canada assesses that these international events are going to be cancelled due to gathering restrictions, potential border closures and uncertainty of air service.
 - The remaining 87 Canadian events are also deemed to have a high risk of cancellation. We will have more clarity by the next report as hotel and venue negotiations are finalized.



2021 is beginning to see cancellations across most months in the next year. We are closely monitoring the peak business events months of April, May, June, September and October. These are of particular interest to planners for rebooking and booking new events in 2021, some cancellations have already begun.

OUTLOOK & RECOVERY

Business Travel Outlook

Business travel has historically shown greater volatility than leisure travel – it slows down faster, but also resumes quicker.⁵

The key considerations for a resumption of business travel include the number of COVID-19 cases, government regulations, safety protocols and employee willingness to travel.⁵

Business travel for in-person sales and client meetings will return first in tandem with domestic travel and resilient sectors such as life sciences, financial services and technology.⁵

Travel volumes: Businesses are evaluating their current and future travel needs. Virtual sales calls and meetings are generally acknowledged as here to stay, however there will continue to be a need for face to face business meetings and business travel. A recent poll of businesses indicated that 29% thought business travel in 2020 would be about the same as 2019, however, most anticipate a decline relative to 2019, with some (18%) anticipating a significant decline of more than 50% from 2019.⁶

Recovery timeline⁶:

Overall, business travel is currently grounded as a result of COVID-19: 70% of businesses have cancelled or suspended trips in their own countries, 92% have done so internationally.

Very low to nil business travel is anticipated for 2020:

- Some companies are **anticipating domestic business travel resuming in 2-3 months (34%), with a higher proportion resuming in 6-8 months (41%).**
- International business travel will take longer to resume with 10% expecting some business travel in 2-3 months and the majority 44% in 6-8 months.
- It is expected that an announcement of an effective vaccine for COVID-19 will spark confidence in business travel.

COVID-19 Situational Analysis: Business Events

For Canada, 87% have suspended or cancelled business travel. We are seeing some signs of business travel improving in Canada, as hotel bookings over the 2020 3rd quarter slightly improved relative to Q2 2020. The booking reservation pattern for Q4 2020 remains subdued.⁷

A note on business meetings, 31% of travel professionals are optimistic about attending in-person events and conferences in Q2 2021. This is also when companies are most optimistic about returning to planning events (61%).

The majority of companies expect recovery to pre-pandemic business travel volumes by 2023.

Future Business Events Outlook

Many planners are still focusing on rebooking/rescheduling their 2020 events into future years.

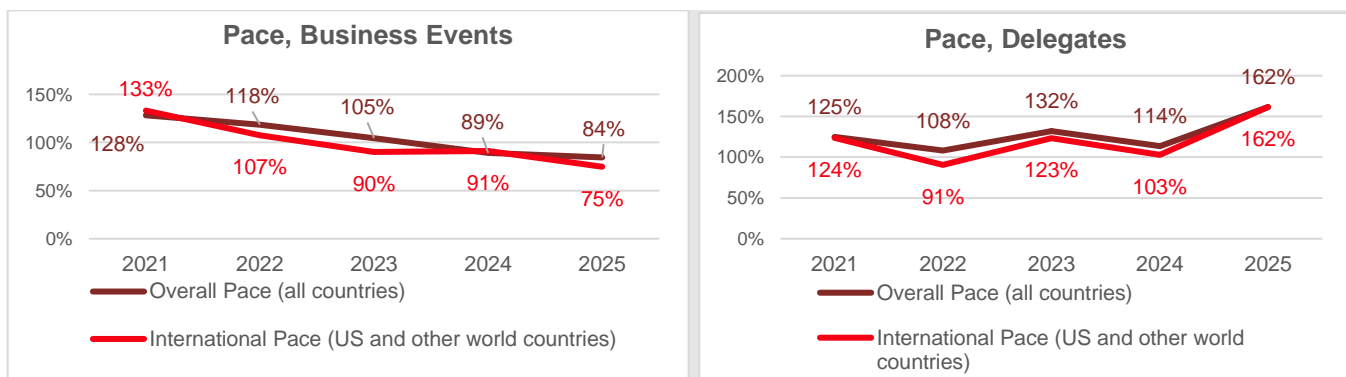
Planners, once optimistic for a return of in-person events by Q4-2020 now anticipate organizing fewer events for the next 12-18 months with a shift to sourcing new events for 2022. It is anticipated that large scale corporate and association events and incentive trips will be slow to resume, as they wait for a vaccine or reliable therapeutic treatment. Under 100 person events are expected to rise in the near term. While there is still demand for face-to-face meetings by delegates and planners versus virtual conferences, events in 2021 will be hybrid and will include a heavy virtual component.⁸

Destination Canada's most recent pulse check survey saw that **event organizers are beginning to research 2021, 2022 and 2023 for new events, and 63% are considering Canada for these.** Q2 and Q3 2021 are of particular interest, further details can be found [here](#).

Corporate business meetings across the globe have the strongest projections for recovery with incentive trips restarting last. It is anticipated that those sectors which are thriving will drive demand in 2021. These sectors include **healthcare, financial services, telecommunications, technology and education sectors.**⁹ Canadian destinations are well positioned to target future conferences in these thriving sectors.

As we see postponements and rebookings occur, **2021 and 2022 are now both pacing ahead, and on par, respectively** in terms of number of events (based on 2017/2018 baseline). **The number of delegates travelling in 2022 is still lower than expected and could be due to a trend in smaller meetings.**

The ripple effect of postponed and rebooked events will be felt in the industry for years. This includes tentative business that Canadian destinations were bidding on for future years, which will now be cancelled indefinitely or affected by postponed or rebooked events. Several international conferences are booked up to five years in advance. Given this booking cycle, business development and marketing efforts need to continue. **A direct indication of the decline of new event bookings is seen in international events for 2023-2025 which is pacing behind normal levels.**



Source: National pace report, data as of August 31, 2020

Looking at the near term for 2021, the first quarter is pacing well below normal levels in terms of number of events and delegates, primarily in the US market. However, Canadian events is lagging behind in January and February.

