

The Fair „Globetrotters“

Turkish Companies at Fairs Worldwide

Presentation at Conference:

**EXPORT – engine of the development
Zagreb/Croatia, 22nd of March 2013**

Aleksandar Medjedovic

Managing Director, Messe Frankfurt Istanbul Ltd.

**Board Member, Turkish-German Chamber of
Commerce and Industry, Berlin/Germany**

Vice-Chairman, Turkish-Croatian Business Council, Istanbul/Turkey

Turkey



Turkey



Turkey



Turkey – Interesting Facts & Figures:

- A population of 75 million
- 65 % of those are younger than 35 years of age !
- 16th largest economy in the world and 5th largest economy compared with the EU in 2011
- One of the fastest growing economy in the world
- Booming economy; more than tripling its GDP, reaching USD 772 billion in 2011, up from USD 231 billion in 2002
- Stable economic growth with an average annual real GDP growth rate of 5.2 percent over the last 9 years

Did you know?

- Istanbul was the capital of three *world's largest* empires – Roman, Byzantine and Ottoman
- Istanbul is the location of world's *oldest* 'shopping mall' – *The Grand Bazaar*
- Istanbul is the only real *transcontinental* city in the world settled between *Europe* and *Asia*
- Mustafa K. Ataturk, "*the Father of all Turks*", is the most portraited person in Turkey and in the world



Did you know?

Turkey is: the world's No. 1

- producer of construction *steel*
- producer and exporter of *marble*
- producer of *hazelnuts*, dry *apricots* and dry *figs*
- producer of *fur clothes*

