

# Competitiveness of the Croatian Exhibition Industry and the Impact of the Economic Crisis

Dina Tomšić\*

Original scientific paper  
UDC 394-6:338.1(497.5)  
Received in August 2009

---

*The recession has conquered the world exhibition industry. Croatia has not been spared either. Since the exhibition industry is strongly correlated with the economic situation in industry sectors, and the economic recovery is going slow, a lot of time seems to remain for the struggle to keep the fair business afloat.*

*The article analyses and researches the global exhibition industry trends, the trade fair and exhibition industry in Croatia, its quality and the scope of influence, core competences, advantages of employing the strategic management model for professional fair operating companies and the possibility for the industry to achieve competitive advantage. The conducted empirical research reveals to what extent the strategic level linked to the project management contributes to better performing and achieving the business excellence in this industry. Additionally, some new business models and tools are being proposed and evaluated to be used for reducing the damage not only in TF&E<sup>1</sup> industry, but in various kinds of service industries in Croatia, such as CEM.*

**Keywords:** trade fair and exhibition industry, competitive advantage, strategic analysis, leadership, customer experience management

---

## 1. Introduction

In today's increasingly turbulent and integrated world economy, competitiveness plays a key role in both developed and developing countries. According to the OECD<sup>2</sup>, competitiveness is the ability of a country to produce goods and services, under free and equal market conditions, that pass the test of the international market and at the same time ensure long-term growth of the living standard. Based on Harvard professor Michael E. Porter<sup>3</sup> opinion, the competitiveness is created, not inherited. The contemporary model of improving competitiveness is a process of coop-

eration between business, government, academics and trade unions.

The competitive advantage of one industry reveals its strengths and weaknesses while pointing on core competences that are unique and irreplaceable, and stands as a platform on which the strategy is to be developed.

The TF&E industry's core competences are the simultaneous involvement of all five senses in creating the customer's experience and the irreplaceable human need for personal contact and interaction. Since the TF&E industry is considered as an extended hand of the economy, its present and future competitive advantage will be always directly related to the position and trends of the particular economic sector.

---

\* Dina Tomšić, MA, Fairs coordinator, Zagreb Fair, Zagreb, Croatia

The Croatian trade fair and exhibition industry is defined as a service industry composed of companies whose core business is organizing fairs and exhibitions. Wider perspective also includes event management as a segment of the industry. During the last fifteen years of the continuous economic growth numerous organizers have appeared and transformed the industry from a monopoly to a fragmented state. Such a change of the market situation raised the question of the standards of organization, quality, formats, influence on the related industries and the institutional frame, in order to boost the efficiency for all industry stakeholders. The current fragmented stage of the industry questions its competitiveness, especially when small economies such as Croatian are at issue, and it is not helpful particularly in the period of recession.

The downturn in the world and Croatian exhibition industry requires strategic analysis to be performed with the aim to enable evaluation of the actual industry development level and to offer possible solutions, nevertheless business tools for tough times, applicable in the service sector overall.

## 2. Features of a Fair

The most commonly used description of a fair<sup>4</sup> defines it as a place of concentrated supply and demand of a particular industry or a segment of industry, as well as a venue of the most direct personal contact and business communication, innovations, presentation and information. The key elements of the fair are the presence of suppliers/exhibitors of previously defined products and services/exhibits and buyers/visitors at a defined space within a determined time interval. The fairs are most commonly held in regular annual or biennial cycles, and have all the features of projects: they are unique, time determined and goal-oriented tasks with precisely defined procedures, resources and components.

The fundamental fair groups forming an influence map and acting interactively in the process of creating and preparing a fair, beside the organizer, are: exhibitors, visitors and organizers of accompanying programs. At the

final phase they are joined by the service providers and media representatives. The organizer and the project manager have to accurately follow, lead and coordinate the activities of all mentioned groups in order to achieve successful results, as planned.

The unique feature of the fairs and exhibitions, their substantial advantage, the core competence related to all other marketing tools and communication channels lies in the simultaneous interaction of all five senses: sight, hearing, taste, touch and smell. Such a combination creates an inimitable experience of products and services. The multifunctional feature of fairs and the synergy coming from the industry representatives, who are all gathered at the fairgrounds at the same time, is not comparable in power to any other communication channel.

The multifunctional feature of the fairs derives from three major areas: fairs are used as means to achieve many objectives, such as strategic or communicational ones. The strategic goals might be e.g. conquering of new markets, benchmarking of self-competitiveness, sharing of information, defining possibilities of co-operation or alliances. The communication goals might be: establishing of personal contacts, finding of new potential customers, launching of a new product or service, creating of a sales network, fostering of existing contacts, assessment of possible changes in prices, introducing of innovative products or prototypes and testing of their acceptability.

Furthermore, the fairs strongly promote the development of related industries or stimulate some segments of industries by using the synergy created through the concentration of economy, science, branch, authorities, consumers and the media at one spot during the run of the fair. Another very important role of fairs is the ability to create multiplying effects for a destination<sup>5</sup>. With their special ability fairs can promote branding of a country and help create and improve the national image.

In the context of today's modern economy, the fairs continue to rank as one of the most dynamic and effective sales and market-

ing tools, despite the emergence of high-speed electronic communications and on-line activities. Face-to-face meetings are essential for business and vital for establishing and maintaining of business relationships/partnerships, they are strategic tools to intensify these relationships, they provide the highest concentration of prospects a buyer can reach, they are the most cost-effective way of leveraging sales prospects and generating leads, undertaking market research, developing corporate image and promoting new products and services to targeted audiences.

The fairs and exhibitions contribute to the local economy by generating direct exhibitors and organisers' expenditure, such as exhibition stand design and construction, freight services, advertising, as well as indirect expenditure by visitors and exhibitors, like accommodation, food and beverage, retail, entertainment, leisure, transport, etc. Besides, fairs and exhibitions create employment directly and indirectly, they generate taxes and VAT on consumption by visitors and exhibitors. Exhibition visitors generally stay longer (1.2 times more) and spend more than the average tourist (more than 6%)<sup>6</sup> while fairs and exhibitions promote the image of the destination and are a source of valuable public relations. Moreover, they combat seasonality as they are generally held in low season.

Consequently, fairs and exhibitions contribute to the national economy and its GDP by boosting international trade and by increasing the availability of innovation and new knowledge. Moreover, they help increase the mutual understanding between people and nations.

### **3. How the Economic Situation Affects the Exhibition Industry**

A General Overview: Referring to UFI<sup>7</sup>, the Global Association of the Exhibition Industry, seated in Paris, 3,352 approved fairs and events were held worldwide in 2007. Approximately three times as many non-approved international fairs and events are being organized annually. Such intensive business activities signify the industry's efficient resistance to globalization influences and trends. UFI ap-

proved fairs realize around 50 mil. square meters of exhibition space per year, with participation of more than 1 mil. exhibitors and attendance of over 150 mil. visitors.

Building and expanding the new and existing fair centres was the first response of the industry to the global changes. The next defending step were joint ventures and strategic alliances between the organizers, including German fair organizers such as Düsseldorf, Munich, Cologne, Hanover and Frankfurt, who are making particularly strong efforts towards connecting with fair organizers from the Eastern Europe, Turkey as well as the organizers from India and China. Alongside the German organizers, the strongest European operating company is the French GL group for fairs and events. In the Balkan area the Austrian Reed Messe Vienna has the strongest impact, while Zagreb and Belgrade are still undergoing transformation, and almost of local influence for the Region. On the global scene the most dynamic activity in the fair business is felt in India and China.

For the past decade TF&E industry has been showing a tendency towards dividing into two large groups: the owners of fairgrounds – fair centres and owners of fairs – business. However, there also exist models such as: models with joint function of owning the business and the fair centre – holding and operating company<sup>8</sup>, which have not been predominant over the last twenty years. The opposite extreme is the pure play operating model meaning that the operating company is providing services for guest fairs at another owners' venue. Any combination of mentioned models is possible. The most common European practice is the PPP model, a partnership between cities and the national fair organizer in sharing the ownership over the fairgrounds, as the result of accepting the large importance and the influence that the fairs may have on the host city economy.

