DIRECT HIT MARKETING, INC.
2770 Arapahoe Road l Suite 132, PMB 233 l Lafayette, CO 80026
www.directhitmarketing.com · (303) 666-0798

DATA-DRIVEN EXHIBITOR SALES

By

John Coe and Steve Juedes

Overview

The success of the trade show industry is dependent on two groups – attendees and exhibitors/sponsors. Exhibit Surveys report that, on average, 66% of the show's revenue is from exhibit space, 19% from attendee fees and 12% from sponsorships. Since the exhibitors are also the likely sponsors, **78% of the revenue is from the exhibitors or sponsors**.

The exhibit and trade show industry is growing at a 2-3% rate in attendance and revenue, which is slightly above the GNP. While this growth may satisfy politicians, it never plays well at the senior executive level, in board meetings, with the stock market or venture capitalists where growth rates in the 5-10% range, if not higher, are expected.

Therefore, the question is – **how can trade show organizers move the revenue and profit needle beyond the slow growth 2-3% rate?** There are only two major financial areas to leverage as other categories tend to be fixed, such as the cost of the convention hall. They are:

- Cost of attendee acquisition
- Revenue from exhibitors and sponsors

There have been significant advances in attendee marketing in the past ten years, and now newer tactics and channels of digital, social media, retargeting and data analytics sit alongside the well-proven advertising and direct marketing methods. As digital marketing and email has supplanted much of the more expensive direct mail communications, we have seen **the cost per attendee acquisition decrease to an average of $10 -$30 from past highs in the $35-$50 range**.

In fact, in some of our recent analysis, we have found direct mail is making a comeback and actually producing a lower cost of acquisition to the surprise of many tradeshow marketing directors.

With an increased usage of data analytics and digital marketing, acquisition cost may modestly decline providing an additional small boost to the bottom line of organizers. Current inflation is diluting this potential gain.

There is only so much reduction in attendee marketing cost that is possible without decreasing attendance – the major benefit in attracting and retaining exhibitors.

Therefore, the main influence to higher revenue and profit will come from the exhibitor side of the equation. One option is to increase income from exhibit space. There has been exhibitor pushback to recent efforts to do so. The show organizers that we have talked with have been unable to increase exhibitor fees above 3%. Rate increases after COVID appear unlikely to contribute significant incremental revenue even if an increase is accepted.

The Unrealized Path to Revenue and Profit Increase

To improve any B2B sales results the first issue is an examination of the sales overall process, and how it can be improved to sell and retain more customers. This focus on improving sales productivity is well underway in almost every B2B company. It is one of the last frontiers for overall productivity improvement.

In the tradeshow industry, the opportunity is even greater as more advantage lies in improving sales productivity than in many other types of B2B businesses. Much like the airline industry – the last seats sold are almost pure profit, and similarly, the last exhibit space sold is almost pure profit.

Simply put, the fixed cost of holding a trade show and attracting attendees is not incrementally increased much no matter how many exhibitors participate as breakeven has already been achieved. **Thus, selling incremental exhibit space is the primary area to focus on for organizers to break out of the plodding 2-3% growth rate.**

The **exhibitor sales process is currently very traditional**, and done mostly by an inside sales staff and process that is typified as follows:

- Meet with current exhibitors at the show and sign them up for the next one.
- Find new potential exhibitors by bird-dogging competitive shows, industry magazines plus other sources, and contact them to determine interest to exhibit.
- Field inbound inquiries and convert to exhibitors.

This inside sales model, while relatively low cost compared to a field sales staff has some **serious dependencies that can make or break it.** They are:

- The ability to hire, train and motivate an inside sales group – not an easy task even though many show mangers think it is!
  - Any turnover in sales staff puts a premium on this dependency as they are the only staff that has a personal relationship with the exhibitor or sponsor.
- A flow of targeted prospects and leads to make up for the 15-25% of exhibitors who do not return each year.
  - Most of the lost exhibitors are the smaller 10x10 booths and/or first year exhibitors, but it still represents a significant loss of revenue that needs to be replaced.

