



July 30th - August 1st, 2013  
McCormick Place, Chicago, IL

# Enhancing Exhibitor Value *Enables Show Growth*

**Endorsed by:  
Advocacy Committee**



## Meeting Objectives

### Discuss Industry Issues

- Case Studies – Cost Comparison
  - (Exclusive Show Services, Non-Exclusive (Competitive) Show Services, Actual Union Cost Increases compared to Rate increases)
- Historical Rates
- Industry Shift
- Budgeting Confusion
- Possible Solutions
  - Progressive General Service Contracting Models
  - Case Studies of Existing Shows



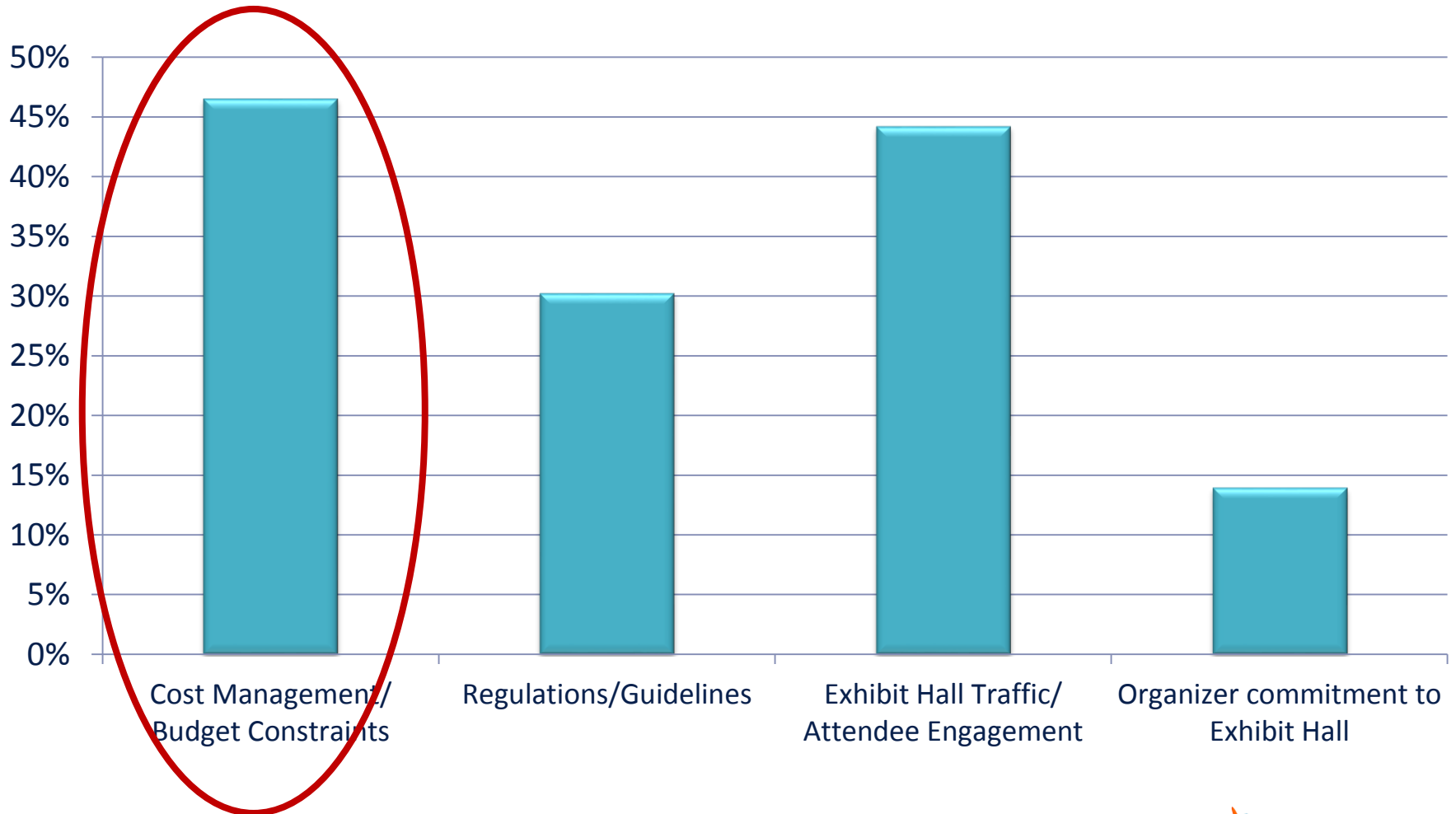
## Current Economic Situation

### FACT:

- Exhibitors are competing for funds vs. other marketing channels
- Often Exhibitors commit to booth size before costs are known
- Exhibitors are being challenged to do more with less
- Procurement is asking vendors to cut costs
- Rate of increase – can not continue
- Associations/Organizers negotiate Exhibitor costs (>60% of Exhibitors' convention budget)



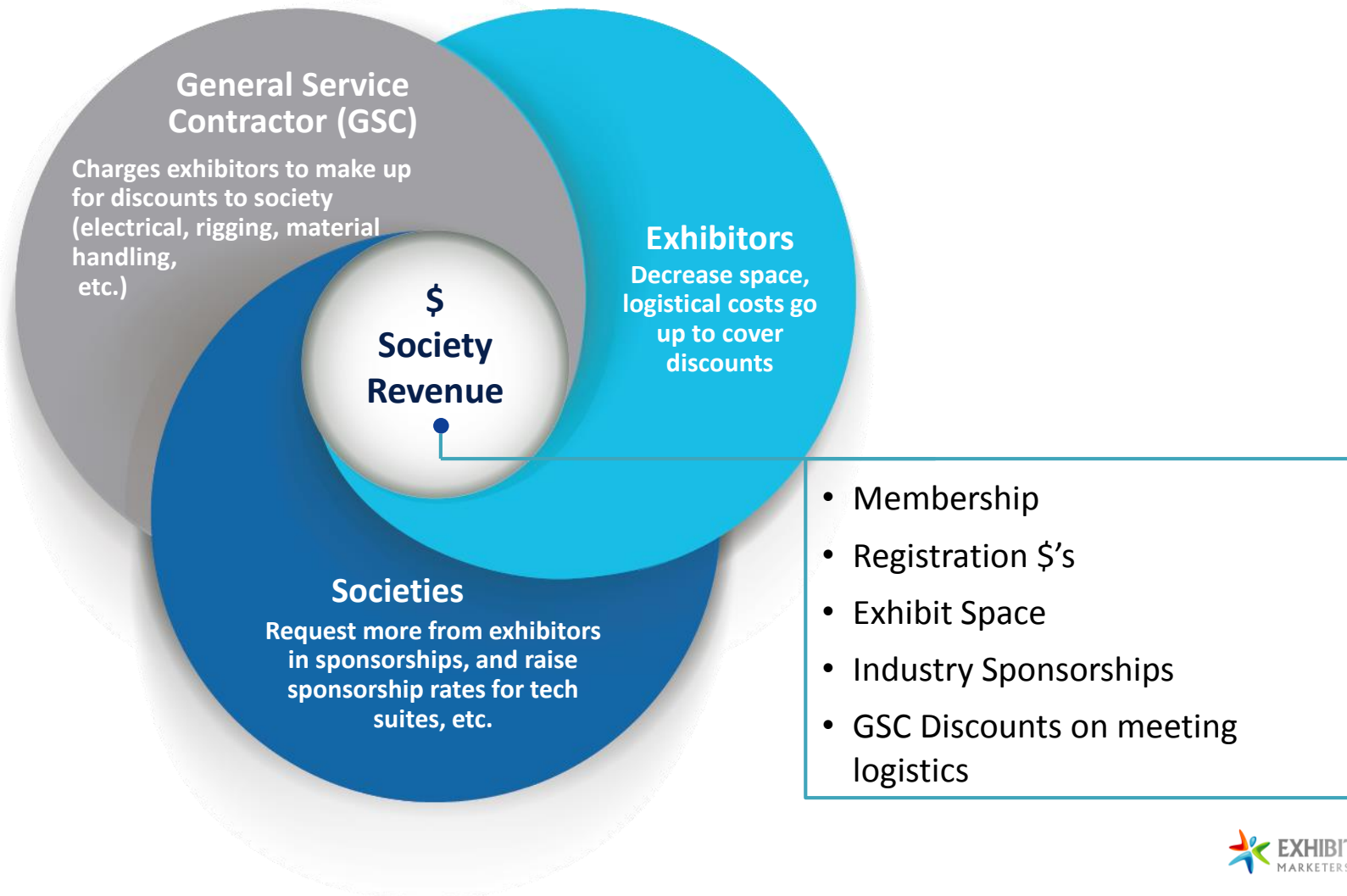
## Exhibit Program Plans for 2013: Issues/Challenges



Source: HCEA State of the Industry Report 2013



# Society Ecosystem (Exhibit Focus)





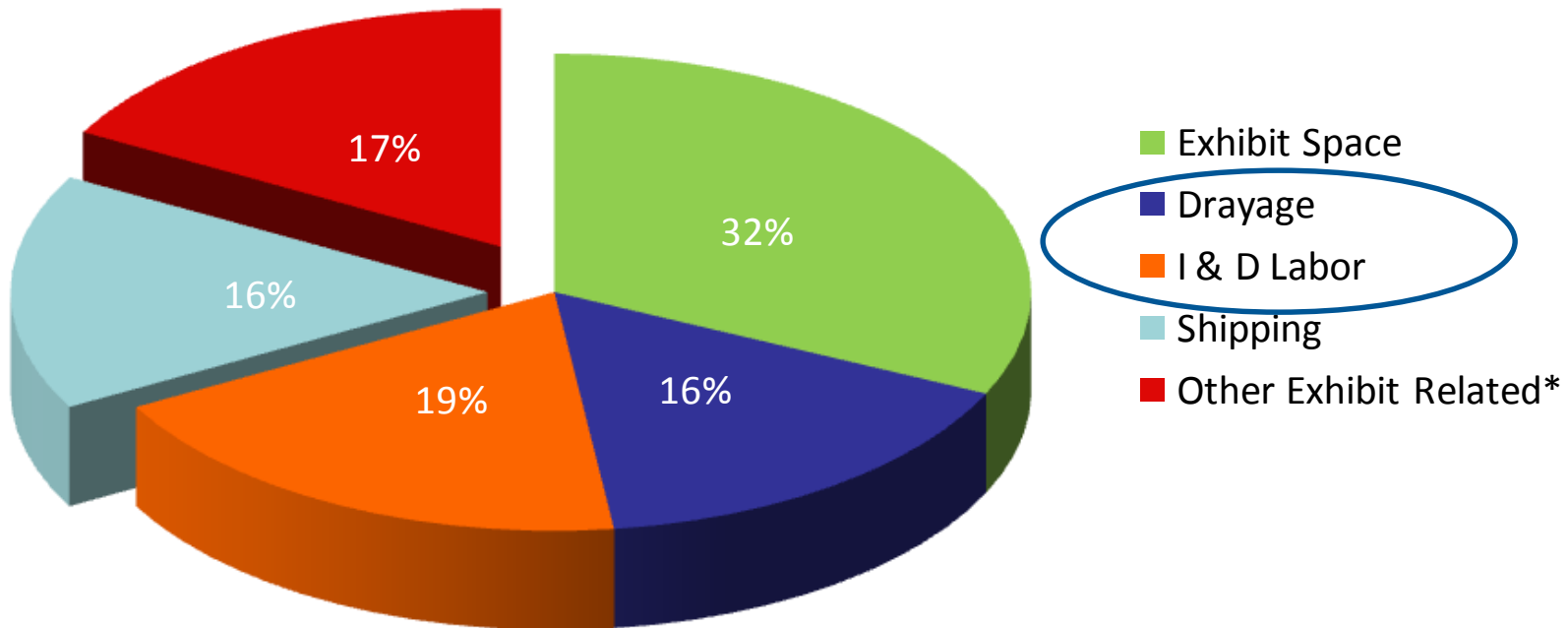
## What Exhibitors are Doing

- Reducing exhibit size
- Canceling participation
- Going to offsite, proprietary events
- Keeping same footprint, reduce number of components
- Lighter weight displays

***Negatively impacts all stakeholders.***



# Convention Cost Breakdown



- Over 30% of costs unknown at time of booth space contract
- Show Organizer negotiate 67% of costs (exhibit space, labor, & drayage)

\*Other Exhibit Related Includes: Customer Education, Direct Mails, T & E, Promotional Items, etc.



