

THE IMPACT OF COVID-19 ON THE DEVELOPMENT OF EVENT MARKET ON THE EXAMPLE OF THE CITY OF KATOWICE IN POLAND

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Abstract. The main aim of the article is to indicate the key dilemmas of event management by the city administration during the pandemic on the example of Katowice. To achieve this goal, the methods of analyzing the literature on the subject, active observation and questionnaire survey methods were used. The research described in the paper indicates a wide spectrum of conditions influencing the development of the event market, in particular the key problems of event management during a heavy fall in demand. The research sample consists of the most important entities on the event market in Katowice. The author is aware of the limitations associated with this research and inference resulting from a small research sample and the dynamics of changes in the behavior of participants and organizers of different events. The described and analyzed conditions of the development of the event market, including in particular the management dilemmas during covid-19 time, can be used by local governments to effectively support meeting industry. The article has been based on empirical research, and also has referred to the theoretical concept of the development of the event market in the time of and after the deepest economic crisis in XXI century.

Keywords: event market, destination marketing, COVID-19, meeting industry, tourism.

Introduction

The COVID-19 pandemic has caused the largest global recession in history. The virus is infecting millions of people and bringing economic activity to a near-standstill. Governments of many countries are imposing tight restrictions on outbound and inbound tourism to stop the spread of the virus. The COVID-19 recession has seen the fastest, steepest downgrades in consensus growth projections among all global recessions since 1990. At the same time, different sectors of the world economy have felt its effects to different extent (Global Economic Prospects, June 2020). Tourism is one of the sectors of the world economy most affected by the pandemic. By the end of the first quarter of 2020, the COVID-19 pandemic brought international travel to an abrupt halt and significantly impacted on the tourism industry. Global international tourism demand decreased by more than 65% in the first sixth months of 2020 (UNWTO, 2020). The tourism market is one of the most important sources of revenue and earnings for many companies and cities. Governments (local and central administration) in every region of the world have a dual responsibility: to prioritize public health while also protecting jobs and businesses. Different kinds of meetings (business, cultural, sport events) were primarily affected by the restrictions announced by central and local governments. The business events as a part of tourism market have experienced an unprecedented slump. Large and small events, cultural, sports and business events were canceled by organizers. Companies operating on the event market lost their sources of revenue.

The events were significant destination products as well as a way of promotion for many cities. Katowice is one of the many cities in the European Union that have been trying to change the structure of their income and image, from a heavy industry region to attractive and modern service sectors, for recent years. Business tourism and events have become

significant products of the city (Cieřlikowski, 2020). The local administration launched a number of activities to support the companies operating on the market of events in the city. However, the scale of the economic crisis and the breakdown of demand on the market requires further involvement of the city and cooperation of event market players.

It prompted the author to conduct market research to identify the key dilemmas of event management during the pandemic time on the example of the meeting industry in Katowice.

In order to achieve the goal, interviews were conducted with key entities operating on the event market in Katowice and a list of industry expectations towards the city administration was formulated. The research identified the most important problems of event management in the city of Katowice, taking into account current crisis on this market.

The article shows the specificity of the event market as a part of tourism market. When describing the market, the COVID-19 pandemic was taken into account as the current determinant of economic development.

The next part of the article presents the research methodology as well as the key problems of event management in Katowice as an attractive event market destination. The involvement of the city administration in various forms of cooperation with entrepreneurs operating on the market of events in the city as well as launching targeted actions improving their economic situation seem necessary during the crisis that affected the industry of meetings.

The specificity of the event market

A market consists of groups of suppliers and buyers who are in a sufficiently close contact for market transactions to take place and for those transactions to affect the terms of trade (the price). The structure of the

markets indicates the relative number of buyers and sellers on the market and therefore the nature of competition that will take place (Knight & McGee, 2015). Another author emphasizes that there is an interaction (relationship) between buyers and sellers on the market (Wrzosek, 2002).

There are various market classifications in the literature on the subject. The basic criteria for the division are:

- the subject of exchange (product market, service market, labor market, money market),
- market entities (refers to the type of entity and their number on the supply and demand sides),
- geographical criterion (the geographical location of market entities is emphasized).

