Center for Exhibition Industry Research

Industry Outlook

Where is Everybody Else?

Especially Prepared For

IAVM/ICCC

September 28, 2012

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Center for Exhibition Industry Research

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U.S. History

- Late 1950's Interstate Highway system completed and commercial introduction of the jet airplane.
- 1959-Las Vegas-Rotunda + 90,000sf exhibit hall
- 1960-McCormick Place first large facility
- Real expansion in 1970's makes industry 40 years old.
- CEIR Census identifies more than 14,000 meetings with exhibitions held each year.
- 10,000 are B to B events.
- 67% are owned by associations.

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Facilities
Hotel to Exhibit Hall

- Show Room
- Bellman
- Catering
- Banquet
- Engineering
- Housekeeping
- Ambiance in Place

- Concrete
- Material Handling
- Food Service
- Furniture Rental
- Utility Service
- Cleaning Service
- Ambiance Temporary

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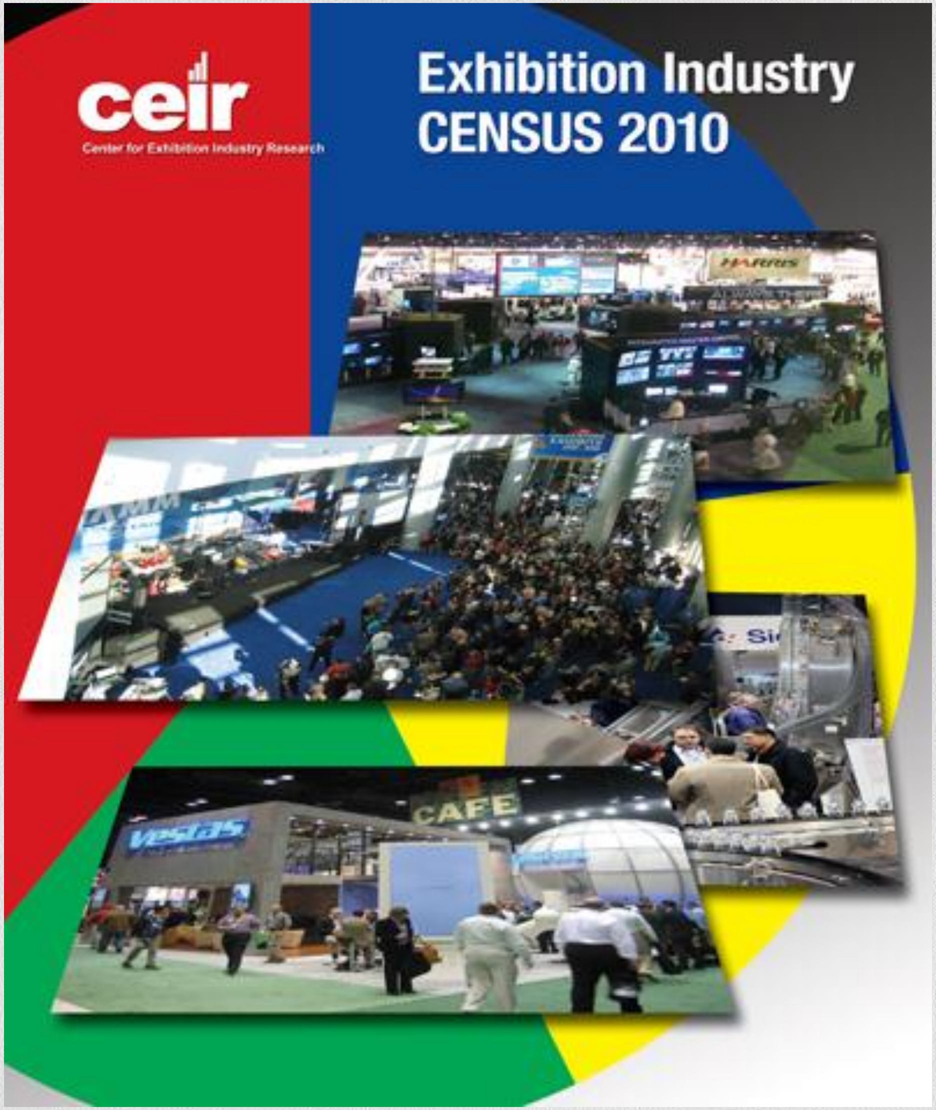

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CEIR Census 2010

- Number of U.S. exhibitions dropped from 11,094 to 11,041 or -0.5%
- Total U.S., Mexico & Canada 14,541
- More than 50% of all the exhibitions held in the entire world
- Average size in U.S. 47,984 NSF +25%
- Average space buy 187 square feet
- 37% of U.S. events held in exhibition/CC

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How are we Doing Today ?

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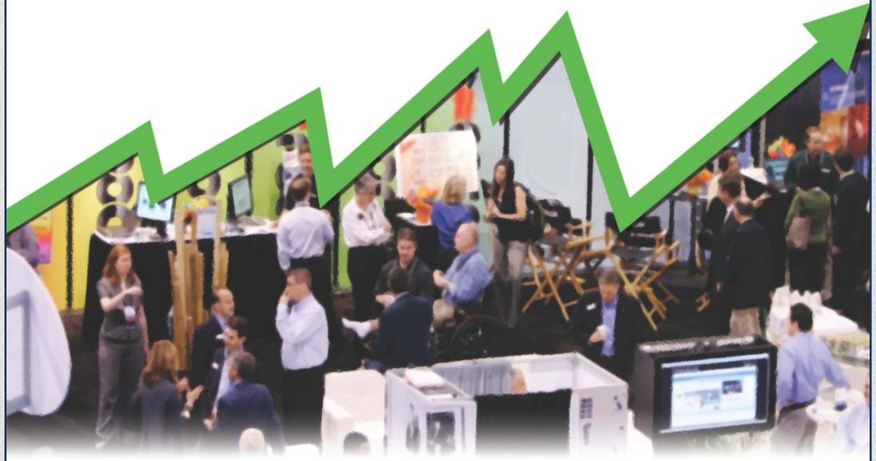
An Analysis of the 2011 Exhibition Industry and Future Outlook



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GES Global Experience Specialists

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The Reality of Where We Are

- CEIR Index was down a record nine consecutive quarters through Q2 2010.
- Index turned positive Q3 2010 and has remained positive thru Q2 2012.
- In 2009 all 14 sectors had negative growth, 2010, five sectors had turned positive and in 2011, 12 of 14 positive.
- Losses in 2008/2010 combined 15% compared to 2001/2002 loss of 5%.
- Overall back to 2000 level.
- Added predictive feature in 2010.
- Shift to geometric averaging with 2009 base year.

