

## The Cost Effectiveness of Exhibition Participation: Part I

### How Much Does It Cost to Make a First Face-to-Face Contact With a Potential Customer?

To determine the cost effectiveness of exhibiting, a survey was conducted among sales and marketing managers of random firms over all sectors of the industry with annual sales above \$50 million. When asked the question, “Annually, how many people visit your trade show displays?” respondents’ answers averaged 20,000+ visitors per year! These 20,000+ visitors present thousands of opportunities to capture better qualified leads, making exhibiting clearly the right choice when it comes to a truly cost-effective method of selling.<sup>1</sup>

Among other findings of the survey, it was determined that in order to make an initial, face-to-face visit with a potential customer, companies can expect to incur the following costs:

<u>With an Exhibition Lead</u>	<u>Without an Exhibition Lead</u>
<b>\$215</b>	<b>\$1039</b>
This includes: Exhibition construction, storage, transportation, exhibit space, salesperson salary, travel, and entertainment.	This includes: The \$596 cost of contacting the prospect in the field and the \$443 to identify the prospect prior to the first sales call.

Meeting a prospective customer **at an exhibition** versus in the field **saves an organization \$824!**

<sup>1</sup> *The Cost Effectiveness of Exhibition Participation: Part II* will qualify the number of field sales calls to close a sale with and without an exhibition lead and the total cost to close a sale. Part II of this study will be released in the Spring of 2009.

## How Much Does It Cost to Identify a Potential Customer?

To determine a company’s expenditure when it comes to identifying a potential customer, participants were asked, “Prior to a sales call, what is the average cost of identifying a prospect through means other than a trade show?” Furthermore, by using the average cost per exhibition to a company or organization – also found in the process of this survey – the cost of identifying a prospect at an exhibition was also calculated.<sup>2</sup>

The results of the survey indicated that meeting a prospective customer at an exhibition versus in the field saves an organization \$228! The costs to identify a new customer are:

<u>With an Exhibition Lead</u>	<u>Without an Exhibition Lead</u>
<p style="text-align: center; font-size: 48pt; color: #0070C0;">\$215</p> <p>This includes: Exhibition construction, storage, transportation, exhibit space, salesperson salary, travel, and entertainment.</p>	<p style="text-align: center; font-size: 48pt; color: #0070C0;">\$443</p> <p>This includes: The cost to identify the prospective customer prior to the first sales call.</p>

In more ways than one, the results of this study clearly illustrate the value of exhibitions as a marketing medium. Of the total visitors to any one exhibition, 295 are potential customers – or attendees with buying authority. **That means that at any one exhibition, on average, an exhibitor has 295 opportunities for face-to-face contact with a buyer.** An exhibitor has a powerful influence over buying decisions – a fact which has been proven for decades by CEIR research.

<sup>2</sup> The average cost of exhibiting per exhibition incurred by a company or organization is \$63,298.

## What is the Perceived Value of Exhibition Participation?

In order to gauge the perceived non-monetary value of exhibition participation by study respondents, participants were asked to indicate the extent of their agreement/disagreement with the following views on a five-point scale, ranging from strongly agree to strongly disagree.

### Exhibitions Increase Corporate and/or Brand Recognition

**67%** Agree or Strongly Agree

### Exhibitions Assist in Gaining/Retaining Market Share

**63%** Agree or Strongly Agree

Fewer Sales Calls are Needed to Close a Sale with an Exhibition Lead because the Potential Buyer was able to meet with Sales/Technical Staff at the Exhibition

**66%** Agree or Strongly Agree

Fewer Sales Calls are Needed to Close a Sale with an Exhibition Lead because the Potential Buyer has Seen an Organization's Product on the Exhibition Floor

**68%** Agree or Strongly Agree

## How This Study Was Conducted

This study was conducted by the Alfred P. Sloan Foundation Travel & Tourism Industry Center at the University of South Carolina for the Center for Exhibition Industry Research. The object of this study was to establish the cost effectiveness of exhibition participation, as it relates to the value of leads secured by qualified organizations. To identify the cost of converting an exhibition lead, it was necessary to determine how many additional sales calls were needed to close a sale.

The sample frame of respondents was sales and marketing managers of firms with annual sales above \$50 million. A telephone survey was used to gather data from the sample frame of 2,500 records. The resulting final sample size was n=214 of qualified survey participants. Among other findings, respondents reported that their average annual (non-salary) cost of exhibiting, based on an average 6.8 shows per year, was \$153,763. Based on the results of this study, it is evident that it is more cost effective to close a sale when a potential customer is first identified via an exhibition versus other non-exhibition means.

To obtain the complete report on the findings of this study by the Alfred P. Sloan Foundation, contact [info@ceir.org](mailto:info@ceir.org) or call +1 (972) 687-9225.

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