



**In The Name Of God**

**Islamic Republic of Iran Exhibitions Company  
Management of Planning and Information- Training Unit**

# **“ The Exhibition Industry Evolution in the Contemporary World ”**

**Lecturer:**

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## **In the Name of Whom Existence Found a Name**

### **Introduction**

The exhibition industry through two recent decades has undergone many evolutions and has transformed to the most important tools of technology development and trade transactions. The development of information and communication technology (ICT) has played the principal in moreover fair activities in all around the world and its evolutions.

The economics experts believe that the development of exhibition industry in the world has not been impossible without coordination and support of industry sections of trade, tourism, modernization of international transportation network, customs equipment to the most advanced release and revision of goods, trade liberalization, and elimination of non-tariff obstacles and finally the public security systems.

Moreover, the advancement of banking industry, insurance, and internet advertisement has had much effect on the extension of exhibition activities.

Countries, which have the most, share in trade, particularly in the world exports (Germany, China, the United States of America, Japan, and France and...) have dedicated to themselves a higher standing in international realm. In this brief opportunity, we shortly discuss some of the exhibitions industry evolutions for the enhancement of the reverend participants in this seminar.

### **The Subject of Exhibition Industry**

The exhibition industry experts believe that this industry is not possible without coordination of several sections:

#### **1- Trade**

At present the world exports volume reaches to 29 trillion dollars. It is most obvious that for the trade development, there have been tools and exhibition is one of the most important tools that have intervention in the trade section development because in the exhibition industry all the marketing tools one can see all of them together. For example, one of the exhibition tools is dispatching the trade boards or advertisement, which is one of the cornerstones of exhibition holding.

## **2- Tourism**

Tourism development has distinguishably assisted the exhibition industry. Today the tourism industry in the world has changed to an industry, which earns countries 800 billion dollar every year.

The number of international tourist has reached to 600 million people.

Tourism industry in developing countries such as China, Singapore and Hong Kong special administrative region has played an important role.

Hong Kong is a unique free zone whose area is approximately 1/5 times of Tehran province (1094 sq. km.)

This region has a population of only 7 million people; every year can admit 24 to 25 foreign tourists that 6 million of them travel to this region for the trade objectives especially attending in the fairs, which held I Hong Kong or China.

The incomes which at the result of tourism Hong Kong earns is relatively more than the direct revenues of fairs which this shows an occasion like holding fairs to what extent helps the countries' revenues.

## **3- Modernization of transportation network**

Until before the 19<sup>th</sup> century, the transportation system was much limited and this limitation made the goods transportation to remote points impossible.

The transportation network is an important factor in the trade development. For example the share of Africa continent in our export does not even reach to 2 per cent whose transportation is the most problem.

The transportation development or its modernization is one of the important factors in the development of exhibition industry.

## **4- Customs' equipment to the most advanced tools of goods survey of goods revisions**

The customs obstacles have always been one of the most important problems for exhibitions. Because countries were considering the custom as a means of receiving income and they never thought that if they avoid this income in some cases, the role that fairs can have in the country economics is subsequently more than the incomes gain of the customs.

With a view to the Singapore and Hong Kong, we consider that nearly no rights of customs rights do attribute to the importing goods of these two regions, only a few goods are subject to special tariffs, and that is due to special reasons that one can hint to tobaccos and automobiles.

One should point to this notion that principally a land such as Hong Kong whose area is a little has no such capacity to be a big car market.

In such a way if we suppose that Singapore or Hong Kong do not receive any customs right, from the incomes which merchants thereof gain they receive considerable taxes which in some cases is over than 20 percents.

It is true that the customs tariff dispensed with, but they benefit from the incurring incomes. Therefore, equipping customs to the most advanced instruments of goods survey or the omission of tariffs is the most important factors in the exhibition industry progress. Principally, the speed in releasing goods concerned for exhibition from the customs of a country and the lack of bureaucracy on this ground helps the increasing number of the fairs held in that country.

#### **5- Linearization of International Trade**

After the Second World War, the international trade dramatically affected the recession. For getting out of the recession, in a Conference named Breton Woods, which held in America a decision taken for creating three international organizations.

- 1- International Money foundation,
- 2- World Bank,
- 3- International Trade Organization

However, due to the opposition of America in those years the International Trade Organization constituted not. but instead of it in the year of 1947 a conference in Havana held and a protocol was signed the trade and a general tariffs protocol which through several subsequent negotiations tariffs reduction were conducted so that the tariff average which reached to 45 percent now it is less than percent.

