

# **Exhibition Industry and Economic Research**

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# Understanding Economics

- Understanding economics, politics and market trends is vital to exhibition industry
- Economic research and forecasting is a critical issue
- The exhibition industry is challenged by the economic cycle and sectoral market trends
- „Exhibition industry is on a decline,“  
Brookings Institute, Washington DC

# Understanding Economics

- Exhibitions hold a unique role in business
- Education, sales, networking, testing, exposure to new ideas and trends
- Supply and demand microcosm
- Exhibitions mirror industries served
- Correlation between economics and exhibitions is demonstrated by the EII (Exhibition Industry Index)

# Exhibition Industry Index

- U.S. Exhibition Industry Index – a measurement of the average change y/y
- EII is measured on the basic four metrics:
  - net exhibition space in net square feet (NSF)
  - professional attendance
  - number of companies exhibiting
  - gross revenue (event related, including space sales, sponsorships, registration fees) on a baseline 2000
- The index is to illustrate the economic environment

# U.S. Exhibition Market Overview

## Key Figures

2004

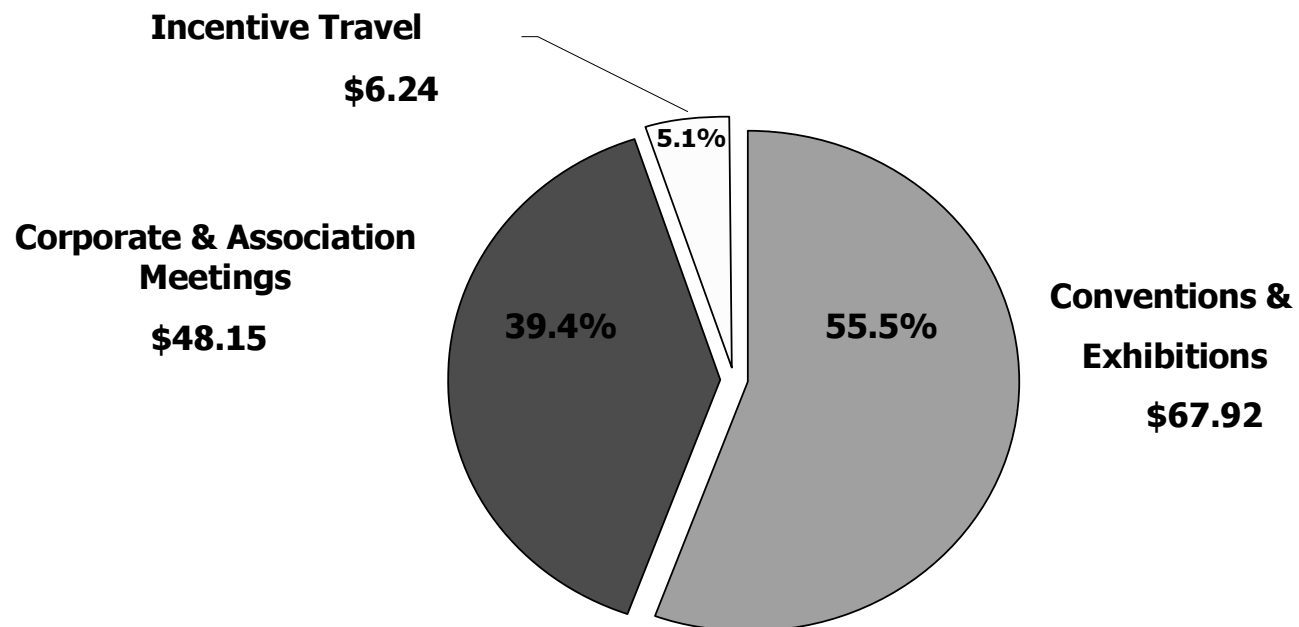
Total Direct Spending	\$122.31 billion
Total Direct Employment	1.71 million
Total Direct Taxes	\$21.40 billion
Total Number of Shows	11.094 (2001)
67% B2B shows are organized by associations	
33% B2B shows are organized by for-profit sector	

# U.S. Exhibition Market Overview

Rank	Industry	<u>GDP Contribution (2004 \$ in Billions)</u>
1	Retail trade	\$1,163.25
2	Wholesale trade	934.27
3	Real estate	914.54
4	Telecommunications	459.48
5	Monetary authorities and depository credit intermediation	428.80
	.....	
26	Hotels and motels, including casino hotels	130.58
27	Nursing and residential care facilities	128.74
28	Management consulting services	127.25
<b>29</b>	<b><i>Meetings, Conventions, Exhibitions, and Incentive Travel</i></b>	<b>122.31</b>
30	Pharmaceutical and medicine manufacturing	117.68

