Pain & Possibility: Coming Out on Top: 10 Ways to Counter the Recession

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This EMI Research illustrates the depth of cuts, but also points at year-end growth and offers solutions to survive and thrive.

In association with Exhibit Designers + Producers Association
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It is no secret that for the past several months the recession has impacted the events and exhibition industry in several negative ways, with attendance numbers flat, exhibit and event companies closing their doors and marketing budgets slashed across the board. Yet, for event and exhibition professionals, this recession is a terrible thing to waste and can actually present numerous opportunities for growth and efficiency. The Chinese character for “crisis,” for example, consists of the symbols for danger and opportunity – the perfect ingredients for creating effective new models in experiential marketing and brand-message communications.

It won’t be easy. An Economic Climate Survey conducted by the Exhibit Designers & Producers Association (EDPA) and Event Marketing Institute (EMI) this spring revealed that 93 percent of respondents are seeing a decline in sales of new exhibits and events; 31 percent of them expect a 20 to 30 percent decline. As a result, most respondents have already made concerted efforts to cut costs, including reducing general and administrative expenses (79 percent), the number of employees (72 percent), and the number of employee hours/job sharing (59 percent).
Light at the end of the tunnel

EMI further questioned a targeted subset of event agencies and brand marketers for the Economic Climate Survey and found that 82 percent of brand marketers have cut their use of outside services, with 18 percent of respondents expecting cuts of 20 percent or more.

The 2009 Trade Show Exhibitors Association (TSEA) Exhibit Management Survey also produced alarming numbers. It found that exhibition budgets have decreased an average 17 percent, with some show categories such as technology, losing as much as 46 percent. Many companies such as Cisco are offsetting this decline with a significant investment increase in virtual tradeshows and meetings, a category projected to rise as much as 525 percent in 2009, according to EMI.

All that said, things are starting to look up. Another recent Event Marketer poll revealed that event investments are expected to begin to recover substantially from the first half of this year with companies investing Q3 and Q4 of 2009. With just seventeen percent investing in Q1, that number is expected to increase to 65% in Q3 and 72% in Q4 of 2009.

ROI still seen as highest in events

The silver lining among these clouds is that the majority of top-level marketing and event executives at the world’s best brands still believe that events are one of the most effective forms of marketing available. According to the results of EventView 2009: North America, a survey of marketing professionals published by the MPI Foundation, EMI and marketing firm George P. Johnson (GPJ), 26 percent of marketing managers said event marketing provides the greatest return on investment of any marketing element, a four percent increase compared to last year. In addition, trade shows specifically have continued to grow as a percentage of marketing budgets since 2004, while the audience interest factor or percent of the event audience that will stop to talk or acquire literature reached 80 percent in 2008 – its highest level ever!

With such opportunities available, this recession can be catalyst for growth. In the 2001 recession, 40 percent of market-leading companies fell out of the top quarter of their respective industries, according to the McKinsey study, Surviving Recessions. However, 15 percent moved into market-leading positions. For the events and exhibits industry to translate the current challenges into opportunities, it will take courage, insight, flexibility and creativity. But here are ten suggestions to help you become one of the lucky 15 percent.
1. Focus on Core Customers

It is five times cheaper to get business from existing customers than from potential or new ones. During a recession, keeping and nurturing your core customer base can be challenging for companies as staff and resources get cut, yet it is crucial to your organization’s survival and success. Not only do core customers consistently outspend their non-core peers, they are also more likely to generate new business through word-of-mouth and social media channels.

Research shows that as a recession deepens, customers become more dissatisfied. In fact, a recent McKinsey survey suggests that cost-reduction measures such as eliminating customer service positions, increasing prices and narrowing product lines can undermine customer relationships at the time when a company is most vulnerable. The EMI/EDPA Economic Climate Survey also revealed that 86 percent of exhibit suppliers and event agencies are conducting more price comparisons than last year. Customers are doing the same thing, reevaluating deal terms and becoming more susceptible to the marketing messages of competitors, which can lead to disengagement.

At a time when customer satisfaction is of particular importance, brand loyalty programs and retention incentives are increasingly important and can take many shapes, including reward cards, point accumulation, special promotions and long-term pricing plans. The best part is that satisfied customers will remember how they were treated when times were tough and resources were constrained, and will be more like to stay with you in the future.

