



The Trend to Custom Modular Exhibits

An exclusive industry analysis by
Skyline Exhibits & Tradeshow Week

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INTRODUCTION

Skyline Exhibits and *Tradeshow Week* Magazine have partnered to provide this exclusive report on event marketing and exhibit design trends. The goal is to create a valuable set of industry benchmarks focused on exhibit design. This comparative tool will enable individual organizations to assess the effectiveness of their own exhibit marketing programs and determine the best options for exhibit design going forward.

Data in this report is based on a proprietary survey of corporate exhibitors who represent a mix of small, medium-sized and large firms covering a broad range of industries.

Key topics covered in this report include:

- Exhibit budgets and ROI as they pertain to exhibit design
- Exhibit structure types
- Custom exhibits, and the result of switching from full scale to custom modular
- Future trends and challenges in exhibit programs and exhibit design

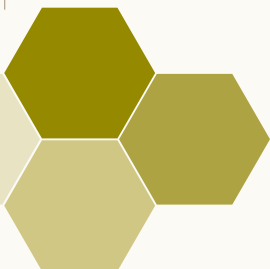
This report is a guide for exhibitors and event marketers to evaluate the benefits of various exhibit structures.



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I. EXECUTIVE SUMMARY

- In the face of slightly declining exhibit design budgets (down -0.9% in 2009), 94% of the surveyed exhibitors indicated the issue of rising exhibition and event costs (excluding travel and lodging related costs) is “Very/Moderately serious” to their organization.
- Exhibitors that feel lightweight custom exhibits provide higher value, ROI and other advantages than traditional custom exhibits outnumber those that don’t almost 3 to 1 (Yes 52%, No 18%, Don’t know 30%).
- Exhibitors rated the importance of various exhibit attributes. Below are the combined “very important” and “moderately important” ratings for each:

Exhibit Structure Attributes	Exhibitor Rating Very/Moderately important
Properties that provide an ease of set-up and tear-down	96%
Properties that provide the ability to have a consistent look and brand message	94%
Properties that provide flexibility and ability to change out graphics or easily adapt for different booth sizes	90%
Properties that help reduce total exhibit refurbishment, graphics and general branding costs	86%
Properties that help reduce total exhibition shipping and drayage costs	85%

- The top reasons exhibitors currently use a Hybrid Custom Exhibit design are:
 - Flexible & reconfigurable: 28%
 - Price and budget requirements: 24%
 - Lightweight: 18%



- Two-thirds of the exhibitors (67%) who have made the switch from Custom (full-scale) to only using Hybrid Custom or Custom Modular say their exhibit had a “similar impact” and 27% even said their exhibit had “greater impact” after switching to only Hybrid Custom or Custom Modular exhibits – only 7% felt their former Custom (full-scale) had greater impact.
- Almost three out of four exhibitors (73%) who have made the switch from Custom (full-scale) to only using Hybrid Custom or Custom Modular say the result is “Greater flexibility”.
- For exhibitors that expect to change exhibit usage over the next two years, they are three times as likely to use more modular/portable or hybrid custom exhibits (29%) than they are to use custom exhibits (8%).
- Nearly all (85%) of survey respondents exhibit in island booth spaces for their largest booths.
- In a further analysis of exhibit structure weights (conducted separately from the exhibitor survey) the research team reviewed websites marketing used exhibits and found that Modular island exhibits were 61% lighter than traditional custom island exhibits. This finding of exhibit structure weights is virtually unchanged from a similar review conducted in 2006.



Custom Modular exhibit brought...branding to a higher level.

II. HISTORICAL COMPARISON

In May and June 2006, *Tradeshow Week* and Skyline Exhibits conducted a study with questions and themes similar to the 2008 exhibitor survey. The 2006 study included results from 273 exhibitors. Key findings from the 2006 study are compared to the 2008 survey results in this section of the report.

