

**Evaluation of UK
Trade &
Investment's
Tradeshow Access
Programme
Final Report to**

**UK Trade &
Investment**

Prepared by

London Economics

September 2008

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Executive Summary

Introduction

London Economics was commissioned in September 2007 by UK Trade & Investment (UKTI) to undertake an impact evaluation of the Tradeshow Access Programme (TAP), and its predecessor programme Support for Exhibitions and Seminars Abroad (SESA).

The evaluation sought to clarify the economic rationale for government support for trade fairs, assess the effectiveness of the current TAP scheme, and suggest areas for further research.

Rationale for Government support for Trade Fairs

Attendance by firms at trade fairs provides a number of advantages. Most obviously, trade shows provide a direct selling opportunity for attendees, and so should provide firms with an increase in sales and exports (in the case of overseas trade fairs). However, a significant proportion of firms (both exhibitors and visitors) participate in trade fairs for other reasons such as relationship building, profile raising and information gathering.¹

Given that these benefits exist, government support for trade fair attendance can be justified in four ways.

- First, and most clearly, government support can encourage firms to attend trade fairs that would not otherwise have done so. In particular, this is justified by the need to overcome the possible information asymmetries relating to attendance at trade fairs (i.e. until firms have participated in a trade fair, they will be unable to ascertain the benefits).
- Second, attracting additional firms to trade fairs has benefits for those participants that would attend trade fairs in any event. All participants at trade fairs benefit from the attendance of new (and particularly innovative) firms, through the increased opportunity to discover new products and ideas (network benefits).

¹ SQW Consulting "A literature review on the Economics of Trade Fairs and the Role of the Public Sector", final report to UKTI, January 2008.

- Third, as well as aiding the participation of firms at trade fairs, government support may also improve the results that firms achieve through their attendance. This can be seen as part of the rationale for the organisational and logistical support provided (by sponsors) through TAP, as well as the profile-raising activities supported at Key Events.
- Fourth, promoting the UK presence at trade fairs may have wider benefits for UK firms more generally through raising the perception and profile of UK industry internationally (i.e. the scheme may have positive externalities).

Overview of TAP support

UK Government support for trade fair attendance has existed for a number of years, although there have been frequent changes in the exact nature and targeting of the assistance (for instance, TAP itself has only existed since April 2006).

TAP supports UK firms at overseas trade fairs in two ways. The first form of support is through the offer of financial support for eligible organisations to exhibit at trade fairs overseas. This financial support is available primarily for firms participating as part of a UK group (TAP Group), but there is also some support for firms participating individually (TAP Solo)².

Secondly, UKTI provides grants to Accredited Trade Organisations (ATOs) to provide marketing and/or promotional support to raise the profile of the UK Group at specific key exhibitions (“Key Event” funding). The ATOs also act as intermediaries between UKTI and firms receiving TAP support, and play an important role in recruiting firms to TAP, organising groups of firms to attend exhibitions, and handling TAP applications.

The key objectives of the TAP scheme are to:

- help new exporters overcome initial barriers to export;
- help high technology businesses and firms that are new to emerging markets learn how to use overseas trade fairs as part of their trade development plans; and
- help UK firms maximise the benefits from exhibiting at overseas trade fairs.

² The Solo scheme operated as a pilot from March 2003, before being established as part of TAP in 2006.

In total the TAP programme budget is around £8 million per annum, of which approximately 75% is used for grants to firms to participate in overseas trade fairs, with the remaining 25% used to support promotional activities at Key Events.

In recent years, and in particular since the inception of TAP in 2006, the scope of the programme (as well as the available budget) has been significantly narrowed. The programme is now focussed exclusively on trade fairs (it previously incorporated seminars and vertical missions) and eligibility for support has been tightened.

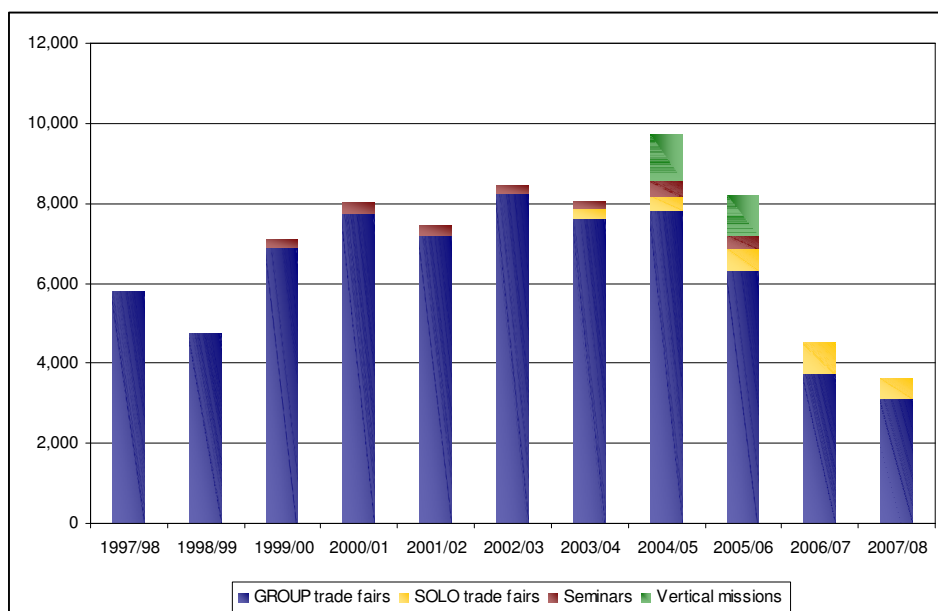
Support is now available only to UK-based Small and Medium sized Enterprises (SMEs) who are:

- new-to-export (based on percentage of turnover resulting from exports);
- new to (high priority) markets; or
- exhibiting at high technology trade fairs.

In addition, firms are also now restricted to receiving no more than 3 TAP grants in the firm's lifetime (the "3x rule").

As Figure 1 indicates, this has corresponded with a decline in the number of grants offered through the scheme. In 2007/08, approximately 3,600 TAP Group and TAP Solo grants were made, in comparison to the historic high of over 8,000 in 2002/03.

Figure 1: Number and type of TAP/SESA participations 1997-2008



Source: TAP database.

Methodology

Data sources

The evaluation drew on a wide range of data sources, including:

- TAP database consisting of UKTI information regarding the grants issued over the previous ten years;
- Previous waves of the UKTI Performance and Impact Monitoring Survey (PIMS);
- Amadeus financial database;
- Quantitative survey of TAP-funded and non-TAP-funded firms; and
- Qualitative consultation with ATOs and International Trade Advisors (ITAs); and
- Previous evaluation work and literature relating to trade show attendance

A summary of the methodology used for the quantitative and qualitative surveys is presented below.

Quantitative survey

To undertake a rigorous evaluation of the TAP programme, a key element of the study's methodology was to identify an appropriate counterfactual – i.e. what firms would have done in the absence of TAP. In order to achieve this, UKTI information relating to the firms that have received TAP Group support was linked to the Amadeus financial databank. A group of non-TAP-funded firms was then matched using a propensity score matching model based on the characteristics of the TAP-funded firms.

Following this matching process, the resulting sample of firms was used as the basis for a quantitative survey of firms administered by OMB Research. A total of 741 firms were interviewed, incorporating 272 TAP-funded firms and 469 non-TAP-funded firms.

The survey results were then analysed in two ways – through descriptive analysis, and an econometric analysis of the survey data in combination with data from Amadeus. Unfortunately, various data issues meant that we were unable to obtain robust results from the econometric element of the analysis.

Qualitative survey

The second element of the data collection exercise involved a series of quantitative interviews with the bodies that administer TAP. This included Accredited Trade Organisations (ATOs) who organise delegations to overseas trade fairs (TAP Group support); and the International Trade Advisers (ITAs) that administer the Solo aspect of TAP.

A total of 77 ATOs and 17 ITAs were invited to participate based on information provided by UKTI and responses from a total of 21 ATOs (including two written responses) and 11 ITAs were achieved.

Main results

Quantitative survey

Benefits of attending trade fairs

The survey indicated that firms experience a wide range of benefits from attending trade fairs. This includes a significant impact of trade fair attendance on sales and profit – with some two fifths of firms indicating that their sales would decline by more than 10% per annum if they did not attend any trade fairs. On average, the financial benefit from exhibiting at a single

trade fair (in terms of net profit including discounted future values) was estimated to be approximately £40,000 per company.

As well as these direct financial impacts, the information collected from the survey also indicated that firms experience a much wider range of impacts. These included factors that aid overcoming barriers to market entry, such as making business contacts, increasing company profile overseas, and learning about overseas markets. Each of these potential impacts was rated highly by companies and their potential importance was reflected in the fact that over 60% of exhibitors used trade fairs to enter new markets.

Notably, firms also experienced substantial impacts from attending trade fairs in terms of product innovation, making improvements to products and services, making improvements to product and service development and investing more in R&D. Further, the majority of firms believed that their attendance at a particular trade fair would improve their firm's productivity in 5 years time. This suggests that firms' attendance at trade fairs can contribute to UK innovation and productivity.

The evaluation also considered the benefits to visitors from attending trade fairs. The results indicated that visitors experience the same types of benefits as exhibitors – but generally these were less significant in size. The exception to this was, however, in the areas of making improvements to products and services or gaining new ideas about products, in which visitors experienced equal or greater – impacts than exhibitors.

Impact of TAP

The survey results indicated that UK Government support is able to impact firms' decisions to attend trade fairs.

Despite the fact that TAP grants account for only a small proportion of firms' costs in attending trade fairs, a significant proportion – around a third of firms – stated that they would not have attended a particular trade fair in the absence of support (with the proportion higher amongst smaller firms and newer exhibitors). The scale of this finding was also supported by the results of both willingness-to-pay questions, and also the findings of the econometric analysis.

This level of additionality supports a rationale for TAP based on the possible existence of market failure – that is that firms fail to attend trade fairs even though they would benefit from doing so. A likely explanation for this market failure is a lack of information for firms regarding the benefits they can achieve from attending trade fairs. Specifically, if firms have full information over the benefits associated with trade fairs, the only impact of providing funding would be the reduction in the cost faced by firms. Given that trade fairs represent a small cost to firms (relative to the overall costs of

running the business) if the market was characterised by full information, then we would not expect the grant to convince many firms to attend trade fairs. The fact that this is not the case – and around one third of the TAP-funded firms surveyed were convinced to attend by the existence of the grant – suggests that TAP support helps firms attend for reasons that are not necessarily financial.

Further evidence for this was also provided by the results achieved by firms that have not attended trade fairs. This indicated that a large proportion of firms had considered attending trade fairs, but had not done so. Costs and a lack of firm capability were presented as two important reasons for non-attendance; implying that government support in these areas could help firms make the commitment to attend.

Qualitative survey

TAP Group compared to TAP Solo

The qualitative surveys provided more insight into the ways in which TAP support can assist firms; and also the differences between the TAP Group and TAP Solo aspects of the funding.

The consultation illustrated a widespread belief that the advice and support offered to firms as part of TAP was as important to encouraging attendance – and also maximising the results achieved – as the financial support provided by UKTI. The feeling was that these two aspects work together to encourage participation and that the grant is key to attracting new firms.

In terms of the specific benefits associated with the TAP Group scheme, ATOs highlighted the logistical support they offer (including organising travel, accommodation and liaising with trade fair organisers), the networking events and services that are organised on behalf of companies in a delegation, and the ability to make a greater impact due to the UK branding offered at trade fairs. This was seen as particularly relevant to smaller firms – and new exhibitors in particular – who may not have the capacity to carry out many of these services themselves, and who may “get lost” if they exhibited alone at a large trade fair.

TAP Solo on the other hand, by providing firms with the opportunity to exhibit independently, was seen as offering firms greater flexibility. This allows them to select a trade fair that is most appropriate to their product and market position. There was a feeling amongst ITAs that this is more relevant to smaller companies who are more likely to have niche products, and who may be unable to make a significant impact at a larger trade fair.

Role of ATOs and ITAs

The qualitative assessment indicated differences in the way that ATOs and ITAs perceive their role as part of TAP. ATOs tended to focus on their role in promoting all the companies in the sector – with TAP as a helpful tool to aiding specific companies. This was reflected in their (general) belief that screening firms for TAP eligibility was not part of the function that they provided. ITAs on the other hand, reflecting their wider responsibilities, seemed to operate from a more micro perspective by focusing on assisting companies to move into export markets.

Concern over eligibility criteria and size of grants

The consultation indicated some concern – particularly amongst ATOs – regarding some of the eligibility criteria currently in place for TAP funding. Most commonly, a number of respondents were critical of the 3x rule which, it was believed, would limit the number of companies able to receive funding and in some sectors would effectively remove funding entirely.

This issue was frequently mentioned along with the explanation that often firms need to attend trade fairs several times in order to make an impact and enter new markets – particularly in the case of emerging markets where face-to-face contact and personal relationships are particularly important.

Some ATOs also voiced concern that many “worthy” companies were not eligible to receive support either because they failed to meet the “new-to-export” criterion or were subsidiaries of larger firms. A few ATOs also felt that the focus on SMEs was incorrect, with a more holistic approach to promoting “UK plc” required.

In addition, there was a widespread feeling that the level of grant is currently too low – and approaching a level where it will have no impact on firms. In fact, some ATOs stated that they now plan activities on the basis that no TAP funding will be available.

Cost benefit analysis

The cost-benefit analysis of TAP estimated that the total benefit of the programme in 2007/08 amounted to £57.1 million. Given the programme costs of £11.2 million, the estimated benefit-cost ratio is **5.1**.

However, this estimate only incorporates the direct benefits to firms themselves from exhibiting at a particular trade fair, and so may underestimate the total benefit of the programme.

In particular, the estimate may not include some impacts in terms of knowledge and productivity as well as broader ‘spillover’ effects (i.e. to other

British firms) resulting from the promotion of British industry at overseas trade fairs. Further, it does not incorporate other benefits firms may obtain through TAP (apart from deciding to attend at a particular trade fair) – such as exhibiting at further trade fairs in the future (without TAP support) or performing more effectively at a trade fair as a result of receiving support.

Conclusions

Rationale for government support for trade fairs

The evidence gathered during the evaluation pointed primarily to a rationale for government support based on market failure. Specifically, in the absence of government support for trade fair participation, too few firms would choose to exhibit, based on a lack of understanding of the likely benefits from attending (for instance).

The evaluation evidence illustrated that trade fairs provide firms with a wide array of benefits, including not only increased sales and profits, but also the ability for firms to overcome barriers to entry into new markets (through making contacts, increasing knowledge of overseas markets, improving profile and improving ways of doing business overseas). In addition, the results indicated that trade fairs assist firms in improving existing products and gaining knowledge about new ones; improving product development and increasing R&D. This suggests that supporting attendance can positively affect UK innovation and productivity.

There may also be wider spillover effects from TAP, from the role that trade fairs play in promoting industry in overseas markets. However this specific effect was difficult to quantify as part of this analysis.

There was considerable support for both the TAP Group and TAP Solo schemes from the evaluation evidence collected and in particular amongst International Trade Advisors. The two different routes were perceived to offer firms with flexibility, and allow TAP to reach a wider pool of appropriate firms.

Effectiveness of TAP

The evaluation provided mixed evidence as to TAP's ability to meet its programme goals. Firms do achieve benefits from trade fairs, and TAP support influences their decision to attend. This suggests that the programme is succeeding in its general aim of helping British firms succeed at trade fairs.

However, the scheme does not currently appear to be focused on UKTI's strategic priorities and the firms currently engaged in the scheme did not appear to consistently reflect the criteria for TAP eligibility.

In particular, the scheme does not appear to be focused on helping firms move into emerging markets. Notably, there are relatively few delegations to emerging markets, despite these being the specific markets where firms are likely to require the most logistical support. Further, the current criteria focus to a greater extent on new-to-export firms rather than firms looking to expand into new markets. In particular, the 3x rule may prevent firms from receiving support to enter emerging markets for the first time .

A further issue raised during the evaluation was the level of additionality of TAP, in terms of the number of firms that receive a grant that would not have attended a trade fair in the absence of the grant. The estimate of additionality for the programme as a whole is around 40%. To some extent the fact that some of the TAP resources are 'leaking' away from the intended recipients may be a necessary drawback that is associated with getting resources to the most appropriate recipients. Ex ante, it is clearly not possible to identify firms that would have attended trade fairs without funding in any case.

Despite the apparent low level of additionality, this does not imply that the resources received by firms attending trade fairs (that would have attended in the absence of TAP) are wasted. It is entirely plausible that these firms exhibit more effectively (offering additional services) when they receive a grant.

Recommendations

Clarify strategic focus

Given the general attractiveness of trade fairs across a number of sectors and the level of funding currently available, there is a need for the strategic focus of the scheme to be clarified, which will in turn allow a more rigorous monitoring and assessment of the programme. There appears to be a need for a clearer prioritisation and presentation of the various goals of TAP that can be easily communicated to all stakeholders; and used as a clear basis of the rationale and expected outcomes of the trade fair attendance supported by TAP.

Reconsider the current balance of funding between Group and Solo

Currently TAP is weighted heavily towards provision of support through the Group element of the scheme, which accounts for over 85% of both participations and programme spend. However, the evaluation failed to find any specific justification for this – given the fact the benefits received by Solo participants may be greater than those receiving Group support.

This suggests that further research is required to identify the most appropriate balance of funding. In particular, more information is required on the existence and quantum of the spillover effects that are achieved through Group provision. Further, the advantages that TAP Group offers in

terms of reducing the administrative cost and burden on UKTI also need to be considered in detail when determining the allocation of funding.

Aligning eligibility criteria with strategic objectives

TAP's priorities should be reflected more clearly in the eligibility criteria. At present, these appear to conflict – the 3x rule is a likely inhibitor to continued expansion into emerging markets, but makes sense in the context of aiding only new-to-export firms. Further changes could also be introduced to help firms in the highest priority markets/sectors. This might be achieved through allowing higher numbers of grants for trade fair attendance in emerging markets, or alternatively varying the funding available depending on the trade fair attended.

Aligning delegation selection with strategic objectives

It is likely that the composition of the UK group affects the extent to which spillover effects are achieved (for instance a mixture of experienced and inexperienced exporters may allow both groups to learn from the other). As such, we expected that selecting the firms to participate in a delegation would be seen as an important part of ATO's role. However, the qualitative survey indicated that this was not the case, with ATOs generally taking all firms that were interested as part of the delegation, operating on a first-come first-served basis in (the minority) of cases where limited capacity was an issue.

This suggests that, to the extent that reputation and spillover effects are seen as a key benefit of TAP, the benefits associated with trade fair attendance may be increased by more active selection policies to ensure that firms participate in trade shows on the basis of expected outcomes including the impact on the reputation of British industry.

Strengthen support for visitors to trade fairs

The evidence gathered in the evaluation highlighted the substantial benefits that firms achieve through visiting overseas trade fairs, particularly in terms of gathering ideas about new products and services. This suggests that there may be a rationale for government support for trade fair visitors – particularly at trade fairs where innovative products have a significant presence (such as the trade fairs currently designated as “high technology”).

Improve programme marketing

There appears to be room for improvement in the marketing of TAP to firms not currently attending trade fairs. The analysis indicated that even firms anticipating benefits from attending trade fairs were often unaware of the

potential support. Developing an appropriate communications strategy for all of TAP's stakeholders could aid this process.

More capability building activities

The evaluation evidence suggested that there may be potential benefits from UKTI providing further exhibition training – particularly for TAP Group recipients. Many ITAs mentioned that this was provided to their clients (particularly through the Passport-to-Export programme); however, in general, ATOs did not offer similar services (with advice provided on a more ad hoc basis). The possibility of making this type of training mandatory to grant recipients could also be explored further.

Consider role of embassies and posts

The qualitative survey indicated an appetite for UKTI to provide further market information and on-the-ground support. However, while we suggest that UKTI examines the potential for improvements in this area, we note that a detailed examination of these services was beyond the scope of this evaluation. In particular, we were unfortunately unable to obtain the views of the overseas posts and embassies in this respect.

Further research and evidence gaps

This evaluation has provided a substantial amount of evidence examining the impacts of attending trade fairs on firms, and estimating the impact of government funding on firm attendance. However, the general approach taken in this study could be complemented by a more detailed examination of the experience of firms attending trade fairs. This could, potentially, be achieved through a series of case studies of some major trade fairs, and the examination of the channels through which the various elements of TAP support (both the receipt of grants and participation in a delegation) impact both TAP-funded and non-TAP-funded firms.

As well as furthering the understanding of how trade fairs affect firms, this identification of good practice could also act as a tool to encourage more firms to attend trade fairs, through illustrating that similar firms have benefited in the past. In addition, this type of analysis may provide examples of best practice to the various stakeholder organisations (e.g. ITAs and ATOs) that work with firms exploring the possibility of attending trade fairs.

1 Introduction and objectives

1.1 Introduction

London Economics was commissioned in September 2007 by UK Trade & Investment (UKTI) to undertake an impact evaluation of the Tradeshow Access Programme (TAP), and its predecessor programme Support for Exhibitions and Seminars Overseas (SESA). This impact evaluation is part of a broader evaluation of UKTI support for trade fairs and exhibitions, which has also included a literature review investigating the economics of trade fairs and the role of the public sector³.

This report outlines the methodology and approach adopted to obtain the results, summarises the findings of the evaluation exercise, and provides some key conclusions for UKTI in its ongoing provision of trade fair support. In addition, the document identifies some of the remaining evidence gaps in assessing the effectiveness of TAP.

UK Government support for trade fair attendance has existed for a number of years, although there have been frequent changes in the exact nature and targeting of the programme (for instance, TAP itself has only existed since April 2006). The key objectives of the scheme are to:

- help new exporters overcome initial barriers to export;
- help high technology businesses and firms that are new to emerging markets learn how to use overseas trade fairs as part of their trade development plans; and
- help UK firms maximise the benefits from exhibiting at overseas trade fairs.

The scheme consists of two major elements. First, UKTI provides financial assistance (currently between £1,000 and £1,800 per trade fair) to firms in order to support their attendance at overseas trade fairs. Second, the programme supports promotion activities for UK companies at designated “Key Events”, through Accredited Trade Organisations.

³ SQW Consulting “A literature review on the Economics of Trade Fairs and the Role of the Public Sector”, final report to UKTI, January 2008.

1.2 Objectives of the evaluation

The key objectives of the evaluation are to:

- a) To clarify and strengthen economic rationales for government support for trade fairs and shows. Use this information to develop clear intervention logic models and relevant evaluation measures for TAP services;
- b) To assess how well the TAP scheme meets its key objectives, including grant support rules and eligibility criteria, for both sponsors and delegates, and to assess the criteria and impact of TAP support in different types of markets targeted i.e. high-growth markets;
- c) To assess the strength of economic rationales for providing grant support for participating in a group delegation supported by UKTI and led by one of the Accredited Trade Organisations, with respect to high level policy aims of raising aggregate productivity, innovation, and prosperity (e.g. employment growth); and
- d) To assess the strength of economic rationales for providing grant support for UKTI's Solo scheme - events selected to meet the company's individual needs, with respect to high level policy aims of raising aggregate productivity, innovation, and prosperity (e.g. employment growth);
- e) To assess overall benefit relative to costs and value for money, distinguishing appropriately between economy, efficiency and effectiveness;
- f) To identify gaps in the evaluation evidence base, and prioritise these according to UKTI's evidence needs;
- g) To make recommendations about how to improve TAP support and where to best add value.

1.3 Structure of the report

The remainder of the report is structured as follows:

Section 2 outlines the rationale for government support for trade fairs. Section 3 describes the data sources used in the evaluation. Section 4 then describes the key elements of TAP, and overviews the use of the TAP scheme in the past ten years, based on information received from UKTI.

Section 5 contains a detailed discussion of the methodology used for the evaluation, while Section 6 compares the characteristics of the sample of

companies surveyed to their broader populations (based on other UKTI surveys).

The remaining sections then report the results of the evaluation, and discuss the implications for TAP. Section 7 discusses the results from the survey analysis. Section 8 analyses these results, providing a cost-benefit analysis of the programme and a discussion of the implication for the programme rationale. Section 9 provides a summary of the findings from a consultation with Accredited Trade Organisations. Section 10 then focuses on TAP Solo (whereby firms can receive financial support to attend trade fairs alone). Section 11 reports the results of an econometric analysis of the impact of TAP.

Finally, section 12 summarises the findings, highlights the remaining evidence gaps and discusses the policy implications of the findings.

2 Rationale for government support for trade fairs

2.1 Benefits of attending trade fairs

Trade fairs (and trade shows⁴) provide a gathering of companies serving the same markets, to showcase their latest offerings, meet customers, learn new trends and identify new business prospects. Trade shows represent an increasingly important marketing mechanism for firms throughout Europe. According to the 2004 Community Innovation Survey, 47% of firms sampled in the United Kingdom indicated that they used ‘conferences, trade fairs and exhibitions’ as a source of information about innovation (rising to 65% for innovation active firms).

Trade fairs have often been used as part of export promotion strategies, as they provide “a highly focused effort to enter foreign markets and thus help exporters in a tangible, experiential way to develop contact with their target markets” (Seringhaus and Rosson, 2002). Supporting firms in their participation in trade shows provides companies with direct support in building their (business) knowledge of and competence in the global market, while also allowing them to benefit from the organisational and logistical benefits of being part of a government delegation.

Firms can participate in trade fairs in two ways; either as exhibitors who utilise floor space at the exhibition to promote and market their goods, or visitors who browse other companies’ stands. As emphasised in the literature review commissioned by UKTI as part of the evaluation programme, the characteristics and motivations of these two groups are likely to be very different (SQW Consulting, 2008).

Attendance by firms at trade fairs provides a number of advantages. Most obviously, trade shows provide a direct selling opportunity for attendees, and so should provide firms with an increase in sales and exports (in the case of overseas trade fairs). However, a significant proportion of firms (both exhibitors and visitors) participate in trade fairs for other reasons such as relationship building, profile raising and information gathering.⁵

Although UK government support is currently only available for exhibitors at trade fairs, the evaluation also assessed and compared the benefits achieved

⁴ We use the terms “trade shows” and “trade fairs” interchangeably.

⁵ See SQW Consulting, *op. cit.* section 7, for a fuller discussion.

by firms only visiting trade fairs. This reflects the emphasis placed in the accompanying literature review on the role that trade fairs play in information diffusion, the benefits to businesses in terms of their knowledge base, and innovative capacity – benefits which are likely to be equally relevant to visitors as to exhibitors.

There is an ongoing trend for trade fairs to become less country (market) focussed, and become increasingly regional or international. These international (or global) trade fairs attract both exhibitors and visitors from around the world, focused on a particular sector. The evaluation investigated the differences in the benefits accrued between these and the more traditional, market-focused trade fairs.

2.2 Rationale for government support

Within the United Kingdom, encouraging attendance at trade fairs has been a consistent part of government trade support activity since the 1950s. The recent Department for Business Enterprise and Regulatory Reform (DBERR) Economics paper⁶ set out the main areas for government intervention to promote overseas trade and investment. These include:

- 1) Strengthening social networks;
- 2) Strengthening the internationalisation capabilities of innovative and high-growth businesses;
- 3) Providing access to information and advice (which would not be provided effectively by the private sector); and
- 4) Facilitating beneficial co-operation amongst businesses, enabling them to overcome barriers and develop trade opportunities, for instance through showcasing UK capabilities in emerging markets overseas.

Attendance at trade fairs fulfils all of these objectives. Trade fairs directly contribute to firms' opportunities in overseas markets (point 2). In addition, as mentioned above, participation in trade fairs allows firms to improve their contact networks, and gain new ideas from interaction with other trade fair participants (points 1 and 3). Finally, as a marketing tool, firm participation at trade fairs promotes UK companies and products, and hence showcases UK capability.

⁶ "International Trade and Investment, the Economic Rationale for Government Support", *DTI Economics Paper No. 18*, July 2006.

While this provides a *prima facie* case for government support for trade fairs, it is necessary to identify the rationale more precisely. In particular, the potential benefits from government support for firm participation in trade fairs can be split into four areas:

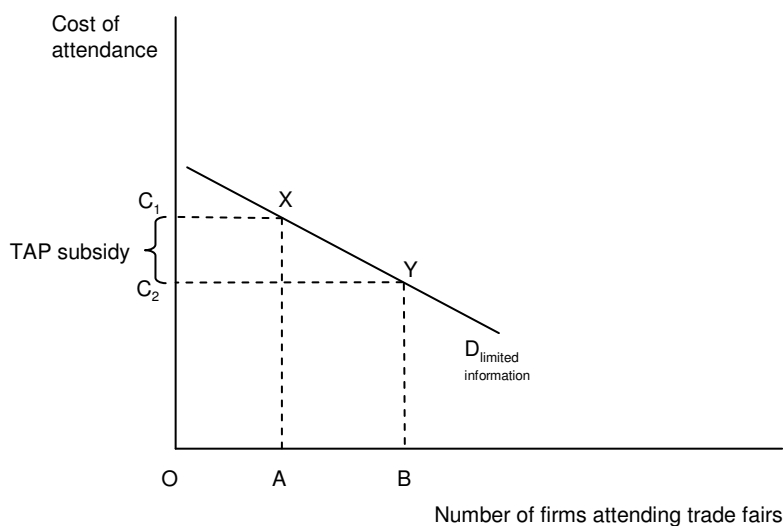
- First, and most clearly, government support can encourage firms to attend trade fairs that would not otherwise have done so. In particular, this is justified by the need to overcome the information asymmetries relating to attendance at trade fairs (until firms have participated in a trade fair, they will be unable to ascertain the benefits). A more detailed exposition of this is presented in box 1.
- Second, attracting additional firms to trade fairs has benefits for those participants that would attend trade fairs in any event. All participants at trade fairs benefit from the attendance of new (and particularly innovative) firms, through the increased opportunity to discover new products and ideas (network benefits).
- Third, as well as aiding the participation of firms at trade fairs, government support may also improve the results that firms achieve through their attendance. This can be seen as part of the rationale for the organisational and logistical support provided (by sponsors) through TAP, as well as the profile-raising activities supported at Key Events.
- Fourth, promoting the UK presence at trade fairs may have wider benefits for UK firms more generally through raising the perception and profile of UK industry internationally (i.e. the scheme may have positive externalities).

Box 1: Rationale for government support for trade fair attendance: information failure⁷

If they were rational agents (as assumed in most economic models) trade fair exhibitors would believe that the benefits of exhibiting a trade fair outweigh the associated costs. Non-attendees on the other hand, would believe the opposite – that the costs of attending are greater than the benefits they can achieve. If the firms have full information, then they will make the correct decisions over whether to exhibit at overseas trade fairs – and there is no role for government support for attendance (ignoring possible spillover effects).

TAP, through the provision of financial support for exhibiting overseas and hence lowering attendance costs, should encourage those with lower returns (i.e. whose benefits from attending in the absence of support are only just less than the costs) to attend some (or more) trade fairs. TAP funding may also be taken by those who would have attended anyway, if they believe the time consumed in filling out forms and being monitored was worth the investment. In addition, if there are information failures in the market, the provision of a grant *might draw attention to an opportunity otherwise not noticed*.

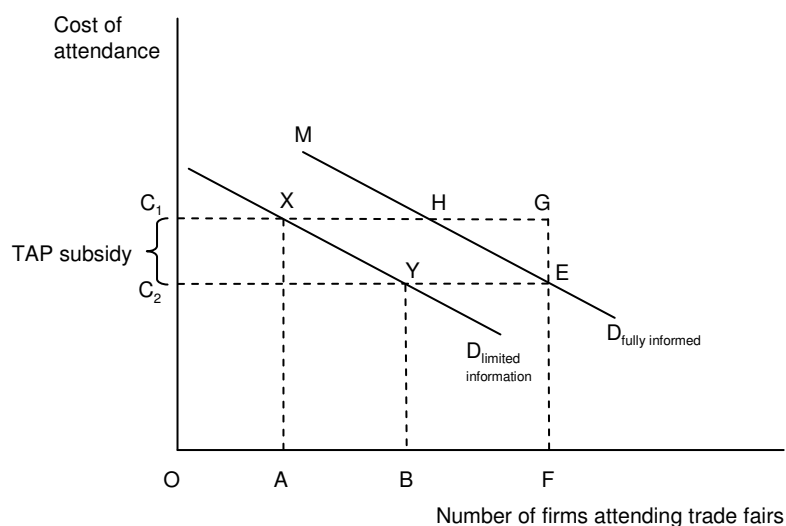
This is illustrated in the diagram below, which shows an aggregate demand curve for attendance at trade fairs (i.e. including all SMEs ordered by their willingness to attend). In the absence of government intervention, firms will be operating at point X, governed by the demand curve $D_{\text{limited information}}$ and their costs (C_1 in the diagram). The provision of a grant through TAP aims to move firms to point Y (by reducing the cost of attendance to C_2).



If an information failure exists, there is a further demand curve (incorporating the true benefits from attendance) to the right of $D_{\text{limited information}}$ – $D_{\text{fully informed}}$. Once they attend trade fairs, firms will learn the actual benefits from attending trade fairs, and

⁷ This analysis was provided James Foreman-Peck at Cardiff Business School.

move to $D_{\text{fully informed}}$ and will now operate at point E. The additional firms have a higher valuation after attending the trade fair but the firms that attended anyway do not.



In the figure, firms OA would attend without the subsidy whereas firms AB would not and are additional. If there is no information failure – i.e. $D_{\text{limited information}}$ is the true demand curve – then the net social loss of the programme is the area XYZ. If on the other hand, after the subsidy better informed demand is stronger than the original, then the net social benefit of the programme is represented by the area MXH-HGE, where additionality is now the greater number of firms AF.⁸

The impact of TAP will depend on the extent to which it is able to attract more firms to trade fairs – i.e. the additionality of the programme. This in turn depends on the elasticity of demand. It is likely that attendance at a trade fair is a small proportion of the total costs of production and distribution of any company. As a result, we would expect that generally the elasticity of demand for trade fairs is low with full information – that is a change in price would have a less than proportionate effect on the quantity demanded. In this case the additionality induced by the TAP subsidy, and hence the impact of the programme, will be small.

The extent of additionality of the programme can therefore act as a simple test for the impact of the programme. If there is evidence of significant additionality, then this would suggest that a process other than fully informed rational action is at work and, in particular, that firms are encouraged to experiment because of the signal and support of the state.

⁸ Where an information effect exists, the surplus (to firms) prior to the subsidy is KC_1X , whereas the surplus after the subsidy is $KC_2Y + MXYE$ – implying an increase in surplus of C_1C_2GE . As such the net benefit is $MXH-HGE$.

3 Data sources

3.1 Main databases

The evaluation used two secondary databases to provide information on the TAP programme, and the characteristics of the firms involved in TAP (and other firms also included in the evaluation). The TAP database provided a summary of TAP participations since 1997. This was complemented with financial and other information on companies from the Amadeus financial database (supplied by Bureau van Dijk). These sources are discussed in more detail below.

3.1.1 TAP database

UKTI provided information on all companies receiving financial support from TAP/SESA from April 1997 – March 2008.⁹ This data was organised into a combined database – referred to throughout the report as the “TAP database”.

Some of the key variables included in the dataset are:

- participant (name and contact details);
- type of support (group trade fair, solo trade fair, seminar or vertical mission);
- name, location and start date of event;
- business sector of the event; and
- amount of financial support received.

3.1.2 Amadeus

The Amadeus financial data bank was used to obtain financial information and other characteristics on companies. Amadeus is a pan-European database, supplied by Bureau van Dijk, supplying financial and operational information on almost 11 million European companies (including approximately 2.5 million companies in the UK). The database collates publicly available company information from the best source in each country – annual reports stored at Companies House in the case of the UK.

⁹ This included the early years of the Solo programme, which was run separately April 2004 to March 2006, when it was incorporated into the TAP programme.

Relevant variables included in the dataset include:

- financial accounts (e.g. turnover, profit);
- other company characteristics (e.g. sector, employee numbers); and
- company contact details (e.g. phone number, address).

3.2 Comparative data

In addition to the two main data sources discussed above, the analysis also draws on previous UKTI survey information, as a comparison point for the results.

3.2.1 UKTI PIMS Survey

The PIMS (Performance and Impact Monitoring Survey) is a central monitoring survey of users of UKTI's business services. It measures the performance and impact of UKTI support, and was introduced in January 2006. PIMS covers all significant customer-facing trade services including TAP Group and TAP Solo.

The survey provides evidence about service quality and about the possible difference UKTI makes to businesses, as well as gathering details on business profile. The survey has now been running for three consecutive years, with a minimum of 2,500 companies interviewed each year. For the purposes of the evaluation, we utilise data from PIMS waves 2-10, incorporating interviews with 469 firms.

Surveys are based on a robust random sample of users, and firms are typically interviewed (on an anonymous basis) 4-7 months after receiving support (e.g. attending an event). The fieldwork is carried out using CATI (Computer Assisted Telephone Interviewing) and is conducted and reported quarterly, with results reported on a rolling basis.

In addition to the main PIMS surveys, follow-up surveys (i.e. further interviews with firms that have previously been interviewed in the main PIMS surveys) are carried out approximately 10 months after the initial PIMS interview, and therefore 14-17 months after the firm received the UKTI support. The follow-up surveys involve further interviews with a sample of firms. Whilst the main PIMS programme focuses on the anticipated impacts and outcomes of the UKTI support, the follow-up surveys explore the actual impacts of the support to date (i.e. the benefits that firms have already realised by the time of the follow-up interview).

3.2.2 UKTI PIMS Non-User Survey

As well as the surveys of users of UKTI services, UKTI also commissions a Non-User Survey, to help shed light on the economic rationale for UKTI trade development services.

The methodology used is similar to PIMS, using CATI to carry out the survey. Both the questions used and the firms interviewed are chosen based on the particular issues to be examined. For instance, the 2006 PIMS Non-User survey focused solely on two specific groups of non-user firms; exporters established in the last 5 years and exporters established between 6 and 10 years ago.

The PIMS Non-User survey is stratified by age – and as such is skewed heavily towards younger firms. In order to adjust for this, and make it a more useful comparator source, the results are weighted using data taken from the Small Business Services' Annual Small Business Survey.

4 Overview of the TAP scheme

In this section we outline the current support provided by UKTI for trade fairs (including TAP and its predecessor SESA), and describe how this support has been used by participants over the past eleven years.

4.1 Current UKTI trade fair support (TAP/SESA)

4.1.1 Aggregate Overview

Although UK Government support for trade fair attendance has existed for a number of years, TAP itself has only existed since April 2006, prior to which support was provided through the Support for Seminars Abroad (SESA) programme.

The key objectives of the current scheme are to:

- help new exporters overcome initial barriers to export;
- help high technology businesses and firms that are new to emerging markets to learn how to use overseas trade fairs as part of their trade development plans; and
- help UK firms maximise the benefits from exhibiting at overseas trade fairs.

TAP supports UK firms at overseas trade fairs in two ways. First, by offering financial support for eligible organisations who are new to exporting or to high priority markets or operate in high technology sectors to exhibit at trade fairs overseas. Financial support is available primarily for firms participating as part of a UK group (TAP Group), but there is also some support for firms participating individually (TAP Solo)¹⁰.

Second, UKTI provides grants to Accredited Trade Organisations (ATOs) to provide marketing and/or promotional support to raise the profile of the UK group at specific key exhibitions ("Key Event" funding). The ATOs also act as intermediaries between UKTI and firms receiving TAP support, and play an important role in recruiting firms to TAP, organising groups to attend exhibitions, and handling TAP applications.

¹⁰ The Solo scheme operated as a pilot from March 2003, before being established as part of TAP in 2006.

In total the TAP programme budget is around £8 million per annum, of which around 75% is used for grants to firms to participate in overseas trade fairs, with the remaining 25% used to support promotional activities at Key Events.

TAP's predecessor, SESA, provided similar support, although with some important differences. In particular, the range of events supported was wider (incorporating vertical missions and seminars as well as exhibitions), and eligibility for financial support was broader (with less focus on new exporters). This evaluation focuses on the support for attendance at trade fairs (i.e. not including seminars or vertical missions), as this is the sole focus of the current programme.

We discuss each of the key elements of the current scheme, and how these are different to the predecessor scheme (SESA) below.

4.1.2 Financial support for attending overseas trade fairs

As part of TAP, UKTI provides grants to companies to support their attendance at trade fairs. Although in the past grants were available to all UK companies exhibiting at overseas trade fairs, this is no longer the case. Eligibility criteria have been significantly narrowed in recent years to focus on new-to-export firms, firms new to high priority markets, and firms operating in key (high technology) sectors. In addition, the level of funding has decreased, both in terms of amount available per trade fair, and the number of times that firms can receive support for participation.

Details on current eligibility criteria and how these criteria and the level of grant have changed over time are shown in Figure 2 and Table 1 respectively.

Size and number of grants available

Since the launch of TAP in April 2006, the size of the grants available to exhibitors has been fixed, in contrast to the SESA programme, which included a discretionary element. In 2006/07 and 2007/08, the level of grant was fixed at £1,800 for TAP Group participations, and £1,500 for TAP Solo participations. For 2008/09, TAP Group grants are available at £1,000, £1,400 or £1,800 per participation (varying according to particular sector and event) and £1,000 for TAP Solo participations.

In recent years, there have also been tightening restrictions on the *number* of grants that a firm is able to receive. In the past, firms were able to receive an unlimited number of grants to exhibit overseas, but this was restricted to three per market in the latter years of SESA, and now to three in total over the life time of a firm.

Table 1: Details of UKTI financial support for attending overseas trade fairs 2004-2009

	SESA (04/05)	SESA (05/06)	TAP (06/07)	TAP (07/08)	TAP (08/09)
Events supported	Exhibitions Seminars Vertical missions	Exhibitions Seminars Vertical missions	Exhibitions	Exhibitions	Exhibitions
Size of grant	up to £2,500 (discretionary)	up to £2,500 (discretionary)	£1,800 (Group) £1,500 (Solo)	£1,800 (Group) £1,500 (Solo)	£1,000-£1,800 (Group) £1,000 (Solo)
No. of grants available	3x per market	3x per market	Total of 3 since April 2006	Total of 3 since April 2006	Total of 3 since April 2006
Key eligibility criteria	SME or research organisation		SME or research organisation AND EITHER new exporter OR new to high priority market OR high technology event		

Source: London Economics based on UKTI information.