The existence of a high quality congress centre with all additional facilities is a very convenient and efficient way for cities to keep the fair organizers bonded, respecting the fairs and the congress tourism, i.e. MICE industry as a highly profitable business with high mul-

tipling effects on a destination's economy and employment. The mobility of know-how and the sustaining technologies is also very common in the fair industry, so that organizing of a fair can be easily transferred from one spot to another, more convenient or favourable.

Respecting the key elements, Germany has one of the worlds best developed and structured fair operating models. According to the president of The German Committee of Fair Association – AUMA<sup>9</sup>, its recipe for success is cooperation with the German economy. With over 200 regional and about 150 international fairs, statistically there are openings of one fair somewhere in Germany almost every day. Those data confirm the global leading position of the Germany's fair industry that has been transformed into a highly competitive export branch.

The Economic Situation and the Exhibition Industry Interdependency: Heaving re-

sponded to globalisation threats, the exhibition industry is now challenged to overcome recession trends. For further analysis it is important to emphasise once again that exhibition industry is closely related to the state economy. The best argument is offered by the recent American research conducted by CEIR, Centre for Exhibition Industry Research, and reveals that in 2008 USA exhibition industry experienced its first annual decline since 2002<sup>10</sup>, decreasing 3.1% versus 2007, according to the CEIR Index<sup>11</sup>, a leading measurement of exhibition industry performance. Consequently, all four key exhibition industry metrics declined in 2008, versus 2007: net square feet 2.0%; exhibitors 2.6%; attendance 4.0% and revenue 3.5%.

The connection of the exhibition industry and the national economy is well represented by Chart 1 where the USA exhibition industry curve tends to track fairly well with Gross Domestic Product (GDP).

**Chart 1:** GDP and CIER INDEX trend in USA



SOURCES: BUREAU OF ECONOMIC AFFAIRS; AND CENTER FOR EXHIBITION INDUSTRY RESEARCH (CEIR)

Some more parameters of the current situation in the exhibition industry are offered by the first "Economic Crisis Barometer"<sup>12</sup>, a survey of the exhibition industry conducted by UFI. The UFI members, the international leaders of the exhibition world, answered the association's independent survey which has been

designed to assess the impact of the "economic crisis" over time.

The results of this first survey edition were based on replies collected from participants in 44 countries during January and February 2009. Ten points were covered in an online questionnaire ranging from an assess-

ment of business fluctuations prior to 2009 to forecasts of business recovery expectations. 62% of those polled confirmed a decrease in business prior to 31 December 2008, directly attributable to the economic downturn. However, only 38% of them indicated that the decrease represented a slide of 10% or more in gross turnover. This difference is a reflection of the cyclical nature of the exhibition business which requires exhibitors to confirm their event participation at an average of 6 months prior to an event, and is consistent with the replies of more than 60% of those surveyed who anticipate that turnover decreases will continue to grow steadily over the next year.

The survey revealed a great deal of uncertainty as to the long-term impact of the current economic crisis. This was expressed consistently across the various global regions. Survey participants did note that the impact was often dependent on the health of the industry sector represented by the respective scheduled exhibitions. Not surprisingly, trade-shows in the construction and automobile sectors were often singled out as being particularly hard-hit. Confidence that the global exhibition industry will experience an economic recovery after 2009 was expressed by over 80% of the surveyed, while many are seeing 2011 as a real kick-off point for a more confident business environment.

The UFI's second survey<sup>13</sup>, completed in May 2009 took a look at the impact of the current economic climate on the new industry aspects. This second Global Economic Crisis Barometer Survey collected and evaluated replies from 53 nations. Findings indicate a contrasted situation with around 7 companies out of 10 experiencing a decrease in sales of exhibition space (68% for B2B shows and 71% for B2C shows); while other companies maintained the same level of sales or showed an increase. This decrease was similarly reflected in visitor attendance figures, where B2B attendance showed a slight edge on that of B2C exhibitions. Interestingly the Middle East seems to be faring better than other geographic regions. Almost 80% of participating exhibition firms indicated that they had experienced a decrease in turnover during the first half of

2009 as compared to the first half of 2008. Declines of up to 10% were registered in more than 40% of companies.

The results of the research confirm that the exhibition industry seems to be very consistent with other economic indicators. Trade shows in certain industry sectors reveal themselves to be more vulnerable than in others. Moreover, Europe has played a significant role in the cancellation of traditionally successful exhibitions. Such conditions have pushed industry swiftly to develop financial and other solutions to work with exhibitors during the tough times. The results of this second survey indicate that 48% of exhibition companies have initiated space rate discounts and over 85% have taken measures for meaningful cost reductions throughout their operational activities.

*The Tendency of the Industry in Croatia:* We do not possess summarised data for Croatia, since our country does not have an agency or institute to deal with this industry segment. But, in connection to the national GDP downturn, the strike to the industry started at the end of 2008. According to the declared annual report<sup>14</sup>, the Croatian biggest fair operating company Zagreb Fair started to feel the revenue contraction in 2008. It has continued in the first half of 2009 at a rate of almost 35%. B2B themed shows in construction and transport areas were hit the hardest while B2C shows felt the crunch in interior decoration and home equipment, textile and tourism sectors, so far.

Further while, the strategic analysis of the national exhibition industry will be introduced to help clarify doubts and reveal the new perspectives of the industry. It should be consulted in respect of the industry competitiveness and finding of the possible solutions for operating in present tough times. For the purpose of developing a model of strategic project management for fair operating companies, the empirical research conducted among national fair operators in 2007<sup>15</sup>, the results of which will be presented later, revealed many weaknesses that contributed greatly to the current unfavourable situation.

#### 4. The Strategic Analysis of the Croatian Trade Fair and Exhibition Industry

The analysis of the TF&E industry and its competitiveness requires emphasizing its special positioning with respect to other service industries, because it connects different industries, their supply and demand. Therefore, the fair industry takes part in distribution and value chains of those industries, and vice versa. With that in mind it is easy to understand why the strategic analysis is so important to the fair organizers. It provides high quality inputs for their basic activity: planning and organizing of fairs<sup>16</sup>.

Within a relatively short time the monopoly status of the Croatian TF&E industry has undergone fragmentation. With many new organizers of fairs and events the industry itself has not attained the required level according to the best world's practice. The lag refers to the inadequate hardware, organizational standards, efficiency and quality, as well as to the impact on the related industries, and above all to the effectiveness for the exhibiting companies, which is even more emphasized in the period of economic downturn. Since the examination of the industry's competitiveness starts with the strategic analysis, hereafter the strategic analysis of the Croatian exhibition industry will be performed by extended Porter's 5 force model.

**The Situation Analysis:** The Zagreb Fair as the industry leader is going through a process of restructuring and the followers have not enough influence to stimulate development or the necessary changes. The industry does not have a powerful trade association. Moreover, it is classified by the Croatian Chamber of Commerce only as area – fairs in the service sector. According to the Croatian Chamber of Commerce report<sup>17</sup> for 2008 and 2009, some 80 fairs, exhibitions and events were held, almost 170 activities all over Croatia in 2008, and the same number is expected to be held in 2009. There are 9 professional fair organizers in Croatia: Zagreb Fair, Osijek Fair, Rijeka Fair, Vall-042-Varaždin, Bjelovar Fair, Split Fair, Studio 053 Poreč, Alpe Adria Expo Pula

and Profectus Split. Other temporary organizers of exhibitions and gatherings, whose core business is not organizing fairs, cannot be precisely counted due to the lack of systematic covering of industry activities. Referring to the available CCC data, 46 companies are estimated to be operating in the industry, apart from city councils and regional chambers<sup>18</sup>.

Dynamic development of the industry on the national level was not followed by a required institutional frame. The industry does not have its standards or formats, which results in inflation of numerous different activities that are being referred to as fairs, while they are actually promotional, entertaining or cultural events, mostly of local scope and without any significant influence on the development of any economic branches.