the world's No. 3

- *Glassware* producer
- *Jewellery* producer
- *Readywear* producer

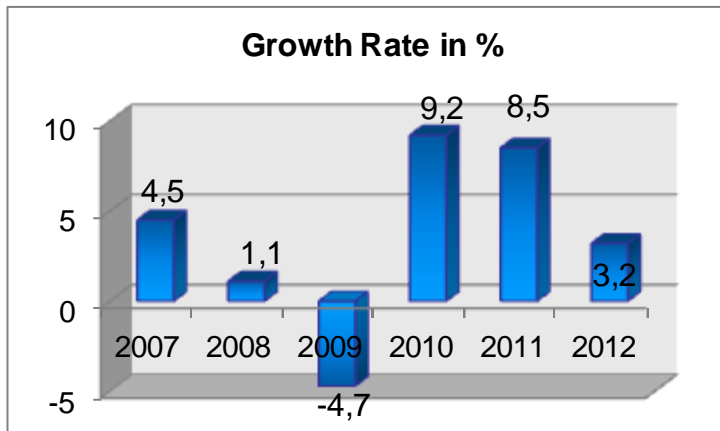
the world's No. 4

- producer and exporter of *home textiles*

...and **Europe's 2nd shoe producer**

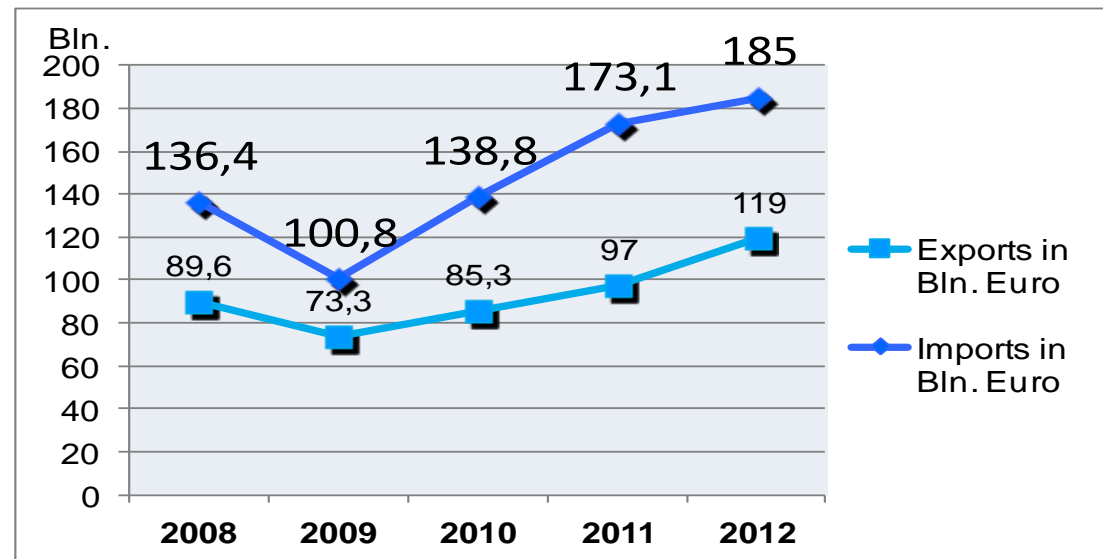


