The China Import and Export (Canton) Fair: A trade show in transformation

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ABSTRACT

This case study aims to assess the past, present and future prospects, along with the problems of the China Import and Export fair, commonly known as the “Canton Fair”. It gives a chronological analysis of the fair characteristics, show management, exhibitor and buyer profile and interaction, and appraises aspects of the venue and scale of show development, community impacts, as well as examines the implications of the transformation from a solely export-oriented fair to both an import and export fair. Secondary research, observations and in-depth interviews with relevant industry executives form the basis of this case study analysis.

Key Words: Canton Fair, exhibitor, buyer, profile, competition, transformation

INTRODUCTION

China Import and Export Fair, formerly the Chinese Export Commodity Fair and commonly referred to as 'Canton Fair', is China's largest trade show in terms of exhibition footage, attendance and business turnover. It was initiated in 1957 in Guangzhou (Canton), the capital of the Southern Chinese province of Guangdong, jointly by the Ministry of Commerce and the Guangdong Provincial Government, and has been organized and managed by China Foreign Trade Centre, a government affiliation. The fair was established with the aim to break the blockage and embargo of the capitalist alliances and find new sources to enlarge foreign trade in the 1950s when China had normal diplomatic relations with only about 20 countries and 80% of the foreign trade was tally trade with the previous socialist nations, and the foreign exchanges were scarce (CFTC, 2006a). Guangzhou (Canton) was chosen due to its ideal geographical vicinity to Hong Kong and Macao and close historical and cultural affiliation with overseas Chinese.

Since the inauguration, two sessions of the Fair have been held consecutively each year, uninterrupted even in the years of the Great Leap Forward in the early 1960s, the Cultural Revolution in the late 1960s and early 1970s, and the SARS outbreak in 2003. The first fair witnessed only 1,223 international buyers from 19 countries and regions, 68% of which were from Hong Kong; by its 101 session in the spring of 2007 the Fair has extended to a scale that utilized 285,000 sqm net exhibition spaces, accommodated 31,682 standard booths, 14,430 domestic exhibitors, 314 international exhibitors, and 206,749 international buyers from 211 countries. The Fair has acted as “a road to friendship and a bridge to trade” (CIEF, 2007).

It is not an exaggeration to say that the 50 year development of China’s foreign trade was built on the exchanges taken place at the Canton Fair, which is widely regarded as a monument in China’s
development of its external economic relations, representing not only the resplendent achievement of the trade exchanges, but also mirroring a development course from planned economy to market-oriented economy. 29 national leaders at the president level and 84 officials at the vice premier level from 78 countries had paid their visits to the Fair. The trade show itself evolves from a simple platform of exchanges of merchandise to an arena of international marketing of the domestic brands (CFTC, 2006a).

During the 50 year operation, the trade show has unavoidably undergone a number of significant changes in terms of scale of the fair, venues and facilities development, duration, organizing and operational structures, the mix of commodities, and the constituency of participants, etc. Canton Fair was once the only platform for Sino-foreign trade exchanges, but lost its political importance and market dominance since the late 1990s. However, at the meantime, the trade show rejuvenated and expanded to an indoor exhibition space of 356,000 sqm and now ranks the third largest in the world. At its 100th session, Premier Wei Jiabao announced that Chinese Export Commodity Fair would be reoriented and renamed as China Import & Export Fair, which opens new dimensions for the fair development. Nonetheless, it faces increasing challenges of marketization, globalization, professionalization, and national and regional competition. Thus it would be interesting to review the show development and use the history as prologue for looking into the future.

This case study therefore aims to assess the past, present, prospect and problems of the fair. It appraises aspects of the venue and scale of show development, technology and services advancement, community impacts, as well as examines show management, buyer marketing and promotion, competition, and the implications of the transformation from a solely export-oriented fair to both an import and export fair. Secondary research, observations and in-depth interviews with relevant industry executives form the basis of this case study analysis. The author consulted a large quantity of press and show reports and personal retrospections, paid two on-site visits for observation, and interviewed key figures from China Foreign Trade Center and other leading exhibition companies in HK and Guangzhou. The discussions of the past and present are based on the review of extant literature, and the discussions of the prospects and problems are based on the observation and in-depth interviews.

