INTERNATIONAL TRADE FAIRS:
FIRMS AND GOVERNMENT EXHIBITS

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ABSTRACT

International trade fairs are important marketing events for countless firms around the world. Yet despite being important, surprisingly little empirical research has been undertaken in this area. This paper helps to fill the void. It focuses on international trade fair exhibits that have been organized by government, and examines the behaviour and results of 367 firms exhibiting at 48 international trade fairs in the 1984-86 period. The analysis proceeds at two levels. First, the entire sample is considered so as to provide some benchmark data. Second, recognizing the heterogeneity of firms in the sample, this is followed by analysis of three distinct types: first-time, expanding, and continuing exporters. Trade fairs are found to produce good overall results but considerable variation exists among the participating firms. Continuing exporters generate the most consistent sales, while first-time exporters do less well in sales terms but appear to learn much from participation. Expanding exporters do least well as a group—producing very inconsistent sales and not seeming to benefit so much from the trade fair experience. These results are discussed and possibilities for improving government programming are suggested.
International Trade Fairs: Firms and Government Exhibits

INTRODUCTION

Trade fairs bring buyers and sellers together at thousands of locations each year. Despite their obvious importance, however, relatively little attention has been paid to trade fairs in the marketing literature. International trade fairs have attracted even less attention among writers. This paper tries to fill part of this void. It examines firms' experiences when they form part of a government-initiated exhibit at a trade fair in a foreign market.

The paper has five sections. In the first, the literature on trade fairs, the export decision process, and government export support is briefly reviewed. The second section describes the study methods. The third section provides a summary description of the firms sampled. The study findings follow in section four, where "before" and "after" the trade fair data are presented. Finally, in section five, these results are discussed.

LITERATURE REVIEW

Trade fairs

Trade fairs (or shows, exhibitions, expositions) are a big and growing business, as a few statistics demonstrate. In the U.S. for example, some 9,000 fairs were held in 1984 (a doubling from 1976), attracting: 90,000 participants, 37 million attendees, and generating $8 billion of expenditure. Moreover, more than one-half of these fairs sold all available space and had to refuse requests for an additional two million square feet of space (Faria and Dickinson 1985b). Trade fairs rank as the third biggest promotional expense (after television and newspaper advertising) for U.S. firms (Bello and Barksdale 1986). In the People's Republic of China, the number of trade fairs has grown from a handful to 200 in 1984 (Isham 1985). The number of trade fairs is increasing world-wide, with growth rates highest in sectors such as electronics, and regions like South East Asia.

Trade fairs vary considerably as to size and drawing power. At one extreme are world events such as the Paris Air Show and Frankfurt Book Fair, while at the other are the agricultural and home shows that take place in most communities. The former are clearly international trade fairs but what of the latter? Even the smallest and most local trade fairs
are likely to feature foreign products, but usually it is the product's local retailer or distributor that exhibits rather than its producer. For the majority of exhibitors then, these are mostly domestic affairs. As a working definition here, we might consider trade fairs to be "international" when a significant percentage of exhibitors are foreign manufacturing or service firms which take space and man their own booths.

**Trade fair benefits/difficulties.** The key feature of a trade fair is that it brings numerous, interested buyers and sellers in contact at one location. Profiles of trade fair attendees indicate that most have buying influence in their organizations. As a result, attendees spend an average of 10 hours in conversation with exhibitors, and it is not unusual for 70 per cent of attendees to have made a sizeable purchase from one or more of the fair exhibitors within 12 months. Furthermore, fairs can help in communicating with, and selling to, hard-to-reach customers. Typically, 80 percent of all booth visitors would not otherwise be contacted by firm salespersons (Couretas 1984).

Bonoma (1983) argues that the trade fair arena permits firms to satisfy selling and nonselling objectives. The former include:

- identification of prospects
- gaining access to key decision makers
- disseminating facts about products, services and personnel
- selling products
- dealing with current customer problems.

Nonselling objectives include:

- maintaining image with competitors, customers, the industry, the press
- gathering competitive intelligence
- maintaining and enhancing firm morale
- product testing.

Clearly then, trade fairs can satisfy various firm needs, not just selling to existing or known customers. Other writers suggest that market exposure and "waving the firm flag" are frequent and reasonable motives for taking part in trade fairs (Bello and Barksdale 1986).

**Against these positive features of trade fairs** it must be noted that participation costs have escalated in recent years. Space costs have risen by 70 percent in the last 10 years, while other costs have doubled, leading to average exhibit costs of $35,000 and personnel costs of $17,500 in 1985 in the U.S. However, trade fairs still compare well with the cost of an industrial sales call; comparative costs being $68 for a fair contact versus $205 for a sales call (Faria and Dickinson 1985b). Aside from cost escalation, other negative aspects of trade fairs
are frequently mentioned. These include: (1) unknown effectiveness; (2) difficulty of measuring efficiency; and (3) the use of fairs as rewards for managers and customers rather than as a sound marketing tool (Bonoma 1983). Consequently, some firms view participation "as a necessary evil rather than as an opportunity to be exploited" (Bello and Barksdale 1986).