Eligibility criteria

As well as restrictions on the number of grants available to companies, the criteria for eligibility have also been tightened in recent years. First, only UK-based SMEs are eligible to receive grants¹¹. Second, since the introduction of TAP (in April 2006), further criteria have been imposed to focus the programme on new-to-export firms, or those operating in high priority sectors or markets. In particular, firms must be:

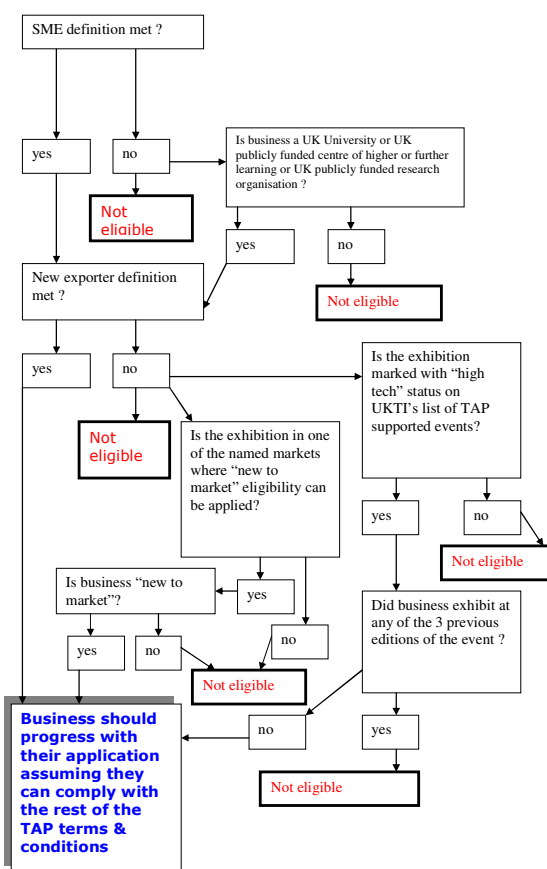
- **New-to-export:** Defined as having less than 10% of turnover resulting from proactive exports, and no more than 25% resulting from any exports, in the past 12 months; OR
- **New to (high priority) markets:** For certain markets¹², the requirement to be a new exporter can be waived if a firm has not exported to the country in the previous 12 months, and has no established representation there; OR
- **High technology:** The new-to-export criterion can also be waived for firms exhibiting at trade fairs designated as “high technology” by UKTI (if they have not exhibited at the three previous editions of the event).

These conditions are summarised in Figure 2.

¹¹ In addition, UK universities, further learning and publicly-funded research institutions are also eligible to receive grants.

¹² The designated markets in 2007/08 were: China, Hong Kong, Taiwan, India, Brazil, the Gulf Co-operation States, Indonesia, Japan, Malaysia, Mexico, Russia, Singapore, South Africa, South Korea, Thailand, Turkey and Vietnam..

Figure 2: 2008/09 TAP Grant Eligibility



Source: UKTI.

4.1.3 Role of Accredited Trade Organisations

In administering TAP, UKTI works with Accredited Trade Organisations (ATOs), who act as intermediaries between firms receiving TAP support and UKTI. There are around 100 active ATOs, consisting primarily of trade associations as well as a few Chambers of Commerce. These organisations (which have been accredited since 2003/04), provide sector-specific knowledge in administering the programme.¹³

The key role of the ATOs in terms of TAP are to:

- recruit businesses to take part in overseas fairs;

¹³ The importance of this is illustrated by the fact that around half of the referrals by ATOs to regional International Trade Teams were previously unknown to the regional bodies.

- handle applications for TAP support, liaising with UKTI International Trade Teams, who approve each applicant;
- book exhibition space and liaise with exhibition organisers;
- prepare UK businesses for effective participation e.g. through briefing, and offer troubleshooting and other services at the event; and
- submit a claim on behalf of eligible businesses after the event and distribute the grant payments.

In return for these services ATOs currently receive a fee of £200 plus VAT for each firm that successfully applies for TAP funding. This acts largely to cover the administration costs to the ATOs, although it also acts as an incentive for them to recruit companies to the programme.

4.1.4 Key Events

UKTI provides grants to ATOs to undertake profile-raising activities for the UK group at certain “Key Events”. ATOs bid to obtain Key Event status for exhibitions that they believe to be of particular importance to their sector. These bids are then assessed by UKTI sector teams in the light of UKTI strategy and business plans for each sector. In 2007/08 around 100 exhibitions were designated as Key Events.

For each “Key Event”, UKTI undertakes a service level agreement with ATOs covering the activity to be carried out at the exhibition (e.g. pre-event publicity for the group, organising seminars, or hiring meeting space). UKTI pays ATOs up to £15,000 (plus VAT) for these services, although this depends on the level of activity, and in many cases is lower.

4.2 Use of TAP

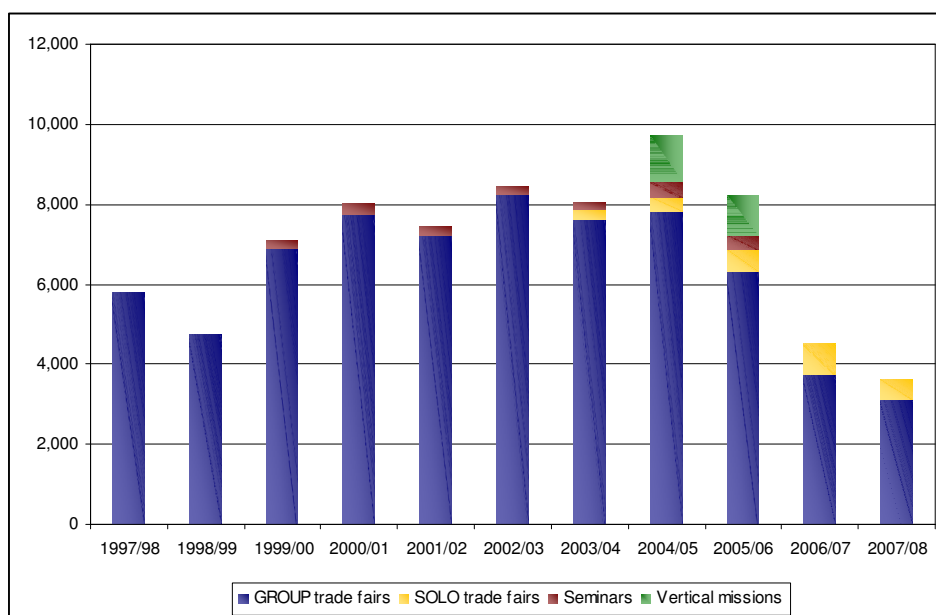
4.2.1 Number of TAP/SESA participants

A total of 75,704 grants were provided under the TAP/SESA scheme between April 1997 and March 2008, covering attendance at over 3,000 events. The vast majority (over 90%) of these grants were used to support exhibitions at trade fairs as part of a UK group, as shown in Figure 3. Since 2003, support has also been offered for individual participations at trade fairs, as part of the Solo scheme.¹⁴

¹⁴ Solo was separate from TAP until April 2006.

Under the SESA scheme (i.e. until March 2006) firms were able to receive support to attend seminars. Further, from 2004 to 2006, vertical missions were also supported as part of the scheme. However, this accounted for fewer than 5% of participants and neither of these elements is included in this evaluation.

Figure 3: Number and type of TAP/SESA participations 1997-2008



Source: TAP database.

As the figure indicates, the number of grants offered has fallen significantly since the re-launch of the scheme as TAP (in April 2006). This reflects the programme's reduced budget and tightened eligibility. In 2007/08, approximately 3,600 TAP Group and TAP Solo grants were made, in comparison to the historic high of over 8,000 in 2002/03 (including TAP Group grants only).

It is noticeable that Solo grants – which provide a grant for firms to attend trade fairs without a UK delegation – have grown in importance. Solo grants accounted for only 3% of grants under the original pilot in 2003/04, compared to 17% of grants in 2006/07 and 14% in 2007/08.

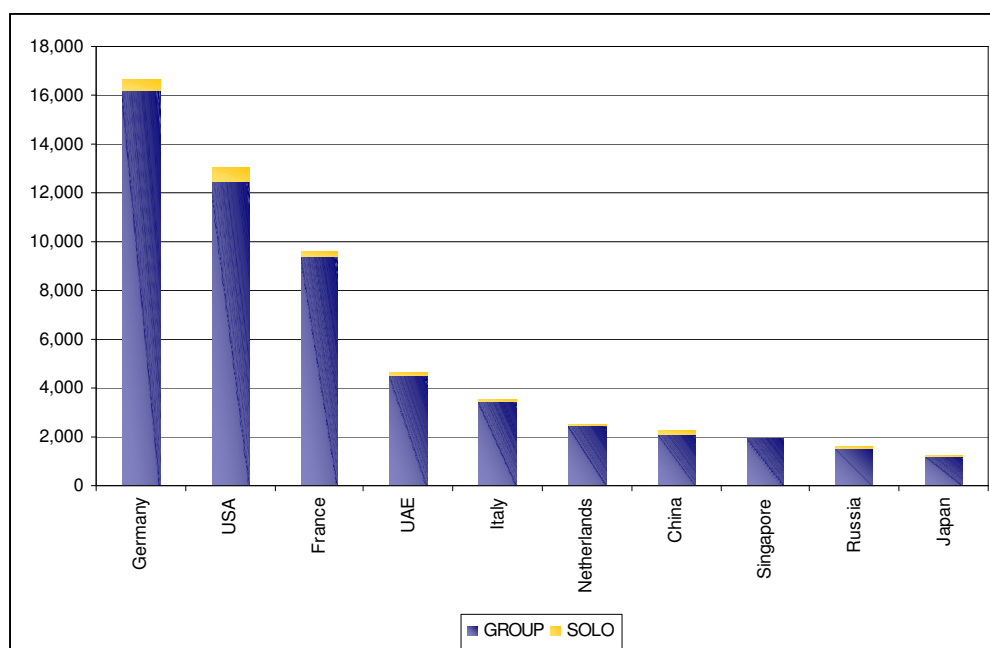
4.2.2 Countries of trade fairs

In total TAP-supported trade fairs were identified in ninety-one countries over the eleven year period of the dataset. Figure 4 indicates the ten most popular destinations over the entire period of the data. Interestingly, the three most popular locations for TAP-funded participants were large developed countries: Germany, the United States and France. This may reflect the

growing popularity of global trade fairs, which are often held in these countries.

The top ten however, is much more diverse, including developed Asian economies (Japan) and emerging markets such as China, Russia and the United Arab Emirates.

Figure 4: Location of trade fair (number of grants)

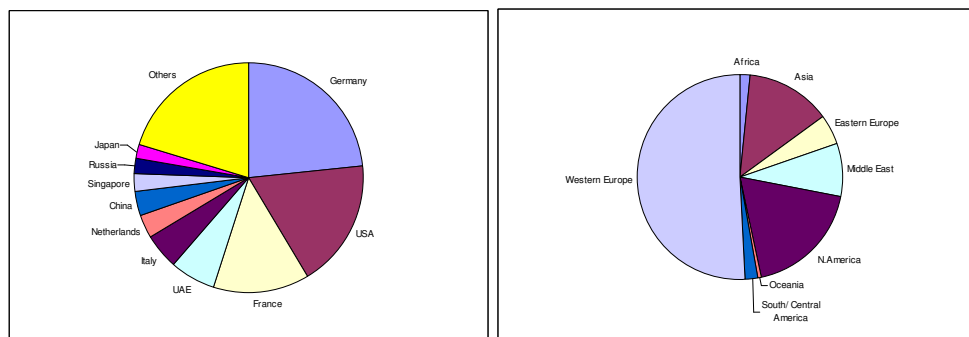


Source: TAP database.

As Figure 5 indicates, the three most popular countries accounted for over 50% of supported participants at trade fairs, while the largest ten accounting for over 75% of participants.

Participants have predominantly (over 50%) travelled to trade fairs in Western Europe. North America (mainly the United States) and Asia also accounted for significant proportions of supported firms. On the other hand, very few participants have travelled to South/Central America or Africa.

Figure 5: Countries of trade fairs (% of participants)



Note: Includes Group and Solo participations.

Source: TAP database.

4.2.3 Types of trade fair

Based on UKTI designations and the location of the trade fairs attended by firms, fairs were split into “global”, “high priority” and “other” trade fairs.

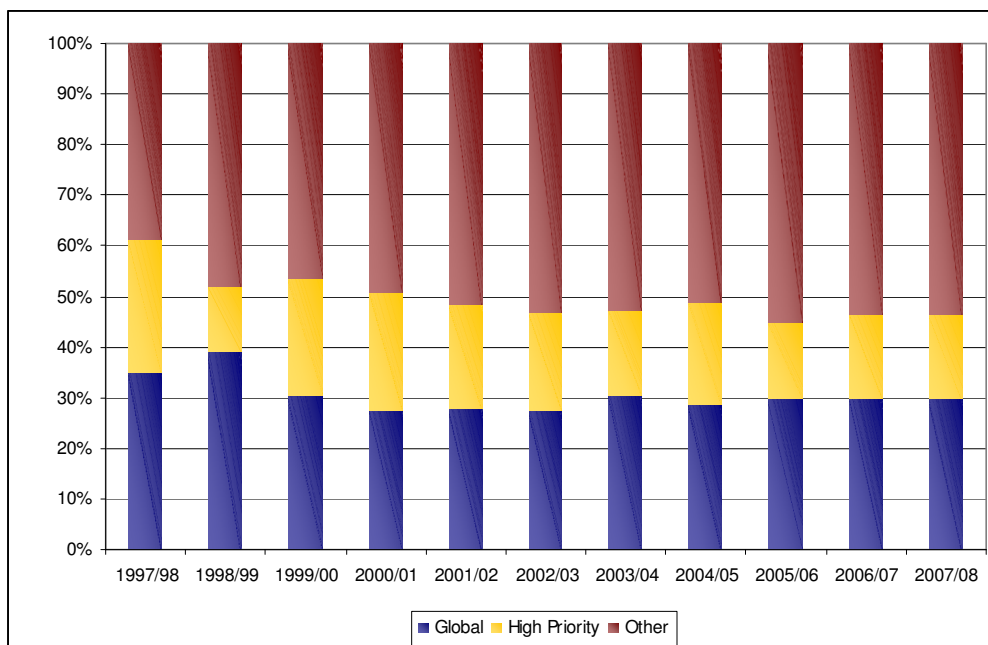
Global trade fairs: trade fairs not focused on a particular national market, but on the industry sector globally or regionally. These were identified by UKTI.

High priority trade fairs: trade fairs focused on markets identified as of particular strategic importance by UKTI¹⁵.

Other trade fairs: trade fairs focused on other markets.

As shown in Figure 6, around half of the TAP Group grants supported participation at an “Other” trade fair, while a further 30% of grants were used at Global trade fairs. Interestingly, these proportions were fairly constant over the period.

¹⁵ Included markets were China, Hong Kong, Taiwan, India, Brazil, Bahrain, Qatar, Kuwait, Oman, Saudi Arabia, UAE, Indonesia, Japan, Malaysia, Mexico, Russia, Singapore, South Africa, South Korea, Thailand, Turkey and Vietnam. Where fairs were identified as “global” but occurred in a high priority country, they were categorised as global fairs. Fairs were only categorised as High Priority if every edition of the fair contained in the TAP database occurred in a priority market.

Figure 6: Types of trade fair supported 1997-2008 (number of grants)

Note: Includes TAP Group participations only.

Source: TAP database.

5 Approach and methodology

5.1 Introduction

The evaluation of TAP is centred on two key issues. First, whether there are benefits from TAP-supported firms attending trade fairs, either to the firms themselves, or to other firms (through ‘spillover’ effects). Secondly, whether any benefits that are achieved are *additional* – that is whether they would have been achieved in the absence of TAP.

The extent to which any benefits achieved by TAP are additional will depend on the extent to which the support received through the programme affects firms’ behaviour – we can identify three particular possibilities:

- 1) TAP-funded firms would not have attended trade fairs.
- 2) In the absence of TAP, TAP-funded firms would have still attended trade fairs, but may have behaved differently. For instance they may have attended fewer (or different trade fairs); or would have utilised fewer resources at the same trade fairs; or would have attended without the delegation.¹⁶
- 3) In the absence of TAP, TAP-funded firms would have behaved identically.

Out of these options, 1) and 2) would suggest that any benefits achieved may be additional, whereas 3) would imply that any benefits achieved would occur even in the absence of TAP. Establishing the appropriate **counterfactual** – i.e. the behaviour firms receiving TAP support would have exhibited (and the outcomes that would have resulted) in the absence of the policy, was a key part of the evaluation.

The best way to measure the impact of TAP would be to compare the changes in key metrics (e.g. turnover, productivity) for participants in the scheme (comparing before and after joining) with the changes had they not participated in the scheme. However, clearly this is not possible in practice.

The usual way to address this problem is to use information over time for participants and for a suitable control group that would comprise an appropriate counterfactual. The control group is a group of firms with similar

¹⁶ A delegation is defined as an organised group of UK companies which are organised (in the context of TAP) by Accredited Trade Organisations.

observable characteristics to the firms in the scheme but have not been in receipt of a particular policy or initiative.

In this case, the control group was comprised of firms that have not received TAP funding. Comparing the behaviour (in terms of attending trade fairs, and corresponding outcomes) of TAP-funded firms with a control group of this type, provides an indication of the additional impact of TAP.

Underlying this approach is the assumption that firms in the control group are similar to TAP-funded firms in all respects apart from their historical trade fair attendance and funding. However, there is no reason to believe that TAP-funded firms are identical to other firms in general: for instance we might believe firms attending trade fairs are more export-orientated than firms not attending trade fairs, which in turn may reflect a differing degree of entrepreneurship or market knowledge. As such, a major focus of the evaluation was to identify a comparable control group. If the control group is not comparable in terms of observable characteristics, then any observed differences in trade fair behaviour may reflect other factors rather than the impact of TAP participation. The comparability of the control group is explored in more detail in section 6.

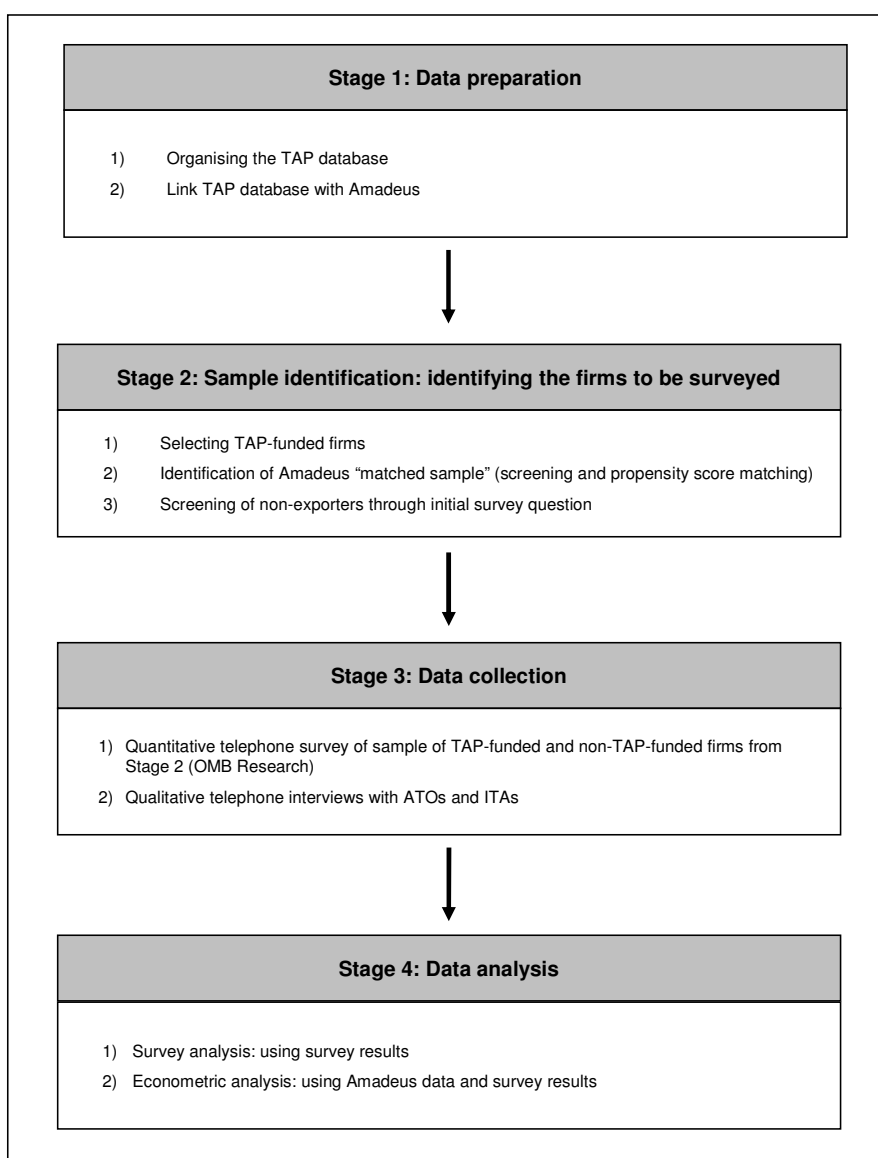
In our initial methodology, we proposed to identify the control group in two stages: first identify non-TAP-funded attendees at the trade fairs attended by TAP firms, through liaison with ATOs. Second, identify firms that had not attended trade fairs through a propensity score match using the Amadeus database. However, due to various constraints, particularly timing, the entire control group was identified through a propensity score matching process in Amadeus.

5.2 Detailed methodology

5.2.1 Overview

The methodology incorporated four major stages, as indicated in Figure 7.

Figure 7: Overview of methodology



Source: London Economics

Stage 1: Data preparation

Before identifying the sample, the TAP database was organised so that individual firms, and trade fairs, could be consistently identified throughout the database. This allowed attendees to be split according to the types of trade fair that they had attended ('global', 'high priority' and 'other'), and also allowed us to identify the most popular trade fairs in each category.

Following this, firms supported by TAP between January 2005 and March 2006 were "linked" to the Amadeus database, to provide financial information for the TAP-funded companies.

Stage 2: Sample identification

Once linking with Amadeus was complete the next stage of the project involved identifying the firms to form the basis of the evaluation, and to be passed to OMB Research as the basis for the telephone survey.

A group of around 1,050 TAP-funded firms were identified from the TAP database, split into three groups according to the type of trade fairs that they had attended (global, high priority or other). This group was then used to identify an appropriate control group of c. 15,000 "non-TAP-funded firms" in Amadeus, based on sector, region, age of organisation and (where available) 2004 turnover data.

The resulting set of approximately 16,000 companies then formed a group of companies used in the telephone survey. A further screen - to remove non-exporters - was carried out before administering the survey in order to improve comparability with the TAP-funded firms.

Stage 3: Data collection

OMB Research carried out a survey of 741 firms, based on a random selection of companies in the TAP-funded group (split into three groups, based on the type of trade fair attended), and the non-TAP-funded group.

In addition to the quantitative survey, qualitative (semi-structured) interviews were carried out with 19 Accredited Trade Organisations (ATOs) (with two additional written responses), and 11 International Trade Advisers (ITAs).

Stage 4: Data analysis

The data analysis element of the project used the information gathered from Amadeus and in the quantitative survey data obtained by OMB Research to estimate the benefits of TAP, and the extent to which this was additional.

The analysis included two elements. First, analysis of the survey results sought to identify the types of impacts on firms attending at trade fairs, the financial results associated with attendance at trade fairs, and the reasons for attending / not attending particular trade fairs.

Secondly, the survey analysis was complemented with an econometric analysis, which sought to examine the factors determining attendance at trade fairs (through various logit models) and also the impact on firms of exhibiting at trade fairs (through difference-in-difference analysis).

Each of these stages is discussed in more detail below.

5.2.2 Stage 1: sample identification

Organising the TAP database

The TAP database provided by UKTI provided information on all TAP participations between April 1997 and March 2008 (inclusive). However, as a result of the frequent changes to UK trade fair support over this period, the database was fragmented, and an extensive data cleaning exercise was necessary prior to undertaking the main analysis. This included the following key steps:

- 1) Identify trade fairs that had been attended in more than one year.
- 2) Identify different editions of the same trade fair.
- 3) Identify the type of support provided, to distinguish between trade fair group support, trade fair solo support, seminar support, and vertical missions support.
- 4) Identify duplicate entries for the same participation.¹⁷
- 5) Identify firms with contact details (name and telephone number) available.

Categorising trade fairs

The evaluation investigated whether the impact of TAP participation depended in any way on the type of trade fair attended in two ways. First, the effect of attending a “global” fair was investigated. As discussed in section 2, the role of “global” trade fairs – representing a sector or sectors rather than a

¹⁷ Several ‘participations’ were duplicated in the database, as a result of several different ATOs receiving TAP support to attend the same trade fair.

geographical market - is continuing to grow. It may be that these events offer greater or different benefits from market-focused trade fairs.

Secondly, the evaluation sought to investigate the benefits associated with TAP from exhibiting at trade fairs in high priority emerging markets. Improving trade links with emerging markets is a key part of UKTI's 5-year strategy¹⁸, and hence assessing the impact of TAP support in these markets was a particular focus of the evaluation.

As such, each of the trade fairs for which attendance has been supported by TAP was categorised into one of three types:

Global trade fairs: trade fairs not focused on a particular national market, but on the industry sector globally or regionally. These were identified by UKTI.

High priority trade fairs: trade fairs focused on markets identified as of particular strategic importance by UKTI¹⁹.

Other trade fairs: trade fairs focused on other markets.

Linking with Amadeus

Following this preparatory stage, the TAP database was linked with the Amadeus database. Linking was carried out primarily on the company name, adjusted for differences in punctuation (such as spacing and use of full stops) and spelling (e.g. "Limited" and "Ltd"). The linking was carried out in two steps:

- i) **Automatic matching:** An automatic process was undertaken, based on exactly matching the adjusted names in the two databases.
- ii) **Manual review:** For companies participating between January 2005 and March 2006, all company names that were not matched in the automatic process were reviewed manually against the list of companies registered at Companies House. This allowed adjustment for small spelling mistakes, and any company name changes.

Following this process, around 88% of firms within the time period were identified within Amadeus, as indicated in Table 2. This is an exceptional result, especially when considering the reasons why matches were not possible.

¹⁸ UKTI 5-year Strategy, "Prosperity in a changing world", July 2006.

¹⁹ Included markets were China, Hong Kong, Taiwan, India, Brazil, Bahrain, Qatar, Kuwait, Oman, Saudi Arabia, UAE, Indonesia, Japan, Malaysia, Mexico, Russia, Singapore, South Africa, South Korea, Thailand, Turkey and Vietnam. Where fairs were identified as "global" but occurred in a high priority country, they were categorised as global fairs. Fairs were only categorised as High Priority if every edition of the fair contained in the TAP database occurred in a priority market.

Table 2: Linking the TAP database to Amadeus

	Global	High Priority	Other	Total
Total participants	1,275	715	1,620	3,610
No. linked to Amadeus	1,174	651	1,334	3,159
% linked to Amadeus	92%	91%	82%	88%

Note: Participations between January 2005 and March 2006, with contact details available.

Source: *London Economics, based on TAP database and Amadeus.*

As shown in Table 3, it was predominantly the case that the firms that we were unable to match were also **not** found in the Companies House database (87%), suggesting that the company name in the TAP database was not the registered company name.²⁰ In addition, around 4% of the unmatched companies were identified as “dissolved”, “bankrupt” or “in liquidation” in the Companies House Register. Finally, only around 9% of the unmatched firms were identified in Companies House, but were not matched in Amadeus, despite being currently active. The reason for this generally appears to be that these firms have not yet filed any accounts at Companies House (due for instance to their small size), and so have not been added to the Amadeus database.

Table 3: TAP companies not linked in Amadeus

	Number of firms	% of non-linked
Company name not matched in Companies House	394	87%
Company name not matched in Amadeus- company dissolved / bankrupt	20	4%
Company name not matched in Amadeus- reason unknown	39	9%
Total	453	100%

Note: Participations between January 2005 and March 2006, with contact details available.

Source: *London Economics, based on TAP database and Amadeus.*

²⁰ For instance, often the company name within the TAP database appeared to be an individual, rather than a company name.

5.2.3 Stage 2: sample identification

Selecting TAP-funded firms

Following the data preparation stage, the next stage was to select the group of TAP-funded firms to be included in the analysis. Five considerations were important in developing the sample of TAP-funded firms:

- time of participation;
- type of trade fair attended;
- availability of data in Amadeus;
- availability of contact details; and
- current activity.

Each of these is discussed further below.

Time of participation

As mentioned above, the TAP database contained information on all TAP participations since 1997. However, for the purposes of evaluation, only firms participating between January 2005 and March 2006 were considered. This period was selected based on the need for more recent participations (to help recall and response rates during the survey) and to aid the collection of longer term financial data (at least two periods following participation).

Type of trade fair

A key element of the evaluation was to assess differences in impact between attending different types of trade fairs (in the global, high priority and other categories discussed above). For this purpose, the TAP-funded sample was split into three segments, according to the type of fairs that the participants attended during the January 2005 to March 2006 period.

Firms that attended only one trade fair during the period were assigned according to the category of that particular trade fair: firms with multiple participations were assigned first to High Priority trade fairs, followed by Global, and then Other trade fairs. This order was based on the total number of participations in each category (participations at High Priority trade fairs were fewest), in order to allow a sufficient sample size to be developed.

Availability of data in Amadeus

An important part of the methodology involved using the Amadeus database to identify the samples of non-TAP-funded firms. As such, the sample was limited to firms that we were able to identify within Amadeus, and which had data available (from Amadeus) regarding sector of activity, company location and incorporation date.

Current activity

The final consideration involved excluding large firms, in order to ensure that the evaluation is relevant to TAP's current focus on SMEs. As such, firms with more than 250 employees or greater than £50 million turnover in 2004 were not included.

In addition, firms that were not currently active (according to Amadeus) were excluded from the analysis. While this was clearly necessary, it should be noted that these companies would also be relevant to the analysis and excluding those companies that are not now in business may affect the results obtained.

Based on these considerations the TAP-funded sample was selected based on the following procedure:

- 1) Identify all the TAP-funded firms that attended trade fairs between January 2005 and March 2006 (inclusive).
- 2) Assign each of those firms as "global attendees", "high priority attendees" and "other attendees", dependent on which types of fairs they have attended (as discussed above).
- 3) Assign each firm to a particular trade fair as follows:
 - a. Identify all the fairs within the relevant category each firm has attended (i.e. identify all the global fairs each global attendee has attended).
 - b. Within those trade fairs, assign the firm to the most recent TAP participation trade fair, for which firm contact details are available.
- 4) Using information from the Amadeus dataset, exclude any firms if they:
 - a. were not linked in Amadeus;
 - b. are not currently active (based on Amadeus);

- c. had more than 250 employees or greater than £50 million turnover in 2004 (i.e. before the period we are examining); or
 - d. did not have information on sector of activity, company address or incorporation date (in Amadeus), as this information was required for the propensity score matching process (see below).
- 5) Once the firms have been assigned to particular fairs, identify the most common fairs attended by TAP funded participants.
 - 6) Select the top 'n' fairs in each category, so as to identify approximately 350 participants in each category. This incorporated 10 global fairs, 40 high priority fairs, and 20 other fairs.

Identification of Amadeus "matched sample"

Following the identification of the TAP-funded sample, a much larger set of companies which had not been funded by TAP (in the past three years), was selected based on the identification of firms with similar observable characteristics to those in the TAP-funded sample. This was achieved through an initial screening of the Amadeus database to remove inappropriate companies, followed by a more precise propensity score matching exercise.

Box 2: Propensity score matching (PSM)

Propensity score matching (PSM) is a method of comparing firms across a range of observable characteristics using a single statistic (the “propensity score”).²¹ In order to construct an appropriate control group, which is similar to the treated (i.e. TAP-funded) group, TAP-funded firms are “matched” with similar firms that did not receive funding. However it is difficult to assess the extent of similarity where this matching process is carried out over a range of characteristics.

The PSM process offers a straightforward method of comparison, by creating a score indicating the likelihood of any particular firm having participated in TAP (whether they participated or not) based on observable firm characteristics.

The PSM approach takes account of only observed factors that differ between the treatment and selected control group (Shadish, Cook and Campbell, 2002). PSM therefore does not solve all the potential biases that may emerge when trying to compare achievement or other outcomes across the control and treatment groups. As a result, the later analysis also incorporates a “difference in difference” approach (see Box 3).

The initial screening process was carried out on a similar basis as that applied to the TAP-funded sample. In particular, Amadeus firms were excluded if they:

- were not currently active;
- had more than 250 employees or greater than £50 million turnover in 2004;
- operated in a sector (based on 4-digit NACE codes) which is not represented in the TAP sample; or
- did not have telephone numbers available in Amadeus.²²

²¹ See Rosenbaum and Rosen (1983) and Heckman, Ichimura and Todd (1998) for a fuller exposition of propensity score matching.

²² The requirement for telephone numbers substantially reduced the number of available firms; of over 1.6m active British firms in Amadeus, fewer than 300,000 have telephone details. Although this information may be available from other sources, it was not possible to obtain this given the project timetable.

Following the initial screening, the matched sample was generated using a propensity score matching process (see Box 2 for an explanation). In our initial methodology for the evaluation, we envisaged carrying out the propensity score matching process on wide range of variables, such as sector, region, turnover, employee numbers, export turnover, and productivity. However, having linked the TAP database with Amadeus it became clear that, in fact, few of the TAP-funded firms had comprehensive data available - particularly in terms of turnover, employee numbers and profit and loss information.²³

These data issues had two important implications. First it prevented non-exporters from being screened out prior to the survey, as had been originally planned. Non-export orientated companies were not appropriate to the evaluation, as overseas trade fairs would not (probably) be relevant to their business. As a result, these companies had to be screened out using an initial question in the survey. Given that this was expected to lead to a large number of firms being screened out (estimated at around four-fifths of respondents), it was necessary to identify a very large survey sample of at least c. 14,000 firms.

The second implication of the data issues was that the scope of the propensity score match was constrained. Very few variables were available for all firms, and as a result firms with turnover data available (around 30% of the TAP-funded sample) were matched separately from those without. In the final specification, the characteristics matched on included:

- sector (based on primary NACE code);
- region (based on government office region);
- age of firm; and
- 2004 turnover (for the 30% of TAP-funded firms for which data was available).

The propensity score matching necessitated dropping a small number of firms from the TAP-funded sample for whom no good matches were identified. More detail on the propensity score matching process, and the results, are provided in section 6.

This process yielded a total of 15,142 companies. Following this, a final manual review of the Amadeus-selected sample was carried out to attempt to remove any inappropriate organisations (such as Chambers of Commerce),

²³ The limited availability of data is likely to be explained by the reporting requirements for small- and medium sized companies, who are either exempt from financial reporting requirements, or are only subject to limited reporting requirements.

which removed a further 65 organisations. A total of 15,077 companies were included in the final “matched sample” used as the basis of the survey.

A final level of screening – to remove non-exporters²⁴ - was undertaken *after the propensity score matching exercise*, using an initial question in the survey. This led to nearly 75% of non-TAP-funded firms being excluded from the survey.

5.2.4 Stage 3: data collection

Quantitative survey (administered by OMB Research)

The quantitative survey was developed by London Economics, in conjunction with UKTI and OMB Research, between October 2007 and January 2008. At the initial design stage the questionnaire was fully piloted, to check the flow, length and content of the survey, prior to the start of the main fieldwork. In total, the length of the questionnaire was designed to take no more than 30 minutes for TAP-funded firms, and no more than 20 minutes for non-TAP-funded firms.

The survey was conducted between February and April 2008 via telephone interviews using Computer Assisted Telephone Interviewing (CATI) technology.²⁵ The survey was based on the survey sample of approximately 16,000 firms identified in Stage 2²⁶ with the following interview targets:

- TAP-funded firms: 270 interviews split equally between global attendees, high priority attendees and other attendees.
- Non-TAP-funded firms: A minimum of 400 interviews (in fact 469 interviews were completed).

The survey design and overall approach are discussed below. A copy of the final survey instrument is included in the annex.

In total, almost 750 firms were interviewed. A summary is provided in Table 4.

²⁴ Based on whether they were “currently involved in doing business overseas” or were “seriously considering conducting any business overseas”. See questions F4a and F4b in the OMB survey.

²⁵ The survey was undertaken at BMG Direct’s headquarters in Birmingham, on behalf of OMB Research, who administered the survey.

²⁶ The list provided to OMB was randomised prior to fieldwork.

Table 4: Survey sample and firms surveyed

	Survey sample	Firms surveyed
TAP-funded attendees	1,023*	272**
Non-TAP-funded attendees	15,077	160***
Non-attendees		309
Total	16,100	741

* Comprised of 342 Global, 344 High priority and 337 Other.

** Comprised of 91 Global, 90 High priority and 91 other.

*** Comprised of 87 non-TAP-funded exhibitors and 73 non-TAP-funded visitors.

Qualitative interviews

Following the quantitative survey of TAP-funded firms, London Economics carried out a series of semi-structured telephone interviews with the organisations involved in administering TAP – Accredited Trade Organisations and International Trade Advisers. As part of the consultation exercise, seventy-seven ATOs and 17 ITAs were invited to participate based on information provided by UKTI. Where it was not possible to carry out interviews, respondents were invited to provide their views in writing.

In total 21 ATOs (including two written responses) and 11 ITAs were interviewed. The surveys covered a range of issues, including the benefits firms achieve from trade fairs, how ATOs and ITAs saw their role as part of TAP, the importance of delegations and potential improvements to TAP. Copies of the topic guides used as the basis of the interviews are included in the annex.

5.2.5 Stage 4: data analysis

Survey analysis

The survey instrument consisted of a significant degree of routing, and in particular split the surveyed companies into three groups:

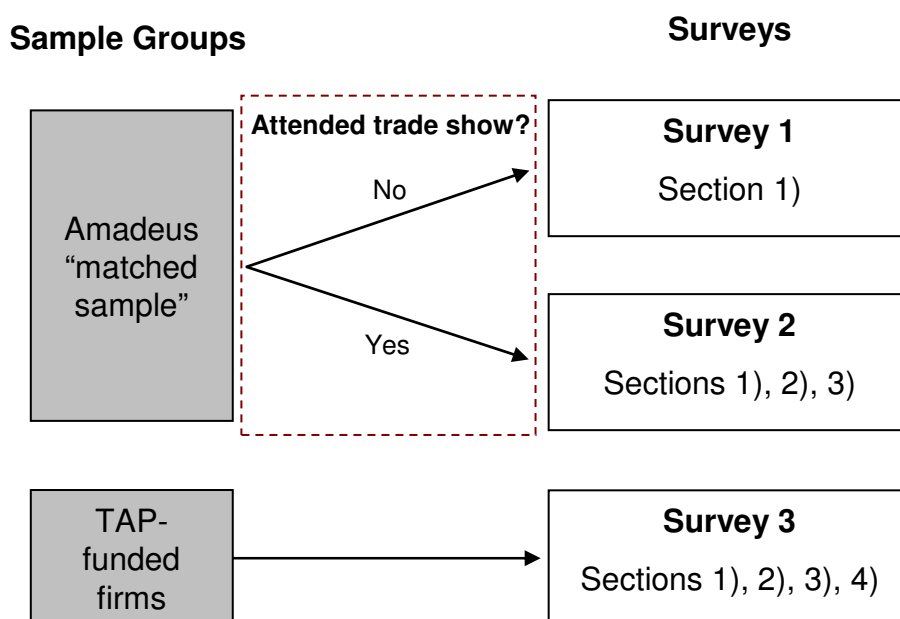
- **TAP-funded attendees:** firms that have received TAP funding in the past three years (drawn from the TAP-funded survey sample).
- **Non-TAP-funded attendees:** firms that had attended trade fairs in the last three years (as either exhibitors or visitors).
- **Non-attendees:** non-TAP-funded firms that had not attended trade fairs in any way in the last three years.

The presence of these three different groups necessitated three different sets of questions (within the single survey instrument). However, many of the elements of the surveys were the same between different groups. Essentially the question banks can be split into three groupings, each of which is discussed in more detail below:

- 1) Profiling (firm characteristics)
- 2) Reasons for (not) attending trade shows
- 3) Activities at and impacts of attending tradeshow
- 4) The impact of TAP

The different groups of firms received different elements of the survey, as indicated in Figure 2.

Figure 8: Survey instruments for different groups



Source: London Economics.

In practice, the question groupings are not as distinct as the figure suggests. In particular, when surveying TAP-funded companies, the benefits of attending a trade fair are not entirely separated from being involved in TAP. Instead, section 4) is an additional "layer" of questions which examined their particular experiences of the programme in more detail.

1) Firm characteristics

The first element of the questionnaire was used to develop more detail around the characteristics of the sampled firms in each of the three groups, and obtain additional information on characteristics that was unavailable from Amadeus. This included turnover (current and 2006), employee numbers, export experience, and innovative capacity.

2) Reasons for (not) using tradeshow

The survey also looked to examine the reasons why companies choose particular trade fairs. In particular, this assesses the importance of the existence of a UK delegation in attending trade fairs.

In the case of non-attendees, the survey sought to understand the reasons for choosing not to attend overseas trade fairs – whether it was a result of financial burden, lack of contacts or other reasons.

3) Activities at/ impacts of attending tradeshow

The survey investigated firm behaviour and benefits from trade fairs in two different ways. First, it examined the impact of attending trade fairs in general terms on firm performance – i.e. what the impact would be if firms did not attend trade fairs at all. This also included examining the ways in which firms have attended trade shows, and identifying any patterns of attendance.

Secondly, the survey focused on the benefits from attending a *particular* trade fair, including the net financial impact of attendance (accounting for any additionality). TAP-funded firms were questioned about the last fair in a particular category (global, high priority or other), as determined in Stage 2 (see above for more details). Non-TAP-funded firms, on the other hand, were asked about the most recent trade fair that they had attended.

Assessing the impact of trade fairs between groups raised a number of issues. The first of these is that the financial impact of a trade fair may differ significantly between different events (for instance due to different groups of buyers). Trade fairs supported by the TAP programme may be seen as more key to their sector, suggesting that the benefits of attending these trade fairs may be greater than attending trade fairs on average. Initially, it was planned to control for this effect through identifying non-TAP-funded firms that had attended trade fairs supported by TAP (through liaising with ATOs). However, this was not possible, due to timing issues and other constraints. As such comparisons between the different groups should be treated with some caution.

A further issue relates to the comparison between firms based on the trade fair they had attended. In order to identify comparison groups for each type

of trade fair (Global, High Priority and Other), non-TAP-funded firms that had attended trade fairs were asked a series of questions about their most recent trade fair attended.²⁷ TAP-funded firms, on the other hand, were asked about the most recent trade fair attended with TAP-funding, within the category of trade fair that they were assigned to. This raises two issues in terms of comparison between the TAP-funded and non-TAP-funded groups.

First, the classification of types of trade fairs is slightly different between the groups - with the type of fair identified by UKTI in the case of TAP-funded firms, and by the firms themselves in the case of non-TAP-funded firms.

Second, this methodology may result in a timing difference between the trade fairs examined for the two groups - with the potential for non-TAP-funded firms (who were asked about their most recent trade fair) to be asked about more recent trade fairs than TAP-funded firms (who were asked only about the most recent trade fair within a certain category, and supported by TAP).

4) The impact of TAP

The final element of the questionnaire concerned the impact of TAP on TAP-funded participants. This involved i) estimating the benefits to the firm of attending the trade fair (as per section 3), and ii) estimating the extent to which TAP support was key to these benefits. (e.g. whether they would have attended trade fairs even in the absence of TAP).

