

The Role of Trade Fairs in Sales: Trends and Research Propositions

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Abstract

Trade fairs play an essential role in marketing. The importance of trade fairs has been overlooked by most marketing scholars, and little research has been used to examine the role of trade fairs in sales and in marketing. While the descriptive trade fairs literature is extensive and may be useful to practitioners, trade fairs in general have received surprisingly little attention from academic researchers. The paper aims to downsize the gap in knowledge about the role trade fairs play in sales, by attracting attention to changes in the profile of European trade fairs which have been taking place in recent years. Non-selling objectives have gained in terms of their importance, the profile of attendees has also altered – buyers constitute a decreasing percentage of trade fair visitors. The paper presents outcomes of an exploratory research and proposes a cross-sectional study of trade fairs' role in the selling process.

Keywords: trade fairs, selling process, visitor's expectations, trade fair staff

Introduction

Trade fairs remain for many companies operating in the European business-to-business market an important and often only form of organised marketing communication activities apart from efforts of sales teams and distributors. In terms of influence on the process of purchase decisions trade fairs rank third, a whisker behind recommendations and personal sales (Brennan, Caining, McDowell 2011). According to the research being carried out by CENTREX, 73% of B2B trade fair visitors perceive the visit at the fair as useful in the process of decision making (CENTREX). Trade fairs remain a tool, which apart from a temporary crisis at the beginning of the XXI century, have been gaining in significance year on year, what is confirmed by reports of trade fair organisations. Trade fairs from the very beginning of their existence had been linked to sales, where the number and value of commercial contracts resided as a crucial and often the only barometer of how effective participation in a fair was. Emphasis has been placed on the exhibitors' objectives of trade fairs participation and on evaluating selling effectiveness. Along with fiercer competition between individual trade fairs the interest of fairs contractors, and then researchers' also shifted from exhibitors to visitors. Their significant number and quality was acknowledged as capable of attracting exhibitors. At the same time exhibitors started to perceive trade fairs not only as a place to sell but also as a place to build the image. It led to change in visitors' profile – buyers constitute a decreasing percentage of trade fair attendees, and increasingly more people are seeking non-commercial information (PIPT 2010). Transformation of this crucial sales instrument leads to the question, whether trade fairs are still a tool, which can be effectively used in the selling process? To address this question the current paper attempts to explore the extant research and also opinions of sales and marketing managers on trade fairs. They indicated a big discrepancy in evaluation of trade fairs by either group. The conclusions arising from that research served to propose a series of research propositions, which can assist in understanding the role of trade fairs in sales and marketing strategies of a company in the European market.

The paper is narrowed down to European trade fairs, because they have a different nature to trade fairs on other continents (long tradition, large world market share, heavy competition between 100 cities, where international trade fairs are taking place, operating in developed markets), and also to business-to-business trade fairs, because they are an important sales and marketing instrument in that market.

Tendencies of European trade fairs

Trade fairs have a long tradition in Europe. From the beginning of barter development there were separated trade places being created throughout Europe – markets, facilitating contact between sellers and buyers looking for specific commodities. Initially those were open spaces, squares, easily accessible by both sellers offering goods for sale and buyers willing to browse and purchase them. The priority was assigned to the trade function, being the underpinning for organising the market.

The first industrial exhibition was held in Paris in 1798 and was attended by 110 producers. Gradually, exhibitions gained an international dimension, the first of these being held in 1850 in London (Gibson, Bathelt 2010).. The modern trade fair, as we know it today, was born in 1895 when Messe Leipzig introduced its Mustermesse - a trade fair where only samples were discussed with clients and products later on were shipped to their home base (Maskel, Bathletm Malmberg 2006). The extent and scope of business fairs rocketed in recent times as the dual result of falling transport prices and growing demand. Trade fairs has developed in Europe and bear great importance for companies operating in this market. In 2005 60% of 15

million square meters of exhibition space available for exhibition worldwide was located in Europe (Flackett 2006).

