UFI - The Global Association of the Exhibition Industry

UFI European Chapter

UFI Central and Eastern European Countries Meeting

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Central & Eastern European exhibition industry – trends and opportunities

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About CBBS

CBBS is a management consulting, lobbying and business building solutions company with the seat in Zagreb and partners office in Bruxelles founded in 2007.

Core activities:

1. new developments and business concepts with focus on Eastern and Central Europe
2. internationalisation – partnerships – mergers - acquisitions
3. lobbying and co operation with European Commission and European SME's associations

About CBBS (2)

Memberships

- UFI – The Global Association of the Exhibition Industry
- CEFA - Central European Fair Alliance
- European Parliament – accredited lobbyist
- SEAP (Society of European Affairs Professionals – Bruxelles, is the recognized professional organization of EU public affairs professionals operating in trade associations, corporations, consultancies and representative bodies and established since 1997)

Economic growth in Central and Eastern Europe

- The Eastern Europe and Central Asia region has enjoyed robust economic growth over the last few years. Eight countries (the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia and Slovenia) joined the European Union in 2004, two more (Bulgaria and Romania) entered the EU in 2007, while Croatia, FYR Macedonia and Turkey are currently in negotiations for the entry.
- The countries of Central and Eastern Europe are among the most promising growth markets today, the expected growth rates for 2008 are between 4 - 7 % (the growth rate in EU 15 - nation zone for 2007 of 2.7 %, and growth of 1.8% this year is expected)
- Markets of more than 320 million people (with Central Asian countries some 400 million people)

Economic growth in Central and Eastern Europe (2)

The positive impact of the following elements directly is connected with the results of the exhibition industry:

- Sustainability of the economy, market liberalization and competition framework
- Privatization, development of the entrepreneurship and foreign investments
- Socio-ecological development level, increase of the standard of living, and economic wealth
- The countries in Central and Eastern Europe are target of many companies from Western Europe in terms of cooperation, investments and trade

Exhibition Industry market in Central and Eastern Europe

- Trade fairs are the first steps in the markets for the companies from Western Europe and worldwide, they are a central component in the marketing mix for the companies active in the international markets
- Marketing and communication platforms and the main regional and national economy showcases
- The increase of the trade volume is in direct relation with the participation of the foreign exhibitors and the growth of the trade fairs, but the focus is not only on closing the deals, the exhibitors look after their customers, obtain information on market trends and initiate cooperation projects
- The attention of trade fairs in the new markets is essential for SMEs (the medium-sized companies)

Exhibition Industry market in Central and Eastern Europe (2)

The venues and organizers are:

- traditional state & city owned companies, mostly venue owners
- private organizers (mostly, without own venues)
- international organizers (entering the market with their own brands)
- joint venture companies (domestic & international organizers)
- private or public organizers taken over by the international partners

SWOT Analysis

Strengths

- Tradition, experience and position - tradition, network, solution provider, complex services – well established industry
- Trade fairs as “meeting point of business”
- Personal contact - Face-to-face communication, mirror of the markets and direct contact
- Exhibition industry know how - active position of the exhibition industry leaders, very professional, detailed knowledge of the market

SWOT Analysis (2)

Threats & weaknesses

Marketing & operations

- Hard competition in terms of the date and subject of event - too many events
- Labour - intensiveness of the exhibitions as compared with other marketing communication tools
- Complexity – results are depending on cooperation of all market partners
- High cost for the exhibitors and visitors
- In times of globalization big players try to find “global marketing-channels”
- Global brands are entering national and regional markets, less players in the market and less budgets
- The cost demanding (upfront) while return/result is later – difficult to measure ROI

SWOT Analysis (3)

Threats & weaknesses (2)

Marketing & operations

- Low level of people's awareness how to exhibit and how to visit efficiently
- Competition of the corporate events, in - house exhibitions and events, new activities initiated by the exhibitors like show rooms,
- Competition of other marketing tools and big shopping malls, competition from other forms of marketing and communication, Internet and direct marketing
- International organizers entering regional and national markets – very strong competition

SWOT Analysis (4)

Threats & weaknesses (3)

