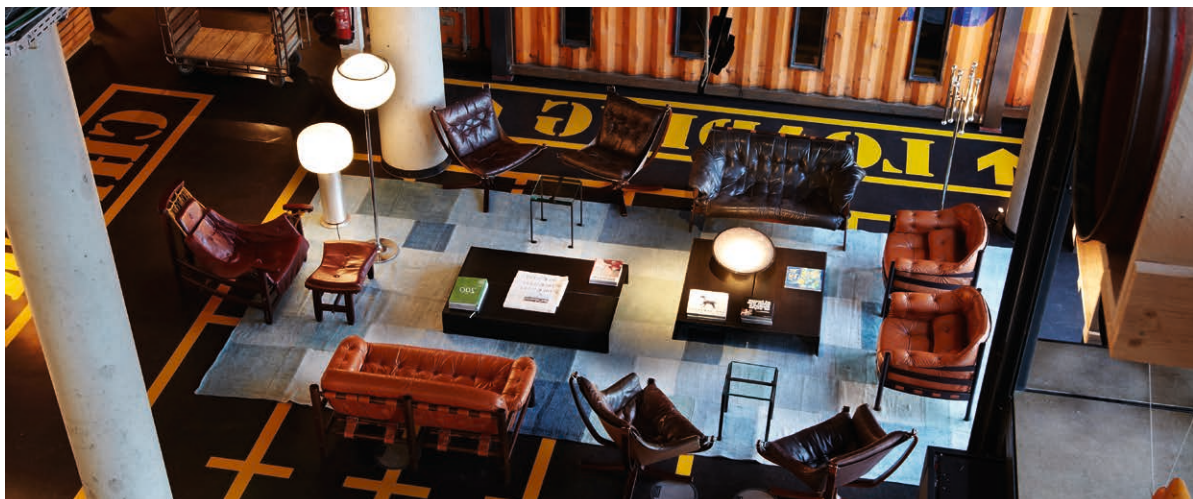


ambiente tendence

Management Report

Contract business – a growth market

A study of contract business in Horeca supplies and furnishings



messe frankfurt

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The Study

The present study was commissioned by Messe Frankfurt and has been undertaken by the ifo Institute. It covers the product groups Dining, Living and Giving at the Ambiente trade fair. The conclusions of this study are based on a multi-level investigative approach. As well as a written questionnaire and an online poll (408 usable company responses) of German exhibitors at the Ambiente, over 30 indepth interviews and technical consultations were conducted at selected companies. This enabled the views of both the manufacturers/suppliers and of consumers to be canvassed. The totality of the data base included companies that were actively involved in contract business with end customers, as well as companies that do not service this market segment. The latter group serves as a control to enable reliably representative conclusions to be deduced.

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Preface

The demand in private households for goods and services has shifted over the past 20 years. The background to this includes changing overall economic conditions, as well as changes in consumers' lifestyles and habits. Demand on the part of the business economy is, however, on the increase in individual consumer-goods segments. This represents a real opportunity for suppliers.

Demographic change, the increase in one and two-person households and preference shifts in consumer demand are factors that have had a major impact with regard to structural changes in the consumer behaviours of private households. Over the last two decades, there has been a downward trend in private consumer retail expenditure as a proportion of total private consumer expenditure.

At the same time, there is, however, evidence of growing demand on the part of the business economy, including, for example, industrial companies and those working in the service sector, such as the hotel and restaurant industries. More and more suppliers are reacting to this structural change in demand by extending their range of products and marketing activities that target commercial and corporate customers. As the leading world trade fair for consumer goods, Ambiente picked up on this trend at an early stage. In its 'Contract Business' package, Ambiente offers both exhibitors and professional buyers alike a fully-fledged platform for orders, information and inspiration.

What exactly do we mean by 'contract business'? As well as the term 'contract business', we often



hear similar expressions such as 'commercial sales', 'trade sales', 'B2B sales' and 'corporate sales'. In the area covered by Dining, we often talk of the Horeca business segment (Hotel, Restaurant, Catering). At the end of the day, what is meant

by 'contract business' is the direct selling of products to commercial or corporate end consumers for use directly in and/or by the company or organisation. Key commercial or trade clients for these products are, above all, to be found in the hotel and restaurant segments. Catering companies and companies involved in institutional or workplace catering, as well as airlines and interior design and furnishing companies for e.g. cruise ships, are amongst the major consumers in the sector. Furthermore, the products frequently have to be capable of meeting higher and more specific quality standards in terms of their use, application and care/cleaning requirements. For suppliers who can meet these high demands with respect to quality, contract business offers considerable growth potential.

We hope you will find this report both interesting and illuminating.

A stylized, handwritten signature in black ink, consisting of a large, sweeping 'S' followed by a horizontal line and a small flourish.