Four key players put a trade show together: organizers, exhibitors, attendees (buyers & visitors), and venue. The interrelationship among the key players is shown in Figure 1. In the extant literature, how exhibitors should select shows and evaluate their performances in trade shows is widely discussed (Blythe, 2002; Hansen, 2004; Kijewski, Yoon, & Young, 1993; Shoham, 1992; Tanner, 2002). There are discussions about exhibitor motivations and expectations (Godar & O’Connor, 2001; Kozak, 2005; Li, 2007), visitor and exhibitor interaction at tradeshows (Li, 2006; Rosson & Seringhaus, 1995), visitor objectives and expectations (Borghini, Golfetto, & Rinallo, 2006; Munuera & Ruiz, 1999), and evaluation of venue service quality from attendees’ perspective (Breiter & Milman, 2006). Berne and Garcia-Uceda (2007) indicated a framework of criteria in evaluating which TSs to visit from the visitors’ perspective: PI (perception/information), MO (marketing objectives), and PC (perceived costs). In the framework, PI includes type of TSs, convenience of the location and timing, the TS reputation and management, and the anticipated quantity and quality of attendance. Li (2006) indicated that exhibitor and visitor interaction is the key factor in determining TS success. As no empirical research has given a holistic approach to evaluate the success and brand equity of a TS, this paper adopts some of the evaluating items from the extant literature and gives a chronological analysis of the Canton Fair in terms of show characteristics, visitors and exhibitors profiles and interaction, show management, outcome and community impact. The show is thus analyzed according to three historic periods: before the opening up of the country (1957-1977), the development period (1978-1991), and the transformation and expansion period (1992-2007). The paper tries also to give a SWOT analysis of the future development as well as implications to other trade shows in the region.

SHOW CHARACTERISTICS
Historical period one: 1957-1977:

This was a period that Canton Fair was regarded as the only regular exchange platform for international trade and political arena to display socialist achievement of the New China. It was also a period that laid the foundation of the reputation for the fair, which experienced the hard initiation period, the Great Leap Forward, the Three-year Natural Calamity, and the Cultural Revolution but grew through plights and enjoyed a significant economic and political status. The duration of the fair in this period was 30 days and at times lasted as long as 45 days. The first fair, held at the “Sino Soviet Friendship Hall”, witnessed only 1,223 international buyers from 19 countries and regions, 68% of which were from Hong Kong. From 1957 to 1965, the exhibition spaces extended from 9600 sqm to 47,000 sqm and the exhibition halls altered twice to meet the demand of space. The buyers increased to 5961 from 56 countries and turnover increased from 17.5 million to 432 million USD. Despite the national economic problems, the attendance and turnover continued to grow; the turnover on Canton Fair accounted about 33.98% of the total foreign trade in 1965. From 1966, the Great Cultural Revolution erupted and the trade show was once on the verge of suspension. During the most chaotic time, international buyers regardless of their nationalities, as well as domestic exhibitors, had to wear Chairman Mao badges, hold the red books and quote from them while negotiating their contracts. Nonetheless, despite the disruption of the Red Guards, Canton Fair was held uninterruptedly and successfully. From 1966 to 1976, the accumulated turnover amounted to 21.4 billion USD, accounting 41.53% of the total foreign trade.

Historical period two: 1978-1991

This was a fast-developing period after China started the economic reform in 1978; the Canton Fair enjoyed distinguished political and economical status, being “incubator” of foreign trade enterprises and bringing enormous economic benefits to both enterprises exhibiting on the show and
the hosting city itself. In 1983 joint ventures was first allowed to exhibit on the Fair by joining
delegate groups formed by the import & export trading companies and in 1987 the first computer was
used. Durations of the fair were shortened twice, first from 30 days to 20 days in 1982 and then to 15
days in 1989. The structure was kept for 11 years until 2000 when the show was shortened further to
12 days and at last in 2002 split to two phases each lasting six days. As enterprises of a diversified
ownership proliferated in China during this period, securing a booth at the fair would mean writing
contracts to sustain the enterprise for the following year or years, exhibition spaces were in extremely
hot demand. Inside the Liuhua exhibition hall, the previous sites for restaurants, post-office, banks, etc,
were refurbished for show use; outside the official hall, in the peripheral area, shops, restaurants, and
hotel lobbies were adapted for the exhibits that could not gain access to the official site. Under-table
and black market trading of exhibition booths were not uncommon. The conflict in space demand and
supply and the economic boom led to the show reform and taking off in the 1990s.

Historical period three: 1992-2007

This period sees expansion in show spaces, rapid increase in the number of exhibitors and buyers,
adjustment in exhibits grouping, and the establishment of the new exhibition center (Pazhou complex).
The years from 1992-1995 were difficult and transforming years for Canton Fair, during which time
there were disputes to the black-market sale of booths, and doubts about the effectiveness of such a
comprehensive fair as a trading bridge when individual enterprises have obtained the rights of
conducting direct foreign trade since 1992 and when onsite turn-over is not as tangible as it once was.
There were voices that the show should be terminated or relocated to Beijing or Shanghai. The
problems gave rise to the reform in exhibitor recruitment approach and re-categorizing and allocation
of exhibits in 1994, and then the split of the show to two phases in 2002. The changes in the
exhibitors recruitment see the multiple increase of exhibitors and the split of the fair to two phases and
re-categorizing of exhibits by industrial sectors give the show specific characteristics and put the
operation of the show onto a right commercial track. The urgent demand for spaces and the courage to
further expend the show gave rise to the construction of the Pazhou Complex; the opening of which
subsided the voice of relocating the show and proved to be a catalyst not only to the show
development but also to the urban expansion and development. The international buyers rocketed
from 48,677 in 1992 to 120,576 in 2002 and then to 206,749 in 2007(CFTC, 2006a). The image of
Canton Fair as a display center of products of prestige, quality, novelty, specialty, and advanced
technology from all over the country is strengthened. In the fall of 1996, Canton Fair Online, the B2B
service platform, was first launched, which serves as a sourcing supplement for the trade show.

