

Strategies for mitigating COVID19's impact on events

5 key lessons shared for independent event organisers

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Summary.

Mayfield Merger Strategies held a series of group calls on week ending 20th March 2020 with several independent event organisers to understand and share best practice around the COVID19 crisis. These lessons learned have been distilled into 5 key strategies for mitigating the impact of COVID19 on UK and international events.

1. Respect your exhibitors and industry

- When postponing events, organisers have found that initiating **personalised, clear and frequent communications** with exhibitors and visitors will ensure that you can retain their respect. Experience dictates that you should call each exhibitor to field any questions before announcing a postponement to the industry at large. This way you can keep clients on side and avoid any backlash from a client being surprised an event is not happening via the rumour mill or the media. Alerting exhibitors earlier earns appreciation by giving clients latitude to get ahead of the game and make savings on items such as rebooking hotels whilst the rates are cheaper.
- **Some organisers have become unstuck by putting profit ahead of safety and respect for their community.** Exhibitors will not thank organisers for risking their health or their investment in shows during the crisis, and long memories will ensure that brands will suffer in the future. There is evidence to show that financial motives will backfire, with exhibitors seeking refunds because of poor results from shows that they have been forced to exhibit at and taking to social media to enlist support.
- **Many organisers are actively partnering with their industry to share the pain** by providing a range of positive alternatives to cancellation. They are rolling over part or full contracts and deposits to new dates, next year's show or alternative media offerings. By working in the best of interests of exhibitors, organisers are finding that drop-out and full cancellations are being kept to a minimum. Variation of payment terms for customers, for example monthly invoicing, help exhibitor cash flow.
- **Prospective exhibitors are conscious that events may be postponed again** if things do not improve and will not want to risk making deposits on a show that could be cancelled. Sales teams are deferring deposit payments until later in the year to get new contracts in now and overcome objections.
- **Treat customers evenly and fairly.** Organisers are waiting until the dust settles before offering any special deals in the knowledge that deals will be leaked. Where the response has been vitriolic from a small number of exhibitors, organisers have understood that these often-smaller businesses are also working to protect their cash position. In such cases, organisers have found that reaffirming that they are protecting exhibitors' investments by working hard to support the industry is a good strategy.
- **Language is important.** Those who have already been through the process have been at great pains to use the term postponement, and not cancellation. There is no legal definition on what constitutes an event postponement, but organisers should be cautious that simply moving to the next year's dates may feel like a cancellation common-sense wise and could risk legal proceedings from clients. Taking legal advice on your Terms and Conditions is recommended.

2. Global trends and factors specific to your industry will affect your show

- Industry eyes are now trained on running shows in Q3/Q4 2020, following an expected pick-up in the consumer economy from August. However, when selecting new dates, **a key focus for organisers has been how long their particular industry segment's economic lag might be?** In any case, some organisers are choosing to postpone until Q1/Q2 2021 because of unattractive new dates being offered by venues, as well as fears that exhibitors will not support 2 shows in close succession.
- Where investment in an industry segment is likely to be locked-up well into 2021, organisers are actively thinking about how they can **reboot their value proposition** to lead their sector by supporting their community with education, networking and innovative content.
- **Some faster moving industries are expected to experience a sharper v-shaped recovery with such clients desperate** to keep pipelines full. Organisers are stepping in with new on-line, data driven or consultancy opportunities to fill the gap.
- **The fluid nature of government advice over recent weeks has made it unreliable as a basis for decision making.** Just a few weeks ago the UK government was actively promoting business as usual, catching out some organisers planning events in mid-March, who have found that a legal justification to run an event does not necessarily support a moral one. Participants acknowledged that tomorrow's events will be the ones that support their industries today.

3. Focus on internal operations and your team

- **The lesson learned in 2008 was cash is king.** The same lesson applies, and independent organisers focussed on survival are maintaining a laser focus on their cash flow.
- Some directors are choosing to **be open with their team**, who are often as emotionally invested as founders, and have useful cultural or demographic perspectives to bring the table.
- **Prepare for the worst, hope for the best.** Initial forecasts of a like-for-like 40% drop in audience and revenues for postponed shows in Q3/Q4 2020 and Q1/Q2 2021 have been cited in some corners. In truth, nobody quite knows what will happen and even some of the larger corporates have given up forecasting for now. However, costs need to be managed - and whilst this will be unpalatable – some organisers are reviewing overhead costs. The experience to date is that some teams are accepting cuts to protect the sustainability of the business.
- New dates are causing event businesses to think carefully over whether they **can maintain a full portfolio over a revised or tighter schedule?** International portfolios may be logistically impossible to run in tight succession.

4. Embrace new competitive and collaborative opportunities

- **Organisers are actively reviewing how competitors are dealing with the situation before announcing their own plan.** Lessons are being learned from how communities react to announcements made by others. The experience is the longer the lead time you can give exhibitors the better, and that exhibitors may not take kindly to a cancellation during build-up.
- **The new hyper-compacted show schedule in Q3/Q4 2020 is intensifying competition.** Exhibitors are making marketing decisions against a backdrop of lots of competitive events within a short space of time and competitive events occupying the same datelines. The feeling is that this could well cause an industry shake-out, with some events being cancelled altogether.
- Competitive events are **reviewing collaborative, collocation or merger opportunities** to survive. The advice is to ensure that the commercial terms work and that key assets such as valuable tenancy slots are leveraged as part of the negotiation. Organisers are being told to pick partners wisely since many potential partners of course have scruples... but some don't!

5. Work hard to get the best from suppliers and venues

- Some **venue cancellation policies are appearing to vary** depending on an organiser's individual size and circumstances. Those organisers who have a portfolio of shows with a given venue appear to be getting the best terms.
 - Whilst many venues are receptive to the idea of rolling over tenancies and deposits to new dates, there are cases where **some venues are refusing to roll-over deposits** and are pocketing up to 90% upon cancellation. In such cases organisers are reaching out to others to fight their corner together. Hotels in particular are trying hard to hold on to deposits.
 - Organisers have found that that **communicable diseases have been exempt from insurance policies** in the main since the SARS outbreak. The recent situation where governments had not (yet) shut venues and organisers chose to cancel has made claiming doubly challenging. It is understood anecdotally that some insurers may be open to negotiation, especially when an event is postponed to a new date if they can then mitigate their liability later on.
 - Finally, participants were at great pains to highlight the **continued support of small suppliers** who are reliant on being paid on time. Not only are small suppliers the lifeblood of the industry, this also makes sense from a business sustainability point of view, as demonstrated by one organiser who noted that his rebooking agency normally secures 74% of a show's annual revenue to his business.
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