INTERNATIONAL EXHIBITION ORGANIZERS IN CHINA

AND THEIR PERFORMANCE

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ABSTRACT

Abstract of thesis title:

INTERNATIONAL EXHIBITION ORGANIZERS IN CHINA AND THEIR PERFORMANCE

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Studies about exhibition (trade show) organizers are limited to trade articles on isolated issues. Systematic strategic management studies on exhibition organizers have been neglected by the academics. There are many academic studies on exhibition performance viewed from the perspective of exhibitors and visitors, but not from the exhibition organizers’ viewpoint. Commonly referenced exhibition performance studies, such as Kerin and Cron (1987), Gopalakrishna & Lilien (1995), Dekimpe et al. (1997), Seringhaus & Rosson (1998), Shoham (1999), Hansen (2004), and Li (2006), focused on how individual exhibitors and visitors can make use of an exhibition efficiently and effectively. The exhibitors care about fulfilling their individual selling and promotional objectives, while the exhibition organizers care about overall performance of the entire exhibition rather than on individual exhibitors.

This study adopted a descriptive research design with exploratory elements, using a qualitative case study method. The objectives of this study were: (1) to
examine the history, background, challenges, and issues facing the international EOs in China; (2) to identify the management strategies used by the international EOs; (3) to identify the key influential factors behind a successful EO, and present them in an exhibition organizer performance model.

The exhibition industry in China is full of opportunities and competition. It is one of the few successful industries in which foreign EOs have managed to break into and dominate since 1979. Today, China is a difficult market for any new foreign entrant to penetrate due to few new and unexplored exhibition topics and limited unfilled time slots available at the reputable and major exhibition centers. The challenges and issues facing foreign exhibition organizers found in this study are de facto nationalization by Chinese rivals, takeovers by international rivals, pricing and localization, unclear exhibition ownership and intellectual property rights protection, and government red tape and restrictions.

The management strategies of the international EOs in China found in this study are: pioneership for first-mover advantage, relationship building with trade associations and authorities, strengthening of visitor promotion and market share, and focusing with best value pricing. Strategies for foreign EOs are bringing in established exhibitions from overseas, acquiring local exhibitions, and staff localization for cost cutting and better local relationship building. Local EOs can
sustain their exhibition ownership from takeover by partnering with foreign EOs for political backing and international networking.

Exhibition organizers must satisfy customer (exhibitor and visitor) needs and provide an attractive business platform to both exhibitors and targeted visitors. The exhibition organizers need to convince the exhibitors and visitors that their exhibitions are better. This study created a model (Figure 13) for better exhibition organizer performance based on environment and timing, location of the exhibitions, reputation of the EOs (people and company), and marketing mix influences.
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GLOSSARY

Anchor Exhibitor – Leading companies in the industry whose presence is significant to the success of exhibitions.
AUMA - Association of the German Trade Fair Industry
BAE - Beijing Aviation Expo
Bomei - Guangdong Bomei Exhibition Co Ltd.
C&E - Convention and exhibition
CCPIT - China Council for the Promotion of International Trade
CIEF – China Import and Export Fair in Guangzhou, formerly named Chinese Export Commodities Fair (CECF) or Canton Trade Fair
CEIR - Center of Exhibition Industry Research of the United States
CEO or CEOs - Chief executive officer or chief executive officers
CFTC - China Foreign Trade Center in Guangzhou
CIC - Convention Industry Council of the United States
CIEC - China International Exhibition Center in Beijing
Chinaplas - International Exhibition on Plastics and Rubber Industries or China Plastic Exhibition by Adsale
CMP - CMP Asia Ltd., part of United Business Media in U.K.
CMPS or CMP Sinoexpo - CMP Sinoexpo International Exhibition Co., Ltd.
CNFA - China National Furniture Association
CPEC - China Pharmaceutical Exhibition Corporation
CPL - China Promotion Ltd. (Hong Kong - based)
Eddy - Mr. Eddy Tin Fu Leung, chairman of INFO in Case C
EO or EOs – Exhibition organizer or exhibition organizers
EOP Model - Model on exhibition organizer performance
EP - Exhibition performance viewed from exhibitor and visitor
E.U. - European Union
EXPO - EXPO magazine with website, www.expoweb.com
GDE - Guangdong Modern International Exhibition Center at Dongguan
GBHA - Guangdong Beautician and Hairdresser Association
GDP - Gross domestic product
GEM - Growth Enterprise Market of the Stock Exchange of Hong Kong Limited
GIBCTF - Guangzhou International Beauty and Cosmetic Trade Fair
GOE - Government-owned enterprises
Grab the opportunity – (抓住机遇 in Chinese)
Guanxi - A Chinese word about personal connections/relationship building
HK$ - Hong Kong dollar (latest exchange rate US$1 = HK$7.8 at the end of 2005)
HKCEC - Hong Kong Convention and Exhibition Center
HKECIA - Hong Kong Exhibition and Convention Industry Association
HKTD - Hong Kong Trade Development Council
IAEE (formally IAEM) - International Association for Exhibition and Events
INFO - Info Communication Holdings Limited and its subsidiaries of Case C
M&A - Mergers and acquisitions
MFE - Miller Freeman Europe
MIE - Metallurgical Industry Expo
MIEC - Metallurgy Import/Export Corporation
METAL CHINA - International Foundry, Forging and Industrial Furnace Exhibition
MOC - Ministry of Commerce in China
MOM - Ministry of Metallurgical Industry
NIEC - Non-ferrous Import/Export Corporation
NNC - National Non-ferrous Corporation
PRD - Pearl River Delta in South East China centered at Guangzhou
QSPM - Quantitative Strategic Planning Matrix
RMB – RenMinBi or Yuen (Chinese Currency, exchange rate US$1 = RMB8.07 at the end of 2005)
SFC – China International Furniture Expo or Shanghai Furniture China
ShanghaiTex - International Exhibition on Textile Industry in Shanghai by Adsale
SIEC - Shanghai International Exhibition Company Limited
SIOF - Shanghai International Optic Fair
SME - Small and medium sized enterprises
SNIEC - Shanghai New International Expo Center
SO strategy – Strengths and Opportunities matching strategy
ST strategy – Strengths and Threats matching strategy
sqm - Square meters
SWOT - Strength, Weakness, Opportunity, and Threat analysis
UFI — The Global Association of the Exhibition Industry
U.K.- United Kingdom
U.S.A.– United States of America
US$- United States of America dollars
Wang – Wang Ming Liang
WO strategy – Weaknesses and Opportunities matching strategy
WT strategy – Weaknesses and Threats matching strategy
WTO – World Trade Organization
3F – International Famous Furniture Fair (Dongguan)
CHAPTER 1 INTRODUCTION

The Exhibition industry is a huge business, accounting for 0.09 to 0.3 percent of GDP in the U.S.A., the European Union (E.U.), and China (Tian, 2003). In 2005, the Chinese exhibition industry earned RMB 12.75 billion (US$1.6 billion) and achieved an annual growth rate of 18% (Shen, 2005). There are three areas of research regarding exhibitions. The first area of research focuses on exhibitions from the visitors' perspective, studying their buying motives and behavior during the exhibition. The second area focuses, from the exhibitors’ perspective, on performance in exhibition participation. The third area focuses on the benefits derived from the exhibition and convention centers to those supporting the facilities.

Academic studies on exhibition organizers (EOs) and their management strategies are generally neglected. EOs are the creators of all exhibitions. EOs develop topics, planning, marketing, sales, execution, and undertake the financial risk of exhibitions. EOs must satisfy customer needs, provide an attractive business platform to both exhibitors and visitors, and ensure visitor quality. EOs derive their income from exhibitors who pay for exhibition space to meet visitors. This study attempted to fill this theoretical gap in the literature.

Previous studies on exhibition performance (EP) neglected to explore the reasons exhibitors and visitors choose to attend particular exhibitions, and not to
attend other exhibitions in different locations or the same location but during a different season. They collected the data from established exhibitions in English-speaking countries and Western Europe, but neglected newly developing exhibitions in emerging market, such as China, India, Latin America, Russia and Eastern Europe, the Middle East, and Africa. Las Vegas can sometimes be considered as emerging market as the exhibition industry in Las Vegas is still undergone fast growth. In a mature market, after long periods of competition, only one or two exhibitions with similar topics in a particular region will survive. Exhibitors and visitors have no choice regarding which exhibition to attend. However, in an emerging market, competition among exhibitions is still in process, and exhibitors and visitors can choose from among many exhibitions. Their decisions are based on the environment, timing, location, exhibition organizers reputations, and the marketing mix offered. This study focused on exhibition organizer performance in an emerging market instead of exhibitors and visitors in a mature market.

China’s economy is one of the fastest growing in the world, attracting the attention of foreign multinational EOs. The experiences of these foreign pioneers in China are valuable. In China, scholars have actively studied exhibition activities since the early 2000s, working to justify the huge investment by regional governments in developing an infrastructure of large but mostly vacant convention and exhibition
centers (Kay, 2005a). However, most of these available studies, written by scholars or reporters in China, were of a practical nature and based on anecdotal information or interviews.

The purposes of this study were to examine the Chinese exhibition industry, its role and status, and the management strategy of international EOs in China, and to explore the challenges and issues they face. A model for exhibition organizer performance (EOP) was developed based on the key influential factors affecting a successful exhibition organizer. The model was a tool helping to explain the management strategy of an EO in China and may be extended to cover EOs worldwide in future research studies. Thus, this study may fill this gap in the academic literature regarding the exhibition organizer in emerging market in general and in China in particular. This study adopted a qualitative research design and used the case study method.

1.1 PROBLEM STATEMENT

A lot of international exhibition organizers (EOs) are interested in developing their businesses in China. There is little information in English about the Chinese exhibition industry and the management strategies adopted by the existing international EOs in China.

Nearly every major city in the world has spent or is spending billions of
dollars on exhibition and convention center construction (hardware). Although there are many trade articles reporting isolated issues on the exhibition organizers (EOs), there has been a lack of systematic research on the exhibition organizer performance. Lack of systematic studies and knowledge about the management strategies (software) of the EOs, has hindered the development of new exhibitions in these exhibition and convention centers, which has led to disappointment in performance, both the investors and citizens of the cities which have invested heavily in exhibition centers.

Like many other industries in China, the exhibition industry has passed the early rapid growth stage of its product life cycle (Collins, 2002). The growth rate has slowed down (Shen, 2005), and the less efficient or capable foreign and local EOs are facing difficulties. Hong Kong and foreign-based entrepreneur EOs, with first-mover advantage, dominated the ownership of many international exhibitions in China during the 1980s. However, now they are losing out to new and emerging competitive forces, including new multinational entrants, powerful government and trade association-owned rivals, and other promotion media substitutes, as well as suffering from an oversupply of exhibition space.

Despite worldwide interest, China is not an easy market for new foreign entrants to penetrate the exhibition industry due to cultural differences in doing business there (for example, government red tape and reliance on personal
relationships with authorities and associations). New foreign multinational entrants, with international networks and significant financial and political support, are bringing their successful exhibitions from overseas into China. The government and trade association-owned rivals, that formerly worked together with the Hong Kong and foreign-based entrepreneur EOs, would like to share more of their income. Lower differential pricing (10-50% of foreign prices) offered by local exhibition organizers is expanding their customers/exhibitors coverage from pure local enterprises to Chinese representatives of foreign enterprises. Due to an oversupply of exhibition centers, many less-utilized exhibition centers are offering big rental discounts to attract more exhibitions. Such a move is not constructive in the long-term, as lowering prices will lead to a lowering of quality as well.

1.2 STUDY QUESTIONS

The study questions are developed based on the problem statement as follows:

1) What is happening in the exhibition industry and the international exhibition organizers (EOs) in China?

2) Which external factors (such as political, economic, social, technological, competitive, and location) impact the international exhibition industry in China?

3) What are the EO’s internal factors (such as people, company, and management strategies)?
4) What are the EO’s problems, challenges, issues and management strategies?

5) What level of performance is expected from the international EOs?

1.3 OBJECTIVES OF THE STUDY

The objectives of this study were the following:

1) to examine the history, background, challenges, and issues facing international exhibition organizers in China;

2) to identify the management strategies used by the international EOs;

3) to identify the key influential factors affecting a successful EO, and present them in a model on EOP;

4) to provide recommendations for current stakeholders and new entrants and draw implications for future research.

1.4 SIGNIFICANCE OF THE STUDY

There is a lack of systemic exhibition organizer performance study. This study filled the missing gap by studying the strategic management and provide research implications of the exhibition organizer. The contribution of this study included:

- identifying the crucial roles of external factors including competitive diversity, cultural differences, location differences, and government regulations on exhibition organizers’ management strategy and
performance outcomes;

- determining the important internal factors influencing performance of exhibition organizers, such as company-specific factors, people-specific factors, guanxi factors, and management tactics;

- providing empirical evidence of performance expectation of the exhibition organizers;

- offering managerial and research implications to both exhibition organizers as well as other foreign-based service industries looking for opportunities in China.

1.5 SCOPE OF THE STUDY

This study focused on the international trade EOs in Mainland China. Hong Kong was not included. However, since there are many linkages between Mainland China and Hong Kong, it is impossible to study Mainland China exhibition activities without referring to Hong Kong. The scope of this study did not include purely domestic, consumer, and public exhibitions. This dissertation examined and analyzed for-profit EOs. Due to resource constraints, exhibitions for the benefit of an association or the government in Mainland China were only briefly covered.

UFI (2006) officially defines international exhibitions as those exhibitions
with foreign exhibitors representing at least 10% of the total number of exhibitors, or
with foreign relevant visitors representing at least 5% of total number of visitors. The
organizers of these international exhibitions are international EOs. The organizers can
be local Chinese or foreign.

1.6 DEFINITION OF TERMS

The terms “exhibition,” “trade fair,” “fair,” “exposition,” and “expo” used in
Asia and Europe have little difference in meaning from the terms “trade show” and
“show” prevalent in the U.S.A. (CIC, 2003; Morrow, 2002). Trade visitors of
exhibitions sometimes are called buyers or professional visitors. A mix of these terms
will be found throughout this study, especially in the literature review chapter.

A trade exhibition or a trade show signifies a consumer/public exhibition that
is open to trade professionals and not the public (Baier & Deamboek, 2005;
Kirchgeorg, 2005). A trade exhibition does not include cultural, political, or consumer
exhibitions. Normally, a member of the public can pay a fee to enter a consumer
exhibition, while a visitor to a trade exhibition should be invited or have bona fide
trade professional identification and pay a higher entrance fee than would be charged
for a public exhibition. Many trade exhibitions do not allow public visitors, even if
they are willing to pay. Typically, trade exhibitions have fewer attendees, ranging
from a few thousand to tens of thousands of trade visitors. Many exhibitions have a
dual purpose, with some days serving as trade days and other days as public days. The main motivation of visitors to a consumer exhibition is to purchase promotional and discount goods from the dealers, while the main motivation of visitors to a trade exhibition is to gather information (Bello, 1992). The main motivation of exhibitors joining a consumer exhibition is to make floor sales and marketing publicity, while the main motivation of exhibitors to a trade exhibition is to make long-term sales and non-selling publicity (Kerin & Cron, 1987). In China, one of the biggest trade and consumer exhibitions is the “Auto/Motor” series of exhibitions, which attracts several hundred thousand paying visitors.

There are three main types of trade exhibitions in China. They are for export, import, and domestic trade. There are very few (if any) truly international exhibitions in China, where most of the buyers and exhibitors are from overseas, such as the Paris Air Show. Export exhibitions are held for promotion of goods for export from China. Most exhibitors of export exhibitions are from China, with the main target visitors being worldwide buyers. The most famous export exhibition is the China Export Commodities Fair in Guangzhou (section 5.4.1).

Import exhibitions are held for promotion of foreign products to be sold in China. The Beijing Aviation Expo, from the pilot study, is an example. Most exhibitors are from overseas, including foreign representatives or joint ventures in
China. The main visitors are decision makers in China. Beijing, being the capital of China, is the best location for infrastructure-type import exhibitions. Shanghai, being the largest commercial city, is the best location for industrial-type import exhibitions.

Domestic exhibitions are held for promotion of products bought and sold within China. Most exhibitors and visitors are from within China. The cost of the exhibition space is lower, and these exhibitions need not be in Beijing, Shanghai, or Guangzhou.

To maintain growth, many import exhibitions have become a mix of import, domestic, and export exhibition; for example, the International Exhibition on the Textile Industry (ShanghaiTex) in Shanghai hosted by Adsale charges two types of prices: higher for international exhibitors (import) and lower for local exhibitors (domestic and export).

Since the scope of this study is limited to for-profit EOs, the word “organization” (meaning both for-profit and non-profit) is seldom used in this dissertation. The word “company” used in this dissertation also means the EO who plans, manages, funds and profits from the exhibitions. They may be called “trade show organizers” (Morrow, 2002) or “trade show companies” (Kirchgeorg et al., 2005). In China, the term “organizer” may carry an honorary function with no real organizer responsibility, and may be offered to the highest-ranking authorities that
support the exhibition. The real organizer in China may be called the “host,”
“co-organizer,” “event manager,” or “overseas organizer.”

“Management strategy” in this study refers to the strategy used by the CEO and the company. In this study, the “chief executive officer” (CEO) refers to the top senior executive of an EO who founded and led the company. The top senior executive may be called by other names, such as “general manager,” “managing director,” “director,” “chairman,” or “president.”

“Gross area” is the size of the hall, which the exhibition organizer must pay to the exhibition center, while “net area” is the salable area that the exhibition organizer may charge the exhibitors. Gross area includes net salable area, public space for corridors, unusable space due to pillars and walls, unsold areas, fire exits, and utility areas. In normal exhibitions, “1 square meter (sqm) gross = 0.65 to 0.35 sqm net”; at Shanghai Furniture China, “1 sqm gross = 0.65 to 0.50 sqm net” due to the bigger booths and fewer aisles needed:

1.7 STRUCTURE OF THE DISSERTATION

This dissertation was composed of nine chapters. The first chapter served as the introduction, stating the purpose of the study and objectives of the research. In the second chapter, the existing international literature on the exhibition industry from
academic and trade professional angles were reviewed. In Chapter 3, a conceptual framework model was proposed, based on modern strategic management and traditional Chinese business strategies. Chapter 4 described the research methodology that was adopted for this study. The chapter began with an explanation of why the qualitative multiple-case study method was chosen as the research tool, and then was followed by the case study design and concerns about the case study method, which were bias, generalization, reliability and trustworthiness. Chapter 5 provided reviews on the challenges and issues of the Chinese exhibition industry, activities in various major cities, the exhibition center boom, and various types of EOs based on their ownership. Chapter 6 described the pilot case study and the proposed case study protocol. Chapter 7 contained a description of three cases and their analyses. In Chapter 8, cross-data source and cross-case synthesis were used to analyze the key findings in all the cases, leading to the development of a model on EOP. The strategic management used by different types of EOs operating in China were analyzed. Chapter 9 presented the conclusion with study implication, recommendations for future research, new entrants, and existing EOs.
CHAPTER 2 LITERATURE REVIEW

This chapter reviewed three categories of literature: (1) academic research studies which focus on exhibitors and visitors, (2) trade articles and textbooks on EOs, and (3) academic and trade articles on convention and exhibition centers.

A review of the existing trade show literature on exhibitors and visitors was summarized in Table 1. This literature showed that there is little systematic research on EOs and their performance. Exhibitors are the customers of the exhibition organizers. Visitors are the customers of the exhibitors and the ultimate customers of the exhibition organizers. Exhibition organizers are the customers of the exhibition and convention centers. Since customer satisfactions are major factors behind EOP, careful reference to the EP findings was needed in this study.

The main stakeholders in the exhibition industry are EOs, exhibitors, visitors or trade buyers, exhibition centers, and decoration contractors. The other service providers are freight forwarders, transport and travel agents, hotels, conference organizers, public relations, and promotion agents. Liu (2006) showed the relationship between EOs and other stakeholders in Figure 1.

The main objective of an exhibition is to create business between the exhibitors and trade visitors (or trade buyers). Liu’s (2006) figure showed the strong
relationships between EOs and exhibitors, visitors, and exhibition centers; likewise, between exhibitors, decoration contractors and other stakeholders. Outside the main core, there are the government supporting and regulating authorities, public service, middlemen and agents. Public service includes customs, inspection and regulatory authorities, commerce and industry, police and security, fire department, and urban administration.

**Figure 1: Stakeholders in the exhibition industry**

Translated from (Liu, 2006)
<table>
<thead>
<tr>
<th>Research focus</th>
<th>Exhibitors’ perspectives</th>
<th>Visitors’ perspectives</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Bonoma (1983)</td>
<td>Smith, Hama, &amp; Smith</td>
</tr>
<tr>
<td></td>
<td>Shoham (1992)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>O'Hara, Palumbo, &amp; Herbig (1993)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Shipley &amp; Wong (1993)</td>
<td></td>
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<tr>
<td></td>
<td>Sharland and Balogh (1996)</td>
<td></td>
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<tr>
<td></td>
<td>Herbig, et al. (1996a; 1996b)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Herbig, O'Hara, &amp; Palumbo (1998)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Blythe (2002)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Kirchgeorg et al. (2005)</td>
<td></td>
</tr>
<tr>
<td><strong>Decision to participate at trade shows</strong></td>
<td>Cunningham &amp; White (1974)</td>
<td>Bello (1992)</td>
</tr>
<tr>
<td><strong>Choice of trade show</strong></td>
<td>Faria and Dickinson (1985)</td>
<td>-</td>
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<tr>
<td></td>
<td>Bello and Barczak (1990)</td>
<td></td>
</tr>
<tr>
<td><strong>Sales techniques at trade shows</strong></td>
<td>Bello and Barksdale (1988)</td>
<td>-</td>
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<tr>
<td></td>
<td>Chonko et al. (1994)</td>
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<tr>
<td></td>
<td>Tanner (1994)</td>
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<tr>
<td></td>
<td>Tanner and Chonko (1995)</td>
<td></td>
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<td></td>
<td>Poorani (1996)</td>
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<td></td>
<td>Smith &amp; Smith (1999)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Tanner Jr. (2002)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Smith, Gopalakrishna, &amp; Smith (2004)</td>
<td></td>
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<tr>
<td></td>
<td>Kirchgeorg et al. (2005)</td>
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<td></td>
<td>Weinstein (2006)</td>
<td></td>
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<tr>
<td></td>
<td>Banting and Blenkhorn (1974)</td>
<td>Smith, Hama, &amp; Smith</td>
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<td></td>
<td>Gopalakrishna and Williams (1992)</td>
<td></td>
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<td></td>
<td>Sashi and Perretty (1992)</td>
<td></td>
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<tr>
<td></td>
<td>Williams, Gopalakrishna, &amp; Cox (1993)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Herbig, O'Hara, &amp; Palumbo (1994)</td>
<td></td>
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<td></td>
<td>Seringhaus &amp; Rosson (1994)</td>
<td></td>
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<tr>
<td></td>
<td>Gopalakrishna, Lilien, Williams, &amp; Sequeria (1995)</td>
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<td></td>
<td>Gopalakrishna and Lilien (1995)</td>
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<td>Dekimpe et al (1997)</td>
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<td></td>
<td>Seringhaus &amp; Rosson (1998)</td>
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<td>Blythe (1999)</td>
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<td>Shoham (1999)</td>
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<td></td>
<td>AUMA (2005)</td>
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<tr>
<td></td>
<td>Baier &amp; Deamboek (2005)</td>
<td></td>
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<tr>
<td></td>
<td>Kirchgeorg et al. (2005)</td>
<td></td>
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<tr>
<td></td>
<td>Li, L.Y. (in press)</td>
<td></td>
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</tbody>
</table>
2.1 RESEARCH ON EXHIBITIONS / TRADE SHOWS

Previous research has been done mainly in the field of exhibition performance viewed from the perspective of visitors and exhibitors (EP). This study strived to fill the missing gap in focusing on exhibition organizer performance. There were many academic studies on EP, but not on EOs. Previous studies focused on how exhibitors and visitors can efficiently and effectively made use of an exhibition. They neglected why those exhibitors and visitors choose to attend a particular exhibition, and not another exhibitions in a different location or at the same location during a different season. They are based on data from established exhibitions in English-speaking countries and Western Europe, but neglected those less-established exhibitions in emerging cities and countries.

Hansen (2004) reported that little agreement exists regarding how exhibition performance should be conceived or assessed (listed in Table 2) in different trade show performance literature.
Table 2: Performance Measures used in the Trade Show (Exhibition) Literatures

Source: (Hansen, 1999) plus the investigator of this study for the last four cells

<table>
<thead>
<tr>
<th>Performance measures used in the trade show literature:</th>
<th>Authors:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Selling activities:</td>
<td>Kerin and Cron (1987)</td>
</tr>
<tr>
<td>• Introducing new products</td>
<td></td>
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<tr>
<td>• Selling at the show</td>
<td></td>
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<tr>
<td>• New products testing</td>
<td></td>
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<tr>
<td>Non-selling activities:</td>
<td></td>
</tr>
<tr>
<td>• Identify new prospects</td>
<td></td>
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<tr>
<td>• Servicing current customers</td>
<td></td>
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<tr>
<td>• Enhancing Corporate image</td>
<td></td>
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<tr>
<td>• Gathering competitive information</td>
<td></td>
</tr>
<tr>
<td>Attraction effectiveness:</td>
<td>Williams, Gopalakrishna and Cox (1993)</td>
</tr>
<tr>
<td>• Proportion of target audience attracted to the booth</td>
<td></td>
</tr>
<tr>
<td>Contact effectiveness:</td>
<td>Gopalakrishna &amp; Lilien (1995)</td>
</tr>
<tr>
<td>• Proportion of visitor at the booth contacted</td>
<td>(Gopalakrishna et al., 1995)</td>
</tr>
<tr>
<td>Lead effectiveness:</td>
<td></td>
</tr>
<tr>
<td>• Proportion of visitor contacted whom became leads</td>
<td></td>
</tr>
<tr>
<td>Visitor attraction:</td>
<td>Dekimpe et al. (1997)</td>
</tr>
<tr>
<td>• Proportion of target audience (based on stated product category interest) who actually visited the booth to talk or obtain literature.</td>
<td></td>
</tr>
<tr>
<td>Quantitative &amp; qualitative real-time &amp; delayed measures:</td>
<td>Seringhaus and Rosson (1998)</td>
</tr>
<tr>
<td>• Marketing impact</td>
<td></td>
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<tr>
<td>• Objective achievement</td>
<td></td>
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<tr>
<td>• On-site sales (%)</td>
<td></td>
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<tr>
<td>• Qualified leads (no.)</td>
<td></td>
</tr>
<tr>
<td>• Contacts (no.)</td>
<td></td>
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<tr>
<td>• Sales within 12 months (%)</td>
<td></td>
</tr>
<tr>
<td>• Main decision maker reached (%)</td>
<td></td>
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<tr>
<td>• Lead conversion (12 months) (%)</td>
<td></td>
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<tr>
<td>• Time laps to sales (months)</td>
<td></td>
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<tr>
<td>• Share of new leads (%)</td>
<td></td>
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<tr>
<td>• Contact staff effectiveness (no. leads per contact staff)</td>
<td></td>
</tr>
<tr>
<td>Other than spot purchase for promotional and discount goods, the motivations of trade shows visitors are gather information about:</td>
<td>Bello (1992), Munuera &amp; Ruiz (1993)</td>
</tr>
<tr>
<td>• Market access</td>
<td></td>
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<tr>
<td>• New products</td>
<td></td>
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<td>• Potential suppliers</td>
<td></td>
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<tr>
<td>• Alternative purchases</td>
<td></td>
</tr>
<tr>
<td>A General Model of Trade Show Performance:</td>
<td>Shoham (1999)</td>
</tr>
<tr>
<td>• Environment influences</td>
<td></td>
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<td>• Company influences</td>
<td></td>
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<tr>
<td>• Trade show selection</td>
<td></td>
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<td>• Booth management</td>
<td></td>
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<tr>
<td>• Show performance</td>
<td></td>
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<tr>
<td>• Sales related activities</td>
<td></td>
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<td>Behavior-based:</td>
<td></td>
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<td>• Information-gathering activities</td>
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<td>• Image building activities</td>
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<tr>
<td>• Motivation activities</td>
<td></td>
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<tr>
<td>• Relationship – building activities</td>
<td></td>
</tr>
<tr>
<td>Trade show performance (achievement of objective)</td>
<td>Li (2006; in press)</td>
</tr>
<tr>
<td>• Trade shows marketing resources</td>
<td></td>
</tr>
<tr>
<td>• At-show personal selling</td>
<td></td>
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<tr>
<td>• At-show booth promotion</td>
<td></td>
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<tr>
<td>• External relational-based assets</td>
<td></td>
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<tr>
<td>• Internal Knowledge-based assets</td>
<td></td>
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</tbody>
</table>
Kerin and Cron (1987) were some of the pioneers in EP study. They identified two functions – sales and non-sales in the EP, as presented in Figure 2. They grouped three dimensions:

1) Industry or competitive forces,

2) Choice of vertical / horizontal exhibition, international / national / regional exhibition and the topics of exhibitions (however, they did not consider organizers and location),

3) Internal factors of the exhibitor (company).

**Figure 2: Variables affecting trade show performance**

(Source: Kerin & Cron, 1987)
Gopalakrishna & Williams (1992), Gopalakrishna & Lilien (1995) and Gopalakrishna et al. (1995) approached exhibition performance from another angle. They studied how to attend an exhibition effectively. They modeled the impact of pre-show promotion, booth space, use of attention-getting techniques, competition, number and training of booth salespeople on the extent of attraction, contact, and conversion. They suggested a three-stage model (see Figure 3) of trade show performance, which measured the ratio of the target audience who visited the firm’s booth, the ratio of those attracted who were contacted, and the ratio of those attracted who became effective leads.

**Figure 3: A Three-Stage Model of Industrial Trade Show Performance**

*Source: (Gopalakrishna & Lilien, 1995)*
Seringhaus & Rosson (1994; 1998) conducted a comparative analysis of the exhibitors looking at the company strategy, staff training, visitor attraction activities, and international EP. Dekimpe et al. (1997) generalized about the effect of the various show selection (go/not go) variables as well as tactical variables (e.g. booth size and personnel) on the observed performance. They developed visitor attraction using a proportion of the target audience (based on stated product category interest) who actually visited the booth to talk to or obtain literature.

Shoham’s (1999) used information based on previous EP, especially that of Kerin and Cron (1987) and Gopalakrishna & Lilien (1995) and developed a general model (Figure 4) using a five dimensional model, incorporating environmental influences, company influences, trade show selection, booth management, and trade show performance. Finally, Hansen (2004) analyzed the previous studies and found little agreement exists regarding how an exhibition performance should be conceived or assessed (see Table 2) in different EP literature. He then distinguished the previous findings in two main activities (outcome-based and behavior based). The behavior can further breaks down to information-gathering, image building, motivation, and relationship-building.
The studies of exhibition performance from visitors' perspective (Bello, 1992), focused on their buying motives and behavior during the show. This knowledge has been used mainly to improve exhibitor selling strategies. Visitors to a trade shows are different than visitors to a consumer show. Trade show visitors are not that much
concerned about spot purchases of promotional and discount goods. Their major motivations behind exhibition participation are to gather information about market access, new products, potential suppliers (Munuera & Ruiz, 1993), and alternative purchases (Godar & O'Connor, 2001).

Studies of exhibition performance from the exhibitors’ perspective focused on selling goods, including those on exposure to exhibits (Cunningham & White, 1974), booth contacts (Banting & Blenkhorn, 1974), overall sales (Bonoma, 1983), awareness of new products (Bello, 1992), tactical and strategic recommendation to improve the use of exhibitions during new product introductions (Barczak, Bello, & Wallace, 1992), and the motivation behind exhibition participation (Shoham, 1999).

Bonoma (1983) agreed that trade show performance should include a second dimension of non-selling objectives. Sashi & Perretty (1992) emphasized sales objectives (e.g. exhibit efficiency and effectiveness). Smith & Smith (1999) showed that selling must satisfy the information-seeking and procurement needs of attendees for both distributors and end users. Blythe (2002) mapped exhibitors’ and visitors’ exhibition objectives against key account management activities, and examined the role trade fairs may have in solving specific problems arising at different stages in the development of relationships between firms. Smith, Hama, & Smith (2003) investigated the international buyers’ behavior at trade shows and practitioners’
organizations. Smith, Gopalakrishna, & Smith (2004) suggested that return-on-sales figures are higher among show attendees than non-attendees, and the trade show generates position effects on customer purchase intension. Baier & Deamboek (2005) reported on an integrated exhibition marketing having relations to the exhibitors’ product, distribution, contract and promotion policy.

In order to participate successfully at a trade fair, many marketing instruments, such as advertisements, public relations, and promotion must be used. Many of the above EP studies have little in common with the EOP, since the former focuses on individual exhibitor performance, while an EO is concerned with collective exhibitor performance. For example, the location and the size of the booth for an exhibitor is a major concern for success in exhibition participation, but an EOs would not be concerned about individual exhibitor location in the exhibition. The EO cares for the location of the whole exhibition (which city) and the overall visitor promotion and attraction.

Weinstein (2006) wrote a trade article stating the importance of correct venue location. Li (2006) focused on the China Export Commodities Fair and defined its population as manufacturing firms in Hong Kong and China. She developed a theoretical model explaining exhibitor and visitor relationship-based learning activities growth out of trade shows, its determinants, and performance effects. Li (in
press) proposed that the main effect of trade show resources on trade show performance is contingent upon the firm’s internal knowledge assets and its external relationship assets.

The Center of Exhibition Industry Research of the United States (www.ceir.org) also published many research articles on marketing and customer performance and expectation on their website (CEIR, 2005). Most of the articles mentioned so far were based on North American, United Kingdom (U.K.), and Australian samples, and might reflect a bias of English speaking countries. Herbig, Palumbo, & O'Hara (1996a; 1996b) in their two articles reported differences in trade-show behavior between North American–focused firms and worldwide-oriented firms, as well as between manufacturing-oriented and service-oriented firms.

Germany is the exhibition leader in Europe. The Association of the German Trade Fair Industry (Ausstellungs-und Messe-Ausschuss der Deutschen Wirtschaft e.V - AUMA) (AUMA, 2005) reported results similar to those of the English speaking countries (Dwyer, 1999; Herbig, O'Hara, & Palumbo, 1998). AUMA (2005) reported that participation in a trade fair is a marketing activity, which includes elements of communication, pricing and conditions, distribution, and product presentation. AUMA found in its survey that the percentages of trade show exhibitors with the following goals for their participation were:
4) 85% for increasing awareness of the company/cultivating image;

5) 70% for refreshing existing customer contacts;

6) 70% for canvassing for new customers;

7) 63% for demonstrating market presence;

8) 60% for introducing/presenting new products;

9) 58% for increasing awareness of products;

10) 50% for exchanging/gathering information;

11) 50% for identifying customers’ wishes;

12) 33% for influencing customers’ decisions; and

13) 29% for conducting sales/contracts.

2.2 RESEARCH ON EXHIBITION ORGANIZERS

Kirchgeorg et al’s (2005) book, *Trade Show Management*, is a very comprehensive study of the subject. It consists of five sections: 1) the origin, history and future challenges of the trade show industry, 2) strategic management of trade show companies, 3) operational management of trade show companies, 4) managing special trade show events and service providers, and 5) how exhibitors and visitors manage their trade show activities.

In the first chapter, within the strategic management of trade show companies
section, the groundwork for understanding trade fair research and conducting strategic trade show management was laid (Ulrich, 2005). The second chapter covered a wide range of strategic factors: the importance of corporate principles (Dornscheidt, 2005a), strategic marketing (Kirchgeorg & Klante, 2005b), quality (Aulich, 2005), public relations (Esser, 2005), and advisory councils (Kirchgeorg & Klante, 2005a). The third chapter offered discussions on product development strategies and brand management (Sasserath, Wenhart, & Daly, 2005). Chapter four looked at problems regarding the formation of strategic alliances with associations (Dornscheidt, 2005b; Kresse, 2005). The fifth chapter covered all the key issues related to internationalization (Raue, 2005; Wutzlhofer, 2005). Khoo (2005) and reported on trade fair trends in Asian countries. Erwin (2005) reported on Messe Duesseldorf’s pioneership in China’s growth market. In other parts of Kirchgeorg et al. (2005)’s book, Weiss & Stoeck (2005) wrote about customer relationship management CRM for managing post-trade show relationships. Kirchgeorg et al. (2005) ’s book and its individual articles, especially Erwin’s (2005) are mostly related to this study. However, many articles were anecdotal in nature and based on personal experience on selected issues.

_The Art of Show_ by Marrow (2002) published by the U.S.-based International Association for Exhibitions and Events foundation (IAEE, formerly named IAEM) is
one of the best text books available on exhibition management training. A few associations, such as the UFI (Baier & Deamboek, 2005), Convention Industry Council (CIC), and Singapore Association of Convention and EOs and Suppliers (SACEOS) offer training materials for junior executives of EOs. However, the management strategy of EOs is not covered by the above sources and this study attempts to fill this missing gap.

There are several books on the meeting, exposition, event and convention industry (Fenich, 2005; Ladkin, 2000; Montgomery, 1995) and on “event management” (Allen, 2002; Goldblatt, 2005; Goldblatt & Supovitz, 1999; Hoyle, 2002; Shone & Parry, 2004; Wagen & Carlos, 2004). However, their main contents were on the general management and operation of the events industry, and only modestly covered the exhibition industry. In addition, many English textbooks are available on how to effectively participate in an exhibition from the perspective of exhibitors (Alles, 1988; Chapman, 1995; Dudley, 1990; Hoshen, 1988; Miller, 1999; Miller & Bowden, 1997; Montgomery, 1980; Morrow, 2003; Powell & Quinn, 1989; Robbe, 2000; Rocke, 2004; Siskind, 2005; Stevens, 2005b; Talbot, 1989). Three textbooks are available on exhibition design and planning (Allwood & Montgomery, 1989; Lawson, 2000; Wang & Huang, 2002). The management strategy of EOs was not covered in the above books.
Trade articles on the exhibition industry were available from magazines, business newspapers, EOs’ own websites, and the annual reports of some publicly listed EOs and trade association organizations. Trade associations include UFI, AUMA, CIC, the Center of Exhibition Industry Research of the United States (www.ceir.org), and the Society of Independent Show Organizers (www.siso.org). The magazine *CEI — Conference and Exhibition Incentive* provided many reports on the industry in the Asia Pacific. The magazines *EXPO* and *Tradeshow Week* contained many articles on U.S. trade shows (exhibitions). *Expo: The Magazine for Exposition Management by Ascend Media* may be accessed on its website <http://www.expoweb.com> free of charge in the following areas: trends, benchmarks/research, association shows, for-profit shows, attendance, booth sales, marketing, promotions, exhibitors, new revenue, best practices, cheat sheets, show management, operations, planning and budgeting, site selection, hotel shows, contractors, consumer shows, technology, and international shows.

Most of the articles from *EXPO* and *Tradeshow Week* were based on anecdotal information available in the United States, which might have a bias and differences in information on exhibitions in Europe and China. A few articles described their research methodology, but hardly any articles provided reference sources.

### 2.2.1 Performance of a Successful Exhibition: the Organizer Perspective
It is mentioned in section 2.1 that academics have performed much research on the performance of exhibitions based on surveys of exhibitors and visitors. This section summarized the EOs’ opinions about good performance and successful exhibitions.

Flynn and Flynn (1994) declared that nearly everyone agreed on the basic elements of successful shows, such as servicing the exhibitors and boosting the number of attendees. Flynn and Flynn (1995b) further declared that the most important things an exhibition management operation could do were to (a) satisfy customers, (b) provide employees with jobs, and (c) make money. To make customers or workers happy, a money-making business was a must.

In China, though, state and municipal government and trade association-owned EOs would consider political propaganda, reputation and personal relationships (guanxi), and economic benefit to the community and association as the most important issues. However, this dissertation did not cover these issues since it was limited to for-profit EOs.

2.2.2 Factors Affecting Success of Exhibitions: the Organizer Perspective

Flynn and Flynn (1993) suggested a magic formula based on the Tradeshow Week Data Book study, which tracked 32 new business show launches for four years in the United States starting in 1990. They found that 50% of the shows were canceled
after the first year. Five more fizzled by the third year, and only eleven shows, or 34% of the original, remained in existence. The magic formula is: (1) learning the industry; (2) steering by committee, with experts for an advisory council; (3) unearthing the competition; (4) surveying potential attendees; (5) using professional researchers; (6) evaluating exhibitor potential; (7) learning about education with seminar sessions; (8) learning pricing details; (9) investigating the background of financial backers; (10) keeping information confidential; and, (11) knowing when to stop running a losing exhibition.

F. J. Friedman and Collins (2005)—in an extract from Francis Friedman’s white paper on trends and challenges 2003–2010 based on focus groups with manufacturers and retailers—provided in-depth analysis of the structural shifts in the market. Show organizers and exhibitors must cooperate more closely than ever to attract customers by focusing on 10 major elements of future success: (1) specific community; (2) value; (3) content; (4) programming; (5) intimacy; (6) branding; (7) multiple forms of business; (8) research; (9) excellence; and, (10) exhibitor/organizer co-marketing partnerships.

