

Analysis of Shanghai's Exhibition Competitiveness Based on Porter's Diamond Model

Shuyi Hou

Shanghai University of International Business and Economics, Shanghai 201620, China.

Abstract: With the four sessions of the China International Import Expo successfully held in Shanghai, the exhibition industry in Shanghai has also been revitalized in the post-epidemic era. Based on the theory of Porter's "Diamond" model, the article studies the overall competitiveness of the city's exhibition industry by analyzing several aspects of production factors like demand conditions, related support industries, industrial strategies, structure and peer to peer competition, government and opportunities of Shanghai's exhibition industry. At present, Shanghai's exhibition industry has the problems of immature digital transformation and immature policies for the introduction of exhibition talents. Based on that, the article provides suggestions for the subsequent sustainable development of Shanghai's exhibition industry in response to these problems.

Keywords: MICE Industry; Michael Porter Diamond Model; Shanghai; Internet Accelerated Speed; China International Import Expo

1. Development of shanghai exhibition industry

As the pioneer of China's economic development, Shanghai's exhibition industry has been at the forefront of the country. Shanghai has 9 professional exhibition halls with an indoor exhibition area of nearly 1 million square meters. In 2021, Shanghai held 542 exhibition events of various types with a total exhibition area of 10,860,200 square meters, which showed a rebound compared with the exhibition area in 2020, and both the number and scale have recovered to the level of the same period in 2019 ^[1]. In November 2021, Shanghai successfully held fourth sessions of the China International Import Expo, with 127 exhibiting countries and more than 2,900 foreign exhibitors. The fourth CIIE achieved a intended import turnover of US\$70.72 billion, growing at an average rate of 6.9% per session ^[2]. The spillover effect of the CIIE has gradually appeared. In recent years, Shanghai's exhibition industry has been steadily achieving high-quality and sustainable development. Even when encountering unexpected public health events such as the covid-19, Shanghai still manages to balance epidemic prevention and industry development, and after a period of adjustment, Shanghai's exhibition industry has stepped into the right track and gradually recovered under the new normal. Not only that, in the background of Internet Plus era, Shanghai takes advantage of its cutting-edge technology and combines network technology with exhibition industry to derive the exhibition business model of "online plus offline" integrated development, creating a new development form to meet the needs under the normalization of epidemic prevention and control.

2. Discussion based on pdm

2.1 Factors of production

2.1.1 Human Resources

As an international metropolis, Shanghai has a large number of migrant workers to help the normal operation of city, which provides sufficient conditions for the cultivation of MICE talents. As a developed region, Shanghai is relatively rich in

educational resources and has professional colleges and branded majors to systematically cultivate exhibition talents. So the quality of Shanghai's core exhibition talents is also relatively comprehensive. Since 2005, in order to better meet the growing demand for exhibition professionals, Shanghai Exhibition Industry Association has taken the lead to reach the first good example of cooperation between industry associations and universities in China. In the following ten years, it has continued to improve, and strengthened the foundation of Shanghai's urban talents by compiling a series of teaching materials on exhibition and promoting training on exhibition management, etc.

2.1.2 Infrastructure

The basic condition for the development of the convention and exhibition industry is a fully functional exhibition venue. Shanghai has nine professional exhibition halls with an indoor exhibition area of nearly 1 million square meters. As the center city of international economy and international trade, Shanghai has perfect infrastructure construction, and the number and area of exhibitions held in Shanghai have always remained in the forefront of domestic cities over the years. Since the first CIIE was held in 2018, a steady stream of countries and organizations from all over the world have been attracted to exhibit at the CIIE.

