

Trade Shows

Their Hidden Value During These Uncertain Times

A White Paper by: Marc Goldberg and E. Jane Lorimer
Written for Skyline Exhibits

In the wake of the events of September 11, the President and other national leaders have urged us to “get back to business” in order to restore stability in our country. Resulting economic changes tell us that many are debating the value of almost every marketing effort. The purpose of this white paper is to provide a forum to help senior management better understand the hidden value that trade shows play in driving sales and to help support the evaluation and justification process for such events.

The trading of Fear is terrorism; the buying and selling of experiences helps preserve our Freedom. Consumers will want escapist, educational, esthetic, and entertainment experiences - -perhaps now more than ever.

– “A Tale of Two Economies” *Entertainment Magazine*

B. Joseph Pine II & James H. Gilmore, authors of *The Experience Economy*

“Times are tough. We’ll have to lay off staff and cut our budgets.” Sound familiar? Many responsible for managing trade shows have been faced with low to no increases to their budgets. Even worse, some have experienced budget cuts under the guise of reducing overall costs. Reduction in costs is generally a stop-gap measure to overcome the impact of slower sales. But, what drives sales? The answer is marketing and promotions. It’s a well-proven cycle.

When times are good, companies willingly spend money on programs that are normally considered *standards* in strategic marketing. However, when the economy suffers, marketing efforts are generally one of the first budget cuts. Ironically most respected marketing experts say canceling marketing efforts in bad times is the worst move a company can make.

Dr. Jeff Tanner, Dean of the Hankamer School of Business at Baylor University tells us, “In down times, you want to put your money where the return is. Instead, most people chop what is easiest to cut, without thinking about the return it gives. It’s like raising chickens. If you kill a chicken, you can eat once. Let it lay eggs and you can eat a lot longer.”

To better understand marketing’s role, let’s take a look at how product sales come about. Some years ago, The Strategic Planning Institute (SPI) generated a still-followed theory called the “Critical Paths to Profitability.” This refers to the *path* companies traditionally take to push products out to the market. The process unfolds like this.

The first step is to create category demand. Brand category examples are things like DVD players, computers and soft drinks. Multiple companies may make

the products that fall within any one specific category. The next step is to create familiarity for a specific brand under which the product will be sold. It's at this stage that buyers begin to compare one company's offering to another. Comparison leads the buyer to consider perceived quality as it relates to perceived value. At this point, the buyer actually pulls the trigger and buys a product.

SPI determined that there was a correlation between sales success and specific marketing efforts that were employed. And it was later determined in a separate study conducted by Simmons Market Research Bureau that **trade shows** were one of the best all-around marketing activities at every stage in the Critical Path process.