Running an effective exhibit is sometimes difficult because the sheer size of many fairs makes for "a crowded, cluttered and confusing environment. Both buyers and sellers must cope with a lot of competing and conflicting marketing noise ..." (Konopacki 1985). This often means that it is difficult to communicate effectively with buyers and to consummate transactions. One study of 200 exhibitors at a major U.S. international trade fair indicates that firms which are more committed to exporting and staff their booths with personnel knowledgeable about selling to foreign buyers, experience fewer communication difficulties with buyers or transaction (logistics, financing, credit) problems (Bello and Barksdale 1986).

**Firms' use of trade fairs.** A number of studies have tried to discover the types of firm that use trade fairs. Two are looked at briefly here. The first examined trade fair decision making essentially as a two-step process where the first decision concerns whether to participate, and the second how much to spend given participation (Lilien 1982). The data (on 131 U.S. industrial products) suggest that a product is more likely to use trade fairs as a promotional medium if:

- it is technically complex
- it is carried in inventory
- the associated sales level is high
- there are many people involved in the purchase decision process which is under close review
- purchase frequency is high.

Given a decision to use a trade fair, the level of spending is likely to be greater for:

- a product early in its life cycle, whose
- sales are high, with
- aggressive plans and
- lower customer concentration.

The importance and usage of trade fairs was examined in a second study of 653 firms exhibiting at 41 fairs in the U.S. (Faria and Dickinson 1985a) Major findings were that firms according the greatest importance to trade fairs were:

- industrial product manufacturers, and those
- with sales of more than $100 million
- employing middlemen
- with a moderate number of product lines and
- with a market share of more than 20 percent.
Participation in trade fairs was greater for:

- consumer products manufacturers, and those
- with sales of $100 million or more
- selling to retailers
- with five or more product lines, and
- with market shares over 20 percent.

The authors find these results logical, explaining them in terms of the marketing task facing the firms, the benefits which trade fairs offer, and the ability of firms to successfully present product lines in a fair environment.

Choosing the trade fair. With many trade fairs available each year and a limited budget, it is clearly important for firms to select the best fairs at which to exhibit. Not only has the number of trade fairs grown steadily but, as a result of emerging product areas—often tied to technology advances—there has been a trend towards more specialized fairs. These more specialized fairs are often an outgrowth from larger, broader-based fairs. A number of specialized research firms and trade fair associations provide information on fairs, typically rating these as to audience quality, audience activity and exhibit performance (Cox, Ciok and Sequeira 1986). A recent survey of firms yielded the following listing of criteria used in trade fair selection: audience quality, audience quantity, display location and logistical aspects (Faria and Dickinson 1985b). Some similarity to the above listing is seen, but there are differences too.

Exhibiting well. Considerable practical material is available on how to get the best results from exhibiting at a trade fair. The International Trade Centre of UNCTAD/GATT, for example, has produced useful information guides on this subject. These publications offer very specific advice concerning booth design, product display, booth selling, as well as more general tips for success (see Bendow 1981, for example). A recent study of U.S. firms revealed trade fair success to be more likely when the following factors are evident (Kerin and Cron 1987). The firm:

- has a large number of products
- has a large number of customers
- has written objectives for the fair
- uses vertical (as opposed to horizontal) fairs.
In summary, one view of the steps necessary to achieve trade fair success is (Weinrauch 1984):

1. Provide management support
2. Set specific, primary and realistic objectives
3. Do a market analysis and adequate research
4. Select a specific trade show that coincides with your market targets
5. Plan an adequate budget
6. Develop pre-show promotion
7. Create a professional staff for the booth
8. Learn how to sell and effectively negotiate during the exhibition
9. Carefully and immediately follow-up on trade show leads
10. Evaluate and measure the performance and results of a trade show.

We are unable to test these ideas in this paper but do provide some benchmark data on firms' experiences at international trade fairs—the role that fairs play in their foreign marketing, and the results that are achieved.

The export decision process and government programme targeting

Firms' participation in international trade fairs should be viewed in the context of the export decisions they must typically make. The most fundamental step, of course, is the decision about whether to expand operations through exporting or in the home market (see Figure 1). For the firm that chooses exporting, the second decision to be resolved is what market(s) should be targeted for entry. Next comes the decision about the market entry method to be used, which will largely determine how the product/service is sold and distributed. These decisions have to be resolved before any business can flow from foreign customers. The fourth decision is faced periodically as export experience develops and performance assessments suggest the need for change.

