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ITB Berlin: Will Life Begin At 40?

The world's largest travel trade show, Internationale Tourismus-Börse (ITB) Berlin, turns 40 this year. There is little doubt that it has played a major role in elevating the standing and status of the world's largest service industry. The show has gained strength in spite of global upheavals and industry changes. Indeed, it has found ways to make all these developments work to its advantage.

But as the factors that have contributed to its growth and success change, the show faces a number of challenges that may affect its future. This edition of *Issues & Trends* takes a look at both ITB's past and its future.

OVERVIEW

Every March, representatives from over 180 countries and territories gather in the 26 halls on the Berlin Exhibition Grounds. Although the grounds are owned by various arms of the city and state government, the entire complex is managed and operated by Messe Berlin, a private company.

The show's biggest advantage is the luxury of space – more than 160,000 square metres as compared to the 65,000 square metres in the events halls of Excel London, home of the world's second largest international travel trade show, the World Travel Market (WTM). Messe Berlin is among the world's top ten exhibition companies, with its nearly 80 international trade events making a major economic contribution to the Berlin-Brandenburg area. Three other important shows in addition to ITB are Consumer Electronics, the International Green Week and the International Aerospace Exhibition.

ITB Berlin was launched in 1966 within the context of an emerging Germany in the post-war era, and the country was in pursuit of a global role during the Cold War years. Economic development was gaining Germany a major role as an industrial powerhouse and producer of high-quality automobiles, electronics, transportation and infrastructure. As the country's economy grew, it generated an accompanying growth in travel for leisure and business. At one stage, the Germans were the world's undisputed leaders in global travel.

Massive tourism industry support facilities emerged to handle the growth. Giant wholesale tour-operating companies plus the new wide-body aircraft helped drive growth as Germans sought ever more exotic destinations beyond Majorca and the Balearics.

Berlin itself was an additional draw-card for the show. Divided during the Cold War years, it has long retained a certain mystique amongst people wanting to see how two competing political and economic ideologies could be divided by a wall.

Since regaining its status as the German capital in 1990, after the reunification of Germany, Berlin has undergone a major transformation as an international centre of culture, communications and commerce, with trade shows and conventions playing an important role. Indeed, the ITB generates a turnover of approximately five billion euros, attracting well over 100,000 visitors.

A BRIEF HISTORY

In 1965, a year before its debut, leading German tourism industry associations were less than enthusiastic about the idea of a tourism trade fair in Berlin. The archives at Messe Berlin contain correspondence urgently advising against "an exchange for tourism", considering there to be "absolutely no reason" for a travel exhibition.

It was the media, in the form of the local daily *Berliner Morgenpost*, which described the idea as "extremely novel", particularly in view of the limited travel options open to West Berliners. However, it felt an all-German trade fair would fare much better than an international exhibition.

The founder of ITB Berlin, Prof Dr Manfred Busche with only nine exhibitors

Unfazed, the founder of ITB Berlin, Prof Dr Manfred Busche, held the fair's debut in 1966 with only nine exhibitors from five countries – Egypt, Brazil, the Federal Republic of Germany, Guinea and Iraq. The fair was visited by 250 trade visitors in a 580 square-metre area at the exhibition grounds. Although they did not exhibit, another 24 Central and West African countries participated in a seminar held alongside in the Congress Hall on the subject of "new holiday destinations on new continents".

Perhaps as a result of that first fair, the next few years saw a sudden rise in holiday choices for the consumer and fast growth in the number of tourism companies and organisations. Held alongside a boat show, the 1968 ITB exhibited a "super travel agency", with displays occupying 4,700 square metres, and attracting 1,250 trade visitors. About 123,500 Berliners visited the show. Two former Iron Curtain states participated, Romania and Hungary, indicating that the ITB in Berlin could transcend the political divide.

By 1972, the display area had risen to 13,400 square metres and, by 1976, it expanded to 35,500 square metres. The ICC Berlin opened in 1979, allowing more space for press conferences, seminars and other such events. In 1980, the display for ITB area reached almost 52,500 square metres. Since then, it has grown almost at the rate of one new hall a year.

SECRETS OF ITS SUCCESS

To fill the space and to remain the undisputed biggest global travel event in terms of attendance, Messe Berlin has had to closely monitor changing market conditions both within the industry and beyond, and adapt itself accordingly. The key has been to reinvent ITB by moving it away from being German outbound only, to a show that caters to all markets across all geographical regions and customer segments.

In other words, no matter how one is involved in the travel and tourism industry – be it as a buyer, seller, marketer, observer, professor, researcher or just plain holiday-maker – the over-arching goal of Messe Berlin has been to make attending ITB worth the time, effort and cost.

Following are some of the factors that have helped.

