LIVECOM ALLIANCE EUROPEAN INDUSTRY SURVEY

Current state of the European Live Communication Market

A survey of the R.I.F.E.L. e.V. on behalf of the LiveCom Alliance
June 2021

European Institute for
Live Communication

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Current state of the European Live Communication Market

This study is the fifth European Industry Survey by LiveCom Alliance and the second study conducted by R.I.F.E.L., systematically exploring the current state of the live communication industry across different European countries in terms of its structure, characteristics, revenues and employees. As a result of the Covid-19 pandemic the live communication industry's dynamics have been abruptly disrupted. In the ongoing pandemic situation, companies have been facing a myriad of challenges while navigating through the crisis. In light of this, the study aims at both gaining an understanding of the impact of Covid-19 on the industry, and giving a cautious forecast for the future of the sector.

More precisely, the survey covers contents such as:

- Covid-19 pandemic situation (e.g. instruments, governments support measures, business and Covid-19-Pandemic)
- Percentage of different forms of live events (e.g. employee-, public-, corporate events, etc.)
- Live communication agencies' projects, turnovers and budget trends
- Employees, working from home and employees competencies

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Current state of the European Live Communication Market

1 Key findings

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Current state of the European Live Communication Market

Key findings – in a nutshell

livecom alliance.eu
1.058
Member agencies

€ 3,9b*
Sector turnover
2,6b**
- 68,4 %

37.770*
Employees
24.990**
- 54,5 %

70.000*
Projects/year
46.200**
- 68,5 %

Budget Trends

Budgets are expected to return to Pre-Corona Levels in 2023

Future Outlook

Increasing Working from home –Trend

New Business Models/ Digital Culture

Ø 66
Projects per year
- 68,5 %

37,6 %
Compansation rate of government support instruments

> 60 %
Online/Hybrid-Rate for Conferences/ Staff Events

76,0 %
Percentage government-funded short-time-work

50,5 %
Working from home-Rate

change compared to 2019 xx,x %

* 3 additional associations with 358 members were included in 2020
** Extrapolation based on the same sample structure as in 2019

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Key findings

The results are based on a sample of 298 companies that represent a total of 1.058 live communication associations‘ members in the European Live Communication industry.

- The European live communication associations‘ members generate a turnover of € 3,9b and employ approximately 37.770 persons. These numbers still reflect the importance of the sector and the associations‘ members from an economic point of view.
- The intensification of customer relationships, the implementation of digitial formats and managerial agility are the key instruments to face the adverse effects of covid-19.
- Agencies see Covid-19's opportunities in particular in strengthening the digital corporate culture and rethinking their own business model (strategic repositioning).
- In future, creativity, digital competence and self-management competence are perceived to be the most important individual skills to master future demands within the complex environment of the live communication industry.

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Key findings

Live communication agencies - facts and figures:

- € 3,7m turnover (minus of 68,4%) and 35 employees (minus of 54,5%) on average
- 76 percent government-funded short-time-work
- 37,6 percent compensation rate of government support instruments
- 66 projects per year on average (minus of 68,5 percent)
- Budgets are expected to return to pre-corona levels in 2023

- 50 percent working from home-rate in 2020
- One out of three agencies will maintain or intensify working from home
- Good Work-life balance, high levels of efficiency and open-minded leadership and corporate culture are main reasons to maintain or intensify working from home

2 Study design and sample structure

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Targeted companies:	Members of Live Communication associations in eleven European countries
Method:	Online survey
Field time:	Spring 2021
Sample:	298 companies (192 agencies, 78 fair constructors, suppliers, 28 others)
Implementation:	LiveCom Alliance in cooperation with the R.I.F.E.L. institute
Orange Fields/Arrows:	compared to 2019 (xx,x%) /change compared to 2019 xx,x %

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LiveCom Alliance – involved member associations

* Not included in this study

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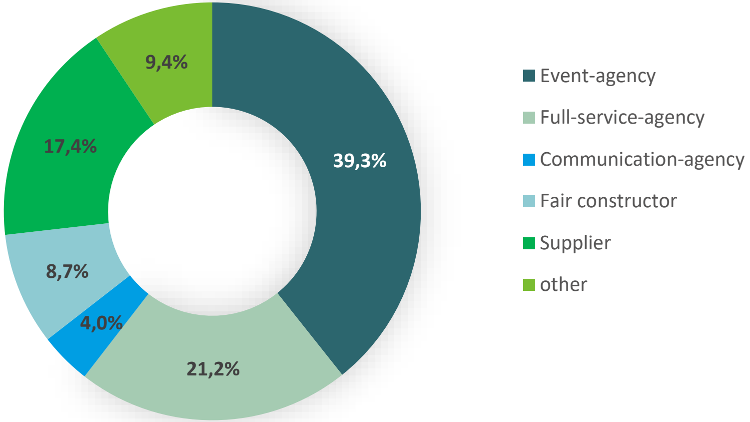
Based on the services that companies offer – what describes your company best?



- Respondents primarily are event-agencies, full-service-agencies or communication agencies.
- About 25 % of the respondents are fair constructors or suppliers.
- Compared with the results from the previous year, fair constructoers, suppliers and others were more strongly represented in the sample.
- **Note:** All companies are hereinafter referred to as agency

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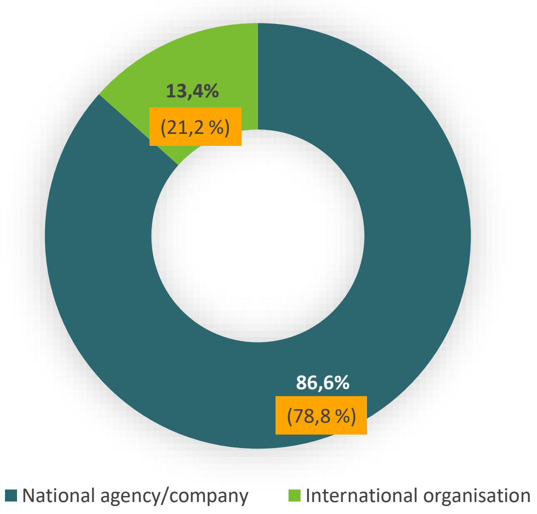
Are you a national company or part of an international organisation?



- More than 85 percent of the respondents are independent national agencies.
- Only about one seventh of the agencies operate on an international level. The headquarters of most of the international operating companies are located in the respective home country.
- The majority of non-European headquarters are located in the USA und Asia.

compared to 2019 (xx,x%) /change compared to 2019 xx,x %

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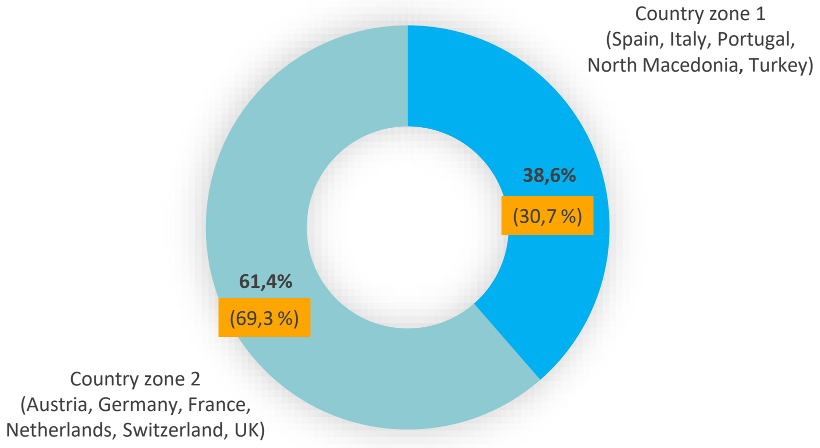
Country zones



- Survey respondents are members of different live communication associations across Europe. Country associations in turn are members of the LiveCom Alliance.
- As in 2019, agencies were assigned to one of two country zones based on their origin to ensure sound research and analysis. Country zones were defined based on the GDP per capita of the respective countries.
- Country zone 1: Spain, Italy, Portugal (GDP per capita: € 23.790) sowie Turkey, North Macedonia (GDP per capita: € 6.285)
  About one third of the respondents are allocated to this country zone.
- Country zone 2: Austria, France, Germany, Netherlands, Switzerland, UK (GDP per capita: € 43.386)
  About two thirds of the respondents belong to country zone 2.

compared to 2019 (xx,x%) /change compared to 2019

* Source: World Bank national accounts data, and OECD National Accounts data files average EuroZone GDP per capita: € 32.350)

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Three agency clusters – Generalization vs. Specialization

As in 2019, three agency clusters were identified. The agency clusters can be characterized by focus of activity and sales focus.

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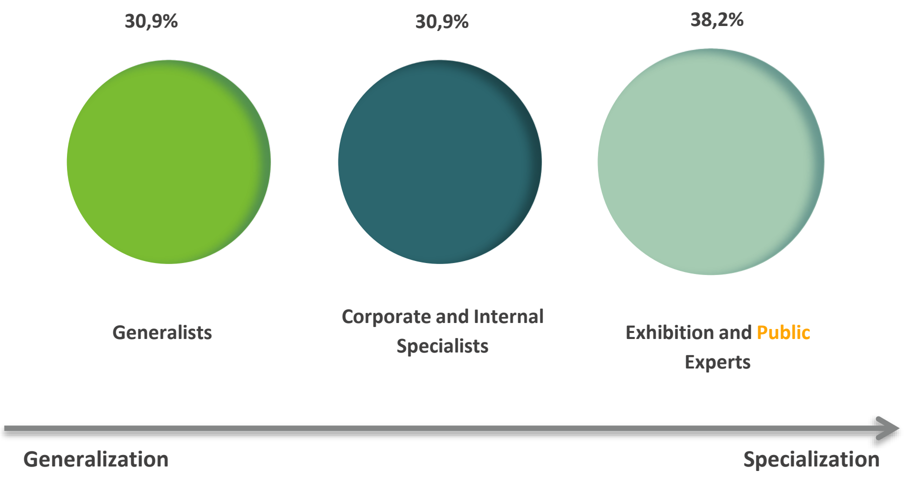
Generalization vs. Specialization – Agency clusters



- Agencies are characterized by different main fields of activity.
- Based on a cluster analysis that considered agencies' activity and sales focus, three agency clusters were identified.
- Each agency can be allocated to either one of the three following clusters:

Cluster 1 – „Generalists"

„Generalists" are characterized by a broad field of activites

Cluster 2 - „Corporate and Internal Specialists"

The „Corporate and Internal Specialists" are characterized by their focus on Corporate Events and Staff Events/internal Events.

Cluster 3 – „Exhibition and Public Experts "

„Exhibition and Public Experts" generate large parts of their turnovers from projects in the area of Fairs and Exhibitions and Public Events

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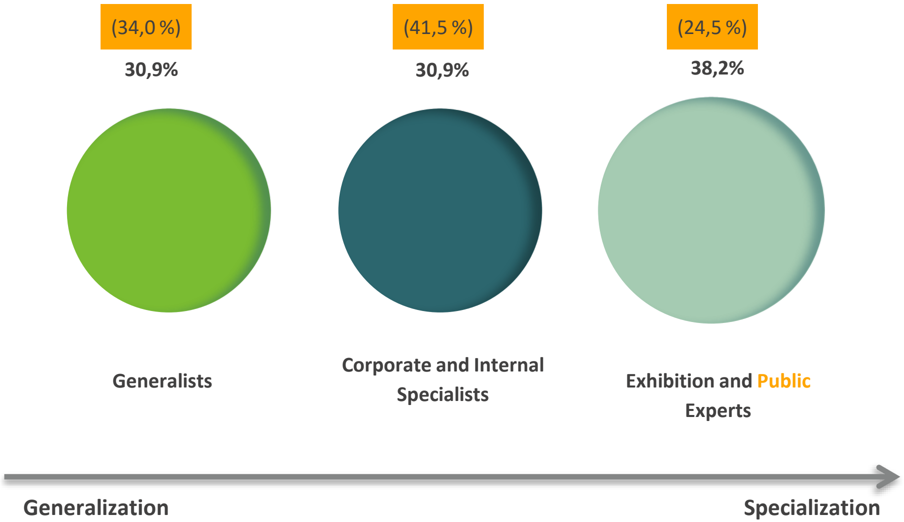
Generalization vs. Specialization – Agency clusters



- Compared to 2019, we see shifts in the share and activity profiles of the clusters. The activity focus is blurring against the backdrop of the Covid-19 pandemic.
- The proportion of Generalists and Corporate and Internal Specialists decreased. The number of Exhibition Experts increased. At the same time, there is no longer a clear focus on trade shows among the Exhibition Experts. Instead, there was a clear shift towards Public Events.
- The phenomenon can be explained in particular by the lack of trade shows, which could only take place to a very limited extent in 2020. Agencies therefore scattered their activities (possibly also in the area of public events – such as small Summer/outdoor Events)

compared to 2019 (xx,x%) /change compared to 2019 xx,x %

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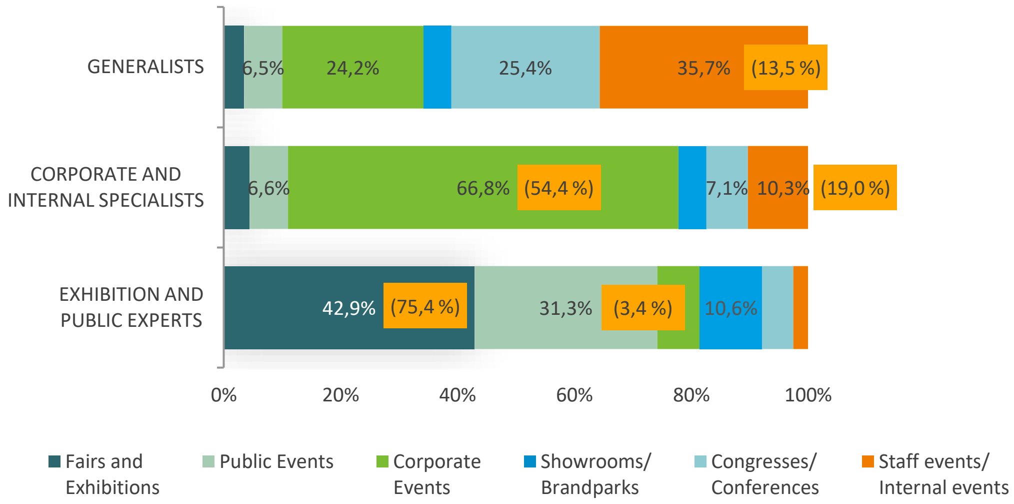
Percentage of revenue in different live communication categories to the total turnover in 2020 in the three clusters