However, the fair industry in Croatia could be transformed within a short time into a national economic promoter, simply by following two basic criteria: construction of a national fair centre, preferably located in Zagreb, and adjustment of a national calendar of fairs. It is also necessary to monitor the competition in the neighbouring countries, especially in the SEE region, and increase the competitive level in order to become the regional leader. The region West is already covered by the Milan fair, which has the world's second biggest fair centre, according to the size of the available pavilion exhibition area totalling at 345,000 m<sup>2</sup>. The biggest world fair centre is in Hanover, with 495,000 m<sup>2</sup><sup>19</sup>, followed by the Vienna fair ground centre as the third.

**The Macro Environment Impact:** The management of a fair company is in the position to sell the same product to different customer groups twice: first to the exhibitors, and second to the visitors of the fair. Without strategic management tools and techniques it is almost impossible to be an expert in all sectors of the economy and its branches or fractals, or their combination in industries targeted as fair subjects. Every change in the macro environment is to be observed in time and analyzed in order to achieve long-term benefits, while late or incorrectly selected actions create a bad influence on the profit through several fair edi-

tions, i.e. years, because a market once betrayed by a low-quality fair edition, can neither be regained immediately nor through the organizer's unilateral actions.

An important role in scanning of the fair environment belongs to the previously mentioned influence group map, related to the fair organizer. Since the involvement of the influence group map is inevitable, the fair outcome depends upon the quality of relations with the members, even upon the competitiveness of the fair organizer. The fair organizer can affect some influence groups easier, while others are completely out of reach, such as changes in the surroundings and conditions in the whole sector, or the media and their attitude towards the fair organizer.

A significant influence on the industry development can be ascribed to the lack of investments in the business by the industry leader, Zagreb Fair, thus enabling the empowerment of even weaker competitors and the so called home event organising trend. Fragmenting of the industry caused a strong pressure at the existing price policy for the professional organizers, minimizing the existing and future profits. The spreading of fair activities through the country during the year is racking the limited resources for the marketing budgets, also causing the loss for all industry participants. This phenomenon threatens the indicators of both participating exhibitors and visitors.

Moreover, the Internet considerably reduces the industry attractiveness by seizing its privilege for exclusivity. Due to a wide range of communication channels, the fair organizers are fighting hard to prove to the potential customers, how much more efficient in terms of ROI the fairs and investments in fair participation can be. For such a purpose, AUMA has developed the Trade Fair Benefit Check<sup>20</sup> as a convenient tool for calculating fair's ROI. The takeovers also affect fair indicators in terms of reducing the number of potential participating exhibitors.

The total outcome of the above mentioned phenomena, supplemented by the absence of a modern national fairground centre creates weaknesses of the industry, and during

recession, also threats to the industry. Instead of helping the economy to overcome difficult times as a focused and efficient marketing channel worth relying on, the industry is likely to fragment and the new entrants are striving to find areas to operate within by organising fairs in hotels and sports centres in larger Croatian cities.

Industry Analysis by the Extended Porter's Model<sup>21</sup>: The fairs are an important instrument for the global or regional market positioning of the companies in a competitive environment. Employed for reaching and conquering the new markets, the fairs tend to boost the exchange of goods, services, knowledge and new technologies significantly, and are directly correlated to the trends in the international and domestic trade.

The Croatian TF&E industry's rivalry is not extremely intense; the Zagreb Fair keeps its leading position, owing to its long tradition, brands portfolio, self-owned infrastructure and international status. Other rivals such as Rijeka, Split, Bjelovar or Osijek Fair and some other small organisers tend to operate locally, organising mostly one or two fairs during a one-year period. The current market trends indicate an increase of rivalry in the congress, symposium and event organizing activities, provoked by the entry of new convention and event organisers that operate at lower costs and with more flexibility, while some exhibitor companies are gathered around a congress or a forum on a certain topic in order to display their products or services. Such a trend draws industry to fragmentation and undermines marketing budgets of the companies that are trying to cover important national events in their sector.

The industry is well covered by the fair activities displaying all up-to-date topics of the national and international economy. The existing organisers are able to insert new areas promptly as the specific need occurs. But the national industry's rivalry is boosted by the fact that some customers have already outgrown a kind of a static fair setup and are looking for a short but intense substitute, such as events for getting in touch with their potential cus-

tomers. The recommended solution for such situations lies in the formula: a strong and concentrated exhibition structure composed of the leading companies in the sector, completed with an avant-garde and competent accompanying professional programme, "flavoured" by a significant degree of internationalisation and well-measured entertainment and education opportunities, as a mixture that will surely produce a positive experience for visitors, while keeping the fair attractiveness and strength high.

The price as the competing element in the TF&E industry could only be used as a short-time tool, aiming at eliminating weaker competitors. Predominance and the leading positions will be gained through providing a full and high quality fair service and through innovations. Consequently, by using the differentiation strategy, particularly the focus differentiation strategy in a narrow market segment, competitors can find additional space for gaining profit, since it is possible to influence the customer loyalty and to strengthen connections to the industry leaders, in order to eliminate or reduce the price-lowering pressure. The second key factor for competitiveness is employment of up-to-date management models and tools, such as strategic management and CEM<sup>22</sup>.

The threat of new companies entering the industry is not considered high. The most probable scenario for the competition is as follows: the existing players will hold their market volume and at the same time persist in overtaking the areas and niches which the Zagreb Fair has left out either on purpose or due to its organisational or operational problems. Since the Croatian market is delimited, and the business is mostly concentrated in Zagreb and the Zagreb County, it is not likely for any global operating company to enter the market. The prospect could include a partnership between the Zagreb Fair and an international operator or just a takeover of the Zagreb Fair's business. Since the entry barriers are significantly high, and they include: high entering costs in maintaining or/and renting the facility and infrastructure-hardware, expenses and time for brand development and specialised

know-how, the existing market players are able to defend their gained positions, allowing only some repositioning within the industry. Aside from the Zagreb Fair, Rijeka and Osijek Fair have their own fair centre facilities. Other organisers lease sports and hotel halls to hold fairs within or use prefabricated facilities, such as tents.

Recent changes in the industry caused by the current economic situation and the fragmentation trend were also provoked by the customers themselves, since they started avoiding participation in any fair activity. This phenomenon could be categorised as the structural change of the industry: a new integration occurs, from horizontal to vertical, tending to gather partial events all over the country in one stronger international happening, able to induce the synergic effects that customers could benefit from. Such integration also creates a barrier to possible new entrants, especially to companies unknown at the market or without reputation. Since the fairs are basically a provided service and not a product, not supplying any tangible proof to confirm the organizer's capability or excellence, after a fair only a good or a bad experience of exhibitors and visitors remains along with the official catalogue. Therefore the reputation of the fair is of extreme importance to the fair organizer, while the confidence and loyalty are the most preferable characteristics of consumer behaviour in the business.

The threat of substitutes in the Croatian TF&E industry is related to partial substitutes that are at the same time complements: events, i.e. home events. The dynamic approach to the modern trade fair management includes and uses events as supplements to the fair's communication mix, but events have a strong substituting role and are still the substitute product for fairs, especially when large size companies are in question. The events are actually one-time-based activity, oriented at a single presentation of one company, satisfying the customer communication needs only to a certain degree. The fairs, on the other hand, are representing sectors of the economy and are involving a wide range of stakeholders. The synergy accumulated through the concentration on one



or several sectors' supply and demand under a single roof exceeds every other form of integrated marketing communication and its effects. That is why fairs overcome events, using them as the most dynamic form in the fairs' accompanying programs.

Large companies use events very often and since they are TF&E industry's key account customers, the event industry generates more trouble for the fair organizer. It empowers the buying power and directly decreases the TF&E industry's income and profitability, whereas an event could satisfy a company's need for communicating with the existing and potential customers, displaying a new or improved product or service and attracting media attention to them.

