DESTINATION CANADA

# COVID-19 Impact and Recovery Report: Business Events

**August 2020 Edition, based on data as of July 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 to the sector since the start of the COVID-19 pandemic include 3,668 events, 1.55M delegates and nearly $1.31B in direct spending (as per data from July 31, 2020). These losses span business events planned between 2020-2026 including both definite and tentative events. International events lost represent 26% of this total with more than 594,000 delegates and nearly $781.28M in direct spending.

Losses for events occurring in 2020 (as of July 31, 2020 data) include 2,659 events, 1.25M delegates and $1.04B in direct spending compared to 2019, this represents a loss of nearly 78% of the events, 81% of the delegates and 87% of the direct spending. The events planned for November and December 2020 are still at risk of being cancelled or rebooked for 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 more detailed information, please refer to subsequent pages in this report.

**Pre-COVID-19 Confirmed Business Events for 2020**

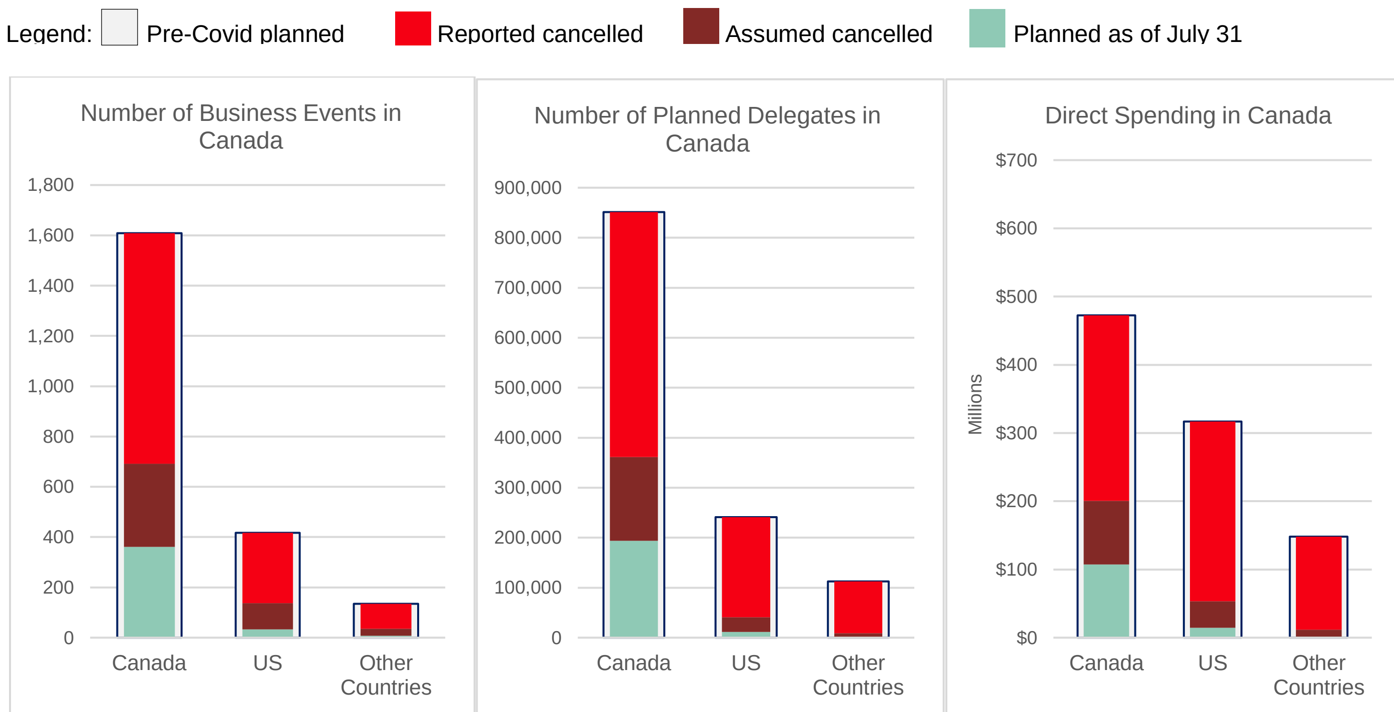
| | | Source market breakdown | | | | | |
|---|---|---|---|---|---|---|---|
| | **Total** | **Canada** | **%** | **US** | **%** | **Other Countries** | **%** |
| **Number of Events** | 2,127 | 1,582 | 74% | 414 | 19% | 131 | 6% |
| **Number of Delegates** | 1,194,080 | 840,819 | 70% | 240,752 | 20% | 112,509 | 9% |
| **Direct Spending** | $931.19M | $466.65M | 50% | $316.59M | 34% | $147.95M | 16% |