IAEE conducted a survey in 2002 and found that events spent a median of US$11.72 per attendee per event on advertisement and direct mail. The average trade show earned more than 65% of its revenue from exhibits, with registration fees
contributing more than 21% of revenue. The two largest expense categories for shows in 2002 were exhibit hall expenses (35.5%) and on-site expenses (26.6%). Although no survey of this kind has been done in Mainland China, the investigator found that most of the trade shows earned nearly all of their revenue from exhibitors and charged very little in registration fees.

Grubb (2006b) and Tormohlen (2006a) offered the experience of exhibitor marketing and the importance of sponsorship in overall revenue (Tormohlen, 2006b).

2.2.3 Factors Contribution to Competitive Advantage

There are many marketing strategy papers in *EXPO* on:

- **Focusing / concurrent shows to improve value to customers:** Focusing was vital to the success of exhibitions, but expanding to include similar topics was essential to growth (Flynn and Flynn, 1994). Skolnik (1996) also suggested that when target markets (attendees) overlapped, concurrent shows (two or more exhibitions organized at the same venue at the same time) could boost the return on investment (ROI) for attendees, exhibitors, and organizers.

- **Planning:** Planning with short and long-range goals and objectives was important (Flynn and Flynn, 1994).

- **Intelligence gathering:** Intelligence gathering and analysis was critical to
exhibit sales in today’s increasingly competitive show environment (Collins, 2005).

- Branding: Branding provides another competitive advantage. Vasos (2005) reported on the success of the German EO Hannover Fair in launching the telecom CeBIT brand from Germany to the United States in the midst of the worst tech recession in history. To reach the top, Ind (2004) argued, an exhibition must be large in scale and include all the top branded exhibitors in its market (Jiang, 2004). Yip (2004) conducted a master’s degree dissertation study on the perceptions of branding in the hiring of sub-contractors by EOs in Hong Kong. Faulkner (2004) suggested some tips for brand builders in Asia, and Ind (2004) showed that the important aspects of a brand to be positioning, personality, values, and vision.

- Publication: Vasos & Sherman (2004) showed that trade magazine publishers bring a unique business to business (B2B) perspective from publishing that both complements and contrasts with trade shows. The investigator found that organizers that own publications seemed to have a competitive advantage in organizing exhibitions. The leading multinational EOs (such as REED and CMP) and the leading Hong Kong-based EOs (such as Adsale, Info Communication, Global Service, Sinostar and Business/Industry (B&I)) all
have trade publications related to their trade exhibitions. Vasos & Sherman (2004) showed how EOs used publishing strategies to promote their exhibitions to:

- gain industry credibility and build loyalty. Publication editors had strong visibility in the industry.

- know their audience. Publications had to show value in every issue.

- prove their value. Media kits were much more complex than exhibitor prospectuses. In addition, magazine content could be a model for show content. Magazines focus on the buyers, and the suppliers follow.

- Direct mailing and IT: Dr. Yu Hua, the first PhD in Chinese exhibitions, awarded by Hunan University in China in mid-2005, with a dissertation topic “The information Exchange of the Trade Show”. Other technology factors are attendee promotion (Golding, 2006; Kirkwood, 2005a), online marketing (Tormohlen, 2006a), email (Chandler, 2006b), database marketing (Chatfield-Taylor, 2006), list management (Chandler, 2006b), and telemarketing (Stevens, 2005a).

Gray (1989) confirmed that direct mail was the lifeblood of trade show promotion. It was efficient, low cost, and measurable. According to Trade Show Bureau research, 81% of show managers used direct mail as their
primary means of attracting attendees, with an average expenditure of nearly US$56,000. Typically, 38% of their attendees were attracted through direct mail. Tormohlen (2006a) gave results from a survey conducted by *EXPO* Magazine and Exhibit Surveys Inc. in January 2005. The 226 U.S. show organizers who responded to an online survey said that they planned to spend an average of US$84,000 on sales promotion to gain 525 exhibitors in 2005. On average, show organizers spent US$160 per exhibitor on sales promotion, while 64% of the promotion budget went to direct marketing (lists, emails, brochures, prospectuses, postcards, printing, postage, etc.). Show organizers said that they planned to spend about the same on exhibitor sales promotion in 2005 as they did the year before—15.4% of their budgets in 2005 versus 15.3% in 2004.

- **Role of international agents:** American EOs have not been active internationally or in China for outbound and inbound exhibitions. Tesar (1992b) explained the reason why there were so few outbound American EOs. M. Flynn and L.K. Flynn (1995a) recommended hiring international agents for overseas exhibitors. An international agent’s most immediate advantage was an existing command of the language and business customs of the target market.
• Role of exhibitor advisory committees: Quality of attendees is more attractive than quantity (Kirkwood, 2005a). Tesar (1992a) suggested that another marketing skill was involved in forming the exhibitors advisory committee. The function of the exhibitors advisory committee was similar to the duty of Chinese sponsors in this study: to make sure that trade show project managers received suggestions on how to improve their shows so that future events could attract more exhibitors and attendees. Then, exhibitors would benefit from more booth traffic and better selling opportunities.

2.2.4 Acquisitions and Mergers of Exhibitions as an Expansion Strategy

Acquiring exhibitions was the quickest way to expand one’s business (Oliver, 1988). One of the most famous mergers and acquisitions (M&A) was when entrepreneur Sheldon Adelson sold COMDEX, a famous personal computer (PC) exhibition in Las Vegas, to SoftBank in Japan for about $800 million (Wohl, 2004). REED, an Anglo-Dutch publisher and EO (Anderson, 2000), grew its business by acquiring other EOs and became the number one EO worldwide in terms of revenue (Reed, 2005). In 1994, REED acquired thirteen exhibitions in Paris (Reed, 1994), and, in 1996, REED offered US$772 million to purchase Blenheim ("Blenheim", 1996). In 2000, REED acquired Miller Freeman Europe (MFE) for US$548.8 million in cash, basing the figure on twelve times the profit or roughly three times the revenue.
(Anderson, 2000) — MFE had a gross revenue of US$179.1 million and an operating profit of US$45.57 million in 1999. MFE had a net operating liability of US$29.5 million in 1999. Anderson (2000) also reported that Miller Freeman, a trade show organizer and business magazine publisher, sold its U.S. exhibitions to VNU NV of Haarlem, Netherlands, in a US$650 million cash deal. Miller Freeman was ranked as the largest EO in terms of revenue worldwide before selling its U.S. and European operations. According to the senior VP in Asia, Miller Freeman needed growth to sustain its share price. Because the growth of its European and U.S. operations had flattened, MFE decided to cash out and move into Internet business-to-business publications by M&A into CMP. Miller Freeman still keeps its Asian exhibitions and has changed its name to CMP Asia.

Heithaus (1995) reported that the selling and buying process of M&A involved finding a buyer; preparing; positioning; performing financial and marketing analysis and valuation; permitting give-and-take compromise; and, finally, settling. The appraisal was based on future and past earning performance.

million in value, up 753% over 2003. In 2004, B2B media deals greater than US$50 million were done at 9.5–10 times EBITDA (earnings before interest, taxes, depreciation and amortization), according to the DeSilva & Phillips' report (Chatfield-Taylor, 2005). Seven times cash flow was the average starting point for negotiation. Smaller operations might settle for lower multiples in the 4–6 range, according to Nick Curci, president of Corporate Solution (www.csmergers.com), a Westport, CT–based M&A advisory firm. Middle-market companies could expect multiples in the 6–8 range. Businesses above the US$50 million mark could command higher multiples in the 7–9+ range. According to Chatfield-Taylor (2005c), there were various ways to appraise the value of an event, but the best approach was to do a combination of calculations and then weigh the values based on risk factors and market fluctuation. The three most common approaches to exhibition and conference valuation were public market and private market comparables (market approaches), and discounted cash flow (an income approach).

Acquisitions are becoming very popular in China. Multinational EOs CMP, REED, VNU, Messe Frankfurt and Düsseldorf are buying local exhibitions to increase their market share in China. However, there were many bad experiences in M&A internationally (Skolnik, 1992). To manage the acquired exhibition and the keep the loyalty of the key people has proven to be difficult.
2.2.5 Human Resources, Training, and Entrepreneurship as Success Factors

Golding (2005) reported on eight cases of event management entrepreneurs in the United States, listing their histories, activities, and strategies, together with their biggest mistakes and what others had said about them. The article identified these entrepreneurs as risk takers, big-picture thinkers, or creative strategists.

The key to successful management upgrading is remuneration and delegation. To increase the skills of staff, training is needed. Unfortunately, entrepreneurship, creativity and leadership cannot be taught easily. In the United States, Kirkwood (2004) confirmed that REED Exhibition and other international for-profit EOs offered extensive benefits, competitive salaries, and a wide range of incentives to hire and retain top talent.

Recently, the E.U. Asia-Link Program supported an Executive MBA ("EMBA", 2006) for convention and trade fair management professionals that aims to fulfill the management education and networking requirements of trade fair companies, exhibition and event organizers, trade fair service providers, as well as other ancillary functions of the sector. Business schools from three countries are working together on this research and education project: The Leipzig Graduate School of Management (HHL) based in Leipzig, Germany, the School of Economics and Management (Tongji University) based in Shanghai, China, and the Universiteit
Antwerp Management School, based in Antwerp, Belgium.

IAEE (2007) offers a training program called “Certified in Exhibition Management (CEM)” in the United States, China, Europe, and Singapore for candidates with three years of full-time experience as practitioners in exhibition management. To get certification, candidates are required to complete seven mandatory and two elective one-day training sessions followed by an examination for each. The Institute of Trade Fair Management at the University of Cologne and UFI offered an International Summer University for Trade Fair Management in Cologne Germany (Delfmann, 2006). Recently, a few universities in China have been allowed to offer exhibition management training at the bachelor and diploma levels.

2.2.6 Risk Management for Exhibition Organizers

Tarlow (2002), in his book on event risk management and safety, wrote about risk assessment, alcohol and events, crowd control, emergencies, stage safety, pyrotechnics, parades, and demonstrations. Grubb (2006a) reminded exhibition managers to prepare and pay more attention to their liability insurance, despite complicated clauses, obscure exceptions, and dense legalese.

The terrorist attacks against the United States on September 11, 2001, forced the cancellation or postponement of many exhibitions in North America, and the
international outbreak of severe acute respiratory syndrome (SARS) caused many exhibitions in East Asia to be cancelled or postponed in 2003 (Tufel, 2003).

Multinational EOs such as CMP and Allworld were able to cover their losses with insurance coverage bought long in advance (Chandler, 2006a). The same was not true for smaller EOs, which normally had only third-party liability insurance, which seldom covered loss of business due to acts of God.

2.3 RESEARCH ON EXHIBITION CENTERS

Most exhibitions are held in convention and exhibition centers. The availability of such centers is a major supply source for EOs. A new exhibition center can provide new opportunities for EOs. For example, Adsale and China Promotion Ltd. expanded the number of exhibitions in China with the establishment of China International Exhibition Center in Beijing in 1985. Many municipal governments worldwide fund new exhibition centers hoping it will bring economic and political benefits ("EMBA", 2006) to their municipalities (Crouch & Ritchie, 1998; Nielsen, 2005). However, many exhibition centers have failed, and turned into white elephants requiring huge amounts of public funds for maintenance (Crouch & Weber, 2002). In the U.S.A., union policy in an exhibition hall can create additional operation cost (Kirkwood, 2006).

2.3.1 Convention and Exhibition Centers in China
Kay (2005a) studied the recent convention and exhibition center building boom in China and the underlying reasons for it. Crouch and Weber (2002) studied the criteria used to attract a corporation or association to organize a convention and exhibition. They studied how to market an exhibition to individual exhibitors (corporations and associations) from the organizer’s standpoint. They also looked at the site selection criteria, including location, accessibility, facilities, capacity, accommodation, communication, entertainment, environment, and risk. Their paper revealed that the exhibition topic, timing, and location are also important in China.

Many Chinese cities are building huge new C&E centers based on the untested idea that the economic multiplier to the community is between 1:10 to 1:40 from direct exhibition income (Baier & Deamboek, 2005; Dwyer, 2002; Woodward, 2002; Xiao, 2002).

### 2.3.2 Convention and Exhibition Centers in the U.S.A.

An over–built exhibition industry is not limited to China. It is also a problem in the world’s biggest market — the United States. According to Tradeshow Week’s 2004 Directory of Major Exhibit Halls, the supply of exhibit space in the United States and Canada was approximately 80.5 million square feet (1 square meter=10.76 square feet). Detefsen (2005) reported that many existing exhibition facilities in North America were not operating at or near full capacity. As supply continued to grow, the
utilization rate of exhibit space has declined during recent years.

2.4 SUMMARY AND COMMENT

This chapter reviewed three categories of literature: (1) academic research studies that focus on exhibitors and visitors and are published in academic marketing journals (such as the *Journal of Marketing, International Marketing Review, Industrial Marketing Management* and the *Journal of Global Marketing*); (2) non-academic studies on EOs (such as trade articles and textbooks); and, (3) convention and exhibition centers covered in both academic and trade articles.

Academic research studies that focus on exhibitors and visitors, the customer of the EOs, are helpful in the establishment of EOP models. Hansen (2004) reported that little agreement exists regarding how exhibition performance should be conceived or assessed (see Table 2) in different EP literature.

Kerin and Cron (1987) identified two functions – sales and non-sales, thirteen drivers (sub-factors), and three dimensions (industry, company, and trade show strategy influences) in an exhibition, and this is presented in Figure 2. Gopalakrishna & Lilien (1995) modeled the impact of pre-show promotion, booth space, use of attention-getting techniques, competition, and the number and training of booth salespeople on the extent of attraction, contact, and conversion. They suggested a three-stage model (see Figure 3) of trade show performance, measuring the ratio of
target audience who visited the firm’s booth, ratio of those attracted who were contacted, and ratio of those attracted who became effective leads. Dekimpe et al. (1997) generalized about the effect of various show selection (go/not go) variables as well as tactical variables (e.g. booth size, personnel) on observed performance in the U.S.A. and the U.K. Seringhaus & Rosson (1998) did a comparative analysis of exhibitors looking at company strategy, staff training, visitor attraction activities and international exhibition performance. Shoham’s (1999) extended various previous studies into a general five dimensional model (see Figure 4), incorporating environmental influences, company influences, trade show selection, booth management, and trade show performance. Hansen (2004) extended them further in outcome-based and behavior-based activities. Li (2006) brought in the relationship-building factor.

Studies on EOs are limited to trade articles on isolated issues. Systematic strategic management studies on EOs are neglected by the academy. Reviews of these trade articles are helpful in producing the influential sub-factors in the initial conceptual EOP model, which were examined with multiple case study analysis later on.

This convention and exhibition center section reviews some research on exhibition centers and their economic benefits to communities in the United States,
China, and Hong Kong. Studying the supply, size, and facility of exhibition centers, part of the supply side in the exhibition industry, is helpful to the understanding of some factors affecting EOP. The discount price of exhibition space rental in an over-built exhibition industry has affected supply and demand in the exhibition industry.
CHAPTER 3 CONCEPTUAL FRAMEWORK

The conceptual framework in this study was based on a synthesis of the following frameworks: (1) the various models (Gopalakrishna & Williams, 1992; Hansen, 2004; Kerin & Cron, 1987; Shoham, 1999) affecting trade show performance, which were discussed in section 2.1; (2) external forces in the China exhibition industry; (3) competitive advantage of the EOs; (4) the traditional Chinese concept (environment, location, people, and method) explained in Sun Tzu’s (544-496BC) the Art of War. These four frameworks are the skeleton in building up the conceptual EOP model.

3.1 EXTERNAL FORCES IN THE CHINESE EXHIBITION INDUSTRY

There are five major external forces (David, 2005): 1) political, governmental, and legal forces; 2) economic forces; 3) social, cultural, demographic, and environmental forces; 4) technological forces; and 5) competitive forces.

3.1.1 Political, Governmental, and Legal Forces

China is an authoritarian country, and politics always come before financial issues. Deng Xiaoping allowed foreigners to organize exhibitions in China in 1979, while private local citizens were barred from owning their own businesses. The sudden opening of Chinese markets to the outside world and the lack of experienced
state-owned EOs gave the smaller foreign and Hong Kong-based EOs a golden opportunity to dominate this vast market. In 1992, Deng pushed for further opening up by allowing a market economy and for local citizens to own their own businesses. This was a great opportunity for the ex-senior executives of state owned EOs to set up their own businesses. In the early 2000s, due China’s WTO obligations, foreign multi-national EOs were allowed to operate in China with 100% ownership and to apply for licenses to run international exhibitions. Hence, at the present time political, governmental, and legal forces are some of the key external forces influencing international EOs in China.

3.1.2 Economic Forces

The rapid growth economy in China is the major force attracting new exhibitions there. A discussion is presented in Section 3.1.5.1 on market demand.

3.1.3 Social, Cultural, Demographic, and Environment Forces

These forces (which also include some external forces) were found to have little influence in the case studies. However, exhibition topics change in response to market changes such as the increasing average age of Chinese citizens and increasing concern over the environment (pollution), product quality and food safety in China.

3.1.4 Technological Forces
The exhibition industry is a low technology industry compared to the Internet, which has brought major changes in communication and promotion methods. It uses computer hardware and software for office and email writing, website construction (Tormohlen, 2001), database management (Chatfield-Taylor, 2006), art work design, floor plan drawing, and accounting (Gregory & Breiter, 2001). Virtual exhibitions and online shopping cannot replace real exhibitions.

The number and size of foreign exhibitors have not increased substantially despite the economic growth in China in recent years. With the improvement in overall technology standards in China, the number of low-tech products from overseas finding market acceptance in China has lessened. Furthermore, since the Tiananmen crisis in 1989, many foreign countries still impose embargoes on selling high-tech dual application (military/civil) products in China, such as precision tools, high power computers, communications equipment, and aviation, naval, space and satellite products. The most popular foreign products in China’s exhibitions are civil aviation, marine, vehicles, civil application computer and communications equipment, chemicals and raw materials, medical, energy, education, and service industries; and industrial machines, such as textile manufacturing, shoe-making, plastics, printing, woodworking, machine tools, shipbuilding, and metal making.

3.1.5 Competitive Forces
This study incorporated Porter’s five competitive forces (Porter, 1985) in the Chinese exhibition industry context as illustrated in Figure 5. They are 1) the bargaining power of buyers (demand); 2) the barriers to entry (new entrants); 3) the threat of substitutes (other promotion media); 4) the bargaining power of suppliers (exhibition centers), and 5) existing rivalries (EOs).

**Figure 5: Chinese Exhibition Stakeholders — Competitive Forces**

**Demand - Bargaining Power of Buyers**

Deng Xiaoping promoted the political slogan “grab the opportunity, and prepare for challenge,” in 1992 and people in Mainland China responded. This was one of the driving forces of the Chinese local entrepreneur, such as in Case B.

There are two demands — exhibitors who pay space rental to EOs, and trade visitors who are the ultimate customers of the exhibitors. Hence, attracting quality trade visitors is the utmost goal of a trade exhibition.
A new exhibition is vulnerable, since it does not have any bargaining power with the exhibitors; exhibitors are able to extract many favors, such as price discounts and prime corner locations. However, with a successful exhibition, the exhibitors are less demanding and would rather have a good location than a price discount.

**Bargaining Power of Suppliers**

In cities where one exhibition center has total domination, the owner of the center (main supplier) has significant power. For example, the two main exhibition centers in Guangzhou are owned by the China Foreign Trade Center, which regulates and limits duplication of competitive exhibitions. At this time, Hong Kong, Beijing, and Shanghai each have only one dominant exhibition center. Due to large demand, the owners of those exhibition centers have become the regulators of who is allowed to rent and at what time and who is refused. As a result, the pioneer who books first for the peak season can get the advantage of repeating that exhibition annually at that time in that particular center. Whenever a new, better-located and equipped exhibition center is built, new opportunities are offered to the entrants who rent earliest in that center, and the competitive advantage of the existing EO in the old center can change.

**The Barriers to Entry for New Entrants**

The major sources of barriers to entry suggested by Porter (1980) are economies of scale, product differentiation, capital requirements, brand loyalty, access
to distribution channels, and government policy. China is now at the sustained growth stage (Collins, 2002), most popular exhibition topics in major cities are well established, and it is difficult for new foreign entrepreneurs to enter the market. In the early 2000s, many foreign multinational EOs were acquiring, partly or totally, some existing exhibitions from existing EOs.

**Existing Rivalries**

Existing EOs, whether foreign or local, always are looking for new business opportunities, as well as ways to strengthen existing business and protect existing business from rivalry and inflating costs. M&A is currently the fastest way to expand one’s business; German EOs like Messe Frankfurt and Messe Düsseldorf, CMP and VNU are buying existing high potential local exhibitions partially or completely, hoping to turn them into higher value-added international exhibitions.

**Substitutes — Other Kinds of Promotions**

The trade exhibition is only one type of marketing promotion medium. The trade exhibition is the most important source of information during the interest and awareness stages of the industrial buying process (Moriarty & Spekman, 1984). Other kinds of media (such as advertisements, road-shows, cold calls, relationship marketing, and direct marketing) can attract a bigger share of the promotion budget at different stages of the product life cycle. In the pilot study, although China is one of
the biggest markets for aircraft manufacturers, Airbus, one of the two major aircraft manufacturers, refused to participate in the Beijing Aviation Expo twice (2001 and 2005.) Due to budgetary constraints, trade exhibitions may be given low priority relative to other promotion media during a mature product life cycle; while relationship marketing, event sponsorship, and mass media advertisement, such as advertisements and signboards, are preferred.

3.2 COMPETITIVE ADVANTAGE OF THE EXHIBITION ORGANIZERS

Competitive advantage can be examined from the perspectives of both the strategic management and the resource-based view of the firm (RBV). According to Porter (1980; 1985; 1998), strategies allow organizations to gain competitive advantage from three different bases: cost leadership, differentiation, and focus. The marketing strategies used by individual exhibition organizers may be analyzed based on entrepreneurship, internal strength and weakness vs. external opportunities and threats, market positioning, product life cycle, and marketing mix (tactics).

3.2.1 Resource-based View

Barney (1991) expressed that organizations are substitutable by competitors and presents four criteria to assess the economic implications of these resources: value, rarity, imitability, and substitutability. A resource-based view of a firm may help to identify the competitive advantage of an EO. In Cases A and B, first-mover advantage
is an important resource (Wernerfelt, 1984).

3.2.2 Strategies of the Entrepreneur

Because most new EO entrants from Mainland China and Hong Kong enter the industry as entrepreneurs, the characteristics of an entrepreneur’s strategy must be understood, emphasizing the perception of opportunity and fulfilling needs and wants through innovation without regard to resources they currently control. Robbins & Coultar state that entrepreneurs tend to monitor the environment closely in search of opportunities (Robbins & Coultar, 1996). A typical entrepreneur will ask the following:

1) Where is the opportunity?

2) How do I capitalize on it?

3) What resources do I need?

4) How do I gain control over them?

5) What structure is best?

3.2.3 Strategic Management based on External and Internal Assessment

Through analysis of a company’s key external opportunities and threats, along with internal strengths and weaknesses, strategies may be developed (Weihrich, 1982) from strengths – opportunities (SO) strategies, weaknesses and opportunities (WO)
strategies, strengths – threats (ST) strategies, and weaknesses – threats (WT) strategies. Their applications are described later in the case study write-up.

3.2.4 *Marketing Positioning*

Marketing strategies and warfare are highly dependent on whether the company is a market leader, challenger, follower, or niche-player (Kotler, 1997).

A market leader looks for ways to: 1) expand total market demand; 2) protect its current market share through defensive strategies and leave no openings for a competitive attack; and 3) increase market share (Kotler, 1997; Ries & Trout, 1986). This is the strategy used by Cases A and B.

A market challenger attacks the market leader and other competitors in an aggressive bid for more market share (Kotler, 1997). Challengers can choose from four types of marketing warfare (Ries & Trout, 1986; Shao, 2006): defensive, offensive, flank, and guerrilla, or any combination of these. However, only a market leader should consider playing defense. An offensive warfare involves finding a weakness in the leader’s strength and attacking on as narrow a front as possible. A good flanking warfare must focus on entering into an uncontested area. Guerrilla warfare requires identifying a segment of the market small enough to defend as well as to enter and withdraw quickly.
A market niche-player (nicher) serves small market segments not already being served by larger firms (Ries & Trout, 1986). The key to nichermanship is specialization in flanking and guerrilla warfare. These are the strategies used by Pilot Case.

### 3.2.5 Product Life Cycle Strategy

Collins (2002) reports on the life cycle of a show—from launch to early rapid growth and sustained growth, then to stability, and finally to maturity. In the present study, Kotler’s (2000) four-stages product life cycle (with introduction, growth, maturity and decline stages), and the Ansoff Product-Market Growth Matrix (Ansoff, 1957) with market penetration (existing markets, existing products); product development (existing markets, new products); market development (new markets, existing products); and diversification (new markets, new products) were adopted. The management and marketing strategies used in these stages are:

- During the introduction stage, the entrepreneur’s best strategy is to seek opportunities for the most profitable markets and products (exhibition topics) for development.

- During the growth stage, the most profitable markets and products are explored. Market penetration strategy on existing markets and existing products is recommended. The best way to achieve this is by gaining
competitors’ customers or entering into mergers and acquisitions with other EOs.

- During the mature stage—other than market penetration, market development, product development, and related diversification to secure a business—defensive strategies (David, 2005) such as retrenchment and staff layoff are commonly used.

- During the decline of the market, related diversification, retrenchment, and staff layoff are commonly used to turn around the trend with new products and new markets. Since the biggest asset of an EO is the exhibition itself, selling the exhibition is used as a source of funding to repay debts.

### 3.2.6 Marketing Mix (Tactics)

The marketing mix may be best defined (Morrow, 2002) as the blending of a variety of marketing elements or strategies to best meet the needs of a specifically targeted audience. The ingredients in the mix can be as simple as the 4 Ps (product, price, place, and promotion). Zeithaml & Bitner (2003) added three Ps for service marketing (people, physical evidence, and process). Kotler (1984) introduces another two Ps (political power and public relations) to create satisfactory relationships with government, trade unions, and other interest groups.
3.3 TRADITIONAL CHINESE STRATEGIES

Traditional Chinese strategies depend heavily on the outside environment and timing, location and personal relationships (天時地利人和) (Zhu, 2000).

3.3.1 Guanxi — Personal Relationship

Guanxi is a Chinese word for personal connections and relationship-building and has long been a popular subject for business research in China (Davies et al., 1995; Wong & Leung, 2001). Many Chinese trade articles (Wong & Leung, 2001) characterized guanxi as very inaccessible to Westerners, but actually guanxi is just a culture embodied in every Chinese nationality. Cao (2006) noted that there is a major difference between Chinese and foreign nationalities in the way they conduct business.

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The Chinese put friendship before business. It is necessary to build up friendship (establish guanxi) first with your Chinese counterpart before business negotiations may commence. Many foreigners relate personal benefits (corruption) with guanxi. Cao (2006) and Davies et al. (2003) both found that guanxi can be built up instantly with respect and visits without bribery. Actually, senior national level Chinese government officials and senior city and provincial officials are not as corrupt as generally believed. High-ranking Chinese officials seldom accept bribes. Offering a bribe is not recommended and could even jeopardize a business. A successful China trader must build up guanxi directly and legally. In the pilot case of this study, China
Promotion Limited obtained contacts and finalized business through a direct approach with the ministries in Beijing with no need for middlemen or bribes.

However, based upon the experience of many Chinese traders in smaller cities and regions outside of Beijing and Shanghai, corruption or personal favors are still unavoidable, especially among lower-ranking officials. In this circumstance, a middleman or a local expert may be needed to handle this situation. Business people must learn how to build friendships within the boundaries of the law. A successful Chinese trader would talk of the importance of spending time with the counterpart to build up friendship before a trade negotiation or during implementation of an agreement. Chinese traders may invite their counterparts for dinner, for Karaoke, or for an overseas trip to visit a foreign plant or exhibition. These invitations are not considered bribes and are still legal in Mainland China, which is not the case in the United States.

3.3.2 Sun Tzu’s *The Art of War*

The conceptual framework of this study was based on the traditional Chinese concept explained in Sun Tzu’s (544-496BC) *The Art of War* (Pang, Roberts, & Sutton, 1998; Rarick, 1996). It is governed by five constant factors (道天地將法): 1) the moral law; 2) heaven; 3) earth; 4) the commander; and 5) method and discipline. The moral law causes people to be in complete accord with their ruler, so that they
will follow him regardless of their lives, undismayed by any danger. Heaven signifies night and day, cold and heat, times and seasons. Earth comprises distances, great and small; danger and security; open ground and narrow passes; the chances of life and death. The commander stands for the virtues of wisdom, sincerity, benevolence, courage and strictness.

The conceptual framework of this study starts with the “environment (heaven, opportunity and timing),” followed by “location (earth),” and “people (commander),” and then addresses “company (organization) competitive advantages and resources,” and, lastly, the “marketing mix (method”).

3.3.3 “Grab the Opportunity” and Chinese Business Cycles

The political slogan “grab the opportunity (抓住机遇)” by Deng Xiaoping is the driving force for many Chinese entrepreneurs. Deng was one of the most influential Chinese political leaders in modern China. To know why this slogan is relevant to recent economic growth in China, an understanding of recent Chinese political history, as well as recent Chinese business cycles is necessary. Deng Xiaoping returned to power and disposed of totalitarian central planning policy following the Great Proletariat Cultural Revolution that destroyed traditional culture and effectively halted China’s functioning for 10 years (1966-76). Deng believed that it was time to stop unproductive political fighting and allow the Chinese to
concentrate their efforts on economic growth. He promoted the political slogan “grab the opportunity, and prepare for challenge,” and the people in Mainland China responded. Many Chinese entrepreneurs were encouraged by this slogan. The director of Case study B quoted this slogan as the primary ingredient to his success.

The boom and bust economic cycles in China are well-known to Chinese traders. There is a famous saying that “when the central government in China releases the control, the economy heats up until it gets out of control; then the government will step in and tighten the economy; when the economy turns poorly, the government will release the control.” Relative to this cycle, entry time is crucial to a business.


During the bust stage of a business cycle, it is difficult to start a business. If one enters the market just before the boom, one can capture the market before the competitors with first-mover advantage. If one enters in the middle of the boom, there are many competitors and it will not be easy for a newcomer to survive. The section shows why timing is the first factor besides location and people.
3.4 CONCEPTUAL MODEL ON EXHIBITION ORGANIZER PERFORMANCE

The conceptual framework for the model of exhibition organizer performance (EOP) (see Figure 7) is based on the western EP viewed from exhibitors and visitors perspective, modern strategic management, and traditional Chinese strategies. Since there are many differences in the expectations of exhibitors, visitors, and exhibition organizers, the previous academic EP studies cannot explain all the results found in this study. References to the published trade articles on EOs, such as Weinstein’s (2006) location influences are needed to provide supplementary information.
Figure 7: Conceptual model on exhibition organizer performance

**Environment Influences**
- Political, Economic, Social, Technological
- Market Demand & Life Cycle Stage
- Existing Rivals
- Supply - Exhibition Center Space
- New Entrants
- Substitutes

**Location Influences**
- City
- Location of exhibition center

**People Influences**
- Personal Relationship with Authorities & Trade Association
- Entrepreneurship

**Company Influences**
- First Mover Advantage
- Branding
- Human Resources
- Political Power
- Customer Relations
- Publication support
- Financial Support
- Risk Management

**Marketing Mix Influences**
- Product
- Price
- Place (Distribution)
- Promotion
- People
- Physical Evidence
- Process
- Public Relations

**Exhibition Organizer Performance**
- Customer Satisfaction
- Employee Satisfaction
- Sustainable Profit
This study follows a sequential model, which covers the environment, location, people, company, and market mix factors in sequence, one after the other, to show that each factor affects the others. The main constructs and dependent variables are the exhibition organizers performance. The environment influences are the other constructs/independent variables examined in the study with the location, people, company and market mix influences as mediators.

The concept EOP model has five main influences, such as: (1) environment influences (Shoham, 1999) and “Heaven/Environment” in Chinese strategy; (2) location influences (Weinstein, 2006) and “Earth/location” in Chinese strategy; (3) people influences (Gopalakrishna & Williams, 1992; Hansen, 2004; Li, 2006, in press) and “People and Guanxi” in Chinese strategy; (4) company influences (Shoham, 1999) and “organization” from Chinese strategy; (5) marketing mix or strategy (Dekimpe et al., 1997; Gopalakrishna & Lilien, 1995; Gopalakrishna & Williams, 1992; Kerin & Cron, 1987) and tactic from Sun Tzu (544-496BC), and develop the exhibition organizer performances partly from fulfilling the needs of the customers (exhibitors and visitors) as studied in (Dekimpe et al., 1997; Gopalakrishna & Lilien, 1995; Gopalakrishna & Williams, 1992; Hansen, 1996, 1999, 2004; Kerin & Cron, 1987; Li, 2006, in press; Seringhaus & Rosson, 1994, 1998; Shoham, 1999; Williams, Gopalakrishna, & Cox, 1993).
There are many differences in how exhibitor and an EO perceive exhibition performance. For example, the “company” in the EOP is the exhibition organizer, and the “company” in exhibition performance viewed from exhibitors is the exhibitor, or the customer of the exhibition organizer. Exhibitors would like to attract buyers to their booths for selling and non-selling functions (Kerin & Cron, 1987). A for-profit EO would like to obtain sustainable profit, customer (exhibitors and visitors) and employee satisfaction (Flynn & Flynn, 1995b).

PEST and Porter’s competitive force are the commonly referred to external environment factors. Location means the city and the location of the exhibition center is another external factor. It is independent from the environment influences, as Sun Tzu’s five factors and the Chinese tradition of separating environment and location into two distinct factors.

There are two major internal factors, people and company. The major factors on company influences for EOs were based on the trade literature review (see section 2.2). These factors are first-mover advantage, branding, human resources, political power, customer relations, publication support, and financial support for M&A, and risk management.

The people influences include personal relationships with authorities, associations and any person. There are two kinds of relationship networking for
organizing exhibitions in China. One is the relationship with anchor customers (exhibitors) and the other one is the relationship with authorities and associations. The first relationship with anchor customers should be a company asset (Srivastava, Fashey, & Christensen, 2001; Srivastava, Shervani, & Fashey, 1998). However, the second relationship with authorities and association should be considered as people assets. In the “commander” term in the fourth factor in Sun Tze means a person and not the organization or company. In Srivastava, et al. (1998, p8), they related partner relationships as market-based assets under channels, co-branding, and network. However, in this study, the relationship with authorities and association is between a specified individual with a few Chinese individual authorities; not company to company or representatives of a company with representatives of another company. If this individual left the company and joined a rival company, the personal relationships can go along with him for the benefit of the rival. For example, Wang in Case B has very good relationship with the China National Furniture Association (CNFA). If Wang left his company CMPS, he can easily ask the CNFA to support him to organize another similar event as long as it is not bound legally. This example shows how a personal relationship can stay stronger compared to a company relationship/asset. Hence, it is arguable whether a relationship is a company resource in this study. For example, in Cases A and B, when an exhibition organizer is small, the CEO individual
is an indispensable element for the growth of the company; however, with a multinational owned exhibition organizer, the CEO is replaceable. Hence, it is preferable to separate the internal factor into two influences, i.e. people and company; to show their differences.

All the commonly used Ps in the marketing mix were used in this study, i.e. 4 Ps (product, price, place, and promotion); plus people, physical evidence, and process for service marketing; and public relations. Political power was not included in the marketing mix, since it was already included in company influences.

The sequential model is preferred in this study because the second factor (“location”) is influenced by the first factor (“environment”). For example, Shanghai (location factor) in the 1980s was undeveloped due to the central government policy (environment factor). Similarly, the third factor (“people”) is influenced by the first and second factors. For example, the CEO of Case B, a native Chinese citizen, was not allowed to own his own business because of central government policy, an environmental factor. Also, he may not be as successful as he is now if his exhibition was held in other cities besides Shanghai (location factor). Likewise, the fourth factor (“company”) is influenced by the first, second and third factors. For example, without the CEO of Case B (people factor), his company cannot be so successful. The fifth factor (“marketing mix”) is influenced by the first four factors. For example, without
the environment, location, people and company factor influences, the marketing mix cannot be identified and implemented. Finally, the dependent variable ("EOP") is the direct result of all five previous factors, and the conceptual EOP model in this study is best presented in sequential order.
CHAPTER 4  METHODOLOGY

This chapter describes how this study was conducted and included research design, case selection, case study protocol, data collection, data analysis, application, and study limitations.

4.1  RESEARCH DESIGN

This study adopted a descriptive research design with exploratory element that used a qualitative case study method. There were two parts to this study. The first part examined the background challenges and issues of the exhibition industry in China, and identified different types of EOs based on their ownership. Participant observation (Atkinson & Hammersley, 1998) and secondary documentation were the sources of evidence. The second part identified the key factors behind a successful exhibition and developed a conceptual EOP Model from previous EP studies, modern strategic management and traditional Chinese strategies. This conceptual EOP model is suggested for easy explanation on the relationship between the internal and external influences and the exhibition organizer performance.

A pilot case study was conducted to provide in-depth understanding of the challenges faced by foreign EOs in China. Based on the findings of the pilot study, the interview questions and a survey questionnaire were prepared for the next three case
studies. A specific EOP Model was developed after each case study. The in-depth interviews and survey questionnaire responses from the multiple cases were analyzed for similarities and differences with cross-case synthesis (Yin, 2003) to develop a general EOP Model.

A qualitative case study was chosen because this has the primary advantage over other research methods in that an entire organization or entity could be investigated in depth with attention to detail (Zikmund, 2003). This highly focused attention enabled the researcher to study carefully the order of events as they occurred or to concentrate on identifying the relationships among functions, individuals, and entities. This very focused approach provided a wealth of detailed information from a relatively smaller number of people (Kwan, 2003; Patton, 1990). Case studies allowed the investigation to retain the holistic and meaningful characteristics of the real-life events – such as individual life cycles, organization and management process (Yin, 2003). Kwan (2003) wrote that in organization research, both quantitative and qualitative studies could be used. The use of qualitative research appeared to be more predominant primarily because the subjects demand more in-depth understanding among researchers and practitioners.

4.2 CASE STUDY DESIGN

Eisenhardt (1989) suggests the process of inducting theory from case study
Glaser & Strauss’s (1967) term grounded theory does not refer to any particular level of theory but to theory that is inductively developed during a study (or series of studies) and in constant interaction with the data from that study. This theory is grounded in the actual data collected, in contrast to a theory that is developed conceptually and then simply tested against empirical data. In qualitative research, both existing theory and ground theory are legitimate and valuable.

This study adopted the process of building (ground) theory from case study research as suggested by Eisenhardt (1989), and includes the following processes:

1) define the research question
2) select cases
3) craft instruments (multiple data collection) and protocol
4) data collection by cross-data sources synthesis
5) analyze data by cross-case synthesis
6) compare constantly by iterative tabulation of evidence for each evidence
7) compare with conflicting and similar literatures
8) reach closure until theoretical saturation

4.2.1 Case Study Questions

The case study questions were developed based on the study objectives (see section 1.3). The following questions explored in the case study were:

1) What are the characteristics, issues and challenges faced by an exhibition
organizer?

2) What modern and traditional management strategies are used in the exhibition industry in China?

3) What are the external and internal influences and their order sequence that affect the performance of an exhibition organizer?

4) What are the environmental influence factors?

5) What are the location influence factors?

6) What are the people influence factors?

7) What are the company (EO) influence factors?

8) What are the marketing mix influence factors?

9) What level of performance would an exhibition organizer expect?

4.2.2 Pilot Study and Case Selection

A pilot study was used to acquire necessary information about international exhibitions in China. The pilot case was the investigator’s own company; it was chosen because of convenience, access, and geographic proximity (Yin, 2003). It could represent the most complicated case, compared to the likely cases for study. Yin (2003) claimed that the purpose of a pilot case is to further refine the research, regarding both content and procedure (Lee, 2004). The pilot case study in this study
was used to develop the interview questions and refine the study protocol. Various methods are used to improve the trustworthiness of this pilot study, such as: 1) multiple sources of evidence (triangulation): other than the investigator himself, secondary data from other sources are taken into account; 2) replication logic: the finding of pilot study is compared with other three cases for similarities or differences; 3) peer debriefing with other experts and professionals.

In a quantitative study with a large random sample, results from a pilot study are usually excluded from the analysis. However, in a qualitative case study, the objective is to find the characteristics of the real-life events. Due to the limited sample size, it is more important to find the detail from each available case, including the pilot case (Yin, 2003); evidence from the pilot study should not be totally excluded if adequate measures are taken to minimize bias. The pilot study in this study provided supplementary information to support or for fulfill any inadequacy of the findings from the three cases. For example, the pilot study provided a negative case example “Metallurgical Industry Expo” of CPL in section 6.2, while all three cases examined are based on successful cases. This example is useful in the argument in section 5.91 on de facto nationalization by the Chinese.