Governments around the world have developed export promotion programmes to help firms make these decisions and so improve their chances of foreign market success. Explicitly or implicitly, these programmes serve a variety of firm types. As others have done (Czinkota 1982; Barrett and Wilkinson 1985), we argue that the firm's export development stage is a useful way of thinking about how these programmes are, or can be, targeted. The development stage will probably define a firm's experience and needs and, hence, its requirements for assistance, better than anything else. Elsewhere, we have identified five types of firm that
government export programmes are aimed at, and describe these briefly below (Seringhaus and Rosson 1989):

- **non-exporters**—firms with exportable products/services that have never thought of, or have shown no desire to export
- **failed exporters**—firms with previous export experience which led them to withdraw from foreign market(s)
- **first-time exporters**—firms that are aware of foreign market opportunities and sense that these might help them meet their growth objectives
- **expanding exporters**—firms that wish to move their products/services into one or more new markets
- **continuing exporters**—firms that are interested in fine-tuning their export operations as a result of current and projected performance levels.

See the export decision process and five exporter types in Figure 2. We consider the final three of these exporter types in this paper.

How do trade fairs help these firms' in their export decision-making? Our views are summarized in Figure 3. "First-time exporters" have an interest in exporting but must decide whether to move ahead in this direction. Exhibiting at a trade fair is usually not an appropriate way to resolve this issue, because this signals that orders will be taken and products/services supplied to interested foreign customers. Attending a trade fair to investigate the market is another matter, as is participation on a trade mission to the market of interest. Trade fair participation can be helpful for "expanding exporters" in assessing: market potential, barriers to entry, alternative entry methods, and prospective trading partners. Why do we distinguish between the helpfulness of fairs to first-time and expanding exporters when both are essentially focusing on a new foreign market? The answer lies in the question that each type of firm is attempting to resolve: the question for first-time exporters is "Should I export?", whereas that for expanding exporters is "Does this market seem right for me?". Expanding exporters will also often use trade missions to make the same determination. Trade fair attendance can be very beneficial for "continuing exporters". This is a useful venue for renewing contacts, deepening relationships, and broaching ways to improve existing strategy. Where changes are regarded as necessary, again the fair provides an arena in which to check out this idea, and take action. In a general sense then, we regard trade fair participation as most useful for firms that are at later points in their export development—expanding and continuing exporters rather than first-time exporters. We now turn to the study and the testing of some of these ideas.
METHODS

The data reported here was collected as part of an evaluation of the Promotional Projects Program (PPP). This program is an important part of the Canadian federal government’s strategy for export development. The PPP covers government-initiated trade fair exhibits, outgoing and incoming missions, and in 1985-86 had a budget of about $15 million. The objective of the evaluation essentially was to: assess the effectiveness of the PPP, profile user firms, and gauge firms’ views of its usefulness. The evaluation study was conducted in three major stages: (1) an exploratory research phase resulting in a planning report; (2) a mail survey of recent trade fair and mission participants; and (3) analysis of the survey data, culminating in a final report. The survey methodology used in the evaluation is now detailed.

The target population for the study consisted of firms which participated, with Department of External Affairs support, in trade fairs and missions in the period fiscal year 1984/5 to the first half of 1986/7. Sampling of this population was in two stages, first of the trade fairs and missions (or events), and then of participants within events. This meant that a detailed analysis of factors contributing to the success of events and firms was made possible.

The sampling of events was stratified by type of event (trade fairs, outgoing missions and incoming missions); geographic area (5 categories); and industrial sector (8 categories). Some 48 trade fairs, 18 outgoing and 11 incoming trade missions were sampled. A random selection process within each sampled event led to a sample of 570 firms being drawn. On average, about nine firms per trade fair and five per mission were sampled. A response rate of 90 percent was achieved, allowing for an overall accuracy of estimates to within ± 5 percent for most of the variables examined.

A preliminary questionnaire was developed after a review of the literature, consultation with Department of External Affairs (DEA) trade officers, and discussions with export firms and trade fair organizers. This was pre-tested with a sample of 25 firms, with telephone follow-up of non-respondents and return of all questionnaires by special delivery mail. This process led to a number of changes in the final questionnaire.

The survey procedure ensured that the correct respondent for the survey was identified prior to the first mailing of the questionnaire. Verification of the correct respondent, full mailing address and telephone number, as well as the language of preference (English or French) for the questionnaire, was achieved through a telephone screening survey. Firms were not surveyed unless an appropriate respondent could be found, that is, someone who could
accurately report on the event in question. The survey process included three mailings, including a postcard reminder, as well as a telephone reminder where necessary.

Respondents were guaranteed full confidentiality in both the covering letter and introduction to the questionnaire. They were informed that: first, only the researchers would ever see the specific answers from any respondent (DEA staff would be provided only with statistical summaries); and second, all questionnaires would be destroyed after the data had been entered into the computer. A supplementary survey of 30 firms was conducted after the survey proper, to test the reliability of survey results, especially for certain questions requiring judgmental (as opposed to categorical) responses. The test-retest reliabilities of these data were typical for contemporary surveys.

**SAMPLE CHARACTERISTICS**

In the balance of this paper, we refer only to the sample of firms that participated in international trade fairs—these numbered 367. This sample of firms was national in scope, with adequate regional and sectoral representation. We first profile trade fair users in general terms, before considering their exporting characteristics (see Table 1). An overwhelming number of firms were manufacturers (85%), with trading companies and distributors (19%), and service providers (13%) making up the balance of the sample. In terms of firm size, the majority were small to medium-sized (total sales of $2-50 million—54%), followed by very small firms (<$2 million—32%), and large firms (>$/50 million—14%). The average age of the firms was 24 years, with 13 years of exporting experience.

