

Freight forwarding and logistics companies as a part of global supply chain of the exhibition industry: transformation issues and sustainability

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Abstract

This study investigates the transformation process, trends and role of logistics companies working in the exhibition industry. The purpose of this research is to provide empirical evidence of the strategic importance of the exhibition logistics as a submarket of a global logistics market and to draw attention to the lack of research on this field of study. The authors use the methods of comparative analysis, systematization and sampling to build interrelation of transformation processes and relationship quality between exhibition industry companies and logistics companies as its suppliers, and to give a dedicated description of sustainability measures in the industry. The key findings of this study show that exhibition logistics and freight forwarding suppliers have to maintain all business issues that are significant to exhibition companies due to high dependency on them and long duration of relationship. In 2023-2024 exhibition industry shows significant growth and is going through a transformation driven by global economic and political factors. Exhibition logistics companies need to be in compliance with them by fostering a competitive edge, providing collaboration and following the global trends and technology progress. Sustainability issue comes in the new momentum on the top of the agenda. Initialized with the UN programs and related guidelines from UFI and IELA, sustainability measures become today not only a characteristic of environmentally-friendly and responsible business but also an evident benefit for its revenue. This research provides insightful suggestions for academics, policymakers and practitioners of the related field enhancing the importance of exhibition logistics companies as key exhibition industry partners.

Keywords: Exhibition logistics, International exhibitions, IELA, UFI, Trade shows, NZCE

Introduction

The exhibition industry is a platform for demonstration of goods, services and technologies stimulating trade on national and international markets, providing as well an exchange of ideas, knowledge and latest trends between the companies of the same economic sectors or market niches. Exhibition on-site communication is a great advantage which creates new perspectives of development for companies to be competitive on the market but also helps to consolidate market players from one sector to struggle with the common challenges. Bringing industries and countries together, exhibitions often play a protagonist role in setting purposes and goals in innovations, education and promotion of sustainable development and ESG-initiatives.

In 2022 United Federation of Exhibitions (UFI) launched the research “Global Economic Impact of Exhibition” to quantify the importance of the exhibition industry for the world economy. Together with Oxford Economics, UFI presented the analysis dividing economic impacts from exhibitions into three groups. Direct impact includes exhibition-related spending and jobs including travel costs for participants and exhibitors and has resulted in 140,7 billion of US-dollars. Indirect impact consists of supplier industry impacts that refer to exhibition service providers such as marketing, legal and finance services, accounting but also energy, food and beverage and other

companies from the exhibition supply chain. And the third group of impacts called induced impacts consists of employees spending in the broader economy. The total economic output of exhibitions including direct, indirect and induced was estimated as 334,5 billion of US-dollars that means that 58% of total impact refers to indirect and induced costs. It shows that service providers are a significant part of the global exhibition industry and exhibition supply chain. The purpose of this paper is to show how the global exhibition industry partners such as logistics and freight forwarder companies use innovative technologies and solutions to advance sustainable transportation and efficiency of exhibition.

Some researchers suggest service providers for exhibitions as a part of industry. Being deep involved in organization process service providers have a big impact on exhibition success and competitiveness in long-term. The figures in the last survey of UFI Industry Partner Working Group clearly prove this fact. Our study is highlighting some important questions and issues for building efficient and sustaining relationship between exhibition logistics providers and organizers/venue. The market niche of exhibition logistics providers is relatively underexplored so this study aims to provide essential and useful insights for the future research, policy-making and improvement in regard of company management.

In 2015 United Nations launched “The 2030 Agenda for Sustainable Development” with 17 Sustainable Development Goals (SDGs) which are developed and should be realized in a global partnership. And the exhibition sector with its communication and consolidating power can be one of the key drivers of implementing these goals.

The leading international association of the world's trade show and exhibition industry UFI with 840 member organizations from 87 countries launched the SDG database for the exhibition sector. This is an online platform for exchanging best SDG-practices among industry players and partners and accumulating success stories and cases to spread the ideas and inspire to join the initiative. Our research explores how the new sustainability rules can impact the exhibition logistics so we can indicate the changes and new priorities of business issues inside of the exhibition organization process.

