

Analyzing The Difficulties of Transformation and Upgrading of Local Exhibition Enterprises

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Abstract. s a new industry that promotes economic development, the exhibition industry can effectively drive the synergistic development of related industries in cities. As the main part of the exhibition industry, exhibition companies, like the exhibition industry, are also highly vulnerable to the impact of unexpected events. This study mainly took small and medium-sized exhibition companies as the research object and investigates how small and medium-sized local exhibition companies can cope with the business crisis exacerbated by unexpected events through transformation and upgrading using a case study. This study concluded that small and medium-sized local exhibition companies have not done enough in the four aspects of enterprise risk management, talent management, digital upgrading, and enterprise branding. Therefore, small and medium-sized local exhibition companies need to find or establish a risk management system suitable for their own conditions, a perfect talent management and cultivation system, a reasonable digital transformation and upgrading, and corporate branding. This study gave small and medium-sized exhibition companies some development suggestions to help them transform and upgrade to cope with the increasingly serious business crisis.

Keywords: Exhibition; Exhibition Companies; Transformation; Epidemic; MICE.

1. Introduction

1.1 Research Background

Since 2020, COVID-19 has been sweeping the world, and the quickly spreading epidemic has had a huge impact on global financial markets and posed an unprecedented risk to the global economy, especially in developing countries [1]. In order to effectively stop the spread of the virus, strict policies were put in place by the countries affected to cope with the crisis, such as travel bans, limitations on congregational activities, and closure and control management of some high-risk areas [2]. These social and economic stops reduced social productivity and thus led to a sharp economic contraction [3].

With the virus strain mutation and the relaxation of control policies for COVID-19 in most countries around the world, the global economy started to recover strongly after a low period of more than two years, but there are significant differences in the speed and strength of recovery among countries and regions, especially between developing and developed countries [4]. China, the world's second-largest economy and an emerging developing country has a very strong economic resilience. The strongest and most developed of these, the Yangtze River Delta city cluster, has seen significant economic recovery [5] As the mega-city at the heart of the Yangtze River Delta city cluster, Shanghai has strong economic development, high consumption power and is an internationally well-known financial and trade center [6]. At the same time, with new technologies such as VR technology, MR technology and the Internet technology concepts such as metaverse and digital-real fusion proposed in the last two years, all of them are making various service industry technologies be updated over time [7].

The exhibition is an industry classification that is a common name for aggregated activities such as meetings, exhibitions, festivals, reward tours, etc. The general industry abbreviation is MICE, (Meeting, Incentive, Conferencing, Exhibitions\Events) [8].

As an emerging industry that promotes economic development, the MICE industry is mainly concerned with effectively connecting information technology, money, and products needed for trade

interchange and cultural and technological exchange platforms between companies and businesses, nationally and internationally, through various conferences and exhibitions [9]. As an industry that can gather resources, people, and capital, MICE can bring a large number of people, capital, information and technology flows, etc. to the organizing place, thus promoting the synergistic development of local commerce, tourism, catering services, and other related industries. For the organizers and hosts, well-known large-scale exhibitions can bring them considerable economic benefits and effective image display and promotion. For companies, exhibitions are a shortcut to understanding the industry, competitors' dynamics, and consumers' actual needs and discovering potential consumers as well as exploring the market [10]. In the post-epidemic era, MICE can help companies and even the industry recover quickly.

Exhibition companies refer to companies that rely on various types of exhibition venues and related facilities to engage in the organization, planning and operation, and management of conferences, exhibitions, and festivals. They are economic organizations with profit-making objectives and relative independence [10]. According to the classification basis of the closeness of each type of company and exhibition activities, scholars concerned divide exhibition companies into three categories, (1) direct exhibition companies (2) indirect exhibition companies (3) supporting exhibition companies [8].

