Exhibition Industry Review

Presented To:
Ottawa Association of Exposition Managers
November 28, 2006

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Research Conducted

- Trade Show Industry Organizations
  - AIEM, CEIR, CAEM, CAFÉ, FITT, IAAM, IAEM, IAFE, TSEA
- Marketing Industry Organizations
  - ACR, CMA, CPSA, MRIA
- Trade Show / Marketing Publications
  - ABM, Exhibitor, Expo, Corporate Event, Event Mktg., Journal of Mktg., Marketing, Tradeshow Week
- Exhibitions Industry Suppliers
  - Expographiq, ExpoWorld, Skyline Displays, Taylor Group, The Portables
- Major Exhibitors
  - IBM, HP, Bell
- Other Governments and Agencies
  - Austrade, Gov't of UK, CTC
- Other research, studies and academic materials
  - Marketing Books, White Papers, Research Reports

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Offline Marketers vs. Online Marketers estimated allocation of marketing budget across tactics

	Offline Marketers	Online Marketers
In-person events	**16.34%**	**14%**
Television	12.2	7.7
Direct Mail	9.9	7.4
Newspapers	8.9	5.0
Trade magazines	8.5	5.8
Company Web site	8.2	10
Custom Publications	7.7	4.5
General business mags	6.7	3.3
Printed Newsletters	6.4	3.3
Radio	5.8	4.2
Public relations	4.2	5.7
Printed directories	2.8	2.1
Other	1.8	1.8
Online Advertising	**0.1**	**18**
Other Online marketing	0	6

While b-to-b marketers have shifted nearly ¼ of their budgets to digital media, they still view in-person events as the best way to build brands and generate leads. Although the above shows rankings, there is a disconnect between what they feel and how they actually spend. See next slide for how they actually spent their money.

(120) Forrester Research study on behalf of ABM – 867 marketers across 21 market categories – how the b-to-b marketing mix is changing.

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Allocation of Marketing Spending Across Media

2005

Online	**17%**
Marketing Communications	**16%**
Events	**15%**
TV and Radio	15%
General publications	12%
Direct Mail	9%
Trade magazines	7%
Other	6%
Directories	3%

- Use of in-person events ranks as the most popular trade marketing tactic
- Projecting forward to 2008, respondents continued to rank in-person events as the number 1 tactic with Direct Mail ranking second.
- Prediction that online will gain, while direct mail will lose it's second place.

(121) Forrester Consulting Services Research – 867 US B-to-B Marketers, Dec. 2005

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Media: the Next 10 Years

- *Newspapers* – continue to decline in circulation
- *TV* – will continue to attract viewers, but they will tune out during commercials
- *Radio* – continues to be strong (cheaper than TV) and will likely increase because people are spending more time in cars
- *Magazines* – will increase; they target and develop loyal subscribers
- *Billboards* – may increase in impact; people are spending more time in their cars
- *Internet, E-mail, Chat Rooms (blogs)* – will grow considerably as younger generation grow purchasing power

Source: Philip Kotler, According to Kotler

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Trends in Event Marketing

A move from *transactional* to *value-based* marketing

- Overwhelmed by clutter
- Consumers are taking control
- Move from Interrupt to *Opt-In*
- Demand generation – quality of engagement vs. quantity of transactions
- Insight, intimacy, focus and follow-through

Source: MPI Foundation 2004 study of 651 senior marketing executives at major companies over $250 million

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Trends in Event Marketing (cont'd)

- 89% of US corporations include event marketing in their marketing mix
- An average of 22% of a company's marketing communications budget is currently dedicated to event marketing
- Next to Web / Internet marketing, event marketing is the second most anticipated vehicle that will see budgetary increases in the future
- 40% of companies indicate that the future importance of event marketing is increasing while 48% anticipate that its importance in the company will remain unchanged
- 47% of responding companies felt that event marketing provides the "greatest return on investment" followed by broadcast / print advertising, sales promotions, public relations and web / internet advertising
- The most commonly cited event associated with the term "event marketing" is trade shows

Source: Center of Exhibition Industry Research 2001 study with1,322 contacts made with US companies with sales in excess of $500 million, published by the CAEM in marc 2003

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The Value of Experiential Marketing

- In a world where customers are besieged by thousands of selling messages everyday, the audience has heard most of it all before…They want close contact with captivating new products. They want to experience the sights, the sounds and the feel of your company and everything it stands for".