The dependence of the sampled firms on exporting varied considerably, with almost six in ten firms earning more than 20 percent of total sales from foreign markets. The geographic scope of the firms' operations was wide, with the United States (89%), Asia/Pacific (61%), and Western Europe (60%) the dominant destination points for shipments, and the average number of countries sold to 12.

Regarding exporting firm types, more than one-half of the firms were continuing exporters, defined as those that had been selling to the market the trade fair reached for three or more years. Somewhat more than two in ten firms were either first-time exporters (making their first attempt to export), or expanding exporters (having some export experience and
attempting to enter a new market). These distinctions were made earlier and we return to them again below. First, however, we present and discuss the findings for the entire sample.

FINDINGS:
1. BEFORE THE TRADE FAIR

In this section, we describe the behaviour of the sampled firms prior to the trade fair in the market(s) in question. This provides some sense of where the firms are starting from and what they hoped to achieve through participation.

Perhaps surprising is the fact that almost one-half of the firms had either no (35%) or less than one year (10%) of experience in marketing to the market(s) reached by the trade fair (Table 2). Surprising, because fairs are usually regarded as a promotional method for established sellers. The balance of the sample is made up of firms with 1-3 years experience (20%), or more than 3 years experience (36%). These more experienced firms make up the bulk of those reporting their level of marketing effort in the 12 months prior to the trade fair as either moderate (40%) or major (22%). This leaves a good-sized group (38%) with no or only minor marketing effort in the run-up to the fair. This, of course, reflects the sizeable group of export newcomers in the sample, as does the average of $40,000 in sales in the year prior to the fair.

Next, we consider the objectives stated for the trade fair by firms. Trade fairs are seen to fulfil a variety of different functions. The dominant objectives of firms involve making business contacts (79%) and market and competitive testing (72%). Also important are market maintenance (52%), foreign partner selection (51%), meeting buyers and partners, and new product introduction (45% each). It is particularly interesting to note the lower endorsement of immediate sales objectives — seeking bid opportunities, dealer and final user sales are objectives for less than one-third of all firms. This finding is consistent with the view expressed by writers such as Bonoma (1983). Finally, relatively few firms in this sample attended the trade fair with a view to securing a licensing or joint venture arrangement.

These data show that among the firms participating in the trade fairs sampled, considerable diversity of background and interests is evident. We now turn our attention to the results achieved by these firms.
FINDINGS:
2. AFTER THE TRADE FAIR

Trade fair results can be measured in a number of different ways and we employ four here. Although sales may not be the dominant objective of firms exhibiting at trade fairs, there is the expectation that these will flow in the future. We therefore use sales as a one measure. Various types of sale were considered, specifically actual on-site sales, actual sales within 12 months, and other firm and committed future sales. These types of sale are summed to produce a single measure here. The second indicator of trade fair results employed is the extent to which the trade fair helped firms to achieve their stated objectives. A third measure reports the number of foreign market partners appointed. As seen earlier, finding such persons or organizations is important for many firms in that it paves the way for future sales. Finally, we also report on a range of post-fair activities. This is another result that will impact on future rather than present sales. We now discuss the results in the order they appear in Table 3. Results for the entire sample are presented first, followed by those for three different types of firm—first-time exporters, expanding exporters, and continuing exporters.

The Whole Sample

In reporting the extent to which firms met their trade fair objectives, scores of (1) poor, (2) good, and (3) excellent were averaged for the sample firms. The results were best for firms using the fair to meet customers and partners (2.33), followed by those with market maintenance (2.31), business contact (2.18), and new product introduction (2.15) objectives. Two dominant objectives mentioned above appear less well served by trade fairs, namely market and competitive testing (2.02), and foreign partner selection (1.77). Sales and licensing/joint venture arrangement objectives are not achieved so often.

A second measure of trade fair success is the extent to which foreign partners are found. Agent/representative/ distributor sign-ups were relatively low for the sample firms, averaging a little more than one partner for every three firms going to a trade fair.

The sales data provide some intriguing results. On the surface, the average sales related to firms' trade fair participation looks good. At $376,000 this is more than nine times the average for pre-trade fair sales—a significant increase. However, a single measure is inadequate here. Table 3 shows that considerable variability exists in firms' results. A small number of firms (3%) do very well, grossing over $1 million in sales. However, a very large
number (49%) do poorly, achieving no sales at all, while a further 10 percent of firms fail to
cover their trade fair participation costs (on average $10,000). Thus, almost six in ten firms fail
to break even.

