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THE INFLUENCE OF EXHIBITION ACTIVITIES ON REGIONAL DEVELOPMENT IN TERMS OF INTERNATIONAL COOPERATION

Preface

Nowadays exhibition activity implements the functions of the basic processes of exchange goods and services not only at the state or national levels, but also in regions and cities participating in international cooperation. It provides a manifestation of specific features of exhibition activity as a tool for marketing (including regional). This instrument performs functions such as informing about the status and market development trends; competition level and features of competitive, innovative, logistics and pricing strategies; creating opportunities for direct dialogue between producers and consumers; conducting professional conferences and discussions within the exhibitions and the establishment of promising business contacts. All these factors together are important for the creation of cities and regions positive image, especially those, located in border areas.

Thus, the above described problems determinate the relevance of this article, upon which we can formulate a common goal.

The aim of our study is to determine and analyze the results regional enterprises exhibition activity development, the impact of such activity on international relations, and research issues concerning the development and operation of exhibition activity at the country's economy level, border and other geographical regions.

To achieve this goal we single out the following tasks:

- to investigate the value of exhibition activities for the socio-economic regions development;
- to determine functioning peculiarities of such type of activity at the macro- and micro levels;
- to offer practical and promising ways of international cooperation development in the sphere of exhibition activities.

Based on these provisions we underline the value of exhibition activities for international cooperation as an object of the study. Factors that determine the efficiency of interaction at various subregional levels, first of all special programs of economic and social regions development, programs which include terms and concepts concerning the support, funding and development of exhibition activities at local and regional levels is the subject of our study.

Among the prominent scholars in the field of modern exhibition business functioning we single out several domestic and foreign scholars: J. Kristotakis, N. Noritsyna, Jh. Bernet, S. Moriarty, K. Magnisalisa, S. Garkavenko, O. Tolmachova, A. Starostina, A. Zozulov, F. Kyrychuk, M. Arshevska, V. Farberov, Y. Bystrova, E. Molchanovsky, V. Severin, V. Pekar, etc.

In the current conditions of the economic processes development in the country special attention should be paid to structural changes at the regional levels to ensure the effective interaction mechanism for the development of international cooperation and expansion of integrating processes at the national and local levels.

1. Cause disproportionate regional development

In Ukraine under the conditions of acute shortage of investment resources in all regions there is a blurring of the boundaries between regional policy issues and issues of national economic development, including taking into account regional interests in general.

There is an increased imbalance in development levels in different regions of Ukraine (center-periphery, east-west, city-village) the presence of areas which have been located in a deep depression, the need for solution of several regional problems – restructuring of enterprises in the old-industrial areas, improvement of production efficiency in rural areas, assistance to close border areas, etc. require a balanced regional policy. Evidence of EU countries shows the need for focused (selective) regional policy. Most of the creation of business environment and economic infrastructure are solved by regional or local authorities (or, eventually, along with them). The government's efforts are concentrated on assisting the most trouble areas.

It causes the necessity of formation in Ukraine the strategy self-provisions for regions, increasing of their competitiveness by strengthening those territory functions, structure and specialization of the structure and specialization of the economy for which are the most favorable conditions. In this context the widespread practice in West is very attractive. It is the practice of developing and implementing comprehensive development programs of target areas that are practical implementation of theoretical and methodological ideas of economic and social geography (just as the science of spatial patterns of social development) on the complex territory development, taking into account social, economic and environmental conditions.

Therefore, the key problem is the increasing disparities of regions socio-economic development, which was caused by their uneven development and strengthened by crisis manifestations in the economy had led to the division of regions for competitive advantages, different levels of adaptation to market conditions, low investment and innovative activity. The deepening imbalance in economic and social development at regional and local levels significantly complicates the implementation of unified state policy in the sphere of social and economic transformation; increases the danger of regional crises, disintegration of national economy; hinders the development of the national market of goods and services; does not allow to use the potential of interregional and border potential; inhibits activation of foreign trade and cross-border regional cooperation with neighboring countries at national, regional and local levels.

