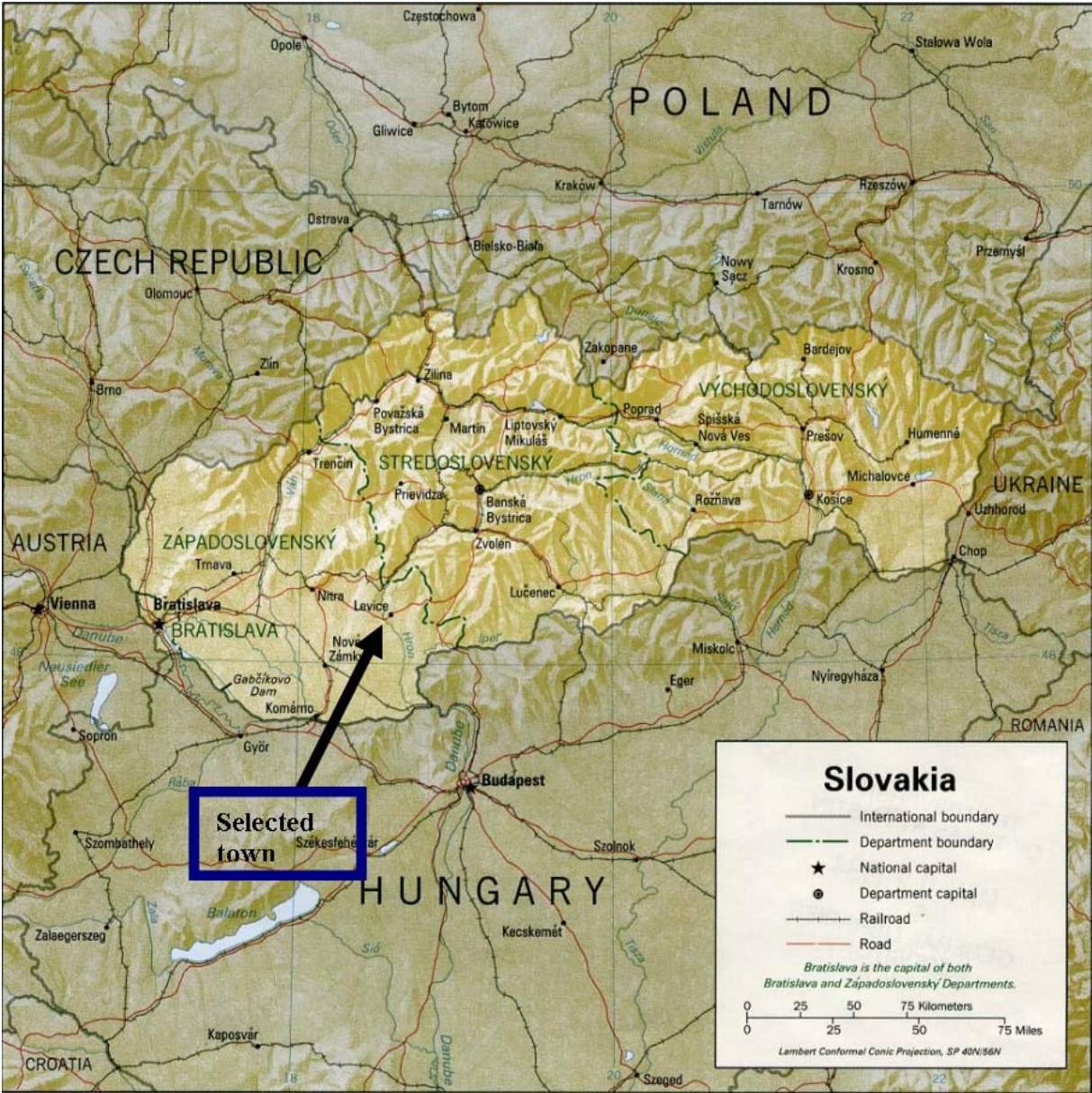


# Case study I

## Benefits of exhibitions: Settlement of a new exhibition company

In the former East and Central European countries a transformation process from a central planned to a market economy takes place. The process leads to changes of the industrial structure. Heavy and military industry is given up. Consumer goods are more and more produced.

