



July 10-12, 2012
Hyatt McCormick Place,
Chicago, IL

Enhancing Exhibitor Value *Enables Show Growth*

Endorsed by:
Advocacy Committee



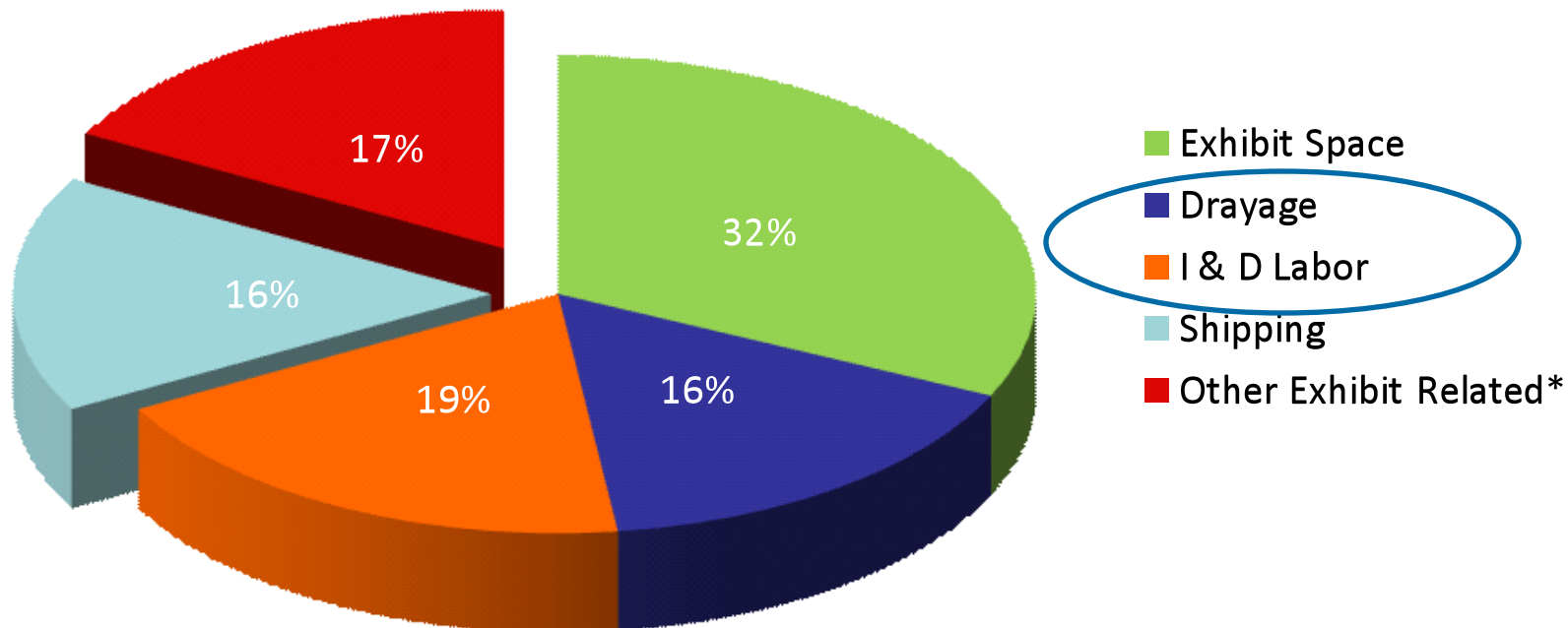


Meeting Objectives

- Discuss Industry Issues
 - Cost of Exhibiting
 - Exclusive Show Services
 - Non-Exclusive (Competitive) Show Services
 - Actual Union Cost Increases compared to Rate increases
 - Business Model Shift
 - General Service Contractors
- Possible Solutions
 - Progressive General Service Contracting Models
 - Case Studies of Existing Shows



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.



