

Designed for small businesses who are first time trade show exhibitors - helping you reach your full trade show potential...

Trade Show Training



Acknowledgements

This document was created by Angelyn DeYoung, Marketing Officer for the Montana Department of Agriculture's Agricultural Marketing & Business Development Division. The content was taken from published resources; interviews with trade show exhibitors; and guidance from other states and Canadian provinces.

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The Journey of a First-time Exhibitor

Welcome to this guide designed for the first time exhibitor. It will take you on the exciting journey from selecting an event to successful participation and follow up.

This manual is designed to work with the presentations available at:

<http://agr.mt.gov/Marketing-Assistance>

If you already have some experience then you may wish to skip certain sections or dip in and out to find ideas and inspiration to maximize your effectiveness at an event.

Contents

Track 1: Planning	5
Are Trade Shows Right for My Business?	6
What Trade Shows Provide.....	6
Am I Ready for Trade Shows?	8
Product Considerations.....	8
Pricing Considerations.....	8
Packaging Considerations.....	8
Distribution Considerations	8
Budget Considerations.....	8
Picking the Right Trade Show	10
Trade Show Progression.....	10
Ask Those in the Know.....	12
Online Resources to Source Trade Shows.....	12
Budgeting	13
Quick Budgeting.....	13
Total Cost.....	13
Major Exhibit Expenses	13
In-Depth Budget Form	13
Budgeting Tips	13
Build in a Budget Buffer	13
Always Ask for a Discount.....	13
Track 2: Pre-Show	15
Contracting a Booth Space	16
Booth Space Options	17
Additional exhibit space	18
Pick the Right Location.....	19
Planning.....	21
Planning Manual.....	21
Trade Show Planning Timeline	22
Determine Measurable Objectives	23
Measurable objectives must:.....	24
Examples of Measurable Objectives:.....	24
Read the Exhibitor Services Manual	24
Meet discount deadlines	24
Pad Deadlines.....	24
Pre-Show Checklist.....	24
Always Have a Plan B.....	24
Pre-show Marketing	27
Identify and Attract the Right Visitors to your Exhibit.....	27
Use Social Media.....	28
Track 3: Show Preparation	29
Packing.....	30
How to pack.....	30
Packaging	30
Labeling	31
Pallets.....	32
Shrink-wrap	32
What to pack	32
Bring vs. Pack.....	32
Product.....	32
Display & signs.....	33
Literature & Giveaways.....	33
Supplies	34
Shipping.....	35
Get Price Quotes	35
Know the Basics	35
Transportation Terminology.....	38
Bill of Lading.....	40
Certified Weight Tickets	40
Learn Shipping Carrier Options.....	40
Common Carriers	40
Van Lines.....	41
Airfreight	41
Small-Package Carriers.....	42
Decide: Advance or Direct?.....	43
Shipping in Advance to the Show Warehouse	43
Shipping Directly to the Show.....	43
Get Insurance.....	44
Transportation Coverage	44
Door-to-Door Coverage	44
Insurance Evaluation	44

Understand Material Handling.....	45
Estimating Material Handling Charges.....	45
Hand-Carrying Materials.....	46
Empty Containers.....	46
Shipping Back Home.....	46
Material Handling Agreement	46
Forced Freight.....	47
Booth Design & Setup.....	48
Buy vs. rent?.....	48
Types of exhibits	49
Lightweight, exhibit-friendly materials	50
Elements of a Trade Show Booth	52
Tone & Colors	52
Walls	52
Floor	52
Tables & Chairs	53
Signage	54
Table-top Signage	55
Storage	56
Product display	56
Finish.....	56
Safety	56
Booth Inspirations	57
Ordering Show Services	57
Setup and Dismantling Labor	57
Building Services	57
Average Labor Rates	58
What Can Exhibitors Do Without Union Personnel?	58
Track 4: The Show	59
Travel.....	60
Making the Most of Your Travel Time	60
Tips for a Tighter Travel Budget.....	61
Talking to Buyers.....	62
Greeting Buyers	62
Pulling Buyers Into Your Booth	62
Reading Body Language	63
Qualifying & Organizing	65
Know your target	65
Start qualifying	65
Dismissing	65
Show Specials	65
Buyers Term Sheet	66
Categorize your buyers	68
At the Show	69
Setup Day	69
Check in	70
Temperatures	70
On-site floor managers	70
Murphy's Law	71
Commercial Liability Insurance	72
Security	72
Show Days	73
Clothing	73
Literature & Giveaways	73
Press Kits	74
Using Social Media at the Show	75
Sampling	76
Booth Etiquette	76
At the end of the show	77
Review invoices	77
Packing & Shipping	77
Turning In	78
Transportation	78
After the Show	78
Follow-Up — Turning Leads Into Sales!	80
Methods	80
Follow-up Suggestions	81
Timing of Lead Follow-up	83
Lead Persistence	83
Post-Show Social Media	84
Post-Show Evaluation	85
Helpful Resources	86
Glossary of Terms	87