- The capability of each inside sales representative to find and sell their show to exhibitors.
    - This capability varies greatly from rep-to-rep as is true in all sales organizations.

In our experience, each show has a similar sales process and model with some differences depending on size of the show and number of exhibitors. Just adding more sales staff to a non-productive sales model will not significantly increase sales, even though adding sales people is a very common answer to the need for higher sales. **The current process and model is in need of an overhaul if the industry is to achieve a 5-10%+ growth rate in revenue and profit.**

Developing a New Trade Show Sales Model

The best way to approach developing a new sales model is to lay out the B2B best practices from prospecting to customer loyalty. Once this overall process is accepted, compare the current exhibitor sales process to best practices and identify the gaps. Then adopt the most appropriate processes and procedures from these standards based on what make sense for your tradeshow.

Base your new sales model on using today's technology with advanced marketing and sales methods as the core. **In general, it's a data-driven marketing model integrated with accepted best sales practices.**

7-Step Data-driven Exhibitor Sales Model

Starting with identifying prospects and ending with a key account focus, the following is the 7-step best practices as an exhibitor sales model for organizers.

1. **Prospect Identification**

   All trade shows have a current list of exhibitors so this first step does not imply that this database does not exist. But, as we all know, some customers do not continue to exhibit for a wide variety of reasons, and in the trade show industry exhibitor decay rates average between 10-20% per year. A sales increase is always part of the year-over-year plan, then the **decay rate needs to be included in the sales goal, and therefore it can easily exceed 20-25%** - a big hill to climb for any sales force.

   Thus, a solid ongoing process needs to be in place to feed prospects into a lead generation system to develop new potential exhibitors. The following inputs and feeds need to be part of this process:

   - Data profiling of the current exhibitors to determine the most frequent 4-digit SIC or 6-digit NAICS codes. Then reach into compiled databases to pull "look alike" firms. We have helped many organizations build a custom Exhibitor prospecting database.

   - Bird-dogging of competitive shows (most groups are actively doing this).

   - Reviewing trade publication advertisements of the industries who exhibit.

- Google key word searches to identify companies who sell or participate in your identified vertical.

- Other methods that might be specific to the marketplace and/or industry.

Compile all the data inputs of likely companies into one prospecting database. The debate is whether they should be loaded in the CRM system or kept separate as a prospect database. For a variety of reasons, keeping them separate is a bit better as no contact information and relationship exists until you make contact. This is up to each organizer and their usage and capability on using databases and CRM systems.

2. Database Development

Two major categories of information need development to feed not only the lead generation process, but also the sales person's conversations with the potential and current exhibitors.

- **Contacts**
  There are typically a number of contacts within each potential exhibitor. The target audience are those who are responsible and/or involved in the decision to exhibit. Most of these contacts are in the sales and marketing department while others are senior executives.

  Exhibiting at trade shows is a large budget expense and usually involves several departments. It may appear to be only one or two decision makers, however we have found that there can be at least four to five more individuals that either strongly influence the decision and/or need to approve it.

- **Business Information**
  Of less focus in traditional marketing approaches is the knowledge about the business and market situation of the exhibitor. Sales people tend to concentrate on contacting the decision maker(s) and selling the FAB's of the trade show. While this may have been acceptable in the past, in this post-pandemic era, it is increasingly important to equip sales people with insight on the trends and events taking place in the exhibitor's industry and even within specific exhibitor organizations.

  This knowledge is important to the potential exhibitor and therefore the organizer's sales staff needs to have easy access to business information sources. This provides two distinct sales advantages:

  - Knowing more about the exhibitor's market situation may well lead to designing custom proposals and sponsorships carrying higher revenue.

  - By demonstrating this knowledge, the relationship and trust developed with the decision-maker(s) will dramatically increase and provide an advantage over other competitive shows.