In literature from the field of sales and marketing the theme of trade fairs is discussed in majority of cases from exhibitor's (seller's) point of view, meanwhile needs, motives and behaviours of visitors remain underestimated. The exception is a small number of papers focusing on visitors and their goals of participating in trade fairs (Blythe 1999b). From the exhibitor's point of view trade fairs perform selling and non-selling tasks (Brenan, Canning 2011). Advertising goods or a producer on its own and first and foremost communication of the company with broadly defined market, is one of fundamental motives for companies to participate in a given trade fair. Pointing as one of the first - already in 1976 - to duality of objectives of exhibiting at trade fairs (sales and non-selling) was Cavanaugh (1976). The emergence of non-selling objectives does not result from the fall in significance of the trade function of trade fairs, but predominantly from an increase in significance of promotion itself in modern barter. The phenomenon of increasing role of non-selling objectives can be observed primarily during major European trade fairs, often being a key event within an industry. Trade fairs last only for a few days, what might lead interested parties to overlook some stands or not be able to attend. Meanwhile exhibitors might fail to reach key members of their target audience. Hence it is necessary from the exhibitor's point of view to place increasingly greater emphasis on non-selling objectives.

Both types of objectives, sales and non-selling, are completed based on communication with broadly defined market (Brenan, Canning 2011), which can adopt either impersonal as well as personal form. A predetermined in time and place meeting of participants allows for direct contact and exchanging information between companies, which would normally not interact. Trade fairs, which allow for market observation, are source of knowledge and owing to that they can contribute to development and dissemination of innovation. Those features of trade shows render them perceivable as temporary clusters (Maskel, Bathletm Malmberg 2006).

In the initial period of trade fair's development, the success of the trade fair depended on the quality and quantity of its exhibitors. With the number of attractive trade fairs being relatively small, the large number of exhibitors was a key factor in attracting visitors. In that case exhibitors have been equated to sellers, and visitors have been equated to buyers (Hansen 1996). However, the trade fair model has changed - to attract exhibitors now it is necessary to ensure the adequate quantity and quality of the visitors. This has led to a shift in attention from the needs of the exhibitors to the expectations of visitors.

A change in the structure of trade fair participants can be observed. Contrary to its previous strength constituted by predominantly professional buyers, now they are significantly fewer in number. Visitors to a decreasingly lower extent are aiming to make decision about a purchase, but to an increasingly greater extent they target to gain knowledge about products and suppliers and to establish a contact with them – only 15% of visitors (Kreuter 2002) are expecting to make a purchase decision during the fair. A large number of visitors have no role in purchasing and are instead involved in the areas for sales and marketing, general administration, design, engineering, and research and development (Blythe 2002). One can make an assumption, that they are members of a buying centre and performing a role of initiators or advisers in the decision making process. It triggers a question about the role of the European business-to-business trade fairs' participants in the purchase process and the ensuing consequences for the possibility of using trade fairs in sales.

Trade fairs viewed by sales and marketing managers

In order to determine areas, where research queries could be posed, referred to consequences of transformations in the European trade fairs in terms of sales, an exploratory research had

been conducted in form of an open, unstructured group discussions held in circle of representatives from companies exhibiting at the trade fair. The following topics were brought up: role of trade fairs in the selling process, preparation for trade fairs, objectives of exhibiting at the trade fair, evaluation of the trade show performance and actions undertaken in the follow-up area. Discussions were held in two independent groups: with 20 marketing managers, then with 20 sales managers¹ representing companies operating in a business-to-business market. All respondents had been engaged in their companies' exhibition at trade fairs in the year preceding the research.

Trade fairs viewed by sales managers

There is a conviction among sales managers about eroding significance of trade fairs' role. It is a consequence of their expectations in terms of sales – salespeople, who are faced on a daily basis with solely sales targets, expect, that they will be able to pursuit them also during trade fairs. Hence their satisfaction or dissatisfaction with a trade fair was determined by sales successes. Either knowing or estimating the cost of participating in a trade show they believe it is an unfortunate investment, which does not yield any return. For them personally it is a loss of time, due to decreasing number of visitors responsible for purchases in their companies, what has a negative effect on the possibility of meeting sales targets. Answering about the role of trade meetings in formulating relationships with regular customers they pointed to alternative actions (e.g. internal fairs, organising events), which in their opinion would have been more effective and cheaper.