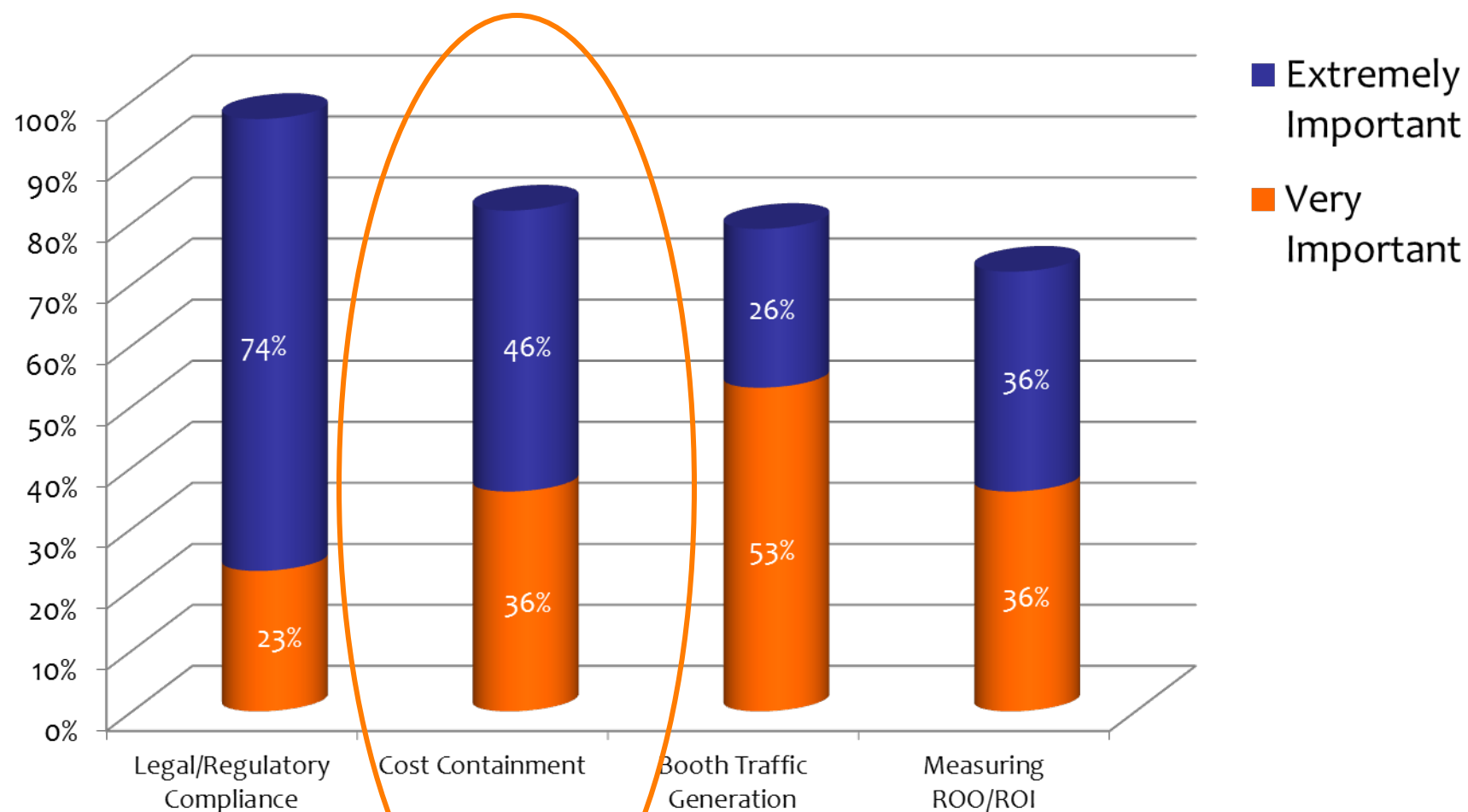
Current Economic Situation

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 can negotiate to reduce Exhibitor costs (>60% of Exhibitors' convention budget)



Healthcare Industry Survey



Source: Survey of HCEA members conducted by Exhibit Surveys (Dec 2010)



