



## Why Philippine Exporters Join the Manila FAME Trade Fair?

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**Abstract:** The Manila FAME is a trade fair organized by the Philippine Department of Trade and Industry through the Center for International Trade Exhibitions and Missions Inc. (CITEM); an agency under the Philippine Department of Trade and Industry. It is part of the country's national export promotion strategy. Held twice a year, it is one of the longest trade shows in Asia-Pacific, which is approved by the Global Association of the Exhibition Industry (CITEM Brochure, 2013). The 58<sup>th</sup> edition was held last October 17-20, 2013 at the SMX Convention Center in Manila, Philippines.

In recent years, the number of exporters who joined Manila FAME has decreased. This study is an attempt to find out the factors that will entice Philippine exporters to join Manila FAME. One hundred thirty exporters based in the Philippines were interviewed using person-assisted questionnaires during the Manila FAME. The survey results were subjected to factor analysis using the principal factor method. Equamax rotation was used to extract a simpler structure of the factor analysis. The factors that will encourage Philippine exporters to join are as follows: Factor 1 Sales and Buyers, Factor 2 Information-Gathering, Factor 3 Locating Distribution Channels, Factor 4 Image-Building and Factor 5 Country Promotion.

**Keyword:** Trade Fairs; Trade Shows; Trade Exhibitions; Export Marketing; Export Strategies

### 1. INTRODUCTION

Trade fairs or trade shows or trade exhibits are often used by exporters to promote their products to global markets (Hansen, 2002; Menon and Edward, 2013; Power and Jansson, 2008). Exporters organize their annual activities to include trade fair planning such as research for new products, developing new products to be exhibited, budget for trade fair participation and promotional activities to support trade fair participation (Power and Jansson, 2008). Trade fairs have become important promotional tools not only for those exporting goods but even for those exporting services (Hansen, 2004; Herbig et al., 1996; Sichtmann and von Selasinky, 2010). Trade fairs have been recognized as significant marketing tools which can influence the exporters' ability to compete overseas and, thus, the trade show industry has grown in recent years

(Kellezi, 2013; Seringhaus and Rosson, 2001). As part of the promotion mix, trade fairs have been classified as part of events marketing (Oliver et al, 2008).

Empirical studies on return on trade fair investment showed a positive effect on sales and profits for a manufacturer of gas chromatographic equipment (Gopalakrishna et al., 1995). Their research showed that trade fair participation generated product awareness and interest and provided positive economic returns to the firm (1995). Other studies showed that trade shows are venues to gather information about competitors, new products, trends, etc. (Carman, 1968; Soilen, 2010). Due to the benefits of trade fair participation, various governments have also used trade fair participation as part of the national export promotion programs to improve exports (Leonidou et al., 2011; Nguyen, 2012). Although the marketing literature has

provided outcome-based results in measuring trade performance such as sales, there have been studies that have shown behaviour-based results (such as information-gathering) to measure trade performance.

Trade fairs have become popular in Asia especially in China (Soilen, 2010). According to the Global Association of the Exhibition Industry (UFI), the Canton Trade Fair in 2008 had 18,207 national exhibitors, 514 foreign exhibitors and 192,013 overseas buyers (2010). It had a business turnover of USD38,230 million. Held twice a year and organized since 1957, the Canton Trade Fair is China's biggest trade fair.

In the Philippines, Manila FAME has been part of the Philippine government's national export promotion program since 1983 (CITEM Brochure, 2013). Past Manila FAME trade fairs showed gifts, toys, houseware, Christmas décor, leathersgoods, fine jewelry and fashion accessories. Due to the decreasing number of exporters who joined Manila FAME, CITEM started including other products in 2011 such as furniture and garments to fill up the exhibit spaces (V. Lo, personal communication, October 19, 2013).

In October 2011, four trade shows (Manila Now, CEBUNEXT, Bijoux Cebu and Manila FAME) which were held in different months and different venues were consolidated under the brand name Manila FAME (2013). This consolidation meant that Manila FAME will now have more exporters who will exhibit a greater variety of products to more export markets. CITEM also invited foreign exhibitors to join Manila FAME. These moves, however, have not stopped the decline in the number of Philippine exporters joining the Manila FAME.