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

| | | Source market breakdown | | | | | |
|---|---|---|---|---|---|---|---|
| | **Total** | **Canada** | **%** | **US** | **%** | **Other Countries** | **%** |
| **Number of Events** | -1,721 | -1,216 | -71% | -381 | -22% | -124 | -7% |
| **Number of Delegates** | -987,431 | -646,416 | -65% | -229,545 | -23% | -111,470 | -11% |
| **Direct Spending** | -$807.19M | -$358.76M | -44% | -$301.85M | -37% | -$146.58M | -18% |

*Note: 485 business events and 209,755 delegates assumed cancelled from March – October 31, 2020 because 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 November 2020. 17 international events and 4,048 delegates expected from November-December 2020 assumed cancelled due to mass gathering and travel restrictions. This will be reassessed in future impact reports.

**Data as of July 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.[1] Canada and the US closed the land border between the two countries to non-essential travel as of March 21, 2020.[2] The initial border closure agreement with the US that was set to expire on April 18, 2020, has been further extended to September 30, 2020.[3]

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. All 50 US states have begun reopening, but with substantial variations across States. Some states have reintroduced some restrictions and/or paused reopening plans due to spikes in the number of new cases (see here for more details). As of August 20, 2020, international travel destinations fall within a “Global level 3: Reconsider Travel” or a “Global Level 4 Health Advisory – Do Not Travel” by the US Department of State.[4]

On March 25, 2020, the Public Health Agency of Canada (PHAC) recommended the cancellation or postponement of in-person gatherings of more than 50 attendees in Canada for the following 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 conferences. It is hypothesized that these restrictions will be in place until provinces and territories completely reopen. Gathering restrictions along with traveller self-isolation measures currently in place, like a 14-day self-isolation period, will continue to halt business events in most provinces and territories. Current restrictions can be found here.

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

## IMPACTS ON BUSINESS EVENTS IN CANADA

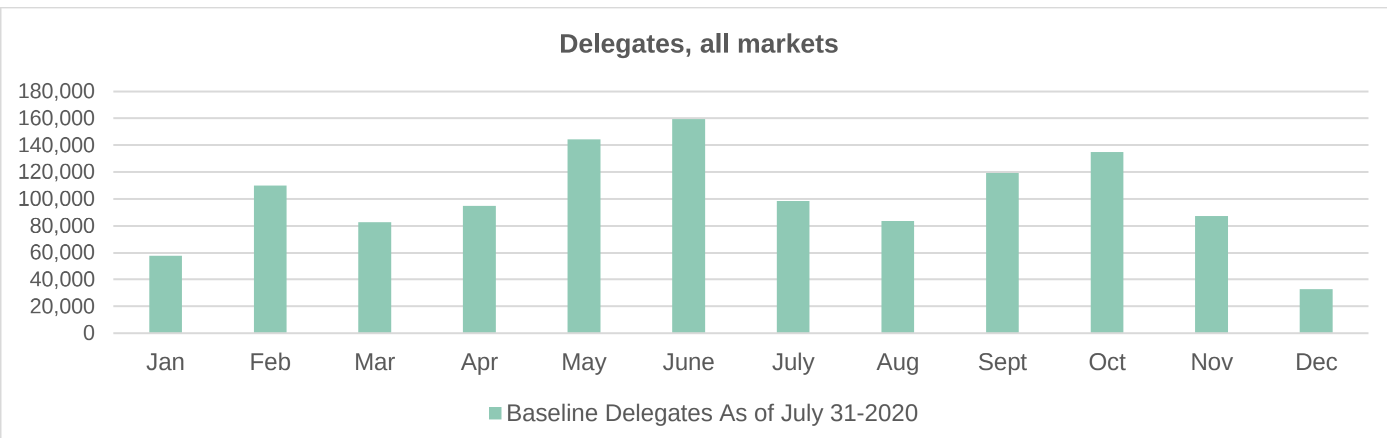
On a monthly basis, Destination Canada develops the Canada Business Events Pace Report. This report is a collaboration of destinations across Canada that shares information on business events to align marketing and sales efforts. This report is available to Pace Report partners only, however, the analysis in this paper is derived from forward-looking data in that report. This includes 22 urban Canadian destination marketing organizations (DMOs) and convention centres participating in the July 31 2020, Canadian Business Events Pace Report. This analysis also includes cancellation reports of non-Pace Report partners.