  George P. Johnson Company White Paper on Creating the Customer Experience (April 2005)

- "We are now in the experience economy. I would suggest that leading marketers in the experience economy are seeking to engage all five senses to deliver a fuller experience and connect customers more viscerally with their brand"

  Karl Moore article A Sense for Marketing, featured in the June 2006 edition of Marketing Magazine

- "Consumers develop greater affinity for the brand when they can speak with representatives and ask questions"

  Laura Shuler, Executive VP, Jack Morton as quoted in January 2004 issue of Promo Magazine

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The Exhibition Industry

- Estimated 15,000 exhibitions held annually worldwide
- Significant worldwide growth in exhibitions, especially in emerging markets
- Event marketing accounts for 25-30% of total business-to-business budgets
- Estimated 5,000 shows in excess of 5,000 sq' in 2006; a 2.3% increase over 2005
- Consumer shows are hot. While b-to-b shows struggled for at least two years after 9/11, consumer shows have grown 4.5% on average between 2000 - 2003
- 84% of exhibitors expect very strong or moderate growth in the exhibitions industry over the next 10 years.

Sources: Tradeshow Week, Executive Outlook Corporate Surveys from 2004 – 2006; Tradeshow Week Magazine; Forrester Research American Business Media research

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Exhibition Industry Trends

- Power shift: highly informed buyers and attendees
- Stakes are higher at exhibitions and events
- Focus on cost and ROI – flat budgets to modest increases
- Continuing shift to lighter-weight, flexible exhibit solutions
- Moderate industry growth
- Definition of event marketing continues to expand
- Events have been a calm in the media and internet storm
- Next version of events and services: added value

Source: Tradeshow Week Survey in June/July 2006 of 230 exhibitors across major sectors with average budget of $1 million

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Allocation of Marketing Communications Budgets to Events

% of Budget	% of Companies
> 20 percent	26.9%
15 – 20 percent	22 %
10 – 15 percent	21.5%
5 – 10 percent	19.9%
Under 5 percent	9.7 %

(302) Source: Expo, June, 2005: CMO Council Survey, Feb. 2005 of 1,200 Technology CMOs

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Variables in Achieving Exhibit Effectiveness

Variable	Stage 1 Exhibit Attraction	Stage 2 Visitor Contact	Stage 3 Prospect Conversion
Attention Getting Technique	Positive**	-	-
Pre-Show Promotion	Positive***	-	-
Competition	-	-	-
Booth Space	Positive**	-	-
Cumulative Points (consistent presence)	Positive**	-	-
# of Booth Personnel	-*	Positive**	Positive**
Training of Booth Staff	-*	Positive**	Positive***

*Implies no hypothesized effect
**Results consistent with hypothesis at the 0.01 level
***Directionally supported but not statistically significant

Source: A Three-Stage Model for Industrial Trade Show Performance, Marketing Science, Volume 14, Winter 1995

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Variables in Achieving Exhibit Effectiveness (cont'd)

Booth Size

- "The attractiveness of a firm's booth is directly related to booth size, other things being equal. For a *given size of a potential audience*, an increase in booth size results in a greater number of visitors attracted from that audience. This is analogous to retail product movement related to shelf space." (Bultez and Naert 1988)

Source: A Three-Stage Model for Industrial Trade Show Performance, Marketing Science, Volume 14, Winter 1995

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Formula for Determining Potential Audience

Two Methods:

1. **Average Number of Visitors interested in seeing any one <u>specific</u> type of product at an exhibition: 16%**

   Example: 50,000 attendees x 16% = 8,000

2. **Average Audience Interest Factor (percentage of high interest visitors at a show – the people who tend to visit many exhibits: 45%**

   Example: 50,000 attendees x 45% = 22,500

Source: Formula developed by Exhibit Surveys Inc. and published by the Center for Exhibition Industry Research

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Comparison – Number of Potential Contacts by Staff

Example Scenario: (based on formula from previous page)

- **4-day** event / **10** hours per day / **15,000** visitors
- **Audience Interest Factor (AIF) 45%** of total visitor audience = **6,750**

Exhibit with 2 Staff (10x10)	**Exhibit with 10 Staff** (Pavilion)
30 contacts / hour	150 contacts / hour
300 contacts / day	1,500 contacts / day
1,200 total potential in 4 days	**6,000 total potential in 4 days**
Efficiency = **17%**	Efficiency = **88%**

In this example, maximum booth efficiency would require at least 10 staff to potentially reach all of the estimated interested audience (45% of the total number of visitors) with a face-to-face dialogue regarding the available products and services.

