



IFES 2005 Convention

Doug Ducate, President & CEO, CEIR “Riding the Wave”

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Exhibit designers and builders are the number one marketers for the exhibition industry. They are the only the group that understand the exhibiting companies’ objectives and goals and they know how to translate those into an effective exhibit design. The exhibition organizers, facilities and contractors rarely understand why a company exhibits and therefore cannot help them achieve their objectives.

The most pressing question for the industry today is “What is the future of the exhibition industry?” There are many opinions. They range from those that believe the best days of the exhibition business are behind us to those that believe the best is yet to come. In order to answer the question of where are we going, we need to start with a look back at where we have been.

In keeping with the theme “Catch the Wave” we have identified three significant “waves” within the history of the exhibition industry.

The genesis of the industry began more than 2000 years ago as traders used camels to cross the desserts of the Middle East to exchange goods. According to the *BIBLE* in Chapter 27 of the book of Ezekiel in The Old Testament it is reported that King Herod of Judea set aside 3200m² as dedicated space for holding markets.

The second major wave was the Great London Exhibition held in the Crystal Palace in 1851. The 1851 date is the generally accepted date for the launch of the modern industry as we know it today.

The third wave occurred in the late 1950’s and early 1960s with the commercial introduction of the jet airplane. Since that time through 2000, the industry rode the wave.

Within the third wave the industry came a long way, as materials and presentation styles changed to be compatible with the changing market place and to stay current with customer appeal. All events serving all industries grew and most companies and destination involved with the industry prospered

But how have we done since 2000? Has the industry continued to grow in spite of recession and other world events that have impacted other businesses? Have we continued to defy the concept of all industries experience changing business cycles?



After the dot com collapse in the late 1990's and the huge corporate and government expenditures combating the Y2K concerns, the Information Technology sector showed signs of weakening and over-expansion in 2000. The Telecommunications sector was experiencing challenging situations that were impacting those exhibitions.

Then, for two years beginning with the recession now dated as starting in March 2001, the exhibition business experienced a downturn across the board never before experienced. Most business travel had been curtailed by August 2001. And the events of September 11, 2001 had a significant impact on the exhibition business. In fact the impact was so significant the poor performance of 2001 was for the most part blamed on September 11 when in fact the industry was not going to have a good year even without those events.

Since 2003 we have seen some improvement with some industry sectors showing growth while others continue to struggle. For the first time the answer to the question "how are we doing?" became "it depends upon what industry your exhibition is serving." The facts confirmed the belief that exhibitions mirror the industries they serve. If an industry is under stress so are the exhibitions that serve it. If an industry is strong and growing so are the exhibitions that serve it.

To illustrate, IT exhibitions have declined dramatically since 2000 and only as of 2004 has some recovery been noted. The Health Care industry has continued to prosper and grow since 2000 and so have the exhibitions devoted to the health care industry.

Recovery figures appear strong in both the United States and the UK in 2004. The U.S. has returned to pre-2000 levels while the UK events are up 14 % in space occupied.

Western Europe, North America, Australia and Southeast Asia continue to lead the growth of events for industrialized countries. Growth has been sustained in the developing countries and likely will.

How do you track the progress of a developing nation? What are developing markets looking for? Development is usually first marked by the introduction of a national airline. The second development that usually follows is the construction of a state-of-the-art exhibition centre. The reason for this is because exhibitions are the most efficient way to bring products to the new markets.

The growth markets in the near future are: Eastern Europe, Middle East, Indian Subcontinent, and China.

In the past the main competition in Southeast Asia has been between Hong Kong and Singapore. Today the whole of China is the target.



China wishes to attract even more manufacturing as it will create wealth. Creating wealth for the entire Chinese population is a huge challenge. China looms as an incredible opportunity for exhibition organizers.

In fact, China may be the 4th major wave for the exhibition industry. One should proceed carefully if you intend to compete in the China market.

Our research suggests the industry's prospect for future growth and development will depend on its ability to compete, to cope and to convert.

Compete

The rules of engagement have changed. The exhibition industry is an industry under attack, with challenges hurled that the ROI cannot be measured. Why is a company investing if the return cannot be measured?? An effective response to this question must be developed and the image of the exhibition industry must change.

New competitors are arriving for the same marketing dollars, such as private events, the internet and sports marketing. The exhibition industry must recognize the new competition and develop tools and strategies to effectively compete for a larger share of the marketing budget.

Cope

The exhibition industry must cope with change. First, the changing demographics of the buyers. You have to present your message in a way that will resonate with and appeal to the buyer. Those people over 40 are verbal responders. They learned in classrooms with teachers and by reading and studying. If they get a new computer they read the instruction book before assembling it.

Those under 40 years of age are visual responders. They have been taught to respond to pictures and symbols instead of numbers and words. Look at a cash register at a McDonald's restaurant. There are no numbers. The cash register is programmed to record the amount based on the food picture for each item. What this means to exhibitions is that the marketing message presentation needs to be changed to appeal to visual responders who are the new buying influences on the exhibition floor.

Exhibit materials evolved from lumber to steel and aluminium. Today the emphasis is on lighter weight and one-time use materials. Entire theatres are being built entirely with fabric and lighting is being used to create the special effects formerly done with painted materials.

The mentality of the attendees has changed. They look for an experience when entering an exhibition hall. The mantra is no longer the exhibitor saying "this is what I make please buy it." The new mantra is the buyer saying "this is what I need...please make it." Exhibiting companies want conversations with their customers. They no longer just want to sell them something. Exhibit design must take all of this into consideration.

Finally we need to remember that "Change is inevitable - misery is optional." It is time to stop resisting change and begin to embrace change.

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Convert

Organizers must convert from their current “real estate transaction” sales mentality to a new relationship selling strategy. They must realize that exhibiting companies and attendees are customers...and they must treat them like customers. This is a strategy you as exhibit designers and builders have understood and practiced for many years. The time has come for the rest of the industry to adopt some of your sales expertise.

Closing thought

Mark Cuban the owner of the Dallas Mavericks professional basketball team was asked what he thought professional basketball would be like ten years from now. His answer was “I have no idea how things will be ten years from now. But what I do know is that if we give 150% every day and take care of our fans...our customers...the future will take care of itself.

The answer to the question ...“What is the future of the exhibition industry?” depends upon our ability to compete, to cope and to convert. Most importantly however may be our understanding of who the customers are and our willingness to follow the advice of Mr. Cuban to give 150% every day to take care of those customers.