



Professional & Business Services

Exhibition & Event Marketing Trends & Outlook

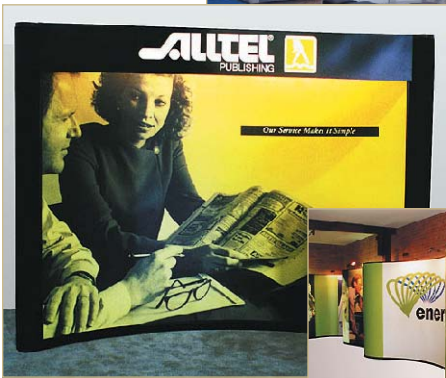


Skyline[®] **Tradeshow Week**
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An exclusive industry analysis by
Skyline Exhibits & **Tradeshow Week**



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INTRODUCTION

Skyline Exhibits and **Tradeshow Week** magazine have worked together to develop this exclusive report on the trends impacting the professional and business services industries and how these trends are changing exhibition and event marketing programs.

Exhibitors in professional and business services are defining new ways to showcase their firm's intangible assets to potential clients, and in some cases they are also integrating larger industry trends such as globalization, outsourcing and industry consolidation into their message. Many exhibitors are unsure how these trends will impact their event marketing programs. The report analyzes the trends that are impacting their exhibit programs and designs.

The data in this report was gathered from a survey of hundreds of leading exhibitors in the professional and business services sectors. Other information sources include **Tradeshow Week Executive Outlook**, **Tradeshow Week 200**, and the U.S. Department of Labor.

The report is outlined as follows:

- Executive Summary
- Trends Impacting the Professional and Business Services Industry
- How Professional and Business Services Trends Impact Exhibiting
- Exhibitor and Event Marketing Trends and Survey Results
- Conclusion

The report analysis will help professional and business services exhibitors and event marketers analyze the trends that are impacting their exhibit programs and exhibit designs.

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EXECUTIVE SUMMARY

- In 2006, the largest professional and business services tradeshow and exhibitions in the U.S. saw slight reductions in each of the three criteria generally used to measure event size. Net square feet pulled back .9%, exhibitors declined .5% and attendees dropped 2.7%. (Source: *Tradeshow Week 200*)
- In a recent survey of professional and business service exhibitors, 85% of the survey respondents said exhibiting at tradeshow has become either “more important” or maintained “about the same” importance to their organizations over the past few years.
- Eighty-six percent of the professional and business services exhibitors said it is either “about the same” or “more challenging” to reach their audience and draw attendees to their booth than it was a few years ago.
- Two out of three exhibitors have changed the way they use exhibits and/or their exhibit design to reflect key industry and business changes.
- The “must have” features in today’s booth design are:
 1. Lead capture technology: 60%
 2. Cutting edge signs/graphics: 57%
 3. Bright lighting: 52%
- According to professional and business services exhibitors, the most effective ways to reach buyers at tradeshow are:
 1. Meetings in the booth: 54%
 2. Host networking events outside the exhibit hours: 46%
 3. Educational events: 31%
- Most exhibitors said “no funds are being shifted” (57%) from their event marketing budget to alternative marketing mediums.
- Sixty-eight percent of the professional and business services exhibitors said their exhibit marketing program is currently facing “internal budget issues”
- Ninety-three percent of exhibitors said it is “moderately important” or “very important” to use exhibit structures and properties that provide flexibility and the ability to change out graphics or easily adapt for different booth sizes.
- Below, in their own words, are some of the ways exhibitors have changed their exhibits or exhibit design:
 - “We are using more state-of-the-art rentals and eliminating the hard structures to reduce labor costs.”
 - “We use more open space and facilitate discussion.”
 - “Made exhibit more conducive to meeting with customers.”
 - “We are offering a cleaner, sleeker look that reflects the need for quick interactions/ information and less clutter to distract the potential buyers.”
 - “Stronger graphics, greater continuity between exhibit and collateral materials, tighter focus on individual aspects of our service offerings.”
 - “Added more fun, more promotions to keep our products fresh and to steal more of attendees’ time.”
 - “Small, modular, flexible beats the old heavy exhibits of yester-year.”
- Exhibitors provided the following responses on how they demonstrate their intangible assets (e.g., market expertise, reliability, etc.) in the booth:
 - “Branding plays an enormous part. Experienced and knowledgeable sales professionals as well as ensuring the booth personnel understand “booth etiquette” when interfacing with prospective clients.”
 - “Targeted message communicated through signage, brochures and most importantly conversations with attendees.”
 - “Customer testimonials, examples of final reports.”
 - “Offering technical white papers on subject matter.”



