

The return on trade show information (RTSI): a conceptual analysis

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Abstract

Purpose – The purpose of this paper is to analyze the need for developing a return on trade show information (RTSI) index; this index would be used to measure the impact of information gathered at trade shows on long-term decision making within the organization. Also, the paper aims to suggest differences in how exhibitors and visitors perceive tangible versus intangible benefits that accrue as a result of utilizing new information acquired at trade shows.

Design/methodology/approach – The paper utilizes a conceptual approach, employing the market orientation framework to develop a model for the return on trade show information (RTSI). It incorporates the acquisition, dissemination and utilization of new trade show information, suggesting that perceived information quality acts as a moderator in this relationship.

Findings – The return on trade show information (RTSI) index describes both tangible and intangible benefits that accrue to the organization as a result of information acquired at trade shows. However, in some cases the same information that is acquired at trade shows is also available from alternative sources, potentially making it difficult to determine true RTSI.

Originality/value – The manuscript offers an innovative perspective for estimating the value of new information acquired at trade shows, suggesting differences in the way in which exhibitors and visitors perceive, as well as utilize, trade show information. This opens the door to future research in the area of trade show information value; in addition, this can benefit practitioners by providing a different method for evaluating the investment value of trade show participation.

Keywords Trade fairs, Market orientation, Information media

Paper type Conceptual paper

Introduction

Trade shows comprise a multibillion-dollar business, accounting for 10-15 percent of the business marketing communications budgets of US firms (Dekimpe *et al.*, 1997; Smith *et al.*, 2003). The percentage is even higher in UK companies, who spend up to twice as much of their business marketing communications budgets on trade shows (Herbig *et al.*, 1996; Dekimpe *et al.*, 1997). Industrial trade shows are often held in conjunction with professional industry group meetings, giving sellers a unique opportunity to interact with pre-qualified prospects as well as current customers, suppliers, and other industry associates (Godar and O'Connor, 2000). Over the past several decades, overall activity in the trade show industry has experienced steady growth; according to Jacobs Jenner & Kent Market Research and Frost Miller Group (2007), 62 percent of the companies

interviewed in 2007 experienced increased attendance at their trade shows, compared to 60 percent in 2006. In a similar vein, the physical size of the shows has increased as well. Large shows (250,000 square feet or more) account for approximately 22 percent of all shows, representing a 5 percent increase in physical show size (Jacobs Jenner & Kent Market Research and Frost Miller Group, 2007).

Owing to the high levels of investment required to participate in trade shows, concerns regarding the contribution of trade shows to the organization's bottom line are common across industries; consequently, firms are demanding higher levels of justification for trade show involvement. The expectation is that trade show participation will yield positive results, similar to other business investments (Hansen, 1999). At a round-table discussion of trade shows, "investment accountability [was identified] as the greatest challenge facing the prospective exhibitor" (Gopalakrishna *et al.*, 1995, p. 75).

Despite substantial levels of investment in trade shows and widespread participation in trade show activities across various industries, academic research in this area has been

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spotty at best. Partly in response to the scarcity of trade show research, the Center for Exhibition Industry Research (CEIR) listed support for academic research as one of its top objectives (Skolnik, 1987). This support is based on answering questions such as:

- 1 What happens to the wealth of new information acquired at the trade show once the exhibit is over?
- 2 Is it shared with others back at the home office, or does it remain largely in the purview of the trade show exhibitors and attendees?
- 3 Are trade show participants encouraged (or expected) to report their findings to others in the organization?
- 4 What effect does the perceived quality of this information have on the dissemination of, and use of this trade show information?

Return on trade show investment (RTSI): defined

The existence of value in trade show participation is commonly recognized among members of business and industry (Smith *et al.*, 2003; Sind, 1996). What is lacking in the academic literature is not whether trade show participation has value, but rather a systematic consideration of issues surrounding how the value of information gathered at trade shows is manifested, and how this value should be measured. Whereas previous studies overwhelmingly looked at tangible benefits of trade shows (Gopalakrishna *et al.*, 1995; Bonoma, 1983), this paper focuses on both tangible and intangible benefits of trade show information. Tangible benefits include trade show information that affects:

- acquisition of new customers resulting in the sale (or purchase) of products and services;
- technical updates; and
- training and implementation advice given (or received) at the trade show.

Intangible benefits include trade show information that enables improvements in sales planning, strategic planning, policy development, marketing communications, customer/supplier relationships, and new product development.

With these issues in mind, we propose an index referred to as the return on trade show information (RTSI). It is an outcome measure that allows for simultaneous consideration of both tangible and intangible benefits, and provides a measure of the overall impact and effectiveness of trade show information on the participating firms. RTSI analyzes newly acquired trade show information and is evidenced by benefits resulting from the acquisition, dissemination, and use of trade show information within the trade show attendee and exhibiting firms.