Two years after the initial study there continues to be strong movement towards using hybrid custom and custom modular exhibits. Key drivers motivating the switch include pricing, flexibility and ROI advantages of lightweight design over traditional custom exhibits.

Exhibitor Budgets

Budgets for exhibit design, construction and refurbishment reached a peak increase in 2007, slowed in 2008 and the overall outlook for 2009 includes a -0.9% pullback.

Exhibit Design/ Construction/ Refurbishment Budget	Overall Average Budget Change Versus Previous Year
2006	1.3% increase
2007	4.0% increase
2008	1.8% increase
2009	-0.9% decrease (forecast)

ROI Based On Exhibit Structures

With budgets shrinking, the importance of optimizing ROI (Return on Investment) has become more significant. In the 2006 and 2008 surveys, exhibitors indicated that lightweight custom exhibits provide higher value, ROI and other advantages over traditional custom exhibits.

SURVEY QUESTION: Do you feel that lightweight custom exhibits provide higher value, ROI and other advantages than traditional custom exhibits?

	2006	2008
Yes	55%	52%
No	18%	18%
Don't know	27%	30%

Reasons To Use Hybrid Custom Exhibit

The key reasons exhibitors use hybrid custom exhibits include flexibility and price. These attributes are in step with exhibitor needs to meet tightening budgets while maintaining the ability to market quick changing product lines on an event-by-event basis.

SURVEY QUESTION: *If you currently use a Hybrid Custom Exhibit design, please indicate the reasons.*

	2006	2008
Flexible & reconfigurable	39%	28%
Price and budget requirements	30%	24%
Lightweight	22%	18%
Portable	12%	16%
Design requirements	7%	7%
Environmental sustainability	NA	3%
Other	5%	5%



Custom Modular exhibit components integrated with double deck.

III. CUSTOM VS. MODULAR WEIGHT COMPARISON

In 2006 and again in 2008, the research team further analyzed the differences between modular/portable exhibits and traditional custom exhibits by examining properties listed on Exhibit Trader and World Exhibit Brokers web sites.

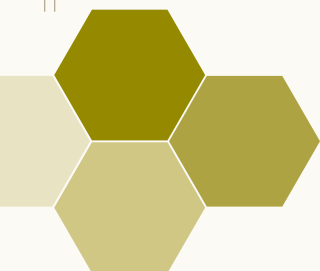
The 2008 analysis found that modular island exhibits were 61% lighter than traditional custom island exhibits.

In the 2008 study, Custom exhibits weighted 10.5 pounds per square foot (in 2006 they were 9.9 pounds per sq. ft.) and the modular exhibits weighed 4.1 pounds per square foot (3.9 pounds per sq. ft. in 2006).

CUSTOM ISLAND EXHIBITS COMPARED TO TO MODULAR ISLAND EXHIBITS

	Average Square Footage	Average Shipping Weight	Average Pounds Per Square Foot
2008 CUSTOM ISLAND EXHIBITS (19 IN SAMPLE)	882	9,267	10.5
2008 MODULAR ISLAND EXHIBITS (19 IN SAMPLE)	512	2,075	4.1
2006 CUSTOM ISLAND EXHIBITS (42 IN SAMPLE)	876	8,702	9.9
2006 MODULAR ISLAND EXHIBITS (13 IN SAMPLE)	646	2,530	3.9

Sources: Exhibit Trader, World Exhibit Brokers, Skyline Exhibits



IV. EXHIBITOR AND EVENT MARKETING TRENDS SURVEY RESULTS

This section of the report presents the findings from an event industry study conducted in November 2008. The survey focused on exhibit design and best practices in event marketing.

The exact survey question is followed by the answer options and response rates. Over 170 exhibitors participated in the study. These exhibitors represent a wide cross section of industries and business types.

Exhibit Budgets and ROI

SURVEY QUESTION: *How serious is the issue of rising exhibition and event costs (excluding travel and lodging related costs) to your organization?*

	Exhibitors
Very serious – critical	50%
Moderately serious	46%
Not serious – not a concern	4%
Don't know	0%



Custom Modular exhibit that packed in 7 crates replaced full-scale custom exhibit that packed in 27 crates. Designed to fit multiple booth sizes.