**Pre-COVID-19 Outlook**

Prior to the COVID-19 pandemic, 2020 was poised to be a strong year with more than 2,100 business events occurring, representing more than 1.19M delegates and $931.19M in direct spending. Of those delegates, approximately 29% 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** | 2,127 | 1,582 | 74% | 414 | 19% | 131 | 6% |
| **Number of Delegates** | 1,194,080 | 840,819 | 70% | 240,752 | 20% | 112,509 | 9% |
| **Direct spending** | $931.19M | $466.65M | 50% | $316.59M | 34% | $147.95M | 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 **Q4 is now at risk due to COVID-19 related cancellations.**

This period from October to December represents:

- 21% of the total planned business events, including nearly 250,000 delegates, of which more than 33% were international delegates, (total 82,941 international delegates which includes ~52,340 US delegates and ~30,601 from other countries).
- 22% of the international business events tracked in Canada.

### Impacts from COVID-19

The estimated impact of COVID-19 on business events is a loss of nearly $1.32 billion in direct delegate spending. We anticipate this number will grow as more events are cancelled or rebooked.

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

| | Events | Delegates | Direct Spending (M) |
|---|---|---|---|
| 2020 Losses | | | |
| Pace Partner Reported Cancelled for 2020 (as July 31) | -1,236 | -777,676 | -$662.53M |
| DC Estimate Cancelled Events (Mar-Oct 2020: all markets, Nov-Dec: Intl markets) | -485 | -209,755 | -$144.66M |
| Tentative business lost for 2020 | -938 | -266,863 | -$230.35M |
| **Sub-total: Known 2020 Losses to date** | **-2,659** | **-1,254,294** | **-$1,037.54** |
| *Compared to 2019 Pace Report* | *-78%* | *-81%* | *-87%* |
| | | | |
| Additional Cancellations | | | |
| Pace Partner Reported Cancelled 2021-2026 | -111 | -82,817 | -$85.62M |
| Non-Pace Partner Reported Cancelled 2020-2022 | -898 | -209,837 | -$186.94M |
| **Total Estimated loss** | **-3,668** | **-1,546,948** | **-$1,310.10** |

| | | | |
|---|---|---|---|
| At risk Canadian events: November–December 2020 | 87 | 46,314 | $25.70M |

 Please source this document as “COVID-19 Situational Analysis: Business Events, August 2020 Edition, Destination Canada

## BUSINESS EVENTS TRAVEL SENTIMENT

Destination Canada is using a number of methods to track when and if the travel market shows signs of recovery including Destinations International webinars, International Congress and Convention Association webinars, the Professional Convention Management Association pulse surveys[8], NorthStar Meetings Group weekly surveys[9], Destination Analysts[10] research and others.