SHOW MANAGEMENT

From the very beginning of the fair history until now Canton Fair has been a government-
operated trade show. The show was initiated by the Ministry of Commerce and the Guangdong
Provincial government and has been operated by an affiliation of the Ministry of Commerce, China
Foreign Trade Center (CFTC).

Historical period one: 1957-1977:

From 1957-1977 the organizer CFTC was mainly in charge of the work of inviting international
buyers via embassies, chamber of commerce, and organizations such as HK China Travel Corporation
Ltd, and typed-letters were issued through these intermediary organizations. During the show time,

the focus of CFTC was largely on the reception of the international buyers and sightseeing and
entertainment programs were arranged for the early buyers. Exhibitors were not recruited by CFTC
directly. Exhibitors and exhibits were selected by various ministries of their respective industrial
sectors and delegate groups and exhibits were arranged according to five major industrial sectors:
industrial products, textiles, food products, crafts, and agricultural produce. This was a time that the
resources of the whole country were mobilized for sales on the show.
Historical period two: 1978-1991

Since 1978 China implemented the open policy and reformed the way of conducting foreign trade. The previously highly centralized trading system was broken through with the foundation of state-owned import & export corporations. Still, during this period, individual enterprises were not granted approbation for direct foreign trade; the exchanges had to be done via state-owned import & export corporations. Thus these corporations at the national level and their sub-branches at the provincial and municipal level were responsible to select exhibitors and form exhibitor groups, and the show spaces and stands were arranged according to the delegate groups. Canton Fair organizer did not collect exhibition fees from the delegates; the national import and export companies submitted a certain amount of money to the Ministry of Foreign Trade, which in turn allocated a portion to the organizer. CFTC’s duty of inviting and receiving international buyers remained unchanged.

Historical period three: 1992-2007

In 1992, the ratification of individual manufacturing enterprises and firms trading directly with the foreign companies brought reform to show space allocation scheme. From 1992 to 1993 provincial and municipal governments took on the task of recruiting exhibitors and forming exhibition groups, and exhibition pavilions and floor plan were thus arranged by provinces. The positive side of the reform was that the previous restrictions on enterprises were released and exhibiting firms doubled; the negative side was that the categorizing and floor plan arrangement by provinces instead of industrial sectors resulted in disorder. It was difficult for the buyers to find the suppliers and vice versa. Chaos was reported. In 1994, a new scheme was put into practice; that is, both provincial and municipal governments and industry associations play a role in forming delegate groups, and products are displayed according to industrial sectors. Thus industry associations began to play key roles in the exhibition. The selection of exhibiting firms and the allocation of exhibition stands began to use such a criterion: firms that have achieved a certain volume of foreign trade can be selected and stand spaces allocated based on the volume. This arrangement is still being carried out. The approach of inviting and receiving international buyers remains unchanged, though from 1997 to 2006, CFTC sent out 103 promotion teams and has cooperation agreement signed with 32 overseas intermediaries.

Though during the 50 year history, there have been several major changes in the approach of exhibitor recruitment, exhibit categorization, and reform of the operating body, the basic management structure remains unchanged. The lack of direct contacts of organizers and exhibitors may result in a poor development of exhibitor database and control, although the workload of handling directly the huge number of 14,430 exhibitors would pose difficulty and hesitancy for the management change.

EXHIBITORS, VISITORS, AND INTERACTION

Historical period one: 1957-1977:

The exhibitors were import & export trading departments under the direct leadership of the Ministry of Commerce, and the early international buyers were small & medium sized so-called ‘friendly’ trading companies mainly from Hong Kong, Macao, Japan and Europe, who had to pay intrepid journeys to reach Canton, some as long as one week, and stayed in Canton for about 4 weeks(CFTC, 2006b). In 1972 the first delegates from the U.S. were accepted to the show. The reason to choose small intermediary companies was because the Chinese government intended to deal with the head of the companies who were free from political hassle and who could attend the Fair with product knowledge and authority to make decisions and sign contracts on the spot. “It is an expressed and achievable purpose of the Fairs that all possible business should be discussed and contracts completely signed, before the end of the Fair”. (Sobin, 1972, p. 91) The deliveries of the contracts were required to submit to the State Council for supervision. In the exhibition hall, except the booths for display of goods, there were many small rooms for business negotiation and rest. The turnover reported at this time could represent the true orders taken and business signed.
Historical period two: 1978-1991

Exhibitor profiles changed as individual enterprises of a diversified ownership joined the delegate groups, which attracted larger groups of international buyers. Big multi-national groups began their procurement and sourcing. Taking orders and writing contracts onsite remained the primary objection for exhibitors who leaved no stone unturned to be able to participate in the show. The show acted as an “incubator” of newly-established enterprises, many of which grew to be tycoons and the vanguard exhibitors, magnates of today.