Strategy and ownership

- Rather old, traditional venues, lack of the new ICT and media technologies
- Lack of the understanding as to what our industry actually brings to Cities/Countries, problem in the relation between fair organizers and central/local authorities which sometimes underestimate the importance of the trade fair industry to the local economy
- Difficult and long process of bringing strategic decisions
- Investments in the new infrastructure very difficult because of the high costs and not enough support from the local government
- Privatization of the City/State owned companies (the interest in the big real estate development potential)
- Human resources – exhibitions are not attractive for the new generations, more oriented to get employment in media/marketing/new technologies companies

SWOT Analysis (4)

Opportunities

- ◆ Concentration on personal B2B events (congress - fairs, events within fairs)
- ◆ Communication trends are turning from mass (classical) media to personal (direct) way of communication (direct marketing, fairs)
- ◆ Specialization, joint ventures, co operations and international partnerships
- ◆ More education for exhibitors and associations
- ◆ Innovation, new approach to the customers, combination with new technologies
- ◆ New business concepts, new topics for the attention of new and younger generations
- ◆ Matchmaking - integration/use of new technologies and other media in the trade fair industry

SWOT Analysis (4)

Opportunities

- Parallel events in the trade fairs frame, smaller trade fairs but the trade fairs with greater level of efficiency or the trade fairs with events
- Interregional exhibitions that mirroring significance of national and regional economies
- Innovations in many sectors, reduction of life cycle of products, technology is creating new products, services and new ways of doing business, all of thi translates into more opportunities to launch new exhibitions
- Positive macroeconomic development in many industries makes the marketing tool “exhibition” very attractive – the growth of the Chinese and Indian (among others) economies, but the growth in Central and Eastern Europe as well
- Globalization for SMEs - increase of small and medium size enterprises

The leading trade fair locations within the new EU countries are Polen, Romania, outside the EU the top position is taken by Russia, above all Moscow, and Ukraine.

The biggest markets in Central and Eastern Europe are Russia, Ukraine and Polen (220 million inhabitants) with the strongest market and development potential.

Russia (The Source, RUEF, Russian Union of exhibitions and fairs)

- Exhibition business in Russia is an independent and rapidly developing economy branch
- Shift from exhibitions B to C towards B to B exhibitions
- Tendency to diversify exhibition business in regions while major number of exhibitions is still held in Moscow and Saint Petersburg
- The role of the trade and industrial exhibitions as a reliable market indicator becoming more and more important
- Considerable qualitative improvement in service industry and public safety
- Exhibition audit in Russia, one more step to transparent exhibition business
- Business models of the exhibition companies and events differ from the state owned to private ones
- More international organizers entering Russian exhibition market, the increase of the partnership between Russian and foreign companies (joint ventures, acquisitions, guest events..)

Russia (2)

Positive changes in Russia provide good climate for growth of the international participation in exhibitions.

International exhibitors in trade show events (Moscow and Saint-Petersburg):

	2004	2006
Expocentr	6 754	4865
GAO VVC	1561	933
MVK	1321	1085
Lenexpo	917	803

Russia (3)

The most active countries in the Russian exhibitions are India, Germany, and China in the latest years.

2006

- Italy	2669	- Ukraine	1562
- Germany	2283	- Belarus	1409
- China	1416	- Kazakhstan	148
- Turkey	928	- Moldova	130
- Poland	623	- Armenia	56
- France	493	- Kirghizia	34
- Czech Republic	479	- Georgia	30
- Finland	464	- Azerbaijan	22
- Spain	461	- Tadzhikistan	18
- USA	320	- Uzbekistan	12

The increase of the cooperation between Russian exhibition organizers and their colleagues, industrial associations and authorities abroad including Germany, Italy, China, Poland, Turkey, France, Czech Republic.

Ukraine (The Source, The Exhibition Federation of Ukraine)

- The Ukrainian exhibition business development started in 1991., after the country gained independence

- In the first decade of the Ukrainian exhibition business, the exhibition organizers developed well-known trade and consumer shows of a relatively high standard

- The launch of two new exhibition centres (2003) due to the efforts of the players in the exhibition market, without any state or municipal investments

Ukraine (2)

- 110 organizers of exhibitions and fairs in Ukraine and the organize about 550 events annually in 35 cities, 80% of which are specialized events.
- 16 exhibition organizers are full members of the Exhibition Federation of Ukraine which unites almost all professional market players,
- 11 events in Ukraine are UFI approved.
- The net area of all exhibitions in 2006 appears to exceed 400,000 sq. m
- the number of exhibitors is about 25,000, with more than 5.5 million visitors. This is only a crude estimate due to the lack of reliable (audited) data

Ukraine (3)

The leading exhibition organizers in Ukraine are :

- **Kyiv International Contract Fair** (certainly the No. 1 company, a UFI and CENTREX member, with a total net exhibition area in 2006 of approx. 99,000 sq. m),

- **Euroindex** (the leader in business-to-business fairs, a UFI and CENTREX member, with approx. 35,000 sq. m),

- **ExpoDonbass** (based in Donetsk, the No. 1 company outside Kyiv, a UFI member, with approx. 30,000 sq. m,

- And the others, **Primus Ukraine, Autoexpo** and **ITE** (the only significant foreign organiser).

