

THE IMPACT OF COVID-19 ON SCOTLAND'S EVENT SUPPLY CHAIN

JUNE 2020



CONTENT

RESEARCH BACKGROUND AND METHODOLOGY

SAMPLE PROFILE

IMPACT ON THE EVENT SUPPLY CHAIN

VERBATIM COMMENTS FROM INDUSTRY

THE IMPACT OF COVID-19 ON SCOTLAND'S EVENT SECTOR SUPPLY CHAIN

RESEARCH BACKGROUND

Following on from Event Industry Forums that were conducted during the end of April and through May, the fragility of the Events Supply Chain was identified as one of the key shared concerns across the sector. EventScotland is working with the events sector and Scottish Government to inform and shape a sustainable recovery plan.

The aim of this research is to understand in more depth the impact of Covid19 on the Events Supply Chain with particular focus on the Scottish events sector.

This survey was conducted between 16th and 22nd June around this time key announcements were made by the Scottish Government concerning physical distancing measures and the reopening of certain parts of the economy.



Wed 10th June

Tourism Minister Announcement - Reopening of Tourism Businesses from 15th July 2020



Tues 16th June

Survey Launch



Thurs 18th June

First Minister's Announcement of move into Phase 2 of Route Map



Mon 22nd June

Survey Closed

RESEARCH METHODOLOGY – ONLINE QUANTITATIVE STUDY



DATA COLLECTION

A 23 question online survey was launched by EventScotland via industry facing digital channels, such as EventScotland's corporate website, social media and stakeholder e-newsletters. Survey responses could be submitted anonymously.



SELF-SELECTING SURVEY

As this is a **self-selecting** industry survey, there is a bias towards businesses that have seen and completed the link to the research. These results **may not** be representative of the Scottish Events Supply Chain as a whole.

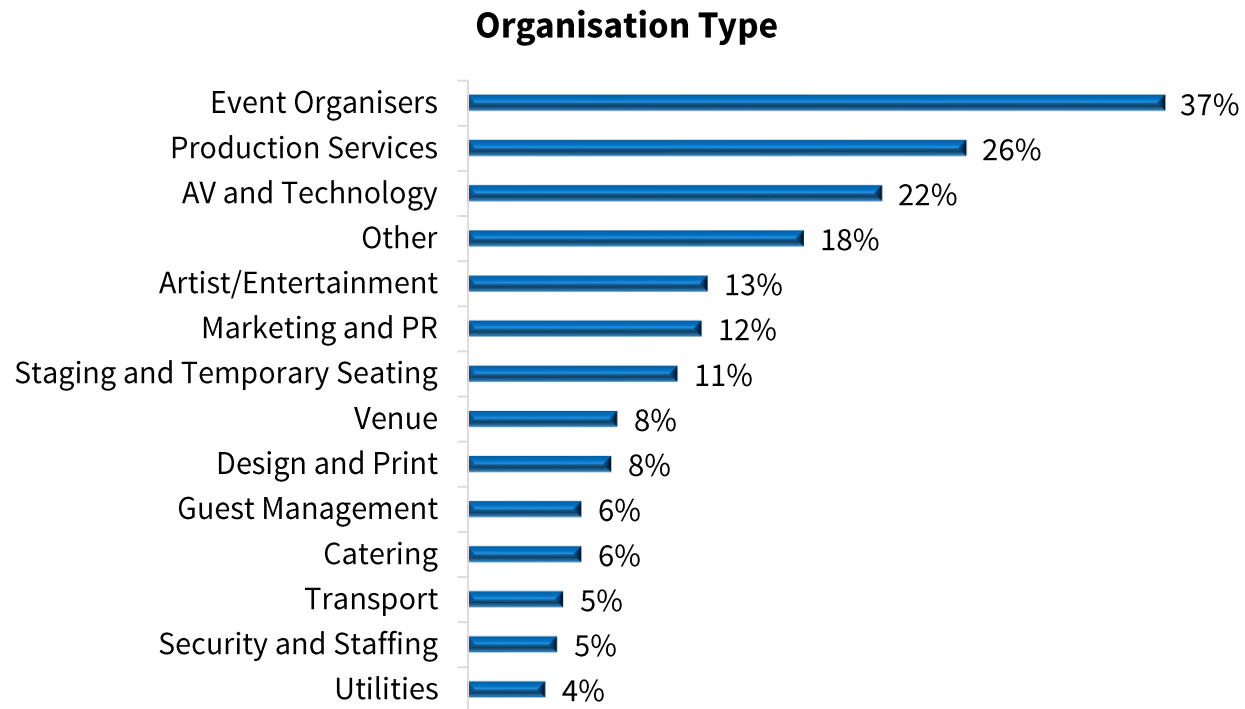


FIELDWORK PERIOD

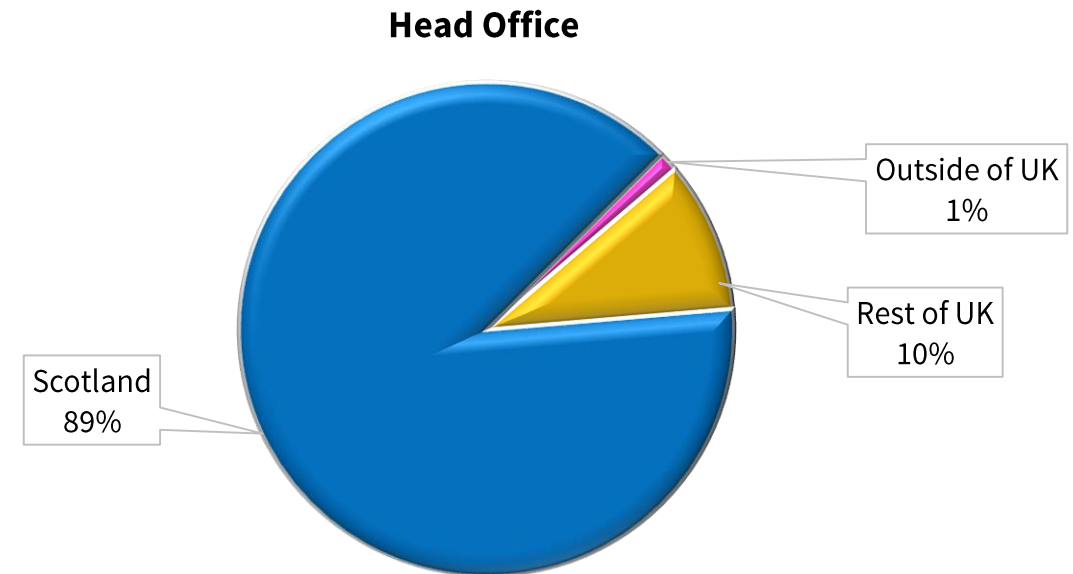
Data was collected between 16th and 22nd June 2020. In total 315 submitted their feedback from a wide range of commercial categories and scale of business.

SAMPLE PROFILE: WHO RESPONDED TO THIS SURVEY

- 89% of respondents have their head office based in Scotland.
- A full range of responses have been gathered from across the supply chain, there is a bias in responses towards Event Organisers, Production services and AV & Technology.



‘Other’ includes: Medical Services, Marquee Hire, H&S provision, Merchandise, Photography, Venue dressing, Equipment hire and Ticketing.



