

# Trends in Event Marketing



## Change of Events:

*Despite the cautionary business climate, new research reveals a more important and valuable role for events in the marketing mix.*

A great majority of middle-to-large-size companies now prominently include event marketing as part of their overall marketing strategy. Not only is event marketing considered vital to the success of these businesses, the emphasis placed on events also continues to grow. This white paper, based upon the results of an Intellitrends executive survey conducted in late 2001 (post 9/11), reveals how and why events of all types have become increasingly prominent marketing tactics. The paper then explores five major trends that emerged from the data survey findings. Among the most salient statistics found within this document:

47% of companies feel that event marketing provides the “greatest return on investment (ROI)” when compared to other marketing and communications tactics (advertising, direct mail, sales promotion, Internet, etc.).

38% of companies expect their budget allocations to increase for event marketing, while an additional 40% report that the budget is holding steady. The average dollar increase in the event marketing allocation is cited as 23%.

68% of companies in the study indicate that they currently do post-event measurement. 90% of companies that test indicate that they conduct the measurement using internal resources, further suggesting that the sourcing of prospect leads is a frequent best practice.

72% of companies surveyed indicate that the decision to use event marketing in the marketing mix is made by corporate marketing interests versus being made at a regional, or divisional level. More centralized control (and message consistency) is the desirable outcome.

## A Study & White Paper by The George P. Johnson Company

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Conducted by: **Intellitrends**



Case in Point: IBM PartnerWorld

**Situation**

IBM's annual PartnerWorld conference delivers insight and strategy to the IBM Business Partner community, while acknowledging the importance that the Business Partners play in that overall strategy. The 2001 conference launched the new PartnerWorld Web site.

**Solution**

The introduction of the Solution Center at IBM's largest proprietary event in 2001. Working as a team, IBM's advertising and event marketing agencies created a dynamic environment that delivered clear and consistent messages to this important audience of stakeholders. The event also closely integrated various IBM partners through their displays, demonstrations and consulting areas.

**Result**

PartnerWorld 2001 provided a motivating customer experience, exceeded IBM's performance objectives, and resulted in significant new business opportunities for the company and its partners.

An average of 21 major events are held by a company each year. 57% percent of companies indicate that they currently use the support of an outside agency or agencies in planning, coordinating and/or organizing events.

The average number of outside suppliers used by a company is six. More than two-thirds of the companies indicate that they prefer increased consolidation of event marketing suppliers, with the goal of increasing event quality and integration while simultaneously reducing management oversight and cost.

Ask a business person to define event marketing, and the typical response is a description of trade shows, conferences, seminars, or some other form of organized meeting or exposition. However, new research indicates that event marketing is becoming an increasingly valuable element in the marketing mix. Far from being the stepchild of advertising or other forms of marketing communication, event marketing is where the customer participates in a more active and direct two-way exchange with the company's representatives, to gain deeper and richer experience with a company's products, services, and brands.

**EVENT INVESTMENT INCREASING**

Statistically, the importance of event marketing, to both U.S. and multi-national corporations, continues to grow at double-digit rates, especially as executives become more adept at the strategic integration of events into business and marketing plans. Efforts to increase the efficiency of events, as well as more accurate evaluations of their revenue contribution, have led to far greater confidence in events and their elevation to the first tier of marketing tactics.

In a comprehensive study conducted in late 2001 by Intellitrends, a total of 120 senior managers were interviewed, drawn from companies with sales exceeding \$500 million. The companies represented several important and progressive business sec-

tors, including information technology, media, consumer electronics, healthcare and automotive industries. In nine out of ten of these companies, event planning and event-centric thinking is a high priority. It is especially noteworthy that despite the lingering effects of a six-month economic downturn and the destabilization created by terrorism, 87% of the companies reported their event allocations to be either stable or growing. Those who plan to increase their event marketing budgets are doing so by an average of 23%.

