



# GERMANY: Trends in the Audiovisual Market

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## Summary

With nearly 6,000 event locations and almost 300 million visitors yearly to its conferences, arenas, theaters, and exhibitions, the German event market is the largest in Europe. The market underwent rapid growth in the late 90's and is still experiencing a modest upward trend, creating a competitive and mature environment.

The three most import sub-sectors are the convention and congress market, the business event market, and the trade fair and exhibition market. All three are expected to experience moderate growth over the next few years, although growth is slowing down due to a saturation of the market. Despite the maturity of the market, U.S. companies have good opportunities to enter the market.

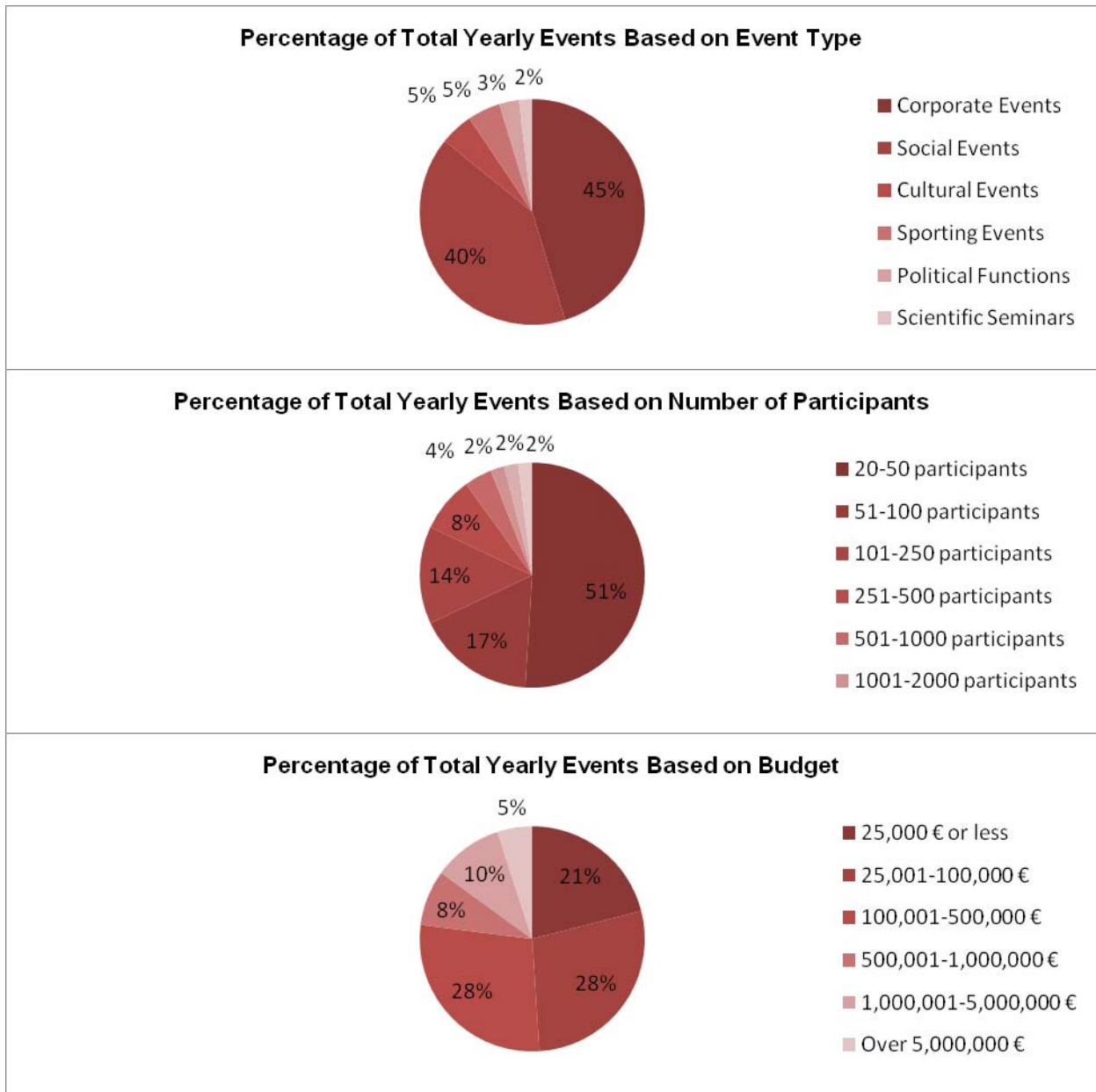
Over 90% of products and technologies are introduced into the German market via trade fairs. U.S. companies interested in entering the German (and other international markets) are well advised to consider taking full advantage of the business opportunities presented at these events. While U.S. exhibitors and visitors can conclude transactions, all attendees can use trade fairs to conduct market research, see what their worldwide competition is doing, and test pricing strategies. The world will focus on audiovisual equipment and musical instruments, **March 12-15 in Frankfurt!** Almost 200 American companies will exhibit in **Musikmesse** and **Prolight and Sound**, the concurrently running international trade fair for event and communications technology, AV-production and entertainment.

