

Tradeshow Access Programme funding shows **seventy pounds of business won for **every pound** of support**

(A survey of business won by UK companies receiving UKTI TAP support, who exhibited at an overseas exhibition with a UK group organised by GAMBICA from 2011-2015)

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Summary

Gambica has been organising groups of UK companies (both members and non-members) to overseas exhibitions, and facilitating UKTI TAP support, for many years. We know that for our industry sector (and believe for many others), it takes time to see the full benefit from exhibiting at these shows.

We wanted to find out the level of return that companies see a number of years later, when they have had time to develop their business from the contacts they met at these shows.

The results showed that companies taking part have returned an average of seventy pounds of business for every pound of support received. This level will only go up further as many will gather more business from the partners they have appointed and met while exhibiting on a UK pavilion at an overseas tradeshow.

As the UK now needs to develop its exports even more, we believe this survey shows what an excellent return the taxpayer gets from supporting UK companies to attend overseas exhibitions through organised groups.

If the UK is to continue to export its goods and services in the post-Brexit era, the need for continuing, consistent and properly funded government support to help companies attend UK groups at overseas exhibitions has never been greater.

About Gambica

GAMBICA is the UK trade association for companies in the Instrumentation, Control, Automation and Laboratory Technology supply industries. The industry is a net contributor to the UK GDP with an export surplus in the region of £500m.

Gambica is one of around 100 UKTI accredited Trade Challenge Partners (TCP). Like most TCPs we are a not-for-profit trade association or Chamber of Commerce.

We have been organising groups of UK companies to exhibit as a UK group at overseas exhibitions for around 50 years. Many of these companies have received support from UK Trade and Investment (and other government departments in the past, i.e. DTI) through the Tradeshow Access Programme (TAP), which gives companies a grant towards the cost of exhibiting in a UK group at overseas exhibitions.

Reasons for the survey

At a time of increasing Government financial restrictions, we went out to companies who have benefited from UKTI TAP grant support at overseas exhibitions, to see what impact that support had generated.

In the past UKTI has surveyed companies immediately after a show and then 6 months after the exhibition they have attended. Certainly for our sector, and we believe many others, this time frame is far too short to measure the real outcomes from exhibiting at an overseas exhibition.

The reason for this is that many of the SME companies in our sector use distributors, and to a lesser extent, agents, in order to sell their products overseas. Finding, appointing and then training these distributors and agents is the key to successful exporting for most. Later, as companies grow their market overseas, they may later set up their own offices in some countries.

All the above takes time and it is not unusual for a new distributor to show results only one to two years after the initial meeting.

For those new exporters (be it new to export or new to market) exhibiting at an overseas exhibition is one, if not the best, way of meeting potential distributors and agents. There are also many additional benefits of exhibiting overseas and being immersed in that market. These include being able to assess the country, international competitors and peers, allowing collection of valuable market information.

The process of finding, then agreeing to work with, and finally training a distributor/agent is not a quick one. In a similar way to a new employee, the distributor only really becomes productive after this initial period - and often some time beyond that.

Typically the whole process will take 6-12 months or longer. This can be extended even further - by an additional 12-24 months - if there is a need to obtain any registrations, for example, companies supplying equipment and consumables to the medical market (such as In-vitro diagnostics - IVDs), to hospital laboratories', or requiring country-specific certification (e.g. the EU CE mark, the Chinese CCE mark, etc.) and complete any other requirements to enter the market.

The Survey

Gambica wanted to find out the amount of business generated by exhibitors, after they have had time to develop that business.

By looking at the results from exhibitions as far back as 2011, we hoped to be able to see the roll up effect of appointing a distributor 3 or 4 years ago and from exhibiting at the same event two or three times. Lastly, we hoped to get a better picture of the return on investment that both the company and the government obtain by investing in exhibiting at an overseas exhibition.

