

Convegno AEFI-Sole 24 ore

"Fairs between crisis and development: international comparisons"

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Drawing international comparisons in the fair business is anything but easy. Despite all the efforts undertaken by our association in this respect, our sector is still far from being transparent. Dissimilar structures, different accounting models, cyclically-conditioned fluctuations and, not least, marketing-adjusted statements make it virtually impossible to draw direct comparisons of our trade fair industries. In addition, such comparisons would also have to be conducted on a highly differentiated basis – B2B/B2C, the different sectors, and international/national, etc. I therefore hope that you won't hold it against me if I concentrate on just a few "big pictures" in what I have to say.

At the General Meeting of the European Major Exhibition Centres Association, EMECA, the representatives of the countries and trade fair companies present – including Milan, Bologna, Verona and Rimini – all agreed that the exhibition business had performed quite well during the economic crisis. At least, the scars that it has left behind are not as deep as many people had expected. The national and international leader fairs, in particular, have generally held up relatively well. All in all, the consumer shows have been less affected than the trade fairs – especially those fairs in sectors hit by the crisis, such as the automotive and construction industries.

It must, however, be added that none of the fair companies was spared a drop in their operating and financial figures (exhibitors, visitors and exhibition area; and also income, EBIT and profit) in the crisis year of 2009. The decline due to the economic situation within the EMECA members was between 5 and 20 percent. A certain North/South divide is also evident, in the same way as the impact of the economic crisis: the southern countries have suffered more through the crisis; and three out of the four Italian members of EMECA were in the red in 2009...

Europe's trade fair companies also agree, however, that while 2010 and 2011 will still be difficult, they will produce figures that are considerably above those for the crisis years. It must, however, be borne in mind that the markets have undergone a change as a result of

the crisis. We have to maintain our position to a greater extent in markets that have been streamlined by the crisis. Strategic initiatives configured for the long-term are more necessary than ever before.

Italy is one of the most important industrial countries in Europe, alongside Germany, France and Great Britain. In global terms, Italy ranks seventh amongst the most important trading nations. Mechanical engineering, metal construction, textiles, plastics, chemicals and foods – all traditionally strong trade-fair sectors – are key industrial branches for the country's exports and imports. Dynamic economic areas are not concentrated on individual centres, such as in France or Great Britain, but are spread over the whole country – with a certain focus on the north. The markets are generally highly fragmented, which essentially constitutes an advantage for the exhibition sector.

Italy also ranks amongst the leading sectors in Europe in the exhibition business. More than one thousand exhibitions are held here each year, with some 210 of these being international in nature. Around 80,000 exhibitor companies from Italy take part in these 210 international fairs, together with another 30,000 companies from abroad. The exhibition landscape is highly federalist in nature, with 43 exhibition companies and 40 exhibition sites that are members of the AEFI, and the 30 independent exhibition organisers who belong to the CFI. Together with the different economic centres and the fragmented markets, this decentralised structure doubtless constitutes a major advantage.

On the basis of this very rough picture – strong trade partners, key industrial goods, decentralised economic areas, fragmented markets, a large number of international fairs and a federalist exhibition landscape – I feel that the Italian fair sector is in a good position to face up to the major challenges that the future holds. Here too, however – as in all the other European trade-fair countries – it is a matter of anticipating future-oriented developments and implementing these in strategic terms.

As I view the situation, there are five key lines of development to pursue:

1. More of a private-sector orientation. This is less about eliminating factors that distort competition – that would be a different topic – and more about having an organisation run along the lines of private industry as a structural requirement for further strategic developments.

2. More investment in the markets. The economic crisis hit Italy after a phase of major investment in its exhibition- and congress infrastructure – such as in Bologna, Milan, Rimini, Rome and Verona. The consequences are clear to see: excess capacity, competition

amongst the different locations, a price war, and me-too products – with the corresponding degree of uncertainty and dissatisfaction prevailing in the markets. An increasing number of exhibition companies are starting to understand that investments in infrastructure alone cannot strengthen their market position. More investment in the markets, the products and in human resources are essential for future success.

On point 3. An increasingly international alignment. Even in a large economic and trade-fair area such as Italy, there are limits to the national home market and the corresponding development opportunities. People in Italy seem to be aware of the fact that, sooner or later, it will be their international position that is decisive. The Italian Institute of Foreign Trade, ICE, and the Ministry of Economic Development provided two million euros for promoting the internationalisation of the exhibition sector in both 2008 and 2010. While that is, naturally, not bad – it would be even better still, in my opinion, if state subsidy programs of this type were not necessary at all. This is because exhibitions do not, ultimately, develop and maintain their international market position on the basis of subsidy programmes but only through their significance as a marketing platform for specific sectors and branches with clear benefits for exhibitors and visitors.

4. Cooperation and Mergers&Acquisitions. In view of the saturated exhibition market – particularly in Europe – and the structural changes in the globalised markets, organic growth is only possible to a limited extent for a large number of exhibitions and exhibition companies. It is also becoming increasingly difficult to develop new exhibitions. Cooperations and mergers are thus continuing to gain importance when it comes to extending the product portfolio, accessing new geographic segments, or expanding the range of services on offer. Mergers naturally make sense especially when the partners complement each other and bring as many things as possible into the “marriage” that the other partner does not have.

And finally, 5. Extending the range of services on offer. As exhibition organisers, we create effective marketing platforms with our exhibitions. We frequently fail to pay enough attention to the fact that the exhibitor not only needs this platform for successful participation in the exhibition but also requires individual marketing solutions. It is here that the field of event services opens up. By offering services of this type, we can not only increase the benefit for our customers and hence strengthen customer fidelity but also increase our share of the added value chain.

Italy is not alone in facing these strategic challenges – they essentially apply to all the European exhibition countries. And a large number of exhibition companies are now also in the process of moving more in this direction. This means that the process of becoming more

dynamic, which is similarly a prerequisite here, also constitutes a success factor. Making the move in good time and thus benefiting from the first-mover effect can be a decisive step.

Thank you for your kind attention.