



R.I.F.E.L.

Research Institute for Exhibition
and Live-Communication

fwd:

COST INFLATION TRENDS EVENTS / EXHIBITIONS / TRADE FAIRS 2022

META-STUDY (Summary)

A R.I.F.E.L. e. V. Study for fwd:
German Federal Association of Event Management Industry e. V.

June 2022



EXECUTIVE SUMMARY

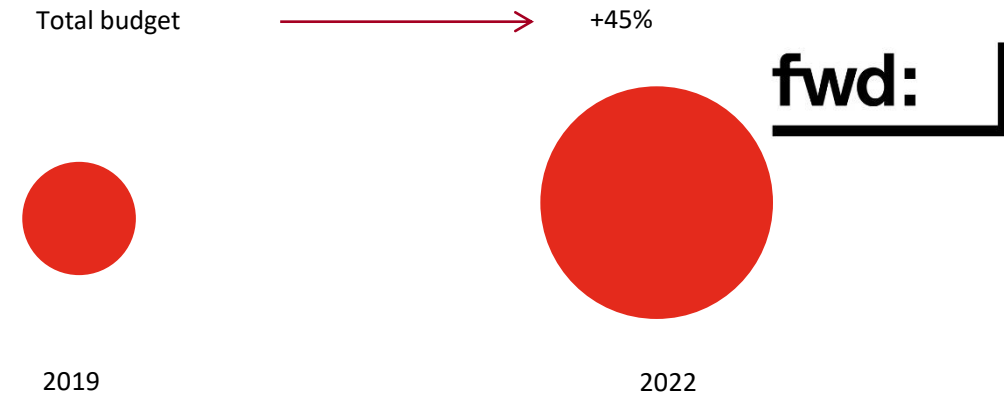
Everything is getting more expensive.

The current inflation does not stop at events and trade fairs. On the contrary, the entire industry is disproportionately affected by these price increases.

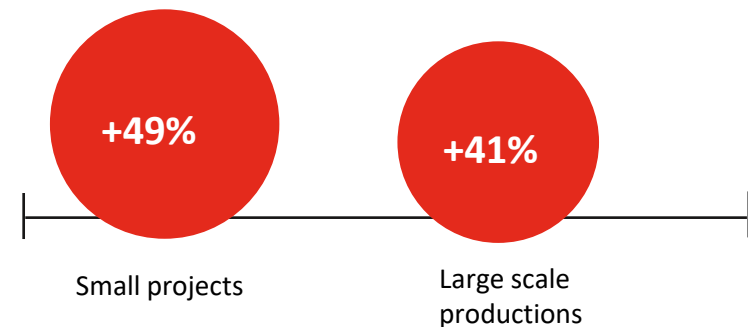
Depending on the event/trade fair format and size, an average of 45% more budget must be made available in 2022 than for a comparable production in 2019 (see Chart 01).

Smaller event/fair projects are disproportionately affected (49% more expensive on average) compared to larger event/fair productions (41% more expensive on average) compared to 2019 (see Graph 02).

Grafik 01 costing trend 2019 vs. 2022



Grafik 02 Comparison of price increases for small vs. large productions



EXECUTIVE SUMMARY II



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The reasons for inflation are multidimensional:

The demand for live trade fairs/events is currently rising sharply.

The live event season has shortened from a usual 12 month period to probably just 6 to 8 months.

The increased demand in the shorter period hits fewer providers and lower market capacities.

Increased hygiene requirements continue to lead to higher costs at events.

General cost increases from raw materials to transport costs have an impact on production costs.

Staff capacity shortages in all trades have become an extreme bottleneck and lead to increase personnel deployment costs.

Supply chain disruptions require complicated bypasses, requiring to additional work for the trades involved, which lead to price increases.

EXECUTIVE SUMMARY III

The impact of inflation:



fwd:

01

Demand will also remain high in perspective for 2023. After years without, the emphasis is still on live events.

04

Digital formats that have proven their worth will remain in place and will continue to be implemented more intensively.

02

Contracting companies assume further cost increases and try to secure conditions in long-term framework agreements (5-year terms).

05

Customers are increasingly investing in sustainability (advice/measures).

03

EUR 1,000 has established itself as the lowest limit for project manager daily rates. Senior/creative/digital specialists are significantly higher.

