

## COVID-19 CORONAVIRUS DISEASE WAVES IN THE EVENT SECTOR

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### ABSTRACT

March 11, 2020 is called „Black Day” in the event sector. As one of the first measures taken to curb the coronavirus epidemic, the Hungarian Government stated on this day that holding an event with more than 100 people in a closed place and more than 500 people in a non-closed place are prohibited. The first season-opening events in the event sector, such as the celebrations on March 15, were thus immediately missed. This was nowhere near the end of their cavalry, although there was a small assignment during the summer, from November holding all kinds of events was forbidden. The employee in the event sector had to make a decision, to face the uncertainty, to endure this endless period that still lasts today, because even now the „fourth wave” is hovering over us, and we don't know what it brings. In my research, I examined their situation and possibilities after surviving two waves, during the prohibition of the third wave.

### KEYWORDS:

Covid-19, events, festival, tourism, crisis

### INTRODUCTION

The purpose of my analysis is to assess the impact of the Covid-19 coronavirus epidemic on the event market and the measures taken to curb it. I examine what decisions had to be made by those who work in this sector, who had lost their jobs, their source of income. The subject is topical, as the crisis caused by the virus has posed challenges and still poses our age, which we have had to face a completely unknown situation, the economy and the industry since the world economic crisis of 2008, or perhaps even then.

During my analysis, I also performed primary and secondary research. My secondary research was based on articles, journals, and books, on the topic of festival and event organization, and the topic of the economic impact of the Covid-19 virus, as well as analysis from data published by the Central Statistical Office (Központi Statisztikai Hivatal).

Events are not just festivals every festival is an event, but not every event is a festival. Many types of events are possible, such as a conference, team building, wedding, concert, ball event, etc. Whatever is the event, there is always a need for an event organizer, who coordinates the event and for whom the most important thing is to organize an eventful event. The organization of the event is under Regulation 162/2020 on the International Communications Office and the Centralized Public Procurement System for Government Communication Procurement. (IV.30.) According to the Government Decree, the task arising

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during the planning, preparation, coordination, and implementation of such events or regular predetermined purposes (thus separate social, scientific, professional, cultural, sports) takes place in a given place and from time to time (hereinafter: event). event concept development, venue provision, event technology (sound, lighting, stage, video and visual technology, television and security technology) and related background services, event technology equipment, catering, programs, performances, accommodation, transportation. Given this concept, I have tried to address these areas of activity in my analysis and to target those who work here.

The term festival is derived from the Latin words *Festivus*, *fiesta*, *Festa*, originally meaning festive games, a series of festive performances. The general spread of the word can be observed from the 18th century. Ever since the world was the world, there have always been events where people came together to share the experience of the event. [1] Festivals are the most popular celebrations of our time, and for many, it is important to be a part of such an event. Festivals are attractive to people, through which they can experience joy, be liberated, „leave reality out”, get a sense of happiness. As János Szabó describes in his book *The Festival Phenomenon*, „the holiday has always been present in history, the need for the holiday can be seen in almost all ages and all societies”. [2] This is still true today, as many need to attend such an event. Hearing the word festival, most people think of music festivals, but the concept covers much more than that.