Such external factors as dependence on conditions of the international market relevant sector, unstable supply, no price changes for energy and so on have noticeable impact on the socio-economic situation in regions under low paying capacity of the domestic market. Sustainable development of regions depends on the level of diversification of economic potential. However, the weak spot in the national economy is industrial complex structural imbalance, its reformation, high level of energy and funds production. Outdated economic base of most regions doesn't meet modern requirements of market economy, respectively, doesn't use all available capacity. Economic activity of these regions is represented by several companies of one or two sectors that produce intermediate and low-technology products. Accordingly, such enterprises do not have the financial opportunity to modernize the production process in accordance with international requirements, making the process of their effective development and the attraction of additional invested capital impossible.

2. Place of exhibition activity in the socio-economic development of regions

The transformation of market relations in Ukraine includes creation of optimal conditions for efficient enterprises functioning. Market infrastructure should be highly developed. It has to facilitate implementation of the economic potential of businesses in both domestic and foreign markets. One way to achieve this goal is the restoration and development of fair and exhibition infrastructure. Everybody from the producers, sellers, intermediaries to consumers of goods and services are interested in this activity.

The definition of exhibition activity can be represented as business activities aimed at organizing events and providing and receiving services of exhibition nature. The exhibition activity referred to in the case when a company is a visitor or participant of the exhibition, including international.

Exhibition activity is a comprehensive tool that allows simultaneously advertising the product, to meet partners and competitors, to evaluate the current state of the market simultaneously defining its own place in it establishing new contacts.

At the present stage of exhibition activity should be mentioned that the concept of the exhibition in its development have long been moved beyond its old definition, which sounded like a demonstration of a certain category of products for professionals and wide range of visitors. The process of exhibition business evolution resulted in the development and improvement of terminology, as a result a number of new concepts, definitions and interpretations related to the organization, conduction and participation in exhibitions and business organizations have been appeared. In the exhibition terminology two terms are underlined: exhibition and fair. Under the exhibition event we should understood measures that bear market and commercial nature, which allows using all marketing tools in the process of results presentation. Exhibition is not only an active channel of goods and services to the market and one of the main type of new technologies, technical achievements and production experience promotion but also a modern “survey” platform.

The above mentioned definitions give us the opportunity to point out an object of exhibition activity. An object of exhibition activity is a potential base of prospective customers who are consumers of goods and services through cooperation within exhibition environment.

The international standard ISO 25639-1 defines the exhibition as follows: “Exhibition is an activity where goods, services or information is shown or dis-

tributed. The exhibition doesn't include the market". This definition is quite brief and can not sufficiently reveal the differences between exhibitions and other forms of exhibition activities.

Today the development of trade fairs and increasing their international importance is observed all over the world. An exhibition has been one of the most effective forms of advertising, although it is more expensive and less operational than other forms of advertising are. Exhibitions facilitate timely adaptation to market conditions; lead to desired business cooperation on all levels. It causes the growth of costs share of enterprise on participating in exhibitions in the overall fate of advertising costs. Thus, according to expatriate costs of US companies to participate in exhibitions constitute 18% of the total planned spending on advertising, and companies in German spend near 25% of the total advertising budget.

Exhibition industry in Ukraine develops very dynamically. Exhibitions and fairs are held in 35 cities; there are more than 120 exhibition companies in the country; the total exhibition area is close to 300 thousand square meters. 500 – 600 exhibitions are annually held in this area, 20% of them are universal, 80% are specialized. Approximately 25 thousand exhibitors demonstrate their products and services every year. Such exhibitions attract 6.5 million of visitors, and exhibition turnover reaches \$55-60 million per year¹.

An exhibition is a special place to share information about the latest scientific and technological developments and innovations almost in all sectors of the economy. International exhibitions, in turn, often have large amounts of cultural information (depending on the cultural characteristics of the country where exhibition event is organized and conducted) and exhibitions are actively used as a foreign policy tool – to promote a particular country or region that makes them special tool in international cooperation and integration.

