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Promoting, Serving and Representing the Global Exhibition Industry

The Global Association of the Exhibition Industry

Global Exhibition Barometer

14th edition (January 2015)

A UFI report based on the results of a survey conducted in December 2014 among UFI*, SISO**, AFIDA*** & EXSA**** Members

(*) Global (**) USA (***) Central & South America (****) Southern Africa

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Introduction

Since 2009, UFI has regularly assessed the impact of the economic downturn by developing a “Crisis Barometer” based on the perceptions of UFI members in 84 countries and including, for the USA, an identical survey conducted by SISO (Society of Independent Show Organizers). The scope of the survey has since been broadened to include members of AFIDA (Asociacion International de Ferias de America) in Central and South America and of EXSA (Exhibition and Events Association of Southern Africa).

Results of this survey were initially published in February, May & August 2009. This report evolved as the “Global Exhibition Barometer”, with two surveys per year. The last nine reports were issued in January and July 2010, 2011, 2012, 2013 and in July 2014. The current document presents the results of the 14th Global Exhibition Barometer survey, conducted in December 2014. Where possible it identifies trends drawing on the results of the previous surveys.

Important remark

It should be noted that the number of replies to the current survey (203 from 55 countries) provides representative results. However, the consolidated *regional* results may not reflect the situation of specific countries in that region.

This is why a second set of results, specific to those *countries* where a significant number of answers were obtained (China, Russian Federation, Germany, USA, South Africa, Turkey, Italy), are included.

Questions related to this survey should be addressed to Christian Druart at chris@ufi.org.

1. Gross Turnover

The 14th Barometer surveyed the evolution of participants' turnover expectations for 2014 and 2015 as compared to their expectations during the same period the year before (regardless of possible biennial effects). The charts presented on the next two pages combine these results with those of previous surveys for the 2008-2013 period.

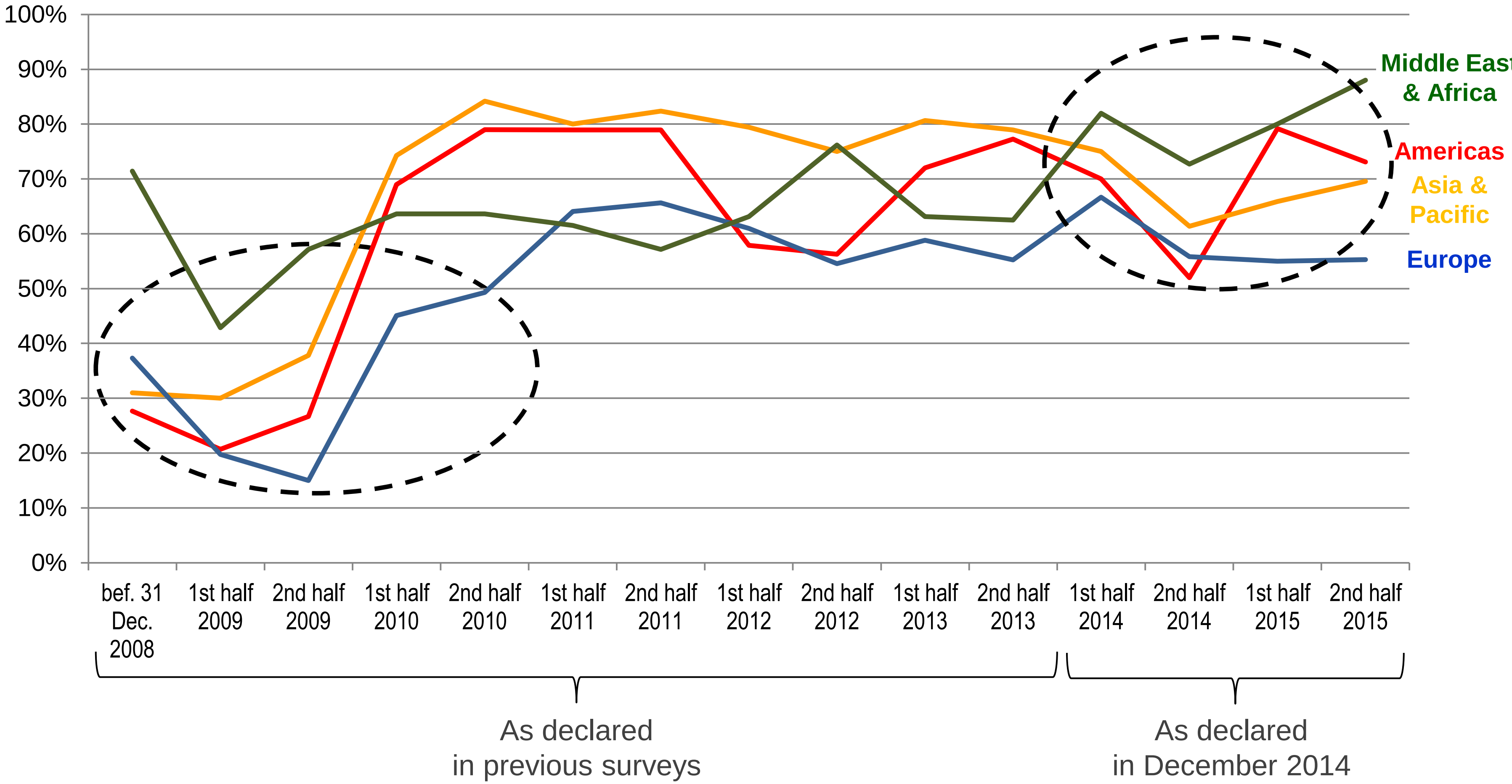
The first chart presents the percentage of companies declaring an increase in their turnover. The charts on the following page detail these results, adding the percentage of companies declaring decreases in their turnover and the percentage of "unknown" answers.

Survey results indicate:

- The outlook since 2011 remains positive, with a majority of companies in all regions declaring turnover increases;
- Projections indicate that this is expected to continue through 2015;
- There are however different regional levels of turnover increases for 2014 and 2015 (*):
  - An average 6 companies out of 10 for 2014 and 8 for 2015 declare an increase in the Americas, where the USA outperformed the regional results in 2014, whereas Central and South America faced a significant drop during the 2nd half of 2014;
  - An average 7 companies out of 10 declare increases in Asia/Pacific, where China anticipates a slowdown in 2015, with a decrease from 88% for 2014 to 70% for 2015;
  - An average 6 companies out of 10 declare increases in Europe but the situation varies a lot among countries and a slowdown is expected in several key markets in 2015: from 86% in 2014 to 71% in 2015 in Turkey and from 43% to 11% in Russia; the situation appears stable in Germany with an average of 1 company out of 2 declaring an increase for 2014 or 2015;
  - An average 8 companies out of 10 for 2014 and 9 for 2015 declare increases in the Middle East and Africa, where South Africa outperforms these already high average regional results.

(*) the results indicated in this paragraph do not include the "unknown" answers. This may slightly improve the picture for 2015 (please see the detailed charts for complete results).

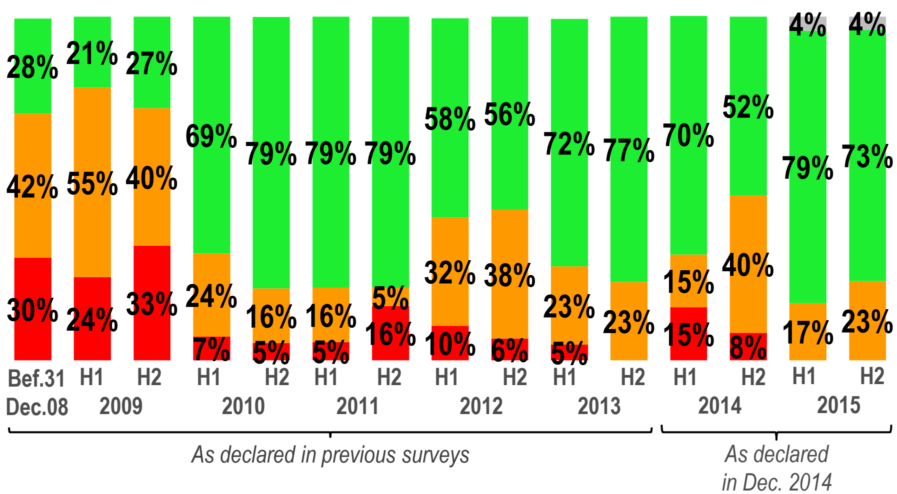
% of companies declaring an increase in turnover when compared to their projections for the same period the year before (regardless of possible biennial effects)



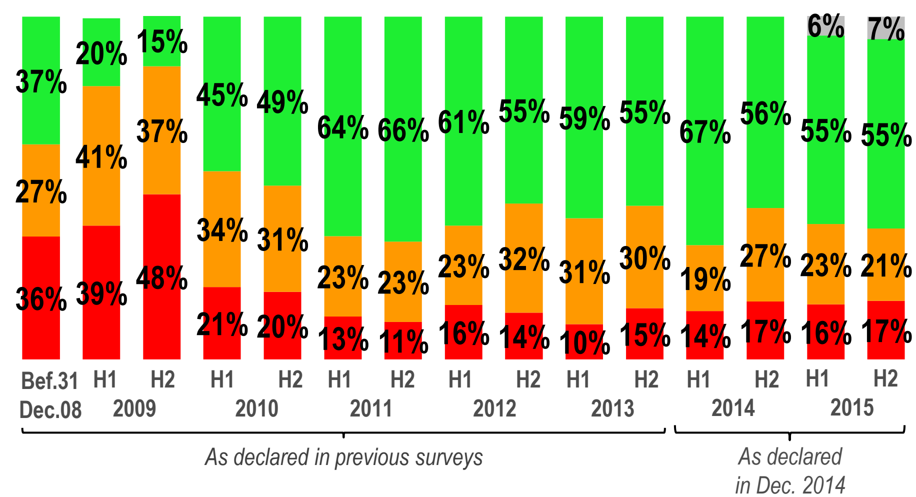
How do you expect your turnover to change when compared to the same period the year before?

