

The Impact of Coronavirus on the Dutch Convention Sector

June 2021

Summary Report

PREPARED FOR:

STRATEGIC ALLIANCE OF THE NATIONAL
CONVENTION BUREAUX OF EUROPE



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INTRODUCTION

The convention sector has been one of the sectors most severely impacted by the coronavirus pandemic and the resulting global economic recession. The challenges to a full recovery are formidable as COVID-19 resulted in a near universal moratorium on in-person meetings and events throughout 2020.

News of vaccines at the end of 2020 provided much needed hope after a depressing year. The development and rollout of vaccines will provide a major boost to the convention sector, with the pace and success of vaccine distribution being a critical factor in determining the speed of the recovery.

Despite this, the sector will continue to feel the adverse impacts of the global pandemic with lingering restrictions and constrained budgets causing businesses to favour virtual platforms over face-to-face contact throughout 2021.

While we expect some recovery in 2021, the timing of rebuilding and the future profile of meetings and events remains highly uncertain.

In this summary report, we provide a quantitative assessment of the short-term impact of the coronavirus pandemic on the Dutch convention sector and the medium-term implications of reasonable recovery scenarios.

Projections for the sector in the Netherlands were developed within an overall modelling framework for Europe as a whole. For details on modelling assumptions and techniques as well as forecasts for Europe please see: *Tourism Economics, "The Impact of Coronavirus on Europe's Convention Sector - Update", April 2021.*

STUDY PARAMETERS

Definition of the convention sector

The convention sector is defined as the meetings and conferences components of the MICE industry, see definition to the right.¹

This study includes both domestic and international attendees and day visits and overnight stays.

Historic international visitation and spend estimates for the Dutch convention sector were provided by the NBTC . However, equivalent figures were not available for domestic participants of meetings and events. In line with the wider study, we have estimated these missing data using our Global Travel Service database and average shares to impute values.



Meetings

A gathering of at least 10 people from corporate organisations in one place. Examples include board meetings, sales meetings, product launches and training etc.



Incentives

Corporate-sponsored trips for employees, distributors or clients to reward performance, motivate work effort and create company loyalty.



Conferences

Meetings of hundreds or thousands of individuals belonging to a single profession, cultural or religious group or with another common interest.



Events

Professionally organised events where products and services are displayed and which facilitate the meeting of buyers and sellers.

1. Definition sourced from the International Association of Professional Congress Organizers

TRAVEL RESTRICTION INDEX

Forecast assumptions

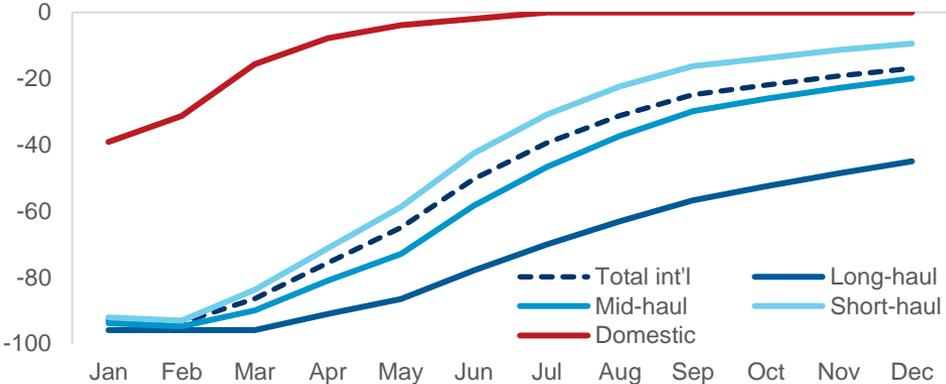
We have constructed indices of travel restriction stringency as part of a framework for producing near-term forecasts and scenarios for the convention sector.

The index considers the strength of limits imposed on all international and domestic markets and how this is likely to evolve by month, informed by cases rates, anticipated vaccination progress and policy announcements.