Q1) What is the nature of your supply to the events sector? (Please tick all that apply.) Base: N= 315

Q5) Where is your head office based? Base: N= 314

SAMPLE PROFILE: WHO RESPONDED TO THIS SURVEY BY BUSINESS SIZE/EMPLOYEES

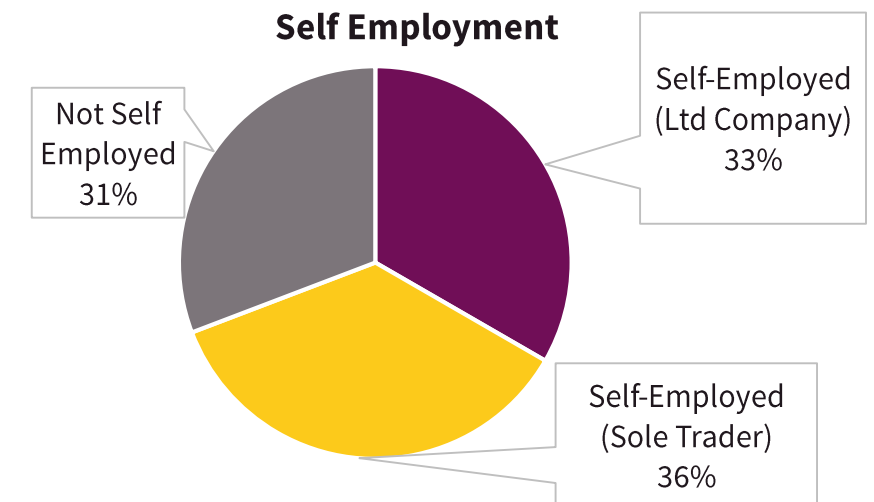
- The vast majority (96%) of respondents are from micro or small sized businesses, with an average of 8 FTE staff members before the impact of Covid-19. Only 9 respondents employ more than 100 FTE staff members with one respondent employing 7500. 44% of respondents have 2 or less FTE staff. (Base: N=255)
- Organisations with smaller full time equivalent (FTE) staffing figures (under 100 staff) have a greater dependency on freelance employees and employed an average of 56 freelancers in 2019-20.
- The majority of respondents (69%) are self employed, either via a Ltd Company or as a sole trader.

Q3)Self Employed?– Self Employed Ltd Company or Self-Employed Sole Trader.

Q4)How many freelance staff did you contract during the last financial year (2019-2020) if any?

Freelance Staff for Respondents with FTE Employees over 100	Average of 16.5 freelance staff
Freelance Staff for Respondents with FTE Employees under 100	Average of 56 freelance staff

(Optional question) only 248 businesses out of 315 total respondents provided this information.



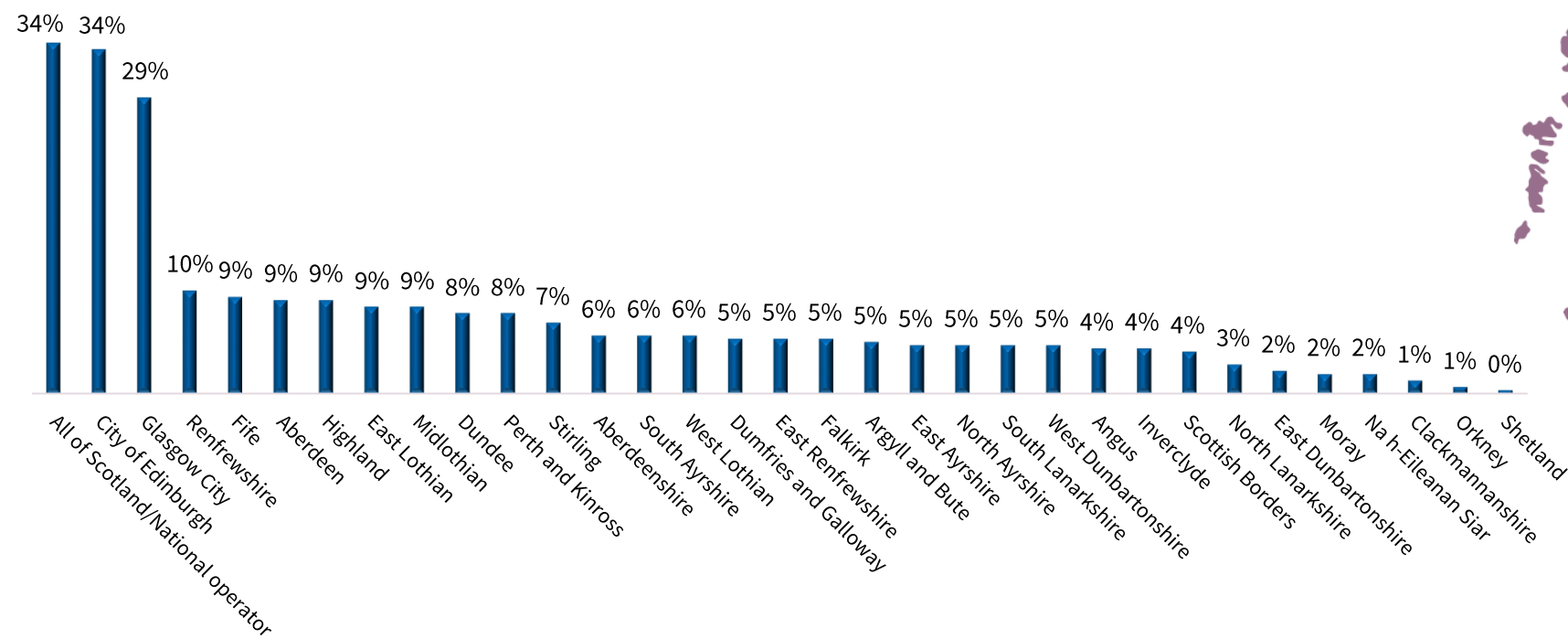
This question may be been interpreted differently by respondents. Base: N= 315

Q2)On average, how many full time equivalent (FTE) staff does your business employ, please tell us the number before the current Covid-19 crisis came into effect. (Open ended question)

SAMPLE PROFILE: WHERE DO YOU DO BUSINESS?

- Respondents primarily do business across the whole of Scotland, with a bias towards urban areas due to the location of businesses and volume of events taking place in those areas.

Business Conducted By Council Area



Q6) Which of the following council areas do you do most of your business in Scotland? (Tick all that apply) Base: N= 315

HEADLINE FINDINGS

315 respondents to self selecting online survey between 16-22 June 2020 (Note: Scottish Government announcements were made around that period)

57% of respondents are 100% reliant on the events sector for their business turnover, a further **26%** are 61-99% reliant

27% have lost over a quarter of a million pounds in revenue to date, with **11%** of those losing over £1m. Average revenue loss is almost **£650K**

43% of respondents have stated that they can remain trading between 1 and 6 months, and **25%** are unsure of how long they can remain in business. **4%** have already ceased trading

21% have not been eligible or have been unable to access any support funding

55% of respondents have staff furloughed. **93%** of those that have accessed the furlough scheme indicate that extending it beyond October would have a helpful/essential impact on their ability to operate

69% of respondents are self employed, either as a sole trader or via a Ltd Company

HEADLINE FINDINGS (CONTINUED)

There is a **significant reliance on freelance staff**, particularly amongst small and micro businesses (the majority of respondents)

The vast majority (**96%**) of respondents are from micro or small sized businesses. **44%** have 2 or less FTE staff.