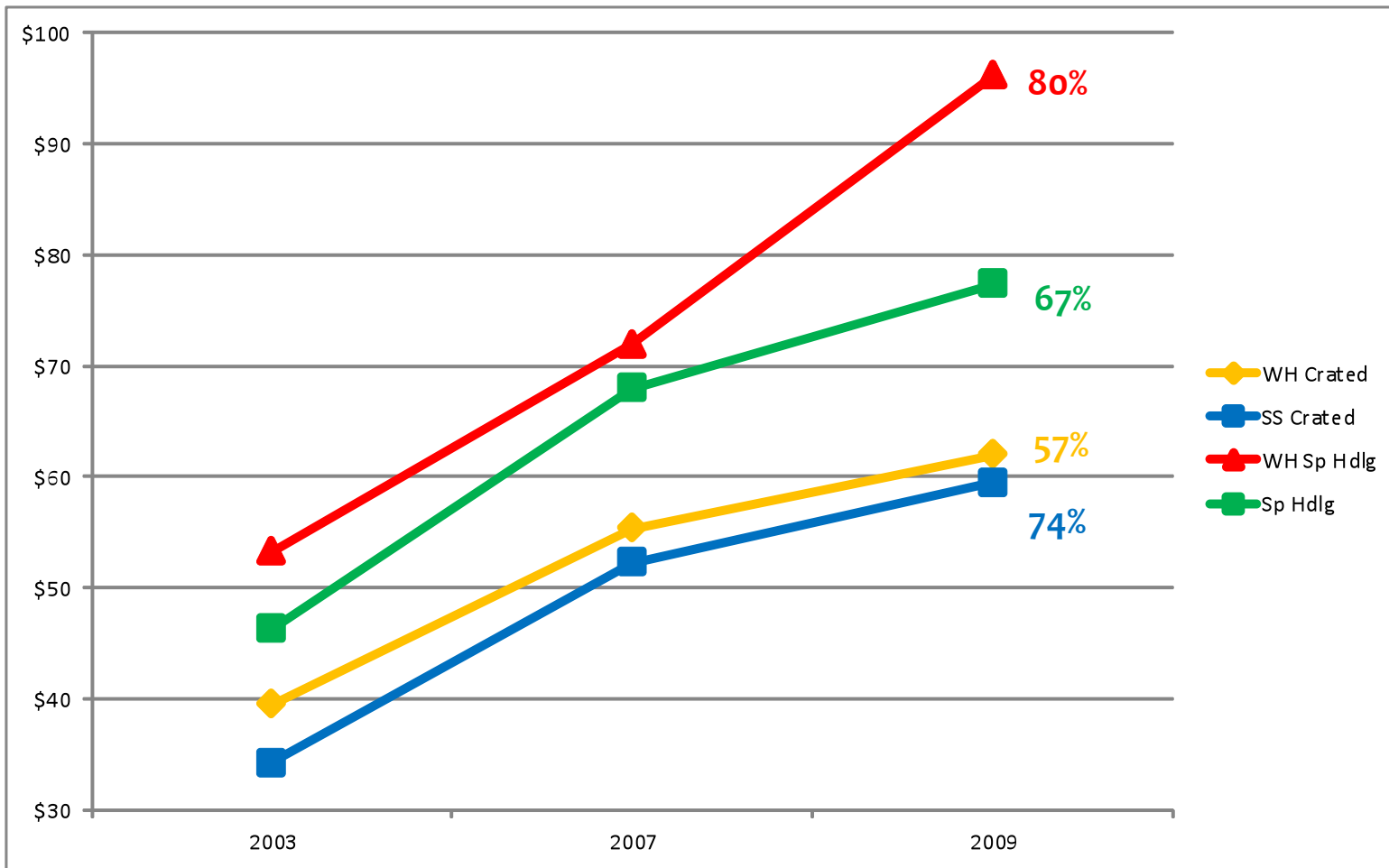
What Exhibitors are Doing

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

Negatively impacts all stakeholders.



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):

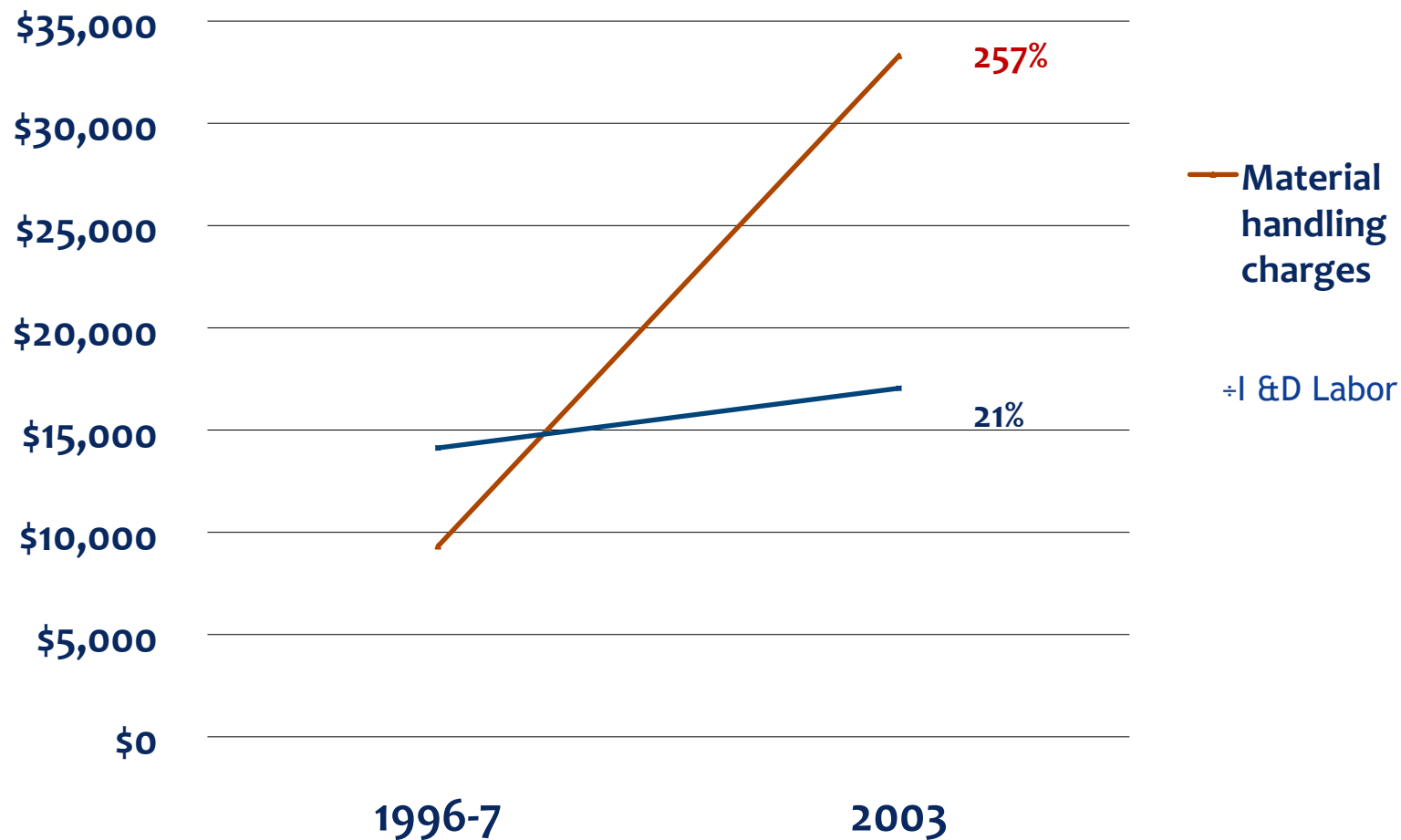
- Labor: 18 - 20% difference-Non-Exclusive Service
- Drayage(Material Handling): 23 - 40% difference-Exclusive