The last set of results focus on firms' activities following the trade fair. This is based
on the idea that for many firms, exhibiting at a trade fair will expose them to new ideas about
how to operate in the market in question. In other words, whether sales are achieved or not,
there is a considerable learning experience which will affect future sales. Again, we present
results for the entire sample of firms. One encouraging aspect of trade fair participation is that
almost one-third of firms report increased efforts in the market following the trade fair. A
series of specific marketing initiatives were presented to respondents. The most frequent
changes reported as directly resulting from the trade fair were related to markets (more trips to
market—27% of firms), products (product changes—21%; new products—19%), and promotion
(more promotion—15%; more trade fairs—12%). Other changes frequently were of an
organizational or effort kind. In this latter category, it is clear that trade fair participation
sometimes triggers a more realistic view of the present market opportunity and/or a will to
examine others. Thus it appears that exhibiting at a trade fair has results which cannot be
captured solely through sales measures.

In the absence of much writing on international trade fairs, these data provide a
benchmark against which others might be compared. We have seen that firms engage in trade
fairs for different reasons, at contrasting stages in their international development, and that
their performance can be judged in various ways. The purpose in presenting the data in
aggregate form is that first, it gives some overall sense of firms' behaviour and results and,
second, this tends to be the way that many governments evaluate export promotion programmes
of this type. However, we have noted that government programmes serve a diversity of firms.
Recognizing this fact, we now consider the trade fair results achieved by three such types of
firm—first-time exporters, expanding exporters, and continuing exporters. The method used to
categorize sample firms to these is shown in Table 4.

Three Types of Exporting Firm

Some 247 firms were categorized as first-time (38), expanding (80), or continuing exporters (129),
and the results that follow are based on this smaller sample of firms' responses to various
questionnaire items. Table 5 shows the results these types of exporting firms achieved, using
the same four measures as above. We discuss each in turn.
Considering first the extent to which the trade fair enabled the firm to achieve its stated objectives, we find that with only one exception (i.e., finding foreign partners), continuing exporters rate trade fairs most highly, with first-time exporters second, and expanding exporters last. The second measure of success is the number of foreign partners signed-up and here there is almost no difference across the three exporter types. The number of partners signed by continuing exporters, only slightly lower than others, may be surprising. One might expect market newcomers (first-time and expanding exporters) to be in greater need of partners than an established seller. These data may reflect, however, the need for firms to regularly add to or fine-tune their overseas selling and distribution networks. Thus, while the two other exporter types must establish market partners, continuing exporters seek to refine their foreign operations.

When the sales impact of trade fair exhibiting is turned to, the results contrast much more. As might be expected, first-time exporters produce far less sales. With an average of $82,000, their sales are one-tenth those of expanding exporters and one-ninth those of continuing exporters. However, the superior performance of these two latter groups is somewhat misleading, for a small number of very large sales distort the average. When one expanding exporter's ($30 million) and three continuing exporters' sales ($7.5, $11.1, and $37.2 million) are excluded, average sales for these drop to $34,000 and $115,000 respectively. Going beyond simply considering average sales yields interesting results! Poor sales performance is almost as unevenly distributed as large-scale sales. Firms with no sales are quite high across all three groups but, at 68 percent, highest for expanding exporters. This group also has the lowest percentage (18%) of firms "breaking-even" (or generating enough sales to cover their trade fair costs). The picture that emerges from these particular results is one of greater and more consistent performance by continuing exporters than by first-time exporters. These results are exactly as anticipated. The expanding exporter results are more surprising, however, with lower overall performance by a high number of firms.

Finally, we turn to firms' post-fair initiatives. A strong pattern emerges, with first-time exporters showing the most activity. Six in ten of these firms report increased efforts, and this group generally does the most additional marketing or makes the most change as a result of participating at the fair. The initiatives most frequently undertaken include: product modification (29%) and new product launches (19%); more trade fair exhibits (29%), trade mission participation (19%), and visits to the market (23%); and investigation of other foreign markets (26%). Continuing exporters also instigate product change and more market visits but, as established firms in the market in question, only about one firm in six increased its marketing
effort in the wake of the fair. As might be expected, some four in ten expanding exporters indicate increased post-fair efforts. The changes induced by trade fair participation are lower for this group however, with product modification and market trips among the more frequent responses.

Summary

The behaviour and results of firms participating in government-initiated trade fair exhibits may be summarized as follows. In general terms, a variety of firms participate, and existing sales in the market covered, on average, are low. The participating firms have diverse objectives for trade fairs and some of these are satisfied well through their involvement. The "harder" results show that foreign partners are signed-up and sizeable sales increases are registered. However, there is substantial variation with a large number of firms that do not recover their costs. Considerable learning and refocusing of efforts appears to take place after the trade fair, at least for some firms.

When individual types of exporter are considered, strong behaviour patterns and results emerge. Continuing exporters fare best in concrete terms—achieving their objectives more readily and producing higher and more consistent sales results. First-time exporters also achieve their objectives reasonably well, but rather than generating high sales, these firms learn and adapt their operations as a result of the fair experience. Finally, expanding exporters do the least well—producing very uneven results and, seemingly, not learning so much from their participation.