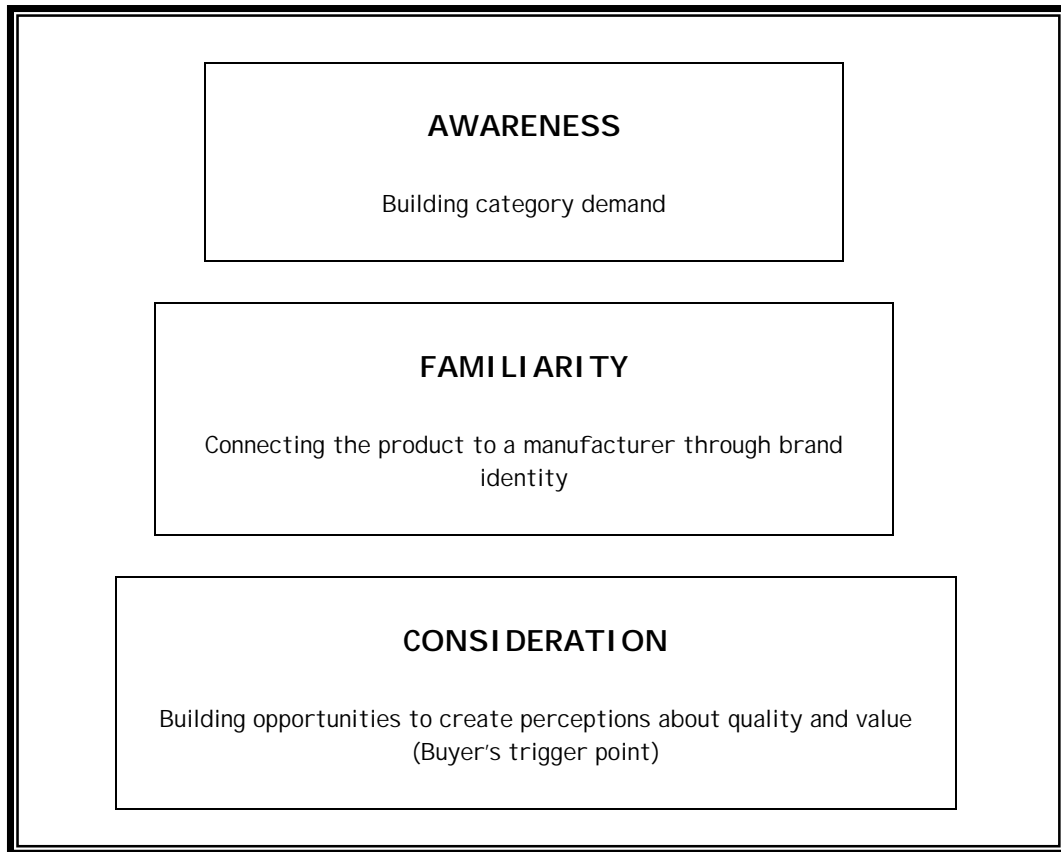
Noted business experts like Tom Peters tell us that "each day, new competitors emerge, new technologies arrive, product life cycles shrink anew" and that companies who continue to market themselves in down times are the ones who capture the largest share of mind when the market turns around. In other words, buyers best remember those companies names and products who continue to stay visible and in touch, and are most likely to remain loyal purchasers for the future.

Let's couple this marketing information with an increasing concern about the dehumanizing effects of technology in a time when face-to-face interaction is more important than ever before. It's at this point that we can begin to form a picture of how business survival is changing in our current tough times.

Going back to the logic of the critical path it's obvious, and experience tells us, that trade shows can never win the awareness battle against the reach and frequency that trade advertising provides. And, for that matter, from a cost per reach standpoint, trade shows can't win this battle with any form of advertising sources.

But trade shows and other non-traditional face-to-face events help turn a company's position of mind into a position of market. Simply stated, trade shows build and secure share of market, put a face with a name and tighten the sales loop when it comes time to make purchases.

Figure 1. The Sales Path



Source: Lorimer Consulting Group, The Sales Path

Trade Shows in the Marketing Mix

In the wake of our current economic downturn, we recognize that many people are debating the value of most marketing efforts. So how **do** you make informed decisions about continuing to invest in face-to-face marketing efforts like trade shows and private user events?

Exhibitions work. Exhibitions work because they are face-to-face. They provide us an opportunity to accelerate the selling cycle by matching needs with a company's ability to fill those needs. They work because adults are visual learners. Exhibiting is a visual medium – the exhibit, products, the graphics, collateral materials and promotional products are visual elements. Buyers are also experiential. Trade shows and other face-to-face events provide an experience through the dynamics of the display process.

For Use As A Side Bar

"Trade shows wonderfully exemplify the quintessential characteristic of the emerging Experience Economy, namely charging an admission fee for the time people spend in a particular venue or event. I believe one can judge the strength of an industry by assessing the vitality of its trade shows. Now more than ever, companies need to design compelling exhibit experiences -- as a means to ensure that attending trade shows remains an essential avenue through which professionals gain ongoing industry insights."

