

Exhibiting Dollars and Sense: Budget Guidelines and Controlling Your Costs

Trade shows can either be an expense-spend a lot of money and get little or nothing in return, or an investment-offering a solid return. It depends on how you view shows and how you manage your exhibiting dollars.

It is wise to view exhibiting as a sales and marketing investment and with any investment, you should hope to see a return. How much return should you expect? A nice average ROI target is three to five dollars in return for every one dollar invested.

The first budget area to review is the percentage of your company's total sales and marketing budget allocated to exhibitions. A CEIR/Deloitte & Touche study found that the average company spends 24% of their sales and marketing budget on exhibitions. How do you compare?

The second budget area to review is how much to spend on a specific show. To establish a show budget, multiply floor space cost x 3 if you have a small exhibit without a lot of set-up labor costs, material handling or show services. For example, if the floor space costs \$3,000 you should invest at least \$9,000 in the show. However, if you have a larger exhibit with a lot of installation and dismantle labor, material handling and other show services, budget floor space cost x5.

Following is a list of major exhibit expenses and approximate percentages spent on each. Please note: these are estimates and provided only to give you an idea of where companies typically spend their budget per show. These estimates may vary by industry and by show.

1. Exhibit space rental: 32%
2. Exhibit design: 20% this would include design and construction costs, refurbishment, display materials, graphics, storage, installation and dismantle costs, insurance etc.
3. Show services: 14% electrical, plumbing, janitorial, security, telephone, carpet, furnishings, wireless access, lead retrieval system etc.
4. Transportation: 9% freight, material handling, customs (if necessary)
5. Travel and entertainment: 18% airfare, lodging, meals, ground transportation, training, staff attire, hospitality events, client and prospect entertainment
6. Advertising & Promotion: 6% print advertising, sponsorships, public relations, direct mail, list rental, literature, promotional giveaways
7. Other: 1% anything that doesn't clearly fall under the previous six categories

To manage your budget, create a spreadsheet with the seven major categories and specific line items listed under each. The spreadsheet should include budget versus actual and indicate the variance. This will provide a clear picture of where money is being spent.

Controlling exhibiting costs can help you improve your return on investment. The following tips will help you control costs:

1. Read the exhibitor service manual and pay careful attention to discount order deadlines. Ordering prior to the deadline will save money.
2. Order all exhibit accessories and services in advance because they will cost more if ordered onsite.
3. Request that show labor be done on straight time if possible.
4. To minimize installation and dismantle labor costs, number your crates according to content, attach a diagram with instructions for exhibit set up and include electrical requirements and repacking instructions.
5. If you exhibit in multiple shows, use the same freight carrier and negotiate volume discounts.
6. Take advantage of show advertising packages when available as they offer a low cost option to maximize return on your investment.

Source: Jefferson Davis, President of Competitive Edge is known as "the trade show turn around artist." Since 1991, he has helped companies improve trade show performance and results. His clients have written over\$450M in sales from their trade show investment. You may reach him at 1.800.700.6174 or www.compedgetraining.com

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