

POST-COVID ERA OF EXHIBITION INDUSTRY

Boost for a Digital Market Place in China



With the outbreak of COVID-19 in early 2020, exhibition industry seems to press pause globally. Conservative statistics show that **already over 2,400 fairs and exhibitions worldwide have been cancelled or postponed** due to the Coronavirus only as of middle of April 2020. UFI estimated that 88.2 billion USD of total economic output related to the exhibition industry will not be generated by the end of Q2.

Nevertheless, since the outbreak, China has not only undertaken effective measures to fight with the spread of the pandemic, but also shows **positive signals to quickly recover from the crisis**. Due to limited mobility and regulations regarding social interaction & gatherings, especially innovations that utilize newly developed technical features & advantages and which intend to shape the post-Covid era are emerging in various industries in China.

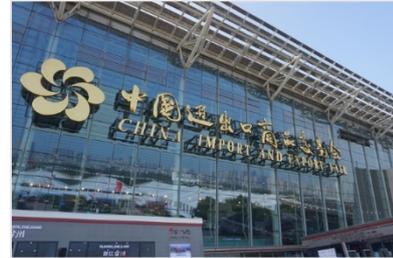
Despite a series of supporting policies announced by government bodies to support traditional trade fairs, many players also see opportunities to equip **digitalization as the “magic weapon”** to cope with the ongoing struggle but also to thrive the exhibition industry in China. The concept of “*Virtual or Digital Exhibition*” along with immersive media, which has been discussed for years but primarily remained niche, is bringing unprecedented changes to the traditional exhibition industry, actively or passively driven by the impact of epidemic. As a matter of fact, online concepts, although not being a full replacement of onsite gatherings, will become a more distinct feature of trade shows of the future!

In this article, **EAC – INTERNATIONAL CONSULTING** has outlined helpful insights and suggestion for international players with focus on Chinese exhibition industry.

Responses & Actions taken by Exhibition Industry Sector

FOLLOWING THE EXAMPLE OF CANTON FAIR, MAJOR TRADE FAIRS IN CHINA HAVE ANNOUNCED THE EXHIBITION TO BE HELD ONLINE THIS YEAR

China's trade show barometer "China Import and Export Fair" (hereinafter referred to as Canton Fair) has officially announced that the 127th Session will be held online in June 2020 to fight back the pandemic crisis and to lead the "digital revolution" in exhibition industry. In fact, this is not



the first attempt in the history of Canton Fair to be held online. During the SARS crisis in 2003 its first online version under the 2G era brought about 59 million online visits in total.

"This year's online (Canton) Fair could be viewed as an opportunity, which will very likely accelerate the digitalization of MICE industry and its impact to the entire industry will continue after the Coronavirus."
Industry Newspaper

Later in year 2004 the online retail giant Taobao established with the rapid development of China internet industry.

INNOVATIVE IDEAS TO BROADCAST CONTENT ON A VIRTUAL PLATFORM HAS ALREADY BEEN INITIATED SUCCESSFULLY IN CHINA

PR China's Ministry of Commerce introduced that Online Canton Fair this year includes an online exhibition and communication platform, a cross-border e-commerce zone and live broadcast marketing services. Benefiting from the development of 4G and 5G technology in China, a "10-day x24-hour online international trade platform" could be built to integrate the functions of online communication, matching, negotiation, and transaction.

Through an intense competition, China's famous instant messaging enterprise Tencent (developer of WeChat and QQ) is finally appointed as the official technical provider of Online Canton Fair to achieve a successful online trade show.

"Now is an opportunity for enterprises and trade promotion organizations to break through the form of offline entity promotion and expand the market with new thinking and new means. The Corona outbreak will pass, but more importantly, the flow of people, logistics and capital is still unimpeded."

Hong Kong Trade Development Council

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On the consumer side, a "Virtual Tour" held by The Palace Museum has attracted great attention recently to meet the needs of "home-based visitors" to see the popular imperial palace in Beijing. In total eight museums are on live streaming through Taobao as an innovative attempt of digitalization of museum, ten million times visiting within one day, which is equal to the passenger volume of Louvre for a whole year.



**TECHNICAL INNOVATION
ENABLES DIGITAL
EVOLVEMENT OF MICE
INDUSTRY TOWARDS A
COMBINATION OF
ONLINE & ONSITE
CONTENT**

TECHNICAL SUPPORT ON DIGITAL TRANSFORMATION

Technology empowers innovation. Virtual Reality (VR), Augmented Reality (AR), 5G, Web3D and other internet technologies have provided the foundation to realize online display and communication. On the other hand, data processing and analytics can help to track and analyze customer behaviors and feedback during onsite events in order to accurately and comprehensively gather information and react accordingly.