- The revenue distribution between the categories reveals a clear orientation either towards generalization or one of two forms of specializations in the live communication industry.
- Generalists represent a „Jack of all trades“. Revenues are almost evenly distributed between important live communication categories. One focus this year was on staff/internal events (relocation of activities, consulting, digital events)
- Corporate and Internal Specialists mainly work in the field of Corporate and Staff Events – three quarters of the total turnover is generated from activities in these categories.
- In 2019 Exhibition Experts were primarily focused on Fairs and Exhibitions. In 2020, they added public events to their field of operation and increased showroom/brand park activities ➔ Smaller events/exhibitions in cooperation with companies.
- Although the comparatively high proportion of public events may be surprising, it should be noted that the total number of events and revenues were at a very low level in 2020.

compared to 2019 (xx,x%) /change compared to 2019 xx,x %

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Distribution of the agency clusters in the country zones

	Generalists	Corporate and Internal Specialists	Exhibition and Public Experts
Country zone 1 (Italy, Portugal, Spain, North Macedonia, Turkey)	32,9 %	32,9 %	34,2 %
Country zone 2 (Austria, France, Germany, Netherlands, Switzerland, UK)	29,8 %	29,8 %	40,5 %

- Compared to 2019, agencies are more spread across all clusters. Focus areas can no longer be demonstrated to a high degree.
- However, more specialized agencies can be found in country zone 2. About 40 % of the respondents are Exhibiton and Public Experts.
- Country zone 1 shows an almost equal distribution of clusters.
- The result again underscores the blurring of the agencies' focus of activity - due to the Covid-19 pandemic.
- This is also expressed in the following quote from an agency describing the new focus of its activities:

„Turned away from core competencies into ‘taking whatever is out there’ “

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3 Insights and learnings Covid-19 pandemic situation: instruments, activities and government measures to face the adverse consequences of the Covid-19 pandemic

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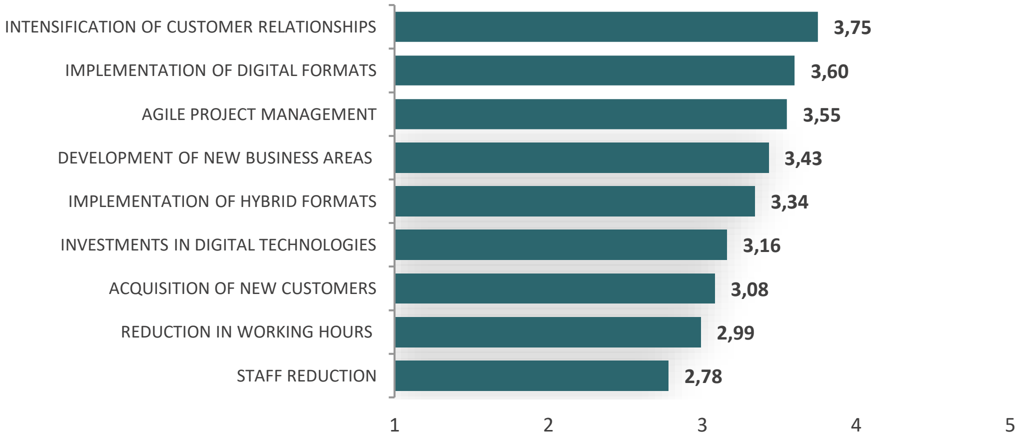
Instruments and activities to face the adverse consequences of the Covid-19 pandemic?

(1-not implemented at all – 5-fully implemented)



- With regard to the tools and activities used to overcome the consequences of Covid-19, the intensification of existing customer relationships (3,75) and the implementation of digital formats (3,60) - combined with agile project management (3,55) - are in first place.
- Also important are the development of entirely new areas of activity (new business areas) (3,43) and the integration of hybrid formats (3,34).
- The reduction of working hours (outside of short-time work) and staff cuts play the least important role. Nevertheless, these instruments were used by around half of the agencies.

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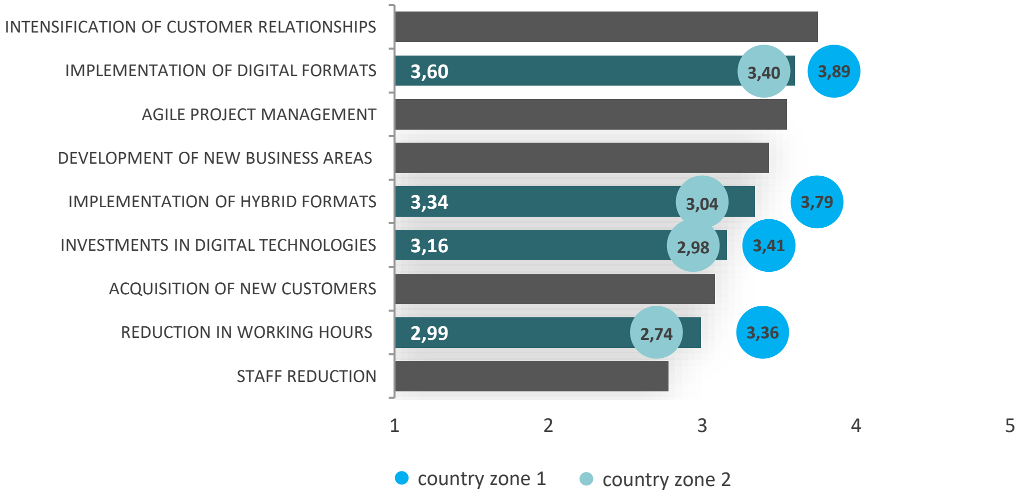
Instruments and activities to face the adverse consequences of the Covid-19 pandemic?

(1-not implemented at all – 5-fully implemented)



- A breakdown by country zone shows that countries in country zone 1 (Italy, Portugal, Spain, North Macedonia, Turkey) have invested more frequently in digital/hybrid formats and digital technologies.
- At the same time, these countries have also significantly reduced the working hours of their employees.

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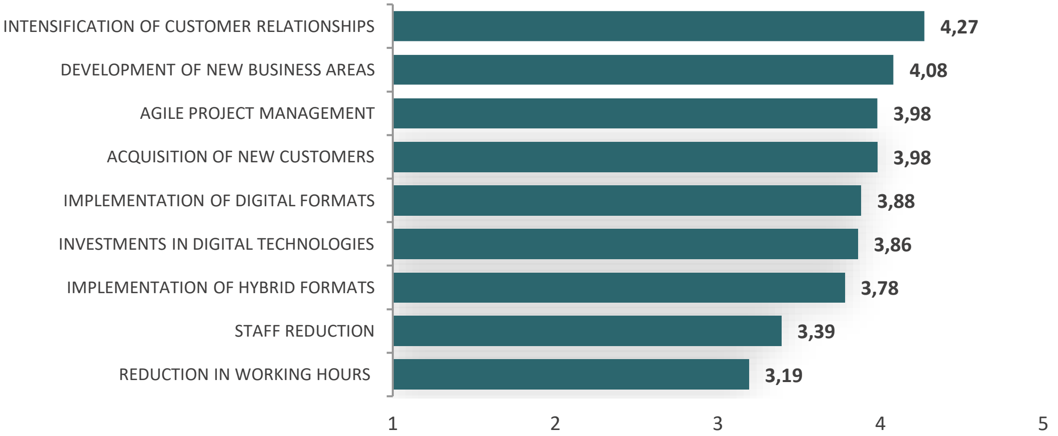
Current state of the European Live Communication Market

Importance of instruments and activities to face the adverse consequences of the Covid-19 pandemic?

(1-not important at all – 5-very important)



- Looking at the importance of tools and activities to cope with the consequences of the Covid-19 pandemic, a similar picture emerges.
- Particularly relevant for the agencies was the intensification of existing customer relationships and the development of new areas of activity - combined with the acquisition of new customers.
- Staff cuts and reductions in working hours were less important overall. Nevertheless, these instruments played an important role and had a strong impact on the live communication industry ➔ strongly shaped the management of the negative consequences of the pandemic.

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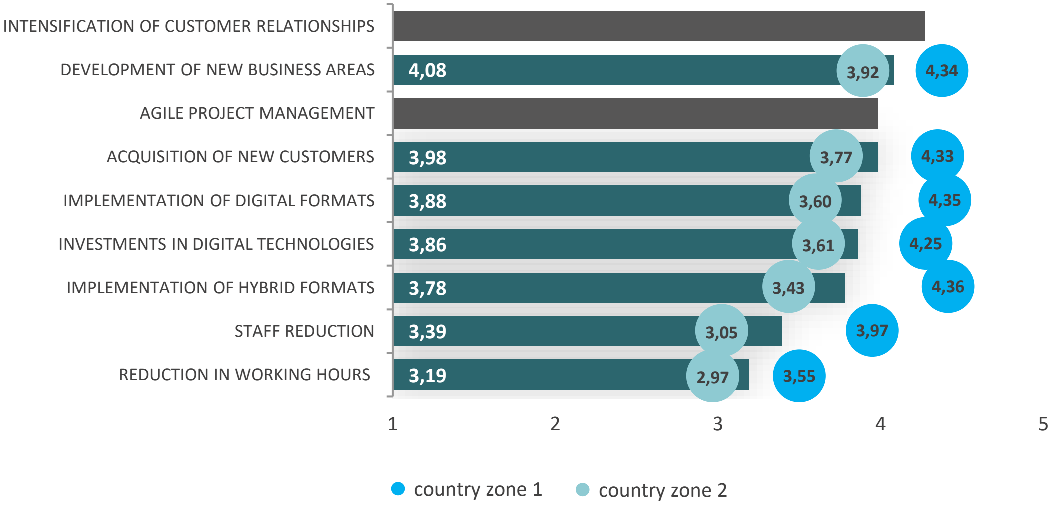
Current state of the European Live Communication Market

Importance of instruments and activities to face the adverse consequences of the Covid-19 pandemic?

(1-not important at all – 5-very important)



- Country-specific assessments of the importance of the instruments also show that countries in country zone 1 (Italy, Portugal, Spain, North Macedonia, Turkey) rate the importance of the instruments very highly overall.
- Countries in country zone 2 (Austria, France, Germany, Netherlands, Switzerland, UK) seem to be more skeptical with regard to the “potential" of the instruments.

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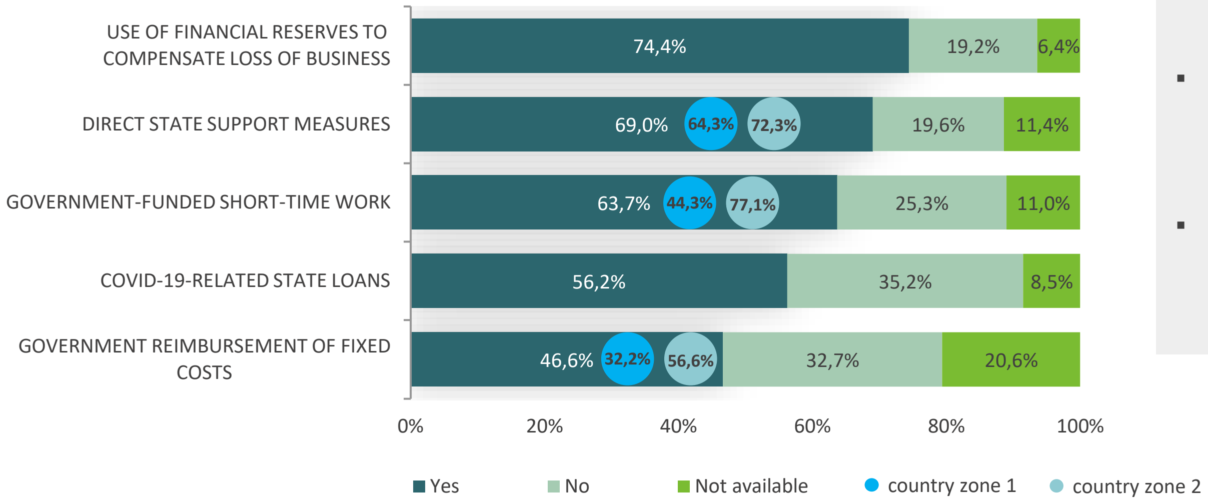
Use of governments support measures to overcome the crisis



- A look at financial tools for coping with the crisis shows the high importance of agencies' own financial reserves. Three-quarters of the agencies used this instrument.
- Around two-thirds also used direct state support measures or government-funded short-time work. This instrument was used significantly more often in countries in country zone 2 (about three-quarters in each case).
- In contrast, the use of government loans and the reimbursement of fixed costs played a role for only half of the companies. Reimbursement of fixed costs was relevant for only 1/3 of the companies in the country zone.

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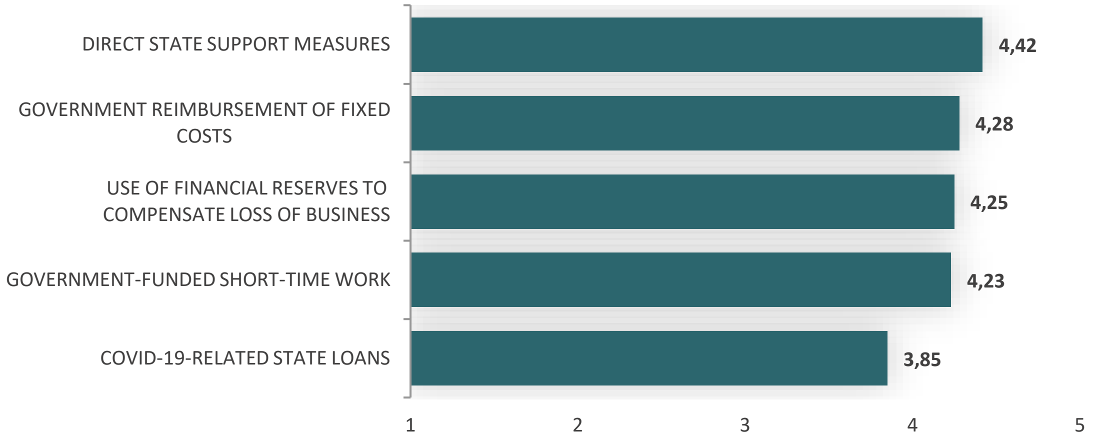
Importance of governments support measures

(1-not important at all – 5-very important)



- In regard to the importance of (state) financial instruments, it becomes clear that direct state-supported measures are most important. This instrument is followed by reimbursement of fixed costs and the use of the company's own financial reserves.
- Short-time work and loans are rated highly, albeit slightly less important.
- Overall, however, the state instruments are very important and make a decisive contribution to cope with the effects of the Covid-19 pandemic.