Salespeople admitted that beforehand of trade fairs – apart from general conversations – they have neither set nor explained any trade fair targets.

Companies, which employ sales managers participating in the discussion, exhibit at trade fairs which are conceived to be major and important events in their industry. There is however a tendency shining through of companies limiting the number of events per year. In that case the budget is dedicated to the biggest and most important industry event (often abroad). It is a consequence of following the clients, who choose a single largest European fairs in a given industry. As an example, respondents gave numerous trade fairs in Germany and Italy (industry leaders), during which they can meet clients from Poland, and by the way establish new contacts. Sales people are oblivious to other targets than sales targets, to which they referred to as immeasurable. Having concluded the trade show they do not conduct any analyses of their exhibition's performance – on one hand due to lack of knowledge about appropriate measures, on the other – due to lack of time and human resources.

Two persons indicated problems in follow-up activities. They saw the source of problems in lack of collaboration with the marketing department, which withhold from them gathered during trade show business cards in order to send thanks for visiting the stand. Therefore salespeople were denied the possibility of creating a client database and the contact with people met at the trade show was hampered. Hence they could not live up to the promises made during the trade fair.

The biggest dissatisfaction with trade fairs was expressed by representatives of small and medium enterprises (SMEs), for whom trade fairs constitute a lion's share of their marketing budgets. Everyone exhibited at the largest trade fairs in the industry, which are associated with the greatest financial strain. There were, however, a few people content with the tool, which is a trade fair. In one case it was a representative of the hair dressing industry, who systematically participated in a series of local events, during which image-oriented objectives are not realised. Those types of trade fairs present an exhibitor with possibility of meeting with a buyer or potential buyers. The main objective remained sales, made during the trade

¹ Marketing managers came from other companies than sales managers.

show and shortly after its conclusion. Purchases are attracted through special trade offers (sales promotion). Participation in a trade fair paid for itself on each occasion and allowed for extension of the contact base. The only measure of effectiveness of participation in a trade fair was the number and values of signed contracts. Trade fairs were attended only by salespeople and a representative of senior management.

In the second case the company perceived trade fairs as a searching tool for finding new distributors and consumers (in case of Asian trade fairs) as well as building and maintaining relationships (in case of European trade fairs). Satisfaction with trade fairs had a purely qualitative character, because the respondent indicated lack of knowledge about measures assessing a trade exhibition. He stressed the difficulty of measuring effects of trade fairs, due to the problem of isolating the effects of the exhibition itself from the effects of other promotional activities, some of which may have been carried out in support of the exhibition.

Trade fairs viewed by marketing managers

A different stance was represented by marketing department representatives. Their opinion of trade fairs was that they are an important event in the entire industry and they could not imagine a company abstaining from participation. They perceive trade fairs to a great extent through the prism of marketing objectives: image development, building and maintaining relationships, observation of competitors and current trends dominating in the market. As one of main objectives, they spelled out the necessity of demonstrating the company's presence and thus building its image. The panellists indicated, however, towards lack of precise targets at the stage of pre-fair preparations.

Marketing managers could not estimate the efficiency and effectiveness of trade fairs and did not know any measures serving that purpose. One person pointed to actions towards that area, however stressed, that they could not see any deeper meaning of conducting post-show analysis. In his opinion the measures' creation had been foisted and they did not reflect actual benefits earned thanks to the trade fairs.

Marketing department representatives are aware of the fact, that salespeople are discontent with trade fairs, what leads to available fair budgets being limited. It is not a favourable solution, however, because a mediocre stand sparks speculation in the industry and casts suspicion that "something is not right in the company" shared by both competition and clients.

Presented conclusions drawn from the discussion about the role of trade fairs in sales induce further research into the following areas:

- role of European trade fairs at different stages of the selling process,
- objectives and evaluation of effectiveness of exhibiting at a trade fair,
- responsibility for event organisation.

