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Fish in a barrel, or filling your nets?

Proprietary events vs. exhibitions in the B2B high tech industry

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Abstract*:* *Proprietary events provide specific, quantified, benefits in key performance categories that are important to the constantly morphing world of high-tech. This performance data compiled over high tech events, amplifies the issue of choices in terms of setting event-mix strategies. This paper also discusses how the unique benefits of B2B exhibits and experiential marketing remain as the most effective means to accomplish market reach and penetration, to develop new customer acquisition, and to build positive brand awareness and equity.*

Fish in a barrel – the private event

Recent data compiled by Exhibit Surveys, Inc. over high-tech industry events indicates that proprietary events carry advantages over traditional B2B exhibits in several key categories, including both C-level and end-user attendance, exhibit / event value, inclination to purchase, and potential revenue (sales) opportunity.

	Proprietary Events	B2B Exhibits
C-level attendance	30 percent	16 percent
End-user attendance	21 percent	11 percent
High event value	82 percent	41 percent
Higher Inclination to purchase	68 percent	38 percent
Increase investment with client	31 percent	17 percent
Purchase intent re: buying cycle	2.7 months	5.9 months

Looking at the data, C-level and end-user participation for proprietary events almost double B2B exhibition averages. These higher concentrations of preferred attendance, of course, are to be expected because of the typical user / customer base and other highly selective methods of screening prospects for both open and by-invitation proprietary events.

As for event value in meeting needs and expectations, 82 percent of proprietary event attendees rated this attribute as a “four” or a “five” on a five-point scale, compared to 41 percent for B2B exhibitions.

In the context of events where pre-established relationships of seller to buyers or prospects already exist, these numbers again should be expected, since presentations are targeted to well known, predefined needs. These types of events are, on the average, 70-75 percent current customers, and 25-30 percent highly selected and prequalified prospects with known areas of interest.

Proprietary events can often tend to function as CRM platforms, recombinant with hands-on training forums to place emergent technology, which adds to their perceived event value. They may also set deliberate revenue objectives as to “expanding the sale” through the implementation of product upgrades, again with predictably good levels of success.

Exhibit Surveys findings confirm this idea: Values relating to inclination to purchase (on a five-point scale) were again, roughly double those of B2B exhibitions, at 68 percent and 38 percent. As for buying cycle compression and overall revenue opportunities, 31 percent of proprietary event attendees said they would increase their investment in the client, compared to 17 percent for B2B exhibitions, and they also said it would happen sooner, in about half the time (5.9 months vs. 2.7 months).

Improved ROIs from proprietary events, then, might possibly be presumed; however, one study by the Event Marketing Institute (EMI) compares perceived ROI values for tradeshows and internal events, with survey respondents giving tradeshow ROI a perceived preference, 45 percent to 32 percent.

"Perceived" is the operable word, here. The EMI study was conducted over senior sales and marketing executives making value judgments on marcom media effectiveness, and the full gamut of "Internal" events is not expressed in the tables.

While the EMI study tends to favor B2B exhibition ROI values, the effectiveness of proprietary events is nevertheless indisputable. More than half of exhibiting high-tech companies now produce at least one private event, and the trend towards a proliferation of proprietary events was quantified and confirmed by the Center for Exhibition Industry Research (CEIR) as early as 2002. CEIR also found that exhibitions in these industries have tended to become overall much more verticalized in format.

This more targeted approach by marketers, amplified by the growing number of private and by-invitation events, suggests that the awareness of their potential value is taking root and posing new considerations regarding companies' event mix strategies, tactics, and budgeting.

Of course, the accelerating rate of change in high-tech enterprises lends these particular industries good cause to utilize private events to introduce and implement their ongoing flux of technological change and product enhancements.

Optimal objectives for private events would then normally be shorter term and sales driven:

- Maintain customer loyalty
  - Preempt competitive technologies
  - Preferred-status perception and other CRM opportunities
  - Deliver specifically targeted solutions
  - Hands-on user training – alleviate later service call issues
- Expand the sale
  - Introduce new technology / equipment
  - Train for emergent software / hardware / upgraded products
  - Burrow deeper into customer systems, become more indispensable
- Leverage the opportunity
  - Tactically link to product management, sales & sales promotion objectives
  - Achieve shorter-term revenue returns at high efficiencies
  - Exploit ROI optimization opportunities; compress buying cycle
  - Exploit CRM opportunities; address issues, and maintain personal contact

Filling your net – the B2B exhibition

All the above might suggest that little reason remains to deploy marketing resources into the traditional B2B exhibition, particularly in high-tech worlds where technology obsolesces quickly and is thus more reliant on shorter-term revenue yields.