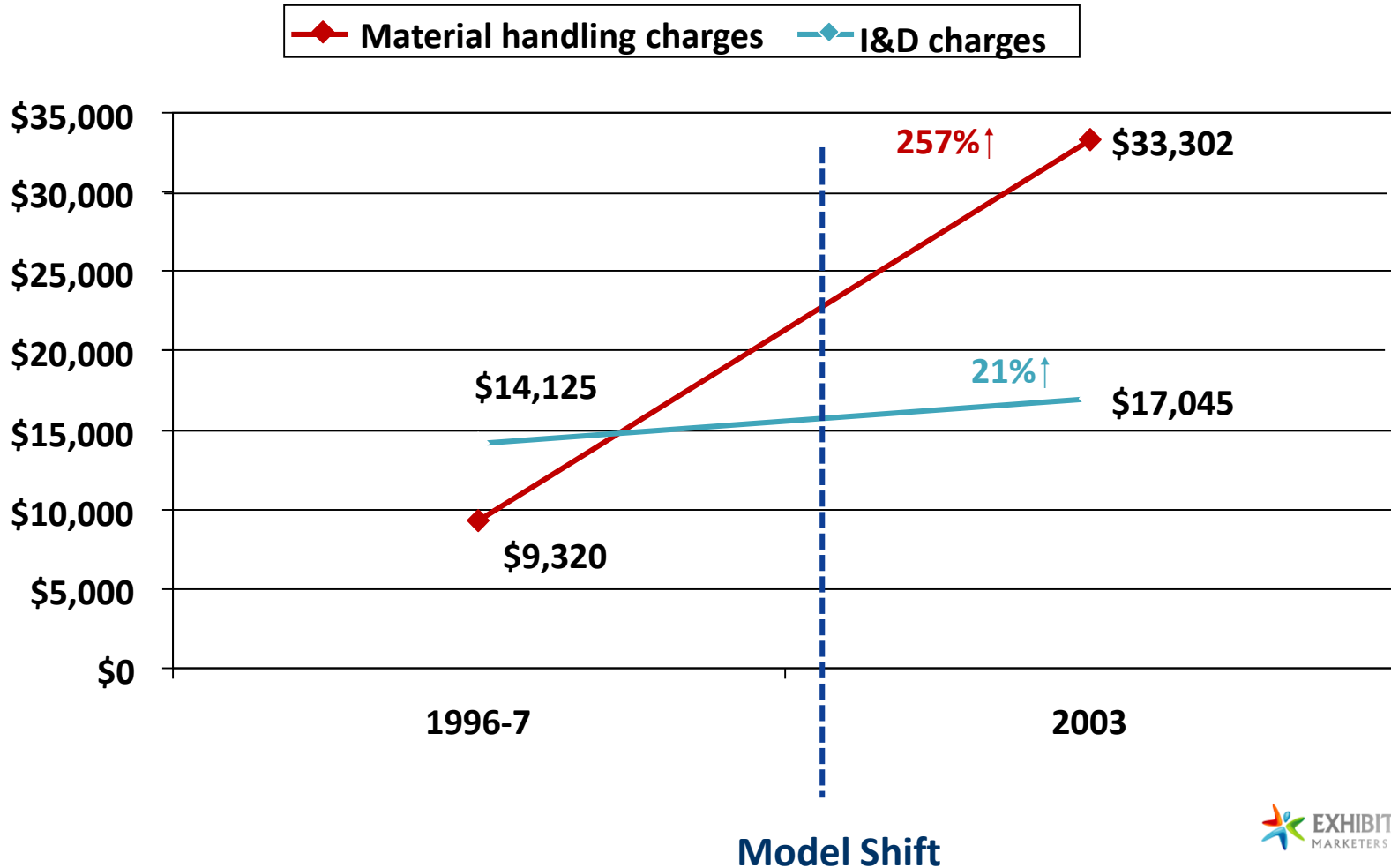
# CASE STUDIES





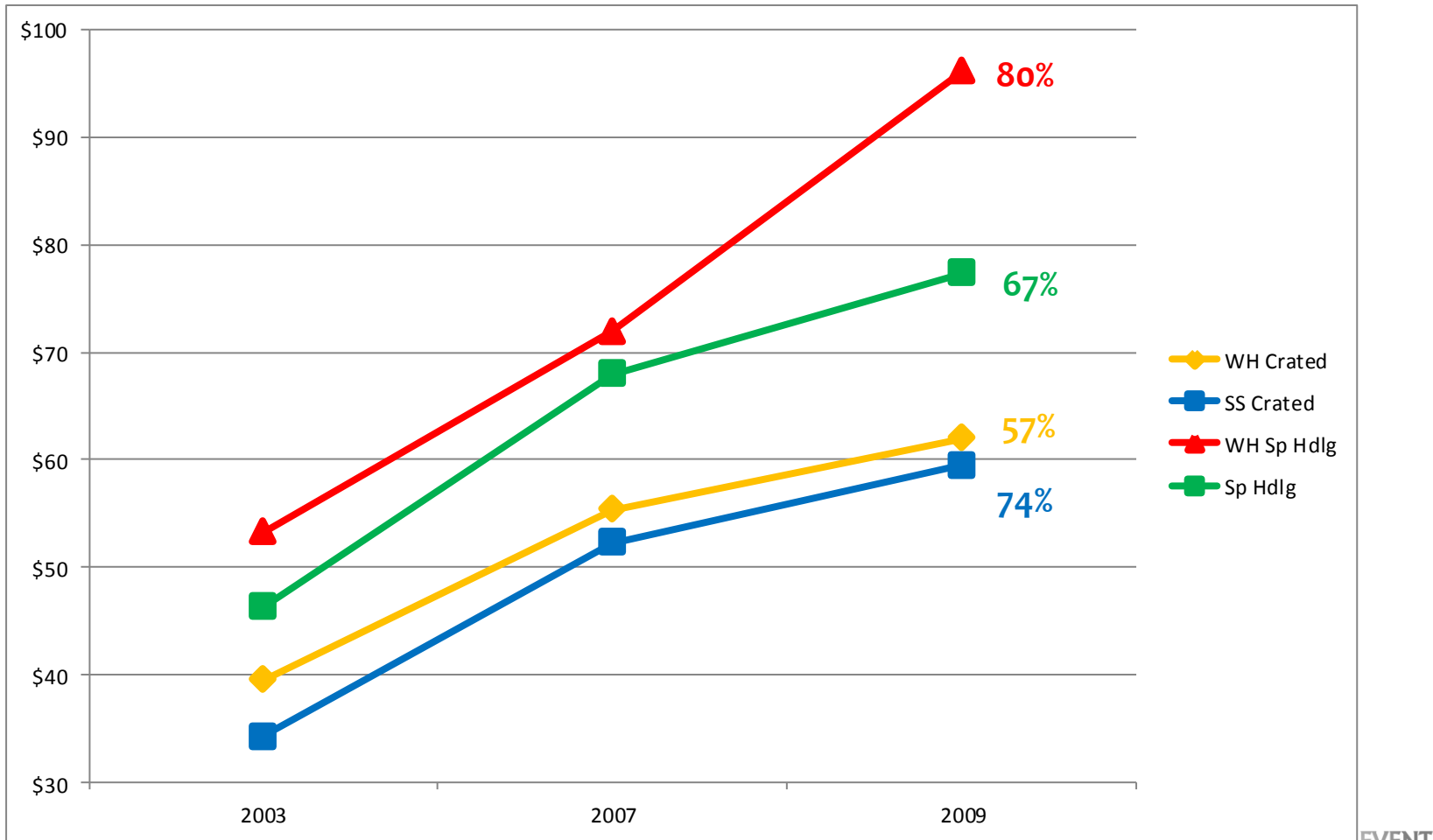
# 8 Major Conventions, Over 8 Years: Average Total Cost

## Material handling charges vs. I&D charges





# Cost of Exhibiting: Exclusive Service, Drayage (One Show, Same City, Different Years)



**CPI from 2003 – 2009: 17%**



## Exclusive vs. Non-Exclusive Service: Healthcare Cost Comparison: *Two Different Conventions*

### Comparison:

- Same city
- Same week
- Same GSC
- Different convention center

### Findings (between 2 shows):

- Labor: 18 – 20% difference-Non-Exclusive Service
- Drayage(Material Handling): 23 – 40% difference- Exclusive

