

International Travel – as an Export Promotion Measure

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Abstract

International travel or a foreign tour by exporters implies visit to a trade fair/exhibition. Trade fairs and exhibitions play an important role in international marketing by bringing potential buyers and suppliers/manufacturers in contact and impart information about the relevant developments around the world. The study has been undertaken with a view to find out the objective of exporters to visit a foreign country to attend a trade fair or an exhibition. Exporting units from Haryana state were categorized as status and non-status units. The analysis has been done on the basis of status as accorded by DGFT. Through analysis it was observed that 'to secure orders' comes out as the most favoured objective behind a foreign tour irrespective of status. Even the two industries i.e. Textile and Engineering follow the same suit. Food processing industry ranked this objective at third whereas their preferred was 'to evaluate importers/final users reaction'.

Keywords: Trade shows, Exhibitions, Promotion mix, Export

Introduction

A visit to foreign country is considered to be of paramount importance by exporters. The foreign tours generally imply visit to a trade fair/exhibition. Though fairs traditionally have been the medium of trade since immemorial times, the use and popularity of trade fairs and exhibitions tremendously now a days. The manufacturers display their products in an attractive manner in these fairs to find prospects in international markets. It gives an opportunity to the manufacturer/seller to study competitive products. It is also considered an important platform to enter into commercial agreements with other countries, to explore market potential and to exhibit the heavy products.

Objective and Research Methodology

Objective of the study is to find out the motive of the exporters behind a visit to a foreign country. Whether it enables them to penetrate the foreign market or they are able to secure orders. They may be in a position to evaluate importers or final users reaction. It may also facilitate them in collecting market information.

As Haryana contributes significantly to the export basket of India, it was decided to concentrate the research only to this state. Sample constitutes 76 exporting units from textile industry, 32 exporting units from food-processing industry, 20 exporting units from engineering & 24 exporting units from other industry.

To collect the information, the questionnaire was administered to sample units personally. Secondary data was collected from various published sources including but not limited to offices/libraries of Texprocil, APEDA, EEPC, ITPO, CII (Delhi, Chandigarh. The reference year for collection of data is 2014-15. The analysis of the data has been carried out by using arithmetic mean, percentage and ranking. Comparative analysis was conducted on the types of industry and export status. The unit enjoying any special status by D.G.F.T. (Director, General of Foreign Trade) e.g. Export House, Trading House etc. have been termed as special status units and other units that do not possess any of such status are termed as non-status units.

Review of Literature

In this chapter, an attempt has been made to review the various relevant literatures to support the study to generate some idea for developing a research design. Ganesh (2011), The trade fair is an important source of publicity in those markets where conventional advertising is hard to apply or where an on-the-spot demonstration of equipment is otherwise impracticable. As per Sasaka (2012) effect of product type, product life cycle and target customers are the major impact factor behind preference to foreign tours. Rahman (2013) Participants in trade fairs bear these marketing costs for their business advantage such as to increase their markets as well as their sales. Tafesse and Korneliussen (2011) investigated dimensions of trade show performance in an emerging market context. They found out that trade show performance was multidimensional in an emerging market context.

Li and Shrestha (2013) suggested that trade show participants in emerging markets tend to utilize trade shows differently from their industrialized market counterparts. found out that international trade show participation caused incremental changes in exports. They developed a model and investigated whether international trade show participation was an important factor to increase the country's exports. Peter & Donnelly, (2004) explained that markets strived for the right mix of promotional elements to ensure that their product was well received.

Kotler (2003) defined advertising as any paid form of non-personal presentation and promotion of ideals, goods or services by an identified sponsor. Yeshin (2006) noted that there were a variety of reasons why companies participated in trade shows. Major objectives being building awareness,

introducing new products, reach customers cost effectively, generate additional sales, gain information about competitors among others.

Aggregate and Status-Wise Analysis

Table-I describes extent of objectives achieved by foreign tour in aggregate terms and status -wise. Analysis on the basis of responses obtained for 'all exporters' category highlights that the objective 'to secure orders' is placed on first position followed by the objective 'to evaluate importers/final users reaction'. Third and fourth positions are secured by the objectives 'to collect market information' and 'enables the market penetration'. Special status exporters category thinks that the most effectively performed objective of foreign tours is to secure orders'. 'To evaluate importers/final users reaction' comes next. In this way the first two positions have been held by the same objective as in case of 'all exporters' category. But the third position is given to the objective 'enables the market penetration' while all exporters' category has given it fourth position. It implies that foreign tours may not serve as a major too; for market penetration. Also, special status exporters opine that the foreign tours are not carried out with the prime objective of collection of market information. Ranking pattern for the non-status category is rather ambiguous as three out of four objectives listed in the table namely "to evaluate importers/final users' reaction", "to secure orders" and "to collect market information" have been scored equally. It implies that non-status category exporters must initiate proper planning with regard to the objectives.