DISCUSSION

The above results indicate that the sample firms did well at government-initiated trade fair exhibits, at least in an overall sense. However, as might be expected, the results vary substantially from one firm to the next. The results provide a preliminary idea about firms' trade fair participation which, it is hoped, will be supplemented by other studies. As is the case with most exploratory studies, more questions are raised than answered. We highlight a few of these questions by way of conclusion, and add some comments.

Perhaps the most interesting finding in this study is the almost 60 percent of firms that fail to recover their participation costs. In the absence of other studies, this percentage seems high. Whether it is a cause for concern is another matter; some might argue that for export
newcomers, the experience is more important than sales per se. Whatever the case, it is clear than there is room for improvement. A number of decision steps are implicated here, beginning with, for example, the selection of the fairs themselves. We have no data on practices here and so are unable to comment further. Nor do we know precisely how firms are selected to participate in the chosen trade fairs. Our data does suggest, however, that some firms do not prepare well before, or follow-up after the trade fair. Some 4 percent of firms stated that they had no specific objectives for the fair, and 10 percent did not pursue contacts or take other initiatives on returning home from the fair. This suggests that some of the selected firms were not "export ready" or lacked the motivation to exploit the opportunity the fair presented. How exhaustively these points can be checked out prior to the fair is a moot point, but it is clearly important.

These points concern individual firm selection. A related question is "What types of exporter should be targeted for trade fair exhibits?" We saw earlier that continuing exporters were the most consistent sales performers at trade fairs, followed by first-time and expanding exporters. In sales terms then, targeting the former would create the greatest sales impact per programme dollar. What of the other two exporter types examined? We argued above that in addition to continuing exporters, trade fairs could be useful to expanding exporters. This sample of expanding exporters showed very wide variations in trade fair sales. As well, relatively few changes were set in motion by this group, implying little learning from the fair experience or low motivation to proceed further. Consequently, we must reserve judgement on the appropriateness of trade fairs for this exporter type. Our final group—first-time exporters—appear to achieve reasonable sales from the fair and to learn considerably from participation. This is intriguing because our view is that for most firms of this type, trade missions are a better vehicle for testing out export markets than a trade fair.

It is apparent from this discussion that there is scope for improved targeting of firms for trade fair participation. Depending on the objectives government officials have for the fair—short-term sales, learning for the longer-term, or some mix of these two—different exporter types and individual firms may be selected to participate. We look forward to more field studies of international trade fairs, as well as other forms of government export promotion.
REFERENCES


INTERNATIONAL TRADE FAIRS


FIGURE 1: The export decision process

Q1. Expand through exporting or in the domestic market?

Q2. If exporting, target which markets?

Q3&4. How to enter these markets and manage these distribution operations?

Q5. How to change export operation in light of performance?
FIGURE 2: Exporter types and the export decision process

Q1. Expand through exporting or in the domestic market?

Q2. If exporting, target which markets?

Q3&4. How to enter these markets and manage sales and distribution operations?

Q5. How to change export operations in light of performance?
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<th>Exporter type</th>
<th>Key questions to resolve</th>
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| First-time exporter| Should exporting be initiated? | • Growth potential from exports vs. domestic market  
• Problems to be overcome to tap export potential  
• Likely cost/benefit of export involvement | • Trade fair not appropriate for these firms |
| Expanding exporters| Which market(s) should be entered next? What market entry method is best? | • Determine market potential and barriers to entry  
• Choose between feasible market entry options  
• Selection of foreign market partner | • Chance to present product/service to the market and test response prior to entry decision  
• Check out competitors  
• Make useful future contacts with buyers and partners |
| Continuing exporter| How can performance be maintained/improved? | • Need to adjust/change existing operations  
• Decide what new initiatives look best | • Vehicle to renew contacts and solidify position  
• Chance to test new ideas prior to final decisions  
• Opportunity to scout for new partners |
# TABLE 1: Characteristics of sampled firms

