

## White Paper

# THE ORGANIZER'S ROLE IN DRIVING EXHIBITOR ROI - A Consultative Approach

**Prepared for the 2014 Exhibition & Convention Executives Forum**

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## Introduction

*According to our recent survey of event organizers, proving exhibitor ROI was identified as their biggest challenge. By helping exhibitors better calculate their expected ROI, as well as improve their returns on future events, organizers are actually building the foundation for growing an event and improving its chances for future success. Improving exhibitor retention rates, increasing exhibit space and sponsorship sales, and identifying new opportunities for growth all require the organizer to develop a clear definition of the value an event currently provides to its stakeholders.*

*The “8 Ways to Improve Exhibitor ROI” offered in this paper stem from understanding and achieving a healthy balance in the trade show ecosystem, that complex value exchange that exists among exhibitors, attendees and the organizer. From ensuring the alignment between an event’s exhibitors and visitors, to understanding the variables most impacting an exhibitors’ performance at an event, to sharing more detailed show data and specific exhibit performance metrics, there are many ways for the organizer to enter into a more consultative relationship with individual exhibitors. Gathering and sharing the right data and conducting more strategic conversations will enable the organizer to create more value for the exhibitor, thereby improving the exhibitors’ return on investment.*

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## ***The ROI Question***

Exhibitors assess their results by posing questions like, “Did we achieve our objectives?” or “How many leads did we get?” Other questions include, “Were we successful in delivering our message?” and “Did we enhance our brand as planned?” But the common denominator among almost all exhibitors is a familiar refrain to show organizers: “What return will I get on my investment?”

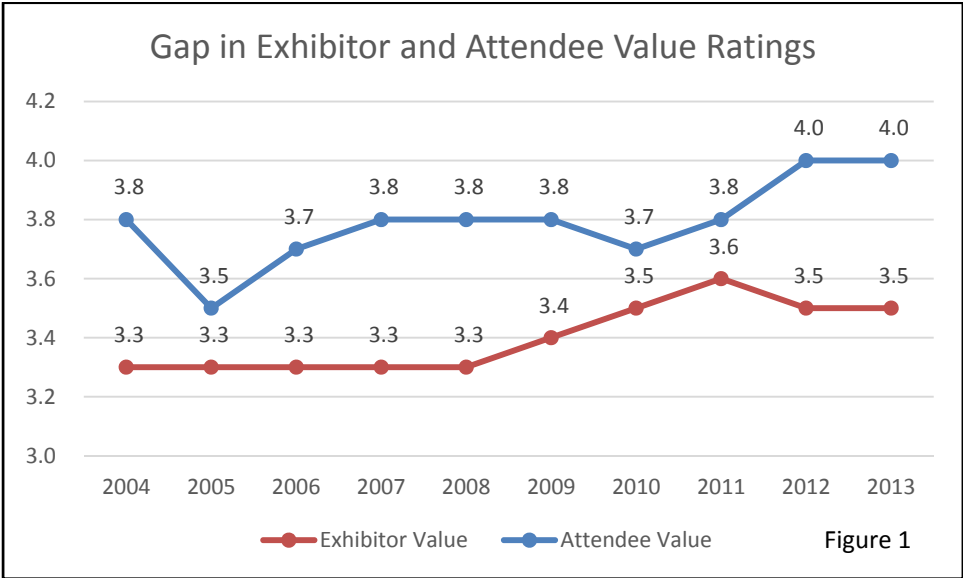
In a study conducted in late 2013 by Exhibit Surveys, Inc. and Lippman Connects, exhibition organizers cited “proving exhibitor ROI” as their biggest challenge. Exhibitor ROI can be a telling yardstick by which the likelihood of a continued show participation can be measured. Early in the show cycle, exhibitors are trying to develop a clear picture of how to achieve a better ROI. What can organizers do to be more proactive and address the ROI issue head on? Organizers can begin by better understanding the perceived value of their events.

