

AN INVESTIGATION INTO THE EXPORT PROBLEMS OF COMPANIES PARTICIPATING IN INTERNATIONAL FAIRS – THE AUTOMOTIVE SUPPLIERS CASE *

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Abstract

For companies to be successful in an intensive competitive environment of international markets have been utilizing various marketing techniques and tools. One of the most important tools is participating international fairs. International fairs are assumed to be an important tools that countries promote their export potentials to other countries. Fairs can provide opportunities for buyers and sellers a direct relationship in the international markets.

Objective of the research is to determine exportation problems that automotive supplier sector firms faces that export through participation international fairs.

To accomplish this, a uniform questionnaire was applied to 248 companies operating in automotive supplier sector and make exportation through participating fairs. According to research, the major problem that stems from both participating firm itself and fair organizer was the lack of well planned and implemented market research.

ULUSLARARASI FUARLARA KATILAN İŞLETMELERİN İHRACAT SORUNLARININ BELİRLENMESİNE YÖNELİK BİR ARAŞTIRMA – OTOMOTİV YAN SANAYİ ÖRNEĞİ

Özet

İşletmeler, uluslararası pazarlardaki yoğun rekabet ortamında başarılı olabilmek için çeşitli pazarlama araç ve teknikleri kullanmaktadır. Bu araştırmaya en önemlilerinden birisi uluslararası fuarlara katılımdır. Uluslararası fuarlar, ülkelerin ihracat potansiyellerini arttırmada en önemli araçlar olarak kabul edilir. Fuarlar uluslararası pazarlarda alıcı ve satıcılar için direkt ilişki kurma fırsatı sağlar.

Bu araştırmanın amacı, uluslararası fuarlara katılarak ihracat yapan otomotiv yan sanayi işletmelerinin, uluslararası fuarlara katılımından kaynaklanan ihracat sorunlarını belirlemektir.

Bu amaç çerçevesinde, otomotiv yan sanayiinde faaliyet gösteren ve uluslararası fuarlara katılarak ihracat yapan 248 işletmeye anket uygulanmıştır. Araştırmaya göre, hem katılımcı hem de organizatör firmalardan kaynaklanan en önemli ortak sorun, yeterli düzeyde pazar araştırması yapılmaksızın ihracat çabası içine girilmesidir.

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1. INTRODUCTION

Companies to succeed in today's intensely competitive international markets utilize various marketing techniques and tools. One of the most important tools is participating in international fairs. International fairs are assumed to be an important tool that countries promote their export potential. Fairs can provide opportunities for buyers and sellers to establish direct relationships in the international markets.

Many small and medium-sized industrial companies invest little or no money in advertising, promotion, market research, new product development, or other marketing activities, but most attend trade fairs, either as visitors or as exhibitors (Kerin and Cron, 1987:88 ; Moriarty and Speckman, 1984:139 ; Bello and Barczak, 1990:45). Trade fairs differ from other marketing communication tools such as advertising and promotion, in that they allow direct contact between buyers and sellers. They also differ from sales calls because the contract is not initiated by the seller but by the buyer.

Trade fairs offer manufacturers an opportunity to display and demonstrate products that are often difficult to move and are complex in design and operation. They are playing an increasingly important role in international marketing because of the number of prospects that can be contacted in one place and because they enable parties to make quick comparisons of products (Reeder et al., 1991).

In order of importance, respondents stated the following benefits from trade fairs (Webster, 1984 : 273) :

- An opportunity to introduce new products.
- An opportunity to establish personal contacts with prospective buyers.
- An opportunity to maintain visibility of the company's products and name.
- An opportunity to establish contact with members of the buying center who can not otherwise be reached.
- An opportunity to make direct sales.
- The ability to display non-portable products.
- A method of developing a list of prospects.
- An opportunity to recruit new distributors.
- A method of determining potential customer requirements.
- An opportunity to evaluate competitors' products.
- The possibility of discovering new applications for existing products.
- An opportunity to obtain new product ideas from customers, distributors, and competitors.
- An opportunity to discover new suppliers.
- An opportunity to evaluate competitors' marketing tactics.
- A good training opportunity for new sales personnel.
- An opportunity to meet customers in a more relaxed atmosphere.