Ukraine (4)

The strongest exhibition sectors and foreign partners in Ukraine are:

- The construction industry followed by agriculture, motor shows, industrial technology fairs, furniture, and the high-tech industry.

- The top foreign trade partners of Ukraine are (in order, by total turnover): Russia, Germany, Turkmenistan, Turkey, Italy, China, Poland, Belarus, Hungary, Korea and Kazakhstan. Major exports are ferrous metals, oil products, machinery, and foodstuffs; major imports are oil, gas and oil products, automobiles, machinery, and plastics.

- The restructuring and consolidation in the exhibition market is becoming obvious: the leaders strengthen their positions, the less professional companies are loosing their market share.

Polen (The Source, Polish Chamber of Exhibition Industry)

The key performance indicators of the Polish exhibition industry sector:

- The exhibition space rented, number of exhibitors and number of visitors - improved considerably in 2007, which is the result of an economic revival and stronger consumer confidence,

- The expansion of the exhibition market with the number of exhibitions rising from 189 to 216.

Polen (2)

The exhibition industry in Poland, figures in 2007

- A total of 639,771 m2 of exhibition space was rented at 216 exhibitions organized by 24 companies (the PCEI members) in 2007.
- The exhibitions attracted 30,621 exhibitors and 1 001 001 visitors. Compared with 2006, the space increased by 21,3%, the number of exhibitors rose by 13,8%, while the number of visitors increased by 27,6%.
- The increase in numbers of exhibitors, both national (14%) and foreign (13,4%) shows that exhibitions are considered important and attractive for entrepreneurs.

Polen (3)

The industry leaders in Polen in terms of exhibition space rented and the total number of exhibitors:

- ◆ Poznan International Fair,
- ◆ Kielce Trade Fairs,
- ◆ Gdansk International Fair,
- ◆ Trade Fairs in Krakow and MT Polska (International Trade Fairs Polen) based in Warsaw.

The five organizers have a 79 % share of the market in terms of exhibition space and 72 % share in terms of the total number of exhibitors. They also host 86% of foreign exhibitors.

Central & Eastern European exhibition industry associations and initiatives

CENTREX – International Exhibition Statistics Union is the top exhibition industry organization in Central Eastern Europe not only for promoting transparency, reliability and real market-value of exhibition statistics (her initial concept), but growingly also in promoting exhibitions as excellent face-to-face marketing tool in general aspect. Founding members were leading trade fair organizers of the region: Brno, Poznan, Budapest, Bratislava.

CEFA – Central European Fair Alliance is an exhibition organizers network for intensive business contacts in Central and South Eastern Europe and has 21 member (all of them are UFI members)

The objective of CEFA is to tackle new problems in an age of increased globalization with future-oriented solutions. European unity has created a new market that offers new diversity, new opportunities and new sales potential.

NEEC – New Europe Expo Club

Idea to become **Think Thank** of the Eastern European exhibition industry. The meetings of NEEC took place in Croatia 2006 and Romania 2007.

- Members of NEEC considering the trade fair market and business model in their respective countries have specific characters. They intent to analyze the changes of these characters and of the market situation
- Members of NEEC will endorse mutual interests of Central, Eastern and South Eastern European trade fairs within the scope of trade fair associations (UFI, UFI European Chapter, CEFA, Centrex).
- Members of NEEC will promote advantages and significance of organizing trade fairs for the cities, regions and states they are active in, with the aim to strengthen the cooperation and support of the local government and economic institutions
- Members of NEEC will intensify their mutual cooperation, especially in the field of trade fairs organization, trade visits, VIP guests and delegations and will jointly develop projects and take part in programs related to the education of exhibitors, partners and their own emploies

Thank you for your attention

See you in Croatia