

CHINA VENUE CAPACITY EXTENSION ON THE RISE

Attractive Opportunities for International Exhibition Organizers to Expand Regional Presence in China



Challenged by a global pandemic since the beginning of the year 2020, **the global MICE industry was compelled to strategize and create contingency plans** to compensate the negative impact of the industry shutdown. Nevertheless, **the situation in China significantly improved in the past couple of weeks** with more restrictions gradually lifted and fewer outbreaks reported. **One of the key megatrends accelerated by the sudden shutdown is the continuous digitalization** of the industry in order to cope with COVID-19. However, there is another on-going megatrend to be witnessed right now in China: **Venue capacity expansion beyond Tier 1 city clusters is on the rise.**

International exhibition organizers must be aware that China's venue landscape is in the process of drastic changes. Key statements to consider are as follows:

- Based on strong belief in promising fundamentals for MICE industry, capacity expansion is currently facilitated in China
- Due to decreasing growth projections & capacity limitations, MICE gravity is gradually shifting beyond Tier 1 clusters
- In order to grasp opportunities, international organizers need to catch up with growth momentum in China's emerging regions
- Beside market opportunities, strong government support and extensive subsidy provision facilitates show portfolio extension

One example of high-class venue establishment in China is Hannover Greenland Venue Management (HGVM). This Sino-German Joint Venture targets the extension of China's venue capacity in >10 selected emerging cities. The superior MICE know-how of Deutsche Messe in combination with Greenland's experience to establish excellent supporting facilities will enable the transformation of China's venue landscape.

Global MICE industry has been hit hard in 2020 – however, situation in China has improved and the country is stressing the importance of the domestic market to recover

2020 has been without a doubt one of the biggest challenges for the global MICE industry with COVID-19 forcing the whole industry to come to a complete halt in the first half year. Long awaited shows, gatherings and events of any kind had to be postponed and, in some cases, cancelled altogether due to the necessary strict regulations required to combat the virus. The industry was filled with uncertainty since no one could predict how and when the industry will be able to strive again. Organizers and venue operators alike were compelled to strategize and create contingency plans with the overall intention of the negative impact of the industry shutdown and to obtain some clarity in times of turmoil.

Nevertheless, the situation in China significantly improved in the past couple weeks with more restrictions gradually lifted and fewer outbreaks reported. As consequence, business in China's main MICE hubs has slowly returned to "*pre-COVID*" circumstances. For all stakeholders involved in the Chinese MICE industry, this news was long awaited and painted a very positive picture of the industry to recover quickly – something that barely anyone would have expected in the beginning of the year. In the past two months, most leading venues in China's Tier 1 cities reopened for business and resumed hosting events. Although due to travel restrictions, the international participation of hosted shows has suffered tremendously, organizers were satisfied with the outcome and overall contentment to be "*back in business*" prevailed.

MICE business will experience structural changes triggered by global pandemic – digitalization will become a fundamental element in organizers' strategies

For those organizers not being able to postpone their show or obtain an adequate timeslot in recently opened venues, the alternative to cope with the virus was seen in a digital approach. The growing immersion of digital features in "*offline*" events has been continuously discussed in the past years but ever since the outbreak of COVID-19, actions have become more concrete. It is obvious that the shift of entire shows towards a digital platform will not be achieved overnight, but the sheer impossibility of hosting a conventional show forced organizers to think creatively.

One of the most prominent examples of these online versions hosted this year was the 127th Session of China Import & Export Fair – more commonly known as "*Canton Fair*". Besides the clear advantage to allow people from outside China to join the virtual show, the organizer also added direct communication & match-making tools in order to facilitate the exchange between exhibitors & visitors. On the flip side, various negative feedback arose from buyers that doubted the displayed product pictures and the long waiting times before obtaining a response from the sellers. However, this criticism explicitly points out the problematic aspects & shortcomings of online shows that organizers must mitigate. Although not the first "online session" in its history, this year's digital session of Canton Fair has definitely accelerated the urgency for MICE stakeholders to strongly consider digital aspects and especially to find a more streamlined approach to expedite the combination of "*offline events*" & "*online features*".