I don't know | Decrease: 10% or more | Decrease: less than 10% | Increase

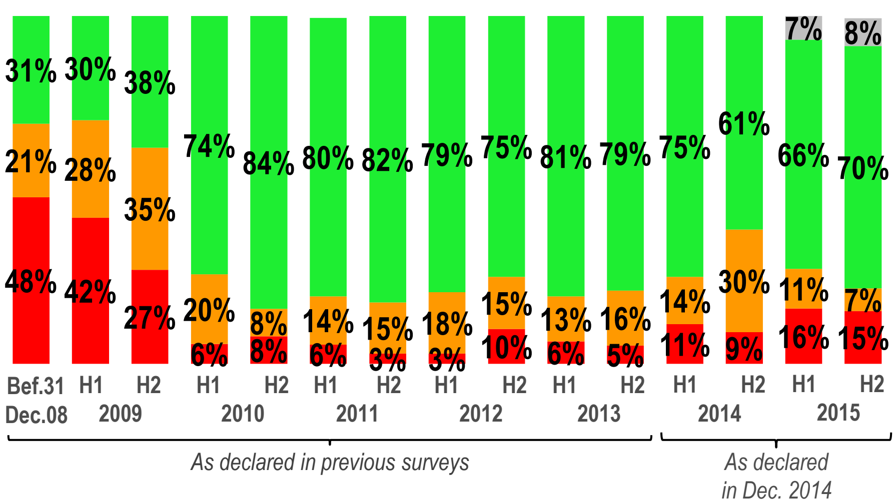
Americas



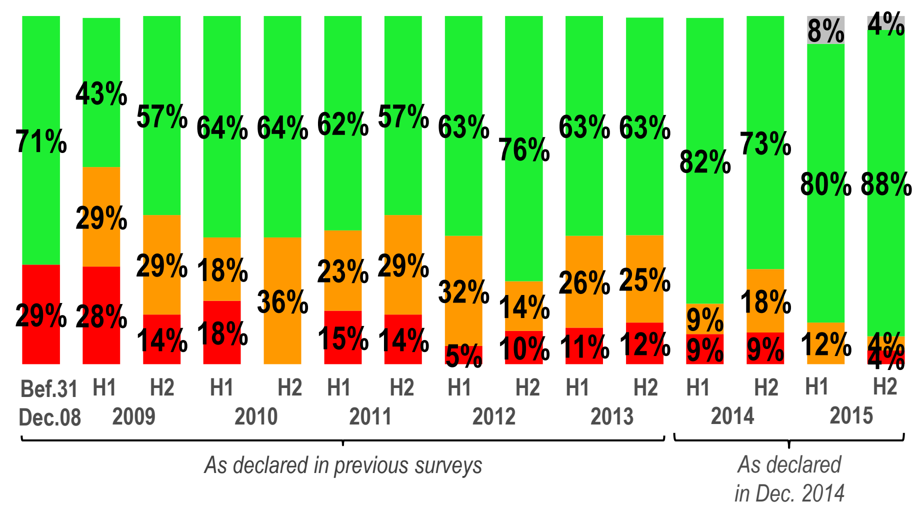
Europe



Asia/Pacific



Middle East & Africa



2. Operating Profits

The 14th Global Barometer survey questioned the evolution of operating profits for 2014 as compared to the previous year.

The charts presented in the next two pages combine these results with those of previous surveys which provided the evolution of operating profits for 2009, 2010, 2011, 2012 and 2013. The first chart combines the results of companies declaring an increase of more than 10% and those declaring a stable result (between -10% and +10%) and the next chart identifies those with reductions in profits or losses.

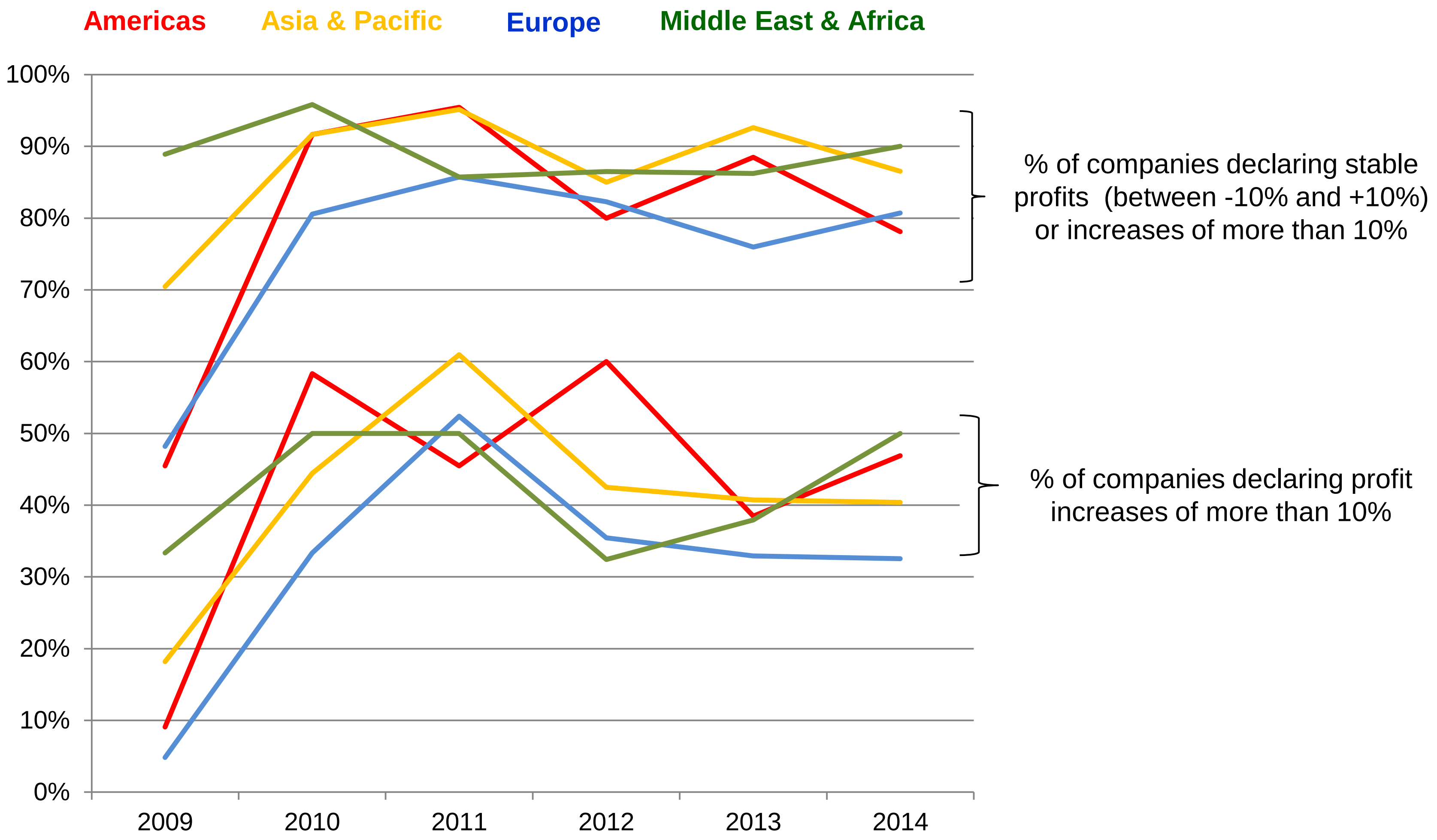
The results show that:

- Less than 1 company out of 2 in all regions declare an increase of more than 10% in annual profits for 2014: almost 1 out of 2 in both the Middle East & Africa and the Americas, 4 out of 10 in Asia/Pacific and 3 out of 10 in Europe;

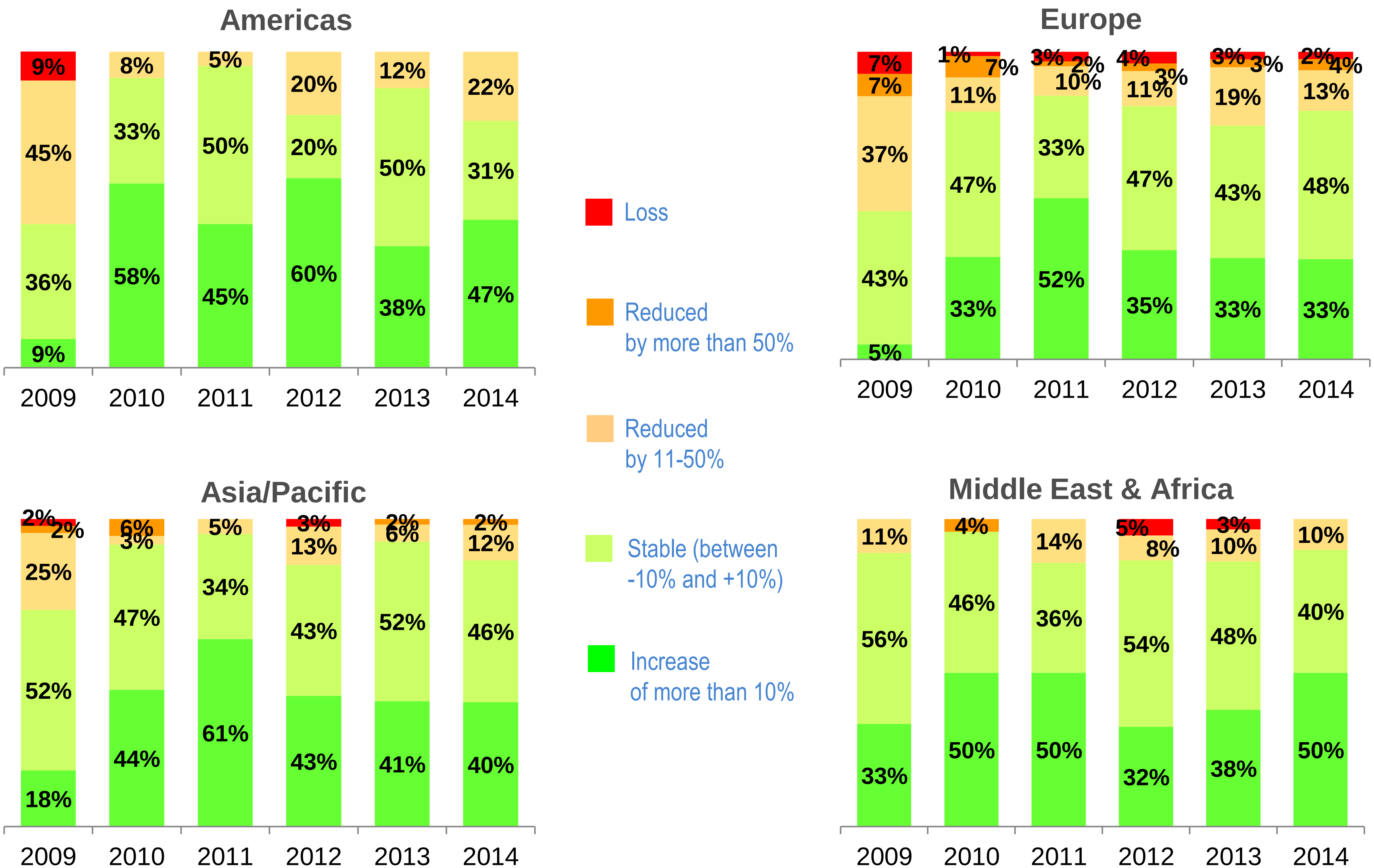
- These findings apply to the major national markets where a large number of answers were received (54% in South Africa, 50% in the USA, 44% for China) except in Europe where significant differences are noted (14% in Russia and Italy, but 50% in Germany and Turkey);

- A large proportion of companies claim stable or increasing results: 78% in the Americas, 81% in Europe, 87% in Asia/Pacific and 90% in the Middle East/Africa.

