A Tangible Measure of Virtual Tradeshows

By Robert Weissman
President
Alliance Media Strategies

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Preface

Virtual and hybrid tradeshows have become the subject of much opinion, debate, and confusion. Much of the conjecture, as well as products themselves, come from people and organizations outside of the tradeshow industry. In many cases, theories of business potential and best practices are presented using virtual event examples that have little or nothing to do with the tradeshow model. This simply creates even more confusion, and lessens that chance for actual success. The goal of this paper is to clear things up regarding tradeshows and virtual technology; and hopefully identify approaches that could make profitable, sustainable virtual projects realistically attainable.

For the purposes of this article, I'll be focusing solely on what I'll refer to as "standard tradeshows" (ST)… **not** job fairs, single sponsored IT events, corporate training events, sales meetings, scientific/medical conferences, or periodic/seasonal buying shows…although it's quite instructive to note that some of those models actually represent areas producing the most successful virtual events.

In broad strokes, I'll define ST as multifaceted events; typically produced by associations, media organizations, or independent tradeshow producers. The ST feature-set typically includes some combination of: a substantial conference program, product exhibition (composed of dozens or hundreds of individual firms, each responsible for their own booth), food functions, awards programs, association elections, golf/tennis tournaments, and spouse programs, etc.; along with various evening, pre, and post show activities and special events. The specific importance of each element varies from show to show. And, via exhibit sales, sponsorships, and conference registrations, ST's are designed to be revenue positive; very positive.

In contrast to that model, one prime example of a popular, but inappropriate virtual example presented to the tradeshow industry is Cisco's GSX (Global Sales Experience). It has been presented as positive and successful model in a number of seminars and articles directly addressing tradeshow producers. GSX is an outstanding event; truly one of the best virtual efforts to date. But it has virtually (;^) no relation to the format, agenda, or financial model of ST's, and the organizations that produce them. GSX is an international Cisco sales meeting. It was created as a virtual event to reduce Cisco's cost of bringing their employees to a live meeting. There are no booth sales. No conference registration fees, etc. It's an expense, not a profit center; and has no relation to the standard tradeshow model. Yet I've had conversations with more than one person in the virtual arena who thought GSX was a virtual tradeshow. Indeed Cisco does have an event more closely aligned with tradeshows, Cisco Live/Virtual; a hybrid with its live event. It does include booths from 3rd party suppliers. However, I submit that here again, the main goal of the event is the sale of Cisco products, not booths. With the exception of sponsor packages, the majority of the speakers are Cisco personnel. And the virtual booths are provided free for physical booth/sponsor packages over 200 nsf. Unlike past years, they will not attempt to charge registration for virtual attendees; the sessions are free online; although carry a fee on-site. Clearly, this is not a traditional tradeshow.

This distinction is quite important, because STs are typically the major focus of virtual platform suppliers and pundits…that's where the big dollars are presumed to be, as indicated by the initial platform designs and terminology. Yet, virtual events based on the standard tradeshow model have historically produced the poorest results; in terms of participation and revenues. In lieu of profits, a new mantra of "extending and enhancing your event" has become popular. I've not seen any measurable success stories with underlying foundational statistical significance, but more time is needed to truly gauge that effect.

In addition to maintaining a sole focus on tradeshows, I'll also attempt as much as possible, to offer concrete, real world examples to back up my opinions and suggestions. The virtual arena currently seems to be comfortable with armchair philosophy, (hey, who doesn't like a comfy chair?). There are numerous forums where esoteric debates can have dozens or hundreds of responses. These threads typically start with a question: "What do you think about…" My favorite, however, was a post asking if anyone knew of five profitable virtual tradeshows. There were three responses, none containing the name of a show. Now that's what I call a measurable, if inconvenient, fact. I've also seen an article "25 Reasons why Hybrid Events are Hot." I think the industry could be better served simply giving an article giving links to 25 financially successful hybrid events. That truly relate to tradeshows.

