Making the Business Case for Virtual Events

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The Value of Virtual Events
- Reach a larger audience
- Detailed data on attendee behavior
- Measurable engagement
- Cost-effective for both attendees and organizer

The Case for Virtual Events
- Increased registration
- More effective knowledge transfer
- Shortened sales cycles
- Lower cost per attendee

> *The ease with which customers can participate in the virtual event is a great advantage. Instead of meeting with many of the same participants once a year at a physical event, virtual events connect with a wider geographic market and provide an opportunity to connect with new buyers from the convenience of their own desktop. Virtual events are also more efficient. No time is lost looking for the people that you want to connect with because everyone can be easily identified and contacted immediately through the platform.*

Tony Keefe, Development Director SC Magazine Haymarket Media

Making the Business Case for Virtual Events

Executive Summary

Today's prospects and customers play a more active role in the buying process. They have more control over communications and quicker access to information, enabling them to easily compare options. These trends partly explain why sales pipelines are proving more difficult to fill and purchase cycles are becoming longer. Therefore, the imperative to reach them in a timely and engaging way has never been more important. And these changes have come at an economically challenging time, forcing more companies to reduce costs and to revisit how they do business.

The impact of the economy has been felt by both buyers and sellers. Organizations such as Forrester and B-to-B Magazine indicated that nearly 60% of marketers cut their marketing budgets in response to the economy in 2009 and that over 40% of companies are expecting further reductions in their marketing budgets in 2010. And while marketing budgets have felt the squeeze on one side of the equation, customers and prospects have tightened travel budgets on the other side of the equation, reducing opportunities for in-person meetings.

Organizations that have relied on in-person meeting opportunities, such as events, conferences and trade shows to support sales initiatives have witnessed an abrupt drop in customer attendance. According to the Tradeshow Week's Quarterly Report of Tradeshow Statistics reports, attendance has declined for seven straight quarters up to the second quarter of 2009 [1]. Organizations need new ways to connect with prospects and customers.

The emergence of new channels has provided marketers with new, cost-effective vehicles to fill the pipeline and connect with their audience in a meaningful way. One such new channel is virtual events, which satisfy customer expectations for more active involvement, richer purchasing experiences, and provide a convenient way for both parties to maintain contact.

Because virtual event platforms can track the activity of all attendees in detail, they offer an unprecedented opportunity to optimize a company's marketing budget. This white paper explains the value of virtual events compared to in-person events, and outlines a methodology to evaluate the return a company can expect from investing in a virtual event.

[1] http://www.tradeshowweek.com/article/CA6704189.html   Published: 11/2/2009

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What is a Virtual Event

A Virtual Event is a gathering of people sharing a common virtual environment on the web, rather than meeting in a physical location. Virtual events are highly interactive, looking and feeling a lot like their physical counterparts. Popular uses of virtual events include virtual trade shows, virtual job fairs, virtual conferences and virtual company-wide gatherings. Virtual events are used to deliver presentations, trainings, departmental meetings and sessions led by stakeholders from company executives to product management and human resources.
http://en.wikipedia.org/wiki/Virtual_event

By eliminating logistics, travel and other restrictions for participants, speakers, and event organizers, the use and adoption of virtual event technology has increased. In fact, research by Marketing Sherpa found that the number of virtual events increased 37 percent in the first half of 2009 while budget cuts led to a 30 percent reduction in face-to-face meetings in the same period.

The Increasing Value of Virtual Events

Today's online technologies create virtual environments that enable customers and businesses to participate in multifaceted, rich inter-actions that are cost effective and yield real business results. These virtual environments can host many of the same events as physical venues, such as industry conferences, trade shows, user conferences, roundtables, product launches, city tours, and even focus groups. Virtual events such as these offer an attractive cost profile and arrive at just the right time to enable marketers to sustain their customer and prospect engagement initiatives. Virtual events enable more people to actually participate in the event because logistics and travel budgets are no longer an obstacle. They also allow hosting companies to be present, where they normally can't go. As a result, with virtual events marketing, sales organizations are actually more likely to expose more managers and executives across many functional areas to important product and service news, demonstrations, and valuable communication.

Making the Case for Virtual Events

Meeting Professionals International (MPI) has found that about 13% of an organization's budget is allocated to marketing with 26% of these dollars earmarked for events. Why does the event budget typically receive such a high allocation? Research by the MPI and others shows that meetings and events provide the highest return on investment (ROI), with 23% of respondents choosing event marketing as the discipline that provided the greatest ROI because it best accelerates and deepens relationships. Studies suggest that when there is a high level of engagement, sales cycles shorten. Nearly half of the senior marketing professionals who participated in various surveys indicate that event marketing is a primary vehicle for lead generation. So it's really relatively reasonable to expect your virtual event to yield positive financial results without breaking the bank.