In spite of these advantages, many managers view trade fairs as a necessary evil rather than as an opportunity to be exploited (Bonoma,1983:76 ; Firks,1980:42). These views

tend to be a consequence of the trade fair's limitations. Fair participation can be very expensive. It takes salespeople away from their territories and trade fairs often provide an unknown return per money spent (Konopacki,1981:62). A further consideration is that many industrial fairs can be quite large. Some fairs consist of several hundred exhibitors and are attended by tens of thousands of domestic and foreign attendees. As a consequence, "A trade fair by its nature, is a crowded, cluttered and confusing environment. Both buyers and sellers must cope with a lot of competing and conflicting marketing noise (Bello and Barksdale,1986:198)". Such a chaotic environment may inhibit effective communication between buyer and seller, and it can interfere with negotiating transaction details.

One of the major goals of companies in participating in international fairs is to increase their export potential. However, there exist various impediments and impeding factors for companies to accomplish these goals. These factors can be broken down into two major categories: 1) the ones that stem from participating companies 2) the ones that stem from the fair organizer.

The organizer must provide assistance to the exhibitors in freight forwarding, customs clearance, exhibit design, public regulations and overall show promotion (Motwani, Gillian, Essam, 1992:40).

Trade fair organizations (TFOs) themselves offer services, and they contribute to the development of services such as the installation of exhibitors' stands (telephone, cleaning, decoration, assembly, and maintenance), housing, food and entertainment (hotels, restaurants, and tourism agencies), business services (banking, advertising, and public relations agencies), and lodging (car rentals, airports, taxis, couriers, and other transport services) (Munuera and Ruiz, 1999: 17).

In addition, fair organizers are expected to handle and provide activities such as, translating services, having the participation of host country's senior officials to fair, compiling relevant information on entry barriers to market (quotas, customs legislation and practices, laws) in host country and bringing together reputable participators and visitors to the fairs (Bello and Barksdale, 1986 : 205 ; Bendow, 1992 : 16 ; O'Hara, Palumbo, Herbig, 1993:236).

Automotive supplier sector is one of the sectors that tries to realize exportation through participating fairs. Automotive supplier sector has an important place in the Turkey's economy and has been developing and expanding in parallel to its main industry since its establishment. In the process of compulsory globalization, the sector has directed its attention on both domestic and international markets. Export revenues of the sector have been increasing steadily and reached 550 million U.S.D. in 1998. While these figures look blossoming, the sector's share in the world trade is still negligible. For example, Turkey's share in European Countries' automotive suppliers' sectors is around 1 percent. Within this framework, there are various measures which need to be taken by both the sector in general and by other companies to stimulate sector to achieve desired share in the world automotive suppliers sector.

2. OBJECTIVE, METHOD AND SCOPE OF THE RESEARCH

Objective of this research is to determine export problems faced by automotive supply sector firms that export through participation in international fairs. Therefore, both kinds of problems that either stems from fair organizers or from participating companies have been investigated.

Questionnaire method was used to gather data which comprise of three headings. In the first heading, questions regarding profiles of companies were included takes place. In the second heading, companies that export through participating in fairs were asked to rank the impeding factors in order of their importance. In the third heading, questions developed to determine problems that stem from fair organization. Companies were asked to rank propositions according to 5- level Likert measure. For 5- level measure, levels ranged from (1: completely agree) to (5: completely disagree).

The population of the research consisted of 248 firms which operated in automotive supplier sector and export through participating in international fairs. (*)

Questionnaires were faxed to the companies. Total of 70 questionnaires replied and received, 8 of them were found to be unworthy to take into evaluation. Therefore 62 questionnaires were processed and analyzed. In other words, sample of the research account for 25% of population. Data was analyzed by SPSS software version 9.0.

3. FINDINGS OF THE RESEARCH AND INTERPRETATION

Profile of the participating companies is given in Table 1. As can be seen from Table1, 38.7 % of companies are medium sized and ratio of small to large companies are 30.6 % and 30.6 % respectively. (**)

90.3 % of participating companies are operating both as manufacturer and exporter.

When companies were investigated in terms of production style, it was observed that 56.5 % of companies are working on an non - patent basis while 19.4 % of companies producing under patent regulations.

