An examination of the factors effecting tradeshow exhibitors’ decisions

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ABSTRACT

There are several reasons that exhibitors participate in tradeshows. The purpose of this study is to examine the role social value has on the satisfaction level of exhibitors while increasing their willingness to pay and return intentions. This study also aims to examine the effects of company size and prior experience on both exhibitors’ satisfaction and behavioral intentions within the tradeshow context. The findings of this study are important for tradeshow organizers as the results of this study can be used to aid in determining marketing strategies to attract varying types of exhibitors to specific tradeshows.

Keywords: Behavioral Intentions, Intention to Return, Satisfaction, Social Value, Tradeshows, Willingness to Pay

INTRODUCTION

When examining tradeshows from the perspective of marketing tools, tradeshows provide exhibitors with cost-effective opportunities for face-to-face communication, as well as product and/or service promotions (Smith, Hama, & Smith, 2003; Kozak, 2005). According to Herbig, O’Hara, and Palumbo (1994), tradeshows are events that bring all participants (i.e., exhibitors and attendees) together in a specific location where product (or service) providers exhibit their offerings.

Previous studies have divided the purposes of tradeshows into four different categories; sales-related, promotion-related, market research-related, and strategic benefits-related activities (Blyte, 1997; Tanner, 2002; Hansen, 2004). Among these objectives, one of the main goals of exhibitors attending tradeshows is to obtain networking opportunities to extend one’s network of business contacts (Hultsman, 2001; Severt, Wang, Chen, & Breiter, 2007). In this study, such benefits of tradeshows (i.e., networking opportunities and image development) are referred to
social value. We assume that the social value can be a key determinant of exhibitors’ motivations to attend tradeshows. Thus, promoting the social aspects of the tradeshow can help tradeshow managers to differentiate their own show from other shows.

The purpose of this study is to examine the role social value has on the satisfaction level of exhibitors while increasing their willingness to pay and return intentions. This study also aims to examine the effects of company size and prior experience on both exhibitors’ satisfaction and behavioral intentions within the tradeshow context.

This empirical research will help tradeshow managers understand the impact of social value, company size, and prior experience in exhibitors’ decision making so that they can attract more exhibition participants by means of promoting future tradeshows. Additionally, this study will contribute to the literature by providing a theoretical basis in the context of tradeshows for the measurement of exhibitors’ objectives (i.e., social value).

LITERATURE REVIEW

The Effects of Perceived Value and Social Value

Perceived value has been defined as customer perceptions of the estimated utility of a product in terms of what is received versus what is given by the customer (Zeithaml, 1988). Sánchez, Callarisa, Rodríguez, and Moliner, (2006) found that consumer behaviors vary depending on the degree of consumer perceptions related to the value of products and services. Additionally, Ryu, Han, and Kim (2008) found perceived value to be a predictor of customer satisfaction and behavioral intentions.

In marketing research, social value refers to the social impact made on a customer’s image from the purchase of a product or service when a customer utilizes that product or service (Sánchez et al., 2006). In a similar manner, exhibitors will make a decision on whether to attend a tradeshow by considering the effects of attending will have on the company’s image during an exhibition (Barezyk, et al., 1989; Shipley et al., 1993). Additionally, companies may participate in certain tradeshows in order to avoid any misunderstanding that may result from the company’s absence at the show as they wish of avoid creating an image that their absence may be interpreted by competitors as if the company was having financial and/or managerial difficulties (Williams, Gopalakrishna, & Cox, 1993; Smith, et al., 2003).

The amount of effort required to meet exhibitors’ satisfaction levels, in terms of social value, influences exhibitors’ assessments of the success of tradeshows. Likewise, the extent of an exhibitor’s social value achieved at a tradeshow directly affects the exhibitors’ willingness to pay for a booth and social activities (Dodd, Monroe, & Grewal, 1991). Tradeshow marketers
must understand the significance of social value in differentiating their specific show from other shows. Based on the literature the following is proposed:

H 1: Social value has positive influence on exhibitors’ satisfaction.
H 2: Social value has positive influence on exhibitors’ willingness to pay.
H 3: Social value has positive influence on exhibitors’ intention to return.