A medium-sized town (150 000 inhabitants) in Slovakia is confronted with this problem. A former military complex where tanks had been produced has to be converted to civil production of consumer goods. Large production halls exist. Free space is available.



The management of a British exhibition company wants to establish a range of different exhibitions at a new venue to open the Central and Eastern European market. They intend to realize two specific events during the first developing period and plan to set up further exhibitions after the former events have been successfully conducted. They are looking for an opportunity to invest into a new location.

**Central Europe**



The results of a careful market research show that just this middle-sized town has the ideal geographical position to reach the maximum catchment area.

After an inspection of the former military area the British group comes to the conclusion that the location and the industrial complex can be used for the planned new exhibition venue.

Some investment and rebuilding are accepted. However, the road and traffic infrastructure is not suitable. The actual status is recreant. Before tackling the project the British group needs a promise of the town council for public investment in this area.

Negotiations with the town representatives start.



### **Planned trade shows for Slovakia**

**1.** The British exhibition company wants to establish a purely business-to-business exhibition for food, drink and hospitality (FDH Slovakia). It will be a relatively new concept in the Slovakian market with radiation effects in Central and Eastern Europe.

**2.** Over the next fifteen years no fewer than two million apartments and houses will be rebuilt and refurbished in Slovakia creating a huge market for 'installation' products. Therefore it is planned to create a "House Building Slovakia" which contains all products concerning house building including installations alongside heating, ventilating and air conditioning.

Very soon the management of the exhibition company recognizes that the interlocutors don't have any idea of the economic benefits of exhibitions. They prefer direct investments for the production of food and electronic consumer goods. The negotiations get stuck.

Both parties suggest having a final meeting where all arguments shall be discussed. After that the town council will take its decision about the project and the necessary investment.

The management of the British company is still convinced that the location is appropriate for their project and is willing to prepare the coming meeting carefully.

They are confronted with the following arguments:

1. An exhibition company needs only a few people to organise the events. Therefore there is no employment effect.
2. The return on investment is low compared to the high investment into the infrastructure.
3. The capacity utilisation rate of the infrastructure is relatively low if only two annual exhibitions take place.
4. There are only a few companies in town belonging to the concerning market segments. Therefore no need is seen for such kind of exhibitions.
5. Some of the members of the town council declare that they don't see any chance to establish trade fairs in the region as the people are used to newspaper and magazine advertising, TV and personal selling.

Please, prepare a presentation in which you explain the advantages of this project for the city and the region. Make statements on the above described arguments.

# Case Study II

## Kovcheg – Opening new European markets - Participation in a trade show

### Company’s background

The company was founded in the beginning of the nineties in Krasnoyarsk, Russia. Today the company has a branch in Omsk and two representatives in Moscow and Irkutsk.

The company intends to expand to other Russian cities and furthermore to Europe, the Mid East, USA and Asia.

At present it is the only manufacturer in the world using a technology, which permits production of items from “rolled concrete”. The company’s patent called “rolled concrete” is a high-strength synthetic stone based on concrete, made of gravel mixture, cement and earth pigments. With the technology of “rolled concrete” the company produces architectural forms, elements and modelled décor, designed for all classes of buildings, esp. for restoration, renovation and decoration. The products need much explanation, as they are new. The used technology is not yet known. The possible application areas have to be discovered.

The production on demand is placed in Russia. At the moment there are 50 people working for Kovcheg.

The company is divided into four departments:

The Management, Production, Administration and the Sales department. The sales department is divided into two divisions, the “National Market” which deals with Russian clients and the “Exports” which is responsible for foreign countries.

		<b>Management</b>		
Production		Administration	Sales	
Manufacturing	R & D		National market	Exports

Five members of the sales department are field representatives and two of them speak English, as well as the Chief Executive Officer.