Fixing timing and venue: While change can be good, keeping some basics constant has helped. The March dates and Berlin location give ITB the advantage of being slotted into business diaries almost without thinking.

Growing the exhibitors: To attract more buyers, the show has to offer good and many sellers. This year, the show is expected to be attended by over 10,400 tourism companies and more than 84,000 trade visitors. New industry players find ITB a useful venue for boosting their image and profile. Organising the halls by countries and introducing individual market sections has made it easier for buyers to reach only those exhibitors they wish to see.

This year, the many states of India that are seeking to enhance their global tourism profile have required India to occupy an entire hall – just under 2,000 square metres – for the first time. Turkey and South America both will be occupying an additional area of some 600 square metres. Arab countries, too, have expanded their participation.

The show has also sought to broaden its base of industry partners to include the major international tourism associations, such as PATA, UNWTO, WTTC, COTAL and ASTA.

A new addition this year is the "ITB Supply", designed to meet the needs of those who supply goods and services to the travel and tourism industry, including providers of travel agency fittings and equipment, and consultants specialising in solar energy systems for hotels. Also being introduced for the first time is a special fair for holiday accommodation and second homes to attract exhibitors in project development, management, financing, architecture, consultancies and real estate.

Adapting to technology: As the Messe Berlin runs a number of other trade shows, it leverages the new technologies available to facilitate buyer-seller contact across all the shows. The introduction of a "Virtual Market Place" allows exhibiting companies to offer their products and services 24 x 7. Even buyers who do not attend the ITB can make contact with the exhibitors.

Broadening the subject matter: The philosophy is to anticipate new market trends and provide a forum for putting new ideas into practice, thus allowing the show to mirror society trends and economic developments. ITB becomes a melting pot of subjects ranging from health and wellness, culture tourism and youth travel to cruises, ecotourism, training institutes, business travel, automation and distribution. Although these niche segments have their own shows and conferences in other parts of the world, industry executives at ITB find the show's jack-of-all-trades approach useful for browsing through other industry sectors in search of new ideas and strategies.

red Busche, held the fair's debut in 1966 ors from five countries

Other examples of ITB's approach of broadening the subject matter include the following:

- In the early 1980s, business travel began to grow and by 1985, it had already become an important theme at the ITB. Over the same time-frame, the show also responded to criticisms about the problematic aspects of tourism, and helped provide a platform for discussion of ways to create new and alternative forms of tourism.
- The Travel Technology Congress, which was for years the predominant industry forum for monitoring the evolution of distribution systems, has now been reinvented as a Business Travel platform and is organised in partnership with the US consultancy, PhoCusWright Inc.
- In 2004, the ITB Convention Market Trends & Innovations forum was born to bring all the latest trends under one roof and to discuss their influence on tourism worldwide. Topics included aviation, the hotel business and marketing, and many more. Initially only for three days, it has been extended for the whole five days of the show in 2006.

Converting crisis into opportunities: In 2002, after the 9/11 World Trade Center disaster, the show experienced a decline in exhibitors and visitors, although the number of journalists actually increased. Subsequently, the show repositioned itself as a platform to mount recovery campaigns and/or announce all-clears. Hence, in 2004, after the war in Iraq and the SARS crisis, total visitors reached 141,139 (up from 129,943 visitors in 2003). Attendance increased again in March 2005, after the Indian Ocean tsunami in December 2004, to 142,351 visitors.

Attracting decision-makers: The bigger ITB gets, the more high-level decision-makers it attracts. Ministers, government officials and senior company executives all find it worthwhile to have the entire amalgam of the travel and tourism industry under one roof. Because corporate and government structures change frequently, ITB becomes a very useful platform for industry newcomers to assess the scale of the competition they face in a globalised world. Many also use ITB as an opportunity to hold press conferences and public fora, which in turn helps attract a strong media turnout.

More decision-makers means more people coming in anticipation of making contact with them. To maximise their return on investment in time, many private sector CEOs also attend private events alongside.

Giving trade visitors a better use of time: Responding to the desire of travel buyers and sellers to get maximum business done in the minimum possible time, as well as their needs for smooth mobility through ITB's gargantuan grounds, the show now begins on a Wednesday and will be restricted until Friday exclusively to trade visitors. This reverses the previous format when the show began on a Saturday, which meant that by the time the trade visitors arrived on Monday, most of the sellers were quite exhausted.

Attracting more consumer visitors: On Saturday and Sunday, the show is opened to the general public. To grow the number of consumer visitors scouting for their next holiday destination, ITB Berlin 2006 will present for the first time a culinary exhibition. Another attraction will be the ITB Grand Draw, with holiday trips as prizes. Every admission ticket will qualify the holder to take part in the draw. The public is being encouraged to buy tickets online before a specific deadline for a discount: 11 euros instead of the regular price of 13 euros. This will help organisers develop a large electronic database of potential consumers and will attract them to future shows.

