

Congress and Exhibition Activities in Russia: Problems and Prospects of Development in Modern Market Conditions

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ABSTRACT

The article deals with the main problems related to the congress and exhibition activities; identifies the features of creating an exhibition infrastructure in the regions of Russia; analyzes the dynamics of congress and exhibition activities development in Russia; identifies the causes that affect the development of congress and exhibition activities. The authors have analyzed and assessed the rating of event potential, evaluated various changes that contribute to the development of congress and exhibition activities in the regions of the country; the authors offered and analyzed the measures that contribute to the quality and efficiency improvement of congress and exhibition events organization in modern market conditions.

Keywords: *congress and exhibition activities, development problems, development prospects, development dynamics, market, rating, event potential, exhibition events, presentations, exhibitions, market conditions, competition, congress and exhibition sphere, exhibition centers, development program, investment program, exhibition infrastructure, sports events, legislative framework*

1. INTRODUCTION

Congress and exhibition activities are the most important sphere of the economy, which contributes to the promotion of domestic products within the country as well as in the international level. It is not enough just to create a unique product or service, you also need to make a beautiful statement about its existence, attract customers, since every year the competition increases.

Congress and exhibition activities include various events:

- forums, round tables, conferences, various scientific events;
- youth events (festivals, tournaments, gatherings);
- presentations and exhibitions;
- sporting events such as championships and tournaments;
- celebrations (awards, awards, etc) [1, p. 16].

On the one hand, the number of congress and exhibition events (fairs and exhibitions) grows every year not only in Russia, but also around the world, the number of participants and the territory where exhibitions are held increases, there are qualitative changes – the focus of the exhibition becomes broader. On the other hand, there is a problem of the available space of exhibition centers in Russia, as well as insufficient development of the legislative framework. Today many specialized exhibitions such as agricultural, medical, automotive are held within the restaurant, hotel, tourist business and others.

Based on the above, the chosen topic is relevant.

2. LITERATURE REVIEW

Today there are a few works on the potential and problems of congress and exhibition activities in the country. Let's analyze the opinion of some authors about the congress and exhibition activities. F.I. Sharkov interpreted exhibition activities as the most complex event in the marketing communications system. The author believes that exhibition activities in this system require thorough training, and therefore, high qualification of exhibition organizers, practical knowledge in the field of exhibition activities. Taking into account that the issues of organizing and holding exhibitions may differ for short-term exhibitions, short-term exhibitions and long-term exhibitions, and that these exhibitions have the same purpose – organization advertising, consumer interest increasing, product demonstration, F.I. Sharkov was able to generalize it and connect it to the functions of public relations and corporate advertising [7, p. 34].

K.A. Suleymanova follows the view point that in the context of unstable situation in the economy, major exhibitions do not give up their positions, and also have authority. In the congress and exhibition sphere, new directions are emerging; the main ones are import substitution. The authors believe that today it is important

not only to preserve the existing potential of the congress and exhibition business, but also to increase it and use it for the development of the Russian economy. Industry associations and unions should also play a role in the development of exhibition activities [4, p. 53].

A well-known person in the global exhibition industry S.P. Alekseev emphasizes that this industry is developing and will develop within 3-4% until 2020. It gives hope and inspires the development of congress and exhibition activities [2, p. 7].

E.V. Fedorova believes that according to the Concept of the Federal target program "Development of Domestic and Inbound Tourism in the Russian Federation (2011-2016)", the priority direction of development for Russia is business tourism. The creation of new enterprises and improvement of existing ones in economic sectors, the level of economic development, and the intensive introduction of foreign companies to the Russian market will affect the possible growth of business tourism in various cities and megacities [6, p. 25].

O.M. Aseledchenko studying various materials concluded that in the near future the congress and exhibition activities in Russia will establish links with international leading companies from all over the world, develop cooperation with these countries, for example, with the CIS countries, which will give an impetus to development. Since the past years, Russia's congress and exhibition activities had an internal direction, that was orientation to the domestic market, as well as to western countries, this policy did not bring the necessary results, development of activities due to the missed opportunity to capture a certain market share. There are about 243 million people in CIS countries who could become guests and potential clients of exhibitions [3, p. 92].