**Percent of total marketing communications budget currently spent on event marketing.**

Auto	29.2%
IT	25.8%
Media	20.0%
Electronics	10.8%
Healthcare	9.2%

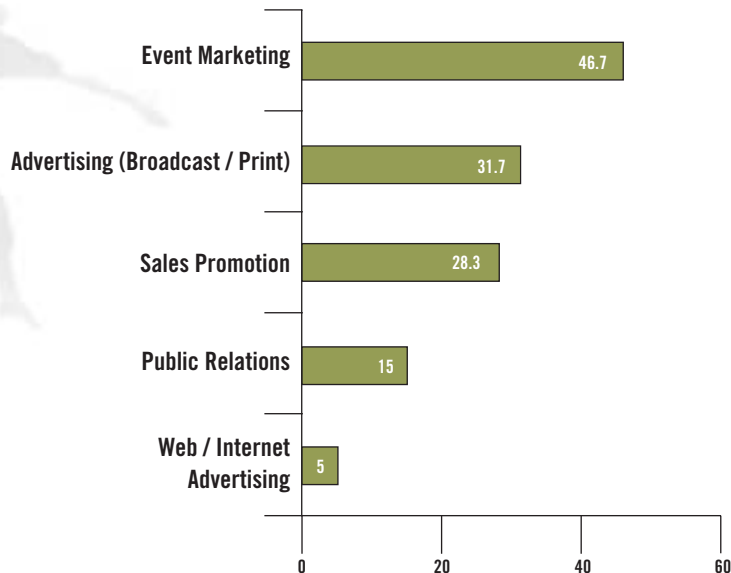
In some cases, this greater reliance upon events may come at the expense of other marketing and communications channels, such as advertising, public relations, Internet, direct mail, and other various forms of sales promotion.



**What comes to mind when you think of event marketing?**

Trade shows, conventions	29.2%
(Specific events) Sponsorships, sporting events (i.e. golf, NASCAR, PGA)	25.8%
Customer events, seminars, customer relationship opportunities	20.0%
Product launches, product branding, brand exposure, brand awareness	10.8%
Integrated marketing programs, marketing, public relations, sales promotion	9.2%
Event control, creativity, implementation, budget, cost	5.0%

ROI: Which part of your marketing mix provides the best ROI?



### EVENT ROI

The effects of event marketing, and resulting ROI, must be considered in several different areas: revenue generation, customer preference/loyalty, prospect awareness, event integration, quality of interaction and the richness of brand experiences. A discussion of each of these criteria, together with salient observations derived from the recent research, is presented here and is followed by a review of several trends that the authors believe are consequential.

### A FASTER WAY TO CLOSE THE DEAL USING EVENTS TO ACCELERATE SALES

Because events give sales forces close proximity to a large contingent of final decision makers, events can provide a more straightforward path to both new and incremental customer revenues. Even when considering events that are not widely considered 'buying shows', managers believe revenue generation is the single most important objective of event marketing initiatives. A series of reports, conducted by the Center for Exhibition Industry Research (CEIR), shows that more than three-quarters of all final purchasing decisions are made at events. In addition, the cost of closing an event-driven sale is

nearly half that of deals made in the field (\$550 for the event sale versus \$997 outside). Events have long been considered a preferred venue for negotiating and consummating large multi-million dollar business commitments.

Because the revenue directly generated through events can be tallied by sales and marketing managers, it comes as little surprise that executives believe event marketing provides the greatest return on investment when compared to other elements of the marketing mix. Event marketing garners almost half of the total responses, advertising less than one third, and other promotional and communications efforts are considered to be even less effective than events at yielding ROI.

With the companies surveyed participating or sponsoring in an average of 21 events, event marketing initiatives command an increasingly high level of marketing support. More than 22% of the total marketing budget is now devoted to events, a number that is consistent regardless of industry.

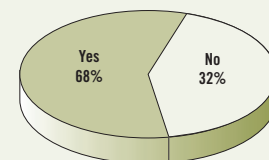
### Who's doing event measurement, and why?

Any internal discussion of event ROI pre-supposes that a company is doing the work required to capture and analyze event-related sales data.

The George P. Johnson (GPJ)/Intellitrends study indicates that over two-thirds (68%) of the participating companies do some type of post-event measurement. As might be expected because of their propensity for data collection, measurement is greatest in the IT and electronics sectors. 90% of the companies also say that the measurements are obtained using inside resources, suggesting a dependence on 'counting leads' and little true measurement. 15% will occasionally use an agency and another 15% an independent third party. Most companies that fail to do any measurement cite the lack of available tools and resources, while others feel it is either unnecessary or too expensive. In an environment where every marketing expenditure is under increasing scrutiny, it seems unlikely that such a significant investment as events can remain a mystery at these companies for long.