Particular attention should be paid to the fact that the exhibitions are organized for the purpose of forming, maintaining and promoting the image not only particular business by holding special shows, but also regions (if we are talking about the exhibition at regional level) and the state as a whole (national, international, worldwide exhibitions). State participation in international exhibitions can reinforce the image of a reliable trading partner, deep cooperation with foreign investors in various sectors; intensify foreign economic activity and cross-border cooperation. That is why the fact of participation in the exhibition is very impor-

¹ І.М. Грищенко, Н.А. Крахмальова: Ринкові аспекти виставкової діяльності в Україні на сучасному етапі. «Актуальні проблеми економіки» № 9. 2006. с. 113-119.

tant for many companies because the exhibition is a mean of maintaining the image and contacts with target audience. The exhibition helps to maintain positive relationships with existing customers and attract new ones. The exhibition is not only an effective way of promotion of goods; it also provides broad marketing communication with actual and potential customers, including foreigners.

Exhibition activity is essential for development of small and medium businesses (it has strategic importance for the development of some regions) which is lack in funds for advertising activities to promote their products and services to the market. It is an effective tool of partnership interaction between target markets, suppliers and potential investors².

3. Exhibition activity – a form of international cooperation

Exhibition is a traditional form of international economic cooperation, an important factor that contributes to the progress of science and technology. It is a convenient meeting place for business people around the world, where large commercial agreements are concluded, and where there is an exchange of experience and knowledge. Exhibitions allow a wide range of business people, specialists, and representatives of scientific organizations and industrial enterprises to look through the best examples of leading firms technologies.

For support and development of exhibition activity administrative bodies created, annually developed and approved special economics and social programs for regions development. These are programs which include terms and concepts of support, funding and development of exhibition activity at local and regional levels.

Basic problems for cities and regions administrative bodies for implementation of progressive regional cross-border policy on the development of exhibition and fair activity in the region are underlined. We pointed our several ways of increasing such effectiveness:

- activation and participation of the region in resonance exhibitions with the purpose of acquiring relevant professional experience in organizing similar events in the region;
- achievements promotion of the region and its image between others cross-border regions of Ukraine, participants of the presentation, exhibition, fairs at national and international levels that may be potential investors of promising business projects of the region;

² В. Пекаръ: Выставки – зеркало рынка. “M.A.D.E.”-2003. № 4. с. 40-41.

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- increase participation of enterprises and organizations in regional, interregional, national and international presentations and exhibitions;
 - carrying out qualitative and quantitative selection of regional companies and organizations for their involvement in the consolidated participation within an integrated display of the region at exhibitions and fairs at national and international levels;
 - establishing effective partnerships with businesses in the region and regions in neighboring countries;
 - presentations of investment and innovative proposals and projects at exhibitions of regional, national and international importance;
 - strengthen of the impact of exhibition activity on scientific, technical and technological updating of the regional production;
 - strengthening of development material and technical basis of exhibition-fair activity;
 - facilitating the creation of regional exhibition center that would meet modern requirements by studying the experience of modern exhibition centers in other regions of Ukraine and the border areas of neighboring countries namely Romania, Moldova, and Poland;
 - preparation of conceptual foundations for the justification of this center in the region and prospects of its functioning;
 - initiating of the competitive selection of the best design projects, construction of exhibition center;
 - involvement of local governments to cooperation for common solving of issues concerned with the creation and operation of this center in the region;
 - study of leading regional companies intentions and circumstances on the possibility of investing financial resources into the creation and operation of the exhibition center.

Developing and implementing long-term plans first of all we must focus on expected result that can be achieved by:

- increase participation of region's business entities in resonance presentations and exhibitions;
- acquisition of relevant professional experience in organizing and conducting at high level of similar events in the region;
- promotion of region achievements and its image among other regions of Ukraine, participants of presentation, exhibition events at national and international levels;
- the output of local producers at regional and international markets in terms of international cooperation;

- strengthening of material and technical base for the exhibition;
- accumulation of interregional resources of exhibition equipment for collective use;
- ahead planning and participating in the construction of regional exhibition complexes.

