Switzerland.

Market situation Germany.

Switzerland Convention & Incentive Bureau (SCIB).

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1 MARKET SITUATION AND OUTLOOK.

1.1 General Economic Situation in Germany and Worldwide

Despite the war in Ukraine, German economy had a solid first half. However, uncertainties about the continuation of Russian gas supplies have clouded the outlook for the second half of the year. In the reporting month of May, the German industry recovered to some extent from the external shock it received from the Russian war of aggression against Ukraine. Production and new orders in the manufacturing sector stabilized. However, the high level of uncertainty caused by the war and the risk of a widespread supply freeze for Russian gas will pose major challenges for many companies.
Retail sales recovered somewhat in May compared with the previous month, after falling sharply in April. However, consumer sentiment continued its downward slide against a background of sharp price increases in the retail sector.
The inflation rate fell slightly by 0.3 percentage points from May to June to 7.6%. The measures taken by the German government, such as the so-called gasoline rebate and the nine-euro ticket, dampened price increases somewhat. Energy prices were slightly lower but again increased strongly. Food inflation reached a new all-time high since reunification. The core rate, which excludes these two volatile price components, decreased by 0.6 percentage points to 3.2%.
On the labor market, the effects of the war in Ukraine became apparent for the first time in June. Unemployment increased, largely due to Ukrainian refugees. Further increases with decreasing intensity are expected in the coming months, but this is not due to overall economic weakness.
The overall downward trend in corporate insolvencies in 2020/21 continues at the start of 2022: corporate insolvencies filed in Q1 were 7.4% lower than in the same quarter a year earlier, with a year-on-year decline of 6.4% recorded for April. Current leading indicators and surveys do not point to any significant increase in the near future - despite the increased risks.

The economic mood in Germany is currently divided. On the one hand, the actual situation of companies is not at all as bad as one would expect in view of the war in Ukraine and the massive rise in energy prices. For example, production and new orders were up slightly in the reporting month of May, and retail sales were also up. The hospitality industry is experiencing a positive start to the summer. Overall, the first half of the year was solid, although many observers would have expected it to be much worse a few months ago. On the other hand, the outlook for the second half of the year is relatively cautious: the great uncertainties surrounding the possible lack of gas supplies from Russia are depressing sentiment. World trade also continues to suffer from the shock of the Russian war of aggression. German exports were down slightly in May. Due to the massive increase in import prices, the German trade surplus fell very significantly.

The threat of a gas shortage is also reflected in sentiment indicators. The ifo business climate fell slightly in June, driven mainly by worsening expectations. The energy-intensive chemical industry in particular is concerned about uncertain gas supplies from Russia.

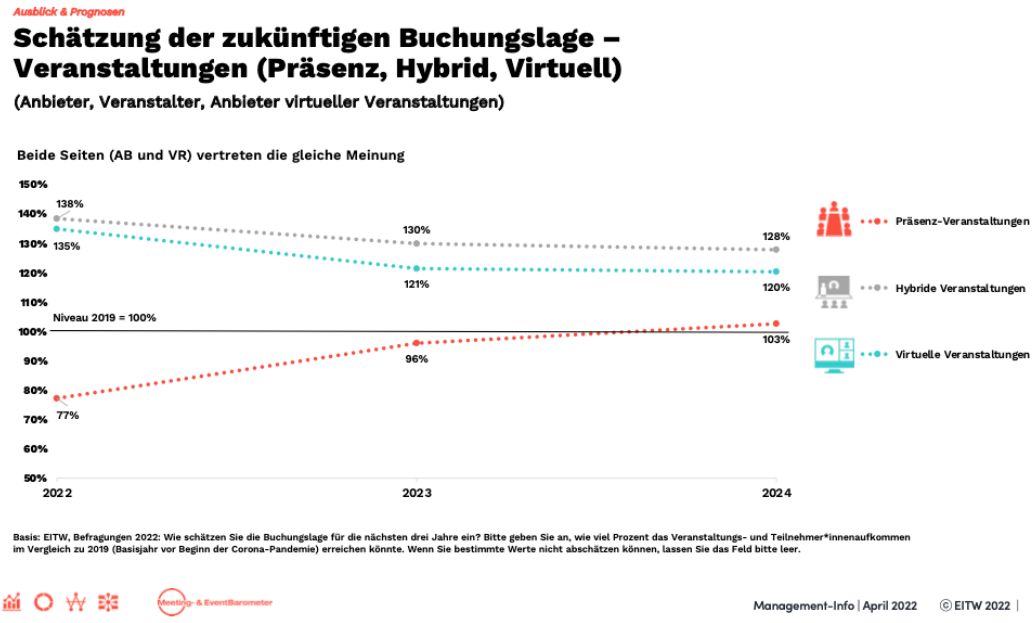
The inflation rate fell slightly in June to 7.6% but is still at the same level as during the first oil crisis in the winter of 1973/74 in the former federal territory. As before, it is mainly energy and food prices that are driving general inflation. The fuel discount introduced and the nine-euro ticket at least provide some short-term relief. The further development of price levels will depend on the progress of energy supplies from Russia and the ECB's response to the high inflation rates.