With China’s recovery under-way, strong belief in promising fundamentals for MICE industry is given and thus, capacity expansions currently facilitated

Based on promising outlook & strategic importance of domestic MICE industry, there is another megatrend to be witnessed in China – the continuous MICE venue expansion in the whole country. For many years, China’s Tier 1 cities (Beijing, Shanghai, Guangzhou & Shenzhen) have been the powerhouses of China’s MICE development. These cities attracted the most prestigious exhibitions and provided the largest venues to cater to a broad range of organizer needs. Arguably the most successful venue currently in operation in China is the Shanghai New International Expo Centre (SNIEC) with 200,000 sqm gross indoor space. However, this dominant positioning of the Tier 1 cities is slowly weakening. Although, Shenzhen has just recently in 2019 established its new Shenzhen World Exhibition & Convention Center with initial capacity of 400,000 sqm gross space (additional 100,000 sqm to be added at later stage), there are more venues currently built which intend to compete with Tier 1 city venues – not only in space but also in terms of high-class facilities, transportation & surrounding areas.

With growth projections decreasing & capacity hitting its limit in established hubs, MICE gravity is gradually shifting beyond Tier 1 clusters

While exhibitions in Tier 1 cities are still by far the most prestigious and dominant contributors to organizer’s business in China, many of them lack adequate room for development. Reasons are widespread but can include venue sizes, competitive show landscape or topic limitations. Given these considerations of growth obstacles, other locations that are currently flying “*under the radar*” are worth a thought. Evidently, in terms of city attractiveness and reputation, these new locations cannot compete with Shanghai & Shenzhen yet. Nevertheless, they can convince organizers by satisfying various needs. Mostly located in completely new urban districts, these venues provide excellent connection to major transportation links, such as airports, high-speed railway stations and city metro. Moreover, having been relatively newly established, these venues provide latest state-of-art facilities.

Regional venue expansion offers opportunities for international show organizers to catch up growth momentum in China’s emerging regions

This megatrend has resulted in various new state-of-art venues being built outside of well-known MICE hotspots in China. Provincial capitals such as Xi’an, Harbin or Lanzhou which can all be classified as Tier 2 cities on the verge of reaching Tier 1 classification have understood the importance of catering to a vivid MICE industry and intend to position as valid options beside Tier 1 cities. Jinan, capital of Shandong province, has declared to beat the current size record from Shenzhen World Exhibition & Convention Center by 10,000 sqm – leading to 510,000 sqm gross space in total after 3 phases of project finalization. It is apparent that other cities in China will be highly influenced by this new benchmark when considering their own venue extension strategy.



Jinan Greenland International Expo Center

But the capacity extension trend does not only affect Tier 2 cities and provincial capitals. Lower Tier cities (i.e. below Tier 3) are also diligently promoting their new venues that have recently been established or planned to open within next years. Obviously smaller in size compared to cities mentioned above, but with adequate capacity to strongly encourage city development and core industry growth within the next decade. Moreover, they will benefit from a continuously growing population, which makes these cities attractive for B2C shows.

Beside market opportunities, strong regional government support and subsidy provision facilitates jump-start for international organizers to extend their show portfolio

The constant extension of venue capacity all over the country evidently results in more options for organizers to shape their future vision in China. Organizers must find a way how to include these new locations into their overall China strategy and detect possibilities how to benefit from emerging city venue options. Although moving a complete show from Tier 1 to Tier 2 could under certain circumstances make sense, the predominant credo should focus on the opportunity of show branch-out into these emerging MICE locations. With an ever-growing population and a growing number of companies settling down in these cities' catchment area, the demand for having organizers hosting professional B2B and B2C shows is clearly given. The comparatively low price level in combination with extensive support and subsidies provided by regional government bodies further underline the promising business opportunities. Lastly, the possibility of acquiring local show organizers and benefiting from their business setup is definitely a valid option for reputable international organizers to quickly enter and expand the new markets.

Deutsche Messe & Greenland successfully teamed up to form HGVM and to support the venue capacity expansion in emerging Chinese cities

Based on Deutsche Messe International Venue Management (IVM) business strategy and strongly associated with the establishment of various new high-class venues in emerging peripheral cities all over China is Hannover Greenland Venue Management (HGVM). This Sino-German Joint Venture combines the MICE knowledge of Deutsche Messe AG with the real-estate development expertise of Greenland.