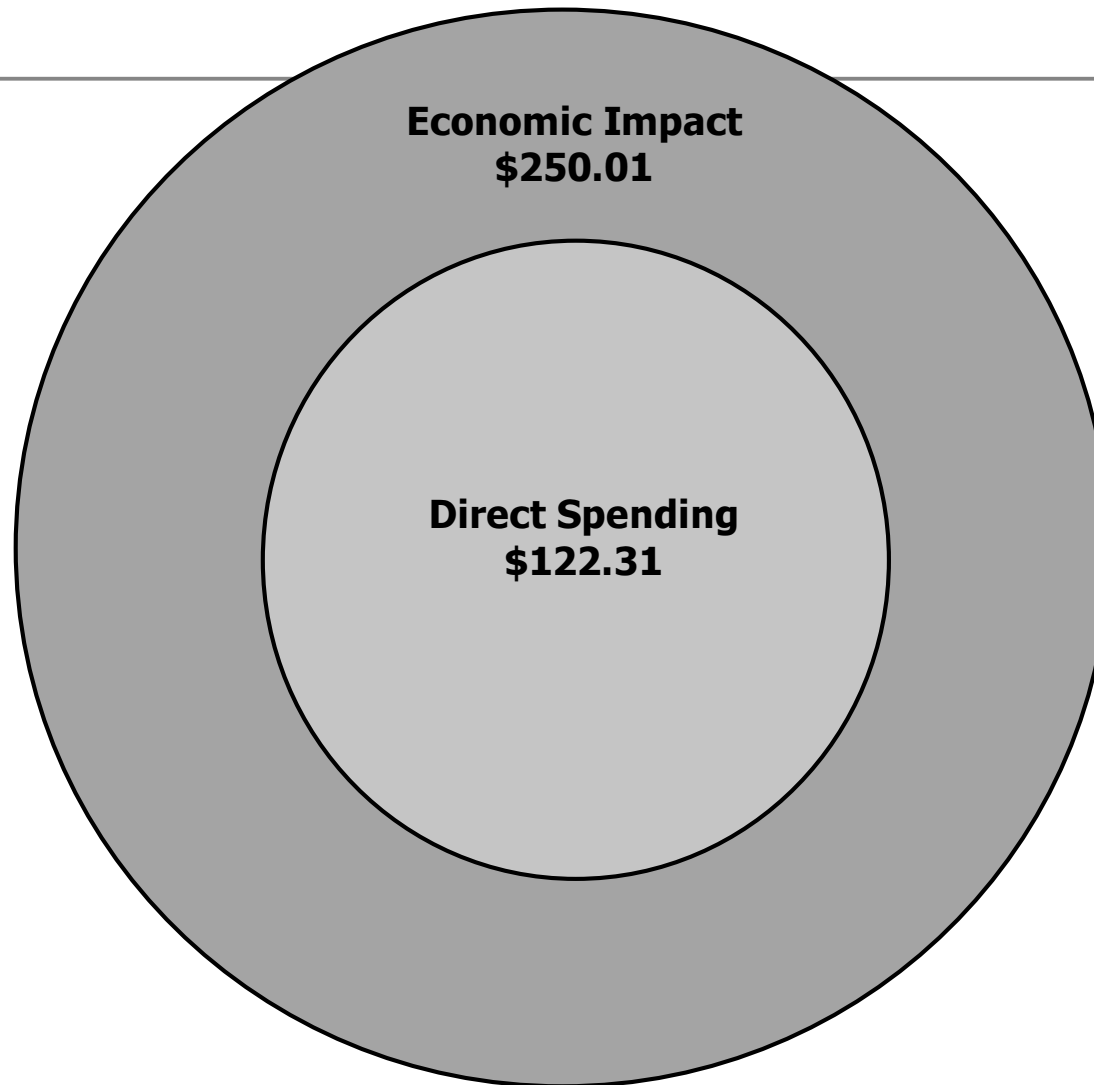
# Direct Spending by Industry Segment

(Dollars in Billions)



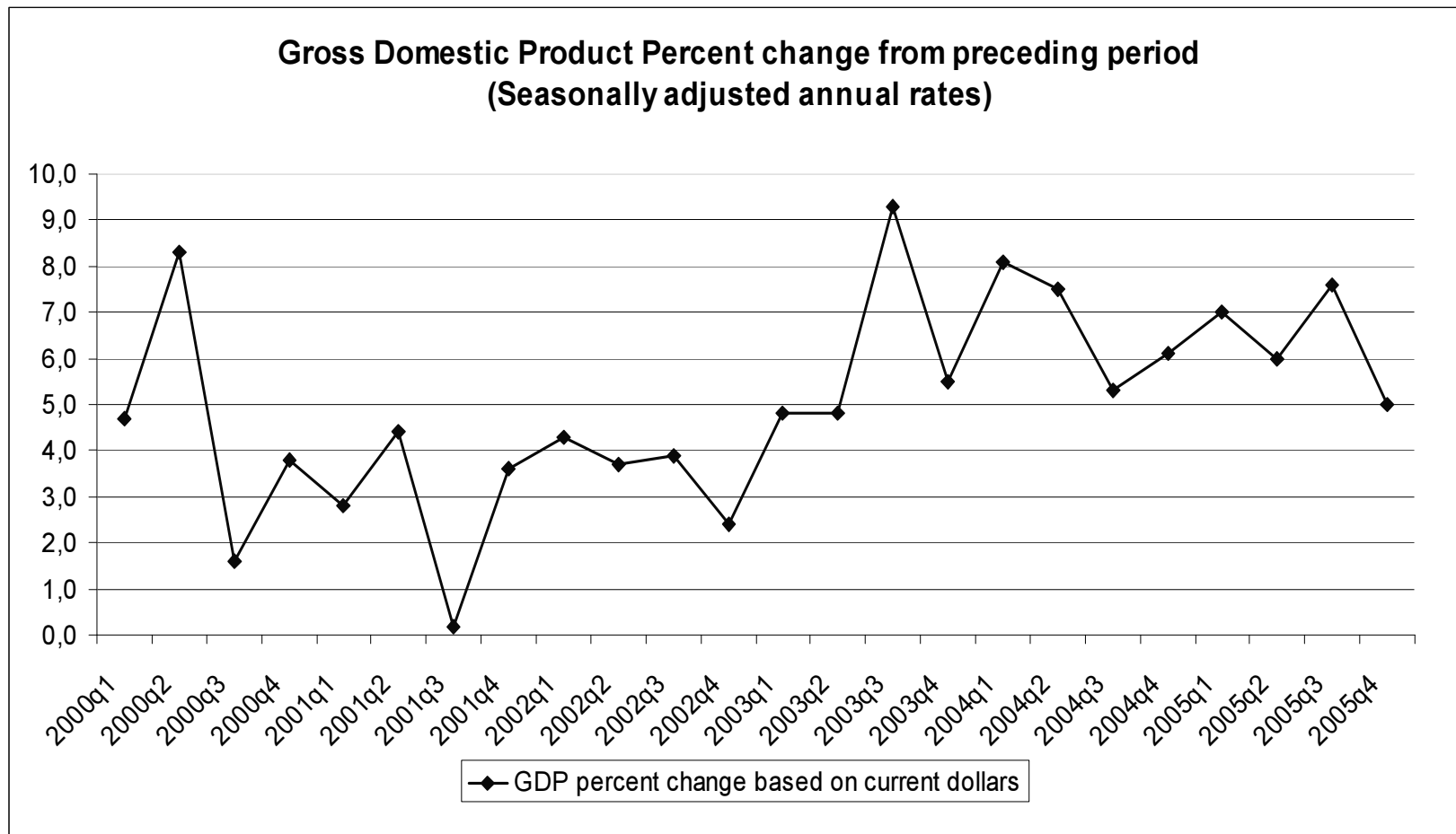
# Overall Economic Impact

(Dollars in Billions)