The accompanying chart shows a stringency index for travel within and to the Netherlands.

The Netherlands travel restriction index 2021, baseline scenario

Amounts in an index, with -100 equating to the maximum level of restrictions



Source: Tourism Economics

HISTORIC RECOVERIES OF BUSINESS TRAVEL

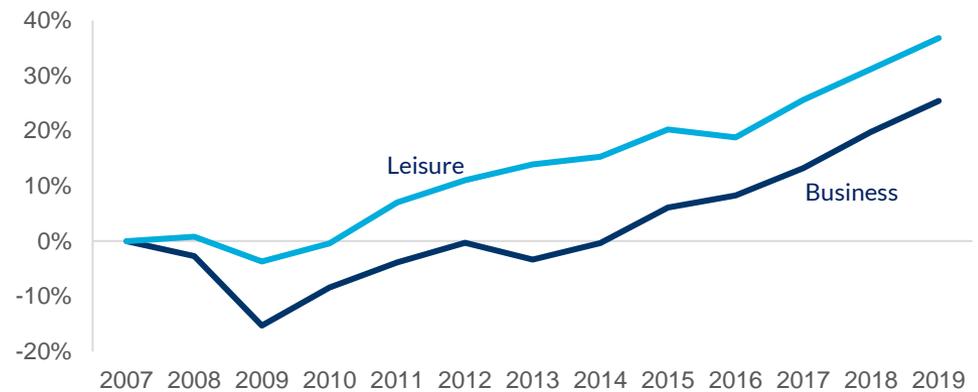
Forecast assumptions

Forecasts have also been developed in light of how overall business travel has recovered from previous downturns.

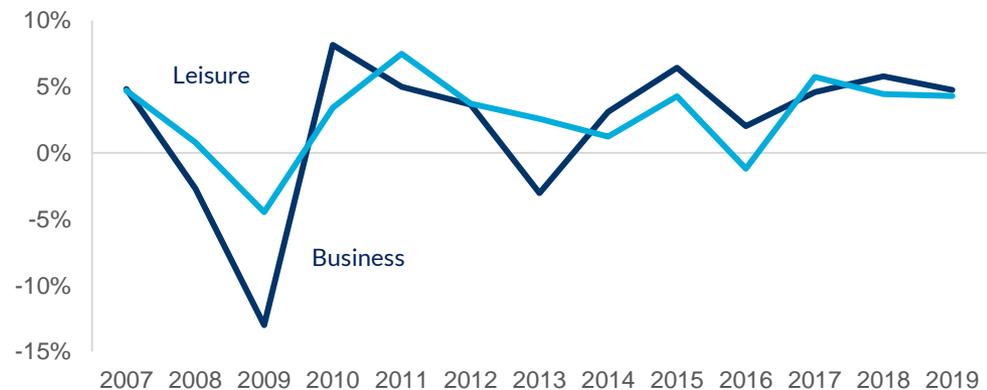
During the 2008–09 global recession business travel in Europe overall was slower to recover than leisure travel and was also subject to greater volatility.