A German author R. Arzt emphasizes that it is important to focus on qualitative indicators of improvement in the development of congress and exhibition activities which may include:

- technique equipment of the exhibition place;
- availability of rest and food rooms;

- meeting rooms, translation services;
- high qualification of the personnel [3, c. 26].

3. RESEARCH METHODOLOGY

As analyzes above congress and exhibition activities include various events, including sporting events such as championships and tournaments. In this regard, the authors note that the significance of sports events in modern market conditions is obvious. Interest in the country's regions is increasing every year.

It should be marked that in Ekaterinburg in order to provide conditions for mass sports, an active lifestyle, as well as in terms of preparation for the 2018 FIFA World Cup matches, the reconstruction of three training grounds has been completed: the municipal autonomous institution "Ural", the municipal autonomous institution of sports and recreation "Kalininets" and Ekaterinburg municipal unitary enterprise "Himmash".

The level of material and sports base development allowed Ekaterinburg to become a platform for competitions of various levels. In 2017, 22 international competitions were organized on its territory (in 2016 – 8 competitions) and 213 all-Russian competitions (in 2016 – 228 competitions) [5].

Congress and exhibition activities in Russia have a turnover of about 800 million dollars a year, which gives Russia the right to occupy the seventh place in the world. Every year about two million square meters of exhibition space are held as well as about 950 exhibitions have the B2B format [1, p. 19].

But the obvious problem is the area of exhibition centers in Russia, so in the country there is about 2% of the world exhibition area. It can be explained by the fact that exhibition areas are located, at least, in the cities of central Russia such as Moscow and St. Petersburg which have new large exhibition complexes (figure 1).

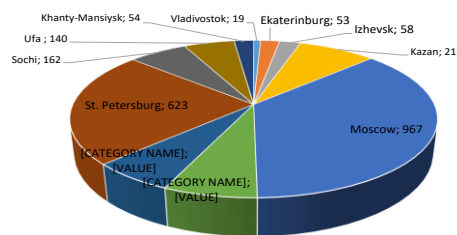


Figure 1 The number of exhibition events held in Russian cities

The improvement of the legal framework is also a problem to be solved. For example, the adoption of the Federal law

on congress and exhibition activities would help to solve the disproportionate placement of space in Russia.

Creating exhibition infrastructure in the regions is impossible without creating and adopting a special federal investment program and the use of a mix of public and private partnerships. The advantage of this system will be the development of regional infrastructure, since one invested ruble for

participation can bring 6 rubles of income, which the exhibitor will be able to spend in the future, and, consequently, pay any taxes. Let's look at the development dynamics of the congress and exhibition activities in Russia as a whole for 6 months of 2018 (Table 1).

Table 1 Dynamics of congress and exhibition activities development in Russia

name	rented area	total exhibition area	exponents			totalvisitors
			total	domestic	foreign	
2017	499 004	539 104	30 489	24 775	5 714	1 841 362
2018	468 843	518 987	27 523	21 078	6 445	1 758 613
dynamics, %	-6,04	-3,73	-9,73	-14,92	12,79	-4,49

The data in the table shows that the situation was more promising in 2017. There is a decrease in the lease of exhibition area by 6.04%, and the total area decreased by 3.73%. The total number of representatives of the exhibition decreased, but among them foreign exhibitors increased in number, but domestic ones decreased, as well

as the total number of visitors (Figure 2). It means that this activity is not developing well in Russia, and there is no support from the state to encourage congress and exhibition activities. Also a decrease in the number of domestic exhibitors means a lack of funds for participation in congress and exhibition events.

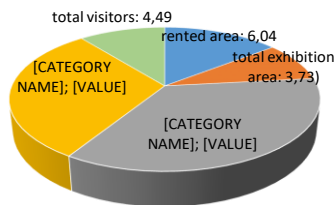


Figure 2 Dynamics of congress and exhibition activities development in Russia

So there are many unsolved problems in Russian congress and exhibition activities such as:

- department disunity;
- insufficient legal framework;
- lack of modern regional exhibition infrastructure;
- underestimation of the exhibition potential by Federal executive authorities.

An important factor for the Russian economy is the development of exhibition activities.

Most often congress and exhibition activities are aimed at supporting the development of industry, the use of modern

technologies in production, and the provision of services. The development of congress and exhibition activities in the regions of Russia should be supported by the state, as well as be a priority for the domestic market.