There are a number of sources of business information on both markets and companies, and some of the best known are:

- **Ibis World** (www.IbisWorld.com) – provides market research on 700 industries worldwide.
- **Factiva** (www.Factiva.com) – a division of Dow Jones that provides information on markets and companies from 33,000 sources.
- **Nexis** (www.lexisnexis.com) – Information from over 26,000 sources, that provides company profiles and industry information.
- **Dun & Bradstreet** (www.dnb.com) – The standard of B2B data that has made some improvements over just their credit files.
- **Others** specific to the industries of the exhibitors. New sources show up every month or two.

The goal of any sales organization should be to develop long-term loyal exhibitors, and this will be greatly assisted by building and maintaining an accurate database of contacts, company, and industry information. Now the trick is to get the sales people to use it!

3. Initial Exhibitor Engagement and Lead Generation

This is where marketing planning meets prospects, and begins the sales process. It starts with breaking through the clutter and engaging the potential exhibitor, in this age of over-communication and clutter. Engagement is a prelude to exhibitor lead generation.

Lead generation is a traditional role that marketing is responsible for in B2B companies. Oddly, in the trade show industry, marketing has not actively played this role for many trade show organizers. More typically this has been left to the sales staff. In essence, sales have had to find their own leads. This needs to change for two obvious reasons:

- It is not an efficient use of sales staff's time and resources as their role is to sell and not prospect for leads. In addition, a good sales person does not want to perform this kind of activity, and therefore will not do it well if at all. The net result will be an uneven if not chaotic prospecting process and result.
- There is a vast trove of B2B lead generation knowledge and techniques that is easily available to organizers that will not only improve the process but increase results as well. To learn more about the resources available visit the Sales Lead Management Associations website http://www.salesleadmgmtassn.com or just Google the phrase "sales leads" or "sales lead management".

There are books and publications written about lead generation, and it's far too much content for this white paper. In general, this knowledge and content centers around developing targeted campaigns and the four primary elements that impact campaign results are:

Targeting and list selection	50-60%
Offer for response (usually content)	20-30%
Contact media sequence and frequency	20-30%
Creative – copy is key	10-20%

Budget allocation and testing strategies should use these four elements and their importance as a guideline. There are B2B agencies that specialize in lead generation. This might well be an alternate route vs. developing an internal process.

4. Initial Exhibitor Engagement and Lead Generation

Generating the initial lead/response is only the beginning of a complete process, and needs follow up with four additional steps:

- **Lead qualification**

  Not all responses to targeted communications or "leads" are equal – we all know this. They vary from the "curious" to "ready to buy" and therefore, a qualification process needs to be performed before determining who is seriously interested to hand-off to sales. Nothing turns a sales person off more than a lead that is not interested in buying. One result of a poor qualification process is that the sales staff will not take future leads seriously and will not work the leads properly. This is not a desirable outcome.

  To avoid this problem, marketing needs to develop a qualification process and scoring criteria that identify qualified leads that are sales ready. This is a well-documented process but it does vary based on several different factors specific to each market and situation. Each organizer needs to develop a qualification process and criteria that fits their specific lead qualification criteria. Communication between marketing and sales is critical in this area.

- **Lead nurturing**

  Those potential exhibitors who initially respond to well targeted lead generation communication break down into three general categories. Industry averages of these categories are:

Qualified leads – sales ready	10-20%
Qualified leads – future	20-40%
Not ever qualified	20-40%

  Assuming the qualification process identifies those leads that are qualified and passed to sales; there many more leads that need time and attention to become qualified. The process to keep them interested and move to a qualification stage is lead nurturing, another well documented process.

The primary communication strategy used for lead nurturing is "content marketing". By periodically providing information of value to those firms and individuals who have expressed interest, you keep them engaged and build the relationship. Studies have shown that for purchases of high value and importance as much as **18-24 months might well be required before a lead meets the qualified criteria.**

- **Sales hand-off and conversion**
  Once the qualified lead is ready to go to sales for conversion, it is important that the organization establish hand-off procedure between marketing and sales. The following are key aspects of the recommended hand-off process:

  - A personal introduction of the qualified lead to the sales person from the marketing resource who has been talking to the lead so the relationship continues. This is normally handled by either a zoom or conference call. An e-mail handoff may work if done well.

  - A complete description of the information and conversations that have taken place before the hand-off so the lead does not have to educate the sales person on past communications.