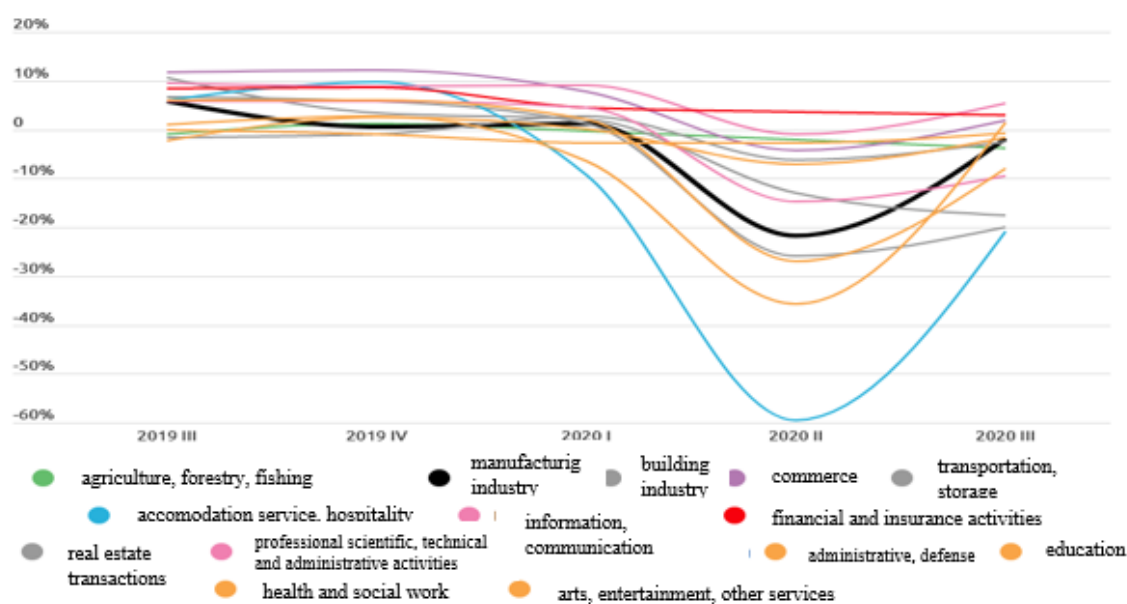
Festival tourism is a special product of cultural tourism, defines by Csapó-Matesz to include all tourism segments that do not increase mass tourism. [3] Donka-Strunga defined cultural tourism as attending events, festivals, and concerts. [4] Demand for festival tourism has increased, as the festival atmosphere provides an unusual experience that has become an important motivator in making travel decisions [5], and stimulates the cultural offer of the settlements, thus contributing to the increase of the number of visitors and awareness. [6] Festivals also have a positive impact on the local economy through their direct revenues [7], larger festivals are for business purposes, do not focus on cultural values, have a positive impact on economic processes. [8] Festivals can be diverse, but the most popular are music festivals, attracting millions of tourists. [9]

„The festivals are held in front of a large audience, with prestigious performers, and a festival is held to present a wide range of performers’ aspirations of films, musicals, plays, and ensembles... Festivals provide a good opportunity to exchange artistic and cultural experiences.” [10] However, there is no regulation in Hungary regarding the number of visitors, the area, and the duration of an event to call festival.

The Covid-19 epidemic that erupted in China at the end of 2019 became global by the beginning of March 2020 and caused huge disruptions in the domestic economic and social processes. As the result of the epidemic and the precautions taken to curb it, air traffic has almost completely stopped, tourism has declined and many jobs have stopped. According to the Eurostat database, economic performance in the European Union fell by 2.6%, which has not been the case since the 2008 global financial and economic crisis. In 10 EU Member States, GDP was higher, while in 16 it was lower than in the same period last year. The Hungarian economy has been able to enjoy growth since 2013, and in 2018-2019 Hungary had the highest rate among the countries of the European Union. According to the data provided by the CSO, the volume of GDP increased by 2% in the first quarter of 2020 compared to a year earlier. At the end of April 2020, there were still 1.8 million registered enterprises, which is 1.5 % more than a year earlier, but this number decreased after March when only the number of sole proprietors increased, the number of joint ventures decreased. At the end of May, 105.000 sole proprietors had suspended their activities. [11]

In March 2020, during the first wave, the Government ruled that holding more than 100 people indoors and more than 500 people in non-enclosed spaces were prohibited. In the second wave, Government 484/2020. (XI.10.) stated that restaurants may not receive guests, guests may stay only to take food, and hotels may not receive tourists, only those arriving for business, economic or educational purposes, and holding any kind of event is prohibited. [12] As Stubnya pointed out in his article on the negotiating position for the 2021 minimum wage increase (Figure 1), according to GDP data in the third quarter of 2020 the Hungarian economy split in two, some industries returned to pre-crisis levels, while others have not yet recovered from the shocks of the first half of the year. [13]

**Performance of certain industries in Hungary (quarterly, compared to a year earlier)**



Source: KSH

1. Figure: Performance of some industries in Hungary (quarterly, in percent, compared to a year earlier) (source: Stubnya, 2021)

One of the great victims of the coronavirus epidemic in the Hungarian economy is the event market, the event organizers, and the entrepreneurs who serve them. It was the tourism, hospitality, and event sectors that immediately felt the appearance of the virus and where the impact of measures taken to curb the virus, such as curfew, event ban, resulted in an immediate shutdown. Looking at the last years, tourism has shown a continuous development, and in a few days it has completely disappeared, and several international and local events, conferences, and fairs have been canceled. According to the data of the CSO, compared to 2019, the number of art events decreased by 59 percent in 2020, the number of folk art events decreased by 59.28 percent, the number of entertainment events decreased by 61.5 percent, and was 57.36 percent fewer community events. Visitors to art events reached only 60 percent of the previous year, in folk art events it was only 51 percent. In the case of entertainment and community events, the attendance was less than 50 percent compared to the previous year without the coronavirus epidemic, in the case of entertainment events it was 46.83 percent, in the case of community events it was 41.08 percent. [14]