Track 1: Planning

This track will take you through the steps for planning for a trade show, including deciding if trade shows are right for your business, picking the right show, and budgeting for trade shows.



Are Trade Shows Right for My Business?

First off, what is a trade show? A trade show is a large convention where people in a specific industry present their goods to distributors and retailers wanting to buy those goods wholesale. Press and other members of the industry attend as well. It is usually a trade only event, not open to the public, which means that you'll likely only write orders at the show, instead of making immediate, "cash and carry" sales.



Some trade shows are small, with only 100 – 500 booths, and they attract mostly local and regional buyers. Other trade shows are large, with up to 5,000 exhibitors, attracting buyers from all over the country and often even some buyers from other countries – sometimes in excess of 50,000 buyers!

What Trade Shows Provide

When determining whether or not trade shows are right for your business, it helps to know what trade shows provide.

1. **Personal relationships.** Face-to-face marketing gives you an edge. When you can look into a prospect's or customer's eyes and create a personal relationship, you are halfway to reaching key objectives for your brand. In fact, spending for trade shows and exhibitions is still on the rise, surpassing other marketing spending, such as print advertising, according to the Center for Exhibition Industry Research (CEIR). The reason may be that exhibitors and attendees see strong value in exhibitions; according to a Benchmark Research report, 91 percent of all decision-makers find exhibitions an "extremely useful" source of purchasing information.



2. **Cost-effective leads.** For contacting a prospect and closing a sale, trade shows are typically more cost-effective than personal sales visits or "field calls." According to one study, you can save more than \$500 per buyer by first connecting with them at a trade show (see *How Much Does It Cost to Make Contact with a Prospect?* and *How Much Does It Cost to Close a Sale?*).

3. **Forum to obtain customer feedback.** Trade shows offer the perfect opportunity to query attendees on taste tests, packaging options, etc. via in-exhibit surveys, informal polls, in-booth focus groups, and product comparisons.



4. **Opportunity to gather competitive intelligence.** By walking the show floor, attending seminars, and simply networking with customers and industry peers, you can assemble valuable data about everything from new competitive threats and industry trends to clever marketing strategies and up-and-coming leaders.



5. **Chance to educate yourself about the industry.** Exhibits, educational sessions, and after-hours events offer endless opportunities to meet key individuals within your industry, to build relationships with existing customers and prospects, and to soak up valuable information.



6. **Find partners and form strategic alliances.** Make time during the show to talk to other exhibitors, either at networking events or by simply stopping by their booths, and you could come away with invaluable business opportunities that might have otherwise gone undiscovered.



How Much Does It Cost to Close a Sale?

Data & S strategies Group

How Much Does It Cost to Close a Sale?

\$1,140 vs. **\$705**

Total Cost:

No Exhibition Lead
Field Sales Call Follow-Up

Cost Includes:

\$308 (cost of contacting a prospect in the field)
x 3.7 (average number of sales calls to close a sale)

Total Cost:

Exhibition Lead
Field Sales Call Follow-Up

Cost Includes:

\$308 (cost of contacting a prospect in the field)
x 1.6 (average number of sales calls to close a sale)
+\$212 (cost per contact at an exhibition)

How Much Does It Cost to Make Contact With a Prospect?