In addition, the survey also investigated how firms viewed the processes of TAP (i.e. how it operates in practice).

Econometric analysis

To complement the survey analysis, the impact of TAP was also analysed through an econometric analysis, which incorporated the data obtained from Amadeus, as well as the survey responses. Two analyses were undertaken. First, we sought to understand the impact of TAP on attendance at trade fairs, once other factors (such as company size) have been taken into account. Second, the turnover data obtained in Amadeus was used to assess the financial impact on companies of attending trade fairs.

1) Effect of TAP on trade fair participation

Using the data collected, we analysed the extent to which the results of TAP are additional. A model was constructed comparing the key characteristics of

²⁷ In particular, trade fairs were classified as global if a firm stated that it was "International/focused on a number of countries". Trade fairs were identified as high priority if they were "just focused on a country", and took place in one of the selected high priority countries (see stage 1 for details). All remaining trade fairs were identified as Other.

the non-TAP-funded firms that had exhibited at trade fairs (non-TAP-funded exhibitors), with those that had not (non-attendees). The resulting model parameters are then applied to the TAP-funded attendees, in order to provide an estimate of whether they would have exhibited at trade fairs in the absence of TAP support.

This then forms the basis of an estimate of both the **additionality** of TAP – those firms that would not have attended trade fairs in the absence of TAP – and the **deadweight loss** of TAP – those firms that (according to the model) would have attended trade fairs in any case, without the receipt of TAP.

A detailed technical methodology is provided in the annex.

This approach provided an estimation of TAP's additionality in terms of helping firms attend trade fairs for the first time. However, the reliability of these results depends on the sample of firms used, and the extent to which they are representative of the underlying groups of firms. This is examined in detail in the annex.

2) Financial impact of attending trade fairs

The second element of the econometric analysis analysed the impact of attending trade fairs on company performance.²⁸ Initially, it was planned to include a range of indicators of company performance. However, given the difficulty in obtaining sufficient amounts of data, only the impact on turnover was included.

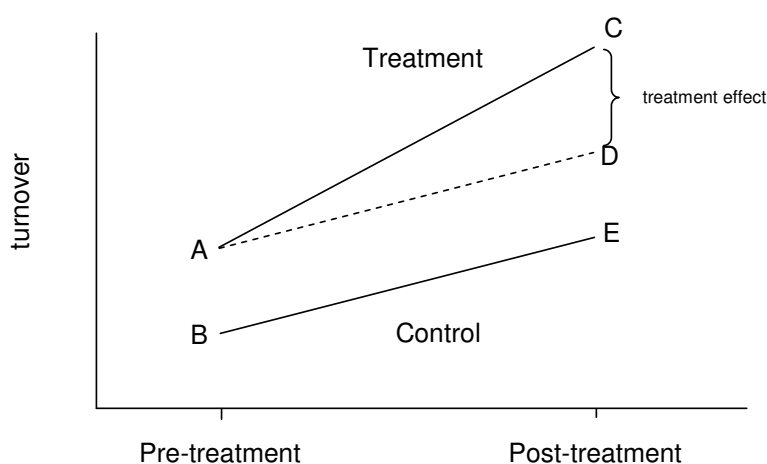
²⁸ In the initial methodology, this analysis sought to discern the impact of attending a particular trade fair. This was amended to reflect the overall impact of attending trade fairs, as discussed above.

Box 3: Difference-in-difference (DID) estimation

Difference in Difference is a common evaluation technique used to assess the impact of a treatment or policy, based comparing the change in the outcome of interest (in this case turnover) between a treatment group and a control group.

Underlying the DID approach is the fact that directly estimating the impact of treatment on a group is difficult, as it is not possible to observe what would have occurred in the *absence of the treatment*. Ideally, one would be able to identify a control group that is identical to the treatment group in every respect except receipt of treatment. However, in practice this may difficult. The DID approach thus makes the (weaker) assumption that any difference between the treatment and control group is constant over time.

This is displayed in the diagram below. The line BE represents the change in turnover for the control group during the duration of the treatment. The line AC represents the change in turnover for the group of firms receiving the treatment. The line AD represents what would have happened in the absence of the treatment.



It is not possible to measure the treatment effect (CD) directly, as point D is not observable. Instead the DID approach estimates this distance, by calculating the change in the treatment group over time (CA) and adjusting for the difference between the treatment and control group prior to the treatment (AB).

As such, the estimate is calculated as:

$$\alpha_{DID} = (\bar{Y}_{t1}^T - \bar{Y}_{t0}^T) - (\bar{Y}_{t1}^C - \bar{Y}_{t0}^C)$$

(where Y is the outcome variable of interest).

For those firms for which data was available, we calculated the effect on turnover using a difference-in-difference model (see box 3 for an explanation), with firms that exhibited at trade fairs in the period January 2005-March 2006 as the “treatment” group, and the non-attendees and non-funded visitors as the “control” group. The outcomes measured were the change in turnover between 2004 and 2005, and change in turnover between 2004 and 2006.

During the analysis it became apparent that the majority of companies did not have sufficient information (in terms of historical turnover) to be included in the analysis, which could lead to differences between the control and treatment groups (or exacerbate existing differences). To control for this, a propensity score matching process was used, focusing on company sector, turnover and age, in order to obtain a more appropriate comparison group.

6 Comparison with populations

In this section we assess the extent to which the sample of firms surveyed by OMB is representative of the overall populations of TAP-funded and non-TAP funded firms respectively.

If the sample of TAP-funded firms had been drawn randomly from the overall population of TAP-funded firms, we would expect that the characteristics of the firms surveyed reflect the overall population. However, a number of features of the sampling process used (discussed in detail in the methodology section) means that this may not be the case.

In particular, in order to assess the impact of attending different types of trade fairs, firms were selected according to the type of trade fairs that they had attended (global, high priority or other). Equal numbers of firms were selected in each of these three categories. As this does not reflect the overall population (global fairs, for instance, are more frequently attended than high priority fairs), this may have led to the sample being distorted (relative to the underlying population) in some way. Other potential sources of distortion are the focus on the most popular trade fairs in each category, and the reliance on firms for whom contact details were available.

In order to assess the extent to which the firms surveyed are representative of the overall populations, we use two sources of UKTI information (see section 3 for more information): the PIMS survey for TAP Group firms and the PIMS Non-User Survey. Both of these are based on random samples of the respective larger populations, and so provide a useful comparison point.²⁹

Company size

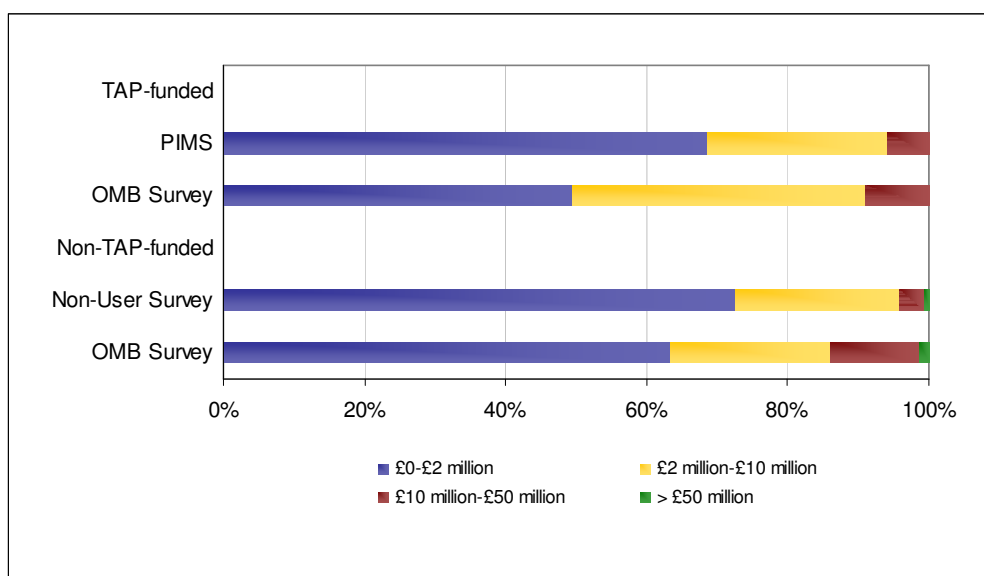
As shown in Figure 3, based on the PIMS data, more than two thirds (68%) of TAP-funded firms have turnover of under £2 million, with a further 27% having turnover of between £2 million and £10 million, and a small proportion (c. 5%) having turnover of between £10 and £30 million.

In contrast, in the OMB sample there is a much lower proportion of TAP-funded firms with turnover beneath £2 million (50% compared to 68% in the PIMS sample), and a higher proportion of firms with turnover between £2 million and £10 million (42% compared to 26%).

²⁹ The PIMS Non-User survey is stratified by age – and as such is skewed heavily towards younger firms. In order to adjust for this, and make it a more useful comparator source, the results are weighted using data taken from the Small Business Services' Annual Small Business Survey.

Similarly, the population of non-user firms (based on the Non-User Survey) contained a higher proportion of very small firms than the OMB sample of non-TAP-funded firms. However, these differences were smaller than for the TAP-funded firms.

Figure 9: Representativeness of OMB sample: company turnover (current)



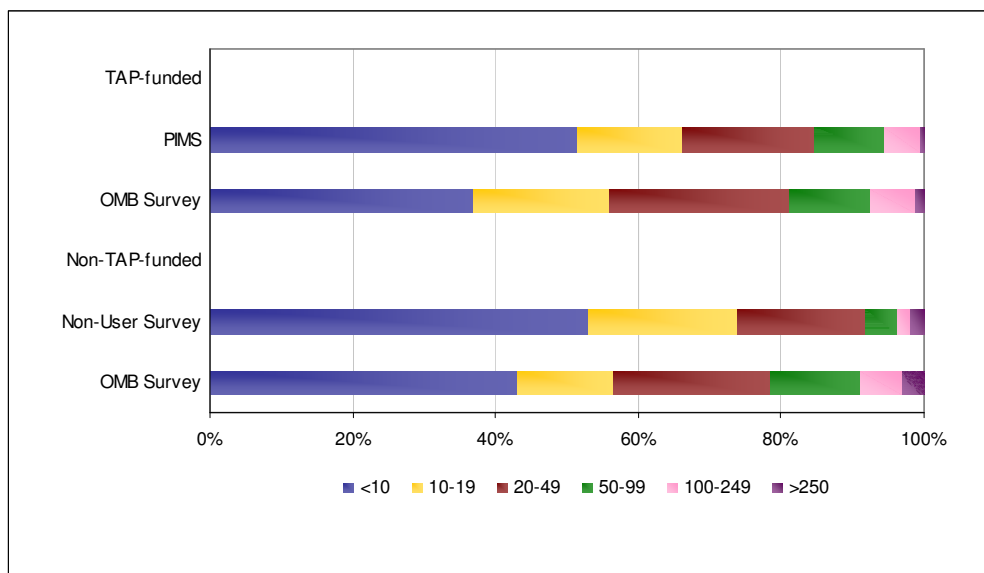
Note: Missing observations accounted for 20% of observations in PIMS, 26% of TAP-funded firms in the OMB Survey, 15% in the PIMS Non-User Survey and 36% of the non-TAP-funded firms in the OMB Survey.

Source: OMB Survey, PIMS Waves 2-10, PIMS Non-User Survey.

Information on company employee numbers, as illustrated in Figure 10 presents a similar picture to company turnover. The PIMS data again indicates that a high proportion of the firms receiving TAP support are small, with 66% of firms employing fewer than 20 employees, and 85% employing fewer than 50.

The TAP-funded OMB sample contained a similar proportion of small firms, with 81% employing fewer than 50 staff. However, in comparison to PIMS, a smaller proportion of TAP-funded firms in the OMB sample employed fewer than ten employees (37% compared to 51%) and fewer than 20 employees (56% compared to 66%).

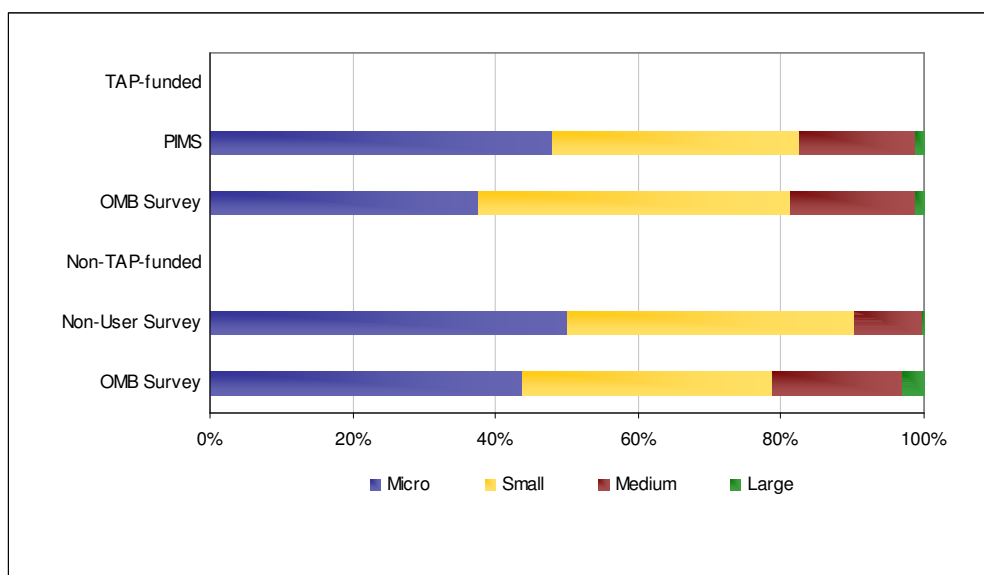
These results were also reflected in the comparison of the non-TAP-funded OMB sample with the Non-User Survey. The OMB sample contained a smaller proportion of firms with under 10 employees (43% versus 53%), under 20 employees (56% versus 74%) and under 50 employees (79% versus 92%).

Figure 10: Representativeness of OMB sample: employee numbers (current)

Note: Missing observations accounted for 1% of observations in PIMS, 3% of TAP-funded firms in the OMB Survey, 0% in the PIMS Non-User Survey and 4% of the non-TAP-funded firms in the OMB Survey.

Source: OMB Survey, PIMS Waves 2-10, PIMS Non-User Survey.

These findings for turnover and employee number are also reflected in the company size variable, as illustrated in Figure 11. In particular, the OMB sample (for both TAP-funded and non-TAP-funded firms) contained a lower proportion of “Micro” firms than the underlying populations.

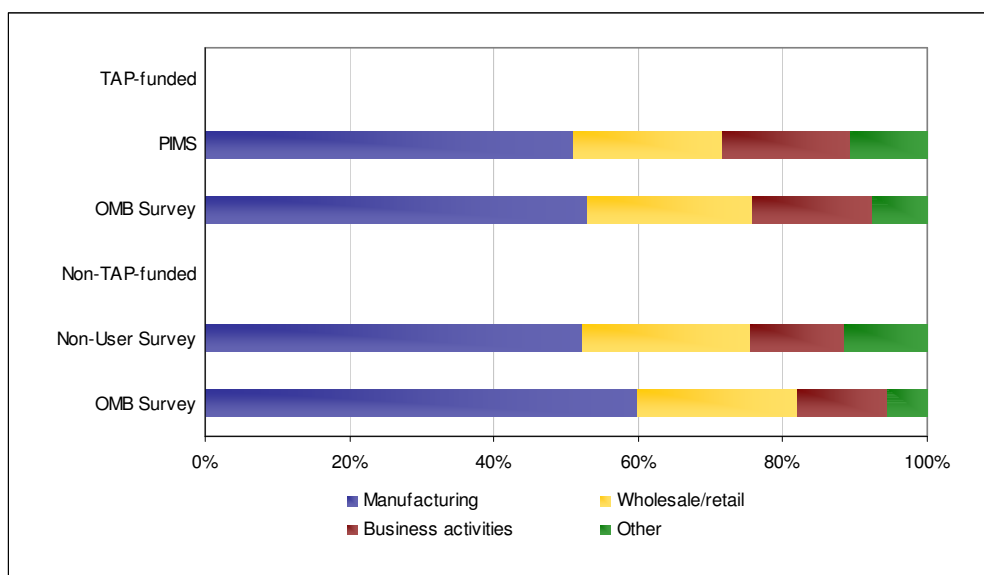
Figure 11: Representativeness of OMB sample: company size (current)

Note: Missing observations accounted for 0% of observations in PIMS, 1% of TAP-funded firms in the OMB Survey, 0% in the PIMS Non-User Survey and 3% of the non-TAP-funded firms in the OMB Survey.

Source: OMB Survey, PIMS Waves 2-10, PIMS Non-User Survey.

Company sector

As indicated in Figure 12, the sectoral make-up of the OMB sample was broadly representative of the underlying populations. The most significant difference (though still relatively small) was that the OMB sample of non-TAP-funded firms included a higher proportion of manufacturing firms (60% versus 52%) than the PIMS Non-User survey.

Figure 12: Representativeness of OMB sample: company sector

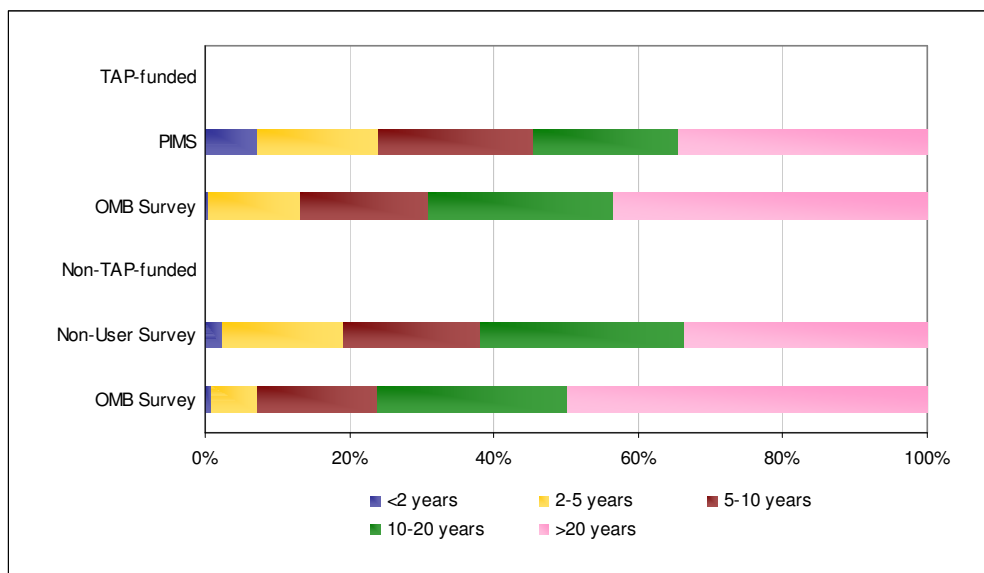
Source: OMB Survey, PIMS Waves 2-10, PIMS Non-User Survey.

Company age

As indicated in Figure 13, the PIMS data indicated that very few (under 10%) of TAP-funded firms had been established in the last two years (relative to the time that the survey was administered), with most (54%) established more than ten years ago.

In comparison, the OMB sample of TAP-funded firms contained only one firm established within the last two years although this explained by the selection of TAP-funded firms based on the trade fair they attended in 2005 and early 2006. However, it also contained a higher proportion of firms aged over 20 years (43% versus 34%).

Similar differences also existed between the OMB sample of non-TAP-funded firms and the results from the PIMS Non-User survey.

Figure 13: Representativeness of OMB sample: company age

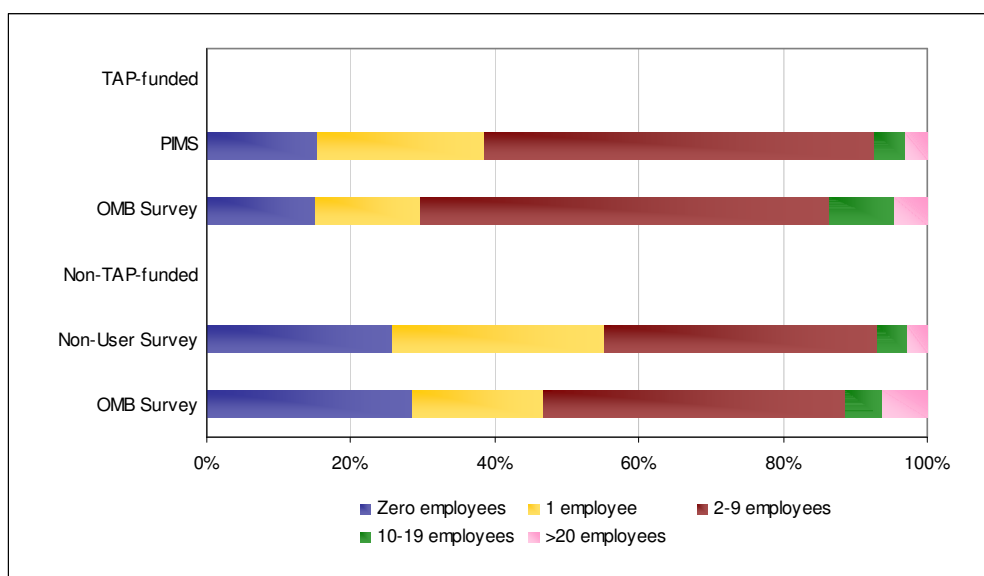
Source: OMB Survey, PIMS Waves 2-10, PIMS Non-User Survey.

Innovative capacity

As indicated in Figure 14, the majority (over 80%) of TAP-funded firms (based on PIMS) do have at least one “innovative” employee, while 60% of firms employ more than one such employee.³⁰ This is reflected in the OMB TAP-funded sample - although with a higher proportion of firms employing between 2 and 9 employees engaged in innovative activities (and a lower proportion employing only 1 such employee).

The non-TAP-funded firms in the OMB sample tended to have a lower innovative capacity than the TAP-funded firms. As the figure illustrates, this appears to reflect differences in the underlying populations. Again however, there appears to be a greater tendency in the OMB sample for firms to hire more than 1 innovative employee (compared to the population). This may be explained by the smaller proportion of micro sized companies in the OMB sample - as discussed above.

Figure 14: Representativeness of OMB sample: Innovative capacity



Note: Missing observations accounted for 3% of observations in PIMS, 3% of TAP-funded firms in the OMB Survey, 1% in the PIMS Non-User Survey and 6% of the non-TAP-funded firms in the OMB Survey.
Source: OMB Survey, PIMS Waves 2-10, PIMS Non-User Survey.

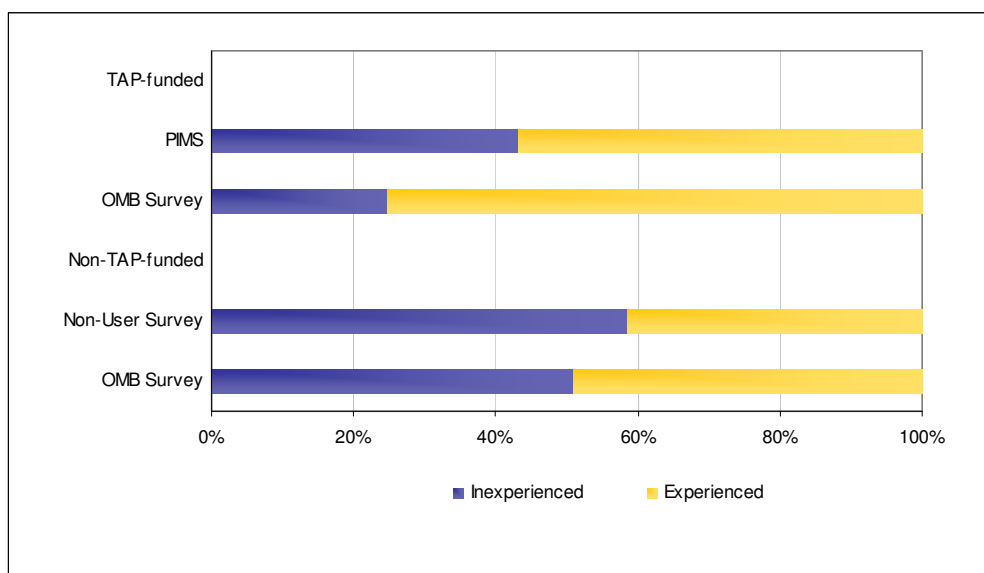
³⁰ An employee is defined as innovative if are “engaged either wholly or partly in R&D or new product or service development activity”.

Export experience

Using a number of measures, the results indicate that the TAP-funded firms included in the OMB sample are more experienced in export markets than TAP-funded firms as a whole (as measured in PIMS).

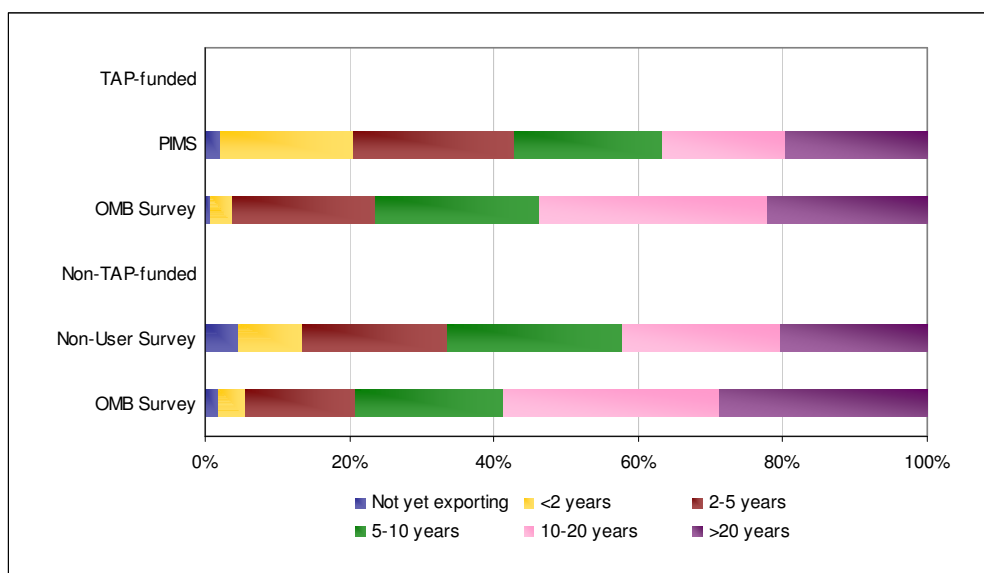
For instance, as shown in Figure 15, using the combined measure of export experience 43% of PIMS firms were classified as “inexperienced”, compared to 25% of firms in the TAP-funded OMB sample.

Figure 15: Representativeness of OMB sample: Experienced exporters



Source: OMB Survey, PIMS Waves 2-10, PIMS Non-User Survey.

Similarly, a much higher proportion of TAP-funded firms in the OMB sample have been exporting for more than 5 years (76% compared to 56%), and rate themselves as “quite” or “very” experienced in overseas markets (87% compared to 68%). Further, exports comprise more than 25% of turnover for 69% of firms in the OMB sample compared to 41% in the PIMS sample.

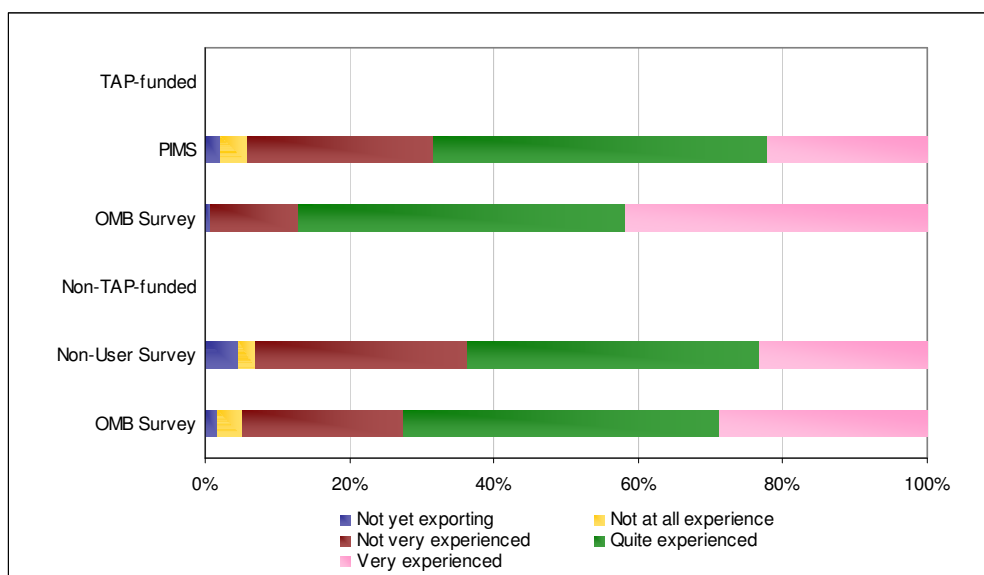
Figure 16: Representativeness of OMB sample: Number of years exporting

Note: Missing observations accounted for 2% of observations in PIMS, 0% of TAP-funded firms in the OMB Survey, 0% in the PIMS Non-User Survey and 4% of the non-TAP-funded firms in the OMB Survey.

Source: OMB Survey, PIMS Waves 2-10, PIMS Non-User Survey.

In comparison, the non-TAP-funded firms in the OMB sample appear to be more representative of the underlying population (i.e. compared to the Non-User Survey data) in terms of export experience – although there are some differences.

In particular, 51% of the non-TAP-funded firms in the OMB sample are rated as inexperienced in comparison to 58% of firms in the Non-User Survey. Similarly, 76% of non-TAP-funded firms in the OMB sample have been exporting for more than 5 years, in comparison to 67% in the PIMS Non-User Survey.

Figure 17: Representativeness of OMB sample: export experience

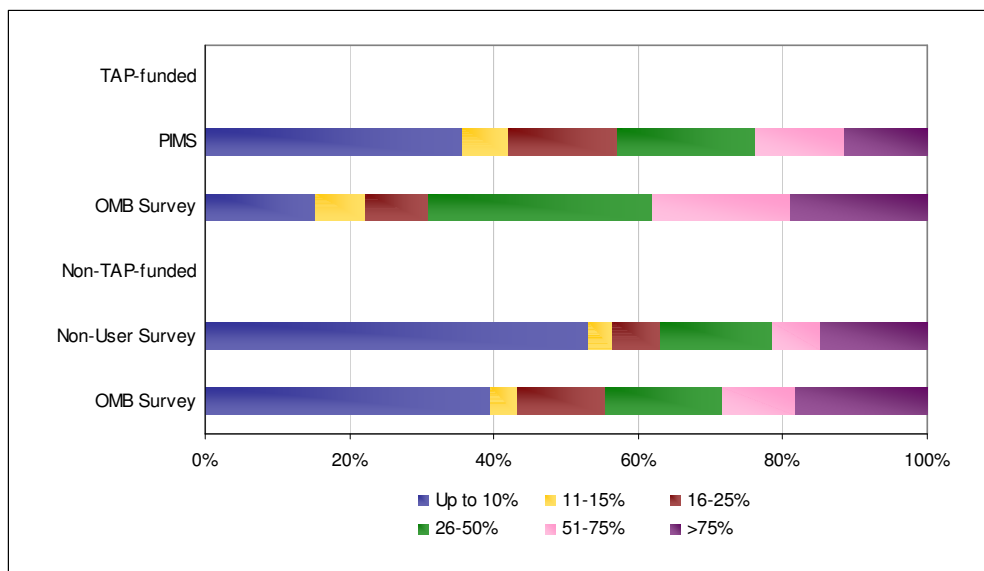
Note: Missing observations accounted for 0% of observations in PIMS, 0% of TAP-funded firms in the OMB Survey, 0% in the PIMS Non-User Survey and 1% of the non-TAP-funded firms in the OMB Survey.

Source: OMB Survey, PIMS Waves 2-10, PIMS Non-User Survey.

These differences may be explained by the timing of the survey compared to the receipt of TAP support. While the PIMS survey took place within a year of firms participating in TAP, the OMB survey referred to participations in 2005 (and early 2006). Even if firms had the same level of export experience when participating in TAP, this would imply that firms in the OMB sample had two years additional experience compared to the firms surveyed in PIMS.

Figure 18 displays information regarding the percentage of firm turnover accounted for by exports. Again, this indicates that TAP-funded firms in the OMB sample tend to have more export experience than those in PIMS – with a much lower proportion with exports accounting for under 10% of their turnover. Again however, this may be explained by the difference in timing between the evaluation survey and PIMS.

Figure 18: Representativeness of OMB sample: % turnover accounted for by exports



Note: Missing observations accounted for 6% of observations in PIMS, 8% of TAP-funded firms in the OMB Survey, 6% in the PIMS Non-User Survey and 14% of the non-TAP-funded firms in the OMB Survey.
Source: OMB Survey, PIMS Waves 2-10, PIMS Non-User Survey.

Conclusions

A comparison of the OMB sample (i.e. the firms surveyed) with the underlying populations of TAP-funded and non-TAP-funded firms (based on UKTI PIMS surveys) indicated some significant differences. This is not surprising given that the initial sample of TAP-funded firms was not randomly selected. However, understanding these differences is important in generalising the results from the analysis reported in the following two sections.

7 Results of quantitative survey

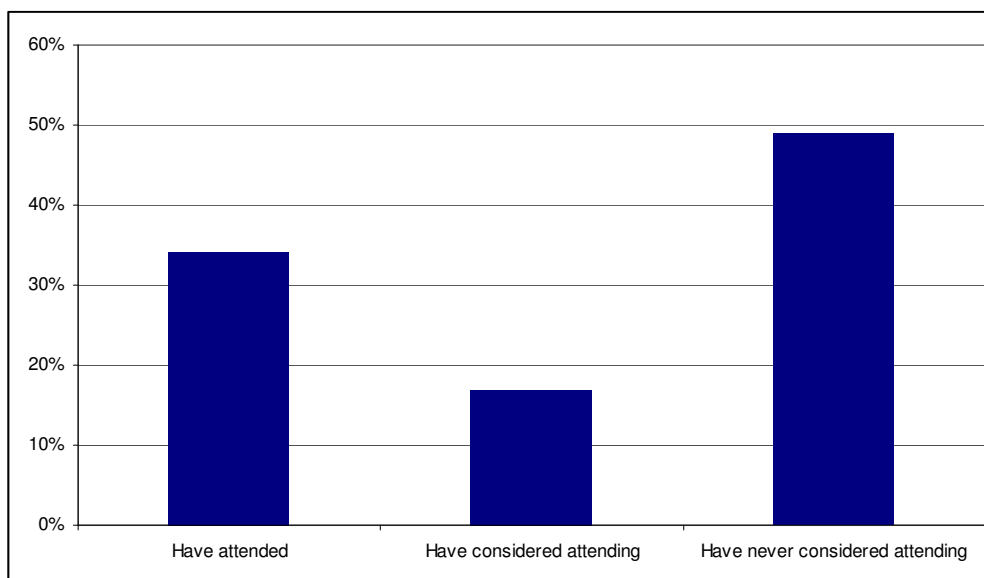
This section reports the results of the quantitative survey of TAP-funded and non-TAP-funded firms.

7.1 Firm characteristics

7.1.1 Non-TAP-funded firms' experience at trade fairs

The first stage of the questionnaire examined the experience that non-TAP-funded firms had of attending trade fairs (in the past three years). As Figure 19 indicates, around a third of firms had attended trade fairs as either exhibitors or visitors, while approaching a further 20% of firms had considered attending. Nearly half (49%) of the firms had, however, not considered attending trade fairs.

Figure 19: Non-TAP-funded firms' attendance at trade fairs (in the past three years)



Note: 20 firms answering "don't know" are included in the "have never considered attending" group.

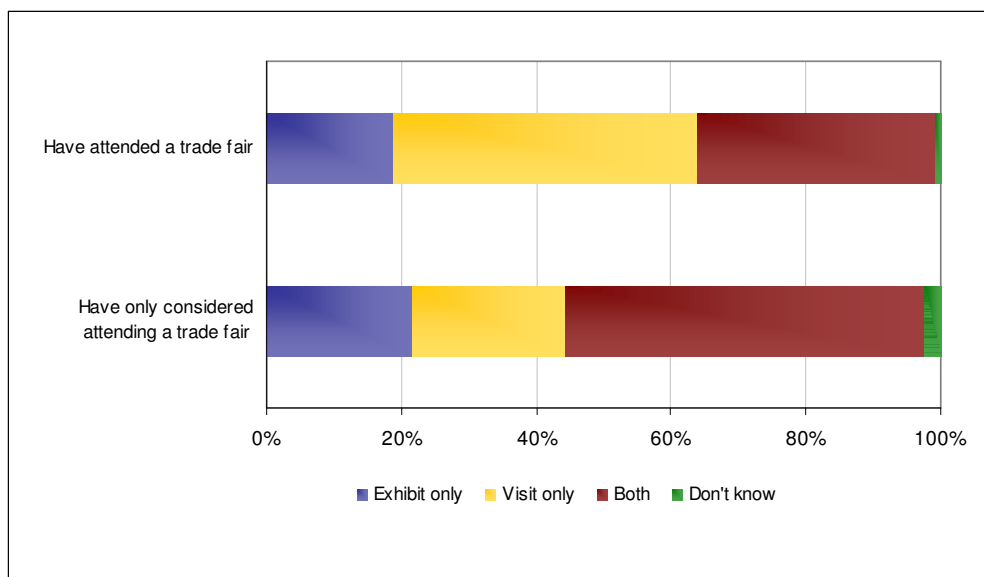
Source: OMB survey questions F3a, N1a.

Figure 20 illustrates the ways in which firms have attended trade fairs, or they have considered attending (if they have not actually attended). This

indicates that non-TAP-funded firms that have attended trade fairs have generally visited trade fairs – more than 80% had experience of visiting trade fairs, compared to around 54% with experience of exhibiting.

In comparison, firms considering attending a trade fair have tended to consider both routes of participation – 54% of firms had considered both exhibiting and visiting – with approximately an additional 20% considering either visiting or exhibiting only.

Figure 20: Non-attendees: types of trade fairs attended / considered attending



Source: OMB survey question N1b.

Based on these details, non-TAP-funded firms were split into three groups, which determined the questions they were asked in the survey. The groups were:

- **Non-TAP-funded exhibitors:** Firms that have exhibited at an overseas trade fair in the past three years (either exhibited only or exhibited and visited).
- **Non-TAP-funded visitors:** Firms that have visited, but not exhibited at, an overseas trade fair in the past three years.
- **Non-attendees:** Firms that have not attended an overseas trade fair (either exhibiting or visiting) in the past three years.

We examine the characteristics of the firms in each of these groups below.

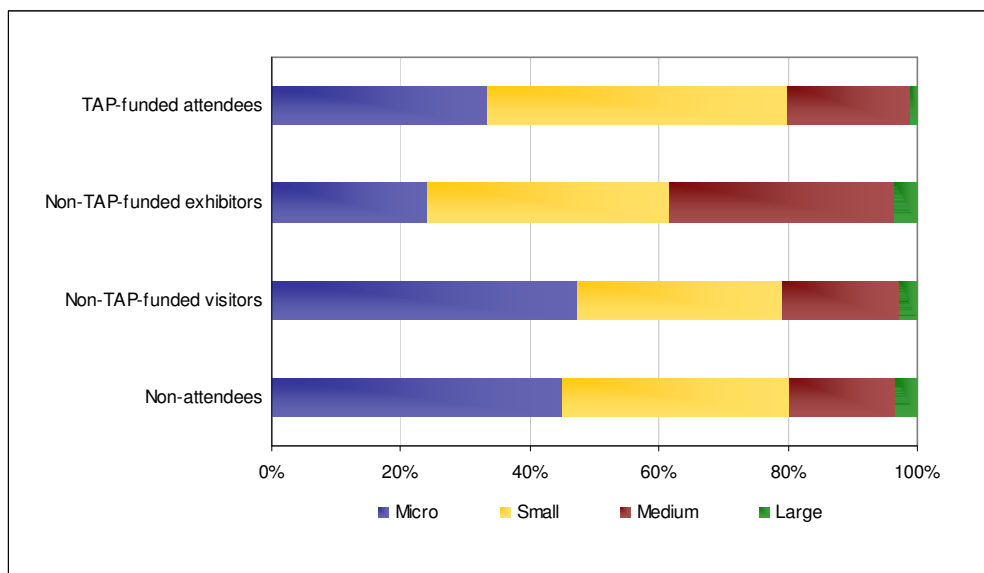
7.1.2 Characteristics of the different groups

As indicated in the figures below, there were important differences between the four groups of firms surveyed (the TAP-funded attendees, and the three groups of non-TAP-funded firms). However, in examining these differences it is important to consider the issues discussed in the previous section. First, there are important differences in the characteristics of the groups of TAP-funded and non-TAP-funded firms surveyed; and secondly that, in certain respects, these groups may not be representative of the underlying populations (of TAP-funded and non-TAP-funded firms respectively).

Company size

Using the OMB survey data, company size is measured through combining measures of company turnover and number of employees. As shown in Figure 21, the TAP-funded group contained a smaller proportion of micro sized firms than either the non-TAP-funded visitor or non-attendee groups. This reflects the overall differences between the TAP-funded and non-TAP-funded groups (as discussed in the annex).

Notably, however, the group of non-TAP-funded exhibitors contains a smaller proportion of micro sized companies than TAP-funded attendees (24% versus 33%) – despite the fact that the non-TAP-funded group as a whole contained a larger share of micro sized companies.

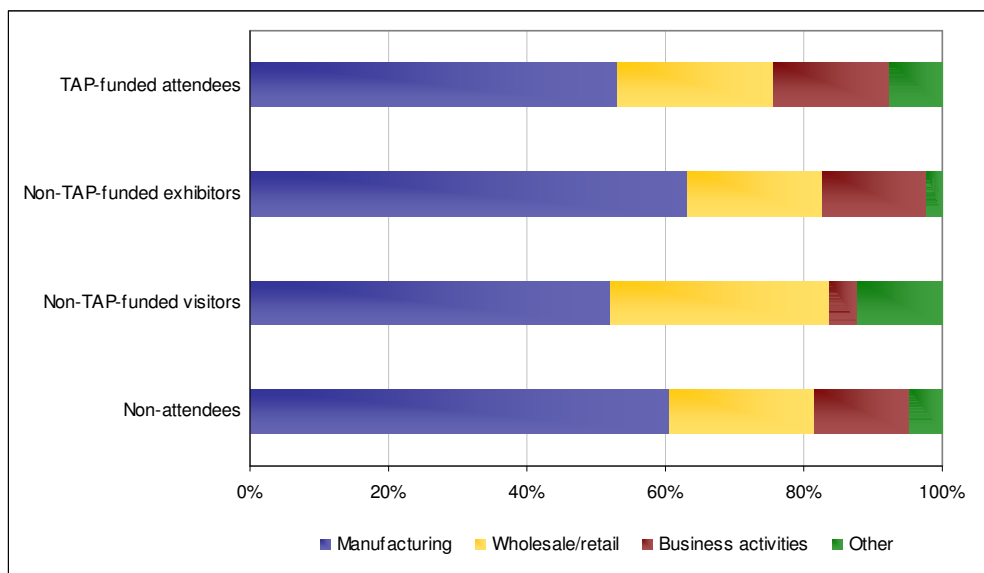
Figure 21: OMB sample characteristics: company size

Note: Percentages exclude missing responses.