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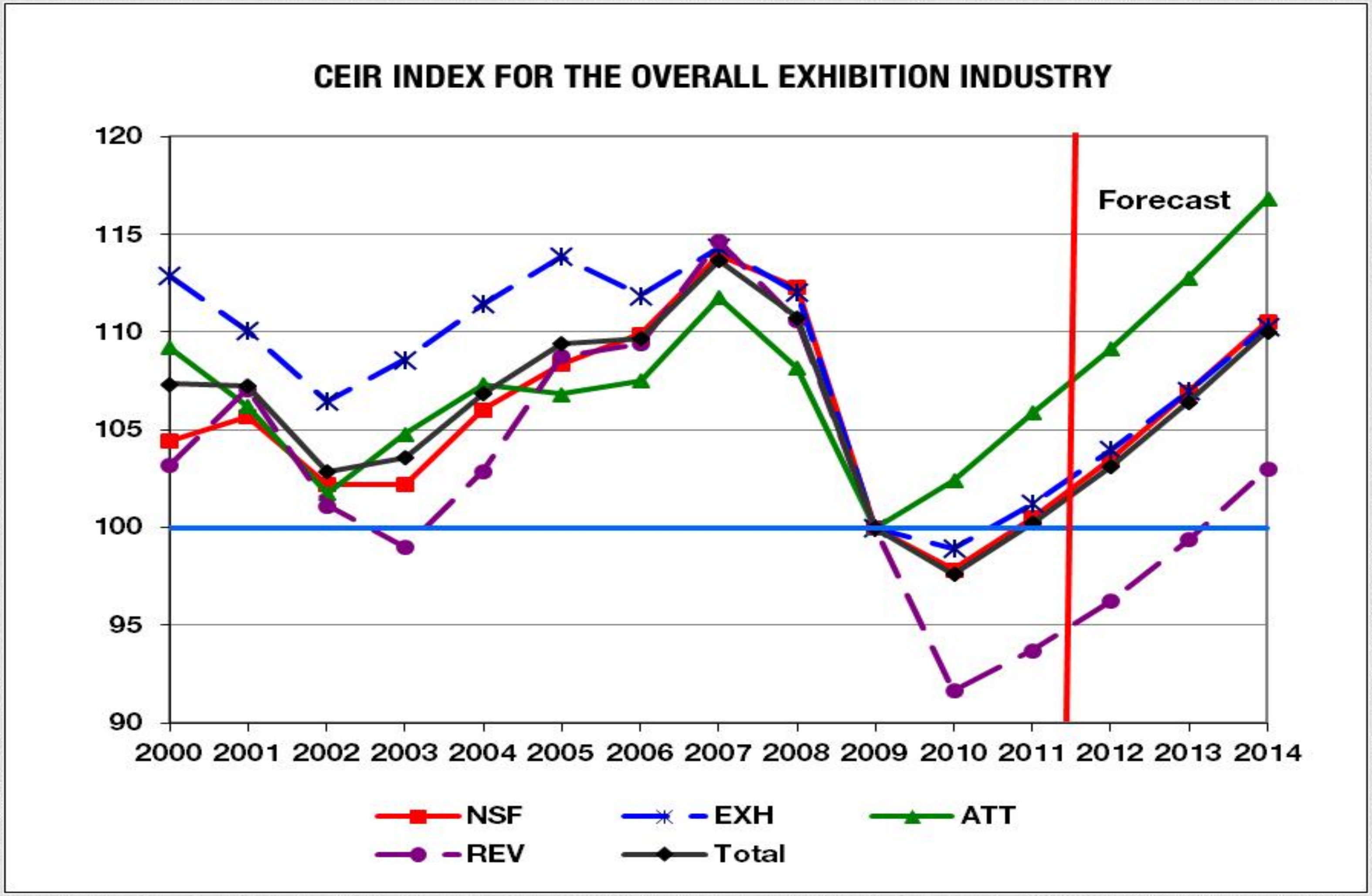
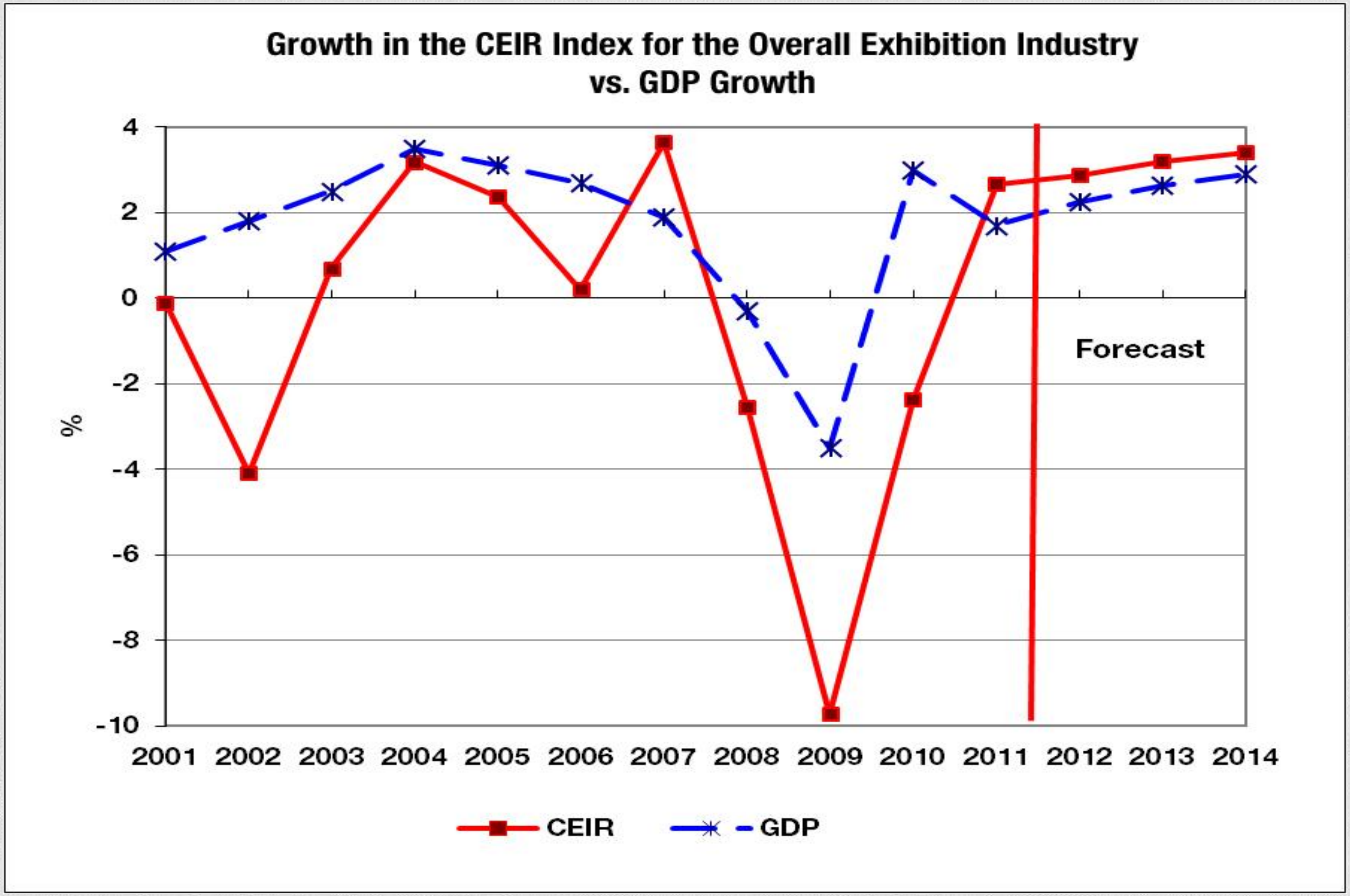
Geometric Averaging

