

# Entering emerging markets

**There may still be substantial opportunities for show organisers to grow in Europe and the US, either organically or through launches and acquisition, but the opportunities appear fewer and less obvious year by year. As we look for growth, it is no surprise that more and more of us are looking at opportunities in emerging markets. China must be top of the list, but Russia, India, Central and Eastern Europe, Latin America and the Middle East all promise huge opportunity.**

The potential rewards are high, but so are the risks. Detailed preparation and analysis is required to maximise the chance of success and to minimise the risks.

At AMR International we have conducted many market entry reviews and believe that there are a number of key issues that need to be understood by organisers in any business development initiative in these emerging markets.

## The political and economic environment

Of course, at a macro level, stable political, economic and legislative systems are all critical, regardless of the envisaged entry route. We need to have a good bird's-eye view of the political and economic environment of the market, and possibly the region.

On a more practical level, we need to understand the strength and influence of trade and government bodies in the market, and we need to appreciate their priorities and any allegiances they might have to existing events or organisers.

For example, the success of an event in the Middle East might depend on the support of the sheikhs. The willingness of the sheikhs to pour money into the development of the venue infrastructure in Dubai has had a hugely positive impact on the international show market in the UAE.

Russian shows can also live or die on the support of the relevant government departments. We examined one sector in Russia where a government official set up his own (lucrative) event in the market between the two existing shows. Exhibitors felt attendance was the safest option despite poor RoI, because non-attendance might have incurred the minister's displeasure.

## Understanding the show market

We then need to look at the dynamics of the specific underlying market to the event (see show market checklist table).

Maturity of the sector will influence whether the market can support only the broadest of horizontal show concepts, or whether it is reaching a stage where narrower, vertical events might achieve critical mass. We also need to assess how quickly this market will develop. The building sector in Russia is one where exhibitors in a number of sectors are beginning to contemplate vertical shows focused on their target visitor. In the Middle East the market may be too small or immature to support anything but major horizontal events.

### Show market checklist

- **Market**
  - Size and segmentation
  - Growth
    - \* the stage of maturity of the industry
  - Structure
    - \* how fragmented the sector is; likelihood of consolidation
    - \* how distribution works
    - \* speed of innovation / product launch
- **Exhibitor universe**
  - whether or not an event will achieve critical mass
- **Visitor universe**
- **The growth and dynamics of the potential exhibitor and visitor universes**
- **Show need / role in the industry**
- **Potential**

A good indicator in some sectors can be the level of international investment, a key driver for international visitor and exhibitor interest. We need to understand the level of interest among international exhibitors in the specific market, and also the preferred entry route.

Sometimes national events and international events coexist in the market, serving very different show needs. Usually the national event commands lower stand rates, so as exhibitors at the international show establish relationships with national distributors or partners, they may migrate to the cheaper national event, or not exhibit at all.

## Understanding the local culture

'Think global – act local' applies to events as much as to any other industry. Cultural differences have to be understood as they have a dramatic impact on the success of any proposed event.

Recent AMR work on an Asian launch showed that attendees are, at best, bemused by glamorous awards ceremonies at European events; they would be considered entirely inappropriate to a show in Asia. Much more appropriate would be formal business dinners bringing potential key business partners together.

And cultural aspects can be even more marked. For historical reasons, some major Chinese events used to be itinerant, encouraged by the government to move location every edition, boosting local economies as they did so. A supporting factor behind changing location was that exhibitors took the opportunity to invite visitors to the local attractions, an important part of cementing business relations in China.

An aspect of some B2B events in Russia, China and elsewhere that strikes the visitor as strange, is consumers coming in to sightsee - families taking a day trip to the local engineering fair, perhaps. This seems relatively common and is often accepted as a necessary evil by exhibitors.

## Understanding the competitive landscape

Obtaining a clear view on the current competitive environment, e.g. established events, imminent launches or recent failures, is vital if we are to gauge the dynamics of the show market: where current needs are unmet and where there might be gaps. Drawing a calendar of events in the sector can quickly highlight where there might be gaps by sector, by geography or by time of year.