#### **6- The evolution of public security systems**

Public Security has a principal importance in a fair. Therefore, in all the exhibitions special devices are taking for the support of the security of the goods and the individuals who visit the exhibitions.

## **7- Banking Industry development**

There are direct relationships among the activities of a fair, and the banking industry.

8- In many international exhibitions if goods are not insured there is no possibility to release goods from the customs so that the transportation institution to carry them to the fair due to this fact the evolution of insurance industry has had great role in developing transportation and the fair industry.

## **9- Internet Advertisement**

Internet advertisement has a great role in the speed of countries or participators awareness from the time and the specifications of the fairs and in general the development of the fair industry.

Generally, the countries that have highest sharing in world trade are those who advanced fair industry therefore now you see that Germany has the greatest advanced fair industry. Of course, from the viewpoint of the space expansion America has an important standing too.

In some small countries of the Asia like Singapore or Hong Kong, the fairs have extraordinarily affected the economy advancement. Of course, China fair industry is almost too has had considerable growth in such a way that even it has expressed itself to the world fair union that has constituted since 1920 and manages the affairs related to the Expos that to hold the Expo 2010 in Shanghai which now its information is available on its site.

Exports of Germany in the year of 2007 have reached to more than of 1300 billion dollars. It is fully obvious that in such country the fair industry in order to introduce technological achievements or trade contracts signing finds extraordinary importance.

Germany fairs organization delivers yearly reports that delineate the fair industry status in this country. It is interesting to know that this industry has turned to one of the richest industries in Germany. Germany fair industry has created 300000 jobs, which is a very high figure. In the world today, the employment problem is the most problem of countries, because unemployment is not a periodical phenomenon anymore but it is a structural phenomenon. So here, any action, which causes unemployment, helps the global economy growth.

Now, one of the biggest problems of America is the increment of unemployment rate which has reached to 6/7 percent which is one of its reasons is housing crisis

and one of the most fearing one. Housing crisis in America has caused that in a period of four years the 25 trillion value of real estate has to lose 11 trillion dollars and even causes the breakage of the banks that had invested in America building industry and it is one of the factors of dollar fall. This crisis during a period of several months incurred more than 1600 billion dollar whose survey can be an independent subject of lecturing.

### **The exhibitions Importance**

Based on the conducted surveys, holding of exhibitions return at least 300 billion dollars annually to the world economy. Although there is no accurate statistics concerning the incomes obtained out of the Expos holdings the economic experts have estimated the sharing of the Expos in the world GDP at least one per cent. If we consider the world GDP in the year of 2007 about 54000 billion dollars we see that its one per cent namely 540 billion dollars is a very important figure.

### **The History of Fairs Holdings**

The history of fairs holding goes back to 2500 BC. However, the fair industry in the modern concept has established since the middle of the 19<sup>th</sup> century. Generally, the known development of fair industry as the minor achievement of European industry revolution has begun since 18<sup>th</sup> century.

### **European Industrial Revolution**

Before the European industrial revolution, production was in the form of handicraft workshops, but European industrial revolution caused that:

- 1- Production became factory production
- 2- Public transportation would expand very increasingly due to the invention of steam machine and its application in ships caused the goods cargos transportation to farthest points of the world became possible.
- 3- The invention of telegraph in the 19 the century and afterwards the telephone invention had a great role in developing the exhibitions in Europe because the receiving of orders from the furthest points of the world became possible.

The cause of the growth of exhibition industry in European countries is that European countries agreed that even in the time of war, they do not attack each other. Therefore, the security of the fairs signed and secured by the means of contracts for this reason the fair industry in the continent of Europe is one of the most advanced industries.



However, the fair history does not limit to Europe. The oldest fairs had been in the ancient Rome, Greece and Egypt. In the old Greece or Ancient Rome, fairs holding occurred simultaneously with the religious feasts. For this reason, the word of FERIA in Latin means Holy Day or a sacred day. Later on, it changed to Fair. Its cause was that when people congregated around houses of worship a number of tradesmen or peddlers things, which were valuable in the subject of selling.

The Germanic word Messe used for fairs has adapted from the root of Messia which means religious feast. Later on, this word entered in the Spanish and other languages.