In a white paper put out by the Advertising Research Foundation (ARF) titled "Experiential Marketing: A Master of Engagement," a team of research partners, including Gallup & Robinson and Exhibit Surveys, explicates the new *mots du jour* in marketing: *Experiential* and *Engagement* – and specifically applies these to the B2B exhibition experience and its own unique dynamic, *Brand Engagement*.

Building on all the facets relating to brand equity deliverable to the market at large is a long-term and ongoing strategic need, and best served by the *Brand Engagement* dynamic of the B2B exhibition.

The Advertising Research Foundation's report probes in abundant detail the cognitive / emotional synergy delivered by experiential marketing as it establishes metrics and quantifies the impact of experiential factors in terms of B2B exhibition messaging, branding, and the resultant increased proclivities of prospects toward purchase.

This phenomenon is described as "*Lift*." *Lift* is essentially a quantifiable increase in brand perception equity (and impetus to enter the next stage of the buying cycle) that results from personal or "active" engagement in the tradeshow environment, and it affects all customers and prospects, at all the stages of brand recognition and empathy.

The Foundation's report describes in depth how the B2B exhibit experience, which fulfills both the aspirational and emotional connections with the prospect, measurably drives purchase intent. The following table from the report illustrates the values of *lift* across the prospect spectrum:

Participation Increases Brand Demand

- Levels increase with brand participation.
- Total lift (difference between Unaware to Active Participation) across all outcome measures is relatively consistent.

Outcome Metrics	Unaware	Aware Only	Passive (Look Only)	Active (Interact)	**Total Lift**
Purchase Intent	20%	27%	36%	54%	**+34% pts.**
Consider Using	32%	38%	48%	57%	**+25% pts.**
Emotional Connection	15%	19%	31%	46%	**+31% pts.**
Brand Fit	21%	31%	43%	59%	**+38% pts.**
Net Promoter	29%	35%	47%	62%	**+33% pts.**
Brand Familiarity	45%	57%	72%	83%	**+38% pts.**

Definitions on following page

(metrics definitions)

"unaware" = attendee is unaware exhibitor is at the show(serves as a control sample)

"aware" = attendee is aware exhibitor is at the show, but did not visit exhibits

"passive" = attendee only looked at the exhibit

"active" = attendee talked to staff, requested information or follow-up

"purchase intent" = likelihood to purchase specific products

"consider using" = a cognitive metric relating to measuring consideration to purchase

"emotional connection" = measures emotional equities tied to the brand

"brand fit" = emotional metric of exhibitor's "fit" within company's culture

"net promoter" = emotional plus cognitive value as to brand recommendation

"brand familiarity = cognitive metric measures increased levels of brand familiarity

EMI concurs, as it provides an insightful and complete definition of Experiential Marketing, embedded with implications of the effect of *lift:*

> *Experience marketing is the practice of engaging target audiences in personal experiences in which they internalize a sense of how their personal or professional life is improved by the brand. The result is a powerful increase in the depth and volume of brand differentiation, conversion and loyalty.*

ARF's report makes several allusions to the concept that the exhibition experience is seen to carry more trust in terms of both credibility and value, in a time when other marcom media are no longer as trusted as in the past. The exhibition also presents a socialization factor not found elsewhere, as it provides an engaged, personal experience in what has become an ever more disengaged and depersonalized business environment.

A marketing executive might say, "Yes, but all of this applies to the proprietary event as well, so what does the B2B exhibition give me that I'm not getting in my own event?"

The long answer has to do with strategic needs relating to brand equity at the enterprise level to the wider market universe. Enterprise wide, longer term strategic branding needs must be delivered comprehensively and wholesale, to the entire current and future market sectors, so brand *lift* can have its effect across the spectrum.

The short answer to our question, then, is "reach." And with that, other contiguous factors that relate to new customer *acquisition* – which is the leading and most critical issue of corporate marketers according to findings documented by EMI's report.