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 seen for 2022. Currently planning regional/national events while national and international events gain in confidence. It is anticipated that large scale corporate and association events and incentive trips will be slow to resume, as they wait for a cure or reliable therapeutic treatment. Under 100 person events are expected to rise in the near term. While there is still a preference by delegates and planners to meet in person versus virtual conferences, events going forward will have a virtual component.

Below are highlights extracted from the most recent pulse surveys (July - August 2020):

- Recovery timeline: Planners were optimistic that they would be able to host their meetings in September and Q4 2020. However, the August 25, 2020, NorthStar Meetings Group survey saw planner confidence that had risen in June, declined in July and is now back up in the August results. On a scale of 1 to 10, with 10 being most confident, planners' confidence level for over the next five years averages 6.25. In the next 12-18 months meetings of under 100 attendees are expected to rise in number (especially if restrictions in many jurisdictions continue to remain at under 100 attendees).

- Future events: The current primary focus of planners is still rebooking business events, however, new sourcing and booking activity has risen slightly from July lows. New business events bookings are continuing to show an increased preference to the third and fourth quarters 2021 and Q1-Q4 2022. A big shift seen for new meetings in 2022[9]. With regards to incentives, program size dictates the return of 2021 programs. Q2 2021 is predicted to be the soonest incentive trips will be held for most program sizes. Q4 2020 may see small programs (<50), with 27% planning programs during that timeframe. It is anticipated that very large groups (1001+) could be possible by Q3 or Q4 of 2021. Attendee sentiment will be the leading driver to hold incentives[14].

- Segments: Smaller local and regional events will thrive before national and international groups gather[11]. Digital components will be important for in-person events as they re-start as many may not be willing to travel but wanting to participate. Larger conference groups will likely wait until there is a vaccine or therapeutic treatment. Corporate/private sector businesses will have in-person events come back first, and associations will return at a slower pace. One in three planners are likely to use multiple host properties due to capacity limitations with distancing (this was the same for corporate, third party and association planners).[10] In a recent PCMA Business Events Global Compass study[15], corporate business meetings across the globe have the strongest projections for recovery with incentive trips restarting last. Thriving sectors for demand in 2021 include healthcare, financial services, telecommunications, technology and education sectors.

- Integration of virtual meeting spaces: Face-to-face meetings will remain important. However, the virtual component will now become more common in programming. 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 and hybrid meetings. Virtual events pose challenges as the industry pivots in this space in the near term; 40% of planners have been unable to organize a successful virtual event this year. The biggest roadblocks are engagement, technology and sponsorship[12]

- Resilience of in-person meetings: Planners believe that 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-19.

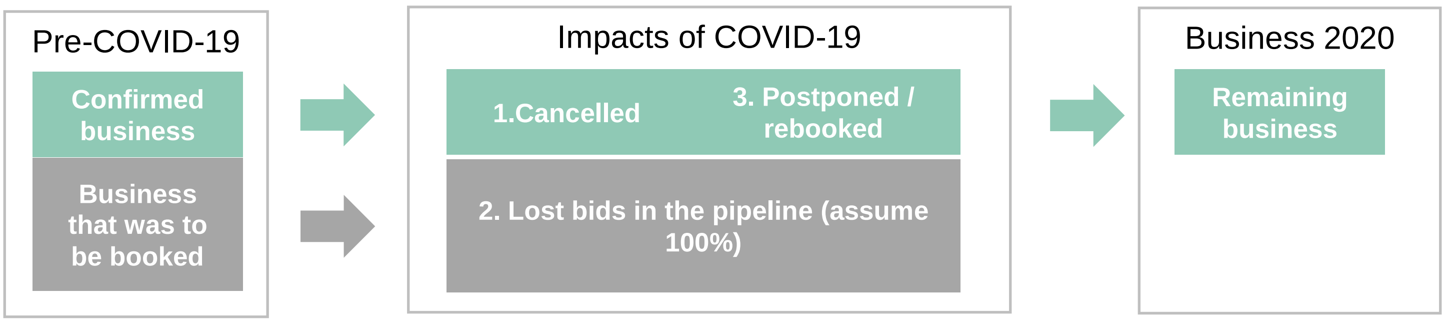
- Willingness to travel: There is still a preference to meet in person over virtual conferences. For example, GES reported 88% of attendees surveyed were open to attending shows in person, with the majority indicating mitigation protocols needed to be in place in order to attend[16]. This has been seen in other surveys where attendees are unlikely to attend conferences until the COVID-19 situation is contained, and 71% of Americans who attended conferences agreed with this statement[13]. Willingness to travel for business events is directly linked to the industry's reliance on global consumers[15].

