

For discussion on
15 November 2011

**LEGISLATIVE COUNCIL
PANEL ON COMMERCE AND INDUSTRY**

Development of the Exhibition Industry in Hong Kong

PURPOSE

This paper reports on the latest developments in the Meetings, Incentive travels, Conventions and Exhibitions (MICE) industry and measures to encourage the better utilization of the existing exhibition and convention facilities.

BACKGROUND

2. At the meeting of the Panel on Commerce and Industry held on 21 December 2010, the Panel discussed the development of the exhibition industry in Hong Kong, in particular the promotion of the MICE industry, measures to encourage the utilization of the existing convention and exhibition facilities, as well as the Hong Kong Trade Development Council (TDC)'s assistance for local small and medium enterprises (SMEs) and new exhibitors. At the meeting, TDC agreed to explore further cooperation with other private exhibition organisers to develop new exhibition themes at the AsiaWorld-Expo (AWE), with a view to expanding the variety of exhibitions and creating more business opportunities for Hong Kong enterprises.

3. The Panel also asked the Administration to provide information on the economic benefits for Hong Kong resulting from the enhanced cooperation between the TDC and the AWE, including the implementation of the “one show, two locations” approach; and the feedback gathered in TDC’s survey from exhibitors in their trade fairs regarding the staging of exhibitions at the AWE, as well as the questionnaire and methodology used in the relevant survey.

LATEST DEVELOPMENT

Promotion of the MICE industry

4. The Meetings and Exhibitions Hong Kong (MEHK) Office, established under the Hong Kong Tourism Board (HKTB) in November 2008, has been promoting Hong Kong as one of the prime MICE destinations in the world. Benefiting from the improvement in the global economy, the number of overnight MICE visitors to Hong Kong increased by 23% to 1.43 million in 2010 as compared with 2009. The market situation remains robust in the first nine months of 2011, and we have been able to attract 1.03 million overnight MICE visitors to Hong Kong, representing a growth of 15% as compared with the same period of last year.

5. With the concerted efforts of the Government, MEHK and the MICE trade, we have secured many large scale MICE events for Hong Kong in the coming year, including the 2012 FDI (World Dental Federation) Annual World Dental Congress, 2012 Junior Chamber

International (JCI) Asia-Pacific Conference, and SIGGRAPH Asia 2011 (Computer Graphics and Interactive Techniques Conference and Exhibition in Asia), which are expected to attract about 10 000, 5 000 and 6 000 participants respectively. A number of events have also taken root in Hong Kong in recent years, including the Asian Aerospace International Expo and Congress, Asia Fruit Logistica, Asia Funeral Expo and CARTES in Asia.

Promotion of Lantau Island as a MICE Destination

6. Lantau Island, where the AWE is located, has plenty of tourist attractions, including beautiful scenic hiking routes, Hong Kong Disneyland, the Giant Buddha, Ngong Ping 360, Tai O Fishing Village and Stilt-house. In order to enhance the promotion of Lantau Island as a MICE destination, the Tourism Commission (TC) and the MEHK have successfully linked up all major attractions and venue providers on the Lantau Island to jointly launch a publicity campaign in October 2011. Earlier on, the TC, HKTB, Islands District Council and the Hong Kong – New World First Ferry Services Limited have jointly launched a promotional campaign for the major outlying islands including Lantau, in August 2011.

7. A new hotel is being developed in Discovery Bay which will provide additional MICE facilities with over 300 hotel rooms. The hotel is expected to be completed in mid-2012. Another small boutique hotel, which is revitalized from the Old Tai O Police Station, will commence operation in end 2011.

8. The MEHK will continue to strengthen its global promotion efforts and work closely with the Government, TDC, Invest Hong Kong, Economic and Trade Offices overseas and the MICE trade, to consolidate Hong Kong's position as an international tourism and MICE capital.

The “One Show, Two Locations” Approach

9. There are two pre-requisites for adopting the “one show, two locations” approach, namely a substantial unmet demand for exhibition space at the Hong Kong Convention and Exhibition Centre (HKCEC) and the availability of exhibition space at the same timeslot in the AWE. In fact, only three TDC shows¹, with an unmet demand for exhibition space, have the potential to adopt this approach. For these shows, TDC has inquired about the availability of space at the AWE. Unfortunately, the AWE is almost full during these peak seasons and, hence could not accept additional bookings. As the pre-requisites for adopting the “one show, two locations” approach are not satisfied, it is unlikely that TDC can adopt this approach in staging trade fairs in the short term.