Source: OMB survey questions P10a, P10b, P12b, P12c, P5a and P5b.

Company sector

As shown in Figure 22 there were also some significant differences between the groups in terms of sector. In particular, the TAP-funded group contains a smaller proportion of firms operating in the manufacturing sector than the other groups, reflecting overall differences between the TAP-funded and non-TAP-funded firms surveyed.

Figure 22: OMB sample characteristics: company sector

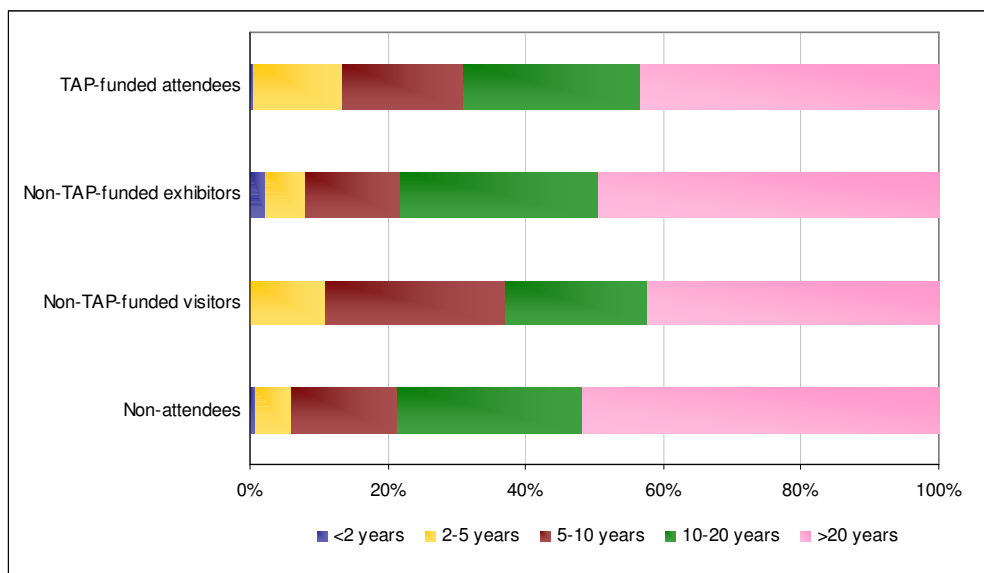
Note: Business activities refer to the "real estate, renting and business activities" sector.

Source: OMB survey question F9.

Company age

Figure 23 displays the age of the companies surveyed, as reported during the survey. The groups are reasonably similar, although the TAP-funded group contained a higher proportion of firms younger than five years, particularly in comparison to the group of non-TAP-funded exhibitors.

Figure 23: OMB sample characteristics: company age



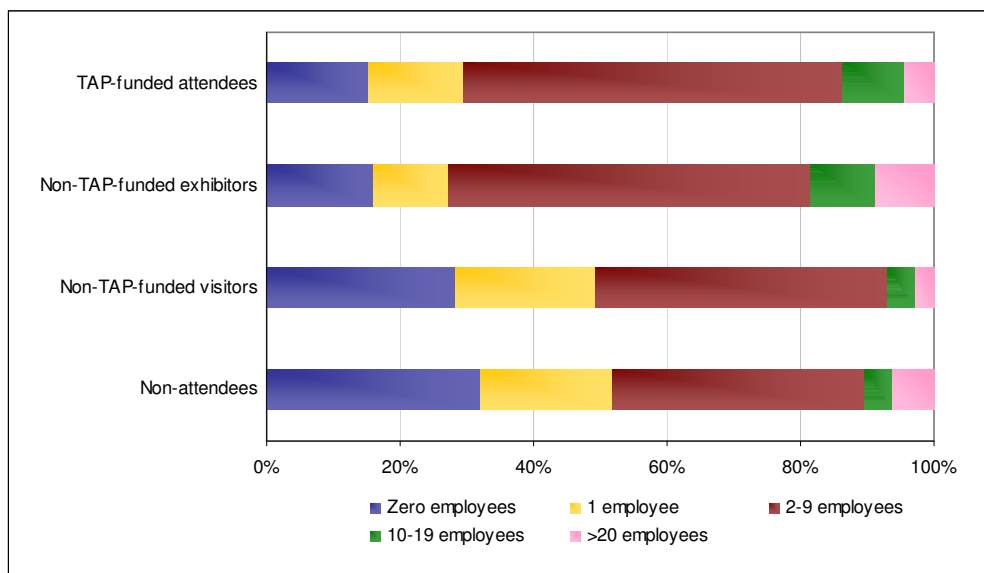
Source: OMB survey question F10.

Innovative capacity

The results indicated significant differences between exhibitors (TAP-funded and non-TAP-funded) and non-exhibitors in terms of innovative capacity (measured by the number of employees engaged in R&D activities).

The two groups of exhibitors had a smaller proportion of firms with no employees engaged in innovative activities (around 15% compared to around 30% in the other two groups), and a higher proportion of firms with between 2 and 9 innovative employees (around 55% compared to around 45%).

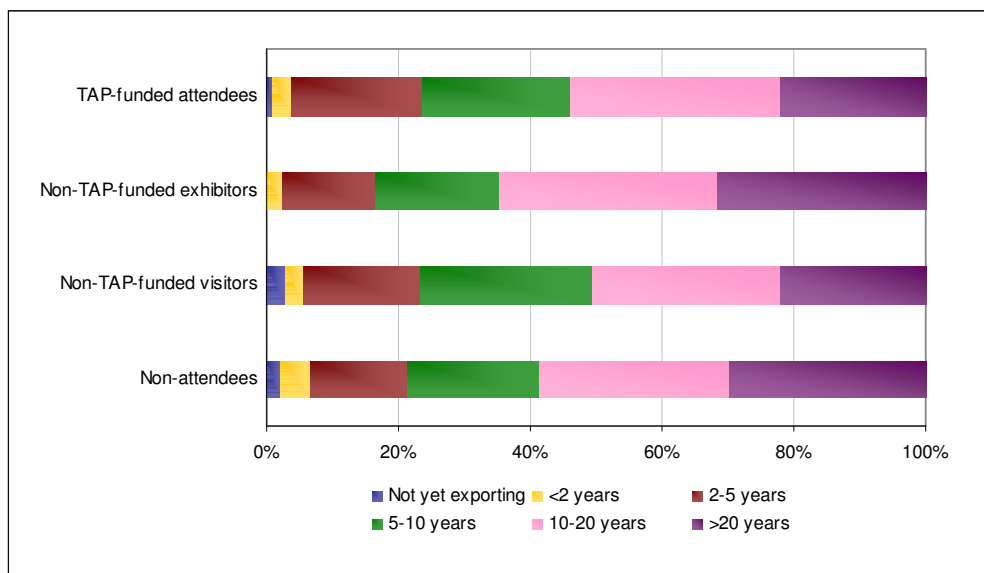
These results are likely to reflect two factors. First, there are significant differences between the TAP-funded and non-TAP-funded groups overall – reflecting the differences in the underlying populations – in terms of the number of innovative employees. Secondly, the non-TAP-funded exhibitors group contains a much larger proportion of medium sized firms compared to the other two non-TAP-funded groups (see Figure 21 above).

Figure 24: OMB sample characteristics: innovative capacity

Source: OMB survey question F9.

Export experience

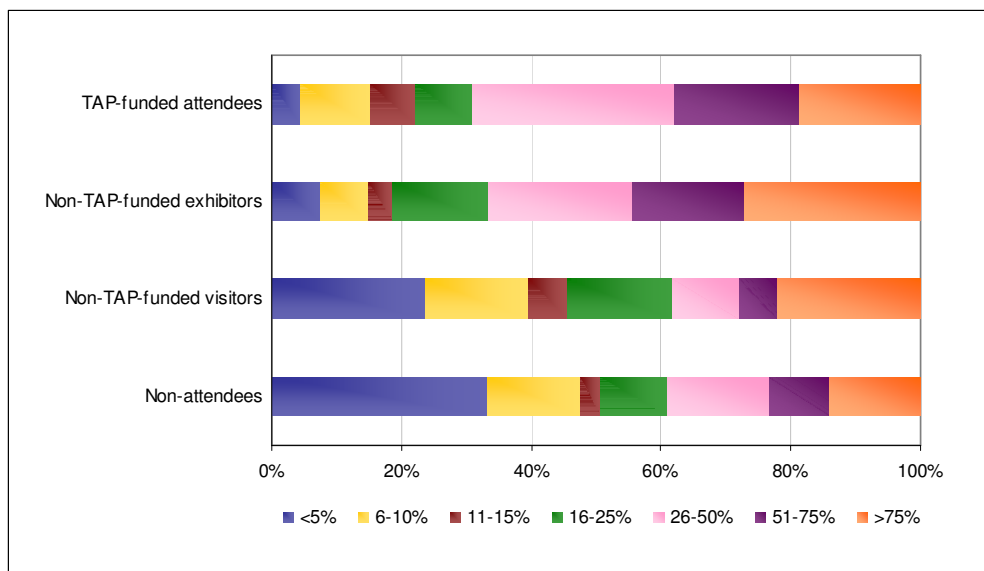
The survey results suggest that the four groups are reasonably comparable in terms of the number of years exporting. There are, however, some notable differences. Non-TAP-funded exhibitors and non-attendees seem to be “older exporters” than the other two groups. For instance, 84% of the non-TAP-funded exhibitors group had been exporting for more than five years, in comparison to 76% of the TAP-funded group.

Figure 25: OMB sample characteristics: years exporting

Source: OMB survey question P1.

In contrast, the percentage of turnover comprised of exports (Figure 26) illustrates significant differences between the groups. The non-TAP-funded visitors, and non-attendees, relied on exports for a much smaller proportion of their turnover. Between 24% and 33% of firms in these groups reported that exports were less than 5% of their turnover, in comparison to 4% and 7% in the TAP-funded and non-TAP-funded exhibitors groups respectively.

Figure 26: OMB sample characteristics: percent of turnover accounted for by exports



Source: OMB survey questions P3, P4.

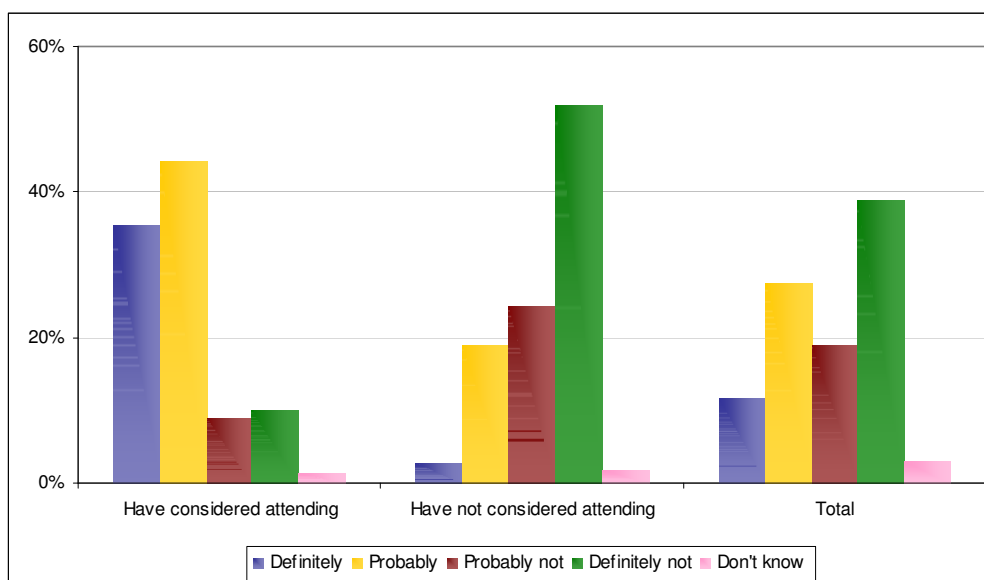
7.2 Non-attendees' perceptions of trade fairs

7.2.1 Non-attendees: reasons for not attending

The results above, indicating that the majority of non-TAP-funded firms surveyed have either not attended trade fairs (20%) or not even considered attending a trade fair (49%), suggests that there is scope for government support to persuade firms to attend for the first time.

Further, as shown in Figure 27, the majority (58%) of non-attendees felt that attending trade fairs might benefit them in some way, while 39% felt that trade fairs would “definitely” or “probably” benefit their business. Further, given that non-attendees are less likely to know the benefits of attending, this proportion may underestimate the number of firms that would be able to achieve these benefits.

Not surprisingly, a much higher proportion of firms that had considered attending felt that their business could find trade fairs beneficial (89% compared to 46% of those that had not considered attending).

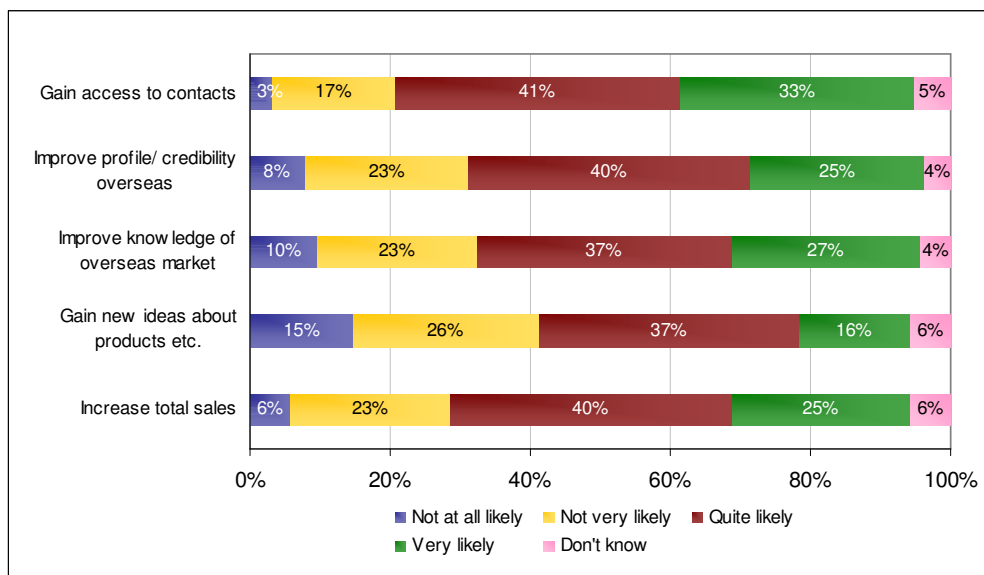
Figure 27: Non-attendees: perceived benefits from attending trade fairs

Note: Of 309 non-attendees, 79 had considered attending and 210 had not considered attending.

Source: OMB survey question N3.

As shown in Figure 28, non attending firms feeling that they may benefit from attending overseas trade fairs identified a range of potential benefits. Although “gaining access to new contacts” and “increasing sales” were seen as “very likely” or “quite likely” by the highest proportion of firms (78% and 69% respectively), other potentially less obvious benefits, such as “gaining new ideas about products etc” were also recognised as a probable benefit.

Figure 28: Non-attendees: types of benefit anticipated from attending trade fairs



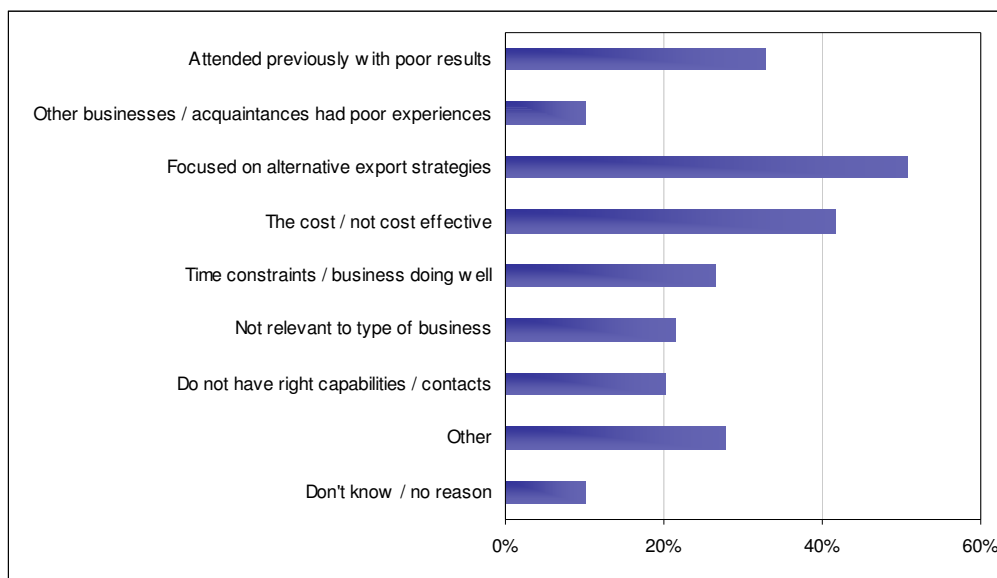
Note: Includes firms feeling that exhibiting at or visiting an overseas trade fair in future would “definitely”, “probably” or “probably not”.

Source: OMB survey question N5.

This suggests that there is a substantial group of firms that are interested in attending trade fairs, but are not currently doing so. This raises the question of why, if firms recognise the potential benefits exist, they have not attended. Figure 29 examines the reasons given by those firms that have considered attending a trade fair.

The reasons given indicate that the cost of attendance is a prohibitive factor (cited by over 40% of firms), as well as constraints within the firm – either through time constraints (27%) or a lack of required contacts / capabilities (20%). Also, the most common reason – reported by around half the firms – was a decision to focus on alternative export strategies. This may reflect a belief that trade fairs are more expensive than other export promotion strategies – or that the benefits are less clear.

Over 30% of the firms were deterred by previous experience of trade fairs (i.e. more than three years ago). Interestingly however, of the 26 firms reporting this as a reason, 16 felt that trade fairs could (definitely or probably) be beneficial in the future, while only 6 felt they definitely would not be beneficial. This suggests that firms generally remained optimistic about the potential benefits of trade fairs, even if they had previous poor experiences.

Figure 29: Reasons for deciding against attending trade fairs

Note: Including firms that have considered attending trade fairs.

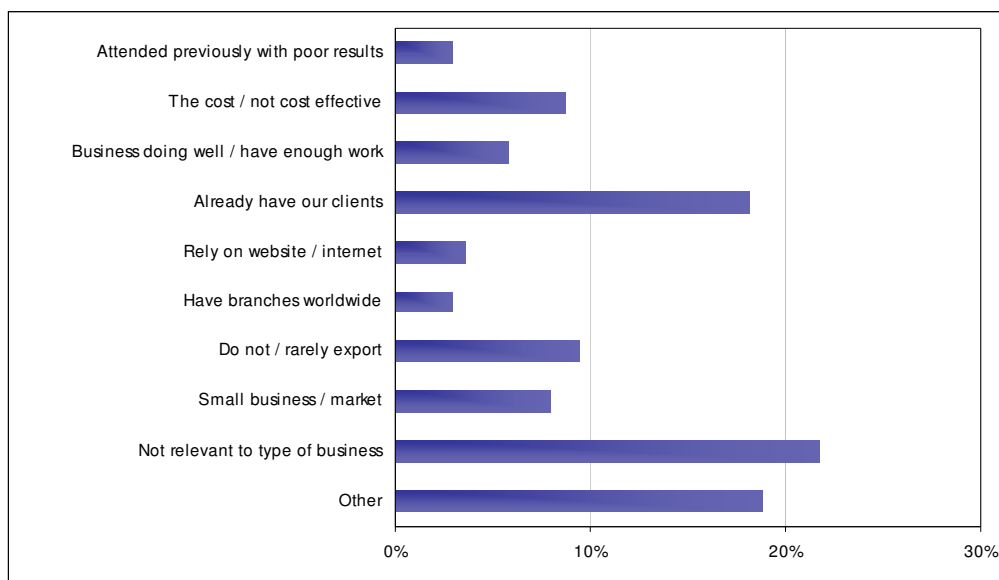
Source: OMB survey question N2.

While those firms that have considered attending trade fairs – who generally expected benefits from attending – cited the cost as a major discouragement to attending trade fairs, the reasons given by those firms not expecting benefits were different.

Figure 30 displays the reasons given by firms that believed that attending trade fairs would “definitely not” be beneficial to their business. Only around 10% of these firms focused on the financial benefits of trade fairs, feeling that fairs were not cost effective, or stating that they had attended trade fairs previously with poor results.

Instead, firms focused on the fact that trade fairs were not appropriate for their business – either due to the nature of their product / market, or because of their current business strategy. Around 22% of firms felt that trade fairs are “not relevant to the type of business”, while a further 18% stated that trade fairs would not be beneficial because they operate in a “small business/market”, they “do not/rarely export” or they have “branches worldwide”.

A further 30% of firms suggested that trade fairs were not appropriate given the current business strategy or the firm’s stage of development, with reasons including “already have clients”, “rely on website/internet”, or “business doing well/ have enough work”.

Figure 30: Reasons that trade fairs would not benefit businesses

Note: Includes firms feeling that exhibiting at or visiting an overseas trade fair in future would “definitely not” benefit their business.

Source: OMB survey question N4.

7.3 Benefits of trade fairs

The discussion in section 7.1 has suggested that there is a large pool of companies that do not attend trade fairs, but would anticipate benefits from doing so. In this sub-section, we examine the benefits that firms feel they obtain from attending trade fairs, and assess any differences in these benefits between different types of firms, and different types of trade fair.

Firms’ assessment of the benefits from trade fairs were assessed in two different ways. First, a series of questions focused on firms’ views towards trade fairs in general. Second, the survey examined benefits achieved at a *particular* trade fair (either pre-selected in the case of TAP-funded firms, or the most recent trade fair exhibited/visited in the case of non-TAP-funded firms).

In order to assess differences between the benefits to trade fair exhibitors, and trade fair visitors, non-TAP-funded firms that had attended trade fairs were split into two groups (as discussed in section 7.1): non-TAP-funded exhibitors and non-TAP-funded visitors. Non-TAP-funded exhibitors, along with TAP-

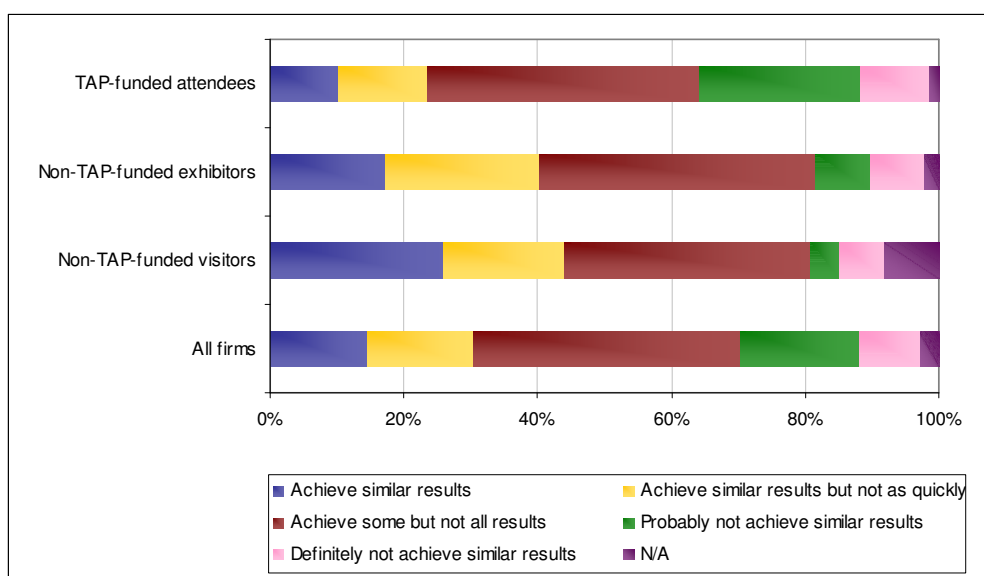
funded firms³¹, were asked about the benefits from exhibiting at trade fairs; while non-TAP-funded visitors were asked about the benefits of visiting.

7.3.1 Impacts of attending overseas trade fairs

The firms surveyed were positive about the impact of attending trade fairs on their business. As shown in Figure 31, a large majority (83%) identified a beneficial impact, with 69% stating that they would (definitely or probably) not achieve all the same results in the absence of trade fairs, and a further 16% feeling that it would take longer to achieve the same results.

A larger proportion of non-TAP-funded visitors felt that trade fairs had little effect on their business in comparison to exhibitors (26% compared to 14% across all firms).

Figure 31: In the absence of overseas trade fairs, firms would...



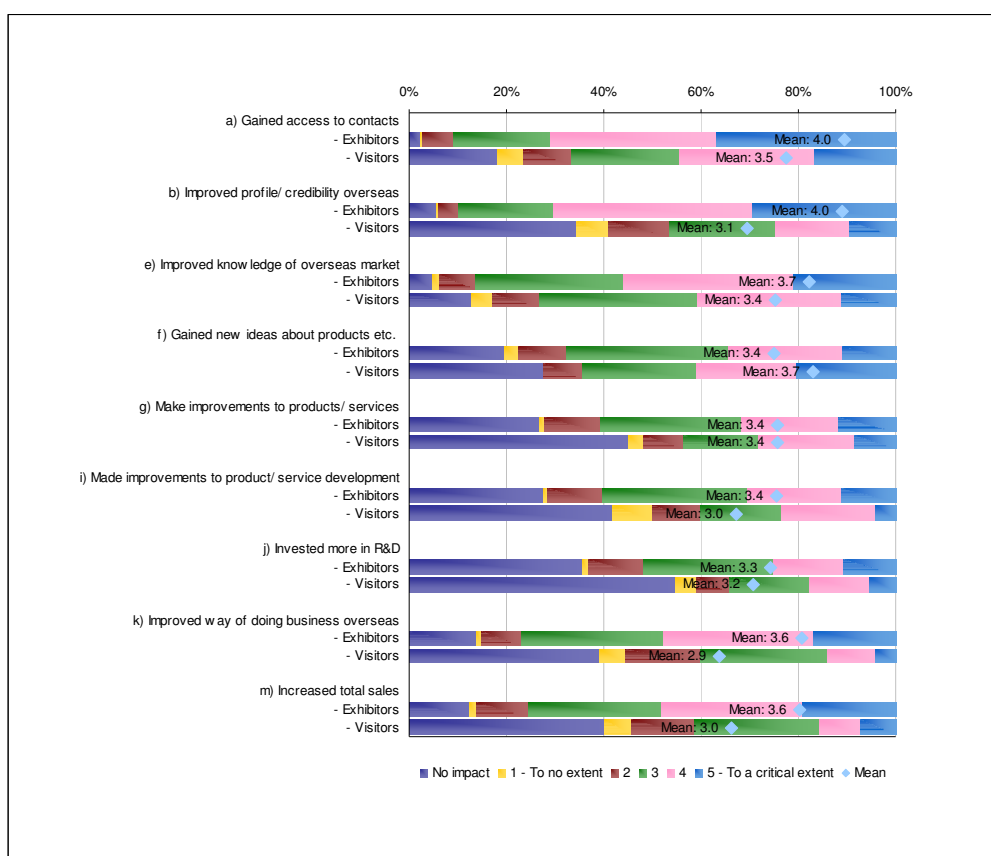
Source: OMB survey question A5.

³¹ TAP-funding is only available for exhibiting at trade fairs – as a result there is no “TAP-funded visitors” category.

Figure 32 displays more detail on the impacts which firms had experienced from attending trade fairs. For each area firms were asked to identify whether they had experienced the impact, and if so to what extent (on a scale of 1-5) the impact had been experienced.

Each of the nine impacts examined was experienced by over half of exhibitors; while eight of the nine were experienced by over half of visitors (the exception being “invested more in R&D”). The impacts experienced most commonly were gaining access to contacts, and improving knowledge of overseas markets, both of which were experienced by over 90% of exhibitors and over 80% of visitors. Investing more in R&D was experienced by the lowest proportion of firms (64% of exhibitors and 45% of visitors).

Figure 32: Impacts of attending trade fairs



Note: Excluding answers of “Don’t know”. Average ratings only include those firms that had experienced each impact.

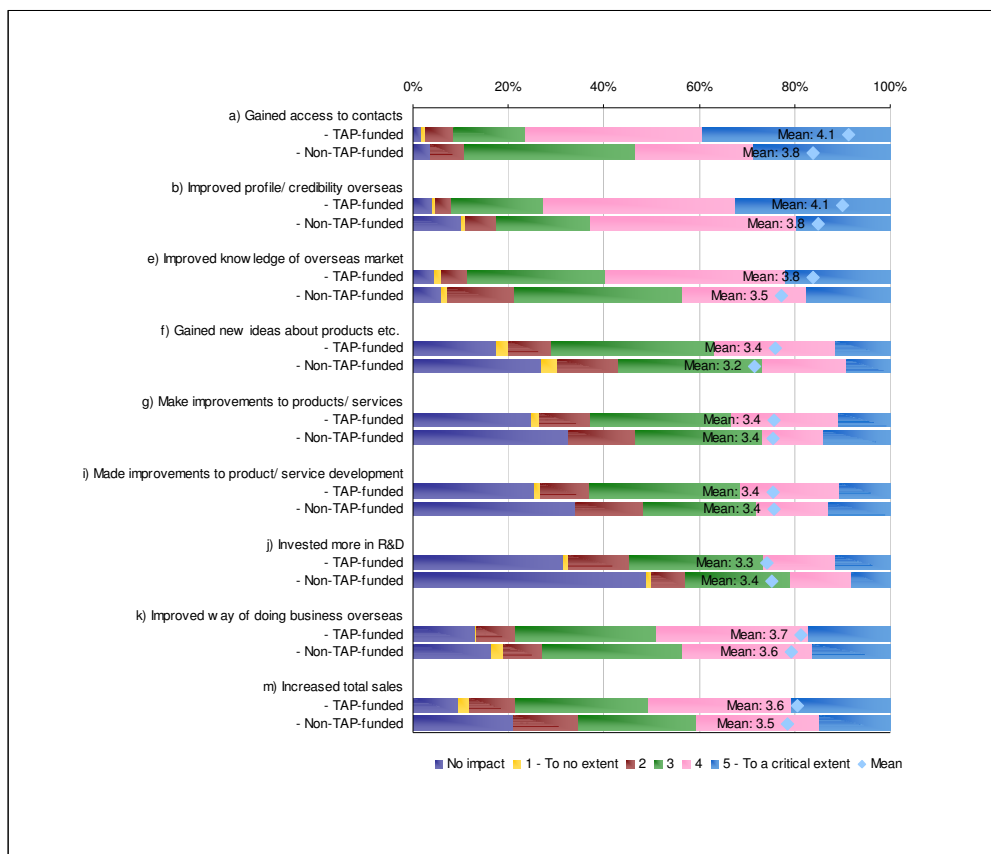
Source: Questions A1, A2.

The results also indicate that the impacts on firms have been reasonably significant in size. The mean “rating” of the impact exceeded 3 for each of the nine areas amongst both exhibitors and visitors (with the exception of improving ways of doing business overseas for visitors). In several cases, the mean rating was significantly higher, particularly in the areas relating to overcoming barriers to entry mentioned above.

In general the results suggest that, in comparison to exhibitors, a smaller proportion of visitors had experienced each of the impacts, and where they had been experienced they were less significant. This is particularly the case in relation to increasing sales. Interestingly however, there is some evidence that visitors had experienced more significant impacts in relation to gaining new ideas about products, with a mean rating of 3.7 compared to 3.4 for exhibitors.

Figure 33 displays the same results for exhibitors only, split according to whether firms have received TAP-funding. While in general the results are similar for the two groups, there is some evidence that TAP-funded firms had experienced greater impacts than non-TAP-funded firms, particularly in relation to gaining access to contacts.

Figure 33: Impacts from exhibiting at trade fairs (TAP-funded versus non-TAP-funded)



Note: Excluding answers of "Don't know". Average ratings only include those firms that had experienced each impact.

Source: OMB survey questions A1,A2.

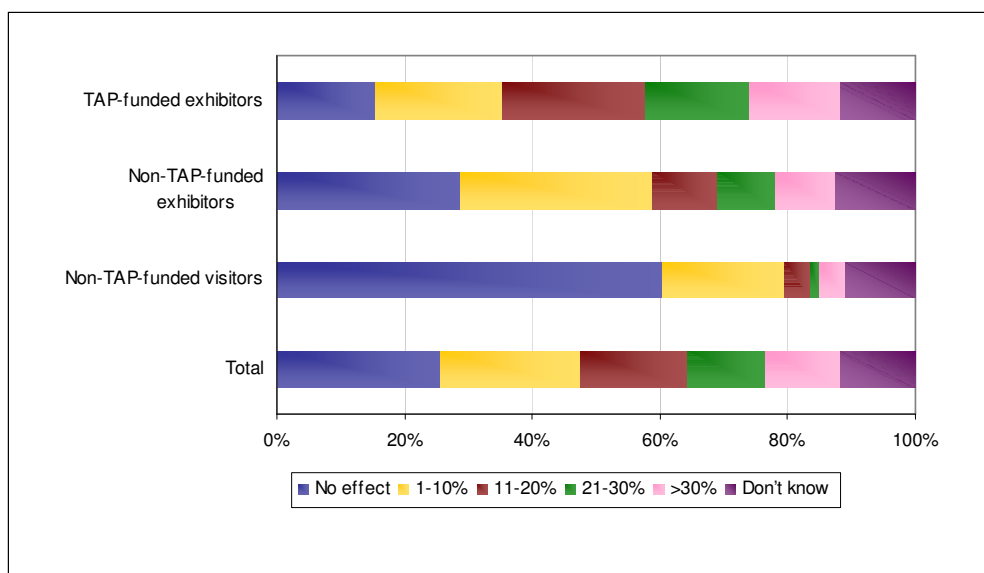
Impact on annual sales

Figure 34 indicates the proportion of sales that attendees felt to be dependent on their participation in overseas trade fairs. Several firms perceived overseas trade fairs as a crucial component of their activities, with over 60% of attendees feeling that trade fairs have some effect on sales, and around 41% believing that their annual sales would decline by more than 10% if they did not attend any trade fairs.

The figure also reinforces the findings above that the impact on sales is lower for visitors than exhibitors, with almost two thirds of visitors identifying no

effect on sales from attending trade fairs, and only around 10% identifying an effect of more than 10% of annual sales.

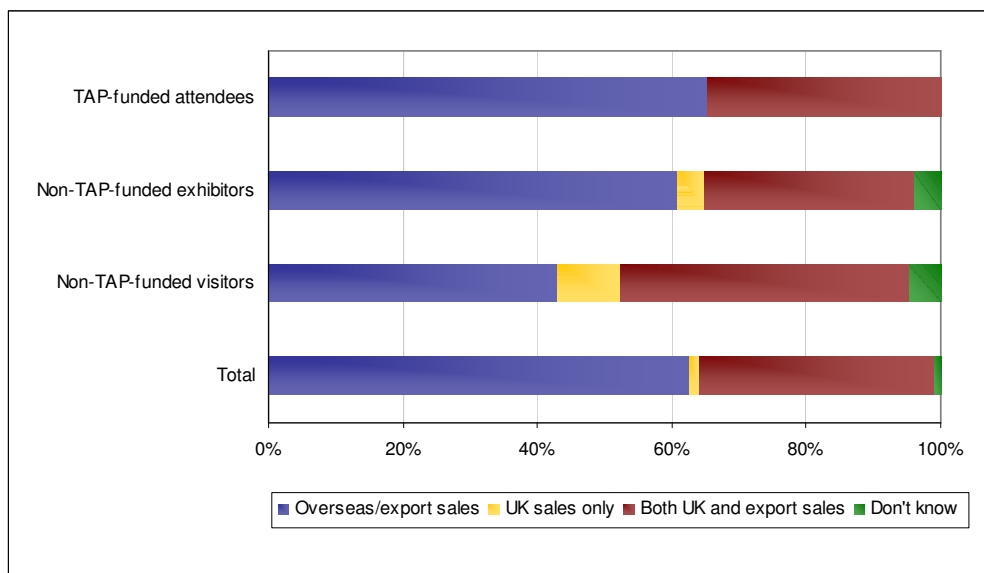
Figure 34: Impact of trade fairs: proportion of annual sales dependent on attending trade fairs



Source: OMB survey question A3a.

TAP-funded exhibitors identified a larger impact on annual sales from participation in overseas trade fairs than non-TAP-funded exhibitors. A lower proportion (18% compared to 33%) experienced no effects on sales, and a higher proportion of firms (60% compared to 33%) stated that their annual sales would decline by more than 10% if they did not attend any trade fairs.

Figure 35 examines the types of sales which are affected by attendance at trade fairs. Not surprisingly, the majority (around two thirds) of firms reported that only export sales were affected, with the remainder reporting that both UK and export sales would be affected. Trade fair visitors were more likely to report that UK sales would be affected if they stopped attending trade fairs.

Figure 35: Source of sales affected by attending trade fairs

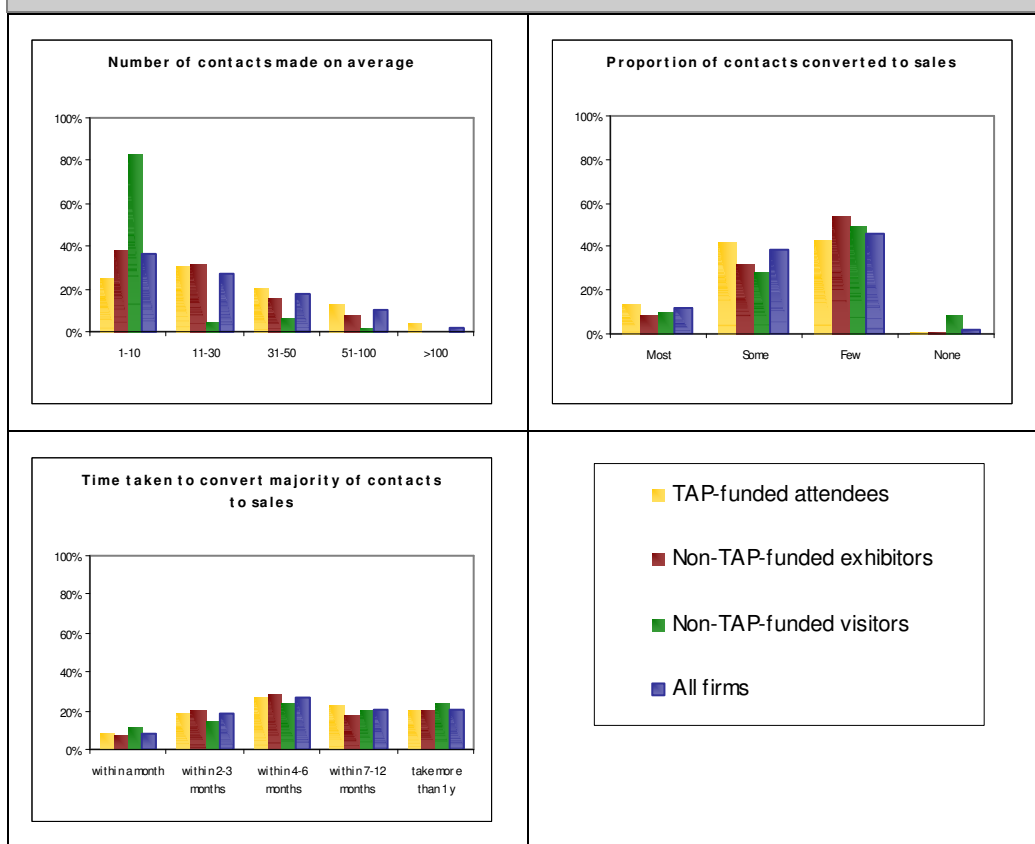
Note: Including firms that experienced increased sales.

Source: OMB survey question A3b.

Quality and quantity of contacts

Figure 36 and Figure 37 indicate the findings of the survey regarding the quantity and quality of contacts which firms made at trade fairs. In general, the results indicated that firms tend to make fewer than 30 contacts at a trade fair, although a significant proportion (36%) made more than this. Of these contacts, between “some” and “relatively few” of the contacts are converted into sales, with the majority of contacts converted within six months. Around one third of firms however, reported that they are generally able to convert their contacts within three months following a trade fair.

Figure 36: Quantity and quality of contacts made

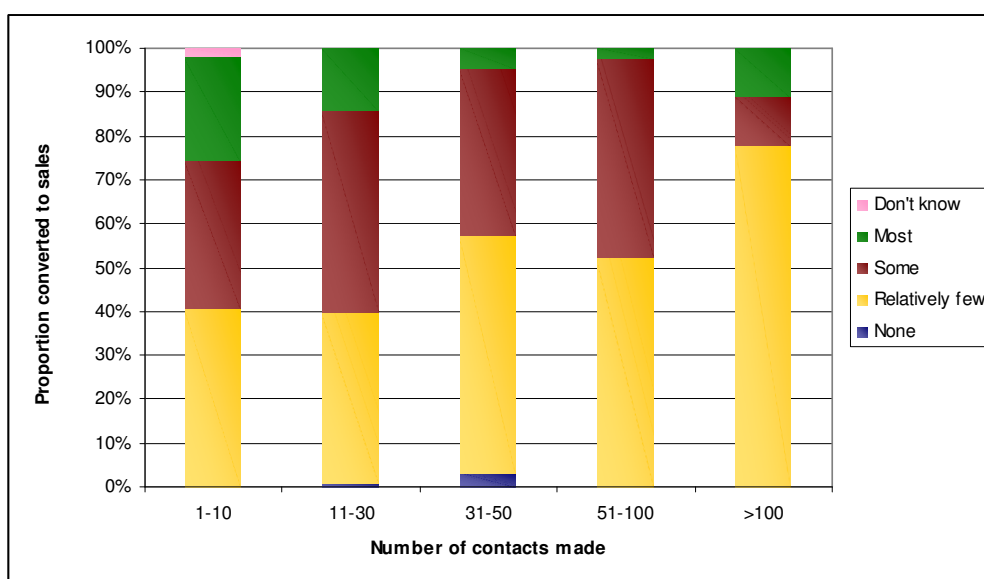


Note: Including firms that identified making contacts as an impact of attending trade fairs. Responses do not add to 100% as responses of "don't know" or "none of the above" are not displayed.

Source: OMB survey question A4.

Figure 37 compares the relationship between the number of contacts made, and the proportion converted into sales. There is some evidence of a trade-off between the quality and quantity of contacts made, with a higher proportion of firms making a very large (more than 100) number of contacts converting “relatively few” contacts, and fewer firms converting “most of the contacts”.

Figure 37: Comparison between number of contacts made by exhibitors and proportion of contacts converted



Note: Includes TAP-funded attendees and non-TAP-funded exhibitors.