This study selected three multiple cases. Technically speaking, for a qualitative study, there is no attempt to seek representativeness or generalization of
the case study findings. However, of the three cases selected, one was from each type of EOs (i.e. local entrepreneur, multinational, and foreign based-entrepreneur). The cases provided a cross-section of EOs. These selected cases had to fulfill one or more of the following criteria: 1) one of the biggest in size, and 2) attended by a large number of brand name international exhibitors, and 3) has earned a good level of respect in the industry of the exhibit topic.

4.2.3 Data (Evidence) Collection

In this study, different methods of data collection were used for triangulation, the use of different techniques to study the same phenomenon in an attempt to provide trustworthiness (i.e. validity). The methods were interviews, direct observations, participant observations, and secondary documents. The strengths and weaknesses of these methods are listed in Table 3.

4.2.3.1 Interviews

All three cases used in-depth interviews as a primary source of data. The interviews were conducted according to the case study protocol, which included a set of open-ended interview questions for the interviewee to answer and a survey questionnaire for the interviewee to fill in before the interview to avoid probing bias during the interview. The survey data were meant to help the investigator develop an understanding of the importance of different management criteria. Both the interview
questions and survey questionnaire were based on the results of the pilot study.

In-depth interviews of around 30 to 70 minutes were conducted in the interviewee’s own native language, Cantonese for Cases A and C and Mandarin for Case B. All interviews were recorded. The interview reports were translated and written in English by the investigator. Zikmund (2003) suggested that the interviewer needs to be careful to avoid biasing/leading, agreeing or disagreeing with the interviewee, or suggesting answers.

Table 3: Strength and Weakness of Each Different Kind of Evidence Collected
(Source: Yin, 2003)

<table>
<thead>
<tr>
<th>Source of Evidence</th>
<th>Strengths</th>
<th>Weaknesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Documentation</td>
<td>Stable</td>
<td>Irretrievability</td>
</tr>
<tr>
<td></td>
<td>Unobtrusive</td>
<td>Biased selectivity</td>
</tr>
<tr>
<td></td>
<td>Exact</td>
<td>Reporting bias</td>
</tr>
<tr>
<td></td>
<td>Broad coverage</td>
<td>Access may be blocked</td>
</tr>
<tr>
<td>Interviews</td>
<td>Targeted</td>
<td>Bias due to poorly constructed questionnaire</td>
</tr>
<tr>
<td></td>
<td>Insightsful-perceived causal</td>
<td>Response bias</td>
</tr>
<tr>
<td></td>
<td>inferences</td>
<td>Incurable due to poor recall</td>
</tr>
<tr>
<td>Direct Observations</td>
<td>Reality</td>
<td>Time-consuming</td>
</tr>
<tr>
<td></td>
<td>Contextual</td>
<td>Selectivity</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Reflexivity</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Cost (traveling)</td>
</tr>
<tr>
<td>Participant –</td>
<td>(same as direct observation)</td>
<td>(same as direct observation)</td>
</tr>
<tr>
<td>Observation</td>
<td>Insightful into interpersonal</td>
<td>Bias due to investigator’s</td>
</tr>
<tr>
<td></td>
<td>behavior and motives</td>
<td>manipulation of events</td>
</tr>
</tbody>
</table>

The role of the interviewer is to listen and encourage the interviewee to talk.

At times, the interviewer has to probe what has been said and invite the interviewee to expand upon it. The interviews must have the ability to make people feel comfortable, relaxed, and able to speak freely. Interviewers must have a good understanding of the
study’s goals and objectives. Zikmund (2003) distinguished five specific categories of interview bias for the interviewee: 1) acquiescence bias (too agreeable), 2) extremity bias (too extreme), 3) interviewer’s bias (interviewer’s presence influences respondents to give untrue or modified answers), 4) auspices bias (deliberately or subconsciously misrepresent), and 5) social desirability bias (creating a favorable impression or saving face).

4.2.3.2 Observation and Secondary Documentation

The investigator, due to the requirements of his business, visited and investigated all three cases presented in the multiple case studies. Much data collected in this study was based on participant and direct observation. Participant observation was used during the preliminary stage of this study to gather basic background information on international exhibitions in China and the investigator’s personal experience in the industry as presented in the pilot study. The biggest problem or limitation of observation is the potential biases produced. Interviews reveal only how people perceive what happens, not what actually happened. In the pilot study case, it may be biased toward the organization being studied (Becker, 1958; Yin, 2003).

In China, exhibitions are widely covered in exhibition industry magazines, trade publications, a few newspapers with weekly special issues on exhibition activities, and dozens of websites about conventions and exhibitions in China
("Ceeinfo.com", 2004). All these publications and websites provided much information about exhibition activities in China. Presentations in trade conferences for the exhibition industry also provided a major source of secondary data.

4.2.3.3 Survey Questionnaire

During the interviews, a survey form (see Table 13 in Appendix 2) was given to each interviewee to fill out, which asked about the importance of each factor (organization resources and marketing mix) to a successful exhibition. The survey was important because it was filled out by the interviewee, and helped to eliminate any interpretation bias of the interviewer. The survey forms had two language versions, English and Chinese. The Chinese translation was proofread by several exhibition professionals to make sure it was identical to the original English version. All three cases preferred the Chinese translation. The survey questions used an interval Likert-type scale to measure importance to a successful exhibition. Although this was a qualitative study, according to Yin (2003), statistical analyses of data with frequency distribution, mode, and median can be conducted to see whether there are any patterns in the responses among the different types of EOs.

4.2.4 Data Coding and Cross-data Sourcing Synthesis

During the interview, two sources of evidence were collected, i.e. in-depth interviews and survey questionnaire. The third source of evidence was collected from
secondary data sources and direct observation of the exhibition. Latent content analysis was used in the coding and rating. All the data collected from the interviews, surveys and observations were collected and rated by the investigator (according to their importance to the performance of an exhibition organizer) in ordinal scale (very important, important, some important, little important, and not important). As this was a qualitative study, influential factors found in any of these three sources of evidence could be considered as long as these factors made sense by cross-data source synthesis.

4.2.5 Analyze Data by Cross-case Synthesis

The cross-case synthesis technique can be used to analyze the multiple cases (Eisenhardt, 1989; Yin, 2003). The technique treats each individual case study as a separate study. The data are displayed into table, which enables cross-case conclusions to be drawn. The cross-data source synthesis codes from all three cases (Cases A, B and C), (except for the pilot study case) were compared under different influential factors in table 11.

4.2.6 Constant Comparison

The findings were further refined with iterative tabulations of evidence for each construct to sharpen findings, and search evidence for the “why” behind relationships for building internal validity (Eisenhardt, 1989). For example, in
Tables 15, if a big discrepancy occurred between one of three data from three different evidences, the discrepant data was checked carefully to determine whether it was an error or a true discrepancy, leading to a decision whether to discard it or to consider it with more or less weighting.

**4.2.7 Comparison with Conflicting and Similar Literature**

The influential factors from cross-data and cross-case findings were compared with similar literature to look for conflicts. If a conflict existed, the study will continue further to seek reasons and explanations.

**4.2.8 Reaching Closure through Theoretical Saturation**

After the first conclusion, a comparison between the influential factors with each case was made to seek improvements in coding, rating, and model building, until little further improvement in the findings were possible before the study could be closed.

**4.3 CASE STUDY PROTOCOL**

The protocol provided the instrument as well as the procedures and general rules to be followed (Yin, 2003). The protocol draft was based on Yin’s (2003, p68) example, and add in the characteristics of this study. The protocol draft adopted for this study included the following:

1) Introduction to the case study and the purpose of the protocol, including
case research questions and conceptual framework

2) Development of case study interview questions and the survey questionnaire, using the protocol

3) Data collection procedures, using the protocol

4) Analysis and evaluation criteria

5) Outline of the case study report

6) Evaluation – by cross-data sources and cross-cases synthesis

The interview questions and survey questionnaire were composed after the pilot study and are presented in section 6.9 and appendix 2 of this study.

4.4 LIMITATIONS OF THIS STUDY

There were three major concerns regarding the qualitative case study method used in this study (Gummesson, 2000; Maxwell, 1996; Yin, 2003). They were:

4.4.1 Bias and Skill of the Investigator

The investigator had been aware that his personal experience, observations, and background might cause bias. In studying the background of Chinese exhibitions and the pilot case study, the participant observation method was used in addition to secondary documents. For the research on the multiple case study; in-depth interviews, secondary documents, and site visits (direct observation) were used. Latent content
analysis was used in the coding and rating. In the data analysis, the influential factor found in any of the three cases by anyone of the three sources of evidence (interview, survey, observation and secondary data) could be considered as long as these factors made sense. This data collection and data analysis were subject to high risk of bias from the investigator. Fortunately, the criteria in choosing the influential factors in the general EOP model are not too restrictive since this study is with exploratory element. A skillful case study investigator should be able to ask good questions and interpret the answers, as well as be a good listener, be adaptive and flexible, have a firm grasp of the issues being studied, and be unbiased by preconceived notions.

**4.4.2 Inability to Generalize the Findings**

This study adopted a descriptive research design with exploratory element that used a qualitative case study method, and there has been no attempt to generalize the findings. Generalizing from a few cases may be dangerous, because most situations are atypical in some sense. Yin (2003) pointed out that case studies provide very little basis for scientific generalization. In fact, scientific facts rarely are based on a single experiment; they are usually based on a multiple set of experiments, which replicate the same phenomenon under different conditions. The same approach may be used with multiple case studies but requires a different concept of the appropriate research designs. Case studies, similar to experiments, are generalizable to theoretical
propositions and not to populations or universes. The case study does not represent a sample, and the investigator’s goal is to expand and generalize theories (analytic generalizations) and not to enumerate frequencies (statistical generalizations).

4.4.3 Successful Case Bias

In this study, it was difficult to find someone who was willing to tell one’s unsuccessful experiences trustworthily. The three case studies were all successful cases. An unsuccessful case (“Metallurgical Industry Expo”) in the pilot study is referred to fulfill this inadequacy.

4.4.4 Reliability of the Interviewee

Is the interviewee telling the truth, or the interviewee just tell his feeling at time of interview? Are the survey questionnaires reflecting the truth? How accurate are the observations from the investigator? To establish trustworthiness, a number of measures were used. Triangulation, by various data collection methods, was used to improve the trustworthiness of conflicting data. Survey questionnaires were filled in by the interviewees in each of the three cases.

The literature, previous experience, and common sense also are used as tools to improve the trustworthiness in questionable data. For example, in the Case A and B interviews, the interviewees did not put much emphasis on the importance of political
backup and *guanxi*. However, in much China trade literature (Davies et al., 1995; Wong & Leung, 2001), a low emphasis on politics cannot reflect reality. Perhaps the interviewees are local Chinese citizens, and *guanxi* and politics are just a normal part of life that does not need to be emphasized. The literature may not help to justify trustworthiness. An interviewer should rely on his/her instinct and indirectly ask the same question again to find the hidden truth.

### 4.5 IMPROVEMENT ON TRUSTWORTHINESS

Yin (2003) introduced tests on the quality of case study research design according to construct validity, reliability, external validity, and interval validity. Internal validity is not a major issue here since this is not an explanatory or causal study. Reliability is similar to transferability and dependability, and validity is similar to trustworthiness and credibility, as described by Lincoln & Guba (1985). Lincoln & Guba (1985) summarized the techniques for establishing trustworthiness in a qualitative study to assess the credibility, transferability, dependability, and confirmability of the collected data. They introduced a few trustworthiness (validity) improvement methods, which are prolonged engagement, persistent observation, triangulation, peer debriefing, negative case analysis, referential adequacy, and member checks.

The tactics used to establish the quality of the research of this study are:
1) To develop a case study database as one of the methods to improve the reliability, as suggested by Yin (2003), all interviews were recorded, and had word-by-word transcription if the interview was conducted in English. The interviews were translated by the interviewer if the interview was carried out in Mandarin or Cantonese. Together with other sources of evidence, case study reports (see section 4.3) on the EO organizations were written. Both the interview report and the case study report in English were sent to the appropriate interviewee for comment and proofreading. All interviewees in the three cases understood English. In those instances of corrections, only minor changes were made. In the interview in Case B, the director of CMP Sinoexpo was kind enough to provide his personal comment on other EOs. To avoid misunderstanding with other organizers, he requested that this information not be quoted.

2) The use of study protocol to specify each of the study procedure (discussed in detail in section 6.9) is another method to improve reliability, as suggested by Yin (2003).

3) Multiple sources of evidence were collected in this study for triangulation effect. They were interviews, direct observation, participant observation, secondary documents and survey questionnaire.
4) A chain of evidence was established to increase the reliability of the information in the case study. The supervisor of this study was the external observer who followed the derivation of any evidence and traced the steps in either direction (from the conclusion back to initial research questions or from the questions to the conclusion).

5) Replication logic to compare the evidence from the multiple-cases for the improvement of external validity. In this study, the case study protocol could help.

6) All the secondary data had a source reference. All the interviews were recorded and had a word-by-word transcription.

7) All interviewees in the three cases were asked to complete a survey questionnaire, for better understanding of the interviewee’s perceptions (Maxwell, 1996).

8) Prolonged engagement and persistent observation were some of the methods used to improve qualitative study credibility the (Lincoln & Guba, 1985). The investigator was one of the pioneers, and has 27 years of experience in this industry and in-depth knowledge and understanding of the industry.

9) Peer debriefing (Lincoln & Guba, 1985): During some of the interviews
(such as in Case B), many questions about Chinese exhibitions and other organizers were asked. Their replies were valuable to answer some of the queries since much public information was limited.

4.6 MINIMIZE BIAS OF THE INVESTIGATOR

Out of the above methods to improve on trustworthiness, six of them were used to minimize bias of the investigator, such as: 1) develop case study database, 2) use case study protocol, 3) use multiple sources of evidence (triangulation), 4) give source reference on secondary data, 5) ask interviewees to complete survey questionnaire, 6) ask peer debriefing.
CHAPTER 5  CHINESE EXHIBITIONS

“By 2010, China will have a bigger trade show industry than any country in Europe or North America.” This prediction was made by Sandy Angus, president of UFI, at the 2002 International Exhibition Summit in Shanghai, China (Zhuang, 2003).

5.1 RESEARCH ON THE CHINESE EXHIBITION INDUSTRY

Since 2005, the CCPIT together with UFI, IAEE and the Society of Independent Show Organizers (SISO) have organized a China Expo Forum for International Cooperation (CEFCO, 2006). This expo occurs once a year in a major city in China for face to face networking for the exchange of information with international trade professionals and experts, industry VIPs and government officials.

There are several research institutes specializing in the exhibition industry in China (Guo, 2007; Shen, 2007), namely:

1) Government research institutes: Convention and Exhibition Research Institute, Ministry of Commerce of China;

2) National Societies: the China Convention and Exhibition Society (http://www.cce360.com/web/cces/index.asp) is the only national convention and exhibition research institute approved by the Central Government and inaugurated in February 2006 with a weekly electronic
research paper in Chinese. Its executive vice-chairman is Dr. Shen Dan Yang who is also the vice-chairman of the Convention and Exhibition Research Institute of the Ministry of Commerce.

3) Other research institutes, including those from local universities as well as private and foreign joint ventures.

AUMA has published a China Handbook to inform exhibitors about the various market and trade fairs (AUMA, 2006/2007). ICON (2004) management study published a very informative summary on China exhibition activities and strategies. The China Council for the Promotion of International Trade (CCPIT) and the Ministry of Commerce (MOC), the highest authorities in China on trade exhibitions, have published white papers on China Exhibitions (Li, 2005). Furthermore, many trade articles have been presented in trade conferences and written in trade magazines in China about the stakeholders of the exhibition industry.

In addition, there are hundreds of articles published in exhibition industry–related magazines and websites, such as China Exhibition (www.cexpo.com), China Trade News, China International Conference Exhibition, China Conference & Exhibition, China Exhibition Fortune (www.cefmag.com), www.xinhuanet.com/expo, www.expoinchina.com, www.ceeinfo.com, and www.ciec-expo.com. However, most of these articles are based on their authors’ own opinions or on interviews that provide
anecdotal information. See, for example, Zou’s (2004) newspaper article about an interview with a German EO in Shanghai ("Overseas", 2002; Tian, 2003) on competition between Chinese and foreign EOs, and Chung’s (2004) negative look at unqualified exhibitions “ruining” Shanghai.

In contrast to English speaking countries, there are more than 10 books about the exhibition industry and EOs available in Chinese. The reason may be that the exhibition industry is still in the growth stage, and there were a large number (4900) of exhibition-related organizations in China in 2005 (Shen, 2005). Hua (2004), based on his own job experience, wrote a textbook on exhibition planning and marketing. Y. Ma and Wong (2003) and Ying (2003) edited textbooks containing collections of articles from different authors about the economics, management, and marketing theories of conferences and exhibitions in China. H. W. Liu (2002), meanwhile, wrote about exhibition economics. Scholars from Houston University and Beijing jointly published a convention and exhibition management textbook in Chinese (Abbott, DeFranco, & Wang, 2004).

5.2 EXHIBITION ACTIVITY IN CHINA

There were two major surveys done in China. In 2004, the China Exhibition Economy Research Center under the China Ministry of Commerce published a national survey “China exhibition development white paper” (Li, 2005) based on
2001-2003 data. In July, 2005, an updated survey was done (Shen, 2005). A series of summaries on the significance of exhibition activities in China were listed in Tables 4 to 7. In Table 4, the statistics for the China exhibition industry in major cities and provinces are compared. In Table 5, statistics for the China exhibition industry from 2001-2005 are compared. In Table 6, the statistics from the China exhibition industry are compared with those from the United States, Germany, France, and the U.K. Some data were missing in the Shen’s (2005) paper. In Table 7, the top 17 international exhibitions in China were listed. The size of the top exhibitions in Beijing, Shanghai, Guangzhou, Dongguan, and Hong Kong had reached the maximum size allowed in those exhibition centers. These exhibitions had the potential to be much bigger if more space was available. The exhibition space meant the space available for set up of an exhibition, in square meters (sqm).

The top three exhibition centers in China are in Beijing, Shanghai, and Guangzhou (Liu & Jiang, 2005). Guangzhou was the first city open to EOs in the early 1980s. Then the center was moved to Beijing, the Chinese capital, until the mid-1990s, when Shanghai became the hottest spot for organizing import exhibitions. In the late 1990s, Guangzhou and Hong Kong were able to recapture the lead as centers for exhibitions for export products, because most of the joint venture factories for export are located nearby.
Table 4: 2003 Statistics of Chinese Exhibitions in Major Cities and Provinces
(Source: Li, 2005)

<table>
<thead>
<tr>
<th>2003 Statistics</th>
<th>Number of Exhibition Organizations</th>
<th>Number of Exhibition Centers</th>
<th>Exhibition Space in sqm</th>
<th>Income RMB in Million</th>
<th>Income Annual Growth</th>
<th>Number of Exhibitions</th>
<th>Exhibition Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beijing</td>
<td>400</td>
<td>5</td>
<td>60,000</td>
<td>1,850</td>
<td>-11.1%</td>
<td>392</td>
<td>-18.50%</td>
</tr>
<tr>
<td>Shanghai</td>
<td>480</td>
<td>8</td>
<td>60,000</td>
<td>1,620</td>
<td>-10.0%</td>
<td>348</td>
<td>2.96%</td>
</tr>
<tr>
<td>Zhejiang</td>
<td>114</td>
<td>20</td>
<td>238,000</td>
<td>1,138</td>
<td>40.8%</td>
<td>298</td>
<td>34.84%</td>
</tr>
<tr>
<td>Jiangsu</td>
<td>89</td>
<td>11</td>
<td>154,846</td>
<td>258</td>
<td>0%</td>
<td>290</td>
<td>0%</td>
</tr>
<tr>
<td>Guangdong</td>
<td>876</td>
<td>54</td>
<td>534,167</td>
<td>3,240</td>
<td>-10.0%</td>
<td>173</td>
<td>31.06%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>3,016</strong></td>
<td><strong>212</strong></td>
<td><strong>2,509,906</strong></td>
<td><strong>8,635</strong></td>
<td><strong>-4.4%</strong></td>
<td><strong>3,298</strong></td>
<td><strong>3.64%</strong></td>
</tr>
</tbody>
</table>

Table 5: Statistics for the Chinese Exhibition Industry in 2001 - 2005
(Source: Li, 2005; Shen, 2005)

<table>
<thead>
<tr>
<th>Year</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005 (estimate)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2,387</td>
<td>3,075</td>
<td>3,298</td>
<td>3,560</td>
<td>3,800</td>
</tr>
<tr>
<td>Number of Exhibitions</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Exhibition Organization Revenue in Millions of RMB</td>
<td>7,456</td>
<td>9,028</td>
<td>8,635</td>
<td>10,800</td>
<td>12,750</td>
</tr>
<tr>
<td>Annual Growth of Exhibition Organization Revenue</td>
<td>21.1%</td>
<td>-4.4%</td>
<td>25.1%</td>
<td>18.1%</td>
<td></td>
</tr>
<tr>
<td>Number of Exhibition Organizations</td>
<td>699</td>
<td>1,943</td>
<td>3,016</td>
<td>3,920</td>
<td>4,900</td>
</tr>
<tr>
<td>Annual Growth of Exhibition Organizations</td>
<td>178%</td>
<td>55%</td>
<td>30%</td>
<td>25%</td>
<td></td>
</tr>
<tr>
<td>Number of Exhibition Centers</td>
<td>117</td>
<td>176</td>
<td>212</td>
<td>240</td>
<td></td>
</tr>
<tr>
<td>Exhibition Space in 1,000 Square Meters</td>
<td>1,077</td>
<td>1,798</td>
<td>2,509</td>
<td>2,880</td>
<td>3,220</td>
</tr>
<tr>
<td>Annual Growth of Exhibition Space</td>
<td>66.9%</td>
<td>39.6%</td>
<td>14.8%</td>
<td>11.8%</td>
<td></td>
</tr>
<tr>
<td>Exhibition Center Revenue in Millions of RMB</td>
<td>1,686</td>
<td>2,011</td>
<td>2,012</td>
<td>2,440</td>
<td>2,800</td>
</tr>
<tr>
<td>Average Rental Income in RMB per Square Meter</td>
<td>1,577</td>
<td>1,128</td>
<td>810</td>
<td>1,133</td>
<td>1,127</td>
</tr>
<tr>
<td>Exhibition Center Rental Utilization Rate</td>
<td>20%</td>
<td>20%</td>
<td>15%</td>
<td>15%</td>
<td>15%</td>
</tr>
</tbody>
</table>

Table 6: Comparison of the Chinese Exhibition Industry with Other Countries
(Source: Shen, 2005)

<table>
<thead>
<tr>
<th>Year</th>
<th>U.S.A.</th>
<th>Germany</th>
<th>France</th>
<th>U.K.</th>
<th>China</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>12,000</td>
<td>800</td>
<td>2,500</td>
<td>1,300</td>
<td></td>
</tr>
<tr>
<td>Exhibition Organization Revenue, Billion US$</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2004</td>
<td>0.1%</td>
<td>0.29%</td>
<td>0.11%</td>
<td>0.08%</td>
<td></td>
</tr>
<tr>
<td>Exhibition Revenue in Percentage of GDP</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2004</td>
<td>500</td>
<td>52</td>
<td>80</td>
<td>240</td>
<td></td>
</tr>
<tr>
<td>Number of Exhibition Centers</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2004</td>
<td>7,000</td>
<td>3,650</td>
<td>2,000</td>
<td>2,880</td>
<td></td>
</tr>
<tr>
<td>Exhibition Space in 1,000 sqm</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2004</td>
<td>40-50%</td>
<td></td>
<td></td>
<td>15%</td>
<td></td>
</tr>
<tr>
<td>Exhibition Center Rental Utilization Rate</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2003</td>
<td>1,000</td>
<td>166</td>
<td>95</td>
<td>44</td>
<td></td>
</tr>
<tr>
<td>Number of Exhibitors in Thousands</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2003</td>
<td>20%</td>
<td>40%</td>
<td>24%</td>
<td>10%</td>
<td></td>
</tr>
<tr>
<td>Percentage of International Exhibitors</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2003</td>
<td>70,000</td>
<td>10,000</td>
<td>6,200</td>
<td>60,000</td>
<td></td>
</tr>
<tr>
<td>Number of Visitors in Thousands of Entry</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2003</td>
<td>10%</td>
<td>15%</td>
<td>7%</td>
<td>5%</td>
<td></td>
</tr>
<tr>
<td>Percentage of International Visitors</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2003</td>
<td>40%</td>
<td>8-%</td>
<td>50%</td>
<td>29%</td>
<td></td>
</tr>
<tr>
<td>Percentage of Trade Visitors</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Shanghai, the biggest commercial city in China, is situated adjacent to Zhejiang and Jiangsu provinces. Shanghai, Zhejiang, and Jiangsu are situated in an area in East China called the Yangtze River Delta, which is China’s biggest economic zone. The other two economic zones are the Pearl River Delta, centered at Guangdong in South East China, and Beijing and Tianjin City in North China.

In 2005, Guangdong had a smaller number of exhibitions, but the largest income, which showed that the exhibition sizes in Guangdong were much bigger than those in other cities and provinces in China. Table 4 showed that Beijing and Shanghai had small exhibition centers (60,000 square meters each in 2003) despite

### Table 7: China’s Top 17 Exhibitions in 2004

(Source: DCOEM, 2005b)

<table>
<thead>
<tr>
<th>Rank</th>
<th>Exhibition</th>
<th>Month Year</th>
<th>Size in sqm</th>
<th>Number of Exhibitors</th>
<th>Number of Visitors</th>
<th>Organizer</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>China Export Commodities Fair</td>
<td>10/04</td>
<td>550,000</td>
<td>13,330</td>
<td>167,926</td>
<td>China Foreign Trade Center</td>
<td>Guangzhou</td>
</tr>
<tr>
<td>2</td>
<td>Furniture China</td>
<td>09/04</td>
<td>200,000</td>
<td>1,200</td>
<td>59,118</td>
<td>CMP-Sinoexpo</td>
<td>Shanghai</td>
</tr>
<tr>
<td>3</td>
<td>3F- Famous Furniture</td>
<td>08/04</td>
<td>200,000</td>
<td>610</td>
<td></td>
<td>Donguan 3F</td>
<td>Dongguan</td>
</tr>
<tr>
<td>4</td>
<td>Sz Furniture Fair</td>
<td>08/04</td>
<td>160,000</td>
<td>500</td>
<td>60,000</td>
<td>Sz Furnit. As.</td>
<td>Shenzhen</td>
</tr>
<tr>
<td>5</td>
<td>Hi-Tech Fair</td>
<td>10/05</td>
<td>135,500</td>
<td>4,041</td>
<td>450,000</td>
<td>Hi-Tech Center</td>
<td>Shenzhen</td>
</tr>
<tr>
<td>6</td>
<td>Auto China</td>
<td>06/10</td>
<td>110,000</td>
<td>1,400</td>
<td></td>
<td>CCPIT-Auto</td>
<td>Beijing</td>
</tr>
<tr>
<td>7</td>
<td>Clothing &amp; Acces.</td>
<td>03/04</td>
<td>100,000</td>
<td>961</td>
<td>100,000</td>
<td>Garment Asso.</td>
<td>Beijing</td>
</tr>
<tr>
<td>8</td>
<td>Gz Furniture Fair</td>
<td>08/04</td>
<td>89,000</td>
<td>424</td>
<td>75,095</td>
<td>CFTC</td>
<td>Guangzhou</td>
</tr>
<tr>
<td>9</td>
<td>Industry Fair</td>
<td>11/04</td>
<td>85,500</td>
<td>1,286</td>
<td>381,000</td>
<td>World Expo</td>
<td>Shanghai</td>
</tr>
<tr>
<td>10</td>
<td>E.China I/E Com.</td>
<td>03/04</td>
<td>80,000</td>
<td>3,081</td>
<td></td>
<td>World Expo</td>
<td>Shanghai</td>
</tr>
<tr>
<td>11</td>
<td>Gz Automobile</td>
<td>11/04</td>
<td>75,000</td>
<td>270</td>
<td></td>
<td>CFTC</td>
<td>Guangzhou</td>
</tr>
<tr>
<td>12</td>
<td>Gz Beauty</td>
<td>09/04</td>
<td>70,000</td>
<td>2,000</td>
<td>260,000</td>
<td>GBHA</td>
<td>Guangzhou</td>
</tr>
<tr>
<td>13</td>
<td>Sugar &amp; Spirit</td>
<td>03/04</td>
<td>70,000</td>
<td>2,000</td>
<td>100,000</td>
<td>Sugar &amp; Spirit</td>
<td>Chengdu</td>
</tr>
<tr>
<td>14</td>
<td>C.I.Commodities F.</td>
<td>10/04</td>
<td>70,000</td>
<td>1,700</td>
<td></td>
<td>Yiwu Govern.</td>
<td>Yiwu</td>
</tr>
<tr>
<td>15</td>
<td>Agriculture Machinery</td>
<td>10/04</td>
<td>70,000</td>
<td>1,540</td>
<td>80,000</td>
<td>BJ Huibang</td>
<td>Anhui</td>
</tr>
<tr>
<td>16</td>
<td>Hz Automobile</td>
<td>10/04</td>
<td>70,000</td>
<td>380</td>
<td>240,000</td>
<td>Hz C. &amp; Exh</td>
<td>Hangzhou</td>
</tr>
<tr>
<td>17</td>
<td>HK Gift &amp; Premium</td>
<td>04/10</td>
<td>68,176</td>
<td>3,446</td>
<td>56,470</td>
<td>HKTDC</td>
<td>Hong Kong</td>
</tr>
</tbody>
</table>
their importance. These figures had increased significantly in 2005 to 113,300 and 168,500 square meters, respectively, which were still small relative to Guangzhou and its neighbor region Pearl River Delta (PRD).

Shen (2005) commented that there were five trends in the development of the Chinese exhibition industry:

1) A late start, small size and few brand name exhibitions, compared with other developed countries

2) Most cities only recently built their exhibition centers.

3) There were six kinds of EOs: national and municipal governments, associations, state-owned enterprises, private enterprises, foreign entrepreneurs, and multinational enterprises. National and municipal governments owned over 25% of all exhibitions, one of the highest percentages worldwide. Private enterprises own only 5% of all exhibitions. Of the 4,900 registered EOs in China in 2005, a large proportion were small and medium-sized enterprises with little experience and unable to host large events.

4) Exhibitions were held mainly in developed provinces and cities, such as Guangdong, Shanghai, Beijing, Zhejiang, and Jiangsu.
5) Revenue from the exhibition industry accounted for only a small percentage of the GDP.

Shen (2005; 2006) commented on the challenges facing the China exhibition industry. He pointed out that too many exhibition centers were built by municipal governments as landmarks, but they have poor management and have low financial returns with low occupancy. The municipal governments hoped to realize a huge economic multiplier effect for their municipalities. He further pointed out that there are too many low-standard duplicated exhibitions with no claim to intellect property rights operating, with no regulation or guidance from the national government. Shen (2005b) further commented there is:

1) Competition between cities

2) Competition among exhibitions: only the fittest can survive;

3) Competition among exhibition organizers: between Chinese and foreigners;

4) Competition among exhibition centers: many competitors with few winners;

5) Competition among other service providers: the largest portion of the industry, but too many stakeholders;
6) Competition among training institutes: not enough qualified tutors.

Shen (2005) further predicted the future trends for 2006-2010:

1) The annual growth rate in the Chinese exhibition industry should be higher than GDP growth.

2) The number of exhibition-related organizations should continue with high growth; private ownership will increase; and, government and trade association-owned exhibitions will become more market-oriented.

3) The ratio of professional (single topic) exhibitions will increase.

4) The annual growth of exhibitions will flatten out with sub-standard exhibitions losing out and M&A among smaller exhibitions expected.

5) The size of each exhibition will increase.

6) Competition will be more severe among cities, topics, organizers, exhibition centers, other stakeholders, and educators.

Liang Wen (CAEC, 2005), the former CEO of the China International Exhibition Center (CIEC), the largest exhibition complex in Beijing, and the former chairman of the China Association of Exhibition Centers, said the entry barrier for Chinese exhibitions is too low to ensure quality. He said that operators should be encouraged to merge with larger enterprises with the resources necessary to take on
big projects. CIEC has acquired several small EOs and branched out into such related businesses as design, logistics, catering, and advertising. Another crucial problem is the shortage of talent, especially at the managerial level. Specific exhibition departments and research institutes have recently been established at some universities and governmental departments to meet the need for high-level professionals.

Liang Wen (CAEC, 2005) has called for the establishment of an industrial association that represents and regulates China's exhibition sector to help solve problems such as malicious competition (Arcodia & Reid, 2004). The exhibition association, when established, would organize related enterprises to draft standards and become a mediator within the industry. The association also would be expected to undertake some roles now played by government, such as the approval of exhibitions and handling conflict between EOs. It will also provide the government with detailed information for macro control. The proposition to form a national exhibition association has problems because at least two organizations other than Liang’s China Association of Exhibition Centers wish to head the new association — the China Council of the Promotion of International Trade and the Ministry of Commerce.

5.2.1 Exhibition Activity in Beijing

Beijing, the capital of China, is the logical location for exhibitions related to
infrastructure, which require endorsement from the central government. Beijing also
is the center of most national research institutes and major universities. In Beijing,
two sorts of government exist: the national government and the Beijing municipal
government. The biggest exhibition ground in Beijing is the CIEC, which is under the
CCPIT head office. Many former ministries, such as the Ministry of Metallurgical
Industry, were corporatized and formed industry trade associations and CCPIT
industrial branches. Many of them chose to cooperate with CIEC or its Hong Kong
subsidiary to organize large and influential international exhibitions. There are two
kinds of co-operations: a simple hall rental, as in the pilot case study “Beijing
Aviation Expo”; and a more substantial relationship in which CIEC or its Hong Kong
subsidiary handle all marketing, sales, and logistics for greater income sharing.

The CCPIT Beijing sub-council belongs to the Beijing municipal government.
It has no exhibition center, which is both good and bad. Without an exhibition center,
potentially costly maintenance is non-existent. However, it cannot use the exhibition
center’s exclusive rights to help its new exhibition development or protect its own
exhibitions from competitors.

Some other national government entities also may organize exhibitions
without the help of CIEC or the CCPIT sub-council. For example, the Ministry of
Public Security received a license to organize a “China Police” Exhibition through the
Ministry of Science and Technology (one of the organizations that can grant international exhibition licenses) and rent space from the Beijing Exhibition Center, which is owned by an organization under the Beijing municipal government and not related to the CCPIT Beijing sub-council. The Ministry of Public Security handles the marketing and operations for the domestic part. It short-listed four international EOs and finally appointed China Promotion Limited as its international partner to market, sell, and operate the international part of the exhibition. Because too many parties have the right to organize exhibitions, it is hard to control exhibition activities in Beijing. The national organizations and the Beijing municipal government have no intention to work out together a single exhibition policy for Beijing.

5.2.2 Exhibition Activity in Shanghai

Shanghai is now the hottest spot for international exhibitions in China. It is the Chinese headquarters of most multinational and German EOs. However, REED, E.J. Krause, and China Promotion Limited have their Chinese headquarters based in Beijing, since their exhibitions require more contact with national government organizations. Since the early 1990s, Shanghai made dramatic changes and regained the old glory as “heaven” for international speculators. Taiwanese industries and entrepreneurs migrated to Shanghai, followed by other Asians and then Europeans. In the mid-1990s, Shanghai passed Beijing and became the premier location for
industrial, machinery, and auto exhibitions.

There is increasing demand for more exhibition space in Shanghai. In the mid-1990s, the Shanghai municipal government did not have the confidence to fund construction of a new exhibition center. Three German provincial government-owned EOs (Hanover, Düsseldorf, and Munich) acquired exceptionally good terms in a 50–50 joint venture to construct the Shanghai New International Expo Center (SNIEC) in Pudong Shanghai ("Overseas", 2002). The foreign partners provided most of the investment capital, and the local partner (a Pudong district governmental property enterprise) provided the needed land.

In the 1990s, when the development of Pudong and the macro-economy in Shanghai were still in infancy, the German investors received very favorable terms from the Shanghai government. The exhibition halls were to be constructed in phases according to the demand for exhibition space in Shanghai. Before the completion of all the halls, the Shanghai government should not approve other exhibition center projects. The foreign shareholders also have first priority in using SNIEC. Because it is the best-designed and biggest exhibition center available, it quickly overtook other exhibition centers in Shanghai. The three German investors quickly beat other existing EOs with its ownership priority, for example Adsale lost the Auto Shanghai to Munich, and China Promotion Ltd. (CPL) lost the Shanghai Metal Expo to Hanover.
Meanwhile, SNIEC was expanding slowly, compared to the fast growing demand for exhibition space in Shanghai, as additional funding for construction from the German provincial governments (Liang, 2003) took time. At the end of 2005, it had only 80,000 square meters, far short of its final target of 200,000 square meters. Many exhibitions in SNIEC had to build temporary halls to meet the demand for more space.

Shanghai now is losing many opportunities because the municipal government was unwilling to invest in an exhibition center in the 1990s, while smaller municipal governments in Guangzhou, Dongguan, and Shenzhen built huge exhibition centers with their own funding.

The Shanghai municipal government became aggressive in the early 2000s and has won a bid to host the World Expo in 2010. In February 2004, a giant exhibition consortium - the Shanghai World Expo (Group) Co., Ltd. (Expo2010, 2006) was founded. Its registered capital is RMB 1.11 billion. It is responsible for the construction of the World Expo Park and the World Expo Village, management during the World Expo, and venue disposal and reuse after the World Expo. It has taken over many Shanghai municipal owned companies in eight major business sectors, such as conventions and exhibitions, human resources, advertising, media, logistics, foreign trade, real estate, and high technology. The convention and exhibition sectors included five companies. They are Shanghai International Exhibition Company Ltd. (SIEC),
Shanghai International Trade Promotion Co., Ltd., Shanghai Modern International Exhibition Co., Ltd., Shanghai World Exhibition & Convention Co., Ltd., and Shanghai Automobile Exhibition Centers. The group believes that with the new construction for World Expo 2010, the shortage of exhibition space in Shanghai will end in a few years.

Shanghai municipal government began to restrict duplication of reputable exhibitions in the early 2000s. The first instance was the appointment of SIEC as the sole organizer of the Auto Shanghai (detailed in section 5.6.2). In 2006, some industrial exhibition topics of Hanover Messe were barred in Shanghai due to their conflict with the municipal government-owned Shanghai Industrial Exhibition. Although Hanover Messe brought this issue to the meeting during German Chancellor Angela Merkel’s first official visit in China with Chinese Premier Wen Jiabao, the ban from Shanghai still remained.

Overall, Shanghai is the battleground for EOs in China. German EOs have the upper hand with their ownership of SNIEC. Before 2003, nearly all international exhibitions in Shanghai were for imports into China. In 2003, a new entrant, Global Sources, started organizing trade exhibitions in Shanghai for exports. However, after organizing events in 2003, 2004 and 2005, Global Sources moved most of its export-oriented exhibitions from China to Hong Kong in 2006, which indicated the weakness
of Shanghai in export oriented exhibitions ("American", 2005).

5.2.3 Exhibition Activity in Guangzhou, Shenzhen, Dongguan

The PRD in Guangdong Province in southern China was the first region in Mainland China to open to the world, due to its proximity to Hong Kong. The center of PRD is Guangzhou, the only city in China with three levels of government organizations related to organizing exhibitions: the Ministry of Commerce–Owned China Foreign Trade Center (CFTC), the Guangdong provincial government, and the Guangzhou municipal government.

The CFTC belongs to the China Ministry of Commerce. The Guangzhou municipal government does not have any financial interest in this fairground. The CCPIT Guangdong sub-council belongs to the Guangdong provincial government, while the CCPIT Guangzhou sub-council belongs to the Guangzhou municipal government. In the past, only one management organization, the CFTC, controlled the two large exhibition centers in Guangzhou. With its monopoly on exhibition centers, the CFTC could regulate duplicative events. However recently, a few smaller sized new private exhibition halls have been built in Guangzhou. These new exhibition halls are welcomed by new rivals, but dangerous to the existing exhibitions.

Shenzhen in PRD, adjacent to Hong Kong, is one of the first special economic zones established in the 1980s. It has one of the most robust and fastest-growing
economies since China adopted the open door reform policy in 1979. By the end of 2002, the city's GDP per capita reached US$5,604.60. Recently, it constructed the new Shenzhen Convention and Exhibition Center with over 100,000 square meters, using RMB 3 billion of government funding. The Hi-Tech fair also is funded by the municipal government.

Dongguan Houjie in PRD is a small town with a population of around 80,000, but within an hour’s drive it has more than 10,000 factories producing items for export. The local furniture association, with the support of the municipal government, was able to fund the construction of four phases of development totaling 170,000 square meters of exhibition centers, larger then the sum of exhibition spaces in Beijing and Shanghai until 2006. As of 2006, Shanghai and Beijing, the two most important cities in China, were not able to fund an exhibition center with more than 100,000 square meters, but Dongguan Houjie could. The economic benefit of the exhibition center to the community self-supports the maintenance of the exhibition center. The exhibition center is nearly self-financed.