2.1.3 Tourism Resources

Shanghai has a unique geographical advantage. It has been the birthplace of the Chinese Communist Party and has many red bases. In addition, as a municipality directly under the Central Government and an economic center, Shanghai has good infrastructure conditions for tourist attractions. By the end of 2020, Shanghai has 193 star-rated hotels, 1790 travel agencies, 130 A-class tourist attractions, and 34 red tourism bases^[3]. Shanghai has convenient transportation as a port city, and the pursuit of fashionable innovation are also characteristics of Shanghai. As Shanghai has become an international metropolis, it has also built a number of world-class cultural and entertainment facilities. For example, Shanghai Disney, which officially opened to tourists in 2016, has played a huge pulling effect on tourism in Shanghai and even the Yangtze River Delta region. It has indirectly pulled hundreds of related industries, creating benefits for Shanghai and the whole Yangtze River Delta region^[4]. In addition, as more and more international conferences and exhibitions are successfully held in Shanghai, the market of Shanghai MICE tourism has been gradually developed in recent years, and its great potential has gradually emerged. In conclusion, with more and more types of tourism being developed, Shanghai's tourism competitiveness and city value have been increasing, and the development of the MICE industry has been mutually promoted.

2.2 Demand conditions

2.2.1 Corporate Exhibitor Requirements

For enterprises, participating in exhibition activities, especially international and famous large-scale exhibitions can help them establish a good image. This can help enterprises to promote their products and expand their visibility better in the market. The competition in the exhibition industry has been strengthened in recent years, and understanding the basic situation and product information of competitors in the same industry is also one of the needs of enterprises exhibiting. Through the good platforms of exhibitions, timely adjustments can be made to the future development strategy. In addition, a series of product introduction, business negotiation and market research can be completed through the exhibition, which also provides favorable conditions for mining potential customers.

2.2.2 Government Demand

The government plays an important guiding role in the MICE industry, which provides public services. At the same time, the government needs MICE to market Shanghai as a city as a destination. The holding of international conventions and large-scale exhibitions is very helpful to enhance the city image of Shanghai, and this two could complement each other and promote each other. For the government, its demand for MICE also reflects in driving the economy and adjusting the

industrial structure, which is also beneficial to the future development of Shanghai.

2.3 Related Support Industries

2.3.1 Catering

For a city, economic strength and technological soft power are important, but what makes Shanghai more attractive is the city's long history of sedimentation. Since the decades of reform and opening up, Shanghai's catering industry has continued to grow rapidly and now has more than 100,000 catering enterprises. Shanghai's openness to all rivers and cultures makes for a thriving restaurant market that can satisfy the tastes of people from all over the world. In addition, Shanghai's local cuisine called Benbang Cai is one of the highlights of the city's dining scene, and many tourists and business travelers come to Shanghai to enjoy it. It features thick oil and sauce with a home-style flavor, and is well accepted and highly rated by visitors.

2.3.2 Hospitality

According to the Shanghai Bureau of Statistics, there are 71 five-star hotels and 60 four-star hotels in Shanghai at the end of 2020, increasing 1 hotel compared to 2019. In 2021, the average room rate of star-rated hotels in Shanghai is 630 RMB per room, and the average room rate of five-star hotels is 800 RMB per room. The average room rate of star-rated hotels increased by 3.4%, and the average room rate of five-star hotels increased by 2.0%. In the same year, the average occupancy rate of star-rated hotels reached 47.5% during the CIIE period, which had an increase compared with the other periods (except for holidays). Adequate supply of rooms provides reliable support for the development of the exhibition industry.

2.3.3 Transportation

Shanghai has a well-developed public transportation system. Its railways, vehicles and passenger capacity are all the first in China. The development of the MICE industry requires not only excellent infrastructure, but also the convenience and speed of organizing exhibitions are also of paramount importance. Nowadays, public transportation in Shanghai has been gradually becoming mature, and various high-speeds, railroads, airplanes and other long-distance transportation methods have formed a transportation network.

