



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:

1. The Show Services Business Model:
Explore changing the show service business model to provide exhibitors with more control over their costs.
2. Bundling:
Eliminate bundling on exclusive services between the general service contractor (GSC), show organizer, and exhibitor.
3. Exhibitor Discounts:
All discounts offered by a GSC on services should be offered to both the exhibitor and the exhibitor's third party contractor.
4. Material Handling Surcharges:
Exhibitors need full control over material handling charges for their exhibit, especially those related to overtime and special handling surcharges.
5. Hidden Benefits:
Eliminate undisclosed discounts between the general service contractor and the trade show, convention, and congress organizers.
6. Forced Shipments:
Exhibitors and their third party contractors have the right to choose and manage their own freight carriers, eliminating forced freight.
7. Exclusive Facility Contracts:
Eliminate exclusive facility contracts, allowing all qualified suppliers who meet the technical requirements to compete for the right to provide goods and services in a given facility.
8. GSC Conduct:
General Service Contractors should not over-leverage their role in dealing with exhibitors on non-general service contractor business.
9. Show Organizer Responsibility:
Show organizers have the responsibility to provide exhibitors with fair, competitive pricing on all exclusive services, and not benefit financially from higher pricing for these services.
10. Exhibit House and Third Party Contractor Responsibility:
Disclose costs related to all show service mark-ups, and do not use their exhibit hall access as a third party contractor for new business solicitation.
11. Exhibitor Responsibility:
Exhibitors need to monitor and analyze their expenses and partner with show organizers.

Definitions

Bundling

Bundling is the practice of incorporating or packaging together discounted and/or free services and products available exclusively through the GSC in their role as event general contractor. An example of bundling is when a GSC offers an incentive on exclusive services when bidding for exhibit design, build, installation/dismantle, exhibit rental, audio-visual rental, transport, furniture rental, carpet rental, and accessory rental contracts.

Exclusive Services

An exclusive service is defined as a service or product that may only be provided by one party, where no other vendors are allowed to compete or participate. Exclusive services could include: material handling, water, gas, electrical, rigging, cleaning, phone, internet, etc.

Non-Exclusive Services

A non-exclusive service is defined as a service or product that may be provided by many parties, allowing competition and participation by many vendors. Non-exclusive services could include: exhibit design, labor, floral, etc.

1: The Show Services Business Model

Explore changing the show services business model to provide exhibitors with more control over their costs.

There are many business models that can be implemented, depending on specific show requirements. Some suggestions for other business models include:

- Eliminate material handling fees. Instead, increase the exhibit space fees to cover costs related to material handling. The organizer would then pay the GSC direct for material handling for the entire event.
- Move to a fee-based approach where the organizer pays the general service contractor an agreed-upon fee. The organizer would then approve all subcontractors, set rates, and develop a revenue stream from the service profits.
- Bring material handling in-house and managed by the organizer. The organizer would then act as the general contractor, incorporating material handling costs into the exhibit space fee itself.
- Charge a flat fee by category of service required. This encourages efficiency on the part of the GSC and provides exhibitors with predictable rates based on services needed up front, and eliminates surprises at the end of the show.
- Charge for time and materials rather than by weight to reflect the actual costs associated with this service.
- Base material handling charges on the actual costs to provide the service with fair profit margins. Eliminate other undisclosed service fees from being bundled into material handling fees.

- Do not allow the GSC to offer bundling discounts, rebates or preferential treatment to their corporate clients, which unnecessarily shift and inflate costs.
- Allow multiple material handling provider options to the exhibitors so individual exhibitors can negotiate their own rates.
- Allow individual exhibitors and their own vendors to manage the movement of their freight – eliminating the need for a material handling exclusive provider.

If the show organizer contracts with a general service contractor to provide material handling, the organizer needs to ensure all fees are equitable across all exhibitors. The show organizer should have the right, as well as the ability, to audit all weights and fees charged to an exhibitor. Exhibitor should also have the right to see the materials weighed to audit the amounts being charged.

Rationale:

The current common model for material handling does not give organizers the opportunity to control material handling fees being charged to exhibitors. For the trade show, convention, and congress industry to be successful, the costs associated with exhibitor participation must remain reasonable and efficient. Therefore, organizers should explore other business models for the management of material handling to keep exhibitor and organizer costs reasonable.

2: Bundling

Eliminate bundling on exclusive services between the general service contractor (GSC), show organizer, and exhibitor.

Exclusive services should be charged on an equitable basis to all exhibitors, exhibitor third-party contractors, and organizers. Furthermore, exclusive services should not be packaged (bundled) at discounts with any of the GSC service areas, including areas such as:

- * Exhibit design
- * Exhibit build
- * Installation/Dismantle
- * Exhibit rental
- * Exhibit packages
- * Audio-Visual rental
- * Signage and/or graphics
- * Carpet rental
- * Transportation

In other words, there should not be any offerings to exhibitors from the GSC or any GSC associated company tying **exclusive services** with discounts, rebates, or preferential treatment that would benefit one exhibitor over another and/or prevent a non-GSC vendor from the same offering. Preferential treatment could include: early move-in and move-out, marshalling yard truck queuing, etc., which could ultimately favor one exhibitor over another.

