

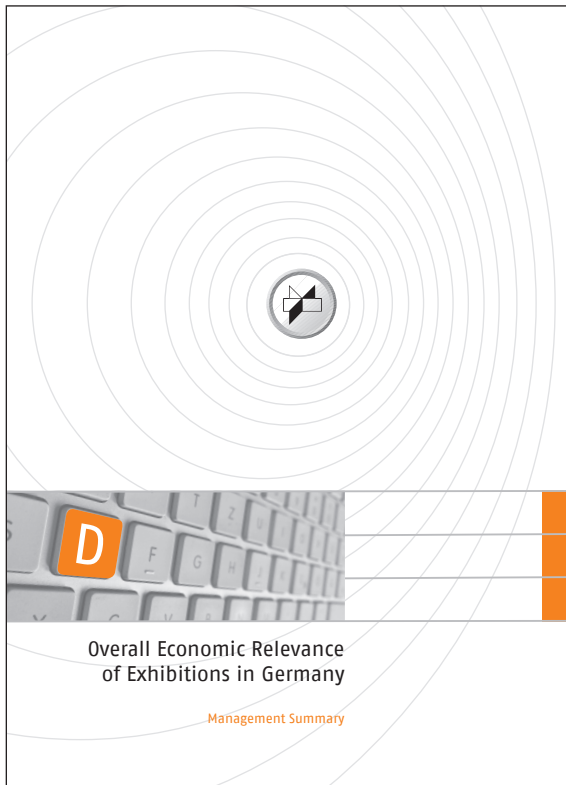
# Overall Economic Relevance of Exhibitions in Germany

Management Summary





## Imprint



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## Foreword

This management summary is a preliminary release of key findings of the research „Die gesamtwirtschaftliche Bedeutung von Messen in Deutschland, 2018“ (Overall Economic Relevance of Exhibitions in Germany). Our special thanks go to Horst Penzkofer, ifo Institute Munich, who as a trade fair expert has carried out this study for the third time on behalf of AUMA.

As the association representing the German trade fair industry, AUMA is supporting the Global Exhibitions Day 2018. For this event AUMA will present the latest data on the overall economic significance of the industry in Germany. The complete study in German will be published around this time.

The Global Association of the Exhibition Industry (UFI) has called on the industry worldwide to take part in Global Exhibitions Day on 6 June 2018. This year's activities will highlight the global economic effects and successes of the exhibition sector, and place a special focus on the associated career paths and opportunities. This marks the third time that the event is being held. The aim of this largest awareness-raising campaign for the exhibition and event sector is to have national associations and companies around the world heighten the industry's profile as one of the most important engines driving economic growth on municipal, regional and state levels.

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# Overall Economic Relevance of Exhibitions in Germany

## Aim of Analysis

The economic significance of trade fairs is not merely limited to the revenue-driven considerations of companies as exhibitors and visitors. Trade fairs also have an **overall economic relevance** given that exhibitors and visitors are the consumers of services that lead to major production and employment effects in a wide range of economic branches.

The aim of the analysis was to determine the **production, employment and taxation effects**, that trade fairs in Germany generate on annual average (time period from 2014 to 2017). This means that all trade fairs held in Germany were taken into account according to their exhibition cycle. Since the ifo Institute conducted an analysis on the economic impact of trade fairs on behalf of AUMA nine years ago, it was also possible to analyse the development of the economic effects triggered between the average trade fair years 2005/8 and 2014/17.

## Methods of Analysis

To conduct statistically proven calculations, trade fair activities must be monitored over a longer period of time. A crucial factor in terms of the validity of results is the data underpinning the analysis. This study is based on responses from around 50,000 domestic and foreign trade fair visitors and around 30,000 domestic and foreign trade fair exhibitors, collected over the past four years as part of representative surveys at various German trade fairs. Based on the information from standardised visitor and exhibitor surveys, exhibitor and visitor indicators were developed for various types of trade fairs (e.g. international and national consumer goods or capital goods trade fairs). These indicators formed the basis for extrapolating the total volume of visitor and exhibitor expenditure.



**Direct expenditure** by visitors and exhibitors is mirrored by direct production and service activities on the part of manufacturing, trade and service companies. Thanks to distinctive division of labour, a large volume of goods and services is required, which are provided by companies not directly impacted by visitor and exhibitor expenditure. These **indirect beneficiaries** in turn demand intermediate inputs for goods and services. This creates a chain of economic knock-on effects across all segments of the economy. In order to quantify the overall economic significance of trade fairs it is therefore necessary to include the production and employment effects generated by intermediate outputs too. The calculation of the direct and indirect effects through economic links is based on an input-output model.

