The Value of Exhibiting in a Downturn

During an economic downturn all marketing spending is reviewed. With tradeshows often a large and important part of the business-to-business marketing budget, event spending is under the microscope as well.

In the age of the Internet, consistent visibility is the key to successful marketing. As one exhibitor said in a recent Tradeshow Week Research survey, "we need the continued visibility so that clients know you are still there and potential clients don't think you have gone under." Another exhibitor said: "Not being at the show leaves people to wonder if we are still in business."

At any time, even during a recession, the most important issue to consider when evaluating tradeshow investment is that show leads drive future sales. According to Tradeshow Week surveys of exhibitors, 60 percent of all sales from show leads close over seven months following the event. More striking is that over 40 percent of sales close more than a year following the event. Not exhibiting at a major show during a slowdown may result in sales being negatively impacted during the recovery – or during an even more pressing time if there is a prolonged downturn.

How Long After the Show Exhibitors Close Sales from Show Leads

	% of Exhibitors
Less than 3 months	14%
3 to 6 Months	17%
7 to 11 Months	19%
12 to 18 Months	29%
19 months to 2 years	10%
Over 2 years	2%
Don't know	9%

Source: Tradeshow Week

In times of economic stress, conventions and tradeshows, and often the largest shows in an industry, perform better than other traditional marketing media and corporate events. There is a sense of supporting the industry among attendees and buyers at conventions and tradeshows.

Tradeshow Week analyzed attendance growth during and following the past two recessions. For calendar year 1991, attendance actually grew by 0.6 percent. Then in 1992 and 1993, attendance expanded by 1.5 percent and 4.9 percent respectively.

Convention and Tradeshow Week Annual Attendance Growth 1990 to 1993

Year	Attendance Growth
1990	4.3%
1991	0.6%
1992	1.5%
1993	4.9%

Source: Tradeshow Week Research

The last recession had more impact as attendance declined by 5.8 percent in 2001 and then by a relatively modest 2.2 percent in 2002. By 2003, attendance expanded at a healthy 3.6 percent.

Convention and Tradeshow Week Annual Attendance Growth 2000 to 2003

Year	Attendance Growth
2000	4.0%
2001	-5.8%
2002	-2.2%
2003	3.6%

Source: Tradeshow Week Research

Hotel demand is also a proxy for convention, tradeshow and meeting attendance. It is common for major downtown hotels to mainly cater to groups and to get more than 50% of their occupancy from large conventions, shows and meetings. According to Merrill Lynch, overall U.S. hotel room demand was down by 3.5 percent in 2001 and then rose by 0.5 percent in 2002. Then recovery began in 2003 with 1.6 percent growth and a robust expansion of 4.7 percent in 2004.

Hotels Rebounded Steadily After 9/11

Year	Hotel Demand	Room Revenue
2005	3.5%	8.8%
2004	4.7%	8.8%
2003	1.6%	1.4%
2002	0.5%	-1.1%
2001	-3.5%	-4.7%

Source: Merrill Lynch

Below in their own words are comments by exhibitors on why they invest in trade shows during an economic slowdown:

- "(We exhibit) to gain additional market share in this economy and try to outlast the competition."
- "(There are) fewer attendees, but typically they are high quality decision-makers."
- "(We) maintain our company profile of strength and consistency, so when the market strengthens we are the first choice."

Most exhibitors care more about attendee quality than total traffic numbers anyway. According to an exhibitor survey Tradeshow Week conducted in 2007 the top reason why exhibitors choose to exhibit is "attendee demographic quality". The same survey found that "attendance numbers and projections" ranked as only the 5th most popular reason for exhibiting, followed in 6th place by the "perceived Return on Investment or Objectives opportunity."

Why Exhibitors Exhibit

	% of Exhibitors
Attendee demographic quality	70%
Tradition	60%
Because competitors are there	55%
Lead gathering opportunity	45%
Attendance numbers, projections	43%
Perceived Return on Investment or Objectives opportunity	36%

Source: Tradeshow Week

Corporate events and tradeshows usually fly under the radar when times are good and then are scrutinized when times are bad. But it's clear that reducing exposure at events is risky to future sales, and that attendance has recovered solidly following the past two economic downturns.

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