Top 15 Summary Highlights

Travel and Meetings industry is crucial to the global economy and growth

One in every ten jobs in the world is directly or indirectly associated with Travel, Tourism & MICE industry

Possibly the worst crisis for Travel, Hotel, Aviation and the Cruise industry

World’s largest Travel Show ITB Berlin and IMEX Frankurt cancelled

Over 100,000 confirmed cases, around 3300 deaths recorded, 85 countries impacted

Globally, over 500-plus shows have either been postponed or cancelled-UFI

Flight bookings from US down by 19.3%, to APAC down by 87.7%

IATA forecasts 2020 revenue losses for global aviation between $63B and $113B

IMF forecasts growth at 3.3%, at least a half point lost to the virus

Leading Corporates globally internally advise executives against travel

Airline capacities decline, demand contraction pushes services to be restructured, Flybe airline on the brink of collapse

Services seriously affected for airlines with high exposure to the Asia-Pacific market; Large transit hubs across the Middle East facing tremendous challenges

The High peak summer season in Asia around the corner, under threat

Industry freeze on new recruiting, job losses may arrive in short-term future

Lower level jobs to be affected severely

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THE COVID DISRUPTION

A White Paper on the Impact of COVID 19 on the MICE, Meetings, Business Events, Travel & the Trade Show Industry
AVIATION INDUSTRY

The airline industry is taking the biggest hit with the outbreak of COVID-19; with not just cancellations from the China region, the epicentre, but across the globe. Major airlines are witnessing a sharp drop in capacity utilisation forcing them to curtail flights almost immediately. The long-haul carriers have stopped flying across the Pacific. US airlines have cut services to the ASEAN region (capacities down by 87.7%) and cancelled all flights to China and Italy. Chinese nationals hold maximum number of passports in the world, approximately 180 million and this crisis has virtually forced all Chinese nationals against travel, bringing the airline and related industries to a complete halt.

Airlines are taking a deep cut on their pockets and are forced to waive fee for date change or rebooking or total refund against cancellations. All Japan carriers - ANA and JAL - have announced waivers. And so have many other global carriers. Even the low cost carriers follow suit (completely against their business models).

Several researches show cancellations / change in travel plans. A survey of 1,200 US adults by the Kaiser Family Foundation found that one in eight have already changed or cancelled their travel plans due to concerns about the virus. And if the COVID-19 situation remains constant, more cancellations are expected to follow. The temperatures in the ASEAN region are all set to get hotter by the day; and this may be a saviour.

In its revised forecast, IATA suggests that airline could lose anything between $63-113bn if the virus continues to spread. Big falls are witnessed from the Asia and European regions, and capacities are expected to drop by 24%.

China was the first to impose travel restrictions and Chinese airline fleets recorded grounding of 20% aircrafts and reducing capacities by a whopping 80%. Hong Kong, Korea, and Japan subsequently promoted steep capacity cuts as demand dropped. Hong Kong Airlines, second largest airline is known to be in a deep distress situation. Flybe in United Kingdom is the first airline on the brink of closure of services. Though Australia and New Zealand are relatively the safest of all destinations (though not immune), airlines like Qantas, Virgin Australia, and Air New Zealand have reported demand contractions.
EXHIBITION INDUSTRY

UFI - The Global Association of the Exhibition Industry shared the impact of exhibitions and industry shows postponements and cancellations will result in direct loss of business generated by exhibitors.

Mr. Kai Hattendorf, UFI Managing Director / CEO said “Globally, over 500-plus shows have either been postponed or cancelled and the impact will be felt by industries in short-term future”.

UFI data suggest Exhibiting companies generate up to 23b Euros (26.3b USD) business globally. A larger chunk of 13b Euro will be in Asia/Pacific, while the rest 9b Euro in Europe. The total monthly economic output driven by the Expo industry is 22.9b Euros (26.2b USD) and is responsible for 270,000 full-time jobs. With these numbers being impacted by COVID-19 till now, and more in coming few weeks, the overall impact of Coronavirus is going to be far and wide.

THE RIPPLE EFFECT

There has been a huge wealth destruction in the financial markets across the globe, as scare of Coronavirus spreads. Airline stocks, Hospitality industry, Cruise liners, Insurance companies market wealth have been eroded. The ASEAN region generates about 10% revenues for the cruise operators, and with episodes like the Diamond Princess, a cruise ship docked in Japan, the market will take a while to return to normal. Starting January 2020, the Royal Caribbean Cruises and Norwegian Cruise Line stocks are down approximately 40%.