The countries of the Visegrad Group also felt strongly the effects of the coronavirus epidemic in the spring of 2020 – mainly from an economic point of view. According to preliminary

reports from the four countries and the latest published data, the decline in GDP is significant, but according to the Eurostat June report it has moderated somewhat from March forecasts, but this process is not over and the epidemic may have a major impact on economies of some countries. There are similarities in terms of unemployment, as more than 10,000 workers became unemployed in the first months in each of the countries studied, and as we move towards the end of the year, these numbers could reach 100,000, but it should also be noted that the epidemic and government action could further transform this. [15]

The role of festivals in the tourism and cultural sector is significant. Some of the festivals are of local and regional significance. Many festivals contribute to the provision of basic cultural care in settlements. In addition to quality entertainment and community building, performers, art groups, and infrastructure providers – vendors, caterers, accommodation providers – are also a significant tax-generating factor in the realization of events during normal, unrestricted times. The combined budget of the festivals is several billion forints, their revenues contribute to the national income, and they employ thousands of people. Due to the pandemic, a large percentage of festivals were missed, with most of the organizers initially thinking of holding at a different time due to uncertainty. The partial or complete absence of the festival season meant the impossibility of making a living for the contributors, organizers, contractors, and subcontractors.

The Hungarian Festival Association (HFA) the largest professional organization of festivals in Hungary, has formed the Covid-19 Festival Crisis Management Working Group, whose objectives were to conduct continuous research, provide accurate data to decision-makers, and help employers and employees pay for festival lost earnings. They supported the creation of a „festival force majeure fund” that would affect festivals that were delayed and postponed to a later date, with a government takeover of their fixed costs and missed ticket revenues as a percentage. Their goals also include informing the working group about the current state of government financial resources. The working group also aims to help the festival profession communicate internally and inform the public. As highlighted, it is important to keep the industry alive, joint marketing communication, and the use of newer techniques – such as online streaming. [16]

MaReSz (Association of Hungarian Event Organizers and Service Providers) represents the interests of event organizers and industry. Its task and duty are to support all state, business, and civil initiatives and efforts aimed at making Hungary an event-friendly country and increasing Hungary’s role and importance in the international event market. In the situation caused by the virus, their main goal is to save the domestic event industry and tourism. To this end, proposals were submitted to the Hungarian Government, which advised on measures to help businesses survive and save jobs. They conducted in February 2021 a survey on the situation of the event industry, from event venues, agencies, conference organizers to representatives of the service sector including caterers, technical service providers, exhibition contractors, and other ancillary areas. The result was found to be worrying. 80 percent of the events in 2020 were forced to cancel and less than 20 percent of the live events could be replaced online, with much lower profitability in this way. About half of the respondents reported an 80 percent drop in sales revenue, and a quarter could not claim contribution rebates or wage subsidies. In the course of my research, I concluded that those working in the sector did not have access to the funds because the scope of their activities or the date of their development did not meet the conditions of the tender. More than a third of event management companies were looking for a livelihood in a new branch of service. [17]