Finally, I'll be using the word "virtual" for the sake of convenience, but that subject will be addressed at the end of the paper.

History

The concept of virtual and hybrid tradeshows has been around for more than fifteen years. While my background is in physical, b2b tradeshows, I've also been periodically involved with virtual projects for some time; most recently devoting more than a year to developing online communities in the fields of medicine, pharmaceuticals, and patient education. Again, the major virtual platforms have typically been created by IT people, not tradeshow managers; not media professionals. For example, here's a link to a platform I was involved with in the mid-nineties: In many respects, it does not look too different from the products on the market today.

It was created by some ex-Apple folks, who, from the outside looking in, thought the tradeshow model made sense. Can't blame them; their main experience was at the old Macworld, which featured an uber-motivated audience, and rapidly changing, mission critical product expo and conference info not available at other events. That same assumption seems the case with the current platform providers as well. Intuitively, from a non-tradeshow show background, tradeshows seem like the best model; certainly, the model offering the greatest potential revenues; especially if you assumed that 300 to 3,000 physical booths would migrate to the virtual model. It made sense to me also…at first.

In fact, virtual is not the first technology developed for tradeshows to have some growing pains based on logical (on the surface), but ultimately incorrect assumptions regarding shows and attendee behavior; again made by people from outside the tradeshow arena. About five years ago, there was much buzz surrounding proprietary social networking/matchmaking products, as well as attendee tracking technology. It's safe to say that neither of these has yet met their initial projections. While both products seemed to make sense, from the outside looking in, actual attendee and exhibitor buy-in did not meet predictions, and many of the models were ultimately not financially sustainable.

From my background, it's obvious that that I a firm believer that physical tradeshows "work." But, like other forms of media (and democracy, for that matter) they don't work totally as advertised. Also like democracy, it's still the best system out there! But therein lies the virtual rub. People creating, along with those promoting, the virtual platforms, don't seem to grasp that fact. Although I do believe they are starting to recognize it, as indicated by recent, gradual shift in client focus and application models. I also believe there are great opportunities offered by virtual environments. But I don't believe that using the tradeshow metaphor or trying to recreate the tradeshow experience on-line is appropriate in the great majority of cases.

Real World Attendee Behavior (observed in the wild)

Even with the current travel conditions, attending a tradeshow, especially an out-of-town event on a company expense account, is a perk! It's exciting! Need proof? The next time an employee is expressing mock-annoyance at having to attend an industry event, tell them they don't have to go; you'll send the junior exec instead. Then sit back and enjoy the reaction. We all deserve a good laugh from time to time.

Once at a show, actual and valuable business and education does really get accomplished, but even then, there's some design and prodding needed (has anyone developed a free lunch in the back a virtual exhibit?). On-site attendees are <u>extremely motivated</u> and focused to participate fully in all of the show's the features; remember, they've traveled there, many from out of town. The show is the locus of their entire day; and quite often, evening as well. Of course they'll visit and chat with exhibitors, even if they are not in "full buying-mode" at the time. (Some wonderful sales are developed in that manner). They will spend many hours per day, over the course of several days, at conference programs featuring session lasting 45 to 90 minutes. I know they will… I've seen me do it…I've seen you do it…at several shows per year! (A discussion regarding valuation of your content could be included here, but its length demands a separate article.)

In contrast, this is not the case with virtual. I've never spent 3 hours in one day viewing video conferences. Have you? Also, can you imagine the reaction of average CEO walking past a cubicle and seeing an employee watching seminars over the course of a few hours? How about when the CEO learned the material was available on demand, 24/7.

In my most recent online project, I conducted focus groups of unbiased virtual event viewers. Their on line behavior is totally different from that at live events…with respect to both conference and exhibit aspects. This immediately raises the questions regarding the wisdom of attempting hybrid events that simulcast dozens of hour-long sessions and expecting ROI. And an archived event, while attractive in theory, typically gets re-visited about as much as the exercise machine temporarily moved to the basement. Simply put, **attendee on-line behavior and preferences reflect the behavior they've developed from years of interacting with a computer**. These are difficult, if not impossible habits to change. Why try to fight that tide?

