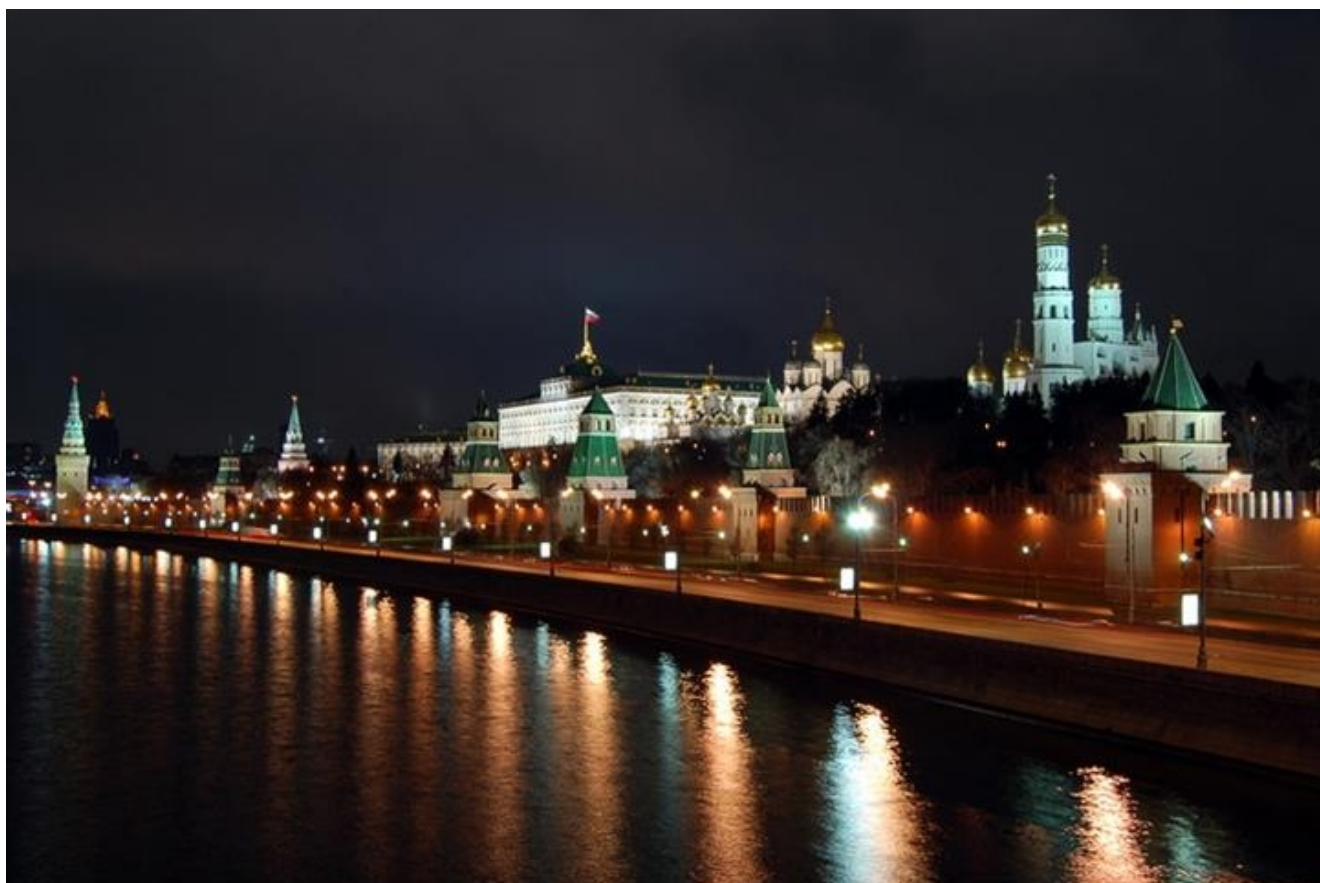


# Russian B2B Events Market: Tendencies and Prospects

Russian market of specialised events has already been established. Russians indeed can create big and impressive events: large-scale economic forums, music festivals, and presentations. When an order comes from an important corporation or from a country, with the huge budget provided and so-called “administrative resource” involved, these events meet or nearly meet high international standards.

Problems can however emerge when you represent a small business and you need qualified assistance in organization of specialized business event (round table, seminar, etc.). In Russia nowadays there are a lot of full service event agencies, seeking to deal with all the event marketing at once - weddings, jubilees, corporate meetings, theme parties. Business event usually occupies one of the last places in the service list of such companies.



While in some other parts of the world, in particular in Europe and in the USA, the industry of B2B events is well developed, in Russia it is still a developing one. Companies' expenses for BTL ('below the line') and ATL ('above the line') in Russia are 22% and 78% respectively. Just to compare, the same numbers for the USA are 60% to 40%, for Europe - 49% and 51%. However, we see it as a prospective market, able to make a statement within the next 5 years, notwithstanding crisis effects, and we assume that the interest towards BTL services will only increase while the importance of ATL will steadily decline.

Nowadays more and more foreign companies see the Russian market as a priority for their development, thus, qualitative services in the field of business event marketing become as important as ever. When entering a new market, it is vital to understand the local specificity, find a common

language with partners, and choose the right approach to clients. Such goals can not be achieved only through simple advertising. The organisation of a small or medium-size focused event can bring incomparably more output, and it is much more efficient either for the promotion of a single company or for the development of new markets and directions of activities.