(1) $$INSF_{t,j} = INSF_{t-1,j} \times [(1 + pch(SNSF_{t,j}) / 100]$$

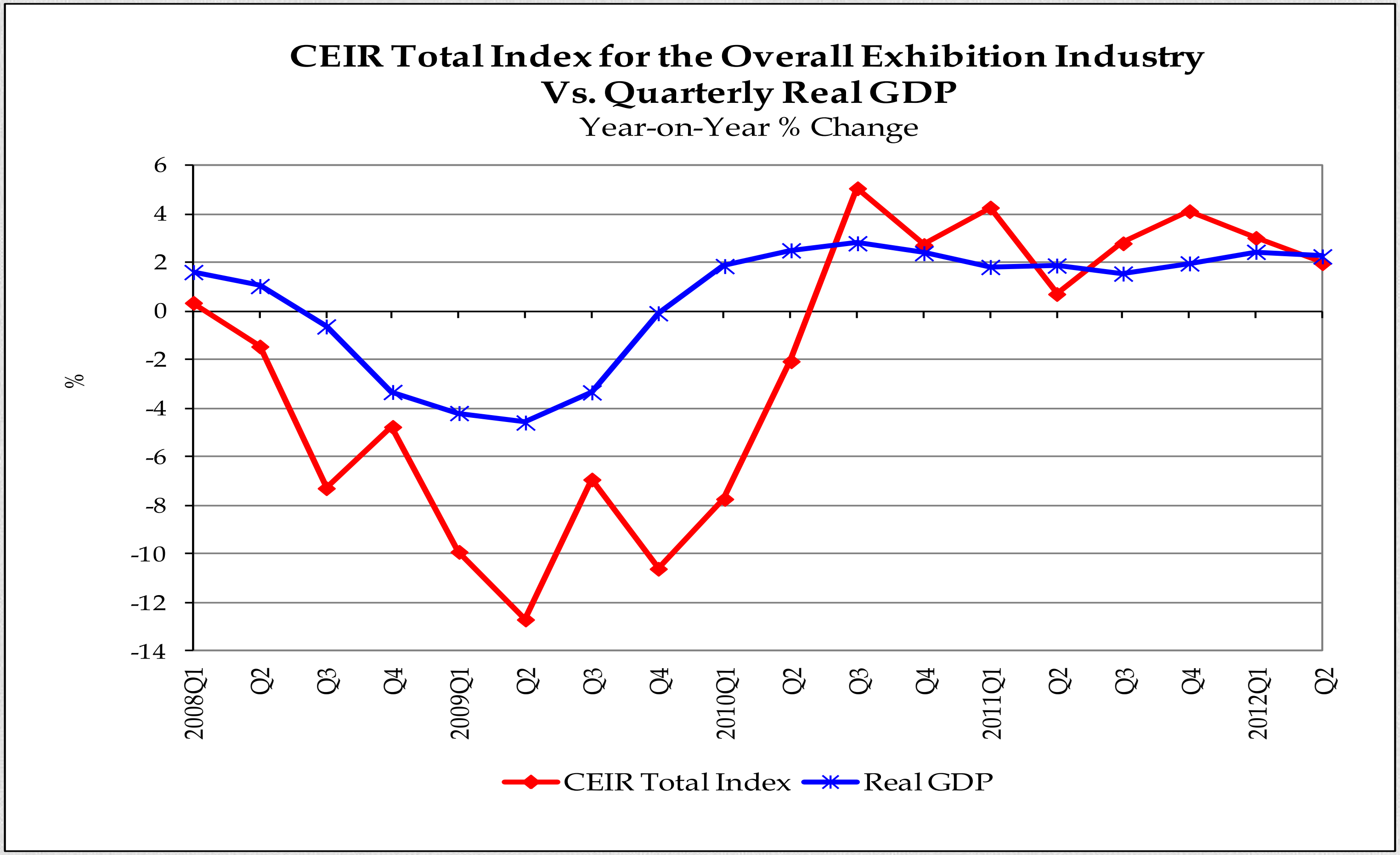
(2) $$TIN_{t,j} = INSF_{t,j}^{0.25} \times IATT_{t,j}^{0.25} \times IEXH_{t,j}^{0.25} \times IREV_{t,j}^{0.25}$$