### **Before Tackling ROI: Balancing the Value Equation**

As we outlined in a previous paper - *“The Trade Show Ecosystem”* - each event actually exists as an ecosystem unto itself. For such a system to be healthy, vibrant and growing, the show needs to provide equal value to all its constituents (exhibitors, attendees, suppliers and the organizer). In addition, the marketplace served by the show is a stakeholder in this ecosystem, as it is often impacted by the event’s happenings.

In order to provide value to all parties, the organizer should take advantage of different data streams (e.g. attendance statistics, demographic information, and important learnings gleaned from apps, surveys, lead generation, and tracking of exhibit floor and session activities) and turn this data into actionable information. Being able to cite the specific supporting data enables organizers to substantiate those changes necessary to support the health of the ecosystem.

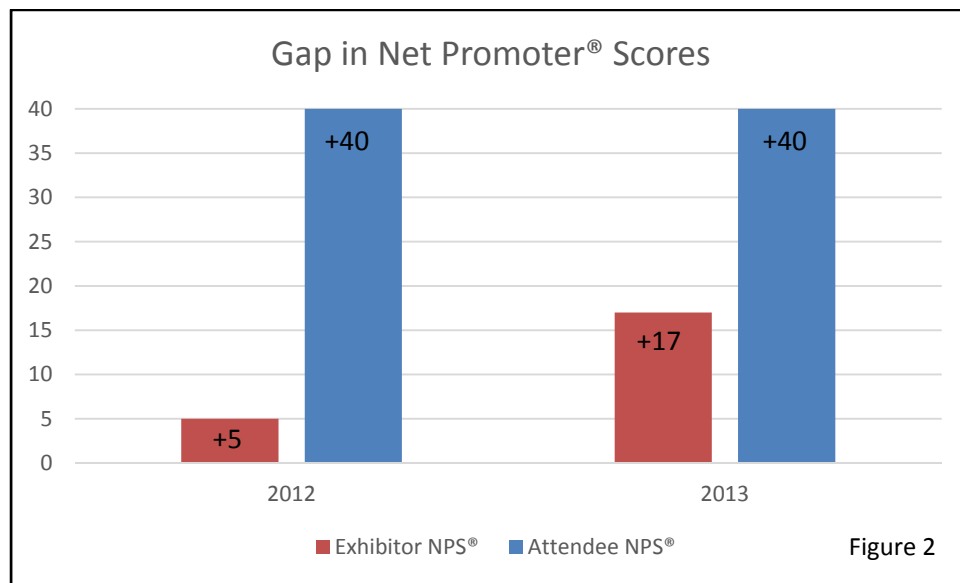
So how is the show's value being perceived – by attendees and exhibitors? When asked to rate an event on a scale from 1-5 (from “not at all valuable” to “extremely valuable”), the attendees' perceived value has consistently exceeded the value perceived by exhibitors over time (see Figure 1).



While the exhibitors' perceived value may not be a pure reflection of the event itself (perhaps they did not prepare or perform as well as they might have), the organizer's objective should nevertheless be to close this gap between exhibitors and attendees.

A similar gap is seen when reviewing the Net Promoter Score® (or NPS) that attendees and exhibitors assign to the same event (see Figure 2).

While there was an improvement in NPS among exhibitors from 2012 to 2013 (reflecting an improvement in attendance), a significant gap exists between the attendees' and exhibitors' assessments. Since NPS is a measure of exhibitor satisfaction, loyalty and their willingness to advocate for the event (and its organizer), this disparity is not to be taken lightly.



The importance of these gaps in both perceived value and NPS is revealed in their connection to exhibitor retention rates. The average exhibitor retention rate among survey respondents was 80% (although the rates did range from 30%-96%). In the effort to address the seemingly inevitable exhibitor churn, organizers must focus attention on retaining these “at-risk” exhibitors, which monopolizes sales resources and makes it that much more difficult to grow the event’s footprint and explore additional revenue streams.