Operating profits compared to the previous year



Operating profits compared to the previous year



3. Perceptions of the economic crisis

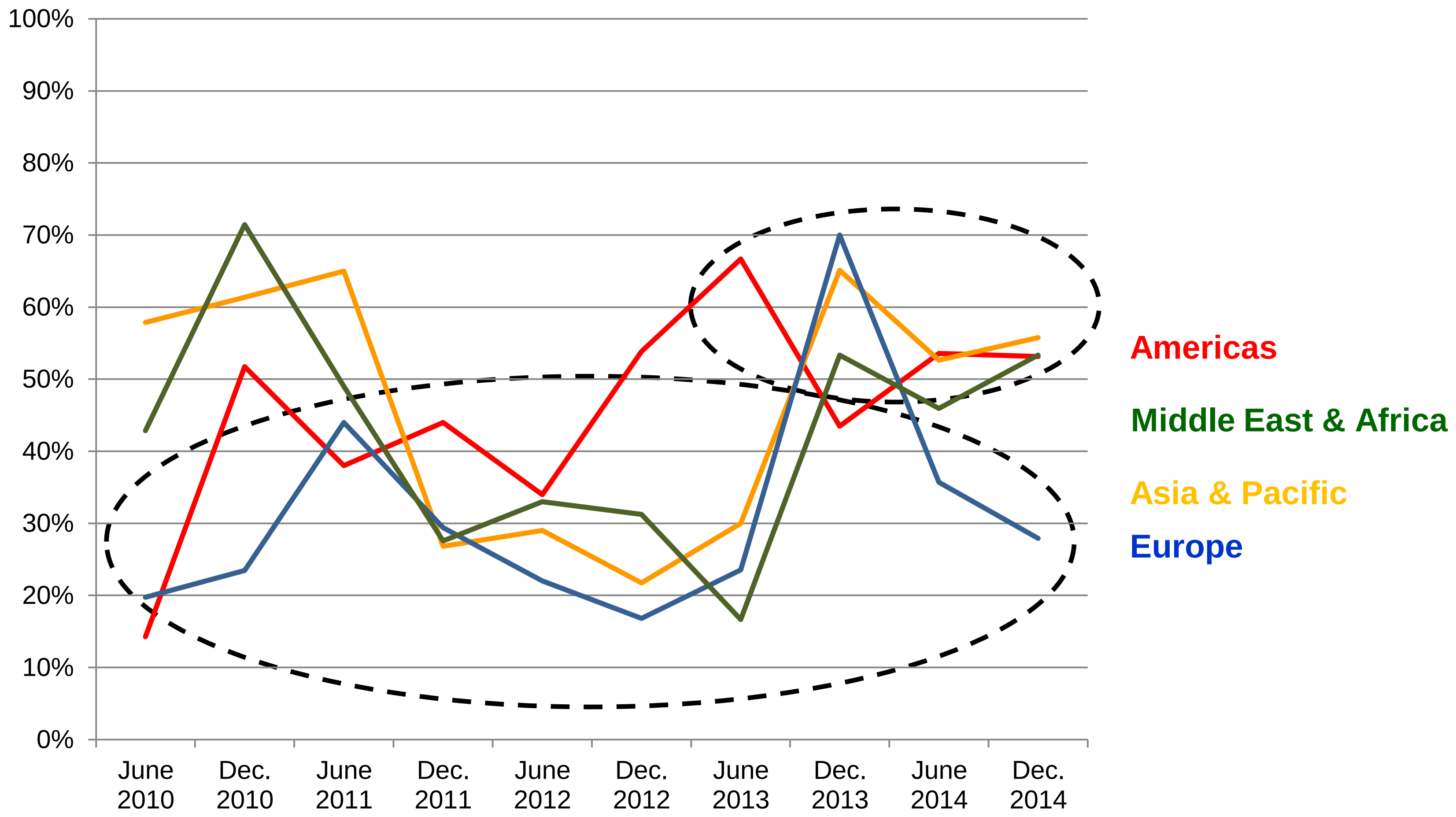
Companies were asked their views on whether the impact of the “economic crisis” on their business was over or not. The chart on the next page presents the replies together with those declared in the 10 previous surveys.

In all regions except Europe, a small majority of respondents declared that the impact of the “economic crisis” on their exhibition business is now over. In Europe, more than 7 companies out of 10 consider that their business is still affected by the “economic crisis”. A large majority of those who consider that it is not yet over do not know when it will stop.

The detailed results for those countries where a significant number of answers were obtained highlight differences:

Country	Yes, the impact of the economic crisis is over	No, it is not and I expect that it will end in 2015	No, it is not and I expect that it will end after 2015	No, it is not and I don’t know when it will end
USA	69%	23%	-	8%
China	58%	16%	26%	0%
Germany	46%	15%	15%	23%
South Africa	46%	23%	15%	15%
Turkey	38%	13%	25%	25%
Italy	29%	-	29%	43%
Russia	13%	7%	67%	13%

% of companies declaring – over the last 10 Barometer surveys – that the impact of the “economic crisis” on their exhibition business is now over



4. Most important business issues

As in the earlier Global Barometer Surveys, companies were asked to identify the three most important issues for their business in the coming year from a proposed list of seven issues.

The results are remarkably stable in all surveys, with around 80% of all answers relating to the following 4 issues:

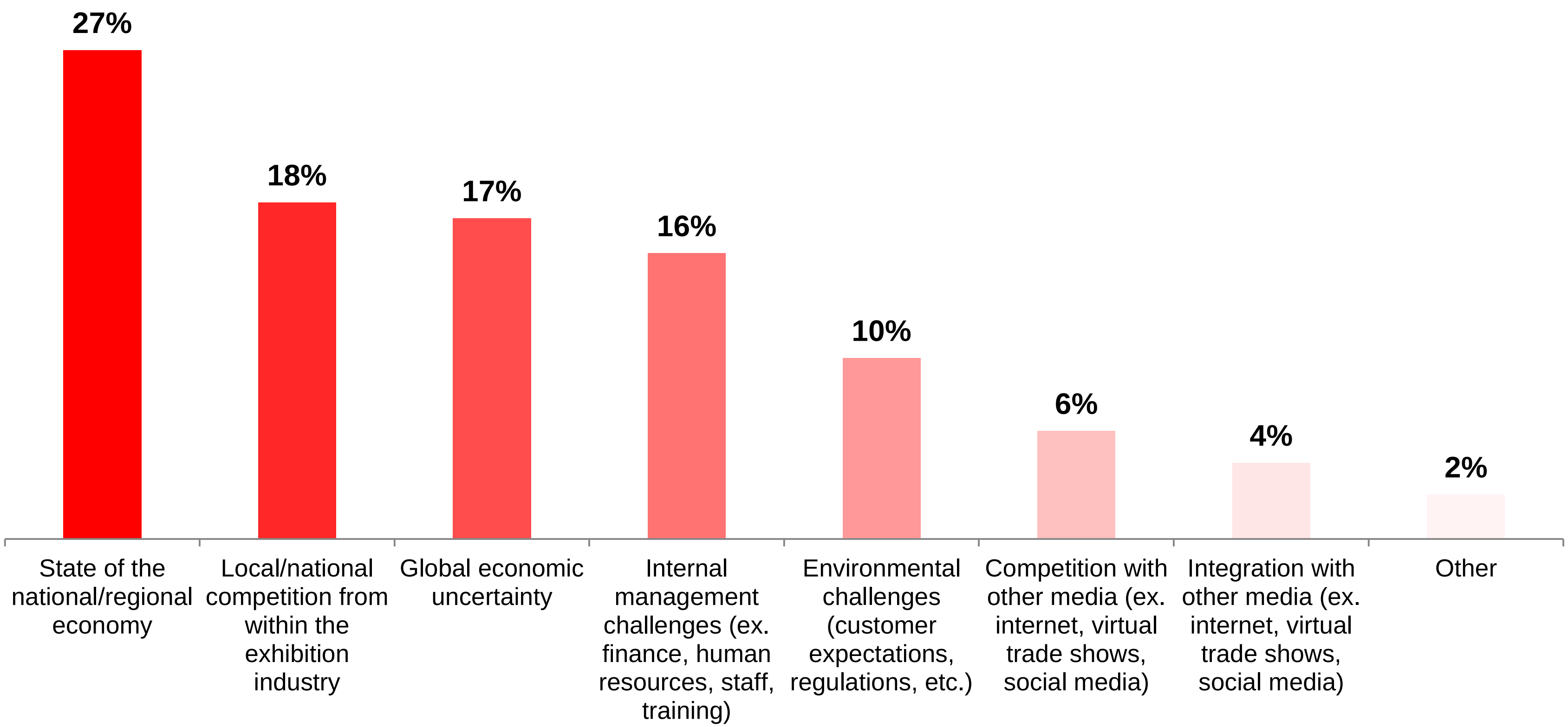
- “State of the national/regional economy” (27% in the current survey)
- “Local/national competition from the exhibition industry” (18% in the current survey)
- “Global economic uncertainty” (17% in the current survey)
- “Internal management challenges” (16% in the current survey).

“Environmental challenges (customer expectations, regulations, etc.)” appears as the next most important issue (10% in the current survey).

The next slide shows the three most important issues selected and the table below highlights the rates obtained for each of the top 5 issues in those countries where a significant number of answers were obtained.

Country	Internal management challenges (ex. finance, human resources, staff, training)	Local/national competition from within the exhibition industry	State of the national/regional economy	Global economic uncertainty	Environmental challenges (customer expectations, regulations, etc.)
China	19%	20%	24%	19%	11%
Germany	17%	25%	22%	14%	6%
Italy	10%	14%	29%	29%	10%
Russia	11%	18%	33%	24%	11%
South Africa	12%	21%	24%	19%	10%
Turkey	12%	21%	24%	19%	10%
USA	-	29%	33%	33%	5%

Top 3 issues


27%
18%
17%
16%
10%
6%
4%
2%
State of the national/regional economy
Local/national competition from within the exhibition industry
Global economic uncertainty
Internal management challenges (ex. finance, human resources, staff, training)
Environmental challenges (customer expectations, regulations, etc.)
Competition with other media (ex. internet, virtual trade shows, social media)
Integration with other media (ex. internet, virtual trade shows, social media)
Other