Historical period three: 1992-2007

Exhibitor objectives, buyer objectives and buyer and exhibitor interaction change in this period. With the threefold increase of exhibition spaces, the exhibitors multiplied and more SMEs join in, while the new buyers increase with a high percentage. Available data shows that the year 2006 and 2007 have a new buyer percentage of about 44% (CIEF, 2007). High percentage of SMEs exhibitors occurs because, with China’s joining the WTO and the speeding up of globalization, more SMEs have the need to attend Canton fair to seek clients. Established enterprises, already admitted into the international market and developed their own distribution channels, financial and human resources for marketing and networking, do not take orders on-site anymore. These large enterprises participate in the show due to reasons ranging from image-building, political reasons, “face”-giving, to danger of non-presence in such a mega show. SMEs participate for meeting new clients, taking orders, to getting edge on non-exhibitors. Thus the volume of turn-over, having long been regarded as a key indicator for show success, does not play a key role in the assessment of the fair success anymore, though officially the turnover has been kept announced.

The function of Canton Fair as a stage for SMEs to gain access to the international markets is effective and tailor-made, as it matches the increase in the new buyer percentage in recent years, as these fresh buyers, mainly SMEs as well, come to seek cheaper products. In the long run, the buyer profile will be raised, as cost in manufacturing in China will rise, along with the rise in land price, cost of labour, power and electricity, especially in GD province. Factories are relocating to the northern and western part of China and the manufacturers are improving the quality of the products. These factors will reflect on the buyer profile in the long run. Currently due to the large quantity of exhibitors, few enterprises except industry tycoons can obtain large booth areas for special shell-scheme building; the fair is still largely a platform of information searching and business networking than an image-building arena.

COMMUNITY IMPACT

In the early 1970s, the city experienced severe scarcity for accommodation and vehicles to accommodate the international merchants. In the fall of 1972, Beijing government had to send 80 cars and drivers from Beijing to solve the urgent accommodation and transportation problem. Special funds of 60 million RMB was issued to Guangzhou city to built three hotels. Amid the difficulties, Chinese Export Commodities Fair venue, the Liuhua complex, with an indoor exhibition space of 170,000 sqm, was built and put into use in 1974 to meet the demand of show space. This period (1978-1991) also saw the contribution of a mega-event on the urbanization of a city, especially on the development of the travel services and hotel industry. In the late 1970s, international buyers had difficult times to find sufficient accommodation as only a limited number of hotels with standard facilities were designated to be able to accommodate foreigners; the quantity and quality of hotel beds were far from meeting the demand. Many of the buyers were arranged to stay over night on cots at the corridors in the designated hotels; the complaints were exaggerated by some foreign press and the reputation of the show and the city was damaged (CFTC, 2006). Thus the urgency pushed Central and Guangzhou government to seek alternative sources and external investments to build luxury hotels to cater to the needs of the attendees. Thus the early 1980s saw the rise of a number of still flourishing and leading hotels in the city: the White Swan Hotel, Garden Hotel, and China Hotel Guangzhou.
Guangzhou at the time was a city that had the most number of five star hotels, per capita GDP and the number of joint ventures in China. Now Guangzhou has more than 200 luxury hotels and the average occupancy rate kept about 60%. During the Canton Fair time, 200,000 hotel beds are filled by 190,000 buyers and 300,000 exhibitors. The construction of Pazhou Complex gave rise to the land value, construction of exhibition halls, and hotels in the peripheral region. The construction of the underground in GZ is influenced by the trade fair. The multiplier effect of the exhibition industry in China is believed by many as 1:9 (Kay, 2005), considering the scale of the Canton Fair, the number of exhibitors and visitors, the Fair brought roughly 20 billion to the city each year.

LOOKING INTO THE FUTURE

The development of the International Pavilion

Canton Fair has positioned as a mega export event until 2006 when Premier Wei Jiabao announced in the grand ceremony of its 100th session that China Export Commodity Fair would be reoriented and renamed as China Import & Export Fair. The declaration opened a new dimension for the fair development, though after two sessions (see appendix 3 for the scale of the International Pavilion) the development of the import business is viewed by many only as a gesture of the Chinese government to showcase its willingness for increasing import and cutting of trade surplus to the international organizations, such as WTO, and countries that have trade disputes with China. The future of the newly-explored International Pavilion is still misty, taken into consideration of the scale (accounting 3% of the total exhibition spaces), lack of the right group of buyers, and confusion in the target industrial sectors, etc.