*Why the dramatic difference when GSCs pay the same labor rates?*



## Exclusive vs. Non-Exclusive: Healthcare Cost Comparison: Over 11 year period

### Comparison:

- Same convention
- Over 11 year period
- Same city
- Same GSC

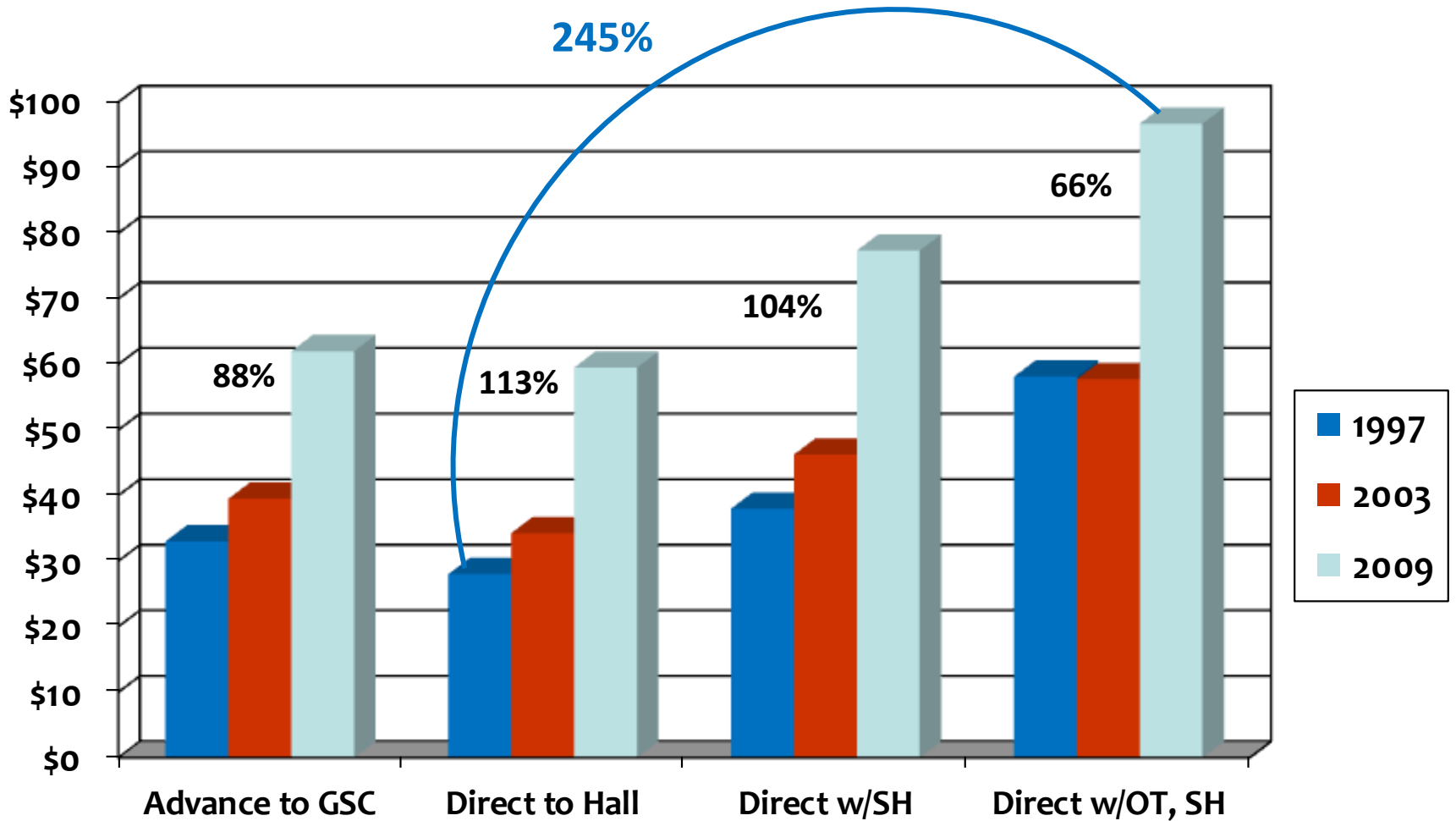
### Findings (same show):

- Union rates: 30% increase (1998 vs. 2009)
- Non-exclusive services: 50% increase (1998 vs. 2009)
- Exclusive services: 113% - 153% increase (1998 vs. 2009)

*Why the dramatic difference in exclusive rates?*



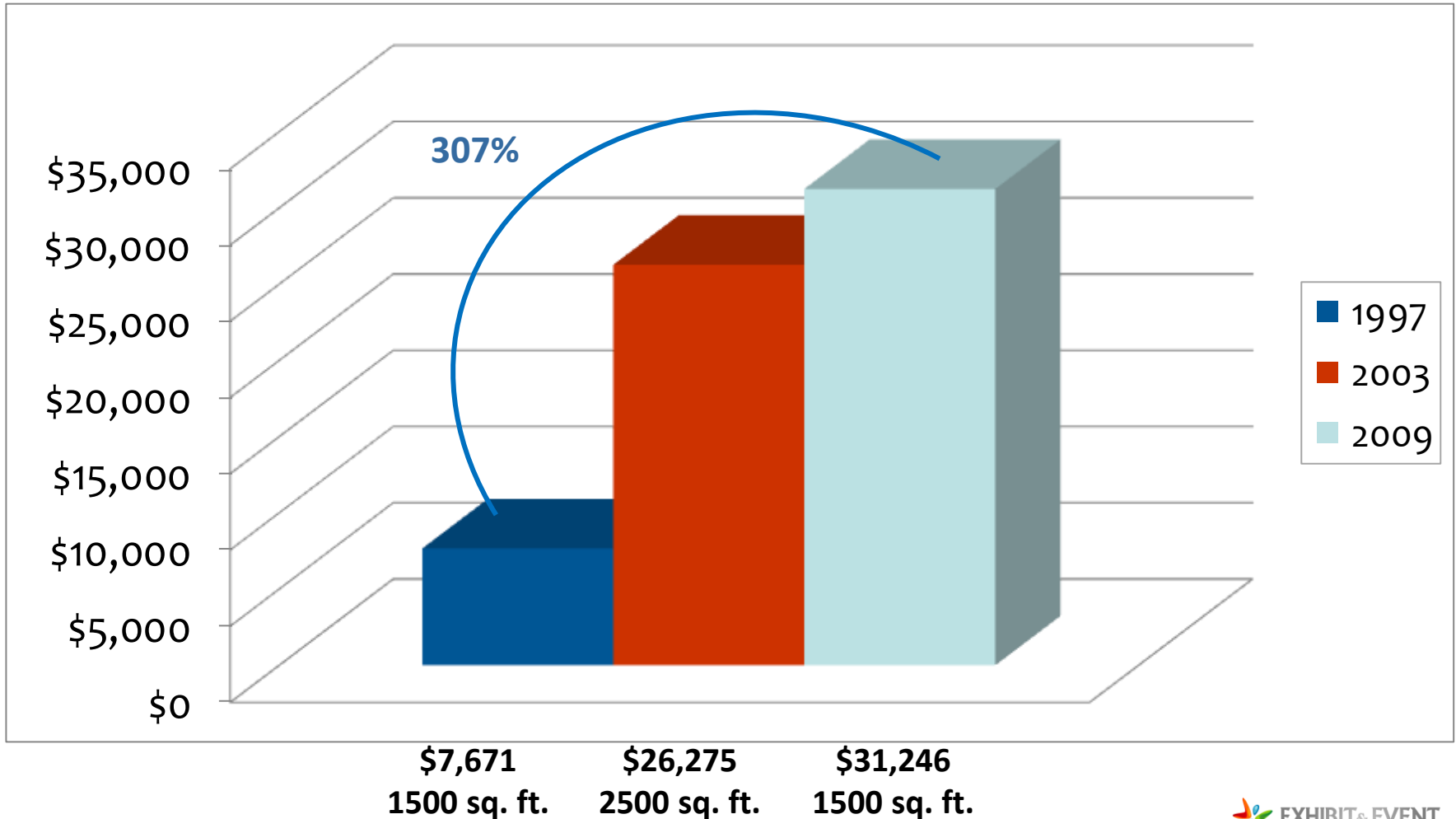
## Exclusive Service: 1997 - 2009 Material Handling – One Show



**CPI from 1997 – 2009: 34%**



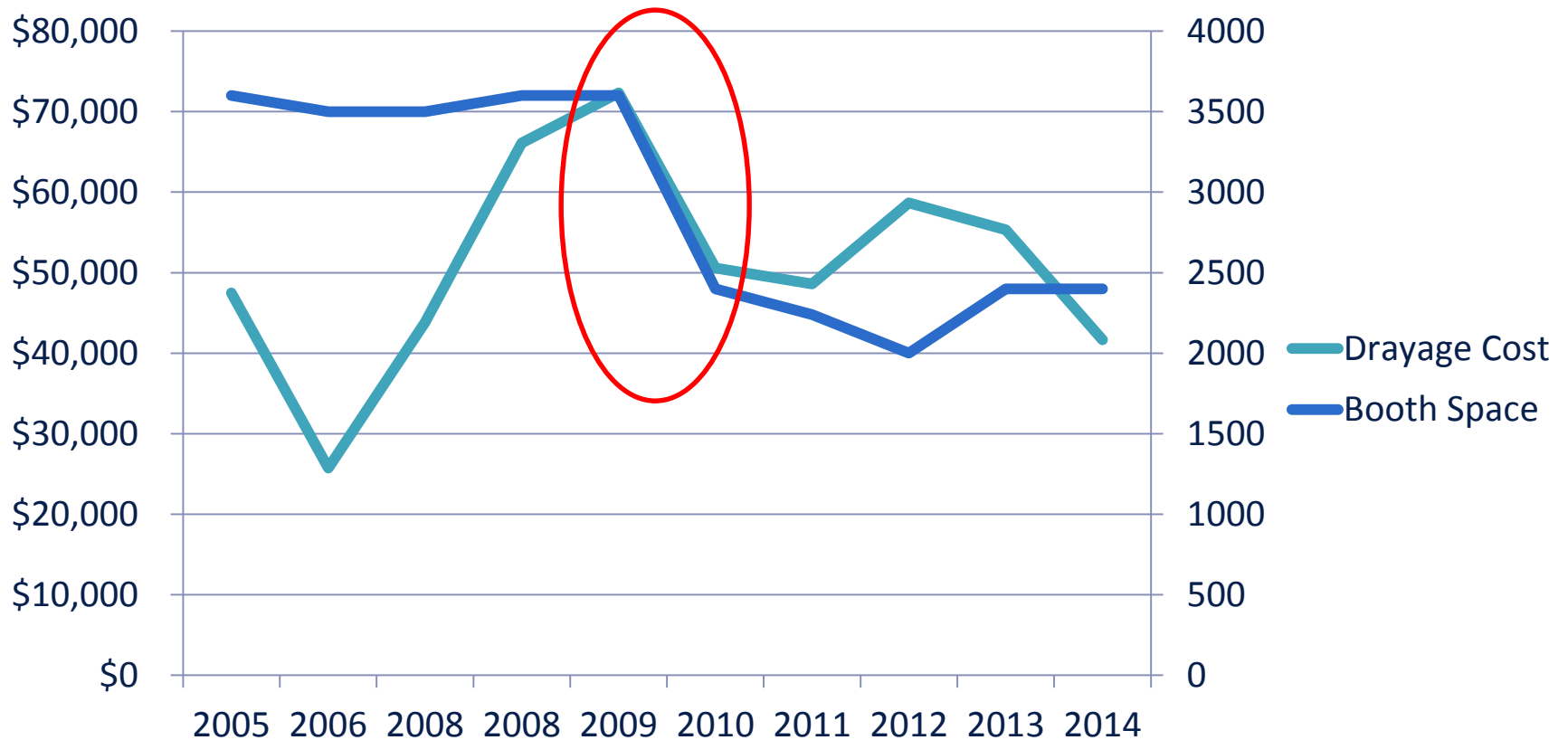
## Exclusive Service: 1997 - 2009 Material Handling – One Show