## **Material and method**

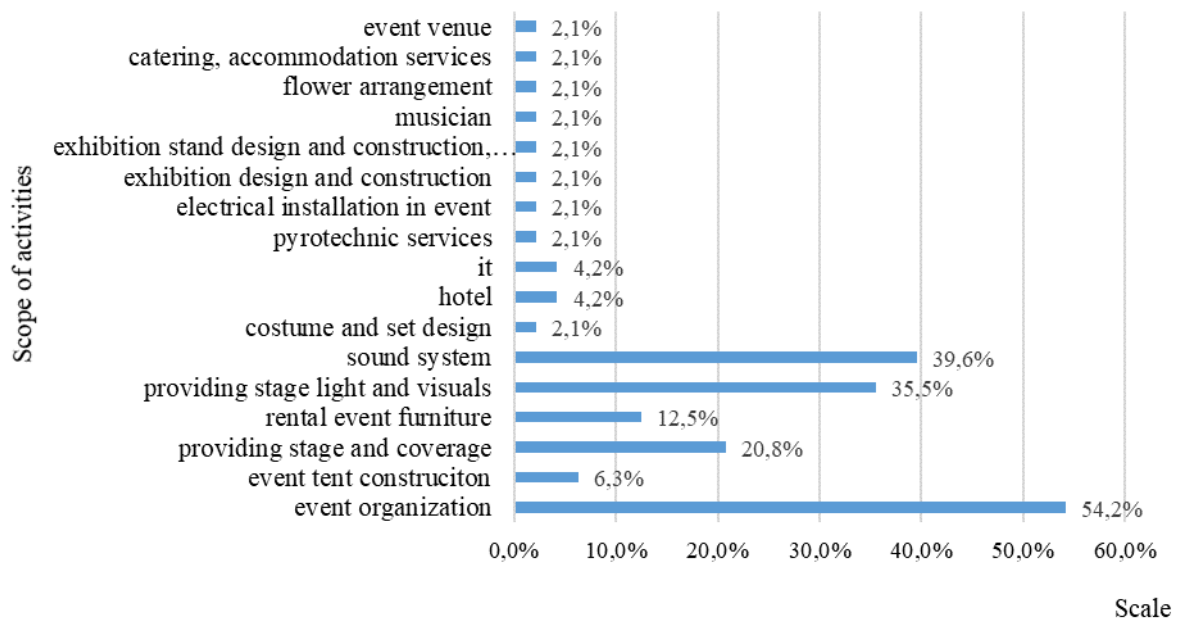
The research is quantitative, descriptive research, during which I conducted a questionnaire survey among those working in the event sector. I distributed the questionnaire on social media platforms as in the „Event Organizers”, „Concert and Event” groups, and I contacted the Hungarian Association of Event Organizers and Service Providers, who contributed to my questionnaire survey by contacting their partners. In addition, due to my acquaintance, I managed to send the questionnaire to some entrepreneurs dealing with stage lighting and sound technology in Budapest. Data collection took place between 23. March and 30. April 2021 among those working in the event and tourism sector. Respondents had to answer 45 questions, first, they had to provide socio-demographic data, then data concerning the workplace and the company (registered office, age, size, scope of activity). After that, I asked about the changes in working conditions, and finally about the effects of the situation caused by the coronavirus epidemic and plans. As a final question, I allowed respondents to describe in their own words what opportunities they see in their current situation until the end of 2021. I used Microsoft Office Excel software to analyze the data.

### **Results**

The questionnaire was completed by 48 people (individuals and businesses). 60.4 percent (29 people) of the respondents were men and 39.6 percent (19 people) were women. In terms of age, the majority of respondents (60.4%) were between the ages of 30 and 50, with the remainder split between the ages of 20-30 and over 50 and 8.3 percent over 61. In terms of education, everyone has at least a secondary education, 62.5 percent of the respondents have a college or university degree, 6.3 percent have a university degree and 31.3 percent have a secondary education.

58.3 percent of the participants in the research have their headquarters in Budapest, another 8.3 percent in Pest county, while the rest are distributed among the counties of the country. 54.2 percent of the respondents have been dealing with events for more than 10 years, 18.5 percent for 6-10 years, 16.7 percent for 3-5 years, and 10 percent have been in the sector for the last 1-2 years. The examined sector operates as a sole proprietor in 37.5 percent, 31.3 percent in 2-5 people, and 18.8 percent in 6-20 people.

I also examined the respondents in terms of the sector in which they work within the event profession. Respondents were able to select more than one option. My question specifically asked about the scope of activity in terms of revenue ratio, like many works in the event industry differently from their main field of activity. Their answers are shown in Figure 2, which shows that the majority of the respondents deal with event organization and the stage, lighting, and sound technology that forms the basis of the events.



2. *Figure: The main activity of enterprises in terms of revenue share in the two years before the coronavirus epidemic*

95.8% of the respondents answered that the coronavirus epidemic caused a change in their working conditions and labor market situation, as a result of which 43.5 percent started a new activity, enterprise, or became a member of another enterprise, 30.4 percent changed their enterprise or activity. 39.1 percent answered that they worked in their home, from home. However, all of these respondents worked in the field of event organization, and several of them survived this period in other fields of activity. Regarding Home Office, 45.8 percent of respondents stated that working from home is not possible at all in their business or only to a small extent (25%) due to the nature of their activity. On a Likert scale, I examined which factors were considered the most significant change. The endpoints of the scale represented the non-essential (1) and very significant (5) responses for each cause. The most significant change was indicated by the respondents that their income from their business changed (significantly decreased or ceased) and they started a new entrepreneurial activity. This is because they have lost their jobs or their income from their previous job has not ensured their livelihood. 78.3 percent worked less. Although 21.7 percent worked more, which meant more days and more hours per day, they all started a new activity or business, which required more work to start over. Those (39.1%) who were forced to switch to work from home due to the coronavirus epidemic situation had the opportunity to work from home before (this was typical of the scope of activities of event organization).

