4.11 The Business Climate for the Event Industry

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4.11.1 Concept and Objectives

The event industry has a big significance for the German economy overall. According to Zanger and Klaus (2021), the industry generated sales of 81 billion euros in 2019 (before the Covid-19 pandemic), and this is without accounting for any effects that events may have on other industries, such as accommodation and gastronomy. To give a comparative figure, the automotive industry generated 436 billion euros in the same year.

The event industry includes businesses from a wide range of industries, mainly in the service sector, including event agencies, catering, public relations, rental and leasing of equipment, temporary employment agencies, security, organizers of trade fairs, cinemas, discotheques, theaters, and so on. However, because of this heterogeneity there is no aggregate for the event industry in the official statistics (Federal Statistical Office 2009). Neither were any economic indicators calculated for this aggregate in the ifo Business Survey, until this gap was closed in 2021.

In cooperation with the Federal Association of the Concert and Event Industry (BDKV), all industries that are part of the event industry were identified and an extensive acquisition of new survey participants from these industries was started. Furthermore, among the companies from the service sector that had already been participating in the survey, information was collected to determine whether they are part of the event industry. The total number of participants that were identified as part of the event industry exceeded 300. By considering these companies, aggregate indicators for the event industry can be calculated.

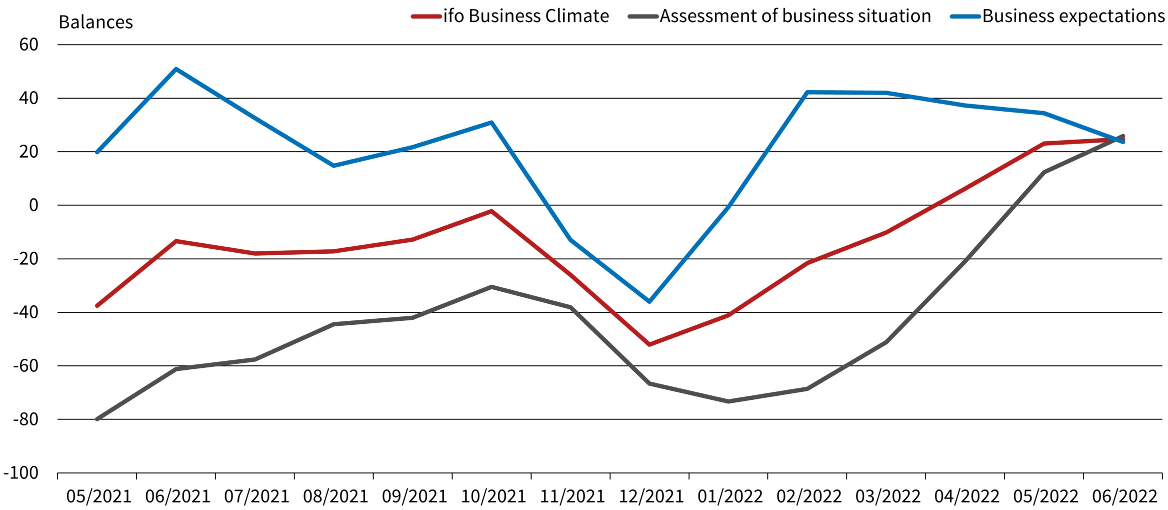
Therefore, since May 2021, a business climate, as well as results for all other variables surveyed in the ifo Business Survey, have been reported monthly for the event industry (Sauer and Wohlrabe 2021). These indicators are calculated using the standard methodology for the ifo Business Climate Index for Germany (Sauer and Wohlrabe 2018b). However, not all indicators for the event industry have yet been seasonally adjusted, as this first requires longer time series over several years (Sauer and Wohlrabe 2015).

4.11.2 Selected Results for the Event Industry

The event industry was one of the sectors of the German economy most affected by the Covid-19 crisis. For a long time, events such as concerts or trade fairs could either not take place at all, or could but only with considerable hygiene requirements. By June 2021 (70 percent), in December 2021 (67 percent), and in January 2022 (70 percent) more than two thirds of the companies in the event industry stated that their existence was threatened. This proportion is considerably higher than in the service sector as a whole (20 percent) or the German overall economy, where around one in seven companies were in a situation that threatened their existence at that time.

The survey results in the first months after the introduction of the new indicators for the event industry therefore revealed the participants' high level of dissatisfaction with their current business situation (Figure 4.29). After a reduction of this dissatisfaction in the course of 2021, the majority of survey participants again rated the situation as poor in the winter months in view of the renewed Covid-19-related restrictions. It was not until May 2022 that the positive assessments of the business situation outweighed the negative ones for the first time. Companies were also looking ahead to the coming months with noticeable optimism. This led to a positive business climate for the event industry. Figure 4.30 compares the business climate of the event industry to the service sector and the German overall economy. It can be seen that in 2021 and especially during the delta and omicron waves of the pandemic in the winter months 2021/2022, the event industry had a far worse business climate. After the Covid related restrictions were relaxed, the Climate improved considerably. While many other sectors have had to deal with the impacts of the war in Ukraine, the event industry has not been so severely affected. This led to a better business climate in the event industry than in the service sector and overall economy for the first time in May 2022.

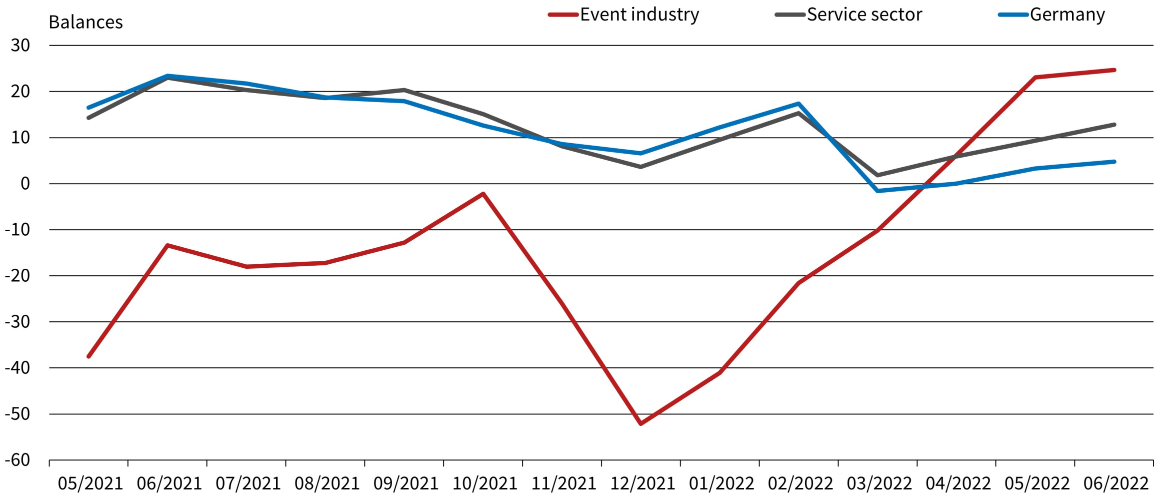
Figure 4.29: ifo Business Climate and its sub-indicators in the event industry



Source: ifo Business Survey. © ifo Institute

Since then, as concerts, festivals, and other events were able to take place without too many restrictions, the survey participants from the event industry reported increasing sales. Overall, by summer 2022, the event industry was once again experiencing better times. Nevertheless, uncertainty about the development of the pandemic in the fall and winter of 2022 still made concrete plans difficult.

Figure 4.30: ifo Business Climate of the event industry compared to the service sector and the overall economy



Source: ifo Business Survey.