TRENDS IMPACTING THE PROFESSIONAL AND BUSINESS SERVICES INDUSTRY

This section of the report provides an overview of the key challenges and opportunities impacting the North American professional and business services industry with a focus on event marketing issues.

Professional and Business Services Issues Impacting North American Companies

Many of the key challenges and opportunities impacting the North American professional and business services industry are outlined below. The source data is provided from *Tradeshaw Week's* survey of leading exhibitors in the professional and business services industry as well as information from the U.S. Department of Labor, Plunkett Research and the Everest Group.

Globalization: U.S. firms are expanding internationally as emerging markets stabilize and electronic communications reduce business concerns.

Challenge: Increased competition as foreign firms enter the U.S. market and also provide domestic companies with expertise abroad.

Industry Consolidation/Advancement: Corporate strategies and capabilities change quickly due to global mergers and acquisitions, technology advancements, economic directions, consumer behaviors, etc.

Challenge: Defining and differentiating brand identity in a changing corporate environment; pressure to demonstrate business worth.

Off shoring: U.S. corporations establishing business support systems (e.g., call centers, IT support and development) in countries with large and less expensive labor pools like China and India.

Challenge: More competition (often at lower prices and less quality); language barriers; communicating needs and coordinating business strategies across multiple countries.

Outsourcing: Corporate downsizing and the need for specific expertise is creating demand for corporate consultants.

Challenge: Demonstrating cost savings and return on investment to clients; providing information quickly and efficiently to demanding clients; facing uncertainties regarding key client budgets.

Commoditization: Products and services become defined as competing companies provide standardized price offerings.

Challenge: Distinguishing products and services by more than just price; defining company attributes and expertise; demonstrating ongoing innovations.

Staffing: An increased emphasis on customer service (both in-house and external); losing skilled labor in corporate downsizing and M&A redundancies.

Challenge: Providing training and support to develop expertise.



HOW PROFESSIONAL AND BUSINESS SERVICES TRENDS IMPACT EXHIBITING

Most exhibitors in professional and business services agree that tradeshow have become more important to their firms over the past few years and at the same time it has become more challenging to reach attendees. The business environment is shifting as outsourcing and globalization become the norm. Exhibitors are developing new messages to attract buyers. In a recent survey of professional and business services event marketers, two out of three exhibitors (67%) said they have changed the way they use exhibits and/or exhibit design to reflect industry and business changes.

Many exhibitors are looking at their booth as a space to focus on meetings rather than selling products. This may create a fundamental shift in the design and features needed in the booth. Internet connections and handouts are finding increased importance over product displays. The overall theme of professional and business services exhibitors is to bring their unique identity or brand to clients via face-to-face interaction with executives and staff.

In a survey of event marketers, Skyline and *Tradeshow Week* asked exhibitors how they are changing the way they participate in conventions, tradeshow and other events as a result of these trends. Below, in their own words, are some of the exhibitor responses.

- “Important to continue to reinforce longevity within industry”
- “The type of messaging we display is more to the point and the literature that is handed out is more in sync with quick and efficient information. Our promotions also reflect this as well”
- “We have reduced booth space and focus on customer meetings to showcase new products and innovation”
- “Downsize on the booth space, more technical equipment in the booth (Internet connection, computers, and plasma screen instead of real instruments and/or products)”
- “Focusing more on services and conveniences, then on product”
- “We make attendees aware of the issues and how we can help them”
- “We are continuing to improve our name brand with fun promotions that keep our products in the fore-front of our customer’s minds”
- “Focusing on what we offer that is different from the competition, not just price”
- “We make sure we are contacting clients before the meeting so that we make sure we can touch as many hands as possible at the meeting. We also are doing quite a bit of online advertising including banner ads and email blasts to enhance our visibility at the meeting”



EXHIBITOR AND EVENT MARKETING TRENDS AND SURVEY RESULTS

Tradeshow Week recently surveyed a cross-section of professional and business services exhibitors in North America. The survey was designed to study the latest trends and challenges influencing exhibition and event marketing strategies.