Though the fairs do not have any other substitute completely alike, a recent appearance of many shopping malls has largely diminished the attractiveness of the TF&E industry in Croatia: with their numerous selling spots they have become a new selling and promotional channel for a wide category of consumer goods for end users. This phenomenon evenly threatens both the indicators of participating exhibitors and visitors. The level of threat is also significantly influenced by the exhibitor's possibility to switch easily from one marketing channel to another. The probability of substituting grows with the consumer's insufficient loyalty, the range of a fair and the quality of its performance as well as with the fair organizer's ability to innovate and maintain its reputation. Since the substitution is quite convenient and causes no extra expenses for an exhibitor (possibly an already built-up, customized stand construction), it is a great challenge for a fair organizer to find new customers and to keep the old ones, especially on such a small market as Croatian, which is surrounded by countries that also have a dynamic TF&E industry and some well-branded fairs. Continuous innovations in the fair organizing process, through providing of new and improved services and through accepting and including of up-to-date professional proposals and achievements of the branch in view of a particular fair, represent a powerful response to customer's disloyalty.

With regard to the previously mentioned facts, the buyer's negotiating power in the Croatian TF&E industry could be assessed as high. The highest power belongs especially to major customers, the leaders in the branch or the sector of the economy, while for the small and medium-sized companies the negotiating influence is correlated to the fair's demand on a market. The presence of all leaders in the sector as exhibitors is a great advantage for the fair organizer's credibility that empowers this particular fair and its scope, turning it into a top-quality product. Being aware of their important status to the organizer, the major companies make the pressure on price lowering and demand a higher added value on their investment. There is a possibility of acting in the opposite direction if the fair organizer is strong and influential. Strong and branded fairs can be easily placed at the home market. Nevertheless, the fairs that have reached their full maturity or are fading out are facing a high pressure of the buyer's negotiating power. Consequently, the competitors' sensitiveness to such a power can be considered as noticeable. Although the real buyers' power is not defined only by their size, but also by their impact on the decisions variable in the suppliers strategies, in the fair business the size of the customer's company and its market influence in the branch is quite important.

The supplier's power in the national TF&E industry could be evaluated as low, especially if the organizer possesses its own fair-ground. Organizers who are renting the facility or improvising with temporary facilities in order to organize a fair, are in a different position. The infrastructure/hardware is the most expensive input in the trade fair production, beside the know-how and the human capital. Apart from the multifunctional facility with a covered (pavilion) and a non-covered area, the high-quality infrastructure includes the network of electricity, water, telephone and telecommunications connections, as well as the heating, air-conditioning and sanitary facilities, so as to provide a top-quality service/software during the fair to the visitors and exhibitors. Thus, the infrastructure is not only the highest barrier for entering the industry, but also the highest expense item in the organizer's budget.

The organizers that are not fairground centre owners benefit from its business flexibility, mobility and efficient cost administration, but also meet the weakness of the high supplier's power. On the contrary, the possession of the construction material is cost-effective for the organizer: it influences positively the organizer's profitability and reduces the supplier's power. Other supplier's influences are not significant, unless the organizer decides to get involved in media buying, catering, event organizing or other similar services which include the engagement of outsourcing companies and providers. An organizer that owns an adequate hardware and is able to provide all additional services to exhibitors and visitors is not exposed to the pressure of suppliers. Although acquiring advantage, the owning of assets also accumulates and raises the fix costs, causing a pull down of profitability.

The Croatian TF&E industry's profitability remains in the synergy that one profes-

sional fair creates for the customers in its sector, and is not comparable to the experience that one company could produce through its activities. Beside the market and economy trends, TF&E industry is under a strong influence of the Government: if the Croatian Government decides to sustain and stimulate any of the economy sectors, the fairs organized for those sectors will reflect the new market trends like the litmus paper through the business indicators' growth (number of participating exhibitors, engaged area size per exhibitor, number of visitors attending the fair) and thus through its profitability.

The above introduced and analysed present situation allows the current status evaluation of the industry in Croatia. The impact of the 5 competitive forces and the complementary products on the industry are evaluated differently. The gradation follows three levels: high, medium and low, enabling creation of a matrix, as shown in table 1:

**Table 1.** Croatian TF&E Industry Status Evaluation by Extended Porter's Model

FORCE EFFECTS	INDUSTRIAL RIVALRY	NEW ENTERERS	SUBSTITUTES	BUYERS' POWER	SUPPLIERS' POWER	COMPLEMENTS
high				X		
medium	X		X			X
low		X			X	

The correlation between forces as well as the used Porter's model, based on the structural analysis, stay as the firm platform for developing competitive strategies. As Porter emphasized, the industry attractiveness is surely an important setting for the company's success based on the present moment<sup>23</sup>. But, in a turbulent environment the company has to build its successful strategy on the competitive advantages over its competitors in the future. Therefore the company's proper internal potential and the unique resources are coming to light as a stable source for defining the company's identity, its business and competitive advantage.

## 5. Summary of Empirical Research Results

Within preparations for outlining the model of strategic project management for the

TF&E industry in Croatia, the empirical research in form of a survey was conducted in 2007 with the intention of defining to what extent the strategic level is connected with the project management as the basis for making decisions focused on achieving the business excellence and creating the sustained competitive advantage in the industry. The implementation of the strategic management tools and the necessity to introduce standards in the fair business were also examined<sup>24</sup>.

The research covered a sample of 9 professional fair organizers and 24 organizers of permanent events or exhibitions. The return rate was 30.30%. The sample is rather small but relevant since it comprised 8 out of 9 possible professional fair organizers (excluding Split Fair which refused to participate). The examinees' age range was predominantly 30-50 years. 87% examinees were highly edu-

cated, with the university and Master's degree, which confirms their competency for understanding the topic of research.

The research results showed that the Croatian TF&E industry was emerging in the 1989-1996 period. Eight companies were founded during that time, excluding the Zagreb Fair, which was established in 1909 and has been operating continuously as the national fair organizer ever since. Only 3 organizers are not operating as private limited companies: Zagreb Fair, Bjelovar fair and Osijek fair are owned by their cities/holding companies. 3 organizers, Zagreb, Rijeka and Osijek operate and manage the fairgrounds, others rent facilities. All organizers carry out 3 to 8 fairs over the year, while only the Zagreb Fair organises around 25 fairs annually, grouped in 11 or 12 terms, thus dominating the industry. The research emphasised globalisation, home

events and annual gatherings of the professional associations as the major threat to the business, and the interdependency between the situations in particular sectors of the economy and the fair appeal, as well.

The research results brought a rank list of competitive factors for the industry, as shown in table 2. Rather unexpected score was gained by the fairs' ROI for exhibitors, evaluated as one of the minimum contributions to the industry competitiveness. Such an outcome implies an insufficient educational level of the organizers' management. While the Croatian managers disregard the fairs' ROI, the Germans consider it as an important trigger for the industry development and growth. Therefore, AUMA has designed intelligent programs for calculating the ROI, thus providing a strong negotiable tool that supports selling of the fair services to the exhibitors.

**Table 2.** The TF&E industry competitive factors

Competitive factors	Rank
Concentration of new products and services on one spot	1
Personal contact	2
Professional and accompanying program	3
5 senses rule	4
ROI	5

Source: the results of empirical research

In the self-assessment of the competitive advantage as a fair organizer company, the ex-

aminees ranked competitive factors as shown in the table 3.