METHODOLOGY

The R.I.F.E.L. In this meta-study, the institute examined the cost increases of live event and trade fair formats from 2019 to 2022 using various sample calculations.

Experienced event/trade fair project managers were asked to recalculate comparable live formats with available calculations from 2019 for 2022. These are recurring, requested or already implemented projects in 2022.

The calculations were averaged to provide an indication of cost increases. The reasons for the cost increases were worked out in focus group discussions and compared with indices.

This was preceded by a quick survey by fwd: Bundesverband Veranstaltungswirtschaft e.V. on the challenges facing the industry when it restarted at the beginning of March 2022.

http://rifel-institut.de/fileadmin/Rifel_upload/3.0_Forschung/20220316_fwd_RIFEL_Studie_RESTART.pdf



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↓ Result
Reasons for inflation

1. INCREASED DEMAND FO LIVE



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Digital events of the last two years have left their mark. ZOOM Fatigue spreads. Participants are ZOOMed out.

Digital formats have proven themselves to further expand already existing relationships. To build new (customer) relationships, the focus is on live.

Working from home means that employees no longer meet in the office. There is a lack of informal exchange, the bond with the employer is weakened. Hence the focus is increasingly on employee and managerial live events.

In the summer months of 2022, almost twice as many trade fairs will take place as in 2019.

Business travel is slowly picking up again.


Result: The demand for live events is stronger than ever. The R.I.F.E.L. Utilization index reflects full speed ahead.

SHORTER EVENT SEASON



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Reduction of the live event months from 12 to probably 6 to 9. Due to the Corona winter break and the expectation of recurring restrictions for events in the coming winter. This will limit the effective period for live events from April to September/October.



Result: During this period, there will be a significantly increased demand for all live event trades (agencies, location, technology, catering, etc.).

3. FEWER COMPANIES IN THE EVENT INDUSTRY



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Even if the exact insolvency figures are not yet clear, the LiveCom Alliance European Industry Survey (R.I.F.E.L. 2021) - showing a 68.4% decline in sales and 54.5% loss of employees - suggests that many event industry companies had to give up during the pandemic.

TURNOVER DECREASE

-68,4%

EMPLOYEE DECREASE


-54,5%

Result: Increased live event demand meets fewer live event providers of all required services.

4. EXISTING & DESIRED HYGIENE REQUIREMENTS

REMAIN IN PLACE

Hygiene concepts remain in force even after the restrictions have been lifted. Due to the possibly short-term reintroduction of hygiene requirements on the one hand and the (perceived) safety of the participants on the other.



Result: Increased costs due to hygiene concepts, greater space requirements to maintain minimum distances, personnel and material costs for cleaning/disinfection/admission controls, data collection, hygiene products, medical support, etc.



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5. DOWNSIZING IN ALL INDUSTRIES

The LiveCom Alliance European Industry Survey (R.I.F.E.L. 2021) found a 54.5% decrease in employee numbers in the specialist area alone. Together with the challenges caused by the Ukraine war, there is a bottleneck, especially in the area of unskilled workers in the lower wage segments. Another effect is the minimum wage increase.



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Result: The job market is completely deserted - service staff for caterers, assembly helpers for exhibition stands, stage hands for stage constructions are only available with extreme price surcharges - if at all.

An unforeseeable wage/price spiral is developing.

6. DEMANDS ON AGENCIES AND SUPPLIERS ARE INCREASING



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Nowadays clients expect agencies to be ISO 9000 quality certified, guarantee TISAX and IT security and be sustainability certified. Company investments for hygiene training and education, new technologies, sustainability management (to name just a few) are exploding...

Additionally high level of digitization requires large investments in IT systems and staffing qualifications.



Result: Suppliers/agencies are forced to allocate these costs to the project manager billing rates.

7. GENERAL COST INCREASE

The event industry is being hit disproportionately hard by all of the current cost increases.



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Result:

The massive cost increases for heating oil/fuels are directly reflected in the transport and energy costs. The increased cost of vegetables and meat are felt in catering. The increased costs for building materials have an impact on stage/set construction in terms of material procurement and intermediate goods. Additionally, the worldwide shortage of computer chips makes event/streaming technology etc. more expensive.