The Turkish Economy: facts and figures



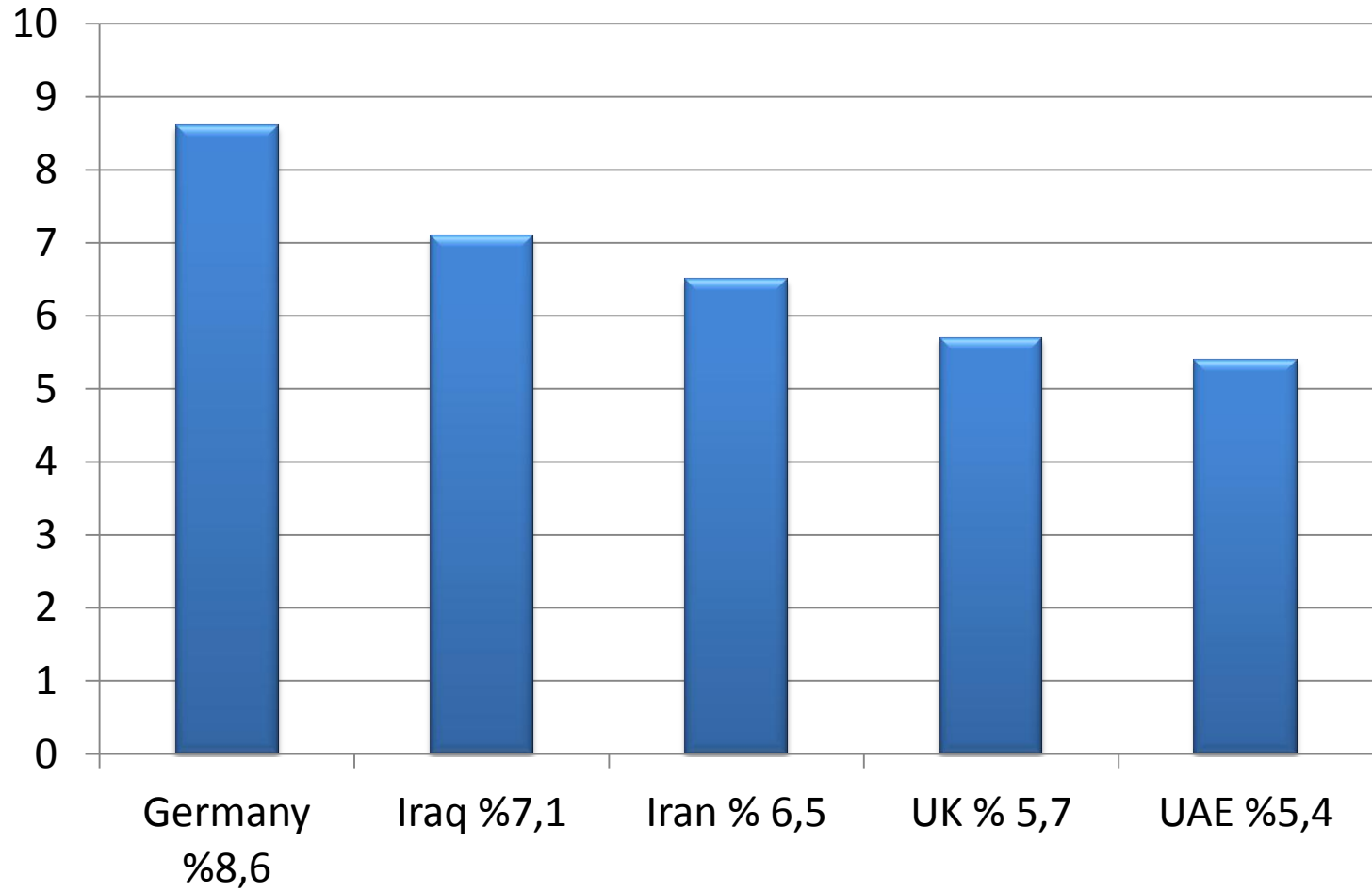
Foreign Trade in Turkey

Import and Export Figures from 2008 - 2012



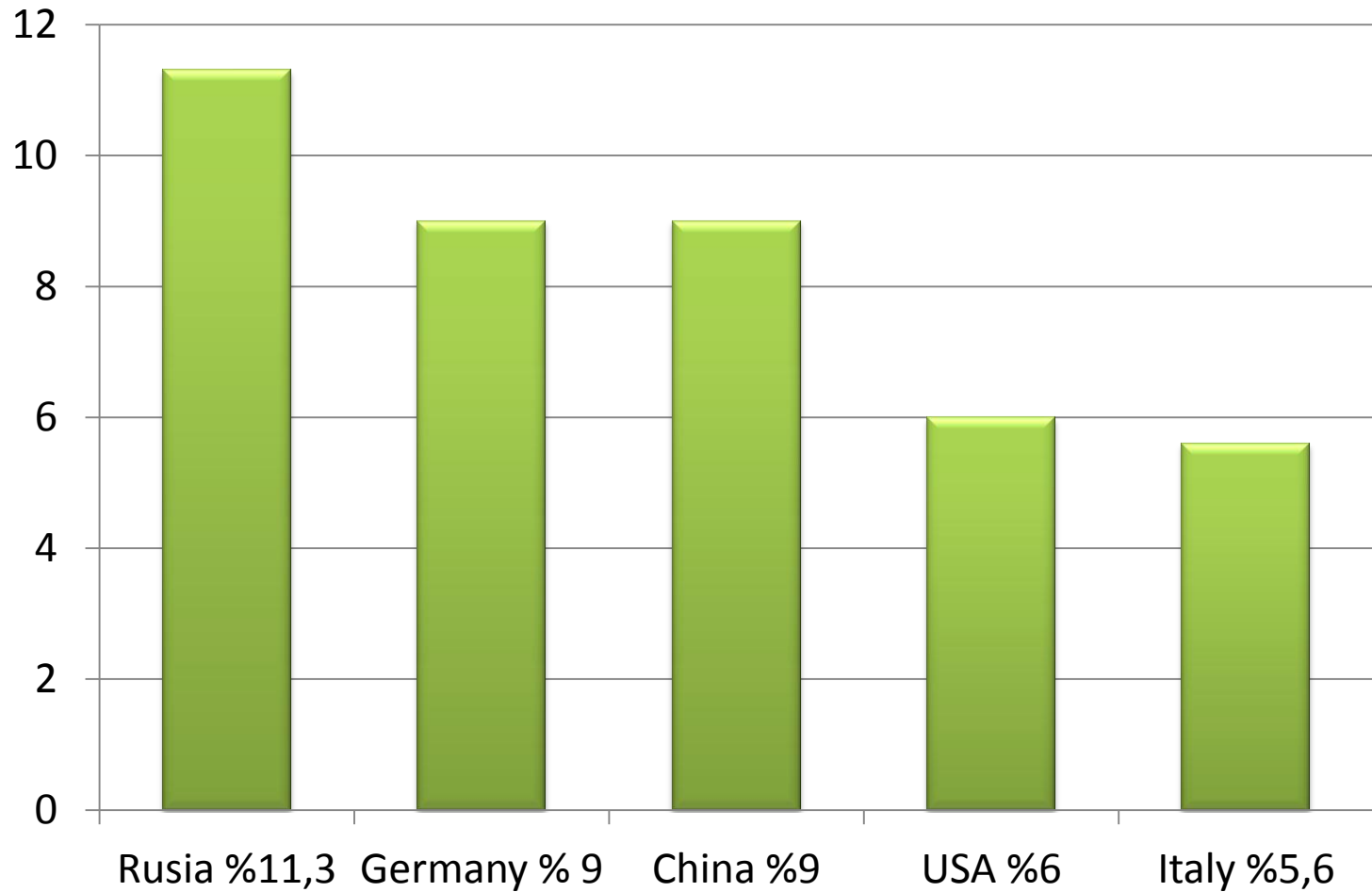
The Turkish Economy: facts and figures

Top 5 countries in **Export** (2012)



