Market situation Belgium and Luxembourg.

Switzerland Convention & Incentive Bureau (SCIB).

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1 MARKET SITUATION AND OUTLOOK

1.1 Economic situation

1.1.1 Situation in Belgium

In 2022, Belgian GDP growth benefited from the ongoing post-Covid catch-up on the one hand, but was slowed down by increasing commodity prices, disruption in international supply chains and uncertainty related to the war in Ukraine on the other. Economic growth initially held up well and slowed sharply in the second half of the year but remained slightly positive. On a year-on-year basis, the growth was 3.2%.

Economic growth stabilizes: In line with the slowdown in inflation, GDP growth recovered in the first quarter of 2023. However, on an annual basis, Belgian GDP growth did not exceed 1.3% in 2023, due to weak growth in the second half of last year. GDP growth would pick up to 1.6% in 2024, thanks to an improvement in the international economy and a slight recovery in domestic demand growth. Between 2025 and 2028, GDP growth should stabilize at 1.4% a year.

Belgian inflation has traditionally been very sensitive to changes in energy prices. The inflation peaked at just over 12% in October 2022, before falling back to 5.2% in May 2023. Lower energy prices will continue to put downward pressure on inflation until October 2023. However, the rapid deceleration in inflation masks the persisting problem of core inflation. On an annual basis, inflation as measured by the national consumer price index would fall from 9.6% in 2022 to 3.3% in 2024, but it would take until 2025 for inflation to return below 2%. Core inflation would then be below 2% and changes in energy prices would have only a limited impact.

In 2022 and 2023, business investment has been held back by uncertainty, a sharp rise in long-term interest rates and tighter conditions for access to bank credit. In addition, the profitability of enterprises is affected by rising labour costs, which limits their self-financing capacities. On the other hand, business confidence has picked up this year, with investment supported by various stimulus packages. Overall, quarterly growth in the volume of business investments has held up well over the two years, but on an annual basis business investment was down by 1.4% in 2022.

This year, the growth of business investment volume is expected to be 3.1%. In 2024, business investment continues to be driven by recovery plans, the development of the high-voltage grid and a slight improvement in profitability. The result is growth in volume which, admittedly, slows down but nevertheless remains dynamic (2.4%).

The unemployment rate is expected to rise to 8.4% in 2023, to fall to 8.0% in 2024 and to fall to 7.2% in 2028.

Source: Bureau du plan, perspectives économiques 2023-2028, June 2023

1.1.2 Situation in Luxembourg

Luxembourg's economy is predicted to be rather sluggish in 2023 and 2024. 2022 ended with a marked decline in Luxembourg's GDP. This downturn in Q4 was mainly due to the result of the financial sector. It should be noted that this was not the outcome of a generalized trend in the sector, but of some isolated phenomena. However, other market sectors also experienced less dynamic growth over the same period. Household consumption also fell back sharply.

At the beginning of 2023, manufacturing and in particular the construction industry remained on a downward trend. Construction has been affected by the reversal that has cast a shadow over the real estate market – decline in sale prices, building permits, transactions and loans –, which has coincided with the sharp hike in interest rates. In non-financial services, certain activities are recovering in Q1, but not as markedly in Luxembourg as in the euro area as a whole. Growth in real GDP is expected to remain weak in 2023, at 1.6%, before picking up to 2.4% in 2024.

Inflationary pressure appears to be subsiding, but only slowly. The start of 2023 is marked by a decline in inflation in Luxembourg and the euro zone, reflecting less unstable economic conditions than in 2022.

Since the start of the year, food prices have hit all-time highs and the two wage indexations in February and April should fuel inflation in services over the coming months. Inflation should therefore continue to maintain a certain momentum in 2023, before converging towards the 2% target at the end of 2024.

Luxembourg's labour market is cooling down. In Luxembourg, the start of the year proved less favourable, with a confirmation of the slowdown in employment (particularly in business services and the construction sector), an upturn in unemployment and leading employment indicators that are deteriorating or remain weak.

Against a backdrop of sluggish economic activity, employment should slow in 2023 and 2024, but unemployment should only increase moderately. The unemployment rate is expected to rise to 4.9% in 2023 and 5% in 2024.

Source: Statec Central Service of Statistics and Economic Studies, Luxembourg, economic report June 2023

1.2 Meetings industry situation and trends

After the summer period in 2022 the demand for meetings abroad picked up, but the ongoing Ukraine war and sky-rocketing energy rates counteracted that movement. With a historically high inflation rate and salary indexation, companies have to increase salary budgets by 10%, which will of course have its repercussions on other expenditures.