**CPI from 1997 – 2009: 34%**



## MH Costs Related to Booth Space – One Show



**2009-2010 – Drayage increase:**

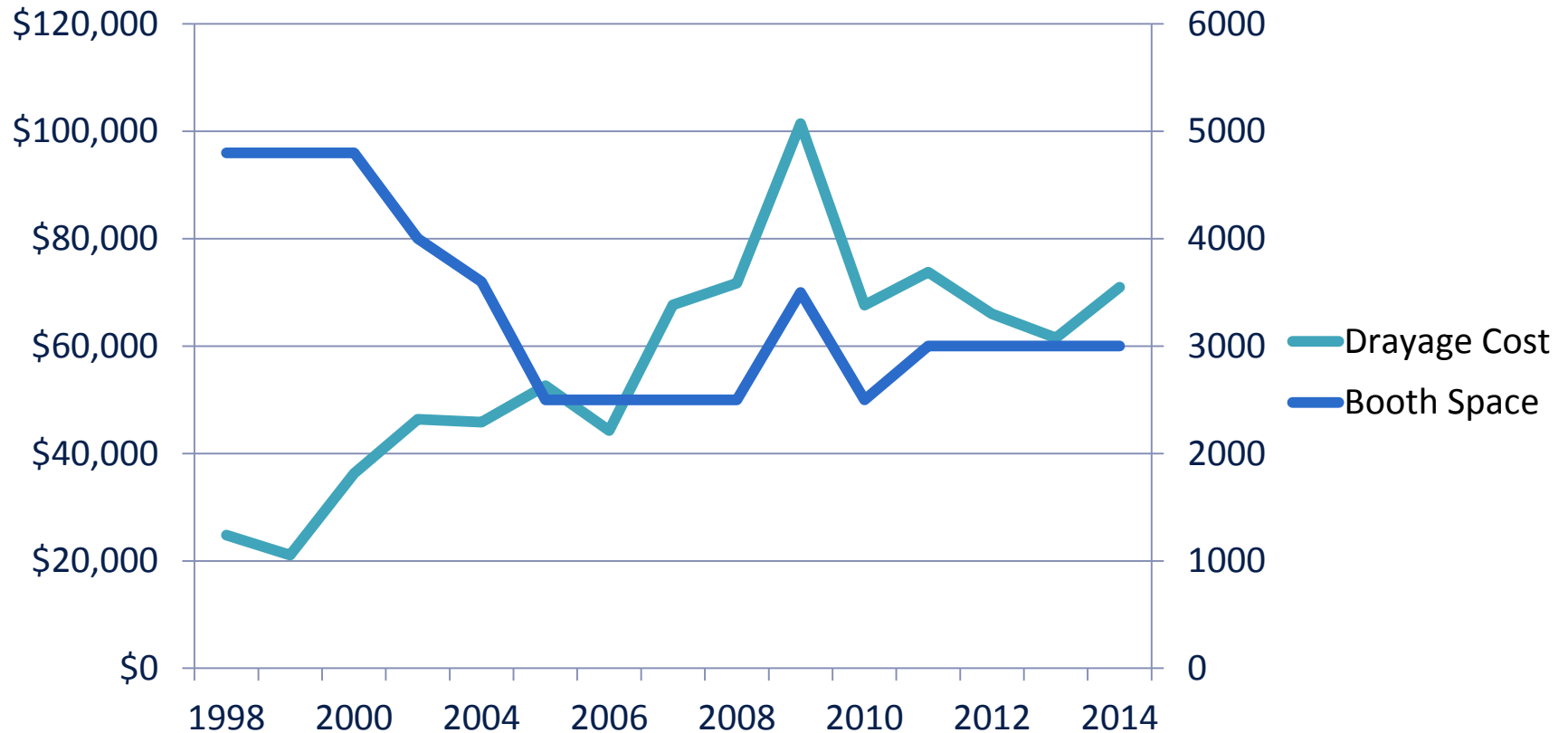
**\$21,729**

**2010 Exhibit (Organizer) Revenue loss:**

**\$36,000**



## MH Costs Related to Booth Space – One Show



### 1998-2014

**Drayage increase:**

**\$46K (186%)**

**Exhibit Space decrease:**

**- 38%**

**Exhibit Revenue increase:**

**\$6.3K (7%)**

***Inflation – 46%***





# One City Labor Costs vs. Rates

## Labor Cost to GSC (est):

- Straight Time: \$32.11
- Overtime: \$42.86
- Double Time: \$54.00

## Convention 2012 Rates:

### **I&D Booth Labor**

- ST Discount \$88.00
- OT Discount \$167.00
- ST Standard: \$131.00
- OT Standard: \$250.00

### **Rigging**

- Discount ST/OT \$625.00
- Standard ST/OT \$937.50

## Convention 2012 Rates (Continued):

### **Electrical Labor**

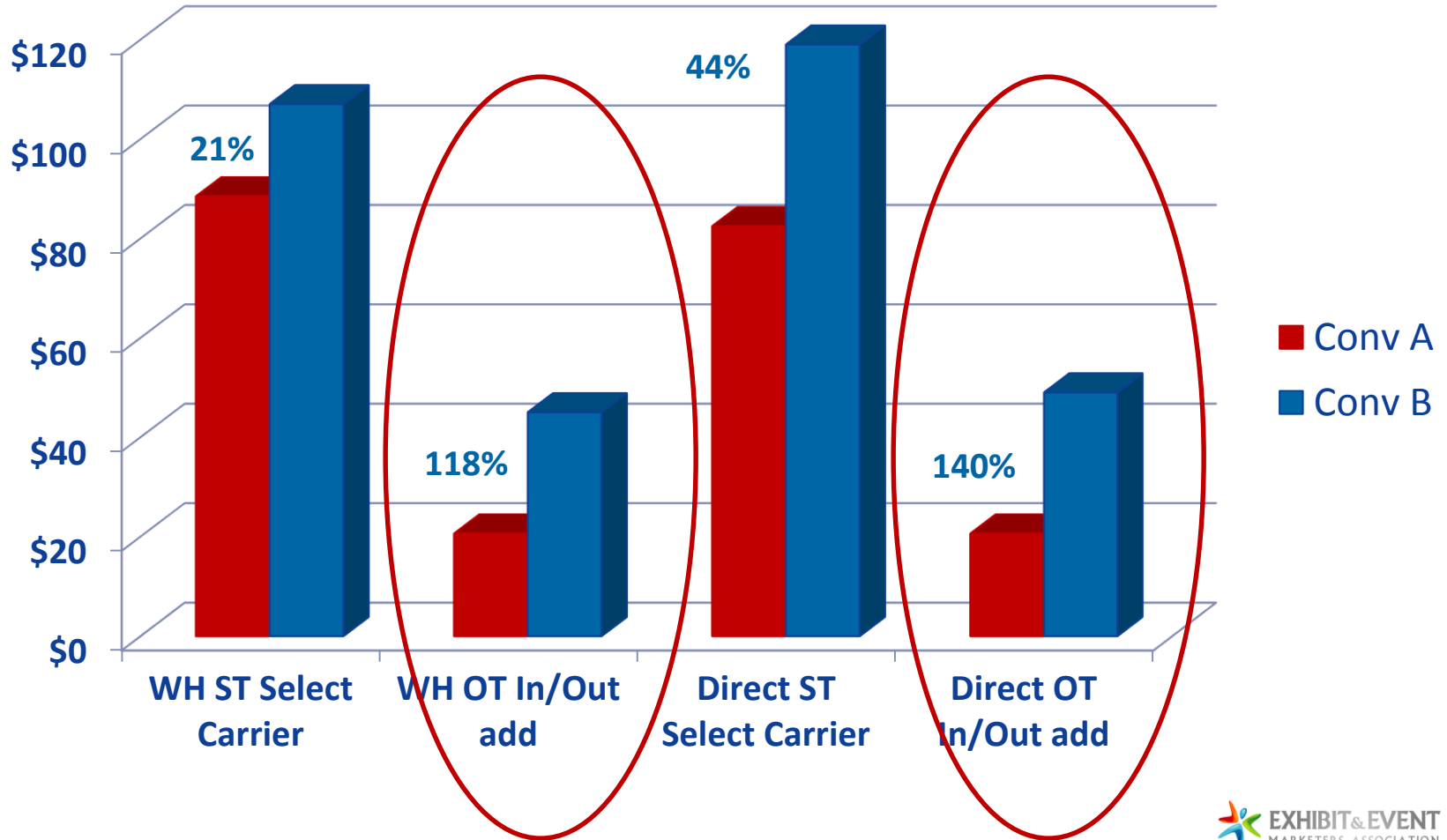
- ST Discount \$135.00
- OT Discount \$270.00
- ST Regular \$202.50
- OT Regular \$405.00

### **Forklift Labor**

- ST Discount \$438.00
- OT Discount \$571.00
- ST Standard \$657.00
- OT Standard \$857.00