TABLE - I

OBJECTIVES OF FOREIGN TOURS: AN AGGREGATE AND STATUS-WISE ANALYSIS

	Special Status		Non-Status Firms		All Exporters	
	\bar{X}	Rank	\bar{X}	Rank	\bar{X}	Rank
Enables the market penetration	3.05	III	2.70	IV	2.89	IV
To evaluate importer's/ Final user's reaction	3.30	II	3.30	I	3.30	II
To secure orders	3.49	I	3.30	I	3.41	I
To collect market information	2.91	IV	3.30	I	3.08	III
No. of firms	43		33		76	

Note: \bar{X} denotes sum total of assigned weights divided by number of responses.

It may be concluded that the most important objective which materialises through foreign tours is 'to secure orders', as it is ranked first in all the three categories. Foreign tours are certainly of some help in penetrating the market in case of 'special status' exporters in comparison to non-status category.

Industry-wise Analysis

Table-II displays the industry-wise analysis. The objective 'to secure orders' which is placed at first position in textile and engineering is positioned at third place in case of food processing industry.

TABLE-II
OBJECTIVES OF FOREIGN TOURS: AN INDUSTRY-WISE ANALYSIS

Objectives	Textiles		Food Processing		Engineering	
	\bar{X}	Rank	\bar{X}	Rank	\bar{X}	Rank
Enables the market penetration	2.97	III	3.20	IV	2.74	IV
To evaluate importer's/ Final user's reaction	3.03	II	3.50	I	3.12	II
To secure orders	3.34	I	3.30	I	3.17	I
To collect market information	2.78	IV	3.45	I	2.91	III
No. of firms	32		20		24	

Note: \bar{X} denotes sum total of assigned weights divided by number of responses.

The food industry considers that a prime objective of foreign tours is 'to evaluate importers/final users reaction. It is followed by 'to collect market information'. Engineering industry follows exactly the same ranking pattern as that of 'all exporters' category. Textile industry is different in terms of third and fourth positions. The objective of the market penetration is placed at third position by it. The only other category which ranks this objective at third place is 'special status' exporters. In all the other classifications, it has obtained fourth position. It implies that foreign tours are comparatively important in achieving the objective of market penetration in case of textile industry and 'special status' exporters.

Promotion Expenditure

Aggregate and Status-wise Analysis

A perusal of the Table-III highlights that in aggregate terms of firms (57.89%) incur an expenditure on promotion within range of 1% to 5% of the export sales. A very few exporters (1.32%) spend more than 10% of their exports on promotion and advertising. Approximately 32% of firms incur expenditure on promotion just less than 1% of their export value. Status-wise analysis also brings out similar results. None of the special status firms is found to spend more than 10% of exports on promotion whereas in 3.03% of non-status firms are found spending more than 10% of exports.

TABLE - III

EXPENDITURE ON PROMOTION: AN AGGREGATE AND STATUS-WISE ANALYSIS

Expenditure	Special Status	Non-Status	All Exporters
	Firms %age	Firms %age	Firms %age
Less than 1%	32.56	30.30	31.58
1% to 5%	58.14	57.58	57.89
5% to 10%	9.30	9.09	9.21
More than 10%	0	3.03	1.32
Total	100.00	100.00	100.00
No. of Firms	43	33	76

Conclusion & Findings

The prime objective of foreign tour of all exporter category is to 'secure orders'. This objective remains at first position irrespective of the status of exporting units. 'Special status' category exporting units ranks 'to evaluate importers/ final users reaction' as second. 'Non-status' category exporters rank the three objectives i.e. 'to secure orders', 'to collect market information' and to 'evaluate importers/final users reaction' at par.

Industry wise analysis brings forth that 'to secure orders' is the main objective to visit a foreign country in case of Textile and Engineering industry units while the same objective is ranked at third position by Food processing industry. 'To evaluate importers/final users reaction' is the most important objective according to Food processing industry. Food processing industry also gives different results for the second position as well. 'To collect market information' is rated at third and

fourth position by Engineering and Textile industry whereas Food processing industry units give it a second position in preference. Both Textile and Engineering industry rates 'to evaluate importers/final users reaction' at second position. Special status firms were found to not spend more than 10% of their export sales as expenditure on promotions. Majority of firms irrespective of their status spend on international visits in the range of 1% to 5% of their export sales.

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