<u>Attending a virtual event is not a perk</u>. In some cases, it is a novelty, but that effect wears off rather quickly. These facts are not necessarily a bad thing, once acknowledged. In reality, this viewpoint will allow you to examine your market and your assets, in order to determine how the various features included in virtual technology can help you develop an online presence that delivers actual ROI based on the real strengths of the platform.

Measurable Fact vs. Magnificent Projection

A recent study, entitled "Virtual Conference & Trade Show Market Forecast 2010-2015**,** (Revised and Updated March, 2011)"
http://www.marketresearchmedia.com/2010/02/07/virtual-conference/
projects the virtual market to represent $18.6 billion (yep, that's a B) in that time frame. The report costs $5,950; I didn't buy it. (I wonder if there's a $10k version with a 28 billion projection). Seriously, check out portions of the teaser copy: *Attendance of traditional conferences and trade shows have long been a recession-prone, pandemic-flu-prone and terror-attack prone…a hassle for a large corporation… nightmare for small and medium…hundreds of vendors and thousands of visitors meet in a cramped noisy space….Here comes emerging virtual conference & trade show market on the wave of game changing and leveraging technology*."
Well, who you gonna' believe, them or your lying eyes. Can you imagine what they say about print?

Coincidentally, in March of 2011, Venture Capital firms Sequoia and NVP sold a leading virtual platform supplier, Unisfair to private interests. The financial press http://www.globes.co.il/serveen/globes/docview.asp?did=1000627474 indicated that the sale was not a home-run, but rather preservation and redirection of capital. That does not automatically mean that the VC's believe that virtual events are a poor model. VC's have fairly strict timetables and revenue mandates. Perhaps they think virtual environments are great, but that the platforms will become a commodity; with low barriers to entry from above and below. There are also many cases where some businesses will fare better under private ownership.

But, consider what information they used to make their decision, over and above the internal corporate p&l's, budgets, projections, etc. Virtual events come with the ability to easily and immediately measure actual adoption, usage and interaction…in many cases as an external, casual observer; and that can be a mixed blessing. With the exception of private chat, it's quite easy for any virtual attendee to get a good fix on what's happening in the booths, auditorium, networking lounges, etc. That effect is multiplied by the fact that most virtual events are archived…an interested party could visit dozens of examples in a few days. They could gauge the degree of participation, and also form opinions regarding if and how they themselves would participate. Additionally, they could use all manner of social media outlets and industry-specific (not virtual-tech industry) media to monitor the buzz about, and press coverage of the events from the actual targets of the events: attendees and sponsors. They could also determine what events were "one and out," as well determine year over year exhibitor and sponsor growth for repeat events. Whether or not the VC's conducted this sort of research as a part of their decision-making process, we'll probably never know. However, I think this is an exercise that all show managers should do when considering virtual options.

Bottom line, Sand Hill Rd. VC's are biz-smart and tech-savvy, and they opted out of participation in the presumed $18 billion market.

Ok, Let's Stop Tearing Virtual Down and Start Tearing Virtual Up!

Again, I actually believe there is vast, untapped potential for new forms of commercially-oriented online environments, using much of the technology already available! I don't believe that, for the majority of cases, virtual or hybrid shows are the correct metaphor, or proper use of the technology available. Attempting to translate a physical show experience to virtual is analogous to trading in one set of inefficiencies (presumed) for another.

We can, and should, learn from experience, rather than armchair philosophy. We don't live in a vacuum; simply look at web 1.0. In that context, virtual tech can be seen as posing both an opportunity and challenge for tradeshow producers. Consider the following: When the web became viable, Barnes & Noble did not create Amazon, Florsheim did not create Zappos, Microsoft did not create Google, AOL did not create Facebook, Warner did not create iTunes, etc…yet they all were in their respective spaces first. To be fair, transitioning from an established successful model to the next big thing is difficult. In an earlier time, Apple even had a number of misfires attempting to follow up on their original success. Steve Jobs was unhappy with Apple II and Lisa, and eventually formed a separate skunk works to focus on **what could be done**, with a new team, and no legacy burdens of past models. That's how the Mac was born

While the results for existing virtual tradeshow attempts are not impressive, I don't believe anyone should ignore the possibilities, or be complacent about the possible threats.

