

Environment of the events and exhibitions industry



This report will focus on the environment in which GL events is currently operating. GL events started as a small company based in Lyon in 1978 providing furniture and stands for exhibitors. Through mergers and acquisitions, they have progressively evolved to become an important player in today's exhibiting and event world with 34 venues around the world, an event and exhibition full-organising service and a portfolio of 250 trade-shows in various industries (food & beverage, sport & leisure, health, etc.).

Influencing all trends and being influenced by all trends, the exhibition and events industry is in the centre of it all. No company can succeed without being aware of the environment it is evolving in. In the exhibition and events industry, companies need to pay particular attention to details impacting not only its industry directly but also every other sector of activity as it would soon have repercussions on future events, exhibitions, product launches, etc. For this reason, a good PESTEL analysis for the industry needs to cover a broad range of issues and analyse many trends which may not influence events yet but could soon be a threat if companies do not react and stay in the times.

This report will focus on a PESTEL analysis (Political, Economic, Social, Technology, Environment, Legal) of the exhibition and events industry conclude by establishing which factors GL events should most take into account going forward as they could be potential threats or areas of opportunities in the years to come.

Political:

There are two main political factors influencing the industry today. One is the increasing political pressures to make regulations and policies to reduce greenhouse gas emissions. We will see in the environmental section that this trend started with consumer awareness but it is no longer just something the clients want to know more about, it has become an obligation. This has greatly impacted the transport industry, in particular airlines which found their image hit as people all around the world pointed to airplanes being a major source of pollution. This impacts the event and exhibition industry, especially at a time when various “ green” technologies are evolving to permit meetings, conferences and even exhibitions to take place online (Long, 2009). This will be developed further in Environmental and Technology sections.

The second is the increased globalisation and liberalisation of trade and deregulation (Dwyer, L and Edwards, D 2009). This is very important in terms of number of potential competitors and number of potential clients. Companies need to learn to evolve in a globalised economy, taking advantage of it by going to find new markets, possibly entering into partnerships with similar companies to widen market share and visibility. With this liberalisation of trade comes political pressure to have global higher standards of living. If you do not see your neighbour’s yard, you do not know that it is greener, when you break the fence, you find that it is. It is this situation that developing countries are finding themselves in today. Citizens all around the world can use internet to gain knowledge about how others are living and become envious. Because of this, countries want to attract foreign investment to boost local economies and gain wealth and higher

standards of living. This creates opportunities for countries not only to establish new and cheaper production lines but also to display their products in emerging markets. Last week for example, Apple launched the Iphone4 in China (AFP, 2010).

Economy

This last point brings us to analysing the economic trends and pressures impacting on the exhibition and events industry. Although the UNWTO 2002 forecasted world tourism to grow at a rate of 4.1% annually until 2020 (Dwyer L, Edwards D., 2009) due to rising wealth internationally, the exhibition and event industry has seen a slow in growth since 2005 but a rise in exhibition and event attendance (Biba E, 2008). This puts the industry in a rather awkward position. There are people coming to exhibitions but exhibitors have switched their approach towards events and exhibition.

Indeed, especially with the recent crisis, the first expenses cut by organisations worldwide were advertising and travel. Exhibitions and events being in the centre of this, the industry was hit and forced to react. The expectations from exhibitors will be looked into more fully when we look at the social aspects of the trend but the main ideas are that companies are looking to maximise their ROI (return on investment) (Kovaleski D, 2009) and minimise the perception of frivolous spending (trips, events, etc.) (Events Managers, 2010). In order to do this, companies are squeezing suppliers to get more value for money and investigating the return on investment of their events much more closely and looking at alternatives more than they did before. Companies are not so much cutting their exhibition and event

spending so much as allocating it more carefully and with conditions of an assured return (Biba E, 2007). This has changed to job of the event organiser who needs to think of more innovative ways that the company can use to introduce their product. A leaflet handout at the exhibition is no longer sufficient, people want to be amused, entertained, really involved in the product (Furness V., 2007). Because of this, the industry is moving away from major events in favour of smaller, more intimate events where companies can really interact with potential clients (Biba E, 2007).

Another aspect companies are putting under the microscope is how to measure ROI generated from social networking and e-marketing. Indeed, if an event is posted on Facebook, LinkedIn, various industry blogs and online magazines this all takes resources in terms of man-hours put into promoting the event on these new channels but how can a company measure that this was efficient? How can the event planner know that the Facebook invitation attracted the client and not some Email they receive every year which pushed them to look for a Facebook event? (Terrero R, 2009). Today, there is little way of knowing exactly what path a client took and what really convinced them to attend your particular event.

Social

Indeed, the main goals of events and exhibitions are brand awareness, brand preference and networking. Although brand awareness can be achieved through various communication mediums (advertising online, billboards, TV, etc.), it is not the way to create brand preference. Brand preference is achieved through interaction, experience of the brand with the client

(Kovaleski D, 2009) and leads to better ROI for the company. This means that exhibition halls and event organisers are not expected to provide a massive attendance so much as a good promotional space and real, targeted potential buyers (Biba E, 2007). From the buyers' perspective, they want to experience and know the brand as a whole. With globalisation came increased competition and consumers now have the possibility to buy from anyone anywhere around the world. The quality and price are no longer the only issues, people and therefore companies look at the triple bottom line. It's no longer just about economics but also the social and environmental benefits of a product or company.