Source: OMB survey question A4.

7.3.2 Benefits from attending a particular fair

To complement the discussion of the general benefits from attending trade fairs, the survey also examined the results that firms had achieved from their attendance at a particular trade fair. For TAP-funded firms, this trade fair was selected using the TAP database, based on the type of trade fair they were assigned to (see the methodology section for more details). For non-TAP-funded firms, this was the most recent trade fair attended.

In order to assess any differences in the benefits from different types of trade fair, the trade fairs attended by non-TAP-funded attendees were assigned to one of the three categories (Global, High Priority or Other), using a series of questions in the survey. The trade fairs attended by TAP-funded firms had been assigned to one of these categories at an earlier stage of the evaluation.

The resulting breakdown of the trade fairs attended is presented in Table 5.

Table 5: Particular trade fair attended: type of fair				
	TAP-funded	Non-TAP-funded exhibitors	Non-TAP-funded visitors	Total
Global	91	67	65	223
Priority	90	7	1	98
Other	91	10	2	103
N/A	0	3	5	8
Total	272	87	73	432

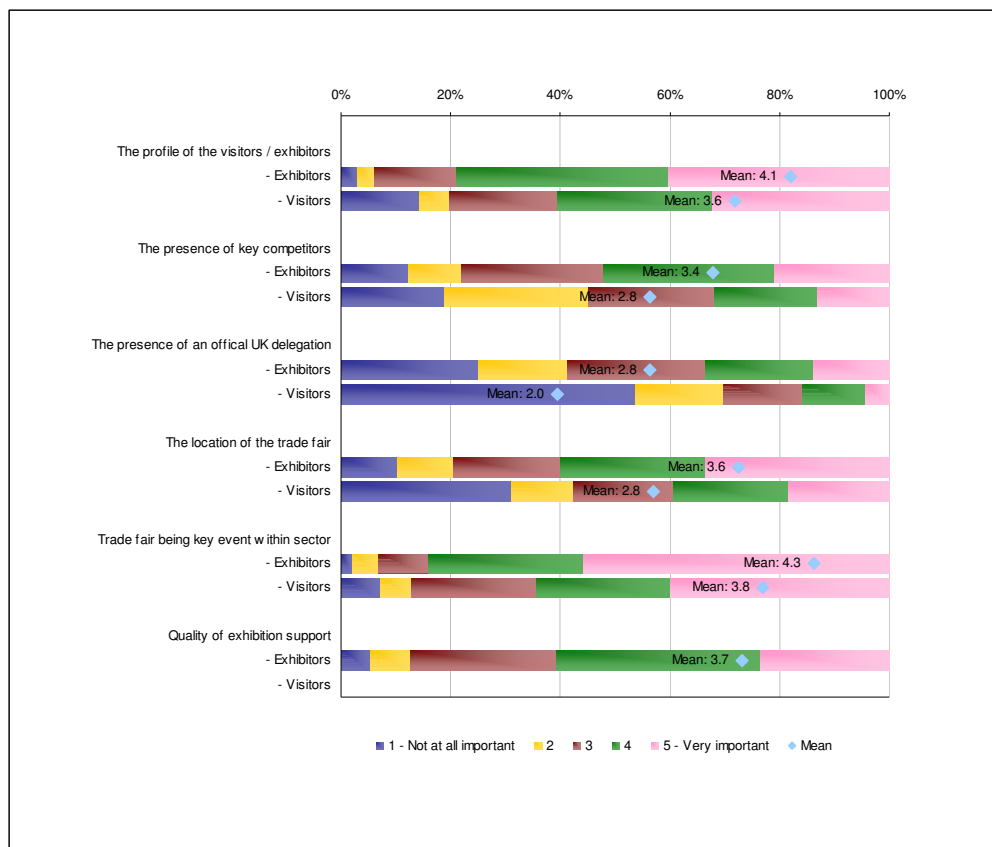
Source: OMB survey questions F6, B4, B5.

Reasons for attendance

The survey asked firms to identify the importance of various reasons for choosing to attend the trade fair examined in the survey (as opposed to another trade fair). The results are displayed below in Figure 38, and Figure 40.

For exhibitors, the most important reasons highlighted were the fact that the trade fair was a “key event” within their sector, and the profile of visitors. Interestingly, visitors appear to have similar priorities when attending a trade fair, with the profile of exhibitors, and the importance of the trade fair in the sector highlighted as the most important.

Figure 38: Importance of various reasons for attending trade fair, exhibitors versus visitors



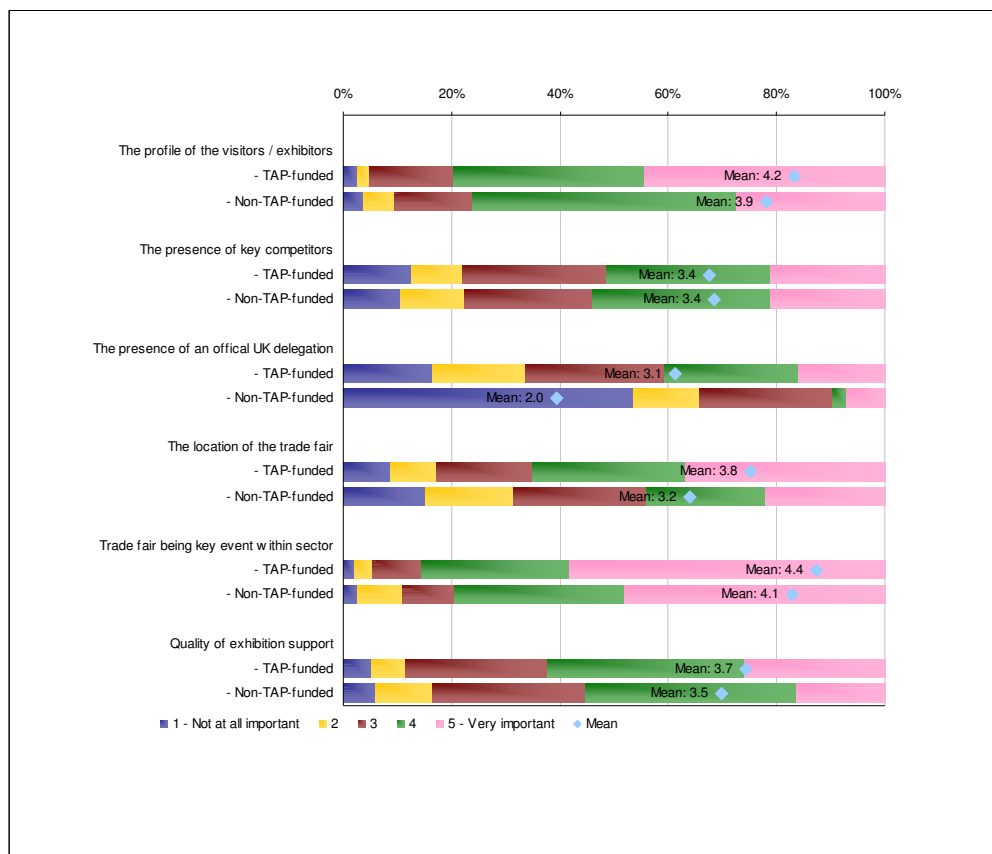
Note: Excluding firms responding "Don't know".

Source: OMB survey question B3.

There were few significant differences between TAP-funded attendees and non-TAP-funded exhibitors (Figure 39). Very few non-TAP-funded firms felt that an official UK delegation was an important determinant of their attendance at the trade fair. This is not surprising given that only six of the non-funded exhibitors indicated that they had attended the trade fair as part of an official UK delegation.

Further, it should be noted that in assessing the importance of the delegation, approximately 32% of TAP-funded respondents were unaware that they had attended the trade fair as a part of "an official UK delegation" when receiving TAP funding.

Figure 39: Importance of various reasons for attending trade fair, TAP-funded versus non-TAP-funded exhibitors



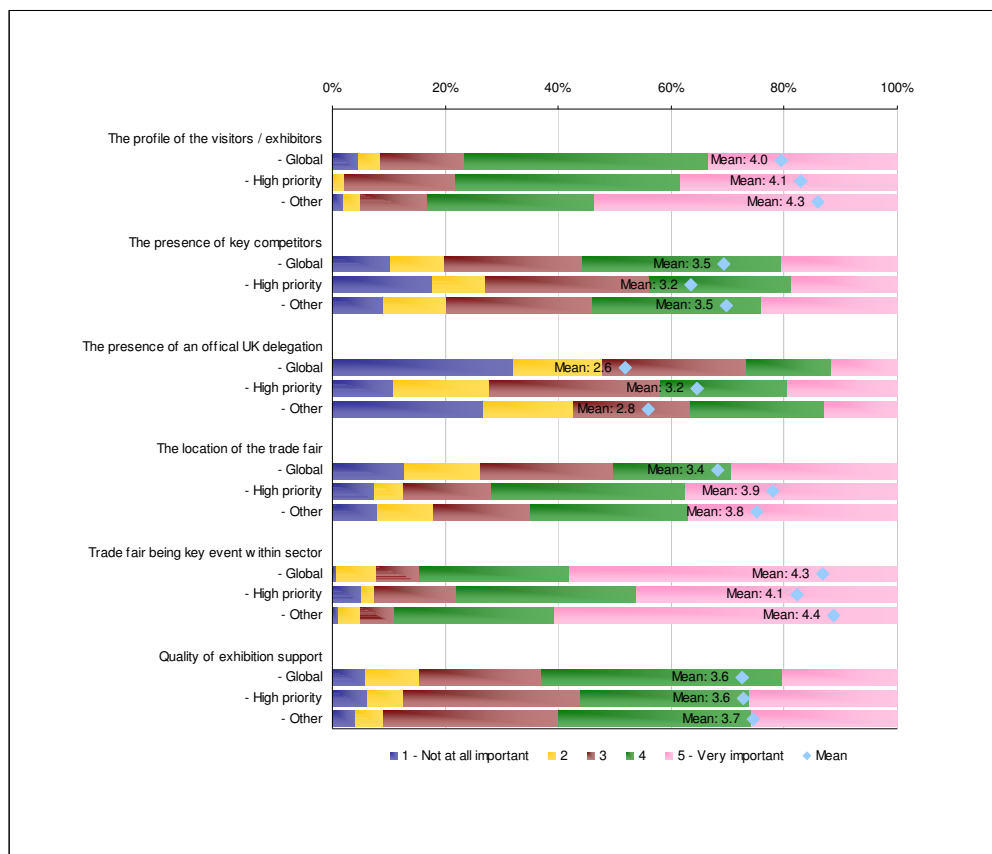
Note: Excluding firms responding "Don't know". Includes exhibitors only.

Source: OMB survey question B3.

Figure 40 displays the reasons given according to the type of trade fair attended (for exhibitors). There is little evidence of different motives for attending each of the fairs, which in some cases is surprising. In particular, it was noticeable that location is still an important factor - even for attendees at global trade fairs - with 50% rating the importance as either 4 or 5. Further, the profile of visitors, which we might expect to be higher at a global fair, was actually rated more important on average by attendees to both high priority and other trade fairs.

Interestingly however, the role of the delegation was rated more highly for high priority trade fairs in comparison to other areas. This may reflect that exhibitors feel they need more support in these countries.

Figure 40: Importance of various reasons for attending trade fair, by type of trade fair



Note: Excluding firms responding "Don't know". Includes exhibitors only.

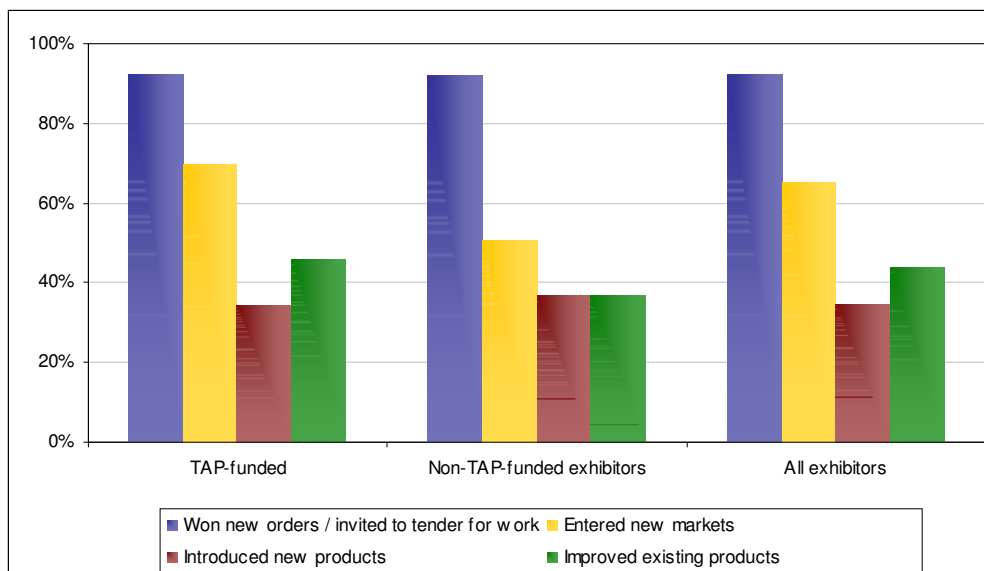
Source: OMB survey question B3.

Business impacts of attendance

The survey indicated that the vast majority (over 90%) of exhibitors at trade fairs had won new orders or had been invited to tender for work as a result of attending the trade fair. Further, two thirds of firms had used the trade fair to enter new markets – a figure that was significantly higher amongst TAP-funded companies (70% compared to 51% of non-TAP-funded exhibitors).

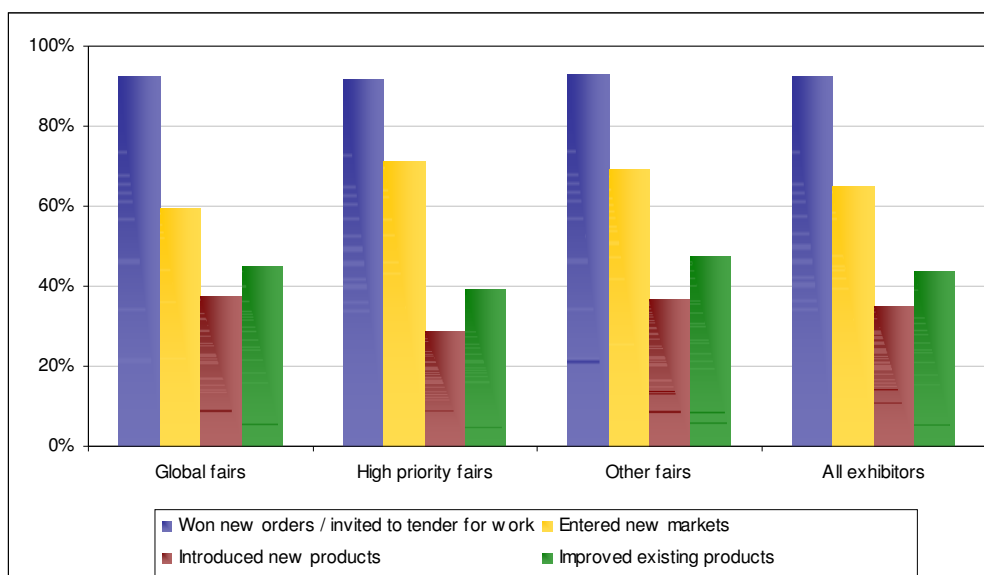
There was also evidence that firms had used the trade fair to obtain new knowledge about technology – more than half of exhibitors had either improved their existing products or introduced new ones as a result of the fair.

Figure 41: Particular trade fair attended: business impact by type of attendee



Source: OMB survey questions C1, C2.

As indicated in Figure 42, the impacts were similar across the three different types of trade fairs. There was some evidence that global fairs had less of an impact in terms of breaking into new markets (59% compared to 71% for high priority fairs, and 69% for other fairs), but this was not as significant as would, perhaps, have been expected.

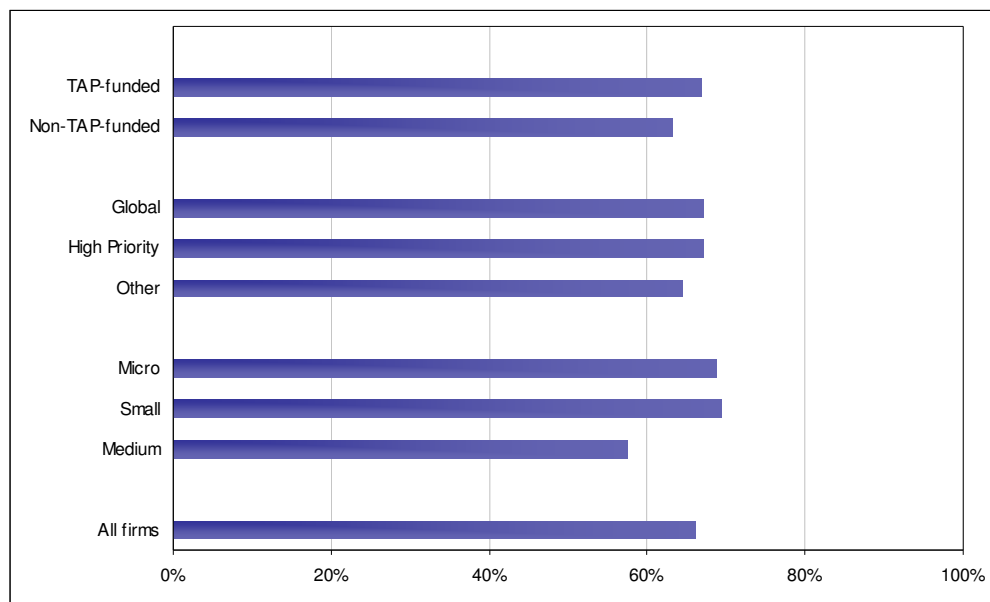
Figure 42: Particular trade fair attended: business impact by type of fair

Source: OMB survey questions C1, C2.

Financial impact

Around two-thirds of the firms surveyed felt that the benefits from exhibiting at the trade fair were greater than the costs incurred. As shown in Figure 43, these results were fairly constant regardless of company size, the type of fair attended or whether companies received TAP funding.

Figure 43: Particular trade fair attended: proportion of firms indicating benefits greater than costs



Source: OMB survey question E3.

The survey also attempted to quantify the additional financial benefit to firms from attending the trade fair in question. This was achieved through constructing a measure, based on measure A49 used in the PIMS survey, summarising both the immediate and ongoing financial benefits to firms in terms of bottom-line profit (with future values discounted at an annual rate of 8%). Further adjustments were then made to account for non-additionality in the sample.³²

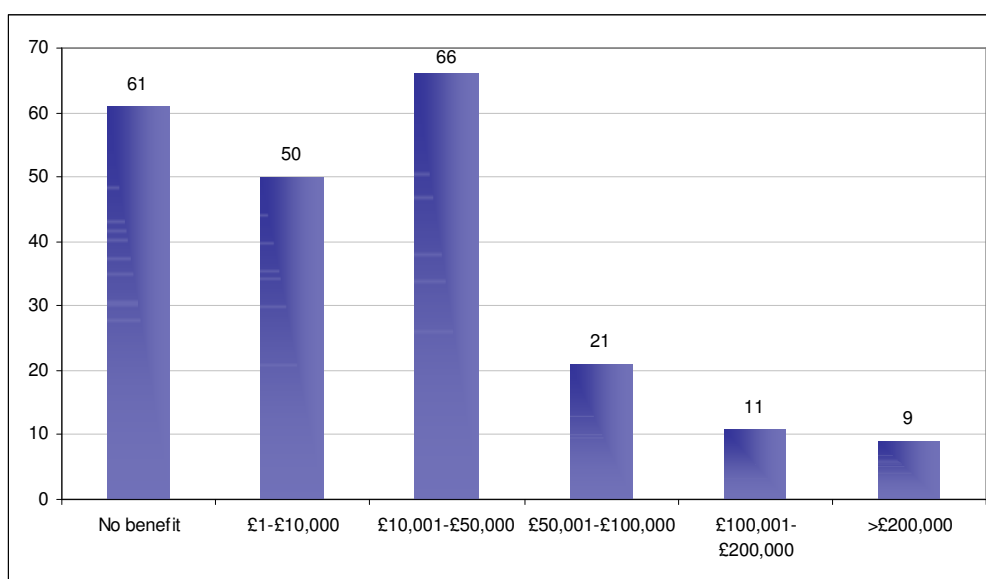
Sufficient information to calculate this measure was only available for 218 exhibitors (61% of eligible firms), and as such, the results below should be treated with caution, particularly where this is broken down into smaller segments (e.g. by company size).

³² See the annex for a full description of the measure used. The main difference with PIMS is the variables used to adjust for non-additionality in the case that there is no change of behaviour.

As shown in Figure 44, 61 firms³³ (28%) were estimated to have received no additional financial benefit (in terms of bottom line profit) from their attendance at the trade fair. Otherwise, the expected financial benefit was generally estimated as being under £50,000, with nearly a quarter of firms (23%) estimating financial benefits of under £10,000. However, a significant proportion of firms reported that they achieved large financial benefits from the trade fair – the financial benefit was estimated between £50,000 and £100,000 for 10% of the firms, while around a further 10% achieved even greater benefits.

Amongst those firms that did achieve financial benefits (i.e. excluding those with benefit of 0), the mean achieved was around £60,200 per firm. Including all firms (with data available), the average benefit was £43,300. However, as discussed further below, this varied considerably across firms.

Figure 44: Particular trade fair attended: size of financial impact across all exhibitors



Note: Net present value of benefits expected, adjusted for non-additionality.

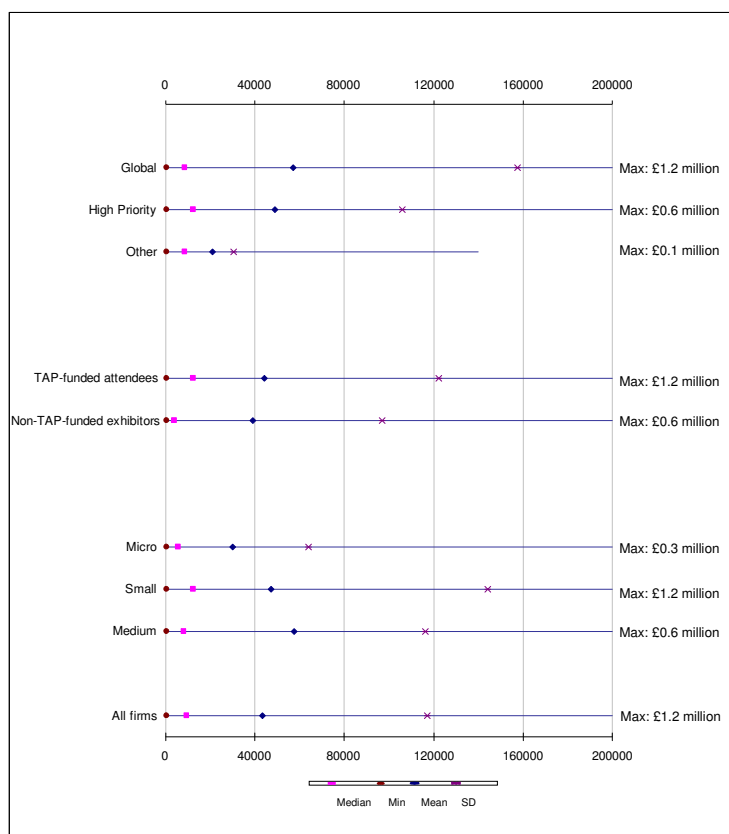
Source: OMB survey questions E4a, E4b.

³³ Of the 61 firms for whom no financial benefits were identified, 36 stated that they had achieved no financial benefit from the trade fair. 16 firms identified a positive impact on turnover, but the impact was estimated as zero as they were making a loss or breaking even. 10 firms identified that they would have achieved all of these benefits in any case (i.e. they were non-additional). The benefit was adjusted to zero for two firms as they had not experienced impacts on their business from attending the trade fair.

Figure 45 illustrates the range of benefits achieved by different groups of companies in more detail. The range of benefits is extremely high, with several companies achieving low benefits, but a few anticipating very high benefits from their participation in the trade fair.³⁴

As would be expected, the mean benefit anticipated increases with company size. Interestingly also, TAP-funded firms identified higher benefits (around £5,000) on average than non-TAP-funded firms, which may reflect the differences in business impacts noted previously. However, these results, and particularly comparisons between groups, must be caveated by the low sample size and high variance within the sample.

Figure 45: Particular trade fair attended: range of financial impact



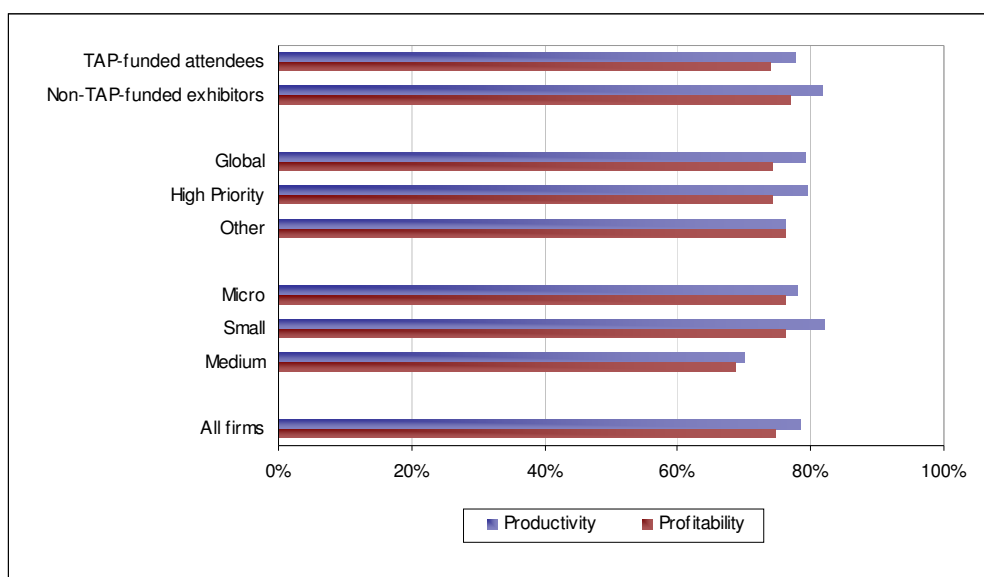
Note: Net present value of benefits expected, adjusted for non-additionality.

Source: OMB survey questions E4a, E4b.

³⁴ Where the estimated benefit exceeded £200,000 the survey results were checked with the relevant companies to ensure accuracy.

The majority of exhibitors expected to obtain longer-term benefits from attending the trade fair. Around three-quarters of firms felt that exhibiting at the fair would improve their business' productivity (within 5 years of attendance). Further, a similar proportion of businesses anticipated a significant impact on profitability as a result of exhibiting at the trade fair.

Figure 46: Particular trade fair attended: other financial impacts



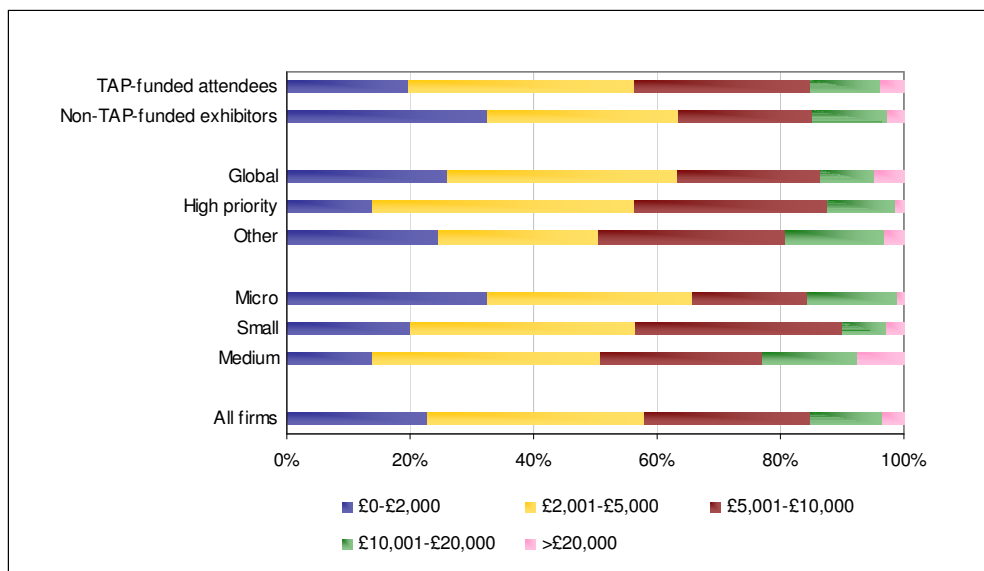
Source: OMB survey questions E17, E18.

Costs of attendance

The costs of attending trade fair varied widely between firms, but were often significant. Approximately two fifths (39%) of firms stated that they had incurred additional costs of over £5,000, while around 15% of exhibitors incurred costs of above £10,000.

The results suggested that firms that had not received TAP funding had incurred lower costs in participating at the trade fair – 32% had spent under £2,000 as opposed to 20% of TAP-funded firms. Further, as would be expected, micro sized firms had tended to incur smaller costs - around 30% of micro firms reported costs of under £2,000 compared to around 14% of medium firms.

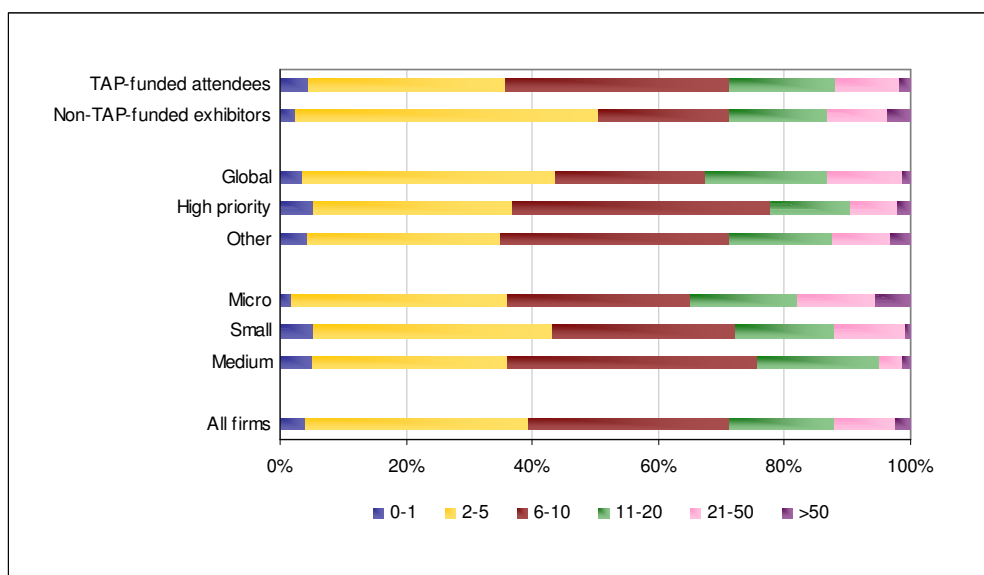
Figure 47: Particular trade fair attended: costs of promotional materials and additional staff



Note: Percentages exclude answers of "don't know / refused".

Source: OMB survey question E2.

In addition to the financial costs incurred, exhibitors also incurred costs in terms of management time spent preparing for the event. As indicated in Figure 48, over 40% of firms used more than five management days in preparation for the trade fair. Again, there is a suggestion that as a group non-TAP-funded firms spent less time in preparation for trade fairs than the TAP-funded firms.

Figure 48: Particular trade fair attended: management time required

Note: Percentages exclude answers of "don't know / refused".

Source: OMB survey question E1.

7.4 Impact of TAP

The sections above have suggested that there is a large pool of firms that currently do not attend trade fairs that may be able to benefit from trade fairs. Secondly, looking at similar firms that *have* attended trade fairs (with and without TAP support), has provided evidence of the type and size of benefits that these firms may be able to achieve.

Building on these findings, this sub-section analyses the impact of TAP – how effective it has been in convincing firms to attend trade fairs, and how it has affected behaviour at those trade fairs.

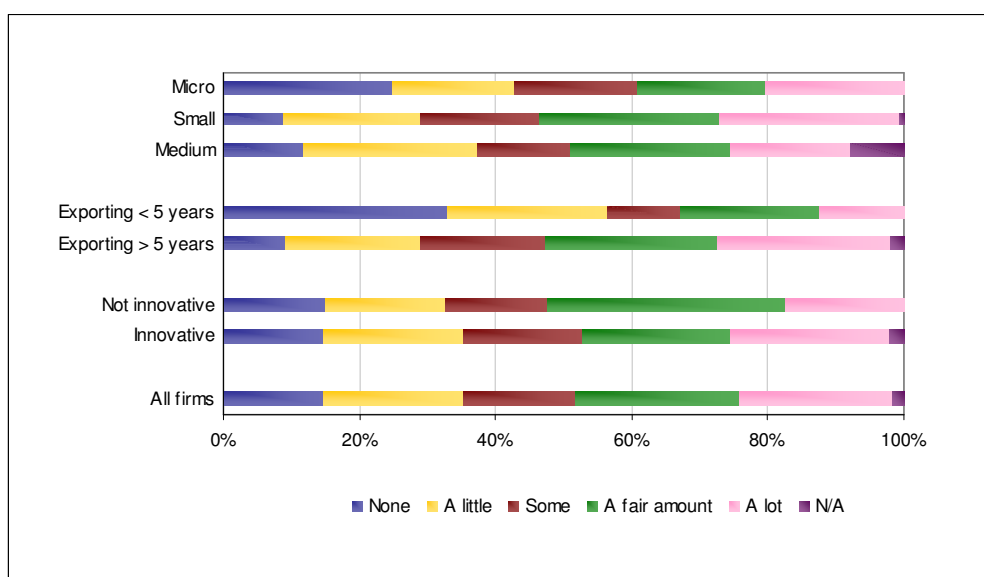
7.4.1 Impact on participation

The survey responses seemed to indicate that, in many cases, TAP funding is not an important determinant of the decision to attend trade fairs.

As Figure 49 indicates, the majority (almost 85%) of TAP-funded firms had at least some experience of exhibiting at overseas trade fairs prior to receiving TAP funding. Further approaching 50% felt they had a "fair amount" or "a lot" of experience when they first received support.

It is noticeable that a much lower proportion of micro firms and less experienced exporters had prior experience, with a significant proportion (25% and 33% respectively) of firms in these groups not having exhibited at a trade fair prior to receiving support.

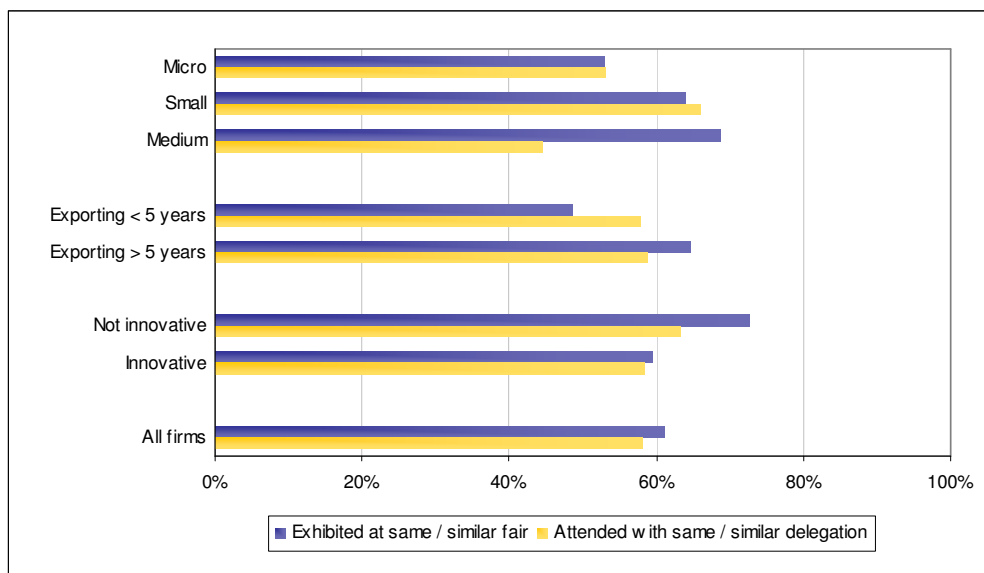
Figure 49: Experience of exhibiting at overseas trade fairs prior to receiving TAP support



Source: OMB survey question T1a.

Similar results were found when looking at the importance of TAP to attending the particular trade fair examined in the survey. As shown in Figure 50 around two thirds of firms would have attended the same (or similar fair) in the absence of TAP support. Further, among these firms, around 60% would have attended with the same (or similar) delegation or group of companies. As above, the effects of TAP seem to be more noticeable among micro sized companies, and firms with fewer than five years export experience.

These results can also be used to estimate the additionality of TAP as a whole – through weighting these results by the proportion of firms of each size receiving TAP support (based on PIMS). This indicates programme additionality, in terms of whether a firm would have attended a trade fair in any case, of around 41%.

Figure 50: In absence of TAP support, firm would have...

Note: Figures for “attended with same / similar delegation” exclude companies that were unaware they had attended as part of an official UK delegation.

Source: OMB survey questions T4, T7.

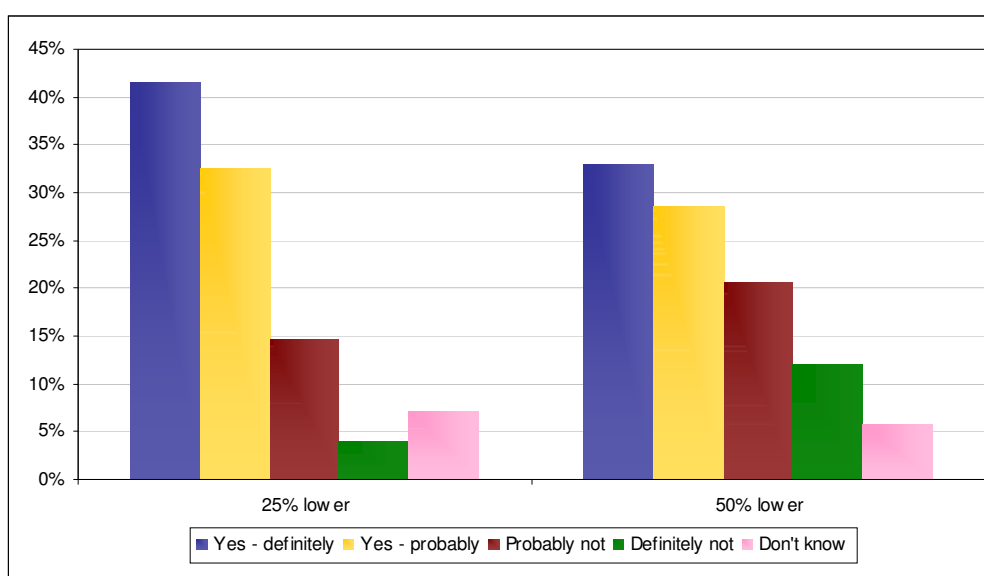
The survey also examined whether the size of the grant was important to firms’ decisions to attend a particular trade fair. Similarly to the findings above, around two thirds of firms indicated that they would definitely or probably have attended if the size of the grant received were 25% or 50% lower. On the other hand around 25% of firms would “probably” or “definitely” not have attended if the grant were 25% lower, and 40% of firms would not have attended if the grant were 50% lower. Very few companies, however, stated that they would “definitely not” have attended if the grant were reduced (just 4% of firms in the case of a 25% reduction, and 12% of firms in the case of a 50% reduction).

The findings in relation to the willingness to pay questions also provide an indication of the possible elasticity of demand for attending trade fairs. The elasticity of demand measures the responsiveness of the demand for trade fairs following change in the price (i.e. the cost of attending). This is measured as the percentage change in the quantity of a good demanded divided by the percentage change in the price. If the change in quantity demanded is more than the percentage change in price, then the elasticity is greater than 1, and the demand is said to be “elastic”. If on the other hand, the percentage change in quantity demanded is less than the percentage change in price (i.e. the elasticity is less than 1) then the good is said to have “inelastic” demand.

In this case, we have estimated that if the TAP grant were reduced by 25%, the demand (in terms of number of firms) would fall by 25%. If the TAP grant accounted for the full costs of attendance, then this implies a price elasticity of $(-25\%/25\%) = -1.0$. Alternatively, using the estimates for a 50% fall in the level of grants, the estimated elasticity is -0.8 (change in quantity demanded = 40% and the change in price = 50%). As such, this suggests that demand is slightly price inelastic.

However, as discussed above, costs are generally higher than the grant received – usually above £2,000 and often higher than £5,000. This suggests that, in fact, for a given reduction in the TAP grant the percentage change in the price faced by the firm is much smaller. As such, demand for attending trade fairs could be much more elastic than these findings indicate.³⁵

Figure 51: Willingness to pay: likelihood of attendance depending on size of reduction of TAP grant



Source: OMB survey questions T7a-T7d.

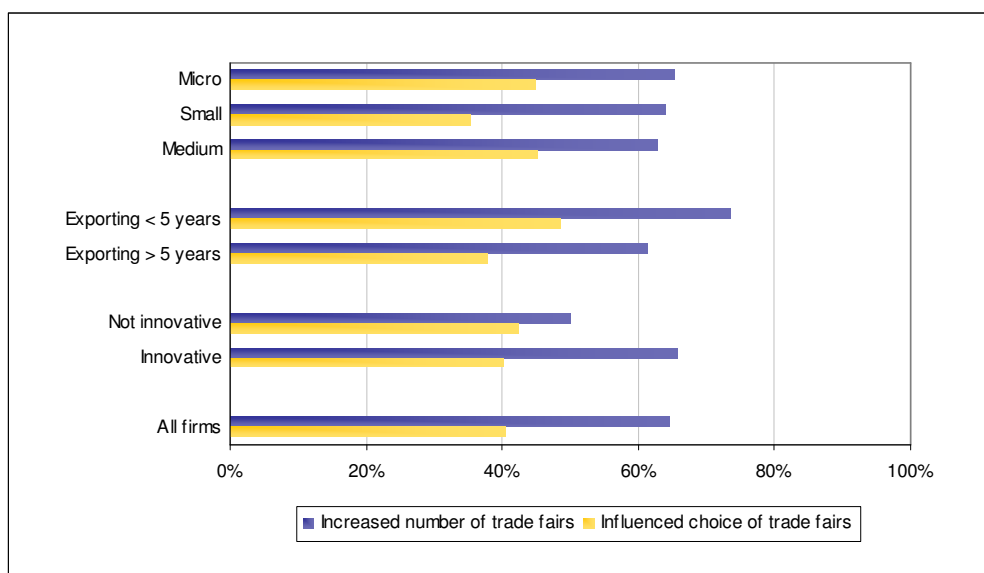
Although these results suggest that most TAP recipients would attend trade fairs even without funding, around two thirds of firms felt that TAP funding increased the number of trade fairs that they attended, as illustrated in Figure

³⁵ For instance, if the current TAP grant is around 20% of the costs faced by the firm to attend a trade fair, a 25% reduction in the level of the grant will represent only a 5% reduction in the “price” faced by the firm. Given that the findings indicate that this would be associated with a 25% change in quantity demanded, the estimated price elasticity is $(-25\%/5\%) = -5.0$. This is much more elastic than the estimate of -1.0 where the TAP grant is assumed to be 100% of costs of attendance.