Stephan Kurzwski

Member of the Board of Management
Messe Frankfurt Exhibition GmbH

Executive Summary

Domestic market volume for Germany stands at around 2 billion Euros

Many consumer-goods suppliers in the Horeca and other contract business sectors have recorded marked increases in sales in certain areas over the last few years. According to the results of a recent poll, further growth is to be expected. If we take the product groups Dining, Living and Giving together, then the current figure for the domestic German contract market is somewhere in the region of two billion Euros. Looking at the next five years, we expect to see total growth of around 10 percent. Important drivers of growth include, for example, the expansion plans of large hotel groups and the planned expansion of the cruise ship fleets.

Contract business continues to become ever more important for suppliers of consumer goods

In the view of the suppliers at Ambiente, contract business is set to increase in importance. As a result, a growing proportion of consumer-goods suppliers are turning more and more towards business and commercial customers. In order to be able to better meet the business and delivery requirements of their contract customers, a number of suppliers have built up dedicated marketing structures specifically for contract business. One reason for this is that the majority of corporate customers are more demanding, both in terms of the products themselves and in terms of the conditions of delivery and the after-sales service.

Hotel and restaurant trades – structure of demand in the contract segment

It is the companies working in the hotel and restaurant trades that dominate commercial demand for Dining and Living products. Over 90 and 85 percent, respectively, of suppliers in the contract business sector see these two consumer groups as their major customers. These companies also constitute the most important customer group for 40 percent of the suppliers of Giving products. A central role in corporate/commercial demand is played by interior designers, industrial and retail companies, as well as the skilled trades and related companies, which, because of their technical and product-specific knowledge and expertise, are frequently tasked with the selection of products for equipping larger business premises. They are important contacts for the manufacturers and suppliers of the relevant products. Owners of smaller hotels, guest houses and restaurants generally rely on regional and local wholesalers.

Ambiente – the ideal market place to obtain information and initiate business deals

Over the past decade, the increasing importance of contract business has meant an upturn in the range of goods and services specifically aimed at corporate and commercial customers. In particular, a major cause of this has been the positive development of a large number of service, leisure and tourist segments and the resultant increase in demand. Many business customers for consumer goods do not just want to rely on (new) product ranges from familiar old suppliers; they are constantly exploring new purchasing avenues. Trade fairs are the ideal market place for this. Contract business orders frequently have their origins in initial talks at Ambiente.

Importance of contract business

Contract business is becoming ever more important for suppliers of consumer goods. It is of greatest importance for companies working in the Dining segment. Business with hotels, restaurants and also catering companies (Horeca business) is crucial in this respect. Close on 50 percent of suppliers of Dining products achieved over one tenth of their total sales with business customers. For the Living product group, the figure is around 40 percent of companies. The total volume of sales on the German home market for the product segments presented in the Dining, Living and Giving sections of Ambiente currently amounts to some two billion Euros in the contract business sector. At the same time, suppliers take a positive view of further development in these segments. Turnover resulting from commercial sales is expected to rise by at least 10 percent in total over the next five years.

Contract business – the status quo

Many manufacturers and suppliers of consumer goods in the Dining, Living and Giving segments have always had their sights on commercial and corporate customers alongside private consumers. As the results of this study show, around two thirds of the companies in the areas of Dining and Living and around one third of the suppliers of Giving products have already been achieving significant sales to contract customers.

Contract business is of greatest importance for Dining products. Five years ago, around a quarter of companies were already achieving a 10-20 percent share of total turnover through sales to businesses. For about one in ten companies, contract business accounted for over 20 percent of company sales. The figure for contract business in the product group Living was of a similar order of magnitude.

Things hardly appear to be very different now. In the Dining product segment, almost half of the companies report at least a 10 percent share of total turnover from their contract business. Contract business is particularly strong in terms of the 'Table' product group, mainly glass, porcelain and ceramic items, high-quality hand-finished

products and designer (brand) items for the table. For about a third of the suppliers in this group, the proportion of turnover from commercial clients is at least 20 percent.

► **Alexander Pansow**, Head of Sales,
KARE Design GmbH

"We shall continue to push forward with our contract business in the next few years. As an all-round supplier of innovative and design-oriented items in the residential sector, we shall be seeking to identify and provide individual solutions and concepts for our commercial clients in, for instance, the hotel, restaurant and catering industry."

When it comes to products in the Living section just over 40 percent of companies achieve over 10 percent of their turnover from trade customers. There has, therefore, been a significant increase in contract business in this consumer-goods segment, as compared to five years ago. In the Giving product group, there has not been comparable growth in the importance of contract business but even here, there has been a slightly positive development.