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



Exclusive vs. Non-Exclusive: 8 Major Healthcare Conv.

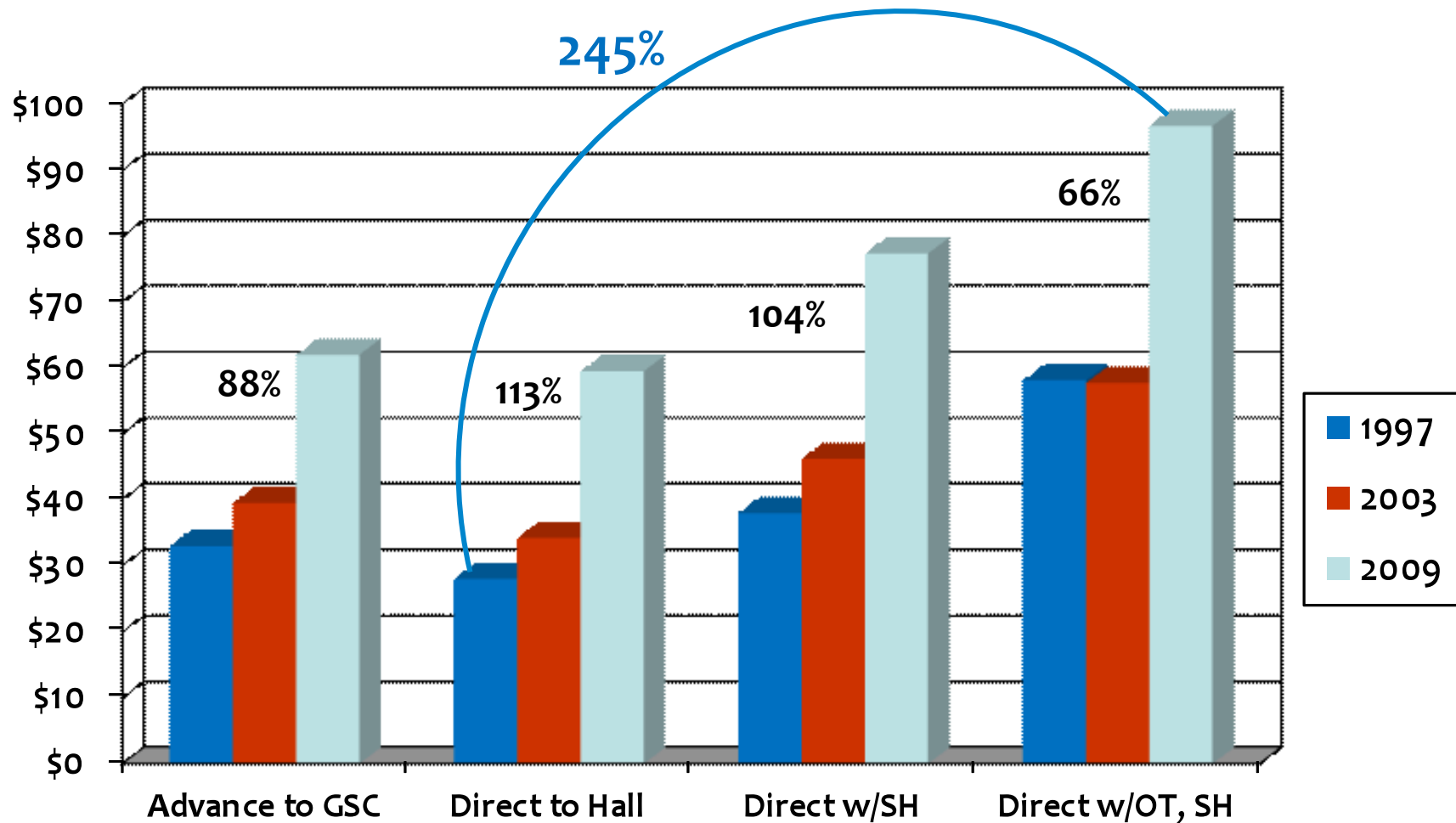
Material handling charges vs. I&D charges





