

Industry Paper

The Outcomes of UFI Global Exhibition Barometer: Comparing Between 28th And 30th Edition

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Business Challenges, Digital Transformation Impact*

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Industry Viewpoint

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ABSTRACT

In 2022, several countries, including Colombia, France, Saudi Arabia, Spain, and Türkiye, surpassed the average performance, and the UK is projected to do the same in 2023. Approximately half of companies observed a stable or increased operating profit in 2022 compared to 2019, which is set to rise in 2023. However, high percentages of companies in China, Germany, and Italy anticipate losses for 2023. An interesting shift in business concerns was seen from the impact of COVID-19 in 2022 to internal management challenges in 2023. The most pressing areas within this are Human resources, business model adjustments, and finance. The impact of digitalisation and economic conditions also emerged as important issues. Conversely, China continues to prioritise the impact of the pandemic.

KEYWORDS

Business Performance Forecast, Economic Outlook, Profit Trends, Business Challenges, Digital Transformation Impact

Introduction

UFI is The Global Association of the Exhibition Industry. The 28th and 30th editions of the “UFI Global Exhibition Barometer” survey are compared in this paper. These studies are based on a global survey conducted in January and December 2022. It provides current information on the global exhibition industry as well as 29 (28th edition) and 21 (30th edition) specific markets and regions.

The UFI Global Exhibition Barometer was first published in response to the global financial crisis of 2008. The 28th edition updates and builds upon the previous ones published in the previous 18 months to produce an assessment of the COVID-19 pandemic’s effects on the exhibition industry as well as future projections, and the 30th edition expands upon those published in the previous two years.

The Barometer has a broad scope with over 400 global collaborators. The number of survey responses (401 from 53 countries and regions in the 28th edition 367 (total from 56 countries and regions in the 30th edition) provides representative results.

Operations: Reopening Exhibition

The 28th Barometer Survey

The 28th Barometer surveyed participants’ monthly operations to classify their level of activity as “normal,” “reduced,” or “no activity,” beginning in July 2021 and continuing through June 2022. These “company operations” include, for many companies, working on the development of digital solutions while face-to-face events are not possible.

Companies were also asked when they expected exhibitions to reopen in their city and what factor they thought would be most beneficial to the “bounce back” of exhibitions.

The situation is gradually getting better on a global scale:

- During the second half of 2021, the percentage of businesses anticipating “no activity” decreased from 34% to 16%; as of March 2022, only 4-5% of businesses anticipate no activity.
- Parallel to this, the proportion of businesses reporting “normal activity” increased from less than two in ten in July 2021 to about four in ten between October 2021 and February 2022. This percentage is predicted to increase to about six out of ten businesses anticipating normal activity levels by March 2022.

However, the situation, primarily driven by the “reopening date” of exhibitions, varies from one region to another and sometimes from one country to another within the same region:

- In North America, the proportion of firms declaring a normal level of activity is steadily increasing, from less than one in ten in July 2021 to at least six in ten in February 2022.
- In several major Central and South American markets, most companies experienced normal activity levels between September and November 2021, and more than eight out of ten anticipate normal activity levels beginning in February 2022.
- In Europe, most businesses experienced normal activity levels between October and November 2021, and they expect the same from March 2022 onwards. However, the picture differs across countries, with the majority of companies in Russia, Spain, and, to a lesser extent, Turkey experiencing normal activity over a longer period, whereas in Germany, this is not expected until May 2022.

The situation differs greatly across Asia-Pacific, the Middle East, and Africa, with Japan and the UAE appearing to be less severely hit than other countries during the second half of 2021 and only Australia and India experiencing normal activity.

When asked what elements would most help exhibitions “bounce back,” seven out of ten companies chose “Lifting of current travel restrictions,” while five out of ten chose “Readiness of exhibiting companies and visitors to participate again,” “Mid-term visibility in terms of public policies, including travel restrictions,” and “Lifting of current public policies that apply locally to exhibitions.”

Another additional key driver mentioned by the majority of companies in several markets is “financial incentive packages (resulting in lower costs for the exhibitors)” (Argentina, Colombia, Hong Kong, Malaysia, Spain and USA).

The 30th Barometer Survey

The 30th Barometer surveyed participants’ monthly operations beginning in July 2022, categorising them as “normal,” “reduced,” or “no activity.” It also forecasted their level of activity from now until June 2023. Companies were also asked about the overall state of operations in their cities, as well as what specific measures they thought were most important for full exhibition recovery.