Kovcheg wants to exhibit at a trade fair in order to find possible cooperative partners to sell parts of the patent and licences for using “rolled concrete”. Additionally the company is

interested in getting in contact with possible new clients, basically building companies, representatives from the industry and specialized trade companies.

The turnover of the company runs up to 8.000.000 Euros per year, which is about 270.000.000 Rouble. The marketing budget amounts from six to seven percent of the turnover, which is approximately 500.000 Euros in total (about 17.000.000 Rouble). 20% of the marketing budget is reserved for trade fair participations.

Considering the aspects of expenses, time and effort, the ideal recurrence of a trade fair is every two years. Four countries have been pre-selected.

### **1. Question**

Which are the corresponding trade fairs in Belgium, Spain, Italy and Germany?

Hint: Before using the different Internet links create a list of products, relevant countries and dates which you are going to look after. Write down these words and try to use them for your Internet research. List as many trade shows as possible. Try to make a pre-selection following the criteria: Date, product, range, relevant target group - professional visitors, times of recurrence. Use chart 1.

### **2. Question**

Which trade fair is the most appropriate trade fair for Kovcheg and why?

Hint: To answer this question you should create a scoring model based on criteria which you have to select first. If possible you should discuss your decisions with other students or attendees. Use the prepared form below. To make it easier for you we have already chosen several criteria and weighted them! (Chart 2)

**Chart 1 – Data about the pre-selected trade shows**

<b>Selected trade show</b>				
<b>Target groups:</b>				
<b>Issues:</b>				
<b>Quota of trade visitors:</b>				
<b>Booth costs:</b>				
<b>Site:</b>				
<b>Recurrence:</b>				

Chart 2 - Scoring model		Alternatives							
Define - criteria									
<i>Appropriate trade fair</i>									
	Weight $g_i$	Points $e_{ij}$ 1-10	Product $g_i \times e_{ij}$	Points $e_{ij}$ 1-10	Product $g_i \times e_{ij}$	Points $e_{ij}$ 1-10	Product $g_i \times e_{ij}$	Points $e_{ij}$ 1-10	Product $g_i \times e_{ij}$
Possible - criteria i									
Target group	28								
Issues	21								
Quota of trade visitors	19								
Booth costs	11								
Site	15								
Recurrence ( of the trade fair )	6								
<b>Total</b>	<b>100</b>								

**Questions:**

3. Describe and explain the exhibition/marketing strategy of Kovcheg
4. Explain the corresponding exhibition style and give some examples what this would mean for the stand design.
5. Define five operational targets for Kovcheg.
6. List all activities which are necessary to realize the participation. Make a proposal for a time schedule corresponding to the trade show you have selected.

## 7. Question

The top management of *Kovcheg* has decided to establish a taskforce preparing the participation of the trade fair in Europe. The marketing manager, the export manager and an employee of the production department belong to the core team members of this taskforce. Each of the managers has already done some investigations how he and his department can contribute to the success of the participation. Those ideas are presented to the whole team and are discussed to define further steps.

The market research department has already decided during an internal meeting to conduct visitor interviews during the fair. This method has been chosen because of its effectiveness regarding quality of feedback and implementation costs. The results will offer information and suggestions for many different areas. Especially the taskforce expects to get answers how to enter the European market most effectively.

The sales department hopes to get answers about their competitive situation in Europe to be able to follow the right marketing strategy in future.

The task force knows that it is very important to carry out several promotion activities before and during the trade show. The members intend to develop a promotion conception.

To promote the innovative “rolled concrete” at the trade fair it is decided to host a press conference. Its interactive elements are adequate to introduce the new material Kovcheg is offering and to present the Russian company Kovcheg to the media.

Kovcheg has decided on to show all kinds of products and services at the new trade show.

Your task is to acquire and to attract both exhibitors and visitors to that fair. The potential exhibitors have already been analysed and divided into groups (A = highly important, B = important, C = less important). As for the visitors you have received the information that there are a small number of important business visitors and a huge number of potential private visitors about whom you do not have any specific information yet.