Zhuhai in PRD, adjacent to Macau, is another special economic zone established in the 1980s. Zhuhai has a population of 1.28 million and attracted much property investment in the early 1990s. It built a 50,000 square metre C&E center in 1996 for an air-show (DCOEM, 2005b). The former mayor, Liang Guang Da, had a
big vision for Zhuhai. He used up the limited resources of the city to build a huge international airport, an international air show exhibition center, and other infrastructure. Zhuhai hoped to attract the aviation, high-tech, and tourism industries. However, the exhibition center was seldom used except for the “Zhuhai Airshow” which was held once every two years. Zhuhai is a typical negative example of the importance of “location” and the over-investment in exhibition centers, which brought financial hardship to the municipal government (Kay, 2005a).

5.2.4 Exhibition Activity in Hong Kong and Macau

Hong Kong has many world-famous export-type exhibitions, mainly organized by the semi-government owned Hong Kong Trade Development Council (HKTDC). It is difficult to find a vacant slot for new rival exhibition in the popular exhibition center in Wanchai (near city center) with 64,000 square meters (expanding to 84,000 square meters in 2009), while the new exhibition center with 70,000 square meters near the airport is mostly vacant even at a cheaper rental. One of the reasons is the time and cost of traveling from city center, even though swift mass-transit airport trains are available. This is a demonstration on the importance of location for exhibition centers. In Hong Kong, an international trade exhibition would need at least 3000 sqm to break-even, while only 1500 sqm in Beijing or Shanghai, and 500 sqm in Vietnam would be required. The high break-even value is due to the high cost
of hall rental and visitor promotion costs, creating a high entry barrier for organizing new exhibitions in Hong Kong. It limits the survival of smaller private exhibition organizers, forcing them to look for opportunities in China and Vietnam. Even Stanley Chu of Adsale, the chairman of the Hong Kong Exhibition and Convention Industry Association (HKECIA) has no exhibition activity in Hong Kong. The EOs in Hong Kong hope the new 100,000 square meter exhibition and conference facility in Macau built by Las Vegas Sands will provide new opportunities.

Michael Duck (2004), senior vice president of CMP Asia, presented the success factors of Hong Kong, the trade-fair capital of Asia. Hong Kong is close to the PRD, which has the highest concentration of factories producing items for export. Mainland Chinese exhibitors and buyers have chosen Hong Kong for their export marketing and import shopping. Paul Woodward (2004) conducted surveys of Hong Kong exhibitions and praised the visitor profiles as being truly international and having a higher international presence than those held in the United States, Europe, and China. Ip Ki Cheung (2004) reported that specialization, focus, size, internationalization, market focus, branding, service quality, innovation in new markets, and technologies are the hallmarks of his success.

5.3  THE EXHIBITION CENTER BOOM

According to a report published by the China Ministry of Commerce (Liu &
Jiang, 2005) and updated by Shen (2005), the mainland had 240 exhibition and convention halls at the end of 2004, up from 212 in 2003, 176 in 2002, and 117 in 2001. Their gross floor area in 2003 was 6.01 million square meters, with usable exhibition space of 2.51 million square meters, up 33.5% from 2002. Shen’s (2005) updated report estimated usable exhibition space of 3.22 million square meters for 2005. The area of the top C&E centers in China in 2005 provided by DCOEM (2005a) is listed in Table 8.

Comparatively, the largest exhibition center in China is still much smaller than the largest exhibition center in the world - Hanover Messe in Germany, which has 470,000 square meters of usable exhibition space (Li, 2005).

The investigator visited some of those centers and found conflicting reliability in the Table 8 figures. Some C&E centers correctly quoted the net saleable indoor exhibition area, but some quoted the inside area of the centers, which inflates the usable area greatly by including lobby, corridors and rest areas. Hence, unless an exhibition space measurement standard is made and reinforce, such as how many 3 meter by 3 meter booths can be set; the areas and rankings of the exhibition centers are for reference only and not totally trustworthy.
Table 8: Major Exhibition Centers in China and Hong Kong SAR  
(Mega centers with 50,000 square meters or more of indoor exhibition space)

(Source: DCOEM, 2005a)

<table>
<thead>
<tr>
<th>Exhibition and Convention Centers in 2005</th>
<th>Region</th>
<th>Indoor Space in sqm</th>
</tr>
</thead>
<tbody>
<tr>
<td>Guangzhou — Int’l Exhibition &amp; Convention Center</td>
<td>PRD, South</td>
<td>186,000</td>
</tr>
<tr>
<td>Guangzhou — Chinese Export Commodities</td>
<td>PRD, South</td>
<td>170,000</td>
</tr>
<tr>
<td>Dongguan Houjie — Modern Int’l Exhibition Center</td>
<td>PRD, South</td>
<td>135,000</td>
</tr>
<tr>
<td>Kunming — Int’l Trade Center</td>
<td>South West</td>
<td>120,000</td>
</tr>
<tr>
<td>Jinan Int’l Convention &amp; Exhibition Center</td>
<td>East</td>
<td>110,000</td>
</tr>
<tr>
<td>Shenzhen — Convention &amp; Exhibition Center</td>
<td>PRD, South</td>
<td>103,100</td>
</tr>
<tr>
<td>Hangzhou — Int’l Conference &amp; Exhibition Center</td>
<td>East</td>
<td>100,000</td>
</tr>
<tr>
<td>Shanghai — New Int'l Expo. Center</td>
<td>Shanghai</td>
<td>80,500</td>
</tr>
<tr>
<td>Beijing — China Int'l Exhibition Center-CIEC</td>
<td>Beijing</td>
<td>70,000</td>
</tr>
<tr>
<td>Hong Kong — Asia World Expo</td>
<td>Hong Kong</td>
<td>70,000</td>
</tr>
<tr>
<td>Langfang — Int’l Convention &amp; Exhibition Center</td>
<td>North</td>
<td>70,000</td>
</tr>
<tr>
<td>Suzhou International Expo Center</td>
<td>East</td>
<td>70,000</td>
</tr>
<tr>
<td>Zhengzhou Int’l Convention &amp; Exhibition Center</td>
<td>Central</td>
<td>67,120</td>
</tr>
<tr>
<td>Hong Kong — Convention &amp; Exhibition Center</td>
<td>Hong Kong</td>
<td>64,000</td>
</tr>
<tr>
<td>Hangzhou — Peace Int’l Convention &amp; Exhibition C</td>
<td>East</td>
<td>61,000</td>
</tr>
<tr>
<td>Ningbo — Int'l Conference &amp; Exhibition Center</td>
<td>North East</td>
<td>60,000</td>
</tr>
<tr>
<td>Chongqing — Int’l Convention &amp; Exhibition Center</td>
<td>East</td>
<td>57,400</td>
</tr>
<tr>
<td>Wuhan — Int'l Conference &amp; Exhibition Center</td>
<td>Central</td>
<td>55,200</td>
</tr>
<tr>
<td>Chengdu — Int'l Exhibition &amp; Convention Center</td>
<td>West</td>
<td>55,000</td>
</tr>
<tr>
<td>Nanjing — Int'l Exhibition Center</td>
<td>East</td>
<td>53,900</td>
</tr>
<tr>
<td>Hunan — Int'l Convention &amp; Exhibition Center</td>
<td>Central</td>
<td>50,000</td>
</tr>
<tr>
<td>Zhuhai — Int’l Aviation &amp; Aerospace Exhibition</td>
<td>PRD, South</td>
<td>50,000</td>
</tr>
<tr>
<td>Beijing — other smaller centers: Beijing Exhibition Center</td>
<td>Beijing</td>
<td>22,000</td>
</tr>
<tr>
<td>National Agriculture Exhibition Center</td>
<td>11,300</td>
<td></td>
</tr>
<tr>
<td>China World Trade Center</td>
<td>10,000</td>
<td></td>
</tr>
<tr>
<td>Shanghai — other smaller centers: Shanghai Exhibition Center</td>
<td>Shanghai</td>
<td>25,000</td>
</tr>
<tr>
<td>INTEX</td>
<td>12,000</td>
<td></td>
</tr>
<tr>
<td>Shanghai Mart</td>
<td>17,000</td>
<td></td>
</tr>
<tr>
<td>Everbright Convention &amp; Exhibition Center</td>
<td>34,000</td>
<td></td>
</tr>
</tbody>
</table>

**Total indoor exhibition space in square meters**  **2,046,520**

**By Region**

— Beijing and North China - 183,300 (9.0%)
— Shanghai and East China - 620,800 (30.3%)
— South China (PRD including Hong Kong) - 778,100 (38.0%)
— Other Parts of China - 464,320 (22.7%)
The historical boom is demonstrated by the expansion of the China International Exhibition Center, the biggest and most important exhibition hall in Beijing. It opened in 1985 with 25,000 square meters of indoor exhibition space, expanded to 38,000 square meters in 1988 and to 50,000 square meters in 1994. In 2001, it increased to 70,000 square meters. CIEC still has a plan to expand the center to 200,000 square meters, situating it on a new site near the Beijing International Airport.

When China was under totalitarian rule before 1978, the C&E centers were funded and operated by the Central Government. Their primary purpose was political, to promote the nation, and their secondary purpose was to promote international trade. Revenue generation from the exhibitions was not a priority. From 1979 to 1993, when China moved toward a market-oriented economic policy, few C&E centers were built, because they had to be funded from their operational income. In 1993, the goal of constructing new C&E centers changed to winning prestige for the community. One of the excuses was that the economic multiplier to the community can be as high as 1:9 from direct exhibition income (Dwyer, 2002; Woodward, 2002; Xiao, 2002).

Instead of using rental incomes to pay back the investment, however, many investors looked to capital appreciation from rising land and property prices (Kay, 2005a). These goals proved risky and were sometimes based on the wishful thinking
and personal motives of political leaders. Even so, many local government agencies have joined with local and international investors to develop and fund new C&E centers throughout the country. In mid-2004, the C&E center boom may have been halted after the Central Government clamped down on bank lending and restricted investment to prevent an overheating of the economy.

According to Liang (2003), the average occupancy rate of exhibition centers was less than 15% nationwide and 35% in Beijing; it could be as high as 85% in some places, such as the Shanghai Mart. The overall rate (15%) was very low compared with the 40–70% rate in many developed countries. This figure shows that there is a serious over-supply problem. As the number of halls grew, however, the industry's earnings have stagnated. Liang (2003) further reported that the total income from conventions and trade shows climbed to RMB 2.011 billion in 2002 from RMB 1.69 billion in 2001. But 2004 income was virtually unchanged at RMB 2.012 billion. The problem is seen from the perspective of income per square meter of gross floor area. Earnings per square meter plunged by 25.1% in 2003 and 31.1% the year before.

5.4 GOVERNMENT AND TRADE ASSOCIATION-OWNED ORGANIZERS

There are four categories of government-owned EOs in China: 1) national government, 2) municipal governments, 3) trade associations; and 4) state-owned enterprises.
5.4.1 National Government-Owned – China Import and Export Fair

The scope of the former Chinese Export Commodity Fair (also known as the Canton Fair) was extended and named the China Import and Export Fair (CIEF) after its 100\textsuperscript{th} event in Autumn 2006. It is the number one exhibition in China as evaluated by size and history. It is also the second largest exhibition in the world, after the Hanover Industrial Fair. CIEF has two properties: one in Liuhua (old center) with 170,000 square meters and the other in Pazhou (new center) with 186,000 square meters. The new fairground in Pazhou is at a remote developing site east of the Guangzhou city center. It has a subway exit, and some 5-star hotels are under construction nearby. It also has an additional space for the construction of Phase II, another 200,000 square meters.

It is divided into two sections, and each is held twice a year, in the second halves of April and October. During the spring session in 2005, the number of foreign buyers was 195,464, and the business turnover was US$29.2 billion (see Chart 1 and 2). Table 9, showing the statistics of buyers at the CIEF by nationality (CIEF, 2005) and the historical charts for numbers of international buyers and business turnover since 1957 are attached (source: www.cantonfair.org.cn). The table and charts show the growth and nationality of buyers and the Chinese international trade statistics.
Table 9: Statistics of Buyers at the 98th CIEF According to Nationality
(Source: CIEF, 2005)

<table>
<thead>
<tr>
<th>Nationality</th>
<th>Asia</th>
<th>Europe</th>
<th>Others</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hong Kong</td>
<td>32,967</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Taiwan</td>
<td>10,315</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Japan</td>
<td>6,199</td>
<td></td>
<td></td>
</tr>
<tr>
<td>S. Korea</td>
<td>5,932</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Malaysia</td>
<td>4,740</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Singapore</td>
<td>2,442</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Others Asia</td>
<td>37,401</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other America</td>
<td>6,298</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Africa</td>
<td>8,660</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Chart 1: Historic Number of Visitors in CIEF
(Source: CIEF, 2005)

Chart 2: Historic Business Turnover in CIEF
(Source: CIEF, 2005)
The China Import and Export Fair (CIEF) in Guangzhou is the only exhibition directly owned by the MOC. According to a personal communication with Shen Dan Yang, the other 29 exhibitions (up to August 2005) are organized only jointly by the MOC symbolically; most of the funding comes from the related provincial or municipal governments. The MOC often gets invited as one of the organizers to upgrade the status of an event. Many cities where the MOC symbolically organized and supported events have had to bear the construction and maintenance costs of the exhibition centers, which have little use except for the municipal event.

5.4.2 State-Owned Enterprise Owned - CCPIT

CCPIT is a ministry-like organization that promotes international trade in China. The CCPIT national council is situated in Beijing. It has two major kinds of sub-councils: (1) regional offices in all the provinces and major cities, and (2) various industrial offices, which include machinery, electronics, auto, aviation, light industry, food, etc. The CCPIT branches are actually financially independent from the national council. Their regional branches are related to the provincial and municipal governments, such as the CCPIT Beijing sub-council with the Beijing municipal government, the CCPIT Guangdong sub-council with Guangdong Province, and so forth. In the late 1980s and the early 1990s, China dismantled many industrial ministries. Many industrial sub-councils are just a continuation of the former
industrial ministries or their bureaus or departments. The head of those industrial
sub-councils are usually former senior officials of the ministries; for example, the
head of the metallurgical industry sub-council was an official in the former
International Cooperation Bureaus of the Ministry of Metallurgical Industry and the
head of the light industry sub-council was an official in the Ministry of Light Industry.
Most of the exhibitions organized by the national associations and the CCPIT
industrial sub-councils receive very good participation due to their former
governmental connections with the industries.

5.4.2.1 China International Exhibition Center

The CIEC Group (CIEC, 2005) is owned by the CCPIT national council and is
one of the biggest government-owned EOs in Beijing. Its subsidiary, the CIEC
Exhibition Company Ltd., is the biggest exhibition center in Beijing. CIEC was
established in 1985, and also is the exhibition arm of the CCPIT national council. It is
an exhibition center owner as well as an EO, decoration contractor, freight agent, and
hotel owner. The CIEC Group is currently building a 200,000 sqm exhibition center in
Beijing's Shunyi District to meet surging demand from an increasing number of
exhibitors in Beijing. With its present 70,000 square meter exhibition center in Beijing,
CIEC holds some 120 exhibitions annually, counting for 20% of all the exhibitions
held in Beijing. A number of the exhibitions held in CIEC are major brand names,
including the China International Machine Tool Show, China Print, PT/EXPO COMM
China, and the China International Textile Machinery Exhibition.

5.4.3 Trade Association-Owned

There are two kinds of trade associations: national and regional. When China
eliminated a number of ministries in the 1990s, many industry ministries downsized
to become national trade associations. Their international departments of these
ministries became CCPIT-XXX industrial sub-councils. These national associations
are now under the State Property Administration, and are definitely state owned. For
example, Beijing Metallurgical Industry Expo (detailed in section 6.2) was organized
by the former Ministry of Metallurgical Industry. The ownership was passed over to
the CCPIT, Metallurgical Industry Sub-council, a national industrial association after
the Ministry of Metallurgical Industry was abolished.

China no longer has a central planning policy. State-owned enterprises are
given a lot of financial independence and only need to pay tax. While the regional
trade associations are mostly newly established and lightly controlled by the
provincial or municipal government, the financial interests of their executives in these
regional associations are not clear.

5.4.4 Municipal Government-Owned
In large cities, such as Beijing, Shanghai, and Guangzhou, the municipal governments have many projects, and it is not necessary for them to fund the building of exhibition centers to improve their image. In addition, the municipal-owned EOs in these cities have many exhibition centers to use and do not need to own them, which is complicated and financially risky. These three cities have some publicly funded exhibition centers that were built in the 1950s and the 1960s. In 1985, CIEC in Beijing was built with funding from the national government, and it is still the biggest and most important exhibition center in Beijing. Some smaller-scale exhibition centers were built with private funds in Beijing and Shanghai in the late 1980s and 1990s. With the rise in demand, these three cities have a shortage of supply of exhibition spaces, which make the existing exhibition centers profitable due to high utilization. According to Liang (2003), Beijing exhibition centers have an average utilization rate of 35%. In Shanghai, the utilization rate is even higher due to its warmer winters. Shanghai Mart has the highest utilization rate at 85%.

On the other hand, smaller second- and third-ranking cities hope that exhibition centers can spin off benefits to other businesses, including tourism, catering, entertainment, advertising, and logistics. Nearly no second- and third-ranking cities have modern exhibition centers. Because of a lack of prospects to attract private investment, new modern exhibition centers in those cities have to be
funded by the municipal governments for initial construction and subsequent
operational costs. Most of these exhibition centers are under-utilized; the average
occupancy rate was less than 15% nationwide since 2003 (Liang, 2003). Because it is
too risky for private international EOs to conduct exhibitions in those cities, the
municipal-owned EOs have to create exhibitions, even at a loss. Running the
exhibition centers and subsequent exhibitions is costly, but for political merit and
publicity, new exhibition centers and exhibitions are on the rise nonetheless. An
example of some municipal-funded exhibitions (DCOEM, 2005b) are the Shenzhen
China High-Tech Fair, the Chengdu Sugar & Spirit Fair, the Yiwi Commodities Fair,
the Anhui Agriculture Machinery Fair, the Wuhan Medical Fair, the Kumming
Commodities Fair, the Xiamen China International Investment and Trading Fair, the
Nanning China-Asian Trade Expo, the Shengyang North East Industry Expo, the
Harbin Fair, Dalian Fashion, the Ningbo Fashion Fair, the Tianjin Economic and
Investment Fair, the Zhuhai Airshow, the Dongguan Furniture Fair, and the Hangzhou
Westlake Fair. There are others that take place in Suzhou, Nanjing, and Zhengzhou.

Yue Zude, a senior consultant with CIEC, told a China Daily reporter (Liu &
Jiang, 2005) that efforts should be concentrated on building the top three into
"national level" centers while developing no more than 10 other cities into regional
centers. "Despite the potential of the industry, not all cities are suitable for hosting
large-scale conventions and exhibitions, as they may not have the supporting infrastructure to attract exhibitors," said Yue.

5.5 LOCAL ENTREPRENEUR AND LOCAL ASSOCIATION - OWNED

Since 1992, China has further liberalized the economy, allowing private local citizens to set up their own companies and organize exhibitions. The first generation of these organizers consisted mostly of former government and trade association-owned EO officials. One of the most well known local private EOs is Mr. Wang Ming Liang (Wang) (see section 7.2), who was the general manager of SIEC under the CCPIT Shanghai Sub-Council in the 1980s. He left SIEC in 1990 and set up his own exhibition organizing company that later merged with CMP and became a minority shareholder in CMP Sinoexpo in Shanghai. Very quickly, his first generation of assistants left him and set up their own new exhibition organizing companies, which is one reason many local private organizers have sprouted.

Similarly, in the early 1990s, many Chinese local entrepreneurs became EOs with their previous experience from the government and trade association-owned exhibition-related industries and associations. Other top reputable local EOs are Madam Ma Ya of Guangzhou International Beauty and Cosmetic Trade Fair (see section 7.1), and Mr. Pan Wenbo of Guangya (Guangya, 2005), organizer of the Guangzhou International Lighting Exhibition, which is the biggest lighting fair in
Asia and second largest in the world. In 2003, Pan Wenbo sold 50% of his Light Exhibition to Messe Frankfurt, a top German EO. In October 2005, Guangya invested US$12.5 million for a 50 percent of share of the first joint venture exhibition organizers in Guangzhou with Messe Frankfurt. Ma Ya and Pan Wenbo once both openly admitted that they owed their successes to the CFTC protection policy in Guangzhou, which only allows one successful organizer for an exhibition topic in the only large exhibition center in Guangzhou.

5.6 FOREIGN EXHIBITION ORGANIZERS

Due to China’s WTO obligations, the Chinese central government has lifted the restrictions on foreign exhibition organizers. The Xinhua News Agency (Xinhua, 2005) reported that the Chinese Ministry of Commerce published the Transitional Regulations on Foreign-Invested Convention and Exhibition Companies in January 2004, granting foreign companies the right to hold exhibitions independently in China, changing the past method in which foreign businesses were allowed to hold exhibitions only in cooperation with Chinese partners. But many foreign exhibition companies still cooperate with Chinese exhibition and convention companies and relevant industrial associations familiar with Chinese market conditions in sponsoring and holding exhibitions and conferences in China for convenience and fewer taxation and registration headaches.
History shows that foreign exhibition companies have entered China’s exhibition and convention market one after another (Xinhua, 2005). The first wave was the Hong Kong entrepreneurs, E.J.Krause of the U.S.A. and Cahners (later bought by Reed) Exhibition of the U.S.A. in the 1980s. The second wave was CMP Asia Ltd. of the U.K. and Frankfurt Messe of Germany in the 1990s. The third wave was the other German EOs owned by German provincial governments (Hanover, Düsseldorf, and Munich) that have gained an upper hand with their investment in the Shanghai New International Expo Center in 2001 (“Overseas”, 2002). Others have come to China, including Exposium of France, VNU Asia Exhibition of the Netherlands, FJK, IDG of the USA, HQlink of Singapore, International Exhibitions Group, Milan International Exhibitions, Bologna Fiere, and Congress Corp and JTB Communications of Japan.

Until 2005, the most aggressive foreign EOs were from Germany. They had two things in common; they hired local Chinese, especially those who had worked for government and trade association-owned EOs in China as chief executives; and bought shares in some successful exhibitions, such as Messe Frankfurt in Guangzhou Lighting with Guangya (Guangya, 2005) and Messe Düsseldorf in China Plastic Exhibition (Chinaplas) with Adsale. The American EO, E.J. Krause has hired a Hong Kong executive to manage their Beijing office. CMP joined with the Chinese local
entrepreneur Wang to form a cooperative company. REED, the world's leading organizer of trade exhibitions with a portfolio of over 430 events in 32 countries, has not had much luck in China and has changed its Chinese CEO a few times in the last few years. The current president for greater China, Dan Londero, is a long-time executive of REED Australia. Recently, REED went into a joint venture with Huayin Media Group and China Pharmaceutical Exhibition Corporation (CPEC). Huayin is the leading media and information provider, and the biggest EO, for the Chinese printing and packaging industry, and one of the most influential EOs in China. CPEC is China’s leading organizer of trade shows and events for pharmaceutical and healthcare products, as well as medical devices.

In 2000, VNU, the largest exhibition and event organizer in the Netherlands, entered a joint venture with Keylong Exhibitions Service, which specializes in organizing local exhibitions in China, with headquarters in Shanghai. VNU Asia organized over 20 trade shows, consumer events and conferences in 2005 in China.

5.6.1 History of Foreign Exhibition Organizers in China

Before 1979, only a few international trade exhibitions were held in China. All were organized by government-owned organizations such as the CCPIT, along with their provincial and city sub-councils. China welcomed foreign business for the first time in 1979. Many foreign business enterprises sought to introduce their products
into China through exhibitions. Foreign EOs from the United States, Europe, and Hong Kong were invited to organize international exhibitions in China with the help of government and trade association-owned EOs. This invitation multiplied the number of international exhibitions several-fold. In the 1980s, China’s international trade market was small and did not have any written rules, regulations, or guidelines. The major EOs in the United States and Europe were somewhat slow to capture market share, but a few Chinese marketers from Hong Kong with little or no previous exhibition organizing experience, such as Adsale and China Promotion Ltd., started in Guangzhou, which is close to Hong Kong. These companies were the first to explore Chinese business opportunities. They began in Guangzhou in 1980, moved into Tianjin in 1983, Beijing in 1984, and finally to Shanghai in 1985. Due to their prior Chinese marketing *guanxi* experience, they dominated the market with a pioneering advantage. The other early entrants included E.J. Krause and Cahners, two American EOs. Cahners was later taken over by REED of the U.K., one of the world’s largest EOs, in the 1990s. With the pioneer’s advantage, they captured ownership of most international exhibitions ("Overseas", 2002)

In the early days, it was necessary for a foreign EO to find a Chinese authority as a partner to organize an international exhibition in China. Most foreign EOs chose the CCPIT. The Chinese partner was responsible for all business liaisons in China,
including government approval, visitor invitation and promotion, and exhibition hall rental. The job of a foreign EO was simply to bring exhibitors from foreign countries to China. Because most foreign exhibitors registered and paid outside China, it was not necessary for the foreign EO to set up offices in China, which cut short many business registration and taxation headaches. Due to this simplicity, foreign EOs were able to dominate most international exhibitions in China before the Chinese themselves learned how to organize them. In the early days, when business contract law was nonexistent in China, many multinational EOs were late in realizing the business potential versus the risk in China. The first business cycle mainly favored Hong Kong and foreign entrepreneurs who dared to grab the opportunity. The introduction stage was from 1978 to 1984; there was fast growth from 1985 to 1987 and maturity in 1988. When the business situation became sour due to the Tiananmen crisis that occurred on June 4, 1989, the market began to decline and continued to do so until 1991.

The second business cycle started in 1992 and was mainly fueled by local Chinese entrepreneurs. In 1992, Deng Xiaoping pushed adoption of a socialist market economic model and allowed previously discouraged private businesses to be established. The economy grew extremely fast with property speculation, and it went out of control in 1993. Slow-down legislation was introduced. The second business
cycle matured fast in 1994 and then declined during the next few years. Not too many foreign EOs came to China in the 1990s except CMP of the U.K. and Frankfurt Messe. At the same time, local Chinese trade associations and government-owned organizations were becoming more and more active. Many private local EOs were established and became owners of many huge exhibitions in the late 1990s and early 2000s.

The third business cycle started in 2000, and multinational enterprises rushed to China for opportunities when the country was admitted to the WTO in 2001 (Xinhua, 2005). The entrepreneur style of doing business had fewer opportunities because of the large number of local and foreign entrants. Adsale, CPL, and other entrepreneur EOs from Hong Kong lost their dominant role in Beijing and Shanghai to the local Chinese trade associations and government-owned organizations such as CIEC, owner of the biggest exhibition center in Beijing, and SIEC, a Shanghai municipal-owned EO.

5.6.2 Hong Kong Entrepreneur Exhibition Organizers

In the 1980s and early 1990s, Adsale, a Hong Kong entrepreneur EO was the top foreign EO in China. Its most successful exhibitions today are the ShanghaiTex and Chinaplas (Adsale, 2005), which are two of the highest revenue-generating international exhibitions in China due to the high percentage of foreign exhibitor
participants who pay premium rentals. Its other huge exhibitions, Auto Shanghai, Auto Beijing and a few others were lost to China EOs like SIEC and CIEC. For example, Hanover Messe, one of the investors in SNIEC, launched a Shanghai Motor Show soon after the completion of SNIEC in 2001 to compete with the reputable “Auto Shanghai,” jointly organized by Adsale and SIEC. SIEC, a municipal-owned EO, requested Shanghai municipal protect its reputable exhibitions in Shanghai from rivalry. Shanghai agreed and only allowed one Auto show in Shanghai once every two years to SIEC. In order to acquire space in SNIEC, SIEC had to invite Munich Messe, another shareholder of SNIEC, to be their overseas partner and left Adsale out of Auto Shanghai.

From the observation of the investigator, Adsale should have invested in building the large-scale exhibition hall in Shanghai in 1990s since Adsale owned most of the profitable international exhibitions in Shanghai at that time. Now, it is losing its domination to the joint force of Chinese and German EOs who control the SNIEC and reap its many privileges.

Another challenge is appearing for Adsale. The ShanghaiTex in 2005 had 100,660 square meters and was the most established and widely supported textile exhibition in Eastern China. Adsale is now facing stiff competition from a newly announced joint venture of CEMATEX (the European Committee of Textile
Machinery Manufacturers), CTMA (China Textile Machinery Association), CCPIT-Tex (the Sub Council of Textile Industry, China Council for the Promotion of International Trade) with its combined textile machinery show in Shanghai SNIEC in 2008 (CEMATEX, 2006). Actually, Adsale has changed its strategy from organizing the ShanghaiTex once every other year to once every year to compete against this newcomer, with the hope that SNIEC will not let CEMATEX rent the space, which Adsale has been renting for its Shanghai Tex in July every year. However, it seems this tactic has failed. One explanation is CEMATEX, a European Association led by Germany, has better connections with the management of SNIEC (German owned) than Adsale. However, Adsale’s Shanghai Tex has not lost yet. Adsale’s Shanghai partner SIEC is trying to use its influence to stop CEMATEX from getting a license from the Shanghai municipal authorities, as they did for Auto Shanghai.

Chinaplas is Asia's largest international exhibition for the plastics and rubber industries with 90,000 square meters. Adsale sold part of its Chinaplas to Messe Düsseldorf, possibly because Messe Düsseldorf has ownership priority in renting SNIEC (see section 5.2.2).

Adsale was established in 1978 in Hong Kong (Adsale, 2005; DCOEM, 2005b), providing advertisement and marketing services. Adsale then went into Chinese trade magazine publishing, covering textiles, automobiles, plastics and rubber,
packaging, and machine tools. In 1980, it organized its first machinery exhibition in Guangzhou and became the top EO in 1986 when CIEC opened. Adsale’s chairman was born and educated in Hong Kong. His academic management skills and schoolmate connections are part of the reason behind his success. He has been chairman of the Hong Kong Exhibition and Convention Industry Association since 2002 and was elected one of the top 10 news figures in the China Exhibition Industry in 2003.

Other than Adsale and CPL, other major Hong Kong based EOs (excluding those owned by multinational organizers) are: (1) Sinostar, which has specialized in the Surface Finishing and Coatings series of exhibitions since 1983; (2) Oriental, which specializes in Optics in Beijing and Shanghai; (3) Top Repute, which specializes in medical exhibitions in Shanghai, and shoes and other machinery exhibitions in Guangzhou and southeast Asia; (4) Info Communication; (5) Global Sources; and (6) Coastal. Recently, the number of exhibitions organized by Hong Kong-based EOs has declined significantly in Beijing and Shanghai. The small and less established Hong Kong entrepreneur EOs have had to go to Guangdong and other second- and third-tier cities for opportunities and compete in those places with local entrepreneur EOs.

Shen Dan Yang (HKTDC, 2004) noted that Hong Kong companies still may
enjoy some unique advantages over their foreign counterparts when investing in China. These advantages are: (1) geographical proximity to the mainland has enabled Hong Kong companies to have a better understanding of the Chinese market and better access to its resources, (2) lack of a language barrier between Hong Kong companies and Mainlanders, and (3) many years of co-organizing exhibitions with mainland companies have allowed Hong Kong firms to build up useful networks in the mainland, laying a solid foundation for future cooperation.

Peng et al. (2001) summarized three strategic pitfalls of most Hong Kong firms. The first involves the family type of management associated with a centralized strategy-making structure and respect for authority and age, which often rules out criticism of the boss and depresses creativity. The second is the inability to allow professionals to become top managers in the organization. Finally, the lack of creativity and professionalism outlined above may lead to an inability to create and sustain a world-class competitive advantage. These pitfalls affected CPL and most other Hong Kong EOs; however, Adsale was different. Adsale started as a China trade publisher and was owned by a few MBA graduates who eliminated the family style management system and replaced it with corporatization in the late 1970s. They were able to outperform other rivals and maintained firm control of most of their Chinese exhibitions until the late 1990s.
5.6.3 Multinational Exhibition Organizers

The main strength of the multinational EOs was their international networks and experience. Their main weakness is their weak connection with the Chinese. Recently, they have preferred to acquire exhibitions partially and retain the former senior executives for connections. They also offer high salary, by Chinese standards (around US$10,000 a month), to hire CEOs for their Chinese offices from former senior executives of CCPIT-related EOs to strengthen their China experience and relationship building.

5.6.3.1 German Exhibition Organizers

Genoist (2006) reported that world famous exhibition companies such as Germany’s Hanover, Frankfurt, Düsseldorf, Köln (Cologne), and Munich started doing business in China as “exhibition consulting companies” in the early 2000s. At that time, they were not permitted to hold exhibitions independently or receive income in China. They owed their success to transplanting many of their famous international exhibition brands from Germany into China.

Düsseldorf first opened offices in Shanghai and Beijing, then in Shenyang in 2004, the first of such offices in northeast China. Later, other organizers such as Köln, Hanover, Munich Messe, and Frankfurt have followed suit and opened offices in
Shanghai in May 2004, so that all five exhibition giants in Germany have set foot in Shanghai, the biggest industrial and financial center in China. Köln opened another office in Guangzhou, the capital city of South China’s Guangdong Province, in October 2004, aiming to make use of its resources and transplanting of big-name brand exhibitions to China. The Guangzhou Office is the fourth office Köln opened in China after those in Beijing, Shanghai, and Hong Kong.

Frankfurt has entered Mainland China’s exhibition market via Hong Kong. It first held exhibitions and conferences in Hong Kong in 1987 and then set up a Hong Kong branch company in 1994, with branches in Beijing and Taiwan in 2002. Between 2001 and 2004, Frankfort doubled its business volume in China. Currently, its business volume in China accounts for 10% of the company’s total revenue. It held 17 exhibitions and conferences in Mainland China in 2005.

A relative latecomer in Shanghai is Nuremburg-based Nuemberg Global fairs named Axel Bartkus.

5.6.3.2 American Exhibition Organizers

Kirkwood (2005b) quoted Steven Hacker, Executive Director of the Dallas-based IAEE, in a trade magazine for U.S. show organizers:

I’m growing increasingly concerned that American show organizers and
suppliers are missing substantial opportunities to become involved in the Chinese market at a point when it’s most important to do so. When I visit China, the one question I get over and over is “Where are the Americans?”

The small number of American show organizers doing business in Mainland China can be attributed to a variety of factors. Some speculate that American organizers tend to be insulated from the rest of the global market because the United States itself is such a large country and they question why they should spend resources overseas. But as the world’s economy becomes increasingly global, these domestic factors must be overcome. In fact, the situation is not actually as bad as Kirkwood described. American-owned EOs Cahners and E.J. Krause were in China in 1980. Cahners was sold to REED afterward, a U.K-based EO, but E.J. Krause is still very active in China, together with another EO, IDG.

5.6.3.3 Foreign New Entrant – Global Sources

Global Sources Ltd.(GS) (2005) is a business-to-business media company that provides information and integrated marketing services with a particular focus on the Chinese market. The company’s primary service is creating and hosting marketing Websites that present suppliers' products and company information in a searchable manner on Global Sources Online. The company also publishes trade magazines, which consist primarily of advertisements from suppliers and independent editorial
reports and product surveys. The company also offers trade shows and seminars. In 2003, the company launched a line of trade shows called the China Sourcing Fairs, which offer international buyers direct access to manufacturers in China and other Asian countries.

In Mainland China, Global Sources has a 24-year track record and 1,300 team members in 44 locations. Its services are backed by 34 years of experience as a trade magazine publisher, 13 years as an organizer of trade shows, and nine years as an online marketplace operator. Global Sources was publicly listed on the NASDAQ stock market in the United States with ticker GSOL on April 14, 2000, during the Internet boom. The company’s revenue in 2004 was US$29.5 million, which included US$24 million from online and other media, and US$5.3 million from exhibition.

In October 2003, Global Sources launched the first China Sourcing Fair in Shanghai with others to follow in April and October in 2004 and 2005. The fall 2005 China Sourcing Fair: Electronics & Components (October 10-12) with 18,588 qualified buyers from 110 countries had more than 1,000 booths, up 25% from the spring 2005 show at Shanghai Mart and INTEX in Shanghai, China. The China Sourcing Fair: Gifts & Home Products (October 18-20) with 18,823 qualified buyers from 106 countries was held in Shanghai at Shanghai New International Expo (Global-Sources, 2006).
In April 2006, Global Sources moved its China Sourcing Fairs with three major sections - Electronics & Components, Gifts and Home Products, and Fashion Accessories - from Shanghai to Asia-World Expo, the new exhibition ground near Hong Kong Airport ("American", 2005). The China Sourcing Fair: Gifts & Home Products from April 22-25, 2006 featured over 3,500 booths with more than 1,000 Mainland China suppliers filling all ten halls of the 70,000-square meter venue (Global-Sources, 2006).

During the second half of April (and October), already there are two similar existing exhibitions with full house booking in Guangzhou and Hong Kong: one is the China Export Commodities Fair in Guangzhou (see section 5.4.1); the others are the Hong Kong Trade Development Council in April, and Kenfair in October. There is no competitive exhibition of this sort in Shanghai. The hotels in Hong Kong are in short supply during the end of April (October) and are also two to four times more expensive than hotels in Shanghai. The capacities of gift and electronic manufacturers around Shanghai are about the same size as those around Hong Kong. Why is Global Sources, a well-established media and a new entrant in exhibitions, moving its China Sourcing Fair from Shanghai to Hong Kong in the second half of April 2006? Does that mean Shanghai was not as favorable as Hong Kong with regard to export exhibitions in attracting foreign buyers, or was there any other reason? The outcome
of the removal of this exhibition from Shanghai is a very interesting topic for further research on the environment and competitiveness of export exhibitions in Shanghai and Hong Kong.

5.7 OTHER FOREIGN STAKEHOLDERS

Other than the EO, exhibitors, and visitors, the other stakeholders are the exhibition center owners and management, conference organizers, international sales agents, decoration contractors, freight forwarders, hotels, travel providers, and publicity contractors.

There are three stakeholders in the China exhibition industry in which foreigners still have a competitive edge: foreign managed hotels, freight forwarders, and decoration contractors. Other than the most talked about foreign joint venture exhibition center owners and management in SNIEC Shanghai, and a few smaller exhibition centers in Tianjin, Guangzhou, and Chongqing; most exhibition center owners and managements are in the hands of local Chinese. In addition, most conference organizers and publicity contractors also are under local Chinese ownership. Foreign based international sales agents who help the EOs recruit exhibitors in their home countries on commission are losing their importance as more international exhibitors participating in Chinese exhibitions are registering from their China offices rather than the foreign head or regional offices.
In China, most of the foreign or Hong Kong owned exhibitions still prefer to appoint foreign or Hong Kong-based freight forwarders for custom declarations. The leading foreign freight forwarders in Mainland China and Hong Kong are BalTrans and JES of Hong Kong, Schenker of Germany, Trans-Link of Singapore/Dubai, and Rogers of UK. Foreign or Hong Kong-based freight forwarders are appointed rather than local forwarders, since the foreign forwarder can give the foreign exhibitors confidence that the goods for exhibition from overseas can be delivered to the site on time. A delay in the arrival of the exhibits in an exhibition is not allowed.

In the past, when most foreign exhibitors in an import-oriented exhibition registered from the foreign head or regional office, they would be willing to pay a higher price for the guaranteed quality of a foreign-based stand (or decoration) contractors. The most well-known stand contractor is Pico of Singapore. However, the foreign stand contractor business has been greatly reduced as: (1) many local Chinese employees of these foreign based stand contractors left their foreign employers to set up their own contractor companies as competitors, with skills and customer relationships; (2) many foreign exhibitors set up offices in China and the decision to hire decoration contractors goes to the China offices, which prefer to use lower-priced local decoration contractors; and, (3) many government-owned exhibition centers required the EO to appoint their subsidiaries as the official stand contractors.
5.8 CHALLENGES FACING LOCAL EXHIBITION ORGANIZERS

When a local entrepreneur business grows to a huge size, it is necessary for them to find some political backing from a Chinese trade association or a multinational EO. For example, Pan Wenbo, Ma Ya (in Case A) and Wang (in Case B) cooperate with multinational EOs for further development, international connections, and political backing. This is actually the main handicap of a local EO: government law, taxation, and agreements between the Chinese are not safe. One needs a foreign multinational EO involvement to ensure its existence.

The second handicap is that the *guanxi* issue prevents a local enterprise from conducting business according to Western business practices. Peng et al. (2001) reported that state-owned enterprises generally interact based on interpersonal networks cultivated by their managers and government officials. Therefore, the *guanxi* networking of local Chinese EOs, on one hand, gives them a competitive advantage and helps them outperform foreign and Hong Kong EOs and, on the other hand, tries to pull them down.

The third handicap is the international networks and marketing competitive advantages of the foreign EOs. Tian (2003) quoted a claim by Liang Wen, that “forty percent of all international exhibitions in China are totally or partly owned by the foreign EOs. The branding and their know-how have hurt the local Chinese EOs by
luring away a considerable proportion of international exhibitors.” Most Chinese local EOs and Hong Kong EOs have a common problem: they are still at a primitive marketing stage. The major marketing objective is to recruit exhibitors (customers). Many local EOs use call centers (cold calls) to recruit customers, a customer-annoying tool. Many reputable EOs find that attracting worldwide buyers (visitors) is the most important long-term assurance of an exhibition’s success. Only an exhibition with trade visitors and buyers can attract exhibitors to return for the next event.