The organisation of an event itself is not an easy task for a company working in another sphere, e.g. for a manufacturer. The right choice of venues and time, well drawn up programme, interested target audience, reliable providers and exceptional logistics - an only combination of all these components can be a keystone of success.

Unfortunately, by now not too many Russian event companies can endure international quality standards. The incompetence of managers, an undeveloped network of providers, absence of enough state-of-the-art congress venues, tendency to overblow a project budget - all these factors characterize the Russian event market not from its best side.

Event management in Russia is not considered as a substantive profession in the full sense of the word; principles and requirements, obligations and the code of honor in the event industry are still to be established. Moreover, potential clients themselves - companies interested in promotion and development - now only begin to understand the advantages of turning to professional agencies for an arrangement of their own business events.

Regarding classification of the Russian business event market products, it is pretty simple: most of the event agencies will offer you a basic selection of events types - conference, round table, seminar, promo action. Most of the scenarios suggested will not pretend to be original or brand new, e.g. official welcome speeches, plenary sessions with an impressive number of speakers, formal moderation of sessions, evening reception in grand style in a palace or in a museum, plus maniac tutelage of VIP guests, sometimes carried to the point of absurdity (often they can hardly talk to other participants, being under such a "special" conditions). So, the conference part is quite predictable; it is a rare case when some interesting variations are introduced. As long as the intention to make something special exists, it takes shape in the most simple (in terms of creation) yet the most costly result - expensive gala reception.



This trend can be well observed in St. Petersburg that affords beautiful palaces for holding gala events. The costs of renting a hall in a palace for 250 participants vary between 7,000-10,000 Euros. Naturally, any increase of the budget leads to the increase of the registration fee. Virtually, it turns out that the major part of the registration fee goes to cover meals and the rent.

However, participants should pay for something else, namely, for the possibility to meet partners, clients, form perspective contacts and projects, in general, for the development of their businesses. Unfortunately, often this is not what happens and many participants leave having failed to obtain the aim.

Such a situation adversely affect the industry of business events, as after attending several conferences without achieving the goals, many entrepreneurs develop a certain stereotypical image which is hard to change in future. This very situation, alas, characterize the Russian present-day reality: numerous congress events with expert topics about investment climate or economic situation, a lot of competing sector events held within the same month or even the same dates; same speakers with similar presentations at different events, absence of direct communication and lively discussions.

Recently we have had the honor to undertake assignments of experts of a European event company while preparing an international conference in St. Petersburg funded by the European Commission. This experience demonstrated huge differences in principles and approaches to the organization of business events in Russia and in Europe. Problems started emerging at the very initial stage, when organizers from the Russian side began promoting their providers of equipment, catering, transport and printing services. They were not willing to make at least a comparative analysis of other companies' offers. Some of the providers were given special instructions on how to work with the experts. All of our proposals concerning logistics were rejected. The situation got to absurdity when,

for example, prices for transport services during negotiations within a single day fell from 14,000 to 2,800 Euros.



Problems may appear even with high-level congress venues, provided by 5-star hotels, i.e. unqualified technical personnel, cold coffee and mess in the events department. With one of such hotels our clients could not finalize payments within a week after the event, as the hotel's management could not provide relevant calculations.

Of course, cases described above are not typical for the Russian event industry, and the quality of the services improves each year. The main thing is that the approach of the companies towards their work is being changed, and aspiration to high quality and good business reputation begin to prevail over the desire to make a scoop.

As regards the prospects, we consider B2B meetings to be a promising direction. In Russia they are sometimes called Business Contacts Exchange or Partneriat - cost-effective, targeted, short-term business meetings with a limited number of participants. They allow every participant to establish personal contacts with potential partners. Such kind of meetings has already become a natural part of business life almost worldwide; in Russia, this segment is only in the initial phase.

Usually, large exhibition companies are interested in this type of meeting, since they want to attract professionals and try to create a special site for negotiations. We hope that professionally prepared B2B meetings will become demanded even more and that their share in the overall mass of congress events will increase. What can encourage such a process is the current economic situation when marketing budgets of companies were considerably reduced but the demand for communication, up-to-date information, new clients and partners still remains on the agenda.

In general it should be admitted that Russian market of the event industry is a developing one, and it undoubtedly has some specificity of the "infancy" period. However, from our point of view, general

evolution of the industry is evident, and the world economic crisis will give an additional impetus not only to the development of new directions, but also to emerging new actors. Considerable interest of foreign companies in the Russian market even nowadays ensure significant number of business missions and international events, aimed at the development of mutually beneficial cooperation. Thus, B2B cost-effective short-term industry meetings are supposed to be the most efficient way of promotion and establishing new contacts.

### **Survey: Content Rules & Procurement Reigns**

Relevant and engaging content is key to successful events, while the influence of procurement is rising. These are two of the key messages from a new survey of 600 event buyers from corporates and associations, which also produced a number of other interesting findings. With 60% of UK corporate and 54% of association buyers citing reduced budgets as their key concern for the next 12 months, it is no surprise that venue and supplier cancellation policies and terms and conditions were also revealed as a high priority to event planners by the British Meetings and Events Industry Survey (BMEIS). One surprising result of the survey was a slight increase in the overall budget for the association sector, up by 0.5% in the last 12 months. This contrasts with a 1.9% reduction in event budgets in the corporate sector.

**By Valentina Gorchakova & Vladimir Antchak**

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