(*) In determining the population, international fair organization companies (such as Forum Fuarçılık, Ladin Fuarçılık, Türkel Fuarçılık) , Automotive Suppliers' Industrialist Association and Uludağ Exporters Association's databases were utilized.

(**) Classification of company sizes are based on the definitions developed by Small And Medium Sized Industry Development Organization (KOSGEB).

Table 1 : Profile of Participating Companies

Number of employees	%
1 - 50	30.6
51 - 150	38.7
151 - +	30.6
Type of operation of the firms	
Manufacturer	6.5
Exporter	3.2
Both	90.3
Production style of the firms	
Licensed production	19.4
Unlicensed production	56.5
Both style	24.2

When profile of companies participating to fairs are investigated, following results were reached and given in Table 2. Based on these results, 83.9 % of companies were found to be participating in fairs both as participant and as visitor.

In terms of number of times of participation in international commercial fairs, it was revealed that 40.3 % of companies participated in these fairs more than 7 times. 38.7 % of companies participate in fairs between 1 and 3 times.

In terms of number of persons with whom companies, on average, participated in fairs, it was observed that 56.4 % of them participated in fairs with two persons, while 25.8 % of companies participated with 3 persons.

Table 2 : Profile of Companies by Fairs (Activities)

Company's Role in Trade Fairs	%
Visitor	16.1
Exhibitor - visitor	83.9
Number of Times of Participation to International Trade Fairs	
Participated 1 - to - 3 times	38.7
Participated 4 - to - 6 times	21.0
Participated more than 7 times	40.3
Number of Employees Sent to the Fair	
1 employees	8.1
2 employees	56.4
3 employees	25.8
4 employees	8.1
5 +	1.6

Automotive supplier sector companies that participate in international fairs and realize exports as well as the countries to which exports were made were investigated and results are given in Table 3. (*) It was found that most of those countries are located in EC (with 87.1 %). Followed by Near and Middle East countries with 56.4 % and other European Countries with 41.9 % of share.

Participating companies were asked to rank the export problems that stem from their own operations by their degree of importance. Results are given in Table 4. According to Table 4, it was determined that first and most important factor was "implementing no market research and not being able to reach and build a communication link with potential buyer prior to the fair" (38.5 %). This was followed by not participation of top management to fairs, with 17.5 % and uneffective display of products on counters with 16.3 %. Further investigations were also made about whether companies differed according to their production style (licensed vs. unlicensed production). First and import factor were found to be unchanged. Ranking of other factors are as follows:

(*) For classification was used exporting countries, the countries code list developed by State Institute of Statistics (SIE).

Table 3 : Distribution of Companies by Countries They Export

Countries	%
EC Countries	87.1
Other European Countries	41.9
North Africa Countries	53.2
West,Central,East and South Africa Countries	11.3
North American Countries	22.6
Central and South America	22.6
Near and Middle East Countries	56.4
Other Asian Countries	21.0
Australia,Oceania and Other Territories	8.1

n = 62

Table 4 : Ranking of Factors That Impede Export by Their Importance

	Degree of importance			Weighted Average		Importance Of Order
	1 st degree	2 nd degree	3 rd degree	Total	%	
Not participation of top management to fairs	7	16	6	59	17.5	2
Not sending a personnel to fair who have posses an ability to communicate in other languages, technical expertise and strong tendency to exportation	6	10	10	48	14.2	4
Prior to fair, execution of market research and establishment of connection with potential buyers by participating company	34	12	4	130	38.5	1
Ineffective exhibition of product on stands and lack of usage of audio-visual publicity means during fairs	6	13	11	55	16.3	3
Reluctance of company representative in selling firms products	3	4	7	27	7.9	5
Other factors	5	1	2	19	5.6	6
Total				338	100.0	

Under licensed production,

- 1 st important factor; execution of market research and establishment of connection with potential buyers by participating company prior to fair (% 40.0).

- 2 nd important factor; top management not participating in fairs (%16.4).

- 3 rd important factor; ineffective exhibition of product on stands and lack of usage of audio-visual publicity means during fairs (%10.9).

Under unlicensed production,

- 1 st important factor; execution of market research and establishment of connection with potential buyers by participating company prior to fair (% 37.3).