*Please note, Destination Canada does not endorse or validate third-party research.*

## Details on Estimated Losses

COVID-19 has had significant and potentially catastrophic impacts on the business events sector. To estimate the impact of 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.*

## 1. Cancelled business

To estimate the cancelled business to date, DC uses three sources of data. Combined, all cancellations reported and estimated represent 2,730 events, more than 1.28M delegates and a loss of $1.08B in direct delegate spending.

**1. A. Pace Report Partners:** As of July 31, 2020, 22 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 2020-2026.

**Data as of July 31, 2020, Business Events (Reported Cancelled)**
**Represents business events from 2020-2026**

| | Total | Canada | % | US | % | Other Countries | % |
|---|---|---|---|---|---|---|---|
| Number of Events | -1,347 | -932 | -69% | -307 | -23% | -108 | -8% |
| Number of Delegates | -860,493 | -504,476 | -59% | -245,343 | -29% | -110,674 | -13% |
| Direct spending | -$748.15M | -$279.98M | -37% | -$322.63M | -43% | -$145.54M | -19% |

**Business Events for 2020: Data as of July 31, 2020 (Reported Cancelled 2020)**

| | Total 2020 | Canada | % | US | % | Other Countries | % |
|---|---|---|---|---|---|---|---|
| Number of Events | -1,236 | -863 | -70% | -277 | -22% | -96 | -8% |
| Number of Delegates | -777,676 | -473,833 | -61% | -200,164 | -25% | -103,679 | -13% |
| Direct spending | -$662.53M | $262.98M | -40% | -$263.21M | -39% | -$136.34M | -20% |

This shows reported cancellations of planned events in 2020 that make up 58% of the total confirmed business events, 65% of the total expected delegates and 71% of the direct delegate spending. Compared to the planned events, the 2020 reported cancellations 25% of delegates are from international organizations (16% US and 9% other countries).

### Business Events for 2021-2026: Data as of July 31, 2020, Business Events (Reported Cancelled 2021-2026)

| | Total 2021-2026 | Canada | % | US | % | Other Countries | % |
|---|---|---|---|---|---|---|---|
| **Number of Events** | -111 | -69 | -62% | -30 | -27% | -12 | -11% |
| **Number of Delegates** | -82,817 | -30,643 | -37% | -45,179 | -55% | -6,995 | -8% |
| **Direct spending** | -$85.62M | -$17.01M | -20% | -$59.41M | -69% | -$9.20M | -11% |