Growing sales in contract business

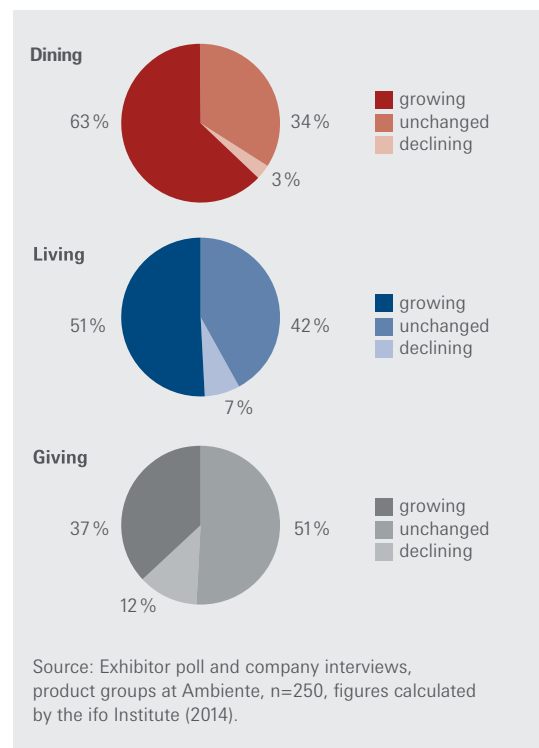
From today's point of view, contract business is showing clear signs of positive development. Suppliers working in the Dining and Living segments, in particular, can expect continued significant growth. Only three percent of suppliers of Dining products currently think that there will be negative growth in contract business. On the contrary, almost two-thirds of suppliers estimate that future developments will be positive. At the same time, taking all the segments together, there are only marginal differences in expectations. Be it cutlery, small electrical appliances, household items and equipment or glass, porcelain and ceramic products, the proportion of companies that see positive prospects for contract business in the future is somewhere between 55 and 70 percent. Equally optimistic about the future of contract business, though not quite so euphoric, are the suppliers of items in the Living product group. Even so, about half of the suppliers here, too, are expecting growing sales from contract business. Suppliers in the Giving section are somewhat more cautious about future developments in contract business. Half of them assume that things will remain more or less the same as they are at present. On balance, however, even companies in this product segment see favourable prospects for contract business with over a third of them expecting increased sales.

In the light of the positive development in contract business generally, but also because of the entry of new (foreign) companies and the consequent intensification of competition, several suppliers working in the fields of Dining and Living have built up dedicated marketing and sales structures specifically for corporate and commercial clients. Another reason given for this was the demand, on the part of corporate clients, for specific features relating to particular applications. On top of that, commercial clients can be very demanding in terms of delivery conditions and after-sales service. A few companies have even gone so far as to channel their sales almost entirely in the

direction of commercial customers, as two-track production and the maintenance of two separate sales and marketing departments entail significant additional costs. This kind of specialisation in specific customer groups also results from increased competition in the world of contract business.

Estimated Future Growth in Contract Business

(in % of companies)



Given the increasing commercial demand and the extension and refinement of the product range that often goes hand in hand with it, it has also proved necessary for larger companies involved in contract business to constantly assist and advise their growing customer base in the commercial sector. Continuous communication activities on the part of the field sales force are therefore vital for major corporate clients.

Domestic German sales volumes for commercial clients

Taking all three product groups, Dining, Living and Giving together, the German domestic market for contract business is currently likely to be of an order of magnitude in the region of two billion Euros. In the view of the suppliers of these products, the indications are that this will grow by a comfortable 10 percent in the medium term.

At present, the volume of German domestic sales generated by commercial demand for Dining products amounts to some € 1.35 billion with 920 million of that coming from the following sectors: cutlery, cooking and baking pans and equipment, tableware and small kitchen appliances. Commercial sales of at least € 430 million Euros are achieved with glass, porcelain and ceramic products and sundry other household items and equipment. Although there are already a large number of suppliers of Dining products actively involved in contract business, this area is set to experience modest growth in the next five years. The increase is reckoned to be between 5 and 10 percent.

► **Richard Voit**, Managing Director, F.X. Nachtmann Bleikristallwerke GmbH
"Our Horeca business with the Riedel and Spiegelau brands has shown very dynamic growth over the past few years. Looking to the next two to three years, we expect significantly stronger growth in the Horeca segment, compared to that in the retail-oriented side of the business."

Individual suppliers of (designer) items for the home (small items of furniture, accessories, lamps, garden furniture) state that contract business accounts for more than 30 percent of their current sales within Germany. Taking all suppliers together, the domestic German market

volume in respect of commercial demand for the Living product group amounts to some € 550 million. In the medium term, suppliers are expecting an increase in turnover, here, of some 20 percent.

When it comes to the Giving product group, commercial and corporate sales are not as strong. Nor has the proportion of private and trade costumers changed much over the years. The comparatively limited level of commercial demand in the Giving segment is due principally to the lack of a sales organisation targeted towards commercial clients on the part of these mostly small-scale suppliers. Currently the German domestic market volume in respect of commercial demand in this area is barely € 100 million. Prospects for the next five years lead us to expect an appreciable increase (approx. 15%) in demand from the commercial sector.



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Areas of growth for contract business

The hotel and restaurant industries dominate the commercial demand. For more than 90 and 85 percent of suppliers actively involved in the Dining and Living segments, respectively, hotels and restaurants represent by far the largest commercial demand. For suppliers of Giving products the figure is over 40 percent.