Exhibitions are **less** expensive than field sales calls for meeting with prospects. Prospects you are not aware of find you at an exhibition. Improve your return-on-investment and develop qualified leads at exhibitions and use field sales calls for follow-up.

\$308 vs. **\$212**

Cost of Contacting a Prospect in the Field

Cost Includes:
Compensation, Travel & Entertainment and Sales Materials.

Cost does not include:
Cost of identifying prospect prior to sales call!

Cost per Visitor Contacted at an Exhibition

Cost Includes:
Exhibition Construction, Storage and Transportation, Exhibit Space, Exhibit Staff Compensation, Travel & Entertainment.

<http://www.exhibitoronline.com/topics/article.asp?ID=1198&catID=31#.UdNAHNhinA0>

http://www.ceir.org/store_products.view.php?id=1249

Additional Information

Need more data as to why trade shows can help grow your wholesale business? View the study, *The Power Of Industry-Specific Events*:

http://The Power Of Industry-Specific Events/pdf/resources/ABM_Power_of_Industry-Specific_Trade_Shows_and_Conferences_v11.pdf.

Am I Ready for Trade Shows?

While there are many complex nuances to selling wholesale, below are some basic considerations to make sure you have the proper foundation.

Product Considerations

To sell wholesale at trade shows, make sure that you can produce your product quickly and in large quantities. This means that you must buy your supplies/ingredients in bulk quantities and build up your finished-product inventory.



Pricing Considerations

To sell wholesale at trade shows, you must be able to sell your product at wholesale price. Wholesale price is the price you, the manufacturer/grower, get for selling your goods in bulk to a retailer, who then re-sells your product to the consumer for a marked-up price.

For help with determining your wholesale price, use the Pricing Workbook on the next page, or use an interactive Pricing Worksheet, available at:

http://agr.mt.gov/_downloadGallery/Selling_to_Grocery_Stores_Manual_Attachments/Pricing_Workbook.xlsx

Packaging Considerations

To sell wholesale at trade shows, make sure that you can package your product in a professional way that is cost effective. Additionally, your packaging should help the retailer sell your product by drawing attention to the product, communicating the product's features and benefits, and fitting on their shelves.



Distribution Considerations

To sell wholesale at trade shows, you must be able to get your product to the retailer for a reasonable price. Consider that if your product is perishable or fragile, can it be cost-effectively shipped to retailers more than a few miles away? Have you already saturated your local market and need to sell to a wider area for more profit?



Budget Considerations

It may take 6 months to 3 years to realize the sales from exhibiting at a trade show. Can your business afford that lag between the significant expense of exhibiting at a trade show and actually getting sales?

Note that it may take 3 years of exhibiting before you are really taken seriously by the buyers. And that makes sense. They want to make sure you are a business that is here to stay before they invest in your products and share them with their customers. So, Trade Shows can be a really long-term commitment. Are you prepared to stay with it for the long haul?



Did you say no to any of the above?

If you are not able to meet these criteria, you are not ready for wholesale or for trade shows. This doesn't mean that you can't grow your business; it's just that the trade show tool will not work for you at this time. Talk to your local Small Business Development Center for help with your business plan, which will help you to identify other tools to help your business grow.

However, If you said "yes," then you're ready to sell wholesale!

Pricing Worksheet

Retail Selling Price	\$ _____
Less Retailer's Margin (RM) of 40% [I-RM]	x 60%
Equals Retailer's Cost	= \$ _____
Less Distributor's Margin (DM) of 25% [I-DM]	x 75%
Equals Distributor's Cost	= \$ _____
Subtract shipping costs paid by manufacturer	- \$ _____
Equals Price manufacturer receives	= \$ _____
Less Processor's margin (PM) of 40% [I-PM]	x 60%
Processor's Cost	\$ _____

EXAMPLE

If the retail selling price is \$5.00, total manufacturing costs per unit are \$1.40 and the manufacturer pays shipping costs of 5 cents per unit, you would sell your product to the distributor for \$2.20:

Retail Selling Price	\$5.00
Less Retailer's Margin (RM) of 40% [I-RM]	x 60%
Equals Retailer's Cost/Unit	= \$3.00
Less Distributor's Margin (DM) of 25% [I-DM]	x 75%
Equals Distributor's Cost	= \$2.25
Subtract shipping costs paid by manufacturer	- .05
Equals Price manufacturer receives	= \$2.20
Less Processor's Margin (PM) of 40% [I-PM]	x 60%
Processor's Cost	= \$1.32

A production cost (C) of \$1.32 is necessary to have a 40% margin for the manufacturer. Since actual costs are \$1.40, the true profit margin this scenario is 36% [$M=I-(1.40/2.20)$].

Is the margin you found acceptable? If not, the price to the consumer will need to be changed or your costs need to be reduced. Keep in mind that there are limits to the price you can charge for a product without encountering stiff consumer price resistance.

There are price-points where small changes in price can have a significant effect on sales. These price points are just below the even dollar amount. If your retail price is \$5.07, you may want to consider lowering it to \$4.99 or \$4.95 to create a more favorable consumer perception of the price.

Most likely you sell through a variety of distribution channels - direct to consumers, direct to some retailers or "house accounts" and through brokers. If you sell direct to consumers, you must charge them the full retail price to prevent undermining your retailers. All retailers must pay the same price as well, regardless of whether they order through a broker or not. Therefore, your volume may be lower on house accounts but your profit margin will be higher.

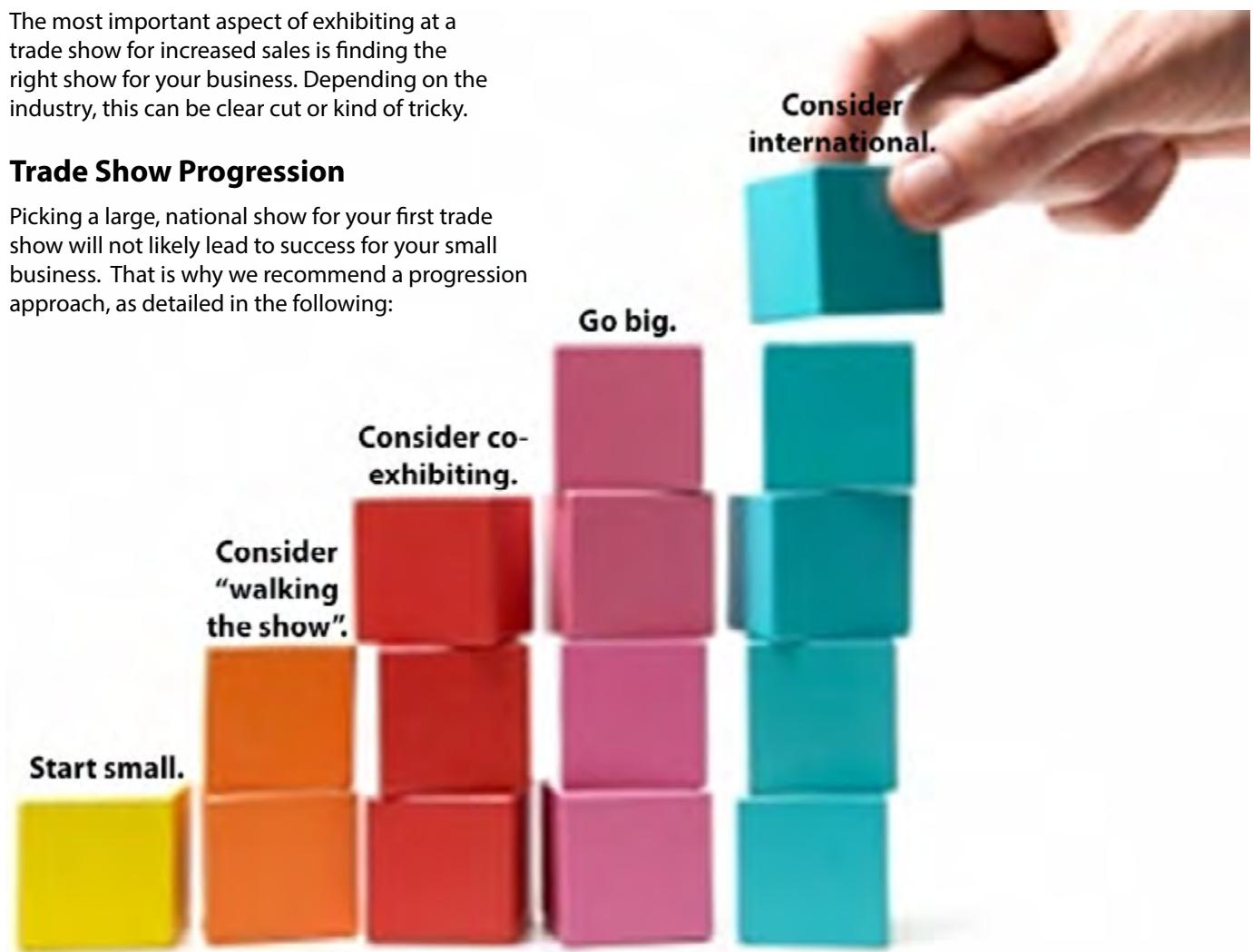
Furthermore, if you have a line of products, consider charging the same price across the board. Such a strategy will make it more convenient for retailers to order products and price them on their own shelves.