Canton fair has been export-focused for 50 years, and this positioning is hard to change unless sufficient investment in database-creating, marketing and re-positioning has been done. In addition, for a trade show to be effective, the organizers must bring the right group of buyers to the exhibitors, in the case for the International Pavilion, the Chinese importers, distributors, wholesalers, agents, to meet the international exhibitors. But the relatively small scale and lack of quality and quantity exhibitors cannot attract large amount of Chinese buyers, and reversely, lack of Chinese buyers interplays on the interests of the potential exhibitors coming to exhibit. At the present stage, there lack sufficient numbers of Chinese buyers. The unbalanced structure reveals the lack of expertise in buyer database-building, marketing of the show and recruitment of exhibitors in the side of the organizers. The current exhibitor profile further puts back would-be interesting buyers and visitors, as many of the exhibitors and exhibits in the International Pavilion are actually from Mainland China or Greater China Region, such as Hong Kong and Taiwan. As the companies employ Chinese working at the booths, either from their sub-branches in China or temporarily employed for the event, there is a lack of sufficient “international” atmosphere in the importing zone. The difficulty in finding the right industrial sectors for the development of the importing zone further baffles the organizers.

There exist prestigious large-scale import-oriented shows in Beijing and Shanghai, in fields such as industrial products, mechanics, printing, automobile; it will be very difficult for Canton fair edge into these market sectors, albeit with the correct direction of development. As the exporting zone of the Canton Fair is of comprehensive characteristic, which covers industrial products, textiles & garments, medicines & health products, consumer goods and gifts, and the fair benefits from the comprehensiveness, it will be preferable that the same feature should benefit the importing zone. However, considering the spaces each sector covers, it is like four large-scale specific shows for the exporting zone. To stack importing exhibits covering from machinery & equipment, small vehicles & spare parts, electronics, IT products, hardware & tools, building materials, raw materials, consumer goods, to decoration & gifts, etc, into the 20,000 sqm makes the grouping of exhibits disarrayed. Moreover, different industrial sectors have different favorable frequency and expectation in participating trade shows; an annual or biannual show would be effective for gigantic mechanics for taking orders, image-building and net-working. Exhibitors of large-scale mechanics will not be happy exhibiting side by side with exhibitors of gifts and toys or toilet accessories. Thus, to which industrial sectors shall Canton Fair target for international pavilion and how to categorize the exhibits is yet to
undergo careful consideration and whether the importing show should be synchronized with the exporting part remains another issue.

Having problems does not predicate the lack of chance for success. The opening of the importing zone is undoubtedly a turning point for the grand show, as the scale for the exporting zone has reached close to a limit, the further development of the exporting zone would imply split of more specific shows from the whole; whereas the importing zone is a neonatal, with right fertilization it will grow with rapidity. There are chances for the development of the zone. First, scaling-up imports has been made clear as a state policy rather than lip-service, and the political mission has been put onto Canton Fair to provide a platform for information-sourcing and trade exchanges. CFTC, as the organizing body and a government institution, cannot shrink the declared responsibility. The economic development and the increase in purchasing power make it possible for China to magnify imports. Except for a few import-oriented shows in Shanghai and Beijing, there are rooms to develop import-oriented shows in China, and the combining of import shows with export shows will make Canton Fair more internationalized.

Currently though there lack quality and quantity of Chinese importers and buyers, the international manufacturing companies exhibit in the International Pavilion have access to the international buyers who come to meet the Chinese exhibitors. The arrangement provides good opportunities for these regional manufacturing companies as they can compete side by side with their Chinese counterparts. Although it may be the case that the Chinese goods, established in the world market as price-wise, shove out the international exhibitors, competition benefits all exhibitors involved. With the manufacturing costs rising in China, especially in the PRD region, there are good chances for products from other countries to compete with made-in-China merchandise.

The experiences of how Hong Kong Trade Development Council (HKTDC) develops their shows may give implications to Canton fair. HKTDC developed a series of industrial specific shows in the 1980s to help HK based enterprises exporting their products, and to positioning the shows distinguishably from Canton Fair, TDC included international exhibitors with a ratio of HK vs international exhibitors of roughly 8:2. These international exhibitors, exhibiting side by side with HK manufacturers, are mainly from Asia and they do not have to travel long distance to exhibit in Frankfurt to meet optimal international buyers. The structure benefits the regional exhibitors as cost-effective and the HK trade shows, as internationalization is the key to pull more Chinese Mainland buyers as well as international buyers to HK. This development pattern may serve as an indicative enlightenment to the Canton Fair.