The influence of external factors (economic and political) to some extent gave impetus to the development of regional congress bureaus, the number of which has increased since 2014. Considering the rating of event potential, you can evaluate and track various changes that contribute to development of congress and exhibition activities in the regions (Table 2).

Table 2 Rating of event potential of Russian regions [10]

Region	City	Place, 2018	Place, 2017	Place, 2016	Dynamics 2017-2018
St. Petersburg and Leningrad region	St. Petersburg	1	1	1	-
Sverdlovsk region	Ekaterinburg	2	2	2	-
Krasnodar Krai	Sochi	3	3	3	-
Republic of Tatarstan	Kazan	4	5	5	+1
Nizhny Novgorod region	Nizhny Novgorod	5	7	8	+2
Bashkortostan	Ufa	6	8	11	+2
Krasnodar Krai	Krasnodar	7	4	4	-3
Kaliningrad region	Kaliningrad	8	16	20	+8
Murmansk region	Murmansk	9	12	13	+3
Primorsky Krai	Vladivostok	10	6	6	-4

The Moscow region and Moscow do not participate in this rating, since this region has a high level of event potential. Two cities of Krasnodar region were analyzed: Krasnodar and Sochi, where the volume of investment in event infrastructure is very large. This analysis was conducted according to 5 groups of indicators:

- availability of special infrastructure (ability of the city to organize exhibition events, estimated availability of congress hotels, international trade centers, as well as the congress and exhibition centers themselves);
- regional development and promotion program (opportunities the region has for tourist attraction);
- event industry policy (administrative coordination level of all market participants);
- experience in conducting these events;
- tourist attractiveness (number of tourist sites, availability of transport).

Murmansk and Kaliningrad are marked among top ten for the first time that means an increase in the above indicators. Ufa is also worth noting taking a position one step away from the top five, thanks to the active process of Bashkortostan congress bureau; the city improved the indicator almost twice in 2018 compared to 2016. The 2018 FIFA World Cup was a major factor in raising Kaliningrad's ranking to eight. The cities included in the top ten are active not only in the Russian market, but also in the foreign one. Therefore, cities lagged behind in the rating of event potential need to follow the experience of these cities, participate in major specialized Russian and international events, and develop the city's brand to increase awareness.

Here are some data concerning the congress and exhibition industry: Moscow is the leader of the congress and exhibition industry in Russia. Moscow's share is about 70 % of the all-Russian exhibition market [12]. In 2017, Moscow was ranked 78th in the ICCA rating [11]. Importantly, the priority direction of the city's development at the moment is the "smart city" technology. Singapore was chosen as the center of the Asian region, an innovative and rapidly developing city. In 2016, Singapore was recognized as the leader of the congress and exhibition industry in Asia by the International

Association of congresses and conventions. In 2017, the city was ranked 6th in the ICCA world ranking [11].

Paris is a leading European economic center with the largest business district in Europe, La Defense, with 17 universities and 70 business and engineering schools located on the territory of the destination. In 2017, Paris was ranked 2nd in the ICCA world ranking [11].

4. PRACTICAL SIGNIFICANCE

The practical significance of the work is that the offered conclusions and detailed analysis of problems in the framework of congress and exhibition activities will improve the quality of services offered, will allow using innovative approaches and experience of cities that occupy leading positions widely, as well as developing the city's brand to increase awareness.

5. CONCLUSIONS

Based on the above, we note that improving the quality of congress and exhibition events organization will, first of all, contribute to the high efficiency of the exhibition. The competence of the organizers is also important, as the selection of a relevant topic, exhibition complex, and proper design of the stand plays an important role in the success of the exhibition.

In addition, the authors believe that for congress and exhibition services development it is necessary to strive for world standards, to improve the old exhibition centers to meet the level of the best exhibition areas existing in the world. Constant use of congress and exhibition space will allow extracting maximum profit from these objects.

Russia has great opportunities (territory, audience, etc.) for the existence of a developed congress and exhibition activity, and if certain efforts to improve this area are made, better results can be achieved and Russia will be in the list of leaders. Also, the study of the considered problems will contribute to the development of the

country's economy and increase the flow of business tourism.

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