

Title:

Creating A Trade Show Budget

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Summary:

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Start planning well ahead. You already know this, right? Keep yourself as organized as possible right from the beginning -- even before you book your space. You know how carefully today's brides plan their weddings. Months, even years ahea...

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Article Body:

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Start planning well ahead. You already know this, right? Keep yourself as organized as possible right from the beginning -- even before you book your space. You know how carefully today's brides plan their weddings. Months, even years ahead, they start thinking about the church, the reception, the dresses, the flowers, the cake. And of course, the cost. Well, you're the bride. Grab your planning book and start writing down everything you must do to get yourself ready for a successful trade show season -- next year's.

Even before you decide to go into a show or two, you should have a hard look at the costs and expected returns. This is why you create a trade show budget. Whether you admit it or not, everything has a cost, and trade shows are no exception. Remember that your objective is to make sales, or at least generate opportunities to make sales. So you have to view your costs in that light. Everything should be done with an eye on its potential return.

****How to Start your Trade Show Budget Planning****

The normal starting point for your campaign is the trade show budget. If you

work from a budget, you have an outside chance of keeping your costs under control. Of course there is a certain amount of hocus pocus involved in budgeting for things like trade show marketing -- especially if you've never seriously done it before and have no track record to go on. Still, you should give it your best shot. This is not rocket science, and any research or analysis you do will be better than just "winging it". Try using a "brainstorming" process similar to the following.

First, ask yourself some BIG questions:

Question 1. Do I really believe I can recover my costs within a short enough period of time to make it "profitable" (make more than it costs)?

Answer 1. Like most promotion and advertising, until you've done it, you have little idea how successful it will be. First you will have to summarize all the costs, and then try to figure out how many sales you're likely to get from this sort of exposure.

Question 2. Do I have any idea which trade shows are more likely to be "profitable".

Answer 2. There are trade show directories and reports that can tell you about industry-specific shows. Usually they will tell you the number of attendees, and hopefully something about their buying habits. Find the relevant directories, and figure out some method of choosing between shows.

Question 3. Are there obvious ways to enhance my "Conversion Rate" -- the number of attendees who buy from me?

Answer 3. Yes, of course. Having an attractive, eye-catching display is a good start. Getting a good location on the floor will help. Setting up your booth properly will help you "process" the attendees more efficiently. Having a lead-gathering system will help you do more profitable follow up. Giving out memorable hand-outs will enhance your chances of being recognized later on. Training your booth staff could make an important difference.

Ask yourself a few more questions like this to get yourself in the right frame of mind. Then you'll be ready to start preparing your trade show budget.

****Let the Planning Begin - Selecting Appropriate Shows****

Begin by assembling the following information (and anything else that seems relevant as you go along):

Find a trade show directory for your industry (online is the best source), or check out the major trade show venues or exhibition companies. They will put you on the right track very quickly.

Select the 10 most promising looking shows – based on your "gut feeling" about their potential for your campaign.

Make a chart and list the five or six most relevant bits of information for each of your most promising venues:

- Location
- Date
- Number of attendees
- Geographic area served
- Target market (who will be attending)

Calculate Your Costs for Each Show

Now add some columns to your chart where you can list the costs that are specific to each show:

- Booth space cost
- Other space-related costs
- Travel costs to and from the show
- Things to rent or buy at the show (tables, power, etc.)
- Accommodation costs for booth staff
- Shipping costs for booth display(s) and materials
- Vehicle rentals required

****Campaign Costs when Entering a Number of Shows****

Now think about the actual "sales process" and make a list of what you will need in order to have a successful trade show experience. These will usually be things that will be used for several shows, so think of them as "campaign costs" that will be amortized over a number shows:

- Display booth design and production
- Product literature
- Hand outs
- Staff training
- Show promotion (free passes to clients, etc.)

If you estimate that your campaign costs will service 4 shows, then take these

costs and add 25% of the total campaign costs to the cost of each show. That should give you a realistic estimate of the total cost of each show:

Cost to to Attend Show = Specific Show Costs + pro-rated Campaign Costs

****Calculating Your Break Even Point****

Now that you have a fairly clear idea of your costs, it should be possible to arrive at an accurate estimate of your Break Even Point for each show -- the number of sales you have to make to cover your costs.

For instance, let's say you calculate that your costs for Show A are \$3,000 (including a pro-rated amount for the one-time costs such as the booth). And let's say you can relatively easily calculate your "gross profit" on each sale (gross sale amount minus out-of-pocket). For example, in the case of the wedding photographer let's say his gross profit margin is 50%, and the average sale is \$1,000. That would give him a Gross Profit of \$500 per sale.

In order to recover his \$3,000 he will have to get 6 sales (6 x \$500 Gross Profit on each sale)

****Factors Affecting Conversion Rate****

What are his chances of getting 6 sales from a specific show?

Well that depends. If our photographer goes to a wedding show with 1000 warm and willing blushing-brides-to-be battering down the doors of the show, then perhaps 6 is a conservative estimate. However, if the show has only 200 attendees, it might be much more difficult to get 6 sales.

But that also depends. A smaller show may have fewer exhibitors (less competition), will have a more intimate feel about it, will give you more time with each prospective client. And, of course it will cost considerably less than a bigger show -- so his break even sales point may be considerably less.

The same goes for much larger shows: more attendees (prospective sales), but higher costs, and much more (and more intense) competition. So the "conversion rate" (number of sales per 1000 attendees) will be lower. There will be more people, but they may be harder to sell.

Once you have a feeling for the idea of "conversion rate" you can start to see how other factors have an important bearing on it: the price of your service, the attractiveness of your presentation, the quality of your samples and

handouts, and so on.

Every show and every product will have its "conversion rates", and the only way you can establish the numbers for your own business is to research, experiment, and constantly "tweak" your presentation.

It certainly wouldn't hurt to talk to friends and acquaintances who have trade show experience. Ask them about their own success rates. Ask them how many actual sales they get from a good show. Ask them which shows have been most successful for them, and how often they have broken even.

****Putting it together...****

The only way you can arrive at hard conclusions is by trying. That will allow you to establish a track record. If you think the numbers for a particular show almost add up, then take a stab. Go to a show or two, and when it is over do a careful analysis of your costs and returns. Then you can establish a reliable "Target Conversion Rate" -- a number you can seriously shoot for and expect to reach -- and then you're in business. Preparing a trade show budget for next year will be a piece of cake.

And of course, once you do commit to a show or two, your focus has to immediately shift to hitting (and smashing through) that Target Conversion Rate. Design a better display, have more impressive samples and portfolio books, fine tune your product, get some memorable handouts, memorize your sales pitch, take voice lessons, get a hair cut...