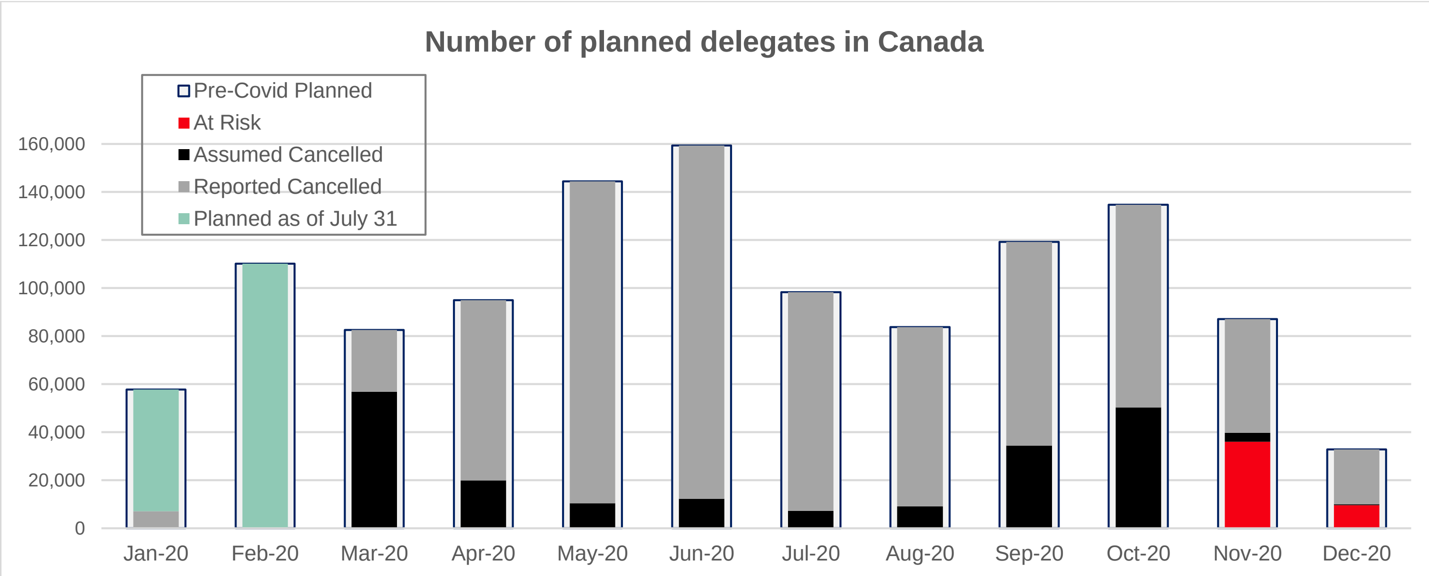
The ripple effect of cancellations in future years (2021-2026) is also noted in the tables above, as several international conferences are booked up to five years in advance. As a result of having to move conferences from 2020 to 2021, this has caused contract issues over multiple years, as well as Canada being cancelled and possibly rebooked in future years. While these cancelled business events by Canadian organizations represents 62%, the organizations from US and other countries represent the majority (63%) of the delegates-noting a further impact to international business events.

**1. B. Non-Pace Partners:** We also received cancellations from an additional 13 non-Pace partners. For 2020, this represents a total of 898 events and 12 events for 2021-2022, representing a total 209,837 delegates who would have spent $186.94M 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 to October 31, 2020, we estimate an additional 485 events (representing nearly 210,000 delegates and $141.66M in direct delegate spending) were cancelled or postponed. Some of the cancellations may have not yet been reported for March–October due to active postponement discussions between partners are event organizers. Due to the uncertainty in restrictions and long planning cycles we have additionally estimated that international delegates will not travel from November–December 2020.

### DC Estimate as of August 20, 2020 (Cancellations not yet confirmed)

| | Number of Events | Number of Delegates | Direct Spending |
|---|---|---|---|
| **March** | -89 | -56,773 | -$34,002,575 |
| **April** | -43 | -20,289 | -$12,996,995 |
| **May** | -41 | -11,390 | -$7,861,970 |
| **June** | -50 | -15,029 | -$11,972,375 |
| **July** | -21 | -7,202 | -$4,479,710 |
| **August** | -28 | -9,083 | -$8,053,705 |
| **September** | -83 | -35,293 | -$22,659,535 |
| **October** | -113 | -50,648 | -$37,314,760 |
| **November** | -13 | -3,713 | -$4,882,595 |
| **December** | -4 | -335 | -$440,525 |
| **Total** | -485 | -209,755 | -$144,664,745 |




- Due to the current travel and mass gathering restrictions in place, DC has estimated the remainder of events scheduled for September and October to be lost, along with international events to year end 2020.
    - Of the 213 business events still on the books that DC has considered cancelled, 34% are from international organizations (US and other countries). These events have 22% the delegates arriving from outside of Canada.