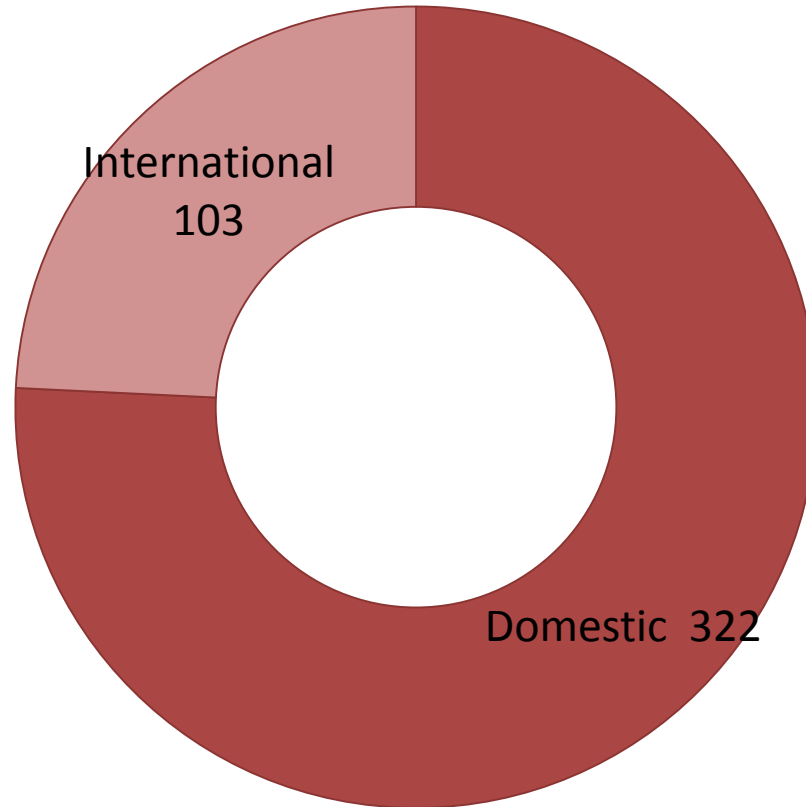
The Turkish Economy: facts and figures

Top 5 countries in **Import** (2012)



The Trade Fair Industry in Turkey

425 Trade fair organised in 2011



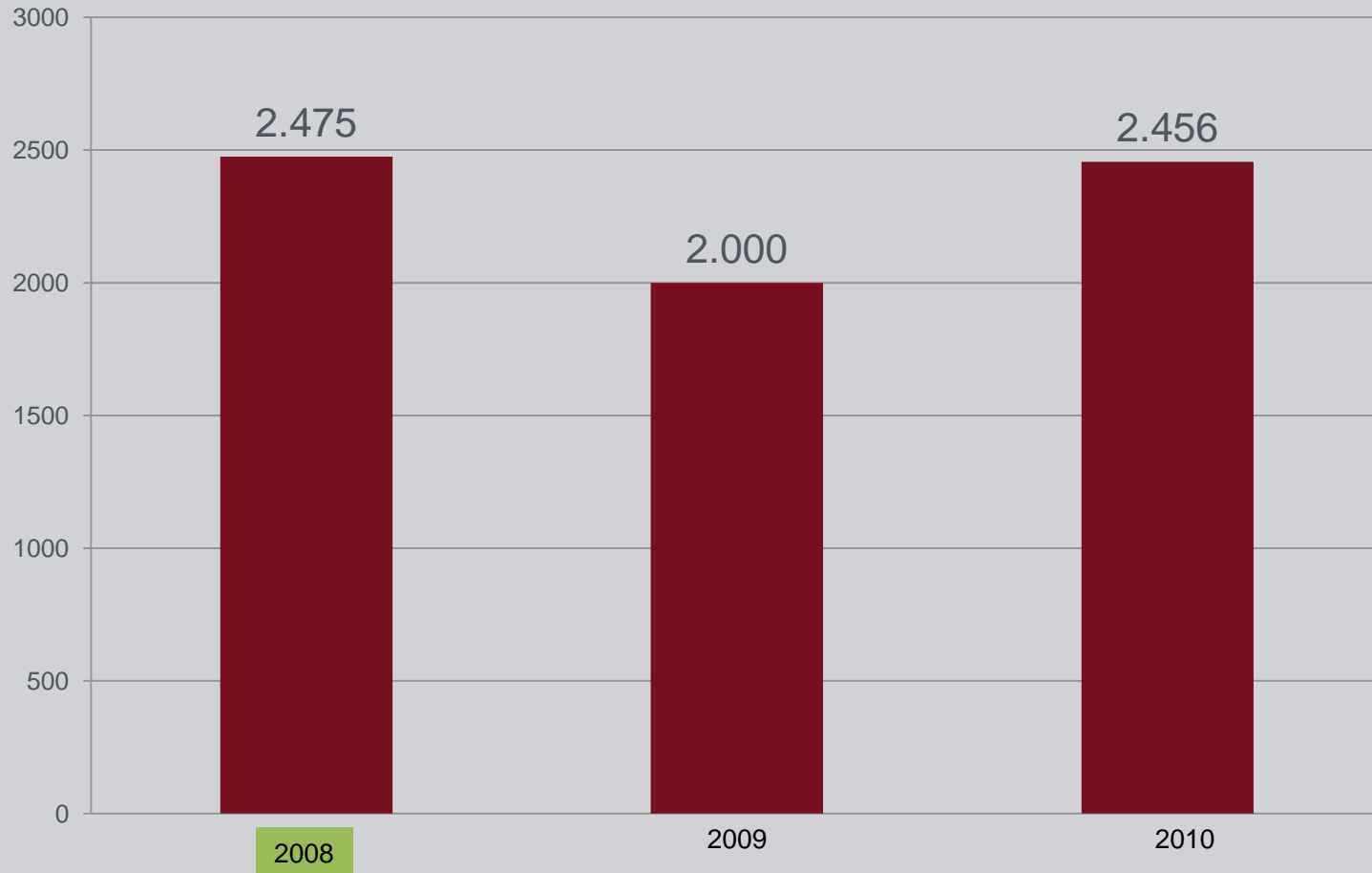
Turkish exhibitors have things to show !