From January 2011 to December 2015 Gambica organised UK groups to 29 exhibitions (see appendix 1 for a list of exhibitions). We took 142 different companies to these fairs, many to more than one.

Results

Twenty companies (see appendix 2 for the list of submitters) returned information on the amount of business and the number of distributors they had appointed from the exhibitions they had exhibited at, within the UK group and with a TAP grant.

Although twenty may seem a relatively low response we found that many companies had not kept records or that the people who originally took part at the exhibition had left. Those taking part represent a very good cross-section from our process and laboratory technology sectors.

In total these 20 companies included 10 Gambica members and 10 non-members. Between them they exhibited at a total of 58 shows.

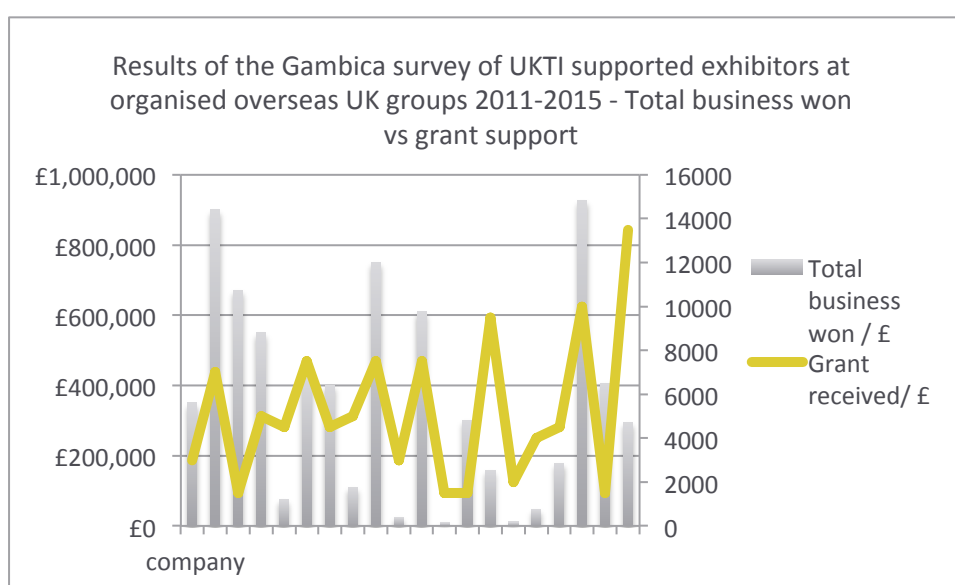
From those shows they have generated £7.2m of business, receiving a total of £104,000 of TAP grant support from UKTI in the process.

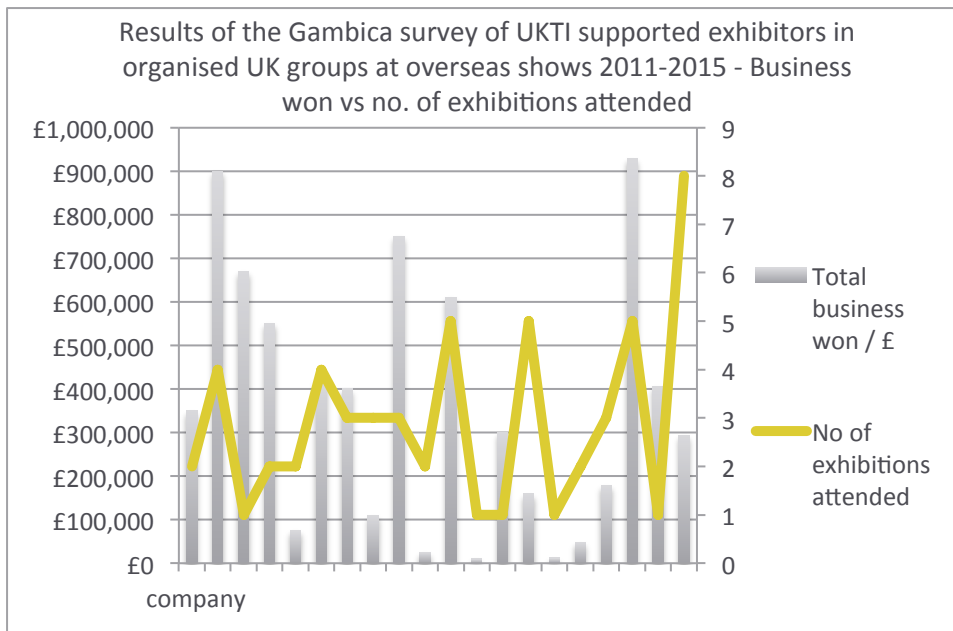
This gives an overall return, per pound of grant, of approximately £70, that is seventy times the return on investment.