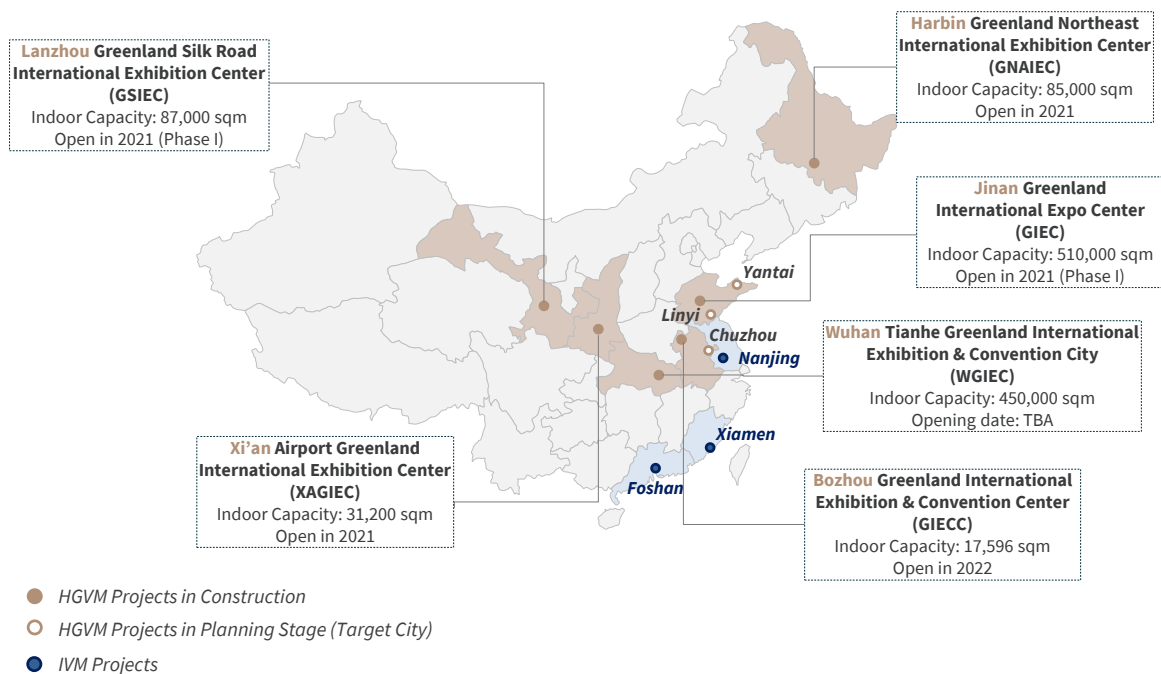
Together with its strategic partner, EAC International Consulting, **HGVM is currently executing the masterplan of building >10 venues in selected target cities with intention to cater to highest exhibition standards.** Beside emerging Tier 2 cities Jinan, Xi'an, Harbin & Lanzhou, HGVM also fosters the development of promising low-Tier cities such as Chuzhou & Bozhou, both located in Anhui Province.



Superior exhibition know-how from Deutsche Messe bundled with Greenland’s experience to provide high-class supporting facilities as ideal enabler to transform venue landscape

Importantly, Greenland Group will mainly focus on the development of new city complexes in which most new venues will be located. These complexes will also provide services such as trade & meeting hubs, commercial, cultural, touristic and residential facilities to the new MICE venues. Greenland Convention and Exhibition division introduces the supporting facilities of urbanization for commercial service and residence as well, such as Greenland Micro Vacation Destination brand *Shakaland*, Greenland self-owned and managed hotel brands (such as luxury hotel brand: *Primus*, premium business hotel brand: *The QUBE*, lifestyle hotel brand: *Q-Box*).

HGVM CHINA VENUE PROJECTS MASTERPLAN



Additionally, various other cities in different provinces are also in consideration for future venue projects. By expanding the list of high-class venues in China with the ambition to become “*location of choice*”, HGVM does not only accelerate the dynamics in China’s MICE industry but they also create more opportunities to grow for renowned local and international organizers in the very near future.



**Please contact us to discuss your MICE strategy 2021
and how to grab the opportunities of Chinas new venue landscape!**

Hannover Greenland Venue Management



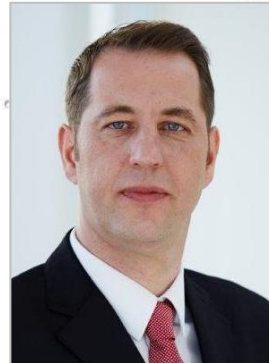
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Hannover Greenland Venue Management is a Sino-German Joint Venture in the venue operation and consulting business. The co-operation is set up to provide a comprehensive and professional consultancy and operational service to the current and future exhibition and conference centers invested by Greenland Group China. Hannover Greenland Venue Management services are tailored to individual client requirements whilst supporting all processes at each life-cycle phase of the venue, while at the same time reflecting the highest exhibition industry standards.

EAC International Consulting is among the leading consulting firms for internationalization strategies, M&A and Operational Excellence solutions in growth regions today. Since having been closely involved in the venue planning & capacity extension process of SNIEC, EAC has been acting as strategic partner for leading international venue projects all over the world. Moreover, EAC has an extensive track record of providing consulting services to most of the leading international organizers.