9% have already made or foresee making redundancies with **16%** of respondents expecting to making redundancies before Oct. **26%** expect to make more redundancies post Oct if furlough is not extended

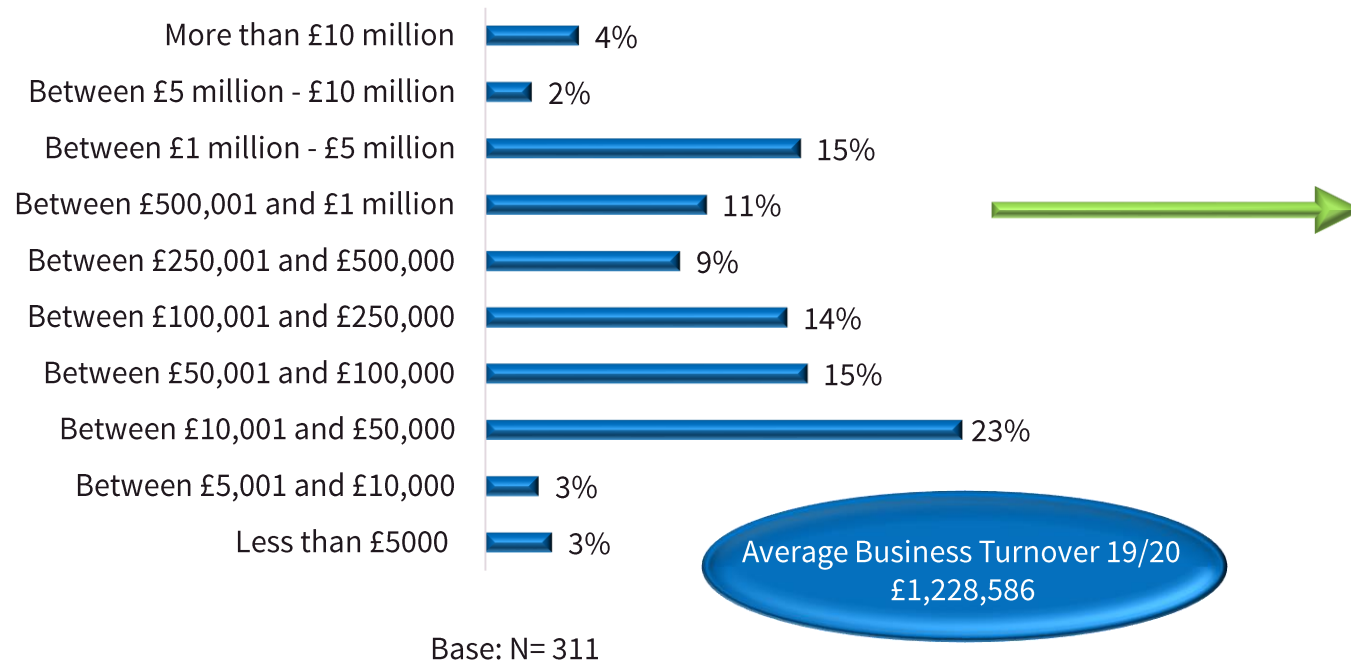
44% of respondents state that their income will not exceed expenditure until physical distancing restrictions are lifted

34% have been able to diversify their product or client base, into areas including digital events and Covid-19 protection measures

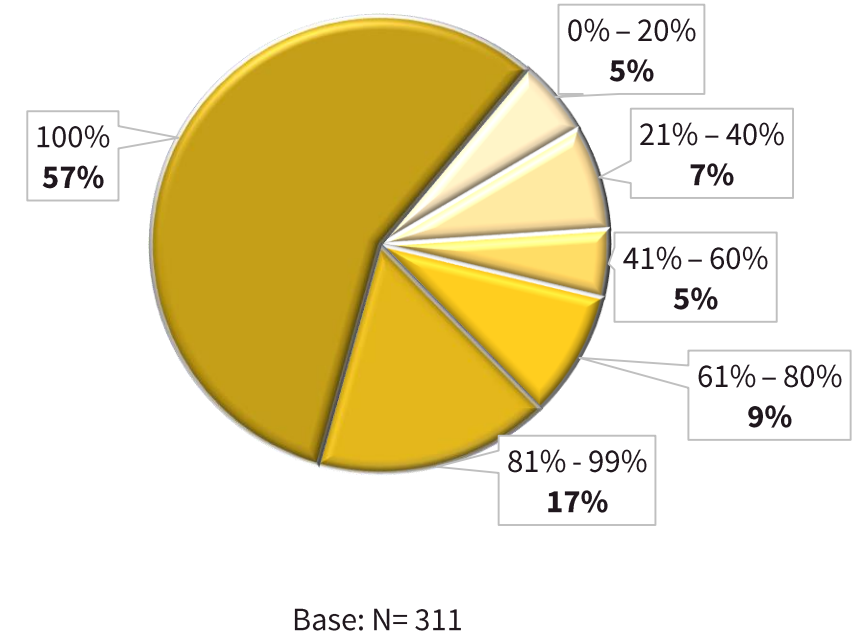
IMPACT - FINANCIAL

- 57% of the respondents rely exclusively on events for their business turnover, and 88% rely on events for between 41% & 100% of all turnover.
- 1/3 of respondents have a annual business turnover of over half a million pounds.

Annual Business Turnover 19/20



% of Turnover relent on Events Sector



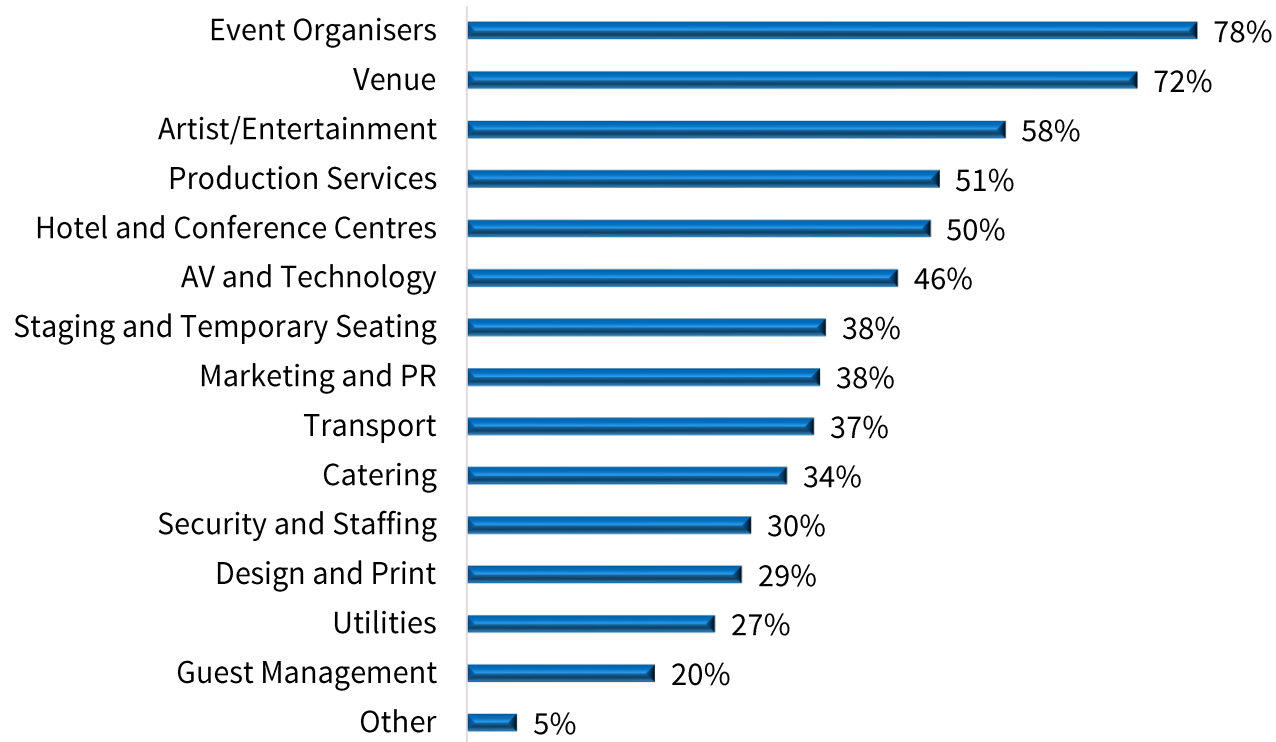
Q7) Approximately, what was your annual business turnover for the last financial year (2019- 2020)?