RTSI: trade show exhibitors versus visitors

This paper investigates RTSI from the perspective of both trade show exhibitors and visitors; “exhibitors” refers to participants who occupy display booths at the trade show, while “visitors” refers to trade show attendees who do not occupy a display booth at the trade show. Exhibitor trade show success has traditionally been evaluated using more tangible measures such as the number of sales orders or sales leads generated from the trade show, making contact with current customers, and gathering competitive information (Dekimpe *et al.*, 1997; Smith and Smith, 1999; Hansen, 1999; Blythe, 1999). However, research suggests that

exhibitors often express dissatisfaction or lack of concrete knowledge regarding their success at trade shows (Herbig *et al.*, 1997). This suggests a greater proportion of intangible benefits than tangible benefits for exhibitors compared to visitors. Conversely, exhibitors might inherently place a lower value on the intangible benefits derived, skewing RTSI.

Visitors often state that their objectives for attending trade shows include various information-gathering activities (Blythe, 1999). These activities involve gathering new product information, technical updates, and contact information from both trade show exhibitors as well as other participants (suppliers, distributors, etc.). In contrast to trade show exhibitors, trade show visitors set clear goals for attending trade shows (Blythe, 1999; Gramann, 1994).

RTSI theory development

The theoretical underpinnings for RTSI are found in the market orientation and information quality literature (Kohli and Jaworski, 1990; Maltz and Kohli, 1996). Market orientation is regarded as the implementation of the marketing concept, defined by Kohli and Jaworski (1990) as the generation of, dissemination of, and organization-wide response to market intelligence. Market intelligence included in the RTSI scale consists of both formal and informal information gathered at the trade show.

Formal information acquisition at trade shows consists of one-way or mostly one-way communication; this includes information gathered during a keynote address, press review, product demonstration, or technical update. Informal trade show information acquisition typically occurs as a two-way exchange of information among trade show participants, such as that which takes place between exhibitors, or between exhibitors and visitors. Informal information gathering often takes place in casual “hall talk” or “water fountain” conversations as well as luncheon and dinner discussions. In addition, trade show information includes information that is directly gathered at the trade show event, as well as information that is gathered within a specified timeframe afterwards. In order to be included in the RTSI scale, post-show information-gathering can occur up to six months after the event, as a direct result of ideas and plans that stem from attendance at the trade show. For instance, this includes acquisition of new information prompted by conversations among participants, brochures obtained, or demonstrations watched at the trade show.

In evaluating the benefits derived from information gathered at trade shows, we consider whether and how this information is disseminated within the organization, then consequently used by members of the organization. However, the dissemination and use of trade show information is impacted by the perceived quality of this information.

Perceived information quality describes whether the information received at trade shows is perceived to be accurate, relevant, clear, and timely (Maltz and Kohli, 1996). Accuracy refers to objectivity of the information, and implies a certain amount of validity of the information. Relevance describes information that is perceived to be necessary and important for the task at hand. Clarity of information refers to whether the information was easy to follow and “made sense” to the trade show attendee. Timeliness describes the usefulness of information received at the trade show, based on temporal priorities of the attendee. In this model, perceived information quality moderates the relationship

between trade show information acquisition and dissemination; perceived information quality also moderates the relationship between trade show information dissemination and use.

Description of the model

This paper aims to evaluate the effectiveness of trade shows based on the quality and use of information gleaned from trade show participation. As seen in Figure 1, the model for the proposed research is an extension of one suggested by Gopalakrishna *et al.* (1995). In the Gopalakrishna *et al.* (1995) model, measures for evaluating the effectiveness of trade show participation were developed; however, the model only focused on tangible outcomes of trade show participation (prospects, leads, sales). In addition, the Gopalakrishna *et al.* (1995) model only examined trade show participation from the perspective of the exhibitor.

The current model also represents an extension of the model proposed by Li (2006), who looked at antecedents and consequences of relationship learning at trade shows. The Li (2006) study is based on influential information shared between trade show participants, and the long-term effects of this information-sharing on the relationship performance.

Pre-dissemination information quality and pre-use information quality are offered as moderators to the trade show information acquisition-dissemination-use relationship. Pre-dissemination information quality refers to the quality of information acquired at the trade show (and up to six months after the trade show), based on the perception of the trade show visitor or exhibitor. We postulate that if information acquired at the trade show is judged to be of high quality, then the trade show participants will have a greater level of confidence in how they will be viewed by the recipients of the trade show information. Consequently, these trade show participants will be more likely to share the trade show information with other organizational members. Therefore, Propositions 1 and 2 are suggested as follows:

- P1. The higher the perceived quality of information acquired at the trade show, the greater the likelihood that the information will be disseminated to other organizational members.
- P2. The higher the perceived quality of related information acquired up to six months after the trade show, the greater the likelihood that the information will be disseminated to other organizational members.