Source: The economic situation in Germany July 2022

1.2 The German Meetings Industry – Status Quo

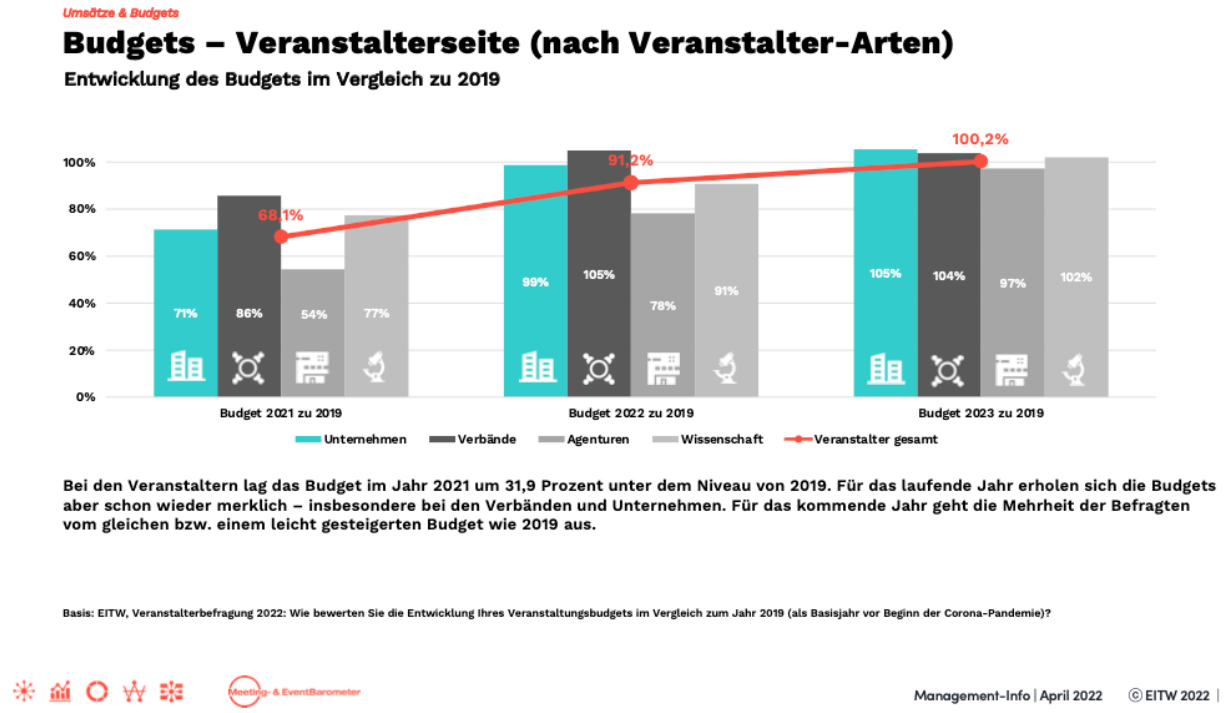
In comparison to 2020, the number of live events decreased even further in 2021 but the amount of increasing hybrid events led to a total increase of 24,5% looking at the general number of events in all forms per year. In 2020 the GCB stated 2,3 million events in total resulting of 1,4 million virtual, 0,1million hybrid and 0,84 million live events.
For 2021, the results show a total of 4,2 million events resulting of 3 million virtual, 0,36 million hybrid and 0,8 million live events. In 2021 68 million people took part in conferences, congresses and events (virtual, hybrid & live) in Germany based on the annual research of the German Convention Bureau (GCB) compared to 62 million in 2020. The split of events into the three different possible formats will remain in the statistics as the “New Normal” after the pandemic.