Q8) What percentage of your turnover relies on the events sector?(Definition of events sector includes Business, Corporate, Cultural, and Sporting events and Festivals)

IMPACT - FINANCIAL

- Underlining interdependencies across the supply chain, respondents rely on various elements of the supply chain in order to trade. Event Organisers (78%) and Venues (72%) are predominant.

Supply Chain Requirements To Trade



'Other' includes:

- Activity providers and attractions
- Marquees
- Tour Operators
- Merchandise
- Venue Dressers
- Florists
- Photographers
- Equipment hire
- Event Safety
- Litter and Waste management

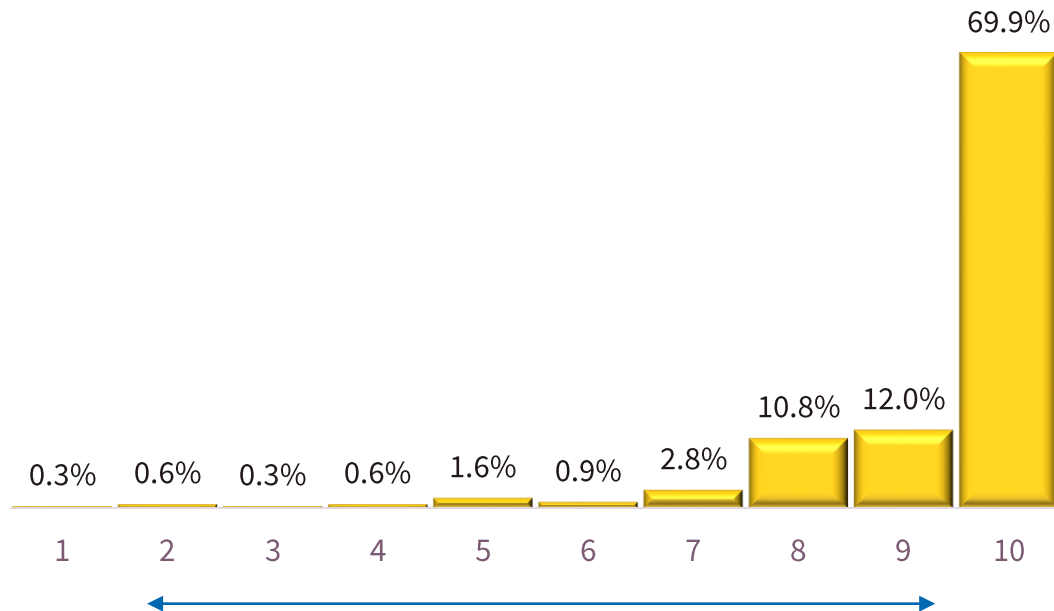
Base: N= 312

Q9) Which parts of the supply chain do you need to be operating in order for you to trade?

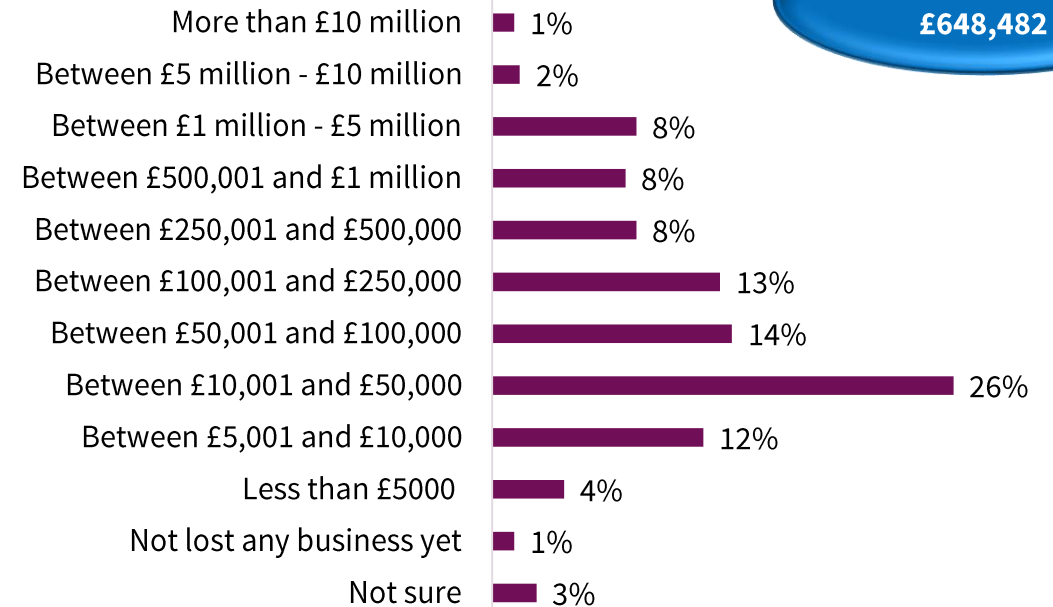
IMPACT – FINANCIAL

- Around 81.9% of respondents felt that Covid19 has had a severe impact (9-10) on their business financial situation.
- 11% of respondents have estimated lost revenue to date of over £1 million with over a quarter of respondents losing between £10K and £50K (26%).

Impact Rating Financially of Covid-19 to date?



