

**Current opportunities and threats for ProWein, Vinexpo, Vinitaly and London
Wine Fair: An investigation into ProWein exhibitors' attitudes towards
European wine trade shows**

Summary

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1 INTRODUCTION

The European trade show market has become a highly competitive sector. This is reflected, for example, by the recent announcement of Vinexpo to refocus its strategy due to this increased competition. Moreover, European fairs are facing an extremely volatile political and economic environment due to factors such as uncertainties over Brexit or the trade tariff issue between the USA and Europe. A better understanding of ProWein exhibitors' attitudes can help address their needs and could contribute to a more sustainable trade show business.

Research focuses on ProWein as a leading international fair and also assesses three of its competitors – Vinexpo, Vinitaly and LWF, which have all impacted the European market.

This study examines exhibitors' perspective as major stakeholders in ProWein and its competitors. The results provide answers to the following questions: How important are trade shows within the exhibitors' sales and marketing mix? What do exhibitors expect from ProWein and its competitors? What drivers and factors have enabled ProWein and its competitors to attain their position? Where do exhibitors see the current benefits and further potential of European trade shows? What conclusions can be drawn for a successful future trade show strategy?

Quantitative data was gathered using an online survey addressing a broad international sample, including different origins, markets, sizes and business operations – from small boutique producers and intermediates to multi-national operations.

Qualitative exhibitor data was gathered through interviews with representatives of 16 generic bodies and marketing institutions. The research was supported by interviews with representatives of the four fairs as well as 22 international industry specialists.

2 FINDINGS AND CONCLUSIONS

2.1 Importance and current benefits of trade shows

Research shows that trade shows are generally considered one of the most important activities in the sales and marketing mix – at least by ProWein exhibitors. Analysis of the survey responses suggests that this is because fairs offer many personal face-to-face contacts with key persons of the industry in the same place within a limited timeframe.

According to the survey and interviews, these characteristics contribute directly to the exhibitors' main goals. Presentation of products is most important for attendees, followed by regular customer care. While meeting existing customers is especially relevant for domestic attendees, overseas exhibitors and other export-oriented companies rank the acquisition of new customers and development of new markets highly. Bearing these differences in mind, the four trade show organizers should continue to develop specific programmes to address these different groups.

2.2 Exhibitors' expectations and drivers for trade shows' development

Consistent with these findings, survey and interviewees revealed that the most relevant factors for exhibitors are those that contribute to showcasing products and meeting (potential) customers. Top-quality visitors are ranked highest, followed by a well-run fair with a good reputation and good cost-value ratio.

The interviewees confirmed the overall important role of attendees for the development of all assessed shows. They considered attractiveness owing to its efficient business environment with the attendance of international high-quality key members of the industry ProWein's biggest strength and most important growth factor. Interviewees also identified Vinexpo's high-quality overseas attendees and the presence of all relevant key stakeholders in Italian wine at Vinitaly as the most important factors for these shows. In contrast, the lack of international attendees was considered LWF's greatest limiting factor – even though its new innovative concept gained approval.

2.3 Further potential of European trade shows

The survey and interviews suggest that fairs will remain important sales and marketing activities for ProWein exhibitors. Seventy-three percent of respondents ranked them as '(very) important' for their own business success within the next three years. Nevertheless, the cost-value ratio is still one of the most criticized factors - especially by small exhibitors. Indirect costs (notably lodging) are also a growing issue. At the same time, some exhibitors – primarily small enterprises - have experienced lower value due to rising complexity and the growing numbers of international attendees.

These issues could develop into threats as oversupply of fairs might foster competition between the fairs for marketing budgets and top attendees. Around half the survey respondents agreed with the statement that there are too many fairs on the market. New formats such as the joint new Vinexpo Paris and Wine Paris show from 2020 will further increase this competition. The fact that 60% of French

respondents indicated such an oversupply should be a call for the organizers of the Paris fair to communicate its benefit clearly to this potential important target group.

The situation may become even more challenging if economic and political factors such as Brexit or the ongoing tariff dispute between Europe and the USA lead to a downturn in economies, hence shrinking marketing budgets. Exhibitors and visitors might focus their resources on the most relevant shows, which could benefit market leader ProWein and increase pressure on its direct competitor Vinexpo as well as the 'niche' participant LWF. Nevertheless, ProWein risks losing some of its domestic home base, given the lower commitment of German exhibitors to fairs.

Moreover, the study showed that fairs are only part of a broad portfolio of exhibitors' sales and marketing activities. Exhibitors currently regard activities such as trade tastings as even more important than fairs, because they provide a selective and effective way to address specific buyers and opinion leaders personally in a captive environment with limited or no competition. Although most generic bodies and experts interviewed indicated that these activities complement trade shows rather than substitute them and also ranked their future importance lower than trade shows' relevance, this attitude might change if economic conditions deteriorate.

