

Trends of The Trade Show Industry in Latvia and Worldwide

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Abstract. International trade shows have become an integral part of corporate advertising budget and project planning. Around the world, they have been recognised as a successful product promotion and sales promotion tool. Trade shows serve as a mirror for technical development, information exchange, price ranges, and seller and buyer meeting place. This sector's contribution to the economy is several billion dollars per year.

The global economic crisis has changed a lot of things all over the world and the trade show industry is not the exception. Presently, it is very important to understand the future trends, so trade show organisers and trade show exhibitors can make the right decisions for sustainable development. The aim of the research is to analyse the future trends of the trade show industry. The research concludes that the significance of trade shows is expected to grow in the automotive, IT, and electrical/electronic industries as well as in the areas of environmental protection and healthcare. Asia, the Russian Federation, the Eastern Europe, and the Middle East are cited as the regions in which the scope of trade show activity will increase.

Key words: trade shows, trade show industry, future trends of trade shows.

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Introduction

This paper aims to explore the trends that will shape the near future of trade shows in Latvia. Development of trade show industry in the world is obvious; the dynamic growth of the exhibition halls throughout the world demonstrates it. This sector's contribution to the economy is several billion dollars per year, and the state with the proper legal framework and business support can contribute to the development of this field. Trade show industry promotes investment inflow in the country, resulting in a direct form of portfolio investments as well the region benefits from the trade show grounds. Latvian trade show business is currently still in its initial development phase, although some of the trade shows are a serious announces to the international market. Lack of money and over-intensification of competition is now the problem to be solved in terms of Latvian trade show market.

The aim of the research is to analyse the future trends of the trade show industry in the world and in Latvia. The authors have set up the following **tasks** in order to achieve the aim:

- 1) to analyse the volume of trade show industry market in the world and in Latvia;
- 2) to determine possible future trends of the trade show industry.

This paper is based on the existing literature, different studies, scientific publications, and other materials. The research is mainly based on the monographic descriptive method and methods of analysis and synthesis. The research paper provides a list of important factors that most likely will influence the trade show industry in the near future.

Research results and discussion

1. The volume of the trade show industry

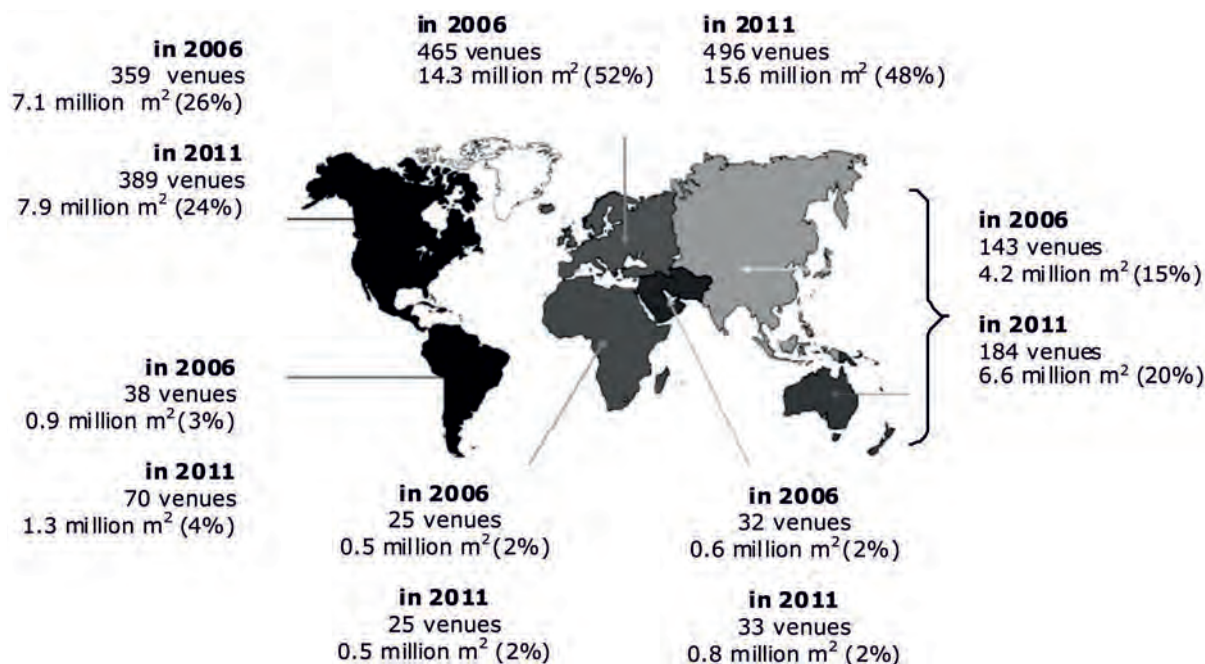
The national economic development is directly dependent on international trade and investment, the amounts of which, to a large extent, are affected by the trade show industry. International specialised exhibitions and trade shows have become an integral part of corporate advertising budget and project planning, which are based directly on old customer identification, achievement demonstration, establishment of new contacts, and attracting investment.

