

Lessons from the Advertising Research Foundation's B-to-B Experiential Marketing Studies

A White Paper adapted for the Exhibition & Convention Executives Forum, June 19th, 2008

Introduction

The pressure on marketers to demonstrate the value of *marketing* continues unabated in today's business world. Successful CMOs need to be well versed in analytics, and introduce new techniques and metrics to demonstrate the value marketing represents to the company. In addition, they need to be able to fully integrate with sales and other functions of the organization. It is in this environment that the Advertising Research Foundation's (ARF) study on B-to-C and B-to-B event, trade show, and sponsorship engagement emerged.

In the course of our research, we found that events and trade shows offer opportunities to focus on customer *experiences*. Event marketing uses promotional activities designed to communicate with attendees and add value to the experience; events provide an opportunity to engage personally with a company, its brands, and the community/industry. Events also create a business/social setting for attendees and help raise their involvement level. Marketing wisdom tells us that attendees are apt to be more receptive to marketing messages and images associated with the event than they are to those presented via other methods.

An unending debate is whether events are primarily sales-building or brand-building tools. Ideally, they should improve profitability by increasing both short-term sales and long-run brand demand. Given that most sponsorships and events are time-delimited, the tendency is to think they only have short-term impacts. On the contrary, we found that the power of experiential marketing extends beyond short-term effects to generate a longer term brand value.

Brand Demand

Brand demand, a positive response and outcome of brand engagement, is an overall indicator of the 'goodwill' associated with a brand. This is created by past marketing performance and customers' experience with, and perception of, the brand. Knowing a brand's equity relative to competitors – and what drives it – enables a marketer to develop and implement stronger marketing programs. By quantifying the direct and indirect impacts of an event *specifically* on brand demand, a marketer can develop a clearer picture of event effectiveness as a brand-building tool.

In fact, many marketers will tell you from experience that live events are *highly engaging* – potentially more so than other tactics. But event marketers have found their budgets increasingly scrutinized, and feel that other marketing activities are getting a larger portion of the budget. Last year, a group of event marketing executives concluded that experiential marketing lacked a comprehensive method for measuring the full impact of its effectiveness. They judged that this lack of measurement put

events at a disadvantage when evaluated as part of the overall marketing strategy. So they asked the ARF to help them find a more definitive way to:

- Measure the effects of a live brand experience on target/prospect engagement with the sponsoring brand
- Ensure the metric is feasible as an industry-wide standard for evaluating event effectiveness
- Develop a scorecard of engagement to turn 'research into action' in terms of creating, measuring, and evaluating the impacts on brand demand.

Through an extensive screening process, the consortium chose Gallup & Robinson and Exhibit Surveys to study the Business-to-Business events.

The Results are Intriguing

Here is what we found:

- Event engagement is driven by a unique combination of emotional and brand elements that can create significant positive outcomes, such as likelihood to recommend and purchase intent.
 - In some cases this purchase intent is highly predictive of sales¹
- How people *feel* about the brand experience, their emotional connection to the brand, and their desire to aspire to be associated with the brand are impactful elements that work together in the event and sponsorship engagement experience.
- Attendees may trust claims in ads, but they *socialize and learn* more at events to further enhance that trust and motivate their purchase consideration and decisions.
- Specifically from the B-to-B studies, trade shows contribute in important and unique ways to both customer retention and customer acquisition.
 - Event-related *advertising* activities provide more reach and event-related *exhibit* activities provide more lift. However at some point, both influences eventually manifest diminishing returns.
 - The Web is an increasingly important follow-up component of trade show effectiveness.
 - Reaction to the Exhibit is important to driving Purchase Intent, more so than reaction to the Show. However, both are important in driving the factors that influence Purchase Intent (e.g., Brand Fit and whether the participant is a 'Promoter' of the brand).
 - Trade shows have a unique viral effect. They influence the attendees, large numbers of whom also influence their peers, something that most advertising does not do. Like pass-along audiences in Magazines and out-

¹ Although the evidence is compelling, The ARF recommends that firms look carefully at their business, industry, competition, and sales dynamics and test the engagement and purchase intent link before fully subscribing to the predictive findings of these studies.

of home audience in TV, event reach calculations should go beyond just direct attendees.