Event Selection

According to 85% of the survey respondents, in the past few years exhibiting at tradeshows has become either “more important” or maintained “about the same” level of importance to their organizations. Exhibitors are studying event track records more closely than in the past and changing their schedules to match products with buyer demographics. “Tradition” is no longer the number one event selection factor.

SURVEY QUESTION: How do you select which events to exhibit at? (Please check all that apply.)

	Professional & Business Services
Attendee demographics	57%
Traditionally, we exhibit at the same shows annually	45%
Perceived ROI or ROO opportunity	43%
Lead gathering opportunity	37%
Attendance numbers, projections	35%
Whether competitors are exhibiting or sponsoring	33%
Other	4%



Attendees

Over the past few years professional and business services exhibitors believe event attendees have become more informed about their products and services before they reach the booth. Attendees are also spending less time in the booth, and about one-third of the survey respondents felt “fewer attendees are higher-level executives and buyers.”

SURVEY QUESTION: What are you doing differently to meet the changing dynamic of attendees?

	Professional & Business Services
Spending more time in the booth with attendees who are interested and have buying power	47%
Qualify attendees as soon as they come into the booth	45%
Follow up on leads more vigorously than in the past	41%
Showcasing company-specific expertise	41%
Increasing direct marketing before the show	35%
Outlining the ROI (Return on Investment) our organization offers	14%
Other	12%

Exhibits and Staffing

Today, the “must have” features in booths include:

1. Lead capture technology 60%
2. Cutting edge signs/graphics 57%
3. Bright lighting 52%
4. Flat panel video screens 45%

Ninety-three percent of exhibitors said it is “moderately important” or “very important” to use exhibit structures and properties that provide flexibility and the ability to change out graphics or easily adapt for different booth sizes. Lightweight custom, hybrid exhibits (incorporating both custom and modular elements) and popups have gained in popularity.

SURVEY QUESTION: How has booth design changed in the past three to five years? (Please check all that apply.)

	Professional & Business Services
More high tech, upscale, showier than in the past	43%
Increased meeting space in the booth	39%
Booths are smaller	27%
Booths are larger	25%
Stripped down to bare essentials	9%
Decreased meeting space in the booth	5%
Other	11%



About two out of three exhibitors indicate they have changed their booth design to reflect broader trends impacting the professional and business services industry. The major themes in changing booth design and usage include specific buyer targeting, increased focus on meeting space, quick and easy to understand company messages through dynamic graphics and interactivity. Major themes in demonstrating intangible assets include client testimonials, product samples such as white papers or final reports, defining industry expertise and well-trained booth staff.

SURVEY QUESTION: If you have changed the way you use exhibits and/or your exhibit design, please describe what you have done.

- “We are educating attendees that are in our booth on our products.”
- “We have added a large A/V flat-screen monitor to our booth so the attendees get a quick view of what we are selling.”
- “Graphics are more specific, focusing in on one or two key points.”
- “We are using more state of the art rentals and eliminating the hard structures to reduce labor costs.”
- “We focus on a selling point that we are able to adapt to technological changes as quickly as possible to make buying easy.”
- “More targeted messaging to the attendees.”
- “Exhibit design is more clear and concise, less information.”
- “Smaller size booth with fewer workers, more narrow and focused product displays.”
- “Graphics and handouts educating on differences.”
- “We use more open space and facilitate discussion.”
- “More dynamic. More interaction with attendees. Specific targeting.”
- “Made exhibit more conducive to meeting with customers.”
- “We are offering a cleaner, sleeker look that reflects the need for quick interactions/information and less clutter to distract the potential buyers.”
- “Stronger graphics, greater continuity between exhibit and collateral materials, tighter focus on individual aspects of our service offerings.”
- “Small, modular, flexible beats the old heavy exhibits of yester-year.”

