



# IAEE White Paper: “Outboarding”

## Executive Summary

Marketing, sales, and hospitality events conducted by exhibitors and others without the sanction and/or knowledge of show management are frequently referred to as “Outboarding” (among other colloquial terms).

The purpose of this White Paper is to provide an objective analysis of such activities and to provide show management and others with insight into ways that such ancillary activities might be fully integrated into their exhibitions.

This White Paper is intended to serve as a learning resource and as a means to stimulate further discussion about the issue among show organizers, exhibitors and others who stand to benefit from the business of exhibitions.

## **Introduction**

No doubt, not long after the first exhibition was launched -- sometime soon after the organization of commerce, an observer (or more likely a participant in an exhibition) speculated about the many additional ways that one might benefit from such an event without first securing the organizer's permission and without paying the organizer any money for the privilege to do so. Thus were born several practices that over time have added levels of complexity to exhibitions and the ways in which different parties view them and use them.

The purpose of this IAEM White Paper is to define a variety of related practices for those who will encounter them from time to time. Our purpose is not to render judgment about any of the practices that will be addressed, but rather to provide insight into their dynamics and outcomes. It is IAEM's intention to offer guidance and a useful resource for the effective management of members' exhibitions and events.

## **Key Definitions**

Our attempt to define key terms for the purpose of this White Paper is largely subjective. While over the years, a variety of practices have taken on colloquial meaning which are commonly recognized in the industry, the terminology is far from precise or definitive. Nevertheless, among the practices that we will address are:

### **Outboarding**

The result of a third party's organization of an event in proximity to but not sanctioned by an existing exhibition. The purpose is generally to provide a marketing and/or selling experience apart from, or in addition to, those that are an official part of the host exhibition's program. Such events may occur in, adjacent to, or separate from the venue of the host exhibition.

### **Piggy-Backing [also referred to as "Coat-tailing"]**

Commonly used term that describes an exhibition organized apart from a host exhibition primarily to capitalize on the presence of buyers and/or sellers who are attending the original exhibition. For the purposes of this White Paper "Outboarding" shall include the term "Piggy-Backing".

### **Co-Location of Events**

When two or more exhibitions or events are scheduled in proximity to each other by their organizers for the purpose of building synergies between the events thus offering exhibitors and visitors added convenience. Frequently, although not always, visitors who wish to attend both (or all events) are admitted to each on a preferred basis.

Unlike Outboarding, the Co-Location of events results from the planning and prior agreement of the sponsors of the events.

**Suit-casing<sup>1</sup>**

A non-exhibiting seller engages a visitor in a marketing/selling activity at a place not sanctioned by the rules of the exhibition such as in the aisles or off the show floor.

**Date Allocation and Protection**

To provide an orderly marketplace for goods and services, the exhibition industry has attempted to informally establish guidelines for the appropriate separation of similar events in the same venue or city. The results have been mixed.

**Why is Outboarding an Issue of Growing Concern?**

There are several reasons. They include:

● **Highly Competitive Environment for Exhibitions**

In the last quarter century, the growth in the number of exhibitions has been phenomenal. The Center for Exhibition Industry Research (CEIR) census of events reports that there are now more than 13,000 exhibitions of 3,000 net square feet or more conducted each year in the UNITED STATES<sup>2</sup> (13,447 in the UNITED STATES, Canada and Mexico combined) and that they are conducted in a variety of venue types.

<b>Venue Type</b>	<b>Number</b>	<b>Percent</b>
Exhibition/Convention Center	5,791	44%
Conference Center/Seminar Facility	1,134	9%
Hotel	6,342	47%
Other/Not Classified	1,134	9%
<b>Totals</b>	<b>13,447</b>	<b>100%</b>

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<sup>1</sup> The derivation of the term comes from the early days of exhibitions in the United States when most events were conducted in the ballroom of a hotel. Often ballroom space would sell out or non exhibiting sellers would show up and establish their own private showrooms in a hotel sleeping room, selling their products, literally, from open suitcases.

