

CALCULATING VALUE



Metrics to
Prove Your
Program's
Worth

Most exhibitors know they should be monitoring their programs' value. But many struggle to understand which metrics are worth measuring and how to calculate them. Aside from the notoriously difficult-to-pinpoint return on investment (ROI) or simplistic tally of how many badges were scanned, exhibitors are too often unaware of the kinds of metrics that can help them quantify their programs' contributions to their companies. Or perhaps they've heard of such metrics, but the prospect of collecting the necessary data seems too daunting.

Regardless of why many marketers are averse to tracking objective metrics, they are essential to determining whether a particular exhibit or event was a raging success or a total failure. So we reached out to four measurement masters to demystify six of the most effective metrics and share tips on whom they're most relevant to, how to measure them, and what insights the resulting analyses may unearth. *By Ben Barclay*

1. Cost Per Qualified Lead

Cost per lead (CPL) measures how much your program invests to generate an individual sales lead, and it's an easy metric that many exhibitors use to gauge their programs' value. However, since not all leads are created equal, Ben Grossman, senior vice president and group strategy director at Jack Morton Worldwide, advises that instead of — or in addition to — calculating CPL, you consider measuring Cost Per Qualified Lead (CPQL). While CPQL is going to be higher than CPL, it's a more accurate measure of how much it costs to source a legitimate prospect.

Why should you track it?

According to Nancy Drapeau, vice president of research at the Center for Exhibition Industry Research, 73 percent of exhibitors list lead acquisition as their primary objective. If you're part of this majority, you probably should consider how much it costs to generate each lead at a trade show or event. This metric also allows you to compare the shows you exhibit at in an objective, apples-to-apples manner and determine which ones are your best (and worst) investments for lead gathering.

How do you calculate it?

The best part about this metric is that you only need two pieces of information: your total show investment and the number of leads (or qualified leads) you generated. While CPL is merely a calculation of your total show investment divided by the total number of leads generated at the event, CPQL counts only the leads that meet whatever qualifying criteria you establish with your sales team. For example, perhaps a prospect needs to have a certain budget or purchasing time frame in order to be considered qualified.

Formula:

$$\frac{\text{Total Show Investment}}{\text{Number of Qualified Leads}} = \text{CPQL}$$

What does it mean?

The average CPL and CPQL vary across industries, so it might be best to set your own benchmarks after you've calculated the results from several different shows. Alternatively, you could ask your sales team to provide a CPL for a field-sourced lead and compare it to your trade show results. Research consistently demonstrates that trade show leads are significantly cheaper to acquire than leads that come in through other channels, which is something that can help you justify your company's continued investment in exhibit marketing.

2. Net Promoter Score

Net Promoter Score (NPS) is essentially a customer loyalty metric that measures the likelihood of a person recommending your brand or product to a friend or colleague. It's been used in the marketing industry long enough that there's plenty of benchmark data to give you an idea of where your brand stands in relation to your competitors. And, perhaps most importantly, Ian Sequeira, vice president of research and measurement at The Freeman Co. LLC, claims that NPS has a direct correlation to profitability. In other words, a strong NPS is a good indicator of a healthy bottom line.

Why should you track it?

Every face-to-face marketing professional should be interested in NPS to some extent, but it's especially beneficial for those whose objectives are not easily measured with a dollar sign. Nevertheless, Grossman underscores that there is plenty of research out there that ties NPS to ROI, meaning that while this is not a sales-driven metric, it should appeal to ROI-minded bean counters as well as stakeholders who are interested in softer deliverables, such as brand awareness and brand positioning.

How do you calculate it?

NPS is ascertained using exit or post-show surveys in which attendees respond to one question: "How likely are you to recommend our brand (or product) to a friend or colleague?" Respondents provide an answer on a scale between zero and 10. Those that respond with nine or 10 are considered promoters; those that respond with a seven or eight are passives; and those ranging from zero to six are detractors. Simple follow-up questions can yield valuable qualitative insights for you to share with your sales team.

Formula:

$$\frac{((\text{Number of Promoters} - \text{Number of Detractors}) / \text{Total Respondents}) \times 100}{1} = \text{NPS}$$

What does it mean?