SURVEY QUESTION: How do you demonstrate your firm’s intangible assets (e.g. market expertise, reliability, etc.) in the booth?

- “Branding plays an enormous part. Experienced and knowledgeable sales professionals as well as ensuring the booth personnel understand “booth etiquette” when interfacing with prospective clients.”
- “Engaging conversations.”
- “Face-to-face discussions with our people.”
- “Banners extolling our services. Our professional staff is available to talk with anyone entering the booth. Online representation of our website.”
- “Targeted message communicated through signage, brochures and most importantly conversations with attendees.”
- “Customer testimonials, examples of final reports.”
- “Offering technical white papers on subject matter.”
- “With well-trained staff.”
- “Expertise, sample product.”



SURVEY QUESTION: How has booth staffing changed in the past three to five years? (Please check all that apply.)

	Professional & Business Services
Fewer personnel staffing the booth	52%
More personnel staffing the booth	29%
More training for booth personnel today than in the past	21%
Fewer executives and senior management staffing the booths	19%
Less training for booth personnel today than in the past	17%
More executives and senior management staffing the booths	14%
Other	2%

Tradeshows Budgets

Sixty-eight percent of the professional and business services exhibitors said their exhibit marketing program is currently facing “internal budget issues.” Over the past few years tradeshow budgets have remained relatively flat for exhibitors in all sectors. On the whole, professional and business services exhibitors tend to operate with smaller tradeshow budgets than exhibitors in other sectors like IT and medical and healthcare.

SURVEY QUESTION: What is your company’s 2007 tradeshow budget?

	Professional & Business Services
Less than \$10,000	2%
\$10,000 - \$24,999	5%
\$25,000 - \$49,999	5%
\$50,000 - \$99,999	16%
\$100,000 - \$249,999	31%
\$250,000 - \$499,999	18%
\$500,000 - \$749,999	5%
\$750,000 - \$999,999	9%
\$1,000,000 - \$2,500,000	9%
More than \$2,500,000	0%
Average Annual Budget	\$405,107



In addition to “internal budget issues” (68%) the most common concerns facing exhibitors are “drayage costs” (53%) and “on-site labor issues and costs” (49%). To this end, expenditures for “exhibit space” and “sponsorships” (45% and 43% respectively) may be at risk in 2007.

SURVEY QUESTION: What percentage of your 2007 tradeshow budget do you anticipate spending on the following? (The total should equal 100%.)

	Professional & Business Services
Exhibit space	25%
Exhibit freight shipping	17%
Show services	17%
Exhibit promotion and sales	12%
Exhibit staffing and training	10%
Exhibit design and production	10%
Other exhibit related items	9%



Tradeshow and Alternative Marketing

About four out of five exhibitors said it is “about the same” or “more challenging” to reach their audience and draw attendees to their booth than it was a few years ago. Pre-show marketing and lead follow up are increasingly important. Two out of three exhibitors said they follow up on leads within the first week of an event.

According to professional and business services exhibitors, the most effective ways to reach buyers at tradeshow are:

- 1. Meetings in the booth: 54%
- 2. Host networking events outside the exhibit hours: 46%
- 3. Educational events: 31%

Sixty-nine percent of event marketers believe senior management in their firm consider non-traditional convention and tradeshow event marketing “equally” or “more important” than they did two years ago. In the next few years, 85% of exhibitors anticipate their organization will participate in “about the same” or “more” non-traditional events.

About two out of three professional and business services exhibitors said their organization runs or participates in non-traditional marketing programs including, “sales meetings,” “conferences” and “training programs”.

The response rate for “conferences” and “training programs” increased significantly since a similar study was conducted in 2005. In the 2005 study, only 43% of exhibitors said their organizations ran or took part in “training programs” vs. 63% today; and 37% said they ran or took part in “conferences” vs. 62% today.