Picking the Right Trade Show

The most important aspect of exhibiting at a trade show for increased sales is finding the right show for your business. Depending on the industry, this can be clear cut or kind of tricky.

Trade Show Progression

Picking a large, national show for your first trade show will not likely lead to success for your small business. That is why we recommend a progression approach, as detailed in the following:



1. **Saturate your local wholesale market.** Before you jump into the regional or national market, make sure that you've gotten your feet wet by selling to as many local wholesale accounts that you can. Selling to local accounts make it easier for your business to conduct sales visits and deliver product, giving you experience for selling outside your local market.
2. **Start small.** Once you have saturated your local wholesale market, we recommend that you exhibit at small, regional trade shows first. These shows typically showcase 100-500 booths and attract 500-1000 local and regional buyers, mostly from within a few hundred miles of the show location. Starting here provides you with the opportunity to:
 - Grow your market at a steady, manageable pace. With fewer buyers, there is less of a chance that you'll sign on to a too-large account for which you cannot manage the production and sales.
 - Increase sales at a lower cost. Because this show draws fewer buyers than large, national shows, the booth cost is proportionately less.
 - Work out your distribution kinks. Gain accounts within a few hundred miles of you and work on your distribution options with them. Is direct shipment reasonable or can the buyers help get you into a distribution system? Then when you're ready to launch nationally, you have distribution experience.
 - Perfect your booth design. A cheaper booth means your mistakes cost less, too. Find out what works in your 10' x 10' space. Maybe spend a few years at a regional show trying out different booth designs, in order to make sure that when you spend \$5,000 on booth space, you have it right.

- Hone your boothmanship skills. Pulling buyers into your booth when there are only 100-500 booths is not as tough of a job as when there are thousands of exhibitors to pick from. Work on your buyer enticements, sales presentation, buyer qualifying, and lead follow-up when there are fewer buyers to deal with.
- Evaluate. Are you ready or do you need to move on, or does selling to these regional markets fulfill your growth and profitability goals? Selling nationally does not necessarily need to be your goal – shouldn't it be your goal to sell to the most profitable market?

3. **Consider "Walking the Show".** Why not first go to the large, national show as a visitor and see what you think before committing (i.e. "walking the show"). Most shows will allow you to register as a guest with the intent of vetting the show for future participation, or some shows will allow you to register as a manufacturer (i.e. as a potential buyer of show vendors' products or services).

4. **Consider co-exhibiting.** At large, national shows, there are two options for sharing a booth with other exhibitors, in order to reduce your booth cost.

- Broker/Distributor pavilion. Many brokers and distributors offer a pavilion of small (usually 2-4') table top booth spaces for you to showcase and sample out your products to prospective buyers along with the other companies whose products they carry.