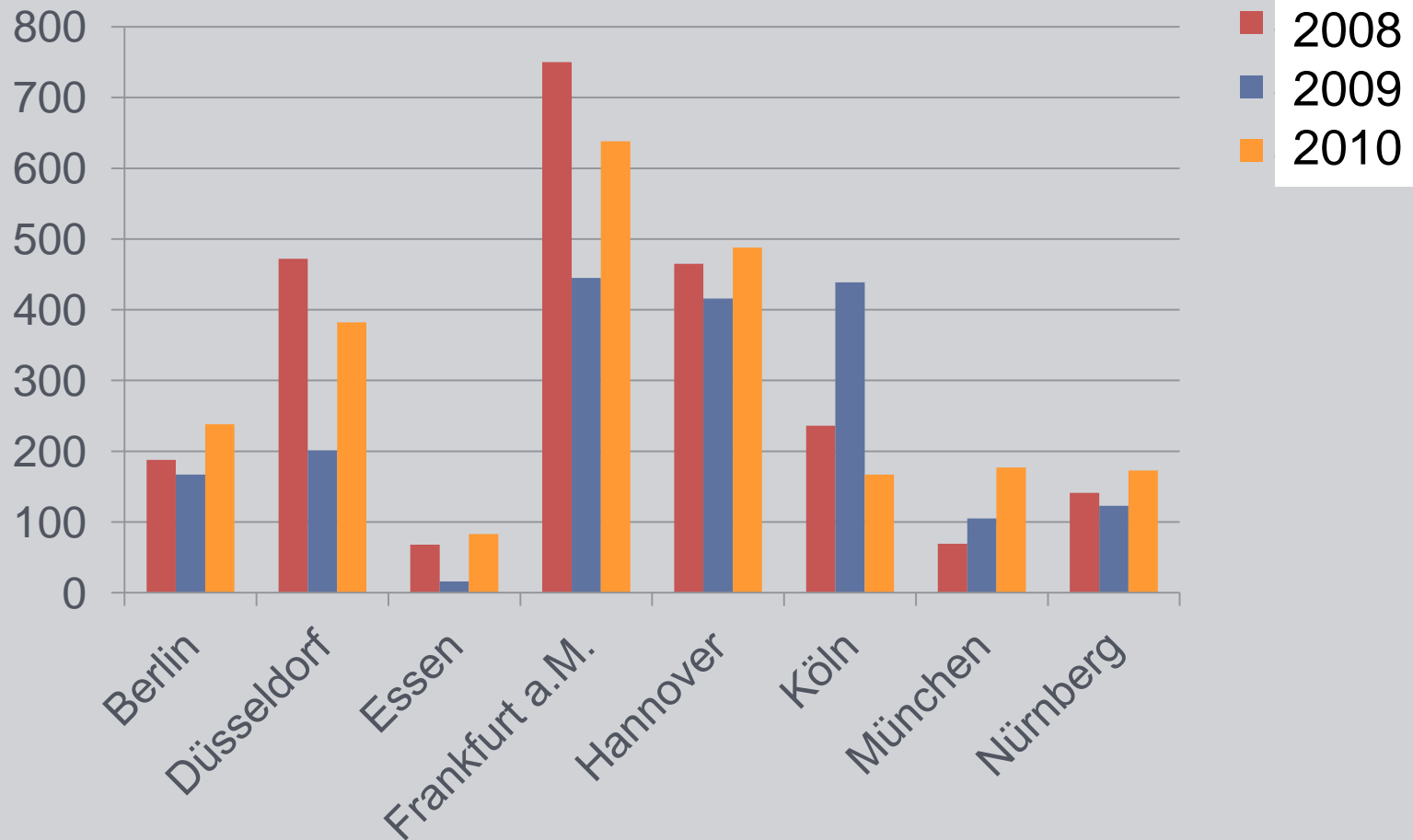
Turkish Participation at Trade Fairs Overseas:

- Driven by the significant export volumes and investments made in export oriented sectors, Turkish producers have a high pressure to perform in overseas markets
- Turkey has been present at fairs abroad since the early 80ties. Yet presence and investments have increased drastically in the last 10 years.
- Unrivalled key fair platform is Germany.
- Presence is also high at sectoral fairs in Italy, France and other European markets, but the fair has to be a 'leading fair'
- Discovering new markets is dominant factor for fair participation decisions