--James H. Gilmore, co-author, *The Experience Economy* (Harvard Business School Press)

In any economy, questions like "We had a good show, didn't we?" deserve answers that go well beyond "we had a lot of leads," "we got the best booth design" or "lots of traffic came by." Unfortunately, for the most part, the people who manage these types of events are often the ones who are the least prepared to defend the value of show programs. Many simply don't know how.

What You Might Not Know About Trade Shows. Exhibitions can be compared to a portable version of a company that's temporarily placed in a unique type of shopping mall and that attracts an exclusive set of shoppers. It brings sincere buyers and sellers together under one roof. And today, more than ever, Americans have a need to come together. Trade shows provide a unique opportunity that cannot be replicated in any other type of venue. Charles Allen, Chairman, American Exhibition Services, said it best. "Trade shows are about human interaction. Face-to-face conversation gives us a 'feel' for the other person that a data transfer never will."

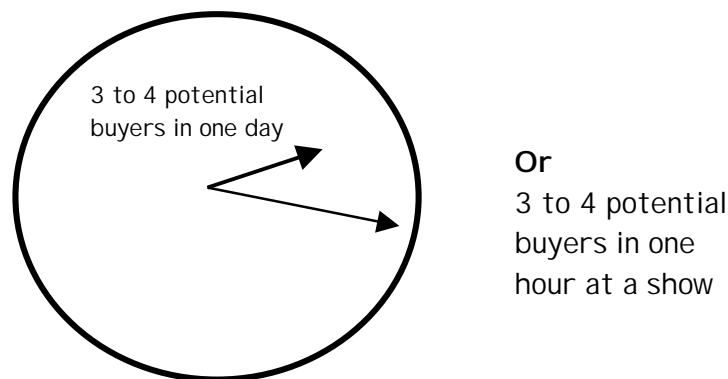
General Facts:

- CEO participation at exhibitions is on the rise
- 88% of attendees have **not** been seen by a member of your company's sales staff in the preceding 12 months
- Seven out of ten attendees plan to buy one or more products
- 76% asked for quotes and 26% signed purchase orders (average all shows)
- 72% of show visitors say the show influenced their buying decision.
- 87% of attendees will share some of the information obtained at an exhibition
- 64% of attendees tell at least 6 other people about the event.
- 58% attend only the show in which you are exhibiting
- 40% are first-time attendees
- It costs 22% less to contact a potential buyer at a show than it does through traditional field sales calls
- 54% of exhibitors do not set objectives, and a much larger percentage have no formal process to either measure objectives or report about what happened at their events

The Economics. Over the past two decades, Data Strategies & Group of Framington, MA and Exhibit Surveys of Redbank, NJ have reported on how much it costs businesses to generate qualified contacts and to close those leads. Their most recent studies show that leads gained from an exhibition cost 56% less to close than those generated from field sales calls. Some of the factors that influence this outcome are:

- Cost of travel, compensation, sales materials and entertainment to get to clients' sites
- The actual number of calls (direct, telephone, etc.) it takes to close the sale
- Number of clients one salesperson can reach in a week on the road versus a few days at a show
- Most show visitors (buyers) pay their own travel to a trade show
- Time it takes to reach the number of contacts to generate a sale

Figure 2. Sales Efficiencies - Which Is Better?



Source: Center for Exhibition Industry Research

Buyers travel to see you. For those companies who cut back on travel outwardly to reduce costs consider this. Exhibitions offer an efficient way for your sales and technical people to see more prospects and customers on one business trip and under one roof than any other venue. According to studies conducted by Exhibit Surveys, 51% of attendees travel more than 400 miles and spend an average of 9 hours on the floor of the show. That's up four percent over 1999. Plus the visitors are paying their own way to come to see you.

And, we know that the people who attend shows today **want** to be there. They are targeting which exhibits to visit based on product and brand interests and they are writing more orders than in the past. In fact, three-quarters of visitors to shows come with an agenda and two-thirds of the exhibits they see have been pre-selected. They come with a mission.

In short, going to shows in down times means you are meeting buyers with real needs and real budgets, and you have less competition for their attention.