52. Further, around 40% of firms felt that funding had influenced their choice of trade fair.

Noticeably the proportion of firms feeling TAP had increased the number of fairs they attended is higher amongst firms with fewer than five years of export experience (73% compared to 64% amongst firms with more experience) and firms with “innovative” employees (67% compared to 51% amongst firms without innovative employees). Similarly, the impact on the choice of fairs was more common amongst micro sized firms and firms with less than five years export experience.

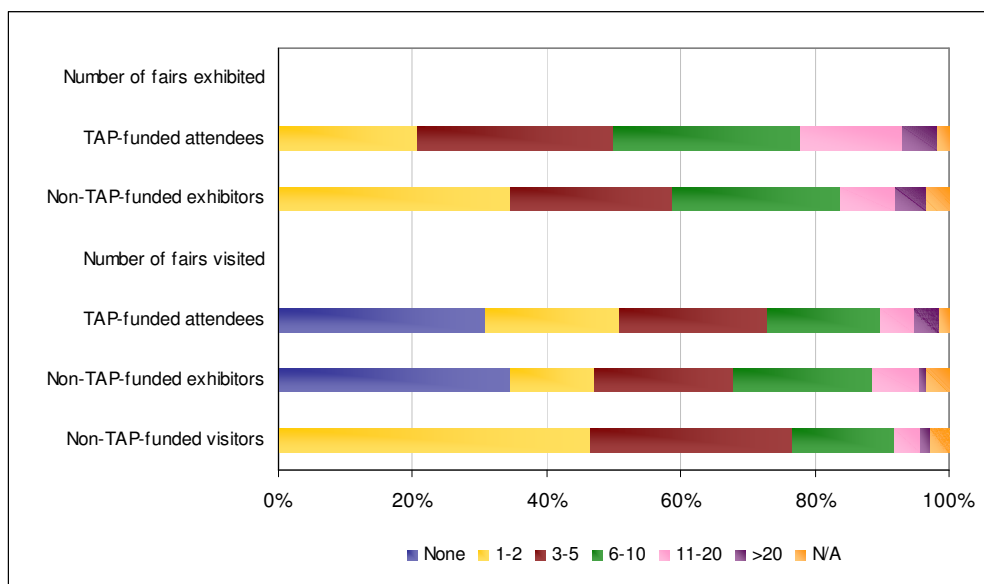
Figure 52: Impact of TAP funding on number and choice of trade fairs attended



Source: OMB survey questions T5, T6.

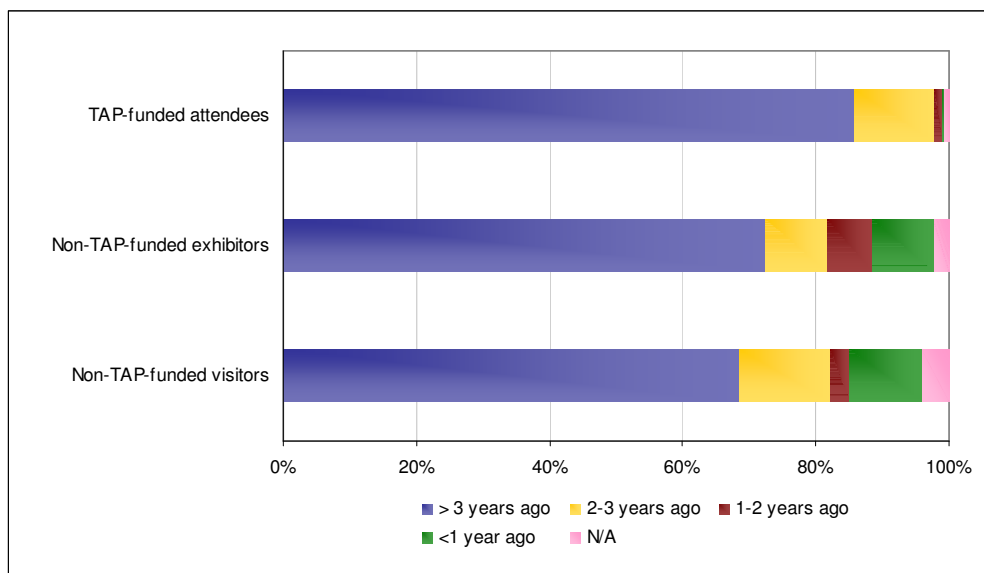
An alternative way of assessing the impact of TAP on the *number* of trade fairs attended is to compare the experience of attending trade fairs in the past three years between TAP-funded and non-TAP-funded firms. This is illustrated in Figure 53.

TAP-funded attendees tended to have exhibited at more trade fairs in the past three years than non-TAP-funded exhibitors. Further, as shown in Figure 54, more TAP funded firms had been participating in trade fairs for more than three years compared to non-TAP-funded exhibitors or non-TAP-funded visitors (approximately 86% of TAP-funded firms compared to around 70% for the other two groups).

Figure 53: Frequency of trade fair attendance in past three years

Source: OMB survey questions F5, F7.

The majority of the exhibitors - both TAP-funded and non-TAP-funded - had also visited trade fairs. However this was not the case for a significant proportion (around 30%) of the exhibitors surveyed. Notably, firms that have only visited trade fairs (the non-TAP-funded visitors) had, in general, attended fewer fairs, with almost 80% visiting fewer than five trade fairs in the past three years.

Figure 54: First exhibit at/visit to overseas trade fair

Note: First trade fair exhibited at for TAP-funded attendees and non-TAP-funded exhibitors. First trade fair visited for non-TAP-funded visitors.

Source: OMB survey question F5b.

Table 6 indicates the number of trade fairs firms in each group have on average attended in the past three years. To improve comparability between the groups, only firms that participated for the first time more than three years ago are included.

The table indicates that TAP-funded firms had, on average, exhibited at one more trade fair than non-TAP-funded firms over the past three years. Notably however, the difference in the number of trade fairs exhibited at varied according to the size of the firms involved. In particular the difference in number of fairs exhibited at was greater the smaller the size of firm. Micro sized firms receiving TAP-funding had, on average, exhibited at nearly 3 more trade fairs than comparatively sized firms that had not received TAP funding. For small sized firms the difference was around 1 additional trade fair, although there was no noticeable difference for medium sized firms.

Despite these differences in the number of fairs firms had exhibited at, the groups - including non-TAP-funded visitors - were more similar in terms of the number of fairs visited, with the exception of micro sized TAP-funded firms, who had visited fewer trade fairs than similar firms in the other two groups.

Table 6: Average number of fairs attended by different groups of firms

	Exhibited	Visited	Total
TAP-funded attendees			
Micro	5.8	2.6	8.4
Small	7.9	5.2	13.2
Medium	9.1	5.3	14.4
Total	7.5	4.3	11.9
Non-TAP-funded exhibitors			
Micro	3.0	4.3	7.3
Small	6.7	4.3	10.9
Medium	9.2	5.7	14.9
Total	6.7	4.6	11.4
Non-TAP-funded visitors			
Micro	0.0	4.2	4.2
Small	0.0	4.3	4.3
Medium	0.0	6.5	6.5
Total	0.0	4.6	4.6

Note: Includes firms specifying exact number of trade fairs exhibited / visited, that first attended a trade fair more than three years ago.

Source: OMB survey questions F5, F7.

7.4.2 Impact of TAP on firm behaviour

The survey also looked at the services firms provided to customers at overseas trade fairs. This provides an indication as to whether TAP-funded firms behave differently at trade fairs to non-TAP-funded firms.

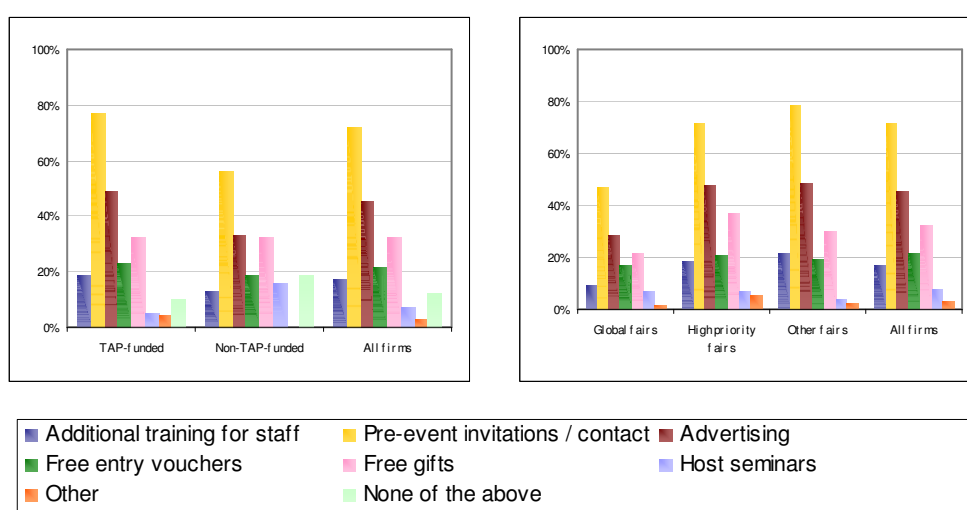
Firms undertook a range of activities to attract customers at the trade fairs that they attended. Pre-event invitations and contact were the most popular method, used by more than half the exhibitors. Advertising was the second most common activity, followed by free gifts, and free entry to the event.

In general, a higher proportion of TAP-funded firms provided each of the activities in question in comparison to non-TAP-funded exhibitors. This was particularly true in the case of pre-event invitations and advertising. Further, a much lower proportion (10% versus 18%) of TAP-funded firms did not

carry out any of these activities. On the other hand, non-TAP-funded firms were more likely to host seminars than TAP-funded firms.

These differences may indicate that TAP-funded firms are able to provide a broader range of services due either to the funding received or the support provided by ATOs. However, alternatively they may reflect other differences between the TAP-funded and non-TAP-funded group – such as different levels of capabilities.

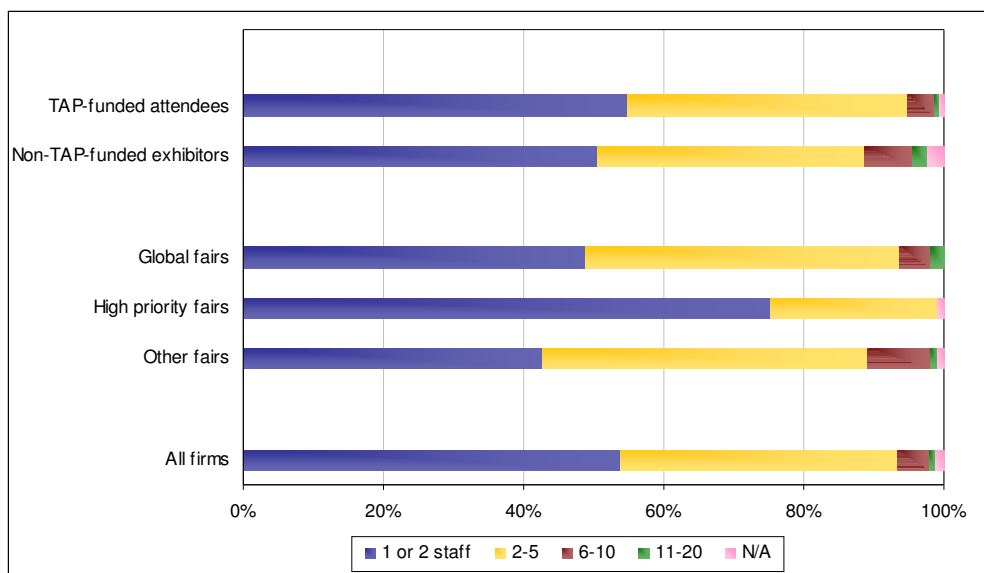
Figure 55: Activities undertaken by exhibitors at particular trade fair



Source: OMB survey question B3.

A further notable point emerging from the figure is that firms undertook fewer of these activities at global fairs than either high priority or other trade fairs.

Figure 56 displays the number of customer-facing staff used at the trade fair. In general, firms tended to use only 1 or 2 staff, and very few firms used more than five. Unlike the diagrams used above, there is little indication of differences between the TAP-funded and non-TAP-funded exhibitors.

Figure 56: Number of customer-facing staff at particular trade fair

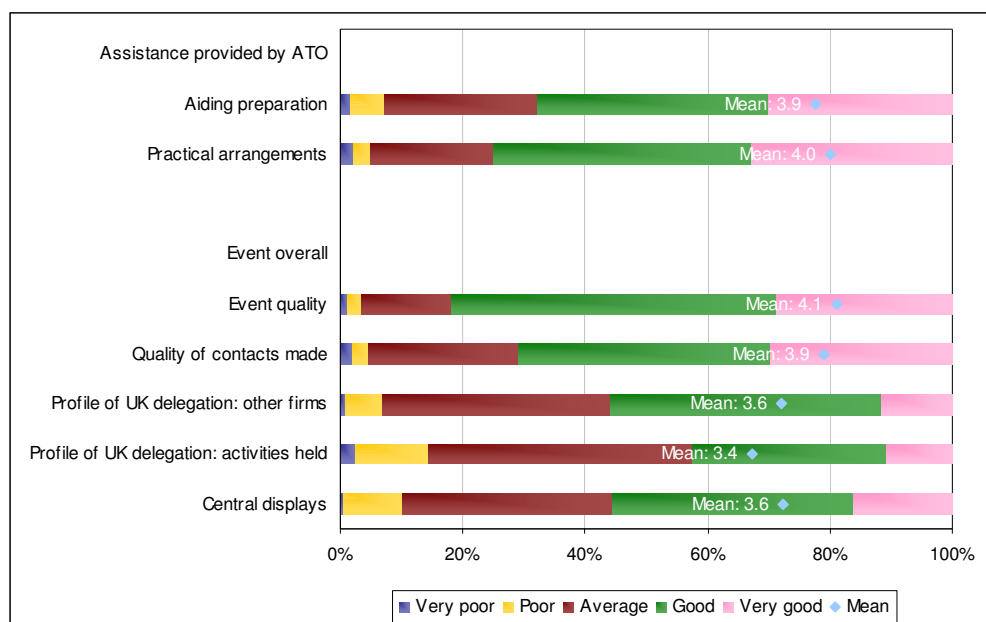
Source: OMB survey question D3.

7.5 Other aspects of TAP

7.5.1 TAP scheme assessment

TAP-funded firms generally rated the support provided (at a particular trade fair) highly. As indicated in Figure 57, mean ratings were above average across the seven categories examined, with at least 10% of responding firms rating support as “Very good” in each case. The support provided by ATOs was particularly highly rated, with over 30% of firms rating support in “aiding preparation” and “practical arrangements” as “Very good”.

Figure 57: TAP scheme assessment

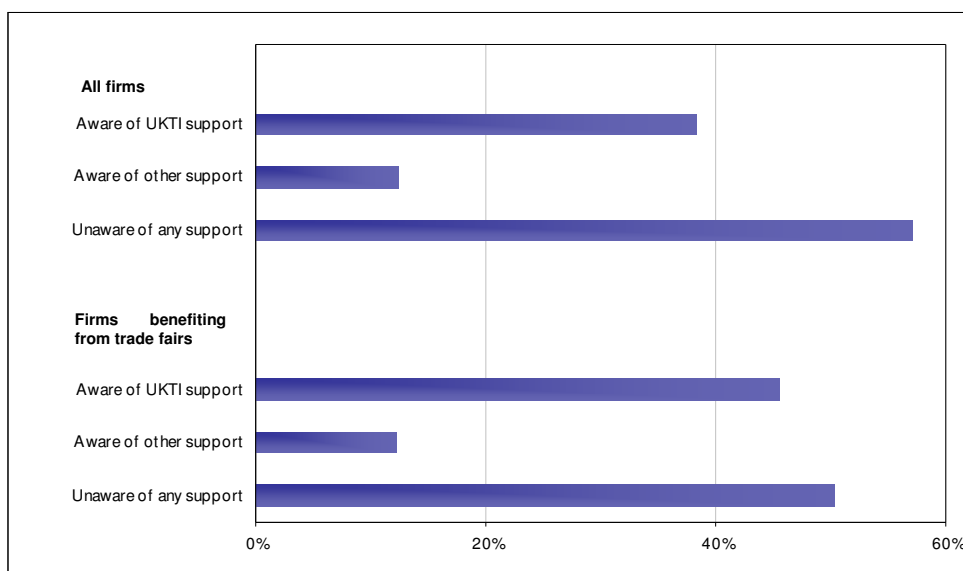


Note: Excludes firms answering "Don't know/can't remember" which accounted for between 1% and 9% of responses across the seven categories, and "not applicable", which accounted for between 2% and 17% of responses across the seven categories.

Source: OMB survey question T8.

7.5.2 Non-TAP-funded firms: knowledge of trade fair support

The majority of the non-attendees surveyed were unaware of the support available for attending trade fairs offered by UKTI, or other organisations. As shown in Figure 58 approaching 60% of non-attendees were unaware of any sources of trade fair support, with only 38% aware of support from UKTI. This is true even of those firms that felt that they could benefit from trade fairs– with 50% amongst this sub-group unaware of any forms of trade fair support.

Figure 58: Non-attendees' knowledge of trade fair support

Note: Percentages do not add to 100% as some firms were aware of both UKTI support and other support.
 Source: OMB survey questions N7, N8a.

The survey also sought to examine the effectiveness of TAP in reaching firms that may like to be part of an official delegation. However, only a very small number (approximately 11%) of the non-TAP-funded exhibitors were aware of an official UK delegation which they had not participated in, so any findings must be treated with caution.

Of the firms aware of a UK delegation, four had received invitations from their Chamber of Commerce or Trade Organisation to take part in the delegation, while a further three would have welcomed such an invitation. However, only one of these firms knew that the central delegation was supported by UKTI, DBERR/DTI or the local embassy consulate.

A small number of the non-TAP-funded firms that had attended trade fairs (8 non-TAP-funded exhibitors and 6 non-TAP-funded visitors) had received support from other government bodies. These included Chambers of Commerce (seven firms); Business Link (5 firms); local government / local authority (two firms); economic development agencies (three firms), industry organisations (two firms) and DTI/DBERR (two firms)).³⁶

³⁶ In addition, DCI was mentioned as a potential source of trade show support, although we are unsure which organisation this refers to.

8 Analysis of survey results

8.1 Cost-benefit analysis

8.1.1 Benefits of TAP

Using the survey results we were able to undertake a cost-benefit analysis of TAP. In particular, the survey investigated the financial benefits that firms receiving TAP would have achieved if they had not exhibited at the particular trade fair examined.³⁷ These are in terms of additional net profit from attending the trade fair, (including discounted future values) and so account for any costs that firms incurred in attending.

Using these results, we can estimate the additional benefits that companies achieved from attending trade fairs through TAP. Combined with the estimate of companies that would have attended the trade fair even in the absence of government support, we can estimate the *average additional benefit* of TAP support. This is displayed in Table 7 below.

Table 7: Estimated average additional benefit from TAP support			
Company size	Avg. benefit (£)	% additional ¹	Avg. additional benefit (£)
Micro	30,094	47%	14,202
Small	47,175	36%	16,983
Medium	57,336	31%	17,988
Weighted average²	40,542	41%	15,796

¹ The percentage of additionality reported through the survey was similar in total to that assessed in the econometric analysis and reported in section 11.

² Weighted using the proportion of companies in each size in PIMS (49% micro companies, 35% small companies and 16% medium companies).

Source: OMB survey.

As the results indicate, on average (adjusting for the proportion of firms of each size receiving TAP support based on PIMS results) companies receive an

³⁷ The measure used was constructed to be similar to PIMS measure A49 - see the annex for a full description of the measure used. The main difference with PIMS is the variables used to adjust for non-additionality in the case that there is no change of behaviour.

additional benefit of over £40,000 from exhibiting at a single trade fair with TAP funding. However, only around 40% of firms would not have attended without support, and so the estimated average additional benefit is **£15,800** per attendance.

In 2007/08, a total of 3,615 TAP grants were provided (via both TAP Group and TAP Solo. This implies a *total* benefit from the scheme of £57.1 million.

8.1.2 Costs of TAP

Information on the costs associated with the TAP scheme is presented in Table 8. The total cost in 2007/08 was around £11.2 million, comprised of £8.5 million in direct programme spend (76%), £2.1 million related to the activities of posts and embassies at overseas trade fairs (19%), and £0.6 million of administration and overhead costs (5%).

As the table indicates, the majority of TAP spending relates to the Group – rather than the Solo – scheme, which accounted for 89% of total spend and 92% of programme spend in 2007/08.

Table 8: Costs of TAP 2007/08 (£ million)				
	Admin. and overheads	Programme	FCO	Total
TAP Group	0.5	7.9	1.5	9.9
TAP Solo	0.0	0.7	0.6	1.3
Total TAP Costs	0.6	8.5	2.1	11.2

Note: Admin and overhead costs consist of £0.3 million of direct administration costs and £0.3 million of overhead allocation.

Source: UKTI administrative information.

8.1.3 Benefit-cost ratio

Based on the above estimates of the benefits and costs of TAP, the estimated benefit-cost ratio for TAP (in 2007/08) is 5.1, as shown in Table 9.

Table 9: Estimated 2007/08 benefit-cost ratio	
Total benefit	£57.1 m
Total costs	£11.2 m
Estimated benefit-cost ratio	5.1x

Source: London Economics.

It is important to note however, that this estimate excludes a number of potential benefits from TAP that it is not possible to quantify – and as such the estimated benefit-cost ratio is likely to be underestimated. This estimate only includes the benefits made by firms that would not have attended a trade fair without TAP. However, it is entirely plausible, that firms perform better at trade fairs when receiving TAP funding (e.g. because they offer additional marketing services to customers).

This estimate may also exclude broader benefits that firms receive from exhibiting at trade fairs, such as impacts on firms' knowledge, innovation and productivity. Additional benefits may also be achieved, if TAP support leads to firms attending more trade fairs in the future (without TAP). Finally, this figure also excludes any broader spillover effects (i.e. to other UK firms) associated with the presence of British delegations at trade fairs.

8.2 The economic rationale for government support for trade fairs

8.2.1 Benefits of attending trade fairs

The survey reinforced the value that trade fairs offer to participants, with over two-thirds of firms indicating that their results would not be as strong in the absence of trade fairs. Further, the impacts of attending spread beyond simply making sales, with respondents also identifying a range of benefits, including improving knowledge of the overseas market, investing more in R&D and improving ways of doing business overseas as well as more obvious benefits of gaining access to contacts, increasing total sales and improving overseas profile. However, most exhibitors felt that there was a direct impact on sales – and nearly 50% felt that annual sales would decline by over 10% in the absence of trade fair attendance.

Interestingly, despite this overall contribution to sales, a number of firms (around two-thirds) reported that benefits were not greater than the costs from attending a particular trade fair. This may suggest that the profile-raising aspect of trade fairs – i.e. not leading directly to increased sales – may be particularly important to businesses. Further, a large majority of firms suggested that that attendance at a trade fair would generate long-term impacts – in terms of productivity and profitability – reinforcing the finding that direct financial benefits are not the only benefit of attending trade fairs.

The respondents also indicated significant benefits to visiting trade fairs rather than exhibiting. In general however, these were rated as less significant than the benefits experienced by exhibitors. The exception to this related to gaining new ideas about products, which may reflect the greater ability of visitors to explore trade fairs, as well as differences in focus, or the types of

staff attending the fair (i.e. research rather than sales teams) in comparison to exhibitors.

However, visitors appear to be (as might be expected) less successful in generating contacts and making sales than exhibitors. The majority of visitors (around 80%) felt that they generally made fewer than 10 contacts at a trade fair, compared to 40% of non-TAP-funded visitors.

In general, there was little of evidence of significant differences in either the benefits achieved, or the way in which the trade fair is used, depending on different types of trade fair attended.

8.2.2 Market failure

As discussed in section 2 (box 1) the results of the survey allow us to undertake a simple test of whether TAP helps firms overcome market failure through helping firms understand the benefits that they could obtain from attending trade fairs. In particular, if firms are rational and have access to perfect information regarding the benefits of trade fairs, we would expect that the elasticity of demand for trade fairs would be low (inelastic).³⁸

However, the results suggest that demand for trade fairs is, in fact, more elastic than this, with around 40% of firms indicating that the support received led to them exhibiting at a fair when they would not have otherwise done so. In considering these results, it is also worth considering previous UKTI findings (from PIMS follow-up surveys) which suggest that respondents' recollection of the additionality of support tends to *decrease* over time. Given that the trade fairs which were discussed occurred up to three years ago, this may be reflected in the survey findings and imply that the additionality is in fact higher.

This suggests that another factor – beyond a simple adjustment in the cost of exhibiting – is relevant to the decision to attend, and so may indicate the existence of market failure. Further, the firms that indicated that they only exhibit due to receiving TAP funding received similar net benefits to other firms, suggesting that the funding did not only make the difference between a net profit and loss.³⁹

The survey results also indicate that the majority of non-TAP-funded firms do not attend trade fairs, and that around half of the firms have not even considered attending. Despite this, a significant proportion of firms (around

³⁸ As the demand for trade fairs is a derived demand (i.e. resulting from the demand for a firm's products) and the costs of exhibiting at trade fairs are likely to be only a small part of a firm's overall costs during a year.

³⁹ On average (excluding values of over £200,000) firms that would have attended in the absence of TAP support gained benefits of approximately £23,000 compared to approximately £22,000 for firms that would not have attended in the absence of funding.

60%) that have not participated in trade fairs feel that they may receive benefits if they did attend. These firms have often been deterred by the cost of attendance, or by constraints on their business. This suggests that support (both financial and practical) could persuade these firms to attend trade fairs. Importantly, more than half of non-attendees were unaware of government support indicating significant scope to spread scheme recognition.

Around 40% of the non-attendees felt that they would “definitely not” receive any benefits from participating. Reasons for this focused on feeling that trade fairs were not appropriate, either due to the type of firm, or various other reasons relating to the current business operations. Given this, any programme to convince these firms to attend trade fairs may need to include substantial marketing of the potential benefits of participation.

In considering the results for the non-attendees, it is important to note that there is an underlying assumption – implicit in the construction of the control group – that attending trade fairs would (or at least have the potential to) benefit non-attendee firms. However, an alternative explanation could be that these firms are, in fact, producing products and services which would not be marketable at a trade fair – i.e. they are not part of an appropriate control group for TAP-funded firms. Assessing this however, is not possible without detailed knowledge of the sectors, and individual firms, in question.

While these results are supportive of a rationale for TAP based on information asymmetries, the fact that most (85%) recipients of TAP support interviewed had previous experience of exhibiting indicates that the channels through which this may work are not clear cut. Even some firms with previous exhibition experience are convinced to attend only by the presence of a relatively small (in comparison to costs) government subsidy. In turn, this suggests that the market failure, if it exists, is not overcome purely by gaining more experience of exhibiting at trade fairs.

8.2.3 Externalities

The responses obtained suggested that while the existence of a UK delegation is a factor in firms’ decision to attend a particular trade fair, it was the least important of the six areas identified in the survey. Around 40% of firms identified it as important or very important; and interestingly this proportion was similar even amongst the smallest companies.

Gauging the awareness and attractiveness of the UK delegation amongst non-TAP-funded exhibitors was difficult, with very few companies identifying that there had been a delegation at the trade fair in question. However, amongst the remainder there was some evidence of firms that would have liked to receive an invitation to join the delegation but had not done so.

These results suggest that the existence of delegation does provide firms with benefits. There may also be further benefits from the exposure of “UK plc”.

9 Results of ATO consultation

To complement the quantitative data collection exercise, qualitative interviews were carried out with the organisations involved with administering TAP – ATOs and ITAs. This section presents the findings of the ATO consultation, while section 10 discusses the views of ITAs in the particular context of TAP Solo.

Based on UKTI information, 77 ATOs deemed relevant to the evaluation exercise were invited (via email) to participate in the consultation. Nineteen telephone interviews were then undertaken between 12th May and 4th June 2008, using a semi structured interview tool agreed in advance with UKTI.⁴⁰ In addition, a number of ATOs who expressed a willingness to participate in the consultation were invited to submit their responses in writing with two responding.

The full list of participants is presented below.

Table 10: ATO consultation: list of respondents
Amusement and Leisure Equipment Suppliers
Association of British Mining Equipment Companies
Brewing Food and Beverage Industry Suppliers Organisation
British Educational Suppliers Association (BESA)
British Fluid Power Association
British Home Enhancement Trade Association
British Hydropower Association
British Pig Association
British Textile Machinery Association
CESA
Construction Equipment Association
Engineering Industries Association
Hull and Humber Chamber of Commerce
Isle of Wight Chamber of Commerce
Manufacturing Technologies Association*
Music Industries Association
National Wool Textile Export Corporation
PICON Limited
Railway Industry Association
SAPCA (Sports and Play Construction Association)*
Seafish Industry Authority

* Written response.

⁴⁰ The survey tool is provided in the annex.

9.1 Benefits of trade fairs

9.1.1 Exhibiting

The benefits of exhibiting at trade fairs (for participating firms) perceived by ATOs varied between sectors. Generally it was felt that direct sales resulting from participation at trade fairs, although a possibility, are not a common occurrence at trade fairs (described by one ATO as “a bonus”). Instead additional sales tend to come through generating leads, which are then followed up at a later date. In particular, ATOs identified that developing contacts was not just limited to the identification of buyers. Potentially more importantly, attendees at trade fairs made numerous contacts across the entire supply chain including agents, distributors, other suppliers and collaborators. More generally, trade fairs are seen as an important method of raising individual firm profile, as well as receiving direct feedback from visitors, which can lead to product and service improvements.

Interestingly, a widespread emphasis was placed on the need for repeat attendance at a trade fair for a firm to be taken seriously, and build a coherent market offering. Respondents reported that they advise participants that it can take in the region of 2-3 years to achieve sales benefits. This is believed to be particularly true in emerging markets, where face-to-face contact is particularly important with one ATO suggesting that it takes up to five trade shows to break into the Chinese market. Furthermore, it was suggested that attending a trade fair only once can even have a negative effect, through leading to a firm being seen as a “flash in the pan”.

As well as market building, ATOs also felt that exhibiting helps to gauge market conditions, understand which firms (local and international) are operating in a particular market, how appropriate their product is for that market, and learn about doing business in export markets. Respondents felt that new exhibitors often failed to appreciate these benefits, and that part of their role is to move firms beyond the “order book” mentality to obtain this wider range of benefits.

Respondents generally believed that the benefits did not change significantly for more experienced firms, although there may be a shift from *building* to *maintaining* profile amongst customers. It was commented however, that new companies, without an existing customer base, have more potential to make a larger impact at an event. One ATO also commented that whereas experienced attendees “know the ropes”, others make mistakes regardless of any support offered (as part of the delegation).

Benefits were also seen as broadly similar between global and national trade fairs. Global fairs offer a much wider range of customers and contacts than other fairs (including organisers of other trade fairs), and one ATO stated that this made them a priority for firms with limited trade fair budgets. More

generally, it was felt that global trade fairs offered the best way to meet a large number of people, whereas national fairs were more dependent on firm-specific objectives (e.g. breaking into new markets).

9.1.2 Visiting

The majority of ATOs felt that visiting trade fairs could also offer some benefits to firms, although not to the same extent as exhibiting. Interestingly, many respondents saw visiting largely as a prelude to exhibiting (mentioned explicitly by around one third of respondents), with some ATOs encouraging firms to visit a trade fair *before* deciding to exhibit. This, they believed, helps firms understand the market better; gauge how appropriate the fair is to the firm's needs and learn more about how to exhibit at the fair. One ATO however felt that funding visitors would be wasteful (although recognising the benefits to visiting).

Some ATOs also highlighted the fact that visiting can allow firms to obtain some benefits that they could not obtain (at least to the same extent) when exhibiting. In particular, visiting allows firms to understand new products and new technology, which may not be possible when exhibiting due to limited time to walk around the fair. One ATO pointed out that exhibitors often only take sales staff to an event, whereas taking marketing and product development teams with them would allow them to reap a wider range of benefits.

However, despite identifying these benefits, ATOs were generally sceptical about the overall value of visiting trade fairs as opposed to exhibiting. In particular, respondents believed that it is difficult to meet customers, and hence make sales, without the "base" of an exhibit. Further, without the visibility offered by an exhibit, meeting customers is relatively "hit and miss", and firms may not be able to obtain the same levels of customer feedback. On top of this, some ATOs felt that attempting to sell without a stand is seen as "cheap" and may build up resentment amongst those that have invested in exhibiting. Nevertheless, some ATOs indicated that they do allow visitors to operate from a central "UK pavilion" although they would not expect this to be an ongoing arrangement.

9.2 Role of ATOs

The level and type of involvement of ATOs in TAP, and trade fairs more generally, varied significantly between organisations. Some respondents indicated that trade fairs were fundamental to their operation as a trade organisation while, at the other extreme, one ATO stated that they only visit one trade fair a year. Similarly, while some ATOs were dependent on TAP support to attend trade fairs, many attend other trade fairs (or have done in the past) outside of the TAP programme.

ATOs felt their role as part of TAP had many aspects, including identifying the most relevant trade fairs to attend, recruiting firms to attend, and providing assistance to attendees. We discuss each of these in turn.

9.2.1 Identifying events

The majority of ATOs (63%) emphasised the importance of identifying which fairs are most relevant to participating firms. The exceptions to this tended to feel that the most appropriate trade fairs in their sector were obvious, while one ATO felt that they did not have sufficient (financial) resources to scout new trade fairs.

ATOs keep up-to-date with new trade fairs in a number of ways. Consultation with their members about relevant markets was highlighted as an important starting point by many organisations. Other sources of information include trade press and similar sources, contacts on the ground, UKTI and embassy posts, trade fair organisers and overseas ATOs. Some ATOs visit – or have a representative visit – a trade fair in advance to assess its quality.

9.2.2 Recruiting firms

Most ATOs (17 of the 21 interviewed) felt that recruitment of firms was part of their role. The exceptions to this felt that their sector was sufficiently small that they knew the relevant companies and the companies attending fairs did not change significantly from year to year. Recruitment is generally carried out on a broad basis, with a large range of firms contacted initially through industry databases and mailshots.

On the other hand, screening was not generally seen as part of the ATO role – although some ATOs stated that in the rare case that a firm was unsuitable for a trade fair (e.g. in terms of product offering), they would advise against attendance. One ATO did state that they sought to focus TAP grants on more worthy firms, but commented that, under the TAP system, it was difficult to say no to “less worthy” firms applying for grants first. One ATO commented that they did possess relevant information, but did not see screening as part of their role and felt doing so would necessitate further financial support.

9.2.3 Preparatory assistance

ATOs felt that providing assistance to firms is a major part of their role. Respondents indicated that they helped with the administrative process as part of applying for TAP funding, but also provided a wider range of assistance to minimise the burden of attending trade fairs. Many ATOs highlighted that firms only “need to fill out one form”, as the ATO organises (amongst other services) travel, accommodation, freight forwarding, and stand-building for participants.

Many ATOs also emphasised the importance of the “handholding” they offer to firms, feeling that many would not attend without this. This includes the provision of a range of advice, such as the best ways to exhibit or operate in local markets on a largely ad hoc basis. A few respondents also offer firms specific pre-event training, while others employ a ‘mentoring system’ with larger firms, to ensure exhibitors are sufficiently prepared for events.

Another point highlighted by respondents was the importance of the ATO’s relationship with trade fair organisers. This allowed them to organise good locations at the trade fair, negotiate discounts (in some cases) and generally have more flexibility in arranging delegations.

9.3 Delegations

9.3.1 Services provided by ATOs

The consultation highlighted the way in which the services offered by ATOs vary according not only to sector, but also to particular trade fairs within a sector. For instance, while for many fairs a central British pavilion is appropriate, at others this is not the case (for instance if the firms in the delegation are spread across several halls).

ATOs offer members of their delegation a range of additional services, including networking areas, seminars, networking events, press facilities, meeting facilities and translation services. In addition, ATOs often play an important role in marketing British companies, through (for instance) producing pre-show catalogues, arranging meetings with important contacts, and improving local press coverage.

Many ATOs also engage in post-fair contact with exhibitors to obtain their feedback and, in some cases, offer advice on following up contacts made at the fair.

9.3.2 Selecting delegations

Most ATOs did not see “selecting” firms to form a delegation as part of their role and only three respondents suggested that they may have to limit the number of firms that can attend due to capacity constraints. Instead, ATOs tend to take whichever firms wish to travel with them to a trade fair, without considering the overall make-up of the group. One ATO mentioned that UKTI targets also played a small role in the process. Two ATOs mentioned that, given UKTI limitations on the numbers of companies that can receive TAP funding, they may attempt to focus on the most “market-appropriate” firms, but generally this is determined on a first-come-first served basis.

ATOs identified diversity of firms as being important to a good delegation, with a broader range of companies helping to attract visitors. One ATO suggested that further research could be done into including a broader range of companies to a delegation (e.g. including suppliers). Another important factor was the presence of large, established companies who help attract customers to a British delegation.

9.3.3 Benefits of delegations

There was widespread (although not unanimous) agreement amongst the ATOs that being part of a delegation (as opposed to exhibiting alone at a trade fair) was extremely beneficial to participants.

In particular, respondents frequently highlighted the important role delegations play in enhancing participants' profile at exhibitions. This occurs in several ways. Perhaps the most obvious is the use of central pavilions and stands, which ATOs felt were crucial to helping firms (particularly SMEs) make "an impact", rather than being lost in a large trade fair. In addition, as mentioned above, ATOs are generally able to obtain better locations, and offer better facilities, than firms would be able to if attending alone. The other marketing activities undertaken by ATOs also play a role in improving the profile of participants.

Delegations also helped smaller companies participate in trade fairs, through the ability – in several ways – for larger groups of companies to obtain scale effects. In particular, large scale delegations are, in some cases, able to obtain discounts on floorspace which are passed onto participants. Also, some ATOs reported that due to their relationship with exhibition organisers, they were able to add participants to a delegation closer to the fair than would otherwise be the case (of benefit to smaller companies who may have shorter planning horizons). Further, some respondents reported that they use the presence of a large delegation, and particularly a central stand, to allow new, small exhibitors the opportunity to use a smaller (and hence cheaper) stand than if they exhibited alone.⁴¹

9.3.4 Use of brand Britain

Nearly all (90%) of the ATOs felt that promoting brand Britain was an important part of their role. One of the exceptions felt either that they "use" rather promote the brand, while the other felt that they looked to sell individual companies, rather than British industry as a whole. Many (71%) felt that the brand was strong in their sector – at least in some markets –

⁴¹ For instance an exhibition organiser may have a minimum size of 10sqm for a stand, but if participating in a delegation, firms have the opportunity to use a stand of 4 sqm.

although commenting that this often varied depending on political factors and as a result also between different markets.

The primary method used by ATOs to promote the brand was the use of central displays, particularly heavily branded pavilions (where appropriate) using “red, white and blue” colour schemes. In addition, some respondents referred to the use of seminars, networking events, embassy receptions and other methods as ways of emphasising the British presence at an event.

While the strengths of British industry unsurprisingly varied between sectors, there were some common factors identified including quality, good service, creativity and safety. Weaknesses on the other hand were generally seen as political – i.e. depending on general attitudes towards Britain in the country where the trade is located,. In addition, several ATOs noted that the British delegation at trade fairs was often overshadowed by “competitor” delegations (e.g. from Germany or Italy), who have much larger delegations (i.e. involving more companies) as well as more impressive central displays.

9.4 Effectiveness of TAP

Overall ATOs tended to voice their support for TAP, feeling that it still plays an important role in supporting trade fair participation. A number commented however, that this is much less true than in the past, given the budgetary constraints, and that they are increasingly planning their activities on the assumption that **no** TAP funding will be available.

9.4.1 Role in supporting SME participation

In general the ATOs agreed with TAP’s focus on building SME capability, given the limited level of funding available. Further, there was a general feeling that TAP is effective in this respect, although combined with a belief that this was threatened by the reducing level of grant available. Two ATOs however disagreed with this, feeling that a more holistic focus, encompassing the entire of ‘UK plc’, is required. One respondent felt that large companies required the grant as much as smaller ones, particularly to justify their attendance in emerging markets, and this would be worthwhile given the spillover benefits larger companies also offer to smaller and newer exhibitors.

Many ATOs (67%) believed that their sector contained a significant number of SMEs not attending trade fairs that would benefit from doing so, although this varied between sectors. The most common explanation for these firms not participating was that they were unable to take the gamble – that is while understanding the potential benefits, they are unable to risk the potentially high costs of attendance. As one respondent explained it, trade fair funding has to compete with other expenditures such as R&D or marketing, and faced with this choice, firms stick with what they know. Further, the fact that (as

many ATOs emphasised) trade fairs may not lead to additional sales for several years acted as a further disincentive for small companies.

Other barriers to attendance for small firms that were mentioned by ATOs were the perception of costs (which may be inflated), manpower constraints, and a lack of knowledge about trade fairs / initiative to participate without outside support. One ATO also pointed out that firms can often expand in the domestic market place – and the overseas trade may be a replacement for this.

Given these factors ATOs tended to see both the availability of financial support and the presence of ATOs as complementary factors in encouraging SMEs to exhibit overseas. The assistance and support offered by ATOs provides firms with impetus to attend, reduces the difficulty of doing so, and helps them understand (and quantify) the potential costs and benefits, while the grant offers a further incentive. ATOs offered different explanations for the importance of the grant. Some felt that the grant still made an important contribution to costs (even at its current reduced level); while others felt that it is more “a gesture”, which helps firms to justify the expense of attendance.

9.4.2 Conditions on TAP support

Several ATOs felt that the existing conditions for receiving TAP support were inappropriate, although there was a general understanding that this was forced by budgetary constraints.

The most common issue mentioned by respondents was the “3x rule” (mentioned by 9 ATOs), which limits firms to three TAP grants in their lifetime. Many ATOs felt that this was too few, and acted to cut funding just when firms were beginning to reap the benefits of trade fairs. Many respondents pointed out that it took several years for firms to achieve sales in a new market, and that the 3x rule did not seem to take this into account. Instead, ATOs tended to suggest 3x per market (as used to be the case under SESA), or alternatively 3x per annum.

Some ATOs also had problems with other elements of the conditions, feeling that they excluded many companies worthy of support. First, the limit on SMEs was seen as too restrictive, particularly in preventing subsidiaries from receiving funding, even though they may operate independently from the parent company. Second, one ATO felt that the limit to new exporters was too harsh, and that firms with more than 25% of sales accounted for by exports should be eligible, as these firms also require incentive to move into new export markets. Further, one ATO expressed concern at the use of variable grants, fearing that this could lead to resentment, and also that firms could be attracted to the “wrong” trade fair, by the availability of more funding.