## Two Conventions, Same City, Same Hall 6 months apart 2012 Drayage



***Guidance given to budget at OT for all***



# Two Conventions, Same City, Same Hall, 6 months apart 2012

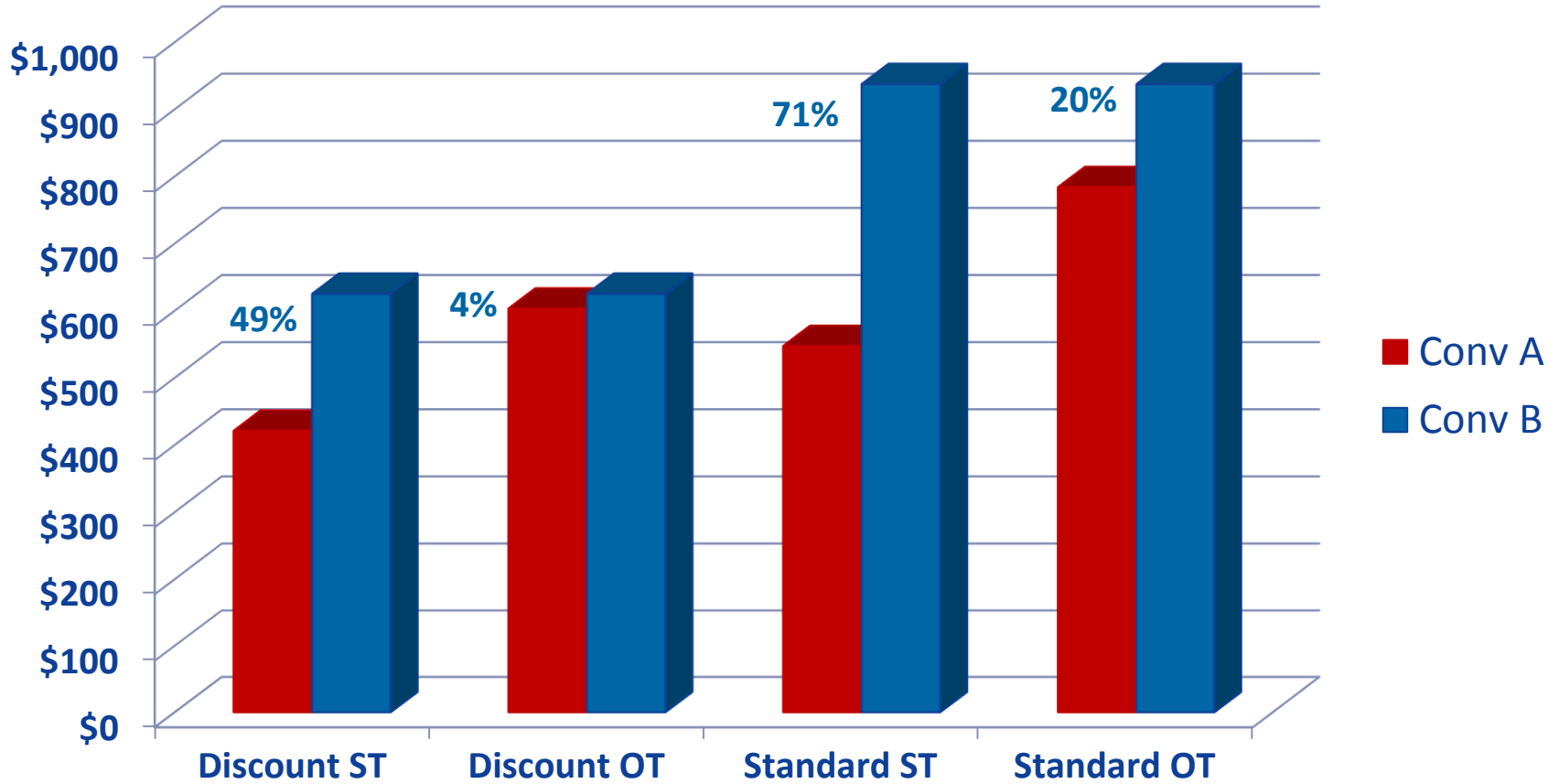
## Labor





## Two Conventions, Same City, Same Hall, 6 months apart

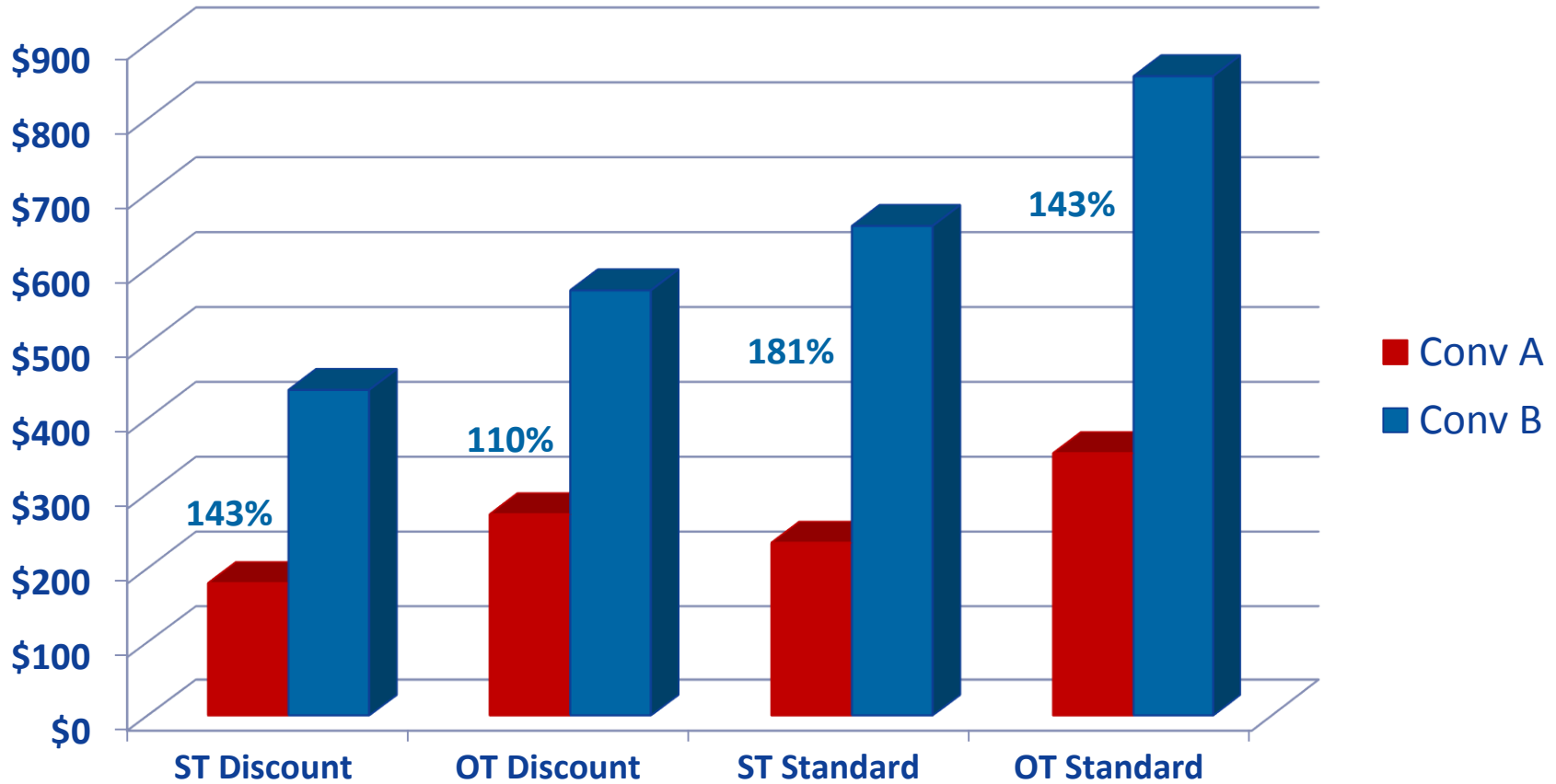
### Rigger-Sign Crew





# Two Conventions, Same City, Same Hall, 6 months apart 2012

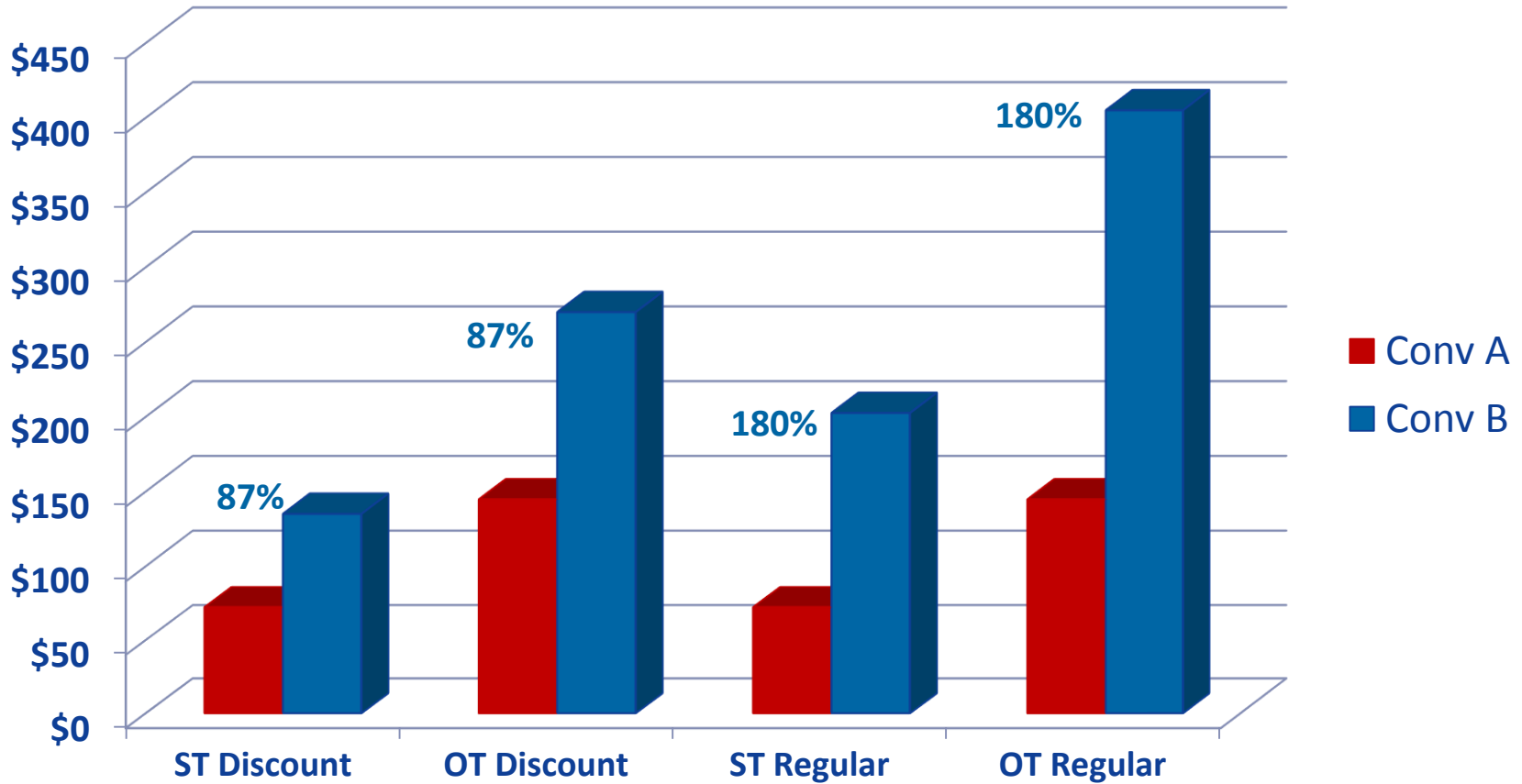
## Forklift Labor





# Two Conventions, Same City, Same Hall, 6 months apart

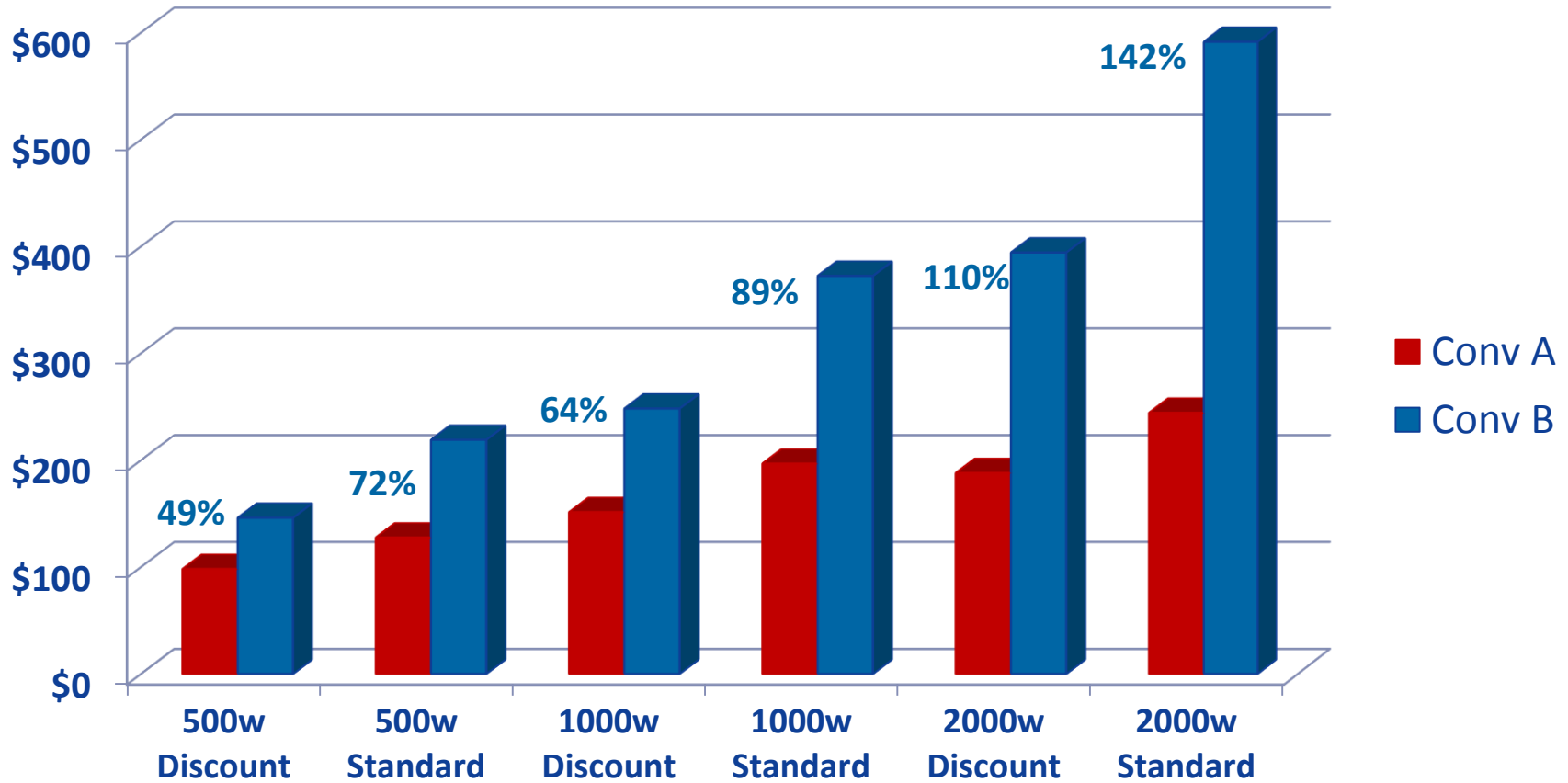
## 2012 Electrical Labor





# Two Conventions, Same City, Same Hall, 6 months apart

## 2012 Electrical Outlets



## The Translation

- Drayage: \$116.70/cwt
- One crate = 1100 lbs
- Drayage cost for this crate = \$1,283.70
- GSC associated labor cost = 37 hours (\$35.00/hour)
- Equal to 1 person, working 4 ½ days