As the historical documents show the first fair held in a town named Sour at present one of Lebanon cities about 2500 B.C. and there was a king by the name of Herod, which was one of the Israeli tribe kings who ordered such fairs.

Why has the first fair been in Sour (Lebanon)?

Because Lebanon in that time was a part, of Lydia territory and the Lydian people were traders and for the first time, the Lydian people invented money as a means of transaction. Afterwards Phynigean people adopted it. Therefore, a documented source about the first historical fair exists is about the city of Sour in Lebanon.

Gradually, in other parts fairs held for example in Iran in some cities Saturday Market. Sunday market, Monday market and Friday market have been which little by little they have formed fairs.

The first fair in today's concept which can we apply to it fair is a fair in France in city of Saint Denis (surrounding of Paris) in the year of 629 A.D.

### **Transference of the fairs to organizations or knowledge-based Institutions**

One of the most important evolutions in the three recent decades from the quality point of view, which has occurred in the fair institutions, is turning some of them to knowledge-based organizations.

These organizations, called Knowledge based organizations, are organizations that constitute a great part of the intellectual or intangible assets. These organizations have advances personnel of experts. For example, consider Microsoft, when Microsoft works in a day off 90% of its assets go out of the company. Because these assets are not hardware but managers who give ideas,

plan, and design; therefore, the work base of knowledge-based company is research and development.

The people who work in these organizations have activities in knowledge production, knowledge distribution, and knowledge utilization. In other words, they produce either knowledge, distribute it, or use the others' knowledge. Of course, this knowledge is not merely science but it is a complex of human worth knowing along the history either experience, researches, methods, taking decisions procedures, utilizing opportunities and.... That is of course knowledge itself consist of several sections: (1) Know what, (2) Know how, (3) Know whom, and (4) Know why?

Today, the companies who activate in research and development sectors (the knowledge-based companies) are preceding all other companies concerning income production. For example, agriculture is an industry, which is 8000 years old but the agriculture sharing in the world GDP possibly is about 6 per cent while the share of information technology and communication in the world GDP is for instance 8 per cent. The development of some of companies like Microsoft and Sony in a 10 years period has been more than 1000 per cent, namely in a 10 years period has become 10 times more while probably there is not such growth in any other sections. Therefore, knowledge is the most important wealth, which is at disposal of human being.

The companies' holders of fairs or organization, which support or sponsor these companies, considered knowledge-based which have the following features:

- Having advanced communicative substructures
- Having information bases and ability of utilizing these bases or, existing similar bases in the world similar bases in relation with their activities
- Proficiency in the fairs affairs management, risk management, expenditures management
- Awareness of logical procedures in decision making in possible expedient time
- having the ability of holding fair lateral conferences which is itself a specialized field
- having organizational culture
- Awareness of fair executive process activities: supposing if participation in a fair consist of 80 actions these 80 actions should be regulated in a timing schedule step by step for any activity a delineate time should be considered.

- having systems for assessing activities in any fields.

For instance, in any exhibition three kinds of assessment is concerned: 1- assessment of stand holders activities 2- assessment of organizers' activities 3- assessment of the organization activity which has held the exhibition.

- Having the expertise and work experience work force who have the following abilities:

- Having public knowledge relative to their assigned duties;
- Having proficiency in foreign languages in the targeting market;

For instance, if you go to a market like Japanese market you should take a catalogue in Japanese language. Even in some cases, it has understood that Japanese have some different interpretations in the words translation relating to other countries. Recently Europeans who have worked on Japanese culture say that we should in the fairs we hold or in the commerce, negotiations with Japan have translators who can be able to translate their thoughts, feelings and emotions and not only the vocabulary. Moreover, this shows that the conception of Japanese when for example instead of "yes" he says "yah" this is not exactly that he has agreed to what you said. However, this means that he has understood what you said but he should study the case with several managers and experts and then the final decision taken by the management. Therefore, familiarization with the commerce language and using a translator of that language of the same country has more roles in our success. For example, we should employ a translator of Greece in the Greek market and it is more obvious if our translator knows Persian is even better.

- Having proficiency in establishing relations and introducing trade goods or services, and performing negotiations; and
- Having expertise knowledge and creativity ability

Having creative ability is very important in innovation. Today most countries of the world researchers have shared in the research achievements. For example, a scientist who has investigated the stem cells in a laboratory and reaches to valuable results and produces for instance a medicine share him in the achievement due to its commercial success. Or for example if someone can cultivate a alga in laboratory which has the ability of taking co2 and giving oxygen it is more obvious that it is extraordinary from the view of environmental services and earns billions to whom can attains this technology to the stage of commercial phase. Here for the



encouragement of researches they share them in the achievements due to commercialization of their researches.