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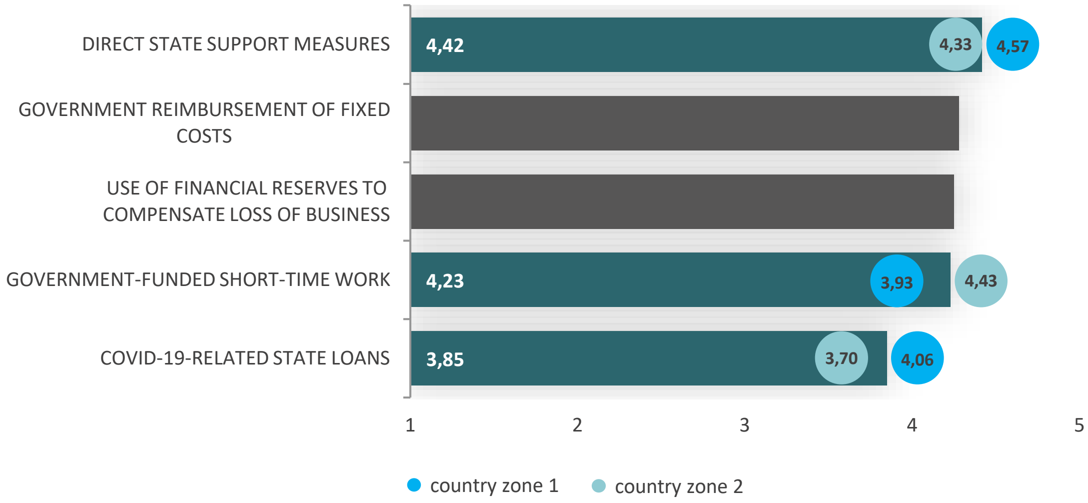
Importance of governments support measures

(1-not important at all – 5-very important)



- Differentiated by country zone, direct state support measures and the importance of loans are rated more important in country zone 1 than in country zone 2.
- In country zone 2, short-time work (4,43) is the most important of all instruments. In country zone 1, it is least important (3,93).

➔ This is presumably due to the availability and performance of the instrument.

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Other instruments in COVID-19 pandemic

Important fields for booth builders and suppliers

- New business fields (home office solutions, home office concepts)
- Interior design, interior architecture
- Carpentry work, showroom design
- Customer counting systems for stores
- Houseboat construction, Tiny-Houses
- Development, construction, distribution of own products
- New pricing/new services outside event-industry
- Training/Investment
- Operation of test centers, vaccination center (exhibition center)

Important fields for agencies

- Alternative formats/new products/virtual events/own platform
- new exhibition formats
- Content Management/E-Learning Event Management
- Relationship events (online)/interaction with customers/partners
- Clean-/Safe-Policy (Corona Features)/continuing education of hygiene managers
- Safety Regulations for events (several)
- Training (new formats)/continuing education/staff development/team motivation (online)/workshops and focus meetings improve engagement
- Safe/Health-Measures
- New projects independent of the pandemic situation

- salary reduction for managers, regional aid measures, loans, rent reduction (fixed costs), private investments/new investors, support of owners

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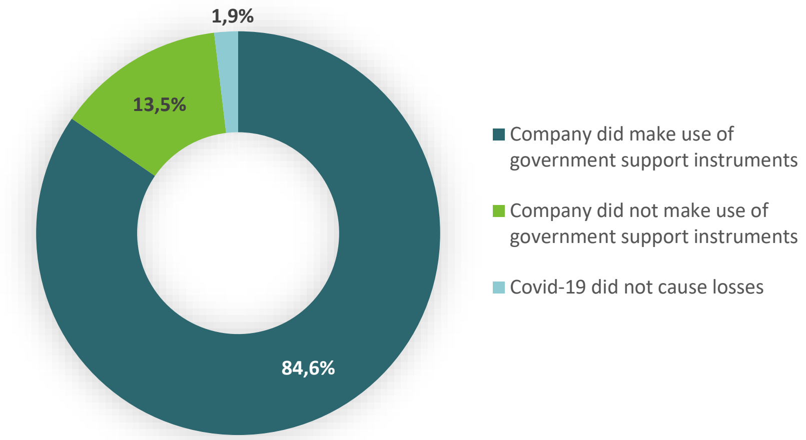
Portion, expressed in percent, of company losses could be compensated by the use of government support instruments?



Ø 37,6 %	
Country zone 1 31,4 %	Country zone 2 41,0 %

- 85 percent of the companies did make use of government support instruments. Only just under 2 percent of the companies did not cause losses.
- On average, 37,6% of the losses were offset by state aid. Compensation was higher in country zone 2 (41,0 %) than in country zone 1 (31,4 %).

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4 Business insights Covid-19 pandemic

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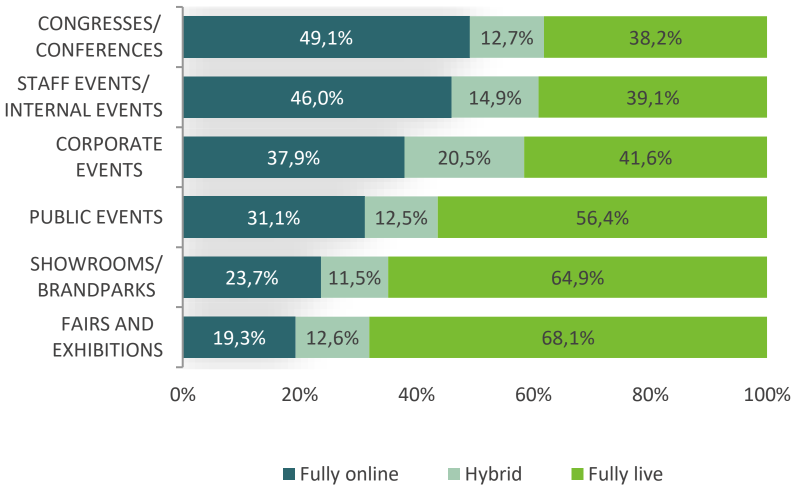
Current state of the European Live Communication Market

Live communication categories – fully live, hybrid, fully online



- Due to the pandemic, new ways of realizing events had to be taken since March 2020.
- Only one in five trade shows were held fully online.
- Congresses/Conferences were most frequently held online/hybrid, followed by Staff/Internal Events - almost 2/3 each. Corporate Events and Public Events were also held online in more than one third.
- Big push for digital and hybrid events.

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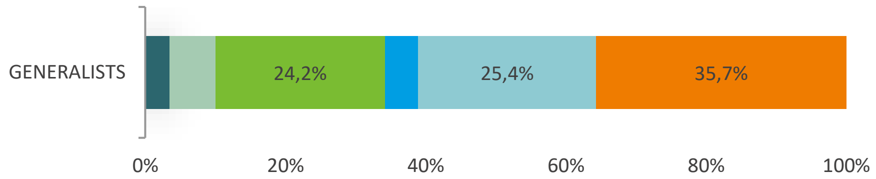
Percentage of revenue in different live communication categories to the total turnover in 2020 in the cluster „Generalists“ - fully live, hybrid, fully online



Corporate Events			Congresses/ Conferences			Staff Events/ Internals Events		
Live	hybrid	online	Live	hybrid	online	Live	hybrid	online
35,8 %	19,7 %	44,5%	23,5 %	14,6 %	61,9 %	35,9 %	11,3 %	52,8 %

- The chart shows the distribution of sales in 2020 across the live communication categories in the "Generalists" cluster.
- The significance of staff/internal events is evident among the generalists. Almost two-thirds of these were held online or hybrid.
- Three quarters of the congresses/conferences held were online/hybrid.
- Corporate events were also frequently held online – However, at the same time the highest proportion of hybrid formats (19,7 percent) was found here.

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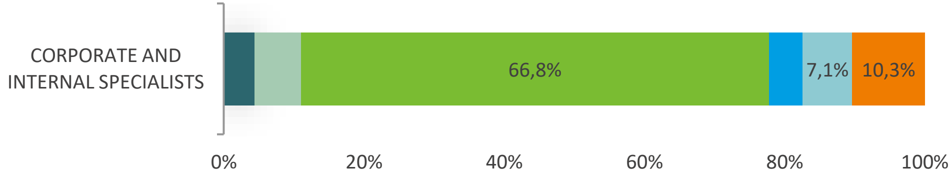
Percentage of revenue in different live communication categories to the total turnover in 2020 in the cluster „Corporate and internal specialists“ - fully live, hybrid, fully online



Corporate Events			Congresses/ Conferences			Staff Events/ Internals Events		
Live	hybrid	online	Live	hybrid	online	Live	hybrid	online
32,6 %	22,0 %	45,4 %	33,5 %	10,3 %	56,2 %	30,0 %	20,4 %	50,5 %

■ Fairs and Exhibitions ■ Public Events ■ Corporate Events ■ Showrooms/ Brandparks ■ Congresses/ Conferences ■ Staff Events/ Internal Events

- The chart shows the distribution of sales in 2020 across the live communication categories in the "Corporate and internal specialists" cluster
- Two-thirds of the events were corporate events with a high proportion of online/hybrid events.
- The share of staff/internal events declined in this cluster compared to 2019. However, with a share of more than 70 percent there is a very high proportion of online/hybrid formats.

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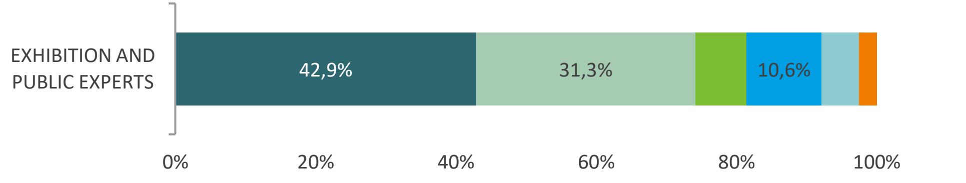
Current state of the European Live Communication Market

Percentage of revenue in different live communication categories to the total turnover in 2020 in the cluster „Exhibition and Public Experts“ - fully live, hybrid, fully online



Fairs and Exhibitions			Public Events			Showrooms/Brandparks		
Live	hybrid	online	Live	hybrid	online	Live	hybrid	online
78,5 %	11,6 %	9,9 %	72,2 %	8,4 %	19,4 %	75,7 %	10,5 %	13,8 %

- The chart shows the distribution of sales in 2020 across the live communication categories in the "Exhibition and Public Experts" cluster.
- The comparatively high proportion of public events is primarily generated by smaller summer events and small-scale events in general. Again, this must be viewed in the light of the low revenue level and the small total number of events in general.
- Although 43 percent of the 2020 revenues were still realized via Fairs and Exhibitions (mostly until February 2020), a large number of events no longer took place. Only about one in five Fairs/Exhibitions could be realized online/hybrid.
- A similar picture emerges for public events and showrooms/brand parks, which represented an important revenue share for this cluster in 2020.

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„Stepping in medical care and PPE "

"We tried to develope new business in virusprotection"

"New business like hygiene protection, digital business."

NEW BUSINESS 2020

"Our company has been looking for new markets and new ways to fulfill our customers needs in terms of communications in original and new ways"

"Brand Communication in Architecture and Interior Design.

„More permanent projects like showrooms etc."

"Changes to more interior design"

„Store construction"

"tiny houses"

„We were working in fields of renovation of hotels and others "

"Interior Work & Design especially for office spaces and Expositions."

"We focus on digital and hybrid experiences"

„We try to offer new products and online solutions in partnership with other companies.

„More Consulting and internal communication missions"

„Streaming Concerts "

"We are working on contents for our existing and new clients no matter how the way to transmit that content is, marketing digital, social network content, e-learning, etc."

"Total change from a traditional business to a Digital Business."

„We directly changed our business to online in march. To do that we had an 'innovation team' in our company to investigate the digital solutions. Besides, we helped our clients to transform their live events into online. "

"We tried to improve the skills of all of our staff."

- More than 50 percent of sales (56,9%) were generated in the companies with traditional business. Generalists (59,0%) and corporate and internal specialists (61,7%) were more successful than trade show and public experts (52,8%).
- New business focused on new digitalized event formats (online/hybrid) and interior design. Brand communication, consulting and internal communications consulting were also important fields.
- In addition, some companies invested in employee training. Digitization played an important role here.
- Hygiene and health protection also played an important role (hygiene concepts).

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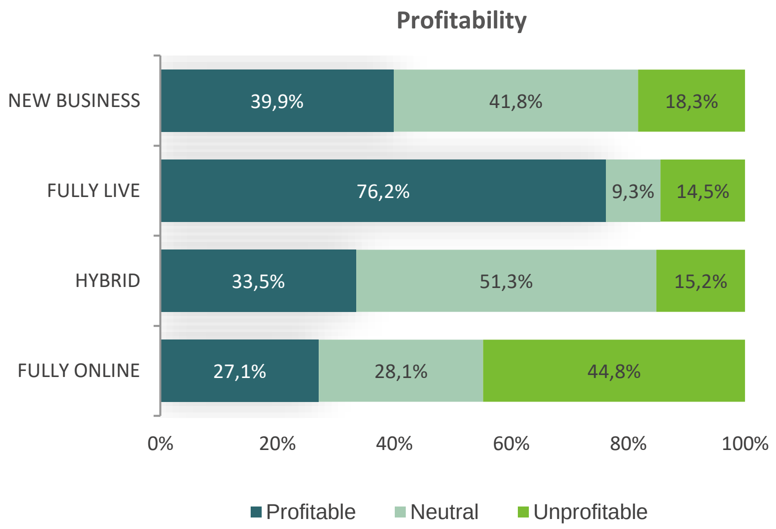
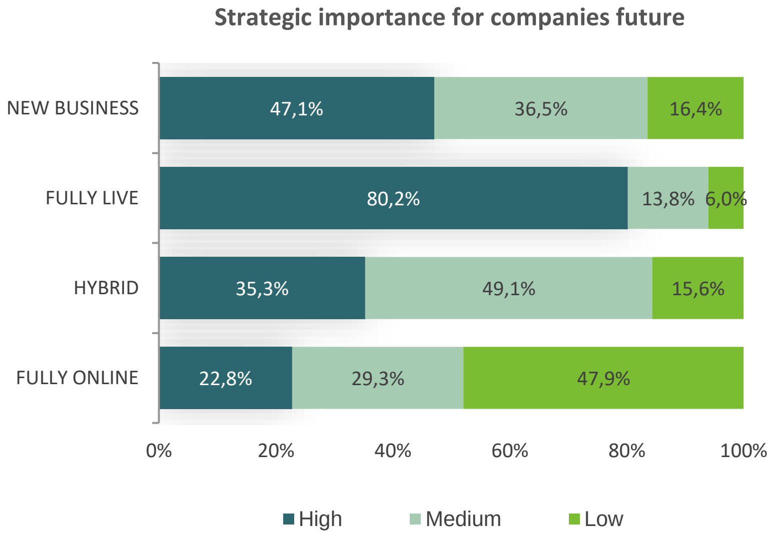
Experience regarding the profitability and strategic importance of live-, hybrid-, online-formats