**Table 3.** The fair organizers' competitive factors

Competitive factors	Rank
Full service providing	1
Creativity and know-how	2
Good fair portfolio	3
Top fairground centre – hardware	4
Tradition	5

Source: the results of empirical research

It is positive for the national fair industry that the organizers consider providing a full service as a top competitive factor. Such an attitude will keep them investing in the fair hardware and software, which is really neces-

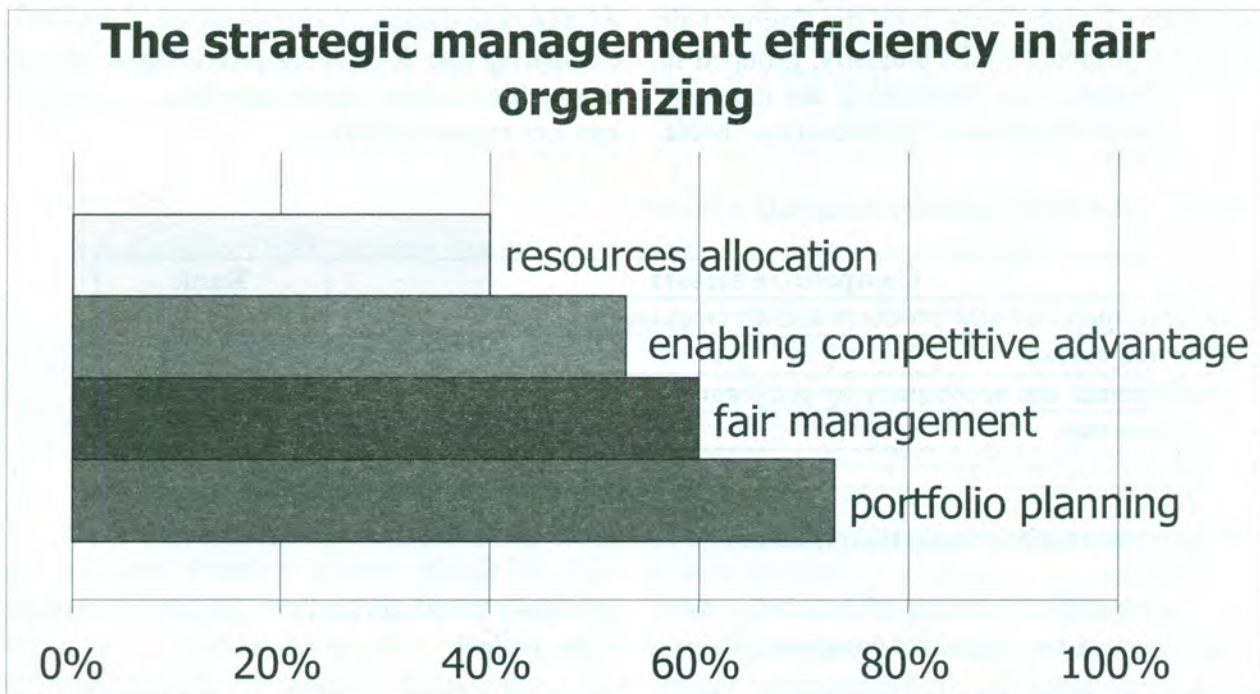
sary in order to achieve the required quality level, the same as exhibitors and visitors reach abroad. Very demanding fair customers will shortly punish any sign of hesitation in this respect as will the competitive environment in

marketing communication. Although 93% of examinees assess the employment of strategic management as highly influential to the competitive advantage of a fair organizer, their acquaintance with its competences is as follows: very good understanding was declared by 40%, average by 40% and low by 20%. Respecting the fact that 87% of examinees are highly educated, the lack of professional and managerial knowledge is more than noticeable.

The implementation of the strategic management in the fair business, as shown in the Chart 2, brings significant efficiency, both for the competitiveness and the quality of per-

formance, which is confirmed by the consensus of all examinees. Its employment in the TF&E industry could bring important benefits, ranked according to the extent of their contribution to the improvement of fair managing, as follows: upgrade in annual portfolio planning-fair calendar planning (73%), better fair administration (60%), enabling a sustained competitive advantage to the fair organizer (53%), increasing the accuracy and the efficiency of allocating financial and human resources (40%), thus increasing the total outcome of fairs as well as the organizers' business excellence.

Chart 2



Source: the results of empirical research

The results imply that an adequate fair portfolio planning is the starting point of the strategic fair management, since the fairs are organized for many different economic sectors. Though the majority (80%) of examinees agree with the thesis of the research claiming that the strategic management pro-activeness serves as a good upgrade to the fair's project management, and 74% consider that the strategic management employment enables better and more successful adjustments of various strategies, which may be particular for each

fair in the organizer's portfolio, the tool employment level is rather poor: 66% of examinees do not apply any of SM tools, 20% use TQM, while only one organizer, Osijek fair practices some SM tools: portfolio matrix, Six Sigma and BSC.

Such a result reveals an inadequate quality level the fair organizers provide for the customers, also showing a questionable professionalism and knowledge level of the companies currently operating at the market. The present unfavourable situation in the industry

calls for a fast intervention in rising of the total service quality, so as to enable the Croatian business community and economy to profit out of the fairs, as all global economies do.

The project management techniques are used more intensely than the strategic management techniques in operating. 27% of examinees declare complete usage of the project

management model, while 47% use it partially. Being asked to rank the contribution activities to the fair success, according to the project management techniques, regardless of the branch or the sector of economy the fair is being prepared for, the examinees answered as shown in the Table 4:

**Table 4:** The rank of elements and procedures for the fair success

Elements and procedures	Rank
Coordination of fair goals and strategies and the ability of their adjustment	1
Powerful and creative communication with the market segment that is the topic of the fair	2
Know-how and the abilities of the project manager and his/her team	3
Strategic planning, implementation and control	4
Operating through the preparation phases in time	5
Good timing of the fair	6
Industry environment analysis of the branch to be presented at the fair	7
Structure of the professional and accompanying program	8
Contents of the exhibition program	9

Source: the results of empirical research

The positioning of the environment analysis at the bottom of the list of the important factors for the fair success reflects the unfamiliarity with the strategic management techniques, revealing a huge gap in competence of examined management. In spite of such an evident disregard of the environmental impact, the examinees notice the non-distinctiveness of the fair as the most common and the most influential error in the fair management.

The complete population of examinees agree on the introduction of a catalogue of industry standards, emphasising the necessity of establishing a kind of a professional licence for performing the fair and exhibition organization at the minimum regulated level. In order to help create better market conditions for all the participants of the industry, the categorisation of formats that will make a clear distinction of all the organisational marketing activities, such as fairs, exhibitions, events, festivals, occasional events, conventions and others, were emphasized by the entire population as well. In addition, 47% of examinees find the

education for the fair organizers and the education for the exhibitor companies' management both being of high importance, as to enable and exploit the synergy effects of fairs.<sup>25</sup>

### 6. Professional Recommendations for Overcoming the Downturn

In response to the declining trend placed on the global exhibition business, UFI has suggested some initiatives to be taken to cope with the situation<sup>26</sup>. Consulting the experts to get the big picture from economists and exhibition industry professionals around the world could be the solution in case of lack of knowledge. The focus should be on providing increased value-added services to both exhibitors and visitors alike. Emphasising the advantages and the value of exhibitions and trade fairs to business and the local economy is also suggested.

UFI established its CEO Think Tank, a group of CEOs of the industry leading fairs, which has developed an UFI Checklist for Tough Times, containing recommendations for the show organizers, as follows:

1. Assume a loss of revenues of 15% to 20% in 2009, estimate the impact it will have on operations and plan accordingly
2. Conserve cash without strangling leading shows or market research
3. Get rid of low-margin businesses that act as a drag on overall operations
4. Give priority to maintaining shows that are the leaders in their industry segment as attendees scale back on travel. These are the events most likely to survive and will be better positioned for the recovery
5. Look for cash-rich partners, if there are any that are open to joint efforts
6. Involve staff and key-customers in all new initiatives and maintain communications in order to calm jittery nerves
7. Take another look at ways to cut costs without compromising quality. Reductions of 6% to 7% would be a significant achievement
8. It is a good time to buy. Great strategic acquisitions may be available from companies that find themselves in a cash crunch
9. Offset flagging revenues in one area by expanding in growth areas. This can mean in industry segments or geographical markets, particularly Asia
10. Consider developing new pricing packages that do not rely too heavily on the size of the booth and instead include other revenue sources bundled in.

In the current downturn, all costs are candidates for reduction, but especially sales and marketing costs can be analysed as either part of the solution or part of the problem. The cut in marketing expenditures in order to generate quick reductions is very tempting, but such cuts can ultimately harm the business. A much better approach is to de-average expenditures and choose to direct money in those areas that generate the most value. The key is to find and eliminate low value activities, as well as customers and marketing channels to

improve the cost-effectiveness and invest in brands and customers that will lead to a much stronger competitive position.