There is a vacuum in Medical/travel insurance policies about such a disease. The standard packages have no such provision to cover Coronavirus; and especially during the quarantine period.

Manufacturing and Supply chains stocks too have slumped sharply. With China being the hub for manufacturing and global supplies; production lines dependent on parts from China are temporarily facing closure as the supplies have been cut for three months now. Global corporates like Apple have also revised their annual estimates and figures.

THE FLIP SIDE OF COVID-19

There is a fortunate side of the story, as the world experiences severe turbulence caused by the unfortunate COVID-19 episode. There has been the overnight success for Technology platforms for (Virtual) Video conferencing like Google Hangouts, Microsoft Teams, Cisco Webex and Zoom Video Communications. Leading corporates who have issued advisory against any form of business travel are logging-in through platforms for Business Conferencing. The demand for such platforms has spiralled north, and shares of these companies have sky-rocketed to newer peaks, suddenly.

The global demand for Masks have surged overnight. Companies like 3M in Minnesota (USA) have not been able to match the unprecedented levels of demand of its N95 respirator mask. Hand-sanitizers, alcohol based sanitizers too are facing acute supply shortage.

GLOBAL GROWTH – AN IMF PERSPECTIVE

Owing to the Coronavirus, the Global growth is set to “Dip Below” the last year rate says the IMF Chief Kristalina Georgieva “The new coronavirus epidemic poses a ‘serious threat’ to people and world economy, and will slow growth below the 2.9% posted last year”, she said.

The COVID-19 outbreak is no longer a regional challenge restricted to China, it is a global problem (that) calls for global response,” Ms Georgieva said. The epidemic’s impact on confidence and steps to contain it are impacting economic activity, with the result that “global growth in 2020 will dip below last year’s levels,” she said. The IMF in January forecast growth this year at 3.3 per cent, which means at least a half point will be lost to the virus.
COVID 19 and the impact on Meetings, Business Events, MICE & the Trade Show Industry

During November 2019 there was no hint of COVID-19 whatsoever, but as the New Year 2020 arrived, suddenly the situation started to change every morning (or rather every few hours). It was difficult to foresee how fast the situation could change for worse. The cascading effects on the entire global economy and the Travel Industry were so instant that the Meetings, Business Events, MICE and the Trade Show Industry found it hard to absorb for once. Never before had the industry been so vulnerable. Though still the situation in a not so good frame, but as the days progressed, and the industry sighed a relief, and worked together to calibrate and re-calibrate their Business Events. With every great disruption, there comes an opportunity to bounce back – regenerate - and create a fresh normal. And the global Meetings Industry is making that cohesive effort.

Amidst the backdrop of COVID-19, as the global travel and the MICE industry returns to a new normal, going forward several elements both at the macro and micro levels will witness tweaks.

The cancellation of ITB Berlin – the largest travel show just two days before the scheduled date came in as a huge blow to the industry. The delegates had already started to arrive at the destination by then. ITB India first edition in Mumbai scheduled for April 2020 got postponed by one year to 2021. The Mobile World Congress in Barcelona, the leading show for the mobile phone industry, and the Geneva Motor Show too got cancelled. IMEX in Frankfurt – Industry’s leading Meetings Trade Shows was confident and had announced NO plans for cancellation; but on 13 March 2020 it announced cancellation of Frankfurt edition 2020.

But there is no doubt that the global $1.2 trillion MICE, Meetings, Business Events and the Trade Show Industry is resilient enough and will bounce back in no time. The pain will be severe, the after effects will be huge, but the forthcoming benefits will only make the industry more buoyant than ever before #miceindia

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In the short-term, getting delegates confirmed attendance to an International MICE Convention could pose a challenge

Owing to the risks of virus exposure, destinations with a severe outbreak of Coronavirus will not be able to plan Business Events for a longer time

The monthly economic output of 22.9b Euros (26.2b USD) driven by the Exhibition industry will impact businesses and industries across the spectrum

The Visa forms for instance may request for additional travel history/information. The Embassies/High Commissions will get more cautious

The Medical Insurance sector will revisit its product basket

Risk Management and Event Insurance sector will need to embrace and suitably cover for outbreaks like these or more

Hotels and Airlines will have to adjust the cancellations and rebooking policies

Cruise lines will have to analyse spectrum of newer areas and re-package afresh; MICE and Conference on Cruises will require indepth-planning

Trade Shows too will have to work out cancellations and postponement policies for the exhibitors, hosted buyers and service providers