Literature Review

Against the backdrop of increasing global competition and a difficult economic situation, both trade fair organizers and exhibitors are under high cost and competitive pressure. For this reason, efficiency is one of the most important success factors in the trade fair industry. In this context, exhibition logistics offers great potential for optimization, which exhibitors and trade fair organizers are increasingly recognizing and exploiting (W. Delfmann, & V. Bannas, 2017). The analysis of the digitalization phenomenon shows that digitalization also has a significant influence on the value creation of a trade fair organizer and its working partners (C. Menke, 2020).

Global exhibition industry trends, performance and transformations issues are studied in the works by Shevchenko I.V., Tololina A.B. (2019, 2020), & J. Witt (2021), Colston P. (2023), in the survey and reports from The Global Association of the Exhibition Industry UFI.

Interrelation between exhibition organizers / venue owners and other suppliers such as logistics and freight forwarding companies as a part of the exhibition supply chain is studied in the UFI Industry Partners Working Group Surveys during the period of four years since 2020.

Current developments, best practices and industry standards of exhibition logistics are studied in articles of G. Fornelli (2021), & B. Maienschein (2016).

Sustainability Initiatives used in this study are released by United Nations, The Global Association of the Exhibition Industry UFI and International Exhibition Logistics Association (IELA).

Materials and Methods

The authors use the method of comparative analysis to determine specific characteristics of relationships between different players of the exhibition supply chain in the period of 2020-2024 and to identify correlation in transformation processes. By offering a comprehensive understanding of trends in global exhibition logistics this research will offer a supportive information for developing long-term competitive strategies and creating successful and sustain exhibitions.

For this purpose, we use statistics from UFI Industry Partner Working Group surveys and data from the last publications about transformation process and trends in exhibition logistics. Target group of companies used in this research are the members of International Exhibition Logistics Association in 2024. The research objects are a global exhibition industry and the exhibition logistics and freight forwarding suppliers.

The method of sampling and systematization in this study is aimed to categorize exhibition logistics companies in a submarket and divide it into three groups providing special features of every group. Recognizing core trends of exhibition logistics through methodological approach is an advancement and enrichment both for academic discourse and practical needs.

The findings will highlight the evidence of exhibition logistics as a special niche and a submarket of the global exhibition market in an era of continuous technological evolution and turbulent global market challenges. The key insights of this research enhance the understanding what regulatory and support programs can be implemented for exhibition logistics globally.

Results and Discussion

Integrating the UN SGGs, the Global Association of the Exhibition Industry is providing its members with necessary support and best tools to encourage and promote sustainability. UFI has recognized the best practices and achievements in sustainability with the UFI Sustainability Award since 2011. This competition encourages exhibition industry members and partners to advance the processes of planning and organizing trade shows making them more sustainable.

In January 2024 UFI presented a new edition of “Global Exhibition Barometer” with the latest data, trends, challenges and outlook of the world exhibition industry. 419 exhibition companies around the world have responded to the main topics affecting the exhibition sector such as global economic developments, state of the economy of the home market, geopolitical challenges, sustainability / climate, competition from within the exhibition industry, internal development challenges, impact of digitalization and competition with other media. The sustainability issue has the fastest growth rate and has tripled since 2016 enjoying 13% of significance in 2024. That means the exhibition organizers and venue owners select the service providers which can satisfy the demand on necessary technologies and tools to make an event sustainable. However, the statistics are different from region to region. North America stands with 14% of significance in issue “Sustainability / Climate”, followed by the slight edge down by Europe, South and Central America and Asia/Pacific. Exhibition companies from the Middle East and Africa with 3% of answers in this issue that is very comprehensible for the developing markets. According to the 32-nd UFI Barometer in 2024, exhibition organizers are the most active in the topic of sustainability with 11% of answers followed by service providers with 10% of answers.

In the pandemic crisis, the exhibition industry and its players were facing enormous drops in revenues up to 68% with huge contractions in net rented space and employment that divided the history of the global exhibition industry into pre-pandemic-time and post-Covid-era. This milestone in the history of the global exhibition industry changed strategies of the companies and fostered transformation of the exhibition and fairs market and its players. It required to focus on creating a strong added value chain in the exhibition industry and related businesses. Exhibition logistics and freight forwarding companies are businesses which build exhibition business being also a part of this value chain. So, all processes, problems and trends happening with exhibition organizers, venues and participants cause a bullwhip effect by its suppliers.