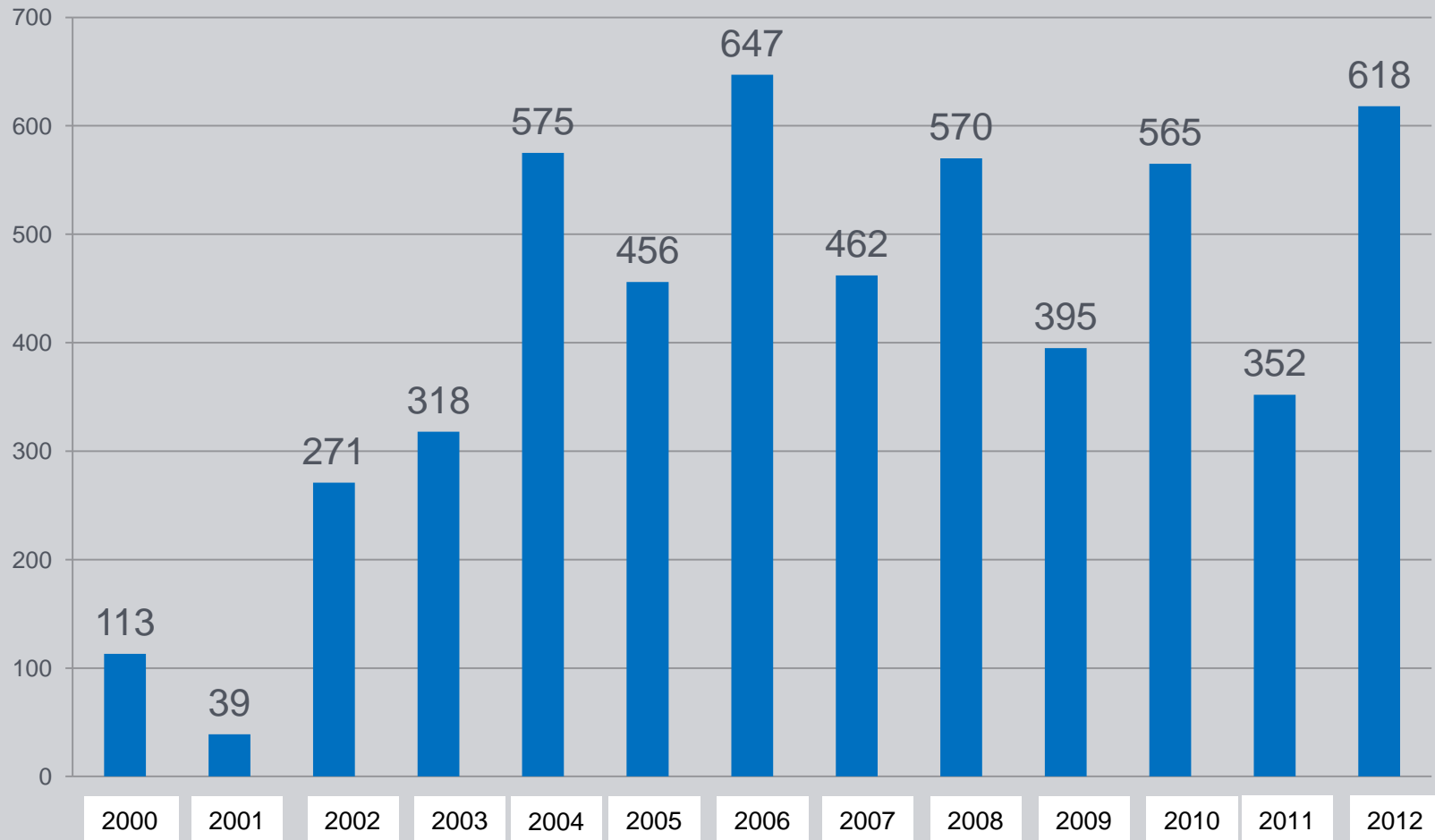
Turkish Exhibitors at Trade Fairs in Germany