In general, trade shows are defined as market events of a specific duration, which are held at intervals and bring together a large number of companies to present their main product range to either business or private visitors (Kirchgeorg, Dornscheidt, Giese, Stoeck, 2005).

Trade shows have been recognised as a successful product and sales promotion tool all over the world for many centuries. They serve as a mirror for technical development, information exchange, price ranges, and seller and buyer meeting place. Trade show or exhibition is unique in the aspect that in a short period of time companies are able to get a lot of new contacts, meet and speak to their existing and potential customers as well as introduce new products to a large group of stakeholders. The trade show is an important tool in marketing strategy and company participation in trade shows can be very effective (Kelle, 2010).

In recent years, both - supply and demand - have increased, resulting in the development of new exhibition/trade show venues. Global indoor exhibition space in 2011

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Source: authors' construction based on the UFI's research, 2011

Fig. 1. Exhibition venues and indoor exhibition space available in the world in 2006 and 2011

has reached 32.7 million square metres, and the figure continues to grow. According to a Global Association of the Exhibition Industry (UFI) research project in 2011, exhibition space has increased by 12% since 2006. The average annual increase is 2.3% against the 3.1% per year that has been anticipated in 2007 for the period of 2006-2010 - see Figure 1 (UFI, 2011).

The identified indoor areas around the world in 2011 have shifted a little comparing with 2006 (Figure 1). As shown, the largest exhibition space in 2011 was available in Europe - 48%, the North America - 24%, and Asia - 20%, thus, making 92% of the total available exhibition/trade show and events venue area. The study identified 1062 venues with minimum 5000 m² exhibition space in 2006 and 1197 venues in 2011 (also with minimum of 5000 m² exhibition space). A total gross indoor venue space in the world is an area of 32.7 million m², which is 3.4 million m² more than in 2006. This increase of 54% is related to new venues and 46% - to extensions of the existing venues. In terms of countries, five of them - the USA, China, Germany, Italy, and France - account for 59% of the total world indoor exhibition space. Remarkable that China has increased the indoor exhibition space for 48% in 2011 since the year 2006 and operates the total of 4 755 102 square metres of exhibition space (UFI, 2011).

China, India, and Russia remain the predominant areas that are experiencing a tremendous growth in exhibition venues and trade shows. These developments suggest that trade shows have progressive development. Research authors are convinced it is of utmost importance to identify the criteria, which have ensured progressive development of the trade show industry during the past years; thus, giving possibility to ensure sustainable development of the trade show industry in the future.

Over the past decade, the pace of change in the market for trade show services has risen sharply. Hirn (2007), Khoo (2005), and Goldsmith (2004) state that trade shows face increasing competition from new media, and the globalisation of the market is adding ever more competition from new trade show organisers. These developments pose considerable challenges for trade show companies. More and more exhibitors and decision-makers in trade show companies are rightly seeking a clearer understanding of the conditions that will secure future success. As a result, one can observe the considerable attention currently being paid to trade shows by consulting the significant volume of literature that addresses the challenge of change to trade shows, for example, Friedman (2006), Dionisius (2006), Heckmann (2003), Von Zitzewitz (2003), and others.