Rationale:

A key component to the long-term success and survival of the exhibition industry is the ability for tradeshow and conventions to present new, creative, dynamic and compelling exhibits that will sustain and increase attendance by qualified attendees.

Bundling practices may create an unprofessional scenario of some exhibitors being impacted differently than others. In addition, these practices may create an unfair competitive advantage which restricts otherwise viable non-GSC companies from equal footing within the exhibition or expo environment. This means bundling could actually reduce participation of many competitive vendors, which restricts exhibit design variety and creativity, which could have a negative impact on the exhibitors and participants overall event experience.

In addition, bundling could result in shifting unfair costs to those exhibitors not receiving the bundling discounts.

3: Exhibitor Discounts

All discounts offered by a GSC on services should be offered to both the exhibitor and the exhibitor's third party contractor.

There should be no exclusive incentives provided from the GSC to an exhibitor that are not also offered to the exhibitor's third party contractors. The exhibitor's own vendors should also have access to discounts being offered to the exhibitor. Therefore, all discounts in the show kit, including advance order discounts, should be offered equally to the exhibitor as well as the exhibitor's third party contractor.

Rationale:

Many exhibitors have contracts with third party contractors to manage services related to the logistical aspects of their exhibit. When a GSC offers a discount only to the exhibitor, this may entice the exhibitor to eliminate its own vendors from participation in providing services, which restricts the outsourcing benefit exhibitors have in working with their third party contractor. Exclusive exhibitor discounts may also create an unfair competitive advantage which restricts otherwise viable non-GSC companies from equal footing within the exhibition or expo environment. Therefore, GSC exhibitor discounts should be offered equally to both the exhibitor and their third party contractors.

4: Material Handling Surcharges

Exhibitors need full control over material handling charges for their exhibit, especially those related to overtime and special handling surcharges.

All material handling fees need to be detailed in the exhibitor prospectus. This allows the exhibitor to be aware, at the time of exhibit space commitment, of the rates associated with their exhibit presence.

Overtime:

Fees related to overtime should be the same for all exhibitors in the hall. If the entire hall is unloaded/loaded on overtime, all exhibitors should be charged the same rate. However, if there are times available during straight time and times available during overtime for unloading/loading, a blended rate should be implemented. This will ensure all exhibitors are treated equally and not penalized due to the time they are scheduled to unload/load their exhibit materials, compared to another exhibitor.

Special Handling:

Eliminate Special Handling charges based on the type of carrier delivering materials, as well as stacked versus floor loaded. Currently, some GSCs apply a special handling fee for deliveries from van lines. This practice is unwarranted, and discriminates against van line carriers. In addition, these practices penalize the exhibitor by increasing their costs. However, it is reasonable to charge a special handling fee on loose and uncrated materials, as these items take longer to unload/load.

Rationale:

This allows the exhibitor to properly budget and manage costs associated with their exhibit presence.

5: Hidden Benefits

Eliminate undisclosed discounts between the general service contractor and the trade show, convention, and congress organizers.

Show organizers have many and varied costs associated with the successful operation of their exhibit hall. These exhibit hall costs should be included in the exhibit space fee.

Show organizers should:

- Not allow costs for operating their exhibit hall (aisle carpet, signage, registration booths, etc.) to be rolled into exclusive service charges, such as material handling.
- Pay for exclusive services, just as the exhibitor does, to have a vested interest in the exclusive service rates.
- Not allow kickbacks, freebies or rebates from exclusive service providers.

Rationale:

This eliminates a cost-shifting scenario which can be detrimental to the exhibitor, and also allows the exhibitor to properly budget and manage costs associated with their exhibit presence.

6: Forced Shipments

Exhibitors and their third party contractors have the right to choose and manage their own freight carriers, eliminating forced freight.

Exhibitor rights and responsibility:

It is the exhibitor or exhibitor's third party contractor's right to select their own exhibit transportation carrier as well as maintain clear and unrestricted access to this carrier. It is also their responsibility to indicate their selected carrier on the official material handling contractor's form, including contact information along with any other pertinent show paperwork. In addition, the exhibitor or their third party contractors must inform their chosen transportation carrier of show rules and regulations. They should also provide alternate plans, in the event the designated transportation carrier is unable to arrive at the designated time. If the freight is then forced, it is the exhibitor or their third party contractor's responsibility to make arrangements to ship the freight from the material handling contractor's local warehouse within 30 days after the close of the show.

If an exhibitor desires to make a change in its outbound shipment, they must do so, in writing, on a new material handling contractor's shipping form or by initialing the changes on the original form. These changes can be delivered to the service desk in person, by fax, or by email, if they are available.

Material handling contractor's responsibility:

At the close of the show, it is the material handling contractor's responsibility to take the exhibitor's freight from the booth to the loading dock, where the freight is then handed off to the designated exhibit transportation carrier. It is also their responsibility to ensure the entire floor is cleared at the close of the move-out time period.