Key features of contract business

Contract business has been boosted by the building of increased numbers of larger four-star and five-star hotel complexes. In the luxury segment, extraordinarily high importance is attributed to the style and quality of the furnishings and decoration, as a result of which the contract business in the glass, porcelain and ceramic sector and for furniture, lamps and designer accessories has seen very significant growth. Moreover, in recent years, it is not only at the very top end of the market that the levels of both technical sophistication and 'homeliness' of the fixtures, fittings and furnishings have seen a noticeable hike, there are lots of hotels and restaurants in the upper reaches where the same is true. As a result, an ever growing number of consumer-goods suppliers have become involved in contract business in this market segment. In addition, contract business has, over the last few years, benefited from, for instance, the growing demand for sea and river cruises. The boom in this area has led to contracts for newly built and refurbished ships and, as a result, to increasing commercial contracts for equipping sea and river cruise ships.

► **Renate Möller**, Managing Director,
Scholtissek GmbH & Co. KG

"Our company has been growing for some years now, particularly through our contract business with, for example, the manufacture of tailor-made solutions for offices and conference rooms. In future, we want to focus more on reaching out to corporate clients abroad. With the large numbers of international specialists amongst its visitors, Ambiente offers us an ideal platform for making such contacts."

Besides these major drivers of contract business, there have been other factors that have impacted positively on it. Thus, for instance, contract business has received stimulus from the growing number of independent contractors, business start-ups and from the consultancy sector (e.g. solicitors' practices, tax advisers' offices). In such service companies, there has been increasing interest and need for high-quality furnishings and equipment, so as to give a suitable impression and enhance the firm's reputation in the eyes of its clients.

Hotels and restaurants dominate the customer base

According to the results of our poll, the hotel sector is predominant amongst commercial clients across all product groups at Ambiente. When we look at Dining products, over 90 percent of the suppliers that deal with corporate clients cite the hotel trade as the main consumer for their products; for Living it is 85 percent of suppliers and in Giving rather more than 40 percent. As a result, these providers of Dining, Living and Giving products are also keen to build on their existing business and supplier relationships with hotel companies using new technologies and modern marketing instruments. Besides extending and refining their digital communication systems, this also includes participation in trade fairs, with special presentations targeting commercial buyers from Germany and abroad in an attempt to reach out to them with specifically designed products and services.

In second place amongst trade and commercial consumers are companies in the restaurant sector. Over 80 percent of suppliers of Dining products, and a good 60 percent of suppliers of products in the Living segment, see the restaurant trade as their main customer. When it comes to the Giving segment, restaurants are roughly on the same level as hotel companies, at 40 percent. This shows that many restaurants use Giving products to try to enhance their image and the way their customers perceive them.

The commercial demand on the part of other industrial and service companies, large-scale consumers like airlines, rail companies and travel organisers, public institutions and catering companies, plays a comparatively subordinate role for suppliers in all three areas: Dining, Living and Giving. In the Dining segment, industrial companies and catering firms have a degree of relevance, particularly in terms of kitchen and/or canteen equipment. Around a third of suppliers with commercial customers make use of this client base.

► **Dominik Zieher**, Executive Director Sales, Zieher KG

"For our company, Ambiente in Frankfurt, with its wide range of consumer-goods and depth of coverage, is an extremely attractive platform. We use it to present to customers and marketing partners our specific range of buffet design products, as well as various consumables for the hotel and restaurant trades. Our international visitors at the show also play a particularly important role. Over the last few years we have seen increasing numbers of representatives from international hotel groups at our exhibition stand, all of them looking to find out more about new products designed for a modern, high-quality hotel operation."

Structure of demand in the hotel industry

In their purchasing behaviour – i.e. when viewed from the aspect of commercial demand – hotel companies behave in very different ways, depending on their size and the way they position themselves. A large proportion of top-end and luxury hotels concentrate their purchases on high-quality Dining and Living products from well-known brand manufacturers as a way of demonstrating their reputation for up-market, elegant hospitality and a superior international profile. As recognised 'tradition hotels', they are in intense competition with one another in terms of the quality of furnishings and decoration. Specialist consultants and promotional experts, such as interior architects and designers, are frequently involved in the process of searching, furnishing and purchasing for these top-end hotels, in order to give them an 'unmistakeable' or 'exclusive' overall character.

Hotel chains and formula hotels with their huge number of vastly differing images and operating practices, including low-budget hotels right through to hotels with several stars, mostly have a centralised purchasing department for tableware and cutlery as well as for kitchenware and cooking utensils. Longer-term framework contracts are concluded with suppliers, largely based on a tendering process for fixed quantities and volume requirements. In many cases, orders are placed for tableware and cutlery specially manufactured for the hotel, with, for example, the emblem of the particular hotel group on them. As a result of the large quantities involved in the orders, there is normally direct purchasing by the hotel chain from the German or non-German manufacturers and their marketing agencies.

Because of their size (in terms of beds and turnover), medium-sized hotel companies have, as a rule, a more or less developed organisational and management structure. That structure almost always includes clear provision for the purchasing

and procurement of products required for the business. Whilst the purchase of kitchen and cooking utensils most often falls within the purview and influence of the kitchen management staff or Head Chef, it is mainly the owner, hotel manager or management staff that is responsible for the initial furnishing of the guest rooms and for decisions about the choice of tableware. Although cost remains a crucial factor in purchasing for these medium-sized and larger hotels, it is also true that good-quality tableware and other furnishing products in the rooms is essential as it reflects the image that the individual hotel wishes to present. Because of this, the operators of such hotels attach great importance to the choice and acquisition of furnishings and tableware. For their suppliers, this group of hotels looks towards regional and local specialist wholesalers, well-known brand manufacturers and importers, as well as to purchasing cooperatives and associations organised within the hotel and restaurant trades.

