

MARKET INSIGHT

# Photonics@China 2022

Potentials, opportunities and risks  
of the Chinese photonics market

A joint study by

In collaboration with



**SPECTARIS**

German Industry Association for Optics,  
Photonics, Analytical and Medical Technologies



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**SINOLUMINA**  
German Photonics in Greater China

# The importance and change of photonics trade fairs in China

SPECTARIS in conversation with Daniel Berger,  
Partner EAC International Consulting, Shanghai



DANIEL BERGER

started his consulting career in 1998 at EAC International Consulting in Shanghai after studying economics. Since 2012, the expert for mobility, mechanical engineering,

industrial goods, infrastructure and the MICE industry is a partner at EAC.

EAC International Consulting was one of the first management consultancies to specialize in China. With offices in Munich, Shanghai, Mumbai and Moscow, EAC advises German SMEs and international corporations on strategy development, implementation and M&A targets as well as topics relating primarily to digitalization and sustainability.



**SPECTARIS:** China is one of the leading markets for German photonic manufacturers. However, most companies – SMEs and MNCs alike – have found it extremely difficult to successfully penetrate the Chinese market due to its sheer size and unique characteristics. Do you believe that participating in local industry trade fairs – as exhibitor and visitor – is a suitable strategy for tackling this challenge? What factors do you see in comparison to other countries?

**DANIEL BERGER:** The issues that you just described are very common among our clients in China. China represents immense market opportunities for many industries – not only photonic – but the transparency of market fundamentals such as value-chain dynamics, competitors and of course potential customer bases is rather limited. Trade fairs in China have seen significant growth and gained importance for precisely these reasons. *In order to succeed in China, one must be present at the leading industry trade fairs in the country. The “risk of missing out” due to non-participation is just too high.* In China, simply providing the best product will not be sufficient to succeed in the market. Local networks, establishing business relationships in person, and promoting the product’s value proposition are essential factors and are arguably more important than in other countries, especially European ones. Of course, for an industry with high complexity such as the photonics industry, it is vital for German companies to accurately identify the leading events that fit their individual targets and goals. It requires a lot of preparation to identify the right events – something which many German companies underestimate in the beginning.

**SPECTARIS:** consistently rapid market growth momentum, increasing competition through local manufacturers, the aftermath of the global COVID pandemic as well as the trend towards digitalization – all these are just a few factors that are currently impacting the Chinese MICE industry. Which mid- to long-term trends do you see for the photonic industry? Do you expect events to consolidate, or will the share of regional events increase in the future?

**DANIEL BERGER:** The Chinese MICE industry has been and will continue to be very dynamic. Even before COVID hit, we saw an increasing degree of competition – not only among trade fairs but also among MICE venues. However, for the photonics industry we identified 13 relevant trade fairs in total. For China, this number for such an important industry is extraordinarily low but it also shows the complexity and diversification of the industry.

Around 600,000 SQM were covered in 2019 by these 13 shows and most of the organizers are expecting to further grow their shows in the coming years. Moreover, while the majority of shows are below 30,000 SQM in size, it is the large-scale shows that enjoy the highest recognition within the industry. For instance, the largest trade fair in size for the photonics industry is the CIOE (China International Optoelectronics Exposition; organized by UBM Herong Shenzhen). In conjunction with attractive concurrent showcases and expositions and its broad focus on the whole value chain, the CIOE can be considered as one of the world's leading trade fairs for the photonics industry. Moreover, all large-scale shows in the photonics industry are organized by international organizers (or Sino-Foreign JV) and can offer a higher degree of internationalization to their participants which is highly appreciated among exhibitors and visitors alike. In the future, we expect that despite the low number of dedicated photonics exhibitions, we will see an even stronger focus on the industry flagship events. Regional small-scale shows will not vanish completely but in particular for international companies the large-scale trade fairs will be the preferred choice in China.

In the post-COVID era, leading trade fairs such as CIOE, LASER World of PHOTONICS CHINA, Laser South China and Laserfair Shenzhen have further increased their size, while smaller regional shows have merged. Compared to 13 shows held in 2019, there are only 10 shows remaining in 2022, while 3 regional small-scale shows have permanently ceased to exist.