However, fairs could exploit various future opportunities. Developing strategies to assist exhibitors in becoming more visible, e.g. with special PR and communication services, could provide added value, as interviewees confirmed, providing they are tailor-made for their target groups.

Social media and PR measures could help increase visibility, especially for smaller producers with not much own expertise in these activities. E-commerce and

matchmaking opportunities could help generate business efficiently by bringing buyers and sellers together.

The survey results also indicate that most participants are unwilling to pay for such services. Therefore, fairs should focus specifically on overseas exhibitors and attendees of multiple fairs who indicated greater interest in services such as e-commerce and matchmaking and could thus be early adapters of these technologies. Since they also demonstrated greater interest in trade show bundles, offering specific packages to these attendees could enhance customer loyalty to Vinexpo or ProWein by offering a better cost-value ratio and increasing their international appeal.

2.4 Conclusions for a successful future trade show strategy

Every trade show company should develop its own specific strategy, which will differ between a publicly-owned global player like Messe Düsseldorf and a family-run national business like Brintex.

ProWein should focus on organizational and infrastructural performance to strengthen its brand reputation as an efficient fair with high-quality attendees. Offering social media, e-commerce/matchmaking instruments and trade show bundles for different ProWein fairs could generate added value for overseas exhibitors who indicated interest in such services.

However, ProWein should balance the needs of international and domestic groups to avoid a gradual loss of its national home base. Increased meeting zones for customer care and an optimized hall layout to reduce complexity could address some

of the needs of these groups, as revealed in the survey and the interviews. Although Messe Düsseldorf has no direct control over hotel costs, they should intensify talks with tourism associations and seek additional hotel rooms to mitigate rising costs, since this was identified as a critical factor for exhibitors in the survey and interviews.

Vinexpo should further strengthen its strong Asian-American-French axis, as the survey identified this as one of the fair's key assets from the perspective of both experts and ProWein exhibitors. Vinexpo could exploit the strength of its international network and offer bundles with reduced rates and special promotion options for those attending two or more Vinexpo fairs.

This could attract especially those ProWein exhibitors from overseas who indicated their interest in these packages. The new Paris show should be included in this concept to support its launch. The establishment of the new Vinexpo Paris as a joint venture with Wine Paris in February 2020 could attract key buyers and strengthen the Vinexpo brand. Nevertheless, differentiation from the Paris event is crucial for the Bordeaux show to avoid jeopardizing its role – especially in the light of the perceived oversupply of fairs and the recently reported loss of attendees at Vinexpo.

E-commerce to support business beyond the trade floor could increase Vinexpo's attractiveness for overseas exhibitors who indicated an interest in those activities. Therefore, the new management's declared strategy of linking their international shows more closely, focusing even more strongly on key buyers and providing added value by supporting business with digital instruments is a step in the right direction.

Vinitaly's Italian element is a powerful asset in its perception as the "most important Italian fair". This is recognized by almost all exhibitors and interviewees surveyed and

should be further strengthened. The study also showed that PR and image cultivation is an important goal for those attending both ProWein and Vinitaly. Conferences, networking opportunities and market research proved interesting and should be nurtured to retain these clients' loyalty. Initiatives such as the wine2wine conference are a step in the right direction.

Although LWF's national focus means it is no longer considered a competitor to ProWein and Vinexpo, its London site and family-like, innovative atmosphere are acknowledged as benefits by interviewees. The approach of selling sponsorships and expanding the "Innovation Zone" could help strengthen the LWF brand as an innovative antithesis to the big shows, while focusing on new, exciting trends in the global wine market. This would retain the loyalty of those ProWein respondents who also attend LWF and indicated being especially interested in PR and image cultivation.

Moreover, LWF could further rationalize formats such as "Drinks Britannia" or the "Innovation Zone" into scalable and exportable international platforms to spread the message of LWF's appeal in overseas markets, such as Asia, thus fostering the internationalization of the fair. A more international focus could contribute to risk limitation resulting from Brexit and a weak national market. Furthermore, a more international fair would help retain those ProWein exhibitors with international focus who also attend LWF.

2.5 Summary and outlook

Each fair faces specific opportunities and threats which require different strategic approaches. ProWein should, for example, balance the needs of international and

domestic groups to avoid a gradual loss of its national home base. Vinexpo should further exploit its global network and integrate the new Paris show whilst being mindful of differentiation. Vinitaly should further strengthen its Italian element as a powerful asset which sets it apart from its competitors. The London Wine Fair should maintain its strategy of being a small but innovative player and foster concepts which help to increase its international reach.

In summary, the future for wine fairs will see further opportunities and increased challenges. Trade shows will have to compete even more in the future for top decision-makers, market share and their clients' budgets, especially with new shows entering the market and exhibitors searching for the best value.