(3) $$M_{ij} = f(O_j, FD_j, EM_j, Z_j, RCE, TE)$$

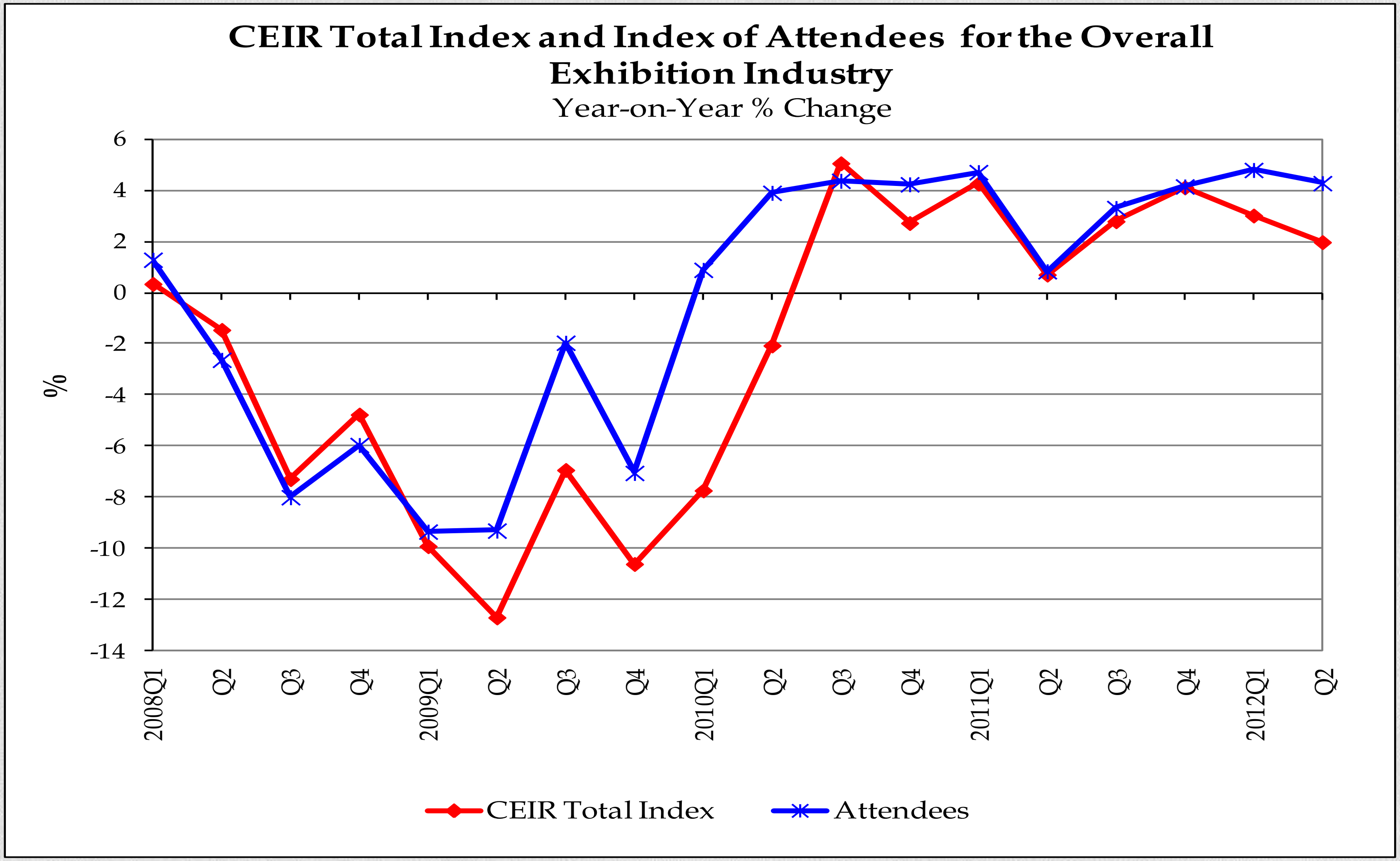

CEIR INDEX FOR THE OVERALL EXHIBITION INDUSTRY
120
115
110
105
100
95
90
2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014
Forecast
NSF
EXH
ATT
REV
Total


Growth in the CEIR Index for the Overall Exhibition Industry
vs. GDP Growth
4
2
0
-2
-4
-6
-8
-10
%
Forecast
2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014
CEIR
GDP