SURVEY QUESTION: How did your budget for exhibit design, construction and refurbishment change in 2008 over 2007?

	Percentage of Exhibitors	Average Budget Change
Increase	32.1%	20.6%
Decrease	18.9%	-25.6%
Stayed the same	49.1%	0.0%
Overall % change		1.8%

SURVEY QUESTION: What is your outlook for your exhibit design, construction, and refurbishment budget in 2009 vs. 2008?

	Percentage of Exhibitors	Average Budget Change
Increase	25.9%	26.3%
Decrease	27.8%	-27.7%
Stayed the same	46.2%	0.0%
Overall % change		-0.9%



Custom Modular exhibit rented locally for an Orlando, Florida show by a European company to reduce shipping costs.

SURVEY QUESTION: Which types of exhibit structures do you believe provide the highest Return on Investment (ROI)?

	Exhibitors
Lightweight Custom, Hybrid Exhibits (incorporating both custom and modular elements)	30%
Custom (full-scale)	29%
Modular/Portable	18%
“Pop-up”	14%
Other	10%

SURVEY QUESTION: Do you feel that lightweight custom exhibits provide higher value, ROI and other advantages than traditional custom exhibits?

	Exhibitors
Yes	52%
No	18%
Don't know	30%

SURVEY QUESTION: Do you feel that lightweight custom exhibits provide higher value, ROI and other advantages than modular/portable exhibits?

	Exhibitors
Yes	37%
No	22%
Don't know	41%



Exhibit Structures

SURVEY QUESTION: *What types of exhibit structures do you currently use? (Check all that apply.)*

	Exhibitors
Custom (full-scale)	62%
“Pop-up”	55%
Modular/Portable	45%
Lightweight Custom, Hybrid Exhibits (incorporating both custom and modular elements)	33%
Other	7%

SURVEY QUESTION: *How closely do you track the weight of your exhibits in order to estimate drayage fees?*

	Exhibitors
Very closely	31%
Moderately closely	41%
Not at all	23%
Don't know	5%

SURVEY QUESTION: *How important is using exhibit structures and properties that help reduce your total exhibition shipping and drayage costs?*

	Exhibitors
Very important	35%
Moderately important	50%
Not at all important	10%
Don't know	5%



SURVEY QUESTION: *How important is using exhibit structures and properties that help reduce your total exhibit refurbishment, graphics and general branding costs?*

	Exhibitors
Very important	51%
Moderately important	35%
Not at all important	8%
Don't know	5%

SURVEY QUESTION: *How important is using exhibit structures and properties that provide flexibility and ability to change out graphics or easily adapt for different booth sizes?*

	Exhibitors
Very important	64%
Moderately important	26%
Not at all important	5%
Don't know	5%

SURVEY QUESTION: *How important is using exhibit structures and properties that provide the ability to have a consistent look and brand message?*

	Exhibitors
Very important	75%
Moderately important	19%
Not at all important	2%
Don't know	4%



SURVEY QUESTION: How important is using exhibit structures and properties that provide an ease of set-up and tear-down?

	Exhibitors
Very important	57%
Moderately important	39%
Not at all important	2%
Don't know	2%

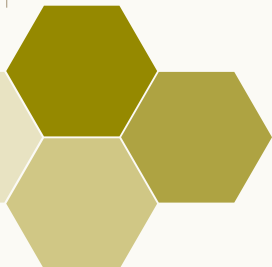
SURVEY QUESTION: If you currently use a Hybrid Custom Exhibit design, please indicate the reasons.

	Exhibitors
Do not currently use a Hybrid Custom Exhibit design	55%
Flexible & reconfigurable	28%
Price and budget requirements	24%
Lightweight	18%
Portable	16%
Design requirements	7%
Environmental sustainability	3%
Other	5%

About one-fifth of the survey respondents (17%) have already made the switch from Custom (full-scale) to only using Hybrid Custom or Custom Modular for their largest events.