8. B2B TAXATION CHANGES



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On January 1st, 2022, the sales taxation of travel services also changed for event agencies (B2B margin tax / TOMS = Tour Operator Margin Scheme). Travel services included in events (e.g. hotel / transfer) are no longer subject to standard taxation. Sales tax when purchasing these services is no longer deductible. Even worse: Travel services included in packages have a trigger effect on many other external services, the input tax for which is no longer deductible as a result.

Result:

The result is a gross-for-net billing to the clients, which leads to an additional increase in the price of external services in the event area of 7-19% for inbound and possibly even higher for outbound event productions.

9. NO MORE PITCHES: SINGLE SOURCING



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In order to secure the capacities in the market, more and more companies are doing without the classic pitch process (92% direct award). Pitches no longer play a role in the selection of agencies and service providers in the event and trade fair sector. The high utilization of agencies and stand builders means that no capacities can be made available for pitches. Projects are now awarded after “just” a request for information and chemistry meetings. Subsequently, joint definition of the scope of service (strategy, creation and implementation), negotiation of daily rates / surcharges on third-party costs (external costs) and value protection based on consumer price index for multi-year contracts are decided upon.

Result:

Direct awarding (single sourcing) has established itself in the market for small, medium-sized and large projects lasting several years. While many industries have already changed their sourcing policies, individual industries have only been tackling these changes since April 2022.

THE CONSEQUENCES FOR LIVE EVENTS / EXHIBITIONS I



fwd:

01

Live is used in a more targeted manner with more generous budgets.

02

Companies continue to bank on digital formats and hybrid event strategies (the sustainable combination of digital and live formats).

03

ROI is becoming more and more important - data driven event management is gaining ground - the integration of live into the customer journey.

THE CONSEQUENCES FOR LIVE EVENTS / EXHIBITIONS II



fwd:

Daily rates.

1000 EUR is now the absolute lower limit for a trade fair/event project manager daily rate. Senior project managers/creative directors/directors/specialists such as in participant management are significantly higher.

Framework agreements with terms of 5 years prevail - combined with price increase clauses / inflation adjustments.

THE CONSEQUENCES FOR LIVE EVENTS / EXHIBITIONS III



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Sustainability.

Sustainability is becoming an integral part of all trade fair/event concepts.

The effort shifts here - agencies have to spend more time creating and implementing event sustainability concepts. **Clients use approx. 5% of their entire event turnover to buy-in sustainability consultancy and/or control services.**

At the other hand, consistent implementation of sustainability concepts can also lead to savings in many trades and thus actively reduces cost increases.

THE CONSEQUENCES FOR LIVE EVENTS / EXHIBITIONS IV



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Project planning and deadlines.

Due to the workload in all supplier areas, the necessary lead times/order deadlines to ensure availability are increasing. In particular, the advance planning period for assembly personnel in the trade fair area is well over 60 days in 2022.

Building materials for trade fairs/decoration (metal, wood, glass, ...) but also AV technology and rental furniture have significantly longer delivery times than in 2019.

Due to the experience of the last few years (last-minute project cancellations), suppliers tend to overbook their capacities.

4 different live event formats to illustrate the cost increases from 2019 to 2022