- 2 nd import factor; ineffective exhibition of product on stands and lack of usage of audio-visual publicity means during fairs (% 20.7)

- 3 rd important factor; top management not participating in fairs (%18.6).

For both style (Licensed and unlicensed) of production,

- 1 st important factor; execution of market research and establishment of connection with potential buyers by participating company prior to fair (% 43.9).

- 2 nd important factor; top management not participating in fairs (%19.5).

- 3 rd important factor; not sending a personnel to fair who can communicate in other languages knowledgeable about technical export and strong tendency to export (% 15.9).

Also, order of importance of exportation problems that companies thought as stemming from themselves, as well as, whether those problems vary depending on the number of times of participations in fairs were investigated. According to results obtained, it was observed that first order of importance factors remained unchanged. Accordingly, ranking of companies participating in fairs 1 - 3 times and that those participated more than 7 times were found to be as follows:

- 1 st important factor; execution of market research and establishment of connection with potential buyers by participating company prior to fair (%40.5; %35.3).

- 2 nd important factor; top management not participating in fairs (%19.2 ; %18.0).

- 3 rd important factor; not sending a personnel to fair who can communicate in other languages knowledgeable about technical expert and strong tendency to export (%14.4; %17.3).

Ranking of companies which participated fairs 4 to 6 times,

- 1 st important factor; execution of market research and establishment of connection with potential buyers by participating company prior to fair (% 41.3).

-2 nd important factor ; ineffective exhibition of product on stands and lack of usage of audio - visual publicity means during fairs (% 25.3).

-3 rd important factor; top management not participating in fairs (%16.0).

Those companies that aimed to realize exports, believed that they had been having difficulties in export efforts due to problems stemming from fair organization. In order to determine these difficulties (impediments) a group of questions, consisting of 15 statements, was developed and applied. Result of analysis of answers to these questions was given in Table 5.

As can be seen from the table, three major difficulties that participating companies stated as stemming from fair organization are:

* Lack of detailed information on host country's markets that organizers have expected to provide and disseminate to participating companies prior to fair (3.37),

* The information about market entry barriers of the host country (quota, custom practices and regulations) which were expected to be provided to participating companies by fair organizer but were not (3.29),

* For organizers not being able to bring together reputable participating companies along with buyers (distributor, agencies, professional visitors) with success (3.21).

The most important problem that companies stated that stems from fair organization and whether this problem vary depending on production style (licensed - unlicensed) was investigated and one factor that ranks in the first place was found to be unchanged.

Accordingly, ranking of problems are:

Under licensed production,

* Lack of detailed information on host country's markets that organizers are expected to provide and disseminate to participating companies prior to fair (3.67),

* The information about market entry barriers of the host country (quotas, custom practices and regulations) which were expected to be provided to participating companies by fair organizer but were not (3.58),

* Organizer has not been able to get support and participation of chambers of commerce, trade attaches, business and businessman associations and governmental institutions of the host country (3.33).

Table 5: Impediments Faced During Export

Impediments Faced During Exportation	Weighted Average	Standart Deviation	Ranking of Impediments
Organizer provides effective hosting and translation services during fair	2.74	8.11	9
Organizer provides smooth and reliable transportation services for the products to be exhibited in the fair	2.19	12.03	15
Organizer has been able to get support and participation of chambers of commerce, trade attaches, business and businessman associations and governmental institutions of the host country	3.06	5.85	5
Organizer provides communication services needed during fair (faximilie, copiers, inter-net) successfully	2.34	11.67	13
Organizer organize and implement advertising and public relation activities that aims to create awerness of the fair in the host country prior to fair	3.02	8.44	6
Organizer has been able to bring solution about accomodation and transportation needs of participators in the cases of extra ordinary circumstances	2.77	10.06	8
Organizer has been able to provide detailed information on host country's markets and disseminate to participating companies prior to fair	3.37	9.23	1
Organizer has been able to provide market entry barriers of the host country (quote,custompractices and regulations) and disseminate to participating companies.	3.29	6.38	2
Fair areas are planned to ease smooth traffic to facilitate interactions between buyers and sellers	2.60	12.36	10
Organizer has been able to bring together reputable participating companies along with buyers (distributor, agencies, professional visitors) with success	3.21	7.95	3
Organizing firm maintains problem solving personnel to render smooth services during fair	2.50	12.05	11
Organizer firm provides an excellent services of stand layout (placement, decoration, maintance, repair and sanitation)	2.37	13.46	12
Organizer provides an excellent services of transportation, food, accommodation and entertainment needs of participation	2.84	10.03	7
Organizer assist in choosing publicity, advertising and public relation means and tools for participating companies as well as provide sufficient organization for these activities	3.06	8.59	4
Lack of reputation of Turkish firms in international markets have an adverse effect on exportation opportunity	2.29	7.19	14