Boosting accessibility: Over the years, a major complaint has been the lack of direct international air access to Berlin, which forces delegates to come through Frankfurt, Munich or other international airports in Europe. This year, the show has partnered with German Railways (DB) and from March 7-13, 2006 all visitors can travel to Berlin first class from any station in Germany for just 69 euros. As of January 3, 2006, tickets could be reserved by calling a hotline number.

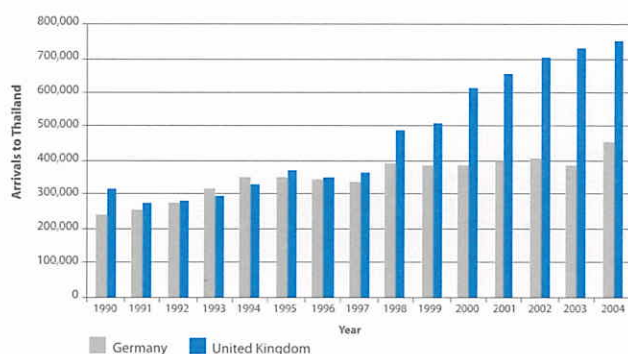
CHALLENGES AHEAD

As the travel and tourism industry continues to change in structure, shape and form, it will further challenge the ingenuity and creativity of ITB Berlin to retain its leading market position. Here are some factors that will need to be considered:

Decline in share of German travel: The dominance of Germany as the world's largest travel market is set to be overtaken by both China (PRC) and India as they become major economic powerhouses. In terms of market-share, the growing number of visitors from China (PRC) and India is already reducing the share of Europe in the overall total if not in direct numbers. Thailand, one of the most popular Asia Pacific destinations for German visitors, is

reporting that German arrivals have been overtaken by those of the much faster growing UK market.

Figure 1: International Arrivals from Germany and the United Kingdom to Thailand, 1990-2004¹



Decline in European travel expenditure: Although the average length of stay remains high – 13.63 nights on average for European visitors – European average daily expenditure in Thailand is lower than the spending of Asian visitors (Table 1). At the same time, the strength of the Euro means that Europeans continue to enjoy higher quality standards and facilities at less cost to them.

Table 1: Spend per Visitor per Day in Thailand, by Sub-region of Origin, 1995-2004, in US\$²

Country of Residence	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
East Asia	173.49	162.22	139.15	98.95	112.99	103.76	94.87	98.79	100.31	108.59
South Asia	143.27	171.10	146.80	94.72	124.16	123.55	105.68	97.45	99.77	99.61
Europe	128.26	123.08	83.47	78.23	75.71	79.13	69.98	74.96	78.60	92.97

More intra-regional travel: Global travel is becoming increasingly intra-regional. In Europe, this is thanks to greater integration the impact of low-cost airlines and a desire to stay closer to home, largely due to security fears.

The same is happening in the Asia Pacific region thanks to greater economic integration and facilitation, the emergence of regional and sub-regional groupings, low-cost airlines and improved transportation infrastructure. The ASEAN, South Asian and North/Northeast Asian regions are all working hard to build more regional social and economic cohesion. The Chinese and Indian diasporas scattered through the region are also contributing to this travel trend.

Redirecting of marketing funds. Shifting markets will lead to shifts in marketing funds as public and private sector executives seek to get the most for their money. Exhibitors will need to find markets for their products but the cost of sales and marketing will be driven by the projected returns on investment. Geopolitical conflicts, natural disasters, epidemics and terror attacks also may impact where and how marketing funds are spent.

Competing convention centres: Expansive new convention and exhibition centres similar to those in Germany are being built in China (PRC), and will emerge over time in India. German companies have entered into joint ventures with Chinese companies. All this planned space will need to be filled and new travel exhibitions will emerge.

CONCLUSION

Messe Berlin says that the ITB Berlin is not just a trade show, but a “think tank (offering) a perfect platform for promoting dialogue in the international tourism sector... (and) providing answers to the pressing issues of our times.” It acknowledges that “new challenges need new visions.”

The challenge of maintaining the ITB Berlin as the world’s largest travel show may prove to be more formidable than those involved in raising it to that level.

Whatever the outcome, the show’s contribution to raising the quality and quantity of global travel and tourism will remain an indisputable fact of history.

PATA®
Pacific Asia Travel Association

Issues & Trends is published monthly for the members of the Pacific Asia Travel Association.

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Issues & Trends is delivered free to PATA members. A 12-month subscription for non-members is priced at US\$250. Contact publications@PATA.org

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¹ Source: Tourism Authority of Thailand

² ibid