The average amount of business generated per company, per show, came out at just under £125,000.

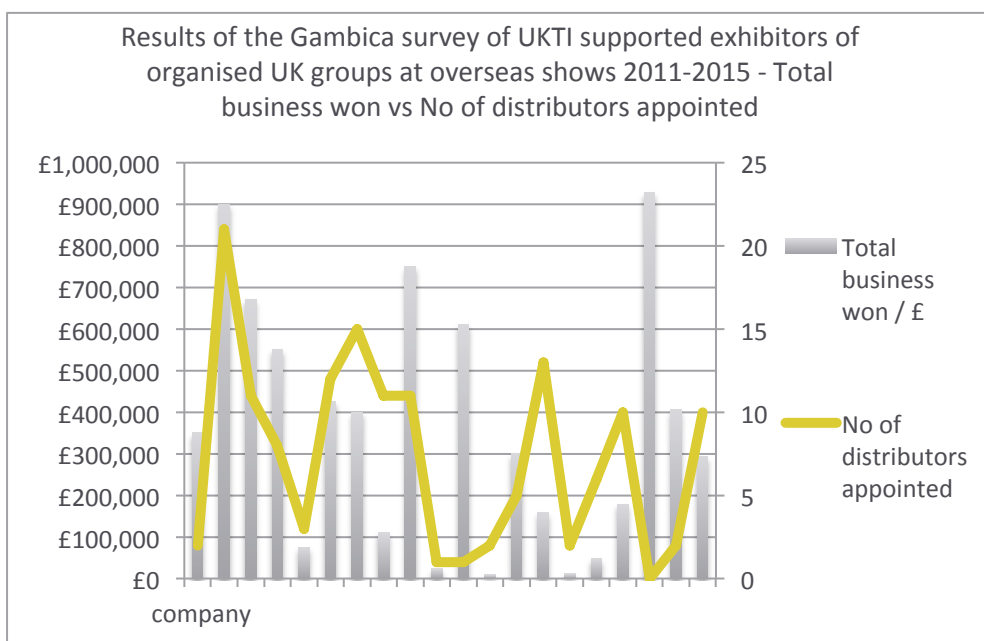
In total the companies appointed 146 distributors from their 58 exhibitions attended, a little under 3 distributors per show.

The graphs below show the variance of each company's business wins against grant support, number of exhibitions attended and number of distributors appointed. There is no obviously consistent correlation between the quantity and size of grants given and the total business won. We believe this is a reflection of where each company is in its business cycle, as can be seen in some of the individual company examples further on.