Measures on the exhibition activity development are systematized according to the main areas of support and development of such kind of activity. State support of an exhibition activity can be realized in the organizational, informational and financial forms.

Organizational support from the administration of the region is in:

- ensuring the participation of local producers in exhibition events which are important to the economy of certain industries and regions in terms of regional enterprises product promotion to domestic and foreign markets;
- preparation and holding of exhibitions and presentations demonstrating achievements in the fields of economy, science and culture that are very important in terms of trade, political and economic interests for the region.

Exhibitions organizational support performs as follows: support from regional administration to attract local producers to participate in exhibitions; providing methodological assistance by the region Commission (Coordinating Council) on exhibition and fair activity in order to coordinate the activity of all its members, giving it the status of state support.

Informational support includes:

- promotion of regional producers – potential participants of exhibitions – with a wide range of information, including posting of the information on the official site of the region administration and use of Internet and mass media;
- development of information campaign in mass media about the upcoming participation in exhibitions and presentations, bringing the attention of potential Ukrainian and foreign partners to the event.

Financial support can be found in the form of partial funding of regional firms participation and financial assistance and reconstruction of technical base of the exhibition activity. The above mentioned support is carried out within the funds provided in regional budget for the program, and also by borrowing funds in investors of this kind of activity.

State financial support is focused primarily on international and interregional exhibitions which are important for the economy of the region, as well as those that form a positive image of the region. The implementation of such program is provided by means of the regional budget, own funds of enterprises-participants, and sponsorship. The result of such program should be a steady

growth in demand for products and services of the regional enterprises, increase sales, increase the real income of enterprises and financial revenues into the budget at different levels.

Conclusions

This study allows to form the following conclusions:

1. Participation in international and interregional forums, congresses, exhibitions, conferences and other events will contribute to the strengthening and development of interregional and international business relations, and that is the development of international cooperation.

2. Full list of factors necessary for successful development of the international exhibition activity within a region includes: geographical position of the region; availability of exhibition areas that meet international standards; developed warehousing and modern transport infrastructure; support of exhibition activity by state and regional authorities; coordination and self-regulation of exhibition activity by professional associations; existence of skilled personnel, available access to educational resources; understanding of the significance of the exhibition industry as an effective marketing tool; possibility of a comfortable business travel in the region, namely the availability of the hotels, well-developed transport network, entertainment and others.

3. Holding the whole complex of measures for image formation of the region at the international, interregional and regional cross-border levels along with the improvement of product competitiveness will strengthen the status of local producers as trade participants; expand positions at regional, national and world markets.

4. Implementation of those objectives will enable dynamic balanced development of the country as a whole, to bring living standards close to the European standards and to create conditions for increased economic activity in all regions of the country. This will facilitate a gradual softening of interregional disparities, reducing the risks of depressed areas, and to protect society from significant costs on restoring adequate conditions of life. Development of interregional economic relations and international cooperation will enhance the role of regions in foreign economic cooperation, their active participation in international organizations activity which will be the basis for economic, trade, technical, informational and cultural cooperation.

5. Under these conditions interregional economic integration requires the implementation of relevant national policy, development of measures that will promote mutually beneficial cooperation with regions, development of domestic market and enter the foreign market.

6. To develop international cooperation between regions in planning state support will be given. Such support can work in the development of joint projects of urban development of cross-border regions of Ukraine – Belarus, Ukraine – Russia, Ukraine – Moldova, Ukraine – Slovakia, Ukraine – Hungary and schemes concerning planning of international transport and communication corridors and their zones of influence.

Regional development policy of the state will focus on promotion of local authority with the purpose to support new initiatives and international cooperation programs development.

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Summary

The peculiarity of this research is determination and analysis of exhibition activities of regional enterprises and issues concerning the development and operation of exhibition activities for the economy of the country, borders and other geographical regions. To achieve the above, we explored the importance of exhibition activity for the socio-economic regions development, identified the characteristics of this type of activity operation at the macro- and micro- levels, analyzed the main problems of exhibitions business development in regions, and also offered practical and promising ways of exhibition activities in international cooperation.