2.4 Industrial strategy, structure and peer competition

As the center of Yangtze River Delta economic circle, Shanghai's exhibition industry has formed a complete system. It is continuing to develop in a stable and positive trend. In addition, Shanghai has established a special industry association, Shanghai Convention and Exhibition Industry Association (SCEIA), as early as in 2002. Since its establishment, the association has widely absorbed members from all over the country, and now the number of members in the association has nearly reached to 600 units, basically covering the complete industrial chain of exhibition and its derivative industries. It assists the municipal government to strengthen the management and supervision of the exhibition industry, and cultivate relevant exhibition talents. Besides, it launches the statistical report of Shanghai's exhibition industry to the outside world every year to enhance international exhibition cooperation.

Competition is the driving force of enterprise growth, and the development of conference and exhibition enterprises cannot be separated from healthy and orderly peer competition^[5]. At present, the conference and exhibition industry in the Yangtze River Delta region is booming, among which Hangzhou, Zhejiang Province is outstanding. The economic development of Zhejiang Province has gained great momentum in recent years, which has laid a solid foundation for the development of the exhibition industry. Nowadays, Hangzhou, Zhejiang Province has 9 exhibition venues and the infrastructure has been basically completed. In addition, Zhejiang Province has seized the trend of "eastward shift" of the exhibition market and vigorously developed the exhibition industry in the province. The provincial government has actively

introduced relevant policies to support the development of the exhibition industry in the province ^[6]. Hangzhou has successfully held the West Lake Expo, G20 Summit and other large-scale exhibition events, and the exhibition industry has become the new business card of Hangzhou.

2.5 Government and opportunities

2.5.1 Government

The development of Shanghai's exhibition industry has been fully supported by the government. In March 2020, the Shanghai Regulations on Exhibition Industry became the first local regulations on exhibition industry in China ^[7]. During the 14th Five-Year Plan period, Shanghai has been studying and implementing the 14th Five-Year Plan for Enhancing the Capacity of Shanghai International Trade Center, and promotes the high-quality development of Shanghai's exhibition industry, fully builds the international exhibition capital, and strives to achieve the leap in the capacity of Shanghai International Trade Center ^[8]. During the development of Shanghai's exhibition industry, it has received support and assistance from the Party Central Committee and various commissions of the State. Other policies issued such as the Implementation Opinions on Promoting the Reform and Development of the City's Exhibition Industry, which put forward the goal of building the exhibition capital, and the eight key tasks were proposed in the Special Action Plan for Building the International Exhibition Capital of Shanghai (2018-2020). They have played a positive role in promoting the development of the industry and regulating the management of the industry through legislation.

2.5.2 Opportunities

For a high-tech city like Shanghai, emerging technologies such as artificial intelligence and big data provide the impetus for the transformation and upgrading of the exhibition industry. Under the background of Internet accelerated speed, traditional offline exhibition can no longer meet the needs of exhibitors and professional visitors. The combination of new media technologies and exhibition marketing strategies can bring out better publicity effects. In recent years, the conference and exhibition industry has been affected by the epidemic, and the development of online exhibitions mode has become a necessary path for many enterprises. Under such circumstances, Shanghai's exhibition industry has focused on Internet Plus Exhibition, taking advantage of the opportunity of digital transformation and putting technologies such as big data, cloud computing, intelligent navigation and virtual objects into use quickly. Shanghai New International Expo Center has been promoting the development and construction of intelligent exhibition, where exhibitors can integrate online exhibition digital resources, dig deeper into customer needs, organically integrate online and offline data, and realize the data of the whole user life cycle and data visualization ^[9].

3. Suggestions and outlook

3.1 Strengthen exhibition business guidance and use new technologies to promote the recovery of the exhibition industry

Due to the impact of the epidemic, the number and scale of exhibitions have been drastically reduced in the past two years. Most enterprises started to use new media technologies to break the geographical limitation under the epidemic and help realize face-to-face communications. Nowadays, the Internet Plus technologies have become the core and main way or auxiliary means for many exhibitions. Because compared with traditional offline exhibitions, it has the advantage of not being restricted by exhibition space. But this kind of high technology is mainly used by some big enterprises, which have enough funds to support the technical operations of online exhibitions. More small and micro exhibition enterprises, however, do not have a good way to show exhibits to the audience because they are short of funds to operate the core technology. In addition, as the time since digital transformation appeared is not long enough, both exhibitors and visitors have not yet

cultivated the habit of using online exhibition, which leads to the disparity in the turnover between online and offline at present. By strengthening guidance and publicity for visitors, and carrying out hands-on training on the use of Internet technologies for exhibitors will improve the acceptance of both parties, which will also enhance their awareness and trust.