Revenue Lost to Date



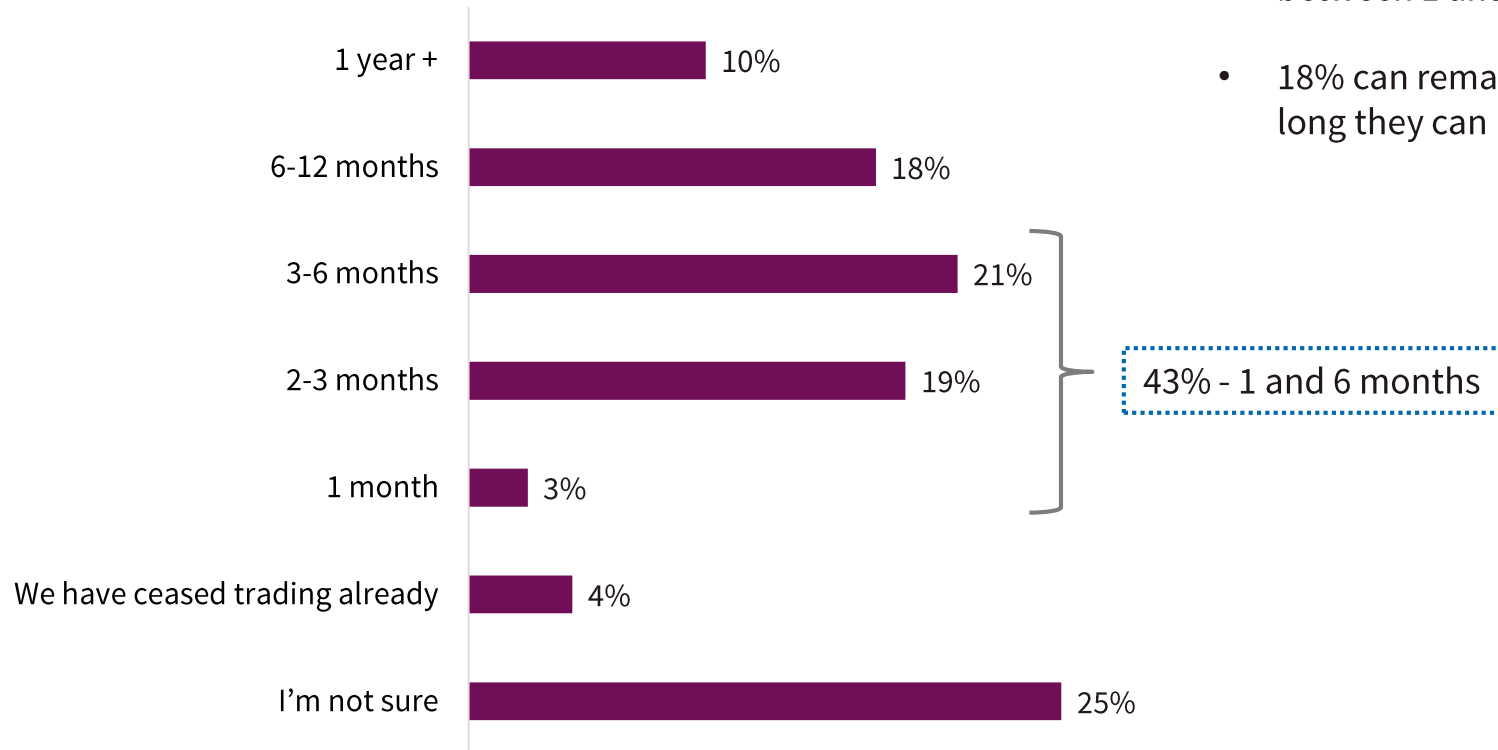
Average revenue loss
£648,482

Q10) On a scale from 1 to 10, How would you rate the financial impact of Covid19 on your business to date?(1 being no impact at all to 10 being severe impact). Base: N= 315

Q11) Approximately how much revenue has your business lost to date because of COVID-19? Base: N= 315

IMPACT – BUSINESS TRADING

How Long Can you Remain Trading?

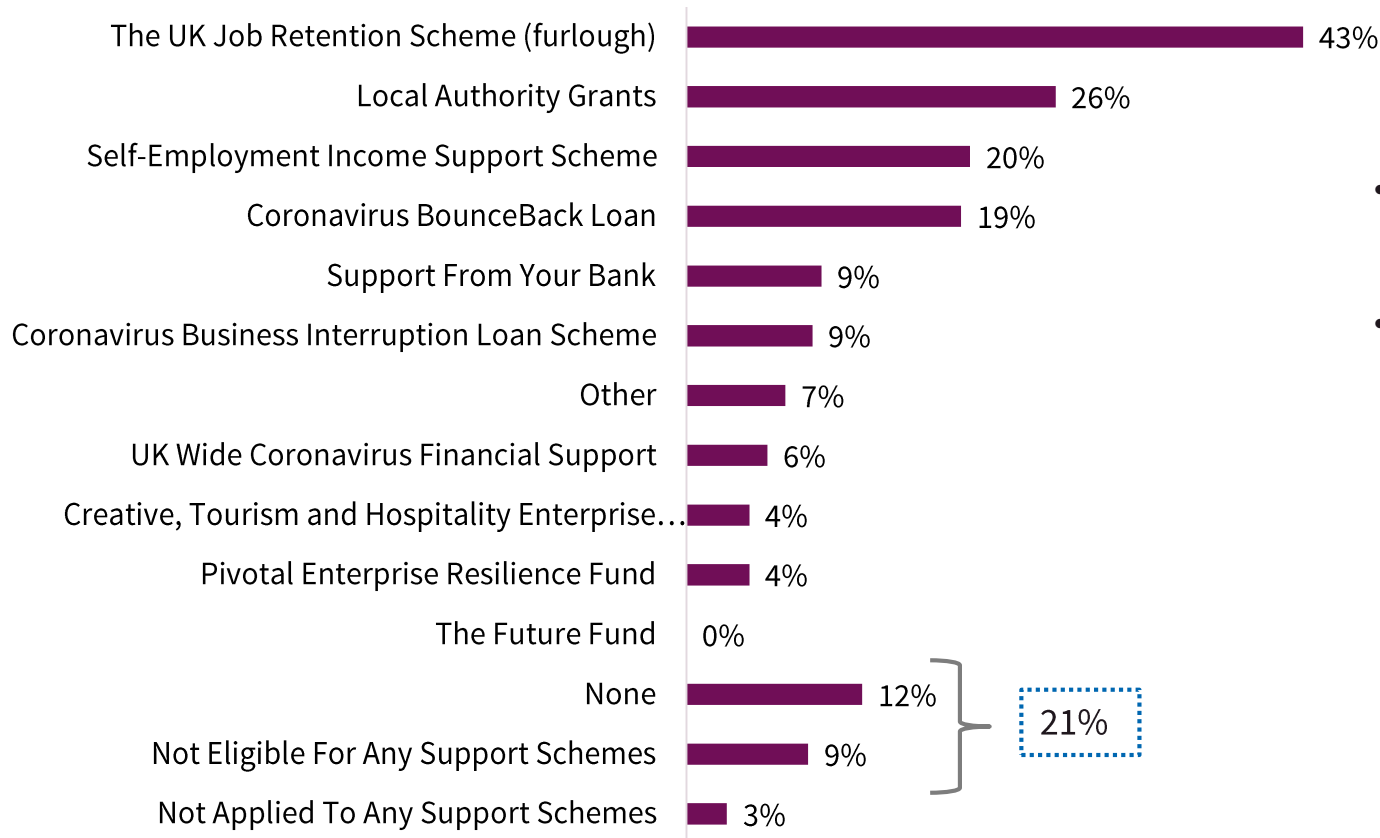


- 43% of respondents have stated that they can remain trading between 1 and 6 months.
- 18% can remain trading 6 months to a year with ¼ unsure of how long they can remain trading.

Q12) How long can you remain trading, taking account of current support measures and assuming physical distancing continues indefinitely? Base: N= 314

IMPACT – SUPPORT MECHANISMS

Support Mechanisms Accessed



- 21% of respondents were either not eligible or unable to access support funding with a further 3% who have not applied.
- The UK job retention scheme (furlough) has been the most accessed support mechanism of all respondents (43%)

‘Other’ includes: Savings; Income from other work not in the sector; Creative Scotland, Private Donations...