These three areas are discussed to develop propositions that might be examined empirically in follow-up research. These propositions are intended to collectively help establish a research agenda to direct future research on the role of trade fairs in selling process in business-to-business area.

Trade fairs versus selling process

The selling process is a systematic and logical progression through a series of defined steps that are reasonably expected to result in the completion of a sale. The beginning of the selling process is usually considered to be the sales lead. The basic lead is simply general contact information that the salesperson can use as a basis for investigating the potential for making contact and possibly generating interest in the products and services offered by a business. The next step in the selling process involves the conversion of a lead into a prospect. Once

interest is established, the salesperson begins to establish rapport with the prospect and looks for ways to increase interest in making a purchase. At this stage communication must take place with the person making purchase decisions. Equally important are persons forming the buying centre and having influence on decisions. After the needs are recognised, solutions presented and negotiations done the moment of closing the sale follows. The task of attracting attention and generating interest in the offer to a large degree is delegated to the marketing, whereas transformation of leads into prospect belongs to salespeople.

Non-selling tasks are cited by companies as reasons for participating in trade fairs, but sales-related functions are nevertheless the principal motivation for investment in these promotional events (Blythe 1997). Sometime trade fairs, as mentioned before, allowed for completion of the entire selling process, including the stage of closing sales. Changing objectives of participation in trade fairs accompanied by changing structure of visitors led to the moment of sale being shifted to the post-show period. Audience quality became much broader than simply consisting of managers with specific purchasing roles. It means, that during trade fairs a supplier can access members of the buying centre that their sales personnel may previously not have succeed in reaching. On the other hand, managers/members of buying centre can influence different stages of decision-making process (need recognition, developing products specification and search and qualification of suppliers), which can be affected by information obtained at trade fairs.

Proposition 1: The significance of trade fairs as a tool for generating leads increases, and their role at other selling process stages decreases. However, salespeople might give trade fairs less credit, because they yield less measureable, short-term effects in terms of sales.

Evaluation of trade fairs' effectiveness

The nature of the changes described makes trade fairs being increasingly frequently viewed as marketing communication instrument and not sales instrument. Despite awareness of non-selling objectives' existence, according to Blythe (1999b), exhibition activities still appear to be dominated by the selling concept, with the marketing concept yet to make its appearance; rather than examine ways of approaching visitors with the right message, exhibitors are tending to complain about the quality of the visitors. It proves especially true in case of small and medium enterprises, which allocate for trade fairs most of their marketing budget (in case of Polish companies exhibition costs amount event up 80% of budget). Rosson and Seringhaus (2004) found that nearly one-half (49 per cent) of a sample of Canadian firms participating at international trade fairs announced that they did not generate sales either at the show or within one year. Another 10 per cent failed to generate enough sales to cover the costs of participation. In such situation some companies can be discouraged by the costs of participating in trade fairs in general (Seringhaus, Rosson 2004).

K. Hansen stated, that there is a need to develop standardised measurement instruments for trade show performance (Hansen 1999). Blythe and Ryner (1996) are of opinion, that although many academics have provided reasoned arguments and justification for exhibiting and models have been developed for assessing exhibition effectiveness (as an example can serve the Analysis Model for Performance Measurement of International Trade Fair Exhibitors developed by Seringhaus and Rosson (2004) there is no evidence that this advice has been heeded by practitioners.

In order to measure effectiveness of participation in a trade fair it needs to be determined to what extent objectives set prior to the exhibition were achieved. Bonoma (1983) divides trade fair activities into those sales-oriented and those having non-selling objectives. Hansen,

however, identifies one outcome-based dimension (sales-related activities) and four behaviour-based dimensions (information-gathering activities, image-building activities, motivation activities and relationship-building activities) (Hansen 1999). Sales-related aims, which can be currently completed during trade fairs, include: lead generation and lead qualifying (Blythe 2002), the identification of prospects, gaining access to key decision-makers in current and potential customer companies, disseminating facts about vendor products, services or personnel, servicing current customer's problems. Trade fairs can be especially useful in the early stages of the purchases decision process (need recognition, developing products specification and search and qualification of suppliers) and in identifying and qualifying new customers. Among non-selling objectives of participation in a trade fair one can list: generate awareness, provide product information, handle customer complaints, product testing/evaluation, gathering competitor information, building or maintaining company image (Bonoma 1983).

