

The measurement debate is alive – but ROI is dead!

*ROI has had its day according to new European
research into events, sponsored by MCI.*

Over the last few years a debate has raged throughout the events industry regarding how to measure the success of events and, more particularly, to measure their ROI (Return on Investment). Since then, considerable time, money and column inches have been expended by supporters of all the different sides of the argument, without any clear resolution. The fact remains that robust measurement of the contribution that events make to an organisation's success is required, but whether that measure should be ROI, and if so, how to measure it, is less clear. A recent research study, sponsored by MCI and conducted by Spanish research company MDK, suggests that despite the views of the commentators, ROI is not considered the Holy Grail of event evaluation.

The importance of measurement

Event measurement was considered 'very important' to 41% of the sample with only a fifth considering it 'unimportant'. See *Exhibit 1 – Marketing professional perceived importance of event measurement*. However, this average disguises considerable national and sector differences. In the UK and Germany, event measurement was considered 'very important' to 55%, whereas in France and Spain the figure was 27% and 28% respectively.

Research methodology

The research was undertaken by MDK, an independent Spanish research company during Q1 of 2006. The research is based on 400 telephone interviews, averaging 15 minutes in length, spread evenly across France, Germany Spain and the UK. The interviewees were all either Marketing Managers or Marketing Directors and all were from companies that held events. 'Events' was defined quite broadly and included Tradeshows, Conferences, Product launches, Congresses, Incentive travel, Hospitality, Conventions, Press conferences and Roadshows. 20% of the respondents were from each of the following business sectors; Food, Pharmaceutical, IT & T and Finance. In addition a further 20% came from a catch-all group called 'Others'.

The IT&T industry sector takes measurement the most seriously with 57% of the respondents from that sector

considering it 'very important', whereas in the Food sector, 31% consider measurement is 'not at all important'. Interestingly, respondents took measurement less seriously than the companies they worked for. See *Exhibit 2 – Importance the company gives to measurement*. Overall 57% said their company considered measurement as 'very important' and in the UK, the figure rose to over three-quarters. Compared to other elements of the communication mix (sales promotion, DM, PR etc), events are considered to offer the highest ROI, although this was not the case in Spain and in the Food sector, both of which considered Sales Promotion to be the highest. See *Exhibit 3 – Perceived ROI effectiveness of the communication mix*.

Why levels of measurement are low?

Yet despite the importance of event measurement, only two-thirds actually measure their events' effectiveness. Those that do, tend to be consistent users of measurement. The main reason why respondents did not measure is because, for nearly a third, it is too complicated. See *Exhibit 4 – Perceived difficulty to measure event performance*. And despite working in companies that believe measurement to be important, 15% of respondents did not believe it was necessary!

ROI (Return on Investment) is a financial cost / benefit analysis. It deals with numbers.

The type of measurement currently undertaken suggests that trade shows seem to be more carefully evaluated than the conference/meeting type of event, as the key measures were traffic counts/number of attendees (69%) and contacts made (68%), although post-show surveys (61%), sales data (59%) and on-site surveys (58%) were also popular. See *Exhibit 5 – Type of measurement tools*. Qualitative research methods, such as interviews and focus groups, were less popular (39%). 89% of respondents considered that evaluating the success of events was an in-house task – understandably in most cases as the company is usually best placed to correlate traffic/attendance levels and contact data against their own sales data.

Where does the future of event measurement lie?

Clearly, the respondents found ROI measurement overly complex and failed to produce the information they needed. As Lord Lever said all those years ago “I know 50% of my advertising is wasted, but which 50%?”; and to this day, no-one has answered the question satisfactorily. So should the event industry think it can answer the question that the advertising sector has failed to? Because, as in advertising, there are usually so many other marketing activities taking place directed at the target, it is impossible to isolate the effect of a meeting or trade show from the overall effort, so ROI is always going to be a benchmark that is difficult to attain. And yet there is a desire for marketers to measure better and, importantly, pressure from their companies to do so.

So, if ROI is not the solution, then what is? There is a clear understanding amongst the respondents that different types of events bring particular benefits. They know what they need to do to boost brand awareness, gain sales leads, or improve knowledge of their company and its products and services, and understand what type of events can help them achieve their objectives.

So is ROO (Return on Objectives) a better measure of an event's effectiveness than ROI? See *Exhibit 6 -*

ROO event impact. Because the research that MCI commissioned did not focus specifically on this issue, a further round of the research, due to take place in early 2007 should help clarify what the industry feels about ROO as the way forward, but the requirement to have better evaluation data, coupled with the dissatisfaction with ROI suggests that ROO may be the solution.