Q13) What support mechanisms have you been able to access? Please tick all that apply. Base: N= 315

SUPPORT BARRIERS – KEY THEMES FROM VERBATIMS

- **Don't meet criteria**
 - Ltd company cannot access any grant funding or furlough.
 - Businesses deemed too small.
 - Gaining other funding making certain applications ineligible.
 - Criteria is not always clear prior to application.
 - Reliance on business loans which businesses are not keen to take.
 - Those who provide medical support are not factored into support criteria.
- **Poor communication, short deadlines and access**
 - The sheer volume of schemes that close quickly, and overall short deadlines, not enough information on available schemes and the information seen as difficult to access.
 - Respondents have contacted support telephone numbers and received pre-recorded message redirecting back to websites.
 - Funding website crashing.
- **Difficult Process**
 - Lack of support (Government websites difficult to navigate)
 - No response or feedback of applications.
- **Exceptionally slow turnaround**
 - Timescales are hindering other applications

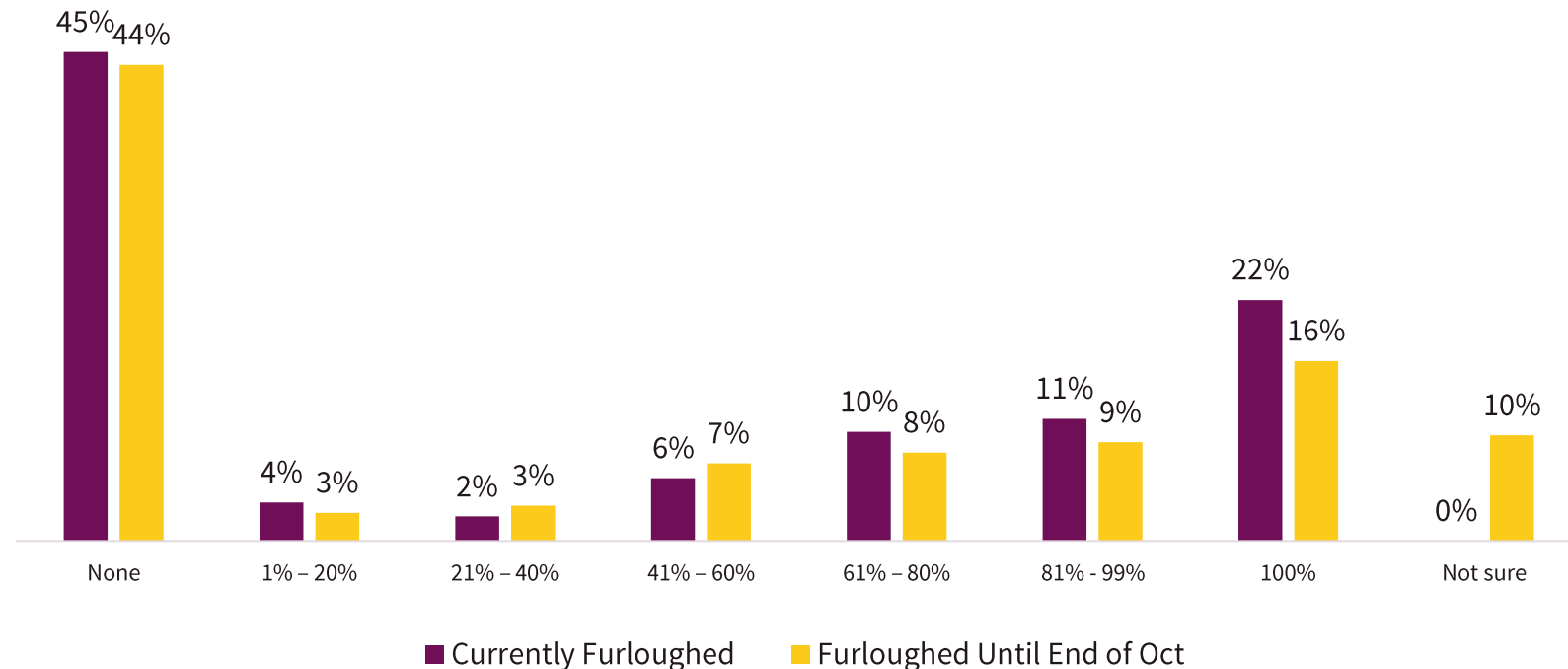
Q14) Describe any barriers you have experienced to accessing support mechanisms?

IMPACT – SUPPORT MECHANISMS - FURLOUGH

- 55% of respondents currently have staff members furloughed, with 22% having 100% of their workforce on the scheme.
- There seems to be uncertainty on whether staff will be furloughed until the end of Oct 2020 with 10% unsure.

% Of Staff Furloughed

NOTE: 'None' also includes those that were ineligible for the scheme, as well as those who did not apply.

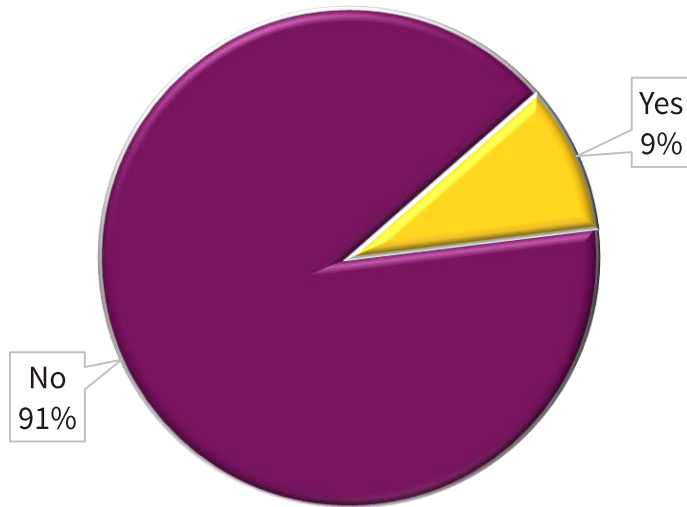


Q15) What percentage of your staff are currently furloughed? Base: N= 312

Q16) What percentage of your staff do you expect to be furloughed until the end of the scheme in October 2020? Base: N= 309