A 2013 study by the CMO Council revealed that “marketers confirm that the live, face-to-face engagements that occur during events and exhibitions are core to their business growth and development strategies.” In fact, 73% of respondents described events as either “essential to doing business” or “still very valuable” – the two highest rankings on the survey scale.

While they may be comforted by this relative importance ranking, organizers should nevertheless consider steps to increase the exhibitors’ perceived value of the show. Any improvement in the perceived value metric should reduce the likelihood of exhibitor attrition, while positively impacting exhibitor loyalty and their willingness to promote.

But what changes will yield the greatest benefit? How can the event deliver more value? What can organizers do to improve their exhibitors’ chances of success?

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## Walking in the Exhibitors' Shoes

In order to effect a positive change for exhibitors, the organizer must understand how exhibitors assess performance. What kind of results has the exhibitor achieved at recent shows? What changes are required to achieve better results at the next show? The more that is understood about exhibitors' goals and how they judge success, the more likely it becomes that the organizer can enter into a more strategic, consultative relationship with key customers.

### ***8 Ways to Improve Exhibitor ROI***

Embarking on a more consultative relationship with key exhibitors requires the organizer to gain a deeper understanding of the interdependent relationships of the trade show ecosystem, and in particular, to make a current assessment of the complex relationship between attendees and exhibitors. Making certain that the show is built upon a foundation that supports future growth is the first step.

#### **1. The "Fit" Analysis: Delivering Good Attendee and Exhibitor Alignment.**

It all begins with the marketplace, and for a marketplace to prosper, its buyers and sellers must find common ground (see Figure 3).

	Attendees	Fit?	Exhibitors
Are the...	Job titles/functions represented among attendees (e.g. technical)	= or ≠	Job titles/functions most important to exhibitors (e.g. management)
Are the...	Types of businesses represented among attendees (e.g. retailers)	= or ≠	Types of businesses most important to exhibitors (e.g. distributors)
Are the...	Products attendees are most interested in seeing (e.g. hardware)	= or ≠	Products being presented on the show floor (e.g. software)
Are the...	Attendees' reasons for attending (e.g. "find new suppliers," or "see new products")	= or ≠	Exhibitors' objectives for exhibiting (e.g. "acquire leads," or "new product introduction")

Figure 3

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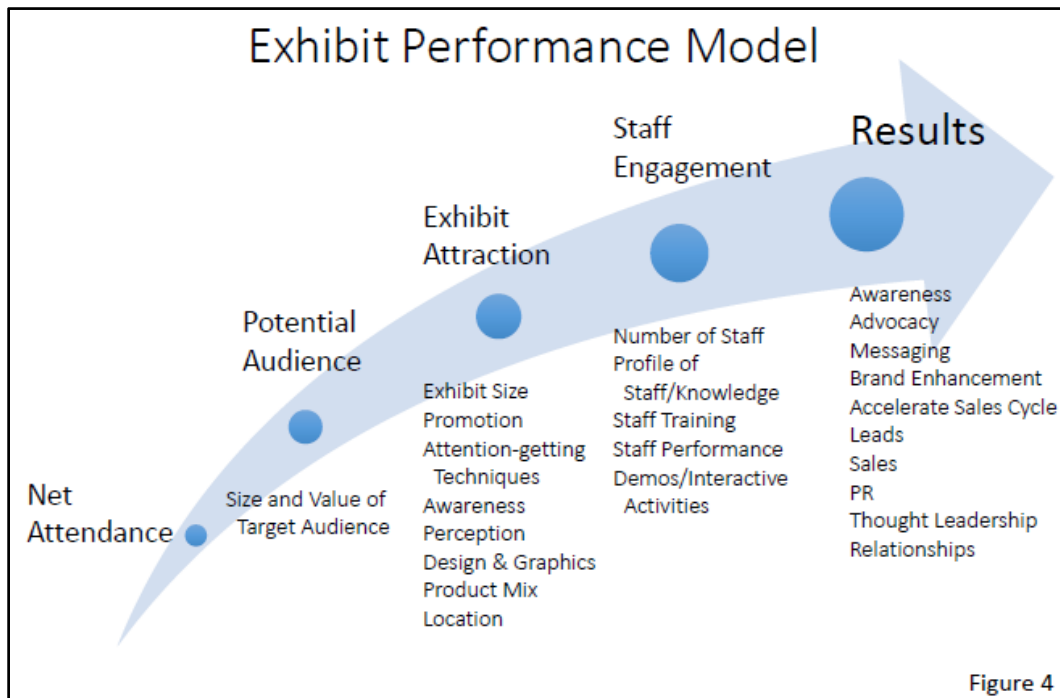
When an exhibitor displays products that match the attendees' product interests and purchasing plans, there is a "fit." When the demographic profile of the attendees mirrors the exhibitors' desired targets, there is a "fit." When the attendees' reasons for attending are aligned with the exhibitors' objectives for participating in a show, there is a "fit" (see Figure 3).