Action Outcomes

Action outcomes from the research reveal that the measurement of event efforts should:

- Capitalize on understanding socialization, learning and experience outcomes of the events and in follow-up contacts with event participants (as part of a repertoire of relationship tactics). Key scorecard metrics should include:
 - Likelihood to recommend and intent to consider or purchase
 - Brand demand measures
 - Exhibit and event experience, attitudes, and perceptions
 - Ad/brand awareness and customer/prospect 'connection' measures
- Specifically test the engagement-purchase intent link to ensure that it is sufficiently predictive for your industry, product(s), sales dynamics, and competitive situation.
- Stress follow up and pricing/availability on the back end to develop the brand and make the sale.
 - Track sales conversion to relate post event metrics with predicted and actual sales
 - Dashboard/scorecards should generate a debrief for learning and improvement of events and sponsorships

The leading firms sponsoring this event engagement study included AOL, Cadbury-Schweppes, Carat, CEMA, Cisco Systems, Coca Cola, Ebay, Free-Car Media, Frito-Lay, IBM, Intel, Jack Morton Worldwide, Microsoft, Oracle, ProMotion, State Farm, Texas Instruments, Toyota, Xerox, and The Marketing Arm. The preliminary results were presented at re:THINK, the ARF annual convention in mid-April, 2007 and an update was given at the Audience Measurement 2.0 conference in June, 2007. The complete White Paper is the culminating document of this important research initiative, and available from the ARF.

Focus: B-to-B

The B-to-B research program studied 4 diverse trade shows, collecting information on 14 brands from over 3,400 online pre and post interviews. A sales conversion study was also conducted among both the pre and post event respondents to capture the intent to sales cycle. Top of mind awareness, brand consideration, brand familiarity, purchase intent, likelihood to recommend (promoters), brand fit and emotional connection measures were collected for each of the sample groups.

Here's what we found:

- While 'event awareness' is a function of good advertising and marketing, 'brand fit' and 'emotional brand connection', in combination, are more subtle, but the

strongest overall attitudinal measures of B-to-B event Engagement (see Figure 1). Emotional brand connection is a measure of how ‘engaged’ the attendee is with the brand, while Aspirational brand fit refers to a person’s desire to be ‘part of’ the brand. In the graph to the left (in Figure 1), 6 events in our study showed significant lifts (from 5% – 50%) in purchase intent based on the interaction of these factors, all other things being equal.

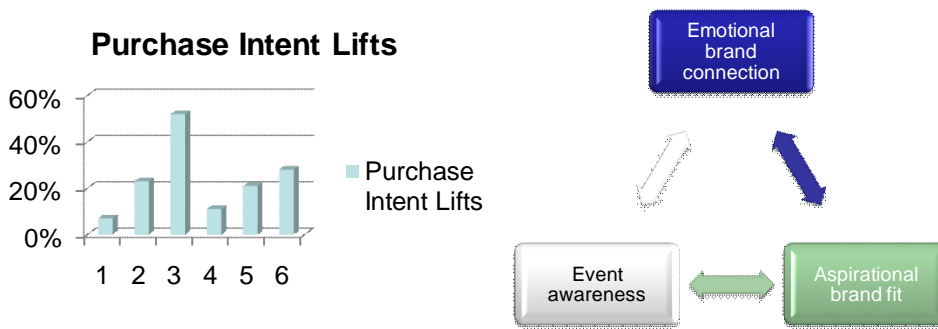


Figure 1: Three Factors Drive Purchase Intent

- Purchase Intent is shown, in this study, to be a valid indicator of future sales.
- All brand metrics have much stronger correlation to actual sales *after* attending the exhibition than before. This is valid for customers and non-customers. Non customers are those who attend an event, but are not customers of the brand(s) exhibited at an event (prospects). They are “active” when they engage in the numerous ‘connecting’ activities listed in Figure 2. The strong implication is that show attendance drives purchase behavior (Figure 2), particularly if customers and prospects can be engaged.