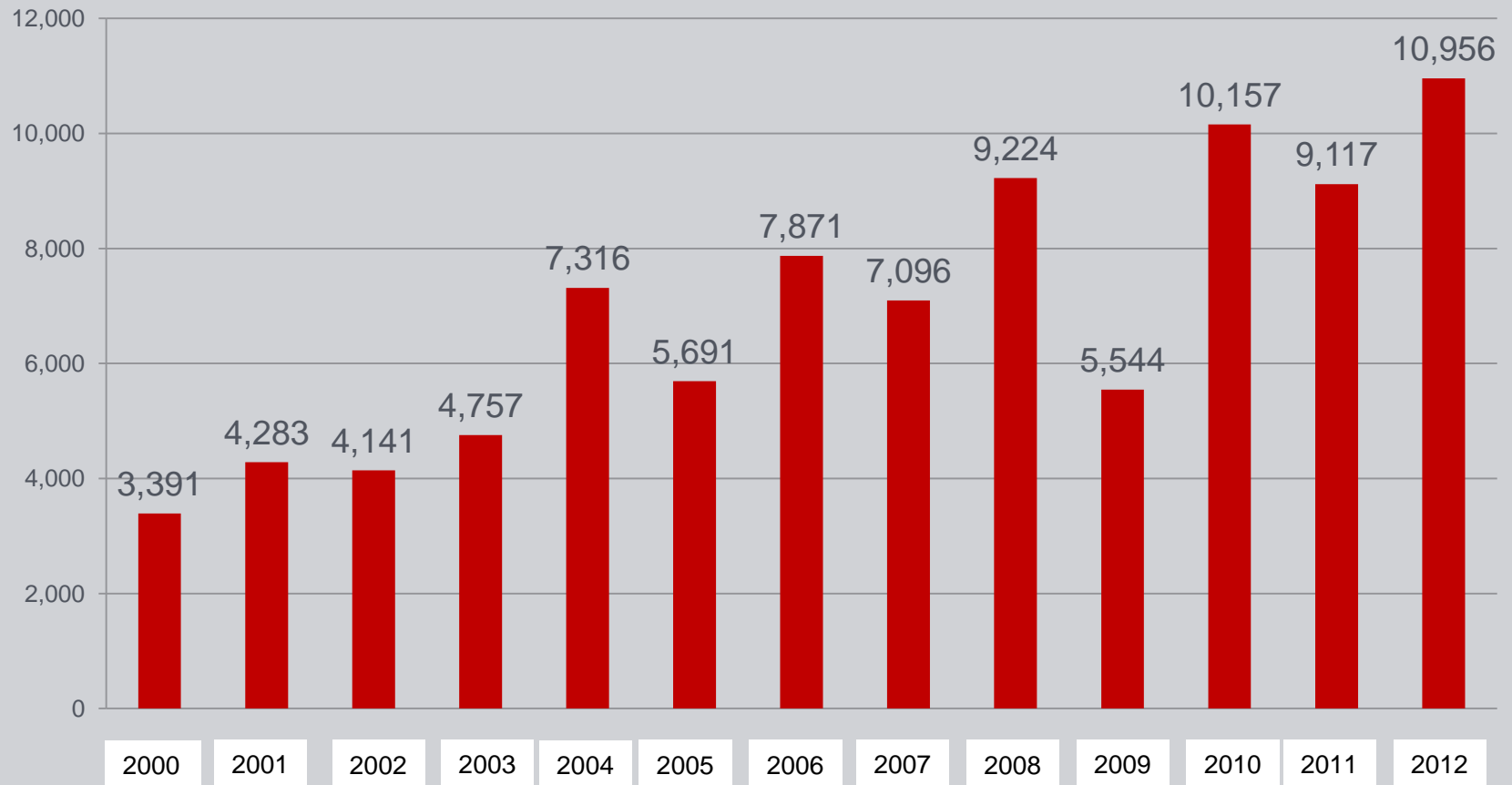
Turkish Exhibitors at Trade Fairs in Germany



Turkish Exhibitors in Frankfurt



Turkish Visitors at Trade Fairs in Frankfurt



Turkish Participation at Trade Fairs Overseas:

- Highly increased presence in new markets: Dubai and UAE, Russia, Ukraine and Gulf Countries
- Expanding presence at fairs in China and at some fairs in other Asian markets (Japan, Korea, Malaysia, etc.)
- India yet to be discovered
- Presence at fairs in completely new markets is coming: Africa, South America
- Traditional participation at fairs in Central Asian/CIS Markets: Azerbaijan, Kazakhstan, etc.

Turkish ‘Psychology’ at Trade Fairs Overseas:

- Always demanding a front location
- Fear of being placed next to Chinese companies
- Desire to be seen as “European” rather than “Non-European” or even “Asian
- Visibility and traffic frequency are important
- Request to be placed next to European market leaders
- Large stands are preferred
- Location, location, location...and only location 😊

Three Forms of Participation at Fairs Overseas:

- Individual stand
- Stand in TURKISH NATIONAL PARTICIPATION
- Stand in TURKISH SECTORAL FAIR ABROAD

Governmental Support Mechanism for Fairs:

- Trade fairs abroad have been recognized as the main export promotion tool and participation at fairs is highly encouraged by the Government
- Ministry of Economy (Department of Exports) is in charge of all support mechanisms for fairs abroad
- Very detailed regulations exist for all types of supports
- Extremely detailed and strict rules for national participations
- Total annual spending of more than 100 million Euro for supporting Turkish companies at fairs abroad
- In 2012, 2.770 fairs were subsidized in 69 countries

Individual Exhibitors at Fairs Abroad:

