



# Market situation Belgium and Luxembourg.

Switzerland Convention & Incentive Bureau (SCIB).

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# 1 MARKET SITUATION AND OUTLOOK

## 1.1 Economic situation

It is a fact that the global economy is currently undergoing a major and definitely historic recession due to the coronavirus pandemic.

### 1.1.1 Situation in Belgium:

Spring 2020 saw large parts of the Belgian economy slow down, with some areas even closing in order to subdue the number of contaminations. The recession was strongest during the second trimester. After the measures were relaxed, the economy showed a strong upturn during the third trimester. However, the second lockdown hindered economic recovery during the fourth trimester. Like other countries in the eurozone, the economic revival was interrupted in the first trimester of 2021, but regained momentum supported by exports and private consumption. On an annual basis, the Belgian economy should achieve an increase of 5.7% in 2021 after a recession of 6.2% last year.

Despite the size of the economic choc, the disposable income of consumers saw a slight increase of 0.7% on 2020, following governmental support measures and low inflation. Individuals should return to their more regular consumption habits in 2021. After a remarkable increase to 20.3% last year, the saving rate of households is expected to settle at 16.3% this year so still remaining higher than in 2019. This is explained by the expected increase in unemployment and the fact that certain spending will still be impossible or less attractive in the coming period.

Investment by companies have particularly suffered and were reduced by 10.1% last year. The serious shrinking of the economy has had an impact on earning potential and financial support provided by the government only partially compensated for lower business figures.

The rapid escalation of the coronavirus crisis was immediately accompanied by a loss of jobs, mainly for contracts with limited or short duration (interim jobs, student jobs and short-term contracts in the restaurant/café sector). Overall, 39,000 jobs were lost, definitely a lower number than anticipated.

Although we look at an upward trend economy and also a substantial increase in employment figures, the pre-covid level has not yet been reached as many are still on technical unemployment. Even with the continued upturn of the economy, but taking into account that governmental financial aid will stop shortly, many risk losing their jobs, thus increasing the unemployment figures during the fourth trimester of this year. A return to a downturn of unemployment figures is not expected before the end of 2022 (estimation <6%)

Inflation should average at 1.9% for 2021.

All the above facts and figures are subject to change and can be reviewed towards an increase as Belgium's vaccination level continues to increase considerably and all major restrictions are ended.

Sources : Banque Nationale de Belgique, June 2021 and Bureau Fédéral du Plan September 2021

### **1.1.2 Situation in Luxembourg:**

After 1.3% contraction in 2020, showing that Luxembourg was one of the European countries that was the least affected by the pandemic, the economy is projected to expand 4% in both 2021 and an expansion of 3.5% in 2022. The unemployment rate is expected to peak at around 7.2% at the beginning of 2021 and then decline to 6.2% by the end of 2022. -On the upside, a stronger rebound in private consumption and investment might result from overcoming the pandemic sooner, associated with efficient vaccine distribution. Inflation is projected at 2.2%

Policy support should focus on valuable industries that are still affected by the downturn (such as transport, hotels and restaurants). Active labour market policies and training programmes should be extended to workers under job retention schemes (such as “partial unemployment”) to speed up job relocation if displacement occurs.

Source: Statec Central Service of Statistics and Economic Studies, Luxembourg, note de conjuncture July 2021 and OECD, Luxembourg Economic Snapshot, June 2021

## **1.2 Meetings industry situation and trends**

It is a sad fact that the meetings and incentives industry is one of the hardest hit. As all events were prohibited as of mid-March 2020, most were cancelled or postponed until after the summer. There was a short-lived glimmer of hope on 1 July when the Belgian government allowed events of 100 people inside and 200 outside again, though catering was limited to 50 people. Unfortunately, the government went back on this decision and all private events were limited to 10 people until the end of August; this measure was then prolonged until the end of September. After that, events of all sorts were totally forbidden. Belgium went into a second lockdown in October 2020 and until May 21, restaurants, cafés, bars were restricted and all events were totally prohibited. During the summer of 2021 most restrictions were gradually lifted also for the events with most falling away as of October 1. Both Belgium and Luxembourg can be seen as countries at the top of the list of best performing as far as vaccination levels (>85%) are concerned. Also the introduction of the Covid Safe ticket system for events which can be more strenuous in some regions, has contributed to the safe re-launch of events both in open air and indoor.