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Current state of the European Live Communication Market

5 Agency business insights: projects, turnovers and budget trends

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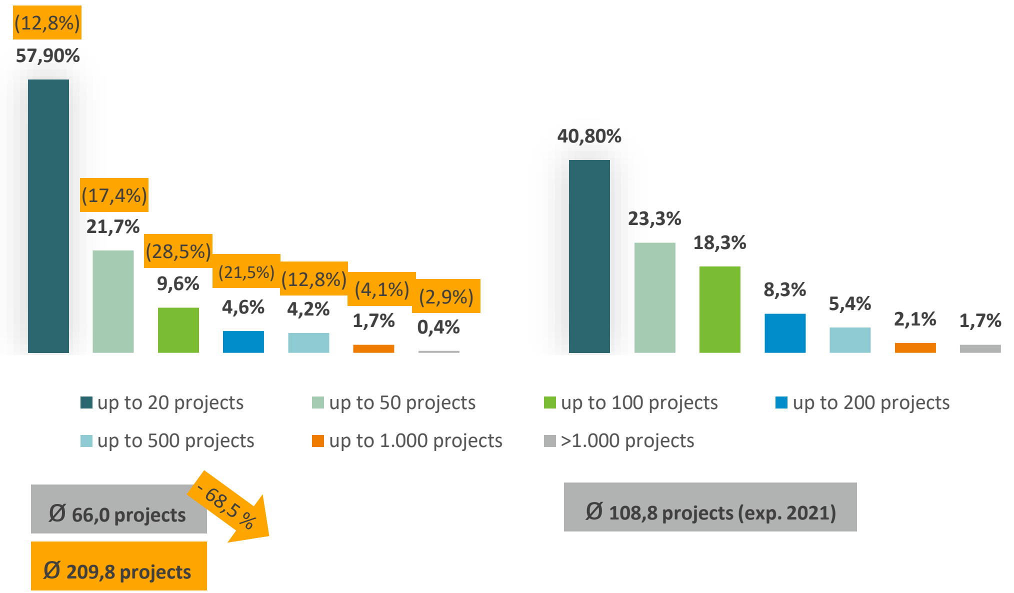
Current state of the European Live Communication Market

How many projects does your company handle each year?



- On average agencies handle about 66 projects per year. Compared to 2019, this is a decrease of 68,5 percent.
- More the 50% of the agencies do not handle more than 20 projects per year. In 2019, that was just 12,8 percent of agencies.
- Only just over 6 percent implemented more than 200 projects. 2019 about every fifth respondent handles more than 200 projects per year.
- In 2021, the companies expect a significant increase in project volume. The companies expect an average of 109 projects.

compared to 2019 (xx,x%) /change compared to 2019 xx,x %

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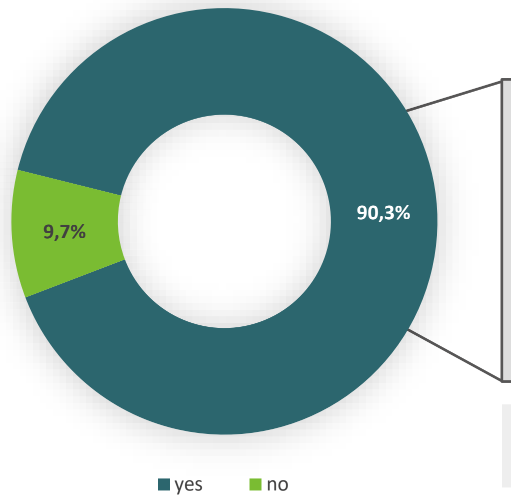
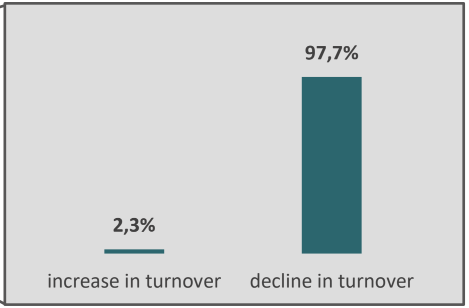
Current state of the European Live Communication Market

Did your company's turnover change from 2019 to 2020?





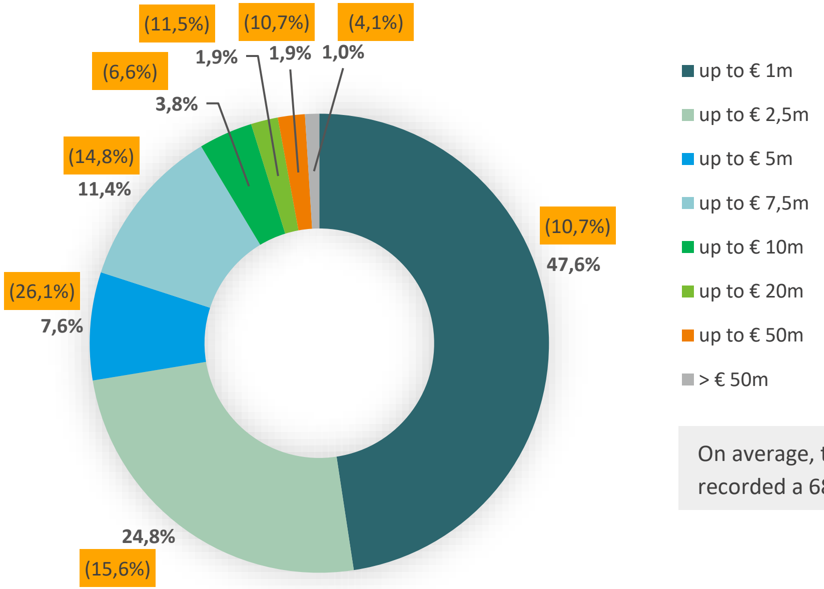
On average, the companies recorded a two-thirds drop in sales.

- Ninety percent of agencies saw a change in their revenue between 2019 and 2020.
- Nearly 100% of them experienced a decline in revenue.
- On average, the decline in revenue was two-thirds.

EUROPEAN INDUSTRY SURVEY

Current state of the European Live Communication Market

Percentage distribution of agencies by turnover size (2020)



On average, the companies recorded a 68,4% decline in sales.

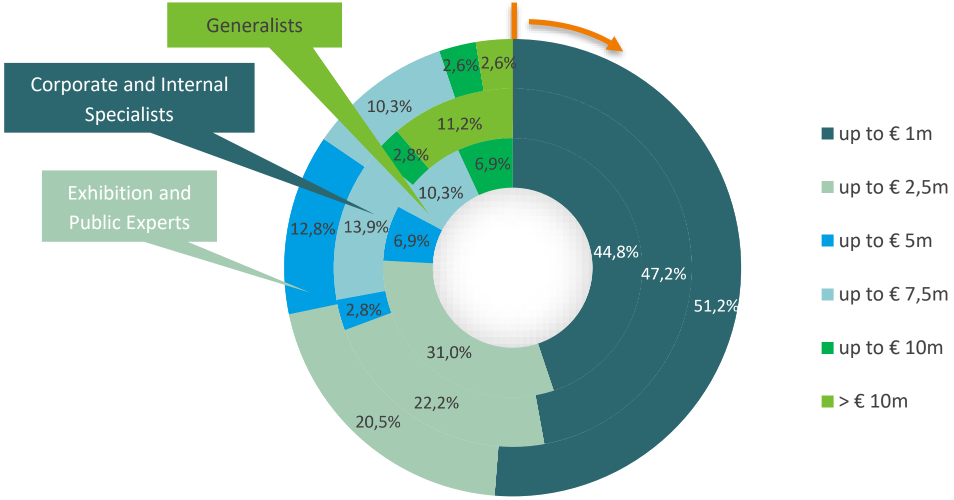
- Agencies‘ turnovers range from less than € 1m up to more than € 50m.
- On average, agencies generate a turnover of € 3,7m. This corresponds to a decline in sales of around two-thirds compared to 2019.
- Almost 50 percent of the agencies are small companies that generate less than € 1m of turnover (2019, 10,7%). Almost 50 percent of the agencies are medium sized companies that generate turnovers from € 1m up to € 10m (2019, two thirds). Only 4,8 percent of the agencies generate turnovers higher than € 10m (2019, 26,3%).
- Of these, only 1% of the agencies generate turnovers beyond € 50m (2019, 4,1%)

compared to 2019 (xx,x%) /change compared to 2019

EUROPEAN INDUSTRY SURVEY

Current state of the European Live Communication Market

Average turnover by agency cluster (2020)



Generalists	Corporate and Internal Specialists	Exhibition and Public Experts	Overall average 2020 (2019)
€ 2,3m (9,8m)	€ 5,5m (9,3m)	€ 3,2m (18,2m)	€ 3,7m (11,7m)
- 76,5 %	- 40,9 %	- 82,4 %	- 68,4 %

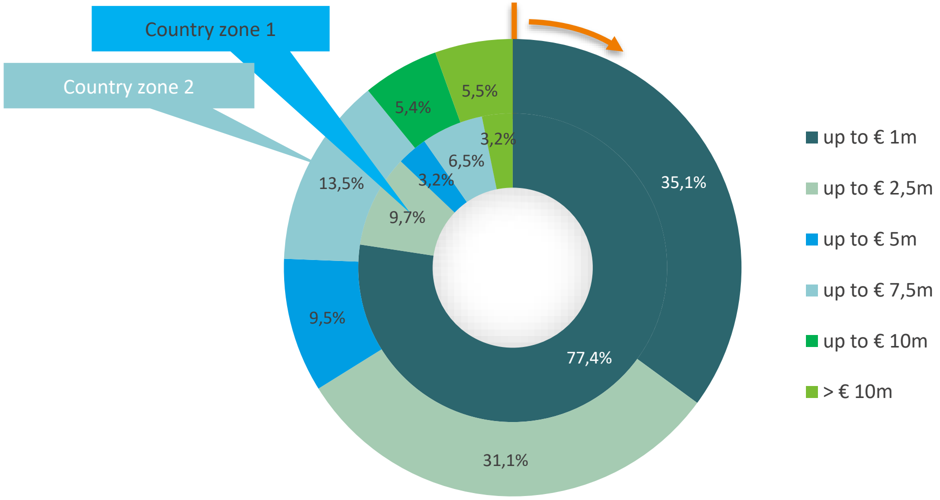
- Only minor differences were found between the agency clusters in terms of revenue size categories.
- In all clusters, almost half of the agencies have a turnover of up to one million euros.
- Exhibition and Public Experts recorded the largest drop in turnover (from 18,2m to 3,2m). This corresponds to a decrease of 82,5%.
- At 76,5%, the drop in turnover for "generalists" is similarly high.
- Corporate and internal specialists, on the other hand, recorded the smallest drop in sales (40,9%). With an average of 5,5m euros, they also achieved the highest average sales.

compared to 2019/ (xx,x%) change compared to 2019 xx,x %

EUROPEAN INDUSTRY SURVEY

Current state of the European Live Communication Market

Average turnover by country zone (2020)



Country zone 1 (Italy, Portugal, Spain, North Macedonia, Turkey)	Country zone 2 (Austria, Germany, France, Netherlands, Switzerland, UK)	Overall average 2020 (2019)
€ 1,4m (8,5m)	€ 4,7m (12,8m)	€ 3,7m (11,7m)
- 83,5 %	- 63,3 %	-68,4 %

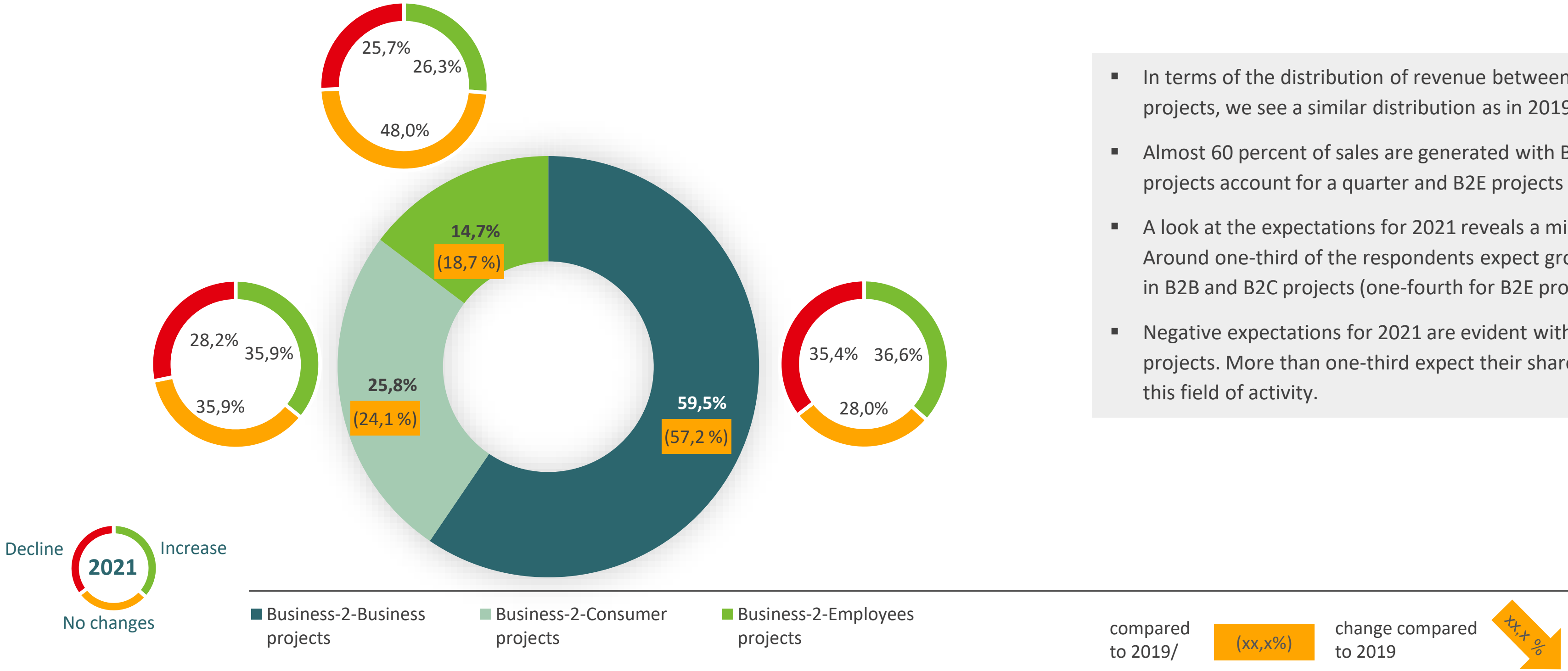
- Agencies in the country zone 2 generate higher average turnovers than companies in country zone 1 (€ 4,7m vs. € 1,4m)
- The decline in sales averaged 83,5 percent in country zone 1 - compared with 63,3 percent in country zone 2.
- Agencies in the country zone 1 are rather small. Three quarter of the agencies generate turnovers less than € 1m. In contrast, only one quarter of the agencies in country zone 2 generate revenues less than € 1m.
- One quarter (half, 2019) of the agencies in country zone 2 generate turnovers beyond € 5m. In country zone 1 only 10% (40%, 2019) of the agencies generate revenues higher than € 5m.

compared to 2019/ (xx,x%) change compared to 2019 xx,x %

EUROPEAN INDUSTRY SURVEY

Current state of the European Live Communication Market

How is your company‘s expected total turnover in 2020 distributed among B2B-, B2C- and B2E-Projects?