The fulfillment of these digitalizing attempts is emerging hand-in-hand with technical products developed by providers as supplement. Beside popular apps like WeChat, Dingtalk and Zoom, which have already been widely used in conference market, 31 Event, for instance, a Chinese MICE technical provider, launched a series of a full scene digital exhibition platform products

“Traditional B2B transaction chain is relatively long in terms of business model. By contrast, our digital exhibition products do not enter into the actual transaction but improve the efficiency of B2B transaction and charge matchmaking fees according to the leads or contact person times.”
31 Event (Digital provider)

recently through WeChat platform, covering technical support of before, during and after event. Furthermore, internet giants are also expanding business in digital exhibition market. For instance, Alibaba announced its “Spring Buds Program” on

7 April 2020, in which it aims to help foreign trade companies to build online show rooms, provide statistics report, facilitate contact requests, etc.

LOCAL GOVERNMENT SUPPORT

**GOVERNMENT BODIES IN
CHINA REACTED QUICKLY
TO PROMOTE THE
DEVELOPMENT OF SUCH
NEW INDUSTRY FORMATS
IN ORDER TO COPE WITH
THE CURRENT ECONOMIC
CHALLENGE**

Policies and actions from the government side will also push the digitalization of Chinese exhibition market.

On national level, Ministry of Commerce issued “Notice on work related to innovating the exhibition service model and fostering new drivers for the development of the exhibition industry” on 13 April 2020, in which online exhibition platform and the integration of online and onsite exhibition business model is highlighted and promoted

On local level, the “Action Plan of Shanghai municipality on promoting online new economic development (2020-2022)” clearly underlines the city’s intention to strongly support not only large exhibition enterprises but especially innovative digital service providers to jointly build online exhibition service entities, and thus to shape new types of virtual infrastructure. The action plan also concludes to promote the construction of intelligent exhibition venues, to amplify the effect of China International Import Expo “6-day show + 365 one-stop trading service platform”, to accelerate the application of VR/AR technology in combination with 5G interactive live broadcasting and to create state-of-art online product displays.

OPPORTUNITIES IN THE DIGITAL ERA

THE INTEGRATION OF
ONSITE AND ONLINE
EXHIBITION WILL BE
ACCELERATED BY THE
PANDEMIC AND BRINGS
VARIOUS OPPORTUNITIES
TO MARKET PLAYERS

With no doubt internet function of transmission plays a positive role in improving the efficiency of information exchange, creating more opportunities, enhancing the economic effect, and promoting the globalization of exhibition industry. **The integration of onsite and online exhibition, which has been discussed for years will be accelerated by the pandemic and therefore boost new market opportunities in China:**



EMBRACING OF NEW
OPPORTUNITIES ARISING
FROM NEW DIGITAL ERA
IS STRONGLY SUGGESTED
TO REMAIN COMPETITIVE
EDGE

Digital Promotion: Digital media is expected to accelerate the growth of online promotion and marketing activities. In the new media age, exhibition brand building changes from displaying products to creating experience, from one-way communication to two-way interaction in the aspects of content delivery, audience composition and communication mode.

Audience Expansion: The digital media expands to an audience beyond the reach of physical spaces. Exhibitors and visitors, who could not participate in the past for either cost or distance reasons, have higher possibility to be attracted through digital means with more flexible exhibition space and business scale, and more overseas participants can be expected.

Efficient Operation: Online exhibition makes the process of exhibition organization, preparation, and participation much easier, from booth set-up to business transaction.

Precise & Timely Analysis: Digital tools enable timely feedback and evaluation to gain customer insights and to better understand the participant journey not only after but already during the show. Accurate analytics can provide beneficial insights to evaluate “*just-in-time*” dynamics and “*hot spots*”.

Additional Business Models: New business as supplement and value-add to offline activities as well to generate additional revenue for both organizer and venue operator to further explore the new digital era in MICE.

Intelligent Venue: Taking the pandemic as an opportunity, diversification of operation model, facilities updating to meet the need of online exhibition, digital promotion and marketing, intelligent service are all aspects that the operators with a forward-thinking venue model need to consider.

M&A: In the process of digital transformation, organizational structural adjustment and extending industry chain can be resulted with more M&A opportunities.