Trade show industry is directly dependent on the clients, economic environment, financial stability, and relevant legislation. It seems logical chain that if the economic situation is better the trade show industry gains more. The people or companies have more funds the more they will spend. This quasi clear chain has not only emotional grounds but also statistical grounds. Such statement has to be grounded on the assessment of concrete indicators: first, trade show rented space; and second, exhibitor and visitor tendencies. Table 1 shows the comparison of different indicators of the UFI's audited trade shows in Europe in 2009 and 2010.

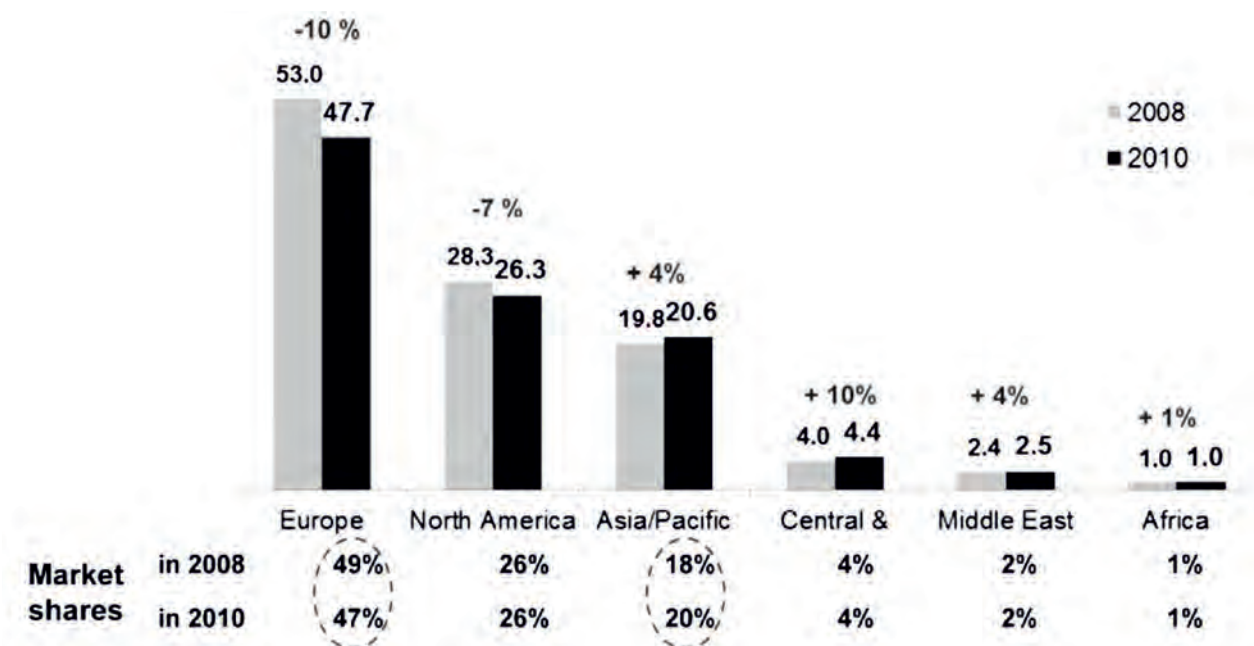
According to Table 1, in 2010, less trade shows are held, less organisers, and exponents participated in trade shows, however, more visitors attended and more net space was rented. This means that fewer companies have participated in the trade shows but they rented for 0.14 million m² more space.

Table 1

Key indicators for audited trade shows in Europe in 2009 and 2010

Indicator	2009	2010	Tendency 2010/2009
Audited trade shows/exhibitions in Europe	2.09 thousand	1.97 thousand	-0.12
Total of audited trade show organisers	450	434	-16
Total of audited trade show exponents	578.8 thousand	575.6 thousand	-3.2
Total of audited trade show visitors	50.8 million	52.2 million	+ 1.4
Total of net exhibition space rented	20.9 million m ²	21.04 million m ²	+ 0.14

Source: authors' calculations based on the UFI's research, 2011



Source: UFI, 2011

Fig.2. Total net exhibition space rented by region in 2008 and 2010

UFI studied the trade shows in Europe in 2009 and in 2010. The UFI research assumes that the audited trade shows in 2009 and also in 2010 are approximately only 40-45% of the European exhibition market in terms of net exhibition space rented.