Digitalisation of events remains to stay and hybrid events are gaining more value out of the perspective of participants. Interesting is as well the duration of the different event formats. The average duration of live events sets at 1,4 days of hybrid events at 0,9 days and for virtual events at 0,5 days.
The GCB included research on the motivation of choosing a certain event format. The main two reasons to decide to host a virtual or hybrid event are the general uncertainty in the world paired with the motivation to realize sustainable events. The cost factor is less important, especially as hybrid events are often more expensive to organize compared to live or virtual events.



Europe remains the key source market of international events. The UK plays a key role in top position 2 estimated for 2023. Looking at long haul destinations, the US is coming back on the top 10 list on position 5 and China enters the list again at position 9. This statistic was set prior to the outbreak of the war which might influence the actual results.

Looking at the revenue side, 2021 saw again a decrease of 61,8% compared to 2019 but at least a small increase of 0,7% compared to 2020. The forecast looks positive with a plus of 2% comparing 2019 and 2023, a plus of 12% when comparing 2019 with 2024 and a plus of 3% comparing 2019 with 2025.
Before the Russian aggression war, event supplier noted a relaxation of budget tightness for the running year and were optimistic 2023 would reach 2019 levels again.



Live events use 2/3 of the budget but only represent 1/5 of all events realised.

Source: GCB Annual Analysis 2021/2022

1.2.1 Meeting types & operators

Corporate clients remain the largest group of event operators followed by associations and event operators related to the fields of science, public sector and others. A total of 10,9% of all events are booked by agencies. Within this amount, 19,2% are booked into conference hotels followed by 5,8% for event locations and 5,4% to congress centres.
Business meetings, conferences and seminars grow by 9,9% to 57,8% of meetings held in Germany compared to 2020. Second position is held by local events (10,9% a plus of 2,7%) followed by sports and cultural events (7,9% a minus of 6,4%) festivals (9,7%), social events (5,9%) and other events (5,4 %).

Source: GCB Annual Analysis 2021/2022

1.2.2 Business Travel

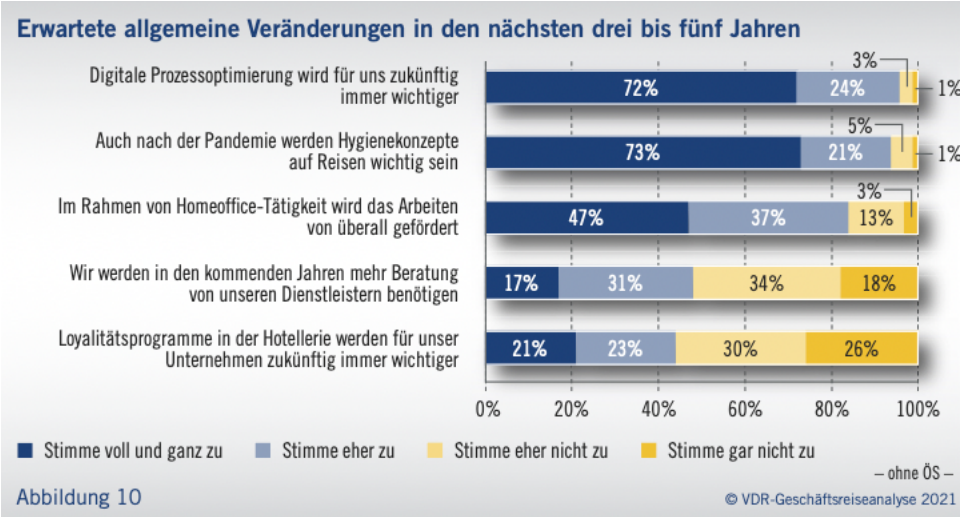
According to the annual VDR analysis 2/3 of all corporate members interviewed stated they allow unrestricted international travelling again and ¼ of all members state they are back at realizing about 50% of their business travel volume of 2019 by now.
The focus of business travel has changed noticeably. 92% of all people interviewed stated they evaluate in more detail the actual need to travel and rate security of their staff at highest priority. Then again, personal live exchange is important and irreplaceable, so the return of this type of travel is a logical consequence. 45% of participants of the analysis have set a sustainability strategy related to their mobility concept which supports the trend, sustainability gets more and more important here.
Comparing the total volume of the segment from 2019 to 2021, the last year ended with a 30% decrease towards the figures of 2019.