How will this impact the events industry?

For too long the majority of client event planners and the event agencies have stood on the sidelines and not been part of what the overarching objectives of a conference or event. They have seen their role as creating the right conditions for an event to take place... appropriate venue, seamless transport and logistics, and maybe an eye-catching show. But if ROO is to become the measure, this means the client event planners and the agencies will have to understand the real objectives, and recognise where they fit within the overall corporate strategy. This will allow the corporate event planner to gain strategic input and possibly budget control of events.

For client companies, this means they need to be ready to accept their event team (both internal and external) within the brand, product or marketing teams as having a strategic role.

For event agencies, it is both an opportunity and a threat. It will continue to exacerbate the split between those agencies that can only deliver the logistical elements, and those that can add value to a client's event through their skills and experience.

Have your say!

If you would like to express your views on the research and the findings, then please contact, Sebastien Tondeur, CEO of the Corporate Division at MCI on +41 22 33 99 515, or call Juan Pablo Sanchez, Communication Director of the MCI Barcelona office on +34 93 445.97 20.

About MCI

Founded in 1987 and with offices in Barcelona, Berlin, Brussels, Dubai, Geneva, Lyon, Madrid, Paris, Petersfield/London, Singapore, Stockholm, Stuttgart, Vienna and Zurich, MCI is the foremost Global Association, Communications and Events Management company. MCI are thought-leaders in building community around brands, products and services for companies and institutions. MCI's turnover by year-end 2006 will be in excess of Euro 100,000,000 and as of November 2006 employs 490 full time staff.

Exhibit 1

Perceived Importance of Event Measurements
In Percentage (%)

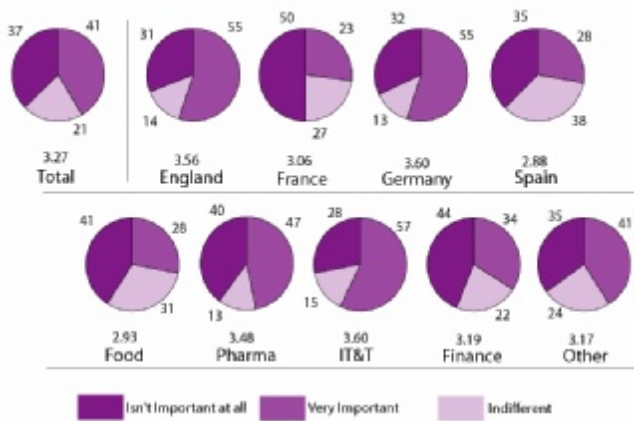


Exhibit 2

Importance the Company Gives to Measurement
In Percentage (%)

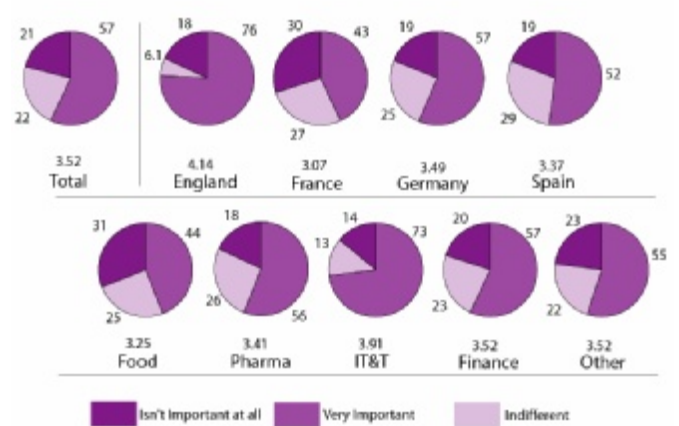
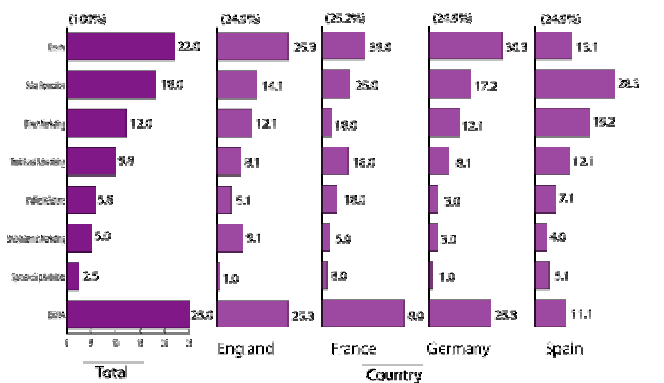