- At-risk are the events for November to December 2020:
    - The events originally planned represent more than 115,000 delegates, 202 events and approximately $87.65M in direct spending. These remaining events represented another 10% of 2020's planned events and nearly 116,000 delegates (10% delegates).
    - Of these November and December 2020 events, 49% have already reported cancellations, 19 are from internationally based organizations (US and other countries) which may be taking a "wait and see" approach to cancel the events dependent on restrictions. At this time, we are assuming they are cancelled due to gathering restrictions, potential border closures and uncertainty of air service.
    - The remaining 79 Canadian events are at risk for cancellation. Over the next few weeks, we will have more clarity on these events as their hotel and venue negotiations and agreements are likely to be more 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 as many organizations have halted travel, while restrictions on gatherings remain in place. Organizers are focused on rebooking 2020 events for future years.

COVID-19 has also had an impact on tentative business events from 2021-2025 as organizations evaluate their future events planning cycles and displacement of 2020 business events into future years causes displacement or cancellation of the need to bid for future years. These additional 68 business events represent, approximately 48,472 in delegates. More than half (60%) of the business events are from internationally based organizations.

### 3. Postponement or rebooking of events planned for 2020

DC is 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 of 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 2026. These rebooked events will likely displace other potential events in the pipeline that have not yet been confirmed.

As of July 31, 2020, 268 business events representing 159,850 delegates and $150.84M have been rebooked for future years (2021-2026). Of these, 42% of the events are international organizations and 51% of delegates (81,745 delegates) are from US and other countries (54% and 46% respectively), which would represent nearly $107.50M 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 or 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 rebooked in later years.

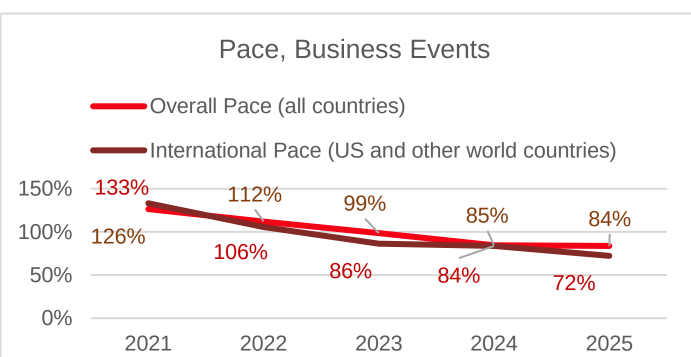
This ripple effect can already be seen in the most recent Pace Report (data as of July 31, 2020).

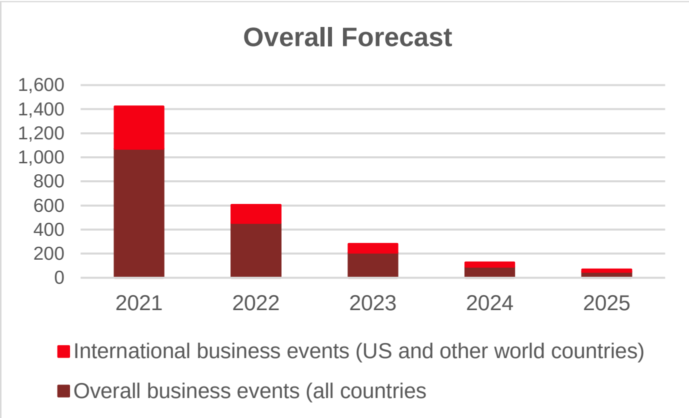
Thus far, the reported overall rebooked business events for 2021-2026 represents 20% of cancelled events. In comparison, international organizations have rebooked 28% of cancelled international events in Canada.

