

CLIENT ALERT

B2B Relations in the Events Industry in Europe and the COVID-19 Pandemic: The Stakeholders' View

May.14.2020

We started this series of alerts by sharing our view on the legal consequences of COVID-19 on B2B relations in the events industry. Our [first two alerts](#) set the scene. But of course, law is not applied in a vacuum, and for our next alerts we will be reaching out to different stakeholders from the events industry, asking them five key questions and inviting them to share their thoughts. In addition to the analyses that Crowell & Moring has been offering, we thought it would be useful to understand how all of the different actors in the events industry are experiencing the pandemic and to ask them to share their practical business perspectives.

First up is Bert Knuts, CEO of Event Masters, and President of the Expert Center Event Marketing of Association of Communication Companies (ACC)-Belgium. Besides offering tailored corporate events, teambuilding and training activities, Event Masters is also a Professional Congress Organizer (PCO). Mr. Knuts' multiple functions within the events industry make him very well-positioned to share a general and personal view on how COVID-19 has and will impact B2B relations in the events industry, and, in particular, in Belgium.



Bert Knuts

The challenges posed by COVID-19 are unprecedented in business terms. But any company that has been in business for some time must have experienced other crises. What do you think is an important legal lesson that can be drawn from the past?

It is correct that events do get cancelled for various reasons and in B2B relations more often than not a commercial solution is found. I believe it is important to emphasize from the start that most stakeholders in our industry typically favour such a solution over a legal one. But when *force majeure* is invoked we very often see legal wrangling from the outset. Whether it is the client or the provider that cancels, they always seem to feel that the reason for the cancellation is beyond their control, and that they therefore have good reason to shield behind this term.

I believe this is in part due to a lack of understanding of what *force majeure* exactly means and badly-worded contracts. In most contracts for events *force majeure* is not, or very narrowly, defined, so parties are almost forced to argue about the exact meaning. However, we have noticed that - especially the large companies and/or those that have had bad experiences with *force majeure* - have significantly better *force majeure* wording in their contracts. With the COVID-19 crisis these companies are also the 'early adopters' for even more and better legal cover for the future.

Everyone is gradually aware that after the lockdown it will not be business as usual. The government is trying to respond to this by announcing numerous support measures and new regulations, temporary or otherwise. If you could amend the existing regulations on one point today, what would that be?

I believe the dozens of measures you are referring to apply more at the level of each individual company rather than at industry level. I cannot speak for these individual companies and what their legal wish list might look like. What I do know is that since the beginning of this crisis the Belgian events industry as a whole has been in close contact with all the competent policy makers, precisely to ensure that the law and policymakers understand where and how their help is needed the most. To prevent too many political conversations being held in parallel, the ACC and other industry organisations created the Alliance Belgian Event Federations. This 'umbrella' trade alliance is quite unique and in my opinion the best way forward to make a relaunch of our sector possible.

If you do ask me to use my one wish, then I would instore a whole range of tax incentives. And I am not just talking about incentives for the events companies, but also for investors in events, in particular those of a cultural or sportive nature. I don't see much difference between a movie production, a musical production or a music festival, for instance. They all are equally important aspects of our culture. So why not open up tax shelter and other incentives to all these events?

What do you expect from your commercial and legal partners in anticipation of a normalization of the market in the short or medium term?

That is a very simple question to ask and a difficult one to answer. Confidence and reasonableness are the first things that come to my mind.

I will not beat around the bush. These are very challenging times for our industry and a lot of stakeholders are having trouble staying afloat. On the other hand, companies will always have to communicate and will need help from the event marketing sector to create suitable platforms to spread their internal or external message. Therefore, even in times of crisis it remains key to communicate, albeit maybe differently than before.

Such communication should also continue to take place in B2B relations and should be reasonable. COVID-19 is not an excuse card that can be used at will, but the same goes for a contract clause. What good is enforcing a contract if it only results in digging a deeper hole than the one your contract 'partner' already finds himself in? I truly believe collective reasonableness is key here. And I expect lawyers to help their clients see this and to translate such reason into legally sound and solid solutions, whether those be an addendum to a contract, a settlement or payment terms.

When talking about risk management, a first reflex is often: insurance. It may be assumed that it will not be easy to get COVID-19 related risks insured. How do you nonetheless try to limit COVID-19 related risks as much as possible?

Well before COVID-19 we already made risk analyses of all our events rather than just relying on insurance. In that context, Events Masters had even developed its own in-house Safety App, which our employees were and are obliged to use for every event.

COVID-19 functioned as a catalyst for our efforts. I believe that already today we can demonstrate that we go beyond what is reasonably required. We are working on a general risk analysis for all types of events in the future, in which hygiene and prevention will also play a major role. To this end, we are also in consultation with scientists and virologists. We are absolutely convinced that events will come back, but when they do we cannot ignore the lessons we learnt from this crisis. It is our responsibility as organisers to not only make people feel safe, but also to have them attend events in the safest possible way.

Event Masters is also working on an internal safety audit. We map out not only how our own people should deal with hygiene and prevention, but also how our entire logistic flow should be organised in the safest and most hygienic way possible. To this end, we are working together with an external specialist partner.

Virtual or hybrid events, new sponsorship techniques, performance on screen rather than live, augmented and virtual reality... Many see the COVID-19 crisis as a catalyst for innovation. Does this also apply to you? If so, should this innovation be a common good for the whole sector (e.g., through free licenses) or a means for each stakeholder to stay ahead of the competition (e.g., by enforcing exclusive rights)?

As stated in the previous question, pre-COVID-19 we were already innovating when it comes to security and hygiene, and the crisis has indeed functioned as a catalyst. The same goes for many of the technological and virtual applications you are referring to. Many of these 'new' technologies already existed, but are only now really going to break through.

Undoubtedly they are going to be used *en masse*. We can already see that today, and this will be good for the companies that hold the rights to certain technologies. That is, however, not a concern for me, as the trick will not be to have access to certain technology, but to know how to implement it correctly. What good are the royalties you have paid if you don't know how to get the most out of the licensed technology?

We already see a lot of companies in our sector that have radically shifted their approach to events. We honestly don't see ourselves doing that. We remain true to our DNA and core business: Turning Events into Experiences. And that is where, besides technology, know-how and experience make all the difference. So we will embrace, develop or license and use (new) technologies, but not for the sake of it. We will always look at how this can add value and make the experiences as strong as possible for the public. Don't forget: 'live' will be back at some point and we don't want to re-re-adapt when that happens. So 'hybrid when appropriate' rather than 'virtual for the sake of it' is for us the most likely way forward.

For more information, please contact the professional(s) listed below, or your regular Crowell & Moring contact.

Jan-Diederik Lindemans

Partner – Brussels

Phone: +32.2.282.1832

Email: jlindemans@crowell.com

Jo Vanwittenbergh

Business Manager – Brussels

Phone: +32.2.214.2871

Email: jvanwittenbergh@crowell.com