A lot of studies are making research focused on exhibition companies. For instance, Chen Yin took the normal operation of companies as the research object and analyzed the problems related to the establishment of the internal control system of exhibition companies [11]. Li Qiang took human resources as the research object and studied the problems related to how to improve human resources management in exhibition companies [12]. Taking the development planning of companies as the research object, Zhang Jingjing and other authors mainly studied the issues related to how to establish and strengthen the strategic decision-making management system of exhibition companies [13]. Zhang Jing took the new media marketing strategy as the research object and mainly studied the problems related to how to improve the new media marketing to be more suitable for exhibition companies [14]. Taking company finance as the research object, Wu Shuang mainly studied the problems related to how to improve the anti-risk ability and sustainable development ability of exhibition companies in the capital link [15]. Taking brand shaping as the core, Fang Luping mainly studied the current situation of exhibition branding of exhibition companies and how to shape brand exhibitions [16]. Taking digitalization as the core of the study, Zhan Yanru analyzed how to make use of digitalization to carry out the transformation of exhibition companies [17].

1.2 Research Gap

Due to the impact of COVID-19 policy changes, geopolitical conflicts, global economic decline, technological development, etc., a large number of exhibition companies have shrunk their business, reduced the scale of companies, dramatically shrunk their profits, lost serious customers, and some small exhibition companies even went bankrupt and closed down. This has forced a large number of exhibition companies to search for transformation and upgrading of their companies to cope with the increasingly serious business crisis. However, due to the uneven qualification levels and uneven resource allocation of exhibition companies, the transformation mode and difficulty of transformation of large foreign-funded and state-owned exhibition companies at the head and small and medium-sized private exhibition companies are different.

Compared with large exhibition companies, small and medium-sized private exhibition companies mainly face the fact that they do not make relative adjustments to various transformation modes according to their own conditions in the transformation process, and just pull various transformation modes together, resulting in no good transformation and upgrading of the companies' original business. Not only is there no good change in the business of the company, but the business risks may be further aggravated as a result. The most mainstream transformation and upgrading mode is the integration of online and offline development (digital and real integration development), business diversification, and enterprise branding development.

Therefore, this article will mainly analyze how small and medium-sized exhibition companies can make better use of the newly emerging Internet-related technologies to transform and upgrade their original businesses and how small and medium-sized exhibition companies can realize branding. In order to help small and medium-sized local exhibition companies deal with the increasingly serious business crisis.

2. Omaten Exhibition Technology (Shanghai) Company

Omaten is a cultural and technological unicorn enterprise in Shanghai, China specializing in exhibitions. It was formerly the online business division of DEMAGE MESSE and was completely separated from DEMAGE MESSE in 2019 to become a separate enterprise. Based on DEMAGE MESSE's related business, customer base, and sales and technical staff. Omaten has developed a new company. It has close to 200 independent intellectual property rights, and its service network now covers 599 cities in 106 countries and is the designated operator for hundreds of exhibition organizers around the world, as well as serving five CIIE. The company's main businesses are exhibition booth design and management, event planning, and, in 2022, the addition of a virtual live-streaming business unit. In addition, there are two other business units under the company, Huizhancheng, and Moxingyun. Huizhancheng is an exhibition platform that brings together a large number of small and medium-sized companies that can provide exhibition services. Moxingyun, on the other hand, collects design solutions from many designers.

Due to the emergence of COVID-19 in 2020 has hit the MICE industry hard and many MICE companies have not been spared, and Omaten is one of them. However, the emergence of the new pneumonia epidemic in 2020 has hit the MICE industry hard and many MICE companies have not been spared, and Omaten is one of them. In 2022, in particular, Omaten experienced a serious business crisis as domestic conventions were postponed and canceled for two years in a row due to the epidemic. Domestic business shrank sharply, client budgets were significantly reduced, a large number of customers stopped exhibiting, overseas business was almost suspended, and as a result of the shrinking profits of the entire business, remuneration packages fell and staff turnover increased significantly. As a result, Omaten had a business crisis and began to choose to transform and upgrade. The four main points were: (1) expanding the overseas business (2) expanding the virtual live business (3) proposing the MICE+ and MICE Metaverse concepts (4) setting up a Shenzhen company to enter the Shenzhen market. However, in reality, it did not reduce the business crisis of the company.