Historic European travel and tourism spend growth

Amounts in percentage change in spend since 2007



Amounts year-on-year percentage growth



Source: Tourism Economics

PHASES OF THE BUSINESS TRAVEL RECOVERY

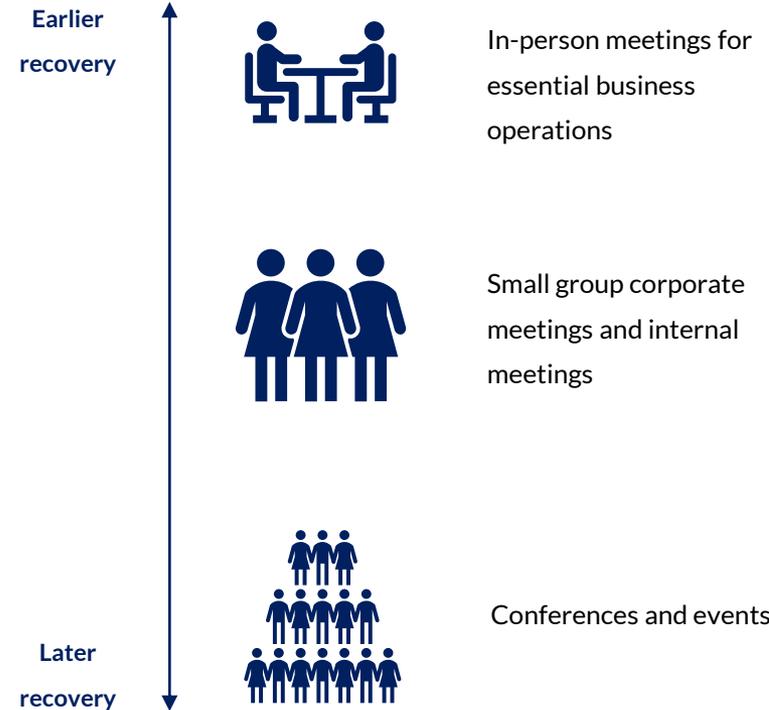
Forecast assumptions

We assume that business travel will likely return in phases, determined by proximity and reason for travel, with the convention sector being one of the last components of business travel to fully recover.

This assumption was informed by the views of members of the Strategic Alliance and is corroborated by research produced by McKinsey.

The Netherlands is more orientated towards international events compared to Europe overall. This means the recovery will initially be slower than the European average but more rapid in the medium to long term.

Phases of the recovery in business travel



Source: Tourism Economics, adapted from a McKinsey & Company report: [For corporate travel, a long recovery ahead.](#)

BASELINE OUTLOOK

For the Dutch convention sector

Lingering restrictions and negative sentiment effects in 2021 will mean that the recovery will not start in earnest until 2022.

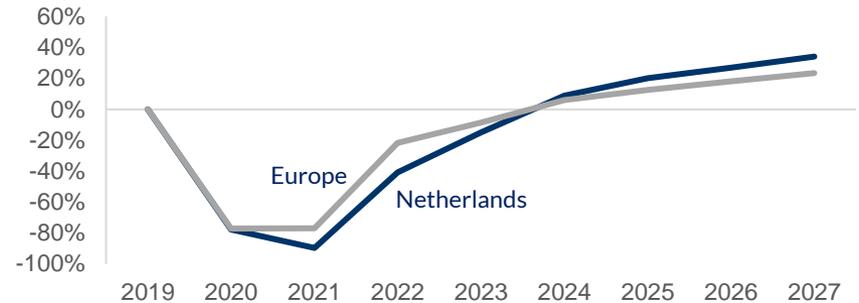
We anticipate that by 2022 most restrictions will have been lifted. The removal of restrictions will give large corporations and event planners confidence in the future and will allow some rapid recovery of the sector.

However, medium term shifts in traveller behaviour and the use of online video platforms for hybrid meetings and all-virtual gatherings will delay a full recovery.

Visitation will have recovered by 2024, however the substitution of domestic travel for international travel alongside a reduction in the average length of stay of participants means that convention and event spending is not expected to recover until 2025.