In 2021 Jochen Witt, the CEO of the global exhibition consulting company jwc GmbH, Ex-President of UFI and Koelnmesse GmbH, picked out the most important issues about exhibition industry such as data management, AI-impact, sustainability, work environment, digital and virtual instruments and efficiency of revenue performance. And indeed, digitization was for years one of the dominant themes in the trade fair industry (Shevchenko & Tololina, 2019), and now the industry can use the experience of it managing new challenges in sustainability such as paperless control of operations.

Guido Fornelli, chairman of IELA (2021) and managing director of logistics company EXPOTRANS SPA, in the same time highlighted the three top-priorities for success in the event and exhibition logistics sector: reset of the cost structure, focus on talent and center strategy on sustainability (Fornelli, 2021).

IELA was founded in 1985 in Geneva, Switzerland, and consolidates leaders and niche providers of exhibition and event logistics into one global network. The IELA is a member of the UFI Industry Partners Working Group with the main goal: to provide top-quality exhibition performance by building the efficient cooperation between industry partners/suppliers and exhibition organizers/venues. In the 3rd UFI Industry Partners Benchmark Survey launched in January 2024 by UFI and JWC exhibition consultancy company, exhibition organizers and venue operators responded that the booth construction companies and freight forwarding and logistics providers enjoy the longest duration of partnership as it's shown below on Figure 1.

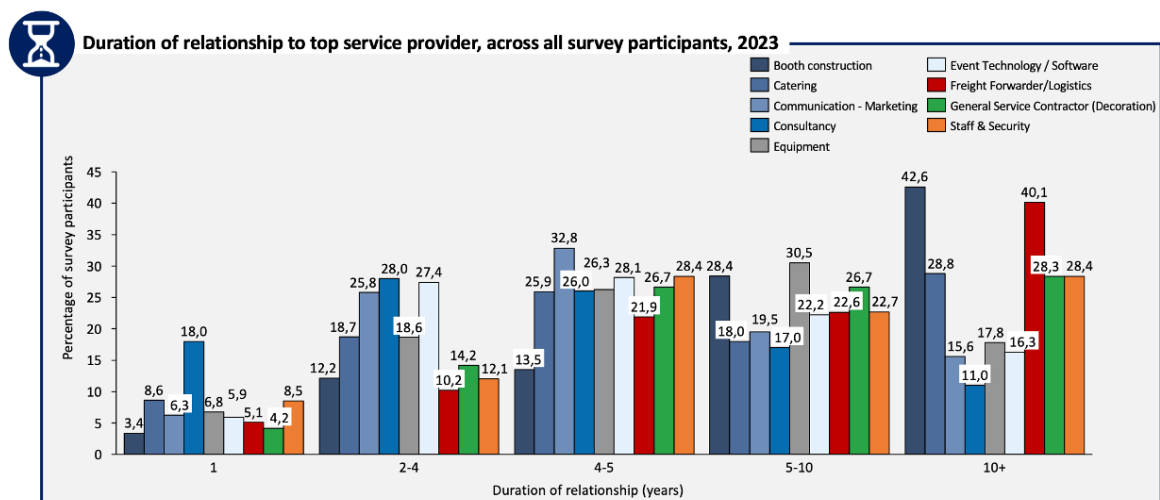


Figure 1 Duration of relationship to top service provider, across all survey participants (pure organizers, pure venue operator, organizer and venue operator)*

The majority of respondents of all UFI Industry Partners Benchmark Surveys come from Europe and Asian-Pacific regions so the results can be used as relevant mostly for these markets. Based on all three issues of UFI Industry Partners Benchmark Surveys from 2020, 2021 and 2024 we build a table with percentage of answers from respondents (pure organizers, pure venue operators, organizers and venue operators) that shows the dynamics of collaboration length between respondents and their service suppliers in the long term for more than 10 years (Table 1).