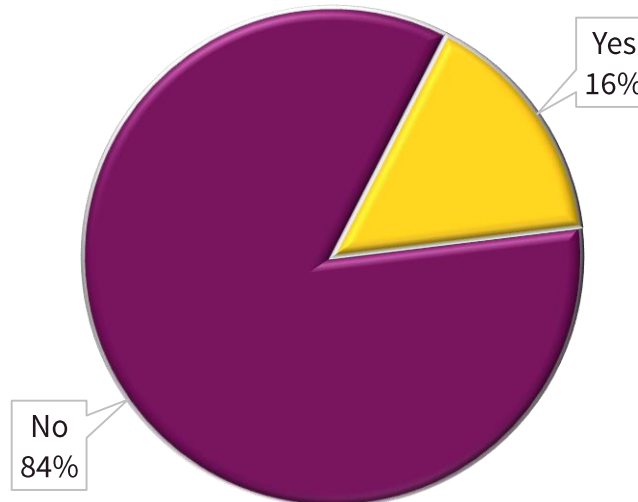
IMPACT – REDUNDANCIES

Current or Planned Redundancies



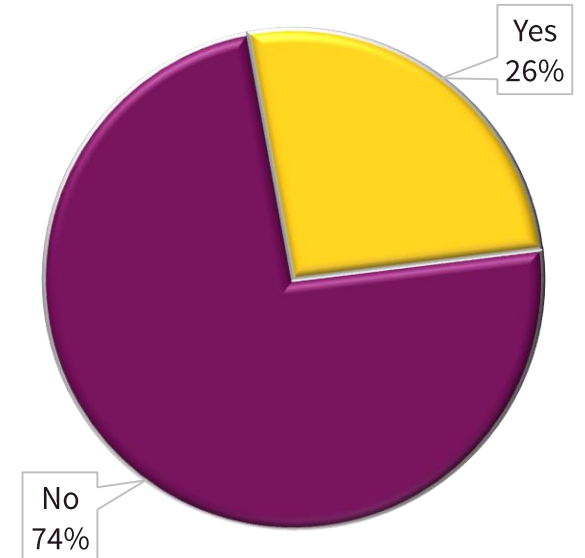
Base: N= 315

More Redundancies Before Oct



Base: N= 315

More Redundancies If Furlough Not Extended



Base: N= 315

NOTE: The above figures include those who do not employ permanent staff. Also important to note that 44% of respondents have just 2 or less FTE staff.

Q17) Have you already or do you foresee having to make any redundancies (FTE= Full Time Equivalent staff)? Please tick all statements that apply and give relevant FTE number.

Q17a) Redundancies have already been made. – Please state FTE number. (Open ended question)

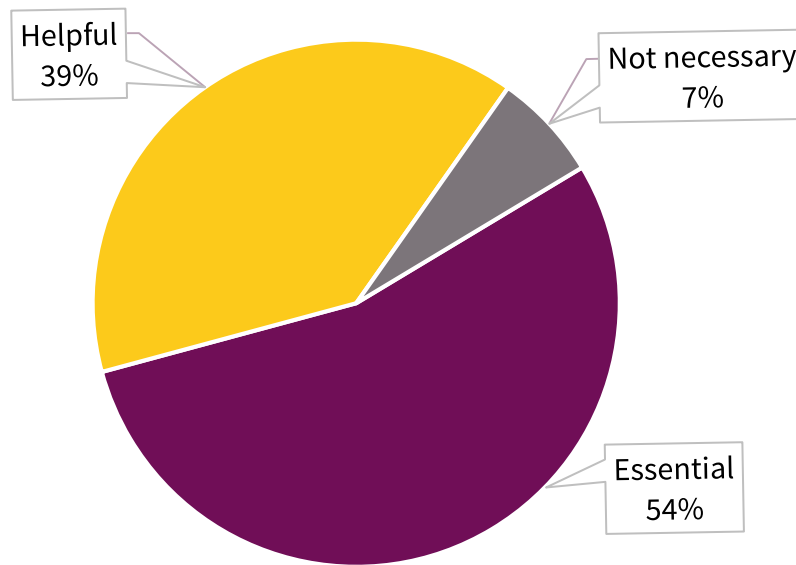
Q18) We expect to make more redundancies before October. – Please state FTE number. (Open ended question)

Q19) We expect to make more redundancies if furlough is not extended beyond October. – Please state FTE number. (Open ended question)

IMPACT – BUSINESS OPERATION

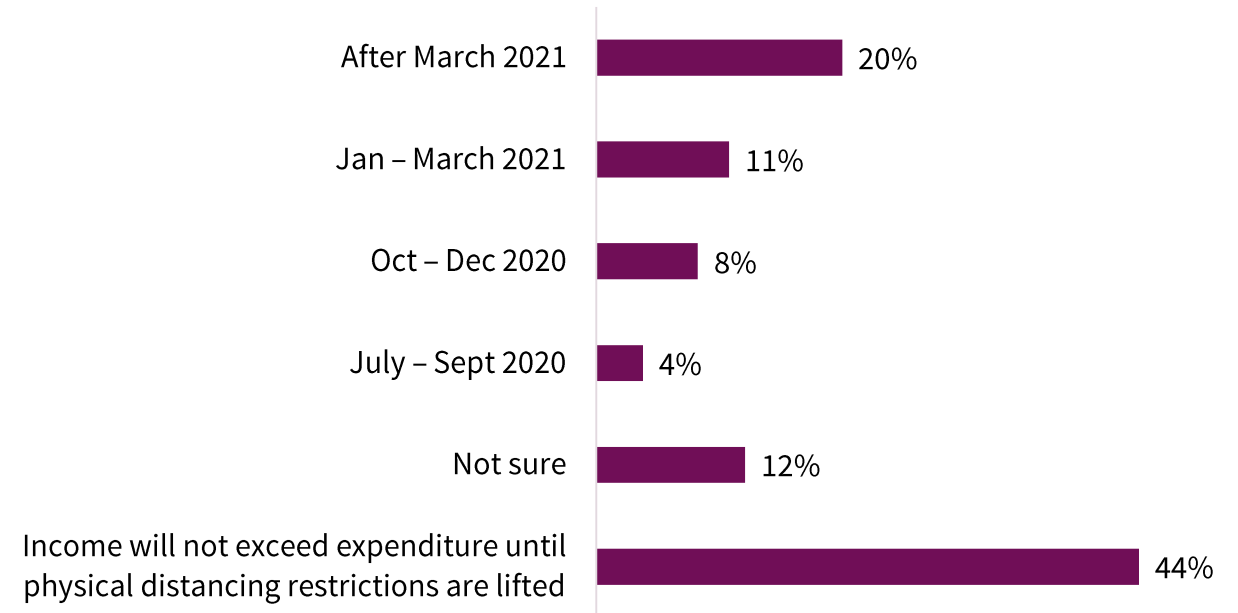
- 65% stated that an extension to the furlough scheme would be helpful or essential for their business.
- Nearly a third of respondents will not have income to exceed expenditure until 2021, with 44% stating their income will not exceed expenditure until physical distancing restrictions are removed. 12% are unsure when this will happen.

Impact if Furlough Was Extended



NOTE: Represents all respondents who stated they have accessed furlough

Income to Exceed Expenditure



Q20) If furlough was extended past October 2020 what impact would this have on your ability to operate as a business? Base: N= 136

Q21) Assuming you are able to operate, when do you expect income to exceed expenditure? Base: N= 312

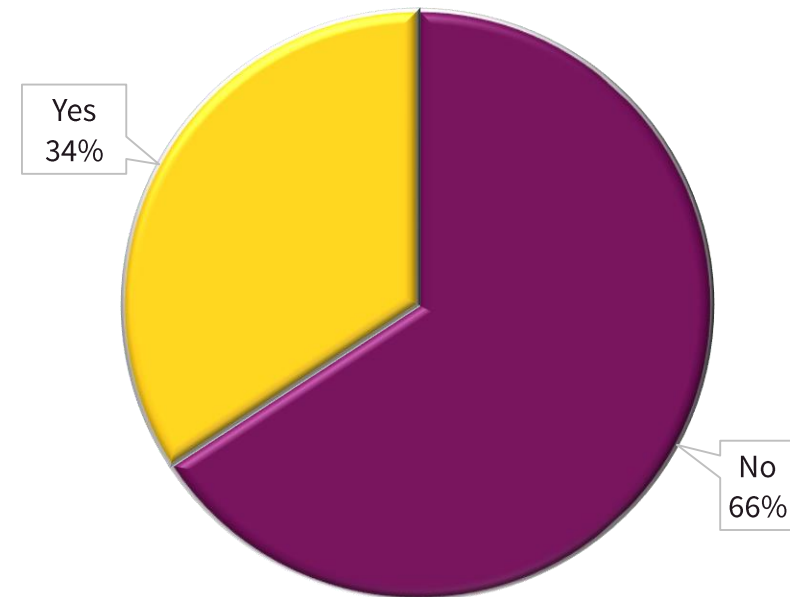
IMPACT – BUSINESS OPERATION-DIVERSIFICATION

- Just over a third of respondents have diversified primarily into online and digital events however 2/3 have not/not been able to diversify.
- Some respondents have also diversified into measures protecting against Covid-19.