Many companies continue to organise virtual meetings. In most companies, teleworking has become standard, on average two days per week. The number of requests for the organisation of meetings and events has increased but not yet reached the pre-pandemic levels of 2019.

Agencies have been intensively solicited and have not always responded positively to the demands. There is still a noticeable shortage of qualified staff. Many employees have left the industry or still do interim work in other industries to ensure their financial situation.

Corporate buyers consider the attractiveness of the country / city when choosing a destination for their event. They also consider potential business reasons to travel to a region, e.g. visiting a branch office, access to local customers.

Trends and outlook 2023

These are the trends and perspectives in the companies and agencies:

- Attending events in person is increasingly common (again). Networking events, opportunities to connect and teambuilding are more important than ever.
- **A preference for micro-events is developing**
  There is great movement towards the organisation of events on a smaller scale. This is not a recent phenomenon, but it was reinforced by the recent pandemic. Micro-events also have the added benefit of more and better interactions between participants.
- **Sustainability is a must**
  The demand for eco-friendly and responsible, sustainable events is definitely on the increase. Organisers must be prepared for this development and have the right tools at hand to fulfil this demand. Recycling of materials, creating a social impact, choosing hotels and venues that are eco-friendly or zero waste dinner concepts. We recommend to our Swiss suppliers to actively communicate on their efforts in the matter of sustainability (Swisstainable level).
- **Events need to have an emotional impact**
  Themes such as wellbeing and connectivity will more and more find their way on the meeting agendas in the coming years. Events that create an emotional reaction will result in better engagement. People want to feel things and events must therefore be authentic and have an emotional impact.
- **Digitalisation**
  The approach to an event that makes no distinction between the different types: hybrid, online, virtual or face-to-face. Each has their own needs. The organiser will have to choose and propose the format best fitting his clients and participants. More than ever, it will be important to know and understand one's target audience.
- Accessibility, diversity and inclusion.
- Most requests for events will be domestic or regional – short distance.
- Requests will increase and be more last minute.
- Suppliers are expected to be even more flexible: options, cancellation fees, etc.

Within the associations

The positive trend of recovery should continue globally.

- 2023 will test the true value of in person events. The pressure will be on organisers to design events that justify the time, money and CO_2 to travel.

- Creating experiences that are uniquely different, better and much more enjoyable than anything we can get online.
- Still online sessions that allow communities to learn, exchange and connect regularly.
- 3 reasons to attend a conference:
  * Educational program (learning new skills, hearing about trends and best practices)
  * Networking
  * Sharing knowledge with other delegates
- Accessibility, diversity, inclusion, sustainability and legacy.
- Sustainability and legacy became developments where delegates build their decision to participate or not on. This should be incorporated into the marketing outings of the conference.
- Meeting organizers are looking for more effective and productive ways to engage with participants. Participants, for their part, are demanding more inclusive interactive and creative meeting experiences. Swiss suppliers need to be increasingly original and innovative.
- Partnering with the destination: marketing awareness, how to boost delegate numbers.

1.3 RFP Situation in Belgium and Luxembourg

According to the agencies, the number of requests is quite high. There is a lot of competition between agencies, who are asking us to come up with original ideas that are off the beaten track and will make all the difference. It is still clear that sunny destinations in South Europe are very popular, including Italy, Spain and Malta. For our part, the number of requests received is at the same level as last year.

As a result of increased energy rates, most companies will be obliged to introduce restrictions. The increase of fuel and therefore ticket prices and the strong Swiss franc do not help.

Challenges

- Last minute requests
- Inflation, recession, energy, war, increasing salary cost
- Reduced budget view of the situation
- Strong Swiss franc
- Flight offer to Switzerland (still not at the levels of before 2019)
- Train connections from BeLux to Switzerland
- Availabilities in Switzerland

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.
- Pursuing an active advertising policy vis-à-vis Swiss companies or companies which have an affinity with Switzerland.
- Keeping 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.
- Representing our Swiss partners in the best way possible and providing them with the appropriate platform for "meeting" potential clients in Switzerland.
- Ensuring high visibility on local markets for Destination Switzerland by participating in industry events, live or virtual.

Conclusion

As said before, it is of the highest importance that, in order to maintain our market position, we continue to ensure high visibility in the market and keep 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 30 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	560
Corporates	945
Associations	900
Media	21

4 DETAILED MARKETING ACTIVITIES

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