3. Analysis on Problem

3.1 Inadequate Internal Risk Control Systems

The industrial characteristics of exhibition companies have yielded them to have more complex procurement and supplier systems, while their main business is characterized by the simultaneous implementation of several projects at the same point in time and serious schedule differentiation, which has yielded exhibition companies to have a higher risk compared with general service-oriented companies. Take omaten as an example, during the peak period of exhibition projects, domestic projects, and foreign projects will be carried out at the same time, which mainly causes the problem of increasing uncontrollable risk factors in the management and procurement quotation of overseas projects. At the same time, when several exhibition design projects are carried out concurrently, a single designer will undertake several projects, and the progress control and quality control of the design projects cannot be fully monitored. Moreover, with more projects, project management staff are unable to go to the site of each landing project to conduct on-site control and ensure the quality of construction.

According to the research of relevant scholars, at the level of consciousness, the management of exhibition companies has not developed risk-oriented consciousness, and most project executives have not developed risk consciousness either. At the management level, the organization of internal

risk control is not clearly set up, its functions are divided and its rights are relatively weak. In terms of content, no risk control system has been formed to suit its own situation. In terms of supervision, most of the exhibition companies have not formed a dynamic supervision mode, resulting in the inability to provide timely warning of risks [11]. Therefore, the lack of risk control construction has led to the successful transformation of conference and exhibition companies in terms of successful business expansion.

3.2 Limited Professional Talents, Incomprehensive Talent Development and Training System, and High Turnover Rate

Professional learning in the exhibition sector began late in China, and professional talents, particularly high-level professional talents, are in short supply, resulting in the phenomena of monotonous talent [17]. At the same time, the uncertainty of the general industry outlook has resulted in company profitability shrinking and employee wages and welfare decreasing, leading to a situation in which enterprises are unable to retain personnel. Companies have also not done a good job of building a comprehensive talent training system in terms of talent system training. The project management personnel in Omaten are not in a class of their own, and most of them lack basic exhibition competence, relying primarily on long-term experience to fulfill their responsibilities. Furthermore, the majority of the company's staff training is focused on theoretical knowledge training rather than practical training, while a big number of training courses remain on management and planning training is small. Furthermore, the decrease in profitability has resulted in a decrease in employee compensation and benefits, resulting in a big number of senior employees departing the company and a significant gap in the mainstay of talent.

According to research, a high turnover rate might have a negative influence on an organization. The departure of senior management can have a significant influence on performance, prompting the human resources department to spend money on talent recruitment, selection, training, and placement, which can lead to increased costs [18]. Companies are unable to restructure and modernize due to a shortage of talent.

3.3 Single Marketing Mode

According to relevant researchers, the future of MICE will be transformed from an autonomous business mode into an industrial business mode, associated with numerous sectors and building a relatively complicated industrial chain cluster. Many exhibiting firms have discovered that the development form of a single business will be gradually abolished by the market as a result of the influence of COVID-19 on the MICE industry. Omaten has also followed the trend and proposed the concept of MICE metaverse, however it lacks a defined border and, more importantly, it is a derivation of MICE+. However, the metaverse's underlying technologies, such as wireless network mobile communication technology, AR, VR, MR, big data, blockchain, NFT, and so on, are still being developed, updated, and enhanced. As a result, the metaverse's architecture remains unstable, and the technique of excitedly grafting the MICE to the metaverse for development is likewise unknown [19].

Furthermore, some exhibition firms' marketing strategies are still mostly centered on telemarketing, email marketing, and on-site development, which are more traditional marketing modes with higher inputs but lower outputs, and it is difficult to discover target customers [20].