### There are several market gaps in India and the Middle East, notably in sectors B, C and F

Asian / Middle East show coverage by sector, 2006+

Month	Sector A	Sector B	Sector C	Sector D	Sector E	Sector F
Nov – Dec		Expo 1 UAE			Show F India (2005 launch)	
Sept – Oct.	Show 3 India		Show A, China		Show D Singapore	India
July – Aug.		Middle East India			Show C location a	
May – June.				Show B location b	Show G UAE	Exhibition X, Hong Kong
March – April.			India			Exhibition Y UAE
Jan – Feb.		Expo 2, Hong Kong		Symposium, Singapore	Show E location d	Summit location e
Key =						
	Market gap					

Source: AMR research

For example, there may be a national event serving domestic exhibitors and visitors, but no platform for international companies to establish relationships in the market or for domestic exhibitors to export.

## Understanding the venue situation

In emerging markets current venue capacity and quality is often a constraint. We assess the location of the key venues and their accessibility and scan the calendar of existing events. We also need to be clear where new venues are being developed, which plans will actually come to fruition, which venues are likely to want international partners, and where the venues themselves might be competitors.

The lead venue in India, Pragati Maidan, must give some organisers pause for thought – most of us are not used to monkeys in the rafters. But it has a prime location in the centre of Delhi. As is so often the case in a secondary city, a brand new venue in Hyderabad offers the latest in air-conditioned facilities, but the location makes it unattractive for shows in some sectors where visitors are not prepared to travel. The venue in Delhi also organises its own events, which can make organisers nervous about the possibility of their host launching competitive events.

## Choosing the right entry vehicle

Once we are comfortable that we have understood the dynamics and the needs of the market, we also need to be sure that our show model fits.

The most attractive option for market entry might be to clone an existing brand. A number of German show organisers have successfully cloned major brands into the Chinese market. The beauty of this option is that it not only helps build a presence in the new market, but also helps establish relationships with the key accounts in the market, which then might be encouraged to exhibit at the German parent event.

But cloning is not always appropriate. It may cannibalise the parent event, or the model may simply not fit the new market. On close examination, we might find that the market is simply

too immature. In the first instance, it might immediately support a content-led event that facilitates networking, and then, as the market develops, the show might grow into something more substantial.

Launching a new product into a new market is a high-risk option. A less risky option might be partnering with a local player.

In a number of markets we have researched we have identified a strong national event that would benefit enormously from an international partner who would help develop its operations and the international brand. For the international player partnering with an established event, either through acquisition or joint venture, might bring local management and an established brand position, offering attractive development options for the show.

Finding good management in an emerging market is invariably tough. Acquisition might deliver management that could develop to form the cornerstone of the acquirer's local presence. However, acquisition doesn't guarantee the right sort of management. We have seen examples in both Russia and China where unimaginative, 'old style' management dilutes the benefits of an otherwise strong existing show portfolio

and therefore limits potential growth. Some organisers in Central and Eastern Europe are former Government organisations run by former civil servants with all the associated red tape. We need to get to know management well in order to understand what each side is bringing to the table and how best to marry local skill sets with the strengths of the incoming organiser.

## Conclusion

Having identified major possible pitfalls as a first step, organisers can develop appropriate strategies to ensure the best possible outcome. The key to this is knowledge. This can be gathered through a combination of thorough desk research and primary research with key players within the target market.

*AMR International's exhibition team has worked on the ground in over 30 countries. We have unparalleled experience of reviewing show markets and assessing potential partners, through extensive research, including direct interview programmes with industry players, visitors and exhibitors.*



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## Leaders in exhibition strategy

For further information on AMR International and our work within the exhibition sector, please contact one of the offices below, or visit our website

**AMR INTERNATIONAL LIMITED**  
ST GEORGE'S HOUSE 61 CONDUIT STREET LONDON W1S 2GB  
UNITED KINGDOM T: +44 (0) 20 7534 3600 F: +44 (0) 20 7534 3636  
E: london@amrinternational.com www.amrinternational.com

**AMR INTERNATIONAL LIMITED**  
MAINZER LANDSTRASSE 51 60329 FRANKFURT AM MAIN  
GERMANY T: +49 (0) 69 24 00 86 0 F: +49 (0) 69 24 00 86 16  
E: frankfurt@amrinternational.com

**AMR INTERNATIONAL CONSULTING INC**  
655 THIRD AVENUE SUITE 2500-05 NEW YORK NY 10017  
UNITED STATES OF AMERICA T: +1 646 465 5970 F: +1 646 465 5988  
E: newyork@amrinternational.com