5. Priorities in terms of strategy

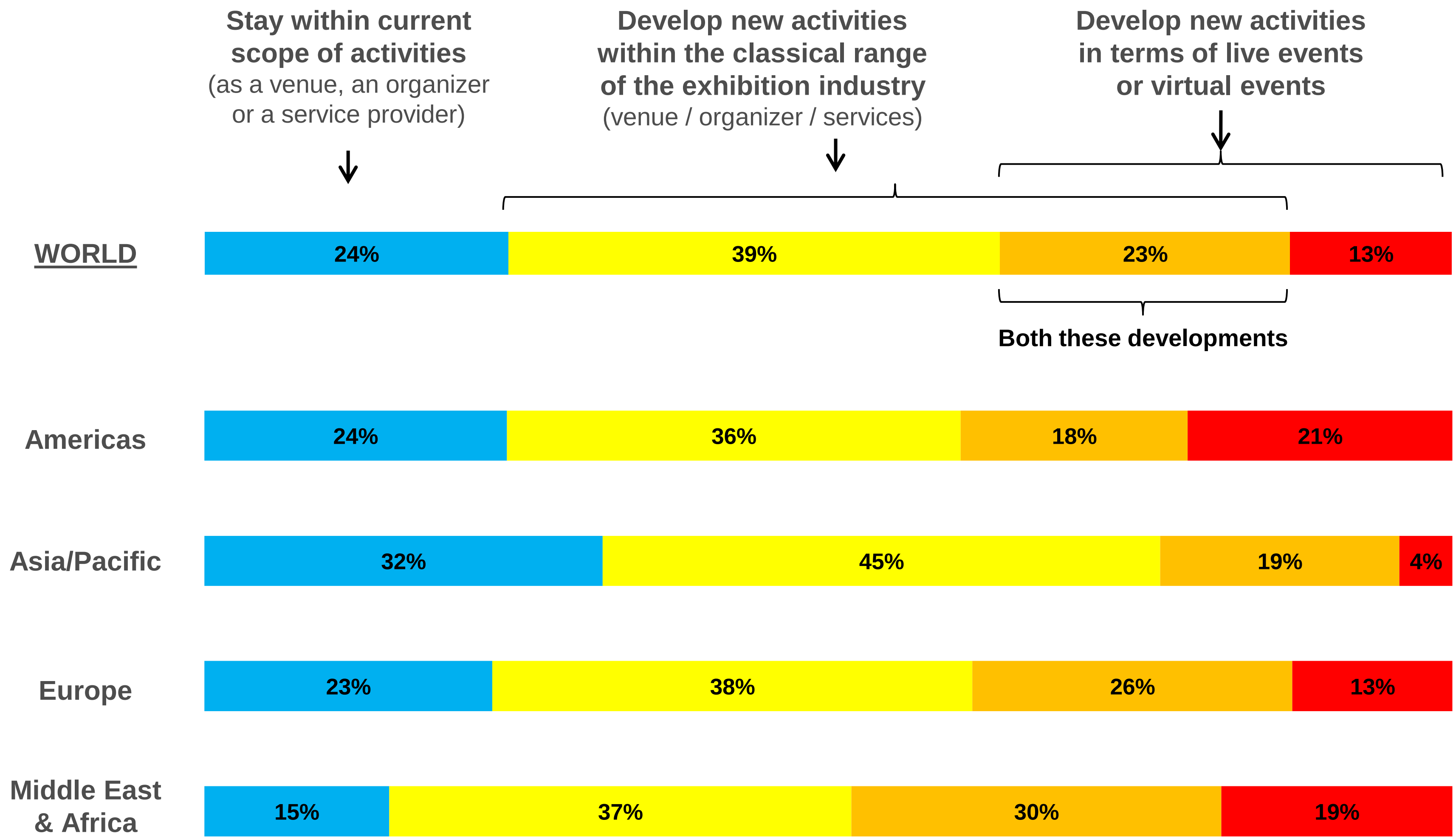
Finally, companies were asked if they could share their current priorities in terms of strategy in two specific areas: their range of activities and their geographical exposure.

In all regions, a large majority of companies intends to develop new activities, in either the classic range of exhibition industry activities (venue/organizer/services), in other live events or virtual events, or in both: 85% in the Middle East & Africa, 77% in Europe, 76% in the Americas and 68% in Asia/Pacific .

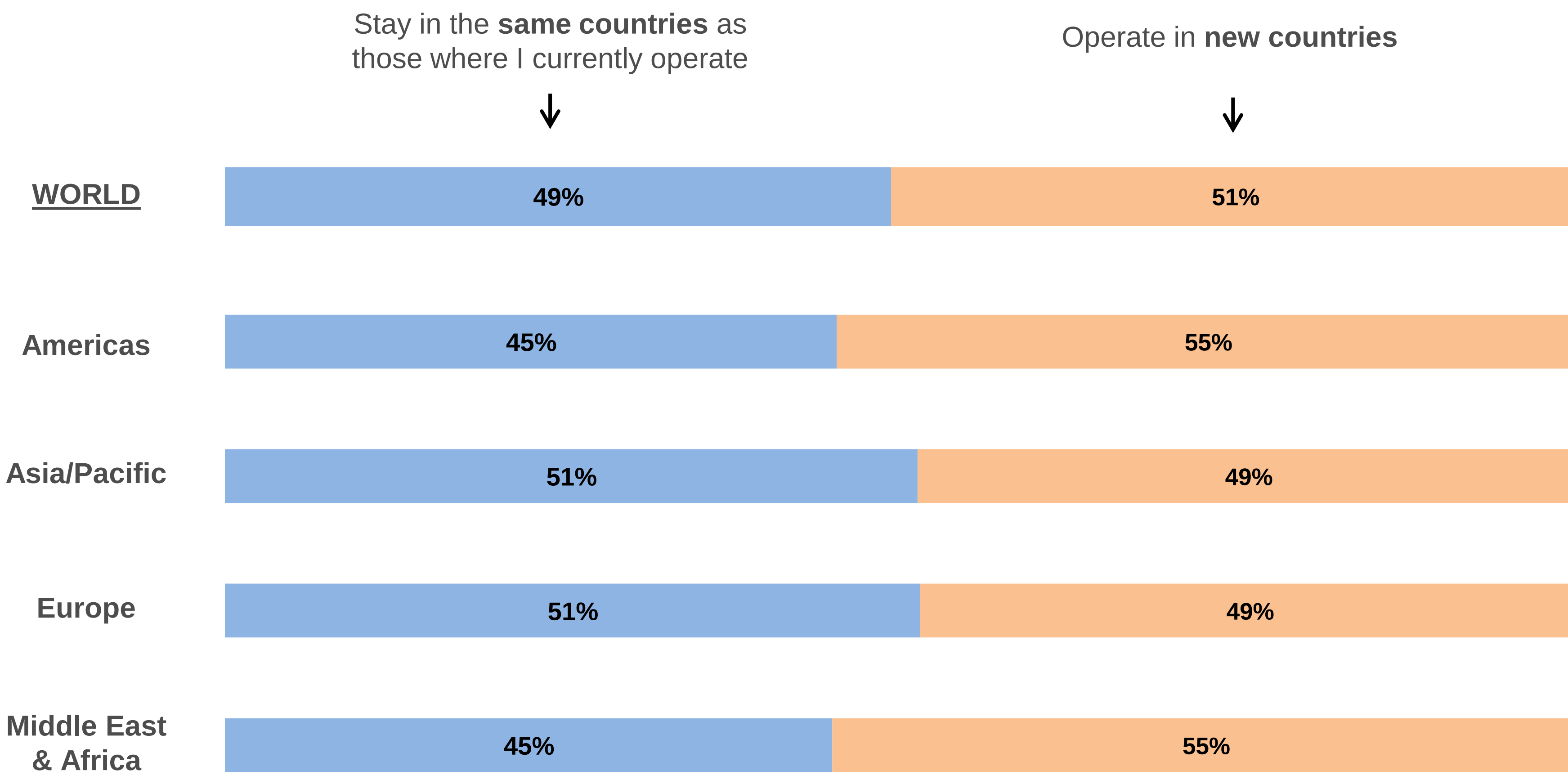
In terms of geographical expansion, around one company out of two in all regions declare an intention to develop operations in new countries.

The pages 24 and 25 combine these results for those countries where a significant number of answers were obtained.

Current strategic priorities related to the range of activities

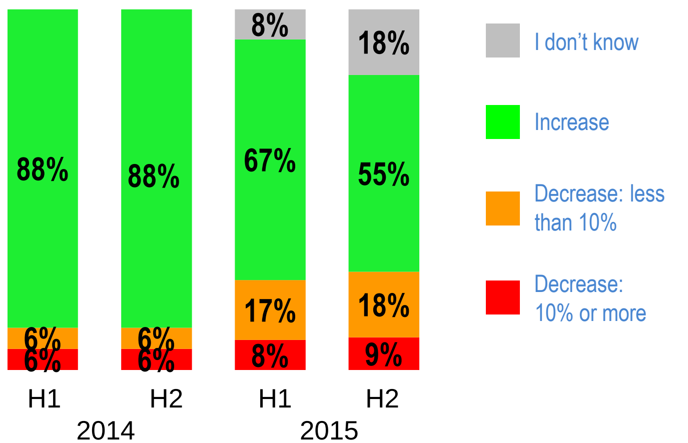


Current strategic priorities related to geographic exposure

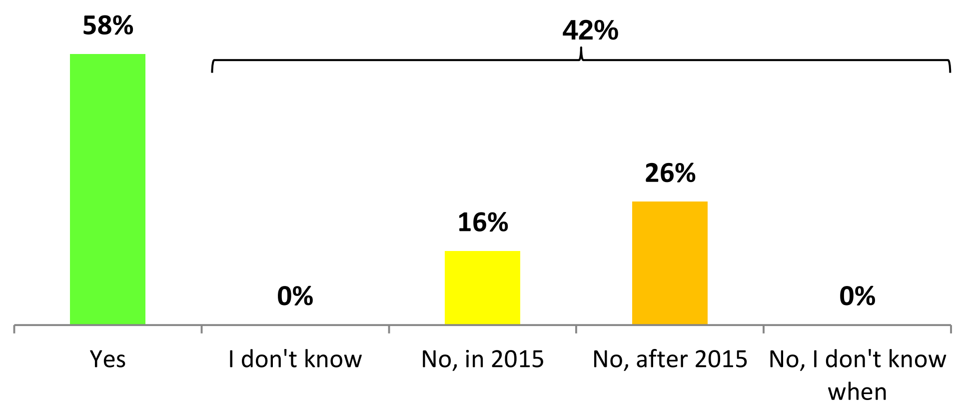


Detailed results for CHINA
(19 answers)

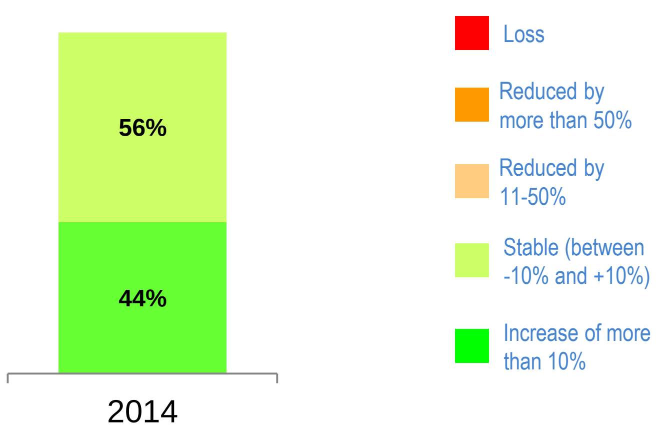
How do you expect your turnover to change when compared to the same period the year before?



