

EXHIBITIONS ABROAD: INVESTMENT OR PURE HOPE?

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Today we continue our journey in the opportunities of internationalization by analysing one of the two commonly used channel by companies of all shapes and sizes: international fairs.

Blessing (in the past) and curse (today) of export managers, exhibitions abroad are still one of the most widespread ways to make their brand known outside the national borders.

In past years fairs were the hub of the commercial path for most companies.

Only moment of meeting between supply and demand, fairs were hinged on two fundamental pillars: cost and image. The goal was to “sell as much as possible”, and the cost of the participation represented a “Cost of sale”, like a representative. The customer was converted during the fair, with a “stamped and signed” order.

Since the entry into the field of web-marketing, the role of the fair has diminished and had to adapt to the new form of international trade. Now the trend is the interaction with the web, being the fair one of the few opportunities to physically meet customers at least once a year.

So the fair remains a useful tool, but will it manage to recover the sceptre of “the queen of internationalization?”

Reasonably not.

Let's face the truth: today the client is not impressed by anything. The Fair has lost that aura of "magical place" where the product told of itself; it has turned into a sort of rapid "business match" where the visitor already knows a lot about you through the web, and comes to "study" you.

Paradoxically, it would be more important to have a good marketing strategy to show him rather than to focus on the product.

The customer is more difficult to be engaged, and the technical novelty takes second place. Distributor can be engaged with skilled sell-out techniques, or with alternative business models. The worst choice is to use the price leverage, now relegated to the web. Keep in mind that customer's memory is, like a flash memory, very short term, being constantly bombed with information and news. Therefore, there is also the risk that those who are very interested in your strategy today, tomorrow will look for it on the internet and find something alternative that will make them forget about your existence. Have you ever wondered why over 50% of "enthusiastic" contacts at the fair do not even answer your email?

We also have the problem of collimating costs and expectations. Both with a lavish stand and an exaggerated "cost management", puts you at risk of a misaligned communication, product or brand.

WHY DO I GO IN THE FAIR?

It is appropriate first of all, to set our purpose: do we want to export our **product** or our **brand**?

1) **Exporting the product** means selling it, making an immediate profit, and waiting for the reorder by the customer, which may be on the opposite side of the world. In this case it is clear what support the fair can give. But ... How many players are there today with the intention of buying? How will you then gain loyalty with the distributor?

2) **Exporting the brand** means to root your business model in a country, keeping the full control of it, using directly manageable distribution networks. In this case the profit comes from the market, not from the distributor, who becomes a part of your team.

In this case, the fair is an opportunity to cement relationships with the distributor and to consolidate the brand, also keeping an eye on the possibility of hooking up small sub-distributors or local retailers, those looking for news for their small business.

The objective is fundamental: to open immediate orders without investment is possible but can't be sustainable in the long term. We assume that the company has already chosen which strategy to marry. Let's now analyse the extent and effectiveness of our investment.

EXHIBITIONS ABROAD: COSTS AND BENEFITS

The costs of an exhibition are now levelled all over the world and in all sectors. For stands, transfers, shipments, carnet, staff, they go between 30,000 euros for an SME to 50,000 and more for a big-size company. With which perspectives of ROI?

The calculation of the fair profitability is related to the turnout / orders ratio. In practice you pay to sell or to "buy" contacts; in many cases it is dealt with in a much more superficial way: "we go because everybody goes there", or "we don't go because it's over-budget".

The outputs are certain, while for the revenue we use the ROI method: [(Gross margin – cost of the event) / cost of the event]. Many of us have made this calculation who knows how many times, obtaining at the time of budgeting a flattering result, hardly contradicted then in the analysis phase.

Hence the need for different initiatives, which undermine our commercial strategy from being “prisoners” to trade fairs.

In conclusion, the fair represents one of the many internationalization strategies, often to be combined with other initiatives. Unless you want an immediate profit, there seem to be more current and winning strategies. We will see them in the next newsletter.

Thanks to those who read us, to those who continue to read, and in particular to those who wrote to comment and tell us about their experiences and needs.

Keep in touch!

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