SURVEY QUESTION: Does your organization run or participate in any of the following non-traditional marketing programs besides traditional conventions, exhibitions and tradeshow? (Please check all that apply.)

	Professional & Business Services
Sales meetings	67%
Conferences	62%
Training programs	62%
Client appreciation events	47%
Road shows	38%
Corporate sponsorship programs	36%
Employee recognition programs	33%
Incentive programs	33%
Community events	31%
Press events	29%
Private corporate events with exhibits	22%
Chamber of Commerce events	20%
Product introduction programs	20%
Other	9%



Most exhibitors said “no funds are being shifted” (57%) from their event-marketing budget to alternative marketing mediums. If funds are being shifted, they are most likely going to “web sites” (25%). In the case of professional and business services exhibitors, an enhanced company web site may actually be a valuable tool in the booth. Some exhibitors specifically noted that linking to certain pages on their organization’s web site is an effective way of showing attendees their finished reports and service offerings.

Return on Investment (ROI) or Return on Objectives (ROO)

About half of the professional and business services exhibitors (52%) said they formally track Return on Investment (ROI) and/or Return on Objectives (ROO). When comparing their 2006 ROI and/or ROO returns vs. 2005, more exhibitors saw “increased” returns (41%) than “decreased” returns (36%). Looking ahead, exhibitor sentiment remains positive. Three out of four exhibitors are either “moderately” or “highly confident” that their 2007 ROI and/or ROO will outpace 2006 returns.

The most common factors used to determine tradeshow ROI and/or ROO are:

1. Sales leads gathered at the event: 95%
2. Number of booth visitors: 71%
3. Number of meetings at the show: 48%



CONCLUSION

Professional and business services is an evolving and expanding industry. Globalization has led to foreign competitors entering U.S. markets and domestic firms looking to new opportunities overseas. Fueled by industry consolidation and corporate downsizing, the professional and business services landscape is continually shifting. Small firms established by industry experts are challenging large companies and in many cases providing cost effective consulting to corporate enterprises.

The message for professional and business services event marketers is to focus on the following themes:

Costs

While cost is an issue for exhibitors in general, it's particularly important to professional and business services exhibitors. Exhibitors in this industry note "internal budget issues" (68%), "drayage costs" (53%) and "on-site labor issues and costs" (49%) as the first, second and third largest issues facing their exhibit marketing programs.

Flexible Exhibit Design

Exhibitors in professional and business services have been embracing lightweight custom, hybrid exhibits (incorporating both custom and modular elements) as well as pop-up booths. The lighter materials and flexibility help resolve cost issues associated with drayage fees as well as storage issues. It is possible the updated booth design will require less set up time resulting in reduced on-site labor issues and costs. Flexible exhibit design also provides marketers with the opportunity to switch out graphics and update their company's message from show to show.

Measuring Return on Investment (ROI) and/or Return on Objectives (ROO)

About half the exhibitors in the professional and business services events sector are measuring their ROI and/or ROO. Properly measuring tradeshow results is the best way to justify internal budgets. In addition to tracking sales leads and booth visitors, some other ways exhibitors measure results include tracking web site hits, press coverage and the number of brochures distributed.

Simple Messages

Providing a simple message is paramount to exhibit marketers who are tasked with demonstrating their organization's intangible assets. Exhibitors are turning to enhanced graphics with simple tag lines and well-trained booth staff to get their message across. The value proposition may not always be based on lowest price. Other considerations include expertise, track record and innovative solutions.

The data and analysis presented in this special report has been developed jointly by **Skyline Exhibits** and **Tradeshow Week**. The majority of the source data has been provided from a survey of hundreds of professional and business services exhibitors conducted in 2007. The report was developed to help exhibitors in the diverse professional and business services industry understand the trends impacting their industry and event marketing programs. **Skyline Exhibits** and **Tradeshow Week** have developed the Professional & Business Services Exhibition Outlook as part of a series of reports. Three additional reports have been developed. These other reports focus on the Medical & Healthcare, Information Technology, and Manufacturing & Industrial industries. To access these reports, please go to www.skyline.com/whitepapers.





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