3.4 A Long Way for Exhibition Companies

Nowadays, the gap between products and prices of many companies is further narrowed, so they start to turn to the competition between brand image and culture at a higher level. In addition to being a business card in the market, the brand of a company reflects the overall influence, substance, and pursuit of the company. Branding of a company can be transformed into corporate brand assets and, to a certain extent, save the company from the unfavorable situation of serious loss of tangible assets when it encounters a crisis [21]. It can also help companies to stand out from the crowd in the transition process and thus contribute to the success of the transition.

For example, Omaten, with its "five consecutive CIIEs" and "exhibition technology company" as brand highlights, is competing with other companies. However, in the last three years, due to COVID-19, there has been a large number of postponements of exhibitions, which has led to a decline in brand security and customer loyalty, not just for individual companies, but for the whole industry [22].

4. Suggestion

4.1 Establishing an Internal Risk Control System

Find or create an internal risk management system that is appropriate for the exhibition companies' specific needs. Whether it is the deployment of an internal control module or the implementation of a new internal control system, it is critical to allow the internal control system to evolve following its particular company context and to avoid talking about reform that is unrealistic. It is primarily from the awareness level, organization, and management level, project level, and supervision level that exhibition firms create their internal control systems.

Companies should create risk prevention awareness from the top down, and undertake comprehensive internal control training for management and staff, as well as professional internal control training for each department, to increase the overall company and each department's risk prevention awareness.

A commissioner or a special department should be established at the organizational and management levels to coordinate the promotion of internal control work in all departments and to assist management in improving the company's internal control system from multiple viewpoints. Second, the scope of the internal control department's rights should be clarified, and the digitalization of internal control should be gradually updated to realize internal control automation and reduce the influence of manual factors in the internal control link, in order to improve internal control efficiency.

For exhibition organizations, risk control should be refined into six internal control points of general control, project execution, finance, procurement, design, and drawing review based on the elements relevant to their own projects. Then, based on various internal control points, analyze the regular risks in advance and develop risk countermeasures.

At the supervision level, the primary goal remains to build and improve a good and fast feedback system, so that internal hazards may be identified and addressed in a timely way [11].

If an exhibition company builds a reasonably thorough internal risk control system, it will be able to front-load hazards and develop associated countermeasures ahead of time. This will lessen the negative impact brought to the company by unforeseen events, hence lowering the impact on the company's economic benefits.

4.2 Strengthen The Construction of Talent Training System

To "attract talents," "retain talents," and "cultivate talents," exhibition firms should use their own demands as a guide.

First and foremost, exhibition firms should build a solid staff career advancement framework and aid employees in career planning. They should also aggressively change personnel wage and welfare policies in accordance with the company's commercial position. At the same time, they should plan activities such as employee birthday parties and team building exercises. Strengthen the company's centripetal force and instill a sense of belonging in its personnel [17]. Meanwhile, exhibition companies should strengthen employee training by allowing senior employees to share their project experience and record it into corresponding thematic courses, or by introducing advanced training courses and inviting professionals from multiple related fields to train employees. This will improve staff's professional skills and overall quality, as well as promote the transformation of staff from single talents to composite abilities.

Exhibition firms should also monitor the quality of their training work and ensure that it goes beyond theoretical knowledge. Encourage experienced employees to take new employees to follow up on projects, so that new employees' theoretical knowledge can be strengthened in practice, and

also encourage new employees to establish projects and conduct projects on their own, thereby swiftly acquiring experience [23].

Attracting, maintaining, and cultivating talent can result in the organization having a significant portion of high-quality composite talents with a sense of belonging and centripetal force.

4.3 Promote The Upgrading & Realize The Development of " MICE + "

In comparison to the MICE Metaverse, informatization digital MICE and MICE+ are more suited to current technology and company development goals.

