

MANAGING GROWTH THE GERMAN WAY

AN INTERVIEW WITH HANS WERNER REINHARD

BY FELICITY CARTER

Hans Werner Reinhard is deputy managing director of Messe Düsseldorf, the company which owns international wine trade fair ProWein as part of its portfolio of trade fairs. Originally called PRO VINS at its inception in 1994, the wine fair rapidly grew in size and international importance, becoming a three-day event in 1997. That year it also attracted 1,000 visitors for the first time.

Today, ProWein is one of the world's premier wine trade fairs, having grown in tandem with the global trade, and it now has a waiting list for exhibition space – and that's despite opening two new halls for 2013. This year, it attracted 4,792 exhibitors and more than 45,000 trade visitors from 48 countries, including big increases in visitors from the all-important markets of Great Britain, Scandinavia and the Benelux countries. ProWein now holds more than 300 events, including the Meininger Verlag Tasting Zone, and has expanded internationally, adding ProWine China in Shanghai to its list of offerings. But success brings its own challenges, one of which is managing the explosive growth and rising expectations of the international trade.

MEININGER'S: *Could you give some background on how ProWein began?*

REINHARD: Messe Düsseldorf got into the project after SOPEXA cancelled their sales days for French wine in Düsseldorf. Over two or three years they rented a hall at our fair ground – like a guest show – and made a promotion for French wine. They had some budget cuts and couldn't keep up with the idea, but there were several French exhibitors who said: "we want and need this platform". Düsseldorf is in the area of Western Europe with the highest population density; more than 30m people live 150 km around the city. The management of Messe Düsseldorf wondered if there was any potential in starting a wine show here, because it's not a typical wine area. So ProWein started in 1994, with 321 exhibitors from eight nations. At this time we had less than 3,000 square metres exhibition space sold. In 2013, the twentieth edition of ProWein, we had 4,792 exhibitors and an exhibition space that's slightly under 52,000 square metres.

MEININGER'S: *What attracted you to the trade fair business?*

REINHARD: My father was on the advisory board of the world's leading packaging machinery show here in Düsseldorf, the interpack, and I remember back to 1975 he always brought back from these advisory board meetings nice presents from the trade. When I was 16, I raised my hand and said: "I want to come with you and learn more about Messe Düsseldorf" where the nice gifts come from. At the age of 16 I fell in love with this kind of business. I wrote both my theses on different topics about the trade show business. My first job was with Messe Düsseldorf and then four and a half years at the Leipzig trade fair, the oldest in Europe. I came back to Messe Düsseldorf at the beginning of 2004. Now I have responsibility for a little less than half for the portfolio of Düsseldorf, and am chairman of Messe Düsseldorf China, our daughter company.

MEININGER'S: *Visitors to ProWein remark on how easy it is to navigate Düsseldorf, with special transport tickets and so on. What is the relationship between the fair and the city?*

REINHARD: Messe Düsseldorf is not only the owner, but also the operator of the fairground, so most of the trade fairs are owned by Messe Düsseldorf itself. Messe Düsseldorf's majority owner is the city of Düsseldorf, while both the chambers of commerce and crafts own a small percentage. We have a very strong and deep relationship with our owners, especially with the city of Düsseldorf; we have created further projects like ProWein goes City, together with an organisation we founded and support called Destination Düsseldorf, with around 180 companies from Düsseldorf who are members.

MEININGER'S: *One of the benefits of Düsseldorf is that it's still very affordable compared to other fairs. Yet this year there have been signs of price rises in hotels. How are you managing the pressure that growth brings?*

REINHARD: We have a very intensive show. It's three days of power players from the first opening minute to the end and in these three days, the city is full. We can deliver cheap bed and breakfast offers here. Around the fairground, we also have very good private homes that make themselves available. We are working with Düsseldorf's



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marketing agency and we have linked them to our ProWein portal. When somebody comes from overseas, they can type in their budget and, if they are early enough, they will get an offer that matches their budget.

For people who haven’t booked in advance, we have developed a ‘good night guarantee’. All the hotels go into the engine and make offers during the day. People who are late probably won’t get what they want for the budget. But we have done a lot in this area. The hotel capacity shows the success of ProWein - and if you know the prices in London and Bordeaux and compare us to those cities, we are very good value.

MEININGER’S: *Of course, the success of any trade show depends as much on the quality of the visitors as it does on the number of exhibitors. How do you attract the right mix of visitors and exhibitors?*

REINHARD: The pressure to exhibit at ProWein is so strong that we opened two more halls in 2013. This is nice, but it means we have to increase visitor numbers, because it doesn’t make sense to increase the exhibition space without visitors. And we did increase visitor numbers at ProWein 2013 by 10%. We are strongly invested in Europe, and have intensified our activities in Asia Pacific and in North America. We have been in China, Korea, Japan, USA and Singapore - more than 30 events in 22 countries.

We have started to do some road shows. It’s difficult to get the right visitors from the USA, for example, so we have had several lunches with importers, to speak with them face to face. I met a guy at one of those lunch meetings in San Francisco. He said he had three or four wine tasters in his company. After lunch he said “OK”, that he would send one person to Düsseldorf. I met him on the last day of ProWein by accident and he said all four came. They hear more and more about ProWein and want to be here. That’s a good result for us.

