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IS THIS SHOW WORTH IT?

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THE QUANDRY:
Trade shows have been around for decades, and so has the quandary – are they worth it and how can that be determined? This is embedded in the question CFOs and/or senior executives ask – "**So what did we get for all that money we spent at XYZ show?"** A fair question for three reasons:

1. Trade show expenses are the **largest single line item** in a B2B company's marketing budget's representing between 20-40%* of the total. In part, this high percentage is a result of larger B2B firms averaging 10 shows per year* (*data from CEIR – Center for Exhibition Industry Research).

2. Trade shows are one of, if not, the **hardest marketing expenditure to quickly measure**. Very few early result measurements are possible, as long and complex sales cycles are the norm for most B2B firms, and by the time the next show is up for renewal few sales have actually resulted from the prior show, and therefore a measureable return is not yet known.

3. Before any actual results are in, the **decision to exhibit at the next show is needed** by the show organizer or the floor location will be potentially lost.

So what's an exhibit manager to do?

Three Justifications That Measure If This Show Is Worth It:
There are many statistics to apply to any specific trade show, and most have some value, but l**et's focus on three measurements that will help determine if this show is worth it.**

1. **Brand Awareness**
   Advertising agencies will talk of "brand impressions" as a measure, but brand awareness is hard to measure unless a pre and post awareness study is done. Therefore, "impressions" is frequently used as strawman measure. Simply put, use the attendance of the show and assume each attendee receives a brand impression, even though they may not have stopped by the booth.

   Booth size, design and graphics have a lot to do with making an impression, as the attendees do walk the show floor, and will see the booth even though they don't stop by for a visit. **This impression is therefore much like a trade magazine ad.**

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To approximate this measure, select a trade magazine that aligns closest to the shows target market, and determine the cost of a full page four-color one time insertion ad. This cost will also be expressed is terms of CPM or cost per thousand. Calculate this from the ad cost divided by the number of people who "read" the magazine. Use the resultant CPM to multiply the shows attendance to reach a comparable brand awareness value of the show. Obviously, the higher the attendance the greater the value of the show in brand advertising terms.

2. Customer and Prospect Relationship Building

The cost of a B2B face-to-face sales call (now averaging $600/call) combined with the difficulty these days to actually see key customers and prospects, provides another opportunity to calculate the value of the show. **Here's a way to measure this value.**

Let's use the $600/call cost as a reasonable benchmark, and multiply it by the number of meaningful customer/prospects contacts made at the show. While not quite the same as making a sales call in the field, seeing a prospect or customer in a different setting offers another kind of connection and relationship building opportunity.

Here's how to simply measure this value. After the show, determine how many of these contacts were made by both the sales group and others who maned the booth. Then just multiply this number by $600 to arrive at the sales call cost if made in the field. The more prospect and customer contacts the higher the value. Note, do not apply this multiplier to other contacts – just known prospect and current customers.

3. Lead Generation

As widely known, **80% of the justification to exhibit at trade shows is to find and engage new sales leads**. Obviously, it's not just to find sales leads, but to convert them to customers in the future. Unfortunately, in most B2B selling situations it takes time to move a trade show lead to a paying customer. It's not unusual for the B2B sales cycle to consume 6, 12 or more months depending on the complexity of the sale. **So how do we measure the potential revenue coming from the show when actual results are so far off and certainly past the time of re-upping for the next show?**

Let's first assume that these three traditional trade show practices are done well and produce a good number of potential leads that need to be followed-up after the show.

- Pre-show marketing – getting the right people to the booth
- Effective boothmanship – attracting attendees, engaging and capturing leads
- Post-show lead qualification – finding the best opportunities

There's a lot of work that goes into these three phases of exhibiting, and we're not downplaying this effort, but rather emphasizing their importance to drive leads.

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Potential sales revenue calculation

There is a way to calculate the potential sales revenue from the trade show – sound implausible? Follow along and see if you agree with this method.

- First, **set a minimum lead criteria.** This usually includes type of company by SIC or NAICS, size of company by employee count and any other firmographic criteria specific to the market served such a geographic location. This criterion serves as a screen to separate real potential from non-potential and tire kickers. Add this data to the record for screening. My experience is that as much as 50% or more of all "leads" collected at trade shows will not meet these criteria. **Screen them out and don't follow up.**

- Second, **sit down with sales and ask two questions -** if we gave you these unqualified leads that met these criteria how many qualified leads would you expect to find? Secondly how many customers would you expect to convert from the qualified leads? **Sales will be optimistic so be more conservative**.
  Here's an example:
  - After screening there are 100 initial leads from the show
  - Sales feel that 50 of the 100 unqualified but screened leads will become qualified leads – divide that in half to be conservative and say 25.
  - Sales also feel they can convert 40% of the 25 qualified leads to sales or 10 customers, you say 20% or 5 will convert to customers.

- Third, **what's the average sales revenue of a customer?** Your choices are first sale, yearly revenue or lifetime value. Just like the soup story of the three bears – first sale is too low (cold) and lifetime value is too high (hot) – I recommend the yearly sales revenue (just right). While the yearly revenue will vary greatly from exhibitor to exhibitor, let use $50,000 as a straw number for example. Simply take the projected number of customers who are likely to convert times the average annual sales revenue. In this case $50,000 x 5 customers = $250,000.

- Now you have a **formula to project sales revenue.** To use this formula, and project with some confidence what a particular trade show is worth, go through the steps and customize to fit the actual situation and sales forecast. The payoff is that soon after the show, **a realistic projection of a sales result is possible** and that **will do three things**:
  - Allow an evaluation of this show's potential result
  - Provide the basis for an ROI calculation of the show
  - Enable a quick decision to repeat exhibiting at this show or not

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To Sum Up - Is this show worth it?

There is a growing need to quantitatively evaluate trade shows both to determine re-upping for the next show and also against one another to determine which ones to continue with and which ones to leave. By using these three measurements, an objective evaluation for decision making can be provided. Not all may fit but surely one or two will, and that is better than using activity measure and antidotal opinions to answer to the question of "what did we get for all the money we spent at the show" especially when this tough question is asked several weeks after the show.

John M. Coe

John has partnered with Direct Hit Marketing and is responsible for adding new trade show clients and thought leadership. John is also Co-Founder and Partner of B2BMarketing.com. His background includes experience in both sales and marketing. On the sales side, John was a field salesman, national sales manager and executive in charge of both sales and marketing for three major B2B firms. On the marketing side, he was president of a B2B direct marketing agency for 10 years, was National Campaign Manager at IBM, Sr. VP of B2B at Rapp Collins Worldwide and President of Protocol B2B. John is also the author of *The Fundamentals of Business-to-Business Sales & Marketing*, published by McGraw-Hill. John's next book co-authored with Steve Juedes, President of DHM is titled *Data-Driven Trade Show Marketing & Sales for Organizers and Exhibitors* is due for publication in early 2018. He can be reached at johnc@directhitmarketing.com or by phone at 602-402-6588.