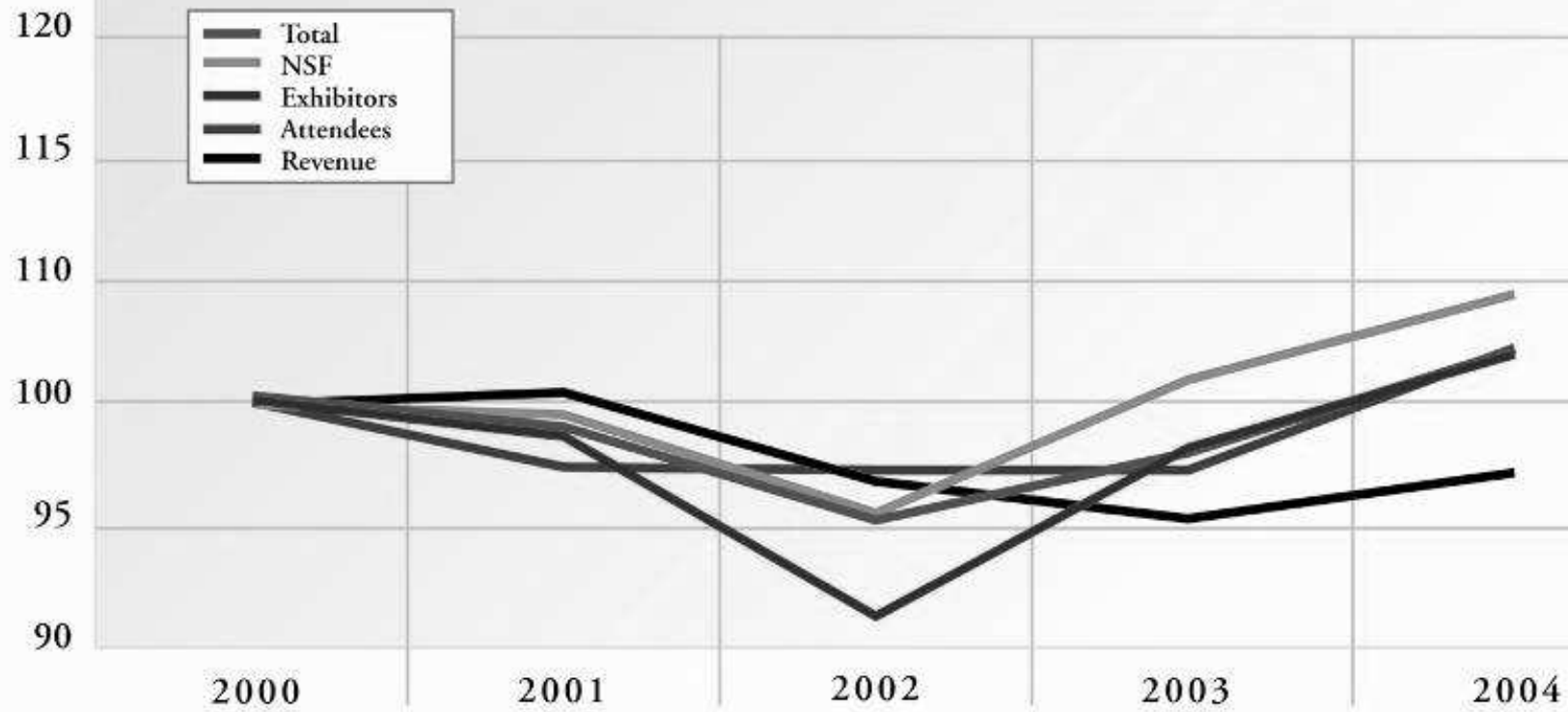


# U.S. Economic Performance 2000 - 2005





# Exhibitions Overall

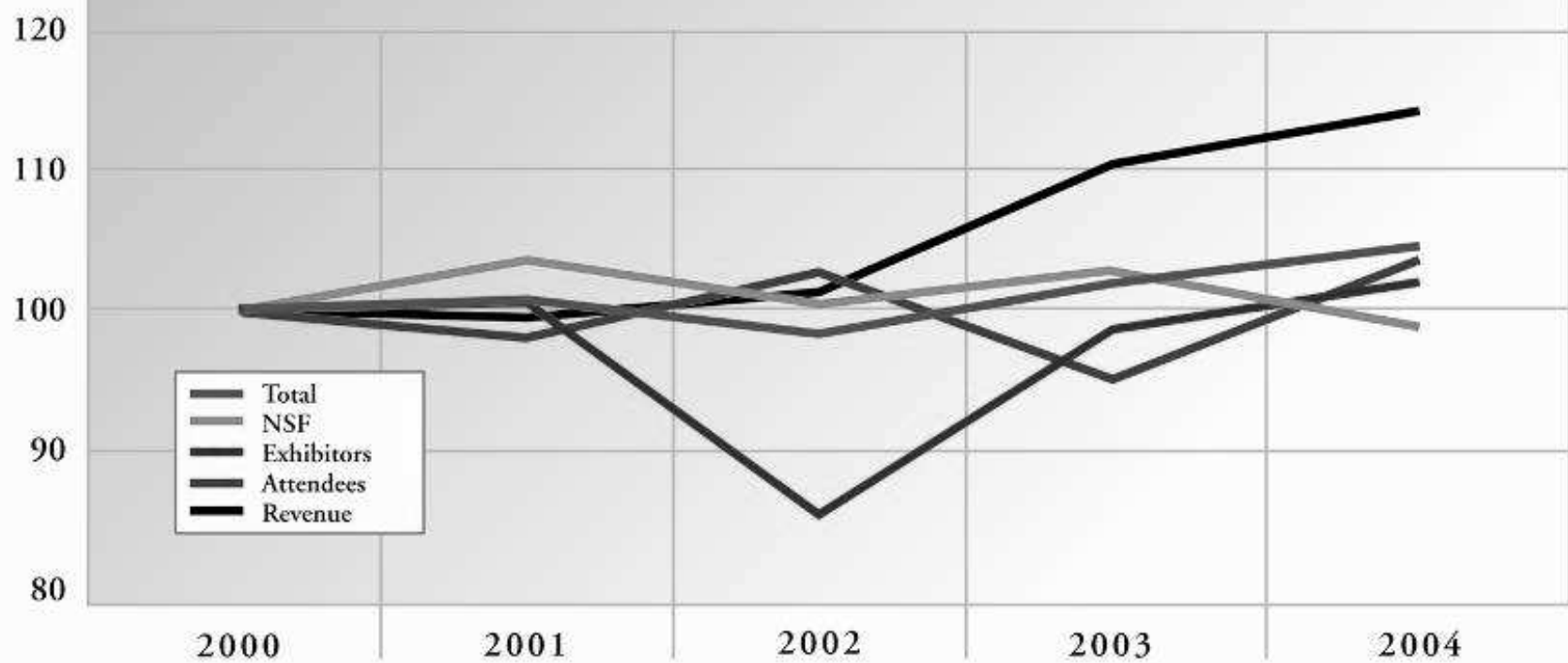


By Trade Show Executive magazine, Carlsbad, CA



# BZ

## Professional Business Services

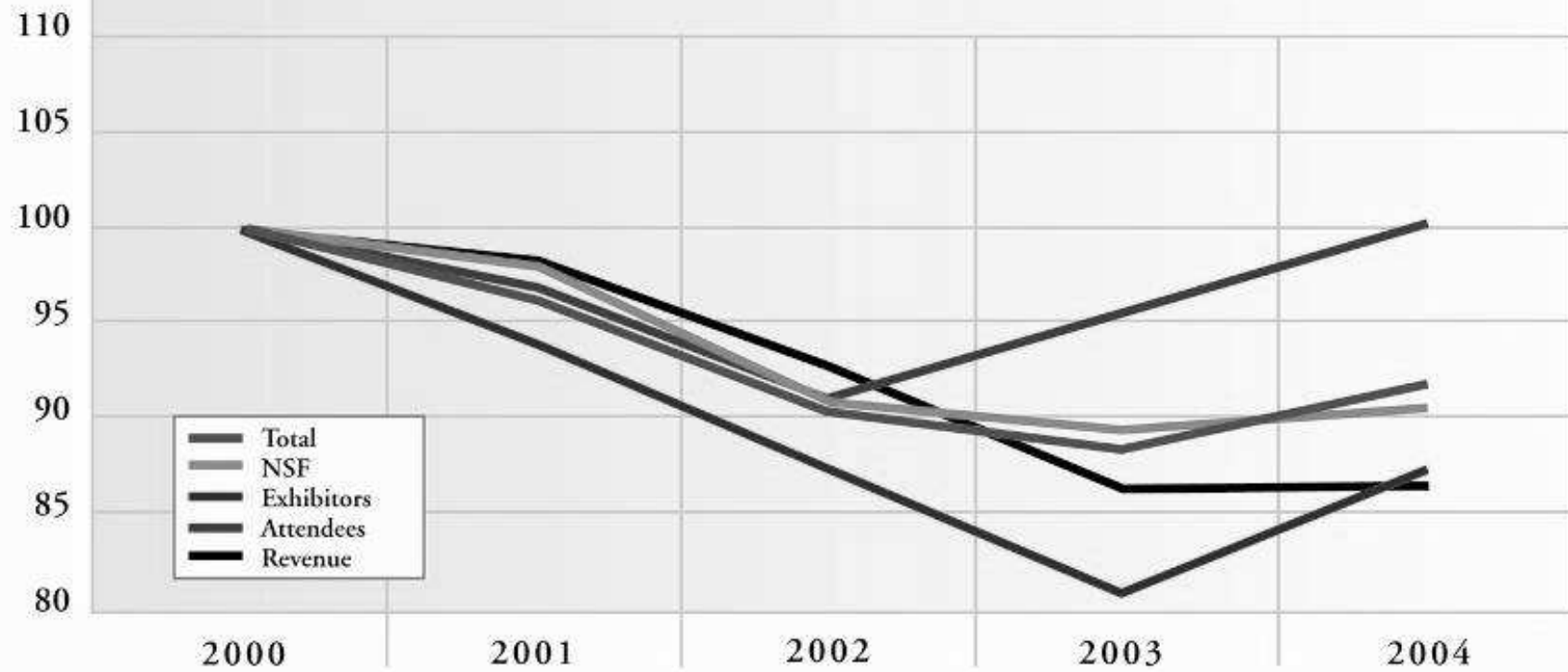


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# CG

## Consumer Goods & Retail Trade

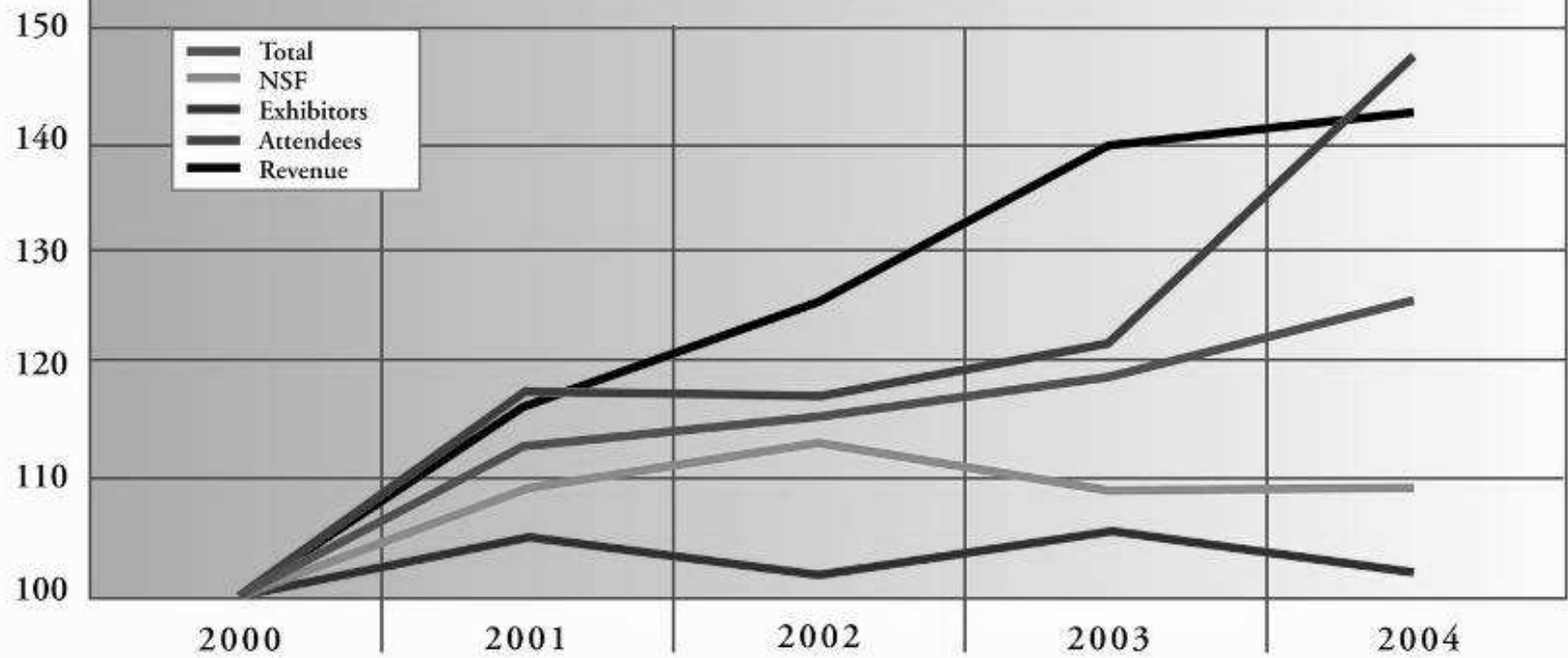


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# EN

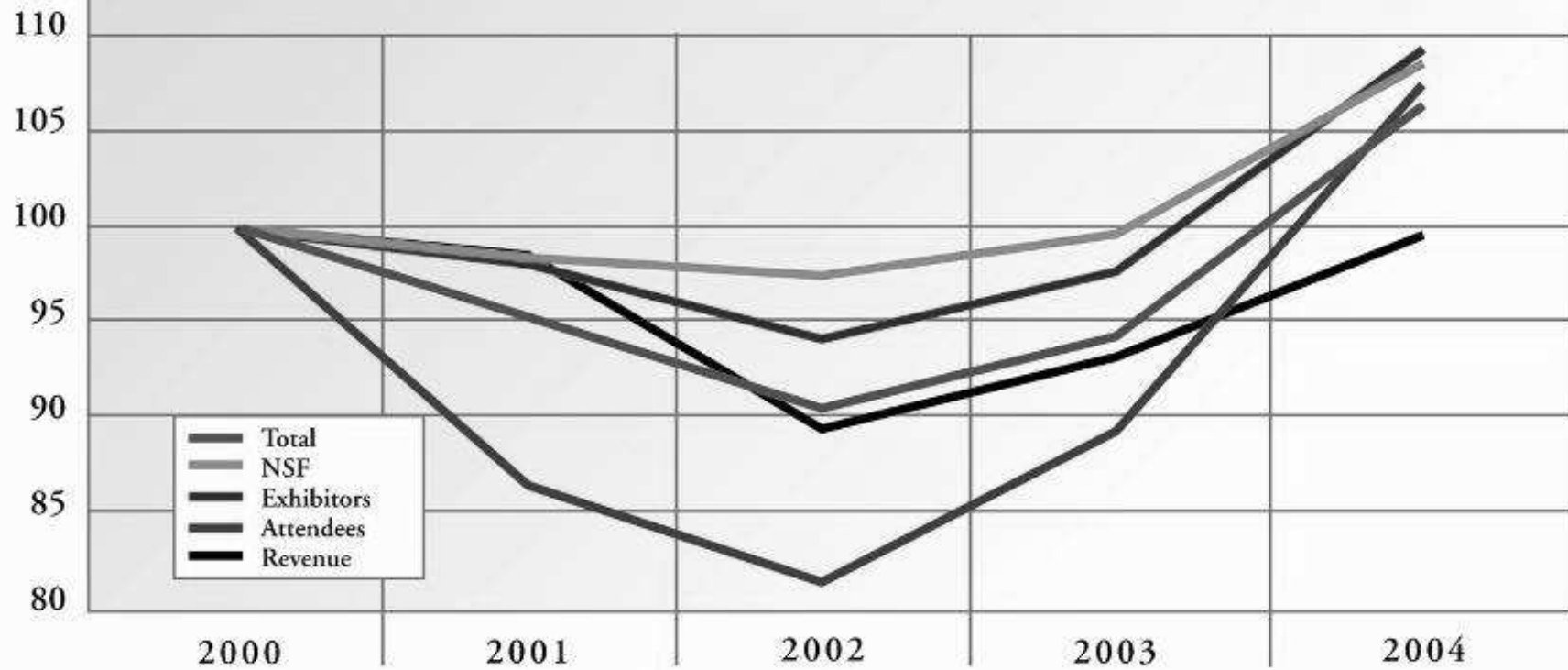
## Sports, Travel, Entertainment



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# ED Food