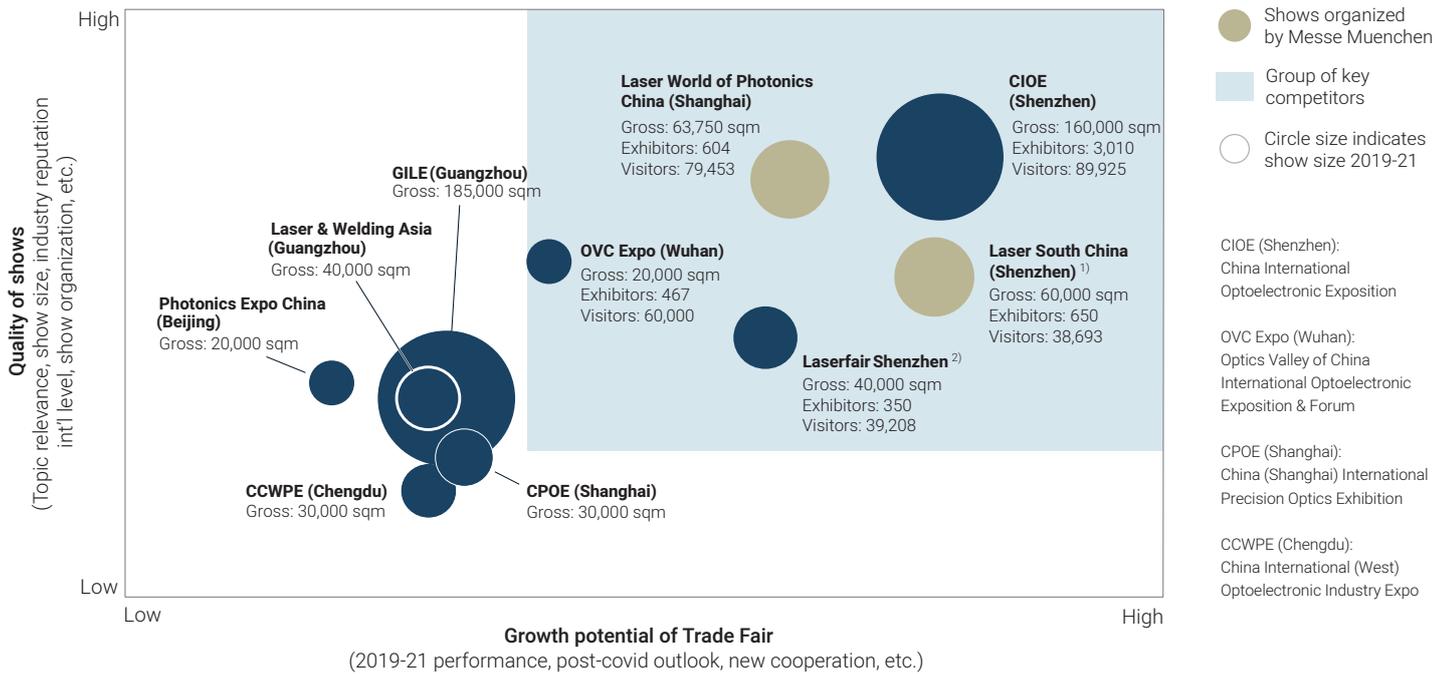


**SPECTARIS:** In your opinion, how important is the current and future role of online platforms and so-called “in-house exhibitions”?

**DANIEL BERGER:** First of all, we must clarify that the perspective of the Chinese MICE industry regarding online and in-house exhibitions is quite different compared to the German perspective for instance. Obviously, the Chinese MICE industry suffered tremendously in 2020 but nevertheless physical trade fairs have taken place since late summer last year. *While in Germany the cancellation of in-person events forced everything online, the Chinese MICE industry was not subject to the same constraints.* Although there was of course a trend towards more online activities, the general focus was always on in-person events. Since China's strict measures to prevent the virus from spreading inside the country were successful, we do not see online platforms as a “stand-alone” solution but rather as an “add-on” to in-person events. Moreover, the concept of “in-house trade fairs” is not accepted in the same way in China as in Germany. Although local industry trade fairs are obviously used to generate leads, there are clearly additional considerations for exhibitors and visitors. Trade fairs in China are a valid tool to show presence, to stay up-to-date with the latest industry dynamics and also to foster personal & business relations. All these aspects cannot be provided by in-house exhibitions, and companies who solely rely on this kind of event miss out on many market opportunities.

