International Trade Centre
UNCTAD / GATT

Making the Most of Trade Fairs

How chambers of commerce can assist members in participating in international trade fairs

The preparation and publication of this study
was financed by grants to the
International Trade Centre UNCTAD / GATT
from the United Nations Development Programme
and the Government of Sweden.

Geneva, 1982

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This study forms part of the International Trade Centre's programme of technical co-operation with national chambers of commerce, which it is implementing with the co-operation of the International Chamber of Commerce. It was prepared by the ITC Secretariat under financing by the United Nations Development Programme and the Government of Sweden. The programme itself is financed by the Governments of the Federal Republic of Germany and of Sweden.

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Note

The following abbreviations are used:

ICC	International Chamber of Commerce
ITC	International Trade Centre UNCTAD/GATT
c.i.f.	Cost, insurance and freight
mm	Millimetre

FOREWORD

In March 1979, the Joint Advisory Group on the International Trade Centre UNCTAD/GATT (ITC) approved a programme of technical co-operation with chambers of commerce in developing countries. These chambers bring together manufacturers and exporters, who are essential to the development of exports and who should be encouraged to contribute as a group to national efforts for trade development. The programme therefore aims at strengthening the capability of national chambers of commerce and other organizations representing the business sector in developing countries to promote trade. It complements programmes undertaken by the governments of these countries to develop foreign trade.

After preparatory research and a planning meeting in June 1979, an international symposium was held in New Delhi in November 1979. It was attended by representatives of more than 60 chambers of commerce in developed and developing countries and recommended a detailed programme of co-operation and its priorities. The latter included strengthening the chambers' organizational structure for trade promotion, improving or expanding their services to the business community and training their staff and members.

This programme is being implemented, in co-operation with the International Chamber of Commerce (ICC), with national chambers in developing and developed countries, and with chambers of foreign trade in the socialist countries of Eastern Europe.

In 1980 and 1981, activities included:

- Joint programming missions by ITC and ICC to selected regions and countries;

- Training courses and seminars;

- Research;

- Trade facilitation.

These activities resulted in many contacts with government authorities, chambers of commerce and other business organizations and led to the following general conclusions concerning the role of chambers of commerce and other business organizations:

- The organization, policies, legal status, etc., of chambers vary from country to country, even within a subregion.

- Whereas most chambers provide a range of basic services to the business sector, including acting as its representative vis-à-vis the government, comparatively few provide extensive services in trade promotion.

- Where governments organize and manage national trade promotion programmes, the chambers' role in these programmes tends to be unclearly defined. This minimizes the contribution that these

chambers, which normally group together the country's most powerful and wealthiest business interests, could make to trade promotion programmes.

- Similarly, many chambers do not perceive themselves as having a large role to play in national trade development and particularly in trade promotion programmes, and consequently limit their participation in these. Many chambers contacted expressed their willingness to participate more fully in trade promotion activities.

- Chambers often possess inadequate organizational structures, lack legal status, have limited financial resources and memberships. These adversely influence the range and types of technical services provided.

- There is evidence, however, that governments and chambers of commerce are beginning to adopt a more constructive attitude towards co-operation in trade promotion matters.

Because of these conclusions and as a result of the recommendations of the New Delhi symposium, ITC and ICC have co-operated in the preparation of the following studies:

- Chambers of Commerce under Public and Private Law,

- Organization and Structure of Chambers of Commerce,

- Income-Generating Activities of Chambers of Commerce.

In addition, ITC has prepared this guide on trade fairs and has co-operated with chambers of commerce in the socialist countries of Eastern Europe in the preparation of two studies on the legal status of chambers of commerce and on their income-generating services.

The United Nations Development Programme and the Government of Sweden have financed the preparation of the studies, which aim at creating in governments and chambers of commerce an awareness of the role that the latter can play in promoting trade. Until recently, most chambers have given priority to their traditional representational role as the business sector's forum for reviewing problems and making known its views on government policies and decisions affecting them and for presenting requests to national governments. Many of them lack the infrastructure that would enable them to offer practical business services to their members. In foreign trade, these services may include the following:

- Collecting and disseminating information on foreign trade;

- Conducting or assisting in training programmes;

- Organizing commercial publicity and trade fairs;

- Arranging buyer/seller meets for selected products;

- Arbitrating trade disputes;

- Undertaking specific export functions, such as issuing certificates of origin and ATA carnets,[1/] and monitoring quotas;

- Providing counsel on certain aspects of foreign trade, such as shipping and banking;

- Furnishing information to business houses in foreign countries on the financial standing and commercial strength of national firms.