Under unlicensed production,

* Lack of detailed information on host country's markets that organizers are expected to provide and disseminate to participating companies prior to the fair (3.46).

* The information about market entry barriers of host country (quotas, custom practices and regulations) which were expected to be provided to participating companies by fair organizer but were not (3.40).

* For organizers not being able to bring together reputable participating companies along with buyers (distributor, agencies, professional visitors) with success (3.31).

Both style (licensed and unlicensed) of production,

* Lack of detailed information on host country's markets that organizers are expected to provide and disseminate to participating companies prior to the fair (2.94).

* Organizer not being able to provide an excellent services of transportation, food, accommodation and entertainment needs of participators (2.93),

* For organizers not being able to bring together reputable participating companies along with buyers (distributor, agencies, professional visitors) with success (2.87).

Investigations were also made export on problems that participating companies stated to be stemmed from fair organization and whether order of their importance varied based on number of times of fair participation. According to results obtained, it was determined that first ranking problem factor does not differ among participating companies with 1 - 3 times and 4 - 6 times participation experience. However companies with more than 7 times of participation experience found to have been differentiated. Accordingly, rankings occurred as following order:

Participating 1-3 times,

* Lack of detailed information on host country's markets that organizer are expected to provide and disseminate to participating companies prior to the fair (3.33).

* The information about market entry barriers of host country (quote, custom practices and regulations) which were expected to be provided to participating companies by fair organizer but were not (3.21).

* For organizers not being able to bring together reputable participating companies along with buyers (distributor, agencies, professional visitors) with success (3.08).

Participating 4-6 times,

* Lack of detailed information on host country's markets that organizer are expected to provide and disseminate to participating companies prior to the fair (3.38).

* For organizers not being able to bring together reputable participating companies along with buyers (distributor, agencies, professional visitors) with success (3.37).

* Organizer not being able to provide effective hosting and translation services during fair (3.15).

Participating more than 7 times,

* The information about market entry barriers of host country (quotas, custom practices and regulations) which was expected to be provided to participating companies by fair organizer but were not (3.56).

* Lack of detailed information on host country's markets that organizers are expected to provide and disseminate to participating companies prior to the fair (3.40).

Participating more than 7 times,

* The Information about market entry barriers of host country (quotas, custom practices and regulations) which was expected to be provided to participating companies by fair organizer but were not (3.56).

* Lack of detailed information on host country's markets that organizers are expected to provide and disseminate to participating companies prior to the fair (3.40).

* Organizer not being able to get support and participation of chambers of commerce, trade attache, business associations and governmental institutions of the host country (3.36).

4. CONCLUSIONS

Companies which want to realize export revenues by participating in international fairs stated that they were faced with impediments in various forms. These problems sometimes stem from the company itself and sometimes stem from the fair organization. This research analysed export impediments and tried to develop solutions.

Following results were reached as an outcome of this research.

One of the major problems that companies saw as stemming from themselves was lack of proper market research prior to fair. Non participation of top management to fair ranked second followed by ineffective exhibition of product.

Those problems that participating companies thought to stem from fair organizations are: lack of well planned and implemented market research and insufficient information flow to participants on these matters. Followed by,

* The information about market entry barriers of host country (quotas, custom practices and regulations) which were expected to be provided to participating companies by fair organizer but were not,

and;

* For organizer not being able to bring together reputable participating companies along with buyers (distributor, agencies, professional visitors) with success.

As a general conclusion, we could assert that the major problem is inadequate implementation of market research. At this stage, both participators and fair organizers should perform a comprehensive market research on target market and based on these results detailed databases should be established.

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