Delivering the audience that is most important to the exhibitors provides a solid foundation for exhibitors to achieve a positive ROI. And yet, even though exhibitors know the markets they most want to reach, more often than not, they aren't asked for specifics. Given that **product interest** is the best predictor of an exhibitor's chance for success, is there a sufficient number of attendees in the audience who are interested in those products? If not, can they be recruited for the next event, closing some gaps and improving the exhibitors' perceived value?

Surprisingly few organizers will use their exhibitors' target attendee profiles to guide their attendance promotion campaigns – possibly because they don't really know exactly what exhibitors want. A good alignment here goes a long way toward ensuring exhibitor satisfaction. In addition, by regularly assessing this degree of alignment, organizers can proactively identify new attendee segments as they arise.

Because there are no one-way streets in the trade show ecosystem, organizers must also analyze the degree of "fit" from the attendee's perspective. Are the attendees getting value? By comparing the attendees' product interests with those items being exhibited on the show floor, potential gaps may be identified that can represent value deficits for the attendees. Knowing such gaps also presents the opportunity to answer the question, "In order to grow, what new exhibitor segments should be targeted?" If an organizer succeeds in recruiting companies to display such products, these new exhibitors enjoy excellent prospects for success, as they will have a built-in audience.

Once the sustainability of the attendee-exhibitor relationship has been taken under the magnifying glass, the attention turns specifically to the exhibitor, so we will make use of Exhibit Surveys' own **Exhibit Performance Model** (see Figure 4) as the framework for considering additional strategies.



The **Exhibit Performance Model** identifies key milestones in the lifecycle of an exhibitor’s show participation, from the **identification** of the potential audience for that exhibitor, to the **attraction** of these attendees into the booth, to their **engagement** in the exhibit by booth staff, and finally to the **results** yielded at the conclusion of the event. These final results are shaped by key variables at each step along the way.

**2. From Net Attendance to Potential Audience: Documenting Potential ROI.**

Our model begins with “**Net Attendance**,” which we define as a show’s Total Attendance less the number of exhibitor personnel. While exhibitors have the responsibility for *measuring their own ROI*, the organizer’s responsibility is to *demonstrate the exhibitor’s potential for ROI* at a show, i.e., by quantifying the size and value of the exhibitor’s true **potential audience** at the show. At the outset, exhibitors are aware of the show’s anticipated “net attendance,” but with rare exceptions, they are not targeting every attendee. When exhibit space is sold based upon the net attendance figure, exhibitors are hard-pressed to plan accurately or achieve the best ROI.



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The size and value of an exhibitor's *potential audience* can be based upon several different data sources, beginning with basic attendee demographics from registration data. Organizers must collect demographics data points specific enough to define exhibitor targets accurately.