Exclusive Service: 1997 - 2009

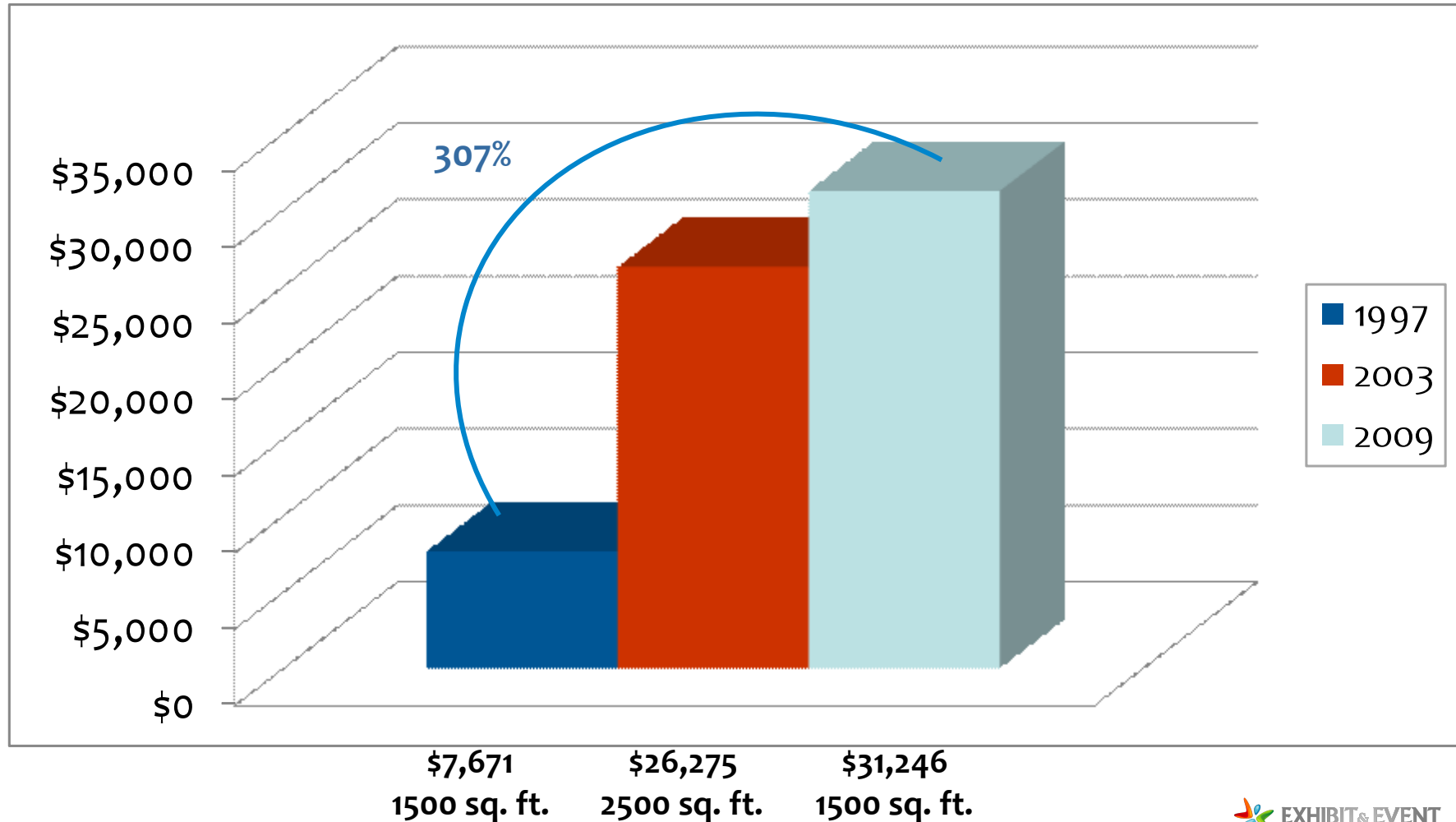
Material Handling - One Show %



CPI from 1997 – 2009: 34%



Exclusive Service: 1997 - 2009 Material Handling - One Show \$



CPI from 1997 – 2009: 34%



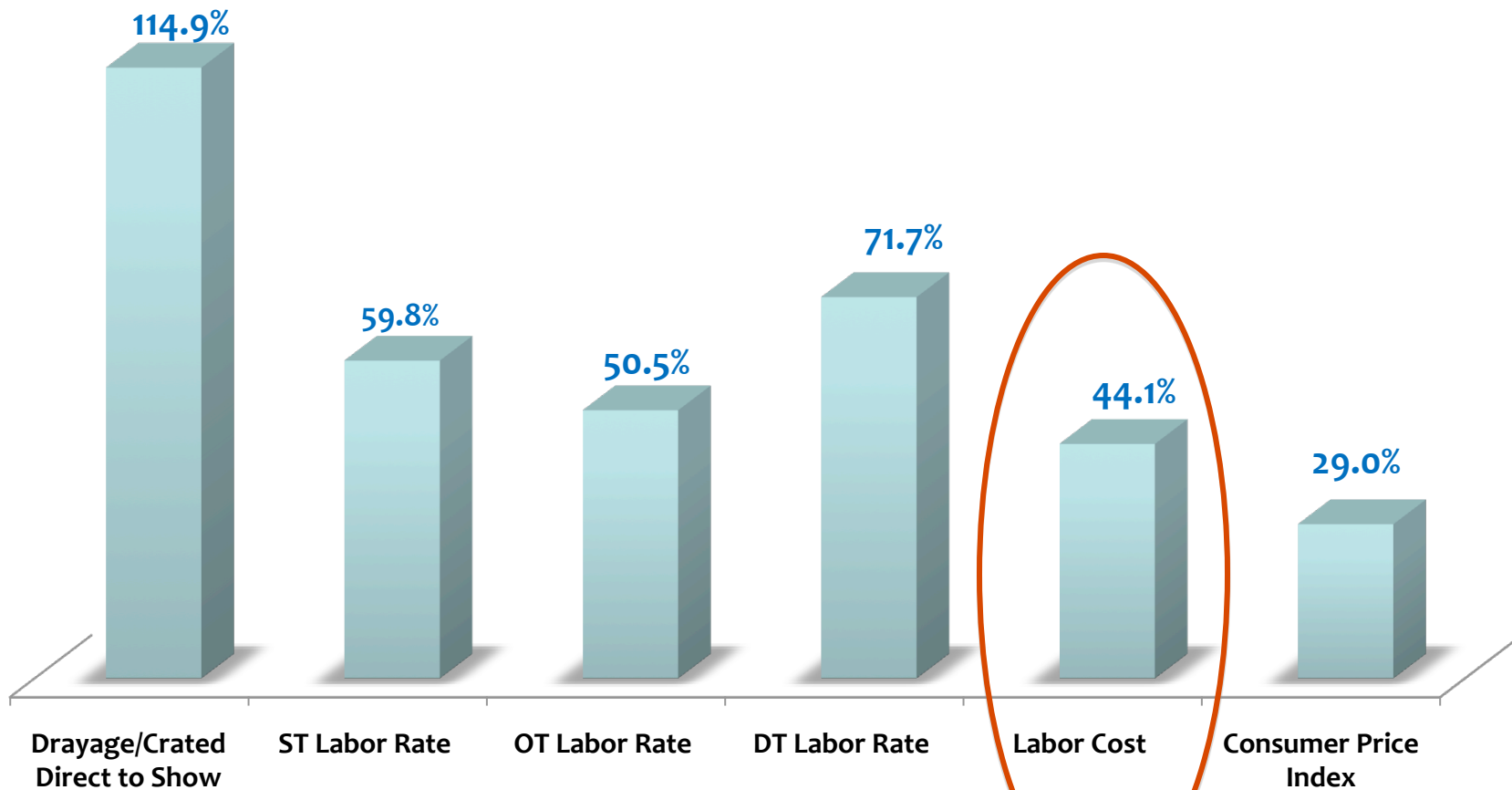
Exclusive Services: Sample Material Handling 24 Rate Categories

Whse Crated ST/ ST \$57.50	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	Off-Target \$129.38



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



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?