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<tbody>
<tr>
<td><strong>Type of firm</strong> <em>(n=359)</em></td>
<td></td>
</tr>
<tr>
<td>• manufacturer</td>
<td>85.2%</td>
</tr>
<tr>
<td>• trading company/distributor</td>
<td>19.2%</td>
</tr>
<tr>
<td>• service provider</td>
<td>13.1%</td>
</tr>
<tr>
<td><strong>Total annual sales</strong> <em>(n=358)</em></td>
<td></td>
</tr>
<tr>
<td>• &lt;$2 million</td>
<td>31.5%</td>
</tr>
<tr>
<td>• $2-49.9 million</td>
<td>54.4%</td>
</tr>
<tr>
<td>• &gt;$50 million</td>
<td>14.0%</td>
</tr>
<tr>
<td><strong>Average date of</strong></td>
<td></td>
</tr>
<tr>
<td>• establishment <em>(n=356)</em></td>
<td>1963</td>
</tr>
<tr>
<td>• starting to export <em>(n=334)</em></td>
<td>1974</td>
</tr>
<tr>
<td><strong>Export intensity</strong> <em>(exports as percent of total sales)</em> <em>(n=351)</em></td>
<td></td>
</tr>
<tr>
<td>• &lt;20%</td>
<td>41.0%</td>
</tr>
<tr>
<td>• 20-69%</td>
<td>41.0%</td>
</tr>
<tr>
<td>• &gt;70%</td>
<td>18.0%</td>
</tr>
<tr>
<td><strong>Export focus</strong></td>
<td></td>
</tr>
<tr>
<td>• number of countries exported to <em>(n=341)</em></td>
<td>11.5</td>
</tr>
<tr>
<td>• areas exported to <em>(n=353)</em></td>
<td></td>
</tr>
<tr>
<td>- United States</td>
<td>88.7%</td>
</tr>
<tr>
<td>- W. Europe</td>
<td>59.5%</td>
</tr>
<tr>
<td>- E. Europe</td>
<td>14.4%</td>
</tr>
<tr>
<td>- Asia/Pacific</td>
<td>60.6%</td>
</tr>
<tr>
<td>- Latin America</td>
<td>42.8%</td>
</tr>
<tr>
<td>- Africa/Middle East</td>
<td>36.8%</td>
</tr>
<tr>
<td><strong>Exporter type</strong> <em>(n=247)</em></td>
<td></td>
</tr>
<tr>
<td>• first-time exporter</td>
<td>20.1%</td>
</tr>
<tr>
<td>• expanding exporter</td>
<td>23.2%</td>
</tr>
<tr>
<td>• continuing exporter</td>
<td>56.7%</td>
</tr>
</tbody>
</table>

**INTERNATIONAL TRADE FAIRS**
### TABLE 2: Firms' behaviour prior to the trade fair

#### Behaviour

**Activity in market prior to trade fair**
- length of time exporting to market (n=351)
  - not at all ................................................. 34.8%
  - <12 months ................................................ 9.6%
  - 1-3 years .................................................. 19.7%
  - >3 years .................................................. 35.6%
- level of marketing effort, prior 12 months (n=346)
  - none ..................................................... 13.3%
  - minor ................................................... 25.1%
  - moderate ............................................... 39.6%
  - major ................................................... 22.0%
- average annual sales, 12 months prior to trade fair—$000 (n=243) ............................................ $40

**Objectives for trade fair (n=355)**
- testing market for demand, acceptance and competitiveness ........................................ 71.5%
- identifying or appointing agents/representatives/distributors ........................................ 51.0%
- obtaining quote or bid opportunities ........................................................................ 31.0%
- making immediate sales to final users ....................................................................... 24.5%
- making immediate sales to dealers ............................................................................ 27.0%
- securing licensing/joint venture arrangement ................................................................ 13.5%
- making business contacts ......................................................................................... 78.9%
- maintaining presence in market .............................................................................. 51.8%
- meeting regulars customers and agents/representatives/distributors ............................... 45.1%
- introducing a new product to the market ................................................................... 44.5%
# TABLE 3: Firms' results from the trade fair

## Results

### Assessment of trade fair in helping to meet objectives (1=poor, 2=good, 3=excellent)

- testing market for demand, acceptance and competitiveness (n=290)........2.02
- identifying or appointing agents/representatives/distributors (n=220)..........1.77
- obtaining quote or bid opportunities (n=167)........................................1.65
- making immediate sales to final users (n=158)......................................1.25
- making immediate sales to dealers (n=158)..........................1.56
- securing licensing/joint venture arrangement (n=106)..........................1.78
- making business contacts (n=316)................................................2.18
- maintaining presence in market (n=233)..........................2.31
- meeting regulars customers and agents/representatives/distributors (n=216)....2.33
- introducing a new product to the market (n=198)...............................2.15

### Number of agents/representatives/distributors appointed (n=336)..................0.37

### Sales impact: (n=367)

- average total sales related\(^a\) to trade fair............................................$376
- companies with sales greater than $1 million ....................................3.3%
- companies with no sales ....................................................................48.8%
- companies with sales greater than own costs .....................................41.4%

---

\(^a\) These figures are not directly comparable with the results of the survey.
Follow-up activities:

- companies that have increased effort in market (n=336) ............................................... 32.1%
- companies that have done additional marketing or made changes in market as a direct result of trade fair participation (n=335):
  - modified products to better suit market .................................................. 20.6%
  - introduced new products to market .......................................................... 19.4%
  - gone to more trade fairs ........................................................................... 11.9%
  - gone on trade mission ............................................................................... 4.8%
  - made more trips to market ....................................................................... 26.6%
  - established offices in market ................................................................. 3.3%
  - purchased marketing studies ................................................................. 3.6%
  - increased promotion/advertising .......................................................... 15.2%
  - made organizational changes to better focus efforts .............................. 14.0%
  - reduced level of effort ............................................................................. 4.5%
  - withdrawn from market .......................................................................... 2.4%
  - started to explore other markets ......................................................... 12.2%

Note: a Sales following participation in the trade fair.
TABLE 4: Three types of exporter