5.9 CHALLENGES AND ISSUES FACING FOREIGN EXHIBITION ORGANIZERS

The “early bird” foreign EOs who came to Mainland China in the early 1980s have been able to hold on to a few very important international exhibitions in China because of their first-mover advantage. Genoist (2006) pointed out that some new foreign EO entrants, notably the German ones, have been able to win market share with their unique strengths, such as foreign government backing, international branding, international connections, better management, and reliable service. Genoist (2006) quoted Dan Londero, president of Reed Exhibition, commenting on foreign challenges such as: 1) lack of space in Beijing and Shanghai; 2) oversupply of exhibition centers in smaller cities; 3) over-reliance on local government support; 4)
lack of operation professionals; and, 5) duplicate exhibitions.

Foreign EO businesses have been challenged by the de facto nationalization of businesses by Chinese authorities, takeovers by international rivals, two-tier pricing charged to foreigners, unclear exhibition ownership and intellectual property rights, government red tape and restrictions, limited opportunity and shortage of exhibition space in major cities, and deregulation designed to encourage more new entrants and copycats.

5.9.1 De facto Nationalization by the Chinese

Foreign EOs shared their income with Chinese authorities, which secured government approval and invited exhibitors and visitors. Now that these Chinese authorities have been corporatized into trade associations and EOs, they need to earn income. Realizing the substantial income generated from organizing exhibitions, some trade associations have organized their own exhibitions independently, competing with their counterparts in the Western world instead of joining with them. The foreign EOs cannot organize their next exhibitions after support from the associations is withdrawn. In most cases, this support was offered on a case-by-case basis. If support is withdrawn, the foreign EOs may have difficulty continuing and cannot claim any compensation. One example of this trend was the cessation of CPL’s Beijing Metallurgical Industry Expo (MIE). CPL was forced to discontinue organizing
MIE after 1993 when the Chinese authorities refused to renew their support for future events. The event was taken over by a similar event (with a similar name) and organized by a trade association backed by the authorities (the CCPIT metallurgical sub-council). Because the new event did not carry the exact name or trademark, it was difficult for CPL to claim compensation for the loss. Although such a practice would be regarded as unethical by Western standards, Chinese authorities thought otherwise, arguing that they were just taking back their rights.

5.9.2 Takeovers by International Rivals

There exists a shortage of mega-size exhibition halls in Shanghai, allowing the German multinational EOs, who invested in SNIEC in 2001, to compete with other foreign EOs for many exhibitions. For example, SIEC, the Shanghai municipal-owned EO, teamed up with München IMAG, the top German EO, and one of the investors of SNIEC took over the international partnership of “Auto Shanghai,” the biggest exhibition in the city, from Adsale in 2003.

5.9.3 Pricing and Localization

China is changing its two-tier pricing practice, whereby foreigners are charged more for hall rental and services than local EOs. At the moment, this practice still exists in the Chinese exhibition industry, but it may change soon as China moves in line with the developed world. Presently, some exhibition centers such as the CFTC...
and the GDE have abolished two-tier pricing. SNIEC plans to abolish two-tier pricing soon.

Foreign EOs have higher overhead then local EOs. Local EOs can offer a lower rental price to each exhibitor than the foreign EOs, generally US$50–300 per square meter. This lower price attracts many local clients and can substantially increase the size of an exhibition. The foreign EOs offer a higher rental fee, US$200–600 per square meter. On average, this price difference ranges from two to eight-fold. To counter the competition, some foreign EOs have given up the old practice of charging the same high price for local and foreign exhibitors. They now allow local exhibitors to pay the lower local price, while foreign exhibitors are still charged the higher price. Many foreign exhibitors understand this practice and are asking their local offices, joint ventures or agents to register for them, substantially reducing the foreign EOs’ income.

Some foreign EOs have changed their pricing system completely and now charge the same price for both foreign and local exhibitors. They charge higher prices for better locations. This method helps foreign EOs expand their exhibition size by attracting not only foreign exhibitors but also low-price domestic exhibitors as well. The disadvantage is that the difference between the highest prices and the lowest prices is not as great as before (1.5–2 times versus 2–8 times). This same price system
is becoming more popular and has greatly damaged the profit margin of the EOs. The General Manager of the CMP Sinoexpo (Case B), in the interview, told the investigator that management at his company had a long debate and decided to choose to adapt different pricing for different locations to achieve larger market share despite lower earnings. The EOs who still use two-tier pricing will get phased out unless their exhibitions have an extremely high entry barrier. The days of high profit margins for international exhibitions are over, since very few international exhibitions in China can still exclusively charge the international price.

Since 2004, foreign multinational and Hong Kong EOs are allowed to establish wholly owned corporations in China. Some multinational EOs are localizing their businesses in China. They move most of their activities into China from overseas. The advantage is that they can expand their businesses faster with lower overhead and more local staff who better understand China. The disadvantage is that they have to register as a Chinese corporation or joint venture and pay sales tax (5.5–6%) and profit taxes (15–33%) for income derived in China.

Capable local staff also can create a loyalty problem. A new local trainee who gets a usual local starting salary (US$75–500 a month in Shanghai) might look for higher pay (up to 10 times more) by changing jobs and working for a competitor — taking along his or her business connections — after gaining more experience. The
damage done by the job switching of a senior executive is low to foreign multinational EOs with international brands because their brand cannot be copied easily. However, Hong Kong organizers do not like taking this risk and are keeping their main operations in Hong Kong, paying higher overhead with Hong Kong staff to avoid unstable local staff.

5.9.4 Unclear Exhibition Ownership and Intellectual Property Right

The intellectual property rights (Sholnik, 1996) of an exhibition can be invaded internally by its staff and trade association partner, or externally by another EO. This is a moral issue, as well as a legal issue — how to keep senior staff from organizing exhibitions on the same topics once they have left their jobs.

Internally, a Chinese business partner, such as a trade association, may one day take over an exhibition owned by its business partners. Externally, an unrelated EO can claim an exhibition name. Madam Chen Ruo Wei, the UFI Asia/Pacific Chapter chairperson, spoke at a conference in Yiwi in March 2005. She commended one Shanghai municipal-owned EO, Shanghai Modern International Exhibition Co. Ltd., for compensating the founder of an exhibition instead of just taking over the intellectual property rights to the exhibition without any compensation.

Due to difficulties in controlling intellectual property right infringement in China, deregulation would encourage an increase in less-qualified entrants and
“copycats.” Many local EOs copied the names of some successful exhibitions and pretended to be the continuation of the last successful exhibition in their promotion. Some even listed Chinese authorities and state-owned enterprises as the organizers, co-organizers, and sponsors without prior permission. For example, a local EO organized a Police exhibition in Shanghai in March 2005 and pretended it was a continuation of the last Police exhibition in Beijing. The organizer of this imitative exhibition was finally caught by the police and exhibition was shut down (Jiang, 2005; Xinhua, 2005). Similarly, a former staff member of the Shanghai partner of China Promotion Ltd (CPL), Shanghai International Exhibition Corporation helped his friend privately to establish a “Shanghai Metallurgy Expo,” claiming it is a continuation of the China Metallurgical Industry Expo that CPL established in 1986, and claimed itself as the 10th events after CPL’s 11th event in 2003 (Metal1986, 2007)(detail discuss in section 6.2).

5.9.5 Government Red Tape and Restrictions

With China’s accession to the WTO and the further opening up of trade, there is now a deregulation trend at the national government level. However, major municipal governments are increasingly protecting their own exhibitions from foreigners and local new entrant EOs.

In the past, it was necessary to get prior approval from the national and
regional authorities to run an exhibition, a system designed for quality and duplication control. Since 2004, local exhibitions have been waived from this requirement. In the same year, Hong Kong and other well-known foreign EOs were allowed to wholly own their exhibitions and exhibition companies in China without the need for a local partner. Thus, the red tape and requirements for organizing international exhibitions are expected to be further relaxed.

However, licenses are still required for international exhibitions that need customs approval for importing and re-exporting products related to tax-free temporary exhibits. Regional governments, such as those in Shanghai and Guangdong, are creating new regulations to limit the number of exhibitions and protect reputable exhibitions from competition. For example, the Shanghai municipal government only allows one “Auto Shanghai” produced by the municipal government-owned EO, SIEC Shanghai, every two years, a takeover from the long-time organizer Adsale. Another example is the three exhibition topics of Hanover Messe barred in 2006 due to their conflict with the Shanghai Industrial Exhibition organized by the Shanghai municipal government.

5.9.6 Limited Opportunity and Shortage of Exhibition Space

The opportunities for international exhibitions in Shanghai and Beijing are limited after many years of exploration by local and foreign EOs. Most exhibition
topics are occupied. Although there is an oversupply of exhibition centers in China, there is not enough supply of exhibition space in Shanghai and Beijing, which have only one preferred large size exhibition center in each city. Normally, an exhibition center will give priority to a successful exhibition, and will not rent the center to new intruders one to three months before and after the successful exhibition. Hence, there are not many favorable months in a year to organize a particular topic due to confliction with similar exhibitions in China and worldwide. For a new intruder, it is difficult to attack an existing reputable exhibition unless the city or a competitive city is building a new and better exhibition center. The construction of SNIEC gives the German EOs a breakthrough into Shanghai, and threatens many exhibitions owned by the existing EOs by forcing them to sell part of the shares to the Germans.

5.10 SUMMARY

There are two main groups of EOs in China. The first group is local and Chinese-owned, which may be sub-divided into national government, regional government, national trade association, regional trade association, state-owned organization, and local entrepreneurs. The second group is the foreign-based EOs, which can be sub-divided into multinational, German regional government, foreign entrepreneur, and Hong Kong based.

The national ministries have organized limited numbers of exhibitions. The
number one exhibition in China, China Import and Export Fair, has been organizing
twice a year in Guangzhou for over 50 years by the Ministry of Commerce. This is the
second biggest exhibition in the World with over 200,000 international buyers at each
event. Since 1996, regional governments of the less-famous cities have been eager to
support some mega-exhibitions in their cities for publicity by funding the construction
of mega-size exhibition centers and running cost of the exhibitions, even though most
of these exhibition centers and the exhibitions are losing money. A few cities such as
Dongguan Houjie did manage to broaden industry and land price around the
exhibition centers, creating a fortune for the city governments. The main strength of
these regional government owned-exhibitions is unlimited funding; their main
weakness is lacking of organizing experience. During the political reform in the 1990s,
many ministries were dissolved and many of their government duties were passed to
related national trade associations and their international trade subsidiaries, which
called themselves CCPIT, xxx industrial sub-councils or state-owned enterprises.
Their main strength of the CCPIT, xxx industrial sub-councils is their connection with
professionals (exhibitors and visitors), and their weakness is their limited budget. On
the other hand, the local trade associations are more independent from government
authorities. The main strength of the regional trade associations is their relationship
with professionals (exhibitor and visitor). Their weakness is some of their senior
executives are mixing personal interest with association interest. The most active state-owned EOs are the national and regional CCPIT and their subsidiaries. The CCPIT, xx industrial sub-councils are considered as trade association EOs and not state-owned EOs. The main strengths are their semi-government authority and experience in organizing exhibitions. Their weakness is the lack of connection with trade associations, and they have to join with trade associations for survival. Local entrepreneurs are mostly former senior executives of CCPIT-related EOs. Their main strength is their experience in organizing exhibitions. Their weakness is the weak connection with professionals and they must join with national and regional trade association for survival.

The foreign-based (especially Hong Kong based) entrepreneur EOs were the pioneers of international exhibitions in China since 1980s. Their main strength is pioneer-ship and first-mover advantage. Their weakness is their weak connection with the professionals and international networks. Since the late 1990s, multinational and German EOs have come to China in full force. Three German EOs are the strategy partner in the biggest exhibition center in Shanghai. CMP, Reed, VNU, Frankfurt Messe are acquiring some existing exhibitions. They would like to copy their successful exhibitions in other international destinations. Their main strengths are international networks and experience. Their weakness is their weak connection with
the Chinese. Recently, they have preferred to acquire the exhibitions partially and retain the former senior executives for connections. They also offer high salary, by Chinese standards (around US$10,000 a month), to hire CEO for their Chinese office from former senior executives of CCPIT-related EOs to strengthen their China experience and for relationship building.
CHAPTER 6  PILOT CASE STUDY

This pilot study is based on the Hong Kong based EO, CPL, with one of its most successful exhibitions, Beijing Aviation Expo (BAE), and one of the failed exhibitions, Metallurgical Industry Expo (MIE) that lost out to government-owned EOs. BAE was established in 1984, and it was chosen for this study because of its long history among international exhibitions in China. MIE was chosen because of its failure. It is hard to get an insider’s experience on what happened when a failure occurs. CPL was chosen because it was the investigator’s company, which meant convenience, access, and geographic proximity existed for this study. The pilot case study is more formative, assisting in developing relevant lines of questioning (Yin, 2003). Most likely, it is a complicated case, as compared to the study cases.

In this pilot study, due to the availability of information, BAE and MIE are reported in detail, and information is provided on how CPL managed to start organizing the exhibitions, the history and business cycle of Chinese international trade, the strategies used to keep competitors away, profit tactics, and management problems.

6.1 BEIJING AVIATION EXPO

BAE is an exhibition concerned with the importation of international civil and
military aviation products and technology into China. In 2003, it attracted 160 companies from twenty-one countries and regions: Australia, Canada, China, Denmark, France, Germany, Hong Kong SAR, Italy, the Netherlands, New Zealand, the Philippines, Poland, Russia, Singapore, South Africa, Sweden, Switzerland, Taiwan, the U.K., the United States, and Ukraine. The total net area of the exhibition in 2003 was only 4,250 sqm total, of which 2,950 sqm (70%) and 1,300 sqm (30%) were taken up by international and local Chinese companies, respectively. This exhibition has one of the highest percentages of international participants of any exhibition in China. In addition, the Chinese and foreign organizers, site, pricing, marketing, and the person in charge have not undergone any major changes since the exhibition was first established in 1984. BAE has also conducted surveys of international exhibitors' (customers') satisfaction over the past ten years. Consequently, an investigation of this exhibition can illustrate international clients' expectations and general perceptions of a high-tech trade exhibition in China.

The first BAE was organized in December 1984; the Chinese partners were the CCPIT Beijing sub-council and the China Aviation Supply Group Corporation (CASGC) of Civil Aviation Administration of China (CAAC), which is the superior of all national airlines in China. Initially, the former Ministry of Aviation Industry did not support the exhibition, but it changed its mind when it heard about the successful
outcome of the first event. BAE had a very successful start. Multinational companies were keen to exhibit in such a pioneering exhibition in Beijing. With CASGC/CAAC’s support for this exhibition, multinational companies accepted CPL despite its inexperience. Mr. Li Pang, the nation’s vice-premier at the time, and all 12 chief military commanders visited the exhibition. With a 3500 square meter net area at the first event, CPL made an unexpectedly high gross profit. The result was a pleasant surprise to CPL.

After this event, the approving body, the CCPIT Beijing sub-council, believed it could offer the second event for a higher price to another organizer and was hesitant to cooperate with CPL. At the end of 1985, the national CCPIT (different from the CCPIT Beijing sub-council) built a new exhibition hall in Beijing and named it the CIEC. It changed its policy from not accepting Hong Kong private EOs to relying on them to bring in business. CPL switched to a more powerful partner, CIEC, and continued with the second event in 1987, one year later than planned, and a successive one every two years until the present. The lesson learned was to find an alternative authority in China to support a business if the first authority refused.

The 1987, BAE was one of the biggest international exhibitions in China and also the biggest aviation exhibition to date. The United States and the European Union (E.U.) were friendly with China and wished to cooperate for both civil and military
business purposes. The main concern of CPL was to secure the exclusive right to organize this exhibition. Improving service quality was not a major concern. With the support of other Chinese organizers, CPL took over the right to organize the Shanghai Aviation exhibition in 1988 from ICE, a U.K. EO that organized the first Shanghai Aviation exhibition in 1986. After that, CPL was able to dominate aviation exhibitions in Shanghai as well. The strategy was to monopolize the market whenever possible.

In 1989, the year of the Tiananmen crisis, which took place on June 4th, the BAE opened in October. The size of the exhibition was less than half the size the exhibition had been in 1987. After June 4, 1989, the United States and the E.U. placed embargos on the sale of arms to China. The real effect of the Tiananmen crisis was felt by the exhibition in 1991, which was the smallest of all the years. In 1993 and 1995, the exhibition managed to expand a little.

In 1996, the government of Zhuhai (a small city in southern China near Hong Kong and Macau) spent hundreds of millions of U.S. dollars building an oversized, international standard airport and subsequently organized its first air show and subsequent air shows every two years. To protect its market share, CPL organized the third aviation exhibition in Shanghai in 1996. However, with the support of the premier, Li Pang, Zhuhai applied pressure on Shanghai and prevented CPL from arranging any further aviation exhibitions in Shanghai. CPL chose not to take any
defensive measure, since the CEO of CPL believed Zhuhai would not be as attractive as Beijing. In addition, an air-show in an airport required an exhibition center especially built for the air-show and usable only once every two years. The cost of maintenance and depreciation of an airport exhibition hall will make a commercial air-show unfeasible. CPL found later that these assumptions were incorrect. Chinese and foreign (especially Russia) aviation companies accept the idea of an air-show in a remote area. Zhuhai organizes the air-show not for profit, but for the city publicity. Zhuhai invested over RMB one billion in the first two air-shows in 1996 and 1998, and does not mind continuing to lose tens of millions RMB for every subsequent event. CPL continues not to do any costly counter-attacks since CPL does not have full confidence in the sustainability of BAE, which is expected to face many rivals and challenges in the future. Costly counter-attacks would eat into the profit. In 1997, 1999, 2001, 2003, and 2005 CPL spent additional money on improving the service quality of its convention, complete with better media coverage, better Internet marketing, better visitor and buyer promotion and registration, higher standards of service from sub-contractors, better relationships with the Chinese organizer, better hall facilities with cleaner toilets, better decorations and signage, a better business and press center, and a deluxe restaurant.

REED, one of the organizers of Asian Aerospace in Singapore, which is the
world’s third largest air show, has tried to produce an aviation exhibition in China for many years. In the late 1990s, REED cooperated with a department in CAAC and organized an airport exhibition in Beijing with little success. It was cancelled in the early 2000s after a few failures. The same exhibition was restarted in Beijing in 2004 by a UK-based EO, Mack Brooks Exhibitions, which organized the European Inter-airport exhibition. REED announced they would move its Asian Aerospace 2007 from Singapore to Hong Kong just 12 days before BAE in Beijing after it failed to reach agreement with its partner, the Singapore Government (Hart, 2006; Reed, 2006). On the other hand, the Singapore government has formed a new government-owned exhibition organizer to continue the Singapore Air-show in February 2008, and Singapore Air-show is confident in drawing more business to Singapore, not Hong Kong. Furthermore, REED’s Hong Kong Asian Aerospace is only for civil and commercial aviation. A lot of military related aviation will not join REED in 2007. REED, the wealthiest EO in the world, has acquired three other international aviation-related exhibitions, Aircraft Interiors, Aerospace Design and Testing, and Air Freight Asia, and Asia-Pacific Aviation Training Symposium. As a small EO, CPL will continue to act passive and hope that after the first two events in 2007 and 2009, the Hong Kong Asian Aerospace will not be able to be sustained due to limited Asia and Chinese professional visitors and high cost. In addition, the break-even level of
BAE is low. CPL has confidence that the aviation industry, especially the military, would come to Beijing despite the rivals in Zhuhai and Hong Kong.

6.2 METALLURGICAL INDUSTRY EXPO

MIE was established by CPL together with the former Ministry of Metallurgical Industry (MOM), the Metallurgy Import/Export Corporation (MIEC), the National Non-ferrous Corporation (NNC), and the Non-ferrous Import/Export Corporation (NIEC). MOM is the superior of MIEC, but they are two separate groups of management. NNC is the superior of NIEC, and they are under the same group of management. Those four organizations shared part of the income equally. CPL was responsible for the marketing, recruitment, financing, and running of MIE.

In most exhibitions that CPL co-organizes with other ministries in China, involvement of the ministries is limited to visitor promotion. However, in 1990, MOM’s role was different. It became involved in international marketing trips as well, whereas NNC and NIEC did little. MOM was not happy that NNC and NIEC took two shares of the shared income, whereas it and MIEC had only one share each. In addition, CPL was pressured to offer a bigger share of the income to the four organizations. So, CPL tried to lower the cost and entrusted MOM to go alone on the international marketing trip, which gave it an opportunity to learn how to market an exhibition. CPL had to move the exhibition from CIEC to the China World Trade
Center, a cheaper and better exhibition center, to reduce the budget further. This action angered the CIEC management. Externally, the European Association of Foundry, headed by the German Engineering Federation (VDMA), wanted MIE and the Foundry, Forging and Industrial Furnace Exhibition (METAL CHINA) to organize concurrently to avoid duplication. With the joint effort of CIEC and VDMA, MOM left the other three Chinese partners and CPL and joined CIEC and Metal China to launch the same-named exhibition (Metallurgy-China, 2005). The other three Chinese partners and CPL were not compensated. NNC protested to the minister of MOM, but without success. Because MOM is the highest authority in China on the ferrous metallurgical industry and had the support of the European Association of Foundry and VDMA, the exhibitors followed MOM. The other three Chinese partners and CPL could not re-launch the same exhibition topic in Beijing. CPL moved the exhibition to Shanghai on its own. Although the exhibition in Shanghai was smaller than it had been in Beijing, CPL’s profits rose because it did not have to share with so many Chinese partners. Meanwhile, MOM has been corporatized into a national industrial association and maintains part of its former ministry influence. The international department in MOM that ran the Beijing exhibition changed its department name to “Metallurgical Council of CCPIT,” but its authority and influence remains. In 2003, the Shanghai exhibition had a poor response due to weakened support from the new
CEO of Shanghai Baosteel, China’s most modern and largest steel mill. In 2004, the Beijing Metallurgy Expo moved to Shanghai under the invitation of multinational German EO Hanover Messe, one of the investors of SNIEC in Shanghai Pudong, with a much larger size than the one organized by CPL. Although pressured by his Shanghai partner, Shanghai International Exhibition Corporation, CPL decided to give up the show in Shanghai after the failure of a similar event in Shenyang, another major metallurgical center in China.

In 2004, a former staff of the Shanghai partner, Shanghai International Exhibition Corporation helped his friend privately to establish a “Shanghai Metallurgy Expo”; claiming it is a continuation of the China Metallurgical Industry Expo that CPL established in 1986, and claimed itself as the 10th events after CPL’s 11th event in 2003. This is an obvious infringement of intellectual property right. CPL does not wish to conduct the troublesome legal action against them as CPL is no longer active in “Shanghai Metal Expo”. In 2007, that infringement was successful in claiming the 14th events and able to make the show with 30,000 sqm in gross area.

6.3 CHINA PROMOTION LTD.

CPL owed its first success to Honorary Chairman Dr. C.W. Chuang, who retired in the late 1980s. Dr. Chuang was a well-known industry leader in Hong Kong who had a good reputation in China among those in political power. Without him, it
would have been difficult to be accepted in China so easily, especially during the early
days when China just opened up, and there was suspicion and caution. The
investigator began CPL together with Dr. S.L. Chuang, the son of Dr. C.W. Chuang, in
August 1976 when the relationship between the United States and China improved. Dr.
S.L. Chuang was the Chairman.

The investigator was the founder, managing director and CEO of CPL. He had
worked for a European China trading firm, Jebsen, in marketing management where
he mastered the skill of marketing in China in the mid-1970s. At that time, traveling
to China was restricted, and advertising was not allowed. Direct marketing with
Chinese translation was the most effective method. In 1979, Dr. C.W. Chuang and a
few retired congressmen in the United States cooperated to organize the first U.S.A.
Electronic exhibition in Guangzhou, held in 1980. Clapp and Poliak, an American EO,
was hired to promote the exhibition. Mr. E. J. Krause, a former exhibition specialist
from the U.S. Department of Commerce, was hired by Clapp and Poliak to manage
this event. CPL was appointed as the Chinese liaison. That is how CPL management
learned exhibition skills. Clapp and Poliak was purchased by Cahners later on, and
Cahners was later acquired by REED. CPL found that direct marketing, translation,
and printing skills were very useful in organizing an exhibition. After the exhibition,
one of the shareholders left the company due to poor business. The investigator,
together with his mother and brother, bought the shares of both that shareholder and Dr. S.L. Chuang. The investigator then changed the course of CPL. CPL organized its first solo exhibitions in Guangzhou and Tianjin in 1983. Dr. C.W. Chuang, although he did not have any interest in the company, still offered his help and continued as honorary chairman because of his personal interest in what CPL was doing. CPL made many mistakes in its first solo exhibitions; however, from these experiences, the company learned that there was a demand in Beijing for infrastructure exhibitions if they were supported exclusively by government ministries. Using a directory, CPL sent 41 letters of introduction to potential ministries in China in 1983; the results were excellent. Six ministries responded to the introduction letters and were later able to finalize arrangements for cooperation in the areas of aviation, railways, electricity, defense (military), petro-chemistry, and metallurgy. This introduction letter outlined CPL’s experiences in 1980 and 1983 and its company background, mentioning that Dr. C.W. Chuang was the Honorary Chairman, with a good reputation in China. CPL finally had success in the autumn of 1984 with exhibitions in railways, electricity, and aviation.

When CIEC built the new exhibition hall in Beijing and encouraged Hong Kong EOs to establish exhibitions there, CPL together with Adsale, another Hong Kong EO, seized the opportunity and hosted over half of all Beijing CIEC’s
exhibitions in 1986 and 1987. One of the exhibitions developed was MIE (section 6.2). With the experience of the managing director of CPL and the low entry barrier and competition in China in 1985-1986, CPL had the ability to launch new technology and infrastructure types of exhibitions. One mistake CPL made was to assume that CIEC would limit the number of exhibitions by one organizer, which turned out to be untrue. As a result of this misunderstanding, CPL came second to Adsale in terms of size.

These are typical examples of pioneer advantage: “grab the opportunity” and capture market share as much as possible and as fast as possible and do not leave opportunities for competitors.

CPL’s leading position fell after 1986 and 1987 when additional competitors entered the industry, as well as following the Tiananmen crisis in 1989. By 2006, other than the BAE, CPL had lost nearly all of its historical exhibitions in China. In 2002, it managed to win a tender from the Ministry of Public Security (MPS) to organize the foreign exhibitor recruitment for a “China Police Equipment Exhibition,” while a department of MPS recruited local exhibitors at about half the international price. Most international exhibitors attempted to register as local exhibitors at the lower price, resulting in a much lower profit margin than was available with BAE, which accepts only the international exhibitor rate. Space for the Chinese pavilion in BAE is given to the Chinese organizers free of charge.
The management of CPL is dependant on a single person, since the mother and brother are silent partners. This allows the CEO to make fast decisions, but there is no partnership consultancy or joint effort. Although capital is not the first priority in exhibition business expansion, CPL has had difficulties expanding due to its lack of partners and its unwillingness to pay high salaries to attract talent. Furthermore, the difficulty of retaining tenants and the possibility of losing company connections when senior executives quit and work for competitors are problems for CPL. One of its exhibitions, “Shanghai Medical Expo,” was lost to one of its senior executives who left CPL to start his own business as an EO. To keep required business skills up to date, the CEO-investigator has had to attend many executive training sessions in Australia, China, Hong Kong, Singapore, and the United States. The CEO understands CPL’s limitation and desires to merge with a multinational EO for synergy. However, due to the guanxi sensitivity of CPL’s two top exhibitions, BAE and the “China Police Expo,” no multinational EO so far has shown interest in making an offer.

Since 1990, CPL has worked with the Chambers of Commerce in Hanoi and Hochiminh City in Vietnam. CPL has applied the same strategies (niche and guanxi) as it did in China in early 1980s to become one of the most successful exhibition organizers in Vietnam, featuring exhibitions for textile and fabric industries, as well as
oil and gas.

6.4 INTERNAL AND EXTERNAL INFLUENCE ANALYSIS

The internal (strength and weakness) and external (opportunity and threat) influence analysis of Beijing Aviation Expo and China Promotion Ltd are:

- **Strengths:**
  
  - Exclusivity: In the 1990s, the State Department of the Chinese Government allowed only one aviation exhibition in Beijing every odd-numbered year, and a second one in Zhuhai with flight demonstrations every even-numbered year.
  
  - Authority (association) support: Nearly all top aviation authorities in China support this exhibition, even though they are independent and have little communication with each other. They are Civil Aviation, Aviation Industry I (AVIC I), Aviation Industry II (AVIC II), and the military.
  
  - Air show: Until now, the exhibition has been limited to displays in an exhibition hall. CPL is considering inclusion of airplane static and dynamic flight displays at an airport in Beijing. However, arrangements have not been made due to difficulties in getting government (including military) approval.
• CPL has experience in establishing *guanxi* and working in the niche market of infrastructure.

■ Weaknesses:

• With no flight demonstration, no real aircraft, and too many air shows in the world, BAE has lost its attractiveness and is losing out to the Zhuhua Airshow and some specialized exhibitions in Hong Kong and China (Zhou, 2005).

• Primitive exhibitor marketing: CPL pays little attention to promoting attendance of worldwide buyers (visitors) since CPL does not desire to enlarge the scope of visitors from local to worldwide.

• CPL mainly works in Hong Kong, a high operation cost center. This is not entirely a weakness, however, since Hong Kong has the strengths of a low and simple taxation system, and a pool of stable, capable and loyal company executives.

■ Opportunities:

• China’s economy is experiencing high growth, and civil passenger and freight aviation is in high demand.

• Market diversification into Vietnam and other new emerging markets.
• Product Development in other exhibitions with similar topics.

■ Threats:

• Business growth has slowed down as few new international aviation suppliers want to exhibit in China.

• Multinational competitors: REED will move the Asian Aerospace event from Singapore to Hong Kong just 12 days before Beijing Aviation Expo in September 2007. SIEC is also planning to organize an aviation exhibition in Shanghai, a competitive location when compared to Beijing.

• Specialized exhibitions: There are several new aviation related special exhibitions in China and Hong Kong, such as Beijing Airport, Shanghai Commercial Aircraft, and Hong Kong Aircraft Interior.

• Local competitors: There are many Chinese aviation and military officials and EOs wishing to take over the ownership of BAE.

A SO (Strength Opportunity) strategy for CPL is to use its experience and strengths in relationship building and niche market strategy in Vietnam. Even considering Vietnam’s accession to the World Trade Organization and the forthcoming competition with many other multinational exhibition organizers, CPL should be able to compete in Vietnam based on its experience and strengths.
An ST (Strength Threat) strategy for CPL is that a related diversification strategy be applied when the BAE market in China becomes very competitive. A related diversification can include market development in Vietnam, or a niche market product development in China, such as becoming an overseas organizer of some infrastructure exhibitions (Beijing Police).

A WO (Weakness Opportunity) strategy for CPL is to relocate most of its operation to Beijing or Vietnam in order to lower the operation expenses and to be closer to the market.

A WT (Weakness Threat) strategy for CPL is to cut down on operation expenses in Hong Kong, including downsizing the staff (part of retrenchment).

6.5 COMPETITION ANALYSIS

BAE’s competitors are: 1) the multinational exhibition organizers (EOs) who specialize in organizing aviation-related exhibitions in mainland China and Hong Kong, such as REED’s Hong Kong Asian Aerospace; and 2) the municipal government-owned EOs who prefer organizing air-shows in their municipalities, such as Zhuhai Air Show and Shanghai Air Show (Planning). The marketing segments of BAE are the potential exhibitors from foreign aviation manufacturers who want to sell to China and trade and professional visitors from Chinese civil and military aviation.

A Competitive Profile Matrix (David, 2005) for the Pilot Study based on the strengths
and weaknesses of CPL and BAE is presented in Table 10. It shows the competitive strength of BAE over it’s three competitors. As in most strategy studies, the weights and ratings were set by the CEO of CPL.

<table>
<thead>
<tr>
<th>Table 10: Competitive Profile Matrix for the Pilot Study</th>
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<tbody>
<tr>
<td>Beijing</td>
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<tr>
<td>Wt</td>
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<tr>
<td>People:</td>
</tr>
<tr>
<td>CEO Talent</td>
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<tr>
<td>Relationship with authorities</td>
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<tr>
<td>Senior Executives</td>
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<tr>
<td>People Sub-total</td>
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<tr>
<td>Company:</td>
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<tr>
<td>- First-Mover Advantage</td>
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<tr>
<td>- Authority Support</td>
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<tr>
<td>- Workforce Experience</td>
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<tr>
<td>- Reputation &amp; Branding</td>
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<tr>
<td>Management Sub-total</td>
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<tr>
<td>Marketing:</td>
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<tr>
<td>- City</td>
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<tr>
<td>- Visitor Promotion</td>
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<tr>
<td>- Near Airport for Air show</td>
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<tr>
<td>- Public Relations</td>
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<tr>
<td>- Exhibitor Promotion</td>
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<tr>
<td>- Hall Facility</td>
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<tr>
<td>- Process (Operation)</td>
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<tr>
<td>- Relationship with Customers</td>
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<tr>
<td>- Selling</td>
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<td>- Distribution</td>
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<tr>
<td>Marketing Sub-total</td>
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<tr>
<td>Value:</td>
</tr>
<tr>
<td>- Income</td>
</tr>
<tr>
<td>- Profit or Community Interest</td>
</tr>
<tr>
<td>- Cost of Authorities’ Support</td>
</tr>
<tr>
<td>- Cost of Operation</td>
</tr>
<tr>
<td>- Cost of Hall and Direct Costs</td>
</tr>
<tr>
<td>- Cost of Marketing</td>
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<tr>
<td>Company Influences Sub-total</td>
</tr>
<tr>
<td>Value Total</td>
</tr>
</tbody>
</table>

Based on the strength and weakness of CPL, a Hong Kong-based exhibition organizer of the Beijing Aviation Expo along with the Zhuhai Air show, Hong Kong Asian Aerospace, and Shanghai Air show (planning)
Wt = Weight, Ra = Rating: 4 = major strength, 3 = minor strength, 2 = minor weakness, 1 = major weakness

6.6 STRATEGIES OF CHINA PROMOTION LTD.
CPL and BAE have used various strategies in management and marketing: (1) partnership with authorities; (2) political and financial power; (3) first-mover, location, and time slot; (4) guanxi; (5) international sales networks; (6) cost effective factors and database marketing; and (7) other marketing mix.

**Partnership with Authorities**

BAE is owned by CPL and the civil and military aviation authorities; i.e. the China Aviation Industry I and II, Civil Aviation Authority and military. The reason that top multinational enterprises join an exhibition organized by CPL is not because of the services offered, but because they want to establish a good relationship with the Chinese authorities. For example, BAE is the only aviation exhibition in Beijing, while Zhuhai is the only airshow in China. Since Zhuhai is far from Beijing, many companies prefer to exhibit in Beijing, the capital of China, to strengthen their relationship with airlines in China, the aviation industry, and civil aviation, airport and military authorities.

**Political and Financial Power**

CPL’s former Honorary Chairman, Dr. C.W. Chuang, was an industry leader in Hong Kong and was well-known in China. Because of him, CPL received good financial ratings from banks in Hong Kong when it was first established in the late 1970s. CPL received political clearance in China to organize the first civil and
military aviation exhibition in Beijing in 1984 and a defense exhibition in Beijing in 1986. In 2002, with its BAE track record, CPL beat three other local and foreign competitors to win appointment as the international organizer for the Beijing Police Equipment exhibition.

It is the policy of CPL to pay on time and honor its signed agreements. Fortunately, CPL has had a strong cash flow. Basic business ethics became CPL’s number one strength and merit, according to appraisals given by the Chinese partners and exhibition center management, such as Ms. Chen Ruo Wei, the general manager of CIEC. This reputation gives CPL an advantage when a Chinese partner is choosing an international partner from several candidates or when CPL is trying to get space in a busy exhibition center during peak season.

First-mover Advantage, Location, and Time Slot

CPL owed its success in BAE to first-mover advantage, which included the first partnership with Chinese aviation authorities, occupying the best exhibition hall in the capital of China, and scheduling during the best season. Since aviation is a special industry with limited stakeholders, the partnership with the Chinese aviation authorities limited the entrance of rivals.

Beijing is the capital of China, where all major civil aviation, aviation industry and military headquarters are located. CPL has established a good relationship with
the exhibition center CIEC, Beijing’s biggest and most reputable exhibition center. An
unofficial understanding in most exhibition halls is that the existing EO always has
the first priority in booking the next event. Exhibition halls also will not allow an
event within three months before or after a similar event. Only a few months in a year
are suitable for an exhibition in a particular industry. For example, the best months to
hold an exhibition in Beijing are from March to July and from September to
November when the weather is pleasant, and there is no conflict with Western and
Chinese long holidays and similarly themed major exhibitions worldwide. Hence,
owning a good time slot in the best available exhibition center in one of the best cities
is one of the best barriers to entry by others.

Guanxi

Most small Chinese traders from local communities in Mainland China, as
well as those from Hong Kong and Taiwan, find it is necessary to build up guanxi and
offer personal favors through middlemen for special privileges. I think it is
unnecessary for bona fide foreign businesses to offer many personal favors to Chinese
officials, because it is their political duty to welcome foreign businesses. Furthermore,
it is risky to use a middleman because of the high cost and the possibility that the
wrong middleman can delay the pursuit of an opportunity. The case study shows that
CPL has been using a direct approach for initial meetings with Chinese ministries. Of
course, it is still necessary to strengthen those relationships legally after the first meeting. Since the Chinese care about face and friendship, a business-person must learn how to build proper friendships through offering dinners, a small gift, golfing, karaoke, an invitation for the authorities to visit your head office in a foreign country including a small traveling allowance.

Many people think it is necessary to offer bribes to officials. CPL prefers to use a straightforward, direct business-to-business approach, especially in Beijing and Shanghai. For smaller cities and in southern China, the situation may be different because many low-ranking officials are susceptible to bribes.

The guanxi of CPL with defense related authorities in China gives it the competitive advantage among other foreign and local EOs. For example, CPL won the job as international organizer for the Beijing Police Equipment exhibition in 2002, beating three other much more famous foreign EOs, due to its success with BAE and the relationships that have been formed as a result.

**International Networks**

The reason that many local EOs in China still invite Hong Kong-based EOs to be their international partners (organizers and exclusive sales agents) is because international exhibitors not only help enhance the standard and appearance of an exhibition but also increase the income of an exhibition since they are charged more
than local exhibitors. CPL has more than twenty representatives worldwide who work
closely with CPL, understand CPL’s promotion methods, and trust that CPL will pay
them honestly and on time.

**Cost-Effective Factors and Database Marketing**

CPL has developed a few tricks in cost effectiveness for small exhibitions. It is
costly to overbook the exhibition space, so this should be avoided if possible and have
a contingency plan in case of over-sell. Also, it is important to fully utilize all the
allowed space after deducting for corridors since the gross profit rate increases with
the amount of space sold. Marketing, operational, and office costs are fixed. The
overhead of an EO is mainly salary that is nearly always fixed. Telecommunication
costs have declined substantially. There are very few fixed assets and office fixtures
and equipment for an EO. Hall rental is marginal. In short, very little capital is needed
to run an exhibition. With little bad debt, since most income is paid before an
exhibition, the exhibition industry is not a capital-intensive business.

CPL was a direct marketing and printing company before it went into the
exhibition business in the early 1980s. The experience in direct marketing helped CPL
focus on creating and updating databases and the technique to create high-response
sales letters, faxes, and emails. One problem that many EOs have is databases which
are not centrally controlled and updated. Each salesperson creates his/her own
database, which is difficult to control and share, and the information found cannot be passed to a new replacement if a salesperson leaves the company. The printing experience helped CPL in designing sales brochures. The biggest advantage was the low cost and ease of breaking into a new exhibition topic and market. With this know-how, CPL was able to establish itself in China, Myanmar, and Vietnam easily. These primitive marketing tools were later confirmed in an *EXPO* journal (Chatfield-Taylor, 2006; Tormohlen, 2006a) that direct marketing counts for 64% of the exhibitor promotion budget in the United States.

The disadvantage of direct marketing is that the rate of response drops if there are many competitors, which is the case for most exhibition topics in China today. That is why CPL can survive only in markets with few competitors, such as aviation and police equipment, in which the national government controls the existence of an exhibition.

**Other Marketing Mix**

Other than the basic four Ps (product, price, place, and promotion), Kotler (1984) introduced two more Ps (political power and public relations), and Zeithaml & Bitner (2003) mentioned three more Ps (people, physical evidence, and process) for the service industry. The roles that all nine Ps played for CPL are listed below:

- Product: Topic of exhibition, Beijing Aviation, is very specific and
exclusive with no other similar exhibition in Beijing.

- Price: Adopt a single foreigner price. All Chinese co-organizers are given space free of charge, since there are few local exhibitors who can afford to exhibit in the show.