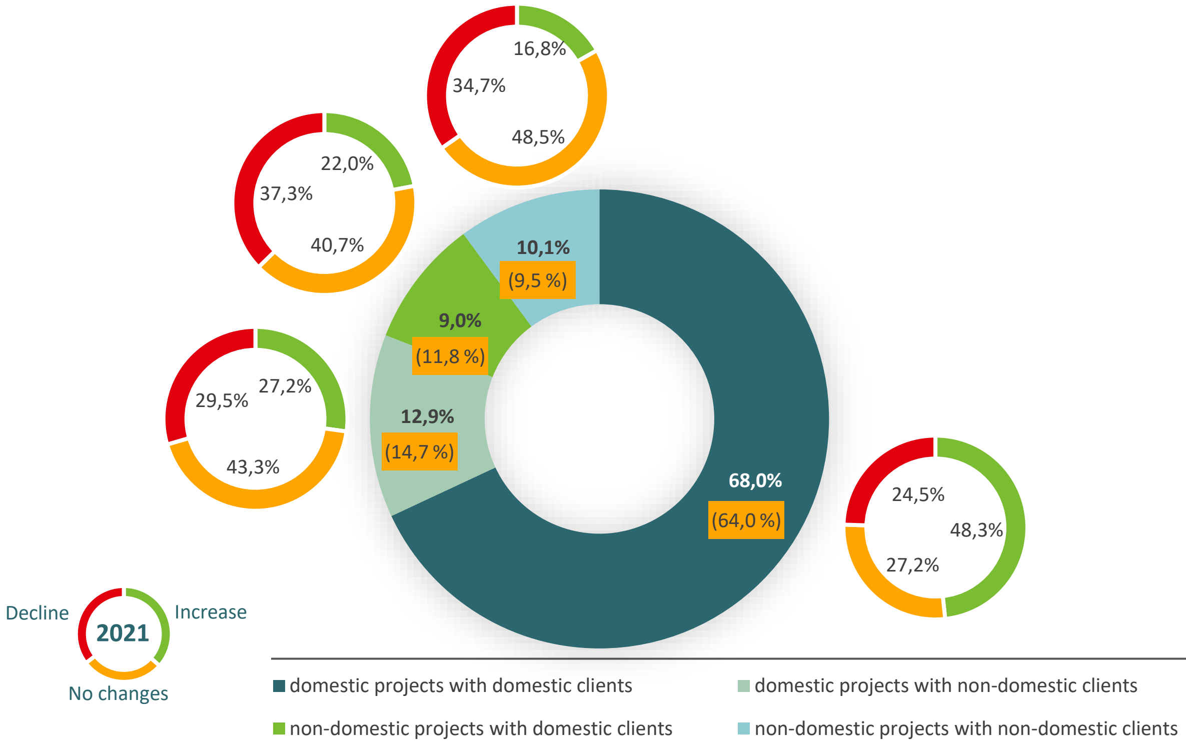


- In terms of the distribution of revenue between B2B, B2C and B2E projects, we see a similar distribution as in 2019.
- Almost 60 percent of sales are generated with B2B projects. B2C projects account for a quarter and B2E projects for a sixth of sales.
- A look at the expectations for 2021 reveals a mixed picture. Around one-third of the respondents expect growing sales shares in B2B and B2C projects (one-fourth for B2E projects).
- Negative expectations for 2021 are evident with regard to B2B projects. More than one-third expect their share of sales to fall in this field of activity.

EUROPEAN INDUSTRY SURVEY

Current state of the European Live Communication Market

How is your company‘s expected total turnover in 2020 distributed among domestic/non-domestic projects and domestic/non-domestic clients?



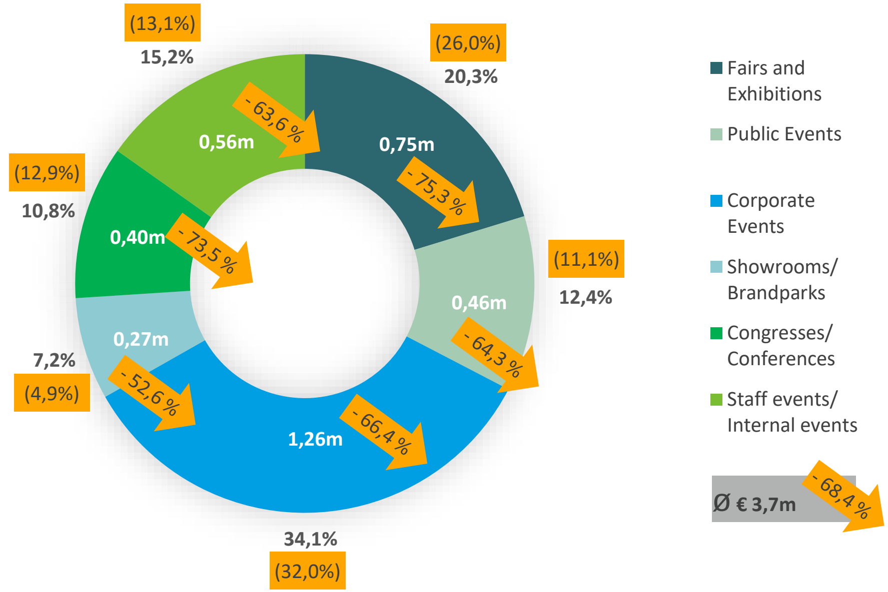
- A similar picture emerges for the distribution of sales among domestic/foreign project partners.
- There are no significant differences compared to 2019.
- At the same time, just under 50 percent of respondents expect growing sales shares for domestic projects. Foreign projects are viewed even more pessimistically (16,8 percent).

compared to 2019/ (xx,x%) change compared to 2019 xx,x %

EUROPEAN INDUSTRY SURVEY

Current state of the European Live Communication Market

Companies‘ expected total turnover (€) 2020 by live communication categories



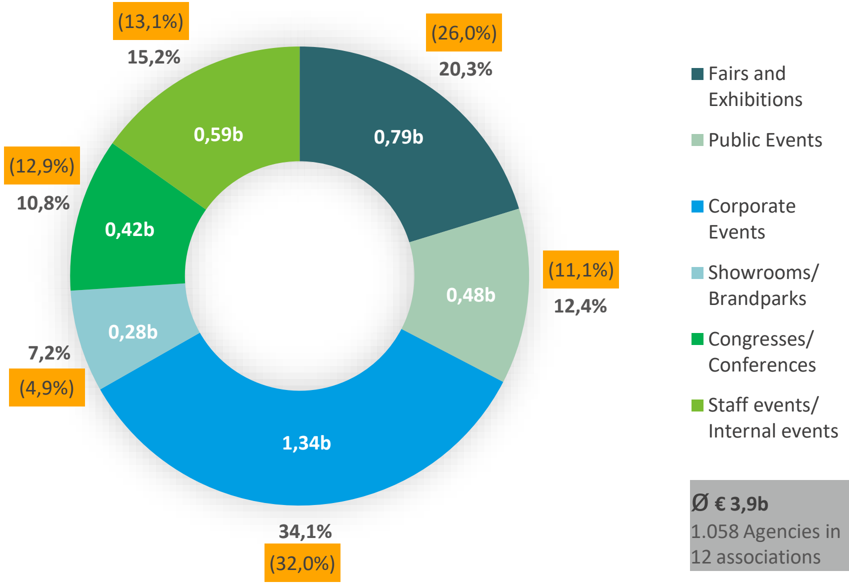
- Looking at the shares in revenue of the different live communication categories, revenues from Corporate Events are highest. Their share continued to grow slightly during the pandemic. Nevertheless, the decline in sales is high at two-thirds.
- The considerable share of Staff and Internal Events points at the growing importance of internal audiences and employee retention issues. The importance has grown even further in the pandemic.
- Showrooms/Brandparks had a relatively low importance in 2019. However, their importance has equally grown slightly in the pandemic (smaller exhibitions/showrooms for companies). This is also reflected in the comparatively smallest drop in sales (52,6%). Fairs and Exhibitions and Congresses/Conferences recorded the highest declines in sales (three quarters).

compared to 2019 (xx,x%) /change compared to 2019 xx,x %

EUROPEAN INDUSTRY SURVEY

Current state of the European Live Communication Market

Companies‘ expected total turnover (€) 2020 by live communication categories – Extrapolation for 1.058 member agencies of the LiveCom Alliance



Ø € 3,9b
1.058 Agencies in 12 associations

Ø € 2,6b
700 Agencies in 9 associations

- 68,4 %

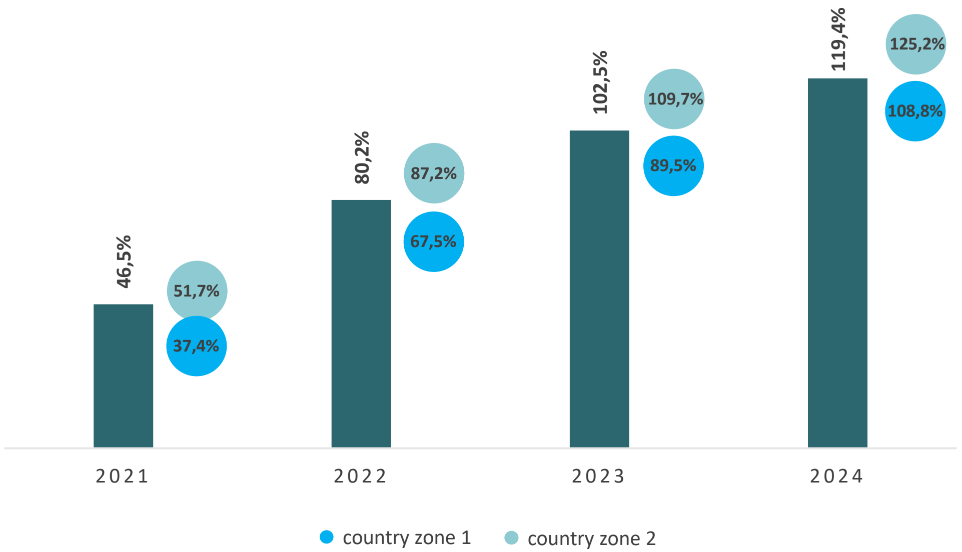
- Results are based on an extrapolation of the average turnovers of the study‘s respondents.
- Due to three new European members with 358 members in LiveCom, a total turnover of 3,9b can be recorded.
- With only 2,6b total turnover generated by the European live communication associations‘ members, the live communication sector recorded a significant decline in revenue of more than two-thirds. The projection is based on all agencies that were also included in 2019.
- In 2019, the industry was a considerable economic factor in Europe, with more than 8 billion in total sales.
- This demonstrates the sector's heavy exposure to the Covid-19 pandemic.

compared to 2019 (xx,x%) /change compared to 2019 xx,x %

EUROPEAN INDUSTRY SURVEY

Current state of the European Live Communication Market

Turnover expectations for the next years – compared to pre-Covid-19 turnover

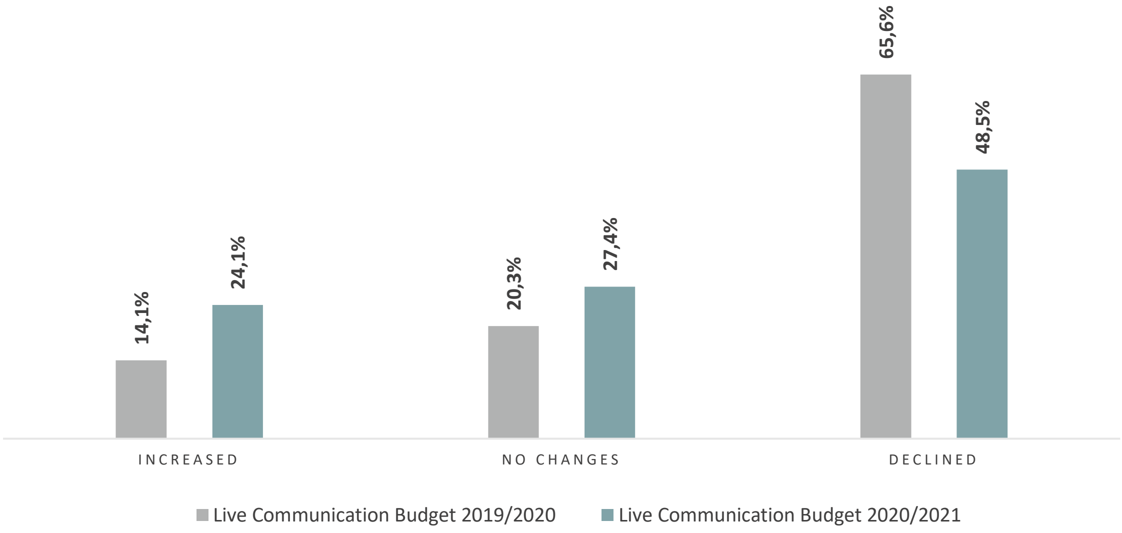


- Companies expect their turnover to grow slightly in 2021 compared to 2020, with 46,5 percent of their pre-Covid-19 turnovers.
- In 2023, they believe they will have reached their pre-Covid-19 turnover again.
- In 2024, they expect +20 percent growth vs. pre-Covid-19 turnover.
- Country zone 2 seems more optimistic with regard to turnover expectations in the coming years.
- There are no significant differences between the clusters.

