Exhibition Industry Research Results Unpacked

Research by Grant Thornton

Carol Weaving
IN 2015 AAXO MADE THE DECISION TO CONDUCT A STUDY TO ASSESS THE SIZE & IMPACT OF THE EXHIBITION INDUSTRY ON THE SOUTH AFRICAN ECONOMY AND ON THE TOURISM INDUSTRY
Objectives

• To assess the size of the industry in terms of number of exhibitors and visitors.

• To assess value of industry including direct expenditure in the industry, contribution to the tourism industry and the economic impact.
Methodology

- Exhibition organisers, exhibitors and visitors were surveyed.
- Trade, consumer and trade & consumer shows were surveyed.
- Includes AAXO member exhibitions and non-AAXO member exhibitions.
- Averages in terms of exhibition size and type were used to estimate the population of exhibitions.
## Size of Industry

<table>
<thead>
<tr>
<th></th>
<th>No Exhibitions</th>
<th>No. Exhibitors</th>
<th>No of Visitors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumer</td>
<td>41</td>
<td>71</td>
<td>9,700</td>
</tr>
<tr>
<td>Trade</td>
<td>49</td>
<td>97</td>
<td>11,235</td>
</tr>
<tr>
<td>Trade &amp; Consumer</td>
<td>30</td>
<td>12</td>
<td>4,983</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>120</td>
<td>180</td>
<td>25,917</td>
</tr>
<tr>
<td><strong>Grand Total</strong></td>
<td>2,000</td>
<td>2,280</td>
<td>88,917</td>
</tr>
<tr>
<td>Minor Exhibitions</td>
<td>1,800</td>
<td>2,100</td>
<td>63,000</td>
</tr>
</tbody>
</table>

Drop in overall visitor numbers due to 3 to 4 large events
• 36,662 exhibitors exhibited in 2015 with a total of 2.9 million visitors

<table>
<thead>
<tr>
<th></th>
<th>Average no. of Exhibitors</th>
<th>Average no. of Visitors</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2006</td>
<td>2015</td>
</tr>
<tr>
<td>Consumer</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>236</td>
<td>194</td>
</tr>
<tr>
<td>Trade</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>229</td>
<td>206</td>
</tr>
<tr>
<td>Trade &amp; Consumer</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>166</td>
<td>240</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>216</td>
<td>204</td>
</tr>
<tr>
<td>Minor Exhibitions</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>35</td>
<td>35</td>
</tr>
</tbody>
</table>

Drop in overall visitor numbers due to 3 to 4 large events
### Direct Expenditure - Visitors

<table>
<thead>
<tr>
<th>Attendee Spend</th>
<th>Consumer and Trade &amp; Consumer</th>
<th>Minor Exhibitions</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total</td>
<td>Local day visitor</td>
</tr>
<tr>
<td>Daily spend</td>
<td>R 886</td>
<td>R 1 483</td>
</tr>
<tr>
<td>% of attendees</td>
<td>100%</td>
<td>69%</td>
</tr>
<tr>
<td>Number of attendees</td>
<td>2 168 540</td>
<td>1 496 292</td>
</tr>
<tr>
<td>Length of stay</td>
<td>1.0</td>
<td>1.0</td>
</tr>
<tr>
<td>Spend per trip</td>
<td>R 886</td>
<td>R 1 483</td>
</tr>
<tr>
<td><strong>Total Spend Billions</strong></td>
<td><strong>4 293 556</strong></td>
<td><strong>1 325 715</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Attendee Spend</th>
<th>Trade</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total</td>
<td>Local day visitor</td>
</tr>
<tr>
<td>Daily spend</td>
<td>R 1 972</td>
<td>R 1 622</td>
</tr>
<tr>
<td>% of attendees</td>
<td>100%</td>
<td>40%</td>
</tr>
<tr>
<td>Number of attendees</td>
<td>585 987</td>
<td>234 395</td>
</tr>
<tr>
<td>Length of stay</td>
<td>1.0</td>
<td>1.0</td>
</tr>
<tr>
<td>Spend per trip</td>
<td>R 1 972</td>
<td>R 1 622</td>
</tr>
<tr>
<td><strong>Total Spend Billions</strong></td>
<td><strong>4 950 086</strong></td>
<td><strong>462 227</strong></td>
</tr>
</tbody>
</table>

Note average business tourist spend according to SAT
## Direct Expenditure - Exhibitors

<table>
<thead>
<tr>
<th>Exhibitor Spend</th>
<th>Trade</th>
<th>Consumer and Trade combined</th>
<th>Minor Exhibitions</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total</td>
<td>Small</td>
<td>Medium</td>
</tr>
<tr>
<td>Exhibition spend R000s</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Percentage of exhibitors</td>
<td>100%</td>
<td>74%</td>
<td>20%</td>
</tr>
<tr>
<td>Number of exhibitors</td>
<td>20028</td>
<td>14821</td>
<td>4006</td>
</tr>
<tr>
<td><strong>Total Spend</strong></td>
<td><strong>4 172 382</strong></td>
<td><strong>992 336</strong></td>
<td><strong>866 812</strong></td>
</tr>
</tbody>
</table>
Purpose of visit