2. Innovate

In past recessions, creative genius has been central in generating economic growth, fueled by the aspiration to make things “better, faster and cheaper.” The same principles apply to innovation in marketing, which focuses on moving the brand forward and projecting strength and competence, while those cutting marketing budgets are likely to fade away. The cornerstone of innovation is creating new customer value in a way that improves the financial returns for the company fast.

Several top brands are known for their continuous commitment to innovation in both product development and customer engagement. For example, by combining technical know-how with a new concept for selling music online, Apple’s iPod has become the most influential new tech product in
years. At the same time, Apple has maintained its reputation for making elegant, easy-to-use desktop computers. IBM, innovative both with its products and marketing tools, is experimenting with engaging customers to co-create experiences and recently began focusing on the “unconference” format, where attendees can pick discussion topics. The organizations that develop cultures where innovation is the benchmark will be more productive, profitable and likely to survive and thrive.

3. Expand Capabilities and Expect Change

Rapidly changing global economic conditions mean that the underlying economics of your strategy could shift with staggering speed and scale. As previously mentioned, EMI has found that a majority of brand marketers are planning to decrease their use of outside services. Such news should inspire you not to push already cash-strapped customers harder, but to focus on emerging pockets of customer profitability. To do that, you could invest in expanding your capabilities to become a one-stop creative resource, gaining expertise in new areas such as media, lighting and experience design. Additional services such as event planning, communication design and production, and consulting services can also add to the bottom line.

Some industry consolidation has already occurred, as news-making acquisitions this year show that several larger exhibit companies have bought their struggling, smaller counterparts, adding to their expertise and building a stronger resource for customers. But there are opportunities to grow organically, as well; 67 percent of exhibit suppliers and event agencies who responded to EMI’s Economic Climate Survey are already offering clients a wider range of services. Clearly, there are plenty of opportunities to build, borrow or rent the capabilities you need to augment existing services.

4. Embrace Digital

If you are not going digital, you are leaving money on the table. According to EventView 2009 survey results, 32 percent of marketing executives and managers said Web marketing was one of only two channels in their overall marketing budgets where spending would increase. Brands can give a “second life” to their traditional trade shows by integrating pre- and post-web experiences into events. On-site digital applications, for example, will drive traffic to your web site to continue the conversation online as well drive traffic to the booth.

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Most interactive agencies reported double-digit growth last year, fueled by increased spending on search marketing, social media, website development, online video and other interactive formats. Digital events provide a much greater opportunity for tangible growth through measurement and attendee tracking, and solve travel and efficiency issues. With complete control over the customer experience, online virtual events allow you to meet specific needs with content populated and adjusted in real time.

Thanks to rapidly advancing technologies, virtual expos are beginning to mimic the in-person experience. According to EMI, virtual trade shows have grown roughly 300 percent annually since 2007, with the number of events exceeding 1,200 in 2009. EMI estimates that number will reach 5,000 by 2011.

5. Understand Social Media

Over 95 percent of interactive marketers will continue investing in social applications especially during the recession, according to Forrester Research’s quarterly Social Media Planning Online Survey. More than 53 percent plan to increase their investment, assuming that the economy is in recession for the next six months. The survey also found that the fastest growing social media segments are social networking, blogging and user-generated content. The social media experience is enhanced by the quality of social networking technologies, which track the customer’s journey though the information landscape to the point of purchase.

At the same time, marketers are not taking full advantage of social media’s power, which in many cases, is yet to get its own line in the marketing budget. Some 45 percent of Forrester respondents said that social media budgets were determined “as needed.”

Yet these relatively inexpensive tools, especially compared to other marketing expenditures, can effectively and quickly get the brand message out through interactive discussion and, when properly managed, can deliver measurable results. Many brands are already leveraging powerhouses Facebook and LinkedIn while others, including Oracle and Brandweek, are investing in proprietary social networks that target like-minded clients or prospects.
6. Extend Event Lifecycles
Events are no longer one-time occasions; building excitement on the first day may already be too late. At a time when potential attendees have to work harder to justify their travel expenses, educating them about the benefits ahead of time as well as creating urgency about the event can help them make the right decision and feel good about it. As brands invest in building relationships pre- and post-show through relevant online content, social networking and tweeting, they extend the event’s impact and generate greater ROI.

Tools such as event web sites can elongate the event lifecycle and create a platform to be used long after the event is over. When Panasonic launched its Living in HD tour to promote a new generation of high-definition products, its mobile presence on the ground was supported by a web site that allowed visitors to track the tour and get a close-up of both the technology and the mobile HD experience. Two years later, long after the tour was over, the web site became a hub for all things HD, where visitors could connect, share and win prizes. Panasonic still uses it to promote its latest products that shoot and show in high definition.