Pros: Lower booth cost and association with a broker/distributor

Cons: Less space to meet with buyers and showcase your product

• Booth sharing. Find a complementary (or at least non-competing) company and share booth space. You'll need to get show management's approval for any partner arrangements, but it's worth investigating, especially if you're unable to afford exhibiting on your own.

Pros: Lower booth cost and possibly complementary products/services to offer buyers

Cons: Coordinating shared space can be difficult and confusing. Make sure that the company you share with is a company you know and can trust. Make sure to determine in advance of reserving the spot that you know who will coordinate the space, furniture, signage, etc., and how they will be paid.

5. **Go big.** Once you have all of this experience, and your profitability goals necessitate expanded markets, you're ready for the large, national trade shows. The rest of this training will help you be successful at it!

6. **Consider international trade shows.** Exhibiting at international shows provide a whole new level of complexity, not to be covered in this manual. For assistance, contact your local exporting experts, such as the US Commercial Service and the Foreign Ag Service.

Video: How to Choose the Right Trade Show

Click here for a video on *How to Choose the Right Tradeshow*:

<http://www.youtube.com/watch?v=TkfRxxNv0ik>



Ask Those in the Know

Ask your buyer

Who would know better than your current customers? Ask your current buyers (retailers, brokers, distributors) what trade shows they go to in order to find new products.



Ask show management

Check with show management to make sure that your product fits the show rules and regulations. For example, if your product contains artificial sweeteners, you would be ineligible for exhibiting those products at most natural products shows.

Show management can offer loads of information for exhibitors, including everything from peak show hours and promotional tips to attendee demographics and competitive intelligence. However, shows don't usually offer this information as part of the space-rental process. What exhibitors typically receive is a show prospectus containing a menu of options, deadlines, stipulations, and service-order forms. So to glean anything more insightful, you have to ask some key questions. Click here for those questions:



<http://www.exhibitoronline.com/topics/article.asp?ID=1034&catID=32#.UdNBRNhinA0>.

Online Resources to Source Trade Shows

Below are web resources that list trade shows:

www.AllConferences.com
www.BizTradeShows.com
www.Bevents.com
www.Conferensum.com
www.EventsEye.com
www.EventsinAmerica.com
www.ExpoCentral.com
www.ExpoDatabase.com
www.ExpoPromoter.com
www.ExpoFairs.com
www.GlobalSources.com
www.MyTradeFairs.com
www.TheTradeshowCalendar.com
www.Tradeshow.alibaba.com
www.TradeShowPlaza.com
www.TradeShowWeek.com
www.TSNN.com

Budgeting

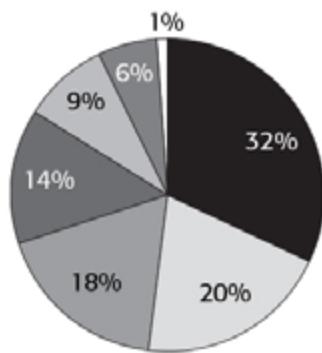
Exhibiting at trade shows can be expensive, and if you don't plan properly, shows can be budget-busters. Here are some tips to help you budget for trade shows.



Total Cost

There is a quick way to estimate your costs for trade shows. Multiple industry surveys have shown that exhibit-space rental accounts for roughly one-third of an exhibitor's total-show costs. So simply multiply the cost of the exhibit-space rental at the proposed show by three. For example, if space rental is \$30,000, then your estimated budget for the show would be \$90,000.

<http://www.exhibitoronline.com/topics/article.asp?ID=1223&catID=31#.UdL5LthinAO>



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

In-Depth Budget Form

Freeman, a General Services Contractor, offers an exhibitor budget worksheet, to help you plan for all of the costs associated with a trade show. View the form on the next page, or to download the interactive form, visit:

<http://www.freemanco.com/freemanco/freeman/resourcecenter/assets/exhibitorBudgetWorksheet.xls>

For any of the cost areas you don't understand (e.g. drayage), find additional information in the corresponding areas in this manual.