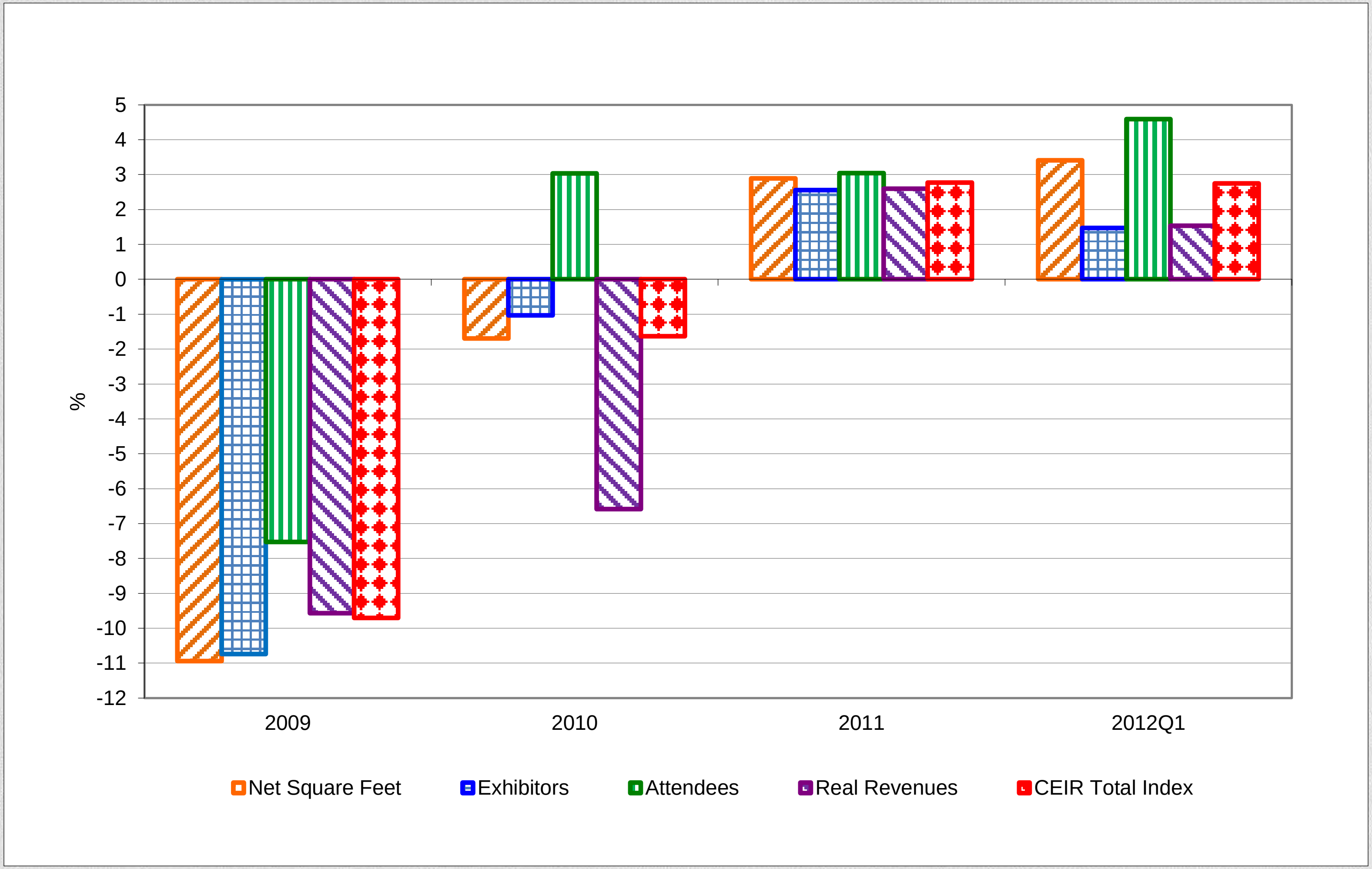
CEIR Total Index in 2012 Q1 grew by a moderate 3.0% year-on-year followed by a modest 2.0% increase in Q2.



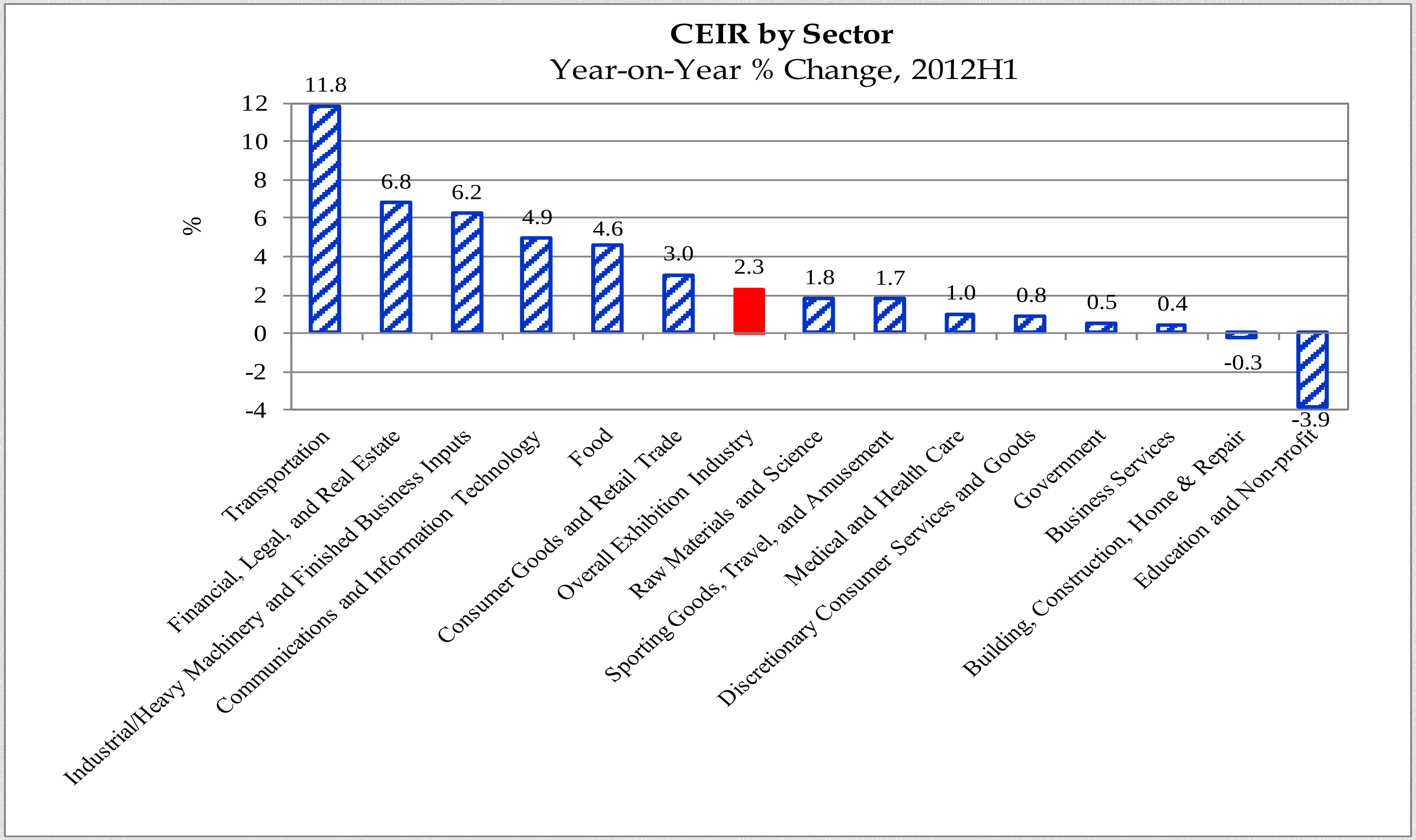
Despite a slowdown in the Total Index, attendance rose by a strong 4.3% in 2012 Q2.