The knowledge – based companies create a space or environment so that any individual make profits others from their findings and knowledge. Moreover, the personnel of these companies are continually increasing the rate of their knowledge.

Production, distribution, and sharing in the knowledge, which others have created, consist of three important and main features of these companies.

Knowledge basis of the active institutions in the fair industry has important achievements which the important ones as follows:

- Extension of fairs goals and increasing the society expectancy and expectations from holding these fairs
- Increasing the rate of investing performance in the fair industry

Presently by the studies conducted, they have found that the fair industry performance in the world is averagely six times the costs performed. For example, if in the world the cost of fair is 400 billion dollar, six times of it is the income of other sections, which is termed Multiplier Co-Efficient or the multiplier coefficient.

- Transference of fairs to the most important tools compared with other tools, which exist, is this field.
- Utilizing the most advanced techniques in designing, and stand decorating and digital modeling
- Creating virtual exhibitions, called online exhibition too
- Creating a new field with the name of fair management and events or conferences and transference of experiences gained from the fair executive activities to the students or individuals who will have responsibilities in the fair industry.
- Preparing and publishing hundreds of books, reports, instructions, guidebooks and thesis in relation with all the affairs, this in a way relative to fairs.
- National and international standards editing for fair services
- Regulation of fair activities
- Extensive using of information and communication technology in fair industry
- Severe attention to research and development in this industry

## **Extension of Fairs Objectives**

The objectives that fairs have from the fairs are different, as well as the objectives of the countries themselves, the objectives of the stand holders, and the objectives of international fairs.

Generally, the countries have the following objectives from holding fairs:

### 1- Extension of diplomatic relations

Fairs assist to development of political relations.

More numbers of participants in an international fair increases the credit and prestige of that country.

### 2- Public opinions poll

Of course, the polling of public opinions is other than the polling taken by the stand holders. For example if an international fair held in Iran which there the country of America have a stand whatsoever the stand be attractive many of the individuals may disregard it and so they show their dislike from that country .

### 3- Expression of views while celebrating the national day

Countries usually when an international fair is held in the national day which is considered for them they inform their views to other countries which have participated in that ceremony.

### 4- Opening the indirect negotiations

Given that the time when China and America relations were hostile in the decades of 1970 they used ping-pong diplomacy, so that America sent his ping-pong team to China. Respectively participation in a country, which has cut his relation with us, can open indirect negotiation.

### 5- Expressing non-satisfaction or non-complacency due to a country performance

For example, when you have protest due to a country unsuitable behavior, you do not participate in that country fairs or you reduce your participation level with that country.

## **Participants' expectancy of exhibitions**

- Direct sale to the consumer
- Customers' training: For example when you present new machinery, you train its way of working to the individuals who visit your stand.

- Marketing or making markets for new goods

Suppose the country of Brazil presents a soft drink by the name of Passion Fruit, which we do not know, they show its catalogue in the fair and serve that drink too to the visitors, in fact for a unknown good they are marketing.

- Increment of the present customers
- Discovery of new markets

For instance, you have attended a fair in Melbourne and you have presented all of your products such as biscuits, chocolate, and fruit juice and in the country of Australia. However, there is no market for these kinds of products. Nevertheless, the merchants from other countries have attended that fair, they see your products, they make contracts with you, and they become your customers. Therefore, the circle of the activity is not limited to that country which you have attended there.

- Finding potential customers
- Finding agent or distributor of presenting article
- Liaison with the media: knowing the most important the media, and referring to them for doing advertisement.
- Selling article to other sellers (B2B) or Business to Business

Principally “fairs & exhibitions” are used interchangeably however there is a technically difference between these two words.

**FAIR:** it is usually Business-to-Business. Namely, you present an article and you give it at the disposal of a wholesaler who is in relative with the customer.

However, exhibition is Business to Customer B 2 C. Certainly in some exhibitions there are merchants. Therefore, there is a formal difference between fair and exhibition. Fair is intending to sell articles to other merchants or distributors, but exhibition is intending to articles to customers.

