

## The future of on-site trade shows

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One of the keys of trade show events is the concentration in time and space they offer to the various protagonists of a particular sector's economic activity. The activities that revolve around them have a frequency that is known and preset in time. This periodicity, generally annual or biannual, can even set the pace of an entire sector's commercial life. Another of the key attractions of traditional fairs is that they facilitate the physical display of products, a quality that is particularly valuable when dealing with physical assets that are expensive to transport, such as bulky or heavy machinery, or when offering visitors the chance to test equipment or taste food or beverages. In addition, companies' presence at a trade show generates visibility, especially when they have well-placed, visually attractive stands and give out brochures and other informational material. Another significant contribution of these events is that they enable exhibiting companies to receive direct orders, which can be stimulated through special offers and promotions available only to those who visit their stands. The opportunity offered by fairs to establish personal face-to-face contact with a large number of end customers and decision makers that form the distribution channel is also very important. This includes the ability to establish first contacts with potential new customers, "discovered" at the trade show.

Of course, participation in these shows does not come cheap. Companies have to rent their venue space, recruit the design, assembly and disassembly of the stand, bear the cost of transporting and returning the displayed material to its point of origin. They must also cover the cost of travel and accommodation for professionals and executives, preparing and distributing samples and brochures, and hosting and inviting major customers, as well as dinners and other events held outside trade show hours.

The recent suspension of the 2008 edition of SIMO TCI brings to light the question that many companies have been asking in recent years: are these events still profitable? The answer depends on each specific sector and on the type of products and services being offered. In the case of SIMO TCI, a number of large

companies have compared the benefits that supposedly arise from their participation with the costs incurred, and conclude that the latter outweigh the former. The other question is: can companies achieve the same benefits using cheaper alternative means? It should be kept in mind that SIMO TCI is aimed at the ICT market, a sector whose products and services are evolving very rapidly, and suppliers can no longer wait for the trade fair to be held in order to present their new products. This is particularly significant given that their technical characteristics and demonstrations can be disclosed online with a good cost-benefit ratio, which is even more attractive in times of global economic and financial crisis like the ones we are facing today.

Companies that make up the ICT market can easily use specific websites to publicize their products, activities and services. Many are already doing so, one example being HP. As detailed in the HP Designjet Online 2003, available in IESE Publishing, the manufacturer uses the Internet to present its new large-format printers to over one million users located anywhere in the world. Its website is used to present proposals to the appropriate users—for instance those who are likely to renew their equipment given the age of their current printer model—and register their orders, all with minimal costs.

This new scenario facilitates decisions like the one made this year by the heads of IFEMA, organizer of the SIMO TCI trade show. Suspending the current edition will allow them to begin a process of reflection on its future and the feasibility of an alternative formula for the coming years. Other trade show institutions may carry out similar processes to restructure their services, perhaps through virtual events or redirecting them towards economic sectors for which physical trade shows continue to provide real added value. Or they may even decide on a combination of the two approaches. The question now is to find the most effective formula in terms of cost and benefits to achieve the goals that companies have sought for many years with their presence at physical fairs.