Quarterly CEIR Total Index for Overall Exhibition Industry, Year-on-Year % Change 2009-2012 Q1



As described in the *2011 Index Report*, the exhibition performance varied by industry.



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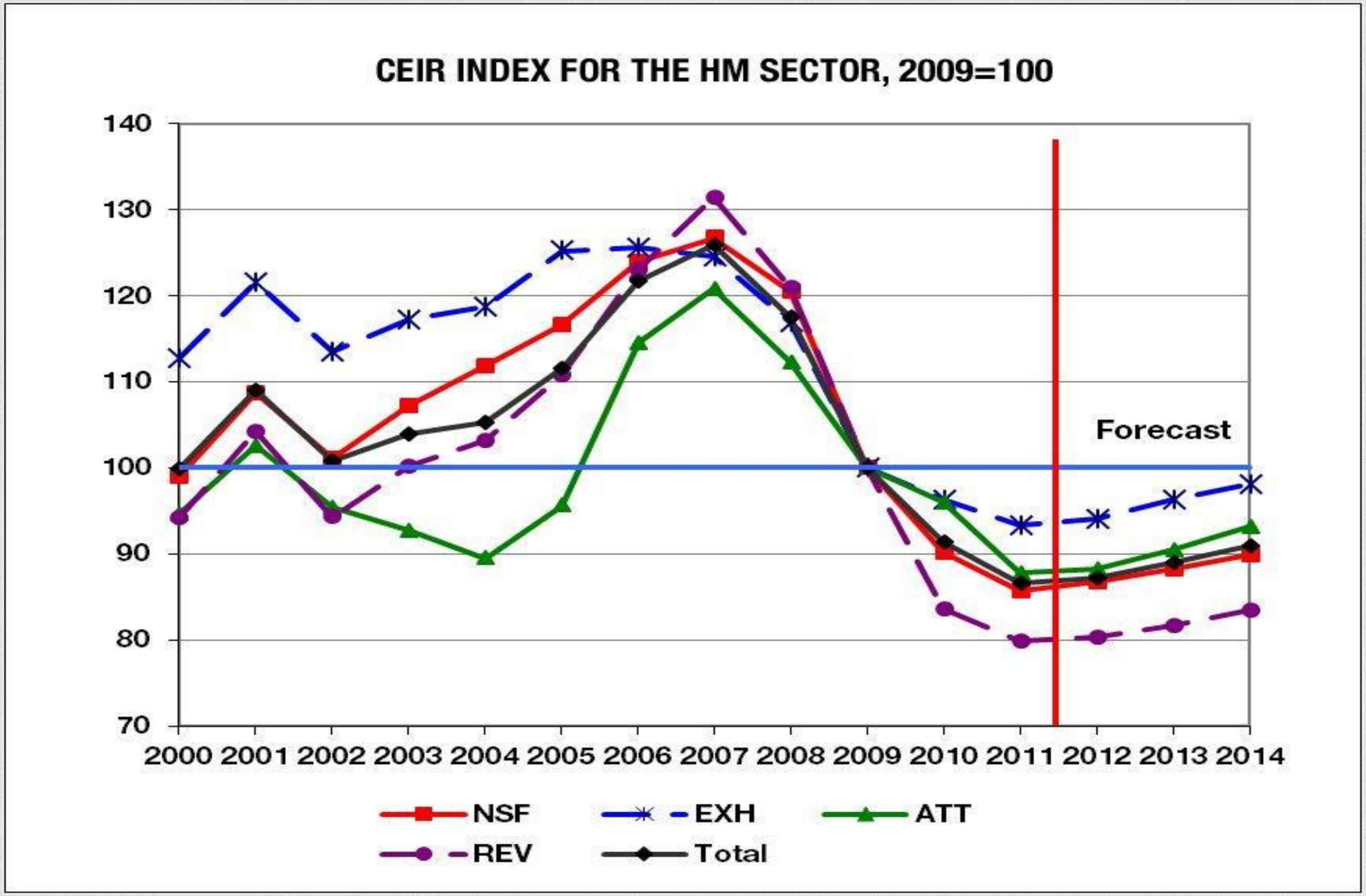