At The George P. Johnson Company (the authors' place of business), the efficiency of events themselves is analyzed on several different scales: retention of marketing messages, attraction of qualified prospects, lead quality and value, engagement quality, competitive 'share of show', and impact of design and traffic flow on behavior.

#### Post Event Measurement?



#### Who conducts the measurement?

Internal staff / resources	90.2%
Agency managing the event	14.6%
Independent third party	14.6%



Jeep Waterfall Display

### Beyond Exposure To Brand Experience

A visit to the North American International Auto Show, (the annual trade and consumer show held in Detroit), or any major city car show confirms the importance and impact of brand experiences on customer audiences. Automotive manufacturers have pioneered the use of large-scale brand experiences, replete with the most advanced three-dimensional and multi-media technologies currently available. Year after year, automotive marketers such as DaimlerChrysler Jeep continue to deepen the customer experience, to bring customers in closer touch with the essence of the brand, and according to an on-site Polk survey, to win the attention of customers as the most exciting display at the Detroit event year after year.

## AWARENESS AND INFORMATION

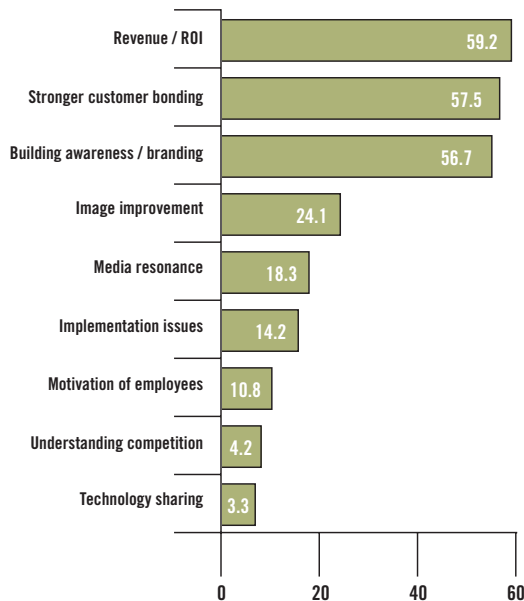
### The pre-requisites for any business relationship

While event marketing is valued for its ability to facilitate sales transactions, events are also considered a primary source for brand and product information. The desire for greater customer awareness and knowledge rank a close second behind ROI as one of the most important goals pursued by event marketers.

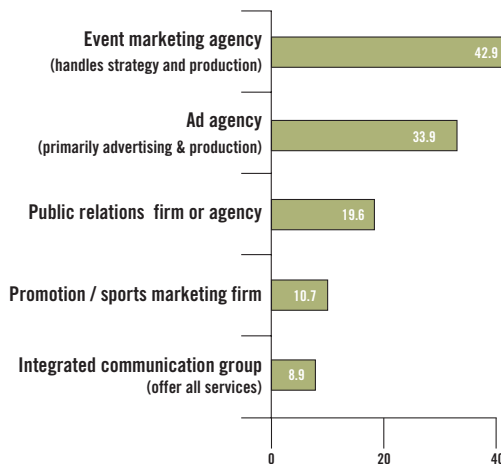
While developing brand awareness, preference and loyalty are the hallmarks of effective brand management, these attributes are by necessity measured on qualitative scales. Yet while managers may find it more difficult to ascertain the finite value of brand-enhancing activities, they clearly understand the necessity for it. In fact, when managers were asked to define the absolute success of their event marketing programs, they laud the ability of events to bring customers into closer proximity with brands and brand stakeholders themselves. They believe that direct contact with brand messages, and the one-to-one ‘brand conversations’ that take place at events, have an intrinsically high value and a role in the forging of strong bonds between buyers, sellers and others with influence over key buying decisions, i.e. media, consultants, etc.

Because brands and products may be portrayed in the most advantageous ways possible, prospects and clients are able to experience them in ways that would be difficult or impossible to duplicate through any other channel. (See sidebar on Brand Experience to the left.)