Armed with this potential audience profile, organizers can help exhibitors determine the appropriate level of investment for a given show (which impacts ROI). For example: a net attendance figure of 10,000 may yield a potential audience of 2,000 attendees that represent a specific exhibitor's target audience. Output metrics, for example a lead count of 100, could then be reviewed in the context of the potential audience. A more consultative conversation with the exhibitor can ensue: "What strategic choices and tactics are most likely to improve your results, so that you could increase your lead count to 200 leads from these 2,000 targeted attendees."

### **3. Exhibit Attraction: Setting Realistic Expectations: Helping Exhibitors to Plan.**

By deepening their understanding of attendee demographics and specific product interests, organizers can better frame exhibitor expectations. "How many prospects will you be able to selectively attract into your booth?" As a frame of reference, major brands are successful in attracting 81% of their potential audience. So which variables are most correlated to *exhibit attraction*?

- **Size of the exhibit:** Most exhibitors, particularly the smaller and medium-sized companies, attract and engage only a small fraction of their target audience. If a particular booth is oversized *relative to the size and value of that company's potential audience*, then the cost per visitor reached will be too high, negatively impacting that exhibitor's ROI. On the other hand, if an exhibitor's space is undersized, this will most probably result in missed opportunities, which again negatively impacts ROI.
- **Promotional efforts:** Whether through pre-show activities or on-site sponsorships, promotion is a significant driver of attraction. Here again, the exhibitor's *potential audience* must be regarded when selecting the best, most targeted promotional opportunities. Organizers control many promotional opportunities, including the show

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directory and website, the sponsorships available during the show, and the placement of banners. To maximize their revenue generation to the organizer over time, promotional opportunities must be sold in a way that appropriately matches an exhibitor with its targeted audience.

- **The use of attention-getting techniques:** Unlike booth size and promotional opportunities, an exhibitor's use of attention-getting techniques (like product demonstrations, theaters, etc.) is not necessarily under the organizer's control. Sharing the knowledge of the relative importance of these attention-getting techniques is, however, definitely something organizers should do in the interest of developing highly-valued relationships with their clients.

#### **4. Staff Engagement: Providing an Environment Conducive for Effective Engagement.**

Based upon extensive measurements of all aspects of exhibitor involvement in shows, it is clear that exhibitor ROI is significantly impacted by the degree of active and effective one-on-one engagement, not merely the number of visitors to an exhibit. On average, exhibitors are engaging face-to-face with only 48% of their potential audience. If an exhibitor successfully attracts the right audience, but the booth staff then fails to engage these prospects effectively, the exhibitor is not likely to achieve its desired results, nor its anticipated ROI.

As with attention-getting techniques, much of what happens from a staff engagement perspective within an exhibitor's booth does not come under the organizer's sphere of influence. By assuming the more consultative approach, however, an organizer can share actionable knowledge with the exhibitor about the significance of proper booth staffing to the achievement of their goals. Among the most important staffing considerations:

- **Number:** A sufficient number of staff in order to engage those prospects from the potential audience who are attracted to the booth. The organizer can help the exhibitor make an educated determination of the number of staff required.

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- **Mix:** The staff must have the right mix of people, from technical expertise to level of responsibility, to address the targeted audience most effectively. Once again using the demographics of the exhibitor’s potential audience, organizers can provide some advice.
  - **Training:** The booth staff must be well-trained, helpful and active. Some organizers have made the investment of providing booth staff training to their exhibitors.