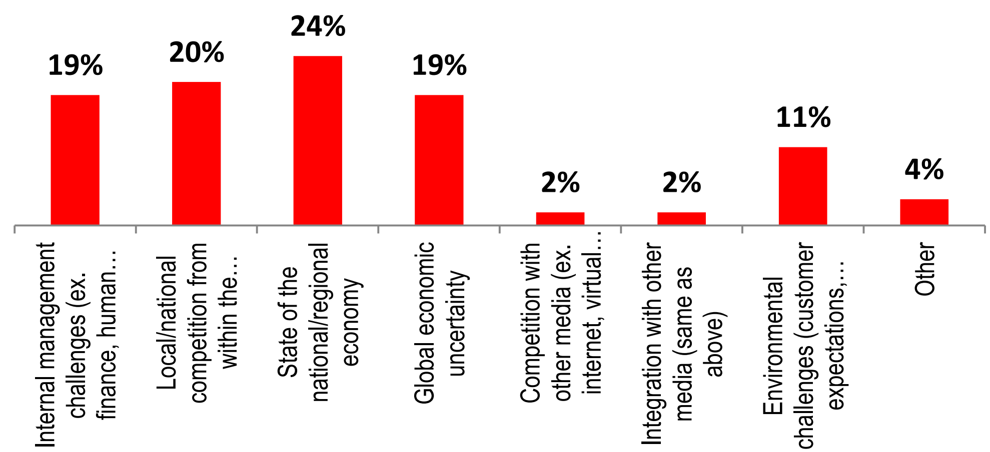
% of companies declaring that the impact of the "economic crisis" on their exhibition business is now over and anticipated end by those who consider that it is not yet over



Operating profits compared to the previous year

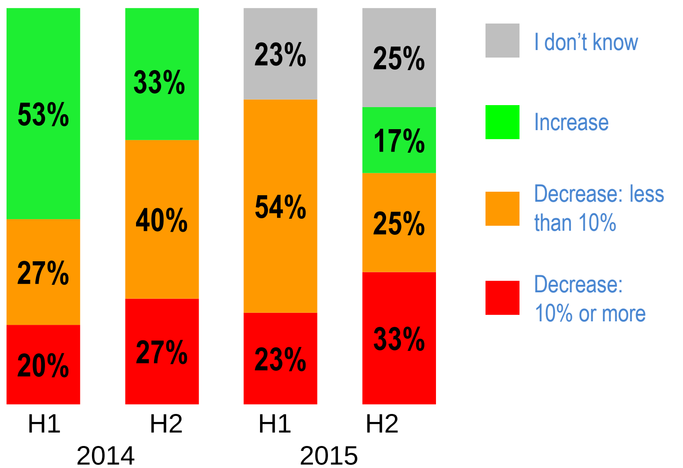


Top 3 issues

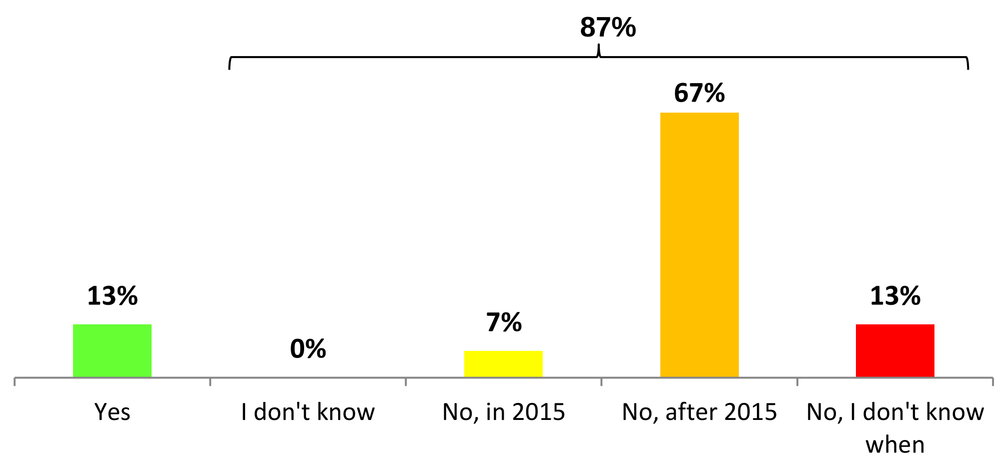


Detailed results for RUSSIA
(15 answers)

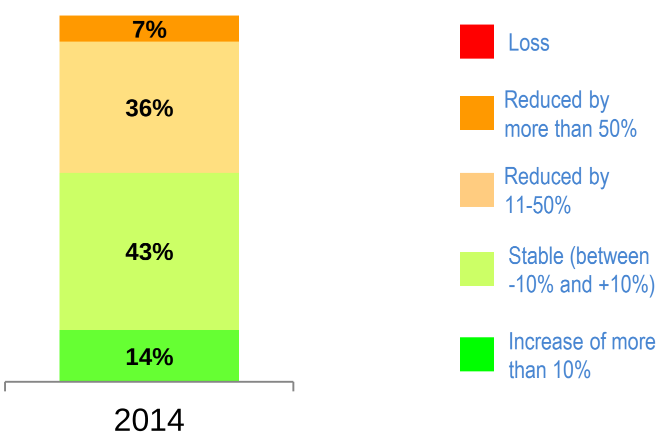
How do you expect your turnover to change when compared to the same period the year before?



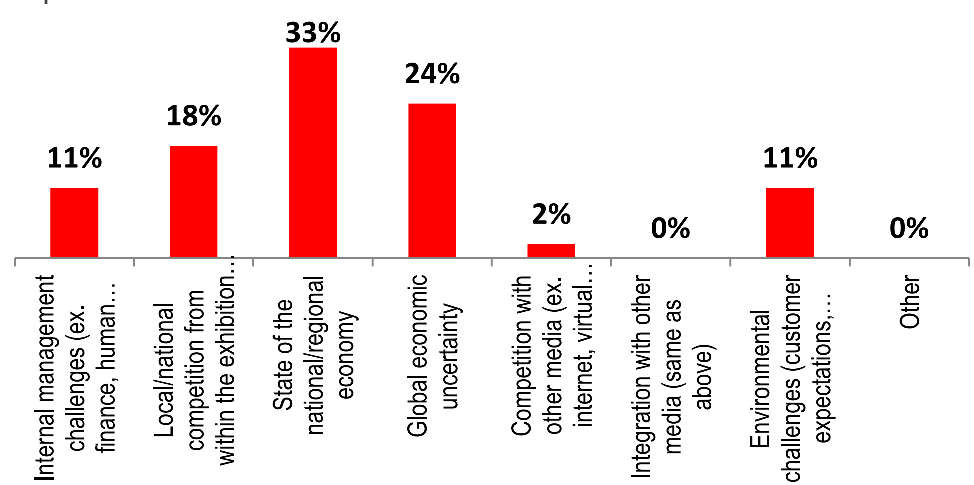
% of companies declaring that the impact of the "economic crisis" on their exhibition business is now over and anticipated end by those who consider that it is not yet over



Operating profits compared to the previous year

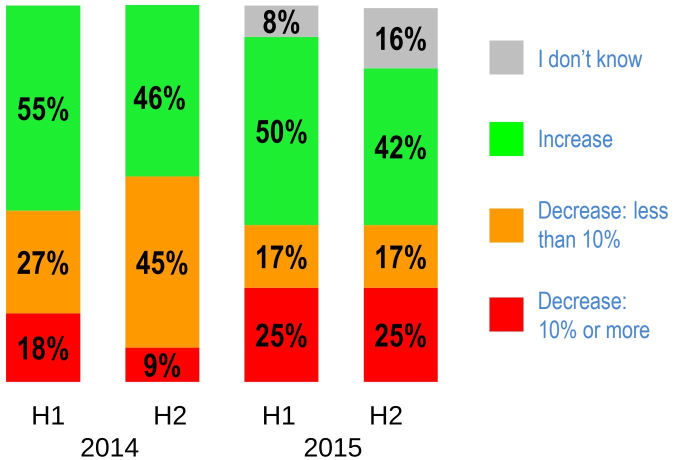


Top 3 issues

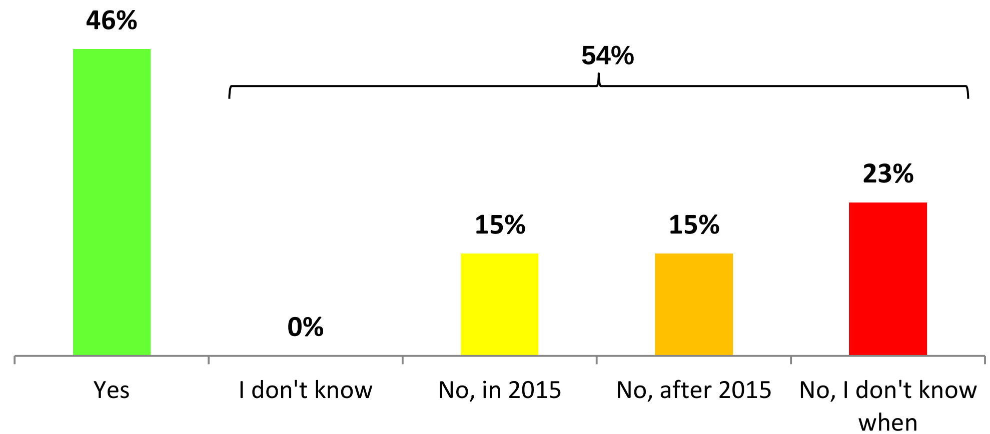


Detailed results for GERMANY (13 answers)

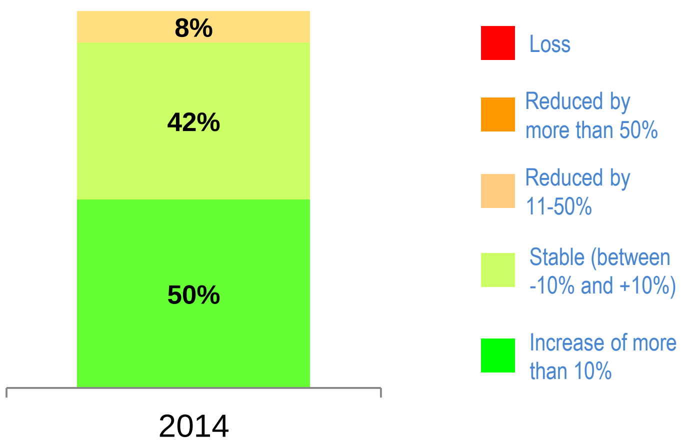
How do you expect your turnover to change when compared to the same period the year before?