Clients don't want a coupon or a price comparison when they come to a product launch, they want to feel and experience the product for themselves (Dwyer L, Edwards D., 2009 and Furness V., 2007). There needs to be a real interaction between companies and clients. Companies want to build a rapport with their clients, want to become part of their lives. This has forced exhibition halls and event managers to re-think space use and create sections that are dedicated to sitting down in a relaxing atmosphere with a drink to discuss business more casually. The bottom line is still to get the client but the approach is much friendlier than boxed up in a meeting room (Kovaleski D, 2009). This also has an impact on stand design. Exhibitors are encouraged to pay more attention to details such as carpet colour as it has been shown that if the carpet colour of the stand is different from that of the exhibition hall, it may create a barrier and deter clients from approaching (Kovaleski D, 2009).

Technology

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With the development of various technologies, companies have the opportunity to have a virtual event run along-side of the live event. This allows them more time to prepare the client for the interaction and pursue the relationship after the event (Furness V., 2007 and Kovalski D, 2009). This phenomenon of virtual event is not only to accompany live events, there are now events using only virtual platforms, simulating a physical event on the online world. Platforms such as Second Life are being used by companies to reach potential clients without having to create an event in one physical place. This has the advantage, if not necessarily of price reduction, but to be able to reach clients who may not be prepared to travel to meet you. You can meet them where they are all at once (Biba E, 2008). Using 3D technologies, your virtual exhibition can be as simple as visitors being able to look around at the different stands and as complex as re-creating the event in a completely online world (web chatter, 2010). This is not to say that virtual events will completely replace live events because, as we have seen, people still want to interact and know who they are dealing with but it certainly does replace certain live events already (Biba E, 2007).

Another important aspect of the new technologies that the exhibition and event industry should be aware of is the democratization of the internet. This means two things. First, even small firms can bring competition to the large, well-established event organizers if they have good SEO (search engine optimization) and general web-marketing skills as they have equal visibility (Dwyer L, Edwards D., 2009). Second, through UGC (user generated content) anyone can post their feedback about their experience with a certain organizer and make it available to the world (Papathanassis A, Buhalis D,

2007). This is good news for companies who have good relations with their clients and suppliers but will be difficult for companies who were focusing on “one-shot” clients and therefore not paying much attention to details.

The final aspect of technology refers to the traditional definition of technology, ie: “the application of scientific knowledge for practical purposes, especially in industry” (Oxford Compact dictionary). Here we are referring to how to build ecologically friendly stands? What technologies can we use to handle the new products that now need to be used in order to create a “green” stand?

Environmental

We are now obviously diverging to the environmental issues around the exhibition and event industry. Indeed, it is becoming increasingly important for companies to be perceived as environmentally aware (Biba E, 2008). This presents a good opportunity in terms of cost reductions as decisions such as travelling less can be explained as an “environmentally gesture” rather than cost-cutting in a bad economy (Events Managers, 2010). However, it presents a challenge for events and exhibition companies who now need to develop “green” stands made with ecologically friendly materials and production techniques and purchased from local suppliers to avoid pollution from transport (Biba E, 2008).

Another aspect the exhibition and event industry will need to look at closely is the impact that global warming will have on their choice of venue and the viability of these choices with respect to client attendance and attractiveness (Dwyer L, Edwards D., 2009). Indeed, sunny destinations which are very
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pleasant to hold events at may be changed for the worse in the next 30-50 years while new destinations will establish themselves as more favourable climate-wise.

Legal

The final point we will view is the legal aspects that the industry needs to pay attention to. The policies regarding the reduction of greenhouse gas emissions and the liberalisation of trade have lead way to many legal documents and laws by countries around the world which need to be followed by event and exhibition organisers and by venues to make sure they are acting within the limits and scope of the law.

However, an important legal issue is the terms and conditions put forward by events and exhibition planners and venues. First, with regards to particular cancellation fees, they need to protect themselves without being outrageously unfair to the potential client which is looking at cancellation fees and possibilities more closely since the crisis. Second, with respect to the inflexibility of minimum numbers, if venues hope to attract client, they need to consider the advantage of having one definite client with a contract who may not bring exactly 1000 participants versus one potential client who is still shopping around and may never sign (Event Manager, 2010).

From this PESTEL analysis, we can draw several conclusions for GL events next step. First, it is clear that the new technologies, though they will not fully replace live events, are certainly complementing them and they are here to stay. GL events could take advantage of this by creating a network with all its venues. When one event is organised in Nice for example, they <https://assignbuster.com/environment-of-the-events-and-exhibitions-industry/>

could offer the possibility of extending it via 3D conferencing tools to other of their venues around the world. This would increase the potential number of attendees who would not have to sit in front of a computer to enjoy the virtual event but would benefit also from meeting with others who are also in their geographical areas and enjoying the event virtually. People in China could enjoy the conference of the event taking place in Nice and have the opportunity to network with other people afterwards via video-conferencing and face-to-face with people who were also unable to attend the meeting.

A second opportunity GL events could take advantage of is the growing importance of the perception of being environmentally friendly which pushes companies to invest in “ Green” stands. Through their event organising service, GL events should try to develop the competencies to offer this possibility to their clients, if possible at a similar cost, to make sure they are in keeping (and even a little ahead) of their times.

In these fast changing times, the opportunities are still up for grabs but will soon become threats if venues and organisers do not react quickly.