	Customers		Non-Customers	
	All	Active	All	Active
Discussed exhibitor's products seen at show with peers	17%	35%	9%	24%
Looked up exhibitor's web site	17%	28%	12%	24%
Read exhibitor's literature collected at show	16%	28%	10%	20%
Passed exhibitor's literature collected at show to supervisors	10%	20%	5%	14%
Passed exhibitor's literature collected at show to someone else	9%	16%	5%	10%
Recommended exhibitor's product(s) or technology seen at the show	9%	17%	4%	10%

Figure 2: Specific Post-show Actions Taken By Active Customers and Non-Customers

- Increasing behavioral engagement with exhibits is associated with stronger brand output metrics. Both Active and Passive interaction are strong drivers. Active interactions include talking to customers and prospects so as to influence emotional connections and drive purchase intent. Passive interaction would include non-verbal interactions, taking material without discussions, or listening to other's conversation with exhibitors.

Trade shows contribute in important and unique ways to both customer retention and customer acquisition. Of particular interest to show producers:

- When the exhibitor and show producers provide advertising and promotion it creates more reach - while ancillary event-related exhibit activities (e.g., session speakers, off-the-exhibit floor meeting/demo rooms, etc.) provide more lift (due to an opportunity to build closer engagement and relationships). However a balance point must be achieved, as at some point this will yield diminishing returns.
- Reaction to the *Exhibit* drives Purchase Intent, more than reaction to the Show. However, both the Exhibit and the Show context are important in driving the factors that affect Purchase Intent (e.g., Brand Fit and Promoters).
- Trade shows have a unique viral effect. They influence the attendees, large numbers of whom also influence their peers, something that most advertising does not do. Like pass-along audiences in Magazines and out-of home audience in TV, event reach calculations should go beyond just direct attendees.
 - Recent research from Harris Interactive (see Figure 3) suggests that events exert a positive influence on a number of critical measures when compared to a 'strong' TV ad.
- The Web is an increasingly important follow-up component of trade show effectiveness.
- Event marketers should begin to adopt performance metrics that are comparable across marketing channels and bring them into the mainstream media tent, just as web ad performance is no longer being thought of against an isolated performance standard of "click-throughs" and even television is being driven to provide more than program audience reach and frequency numbers (e.g., engagement).