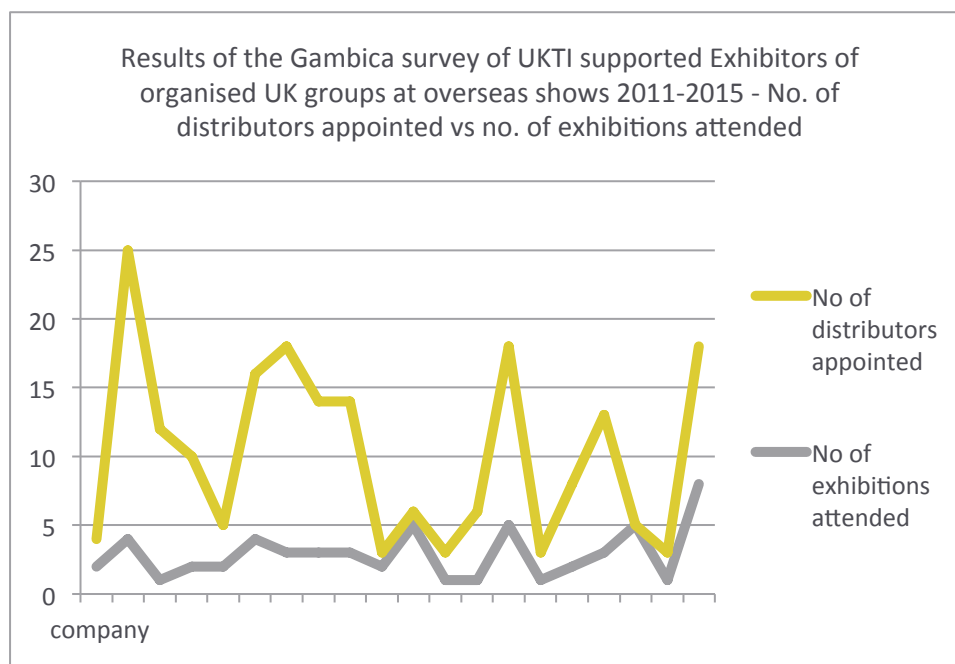




Similarly the number of distributors appointed shows no direct correlation; again this may be a reflection of where the company is regarding its current stage of export development.



There is, however, some correlation between the number of distributors appointed vs the number of exhibitions attended, as can be seen in the graph below.



Individual company examples

Below are the results from a number of companies who took part in the survey; illustrating the time it takes to see the full benefit from taking part at an exhibition.

Biochrom, a Cambridge based manufacturer of spectrophotometers, primarily for life science applications, exhibited with the UK group organized by Gambica at Analytica China (a biannual show) in 2012.

The value of the business they have won since attending is £400,000. They exhibited again in the 2014 show and have subsequently won another £150,000 worth of business from that show. This example shows the role on value from the 2012 exhibition.

Helena Biosciences manufacture automated electrophoresis instrumentation for medical research and diagnostics. They exhibited at Medlab (part of Arabhealth in Dubai, the largest medical show and conference in the Middle East) in 2013, 2014 and 2015. They have appointed 11 distributors from those three exhibitions and have generated £750,000 of business (£200K from 2013, £300K from 2014 and £150K from 2015) from the three shows and expect to generate more in the coming years.

Lorne Laboratories are a manufacturer of blood grouping reagents and test kits. Most of their products require medical registration (e.g. in the EU under the IVD).

They exhibited at Medica (Held in Dusseldorf each year it is the largest medical fair in the world, visited by distributors from all over the globe) in 2013, 2014 & 2015. Currently they have generated new business worth £75,000 from 2013, £18,000 from 2014 and £6,000 from 2015 and commented that they expect business to increase markedly during 2016 and beyond. This reflects the time taken for their products to get through the regulatory hurdles, once they have found a partner in that country.

Porvair Sciences manufacture a range of laboratory plastics. They exhibited at Achema in 2012 and again in 2015. Achema is the world's largest chemical processing show; it covers everything from process control to packaging, pumps to powders and automation to laboratory technology, across the chemical and biochemical field.

From 2012 Porvair have obtained £85,000 worth of business and from 2015 £32,000. They expect these amounts will increase as their 7 appointed distributors continue to place business.