The further development for 2022 is clouded by:

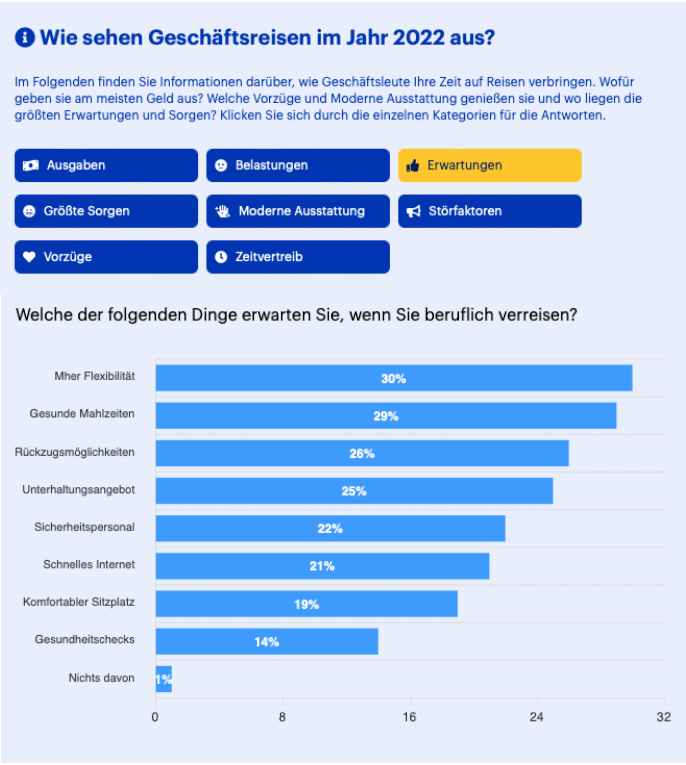
- Continued insecurity caused by a possible new pandemic wave in the fall and the continuation of the war between Russia and Ukraine
- Rising costs in all areas
- High bureaucratic demand (travel & participant reporting)

Other trends resulting from the pandemic & the insecurity connected to the Russian war:

- Companies work with two rates when planning on their hotel stays, a set discounted partner rate for hotels used in larger numbers & a dynamic flexible rate for hotels less visited
- Hygienic concepts will remain important for business travellers



The business travel platform TravelPerk has interviewed 1.000 business travellers to find out about their individual preferences, expectations and habits when being abroad. The following graphic indicates answers to the question, what do business travellers expect, when they are away on a business trip.



Looking into the meeting future of 2023, corporates focus on balancing out the need for travel and mobility with the desire to act sustainable. The safety and satisfaction of personal expectations of their staff when travelling are key influencing factors on this road.

Source: VDR Barometer 2022
Source: TravelPerk Business Travel Index

1.3 Outbound Business & RFPs

Since the start of the war in Ukraine, energy prices in particular have risen markedly, significantly influencing the high inflation rate. In June 2022, for example, energy prices rose by 38.0% year-on-year, a similar rate to previous months. Food prices also rose at an above-average rate of +12.7%. Significant price increases at the upstream economic stages had a price-increasing effect. Added to this are the price-driving effects of interrupted supply chains as a result of the Corona pandemic.
Nevertheless, some leads from the German MICE market to Switzerland could be captured.