  - If no personal hand-off occurs then a formal acceptance of the lead by sales, and an agreed to time frame for the sales person to call the qualified lead once the hand-off is completed needs to be agreed to by all.

  - A feedback of results to marketing by sales to make adjustments in the qualification process. The system typically has several times for feedback – 1 week from hand-off, 1 month, and at the time of either a sale or a hand-back.

  - A hand-back process if the lead does not meet sales qualification criteria (this is called sales qualified) so that the opportunity is not dropped and lost. In this case, the un-sold lead goes back into the nurturing process.

5. First Year Exhibitor On-boarding Program

Many exhibitors participate in multiple shows, and know how to exhibit successfully. On the other hand, some are relatively new or have only exhibited at a few shows. If exhibiting does not produce expected results, it is likely they will not repeat, and the opportunity to develop a repeat exhibitor is lost.

Several research studies have shown that when a firm makes a first purchase they are trying the product or service out, and this is true for trade shows. The lack of results from their first participation may not be your show's fault, but rather the inability of the firm to exhibit successfully. Therefore, we recommend for first time exhibitors, an on-boarding program. This program should include all the elements needed for successful exhibiting. The organizer may deliver the on-boarding program in webinars, eBooks, white papers, zoom meetings or other formats.

The logical organization of this on-boarding program is:

- Pre-show planning
- Show participation
- Post-show lead follow-up

Most of the failure to capitalize on the show's activity is the follow-up after the show to turn booth visitors into leads and then into sales.

There are many resources to reference in developing an on-boarding program including Exhibitor Magazine and the vendors supplying the industry. This may be outsourced to firms who specialize in this type of program.

6. Exhibitor Relationship and Loyalty Development

Most exhibitors repeat each year if they conclude and/or can measure that a positive ROI has or will be achieved. Financial results are certainly the most important aspect of the decision to repeat. On the other hand, the development of a relationship with the organizer may be another strong reason exhibitors repeat as we know that both emotional and rationale justifications drive decisions.

Customer relationship building is the primary job of any sales staff, and it's here that organizers encounter a problem based on the current structure, capacity and capability of the inside sales group. Several hurdles organizers face in deepening exhibitor relationships are:

- With rare exception, the only face-to-face sales contact with exhibitors is at the show, and is usually a sales push to sign up for next year. Little, if any, relationship building occurs, as this is a short transactional sales pitch. In fact, this may be the first time an exhibitor actually meets their sales person.

- The sales person faces a challenge at the show to build relationships, as they have many exhibitors to meet during this short 2-3 day period. These meetings tend to be brief and need to be with the key exhibitor contact. This may not be possible. Plus, there are multiple exhibitor decision-makers and influencers, and most of them are not at the show so the opportunity to meet them face-to-face is absent.

- Exhibitor relationships take time. A number of factors including trust, creditability, familiarity, fair value exchange and frequency of communications influences them. Trade shows are usually annual events, and have a sales cycle based on the timing of the show. Therefore, the sales process is compressed, and focused on renewing the contract for the upcoming show, giving little time and attention to long-term relationship building.

- While most exhibitors repeat, a number of them do not for a variety of reasons including but not limited to:
  - Dissatisfaction with the results of the show vs. the expense of exhibiting. Many times this is a delayed decision, as the leads generated at the show will take time to materialize into sales. In fact, for complex sales the sales cycle may even extend beyond the next show, and therefore is not able to be included in the assessment of results.
  - Competitive shows selling hard to steal away the exhibitor. At times, these shows offer enhanced value and/or deals to pry away the exhibitor.
  - New technology stacks that generate either better or lower cost leads without even going to trade shows. In fact, last year I attended a session where a VP of marketing bragged that his new technology stack of 9 marketing software systems not only was paid for by replacing the need to exhibit at shows, but produced better leads as well.
  - Budget and/or business issues which cause a reduction in the number of shows exhibited at each year – the average number of shows for a larger company is 5-10 per year. Some of these reasons are out of the control of the organizer, such as a merger or bankruptcy, but others are not.