In the marketing interpretation of the market, particular attention is paid to the fact that the basis for the delineation of markets in question are not the subjects of the transaction, but their main functions expressed in the ability to meet specific needs (Niestrój, 1996). That is why the delimitation of specific groups of needs may be the basis for distinguishing a specific market. If the subjects of the transaction are products composed of many services, built in time (in a process), the term market should be understood as a set of all stakeholders, players, i.e. entities involved and interested in product development. Sports, cultural, business and private events (Getz, 2013; Getz & Page, 2016) can be examples of complex process products (Cieślowski, 2016; Monshi, 2017; Davidson, 2018; Cuffy & Nair, 2020). Composed of a wide variety of services related to planning, preparation, delivery and post-event activities (Brusokas & Cieślowski, 2020). These services are often provided by various entities, also operating on different markets. The entities are trying to cooperate to offer a new, unique, unforgettable product - the event, only for the time of the event.

A product that is offered to individual or institutional clients and meets their needs in various value systems – this is a systemic product (Żabiński, 2012).

The characteristics of the subject of the transaction (events) determine the specific functioning of the event market. Market entities, both on the supply side (suppliers of partial services: hotels, other meeting venues, catering service entities, transport companies, and others; organizers: professional conference organizers, destination managing companies; convention bureaus, meeting planners; sports, culture, and other) and demand side (institutional clients - principals, including non-profit, companies, public administration; individual clients - event participants) must take into account the specificity of events as multicomplex products.

The specificity of this market is also manifested by the fact that service providers (organizers) sometimes have to cooperate with each other in order to later compete on the event market to be the winner. This activity is so-called cooperation (Fernandez, Chiambaretto, Roy, & Czakon, 2019). Moreover, on the markets with complex products and strong cooperation, trust is required and obligatory (Czernek, & Czakon, 2016). The physical infrastructure (large

facilities, arenas, roads, parking lots, etc.) is necessary to develop the event market. These physical resources are most often offered by the city administration, and the activity of local governments forces cooperation and processes of trust building on tourism market (Rutelione & Hopeniene, 2016) and on the event market, too. Governments are the principal actors in the process of tourism development (Bramwell, 2011; Nunkoo, 2015; Shone, Simmons & Dalziel, 2016).

It should be remembered that today the construction and operation of multifunctional meeting facilities take place around the world (in cities) with an increasing involvement of public funds (Schwartz, 2017). Public money is also very important to the further development of this market in a given destination. The involvement of the administration manifests itself not only in financing the building of multifunctional arenas (Brusokas & Cieślowski, 2017) or organizing huge events in the city, but also in preparing organizational structures for the development of such events in the city for the benefit of residents and visitors, as well as enterprises operating in the city (e.g. convention and visitor bureaus).

COVID-19 as a factor of the development of the event market

The event market, like any other market, changes under the influence of various factors. Their general division found in literature are internal and external factors (Events and Sustainability, 2015; Saukkonen & Kirjavainen, 2019).

Changes in each market are equated with the concept of development. The development is regarded as a qualitative phenomenon, consisting in introducing a product and process innovations, as well as innovations in the field of organization and management (Pierścionek, 2001) or constituted a quantitative category, and then it refers to selected variables shown in numbers at specific intervals. The author prefers to define the development of the event market as a process of initiating and managing structural and organizational changes, taking into account various (selected, key) related initiatives.

Referring to the general division of factors influencing the market, it is important to see that internal conditions are created by entities operating on the market. And external development factors must be taken into account in the management decisions of entities on the market – but managers cannot create them (the external factors). In the case of the event market, the list of internal factors (Getz & Page, 2020) includes: infrastructure for meetings, including meeting facilities (sports stadiums, concert halls, multi-functional facilities), as well as tourism infrastructure for visitors (national roads and international, airports, parking lots, etc.).

The Silesia Voivodeship is number one of the transport connected regions in Poland. The voivodeship is also the first in the country in terms of the number of mass events. Statistics noted in 2019 there were 873 mass events, visited by 4,339,302 participants (Table 1). Katowice is the administrative capital of the Silesian Voivodeship. The statistics of the city showed that in 2019 over 7,000 business events were organized in this city (among others there was the largest one in Poland by the number of visitors, the Intel Extreme Masters software and

games business event with 170,000 visitors for three days). So, the events are important products of the city of Katowice and Silesian Voivodeship.

Due to the dynamic processes of globalization of national economies, internationalization of enterprises, internationalization of cities, countries (e.g. in terms of commercial law, social privileges and others), it seems that external conditions have an increasingly strong impact on the market of events in each city, also including Katowice – "the city of great events".