Why do virtual events enable you to maximize your event budget? First and foremost, they provide an attractive cost and resource footprint. Virtual event technology replicates all aspects of a physical event, such as presentations (keynotes, panel sessions, product demonstrations, etc.) including live Q&A, exhibition booths staffed live with booth reps and collateral and networking opportunities at a lower cost. By understanding the differences between virtual events and physical events, it is easy to see you how you can expand your event budget using virtual events. Besides travel, other costs associated with physical events can be reduced or eliminated altogether, for example, the event venue. The costs associated with a physical location, such as the space itself or ancillary expenses such as electric and internet services, audio-visual rental and installation services, producing and shipping marketing materials, booth furniture, cleaning services, booth transportation and assembly services can all be significantly reduced or eliminated.

Attendee Report Data
- Locations visited
- Length of stay
- Collateral downloaded
- Giveaways requested
- Conversations held
- Sessions attended
- Questions asked
- Partners visited
- Messages sent
- Polls answered
- Blog Posts viewed
- Social media activities
- Repeat visits
- Payment transactions
- Activity Rank

Of course, there is a cost for the technology, and pricing varies with the number of attendees and the types of features (polls/survey, streaming video, live chat, etc) but many of these features are also often deployed in a physical venue potentially making this part of investment a moot point.

In addition to the cost benefits, virtual events also greatly extend the reach of your marketing efforts. It is much easier to get thousands to participate in an event via computer than it is to get a few hundred people to show up in San Antonio in early August for a physical event. But in the words of Brent Arslaner from Unisfair "what really gets marketing people excited about virtual events is the marketing data. In the physical world, you are lucky if you grab a business card and scribble some notes on it or use a badge scanner to capture the name, title and company of a booth visitor." Virtual events offer valuable marketing intelligence, delivered through web-based reporting that reveals everything an attendee did.

Better Marketing Intelligence, Better Decisions

When was the last time at a conference you knew everything EVERY participant did at the event, such as how long they were in your booth, what specific marketing material they took home, which conference sessions they attended and stayed at, what questions they asked? A significant advantage of virtual events over physical events lies in the absolute traceability of all the activities performed by participants online. This capability allows virtual events to produce incremental marketing value for organizers and sponsors that cannot be matched by physical events.

At physical events, some attendance data can be captured by using badge scanners or hiring attendants to capture visitor data. However, at physical events, it is nearly impossible to keep track of which visitor picked up which piece of marketing material, and who talked to whom about what. The technology behind virtual events overcomes these hurdles and provides marketers with the power to take advantage of the useful data streams generated by virtual events. The data produced by virtual events includes being able to:

- Accurately measure the length of time each visitor spends in each virtual location (booth, session, chat, networking lounge).

- Accurately track which marketing and sales assets visitors viewed and/or downloaded to their virtual briefcase.

- Keep a complete record of the exchanges between booth staff and attendees. With virtual events it is possible to even report on the communication between participants at the event.

- Easily conduct ad hoc polls and surveys to solicit live feedback that enables real-time adjustments and to ask qualification questions which can be automatically compiled and attributed to a specific person.

More Reach, More Attendees, More Opportunities

A third but equally important benefit of virtual events involves the powerful attendance effect they can generate. Due to the ease of interaction that is their hallmark, the availability of rich content, and because virtual events do not require the same type of time commitment and travel expense as a physical event, virtual events have the ability to attract more participants. The same case can be made for attracting event sponsors. It's really rather obvious as to why. People who may have allowed geography to affect their attendance, or thought attending for one key session was cost prohibitive can now participate. And virtual events also overcome the obstacle of keeping the number of people from any one company to a minimum either due to the incremental cost or the concern that the organization would be left short-handed.

Have you ever found yourself wandering aisle to aisle in search of someone who stopped by when you weren't at the booth or who couldn't stay to chat after a session that you really wanted to connect with? It's often common for people to waste precious time at physical events trying to locate people which can result in missing key people or missing scheduled appointments. The registration and communication technology of virtual events makes these issues trivial.

So more attendees, more meetings, more business possibilities. And a shorter sales cycle. It's not too good to be true! As mentioned earlier, research suggests events create higher levels of engagements and that engagement is a key piece in the sales cycle puzzle. If a virtual event can get more of the right people more engaged it stands to reason that you'll generate more leads and opportunities faster.

Here is a good methodology to calculate the impact of the increase of engagement from a virtual event on your current sales cycle.

• Compute your current sales cycle time across the opportunity development cycle

• Attribute a dollar value to each day in the cycle

• Compare the cycle time for virtual event participants with the cycle time of physical event only participants.

You can now determine the monetary value of the impact of virtual events on the sales cycle. But even if the event won't shorten the sales cycle, virtual event organizers are convinced of the value of lead generation from these types of events.