'Yes' Options Include...



Diversification of Product or Client Base



Base: N= 299

Q22) Have you been able to diversify your product offering and/or client base in the current climate? If so, could you please give us some examples of what you have done?

KEY THEMES FROM VERBATIMS

Survey period between 16th and 22nd June (pre-announcement of The Scottish Tourism Recovery Taskforce). Businesses were asked to leave any additional comments in relation to the impact of Covid-19 on their business. The key themes are:

- Additional financial support required with businesses currently ceasing to trade as well established businesses with decades of experience under real threat.
- Lack of a clearly defined plan for events sector, events cannot simply restart due to the lead time to deliver.
- Mass gathering restrictions and physical distancing bringing real financial challenges. While key concerns for the welfare and safety of staff and event attendees are also highlighted.
- Seasonality - many event businesses rely on the summer festival and outdoor event season to survive the winter.
- Loss of skilled workforce and the impact this will have on future years. Also the general impact on staff with redundancies across the sector.
- It was also noted the requirement for a clear industry voice that will support the sector.

COMMENTS BY THEME – FINANCIAL SUPPORT

Examples:

'Extension of the furlough scheme is essential until mass gatherings are permitted.'

A Small AV & Tech Company

'Funding has been released to headline applicants for events however, the funding is not funnelled down to any regular essential suppliers for these events.'

A Small AV & Tech Company

'Please, please relook at funding I am desperate.'

A Catering Company

'We haven't furloughed any staff as literally everyone I work with is self-employed. Big concern over how Scotland's freelance arts workers are going to survive without an extension to the self employed support scheme, which in any case has big gaps in who can benefit from it. As theatre is going to take much longer than other industries to start functioning again, we need a bespoke support offer.'

A Self-Employed Cultural Entertainment Provider

'The impact is that we are going to go into receivership. We have had 1 grant of £10,000 which has been spent paying bills and rent so how we can continue now I don't think we can.'

A small catering business

'...Commercialising digital space is nigh on impossible, and there's little to zero infrastructure in my largest sector to fall back on or share with.'

An Event Management Company

'Too many government schemes have been made far more complicated than necessary. A simple grant based on quantity of lost income would have been easy to administer and checkable against past and future tax returns.'

Setting up a diversification fund would also be helpful to recognise that companies that are 100% event based will need investment to survive. A VAT cut would help but needs to be applied or at least announced soon.'

A Small AV & Tech Company

'We feel abandoned by people who are happily getting furlough and support.'

A Small Catering Company

'I think the real financial impact will only truly be felt across the sector after the end of this financial year, when local authorities, Scottish Government and National Government declare how little money will be left and where the ensuing cuts will need to be made.'

Event Organiser – less than 10 FTE

COMMENTS BY THEME – LACK OF PLAN

Examples:

'The lack of a clear plan for what and when events can take place and the criteria to judge is creating huge uncertainties among our clients and our supply chain.'

Event Organiser

'A lot of planning and sourcing is undertaken prior to any event and in many cases we have a 6 to 8 month lead in to fulfill either our or our clients expectations. There is currently a distinct lack of information available as to when we may resume running events'

Event Organiser

'Clear guidelines for the events sector and the expectations of what organisers need to do to meet insurance demands would be very useful.'

Event Organiser

'The biggest issue is not knowing what's happening, Its impossible to do any planning when there's no clear roadmap or indication as to what if any restrictions will be in place and when.'

A Small AV Tech Company

'If no timetable or plans are put in place to allow us to adapt to a new normal, many businesses will not be around much longer.'

A Small AV Tech Company

'Organising business events is a long process and the planning process starts month, sometimes years prior the event. We can't just open our doors and customers walk in.'

Event Organiser

COMMENTS BY THEME – MASS GATHERINGS & SAFETY

Examples:

'We cannot operate until festivals and big gatherings are allowed.'

A Small Event Caterer

'We are now getting cancellations Sept, Oct, Nov, Dec and would be surprised if any events for 500 people or over were held this year. Also the fear element for people attending events means even events that 'could' be held will have trouble selling tickets.'

Arts/Entertainment

'The Social distancing limits need to be reduced if safe as quickly as is humanly possible. I have some clients very willing to give us essential work but they cannot commit until it makes sense to their business space wise.'

Marquee Provider

'Covid-19 has had a devastating effect on my business and the Events industry. Even with social distancing reduces to 1m, I do not see how leisure, arts or the event industries can turn a profit as suitable capacity levels cannot be met.'

Transport Provider

'I feel that until we can secure a vaccine or eliminate social distancing the events sector will massively struggle'

Arts/Entertainment

'It's a big challenge, but after speaking to some people who have had the virus themselves or have had someone in the family with it, we realise that we are all very fortunate individually to be so far free from it, and realise also our responsibility to others to ensure that we do not in any way put them in a position where they might catch it.'

Event Organiser

'People keep talking about the 2 metre social distancing rule in relation to audiences but they don't mention it in relation to the work involved in setting up a show.'

A Small AV & Tech Company

COMMENTS BY THEME – SEASONALITY & STAFFING

Examples:

'We have relied very heavily on the Edinburgh Festivals to over achieve in the summer months and then use that income to see us through the winter.'

A Small Marketing & PR Organisation

'I am most concerned about the freelance pool and covid-19 leading to a skills drain.'

A Small Production Services Company

'All supply companies in the event industry season is April to September and rely on deposits in March and having enough profit/cash left to keep them going through the winter months.'

A Security and Stewarding Company

'The impact has devastated our industry.'

An Event Management Company

'...The seasonal nature of our business means that 90% of our income is generated during the busy Summer / Autumn period (May - December) and this sustains the business through the quieter start of the year.

Even if events start up in the later part of 2020 it is unlikely that we will earn enough to sustain us until the start of the 2021 summer season.'

A small AV & Tech Company

'As our industry relies on freelancers, if the shut down continues into the Autumn many of the first choice freelancers will have left the industry, and may never return.

These are the people with degrees in engineering and such like, and want to earn a good living. They cant pay mortgages on universal credit.'

A Small AV & Tech Company



Report Completion: 8/7/20

For More Information Visit

www.eventscotland.org

www.visitscotland.org

Contact Us

information@eventscotland.org

Disclaimer: VisitScotland has published this report in good faith to update stakeholders on its activity. VisitScotland has taken all reasonable steps to confirm the information contained in the publication is correct. However, VisitScotland does not warrant or assume any legal liability for the accuracy of any information disclosed and accepts no responsibility for any error or omission.

Accessibility: This document may not be fully accessible.

Image Credits: All images are credited to VisitScotland unless otherwise stated, all rights reserved.