

# Trade Shows—Aiming for More Trade and Less Show

By Hayden Stewart

A group of foreign executives jets into Tokyo for a trade show. Excited about doing business in Japan and impressed by the large crowds milling around the fairground entrance, their initial enthusiasm gives way to exasperation after four days. Hundreds of visitors have visited their stand and left business cards, but no deals.

For many companies trying to enter the Japanese market, such problems are a familiar story. Taking a stand at a show should be the smoothest way to contact buyers and distributors. In practice, it can be far from smooth.

The surprise is that most insiders recommend participating in trade shows. One such commentator is Ishizumi Tadao, president of Reed Exhibitions Japan, whose parent company is based in the United Kingdom and is the world's largest trade show organizer. He

says, assistance from foreign governments and upheaval within Japan's distribution system are making trade shows an increasingly effective way for companies to crack the Japanese market. Moreover, professional show organizers like Reed are working hard to raise show standards.

Trade shows have caught the eye of many foreign governments who are eager to boost exports from their countries to Japan. "Trade shows are opportunities for companies not only to exhibit their products and make initial contacts but also to get feedback on their intentions," reports the European Commission.

Because the Commission believes that trade shows are a wise investment for potential exporters to Japan, it is helping European companies to take stands. Over the past three years, the

Commission's "Gateway to Japan" campaign has provided funding and logistical support to a wide range of firms. Although the campaign will soon wind up, officials report that the Commission intends to provide similar assistance in the future.

The European Union is not alone in helping local companies to participate in Japanese trade shows. Most countries do so. For instance, the bulk of American firms can seek help from the U.S. Export Development Office and state governments which have offices in Japan.

The Georgia Department of Industry and Trade in Tokyo is one state office dedicated to assisting local companies with trade shows and other matters. There is no guarantee that taking a stand will lead to sales, concedes manager Nakazono Yumiko, but her office helps Georgia-based firms to do careful research and preparation—endeavors which can minimize the risk.

Nakazono is especially upbeat about shows which focus on narrowly defined themes like foods, healthcare and building materials. Finding the right contact is relatively easy at such shows, she says. Why? "Because most visitors to your stand will be from the same industry."

Trade shows with broad themes are less auspicious, Nakazono reports, but she still encourages firms to participate in such shows sometimes. "We helped several makers of toys and garments to join a consumer goods show in Kobe. And many of them found an importer."

The breakdown of Japan's traditional distribution system is further increasing the importance of trade shows.



Foreign business people set sights on gaining ground in Japanese market.

Until recently, most manufacturers exercised strict control over retailers: they could force stores to sell goods for suggested retail prices and even dissuade stores from stocking the products of competing manufacturers. But Japan's traditional system is now in retreat. And retailers are going to shows in search of high quality products at reasonable prices.

The food industry is a case in point, reports Iizumi Akihiko of Japan Management Association (JMA) which sponsors 26 major shows, including FOODEX which is the largest trade show for food products along the Pacific Rim. Iizumi points out that small, midsize, and large scale food retailers hunt bargains at shows such as FOODEX.

Statistics illustrate the extent of this phenomena. A survey by *Nikkei Ryutsu Shimbun* found that over 80% of department stores, supermarkets, specialty shops, co-ops, and convenience stores have either laid plans to expand their sales of imported goods or are moving to do so.

In spite of the advantages and apparently auspicious climate for trade shows, setting up at one of Japan's many shows can still be a trying experience for a foreign exhibitor.

While complaints differ from industry to industry and show to show, both foreign companies and Japanese organizers agree on some main problems.

## For show, not trade

There is a plenitude of shows in Japan, but Reed's Ishizumi and JMA's Iizumi acknowledge that the organization of exhibits has not always been professional—a factor which exacerbates Japan's slow-moving, relationship-oriented business style.

The annual number of large-scale trade fairs held in Japan is between 400 and 500. About half of these shows take place in Tokyo and its vicinity, where popular sites include the Nippon Convention Center (also known as Makuhari Messe), the Tokyo International Trade Center (colloquially named the Harumi Fair Grounds), and the Sunshine City Convention Center Tokyo.

Despite the multitude of shows and exhibition halls, Iizumi reports that Japan's trade show industry is still infantile compared with its counterparts overseas. He adds that Europe is widely considered the birthplace of professional show organizers and large-scale exhibits.

"Trade shows in Japan were traditionally organized by industry associations," adds Reed's Ishizumi. "These associations often have limited staff and are not profit-oriented, nor is show organization their main job."

"Trade fairs here are still a little traditional," concurs Mario Mancini, architect at the Italian Trade Commission in Tokyo.

Many Japanese firms seem to believe that a trade show is an annual industry reunion rather than a business event. And the motive for attending often comes down to the fact that everybody else is going.

Seiko Corp., for example, exhibits its optical products each year at the International Fair Tokyo, a Reed-organized event. "Overall we are happy with the show," reports Sato Masaki, director of Seiko's International Sales Department. But for Seiko, the show is "not for profit," Sato says. "We are one of the three major manufacturers in the market, so if we did not exhibit, it would be a sign of weakness."