The BCG<sup>27</sup> has developed the Marketing and Sales Response to the Downturn model that also could be helpful in execution of cost analysing and reduction. In the BCG survey<sup>28</sup>, market-leading companies identified the following actions as key to their success, also valuable for whole service industry for over-bridging hard times:

1. Undertaking more frequent reviews of the budgets and plans, typically every quarter
2. Tracking the external environment, both macroeconomic and industry indicators, with far greater seriousness
3. Preparing for the downturn by acting early to reduce operating costs and overhead while optimizing working capital-even
4. Aggressively acting to protect cash by reducing working-capital requirements, postponing capital expenditures, and paying down debt
5. Variabilizing fixed costs and reducing breakeven levels by reevaluating outsourcing and opportunities to increase shared services
6. Cutting costs more decisively by reducing production capacity and more aggressively laying off employees
7. Actively exiting underperforming businesses and divesting assets
8. Trying to secure future growth by investing in R&D and innovation
9. Protecting and growing the existing revenue base by increasing marketing expenditures and focusing on key accounts
10. De-averaging the actions they are taking by simultaneously cutting costs or capacity or increasing expenditures or capacity in different parts of the portfolio, depending on potential, as well as opportunistically seeking attractive acquisition opportunities.

As the BCG checklist is based on managerial decision making, those recommendations are valuable and applicable to other industries in service sector, as well.

The strategic management<sup>29</sup> and scenario analyses and planning are more than required in a tough time, while intensified monitoring and fast reactions in bias annulations contribute to preserving resources. In fact, all hard managerial skills will be automatically evolved and are already applied, such as cutting discretionary spending, slowing investments, managing cash flows aggressively, shoring up financing sources and building capital by cutting dividends, raising equity, and so on. Though prudent, these actions are aimed to produce short-term earnings that analysts expect, at least for most companies. But the potential to find the new energy and willingness to make more effort, without benefit of a new title, lies in managerial soft skills and leading abilities.

The generic definition explains that leadership<sup>30</sup> in an organizational role involves establishing a clear vision, sharing and communicating that vision to others so that they will follow willingly, providing the information, knowledge, and methods to realize that vision, and coordinating and balancing the conflicting interests of all members or stakeholders. A leader comes to the forefront in case of a crisis, and is able to think and act in creative ways in difficult situations. Unlike management, leadership flows from the core of a personality and cannot be taught, although it may be learnt and may be enhanced through coaching or mentoring.

To lead the company and its employees through uncertainty is very different and much harder, and for many younger managers the global downturn is a new situation they face and have to handle for the first time in their life. So they need a sharper awareness of their own and their competitors' positions and a greater flexibility to create strategic and tactical options to be used defensively and offensively, as conditions change. Besides, the management has to make their organizations more resilient and employees more willing to

contribute with their special skills and knowledge, even for a lower wage. In such a situation motivation skills of executives come into focus, while interpersonal competency arises as a highly required feature.

The late McKinsey survey<sup>31</sup> shows that corporate executives consider themselves to be coping well with the crisis, although the stress level has arisen, but the middle management suffer the pressure much more and are less enthusiastic and satisfied with the work and performance of their superiors. More than half of the executives emphasized that they are spending extra time on motivating people, in order to achieve their better performance.

## 7. New Tools for Business Excellence

It is being already explained why in the TF&E industry the reputation is one of the competitive advantages. Operational problems may easily ruin customers' trust. To preserve or rebuild the corporate reputation it is necessary to offer a better understanding and transparency, a more integrated response and actions to company stakeholders and their concerns<sup>32</sup>.

A new management paradigm, the Business Excellence<sup>33</sup> is surely an efficient and reliable model in such an approach. Moreover, it provides the basis for a long-term success and sustainable development of organizations and society. Being defined as managing organization through a holistic way of management and based on the principles of Total Quality Management (TQM), the BE deals with measurement and improvement of many different aspects of the whole organisation in terms of satisfaction of all stakeholders: shareholders, customers, suppliers, partners, employees, local and broader society, environmentalists and others.

It is notable that well-branded products and services are less vulnerable to the changes in consumer's behaviour and habits<sup>34</sup>. Excellent and strong brands seem to profit from their differentiation, persuasion and above all the consistency in delivering a pleasant experience. In the crisis branded and highly regarded

fairs perform better than other not so reputable ones, which leads us toward the strategy of preserving brand portfolio and the image of products even in cost reduction times, wisely looking beyond the crisis to the future, since the changing economy will continue to slide from the market orientation towards value orientation.

Alongside the excellence, another business paradigm is arising. It is about attracting and keeping the best customers by getting a share of their heart or mind. Besides a share of the market, new emotional shares are to be evaluated, since product brands turn into lifestyle brands, and service brands into experience brands. Understanding the customer experience is the first step towards gaining customer loyalty and is the basis for turning customers into the brand advocates.

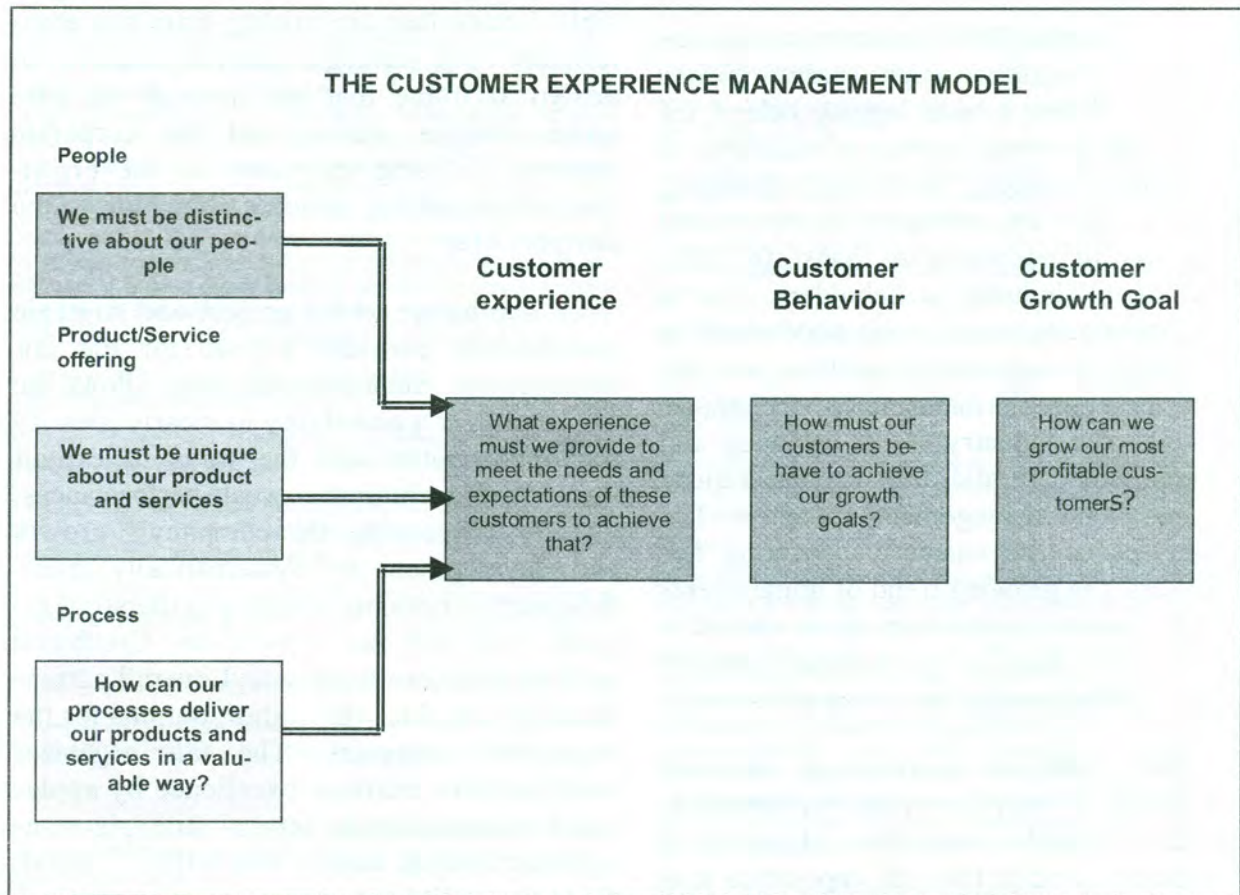
In order to be competitive in a new economy, a company is to understand the customer experience and to find new ways of modelling and exploiting it so as to create greater value than its competitors can. Thus Customer Experience Management model<sup>35</sup> CEM has occurred, on a complete upgrade of CRM<sup>36</sup>, gathering perception, process and brand. Managing the target customers' perceptions across the entire experience process to optimize brand and customer equities is the core of CEM description.