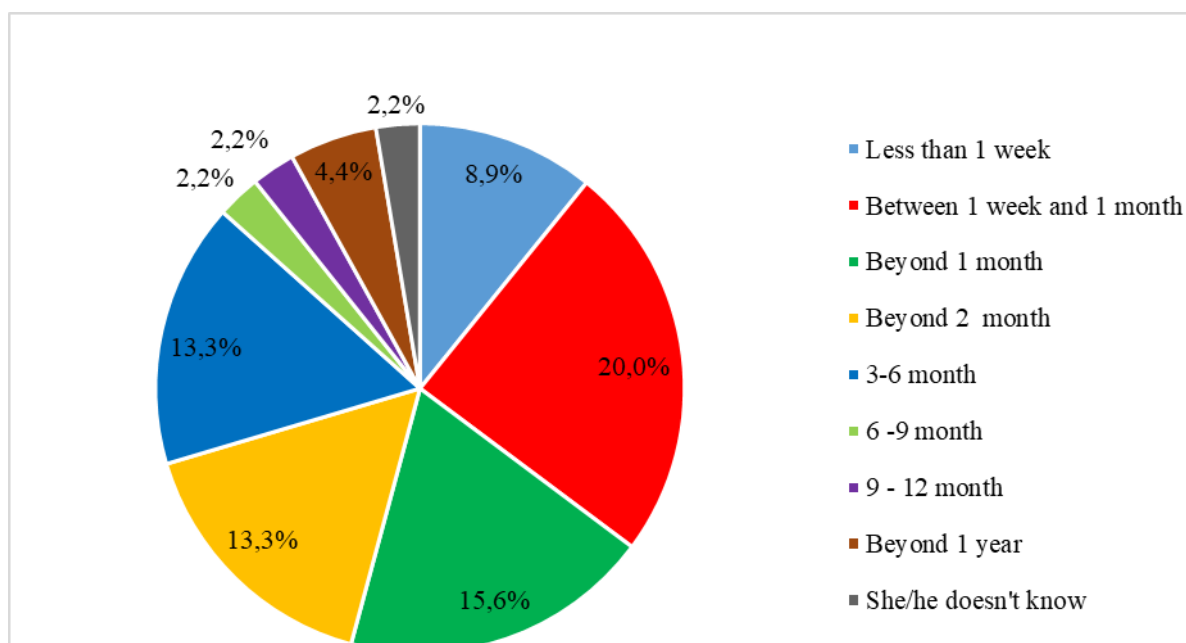
Regarding the profitability situation, 77.1 percent of the respondents experienced a decrease of more than 50 percent in their sales revenue, a further 12.5 percent experienced a decline between 31-51 percent. There was a total of 1 respondent who experienced no change in sales at all and 1 who experienced an increase. However, in contrast to the decrease in sales revenue, 54.2 percent of respondents experienced no change in the cost of maintaining the business, 12 percent experienced an increase and 33.3 percent experienced a decrease. Examining the range of those who experienced a decline, they were the ones who paused their business or were able to move to work from home.

Recognizing the difficult situation of those working in the sector, the Hungarian government tried to help the system by paying wages and releasing contributions. Sole proprietors were

able to benefit from the waiver of the KATA contribution for a period of a few months, while larger companies were exempt from paying contributions and possibly rents. Unfortunately, the majority (62.2%) could not benefit from any state support or concessions because they did not meet the requirements (their main scope of activities did not meet the application or was established later than stated in the condition).

About their plans, only 25 percent of businesses said they could maintain their business for more than 6 months under the April regulations if market conditions did not change. Another 14.6 percent believe that they can maintain their business for 3-6 months, 16.7 percent only for 2-3 months, while the remaining 43.7 percent would only last for 2 months, of which 22.9 percent only would last for 1 month under the given conditions. At the time of the survey, 44.7 percent of the companies did not cause liquidity problems due to the situation due to the coronavirus, 19.1 and 14.9 percent had delays in payments of 1 and 1-3 months, but unfortunately, there were some (8.5%) with a delay of more than 12 months.

To the question, "How long would you be able to maintain your solvency if the company did not have sales revenue?" the responses were very divided (Figure 3).