<table>
<thead>
<tr>
<th>Exporter type market, prior to</th>
<th>Length of time exporting trade fair provided the trade fair(^a)</th>
<th>Extent to which to the a first learning opportunity about exporting(^b)</th>
</tr>
</thead>
<tbody>
<tr>
<td>First-time exporter (n=38)</td>
<td>Not at all</td>
<td>To a great extent</td>
</tr>
<tr>
<td>Expanding exporter (n=80)</td>
<td>Not at all</td>
<td>Not at all</td>
</tr>
<tr>
<td>Continuing exporter (n=129)</td>
<td>More than 3 years</td>
<td>Not at all</td>
</tr>
</tbody>
</table>

Notes:  
\(^a\) Six-point scale, ranging from (1) Not at all, to (6) More than 5 years.  
\(^b\) Three-point scale, ranging from (1) Not at all, to (3) To a great extent.
<table>
<thead>
<tr>
<th>Results</th>
<th>Exporter type</th>
<th>First-time</th>
<th>Expanding</th>
<th>Continuing</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assessment of trade fair in helping to meet objectives (1=poor; 2=good; 3=excellent)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• testing market for demand, acceptance and competitiveness (n=132)</td>
<td></td>
<td>2.12</td>
<td>1.89</td>
<td>2.63</td>
</tr>
<tr>
<td>• identifying or appointing agents/representatives/distributors (n=101)</td>
<td></td>
<td>1.77</td>
<td>1.12</td>
<td>1.74</td>
</tr>
<tr>
<td>• obtaining quote or bid opportunities (n=75)</td>
<td></td>
<td>1.50</td>
<td>1.36</td>
<td>1.79</td>
</tr>
<tr>
<td>• making immediate sales to final users (n=69)</td>
<td></td>
<td>1.21</td>
<td>1.07</td>
<td>1.32</td>
</tr>
<tr>
<td>• making immediate sales to dealers (n=70)</td>
<td></td>
<td>1.31</td>
<td>1.25</td>
<td>1.71</td>
</tr>
<tr>
<td>• securing licensing/joint venture arrangement (n=41)</td>
<td></td>
<td>1.75</td>
<td>1.50</td>
<td>1.90</td>
</tr>
<tr>
<td>• making business contacts (n=145)</td>
<td></td>
<td>2.10</td>
<td>2.06</td>
<td>2.25</td>
</tr>
<tr>
<td>• maintaining presence in market (n=112)</td>
<td></td>
<td>2.27</td>
<td>1.82</td>
<td>2.43</td>
</tr>
<tr>
<td>• meeting regulars customers and agents/representatives/distributors (n=105)</td>
<td></td>
<td>2.08</td>
<td>1.94</td>
<td>2.47</td>
</tr>
<tr>
<td>• introducing a new product to the market (n=87)</td>
<td></td>
<td>2.06</td>
<td>1.82</td>
<td>2.28</td>
</tr>
<tr>
<td><strong>Number of agents/representatives/distributors appointed (n=158)</strong></td>
<td></td>
<td>0.4</td>
<td>0.4</td>
<td>0.3</td>
</tr>
<tr>
<td><strong>Sales impact: (n=164)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Total sales related\textsuperscript{a} to trade fair—$000</td>
<td></td>
<td>$82</td>
<td>$822</td>
<td>$730</td>
</tr>
<tr>
<td>- excluding very large sales</td>
<td></td>
<td>$82</td>
<td>$33</td>
<td>$115</td>
</tr>
<tr>
<td>• companies with sales greater than $1 million</td>
<td></td>
<td>0%</td>
<td>2.6%</td>
<td>4.3%</td>
</tr>
<tr>
<td>• companies with no sales</td>
<td></td>
<td>51.5%</td>
<td>68.4%</td>
<td>39.8%</td>
</tr>
<tr>
<td>• companies with sales greater than own costs</td>
<td></td>
<td>30.3%</td>
<td>18.4%</td>
<td>54.8%</td>
</tr>
</tbody>
</table>
Follow-up activities:

- companies that have increased effort in market (n=157)
  - 60.0%..........................41.7%....................15.4%

- companies that have done additional marketing or made changes in market as a direct result of trade fair participation: (n=156)
  - modified products to better suit market.........................29.0% ....................14.3% ....................20.0%
  - introduced new products to market.................................19.4% ....................8.6% ....................20.0%
  - gone to more trade fairs ...........................................29.0% ....................0% ....................7.8%
  - gone on trade mission ................................................19.4% ....................0% ....................2.2%
  - made more trips to market ..........................................22.6% ....................14.3% ....................22.2%
  - established offices in market .....................................0% ....................0% ....................1.1%
  - purchased marketing studies .......................................0% ....................0% ....................2.2%
  - increased promotion/advertising ...................................12.9% ....................11.4% ....................10.0%
  - made organizational changes to better focus efforts ...........16.1% ....................8.6% ....................12.2%
  - reduced level of effort ..............................................9.7% ....................5.7% ....................2.2%
  - withdrawn from market ..............................................3.2% ....................2.9% ....................1.1%
  - started to explore other markets ..................................25.8% ....................5.7% ....................10.0%

Note: a Sales following participation in the trade fair.