<sup>2</sup> CEIR, visit [www.ceir.org](http://www.ceir.org) for additional information about the Census and other CEIR research reports

## **UNITED STATES EXHIBITION GROWTH HAS BEEN SUBSTANTIAL IN THE LAST 25 YEARS**

There are many reasons for the rapid growth of the exhibition industry including the globalization of economies, the increase in consumer goods and services, the ease and economy of long distance travel and the rise of independent show organizing companies in the 1960s and 1970s. The discovery of the exhibition industry by venture capitalists in the 1980s and 1990s, has resulted in the creation of many new exhibitions as well. Since many of these new events compete with established older events, the level of competition between similar events in the industry is significantly greater than at any prior time.

- **Downturn in the Travel Business Makes Hotels Pursue Business More Aggressively**

The deepest downturn in the modern history of the travel industry, which began in 2000, motivates hotels to be as aggressive as possible in securing all forms of business to shore up lagging revenues.

Exhibitions represent an unprecedented opportunity to fill empty hotel rooms and to boost catering and beverage revenues as the result of hospitality events whether the hotel is officially a part of show management's housing plan or not.

- **Exhibitions Provide Unparalleled Platforms for Marketing and Selling**

While growing in number, exhibitions have also grown in stature and have become the third most popular choice among business-to-business media communications. Exhibitions are surpassed in choice only by direct and field sales.

- **Increased Venue Choices**

Mirroring the growth of events has been the worldwide inventory of purpose-built facilities that house them. In the last decade there has been a very substantial increase in the number of exhibition halls as well as a significant expansion of the space available in existing halls. In the United States alone, the available inventory of exhibition halls will increase from approximately 60 million square feet in 2000 to more than 85 million square feet by year end 2005 -- an increase of nearly 30 percent in just five years. This has resulted in the creation of many new venue choices for exhibition organizers and the competition among facilities for exhibitions has become extraordinary.

What is especially noteworthy is the recently completed construction of the third mega-sized exhibition facility in the city of Las Vegas, Nevada, each of which exceeds 1 million square feet of exhibition hall

space and would be the largest exhibition facility in almost every other United States city.<sup>3</sup>

The proximity of the three facilities, supported by the nation's largest inventory of first class hotel rooms, has given rise to speculation about the ease with which competing events might "Outboard" in Las Vegas. One competing show organizer has announced his intention to launch a new exhibition in Las Vegas, Nevada, simultaneously with an exhibition many consider to be the icon event of its market. Speculation is rife that yet another show organizer may follow suit. It does not take much insight to imagine how multiple competing exhibitions could be drawn to cities like Las Vegas to participate in their industry's "Week" of tradeshow, even if the events compete with each other.

This outcome has the potential to alter many underlying assumptions that have girded and provided stability to the United States exhibition industry through its post World War II expansion. For the convention and visitors bureaus and hoteliers of most first-tier cities, the allure of this kind of potential economic impact might prove to be irresistible. If Las Vegas succeeds in attracting new exhibitions on this basis, other cities may be forced to rise to this new form of competition. The downside of this potential development is that exhibition organizers may begin to avoid venues that permit this kind of marketplace free-for-all.

#### ● **Media Saturation Raises Awareness**

As the number and stature of exhibitions has increased, so has media attention on the industry. The presence of more journalists who are observing and commenting on the industry, has led to a significant increase in the number of issues that are being reported, both within and beyond the exhibition industry.

The combined effects of:

- more events
- more intense competition between some of them
- aggressive marketing by a larger number of host venues
- growing awareness that successful exhibitions can provide organizers with substantial margins, and
- heightened awareness of news and information about the industry,

have raised the number of outboarding instances and brought them to the attention of more people than ever before.

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<sup>3</sup>Exhibition hall space: Las Vegas Convention Center (two million square feet); Sands Expo Center (1.7 million square feet) and Mandalay Bay Hotel and Convention Center (1.1 million square feet).

## The Ethics of Outboarding

It is often difficult to clearly define what constitutes “Outboarding” and what practices are simply extensions of exhibition marketing designed to provide hospitality, networking, and marketing and selling experiences within the framework of an exhibition. If a company secures a hospitality suite for after-hours entertainment, it may not be considered “Outboarding.” But if that same hospitality suite opens during show hours it may be considered “Outboarding.”

Likewise, if a company hosts a luncheon at a nearby restaurant during show hours it may be considered “Outboarding.” In short, the definition of “Outboarding” can be very subjective and defies easy categorization.

