

Critical Issues and Opportunities in the China Market



China is a challenging place to do business, much less to organize and produce a trade show. Stephen Nold contacts Alexander Glos, president of i2iMedia, and JoAnne Kelleway, CEO and founder of Info Salons, to discuss the opportunities and critical issues of operating in the China market that exhibition organizers should take into account in their strategic planning.

So let us start by understanding i2iMedia and the role your organization plays in the China Market.

Mr. Glos: i2i's mission is to create highly targeted media products that bring buyers and sellers together in the China market. i2i combines high-quality education and information with networked business-to-business media to create one-stop integrated marketing-communication events. Most of i2i's exhibitors in China are Chinese. i2i does work with companies that are foreign, but they have Chinese subsidiaries. We focus on both trade and consumer events, as well as traditional expos and conference-driven events.

Ms. Kelleway: Info Salons Australia is a complete registration service. We have been providing registration services to organizers of events since 1990. Info Salons Australia pioneered the use of magnetic strip units in lead retrieval systems. We are leading the way in Internet Web technology and offer solutions with self-registration methods. But most importantly through our many clients serviced, we have created a unique know-how in planning and managing the registration process for trade shows. We launched operations in China in 2005 and currently have 20 shows scheduled for 2006.

What would you describe as some of the misconceptions regarding conducting business in China?

Mr. Glos: China is not an international trade show market, but rather the largest domestic expo market. Secondly, although trade expos have driven the market in the past, the future growth in the industry will be consumer focused. Industrial and commercial

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growth in China in the next five to ten years will be driven by consumer spending.

Ms. Kelleway: I agree with Alec's description of the China marketplace. I would add that the venues are excellent. You find some beautiful and excellent facilities capable of handling very large shows in China.

How should an organization set up a presence in China?

Mr. Glos: You cannot do business in China on a commuter basis. First, come to China and see what it is all about. You cannot appreciate and understand the cultural and business differences that exist without firsthand observation of the traditions and customs. Next, as with any launch of an American start-up, a well-planned strategy is needed. Show organizers should undertake independent research and seek professional advice before committing resources to the market. Be confident of the reward and understand the risk.

Ms. Kelleway: The infrastructure is not built out yet, but it is coming. The support of the China Council for the Promotion of International Trade (CCPIT) is very good.

What tips would you offer to exhibition organizers for doing business in China as a guideline for an initial market evaluation?

Mr. Glos: The time to market in China takes a lot longer. Organizers have to meet clients face-to-face in order to close sales. Decision-making in China is much slower. A sale is done in person; it slows down the process but this is the way China does

business. The positive result is that you and your team will have a much closer relationship to the market. The exhibition market is relatively new in China and hence the greatest challenge is training people. China has a business culture and organizations must become accustomed to this culture

Ms. Kelleway: Talk to your accountant. Make certain that you understand the taxes and fees involved. It is very difficult to bring profits out of China so you must have a solid strategy for operational revenues.

What about the thoughts on the Chinese Government and how government plays into the strategies?

Mr. Glos: Avoid the government at all cost. When the government is involved, organizers must be very careful with agreements that have been established. There are klondike organizations such as the China Council for the Promotion of International Trade (CCPIT) and the Federation of Industry which are more useful than other government contacts because they have a deeper connection with the industry, associations and companies. CCPIT can actually deliver exhibitors. The government needs to be handling the means of relationship building and money issues, extending the right invitations, encouraging participation by the right people and supporting the people who take part. There is a far greater degree of politics involved with trade shows in China. They are not going to make your business but they can stop your business.

Ms. Kelleway: There are a lot of government regulations, especially the large taxes. Government is important and I would recommend that a exhibition organizer find a local partner. They can help you

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present yourself in the right way, as Alec mentioned as being important.

What are the downfalls and challenges in the China market? And what is a way to respond to the risky depiction of the China marketplace?

Mr. Glos: China is not a risky marketplace, and some consider it less risky than the traditional Western market because of the opportunities. The market size is large and the appetite is great, which leaves room for success. Organizers cannot go to the United States and create a base expo and become successful, but in China organizers are able to because the Chinese market is still in its infancy. China is the fourth largest economic marketplace in the world and is growing at a very rapid pace. Organizers have the opportunity to produce industrial, commercial and consumer events that they could not have the opportunity to produce in the United States or Europe. Twenty cities in China have a population of more than 8 million people and half of which do not have automobile shows today – that is an opportunity!

Describe how exhibition organizers conduct businesses in China differently? And how do they enhance business in China?

Mr. Glos: In the show business market there are smaller events that are technology savvy and larger events that are less technologically advanced. Technology has not been incorporated into some events because they continue doing what they have done for the last five years rather than making the change. The cultural learning curve is steep; China is slow to adopt.

Thinking through large, successful associations that have done well in the United States, what do they need to know about going overseas? What do they need to know about their own organizations? Products? Services? What is the next step for them?

Mr. Glos: The first thing that associations need to remember is that their exhibitors have already made the choice to move to China. The question is how are you going to capture the money they will spend in a place that will be the largest economy in the world? Are you going to capture the

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business there and be the bridge to China? The reality is, virtually anything that is being produced in the industrial commercial markets and consumer markets is either already in China, will certainly be in China and will be bigger than anything in the United States because the market size of China is huge. China is a marketplace that sells 9 million cars a year and is the world's third largest car market. It will soon be the second largest marketplace within five years. There is no stopping this trend.

Being an international organizer in China has great appeal. There is a perception that Western organizers know more, have greater experience and are more trustworthy due to their experience and knowledge, which is what the Chinese are really hungry for.

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Ms. Kelleway:

- Seek approval from authorities.
- Work with local trade associations.
- Partner with local organisers.
- Create value add programs.
- Demonstrate professionalism.
- Join international agency network.

What are some tips for exhibition organizers as a guideline for their initial market evaluation? What do they need to look for in overseas global strategies and how does the China marketplace fit in the strategy?

Mr. Glos: The fundamental difference that organizers need to keep in mind is that the China marketplace is a drastically different marketplace from traditional American or even European business practices. In China, good ideas are not well-received unless they come from the 'correct' source. Relationship building is probably more important than other countries. Leadership participation from the industry is critical; organizers obtain participation from the top five exhibitors at an event in order for the market to follow. Development of a marketing strategy begins with recruiting exceptional local talent that lends their

leverage to the marketplace – bringing in government and academia is also important. The China marketplace follows more than leads, which is another difference from the West.

Ms. Kelleway: I would recommend getting involved with China Expo Forum for International Cooperation (CEFCO). It is equivalent to IAEM and SISO rolled into one organization in China. I would suggest that organizers consider contacting the IAEM Asian Exhibition Council. The Chairman, Edward Liu, is a great contact. [E](#)

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