The following tables are based on just those exhibitors who are only using Hybrid Custom or Custom Modular for their largest events.

One of the benefits of the switch, as explained by an exhibitor, is that “It is great to be able to arrive at a show and the booth is set and ready to be merchandised.”



SURVEY QUESTION: What have been the results of the change from Custom (full-scale) to only using Hybrid Custom or Custom Modular in terms of impact?

	Exhibitors
Greater impact	27%
Similar impact	67%
Lesser impact	7%

SURVEY QUESTION: What have been the results of the change from Custom (full-scale) to only using Hybrid Custom or Custom Modular in terms of flexibility?

	Exhibitors
Greater flexibility	73%
Similar flexibility	20%
Lesser flexibility	7%



Winner, Best of Show with Custom Modular exhibit

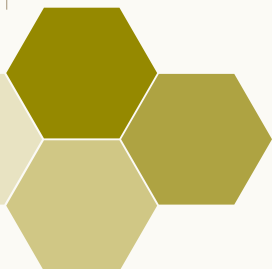
Future Trends and Challenges

SURVEY QUESTION: *What are the main challenges that you are facing regarding your exhibit programs?*

	Exhibitors
Internal budget issues	67%
On-site labor issues and costs	51%
Drayage costs	44%
Material and design costs	42%
Transportation/exhibit tracking and logistics	34%
Booth staffing issues	24%
Design issues	19%
Storage issues	13%
Working with exhibit houses/suppliers	13%
Other	5%

SURVEY QUESTION: *In the next two years how do you believe that your organization's exhibit usage will change?*

	Exhibitors
Few changes, our organization will likely keep the same types of design elements	47%
Use more Modular/Portable exhibits	19%
Use more Hybrid Custom exhibits	10%
Use more Custom exhibits	8%
Don't know	15%



SURVEY QUESTION: How has your overall exhibit usage strategy changed over the past two years?

Though exhibit usage strategies have varied wildly over the past two years – with some exhibitors increasing booth size and others downsizing – a common theme among exhibitors is a continuing process of fine tuning.

“Focus” may be the keyword that best lends itself to the overall exhibitor strategy over the past two years. Focus on brand message, focus on product selection and attendee demographic at each unique event, focus on event selection, and focus on ROI.

Here are verbatim comments from survey participants:

- Cutting back due to decreased attendance in our industry and increased costs.
- Developing booths to promote the brand and increase booth traffic and flow within the booth.
- Due to the rising cost of materials we are very limited in what we can do.
- Examine ROI more closely.
- Focused more towards bigger shows, shows where we get prime exposure.
- Focusing on our customers and those specifying our product, not the end consumer.
- For 3 larger shows shifted from pop-up to more modern modular exhibit although more set-up time is required.
- From owning to renting.
- Less use. Many trade shows are limiting the corporate use of booth properties. We use the pop ups if possible.
- Little changes to the strategy but constant improvements are brought to the implementation of the program to maximize ROI and minimize costs.
- More attention-getting details, less clutter, more organization.
- More focus on booth quality versus impact on brand. Functionality for showcasing technology and real estate available for messaging.
- More staff. More shows. More specific product for the show we're at.
- Moved away from heavy custom to a lighter hybrid system.
- Needed to create a more upscale environment.
- Strategy has not changed -- however continue to fine-tune branding that is conveyed by exhibits.
- The national financial crisis has impacted everyone in the last 18 months and as such, forced us to look at only major critical shows for 2009.