3.2 Implement supporting policies and introduce high-end talents

Facing the increasingly fierce international competition, China must accelerate the cultivation of specialized, internationalized, compound, applied and skilled exhibition talents at various levels^[10]. Shanghai has been liberalizing its policies about the introduction of outstanding talents and the settlement of talents in recent years. With the development of Shanghai, the demand for technical talents has been increasing. In December 2021, Shanghai introduced a policy for Shanghai university students to settle in five new cities. However, nowadays, Shanghai's policies related to the introduction of exhibition talents are not yet perfect. In addition to the cultivation of talents in the city, more high-end exhibition talents need to be actively introduced to meet the demand. Therefore, in the future, Shanghai needs to formulate more detailed supporting policies for exhibition talents, promote the effective implementation of relevant policies, strengthen the service guarantee for exhibition talents, and include the exhibition industry into the key industrial fields of Shanghai.

3.3 Accelerate the gathering of upstream and downstream enterprises to pull the industrial development

An exhibition will bring a large amount of people, logistics and cash flow to the place where it is held, bringing together all kinds of information. Shanghai can make use of the agglomeration feature of exhibitions to support the entry of exhibition enterprises of various scales and types, and make use of the fame and the brand of international exhibition companies to attract more visitors. For some small and medium-sized exhibitors, certain concessions in tax and admission fee can also be given to gather popularity. At the same time, in order to create a healthy system and sustainable development of Shanghai conference and exhibition industry, conference and exhibition industry clusters with planning, installation and on-site services related to conference and exhibition industry should be established at the exhibition site to form a new highland for gathering and development of Shanghai conference and exhibition industry.

References

- [1] Overview of Shanghai Exhibition Industry Statistics in 2021, Shanghai Exhibition Industry Association.
- [2] Wang, JJ., Reflections on the internationalization of RMB from the spillover of the effect of the Fair [J]. Shanghai Business, 2022(02):10-15.
- [3] Shanghai Tourism Statistical Bulletin 2020, Shanghai Cultural Tourism Bureau.
- [4] Zhao, HQ., Shao, JG., Analysis of the impact of Disney theme park landing in Shanghai on Shanghai local theme parks [J]. Jiangsu Business Theory, 2016(08):40-44.
- [5] Fu, XY., Research on the competitiveness of Chongqing exhibition industry under the new normal based on Porter's diamond model[D]. Sichuan University of Foreign Studies, 2018.
- [6] Liu, Y., Zeng, AQ., Hu, BR., Qian, FB., Tao, F., Research on the competitiveness of Zhejiang exhibition industry in the post-epidemic era based on Porter's diamond model[J]. China Market, 2022(07):52-54.
- [7] Cai, MM, Zhao, Z., PEST-SWOT matrix analysis of building the international exhibition capital in Shanghai[J].
- [8] Sha, HL., Strengthening the construction of international exhibition capital and realizing the leap of Shanghai international trade center [J]. China Exhibition, 2021(21):42-43.
- [9] Zhang, JL., Tong, DY., Research on countermeasures of "online + offline" integration development of Yiwu exhibition industry in the stage of normalization of epidemic prevention and control [J]. China Exhibition, 2021(01): 96-99.
- [10] Zhao, BY., Zhong, YG., The needs, problems and improvement of the training of exhibition talents in colleges and universities [J]. Teaching and educating people (Higher Education Forum), 2020(12): 20-22.