### **1.2.1 Situation in companies:**

- Belgian government recommends homeworking wherever possible
- Most companies re-organised to have virtual meetings at least until the end of 2021
- The more national and local companies want to return to physical meetings, but no date fixed as a number of them still have a travel ban in place until the end of the year.

*Luxembourg:*

- Majority of company employees also work from home or alternate

- Most events are virtual at least until the end of the year
- Restaurants, bars and cafés are open both inside and outside and follow the system to which they have subscribed scrupulously. They have the option to use the CovidCheck system.
- Live events are starting up again, mostly on a local level.

#### **1.2.2 Situation in associations:**

- Certain congresses planned for spring 2020 have been postponed until autumn 2020 or 2021. Because of pandemic, some conventions that were scheduled for autumn have been cancelled or taken place virtually.
- Unfortunately, most congresses planned in Switzerland for 2020 that had been postponed until 2021 have now been cancelled and will take place virtually.
- Most have an increase in participants for their virtual conventions, but feel the effect of no personal contact and networking opportunities.
- Associations have also found many advantages in digitalisation and will use virtual and hybrid means in the future.

#### **1.2.3 Situation in the agencies:**

It is a very difficult situation.

- Most employees still work from home and are technically unemployed
- Some agencies – a minority – are 100% back up and running with all employees.
- Technical unemployment for the travel/event sector has been prolonged until the end of the year
- Agencies that are surviving as of April 2020 are those that proposed virtual events and team building sessions

#### **1.2.4 The event industry in Belgium 2020/2021**

The event industry in Belgium represents 80,000 people for 3,000 companies and 77,000 events per year in Belgium alone. **A study by KdG Centre of Expertise Public Impact of December 2020 concluded the following:**

- The industry has lost more than 75% of its turnover in 2020 versus 2019
- By the end of 2020, for one organiser in five, all activities had come to a complete standstill. Among suppliers, one in three even has no activity at all. The future also remains uncertain: five out of six organisers and nine in ten suppliers foresee financial problems in 2021.
- A quarter of organisers and a fifth of suppliers also fear that the second coronavirus wave (October/November) may have given their business the final blow.
- Only 36% of organisations are currently preparing physical events. Most of these are planned from the third quarter of 2021 onwards.
- The steep rise in virtual events persists. About half of the organisers and a third of the suppliers are involved in the planning of these kinds of events. Much more such virtual events are planned for the near future and are a welcome workaround to keep activities going. Two in three organisers and one in two suppliers are convinced that virtual and hybrid events are here to stay.

- The sector continues to make ample use of public support measures. For instance, more than six out of ten organisations rely on the bridging support for the self-employed. However, half of these feel that support measures are still inadequate.
- Three out of four organisations are convinced that it will take until 2022 at the earliest for business to get back to normal. Most organisations expect the sector to gradually reopen in the second and third quarters of 2021, albeit not without Covid-19 measures. The Covid Event Risk Model (CERM) will surely have an important role to play here. This tool maps the Covid-19 security risk for each event. Six out of ten organisations indicate they have already used this tool. The CERM probably lays the best foundation for a quick and safe relaunch of the sector. Together with rapid tests, seven out of ten organisations indicate.

### 1.3 RFP Situation in Belgium and Luxembourg

Overall, 2019 ended with an increase (+4.9%) in overnights from Belgium and Luxembourg for a total of 740,213 stays. In 2019, SCIB has generated 70 RFPs for 20,344 overnights and a turnover of CHF 6,774,552.

On the books, 2020 looked good, but all RFP requests stopped in early March and most meetings and events postponed until autumn 2020 could not take place in Switzerland for different reasons.

The first quarter of 2021 was not good for new enquiries: the strict lockdown measures – with contact limited to one person – was not conducive to event organising.

Belgium has prohibited all non-essential travel from the end January until mid-April 2021. The travel ban has now been lifted, but travel abroad remains complicated.