According to the study, the standard of operations is rising everywhere; between January and December 2022, the percentage of businesses reporting “normal activity” increased gradually from 30% to 72%, and by June 2023, it is projected to reach 80%. Brazil is predicted to have the highest percentages of “normal activity” for the first half of 2023 (98%), followed by Turkey and the US (95%), the UK (90%), Italy and Thailand (88%), Spain (85%), and the United Arab Emirates (85%). Only 29% of Chinese companies expect normal activity, and 40% expect reduced activity.

Except for a few places in China, exhibitions can now be held anywhere in the world, contributing

to the overall very optimistic outlook. Several regions are simultaneously reporting new hygiene measures (more than 20% of respondents in Malaysia, Saudi Arabia, and Thailand reported this). In China, 55% of survey participants said exhibitions could be held (typically with hygiene precautions), 17% said “only local events” could be held, and 28% said events were still not permitted.

In response to the question of what specific actions could be taken to aid in the ongoing recovery of exhibitions:

- 51% chose “Readiness of exhibiting companies and visitors to participate again,” while 45% chose “Financial incentive packages.”
- In-depth findings reveal that travel restrictions (that apply to foreign visitors) or local public policies (that apply to exhibitions) have a strong impact on several markets, including 74% of respondents in China, 62% in Germany, and 38% in the US.
- One out of every five businesses globally believes that no specific measures are required, but the proportion varies from none in several markets (Argentina, Chile, China, and Mexico) to one in every two or more in the United Kingdom (50%), France (53%), and the United Arab Emirates (58%).

The participating exhibition organisers in this edition of the Barometer were also asked to rate the “hosted buyers” packages, in which the organiser invites, and hosts selected visitors in exchange for a guaranteed number of business meetings with exhibiting companies. The overall findings show that:

- This concept is used by half of the respondents.
- While one-quarter of those who use it are satisfied with the programmes, the other two-thirds report mixed results.

National results highlight contrasting situations:

The concept appears to be widely adopted in Argentina, Italy, Turkey, the United Kingdom, and Thailand but not in the United States, Germany, South Africa, or Australia. When it is implemented, the highest levels of satisfaction are found in Germany, Mexico, the UAE, and the United States, while the lowest levels are found in Australia, India, Saudi Arabia, South Africa, and Thailand.

Turnover Operating Profits

Participants’ production for their company’s 2021 gross turnover and expectations for 2022 were surveyed for the 28th Barometer, compared to 2019. The survey asked how operating profits would differ in 2021 versus 2019 and 2020. In contrast, the 30th Barometer asked participants to forecast their company’s gross revenue for 2022 and their expectations for 2023 in comparison to 2019. The

survey also sought information on the evolution of operating profits in 2022 and 2023, as well as their comparison to 2019. The following Table 1 compares the results of the 28th and 30th editions:

Results of 28th Edition	Results of 30th Edition
<p>Companies worldwide reported a turnover of just 41% of 2019 levels in 2021, and they anticipate that this will rise to 71% of the same baseline in 2022. However, many nations are performing significantly better than average, including:</p> <ul style="list-style-type: none"> • For 2021 revenues: France (62% of 2019 levels), Russia (61%), China (60%), Japan (55%), South Korea (54%), UAE (53%) and Spain (50%). • For projected 2022 revenues: USA (84% of 2019 levels), Brazil and France (79%), Spain (78%), Colombia, China and Japan (77%), and Thailand and the UK (76%). <p>Globally, 27% of businesses reported a loss in operating profit for 2021, and 26% reported a drop of more than 50% from 2019 levels. Countries with a higher-than-average percentage of businesses reporting losses in 2021 are included in all regions:</p> <ul style="list-style-type: none"> • Mexico (33% of companies) in North America. • Argentina (50%), Brazil (44%), Chile (38%) and Colombia (42%) in Central and South America. • Germany (44%) in Europe. • South Africa (36%) in the Middle East and Africa. • Australia (30%), India (29%), Malaysia (38%), Singapore (40%) and Thailand (38%) in the Asia-Pacific. 	<p>Exhibitions have begun to “bounce back” in 2022, and businesses from the majority of markets expect to deliver revenues that are roughly on par with those of 2019. The average global revenue for 2022 and 2023, excluding China, is 80% and 94% of what it was in 2019.</p> <ul style="list-style-type: none"> • Colombia, France, Saudi Arabia, Spain, and Türkiye all outperformed this average in 2022; the UK will follow suit in 2023. • About half of the companies report an increase in operating profit or a stable level compared to 2019 levels for 2022, and that number rises to 7 out of 10 for 2023. <p>Except for China, Germany, Italy, Thailand, and the US, all of the countries analysed have markets that will be above those levels in 2022, 2023, or both years.</p> <p>Comparatively to 11% for 2022, only 4% of respondents worldwide anticipate a loss for 2023. The countries with the highest percentages of companies forecasting losses for 2023 are China (18%), Germany (17%), and Italy (11%).</p>

Table 1: The Turnover Operating Profits of 28th and 30th Barometer Survey

Most Important Business Suite

We compared the most important issues for business in the years 2022 and 2023 and discovered some interesting findings.