The Center for Exhibition Industry Research (CEIR) indicates that exhibitions are used more in the selling process than nearly all other techniques. Why? You can go on a sales call, but you can't always bring your products or demonstrate every capability, and you can't always bring your technical experts. You can do all three at a show. It is an integrated live selling opportunity where you can bring all the tools in your company's arsenal (*including your CEO*) to the show to communicate and respond to buyer needs.

A Word about Attendance Numbers. From 1992 until the end of 2000, attendance numbers were still growing at between three and four percentage points per year. This may sound low, but consider that US exhibition attendance is already over 125 million people a year. Earlier this year, attendance growth had slowed to about one percentage point and the latest Trade Show Week reports indicate a decline in attendance.

Moreover, most indications are that the economy is not so much an issue of lower attendance as is "time poverty." Our nation's downsizing trend imposed more work on fewer people. This means most have less time and thus are available to go to fewer shows. The upside is that the people that do go are there because they want to be there and they have a reason to go. Visitor interest is stronger and the quality of visitor actions is stronger.

So Why Do Trade Shows Get A Bad Rap? We've presented a lot of good news about the value of shows, so why are they targets for budget cuts? They are a major investment. They are a lot of work, and much of the connected work is related to the logistics aspect almost to the exclusion of sales and marketing applications. Few organizations know how to measure results.

Exhibiting is strategic, not just logistics. Most exhibit professionals are known as logistics experts who ensure that exhibit properties get to the show on time, take care of making hotel and airline reservations and order show services within the deadline period.

Candidly speaking, too many exhibiting companies fail to do their homework about shows. They fail to set objectives, fail to measure results and fail to follow up on leads.

Too many exhibitors go to shows for vague reasons such as showing support for an industry or an association and no other expectations. Or they go because their competition is going which, by the way, can be measured but most don't do so. They go because they have always gone and again have no expectations other than wanting traffic in the booth as a measure of "being seen."

In fact, less than half of the companies who exhibit actually set out formalized measurable goals, so like the old adage says, if you don't know where you're going, any road will get you there.

In most cases, there is a major communications disconnect between what senior management expects and what the exhibit manager thinks they want to hear. Nine times out of ten, this disconnect is due to senior management's failure to communicate what results are expected if budgets are to remain intact.

Exhibit for Results – Going Smarter by Changing the Paradigm

We are living in difficult times and it is imperative to challenge our old ways of thinking about trade shows and events. It's time to use exhibitions as they are meant to be used – to drive product sales in an efficient and effective manner. And, it's time senior management was held accountable for setting direction and supporting the effort as enthusiastically as they do sexy new ad campaigns.

Rather than basing a decision on *go* or *no go* contingent on budget concerns, change the paradigm. Ask yourselves—what's got to be in place with this event to ensure we get the results we expect? Can we do what's required? Can it be measured?

Your first question should be, "Why are we going?" At the end of the day, what would "success" actually look like? What things would have had to happen that would make you think this event was a good one?

Experience has shown that there are four areas that serve as the cornerstones for nearly all show objectives—and for that matter, for all marketing ventures. These are typically tightened down with measures and assigned strategies that enable reaching them.

- (1) Increasing sales and reinforcing market share
- (2) Increasing share of customer- getting current customers to buy more
- (3) Introducing new products
- (4) Positioning or repositioning your organization, its brand and products

Evaluate the Shows in Which You Participate. Chances are that a thorough review might find that you haven't fully defined your audience for every show in which you exhibit.

Step one: Define your target audience. Analyze the show's demographics to determine if this is a solid target audience. Ask the show for audited numbers.

Step two: Set goals and strategies.

Step three: Establish how you will measure success. Benchmark to help you evaluate trends and future planning.

Step four: Measure the results.

Step five: Evaluate and report.