If the designated exhibitor's transportation carrier is unable to arrive prior to the pre-established deadline (designated by show management), the material handling contractor must:

1. Exhaust all attempts to contact the exhibitor or the exhibitor's third party contractor.
2. Proceed to the exhibitor's alternate plans, if the exhibitor or third party contractor can not be reached (see step 1).
3. Move the freight to the material handling contractor's warehouse, if steps 1 and 2 are unsuccessful. The movement of this freight should be charged as outbound warehouse material handling and held for a maximum of 30 days, with no additional fees or surcharges.

Official freight contractor's responsibility:

The official transportation carrier is entitled to the following outbound shipments:

- Exhibitor designated freight in which the exhibitor has specifically indicated the freight contractor as their official carrier on the shipping document.
- Default freight that comes to the official transportation carrier because the exhibitor has failed to designate an alternate carrier.
- Forced freight that comes to the official transportation carrier because the trade show floor must be cleared. This freight should be delivered to the local contractor's warehouse by the official freight contractor or the material handling contractor

Show organizer's responsibility:

It is the show organizer's responsibility to determine how the authorized parties are represented in the service kit, on the show floor, and at the service desk. It is also their responsibility to manage their official material handling and freight contractors effectively.

Rationale:

In order to ensure the exhibitor is in full control of their freight costs and has the ability to negotiate the best possible rates for the movement of their exhibit properties, freight should not be forced onto the official freight contractor for the purposes of delivery to the exhibitor or the exhibitor's designated location. If freight must be forced, it should only be moved to the contractor's warehouse, allowing pick up from the exhibitor's designated freight carrier.

7: Exclusive Facility Contracts

Eliminate exclusive facility contracts, allowing all qualified suppliers who meet the technical requirements to compete for the right to provide goods and services in a given facility.

All qualified suppliers should be allowed to compete for the right to provide goods and services at a particular facility, trade show, convention, or congress as long as this does not compromise the safety and security of those involved. Facilities and suppliers should work together on a training and certification program to prevent structural and equipment damage from occurring.

Rationale:

This allows show organizers and exhibitors to negotiate on their own behalf, putting them in control of the procurement process.

8: GSC Conduct

General Service Contractors should not over-leverage their role in dealing with exhibitors on non-general service contractor business.

General Service Contractors (GSCs) should not use information gained, or their access to exhibitors in their exclusive role as a general service contractor, for any other business purpose other than servicing the exhibitors in a general service contractor capacity. This means the information gained through their exclusive role with the trade shows, conventions, and congresses, should not be used for other non-GSC business purposes. This includes, and is not limited to, soliciting prior to the meeting with information gained through the GSC role, garnering favor on the exhibit floor, and using the name of the trade show, convention, or congress to gain access to exhibitors in an effort to solicit business.

Rationale:

The abuse of an exclusive role creates an unprofessional atmosphere in the context of the convention, trade show or exhibit hall, and could have a negative impact on the exhibitors' event experience. It also creates an unfair competitive advantage to the GSC company and restricts otherwise viable non-GSC companies from competing.

9: Show Organizer Responsibility

Show organizers have the responsibility to provide exhibitors with fair, competitive pricing on all exclusive services, and not benefit financially from higher pricing from these services.

Show organizers have overall control over their trade show, convention, or congress location as well as the vendors they choose. Organizers are the primary client to these vendors and have negotiating power over the rates charged to exhibitors. Organizers need to fully understand the scope of the charges being imposed on their exhibitors. They also need to be an advocate for their exhibitors when negotiating these rates to ensure all rates are fair, competitive, and do not discriminate against one exhibitor over another. While doing so, they must continue to provide the best service possible to all concerned.

Rationale:

This ensures exhibitors are getting the best value and return on their investments.

10: Exhibit House and Third Party Contractor Responsibility

Disclose costs related to all show service mark-ups, and do not use their exhibit hall access as a third party contractor for new business solicitation.

Exhibit Houses and Third Party Contractors should disclose mark-ups to their clients on show related services provided by the facility and the general service contractor.

Exhibit Houses and Third Party Contractors should not use their exhibit hall access as a third party contractor to the exhibit hall to solicit new business.

Rationale:

Be transparent on costs being charged to exhibitors, so exhibitors have an understanding of their costs. Eliminate others from being held responsible for these charges.

Solicitation on the show floor creates an unprofessional atmosphere in the context of the convention, trade show or exhibit hall.

11: Exhibitor Responsibility

Exhibitors need to monitor and analyze their expenses and partner with show organizers.

It is the exhibitor's responsibility to be aware of mark-ups being charged on show services by their vendors, such as exhibit houses or third party contractors. It is also exhibitor's responsibility to monitor and analyze their exhibit-related expenses. This allows them to have a true picture of how their convention dollars are being spent. If an exhibitor feels show costs are unfair or out of line, they should work with their show organizer to address these costs.

Rationale:

The exhibitor needs to keep communication lines open with the show organizer in order for changes to occur and to resolve any issues.