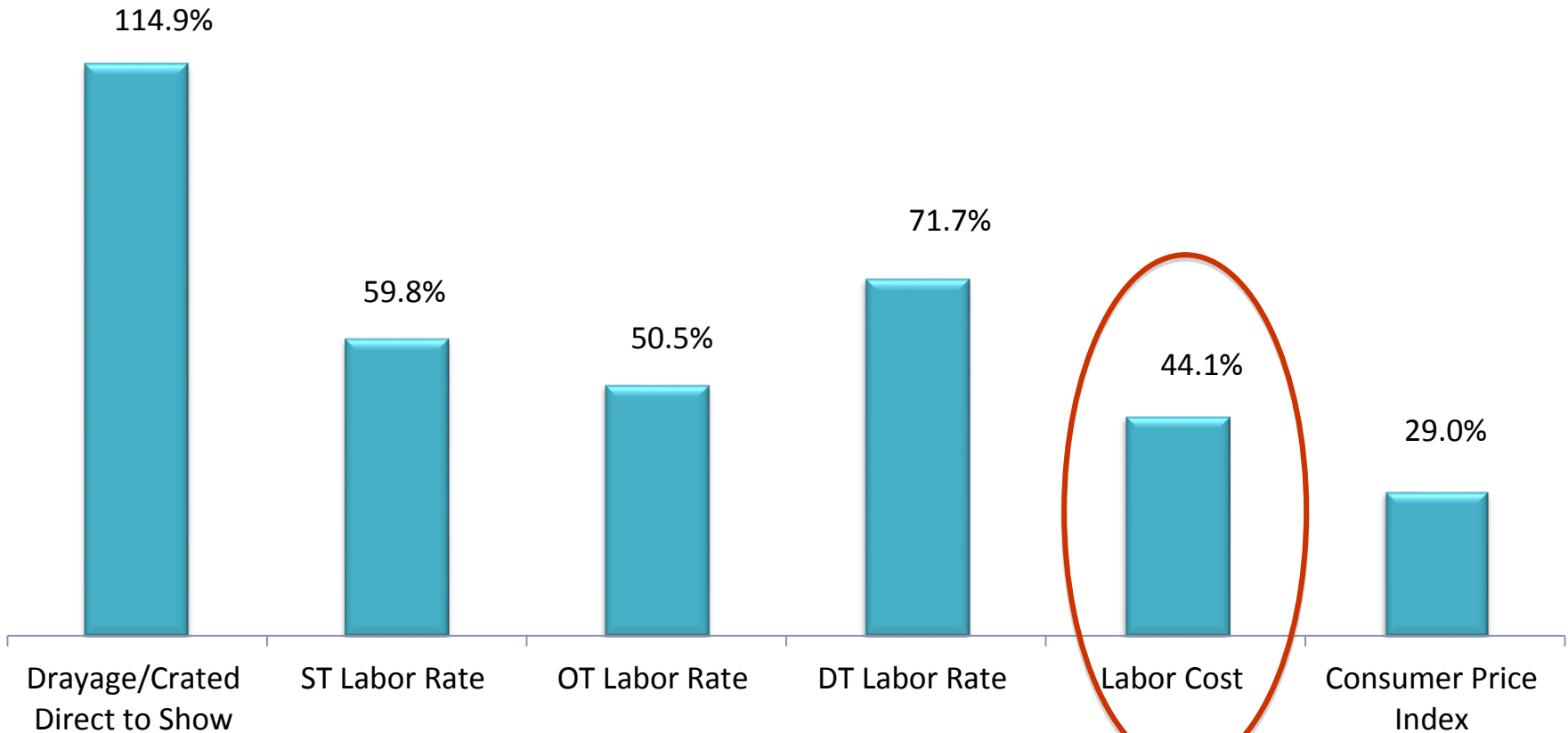


# HISTORICAL RATES



# GSC Rate Increases vs. CPI Index vs. Union increases

*Dramatic increase over 10 year period*



**Sources:**

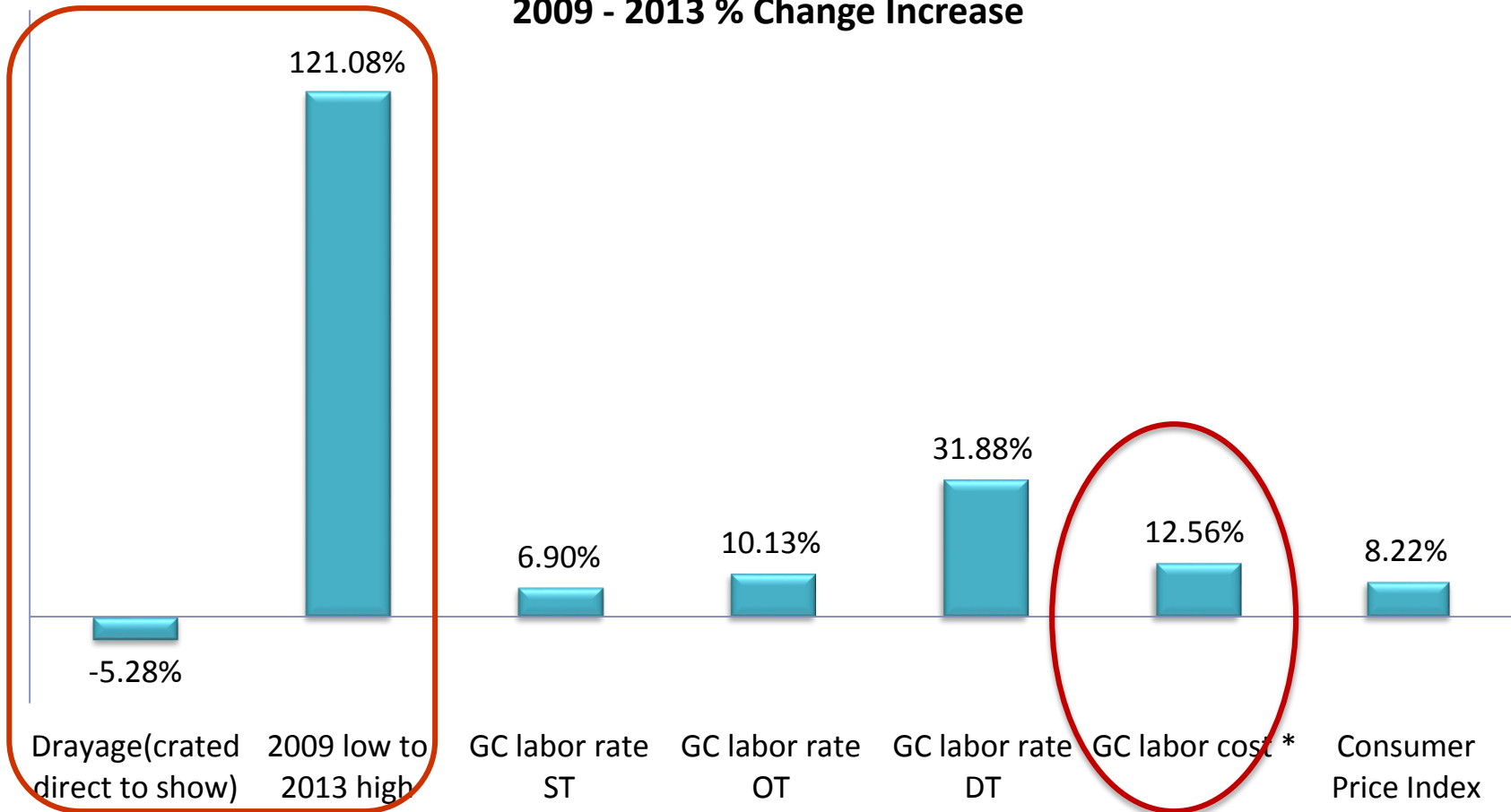
- Retail Rates - 1999 and 2009 TS Week Survey Reports
- Los Angeles, Chicago, and Las Vegas
- Labor Costs – Union Contracts





# GSC Rate Increases vs. CPI Index vs. Union increases

## 2009 - 2013 % Change Increase



\* Source: 2009 and 2013 TS Week Reports for general labor cost and drayage per CWT crated direct to show.

\* Source: Local Union Contract

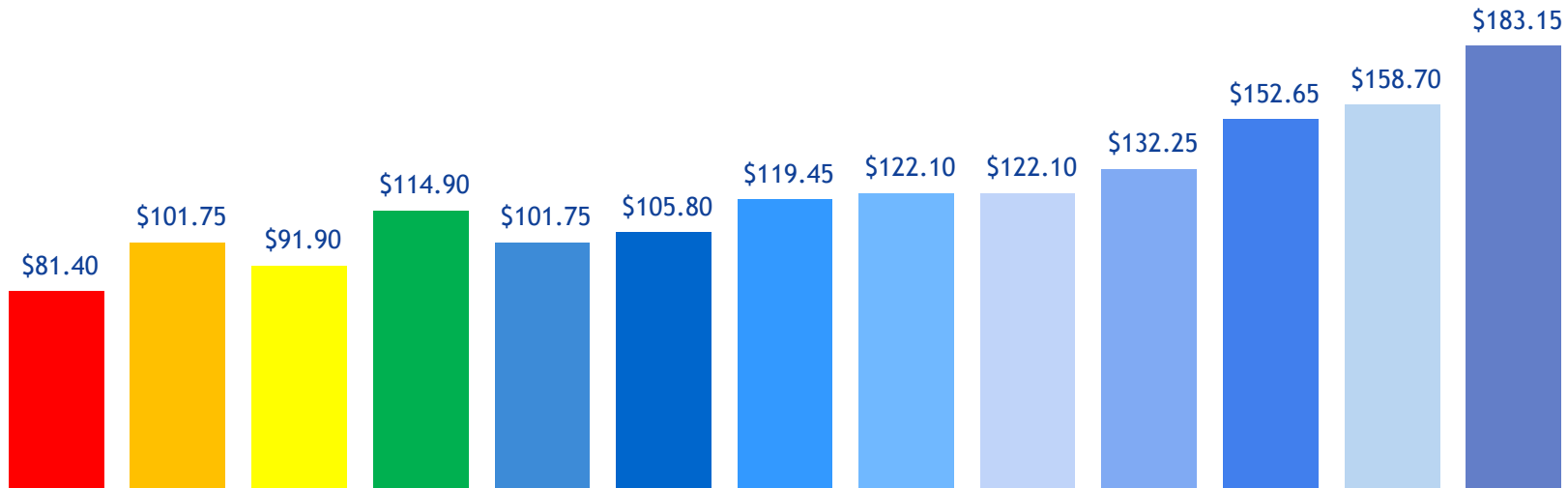
\* GC averages from San Francisco, Los Angeles, Chicago and Las Vegas. These costs are for all contractors whether GC or EAC.