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Cost to Make Personal Contact with an Audience through Alternate Marketing Communications Vehicles

Example: Telemarketing Campaign

Estimated cost to achieve personal dialogue with 100 qualified contacts

Average Qualified Contacts Per Hour (predictive dialer)	3
Average Cost Per Hour for Outsourced Telemarketing Staff	$43.00
Estimated List Size to make contact with 100	1,000
Estimated # of Hours to Reach 500 Qualified Contacts	333
Estimated Cost (1,666 hours x $43.00 per hour)	**$14,319****

**Source: Red Quill Intelligence Marketing

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Exhibit Performance and ROI

Overall Trends

- Shift from measuring sales to building relationships, experiential marketing, experiencing the product and the organization, maintaining and keeping customers
- Focus on ROO vs. ROI
- Emergence of ROT (return on time)

"*Let me give you my take on ROI: It's a lot to do about nothing. ROI is simply an analysis of whether you met or exceeded your pre-event objectives, which means ROI is really ROO…it's impossible to measure ROI unless you have a revenue that's expected*"

Source: Rob Aston, Mgr. Corp Event Mktg, HP
Corporate Event Magazine, June 2005

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ROI Overview – The Perceived Value of Exhibitions As Compared To Other Marketing Mediums

Does your organization perceive each of the following marketing mediums as very valuable, somewhat valuable of not at all valuable?

Marketing Medium	Very Valuable	Somewhat Valuable	Not at All Valuable
Sales Force	82%	14%	4%
Web Site	73%	24%	3%
Event Marketing (all forms)	**48%**	**46%**	**6%**
Trade Magazine Advertising	35%	53%	12%
Direct Mail	30%	48%	21%
Email – Outbound	27%	50%	23%
Marketing Partnerships	24%	41%	35%
Retail In-Store Positioning & Incentives	18%	16%	67%
Call Center Telemarketing	11%	20%	70%
Fax Marketing	8%	23%	69%
Television Advertising	7%	8%	86%
Newspaper Advertising	5%	16%	79%
Radio Advertising	3%	11%	87%

Source: Tradeshow Week Executive Outlook Corporate Exhibitor Surveys of 750 exhibitors from 2004 to 2006

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ROI Overview – Exhibits vs. Other Mediums for Brand Image Building

Marketing Medium	Percentage of B2B Marketers
In-person events	60.9%
Public relations	51.7%
Industry-specific trade magazines	50.2%
Custom publications	44.6%
TV	42.9%
Online marketing	39.8%
Direct mail	39.7%
Printed newsletters	39.0%
General business magazines	37.9%
Newspapers	37.4%
Radio	31.8%
Printed directories	29.9%

Source: Forrester Research and American Business Media 2005 Survey of 867 B-to-B Marketers

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ROI Overview – Exhibits Vs Other Mediums for Leads Generation

Marketing Medium	Percentage of B2B Marketers
In-person events	62.6%
Industry-specific trade magazines	47.4%
Public relations	45.4%
Online marketing	42.1%
Direct mail	42.0%
Custom publications	41.3%
TV	36.3%
Printed newsletters	35.3%
General business magazines	34.6%
Newspapers	33.3%
Printed directories	31.7%
Radio	30.7%

Source: Forrester Research and American Business Media 2005 Survey of 867 B-to-B Marketers

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ROI Overview – Perceived Value

In reaching objective	**Exhibitions**	Advertising	Direct Mail	Public Relations
Generate Sales Leads	**39%**	27%	20%	13%
Taking Orders	**12%**	5%	8%	8%
Intro new products/services	**42%**	24%	28%	14%
Promote brand image	**42%**	43%	19%	19%
Promote company awareness	**33%**	32%	22%	24%
Entering new markets	**28%**	25%	24%	15%

*"**It's a value for money answer!**...All senior level sales and marketing executives… clearly established once and for all the overall effectiveness of exhibitions vis-à-vis other tools in reaching specific sales, marketing and communications objectives."*

(4002) Source: CEIR, *Power of Exhibitions II*, 1996; Deloitte & Touche Consulting Group

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Performance Measurement Tactics
How do companies measure success?