With the start-up of the Covid Safe Pass and Vaccination Pass travel has been given a big boost this summer. People arriving in Belgium have to fill out the Passenger Locator Form which can result in an additional test or even quarantine.

Since the lifting of the travel ban, some agencies have received enquiries, especially for the next winter ski holiday season, and the first definite confirmations are coming in.

Trends:

- Most requests for events will be domestic or regional – short distance
- Large groups are split in smaller bubbles and go to destinations reachable by car or train
- The alternative is of course virtual meetings and events
- No more big events, but **smaller** ones spread over time
- Unfortunately, budgets have been reduced
- Requests will increase and be more **last minute**
- Suppliers are expected to be even **more flexible**: options, cancellation fees, etc.
- **Core business of the meeting** will be even more important: **the goal, the content**, but also the **experience** will have to justify the format of an event or meeting abroad
- Associations continue planning their events and hope to have hybrid events in 2021, but only after a large percentage of the population has been vaccinated and restrictions (such as quarantine) have been lifted

- High demand for large enough spaces enabling observance of social distancing and equipped with necessary technology to allow for hybrid events
- Because of governmental decisions, quarantine rules and the high risk of fast-changing policies, a return to international events is not foreseeable in the near future

## 2 TARGETS

The Belgian market, and more specifically Brussels, is one of the major European hubs for international and European associations and conferences. It is important to underline the importance of the Belgian market for its decision-making power and influence. Being the seat of the European parliament, international and European associations/conferences naturally gravitate to and establish their headquarters in Belgium. That is why we have set ourselves the following objectives:

- Continuing our connections and close relationships with 300 international associations based in Belgium and evaluating their potential.
- More targeted activities and a communications campaign, in particular, media aimed at corporate clients and those industries that seem to be weathering the pandemic best.
- Communication campaign presenting the different destination clusters in niche media, bringing a different approach than typical “tourism or MICE”.
- Pursuing an active advertising policy vis-à-vis Swiss companies or companies which have an affinity with Switzerland.
- Keep our strong market presence and remaining aligned with market needs and developments.
- Continuing to provide a quality service to professional organisers.
- Updating our database on an ongoing basis and regular reporting on our relationships with associations.
- Represent our Swiss partners in the best way possible and provide them with the appropriate platform for “meeting” potential clients in Switzerland.
- Ensure high visibility on local market for Destination Switzerland by participating in industry events, live or virtual.

### **Conclusion**

It has become clear recently that vaccination levels will play a major role in “normal” life returning. The vaccination process has been very slow to start in Belgium and Luxembourg/Europe, but now seems to be heading, slowly but surely, in the right direction. Belgium has recently decided to give all 65+ citizens a 3<sup>rd</sup> (!) booster shot of the vaccine to decrease the risk of contamination even further. We are now at the head of the class in Europe for vaccination levels, hence the gradual disappearance of the restrictions. Europe has generally been experiencing problems with vaccination and this has of course had a major impact on the events and meetings industry, as most governments require high levels of vaccination in order to allow larger events again and ease restrictions for our industry.

In the meantime, Switzerland needs to look at the long term and ensure that we continue to claim our rightful piece of the event, incentive and congress pie in the Belgium and Luxembourg market.

How? As said before, by continuing to ensure high visibility in the market and keeping our ear to the ground, so we can react quickly and efficiently to any new trends and situations that might present themselves.

In Brussels, we are ideally placed to do just that and to provide the professional background and support that the event organisers, both agencies and the all-important international associations, will need when travel starts up again. The office has had a fairly high presence in the market for over 20 years, organisers feel comfortable contacting us and know that all the Swiss Partners and SCIB will give them the best-possible advice and create a win-win situation for all concerned.

### 3 CURRENT DATABASE SITUATION

Type	Number of Contacts
Agencies	523
Corporates	966
Associations	900
Media	23

### 4 DETAILED MARKETING ACTIVITIES

Further details of past, present and future marketing activities can be found on [www.stnet.ch](http://www.stnet.ch) , which can be accessed by using your personal username and password.