EUROPEAN INDUSTRY SURVEY

Current state of the European Live Communication Market

Change of customers‘ live communication budgets across years

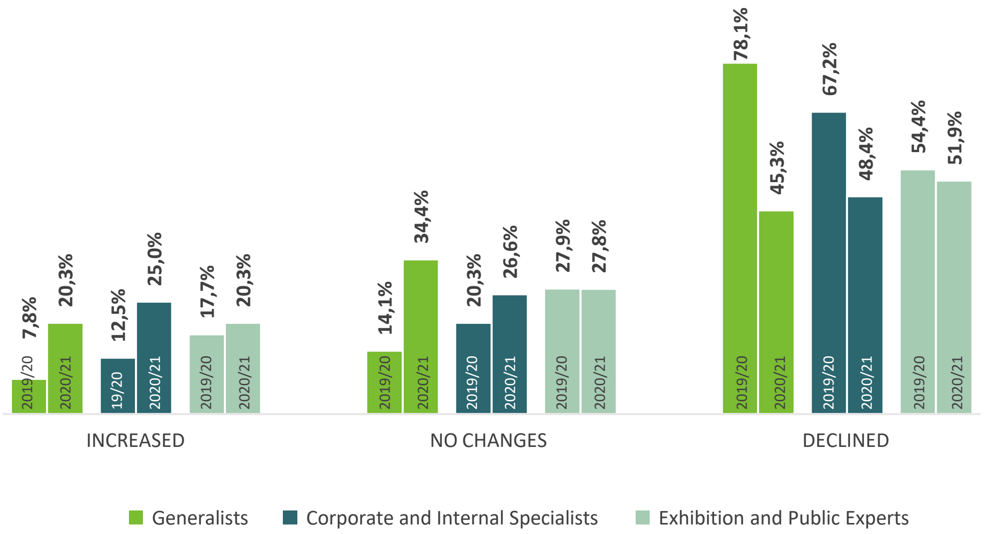


- The majority of respondents (two-thirds) indicated declining customer budgets from 2019 to 2020.
- With the pandemic, the industry as a whole faces major challenges. Almost half of the respondents expect budgets to continue to fall in the coming year. However, at least a quarter of the companies expect budgets to grow slightly.
- However, the development of the industry continues to depend on how well it is able to respond to challenges beyond the pandemic and to adapt to trends and challenges. Important examples of this are digitization and sustainability.

EUROPEAN INDUSTRY SURVEY

Current state of the European Live Communication Market

Change of customers‘ live communication budgets across years

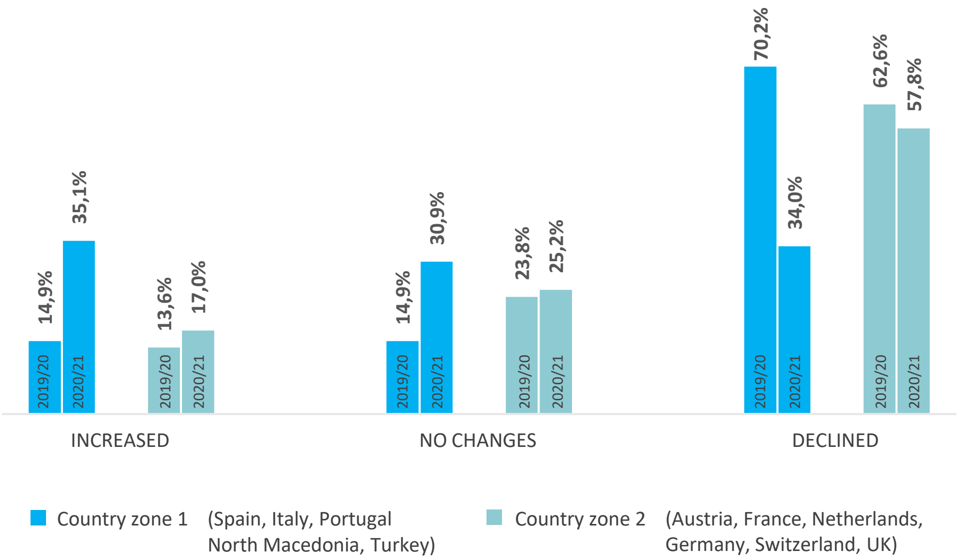


- Exhibition and Public Experts remain skeptical about future developments. More than half of the companies in this cluster expect budgets to continue to fall. This assessment can be explained by the fact that large trade shows are particularly affected by the current situation.
- Corporate and Internal specialists, on the other hand, are slightly more optimistic. A quarter of the respondents in this cluster expect budgets to grow. The growing importance of internal communications (staff/internal events) in particular may be the reason for this.
- Overall, however, there are only minor differences between the clusters.

EUROPEAN INDUSTRY SURVEY

Current state of the European Live Communication Market

Change of customers‘ live communication budgets across years



- The countries in country zone 2 are significantly more pessimistic about the development of budgets.
- While only 17% of respondents in country zone 2 expect budgets to grow, 35% in country zone 2 do.
- More than half of the respondents in country zone 2 expect budgets continuing to fall in 2021.

EUROPEAN INDUSTRY SURVEY

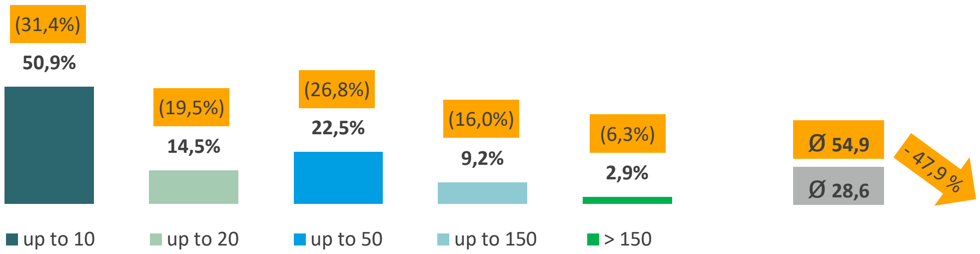
Current state of the European Live Communication Market

6 Management insights: employees (fulltime, parttime & freelance)

EUROPEAN INDUSTRY SURVEY

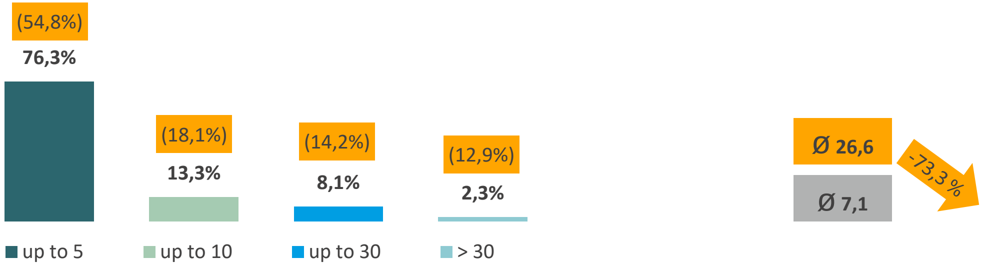
Current state of the European Live Communication Market

Fulltime employees



- On average, agencies employ about 28,6 full-time and 7,1 part-time employees. (decrease of 47,9% and 73,3%, respectively).
- About half of the agencies employ up to 10 full-time employees.
- More than three quarter of the agencies employ up to 5 part-time employees.

Parttime employees



compared with 2019 (xx,x%) /change compared to 2019 xx,x %

EUROPEAN INDUSTRY SURVEY

Current state of the European Live Communication Market

Employees (total) by country zones 2019 vs. 2020

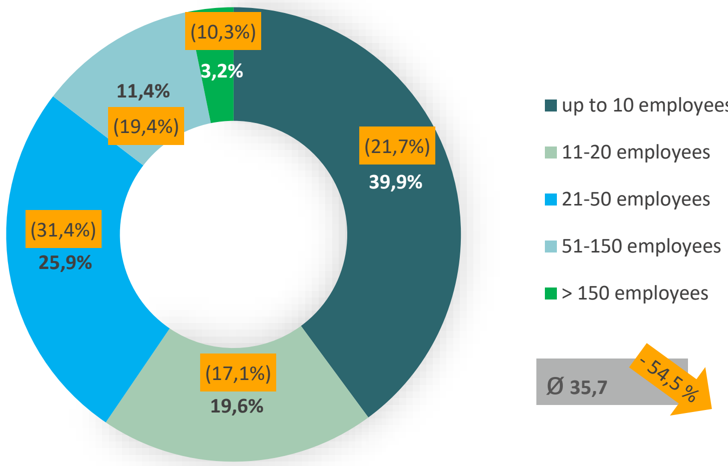
- Looking at employees (total), one can see that the number of employees has more than halved within 2020.
- At the same time, this development is much more pronounced in countries in country zone 1 than in country zone 2.
- In country zone 1, more than 70 percent of jobs have been cut, and in country zone 2, just under half.
- This development is evident despite the enormous government efforts to support companies by offering assistance and, in particular, state-funded short-time work.

compared to 2019 (xx,x%) /change compared to 2019 xx,x %

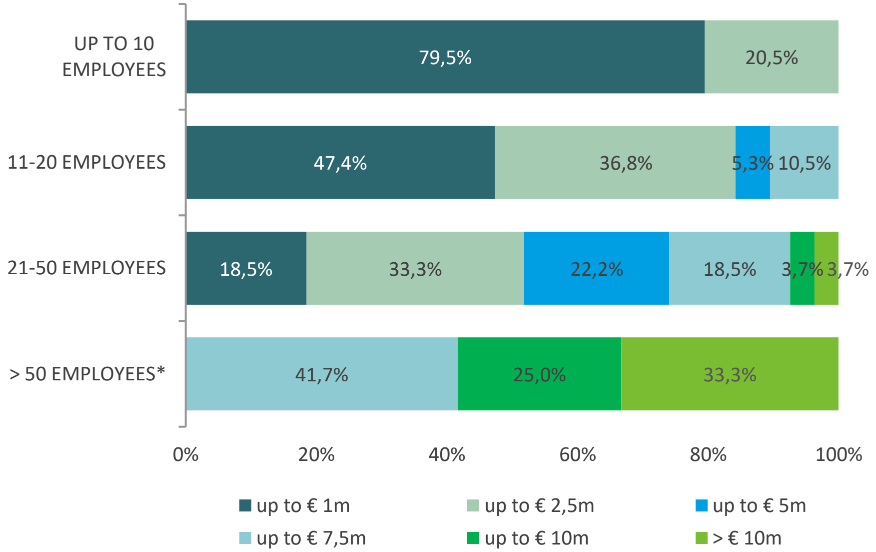
EUROPEAN INDUSTRY SURVEY

Current state of the European Live Communication Market

Percentage distribution of agencies by number of employees (fulltime and parttime)



Number of employees by turnover



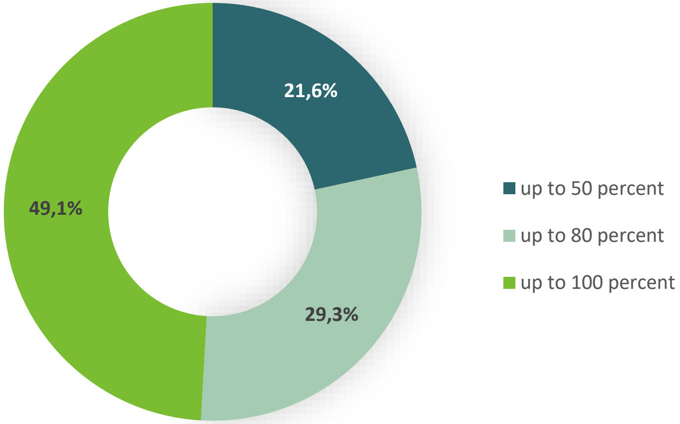
* Low case numbers

compared to 2019 (xx,x%) /change compared to 2019 xx,x %

EUROPEAN INDUSTRY SURVEY

Current state of the European Live Communication Market

Percentage government-funded short-time-work 2020



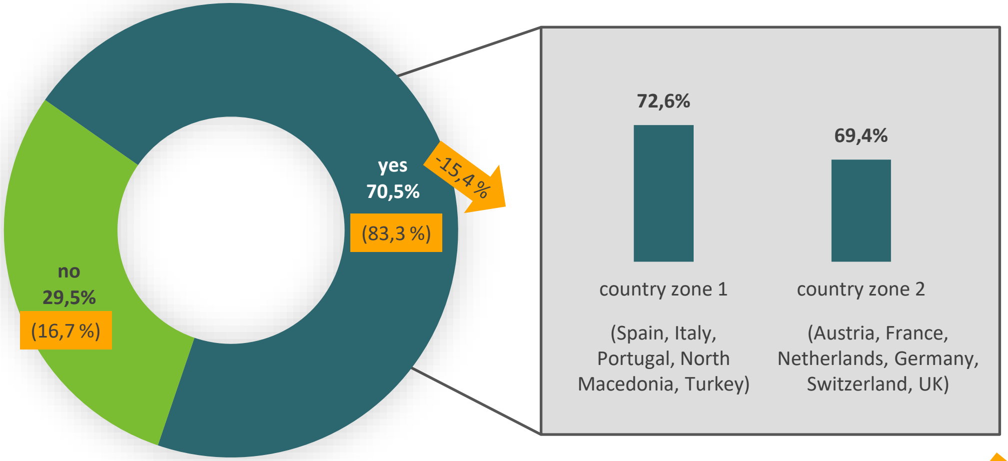
Ø 76,0 %

- Nearly 80 percent of agency employees were on short-time work in 2020 at more than 50 percent.
- On average, the share of short-time work was 76,0 percent.

EUROPEAN INDUSTRY SURVEY

Current state of the European Live Communication Market

Does your company cooperate with freelancers?



Ø 154,8 hours/month

Ø 140,9 hours/month
without Digital Services*

- 9,0 %

- The close cooperation with freelancers reflects changes in the world of employment. Collaborating with freelancers remains important even in the Covid-19 pandemic.
- The proportion of companies working with freelancers decreased by around 15%. Overall, however, the number of hours freelancers are employed in agencies decreased by just 9%.
- In some areas, the number of hours even increased. The newly queried area of digital services also plays an important role.
- Professionals are involved based on a projects requirements.
- Cooperation with freelancers is somewhat lower in country zone 2.

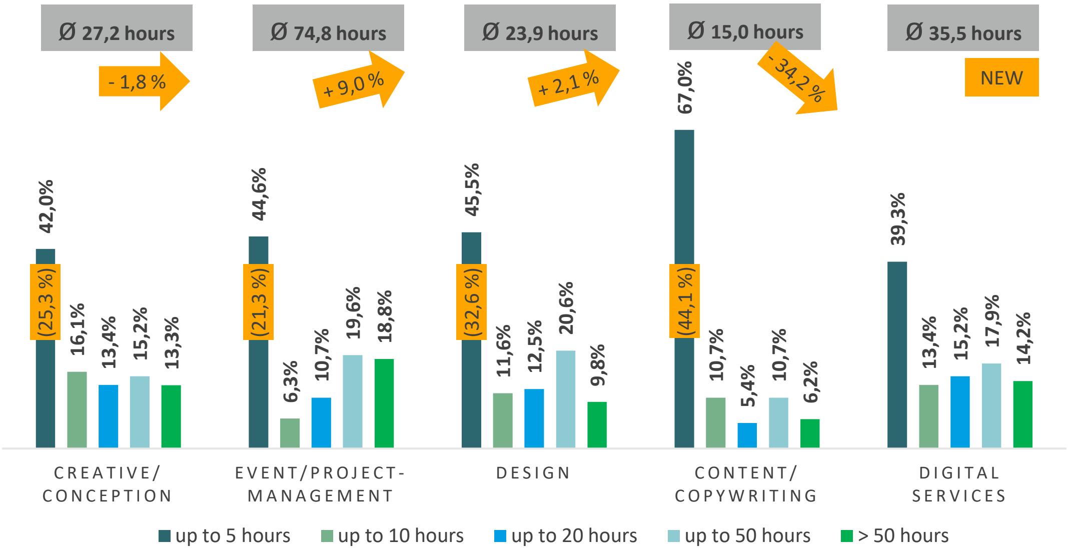
compared to 2019 (xx,x%) /change compared to 2019 xx,x %

The category „Digital Services“ was not part of the survey in 2019

EUROPEAN INDUSTRY SURVEY

Current state of the European Live Communication Market

How many hours a month does your company cooperate with freelancers in the following job profiles?