BESIDES PREPARATION & EXECUTION OF ONLINE EXHIBITIONS, GENERATION OF TRUST & PROVISION OF SECURITY AS KEY CHALLENGES

CHALLENGES TO FACILITATE DIGITAL ROLL-OUT

However, digital roll-out of exhibitions also brings challenges to the traditional industry and requires the involvement of all industry players.

Difficulties might appear in following areas:

Trustiness: Limited visual experience and incomplete information display restricts the scene and experience of visitors, “*Seeing is Believing*” is a challenge to the virtual world.

Interaction: Less interactive communication lead to less effective outcome. Exhibition participants are more inclined to spontaneous networking and social contact, which can only be realized face-to-face.

Operation: How to find a reliable technical provider becomes the key success factor to ensure the well-run and sustainable operation of the online events and to avoid negative customer experience.

Facilities: Traditional exhibition venues are far from capable of being a “*digital platform*” to welcome the changes. How to integrate itself to lead the transformation of traditional exhibition industry will be one of the unique competitive factors of leading venues in the future.

Security: Data protection of online platforms raises concern and IT security is always a critical issue as venues become more digital and data-intensive in parallel, esp. regarding cross-border businesses.

INTERNATIONAL ORGANIZERS ARE ADVISED TO INCREASE DIGITIZATION EFFORTS IN ORDER TO UTILIZE DIGITAL PUSH

ACTION DEMAND FOR MARKET PLAYERS

A global pandemic is striking the MICE industry worldwide in 2020. Nevertheless, the Chinese exhibition industry has shown a great variety of attempts and efforts on digitalization as a countermeasure for post-Corona era to lead industry change. Internet companies in China, e.g. leading company Tencent, have already launched forward-looking layout of digital infrastructure and are well-prepared for the changing trends in a globalized market.

As an international organizer with focus on China market, how to fight back the negative impact of pandemic on MICE industry? How to welcome the new era of MICE industry? And even more importantly, how to balance onsite & online concepts adequately? To catch up with the development trend and take measures in advance is crucial now. Organizers already equipped with well-developed online promotion system will take a better competitive position in this new round of “*digital revolution*” in China.

EAC advices you to stay alert and pro-active with the coming challenges. Here are three initial action demands for international players in Chinese exhibition market:

- 1) **Digital Awareness:** Comprehensively analyze the status quo of internal and external situation and develop strategies accordingly with clear focus and priority to face the “digitalization revolution” in China.
- 2) **Peer Benchmarking:** Closely monitor and assess digital initiatives of your

peer group to obtain crucial learnings for your own set of digital initiatives. The screening of global approaches can result in a broad variety of ideas.

- 3) **Competence Building:** Make sure your company is technically and organizationally well-prepared to meet the changes and the needs of digital support. Initiation of partnerships with domestic players with expertise in digital industry as well as M&A initiatives can provide “*jump-start*” for leading organizers.
- 4) **Marketing Strategy Reviewing:** Review your marketing planning with increasing attention on digital media, develop or find the appropriate digital channel of sales and brand promotion and adapt the advertising message, algorithms and other elements in response to changes of user behavior in new media.

► ***EAC is ready to support all industry players to develop digital strategies, design digital business models and implement digital transformation with in-depth understanding of Chinese & International exhibition industry, broad network in relevant sectors and holistic consulting approach. We can help you to take a more favorable strategy in the Chinese post-COVID exhibition market!***

**EXHIBITION VENUES
SHOULD BE WELL-
EQUIPPED TO KEEP UP
WITH THE “NEW
INFRASTRUCTURE”
TREND IN CHINA**

For professional exhibition venues, it is necessary to optimize technical and supporting facilities, to develop innovative digital solutions, to set up a dedicated venue-upgrading taskforce and to be equipped with digital capability as early as possible. The construction of “*new infrastructure*” such as 5G, data centers and industrial internet has been accelerated in China aiming to bring new drivers for the economy, especially in sectors like “new consumption”, “new manufacturing”, and “new services”. Thus, venues are required to keep up with the digital trend in order to integrate into the nationwide digital construction roll-out.

► ***EAC with its rich exhibition industry consulting experiences and dedicated digitalization team can provide professional support for new and existing venues in your digital venue planning! We support you along the entire process from strategic positioning to business planning with customized digital solutions which will lead the industry change in the future.***

**Please contact us to discuss your MICE strategy 2020
and how to grab the opportunities arising through digitalization!**



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