Many would suggest that if the event in question supports the purposes of the host exhibition and does not materially divert attendance from the event, it should not be considered “Outboarding”.

### Outboarding and Its Potential Results

As stated earlier there are several manifestations that come under the broad heading of “Outboarding.” Some who engage in the practice may do so without fully understanding the potentially destructive consequences to the exhibition. Forms of Outboarding include:

- **Launching a Competing Exhibition(s) in the Same City at the Same Time<sup>4</sup>**

The prototypical example of Outboarding is when a competing show organizer launches an event simultaneously with the intention of securing some or all of the exhibitors and visitors from a pre-existing event. It may be that the second show organizer perceives the opportunity to develop a new ‘niche’ event whose audience is not served or not adequately served by the existing event. This can occur when the existing event is a large horizontally oriented market event in which all of the sellers in a broad industry are represented. A niche event would then perhaps appeal to those buyers and sellers who wish only to focus their attention on their much smaller space in the industry.

Another motivation may simply be the perceived opportunity to provide a superior event which, in a free enterprise marketplace, is the privilege of all competitors. The increased inventory of both hotel-based and free-standing exhibition facilities in the same city facilitates these opportunities. The continued increase in space inventories and

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<sup>4</sup> Commonly referred to as “Piggy-Backing”

competition among events is almost certain to result in more Outboarding incidents. This is especially the case in the next decade as existing and new exhibition facilities struggle to capture market share.

The timing of competitive events is a crucial factor in determining what is perceived as fair and what may be viewed as inappropriate market conduct. In an attempt to provide guidance in such matters, IAEM issued a document that carefully analyzes the timing issue and recommends that similar events be separated by not less than 90 days.<sup>5</sup>

● **What Advocates Say About This Practice:**

- If an existing exhibition is not adequately serving its industry, a second exhibition may be required to do so to properly serve the industry.
- In a free enterprise system of commerce, there is room for competition and the marketplace will determine who wins and who does not.
- The aggregation of several related events, whether officially co-located or not, provides added convenience to visitors and exhibitors who are already suffering *time poverty*, and who are trying to manage with severely reduced expense budgets.

● **What Critics Say About This Practice:**

- The presence of similar simultaneous events may cause confusion to exhibitors and visitors about which event best suits their needs.
- Too many exhibitions will diminish the value of those events that already exist and reinforces critics' views that many events are not worthy of their support.
- It is not fair for a competitor to capitalize on the momentum that has been created by the organizer of the existing event.
- Exhibitors are already having a difficult time making do with thinly stretched budgets. Some may feel they must participate in both events, straining their resources even further.

● **Hosting Hospitality Events/Exhibitions Elsewhere in the Exhibition Facility Without the Knowledge/Permission of the Show Organizer**

An exhibitor or non-exhibiting seller may secure space elsewhere in the building to locate a private venue. Visitors may be invited to attend directly from the exhibition's floor or in advance by mail, e-mail, or through telemarketing campaigns.<sup>6</sup>

● **What advocates say about this practice:**

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<sup>5</sup> Fact File #9332 entitled, "Guidelines for the Equitable Distribution of Exposition Dates and Date Protection for Exhibition Management, Convention & Visitors Bureaus and Facility Management.

<sup>6</sup> When this activity takes place in a hotel, it is generally referred to as "Suit-Casing" rather than Outboarding.

- Exhibitors pay handsomely to participate in the exhibition and should be permitted to provide hospitality to their customers and clients both on the show floor and at alternative venues.
- Show organizers cannot and should not control all aspects of marketing and sales that may take place sometime during the exhibition.
- The cost of food and beverage is too high and the quality is too low on the show floor.
- **What Critics Say About This Practice:**
  - It is improper for the host facility to permit competing interests to take place without the show organizer's knowledge and prior permission.
  - Conducting non-sanctioned events away from the floor of the exhibition diminishes the value of the event for all participants.
- **Hosting Hospitality Events/Exhibitions Offsite Without the Knowledge/ Permission of the Show Organizer**

When space is not available elsewhere at the site of the exhibition, or if a more remote and private venue is desired, exhibitors or non-exhibiting sellers will rent space at an alternative off-site facility. The choice of private facilities can be diverse ranging from restaurants, private clubs, golf courses, even special events such as baseball games, auto races, etc.