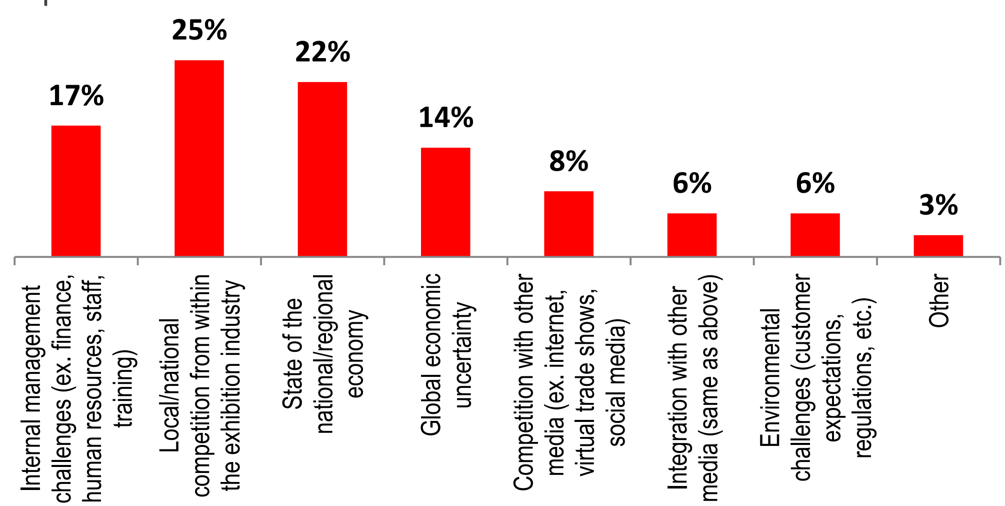
% of companies declaring that the impact of the "economic crisis" on their exhibition business is now over and anticipated end by those who consider that it is not yet over



Operating profits compared to the previous year

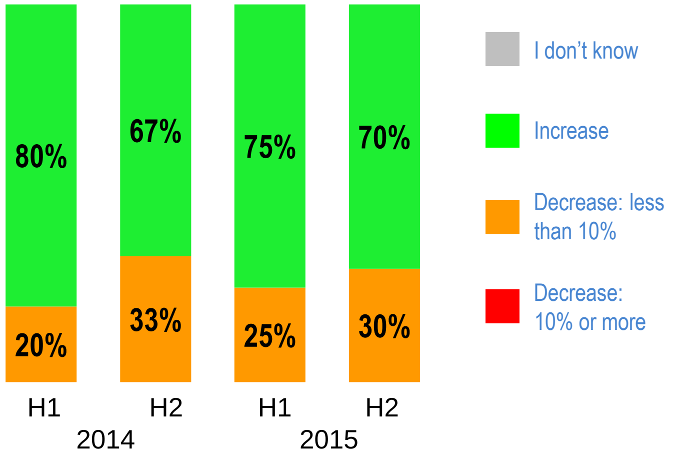


Top 3 issues

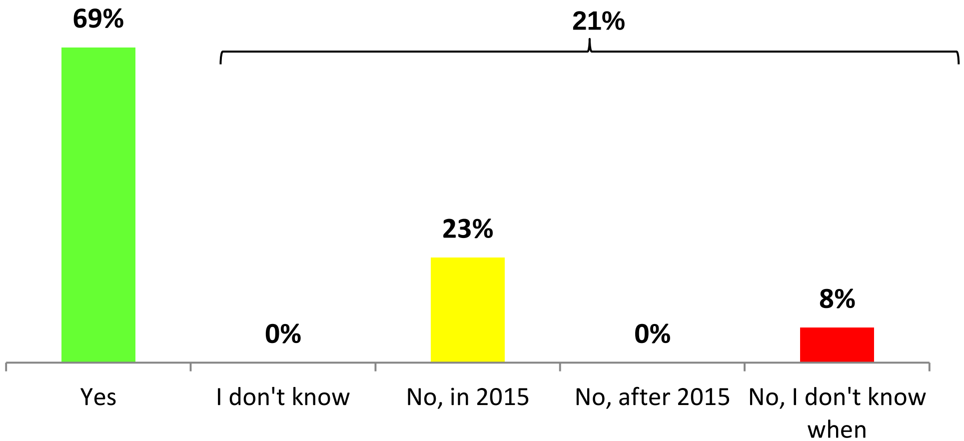


Detailed results for USA (13 answers)

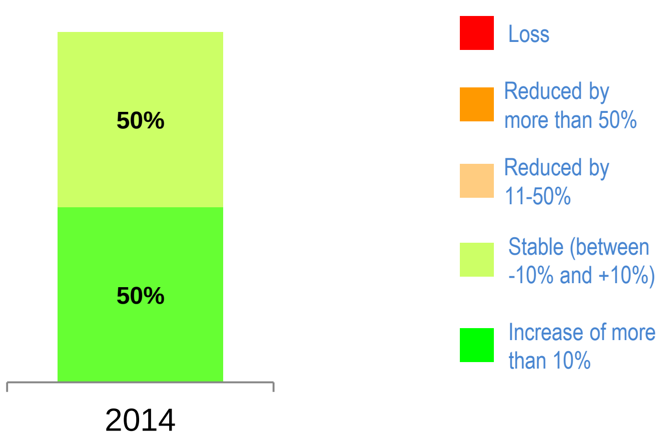
How do you expect your turnover to change when compared to the same period the year before?



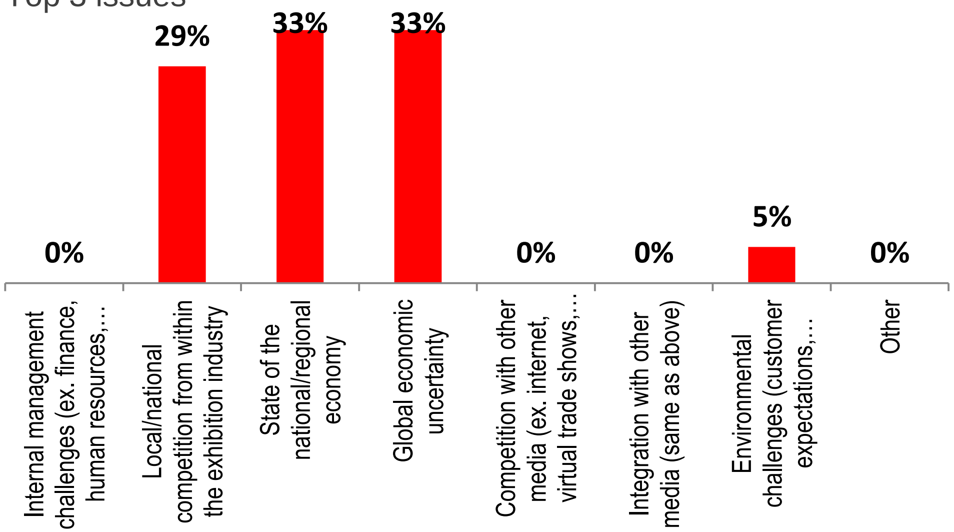
% of companies declaring that the impact of the "economic crisis" on their exhibition business is now over and anticipated end by those who consider that it is not yet over



Operating profits compared to the previous year



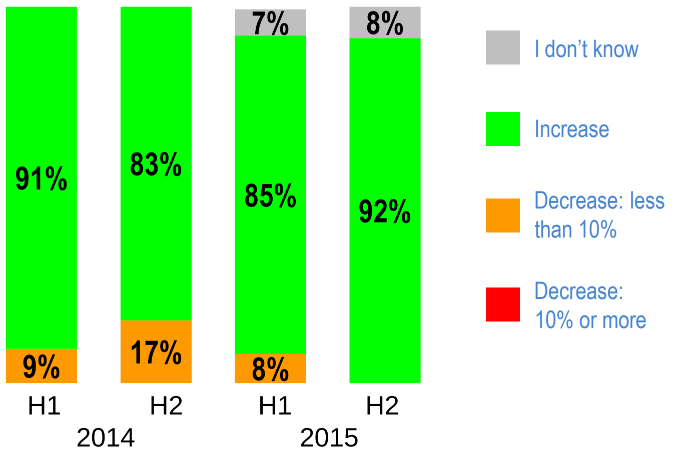
Top 3 issues



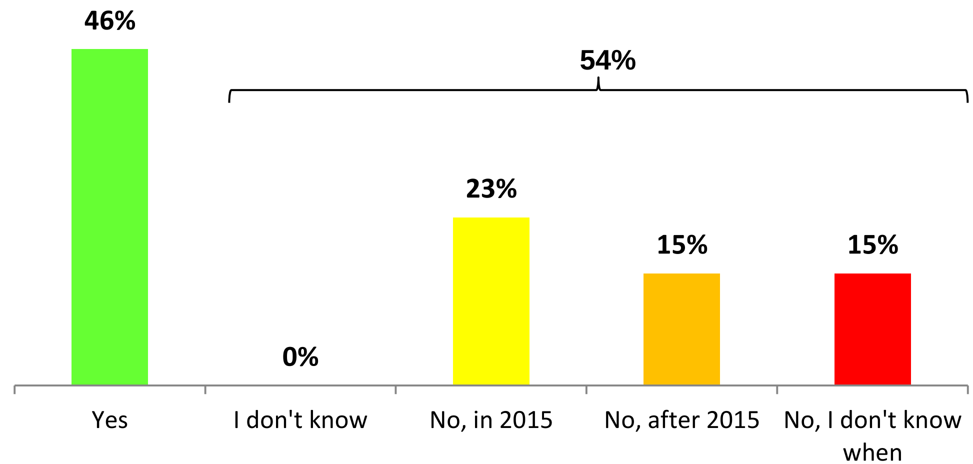
Detailed results for SOUTH AFRICA (13 answers)

The Global Association of the Exhibition Industry

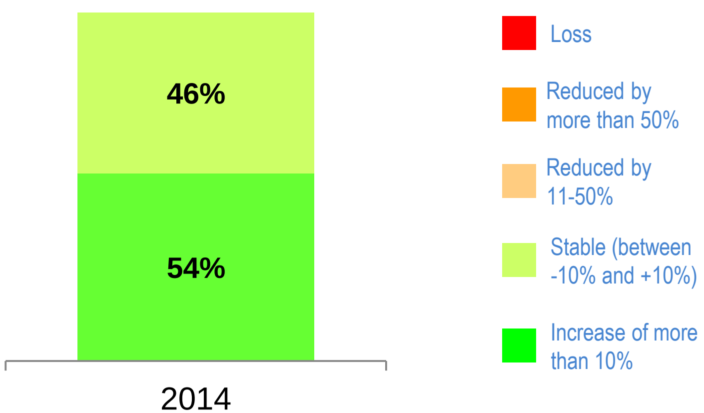
How do you expect your turnover to change when compared to the same period the year before?



