

Where Value is Clear, The Decision is Easy

By Steve Miller

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This report is one in a series of reports all geared to helping exhibiting companies achieve better results and gain value from exhibition participation. The complete series is available at: www.ceir.org

CEIR extends special thanks to Steve Miller.

Steve can be reached at: www.theadventure.com



Center for Exhibition Industry Research

Center for Exhibition Industry Research
2301 South Lakeshore Drive
Suite E1002
Chicago, IL 60616
TEL: (312) 808-CEIR (312) 808-2347
FAX: (312) 949-EIPC (312) 949-3472

ceir@mpea.com www.ceir.org

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It was not that many years ago when exhibitions were the linchpin of all corporate marketing plans. The reason was simple. Exhibitions were the efficient marketplace. Communication with customers and prospects was more difficult and expensive than it is today, so the industry exhibition was an important event to everybody.

Major national chains with centralized buying authority and distribution didn't exist. Travel was more difficult to call on the regional customers because the air transportation system choices weren't as extensive. Long distance phone calls were expensive. Remember WATS lines? Communication with overseas customers and suppliers occurred via Telex. Remember Telex? And the Post Office was the only choice to deliver our important letters and packages. Remember the Post Office?

Because of this situation, the most efficient marketing and communication tool was the industry's annual or semiannual exhibition. This was the one place where all buyers and suppliers got together because of solid business reasons. Suppliers timed all new product launches for the big event. Buyers knew this

was where they were going to see all the new stuff and be able to preorder for the coming months. Manufacturers used this opportunity to test the waters with proto-

types. Based on interest and preorders, they could give the new product a go/no-go decision.

That was then. This is now — the age of the fax, email, the Internet, FedEx, cell phones, PDA's, video conferencing, teleconferencing, videotapes, CD-ROM and DVD. Myriads of tools are available to communicate with prospects and customers. Suppliers no longer wait to introduce new products. They do not wait for the big event to see their major customers.

As a result, the traditional methods for measuring success at exhibitions just do not count anymore. Yet most corporations are still perceptively locked into the good old days. But because the traditional methods of measuring success (orders written, leads generated) are becoming more difficult to measure,

corporations complain about the difficulty in generating a return on investment (ROI). As a result, corporate management questions the value of exhibiting.

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A recent study done in cooperation with the members of the Trade Show Exhibitors Association (TSEA) bears out the existence of this problem. Questions were asked relating to the perception upper management has about exhibiting, objectives set before a show, post-event measurement, and the overall value of exhibitions. The results of this survey show the confusion exhibitors have.

When asked to rate the importance of objectives at a show, TSEA members gave the following responses their highest ratings:

Rating Importance of Objectives	
<i>According to Upper Management</i>	
Increase/Maintain Image/Awareness of Company/Products	6.29
Impart product knowledge	5.88
On-on-one time with prospects	5.81
Strengthen relationships with current customers	5.74
Obtain new customer	5.72
Generate leads	5.66
<i>Highest rating 7, lowest rating 1</i>	

When asked to rate how they determine their company's performance and ROI, they gave these top responses:

Rating Performance and ROI	
<i>According to Upper Management</i>	
Overall cost of exhibiting	6.07
Increase in awareness of company or products	5.97
Total number of qualified leads generated	5.86
Total number and value of post-show sales generated	5.63
Total amount of traffic in booth	5.44
<i>Highest rating 7, lowest rating 1</i>	

Looking at the two questions clearly shows the problem. Image and awareness have now taken over as the primary objectives for exhibitors. Yet it is extremely difficult to connect those with any type of bottom-line results. ROI becomes a big question mark. Overall cost of exhibiting becomes the measure of performance.

Is it any wonder, then, that exhibitors are questioning their participation in exhibitions? When value is easy to measure and

easy to tie into important results (i.e. immediate or eventual sales), then it's also easy to justify the cost of participating. But when value becomes murky and difficult to measure, then having a booth at an exhibition becomes a questionable and possibly expendable expense. Any company who goes into an event with image as their top objective and success defined by the cost of exhibiting will never be able to justify value.

But despite the changes in the way business is done today, exhibitions still hold a viable role. It requires a 180 degree shift in initial perception to see where true, measurable value can be pulled out. Instead of looking at the exhibition first and then trying to determine ROI, one must turn around and look at the company's expectations first, and then ask if and how an exhibition will help accomplish them.

Planning starts with the big picture corporate objectives and works backwards. Here is an example:

A company wants \$20 million in sales next year.

- What is the average sale, or how much does the average customer spend per year?
- What steps does that company need to go through to achieve those sales?
- What does a good customer look like?
- How many current customers would need to reorder to help reach the sales goal? 70%? In this example, that's \$14 million.
- How many new customers would be needed to fulfill the balance? \$6 million.

If the average sale were \$50,000, then this company would need 280 customers to reorder to generate \$14 million. At a 70% close rate, they would need at least 400 current customers.

To achieve the \$6 million in new business, the company would need 120 new customers. What's their closing rate? Let use 15%. That means they would need to find 800 qualified prospects.

Now the question becomes how do they use the "strength" of an industry exhibition to meet those 400 current customers and 800 prospects and move them closer to their objective?

What is that Strength? It is Time Maximization for both exhibitors and attendees.

This is the opportunity for a supplier and prospect to have quality face-to-face time in a three dimensional atmosphere of their own design. The supplier can use this environment to leapfrog several traditional steps in the sales process.

An attendee gets the chance for hands-on, face-to-face, and immediate competitive comparison. Whether we like it or not, smart buyers will always look at alternatives, even when they have a solid relationship with a supplier. Out in the field, this takes a lot of time. At an exhibition, attendees can do it in the matter of a few hours.

This, of course, is a simplistic example, but it shows how today's exhibitions can still be powerful and measurable marketing tools. If, as pointed out in this example, a company is able to have clear objectives (400 current customers and 800 prospects), they are better able to allocate exhibiting resources to create those quality encounters. And if they clearly understand the steps necessary to moving those quality encounters closer to the ultimate objective, they are better able to design the environment needed.

Taking a 180 degree turn in perspective from the beginning can turn what used measured in cost to what now will be measured in true results. That is value. The question of whether or not a company should be exhibiting at an event will be easy to answer, because:

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