Exhibit 3

Perceived ROI (Return on Investment) Effectiveness by Country
In Percentage (%)



Perceived ROI (Return on Investment) Effectiveness by Industry
In Percentage (%)

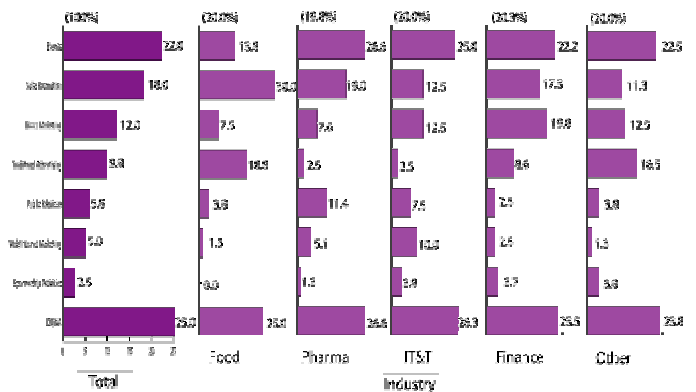


Exhibit 4

Perceived Difficulty to Measure Events
In Percentage (%)

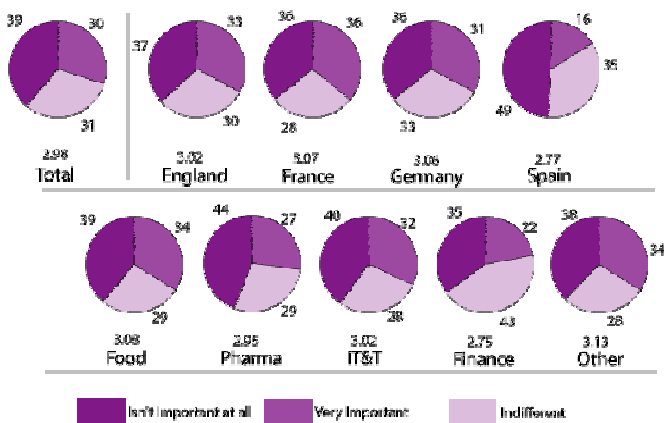
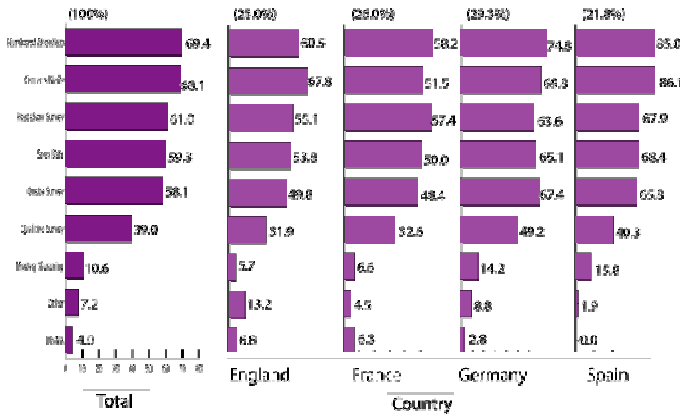


Exhibit 5

Usage of Measurement Tools by Country

In Percentage (%)



Usage of Measurement Tools by Industry

In Percentage (%)

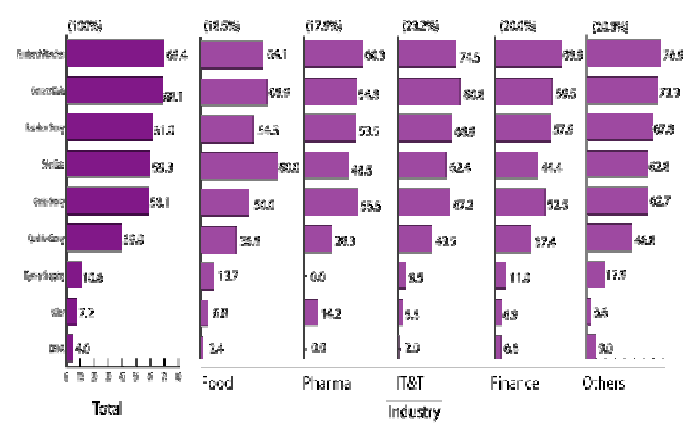


Exhibit 6

Perspective on Event ROO (Return on Objectives)

In Percentage (%)