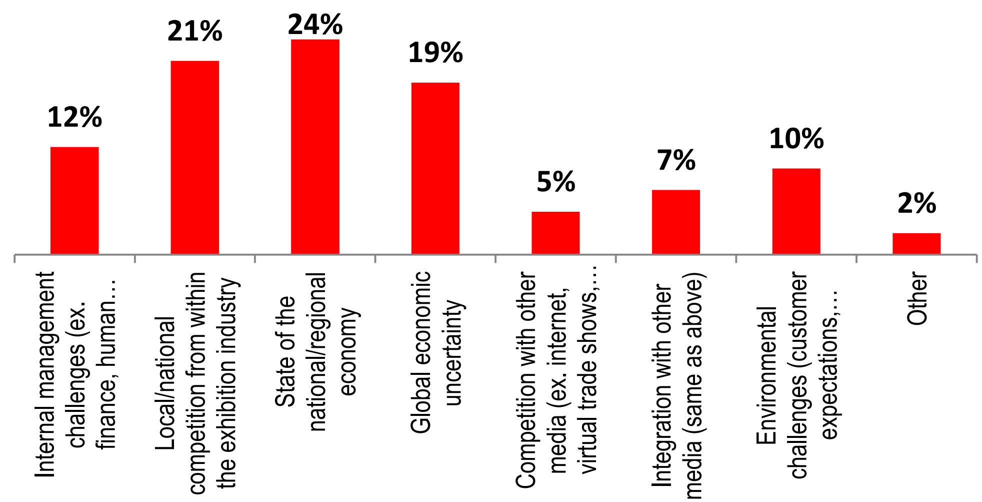
% of companies declaring that the impact of the "economic crisis" on their exhibition business is now over and anticipated end by those who consider that it is not yet over



Operating profits compared to the previous year

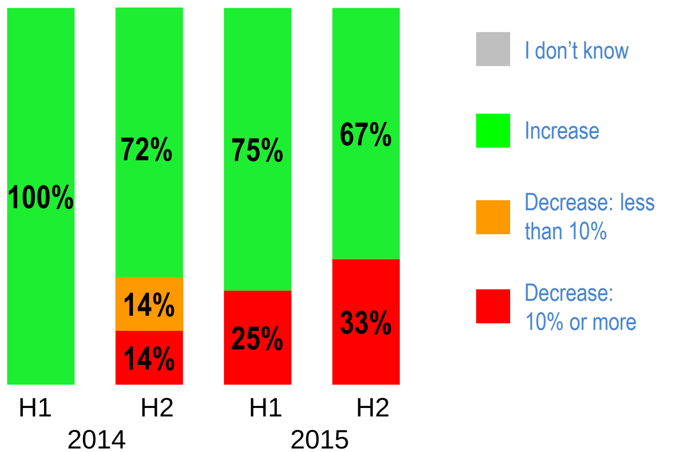


Top 3 issues

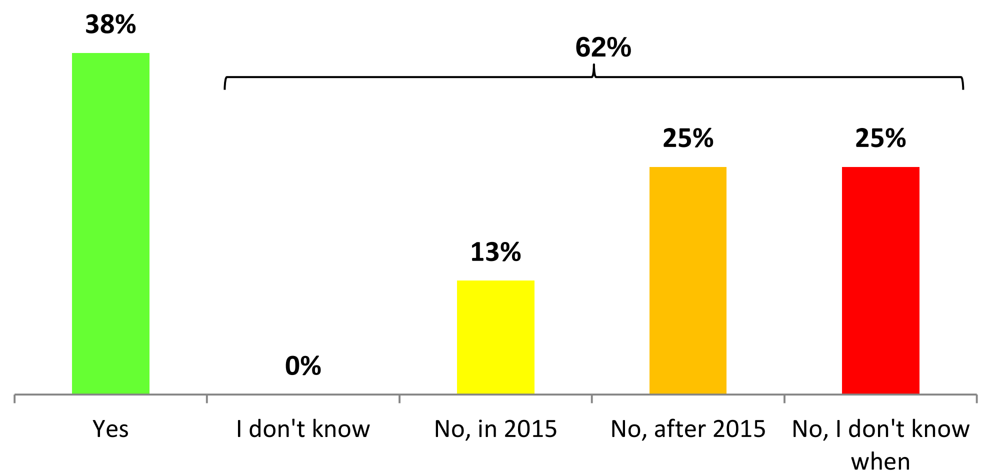


Detailed results for TURKEY
(8 answers)

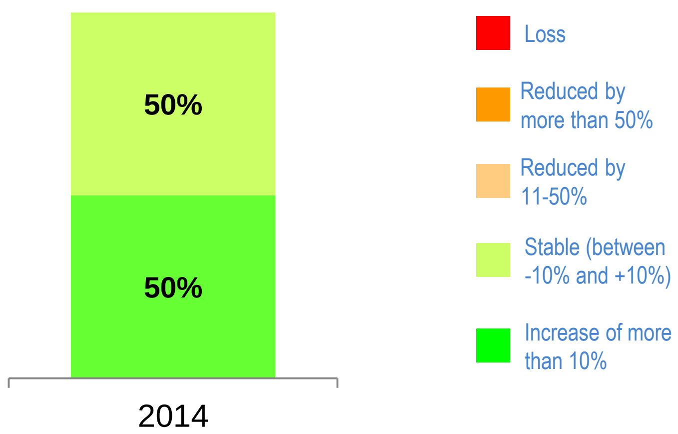
How do you expect your turnover to change when compared to the same period the year before?



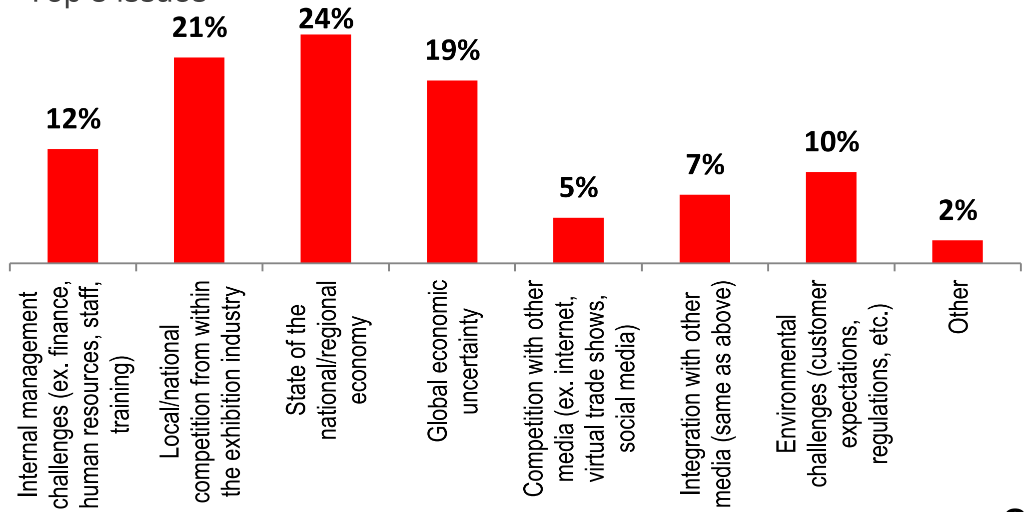
% of companies declaring that the impact of the "economic crisis" on their exhibition business is now over and anticipated end by those who consider that it is not yet over



Operating profits compared to the previous year

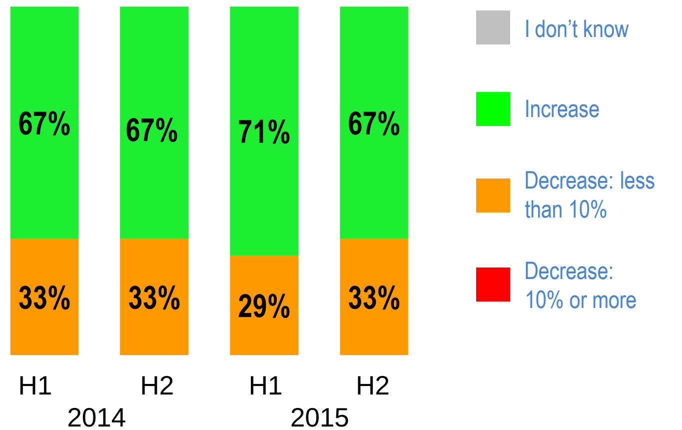


Top 3 issues

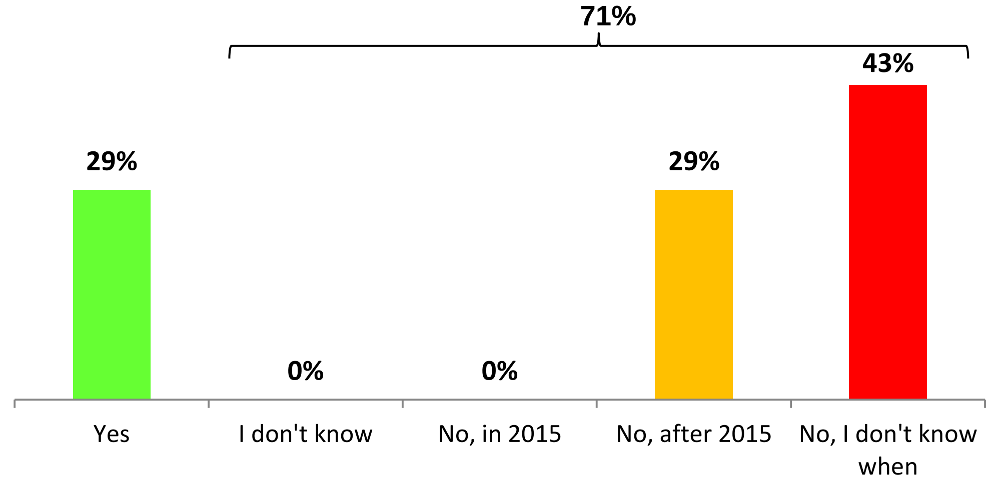


Detailed results for ITALY (7 answers)

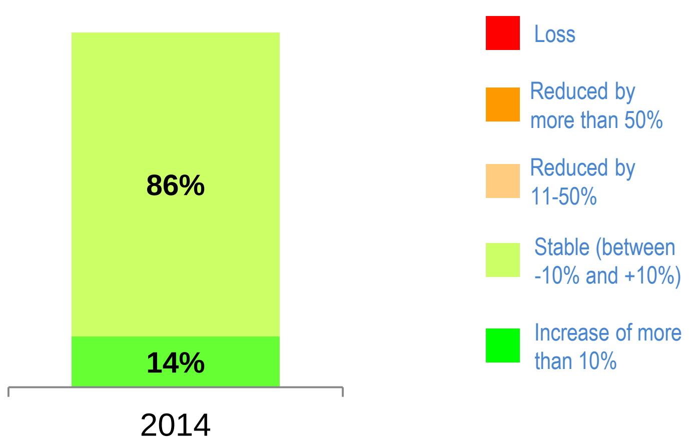
How do you expect your turnover to change when compared to the same period the year before?