- Finding new presenters
- Selling stock articles

For example, Some African countries do not care quality very much and their annual revenue is very low one foreign institute may sell its stock articles which have been retained in warehouse for many years to sell with lower prices to them.

**Finding new personnel:** In a fair, you call up other stands and you find very active employees whom you can employ in your company later.

- Updating information base relative to customer
- Stabilizing the company situation of the company or institute in market

- Sometimes there are untrue conceptions about the future of a company in a market. In that, fair the same company holds a very large stand and proves that it has thus an active presence in market.
- Introducing the new cases of the articles consumption, this had already offered to the market.
- Solving the customers' difficulties
- Introducing new methods or techniques
- Export development
- Compiling information about competitors

Fair creates very good opportunities for recognition of competitors. For instance, you are an export company of food industry and you have several competition companies, you collect their catalogues and get ideas from them. Studying those catalogues show that your competitors have used what points in introducing for their articles, used what statements and what is the basic information that they have considered for customer.

Japanese contrary to Europeans do not take fairs as a place for definite transaction of an article but they consider it as a place for recognition of the future commercial part, which their commercial part is? How much it is trustworthy. In addition, how much its catalogue expresses their concerned information?

- Investigation about customers and their views
- Neutralizing the adverse advertisement, which has done to that company?
- Shortening the circle of purchasing

Sometimes you attend a fair given that your work is producing and selling conserves in that fair you see very modern machineries of packaging or making conserves which is very inexpensive and its technology very advanced too and you order it in that place, so you have shortened the circle of purchasing the article.

- Transferring the concerning information to marketing to individuals face to face

At present time, marketing have extended extraordinary and marketing is not as a whole that to prepare for all markets the strategy of Macro Marketing. Chinese use Micro marketing that is for any markets apply its proper strategy of that market since for and markets there are four factors of marketing mix, which are as follows:

- 1- Product - article
- 2- Price
- 3- Placement: the place of offering



4- Promotion: the method you have taken for selling advancement

Fair is in the four standing (promotion).

Therefore, considering that micro marketing is a changeable strategy for any four mentioned factors. For example, an article, which you produce for French market, you do not offer it for Germany market. Suppose that you want to produce clothes for French market the arm length of French people is shorter than Germans.

Price is of important factors. Sometimes the price in an export market has no direct relation with its production costs. Therefore, in micro marketing, the strategies of pricing are different. We have 40 kinds of pricing strategy.

- Increasing the rate of investment efficiency

Holding fairs is one of the important sources of countries income gaining.

The investment efficiency in the fair section is very high due to its lateral industries. For instance, if the construction sector in a country affiliates stagnancy it affects on many other fields of activities, for example, the brick burner's factories , stone cutter, glass cutter and ... concerning fair is also in this manner.

### **The importance of researches in fair industry**

Fair industry bases on researches. Without overall extensive researches, there is no possibility of success in this industry or otherwise it is very weak or impossible.

The most activities, which need research, are:

- **Fair selection:** In selecting fair, there are several matters outlined: what is our goal in attending a trade fair? Do we want to introduce a new article? Do we want to incarnate an image in the mind of visitors? Do we seek potential customers? Do we want to prepare a list of the individuals who we will be in contact with in future? Do we want to recognize the most suitable regions for selling in a country?

**The recognition of the target market and its features:** during fair holding, from the beginning we can do a field research that is we can have our researcher with us along with the marketing personnel to investigate that special market.

- Awareness of the most appropriate advertising tools in fair
- Selecting those who have competence to dedicate them strands
- Selecting articles or services which are worthy of presentation in fair
- Selecting individuals or institutions who can deliver the most appropriate services to the fair



- Knowing the culture and spirits of visitors who have effects on our future work progress
- Determining the assessment criterion of the stand holders and organizers of fair and the effective factors on the success or failure of them
- Awareness of the most appropriate methods of stand make up and decoration

Here it is necessary to remind that there are numerous problems and subjects concerning fairs and quantitative and qualitative evolution that awareness of them are necessary for the attendees of this seminar and the people who wish to attend fairs but discussion about these cases in this shortened time is not possible.

I hope that the suggestion of Iran International fairs company in the field of creating a fair management course in the scientific applied university in the near future to be realized. So that our co-workers can deliver the necessary guild lines in all about concerning discussions to inform those interested in attending fairs and the individuals who will have responsibilities of fair affairs in county commercial sector.