Purchasing and procurement activities in the smaller businesses in the hotel trade are mainly geared towards local and regional wholesalers, who specialise in goods and services for the hotel sector and are set up to deal with the particular region in which they are located. Because of their local proximity, cash & carry (specialist) wholesalers are also frequently used by the smallest hotels.

As a general rule, hotels of all kinds are increasingly turning to the Internet and ordering portals of suppliers in the Dining and Living product groups, particularly in order to gain initial information about their specific ranges and offers and about the conditions for placing orders. Once this information has been obtained, particularly in the case of larger purchasing volumes, bilateral discussions are then held as there are often special requirements for the products involved.

Structure of demand in the restaurant industry

Companies in the restaurant industry differ widely in terms of size, image and business type and, therefore, in terms of the furnishings and equipment for their operational requirements, rooms and services. The spectrum ranges from small bars with limited floor space and just a few seats, medium-sized, owner-run pubs and guest houses to high-end (gourmet) restaurants for foodies.

Starred restaurants inevitably occupy a prominent position in the restaurant world. They seek to score points over other comparable restaurants in their segment with superior tableware from well-known brand manufacturers or hand-finished items from craft workshops. The high quality requirements also apply to cooking utensils and kitchen fittings and equipment. The larger starred restaurants prefer to buy their crockery, cutlery, cooking utensils and kitchen equipment direct from the manufacturers and their marketing agents/subsidiaries, or through directly negotiated wholesale contracts. By contrast, the majority of medium-sized inns and restaurants buy their Dining and Living products through specialist wholesalers and wholesalers who have contracts with producers from inside and outside Germany. In many cases, the breweries supply glasses with their own logo on them as an additional part of the contract to provide the beer.

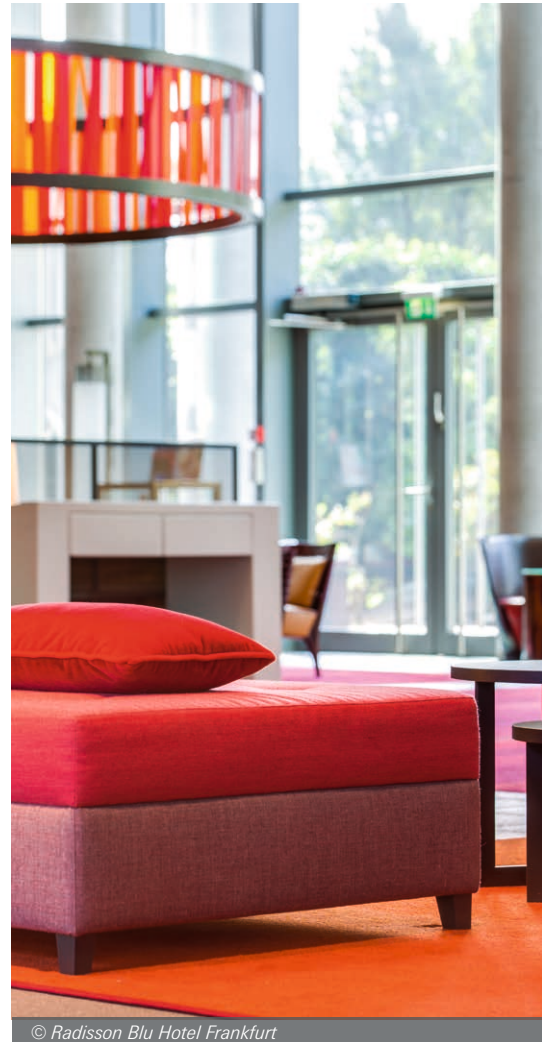
There is high-volume demand for Dining and Living products from larger inns and franchise/chain restaurants with multiple outlets in high-footfall locations. At the same time, questions of cost play a key role in purchasing behaviours. In this economic context, business relationships concentrate on suppliers who specialise in high-volume orders and reasonably priced products for the restaurant trade and who can guarantee rapid delivery for seasonal peaks in demand.

Any sudden need for top-up orders is generally covered by specialist wholesalers who serve the local or regional area.

