



Conventions Sports & Leisure

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MEMORANDUM

To: Convention & Visitor Industry Representatives
From: CSL International
Date: April 7, 2020
Subject: U.S. Convention Planner Survey – COVID-19 Impacts

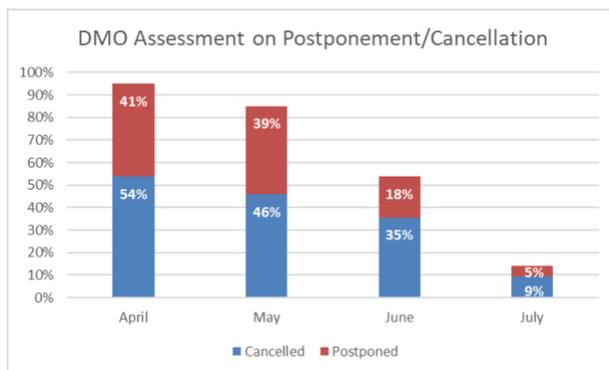
This is the third in a series of research memos prepared by CSL to provide insight into the impacts of the COVID-19 pandemic on the convention industry. The first memo, issued on March 19, provided data as to the historic relationship between the convention industry and U.S. GDP in order to assess potential industry rebound timing. The second memo, issued on March 23, highlighted the results of surveys of 334 convention and meeting planners regarding future event cancellation and postponement.

In this memo, we present the results of surveys of 20 DMOs regarding expected cancellation and postponement rates, as well as efforts underway to mitigate longer term COVID-19 impacts on business levels.

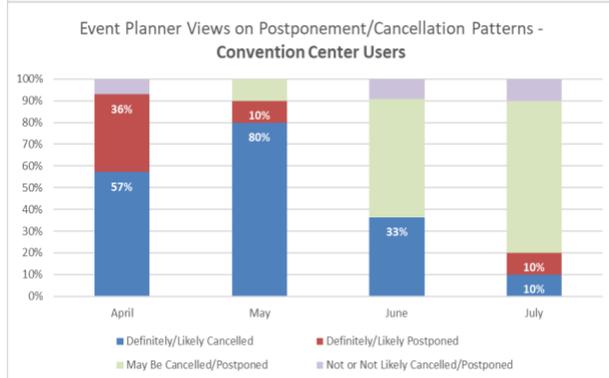
Clarity for 8 to 10 Weeks, Then Uniform Uncertainty

DMO representatives provided their assessment as to event cancellation and postponement rates for the next several months. Their responses are presented below. Previous cancellation and postponement survey data from event planners is presented at the bottom for comparison purposes.

As noted below, DMOs are generally uniform in forecasting combined event cancellation and postponement rates for April and May at between 85 and 95 percent. This is consistent with data from meeting planners showing an expectation of approximately 90 percent cancellation and postponement rates for the same period.



Data beyond May show a high level of uncertainty. Sixty-eight percent of DMOs provided any response for the month of June, dropping to 35 percent for the month of July. Event planners also show a high degree of uncertainty in their assessment of cancellation and postponement rates beyond May.



One Possible Outlook

This longer-term uncertainty is completely understandable, and likely corresponds to high uncertainty as to how the next four to six weeks will unfold with respect to COVID-19 related economic and societal impacts. At CSL, our projections are based on the assumption that news reports for the next several weeks will show a continued increase in fatality rates, before a plateau is reached sometime in late April/early May, followed by a month of steady fatality rate declines. At this point, it may be possible for the pandemic to be considered under some level of control. This will require a significant national testing regime, which has yet to be developed.

If this is the case, one could expect that the April and May high cancellation and postponement estimates by both DMO's and event planners would be extended into at least June, before falling starting in July or August, and continuing to fall through 2020. Even if this is the case, we expect that the damage done to the overall economy from the pandemic will be significant and will linger, negatively impacting attendance and exhibitor levels at many of the events that are held, and that this impact could continue throughout 2020 and into 2021.

The rebound to exhibitor levels and net square feet of space sold slightly lagged the GDP rebound after the Great Recession in 2008/09. This may suggest that a return to the modest annual growth demonstrated by the convention and meetings industry for the ten years prior to the pandemic could return late in 2021.

Other Factors of Interest

The survey of DMO's also probed for various initiatives being undertaken to mitigate longer term impacts of the pandemic on future event levels. Results summarized below show uniform efforts to continue event planner outreach and initiatives to secure alternative event dates. Roughly one-half of surveyed DMOs are also working to waive venue and hotel cancellation fees. Limited effort is underway to help planners secure replacement online/virtual meetings.

Continuing outreach to event planners to monitor the situation	100%
Securing alternate event dates	100%
Waiving venue cancellation fees	53%
Working with hotels to waive cancellation fees	47%
Helping to structure online/virtual meeting alternatives	5%

Our outreach to DMO and convention center leadership suggests heavy use of staff furloughs in anticipation of significant decreases in hotel tax and event facility revenue. References are being made by DMO leadership to a reduction in 2020 hotel tax revenues, a key source for DMO funding, that range from 30 to 60 percent for 2020.

We are also noting widespread consideration or actual use of convention venues as hospital, storage, logistics or other functions. Several recent media headlines are highlighted below.

Richmond Convention Center to be used as field hospital in COVID-19 response

Governor Andrew M. Cuomo Announces Temporary Hospital Facility at Javits Convention Center Will Treat COVID-19 Patients

Louisiana begins setting up COVID-19 treatment center at New Orleans convention center

Convention Center Opens as Temporary Regional Homeless Shelter Amid COVID-19 Pandemic (San Diego)

The Music City Center in Nashville, the Chattanooga Convention Center, the Knoxville Expo Center, and the Gateway Shopping Center in Memphis will serve as a COVID-19 positive non-acute facilities.

Downtown Convention Center Identified As Site For Overflow COVID-19 Patients In Case Of Surge (Pittsburgh)

Kay Bailey Hutchison Convention Center to become overflow hospital site for COVID-19 patients, Gov. Abbott says

Fresno Convention Center to be turned into site to treat non-COVID-19 patients

Boston Convention and Exhibition Center to become 1,000-bed field hospital for COVID-19 patients, Marty Walsh says

McCormick Place could be ready this week for COVID-19 patients

Duke Energy Convention Center being considered as emergency hospital for COVID-19 patients

Dulles Expo Center will serve as alternative care facility during COVID-19 crisis

Bay Area Convention Centers Helping Hospitals in COVID-19 Response

L.A. Convention Center Tapped for COVID-19 Quarantine and Isolation

We note that the use of convention centers for various forms of COVID-19 response is taking place in large and small venues throughout the country. This exemplifies the importance of our public assembly infrastructure and professionals during times of natural disasters.

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We thank the many participants of this important research. This is the third in a series of research initiatives conducted by CSL International to provide updates as to the impacts of the COVID-19 pandemic on the convention, trade show and meetings sector. Additional research summaries will be forthcoming.

Please contact CSL International for copies of previous research memos:

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