In addition to providing a qualified audience, the organizers’ must maintain a level of **traffic density** of attendees on the show floor that fosters active and effective engagement. While total net attendance is a key determinant, organizers can further impact density by:

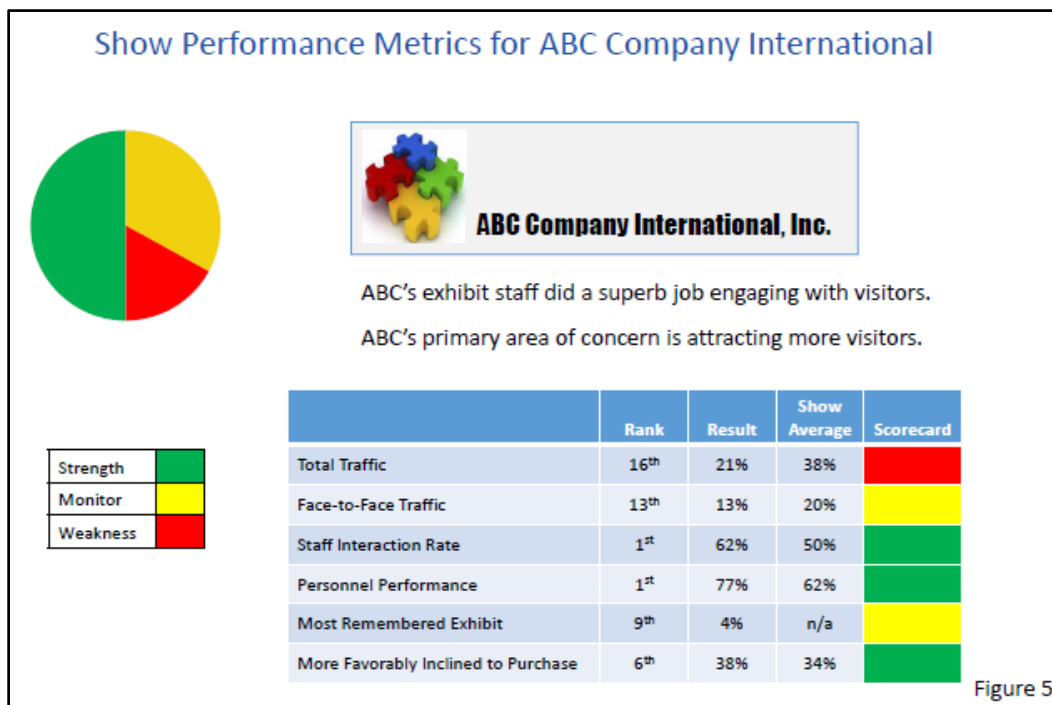
- minimizing activities that conflict with attendees’ time on the show floor
- managing exhibit space sales to grow at a comparable rate with attendance growth
- providing activities on the show floor that will attract attendees
- recruiting the mix of exhibitors that optimally matches attendee interests (the outcome of an attendee/exhibitor “fit” analysis), and
- controlling the length of exhibit floor hours.

## **5. Results: Creating Partnerships to Improve the Exhibitors’ Results and the Event Overall.**

Organizers can enter into more strategic partnerships with an exhibiting company by sharing key data about the show itself, as well as exhibit performance metrics specific to that company.

*Show-specific metrics and data* help to define the size and value of the exhibitor’s target audience at the show, while *exhibit performance metrics* identify the strengths and weaknesses of individual exhibits, highlighting performance improvement opportunities (see Figure 5). This type of exhibit performance research is a win-win for the exhibitor *and* the organizer, because:

- The exhibitors are able to anticipate their ROI more effectively and make better strategic and tactical decisions about their future show participation.
- In return, the organizer gains better insights into the performance of key exhibitors, as well as the marketplace as a whole. By providing the exhibitor with useful information, the organizer can garner important knowledge that refines the show’s overall strategy.



This type of analysis is best targeted at the show's top exhibitors. The example above cites only a few of the top-line measurements available that can open the door to a more strategic conversation between organizer and exhibitor. The sample company's scorecard above shows a fairly strong performance, but it also indicates an opportunity for improvement – becoming more efficient in attracting their potential audience. Doing so would require a greater focus on those variables specifically tied to exhibit attraction. This exhibitor needs to enhance its presence at the show – which could come from occupying more exhibit space, improving its promotional activities, and/or adding more targeted attractions (e.g. demos) to the exhibit. By having this information, the organizer has established the basis for a conversation that could lead to an increased investment in the show.