The point is that without a strong and dynamic relationship with the exhibitor, the decision to not repeat is all too often made without any conversation or warning and once done, almost impossible to reverse.

So, what is the solution? Frankly, it is not an easy one as its highly unlikely and/or justified that organizers will significantly change the sales model to include expensive field sales calls – the best relationship-building tactic. However, not all is lost, as a rethinking of the sales coverage model that injects a significant dose of marketing communications will go a long way to increase exhibitor relationships and retention.

This type of sales coverage model is used by many B2B organizations now as a method to **increase sales productivity and build customer relationships**, and there is absolutely no reason it will not work for organizers. It rests on three pillars:

1. **A database of all the decision makers and influencers** for each exhibitor identified by both title and function. For larger companies there may be as many as 7-10 contacts and for smaller companies' 1-3 contacts. The accuracy of this database is important, as individuals change jobs or leave the firm at a surprisingly high rate.

2. **A content marketing plan** that speaks with relevancy to each function within exhibitor's organization. The content is not only about the show but includes other valuable messages, tips and techniques for successful show participation.

3. **A blended contact strategy** that integrates mail, email, phone, digital and social into a sequence and frequency that is appropriate. Obviously, show managers will receive more communications than the CFO will.

There are two major advantages to this sales model and they are:

- **Increased sales productivity** as not all communications need be initiated and/or developed by the inside sales group and they can focus on higher-level opportunities and large exhibitors.

- **Improvement of the relationship** between exhibitor, organizer and the sales person. One of the serious sales management issues is when you lose a sales person the exhibitor then feels no relationship exists as all communications were with the sales person. This coverage model will help keep the relationship.

The result will be an increase in exhibitor relationships and loyalty leading to a higher retention rate and lifetime value.

7. Key Account Selling

Key account selling has been a staple of sales organizations since the beginning of time. Large and important accounts are where the rewards are in terms of revenue, profit and sales commission. Any good sales person concentrates on key accounts (sometimes referred to as strategic accounts). The old Pareto (80/20) principal applies primarily to key account selling – 80% of the business comes from 20% of the accounts.

While the primary responsibility of key accounts rests with sales people, a recent trend is to have marketing play an increasing role in combination with sales. This is being termed **Account Based Marketing (ABM)**, and is still a hot topic today. In essence, the game plan is to have marketing also focus on the key accounts vs. a broad market. By teaming up, marketing and sales share the same objectives and goals.

Key account selling or ABM works well in the trade show industry, but few organizers seem to be adopting it due to holding on to the traditional sales model and/or lack of marketing capabilities. **Three ABM opportunities exist for organizers**.

- Keeping and expanding large exhibitors for a stand-alone show.
- Selling across shows if the organizer has more than one and the exhibitors participate in several.
- Develops a strategic advantage vs. competing shows who do not adopt ABM.

There are a number of books, webinars, white papers and even conferences on ABM, and **they all boil down to a few common principles and pay-offs:**

- ABM creates the long sought after integration of marketing and sales.
- Trained sales people are essential for key account management.
    - The Strategic Account Management Association holds such training and conferences: www.strategicaccounts.org.
- A shared responsibility and compensation system is structured.
- An in-depth database built for not only contacts but also business intelligence specific to the account and industry.
- Content marketing plays a leading role in the ongoing communications.
- It aligns budget allocation and priorities.
- Not all accounts are large now (an assessment of potential is also a factor).

It is time for organizers to rethink their approach to key accounts.

John M. Coe

John is Co-Founder and Partner of B2BMarketing.com.

Direct Hit Marketing

Steve Juedes is President of Direct Hit Marketing.

Email Steve at stevej@directhitmarketing.com.

Want to chat, give Steve a call at 303-747-2603.

Direct Hit Marketing (DHM) has been providing data analytics to the trade show industry for 30 years. DHM offers other data services to organizers. For a full description of these go to www.directhitmarketing.com/datasciencesolutions.

Like to find out more about Event Track? www.directhitmarketing.com/event-track.

Check out our website at: www.directhitmarketing.com.