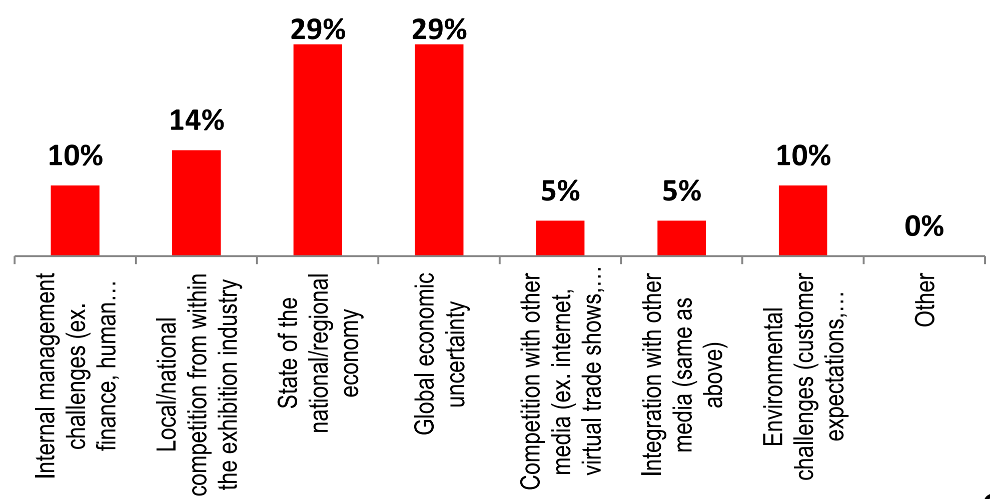
% of companies declaring that the impact of the "economic crisis" on their exhibition business is now over and anticipated end by those who consider that it is not yet over



Operating profits compared to the previous year

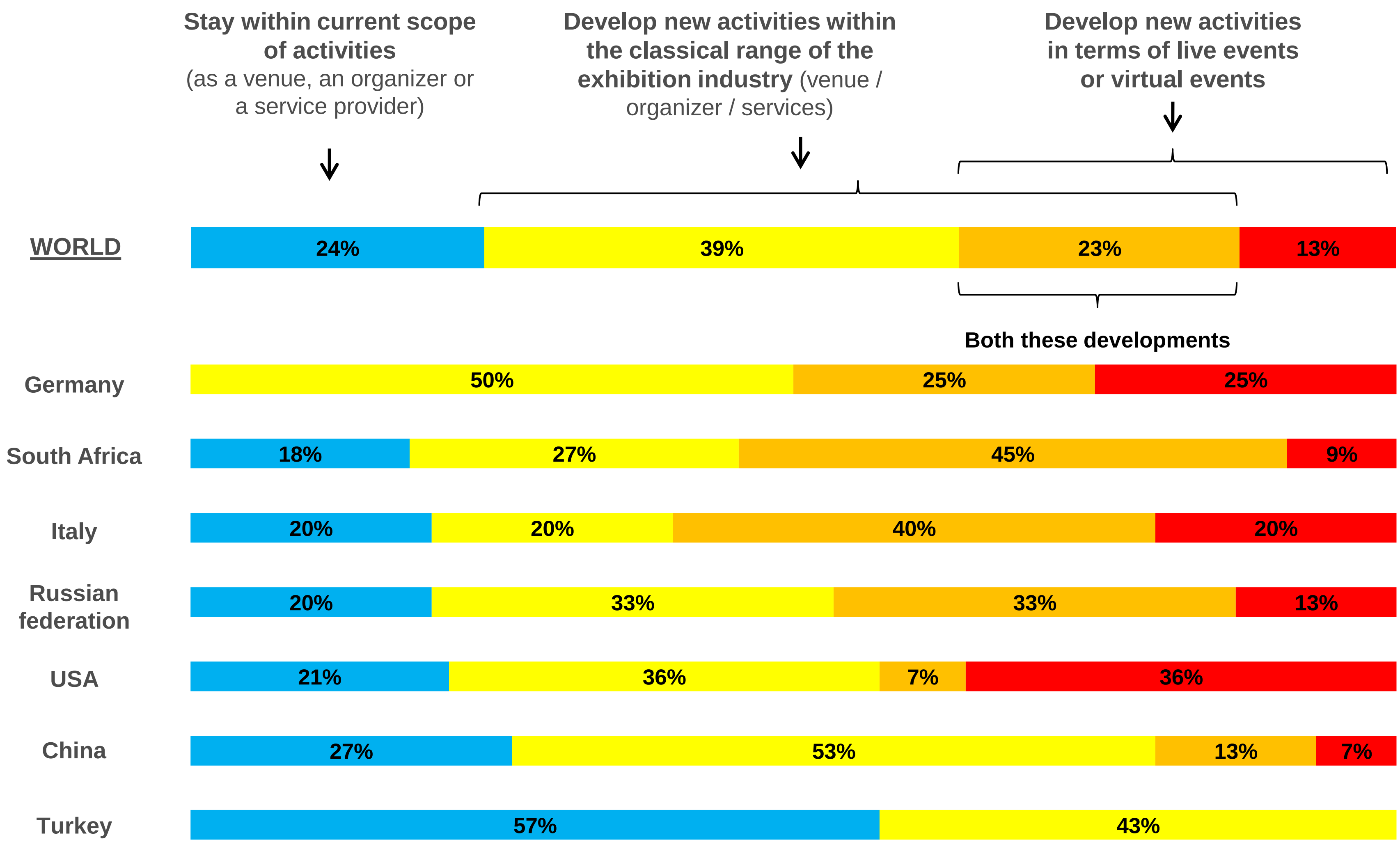


Top 3 issues



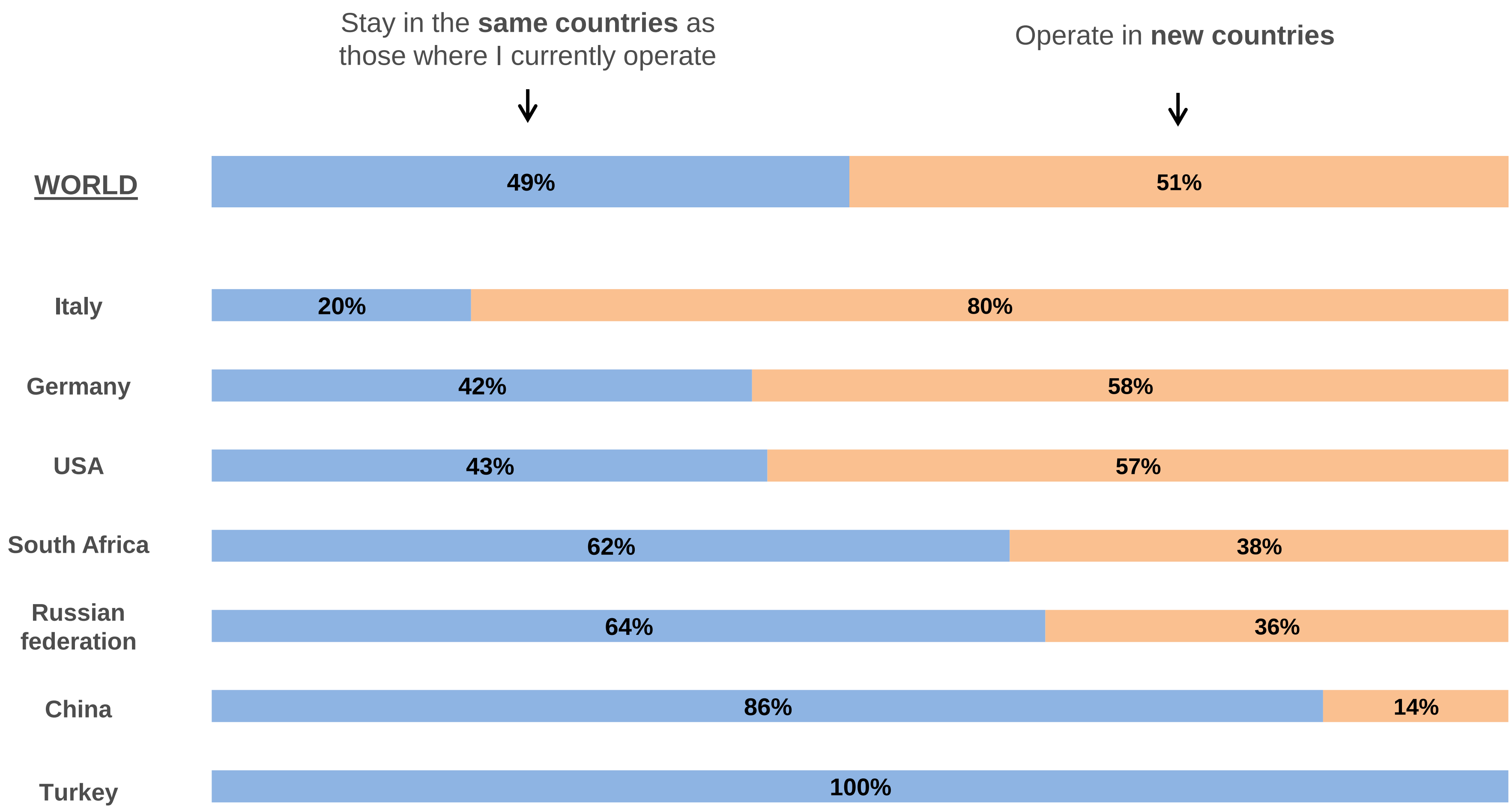
Current strategic priorities related to the range of activities

for those countries where a significant number of answers were obtained



Current strategic priorities related to geographic exposure

for those countries where a significant number of answers were obtained



Conclusion

The 14th Global Barometer survey, conducted in December 2014, was answered by 203 companies from 55 countries. Its results, combined with those of the previous surveys, provide a pulse on the exhibition industry since the end of 2008.

Even though the situation appears rather solid with a majority of companies from all regions declaring an increase of their turnover since at least 2011, less than one company out of two declares an increase of annual profit of more than 10% for 2014 and only 41% of respondents consider that the economic crisis is now over.

Detailed results for several key national markets indicate a general positive outlook on all issues for 2014 and 2015 for both USA and China, but with a small slowdown in turnover increase anticipated in China for 2015; however, significant differences appear in Europe, with turnover increase expected in 2015 varying from 2 companies out of 3 in Turkey or Italy to 1 out of 2 in Germany, and only 1 in 10 in Russia.

The most important issues for the business remains related to the general economic situation with the state of the national/regional economy and the global economic uncertainty consistently selected as among the 3 most important business issues for the last 4 years, together with local competition and internal management challenges. Environmental challenges (customer expectations, regulations, etc.) appear as the next most important issue.

Most companies are planning new business developments: 76% are planning new activities in either the classic range of exhibition activities (venue/organizer/services) or in live or virtual events (or both) and 51% plan to expand exhibition operations to new countries.

THE NEXT GLOBAL BAROMETER SURVEY WILL BE RUN IN JUNE 2015 – PLEASE PARTICIPATE!

Appendix

Number of survey replies per country/region - Total = 203 (in 55 countries/regions)

North America	19
Canada	3
Mexico	2
USA	13
(*)	1

Central & South America	14
Argentina	2
Bolivia	1
Brazil	2
Colombia	4
Ecuador	2
Honduras	1
Peru	1
(*)	1

Europe	87
Austria	1
Belgium	5
Croatia	1
Czech Republic	1
France	2
Georgia	1
Germany	13
Greece	1
Italy	7
Kosovo	1
Luxembourg	1
Netherlands	3
Norway	1
Poland	2
Portugal	2
Russian Federation	15
Slovenia	1
Spain	4
Sweden	4
Switzerland	1
Turkey	8
Ukraine	3
United Kingdom	6
(*)	3

Middle East / Africa	30
Bahrain	1
Iran	3
Iraq	1
Jordan	2
Lebanon	1
Oman	2
Saudi Arabia	1
South Africa	13
United Arab Emirates	2
Tunisia	1
(*)	3

Asia & Pacific	53
Australia	3
Azerbaijan	1
China	19
India	6
Japan	3
Kazakhstan	1
Malaysia	3
New Zealand	2
Pakistan	1
Singapore	6
South Korea	2
Thailand	2
(*)	4

(*) several countries (regional answer)

(**) a ratio was applied when necessary to the answers from South Africa in order not to produce biased consolidated regional results

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