It has long been obvious that the B2B exhibition reaches a large - and relevant - proportion of one's buying universe, and the ARF study also makes an excellent point regarding the expansion or reach due to the "unique viral effect" of B2B exhibitions, where the experience dynamics will influence large numbers of attendees, who in turn influence their peers -- something that other traditional marketing channels typically cannot do.

In summary, the three fundamental benefits of the B2B exhibitions are:

1. Taking advantage of reach.

    B2B exhibitions enable the corporate marketer to establish enterprise-critical messaging, positioning and branding to the wider prospect universe – and do it in the powerful and lasting context of personal interaction, socialization and experiential environments, establishing maximized and lingering emotional and cognitive effects on the full range of prospects.

2. Meeting the people who don't know you now.

    Except for direct referral, there is no better way to grow your customer and prospect base. While private events work best to expand the sale, B2B exhibitions afford the opportunity to *begin* the sales cycle with a wider base of future customer prospects critically necessary to meet longer-term corporate growth objectives and replace losses from customer attrition.

3. Introducing your next-generation technology and products to your wider market.

    Nascent technologies that are truly nascent – years out – necessitate longer timeframes for introduction, acceptance, adoption and deployment, building awareness levels over the long term to the full market. Needs perhaps less conducive to the "now" environment of proprietary gatherings. At the same time, it is absolutely natural and correct to use proprietary events to unveil nascent developments to one's critical – indeed, *proprietary* – constituencies.

    Both activities have their necessary place.

Optimal objectives for the B2B exhibition will tend to be longer term and based on strategy:

- Strategically link to longer-term, enterprise-wide marketing objectives
    - Focus on messaging
    - Establish positioning objectives
    - Build brand equity
    - Include Return on Objectives (ROO) measurements
- Sales development
    - Nascent technology introduction
    - Lead-generation objectives, lead management plan
    - Establish new prospect constituencies
- Exploit CRM opportunities
    - Conduct quasi "private" gatherings on-site
    - Consider strategic partnership opportunities

Summary: Finding the balance

Both types of events are usually necessary, but what should be the mix?

Most findings indicate that revenue resources for corporate event marketing are growing, and are maintaining their portion of marketing budgets. But how should the event mix strategy be set and resources optimally deployed between these two event *genres*? There are as many answers as there are exhibiting companies.

Weighting levels of participation in B2B exhibitions and proprietary events should be a result of discernment concerning the tactical and strategic marketing priorities at the enterprise level. Both types of events clearly have their distinct benefits. Both are necessary. Compounding the event mix analysis, too, is the fact that beyond the sales function, the needs and priorities of corporate branding, messaging and positioning (which don't yield immediate revenues) may wind up in competition for available resources.

It would appear that the benefits of reach fall only to B2B exhibitions, and, on a larger scale, proprietary events wouldn't deliver the full numbers of prospects involved in any sizeable market or segment. These prospect constituencies are constantly in flux, too, and the stream of new entrants can only be reached, well, through reach.

However, few things are this absolute, especially in the event marketing industry. We expect to see entrepreneurial changes in both of these event *genres* as they consolidate their own strengths and refine their methodologies – to better do those things that the other is presently doing.

We are seeing proprietary events now offered to broader audiences and metamorphosing into B2B exhibition scope, and we serve clients who are working out how to manage this growth and still maintain a feel for intimacy. In another move to broaden reach, we now see the emergence of virtual proprietary events that have the ability to further expand potential audience, delivering real-time interactive dialogue with program presenters, to lots more people.

On the other hand, the B2B exhibition environment is ever more studded with smaller, intimate, by-invitation events within its own parameters. While these are typically CRM in nature, we have done studies where "outboarding" (which is frowned upon by the exhibition industry) by exhibitors occurs. However, in many of these same studies, exhibitors are also displaying key products in hotel suite environments to key buyers while at the same time participating in the actual tradeshow which is going on at the convention center a few blocks away.

The best take-away here might be the marketing analogy regarding the roles of proprietary versus B2B exhibitions as that of "filling the pipeline, or closing the sale." EMI puts it well:

> *One conclusion to be drawn…is the connection between external events geared towards acquiring new business and internal events designed to facilitate and serve that cash pipeline as well as create alignment among the drivers of that business.*

Each has its essential purpose. Each is necessary.

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