Scores can range from -100 (where all respondents supplied a six or below) to +100 (where all respondents supplied a nine or 10). Benchmarks range widely from industry to industry. For instance, an NPS of +32 would put you at the top of the cable and satellite TV industry but well below the benchmark of tablet computers, according to the NICE Satmetrix 2018 Consumer Net Promoter Benchmark Study. Over time, you can create your own NPS yardstick and compare your scores across shows to see how they stack up next to each other.

3. Close Rate

You and your team have worked hard to generate quality leads at a show, but do you know what percentage of those leads actually results in a purchase? A close rate (CR) calculates just that. And knowing your program's average CR comes in very handy when estimating the number of sales likely to come from leads collected at future events.

Why should you track it?

There are several reasons to track your CR. One, it will allow you to evaluate the effectiveness of your lead-gathering program and determine whether you're providing the sales team with actionable leads. Two, it can help you prioritize your shows, especially if you're considering dropping an event from your portfolio or adjusting the size of your footprint. And third, it gives you deeper insight into a show's true value, as one with a high lead count may not be as beneficial as one with a higher rate of conversion.

How do you calculate it?

In theory, measuring CR isn't complicated. You simply need to know how many leads you've provided the sales team and how many resulted in a sale. The difficulty comes if you have a long sales cycle, because the longer a lead stays in the system, the harder it is to track. Ideally, you have a customer-relationship management (CRM) platform and diligent sales reps who use it to indicate when a prospect becomes a client. If not, you'll need to work with the sales team to get data to compare with the list of leads you provided.

Formula:

$$\frac{(\text{Total Number of Sales} / \text{Number of Leads}) \times 100}{1} = \text{CR}$$

What does it mean?

For starters, you can compare a given event's CR with that of other marketing channels, which will likely underscore your program's effectiveness, given the wealth of research indicating that leads sourced at trade shows are more likely to convert and take fewer contacts to do so. Plus, once you know the CR for several events on your calendar, you can use that data to decide whether to invest more or less in each show, or whether there are some that should be eliminated, allowing you to reallocate that money to events that drive a higher rate of conversion.

4. Return on Investment

Return on investment (ROI), which measures the direct return of a trade show relative to the event's overall cost, remains the industry's metric matriarch. Unfortunately, trade show ROI can be challenging to pin down — as our experts are quick to point out — in part because of lengthy sales cycles, the multiple points of contact beyond the trade show, the inability of simple ROI calculations to account for the lifetime value of a client, etc. But if you can find a way to corral the host of challenges and arrive at a solid show revenue figure, ROI becomes relatively straightforward.

Why should you track it?

There's at least one person in the C suite of every company who is almost myopically concerned with ROI. This is especially true in organizations that are keen on tracking how each and every dollar is spent. Sound familiar? Then you'll probably need to come up with a method to calculate this metric. Similarly, if your trade show objectives are directly tied to sales and revenue — and particularly if you have a short sales cycle — this will likely be one of the key success metrics you'll want to pass on to your executives.

How do you calculate it?

In its simplest form, ROI only requires two data points: total show investment and gross revenue from leads gathered at a show. Above all, experts stress the importance of consistency when calculating this metric. For example, if you wait three months after one event before tabulating revenue, you need to commit to that time frame when evaluating another show. Similarly, make sure that you are consistent with regard to what is included in each show's total investment, e.g., staffers' travel and hotel costs.

Formula:

$$((\text{Show Revenue} - \text{Investment}) / \text{Investment}) \times 100 = \text{ROI}$$

What does it mean?

Any percentage more than 100 represents gains for the company, while anything less than 100 percent indicates a net loss in terms of dollars. For example, if your result is 120 percent, that means your efforts earned back your company's investment plus some. If, however, your ROI is 80 percent, that means the show failed to bring in more money than it cost.

5. Estimated Revenue

According to Joe Federbush, president of Evolio Marketing Inc., revenue can be the most difficult metric to track at a trade show because leads are typically routed to the sales team, and depending on the length of the sales cycle, it may take months or even years to turn them into customers. And by then, there may be no way to track the sale back to the original trade show, which means your program will be shortchanged. Estimated Revenue, however, allows you to project the value of your program's contribution to the bottom line by using past averages to predict future returns.