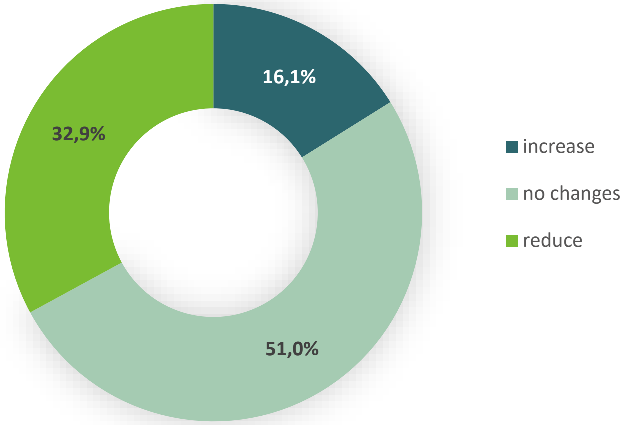
- Freelancers are particularly important in the profiles of Event-/ Project Management and Digital Services.
- Less freelancers are employed in the field of Content/Copywriting. This area also recorded the sharpest decline, at 34,2 percent.
- The share of freelancers with only up to 5 hours per month has increased significantly across all sectors.

compared to 2019 (xx,x%) /change compared to 2019 xx,x %

EUROPEAN INDUSTRY SURVEY

Current state of the European Live Communication Market

Forecast to employ in 2021 – full-time employees



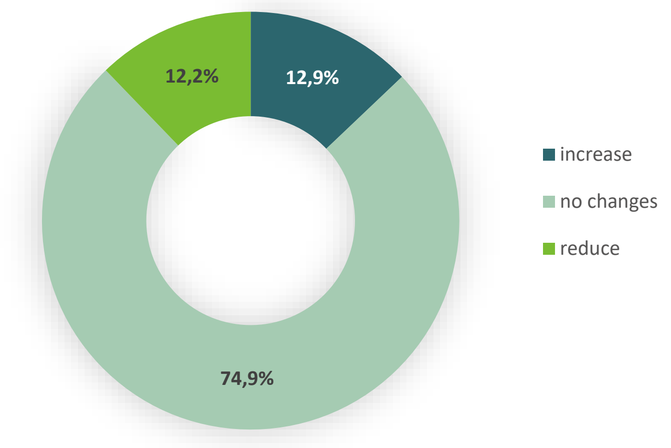
- Looking ahead to staffing positions (full-time) in 2021, more than half of the agencies plan no changes.
- Only every sixth company plans to hire new full-time employees.
- In contrast, one in three companies will cut another full-time employees.

* geringe Fallzahlen

EUROPEAN INDUSTRY SURVEY

Current state of the European Live Communication Market

Forecast to employ in 2021 – part-time employees



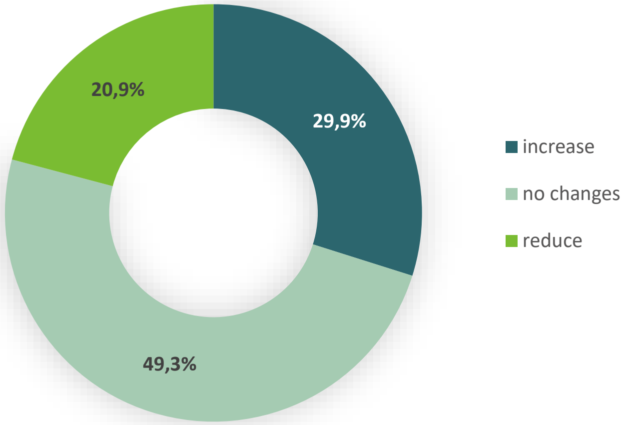
- Three quarters of companies are not planning any changes in part-time employees.
- Only one in eight companies plan to hire new employees .
- In addition, 12 percent of companies will cut another part-time employees this year.

* geringe Fallzahlen

EUROPEAN INDUSTRY SURVEY

Current state of the European Live Communication Market

Forecast to employ in 2021 – freelancer hours



- Half of the companies also do not plan to make any changes in the area of freelancers.
- One-third of the companies plan to increase freelancer hours.
- However, every 5th company also plans to reduce freelancer hours.

* geringe Fallzahlen

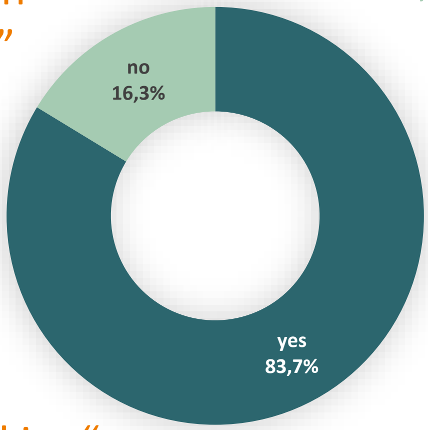
EUROPEAN INDUSTRY SURVEY

Current state of the European Live Communication Market

Are the employees prepared to face the future challenges of the industry?

“be open minded”

„digital culture“



„new thinking“

„IT-Training“

„Digital Technology“

“Training and awareness”

“skills for Digitalization and virtual events”

„homework efficient systems“

“Flexibility”

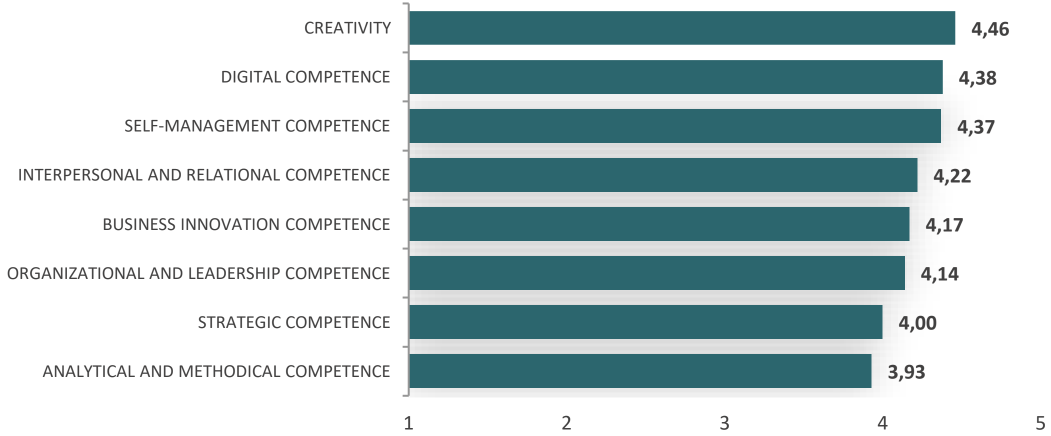
- 5 out of 6 agencies see their employees as well equipped for the key challenges of the future.
- 16 percent, on the other hand, see gaps in their employees' skills. On the one hand, these are seen very strongly in the area of digitization. But also in the area of new working (new thinking, digital culture, be open minded), flexibility or homework efficiency are important areas of competence that should be developed.
- Quotes on the left refer to perceived deficits in various areas of competence

EUROPEAN INDUSTRY SURVEY

Current state of the European Live Communication Market

Importance of the following staff skills to master future work

(1-not important at all – 5-very important)



- According to the respondents, the three central skills to master future work are creativity, digital competence and self-management competence.
- Strategic, analytical and methodological competencies are rated comparatively lower.

EUROPEAN INDUSTRY SURVEY

Current state of the European Live Communication Market

Chances of Covid-19

„We will be stronger after Covid19."

"We came closer together, developed more team spirit. Open minded to learn virtual platforms and embrace change."

"The appearance of many new clients who will become potential clients for the return to physical events after the pandemic."

„ Expansion of events to online dimensions (employee communication and training"

"The digital transformation and the ability to adapt to change of some of the employees that will allow them to work on new hybrid projects and in different environments."

"Acceleration in digitazion, hybrid/online communication strategy"

„New business coming from digital environment."

„We are moving to other sectors."

„Learning new skills, increase of interest for alternatives."

„The targets have change. Better Work-Live-Balance became more important."

„Improve of sustainable thinking - better setting of the right priorities"

"We had to re-think the company facing Covid-19. We are creating new digital models and an app for our company."

„Opportunity to Re-Organization and Re-Focusing"

„New tools for management and collaborative work in mobile environments."

„We have fully adopted the digital tools. We are more efficient."

„Develop new business models and build up different/new profiles in terms of employees."

„Streamline processes."

„More agile working.

EUROPEAN INDUSTRY SURVEY

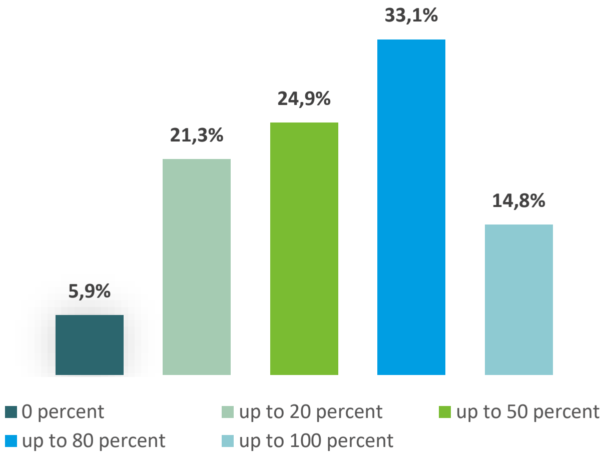
Current state of the European Live Communication Market

7 Working from home in Covid-19 pandemic and future expectation

EUROPEAN INDUSTRY SURVEY

Current state of the European Live Communication Market

Percentage of the total amount of work accomplished by employees and freelancers was carried out from home?



Ø 50,5 %	
Country zone 1 45,5 %	Country zone 2 53,4 %

- The average work-from-home rate in 2020 was 50 percent.
- Almost one in six companies had a rate of more than 80 percent.
- Only 25 percent of companies realized no working from home at all - or a very low rate of up to 20 percent.
- The proportion of working from home was slightly higher in country zone 2 than in country zone 1.

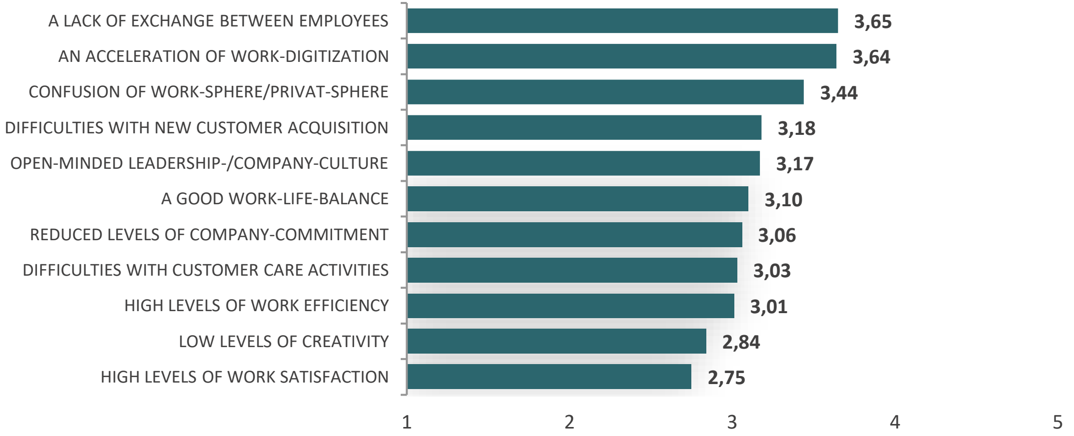
EUROPEAN INDUSTRY SURVEY

Current state of the European Live Communication Market

Experiences with working from home

Working from home leads to…

(1-does not apply at all – 5-fully apply)



- The experience of working from home shows that there is a particular lack of exchange between employees and a confusion of work-sphere and private-sphere.
- At the same time, however, the digitalization of work is clearly promoted.
- An open management and corporate culture are associated with working from home.

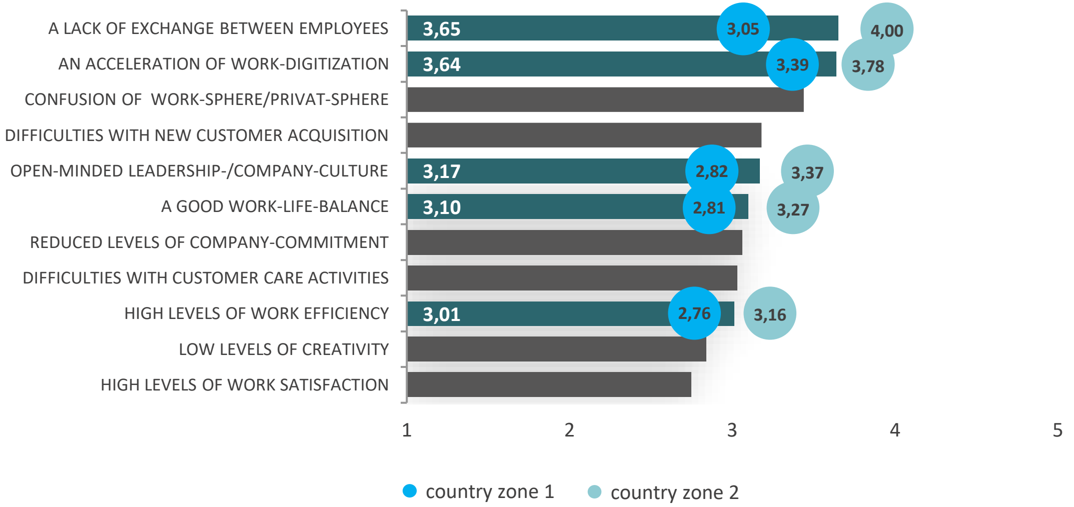
EUROPEAN INDUSTRY SURVEY

Current state of the European Live Communication Market

Experiences with working from home (country zone)

Working from home leads to…

(1-does not apply at all – 5-fully apply)

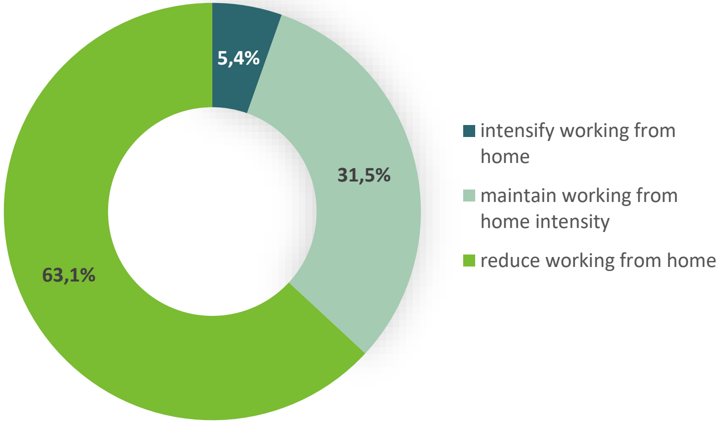


- The country zones differ only in regard to a few aspects.
- Countries in country zone 2 more frequently see positive aspects of working from home (digitization of work, leadership and corporate culture, work-life balance and efficiency).
- However, there is also a very clear lack of exchange between employees.