10. Having said that, TDC has proactively engaged a consultant to conduct an “Exhibition Space Demand Study” to find out exhibitors' and buyers' views on the two exhibition venues so as to ascertain the demand and level of industry support for splitting TDC exhibition(s) into two locations at the HKCEC and AWE for future planning purpose. Surveys, with both quantitative and qualitative questions, were conducted at the Jewellery Show in March 2011, and the Electronic Fair as well as the Gifts Premium Fair in April 2011. A copy of the questionnaire and

¹ The jewellery show, gift and premium show and the electronics show held in March, April or October respectively.

the results of the Study are at *Annexes A* and *B* respectively.

11. The Study identified perceived relative weakness (i.e. its distance from the city centre and accessibility) and strengths of the AWE (i.e. the quality of facilities and size) by exhibitors and buyers. According to the Study, these are the factors that need to be considered when deciding whether the existing fairs should be expanded to the AWE.

12. Moreover, the exhibition organisers are not very willing to make use of the “one show, two locations” approach because of the increase in operational costs. Ultimately, whether the “one show, two locations” approach is adopted have to be a business decision for the private exhibition organisers, based on needs and requirements of their clients and business partners. For example, the Hong Kong Jewellery & Gem Fair held in September, which is the world’s biggest jewellery fair in terms of number of exhibitors, has adopted the “one show, two locations” approach since 2009. The fair has attracted nearly 3 500 exhibitors from 46 countries with over 51 000 visitors and occupied a record of 130 000 square metres of exhibition space in both the AWE and the HKCEC in 2011.

Improved Utilisation of AWE

13. With a view to improving the utilisation of the AWE, the Government has been promoting the AWE’s strengths and improving its attractiveness to the industry. With the joint efforts of both the Government and the AWE Management Limited (AWEML), a number of improvement measures have been put in place on days with events at the AWE, with a view to enhancing the transportation arrangement of the

AWE². All these measures have been well received by the public, and among them, the point-to-point franchised bus route X1 running between MTR Tung Chung Station bus terminus and the AWE has recorded an increase in ridership as well as a high satisfaction rating. Also, in order to attract more local companies, in particular SMEs, to participate in fairs organised at the AWE, the AWEML has been seeking cooperation opportunities with various trade associations in Hong Kong. For example, the AWE, the Hong Kong Exporters' Association (HKEA) and a private organiser has jointly organised the “HKSME *Isle of Creativity*@HKEA Pavilion” at the AWE in October 2011 to provide a platform for HKEA members and other SMEs to promote their products and services.

14. Using a “two shows, two locations” approach, the TDC co-organized the Better Living Expo with another fair organizer, the Paper Communication Exhibition Services, at the AWE while at the same time it organised the Book Fair at the HKCEC in July 2011. Shuttle bus services between the AWE and the HKCEC were provided during the exhibition period to provide direct connectivity between the two venues. The services were well received by visitors to the shows. The Better Living Expo is a successful example of TDC collaborating with private organizers to stage new shows at the AWE. Synergy was created by having two exhibitions of similar themes at the two venues. TDC will continue to explore the possibilities of organizing new shows at the AWE with other private organizer(s) and identify suitable exhibitions for the “two shows,

² The measures include:-

- (a) to introduce a point-to-point franchised bus route X1 running between MTR Tung Chung Station bus terminus and the AWE in addition to the existing route S1;
- (b) to divert nine Airport franchised bus route (A routes) via the AWE on their airport bound journeys;
- (c) to strengthen eight North Lantau External franchised bus routes (E routes) to cater for demand if necessary; and
- (d) MTR Corporation Limited to provide concessionary fares on days with events at the AWE.

two locations” approach.

15. Since 2006, TDC has initiated seven new fairs at the AWE with private sector organizers. By the end of 2011, a total of 30 fairs have been organised at the venue by TDC or in collaboration with its partners, attracting over 6 800 exhibitors and over 232 000 trade visitors to the AWE. The fairs include:-

- Hong Kong International Auto Parts & Accessories Fair;
- Hong Kong International Furniture Fair;
- Hong Kong International Printing and Packaging Fair;
- Hong Kong International Building and Decoration Materials & Hardware Fair;
- Eco Expo Asia - International Trade Fair on Environmental Protection;
- Sports Source Asia; and
- Better Living Expo.

16. TDC is also actively exploring with AWEML the feasibility of holding more new shows, either on its own or in collaboration with other private fair organisers at the AWE.

17. With the joint efforts of the Government, TDC and AWEML, the local general public is now much more familiar with the AWE as compared to a couple of years ago. The number of exhibitions and conferences held at the AWE has increased by 14% in 2009/10 and 13% in 2010/11.

18. A study by KPMG commissioned by AWEML in 2011 showed that the total expenditure from exhibitions and conferences at the AWE had grown steadily since 2006, reaching \$13.4 billion in 2010, which was 25% higher than that of 2009. Moreover, the exhibitions and conferences held at the AWE between 2006 and 2010 contributed a total of around \$54 billion to Hong Kong's economy.