Calculating the averages, the authors conclude that in 2010, one country in Europe held 94 trade shows on average (105 in 2009), each country has 21 exhibition/trade show organisers (22 in 2009), participation of 292 companies (277 in 2009) for each show on average, each trade show was attended by 26 457 visitors (24 293 in 2009) on average, and each trade show grounds were approximately 10 664 m² (9 990 m² in 2009) of area.

The total net exhibition space rented has decreased from 109 million m² in 2008 to 103 million m² in 2010, which is 6% less (Figure 2). Significant change is the shift of 2% of the global market share from Europe to Asia/Pacific; however, the European market is still more than double the size of the Asia/Pacific market (UFI, 2011).

The net rented area in each region, the percentage of the world total, and an increase or decrease in 2010 relatively to the 2008 has not changed a lot

(Figure 2). The study found that in 2010, about 30 700 trade shows in the world took place (31 400 in 2008), rented 103 million m² of area (109 million m² in 2008), participated 2.8 million exhibiting companies (2.9 million companies in 2008), and the exhibition was visited by 260 million visitors and guests (260 million in 2008).

One can only guess how high is the turnover and profit of the trade show industry in the world. The authors, based on the currently available data on the participation fee in the trade shows, calculated averages of 12 different countries and various ongoing trade shows - how much one should pay for 1 m² in order to participate in the trade show/exhibition. The result is - 1 m² costs EUR 165.00 on average. This way it is possible to calculate sales volume for 2009 and 2010 - as showed in Table 2.

Data of Table 2 can be interpreted in different ways. The Baltic States calculations take into account that there are no precise data on the net rented exhibition space, so the total contribution of the Baltic States is EUR 14 million per year but this amount might be different. The future research in this field is needed.

Table 2

**The preliminary net rented space indicators in 2009 and 2010
in terms of money with EUR 165.00 average price for 1 m², EUR**

Region of the world	Available indoor space for rent, million m ²		Rented net space, million m ²		Total amount, billion of EUR	
	2009	2010	2009	2010	2009	2010
Europe	14.3	15.6	53.0	47.7	8.74	7.87
<i>including the Baltic States:</i>	<i>0.086</i>	<i>0.086</i>	<i>...</i>	<i>...</i>	<i>0.14*</i>	<i>0.14*</i>
<i>including Latvia</i>	<i>0.030</i>	<i>0.030</i>	<i>...</i>	<i>...</i>	<i>0.050</i>	<i>0.050</i>
<i>Lithuania</i>	<i>0.033</i>	<i>0.033</i>	<i>...</i>	<i>...</i>	<i>0.054</i>	<i>0.054</i>
<i>Estonia</i>	<i>0.023</i>	<i>0.023</i>	<i>...</i>	<i>...</i>	<i>0.038</i>	<i>0.038</i>
North America	7.1	7.9	28.3	26.3	4.67	4.34
South America	0.9	1.3	4.0	4.4	0.65	0.73
Africa	0.5	0.5	1.0	1.0	0.24	0.17
Pacific Territories	0.6	0.8	2.4	2.5	0.40	0.41
Asia and Oceania	4.2	6.6	19.8	20.6	3.27	3.40
TOTAL	27.6	32.7	108.5	102.5	17.97	16.92

* calculated only of available indoor space, assuming that all the available space is rented due to the lack of statistics on the Baltic States rented net exhibition space in 2009 and 2010

Source: authors' calculations

Authors assume that trade show industry or trade show organisation as a type of business is not likely to disappear in the near future.

2. The future trends of the trade show industry

Real economic life proves that the market and competition is the main mechanism for the development of modern economies. The higher is market functioning efficiency, the more active is the competition and the better are the conditions of its expression. To be competitive, every company wants to have continued success, the philosophy and operation shall be innovative. According to the economic experts, the region of the Southern and Eastern Europe with Croatia, Albania, Bosnia and Herzegovina, Bulgaria, Romania, Serbia, Montenegro, and Macedonia is besides China, India, Brazil, and Russia - the most successful emerging market worldwide. The positive impact of the following elements is directly connected with the results of the exhibition industry, for example, sustainability of the economy, market liberalisation and competition framework, privatisation, development of entrepreneurship and foreign investments, socio-ecological development level, increase of the standard of living and economic wealth. The countries in the Central and South East Europe are target of many companies from the Western Europe in terms of cooperation, and investments and trade, especially Germany, Italy and Austria. The main reasons are success of the political stabilisation process, and start of several reforms in the process of joining or approaching to EU (CEFA Market Report, 2009).