- Distribution: CPL has representative in over twenty countries worldwide, which helps exhibition promotion, marketing and sales.

- Promotion: There are two types of promotions, exhibitor marketing and promotion, and visitor promotion. CPL likes to use database marketing as the main tool for exhibitor marketing and visitor promotion (Chatfield-Taylor, 2006; Tormohlen, 2006a).

- Political Power: CPL had a Hong Kong political leader as its Honorary Chairman in the early days. Due to the open door policy, the consideration influence of political power has decreased during the last fifteen years.

- Public Relations: CPL is putting much effort into public relations in publishing and Internet media in China and worldwide. Normally, CPL would barter advertising space with those media for exhibition booths.

- People: In this study, people may be referred to as human resources. CPL is a small company, as is true for most entrepreneurs, and the company
cannot afford to hire capable staff and face unstable loyalty. CPL would rather hire average-capacity staff and treat them nicely for their long-term service in the company. The downside of this policy is the very high workload and capacity requirement for the CEO.

- Physical Evidence: Appearance of the exhibition in size, decoration, anchor exhibitors, quality and quantity of visitors. CPL has had marginal success in this area.

- Process: CPL has good reputation in handling the operation and logistics of the exhibition.

6.7 SUMMARY - PILOT STUDY

The observed mission statement of BAE in the pilot case study was:

Maintain sustained growth and profitability in Beijing Aviation Exhibition by guarding the relationship with the Chinese aviation authorities and improving on visitor quality and quantity. Satisfy the needs of customers and provide timely service and exhibitor promotion. Maintain the leadership in Beijing Aviation Exhibition to win over multinational general aviation and specialized aviation exhibition rivals in China and Hong Kong.

BAE is in the maturity stage of the product life cycle. Its characteristics are
slow market growth and keen competition. Its strategies are product differentiation, pricing to meet competition, and heavy promotion. The Porter’s generic strategy is product focus with value pricing. CPL competes in a niche market by specializing in infrastructure exhibitions that rely on the support of the government and trade authorities. A market nicher serves small market segments not being served by larger firms (Kotler, 1997). The key to nichermanship is specialization with flanking and guerrilla warfare (see section 3.4.2). For CPL, the SO strategy is product development in China, while the ST strategy is market development in Vietnam. The WO strategy is to localize most of the marketing and management jobs in China and Vietnam to achieve efficiency and cost savings. The WT strategy is to consolidate operation costs (included through staff layoffs).

The pilot case study is based on first hand participant observation. Much of the information would not have been available, especially in such detail. There is a researcher bias risk in this pilot study. It should be used as a lead for further research and shall carry much less weight in the final analysis.

Various methods were used to improve the objectivity and/or trustworthiness of this pilot study, such as:

1) Multiple sources of evidence (triangulation): since most of the evidence is provided by the investigator of this study, secondary data from other sources was sought to support the pilot findings in order to help improve
the trustworthiness. For example referring to the EXPO trade journal (Chatfield-Taylor, 2006; Tormohlen, 2006a) in which direct marketing (which counts for 64% of the exhibitor promotion budget in the United States) is a acceptable promotion tool;

2) Replication logic: the findings of the pilot study was compared with three other cases for similarities or differences. For example the replication logic of first-mover advantage;

3) Peer debriefing with other experts and professionals. For example, Ms. Chen Ruo Wei, the general manager of CIEC, emphasized the payment on time and honoring the signed agreements as a success factor of CPL.

6.8 SPECIFIC MODEL ON EXHIBITION ORGANIZER PERFORMANCE

Based on the basic conceptual EOP Model in Figure 7, a specific EOP Model (Figure 8) for the pilot case study was made. In the pilot case, the success of CPL was due firstly to the sudden opening up (timing) of exhibition opportunities to international EOs resulting from a change in government policy and increased market demand (environment) in China in the early 1980s. An exclusive partnership with Chinese aviation authorities created a barrier for additional entrants. The second most important influence was the location of Beijing and in the best available exhibition hall with the best time slot. The third most important influence was the CEO’s entrepreneurship and guanxi skills with authorities. The fourth was company influences: exclusive aviation authorities support, first-mover advantage, acceptable
political background, and a group of stable and capable staff. The fifth was marketing
mix influences: the right topic, acceptable exhibitor and visitor promotion,
international sales networks, and good physical evidence with good size and good list
of anchor exhibitors, influential civil and military aviation VIPs attending the opening
ceremony. CPL wanted sustainability, custom satisfaction and profitability. There was
also evaluation feedback from the end result of the exhibition organizer performance
back to the marketing mix, so that the company could adjust the marketing mix for
better performance. The findings are summarized in Figure 8.

The pilot study model (figure 8) helped to fulfill the inadequacy of the
conceptual EOP model (figure 7) with a real time event. For example, there is a
timing sub-factor in the environmental influences overlooked in the construction of
the conceptual EOP model, which was mainly based on PEST and competitive forces.
Actually, the traditional Chinese strategy depends heavily on the outside environment
and timing, location and personal relationships (section 3.3) (Zhu, 2000). Timing is
the first factor, besides location and people. In another instance, an association
support sub-factor was found in the company influences in the pilot study, which was
also overlooked in the conceptual EOP model. Furthermore, the pilot study helped to
build up the in-depth interview questions and the survey questions for the interviewee
to complete.
6.9 REFINED CASE STUDY PROTOCOL AND IN-DEPTH INTERVIEW QUESTIONS

The case study protocol provides the instrument as well as the procedures and general rules to be followed (Yin, 2003). The protocol draft was developed, based on
Yin’s (2003, p68) example, and contribute to the characteristics of this study. After the Pilot Study, the protocol draft was refined after knowing what was needed and what was un-related. The refined protocol based on the protocol draft from section 4.3 consisted of:

The protocol draft adopted for this study included the following:

1) Introduction to the case study and the purpose of the protocol, including case research questions and conceptual framework

2) Development of case study interview questions and the survey questionnaire, using the protocol

3) Finding background information of the chosen EO and exhibition from primary (official website) and secondary data, and site visits;

4) Data collection procedures with
   a. in-depth interview and open-end questions
   b. survey questionnaire focusing on key influential factors to a successful exhibition

5) Analysis and evaluation criteria

6) Outline of the case study report

7) Evaluation – by cross-data sources and cross-cases synthesis
The pilot study helped to refine the strategic management theory with reality in the in-depth interview questions. The survey questionnaires are presented with a synthetic response from the Pilot Case and all three cases in section 8.2 and a blank Chinese translation in the appendix 10.2.

The in-depth interview questions were:

1) This interview would like to study your company and a specific exhibition of yours. What are the challenges and issues currently facing your company and that exhibition?

• Probing items include:
  a) External Assessment and their opportunities and threats
  b) Internal Assessment
     i. Strengths and weaknesses
     ii. Resource-based view (RBV) of a firm
     iii. Competitive advantage
     iv. Entrepreneurship and pioneership
     v. Market positioning
     vi. Product life cycle
     vii. Marketing mix

2) What is the personal experience and background of the owner of the company?

3) Does the exhibition cooperate with the trade associations, what is the *guanxi* with
a. The government?

b. The trade association?

c. Influential customers?

4) Who are your competitors and substitutes?

5) What is the macro-environment of your exhibition?

6) What are the advantages or disadvantages of the location of the exhibition?

7) Tell me about the management, CEO and human resources style in your organization?

8) How do you do your exhibitor promotion? Does your exhibition adopt different pricing for local and international exhibitors?

9) How do you do your visitor promotion?

10) What are the factors, if any, that contribute to the success of:
    • your organization?
    • an exhibition?

11) To summarize, what strategies and tactics do you use in running:
    • your business / organization?
    • an exhibition?
CHAPTER 7  MULTIPLE CASES

This study chose three for-profit EOs and their exhibitions as cases to examine. The cases included: Case A) Guangzhou International Beauty Fair (GIBCTF), the world’s second-biggest beauty exhibition, owned by a local beauty association and local entrepreneurs; Case B) Shanghai Furniture China (SFC), owned by CMP Sinoexpo, one of the top multinational EOs; and Case C) Dongguan Machinery Fair, owned by Info Communication (INFO), a Hong Kong entrepreneur EO.

7.1 CASE A: LOCAL ENTREPRENEUR-OWNED

This case showed how a local entrepreneur, Madam Ma Ya (Ma), started the exhibition before other rivals and held on to its monopoly in Guangzhou with the exclusive support of the exhibition center and a regional trade association she founded. Her tactics in building up allies with the world’s top exhibitions of cosmetics in Italy and Hong Kong, alignment with rivals in Beijing and Shanghai, and defense against rivals at home are shown.

GIBCTF (GBHA, 2005) is the largest beauty industry event in China. It is held twice a year in the biggest commercial city in southern China at the CIEF Fairground. It is the second biggest exhibition in the world after “Cosmoprof” in Italy. There is some confusion on the ownership of GIBCTF. Officially, GIBCTF is owned
by the Guangdong Beautician and Hairdresser Association (GBHA), but it seems there is an agreement between GBHA and a management company owned by the senior executives of GBHA, which is headed by Ma. According to Ma, she has combined her own interests with the local association, which is allowed under the present Chinese system. However, since the interpretation of law in China is changing, a foreign partnership in the management company would be the best strategy to protect the exhibition from being challenged by the association (GBHA) in the future.

With news of cooperation between GIBCTF, CMP Asia of Hong Kong, and Cosmoprof of Italy, Cosmoprof-Asia (2006) indicated that GBHA would help the Hong Kong and Italian rivals recruit Chinese exhibitors to participate in their exhibitions, and the Hong Kong and Italian rivals would help to recruit Hong Kong and international exhibitors to contribute to GIBCTF. Cosmoprof-Asia made unusually big news of this low-level cooperation; perhaps there are merger and acquisition negotiations also going on.

According to Mr. Zhuan Hong of CFTC, GIBCTF was established in 1989, with only 2,000 sqm. CFTC protects GIBCTF by not renting exhibition space to other cosmetic EOs as CFTC is the only sizable international exhibition center in Guangzhou. GIBCTF occupies more than 70,000 square meters with more than 3,000 booths in the China Import and Export Fair Liuhua Complex, in Guangzhou city. The
space is divided into several overseas pavilions, regional pavilions, and 13 professional pavilions. More than 2,000 companies from Asia, Europe, America, and Oceania participate every year. This is a professional and comprehensive trade fair providing a great showroom for every aspect of the hairdressing and beautician industry, from cosmetics and hairdressing training schools, professional media, and chambers of commerce to industry unions.

The participation fee for a 9 sqm standard booth is RMB20,000 (DCEOM, 2005b). According to the statistics from the four-day 20th Guangzhou International Beauty Fair in 2004 (MOC-Guangzhou, 2004), 263,000 persons/visits visited the fair, among which, manufacturers, agencies, and beauty parlor personnel accounted for 83.6% of the total, 93,000 persons/trips were foreign and Hong Kong-based, up by 15%. Transactions made at the Fair reached RMB20.3 billion, 10% more than the previous fair. This fair had more than 26,000 professional buyers and visitors, and attracted the best professionals from all over China, as well as many international participants. Since 80% of the imported cosmetic products are distributed from Guangdong to the rest of Mainland China, cosmetic enterprises from Europe, America, Japan, and Korea are quite interested in the GIBCTF for Cosmetics and Hairdressing Products at the fair. Hundreds of briefings, seminars, and demonstrations on the cosmetics industry are held during the month around the trade fair by beauty
enterprises from home and abroad.

Ma is confident in the growth potential of her GIBCTF. She thinks that the whole world is looking for opportunities in China. China is so big that GIBCTF still has not explored all the opportunities in China yet. Until the end of April 2005, there were 3,350 cosmetic manufacturers in China, with 1,250 in Guangdong. The other provinces had an average of 100 each. The Chinese cosmetics industry is only 20 years old, which is young, and with vast growth potential.

The most important finding of this study is how GBHA is ahead of its rivals in Guangzhou, Shanghai, Beijing, Hong Kong, and Italy. According to the interview with Ma, GBHA is cooperating with Hong Kong and Italy, and friendly with rivals in Shanghai and Beijing, but the company is trying its best to prevent the establishment of another beauty fair in Guangzhou through political pressure on the authorities governing exhibitions in Guangdong and Guangzhou.

7.1.1 Survey Results on the Important Success Factors of an Exhibition

Ma filled out the survey questionnaire and rated general politics, the policy on the exhibition and organizer, and economics as the most important environment factors, which were typical answers expected from a person who grew up in Mainland China’s political environment. Then she filled in “City” as the most important factor in location, which was expected since Guangzhou is the most important production
center of Chinese cosmetics. For guanxi, she put the relationship with key customers as the most important. She did not consider relationships with high government officials as very important, which was unexpected as a mainland citizen. The explanation might be she already held such a high social position that there was no need to strengthen further her guanxi with government officials. The most important factors for exhibition organizers were specialization, reputation, local sales networks, new market, and new topic ability. She did not consider an international sales network as important since most of her exhibitors are local. In her opinion, the most important factors for GIBCTF were first-mover advantage, service, quality, brand, and trade association backing; the most important marketing mixes were timing, staff, and logistics. She ranked price as third most important, indicating general acceptance of price by her clients; she did not need to lower prices to attract customers. The overall performance factors of the exhibition were sustainability and visitor fulfillment. Sustainability showed that she was worrying about the future of her exhibition, which was not expected from such an iron lady.

7.1.2 Analysis

Ma started a make-up training school in 1984 ("Overseas", 2002), when the social acceptance of make-up was still conservative. She was misunderstood and insulted as she started her beauty fair career in 1989. However, as China opened up to
the Western world during early 1980s, women in China started to accept Western
cosmetic and make-up, and most of the cosmetics had to be smuggled in from Hong
Kong, which is only 100 miles away. Ma was able to persuade the importers to show
their cosmetics openly and legally. This was the environment background and right
timing with the first-mover advantage. Ma used her skillful guanxi to persuade CFTC
to rent the only available reputable international exhibition center in Guangzhou to
her organization and not to others. In the survey, she seemed to have a lot of
confidence in her relationship with government officials. She was able to grow her
exhibition from just 2,000 sqm initially in Guangzhou, which was in the first group of
cities allowed exposure to the outside world in 1980s. The proximity of Guangzhou to
Hong Kong provided a good location for future opportunities. She had good control of
GBHA and its staff, and had good relationships with their members and key
customers, as demonstrated by her capacity in guanxi.

The internal (strength and weakness) and external (opportunity and threat)
influence analysis of GIBCTF is as follows:

- **Strengths:**

  - First-mover advantage
  
  - Protection from CFTC—the only sizable exhibition center in Guangzhou
• CEO full of confidence

■ Weaknesses:

• The ownership of GIBCTF is confusing.

• Lack of international networks to promote international visitors.

• GIBCTF cannot be a truly international exhibition due to its lack of international exhibitors.

■ Opportunities:

• With its 1.3 billion population, China is a huge market for cosmetics. As the standard of living improves in China, more women who could not afford beauty care before will become potential consumers.

• Export opportunities: The women of developing countries in Southeast Asia, the Middle East, Eastern Europe, Africa, and Latin America could be potential customers of lower-priced Chinese cosmetics. The growth of international buyers could make GIBCTF second not only in terms of size, but also in international branding in cosmetic fairs as well.

■ Threats:

• Local Rivals: Guangzhou city has three authorities in exhibitions. The Guangdong province authorities, which support Ma, are challenged by the
Guangzhou city authorities.

- Rivals from Hong Kong, a much more international and higher standard exhibition, and Shanghai, the biggest commercial city in China.

- Not many international manufacturers would like to exhibit in China, as China is weak in intellectual property right protection and is an aggressive producer of consumer goods.

An SO strategy calls for the GIBCTF to ride on the growth and expand its exhibitions with market penetration.

An ST strategy for GIBCTF involves using a defensive warfare strategy to block any potential competitors from entering.

WO and WT strategies for GIBCTF focus on cooperating with world-famous rivals in Hong Kong and Italy.

### 7.1.3 Specific Model on exhibition organizer performance

In Case A, the success of GIBCTF was due to the increased market demand for beauty products and services after the government opened up in early 1980s. Guangzhou is the best location since it has the highest concentration of beauty product manufacturers. Guangzhou has the tradition as China’s most important foreign trade city hosting the Chinese Export Commodities Fair, and is the best city to
host the export fair due to its proximity to sellers and buyers. Furthermore, CFTC offered GIBCTF the exclusive right to host a beauty exhibition there. The CEO’s pioneership and her *guanxi* with high authorities, and the loyalty of the senior executives are some of the people-influential factors. The first-mover advantage, specialization in beauty, good relationships with anchor exhibitors, and exclusive support from a powerful trade associations are some of the company’s influential factors. The most important marketing mix is exhibitor and visitor promotion, international cooperation, and process. Being one of the biggest beauty exhibitions worldwide, GIBCTF has strong irreplaceable physical evidence. What GIBCTF desires is sustainability, visitor fulfillment, and customer (exhibitor) satisfaction. Since it is a semi-association organized exhibition, it has to fulfill association and employee interests.

A specific model (Figure 9) was constructed to explain the main important factors affecting the exhibition performance of a local entrepreneur EO. This model was very similar to Figure 8 for a pilot study (a foreign-based entrepreneur EO).

### 7.1.4 Summary and Lessons Learned

GIBCTF does not have a real competitor now. However, its potential competitors are: 1) the multinational EOs who would like to organize beauty-related exhibitions in Mainland China; and 2) the local EOs who would like to organize
beauty-related exhibitions in the Pearl River Delta region. The marketing segments of GIBCTF are the potential domestic and foreign exhibitors who want to sell beauty products and service in China and worldwide, and the beauty-related trade and professional visitors.

**Figure 9: Model on exhibition organizer performance (Case A)**

- **Environmental Influences**
  - Market Demand
  - Government Policy
  - High Entry Barriers
  - Timing

- **Location Influences**
  - Proximity to Sellers and Buyers
  - City
  - Protection from Exhibition Center

- **People Influences**
  - Relationship with Authorities & Trade Association
  - CEO Pioneership & Confidence
  - Staff Loyalty

- **Company Influences**
  - First-mover Advantage
  - Specialization
  - Relationship with Anchor Exhibitors
  - Exclusive Association Support

- **Marketing Mix Influences**
  - Promotion (Exhibitor & Visitor)
  - International Sales Network
  - Process (operation & Logistics)
  - Physical Evidence

- **Exhibition Organizer Performance**
  - Sustainability
  - Visitor Fulfillment
  - Customer (Exhibitor) Satisfaction
  - Trade Association Interest
  - Employee Satisfaction

Feedback
The observed mission statement of Case A was:

Be the leader in beauty exhibitions in China and worldwide. Service the beauty association and its members to broaden the local and international beauty business through exhibitions in Guangzhou and elsewhere. Maintain sustainable growth and profit for the company and employees by cooperation with multinational and national exhibition rivals. Guard against local rivals by close cooperation with the China Foreign Trade Center.

GIBCTF is at the growth stage of the product life cycle. Its characteristics are product extension, and a penetration-pricing strategy. The applied Porter’s generic strategy is focus with value pricing. For GIBCTF, the SO strategy is market penetration, while the ST strategy is defensive warfare. The WO and WT strategies are to join forces with the Hong Kong and Italian rivals.

GIBCTF of Case A is a domestic and export exhibition, with some international exhibitors looking for imports to China. If GIBCTF can maintain and improve its international visitors, the entry barrier will be high and it will be difficult for competitors to compete successfully. Most exhibitors are local companies. Local and international trade visitors are invited. Since the reputation of the exhibition is good, the price charged is a little bit higher than other domestic exhibitions. The exhibition can still grow at a high rate. Profit is good due to its large size. The main
owner of GIBCTF does not organize other types of exhibitions.

Ma has combined her own interests with the local association, which is allowed under the Chinese system. This sort of joint venture between an individual and the association is one of the strongest combinations. The association can help to recruit exhibitors and visitors. Foreign trade associations would prefer to support an association-related event in China, more than an entrepreneur organizer event.

Based on triangulation with data from a number of sources, the investigator noted GBHA is under the authorization of the Guangdong Provincial Department of Civil Affairs and the supervision of the Economic Trade Committee of Guangdong Province. The association has thousands of members at the company or individual level. As with many association-owned exhibitions worldwide, GBHA appointed a Guangdong Bomei Exhibition Co Ltd. (Bomei) as the EO to run the exhibition. Bomei is a private and profit-making enterprise, which shared its profit with GBHA. The recent Chinese rules allowed the senior executives of GBHA, including its CEO Madam Ma, to have a considerable personal interest in Bomei. This fact was confirmed in the interview with Ma. Since the CEO position of GBHA is changeable, especially when the CEO reaches retirement age, which is either 60 or 65, Bomei has to find a foreign partner as a political backup to ensure its interest in GIBCTF will not change when the present executive members retire. That is why CMP Asia and the
Bologna Fiere Group, owners and organizers of COSMOPROF ASIA (Cosmoprof-Asia, 2006), the region's largest international beauty trade event held in Hong Kong were invited to cooperate with Bomei and GIBCTF. This is actually the shortcoming of a local EO. The agreements with the Chinese are not safe; one needs a foreign multinational EO’s involvement to guarantee its existence with foreign political backup.

7.2 CASE B - MULTINATIONAL-OWNED

Wang is a legend in the Chinese exhibition industry. During the 1980s, he was the general manager of the Shanghai International Exhibition Company Ltd., a top city-owned exhibition organization that belonged to the CCPIT Shanghai sub-council. He left his secure government job in 1989, which at that time meant facing isolation. Nonetheless, he left Shanghai for a job in Shenzhen, a special economic zone created to promote a more liberal economic policy, worked for a German joint venture exhibition center, and worked in Germany for a few months. In 1992, when Deng Xiaoping applied this liberal policy to other parts of China as well, Wang returned to Shanghai and started a private exhibition-organizing company, Shanghai Sinoexpo International Exhibition Co. Ltd., recruiting his former colleagues from SIEC. With his connections, experience, and right timing, he successfully organized his first exhibition and became a leading local entrepreneur EO. He knew how to promote his
exhibition along with Chinese associations to overseas associations, and worked with overseas agents. He repeated several times to the investigator prior to the interview that he owed his success to two short-term executive training sessions at Stanford and Singapore University, where he learned about merger and acquisitions and focus. These two factors were the background of his strategy. In 1998, he merged his company with CMP China Ltd., the branch of CMP Asia (CMP) responsible for all Mainland China businesses, and became one of the first few Chinese-foreign co-operative EOs, Shanghai CMP Sinoexpo International Exhibition Co., Ltd. (CMPS) (CMP-Sinoexpo, 2005).

These are two separate companies under one roof, CMP Asia and CMP Sinoexpo. Wang is a shareholder in CMPS, which operates six groups of large-scale exhibitions of furniture, building materials, hotels, boats, food ingredients, and pharmaceutical ingredients, with more than 20 events. Wang does not have an interest in CMP Asia, which has its regional headquarters in Hong Kong and handles the old CMP events in Shanghai before the merger, such as Marintec, Leather, Non-woven, Jewelry, and Paper Tissue.

CMP Asia is under the United Business Media group, listed on the London Stock Exchange. CMP Asia came from Miller Freeman who, during the early 1990s, entered the Hong Kong market by purchasing the Hong Kong Exhibition Ltd. (owner
of the Hong Kong Leather Fair and Shanghai Marinetec Exhibition), and Headway Exhibition (owner of the Hong Kong Jewelry Fair and the Hong Kong Computer Fair of B&I). In China, CMP merged with Wang to form CMPS and took over Sinoexpo’s exhibitions in Shanghai. One of those is Shanghai Furniture China. The senior VP in Asia recalled that, according to the suggestion of a consultant’s report during the Internet boom, the top management sold the small-growth conventional exhibition business in Europe and the U.S.A. and moved to e-business. Hence, in 2000, the top management sold most of its exhibitions with stagnant growth in the U.S.A. and Europe to another EO, REED, and bought an e-business company, CMP. The high-growth exhibition in the Far East was merged into CMP, with the regional office located in Hong Kong and named CMP Asia. CMP Asia operates in 13 market sectors through its regional headquarters in Hong Kong, with 400 employees in 11 major cities in Asia and the U.S.A. CMP Asia has more than 80 media products, composed of more than 70 trade shows held in ten countries/regions and 18 publications with associated B2B websites.

CMPS combined CMP Asia’s global strength and experience with Sinoexpo’s local networks and expertise and became a strong EO. Wang felt that guanxi with government officials and political power was less required since China was much more open now than before. With the political power backup of CMP, challenges from
officials and chances of de facto nationalization by associations were much less.

Wang recalled that Sinoexpo had 25 employees before the merger in 1998. In 2006, CMPS had 100 employees. In 2005, CMPS had 130,000 sqm net, and planned to have 250,000 sqm net in 2010, double the present size of only 150 employees (not 200 employees). To reach this target, CMPS might need to purchase some existing successful, large exhibitions. Wang claimed that such exhibitions are hard to find, no matter how much cash one has. Furthermore, after a purchase, one still needs a team to market and sell.

The lack of experienced marketing and sales staff is a problem in China. CMPS uses corporate human resource management “team work” and does not completely rely on any person (even Wang himself), to lessen the disturbance on change of staff. CMPS has four levels of project management, headed by a group leader, then project managers, then sales managers, and then the assistants. If the project manager quits, the sales manager can be promoted and fill the vacancy. According to Wang, a reputable exhibition can be ruined easily if any mistakes are made with either one of the four steps of an exhibition (public relations [PR], marketing, sales, and operations).

In sales, CMP uses different strategies. Take building materials, for example. This was a very difficult exhibition with many competitors. CMPS used the hard-sales
technique, and had 10 salespersons covering four halls in SNIEC, which meant that each salesperson needed to sell 2,000 sqm net. On the other hand, each salesperson for Chinese furniture could sell 10,000 sqm gross, because it was a continuous show and there was no need to do hard sales. When the exhibition began, a call center was needed. CMPS did not hire an outside call center; CMPS hired part-time students to do cold calls and marketing. The company did not normally use hard sales unless it was a very difficult exhibition. In 2005, CMPS paid the hard sales staff RMB1,500 a month with 6–8% commission.

CMPS adopted a strategy in recent years. The company stopped building new exhibitions and only expanded the existing exhibition topics. For example, its Hotelex expanded the exhibition topics to “Coffee and Drink”, and “Clean and Laundry”, which resulted in additional 10,000 sqm gross. This increased the visitor promotion effort and was able to increase the size by 50,000 sqm gross in SFC and 10,000 sqm gross in the building show. CMPS’ strategy was to strengthen the existing topics and made them large and good.

CMPS aimed at market share, and not short-term profit. The company adopted one price for local and foreign exhibitors for most of the company’s exhibitions. This action helped to increase CMPS’ market share to four halls in SNIEC in the Hotelex and Food Exhibition from an existing foreign rival, which had only one hall. The
foreign companies that once joined the rival’s import exhibition would have been
established in China with local agents, which would prefer to join a local lower-priced
exhibition. CMPS approached those agents at the local price and captured them.

Wang repeated that the most effective marketing method was visitor
promotion. CMPS spends most of its advertisement budget on visitor promotion,
especially in international visitor (buyer) promotion, the same technique used by
major EOs in the world. This method was not used by the smaller EOs in China, since
doing so puts higher priority on exhibitor promotion to ensure the income of the
exhibition. Wang understands that visitor promotion can ensure the quantity and
quality of the buyers for the long-term success of his exhibition. With proper visitor
promotions, the clients have to come to you, regardless your relationship with them.

For example, CMPS did three promotions for SFC. The first was an overall
introduction. The second was a show preview with full information sent out one
month before the exhibition. The third was a postcard reminder. CMPS also hired
visitor promotion agents in the U.K., the Middle East, India, the U.S.A., and Italy.
They were not for exhibitor promotion, but for visitor promotion at a retainer fee.

Now with Internet promotions, SFC can increase the export drive since the SFC has
good quality and acceptable price.

Wang claimed that one needs a good strategy and persistence. A good strategy
improves business, and persistence can help to win difficult exhibitions. The boat show is a good example. Wang has held the boat show for 10 years, since 1995; at first, very few exhibitors were interested since the show was too luxurious. Suddenly with high growth in the standard of living in China, the size of the exhibition grew to 15,000 sqm gross and 7,000 sqm net with clients from Europe, Australia, the U.S.A., France, and Italy.

One of the most successful exhibitions by CMPS is SFC, which takes place every September in Shanghai. The one in 2005 was the 11th event. According to Wang, the furniture industry in China is huge. There are more than 50,000 furniture manufacturers in China with a workforce of 5 million. Many top furniture enterprises are export oriented. With a 30% annual increase, China exported US$1 billion in 2004, and it was expected that exports of Chinese furniture in 2005 would reach US$1.35 billion.

The success of SFC is due to this export trend. A successful exhibition should cover all spectrums: lead the industry in the country with new products and new technology for manufacturing, and promote both domestic and export markets. For example, in 1997–1998, SFC was 50% foreign exhibitors and 50% local exhibitors. Many foreign manufacturers wanted to sell their deluxe furniture in China. After a few years of promotion by the foreign exhibitors, they either set up their own retail
channels or found that it was too early to be in China, while the Chinese manufacturers had built up their competitiveness by manufacturing their own goods for export. In 2000, the trend started to change to export. In 2000, SFC had only a few hundred overseas buyers. In 2004, there were 6,000 overseas buyers. In 2005, there were 8,300 overseas buyers.

Potentially, there are 5,000 furniture enterprises able to participate in exhibitions. Furniture China 2005 had more than 110,000 sqm in SNIEC alone, and all together, 200,000 sqm together with other halls in other parts of Shanghai. SFC had 65,000 buyers and trade visitors from 150 countries and regions with 1,400 exhibitors: 55% came from the Yangtze River Delta, 25% from the Pearl River Delta, 10% from the north, and 10% from overseas. SFC was expected to grow to 160,000 sqm in the SNIEC, INTEX, and Shanghai Mart in 2006 and 220,000 sqm together with co-venues in the permanent furniture marts.

The success of SFC is due to right timing and the “grab the opportunity” strategy during the three stages of development of the furniture industry. The period 1993–1995 was the introduction stage for learning, and the exhibition was small. In 1997-1999, overseas exhibitors wanted to sell products to China. In 2000–2005, the trend changed to exports. Wang expects that the exhibition could expand to 300,000 sqm in 2010 and become one of the four biggest furniture exhibitions in the world.
Although there are several furniture exhibitions in Shanghai, Wang claimed he was not afraid, but would be careful. If the new entrant exhibition is only 10,000 sqm, he would not fear. If the new exhibition was 60,000 sqm, the threat is there. After becoming number one, one cannot be afraid of competition. The competitors need resources (exhibitors and visitors) to start. So, it is necessary to stop them before they mature by not giving them any opportunity to grow.

The national rivals of SFC are the furniture exhibitions in Dongguan (see section 5.4.4.1), Shenzhen, and Guangzhou within the Pearl River Delta, which hold exhibitions twice a year (in March and August) near the same dates with a total size of more than 400,000 sqm. Although the Pearl River Delta is a very important furniture production center, Shanghai has better communications, transportation, and hotels, and is more suitable for a furniture exhibition. In Guangzhou, the city could have 150,000–200,000 sqm of exhibition space. Dongguan cannot expand exhibition infrastructure any further. Shanghai is best of all. Whomever can master overseas visitor promotion will win. Of course, Guangdong and Shanghai could co-exist. In Wang’s opinion, the Hong Kong exhibition was dominated by the Hong Kong Trade Development Council (HKTDC), with expensive hall rentals and a lack of space. Hong Kong has left little room for new EOs to grow. Furthermore, Hong Kong does not have a large market size and the industry to support exhibitions in Hong Kong.
Hong Kong has missed the timing, and let the opportunity pass to Shanghai. Now, even with the new exhibition hall at the Hong Kong airport, it is too late to change the trend because the opportunity was missed and already there are many reputable exhibitions in China.

According to Wang, the threat to SFC is that Shanghai does not have enough exhibition space for expansion in the years to come. Wang is worried that SFC cannot fulfill exhibitor requirements for additional space. The customers might flee. When the opportunity is gone, it will be too late. Wang claimed that if there were 300,000 sqm in Shanghai now, he could use it. SFC had 1,400 exhibitors, and had to limit the booking spaces of each exhibitor. If an exhibitor asks for 300 sqm, SFC can only give the exhibitor 200 sqm. It was easy for SFC to expand from 150,000 sqm to 300,000 sqm gross (at SFC, 1 sqm net = 1.5 to 2 sqm gross; for details, see the glossary) just by giving exhibitors more space. In 2005, SFC had 65,000 sqm net in SNIEC. In 2006, SFC plans to have two more halls in SNIEC (23,000 sqm gross) with additional space in the two other exhibition centers in Shanghai, the Shanghai Mart and INTEX, which has 30,000 sqm gross. So, in total, SFC could be interested in another 53,000 sqm gross. The problem is that the increase in space in Shanghai cannot catch up with SFC’s demand.

7.2.1 Survey Results on the Important Success Factors of an Exhibition
Wang seldom rated any factor as very important. He rated the proximity to buyers as very important in the location section, and showed his confidence in Shanghai as an international and national transport hub. However, he rated the location of the exhibition center in a city as less important, which showed his belief that an exhibition center could be built anywhere in Shanghai as long as the center had good transportation and facilities. He rated a relationship with government officials as less important, which showed that Wang has such confidence in the business that he does not think it is necessary to build up further relationships with government officials. This is another demonstration that China has changed from its communist planning economy into a market economy and the interference from the government is lessening, which was confirmed by Wang’s rating on politics as less important. He further rated the relationship with international rivals as less important, a small difference from Ma in Case A. He rated the technology of an EO as less important, which reflects that EO is a low-tech service business. He rated the ownership of trade publications as less important. The investigator noted that Wang published a furniture trade magazine in the past and dropped it in the last few years due to its lack of effectiveness, which was different than what the investigator of this study observed in section 2.2.3. Wang rated company employee and visitor satisfaction as very important.
7.2.2 Analysis

Wang was brave to leave the general manager post of the top state-owned EO in Shanghai in 1989. He started his private business when China relaxed the limitation of conducting business by private entrepreneurs in private business in the Pudong development zone of Shanghai. Wang’s first two exhibitions were telecommunication and industrial exhibitions; the initial response was not too favorable until Deng Xiaoping pushed hard to allow economic freedom in 1992. The two shows in 1992 were very successful. By the time he joined the joint venture company with CMP in 1998, he had established some major exhibitions, such as telecommunications and furniture. The furniture show was the best of all the shows in 1997; when SFC had 30,000 sqm, half of the area was filled with exhibitors from overseas, which paid the high foreign price. In 2000, when the number of overseas exhibitors diminished, SFC changed its strategy and concentrated on recruiting local Chinese manufacturers at the local (low) price. SFC received financial rewards from the size (full utilization in SNIEC).

To summarize, Wang was able to catch the right timing, during China’s open policy, and chose the right exhibition topic with a sizable industry in Shanghai’s surrounding region.

He returned and set up his business in Shanghai in 1992, and grabbed the
opportunity (environment) when Shanghai opened up business opportunities to local entrepreneurs. In the early 2000s, when Shanghai opened up further and became the top commercial center in China, Wang was there with first-mover advantage. This was the right location. Wang’s experience as the general manager of SIEC, the most powerful city-owned EO, was enhanced by further experience in Shenzhen and Germany. He knew how to work with government officials and trade associations, manage his staff, and set up marketing/sales teams and international marketing. These were guanxi and networking skills. Wang’s success may be summarized as in the right market, in the right place, at the right time with local and international connections, and modern management and marketing skills with a Shanghai touch.

The internal (strength and weakness) and external (opportunity and threat) influence analysis of CMPS is as follows:

- **Strength:**
  - Confidence: With the brand name of CMP and Wang as its local expert, CMPS was able to expand its China exhibition business easily. Wang is full of confidence in the growth in SFC.

- **Weakness:**
  - Low profit margin: CMPS, same as other foreign EOs, with high overhead
and costs, had to rent the exhibition space at a higher price. In the past, most foreign EOs charged different prices for foreign exhibitors and local exhibitors. CMPS charged a single price at some of its exhibitions for both foreign and local exhibitors. CMPS offered different prices for different locations in the exhibitions regardless of whether the exhibitors were of local or overseas origin. The price difference for the highest and the lowest prices was less than half, while the price difference for foreign and local exhibitors could be five to 10 times in the past. With the high overhead involved in international networking and expatriates, the profit margin of CMP was low, despite the large size of the exhibitions.

■ Opportunity:

• Export-oriented exhibition is a new trend and opportunity for Chinese exhibitions. Wang knows how to keep the leading position in an export-oriented exhibition by doing intensive international visitor promotion.

■ Threat:

• There is a shortage of exhibition space in Shanghai. If Shanghai misses the opportunity to provide enough exhibition space to EOs, the success of SFC, or another huge size export-oriented exhibition in Shanghai, might be lost, just as Hong Kong missed the opportunity that went to Shanghai.
A SO strategy for the SFC is to ride on the growth and to expand the exhibitions for market penetration and intensive visitor promotion. A ST strategy for the SFC is to use defensive warfare to block any potential competitors from entering.

A WO strategy for the SFC involves staff localization and building up a human resource networks and training system. A WT strategy for the SFC is to find a sufficiently large indoor center to fulfill the space requirements of exhibitions.

7.2.3 Specific Model on exhibition organizer performance

Case B was divided into two stages. The first stage (Figure 10) was before the joint venture with CMP when Sinoexpo was still a local entrepreneur EO. The second stage (Figure 11) was after the joint venture with CMP when CMPS was a foreign multinational EO. CMPS is owned mainly by a foreign multinational enterprise and partly by a local entrepreneur. CMPS organizes exhibitions in China, and mainly in Shanghai. The major difference was that in the first stage, people influence (CEO and guanxi) was a mediator between location influence and company influence as most other cases; while in the second stage, people influence was a modifier of company influence. For an entrepreneur EO, the people influences were more important than the company; while for a multinational EO, the people influences were just a part of the company influences. In the environmental influences, the entry barrier for new entrants was higher in the second stage, due to larger size of the exhibition, and better
quality and quantity of visitors. In the company influences, CMPS had two additional advantages. They are the financial support for M&A and political support to strengthen its bargaining power with the Chinese authorities. In the marketing mix influences, CMPS put major emphasis on visitor promotion, changed its pricing strategy to offering same price for foreign exhibitors, and relied more on teamwork for its human resources, and less of individual.

Figure 10: Model on exhibition organizer performance (Case B before M&A)
The common strengths of SFC in both stages are: (1) good relationships with trade associations, and CEO’s entrepreneurship, persistence and confidence in the people influences; (2) first-mover advantage, and association support in the company influences; (3) market share and customer satisfaction were the first two targets in the exhibition organizer performance.

### 7.2.4 Summary and Lessons Learned
SFC’s competitors are the three local furniture exhibitions in Shenzhen, Dongguan and Guangzhou. The marketing segments of SFC are the potential domestic and foreign exhibitors who want to sell their furniture in China and worldwide, and the furniture traders and buyers.

The observed mission statement of Case B was:

Dominate the furniture exhibition in Shanghai with big size and good quality and quantity of local and international buyers. Concentrate in visitor promotion with strong support from national and international furniture trade associations. At the same time, develop other topic exhibitions in Shanghai, Beijing and Guangzhou and look for opportunities for merger and acquisition.

The SFC is in the growth stage of the product life cycle. Its characteristics are product extension and a penetration-pricing strategy. The applied Porter’s generic strategy is focus with value pricing with intensive visitor promotions to fortify the leading position. For the SFC, the SO strategy is market penetration and the ST strategy is defensive warfare, while the WO strategy calls for staff localization and human resources improvement, and the WT strategy is to create a secondary exhibition site for more space.

SFC of Case B was a domestic and export exhibition, with some international exhibitors looking for imports to China. Since the reputation of the exhibition was
good, the price charged was slightly higher than that of other domestic exhibitions. The exhibition could still grow at a high rate. Profit was good due to its large size. Some profit had to be shared with the trade associations. The main weakness was that the overhead of the foreign multinational EO was higher than that of local and Hong Kong-based entrepreneurs.

Compared with other sources of data, the investigator did not find much discrepancy between Wang’s interview and survey. With more than 20 years on the front line and as one of the most successful EOs in Shanghai and China, Wang’s opinions and strategies carried a lot of insight and weight in this study.