To make matters worse, Japan's business culture is notoriously slow. This means that companies without an office or representative in Japan may have trouble pursuing business leads which they make at a show. Berit Virtranen of Finland-based MacGREGOR, a major supplier of marine equipment and an attendee of the trade show *Sea Japan 96*, reports that his company needs its local office because MacGREGOR must usually meet four or five times with a potential customer before closing any deals. "The first meeting may be held at the company's office in Tokyo or another major city and last for just four or five minutes. Later meetings may be held at the company's factory and take a few hours."

The Japanese way of doing business is often at odds with the approach of

many foreign companies in their home markets and can be a real problem because of the high cost of visiting Japan.

"We invested a lot in Japanese shows," says a North American executive who asked not to be named. "Unlike in our home market or in Europe, visitors came to look but not to do business."

"Companies who come here for the first time may be disappointed," sympathizes Mancini. "Unless they already have a tie-up with one of the big trading companies, it's hard to get products to customers or for customers to feel confident about maintenance and service."

Iizumi of JMA agrees with Mancini, but adds that the effectiveness of a show varies greatly from sector to sector. And many deals have been cut at FOODEX. Iizumi would not comment on particular transactions, but a JMA-sponsored survey found that each FOODEX 96 exhibitor recorded average on-site sales of US\$45,576.

The survey also reported that two-thirds of exhibitors received over 40 "serious trade inquiries."

Such success notwithstanding, Iizumi believes that foreign companies rarely strike significant business deals until their third consecutive year of participation at a show like FOODEX. One year is essential for test marketing, after which the product must be adapted, he says. A second year is then required for evaluating the improved product. And a third year of participation is necessary to locate an importer or distributor.

JMA and Reed recognize that participating in several consecutive Japanese trade shows is expensive for foreign companies, so they are trying to create as much of a business-oriented atmosphere at their shows as possible. Unlike traditional industry associations, these professional show organizers are raising show standards, incorporating sharper marketing, special events, and imaginative design into formerly drab industry get-togethers.

"For the past four to five years, Reed has been trying to transform shows from once-a-year festivals into a place

to do business," Ishizumi says. "We encourage exhibitors to offer special rebates for customers who buy at the show, give VIP badges to people with negotiating power, and set aside areas for meetings."

## Costs

Even if organizers could encourage Japanese businessmen to sign deals at shows, the high cost of coming to Japan would continue to plague foreign visitors. At FOODEX 96, for instance, a stand costs ¥38,000 per square meter. In addition, exhibitors had to pay for airline tickets, transporting their displays, hotels, restaurants, and other minor expenses.

Problems of cost become increasingly severe whenever the yen appreciates against other major currencies. But even during such times, Ishizumi reports that "Some foreign companies cut back on fringe expenses, but participation does not fall."

Some companies save money by renting smaller spaces, while others ask their government for assistance. Foreign officials help these latter firms by organizing consortia of companies which share the costs of a national pavilion. Nakazono reports that small and mid-size firms tend to join these pavilions more than large businesses.

Foreign officials also provide their expertise in show logistics. "It's really important for companies to have someone here who can work with the Japanese and control prices," says Mancini of the Italian Trade Commission.

As part of "Gateway to Japan," for instance, the European Commission sponsored an EU stand at *Sea Japan 96* as well as a seminar which included speeches by key European officials.

The Georgia Department of Industry and Trade similarly sets up pavilions to help companies from its state. If companies share stands in this way and try to hold down other expenses as well, they can generally keep the cost of visiting a show to around ¥500,000, Nakazono says.

Nakazono not only helps companies to save money at a show, but continues



Forty-one foreign nations and two territories partook in FOODEX.

even after the exhibition. Many business people return from trade shows with a stack of business cards and deliberate whether to telephone each person from their home country. The Georgia Department of Industry and Trade helps in such cases. It calls on Japanese companies who handed out business cards and advises the foreign company whether the lead deserves further pursuit.

Even when governments do not help with post-show matters, Iizumi reports that simple precautions can save time and money. "Do not collect business cards enthusiastically," he advises. "Check a visitor's badge, talk with the person, and write a few notes on his business card immediately."

## Sloppy foreign companies

While accepting the need to improve show standards and help foreign companies save money, organizers point out that exhibitors could be better prepared.

"Many Asian companies are very good, but I have seen a few American exhibitors who were relaxed," says Ishizumi.

In preparing for shows, Reed, JMA and other organizers recommend common-sense measures: exhibitors should identify their target customers, do market research, prepare Japanese language literature, and hire Japanese-speaking

staff for shows.

Market research and identifying target customers are especially important, according to Nakazono. "The most effective strategy is to participate in the show and call on particular companies."

Lack of preparation can best be resolved when governments help out, says Ishizumi. Trade show organizers are working with U.S. state representatives and other foreign authorities to this end. For instance, the Georgia Department of Industry and Trade will translate brochures, but companies must still hire an independent company for printing.

Overseas offices of the Japan External Trade Organization are also an excellent way to commence market research, Nakazono adds.

It may yet be some years before foreign companies start notching up impressive deals at Japanese trade shows, or arrive for the show with immaculate research and tailored displays. Yet both sides seem to be moving in the same direction: preparing for trade shows which are more trade than mere show.

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