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> *Now that we have several years of experience with virtual events we are so confident about their value, we give the sponsors of our virtual events a guarantee of the number of leads we will generate for them. Lower fixed costs mean we can hold smaller, more targeted events offering highly compelling content to genuinely interested participants. All this results in higher lead quality and ultimately better lead conversion for our sponsors.*

Tony Keefe, Development Director
SC Magazine Haymarket Media

Measuring the Return of a Virtual Event

We've discussed the many differences between physical and virtual events. And while it doesn't all come down to money, it still is valuable to have a way to compare the costs and return of each. On the cost side of the equation you will need to take your venue cost, virtual event platform cost, travel cost, average FTE/person cost, and marketing material production and shipping costs into account. Consider the production cost for videos, surveys, giveaways, collateral and signage. Remember to include the rental fee of the exhibit space, the booth structure and any costs for other services required to make the event an effective place to engage visitors. Travel costs should include all items associated with having people from your company and guests such as speakers or customers to produce and attend the event, including airfare, meals, and accommodations. The FTE/person calculation should take into the account the number of days spent preparing for the event and for attending the event multiplied by the average daily, fully burdened salary of the personnel involved.

On the return side of the equation you will need to know the following: attendee target, that is how many people you expect to attend, the calculated cost per attendee from the previous section, the average conversion rate from contact to customer in a given period of time, such as 6, 12 or 18 months, your average order value, which you can derive by dividing your company revenues by the number of orders received over a specific period of time, and your expected revenue within the set time period.

With this information you can compare the anticipated revenue generated per dollar spent on a virtual event to that spent on a physical event.

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Sample Worksheet

The following worksheet can help in planning and comparing the costs of virtual and physical events. It will also help you to assess the cost of a hybrid event that includes both a physical and a virtual component.

	Physical Event	Virtual Event
Venue, Space Rental Cost		
Booth Building Cost		
Internet, Electricity, Services		
Drayage, Shipping Cost		
Marketing Material, Collateral and Signage Cost		
Video Production Cost		
Other Cost		
Total Event Production Cost		
Hotel and Meals/person x number of event staff		
Travel Cost/person x number of event staff		
Total Travel & Entertainment cost		
Total time x fully burdened salary x number of event staff		
Virtual Event Platform cost		
Total Event Cost		

Target Number of Attendees		
Total Event Cost / Attendees		
Average Attendee/deal conversion rate within X months		
Average order value per deal		
Expected revenue within X months		
Revenue / Event Cost = ROI		

66 *The technology allows virtual attendees to "enter" a building that can look like any convention center or meeting place. With a click of a button they can enter the conference hall, with a podium and audience, and choose which conference sessions they want to see and participate in. From there they can go to the exhibition floor and enter a booth with reps, signage, collateral demos, and giveaways and prize drawings. There is even a networking lounge where attendees can meet.*
This means saving 50% to 80% by wiping out the costs of venue rental, hotel rooms, transportation, and packing and shipping displays. Generating a lead could cost just $20 virtually, while the same lead from a physical event could mean an investment of $200 to $1,000. 99

Brent Arslaner, Vice President Channels, Unisfair

http://www.businessweek.com/debateroom/archives/2009/01/virtual_meeting.html

Summary

Virtual events can play an important role in consistently driving customer acquisition and retention objectives. The inherent measurability of virtual events makes it easy to integrate them into a broader initiative of managing for better marketing and sales performance by shaping and tracking all interactions with customers.

In addition to a better cost per lead, there are a number of other benefits that support the business case for investing in virtual events. These include:

- Broader geographic reach across the entire customer and prospect base
- The opportunity to generate more targeted opportunities for the sales organization
- Better visibility into attendee behavior
- The ability to increase the breadth and depth of interaction within the customer and prospect organization, further expanding networking opportunities
- An opportunity to evaluate the value of the communication vehicles (videos, presentations, forums, etc.) offered at the virtual event
- Opening a new channel for continuous communication and interaction with your customers

A robust connection between the interaction made possible at virtual events with a lead qualification and conversion system can demonstrate a revenue impact in addition to many other benefits such as improved goodwill and branding. Virtual events also serve as a viable solution to any company's event marketing strategy, as they can replace or augment physical events. They enable marketers to drive greater demand generation, extend brand life, ignite networking and push your event objectives to capture an audience that was once considered elusive.

About Vision Edge Marketing

Founded in 1999, VisionEdge Marketing is a data-driven strategic and product marketing company that specializes in enabling organizations to make fact-based decisions in order to improve performance.

Our passion is to help companies of all sizes solve four critical business problems:

- How to acquire and keep profitable customers
- How to successfully define and launch market-leading products and services
- How to create performance-driven marketing organizations, and
- How to accurately measure and improve marketing's contribution to the business.

We take an analytical and metrics-based approach to marketing that is grounded in well-defined, repeatable methodologies that produce measurable results.

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