One of the urgent needs for CFTC is to improve the profile of the international exhibitors. Presently three qualifications are required for exhibiting in the international pavilion: enterprises registered outside China, exhibits produced outside China, and custom documents proof. However, there are no further criteria revealed as how these exhibitors were selected and supervised, and onsite many of the exhibitors are actually from Mainland China and exhibits produced in China. More effective ways for exhibiting selection have to be explored and implemented. There is a dilemma in recruiting US or European exhibitors, as those who would aim to have a share of the Chinese market have had branches established and goods manufactured in China, while what China urgently needed, e.g. high-tech facilities, raw materials, etc cannot be imported due to trade restrictions or political friction. Without appropriate groups of Chinese buyers, US and European enterprises would not come to exhibit in the International Pavilion and without investing in creating buyer database and marketing, the importing function of the fair cannot be implemented to the full extent. However, enlarging the importing zone should not only aim at the exhibitors from the developed countries. As from the experiences of the HKTDC, recruitment of the international exhibitors from third world countries can provide trade chances between these countries and China and can benefit these exhibitors by bringing them to truly international buyers. Therefore, whether these exhibitors should be placed side by side with the Chinese exhibitors, or placed in a special zone categorized by the country or region, or be designated a special phase, remains an issue for discussion. Undoubtedly, developing comprehensive importing zone in Canton Fair may serve as a turning point and pivot for the mega show, though
currently, it is regarded more as a political mission with the factual barriers lying on venue spaces, operation pattern, database-building, industrial sector selection etc. With the 3rd phase of Pazhou complex putting into use, which makes the total exhibition spaces amounting to 1 million sqm, the importing zone of the fair is sure to be extended and the importing function magnified.

Regional and national competition:

With trade shows proliferating in China along with the development in economy and trade exchange, Canton Fair is facing increasing competition from national and regional trade shows organized by companies of diversified ownerships: private companies, joint-ventures, and multinational companies. There are 3298 exhibitions and 3016 exhibition organizations in China in 2003 (Li, 2005); 16 exhibitions used exhibition spaces over 70,000 sqm in 2004 (DCOEM, 2005b). During the Canton Fair season, a number of shows with similar contents (toys, gifts, consumer goods, textiles) are held simultaneously or during the two phases of the Canton Fair in Hong Kong, Macao, Shenzhen, and Dongguan, all in PRD region, making April and October the buying seasons for international buyers engaged in China trade. Moreover, a number of copycat shows are synchronized in a variety of venues, including exhibition halls, shops, hotel foyers, which are usually within walking distance of the two exhibition halls for Canton Fair. All these synchronized shows target the audiences that come for Canton Fair and certainly dilute away a number of buyers. HK gifts and toys show may have carried off some of the buyers from Canton fair. However, the positioning of the shows is somewhat different: HK and Macao shows aim at the higher-end markets with inclusion of more international exhibitors, Shenzhen shows aim at the lower-end markets, and Canton fair aims at the middle markets. Of particularly noteworthy advantage is Canton Fair’s positioning of comprehensiveness with a variety of products and commodities at disparate levels, which means all-inclusive services so that buyers do not have to look in other shows. As Canton Fair has an audience of about 200,000 professional buyers while no other industrial shows in China, including HK and Macao, exceed an audience of 70,000, and with the accumulated reputation of image of the mega event, the plethora of shows has only diffuence and harassment value; the status of Canton Fair is largely unchanged and will not easily be changed in the foreseeable future. Moreover, with the one million sqm space available in Pazhou in 2008, the exhibitors and buyers may choose to concentrate in Canton Fair, adding further competitive edge to the show. Nonetheless, the Canton Fair organizer should be vigilant to organizers competing with more specialized shows targeting more segmented markets, especially in PRD region and should collaborate closely with shows and organizers in the CEPA region.

A SWOT analysis of Canton Fair:

Strengths for future development lie in established brand-name and positioning, central & provincial government support, economic back-up, financial power, and ownership of the venues. The over 50 year history and the positioning as a show case of the congregation of disparate levels of products from a variety of industrial sectors from all provinces in China will continue to attract quality and quantity of attendance. Likewise, the reputation of the show as backed-up by central and provincial government, aided by sectorial associations would make exhibitors feel urged to be present. The location and economic power of the hosting city, Guangzhou, gives further credit to the show development. Guangzhou is the political and cultural center of Guangdong Province and the Pearl River Delta economic zone (PRD), one of the most vibrant economic regions in China and known as a major manufacturing center of the world, which occupies the low-lying 41,698 sq km area alongside the Pearl River estuary where the river enters the South China Sea. The PRD accounted for 12.4% of China's gross industrial output, 30.7% of China's total export, and 8.3% of China's total retail sales of consumer goods in 2004 (HKTDC, 2007). The brand name also gives the show power to determine the dates, convenient to attendees or not, for exhibitors and buyers alike have to adjust their schedule to act accordingly. Other show organizers who either want to synchronize or avoid collision have to
hear the Canton fair dates first and then determine their own show dates. The accumulated financial power and the ownership of two venues with a total of 820,000 sqm exhibiting spaces will surely provide strength for the trade fair.