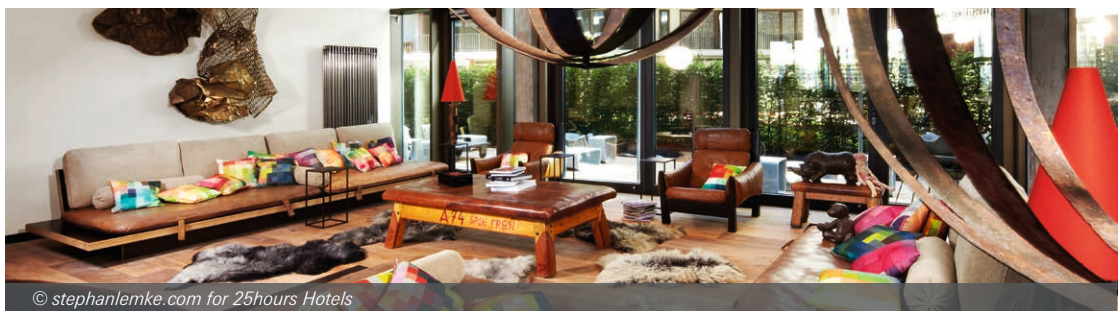
Even though staple, gourmet and indulgence foods constitute the overwhelming majority of the goods bought by smaller food-service outlets, nevertheless, a not inconsiderable proportion of their purchases relate to kitchen equipment and cooking utensils, glasses, drinking mugs and cutlery items. Essential considerations for smaller companies in purchasing these products are their durability and the speed, convenience and cost-effectiveness with which they can be cleaned. The vast majority of this group of largely personally-run businesses buy the products they need via local or regional wholesalers specialising in the requirements of the restaurant and hotel trades, and also through specialist food and drink wholesalers who often offer and will supply – as a sideline or complementary range – an assortment of items suitable for small restaurants. Because their requirements are those of a small business, these smaller food-service outlets often obtain their provisions from cash & carry trade stores or from full-range and specialist wholesalers. Largely for economic reasons, the demand from these kinds of business is overwhelmingly for low-cost, high-volume goods from the Dining and Living product groups. It is generally the owner or manager who takes the purchasing decisions.

The new middle-men: consultants, interior architects and designers

Particularly in large conurbations and tourist areas, there are lots of companies that have sprung up as off-shoots of the wholesale and skilled trade sectors and that specialise in furnishing and equipping inns, restaurants and hotels from top to bottom. They are general contractors and will undertake to fit out the guest rooms as well as install the cooking and kitchen equipment, offering a complete service for the inn, restaurant or hotel. By bundling the various different services under professional project management, these specialist companies assume a key role in contract business. There are – as we have already observed – a considerable number of consultants and specialist advisers such as interior architects and designers involved in the purchasing process for high-end hotels and restaurants. For the purpose of equipping smaller-scale business premises (hotels and inns) and offices (lawyers' chambers, medical practices etc.), the overwhelming majority of people use the specialist wholesalers that are located in the region. At the same time, when it comes to refurbishment work and make-overs for these types of business premises and consulting rooms, there are often interior architects involved and they frequently fall back on regional companies to supply them.



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Ambiente: International platform for contract business

The findings of this study show that suppliers of Dining, Living and Giving products use a wide variety of ways to make commercial consumers aware of their product ranges. This is not surprising, since different communication paths need to be used – and with differing levels of intensity – because of the structure of the customer base. It is often only the combination of specific individual media that leads to the desired goal. Seen from an overall perspective, however, the trade fair, in particular, plays a prominent role in the communications mix.

Primacy of Ambiente in the suppliers' marketing mix

Almost all the companies in the group of Ambiente exhibitors that were interviewed perceive Ambiente to be a central instrument of communication for them with regard to contract business. Some 90 percent of exhibitors in the Dining and Living sections take advantage of Ambiente as a platform for their product and company publicity. Ranked in second place, based on the number of mentions, is the Internet. The Internet is relatively highly rated by Living and Giving exhibitors in particular, with almost three quarters of all exhibitors using this medium. In the Dining segment, over half of the exhibitors do.

One of the main reasons for the primacy of Ambiente in people's minds is that, as an adjunct to the growing use of digital communication, personal contact and discussion at the exhibition stand are seen as essential for maintaining and extending international business relationships. In face-to-face conversations at the show, business partners are able to go into all the details of even the most sensitive aspects of their contract-business dealings – details that, for a wide variety of reasons, could not be fully explored by email or over the telephone.

Moreover, many exhibitors are interested in direct contact with their corporate and commercial customers, particularly when it comes to evaluating the direct, practical uses of a product and experience with the product. Interviews with exhibitors have also indicated that, because of the preparatory information available to trade and professional visitors via Internet, many of the discussions have, in recent years, clearly gained in terms of both substance and competence.

► **Birgit Dubberke**, Head of Marketing and Development, BHS tabletop AG

"We specialise in contract business and, for us, Ambiente is proving to be an increasingly interesting platform. With its international orientation, Ambiente is becoming more and more interesting as a trade fair for contract business and offers us the opportunity to maintain and foster existing supplier relationships relating to our worldwide export business. Above all, it also gives us the opportunity to make contact with new customers from many different countries."