# What is the real drayage cost?

## Drayage charges (per 100 cwt), 2013

- Show Site Crated (2013)
- Warehouse Crated (2013)
- Overtime Crated (Inbound) (2013)
- Warehouse Special Handling (2013)
- Show Site Uncrated (2013)
- Overtime Uncrated (Inbound) (2013)
- Double Time Uncrated (Inbound) (2013)
- Show Site After Deadline (2013)
- Warehouse After Deadline (2013)
- Show Site Special Handling (2013)
- Double Time Crated (Inbound) (2013)
- Overtime Special Handling (Inbound) (2013)
- Double Time Special Handling (Inbound) (2013)

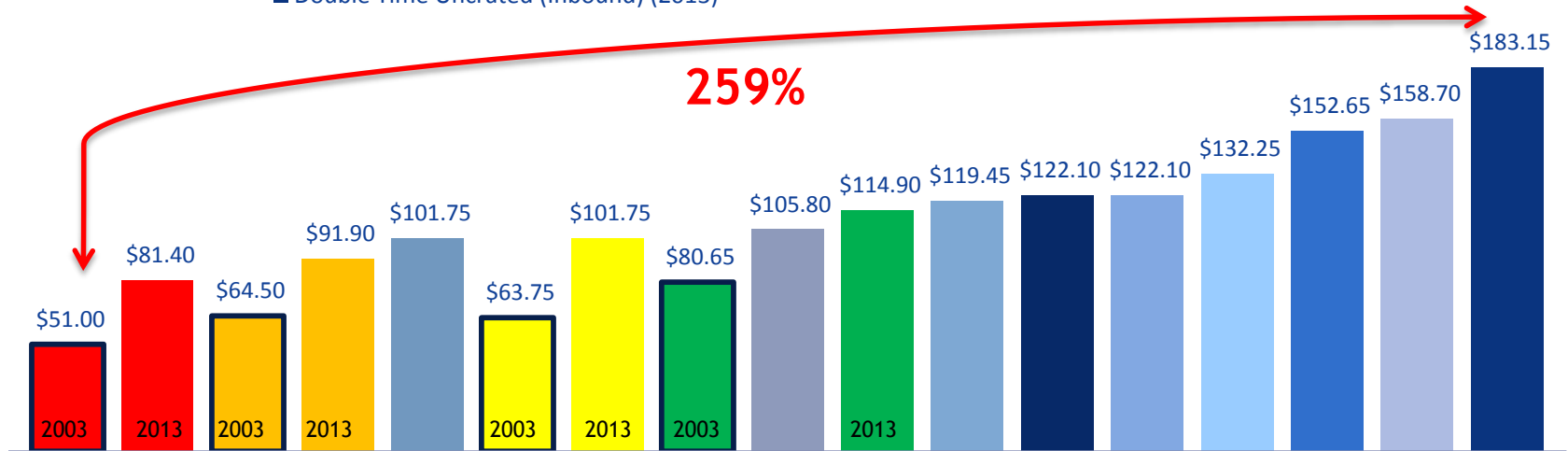




# Why all the additions to drayage?

## Drayage charges (per 100 cwt) 2003 & 2013 combined

- Show Site Crated (2003)
- Show Site Crated (2013)
- Warehouse Crated (2003)
- Warehouse Crated (2013)
- Overtime Crated (Inbound) (2013)
- Show Site After Deadline (2003)
- Show Site After Deadline (2013)
- Warehouse After Deadline (2003)
- Warehouse After Deadline (2013)
- Show Site Special Handling (2013)
- Show Site Uncrated (2013)
- Warehouse Special Handling (2013)
- Overtime Special Handling (Inbound) (2013)
- Double Time Crated (Inbound) (2013)
- Double Time Special Handling (Inbound) (2013)
- Overtime Uncrated (Inbound) (2013)
- Double Time Uncrated (Inbound) (2013)



Drayage charges for 2003 and 2013 combined



# BUDGETING CONFUSION



## Union Cost increases $\neq$ Industry Increases

**The rates are high and continue to rise out of proportion to the cost.**

**Worse, the rates are confusing and impossible to budget.**



# Exclusive Services: Sample Material Handling

## 24 Rate Categories

Whse Crated ST/ST <b>\$57.50</b>	Whse Uncrated ST/ST	Whse Special Handling ST/ST	Late to Whse	Showsite Crated ST/ST	Showsite Uncrated ST/ST	Showsite Special Handling ST/ST	Off-Target
Whse Crated ST/OT	Whse Uncrated ST/OT	Whse Special Handling ST/OT	Late to Whse	Showsite Crated ST/OT	Showsite Uncrated ST/OT	Showsite Special Handling ST/OT	Off-Target
Whse Crated OT/OT	Whse Uncrated OT/OT	Whse Special Handling OT/OT	Late to Whse	Showsite Crated OT/OT	Showsite Uncrated OT/OT	Showsite Special Handling OT/OT	<b>Off-Target \$129.38</b>





# Confusing Pricing...





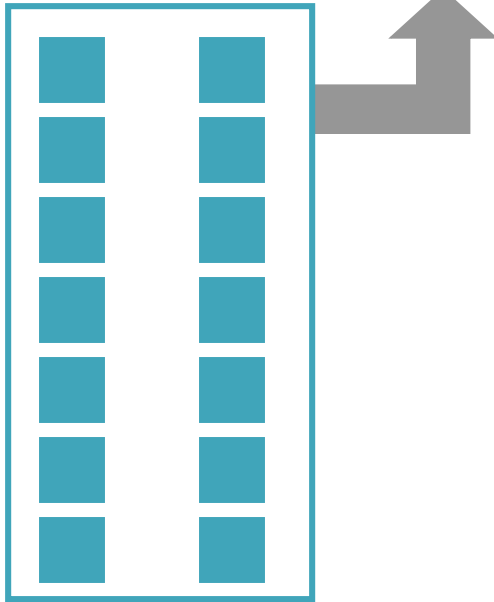
## Material Handling – Overtime

### Some Questions...

- **Which exhibitors are moved out on OT?**
  - The rental exhibits?
  - The GSCs own exhibit clients?
  - The big exhibitors?
  
- **How many men and trucks work during straight time vs. overtime?**
  
- **Who controls which exhibitors move on OT vs. ST?**

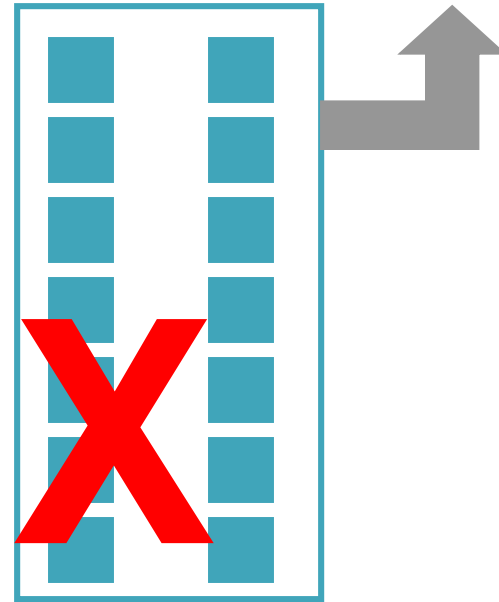
## Material Handling Labor – Who pays?

Labor divided by all



GSC - no Bundling

Labor divided by **fewer** –  
increasing costs to those left



GSC - with Bundling



# Exclusive Service Traps: Material Handling Special Handling

Special Handling is a fee applied to shipments that are loaded by cubic space and/or packed in such a manner as to require additional labor and handling.

Correct Shipment \_\_\_\_\_

Incorrect Shipment \_\_\_\_\_



Crated Shipment



Multiple Shipments / Uncrated Shipment



## Does this justify Special Handling?





# THE INDUSTRY SHIFT



## GSCs Business Model Shift – Targeting Corporate Clients

- Now in the design, build and rent business
- Tie in exclusive services – to corporate clients
- Shifting costs to exhibitors who do not use them for non exclusive services; result is uneven application of exclusive service charges.
- Discounts/Rebates given to win the entire corporate program

### *Results:*

- *Reduced competition*
- *Negatively impacting the industry*
- *Associations unaware of the discounts given*
- *No benefit to association*
- *Possible legal issues*



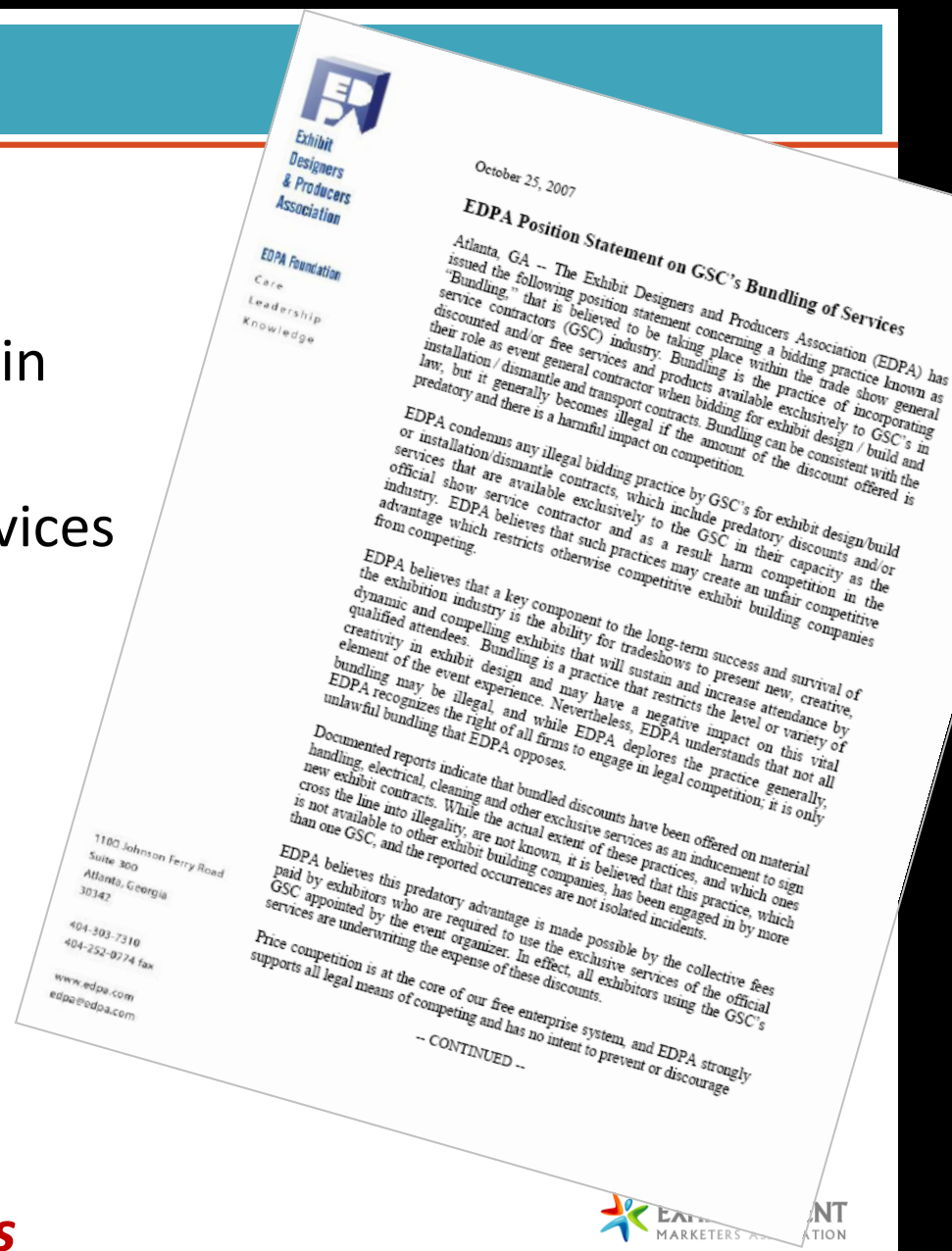
# EDPA White Paper

## Bundling

- Free services/products by GSC, in bidding for services
- Predatory discounts and/or services

“EDPA condemns any illegal bidding practice by GSC’s for design/build or installation/dismantle contracts, which include predatory discounts and/or services that are available exclusively to the GSC in their capacity as the official show service contractor”

**Discounts & rebates to exhibitors**







# Material Handling-Rental Exhibits

## Bundling example

- Non-GSC companies can not compete
- Exclusive services should not be bundled

**For fast, easy ordering,**

All Exhibits Include: Installation & Dismantle of Exhibit  
Material Handling of Exhibit  
Classic Carpet with Nightly Vacuuming  
2 Arm Lights (per 100 sq. ft.)