Data visualization for exhibition firms. The most significant element in the digitalization of exhibition enterprises is data visualization, so that all projects may be exhibited with visualized data, such as project progress, project location, project time, project staff involved, project budget, project suppliers, and so on. Data can also be obtained from the company's perspective, such as the annual performance completion rate and quarterly performance completion rate of each project execution department. This enables employees, as well as management, to view real-time operational data in a more intuitive manner [24]. The use of an OA system can assist to break down boundaries between departments, enhance overall efficiency, and eliminate hidden expenses. The implementation of an ERP system can optimize the overall business process and make it more uniform, but it should avoid complicating the approval process. The implementation of a CRM system allows for the efficient management and collection of exhibitor data, such as project budgets, reasons for lost orders, contact information, and so on, for the same exhibitor, as well as the sharing of exhibitor data across the company resources, while also avoiding data duplication caused by traditional Excel sheet management [25].

The "MICE+" paradigm allows for the integration of MICE with other technologies, promoting the development of MICE companies such as MICE+Big Data, which can encourage the shift from mass marketing to precision marketing through the collecting and analysis of pertinent data. Precision marketing can increase the conversion rate of exhibition enterprises' target customers, thereby increasing their business income [20]. Digital upgrading of information technology can greatly improve overall work efficiency and make the entire workflow more standardized and institutionalized. Meanwhile, investigating the "MICE+" model can integrate and develop other industry innovations. With MICE Integration, MICE firms may capitalize on their strengths while compensating for their limitations in order to better develop and deal with unexpected emergencies.

4.4 Branding of Exhibition Companies

Exhibition companies must begin by building brand infrastructure and establishing a positive corporate brand image.

Many small and medium-sized show firms do not pay attention to brand creation at this stage, resulting in the majority of exhibition companies not developing a clear brand. Exhibition companies' brands should be based on their own corporate vision, mission, corporate product quality, corporate culture, corporate values, and other elements to form a comprehensive business card that can represent the company, which is more akin to a kind of commitment made by the company in a sense [21].

Exhibition firms should develop their unique brand positioning, improve their brand core values that are distinct from those of other exhibition companies, and use various new media to propagate and promote their brands at the start of brand infrastructure construction. Because exhibition companies are B2B companies, the majority of their customers are enterprises, and enterprises are a collective made up of a few people making decisions, so when promoting their own brands, they should let the brands occupy the main position in the minds of these few people so that they can become the preferred solution for customers' needs. When the company's volume has grown to a certain point, the enterprise brand will become a multi-option, and buyers will continue to use the product as the primary guide, supplemented by the brand, to make judgments. As a result, exhibition

companies should concentrate on regulating product quality while building their brands, so that the quality of their products can complement their brands [22].

If exhibition firms focus on brand creation and cultivate corporate brands from the start, a good exhibition corporate brand may easily be changed into a brand intangible asset to assist enterprises in overcoming difficulties when major losses of tangible assets occur.

5. Conclusion

This article takes small and medium-sized local exhibition companies as the research object in the context of the post-epidemic era and conducts a study on the transformation and upgrading mode of the companies themselves. It explores the problems that small and medium local exhibition companies may encounter in the four aspects of transformation and upgrading, namely internal risk control construction, talent management, digital upgrading, and branding construction, and explores the corresponding solutions based on these problems.

The article adds a study on the transformation and upgrading of small and medium-sized exhibition companies. It can provide a new development direction for the small and medium-sized conference and exhibition companies whose business risks have increased due to unexpected events, so as to help these small and medium-sized conference and exhibition companies cope with the business crisis. This article takes a medium-sized exhibition company as the research object, and the number of cases studied is relatively insufficient, so the commonality of relevant suggestions may be slightly lacking, and the suitability and success rate of the transformation and upgrading model have not yet been tested. In the future, it is mainly to demonstrate the practicality of the suggestions made and to investigate the relevant suggestions into a relatively common suggestion. In the future, the development direction of small and medium-sized exhibition companies will mainly focus on the digital upgrading of small and medium-sized exhibition companies, analyzing how digitalization and Internet+ affect the development direction of small and medium-sized exhibition companies from the perspectives of management, talents, marketing, sales and products, and exploring the opportunities and challenges brought by digitalization to small and medium-sized exhibition companies.

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