Please list a set of objectives you try to achieve and decide which of the instruments listed below are suitable at all and for whom (please tick for: E = Exhibitor, V = Visitor):



## 8. Question

Please select one instrument from the table above that you considered to be suitable and decide on the sub-instruments you would suggest in order to reach the respective target group. Discuss the pros and cons to justify your result.

### Chart 4 – Main and sub-instruments

Instrument selected: <ul style="list-style-type: none"><li>•</li></ul>	
Sub-instruments to be assessed: <ul style="list-style-type: none"><li>•</li><li>•</li><li>•</li><li>•</li><li>•</li><li>•</li><li>•</li></ul>	
Pros	Cons
<b><u>Result:</u></b>	

## 9. Question

The trade fair took place four days. During this period 248 people visited the booth. 56 contacts were followed by intensive negotiations. The results of the evaluation of the visitor records were as follows:

- 85 (of the 248) visitors asked for additional brochures after the trade fair
- 14 (of the 56) wanted to get a cost estimation for a special request
- 10 contracts for about 320 000 € were signed
- 15 options were signed about the production of some historical facades:  
Value 1 250 000 €
- 12 visitors asked for the agreement of an additional meeting at their headquarter
- 5 visitors wanted to become sales representatives for Kovcheg in Germany and neighbouring countries

The project manager mentioned that the participation in the trade fair was quite successful and the expression was right: “The trade fair starts with the closure of the fair”

Please make a plan which activities have to be done after the fair. Try to assign these activities to the responsible people of Kovcheg. Keep in mind that the reworking contains more activities than mentioned in the list above.

## 10. Question

The marketing department noticed four months after the trade fair that out of the options of 1 250 000 € contracts of 855 000 € could be realized. Additionally contracts of 250 000 € were signed with other customers who visited Kovcheg at the trade fair in Nuremberg.

Please, calculate the following relations:

- The trade fair coefficient I
- The trade fair coefficient II
- Costs per visitor
- Costs per contact
- Costs per new customer

Please interpret your results and comment finally if the trade fair was successful or not. Keep in mind that as well quantitative as qualitative results have to be evaluated.

## 12 Questions

### The Role of Exhibitions in the Marketing Mix

**1. Question**

Trade shows and consumer shows are different types of exhibitions. Differentiate both types and give two examples for each type.

**2. Question**

The EXPO 2005 takes place in Aichi, Japan. What are the differences between the World's EXPO and regular trade shows? Determine the main characteristics of "EXPOs" and try to find out which theme is selected for the next EXPO in 2010.

**3. Question**

Describe the roots of today's exhibition industry. Try to find out how the financial system worked in former times.

**4. Question**

The world's exhibition industry is changing. Discuss the different roles of Europe, Asia and North America for the future economic development.

**5. Question**

Prepare a list of benefits how exhibitions impact a region or city. Additionally put on some disadvantages which may arise from exhibitions.

**6. Question**

Explain how exhibitions lower costs for economic transactions.

**7. Question**

Exhibitions are mostly assigned to the communication policy of a company. However, there are some other marketing aspects which play an important role for the exhibitors, too. Please describe the importance of exhibitions for the contract, distribution and product policy of a company.

**8. Question**

The participation in exhibitions should follow a special marketing strategy which determines a special exhibition style. Please explain the concept of the exhibition styles. What and why would you recommend to an exhibitor who wants to open a new international market?

**9. Question**

Explain which possibilities an exhibitor has to assemble his booth for an exhibition.

**10. Question**

Professional exhibitors know that the real work for an exhibition starts with its closure. Please discuss why an exhibiting company should realise an internal marketing campaign after the show.

**11. Question**

Necessary instruments to evaluate a participation in an exhibition are interviews with different target groups you have met on the exhibition. Please determine these target groups and formulate five questions you would like to ask the concerned people.

**12. Question**

The project team of an exhibitor summarizes the following results after the participation in a trade show: turnover at the show 150 000 €; additional turnover four months after the show 450 000 €; participation costs of 45 000 €; annual turnover 8.500 000 €; costs for all eight trade show participations 420 000 €. Please calculate the trade show coefficients I, II, III and interpret your results.