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Trade Chances for Developing Countries

By Dietrich Kobschull, Hamburg

The number of fairs and exhibitions has since World War II rapidly increased not only overseas but also in fair-satiated Europe. Regardless of this development, however, a watering down of their importance as a means of promoting national and international trade cannot be denied. In fact, the multitude of fairs, specialised exhibitions and shows tended towards less market transparency rather than its enhancement, and the theory of a kind of fairs' inflation is valid today more than ever.

If present-day fairs and exhibitions are to preserve and even strengthen their impact, they must, for a start, refrain from limiting themselves onto their traditional market functions and instead try to take upon them additional tasks. From the passive role of providing a market locality they must go over to active consultation and aid for exhibitors and visitors alike. This in any case holds good for a growing integration of the developing countries in the business of fairs and exhibitions.

First Step: Market Test

The foreign trade of these countries did in the entire post-war era not increase to the same extent as the industrial countries' volume of export and import. The reasons for this slower growth rate are not a lacking willingness to import but rather the inadequacy of export offers by the young countries. In view of the fact that development aid does not, and cannot, consist of the rich nations purchasing goods they do not need, the developing countries must be made more familiar with market conditions in the industrial countries in their capacity as buyers. They must learn to produce for an anonymous market and, in the first instance, have to learn how to sell. Here, fairs and exhibitions can render assistance towards achieving this.

Initially the developing countries without experience in the markets of industrial countries must try to acquaint potential buyers in a test market with their offers and ascertain what goods can be sold there and under what conditions. In recent years, the import show "Partners of Progress" which in conjunction with the "German Industrial Exhibition" was held in Berlin annually has been such a test exhibition. The Federal Ministry of the Treasury and the Berlin Senate met the costs of the transportation of exhibited goods, the stand at the fair and the expenses for two

representatives from each country. The necessary pre-conditions for the exhibition were thus fulfilled. Nonetheless, the many positive comments by visitors and organisers should not hide the fact that, at this show, folklore and public amusements were much more prominently proffered than genuine market tests. A considerable section of exhibitors were still too deeply involved in traditional "bazaar attitude" and right away took any interest shown or small orders as a great success, or, looked upon representation and entertainment as the chief purpose of the exhibition rather than, as it should have been, the sale of goods.

Here, then, an effective fairs' policy in the sense of trade development must be forthcoming by way of consultation. The promoters and fairs, organisations in the host country as well as trade missions and export promotion institutions of the developing countries must pronouncedly point to such test fairs and exhibitions as serving foremostly the selling of goods. Information should be at the disposal of exhibitors who must be advised at the right time against the display of such goods whose marketing chances appear non-existent from the outset.

An important role for the consultation of the exhibitor during the preliminary stages also falls upon the import trade. Due to the importers' market position—they have direct contact with producers in the developing country and at the same time know their own market—they are in a position to influence effectively the range of goods to be exhibited. At the test fair or exhibition the import trader can, moreover, be joint exhibitor with his supplier from the developing country.

In addition to the arrangements for the range of goods exhibited, the selection of the stands' staff is no less important for the ultimate success, though insufficient attention seems to be given to this aspect. The necessary special knowledge and linguistic faculties may as a rule exist, but often the authority to negotiate large supplies or the intimate know-how of terms of delivery are missing. It is, therefore, necessary for the fairs' organisers to inform exhibitors beforehand about the presumable demand of potential buyers. In addition it is advisable for the fair as such to provide information facilities for such essentials as import formalities and tariffs thus effectively helping buyers and sellers at the initial stage of coming to business terms. The fairs' organisation can round

off its functions to activate trade by arranging working sessions and expert congresses taking place at the time of the test show and offering an exchange of experience between business people and technicians on the sides of buyer and seller.

Second Step: Permanent Participation

But test exhibitions for products from developing countries, such as "Partners of Progress", must not be held isolatedly. As soon as certain goods have proved saleable, the appropriate conditions for their production exist and the marketing methods and conditions are better known than before, the second step must be taken: a fairs' policy aiming at trade expansion—and orientated towards development policy—by way of the realisation of continuous marketing of the goods in question. In each instance this requires permanent representation of the "more advanced" developing countries at fairs and specialised exhibitions. In spite of available experience, the development institutions and the organisers of fairs should also in these cases render assistance in some respects in order to help towards an easier adaption to the market rules in a highly specialised industrial economy.

The Federal German Ministry for Economic Cooperation, which pays part of the costs in order to make regular participations easier, gives effective development aid in this respect. This ministry which since its establishment has been aiming at the elaboration of a maximum strategy of development aid, has arrived at a promising point of departure which should under no circumstances be left out of sight in future.

In order to establish the necessary close contact between the new exhibitors and the visitors, the promoters and fairs' organisations must, over and above their traditional functions, intensify the facilities for advising the interested parties and thus the furthering of sales' contracts. The Milan Fair is a good example of this new orientation of fairs and their increased taking charge of such functions. In Milan the antiquated national pavilions and the factory-floor atmosphere have been deliberately jettisoned and one has instead gone over to a more purposeful sub-division by groups of products. The thought of selling has unequivocally come to the

fore with the establishing of the International Trade Centre (CIS) in which not only the State Institute for the Promotion of Trade and the Foreign Ministry are represented but also the foreign economic delegations, Italian and foreign banks, insurance companies and forwarding agents; they are all there in the service of consultation and information as well as the initiating of business transactions and rendering the procedure easier. There are, at the Milan Fair, no obstacles for exhibitors from developing countries and they are not outsiders.

Re-orientation Favours World Trade

This fair is a platform of demonstrating how a conventional instrument of sales promotion can well be adjusted appropriately to the structural changes in world trade and, indeed, even serves the furtherance of these transformations. Other fairs follow this pattern. Their re-orientation is not only in their own interest but also that of the economy as a whole. Let us not forget that increased sales by the developing countries bring in their wake better export chances for the industrial countries to the formers' markets in the long run. A fairs' and exhibitions' policy away from the merely European-American orientation and proceeding towards a really world-wide one makes it easier to set foot today in the markets of tomorrow.

However, all these measures can hardly exclude possibilities of a failure for exhibitors from the developing countries. In order to minimise this danger of flops it will be necessary to strengthen the often-neglected control over fairs' successes by the organisers or the bodies responsible for development aid by means of applying strictly economic aspects. Mistakes of inadequate offers or ineffective sales' techniques should be avoided through improved instruments of consultation and promotion. At the same time, the analysis of good results must contain appropriate hints for exhibitors from developing countries about their future participation. Only the observation of these guiding lines will make fairs and exhibitions "worth-while" for the multitude of new suppliers and thus serve a dual objective: the stronger integration of the developing countries into a highly specialised labour-divisional world economy and the long-term securing of the existence of fairs and exhibitions.

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