The immenseness of the fair, like a double-edged sword, creates weaknesses while symbolizing fame and strength. In a hustling tumult of immense exhibition space of over 800,000 sqm, exhibitors from smaller industrial sectors might feel unimportant and buyers find it time and energy-consuming in locating their suppliers, which creates chances for commercial exhibiting companies to take small parts out from the fair and create fairs in which exhibitors feel respected. That is how shows splitting from bigger shows and has happened in German messes.

Opportunities lie in the development of the importing function as well as adjustment of show management structure. From the initiation of the show, it has been operated by a government institution and the employees are officials and civil servants. The operating model is that of a governmental body, not a commercial show organization. There is limited visible advertisement, marketing, or promotion for the show. The organizer still does not have direct handling of the exhibitors and the workload remains largely on the reception of the buyers. Without creating a good database of buyers and exhibitors and understanding their needs and wants, and without researching buyer and exhibitor interaction and satisfaction, the organizer cannot perform its duty as a bridge of trade to the full extent. Thus adopting the commercial operating pattern, even to the extent of passing IPO system and becoming joint-stock based companies, may provide further vigor and momentum for the show. It is a radical and ideological issue. For the same reasons, lack of reformation in organizing structures may pose as internal threats for development as at present none of the extant regional and national shows, or trade marts, can shake the status or size of the show.

SUMMARY

This paper tried to review China’s largest trade show in term of four aspects that put a trade show together, the organizers, exhibitors, attendees, and venue. Thus the show characteristics, management structure, exhibitor and buyer profile and interaction, venue development and community impact are scrutinized. In addition, the paper tried to look into the future development of the show, discussed the prospects of competition and the importing function, and indicated the strength, weakness, opportunity and threat of the show. The trade show has undergone a number of significant changes in terms of scale of the fair, venues and facilities development, duration, organizing and operational structures, the mix of commodities, and the constituency of participants, etc., however, the basic operating structure of the organizers remains largely unshifted. Both exhibitor and buyer profile have undergone significant changes, so it is with the interaction between the two. As the show moves from simply trading and contract-signing platform toward networking, marketing, researching and image-building platform, the objectives of the exhibitors and buyers change accordingly. The assessment of their performance and the success of the show have to adapt as well. In terms of operation, Canton Fair shall audit the exhibiting companies and understand the international market needs. The future of the newly-explored International Pavilion is still misty and would be contingent upon how and when the organizer expands the scale, reach the right group of buyers and exhibitors, and select the industrial sectors. The potential and status of the trade show industry of a particular country is indispensable to the economic strength, market capacity, and the impact on its subordinating countries and regions. Canton fair has been the “incubators” of the enterprises and entrepreneurs in China. The success of the Canton fair represents the economic environment of China; it represents the development of China’s exhibition industry and sets a good example for other trade shows in China.

REFERENCE


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**Appendix 1: Total number of international buyers (Source: CIEF, 2007)**

![Graph showing total number of international buyers by year](image)
Appendix 2: Statistics of buyers according to continents from 2001-2007 (Source: CIEF, 2007)

<table>
<thead>
<tr>
<th>Sessions</th>
<th>Year</th>
<th>Asian</th>
<th>European</th>
<th>America</th>
<th>African</th>
<th>Oceania</th>
<th>Total number of buyers</th>
<th>Countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>102&lt;sup&gt;nd&lt;/sup&gt;</td>
<td>2007</td>
<td>104,417</td>
<td>41,024</td>
<td>25,845</td>
<td>12,607</td>
<td>5,607</td>
<td>189,500</td>
<td>213</td>
</tr>
<tr>
<td>101&lt;sup&gt;st&lt;/sup&gt;</td>
<td>2007</td>
<td>117,134</td>
<td>38,357</td>
<td>28,779</td>
<td>16,265</td>
<td>6,241</td>
<td>206,749</td>
<td>211</td>
</tr>
<tr>
<td>100&lt;sup&gt;th&lt;/sup&gt;</td>
<td>2006</td>
<td>106,716</td>
<td>40,596</td>
<td>26,021</td>
<td>9,375</td>
<td>5,920</td>
<td>192,691</td>
<td>212</td>
</tr>
<tr>
<td>99&lt;sup&gt;th&lt;/sup&gt;</td>
<td>2006</td>
<td>107,566</td>
<td>34,043</td>
<td>25,170</td>
<td>13,070</td>
<td>6,166</td>
<td>190,011</td>
<td>211</td>
</tr>
<tr>
<td>98&lt;sup&gt;th&lt;/sup&gt;</td>
<td>2005</td>
<td>99,996</td>
<td>37,150</td>
<td>22,239</td>
<td>8,660</td>
<td>5,594</td>
<td>177,225</td>
<td>210</td>
</tr>
<tr>
<td>95&lt;sup&gt;th&lt;/sup&gt;</td>
<td>2004</td>
<td>100,827</td>
<td>23,655</td>
<td>19,120</td>
<td>8,061</td>
<td>4,727</td>
<td>158,080</td>
<td>203</td>
</tr>
<tr>
<td>92&lt;sup&gt;nd&lt;/sup&gt;</td>
<td>2002</td>
<td>94,615</td>
<td>17,768</td>
<td>12,821</td>
<td>5,404</td>
<td>2,821</td>
<td>135,482</td>
<td>191</td>
</tr>
<tr>
<td>91&lt;sup&gt;st&lt;/sup&gt;</td>
<td>2002</td>
<td>84,147</td>
<td>14,881</td>
<td>12,822</td>
<td>4,526</td>
<td>2,894</td>
<td>120,576</td>
<td>185</td>
</tr>
<tr>
<td>90&lt;sup&gt;th&lt;/sup&gt;</td>
<td>2001</td>
<td>71,225</td>
<td>12,348</td>
<td>8,183</td>
<td>2,604</td>
<td>1,965</td>
<td>97,279</td>
<td>176</td>
</tr>
</tbody>
</table>