Comparison

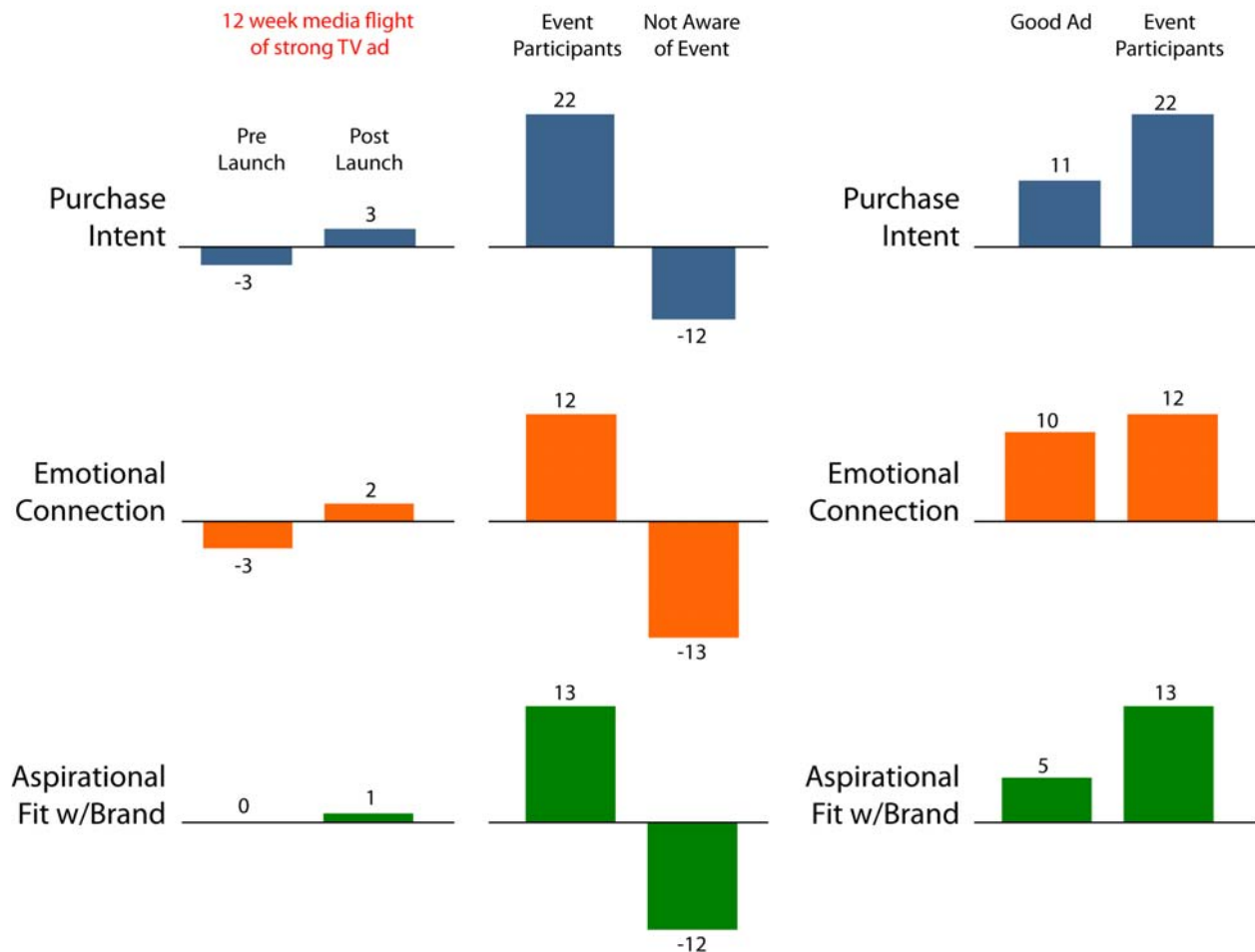


Figure 3: Comparison of strong TV ad and event participation

Action Outcomes

B-to-B trade show research suggests the following action outcomes for exhibitors:

- Quantify size and value of target audience among total audience to make show selection and investment decisions. If a large enough target audience exists, effective exhibit engagement can accelerate the sales process significantly to optimize return on investment.
- Determine where exhibitions versus other types of corporate proprietary events fit into the overall event marketing-mix strategy. Trade shows deliver both customers and new prospects, and exhibit engagement can accelerate the sales process among both. If gaining new customers is a primary corporate initiative, exhibitions should be an important element of the event mix.
- There is both a cognitive and an emotional component of exhibit engagement that drives results, and both are more powerful when combined. Creating an “experience” for the visitors that is relevant to and reflective of positive brand

attributes is as important as the cognitive-related tactics typically associated with exhibiting such as demonstrations, presentations, sampling, graphics, availability of collateral, knowledgeable exhibit staff, etc.