7.3 CASE C – HONG KONG ENTREPRENEUR-OWNED CASE

Info Communication Holdings Limited and its subsidiaries (INFO) is a Hong Kong-based EO, which specializes in the industrial sector, including metals, plastics and packaging, and textile and clothing machineries, equipment, components, and materials in Dongguan, Suzhou, and Vietnam. INFO also provides value-added promotion and marketing services and publishes various trade magazines that can strengthen the effectiveness of its clients’ product promotions. INFO was established in 1985 as a publisher of machinery trade magazines in Hong Kong by Mr. Eddy Tin Fu Leung (Eddy), a Hong Kong entrepreneur (Leung, 2005). In 1989, INFO’s subsidiary, Paper Communication Exhibition Services, organized the first Linkage
exhibition, combining several machinery topics in the newly built Hong Kong Convention and Exhibition Center (HKCEC). INFO was a new entrant in China, and organized its first machinery exhibition in Dongguan in 1999. At that time, Dongguan did not have any professional exhibition centers and was not favored by other EOs. INFO’s first Chinese machinery exhibition was in a Dongguan sports stadium with 4,000 sqm, 172 exhibitors, and 22,000 visitors. In 2004, the 6th machinery fair in Dongguan had expanded to a gross space of 42,352 sqm, net space of 18,804 sqm, and 90,000 visitors in the modern GDE (see section 5.4.4.1). INFO (Leung, 2005) has 60 employees with head offices in Hong Kong, branch offices in Guangzhou and Shanghai, and strategic partners in Taiwan, Japan, Korea, and Malaysia. INFO has four Chinese-language industrial publications and a 600,000-client database with clients in Mainland China, Taiwan, and Hong Kong.

INFO became the first Hong Kong EO listed (code 8082) in the Growth Enterprise Market (GEM) of the Stock Exchange of Hong Kong Limited, on November 2, 2001 (E-finet, 2005). The requirement for listing in GEM was much less than the main market, and received a good response during the Internet boom in the early 2000s. INFO issued 845.64 million shares. Its highest share price of HK$0.694 was achieved in January 2002. INFO’s recent share price (on September 30, 2005) was at HK$0.091, a total market capital of HK$76.11 million with a
price/earnings–P/E ratio–of 75.84, and yield of 13.33%.

For the year ended March 31, 2005 (E-finet, 2005), INFO recorded a total turnover of approximately HK$58.9 million, and exhibition organization income alone contributed HK$55.3 million. INFO recorded a net profit attributable to shareholders of approximately HK$13 million, representing an impressive 65.7% year-on-year growth in the net profits attributable to shareholders. The net profit ratio increased from 14.3% in the year ended March 31, 2004, to approximately 22.1% in the year ended March 31, 2005. The increase in profitability was attributable to the increase in exhibition organization income, discontinuation of non-profitable exhibitions, and a decrease in direct costs, including exhibition, printing, postage, and paper costs. Such a decrease in direct costs was mainly attributable to the significant decrease in exhibition costs for organizing the Linkage series of exhibitions in Dongguan in March 2005, which were previously held by INFO in Hong Kong in each March.

Eddy said in the interview that he likes to explore new frontiers. He owned a successful Linkage machinery exhibition in Hong Kong. He then went to Dongguan in the Pearl River Delta in 1999 to start another machinery exhibition, a bit late when compared with those EOs who went to China during the early 1980s. Dongguan, about a two-hour drive from Hong Kong, has become a busy industrial city with the
nickname “factory of the world”; the city has hosted tens of thousands of factories from Hong Kong and Taiwan since the 1980s. In 1999, Dongguan did not have an exhibition hall; Eddy had to use a sports stadium. Eddy relied on his market insight, thinking that Dongguan had many factories whose middle management did not have opportunities to go to Hong Kong to visit machinery exhibitions. He started with his favorite machinery exhibition as well as some new topics such as textile machinery, in which he personally did not have prior experience. He trusted his newly recruited staff to help him in these new topics.

At the first event in 1999 in Dongguan, INFO had 3,000 sqm, and grew to 6,000 sqm at the second event after building temporary structures. The third event had more than 10,000 sqm, and INFO needed to build many temporary structures at the outdoor exhibition. Then, INFO moved to Dongguan’s newly built professional exhibition center with more than 20,000 sqm. However, Dongguan could not provide quality service that met INFO’s demand, and later INFO had to move to Dongguan Houjie GDE (separated by 30-minute drive). When INFO first moved to Houjie, many people, especially those in Dongguan, were discouraged that the location of GDE (see section 5.4.4.1) in Houjie was not convenient to visitors. To everyone’s surprise, the response to exhibitions held in Houjie was even better. In 2004, INFO withdrew its flagship Linkage (machinery) exhibition from Hong Kong, which had
been held there since 1989, and moved all the company’s clients to GDE. INFO was able to double its annual net profit with lower exhibition center rentals in GDE. When asked why Eddy withdrew his successful Linkage (machinery) exhibition completely from Hong Kong instead of hosting the same topics in Hong Kong and Dongguan, Eddy said he did not want his customers to dilute their limited resources by attending too many exhibitions.

What Eddy learnt from this experience was that an exhibition hall was important, but not the most important topic. INFO successfully moved to Dongguan from Hong Kong, then successfully moved from Dongguan city to Dongguan Houjie GDE. GDE was much bigger than the exhibition center in Dongguan city and good for INFO’s future expansion in the coming years.

INFO believes new exhibition centers can lead to new opportunities. Recently, INFO started a new exhibition in Suzhou. Eddy was brave enough to offer free rentals to exhibitors joining his exhibition in Suzhou to make a jumpstart on the exhibition site. Eddy said if he gave big discounts, exhibitors would ask for the same big discount in later exhibitions, but it would be different if he did not charge at all. Geographically, Suzhou in relation to Shanghai is very similar to Dongguan and Hong Kong. Suzhou is only one hour and 15 minutes from the old Shanghai airport and less than a two-hour drive from the Pudong SNIEC. Suzhou could be a good location for
exhibitions, as it is surrounded by 30,000 factories (in the Yangzi River Delta, Jiangsu, Zhejiang and Yiwu areas), which is similar to Dongguan, with its 20,000 factories.

Suzhou has more than 90 of the world’s top 500 manufacturers, while Dongguan has slightly more than 10. The newly built exhibition center in Suzhou is huge and beautiful with modern utilities. The exhibition center rental cost in Suzhou is much less expensive than in Shanghai. Suzhou does not have large exhibitions yet. Eddy believes that once there are a few successful exhibitions, other EOs will rush in. Eddy is also a person with insight. Within the Yangtze Delta, Eddy chose Suzhou rather than Hangzhou and Ningbo to replace the leading position of Shanghai, just as Eddy chose Dongguan in the Pearl River Delta over Guangzhou, Hong Kong, and Shenzhen.

Eddy knows his business well; despite his personal connection to Tianjin, he does not consider Tianjin mature enough yet for him to invite new exhibitions.

At the same time, he has started four first-time exhibitions in 2006 in Asiaworld, the new airport exhibition center in Hong Kong. They are Auto Parts with HKTDC, Arts & Antiques, Pets, and Aqua. Asiaworld is within walking distance from the international airport and about half an hour drive from the city center.

When asked about his strategy, Eddy said he was just in the market at the right time when the machinery industry was in great demand. In the early days in Hong Kong, INFO faced a lot of competition from American and Singaporean EOs. The
foreign rivals did not understand the market as well as INFO. The rival companies relied only on their worldwide reputation. INFO encountered many difficulties with foreign principals that did not trust INFO and did not want to attend INFO’s exhibitions. Eddy went to each factory building one by one to post visitor recruitment posters. Eddy learned to be honest with the customers, treated them equally, and helped them to cut costs. Eddy considers the foreign multinational organizers his competitors. To fight against them, INFO needed to lower its prices because its price was too high before.

Based on his success in Dongguan and the help from his strategy partners in Taiwan and Southeast Asia, Eddy went to Vietnam and had more success. Eddy reported in the interview that he did not believe in hard work; he took life easier. His job in the company was to give general direction, and build relationships with business partners. He trusted his assistants to handle all affairs of the company on his behalf. With the help from one of his newly recruited senior executives, he listed his company on the GEM of the Stock Exchange of Hong Kong Limited.

When Eddy was asked the benefits and drawbacks of the public listing on GEM, he commented the listing could help to build up the reputation of INFO. Based on the investigator’s observation, INFO did not get many benefits from the initial public offering (IPO). The listing and professional fees of the IPO and recurrent
professional fees were high. The regulations monitoring the listing company were complicated. However, when this question was raised in the interview, Eddy just said he regretted that he had to share the profits with his shareholders, which would be unnecessary if INFO were a private company. Secondly, Eddy could not charge to the company a lot of his personal entertainment expenses. On the other hand, the listing of Global Sources (GS) on NASDAQ (see section 5.6.4.1) brought in a lot of cash to GS due to the right timing during the Internet boom in early 2000.

The way Eddy manages his company is also very interesting. The weakness of INFO is also its strength. Over half of his employees have been with INFO for more than 10 years, several for 15 years, and some even 20 years. The three sales staff for the machinery exhibition have been with him for 18 years; very few personnel change jobs. Another weakness of INFO is that it still relies on people, not systems, although INFO is a publicly listed company. He also said he entrusted the listing in GEM and development of new exhibition topics to a new recruit. He does not have to handle daily matters; his main job is setting the main direction and entertaining his business stakeholders.

From the observation of INFO, Eddy was very friendly with the industry associations in Hong Kong for his machinery exhibition years ago. However, during the interview, Eddy played down the importance of industry associations. Eddy said
he did not want to share profits with the associations.

7.3.1 Survey Results on the Important Success Factors of an Exhibition

Eddy seldom rated any factor as very important. He rated the proximity to buyers as very important in the location section, same as Wang, which showed Eddy’s confidence in the location of the exhibition centers in Dongguan and Suzhou. He rated relationships with key customers and international and national associations, and cooperation with international rivals as less important, which shows that he has such confidence in exhibitor and visitor promotions that he does not need help. He rated visitor and exhibitor satisfaction as the performance objective, and rated profitability as most important, which demonstrates his long-term goals. He was able to develop a machinery exhibition in Dongguan GDE in a small town and make a new exhibition center successful. He said in the interview that he would start new exhibitions in Suzhou, a new exhibition center that was one and half hour’s drive from Shanghai. He is going to give free admission to attract exhibitors, which demonstrates his pioneer spirit.

7.3.2 Analysis

INFO entered Dongguan just in time, when Dongguan was changing its manufacturing processes from OEM (Original Equipment Manufacturer) to ODM (Original Design Manufacturer), which required new machinery and technology.
Hence, by the Chinese analysis method of general environment and timing, INFO found a niche market and captured it with first-mover advantage. INFO chose Dongguan, the center of the Pearl River Delta and the factories of the world, which provides a good location for exhibitors and buyers of machinery exhibitions. Eddy entrusts his staff with all matters, a good example of guanxi with its own staff and clients.

The internal (strength and weakness) and external (opportunity and threat) influence analysis of INFO is the following:

- **Strengths:**
  - Experience in machinery trade exhibitions with trade publications in Hong Kong
  - Experienced and capable senior staff
  - Good and loyal sales partners in Taiwan (from personal observation).

- **Weaknesses:**
  - Weak European sales connections
  - Weak guanxi with Chinese central and Shanghai municipal authorities (no exhibitions in Beijing and Shanghai), and no support from senior officials and national associations in China
• CEO and lifestyle: Eddy repeatedly said he is semi-retired, and takes life easy. He leaves most of the job to his staff. Can his adventurous business style and relaxed lifestyle allow him to run the company smoothly for long?

■ Opportunity:

• Many un-utilized and potential exhibition centers, such as Dongguan and Suzhou; that would charge very good rental fees

■ Threat:

• Competition from local EOs who have lower overhead and costs than INFO

A SO strategy for the INFO is market development, while a ST strategy is to provide value with better visitor promotion instead of price competition with local competitors.

A WO strategy for the INFO is to conduct more exhibitions overall in China, Hong Kong and South East Asia. A WT strategy for the INFO is to list itself on the Hong Kong GEM stock market, thereby increasing reputation and prestige.

7.3.3 Specific Model on exhibition organizer performance

The main strengths of INFO and Eddy are the market demand, pioneer-ship in
new market and new exhibition centers, good human resources management, good customer relations, a good Taiwan partner, specialization, and reputation & branding. CEO’s lifestyle, customer satisfaction, profit, and employee satisfaction were INFO’s elements of performance (Figure 12).

Figure 12: Model on exhibition organizer performance (Case C)

7.3.4 Summary and Lessons Learned
INFO’s competitors are the local and foreign EOs who organize similar machinery exhibitions in Pearl River Delta region. The marketing segments of INFO are the potential domestic and foreign exhibitors who want to sell their machineries in China and worldwide, and the machineries buyers and professional visitors.

The observed mission statement of Case C was:

Explore machinery exhibitions in Dongguan, Suzhou, and Vietnam, to serve the market needs of international and Chinese machinery buyers and exhibitors.

Explore new exhibition topics in Hong Kong and other locations to maintain growth.

Satisfy employee need by giving them a free hand to explore new adventures.

Maintain the leading position as the first Hong Kong-based exhibition organizer listed on the GEM stock market.

INFO’s exhibitions are at the early growth stage of the product life cycle. Its characteristics are product extension, and a penetration-pricing strategy. The applied Porter’s generic strategy is focus with value pricing. For INFO, the SO strategy is market development, the ST strategy is to provide value with better visitor promotions instead of a price competition with local competitors, the WO strategy is market development from creating more exhibitions in China, Hong Kong and South East Asia, and the WT strategy is to list itself on the Hong Kong GEM stock market, thereby achieving reputation and prestige.
The investigator was concerned about trustworthiness during the interview with Eddy since the investigator is a rival. Eddy replied like a “playboy,” and said he is not serious about his business. As he is the majority shareholder of INFO, he can entrust his listing on GEM and the development of new exhibition topics to a group of employees. If what he said was valid, his management and job delegation skills should be praised. The investigator had a chance to meet Eddy’s two top senior staff. Their answers are consistent with Eddy’s interview. Hence, the investigator concludes that this interview was trustworthy and valid.
CHAPTER 8  MULTIPLE CASE ANALYSIS AND DISCUSSION

This study employed an “emic” perspective, which collected the data from an “insider’s” or participant’s perspective. In establishing trustworthiness and reliability of this study, triangulation of various data sources and case study protocol were used. The data were coded, collected and analyzed by cross-data sources and cross-case synthesis with constant comparison by iterative tabulation of evidence for each evidence. The results were compared further with conflicting and similar literatures until reaching close with theoretical saturation.

8.1 CROSS-DATA SOURCE AND CROSS-CASE SYNTHESIS

There were three sources of data. The first was from in-depth interviews for the three cases. Latent content analysis was used in the coding and rating of the interview by the interviewer. The second was the survey rating (Table 13 in Appendix 2) on the levels of importance of the factors influencing exhibition organizer performance. The third was from a combination of secondary documents, participant, and direct observations. The surveys data rated by the interviewees were collected and summarized in Table 15 in Appendix 4 together with the interviews and observations coding rated by the interviewer (according to their importance to the performance of an exhibition organizer) in ordinal scale (very important, important, some important,
little important, and not important). Since this was an exploratory study, influential factors found in any of these three sources of evidence could be considered as long as these factors made sense by cross-data source synthesis.

The cross-data source synthesis codes from all three cases (Cases A, B and C), (except for the pilot study case) were compared under each influential factors. An influential factor will be considered in the general EOP:

- if at least one “important” from a case plus one “some importance” from another case;
- at least three “of some importance” from all three cases;

The Pilot Case data (in italics) were not totally discarded, they were used during marginal decision on whether to accept or reject.

8.2 FURTHER EXAMINATION AND COMPARISON

The findings were further refined and search evidence for the “why” behind relationships for building internal validity (Eisenhardt, 1989). If a big discrepancy occurred between one of three data from three different evidences, the discrepant data was checked carefully to determine whether it was an error or a true discrepancy, leading to a decision whether to discard it or to consider it with more or less weighting. For example, there was a necessity to include “previous related experience
in the people influences,” which was neglected in the survey and interview processes and became obvious during observation processes later on. Similarly, if only one case showed the influential factor is important, it should be consider further to see whether this is an isolated instance. For example, the Pilot Case ranked the “international relation in the environment influences” as very important, while all other three cases, ranked it little important. This factor was rejected due to its isolated nature from the Pilot Case, which is partly military related while nearly all other exhibitions, including the other three cases, are civilian related. Furthermore, the Pilot Case was meant for reference and did not have the same weighting as the other three cases. On the other hand, “financial resources” is accepted despite it is only rated “important” by one case (Case B), as Case B represented the group behavior of the multinational EOs.

The influential factors from cross-data source and cross-case findings were compared further with similar literature or trade publication to look for conflicts. If a conflict existed, the study will continue further to seek reasons and explanations. For example, “the municipal government, hall, and union policies” were surprisingly rated little important or important, which contradicted other trade articles in Chinese (Shen, 2005). An explanation might be that these three cases were successful cases, and these policies did not hurt them at the time of study.
<table>
<thead>
<tr>
<th>Table 11: Evaluating the Factors in Exhibition Organizer Performance</th>
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<tr>
<td><strong>Rating in interval scale from 4 (very important) to 0 (not important)</strong></td>
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<tr>
<td><strong>Environmental Influences</strong></td>
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<td><strong>People Influences</strong></td>
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<td>- CEO Entrepreneurship</td>
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<tr>
<td>- Reputation &amp; Branding</td>
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<tr>
<td>- Customer (Anchor Exhibitor) Relationship</td>
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<td>- Level of Operation Expenses</td>
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<td>- International Networks</td>
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<td>- Political Power</td>
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<td>- Human Resources (Teamwork &amp; Training)</td>
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<td>- Publication Support</td>
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<td>- First-mover Advantage</td>
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<td><strong>Marketing Mix Influences</strong></td>
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<td>- Focus (Topic)</td>
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<td>- Physical Evidence</td>
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<td>- Sales Network or Sales Partners</td>
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<td>- Promotion (Visitors)</td>
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<td>- Dates (Season &amp; Month)</td>
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<td><strong>Exhibitor Organizer Performance</strong></td>
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<td>- CEO, Employee &amp; Shareholders Satisfaction</td>
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<tr>
<td>- Trade Association &amp; Supporters’ Interest</td>
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Scale: 4 = very important, 3 = important, 2 = some important, 1 = little important, 0 = not important

P (Pilot Case – Reference only), A (Case A – Local Entrepreneur), B (Case B – Multinational), C (Case C – Hong Kong-based Entrepreneur)
Although “union policy” is not a major issue in China, it is a major issue in the U.S.A. (Kirkwood, 2006).

Further comparison between the influential factors with each evidence and each case was made to seek improvements in model building, including rating, merging of similar sub-factors, and renaming of the sub-factors, until little further improvement in the findings were possible as suggested by Yin (2003).

8.3 THE MODEL ON EXHIBITION ORGANIZER PERFORMANCE

This study identified the key influences behind a successful exhibition organizer and presented them in a general model for exhibition organizer performance (see Figure 13). The factors from the cross-data sources and cross-case synthesis results (see Table 11) were grouped into five influences (environment, location, people, company, and marketing mix) and an exhibition organizer’s performance.

There was no major change in the sequential grouping argument, which was discussed in the conceptual model of EOP in section 3.4. This study follows a sequential model, which covers the environment, location, people, company, and market mix factors in sequence, one after the other, each factor affecting the others. The main construct and dependent variable is the exhibition organizer performance. The environment influences are the other constructs/independent variables, then to location as mediator.
Figure 13: General model on exhibition organizer performance

**Environmental influences**
- Market Demand
- Supply of Exhibition Center Space
- Timing
- High Barriers to Entry
- Government Policy & Regulations

**Location Influences**
- Proximity to Main Visitors
- City
- Hall Rental and Direct Costs
- Exhibition Center (Size & Facility)
- Priority Offered by City or Exhibition Center
- Proximity to Major Exhibitors
- Transport & Hotels
- Local government, hall, and union policy

**People Influences**
- Previous Related Experience
- CEO Entrepreneurship
- Senior Executive (Loyalty)
- CEO Leadership
- Relationship with Authorities & Trade Association

**Company Influences**
- Specialization Experience
- Reputation & Branding
- Customer (Anchor Exhibitors) Relationship
- Level of Operation Expenses
- International Network
- Political Power
- Human Resources (Teamwork & Training)
- Publication Support
- First-mover Advantage
- Database System
- Financial Resources
- Risk management

**Marketing Mix Influences**
- Focus (Topic)
- Physical Evidence
- Sales Network & Partners
- Promotion (Visitor)
- Price
- Association and Industry Support
- Dates (Season & Month)
- Process (Operation & Logistics)
- Public Relations
- Promotion (Exhibitor)

**Exhibition Organizer Performance**
- Visitor Satisfaction
- Long Term Prospects
- Sustain Exhibition Ownership
- Exhibitor Satisfaction
- Market Share
- Community Interest
- Profit
- CEO & Employee Lifestyle
- Trade Association and Supporters’ Interest
For SME enterprises, people influences were ahead of company influences, and both are mediators. For multinational enterprises, people influences are just moderators to company influences, which are mediators, followed by the marketing mix (tactics) influences which are the final mediators before the dependent variable of exhibition organizer performance. The feedback from the exhibition organizer performance help further adjustment to the market mix (tactics), people and company influences.

8.3.1 Environmental Influences

Environmental influences are major external forces that may be divided into five sub-forces: 1) economic forces; 2) social, cultural, demographic, and environment forces; 3) political, governmental, and legal forces; 4) technological forces; 5) timing; and Porter’s five competitive forces (Porter, 1985) as a basis for examining the Chinese exhibition industry as illustrated in Figure 5. These competitive forces are the bargaining power of buyers (demand), barriers to entry (new entrants), threat of substitutes (other promotion media), bargaining power of suppliers (exhibition centers), and existing rivalries (EOs).

8.3.1.1 Market Demand

The first most influential factor in the environment is opportunity, as seen in all cases under study. Is there a demand for the exhibition topic in that particular city at that particular time? Once an opportunity is found, it is necessary to seize the
opportunity as soon as possible with persistence (as in Cases A and B).

### 8.3.1.2  Supply of Exhibition Hall Space

The second most influential factor is the supply of exhibition hall space, since it is difficult to control a rival exhibition when there are empty rival exhibition centers available. Luckily for the EOs in Shanghai, Guangzhou, and Beijing, there is only one dominant exhibition center in each city with enough size and prestige (as in Case A).

### 8.3.1.3  Timing

In Chinese strategy, the word “heaven” means good environment and timing. There have been a few opportunity windows since 1979 (see section 3.4.3), during which many rivals rushed into the market, but only few could survive and grow with first-mover advantage. In early 1980s, Hong Kong entrepreneurs were able to capture a big share of the market when the market just opened up and before the local and multinational EOs emerged. In early 1990s, the local EOs (as in Cases A and B) emerged during the business cycle upswing along with government policy allowing them to establish. In the early 2000s, multinational foreign EOs (as in the M&A of Cases B and Case C) emerged in the upswing of a new business cycle along with government policy allowing foreigners to establish with 100% ownership.

### 8.3.1.4  High Barriers to Entry
There are many barriers to entry. The high cost and long time span needed to establish is the situation in Hong Kong. The reputation of an existing exhibition can become an entry barrier for new entrants and existing rivals (as in Cases A and B). The government and supporting association policy is another barrier. The threat of substitutes from other promotion media is another barrier.

8.3.1.5 Government Policy and Regulations

Another external sub-factor is government rules and regulations. The importance of government rules and regulations were rated highly in Case A. Until recently, China has been a tightly controlled country regarding international exhibitions. In the past, the central government controlled who could organize international exhibitions and their topics. Recently, the Central Government has been loosening its control. Most municipal governments welcome international exhibitions that bring economic benefits to the municipalities, except in the three most popular cities (Shanghai, Beijing, and Guangzhou). Shanghai, the most popular city for international exhibitions, began restricting competition at its mega-exhibition, Auto Shanghai. Beijing (with national and municipal governments). Guangzhou, with two to three layers of authority (CFTC, provincial and municipal governments), which all have the authority to approve international exhibitions, had difficulties implementing restrictions on competition.
One of the handicaps of doing business in China is the inconsistency of national and municipal government policies, which can change overnight without prior notice. Chinese policies and politics are person-orientated. Changes of the person-in-charge in the government due to retirement or job rotation may bring inconsistent interpretations of government policies, such as association support of an exhibition, taxation, intellectual property rights, exhibition ownership, and international relationships. Thus, it is very important for an EO to understand the latest government policies and find a way out legally or resolve them with good guanxi with their counterpart.

8.3.2 Location Influences

Location influences is another major external force. The most important sub-factor in the location influences is proximity to main buyers (visitors) and exhibitors, including hotels, and international and local transport (Weinstein, 2006). Most successful exhibitions are hosted on the same weekday in the same month annually or biannually or semiannually for habitual reasons. Except for those rotating exhibitions, which change host cities for every event, most exhibitions are hosted in the same city. Most exhibition centers offer protection to the existing EOs and keep competitors away. In Beijing nowadays, the facility and size of exhibition centers are below standard; but it does not prevent Beijing from being one of the top exhibition
cities in China. The sub-factors under location influences are described in the sub-sections below.

8.3.2.1 City, Hall Rental, Infrastructure, Transport, and Hotels

The city itself is a decisive success factor for an exhibition, as indicated in Cases A and B. Shanghai undoubtedly is the most welcomed site for international import exhibitions. Most foreign multinational EOs have their China head offices in Shanghai. In order to limit the competition of some popular exhibition topics, the municipal government of Shanghai only allows municipal-owned EOs to organize some of the most popular exhibitions, such as Auto Shanghai. Beijing is the second most welcomed site and best for infrastructure type of exhibitions, which are owned mostly by national associations. Guangzhou holds a few of the biggest export-oriented international exhibitions in the world.

The industrial, commercial and political positioning of a city are major considerations when choosing the best suitable exhibition site. Domestic and international inter-city transportation, traffic flow within the city, and the hotels and tourist attractions also are considerations.

The exhibition hall rental costs in major Chinese cities are a bit expensive, but it is not a major concern for the established exhibitions and EOs. It is, however, a major entry barrier for new and weak exhibitions and EOs.
8.3.2.2 Local government, exhibition center, and union policy

In China, some local governments would offer millions of RMB to encourage reputable exhibitions to be held in their cities. Local governments think reputable exhibitions can bring huge economic benefit to their community. Some exhibition centers would offer a huge discount or even free rental to attract new exhibitions to their exhibition centers. In the U.S.A., the union workers policy within an exhibition center/city is a great concern (Kirkwood, 2006).

8.3.2.3 Proximity to Major Buyers and Exhibitors

There was overwhelming agreement in all cases that the proximity to main buyers (visitors) is the most important sub-factor in choosing an exhibition location (as in Case C). The visitors as well as exhibitors must be able to reach the exhibition easily by public transport (air, sea or land). So, if the exhibition is meant for international visitors, a popular international airport with a lot of international air routes and international-standard hotels is preferred.

8.3.2.4 Facility and Size of Exhibition Center

Although the facility of the exhibition centers is important, it is not the crucial factor. In Beijing, there is only one exhibition center (CIEC) available with 70,000 sqm. Its outdated design and poor management and maintenance do not stop EOs
from organizing exhibitions in CIEC. On the other hand, the size of the exhibition
center is crucial, as indicated in Cases A and B. The smaller exhibition centers are not
chosen if the size is not big enough for the EOs to host the exhibition. In 2006, the
biggest exhibition centers in Shanghai were 100,000 sqm and in Beijing 70,000 sqm.
Since they were not big enough for many mega-exhibitions, temporary exhibition
structures were employed in the open spaces inside the exhibition centers.

8.3.2.5 Protection from Exhibition Center

Most exhibition centers would not allow competitive trade exhibitions to
occur within a few months of each other. CFTC of Guangzhou is offering exclusive
protection to some reputable exhibitions (as in Case A). SNIEC in Shanghai goes
further by offering priority to their three German shareholders to organize exhibitions
in SNIEC. These priorities or exclusive rights to organize popular exhibitions in major
cities are competitive resources to EOs.

8.3.3 People Influences

People influences are major internal forces. Since most EOs in China are small
with less than 200 staff members, the CEO influence and his/her experience are most
crucial. The senior executives (right-hand persons) are expected to follow the
guidance of the CEO with loyalty and stability. When the company grows bigger,
teamwork and training of the staff diminishes the importance of an individual.
sub-factors under people influences are discussed in the sub-sections below.

8.3.3.1 Previous Experience and CEO Entrepreneurship and Leadership

The CEO is normally the founder and the “brain” in most entrepreneur-owned EOs. The CEO has to create, lead, market, and run the business from the start with pioneership, entrepreneurship, vision, persistence, and leadership. The CEO should possess many kinds of management skills, such as language, personal relationship building, marketing, sales, accounting, taxation, law, operation, and logistics. Most of the local entrepreneur EOs in China have gained their experience from working for government and trade association-owned EOs (as in Cases A and B), whereas most Hong Kong entrepreneur EOs have started businesses on their own (as in Case C). The education and working experience of those entrepreneurs are crucial.

8.3.3.2 Relationship (Guanxi) with Authorities/Association

Personal relationships or guanxi are crucial for any enterprise in China (see 3.4.1). However guanxi is not as unreachable as many China traders claim (Cao, 2006; Davies et al., 2003). Since Chinese culture welcomes foreigners, it is not difficult for foreigners to be accepted by Chinese counterparts. However, some foreigners fail to maintain guanxi. An experienced CEO in China must know how to build up guanxi from ground zero, get support from the associations, cut short the red tape with government authorities, and maintain it for years to come. The secret is a true heart
and friendship, and not merely offering corruption as many people claim, especially in
big cities like Shanghai and Beijing. In Cases A and B, both CEOs surprisingly rated
the importance of relationship building only moderately high. An explanation may be
that both CEOs are native Chinese with good *guanxi* skills. *Guanxi* to them is natural
and does not have to be emphasized as much as for foreigners.

### 8.3.3.3 Senior Executives

Most local and foreign-based EOs are entrepreneurs who started their business
from scratch with few staff, as indicated in all cases under study. In a few instances,
capably talented people did join the EO during the infant stage on income or
profit-sharing arrangements. Some of them were able to receive quite high
remuneration. However, some of these successful talents have quit their jobs and
started their own businesses, becoming competitors of the same exhibition topics after
a short period. Most talent demands high remuneration that is difficult for an
entrepreneur to pay.

Some multinational EOs pay high remuneration for local talent to become
CEOs for their China offices. Some talent received US$125,000 annually in 2006,
which was high for a local talent. This study found most entrepreneur EOs would
prefer loyal and stable senior executives rather then new talent, which are considered
dangerous. In China, most CEOs are male, since they are more aggressive; and most
executives in the EOs are female, since they are more loyal and stable.

8.3.4 Company influences

Company influences are major internal forces. The reputation and branding of a company is a major sub-factor. For a government and trade association-owned and multinational EOs, the success lies in the organization (company) and not on the CEO (entrepreneur) alone. The bigger the organization, the more important is their specialization and branding, level of operation expenses, international networks, political background, teamwork and training, database system, and publication support. Many EOs keep their competitive advantage with first-mover advantage. The sub-factors under company influences are discussed in the sub-sections below.

8.3.4.1 Specialization

In all cases under study, specialization was rated as the top success factor for an EO. Every successful EO is strong in at least one topic. Case A specializes in cosmetics, while Case C is strong in machinery. CMP is renowned as a multinational EO with a good brand and reputation.

8.3.4.2 Customer Relations with Anchor Exhibitors

For new and developing exhibitions, success in recruiting anchor exhibitors was the key to success. Anchor exhibitors were the key companies in the trade, whose
exhibits could attract visitors to visit the exhibition. For a well-established exhibition, visitor promotion would overtake this importance. Hence in Case B, Wang did not spend much time on customer relationships with anchor exhibitors.

8.3.4.3 Level of Operation Expenses

The operation expenses of the company, which include salaries, office rentals, traveling expenses, and general and administration expenses, are the primary expenditures of a company. For foreign-based EOs, the expatriate salaries and benefits, and international communication costs are very substantial. With China tightening up the collection of taxes, the sales tax, company profit taxes, and employee benefits liabilities have increased significantly in recent years.

8.3.4.4 International Networks

The connection and relationship of foreign EOs with the foreign government, trade associations, and key exhibitors provide the foreign EOs a competitive advantage over local EOs. Many exhibitions such as Cases A and B, have a national pavilion. The governments of many developed countries offer sponsorships for their companies to participate in foreign exhibitions in order to encourage export trade. The U.S.A. government is one of the very few exceptions that does not offer such incentives.
8.3.4.5 Political Power

China is an authoritarian country, and politics always comes before financial issues. Government policy within environment influences is about whether private and foreign businesses are allowed in the whole country (communism vs. market economy). Local government policy influences the control of exhibitions in a particular city. The political power here is about the origin of the EOs, and its bargaining power with the central and local governments. Association (former ministry) support within the marketing mix influences support to help promote visitors.

The results from Cases A and B showed that political power was very important and provided an additional competitive advantage to their Chinese businesses. Political power of a company may come from the business ownership’s country of origin. It is a well-known fact in Chinese business circles that local law enforcement agents will avoid challenging people with strong political power, especially those from foreign countries. In general, American companies have the highest political power followed by European, Japanese, and Korean companies, and then finally by companies from Hong Kong, Taiwan, and smaller countries. Private Chinese companies have the least political power and can be easily persecuted by Chinese authorities in case of mishaps. The above concept, however, is completely
reversed when it comes to building up guanxi. Mainland, Taiwanese, and Hong Kong Chinese companies can build up new guanxi much more easily than companies from the United States, Europe, or Japan. Since both political power and guanxi are important to Chinese business, no nationality has a clear advantage. It was also widely believed that the Shanghai municipal government agreed to cooperate with three German municipal government-owned EOs (Messe) under extremely favorable terms to build the Shanghai New International Exhibition Center in Pudong due to the EOs political power in the 1990s.

It seems that China is less political than before. However, one of the main reasons why local EOs such as in Case B, would like to sell their companies or exhibition ownerships to foreign multinational EOs, either partially or totally is that the local EOs fear that their exhibitions may be invaded or de facto nationalized by government and trade association-owned EOs.

8.3.4.6 Human Resources (Teamwork and Training)

The director of CMP Sinoexpo in Case B expressed that when the size of the company expands, middle management is needed. Otherwise, the business cannot grow, the owner of the business will get tired and old, and the business will peak and then decline. However, most entrepreneur EOs such as Cases A and C offer little internal and external staff training.
There is much discussion about training to speed up the development of the exhibition industry in China (Kay, 2005b). However, entrepreneurship and leadership are inborn talents and cannot be taught in class. Some professional executive training through on-the-job experience, observation through local and foreign rivalries, and exchange of experience through professional seminars are useful. Most of the top executives in the exhibition industry in China as well as in other developed countries only have basic college-level business training, which is sufficient since exhibition and event management does not need a long period of professional training. This study recommends general business training for inexperienced college students initially, with further professional on-the-job training afterward by professional tutors. This is also the same concept of many Master of Business Administration programs, which require job experience as a prerequisite for the applicants.

**8.3.4.7 Database System & Technology**

The exhibition industry is not a high-technology industry. Computer office systems with office-use software are generally sufficient for Internet website building, artwork, correspondence, communication, database management, and mass mailing. The databases of visitors and potential exhibitors are the most valuable resources of an EO (as in Case B). Since most databases are stored in computers, they must be constantly updated and managed with care and guarded from virus attacks, external
intruders, and un-authorized internal entry.

8.3.4.8 Publication Support

Many successful EOs worldwide have started as trade magazine publishers. The reputable Hong Kong-based EOs, Adsale, HKTDC, Global Sources, and INFO of Case C are all trade magazine publishers. The top multinational EOs, Reed and CMP were also trade publishers. CMPS (Case B) published a furniture trade magazine in China in the developing stages. Hence, owning a magazine or having publication support were clearly a resource-based view competitive advantage and an influence factor.

8.3.4.9 Financial Resources

Financial resources were not a key factor since organizing an exhibition does not require a lot of capital. However, multinational EOs (Case B) use mergers and acquisitions (M&A) to grow by acquiring other exhibitions or EOs with financial capital.

8.3.4.10 Risk Management

Since the SARS pandemic in 2003 and the 9/11 terrorist attacks, many exhibitions have had to be cancelled. However, most small and medium EOs, did not have insurance coverage for exhibition cancellation. Insurance companies would offer
unaffordable premiums to SMEs. Only multinational EOs (as Case B) were able to buy such insurance at affordable rates for their events worldwide, since the risk to the insurance company is spread out for worldwide events, and business volume is high.

### 8.3.5 Marketing Mix

Kotler (1984) introduced two more Ps (political power and public relations) in addition to the four basic Ps (product, price, place, and promotion) already in the marketing mix needed to create satisfactory relationships with the government, trade unions, and other interest groups. Zeithaml & Bitner (2003) defined the marketing mix for service as product, place, promotion, price, people, physical evidence, and process. In this study, political power was included in the company influences. People is included in the people and company influences of this study earlier. There were two sub-factors in the market mix that were difficult to classify as one of the eight Ps. They were association support and dates. Other than the previous experience in the market, the sub-factors under the market mix influences based on the order of importance are discussed in the sub-section below,

#### 8.3.5.1 Focus (Product)

Nearly all reputable exhibitions, no matter whether trade or public exhibitions, were focused on certain subject(s). Case A was on beauty and hair. Case B was on furniture. Case C was on industrial machineries. Their market experience offered
them competitive advantage against rivals.

8.3.5.2 Physical Evidence

The list of anchor exhibitors, quality and quantity of visitors, size, and appearance were the physical evidence of an exhibition. The easiest evidence is the appearance in size, decoration, and advertisement. With a good list of anchor exhibitors, good quality and quantity of visitors can be attracted. In contrast, good quality and quantity of visitors will attract good quality and quantity of exhibitors. It is just like the hen and egg. All cases under study had good physical evidence in terms of size and the quality and quantity of exhibitors and visitors.

8.3.5.3 Sales Network (Place)

Place in the normal market mix meant (Kotler, 2000) distribution channels, which are the local and international sales networks in the exhibition industry. The foreign-based EO had the advantage of international networks. The local EO had the advantage of local networks and guanxi. For example, Case A was cooperating with Italy, Hong Kong, and many other international rivals. Case B was a foreign multinational EOs with many international networks. Case C was cooperating closely with their Taiwanese partner.

8.3.5.4 Promotion
Promotion may be split into exhibitor promotion and visitor promotion. Exhibitor promotion is marketing and sales to recruit exhibitors. This is important to a growing exhibition, but less important for well-established exhibitions, where there is more demand for space than availability.

Visitor promotion was rated as the secret of success by Case B. Exhibitors were the customers of the EO. They contributed the largest part of income, while admission tickets (attendance fees) and sponsorship fees, which were the most important sources of income for conventions and conferences, only contributed as a major source of income when an exhibition was well accepted by the visitors. The consumers of the exhibitors were the visitors. The exhibitors attended an exhibition because they hoped to find business opportunities with the visitors. Hence, the ultimate consumers of an exhibition were the visitors.

8.3.5.5 Price

As mentioned earlier, there were two to three tiers of prices in China, higher for foreign exhibitors, lower for local exhibitors. As more international companies set up offices and joint ventures in China, they refused to pay the higher non-local price. They would try to register in an exhibition as local or joint venture exhibitors, which was difficult to stop. Now, many international exhibitions, especially those in Shanghai, are changing this two-tier price strategy based on nationality to multi-prices
based on booth location. This sub-factor was emphasized during the interview of Case B, which offered one price to local and foreign exhibitors. This strategy won over an established rival exhibition organized by a reputable foreign multinational EO, which still adopted a two-tier price model.

8.3.5.6 Association or Industry Support

This was very important for a new exhibition and for infrastructure exhibitions. Guanxi with association officials was important to keep the official support of the association. For example, the owner of Case A was herself part of a regional beauty association. Case B teamed up with the China National Furniture Association. However, Case C did not believe in close cooperation with trade associations. In Case B, the association did help the exhibition a lot to recruit trade buyers, and international and local exhibitors when the exhibition was first established in 1990s. The importance of the trade association lessened as the exhibition had built up its own branding, reputation and database.

8.3.5.7 Dates (Season & Month)

The dates (season and month) of an exhibition is an important asset of an exhibition. There were only a few months in a year when a location was most favorable to hold an exhibition. For example, January is one of the best months to hold exhibitions in America, because after Christmas sales, shops need to re-stock
their inventory. However, January and February are two bad months in China, due to preoccupation with the lunar new year. The CIEF in Guangzhou in the second half of April and October attracted two hundred thousand international buyers worldwide. Due to the presence of these buyers, the second half of April and October were the best dates in Hong Kong. In Beijing, the best months were April, May, June, September, and October. March and November were a bit cold. December is the Christmas holiday in the West. July and August are hot as well as the summer holiday.

Furthermore, there were many rival exhibitions internationally. It was hard to find a month without a rival exhibition. Thus, previously accepted dates should not be changed easily (as in Cases A and B). In addition, busy exhibition centers would protect the interests of an existing exhibition by providing them with the same dates every year (or every other year).

8.3.5.8 Process (Accounting and Operations)

Foreign EOs were found to be better organized than local EOs. Many local EOs still did not look at this factor seriously. Many Hong Kong-based and local EOs run into difficulties due to their poor payable and receivable accounting systems. Also, many customers have criticized their unorganized operations management and responsibility structure. The investigator could not find an example of poor organization in any of the cases under study. However, the investigator had first hand
experience of some poor organization in municipal government-owned exhibitions, since the government officials are not full-time exhibition professionals. The investigator also had first-hand experience with the poor payable and receivable accounting system of a declining Hong Kong-based EO that cannot be named.