This study has the following objectives:

1. To examine the factors that will encourage Philippine exporters to join the Manila FAME trade fair
2. To examine how CITEM (trade fair organizer) can use the results to improve the exporters' participation at the Manila FAME

## 2. METHODOLOGY

This study used a person-assisted questionnaire in English. It was pretested to selected exporters. After pretesting, the questionnaire was modified. It

was administered to 130 Philippine exporters at the Manila FAME Trade Fair last October 17- 20, 2013 in the SMX Convention Center, Philippines using convenience sampling. The questionnaire used in this study collected basic information on the exporting firm (business organization type, capitalization, export markets, etc.). It had 17 items using a 5-point Likert scale that evaluated their trade fair participation.

SAS software was used to analyze the research data. Factor analysis was performed employing the principal factor method. Equamax, rotation was used to extract a simpler structure of the factor pattern mix.

## 3. CONCEPTUAL FRAMEWORK

Hansen (2004) developed the following model for measuring trade fair performance:



Figure 1: Model for Assessing Exhibitors' Performance at Trade Fairs (Hansen, 2004).

1. Sales-related activities. This consists of actual sales (S2), introducing new products (S6), test new products (S8) and develop new product/market segments (S9)
2. Information-gathering activities. This consists of collecting general information (I2),



collecting information about competitors' prices, products and strategies (15) and information about suppliers, customers (18)

3. Relationship-building activities. This consists of maintaining and developing personal contacts with existing customers (R2) and using the trade fair as an arena where management can develop relationships with customers (R9).

4. Image-building activities. This consists of gaining advantage of competitors who are not exhibiting (P1), convincing customers that company is strong (P2), market communication in general at the trade fair (P4) and maintaining company image perceived by customers, competitors and professional press (P8). This is limited to company image-building activities.

5. Motivation activities. This consists of training and developing the sales team (M1), strengthening the sales peoples' motivation (M2) and motivating the sales people when they meet the customers (M3).

These 5 dimensions measure Trade Show performance (TS Performance). There is a positive relationship between TS Performance and Global Performance (GP). These are measured by GP1 (If I have to give a performance appraisal to our company's trade fair participation, it will be 1=poor, 7=excellent) and GP2 (How satisfied is your company with its overall performance as the trade fair? 1=very dissatisfied, 7=very satisfied). TS Performance also has a positive effect on Trade Show Intention or TSI, which refers to intention to exhibit at the next fair with 1=definitely not, and 7=definitely.

Most trade show performance models are outcome-based but Hansen's model (2004) captures an outcome-based sales dimension and four behaviour-based dimensions (information-gathering, relationship-building, image-building and motivation activities).

#### 4. RESULTS AND DISCUSSION

Table 1. Respondents' Profile.

	Number (n=130)	%
Position	Owner/Manager	80
	Marketing Manager	10
	Others	10
Organization	Single Proprietorship	33.08
	Partnership	4.62
	Corporation	60.77
	Cooperative	1.54
Capital	P150,000- P1.5M	43.85
	Above P1.5M- P15M	43.85
	Above P15M- P60M	12.31
Products (number more than 100% as some exhibited many product lines)	Housewares	51
	Fashion Accessories	36
	Furniture	22
	Christmas Decors	14
	Footwear	7
	Leathergoods	6
	Garments	1.54
Number of times that firm joined Manila FAME	1	9
	2	5.74
	3	7.38
	4	5.74
	5	3.28
	6	28.69
	10	18.85
	15	4.10
	20	4.10
	30	1.64
	40	4.10
	45	1.64
	50	5.74



Export Markets	US	84.62
	Japan	73.08
	UK	55.38
	France	46.15
	Germany	41.54
	Netherlands	35
	Singapore	32
	HK	27.69
	Taiwan	20
	China	19.23
	Malaysia	16.15
	S Korea	12.31

Table 1 shows that most of the respondents were owners/managers (80%). 60.77% of the respondents were corporations. In terms of capital, 43.85% were small (P150,000-P1.5M) while 43.85% were medium. 51% of the respondents exhibited housewares. 28.69% have joined the Manila FAME trade fair for 6 times already. The respondents' top 3 export markets were the US, Japan and UK.