Kirchgeorg, Jung, and Klante made research on the future of trade shows. The analysis produced five factor groups as follows: international shift in demand and supply; communication patterns in business relationships, especially the importance of face-to-face communication;

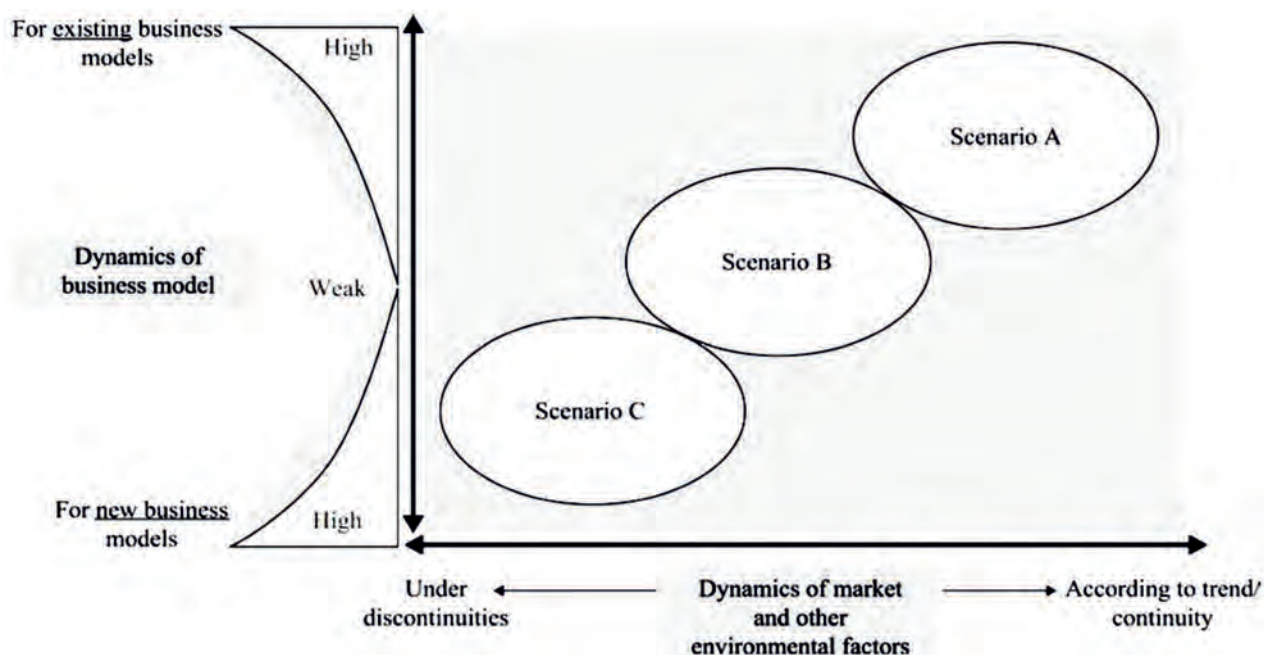
positioning strategies of trade show organisers; trade show efficiency and time pressures on exhibitors and visitors; and barriers to mobility and crises. Based on the fundamental idea of multiple outlooks for the future, the identified factor groups, varying intensities and their varying probabilities were combined in a coherent form that produced three possible future scenarios for trade shows (Figure 3) (Kirchgeorg, Jung, Klante, 2010).

Depending on the relative strength or weakness of the various factors of influence, three scenarios for the future were developed:

- trade show scenario A: personal – continental – high profile;
- trade show scenario B: networked – fragmented – eventful;
- trade show scenario C: virtual – need-oriented – ubiquitous (Kircheorg, Jung, Klante, 2010).