9.4.3 Services offered by TAP

Generally, ATOs felt that the services offered by TAP is correct and offers participants a wide range of support. The main potential area for improvement that was suggested (although only by four ATOs) was for increased pre-event training or information (“glossier literature”) for new exhibitors with one explicitly mentioning that this should be easier to access than OMIS. One ATO mentioned however that in the past they had offered pre-event training sessions to exhibitors, but that they had stopped these due to poor attendance.

Five ATOs also mentioned their support for missions, which were supported under TAP’s predecessor SESA, as a useful way for firms to learn about, and break into, new markets.

9.4.4 Role of ATOs

A number of respondents (48%) felt that the current set-up of TAP does not utilise ATOs’ industry expertise sufficiently. Instead, it was suggested that ATOs could play a much larger role in TAP, being allocated an annual budget by UKTI, allowed to spend it using their own discretion, and then audited according to their results and how they had met UKTI’s targets. In particular, it was felt that ATOs could replace ITAs, who were seen as an unnecessary layer of cost and bureaucracy (discussed further below) by many ATOs, which could be re-invested in the TAP scheme.

One particular benefit of this, respondents felt, would be to remove the current uncertainty over funding, whereby firms have to bid a long time in advance for a trade fair, and often aren’t aware of whether they are successful until too close to the event. This reflects a common feeling amongst ATOs that TAP requires long-term stability, following a number of changes in name and type of support in recent years.

9.5 Use of UKTI services

9.5.1 Overseas network / embassies

A number of ATOs (43%) stated that they use the overseas network on a regular basis. In general, the feedback was positive, although in three cases it was felt this varied substantially between countries – with one ATO feeling that most posts would not be missed at all (particularly in the most important export markets).

Those ATOs using the overseas network relied on it largely for local market advice, logistical support and trade match making. In some cases however, firms had found the support unreliable, and felt that officials did not have the

requisite industry knowledge to offer firms sufficient advice (e.g. “how to set up an office in Shanghai”).

A number of ATOs (52%) reported that they were interested in embassy events and receptions, although this was often caveated by concern over rising costs, alongside falling service quality, which in some cases prevented them utilising these services as frequently as in the past.

None of the respondents had experienced ministerial attendance at a trade fair, but many had received ambassadors or other embassy officials. This was generally (although with some exceptions) felt to have a positive effect, but not a factor that would influence which trade fairs to attend.

9.5.2 Regional network

The impression of the regional network was generally poor – only one respondent stated that they worked with the network. On the other hand, 8 ATOs expressed negative views, ranging from feelings that it was very difficult to work with the regional network, to feeling that the network only added a layer of cost and bureaucracy – and that the money used to finance this would be better invested in TAP or other services.

In particular, respondents reported that dealing with nine regional bodies was logistically difficult, particularly with a lack of a clear communication structure, and high staff turnover. Further, where ATOs had tried to initiate a dialogue with ITAs and regional teams they had found this difficult, and their efforts had been unsuccessful. Also, a few ATOs were concerned about the lack of sector specific or export market knowledge amongst ITAs. As a result, respondents felt that there was often duplication of effort between regions and ITAs and that, due to insufficient information sharing, many eligible companies are not targeted effectively.

Several ATOs also reported concerns over differences *between* regions, feeling that they often clashed with each other, and also with UKTI’s national strategy. Further, many respondents believed that there was a “postcode lottery”, with different grant availability between regions, but also differences in the way that the TAP conditions are interpreted.

10 Evaluation of TAP Solo

10.1 Introduction

This section evaluates the TAP Solo scheme. While the majority of TAP support is provided through the Group element of the programme, whereby firms exhibit at trade fairs as part of a UK delegation (organised by an ATO), support is also available for firms to attend trade fairs independently.

We analyse the benefits of this aspect of TAP in two parts. First, we use the results of UKTI's PIMS evaluation survey. Secondly, we report the results of a consultation with the International Trade Advisers (ITAs) who promote the use of trade fairs to firms in their regions and handle applications for TAP Solo.

10.2 PIMS data

The PIMS data collected by UKTI is based on a random survey of recipients of a number of UKTI support services, and is carried out on a rolling basis around six months after the support has been received. The evaluation incorporated data from waves 2-10 of PIMS, including 469 TAP Group recipients, and 225 TAP Solo recipients.⁴²

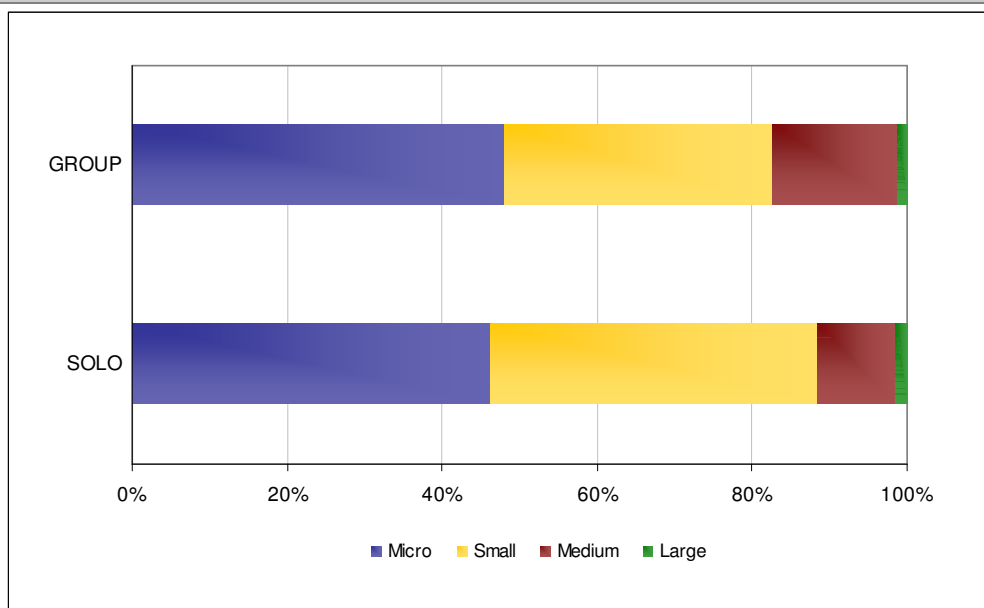
This sub-section reports the findings of PIMS for the TAP Group and TAP Solo recipients respectively.

10.2.1 Firm characteristics

Company size

The distribution of company size was very similar between TAP Solo and TAP Group recipients, as indicated in Figure 59 below. Both groups were comprised mainly of micro and small sized firms (83% and 88% of recipients respectively). However, the Solo scheme did include a higher proportion of small firms (42% compared to 35%).

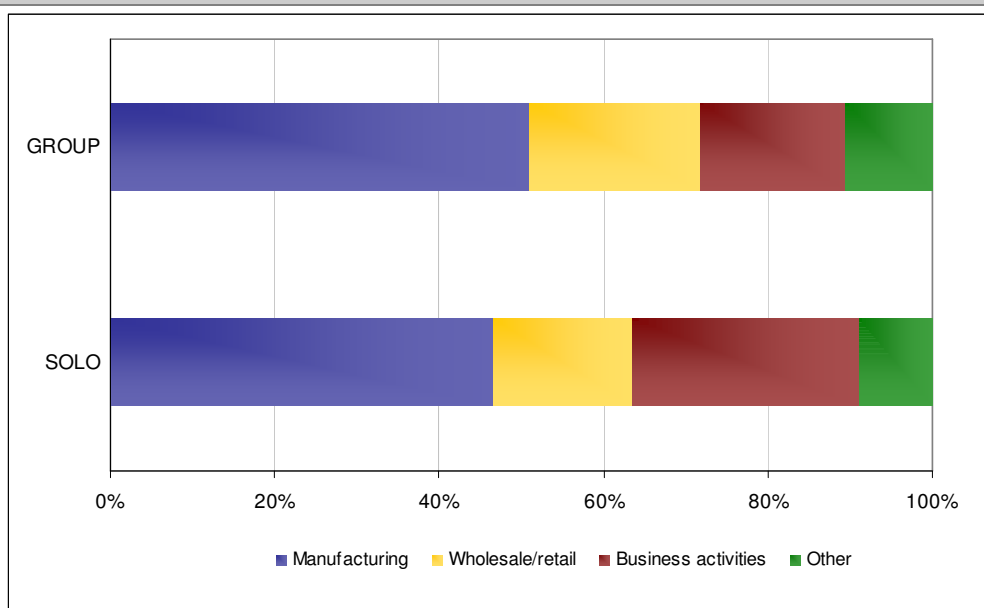
⁴² See section 3 for a fuller description of the PIMS dataset.

Figure 59: TAP recipients' firm characteristics: company size

Source: PIMS waves 2-10.

Company sector

There are also small differences between the two programmes in terms of sector of activity. In particular, a higher proportion of recipients of Group support are based in the manufacturing sector (51% compared to 47%) and a smaller proportion based in the business activities sector (18% compared to 27%).

Figure 60: TAP recipients' firm characteristics: company sector

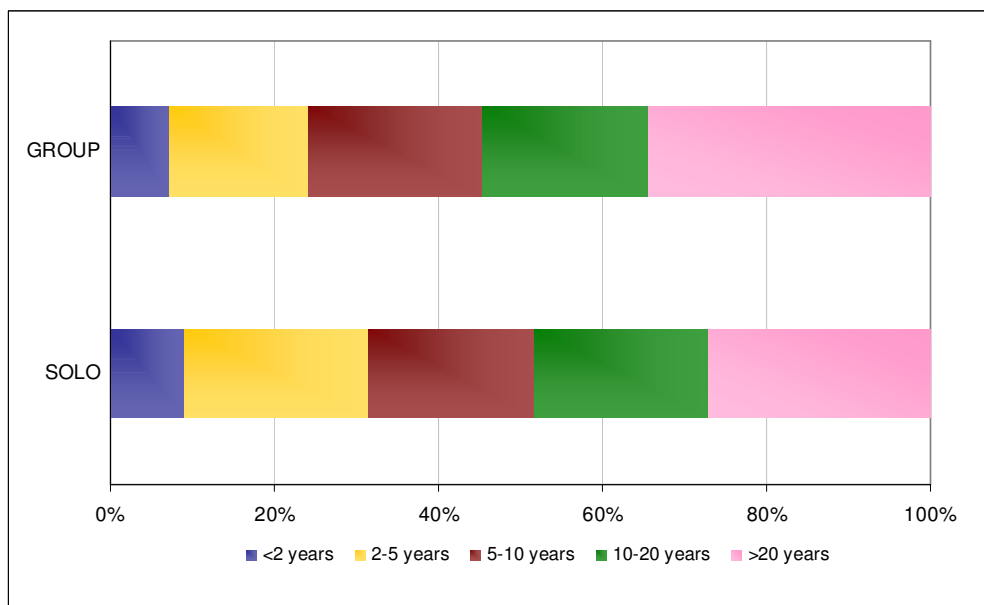
Note: Business activities refer to the "real estate, renting and business activities" sector.

Source: PIMS waves 2-10.

Company age

TAP Solo recipients tend to be younger than TAP Group firms, as indicated in Figure 61. A larger proportion is aged less than 5 years (31% compared to 24%) and less than ten years (51% compared to 45%). In contrast, a higher proportion of Group-supported firms are aged over 20 years (34% compared to 27%).

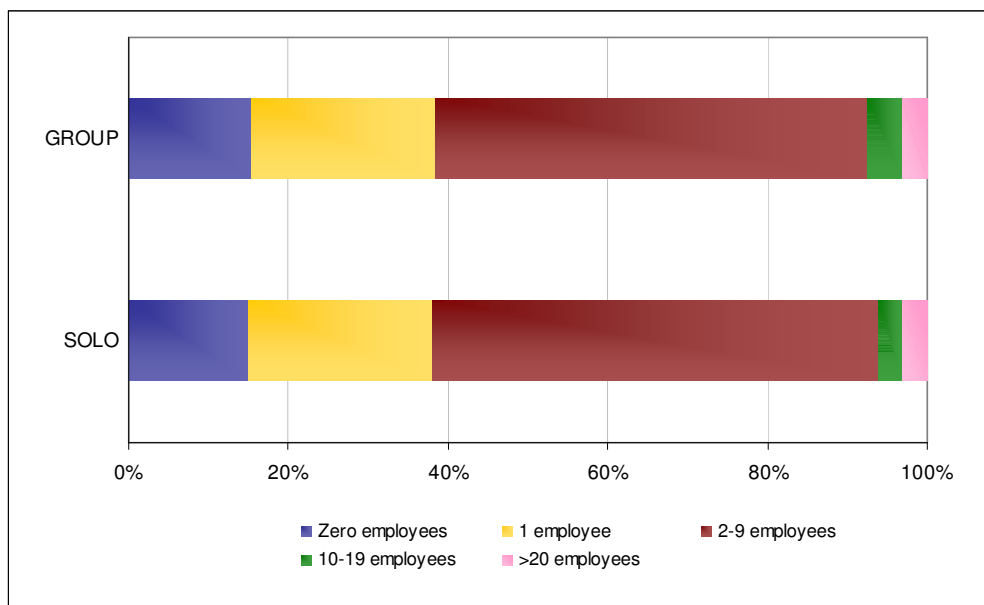
Figure 61: TAP recipients' firm characteristics: company age



Source: PIMS waves 2-10.

Innovative capacity

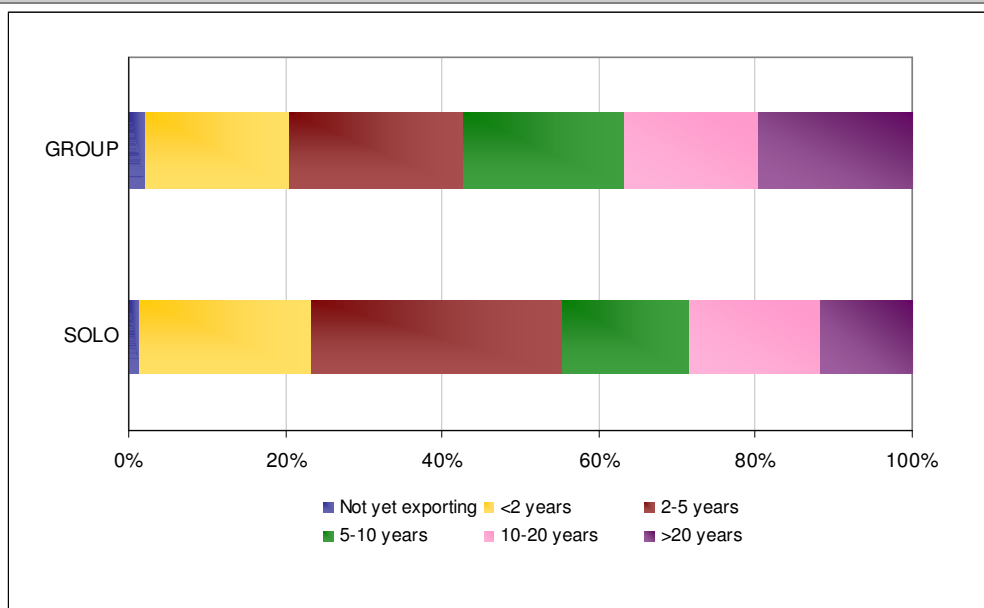
The survey indicated that the two groups are very similar in terms of the number of employees engaged in “innovative activities”. The majority (around 85%) of firms employed at least one such employee.

Figure 62: TAP recipients' firm characteristics: innovative capacity

Source: PIMS waves 2-10.

Export experience

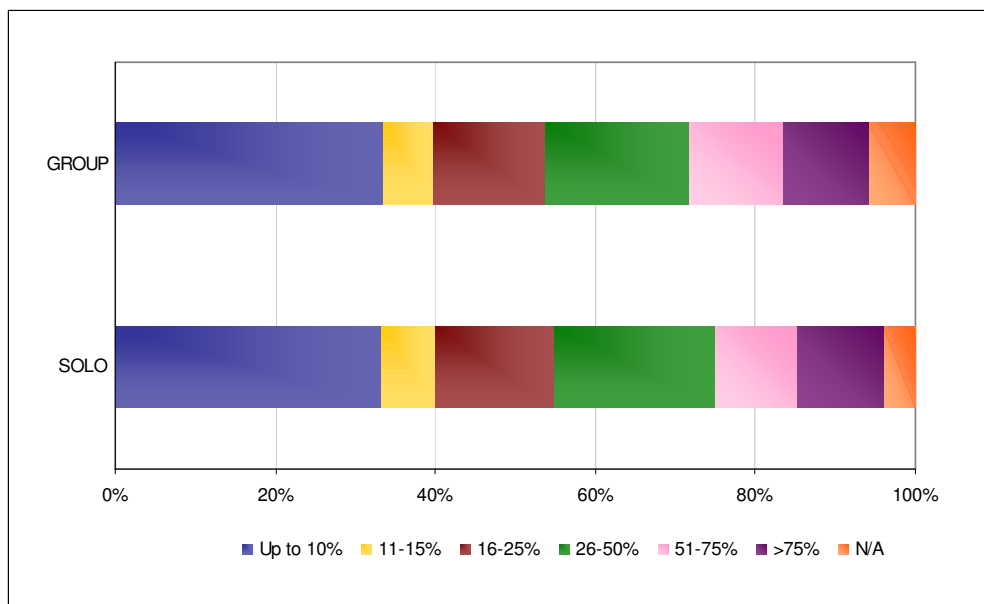
The PIMS results suggested that recipients of Solo support may be less experienced in overseas markets than Group recipients. For instance, a much larger proportion of Solo firms had been exporting for less than ten years (55% compared to 42%), as shown in Figure 63.

Figure 63: TAP recipients' firm characteristics: years exporting

Source: PIMS waves 2-10.

However, it is possible that this lack of export experience may be due largely to the difference in age of the companies – as discussed above. As shown in Figure 64, the groups of firms appeared similar in the percentage of turnover accounted for by exports.

Figure 64: TAP recipients' firm characteristics: percent of turnover accounted for by exports



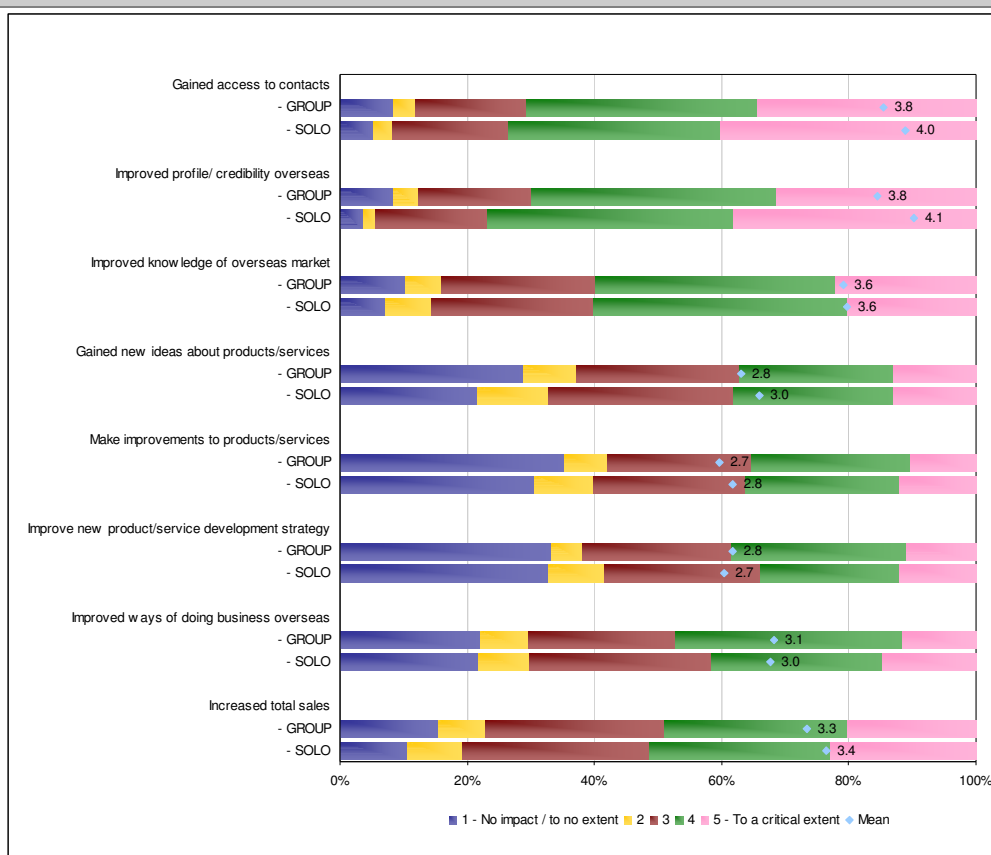
Source: PIMS waves 2-10.

10.2.2 Impact of TAP support

The PIMS results indicated that recipients of TAP support saw significant benefits accruing from the trade fair they had received support to attend. In general, the impacts experienced were similar between Solo and Group recipients, although often slightly greater in size for TAP Solo firms.

As shown in Figure 65, the impacts rated most highly were gaining access to contacts, improving credibility overseas and improving knowledge of overseas markets. Other impacts, while still experienced to a “critical extent” by between 10% and 20% of firms, were less common. This was particularly true for R&D related impacts (i.e. obtaining new ideas for products/ services, making improvements to products/services, or improving product development strategy), which were not experienced at all by around one third of firms. Notably the impact on firm sales was smaller than the impact on making new contacts, suggesting that the trade fairs may offer access to contacts other than customers.

Figure 65: Impacts of receiving TAP support

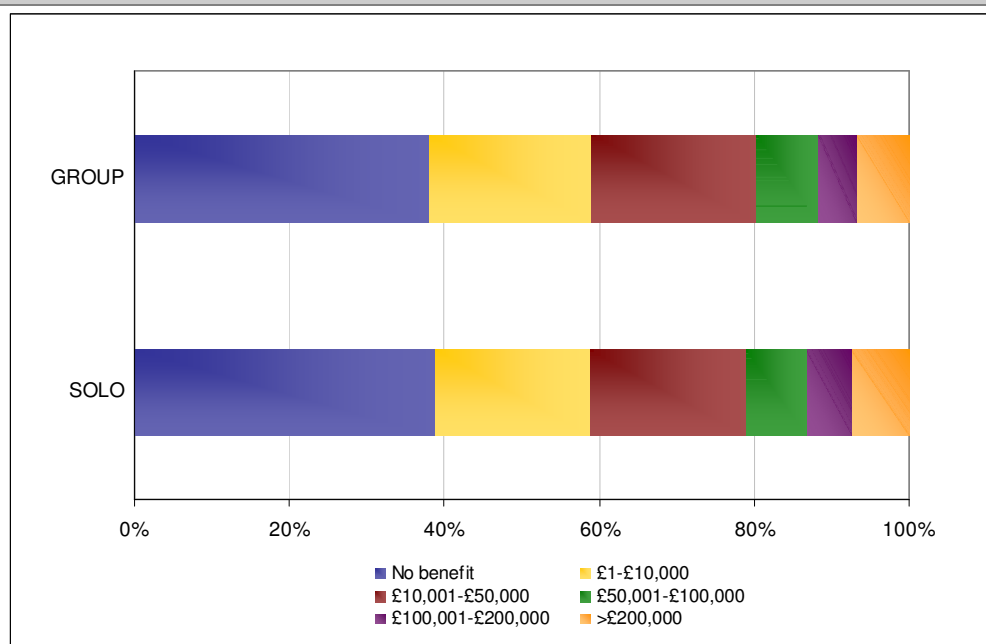


Source: PIMS waves 2-10.

10.2.3 Financial benefits from TAP support

PIMS also provided measures of the financial benefit from attending trade fairs. These results are based on ongoing increases in bottom line profit (with future values discounted at 8%), and adjusted to remove “non-additional” benefits (i.e. those that would have occurred anyway without the support).

The results (displayed Figure 66) suggest that the benefits firms attained from attending trade fairs were similar regardless of the type of TAP support received. Interestingly however, nearly 40% of firms indicated that they received no additional benefit from exhibiting at trade fair. Where benefits were achieved, these were generally below £50,000.

Figure 66: Financial benefit from TAP support

Source: PIMS waves 2-10.

Although these results indicate that the distributions were similar, there is evidence that the average benefit attained by TAP Solo firms is higher. The mean additional benefit obtained by Solo firms was around £91,000 compared to just over £50,000 for TAP Group recipients. However, this difference is caused largely by extreme values - the 5% trimmed mean for TAP Group is around £27,000 compared to £29,000 for TAP Solo recipients, while the median benefit was £5,700 compared to £4,000.⁴³

In addition to these benefits, the majority of TAP recipients indicated that they expected improvements in productivity / profitability from attending trade fairs. Around 81% (80% of Group and 88% of Solo recipients) of firms indicated that they expected improvements in productivity, while a similar proportion (77% of Group and 89% of Solo) indicated that they expected benefits in productivity from attending the trade fair. Interestingly, these results did not vary significantly depending on company size.

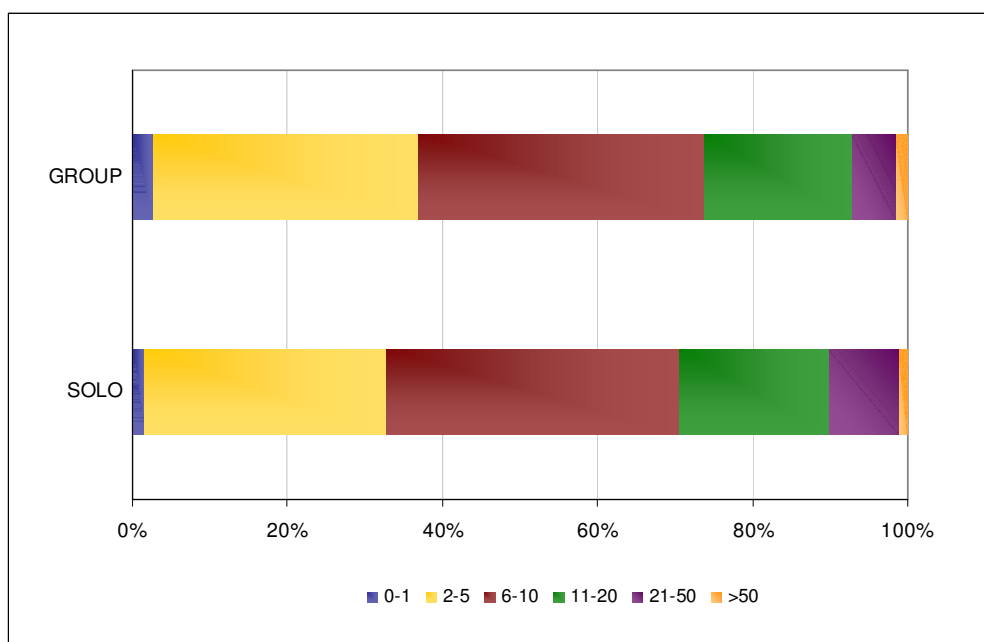
⁴³ These results – particularly in comparisons – should be treated with caution given the large number of missing responses (comprising around one third of firms in the entire sample), and the fact that the distributions are highly skewed

10.2.4 Costs of attendance

The costs incurred by recipients appeared to be similar regardless of the type of TAP support used, as indicated in Figure 67 and Figure 29.

In particular, in Figure 67, we have presented information relating to the amount of management time required to prepare for attendance. The amount of management time spent was very similar regardless of the type of support received – with 6-10 days the most common for both Group and Solo recipients.

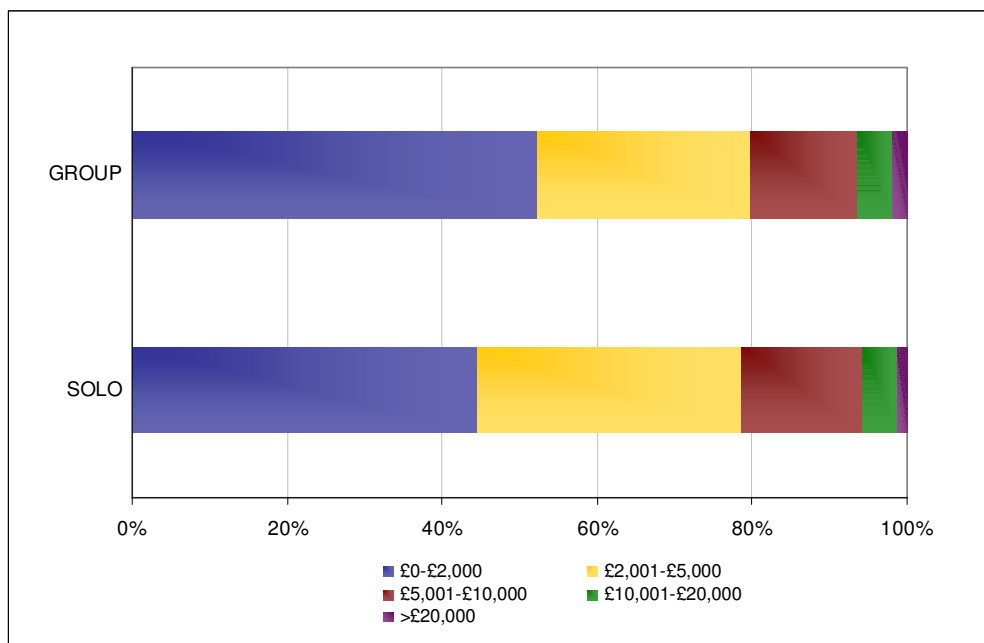
Figure 67: TAP recipients: management time preparing



Source: PIM S waves 2-10.

In terms of the actual financial costs incurred by firms, there was some evidence that a larger proportion of Group recipients incurred under £2,000 of additional costs (52% compared to 44%), whereas TAP Solo recipients were more likely to spend between £2,000 and £5,000.

Figure 68: TAP recipients: additional costs incurred

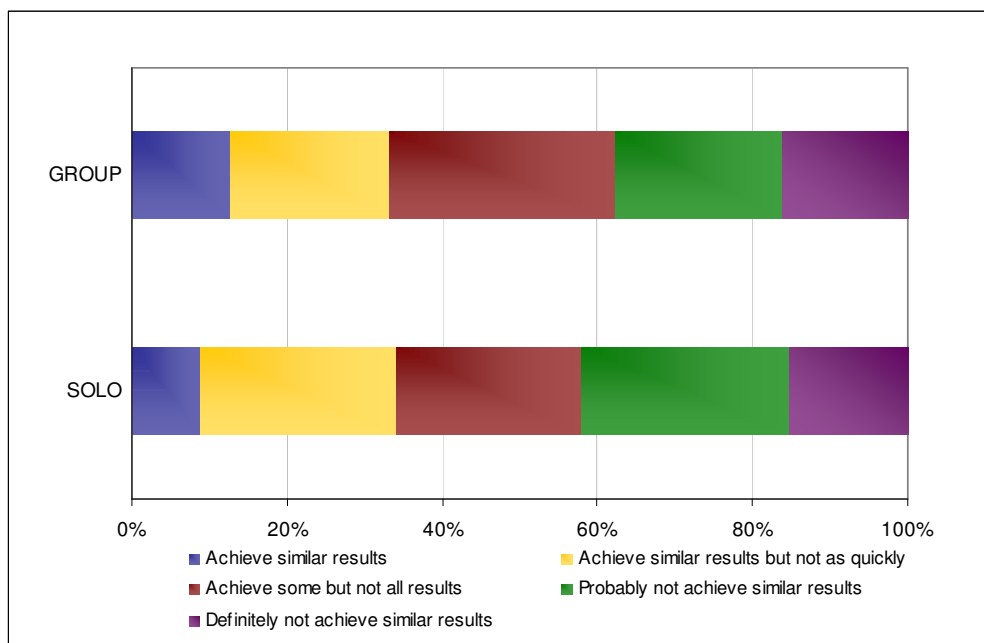


Source: PIMS waves 2-10.

10.2.5 Additionality

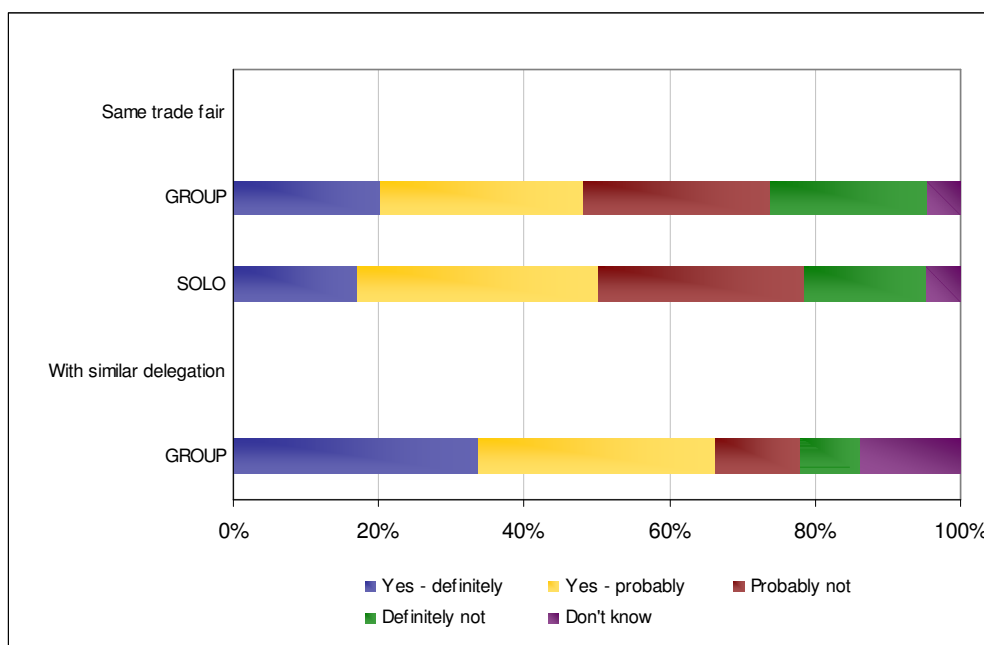
The majority of firms indicated that the support provided through TAP improved their results - or allowed them to achieve the same results more quickly. This is displayed in Figure 69. Around 90% of firms felt that the support received made some difference to the results they achieved; while around two thirds of firms indicated that they would not have achieved the same results at all (i.e. in any timeframe) without TAP support.

Figure 69: TAP recipients: additionality of support



Source: PIMS waves 2-10.

While this indicates that TAP support impacts firms' results, the additionality in terms of attending a trade fair is lower. As shown in Figure 70, around 50% of both TAP Group and TAP Solo recipients stated that they would (probably or definitely) have attended the same trade fair in any case (i.e. without support). Further, in the case of TAP Group firms, around two thirds of recipients stated that they would have attended with the same delegation.

Figure 70: TAP recipients: action in absence of support

Source: PIMS waves 2-10.

10.2.6 Conclusions

There does not appear to be any major difference in the types of firm that apply for TAP Solo support in comparison to firms receiving TAP Group funding. There is however a suggestion some evidence that TAP Solo recipients tend to be slightly smaller, are younger and have started exporting more recently than TAP Group firms.

Similarly to the results from the OMB evaluation survey (discussed in section 7), and to the PIMS results for TAP Group firms, TAP Solo recipients experienced a wide range of impacts from attending trade fairs, but with an emphasis of making contacts, extending the company's profile overseas, and improving knowledge of overseas markets.

The PIMS additionality results suggested that TAP impacts on firm performance, even where it may not influence their decision to attend an individual trade fair. Interestingly this was the case for TAP Solo as well as TAP Group recipients, even though those firms would not have received the additional support at the trade fair (in terms of publicity, networking events etc.) that are provided by ATOs under TAP Group.

10.3 Results of ITA Consultation

10.3.1 Introduction

Based on UKTI information, 17 International Trade Advisers were contacted to give their views on TAP – with a particular focus on the TAP Solo scheme. Eleven telephone interviews were then undertaken between 14th July and 1st August 2008, using a semi structured interview tool agreed in advance with UKTI.⁴⁴ The ITAs interviewed covered seven of the nine Government Office Regions, with the exceptions being the East of England and London.

10.3.2 Role of ITAs

Firm recruitment and screening

Overall, the ITAs indicated that their primary role as part of TAP Solo is recruiting firms to the programme, and checking the eligibility of companies to receive financial support. Four of the ATOs explicitly mentioned making clients aware of TAP support as part of their role.

All the ITAs indicated that, in general, Solo support is primarily granted to companies with whom they have existing relationships – with very few “unsolicited” applications from unknown companies. The use of trade fairs (and hence TAP support) is discussed as an integral part of the development of companies’ export strategies.

In assessing the eligibility of companies to participate in TAP, ITAs stated that they assess the official TAP criteria through interviews and meetings with client companies. Given that ITAs generally have ongoing relationships with the companies receiving support, the impression given was that additional assessment is often not required. However, a number of ITAs (seven of the eleven interviewed) indicated that they also apply some subjective criteria in addition to the fixed limits identified by TAP. This generally takes the form of assessing the “readiness” or capability of the firm to benefit from attending trade fairs, or ensuring firms had thought through their decision to attend, and had plans to benefit from the exhibit. One ITA commented that they look to exclude “grant junkies” from receiving funding.

On the other hand, two of the ITAs suggested that they stick closely to the TAP guidelines – one mentioned that they would have to approve the TAP application even if they felt a firm was not ready to attend.

⁴⁴ The survey tool is provided in the annex.

Preparatory assistance

ITAs also tended to see part of their role as helping companies prepare for trade fairs – although the extent of this varied. In many cases this consisted of ongoing practical advice (i.e. as part of the ITA's general role); although five of the ITAs mentioned that they offered some sort of seminar or training to novice exporters (often as part of the Passport to Export scheme).

Screening of trade fairs

ITAs saw the choice of the most appropriate trade fair as one that should be made at the firm level – and therefore not part of their role. In helping firms choose the correct trade fair to choose, ITAs tend to refer them to other sources, such as websites (including the UKTI website) and databases, ATOs, exhibition organisers, and (most often) other industry sources (e.g. other firms that have attended a particular show). In two cases, it was also commented that the key trade fairs in the sector were “obvious” and so there was no need to screen trade fairs.

In assessing the value of the event, respondents focused on the type and number of visitors that would attend the trade fair. Three of the ITAs commented however that it was difficult to generalise – and that this would vary according to the stage of export development a firm was at.

Role and effect of ITAs

Respondents provided two different beliefs of the role and effect of ITAs. Four ITAs focused on the role in preparing companies for trade fairs, feeling that companies would not achieve the same results if they were not given access to ITAs' advice. Five respondents however, emphasised the role of ITAs in increasing participation and, in particular spreading knowledge of the TAP Solo scheme.

Building brand Britain

The ITAs were split in their attitude towards brand Britain, with six feeling that it was part of their role to build the brand, and four feeling otherwise. Generally, where it was felt that building the brand was important, this took the role of ensuring companies that received support were capable and “won't let the side down” while exhibiting. Those ITAs not feeling that brand Britain was important tended to emphasise that they focused on decision-making on a micro (i.e. firm level) basis, with no consideration of a broader “UK plc”.

The strengths of brand Britain mentioned varied between ITAs, and included innovation, integrity, reliability and quality.

10.3.3 Use of other services

UKTI services

The consultation indicated that firms receiving TAP Solo support are often users of the Passport to Export scheme. In addition, several ITAs also commented that firms use the Overseas Market Introduction Service (OMIS) support to arrange meetings and send pre-invitations to contacts in overseas markets. However the extent to which ITAs felt that this was used by Solo recipients varied between ITAs – with two commenting that it was rare. Further one ITA pointed out that OMIS is not appropriate in the case of international trade fairs (as it is country focused).

Other services

The interviews indicated that opportunities for additional trade fair funding (beyond TAP) varies on a regional basis (this reflects some of the comments from the ATO consultation regarding a “postcode lottery”). ITAs in two regions suggested that firms may be able to get additional funding to attend trade fairs, while firms in a further three regions could obtain other related funding (e.g. for market visits, international trade development or marketing).

In addition, the ITAs also mentioned a number of auxiliary services used by firms – such as translation, stand building and other activities associated with trade fair preparation.

10.3.4 Assessment of TAP Solo

Use of TAP

Respondents indicated that TAP Solo is used primarily for either attending a first trade fair overseas, or when seeking to break into a new market. The impression across the ITAs was that few firms use grants to attend trade fairs they planned to visit in any case – although this was (understandably) caveated by the fact that this is not possible to judge accurately. However views did vary across ITAs – one respondent for instance felt that around 50% of grants were non-additional. Others felt that nearly all trade fairs were for either a company’s first trade fair or to enter new markets, while two ITAs appeared to believe the balance was somewhere between these two assessments.

ITAs were also split in their assessment of whether there is a large pool of SMEs currently not participating in trade fairs that should do so. Five of the ITAs felt there was, with cost and lack of capability seen as important concerns. In addition, there were some feelings that companies may not be

sure of the benefits of trade fairs as a tool (as opposed to the benefit of entering a new market in general).

Comparison of TAP Solo and TAP Group

The main difference highlighted by ITAs was the flexibility offered by the TAP Solo programme, allowing firms to focus on trade fairs that are of particularly relevant to their needs. This reflected a common view that the most important factor was identifying the right trade fair for a firm; and then assessing whether a delegation was present.

There were some exceptions to this however; with one ITA stating that they tend to suggest firms attend with a Group delegation, particularly as these tend to be the most prestigious events. A further two ITAs also mentioned that the support offered by ATOs was of particular relevance to novice exhibitors.

Generally the benefits firms receive were seen as similar regardless of the nature of support. There was, however, a recognition that firms attending with a group could obtain more UKTI support “on the ground”, while one ITA mentioned that firms preferred Group support due to the better exhibit location they could achieve.

On the other hand, some ITAs did suggest that, at times, Solo support could be preferable. In particular this was because, at large trade fairs, the location of the British stand may not be appropriate for all companies - who may need to exhibit in a different hall. There was also a feeling that some companies may “lose their identity” on a Group stand, and so may be better off exhibiting alone. Three of the ITAs also expressed that some firms were critical of the value offered for the management fee paid to ATOs - and that this acted to diminish the effective value of the funding received.

Current performance and potential improvements

The majority of ITAs (8 of the 11 interviewed) felt that TAP Solo is effective in developing the capability of SMEs to benefit from trade fairs.

The advice offered by ITAs was seen as a key part of this, in helping companies plan their route to achieve success at trade fairs. Further two of the ITAs that felt that TAP Solo did not improve capability justified this on the basis that they would offer the same advice and support even in the absence of the programme.

Two ITAs also mentioned the fact that TAP Solo gives firms the ability to learn and “upskill” by providing them with the incentive to exhibit at trade fairs. It was also mentioned that the funding attracts companies to work more

closely with ITAs, and so contributes to the building of ongoing relationships and the provision of further advice.