Online exhibit and event activation can also drive traffic to a venue by offering incentives, generating interest and rewarding brand loyalty. Cisco Systems recently introduced a rewards program called NetVet that gives VIP privileges to attendees of at least three consecutive Cisco events. Other brands have launched programs that provide attendees with access codes for new applications, merchandise or discounts. Post-event, they continue the conversation online, fueling interest and providing multiple information points for deeper customer engagement.

7. Be Accountable:
Don’t be afraid to Measure
Concrete data is crucial at a time when every penny counts and, in fact, 64 percent of Event View 2009 respondents engage in some form of post-event measurement. The reasons vary from justifying expenditures to improving customer experiences to influencing procurement. Regardless of the goal, the survey also revealed that companies that measure post-event ROI are close to three times more likely to expect an increase in their event marketing budgets than those that do not.

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Measurement techniques can vary from simple on-site data capturing tools such as badge scanners or photo equipment that sends digital pictures taken at the booth to sophisticated RFID (Radio Frequency Identification) tags. The most popular measurement tools among EventView 2009 respondents are sales reports (63 percent) and on-site surveys (51 percent); just 18 percent invest in formal audits.

One of the main challenges with measurement systems is developing accurate, reliable and consistent metrics. Among our best practices to measure events is calculating Sales Value (opportunity for potential revenue, lead quality/quantity) and Communication Value (reaching the right audience, message effectiveness, relationship satisfaction, media impact and brand loyalty.) A simple matrix of objective, metric and method for both of these values can help create a viable measurement plan.

8. Ask Harder Questions

From both the supplier and producer perspectives, the time for “feel-good” questions is over as the focus shifts to analyzing customer needs not just fulfilling their wants. Sometimes the result may be a revelation for both parties; ultimately, the process contributes to a healthy and profitable relationship. Developing a “marketing success questionnaire,” a brief aimed at discovering the customer’s top marketing priorities and measurement techniques, will help you get to the hard questions faster. Then the conversation can shift to specifics: Are the solutions used historically really meeting goals? How are funds allocated on the customer’s side? What can be done to streamline that process?

It also pays to know to whom you are talking and how they are being measured. A chief marketing officer is more likely to be looking for leads generated and purchase intent, while an event manager will be more concerned with cost savings. In the end, you’ve got to know how important a specific type of customer and market is and whether or not it’s worth the time and resources invested. Take the time to find out the relationship’s potential. Is it more feasible to cut your losses or does the customer just need a little extra nurturing? For 59 percent of EventView 2009 respondents, the average closure cycle is 3.8 months.
9. Get Green: Greener IS Cheaper
This show is 80 percent rentals is a better, greener reality. Two-thirds of EventView 2009 respondents plan on implementing or have already implemented green initiatives within the event function. Forty-four percent consider it a corporate responsibility and have allocated 13 percent of their event budgets for green initiatives. EMI predicts that investments in green marketing efforts could double in the next 12 to 18 months.

While many marketers still associate green options with higher expenses, the continued commitment of many brands has shown that green is not always more expensive. Cost is a myth. New materials and technologies regularly appear on the market and the industry is developing knowledge-sharing resources and guidelines. More brands are embracing the rent vs. purchase concept, which extends from furniture to exhibit systems and in-booth or event equipment. Event marketers are also shifting the paradigm towards creating narrative experiences that focus on activities and interaction rather than amenities, while leaving a minimal carbon footprint.

10. Provide More
Providing a little extra insight doesn’t have to be expensive but the effect on the bottom line can be tremendous. According to EMI’s Economic Climate Survey, 87 percent of exhibit suppliers and event agencies are offering cost-saving ideas to their clients; the same tool can work for new connections gained from existing clients. Why not bring them new ideas for saving money? It is five times cheaper to get business from existing clients so why not conduct semi-annual reviews to foster communication and help clients improve their marketing? “When they win, you win” always applies.

What actions are you taking with your clients?

- Offering cost-saving ideas
  87%
- Providing a wider range of services
  67%
- Offering discounts/financial incentives
  55%
- Providing speculative work
  36%

Note: Respondents could choose all that apply
Source: EMI

For more details on this research contact Kevin Rudden, krudden@eventmarketinginstitute.org