Customers' experience might be explained as a provisional disposition a person has about a company based on all the information in his or her environment. It is an interaction that gathers both the company and the customer and their interactions so they can be measured, improved and managed. The purpose of the model is to create an unbeatable competitive advantage through delivering a unique customer experience, while turning the organisation into a brand delivery system. Based on leadership, CEM as a process refers to the entire experience of consumers' interaction with the company throughout the whole customer cycle, from pre-purchase or consumption, consumption to post-consumption.

CEM is to be used for improving the brand equity, values of the brand and customer equity in the service and fair industry. No matter which industries you are in and what products or services you provide, the capability to deliver consistent and valuable end-to-end experience to consumers will dictate your competitive positioning<sup>37</sup>. According to Smith HR, Operations and Marketing functions must operate as a 'Triad' to optimize resources, efforts and budgets to create an organization-wide strategy for delivering the brand. He emphasizes the focus on the strategically important customers and finding out what these customers truly value and which factors drive their intention to repurchase or refer to the company.



**Chart 3:** The Customer Experience Management model



Source: Smith, S: [www.shaunsmithco.com/books/Managing the customer experience](http://www.shaunsmithco.com/books/Managing%20the%20customer%20experience), (19 August 2009)

As shown in Chart 3, the components that make CEM are all interconnected, as well as its implementation steps, which could show a disadvantage of the model. Brands are holistic and so is the model, so leaders must manage the customer experience accordingly across the entire organisation. For companies that really care about the customer experience, integration is a must<sup>38</sup>. Such an approach requires knowledge and understanding of each element of the business process, product and service, people, organisation, strategy, communication channels and customers, and could take some time and resources to scan and then to improve service or product, employees behaviour and finally customers desired behaviour to achieve the required goal.

However, despite the so considered disadvantages, the model is quite convenient for

service industry and thus for TF&E, because its deployment helps in creating industry attractiveness, raises the service or product quality and empowers brand value of the company and its products, being all company intangible values in downturn and prospect time.

### 8. Conclusion

The current economic downturn has struck the trade fair and exhibition industry globally. Even so, the industry advantage refers to the customers' saturation with the promotional ads and spots, which causes the general indifference to the promo messages, as their defending response. In this customers' transformation lies an important trigger for the TF&E industry, enabling it to serve as

target segment of exhibitors and visitors with its focused products-specialized fairs.

The Croatian TF&E industry, as the empirical research and strategic analysis results imply, has shown a huge lagging behind the worlds' best practice in terms of standards of organization, quality, up-to-date managing knowledge and its influence on the related industries, all necessary to boost the efficiency for all industry stakeholders. Due to the fragmentation trend, weak understanding of the strategic approach as well as poor usage of the strategic management techniques and tools, the industry is not growing and developing as it should, thus leaving a niche for the event management industry. The weaknesses of the currently operating fair organizers, the growing trend of home events and all kinds of gatherings have caused a much greater loss to the national industry than the global average in such a recession.

The ability to continuously innovate the business is very important for maintaining the sustainable competitive advantage of the industry, and is thus an imperative task for the fair organizers. Since the TF&E industry is involved in all economic sectors joining the international and domestic scene, the strategic analysis is of high significance for a successful preparation, helping in the selection of strategy by summarising the total ongoing trends in the economic sectors to be presented at the fair. The conducted empirical research confirmed that the strategic management employment allows a better economy sector outlook and therefore the adjustment of a particular fair strategy related to the sector with the company strategy.

Therefore, the concept of the strategic management is of high significance in the fair profiling. Being a dynamic process that emphasising changes in the fair organizers' environment, due to their operating in all kinds of economic sectors and their branches, the strategic management employment provides a good platform for decision making, administration of the fair and

maintenance of the organizer's fair portfolio, helping in prevention of the strike from possible threats that are arising from the environment. The strategic analysis enables an analytical frame that will provide an adequate strategic choice and the corporate strategy, defining the scope of the organizer's firm and the resource allocation to the fair portfolio.

The merge of the project and strategic management provides a base for the fair management. Such a combination allows the fair organizer a possibility to clearly identify the opportunities and the ways to exploit them. It also eliminates weak performances, directly influencing the company's growth and development by systematically transforming the mission, vision and the strategic goals onto the fair's portfolio. Combined with an adequate leading and overall administering it enables the highest outputs for the organizer's company. The fair organizer could achieve business excellence by applying a combination of several strategic management models, among which BSC<sup>39</sup>, TQM, CRM and CEM are defined as the most appropriate and adequate to the fair service business.

In order to become competitive on the domestic and even more on the international market, and to be able to offer a superior and focused communicational output, besides introducing an industry institutional frame, it is necessary to boost the educational level of all industry participants on the real potentials of the fair as a highly efficient marketing tool and on the added value that could be created through the fair for the host venue and its economy. Along with the strategic analysis<sup>40</sup>, a focus on company's leadership, reputation, efficiency and CEM model, strategic management and business excellence model, is emphasized as a selection from an up-to-date business tool kit that is suitable for service industry to overcome the period of downturn and make the stable economic cycle as invigorated as possible.