Transportation is almost always provided by complimentary coach or limousine. Return transportation to the site of the exhibition is usually, but not always, provided.

- **What Advocates Say About This Practice:**
  - Companies should be free to help visitors enjoy unique venues by providing them with hospitality events of their choosing.
  - If the allure of the exhibition floor is powerful enough no one would want to leave.
- **What Critics Say About This Practice:**
  - Conducting non-sanctioned events away from the floor of the exhibition during show hours diminishes the value of the event for all participants.
  - Whether round-trip transportation is provided or not, it is all-too-easy for a visitor to decide not to return to the exhibition for the rest of the day, especially if it is a multi-day event.

### **Strategies Exhibition Organizers Use to Prevent Outboarding**

Exhibition organizers who are concerned about the loss of attendance due to non-sanctioned events may elect to employ a number of different tactics.



Here are ways that some show organizers use to preserve their on-site attendance:

■ **Co-location of Exhibitions**

- Co-locating exhibitions that occupy similar places in a marketplace may make sense and can avoid the negative consequences of head-to-head competition. Time poverty is a growing issue to both exhibitors and visitors. By locating exhibitions that serve similar market niches, the show organizers are able to build synergies that add value to both events while providing greater efficiencies to both buyers and sellers. Exhibitors may be convinced to exhibit at both events especially if they are able to customize their product offerings for each event -- thus enabling them to target market.

■ **Create a Show Floor Environment That Compels Attendance**

- The best defense is always achieved by creating an exhibition that provides both high value and exciting appeal to visitors and exhibitors. In a free market system of commerce competition arbitrates.

■ **Establish Regular and Personal Communications With Key Exhibitors**

- The show organizer should establish close relationships with each of the exhibition's key exhibitors. The free exchange of information and a fundamental knowledge of the exhibitor's marketing objectives permit the show organizer to anticipate the exhibitor's needs and to offer creative solutions that meet the objectives of both parties.

■ **Contractual Measures**

- Show organizers could include language in their contracts for facilities and hotels that require their prior written permission before the facility (or hotel) is permitted to allocate space to a third party during the period of the exhibition. Financial penalties payable to show management could be included. Violation of such a clause might also be construed to constitute a material breach of the contract (Note: It may prove to be difficult to define whether a third party represents a threat to the integrity of the exhibition in those facilities that are capable of hosting concurrent and totally unrelated events.<sup>7</sup>)
- The published show rules should accompany and be made a part of the contract each exhibitor signs. A serious violation of show rules might result in that exhibitor being barred from future events.

■ **Show Organizers Could Manage Off-site Events for Exhibitors**

- Show management could offer to manage exhibitors off-site and/or at after hours events as a part of an exhibition marketing package. Many

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<sup>7</sup> In his book, "Hotel Contracts: A Roadmap To Successful Hotel Negotiations" published by IAEE, author Mark Roysner, Esquire, discusses about how to define *Incompatible Groups* and how to require *Notification of Potential Conflicts*.

exhibitors would prefer to outsource this responsibility and show management is ideally positioned to provide this ancillary service.

■ **Show Management Could Provide Hospitality Venues**

- Keeping exhibitors and visitors in the building is achieved if show management can provide onsite venues for hospitality and private events at below market costs. In essence, show management subsidizes key hospitality events to ensure that they remain a part of the exhibition.
- Create an offering for those who prefer hotel suites to exhibits on the floor by securing a nearby hotel and making it part of the official venue. It is easier to provide transportation to and from, and keeps attendees from having to travel throughout the city.
- Create a "hospitality" offering for your show floor, being flexible with the hours for this location so that exhibitors who select this can receive the independence that the hotel offers, as well as the added value of being easily accessed.

■ **Prohibit Proximity of Shuttle Transportation to the Exhibition Hall**

- Limiting convenient access by non-sanctioned coaches and limousines to the exhibition facility is one way to discourage people from leaving the building. Doing so, however, is likely to cause distress to those exhibitors who have organized off-site events and who may be ignorant of all rules guiding the exhibition. For this reason it is important that show management adopt and distribute clear and unambiguous rules providing guidance prior to the show and that they be made a part of show rules.