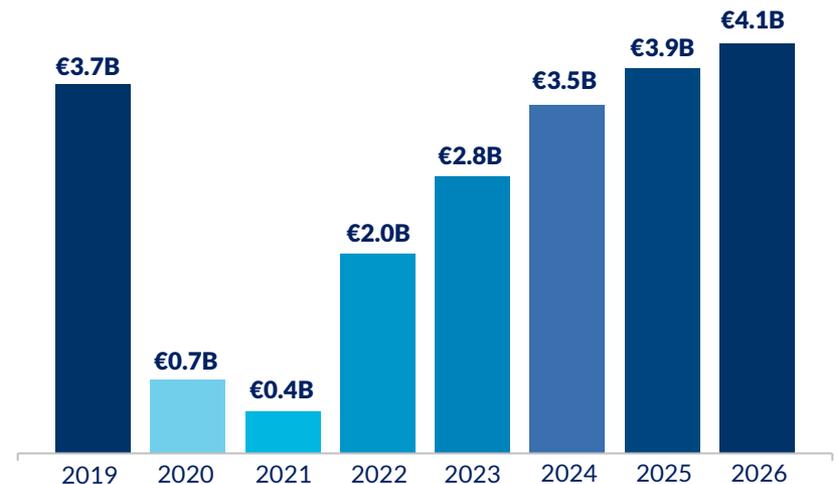
Convention and event visitation growth

Amounts in percentage change in visitation since 2019



Convention and event spending levels in the Netherlands

Amounts in billions of euros



Source: Tourism Economics

*Please see slide 3 for details on the methodology used to estimate the size of the Dutch convention sector in 2019.

SCENARIOS

Key assumptions

We have adjusted the profile of our domestic and international travel restriction indexes to reflect scenarios where upside and downside risks materialise.

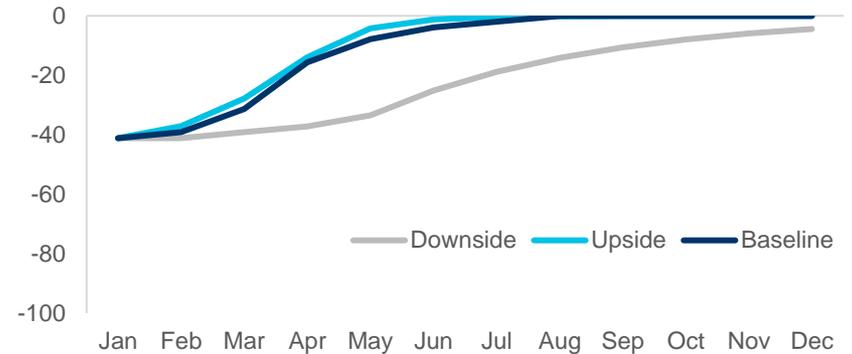
Baseline assumptions for future traveller behaviour and longer-term economic performance have also been adjusted to reflect the possible range of outcomes from this crisis.

Key risks that surround our baseline, include:

- Vaccine supply and rollout
- When we will exit restrictions
- Future convention participant behaviour

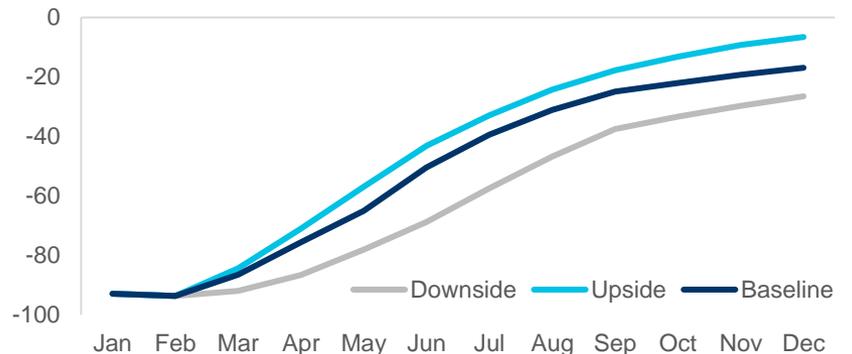
Netherlands domestic travel restriction index 2021

Amounts in an index, with -100 equating to the maximum level of restrictions, since in March 2020



Netherlands international travel restriction index 2021

Amounts in an index, with -100 equating to the maximum level of restrictions, since in March 2020