EUROPEAN INDUSTRY SURVEY

Current state of the European Live Communication Market

Future plans with respect to working from home compared to 2020



Country zone 1			Country zone 1		
intensify	maintain	reduce	intensify	maintain	reduce
4,8 %	21,0 %	74,2	5,7 %	37,7 %	56,6 %

- Regardless of the benefit, only 5 percent of companies plan to expand working from home.
- Not even one-third of respondents will maintain the current level of working from home. About two-thirds will reduce the availability of working from home as the pandemic situation allows.

Next overview:

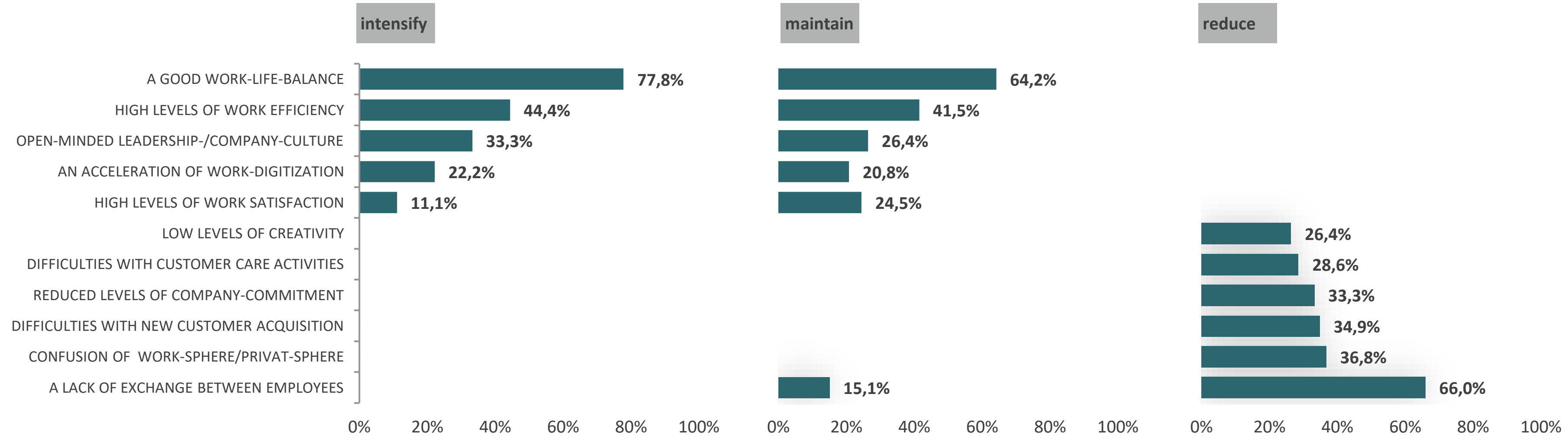
- Main reasons to intensify and maintain: Work-life balance, efficiency, open leadership and corporate culture.
- Main reasons to reduce: Lack of exchange between employees, Confusion of work-sphere and private-sphere, Difficulties with new customer acquisition.

EUROPEAN INDUSTRY SURVEY

Current state of the European Live Communication Market

Main reasons for intensify, maintain or reduce working from home

(3 main reasons, multiple answers)



EUROPEAN INDUSTRY SURVEY

Current state of the European Live Communication Market

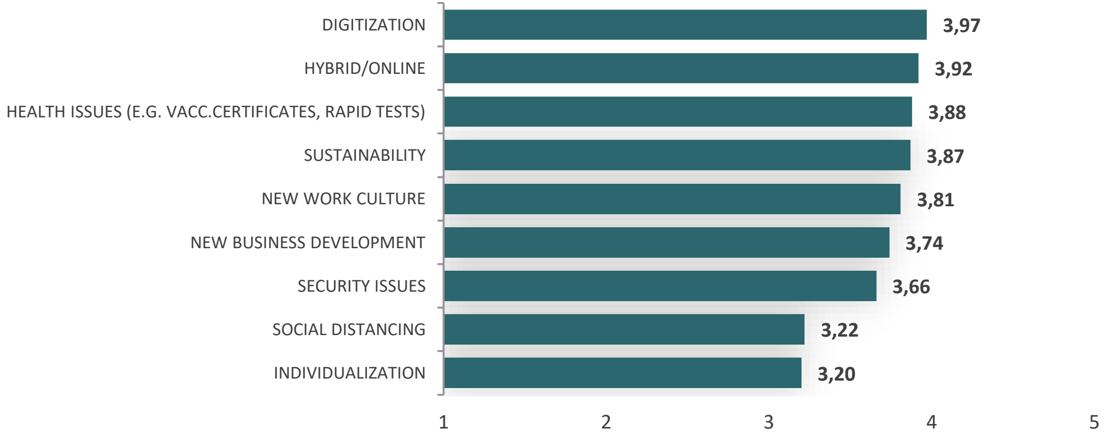
8 Future trends

EUROPEAN INDUSTRY SURVEY

Current state of the European Live Communication Market

Trends and topics which will move the industry even after overcoming Covid-19.

(1-does not apply at all – 5-fully apply)



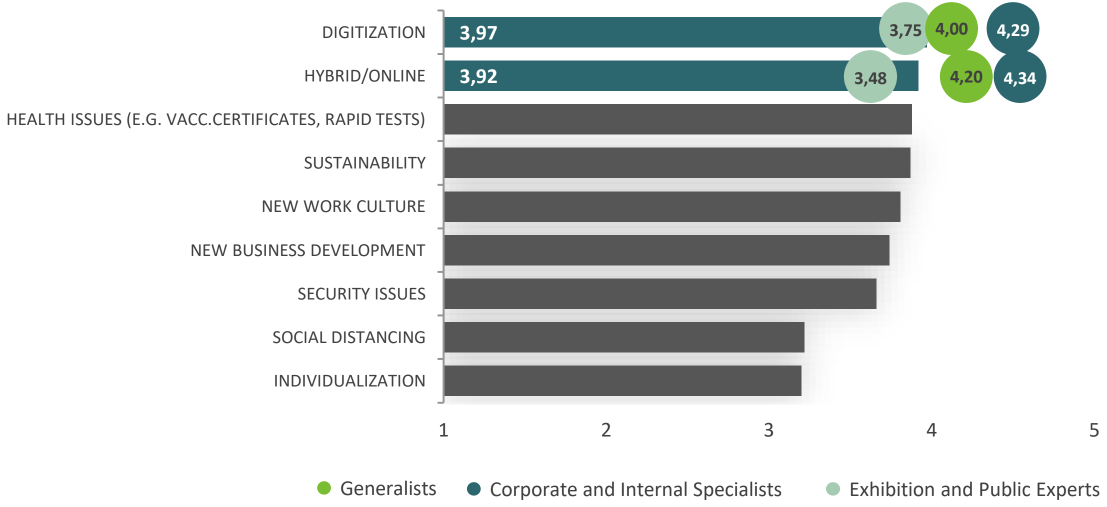
- When it comes to the trends that will remain relevant even after the Covid 19 pandemic has been overcome, respondents emphasize the important roles of digitization and online/hybrid event formats.
- According to the respondents, health aspects and sustainability also remain important as critical topics in the future.
- However, social distancing and individualization are becoming less important.

EUROPEAN INDUSTRY SURVEY

Current state of the European Live Communication Market

Trends and topics which will move the industry even after overcoming Covid-19.

(1-does not apply at all – 5-fully apply)



- A breakdown by clusters reveals significant differences in the areas of digitization and hybrid/online.
- For Exhibition and Public Experts, live formats remain very central, so that online/hybrid are less important in comparison.
- For Corporate and internal Specialists, however, these points are of particular importance. Especially because the pandemic shows that these formats can be used successfully online in Corporate/ as well as in the Internal/Staff area. It is to be expected that these formats will gain in importance in this regard.

EUROPEAN INDUSTRY SURVEY

Current state of the European Live Communication Market

Other trends and topics

„Smaller events/trade fairs"

"More social involvement, more solidarity, more social values"

„Smaller Offices"

"rather more regional roadshows"

"Customer Experience"

„More regional meetings"

„less traveling"

"Increase of skills spezialization and revamp of old skills"

„declining international participation in events and congresses"

"loss of live events (corporate)"

„New green economy"

„Relocalisation"

„Difficulties of traveling for international Business"

„cost awareness"

„Tracing, Time-Slot-Booking, Inteligent Seatplace Booking, Testing."

EUROPEAN INDUSTRY SURVEY

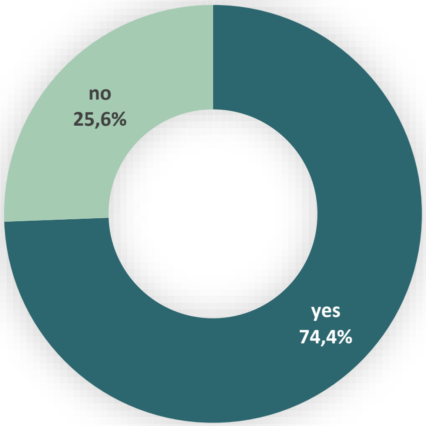
Current state of the European Live Communication Market

9 International live communication-industry events

EUROPEAN INDUSTRY SURVEY

Current state of the European Live Communication Market

Visit of international live communication-industry events in the previous years



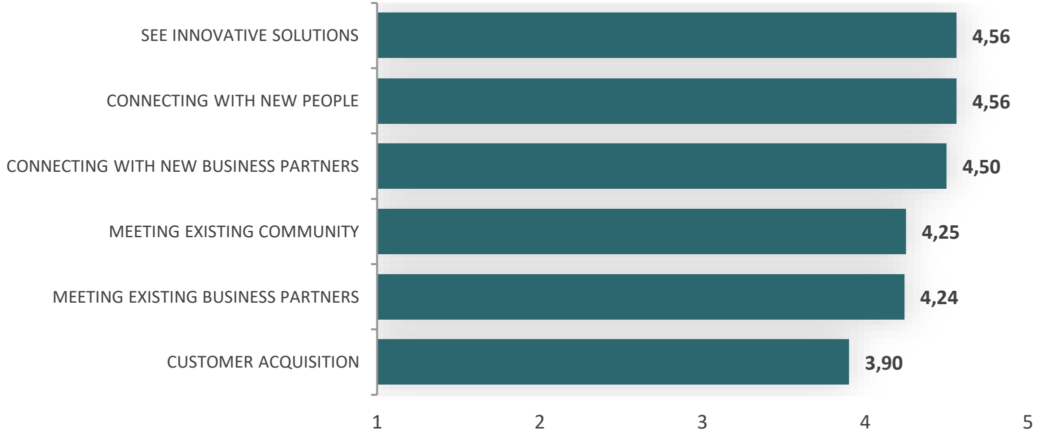
- Three quarters of the agencies have attended live communication-industry events in recent years.
- Agencies in country zone 2 are slightly more likely to attend (77,9%) than country zone 1 (68,3%) - not significant.
- Reasons for non-attendance: No time, Not first priority, to small agency, no need, too expensive, more nationally oriented.

EUROPEAN INDUSTRY SURVEY

Current state of the European Live Communication Market

Importance of objectives listed below when visiting a live communication-industry event

(1-not important at all – 5-very important)

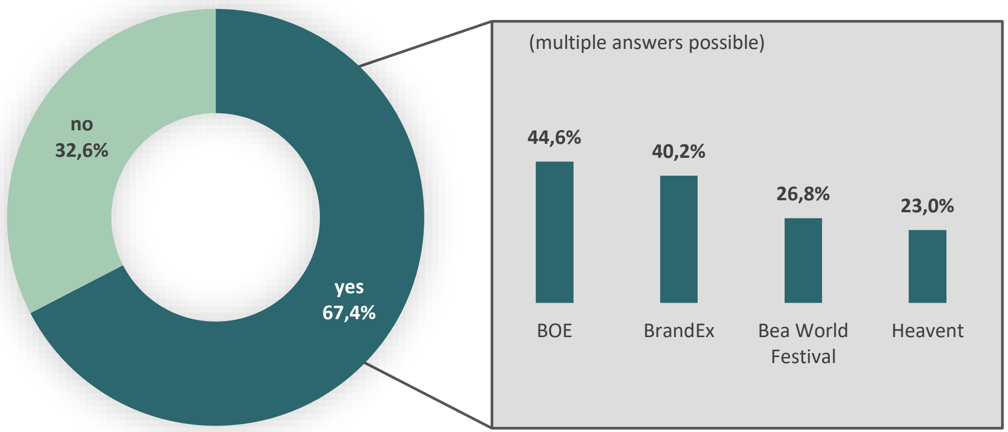


- With regard to the goals when attending live communication-industry events, the focus is on innovative solutions, contacts with new people/customers and contacts with new business partners.
- Customer acquisition itself takes a back seat to general relationship building and innovation.

EUROPEAN INDUSTRY SURVEY

Current state of the European Live Communication Market

Intention to visit a live communication-industry event in 2021



- Two-thirds of the agencies intend to attend a live communication-industry event in 2021.
- BOE and BrandEx are the most relevant events (approx. 40 percent).
- Other trade shows: IBTM, Exhibitor Live, IMEX, Musik Messe, CIMT, Touristik Exhibitions, Prolight&Sound, IFES, IDFA, Republica, InfoComm ,NAB, Word Travel Market, WOMEX