Appendix 3: Scale of international pavilion (Source: CIEF, 2007)

<table>
<thead>
<tr>
<th>Sessions (2007)</th>
<th>Number of countries</th>
<th>Number of enterprises</th>
<th>Number of exhibition spaces (sqm)</th>
<th>Number of exhibitors</th>
<th>Number of standard booths</th>
</tr>
</thead>
<tbody>
<tr>
<td>101&lt;sup&gt;st&lt;/sup&gt;</td>
<td>36</td>
<td>314</td>
<td>10,400</td>
<td>1700</td>
<td>629</td>
</tr>
<tr>
<td>102&lt;sup&gt;nd&lt;/sup&gt;</td>
<td>57</td>
<td>480</td>
<td>20,000</td>
<td>2110</td>
<td>849</td>
</tr>
</tbody>
</table>

Top five generating countries of international exhibitors:
101<sup>st</sup>: Hong Kong, Taiwan, South Korea, Malaysia, the U.S.
102<sup>nd</sup>: Taiwan, Malaysia, South Korea, Hong Kong, the U.S.

Appendix 4: New buyer number and percentage (Source: CIEF, 2007)

<table>
<thead>
<tr>
<th></th>
<th>New buyers</th>
<th>Percentage %</th>
</tr>
</thead>
<tbody>
<tr>
<td>102&lt;sup&gt;nd&lt;/sup&gt; session</td>
<td>80,393</td>
<td>42</td>
</tr>
<tr>
<td>101&lt;sup&gt;st&lt;/sup&gt;</td>
<td>92,990</td>
<td>45</td>
</tr>
<tr>
<td>100&lt;sup&gt;th&lt;/sup&gt;</td>
<td>85,091</td>
<td>44</td>
</tr>
<tr>
<td>99&lt;sup&gt;th&lt;/sup&gt;</td>
<td>88,710</td>
<td>47</td>
</tr>
</tbody>
</table>

Appendix 5: Key events in the Fair development (CFTC, 2006b)

<table>
<thead>
<tr>
<th>Year</th>
<th>Session</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>1957</td>
<td>1&lt;sup&gt;st&lt;/sup&gt;</td>
<td>Initiation of the Canton Fair, 30 days duration, exhibitors organized by the ministries of the central government</td>
</tr>
<tr>
<td>1972</td>
<td>31&lt;sup&gt;st&lt;/sup&gt;</td>
<td>The first to which Americans were invited</td>
</tr>
<tr>
<td>1982</td>
<td>51&lt;sup&gt;st&lt;/sup&gt;</td>
<td>Duration shortened to 20 days, exhibitors organized by the state-owned import &amp; export corporations</td>
</tr>
<tr>
<td>1983</td>
<td>53&lt;sup&gt;rd&lt;/sup&gt;</td>
<td>First to which foreign-funded enterprises were allowed to exhibit</td>
</tr>
<tr>
<td>1989</td>
<td>66&lt;sup&gt;th&lt;/sup&gt;</td>
<td>Duration shortened to 15 days</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>Event Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1992</td>
<td>Individual enterprises obtained rights to conduct direct foreign trades and thus exhibited on their own at the fair.</td>
</tr>
<tr>
<td>1993</td>
<td>Reform in exhibitor recruitment and goods categorization: the trading delegations be jointly organized by provinces, municipalities, and industrial associations.</td>
</tr>
<tr>
<td>1999</td>
<td>A complaint station for IPR protection was first set up.</td>
</tr>
<tr>
<td>2000</td>
<td>Duration shortened to 12 days.</td>
</tr>
<tr>
<td>2002</td>
<td>Show duration split to two phases with each lasting six days – combination of comprehensiveness with specialization.</td>
</tr>
<tr>
<td>2007</td>
<td>Setting up of international pavilion for international exhibitors.</td>
</tr>
</tbody>
</table>