## Photonics exhibitions landscape in China

Key cities for photonics exhibitions are Shenzhen and Shanghai; 3 shows are recognized as the major competitors of Laser World: CIOE, Laserfair Shenzhen and OVC Expo



1) Under the LEAP Expo China which covers Productronica & Electronica South China, Laser South China and Vision China (Shenzhen)  
 2) Together with SCIF

Source: Show websites, EAC research & analysis

**SPECTARIS: Being a “sister” trade fair of the renowned LASER in Munich, LASER World of Photonics China has established its position, but the level of competition is high. How would you assess the potential of this trade fair and do you see an advantage for German exhibitors to participate in this trade fair in China as well?**

**DANIEL BERGER:** Since its establishment in 2006, LASER World of Photonics China has become one of the leading trade fairs in China for the photonics industry. With a show size of 63,500 SQM gross space in 2021, the trade fair was even able to increase its pre-COVID size. LASER WOP China is currently more popular in terms of visitors and is regarded as the largest global event due to LASER’s global network spanning Munich, India and China. It is considered an Asian flagship event by many stakeholders in the photonics industry and I see great potential for LASER World of Photonics China to close the gap to the currently largest trade fair CIOE in the future. There is certainly potential to grow the trade fair in size but nevertheless the focus on relevant photonics segments and emerging key applications must be guaranteed to avoid dilution of the show’s theme. For German exhibitors which have already entered or plan to enter the Chinese market, we would strongly recommend participating in LASER World of Photonics China because they need to show

“presence in the market” in China. We are currently witnessing a certain shift of trade fair relevance towards Asia where more and more globally recognized leading events are hosted. This does not necessarily mean that renowned leading trade fairs in the West will become redundant but companies that want to successfully penetrate several regional markets, must acknowledge the urgency to show presence in more than one location. *LASER in Munich and LASER World of Photonics China is in our opinion a prime example where participation in both events would be very beneficial.*

**SPECTARIS: In this volatile business environment, the challenges and opportunities for trade fair organizers are extremely numerous. What do you believe are the most important success factors?**

**DANIEL BERGER:** Trade fair organizers need to constantly re-assess their show segment coverage and keep up with the latest industry trends. Especially in China, with its fast-growing market and the strong guidance from the government, organizers cannot allow themselves to become complacent. Photonics is a high-tech industry and emerging trend screening is a “must” for leading industry trade fairs to remain relevant.

