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Expanding into Eastern Europe

Central & Eastern European exhibition industry - trends and opportunities

Klaus SCHABATKA

Secretary General

CEFA Central European Fair Alliance

About **CEFA** (1)

CEFA

Central European Fair Alliance is an exhibition organizers network for intensive business contacts in Central South Eastern Europe with 21 members in Austria, Bosnia, Bulgaria, Czech Republic, Croatia, Germany, Hungary, Italy, Montenegro, Romania, Serbia, Slovakia, Slovenia – all of them UFI members.

www.cefa.biz



About **CEFA** (2)

CEFA is more than just joining different country locations for exhibitions under a shared public relations umbrella.

CEFA has set up a network for communications, know-how transfer and training to enhance the quality of organisational and marketing services.

CEFA's mission is to help members offer unique, high quality gateways to business in the growing markets of central and south-eastern Europe, turning them into hubs for spreading contacts throughout the region.

CEFA has also tight connections to **CENTREX** a tradeshow association with 17 members in the before mentioned „CEFA-countries“ - additionally – in **Poland** and **Ukraine**

Economic growth in Central and Eastern Europe (1)

The Central Eastern Europe (CEE) and Central Asia region has enjoyed a robust economic growth over the last few years. Eight countries – the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia and Slovenia joined the EC in 2004, Bulgaria and Romania in 2007 - while Croatia, FYR Macedonia and Turkey are currently in negotiations for the entry.

The countries of CEE are among the most promising growth markets today, expected growth rate for 2008 are between 4 -7% (compared to EC 15 for 2007= 2,7% and expected 1,8% for 2008)

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 is directly connected with the results of the exhibition industry:

- Sustainability of the economy, market liberalization and competition framework
 - Privatization, development of entrepreneurship and foreign investment
 - Socio-ecological development, increase of standards of living and economic wealth
 - The countries in CEE are target of many companies from Western Europe in terms of cooperation, investments and trade.
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Exhibition Industry market in CEE (1)

- Trade fairs are the first step into markets for companies from Western Europe and worldwide, they are a central component of the marketing-mix for most of the companies acting in 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 foreign exhibitors and the growth of the trade fairs. But: Focus is not only on closing deals – the exhibitor look after customers, partners, obtain information on market trends and initiate cooperation projects
 - Attention of trade fairs in new markets is absolutely essential for SME´s
- small and medium size enterprises
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Exhibition Industry market in CEE (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 international partners
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SWOT Analysis (1)

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, professional, detailed knowledge of the market
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SWOT Analysis (2)

Threats and weaknesses (1)

Marketing & operations

- Hard competition in terms of 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 costs for 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 budget
 - The cost demanding (upfront) while return/result is later – difficult to measure ROI
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SWOT Analysis (3)

Threats & weaknesses (2)

Marketing & operations

- Low level of people's awareness how to exhibit, how to visit efficiently
 - Competition of corporate events, in-house exhibitions and events, new activities initiated by exhibitors like show rooms
 - Competition of other marketing tools and big shopping malls and other forms of marketing and communication, Internet and direct marketing
 - International organizers entering regional and national markets – very strong competition
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SWOT Analysis (4)

Threats & weaknesses (3)

Strategy & ownership

- Rather old, traditional venues, lack of new ICT/media technologies
 - Lack of the understanding as to what our industry actually brings to Cities/Countries, problem in the relations between fair organizers and central/local authorities which sometimes underestimate the importance of the trade fair industry to the local economy
 - Difficult/long process of bringing strategic decisions
 - Investments in new infrastructure – very difficult, because of 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 they´re more oriented to media/marketing/new technologies - companies
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SWOT Analysis (5)

Opportunities/Trends (1)

- Concentration on personal B2B – 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, 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/younger generations
 - Matchmaking – integration/use of new technologies and other media in the trade fair industry
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SWOT Analysis (6)

Opportunities/Trends (2)

- Parallel events in the trade fair frame, smaller trade fairs but trade fairs with greater level of efficiency or trade fairs with events
 - Interregional exhibitions that mirroring significance of national and regional economies
 - Innovations in many sectors, reduction of life cycle products, technology is creating new products, services and new ways of doing business, all of this translate into more opportunities to launch new exhibitions
 - Positive macroeconomic development in many industries make the marketing tool „exhibition“ very attractive – the growth of the chinese and indian (among others) economies, but: In CEE as well !
 - Globalization for SME´s - increase of small and medium size enterprises
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Leading trade fair locations/markets

The leading trade fair locations

within the new EC countries are Poland Romania – outside the EC - the top position is taken by Russia – above all Moscow - and Ukraine.

The biggest markets in CEE

are Russia, Ukraine and Poland (220 million inhabitants) with the strongest market and development potential

Poland (1)

Source: PCEI - 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 exhibitors rising from 189 to 216
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Poland (2)

The exhibition industry in Poland figures in 2007, as follows:

- A total of 639.771 sqm of exhibition space was rented at 216 exhibitions organized by 24 companies (the PCEI members)
 - The exhibitors attracted 30.621 exhibitors and 1,001.000 visitors. Compared to 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.
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Poland (3)

The industry leaders in Poland 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 Poland) based in Warsaw

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

Russia (1)

Source: RUEF – Russian Union of exhibitions and fairs

- Exhibition business in Russia is an independent and rapidly developing economy branch
 - Shift from B to C – towards B to B exhibitors
 - Tendency to diversify exhibition business in regions, while major number exhibitions is still held in Moscow and Saint Petersburg
 - The role of trade/industrial exhibitions as reliable market indicator becoming more and more important
 - Considerable qualitative improvement in service industry/public safety
 - Exhibition audit in Russia - one more step to transparent exhibition business
 - Business models of exhibition companies and events differ from the state owned to private ones
 - More international organizers entering Russian exhibition market = increase of partnerships with foreign companies
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Russia (2)

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

International exhibitors trade show events (Moscow/St.Petersburg)

	2004	2006
Expocentr	4865	6754
GAO VVC	933	1561
MVK	1085	1321
Lenexpo	803	917

Russia (3)

Foreign countries in Russian exhibitions - Ranking 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

Increase of cooperation between Russian exhibition organizers with associations, authorities abroad – Germany, Italy, China, Turkey, France

Ukraine (1)

Source: 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 efforts of the players in the exhibition market, without any state/municipal investment
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Ukraine (2)

- 110 organizers of exhibitions/fairs in Ukraine organize about 550 events annually – in 35 cities – 80% of them 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 sqm
- 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 th Nr. 1 company, a UFI and CENTREX member, with a total net exhibition area in 2006 of appr. 99.000 sqm
 - **Euroindex** the leader in B2B-fairs, a UFI and CENTREX member with appr. 35.000 sqm
 - **Expo Donbass** based in Donetsk, the Nr. 1 company outside Kyiv, a UFI member with appr. 30.000 sqm
 - The others: **Primus Ukraine, Autoexpo** and **ITE** (the only significant foreign organizers)
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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 partner 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, foodstuffs. Major imports are oil, gas, automobiles machinery and plastics
 - The restructuring and consolidation in the exhibition market is becoming obvious: The leaders strengthen their position, the less professional companies are losing their market share
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Expand into Eastern Europe !

Many thanks for your attention !

Sources:

CBBS, Croatia - CEFA Central European Fair Alliance - Reed Exhibitions -
Polish Chamber of Exhibition Industry - Russian Union of Exhibitions and Fairs -
Exhibition Federation of Ukraine