	Percentage of Exhibitors
Number of leads obtained at the event	81%
Attendance levels at our special events	53%
Number of visitors to booth	53%
Number of meetings taken at the booth or at the event	37%
Total gross sales made as a result of participating in the event (over 12 month period)	37%
Profit margin from sales related to event activity	25%
Number of press mentions following the event	19%
Total gross sales made at the event	14%
Web site hits	11%
Number of brochures distributed	3%
Other	19%

Tradeshow Week Executive Outlook Corporate Exhibitor Surveys from 2004 to 2006

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ROI – Message Penetration / Memorability

The number of attendees who saw the exhibit and remembered the company's name, its products, or both, at a given time after an exhibition, measures ***memorability****.*

Exhibit Size:
The amount of space required to be a most-remembered exhibit has grown 54%, along with the general increase in exhibition size over the past 20 years from 5,058 sq ft to 9,336 sq ft.

In addition to size, the following 8 factors also create a significant impact and a "most remembered" exhibit:

Product Interest (64%), **Well-known Company** (51%), **Product Demonstration** (43%), **Stage** / **Theatre Presentation** (26%), **Exhibit Color** / **Design** (19%), **Exhibit Personnel** (18%), **Giveaways** (15%), **Literature** (13%)

(182) CEIR, Exhibit Surveys, Inc., 50-70 shows, 1,500-2,000 attendees from various exhibitions, response rate of 30-40%.

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ROI – Message Penetration / Memorability

Research on $16.9 billion Promotion Products Industry:

- 76.1% of consumers could remember the brand name of a company that gave them a promotional item in the past year
- 53% could remember a TV or print ad from the past month
- 27% recalled an online ad

(5005) Marketing Sherpa, Feb, 2006

Visitors who pass by your booth and look, but do not stop:

- 50% will get an impression of your products, your company, or both. This is the value attached to those visitors.

(127) Lorimer, Jane CEIR "Techniques for Measuring the Public Relations Impact on Your Exhibit Program"

An average B2B visitor shares his/her experiences with 6 further persons and will spread his/her opinion to 5.5 more persons.

(6001) Centrex multinational visitor survey in 5 countries of Central East Europe, 2003-2004 of which 17 were B2C fairs.

64% of attendees tell at least 6 other people about the event

(6000) Skyline Displays, Trade Shows – Their Hidden Value, 2001

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ROI from an Attendee's Perspective
The role of exhibitions in making Buying Decisions:

Which sources of Information do you find most useful in making Buying Decisions?

- 91% Exhibitions
- 86% Articles in Trade Publications
- 83% Friends / Business Associates
- 72% Directories and Catalogues
- 69% Manufacturers Reps
- 66% Ads in Trade Publications
- 64% On Site Visits
- 59% Conferences and Seminars
- 41% User Groups
- 40% In-House Purchasing Dept.
- 39% Outside Consultants

(4003) Source: Centre for Exhibition Industry Research

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Summary of Findings

- *The focus of marketing in today's environment is to provide Customer Value*
- *Despite the emergence of the Internet, exhibits continue to be one of the most important marketing tactics*
- *A cluttered and fractured media environment is making advertising less relevant*
- *The core value of an exhibit is the ability to meet existing or new customers face-to-face (build relationships, assess needs, customize messages)*
- *At consumer events, the size of the exhibit matters*
- *Experiential marketing is "IN"*
- *The main reasons organizations exhibit are to increase brand / product awareness and visibility, and generate leads through two-way dialogue*
- *The main reasons organizations co-locate is to capitalize on the size attraction, branding attraction lead potential and cost / time-savings*
- *ROO is emerging as the standard for exhibit measurement*
- *Despite a greater need to measure marketing performance, for many organizations they are either not engaged or are just starting to realize the importance*

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For More Information

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