- Active engagement (one-on-one/face-to-face interaction) is critical in driving Purchase Intent and ultimately sales. Bringing a sufficient number of knowledgeable and engaged staff to the exhibition can increase return on the total show investment significantly.
- Merely being noticed by attendees at the show can contribute to engagement. Exhibits should visually communicate brand messages without direct staff interaction.
- Simply making attendees aware of brand presence at a show through pre and at-show promotion also contributes to engagement to a degree. However, Active engagement should be the ultimate objective.
- Because exhibit engagement accelerates the sales process and feeds the sales pipeline, active involvement and buy-in by sales management in show selection decisions, planning (setting objectives and strategy) and tactical execution is likely to improve sales conversion results significantly.
- An integrated approach to exhibition participation is valuable in driving results. Trade show specific advertising, promotion and sponsorships, as well as ancillary activities (e.g., speakers at sessions, off-the-exhibit floor meeting/demo rooms, special pavilions, hospitality, etc.) create increased reach and/or lift in results. However, both can experience diminishing returns if over-used in any one particular event.
- Similarly, corporate web sites and micro-sites should be integrated into the exhibit's strategy, particularly for post-show fulfillment. It has become the main source of attendee follow-up. However, sales support collateral/literature is still rated highly important in making purchase decisions.
- Cost effective measurement systems enhance management's ability to make evidence-based marketing decisions. The recommended measurement method for exhibits includes:
 - A post-event survey construct adhering to the principles of good sampling, questionnaire design and analysis can be employed very effectively in most situations. Pre-post methods, with their additional costs, are not always necessary.
 - Purchase Intent metrics are generally valid indicator of future sales. Sales conversion studies can isolate their value for a particular brand, but they are not always necessary or practical.
 - Measure traditional brand metrics (e.g., awareness, familiarity, brand image) but introduce new metrics as well to get at the show's contribution to the emotional connection/brand engagement.
 - Determine specific brand metrics that drive Purchase Intent (can vary by brand and event).

- Measure specific exhibit objectives (e.g., build awareness)
- Compare exhibit results to other marketing channels
 - Assess tactical and experiential elements of exhibit to identify strengths and weaknesses that drive results.
 - Measure Word of Mouth impact of exhibition participation. Based on this study, the viral effect of exhibitions is strong and increases the reach calculations of exhibits.
- Use research to help justify exhibit budgets by demonstrating the impact of exhibit engagement in driving brand metrics that accelerate the sales process and ultimately conversion to sales.

Basic Principles for the ECEF Audience

Emotion underlies engagement which affects memory of experience, thinking about the experience, and subsequent behavior: Emotion is not a peripheral phenomenon but involves people completely. Emotions have motivational properties, to the extent that people seek to maximize the experience of positive emotions and to minimize the experience of negative emotions. Emotion is fundamental to engagement, and in the event space it goes beyond the symbolic associations and influences attributed to the brand via advertising and marketing communications (although that is important) but includes a participant's experience at an event or sponsored activity (and their memory of it).

The emotion/engagement connection can focus attention, and should be a key element of event advertising and marketing communications: Emotion has a major influence on memory. This is mediated through its influence on *attention*; attention in turn enhances reflective memory on the experience. Attention is largely controlled by the "interestingness" of the event; that is partly determined by the experienced character (quality) of the event/exhibits and its affective significance.

B-to-B event engagement, in particular, supports notions of subtle thinking/feeling interactions and brand engagement: Besides controlling attention to selected aspects of the event experience, a strong affective *reaction* after an event also sustains recycling, rehearsal, or "mulling over" in working memory of the trace (memory) of that event. Abundant evidence indicates that people better remember events that evoke greater emotional reactions, whether positive or negative.

Brand engagement can be a focal point that crystallizes attention, interest, meaning, and motivation: Other influences arise because the mind accords a privileged status to emotional stimuli in its processing of information. For example, in laboratory experiments, stimuli that arouse a strong emotional reaction will be better remembered in the context of 'dull' items around them. Moreover, because the emotional item captures priority processing in working memory, it causes attentional resources to be displaced from neutral items that just preceded or just followed the emotional stimulus. Thus, emotion does not enhance memory for all details of the experience; instead, it focuses attention on the central part of the scene. This multidimensional dynamic is why a set of

metrics (e.g., customer connection) is needed to assess the 'impact' for consumer events.