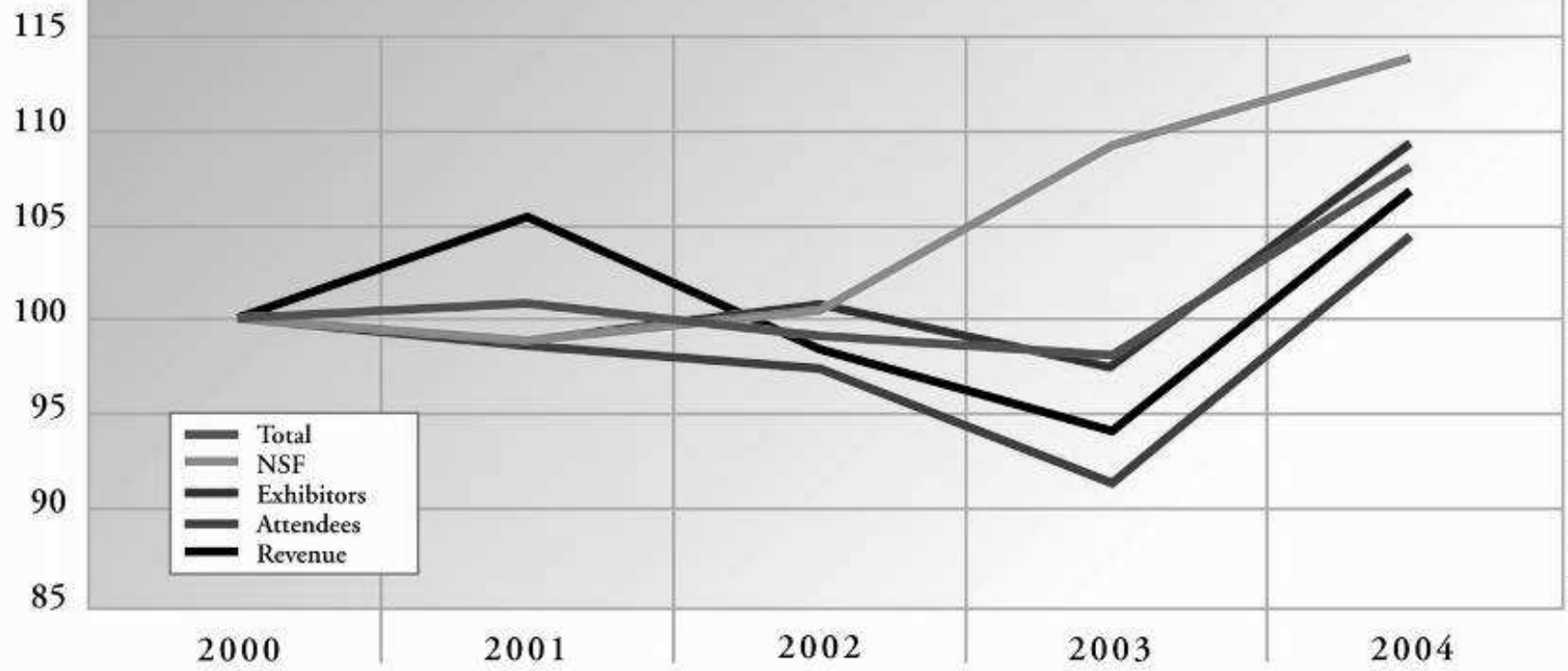


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# GV

## Government

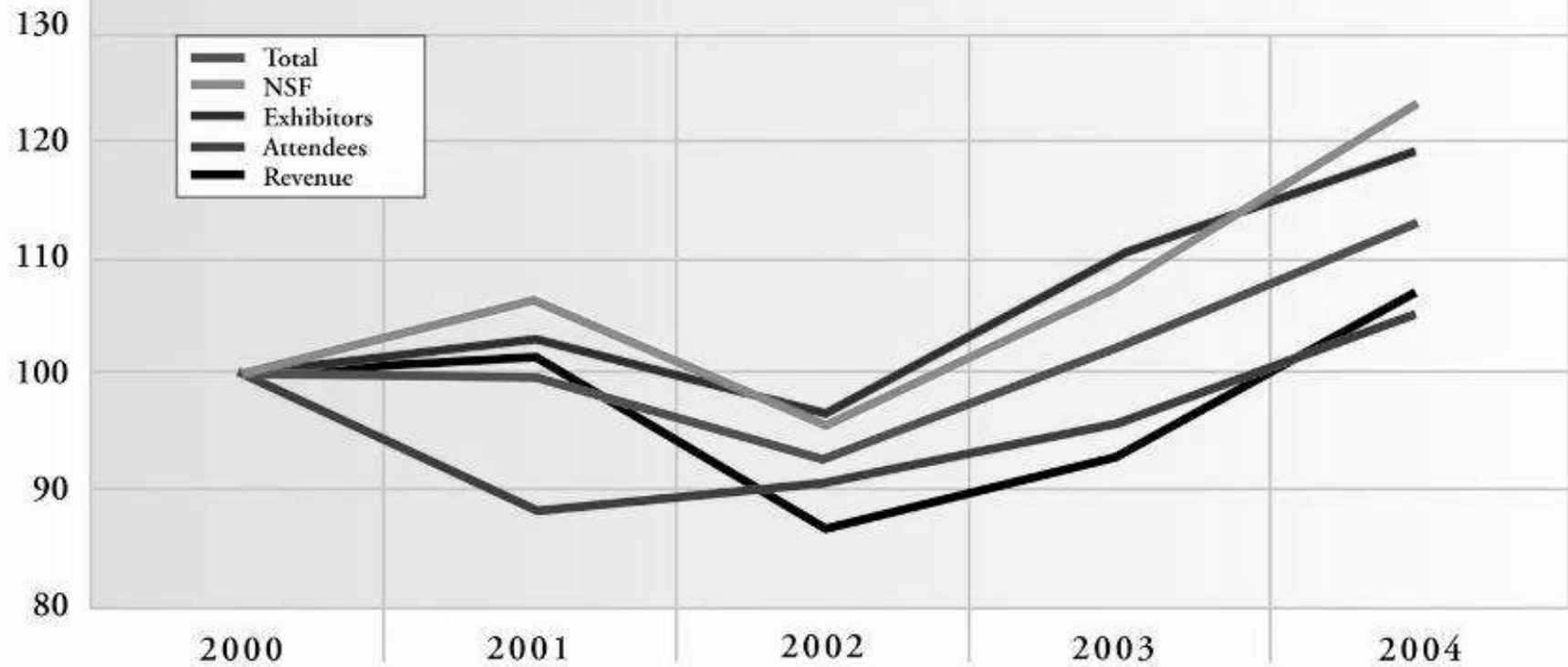


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# HM

## Building, Construction

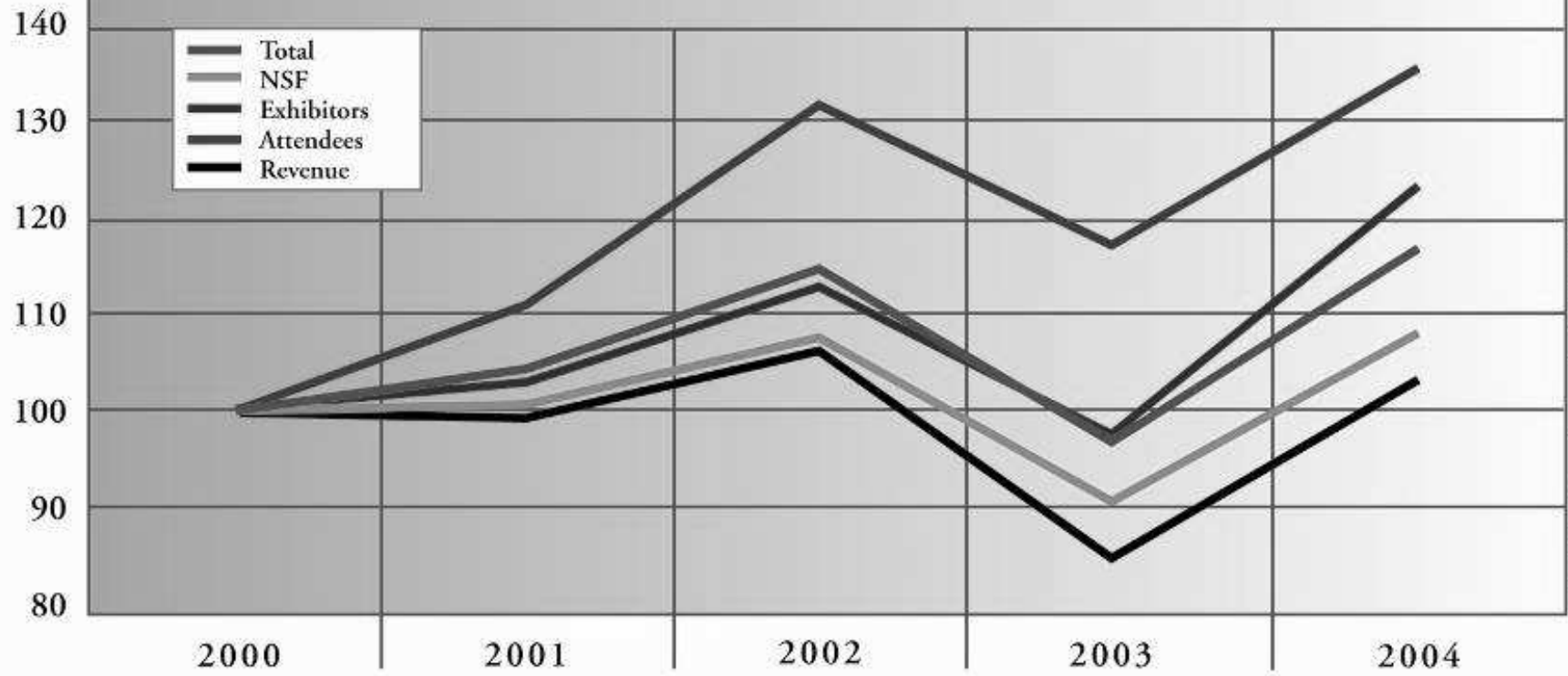






# ID

## Industrial

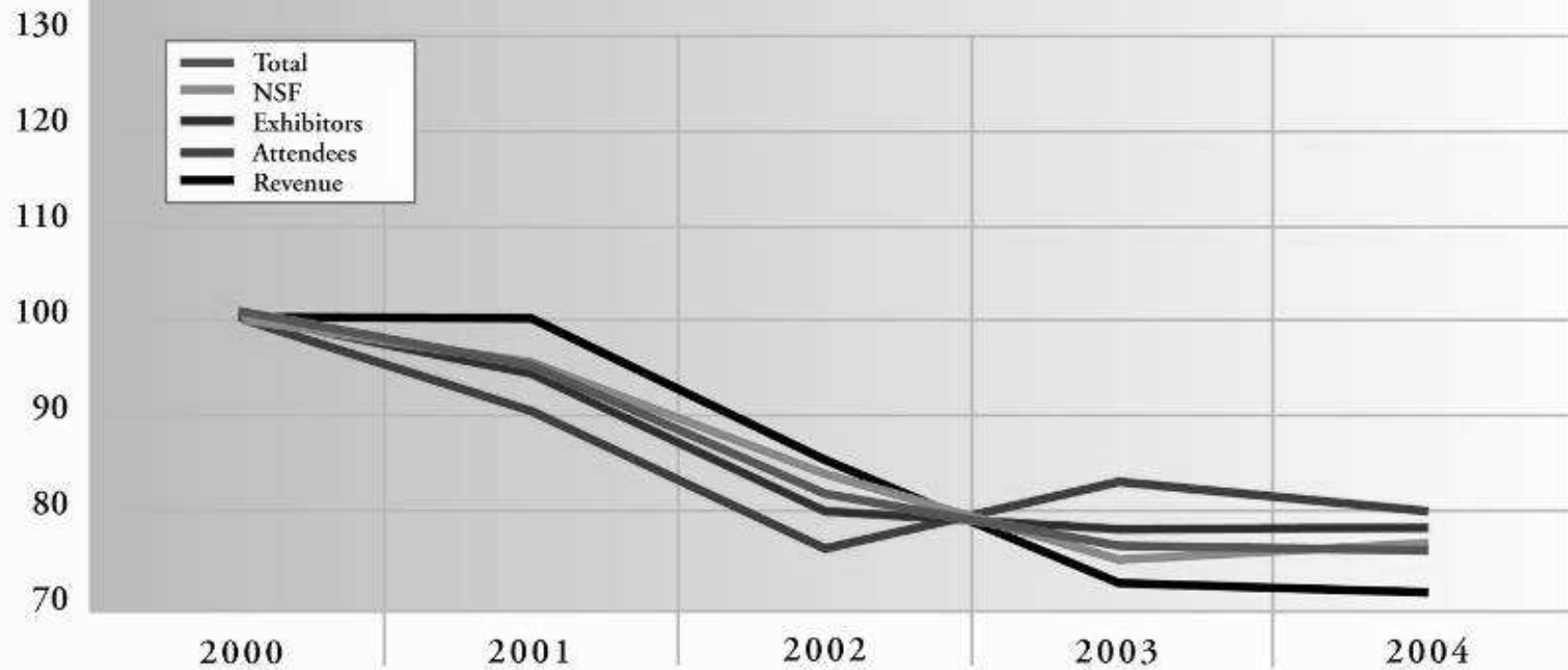


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# IT

## Information Technology

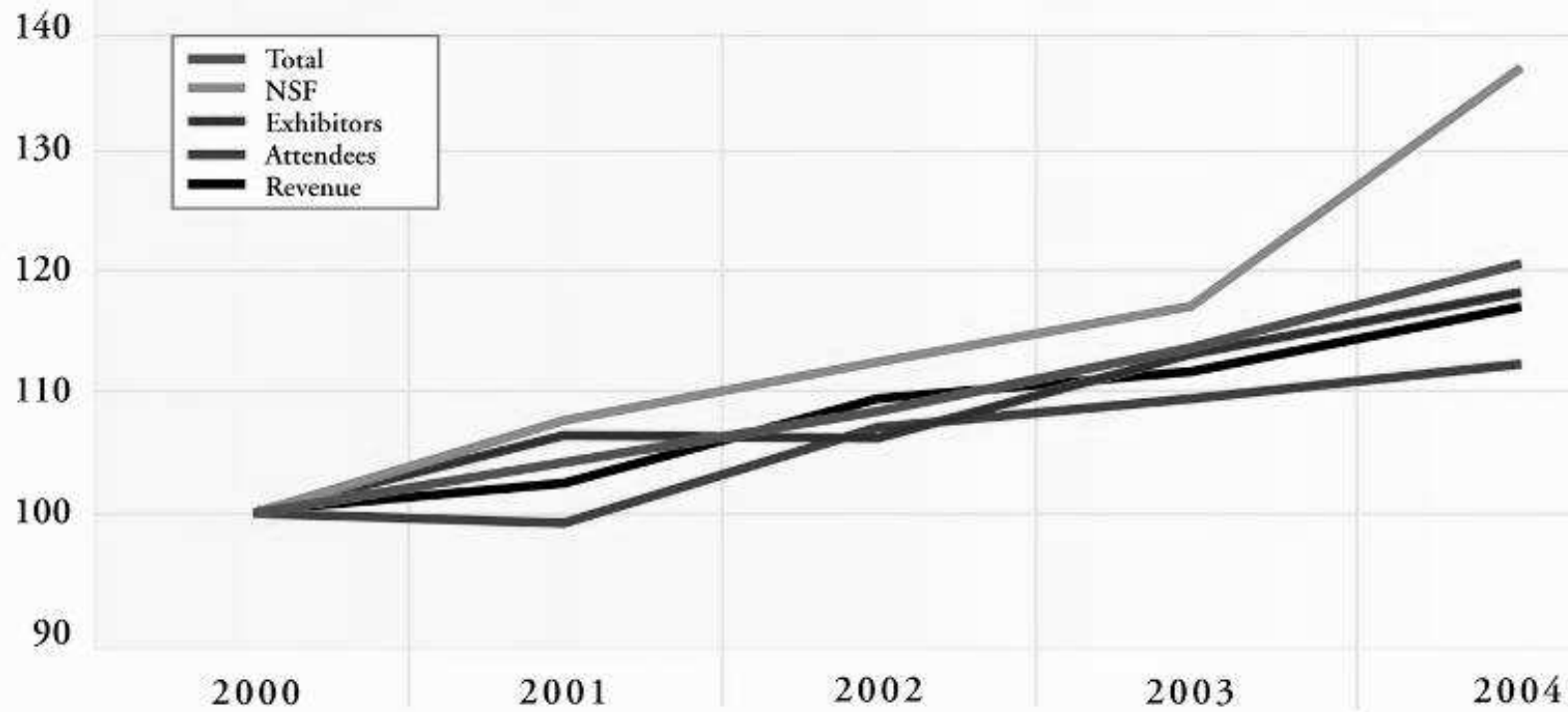


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# MD

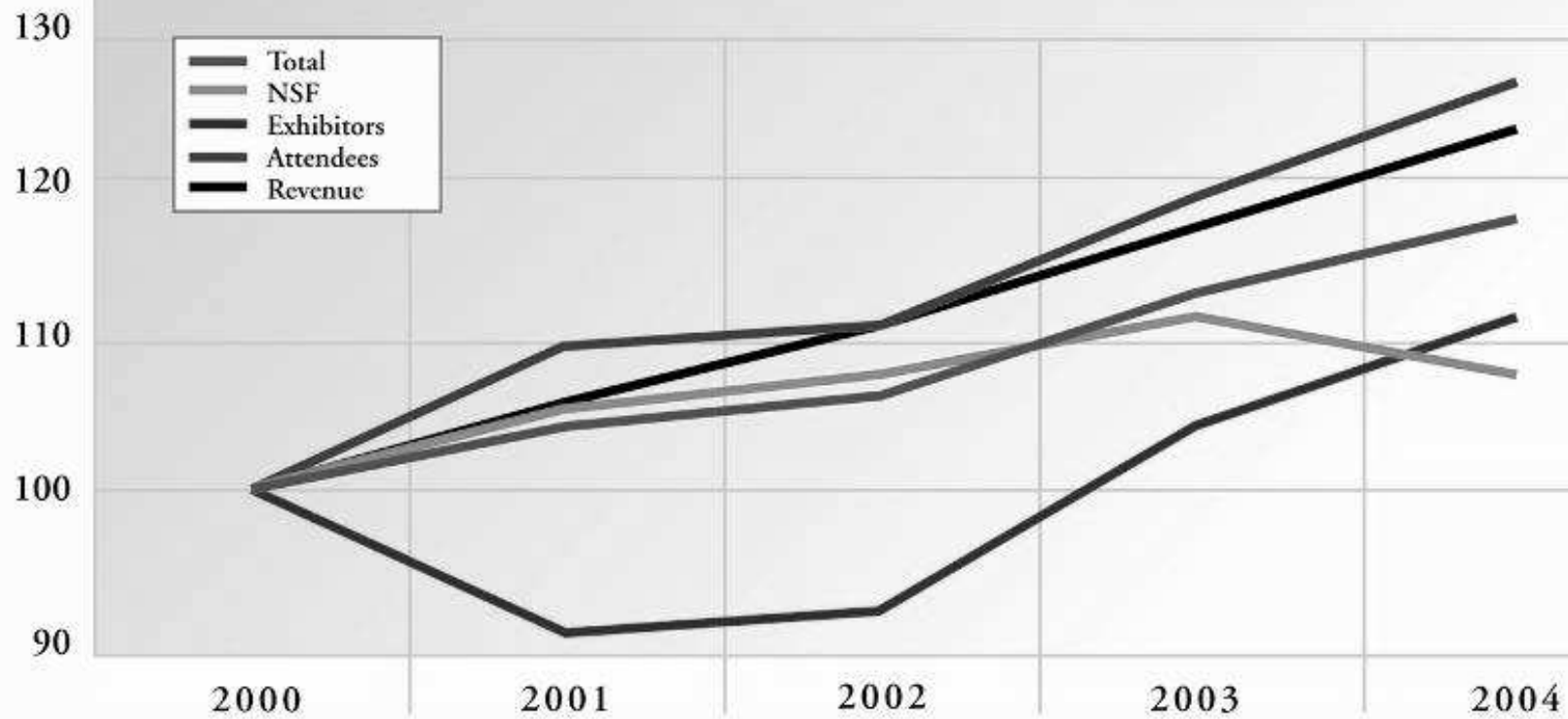
## Medical & Healthcare



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# TX Transportation