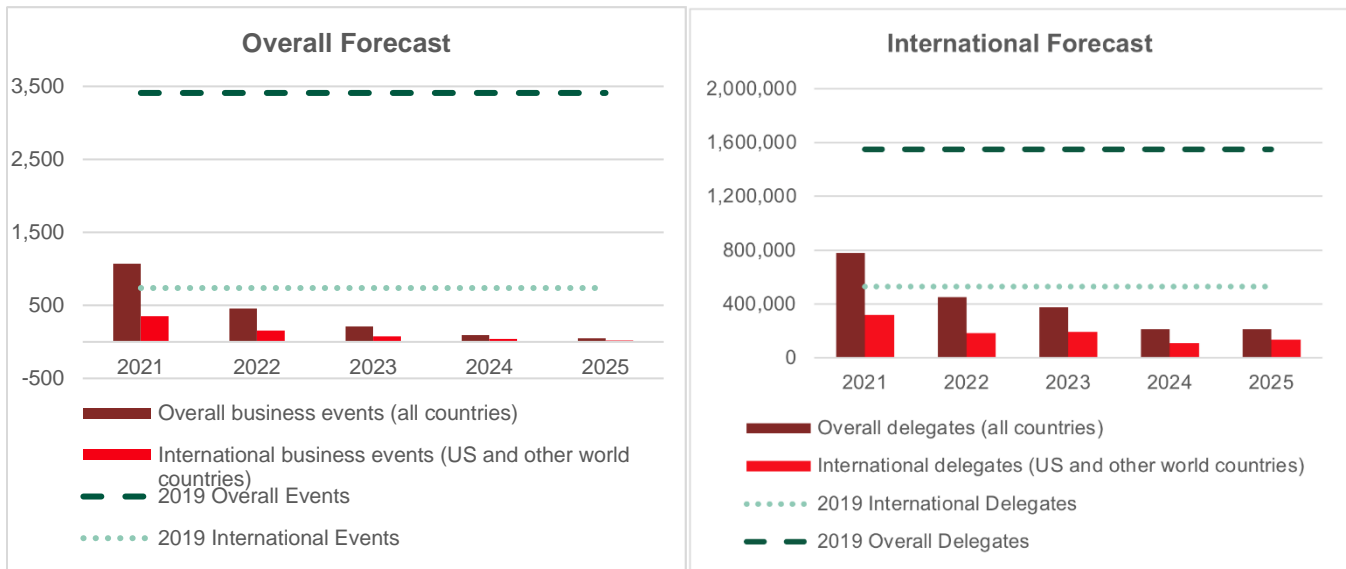
COVID-19 Situational Analysis: Business Events

2022 business events: While 2022 has made some gains overall, **international business events are lagging well below average for most of the year (months of January – May 2022 including November and December).** National events are currently pacing behind in Q1 2022 and December 2022.

2023 and beyond:

Further out into 2023, the number of international events are lagging, and while the delegates are above pace, many months are falling behind internationally.

With the trend of business event sizes becoming smaller in the near term, more business events would be needed to fill the delegate gap.



Source: National pace report, data as of August 31, 2020

Economic sector perspective*: Of note, from an industry sector perspective, most of the events booked for 2022 and beyond are in the life sciences sector. **Life Sciences outperforms all other sectors in booked business for future years.**

In 2021, top priority sectors with booked business are life sciences and technology. For 2022, the leaders are life sciences, technology and finance/insurance.

*Note: Sector data is representative of 50% of booked events for future years as not all destinations are reporting industry sector specific information.

Sources:

¹ OECD, accessed October 7, 2020

<https://data.oecd.org/leadind/composite-leading-indicator-cli.htm>

² Government of Canada, August 23, 2020 updated

https://www.canada.ca/en/public-health/services/diseases/2019-novel-coronavirus-infection/latest-travel-health-advice.html#_Canada-U.S._border_restrictions_1

³ National Post, March 16, 2020

<https://nationalpost.com/news/canada/trudeau-travel-restrictions-ban-coronavirus-covid19-canada>

⁴ CTV News, September 15, 2020

<https://www.ctvnews.ca/politics/canada-u-s-border-closure-extended-to-oct-21-1.5110565>

⁵ McKinsey and Company, August 13, 2020

<https://www.mckinsey.com/industries/travel-logistics-and-transport-infrastructure/our-insights/for-corporate-travel-a-long-recovery-ahead#>

⁶ Global Business Travel Association, September 24, 2020

<https://www.gbta.org/Portals/0/Documents/gbta-poll-key-highlights-20200924.pdf>

⁷ TravelClick database, data extraction date September 27, 2020

⁸ NorthStar Meetings Group, August 26, 2020

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<https://www.northstarmetingsgroup.com/uploadedFiles/Pulse-Survey-July-15-2020.pdf>

⁸ Destination Analysts, July 14, 2020

<https://www.destinationanalysts.com/2020meetings/>

⁸ Destination Analysts Coronavirus Travel Sentiment Index Study

<https://www.destinationanalysts.com/covid-19-insights/coronavirus-travel-sentiment-index-report/>

⁸ Incentive Research Foundation, August 6, 2020

<https://theirf.org/research/irf-pulse-survey-covid-19s-impact-on-the-incentive-travel-industry-july-2020/2835/>

⁸⁻⁹ PCMA Business Events Global Compass Report, July 2020