The U.S. Commercial Service in Frankfurt provides counselling, market research, and other support services to U.S. exhibitors before, during and after the show. Please let me know how we may be of assistance to your business objectives, whether or not specifically related to Pro Sound and Light. For more information on our services at Prolight and Sound, please see <http://www.buyusa.gov/germany/en/prolightsound.html>

## Market Overview

According to research published in 2007, roughly 2.6 million public events and conferences take place in Germany each year. Of these, 61% take place in hotel conference rooms and similar facilities, 27% at mid-sized event locations such as colleges and universities, airports, and amusement parks, while 12% are held at large venues, for example stadiums and event halls. Venues in these three categories (small, mid-sized and large) are occupied on 138, 120 and 112 days per year, respectively. Due to the demand for professional sound and stage equipment in such events, developments in the event sector can be seen as strong market indicators for the professional sound and stage equipment industry.

**Market Data**



Events in Germany are most commonly organized by event management agencies. Aside from these, private corporations and non-profit organizations are the most frequent organizers and hosts of events. As the statistics above show, these events are most commonly smaller in size (over half having less than 50 participants and being held in hotel conference rooms or similar facilities), social or business related and hosted by companies with yearly event budgets seldom exceeding 500,000 €.

(Source: *Tagungs- und Veranstaltungsmarkt Deutschland, Das Meeting- & EventBarometer 2007*)

## Market Trends

When interviewed, nearly 700 experts voiced cautious optimism, with roughly 50% half of all experts expecting growth while the other half does not anticipate any noteworthy changes to the market. Two areas, which are expected to experience growth in the coming year are events held at the largest venues (stadiums and event halls) and those related to meetings and seminars, opening opportunities for sound and stage equipment.

One government program that will likely have a positive effect on the market for audio and visual equipment Europe-wide is the EU Media 2007 Audio Visual Support Program. This program, with a EURO 755 million budget, seeks to encourage creativity in the European audio-visual sector as well as strengthen its structure by supporting small and middle-sized companies in the industry. While American companies are not entitled to direct financial support under this program, they can expect to benefit from an increased demand for audio and visual products as the industry expands. This program will run from 1 January 2007 to 31 December 2013.

## Competition

Germany hosts one of the top international companies for stage and event engineering: Procon Event Engineering, a subsidiary of Procon Multimedia. Procon reported EUR 98.3 million worth of sales in 2006. Procon has increased its profits despite a competitive German market by increasing its international presence, a strategy it professes to continue following.

Other market leaders include Neumann&Müller and Bosch Rexroth. Neumann&Müller GmbH has worked with Allianz AG, DaimlerChrysler AG, Deutsche Bank AG, Siemens AG, T-Mobile, Nokia, and BMW. For larger events, suppliers typically offer stage and event equipment as only one of their product lines. Bosch Rexroth, for example, offers a variety of drive, control, and mobile applications in addition to stage equipment.

The international company with the largest share of the German market, Waagner-Biro Stage Systems Group, has been experiencing difficulties since 2003. However, the Austria-based global market leader for drama theaters and opera houses achieved yearly sales revenue of EUR 177.8 million (2006), up from 141.1 million the previous year. The company offers steel and mechanical engineering, electromechanical and hydraulic drive engineering, and computer control systems in addition to planning, production, assembly, commissioning, after sales service, and maintenance.

Event agencies seeking partners most often look for reliability (54.3%), conformity to budgets (45.7%), technical expertise (38.8%), former partnerships (38.8%), and reputation (23.3%). When seeking a partner, event agencies report that the most common resources they use are friends and experts, the Internet, trade press, and trade fairs.

## End Users

As the number of companies that rely on event marketing services increases, U.S. firms trying to enter the market are well advised to seek partnerships with these agencies, particularly those U.S. companies focusing in the areas most often outsourced to event planners, such as celebrations, ceremonies, galas, trade presentations, and kick-off meetings. Many companies, however, organize conventions, seminars, trade fairs, exhibitions, and press conferences internally.

## Market Entry

Due to a relatively high cost of market entry, distributors, wholesalers, and agents can present the best options for introducing products to Germany. In order to guarantee national distribution, companies should seek more than one distributor or wholesaler, as they have varying degrees of coverage.

Agents and commercial representatives can also be important in the introduction of a product to the German market, particularly for small- and medium-sized companies. They can enter into agreements on behalf of an American company, but do not take ownership of the goods they sell.