The Effects of Satisfaction

Satisfaction has always been a crucial factor to predict positive future customer behaviors. Satisfied customers tend to have positive behavior intentions, a greater willingness to pay (Tsiotsou, 2006) and higher intentions to return (Severt et al., 2007). When this is applied to the context of tradeshows it can be seen that satisfied exhibitors are more likely to have a high intention to return to a future tradeshow and a high willingness to pay for either a large booth or a better location, due to the reduced risk of uncertainty as to whether their exhibition will be success or not (Patterson & Spreng, 1997). Based on the previous literature the follow hypotheses are proposed.

H4: Exhibitors’ satisfaction has positive influence on their willingness to pay.
H5: Exhibitors’ satisfaction has positive influence on their intention to return.

The Effects of Firm Size

Many studies propose that the size of a company matters in regards to exhibitors’ satisfaction, exhibitors’ return intentions, and willingness to pay fees for future shows. Small companies may feel satisfied by achieving recognition from their primary business sectors, especially when their booth has a prime location at a tradeshow (Hultsman, 2001). On the other hand, large companies may obtain some satisfaction at tradeshows through the generation of sales at the show and networking opportunities (Kerin& Cron, 1987; Williams, et al., 1993).

Despite the advantages of exhibiting at a tradeshow, differences in firms reasons to participate in tradeshows due to financial concerns have been found. Generally, theses concerns are related the expenses involved in exhibiting a show (i.e. booth rental fees, and costs of booth staff). Small companies often need to be more conservative in their spending habits than large companies. As such the number of tradeshows in which small companies attend per year is more likely to be fewer than that of large companies.

Based on the previous literature the follow hypotheses were derived.
H6: Company size has positive influence on exhibitors’ satisfaction.
H7: Company size has positive influence on exhibitors’ willingness to pay.
H8: Company size has positive influence on exhibitors’ intention to return.
The Effects of Exhibitors’ Experience

Exhibitors’ experience also has been found to be an influential factor on tradeshow exhibitors’ behaviors (Breiter & Milman, 2007). The prior experiences of exhibitors at a specific tradeshow can have an influence on the exhibitors’ beliefs and attitudes related to the show as well as the exhibitors intentions to return to the same show in the future (Kempf & Smith,1998). Novice exhibitors may focus on building a company profile in a new market place and creating relationships with customers and competitors, whereas experienced exhibitors may seek opportunities to support business partnerships and maintain their current market position (Motwani, Rice, & Mahmoud, 1992). Additionally, exhibitors’ satisfaction with a tradeshow can be influenced by the unique experiences they have at the show which they cannot obtain from their normal work environment (Severt, et al., 2007).

Based on these items the following hypotheses have been developed.

H9: Prior experience has positive influence on exhibitors’ satisfaction.
H10: Prior experience has positive influence on exhibitors’ willingness to pay.
H11: Prior experience has positive influence on exhibitors’ intention to return.

METHODOLOGY

Self-administered questionnaires were distributed to exhibitors who were exhibiting in their company’s booth at one of the hospitality related IT tradeshows in 2010 in Orlando, Florida. A total of 115 surveys were completed.

To measure social value, three questions were adapted from Sánchez, et al. (2006). Questions related to exhibitors’ behavioral intentions such as willingness to pay and intention to return were also adapted from previous studies done by Grewal, Krishnan, Baker, and Borin (1988), Ainscough (2005), and Kim, Lee, and Yoo (2006). All these items were measured on a five point Likert scale, ranging from 1 (strongly disagree) to 5 (strongly agree). To measure the size of the company and exhibitors’ experience, the company’s annual income and previous frequencies of visits to this specific tradeshow were recorded.

The data was formatted for use with SPSS 16.0 and the EQS 6.1 statistical software program. Descriptive statistics were run for all of the questions to check for errors in data entry and missing data.

In order to check for reliability Cronbach’s alpha was utilized. All of the values were found to be at an acceptable level of 0.7 or higher. A factor analysis was conducted utilizing varimax rotation on each of the survey items (Hair, Black, Anderson, & Tatham, 2006). This resulted in a total of six factors.
RESULTS

From the result of the demographic profile of respondents, company size was divided into two groups (i.e., small company = under $10 million revenue, large company = over $10 million revenue). Of these companies, approximately 43% were in the small company group and 57% were in the large company group. Based on the exhibitor’s experience, approximately 64% of the respondents were categorized as experienced exhibitors who had attended this tradeshow multiple times, whereas nearly 37% were categorized as novice.