## NOTES

- 1 The relevant literature devotes considerable attention to defining the terminological distinction between trade fairs/shows and exhibitions, but since the consistency of terminology is still not globally adopted in practice, the author is suggesting the term trade fair and exhibition industry, and abbreviation "TF&E" to be used in the article for describing the industry. The terms trade fair, trade show, exposition and fair are regarded as synonyms, so for the consistency the term "fair" will be used while describing the activity, the operating company, business or industry. Since the Croatian TF&E industry is not as profiled as e.g. the German, to enable easier studying and industry analysing, the term fair will be used for the time being, due to its more significant impact on the related industries than exhibitions have.
- 2 Organisation for Economic Co-operation and Development, URL: <http://www.oecd.org>. ( July 2009)
- 3 Porter, E. Michael (1990): *The Competitive Advantage of Nations*, Free Press, NY, USA
- 4 Kirchgeorg, M., Dornscheidt, Warner, M., Geise, W., Stoek, N.(eds.) (2005): *Trade Show Management*, Galber GWV Fachverlage GmbH, Wiesbaden, p. IX
- 5 More in CIRR 50/51 Tomšić, D. (2008): *Fairs as a Tool of Economic Diplomacy*, CIRR, XIV, 50/51 IMO, Zagreb, Croatia, pp. 33-45.
- 6 URL: <http://www.ufi.org/membersonly>. ( July 2009).
- 7 UFI, Union de Foire International, The Global Association of the Exhibition Industry, URL: <http://www.ufi.org>.( July 2009).
- 8 Ibid 7
- 9 URL:[http://www.auma.de/\\_pages/e/15\\_GermanTradeFairIndustry/1501\\_EconomicSignificance/150101\\_SizeAndStructure.aspx](http://www.auma.de/_pages/e/15_GermanTradeFairIndustry/1501_EconomicSignificance/150101_SizeAndStructure.aspx). (March 2009).
- 10 URL: [http://www.ceir.org/news/press\\_releases/2009-03-30ExhibitionIndustryDeclined](http://www.ceir.org/news/press_releases/2009-03-30ExhibitionIndustryDeclined). ( July 2009).
- 11 Index is formed on a incoming database of 300 international fairs. The Alfred P. Sloan Foundation Travel & Tourism Industry Center at the University of South Carolina provided economic analysis for the Index.
- 12 URL: <http://www.ufi.org>. (March 2009).
- 13 URL: <http://www.ufi.org/researches/theSecondGlobalChrisBarometer>. (July 2009).
- 14 Zagrebački velesajam, the Annual Report 2008
- 15 For more details see: Tomšić, D. (2007): *The Strategic Management of Projects in the Croatian Exhibition Industry*, Masters Thesis, University of Economics and Business, Zagreb, Croatia
- 16 Ulrich, A.: *Strategic Market Analysis as a Trade Fair Organisation Task*, *ibid* 4, p. 253.
- 17 URL: <http://www.hgk.hr/wps/portal>. (March 2009).
- 18 Ibid 17
- 19 URL:[http://www.auma.de/\\_pages/e/12\\_Download/download/GermanTradeFairIndustry/AUMA\\_TradeFairIndustry\\_4MB.pdf](http://www.auma.de/_pages/e/12_Download/download/GermanTradeFairIndustry/AUMA_TradeFairIndustry_4MB.pdf). (March 2009).
- 20 URL:[http://www.auma.de/\\_pages/e/04\\_TradeFairBenefitCheck/0402\\_Download/040200\\_Downloadprograms.aspx](http://www.auma.de/_pages/e/04_TradeFairBenefitCheck/0402_Download/040200_Downloadprograms.aspx). (March 2009).
- 21 More details about the model in Grant, M. Robert (2002): *Contemporary Strategy Analysis*, Blackwell Publishers Inc., MA., USA
- 22 Customer Experience Management model
- 23 More details in Porter, E. Michael (1996): *What is Strategy*, Harvard Business Review, Vol. 74, Boston, MA, USA
- 24 The complete research results are available in Tomšić Masters Thesis, *ibid* 15
- 25 AUMA has issued the manual: *Praxis: Successful Participation in Trade Fairs*, for such a purpose to help companies in better preparation for exhibiting, also available at URL: [http://www.auma.de/\\_pages/e/12\\_Download/download/TraDeFairPreparation/Successful\\_participation\\_2008.pdf](http://www.auma.de/_pages/e/12_Download/download/TraDeFairPreparation/Successful_participation_2008.pdf). (March 2009).
- 26 URL: <http://www.ufi.org/membersonly>. ( June 2009).
- 27 Boston Consult Group, URL: [http://www.bcg.com/impact\\_expertise/publications/files/Collateral\\_Damage\\_Marketing\\_Sales](http://www.bcg.com/impact_expertise/publications/files/Collateral_Damage_Marketing_Sales). (February 2009).
- 28 <http://www.ufi.org/pages/membersarea/toolstoughtimes/toolkit.aspx?SubRubriqueSelected=3>, According to a New Paper by the Boston Consult Group, New York, press release, (April 2009).
- 29 Strategic management is defined as a process of systematic analysis of the factors associated with customers and competitors (the external environment) and the organization itself (the internal environment) to provide the basis for rethinking the current management practices. Its objective is to achieve better alignment of corporate policies and strategic priorities, source:[www.businessdictionary.com/definition/strategic-management.html](http://www.businessdictionary.com/definition/strategic-management.html). More about Strategic management in: Thompson, A. Arthur Jr., Strickland, A., J. III Gamble, E. John (2008): *Crafting and Executing Strategy-The Quest for Competitive Advantage, Concepts and Cases*, 14/e, McGraw-Hill/Irwin, OH, USA
- 30 URL: <http://www.businessdictionary.com/definition/leadership.html>. (June 2009).
- 31 McKinsey has conducted in June 2009 an worldwide survey among corporate and executives and middle managers, results available at URL: <http://www.mckinseyquarterly.com/article>. (June 2009).
- 32 More details about tactics for influencing reputation at URL: [http://www.mckinseyquarterly.com/Rebuilding\\_corporate\\_reputations\\_2367](http://www.mckinseyquarterly.com/Rebuilding_corporate_reputations_2367). (June 2009).
- 33 URL: <http://www.efqm.org>. (June 2009).
- 34 More details about brands and image influence on services and goods in Pavlek, Z. (2008): *Branding, M.E.P.*, Zagreb, Croatia
- 35 See Smith, S., Wheeler, J. (2002): *Managing the customer experience-Turning customers into advocates*, FT Prentice Hall, UK
- 36 Customer Relationship Management, *abb.*
- 37 Smith, S: URL:<http://www.shaunsmithco.com/cem> definition. (August 2009).
- 38 More details atURL:<http://blogs.harvardbusiness.org/merholz/2009/07/how-integrated-are-your-custom.html> (August 2009).
- 39 Balanced Scorecard, *abb.*
- 40 Supported literature:
- Buble, M.: (ur.)(edt.)(2005): *Strateški menadžment ( The Strategic Management)*, Sinergija nakladništvo, Zagreb, Croatia
- Tipurić, D. (ur.)(edt.)(1999): *Konkurentna sposobnost poduzeća ( The Competitive Advantage of the Corporation )*, Sinergija nakladništvo, Zagreb, Croatia

## BIBLIOGRAPHY

1. AUMA manual (2006): Praxis: Successful Participation in Trade Fairs, for such a purpose to help companies in better preparation for exhibiting, Association of the German Trade Fair Industry, Berlin, Germany
2. Buble, Marijan, (ur.)(edt.) (2005): Strateški menadžment ( The Strategic Management) , Sinergija nakladništvo, Zagreb, Croatia
3. Grant, M. Robert (2002): Contemporary Strategy Analysis, Blackwell Publishers Inc., MA., USA
4. Harvard Business Publishing, URL:<http://harvardbusiness.org>. (August 2009)
5. Hrvatska gospodarska komora (Croatian Chamber of Commerce), URL: <http://www.hgk.hr>. (March 2009).
6. Kirchgeorg, M., Dornscheidt, Warner, M., Geise, W., Stoeck, N.(eds.) (2005): Trade Show Management, Galber GWV Fachverlage GmbH, Wiesbaden
7. Kotter, P., John ( 1996): Leading Change, Harvard Business School Press, USA
8. Pavlek, Zvonimir (2008): Branding, M.E.P., Zagreb, Croatia
9. Porter, E. Michael (1990): The Competitive Advantage of Nations, Free Press, NY, USA
10. Porter, E. Michael (1996): What is Strategy, Harvard Business Review, Vol. 74, Boston, MA, USA
11. Smith, S., Wheeler, J. (2002): Managing the customer experience-Turning customers into advocates, FT Prentice Hall, UK
12. Thompson, A. Arthur Jr., Strickland, A., J. III Gamble, E. John (2008): Crafting and Executing Strategy-The Quest for Competitive Advantage, Concepts and Cases, 14/e, McGraw-Hill/Irwin, OH, USA
13. Tipurić, Darko (ur.)(edt.) (1999): Konkurentska sposobnost poduzeća (The Competitive Advantage of the Corporation), Sinergija nakladništvo, Zagreb, Croatia
14. Tomšić, Dina (2008): Fairs as a Tool of Economic Diplomacy, CIRR, XIV, 50/51 IMO, Zagreb, Croatia
15. Tomšić, Dina (2007): Strateško upravljanje projektima u sajamskoj industriji Hrvatske, magistarski rad ( The Strategic Management of projects in the Croatian Exhibition Industry, Masters Thesis), University of Economics and Business, Zagreb, Croatia
16. Zagrebački velesajam (Zagreb fair) (2008): Godišnje izvješće ( Annual Report )
17. URL: <http://www.auma.de>. (March 2009).
18. URL: <http://www.bcg.com>. (February 2009).
19. URL: <http://www.businessdictionary.com>. (June 2009).
20. URL: <http://www.ceir.org> (July 2009).
21. URL: <http://www.efqm.org> (June 2009).
22. URL: <http://www.harvardbusiness.org>. (August 2009).
23. URL: <http://www.mckinseyquarterly.com>. (June 2009).
24. URL: <http://www.oecd.org>. (July 2009).
25. URL: <http://www.shaunsmithco.com> (August 2009).
26. URL: <http://www.ufi.org> (March 2009).