A dialogue should be started between governments and chambers of commerce if the latter are to assume a more active role in trade promotion. Subjects of such a dialogue should include the legal status of chambers (private vs. public law status), membership (voluntary vs. obligatory membership) and the co-operation anticipated between the government trade promotion organization and the chambers. Thus a division of labour might be envisaged, according to which the trade promotion organization would be responsible for export marketing strategy and research. Chambers could handle the day-to-day business of giving information to exporters on foreign trade regulations and of helping exporters to establish contacts on markets abroad. Trade missions could be prepared jointly by the government organization and the chambers.

The series of publications, which includes this guide, intends to stimulate this discussion and to inform governments and chambers about the issues concerned. The solutions proposed and the activities described are to be taken as examples, not as arbitrary solutions to be adopted. The development of relations between the government and the business organizations for trade promotion in each country must take place against the background of that country's specific situation. It is hoped that this series will be useful in improving these relationships.

1/ "Temporary admission" papers providing for duty-free import of goods that must be re-exported, or in the context of trade fairs, returned to the country of origin.

INTRODUCTION

Although their nature is evolving, trade fairs and exhibitions remain an important means of promoting international trade. Almost all developing countries participate in fairs, but there is much evidence to suggest that these countries, and their manufacturers and exporters, do not derive the full commercial benefits possible from participation.

Chambers of commerce, trade associations and similar bodies can play an important role in increasing the benefits to their members - and their country as a whole - of participating in international trade fairs and exhibitions. The purpose of this guide is to help them to do so.

The role that chambers of commerce can, or do, play necessarily varies from country to country and from industry to industry. It may include any or all of the following activities:

- Simply providing information and advice to individual companies who wish to participate in fairs on their own.

- Assisting a government agency that participates in fairs in such ways as suggesting appropriate fairs and helping it to select and to encourage companies to participate in a national stand.

- Participating in a national stand by means of an information booth.

- Co-ordinating certain arrangements for essentially individual participations by several companies in a fair.

- Planning and managing a national stand in which individual companies exhibit.

This guide aims at providing information that should help chambers of commerce or trade associations in carrying out these activities. It provides step-by-step guidelines for planning and carrying out joint participations. Moreover, by studying the guide, an officer of a chamber of commerce or trade association should be better able to counsel individual companies on how to participate on their own. As an aid to counselling, a number of check-lists and guides are included, which may be reproduced and distributed to these companies.[1/]

Because specific situations vary widely, each user must interpret the material in the guide in the light of the specific conditions obtaining in his country, industry, chamber of commerce, and adapt it accordingly.

The material is by and large presented in the order certain questions would come up when participation in trade fairs is being considered. An exception is the chapter on planning and budgeting, which comes at the end; the significance of its contents should be more readily understood after a reading of the previous chapters.

1/ All material in this publication may be freely reproduced and distributed without specific authorization by ITC.

ITC offers technical co-operation in trade fairs as one of its services. Specific questions about trade fairs or about related ITC activities may be addressed to its Senior Adviser on Trade Fairs and Commercial Publicity, International Trade Centre UNCTAD/GATT, Palais des Nations, 1211 Geneva 10, Switzerland.

Chapter 1

WHY EXHIBIT?

Trade fairs are one of the most popular means of promoting sales on foreign markets. They can also be among the most useful if they are used properly.

Many countries and individual companies make the mistake of considering trade fairs as the only way of promoting sales abroad. Under the right circumstances, other methods (such as trade missions, individual sales trips, or even correspondence backed up by good sales literature) can be both less expensive and more effective. Such alternatives should always be weighed when deciding on entering a trade fair.

A. Advantages of fairs

Trade fairs offer the following advantages to exhibitors:

- Concentration. The most effective way to sell or to promote a product is face-to-face. However, as buyers may be scattered over a wide area, even over several countries, visiting each of them personally can be too expensive. Advertising is one way of reaching great numbers of people, but it is not as effective as personal selling. A good trade fair combines the advantages of personal selling and of advertising. It brings together large numbers of buyers in one place, and provides the opportunity to present a sales message face-to-face and to answer questions.

- Product presentation. Trade fairs are often the most practical way for companies actually to show buyers their products, which can be essential for closing a sale.

- Assessment of buyer reaction. Trade fairs offer the opportunity for immediate feedback from buyers or other members of the trade. The exhibitor can often find out immediately if his product is right for the market, or how it should be changed to make it right. It is also possible to obtain reactions to a product from consumers, but as a trade fair does not necessarily attract a representative cross-section of the public, such reactions may not be very meaningful.