Table 1. Geographic distribution of mass events in Poland in 2019 by voivodeships

No.	voivodeship	number of events	number of participants
1.	Śląskie	873	4 339 302
2.	Wielkopolskie	738	2 388 898
3.	Mazowieckie	709	3 849 989
4.	Kujawsko-Pomorskie	698	2 075 106
5.	Dolnośląskie	626	2 403 467
6.	Małopolskie	563	2 606 796
7.	Pomorskie	481	2 603 589
8.	Łódzkie	338	1 780 652
9.	Lubelskie	302	1 022 428
10.	Zachodniopomorskie	301	922 965
11.	Podkarpackie	275	892 136
12.	Warmińsko-Mazurskie	275	576 739
13.	Świętokrzyskie	223	677 772
14.	Opolskie	217	455 024
15.	Podlaskie	176	556 864
16.	Lubuskie	154	674 835
	Poland (total)	6 949	27 826 562

Source: K. Cieślowski based on the data of the Central Statistical Office in Warsaw

Today, safety is one of the basic and first expectations of event participants. In 2020, the pandemic Covid-19 virus was the main factor that had a strong impact on the security and safety of all events in the world.

Countries, along with the increasing number of sick people, have introduced restrictions on the movement of citizens and the organization of events (cultural, sports, business and private). The Intel Extreme Masters business meeting was planned in Katowice at the beginning of March (like it had been since 2015), but due to the first restrictions in the field of counteracting the COVID-19 pandemic in Poland, the fair was held without an audience in 2020.

The next weeks will be a complete closure of the event market and every event (business, cultural and sports) will be cancelled in the city of Katowice.

This has resulted in a collapse in demand in many markets, including the tourism market and the event market. The general activity undertaken by the state administration (e.g. in Poland it was compensation of salaries, tax exemptions, etc.) are far from sufficient for the meeting (event) industry. Cities started to join the process of rescuing entrepreneurs in the event market. However, assistance for entrepreneurs operating on this market requires a good recognition of their current needs and the specificity of the functioning of the event market.

Selected event management problems in the COVID-19 pandemic time

Research methodology

Events can be considered as important products of many cities. Then the process of saving entrepreneurs on the event market was also an important element of city management. Today it is necessary to see the scale of the economic slump in the meeting sector. It was the main premise for organizing the author's market research, and additionally, it was aimed at examining the expectations of entrepreneurs towards public administration regarding local government support during the pandemic.

In July 2020, a research tool (survey questionnaire) was developed with 3 questions:

- the first part of the questionnaire concerned the comparison of the first 6 months of 2019 with 2020 (in relation to: revenues, employment, organized events, as well as total investment expenditure for the 6 months)

- the second part concerned expressing an opinion on the activities of the city / province / country administration in terms of the expected economic support for the further operation of your company on the market in Katowice,

- in the third one, respondents were asked to describe the action plans / economic activity in the event of no improvement in the event market.

The questionnaire was posted on 07/20/2020 by survio.com. The research sample consisted of 91 entities (companies and other organizations) operating on event market in Katowice. The research sample consisted of purposeful selected entities. The entities were entrepreneurs operating on the meetings market in Katowice, who had previously made contact with PTWP Event Center Ltd. or with the Katowice City Hall in organizing different events (business, sports and cultural). From August 10 to August 19, 2020, these entities were contacted by phone, emails. They were sent a cover letter and a link to the survey by e-mail. The total number of 29 completed questionnaires were received. It is only 32% of all entities included in the study (29 out of 91). It is not satisfactory, however, the answers provided present a certain picture of the market of events in Katowice and the region at the current stage of development.

Results

The 29 companies that responded included: 25 event organizers, 1 event venue, 3 - other (including: technical support for fairs, conferences, concerts, concert agency, publishing agency). No hotel in Katowice sent back a reply.

The respondents were asked to compare the first 6 months of 2019 (January-June) with 2020 (January-June) and indicated that the largest decrease is recorded in investments, including expenditure on promotion (on average level by 78% y/y) and in the revenues of their companies (on average by 73%). Moreover, full-time employment (full-time jobs) decreased by an average of 19%, and the

number of employees working under civil law contracts decreased by 34% (y/y).

The number of events organized by respondents decreased year by year by an average of 65%. It is important to note that in one answer the decrease of 82% was also indicated. A decrease was recorded in the total number of participants in business meetings in the first six months (65%).

The next part of the questionnaire related to the indication of expected activities on the part of public administration. The author asked respondents to give a mark on a five-point Likert scale from 1 to 5 (where 5 meant "very important" and 1 - not important). Then the data from the responses were entered into an excel sheet and used for further calculations. The grade point average of the estimates were used by the author to rank the indications.