Think Outside the Hall

For a moment, forget your show per se, and take a larger view of your market served, and your constituents within that market. Then examine how your entire organization interacts with your constituents…and what services you could create and deliver with various virtual features online that your physical show **could not** deliver as well. Let's face it, most of you interact with your constituents across a number of media outlets and organizational initiatives, in addition to your show, 365 days a year.

From another perspective, understand that if you remove the tradeshow metaphor and literal connection to an existing event, the barriers to entry for a small group of focused individuals to create something for your market that does make sense, using the feature set available in a virtual environment, and tailoring it to a specific audience and established online behavior patterns…are exceptionally low!

In terms of staff and finances, look all of the things <u>they don't need</u>: hall rental, decorator, room block/attrition escrow, signs, buses, food, a/v, on-site staff…no stinkin' badges. Combine that with no legacy profit mandates, worries about cannibalizing existing profits, adding new work to existing staff, conflicting department agendas, etc. Many of the largest shows in the country were started by single individuals, or small groups of people with a clear and unified vision and 24/7 sole focus of creating something that made sense. (BTW: as a result of all manner of social outlets, including your own efforts, it's easier than ever for someone to discover and communicate with your attendees and exhibitors.)

Now, think of what you and your organization, along with the benefit of your existing position in, and knowledge of the market, might accomplish without those very same constraints.

Next Step – Channel Your Inner Bezos (or Jobs, or Innovator of Your Choice)

I submit that most tradeshow managers know their market very well. And they also have ready access to survey and monitor their constituents' specific preferences…and the experience interpret their responses. I suggest that you take the time to visit @ five virtual shows in markets and formats similar to yours. It will only take a few hours. Again, many are archived and the features are fairly transparent. View how others participated; see what you would use, change, or eliminate. Imagine that Jeff Bezos was looking at virtual technology and your market. Would he have people navigating virtual halls? Try to filter out the various debate positions being offered to you and trust your own judgment. Is there something you would actually imagine using yourself, under the umbrella of virtual engagement…if the answer yes, or even maybe:

Then consider creating your own skunk words. Put together a team with a common vision and goal, charged with examining the technology and creating something unique for your constituents that delivers something that your show does not, in a financially sustainable manner. Pick a team whose members have demonstrated true creative and entrepreneurial expertise. Don't buy, or buy into a model that does not work; create one that does. And give it a name that reflects what it is and what it does. (Don't call it a comeback, and don't call it virtual). * Fun Fact: Amazon never used the word virtual in describing themselves; rather they were "the world's largest bookstore." If you Google-search "virtual bookstore" they will show up in an ad, but not in the search results.

Could this technology help your organization create an online presence that achieves the holy grail of a web presence that your constituents visit and interact with on a daily basis? Clearly, your industry footprint and scope, along with the quality, uniqueness, and frequency of replenishment of your content are critical components for that goal to be achieved. However, I believe that there are many organizations that currently have a tradeshow component that could realistically achieve that goal.

A Final Note on Barriers to Entry

With respect to people with no existing tradeshow using some form of virtual tech to enter your market, one should be aware that, once a market is successfully entered, there is always the possibility of reverse engineering. That is, creating a physical event on the foundation created by a virtual presence. In that vein, at the recent Book Expo in NYC, Amazon announced that it was going into the publishing business; hiring their own writers, editors, etc. The books will be in digital format only (they don't need no stinkin' presses). While it's not like they are opening brick and mortar stores, it does indicate how they continue to be disruptive once entering a market. Their first titles will be in the romance genre. I wouldn't be surprised if it's a happy marriage.