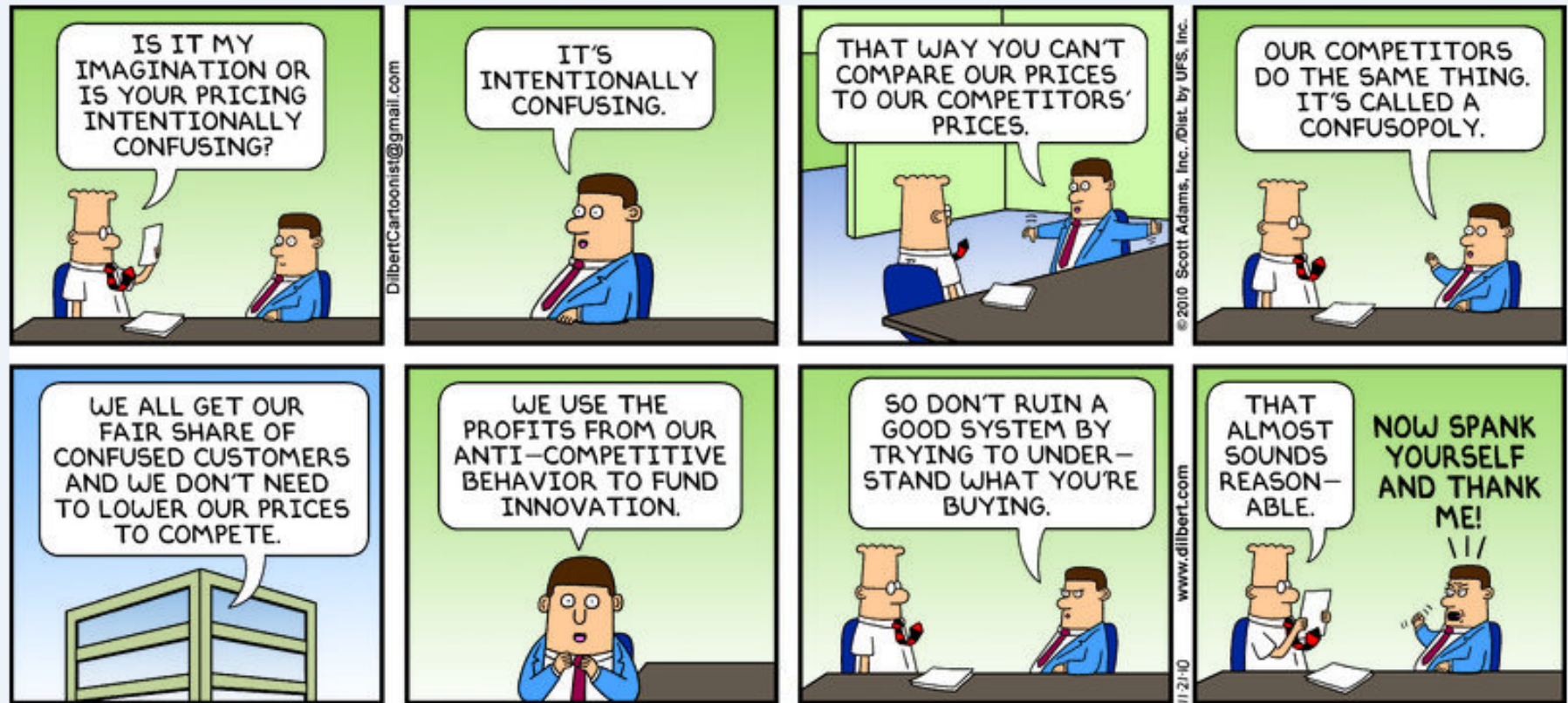
Union Cost increases contradict Industry Increases

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

Worse, the rates are confusing and impossible to budget.



Confusing Pricing...





Material Handling - Overtime

- 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?



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 _____



Crated Shipment

Incorrect Shipment _____

Side Door Loading



Constricted Space Loading



Stacked Shipments



Multiple Shipments / Uncrated Shipment



Does this justify Special Handling?