# Understanding Economics

## Economic outlook

- Economic growth, GDP by countries, regions, metropolis
- Business (consumer) confidence indicator
- Purchasing power, GDP per capita/PPP, inflation CPI/PPI, unemployment rate
- Housing construction, capital spending, sector spending, retail sales
- Industrial output and consumption
- Consumer consumption and trends

# Understanding Economics

## External economic factors

- Export and import data
- Trade patterns
- Balance of payments
- Exchange rates

# Understanding Economics

## FDI, M & A

- FDI inflow and exhibitions (Germany, Japan, US, France, UK, Singapore)
- Globalization challenges
- Multinational companies dominate
- Multinational supply chains influence buying patterns, international trade flows

# Understanding Economics

The unpredictable “Unknowns”

- Geopolitical unrest, terrorism
- Natural disasters
- Epidemics (SARS, bird flue)
- Energy prices
- Disruptions in travel, business confidence



# Understanding Markets

## Market size

- Market forecast
- Companies and their strategies
- Market business pattern
- Consumer lifestyles
- Demographics

# Understanding Markets

Notable growth sectors

- outperforming sectors with trends to grow
- Mega trends consist of smaller trends
- Trends open window for new exhibitions

# Understanding Business Models

- Companies have many options for trade shows and other media
- Globalization and multinationals can change exhibition industry business models
- Take a longer look into the future
- Take a in-depth view on the economic cycle and business patterns

# Understanding Business Models

- Economics, politics, public opinion, economic circumstances, market trends contribute to changes of business models
- Business model is the reflection of your look at the reality
- Exhibition industry must anticipate the future changes (and the need to change its 9-sqm-business model)
- The exhibition industry must build a business model that suits the needs of the market participants

# Understanding Business Models

- The exhibition industry must adopt to a business model reflecting business patterns, economic cycles and sectoral trends
- Any industry must deliver real value to its customers
- Exhibition industry's customers are exhibitors and visitors
- Delivering value is impossible without economic knowledge and market research

# Understanding Economics

To succeed you must:

- Do proper research homework!
- Come up with new concepts, new ideas, new business models