19. Looking ahead, the AWE should be able to benefit from the overall growth and development of the exhibition and conference industry in Hong Kong. The scheduled completion of nearby infrastructure projects such as the Hong Kong-Zhuhai-Macao Bridge, the Tuen Mun Western Bypass and the Tuen Mun-Chek Lap Kok Link will significantly reduce the travelling time for those AWE visitors coming from the Pearl River Delta region and Northwest New Territories. AWEML will grasp the opportunities arising from the enhanced connectivity and seek to host more events at the AWE.

TDC's Assistance to Local SMEs to Promote Exports at Exhibitions

20. As a partner of SMEs, TDC has been providing assistance to SMEs in various ways, including the recent introduction of an incentive scheme to encourage them to make use of the TDC's promotion platform. Under the scheme, local SMEs can apply for economy booths of six square metres at a number of TDC's fairs since October 2010. This programme aims to assist those quality companies which have less resource. Supporting initiatives for start-up entrepreneurs include giving them priority in application for economy booths and "Cubic Showcase" at TDC's trade fairs in Hong Kong to display their products and catalogues, so as to assist them in gaining access to international buyers.

21. TDC will continue to assist local SMEs in participating in leading overseas and Mainland trade fairs by organizing business delegations or facilitating their initial contacts with fair organizers. Consultations with the industry through outreach programmes as well as seminars will also be conducted to better understand the promotional need of SMEs, so as to launch services that can best meet their needs. Moreover, TDC has been assisting the AWE in promoting the “Hong Kong Pavilion” initiative, i.e. the setting up of an area for exhibition booths dedicated to Hong Kong exporters in some of the trade shows organized by other private organizers at the AWE.

CONCLUSION

22. We believe that the efforts of the Government and our key partners have contributed positively to the development of the convention and exhibition industry. The Government will continue to work jointly with the MICE trade to reinforce Hong Kong’s position as an international convention, exhibition and tourism capital.

23. Members are invited to note the latest developments.

**Commerce and Economic Development Bureau
November 2011**

Exhibition Study Demand Study
Questionnaire for Exhibitors & Visitors
(Simplified version with questions only)

Note:

HKCEC: Hong Kong Convention and Exhibition Centre

AWE: AsiaWorld-Expo

1. Respondents' background information

- Are you an exhibitor or visitor?
- Where is your company based?

2. Importance of venue / facilities related aspects when exhibiting / visiting a trade fair

- How would you rate the importance of several factors related to the venue when attending a trade fair?
- How satisfied are you with the HKCEC on the aspects mentioned?
- How satisfied are you with the AWE on the aspects mentioned?
(only addressed to the respondents who have been to AWE)

3. Preference on venue

- (a) Overall, which is your preferred venue?
- (b) If this type of trade fairs grows significantly larger in the next few years, which option(s) would you prefer?

(c) Which venue would you exhibit at when this TDC's fair splits to occupy two venues?

- In the event of exhibiting at both venues, which will take up more booths, are you prepared to pay additional costs (e.g. rental, transportation, booth construction, decoration, etc.)?
- If your product zone is allocated to the AWE alone, would you still participate in the expanded fair at the AWE?
- If booth expansion is only possible at the AWE, would you move your booth from the HKCEC to the AWE?

Exhibition Study Demand Study**Key Findings****Note:**

HKCEC: Hong Kong Convention and Exhibition Centre

AWE: AsiaWorld-Expo

1. Respondents' background information	
Number of Respondents	1 265
Respondents Breakdown:	
Exhibitors	746
Visitors	519
Places Breakdown:	
Hong Kong	42%
The Mainland	15%
Other Asia Pacific	20%
Europe	9%
America	8%
Middle East & Africa	6%

2. Importance of venue / facilities related aspects when exhibiting / visiting a trade fair		Satisfaction towards HKCEC	Satisfaction towards AWE
Rating Scale:		(Rated 4 or 5)	
1 (not important) to 5 (very important)			
Location	87%	81%	16%
Venue accessibility	85%	76%	29%
Quality of facilities	82%	78%	50%
Size / capacity of venue	79%	77%	58%
Proximity to city centre	78%	81%	14%

3(a) Overall preference on venue	
(Exhibitors only)	
HKCEC	86%
AWE	2%
No particular preference towards HKCEC and AWE	6%
Don't know / not sure	6%

3(b) Preference on venue for exhibitors if trade fair grows	
(Exhibitors only)	
The entire fair at one location at HKCEC	81%
The entire fair at one location at AWE	4%
Split into two locations at HKCEC and AWE	13%
The entire fair at one location but at other nearby cities	2%

3(c) Preference on venue for exhibitors if trade fair splits	
(Exhibitors only)	
Exhibit at HKCEC only	89%
Exhibit at AWE only	3%
Exhibit at both venues	8%
Will not exhibit at this fair	-