### Most important objectives to pursue with your marketing events.



### What type of outside agency do you use?



## INTEGRATION OF EVENT MARKETING AND CONSOLIDATION OF PROVIDERS

Over half of all companies interviewed (and three quarters of those in the automotive industry), indicate that they organize events with the support of at least one outside resource. Event marketing agencies, those organizations offering strategic planning services in coordination with production, top the list as the category of resource employed most frequently. Vendor fragmentation is an important issue with the managers who participated in the study, with companies utilizing an average of six outside resources.

It is interesting to note that companies in consumer industries such as automotive and consumer electronics are more apt to rely on a fewer number of vendors. 69% of companies reported that they desire increased consolidation over multiple suppliers, and those that favor consolidation correlate closely with those companies who give event marketing a higher priority. The reasons given for this are two-fold. First, dealing exclusively with a more fully integrated event marketing provider will allow the company to derive greater benefit from the vendor’s more complete “experience and knowledge of the clients’ industry.” They also cite the fact that consolidation will

inevitably result in greater cost economies, and will require less time-consuming management coordination and oversight. Those providers with more fully integrated event management and information systems (such as GPJ's Global LINKS™) are especially desirable given their capacity to handle complex event logistics with precision and accuracy.

## FIVE TRENDS THAT ARE SHAPING EVENT MARKETING

The authors believe that the survey's findings are an indication of five major trends that are shaping event marketing. Those trends are:

### 1. The continued search for marketing metrics that matter

Events are critical to measured CRM programs. More effective ways to measure the outcomes and success of events is a topic vital to astute managers. Lead quantity and quality, audience delivery, message retention, competitive event auditing, on-site event performance and sales opportunity worksheets are all emerging techniques in the gauging of event marketing results.

### 2. Increased investment in event marketing

As face-to-face interaction with customers becomes more of a marketing focus, events will continue to grow in importance. However, because event expenditures will increase, events must be able to justify themselves in the only way that really counts for senior business managers—revenues and firm intentions to buy. Events usually shorten costly sales cycles but require the right design and message to do so.

### 3. Consumer shows remain vital as tradeshow are under pressure

Research over the last ten years has demonstrated that in many mature industries, tradeshow have been steadily losing audiences, particularly those with high-level corporate audiences that make the decisions about what to buy. At the same time, many consumer shows have proven themselves more vital than ever. Consumer-oriented events such as MacWorld, bring together authorities, new product experts and brand loyal customers in ways that produce a compelling reason to buy. From automobiles to building products to boats, buyers are looking for authoritative experts to help them navigate their options, without the pressure of dealers and retailers who often do not offer sufficient knowledge about what they are selling.

### 4. Accelerated regionalization

As many regional and consumer shows take the products to the people, local retailers, dealers and regional sales teams. These shows play an important role in starting and maintaining customer relationships. The tragic events of September 11th accelerated a trend that was already developing: breaking down large events into smaller regional ones. Regional events are more intimate and provide a better platform for education, product introductions, conversation and conducting business than massive, noisy tradeshow. It is also easier to attract important senior level executives to local venues that allow them to remain close to home. These kinds of road shows offer greater control, more intense focus, and higher customer attention (in other words, more bang for the buck) than many big shows.

### 5. Creative event strategies

Unexpected collaborations and sponsorships, such as Target/Saturn, Toyota/MGM, and Nintendo/Smirnoff have been responsible for some surprisingly successful product launches and events. Strategic alliances and sponsorships are the focus of many of today's most creative marketers. They create situations that are more memorable and newsworthy than traditional media techniques. Stopping traffic on Wall Street, flying cars, blimps, and hot dogs you can drive are just a few of the ways that event marketing and guerrilla tactics are making news and providing more powerful and memorable brand experiences.

## Who's responsible for managing events?

Almost three-quarters of executives in the study said that the final decision to utilize event marketing is made by corporate executives versus regional or divisional managers. Likewise, corporate managers also control the purse strings for event expenditures, and have the most to say about which outside resources will be employed. While more centralized control (and message consistency) is a desirable outcome of this arrangement, it also raises some important questions for global brands which require some degree of 'cultural customization' to take place. At European events and trade fairs, hospitality plays a greater role compared with the "get 'em in, get the lead and get 'em out" mentality more prevalent in the United States.