Pre-use information quality refers to the quality of trade show information that has been disseminated throughout the organization. This perceived information quality is based on the perception of organizational members who received trade show information, but did not actually attend or participate in the trade show. When these organizational members trust that this trade show information is of high quality, they are more likely to utilize this information in on-going organizational processes and in making organizational decisions.

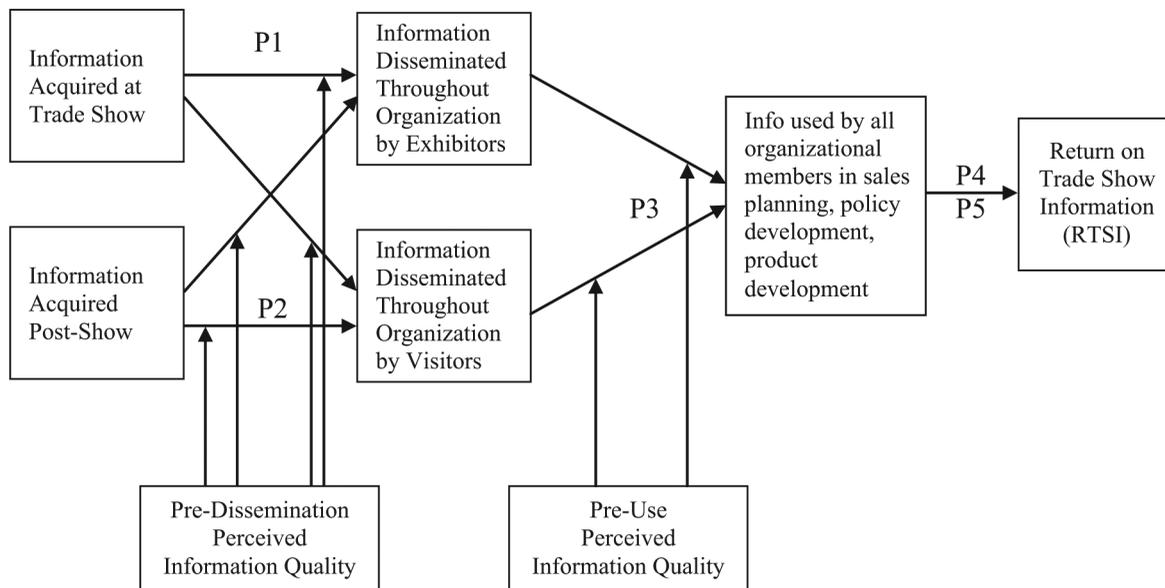
Therefore, the following proposition is offered:

- P3. The higher the perceived quality of trade show information disseminated throughout the organization, the greater the likelihood that this information will be used by other organizational members.

By incorporating this newly acquired and disseminated high quality trade show information into organizational processes and decision-making, the organization will reap both tangible and intangible benefits. Therefore, Propositions 4 and 5 are suggested:

- P4. The greater the level of trade show information use throughout the organization, the higher the tangible RTSI.
- P5. The greater the level of trade show information use throughout the organization, the higher the intangible RTSI.

Figure 1 Return on trade show information



Note: RTSI is determined separately for trade show exhibitors and visitors

Managerial implications

Several potential benefits are expected as a result of this proposed research. First, a better understanding of the value of information gained from trade shows will be attained. By analyzing whether, and how this information is used in the organization, it may be possible to quantify the impact that this new information has on the organization as a whole. The RTSI index will provide managers with a more complete understanding of the value of information resulting from trade show participation.

Second, this research will aid in determining the effectiveness of trade shows as a learning tool. For instance, if exhibitors learn to appreciate the value of other departments in the organization, based on new ideas or procedures learned from other trade show attendees, then this may result in intangible benefits manifested by improved interdepartmental relations, and a higher degree of organizational learning.

The RTSI model formally recognizes that informational value is not determined simply when a piece of information is acquired. A more complete valuation of any informational input can be made as it moves *throughout* the organization as a result of its availability for use in various managerial decision-making contexts. This less direct but potentially more substantial value can only be determined by examination of its movement and use over time. RTSI incorporates both movement and time in establishing an index of the value of the informational outcomes.

Further, it is suggested that the use of RTSI in outcome assessment may also improve managerial planning by pointing out the types of information gathering activities by trade show attendees that is most useful, as well as improve the flow of potentially valuable information within the firm once the show is over. Finally, the return on trade show investment depends both upon the ability to evaluate the “return” as well as to properly judge the size of the “investment”. Consequently, the use of RTSI would provide management with a valuable tool to improve evaluation of the return on trade show investment once made.

However, there are potential limitations to our analysis of the RTSI concept. For instance, even though the return on trade show information index describes tangible and intangible benefits that accrue to as a result of new information acquired at trade shows, in some cases the same information that is acquired at trade shows is also available from alternative sources, potentially making it difficult to determine true RTSI.

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Further reading

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