8.3.5.9 Public Relations

Public relations is receiving more and more attention. In the past, the EOs would organize press meetings and issue newsletters. Recently, to attract the media to report an exhibition requires advance preparation. Recently, the media were more interested in reporting unfavorable news, such as demand for refunds due to disturbances from angry exhibitors in an unsuccessful exhibition, or accidents and mishaps occurring at an exhibition. An EO must prepare to respond to unfavorable news and minimize its effects. The investigator did find a lot of favorable media coverage in the cases under study, probably due to the public relations skills of the organizers.

8.3.6 Exhibition Organizer Performance

Different types of EOs had different kinds of expectations from an exhibition. The overall exhibition organizer performance expectation was to satisfy the visitors, exhibitors, CEO, staff, and shareholders of the organizers.
8.3.6.1 Visitor and Exhibition Satisfaction

From all cases under study, it was found that visitor and exhibitor satisfaction was rated highest. Since exhibitors are the customers of EOs, and visitors are the customers of exhibitors, it follows that visitors are the ultimate customers of exhibitors. EOs need to provide platforms for the exhibitors to offer sales promotional opportunities for the visitors. The visitors come to trade exhibition for information about market access, new products, potential suppliers (Munuera & Ruiz, 1993), and alternative purchases (Godar & O'Connor, 2001).

8.3.6.2 Long Term Prospects and Sustain Exhibition Ownership

Similar to other businesses, the EOs in all cases would like to have positive long-term prospects. They invest in new markets, initiate new exhibition, and acquire existing exhibitions. They also are worried about the loss of exhibition ownership, either by de facto nationalization by the Chinese authorities or association, or takeovers by international and local rivals.

8.3.6.3 Profit and Market Share

Since this study was concentrated in for-profit EOs, profit was important. In this study, it was found that short-term profit or loss was not that important to an established EO. Market share was important to the long-term growth of an exhibition.
8.3.6.4 CEO Satisfaction and Lifestyle

The CEO, employees and shareholders satisfaction of an EO were important. In this study, it was found that the lifestyle of the CEO was relaxed, as there were busy dates as well as “slow” dates in an EO. Few EOs needed to work 12 hours or more every day. This demonstrates that the exhibition industry can be a profitable and enjoyable business. Cases B and C showed the relaxing lifestyles of their CEOs. The CEO of Case B played golf a few times a week, while the CEO of Case C repeatedly told the interviewer of the easy lifestyle and no need to turn up at work regularly during slow periods.

8.3.6.5 Community, Trade Association and Supporters’ Interest

Since it was necessary to get support from the local community, trade associations, or supporting organizations for most of the exhibitions (as in Cases A and B), it was still necessary to look after their interest.

8.3.7 Feedback

The feedbacks from the exhibition organizer performance help further adjustment to the market mix (tactics) influences for a particular exhibition; such as focus, sales network, anchor customer relation, visitor and exhibitor promotion budget and method, price, dates, operation and logistics process, and public relation. Of
course, an individual exhibition would have minor feedbacks to the people and company influences as well.

8.4 COMPARISON WITH PREVIOUS STUDIES

The research findings of this EOP study are compared with previous EP studies and published trade articles on the exhibition industry and listed in table 12:

1) some mention in the previous EP studies on the environment influences,

2) little mention on the location influences,

3) some mention of people influences,

4) some mentioning on the company influences,

5) lots of mentioning on the marketing mix (tactics), and

6) some mention on the exhibition performance.

The environment factors of EP and EOP have some similarities since they are facing nearly the same market environments. The difference in EP and EOP is that exhibitors are concerned about the competition from other exhibitors, and the EO is concerned about competition from other exhibition organizers and of government policy. The location influences were generally neglected by previous EP studies, but can be found in a trade article (Weinstein, 2006).
### Table 12: Evaluating the Factors in Exhibition Organizer Performance

<table>
<thead>
<tr>
<th>Rating in interval scale from 4 (very important) to 0 (not important)</th>
<th>Related to Exhibitors / visitors</th>
<th>Previous study reference</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Environmental Influences</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Market Demand &amp; Opportunity</td>
<td>Lot</td>
<td>Explicit (Kerin &amp; Cron, 1987)</td>
</tr>
<tr>
<td>- Supply of Exhibition Center Space</td>
<td>Some</td>
<td>None</td>
</tr>
<tr>
<td>- Timing</td>
<td>Lot</td>
<td>Implicit (Kerin &amp; Cron, 1987)</td>
</tr>
<tr>
<td>- High Barriers to Entry</td>
<td>Little</td>
<td>None</td>
</tr>
<tr>
<td>- Central Government Policy</td>
<td>Little</td>
<td>None</td>
</tr>
<tr>
<td><strong>Location Influences</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Proximity to Buyers</td>
<td>Lot</td>
<td>Implicit (Shoham, 1999)</td>
</tr>
<tr>
<td>- City</td>
<td>Lot</td>
<td>None</td>
</tr>
<tr>
<td>- Hall Rental and Direct Costs</td>
<td>Some</td>
<td>None</td>
</tr>
<tr>
<td>- Exhibition Center (Size &amp; Facility)</td>
<td>Some</td>
<td>Implicit in some EP studies</td>
</tr>
<tr>
<td>- Protection from Exhibition Center</td>
<td>Some</td>
<td>None</td>
</tr>
<tr>
<td>- Proximity to Major Exhibitors</td>
<td>Lot</td>
<td>Implicit (Shoham, 1999)</td>
</tr>
<tr>
<td>- Transport &amp; Hotels</td>
<td>Lot</td>
<td>None</td>
</tr>
<tr>
<td>- Local government, hall, and union policy</td>
<td>Some</td>
<td>None</td>
</tr>
<tr>
<td><strong>People Influences</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Previous Related Experience</td>
<td>Little</td>
<td>None</td>
</tr>
<tr>
<td>- CEO Entrepreneurship</td>
<td>None</td>
<td>None</td>
</tr>
<tr>
<td>- Senior Executive (Loyalty &amp; Capacity)</td>
<td>None</td>
<td>None</td>
</tr>
<tr>
<td>- CEO Leadership</td>
<td>None</td>
<td>None</td>
</tr>
<tr>
<td>- Relationship with Authorities/Associations</td>
<td>Some</td>
<td>Explicit (Li, 2006)</td>
</tr>
<tr>
<td><strong>Company Influences</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Specialization</td>
<td>Little</td>
<td>None</td>
</tr>
<tr>
<td>- Reputation &amp; Branding</td>
<td>Some</td>
<td>None</td>
</tr>
<tr>
<td>- Customer (Anchor Exhibitor) Relationship</td>
<td>Lot</td>
<td>Explicit in most EP studies</td>
</tr>
<tr>
<td>- Level of Operation Expenses</td>
<td>Some</td>
<td>None</td>
</tr>
<tr>
<td>- International Networks</td>
<td>Some</td>
<td>None</td>
</tr>
<tr>
<td>- Political Power</td>
<td>Little</td>
<td>None</td>
</tr>
<tr>
<td>- Human Resources (Teamwork &amp; Training)</td>
<td>Lot</td>
<td>Explicit in most EP studies</td>
</tr>
<tr>
<td>- Publication Support</td>
<td>Some</td>
<td>None</td>
</tr>
<tr>
<td>- First-mover Advantage</td>
<td>Little</td>
<td>None</td>
</tr>
<tr>
<td>- Database</td>
<td>Some</td>
<td>None</td>
</tr>
<tr>
<td>- Financial Resources</td>
<td>Some</td>
<td>None</td>
</tr>
<tr>
<td>- Risk Management</td>
<td>Little</td>
<td>None</td>
</tr>
<tr>
<td><strong>Marketing Mix Influences</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Focus (Topic)</td>
<td>Lot</td>
<td>Explicit (Gopalakrishna &amp; Williams, 1992)</td>
</tr>
<tr>
<td>- Physical Evidence</td>
<td>Lot</td>
<td>Explicit (Shoham, 1999)</td>
</tr>
<tr>
<td>- Sales Network or Sales Partners</td>
<td>Some</td>
<td>Implicit in some EP studies</td>
</tr>
<tr>
<td>- Promotion (Visitors)</td>
<td>Lot</td>
<td>Explicit (Gopalakrishna &amp; Williams, 1992)</td>
</tr>
<tr>
<td>- Price</td>
<td>Lot</td>
<td>Explicit (Shoham, 1999)</td>
</tr>
<tr>
<td>- Association and Industry Support</td>
<td>Lot</td>
<td>Implicit in some EP studies</td>
</tr>
<tr>
<td>- Dates (Season &amp; Month)</td>
<td>Some</td>
<td>None</td>
</tr>
<tr>
<td>- Process (Operation &amp; Logistics)</td>
<td>Some</td>
<td>Implicit (Shoham, 1999)</td>
</tr>
<tr>
<td>- Public Relations</td>
<td>Some</td>
<td>Implicit (Shoham, 1999)</td>
</tr>
<tr>
<td>- Promotion (Exhibitors)</td>
<td>Lot</td>
<td>Explicit in most EP studies</td>
</tr>
<tr>
<td><strong>Exhibitor Organizer Performance</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Visitor Satisfaction</td>
<td>Lot</td>
<td>Explicit in most EP studies</td>
</tr>
<tr>
<td>- Long Term Prospects</td>
<td>Little</td>
<td>None</td>
</tr>
<tr>
<td>- Sustain Exhibition Ownership</td>
<td>None</td>
<td>None</td>
</tr>
<tr>
<td>- Exhibitor Satisfaction</td>
<td>Lot</td>
<td>Explicit in most EP studies</td>
</tr>
<tr>
<td>- Market Share</td>
<td>Some</td>
<td>Explicit (Shoham, 1999)</td>
</tr>
<tr>
<td>- Community Interest</td>
<td>None</td>
<td>None</td>
</tr>
<tr>
<td>- Profit</td>
<td>Little</td>
<td>None</td>
</tr>
<tr>
<td>- CEO, Employee &amp; Shareholders</td>
<td>None</td>
<td>None</td>
</tr>
<tr>
<td>- Trade Association &amp; Supporters’ Interest</td>
<td>Little</td>
<td>None</td>
</tr>
</tbody>
</table>

EP studies refers to (Dekimpe et al., 1997; Gopalakrishna & Williams, 1992; Kerin & Cron, 1987; Seringhaus & Rosson, 1998; Shoham, 1999)
The people factors of EP and EOP have little similarities. The difference are related to the people factor in EP in that it is concerned about how well their middle ranging marketing and sales personnel perform in their own booth on an individual company basis; while the people factor in EOP is concerned about leadership and entrepreneurship of their senior executives. Most EOs in China are young and small/medium size companies. The CEO or senior executives are a critical element and in-charge of the creation of new exhibition; relationships building, marketing and running of the exhibition. A capable CEO can have a major impact and make a difference on the success or failure of an exhibition. This is due to the people influence, while the marketing, sales and operational personnel of an EO come under the human resources (teamwork & training) in the company influence in the EOP model. Li (2006) raised the relationship building issue, which are important sub-factors in both EP and EOP studies.

The word “company” refers to an exhibitor in EP studies, and refers to an exhibition organizer in this EOP study. The former is an exhibitor looking for target visitors (potential customers), and the latter is the service provider looking for exhibitors as their customers. They are very similar in that they are companies looking for customers with their resources, marketing and sales competitive advantages.

The similarity in the market mix influences between the EP and EOP models
may be because EOs need to satisfy their customers’ (exhibitors and visitors) needs with their marketing tactics (i.e. marketing mix). Therefore, the marketing mix offered by the EOs is exactly what the customer needs, or what was previously examined in previous EP studies.

The exhibition organizer performance factors have some similarities and differences with EP. The similarities are that the EOs have to satisfy customer (exhibitor and visitor) needs, provide an attractive business platform for both exhibitors and visitors, and ensure visitor quality. The EOs are also expected to generate some additional performance expectation, which are not directly related with the customers, such as long term prospects, sustained ownership of the exhibition, market share, profit, CEO & employee lifestyle, trade association and supporters’ interest, and community interest.

This EOP study indicated a missing topic for future research in EP studies: why the exhibition was chosen by the exhibitors and visitors in the first place. The reason why there are only some relationships between EP from previous literature and the EOP model, may be because previous studies collected their data from established exhibitions in English-speaking and Western Europe areas (mature markets). There, after many years of competition, only a few (or even one) exhibitions for a particular topic in a particular location have survived for the exhibitors to choose. Kerin and
Cron (1987), Bello & Barcrak (1990), and Shoham (1999) in figure 4 did mention the trade show selection factors; but Bello & Barcrak only talked whether to attend a horizontal (general) trade show or a vertical (focus) trade show; and Kerin, Cron and Shoham only asked about the number of competitive exhibitions locally and internationally. They did not ask why that particular exhibition was chosen, instead of another exhibition in a different location, or in the same location but at a different time or by different organizers. Since this study was based on case studies from China (an emerging market), there are still many exhibitions of similar topics competing among each other. The EOs in a developing market still need to convince exhibitors and visitors that their exhibitions are better than other rivals based on the favorable external factors (such as the market environment, timing, and location of the exhibitions), the reputation of the EOs (people and company), and the market mix.
CHAPTER 9  DISCUSSION AND CONCLUSION

This study developed the business model of an international exhibition organizer in China, and filled in the missing gaps in academic research on exhibition organizers worldwide. The EOP model provides a general reference for applicants to understand the business nature of the exhibition organizer. As China is one of the top foreign direct investment destinations worldwide, studying one of the earliest service industries to open to foreign corporations can help new foreign entrants in the service industry, in general, and the exhibition industry, in particular.

9.1 MANAGEMENT STRATEGIES SUGGESTION

Every existing stakeholder must have its own competitive advantage, and offensive and defensive measures; for example, Case A - GIBCTF adopted a market development strategy. GIBCTF received protection from the exhibition hall with first-mover advantage. Case B - CMPS adopted market penetration strategy. CMPS went back to the basic needs of exhibitors by strengthening visitor promotions and lowering the price between foreign and local exhibitors. Case C - INFO adopted market development and entrepreneur strategies. INFO tried to find new opportunities in the pioneer market, especially when a new exhibition was built and the rental terms were favorable. All EOs and their successful exhibitions had a common Porter’s
generic strategy (Porter, 1980), which was focus with value pricing. The life cycle of
the case studies were presented in Figure 14.

In Case A, the GIBCTF was at the growth stage of the product life cycle. The
suggested management strategies for Ma, the CEO of the EO behind GIBCTF were: 1) market penetration to strengthen its leading position, 2) defensive warfare to block any potential competitors, and 3) joining forces with its Hong Kong and Italian rivals.

![Figure 14: Lifecycle of Exhibitions](image)

In Case B, the SFC was at the growth stage of the product life cycle. The suggested management strategies for Wang, the CEO of the EO behind the SFC were: 1) market penetration to strengthen its leading position, 2) defensive warfare to block any potential competitors, 3) staff localization and human resources improvement, and 4) creation of a secondary exhibition site for more space.
In Case C, the INFO’s Linkage exhibition was at the early growth stage of the product life cycle. The suggested management strategies for Eddy, the CEO of INFO were: 1) product development by creating more exhibitions in China, Hong Kong and South East Asia, 2) better visitor promotion instead of price competition with local competitors, and 3) listing itself on the Hong Kong GEM stock market to improve reputation and prestige.

Most EOs have used the following management strategies:

1) Entrepreneurship and pioneership to look for new opportunities and first-mover advantage were old but still applicable strategies, especially in smaller cities across South East Asia. This was a favorite strategy used by Case C.

2) Relationship (guanxi) building with trade association, government authorities, and anchor exhibitors. This was a crucial strategy and used by most EOs in China.

3) Strengthening visitor promotions, capturing the largest possible market shares is the basic strategy of all exhibition organizers.

4) Local exhibition organizers can sustain their exhibition ownership from takeover with partnership with foreign exhibition organizers for political backing and their international network.
5) Bringing in established own exhibitions from overseas and acquiring local exhibitions are growth strategies adopted by foreign-based exhibition organizers.

6) Porter’s competitive strategies (Porter, 1980): Focus with best value pricing in some specialized exhibition topics, such as aviation, and differentiation in visitor quality and operational service were the competitive advantage of most reputable EOs in China. Cost leadership is not a major strategy for EOs, except in consumer exhibitions, which were outside the scope of this study. However, if an EO can provide the same standard of operations, exhibitor and visitor promotion, the one offering lower price, wins. This is the strategy used by CMPS in Case B to build up its newly established hotel related exhibition against another rival exhibition with longer history by another foreign-based multinational exhibition organizer Allworld.

7) Localization by moving part of the marketing/sales and operation jobs to China and hiring experienced local senior executives from local competitors can cut cost and improve the relationship with Chinese authorities. However, replacing expensive foreign expatriates with less costly local senior executives can bring down the quality of management
since Chinese management relies on *guanxi* and “hard-to-implement”

systemic personnel management. CMPS in Case B hired one foreigner to
be the chief executive in Shanghai to safeguard management quality.

8) Retrenchment is a strategy to cut cost and asset to improve sales and

profits. Layoff of staff was a commonly used cost-cutting method.

Outsourcing jobs to local third parties or moving the jobs to a foreign
country were other effective methods to cut cost.

9) Intensive strategies were used to improve market segmentation (Ansoff,

1957; David, 2005) with the following strategies:

a) Market penetration strategy seeks to increase market share for

   present exhibition topics in present markets through greater

   marketing efforts. In Case B, SFC was trying to improve its furniture

   exhibitor market share in Shanghai from rivals in Pearl River Delta.

b) Market development introduces present exhibition topics into new

   geographic areas. In Case C, INFO was repeating its reputable

   machinery exhibition in new markets in Suzhou and Vietnam.

c) Product development is a strategy that seeks increased sales by

   improving or modifying present exhibition topics, such as creating a

   new exhibition topic alongside an existing successful exhibition.
d) Horizontal integration is a growth strategy. It refers to a strategy of seeking ownership of or increased control over the competitors. Mergers, acquisitions, joint ventures and takeovers among competitors allowed for increased economies of scale and enhanced transfer of resources and competencies. CMP Asia in Case B was acquiring existing exhibitions from local rivals in Shanghai to strengthen its business.

9.2 RECOMMENDATIONS FOR NEW ENTRANTS

Before one enters China, one must consider one’s strengths first. Are you an entrepreneur, or a foreign trade association, or a small and medium foreign rival, or a multinational rival? China is very complicated for a foreign-based entrepreneur. This investigator would recommend that one who has interest in exploring China find a partner such as in Case B.

For a foreign trade association or a small and medium foreign rival, other than joint venturing with some existing rivals in China, one should consider working closely with some national or regional trade associations as in Case A, or a government-owned EO, which can be helpful in recruiting visitors and exhibitors. Cooperation with a government-owned EO and associations can be through income-sharing or profit-sharing. A foreign trade association has the advantage in
recruiting their foreign members to China. China is no longer a backward country in which money can settle most complications. Handling guanxi with the senior executives of those associations is an art. Foreigners should hire some local experts for guidance. Of course, there are exceptions, INFO of Case C and Global Sources (section 5.6.4.1) are launching new exhibitions in China with little support from national or regional associations. One can study their experience and strategy from this study.

9.3 IMPLICATIONS OF THIS STUDY

The implications of this research are that the exhibition organizer performance (EOP) has many differences and similarities with previous exhibition performance (EP) studies (Gopalakrishna & Williams, 1992; Kerin & Cron, 1987) which are viewed from the exhibitors perspectives. The exhibitors care about how to attend the exhibition effectively. On the other hand, the exhibition organizers (EOs) care about how to achieve and sustain a profit amongst one’s rivals. The EOs needed the right environment with the right timing, right location, and right chief executive at the helm. They need the right management (company) strategies and right tactics to provide customer satisfaction and profit in order to sustain the company. This EOP model can be derived from the modern strategic management elements of external factors (environment, competitive forces, product life cycle, and location), internal factors
(leadership, person relationship, and organization), and marketing mix (tactics).

In traditional Chinese strategies, other than the moral law, the four factors in the EOP model (environment with timing, location, commander, and tactics) coincide with the last four factors in the Sun Tzu’s five factors in *The Art of War*, which are the commonly accepted and traditional Chinese strategy for success. Sun Tzu’s first factor “moral law” refers to the business being legitimate (which was not considered in this dissertation as it is outside the scope of this study). Sun Tzu makes reference to a commander (leader), however as it does not mention the organization as a whole, which indicates a weakness in the traditional Chinese model.

The major contribution of Gopalakrishna & Lilien (1995), Seringhaus & Rosson (1994; 1998) and Dekimpe et al.(1997) is on booth management techniques that may be adopted by an individual exhibitor to use in order to improve its sales leads in an exhibition. They studied how to attract a target audience (visitors) to the booth, and made contact with the salespeople and become the sales leaders.

The major contribution of Kerin and Cron (1987) and Shoham (1999) are related to the trade show performance of the exhibitors with regard to the environment influences, company influences, trade show selection, and booth management. They did not address the timing, location, reputation of the EO and exhibition hall facility factors. In the EOP model, an EO needs to win over the customers (exhibitor and
visitors) from rival EOs, with favorable external factors such as market demand, good timing, acceptable location, and hall facilities; and internal factors such as entrepreneurship and leadership of CEO, a reputable organization, and marketing mix tactics. The above was overlooked by Kerin and Cron (1987) and Shoham (1999) and may be due to few choices of reputable exhibitions in the mature market (e.g. American and West Europe).

Kerin and Cron (1987), Gopalakrishna & Lilien’s (1995), Seringhaus & Rosson (1994; 1998) and Dekimpe et al. (1997), and Shoham (1999) evaluated academically how exhibitors can achieve efficiency from attending an exhibition. These studies have practical application on technique to prepare for participation in a trade exhibition effectively.

On the other hand, the EOP model in this study evaluated academically the strategic management of EOs. EOs needs to serve not only the individual exhibitor, but a collective group of exhibitors in the exhibition. The job of EOs is to establish a platform for exhibitors and visitors to conduct business. The major activities of EOs are to establish an exhibition, conduct exhibitor and visitor promotion before an exhibition. Their main activities during an exhibition are to serve the exhibitors (customers) with their last minute needs which are less challenging. The reviews after an exhibition are important to both the exhibitors and EOs for follow up action and
9.4 RECOMMENDATIONS FOR FUTURE RESEARCH

Most data collected from previous EP studies were from mature markets, where exhibitors and visitors have little choice to attend a particular exhibition. In an emerging market, there are many competitive exhibitions for the exhibitor and visitors to choose among. The term “emerging market” is not limited to developing countries, since Las Vegas can be considered as an emerging market in exhibitions and conferences, when compared to the mature markets in Chicago and New York. This EOP study indicated a missing gap in previous EP studies regarding the study of external factors of an exhibition and internal factors of an EO, and the reason why a particular exhibition was selected.

Technically, one shortcoming of the study was its use of qualitative methodology. In order to enhance the generalizability of the current findings, future studies may adopt the current model in studying the performance with large random sample quantitative studies of EOs.

Theoretically, in its formation of the EOP model, the present study combined industry, company and exhibition strategy factors that have received attention in the literature with people, guanxi and group-oriented cultural factors that have been emphasized in the Chinese literature like the work of Sun Tzu. The relative
importance of various factors influencing EOP has been discussed.

Dr. Li, an external examiner of the dissertation offered her suggestion:

“The generalization of resultant findings requires empirical model testing.

Additional research is needed in the following directions:

1) Future research should examine the relative impact of predictors (consisting of environment, company, and strategy factors) on EOP.

2) Future research should investigate the mediating role of strategy between the predictors and performance of EOs.

3) Future research should study the moderating role of guanxi or the moderating role of lifecycle stages of exhibitions over the predictors-performance relationship.

4) Future research should use discriminant analyses to profit the key success factors of the different ownership typed EOs”

As this study adopted a descriptive research design with exploratory elements. that used a qualititative case study method, the investigator of this study agreed with Dr. Li’s comment regarding the necessity to conduct further causal relationship research on exhibition organizer performance. The investigator agreed that further study would be of interest to the academy on the moderating role on relationship building (guanxi) and lifecycle stages of exhibition over the predictors-performance relationship, as these are useful to foreign new entrants who are less exposed to guanxi in China.

9.5 CONCLUSION
This study offered a broad picture of the strategic marketing, managerial and research implications on exhibition organizer performance for international exhibition organizers in China. The main challenges for the China exhibition industry, as a whole, are its fast uncontrollable growth and the over-involvement of municipal governments of large and smaller cities. The main challenges of international exhibition organizers are de facto nationalization by Chinese rivals, takeover by international rivals, pricing and localization, unclear exhibition ownership and intellectual property rights protection, government red tape and restriction, limited opportunities and shortages of exhibition space in major cities, and deregulation designed to encourage more new entrants and copycats.

This study provided one of the first management strategy reviews focusing on exhibition organizers worldwide. The common strategy of exhibition organizers is focused on best value pricing. Due to different exhibition topics and business natures, different EOs would be at various stages of the business cycle. The commonly used management strategy during the introduction stage is entrepreneurship. During the growth stage, intensive strategies such as market development, market penetration, product development, and mergers and acquisitions are used. At the mature stage, related diversification occurs. At the decline stage, a defensive strategy with retrenchment is used. Other management strategies used by EOs are defensive warfare,
first-mover advantage, relationship building, differentiation, outsourcing, relocation, and localization of staff.

Based on the three multiple cases, 49 sub-factors were found and grouped into six influences and a final exhibition organizer performance model. China is an emerging market, and the EOP sub-factors found have many differences and similarities with the previous EP studies in a mature market. This EOP model showed step by step how exhibition organizers success may be achieved, based on external influences (environment and location) of an EO, internal influences (person, and company) of an EO, and marketing mix applied. In previous EP studies, the external influences have many similarities with EOP and are lightly studied (Shoham, 1999). The internal influences of an EO were different than that of an exhibitor (customer) and were seldom studied academically. The marketing mix had many common factors between EOP and EP (Gopalakrishna & Lilien, 1995), since it represented the EO’s marketing tactics to attract exhibitors to join the exhibitions.

Out of the 49 sub-factors studied, a few were considered more important: (1) visitor promotion was a powerful determinant of long-term customer satisfaction; (2) the sustainability on the ownership of the exhibition; (3) CEO entrepreneurship and lifestyle; (4) location and size of the exhibition, and its proximity to the buyer were crucial; and, (5) foreign-based EOs preferred localization of staff and mergers and
acquisitions with existing Chinese EOs. Findings that were less expected were: (1) local EOs partnerships with foreign multinational rivals for political backing and international networking; and (2) opportunities provided by new exhibition centers.

This study also found a missing gap in the EP studies regarding the reasons why an exhibition was selected by the exhibitors and visitors in the first instance. In previous studies, data were collected from mature markets, and in this study, data were collected from China (an emerging market). In a mature market, the exhibitors do not have much choice among exhibitions since there are few choices after years of competition. They can choose to either go or not go (Dekimpe et al., 1997), and how to achieve maximum effectiveness and efficiency. In an emerging market, there is competition among exhibitions, and EOs must convince the exhibitors and visitors why their exhibitions are better than others, using external factors such as the market environment, timing, and location of the exhibitions; the reputation of the EOs (people and company); and market mix.

EOs in emerging markets build competitive advantage under external (environment and location) and internal (people, company and tactic) influences. EOs must satisfy customer (exhibitor and visitor) needs, provide attractive business platforms to both exhibitors and visitors, and ensure visitor quality. EOs also expect more factors which do not have direct relationship with the customers, such as long
term prospects, sustained ownership of the exhibition, market share, profit, CEO &
employee lifestyle, trade association and supporters’ interest, and community interest.
APPENDIX

Appendix 1  Exhibitor Survey of the Pilot Case

Appendix 2  Survey Result of Case Studies

Appendix 3  Chinese Translation of Survey Form

Appendix 4  Summary of Cross-Data Source Synthesis
APPENDIX 1  EXHIBITOR SURVEY OF THE PILOT CASE

CPL has conducted exhibitor service-quality surveys for each of its exhibitions, including the BAE, since 1995 (the data for 1999 were missing). Content analysis was used to identify the answers to open-ended questions in these surveys. The key comments from exhibitors collected during the four recent BAE exhibitions (1995, 1997, 2001, and 2003) are listed. Each paid independent international exhibitor received a survey form. In 2003, 113 survey forms were delivered by hand to the full-paid independent international participants (bartered, local, and joint participants were excluded) during the BAE exhibition. Thirty-seven forms were returned (33%). Twenty-four comments from 18 forms were received in the open-ended comment section.

a) Positive Comments: “Interesting show! The exhibition could fulfill exhibitors’ objectives, such as to establish new contacts, meet old friends, conclude business, and answer the trade visitors’ technical questions.”

b) Negative Comments from 1995 and 1997 (not found in 2001 and 2003):

i. “Exhibition facilities and services were not up to standard.” (A new exhibition hall with better facilities has been used since 2001.)
ii. “Secretarial facilities like copy machines and telephones should be prepared.” (An exhibitor center with free Internet, IDD, and photocopiers has been offered since 2001.)

iii. “Inconvenient transportation.” (A shopping center has been built near the exhibition center and more taxis have been available at all times in recent years.)

c) Current Criticisms:

i. Need more professional and targeted visitors

ii. Cleanliness of restrooms

iii. Poor quality and quantity of catering service

iv. Service provided by booth contractors was not prompt enough

v. Allocation of booth space and visibility of hall and stand numbers was not ideal

vi. Expensive price

vii. Indication of visitor identity was not clear enough; e.g., professional or public visitors.

viii. Security was rather lax.
### APPENDIX 2  SURVEY RESULTS OF CASE STUDIES

Table 13: Survey Form: Success Factors Survey Filed by Interviewee

(The Pilot Case and other cases are labeled by their initials: P, A, B, and C)

<table>
<thead>
<tr>
<th>Survey Questionnaire</th>
<th>Importance to the success</th>
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<tbody>
<tr>
<td></td>
<td>4</td>
</tr>
<tr>
<td><strong>Macro Environment</strong></td>
<td></td>
</tr>
<tr>
<td>• General politics</td>
<td>A</td>
</tr>
<tr>
<td>• Economy</td>
<td>A</td>
</tr>
<tr>
<td>• Policy on exhibition and organizer</td>
<td>A</td>
</tr>
<tr>
<td>• International relations with China</td>
<td>P</td>
</tr>
<tr>
<td><strong>Location</strong></td>
<td></td>
</tr>
<tr>
<td>• City</td>
<td>P, A</td>
</tr>
<tr>
<td>• Exhibition halls</td>
<td>P, A, B</td>
</tr>
<tr>
<td>• Municipal government “Protection” Policy</td>
<td>A, C</td>
</tr>
<tr>
<td>• Transportation</td>
<td>P, A</td>
</tr>
<tr>
<td>• Hotels</td>
<td>A</td>
</tr>
<tr>
<td>• Proximity to major exhibitors (sellers)</td>
<td>B</td>
</tr>
<tr>
<td>• Proximity to main visitors (buyers)</td>
<td>A, B, C</td>
</tr>
<tr>
<td><strong>Personal Relations (Guanxi)</strong></td>
<td></td>
</tr>
<tr>
<td>• With Government Authorities</td>
<td>P, A, C</td>
</tr>
<tr>
<td>• With Trade Association Staff</td>
<td>P</td>
</tr>
<tr>
<td>• With Major Exhibitors (CRM)</td>
<td>A, C</td>
</tr>
<tr>
<td>• With International Trade Associations</td>
<td>A</td>
</tr>
<tr>
<td><strong>Exhibition Organizer</strong></td>
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<tr>
<td>• Specialization</td>
<td>P, A</td>
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<tr>
<td>• Reputation (Branding)</td>
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<tr>
<td>• International Sales Networks</td>
<td>P, A, B, C</td>
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<td>• Local Sales Networks</td>
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<td>• Leadership</td>
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<td>• Company Background</td>
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<td>• Technology</td>
<td>A</td>
</tr>
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<td>• New Market Ability</td>
<td>A</td>
</tr>
<tr>
<td>• New Topics Ability</td>
<td>A</td>
</tr>
</tbody>
</table>
# Survey Questionnaire (Continued)

## Exhibition
- First-mover
- Focus
- Service Quality
- Brand
- Trade Association Backing
- Organizer has Publication

## Marketing Mix
- Product (Topics)
- Price
- Timing (Season and Month)
- Exhibitor Promotion
- Visitor Promotion
- People (company staff)
- Physical Evidence (Size)
- Physical Evidence (Appearance)
- Process (Operation & Logistics)

## Performance
- Sustainability
- Profitability
- Exhibitor Fulfillment
- Visitor Fulfillment
- Hall Unitization Fulfillment
- Trade Association Interest
- Community Interest
- Politics

### Importance to the Success

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<td>A,B,C</td>
<td>A,B,C</td>
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<td>A</td>
<td>C</td>
<td>B</td>
<td>A,B</td>
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<td>B</td>
<td>P</td>
<td>A,B,C</td>
<td>P,A,B,C</td>
<td>A,B,C</td>
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<td>A,B,C</td>
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<td>P</td>
<td>B</td>
<td>A,B</td>
<td>A,B,C</td>
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</table>
## Table 14: Chinese Translation of Survey Form

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<tr>
<th>调查表格: 展览成功的要素</th>
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</thead>
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<td><strong>对于成功的重要性</strong></td>
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<tr>
<td></td>
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<td></td>
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</tbody>
</table>

### 宏观环境
- 政治环境
- 经济环境
- 政府展览政策
- 中国的国际关系

其它: 请列明 __________

### 地点
- 城市
- 展览馆地点
- 展览馆政策保护
- 交通
- 酒店
- 与参展商的距离（卖方）
- 与观众的距离（买方）

其它: 请列明 __________

### 个人关系
- 与政府高层的关系
- 与协会工作人员的关系
- 与主要客户的关系（关系管理）
- 国际协会的关系
- 本地竞争者的合作
- 国际竞争者的合作

其它: 请列明 __________

### 展览主办单位的
- 专业性
- 知名度（品牌）
- 国际销售网络
- 区域销售网络
- 领导能力
- 公司的政治背景
- 高科技
- 开拓新市场的能力
- 开发新展题的能力

其它: 请列明 __________
展览的
- 市场开拓者/单一项目
- 服务质量和品牌
- 协会的支持
- 拥有(出版)专业刊物
其它：请列明__________

营销组合
- 展览题目
- 展位价格
- 举办时间（如举办季节）
- 促销（对展商的客户关系管理）
- 促销（对观众的客户关系管理）
- 展览工作人员
- 展览规模
- 装潢水准
- 物流及后勤工作
其它：请列明__________

展览主办单位的要求
- 展览所有权的持续性
- 利润
- 展商满意度
- 观众满意度
- 展馆使用度
- 协会的团体效益
- 社会效益
- 政治目的
其它：请列明__________
APPENDIX 4  SUMMARY OF CROSS-DATA SOURCE SYNTHESIS

Table 15: Summary of Cross-Data Source Synthesis

(The Pilot Case and other cases are labeled by their initials: P, A, B, and C)

<table>
<thead>
<tr>
<th>Main Source of Evidence</th>
<th>Importance to the success</th>
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</thead>
<tbody>
<tr>
<td>Environmental influences</td>
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<td>Interview</td>
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<td>• Market potential &amp; life cycle stage</td>
<td>P</td>
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<tr>
<td>Observation</td>
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<td>Survey</td>
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<tr>
<td>Interview</td>
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<tr>
<td>• Supply - exhibition center space</td>
<td>A</td>
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<td>Observation</td>
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<tr>
<td>Interview</td>
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<tr>
<td>• Existing rivals</td>
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<td>Observation</td>
<td></td>
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<tr>
<td>Interview</td>
<td></td>
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<tr>
<td>• High Barrier to New entrants</td>
<td>P</td>
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<tr>
<td>Observation</td>
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<tr>
<td>Interview</td>
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<tr>
<td>• Timing</td>
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<td>Observation</td>
<td></td>
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<tr>
<td>Interview</td>
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<tr>
<td>• Substitutes</td>
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<td>Observation</td>
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<td>Survey</td>
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<tr>
<td>Interview</td>
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<tr>
<td>• Government Rules and Regulation</td>
<td>A</td>
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<tr>
<td>Observation</td>
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<td>Survey</td>
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<td>Interview</td>
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<tr>
<td>• International Relations</td>
<td>P</td>
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<td>Observation</td>
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<td>Main Source of Evidence</td>
<td>Importance to the success</td>
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<tr>
<td><strong>Location Influences</strong></td>
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<td>Survey</td>
<td>P,A</td>
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<td>Interview</td>
<td>A</td>
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<td>Observation</td>
<td>P,A,B</td>
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<tr>
<td>Survey</td>
<td>P,A,B</td>
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<tr>
<td>Interview</td>
<td>A,B</td>
</tr>
<tr>
<td>Observation</td>
<td>P,A,B</td>
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<tr>
<td>Survey</td>
<td>A,C</td>
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<tr>
<td>Interview</td>
<td>A</td>
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<td>Observation</td>
<td>A</td>
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<tr>
<td>Interview</td>
<td>P,B,C</td>
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<tr>
<td>Observation</td>
<td>C</td>
</tr>
<tr>
<td>Survey</td>
<td>P,A</td>
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<td>Interview</td>
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<td>Observation</td>
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<td>Survey</td>
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<td>Interview</td>
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<td>Observation</td>
<td>A</td>
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<td>Survey</td>
<td>B</td>
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<td>Interview</td>
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<td>Observation</td>
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<td>P,C</td>
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<td>Survey</td>
<td>A,B,C</td>
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<td>Interview</td>
<td>A,B,C</td>
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<td>Survey</td>
<td>A,B,C</td>
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<td>Interview</td>
<td>A,B,C</td>
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<tr>
<td>Observation</td>
<td>A,B,C</td>
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<tr>
<td>Main Source of Evidence</td>
<td>Importance to the Success</td>
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<td>-------------------------</td>
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<td>People Influences</td>
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<td>Observation</td>
<td></td>
</tr>
<tr>
<td>• Previous related experience</td>
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<tr>
<td>Interview</td>
<td></td>
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<tr>
<td>• Entrepreneurship - grab the opportunity</td>
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<tr>
<td>Observation</td>
<td></td>
</tr>
<tr>
<td>• Pioneer &amp; ambition</td>
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</tr>
<tr>
<td>Observation</td>
<td></td>
</tr>
<tr>
<td>Survey</td>
<td></td>
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<tr>
<td>• Leadership</td>
<td>A</td>
</tr>
<tr>
<td>Observation</td>
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<tr>
<td>• Persistence</td>
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<td>• Vision and Confidence</td>
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<td>• Guanxi with officials</td>
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<td>Observation</td>
<td></td>
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<tr>
<td>• Senior Executive loyalty &amp; Stability</td>
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281
<table>
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<th>Main Source of Evidence</th>
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<tr>
<td>Survey</td>
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<tr>
<td>Interview</td>
<td>• First-mover advantage</td>
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<td>Observation</td>
<td></td>
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</tr>
<tr>
<td>Survey</td>
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<td>A</td>
</tr>
<tr>
<td>Interview</td>
<td>• Branding and reputation</td>
<td>P,A,B</td>
</tr>
<tr>
<td>Observation</td>
<td></td>
<td>P,A</td>
</tr>
<tr>
<td>Survey</td>
<td></td>
<td>A</td>
</tr>
<tr>
<td>Interview</td>
<td>• Specialization</td>
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<td>• Level of Operation Expenses</td>
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<td>Interview</td>
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<td>A,C</td>
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<td>Interview</td>
<td>• M&amp;A and financial support</td>
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<tr>
<td>Survey</td>
<td>• International sales networks</td>
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<td>• Political power and background</td>
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<td>• Staff Teamwork</td>
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<td>Main Source of Evidence</td>
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<td>P</td>
</tr>
<tr>
<td>Survey</td>
<td>• Price</td>
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<tr>
<td>Interview</td>
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<td>B</td>
</tr>
<tr>
<td>Observation</td>
<td></td>
<td>A</td>
</tr>
<tr>
<td>Interview</td>
<td>• Place (sales networks)</td>
<td>A</td>
</tr>
<tr>
<td>Observation</td>
<td></td>
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</tr>
<tr>
<td>Interview</td>
<td>• Dates (Season &amp; Month)</td>
<td>A</td>
</tr>
<tr>
<td>Observation</td>
<td></td>
<td>P</td>
</tr>
<tr>
<td>Interview</td>
<td>• Exhibitor Promotion</td>
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<tr>
<td>Observation</td>
<td></td>
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</tr>
<tr>
<td>Interview</td>
<td>• Visitor Promotion (local &amp; international)</td>
<td>B</td>
</tr>
<tr>
<td>Observation</td>
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<td>B</td>
</tr>
<tr>
<td>Interview</td>
<td>• Public Relations</td>
<td>A</td>
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<tr>
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<td></td>
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<tr>
<td>Survey</td>
<td>• Physical evidence (size, anchor exhibitors, quality and quantity of visitors)</td>
<td>A</td>
</tr>
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<td>A</td>
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<td>A</td>
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<tr>
<td>Survey</td>
<td>• Process (operation and logistics)</td>
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<tr>
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<tr>
<td>Observation</td>
<td>• Association support</td>
<td>A</td>
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<td>Main Source of Evidence</td>
<td>Importance to the success</td>
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