When asked to rank their objectives of joining the Manila FAME Trade Show, the participants ranked the following with 1 as most important and 5 as least important:

Table 2: Respondents' Objectives in Manila FAME Participation

Objective	Rank	Mean
Find new buyers	1	1.98
Generate sales during the fair	2	2.03
Meet existing buyers	3	2.29
Appoint agents & distributors	4	3.96
Seek joint ventures	5	4.54

Table 2 shows that the top 3 objectives in trade fair participation are sales-related

objectives. This shows that sales-related activities are important to the respondents. During interviews, exporters that have been joining the Manila FAME for many years were disappointed at the low turn-out of new buyers that resulted to low sales during the Manila FAME trade fairs. If the low turn-out of new buyers continue, there are exporters who may not join the next Manila FAME Trade Fairs. This implies that sales-related activities such as new buyers are prioritized by exporters in their objectives in joining (Table 2). Based on exhibitors' interviews, this is a major reason for the decrease in the number of exporters joining the Manila FAME Trade Fairs.

Buyers who visit the Manila FAME Trade Fairs have expressed the need for more exhibitors (Resty Mijares, personal communication, October 19, 2013). According to Mr. Mijares; a buying agent who represents US importers, buyers find that the Manila FAME Trade Fairs are becoming smaller in terms of exhibitors. He recommended that CITEM should chase importers to come so that there will be more exhibitors. He also suggested that only foreign exhibitors who complement (not compete with local exporters) should be allowed to join the Manila FAME Trade Fairs as this is a nationally-funded export promotion program to promote Philippine exporters.

Using factor analysis, the 17 items that encouraged respondents to join the Manila FAME trade fair were grouped into five factors (Table 3). These factors were Sales & Buyers (F1), Information-Gathering (F2), Seeking Distribution Channels (F3), Image-Building (F4) and Country Image-Building (F5). Except for Country Image-Building (5), these factors are in Hansen's trade performance model (2004). The study's results, however, do not show that there are motivation activities which is another dimension in Hansen's trade fair performance scale. Further, the interviews did not show factors related to motivation activities.

It should be noted that another dimension captured in this study that can add to Hansen's trade performance scale is Country-Image Building activities (F5).

Table 3: Factors Encouraging Exporters to Join Manila FAME Trade Fair

Factor	Factor Analysis Grouping	Mean	Rank
Benefits of Joining Bigger than Costs	F1	3.97	1
Promote company image	F4	3.89	2
Promote country image as reliable exporter	F5	3.87	3
Supported government's trade promotion efforts	F5	3.86	4
Cheaper to join than foreign fairs	F4	3.68	5
Previous experience was satisfactory	F4	3.49	6
CITEM is a good organizer	F2	3.38	7
Meet existing buyers	F1	3.23	8

Positive testimonies from others	F2	3.22	9
Check competition	F2	3.18	10
Generate sales after fair	F1	3.12	11
Check market trends	F2	3.11	12
Generate sales during fair	F1	3.02	13
Meet new buyers	F1	2.98	14
Appoint distributors	F3	2.35	15
Appoint selling agents	F3	2.31	16
Seek joint ventures	F3	2.30	17

Table 3 shows that the respondents' trade fair performance has been generally favourable. When asked if they met their objectives, 64% said yes while 35% replied that they did not meet their objectives. Meeting trade fair objectives leads to a favourable trade performance. Since there is a positive relationship between trade show performance and trade show intention (Hansen, 2004), it is most likely that exhibitors will join the Manila FAME again. When respondents were asked if they will join Manila FAME, 85% replied that they will join again.

Positive trade show performance is also positively correlated to positive global performance (Hansen, 2004).



## 5. CONCLUSIONS

The factors that will encourage respondents to join the Manila FAME trade fair were grouped into five factors (Table 3). These factors were Sales & Buyers (F1), Information-Gathering (F2), Seeking Distribution Channels (F3), Image-Building (F4) and Country Image-Building (F5). Except for Country Image-building (F5), these factors validate Hansen's trade performance model. CITEM, as a trade fair organizer, can use these factors to encourage the exporters' participation at the Manila FAME Trade Fair, especially sales-related factors. More exporters can be encouraged to join the Manila FAME Trade Fairs if the turn-out of new buyers will improve.

This study has shown that Country-Image Building (F5) is a new dimension that can be added to Hansen's trade performance scale (2004). This factor can encourage exporters, who have a strong sense of nationalism, to join the Manila FAME Trade Fairs.

Future studies in measuring trade fair participation can include the ranking of dimensions (sales and buyers, information-gathering, relationship-building, image building, motivation activities and country-image building) to find out which factors are considered most important. This can guide trade fair organizers with limited resources to prioritize their promotional campaigns to attract exhibitors (exporters) and visitors (importers) to the trade fairs.

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