## Expenditure Directly Generated by Trade Fairs

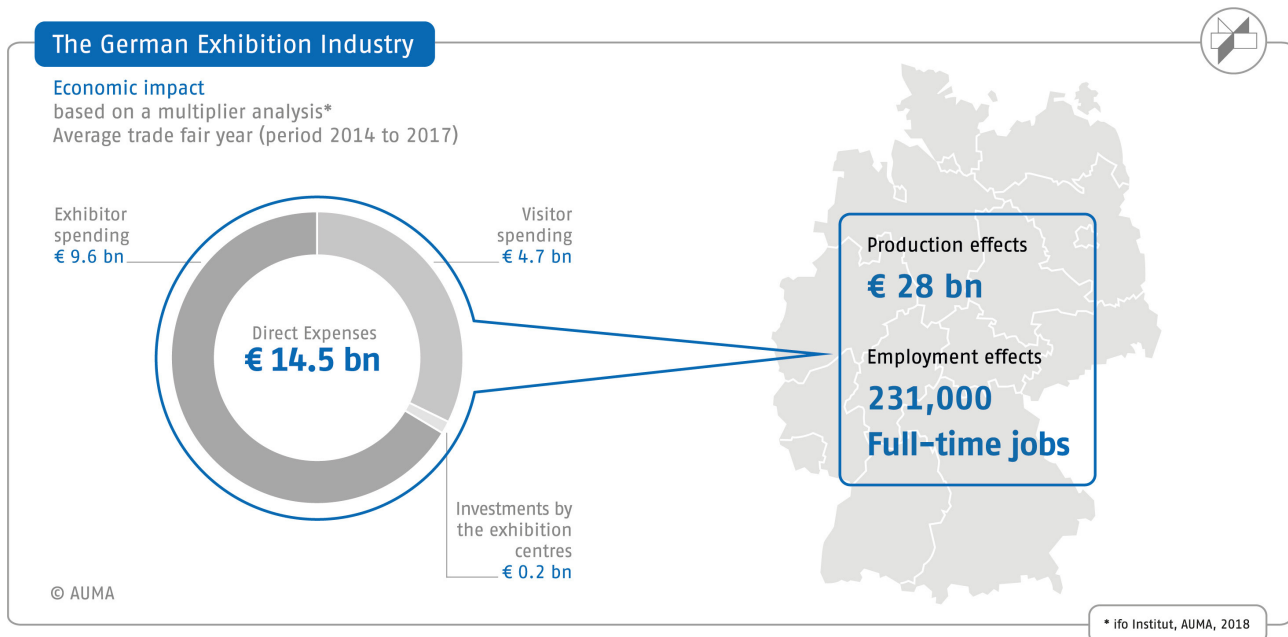
- **Annual average total expenditure by domestic and foreign visitors and exhibitors totals around 14.5 billion euros**, of which 9.6 billion euros are spent exhibitors and 4.7 billion euros by visitors. If investments by trade fair organisers are included (0.2 billion euros) in this figure, expenditure in an average trade fair and exhibition year is 14.5 billion euros. Compared to the results for 2009, this represents an increase of around 21%.
- **International and national trade fairs** account for the highest share of expenditure at over 81% (11.85 billion euros). Almost 10% of total expenditure, or 1.44 billion euros, occurs at regional trade fairs and exhibitions. Mostly smaller events of regional and local importance account for around 7% (and/or 1.03 billion euros) of total expenditure. Trade fair organisers account for a 1.5% share of total expenditure.
- **From the total expenditure of exhibiting companies** of around 9.58 billion euros on average, over half of this sum is spent on stand rental and assembly, as well as related costs. Travel to and from trade fairs, as well as accommodation and board and lodging, account for around a quarter of expenditure. Based on all trade fair events, expenditure per exhibitor is around 28,400 euros.
- **Visitor expenditure** (4.74 billion euros) is dominated by overnight accommodation and board and lodging, as well as travel to and from events. Expenditure on accommodation accounts for the largest share of expenditure at around 26%, followed by travel costs (21.6%) and expenditure on board and lodging (21.5%). These three items account for approximately 70% of expenditure. Approximately an eighth of expenditure is on purchases and services. Expenditure per visitor for all types of trade fairs is 191 euros on average.

## Overall economic effects have grown significantly over the past decade

The direct expenditure triggered by trade fairs and exhibitions leads to multiple effects across all levels of production thanks to demand for intermediate inputs required for production. Moreover, further production effects are triggered by the use of additional income for consumption purposes. The directly and indirectly induced **overall production effects amount to 28.0 billion euros**, and are thus 4.5 billion euros higher than for the 2005/8 period.



If the overall production effects created by trade fair expenditure are taken into consideration, they guaranteed around **231,100 jobs** in an average trade fair year during 2014/17 in Germany. Compared to the 2005/08 period, this represents an increase of 4,800 jobs. Around 126,200 persons or more than half of these trade fair-related jobs are in the service sector. Employees in the hotel and catering industry benefit particularly strongly from trade fairs. Around 31% of trade fair-related jobs are in this sector. As for the employment effects in other branches, trade fairs secure 46,800 jobs in manufacturing and 49,100 jobs in distribution and transport.



Thanks to the production processes triggered, there are also resulting gains in income and profits, as well as additional tax revenues generated by private consumption. Across all regional authorities in the Federal Republic of Germany, an average trade fair and exhibition year generates **tax revenues of around 4.5 billion euros**. This figure is 700 million euros higher than for an average trade fair year during the 2005/8 period.

## Larger Overall Economic Effects Due to growing International Character of Trade Fair Players

The increase in the overall economic effects is due to the **growing international nature of trade fair visitors and exhibitors**. The international and national trade fairs held in Germany have become far more attractive over the past decade. The number of foreign visitors to international and national trade fairs rose by 400,000 persons between 2005/8 and 2014/17, while the number of foreign exhibitors rose from around 89,000 on average to over 100,000. More (trade) visitors and exhibitors coming from abroad means that they will expand their stay in Germany, translating into more overnight stays, higher spending on catering and a greater overall economic impact as a result.