Why should you track it?

Assuming you or your sales team is able to produce the past averages necessary to run this calculation, you can tally Estimated Revenue immediately following each event rather than waiting for a lengthy sales cycle to elapse before generating valuable data. And if anyone in your organization has misgivings about this being an estimate versus an absolute, you can always compare each event's Estimated Revenue with actual revenue down the road to prove the accuracy of this measurement's methodology over time.

How do you calculate it?

You can approximate Estimated Revenue using commonly accepted, internal assumptions that are based on the experience of your sales department, says Federbush. First, you will need your company's average close rate (CR). Next, ask your sales team to provide you the average value of a sale or contract. Using these two figures in conjunction with the total number of leads you source at a given show will allow you to identify a reasonable estimate of future revenue that is based on historical sales averages.

Formula:

$$\text{Number of Leads} \times \text{CR} \times \text{Average Value of a Sale or Contract} = \text{Estimated Revenue}$$

What does it mean?

Since this formula is based on real data provided by your sales department, upper management is often more likely to accept the estimate as a reasonably accurate measure of your program's potential impact on revenue. Then, using this estimate, you can run a traditional ROI calculation, which will yield an Estimated ROI you can use to determine if a show is worth the expense.

6. Projected Business Value

Grossman offers an alternative to ROI that avoids some of its associated complications. Projected Business Value (PBV), which projects how much value a show will add to the company's coffers, requires a little more data on the front end but enables you to run a calculation immediately following an event.

Why should you track it?

Traditional ROI might work well for an industry with a short sales cycle, but if you operate with a long sales cycle, it's probably not for you. PBV, on the other hand, works much better for companies with delayed returns because management typically wants metrics shortly after an event, not five years down the line. Additionally, if your show objectives include upselling, PBV calculates how much money your events program is likely to inject into the sales pipeline that would have been less achievable through other avenues.

How do you calculate it?

According to Grossman, you need three pieces of data to calculate PBV: number of qualified leads, average historical close rate (CR), and added business value (BV), which is the average difference in the value of clients that experience your events and those that don't. To calculate BV, first determine the average purchase of two groups of clients: those that have attended one of your events, and those that have not. Once you have the averages, simply subtract the average purchase of a non-show cohort from a show cohort.

Formula:

1. *Average Purchase Value of Show Cohort – Average Purchase Value of Non-Show Cohort = BV*

2. *BV x Number of Qualified Leads x CR = PBV*

What does it mean?

After crunching the numbers, you'll be able to project how much money your exhibit program is likely adding to the bottom line. For instance, if you find that booth visitors typically purchase \$500 worth of goods or services compared to those that don't have that face-to-face engagement, and you managed to secure 1,000 qualified leads at a 25-percent CR, you can project that your participation at the event will pump \$125,000 into the pipeline that wouldn't have been introduced otherwise.



Tips for a Sound Measurement Strategy

Keep it Simple:

"People often think that mastering measurement is about having big reports with tons of data, when in fact the opposite is true. Being a true master of measurement means focusing on the key metrics that are great indicators of return on investment," Grossman says.

Be Fair and Balanced:

"I would always advocate for a balanced approach to any set of metrics," Sequeira says. "Because of a lack of time or personnel, an exhibitor may only be able to focus on one or two measurements. If that's the case, you need to know what objectives are important to your organization and approach the metrics from there."

Play the Long Game:

According to Sequeira, once you settle on a set of metrics, it's important to keep them in place across multiple shows and years. Changing up the metrics you measure — or even just the methodology used to calculate them — will still allow you to quantify the value from a given show, but it eliminates the opportunity for you to identify year-over-year gains. Consistency, on the other hand, allows you to track metrics over time, spot trends, and easily compare and contrast all of the shows on your annual calendar. That can be a great way to identify your most valuable events (which may benefit from a larger investment), any that are underperforming (and could use a strategy reboot), and those that aren't delivering (and may not be worth including in your trade show budget).