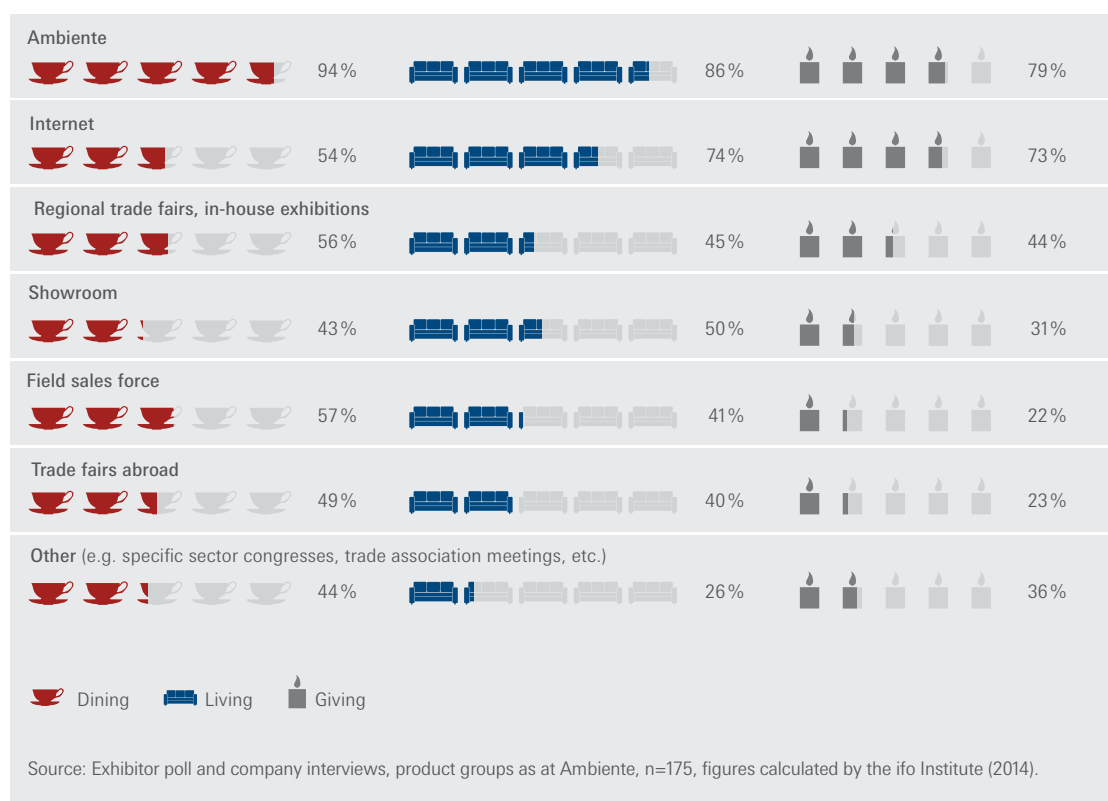
Many suppliers of glass, porcelain and ceramic products, as well as of kitchen equipment, cooking utensils and tableware, are, it seems, looking for direct personal discussion with existing and potential corporate clients. This is evidenced in the Dining segment by the large number of mentions for regional trade shows, the field sales force and trade fairs abroad as important channels of communication. Nor, indeed, can communications with commercial clients be left solely to service and information portals on the Internet. Corporate customers'

specific requirements in terms of technology and design can be much better explained in face-to-face discussions. Information from company-specific websites often forms the basis for these discussions, which subsequently lead to the creation of successful business relationships.

Over 40 percent of the suppliers of Dining products use events such as specialist conferences and congresses (usually with integrated trade exhibitions) for the hotel and food-service industries as additional communication platforms.

Means of communication in terms of contract business

(in % of companies)



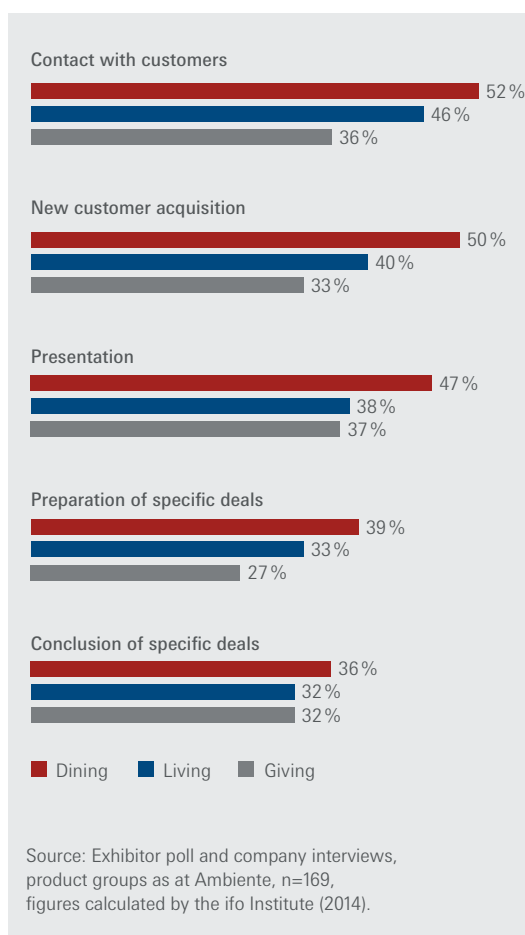
Primary aim at the trade fair: maintenance and acquisition of customer contacts

When they take part in Ambiente, exhibitors pursue a number of goals in relation to their contract-business operations. In the Dining segment, it is, above all, the maintenance of customer contacts (52%), the acquisition of new customers (50%) and the presentation of their products (47%) – and, rather less frequently, the actual conclusion of business deals or preparations for a deal. Similar findings emerge in respect of Living and Giving, even though the figures are at a somewhat lower level.