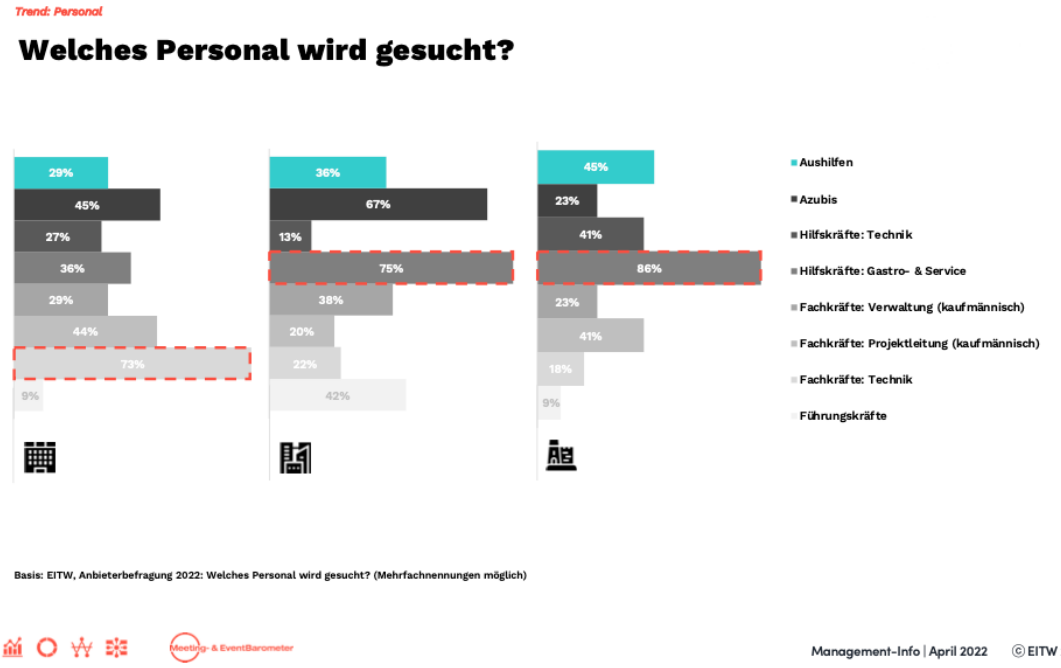
Source: DATEV economic development 2022

1.4 General Trends of the Meetings Industry

The GCB study summarized the Megatrends for the future meeting industry as following:

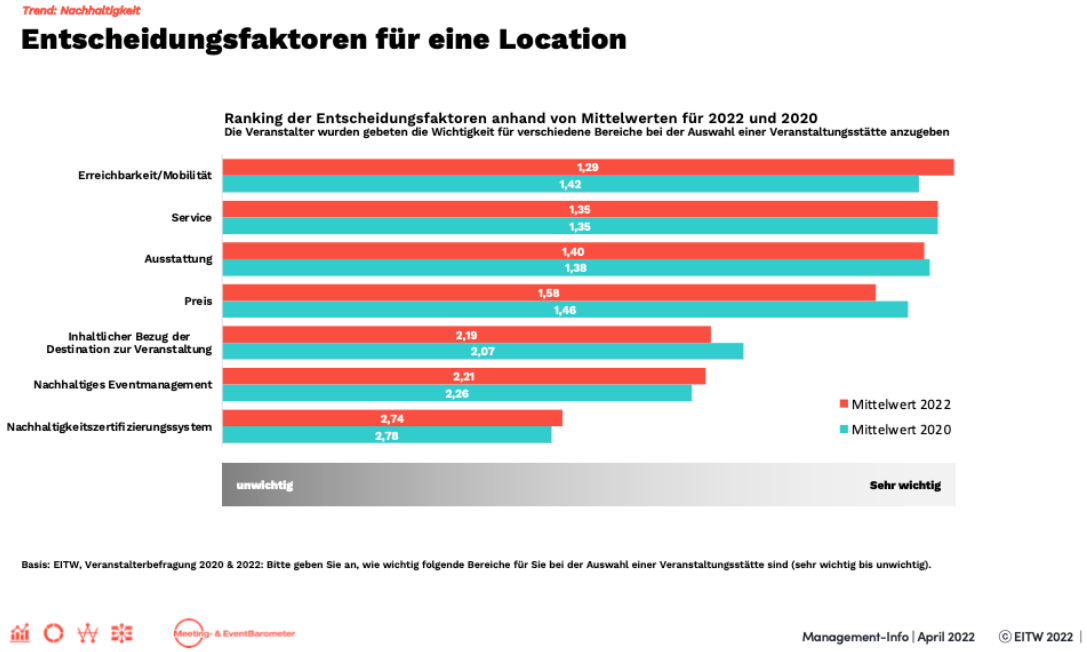
1. Hybrid formats drive the transformation of the event market
2. Digitalisation & sustainability shape the MICE industry
3. Current developments (pandemic, war) influence the development of the market
4. Return of live events is expected
5. Return of long haul international participants is expected
6. The lack of qualified staff is one of the biggest challenges to allow a relaxation of the event sector