Due to the lift of restrictions, the “Impact of the COVID-19 pandemic” is now the least pressing issue (5% in 2023, compared to 19% in 2022). In China, however, as of December 2022, it remains the most important one (with 18% of answers).

In contrast, “Internal management challenges” have now been ranked the most pressing business issue (20% in 2023, compared to 19% in 2022). Meanwhile, within “Internal management challenges”, the respondents declared “Human resource” (67% in 2023, compared to 56% in 2022), “Business model adjustments” (44% in 2023, compared to 54% in 2022) and “Finance” (31% in 2023, compared to 48% in 2022) as the three most pressing issues.

The “Impact of digitalisation” comes as the second most important issue globally (16% in both 2023 and 2022), followed by “State of the economy in the home market” (15% in 2023, compared to 12% in 2022) and “Global economic developments” (15% in 2023) then “Competition with other media” comes next (14% in 2023) which were not previously identified as important issues in 2022.

An analysis by industry segment (organiser, venue only and service provider) shows no differences about the three most pressing issues in 2023, which remain “Internal management challenges”, “Impact of digitalisation”, and “State of the economy in the home market”. In contrast, in the year 2022, “Impact of COVID-19 pandemic on the business” was the top issue, followed closely by “Internal management challenges” and “Impact of digitalisation”.

Format Of Exhibitions In The Coming Years

We also compared the trends identified for the format of exhibitions in 2022 and 2023. Specifically, it has been found that:

In both 2022 and 2023, respondents agree that “COVID-19 confirms the value of face-to-face events” (88% in 2023, compared to 80% in 2022) and are confident that the sector will quickly bounce back post-pandemic (59% in 2023, compared to 38% in 2022).

26% in 2023, compared to 44% in 2022 of the respondents believe there will be “Less international ‘physical’ exhibitions, and, overall, fewer participants”, indicating that people in general are comfortable in large crowds again.

Of the respondents, 57% in 2023, compared to 73% in 2022, believe there is “A push towards hybrid events, more digital elements at events”. The significant drop in percentage corresponds to the previous point that the trend is returning to hosting in-person events.

5% in 2023, compared to 10% in 2022 of the respondents agree that “Virtual events are replacing physical events”. This indicates that people still crave in-person interaction, especially post-pandemic.

Conclusion

The Global Barometer survey, which has been tracking the exhibition industry since 2008, concluded its survey in 2022 and 2023 with data from more than 367 companies globally. The reports show that after the ongoing impact of COVID-19, the industry is showing signs of recovery in 2022, and full recovery is expected in 2023. The recovery rate varies according to location and the anticipated reopening date. When asked about the factors that could most help the recovery of exhibitions, companies primarily cited the lifting of travel restrictions as a main factor that could help exhibitions recover and the readiness of exhibiting companies and visitors to participate again.

Globally, companies had a 2021 turnover of just forty-one per cent of 2019 levels. It is expected to increase to seventy-one per cent in 2022. Approximately half of the companies are reporting stable or increased operating profit in 2022 compared to 2019 levels. This percentage is expected to increase to 70% in 2023. Globally, only 4% of respondents anticipate a loss in 2023, compared to 11% for 2022. In general, more than half (69% in 2022) of the companies did not receive any public financial support, whereas, for most of those who did, the financial aid received accounted for less than ten per cent of their total expenses.

The most pressing business issues for companies, according to the survey, are internal management challenges, the impact of digitalisation and the state of the economy in the home market. Human resources, business model adjustments, and finance are equally important components of internal management challenges. The impact of COVID-19, one of the most pressing factors in 2022, is the least pressing issue in 2023.

In terms of future exhibition formats, most respondents believe that face-to-face events are valuable and anticipate a quick turnaround. There is a belief that there will be fewer international physical exhibitions and fewer participants. There is also a push towards hybrid events and more digital elements at events, but virtual events are not replacing physical events, according to most respondents.