Additional data can also be gathered that would portray a company's performance in metrics and terms more relevant to its CMO. Doing so would elevate the discussion from the tactical (foot traffic type data) to a more strategic level (awareness, messaging, or acceleration of the sales process).

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By gathering this data, analyzing it and then discussing it with anchor exhibitors, an organizer is benefiting by conducting a form of market research, gathering the information needed to ensure the continued relevancy of the show.

## **6. Being Prepared to Customize the Experience for Exhibitors and Sponsors.**

For anchor exhibitors in particular, the value of a show is not just about the exhibit floor or sponsorships: many will take a multi-faceted approach to achieving their event marketing objectives. For some exhibitors, the exhibit itself may be the least-valued element of their participation. Some may be looking for speaking or even keynote opportunities to enhance their thought leadership position; others may want off-floor meeting rooms for product demos or customer meetings; several may want to co-locate private customer events with the show.

Regardless of the exhibitors' specific tactics, organizers will benefit from entering into a more collaborative partnership as they help these clients achieve their objectives. Additional benefits may accrue to the event itself: many of these types of activities will enhance the overall event experience for attendees. More often than not, these "extracurricular" activities will also represent additional revenue streams to the organizer.

## **7. Controlling the Tactical Pain Points: Show Experience is Important.**

It can be argued that the tactical aspects of attending or exhibiting should not impact exhibitor ROI, but a negative experience either attending (e.g., problems with registration, hotels, shuttle buses, etc.) or exhibiting (e.g., issues during set-up or tear-down) can cast a negative cloud over the exhibitor's perception of the entire show. Such experiences have the power to influence opinions about an event, often without regard to an exhibitor's actual results or the quality of the show audience delivered.

Measuring various aspects of the tactical elements of a show can identify areas ripe for improvement. By promptly responding to these pain points, the organizer can effectively enhance the exhibitors' overall experience, improving their perceived value of the event.

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## **8. Helping Control the “I” in ROI, but Selling on Value, Not Price.**

The rising cost of exhibiting is one of the primary concerns that exhibitors consistently cite in surveys. It is in the best interest of organizers to help control exhibitor costs wherever possible, but space and sponsorship sales should be based on value delivered, not price. This is another illustration of the importance of the consultative sales process, i.e., selling the show based upon the documented value of the audience while assessing and improving the exhibitor’s ROI.

Our recent survey of organizers found that less than half (45%) raised their space rates in 2013, and for those who did, the average increase was only 2%. Organizers should not be shy about raising space rates *if* the number and quality of attendees justifies doing so. For many organizers, a reluctance to raise pricing results in lost revenues. Bear in mind that exhibit space rental rates represent only about a third of exhibitors’ total direct event participation costs.

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## ***Conclusion***

When most people think of ROI, they immediately jump to typical output metrics, such as leads generated, sales anticipated, brand enhancement, etc., to begin their analysis. But output metrics are relevant only in context, and analyzing them requires a deeper understanding of the inputs – those factors and decisions that contribute to these results – and drive exhibitor ROI.

After characterizing and quantifying the potential audience, the organizer can provide insights that enable exhibitors to attract and engage selectively with their targeted attendees. An exhibitor's activities must be in alignment with its specific potential audience. By encouraging the use of promotion and emphasizing the importance of the exhibit staff, organizers will be consulting exhibitors on the two biggest impacts on performance – and thereby on ROI.

By utilizing all available show data streams effectively, the organizer can better illustrate the potential value of the show and provide the exhibitor with suggestions to improve results.

The focus on delivering more value to the exhibitor enhances the relationship, and doing so opens new possibilities for cooperation within the trade show ecosystem. By not only bettering the understanding of how an exhibitor measures performance, but also by contributing to the actual achievement of the exhibitors' goals, the organizer is taking the necessary steps to secure the event's competitive position for the future.

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