* 3rd UFI Industry Partners Benchmark Survey (2024)

Table 1 Dynamics of partner relationship between exhibition organizers / venue operators and different service providers on a long term of 10+ years[†]

Years	2020	2021	2024
Booth construction	43	42, 1	42, 6
Catering	26	28, 7	28, 8
Communication and marketing	16	15, 2	15, 6
Consultancy	7	9, 6	11
Equipment	21	26, 4	17, 8
Event technology/Software	14	17, 6	16, 3
Freight forwarder/Logistics	32	38, 8	40, 1
General service contractor (decor)	27	31, 6	28, 3
Staff and security	29	28, 1	28, 4

Analyzing the numbers in Table 1 we can see the clear tendency that most organizers and venue operators tend to build long-term partnerships with the service providers from booth construction and logistics and this number grows from year to year. The length of collaboration is correlated with the perceived value of this partnership. Certain number of logistics companies are founded as pure exhibition industry suppliers with a customized offer of services that are dedicated to cover specialized demand on services for the exhibition industry. That allows them to show the highest expertise creating unique solutions for exhibition business and get a better experience curve effect. On the other side the level of risks is quite high due to dependency on the exhibition business as main customers.

For this research we examine 200 logistics companies that are chosen deliberately being affiliated as members of the International Exhibition Logistics Association IELA. This sample of companies has based on criteria of their involvement in partnership and cooperation with exhibitions companies as it defined in the IELA assessment rules. This sampling serves the dataset from which the classification of logistics companies working in exhibition industry by company type can be derived. Indeed, it shall be noted that we consider the exhibition logistics market as a submarket of the general logistics market. Analyzing this targeted group of companies enables to give comprehensive understanding of this submarket for exhibition companies with the identification of companies features and portfolio. Being on the forefront of logistics and freight forwarding service members of IELA are the prior choice for exhibition industry companies. This analysis is a valuable resource for decision-makers from exhibition industry that can be used for choosing logistics partner worldwide. For this part of study, we analyzed following features as structure, portfolio and services in the information portal of IELA and official websites of the selected companies.

[†] Comparative analysis compiled by the authors based on UFI Industry Benchmark Survey in 2020, 2021, 2024

As a conclusion we identify the exhibition logistics suppliers can be divided into three main groups by type and service portfolio:

- Leaders of global logistics industry with wide range of different logistics services
- Niche players with specialized offer of logistics services for exhibitions and trade shows inclusive unique and customized services
- Exhibition logistics companies with diversification of services mostly demanded for exhibition supply chain e.g., booth construction to minimize risks

The first group has an advantage of worldwide presence, solid experience and better pricing for international transportation due to economy of scale and economy of scope. The strategy of these companies is to be present on all leading exhibition markets offering different modes of transport and end-to-end solutions for its customers. Global exhibition organizers prefer to choose global players on “new” exhibition markets where local companies don’t have enough experience and expertise yet or are just unknown. Good examples of global leaders are DB Schenker and Kuehne+Nagel.

Local exhibition organizers often favor smaller suppliers from the second and third group. In some cases, exhibitions are supplied with logistics services by two kinds of companies: leaders who are mastering general services and niche players with customized solutions. Exhibition logistics suppliers are closely interrelated into exhibition planning and organizing processes and expected to be in compliance with trends of the exhibition industry. The results of this study can be used by exhibition companies to modify decision-making process and by logistics companies who intend to work on exhibition market.

Rapid changes and technological processes in the modern world are increasingly contributing to collaboration between market players where they are not just the competitors but also partners in providing experience to each other and struggling common challenges. On the hand every group of selected logistics companies has their strength and weaknesses and can be employed by venues and organizers under different circumstances or build partnerships when global logistics providers can arrange small niche player for customized solutions. The diversity of logistics companies in our target group could be used to create a win-win scenario for the success of exhibition industry and logistics providers.