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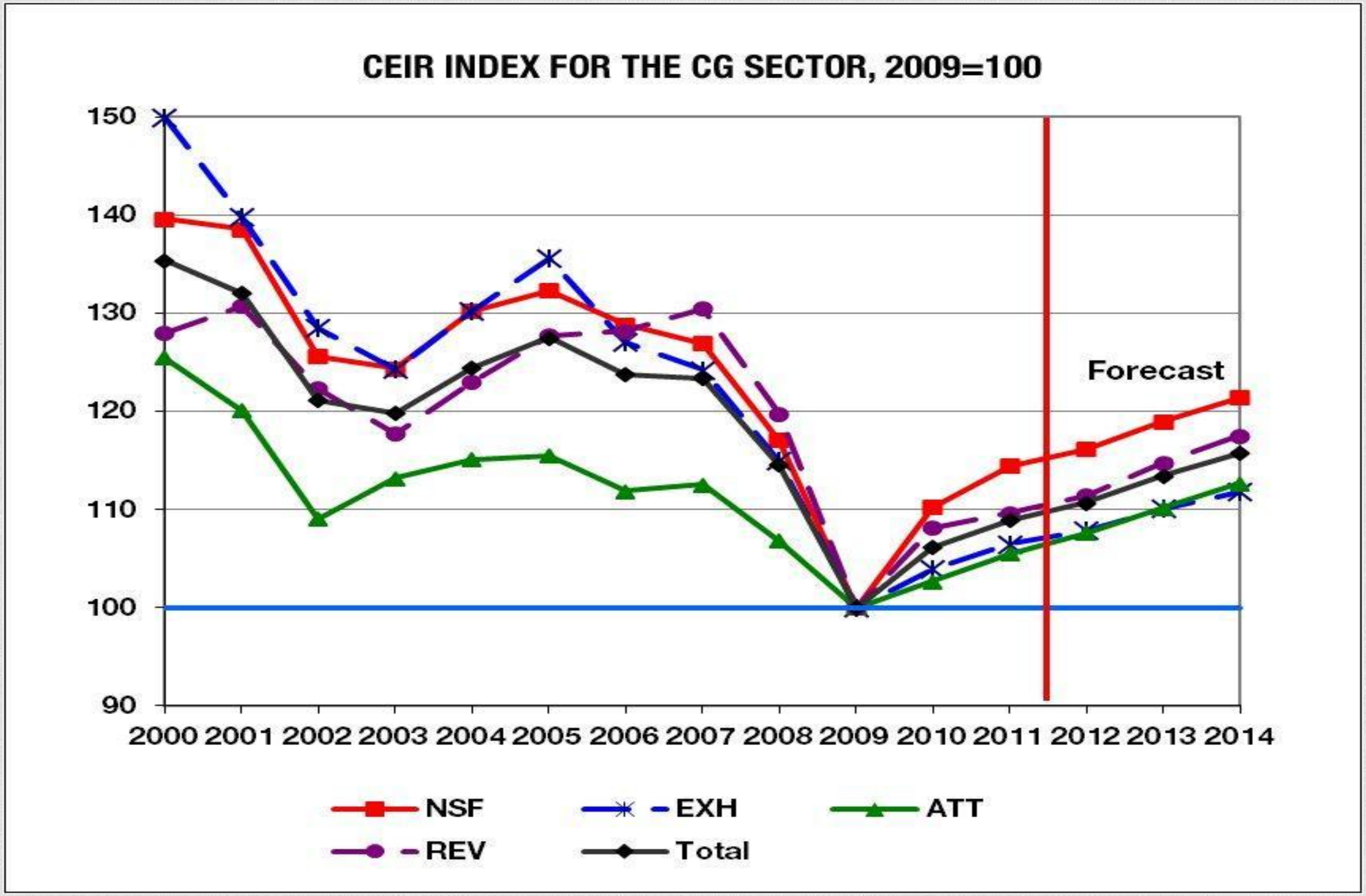

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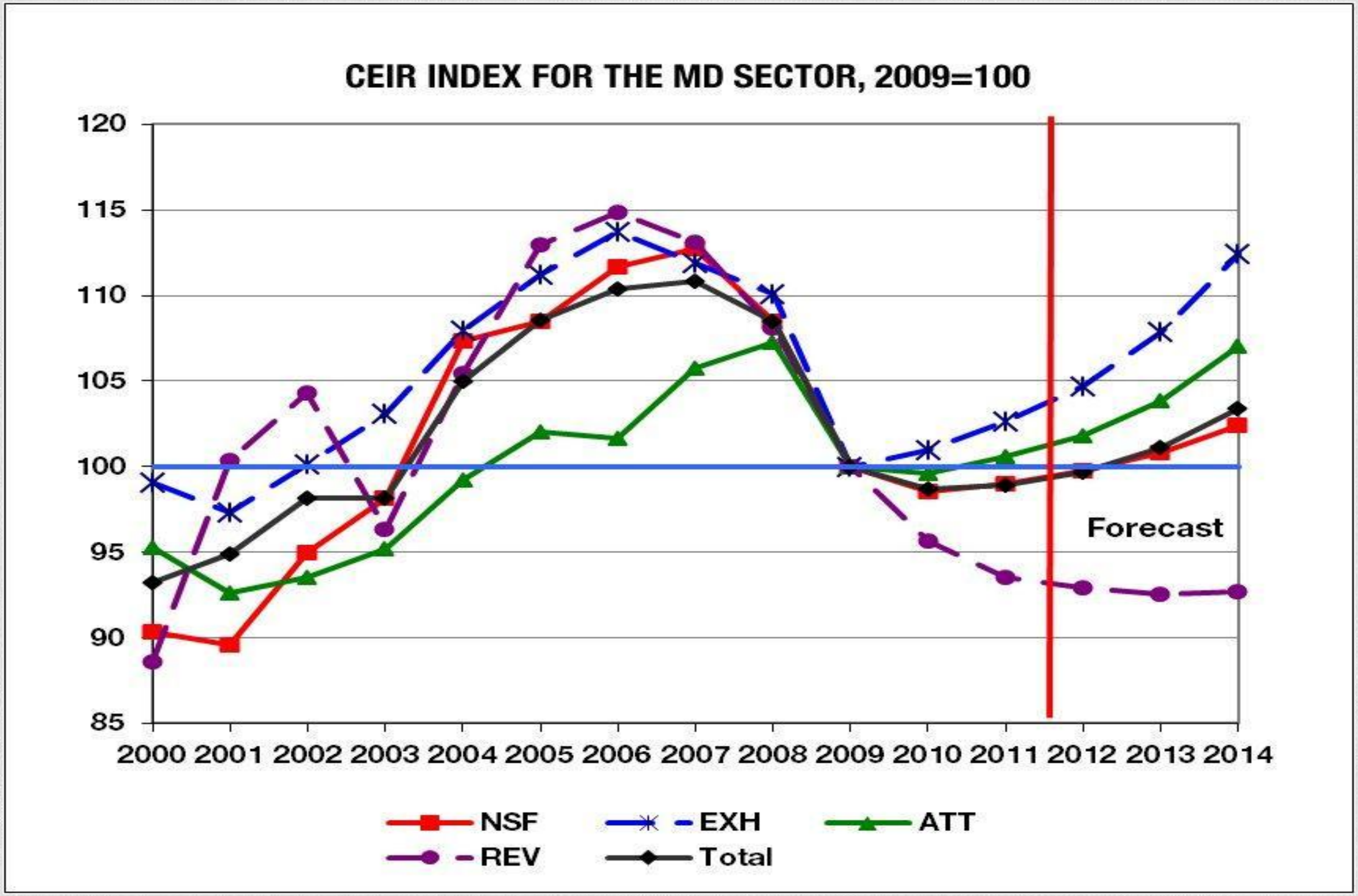