Evaluate Your Exhibit Space as It Relates To Your Objectives. Most exhibitors are in the space they are using by default. They may have begun in a 10x10 foot space and over time grown into an undefined larger space without doing a "zero-based" analysis of their objectives as they relate to the space needed to achieve their objectives.

For example, let's say that you have set an objective to generate 75 qualified leads. On average, experience tells us you'll need to talk to ten visitors to find one qualified lead, which means that you'll need to engage and talk to 750 visitors to find 75 qualified leads. **In addition**, the size of your space should also include being able to accommodate enough staff members to accomplish the lead generation goal **as well as** to have enough space to display and/or demonstrate your products and afford ample visitor traffic flow.

Take It Seriously. An exhibition is a serious representation of your company—its brands, its business philosophy, its quality and its heart.

- Put your best people in the booth. This is no time to break in rookies.
 - Tell your staff about the event goals, the expectations and the groundrules.
 - Know who your key customers are in advance. Be prepared to engage them.
 - Know who the hottest prospects are in advance. Be prepared to engage them.
- Prepare the staff to handle questions, concerns and to be alert to opportunities. Above all, teach them to listen to customers and prospects.

Even small displays can be classy expressions of your organization. Pay attention to detail, avoid clutter, use graphics effectively (remember they are like billboards and need to be read and understood easily and quickly) and realize when these people stop, they want to talk to you.

A Few High Level Tips

- 'What prompted you to stop at our booth' or 'What prompted your interest in our XYZ product' is a much better opening than 'May I help you?'
- Decide in advance what criteria constitute a qualified lead and ask questions that address those criteria. Creating qualified leads is about interviewing and gathering information—both objective and subjective. It's about recording the information so someone else can logically follow-up on the sales opportunity.

- Establish a follow up process **before** the show so that your leads are addressed in a timely manner. Fact: 86% of exhibitors go to shows to generate leads and 79% of leads are not followed-up.
- Return on investment (ROI) can only be measured when you know the sales results, but you **can estimate ROI** from most events by applying key information you most likely already know. For example, the percentages of leads that result in presentations and how many presentations it take to close a sale.
- Live demos or other forms of motion attract more attention than a static display, and people remember “booths with movement” more so than those that don’t have any action.
- Your exhibit builder can help you reduce ‘background costs’ like freight, installation and handling. Move that money to the marketing efforts in the booth.
- First-rate graphics are important and they are not just print ads in a large format
- Don’t tell the whole story – give visitors one or two thoughts they can remember. Talk about benefits, not features.
- Ask the show organizer for audited visitor information. They owe you that.

Maximize Your Display Investment – Looking at Options

Everyone is concerned about the total cost of ownership for almost everything they buy these days. Exhibit properties (displays) are no exception. Studies show that 27% of a typical trade show budget is for non-productive expenses such as freight, labor and storage. We advocate redirecting some of these non-productive expenses to productive marketing investments by considering options such as these:

- Reducing freight costs by using lighter weight structures and graphics
- Using flexible truss systems so that the structure becomes the architecture upon which you hang interchangeable graphics to economically and efficiently execute changes to your messages, themes and product information.
- Reducing your setup costs by using exhibit designs and structures that are easier to install and dismantle
- Reducing your costs by taking advantage of pre-order discounts
- Renting versus buying if you only participate in two or three shows a year or exhibit overseas only once or twice a year. And consider renting versus buying specific elements such as double-deck structures if you only use them once or twice a year
- Considering the financial impact of budgeting your display structure as a capital or operational expense

Use Your Exhibit Properties for Other Events. Most of us are in a rut. We are stuck in the status quo. We hate change and avoid it. In order to rise to the top and survive this economic downturn, you need to think big. This doesn't mean investing more – it means thinking differently.

Think about other ways that you can bring your story to your customers and prospects. As an example, non-traditional events extend your influence and expand your share of customer. Ideas: Purposeful, focused hospitality events; private events with proprietary communications and demonstrations; stockholder meetings with department-manned exhibits; road shows to educate and inform your customers. These types of events not only expand your organization's opportunity to communicate your messages in new ways but also expand the investment in all or part of your existing exhibition properties.