3. Figure: Sustainability of solvency if the company has no turnover

Half of the respondents (20% in 1 month, 15.6% in more than 1 month, 13.3% in more than 2 months) could only maintain their business for up to 3 months, but a significant 17.8 percent answered that they could survive beyond 6 months, but there were also those (8.9%) who were able to do so for less than 1 week. Fortunately, 57.4 percent would use their reserves to solve this, but 23.4 percent would already need to take out a loan or a member loan, or (19.2%) would be forced to introduce part-time work or lay off staff, but 27.7 percent do not see any possibility to solve the decline in sales. As a result, many will not be able to meet their obligations. Most people chose can't pay the wages (41.3%), taxes and contributions (34.8%), the installments of their existing loan debt (32.6%), or the utility bills or supplier bills in this case. They all agreed that in the current situation in this sector, they have no choice but to wait for the end of the epidemic and the opening of events. Despite the decrease in sales revenue, restrictions, and uncertainty, only 12.1 percent of the respondents do not want to return to the profession, the rest either did not leave it or would return completely

(36.4%) or partially (33.3%), as soon as they have the opportunity. 54.5% see that they will only return to the level of their last period before the epidemic after the epidemic has subsided, and 9.1 percent believe that they will never reach that level. To my last open question, "What are your prospects for the end of the year?" although they were worded by the respondents in their own words, the meanings of the answers are the same, uncertainty, hopelessness, and hope for the virus to pass and for the restrictions to be lifted.

## CONCLUSION

The data examined confirmed that the situation of those working in the event sector was undoubtedly filled with enormous difficulty at the onset of the coronavirus epidemic with immediate effect and for an indefinite period. The survey lasted until April 30, 2021, when it was still forbidden to hold events, hotels could not only receive guests for business purposes, sports events could only be held without spectators. Under such circumstances, the research showed that the profitability situation of those working in the event industry became extremely difficult, almost impossible, most of them were forced to go through this period in another field of activity to ensure the maintenance and livelihood of their families. There is no opportunity to work from home in this sector according to the nature of the activity, because what is worth a stage, a sound system, alighting if there are no performers, no audience. Not because people aren't interested in events, but because they can't. That's what the law says. In 2020, 80 percent of the events were canceled, as during the year the emergency started at the very beginning of the events, on March 11, and then they were only allowed to hold events during the summer. Of course, the bigger events were not held even then. Although they could only hope that any event could be organized this summer or fall when filling out the questionnaire, most of them do not intend to leave the profession at all, they would return in full or in part as soon as they had the opportunity. I think this is a testament to their exemplary loyalty, their love for the profession and their work is unquestionable.

The Hungarian government began to lift the protection measures in 6 stages from March 27, 2021. The first two stages did not yet really affect the event sector, as the holding of events was still prohibited, these reliefs concerned the period of curfew, the period of business closure, and the restrictions on stays in catering establishments. The first change, which also affected the event sector, was the Government Decree of 26 April, which already covered sports and cultural events, which were open to persons protected against the coronavirus and minors under their supervision until 11 pm. However, the ban on private and family events remained in place. The most significant change after the completion of our survey was brought by the fifth stage of dissolutions on 21 May. At that time, the curfew, the mandatory closing time of the shops, the obligatory use of public space masks were lifted. It was stated that private and family events with up to 50 people and weddings with up to 200 people without restrictions, indoor events can only be held with a certificate of protection, other outdoor events with up to 500 people without restrictions, over 500 people only with coronavirus protection and a music-dance event can only be organized for those with a certificate of protection. In the sixth grade, it was stated that a cultural event does not qualify as an event if the event held for the performance of a branch of the performing arts takes place at a venue designated for that art, can be visited for a pre-redeemed seat and the spectator you must stay in your pre-redeemed seat.

On July 27, 2021, the Hungarian Tourism Agency announced that the government had accepted the proposal of the Operational Staff Responsible for Relaunching Community Life and would provide 5 billion Hungarian Forint in support for the implementation of light music



events. With the help of the agency, between August and October, 40 large concerts can be held in the big cities, 216 festival concerts in the smaller settlements, and 100 village days in the smaller villages during the summer.

The government aims to support the relaunch and the performing arts and events sector most affected by the coronavirus epidemic, as music events make a major contribution to the development of tourism and provide employment for many people. [18] All this can only be realized if, due to the expected 4th wave, no more serious measures come into force, which will not restrict gathering and coexistence.

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