## INDUSTRY VARIABLES

While results of the GPJ/Intellitrends study were directionally consistent across all five industries and 120 respondents, there were observations uniquely relevant to various industries. Those unique observations were:

### Healthcare Industry

- Healthcare companies participate in the fewest average number of major events (13 compared to an average of 21).
- Healthcare companies rank events as having the greatest future importance to their marketing efforts; 50% say they will increase investment.
- Healthcare companies are the least likely to do any post-event measurement (42% versus an average of 68%).

### Consumer Electronics Industry

- Only 29% of consumer electronics companies plan to increase their event investment.
- Consumer electronics companies are among the most likely to do any post-event measurement (75% versus an average of 68%).

### Automotive Industry

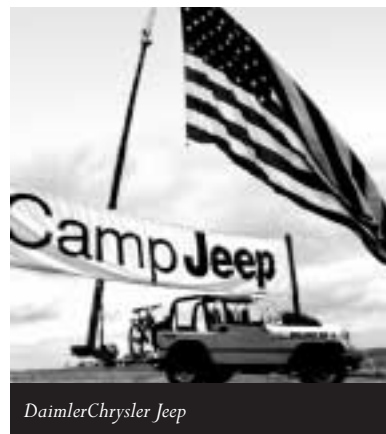
- 46% of automotive companies plan to increase event spending.
- Automotive companies are less likely to do any post-event measurement (63% versus an average of 68%).



Sullivan-Schein Dental



Panasonic Factory Automation



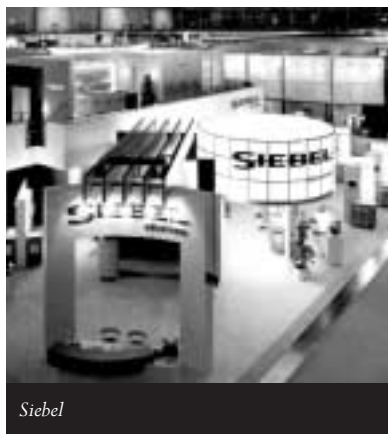
DaimlerChrysler Jeep

### Information Technologies Industry

- IT companies participate in the greatest average number of major events (26 compared to an average of 21).
- IT companies are the most likely to do any post-event measurement (78% versus an average of 68%).

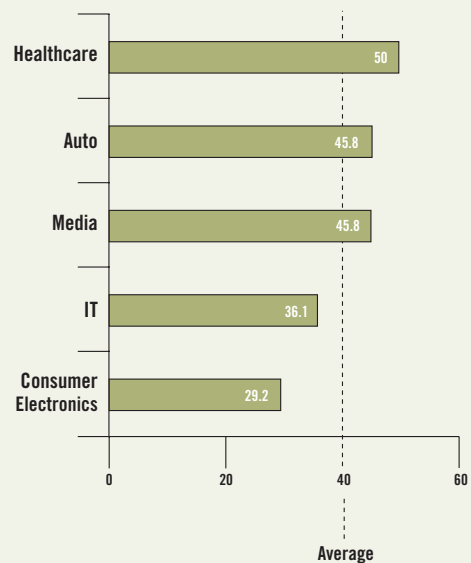
### Media Industry

- Media companies participate in the second largest average number of annual events (23 compared to an average of 21).
- 46% of media companies plan to increase event spending.



### How do you estimate the future importance of event marketing for your company?

Percentage of companies who plan to increase their event marketing investment.



## KEY FACTS AT A GLANCE

47% of companies feel that event marketing provides the “greatest ROI” when compared to other marketing and communications tactics (advertising, direct mail, sales promotion, Internet, etc.).

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*Robert G. Vallee, Jr. is Chief Executive Officer and Michael Westcott is Executive Director of Marketing of The George P. Johnson Company. Founded in 1914, the Company produced the first auto shows in America, then expanded into other forms of displays and exhibitions, and is today the largest privately held global event marketing organization, producing 4,000 events in 14 countries worldwide. The Company's clients include IBM, Siebel Systems, Daimler-Chrysler, Nissan, MGM, and other highly valued brands in numerous industries.*

*For a copy of the original Intellitrends research upon which this white paper is based—or for more information on any of the processes and tools discussed within—contact Michael Westcott by telephone at 508-513-3342, or by e-mail at mwestcot@gpjco.com.*

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