

# TRADE EVENTS: COST OR INVESTMENT?



## THE WEB 2.0 ERA

YouTube, Facebook, Flickr, Wikipedia. The eighties saw the arrival of home computing, the nineties saw the internet revolution and now it's the turn of Web 2.0, a key element of which is social networking.

It would be a mistake to think that Web 2.0 is only relevant to consumer markets. B2B social networking pioneer LinkedIn now boasts over 20 million users and the Radicati Group predicts that the business social software market will expand from \$920 million in 2007 to \$3.3 billion in 2011. Significantly, earlier this year Bill Gates predicted that the next decade would see a “*social networking revolution within the office*”. And when Bill speaks, it's probably worth listening. It seems that B2B marketers have. A recent survey suggests that they plan to spend around one third of their marketing budgets online in 2008. Of this spend, one quarter is expected to relate to social networking.

So, it seems inevitable that digital marketing, especially web based social networking, will form an even more important part of the B2B communications mix going forward. But there's a danger that two fundamental characteristics of B2B markets are being overlooked - the customer base is often relatively small and the 80:20 sales to customer ratio holds true. This means that highly targeted, relationship based marketing is central to success. It also means that the traditional B2B marketing stalwart - the trade event - still has life in it yet. After all, there's no substitute for good old fashioned face-to-face contact.

## FROM EVENTS TO EVENT 2.0

Trade events have a lot going for them. They provide a great opportunity to bond with customers, they bring together large numbers of qualified prospects in a permission based sales environment and they provide a platform to showcase products to key opinion formers. And they're cost effective to boot. The Centre for Exhibition Industry Research (CEIR) estimates that the cost of sourcing prospective customers is around 30% cheaper when achieved through trade events rather than in the field.

But exhibitors are becoming more demanding. As alternative communications channels like Web 2.0 emerge, the proportion of the marcoms wallet available for trade events is shrinking. As the economic downturn begins to materialise, exhibitors are increasingly looking to justify any marketing investment and reliably quantify returns. As the events market becomes more crowded, exhibitors increasingly prefer niche events with a carefully vetted audience. As an increasingly integrated approach towards marketing is adopted, exhibitors are looking to utilise events alongside other channels in a complementary, supportive and joined up manner.

In this changing environment, event organisers are facing some classic marketing challenges. They need to:

- Segment their stakeholders and target each group with a tailored event offering
- Adopt a compelling and differentiated brand positioning
- Integrate their events with other networking and marketing tools
- Clearly demonstrate the value of events and provide solid evidence of ROI

One could say that event organisers are entering the era of Event 2.0.

## **THE MOBILE WORLD CONGRESS**

Representing more than 750 mobile network operators globally, the GSM Association (GSMA) is the leading trade body for the telecoms industry. The GSMA support their members in a variety of ways - from lobbying governments to creating programmes which bridge the digital divide between developed and emerging markets. The GSMA however is perhaps best known for its flagship event the Mobile World Congress. And looking at a few statistics it's no surprise why. The Mobile World Congress showcases 1,400 exhibitors, attracts more than 55,000 attendees and is covered by 2,300 visiting media members. It's a titan of the events world.

## **SUPPORTING EVENT ORGANISERS THROUGH RESEARCH**

Research has been fundamental in helping the GSMA address three core challenges of Event 2.0 – creating a niche offer, adopting a compelling positioning and demonstrating clear ROI to exhibitors.

The Mobile World Congress was in danger of becoming a victim of its own success. As the number of visitors to an event grows there's a temptation to broaden event themes to remain relevant. But of course the actual effect of this is the opposite of the one desired. *"It's a natural reaction, but broadening the themes covered by an event simply appeals to the lowest common denominator"* says Circle's Beth Pearson. *"It actually dilutes the event's relevance"*. The solution is segmentation. Research amongst exhibitors and visitors at the Mobile World Congress identified a number of different segments which could be categorised by need and profiled demographically and firmographically. It also identified the content and messaging that would have greatest appeal to each group. By understanding these different segments, the GSMA has been able to adopt an overarching umbrella theme with sub-themes appealing to specific interest groups. In 2007 for example, a series of tailored summits were held for Government Ministers, CEOs and CMOs as adjuncts to the main event.

Research also allowed the GSMA to develop a compelling and differentiated positioning. A series of in depth interviews with telecoms professionals identified the primary driver in attending trade events as 'doing business'. Armed with this knowledge the GSMA has successfully positioned the Mobile World Congress as the place to do business.

*"In depth research has been an essential strategic tool helping to evolve the Mobile World Congress offer and positioning"* says the GSMA's CMO Bill Gaja. *"it has delivered real insights"*. But research has also played an important tactical role. A series of daily polls conducted at the Mobile World Congress by Circle allowed the GSMA to quantify the actual value of business transacted amongst buyers and sellers. This has been invaluable in substantiating the event's positioning as the 'place to do business' and generating favourable PR.

## **SUPPORTING EVENT EXHIBITORS THROUGH RESEARCH**

Research can be of equal value to exhibitors, especially in the context of the financial and time investment required to attend trade events. For exhibitors, measuring the return from taking part in an event is no different from assessing the payback from other marketing initiatives such as advertising campaigns. It provides answers to key questions such as was it worth it, what did we get out of it and should we participate again?

*“In the case of events, payback means the measurement of ROI and is a function of both tangible and intangible factors”* says Circle’s Beth Pearson. Tangible factors include the measurement of how much incremental business has been generated as a direct result of attending the event. Conversely, in evaluating the cost one also needs to take account of missed opportunities if not participating at the event. *“But intangibles can be equally, if not more important, in evaluating ROI”* Pearson continues. *“Did we communicate key messages? Did we reinforce our brand positioning? Did our people live our brand values? Did we stand out against the competition?”*

From the exhibitor’s perspective, a variety of research techniques can be used to enhance their event performance and measure ROI. In depth research pre-event can explore visitor expectations and assist exhibitors in developing messages with maximum appeal. At the event, real time measurement of stand visitor perceptions allows exhibitors to change aspects of their behaviour to ensure that the desired messaging and behavioural outcomes are achieved. Alongside this, mystery evaluations of competitors can provide an exhibitor with insights into their competitive impact in key areas such as differentiation and levels of traffic. Post-event, research amongst attendees can provide detailed feedback on the extent to which event objectives were met and provide guidance on enhancements for future events.

## LET’S REMEMBER THE FUNDAMENTALS

So, whilst digital networking tools are on the rise, let’s not forget that the strongest relationships are created through face-to-face contact. And as the number of communication channels expands, it’s important to remember that adopting an integrated approach is key. Each channel needs to be used in an mutually supportive manner with a consistent message permeating throughout. Most importantly, the channel used or the sophistication of approach is irrelevant if the underlying offer doesn’t address a core need and the marketing message doesn’t resonate with the target audience. By providing insights into these fundamentals, research proves its real worth.



David has been involved in B2B research for more years than he’s prepared to admit to. After holding senior roles with pioneers in the sector such as IMR and The Economist Intelligence Unit, he co-founded what became the largest independent B2B research agency in the UK. Following the sale of this business to WPP, David is doing what he loves best - working as a practitioner with clients to translate the findings from research projects into actionable marketing and business development recommendations.

David is an associate of Ashridge Business School and occasional speaker at major industry events such as the Mobile World Congress.