The Big Shift—Measuring Your Results with Metrics That Matter

Every form of marketing communications is measurable. Trade show marketing generally includes a variety of marketing activities and all of these can be measured—traffic in your booth, media coverage (quality and value), billboard and hanging sign exposure, live demonstrations, hospitality events, leads (ever conduct a sales conversion study?) and even traffic in your key competitors booths.

A Dozen Things You Can Measure. When you invest in a direct mail (paper or electronic) campaign you have an objective. Usual goals are around a two to three percent response rate. When you place an ad in a trade press magazine you look at cost per impression for reaching a targeted audience and possible response to the ad. Most seem to think the only measurement for trade shows is a count of how many visitors' badges were swiped at your booth. Here are a dozen other things you can measure.

1. What visitors think of your featured product—ask them open-ended questions and record their answers. You can learn about what features they like, what they'd change or add and what doesn't work well for them.
2. Estimated ROI. If you know typically how many qualified leads it takes to get a personal sales call or demonstration and how many of those calls generally close in a sale, you can estimate sales from the qualified leads you collect at a show.
3. Sales conversion studies identify visitor buying intentions. These are best done by independent third parties.
4. Desired media coverage secured and what its value is. You can measure coverage in terms of an ad equivalency—in other words, what would that same coverage have cost you had you bought an ad the same size? By the way, the proportion of people who will buy after responding to an ad or feature story is about 15%.
5. What were the most frequently asked questions? These are often an indication of what your graphics don't tell people or what they don't understand about your product OR an indication of potential perception issues about your company.

6. When people think of a certain product, does your organization's or your competitor's brand come to mind? Exhibitions are a great venue for testing brand awareness.
7. What were your competitors doing at this show? How was their booth traffic? What products were featured? Did they introduce anything new? Was their CEO there? Was anything they did a surprise?
8. Were any of the 'hot' leads from your existing customers? When was the last time a salesperson called on them? Is this customer a target for expanded lines of business? Were you surprised?
9. Cost per lead, cost per reach, cost per person, cost per impression. All of these measurements serve as budget benchmarks and tracking tools.
10. Leads give you names of companies not currently being prospected, geographic concentration of specific inquiries and leads let you know whether or not you reached the target audience.
11. What are the current hot topics in your industry? Were exhibitors and show visitors on the same page in this respect?
12. If you held a private event (even a small customer dinner), ask customers one question- are we meeting your expectations and if not, what should we do differently?

The Bottom Line

Want results? Want to keep your customers in a down economy? Meet your customers and key prospects in face-to-face environments. Show them who your organization is, what it stands for and how it values the human side of business.

Take another look at exhibitions in the marketing mix. Trade shows incorporate almost every marketing medium in reaching one of the most targeted selling environments known. They provide one of the best and most effective experiential environments available in the business-to-business arena. They are an investment that represents you to your markets in a way no other venue can do today. They connect buyers to sellers—people to people.

To borrow an old industry phrase: "Trade shows work. They mean business."

About the writers:

Marc Goldberg, CME has over 36 years of exhibiting experience. He is Partner and Founder of Marketch, Inc. – a 16-year-old exhibit marketing, auditing and measurement and exhibitor staff training company. He is a well-known speaker at major industry and marketing association events throughout the world. Marc authored "Small Doesn't Mean Second Rate – a reference workbook for small exhibitors" and the Exhibit Manager's Companion Series.

E. Jane Lorimer, CME, Lorimer Consulting Group, Denver Colorado has over 20 years experience in the exhibition and event arena. Her experience includes managing a corporate exhibit program for a Fortune 500 company, heading the nation's premier exhibition trade association and directing client loyalty and

strategic direction for the nation's largest designer/fabricator of show displays. She currently is a principal in a consulting firm that specializes in client retention and exhibitor effectiveness from display purchase to show floor result.

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