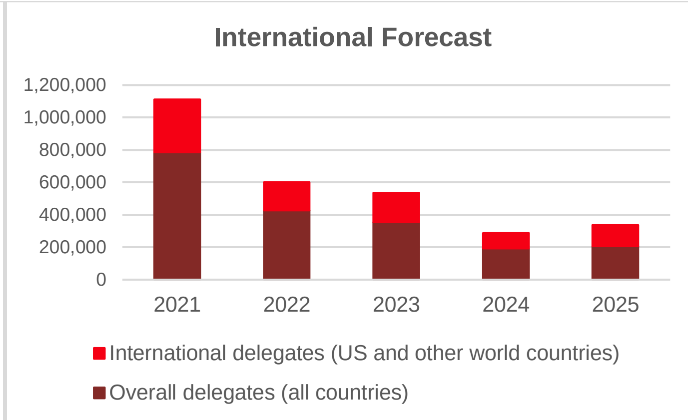
According to the Pace Report participants, 17% of cancelled business events that are considered cancellations have already indicated they will postpone to future years. Partner discussions indicate this number is higher, however, not all destinations are consistently reporting postponed (not yet rebooked) events. This will continue to be monitored.

**Outlook**

Prior to COVID-19, 2022 and 2024 were showing to be softer years both in terms of number of events and delegates attending these events. However, as we see postponements and rebooking occur 2021 and 2022 are now both pacing ahead and on par respectively for this time of year 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 possible trend in smaller meetings. Overall, 2023-2025 is pacing behind normal levels, a direct indication of the slowdown of event bookings. This will continue to be monitored as the situation evolves.




Of note, from an industry sector perspective, most of the events booked for 2022 and beyond are in the life sciences sector. Data is representative of 50% of booked events for future years as not all destinations are reporting industry sector specific information.

*Sources*:

[1]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
[2] National Post, March 16, 2020
https://nationalpost.com/news/canada/trudeau-travel-restrictions-ban-coronavirus-covid19-canada
[3] CTV News, August 28, 2020
https://www.ctvnews.ca/canada/canada-extends-covid-19-restrictions-on-international-travel-until-sept-30-1.5083624
[4] US State Department, August 20, 2020
https://travel.state.gov/content/travel/en/traveladvisories/traveladvisories.html/
[5] Government of Canada, July 20, 2020 updated
https://www.canada.ca/en/public-health/services/diseases/2019-novel-coronavirus-infection/health-professionals/public-health-measures-mitigate-covid-19.html#mg
[6] Province of Saskatchewan, March 20, 2020
https://www.saskatchewan.ca/government/health-care-administration-and-provider-resources/treatment-procedures-and-guidelines/emerging-public-health-issues/2019-novel-coronavirus/public-health-measures/mass-gatherings
[7] Province of Nova Scotia, March 22, 2020
https://novascotia.ca/coronavirus/#alerts
[8] Professional Convention Management Association, June 2020
https://www.pcma.org/pcma-covid-19-recovery-dashboard-results-june-15-18/
[9] NorthStar Meetings Group, August 26, 2020
https://www.northstarmeetingsgroup.com/News/Industry/Weekly-Survey-Tracking-Coronavirus-Meetings-Response
https://www.northstarmeetingsgroup.com/uploadedFiles/Pulse-Survey-July-15-2020.pdf
[10] Destination Analysts, July 14, 2020
https://www.destinationanalysts.com/2020meetings/
[11] IACC Meeting Room of the Future 2020
https://www.iacconline.org/docs/MRoTF_infographic_2020.pdf
[12] EventsMB July 16, 2020
https://www.eventmanagerblog.com/attendee-engagement-virtual-events
[13] Destination Analysts Coronavirus Travel Sentiment Index Study
https://www.destinationanalysts.com/covid-19-insights/coronavirus-travel-sentiment-index-report/
[14] Incentive Research Foundation, August 6, 2020
https://theirf.org/research/irf-pulse-survey-covid-19s-impact-on-the-incentive-travel-industry-july-2020/2835/
[15] PCMA Business Events Global Compass Report, July 2020
[16] GES, August 2020
https://insights.ges.com/refocus-reinvent-reconnect/key-segments-for-planning-your-next-show-infographic?utm_source=3rd-party&utm_medium=referral&utm_campaign=re-campaign&utm_content=news-release