Woodley Equipment supplies a range of laboratory equipment and products for medical and veterinary use. In 2012 they exhibited at Medica and have since generated £162,000 of business. From their 2013 participation they have generated £23,000 and from 2014, £14,000. They have yet to see any new business from the 2015 show. Again this reflects the time taken to develop their appointed distributors.

As seen in the few examples above, the time from exhibiting to obtaining business can vary from a few months to several years. Usually, however, once a good business partner (most commonly a distributor) has been appointed, this will lead to a roll on of business, long after the initial appointment.

Conclusions

We know from this and previous surveys (see the Sponsors Alliance survey of 2014 at <http://www.sponsorsalliance.net/press/pressarticle.asp?ID=43>) that taking UK SME companies to exhibit in UK groups at overseas exhibitions, generates an excellent return on investment. Indeed, one could argue that with such an obvious ROI, the companies should not need any encouragement or financial assistance from government.

The reality, though, is different, certainly for the GAMBICA sector SME companies. The secret to improving export business, for almost all of the companies Gambica take to overseas exhibitions, is finding distributors and agents in the markets they wish to develop. Finding those partners takes time and there is often no return for many months and often several years as the, relationship, training and regulatory requirement processes are completed.

The support from government, when used to help facilitate UK groups at overseas exhibitions, gives companies the confidence to take that first step or to explore the more challenging markets with a group. The trade challenge partner organising the group mitigates many of the risks of going into a market for the first time and the financial support to the companies ensures there are enough companies to make a group viable.

For many companies this makes the difference between going and not going. Once there, it is almost inevitable that the returns will materialise to justify the support.

If the UK wishes to continue exporting in a post Brexit environment the government needs to provide a properly funded, stable and consistent overseas exhibition scheme. TCPs need to know well in advance (ideally twelve months or more), which exhibitions will have support and the level of support needs to be sufficient to encourage the companies to take part.

Incidentally, the current level of TAP grant at £1500 to £2500 per company, is the absolute minimum to make it work.

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Appendix 1

Exhibition groups organised by Gambica from 2011-2015

<u>2011</u> MEDLAB11 (Dubai) annual CHEMTECH11 (India) Biannual PITTCON11 (USA) annual PIA11 (Vietnam) Biannual ANALYTICA VIETNAM11 (Vietnam) Biannual ANALITICA LATIN AMERICA11 (Brazil) Biannual BCEIA11 (China) Biannual MEDICA11 (Germany) Annual CIA11 (Singapore) Biannual (now discontinued)
<u>2012</u> MEDLAB12 ACHEMA12 (Germany) Triennial ANALYTICA CHINA12 (China) Biannual MEDICA12
<u>2013</u> MEDLAB13 PITTCON13 ANALITICA LA13 BCEIA13 MEDICA13
<u>2014</u> MEDLAB14 PITTCON14 ANALYTICA14 LAB INDONESIA14 (Indonesia) Biannual ANALYTICA CHINA14 MEDICA14
<u>2015</u> MEDLAB15 PITTCON15 ACHEMA15 ANALITICA Latin America15 BCEIA15 MEDICA15

Companies who submitted data to the survey:

ALCONBURY LTD
ATOM SCIENTIFIC LTD (M)
ATOMO DIAGNOSTICS LTD
BIOCHROM LTD (M)
BJS BIOTECHNOLOGIES LTD (M)
CECIL INSTRUMENTS LTD (M)
EUROHOB UK LTD
HART BIOLOGICALS LTD
HELENA LABORATORIES (UK) LTD
HTZ LTD (M)
JACKSON IMMUNORESEARCH EURO
JIM ENGINEERING LTD
KINESIS LTD
LORNE LABORATORIES LTD (M)
PARAGON SCIENTIFIC LTD
PCR BIOSYSTEMS (M)
PORVAIR SCIENCES LTD (M)
SERCON LTD (M)
SURFACE MEASUREMENT SYSTEMS LTD
WOODLEY EQUIPMENT COMPANY (M)

(M = Gambica member)