- At established fairs, generally individual stands are preferred by Turkish companies, in particular by larger corporations
- At the end of each year, a “List of Fairs Abroad with Individual Financial Support” is published by the Ministry of Economy
- The Ministry of Economy decides this list based on reports and ratings from previous exhibitors, opinions of Commercial Councillors, reports from own observers –but also by demand from Exporters Unions and Industry Associations
- Usual subsidy was 50 % of STAND RENTAL FEE, as of 2013 it will be on stand rental+cargo+stand building+airticket for 2 pax. Declared priority markets have a higher subsidy rate of about 70% (approx.).
- Restrictions exist on size of stand, frequency of participation and size of company (SMEs)

Exhibiting in National Participations:

- The “group exhibit” within a national participation is usually preferred in new markets or in destinations where exhibiting might be difficult (customs, commercial conditions, regulations, etc.)
- Preferred by smaller companies
- Participation in a Turkish National Stand/Participation is subsidized with currently 50 % on PACKAGE PRIZE (including cargo and in some cases also travel). A higher rate for declared priority markets of 70 % exists
- National participations (Turkish Pavilions) can ONLY be organized by authorized organizers with. Permission is given by the Ministry of Economy and reviewed on annual basis (rating, testing, etc.)
- Very strict rules and regulations exist, organizations of pavilions can be taken away if judgement is unsatisfactory

Turkish Sectoral Fairs Abroad:

- Having “Turkish Sectoral Fairs” or “Turkish Exhibitions” abroad usually is part of a political/economical strategy to be present in new or enhanced markets
- Recents include Mexico, Indonesia, Nigeria, Albania, Korea, Malaysia, etc.
- It is a combination of presenting the country and presenting sectors or the economy in general
- It has a high ‘image factor’, but the mix of sectors/companies is often very ‘colorful’ and the commercial value form exhibitors is sometimes limited
- Preferred for completely new markets or small markets
- Upfront lower and subsidized participation fee, i.e. 4.000 Euro for 9m2 package stand

Control and Support Authorities in Turkey:

- Fairs abroad: Ministry of Economy with Exporters Unions as executing arm
- Fairs in Turkey: Turkish Union of Chambers and Commodity Exchanges TOBB, together with local Chambers of Commerce
- Association for small and medium enterprises KOSGEB subsidizes fair stands for SME's at fairs in Turkey AND fair visits for SME's to fairs abroad
- Industry associations do not have a decisive or executing role in the trade fair industry, but their opinion is asked for selecting the fairs for subsidy
- Turkish Embassies and Consulates abroad visit fairs and interfere when necessary, the Commercial Councillors have high importance in giving opinions about fairs and projects





Comparison: individual stand at fair in Russia



...this looks so much better !











Intertextile Shanghai, September 2004



Beautyworld Dubai, June 2006



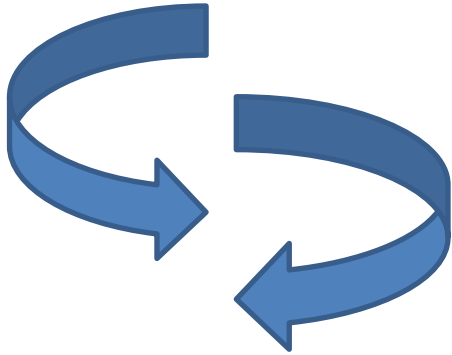


Special Display @ Beautyworld Dubai, June 2010



Conclusion:

How much “support” is hygienic ?



“Win – Win “



or

“Me – Me”

Conclusion: how much support is “hygienic” ?

- Generally, Governmental support mechanisms are a meaningful tool, in particular for ‘developing economies’ or rather economies with ‘developing industries’ in the Turkish case
- With such support, companies that otherwise would be restricted can compete in international markets, with their own countrymen or with producers from other countries
- The Turkish subsidy model is expensive to the taxpayer but it secures competitiveness of the export sectors and thus working places in Turkey, in particular with manufacturers in Eastern areas of Turkey
- The disadvantage: once one gets used to the subsidies (exhibitors AND organizers), it is difficult to handle reductions of subsidies

Trade Fairs in the World:

(based on events with a minimum of 500 sqm held in 2010)



Approximately
30 700 Exhibitions
per year corresponding to
103 million sqm
of total net exhibition space
and where
**2.8 million direct
exhibiting companies
welcomed 260 million
visitors**

Summary: what leads you where ?



=



or

=



Summary: Invest and Harvest

- To earn, you need to invest (old proverb...)
- Western Economies and their players tend to recognize this earlier than Eastern players
- Trade fair participations DO cost money...and at times lots of it !
- But you can also earn a LOT of money there...
- The Government can support you...
- ...but YOU must do the job at the fair !
- Also, you have to support the Government: be active, voice your opinion, give feedback and participate in Chambers of Commerce, Associations, Federations...and in events like the one here today !

Thank you for your attention !

Hvala na pažnji !