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01

Consumer event for
250 PAX

02

Employee event for
600 PAX

03

Company event for
1.500 PAX

04

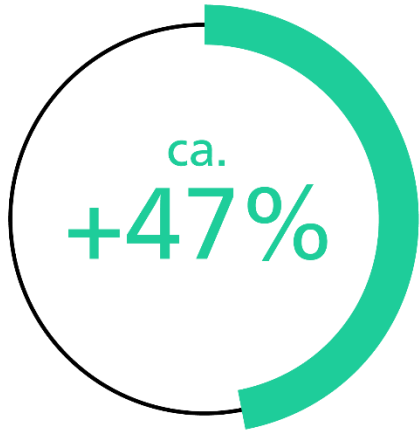
Exhibition

System-based stands approx. 200 sqm
and non-system-based stands approx.
500 sqm

EVENT FORMAT:
CUSTOMER EVENT 250 PAX
COST INFLATION 2019 VS 2022

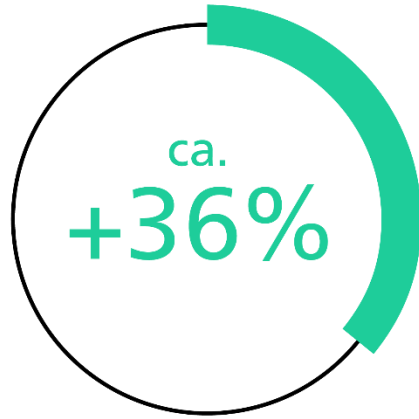


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Staffing

e.g. drivers, hosting,
security & project
management



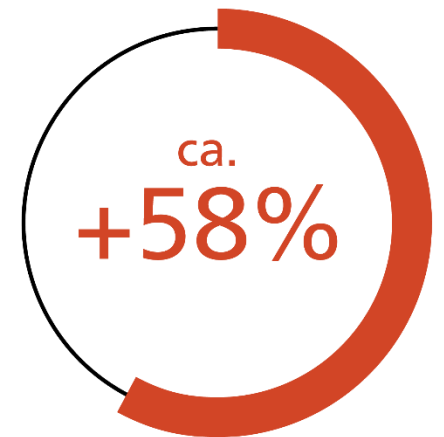
Content

e.g. speakers,
moderators, artists,
video & communication
devices



Production

e.g. venue, logistics,
A/V, construction &
catering

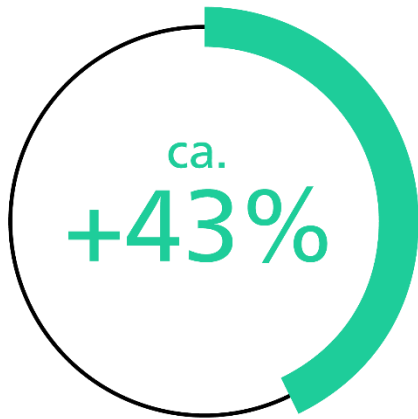


Total

EVENT FORMAT:
EMPLOYEE EVENT 600 PAX
COST INFLATION 2019 VS 2022

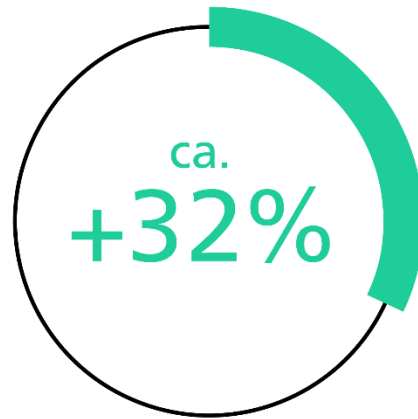


fwd:



Staffing

e.g. drivers, hosting,
security & project
management



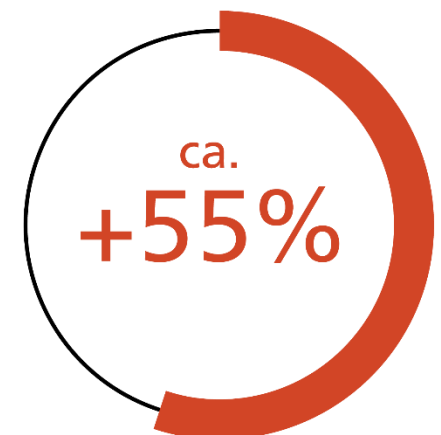
Content

e.g. speakers,
moderators, artists,
video & communication
devices



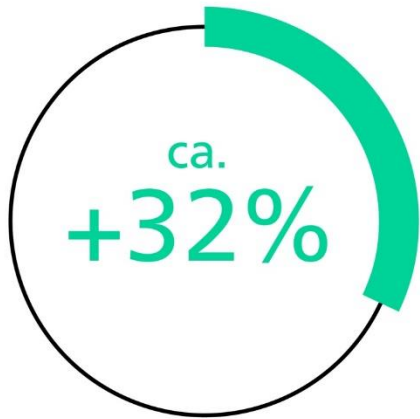
Production

e.g. venue, logistics,
A/V, construction &
catering



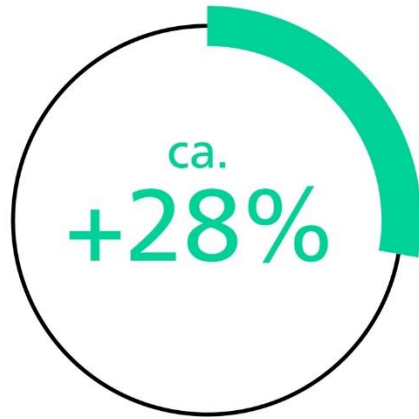
Total

EVENT FORMAT:
COMPANY EVENT 1.500 PAX
COST INFLATION 2019 VS 2022



Staffing

e.g. drivers, hosting,
security & project
management



Content

e.g. speakers,
moderators, artists,
video & communication
devices



Production

e.g. venue, logistics,
A/V, construction &
catering



Total

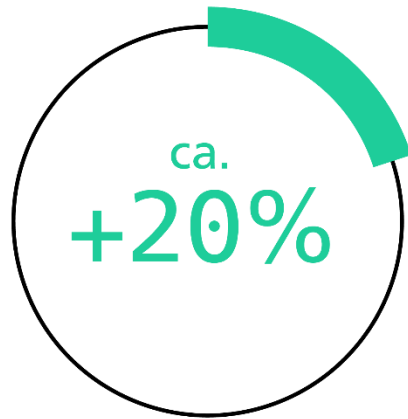
EXHIBITION / TRADE FAIR:
SYSTEM BASED CA. 200 SQM
COST INFLATION 2019 VS 2022



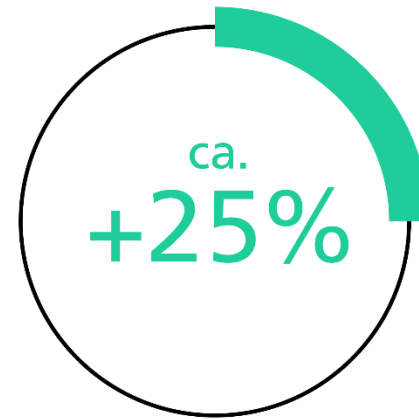
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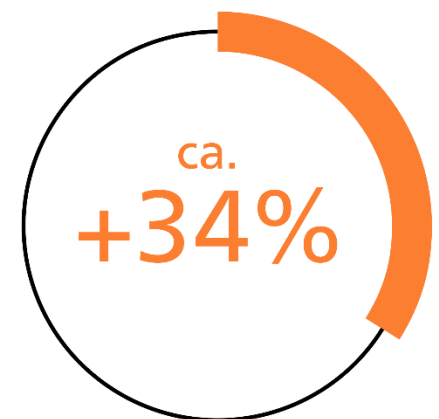
Staffing



Material procurement
Venue rent



Transport / Logistics

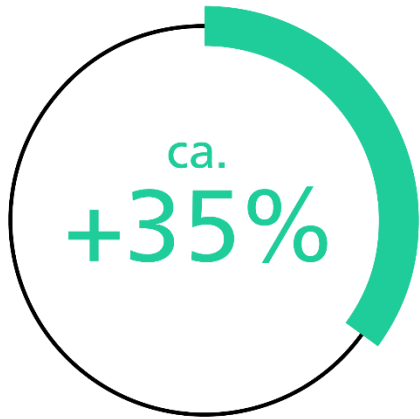


Total

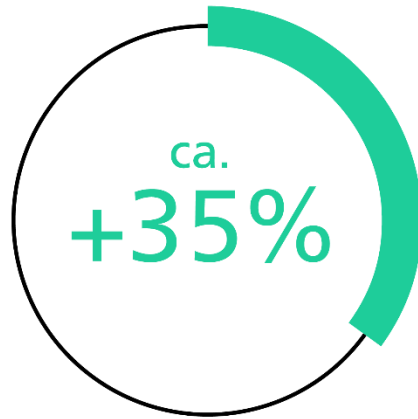
EXHIBITION / TRADE FAIR:
TAILOR-MADE CA. 500 SQM
COST INFLATION 2019 VS 2022



fwd:



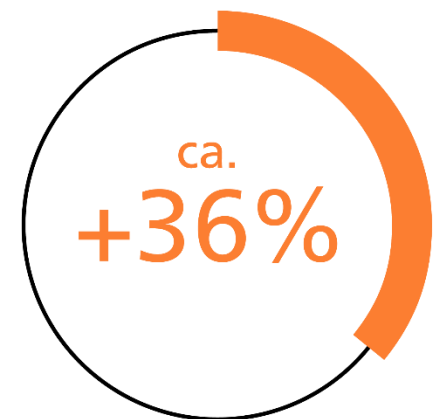
Staffing



Material procurement
Venue rent



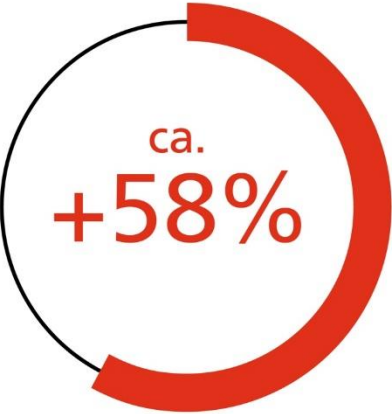
Transport / Logistics



Total

SUMMARY

EVENT COST INFLATION
2019 VS 2022



CUSTOMER EVENT
250 PAX



EMPLOYEE EVENT
600 PAX



COMPANY EVENT
1.500 PAX

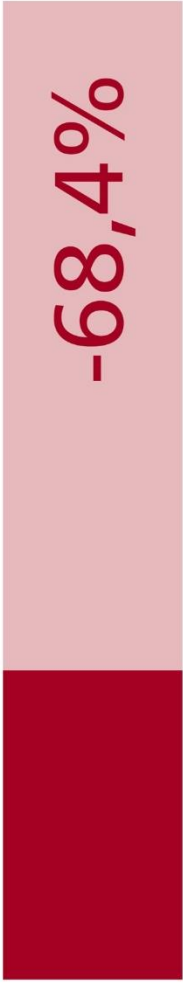
EXHIBITION / TRADE FAIR
COST INFLATION
2019 VS 2022