- Audience interest. Businessmen visit trade fairs because they are interested in seeing what is on offer. They tend to be in a "buying frame of mind", more receptive to approaches from prospective new suppliers than they often are when they sit in their offices, pressed for time.

- Reaching the unknown. One of the problems in marketing - particularly in export marketing - is identifying prospective buyers, importers or others who can help sell the product. An important advantage of trade fairs is that they enable an exhibitor to meet persons whom it would otherwise be difficult to identify.

- Viewing the competition. Major trade fairs count among their exhibitors most of the important companies in their respective fields. Therefore participating in fairs offers one the advantage of being able to study the products and some of the marketing techniques of companies that have succeeded on the market.

- Group support. Companies based in developing countries usually participate in foreign trade fairs as part of a group of companies, under the aegis of their government, trade association or chamber of commerce, which take care of most of the arrangements. Companies new to exporting, or to a particular export market, often feel more secure as part of such a group than they would venture into strange territory on their own. Because trade fairs, along with trade missions, are the primary means governments have of sponsoring group marketing activity, many companies find them a particularly attractive way to begin selling abroad.

- Financial assistance. Trade fairs present the added attraction of the availability of financial assistance to developing countries participating in them from such sources as the European Economic Community, international organizations or the governments of the countries hosting the fairs. For the individual company, coverage of some of the costs of entering fairs is often the only financial assistance available from its government for export marketing.

The benefits of exhibiting at trade fairs do not flow automatically. More often than people like to admit, the results are disappointing. Usually the reasons can be traced to one or more of the following mistakes:

1. The fair is unsuitable, or simply a poor one.
2. The products do not meet market requirements, or are the wrong ones to show at the particular fair.
3. The company or companies exhibiting are not really ready to export.
4. Planning of participation is poor, or virtually non-existent.
5. Certain important activities are overlooked or poorly executed before, during or after the fair.
6. Clear objectives have not been established.

The main objective of this guide is to help to avoid such pitfalls.

B. Deciding to exhibit

Very often, the decision to enter a trade fair is prompted by an invitation from the fair organizers. Sometimes, the idea of exhibiting may emerge from market research, or from the suggestion of a commercial attaché or an importer. Whatever the case, the decision should not be taken lightly. The following questions should be considered:

1. Is the market important or potentially important for your products?

As there is never enough money to promote exports on all markets, it is only sensible to spend what money is available on those that are the most promising. These could be markets where a country's or a company's sales are already substantial, or where there is evidence that sales could become so with sufficient promotion. There may be political or other reasons for entering trade fairs in particular countries, but from the commercial point of view the primary reason should be sales potential.

2. Do your products meet market requirements?

More harm than good can result from showing products that do not meet market standards and tastes. By doing so, companies would not only fail to sell, but also risk creating a bad impression, which would make future sales more difficult. Such factors as market prices, specifications, requirements of quality, labelling and packaging, and preferences in taste, colour and style should be known before deciding to enter a fair. If necessary, market research should be used to obtain this information. If the products do not measure up to the requirements, they should be changed so that they do. Otherwise, the country or company should not exhibit.

3. Can you produce enough to meet likely and continuing demand?

If not, there is little point to exhibiting. Insufficient capacity will not only limit sales and therefore the return on the investment in the fair, but also result in unreliable deliveries, which can damage your company's or country's reputation. Rather than spreading your promotional efforts over more markets than can be properly serviced, it is better to concentrate on fewer markets and to build a strong base for future growth.

4. What are your marketing problems on this market?

A country or company must know what its marketing problems are before it can make a sound decision on how to take full advantage of a fair, and whether it makes sense to enter at all. As mentioned earlier, when there are supply problems, exhibiting at a trade fair will not help, and may hurt. Beyond this, a prospective exhibitor should know what he must do to establish or improve his position on the market. For example, a company may have to find an agent or, if it already has an agent, to help the agent to build up a distribution network or to promote the product among retailers or the public. The nature of its marketing problems should shape the specific objectives that the company should try to achieve at the fair.

5. Would entering a trade fair be the best way to solve them?

If a company needs to contact only a few major buyers in order to sell its products, or simply needs to collect information about a market, then exhibiting at a trade fair would be an unnecessarily expensive way of going about it. A single sales or market research trip would be cheaper, and would probably be more effective. The trip may include a visit to the fair.