Brand communications, event activities, and relationship tactics work together to form rich associations, positive expectations, and congruity (fit): The idea that emotional arousal directs attention has also arisen in studies concerned with mood-congruity effects in cognition and learning. The hypothesis is that people in a given emotional or mood state attend more to stimulus events, objects, or situations that are affectively *congruent* with their emotional state. Thus, happy people find pleasant stimuli - words, descriptions, pictures, people, and music - more attractive, salient, or attention-provoking; as a result, such stimuli receive deeper processing and are better learned (and remembered). Even when the processing time allotted to congruent and incongruent stimuli is equated, people still learn more about emotionally congruent stimuli. One explanation of this advantage is that emotionally congruent material evokes more plentiful associations that can be used to elaborate the material at the time it is being studied, thus linking it more firmly into memory.

Brand communications can rekindle the positive effects of an event (experience): A final relation of emotion to memory arises with emotion-state dependent memory. A memory learned in a given emotional state may be more retrievable later if the person returns to an emotional state similar to what prevailed during the original experience. Mood-dependent memory has proven to be a small, elusive effect, but it has been observed so frequently and reliably in controlled conditions that it must be considered a genuine phenomenon.

One explanation of the pattern of successful and unsuccessful demonstrations of mood-dependent memory uses a "causal belonging" hypothesis. This hypothesis states that people will most readily associate an emotion with a stimulus or a situation if they causally relate their emotional reaction to the occurrence of that stimulus. If they perceive the situation and the emotional reaction as causally bonded, then according to this hypothesis they will forge a strong associative bond between the stimulus event and the emotion it evokes. The lesson for marketers is that later retrieval of the memory for that event could be aided by the recurrence of that same emotional state; something that can be achieved with brand/marketing communications.

When people have positive experiences, they tend to feel safe, self confident, and expansive. Positive moods improve the quality of performance and generate pro-social behaviors. Most interpretations draw on the concept of *associative priming* in which positive thoughts are primed by positive moods. People are said to store material in memory on the basis of its affective *tone*. The good mood is a cue that increases the probability of positive thoughts, so the person feeling good will evaluate things more favorably. This explanation is molecular, that is, it can generate associative connections among fragments of core relational themes to create relational meaning. This is the essence of the customer connection engagement model we studied: co-creation and what people 'do' with advertising.

The importance of motivating positive, non-threatening interpersonal experiences at the event cannot be underestimated – informing vs. hard selling; educating rather than

shilling; helping rather than aggressively pushing decisions, etc.: "Threat" leads us to be wary, constrained, inhibited, and defensive, which tends to make us hold back so as not to increase the danger or make a fool of ourselves. Such a state of mind interferes with risk taking, *trust*, and smooth cognitive functioning.

In Summary

Motivation and emotion perform multiple functions in play in Experiential Marketing (events, trade shows, and sponsorships). While motivation mobilizes us for action, directs our attention, and guides our decisions, emotions serve largely as "commentators" reacting to the present situation, evaluating the possible decisions and their outcomes. Emotions often signal to the cognitive system the important discrepancies (between actual and expected outcomes) that are to be reduced by further experience, thinking, or learning. Emotion directs attention to the causally significant aspects of the experience, serves to encode and classify the 'unusual' (unexpected or novel) in memory, and promotes persisting rehearsal of the event-memory. In this way, thinking/feeling/memory articulates the experience to guide future behaviors. Importantly, later arousal of a congruent 'emotion' (this could be accomplished with a brand communication or sales follow up) prompts retrieval of associated thoughts, plans, and memories. This selective retrieval underpins mood-congruent biases in thinking, preferences, judgment, learning, and mood-state dependent memory. **This description encapsulates 'what happens' in experiential marketing and the importance of brand engagement in stimulating selective retrieval, e.g., brand interest, recommendation, consideration, and intent to purchase.**

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