Budgeting Tips

Build in a Budget Buffer

Since there are so many financial unknowns when planning for a show - such as exact shipping costs with fluctuating fuel surcharges, sign-rigging snafus, material-handling weights, overtime labor, and last-minute rush charges - it's doubtful that you'll ever be able to budget with 100-percent accuracy.

Quick Budgeting

Most first time trade show exhibitors are incredibly busy growing their businesses, so the following offers some tools for quickly budgeting for trade show exhibiting.

Major Exhibit Expenses

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.

http://www.exhibitoradvantage.com/ft_handbook.asp

So to protect yourself from budget overruns, add at least 10 percent to your best-estimated budget for emergencies and last-minute opportunities or requests. If you account for likely emergencies, you can fix them on the fly without going over budget.

Always Ask for a Discount

You can whittle down the cost of countless products and services just by asking vendors if they offer any discounts. These may include special pricing on package deals, price cuts for ordering before a pre-set deadline, special fees for not-for-profit organizations, and even discounts for paying with cash or company check instead of a credit card.

There's no harm, or shame, in asking for a discount. You're just looking out for your company's financial best interests. You'll be surprised how often simply asking pays off.

<http://www.exhibitoronline.com/topics/article.asp?ID=828&catID=31#.UdMpq9hinAO>

COST SUMMARY

F R E E M A N

INSERT SHOW NAME HERE

Insert all of your show costs here to track your total spend and event ROI.

Cost Summary Details	Estimated Cost	Actual Cost	Estimated Savings
Sponsorships/Booth			
Booth space	\$	-	\$
Membership/Sponsorship Dues	\$	-	\$
Other	\$	-	\$
Subtotal:	\$	-	\$
Exhibit Rental/ Design/ Fabrication Costs			
	# of hours	rate per hour	
Project Management	Men, _____ Hours	\$ ST/ \$ OT	\$
Project Engineering (Installation Drawings)	Men, _____ Hours	\$ ST/ \$ OT	\$
Design			\$
Exhibit Rental			\$
Graphic Design			\$
Graphic Production			\$
Refurbishment/ Construction			\$
Exhibit storage (per show)			\$
Pull/ Prep			\$
Other			\$
Subtotal:	\$	-	\$
Marketing			
Promotional Support	\$	-	\$
Pre-show Printing/ postage/ mail house	\$	-	\$
Giveaways	\$	-	\$
Ads, Press Kits	\$	-	\$
Show-site Events	\$	-	\$
On-site Promotions	\$	-	\$
Post-Show Follow up	\$	-	\$
Measurement of ROI & ROO	\$	-	\$
Other	\$	-	\$
Subtotal:	\$	-	\$
Freeman Services			
	# of hours	rate per hour	
Installation Labor	Men, _____ Hours	\$ ST/ \$ OT	\$
Dismantle Labor	Men, _____ Hours	\$ ST/ \$ OT	\$
Rigging	Men, _____ Hours	\$ ST/ \$ OT	\$
Carpet			\$
Cleaning			\$
Porter Services			\$
Material Handling (Exhibit Property)	Weight in pounds/100	Price per cwt	\$
Electrical Service (if provided by Freeman)	# of electrical lines	X 1.5	\$
Audio Visual Services			\$
Furniture			\$
Transportation (inbound and outbound)			\$
Other			\$
Subtotal:	\$	-	\$
EAC Services			
Floral	\$	-	\$
Booth Catering	\$	-	\$
Electrical Service (if not provided by Freeman)	# of electrical lines	X 1.5	\$
Communications- Phone & Internet			\$
Lead Tracking			\$
Entertainment			\$
Security			\$
Other			\$
Subtotal:	\$	-	\$
Booth Staff Costs			
Travel	\$	-	\$
Housing	\$	-	\$
Meals	\$	-	\$
Booth Uniforms	\$	-	\$
Staff Training	\$	-	\$
Registration	\$	-	\$
Taxi, ground transport, parking	\$	-	\$
Other	\$	-	\$
Subtotal:	\$	-	\$
Miscellaneous			
Total	\$	-	\$