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

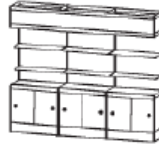


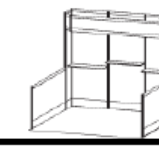
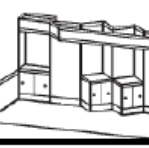
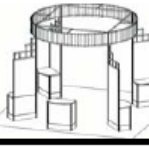
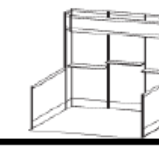
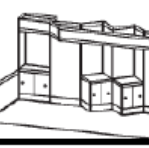
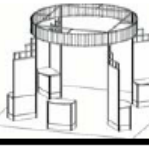
Bundling example

- 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	
	Discount Price	Standard Price	Discount Price	Standard Price	Discount Price	Standard Price
PACKAGES	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
						
	Discount Price	Standard Price	Discount Price	Standard Price	Discount Price	Standard Price
PACKAGES	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<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"/> ENVO
<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 3rd party contractors

3rd 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 . Please refer to the Prepaid Material Handling Discount Form for further details and instructions.

Additional charges may be applicable (Material Handling form for surcharges)

Description	CWT Price
Total	
less 10% discount	
Total	

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.

Description	CWT Price
RATE CLASSIFICATIONS:	
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

THIS VOLUNTARY PROGRAM IS FUNDED BY 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?

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

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

OVERTIME: 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
RATE CLASSIFICATIONS:		
Warehouse Shipment (200 lb. minimum)		
Crated or Skidded Shipment.....	\$	
Special Handling Shipment.....	\$	
Show Site Shipment (200 lb. minimum)		
Crated or Skidded Shipment.....	\$	
Special Handling Shipment.....	\$	
Uncrated or Pad Wrapped Shipment.....	\$	
Small Package Maximum weight is 30 lbs per shipment		
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.		
ADDITIONAL SURCHARGES:		
Shipment Delivered after Deadline Date (in addition to above rates)		
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.		
Overtime Charge - Warehouse (in addition to above rates)		
Crated or Skidded Shipment.....	\$	
Special Handling Shipment.....	\$	
Overtime Charge - Show Site (in addition to above rates)		
Crated or Skidded Shipment.....	\$	
Special Handling Shipment.....	\$	
Uncrated or Pad Wrapped Shipment.....	\$	

Insert Actual Service order form for specific convention



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

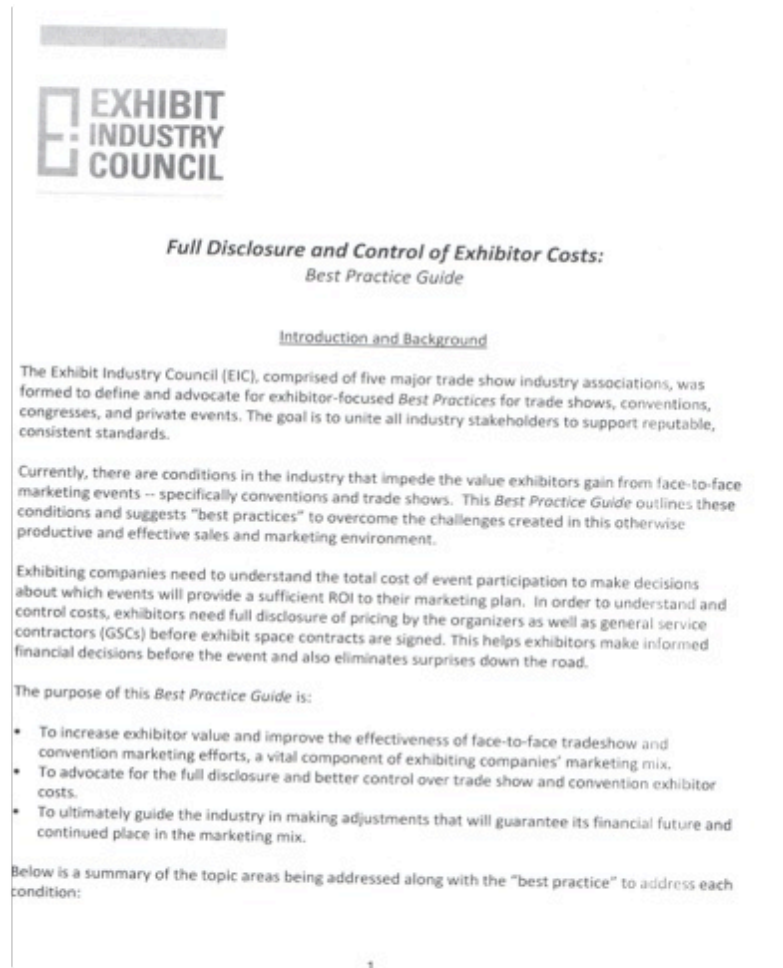
- Disclose all show management rebates and discounts to exhibitors
- Understand what exhibitors are paying, identify pain points, and negotiate on their behalf
- Provide all costs up front in the exhibitor prospectus: eliminate special handling
- Simplify show rates and rules - let common sense be your 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 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



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Thank you!