To place your order, please check the appropriate box and complete the remaining selections at the bottom of the form.

	A. FREE STANDING COUNTER	B. CURVED BACK WALL EXHIBIT	C. BACK WALL COUNTER EXHIBIT
PACKAGES	Discount Price Standard Price <input type="checkbox"/> 	Discount Price Standard Price <input type="checkbox"/> 	Discount Price Standard Price <input type="checkbox"/> 
	D. 3 SHELF 10' X 10' EXHIBIT	E. 10' X 20' ANGLED EXHIBIT	F. 20' X 20' ISLAND EXHIBIT
PACKAGES	Discount Price Standard Price <input type="checkbox"/> 	Discount Price Standard Price <input type="checkbox"/> 	Discount Price Standard Price <input type="checkbox"/> 

Orders received after the deadline date or without payment will be charged the Standard Rate and are subject to availability. Orders cancelled after production begins are subject to a 100% Cancellation Charge.

CHOOSE YOUR PANEL	HEADER IDENTIFICATION SIGN
<input type="checkbox"/> BLUE FABRIC <input type="checkbox"/> GRAY FABRIC	<input type="checkbox"/> CLARENDON MEDIUM <input type="checkbox"/> ENVIRO
<input type="checkbox"/> BLACK FABRIC <input type="checkbox"/> WHITE HARDWALL	<input type="checkbox"/> EUROSTILE BOLD <input type="checkbox"/> HELVETICA BOLD
<input type="checkbox"/> WHITE PERFBORD	



# Material Handling - Discounts

## Discounts

- Excluded from 3<sup>rd</sup> party contractors

3<sup>rd</sup> party contractors  
not eligible



Please return this form with your check payment (no credit cards) to the address listed above by the deadline date to receive your material handling discount.

### MATERIAL HANDLING RATE CALCULATOR

Rate Classification	Weight (round UP to the next 100 LBS.)	CWT	Discount Price Per CWT	Prepaid Cost
Example: Warehouse Crated	1450 (1500)	+ 100		

**SPECIAL OFFER - PREPAID MATERIAL HANDLING DISCOUNT**

is pleased to offer exhibitors a 10% discount on your material handling charges when prepaid by [redacted]. Please refer to the Prepaid Material Handling Discount Form for further details and instructions.

Description	CWT Price
Warehouse Shipment (200 lb. minimum)	
Crated or Skidded Shipment	\$ 72.25
Special Handling Shipment	\$ 93.95
Show Site Shipment (200 lb. minimum)	
Crated or Skidded Shipment	\$ 68.75
Special Handling Shipment	\$ 89.40
Uncrated or Pad Wrapped Shipment	\$ 103.15

**DESCRIPTIONS OF RATE CLASSIFICATIONS**

**CRATED:** Material that is skidded or is in any type of shipping container that can be unloaded at the dock with no additional handling required.

**SPECIAL HANDLING:** Material delivered by a carrier in such a manner that it requires additional handling, such as ground unloading, stacked or constricted space unloading, designated piece unloading, shipment integrity, alternate delivery location, loads mixed with pad-wrapped material, carpet and/or pad only shipments, no documentation and shipments that require additional time, equipment or labor to unload. Federal Express, UPS, Airborne Express & DHL are included in this category due to their delivery procedures.

**UNCRATED:** Material that is shipped loose or pad-wrapped, and/or unskidded machinery without proper lifting bars or hooks.

**RATE CLASSIFICATIONS:**

**THIS VOLUNTARY PROGRAM IS FUNDED BY [redacted] AND DESIGNED SPECIFICALLY FOR [redacted] EXHIBITORS TO LOWER THE COST OF EXHIBITING. AS SUCH, THIRD PARTY CONTRACTORS, INCLUDING EXHIBITOR APPOINTED CONTRACTORS, ARE NOT ELIGIBLE TO PARTICIPATE.**



# Material Handling Form

- Some OT may apply?
- How much?
- Who pays OT?



**Insert Actual Service order form for specific convention**

additional handling required.

**SPECIAL HANDLING:** (See definitions on back) Material delivered by a carrier in such a manner that it requires additional handling, such as ground unloading, stacked or constricted space unloading, designated piece unloading, shipment integrity, alternate delivery location, loads mixed with pad wrapped material, carpet and/or pad only shipments, no documentation and shipments that require additional time, equipment or labor to unload. Federal Express, UPS, Airborne Express & DHL are included in this category due to their delivery procedures. Material that is shipped loose or pad-wrapped, and/or unskidded machinery without proper lifting bars or hooks.

**UNCRATED:**

**STRAIGHT TIME:** 8:00 A.M. to 4:30 P.M. Monday through Friday

**OVERTIME:** 4:30 P.M. to 8:00 A.M. Monday through Friday, all day Saturday, Sunday, and Holidays

**Note:** Some inbound and outbound material handling will have overtime charges applied.

Union Holidays: New Years Day, Martin Luther King Day, President's Day, Good Friday, Patriot's Day, Memorial Day, Independence Day, Labor Day, Columbus Day, Veteran's Day, Thanksgiving Day, Christmas Day

Description	Price Per CWT	200 lb. Minimum
<b>RATE CLASSIFICATIONS:</b>		
<b>Warehouse Shipment (200 lb. minimum)</b>		
Crated or Skidded Shipment.....	\$	
Special Handling Shipment.....	\$	
<b>Show Site Shipment (200 lb. minimum)</b>		
Crated or Skidded Shipment.....	\$	
Special Handling Shipment.....	\$	
Uncrated or Pad Wrapped Shipment.....	\$	
<b>Small Package - Maximum weight is 30 lbs per shipment</b>		
Per Shipment.....	\$	
*A small package shipment is a shipment totaling any number of pieces with a combined weight not to exceed 30 lbs that is received on the same day, from the same shipper and delivered by the same carrier.		
<b>ADDITIONAL SURCHARGES:</b>		
<b>Shipment Delivered after Deadline Date (in addition to above rates)</b>		
Warehouse Shipment after April 30.....	\$	
Show site Shipment after Show Opening.....	\$	
All rates quoted above are straight time rates. All freight received at the warehouse that must be moved into or out of the booth before 8:00 am or after 4:30 pm on weekdays will be charged overtime rates. Show site overtime hours are before 8:00 am and after 4:30 pm on weekdays. Any time on Saturday, Sunday or holidays will be charged overtime each way in addition to the above rates.		
<b>Overtime Charge - Warehouse (in addition to above rates)</b>		
Crated or Skidded Shipment.....	\$	
Special Handling Shipment.....	\$	
<b>Overtime Charge - Show Site (in addition to above rates)</b>		
Crated or Skidded Shipment.....	\$	
Special Handling Shipment.....	\$	
Uncrated or Pad Wrapped Shipment.....	\$	



# POSSIBLE SOLUTIONS



# Solutions

## *Game Changers – Material Handling*

- Pay for material Handling on time & materials basis – incorporate into exhibit fee: **Auto Industry**
- Bring exclusive services (drayage) in-house: **PMMI**
- Eliminate all surcharges (overtime and special handling) – incorporate blended rate: **AHA, APSC, AAPC, AFCOM**
- Charge per trip or based upon time & materials vs. weight: **Several Corporate Events**



# Solutions

## *More Game Changers*

- Stop cost shifting - pay full price for services, just as exhibitors do (vested interest)
- Incorporate costs for discounted items (aisle carpet, signs, etc.) in exhibit space fee rather than into drayage fees
- Share costs for discounted items amongst all GSCs & EACs
- Bring general contracting in-house - control rates and service levels
- Freedom of choice - eliminate exclusives; bring in competition



# Solutions

## *Simple Answers*

- Disclose all show management rebates and discounts to exhibitors
- Understand what exhibitors are paying, identify pain points, and negotiate on their behalf
- Provide all costs up front in the exhibitor prospectus: eliminate special handling
- Simplify show rates and rules – let common sense be your guide
- Eliminate the practice of discounting exclusive services and combining with other non-exclusive services



# Resources: Exhibit Industry Council

Advocate for full disclosure and better control of costs

Drive long term change that will guarantee its long term value and financial viability as a marketing medium



## *Full Disclosure and Control of Exhibitor Costs: Best Practice Guide*

### Introduction and Background

The Exhibit Industry Council (EIC), comprised of five major trade show industry associations, was formed to define and advocate for exhibitor-focused *Best Practices* for trade shows, conventions, congresses, and private events. The goal is to unite all industry stakeholders to support reputable, consistent standards.

Currently, there are conditions in the industry that impede the value exhibitors gain from face-to-face marketing events – specifically conventions and trade shows. This *Best Practice Guide* outlines these conditions and suggests “best practices” to overcome the challenges created in this otherwise productive and effective sales and marketing environment.

Exhibiting companies need to understand the total cost of event participation to make decisions about which events will provide a sufficient ROI to their marketing plan. In order to understand and control costs, exhibitors need full disclosure of pricing by the organizers as well as general service contractors (GSCs) before exhibit space contracts are signed. This helps exhibitors make informed financial decisions before the event and also eliminates surprises down the road.

The purpose of this *Best Practice Guide* is:

- To increase exhibitor value and improve the effectiveness of face-to-face tradeshow and convention marketing efforts, a vital component of exhibiting companies’ marketing mix.
- To advocate for the full disclosure and better control over trade show and convention exhibitor costs.
- To ultimately guide the industry in making adjustments that will guarantee its financial future and continued place in the marketing mix.

Below is a summary of the topic areas being addressed along with the “best practice” to address each condition:





# Full Disclosure and Control of Exhibitor Costs

## *Best Practice Recommendations*

1. Explore changes to the show services business model.
2. Eliminate bundling on exclusive services.
3. All GSC discounts should be offered to exhibitors and 3rd parties.
4. Exhibitors need full control over all material handling costs.
5. Eliminate undisclosed discounts between GSC and show organizer.
6. Reduce /eliminate forced freight.
7. Reduce /eliminate exclusive facility service agreements.
8. GSC responsibilities & conduct.
9. Show organizer responsibilities & conduct.
10. Exhibit house / 3rd party supplier responsibility & conduct.
11. Exhibitor responsibility.



**EXHIBIT & EVENT**  
MARKETERS ASSOCIATION



July 30th - August 1st, 2013  
McCormick Place, Chicago, IL

***Thank you!***