- Trying to do more with less money. Costs go up but budgets stay the same.
- Two years ago we purchased a traditional, heavy, pressed wood, 20x20 booth. Will use for several years. There is a lot of “wall” space to hang new product info on.
- We are doing more shows than ever.
- We are downsizing due to the ROI of the shows we attend.
- We are in an industry that is not bleeding edge. We want to look stable so went custom. Used as an extension of the office.
- We are more critical addressing the costs/benefits.
- We are trying to utilize more of our distribution team by creating more of a turnkey exhibit program at the corporate level.
- We began using custom rental booths more often.
- We have become more purposeful in our strategy per show, instead of “just doing it because we’ve always done that one.”
- We have been requiring larger booths each year which can adapt to our ever-changing product line.
- We have eliminated several smaller shows from the schedule. We have explored different ideas by renting booths versus being locked in on a permanent design.
- We have gone to the same shows, but use our exhibit less and build out meeting room and hospitality space more. This is due to budget cuts and the cost of labor, electrical, drayage and shipping costs and allows us to stay involved in the shows while save a lot of money.
- We have graduated from strictly pop-ups in the US market to full scale custom option for versatility depending on the show.
- We have used the custom exhibit less; used a hybrid of custom & portable more; & downsized space at several shows.
- We look very closely at each show and how many attendees are likely to be there and who they are.
- We started focusing on the larger shows and the smaller shows just go back to smaller spaces with pop ups.
- We went from using NO graphics or backdrops to using a backdrop with a fabric graphic attached.
- We would like to move to a newer design that reduces costs, carbon footprint and provides for easier thematic changes.
- Will be incorporating rental solutions.

METHODOLOGY AND RESPONDENT PROFILE

In November 2008, *Tradeshow Week* Research invited 9,976 exhibitors to participate in a research survey designed to capture the latest trends in exhibit design. The invitations were sent via email and 172 exhibitors responded for a 1.7% response rate.

Most exhibitors taking part in the study influence their firm's event marketing budget decisions (54%) or they are the primary decision maker (40%). Only 6% have no impact on budget decisions.

The study participants indicated their primary function within their organization is:

- Chairman/CEO/President: 6%
- Senior Executive – Non-Marketing: 2%
- Vice President, Marketing (EVP, SVP): 6%
- Director of Marketing: 12%
- Marketing Manager: 19%
- Exhibit or Event Marketing Director: 8%
- Exhibit or Event Marketing Manager: 14%
- Sales Director or Manager: 6%
- Marketing Coordinator: 9%
- Other: 17%

On average, survey participants indicated that they exhibit in 23 shows per year. Their largest booths fall into the following ranges:

- 100 square feet: 3%
- 200-300 square feet: 12%
- 400-600 square feet: 45%
- 700-900 square feet: 22%
- Larger than 1,000 square feet: 18%

Survey respondents estimate their organization's total gross sales in 2008 or the most recent fiscal year to fall into the following categories:

- Less than \$25 million: 36%
- \$25 million to \$99 million: 25%
- \$100 million to \$749 million: 27%
- \$1 billion or more: 13%

Exhibitors participating in the survey described their primary industry as:

- Advertising & Marketing: 1%
- Apparel: 2%
- Automotive & Trucking: 3%
- Building & Construction: 4%
- Education: 4%
- Financial Services/Legal: 4%
- Food Service & Processing: 1%
- Health Care & Pharmaceutical: 10%
- Manufacturing & Industrial: 38%
- Publishing: 1%
- Sporting Goods & Recreation: 1%
- Technology & Telecomm: 14%
- Other: 17%

Skyline Exhibits and **Tradeshow Week** developed the survey and analysis in this unique exhibition industry report. The data represents the opinions and behaviors of over 170 corporate exhibitors surveyed in 2008. The research-based report was designed to assist exhibitors in gauging the state of their own exhibit programs compared to overall industry benchmarks. In addition to this report on lightweight exhibits, **Skyline Exhibits** and **Tradeshow Week** have co-authored a series of reports on specific industries with a focus on exhibit marketing and best practices in exhibit design. Specific industries studied include Manufacturing & Industrial, Medical and Healthcare, Information Technology, Professional and Business Service and best practices in international exhibiting. To access these reports, please go to www.skyline.com/whitepapers.

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