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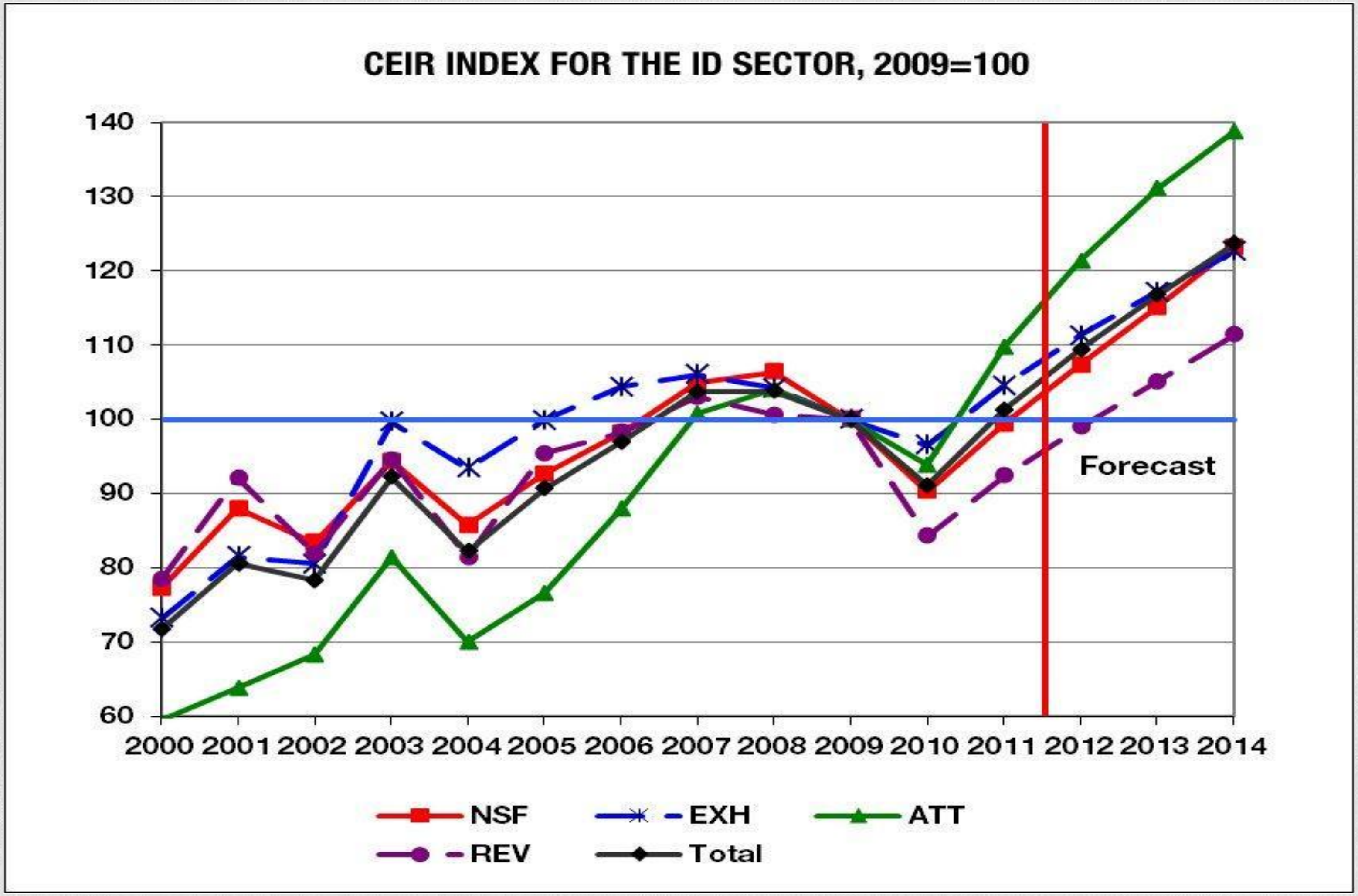

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The Future

- The Organizers
- The Events
- The Facilities
- The Contractors

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The Organizers

Today

- 67% association owned
- Sell real estate
- Seller/Customer
- Entrepreneurs missing

Tomorrow

- 50% association, 40% media companies, 10% entrepreneurs
- Relationship selling
- Partners
- Entrepreneurs the key to growth

The Events

Today

- Growth unlimited
- Bigger is better
- Average show size 48,000 NSF

Tomorrow

- Growth unlikely
- Cozier more comfortable
- Show size unchanged

Facilities

- First generation buildings have major upgrades or gone.
- Second generation +/- 5 years
- Third generation challenged by features of fourth generation.
- Re-purposing should be on everyone’s agenda
- Maintaining the status quo unlikely.

Facilities Cont.

Make the best of bad choices

1. Own events
2. Become service contractors
3. Partner with organizers to include shared risk/reward
4. All of the above
5. Re-purpose

“We face long years of profound changes…the only policy likely to succeed is to try to make the future…to try to make the future is highly risky. It is less risk, however, than to not to try to make it.”

--Peter Drucker

Management Challenges for the 21st Century

Exhibitions are the last bastion of face-to-face marketing!

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