Source: Tourism Economics

SCENARIO RESULTS

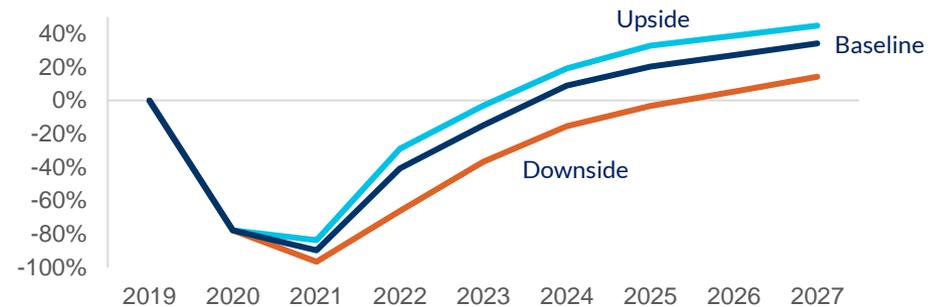
For visitation and spending growth

The upside scenario presents a strong recovery with limited negative sentiment effects. The downside scenario shows a prolonged recovery with longer term shifts in how the sector operates.

Spend levels are expected to have almost recovered by 2023 under the upside scenario. For the downside scenario, the size of the decline in spend in 2021, and the long-term reduction physical meeting and event attendance imply that full recovery will not occur until 2027.

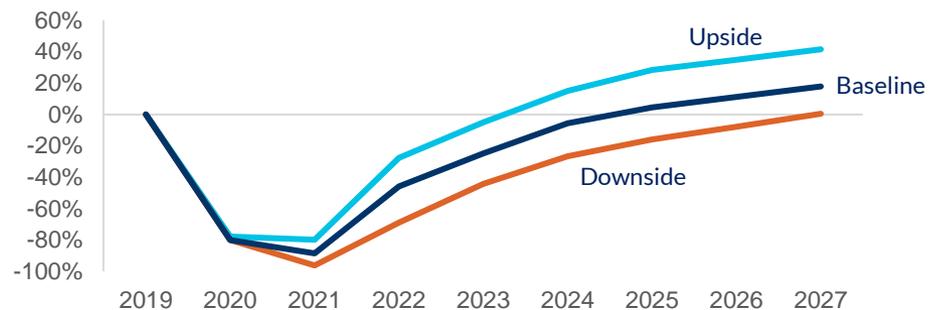
Convention and event visitation growth in the Netherlands

Amounts in percentage change in visitation since 2019



Convention and event visitor spending growth in the Netherlands

Amounts in percentage change in spending since 2019



Source: Tourism Economics

About Tourism Economics

Tourism Economics is an Oxford Economics company with a singular objective: combine an understanding of the travel sector with proven economic tools to answer the most important questions facing our clients. More than 500 companies, associations, and destination work with Tourism Economics every year as a research partner. We bring decades of experience to every engagement to help our clients make better marketing, investment, and policy decisions. Our team of highly-specialized economists deliver:

- Global travel data-sets with the broadest set of country, city, and state coverage available
- Travel forecasts that are directly linked to the economic and demographic outlook for origins and destinations
- Economic impact analysis that highlights the value of visitors, events, developments, and industry segments
- Policy analysis that informs critical funding, taxation, and travel facilitation decisions
- Market assessments that define market allocation and investment decisions

Tourism Economics operates out of regional headquarters in Philadelphia and Oxford, with offices in Belfast, Buenos Aires, Dubai, Frankfurt, and Ontario.

Oxford Economics is one of the world's foremost independent global advisory firms, providing reports, forecasts and analytical tools on 200 countries, 100 industrial sectors and over 3,000 cities. Our best-of-class global economic and industry models and analytical tools give us an unparalleled ability to forecast external market trends and assess their economic, social and business impact. Headquartered in Oxford, England, with regional centers in London, New York, and Singapore, Oxford Economics has offices across the globe in Belfast, Chicago, Dubai, Miami, Milan, Paris, Philadelphia, San Francisco, and Washington DC, we employ over 250 full-time staff, including 150 professional economists, industry experts and business editors—one of the largest teams of macroeconomists and thought leadership specialists.

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