The result shows that the most important factors for the respondents were: "Applying for other EU funds together with the authorities of the Silesian Voivodeship" (average grade 4.25), "Financial support for event organizers in Katowice by the city, among others through the purchase of promotional benefits at the level declared in 2020", "Maintaining the financial support mechanism for event organizers in Katowice, inter alia, in the form of the purchase of promotional benefits for the following years, at least at the current level. " The average for all these three indications was 4.25 (Table 2).

And the least important factors are: "Stronger cooperation of the city administration with the Silesian Tourist Organization in terms of creating new products of destination" (2.75), and "Stronger promotion activity of the city administration on foreign markets" (2.63).

Table 2. Expected economic support for the companies operating on the event market in Katowice

5 - very important; 1 - not important	average grade
Applying for other EU funds together with the authorities of the Silesian Voivodeship	4.25
Financial support for organizers of events in Katowice by the city, among others, through the purchase of promotional benefits on the level declared in 2020	4.25
Continuation of the financial support mechanism for event organizers in Katowice, inter alia, in the form of the purchase of promotional benefits for the following years, at least at the current level	4.25
Involving the administration of the city of Katowice in activities aimed at obtaining funds to support the industry	4.13
Active involvement of the Katowice city administration in the application process for various events in cooperation with event organizers	4.00
Establishing a working group for constant consultation of the industry situation in the city	3.63
Maintaining the decision on exemption from property tax and local fees until the end of the year	3.13
Exemption for hotels and other meeting venues from the obligation to pay for parking spaces in front of the hotel	3.00
Stronger cooperation between the city administration and the Silesian Tourist Organization in terms of creating new products of destination	2.75
Stronger promotion activity of the city administration on foreign markets	2.63

Source: K. Cieřlikowski based on own research

In the third question, respondents were asked to describe their action / economic activity plans in the event of no improvement in the market situation. The respondents could provide any answers (it was an open-ended question). There were responses suggesting that companies from the meeting market intend to, for example, "launch online sales", "organize further events 100% online", "change industries". Moreover, 4 entities indicated that "the decision to close the business is being considered".

Conclusions

Turbulence in the global economy, caused by various factors, became frequent phenomena at the end of the first decade of the 21st century. The periods of dynamic growth of economies in various countries are replaced more often than ever before by a dynamic decline.

Such a situation has been recognized by some authors as universally applicable in the world economy (Kotler & Caslione, 2009).

However, the coronavirus pandemic and the related organizational restrictions significantly influenced the functioning of companies in various sectors of the economy around the world on a scale unprecedented in the modern economy (Deloitte, 2020).

Detailed analysis shows that one of the most affected market by the pandemic recession is the event market (especially companies operating on the market). All entrepreneurs organizing events (sport, culture, business events) are strongly associated with the global tourism market, where the worldwide demand dropped by 65% in the first half of 2020 (UN WTO, 2020a).

An analysis of the economic situation of companies operating on the event market in Katowice shows a deep decrease in the revenues of these companies (up to 80%) and their investments (up to 90%). State subsidies for them allowed for a slightly

slower decline in employment, however, some staff reductions were made already in the first half of 2020.

Since July 2020, sports, cultural and business events have been slowly returning to the calendar of the city of Katowice, however, with large organizational restrictions (e.g. as to the number of people, or the distance between each other, or the duration of the events).

Expectations of managers of companies organizing events regarding their further support from the public administration focus on maintaining any revenues and looking for new sources of financing the events (e.g. EU funds).

The processes taking place in the economy of Poland and the region, in connection with the development of COVID-19, force enterprises on the event market to impose high safety standards on themselves (Good Practice Guidance, 2020), and to look for new solutions in the field of services offered and new forms of economic activity (Deloitte, 2020a).

In the times of economic crisis, the city administration is obliged to actively control the processes of economic development in its area. If the events have been important products of the city of Katowice for many years, then the local government should boldly make management decisions in terms of supporting the event market in your area through various activities: regulatory, initiating, organizing and stimulating.

These activities require more contacts with representatives of the event industry, greater activity in searching for common solutions to a crisis situation, creativity adequate to the needs and opportunities, innovation and determination in these activities. Obviously, it is necessary to know the conditions and mechanisms of the development of the market of events in specific strategic areas, including the use of modern methods of managing them and the use of appropriate instruments to influence this market in the city.

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