Kirchgeorg, Jung, and Klante propose Scenario A, which is based on considerable continuity in the evolution of environmental factors. It places trade show organisers under heavy pressure to develop and improve the existing business models continuously. In most cases, Europe and America have successfully defended their knowledge lead over Asia. The focus of demand, however, has shifted sharply toward Asia. International trade show groups and alliances shape the face of the industry.

"In Scenario B, globalisation is straining at the limits. Emerging countries have successfully surfaced as centres of economic gravity, whereas Europe now focuses primarily on trade and services but still possesses high innovative power. Exhibitors prefer to collaborate on individual projects in flexible networks, rather than merging to form gigantic corporate groups as in Scenario A. This makes it harder for trade show companies to retain exhibitors' loyalty in the international arena. This has clear consequences for trade show organisers' structures, as do other trends. In Scenario B, organisers,



Source: Kircheorg, Jung, Klante, 2010

Fig. 3. Positioning of scenarios as a function of the dynamics of environmental factors and business models

therefore, concentrate primarily on regional markets or continental clusters. Specialised trade shows are gaining ground at the expense of leading global trade shows" (Kircheorg, Jung, Klante, 2010).

"Scenario C represents very intensive and discontinuous changes. A resurgence of terrorism and the consequences of climatic change set the backdrop for this scenario, which experiences the strongest shift in supply and demand to Asia in a heavily polarised world. The importance of new technologies is growing extremely fast, while the role of face-to-face communication is diminishing sharply. Essentially, a large number of new styles of consumption have emerged. These conditions are placing completely new demands on the core competencies of trade show companies. New business models and new market players are springing up as a result" (Kircheorg, Jung, Klante, 2010).

Asia, the Russian Federation, the Eastern Europe, and the Middle East are cited as the regions in which the scope of trade show activity will increase. Only Asia is expected to bring forth leading international trade shows, however. These empirical findings are substantiated by a large number of other studies that also portray trade show growth in terms of increased quantity outside Europe (Kircheorg and Springer, 2006). Moreover, the significance of trade shows is expected to grow in the automotive, IT, and electrical/electronic industries as well as in the areas of environmental protection and healthcare (Kircheorg, Jung, Klante, 2010).

Ian Whiting explores UFI's Delphi Study and remarks that one of the most enthusiastic hypothesis regarding the trade shows is that "trade shows should become thought leaders in their markets", trade shows should take the initiative to become "kings of content",

and instead of selling space, the ability to supply clients with future-oriented information is seen as more and more important.

The research shows that many trends or activities that affect trade shows start with changes that happen outside of them but end up having consequences on trade shows anyhow (Thimmesch, 2010). According to Thimmesch, the trade shows in the future will grow as exhibitors are past their smaller budgets, companies invest in marketing to compete with aggressive competitors, and large number of new products needs to be introduced at shows. Thimmesch states that sustainable exhibiting will be the trend of the future and that more exhibitors will exhibit internationally.

Authors conclude that more exhibitors and trade show organisers will use social media to promote the trade shows/exhibitions, conference presentations, and exhibitor presentations will improve and be more interactive as technology and tools get better and more interactive.

Conclusions, proposals, recommendations

1. Trade shows bring multiple economic benefits and job opportunities to local communities and cities, these events connect individuals with feature product or service launches, problem solving, education, and networking opportunities.
2. Trade shows enable participants to stay on top of the latest industry trends, obtain competitor insights as well as get new information of different fields.
3. Trade shows have been recognised as a successful product and sales promotion tool all over the world for many centuries. They serve as a mirror for

- technical development, information exchange, price ranges, and seller and buyer meeting place.
4. The significance of trade shows is expected to grow in the automotive, IT, and electrical/electronic industries as well as in the areas of environmental protection and healthcare
 5. Asia, the Russian Federation, the Eastern Europe, and the Middle East are cited as the regions in which the scope of trade show activity will increase.
 6. Instead of selling space, the ability to supply clients with future-oriented information is seen as more and more important.
 7. The social media and new technologies will be more and more involved in the trade show organising and exhibiting at trade shows.
 8. Latvia geographically has a potential to become a significant Baltic States centre of the trade shows but the proper legal framework is needed as well as Baltic governments should cooperate and create conditions for sustainable development in the trade show field.
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