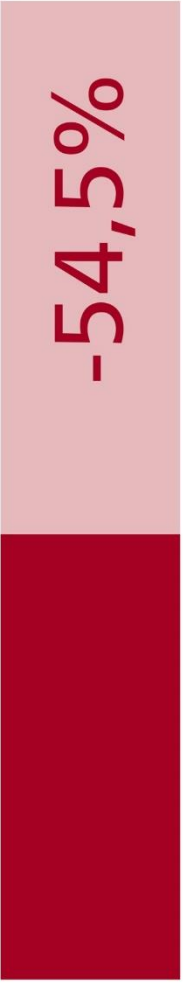
SYSTEM BASED
CA. 200 SQM



TAILOR-MADE
CA. 500 SQM

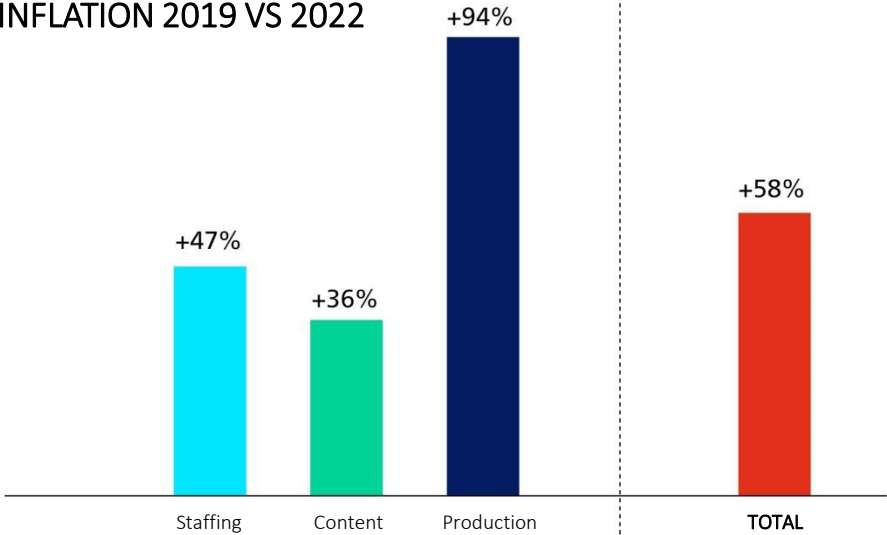


TURNOVER
LOSS



EMPLOYEE
DECLINE

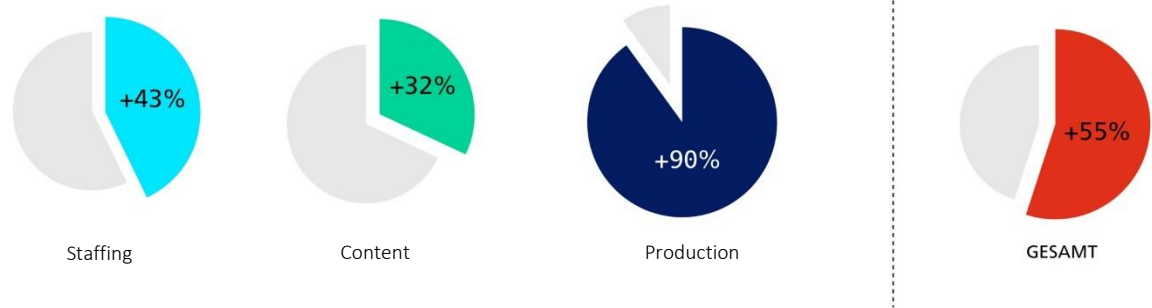
EVENT FORMAT:
CUSTOMER EVENT 250 PAX
COST INFLATION 2019 VS 2022



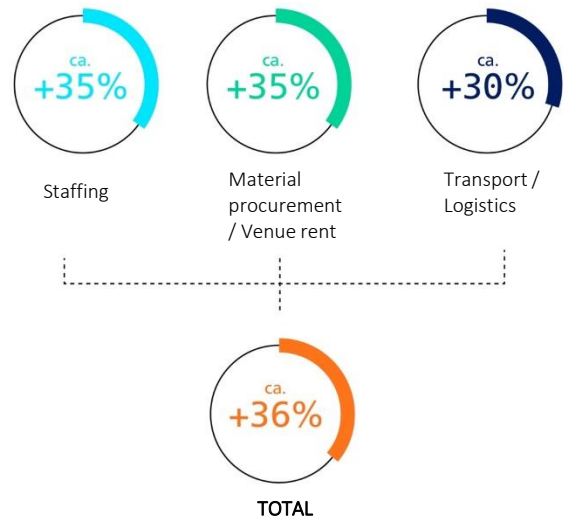
EXHIBITION / TRADE FAIR:
SYSTEM BASED CA. 200 SQM
COST INFLATION 2019 VS 2022



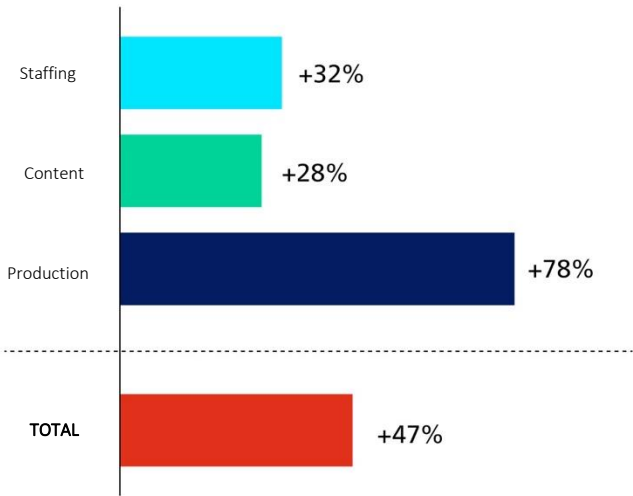
EVENT FORMAT:
EMPLOYEE EVENT 600 PAX
COST INFLATION 2019 VS 2022



EXHIBITION / TRADE FAIR:
TAILOR-MADE CA. 500 SQM
COST INFLATION 2019 VS 2022



EVENT FORMAT:
COMPANY EVENT 1.500 PAX
COST INFLATION 2019 VS 2022



CONTACT



Alexander Ostermaier
Treasurer R.I.F.E.L. e. V. / Management fwd:

R.I.F.E.L. e. V.
Markgrafenstr. 88
D-10969 Berlin
Alexander.Ostermaier@forward.live

www.rifel-institut.de