Nowadays sustainability is one of the significant issues on the global logistics exhibition market. And it comes not only from principal global programs and guidelines like “The 2030 Agenda for Sustainable Development” from the UN or Net Zero Carbon Events Pledge hosted by JMIC and supported by UNFCCC as it published in the 2-nd Edition “The Exhibition Industry and UN SDGs” in 2019. Sustainability has also become a market requirement: Informa, the world leading exhibition organizer in the STAX Top 20 ranking in 2022, shared that 80% of its customers indicated sustainability as a top-priority (Colston, 2023). It shows the evident relevance between sustainability measures in the organization and customer’s satisfaction. Furthermore, sustainability in 2024 has become a cross-industry imperative with some variation in importance from market to market, according to Hugh Jones, CEO of the RX (Owen, 2024).

This cross-industry influence resulted in some new initiatives in the exhibition logistics sector. IELA created a Sustainability working group to provide guidance and education on the sustainability process for the Association's members. The IELA Sustainability working group plays an important role for the industry providing necessary activities to implement the roadmap to Net Zero Carbon Events for driving sustainability in exhibition logistics. One of those activities was a launch of IELA GREEN Challenges with six core objectives within the association to foster a commitment to environmental sustainability, innovation, exhibition logistics industry reputation, global impact, educational initiative, cost reduction and market differentiation. For the members of IELA it gives a favorable position in the exhibition industry to be chosen as a logistics and freight forwarding services supplier for trade shows.

There are a number of new solutions and approaches offered by logistics companies that make the exhibition supply chain sustainable and reduce costs. For instance, logistics company WEL Group provides pooling of transported goods by optimizing the trips. Recyclable and reusable packing materials and crates are the functional solution for environment-friendly storage with less waste. A lot of leading exhibition logistics companies use electric or hybrid transport for freight forwarding and for transportation in venues. Expotrans SPA completes most of its services in Italian venues in Milano, Rimini and Vicenza with electric and hybrid forklifts (Fornelli, 2023).

Louise Viglaindi, Vice-Chairperson of the IELA Sustainability Working Group, is working at Clamageran Exposition, French exhibition logistics company, as Sustainable Development Manager. So, we can make a conclusion that sustainability is not just a topic of discussion or regulations on paper but a new reality in exhibition logistics becoming a part of organizational structure in exhibition logistics companies with dedicated practical solutions in their service portfolio. In a long distance view it could shape the new management model of exhibition logistics companies.

Conclusions

This study examined exhibition logistics companies as an indispensable part of the exhibitions supply chain globally and in every specific market. Our findings show that suggesting logistics suppliers as a prior partner in organizing exhibitions and trade shows lead to importance of future research and building efficient exhibition management principles. Enjoying a significantly long duration of partnership with the exhibition organizers and venue orders among other suppliers, logistics and freight forwarding companies are in the same boat with their customers navigating challenges, trends, market changes etc. After overcoming the pandemic crisis, the global exhibition industry has put sustainability on the top of their agenda and logistics suppliers followed them. Despite the difference in restrictions and importance of sustainability in every specific market, leading companies implement environmentally-friendly solutions, e.g., electric vehicles, and rebuild the organizational structure of their companies by introducing sustainability development departments. The benefit of sustainable measures today is not only a better business reputation but also better cost efficiency. And it is supposed to make sustainability a long-term business issue in the exhibition logistics and freight forwarding companies.

Competitive analysis of partnership duration between exhibition companies and its suppliers was conducted to measure the dynamics which is positive. More than 40% of logistics suppliers become an exhibition company partner for decades. It has a direct impact on the exhibition competitiveness and influence the performance of exhibition companies. On the other hand, it requires continual development, adaptability to exhibition market trends and transformations issues from the logistics companies working in exhibition supply chain. In this study we identify and describe logistics exhibition companies as a submarket of global logistics market with specific features and portfolio characteristics. These contributions can be used for both exhibition venues/organizers and logistics companies in strategic management and decision-making. It can also enhance international and national standards of the industry, regulations and other initiatives by taking into account the specific nuances of logistics for exhibitions.

This study is subject to certain limitations. The sample focused only on the member companies of International Exhibition Logistics Association, limiting generalizability of findings to the not-international companies. Future research could explore quantitative data of the exhibition logistics market and describe more nuances and specific feature of exhibition logistics companies. Further research could also build a ground for developing regulatory strategy or support programs for the exhibition logistics.

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