## Market Issues & Obstacles

### **Labels and Correspondence**

All correspondence between companies, government bodies and purchasing agents must be conducted in German. Additionally, all literature and labels for products must be printed in German, although labels printed in multiple languages are also allowed.

### **Certification and Patents**

Since 1993, all electrical equipment exports to members of the European Union must bear the CE (Conformité Européene) mark. This mark indicates compliance with European Union health, safety and environmental standards; with it, products may be marketed in all European Union member countries without having to undergo further certification.

EU-wide patents can be obtained by filing an application with the European Patent Office in Munich. Patents in the European Union are valid for 20 years, with an approval process of typically three to five years in length. Extensions can be granted for products that require longer periods of time for approval. For more information please see the European patent office website at [www.european-patent-office.org](http://www.european-patent-office.org)

### **Duties**

Germany operates under the European Commission's Community Integrated Tariff (TARIC) system, which applies duties to all imports from non-EU countries. Based on the TARIC goods classification system and information for 2008 taken from the TARIC internet database, the duty on products imported from the United States may vary from no duty on flat panel display devices (i.e. LCD/LED monitors), to 2.5% duty on microphones, 4.5% on loudspeakers, 5.7% on lighting technology, or as much as 14% on projection equipment. More information on this topic can be found on the EU Taxation and Customs Union website at the following address: [http://ec.europa.eu/taxation\\_customs/dds/tarhome\\_en.htm](http://ec.europa.eu/taxation_customs/dds/tarhome_en.htm)

A value-added tax (VAT) is applied to all goods and most services imported to Germany. On January 1, 2007 this tax was raised from 16% to 19% of the product value. No VAT, however, is levied on sample goods, advertising materials for goods, or goods that are only temporarily imported (i.e. for exhibits at trade fairs). More information can be found on the German customs website (only available in the German language): [www.zoll.de](http://www.zoll.de)

### **Standards**

German requirements for safety and reliability of equipment, plants, technology and products are set by more than 200 technical standards and rules. Important marks include the "Verband Deutscher Elektrotechniker" (VDE) mark for electrical components and the "Geprüfte Sicherheit" (GS) mark for mechanical products.

The GS mark can be obtained from various testing agencies including Underwriters Laboratories <http://www.ul.com/> CSA International ([certinfo@csa-international.org](mailto:certinfo@csa-international.org)) and the TÜV Rheinland Group, which provides a variety of international certification services for machinery and electrical equipment, including the "Communauté Européenne" (CE) mark and Environmental Management Systems (EMS) certification (ISO 14001); their North American offices can be found online at [www.us.tuev.com](http://www.us.tuev.com).

### **Trade Events**

Trade fairs in Germany play a major role in product marketing. U.S. companies wishing to penetrate the German market often make their first approach at major trade fairs. For U.S. manufacturers and exporters wishing to sell in Germany (and in Europe) it is important to exhibit at one of Germany's major international fairs. Exhibiting at fairs can bring direct sales, but, more significantly, it can be one of the least expensive ways to test the market's receptivity for musical instruments and related products. Further, the strength and scope of the competition can be assessed and contacts with others "in the trade" can be established. From these contacts, American companies can gather a great deal of valuable information about marketing in Germany and Europe. The world will focus on music, **March 12-15 in Frankfurt!** 1,500 exhibitors will participate in the world's largest trade fair for musical instruments, music

software, computer hardware, sheet music and accessories on 110,000 square meters of exhibition space. Almost 200 American companies will exhibit in **Musikmesse** and **Prolight and Sound**, the concurrently running international trade fair for event and communications technology, AV-production and entertainment. For more information please see <http://www.buyusa.gov/germany/en/prolightsound.html>

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## Resources & Contacts

### **Technical Regulations Agencies**

German Standards Institute  
(Deutsches Institut fuer Normung - DIN)  
Internet: <http://www.din-katalog.de/>

Association of German Engineers  
(Verein Deutsche Ingenieure e.V)  
Internet: <http://www.vdi.de/>

Association of Electrical Engineering Electronics and Information Technology  
Internet: <http://www.vde.com/>

For safety inspection and testing also see "Technische Überwachungsvereine" (TÜV), or technical control boards. (Internet: <http://www.tuevs.de/>)

### **Other**

Deutscher Bühnenverein  
<http://www.buehnenverein.de/>

German Association of Event Industries  
Web: [www.idkv.de](http://www.idkv.de)

## For More Information

The U.S. Commercial Service in Frankfurt/Germany can be contacted via e-mail at: [Volker.Wirsdorf@mail.doc.gov](mailto:Volker.Wirsdorf@mail.doc.gov); Phone: 49-69-7535-3150; Fax: 49-69-7535-3171 or visit our website: [www.buyusa.gov/germany/en](http://www.buyusa.gov/germany/en).

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