MEININGER’S: *Do you think ProWein is still seen as largely an Old World fair, for Old World producers?*

REINHARD: ProWein is not the German wine fair. We want to be very neutral. That’s our strength. When I was in India last we had a presentation and one of our exhibitors from 2011 was invited. Afterwards, I said: “To whom are you selling your Indian wine?” He said: “To Indian restaurants.” He said there were more Indian restaurants

in the German-speaking areas than in the whole of Great Britain - but at ProWein, there were also buyers from Great Britain. So many different people are coming to ProWein and finding their market. We have a crazy waiting list from the New World at the moment.

MEININGER’S: *ProWein is growing rapidly, while other European fairs either hold steady or shrink. Why is that?*

REINHARD: I think it’s sometimes a mix of different things. What helped us in the past is that we have a very strict business-to-business concept; we are not open to any kind of business to consumer. What we do is typically German in that we are really very focused on creating a business platform. What we have at Messe Düsseldorf is the basis for business. And we are always working very hard to get the right people together. We want stability for them over years.

We have a very well-known car producer who wants space at ProWein. They want to come because the wine industry is their target group. But we tell them we are not a car show, but a wine show. We are very strict. We could sell much more space and make more money, but we are very long-haul oriented, not short term. Long term, we want a healthy show that is stable.

MEININGER’S: *You opened two new halls this year and feedback suggests you could open even more and fill them. Why don’t you?*

REINHARD: This is a difficult issue for our project team. It’s easy to say: “Yes, we have demand, let’s open a new hall. Let’s put everybody new into the new hall.” But the new exhibitors would not be happy about that. Everybody wants to stand with his nation. Before we opened the halls in 2013, we worked 18 months in advance to look at the demands of each country and work out the ideal placement. We try to put each nation in a hall, so it has to do with the different configurations of the halls. It was a very well-organised project.

What we didn’t expect is to sell out the additional two halls. We thought they would give us capacity to grow over the next two editions. We grew in space in 2014 by 19.8% and the number of exhibitors grew by 19.4%. Our plan was to widen the aisles in the hall and keep growing so that further exhibitors could get space in the hall. You can see that ProWein really has a backwind behind it at the moment. This gives the team hard and strong discussions. Many exhibitors want to

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come and this is a difficult situation for us, because if you can't deliver, you always will compete with other host shows. The community wants to come together here at one place at one time - it's like a little world economic forum for the wine industry. But it's Düsseldorf, not Davos. We are working very hard and will offer new space from 2015.

MEININGER'S: *This is explosive growth. Is this unique to ProWein, or are you seeing it in the other industry trade fairs you run as well?*

REINHARD: ProWein is extraordinary. We have growth in other shows but this is extraordinary - we had growth on the visitor side by 11% and the visitors are coming from overseas. That's why we said we would stay in the same constellation for 2014, because we need more growth on the visitor side before we open new halls. Where we can grow is overseas on the visitors' side and they won't come in a big group. They'll come as single decision makers.

MEININGER'S: *You also have a subsidiary trade fair in China. What sent you to Shanghai?*

REINHARD: We are very experienced in organising trade shows outside Germany. We organise 80 to 200 events per year outside Germany; most of them are small, a few are very big. The reason we went to Shanghai was not because we decided it was a chance to make money, but because our existing exhibitors were asking us if we had any plans to go to China. From the talks we had, we had the confidence that if we went to China, some of our existing customers would follow us. We were already working hard to internationalise ProWein on the visitor side, and we know from other shows that every time we hold a national or regional show overseas we see an increase in visitor numbers in Düsseldorf. People go to a show in the market and they like it and there they hear there is something that is even much much bigger so they decide they want to see it. So it increases our visitor and exhibitor numbers.

We said if we want to increase the visitors at ProWein, we need more awareness in Asia. But Asia is so huge - how do we get in contact with people? Michael Degen [executive director] and I followed this topic and made a survey of some of our existing exhibitors, together with representatives in our major markets of Italy, Spain, France, Germany and Austria. They asked their clients if they would be interested in going to China if Messe Düsseldorf was there. The second question was where in China are you interested in going. Seventy percent of people

said they were interested in China, and 90% said Shanghai.

Then we decided as a first step it would be good for us to have a partner. That way we would already have a certain number of visitors at the start. The largest food and hotel fair in China is FHC China, organised by British company Allworld Exhibitions. We are already working with them in countries like Vietnam, so we decided to place ourselves parallel to them.

MEININGER'S: *How will you get specialist wine visitors?*

REINHARD: We are already very well connected through another project we organise in China, for example with China Travel Services. It's the largest travel agency in China. They own around 400 hotels and the CEO has decided that either the hotel director or the sommelier from each hotel has to visit ProWine China, so we already have a lot of connections in the market. It helps that China Travel Services is a state-owned company.

MEININGER'S: *How will ProWine China differ from what you offer in Düsseldorf?*

REINHARD: It will be smaller - one tenth the size. I think with every new project we are also learning and can offer our new experience to our exhibitors. Some are going for the first time to China and say: "Can you take me by the hand?" Yes we can. Our colleagues in China will take care of you.

MEININGER'S: *What sort of help do you offer?*

REINHARD: We will do a seminar one day before ProWine starts with people who have been in the market for a couple of years. They are offering a workshop for exhibitors who are in China for the first time. Of course, we are most skilled in everything related to the organisation of the trade show, such as taking care of the freight forwarding of wines to China.

MEININGER'S: *How big are you planning to make the Chinese fair?*

REINHARD: We want to develop it to be the number one wine fair in China and then the leading regional fair in southeast Asia. That's our plan. It's a very good date in the second half of the year, especially for producers from the southern hemisphere, so we offer two very good dates in the calendar.