Thus we see that exhibitors perceive the value of their participation in Ambiente principally in terms of the opportunities for in-depth discussions and face-to-face exchange of information with their existing commercial customers from both Germany and abroad, as well as in terms of the initiation of contacts with new commercial customers, above all from outside Germany. These expectations and goals build on the position that Ambiente enjoys as the world's leading trade fair for consumer goods and a "must-visit" event for many top decision makers from both inside and outside Germany. With its broad, in-depth range of products on display, Ambiente also gives, in the view of many of the exhibitors at the show, a comprehensive overview of consumer goods that are suitable for commercial purposes. For this reason, many exhibitors directed their communication activities towards commercial consumers in advance of the show, so as to ensure that as many contacts as possible at Ambiente itself result in new business relationships with commercial customers.

(Very) great importance of Ambiente as a trade fair for contract business

(in % of companies)



Global platform for contract business

For many companies, participation at Ambiente is a major cornerstone of their sales and marketing operations, since it is possible to establish numerous contacts with potential commercial customers at the fair. This applies, first and foremost, to smaller and medium-sized exhibitors, who cannot, for reasons of cost, support an extensive field sales force with a team of sales representatives.

In order to avoid being dependent on the domestic market, a large number of exhibitors have realigned their contract business more and more in the direction of the international market and expect a trade fair to provide them with the opportunity to meet foreign customers. Ambiente will not disappoint, as half of the trade and professional visitors attending come from outside Germany.

► **Nuno M. Gameiro**, Sales Manager,
ASA Selection GmbH

"Ambiente is an outstanding presentation and communication platform for ASA-Selection's export initiatives. Our brand is present in something like 80 countries. Ambiente is a must-visit event for our customers and partners to obtain information about new products and developments in design – and to establish initial contacts for further business deals. Contract business is an area that is increasingly in our sights."

The attractiveness of Ambiente for contract business partners from both Germany and abroad is largely the result of the breadth and depth of the range of goods it carries. Visitors with an eye to trade sales not only visit their core set of existing suppliers, they also go in search of new suppliers and (new) products that are suitable for their business purposes.



About Messe Frankfurt

Background information on Messe Frankfurt

Messe Frankfurt is one of the world's leading trade fair organisers, generating around €550* million in sales and employing more than 2200* people worldwide. The Messe Frankfurt Group has a global network of 28 subsidiaries and around 50 international Sales Partners, allowing it to serve its customers on location in more than 160 countries. Messe Frankfurt events take place at more than 30 locations around the globe. In 2014, Messe Frankfurt organised a total of 120* trade fairs, of which more than half took place outside Germany.

Comprising an area of 578,000 square metres, Messe Frankfurt's exhibition grounds are home to ten exhibition halls. The company also operates two congress centres.

The company is publicly owned, with the City of Frankfurt holding 60 percent and the State of Hesse 40 percent.

* preliminary numbers (2014)

For more information, please visit our website at: www.messefrankfurt.com

ambiente

Ambiente, the leading international trade fair

Ambiente is the leading international trade fair for products for the table, kitchen and housewares, gift and decorative articles, and interior design concepts and furnishing accessories. Ambiente is 'The Show' for the entire sector and, thanks to its unique horizontal and vertical range of products, unrivalled worldwide. For five days at the beginning of the business year, 2014, more than 4,700 exhibitors showed their new products and innovations for the coming season to 144,000 trade visitors from over 160 countries. The world's leading consumer-goods fair is also distinguished by a wide variety of events, promotional programmes for young designers, trend presentations and award ceremonies.

tendence

Tendence, the international consumer-goods event

Tendence (29 August to 1 September 2015) is Germany's most international and biggest order platform in the second half of the year with an extensive portfolio of products from the fields of living, furnishing, decorating and giving. At Tendence, top brands and key players not only present their latest products for the coming spring and summer season but also offer the national and European trade a chance to place follow-up orders for the Christmas business. Also aimed at trade visitors, the Ecostyle and Webchance fairs are held concurrently with Tendence. Additionally, Eat & Lifestyle, a food and lifestyle event aimed at consumers, will take place parallel to Tendence 2015 in the eastern section of the Exhibition Centre.

Changing overall economic conditions and changes in the lifestyles and habits of consumers lead to shifts in the structure of demand. More and more suppliers of consumer goods are reacting to this by extending their commercial product palette and marketing operations aimed at commercial and corporate customers. In the contract market – and specifically the Horeca market – many consumer-goods suppliers have reported significant increases in turnover over the last few years in a number of areas and, according to the findings of the present study, further growth can be expected. Companies in the hotel and food-service sectors dominate commercial demand here. If we take the three product groups Dining, Living and Giving together, the volume of sales in the domestic German market in the contract business sector is currently of an order of magnitude in the region of two billion Euros. Further growth is forecast for the coming years.

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