To understand how severe the lack of staff effects the meeting industry at the moment, have a look at the following graphics:

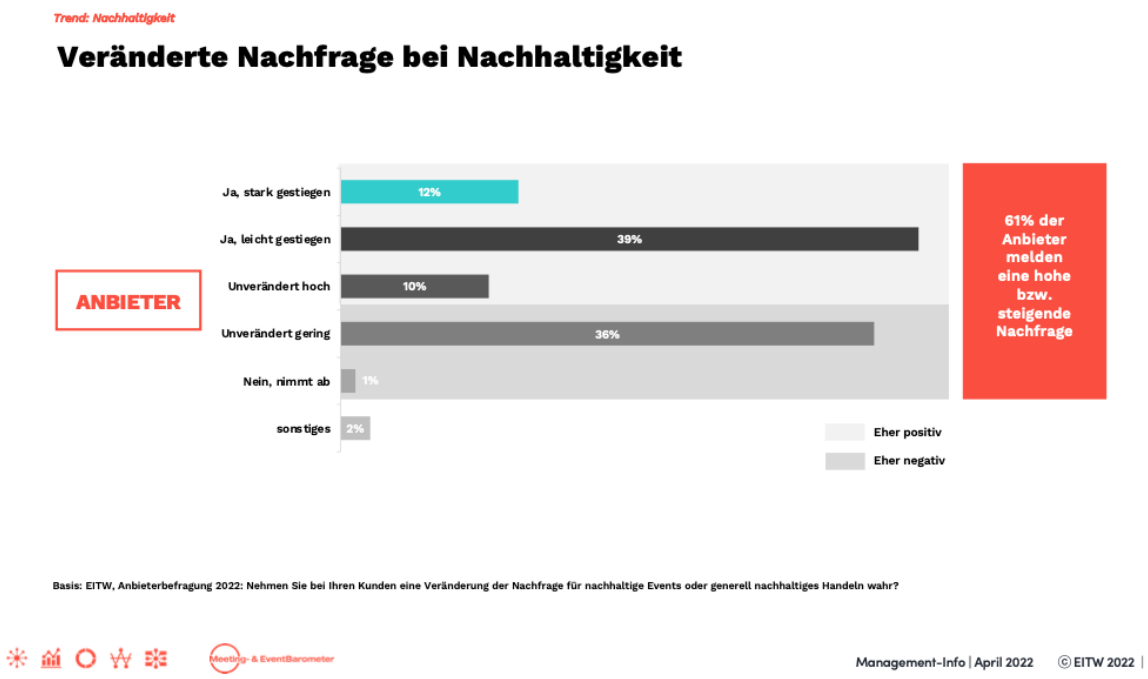


Looking into relevant criteria when choosing an event location, the 4 top factors dominate any decision:

1. Accessabilit & Mobility
2. Service
3. Equipment & setting
4. Price



Finally, the topic sustainability will remain a key priority in the years to come.



Source: GCB Annual Analysis 2021/2022

2 TARGETS.

- Establish the subject “Sustainbility” and “Corporate Social Responsibility” in the market with related activities
- Evaluate and push cross-market projects
- Maintain a strong market presence by continuing various activities such as sales calls
- Raise awareness and keep existing clients’ interest in Switzerland
- Fast, pro-active and professional approach on RFPs towards the market
- Continue to support buyers with our valued quality service
- Assure that buyers know about innovative program ideas
- Target corporate clients with a special interest for Switzerland
- Further penetration of the association market
- Bring more clients to our new website on MyS.com/meetings
- Update the database and keep informed about changes in the industry

3 DATABASE GERMANY AND AUSTRIA.

The SCIB's database is comprised as this concerning contacts from Germany & Austria (as of July 26th, 2022).

Kind	**Contacts**
Agency	4.125
Corporate	1.913
Association	414
Media	115
Other	112
Total	**6.679**

4 DETAILED MARKETING ACTIVITIES.

Further details of past, present, and future marketing activities can be found on stnet.ch, which can be accessed by using your personal username and password.