

Impact of Coronavirus disease (COVID-19) on the Live Events industry across events, activation, trade shows, media, entertainment and sports

Live entertainment and sports events are a sub-category in the trade shows, entertainment and sports sector looked upon as a sunrise industry in the service sector of the economy. The events and activations industry in India alone is expected to cross Rs 10,000 crore mark by 2020-21 and set to cross Rs 20,000cr by 2025, as per an EY-EEMA (Event and Entertainment Management Association) report. The CAGR currently stands at 14%, one of the fastest among all industries.

The exhibitions and trade shows industry is expected to cross Rs 15,000 crore while the unorganised sector including social events is estimated to be another Rs 15,000 crore.

Key growth drivers are trade shows, exhibitions, digital activation, sports leagues, rural expansion, and government-initiated projects, followed by IP (Intellectual Property), personal events, product launches, expansion of mini metros and below-the-line marketing spends. While managed events remain the

largest service offering, IP, digital events and ticketed events are growing at a faster rate than managed events.

The industry directly employs about 10 million people and indirectly through allied sectors like Food & Beverage, Hospitality, Tourism, Advertising and Marketing industry another 50 million people. 35% of all firms in the events industry are owned by women and the industry employs at least 30% women in its workforce. The industry as a whole is championed by young entrepreneurs in the age of 25-40.

The Live Entertainment industry is also helping drive the Government's initiative of "Digital India" with over 85% of the ticket bookings being done digitally and thereby increasing transparency and ease of doing business.

The outbreak of the Corona Virus has shocked the world of live events and experiential marketing.

Multiple global events have been hit --- postponed or simply cancelled: IIFA2020, India Gaming Expo, FDCI India Fashion Week, Goa Fest, PU Tech, ITB- India, India Fintech Festival, Ultra Festival, India-South Africa cricket matches, marathon events, the India Today Conclave, the META Theatre Awards, IPL ...the list is endless.

Additionally, product launches of Indian and global brands, promotions and activations, business conferences, business travel, MICE, exhibitions, trade shows have been simply cancelled or postponed indefinitely. The impact on hotels, event management companies, service providers, catering companies, the infrastructure companies, the technical supply chain and on the millions employed in the industry is unimaginable. No industry resides more in the physical realm than hospitality, experiential, tourism, events, sports and

experiences.

The adverse impact of Covid19 on the events and experiential industry is expected to last for months while the impact in the first two months alone is estimated at Rs 3000 Cr, at a minimum, as projected in a survey of 100 MSMEs in the sector. This is in part due to cancellations of existing projects and contracts, cancellations of conferences, State and central Government endeavours, international MICE events, events and entertainment segment, cancellation of flights, valid visas and the person-scare which has impacted the industry.

The pandemic has put our businesses on pause, forcing an unprecedented loss, impacting livelihood of millions employed, inability to pay salaries and staff compensation, taxes, inability to pay Banks and financial institutions to honour contracted commitments, and a challenging time for our vendors and supply chain.

Brands are resetting their plans, expectations, markets, delivery systems, marketing focus and logistics. This will force the experiential industry to lay off employees, reduce salaries, delay mandatory pay-outs and worse still shut companies.

And if the situation prolongs, it will have huge impact on the event economy, global and local enterprises, employment, and business environment triggering a new business and economic order.

Given the nature of the industry segment and its existing challenges with regard to accessing banking facilities, seeking advance payments for projects, ensuring contractual obligations and the dependence on the unorganised and entrepreneur segment who service the industry, the situation is bleak and has put at risk the livelihood of over 10 million professionals who directly depend on this segment.

Keeping the above in mind, the event industry through its apex body EEMA is pleading for assistance from the government through various SOS measures including delay of tax pay-outs, moratoriums on loans and urgent pay-outs, tax reductions and collateral-free loans. While the industry is hopeful of the government considering some of these measures, the industry is conscious that the govt is dealing with multiple emergencies at the same time while facing the pandemic.

The industry also believes that while the pandemic may be temporary, the immediate and residual impact will adversely affect business for the next three quarters at least.

Keeping in mind the humanitarian concerns that faces us all and the challenge that faces all employees and company management/owners across the industry, EEMA's leadership is sharing an Advisory to owners and concerned stakeholders on how the crisis may be dealt with. Each organisation must keep in mind its own eco system and keep at its heart the needs and aspirations of its employees, colleagues and partners. In times of trouble, the effort should be to stand together and find collective solutions rather than those that may seem didactic and favour only employers.

Given below are a series of options that you may consider best suited for your enterprise.

1. Assess afresh the business that the company has on hand, estimate profitability/loss, money reserves, compulsory mandatory pay outs, cost of manpower – employees and consultants; temporary manpower already engaged, and take a hard look at how much the company can afford till a turnaround happens.
2. At first step, right size and where possible reduce non-manpower related costs such as real estate use and rentals, warehousing, infrastructure purchase/rental, etc.
3. As far as possible, try and retain your key personnel as they continue to be the backbone of any service industry. Experience is very difficult to replace.
4. The salary reduction recommended is in the range of 25% to 50%. The same may be made recoupable once our business and the economy stabilises and may be paid out as bonuses, reimbursements, etc. or on achievement of targets and business improvement.
5. If the salary reduction is not adequate, retrenching of employees could be done in a phased manner.
6. Most importantly, lead from the front and owners and shareholders should demonstrate good intent by taking a voluntary pay cut themselves to show best intent.

Some EEMA companies have responded faster than others to the situation.

Here are some examples that you may emulate:

- ⊙ One company has invited its employees to take a 3-month unpaid sabbatical with immediate effect if they want to spend time with their families and loved ones. They've had about a 10% take up of the offer so far.
- ⊙ Another has started a 2-day per week pay-cut from Wednesday next week. They expect to segue into a 25-50% by 1st April.
- ⊙ Another has set targets for 31st March '21 and committed to pay back the cuts as a proportion of the target.
- ⊙ Another, alongside other measures has additionally put aside an emergency fund and are developing an application process to look after the hardest hit once their money runs out in late July / mid-August.
- ⊙ Few other companies have asked the senior management to take voluntary pay cuts.
- ⊙ Another company has offered a one-month unpaid sabbatical and 50% pay cut for senior management.
- ⊙ You may consider giving shares in the company to those staff members you wish to retain in lieu of salaries.

EEMA will create a Register of Professionals looking for employment/jobs so that companies looking for Freelancers/ Professionals on contract / recruiting in the near future would get an immediate look in.

During this challenging period, it is recommended that owners and management of event companies use the time to upskill their teams and help them develop their hidden talents, other faculties, etc.

Towards this end, EEMA and some of the leaders of the industry would conduct online and offline education and mentoring programs so that the employees currently working for their companies and the professionals registered with EEMA could both avail of the program and benefit from the learning and get themselves ready for the oncoming economic revival.

It is extremely important for managements and employees to be sensitive to each other in this forced business and livelihood threatening scenario. Use of external counselling, and mediation resources may be recommended in extreme scenarios.

All we can say is that we've seen much worse in our lifetimes. This too shall pass.

It is imperative that we stay humanitarian, sensitive and concerned about each other.

There is an opportunity in every adversity. Collectively, we need to look after and look up to each other. Collectively we will scale through the unanticipated challenges, find opportunities to collaborate and together create a better Future.

Together, we will win!