Domestic visitor purpose of visit to the exhibition city

Trade
- business 46%
- to attend this event 33%
- conference, other exhibitions or events 8%
- shopping 8%
- visiting family & friends 3%
- holiday 2%

Consumer
- 81% to attend this event
- 16% shopping
- 3% holiday
Purpose of visit - Foreign

Foreign visitor purpose of visit to SA

- Business: 65%
- To attend this event: 18%
- Holiday: 9%
- Shopping: 6%
- Visiting friends: 3%

Foreign visitor purpose of visit to the exhibition city

- Business: 71%
- To attend this event: 23%
- Shopping: 6%
### General cont…

<table>
<thead>
<tr>
<th>Average length of stay – domestic overnight (trade only)</th>
<th>Average length of stay – Foreign overnight (trade only)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.3 nights In the exhibition city</td>
<td>4.8 nights In SA</td>
</tr>
<tr>
<td>1.1 nights Specifically for the exhibition</td>
<td>1.8 nights In the exhibition city</td>
</tr>
<tr>
<td></td>
<td>1.7 nights Specifically for the exhibition</td>
</tr>
</tbody>
</table>
Job Creation

• Industry sustains 151,950 jobs each year

• Of the 151,950 jobs:
  – 14,729 high level occupations
  – 62,875 mid level
  – 74,345 semi-skilled and un-skilled occupations
Black Economic Empowerment

- Overall limited
- Organiser Level 2 – 8 or non accredited
- Exhibitor staff - 18% non-white
- Exhibitor training specific to exhibition - 17% of staff
Summary of stats

- Number of total exhibitions increased by 30%
- More niche and focused Trade & Consumer shows (less multipurpose events)
- More international exhibitors
- Increase in venue activity due to larger number of shows
- Increase in overall number of exhibitors but less per actual show
- Exhibitors more prudent on spend and expect more value but spend has increased
Summary of stats

- Consumer visitors showing a decline in numbers and spend largely due to the 3 or 4 big multipurpose events
- Consumers are more savvy and want a greater experience
- Trade shows showing growth at 2.3% per annum but not at speed relative to inflation
- 280,000 sqm space sold in South Africa (Trade Shows only)
- Minor exhibitions showing steady growth
- Foreign tourist spend has increased
Issues and Trends

• Overall growth in industry – different exhibitions different cycles and different impacts of economic changes eg exchange rate, Ebola – always plateau some years
• Niched /targeted exhibitions
  – complexity of society – more detail → more topics
• Big is not always better
  – break-up into multiple combined exhibitions
• Better integration with technology
• Leveraging content and experiential content in innovative ways
• Creating the lifestyle experience
Issues and Trends

• Competitive environment
  – New international players in the market
  – Rise of African organisers
  – Fly-by-night organisers
  – New good organisers
  – Other pass-times – sport, markets, festivals, concerts
  – Other marketing / sales tools considered more important

• Changed economic environment
  – Corporate exhibitor spend - limited growth
  – Average consumer visitor spending lower
  – Less exhibition domestic tourists = exhibitions now regional
Issues and Trends

• Understanding the value of exhibitions – exhibitor education
  – some understand & work exceptionally well – many naive
  – under-estimate value
  – fail to plan and maximise exhibition participation
  – fly-by-nights provide ineffective exhibitions
**Issues and Trends**

- Venue availability
  - Full for up to 2 years ahead
  - Quasi monopoly and high prices
- Consumer market possibly over-traded
- Trade exhibitions more possibilities
- Quality visitors for trade exhibitions
- No event marketing specialisation
- Need to professionalise organisers
- Need to educate exhibitors
- To keep exhibitions future fit – adapt to changing times
- Africa opportunity
Exhibitor Feedback

• Mainly satisfied
• Visitation levels often disappoint
• Quality of visitors/buyers (trade)
• Better logistics support
• Mainly generate leads / calls –
  – volumes generally good to very good
  – deals expected later
• Some deals concluded at events
• Expensive – cheaper venues?
• Better marketing and promotion
• Quality / range of other exhibitors could improve
• Better communication from organisers
Visitor feedback

• Generally satisfied
• More variety/bigger!!!!
• Better advertising – need more awareness
• Improved technology
• Better/more entertainment
• Better exhibition guide/map
• More interactive/experiential
• A programme/better programme
• More educational and better content
### Economic Impact

<table>
<thead>
<tr>
<th>Impact on SA</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exhibition industry contribution to the national economy (Exclude Deals)</td>
<td>R74,9bn</td>
</tr>
<tr>
<td>Estimated contribution to National Taxes</td>
<td>R3,2bn</td>
</tr>
<tr>
<td>Estimated total contribution of employment (equivalent number of annual jobs sustained / created)</td>
<td>151,950</td>
</tr>
<tr>
<td>Estimated Total Annualised Payroll</td>
<td>R 13,4bn</td>
</tr>
</tbody>
</table>

Economic measure multiplier
Thank You

Information is available on
www.aaxo.co.za