Respondents offered a number of suggestions as to potential improvements to the scheme. There was a general feeling that the current grant level could not be reduced further without becoming “irrelevant” and less than the associated administration costs. One respondent suggested that variable costs – allowing ITAs to offer higher grants for “harder” markets could be effective. Given the understanding of the budgetary constraints for TAP, three of the ITAs suggested that the number, rather than the value, of the grants offered should be cut.

There was a suggestion that the overseas posts and embassies could be used more effectively in supporting companies exhibiting overseas, such as arranging networking events. Further, one ITA suggested that posts could be used more effectively to disseminate information about trade fairs in each country (e.g. identify the most effective trade fairs).

Some ITAs believed that the 3x rule was overly restrictive, corresponding to similar views aired by ATOs. One ITA, for instance, felt that relationship building in the high growth markets prioritised by UKTI may require ten or more visits.

Finally, other ITAs mentioned that UKTI could do more to ensure companies are better prepared for trade fairs, through (for instance) mandatory exhibition training.

11 Results of econometric analysis

To complement the analysis based on the quantitative and qualitative survey information, an econometric analysis of the impact of TAP was undertaken.

In principle, this offers the advantage of relying on reported financial figures (from company accounts) rather than the self-reported answers necessary in survey analysis, which may be incorrect either due to human error or bias on behalf of the respondent. However, as with any analysis, the validity of the results obtained depends on the quality of the data used, and as such a number of issues must be considered in interpreting the results presented below.

The econometric analysis examines two separate issues: the extent to which TAP influences firms' decisions to exhibit at trade fairs; and the effect of exhibiting at trade fairs on company turnover. In both cases, the analysis depends on correctly identifying the control group (the firms that did not receive treatment) – i.e. estimating what would have happened in the absence of treatment.

As discussed in the methodology section, the evaluation took an innovative approach to identifying the relevant firms to include in this control group. A group of "potential TAP" firms were identified (in the Amadeus dataset) based on the characteristics of TAP-funded firms.⁴⁵ However, little information was available within Amadeus for many companies, which had two major implications. First, the propensity score matching exercise was unable to control for many variables of interest, such as export experience, and (in most cases) company turnover. Second, this necessitated a further screening question (to remove non-TAP-funded firms that were non-exporters) after the propensity score matching exercise. This appears to have led to a distortion between the groups of TAP-funded and non-TAP-funded firms included in the survey, particularly in terms of company sector.⁴⁶

As a result of this, we cannot be sure that the non-TAP-funded sample is in fact representative of the underlying population of non-TAP-funded firms. This is indicated further in the comparison (shown in section 6) of the sample with UKTI's Non-User Survey (as a proxy for the relevant population), which indicates some significant differences between the two.

⁴⁵ This was carried out via a propensity score match, as discussed in more detail in the methodology section.

⁴⁶ A detailed discussion of the characteristics of each group at each stage of the evaluation is provided in the annex.

The data problems also had specific problems for the econometric analysis undertaken, as discussed below, with many companies having insufficient data leading to small sample sizes in some cases. Further, ideally when choosing variables to be included in a model to estimate the impact of TAP (or exhibiting at trade fairs) we would use values of firm characteristics from before the event – i.e. in this case more than three years ago. This avoids the possibility that exhibiting at trade fairs itself impacts on company characteristics.

However, for many of the characteristics that may be relevant to attendance at overseas trade fairs, we do not have data from more than three years ago. Data for 2004 from Amadeus is only available for a limited number of firms. Further, many characteristics were examined through the survey (e.g. the various measures of export experience and innovative behaviour) and as such only current values are available. This limited the range of variables that could be included – variables that seem most likely to have been impacted by trade fair exhibiting (such as the percentage of turnover accounted for by exports) were excluded from the analysis.

As a result of these issues, caution is necessary when assessing the results of the analysis below – particularly if seeking to generalise the results.

11.1 Effects of TAP on trade fair attendance

11.1.1 Overview of approach

The first stage of the econometric analysis looked to discern the factors which determine firms' participation in trade fairs – and the role that is played by TAP in particular.⁴⁷

The initial survey sample identified two major groups of firms: TAP-funded and non-TAP-funded, with the groups matched on the basis of company age, region, sector and 2004 turnover (where available). From this initial survey sample 272 TAP-funded, and 469 non-TAP-funded firms were interviewed.

As part of the survey, firms' experience of attending trade fairs was examined, and non-TAP-funded firms were split into three sub-groups accordingly:

- **Non-TAP-funded exhibitors:** Firms that have exhibited at an overseas trade fair in the past three years (either exhibited only or exhibited and visited).

⁴⁷ A detailed methodology is provided in the annex.

- **Non-TAP-funded visitors:** Firms that have visited, but not exhibited at, an overseas trade fair in the past three years.
- **Non-attendees:** Firms that have not attended an overseas trade fair (either exhibiting or visiting) in the past three years.

We would expect the characteristics of the group of TAP-funded firms to match the characteristics of the non-TAP-funded firms *overall*.⁴⁸ However, it is likely that the characteristics of the non-TAP-funded firms vary between each of these sub-groups (this can be seen in section 7.1).

In order to identify the factors that may influence the decision to exhibit at overseas trade fairs, we sought to identify any differences in characteristics between non-TAP-funded firms that had exhibited at trade fairs and those that had not. This then allowed us to estimate whether TAP-funded firms would have exhibited at trade fairs in the absence of support – and so provided an estimate of the additionality and deadweight loss of the programme.

11.1.2 Results

We estimate a series of (logit) models examining which firm characteristics act as predictors of firms' decisions to exhibit at trade fairs. This was then used to estimate the probability that TAP-funded firms would have decided to exhibit at trade fairs in the absence of TAP. This then provides a measure of the additionality and deadweight loss of the program.

Formally, this implies estimating a model along the following lines for each company i and time t :

$$y_{it} = f(X'_{it}; \beta) + \varepsilon_{it}$$

where y_{it} is a dichotomous variable taking value 1 if the company exhibited at a trade fair during the last three years and 0 if it did not; X'_{it} is a vector of company and time specific characteristics determining the probability of exhibiting (company size, export experience etc ...), β is a vector of unknown parameters, and ε_{it} is an error term.

The model parameters were estimated using the sample of non-TAP-funded firms. The model was then applied to TAP-funded companies (all of whom have, by definition, exhibited at trade fairs) to estimate whether they would have exhibited at trade fairs in the absence of TAP support. This then forms the basis of an estimate of both the additionality of TAP – those firms for whom it is predicted that they would not have attended trade fairs in the

⁴⁸ As mentioned above this may not be the case in practice. More detail is provided in the annex.

absence of TAP – and the deadweight loss of TAP – those firms that (according to the model) would have attended trade fairs in any case, without the receipt of TAP.

The first stage of the analysis involved estimating the characteristics that predict firms attendance at trade fairs in the absence of TAP funding – i.e. only including non-TAP-funded firms.⁴⁹

As discussed above, several of the variables of interest to the model were potentially affected by endogeneity issues, and so were not included in the model. In addition, where pre-exhibition information was available – for company size – this was only for a small number of companies. As such, we estimated the model using two different measures of company size – one based on the results of the survey (i.e. a current measure – Model 1) and one based on the 2004 data within Amadeus (Model 2).

In addition we estimated the model with two different control groups:

Full control group: non-TAP-funded visitors and all non-attendees; and

Reduced control group: non-TAP-funded visitors and all non-attendees that had considered attending a trade fair.

The use of the reduced control group aims to control for the fact that, it is possible that some firms included in the non-attendees group may not be truly part of the “potential TAP” population, as their products / services may not be relevant to trade fairs.

Table 11 displays the numbers of firms in each category in each of the models reported below.

Table 11: Firms included in the model				
	Full control		Reduced control	
	Model 1	Model 2	Model 1	Model 2
EXHIBIT= 0	359	128	141	51
EXHIBIT = 1	78	38	78	38
% firms that had exhibited	18%	23%	36%	43%

Note: Model 1 based on current company size, model 2 based on 2004 company size. Excluding large firms and firms aged less than two years.

⁴⁹ A detailed methodology is provided in the annex.

The results are displayed in Table 12 below.⁵⁰

Table 12: Results of logit models - marginal effects				
	Full control		Reduced control	
	Model 1	Model 2	Model 1	Model 2
Company size				
Micro	-0.17** (-3.88)	-0.12 (-1.58)	-0.29** (-3.62)	-0.28+ (-1.82)
Small	-0.08* (-1.97)	0.01 (0.06)	-0.05 (-0.57)	0.12 (0.70)
Company sector				
Manufacturing	0.10 (0.92)	0.16 (0.77)	0.31+ (1.71)	0.53 (1.48)
Wholesale/retail	0.07 (0.52)	0.06 (0.24)	0.19 (0.82)	0.34 (0.70)
Other business activities	0.16 (0.89)	0.08 (0.27)	0.42* (2.05)	0.45 (1.30)
Company age				
2-5 years	-	0.21 (0.56)	-	0.04 (0.09)
5-10 years	0.11 (1.13)	0.10 (0.59)	0.13 (0.89)	0.02 (0.06)
10-20 years	0.09 (1.48)	0.13 (1.04)	0.21* (2.06)	0.36 (1.63)
Innovative capacity				
Innovative firms	0.11** (2.16)	0.18+ (1.93)	0.08 (0.76)	0.12 (0.69)
Export experience				
2-5 years	-0.10+ (-1.79)	-0.06 (-0.49)	-0.09 (-0.62)	-0.06 (-0.22)
5-10 years	-0.07 (-1.21)	-0.17* (-2.03)	-0.15 (-1.34)	-0.39** (-2.65)
10-20 years	-0.05 (-0.92)	-0.04 (-0.46)	-0.14 (-1.46)	-0.14 (-0.82)
Observations	361	140	185	77

Note: Model 1 based on current company size, model 2 based on 2004 company size. Excluding large firms and firms aged less than two years. Robust Z-statistics in parentheses. + Significant at 10%. * Significant at 5%. ** Significant at 1%. Marginal effects calculated at means of right hand side variables. Omitted category for company size is "Medium", for company sector is "Other", for company age is ">20 years", for innovative capacity is firms with no "innovative employees" and for export experience is ">20 years".

The results indicate a number of interesting findings. Particularly notable is the predicted importance of company size. Generally, as would be expected, smaller companies – particularly those of micro size – are predicted to be less likely to exhibit at trade fairs, with statistically significant results in three of

⁵⁰ Further results, excluding the variables for innovative capacity and export experience, are provided in the annex.

the four specifications. Surprisingly however, using 2004 company size, the suggested marginal effects for small sized firms (relative to medium size) were positive, although these were small and not statistically significant.

Using the full control group, innovative companies were seen as more likely to exhibit, although this was not replicated in the reduced group. Generally more export experience was seen as a predictor of trade fair exhibiting although few results were statistically significant (and this may be affected by the endogeneity problems discussed above).

Similarly, the predicted effects of company age and the three sector groups were positive, but with few statistically significant effects.

11.1.3 Estimating additionality and deadweight loss

The models above estimate the probability that each firm will have exhibited at trade fairs – based on the characteristics included. In order to convert this into predictions as to whether firms would have attended, it is necessary to specify a decision rule to convert the estimated probabilities into decisions. That is, if the estimated probability exceeds a certain level, then it is predicted that the firm will exhibit, otherwise it is predicted that they will not exhibit.

Often, the probability threshold is taken to be 0.5. However, in this case this is not appropriate, as the sample is unbalanced, with many more firms having not exhibited at trade fairs (i.e. EXHIBIT=0), than firms that have exhibited (EXHIBIT=1). Instead, we use a cut-off rule equivalent to the proportion of exhibitors included in each model (as in Table 11 above). If the group of firms included in the model is representative of underlying population of “potential TAP” firms, then we would expect this proportion to approximate to the proportion of (relevant) firms that exhibit at trade fairs.

The models estimated above were then used to predict the proportion of TAP-funded firms that would have attended a trade fair in the absence of TAP (using the same cut-off values as above).

As indicated in Table 13, the results were very similar across the various models with estimates of additionality ranging between 37% and 45%.

Table 13: Predicted values for TAP sample

	Full control		Reduced control	
	Model 1	Model 2	Model 1	Model 2
Number of observations	247	79	247	79
No with p(EXHIBIT)>cutoff point	137	50	145	48
Implied additionality	45%	37%	41%	39%
Implied deadweight loss	55%	63%	59%	61%

As indicated in Table 14, the degree of additionality varied significantly between different sizes of company. Micro firms were perceived to have the highest level of additionality – ranging between 58% and 92%, while medium companies were much lower, with additionality ranging from 10% to 23%.

Table 14: Additionality by firm size

	Model 1	Model 2	Model 3	Model 4
Micro	78%	58%	92%	67%
Small	34%	42%	21%	45%
Medium	17%	23%	10%	23%

11.1.4 Discussion

The results of the analysis indicate, similarly to the survey, that the additionality of TAP in terms of helping firms attend trade fairs may be low. However, these estimates do not take into account the fact that TAP support may help companies exhibit at trade fairs *more quickly* than they would have done otherwise, and also does not assess whether support helps increase the *number* of trade fairs attended – or the use of trade fairs to enter new markets.

In addition, these results must be considered in the context of the data issues underlying the evaluation – and in particular the difficulty in constructing adequate control group for the TAP-funded sample.

11.2 Impact of exhibiting at trade fairs

11.2.1 Approach

The second element of the econometric analysis involved estimating the impact that exhibiting at trade fairs has on company's financial performance – measured through change in company turnover over time. As part of the original methodology, it was planned to isolate the effect of exhibiting at a particular trade fair on firms' financial performance. However, as discussed in the methodology section this was amended to focus on exhibiting at trade fairs as a whole.

As discussed above and in the methodology, few companies had data regarding turnover (or other metrics) available – particularly for 2004. Table 15 indicates the number of firms for whom data was available. Exhibitors refer to firms who attended trade fairs in the relevant period (i.e. 2004-05 or 2004-06 respectively).⁵¹

As in the analysis above, two control groups were used – a full control group incorporating all non-attendees as well as non-TAP-funded visitors and a reduced control group including only non-attendees that had considered attending a trade fair (as well as non-TAP-funded visitors).

Table 15: Turnover data availability		
	1 st year (2004-2005)	1 st and 2 nd year (2004-2006)
Exhibitors (TAP-funded and non-TAP-funded)	59	45
Full control group	102	58
Reduced control group	41	23

Note: Excluding large companies and companies younger than two years. Exhibitors include only companies that exhibited within the relevant financial year.

⁵¹ For TAP-funded exhibitors identifying when they had exhibited trade fairs was straightforward using the TAP database. However, for non-TAP-funded exhibitors it was necessary to estimate this based on their survey responses. In particular, firms were assumed to have exhibited in 2004-05 either if they had attended a trade fair between January 2005 and March 2006, or if they had exhibited in 2007 or 2008 and had exhibited more than twice in the last three years and first exhibited more than one year ago.

For those firms for which data was available, we sought to estimate the effect using a difference-in-difference model, with firms that exhibited at trade fairs in the period January 2005-March 2006 as the “treatment” group, and the non-attendees and non-funded visitors as the “control” group. The outcomes measured were the change in turnover between 2004 and 2005, and change in turnover between 2004 and 2006.⁵²

The difference-in-difference (DID) estimator is measures the difference in average outcome in the treatment group before and after treatment minus the difference in average outcome in the control group before and after treatment. The use of the DID estimator controls for firm-specific fixed effects as well as common macro-economic shocks.

The estimate is calculated as:

$$\alpha_{DID} = (\bar{Y}_{t1}^T - \bar{Y}_{t0}^T) - (\bar{Y}_{t1}^C - \bar{Y}_{t0}^C)$$

where T refers to the treatment group and C the control group, t1 is the post-treatment period, and t0 the pre-treatment period.

The choice of comparison group is critical to the DID approach. It is likely that the data constraints, which limit the companies that could be included in the analysis, may contribute to distortions between the treatment and control groups. As shown in Table 16, for example, there are significant differences between the groups in terms of sector of operation.

⁵² This approach excludes all companies that reported turnover only either pre- or post- the intervention. As shown in the annex, these firms have on average higher turnover in each time period compared to firms with turnover data in only one period.

Table 16: Sectoral distribution

	Impact in 2005			Impact in 2006		
	Exhibitors	Full control	Reduced control	Exhibitors	Full control	Reduced control
N	59	102	41	45	58	23
A: Agriculture, forestry or hunting	0%	1%	2%	0%	0%	0%
B: Fishing	0%	0%	0%	0%	0%	0%
C: Mining & quarrying	0%	0%	0%	0%	0%	0%
D: Manufacturing	59%	55%	46%	67%	52%	48%
E: Electricity, gas & water supply	2%	0%	0%	0%	0%	0%
F: Construction	0%	1%	2%	0%	2%	4%
G: Wholesale, retail & certain repair	15%	29%	41%	18%	31%	39%
H: Hotels & restaurants	0%	0%	0%	0%	0%	0%
I: Transport, storage or communication	3%	1%	0%	4%	0%	0%
J: Finance	0%	0%	0%	0%	0%	0%
K: Real estate, renting or business activities	17%	13%	7%	9%	16%	9%
L: Public administration & defence	0%	0%	0%	0%	0%	0%
M: Education	0%	0%	0%	0%	0%	0%
N: Health & social work	0%	0%	0%	0%	0%	0%
O: Community, social and personal services	3%	0%	0%	2%	0%	0%
P: Private households with employees	0%	0%	0%	0%	0%	0%
Q: Extra territorial organisations	0%	0%	0%	0%	0%	0%

Note: Excluding large companies and companies younger than two years. Exhibitors include only companies that exhibited within the relevant financial year.

Source: Amadeus, OMB survey.

In order to identify a control group that closely matches the characteristics of the treatment group, we combined the DID approach with propensity score matching techniques. This focused primarily on company sector – which was given absolute weighting.⁵³ Further, this approach also controlled for 2004 company turnover (as an indicator of company size) and for company age⁵⁴ (using a series of a dummy variables).

Separate matches were carried out for each of the four groups outlined above – split into the two the full and reduced control groups and also according to whether data was available for change in turnover in 2005, or change in turnover in 2006. Given the small number of observation points in the control

⁵³ Only companies in the manufacturing, wholesale, retail and certain repairs, and real estate, renting or business activities were included, due to the small number of firms in other sectors.

⁵⁴ Company age was not included for the reduced control group for the 2006 impact, due to the very low number of observations.

group, this led to several firms being selected on more than a single occasion, and weighted accordingly.

11.2.2 Results

The results of the estimation are displayed in Table 17, for both the one-year, and two-year, change in turnover.

Table 17: Difference-in-difference estimates (relative to 2004 results)

	Trade fair exhibitors				Non-exhibitors (full control group)				Non-exhibitors (full control group)				DID - full control	DID - reduced control
	Obs	Pre-	Post-	Diff.	Obs	Pre-	Post-	Diff.					Estimator	Estimator
Turnover 2005 (£000s)														
Unmatched	59	6,412	6,563	152	102	7,272	7,757	485	41	7,340	8,168	828	-333	-677
Matched	54	6,168	6,212	45	54	5,600	6,659	1,059	19	5,795	5,949	154	-1,015+	-195
Turnover 2006 (£000s)														
Unmatched	45	6,356	6,844	489	58	9,276	9,887	611	23	10,319	11,907	1,588	-122	-1,100+
Matched	42	6,723	7,235	512	25	6,786	8,005	1,219	15	6,615	7,602	987	-707	-475

Note: + Significant at 10%. * Significant at 5%. ** Significant at 1% Standard error for diff in diff is calculated as the standard error for a difference in means. Pre-trade fair financials are based on 2004 reported numbers. Post-trade fair financials refer to 2005 and 2006 results respectively. Standard error fare estimated as the standard error for a difference in means. Standard errors for matched samples do not take account that the propensity score is estimated

Notably, all eight of the difference in difference estimates indicates that firms attending trade fairs achieved smaller growth in turnover than firms that did not. The size of the estimated effects is large, with difference between the groups of between £0.2 million and £1.0 million in turnover using the 2004/05 impact, and between £0.1 million and £1.1 million using the 2004/06 impact. Further two of the results (for the matched 2004/05 sample using the full control group and the unmatched 2004/06 impact using the reduced control group) are statistically significant at a 10% level.

11.2.3 Discussion

These results are surprising, given both pre-existing understanding of the benefits from trade fairs, and also the results of the survey analysis, in which the vast majority of firms reported positive results from attendance. However, the data limitations are such that it is not possible to draw any firm conclusions. In particular, the difficulty in drawing an appropriate comparison group, due to the lack of relevant variables, and the limited number of potential “matches” may lead to inaccuracy in the estimated effect. Further, given the large number of variables affecting turnover and the (likely) relatively small impact of trade fairs on a company’s behaviour, it may not be surprising that we are generally not able to identify significant effects.

Despite these considerations, we can think of some reasons which may explain the counterintuitive results obtained. One potential explanation would be that the exhibitors included in this element of the analysis (i.e. those for whom data is available) achieved lower benefits from trade fairs than other firms. However, comparing the results of the survey for these firms with the entire OMB sample suggests that this is not the case. In particular as shown in Table 18, each of the business impacts examined in the survey was experienced by a similar proportion of firms, and to a similar extent (measured by mean rating) for the firms included in the econometric analysis in comparison to the firms surveyed overall.

Table 18: Business impacts experienced, according to data availability

Business impact	All exhibitors		Exhibitors with 2004/05 data		Exhibitors with 2004/05 data	
	% firms	Mean rating	% firms	Mean rating	% firms	Mean rating
a) Gained access to contacts	97%	4.0	100%	3.7	100%	3.8
b) Improved profile/ credibility overseas	92%	4.0	90%	4.1	93%	4.1
e) Improved knowledge of overseas market	94%	3.7	98%	3.7	96%	3.8
f) Gained new ideas about products etc.	80%	3.4	75%	3.2	82%	3.4
g) Make improvements to products/ services	73%	3.4	69%	3.1	80%	3.2
i) Made improvements to product/ service development	72%	3.4	64%	3.2	80%	3.3
j) Invested more in R&D	64%	3.3	63%	3.1	78%	3.2
k) Improved way of doing business overseas	86%	3.6	83%	3.5	84%	3.4
m) Increased total sales	86%	3.6	85%	3.4	91%	3.4

Note: % firms refers to the % firms that experienced each impact.

Source: OMB survey question A2.

It may also be that the worse financial performance of the firms that have attended trade fairs reflects differences in company characteristics that we have not been able to control for. Alternatively, it may be the case that, as firms move into export markets through exhibiting at trade fairs, they incur short run sacrifices in their turnover as they shift from their existing customer base.

However, although we can suggest potential explanations, in the end it is clear that the various data issues – both affecting the sample of firms included, and also the type of variables that we can include in the specification – mean that the econometric analysis is unable to provide robust evidence on the impact of exhibiting at trade fairs.

12 Conclusions

12.1 Economic rationale

12.1.1 The economic rationale for UK government support for trade fairs

UK Government support for trade fairs works through three major channels. First, the provision of grants reduces the costs of attending trade fairs, and also provides an incentive to “try out” trade fairs as an export promotion strategy. Secondly, it helps firms maximise the benefits from trade fairs through the organisation of delegations to key events, which provides organisational and administrative support as well as increased “branding” for UK firms. Third, UKTI also aids firms utilise trade fairs as part of a broader export promotion strategy, through the advice offered by International Trade Advisers (particularly although not exclusively alongside TAP Solo support).

The evidence gathered during the evaluation pointed primarily to a rationale based on *market failure*. Specifically, in the absence of government support for trade fair participation, too few firms would choose to exhibit, based on a lack of understanding of the likely benefits from attending (for instance). This hypothesis is supported by the proportion of TAP-funded firms (approximately 40%) that indicated that they would not have attended a trade fair without receiving TAP support. Given the fact that TAP grants (generally around £1,800 during the period) covered only a very small proportion of costs, this suggests that an effect other than only a reduction in the “price” of attending is occurring (such as information failure or asymmetries).

Consultations with ATOs and ITAs suggested that the non-financial support offered to companies is at least as important in convincing firms to attend as the provision of grants. This is supported by the fact that the majority of TAP Group firms would have attended with the same delegation in the absence of support (the particular benefits to TAP Group and Solo support are discussed in more detail below). Further, the ITAs consulted suggested that the funding available through TAP is often a useful incentive to attract firms that then benefit from a wider range of UKTI support and advice (which may not directly fall under TAP).

The evaluation evidence illustrated that trade fairs provide firms with a wide array of benefits, including not only increased sales and profits (although these were substantial, at around £40,000 on average), but also the ability for firms to overcome barriers to entry into new markets (through making contacts, increasing knowledge of overseas markets, improving profile and

improving ways of doing business overseas); improve existing products and gain knowledge about new ones; and also improve product development and increase in R&D. Further, the majority of firms expected these benefits to be long-term, with anticipated benefits to both productivity and profitability.

There may also be wider spillover effects from TAP to both non-TAP-funded firms attending trade fairs, and also more widely to British firms operating abroad, resulting from the role that trade fairs play in promoting industry in overseas markets. This specific effect was difficult to quantify as part of this analysis, but was supported by the discussions with ATOs.

These findings can be used to develop a logic intervention model for TAP, as depicted in Figure 71.

Figure 71: An intervention logic model for TAP	
Outcomes	<ul style="list-style-type: none"> - Increases to UK economy prosperity, productivity, and innovation
Intermediate impacts	<ul style="list-style-type: none"> - Increases in firm turnover, profits etc - Increases in firm productivity and R&D investment - Spillover effects through “impact” of British delegation and wider boost to image of “UK plc”
Outputs	<ul style="list-style-type: none"> - Firms enter and learn about new overseas markets - Firms learn to utilise trade fairs as an export promotion tool
Activities	<ul style="list-style-type: none"> - Provision grants to firms to exhibit at trade fairs - Provision of support and advice via ATOs/ITAs - Organisation of delegations and UK branding at major trade fairs
Inputs	<ul style="list-style-type: none"> - UK public funding (for TAP grants (Group and Solo), ATO delegation costs and Key Event funding) - Additional ATO and ITA costs

12.1.2 The economic rationale for supporting Group trips to trade fairs

The major focus of TAP funding relates to the TAP Group programme, under which TAP-funded firms attend selected trade fairs (the most important events in each sector) as part of a UK group organised by an ATO (who receive a fixed fee for each TAP-funded firm in the delegation). The rationale behind this element of the programme is that attending as part of a delegation provides firms with significant logistical support (in terms of organising travel, exhibits etc), and allows firms to make a greater impact through offering more high value added activities within a UK group – such as exhibiting as part of a delegation and offering additional networking activities.

The ATO consultation suggested that the support offered by ATOs – particularly “handholding” was an important factor in persuading and aiding companies to attend trade fairs that would not otherwise have attended. This was also confirmed by the ITAs – some of whom mentioned that they would advise new exhibitors to attend a trade fair as part of a UK group in the first instance.

The quantitative survey (which focused on TAP Group support) found that TAP-funded firms reported undertaking a greater number of promotional activities (such as pre-event invitations) than non-TAP-funded exhibitors. This may indicate that operating as part of a UK group provides firms with the opportunity to undertake additional activities (due to the support of the ATO), or leads to companies offering a wider range of services following advice received from ATOs.

The survey also suggested that TAP-funded firms tend to experience greater impacts from trade fair attendance than non-TAP-funded firms. This may reflect the impact of funding. However, it could also reflect other factors such as differences between the firms, or differences in the trade fairs attended.

The evaluation broadly supported the economic rationale for Group support although this is based primarily on a qualitative assessment, as it is difficult to accurately estimate the financial benefits from Group (as opposed to individual) attendance. It is also notable that the majority of TAP-funded firms seemed to be unaware that their participation was as part of a delegation – although this may reflect problems of recollection or changes of staff since the event.

12.1.3 The economic rationale for supporting independent trips to trade fairs

As well as TAP Group support, UKTI also provides funding for firms to exhibit independently at any trade fair, through the TAP Solo scheme. TAP

Solo is administered primarily by International Trade Advisers (ITAs), alongside the provision of other UKTI services and ongoing export promotion advice.

The discussions with ITAs indicated that a major difference between the programmes is that TAP Solo offers firms much greater flexibility, and allows them to choose the trade fair that is best for them. In general, the ITAs indicated that the selection of the trade fair was more important to firms than the presence of a UK delegation - a fact borne out by the results of the quantitative survey, which indicated that the presence of a delegation was relatively unimportant as a reason to choose to attend a trade fair.

Interestingly, despite the potential benefits of the Group scheme identified above, evidence from PIMS indicates that the scale and type of the benefits achieved by the firms is similar, and in fact TAP Solo recipients reported slightly greater impacts in terms of the contacts made and improving their company's profile overseas. This may suggest that the trade fair attended may be more important than the *way* in which it is attended.

The results suggested that TAP Solo companies are on average slightly smaller and younger than TAP Group firms. Based on the ITA discussions, this may reflect the fact that smaller firms find the smaller trade fairs which they can access through TAP Solo more appropriate than the larger fairs supported by TAP Group, as they operate in more niche markets, and may be "lost" at larger events. In addition, some smaller product markets may not be covered by existing ATOs, and as a result firms in those sectors may otherwise be unable to access TAP support.

12.2 Effectiveness of TAP in meeting its key objectives

TAP is achieving its major aims overall

The survey results indicated that TAP firms experience greater impacts from exhibiting at trade fairs than non-TAP-funded exhibitors (although it is possible this reflects other differences in firm characteristics). Further, ATOs reported that the existence of a UK group, and the British branding that is supported through TAP plays an important role in helping firms succeed at trade fairs (through making a bigger impact). In addition to this, ITAs indicated that firms rely on their assistance to help plan their exhibits, and maximise their results at a trade fair. This suggests that the programme is succeeding in its general aim of helping British firms succeed at trade fairs.

Support does not seem focussed on high priority areas

At present, only SMEs that are new-to-export, operating in high technology sectors or exhibiting in high priority markets are eligible for TAP support. However, the scheme does not currently appear to reflect these goals, with the majority of events taking place in established markets, and seems to include a number of firms falling outside the stated export criteria.

Further, the current eligibility criteria may themselves act contrary to the goal of helping firms move into UKTI's high priority markets. In particular, the 3x rule (limiting the total number of trade fairs that firms can attend) may prevent firms that have received TAP support in the past from taking the risk of moving into emerging markets. Further, although there is provision for TAP grants for established exporters moving into emerging markets, this is only available for firms that have not exported to that market in the past 12 months, which may inhibit firms looking to slowly build up a market share.

It is also notable in this respect that there are fewer delegations to emerging markets, despite these being the specific markets where firms are likely to require the most logistical support.

It should be noted that the tightened eligibility for TAP support that has been in place in April 2006 is likely to lead to an increased targeting of resources and effort within the near future. In particular, as highlighted by some ATOs, with the imposition of the 3x rule, the pool of firms eligible for TAP shrinks, which will lead to a much larger proportion of "new-to-export" firms being supported by UKTI.

Additionality and deadweight loss

A further issue raised by the evaluation is the level of additionality of TAP, in terms of the number of firms that receive a grant that would not have attended a trade fair in the absence of the grant. The estimate of additionality is around 40%. To some extent the fact that some of the TAP resources are 'leaking' away from the intended recipients may be a necessary drawback that is associated with getting resources to the most appropriate recipients. Ex ante, it is clearly not possible to identify firms that would have attended trade fairs without funding in any case.

Despite the apparent low level of additionality, this does not imply that the resources received by firms attending trade fairs (that would have attended in the absence of TAP) are wasted. In fact, the evaluation indicated that other measures of additionality – including the total number of trade fairs attended, and the results that would be achieved in the absence of support – were higher than the effect on attendance at one trade fair. This suggests that these firms may exhibit more *effectively* (e.g. offering additional services) when they receive a grant.

TAP impacts experienced exhibitors and exporters

The evidence from the quantitative survey suggested that TAP does not work via a simple “learning-by-doing” effect, whereby firms understand the benefits of trade fairs once they have attended. The majority (around 85%) of TAP recipients have previous overseas exhibition experiences – yet several still see the grant as crucial to their attendance. The consultations with ATOs suggested that this may be explained by uncertainty over the benefits that firms face when considering exhibiting. This uncertainty exists even for firms with previous exhibition experience – particularly when entering new markets.

12.3 Cost-benefit analysis

A cost-benefit analysis of the programme was undertaken based on the results of the quantitative survey and types of firms (in terms of company size) that receive TAP funding (based on PIMS). This indicated that, on average, firms achieve financial benefits of around £40,000 from each single trade fairs that they attend through TAP. As around 41% of firms attended trade fairs as a result of receiving TAP funding, this implies an average (additional) benefit *per participation* of around £15,800.

Applying this figure to the 3,600 TAP participations in 2007/08 leads to an estimated benefit of £57.1 million. Given total programme costs of £11.2 million, the estimated benefit-cost ratio is **5.1**.

It is important to note however, that this estimate excludes a number of potential benefits from TAP that it is not possible to quantify – and as such the estimated benefit-cost ratio is likely to be underestimated. This estimate only includes the benefits made by firms that would not have attended a trade fair without TAP. However, it is entirely plausible, that firms perform better at trade fairs when receiving TAP funding (e.g. because they offer additional marketing services to customers).

This estimate may also exclude broader benefits that firms receive from exhibiting at trade fairs, such as impacts on firms’ knowledge, innovation and productivity. Additional benefits may also be achieved, if TAP support leads to firms attending more trade fairs in the future (without TAP). Finally, this figure also excludes any broader spillover effects (i.e. to other UK firms) associated with the presence of British delegations at trade fairs.

12.4 Recommendations

The evaluation indicated that the current system of trade fair support is helping firms move into new export markets and is leading to significant net benefits. Further, the qualitative interviews suggested that there are further

benefits from the overall promotion of the British presence at trade fairs. However, the evaluation also indicated some areas in which the operation of the scheme could be improved to increase the overall effectiveness of the support offered.

Clarify strategic focus of the scheme

Given the general attractiveness of trade fairs across a number of sectors and the level of funding currently available, there is a need for the strategic focus of the scheme to be clarified, which will in turn allow a more rigorous monitoring and assessment of the programme. The frequent changes in the programme over the past ten years, with a gradual move from a general promotion of British firms at trade fairs, to a greater focus on certain categories of firms, have led to an inconsistent set of strategic objectives.

This applies particularly to the Group element of the programme, where there appears to be a misalignment between the goals followed by ATOs in organising delegations and by UKTI in offering funding for firms to attend. The consultation indicated that ATOs primarily see their role as promoting all firms in their sector operate overseas, although the funding offered by UKTI is primarily for firms operating in new markets (or new-to-export). As a result, the choice of trade fairs for which TAP support is available may not necessarily be appropriate to or reflect the types of firms that UKTI wants to help attend trade fairs. This appears to be particularly reflected in the low proportion of TAP participations that occur in high priority markets.

This suggests that there is a need for a clearer prioritisation and presentation of the various goals of TAP that can be easily communicated to all stakeholders; and used as a clear basis of the rationale and expected outcomes of the trade fair attendance supported by TAP.

Reconsider the current balance of funding between Group and Solo

The evaluation evidence suggested that further research is required to justify the current balance of funding between the Group and Solo aspects of the TAP scheme. At present, the scheme is dominated by Group support, which accounts for around over 85% of both TAP participations and programme costs. However, the evaluation findings (from PIMS) indicated that the average business impacts experienced by firms participating in the TAP Solo scheme are in general higher than those participating in TAP Group (particularly in terms of gaining access to contacts and improving credibility overseas). Further, the average additional benefit received by TAP Solo participants was significantly higher than that reported by TAP Group (£91,000 compared to around £50,000)⁵⁵. This is despite the fact that there

⁵⁵ Comparisons between the two groups should be treated with caution, given the wide distribution of estimated benefits in each group.

were no significant differences in the observable characteristics of the two groups of firms.

These findings suggest that the current balance of funding between the two elements of the programme may need rethinking. However, the evaluation did not provide sufficient evidence to identify the appropriate split between the two. In particular, the research did not investigate (in detail) the positive externalities that may be associated with the Group programme – such as the greater impact made by other UK firms or the wider benefits to British industry. Further, it may also be the case that the higher benefits recorded by TAP Solo firms reflect other differences not recorded in PIMS (e.g. Solo firms may have a greater level of prior exhibition experience). Finally, it should also be noted that extending the TAP Solo scheme would be likely to be associated with a substantially higher administration cost (per participation) than at present.

Aligning eligibility criteria with strategic objectives

TAP's priorities should be reflected more clearly in the eligibility criteria. At present, these appear to conflict – the 3x rule is a likely inhibitor to continued expansion into emerging markets, but makes sense in the context of aiding only new-to-export firms. Further changes could also be introduced to help firms in the highest priority markets / sectors. This might be achieved through allowing higher numbers of grants (per firm) to facilitate moves into high priority markets, or alternatively varying the funding available depending on the trade fair attended. While an element of variable funding has been brought in for 2008/09, this should be accompanied with clear criteria for different levels of funding.

Aligning delegation selection with strategic objectives

It is likely that the composition of the UK group affects the extent to which spillover effects are achieved (for instance a mixture of experienced and inexperienced exporters may allow both groups to learn from the other). As such, we expected that selecting the firms to participate in a delegation would be seen as an important part of ATO's role. However, the qualitative survey indicated that this was not the case, with ATOs generally taking all firms that were interested as part of the delegation, operating on a first-come first-served basis in (the minority) of cases where limited capacity was an issue.

This process reflects the lack of cohesion between TAP's goals and the basis on which grants to firms are awarded. While supporting groups of firms at overseas delegations is an important aim of the programme – and justified by the potential spillover effects – currently TAP grants are generally awarded on the basis of individual firm characteristics, rather than the impact that a firm can make as part of a UK delegation.

As a result of this, TAP does not provide ATOs with the tools to be able to “shape” the delegation to maximise the impact achieved at trade fairs – apart from excluding firms (which would in any case be likely to be harmful through the reduced size of the delegation). ATOs do not feel they have either the authority or resources to “select” which firms receive (limited) TAP grants. As a result, TAP grants are offered on a first-come first-served basis, rather than focused on the higher value firms. Further, beyond basic TAP eligibility, there are no tools available to ATOs to incentivise other firms who may add value to a delegation, to attend.

This suggests that, to the extent that reputation and spillover effects are seen as a key benefit of TAP, the benefits associated with trade fair attendance may be increased by more active selection policies to ensure that firms participate in trade shows on the basis of expected outcomes including the impact on the reputation of British industry.

Strengthen support for visitors to trade fairs

The evaluation also provided evidence that visits to trade fairs can offer benefits to firms. Of particular interest, the findings indicated that visitors to trade fairs experience greater impacts than exhibitors in terms of improving products and services. Further, many ATOs and ITAs indicated that visiting trade fairs may be a useful prelude to exhibiting – to assess the relevance of the trade fair to their business and also to learn about how to exhibit.

Given these benefits to visiting, there appears to be a rationale for extending the scope of government support to support visits to trade fairs. This may be particularly true at trade fairs identified by UKTI as particularly important for their innovative potential (e.g. those currently designated as “high technology”).

Improve programme marketing

There appears to be room for improvement in the marketing of TAP to firms not currently attending trade fairs. The analysis indicated that even firms anticipating benefits from attending trade fairs were often unaware of the potential support.

A particular area highlighted by the consultation is the communication between ATOs and ITAs. At present it appears that these bodies find it difficult to work together – particularly due to the fact that ATOs are generally national, in comparison to the regional focus of the ITAs. Developing an appropriate communications strategy for all of TAP’s

stakeholders is likely to aid in attracting these “potential TAP” firms to TAP and UKTI support more generally.⁵⁶

Increase capability building activities

The evaluation evidence suggested that there may be potential benefits for UKTI to provide further exhibition training – particularly for TAP Group recipients. Many of the ITAs mentioned that this was provided to their clients (particularly through the Passport-to-Export programme); however in general ATOs did not offer similar services (with advice provided on a more ad hoc basis). The possibility of making this type of training mandatory to grant recipients could also be explored further.

Consider role of embassies and posts

The qualitative survey carried out included a number of suggestions as to how the presence and local knowledge of the overseas network (i.e. embassies and posts) could be used more effectively to support UK firms attending. While the evaluation did not assess these issues in any amount of detail – and in particular did not involve discussions with the posts themselves – it appears that there may be room for greater coordination of UKTI resources in this area.

12.4.1 Methodology

The research took an innovative approach to the programme evaluation, seeking to combine the programme information held by UKTI with the financial information contained in the Amadeus financial databank on UK companies. This methodology sought to identify a group of non-TAP-funded firms that were comparable to firms that have received TAP funding, in order to allow a rigorous econometric evaluation of TAP. Unfortunately, various issues with the data prevented robust conclusions being derived from the final analysis. With this in mind, we suggest some potential areas which could be considered in future evaluations.

First, given the limitations of available data, the analysis should be focused on a fewer number of key questions rather than a broad spread of independent questions or the identification of the impact of the policy at too disaggregated a level. For instance, at the beginning of this evaluation, emphasis was put on distinguishing between attendees at different types of trade fair (e.g. Global, High Priority and Other) in the econometric analysis (and several questions were included in the survey for this purpose). However, following the collection of the survey data, it became clear that

⁵⁶ This is indicated by the fact that around 50% of referrals by ATOs to ITAs were previously unknown to UKTI.

neither the quality nor the quantity of the data was sufficient to uphold this level of disaggregated analysis.

Secondly, in undertaking the evaluation it became clear that there is a trade off between the survey-based and econometric approaches. Due to issues of recollection, any survey-based methodology is most accurate if carried out as soon as possible after the treatment has occurred. However, this necessarily precludes any analysis of the long-term effects of a treatment – which would require the collection of several years of data after the completion of treatment. We would recommend that a longer term approach to the evaluation of UKTI programmes is undertaken with an appropriate understanding of the data necessary for robust analysis.

A further issue encountered in the evaluation was the difficulty in linking government databases to the Amadeus databank. This may be a problem not only for evaluations, but for tracking the flows of government support more generally. As such we would suggest the collection of company registration numbers (as standard), which would simplify further quantitative exercises of this nature.

Finally, we would also note that ideally as part of this evaluation, we would have been able to contact all relevant stakeholders – in particular the posts and embassies that are involved in several aspects of TAP “on the ground”. This would provide a more rounded assessment of the programme.

12.4.2 Further research and evidence gaps

This evaluation has provided a substantial amount of evidence examining the impacts of attending trade fairs on firms, and estimating the impact of government funding on firm attendance. However, the general approach taken in this study could be complemented by a more detailed examination of the experience of firms attending trade fairs. This could, potentially, be achieved through a series of case studies of some major trade fairs, and the examination of the channels through which the various elements of TAP support (both the receipt of grants and participation in a delegation) impact both TAP-funded and non-TAP-funded firms.

As well as furthering the understanding of how trade fairs affect firms, this identification of good practice could also act as a tool to encourage more firms to attend trade fairs, through illustrating that similar firms have benefited in the past. In addition, this type of analysis may provide examples of best practice to the various stakeholder organisations (e.g. ITAs and ATOs) that work with firms exploring the possibility of attending trade fairs.

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