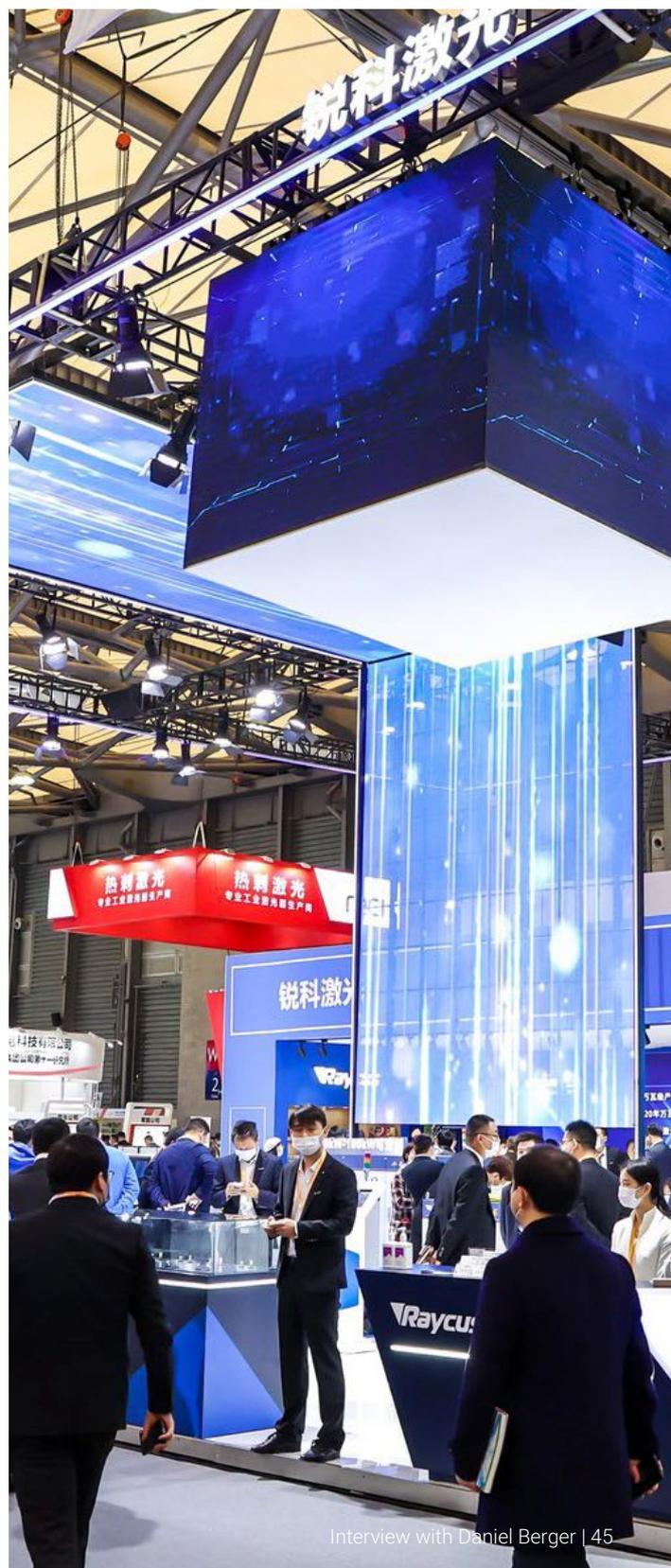
Recently, we have seen a wide variety of emerging topics such as 5G or high-end optoelectronic chips gain importance in the photonics industry. Also, new application fields for lasers and sensors are being developed on an ongoing basis. Last but not least, the strong support of the national but also provincial government bodies in China will lead to an increasing focus on intelligent manufacturing. For organizers it is important to understand these new push factors and find adequate solutions to incorporate the latest trends into their show scope in good time. The level of competition in the Chinese MICE industry simply does not allow complacency and leading organizers today must do their homework to avoid losing their show's hard-earned reputation tomorrow.

**SPECTARIS:** As a high-tech industry, photonics involves many innovative technologies and applications such as quantum technology, green photonics or autonomous driving. Consequently, the importance of research and development is very high – especially in combination with research co-operations and a close communication with key clients. Do you think these industry trade fairs can positively impact the process of R&D or would a separation of “stand-alone” research congresses be more productive?

**DANIEL BERGER:** We are certainly seeing a stronger desire in the Chinese MICE industry to host multi-purpose events – so called CONFEX events (from CONFerence + EXhibition). The synergy effect for this kind of event is clear since they gather a broad range of industry stakeholders in one place. For industries that significantly value R&D as well as mutual exchange among industry experts, a CONFEX event can surely enrich the process and be the source of fruitful co-operations. The issue with “stand-alone” conferences and exhibitions is the elevated risk of ending up with a relatively repetitive list of participants over the years. With a concurrent exhibition event, this bubble can be burst, and a broader exchange of ideas and perspectives is enabled.

We also see this trend in other industries that place high importance on R&D. For instance, in the healthcare sector, it is already the norm for leading events in China to combine a high-level exhibition with renowned industry experts who speak at concurrent congresses. *I truly believe that this trend of combining exhibitions and conferences will continue to shape the events of tomorrow – not only in China but globally*, and that the interconnection between congresses and exhibitions will further intensify.

**SPECTARIS:** Thank you for the interesting interview.



# EAC

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EAC is one of the leading management consultancies for strategy, M&A and operational excellence in emerging markets. Since 1992 EAC has supported clients in several industries with the realization of growth strategies and the optimization of international value chains. With offices in Munich, Shanghai, Mumbai and Moscow, EAC experts have successfully implemented over 2500 projects in more than 50 different countries. With over 30 years of local presence in the core growth markets of China and India, EAC offers innovative know-how and “best practices” as well as in-depth experiences in major growth sectors and key industries. EAC also supports renowned companies in defining and implementing their digitalization

strategy and helps local businesses turn sustainability into a competitive advantage through actionable solutions.

Enabling healthy, responsible growth for clients with innovative and sustainable approaches is one of EAC's key goals. EAC offers strategy consulting with a clear vision, analytical thinking and innovative action and is a long-time know-how partner of Spectaris.



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