To test the proposed model Structural Equation Modeling (SEM) was used. This analysis was conducted using the EQS statistical software program. In order to test the hypotheses of this study the goodness-of-fit for the proposed model was examined. The analysis showed the model to be a good fit for the data with a comparative fit index (CFI) and root mean square error of approximation (RMSEA) to be near the accepted cut off values [$\chi^2 (15, N = 115) = .73, p < 0.05$, CFI = 1.00, RMSEA = .00].

From the results of the data analysis, all except three of the proposed hypotheses were supported (Hypothesis 7, 9, and 10 not accepted). In other words, social value has a positive relationship with satisfaction, willingness to pay and intention to return (Hypothesis 1, 2, and 3 accepted). Company size has a positive relationship with satisfaction and intention to return (Hypothesis 6 and 8 accepted) while having a negative relationship with willingness to pay (Hypothesis 7 not accepted). Prior experience has a positive relationship with intention to return (Hypothesis 10 accepted) but a negative relationship with both satisfaction and willingness to pay (Hypothesis 9 and 10 not accepted). In addition, satisfaction has positive relationships with both endogenous variables of willingness to pay and intention to return (Hypothesis 4 and 5 accepted).
DISCUSSION

This study provides significant findings in regards to the effects of social value, company size, and prior experience on exhibitors’ behaviors in the area of tradeshows. First, this study provides new knowledge about exhibitors’ social value and their behaviors to the tradeshow context. Second, company size was found to have direct positive influences on satisfaction and intention to return while having a negative relationship with willingness to pay. These results support previous studies on the effects of social value on behavioral intentions (Sashi & Perretty, 1992) and the size of a company and participation (Shipley et al., 1993; Williams et al., 1993). Third, prior experience was found to be positively related intention to return while having negative relationships with satisfaction and willingness to pay.

As previously stated the findings of this study show a negative relationship between prior experience and satisfaction. This indicates that the more times an exhibitor has attended the same show the less satisfied they are with it. This may occur for multiple reasons. It is possible that the more times an exhibitor returns to a specific show the feeling of excitement and anticipation diminishes as they know what to expect and are no longer as interested in the show as they initially were the first time they attended. Additionally, there may be other factors effecting this relationship that were beyond the scope of this study such as the level of attention from tradeshow attendees given to returning exhibitors versus new exhibitors. If attendees who frequent the same tradeshows every year pay less attention to the booths of exhibitors that are continually attending the shows this could have a dramatic effect on the exhibitors’ satisfaction level. In addition to this there is a negative relationship between prior experience and willingness to pay. The reasons for this negative relationship may be somewhat similar to that of prior experience and satisfaction. The main reason being that the more often an exhibitor attends a tradeshow the less benefits they feel that they receive from it. Thus, they are less willing to pay for the tradeshow as time goes on than when they first began attending the show. Also, the negative relationship between company size and willingness to pay suggests that small companies are likely to pay higher fees than they currently pay for a larger booth space and a better location whereas large companies are less likely to pay additional amounts for these aspects as they might already be utilizing large booths and good locations.

The findings of this study are important for tradeshow organizers as the results of this study can be used to aid in determining marketing strategies to attract and retain exhibitors to specific tradeshows. The results of this study indicate that experienced exhibitors are more likely to show lower levels of satisfaction and have less intention to pay for large booth space. Show organizers need to be aware of this as they may be able to establish strategies to combat some of these attitudes such as expanding networking events and provide support for the exhibitors with materials such as advanced access to attendee lists so the exhibitors can achieve their show objectives.

A recommendation for future researchers is to examine exhibitor’s perceptions of booth size and location and the effects on satisfaction and willingness to pay. By comparing the actual
dimensions and physical location on the tradeshow floor of each booth with the exhibitors levels of satisfaction a model could be developed for the types of booths that would provide the most internal benefits for exhibitors based on their company profiles. In addition, even though prior experience was found to be an important factor for satisfaction and behavioral intentions, future research measuring prior experience and return intentions based on the exhibitors feeling of whether the show was successful may provide a deeper understanding of the relationship between prior experience and exhibitors’ decision making.

REFERENCES