According to Blythe and Ryner (1996) many companies are exhibiting without clear objectives and with even less ability to assess the effectiveness of the activity, let alone make comparisons with other forms of promotion.

Research conducted by Blythe in the UK (1999a) proved, that many firms do not evaluate trade fairs, because they feel it is not worth the cost and effort or because they believe it is impossible to evaluate realistically trade fairs effects. Exemptions are exhibitors who exhibit most frequently. They are also the ones who are most likely to carry out a large number of assessments to evaluate their activities. It may be that frequent exhibitors monitor activities more closely since they have a higher commitment to exhibiting or higher experience leads to development of evaluation processes of participation in trade fairs.

Proposition 2: Lacking are concepts of objectives and measures combining non-selling and sales targets and effects of participation in fairs.

Proposition 3: The evaluation of participation in trade fairs is not being conducted (or it is not communicated to salespeople), due to which salespeople view trade fairs only through the prism of their own sales achievements.

Management of participation in trade fairs

Dual nature of objectives related to participation in business-to-business trade fairs causes, that they combine marketing and sales functions, what might lead to difficulties with placing responsibility for trade fairs within company's organisational structure. Observation of writers among Polish enterprises indicates that the responsibility for organising trade fairs falls onto department dealing with marketing functions, which sets non-selling objectives for trade fairs. At the same time, to the stands are delegated predominantly salespeople, who due to sales plans are focusing primarily on effective realisation of sales targets.

In enterprises, which do not have marketing departments, it is up to the salespeople delegated to trade fairs to realise non-selling objectives as well, which could be ambiguous to them and with which they could not identify. Such situation might lead to dissatisfaction of salespeople, who cannot focus of their tasks in hand.

In case of a lacking clear picture in terms of evaluation of trade fairs conducted by the Board of Directors, marketing department or sales manager, salespeople might perceive trade fairs only through the prism of sales achieved at the stand or the number and quality of contacts collected, which subsequently could sing a contract. Due to changing profile of visitors and increasing role of non-selling objectives, salespeople can perceive trade fairs more often in negative categories. It sparks the question of optimum division of responsibility for

organisation and evaluation of participation in trade fairs between sales and marketing departments.

Proposition 4: The exhibition is often seen as a lead-generating exercise. The moment of sales has been shifted to the post-show period, however, it is dependent on activities in the follow-up area, executed by sales and marketing forces. A question remains about the effectiveness of those activities: how successful are salespeople in reaching people met at trade fairs? If at all and how marketing department supports them in those activities.

Proposition 5: Objectives set for participation in trade fairs and its evaluation are dependent on collaboration between marketing and sales departments in the enterprise.

Proposition 6: Salespeople due to daily duties do not focus on activities, which do not lead to sales. Hence they cannot perceive trade fairs differently than through the prism of short-term sales targets and are dysfunctional when it comes to realising non-selling objectives.

Proposition 8: In connection to the change in profile of trade fair visitors, achieving sales targets requires collaboration with technical workers. A question arises whether companies should be represented at trade fairs predominantly by salespeople as it was thus far?

Summary

Trade fairs similarly to every marketing instrument are subject to evaluation. From the standing point of sales departments trade fairs have become the very place for image development and relationship building. The profile and expectations of fair visitors have also altered. Exhibitors maintain the large investments required to bring their innovations, prototypes, and expert personnel to trade fairs in order to signal their competencies to current and potential customers (Golfetto, Mazursky 2004). However, lack of direct reflection in sales compels more often enterprises – especially small and medium sized – which do not have marketing departments and marketing knowledge, to evaluate trade fairs negatively. In this paper, few propositions related to the consequences of changes in European trade fairs were developed that, hopefully, can be examined empirically.

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